

"The future belongs to those
who believe in the beauty
of their dreams."

Eleanor Roosevelt

Ev^{ery}ware™

EUROTECH GROUP

INTERIM MANAGEMENT STATEMENT AT 30 SEPTEMBER 2008



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EUROTECH S.p.A.
Registered office at Via Fratelli Solari 3/a, Amaro (UD), Italy
Share capital: EUR 8,878,946 fully paid in.
Tax code and Udine companies register no. 01791330309

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Company Officers

Board of Directors	
Chairman	Roberto Siagri
Vice Chairman	Giampietro Tecchiolli
Director	Dino Feragotto (resigned on 5 November 2008) ¹
Director	Giorgio Pezzulli (resigned on 5 November 2008) ¹
Director	Roberto Chiandussi (resigned on 5 November 2008) ¹
Director	Sandro Barazza ^{1 2 6}
Director	Chiara Mio ^{1 3 4}
Director	Alberto Felice De Toni ^{1 3 4 5}
Director	Cesare Pizzul ^{1 3 4}

The Board of Directors currently holding office (after co-opting a member on 8 August 2008) was appointed by shareholders at the Annual General Meeting of 5 May 2008. Members will remain in office until the approval of the Annual Report for the financial year ending on 31 December 2010.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Standing auditor	Michela Cignolini ⁶
Standing auditor	Roberto Rubatto ⁶

The Board of Statutory Auditors currently holding office (after the resignation of two standing auditors and their replacement by two alternates) was appointed by shareholders at the Annual General Meeting of 5 May 2008. Members will remain in office until the approval of the Annual Report for the financial year ending on 31 December 2010.

Independent Auditors	
Reconta Ernst & Young	

The independent auditor was retained by the Annual General Meeting of 21 July 2005 for the three-year period 2005-2007, and was extended to the period 2008-2013 by the AGM of 7 May 2007.

Corporate name and registered offices of the parent company	
Eurotech S.p.A. Via Fratelli Solari, 3/A 33020 Amaro (UD), Italy Udine Companies Register number 01791330309	

¹ Non-executive directors.

² Co-opted on 8 August 2008.

³ Member of the Remuneration Committee and Internal Control Committee

⁴ Independent directors required under the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.

⁵ Lead Independent Director.

⁶ In charge until next shareholder meeting.

Performance highlights

Income statement

3rd Q 2007	%	3rd Q 2008	%		30.09.2007	%	9 months 2008	%
OPERATING RESULTS €'000								
14,770	100.0%	20,690	100.0%	SALES REVENUES	50,224	100.0%	62,805	100.0%
7,011	47.5%	11,381	55.0%	GROSS PROFIT	24,782	49.3%	34,683	55.2%
(1,052)	-7.1%	1,666	8.1%	EBITDA	(370)	-0.7%	3,347	5.3%
(2,145)	-14.5%	164	0.8%	EBIT	(3,601)	-7.2%	(2,494)	-4.0%
(2,011)	-13.6%	(829)	-4.0%	PROFIT (LOSS) BEFORE TAXES	(2,708)	-5.4%	(4,970)	-7.9%
(1,789)	-12.1%	(1,240)	-6.0%	GROUP NET PROFIT (LOSS) FOR THE PERIOD	(2,685)	-5.3%	(6,309)	-10.0%

Income statement net of the accounting effects arising from price allocation

3rd Q 2007 adjusted	%	3rd Q 2008 adjusted	%		9 months adjusted	%	9 months adjusted	%
OPERATING RESULTS €'000								
14,770	100.0%	20,690	100.0%	SALES REVENUES	50,224	100.0%	62,805	100.0%
7,031	47.6%	11,380	55.0%	GROSS PROFIT	25,002	49.8%	34,917	55.6%
(1,032)	-7.0%	1,665	8.0%	EBITDA	(150)	-0.3%	3,581	5.7%
(1,721)	-11.7%	1,051	5.1%	EBIT	(1,908)	-3.8%	1,008	1.6%
(1,587)	-10.7%	1,880	9.1%	PROFIT (LOSS) BEFORE TAXES	(1,015)	-2.0%	588	0.9%
(1,589)	-10.8%	490	2.4%	GROUP NET PROFIT (LOSS) FOR THE PERIOD	(1,642)	-3.3%	(2,992)	-4.8%

See the notes on page 11 for the effects of price allocation.

Balance sheet figures

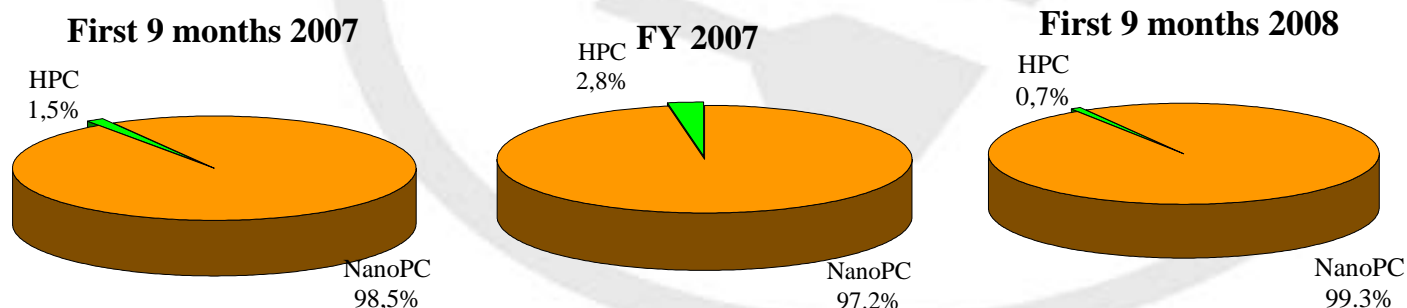
€'000	30.09.2007	31.12.2007	30.09.2008
NET NON-CURRENT ASSETS	66,199	122,126	124,363
NET WORKING CAPITAL	21,046	27,145	27,173
SHAREHOLDERS' EQUITY	135,409	123,932	124,006
NET FINANCIAL POSITION	(57,017)	6,379	9,066

Employee headcount

	30.09.2007	31.12.2007	30.09.2008
NUMBER OF EMPLOYEES	409	624	594

Revenues by business segment

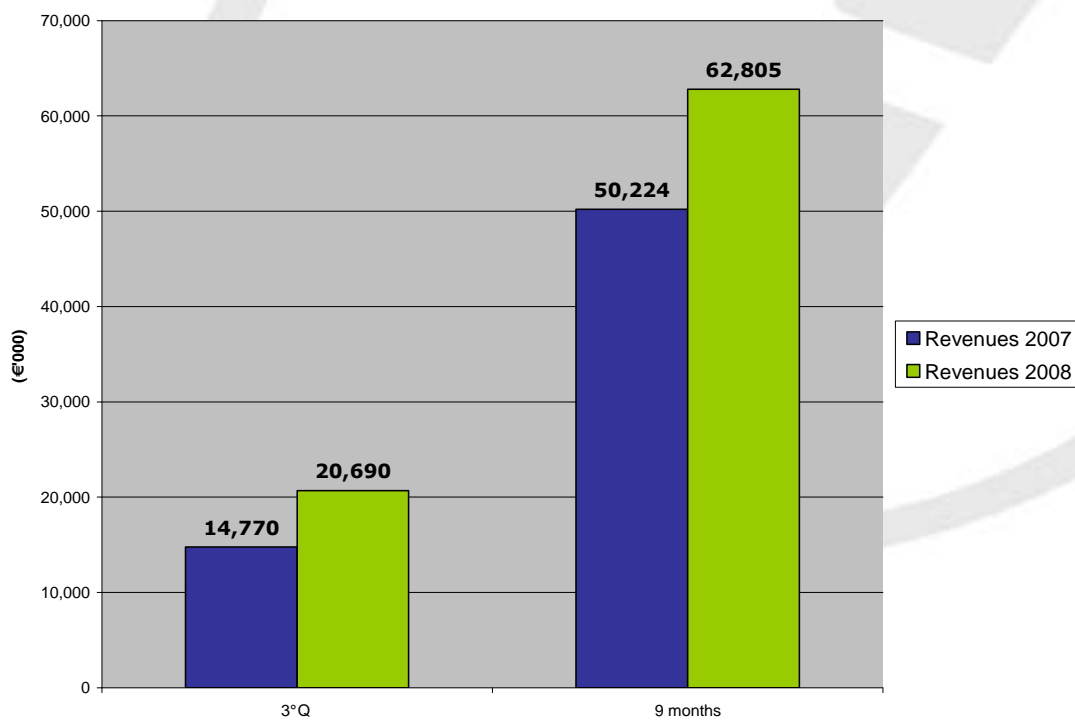
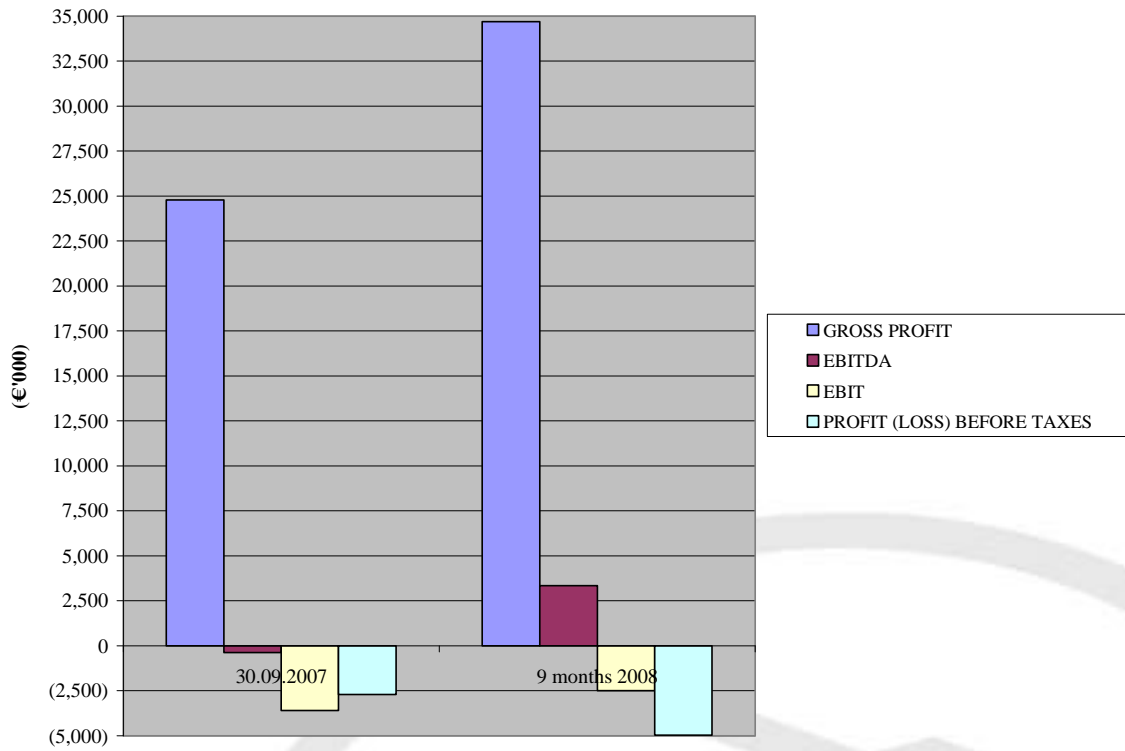
(€'000)	NanoPC			High Performance Computer				Total				
	9 months 2007	9 months 2008	% YoY Change	FY2007	9 months 2007	9 months 2008	% YoY Change	FY2007	9 months 2007	9 months 2008	% YoY Change	FY2007
Sales revenues	49,492	62,348	26.0%	74,385	732	457	-37.6%	2,152	50,224	62,805	25.0%	76,537



The Group business segments identified are “nanoPCs” and “HPC” (high performance computers). The nanoPCs segment comprises miniaturised electronic modules and systems for the industrial, transport, aerospace, defence, security and medical sectors, while the HPC segment consists of computers featuring

high performance computing capability targeting universities, research institutes and computing centres. Volumes in the High Performance Computer business were hurt by the cyclical problems affecting this sector.

Operating profit performance



Information for shareholders

The shares of Eurotech S.p.A., the parent company of the Eurotech Group, have been listed on the MTAX (screen-based equities) market of the Milan Bourse in the STAR segment since 30 November 2005.

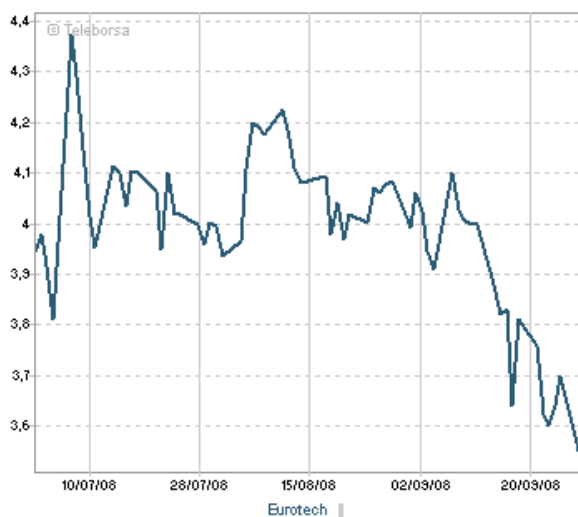
Share capital of Eurotech S.p.A. at 30 September 2008

Share capital	€ 8,878,946.00
Number of ordinary shares (without per-share par value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	6,300
Stock market capitalisation (based on the share's average price in September 2008)	€ 122 million
Stock market capitalisation (closing price at 30 September 2008)	€127 million

Performance of Eurotech S.p.A. shares

Absolute performance of Eurotech S.p.A. share
01.07.08 – 30.09.08

The line graph shows the share's performance based on daily reference prices



The candle chart shows the share's daily highs and lows



The Eurotech Group

Eurotech is a “pocket multinational” active on a global scale, based in Italy and with operating locations in Europe, North America, and Asia. The dominant language is English, given that more than 80% of sales and personnel are now based outside of Italy.

We are a group active in the research, development and marketing of miniaturised computers (NanoPCs) and in high-performance computers (HPC).

The technological paradigm followed by Eurotech is “pervasive computing” or “ubiquitous computing”. The concept of pervasive computing does not involve only miniaturisation, but also distribution in the environment of “intelligent” devices and their possibility of communicating. In this respect, NanoPCs and HPCs are the two major classes of devices that, by connecting to and co-operating with each other, form that pervasive computing infrastructure commonly known as the “pervasive GRID” or “pervasive computing grid”.

In the NanoPC segment, the Group’s activities are differentiated according to the degree of miniaturisation required by the specific application. The NanoPC can take the form of a system on chip and therefore be the size of a small coin, as is the case, for example, of intelligent sensors (also called “smart dust” due to the reduced size). More typically, the NanoPC is an embedded microcomputer for installation inside industrial machinery or on board mobile objects such as trains, aeroplanes, and buses, or for location inside wearable PCs. All of these devices have wireline or wireless communication channels to assure their interconnection.

The Group’s NanoPC offering is used in many types of applications, both conventional and emerging. The areas where Eurotech has been most present in historical terms are the industrial, commercial, transport, defence, and aerospace sectors. These are gradually being joined by an increasingly significant presence also in the medical sector, considering also the acquisition of Advanet.

In the HPC segment, Eurotech uses proprietary and standard interconnection technologies to develop high performance computers (i.e. with huge computing capacity), created via mass connection of miniaturised computers. These supercomputers – targeting advanced research centres, computing centres, and Italian and European universities – are turning out to be indispensable for exploration in the scientific field and in advanced sectors such as nanotechnology, biotechnology, and subatomic physics. Moreover, Eurotech foresees for the near future an important impact in the medical sector as well.

Right from the time of its foundation in 1992, Eurotech has focused its business model on four guiding principles, which, like four pillars, have underpinned its growth and development and continue to do so, i.e.

- Adherence to market standards
- A fables production model
- Evolution of the business model toward finished or ready-to-use products (downstream in the value chain, towards the end customer or purchaser)
- Strong interaction with the academic and basic-research worlds (to minimise the investment impacts in research).

Summary of performance in the third quarter of 2008 and business outlook

Introduction

The interim management statement and financial statements of the Eurotech Group at 30 September 2008 and comparative periods, which are unaudited, were drawn up according to the IASs/IFRSs issued by the International Accounting Board and approved by the European Union.

The applicable IASs/IFRSs are those in force on the date of preparation and the statements have been prepared according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended.

Reporting policies

The consolidated financial statements have been drafted on the basis of the financial statements at 30 September 2008, prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.

The accounting policies and consolidation methods used for preparation of the interim report are consistent with those used in the Consolidated Annual Report at 31 December 2007, which should be viewed for reference. Taxes have been calculated based on the best possible estimates. The policy adopted for euro conversion of accounting balances expressed in other currencies sets forth that balance sheet entries have been converted to EUR at period-end exchange rates, while income statement entries have been converted at the average rates of the period. The differences arising from conversion of balance sheet and income statement items are recorded in a special shareholders' equity reserve.

The financial statements, tables and explanatory notes are expressed in thousands of euro (€'000), unless specified otherwise.

In accordance with CONSOB (Italian securities & exchange commission) regulations, income statement figures are shown for the quarter of reference and are compared with data for the same period in the previous financial year. Restated balance sheet figures, which refer to the end date of the quarter, are compared with the end date of the previous financial year. The format of the financial statements is the same as that of the statements presented in the midyear Interim Report and in the Annual Report & Accounts.

This document presents some alternative performance indicators to enable a better evaluation of the economic and financial performance of the Group. Alternative performance indicators are as follows:

- Gross profit is the difference between revenues from sales and services and use of materials;
- EBITDA (earnings before amortisation, depreciation and write-downs, financial income and expense and income taxes for the year)
- Operating result (EBIT) is gross of financial income and expense and income taxes.

Operating performance in the period

Group revenues increased by 25.0% (€12.26 million), from €50.22 million in the first nine months of 2007 to €62.81 million in the first nine months of this year. The increase was due primarily to the acquisition in late 2007 of the Japanese Advanet Group.

In these first nine months of the year, sales performance was influenced not only by the global economy but by the depreciation of the US dollar and British pound, which as a result of Eurotech's structure are the transaction currencies of two key markets.

Consolidated sales, 51.4% of which are earned by the Group's US and British subsidiaries, would have been higher if the dollar and the pound had not fallen against the euro. Based on straight-line exchange rates vs. the first nine months of 2007, consolidated revenues would have been €67.2 million, therefore growing in total by 33.8% as opposed to 25.0%.

Before commenting on income statement figures, we should first point out that some of them reflect the impact of purchase price allocation^A relative to the business combinations of the Arcom Group, Applied Data Systems Inc., and the Advanet Group.

Below is a summary of interim results, with and without the impact of price allocation:

- the gross profit would have been €34.92 million rather than €34.68 million;
- EBITDA would have been €3.58 million rather than €3.35 million;
- EBIT would have been €1.0 million rather than -€2.49 million;
- the pre-tax result would have been a positive €0.6 million rather than a negative -€4.97 million;
- the consolidated net loss would have been €2.99 million rather than €6.31 million.

The gross profit margin improved sharply, from 49.3% to 55.2% of sales, while outright gross profit increased by €9.9 million. Once again, this amount was slightly higher than management expected and reflects three main factors: business model followed by the Group, based on the sale of premium products; the contribution of the Japanese group, in terms of higher profit margins; and a decrease in COGS, thanks to the better integration and harmonisation of purchasing processes among the Group's affiliates. Neutralisation of the negative effects arising from price allocation on gross profit as indicated above led to improvements in this indicator, which ended the period at 55.6%.

^A In detail, the effects of price allocation relative to the business combinations of the Arcom Group, Applied Data Systems Inc., and the Advanet Group are as follows:

- consumption of raw materials: €234K (€220K at 30 September 2007) arising from charging to the income statement the higher value of the inventory identified at the time of acquisition. More specifically, the higher costs accounted for in 2008 arise exclusively from acquisition of Advanet while those in 2007 refer to Arcom Control Systems Inc., Eurotech Ltd. and Applied Data Systems Inc.;
- depreciation, amortisation and impairment: €3,268K (€1,474K at 30 September 2007), equal to the higher amortisation charged on the greater values attributed to intangible assets (customer relationships, order book, and brand). In 2007, higher amortisation charges were due to the higher values attributed to the cash generating units of Applied Data Systems Inc., Arcom Control Systems Inc. and Eurotech Ltd. while in 2008 it was attributed to Advanet, Applied Data Systems Inc. and Arcom Control Systems Inc.;
- finance expense and income: €2,056K in expenses (of which €578K in interest expense for discounting to present value and €1,478K for foreign exchange losses on valuation) for 2008 only, stemming from recognition of the liability for purchase of a further 25% stake in Advanet Inc. after quantification of a put option;
- lower income taxes: €2,104K (€650K at 30 September 2007) deriving from the effect of income taxes on adjustments made;
- minority interest net profit: €137K for 2008 only, deriving from the effect of the price allocation attributed to minority interests.

We should also point out that the first effect listed, i.e. raw material consumption and the related tax effect, ended in 1H08, whereas the remaining effects will continue to emerge following the depreciation and amortisation plan established for the various balance-sheet elements arising from the acquisitions.

In the first nine months, operating costs as a percentage of revenues went from 54.6% in 2007 (€27.4 million) to 52.8% in 2008 (€33.2 million), thus impacting Group EBITDA. During the quarter the Group focused on exploiting synergies and economies of scale among the various affiliates, especially in the USA, achieving a natural reduction in costs which was already tangible by the end of the quarter.

EBITDA in the first nine months showed an increase of €3.7 million, improving from a negative €370K in the first nine months of 2007 to a positive €3.3 million in 2008. This performance is due to the higher turnover and improved profits earned by the Group which more than offset the spike in total operating costs, in absolute terms, as a result of acquisitions made. These elements are the key factors behind EBITDA's rise as a percentage of sales (from -0.7% in the first nine months of 2007 to 5.3% in 9M 2008). The negative effects on EBITDA due to price allocation amounted to €220K in 2007 and €234K in 2008.

EBIT improved in the first nine months of 2008 vs. the same period in 2007, from -€3,601 million to -€2,494 million. As a percentage of sales EBIT improved significantly, from -7.2% in the first three quarters of 2007 to -4.0% in the same period this year.

This trend occurred despite the higher depreciation, amortisation and impairment posted in the first nine months of 2008. The higher depreciation & amortisation arose mainly from the effect of PPA for the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc.), of the Advanet Group and of the Arcom Group (formerly Arcom Control Systems Inc.). The effect on EBIT of the higher PPA amounts in 9M08 was €3,268K (vs. €1,474K in 9M 2007). Note that part of the difference (€1,045K, gross of the relative tax impact) was exhausted during the nine months.

Net financial expense for the first nine months of the year amounted to €2,476K, compared with net financial income of €893K for the same period in 2007. Determining factors here were the trend in net financial position and currency exchange rates. The first nine months of 2008 were weighed down by a drop in finance income due to the spending of liquidity at the end of 2007, along with the assumption of new debt at the end of last year and rising interest rates. The period was also influenced by €578K in interest from the discounting of foreign currency debt already recognized at December 2007, for valuation of the option on 25% of the capital of Advanet Inc. which can be exercised in the early months of 2010, and by €1,478K in forex losses on that liability due to the appreciation of the yen against the euro in late September. Please see Note "L" for greater detail.

The first nine months of 2008 closed with a pre-tax loss of €4,970K, versus -€2,708K for 9M 2007. This performance was affected by the factors considered above. The effects of price allocation on the pre-tax result amounted to €1,693K in 9M 2007 and €5,558K in 9M 2008.

After taxes, the consolidated loss went from -€2,685K in the first nine months of 2007 to -€6,309K in the same period of 2008. Besides reflecting the trend in pre-tax performance, this result was mainly due to the tax burden of the Group's various companies and, to a lesser extent, minority interest. Price allocation affected net loss for the first three quarters of 2008 by €3,317K (€1,043K the previous year). If we eliminate the effects of the price allocation, the consolidated net loss would amount to -€2,992K for 9M 2008 and -€1,642K for 9M 2007.

The third quarter posted 40.1% growth in Group sales, due primarily to the acquisition of the Advanet Group. The third quarter featured sales of €20.69 million (accounting for 32.9% of total January to September sales), while the same quarter of 2007 featured sales of €14.77 million, accounting for 29.4% of total sales in the first nine months.

In the quarter considered, the sales policies applied and acquisitions made led to further changes in the gross profit margin, which rose from 47.5% of revenues in the third quarter 2007 to 55.0% in the third quarter of 2008.

The interim results are influenced by the trend in operating costs and in depreciation & amortisation. EBITDA in the third quarter of 2008 was a positive €1,666K, or 8.1% of sales, while in Q3 2007 it was a negative €1,052K with a -7.1% margin on revenues. The price allocation had no effect on EBITDA for the third quarter of 2008, but had a negative impact of €20K for the same period in 2007.

EBIT in the third quarter of 2008 was a positive €164K, with a resulting 0.8% margin on revenues, compared with -€2,145K and a margin of -14.5% in Q3 2007. The negative effects on EBIT due to price allocation amounted to €424K for the third quarter of 2007 and €887K for the same period in 2008.

These figures reflect the trend in the interim results highlighted above.



Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute values and percentage terms:

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	3rd Qtr 2007		3rd Qtr 2008		9 months 2007 (a)		9 months 2008 (b)		change (b-a)	
			%		%		%		%	amount	%
Sales revenue	C	14,770	100.0%	20,690	100.0%	50,224	100.0%	62,805	100.0%	12,581	25.0%
Cost of material	D	(7,759)	-52.5%	(9,309)	-45.0%	(25,442)	-50.7%	(28,122)	-44.8%	(2,680)	-10.5%
Gross profit		7,011	47.5%	11,381	55.0%	24,782	49.3%	34,683	55.2%	9,901	40.0%
Services costs	E	(3,250)	-22.0%	(2,834)	-13.7%	(9,987)	-19.9%	(10,916)	-17.4%	(929)	-9.3%
Lease & hire costs		(304)	-2.1%	(497)	-2.4%	(1,036)	-2.1%	(1,543)	-2.5%	(507)	-48.9%
Payroll costs	F	(5,134)	-34.8%	(6,400)	-30.9%	(15,730)	-31.3%	(19,799)	-31.5%	(4,069)	-25.9%
Other provisions and costs	G	(127)	-0.9%	(475)	-2.3%	(679)	-1.4%	(898)	-1.4%	(219)	-32.3%
Other revenues	H	752	5.1%	491	2.4%	2,280	4.5%	1,820	2.9%	(460)	-20.2%
EBITDA		(1,052)	-7.1%	1,666	8.1%	(370)	-0.7%	3,347	5.3%	3,717	n.s.
Depreciation & Amortization	I	(1,093)	-7.4%	(1,502)	-7.3%	(3,168)	-6.3%	(5,611)	-8.9%	(2,443)	-77.1%
Asset impairment	I	0	0.0%	0	0.0%	(63)	-0.1%	(230)	-0.4%	(167)	-265.1%
EBIT		(2,145)	-14.5%	164	0.8%	(3,601)	-7.2%	(2,494)	-4.0%	1,107	-30.7%
Share of associates' profit at equity		0	0.0%	(37)	-0.2%	(39)	-0.1%	(97)	-0.2%	(58)	-148.7%
PTO launch charges	L	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	n/a
Finance expense	L	(720)	-4.9%	(2,325)	-11.2%	(1,468)	-2.9%	(4,806)	-7.7%	(3,338)	-227.4%
Finance income	L	854	5.8%	1,369	6.6%	2,400	4.8%	2,427	3.9%	27	1.1%
Profit before tax		(2,011)	-13.6%	(829)	-4.0%	(2,708)	-5.4%	(4,970)	-7.9%	(2,262)	-83.5%
Income tax	M	231	1.6%	(315)	-1.5%	28	0.1%	(1,134)	-1.8%	(1,162)	n.s.
Net profit before minority interest		(1,780)	-12.1%	(1,144)	-5.5%	(2,680)	-5.3%	(6,104)	-9.7%	(3,424)	-127.8%
Minority interest	Q	9	0.1%	96	0.5%	5	0.0%	205	0.3%	200	n.s.
Group net profit (loss)		(1,789)	-12.1%	(1,240)	-6.0%	(2,685)	-5.3%	(6,309)	-10.0%	(3,624)	-135.0%

See explanatory notes starting on page 20.

Consolidated balance sheet

(€'000)	Notes	at September 30, 2007	at December 31, 2007	at September 30, 2008
ASSETS				
Intangible assets		55,956	111,918	114,794
Property, Plant and equipment		5,051	6,737	6,287
Investments in affiliates companies		713	109	838
Investments in other companies			930	281
Deferred tax assets		4,319	1,802	1,498
Other non-current assets		160	630	665
Total non-current assets	N	66,199	122,126	124,363
Inventories		17,128	22,129	22,073
Contracts in progress		969	2,364	383
Trade receivables		11,766	18,807	17,162
Income tax receivables		5,490	3,251	4,770
Other current assets		1,969	2,793	3,011
Derivative instruments		82	82	218
Cash & cash equivalents		73,917	56,604	42,410
Total current assets		111,321	106,030	90,027
Total assets		177,520	228,156	214,390
LIABILITIES AND EQUITY				
Share capital		8,751	8,879	8,879
Reserves		129,305	117,510	118,568
Net profit (loss) for period		(2,685)	(4,922)	(6,309)
Group shareholders' equity	Q	135,371	121,467	121,138
Minority capital and reserves		33	2,549	2,663
Minority profit (loss) for period		5	(84)	205
Equity attributable to minority interest	Q	38	2,465	2,868
Total shareholders' equity	Q	135,409	123,932	124,006
Medium-/long-term borrowing		14,129	34,172	26,745
Employee benefit obligations		599	1,512	2,085
Deferred tax liabilities		7,763	16,103	15,611
Other non-current liabilities		491	1,345	768
Business combination liabilities		0	15,864	17,886
Total non-current liabilities		22,982	68,996	63,095
Trade payables		9,147	14,506	11,597
Short-term borrowing		2,853	9,787	7,063
Income tax liabilities		553	2,112	2,740
Other current liabilities		6,576	5,581	5,889
Business combination liabilities		0	3,242	0
Total current liabilities		19,129	35,228	27,289
Total liabilities		42,111	104,224	90,384
Total liabilities and equity		177,520	228,156	214,390

Consolidated net financial position

The table, reference of the Recommendation CESR dated 10 February 2005, below shows the Group's net financial position at 30 September 2008, analysed by due date and compared with the same situation at 30 September 2007 and 31 December 2007:

(€'000)		at September 30, 2007	at December 31, 2007	at September 30, 2008
Cash & cash equivalents	A	(73,917)	(56,604)	(42,410)
Cash equivalent	B=A	(73,917)	(56,604)	(42,410)
Derivative instruments	C	(82)	(82)	(218)
Short-term borrowing	D	2,853	9,787	7,063
Business aggregation liabilities	E	0	3,242	0
Short-term financial position	F=C+D+E	2,771	12,947	6,845
Short-term net financial position	G=B+F	(71,146)	(43,657)	(35,565)
Business aggregation liabilities	H	0	15,864	17,886
Medium-/long-term borrowing	I	14,129	34,172	26,745
Medium-/long-term net financial position	J=H+I	14,129	50,036	44,631
NET FINANCIAL POSITION	K=G+J	(57,017)	6,379	9,066

Net working capital

The Group's net working capital at 30 September 2008, compared with the situation at 30 September 2007 and 31 December 2007, is shown below:

(€'000)	at September 30, 2007	at December 31, 2007	at September 30, 2008	Changes
		(a)	(b)	(b-a)
Inventories	17,128	22,129	22,073	(56)
Contracts in progress	969	2,364	383	(1,981)
Trade receivables	11,766	18,807	17,162	(1,645)
Income tax receivables	5,490	3,251	4,770	1,519
Other current assets	1,969	2,793	3,011	218
Current assets	37,322	49,344	47,399	(1,945)
Trade payables	(9,147)	(14,506)	(11,597)	2,909
Income tax liabilities	(553)	(2,112)	(2,740)	(628)
Other current liabilities	(6,576)	(5,581)	(5,889)	(308)
Current liabilities	(16,276)	(22,199)	(20,226)	1,973
Net working capital	21,046	27,145	27,173	28

A – Eurotech Group business

The Eurotech Group operates in the segments of miniaturised computers (NanoPCs) and computers featuring high-performance computing capability (High Performance Computers - HPCs).

The nanoPCs segment comprises miniaturised electronic modules and systems for the industrial, transport, defence and medical sectors. Our NanoPC operations are conducted by Eurotech S.p.A., I.P.S. Sistemi Programmabili S.r.l., and SAEE S.r.l. (operating mainly in Italy), Parvus Corp. and Eurotech Inc. (operating mainly in the USA), Eurotech Ltd. (operating mainly in the United Kingdom), Eurotech France S.A.S. (operating mainly in France), the Advanet Group (operating mainly in Japan), and Eurotech Finland Oy (based in Finland and operating mainly in Northern Europe and China). Our NanoPC products are marketed with the trademarks Eurotech, Arcom, Parvus, IPS, ADS and Advanet.

The HPC segment consists of computers featuring high performance computing capability targeting universities, research institutes and computing centres.

Since 30 November 2005, Eurotech has been listed on the Milan MTAX (electronic equities) market, which is managed and organised by Borsa Italiana S.p.A., in the AISTAR segment.

B – Consolidation area

The companies included in the consolidation area at 30 September 2008 and consolidated on a line-by-line basis are as follows:

Denominazione sociale	Sede legale	Quota del Gruppo
<i>Società Capogruppo</i>		
Eurotech S.p.A.	Via Fratelli Solari 3/A – Amaro (UD)	
<i>Società controllate consolidate integralmente</i>		
Parvus Corp.	Salt Lake City (USA)	100,00%
Eurotech France S.A.S.	Venissieux Cedex (Francia)	100,00%
Eurotech Finland Oy	Helsinki (Finlandia)	100,00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	100,00%
Eurotech Inc.	Colombia (USA)	100,00%
Eurotech Ltd.	Cambridge (UK)	100,00%
E-Tech UK Ltd.	Cambridge (UK)	100,00%
E-Tech USA Inc.	Colombia (USA)	100,00%
Saee S.r.l.	Via Fratelli Solari, 5 – Amaro (UD)	100,00%
EthLab S.r.l.	Via Dante, 78 – Pergine (TN)	99,99%
Chengdu Vantron Technology Limited	Chengdu (Cina)	65,00%
Advanet Inc.	Okayama (Giappone)	65,00% (1)
Spirit 21 Inc.	Okayama (Giappone)	65,00% (1)

(1) In seguito alla valutazione di un'opzione put e call su una quota del 25% delle azioni la percentuale di consolidamento è del 90%.

In addition, the following affiliated companies are consolidated at equity:

Società collegate valutate a patrimonio netto

Delos S.r.l.	Via Roberto Cozzi, 53 – Milano	40,00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15, – Verona (UD)	32,00%
Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24,82%
U.T.R.I. S.r.l.	Via del Follatoio, 12 – Trieste	21,00%

Altre società minori valutate al costo

Kairos Autonomi	Salt Lake City (USA)	19,00%
Inasset S.r.l.	Via F.lli Solari 5 – Amaro (UD)	13,55%

Between 30 June and 30 September 2008, the following changes took place in the equity interests owned in subsidiary and associate companies:

- 1 July 2008: absorption of Eurotech Inc. (Kansas, USA) by Eurotech Inc. (Columbia, USA);
- 11 September 2008: disposal of the Group's entire interest (48%) in Neuricam S.p.A.

The following schedule provides information on the exchange rates used to translate the foreign company's financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

Currency	Average 9Months 2007	As of September 30, 2008	Average at 2007	As of December 31, 2007	Average 9Months 2008	As of September 30, 2008
British pound sterling (GBP)	0.67654	0.69680	0.68445	0.73335	0.78202	0.79030
Japanese Yen	n/a	n/a	163.19780	164.93000	161.03641	150.47000
Renmimbi	10.30110	10.64290	10.41877	10.75240	10.62631	9.79540
USA Dollar	1.34460	1.41790	1.37080	1.47210	1.52169	1.43030

The average exchange-rate for the Japanese Yen and for the Renmimbi are calculated from the date of the business acquisition

B/2 – Business combinations – Acquisition of Advanet Group

On 31 October 2007, the Eurotech Group acquired 65% of the shares with voting rights in Advanet Inc. (an unlisted company with offices in Okayama - Japan), a leader in the Japanese embedded PC market, which in turn held the entire share capital in Advanet R&D Inc., Spirit 21 Inc. and Vantec Inc. The consolidated financial statements commented on in this report include the results of the Advanet Group for the period since the date of acquisition.

In 2008, the book values of the identifiable assets and liabilities of the Advanet Group as of the date of acquisition were adjusted in accordance with IFRS 3. The adjusted values are as follows:

(€'000)	Value recognized for acquisition	Book value
ASSETS		
Intangible assets	26,023	131
Property, Plant and equipment	1,798	1,798
Deferred tax assets	1,308	1,308
Other non-current assets	650	650
Total non current assets	29,779	3,887
Inventories	7,877	7,450
Trade receivables	7,002	7,002
Other current assets	6,296	6,296
Cash & cash equivalents	10,631	10,631
Totale current assets	31,806	31,379
Total assets	61,585	35,266
LIABILITIES		
Medium-/long-term borrowing	(9,180)	(9,180)
Employee benefit obligations	(561)	(561)
Deferred tax liabilities	(11,054)	0
Other non-current liabilities	(949)	(949)
Total non current liabilities	(21,744)	(10,690)
Trade payables	(7,327)	(7,327)
Short-term borrowings	(3,325)	(3,325)
Current tax liabilities	(2,881)	(2,881)
Other current liabilities	(1,896)	(1,896)
Total current liabilities	(15,429)	(15,429)
Total liabilities	(37,173)	(26,119)
Total liabilities and shareholders' equity	(37,173)	(26,119)
Fair value of net assets	24,412	
Part of Eurotech	21,971	
Goodwill generated by acquisition	33,496	
Acquisition of minority interests	8,486	
Cost of the Acquisition	63,953	

The total cost of the acquisition (€63,910K) is comprised of a cash payment of €47,287K, directly attributable costs of €2,034K, and financial liabilities expressed at fair value booked against the put option on the minority share, equal to 25% of the Advanet Inc shares.

Net liquidity currently used and the total amount earmarked for the acquisition is as follows:

(€'000)	Liquidity used
Subsidiary's net liquidity	(10,631)
Cash payment	47,287
Acquisition costs	2,077
Net liquidity used	38,733
Financial liabilities related to the put option	14,589

Note that price allocation calculated on this acquisition might not be final and is subject to change. In addition, a 10-year amortisation plan is estimated for higher values attributed to customer relationships while the trademark is considered to have an indefinite life.

For more information relating to this acquisition, see the prospectus (in accordance with Article 71 of the Regulation approved with Consob Resolution no. 11971 of 14 May 1999, as amended) published on 15 November 2007 and the Explanatory Notes to the financial statements at 31 December 2007, in paragraph F ("Business combinations and acquisitions of minority interest").

C - Revenues

Revenues earned by the Group amount to €62,805K (€50,224K in the first nine months of 2007), with an increase of €12,581K (+25.0%) on last year. This growth is attributed mainly to acquisition of the Japanese Advanet Group at year-end 2007.

The trend in revenues by business area is presented below:

3° Q 2007	%	3° Q 2008	%	SALES BY BUSINESS SEGMENT	9 months 2007	%	FY2007	%	9 months 2008	%
14,704	99.6%	20,443	98.8%	NanoPC	49,492	98.5%	74,385	97.2%	62,348	99.3%
66	0.4%	247	1.2%	High Perf. Computer	732	1.5%	2,152	2.8%	457	0.7%
14,770	100.0%	20,690	100.0%	TOTALE SALES AND SERVICE REVENUE	50,224	100.0%	76,537	100.0%	62,805	100.0%

NanoPC revenues, amounting to €49,492K for the first nine months of 2007 and €62,348K for the same period in 2008, grew by 26.0%. This growth is ascribable mainly to the contribution of the Japanese group Advanet, acquired at the end of October 2007.

The decrease in revenue in the HPC business is a result of the cyclical nature of this sector, characterized by a limited number of large jobs with customers in the scientific and research fields.

The following schedule shows the breakdown in revenue by geographical segment:

3° Q 2007	%	3° Q 2008	%	BREAKDOWN BY GEOGRAPHIC AREA	9 months 2007	%	FY2007	%	9 months 2008	%	var. %
2,214	15.0%	1,844	8.9%	Italy	7,731	15.4%	11,313	14.8%	5,620	8.9%	-27.3%
2,987	20.2%	2,583	12.5%	European Union without Italy	8,872	17.7%	12,960	16.9%	8,700	13.9%	-1.9%
8,643	58.5%	8,366	40.4%	United States	29,751	59.2%	42,236	55.2%	23,372	37.2%	-21.4%
0	0.0%	6,074	29.4%	Japan	0	0.0%	4,332	5.7%	20,623	32.8%	n/a
926	6.3%	1,823	8.8%	Rest of the World	3,870	7.7%	5,696	7.4%	4,490	7.1%	16.0%
14,770	100.0%	20,690	100.0%	TOTALE SALES AND SERVICE REVENUE	50,224	100.0%	76,537	100.0%	62,805	100.0%	25.0%

As far as the geographical breakdown is concerned, sales in Japan are specifically indicated as this country is the Advanet Group's main outlet market.

The absolute decline in U.S. sales is largely explained by the exchange effect, as the depreciation of the dollar against the euro had a considerable impact on the translation of dollar-denominated accounts, and by the temporary absorption of resources (at least until 30 June 2008) involved in integrating the U.S. companies. In the next quarter, we expect operations in the United States to accelerate as a result of the reorganization

In Italy, the decrease in sales was caused by the stagnation of the local outlet markets, such as the public transport sector.

D – Costs for raw and auxiliary materials and consumables

Costs for raw and auxiliary materials and consumables, strictly related to sales, increased from €25,442K in the first nine months of 2007 to €28,122K in 9M 2008, due mainly to the new scope of consolidation. There was an increase of € 2,680K in the period (+10.5%), proportionally smaller than the increase in revenues thanks to improved profitability. Figures for the first nine months were negatively influenced by €234K (€220K in 9M 2007) in non-recurring costs from the price allocation (Advanet Group), in accordance with IFRS 3.

As a percentage of revenues, these costs decreased from 44.8% in the first three quarters of 2007 to 50.7% in the same period in 2008.

E – Service costs

Service costs increased from €9,987K in the first nine months of 2007 to €10,916K in 9M 2008, rising in absolute terms by 9.3%. This item as a percentage of sales decreased however, from 19.9% in 9M 2007 to 17.4% this year. The growth in value is the combined effect of cost-cutting measures by the individual group companies and the business combinations taking place at the end of last year.

The improvement in these costs as a percentage of revenue reflects in part the cost structure of the new companies acquired and in part company policy.

F – Payroll costs

Payroll costs went up overall because of the acquisition of the Advanet Group at the end of 2007, which was partially offset by a decrease in headcount.

The change in headcount versus 31 December 2007 was made possible by the synergies among various Group companies.

Details are provided below:

Employees	30.09.2007	FY2007	30.09.2008
Management	3	2	2
Management team		20	23
Clerical workers	332	530	506
Line workers	74	72	63
TOTAL	409	624	594

The acquisition of the Advanet Group, with a total of 198 employees, was a major contributor to the significant increase vs. September 2007.

G – Other provisions and costs

At 30 September 2008, this item included a provision for doubtful accounts of €269K (€148K in the first nine months of 2007).

Other provisions and costs amounted to 1.4% of revenues, in line with the figure for 9M 2007.

H – Other revenues

Other revenues decreased by 20.2%. This item went from €2,280K in the first nine months of 2007 to €1,820K in the same period of 2008. Other revenues comprise €1,398K in capitalisation of development costs relating to new solutions featuring highly integrated standard modules and systems (with a decrease of €679K on the same period in 2007), €209K in operating grants (€22K at September 2007) and €213K in miscellaneous income (with an increase of €32K on the same period last year).

I – Amortisation, depreciation and write-downs

This item totalled €5,611K in the first nine months of 2008, increasing by €2,443K from the €3,168K reported in the same period in 2007. The change is mainly due to the effects of the price allocation discussed in the section "Operating performance in the period" (€3,268K in 2008 and €1,474K in 2007), and to amortisation generated by investments made in 2008. Amortisation in the period relating to purchase price allocation refers to customer relationships (€1,914K), trademarks (€309K) and the order book (€1,045K).

Amortisation of capitalised development costs begins when the related development activity has been completed and the first related sales revenues have been earned.

Asset impairment was entirely due to reduction of capitalised development costs, i.e. for projects relating to products that have not yet achieved the market acceptance originally forecast.

L – Finance expense and income

The increase in finance expense, from €1,468K in the first nine months of 2007 to €4,806K in 9M 2008, is explained by exchange losses from the performance of the US dollar, British pound and Japanese yen (the latter in relation to foreign currency financial payables stemming from the put option on 25% of Advanet), and by the rise in debt due to the loan taken out by the parent company at the end of 2007 for the purchase of the Advanet Group and the loans held by the Advanet Group at the time it was acquired. The value and the percentage of revenues of the main components of the Finance expense are:

- exchange-rate losses: Euro 369K in the first nine months of 2007 (impact on revenues 0.7%) compare to Euro 2,247K in the first nine months of 2008 (impact on revenues 3.6%);
- interest expenses: Euro 1,005K in the first nine months of 2007 (impact on revenues 2,0%) compare to Euro 1,905K in the first nine months of 2008 (impact on revenues 3.0%).

Finance income increased by €27K, from €2,400K in the first nine months of 2007 to €2,427K in the same period this year. This is ascribable to exchange gains (mainly from transactions on the Japanese yen), which more than offset the loss of interest income on the cash used to acquire 65% of the Advanet Group.

3° Q 2007	3° Q 2008	(€'000)	30.09.2007	30.09.2008	change %
307	1,550	Exchange-rate losses	369	2,247	n.s.
336	178	Interest expenses	1,005	1,905	89.6%
0	578	Interest expenses due to the discounting	0	578	n/a
(2)	0	Expenses on derivatives	0	0	n/a
79	19	Other finance expenses	94	76	-19.1%
720	2,325	Financial charges	1,468	4,806	227.4%
3° Q 2007	3° Q 2008	(€'000)	30.09.2007	30.09.2008	change %
25	1,063	Exchange-rate gains	99	1,337	n.s.
828	306	Interest income	2,295	1,085	-52.7%
1	0	Other finance income	6	5	-16.7%
854	1,369	Financial incomes	2,400	2,427	1.1%
134	(956)	Net financial income	932	(2,379)	-355.3%

M – Income taxes

Income taxes for the first nine months of 2008 amounted to €1,134K (€2.532K in current taxes and €1.398K in net deferred tax assets), compared with €28K for the same period in 2007 (€384K in current taxes and €412K in net deferred tax assets), increasing by €1,162K.

N – Non-current assets

The negative change in non-current assets between 31 December 2007 and 30 September 2008 amounted to €2,237K and was due mainly to net investments in property, plant and equipment and intangible assets totalling €2.530K before depreciation and amortisation of €5,611K.

Specifically, the most significant increase is due to intangible assets as a result of exchange gains on translation and the capitalisation of development costs for €1.397K.

Equity investments in associated and other companies increased by €80K. Aside from the writedown of various investments by €97K, there was an increase of €164K due largely to the acquisition of an additional interest in U.T.R.I S.r.l. - a company with its own laboratories for advanced systems research, development and assembly - operating in the field of mini and micro automatic piloted aircraft for the security and defense sectors. In January 2008, the Group acquired an additional 3.05% of this company, for a current ownership rate of 21%.

O – Net working capital

Net working capital went from €27,145K at 31 December 2007 to €27,173K at 30 September 2008, increasing by €28K.

The change in current assets of €1,945K is due mainly to the decrease in trade receivables of 1,645K and in inventories of €2,037K.

The reduction of €1,973K in current liabilities is explained by the decrease in trade payables (€2,909K) and increase in tax liabilities (€628K).

P – Net financial position

The Group had net debt of €6,379K at the close of 2007 and €9,066K at 30 September 2008. The change is due mainly to the significant increase in payables for business combinations, due to interest and exchange rate losses recognized on financial liabilities at fair value with respect to the put option on a 25% stake of Advanet Inc. (exercisable in early 2010). Recognition of this liability has not led to outlays of any kind, and is not final but represents the best estimate as of this writing.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.

Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 30 September 2009.

The net financial position also includes €17,886K at 30 September 2008 (€15,864K a year earlier) in future outlays, which have not entailed an actual cash outpayment and consist of the following:

- a financial liability, at fair value, of €16.9 million against the put option on 25% of Advanet Inc. shares, exercisable in early 2010. Recognition of this financial liability has not led to an actual cash outflow, and the amount is not definitive but is the best estimate as of this writing.
- a remaining balance of €1 million due to the shareholders of Eurotech Inc. (formerly Applied Data Systems Inc.) for the portion of the price bound to an escrow deposit.

Q – Changes in consolidated equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Treasury shares	Profit (loss) for period	Group shareholder s' equity	Minority interest capital & reserves	Profit (loss) of third parties	Equity attributable to Minority interest	Total shareholder s' equity
Balance as at December 31, 2007	8,879	39	136,400	(3,978)	(14,906)	(44)	(4,922)	121,468	2,549	(85)	2,464	123,932
2007 Result allocation					(4,922)		4,922	-	(85)	85	-	-
Hedge transactions					137			137			-	137
investments in foreign companies					530			530			-	530
Minority purchase					(129)			(129)	(52)		(52)	(181)
Other changes				5,442				5,442	250		250	5,692
Profit (loss) as at 30 September 2008							(6,309)	(6,309)		205	205	(6,104)
Balance as at September 30, 2008	8,879	39	136,400	1,464	(19,290)	(44)	(6,309)	121,139	2,662	205	2,867	124,006

R – Major events in the quarter

The main events occurring in the quarter were announced in the press releases listed below (the full text can be consulted at www.eurotech.com at the page <http://www.eurotech.com/IT/newslist.aspx?pg=news>):

- 01/07/2008: Italy appoints a new General Manager;
- 01/07/2008: Eurotech Inc. completes successful merger and present Executive Team;
- 07/07/2008: Eurotech Inc. wins contracts valued at over \$2.5 Million;
- 23/07/2008: First remote healthcare project for the elderly;
- 25/07/2008: Eurotech announces the new Low Power ISIS PC/104+ board with the Intel® Atom™ processor;
- 04/08/2008: Eurotech S.p.A.: Massimo Mauri (Executive Vicepresident) resigns from Eurotech's Board of Directors;
- 08/08/2008: Appointed new Director of the Board and new Investor Relator;
- 29/08/2008: Board today approves consolidated first-half results at 30 June 2008;
- 24/09/2008: Resignation of two auditors due to limitations in amount of charges.

No other particularly important events took place in the quarter besides those mentioned above.

S – Subsequent events

For events occurring since 30 September, please see the press releases listed below (the full text can be consulted at www.eurotech.com at the page <http://www.eurotech.com/IT/newslist.aspx?pg=news>):

- 01/10/2008: Eurotech Group is going to take part in the London Star Conference;
- 03/10/2008: Eurotech: new strategic focus on transportation industry for US-Based subsidiary Eurotech Inc.;
- 07/10/2008: Eurotech announces the new Low Power PROTEUS single board computer;
- 15/10/2008: Purchase treasury shares;
- 16/10/2008: Eurotech receives US \$7.1 million in orders from prime US defence contractor;
- 20/10/2008: Major orders in US with long term customers, Johnson Controls and GPS Industries;
- 24/10/2008: Weekly communication about own shares' buyback program;
- 31/10/2008: Weekly communication about own shares' buyback program;
- 05/11/2008: Finmeccanica complete acquisition of 11.1% of Eurotech's share capital;
- 07/11/2008: Conclusion of Treasury shares purchase;
- 10/11/2008: Eurotech wins 2008 award of excellence for growth in the Intel® Atom™ co-selling
- 13/11/2008: New impulse to expansion into Chinese market.

In particular, with Finmeccanica's investment in Eurotech S.p.A., we have strengthened the strategic industrial partnership launched with a commercial and scientific agreement in July 2006, which will intensify our existing relationships with Finmeccanica for the purpose of expanding in geographical areas of strategic interest to both groups. Finmeccanica's investment was finalised on 5 November 2008, the effective date of a shareholders' agreement involving some owner/managers with an approximate 10.7% stake in the company.

T – Adjustment to the Italian Consob Markets regulation: art. 36-39

With reference to the articles 36 and 39 of the Regulation approved by Consob acting n. 16191/2007, it is outlined that, on date September 30 2008, the controlled companies that are formed and regulated by the State laws not belonging to the European Union relevant to the same article 36 are the American companies Eurotech Inc, Parvus Corp, E-Tech US Inc, and the Japanese companies Advanet Inc and Spirit 21 Inc, and for these companies there should be the requirements as per paragraph 1 of said article.

U – Other information

Note also that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process;
- Group companies' related-party transactions form part of the normal course of business and are settled under arm's length conditions;

- Despite the authorisation given by the General Meeting, Eurotech S.p.A. did not buy or sell treasury shares during the third quarter of 2008. At 31 December 2007, it held 6,300 treasury shares for a total value of €44K. The number of shares in the portfolio was unchanged between 31 December 2007 and 30 September 2008. Between the close of the third quarter and 6 November 2008, Eurotech S.p.A. did purchase 413,840 treasury shares on the market (for an average of €3.13 per share) and now holds 1.18% of the share capital;
- With reference to Article 150, section 1, of Leg. Decree no. 58 of 24 February 1998, no transactions in potential conflict of interest with Group companies were executed by members of the Board of Directors.

Amaro, 14 November 2008

On behalf of the Board of Directors

Signed by
Roberto Siagri
Chairman



Declaration of the Financial Reporting Manager

Amaro, 14 November 2008

DECLARATION

PER ART. 154 *BIS* , PARAGRAPH 2 - PART IV, TITLE III, CHAPTER II, SECTION V-BIS OF LEGISLATIVE DECREE 58 OF 24 February 1998: THE "CONSOLIDATED FINANCE ACT PURSUANT TO ARTS. 8 AND 21 OF LAW 52 OF 6 February 1996"

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 30 September 2008 approved by the company's Board of Directors on 14 November 2008,

STATE

in compliance with the matters set forth under ex - art. 154 *bis*, part IV, title III, chapter II, section V-*bis* of Legislative Decree 58 of 24 February 1998, that to the best of my knowledge, the Consolidated Interim Management Statement at 30 September 2008 corresponds to the company's records, accounting entries and books.

The Interim Management Statement at 30 September 2008 (unaudited) was drafted in compliance with CONSOB (the Italian securities & exchange authority) Regulations and International Financial Reporting Standards (IFRS/IAS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission according to Article 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.

Signed by
Sandro Barazza
Financial Reporting Manager

