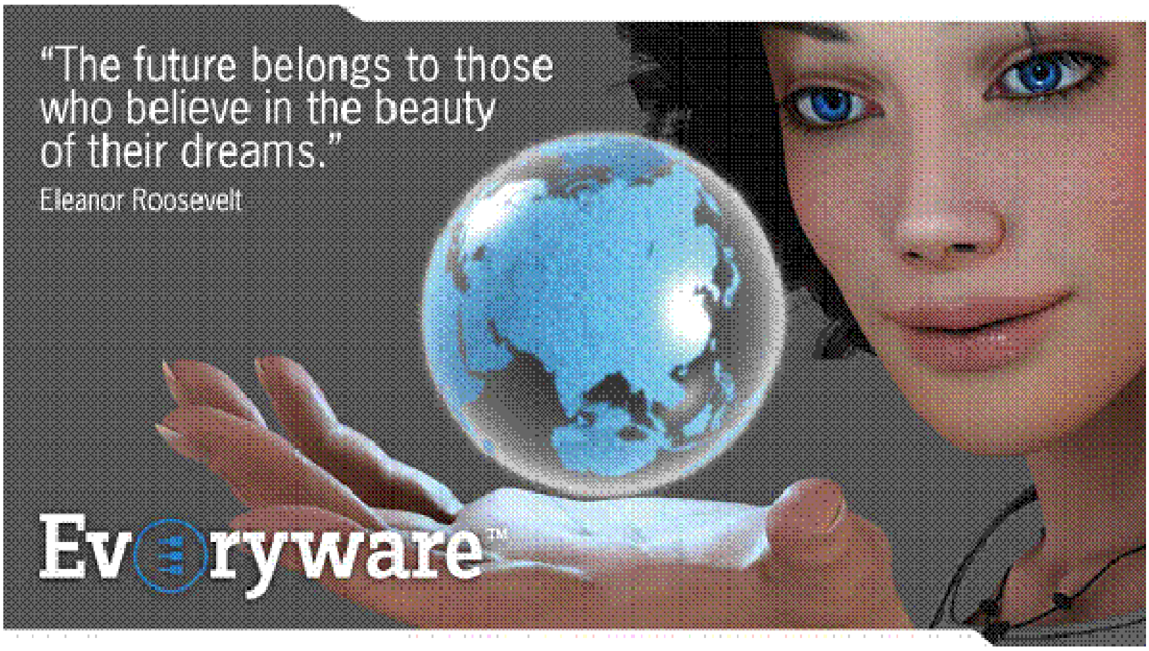

EUROTECH GROUP

HALF-YEARLY FINANCIAL REPORT AT 30 JUNE 2008

EUROTECH
GROUP

Date of issue: 29 August 2008
This report is available online
in the "Investors" section of the website
www.eurotech.com

EUROTECH SpA
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Paid-in share capital: EUR 8,878,946 fully paid in
Tax code and Udine Companies Register no. 01791330309

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EUROTECH GROUP

Corporate information

Board of Directors	
Chairman	Roberto Siagri
Executive Vice President	Giampietro Tecchiolli
Director	Dino Feragotto [1]
Director	Roberto Chiandussi [1]
Director	Giorgio Pezzulli [1]
Director	Sandro Barazza [1 5]
Director	Chiara Mio [1 2 4]
Director	Alberto Felice De Toni [1 2 3 4]
Director	Cesare Pizzul [1 2 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 on 5 May 2008 and will remain in office until shareholder approval of the Annual Report for the financial year ending on 31 December 2010.

Board of Statutory Auditors	
President	Claudio Siciliotti
Statutory auditor	Nicolino Cavalluzzo
Statutory auditor	Lorenzo Ginisio
Substitute statutory auditor	Michela Cagnolini
Substitute statutory auditor	Marco Rubatto

The Board of Statutory Auditors currently holding office was appointed by shareholders at the Annual General Meeting on 5 May 2008 and will remain in office until shareholder approval of the Annual Report for the financial year ending on 31 December 2010.

Independent Auditor	
	Reconta Ernst & Young SpA

The independent auditor was appointed for the 3- year period 2005-2007 by shareholders at the Annual General Meeting on 21 July 2005. This term was extended by shareholders for the period 2008-2013 at the Annual General Meeting on 7 May 2007.

Corporate name and registered offices of the parent company	
	Eurotech SpA Via Fratelli Solari 3/A 33020 Amaro (UD), Italy Udine Companies Register no. 01791330309

[1] Non-executive directors.
[2] Independent directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[3] Lead independent director.
[4] Member of the Remuneration Committee and of the Internal Control Committee.
[5] Co-opted on 8 August 2008.

Information for shareholders

The ordinary shares of Eurotech SpA, 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.

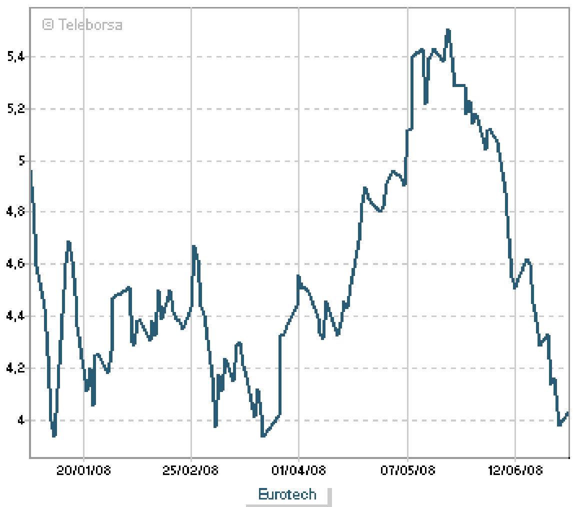
Share capital of Eurotech SpA as at 30 June 2008

Share capital	EUR 8,878,946.00
Number of ordinary shares (without per-share par value)	35,515,784
Number of savings shares	-
Number of Eurotech SpA treasury shares	6,300
Stock market capitalisation (based on average share price in June 2008)	EUR 170 million
Stock market capitalisation (based on official reference price on 30 June 2008)	EUR 140 million

Performance of Eurotech SpA shares

Absolute performance of EUROTECH SpA shares
01.01.2008 – 30.06.2008

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



The candle chart shows the share's daily maximum and minimum prices

Management report

Foreword

The Eurotech Group's business and financial results for the first half of 2008 (1H08) and comparative periods have been drawn up according to the international accounting and financial reporting standards (IASs/IFRSs) issued by the International Accounting Standards Board and endorsed by the European Union. More specifically, the condensed half-yearly consolidated report for the 6-month period ended on 30 June 2008 has been prepared in compliance with IAS 34 "Interim Financial Reporting" and with Article 154/3 of the Italian Consolidated Finance Act (TUF). The condensed half-yearly consolidated report does not contain all the supplementary information required for the annual report and must be read in conjunction with the Group's annual report for the year ended on 31 December 2007.

Performance highlights

Income statement highlights

OPERATING RESULTS €'000	1H 2007	%	FY2007	%	1H2008	%
SALES REVENUES	35,454	100.0%	76,537	100.0%	42,115	100.0%
GROSS PROFIT	17,771	50.1%	38,113	49.8%	23,302	55.3%
EBITDA	682	1.9%	1,897	2.5%	1,681	4.0%
EBIT	(1,456)	-4.1%	(4,114)	-5.4%	(2,658)	-6.3%
PROFIT (LOSS) BEFORE TAXES	(697)	-2.0%	(4,159)	-5.4%	(4,141)	-9.8%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(896)	-2.5%	(4,922)	-6.4%	(5,069)	-12.0%

Balance sheet and financial highlights

PATRIMONIAL DATES	30.06.2007	31.12.2007	30.06.2008
Non-current assets	**67,240**	**122,126**	**116,260**
- of which net intangible assets	57,541	111,918	106,246
- of which net tanbible assets	5,090	6,737	6,326
Current assets	**121,849**	**106,030**	**85,726**
TOTAL ASSETS	**189,089**	**228,156**	**201,986**
Shareholders' equity	**139,040**	**121,467**	**112,423**
Minority interest	**76**	**2,465**	**2,513**
Non-current liabilities	**23,428**	**68,996**	**60,388**
Current liabilities	**26,545**	**35,228**	**26,662**
TOTAL LIABILITIES AND EQUITY	**189,089**	**228,156**	**201,986**

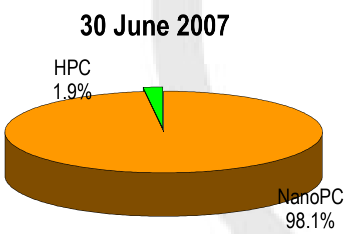
€'000	30.06.2007	31.12.2007	30.06.2008
NET FINANCIAL POSITION	**(59,828)**	**6,379**	**6,953**
NET WORKING CAPITAL	**21,022**	**27,145**	**23,072**
CASH FLOW DATA			
Cash flow generated (used) in operations	(6,655)	(881)	2,091
Cash flow generated (used) by investment activities	(40,815)	(72,305)	(4,617)
Cash flow generated (used) by financing activities	(1,971)	10,854	(10,767)
Charge in the conversion difference	4,092	(679)	(636)
TOTAL CASH FLOW	**(45,349)**	**(63,010)**	**(13,929)**

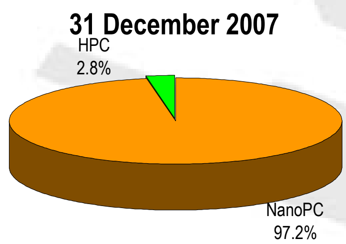
Employee headcount

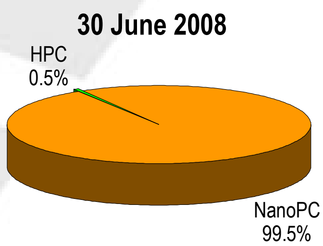
	30.06.2007	31.12.2007	30.06.2008
NUMBER OF EMPLOYEES	406	624	608

Revenues by business segment

(€'000)	NanoPC				High Performance Computer				Total			
	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007
Sales revenues	34,788	41,905	20.5%	74,385	666	210	-68.5%	2,152	35,454	42,115	18.8%	76,537

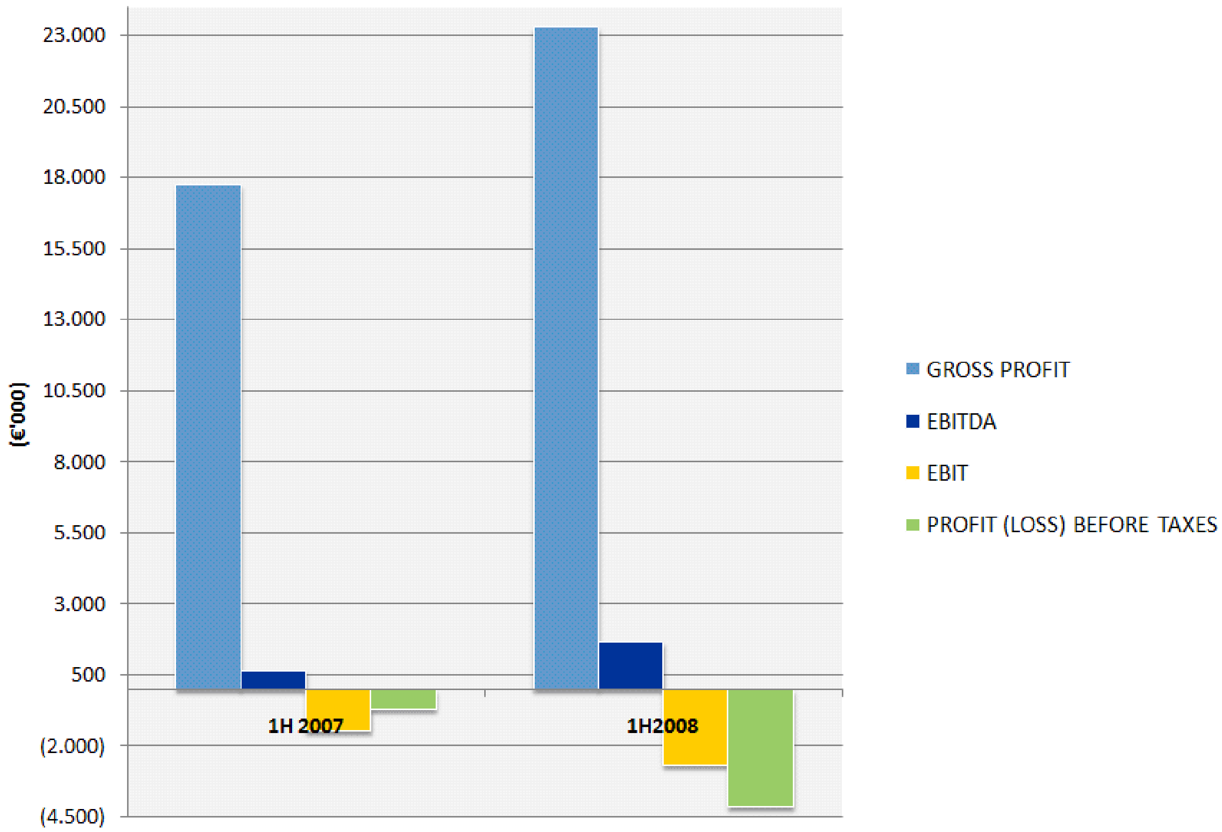






The Group business segments identified are "nanoPCs" and "HPC" (high performance computers). The nanoPCs segment comprises miniaturised electronic modules and systems for the transport, medical, industrial and defence sectors, while the HPC segment consists of computers featuring high performance computing capability currently targeting universities, research institutes and computing centres.

Operating performance



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 forsees 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 fabless 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).

As at 30 June 2008 the Eurotech Group consisted of the following companies:

Company name	Business	Share capital	% ownership
Parent company			
Eurotech SpA	Operates in the nanoPCs and HPC (high performance computer) segments and also handles new product development for the Group	EUR 8,878,946	
Subsidiaries			
Eurotech Inc. (ex-Applied Data Systems Inc.)	Operates in the US market in the field of design, development and production of embedded systems (miniaturised computers) based on Windows CE and Linux operating system	USD 26,500,000	100.00%
Eurotech Inc. (ex-Arcom Control Systems Inc.)	Operates in the US market in the nanoPC segment	USD 1,000	100.00%
Eurotech Ltd. (ex-Arcom Control Systems Ltd.)	Operates in the nanoPC segment and is active primarily in the UK	GBP 33,333	100.00%
E-Tech UK Ltd.	British holding company, currently not operational	GBP 1	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc., the company created, as of 01.07.2008 by the merger of Eurotech Inc. (ex Arcom Control System Inc.) e Eurotech Inc. (ex Applied Data System Inc.)	USD 8,000,000	100.00%
Eurotech Finland Oy	Handles the sale and marketing of Group products in Scandinavian countries and in China	EUR 508,431	100.00%
Eurotech France Sas	Active in the French market in the nanoPC segment	EUR 795,522	100.00%
Saee Srl	Active in technological solutions in the field of sensor networks and wireless applications	EUR 15,500	100.00%
IPS Sistemi Programmabili Srl	Operates in the nanoPC segment under the IPS brand	EUR 51,480	100.00%
Parvus Corp.	Operates in the US nanoPC market	USD 119,243	100.00%
EthLab Srl	Handles research and development on the Group's behalf since 2005	EUR 115,000	99.99%
Advanet Inc.	Operates in the Japanese nanoPC market	JPY 72,440,000	65.00% (1)
Spirit21 Inc.	Primarily performs purchase, production, and product inspection activities on behalf of its direct parent company Advanet Inc.	JPY 10,000,000	65.00% (1)
Chengdu Vantron Technology Inc.	Performs design work and is directly controlled by Eurotech Inc. (ex-Applied Data Systems Inc.)	USD 108,000	65.00%

(1) The purchase agreement also provides a put & call mechanism for the remaining 35% of Advanet's shares. For consolidation purposes, 90% of the Advanet Group is represented since the put option was valued on 25%.

Business performance

OPERATING RESULTS €'000		1H 2007	%	1H2008	%
SALES REVENUES		35,454	100.0%	42,115	100.0%
GROSS PROFIT	(*)	17,771	50.1%	23,302	55.3%
EBITDA	(**)	682	1.9%	1,681	4.0%
EBIT	(***)	(1,456)	-4.1%	(2,658)	-6.3%
PROFIT (LOSS) BEFORE TAXES		(697)	-2.0%	(4,141)	-9.8%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(896)	-2.5%	(5,069)	-12.0%

(*) Gross profit = difference between revenues from sale of products and services and consumption of raw materials.
(**) Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).
(***) Earnings before Interest and Taxes (EBIT).

Group revenues featured growth of 18.8%, growing by € 6.7 million (mn) from € 35.45 mn in the first half of 2007 (1H07) to € 42.11 in 1H08. This growth was attributable to the acquisition at the end of 2007 of Advanet, the Japanese group (acquisition completed on 31 October 2007), whose 1H08 revenues amounted to € 14.57 mn.
We point out that the Group's top-line performance – given that 41% of revenues were generated by US companies – would have been better if the USD had not weakened against the euro. Indicatively, we specify that, based on straight-line exchange rates vs. 1H07, consolidated revenues would have been € 45.3 mn, therefore growing in total by 27.8% YoY, as opposed to 18.8%.

The next six months will feature an acceleration in the process, which began at the end of last year, of integration and consolidation of the acquisitions that have taken place in the last few years. This plan, the initial implementation of which includes the merger of the two U.S. firms and the formation of Eurotech Inc., will enable us to lay the groundwork for renewed growth, supported by both a more deeply rooted international presence, as a result of recent business groupings, and a greater, more efficient commercial presence.

Before commenting on income statement figures, we should first point out that some of them reflect the effects of recognition in accounts of purchase price allocation (PPA)[4] for the business combinations involving the Arcom Group, Applied Data Systems Inc. and the Advanet Group.

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[4] In detail, the effects of the recognition of this price allocation related to the business groupings of the Arcom Group, Applied Data Systems Inc., and the Advanet Group are as follows:

- consumption of raw materials: € 235 thousand (€ 200 thousand at 30 June 2007) arising from charging to the income statement the higher value of the inventory identified at the time of acquisition;
- depreciation, amortisation and impairment: € 2,380 thousand (€ 1,070 thousand at 30 June 2007), equal to the higher amortization charged on the higher values attributed to intangible assets (customer relationships, order book, and brand);
- finance expense and income: € 369 thousand in expenses (relating to interest expense for discount to present value) and finance income of € 135 thousand (arising from different valuation exchange rates) only for 2008 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: € 1,152 thousand (€ 427 thousand at 30 June 2007) deriving from the effect of income taxes on adjustments made;

Following is a summary of the interim results with and without the effects of “price allocation”:
- gross profit, instead of € 23,30 million, it would have been € 23,54 million;
- EBITDA, instead of € 1,68 million, it would have been € 1,92 million;
- EBIT, instead of € -2,66 million, it would have been € -43 thousand;
- pre-tax profit, instead of € -4,14 million, it would have been € -1,29 million;
- group net profit, instead of € -5,07 million, it would total to € -3,48 million.

Gross profit margin featured marked improvement, rising from 50.1% to 55.3% on sales revenues, while outright gross profit improved by € 5.5 mn. This amount slightly exceeded management’s expectations and reflects both the business model applied by the Group and the contribution made by the Advanet Group acquisition. Neutralisation of the adverse effects on gross profit of PPA (purchase price allocation) would further improve gross profit margin on sales.

In the period in question, operating costs as a percent of sales revenue rose from 52.5% in 1H07 (18.62 million) to 54.5% (€ 22.95 million), thus impacting Group EBITDA. Operating costs, which, due to the business model applied are fixed in nature and therefore evenly spread over 6-month periods, had a significant impact on the first half of the year, when revenues have historically, except for last year, been lower than those of the second half. Taking account of historical trends in Group business, the increase in sales expected in the coming months will make it possible to better absorb these fixed costs.

EBITDA in the periods considered increased by € 1 mn, rising from € 682 thousand in 1H07 to € 1,681 thousand in 1H08. EBITDA margin on sales revenues grew from 1.9% in 1H07 to 4.0% in 1H08. The negative impact of PPA on EBITDA amounted to € 200 thousand in 1H07 and € 235 thousand in 1H08.

EBIT in the periods considered decreased, descending from € -1,456 thousand in 1H07 to € -2,658 thousand in 1H08. EBIT margin on sales revenues went from -4.1% in 1H07 to -6.3% in 1H08. This trend was directly relating to the higher depreciation & amortisation and asset impairment posted in 1H08. This higher depreciation & amortisation arose mainly from the effect of PPA for the acquisitions of Eurotech Inc. (ex-Applied Data Systems Inc.), of the Advanet Group and of the Arcom Group (ex-Arcom Control Systems Inc.). The effect on EBIT of the higher PPA amounts in 1H08 was € 2,615 thousand (vs. € 1,270 thousand in 1H07). To be noted that a portion of these effects (pre-tax) equal to € 1,134 thousand affects only the first semester.

Net finance expense reflected the effects of the net financial position as well as of foreign exchange differences due to foreign currency trends. 1H08 was weighed down by expense stemming from higher debt and from the increase in interest rates, as well as by lower finance income following reduction of liquidity, used at the end of 2007 for acquisitions. Reference should be made to explanatory note 23 for greater detail.

The loss before income taxes increased from € -697 thousand in 1H07 to € -4,141 thousand in 1H08. This performance was affected by the factors considered above. The impact on the pre-tax result of PPA was € 1,270 thousand in 1H07 and € 2,849 thousand in 1H08.

In terms of the Group’s bottom-line result, this went from € -896 thousand in 1H07 to € -5,069 thousand in 1H08. Besides reflecting the trend in the pre-tax result, this performance stemmed mainly from taxation applicable to the Group’s various companies and, to a lesser extent, to the portion of result attributable to minority interests. The overall effects of PPA on the Group’s bottom-line result totalled € 1,587 thousand in 1H08 (vs. € 843 thousand in 1H07).

More specifically, below we detail the trend in revenues and margins for individual business segments and related YoY changes in 1H08.

- lower net result attributable to minority interests: € 110 thousand only for 2008 stemming from the effect of the purchase price allocation (PPA) 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.

(€'000)	NanoPC				High Performance Computer				Total			
	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007	First 6 months 2007	First 6 months 2008	% YoY Change	FY2007
Sales revenues	34,788	41,905	20.5%	74,385	666	210	-68.5%	2,152	35,454	42,115	18.8%	76,537
Gross profit	17,505	23,218	32.6%	37,152	266	84	-68.4%	961	17,771	23,302	31.1%	38,113
EBITDA	543	1,671	207.7%	1,220	139	10	-92.8%	677	682	1,681	146.5%	1,897
EBITDA margin - %	1.6%	4.0%		1.6%	20.9%	4.8%		31.5%	1.9%	4.0%		2.5%
EBIT	-1,590	-2,666	67.7%	-4,784	134	8	-94.0%	670	-1,456	-2,658	82.6%	-4,114
EBIT margin - %	-4.6%	-6.4%		-6.4%	20.1%	3.8%		31.1%	-4.1%	-6.3%		-5.4%

Sales revenues for the NanoPC segment - € 34,788 thousand in 1H07 and € 41,905 thousand in 1H08 – increased by 20.5%. This growth was ascribable to the contribution of the Japanese group Advanet, acquired at the end of October 2007.
Sales revenues of the HPC business segment - € 666 thousand in 1H07 and € 210 thousand in 1H07 – decreased as a consequence of this sector's cyclicality. The sector also features large orders and a limited number of potential customers, generally coming from the scientific and research world.

The breakdown of revenues by type shows a substantially constant share for product revenues.

SALES BY TIPE	First 6 months 2007	%	First 6 months 2008	%
Industrial revenues	33,510	94.5%	40,055	95.1%
Services revenues	1,944	5.5%	2,060	4.9%
TOTALE SALES AND SERVICE REVENUE	**35,454**	**100.0%**	**42,115**	**100.0%**

As far as the breakdown by geographical segment is concerned, sales in Japan are specifically indicated as this country is the Advanet Group's main outlet market.
The decrease in US sales was largely due to the USD effect. Dollar depreciation vs. the euro had a major effect when translating accounts expressed in that accounting currency and to the temporary absorbtion of resources involved in the integration plan of the US-based companies. After the conclusion of the inegration (July 1, 2008) there are expectations of an increase of activities in the pertaining geographical area.
As far as the Italian-based operation, the decline in revenues is to be attributed to the stagnation of the relevant markets in that area, such as the public transportation sector.

BREAKDOWN BY GEOGRAPHIC AREA	First 6 months 2007	%	First 6 months 2008	%	var. %
Italy	5,517	15.6%	3,776	9.0%	-31.6%
European Union without Italy	5,885	16.6%	6,117	14.5%	3.9%
United States	21,108	59.5%	15,006	35.6%	-28.9%
Japan	0	0.0%	14,549	34.5%	n/a
Rest of the World	2,944	8.3%	2,667	6.3%	-9.4%
TOTALE SALES AND SERVICE REVENUE	**35,454**	**100.0%**	**42,115**	**100.0%**	**18.8%**

Balance sheet and financial position

Non-current assets

(€'000)	at December 31, 2007	at June 30, 2008	Changes
ASSETS			
Intangible assets	111,918	106,246	(5,672)
Property, Plant and equipment	6,737	6,326	(411)
Investments in affiliates companies	109	875	766
Investments in other companies	930	259	(671)
Deferred tax assets	1,802	1,941	139
Other non-current assets	630	613	(17)
Total non-current assets	**122,126**	**116,260**	**(5,866)**

The Non-current assets item – as shown in the schedule above – decreased from € 122.126 thousand in FY2007 to € 116,260 thousand as in 1H08. As well as to the period's depreciation & amortisation, the decrease was also due to the changes in property, plant, and equipment and in intangible assets stemming from the different exchange rate for translation of foreign-currency financial statements and price allocations calculated in foreign entities' currencies.

The Group's main remaining investments were as follows:

(€'000)	1 st Half 2007	1 st Half 2008
Intangible assets	1,829	1,327
Property, plant and equipment	985	446
Investments	3	166
TOTAL MAIN INVESTMENTS	**2,817**	**1,939**

Current assets

(€'000)	at December 31, 2007	at June 30, 2008	Changes
Inventories	22,129	20,439	(1,690)
Contracts in progress	2,364	383	(1,981)
Trade receivables	18,807	15,723	(3,084)
Income tax receivables	3,251	3,695	444
Other current assets	2,793	2,404	(389)
Derivative instruments	82	407	325
Cash & cash equivalents	56,604	42,675	(13,929)
Total current assets	**106,030**	**85,726**	**(20,304)**

The Current assets item decreased, going down from € 106,030 thousand in FY2007 to € 85,726 thousand in 1H08.

The decrease in cash & cash equivalents was mainly due to reduction of borrowings and debts for business combinations outstanding at year-end, which caused a cash outflow during 1H08. During 1H08 there was also a decrease in inventories and trade receivables as a result of normal business operations.

Net working capital

Net working capital is the product of current assets, net of cash, and current non-financial liabilities result. It showed the following trend in the period:

(€'000)	at December 31, 2007 (a)	at June 30, 2008 (b)	Changes (b-a)
Inventories	22,129	20,439	(1,690)
Contracts in progress	2,364	383	(1,981)
Trade receivables	18,807	15,723	(3,084)
Income tax receivables	3,251	3,695	444
Other current assets	2,793	2,404	(389)
Current assets	*49,344*	*42,644*	*(6,700)*
Trade payables	(14,506)	(11,489)	3,017
Income tax liabilities	(2,112)	(1,861)	251
Other current liabilities	(5,581)	(6,222)	(641)
Current liabilities	*(22,199)*	*(19,572)*	*2,627*
Net working capital	**27,145**	**23,072**	**(4,073)**

The decrease in net working capital was primarily due to the combined effect of the decrease in inventory, including work in progress (following use for sale of stocks present at FY2007 year-end) and trade receivables (following lower concentration of sales at the end of 1H08 than at FY2007 year-end) higher than that of trade payables plus other current liabilities.

Net financial position

The following schedule shows the breakdown of the net financial position at the end of each period:

(€'000)		at December 31, 2007	at June 30, 2008
Cash & cash equivalents	A	(56,604)	(42,675)
Cash equivalent	**B=A**	**(56,604)**	**(42,675)**
Derivative instruments	C	(82)	(407)
Short-term borrowing	D	9,787	7,090
Business aggregation liabilities	E	3,242	0
Short-term financial position	**F=C+D+E**	**12,947**	**6,683**
Short-term net financial position	**G=B+F**	**(43,657)**	**(35,992)**
Business aggregation liabilities	H	15,864	15,982
Medium-/long-term borrowing	I	34,172	26,963
Medium-/long-term net financial position	**J=H+I**	**50,036**	**42,945**
NET FINANCIAL POSITION	**K=G+J**	**6,379**	**6,953**

It is pointed out that calculation of the net financial position also includes € 15,982 thousand as at 30 June 2008 (vs. € 15,864 thousand at the end of FY2007) for future outlays, i.e. not involving an actual cash outflow in the reporting period, featuring the following split:

- A financial liability, at fair value, of € 15.1 mn against the put option on 25% of Advanet Inc. shares, exercisable in the early months of 2010. We highlight the fact that recognition of this financial liability did not lead to an actual cash outflow and that its value is not definitive but is the best estimate as at today's date;
- A residual debt of € 0.9 mn vis-à-vis the shareholders of Eurotech Inc. (ex-Applied Data Systems Inc.) for the portion of the price bound to an escrow deposit.

Cash flows

(€'000)		1Half 2007	1Half 2008
Cash flow generated (used) in operations	A	(6,476)	2,091
Cash flow generated (used) in investment activities	B	(32,545)	(4,617)
Cash flow generated (used) in financial activities	C	(1,971)	(10,767)
Change in the conversion difference	D	542	(636)
Increase (decrease) in cash & cash equivalents	E=A+B+C+D	(40,450)	(13,929)
Opening amount in cash & cash equivalents		119,614	56,604
End of period in cash & cash equivalents		79,164	42,675

Investments and research and development activities

As up to 30 June 2008, technical investments (tangible assets) in equipment and instruments amounted to € 81 thousand and investments in other tangible assets to € 338 thousands. Investments for technical and management software (intangible assets) amounted to € 49 thousand.
During the period, the Group worked on industrial research and development and on technological innovation relating both to new products and to process improvements.
Research led to development of new products/applications in the field of computers and embedded systems, high-integration and low-consumption NanoPCs, network appliances and supercomputers. Research permitted achievement of improved product quality, creation of new products, reduction of component production costs, and consequently increased corporate competitiveness. In 1H08 we capitalised new-product development costs totalling € 995 thousand.

Competitive scenario, business outlook, and future growth strategy

The Group's strategic development will continue, following guidelines similar to those already applied in previous years. In particular, implementation of the strategic plan envisages the following actions:

- Development and marketing – in the nanoPC field – of new products/solutions featuring higher added value (headed by systems) with special attention to creation of application-ready platforms (systems) and ready-to-use products;
- Focus – in both the NanoPC and HPC fields - on products/solutions increasingly close to the "pervasive computing" or "ubiquitous computing" paradigm;
- Strengthening of commercial activities, particularly with regard to indirect as well as direct sales channels, with heightened integration between individual Group companies, to (a) achieve greater operating effectiveness, (b) benefit from achievable economies of scale, and (c) consolidate the Eurotech brand image;
- Constant monitoring of opportunities for new acquisitions to extend the Group's presence in specific markets.

Parent company treasury shares, owned directly or by subsidiaries

At the end of 1H08 Eurotech SpA owned 6,300 treasury shares. No changes took place during 1H08.

Events after the reporting period

On 1 July 2008, the merger of the U.S. subsidiaries Arcom Control Systems Inc. and Applied Data Systems Inc. was completed. The company that was born out of this merger is Eurotech Inc., which has thus become a leader in the U.S. market for high-performance, low-consumption embedded computers.
No other significant events took place after the end of 1H08.

IFRS-compliant condensed half-yearly consolidated financial statements as at 30 June 2008

Balance sheet

(€'000)	Note	at December 31, 2007	at June 30, 2008
ASSETS			
Intangible assets	1	111,918	106,246
Property, Plant and equipment	2	6,737	6,326
Investments in affiliates companies	3	109	875
Investments in other companies	3	930	259
Deferred tax assets	24	1,802	1,941
Other non-current assets		630	613
Total non-current assets		**122,126**	**116,260**
Inventories	4	22,129	20,439
Contracts in progress	5	2,364	383
Trade receivables	6	18,807	15,723
Income tax receivables	7	3,251	3,695
Other current assets	8	2,793	2,404
Derivative instruments		82	407
Cash & cash equivalents	9	56,604	42,675
Total current assets		**106,030**	**85,726**
Total assets		**228,156**	**201,986**
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Reserves		117,510	108,613
Net profit (loss) for period		(4,922)	(5,069)
Group shareholders' equity	11	**121,467**	**112,423**
Minority capital and reserves		2,549	2,404
Minority profit (loss) for period		(84)	109
Equity attributable to minority interest	11	**2,465**	**2,513**
Total shareholders' equity	11	**123,932**	**114,936**
Medium-/long-term borrowing	13	34,172	26,963
Employee benefit obligations		1,512	1,534
Deferred tax liabilities	24	16,103	14,620
Other non-current liabilities		1,345	1,289
Business combination liabilities	16	15,864	15,982
Total non-current liabilities		**68,996**	**60,388**
Trade payables	14	14,506	11,489
Short-term borrowing	13	9,787	7,090
Income tax liabilities	7	2,112	1,861
Other current liabilities	15	5,581	6,222
Business combination liabilities	16	3,242	0
Total current liabilities		**35,228**	**26,662**
Total liabilities		**104,224**	**87,050**
Total liabilities and equity		**228,156**	**201,986**

Income statement

INCOME STATEMENT (€'000)	Note	1st Half 2007	1 st Half 2008
Revenues from sales of products and services	E	35,454	42,115
Other revenues		146	334
Cost of materials	17	(17,683)	(18,813)
Service costs	19	(6,737)	(8,082)
Lease & hire costs		(732)	(1,046)
Payroll costs	20	(10,596)	(13,399)
Other provisions and other costs	18	(552)	(423)
current assets	21	1,382	995
Depreciation & amortisation	22	(2,075)	(4,109)
Asset impairment	22	(63)	(230)
Operating profit		**(1,456)**	**(2,658)**
Share of associates' profit of equity		(39)	(60)
Finance expense	23	(748)	(2,481)
Finance income	23	1,546	1,058
Profit before taxes		**(697)**	**(4,141)**
Income tax	24	(203)	(819)
Net profit (loss) before minority interest		**(900)**	**(4,960)**
Minority interest		**(4)**	**109**
Group net profit (loss) for period		**(896)**	**(5,069)**
Base earnings (losses) per share	12	**(0.026)**	**(0.143)**
Diluted earnings (losses) per share	12	**(0.025)**	**(0.143)**

Statement of changes in equity

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Treasury shares	Profit (loss) for period	Group shareholders' equity	Minority interest capital & reserves	Profit (loss) of third parties	Minority interest	Total shareholders' equity
Balance as at 31 December 2006	**8,751**	**39**	**134,789**	**(562)**	**(2,714)**	**(116)**	**572**	**140,759**	**39**	**8**	**47**	**140,806**
2006 Result allocation					572		(572)	-	8	(8)	-	-
Share-based payments					131	-		131			-	131
Hedge transactions					144			144	-		-	144
Exchange differences on equity investments in foreign companies					(503)			(503)				(503)
Tax effect on gains and losses posted directly to shareholders' equity					120	5		125				125
Change in consolidation area					-			-	33		33	33
Other changes				(774)		54		(720)			-	(720)
Profit (loss) as at 30 June 2007							(896)	(896)		(4)	(4)	(900)
Balance as at 30 June 2007	**8,751**	**39**	**134,789**	**(1,336)**	**(2,250)**	**(57)**	**(896)**	**139,040**	**80**	**(4)**	**76**	**139,116**

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Treasury shares	Profit (loss) for period	Group shareholders' equity	Minority interest capital & reserves	Profit (loss) of third parties	Equity attributable to Minority interest	Total shareholders' 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					325			325			-	325
Exchange differences on equity investments in foreign companies					(1,200)			(1,200)			-	(1,200)
Minority purchase					(129)			(129)	(52)		(52)	(181)
Other changes				(2,972)		-		(2,972)	(8)		(8)	(2,980)
Profit (loss) as at 30 June 2008							(5,069)	(5,069)		109	109	(4,960)
Balance as at June 30, 2008	**8,879**	**39**	**136,400**	**(6,950)**	**(20,832)**	**(44)**	**(5,069)**	**112,423**	**2,404**	**109**	**2,513**	**114,936**

Cash flow statement

CASH FLOW STATEMENT (€'000)		1Half 2007		1Half 2008
CASH FLOWS GENERATED BY OPERATIONS:				
Group net profit		**(896)**		**(5,069)**
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:				
Minority interests		(4)		109
Depreciation & amortization intangible assets, property, plant and equipment		2,138		4,339
Write-down of receivables		120		305
Affiliated companies booked at equity		39		60
Cost for bringing up-to-date and exchange adjustment for put option				235
Stock option expenses		131		0
Provision for (use of) long-term employee severance indemnities		55		22
Provision for (use of) risk provision		126		(56)
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability		(249)		(1,622)
Changes in current assets and liabilities				
Trade receivables		535		2,779
Other current assets		(1,486)		(55)
Inventories and contracts in process		(6,035)		3,671
Trade payables		(11)		(3,017)
Other current liabilities		(939)		390
Total adjustments and changes		**(5,580)**		**7,160**
Cash flow generated (used) in operations		**(6,476)**		**2,091**
CASH FLOW FROM INVESTMENT ACTIVITIES:				
Sales of tangible assets		1		2
Interest income		1,467		779
Purchase of intangible fixed assets		(1,989)		(1,326)
Purchase of tangible fixed assets		(1,304)		(446)
Net investments in long-term investments and non-current assets		(1)		(138)
Business acquisition net of cash acquired:		(30,719)		(3,488)
Intangible assets	*(219)*		*0*	
Goodwill	*(19,431)*		*0*	
Trademark, customer relationship and order book	*(11,879)*		*0*	
Tangible assets	*(427)*		*0*	
Other non-current assets	*(192)*		*0*	
Current assets	*(8,091)*		*0*	
Provisions for risks & contingencies and employee severance indemnities	*46*		*0*	
Liabilities	*9,474*		*0*	
Equity attributable to minority interest	*0*		*0*	
Minority purchase	*0*		*(129)*	
Business combination liabilities	*0*		*(3,359)*	
Cash flow generated (used) in investment activities		**(32,545)**		**(4,617)**

CASH FLOW STATEMENT (€'000)	1Half 2007	1Half 2008
CASH FLOW FROM FINANCING ACTIVITIES:		
Capital increases	0	0
Other changes in shareholders' equity	(305)	0
Minorty	33	(82)
Loans taken	0	139
Increases (decreases) short term loan	1,414	(1,894)
Repaid loans medium/long term	(3,113)	(8,930)
Cash flow generated (absorbed) by financial assets	**(1,971)**	**(10,767)**
Changes in the conversion difference	542	(636)
Increases (decreases) in cash & cash equivalents	**(40,450)**	**(13,929)**
Opening amount in cash & cash equivalents	**119,614**	**56,604**
Cash & cash equivalents at end of period	**79,164**	**42,675**
Interest paid	**686**	**1,784**
Income taxes paid	**1,914**	**2,102**

Explanatory notes to financial statements

A – Corporate information

Publication of the condensed half-yearly consolidated financial statements of Eurotech SpA for the 6-month period ended on 30 June 2008 was authorised by directors with the resolution passed on 29 August 2008. Eurotech SpA is a joint stock company incorporated and domiciled in Italy.
Eurotech is a group active in the research, development, and marketing of miniaturised computers (NanoPCs) and high-performance computers featuring high computing capacity (HPCs). For greater information, reference should be made to Note E – Segment Reporting.

B – Reporting policies and IFRS compliance

The condensed half-yearly consolidated financial statements for the 6-month period ended on 30 June 2008 have been prepared in accordance with the requirements of IAS 34 Interim Financial Reporting and Article 154/3 of the Italian Consolidated Finance Act and in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission - according to the procedure established in Article 6 of EC Regulation no. 1606/2002 of the European Parliament and European Council of 19 July 2002 - no later than 30 June 2008.
Condensed half-yearly consolidated financial statements do not include all the information required to prepare consolidated financial statements. Consequently, this report should be read in conjunction with the consolidated annual report for the year ended on 31 December 2007.
The accounting standards applied are the same as those used as at 31 December 2007, except for the coming into force of the interpretation IFRIC 11 – Group and treasury share transactions – which regulates circumstances not present in the Group. We also point out that the company has not taken the option of early application of IFRS 8 – Operating Segments – adoption of which will be obligatory for accounting periods starting after 1 January 2009.
The main accounting standards and amendments not yet applicable by the Group as at the date of these condensed half-yearly consolidated financial statements are:

- *IAS 1 revised – Presentation of financial statements* – applicable as from 1 January 2009 and not yet endorsed by the European Union;
- *IFRS 3 revised – Business combinations* – applicable as from 1 January 2010 and not yet endorsed by the European Union;
- *IAS 23 revised – Borrowing costs* – applicable as from 1 January 2009 and not yet endorsed by the European Union;
- *IAS 32 revised – Financial instruments* – applicable as from 1 January 2009 and not yet endorsed by the European Union.

The condensed half-yearly consolidated financial statements are drawn up in euro, rounding amounts to the nearest thousand. The financial statements consist of the balance sheet, income statement, statement of changes in equity, cash flow statement, and of the following explanatory notes.
The data used for consolidation have been taken from the income statements and balance sheets prepared by the directors of individual subsidiaries. These figures have been appropriately amended and restated, when necessary, to align them with IFRSs and with uniform group-wide classification policies.
Based on information received from the US subsidiary Applied Data Systems Inc. after the year-end balance sheet date, the consolidated balance sheet as at 31.12.2007 has been restated. The reclassification – amounting to € 1,048 thousand – has led to an increase of the item “Income tax receivables” and to a reduction of the item “Deferred tax assets”. By virtue of tax netting at individual level of consolidated companies, this has led to an increase by the same amount of the item “Deferred tax liabilities”.

C – Scope of consolidation

The condensed half-yearly consolidated financial statements include the statutory half-yearly financial statements of the parent company, Eurotech SpA, and of the Italian and foreign subsidiaries over which Eurotech has the right to exercise control, directly or indirectly (through subsidiaries and associates), determining their financial and operating decisions, and the right to obtain related benefits.
Subsidiaries are consolidated starting on the date when control was effectively transferred to the Group and cease to be consolidated as from the date when control is transferred outside the Group
The companies included in the scope of consolidation as at 30 June 2008 and consolidated on a 100% line-by-line basis are as follows:

Company name	Registered offices	Share capital		% ownership
Parent company				
Eurotech SpA	Via Fratelli Solari, 3/A – Amaro (UD)	EUR	8,878,946	
Subsidiaries consolidated line- by- line				
Eurotech Inc. (ex Applied Data Systems Inc.)	Columbia (USA)	USD	26,500,000	100.00%
Eurotech Inc. (ex Arcom Control Systems Inc.)	Kansas (USA)	USD	1,000	100.00%
Eurotech Ltd. (ex Arcom Control Systems Ltd.)	Cambridge (UK)	GBP	33,333	100.00%
E-Tech UK Ltd.	Cambridge (UK)	GBP	1	100.00%
E-Tech USA Inc.	Columbia (USA)	USD	8,000,000	100.00%
Eurotech Finland Oy	Helsinki (Finland)	EUR	508,431	100.00%
Eurotech France Sas	Venissieux Cedex (France)	EUR	795,522	100.00%
I.P.S. Sistemi Programmabili Srl	Via Piave, 54 – Caronno Varesino (VA)	EUR	51,480	100.00%
Parvus Corp.	Salt Lake City (USA)	USD	119,243	100.00%
Saee S.r.l.	Via Fratelli Solari, 5 Amaro (UD)	EUR	15,500	100.00%
EthLab Srl	Via Dante, 78 – Trento	EUR	115,000	99.99%
Saee Srl	Via Fratelli Solari, 5 Amaro (UD)	EUR	15,500	100.00%
Chengdu Vantron Technology Limited	Chengdu (China)	USD	108,000	65.00%
Advanet Inc.	Okayama (Japan)	JPY	72,440,000	65.00% (1)
Spirit21 Inc.	Okayama (Japan)	JPY	10,000,000	65.00% (1)

(1) As a result of valuation of a put option on the remaining 25% of share capital, the consolidation percentage is 90%.

In addition, the following associate companies are accounted for at equity:

Equity-accounted associates		
Neuricam SpA	Via Grazioli, 71 –Trento	48.00%
Delos Srl	Via Roberto Cozzi, 53 – Milan	40.00%
eVS embedded Vision Systems Srl	Ca' Vignal2, Strada Le Grazie 15 – Verona	32.00%
Emilab Srl	Via Jacopo Linussio, 1 – Amaro (UD)	24.82%
UTRI Srl	Via del Follatolo, 12 – Trieste	21.00%
Other minor companies measured at cost		
Kairos Autonomi	Salt Lake City (USA)	19.00%
Inasset Srl	Via Fratelli Solari, 5 – Amaro (UD)	18.18%

The main changes occurring in subsidiaries and associates compared with 31 December 2007 were as follows:

- 29/01/2008: acquisition of a equity interest (3.05%) in the company UTRI Srl, thus achieving of a 21% interest;
- 01/04/2008: the Japanese company was merged by incorporation in the Japanese company Spirit21 Inc. Both companies were 100% owned by the direct parent company Advanet Inc.;
- 14/04/2008: the companies Applied Data Systems Inc. and Arcom Control Systems Inc. both changed their company names to Eurotech Inc. pending the merger, the accounting effects of which start on 01/07/2008;

- 27/06/2008: liquidation was completed of the Japanese company Advanet R&D Inc. which was 100% owned by Advanet Inc..

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 1H 2007	As of June 30, 2007	Average at 2007	As of December 31, 2007	Average 1H 2007	As of June 30, 2008
British pound sterling (GBP)	0.67473	0.67400	0.68445	0.73335	0.77521	0.79225
Japanese Yen	n/a	n/a	163.19780	164.93000	160.61857	166.44000
Renmimbi	10.25675	10.28160	10.41877	10.75240	10.79888	10.80510
USA Dollar	1.32940	1.35050	1.37080	1.47210	1.53042	1.57640

D – Business combinations – Acquisition of the Advanet Group

On 31 October 2007 the Eurotech Group acquired 65% of the voting shares of Advanet Inc. (an unlisted company with registered offices in Okayama – Japan), a leading company in the Japanese embedded PC market, which in turn holds the entire share capital of Advanet R&D Inc., Spirit 21 Inc. and Vantec Inc.
Upon acquiring control of Advanet Inc., the Eurotech Group also entered into a shareholder agreement with the seller shareholders to regulate reciprocal relations and governance of the Advanet Group. This agreement also provides for a put and call options mechanism on 25% of Advanet Inc.'s share capital. Reference should be made to the information already provided on this topic in the 2007 Annual Report.
During 1H08 we definitively revised allocation of this acquisition's purchase price via incorporation of the final data produced by the work of the expert appointed to make these adjustments, in compliance with IFRS 3, at the fair value of the Advanet Group's identifiable assets and liabilities as at acquisition date. The revised amounts - very close to those provisionally calculated when preparing annual financial statements for the year ended on 31 December 2007 – 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 acquisition cost of € 63,953 thousand consisted of a cash payment for € 47,287 thousand, directly attributable costs of € 2,077 thousand, and financial liabilities expressed at fair value booked against the put option on the minority stake, i.e. 25% of Advanet Inc. shares.

Net liquidity used for the acquisition was 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**

Based on the information available, a 10-year amortisation plan has been established for the higher values attributed to customer relationships, whereas the trademark is considered to have an indefinite life.

E – Segment reporting

The Group's primary segmentation for reporting purposes is by business segment while secondary segmentation is by geographical segment.
The business segments are the "nanoPC" and "HPC" (High Performance Computer) segments, as already specifically mentioned. There are no significant intersegment transactions between these two business segments.
The Group's geographical segments are defined by the location of Group assets and operations. The segments identified are Italy, Rest of the EU, USA, Japan, and Rest of the World.

Business segments

The following schedule presents Group business-segment revenue and profit data and information on assets & liabilities and investments for the periods ended on 30 June 2007 (income statement data only), 31 December 2007 (balance sheet data only), and 30 June 2008 (for both income statement and balance sheet data).

(€'000)	NanoPC			High Performance Computer			Total		
	First 6 months 2007	First 6 months 2008	%YoY Chg	First 6 months 2007	First 6 months 2008	%YoY Chg	First 6 months 2007	First 6 months 2008	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	34,788	41,905	20.5%	666	210	-68.5%	35,454	42,115	18.8%
Ebitda by segment	543	1,671	207.7%	139	10	-92.8%	682	1,681	146.5%
Ebit by segment	-1,590	-2,666	67.7%	134	8	-94.0%	-1,456	-2,658	82.6%
Total EBIT							-1,456	-2,658	82.6%
Net finance income (expense)							798	-1,423	-278.3%
Shares of associates' profit (loss)	-39	-60					-39	-60	53.8%
(Charges) Incomes from PTO transaction							0	0	n/a
Profit before tax of continuing operations							-697	-4,141	494.1%
Income tax							-203	-819	303.4%
Net profit (loss)							-900	-4,960	451.1%

(€'000)	NanoPC		High Performance Computer		Total	
	First 6 months 2007	First 6 months 2008	First 6 months 2007	First 6 months 2008	First 6 months 2007	First 6 months 2008
Assets and labilites						
Segment assets	181,333	197,719	738	1,005	182,071	198,724
Investments in associate & other companies	717	1,134	0	0	717	1,134
Unallocated assets					6,301	2,128
Total assets	**182,050**	**198,853**	**738**	**1,005**	**189,089**	**201,986**
Segment liabilities	49,512	103,547	461	677	49,973	104,224
Unallocated liabiities					0	0
Total liabilities	**49,512**	**103,547**	**461**	**677**	**49,973**	**104,224**
Other segment information						
Investments in tangible assets	985	446	0	0	985	446
Investments in intangible assets	1,829	1,327	0	0	1,829	1,327
Depreciation & amortisation	2,070	4,107	5	2	2,075	4,109

Geographical segments

The following data presents revenue data and information concerning the Group's geographical segments for the periods ended on 30 June 2007 and 30 June 2008.

BREAKDOWN BY GEOGRAPHIC AREA	First 6 months 2007	First 6 months 2008
Italy	5,517	3,776
European Union without Italy	5,885	6,117
United States	21,108	15,006
Japan	0	14,549
Rest of the World	2,944	2,667
TOTALE SALES AND SERVICE REVENUE	**35,454**	**42,115**

As regards the increase in sales by geographical segment shown in the schedule above, there is a significant increase in Japanese sales due to the new acquisition in Japan.
The decrease in US sales was mainly due to the dollar effect, whereas the decrease in Italian sales was ascribable to stagnation of specific outlet markets in Italy, such as, for example, the transport sector.

(€'000)	Italy		France		United State of America		England		Japan		Rest of the World		Total	
	FY2007	First 6 months 2008	FY2007	First 6 months 2008	FY2007	First 6 months 2008	FY2007	First 6 months 2008	FY2007	First 6 months 2008	FY2007	First 6 months 2008	FY2007	First 6 months 2008
Other segment information														
Segment assets	-174	34,026	4,076	3,938	107,989	67,122	16,555	14,642	96,440	80,395	1,183	729	226,069	200,852
Investments in associate & other companies	861	968	0	0	178	166	0	0	0	0	0	0	1,039	1,134
Total assets	**687**	**34,994**	**4,076**	**3,938**	**108,167**	**67,288**	**16,555**	**14,642**	**96,440**	**80,395**	**1,183**	**729**	**227,108**	**201,986**
Investments														
Tangible assets	792	159	39	3	245	83	346	27	35	171	9	3	1,466	446
Intangible assets	2,581	894	8		501	274	800	154	0	5	0	0	3,890	1,327
Financial investments	667	166	0		0	0	0		0	0	0	0	667	166

F – Breakdown of main balance sheet captions and items

1 – Intangible assets

The following schedule shows evolution of the historical cost and cumulative amortisation of intangible assets in the period considered:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	4,464	64,984	21,317	2,379	26,742	119,886
Previous years' impairment	(11)	(225)	-	(12)	-	(248)
Previous years' amortisation	(1,887)	(166)	(1,974)	-	(3,694)	(7,721)
OPENING BALANCE	**2,566**	**64,593**	**19,343**	**2,367**	**23,048**	**111,917**
Purchases	413	-	49	854	11	1,327
Other changes	(107)	(1,801)	(1,529)	-	(436)	(3,873)
Impairment in period	(230)	-	-	-	-	(230)
Transfers	1,102	-	-	(1,102)	-	-
Amortisation in period	(517)	-	(423)	-	(2,390)	(3,330)
Other changes in cumulative amortisation	31	-	73	-	331	435
TOTAL CHANGES	**692**	**(1,801)**	**(1,830)**	**(248)**	**(2,484)**	**(5,671)**
Purchase or production costs	5,872	63,183	19,837	2,131	26,317	117,340
Impairment	(241)	(225)	-	(12)	-	(478)
Cumulative amortisation	(2,373)	(166)	(2,324)	-	(5,753)	(10,616)
CLOSING BALANCE	**3,258**	**62,792**	**17,513**	**2,119**	**20,564**	**106,246**

The decrease in intangible assets was mainly due to the effect of changes in exchange rates, particularly on goodwill, trademarks, and customer relationships posted at the time of acquisition purchase price allocation, and to amortisation reported in 1H08. Intangible assets' value in fact decreased from € 111,917 thousand in FY2007 to € 106,246 thousand in 1H08.

Amortisation was partly offset by investments totalling € 1,327 thousand made in the first six months. Besides the Group's new-product development projects, these investments also related to software for and implementation of the new information system that will be used by the various Group companies.

In addition, development costs capitalised in previous years were written down by € 230 thousand because they referred to products that did not achieve the market acceptance originally expected.

Goodwill refers to the higher value paid, when fully consolidated subsidiaries were acquired, in excess of the fair value of the assets and liabilities acquired. As from the beginning of 2004, goodwill is no longer amortised but is instead tested annually for impairment.

For the annual check of any impairment of value, individual goodwill and trademarks (i.e. brands) with indefinite lives - carried as a result of business combinations – were allocated to their respective cash-generating units (CGUs). These CGUs generally correspond to the legal entity or group of companies to which reference is made to check for any impairment. More specifically, in order to check for any impairment, (a) goodwill generated by acquisition of the Arcom Group and the “Arcom” trademark with an indefinite useful life were allocated to the CGU consisting of the Arcom Group, (b) goodwill generated by acquisition of Applied Data Systems Inc., inclusive of the goodwill generated by the acquisition of Chengdu Vantron Technology Inc., was allocated to the CGU consisting of ADS, and lastly (c) goodwill generated by acquisition of the Advanet Group and the “Advanet” trademark with an indefinite useful life were allocated to the CGU consisting of the Advanet Group.

Carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units:

Cash generating units	At December 31, 2007		At June 30, 2007	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Group	33,430	7,007	33,506	6,362
Eurotech Inc. (ex Applied Data Systems)	18,585	-	17,388	-
Arcom Group	9,544	7,695	8,864	7,148
Eurotech France S.a.s.	1,051	-	1,051	-
I.P.S. sistemi Programmabili S.r.l.	367	-	367	-
Parvus Corp.	1,478	-	1,478	-
Saee s.r.l.	48	-	48	-
Other	90	-	90	-
TOTAL	**64,593**	**14,702**	**62,792**	**13,510**

Considering the outcome of the impairment tests performed when preparing annual accounts as at 31 December 2007 and evolution in the period concerned of the external indicators and internal amounts originally used, as at 30 June 2008 – the date of this set of accounts – the need did not emerge to redo a full impairment test of the carrying value of goodwill and trademarks with an indefinite useful life. The change in the carrying value of the Advanet Group and Arcom Group is due to the fact that the amounts concerned are expressed in the foreign operations’ functional currency and consequently converted at different exchange rates.

2 – Property, plant, and equipment

The following schedule shows evolution of the historical cost, cumulative depreciation, and valuations of property, plant, and equipment in the period considered:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchse of production cost	773	4,756	2,961	4,728	100	896	14,214
Depreciation	-	-	-	(67)	-	-	(67)
Previous year's depreciation	(60)	(2,295)	(2,293)	(2,589)	-	(173)	(7,410)
OPENING BALANCE	**713**	**2,461**	**668**	**2,072**	**100**	**723**	**6,737**
Purchases	-	48	33	338	27	-	446
Disposals	-	-	-	(3)	-	-	(3)
Other changes	-	(31)	(58)	(169)	-	-	(258)
Transfers	-	-	(739)	739	-	-	-
Depreciation in period	(7)	(276)	(158)	(326)	-	(12)	(779)
Reversal of cumulative depreciation	-	-		1	-	-	1
Other changes and transfers in cumulative depreciation	-	20	704	(542)	-	-	182
TOTAL CHANGES	**(7)**	**(239)**	**(218)**	**38**	**27**	**(12)**	**(411)**
Purchase or production cost	773	4,773	2,197	5,633	127	896	14,399
Depreciation	-	-	-	(67)	-	-	(67)
Cumulative depreciation	(67)	(2,551)	(1,747)	(3,456)	-	(185)	(8,006)
CLOSING BALANCE	**706**	**2,222**	**450**	**2,110**	**127**	**711**	**6,326**

The Other changes item, which refers both to cost and to related cumulative depreciation, concerns the different exchange rates at which foreign entities' amounts were converted at 30 June 2008 compared with those applied at 31 December 2007.

Purchases made in 1H08 related mainly to computers and office equipment.

The Leased assets item of € 711 thousand relates to assets acquired via lease contracts, booked according to the financial method. Of this amount, € 7 thousand relates to office furniture, furnishings and machinery and € 704 thousand to the land and building located in Amaro (Udine), the Company's production site.

3 – Investments in associates and other companies

The following schedule shows changes in investments in associates and other companies in the period in question:

	At June 30, 2008						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE	% OWNERSHIP
Investments in associate companies:							
Emilab S.r.l.	26	-		-	-	26	24.82%
Delos S.r.l.	21	-	-	-	-	21	40.00%
Neuricam S.p.A.	59	-	(59)	-	-	-	48.00%
eVS embedded Vision Systems S.r.l.	3	-	-	-	-	3	32.00%
UTRI S.r.l.	-	164	-	-	661	825	21.00%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**109**	**164**	**(59)**	**-**	**661**	**875**	
Investments in other companies:							
Consorzio nazionale imballaggi	0	-	-	-	-	0	
Cosint	3	-	-	-	-	3	
Consorzio nazionale fidi	1	-	-	-	-	1	
ALC Consortium	3	-				3	
Inasset S.r.l.	74	-	-	-	-	74	18.18%
Veneto Nanotech Scpa	10	-	-	-	-	10	
UTRI S.r.l.	661	-	-	-	(661)	0	
Kairos Autonomi	178	-	-	-	(12)	166	19.00%
Others		2				2	
TOTAL INVESTMENTS IN OTHER COMPANIES	**930**	**2**	**-**	**-**	**(673)**	**259**	
TOTAL INVESTMENTS	**1,039**	**166**	**(59)**	**-**	**(12)**	**1,134**	

Following an interim report of the associate Neuricam, it was decided to write down the entire residual carrying value of the investment.

Eurotech owns the following shareholdings in associates to which the equity method of accounting is applied:

- Emilab Srl = 24.82%, founded in 1998;
- Delos Srl = 40%, founded during the first half of 2005;
- Neuricam SpA = 48%, deconsolidated at the end of 2006;
- eVS - embedded Vision Systems Srl = 32%, founded in the first half of 2007;
- UTRI Srl = 21%, founded in 2003. The shareholding was acquired in two instalments, the first (17.95%) in December 2007 and the second (3.05%) in January 2008.

4 - Inventories

The following schedule shows inventory breakdown at the end of the periods considered:

(€'000)	FY2007	1 st Half 2008
Raw & auxiliary materials and consumables - gross	6,716	6,735
Inventory write-down provision	(302)	(644)
Raw & auxiliary materials and consumables - net	**6,414**	**6,091**
Work in process and semi-finished goods	**7,342**	**6,743**
Finished poducts and goods for resale - gross	8,793	8,470
Inventory write-down provision	(635)	(1,031)
Finished products and goods for resale - net	**8,158**	**7,439**
Advances	**215**	**166**
TOTAL INVENTORIES	**22,129**	**20,439**

As at 30 June 2008 inventories amounted to € 20,439 thousand net of provisions for obsolescent and slow-moving items totalling € 1,675 thousand. The decrease in inventories was due both to higher provisioning in the period to cover slow movement and obsolescence and to consumption of the inventories at the Group's disposal at year-end.

5 – Work in progress

The following schedule highlights information relating to contracts in progress as at balance sheet date:

(€'000)	FY2007	1 st Half 2008
Contract revenues recognised as revenue in the period	2,364	14
Contract costs bome as at balance-sheet date	1,349	8
Profits recognised as at balance-sheet date	**1,015**	**6**
Down payments received	24	0
Gross amount owed by customer for contractual work	2,364	383
Contract costs and proits recognised as at balance-sheet date	2,364	14
Revenues recognised in previous periods	0	631
Billing based on completion status	0	262
Gross amount owed by customer for contractual work	**2,364**	**383**

The amount referring to down payments received is posted in the item "Other current liabilities" in the sub-item "Amounts owed to customers".

6 – Trade receivables

The following schedule shows the breakdown of trade receivables, together with doubtful debt provision, as at 31 December 2007 and 30 June 2008.

(€'000)	FY2007	1 st Half 2008
Trade receivables - customers	19,271	16,301
Trade receivables - affiliate companies	0	7
Doubtful debt provision	(464)	(585)
TOTAL TRADE RECEIVABLES	**18,807**	**15,723**

We point out that, as at balance sheet date, the Group did not feature significant concentrations of credit risk. It is believed that these receivables are collectable within 12 months. Trade receivables are non-interest bearing and generally fall due 90-120 days after invoice date.

Trade receivables decreased by € 3,084 thousand. The decrease was mainly due to regular as-due payment of customer receivables, as well as to the different distribution of sales in the last months of 1H08 compared with what occurred in the last months of FY2007.
Receivables include some € 799 thousand of cash orders presented subject to collection but not yet due at the end of the reporting period.

During FY2007 and 1H08 the parent company entered into receivables assignment deals leading to full transfer of risks and benefits to premier financial counterparties. The related sum not yet due as at 30 June 2008 amounted to € 2,227 thousand (vs. € 3,834 thousand as at 31 December 2007).

Receivables are shown net of doubtful debt provision of € 585 thousand. There was an increase of € 121 thousand in 1H08 for individual adjustment of receivables' amounts to their presumed realisable value. The Group's policy is in fact to identify receivables to be written down specifically, meaning that provisioning posted reflects specific write-downs.

7 – Tax receivables and payables

Receivables for income taxes consist of receivables vis-à-vis individual countries for direct taxation (Italian and US corporate tax) which should be recovered within 12 months, as well as receivables for withholding taxes applied by the American companies following payment of interest on infragroup loans.
Payables for income taxes consist of current taxes relating to the year yet to be paid and represent the amounts that individual companies must pay to the tax authorities of their respective countries. These payables are calculated based on the tax rates currently in force in each country. Payables for foreign taxes amounted to € 1,830 thousand, while Italian tax payables amounted to € 31 thousand.

8 – Other current assets

The following schedule shows the breakdown of other current assets as at 31 December 2007 and 30 June 2008:

(€'000)	FY2007	1 st Half 2008
Amounts receivable for grants	61	157
Advance payments to suppliers	140	262
Tax receivables	1,527	830
Other receivables	466	66
Accrued income and prepaid expenses	599	1,089
TOTAL OTHER CURRENT ASSETS	**2,793**	**2,404**

Tax receivables mainly consist of receivables for indirect (VAT) taxation. VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.

9 – Cash & cash equivalents

The following schedule shows the breakdown of cash and cash equivalents (i.e. banks) as at 31 December 2007 and 30 June 2008:

(€'000)	FY2007	1 st Half 2008
Bank and post office deposits	56,532	42,405
Cash and valuables in hand	72	270
TOTAL CASH & CASH EQUIVALENTS	**56,604**	**42,675**

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash & cash equivalents was € 42,675 thousand (vs. € 56,604 thousand as at 31 December 2007). The item includes the amount of € 898 thousand relating to the escrow account for the residual debt, posted among other payables, vis-à-vis the ex-owners of Eurotech Inc (formerly Applied Data Systems Inc.).

Cash & cash equivalents decreased by € 13,929 thousand vs. 31 December 2007 mainly because of payment of loan instalments falling due during 1H08, but also because of payment of the residual debt for purchase of the Advanet Group, release to the ex-owners of Applied Data Systems Inc. of 70% of the restricted escrow account, and purchase of the associate company UTRI Srl.

10 – Net financial position

The Group's net financial position was as shown below:

(€'000)		at December 31, 2007	at June 30, 2008
Cash & cash equivalents	A	(56,604)	(42,675)
Cash equivalent	**B=A**	**(56,604)**	**(42,675)**
Derivative instruments	C	(82)	(407)
Short-term borrowing	D	9,787	7,090
Business aggregation liabilities	E	3,242	0
Short-term financial position	**F=C+D+E**	**12,947**	**6,683**
Short-term net financial position	**G=B+F**	**(43,657)**	**(35,992)**
Business aggregation liabilities	H	15,864	15,982
Medium-/long-term borrowing	I	34,172	26,963
Medium-/long-term net financial position	**J=H+I**	**50,036**	**42,945**
NET FINANCIAL POSITION	**K=G+J**	**6,379**	**6,953**

The net financial position was affected by recognition of payables of € 15,982 thousand for business combinations. This was mainly due to recognition of € 15.1 mn for the put option for purchase of the Japanese company Advanet Inc. and to the residual debt of € 0.9 mn vis-à-vis the ex-shareholders of Applied Data Systems Inc. (now Eurotech Inc.).

11 – Equity

The following schedule shows the breakdown of equity as at 31 December 2007 and 30 June 2008:

(€'000)	at December 31, 2007	at June 30, 2008
Share capital	8,879	8,879
Reserves	117,510	108,613
Net profit (loss) for period	(4,922)	(5,069)
Group shareholders' equity	**121,467**	**112,423**
Minority capital and reserves	2,549	2,404
Minority profit (loss) for period	(84)	109
Equity attributable to minority interest	**2,465**	**2,513**
Total shareholders' equity	**123,932**	**114,936**

Share capital as at 30 June 2008 consisted of 35,515,784 ordinary shares, wholly subscribed and paid up, with no par value.

The balance of the issuer's legal reserve as at 30 June 2008 amounted to € 39 thousand and was formed by earnings allocated until the financial year (FY) ended on 31 December 2005.

The share premium reserve, which relates entirely to the parent company, is shown at a total amount of €136,400 thousand

The negative cumulative translation reserve, which amounted to € 6,942 thousand, was generated by inclusion in the condensed half-yearly consolidated financial statements of the balance sheets and income statements of the US subsidiaries Parvus Corp., Eurotech Inc. (ex-Arcom Systems Control Inc.), E-Tech USA Inc. and Eurotech Inc. (ex-Applied Data Systems Inc.), as well as of the British subsidiaries Eurotech Ltd. and E-Tech UK Ltd., of the Chinese subsidiary Chengdu Vantron Technology Ltd., and of the Japanese subsidiaries forming part of the Advanet Group.

The item "Other reserves" was negative by € 20,839 thousand and, as well as other reserves, consisted of the parent company's surplus reserve, formed by allocations of retained earnings from prior years and losses carried forward. This reserve changed during the reporting period as a result of: (i) recognition – based on IAS 39 – of cash flow hedging transactions for € 325 thousand gross of the tax effect, which was not recorded due to absence of the necessary prerequisites; (ii) recognition – based on IAS 21 – of € 1,200 thousand of foreign exchange differences relating to infragroup foreign-currency loans, which constitute part of a net investment in foreign operations, gross of the related tax effect, which once again was not recorded due to absence of the necessary prerequisites; and (iii) the recognition in equity o € 129 thousand for adjustment of the purchase of minority interests (following the recognition of these minority interests using the entity concept method) arising from definitive allocation of the Advanet Group acquisition's purchase price.

As at the end of the reporting period the parent company, Eurotech SpA, held 6,300 treasury shares. Their number remained unchanged vs. 31 December 2007 and they had no effect either on the income statement or on the balance sheet.

The portion of equity attributable to minority interest consists of the share of equity and results belonging to minority shareholders in the subsidiaries Chengdu Vantron Technology Inc. and Advanet Group. At 30 June 2008, this totalled € 2,513 thousand.

12 – Basic and diluted earnings per share

Basic earnings per share (EPS) are calculated by dividing the income of the reporting period appertaining to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the reporting period, net of treasury shares.

Diluted EPS are calculated by dividing the net result attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the reporting period and those potentially arising from the stock option plan reserved for employees and directors of the company and its subsidiaries

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Below we show earnings and information on the shares used to calculate basic and diluted EPS.

	at June 30, 2007	**at June 30, 2008**
Net income (loss) attributable to parent company shareholders	(896,000)	(5,069,000)
Weighted average number of ordinary shares including own shares	35,004,284	35,515,784
Own shares	(7,500)	(6,300)
Weighted average number of ordinary shares except own shares	34,996,784	35,509,484
Dilution effect:		
- options on shares	517,500	-
Weighted average number of ordinary shares except own shares for share diluted	35,514,284	35,509,484
Net income (loss):		
- per share	(0.026)	(0.143)
- per share diluted	(0.025)	(0.143)

13 - Borrowings

The following schedule shows the breakdown of short and medium-/long-term borrowings as at 30 June 2008:

LENDER	COMPANY	BALANCE ON 31.12.2007	BALANCE ON 30.06.2008	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)		1,445	330	330	-	-	-
SIMEST	Eurotech S.p.A.	116	92	46	46	46	-
IMI San Paolo	Eurotech S.p.A.	-	-	-	-	-	-
Leasing Finanziario	Eurotech S.p.A.	621	577	92	485	485	-
Anvar	Eurotech France	365	365	-	365	365	-
City of Chengdu Commercial Bank	Chengdu Vantron Tech. Inc.	-	138	138	-	-	-
TOTAL OTHER FINANCINGS		1,102	1,172	276	896	896	-
Banco di Brescia	Saee S.r.l.	20	16	13	3	3	-
Total Gruppo Banca Lombardia		***20***	***16***	***13***	***3***	***3***	***-***
Banca Pop. Friuladria	Eurotech S.p.A.	13,000	12,000	2,000	10,000	8,000	2,000
Total Credit Agricole		***13,000***	***12,000***	***2,000***	***10,000***	***8,000***	***2,000***
Veneto Banca	Eurotech S.p.A.	1,084	942	291	651	651	-
Total Veneto Banca		***1,084***	***942***	***291***	***651***	***651***	***-***
Banca Intesa	Eurotech S.p.A.	177	-	-	-	-	-
Banca Intesa	I.P.S. Sist.Progr. S.r.l.	80	60	38	22	22	-
Friulcassa	Eurotech S.p.A.	161	81	81	-	-	-
Total Gruppo INTESA - SAN PAOLO		***418***	***141***	***119***	***22***	***22***	***-***
The Chugoku Bank Ltd	Advanet	4,470	4,094	2,024	2,070	2,070	-
The Chugoku Bank Ltd	Vantec	1,261	-	-	-	-	-
The Chugoku Bank Ltd	Advanet R&D	118	-	-	-	-	-
Total The Chugoku Bank Ltd		***5,849***	***4,094***	***2,024***	***2,070***	***2,070***	***-***
Tomato Bank Ltd	Vantec	1,121	-	-	-	-	-
Total Tomato Bank Ltd.		***1,121***	***-***	***-***	***-***	***-***	***-***
Mizuho Bank Ltd	Advanet	151	-	-	-	-	-
Mizuho Bank Ltd	Vantec	555	-	-	-	-	-
Total Mizuho Bank Ltd.		***706***	***-***	***-***	***-***	***-***	***-***
The Bank of Tokio- Mitsubishi UFJ Ltd	Advanet	2,850	-	-	-	-	-
The Bank of Tokio- Mitsubishi UFJ Ltd	Spirit 21	727	602	206	396	396	-
Total The Bank of Tokio-Mitsubishi UFJ Ltd.		***3,577***	***602***	***206***	***396***	***396***	***-***
Unicredit	EthLab S.r.l.	200	183	37	146	146	-
Unicredit	Eurotech S.p.A.	15,425	14,564	1,790	12,774	7,298	5,475
Total Gruppo Unicredit		***15,625***	***14,747***	***1,827***	***12,920***	***7,444***	***5,475***
Crédite Lyonnais	Eurotech France	12	9	4	5	5	-
TOTAL BANK DEBT - (c)		41,412	32,551	6,484	26,067	18,592	7,475
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		42,514	33,723	6,760	26,963	19,488	7,475
TOTAL DEBT - [(a) + (b) + (c)]		43,959	34,053	7,090	26,963	19,488	7,475

During 1H08 Chengdu Vantron Technology Inc. took out a new loan of € 138 thousand.
In addition, medium-/long-term loan instalments falling due were repaid for a total of € 8,930 thousand.

14- Trade payables

The next schedule shows the breakdown of trade payables as at 31 December 2007 and 30 June 2008.

(€'000)	FY2007	1 st Half 2008
Third parties	14,486	11,436
Affiliate companies	20	53
TOTAL TRADE PAYABLES	**14,506**	**11,489**

As at 30 June 2008 trade payables amounted to € 11,489 thousand, with a decrease of € 3,017 thousand vs. 31 December 2007 primarily because of payment of existing payables.
Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

15 – Other current liabilities

The following schedule shows the breakdown of other current liabilities as at 31 December 2007 and 30 June 2008.

(€'000)	FY2007	1 st Half 2008
Social contributions	804	310
Other	3,627	4,656
Other tax liabilities	722	881
Accrued expanses	428	375
TOTAL OTHER CURRENT LIABILITIES	**5,581**	**6,222**

Other payables

The Other payables item includes amounts payable to employees for salaries as well as for holidays and paid leaves of absence accruing and not taken by employees as at balance sheet date.

16 – Business combination liabilities

Liabilities for business combinations – all medium-/long-term – amounted to € 15,982 thousand (2007 = € 19,106 thousand in total, of which the current portion amounted to € 3,242 thousand) and consisted of:

- A financial liability at fair value of € 15,084 thousand against the put option on 25% of Advanet Inc.'s shares, exercisable in the early months of 2010;
- A residual warranty debt of € 898 thousand vis-à-vis shareholders of ex-Applied Data Systems Inc. for the part of the price bound to an escrow account.

G – Breakdown of key income statement items

17 – Costs for raw & auxiliary materials and consumables used

(€'000)	30.06.2007	30.06.2008
Purchases of raw materials, semi-finished and finished products	20,143	17,758
Changes in inventories of raw materials	493	1,390
Change in inventories of semi-finished and finished products	(2,953)	(335)
TOTAL COST OF MATERIALS	**17,683**	**18,813**

Costs for usage of raw & auxiliary materials and consumables increased by 6.4% YoY, rising from € 17,683 thousand in 1H07 to € 18,813 thousand in 1H08. The increase was due to the business combination that took place at the end of October 2007.

18 – Other operating costs net of cost adjustments

(€'000)	30.06.2007	30.06.2008
Service costs	6,737	8,082
Rent and leases	732	1,046
Payroll	10,596	13,399
Accruals and other costs	552	423
Cost adjustments for in-house generation of non-current assets	(1,382)	(995)
Other operating costs net of cost adjustments	**17,235**	**21,955**

The item highlighted in the schedule above, i.e. Other operating costs, net of cost adjustments for internally generated non-current assets, rose from € 17,235 thousand in 1H07 to € 21,995 thousand in 1H08, increasing by 27.3%. The increase was due to the Advanet Group business combination on 31 October 2007.

19 – Service costs

(€'000)	30.06.2007	30.06.2008
Industrial services	2,042	2,050
Commercial services	1,737	1,851
General and administrative costs	2,958	4,181
Total costs of services	**6,737**	**8,082**

In the periods considered, service costs increased by 20.0%, rising from € 6,737 thousand to € 8,082 thousand. The increase was due to the Advanet Group business combination.

20 – Payroll costs

(€'000)	30.06.2007	30.06.2008
Wages, salaries, and Social Security	10,379	13,161
Severance indemnities	112	176
Retirement benefits and similar obligations	7	4
Other costs	98	58
Total cost of personnel	**10,596**	**13,399**

In the periods considered, the Payroll costs item featured an increase of 26.5% YoY due to the acquisitions completed in the second half of 2007.

As shown in the schedule below, Group employee headcount increased at the end of the periods considered, rising from 406 employees in 1H07 to 608 in 1H08 but decreasing by 16 heads vs. 31 December 2007. The acquisition of the Advanet Group, with a total of 206 employees, was a major contributor to the significant increase vs. 1H07.

Employees	**30.06.2007**	**FY2007**	**30.06.2008**
Management	3	2	2
Management team	15	20	23
Clerical workers	312	530	519
Line workers	76	72	64
TOTAL	**406**	**624**	**608**

21 – Cost adjustments for internally generated non-current assets

As up to 30 June 2008 the item Cost adjustments for internally generated non-current assets amounted to € 995 thousand (vs. € 1,382 thousand as up to 30 June 2007). It referred entirely to capitalisation of costs for internal staff, materials and services incurred for some new-product development projects in the fields of computers, systems, NanoPC modules, and wearable PCs. More specifically, if these costs had been deducted from the corresponding 1H08 income statement item, there would have been a reduction of € 79 thousand in materials costs, of € 567 thousand in payroll costs, and of € 349 thousand in service costs.

22 – Depreciation & amortisation and asset impairment

(€'000)	30.06.2007	30.06.2008
Amortisation of intangile assets	1,614	3,330
Amortisation of property, plant and equipment	461	779
Write-down of fixed assets	63	230
Total amortisation and depreciation	**2,138**	**4,339**

Depreciation & amortisation and asset impairment rose from a total of € 2,138 thousand in 1H07 to € 4,339 thousand in 1H08. This increase was mainly due to depreciation and amortisation of the higher amounts stemming from PPA (purchase price allocation) and, in particular from Advanet Group PPA, and to the increase in amortisation for development costs capitalised and on investments made in the reporting period.
Amortisation relating to PPA referred to customer relationships (€ 1,276 thousand), trademarks (€ 205 thousand), and to the order book (€ 899 thousand).
Asset impairment was entirely due to reduction of capitalised development costs, i.e. for projects relating to products that did not achieve the market acceptance originally forecast.

23 – Finance income and expense

The outcome of the Group's finance operations is summarised as shown in the next schedule:

(€'000)	30.06.2007	30.06.2008
Exchange-rate losses	62	697
Interest expenses	669	1,727
Expenses on derivatives	2	0
Other finance expenses	15	57
Financial charges	**748**	**2,481**

(€'000)	30.06.2007	30.06.2008
Exchange-rate gains	74	274
Interest income	1,467	779
Other finance income	5	5
Financial incomes	**1,546**	**1,058**
Net financial income	**798**	**(1,423)**

The increase in interest expense was due to the Group's higher debt in 1H08 compared with 1H07. The decrease in interest income was instead the consequence of the Group's lower cash & cash equivalents, which had been used for acquisitions made at the end of 2007.

24 – Income tax for the period

Income taxes for the period ended on 30 June 2008 totalled € 819 thousand (of which € 2,464 thousand for current taxes and € 1,645 thousand for net deferred tax assets) as opposed to a total tax charge of € 203 thousand as up to 30 June 2007 (of which € 348 thousand for current taxes and € 145 thousand for net deferred tax assets), with an increase of € 616 thousand.

(€'000)	30.06.2007	30.06.2008
IRES (Italian corporate income tax)	2	0
IRAP (Italian Regional business tax)	49	7
Foreign current income taxes	297	2,457
Total current income tax	**348**	**2,464**
Net (prepaid) deferred taxes: Italy	116	66
Net (prepaid) deferred taxes: Non-italian	(261)	(1,711)
Net (prepaid) deferred taxes	**(145)**	**(1,645)**
TOTAL INCOME TAXES	**203**	**819**

Deferred tax assets (i.e. prepaid taxes) as at 30 June 2008 amounted to € 1,941 thousand (31.12.2997 = € 1,802 thousand). The increase vs. 31 December 2007 was due to the net effect of temporary differences created and reversed in 1H08.
Deferred tax liabilities as at 30 June 2008 amounted to € 14,620 thousand (31.12.2007 = € 16,103 thousand). The decrease was mainly due to the tax effects on value attributed during PPA that reversed during 1H08 (€ 1,152 thousand) as well as to other temporary differences.

H – Other information

25 – Related-party transactions

The condensed half-yearly consolidated financial statements include the half-yearly financial statements of Eurotech SpA and the half-yearly accounts of the subsidiaries indicated in the following schedule:

Name	Location	% of ownership 31.12.2007	% of ownership 30.06.2008
Subsidiaries			
Parvus Corp.	United States	100.00%	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Italy	100.00%	100.00%
ETH Lab S.r.l.	Italy	99.99%	99.99%
Eurotech Finland Oy	Finland	100.00%	100.00%
Eurotech France S.A.S.	France	100.00%	100.00%
Eurotech Ltd.	UK	100.00%	100.00%
Arcom Systems Control Inc.	United States	100.00%	100.00%
E-Tech Inc.	United States	100.00%	100.00%
Applied Data Systems Inc.	USA	100.00%	100.00%
E-Tech UK Ltd.	UK	100.00%	100.00%
Saee S.r.l.	Italy	100.00%	100.00%
Chengdu Vantron Technologies Inc.	China	65.00%	65.00%
Advanet Inc.	Japan	65.00%	65.00%
Advanet R&D Inc.	Japan	65.00%	(1)
Spirit21 Inc.	Japan	65.00%	65.00%
Vantec Inc.	Japan	65.00%	(2)
Affiliated companies			
Emilab S.r.l.	Italy	24.82%	24.82%
Delos S.r.l.	Italy	40.00%	40.00%
Neuricam S.p.A.	Italy	48.00%	48.00%
eVS embedded Vision Systems S.r.l.	Italy	32.00%	32.00%
Utri S.r.l.	Italy	17.95%	21.00%

(1) Company wound up and ultimately liquidated in June 2008
(2) Company merged by incorporation in Spirit 21 Inc.

Below we present related-party transactions, not eliminated during consolidation, and compensation accrued in the period for directors and auditors for their offices in Eurotech SpA and in other consolidated companies in compliance with the requirements of Article 78 of CONSOB (Italian securities & exchange commission) Regulation for Issuers 11971/1999 as subsequently amended.

RELATED PARTIES	Revenues to related parties	Interest to related parties	Purchases from related parties	Financial receivables to related parties	Receivables from related parties	Payables from related parties
Associated companies						
Emilab S.r.l.	3	-	63	-	3	40
Delos S.r.l.	-	-	-	-	-	-
Neuricam S.r.l.	4	-	50	-	4	13
eVS embedded Vision Systems S.r.l.	-	-	-	-	-	-
Utri S.r.l.	-	-	-	-	-	-
Total	**7**	**-**	**113**	**-**	**7**	**53**

Name		Expiration	at June 30, 2008			
			Fees for the appointment	Other fees	Benefits	Bonus
Siagri Roberto	President	In charge up to 31.12.2010	150	-	2	-
Tecchiolli Giampietro	Vice President - Director	In charge up to 31.12.2010 financials approval	86	-	-	-
Mauri Massimo	Director	Resigned to 4.08.2008	108	-	-	-
Feragotto Dino	Director	In charge up to 31.12.2010	76	-	-	-
Roberto Chiandussi	Director	In charge up to 31.12.2010	1	-	-	-
Giorgio Pezzulli	Director	In charge up to 31.12.2010	1	-	-	-
De Toni Alberto Felice	Director	In charge up to 31.12.2010	4	-	-	-
Barazza Sandro	Director from August 8, 2008	In charge up to 31.12.2010	-	-	-	-
Pizzul Cesare	Director	In charge up to 31.12.2010	2	-	-	-
Chiara Mio	Director	In charge up to 31.12.2010	2	-	-	-
Belletti Caterina	Director up to May 5, 2008		2	-	-	-
Spangaro Giovanni	Director up to May 5, 2008		2	-	-	-
Vitali Michele	Director up to May 5, 2008		2	-	-	-
Goi Eros	Director up to May 5, 2008		2	54	-	-
Siciliotti Claudio	President of Bord of Auditors	In charge up to 31.12.2010	15	-	-	-
Cavalluzzo Roberto	Statutory Auditor	In charge up to 31.12.2010	3	-	-	-
Ginisio Roberto	Statutory Auditor	In charge up to 31.12.2010	3	-	-	-
Lago Umberto	Statutory Auditor up to May 5, 2008		6	-	-	-
Milanese Stefano	Statutory Auditor up to May 5, 2008		6	-	-	-
TOTALE			471	54	2	-

Lastly, below we provide information on equity interests held in the company and its subsidiaries by members of the management and supervisory bodies, general managers and strategically accountable managers [Italian contractual grade for managers = "dirigenti"] as well as by their spouses not legally separated and their underage children, directly or via companies controlled, trustee companies or via an interposed third party, as shown by the shareholder register, notifications received and other information acquired from the members of the management and supervisory bodies, general managers, and strategically accountable managers in compliance with the requirements of Article 79 of CONSOB Regulation n. 11971/19 99 as subsequently amended and Annex 3C of the same regulation.

				June 30, 2008					
Name		Company	Possessory title	Share at January 1,	Share acquired in the period	Share disposed in the period	Share at the end of the period	Share at the end of the period indirectly	
Siagri Roberto	President	Eurotech	Ownership	2,500,531			2,500,531	890,371	
Feragotto Dino	Director	Eurotech	Ownership	2,410,160			2,410,160	870,371	
Mauri Massimo	Director up to August 4, 2008	Eurotech	Ownership	1,104,388		(500,000)	604,388	324,371	
Tecchiolli Giampietro	Director	Eurotech	Ownership	191,015			191,015	-	
Roberto Chiandussi	Director	Eurotech	Proprietà	797,400		(10,000)	787,400	-	
Giorgio Pezzulli	Director	Eurotech	Proprietà	748,901			748,901	-	
De Toni Alberto Felice	Director	Eurotech	Ownership	6,003	-	-	6,003	-	
Chiara Mio	Director	Eurotech	Proprietà	-			-	-	
Cesare Pizzul	Director	Eurotech	Proprietà	-			-	-	
Sandro Barazza	Director	Eurotech	Proprietà	-			-	-	
Siciliotti Claudio	President of Bord of Auditors	Eurotech	Ownership	20,000		-	20,000	10,000	(*)
Cavalluzzo Nicolino	Statutory Auditor	Eurotech	Ownership	-	-		-	-	
Ginisio Lorenzo	Statutory Auditor	Eurotech	Ownership	-	-	-	-	-	

(*) Shares owned indirectly by Data Services S.r.l.

26 – Financial risk management: objectives and policies

The Group's financial instruments, other than derivative contracts, include bank loans in their various technical forms, finance leases, short-term and on-demand bank deposits, and trade payables. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables arising from operations and liquidity. The Group also has derivative transactions in place, mainly interest rate swaps and collars. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

Consistently with Group policy, no derivatives are set up for speculative purposes.

The main risks generated by the Group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk, and credit risk. The Board of Directors has reviewed and agreed the policies for managing these risks, as summarised below.

Interest rate risk
Group exposure to the risk of interest rate fluctuations mainly involves medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. In previous FYs and in 1H08 the Group entered into collar contracts with an interest rate cap, and into interest rate swap (IRS) contracts featuring recognition of a floating rate against payment of a fixed rate. Both types of contracts are designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. As at 30 June 2008, after taking into consideration the risks of the IRSs signed after year-end on a loan received at the end of December 2007 - and not considering the loans already in place at the Japanese companies, for which the most appropriate policy is currently being devised - approximately 50% of Group loans had a fixed interest rate (in 2007 the percentage was also 50%).

Foreign exchange risk
In view of the significant investment transactions in the USA, Japan and the UK, with substantial foreign-currency cash flows coming both from business and financial operations, the Group's financial statements can be significantly affected by changes in the USD/EUR, JPY/EUR and GBP/EUR exchange rates. In 1H08 no foreign exchange hedges were

executed because of the uneven USD and GBP flows and the fact that individual subsidiaries tend to operate in their respective core markets in their respective functional currencies.
Some 84.2% of the Group's sales of goods and services and 50.8% of its purchasing costs and operating costs are denominated in a currency other than the functional currency used by the parent company to prepare these condensed half-yearly consolidated financial statements.
By way of example, we point out that, if exchange rates in 1H08 had been the same as in 1H07, consolidated sales revenue would have been € 45.3 million instead of the actual reported figure of € 42.1 mn.

Product and component price risk
Group exposure to price risk is not significant.

Credit risk
The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Receivables of the main customers are insured.
Part of trade receivables are assigned using non-recourse factoring transactions that transfer this risk to the factoring company.
There is no significant concentration of credit risk in the Group.
Credit risk concerning other Group financial assets, which include cash & cash equivalents and financial instruments, features a maximum risk, in the event of the counterparty's insolvency, equal to the book value of these assets.

Liquidity risk
The objective of the Group is to preserve a balance between maintenance of funds and flexibility through the use of overdrafts, loans, and finance leases, as well as via equity financing in the market.
Group policy states that no more than 40% of loans must fall due within 12 months.
At 30 June 2008, based on reported balances in financial statements, 20.8% of the Group's financial payables were due within one year (2007: 19.6%).

27 – Financial and derivative instruments

Fair value

Comparison of the carrying value and fair value by category of all Group financial instruments reported in accounts has not revealed any significant differences such as to be represented, besides those highlighted.
The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of obligations and other financial assets has been calculated using market interest rates.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instrument is kept constant until the maturity date of the instruments concerned. Other financial instruments of the Company do not accrue interest and therefore are not subject to interest rate risk.

Hedging

Cash flow hedges

On 8 August 2003, the Group entered into a collar option contract ending on 12 August 2008 for a notional value of €1,000,000. Although set up to hedge the loan of €1,500,000 taken out in 2003 for acquisition of the equity stake in Parvus, it cannot be considered an interest rate hedge, since it lacks the formal and effectiveness requisites established by the effectiveness test. Its market value as at 30 June 2008 showed a capital gain of roughly € 1 thousand.

The contract includes a 4.5% cap rate and a variable floor (2.15% for the first year, 3.10% for the second year, and 3.95% until expiration). If the benchmark rate (3-month Euribor) remains within the channel defined, the client and the bank exchange the 3-month Euribor, sterilising the contract's effect. If the Euribor instead exceeds the cap or falls below the floor, the client pays the corresponding fixed rate and collects the Euribor.

As at 30 June 2008, the Group also held five IRS contracts (for a total of € 15.5 million) signed during 2006 and 2007 and designated as instruments to hedge the risk of interest rate changes.

	End date	*Fixed rate*	*Variable rate*	*Market value (€'000)*
Interest rate swap contracts				
€ 8,000,000	30 June 2011	3.95%	6-month Euribor	160
€ 7,500,000	30 December 2015	4.08%	6-month Euribor	246

Interest rate swap contract conditions were negotiated to make them coincide with the conditions of the underlying commitments.
Booking of the above financial instruments led to a positive effect of € 325 thousand recognised directly in equity.

28 – Events after the reporting period

No further significant events occurred after the end date of the condensed half-yearly consolidated financial statements at 30 June 2008..

29 – Business seasonality

The sector in which the Group operates does not feature any significant seasonal trends. Notwithstanding this, the Group has historically featured a greater concentration of revenues in the second part of the year. These higher sales in the second half are primarily due to customers' scheduling and are confirmed by the Group's present order book.

ATTESTATION OF CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to Article 154/2, paragraph 5 – Part IV, Title III, Head II, Section V/2, of Italian Legislative Decree no. 58 of 24 February 1998: "Consolidated Finance Act [Testo unico delle disposizioni in materia di intermediazione finanziaria] pursuant to Articles 8 and 21 of Law 52 of 6 February 1996".

1) The undersigned Roberto Siagri, Chief Executive Officer, and Sandro Barazza, Financial Reporting Manager, of Eurotech SpA, herewith attest, also having taken into account the requirements of Article 154/2, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 [the Italian Consolidated Finance Act] as subsequently amended and supplemented:
   1) the adequacy in relation to the entity's characteristics and
   2) the effective application of administrative and accounting procedures for formation of condensed half-yearly financial statements during the period from 1 January 2008 to 30 June 2008.

2) No significant aspects emerged in this respect.

3) It is further attested that the condensed half-yearly consolidated financial statements:
   a) Match corporate books and accounting records;
   b) Have been prepared in compliance with the international accounting standards (IFRSs) endorsed by the European Union, and in particular with IAS 34 – Interim Financial Reporting, as well as with the measures enacted to implement Article 9 of Italian Legislative Decree no. 38/21005;
   c) To the best of our knowledge, is able to provide fair and true representation of the balance-sheet, business-performance and financial status of the set of entities included in the scope of consolidation.

4) The interim management report contains references to the important events occurring in the first six months of the financial year and their impact on condensed half-yearly consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant related-party transactions.

5) This attestation is made pursuant to and for the purposes of Article 154/2, paragraphs 2 and 5, of Italian Legislative Decree no. 58/1998 as subsequently amended and supplemented.

Amaro (UD), 29 August 2008

Eurotech SpA

Signed by
Roberto Siagri
Chief Executive Officer

Signed by
Sandro Barazza
Financial Reporting Manager

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Auditors' review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
EUROTECH S.p.A.

1. We have reviewed the interim condensed consolidated financial statements of EUROTECH S.p.A. and its subsidiaries (the "EUROTECH GROUP") as of June 30, 2008, comprising the balance sheet, the statement of income, changes in shareholders' equity and cash flows and the related explanatory notes. Management of EUROTECH S.p.A. is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. A review consists primarily of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with Management and by applying analytical and other review procedures. A review does not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we express on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on April 10, 2008 and on October 2, 2007, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of EUROTECH S.p.A. as of June 30, 2008 are not prepared, in all material respects, in conformity with IAS 34.

Treviso, August 29, 2008

Reconta Ernst & Young S.p.A.
Signed by: Claudio Passelli, partner

This report has been translated into the English language solely for the convenience of international readers

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