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EXHIBIT 99.1

AGREEMENT  
-----

This Agreement made this 30th day of December, 2001 between Etelix, U.S. ("Etelix") and Crypto.Com ("Crypto"):

WHEREAS, Crypto.Com currently owns and possesses certain proprietary and copyrighted intellectual property concerning cryptology; and

WHEREAS, Crypto.Com desire to market, license and commercialize its cryptology technology; and

WHEREAS, Etelix desires to market and license Crypto's cryptology technology to third parties for the purpose of achieving commercial application in the marketplace; and

WHEREAS, the parties are entering into this Agreement for the purpose of accomplishing and realizing these purposes;

NOW, THEREFORE, in consideration of \$10,000.00 and other consideration the value and receipt of which is hereby acknowledged by the parties, it is hereby agreed as follows:

1. REAFFIRMATION. The matters set forth above are hereby ratified and incorporated into this Agreement.
2. LICENSE AND MARKETING. Crypto grants to Etelix the non-exclusive license and right to market and uses Crypto's cryptology technology for a period of 5 years from the date of this Agreement. In connection with the marketing of the Crypto cryptology technology, Etelix shall be solely responsible for negotiating and entering into contracts and licenses with third parties for the relicensing and use of the Crypto cryptology technology without the necessity of obtaining any approvals from Crypto.
3. LICENSING AND MARKETING FEES. Etelix shall pay to Crypto a licensing and marketing fee of one million U.S. dollars (\$1,000,000), which, shall be due and payable upon the occurrence of the following conditions.
  - A. Crypto shall first provide Etelix with a fully developed cryptology technology ready for adaptation to interface and telecommunication software, with all United States governmental approvals, duly copyrighted or otherwise

protected, which is in such a format as to have commercial application subject to additional approvals as may be required for import and export use. This format will be defined in as yet to be published document, which will be referred to as the PRODUCT PERFORMANCE SPECIFICATION. Such document will be jointly developed within the next 30 days. When finished the PRODUCT PERFORMANCE SPECIFICATION will be incorporated in its entirety as part of this agreement.

- B. Upon receipt of the cryptology technology in the form set forth above, Etelix shall have a period of 90 days within which to either use the technology itself or enter into a contract and licensing agreement with third parties for the use of the technology.
  - C. In the event that Etelix elects to utilize the technology solely for its own purposes, Etelix shall pay to Crypto the sum of one hundred thousand U.S. dollars (\$100,000) per month for 10 months.
  - D. In the event that Etelix successfully markets and licenses the Crypto cryptology technology to a third parties, then Etelix shall pay to Crypto the sum of One Million U.S. dollars (\$1,000,000) within 30 days of the signing of the licensing agreement or contract.
4. **ROYALTY PAYMENTS.** In the event that Etelix enters into a licensing or marketing agreement pursuant to which Etelix receives royalty payments, Etelix shall pay to Crypto fifty percent (50%) of any royalty received on a per quarter basis. Crypto shall have the rights to audit these accounts annually.

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5. **CONFIDENTIALITY.** The parties agree that this Agreement, its contents, and all negotiations leading to the execution of this Agreement shall remain confidential and shall not be disclosed to any third party. This provision shall not prohibit the disclosure of this Agreement to professionals utilized by the parties such as accountants and attorney, to governmental and licensing authorities or to any third party with the written consent of the parties. **NONCIRCUMVENTION AGREEMENT.** The parties agree that, in the event they should commence discussions or negotiations with third parties concerning the licensing or marketing of Crypto's cryptology technology, they shall be prohibited from contacting said third parties to discuss the licensing or marketing of said technology. Each Party will inform to other of third party negotiations.
6. **WARRANTYS AND REPRESENTIONS.** The parties agree that they have the authority to enter into this Agreement and Crypto warrants and represents that it has the necessary ownership interest in the cryptology technology to grant to Etelix the right to license and market the technology.
7. **INTEGRATION.** The parties acknowledge that they have not relied upon any oral statements or representations made by the other party in entering into this Agreement and that all such oral representations are merged into and have become a part of this Agreement.

8. AMENDMENTS. The parties agree that this Agreement embodies all the terms of agreement between the parties and that any amendment to this Agreement, to be effective, must be in writing signed by the parties with the same formality as this Agreement.

9. NOTICES. All notices given by the parties to this Agreement shall be by First Class Mail postage prepaid to the following addressees:

To Crypto: Crypto. Com  
10306 Eaton Place, Suite 220  
Fairfax, Virginia 22030

To Etelix: G. Michael Keenan, Esq.  
G. Michael Keenan, P.A.  
1860 Old Okeechobee Road  
Suite 203  
West Palm Beach, Florida 33409

10. DEFAULT. In the event either party shall breach this Agreement or in connection with any action to enforce or construe this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs at all trial and appellate levels. Any action brought under this Agreement shall be governed by the laws of the Commonwealth of Virginia.

11. SIGNATURES. This Agreement may be executed in counterpart by the parties.

ETELIX, U.S.  
BY:

CRYPTO.COM  
BY:

-----  
/S/ G. MICHAEL KEENAN  
G. MICHAEL KEENAN  
PRINCIPAL

-----  
/S/ DON V. HAHNFELDT  
DON V. HAHNFELDT  
PRESIDENT

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from.....to.....

COMMISSION FILE NO. 000-22129

EUROTECH, LTD.  
-----

(Exact name of registrant as specified in its charter)

District of Columbia

33-0662435

-----

-----

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

10306 Eaton Place  
Suite 220  
Fairfax, VA 22030

-----

(Address of principal executive offices)

Registrant's telephone number, including area code: (703) 352-4399

(Former name, former address and former fiscal year, if  
changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required  
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during  
the preceding 12 months (or for such shorter period that registrant was required  
to file such reports), and (2) has been subject to such filing requirements for  
the past 90 days. Yes [X] No [ ]

As of November 18, 2002, 72,441,915 shares of common stock, \$0.00025 par value,  
were outstanding.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

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SEPTEMBER 30, 2002

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)  
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

31,	-----		At September 30,	At December
			2002	2001
			-----	-----
			(Unaudited)	
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$	146,528	\$	465,346
Prepaid expenses and other current assets		191,103		253,840
		-----		-----
TOTAL CURRENT ASSETS		337,631		719,186
 <b>MACHINERY AND EQUIPMENT - net of accumulated depreciation</b>				
of \$134,709 and \$92,918 at September 30, 2002 and				
December 31, 2001, respectively		152,811		193,661
 <b>OTHER ASSETS:</b>				
Convertible notes receivable		500,000		-
Technology rights (EKOR) - net of accumulated				
amortization of \$4,560,356 and \$3,353,203 at September				
30, 2002 and December 31, 2001, respectively		3,487,332		4,694,484
Technology rights (Acoustic Core) - net of accumulated				
amortization of \$607,527 and \$232,527 at September				
30, 2002 and December 31, 2001, respectively		1,892,473		2,267,473
Patent costs - net of accumulated amortization of \$10,049				
and \$8,734 at September 30, 2002 and December 31, 2001,				
respectively		19,752		21,067
Other assets		169,056		224,039
		-----		-----
TOTAL ASSETS	\$	6,559,055	\$	8,119,910
		=====		=====

See accompanying notes to condensed consolidated financial statements.

## CONDENSED CONSOLIDATED BALANCE SHEETS

## LIABILITIES AND STOCKHOLDERS' EQUITY

	At September 30, 2002	At December 31, 2001
	-----	-----
	(Unaudited)	
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,289,604	\$ 885,207
Current portion of convertible debentures	-	3,000,000
Current portion of notes payable - related parties	202,091	-
Advances on sale of common and preferred stock	925,000	-
	-----	-----
TOTAL CURRENT LIABILITIES	2,416,695	3,885,207
NOTES PAYABLE - RELATED PARTIES	-	202,091
	-----	-----
TOTAL LIABILITIES	2,416,695	4,087,298
	-----	-----
COMMITMENTS, CONTINGENCIES AND OTHER MATTERS		
(Notes 4, 5, 6, and 7)		
STOCKHOLDERS' EQUITY:		
Series A non-voting 3% convertible preferred stock - \$.01 par value; 25,000 and -0- shares authorized at September 30, 2002 and December 31, 2001, respectively; 25,000 and -0- shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	250	-
Series B non-voting 5% convertible preferred stock - \$.01 par value; -0- and -0- shares authorized at September 30, 2002 and December 31, 2001, respectively; -0- and -0- shares issued and outstanding at September 30, 2002 and December 31, 2001, respectively	-	-
Preferred stock - \$.01 par value; 4,950,000 and 5,000,000 shares authorized at September 30, 2002 and December 31, 2001, respectively; -0- shares issued and outstanding	-	-
Common stock - \$.00025 par value; 100,000,000 shares authorized; 75,973,891 shares issued and 72,441,915		



shares outstanding at September 30, 2002; 59,673,377		
shares issued and 56,141,401 outstanding at December 31, 2001	18,995	14,919
Additional paid-in capital	71,651,867	61,998,255
Unearned compensation	(147,583)	(131,911)
Deficit accumulated during the development stage	(58,903,448)	(49,370,930)
Treasury stock, at cost; 3,531,976 - shares at September 30, 2002 and December 31, 2001	(8,477,721)	(8,477,721)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	4,142,360	4,032,612
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,559,055	\$ 8,119,910
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

Period	For the Nine Months Ended		For the
	September 30,		
Inception	-----		from
1995) to			(May 26,
30, 2002	2002	2001	September
----	-----	-----	-----
REVENUES	\$ 78,821	\$ 10,215	\$
597,694	-----	-----	-----
----			
COSTS AND EXPENSES:			
Cost of goods sold	5,807	7,280	
13,967			

Research and development 8,988,694	492,683	554,253	
Consulting fees 6,126,202	955,260	1,820,104	
Compensatory element of stock issuances pursuant to consulting and other agreements 6,221,741	977,087	375,667	
Debt conversion expense 390,000	390,000	--	
Other general and administrative expenses 14,800,590	2,787,167	2,711,227	
Depreciation and amortization 5,313,256	1,624,317	1,357,162	
----	-----	-----	-----
TOTAL COSTS AND EXPENSES 41,854,450	7,232,321	6,825,693	
----	-----	-----	-----
OPERATING LOSS (41,256,756)	(7,153,500)	(6,815,478)	
----	-----	-----	-----
OTHER EXPENSES/(INCOME):			
Interest expense 2,198,549	33,397	216,470	
Interest income (410,106)	(4,759)	(85,441)	
Amortization of deferred and unearned financing costs 13,276,591	--	--	
Litigation settlement in shares of stock 456,278	--	--	
Other income (225,000)	--	--	
----	-----	-----	-----
TOTAL OTHER EXPENSES 15,296,312	28,638	131,029	
----	-----	-----	-----
NET LOSS (56,553,068)	(7,182,138)	(6,946,507)	
PREFERRED STOCK DIVIDEND - NONCASH 2,350,380	2,350,380	--	
----	-----	-----	-----
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS \$(58,903,448)	\$ (9,532,518)	\$ (6,946,507)	
=====	=====	=====	
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (.10)	\$ (.15)	
	=====	=====	

## WEIGHTED AVERAGE COMMON SHARES USED IN BASIC

AND DILUTED LOSS PER COMMON SHARE	69,358,996	46,924,748
	=====	=====

See accompanying notes to condensed consolidated financial statements.

## EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

	For the Three Months Ended	
	September 30,	
	2002	2001
	-----	-----
REVENUES	\$ --	\$ 10,215
	-----	-----
COSTS AND EXPENSES:		
Cost of goods sold	--	7,280
Research and development	122,119	123,555
Consulting fees	273,252	636,822
Compensatory element of stock issuances pursuant to consulting and other agreements	393,026	82,867
Other general and administrative expenses	782,179	1,042,182
Depreciation and amortization	540,803	525,560
	-----	-----
TOTAL COSTS AND EXPENSES	2,111,379	2,418,266
	-----	-----
OPERATING LOSS	(2,111,379)	(2,408,051)
	-----	-----
OTHER EXPENSES/(INCOME):		
Interest expense	3,471	74,832
Interest income	(412)	(20,082)
	-----	-----

TOTAL OTHER EXPENSES/(INCOME)	3,059	54,750
	-----	-----
NET LOSS	(2,114,438)	(2,462,801)
PREFERRED STOCK DIVIDEND - NONCASH	2,350,380	--
	-----	-----
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (4,464,818)	\$ (2,462,801)
	=====	=====
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (.03)	\$ (.05)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES USED IN BASIC AND DILUTED LOSS PER COMMON SHARE	72,276,915	51,633,624
	=====	=====

See accompanying notes to condensed consolidated financial statements.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

Stock	Series A Non-Voting 3% Convertible Preferred Stock		Common
	Shares	Amount	Shares
-----	-----	-----	-----
Amount	-----	-----	-----
-----	-----	-----	-----

For the Nine Months Ended September 30,  
2002:

-----

Balance - December 31, 2001	--	\$	--	59,673,377
\$ 14,919				
Issuance of stock on conversion of convertible debentures including interest (\$.60 per share) 1,500	--		--	6,000,369
Value assigned to warrants issued on conversion of convertible debentures	--		--	--
Issuance of preferred stock (\$100 per share)	10,000		100	--
Issuance of stock for price reset 1,500	--		--	6,000,000
Value assigned to options issued to consultants	--		--	--
Modification of warrants issued	--		--	--
Issuance of stock for consulting services (\$.55 per share) 1	--		--	3,000
Issuance of stock for consulting services (\$.64 per share) 1	--		--	3,905
Issuance of preferred stock (\$100 per share)	5,000		50	--
Value assigned to options issued for legal services	--		--	--
Offering cost - preferred stock	--		--	--
Issuance of preferred stock (\$100 per share)	5,000		50	--
Issuance of stock for price reset 1,088	--		--	4,350,000
Issuance of stock for consulting services (\$.21 per share) 1	--		--	3,000
Issuance of stock for consulting services (\$.25 per share) 2	--		--	6,240
Value assigned to options issued for consulting services	--		--	--
Cancellation of warrants issued	--		--	--
Cancellation of shares accrued but not issued (\$.001 per share) (30)	--		--	(120,000)
Amortization of unearned compensation	--		--	--

--			
Issuance of stock for consulting services 13	--	--	54,000
Issuance of preferred stock (\$100 per share)	5,000	50	--
--			
Net loss	--	--	--
--			
Preferred stock dividend	--	--	--
--			
-----			
Balance - September 30, 2002	25,000	\$ 250	75,973,891
\$ 18,995			
=====			

See accompanying notes to condensed consolidated financial statements.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

Additional in Capital	Unearned Compensation	Treasury Stock		Paid-
		Shares	Amount	
-----	-----	-----	-----	-----
For the Nine Months Ended September 30, 2002:				
-----				
Balance - December 31, 2001		(3,531,976)	\$ (8,477,721)	\$

61,998,255	\$ (131,911)		
Issuance of stock on conversion of			
convertible debentures including interest			
(\$.60 per share)	--	--	--
3,572,919	--		
Value assigned to warrants issued on			
conversion of convertible debentures	--	--	--
390,000	--		
Issuance of preferred stock (\$100 per share)	--	--	--
999,900	--		
Issuance of stock for price reset	--	--	--
(1,500)	--		
Value assigned to options issued to			
consultants	--	--	--
490,000	(490,000)		
Modification of warrants issued	--	--	--
77,000	--		
Issuance of stock for consulting services			
(\$.55 per share)	--	--	--
1,649	--		
Issuance of stock for consulting services			
(\$.64 per share)	--	--	--
2,499	--		
Issuance of preferred stock (\$100 per share)	--	--	--
499,950	--		
Value assigned to options issued for			
legal services	--	--	--
47,250	--		
Offering cost - preferred stock	--	--	--
(149,620)	--		
Issuance of preferred stock			
(\$100 per share)	--	--	--
499,950	--		
Issuance of stock for price reset	--	--	--
(1,088)	--		
Issuance of stock for consulting services			
(\$.21 per share)	--	--	--
649	--		
Issuance of stock for consulting services			
(\$.25 per share)	--	--	--
1,595	--		
Value assigned to options issued for			
consulting services	--	--	--
66,270	(66,270)		
Cancellation of warrants issued	--	--	--
(13,345)	13,345		
Cancellation of shares accrued but not			
issued (\$.001 per share)	--	--	--
(90)	--		
Amortization of unearned compensation	--	--	--
7,470	527,253		
Issuance of stock for consulting services	--	--	--
311,824	--		

Issuance of preferred stock			
(\$100 per share)		--	--
499,950	--		
Net loss		--	--
--	--		
Preferred stock dividend		--	--
2,350,380	--		
-----	-----	-----	-----
Balance - September 30, 2002	(3,531,976)	\$ (8,477,721)	\$
71,651,867           \$ (147,583)			
=====	=====	=====	

See accompanying notes to condensed consolidated financial statements.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002

	Deficit Accumulated During the Development Stage	Total
	-----	-----
For the Nine Months Ended September 30, 2002:		
-----		
Balance - December 31, 2001	\$ (49,370,930)	\$ 4,032,612
Issuance of stock on conversion of convertible debentures including interest (\$ .60 per share)	-	3,574,419
Value assigned to warrants issued on conversion of convertible debentures	-	390,000



Issuance of preferred stock		
(\$100 per share)	-	1,000,000
Issuance of stock for price reset	-	-
Value assigned to options issued to consultants	-	-
Modification of warrants issued	-	77,000
Issuance of stock for consulting services		
(\$.55 per share)	-	1,650
Issuance of stock for consulting services		
(\$.64 per share)	-	2,500
Issuance of preferred stock (\$100 per share)	-	500,000
Value assigned to options issued for legal services	-	47,250
Offering cost - preferred stock	-	(149,620)
Issuance of preferred stock		
(\$100 per share)	-	500,000
Issuance of stock for price reset	-	-
Issuance of stock for consulting services		
(\$.21 per share)	-	650
Issuance of stock for consulting services		
(\$.25 per share)	-	1,597
Value assigned to options issued for consulting services	-	-
Cancellation of warrants issued	-	-
Cancellation of shares accrued but not issued		
(\$.001 per share)	-	(120)
Amortization of unearned compensation	-	534,723
Issuance of stock for consulting services	-	311,837
Issuance of preferred stock		
(\$100 per share)	-	500,000
Net loss	(7,182,138)	(7,182,138)
Preferred stock dividend	(2,350,380)	-
	-----	-----
Balance - September 30, 2002	\$(58,903,448)	\$ 4,142,360
	=====	=====

See accompanying notes to condensed consolidated financial statements.

## EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

For the Period

from Inception

(May 26, 1995) to

September 30,

2002

-----

For the Nine Months Ended

September 30,

2002

2001

-----

-----

## CASH FLOWS FROM OPERATING ACTIVITIES

Net loss attributable to common stockholders  
\$(58,903,448)

\$(9,532,518)

\$ (6,946,507)

Preferred stock dividend (non-cash)  
2,350,380

2,350,380

-

Adjustments to reconcile net loss to net  
cash used in operating activities:Depreciation and amortization  
5,313,256

1,624,317

1,357,163

Amortization of deferred and unearned  
financing costs  
13,276,591

-

-

Stock issued for license  
37,500

-

-

Compensatory element of stock issuances  
6,221,741

977,087

375,667

Modification of warrants issued  
123,500

-

-

Debt conversion expense  
390,000

390,000

-

Issuance of stock in settlement of  
litigation  
456,278

-

-

Changes in Assets (Increase) Decrease:

Prepaid expenses and other current  
assets  
(191,103)

62,737

(284,033)

Other assets  
(169,056)

54,983

(11,155)

Changes in Liabilities Increase

(Decrease):		
Accounts payable and accrued liabilities	978,816	(406,887)
3,702,592		
-----	-----	-----
NET CASH USED IN OPERATING ACTIVITIES (27,391,769)	(3,094,198)	(5,915,752)
-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Patent costs (31,358)	-	-
Capital expenditures (286,578)	-	(67,777)
Convertible note receivable (500,000)	(500,000)	-
-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES (817,936)	(500,000)	(67,777)
-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from sale of common and preferred stock	925,000	-
925,000		
Proceeds from exercise of stock options 16,500	-	-
Net proceeds from issuance of common stock 26,776,970	-	4,090,000
Net proceeds from issuance of Series A non-voting 3% convertible preferred stock 2,350,380	2,350,380	-
Proceeds from exercise of warrants 819,500	-	55,000
Offering costs (2,898)	-	-
Repayment by stockholders 3,000	-	-
Proceeds from Convertible Debentures 7,000,000	-	-
Repayment of Convertible Debentures (500,000)	-	(500,000)
Proceeds from notes payable 450,000	-	-
Repayment of notes payable (400,000)	-	-
Proceeds from bridge notes 2,000,000	-	-
Repayments of bridge notes (2,000,000)	-	-
Borrowings from stockholders 561,140	-	-
Repayment to stockholders	-	-

(561,140)

Deferred financing costs  
(604,150)

Purchase of treasury stock  
(8,478,069)

NET CASH PROVIDED BY FINANCING ACTIVITIES  
28,356,233

(DECREASE) INCREASE IN CASH  
146,528

CASH AND CASH EQUIVALENTS - BEGINNING  
-

CASH AND CASH EQUIVALENTS - ENDING  
\$ 146,528

-

-

3,275,380

3,645,000

(318,818)

(2,338,529)

465,346

2,932,762

\$ 146,528

\$ 594,233

See accompanying notes to condensed consolidated financial statements.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

For the Period

from Inception

(May 26, 1995) to

September 30,

2002

For the Nine Months Ended

September 30,

2002

2001

-----

Cash paid during the period for:

Interest	\$ -	\$ 508,247
\$ -		
=====	=====	=====
Income taxes	\$ -	\$ -
\$ -		
=====	=====	=====

SUPPLEMENTAL DISCLOSURE OF FINANCING INFORMATION:

-----

Consulting, legal, financing costs, commissions and accrued expenses satisfied by issuance of common stock and stock options	\$ 149,620	\$ -
\$ 2,705,353		
=====	=====	=====
Purchase of license	\$ -	\$ -
\$ 37,500		
=====	=====	=====
Acquisition of technology rights by issuance of common stock	\$ -	\$ -
\$ 10,547,688		
=====	=====	=====
Conversion of convertible debentures, and interest to common stock	\$ 3,574,419	\$ 691,857
\$ 5,475,840		
=====	=====	=====
Notes payable and accrued interest satisfied by issuance of common stock	\$ -	\$ -
\$ 66,489		
=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

## EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

## NOTE 1 - DESCRIPTION OF COMPANY AND BASIS OF PRESENTATION

Eurotech, Ltd. and Subsidiaries (the "Company") was incorporated under the laws of the District of Columbia on May 26, 1995. The Company is a development-stage technology transfer, holding, marketing and management company, formed to commercialize new or existing but previously unrecognized technologies, with a particular current emphasis on technologies developed by prominent research institutes and individual researchers in the United States, former Soviet Union and in Israel, and to license those technologies for business and other commercial applications principally in the United States, Western and Central Europe, Ukraine, and Russia. Since the Company's formation, it has acquired development and marketing rights to a number of technologies by purchase, assignments, and licensing arrangements. Our portfolio of technologically advanced products includes: (a) proprietary materials created to specifically solve the serious problems of how nuclear and other hazardous wastes are cost effectively contained, (b) advanced performance materials for use in industrial products such as coatings and paints, (c) automatic detection of explosives and illicit materials, and (d) cryptographic systems for secure communications, all of which can be used in Homeland and Environmental Security. The Company intends to commercialize its technologies using various financial and transactional vehicles such as technology transfers, licensing, joint ventures, strategic alliances, and distribution agreements. To date, the Company has not generated any substantial revenues from operations.

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, for the nine months ended September 30, 2002, the Company incurred a net loss of \$7,182,138 and had a working capital deficiency of \$2,079,064. The Company has limited finances and requires additional funding in order to market and license its products. There is no assurance that the Company can reverse its operating losses, or that it can raise additional capital to allow it to continue its planned operations. These factors raise substantial doubt about the Company's ability to continue as a going concern.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 1 - DESCRIPTION OF COMPANY AND BASIS OF PRESENTATION (Continued)

These unaudited condensed consolidated financial statements do not include any adjustments relating to the recoverability of recorded asset amounts that might be necessary as a result of the above uncertainty.

The Company financed its operations during the nine months ended September 30, 2002 through the sale to Woodward LLC of 25,000 Series A 3% Convertible Preferred shares for \$2,500,000, net of expenses. The Company also received from Woodward LLC an advance of \$675,000 against the purchase of up to 1,300 shares of Series B 5% Convertible Preferred stock for \$1,300,000. The Company also received an advance of \$250,000 against a private equity financing of 5,000,000 units (1 share of common stock and 1 warrant to purchase an additional share of common stock for an exercise price of \$0.05) of its common stock.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the nine-month period ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

The consolidated balance sheet at December 31, 2001 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

- -----

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation Policy

- -----

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and a majority-owned subsidiary, Crypto.com, Inc. ("Crypto"). All significant intercompany balances and transactions have been eliminated.

Equity Method of Accounting for Unconsolidated Foreign Affiliates

- -----

Investment in companies in which the Company has a 20% to 50% interest and has the ability to exercise significant influence over operating and financial policies are accounted for on the equity method. In addition, investments in



Israeli-based technology companies, in which the Company has a 52% to 57% interest in, have been accounted for under the equity method because the Company does not have sufficient control in order to consolidate such entities. However, as of September 30, 2002, such investees do not have any revenue nor any significant assets and liabilities.

At September 30, 2002, investments in companies accounted for under the equity method consist of the following foreign companies, which are located in Israel:

Chemonol, Ltd. ("Chemonol")	57%
Rademate, Ltd. ("Rademate")	52%
Comsyntech, Ltd. ("Comsyntech")	52%
Remptech, Ltd. ("Remptech")	50%
Sorbtech, Ltd. ("Sorbtech")	52%
Amsil, Ltd. ("Amsil")	52%
Corpem, Ltd. ("Corpem")	20%

#### Research and Development

- - - - -

Research and development expenditures are charged to expense as incurred, unless they are reimbursed under specific contracts. The Company capitalizes costs related to acquired technologies that have achieved technological feasibility and have alternative uses. Acquired technologies, which are in-process at the date of acquisition or have no alternative uses are expensed as research and development costs. Losses incurred on the equity basis in the Company's interest in seven Israeli research and development companies are included in research and development expense. The Company recognizes its share of losses from Israeli investees during the quarter that the funding payments are made.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

## Reclassifications

- - - - -

Certain prior year balances have been reclassified to conform to the current year presentation.

## Impact of Recently Issued Accounting Standards

- - - - -

In April 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, "Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections". SFAS No. 145 requires that gains and losses from extinguishment of debt be classified as extraordinary items only if they meet the criteria in Accounting Principles Board Opinion No. 30 ("Opinion No. 30"). Applying the provisions of Opinion No. 30 will distinguish transactions that are part of an entity's recurring operations from those that are unusual and infrequent that meet the criteria for classification as an extraordinary item. The Company is required to adopt SFAS No. 145 no later than the first quarter of fiscal 2003, although early adoption is allowed. The Company has not yet evaluated the impact from SFAS No. 145 on its financial position and results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullified Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including certain costs incurred in a restructuring." SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. These costs include lease, costs to consolidate facilities or relocate employees, and certain termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. The Company has not yet determined the impact of SFAS No. 146 on its financial position and results of operations, if any.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 3 - CONVERTIBLE NOTE RECEIVABLES

In August 2002, the Company advanced \$500,000 to Swissray International, Inc. ("Swissray"), an unrelated public company for a convertible note receivable. The note accrues interest at 5% per annum and is due on December 31, 2003. The note is convertible into common stock of Swissray at the discretion of the Company, equal to 90% of the average of the closing bid prices for the unrelated public company's common stock for the 5 trading days ending the trading day immediately preceding a conversion date.

NOTE 4 - 8% CONVERTIBLE DEBENTURES

On January 9, 2002, the Company converted \$3,000,000 principal amount of February 1998 Convertible Debentures, plus the amount of all accrued and unpaid interest aggregating \$574,419, due February 23, 2002, into 6,000,369 shares of the Company's common stock in full satisfaction of the debentures. In connection with the conversion, the Company issued a warrant to purchase 500,000 shares of common stock at an exercise price of \$1.00 per share. The warrants are exercisable over five years. The warrants were valued at \$390,000 based on the Black-Scholes option pricing model and such amount was recorded as a debt conversion expense during the three months ended March 31, 2002.

NOTE 5 - ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities consist of the following:

	At September 30, 2002 -----	At December 31, 2001 -----
Interest	\$ 5,124	\$ 547,953
Professional fees	527,924	53,475

Consulting fees	355,285	138,420
Insurance	150,212	-
Other	251,059	145,359
	-----	-----
	\$1,289,604	\$ 885,207
	=====	=====

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY

Series A 3% Convertible Preferred Stock

-----

On February 1, 2002, the Company amended its Articles of Incorporation to designate 25,000 of its 5,000,000 authorized preferred stock as a "Series A 3% Convertible Preferred Stock," par value \$.01 per share, with a liquidation preference of \$100 per share. In February 2002, the Company entered into a securities purchase agreement with Woodward LLC to purchase 25,000 Series A 3% Convertible Preferred stocks for \$2,500,000. As of September 30, 2002, the Company has received \$2,500,000, less commissions and expenses.

The holder of the designated series stocks is entitled to receive dividends at a rate of three percent per annum of the liquidation preference of \$100 per share, which is fully cumulative. The dividends on the designated series stocks accrue from the date of issuance of each share and are payable semi-annually on June 30 and December 30 of each year, commencing on June 30, 2002. The dividends on the designated series stocks are payable only when, as and if declared by the Board of Directors out of funds legally available.

At September 30, 2002, cumulative dividends in arrears on the Series A 3% Convertible Preferred stock was \$38,950.

Pursuant to a registration rights agreement dated February 1, 2002, the purchaser of the Series A 3% convertible preferred stock was granted mandatory registration rights. The Company filed a registration statement with the SEC on May 24, 2002, which was subsequently withdrawn on June 27, 2002. If the registration statement covering the registrable securities is not filed in proper form with the SEC by the required filing date, and does not become effective after August 20, 2002, the Company will be required to pay certain penalties to the purchaser. The purchaser agreed to suspend this obligation until November 30, 2003.

The holder of the designated series shares has no voting rights. As of September 1, 2002, each designated series share can be converted to fully paid and non-assessable shares of common stock, at the option of the holder by dividing \$.50 into the liquidation preference. At the Company's option, all accrued or declared, but unpaid dividends on the designated series shares have the option to be paid in cash or in common stock. Under a repricing rights agreement dated February 1, 2002, common shares issued upon conversion are subject to monthly repricing on or after October 1, 2002, if the average bid price for any lowest five business days during the repricing period is not equal or greater than \$3.618.

Under certain circumstances, the Company, at its option, may redeem the Series A 3% convertible preferred stock at \$732.60 per share.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Series A 3% Convertible Preferred Stock (Continued)

- - - - -

On September 30, 2002, the Company entered into a termination and modification agreement with Woodward LLC, with respect to the repricing rights agreement and

all repricing rights with respect to the Series A Convertible Preferred stock are deemed satisfied in full upon the delivery of 17,000 shares of Series B 5% Convertible Preferred stock of the Company.

In accordance with EITF Issue 00-27, "Application of EITF Issue No. 98-5 to Certain Convertible Instruments", in the third quarter of 2002, the Company recorded a non-cash preferred stock dividend in the amount of \$2,350,380, representing the beneficial conversion feature that the holders of the Series A 3% Convertible Preferred Stock received. The pronouncement limits the amount of the beneficial conversion feature to the net proceeds received under the financing.

#### Series B 5% Convertible Preferred Stock

-----  
On October 8, 2002, the Company amended its Articles of Incorporation to designate 25,000 of its 5,000,000 authorized preferred stock as a "Series B 5% Convertible Preferred stock", par value \$.01 per share, with a liquidation preference of \$1,000 per share.

The holder of the designated series stock is entitled to receive dividends at a rate of five percent per annum of the liquidation preference of \$1,000 per share, which is fully cumulative. The dividends on the designated series shares accrue from the date of issuance of each share and are payable annually.

Each share of the Series B Preferred stocks is redeemable by the Company for \$1,000. The Series B Preferred stock are convertible by the holder for \$.75; provided, however, in the event that the Company fails to redeem in full the shares (\$1,000 per share, plus accrued dividends), pursuant to the following schedule: June 30, 2003 - \$750,000; September 30, 2003 - \$750,000; December 31, 2003 - \$750,000; March 31, 2004 - \$1,000,000; June 30, 2004 - \$1,500,000; September 30, 2004 - \$1,500,000; December 31, 2004 - \$2,000,000; March 31, 2005 - \$2,000,000; June 30, 2005 - \$2,500,000; September 30, 2005 - \$2,500,000; December 31, 2005 - \$2,750,000; March 31, 2006 - \$2,800,000; then until the next scheduled optional redemption date, up to 10% of the original issued Series A and B stock can be converted by the investor at the conversion and shall automatically be changed to a variable conversion price, which will be the greater of (i) \$.05 per share, or (ii) 90% of the market price, if the market price is between the floor and \$.40 per share; 85% of the market price if the market price is between \$.41 and \$.80 per share; 80% of the market price if the market price is between \$.81 and \$1.20 per share; 75% if the market price is between \$1.21 and \$2.50 per share; 70% of the market price if the market price is between \$2.51 and \$5.00 per share; and 65% of the market price if the market

price is at \$\$5.01 and over. The market price is defined as the average of 5 trading days preceding the

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EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Series B 5% Convertible Preferred Stock (Continued)

- - - - -

conversion date. Additionally, in the event that the Company fails to redeem the Series B Preferred stocks according to the redemption schedule in the preceding paragraph and cannot retain the listing of its securities on the American Stock Exchange, then the conversion price of the Series B Preferred stocks until the next optional schedule redemption date shall be 85% of the average of 3 lowest closing bid prices during 10 days prior to the conversion date. The liquidation price for each of these shares is also \$1,000.

On September 30, 2002, Woodward has agreed, subject to certain conditions, to purchase 1,300 shares of Series B 5% Convertible Preferred stock for \$1,300,000. As of September 30, 2002, the Company received an advance of \$675,000 against the first installment.

Common Stock Transactions

- - - - -

On January 9, 2002, the Company issued 6,000,369 shares of its common stock from the conversion of \$3,000,000 principal amount of February 1998 convertible debentures, plus the amount of all accrued and unpaid interest, totalling \$3,574,419.

During the nine months ended September 30, 2002, the Company issued 70,145 shares of its common stock as consideration for consulting services performed by various consultants, totalling \$318,221.

Amendments to Woodward LLC Agreements

-----  
On February 1, 2002, the Company and Woodward LLC entered into an agreement to extend and modify their existing agreement as further amended and modified effective as of April 12, 2002 as follows:

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EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Amendments to Woodward LLC Agreements (Continued)

-----  
- - On February 1, 2002, the Company issued to Woodward LLC 6,000,000 shares of its common stock in satisfaction of the fourth and fifth repricing period from the April 2000 Agreement. On April 12, 2002, the Company committed to issue an additional 6,100,000 shares of its common stock in satisfaction of the sixth and final repricing period pursuant to the April 2000 Agreement, of which 4,350,000 shares were issued in April of 2002. It was determined during May 2002 that the actual number of shares to satisfy the sixth and final repricing period pursuant to the April 2000 agreement was 4,680,009. As of September 30, 2002, the Company has agreed that an additional 1,750,000 are to be issued to complete this agreement.

- - The exercise price of the two warrants that were previously issued to Woodward LLC for 200,000 and 500,000 shares, respectively, was reduced to \$1.00 per share.

- - The Company has agreed to authorize and reserve for issuance, free from pre-emptive rights, 10,000,000 shares of common stock for purposes of issuance of the shares for the above repricing agreement. Upon the amendment of its articles of incorporation, the number of shares to be



reserved for this repricing agreement will increase to 20,000,000.

On September 30, 2002, the Company and Woodward LLC entered into an agreement that provided for the termination of the outstanding repricing rights associated with the common stock purchase agreement dated as of March 30, 2001. The Company will issue to Woodward LLC 10,000,000 additional shares of common stock in full and complete satisfaction of canceling all outstanding repricing rights associated with the March 2001 agreement. In addition, subsequent to signing the restructuring agreements, Woodward LLC has agreed to defer receiving the 10,000,000 shares, subject to the approval by shareholders of an increase in the Company's authorized capital and the approval of AMEX to issue and list these common stocks.

#### Terminated Equity Agreement

- - - - -

In February of 2002, the Company entered into a Private Equity Agreement with an investor under which the Company, at its option, could put shares to the investor to sell up to \$10 million of its common shares. The common shares to be sold must be registered to commence the sales of common stock under this agreement. Each sale is limited to the lesser of \$1 million or two hundred percent of the weighted average volume for the twenty trading days immediately preceding the put date and each sale is subject to certain other restrictions. The initial sale price of the common stock is based on 90% of the average of the lowest three days closing prices of its common stock during the 10 trading days immediately following the put date.

#### EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

#### NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

#### Terminated Equity Agreement (Continued)

- - - - -

Subsequent to September 30, 2002, the Company was notified that the above equity agreement of up to \$10,000,000 has been terminated.

#### Private Placement of Common Stock and Warrants

-----  
In September 2002, the Company entered into a private equity financing agreement in the amount of \$250,000. The agreement consisted 5,000,000 units consisting of 5,000,000 shares of common stock and 5,000,000 shares of common stock issuable upon exercise of warrants at an exercise price of \$.05. In October 2002, the Company sold 5,000,000 units for \$250,000. The above investor advanced \$250,000 to the Company against the 5,000,000 units as of September 30, 2002.

The warrants are exercisable for two years commencing upon the first day of an effective registration covering the shares of common stock.

#### Warrants

-----  
In January 2002, in connection with the conversion of \$3,000,000 principal of February 1998 convertible debentures, plus the amount of all accrued and unpaid interest, the Company issued warrants to purchase 500,000 shares of its common stock at an exercise price of \$1.00. The amounts vested immediately and expire in five years from the grant date. The fair value of stock warrants estimated on the date of grant using the Black-Scholes option pricing model was \$.78, which was charged to debt conversion expense during the three months ended March 31, 2002.

#### New Stock Option Plan

-----  
The Company's 2002 Stock Option Plan was adopted by the Board of Directors of the Company on April 30, 2002 subject to shareholders' approval. Under the Option Plan, a total of 6,000,000 shares of the Company's common stock, subject to certain adjustments, are reserved for issuance upon the exercise of options. The Plan shall be administered by the Board or a Committee, or a combination thereof, as determined by the Board. The Plan may be administered by different administrative bodies with respect to different classes of participants and, if permitted by the applicable laws, the Board may authorize one or more officers (who may (but need not) be officers) to grant options to employees, outside directors and consultants.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Options Granted Outside the Plan

- - - - -

In February 2002, pursuant to employment agreements, two employees were issued non-qualified stock options to purchase a total of 2,300,000 common shares at an exercise price of \$.50 per share. The options are exercisable over a ten-year period. During August 2002, one of the above employees resigned, which by doing so forfeited his interest and rights to 1,300,000 non-qualified stock options. The Company then proceeded to cancel the 1,300,000 non-qualified stock options.

In February 2002, pursuant to a consulting agreement, a consultant was issued non-qualified stock options to purchase a total of 1,000,000 common shares at an exercise price of \$.50 per share. The options are exercisable over a ten-year period. The fair value of stock options estimated on the date of grant using the Black-Scholes option pricing model was \$0.49, or \$490,000, of which \$390,343 was charged to operations during the nine months ended September 30, 2002.

In March 2002, in connection with legal services provided, the Company issued the attorney firm options to purchase 225,000 shares of common stock at an exercise price of \$.44. The fair market value of the stock options estimated on the date of grant using the Black-Scholes option pricing model was \$0.21, or \$47,250, which was charged to operations during the nine months ended September 30, 2002. The warrants are exercisable over a ten-year period.

In April 2002, pursuant to a consulting agreement, a consulting company was issued non-qualified stock options to purchase a total of 249,000 common shares at an exercise price equal to the average closing bid price of the Company's shares on three trading days prior to the vesting date. The options are exercisable over a ten-year period. The fair value of stock options estimated on the date of grant using the Black-Scholes option pricing model was \$57,270, of

which \$56,025 was charged to operations during the nine months ended September 30, 2002.

In May 2002, pursuant to a consulting agreement, a consultant was issued non-qualified stock options to purchase a total of 45,000 common shares at an exercise price of \$0.31. The options are exercisable over a ten-year period. The fair value of the stock options estimated on the date of grant using the Black-Scholes option pricing model was \$0.20, or \$9,000, of which \$8,586 was charged to operations during the nine months ended September 30, 2002.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

Options Granted Outside the Plan (Continued)

- - - - -

Weighted

the	Average	Under the Plans	Weighted	Outside
Exercise		Stock Options	Average	Plans
Options	Price		Exercise Price	Stock
----	-----	-----	-----	-----
Balance at December 31, 2001		1,062,500	\$1.65	
325,000	\$ 2.85			
Granted		-	-	
3,819,000	.49			
Exercised		-	-	-
-				
Cancelled		-	-	
(1,300,000)	(.50)			
		-----	-----	-----

--	-----		
Balance at September 30, 2002		1,062,500	\$1.65
2,844,000	\$ .83		
=====	=====	=====	=====

The exercise price for options outstanding as of September 30, 2002 ranged from \$0.10 to \$4.00.

In compliance with SFAS No. 123, the Company has elected to provide the pro forma disclosure of net income (loss) and earnings per share as if the fair value based method had been applied to the Company's financial statements due to the Company's continuation of its use of APB Opinion No. 25. As such, the Company's net loss and loss per share for the nine months ended September 30, 2002, adjusted to reflect pro forma amounts, are indicated below:

	Nine Months Ended
	September 30, 2002
	-----
Net loss attributable to common	
shareholders:	
As reported	\$ (9,532,518)
Pro forma	\$(10,659,518)
Basic and diluted loss per common	
share:	
As reported	\$ (.10)
Pro forma	\$ (.11)

The fair value of stock options granted in 2002 was estimated on the date of grant using the Black-Scholes option pricing model. The weighted average fair value and related assumptions were:

	September 30,
	2002
	-----
Weighted average fair value	\$0.49
Expected volatility	142.87%
Risk-free interest rate	5.00%
Expected life	10 years

## EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

## NOTE 6 - STOCKHOLDERS' EQUITY (Continued)

## Earnings Per Share

- - - - -

Securities that could potentially dilute basic earnings per share ("EPS") in the future, and that were not included in the computation of diluted EPS because to do so would have been anti-dilutive for the periods presented, consist of the following:

	Assumed Average Market Price for Common Stock			
	\$ .10	\$ .20	\$ .50	\$
	-----	-----	-----	-----
1.00				
-----				
Common shares potentially issuable during the period June of 2003 to March of 2006 in connection with conversion of the Series A and B preferred stock (assuming the Company does not voluntarily redeem the shares for their liquidation preference of \$20,175,000)	224,166,667	112,083,333	46,918,605	
25,218,750				
Options to purchase common stock	3,906,500	3,906,500	3,906,500	

3,906,500

Warrants to purchase common

stock	3,219,333	3,219,333	3,219,333
3,219,333			

Repricing rights provisions

under common stock sales	11,750,000	11,750,000	11,750,000
11,750,000			

Private equity financing -

8,500,000 shares common stock

and 5,000,000 warrants to

purchase 1 share of common

stock	13,500,000	13,500,000	13,500,000
13,500,000			

Common stock issuable for

research, development and

marketing of technologies	4,000,000	4,000,000	4,000,000
4,000,000			

-----

	260,542,500	148,459,166	83,294,438
61,594,583			

=====

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## EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

## NOTE 7 - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS

## New Employment Agreement

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On February 28, 2002, the Company entered into an Employment Agreement with it

new Chairman Don Hahnfeldt. Under the terms of the agreement, the Company is to pay to Mr. Hahnfeldt a salary equal to \$15,000 per month, plus benefits. The agreement is for a term of two years and provides for a severance payment in the amount of \$180,000 and immediate vesting of all stock options in the event his employment is terminated without cause. Mr. Hahnfeldt was granted options to acquire 1,000,000 shares of the Company's common stock, of which 500,000 shall vest immediately and the remaining 500,000 shall vest equally over a 24 month period beginning March 1, 2002 and are exercisable only in the event that the Company increases the number of authorized shares of common stock to at least 130,000,000 shares. The options are exercisable at the fair market value at the date of the grant of \$0.50 per share. All stock options expire on February 28, 2012. Beginning May 24, 2002, Don Hahnfeldt has agreed to defer \$10,000 per month of his salary subject to future cash availability.

On February 28, 2002, the Company entered into an Employment Agreement with its new President and Chief Executive Officer Todd J. Broms. Under the terms of the agreement, the Company is to pay to Mr. Broms a salary equal to \$210,000 per year. The agreement is for a term of two years and provides for a severance payment in the amount of \$210,000 and immediate vesting of all stock options in the event his employment is terminated without cause. Mr. Broms was granted options to acquire 1,300,000 shares of the Company's common stock, of which 675,000 shall vest immediately and the remaining 625,000 shall vest equally over a 24 month period beginning March 1, 2002 and are exercisable only in the event that the Company increases the number of authorized shares of common stock to at least 130,000,000 shares. The options are exercisable at the fair market value at the date of the grant of \$0.50 per share. The options expire on February 28, 2012.

During August 2002, Todd J. Broms and the Company mutually agreed to terminate his employment with the Company. There was no additional compensation or other payment, including severance payment due to Todd J. Broms. In addition, the above 1,300,000 options were also forfeited and subsequently cancelled by the Company.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)



## NOTE 7 - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

## New Employment Agreement (Continued)

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On February 28, 2002, the Company entered into a Consulting Agreement with Verdi Consultants, Inc. Under the terms of the agreement, the Company is to pay to Verdi Consultants, Inc. a consulting fee equal to \$15,000 per month plus benefits. The agreement is for a term of three years and provides for a severance payment in the amount of \$180,000 and immediate vesting of all stock options in the event the consulting agreement is terminated without cause. Verdi Consultants, Inc. was granted options to acquire 1,000,000 shares of the Company's common stock, of which 125,000 shall vest immediately and the remaining 875,000 shall vest equally over a 24 month period beginning March 1, 2002 and are exercisable only in the event that the Company increases the number of authorized shares of common stock to at least 200,000,000 shares. The options are exercisable at the fair market value at the date of the grant of \$0.50 per share. All stock options expire on February 28, 2012. Beginning August 8, 2002, Verdi Consultants, Inc. has agreed to defer \$5,000 per month of its consulting fees subject to future cash availability.

## New Advisory Agreement

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On April 29, 2002, the Company entered into a six-month advisory agreement with a consulting company, pursuant to which this entity will assist the Company in evaluating possibilities for improving capital structure and strategic alternatives. In addition, the entity, from time to time, may be requested to assist the Chief Executive Officer of the Company with other activities. The Company agreed to pay \$5,000 per week for the duration of the agreement. As of August 8, 2002, the above consultant has agreed to defer \$5,000 per month of its consulting fees subject to future cash availability. The Company has also agreed to issue the entity non-qualified 10-year stock option grant to purchase 249,000 shares of the common stock of the Company at the rate of 41,500 shares for each full calendar month the entity is retained by the Company. The exercise price is equal to the average closing bid price of the Company's shares on three trading days prior to its vesting date.

EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 7 - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

Technology Development and Consulting Agreements

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In August 2002, the Company signed agreements to issue 4,000,000 shares of common stocks to ipPartners, Inc., an affiliate of Trylon Metrics, Inc., for development of prototypes based upon the Company's Acoustic Core technology. Of the 4,000,000 shares, 2,000,000 of the shares are for fees to consultants to further develop the Automated Portal Threat Inspection System ("APTIS") screening portal to detect plastic explosives on humans and within non-human transportation means. The remaining 2,000,000 shares to be issued are for fees to consultants to develop a hand-held, stand-off, screening device based upon the technologies developed within. Of the 4,000,000 shares to be issued, 2,000,000 shares will be placed in escrow and released to the consultants based upon achieving certain predetermined development milestones.

As of September 30, 2002, the above shares have not been issued and is currently awaiting approval to issue the shares from AMEX.

The Company has also agreed to pay the consultant \$12,500 per month until December 2002 for technical and marketing services and an additional \$5,000 per month for technical and marketing services payable to the consultant until December 13, 2002.

The Company has agreed to register the common stock to be issued to the consultant pursuant to the technology development and consulting agreements with the SEC for resale by the consultant at the Company's expense. If the registration does not occur by October 15, 2002, then the parties will negotiate a good faith substitute for the shares of the Company's common stock. Negotiations are currently underway.

Joint Technology Development Agreement

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The Company entered into a Joint Technology Development Agreement (the "JTDA") with Logstor Ror A/S ("Logstor"), a Danish corporation, dated as of September 24, 2002.

The Company and Logstor will act as independent contractors to develop a foam incorporating the Company's proprietary HNIPU binder for use in pre-insulated pipes manufactured by Logstor. The Company and Logstor will initially collaborate to tailor the foam chemistry according to Logstor's specifications. Logstor has exclusive worldwide rights to specific defined markets to incorporate this technology into its product line and will pay the Company a royalty fee. In return for worldwide exclusivity, Logstor has committed to convert its production facilities to use of HNIPU in its product line based on successful achievement of the technical and cost criteria.

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EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 7 - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

Joint Technology Development Agreement (Continued)

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Pursuant to the JTDA, Logstor and the Company will jointly own all intellectual property rights resulting from work performed under the Agreement. The Company will retain sole ownership of rights to other forms, applications and markets of HNIPU preceding and or independent of the Agreement.

Proposed Acquisition of Swissray International, Inc.

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The Company entered into a non-binding letter of intent with Hillcrest Avenue LLC ("Hillcrest") to acquire Hillcrest's majority controlling interest in Swissray International, Inc. ("Swissray") (OTC Bulletin Board: SRMI.OB) in an all stock transaction. Swissray is engaged in the design, manufacturing and marketing of proprietary direct digital radiography (ddR) technology. This

technology is radiographic images in seconds and at a lower cost than conventional radiography.

The terms of the letter of intent contemplate payment to Hillcrest in the range of \$40 to \$60 million stated value in the form of a new series of the Company's 3% pay-in-kind ("PIK"), Five-Year Cumulative Convertible Preferred Stock. While terms of the Convertible Preferred Stock, including the principal amount, definitive stated value and redemption terms remain to be finalized pending upon the completion of due diligence reviews.

The letter of intent provides for a limited exclusivity period, during which time Swissray and its major shareholders are prohibited from negotiating with any other potential buyer. As a result, until the expiration of such exclusivity period, no further action shall be taken by the Company or Swissray with respect to a potential acquisition by the Company of a majority controlling interest in Swissray pursuant to a non-binding non-exclusive letter of intent previously executed by the Company and Swissray. While the Company maintains an interest in pursuing an acquisition of the majority controlling interest in Swissray, as previously disclosed, there can be no assurances that any such transaction may occur given the recent revelation of a suitor for the entire company. Management will actively monitor the situation as it develops since it believes there are synergies achievable between the Company and Swissray.

#### Office Lease and Required Security Deposit

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On August 30, 2000, the Company entered into a lease agreement for office space in Fairfax, Virginia for a period of five years. Under this lease agreement, the Company is required to have a stand-by letter of credit in the amount of \$224,038, which would represent a security deposit. The stand-by letter of credit is to be renewed annually and at September 1, 2002, the Company did not renew this stand-by letter of credit.

EUROTECH, LTD. AND SUBSIDIARIES  
(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

NOTE 7 - COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

Risk of Environmental Liability; Present Lack of Environmental Liability Self Insurance

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The Company's radioactive contaminant technology is subject to numerous national and local laws and regulations relating to the storage, handling, emission, transportation and discharge of such materials, and the use of specialized technical equipment in the processing of such materials. There is always the risk that such materials might be mishandled, or that there might be equipment or technology failures, which could result in significant claims for personal injury, property damage, and clean-up or remediation. Any such claims against the Company could have a material adverse effect on the Company. The Company does not presently carry any environmental liability insurance, and may be required to obtain such insurance in the future in amounts that are not presently predictable. There can be no assurance that such insurance will provide coverage against all claims, and claims may be made against the Company (even if covered by insurance policies) for amounts substantially in excess of applicable policy limits. Any such event could have a material adverse effect on the Company.

Concentration of Credit Risk

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Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash, which is at one bank. Future concentration of credit risk may arise from trade accounts receivable. Ongoing credit evaluations of customers' financial condition will be performed and, generally, no collateral will be required.

Business Risks

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The Company requires additional funds to commercialize its technologies and continue research and development efforts. Until the commencement of sales, the Company will have no operating revenues, but will continue to incur substantial expenses and operating losses. No assurances can be given that the Company can complete development of any technology not yet completely developed or that, with respect to any technology that is fully developed, products incorporating the technology can be manufactured on a large-scale basis or at a feasible cost.

Further, no assurance can be given that any technology will receive market acceptance. Being a development-stage entity, the Company is subject to all the risks inherent in the establishment of a new enterprise and the marketing and manufacturing of a new product, many of which risks are beyond the control of the Company.

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EUROTECH, LTD. AND SUBSIDIARIES

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 8 - SUBSEQUENT ISSUES

Private Placement of Common Stock

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During October 2002, the Company entered into equity financings in the amount of \$175,000. The various agreements consisted of 3,500,000 shares of common stock.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following is a discussion of our financial condition, results of our operations and liquidity. This discussion should be read in conjunction with our financial statements and notes included in this report, as well as those included in our Annual Report on Form 10-K for the year ended December 31, 2001.

Certain information in this report, including the following discussion, may include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. We intend the disclosures in these sections and throughout the Quarterly Report on Form 10-Q to be covered by the safe harbor provisions for forward-looking statements. All statements

regarding our expected financial position and operating results, its business strategy, its financing plans, and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by the use of forward-looking words such as "may," "believe," "plan," "will," "anticipate," "estimate," "expect," "intend" and other phrases of similar meaning. Known and unknown risks, uncertainties, and other factors could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions.

#### Important Factors that Might Affect Our Business, Our Results Of Operations and Our Stock Price

Although we believe that our expectations expressed in these forward-looking statements are reasonable, we cannot promise and can provide no assurances that our expectations will turn out to be correct. Actual results could be materially different from our expectations due to a variety of factors, including the following:

- o We may not be able to adequately protect or enforce our rights to intellectual property or maintain rights to third-party patents, which may result in our losing valuable rights, experience reduced market share, assuming any, or incur costly litigation to protect such rights.
- o We might not be able to sell our licensed proprietary nuclear containment technology under our brand, EKOR(TM), and that we will never find a way to commercialize our other technologies. If we are unable to generate revenues from some source, we may have to go out of business and your investment in us could be lost.
- o Our securities may cease to be listed on the American Stock Exchange (the "Amex"), in which case the market liquidity of our common stock would likely be negatively affected, which may make it more difficult for holders of our common stock to sell their securities in the open market. Furthermore, if we were de-listed from the Amex, then public perception of the value of our common stock could be materially adversely affected and any additional financing may become difficult to obtain. In discussions with the Amex, the Amex has expressed concern about several of our financings with Woodward. The primary concern is the fact that securities sold to Woodward constitute future priced securities due to the repricing provisions or a floating conversion rate. The satisfaction and elimination of all repricing rights pursuant to restructuring agreements may alleviate some of this concern, but there is still a potential future priced securities issue with the floating conversion rate pursuant to the optional conversion rights of

the Series B Preferred Stock, which are to be issued to Woodward pursuant to the restructuring agreements. The Amex has also expressed concern about our compliance with the additional listing application requirements of the Amex. We are working with the Amex in an attempt to alleviate these concerns. However, there is a risk that we may not be able to satisfy all of the Amex concerns and that, as a result, the Amex may de-list our securities. We have not received notification from the Amex that our common stock will be de-listed. Were such an event to occur, we would still be a public company and would be eligible to be listed on the OTC Bulletin Board.

- o Our financial statements were prepared on the assumption that we will continue as a "going concern," and our independent accountant has expressed a substantial doubt about our ability to continue as a "going concern."

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- o Shareholders face substantial dilution of their equity ownership percentage if our Series A Preferred Stock and/or Series B Preferred Stock is converted, if more of our outstanding options and warrants are exercised, or if we have to issue additional shares to raise capital. The extent of potential dilution depends significantly on the market price of our outstanding shares and may cause significant dilution in the value of your investment.
- o We have committed to issue all of our currently authorized capital stock. If our shareholders do not vote to increase our authorized capital stock, we will not be able to satisfy the contractual terms of our deal with Woodward or to obtain the additional financing necessary to continue operations.
- o We currently do not generate cash flow from operations and are dependent upon debt and/or equity financings to fund our operations. Therefore, if we cannot continue to arrange such financings or generate cash flow from other means, we would likely be forced out of business.
- o We have a limited operating history and therefore little basis for providing any meaningful forecasts.
- o We have incurred substantial operating losses and risk never generating any meaningful revenue or earning any profits.
- o We face unknown environmental liability risks and we don't carry any environmental liability insurance. Furthermore, environmental regulation in various countries may prevent the cost-effective application of some or all of our technologies.
- o Our proprietary technology (licensed or otherwise) and patents may not



give us adequate protection, therefore, others may be able to develop similar technologies or may not allow us to apply our technologies, either at all or without paying license fees. Our current financial situation is such that we may have difficulty paying certain licensing fees for some of our technology, in which case we may lose the licensing rights to certain of our technologies, including EKOR(TM). Currently, we have been successful in renegotiating certain licensing agreements to maintain our rights to the technologies but our future ability to maintain such rights is uncertain.

- o We depend upon a limited number of suppliers for components or our products, and if we are unable to obtain material from these suppliers on a timely basis, then we may not be able to deliver our products as required.
- o If our Acoustic Core(TM) or related products ("EDS"), when sold, fail to detect explosives, we could be exposed to product liability and related claims and we may not have adequate insurance coverage.
- o We are substantially dependent on potential orders from the U.S. Government and other specialized sources. If the U.S. Government or other sources fails to purchase our products, our business will be harmed. Also, governmental agencies, the primary customers for our proposed EDS and other products, are subject to budget processes, which could limit the demand for these products. Further, governmental agencies have special contracting requirements, which create additional risks.
- o Despite the protection afforded by the Price-Anderson Act (assuming its renewal), we face unknown environmental liability risks and we don't carry environmental liability insurance; the successful assertion against us of environmental liability could put us out of business.
- o We may be subject to significant competition and the existence or development of preferred technologies, which may keep us from swelling our products and technologies at a profit or at all.
- o We may run out of money before we begin to generate cash flow from operations and we may not be able to obtain needed financing. We have been advised by a representative of Jenks and Kirkland (J&K) that the financing of up to 10,000,000 has been terminated.
- o The Company recently signed agreements with Woodward to restructure certain existing financing agreements and provide for a potential source of funding for up to \$1,300,000. The various definitive agreements (the "Restructuring Agreements") signed, among other things, satisfy and eliminate the repricing rights associated with the Common Stock Purchase Agreement between us and Woodward dated March 31, 2001 (the "March 2001 Securities Purchase Agreement") by the future issuance of 10,000,000 shares of our common stock; satisfaction and elimination

of the repricing rights of the common stock, upon conversion of the Series A 3% Convertible Preferred Stock (the "Series A Preferred Stock") associated with the Securities Purchase Agreement between the Company and Woodward dated as of February 1, 2002 (the February 2002 Securities Purchase Agreement") by the issuance of \$17,000,000 stated value of a new class of preferred stock (the "Series B Preferred Stock"); and provide a potential financing where Woodward may purchase up to \$1,300,000 stated value of additional Series B Preferred Stock of which we have received \$175,000. In addition, subsequent to signing the Restructuring Agreements, Woodward has agreed to defer receiving the 10,000,000 shares subject to the approval by shareholders of an

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increased in the Company's authorized capital and the approval of Amex to issue and list this common stock. There is a risk that we will still be obligated to issue substantial amounts of additional shares of common stock to Woodward pursuant to these new agreements, that we will not be able to satisfy issuing these shares to Woodward and that we will not receive any additional financing from Woodward. The Restructuring Agreements are further described in the section titled "Woodward Restructuring."

- o Department of Commerce controls or other governmental control of our encryption technology may negatively impact our ability to sell or transfer our technology.
- o Certain of our Israel-based technologies are based and primarily dependent on the efforts of Dr. Figovsky. If Dr. Figovsky were to cease his association with our affiliated Israeli companies or if Dr. Figovsky were to die or become incapacitated, this might have an adverse affect on the research and development and commercialization of certain of our technologies.

Forward-looking statements included in this Report speak only as of the date of this Report and we do not undertake any obligation to publicly release any revisions to any forward-looking statements to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events.

#### OVERVIEW

Eurotech, Ltd. is a development-stage company and corporate asset manager seeking to develop and commercialize a diversified portfolio of technologies in

various markets. Our mission is to build value in our emerging technologies and in the companies we acquire and own, providing each with the resources it needs to realize its strategic business potential. In addition, we manage comprehensive engineering and scientific development programs designed to identify products and processes that have unique or superior characteristics with reduced manufacturing and/or use risks. Our emerging technology business segment develops and markets chemical and electronic technologies designed for use in Homeland and Environmental Security. Our portfolio of technologically advanced products includes: (a) proprietary materials created to address the problems of cost-effective nuclear and other hazardous waste containment, (b) advanced performance materials for use in industrial products such as coatings and paints, (c) automatic detection of explosives and illicit materials, and (d) cryptographic systems for secure communications, all of which can be used in Homeland and Environmental Security. We seek to commercialize our technologies using various financial and transactional vehicles including: technology transfer, licensing, joint venture, and distribution agreements.

We are not a subsidiary of another corporation, entity, or other person. We hold a greater than 50% equity interest in several Israeli research and development companies which may be deemed to be subsidiaries. In addition, we also own a majority interest in a Delaware corporation, which holds certain encryption technology assets currently under development, which may also be deemed to be a subsidiary.

We were incorporated under the laws of the District of Columbia on May 26, 1995. Our executive office is located at 10306 Eaton Place, Suite 220, Fairfax, Virginia 22030. Our website address is: [www.eurotechltd.com](http://www.eurotechltd.com).

#### Operations

Our technologies are grouped into three operational divisions. Those divisions are as follows:

- (i) Nuclear & Environmental Technology Solutions;
- (ii) Advanced Performance Materials, and;
- (iii) Security & Safeguards.

#### Nuclear and Environmental Technology Solutions (NETS)

NETS has three unique technologies that are actively marketed consisting of a family of silicon-based geopolymers known as EKOR(TM), a fire-resistant surface fixative known as Rad-X(TM), and a set of remote sensing technologies for subsurface investigation. Each technology was introduced to the market in 2001.

All three technologies are aimed at initial opportunities for sale or licensing within the U.S. Department of Energy ("DOE"). To date, in 2002, this division earned revenues of \$66,173.

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#### Advanced Performance Materials (APM)

In 2001, we formed the Advanced Performance Materials Division. APM organized non-nuclear and non-security related technologies into a business unit that will provide focus to our commercialization effort, coordinate on-going R&D related to those technologies, allow prioritization of marketing efforts in-line with available corporate resources and provide a managerial structure and point of contact for potential licensees. Dr. Oleg Figovsky, a renowned Israeli scientist and paid consultant, has sold or licensed to us many of our APM technologies through various technology transfer agreements.

We initially placed these technologies, acquired directly from Dr. Figovsky, in the APM division. In addition, the equity interests we own in our seven single technology Israeli start-up companies have also been grouped into the APM division. A majority of these companies have proceeded through their "incubator stage" as the subject technology is awaiting commercialization. However, due to limited working capital, management decided to temporarily curtail the funding of the operations and further development of the technologies and related operations for all but one of the Israeli-based technology companies. Curtailing funding of these technologies could affect our future ability to develop certain of these technologies, at which point we would have to decide whether to permanently discontinue development of the applicable technologies.

#### Security and Safeguards (S&S)

The events of September 11th resulted in concerted efforts to create a governmental agency to monitor Homeland Security. The products of this division are generally those types of products and technologies, which management believes, can provide, or be a part of, cost efficient and reliable solutions to these Homeland Security needs.

Two products currently under development are: Acoustic Core(TM) and Electromagnetic Radiography(TM) technologies for "in-situ" detection of various materials including certain explosives, non-exposed contaminants including nuclear and other hazardous wastes and sub-terrainian materials. Crypto.com is a "cyber-space" security technology which management believes may provide a level

of security that exceeds most other computer encryption technologies currently available to government entities.

The organization of these three operational units recognizes the diverse markets and objectives of our technologies and allows budgeting and strategic planning to be tightly focused. The following discussion of our technologies is grouped by division.

#### NUCLEAR & ENVIRONMENTAL TECHNOLOGY SOLUTIONS (NETS)

EKOR(TM). The NETS Division markets EKOR(TM) primarily in the United States and to select international customers. Our domestic market will continue to be dominated by the DOE, but potential opportunities will also be pursued in remediating hazardous waste for private industry. Our commercialization efforts are targeted to key DOE geographic areas including: The Hanford Reservation (eastern Washington state), Idaho National Environmental & Engineering Laboratory (INEEL), Rocky Flats Environmental Testing Site (RFETS), Savannah River Site, Oak Ridge National Laboratory, Ohio Field Office (Fernald, Mound, Battelle, and Columbus), West Valley (New York), and Paducah/Portsmouth. Our objective is to show how EKOR's(TM) capabilities as a durable long-term barrier (micro or macroencapsulation) provide DOE with the tools to accelerate their waste remediation schedules while reducing cost and containment risk. In addition, there are presently a number of international opportunities for use of the Company's EKOR(TM) technology. We consistently monitor international waste remediation programs carefully to assess when to initiate marketing efforts.

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During the first quarter 2002, two significant demonstration contracts were signed: (1) Amersham Health, a subsidiary of Amersham plc, placed an order for EKOR(TM) plates that contained varying amounts of neutron-absorbing material. These plates were to be used in tests at one of Amersham's facilities to evaluate their value at reducing radioactive waste generated in the production of medical isotopes. The plates were delivered in April and the tests are scheduled for completion in the fall 2002. NETS managers are currently scheduling meetings at Amersham Health's cyclotron facility in Plainfield, NJ to review the performance of EKOR containing neutron-absorbing material. Amersham Health operates cyclotron facilities worldwide and will use EKOR coating in significant quantities after material performance data is completed. We charged \$22,151 for these materials.

(2) Battelle Memorial Institute (BMI) bought over one hundred gallons of

EKOR(TM) to be used to stabilize buried reactor piping that contains internal radioactive contamination for \$42,672. Solidifying of EKOR(TM) within the pipe allows the pipes to be recovered, handled, and disposed of without risk of spreading the attendant contamination. This EKOR(TM) was delivered in March 2002 and was applied in late April 2002. The material solidified within the pipes as planned and BMI has given indication of future orders for similar applications. NETS is working with BNFL, Inc managers in the Waste Disposal Facility at the Department of Energy Mound Site in Miamisburg, Ohio to evaluate RAD-X and EKOR Matrix for stabilization of residual contamination and immobilization of waste. More than 500 gallons of RAD-X should be used to coat internal walls, ceilings and floor space to stabilize surface contamination and eliminate airborne particulate during dismantlement. EKOR Matrix should be used to encapsulate plutonium laden waste stored in drums, which can be transported to a certified disposal site.

A potential market for EKOR(TM) is the microencapsulation of highly toxic wastes being stored by DOE. In the budget request submitted to Congress by DOE in late January, DOE noted several wastes that posed significant budgetary and health risks, with schedules for resolution that had inordinately long timelines. DOE recently identified up to 40 of 177 High Level Waste Tanks at the Hanford Site, located in Richland, WA, for closure by 2006 as part of their Accelerated Site Closure Plan. Our NETS managers are working with the CHG Group, responsible for tank closure, to immobilize Low Activity Waste (LAW) using EKOR in an effort to reduce cost and schedules for tank closure. NETS is performing a demonstration in December 2002 for CHG. After evaluation of material performance We anticipate the selection of EKOR for immobilization of LAW. Additional highly toxic wastes are stored at DOE sites in Idaho and South Carolina.

Two new opportunities that arose in the second quarter 2002 were the German Federal facility stabilization initiative and the UK breeder reactor Decontamination and Decommissioning (D&D). In the German opportunity, EKOR is being evaluated for coating effectiveness and the tests should be completed in third quarter 2002. We are currently having discussions with a German-based client to certify EKOR for waste stabilization and disposal. In the UK program, EKOR will be tested during the first quarter 2003 for efficiency in microencapsulation of solid, oxide and sludge waste forms. BNFL plc stores large volumes of waste for disposal at their Sellafield, UK site.

EKOR(TM) products that are commercially viable and are being marketed include Sealer Plus, Matrix, and Grout. Sealer Plus is a one-part, "turnkey" product, designed for application by airless sprayer to stabilize certain loose hazards/radioactive waste on contaminated surfaces. Matrix is a three-part solution tailored for use in microencapsulating fine particles, small pieces or

even slurries. Matrix cures into a monolith that has extreme resistance to leaching or degradation. Grout is a three-part solution designed to macroencapsulate-contaminated surfaces or to form plates or shapes for special applications.

RAD-X(TM) - RAD-X(TM) was introduced in late 2001 as a temporary fixative to be used to stabilize hazardous waste by decommissioning contractors. Its advantages are fire resistance and adhesion. DOE has indicated a reduction in decommissioning activities, but several sites have expressed interest in Rad-X(TM).

SUBSURFACE REMOTE SENSING TECHNOLOGIES - On September 25, 2001, we acquired the worldwide rights to patented remote sensing technologies, Electromagnetic Radiography(TM) (also known as "EMR(TM)") and Acoustic Core(TM), from Trylon Metrics, Inc., for 2,500,000 shares of our common stock. EMR(TM) and Acoustic Core(TM) technologies provide 3D images of subsurface contaminants with a high degree of discrimination and precision. In addition, we believe these

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technologies offer large area coverage at high resolution and are significantly more cost effective than monitoring methods currently used for environmental assessments. We believe that this acquisition will both enhance our ability to market EKOR(TM) products and position us as a prime technology source/solution for various environmental markets. EMR(TM) and Acoustic Core(TM) have been proposed for use to the DOE for work to be conducted at Hanford and INEEL. We have filed three U.S. patent applications, which address the use of the technology in marine geophysical exploration for oil and natural gas. Two large dredging and marine environmental projects based in the U.S. have been forwarded technical and pricing proposals for use of the technology in identifying marine sediment contaminants. The U.S. Government General Accounting Office has identified one of these technologies for near-term future use in continuing government research for detection and classification of land mines.

In addition, in August 2002, we signed agreements to issue 4,000,000 shares to ipPartners, Inc., an affiliate of Trylon Metrics, Inc., for development of prototypes based upon our Acoustic Core(TM) technology. Of the 4,000,000 shares, 2,000,000 of the shares are earmarked for fees to consultants to further develop the APTIS(TM) screening portal to detect plastic explosives on humans and within non-human transportation means. The remaining 2,000,000 shares to be issued are earmarked for fees to consultants to develop a hand held, stand-off, screening device based upon the technologies developed within. Of the 4,000,000 shares to

be issued, 2,000,000 shares will be placed in escrow and released to the consultants based upon achieving certain predetermined development milestones.

We are marketing to U.S. agencies (DOE, DOD and EPA) and companies either performing work for these agencies or responsible for cleanup activities being required by these agencies. We seek to enter into licensing, contracted, or joint venture arrangements to facilitate the implementation of these technologies.

#### ADVANCED PERFORMANCE MATERIALS (APM)

HNIPU (Hybrid Non-Isocyanate Polyurethane) - In 1998, we purchased the HNIPU technology from Dr. Figovsky. We intend to incorporate HNIPU into commercial coatings, paints, adhesives, and foams as a replacement for conventional polyurethane binders. Research, development, and sample production activities have been performed by Chemonol, Ltd. an Israeli start-up company in which Eurotech holds majority ownership and to which we have funded these directed activities.

We are conducting various discussions with multiple domestic and international parties relating to licensing, selling, and/or joint venturing for developing and commercializing certain HNIPU technologies and variants therefrom. The technologies can be used, potentially, for non-toxic and quick-drying industrial paints and coatings and non-toxic foam products such as, but not limited to, certain components contained in automotive interiors.

During second and third quarters of 2002, we successfully demonstrated an acrylic version of HNIPU and produced a number of coated test panels. These panels have been subjected to 2,000 hours accelerated weather and UV(B) exposure with no evidence of physical change. Testing remains ongoing and we have engaged a respected industry test facility to independently test acrylic HNIPU samples. As a result of the test results, we are increasing our efforts to secure US binder production and have entered into discussions with two prominent industry resin and binder producers.

During third quarter 2002, we secured a joint technology development agreement with Logstor Ror of Denmark for certain worldwide exclusive rights to our HNIPU foam. The agreement allows for a period of time for a collaborative period during which our respective technical experts will tailor the chemistry of HNIPU foam binder to meet criteria as specified by Logstor. On achievement of these criteria, the Agreement requires Logstor to incorporate HNIPU foam binder into its product line at which time we will begin receiving royalty revenue based on



volume of binder consumed. The agreement specifies the minimum or baseline royalty level required of Logstor for it to retain worldwide exclusivity. Based on Logstor's current and projected binder consumption, both companies anticipate Logstor to easily exceed the minimum requirement for retaining worldwide exclusivity.

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OTHER ISRAELI TECHNOLOGIES - We refer you to the description of our business in Part I, Item 1 of our Annual Report on Form 10-K for the fiscal year ending December 31, 2001 for a description of each of these technologies other than those discussed above; they are identified in such report as:

- o FIRESIL(TM) (Intumescent Fire-Stop Coating)
- o SPCE (Sulfochlorinated Polyethylene Coatings)
- o Continuous Combustion Synthesis and Continuous Action Reactor
- o Cobalt and nickel powders
- o Polydiene Urethane Adhesives (Poly-D Adhesives) - Electronic Glues
- o Kauton
- o Hypocorr
- o Anticorrosive Additives for Polymers (AAdd)
- o Liquid Ebonite Mixtures (LEM)
- o Rubber Concrete (RubCon)

We had no activity with respect to these technologies during the third quarter 2002.

#### RISKS RELATING TO OUR INTERESTS IN ISRAEL

Even though most of our current developmental efforts are not focused on our Israel-based subsidiaries, we believe that certain risks relating to our limited operations in Israel should be addressed. Some of the risks that might negatively impact our Israeli interests include:

- o Any future armed conflicts or political instability in the region would likely negatively affect local business conditions and harm our R&D and commercialization efforts;
- o Our R&D and commercialization efforts may be negatively affected by the obligation of our personnel or consultants to perform military service, where reservists may be called to duty in emergency situations;
- o There might be changes to the policies underlying the grants our

affiliated Israeli companies have received from the Law for the Encouragement of Capital Investments, 1959 Government of Israel through the Office of the Chief Scientist of the Ministry of Industry and Trade, or Chief Scientist; and

- o Certain of our Israel-based technologies are based and primarily dependent on the efforts of Dr. Figovsky. If Dr. Figovsky were to cease his association with our affiliated Israeli companies or if Dr. Figovsky were to die or become incapacitated, this might have an adverse effect on the R&D and commercialization efforts of certain of our technologies.

#### SECURITY & SAFEGUARDS DIVISION (S&S)

During the third quarter 2002, we continued to accelerate the development of our illicit and hazardous materials detection technology, particularly its plastic explosives detection capability. The fabrication of our prototype Automated Portal Threat Inspection System, or APTIS(TM), was completed during the month of July, ahead of schedule. Field Testing (Phase 3 of the development cycle) has begun, a key component of which is acoustic data acquisition and the performance of blind testing with surrogate and actual explosives target materials.

Empirical data will be tested against theoretical models to refine the signal processing design approach. The testing program includes directional targeting on simple models and omni directional testing on complex models of both benign surrogate materials and illicit materials of interest. Marketing efforts to commercial and government security managers continue. A total of six proposals for various applications of Acoustic Core(TM) in support of Homeland Security have been submitted under Board Area Announcement solicitations by the DOD. An additional proposal to the National Institute of Justice was submitted this quarter for national security applications. The Company is engaged in negotiating a cooperative research and development agreement (CRADA) with the Air Force to participate in a program to develop explosives detection systems for inspection of cargo and vehicles. It is anticipated that this system will be developed and demonstrated by end of first quarter 2003.

On July 24, 2002 we entered into several agreements to amend certain prototype technology development agreements with the inventors of APTIS(TM), including ipPartners, Inc. (the "Consultant"), Trylon Metrics, Inc. and Mr. Robert Tarini (who is also President of both the Consultant and Trylon Metrics, Inc.), to allow us to compensate the Consultant with our common stock in lieu of cash to complete the APTIS(TM) prototypes, as described in our current report on Form

8-K dated July 24, 2002 (filed with the SEC on August 6, 2002) (the "Technology and Consulting Agreements").

The Technology Development and Consulting Agreements supersede and replace all original agreements between the Consultant and us regarding APTIS(TM) Integrated Metal and Explosives Screening Portal Product Development (the "Portal Project" and also incorporates development of a hand held portable APTIS(TM) Integrated Metal and Explosives Screening Device (the "Hand Held Project"). Upon completion of development, the Hand Held Project portable device may be capable of automated remote standoff detection of explosives found within shipping containers, vehicles or carried on humans. The Hand Held Project device, in its final form, should provide a remote standoff range for detection of explosives of greater than 50 feet. Such a device would offer the operator the capability of extending threat detection range while increasing personnel safety. When developed, the Handheld Project device will complement the capabilities of our Portal Project explosives detection system currently in development. All Acoustic Core(TM) products utilize our proprietary and differentiated technology that has the ability to remotely sense almost any element or compound using a non-contact inspection methodology.

Pursuant to the Technology Development and Consulting Agreements, we will retain all intellectual property rights related to the Portal Project and the Hand Held Project and the Consultant will assist us with the research and development and marketing of these projects. In return, we will compensate the Consultant for past development services by issuing 4,000,000 shares of our common stock, 2,000,000 shares of which will be placed in escrow and subject to forfeiture. In addition, as further compensation for past development services provided by the Consultant, the Company will reduce the strike price of a warrant previously issued to the Consultant to purchase up to 60,000 shares of our common stock to \$0.50 per share. We have also agreed to pay to the Consultant \$12,500 per month until December 2002 for technical and marketing services and an additional \$5,000 per month for technical and marketing services payable to the Consultant until December 13, 2002. In addition, we will reimburse the Consultant up to \$20,000 to cover reasonable and necessary expenses associated with negotiating and signing the Technology Development and Consulting Agreements.

The Consultant was required to complete, by October 15, 2002, the prototype assemblies for the Portal Project and demonstrate to our satisfaction the device's capabilities in order for 750,000 shares of the Company's common stock in escrow not to be subject to forfeiture. The Consultant has met the requirements to receive the 750,000 shares. Furthermore, on January 15, 2003, if the Consultant has not demonstrated to our satisfaction the prototype of the Portal Project, then an additional 250,000 shares of our common stock in escrow

will be subject to forfeiture. If by January 15, 2003 the Consultant has not completed the prototype assemblies for the Hand Held Project and demonstrated to our satisfaction the device's capabilities, then 750,000 shares of our common stock in escrow will be subject to forfeiture. Furthermore, on March 15, 2003, if the Consultant has not completed and demonstrated the prototype of the Hand Held Project, then an additional 250,000 shares of our common stock is subject to forfeiture.

We have agreed to register the common stock to be issued to the Consultant pursuant to the Technology Development and Consulting Agreements with the SEC for resale by the Consultant at the Company's expense. If the registration does not occur by October 15, 2002, then the parties will negotiate a good faith substitute for the shares of our common stock. Negotiations are currently underway.

CRYPTO.COM - During the third quarter 2002, additional Crypto.com algorithm documentation was completed. This documentation formed the basis for an on-line white paper to be posted on our web site and will support additional marketing activities during fourth quarter of 2002 and beyond. Crypto.com has successfully demonstrated its double-cipher, keyless transmission encryption system. We have been active in marketing the advanced security algorithm to commercial security managers and intends to increase web based marketing efforts through 2002.

#### OUR RESULTS OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED WITH SIX MONTHS ENDED SEPTEMBER 30, 2001

For the nine months ended September 30, 2002 and the nine months ended September 30, 2001, we incurred operating losses of \$7,153,500 and \$6,815,478 respectively. The increased losses result principally from increased expenses incurred in the acquisition and development of our technologies, consulting costs, general and administrative expenses without an offsetting increase in revenues.

For the nine months ended September 30, 2002, we recognized \$78,821 in revenue from operations relating to demonstrations of EKOR(TM) and other technologies Products. For the nine months ended September 30, 2001, we recognized \$10,215 in revenue.

Research and development expenses decreased by \$61,570 to \$492,683 for the nine months ended September 30, 2002 from \$554,253 for the nine months ended September 30, 2001. During the first nine months in 2002, we spent \$248,719 on further EKOR(TM) development and \$244,964 to develop other technologies. We continued to fund the commercialization of EKOR(TM), including variants and product improvements being further developed, in Russia, by scientists and researchers at Kurchatov Institute and members of Euro-Asian Physical Society (EAPS).

Consulting expenses decreased by \$263,424 to \$1,932,347 for the nine months ended September 30, 2002 from \$2,195,771 for the nine months ended September 30, 2001, which includes \$977,087 for the nine months ended September, 2002 and \$375,667 for the nine months ended September 30, 2001 of compensatory element of stock issuances pursuant to consulting and other agreements. The decrease in consulting expense resulted principally from a decrease in the number of consultants working in our business development area.

Other general and administrative expenses increased by \$75,940 to \$2,787,167 for the nine months ended September 30, 2002 from \$2,711,227 for the nine months ended September 30, 2001. The increase is attributable principally to increases in expenses associated with office rent and employee benefits.

Depreciation and amortization increased by \$267,155 to \$1,624,317 for the nine months ended September 30, 2002 from \$1,357,162 for the nine months ended September 30, 2001, of which \$1,207,153 in each period was for the amortization of acquired EKOR(TM) technology rights relating to our November 1999 purchase of technology rights from the company now called Advanced Technology Industries, Inc. ("ATI"). The increase is attributable to the amortization expense of \$375,000 of acquired Acoustic Core(TM) technology rights purchased in July 2001 from Trylon Metrics, Inc.

Other expenses/other income decreased by \$102,391 to \$28,638 for the nine months ended September 30, 2002 from \$131,029 for the nine months ended September 30, 2001. Such amounts are insignificant to total operating results.

THREE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2001

For the three months ended September 30, 2002 and the three months ended September 30, 2001, we incurred operating losses of \$2,111,379 and \$2,408,051, respectively. The decreased losses result principally from decreased expenses incurred in the acquisition and development of our technologies, consulting

costs, and general and administrative expenses.

For the three months ended September 30, 2002, we did not recognize any revenue. For the three months ended September 30, 2001, we recognized \$10,215 in revenue.

Research and development expenses decreased by \$1,436 to \$122,119 for the three months ended September 30, 2002 from \$123,555 for the three months ended September 30, 2001. During the third quarter, we spent \$55,729 on further EKOR(TM) development and \$66,390 to develop other technologies. We continued to

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fund the commercialization of EKOR(TM), including variants and product improvements, being further developed in Russia by scientists and researchers at Kurchatov Institute and members of Euro-Asian Physical Society (EAPS).

Consulting expenses decreased by \$53,411 to \$666,278 for the three months ended September 30, 2002 from \$719,689 for the three months ended September 30, 2001, which includes \$393,026 for the three months ended September 30, 2002 and \$82,867 for the three months ended September 30, 2001 of compensatory element of stock issuances pursuant to consulting and other agreements. The decrease in consulting expense resulted principally from a decrease in the number of consultants working in our business development area.

Other general and administrative expenses decreased by \$260,003 to \$782,179 for the three months ended September 30, 2002 from \$1,042,182 for the three months ended September 30, 2001. The decrease is attributable principally to decreases in expenses associated with employee benefits.

Depreciation and amortization increased by \$15,243 to \$540,803 for the three months ended September 30, 2002 from \$525,560 for the three months ended September 30, 2001, of which \$402,000 in each period was for the amortization of acquired EKOR(TM) technology rights relating to our November 1999 purchase of technology rights from the company now called Advanced Technology Industries, Inc. ("ATI"). The increase is attributable to the amortization expense of \$125,000 of acquired Acoustic Core(TM) technology rights purchased in July 2001 from Trylon Metrics, Inc.

Other expenses/other income decreased by \$51,691 to \$3,059 for the three months ended September 30, 2002 from \$54,750 for the three months ended September 30, 2001. Such amounts are insignificant to total operating results.

## LIQUIDITY AND CAPITAL RESOURCES

## SUMMARY OF WORKING CAPITAL AND STOCKHOLDERS' EQUITY

As of September 30, 2002, we had negative working capital of \$2,079,064 and Shareholders' Equity of \$4,142,360 compared with a negative working capital of \$3,166,021 and Shareholders' equity of \$4,032,612 as of December 31, 2001.

## LIQUIDITY

Since we have yet to generate significant revenues from our various business activities, we are dependent on financing our operating expenses from issuances of equity or debt securities. As of November 14, 2002, we had \$146,528 in cash and cash equivalents and our current operating expenses are approximately \$172,000 per month. The Restructuring Agreements with Woodward allows for a potential funding source for up to an additional \$1,300,000 on a basis going forward.

During the third quarter 2002, we sold 5,000,000 units to one accredited investor which consisted of one share of common stock and one warrant to purchase common stock at \$0.05 per share for four years. The warrant shares are subject to our shareholders approving additional authorized shares. We raised \$250,000 from the sale of these units. Subsequent to September 30, 2002, we sold an additional 3,500,000 shares of common stock to various accredited investors and raised an additional \$175,000.

We are investigating additional various financing options to meet our short-term liquidity needs. This effort is impeded by the fact that essentially all of our outstanding authorized capital is already committed pursuant to the outstanding financing transactions with Woodward. We believe our shareholders should agree to increase our authorized capital at a special meeting of shareholders to be held later in the year. If our shareholders do vote to increase our authorized capital, we believe that we should be able to arrange a transaction or

transactions to meet our short-term liquidity needs. However, there can be no assurances that our shareholders will vote to approve an increase in our authorized capital or that we will be able to arrange a transaction or transactions to meet our short-term liquidity needs, in which case we would most likely be unable to continue in business. Again, depending on the market price of our outstanding common stock, further financing may cease to be available or

be available only on terms that result in an unacceptable level of dilution.

#### EXPENSE RATIONALIZATION PROGRAM

On May 31, 2002, the Company issued a press release relating to its "Expense Rationalization Program," a program designed to reduce overhead costs, rationalize all company expenses and continue to support the further development of certain technologies which demonstrate the potential to generate cash flows from near-term future revenues, outside development funding from the government or the private sector, or licensing fee income.

The initial phase of the expense rationalization program, that was begun on May 31, 2002, has caused a decrease, to date, of approximately \$250,000 in cash expenses per month, reducing overhead burden from an estimated \$430,000 per month to \$180,000 per month. With the cost and expense reductions to-date, we continue to maintain most of our portfolio of technology assets. Cost savings have been generated through salary, consulting fee, research and development expense and administrative expense reductions, in addition to an initial realignment of its technological, sales and marketing resources. This is consistent with our progress towards commercializing certain of its advanced technologies believed to have particular relevance in the area of Homeland Security. Further, in connection with this realignment, we have eliminated four full-time equivalent positions, or approximately 21 percent of our employee and consultant base, during this phase of rationalizing expenses.

In July 2002, Paul Childress, our Vice President of Nuclear and Environmental Division, was terminated as part of our Expense Rationalization Program. We employed Mr. Childress beginning in January 2000 to lead our EKOR commercialization program. His duties and responsibilities have been assumed by Mr. Don Hahnfeldt, our Executive Vice President, and Chairman of the Board.

While the Expense Rationalization Program has been successful to date, we continue to have operating expenses, which require additional funding in the future to continue operations without more drastic cost cutting measures. There is a risk that we will be unable to continue licensing fees for certain of our technologies, including EKOR(TM), in the future, in which case we may lose some of its technology rights. In addition, while we are seeking to obtain releases from terminated employees, these may not be forthcoming and there may be additional expenses related to these terminations.

#### SOURCES OF WORKING CAPITAL

Since our inception, our primary sources of working capital have been net



proceeds from various debt and equity financings. The following is a brief summary of our existing financing arrangements and a discussion of the Woodward Restructuring. We refer you to the Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II Item 7 of our Annual Report on Form 10-K and the same discussion found in Part I Item 7 of our Quarterly Report on Form 10-Q for the Quarter ended June 30, 2002 for a more detailed description of our prior financing agreements and the financing agreements entered into during the second quarter 2002.

WOODWARD RESTRUCTURING. On September 30, 2002, we signed a Restructuring Agreement revising certain significant terms of Woodward's current investments in us and providing for possible future funding for our operations. We believe that the Restructuring - including termination of Woodward's repricing rights - will allow us to better pursue long range opportunities and are an affirmation of Woodward's confidence in our prospects.

Pursuant to the Restructuring Agreements, the repricing rights associated with the March 2001 Securities Purchase Agreement will be satisfied by the issuance to Woodward of 10,000,000 shares of common stock. While the repricing rights will be satisfied and eliminated by this issuance of 10,000,000 shares of common stock, this commitment is subject to a 19.9% cap required by the listing agreement with the principal market on which our common stock is listed where Woodward would only have the right to receive up to 7,205,245 shares of common stock pursuant to the Restructuring Agreements unless shareholder approval is

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received to issue the entire 10,000,000 shares of common stock. Pursuant to the Restructuring Agreements, the 19.9% cap is only applicable if the primary market on which the Company's common stock is listed has a rule requiring shareholder approval of any issuance over 20% of the outstanding common stock as of the date of the applicable financing agreement. We are an Amex listed company and as a result, we are subject to a limit of 20% cap on issuances of securities without shareholder approval. Pursuant to the Restructuring Agreement, the Company has agreed to hold a special meeting of the shareholders in the future and will request shareholder approval to issue all 10,000,000 shares to Woodward.

In addition, pursuant to the Restructuring Agreements, the repricing rights associated with the February 2002 Securities Purchase Agreement will be satisfied by the issuance of shares of Series B Preferred Stock with a stated value of \$17,000,000. The Series B Preferred Stock will have a 5% per annum cash or pay-in-kind dividend. The Series B Preferred Stock will be redeemable by us,

in full or in part, at its discretion at par value plus any accrued dividends. The conversion price of the Series B Preferred Stock will be fixed at \$0.75 per share subject to certain anti-dilution provisions. Additionally, after June 2003, we will agree to exercise optional redemption rights to redeem the then outstanding Series B Preferred Stock and Series A Preferred Stock and accrued dividends at the end of each calendar quarter according to the schedule listed below (the "Scheduled Redemption Amount"). Failure to redeem the Series B Preferred Stock according to the Scheduled Redemption Amount listed below does not create a cash obligation to us; rather, the failure to redeem pursuant to the Scheduled Redemption Amount allows Woodward to exercise its optional conversion rights. Pursuant to the optional conversion rights, after each quarter in which we fails to redeem according to the Scheduled Redemption Amount. See our current report on Form 8-K as of September 25, 2002 (filed with the SEC on October 7, 2002)

#### PRIVIATE PLACEMENTS

During the third quarter 2002, we sold 5,000,000 units to one accredited investor which consisted of one share of common stock and one warrant to purchase common stock at \$0.05 per share for four years. The warrant shares are subject to our shareholders approving additional authorized shares. We raised \$250,000 from the sale of these units. Subsequent to September 30, 2002, we sold an additional 3,500,000 shares of common stock to various accredited investors and raised an additional \$175,000.

#### CRITICAL ACCOUNTING POLICIES

In accordance with recent Securities and Exchange Commission guidance, the material accounting policies that we believe are the most critical to an investor's understanding of our financial results and condition and require management's judgment are discussed below. As a technology company, we believe our critical accounting policies are those that deal with the value of technology rights.

**Impairment or Disposal of Long-Lived Assets** - We review our long-lived assets and identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Our intangible assets are primarily our patents. If such assets were considered to be impaired, the impairment to be recognized would be measured by the amount by which the carrying amount of the assets exceeds the fair market value of the assets.

We evaluate the recoverability of property and equipment and intangibles by

comparing the carrying amount of the asset or group of assets against the estimated undiscounted future net cash flows expected to result from the use of the asset or group of assets. If the undiscounted estimated cash flows are less than the carrying value of the asset or group of assets being reviewed, an impairment loss would be recorded. The loss would be measured based on the estimated fair value of the asset or group of assets compared to carrying value. The estimated fair value would be based on the best information available under the circumstances, including prices for similar assets and the results of valuation techniques, including the present value of expected future cash flows using a discount rate commensurate with the risks involved.

#### RECENT ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 145, "Rescission of FASB Statement No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 requires that gains and losses from extinguishment of debt be classified as extraordinary items only if they meet the criteria in Accounting Principles Board Opinion No. 30 ("Opinion No. 30"). Applying the provisions of Opinion No. 30 will distinguish transactions that are part of an entity's recurring operations from those that are unusual and infrequent that meets the criteria for classification as an extraordinary item. The Company is required to adopt SFAS No. 145 no later than the first quarter of fiscal 2003, although early adoption is allowed.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullified Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including certain costs incurred in a restructuring)". SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. These costs include lease, costs to consolidate facilities or relocate employees, and certain termination benefits provided to employees that are involuntarily terminated under the terms of a one-time benefit arrangement. A fundamental conclusion reached by the FASB in this statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. SFAS No. 146 also establishes that fair value is the objective for initial measurement of the liability. The provisions of this statement are effective for exit or disposal activities that are initiated after December 31, 2002, with

early application encouraged. The Company has not yet determined the impact of SFAS No. 146 on its financial position and results of operations, if any.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT RISK

We do not have any derivative financial instruments as of September 30, 2002. As a result, we believe that the market risk arising from holding of its financial instruments is not material.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC. Based upon their evaluation of these controls and procedures performed within 90 days of the filing date of this report, the chief executive officer and the chief financial officer concluded that our disclosure controls and procedures were adequate.

Changes in internal controls. We made no significant changes in our internal controls or other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the chief executive officer and the chief financial officer.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and Use of Proceeds

(a) Not applicable.

(b) The Series A 3% Convertible Preferred Stock is discussed in this report in Part 1, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations under the section titled "February 2002 Securities Purchase Agreement with Woodward." Additionally, the Articles of Amendment

regarding Series A 3% Convertible Preferred Stock was previously filed on a Form 8-K dated February 1, 2002 and filed with the SEC on March 1, 2002, and is hereby incorporated herein by reference.

(c) During the second quarter 2002 we sold 5,000 shares of Series A 3% Convertible Preferred Stock to Woodward to support ongoing operations and corporate development. This transaction is discussed in detail in this report in Part 1, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations under the section titled "February 2002 Securities Purchase Agreement with Woodward." Additionally, the Securities Purchase Agreement with Woodward was previously filed on a Form 8-K dated February 1, 2002 and filed with the SEC on March 1, 2002, and is hereby incorporated herein by reference. In addition, we issued 4,350,000 shares of common stock to Woodward in partial satisfaction of the sixth and final repricing period associated with a Repricing Rights Agreement and a Common Stock Purchase Agreement with Woodward dated April 24, 2000. In addition, on June 2, 2002 we issued 9,240 shares of common stock to various consultants for services rendered to the Company. In the case of Woodward, the shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the Securities Act) and Rule 506 promulgated under the Securities Act in a private transaction to a sophisticated and "accredited investor" as that term is defined in Rule 501 promulgated under the Securities Act and are restricted from transfer unless such transfer is registered under the Securities Act or made pursuant to an exemption therefrom. In the case of the issuances to consultants, the shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act in a private transaction to sophisticated investors and are restricted from transfer unless such transfer is registered under the Securities Act or made pursuant to an exemption therefrom.

(d) Not applicable.

### Item 3. Defaults Upon Senior Securities

The dividends accumulated on the Series A 3% Convertible Preferred Stock are equal to \$20,000 for the period ending June 30, 2002 and have been listed in the financials as in arrears. These dividends accumulate and are not payable until declared by the Company's Board of Directors or, at the option of the holder, are payable in cash or shares of the Company's common stock upon conversion of the Series A 3% Convertible Preferred Stock. Since a dividend has not been declared by the Company's Board of Directors and no shares of Series A 3% Convertible Preferred Stock have been converted to date, the Company is not yet under any obligation to pay the \$20,000 of accumulated dividends.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

On August 21, 2002, Todd J. Broms, a director and the President and Chief Executive Officer of the Company, notified the Company of his resignation as President and Chief Executive Officer and as a director of the Company. On the same day, Don V. Hahnfeldt became the President and Chief Executive Officer on an interim basis to facilitate the corporate restructuring process.

Item 6. Exhibits and Reports on Form 8-K

(a) The Exhibits listed in the attached Exhibit Index are filed herewith or incorporated herein by reference, as indicated in therein.

(b) We filed six Current Reports on Form 8-K during the 3rd Quarter 2002 dated as follows: 24 July, 2002 (filed with the SEC on August 6, 2002), 23 August, 2002 (filed with the SEC on August 26, 2002), 26 August, 2002 (filed with the SEC on August 30, 2002), 9 September, 2002 (filed with the SEC on October 7, 2002), 24 September, 2002 (filed with the SEC on October 7, 2002), and 25 September, 2002 (filed with the SEC on October 7, 2002).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EUROTECH, LTD.

November 19, 2002

/s/ DON V. HAHNFELDT

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Don V. Hahnfeldt, President and  
Chief Executive Officer

November 19, 2002

/s/ DR. RANDOLPH A. GRAVES, JR.

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Dr. Randolph A. Graves, Jr., Vice  
President, Chief Financial  
Officer, and Secretary

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OFFICER CERTIFICATION

I, Don V. Hahnfeldt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eurotech, Ltd. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 19, 2002

/s/ Don V. Hahnfeldt, President and CEO

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Date

Signature

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OFFICER CERTIFICATION

I, Dr. Randolph A. Graves, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eurotech, Ltd. (the "Registrant");

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;



3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this quarterly report;

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls; and

6. The Registrant's other certifying officers and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 19, 2002

/s/ Dr. Randolph A. Graves, Jr., CFO

Date

Signature and Title

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EUROTECH, LTD.

EXHIBIT INDEX

Exhibit No.	Description	Location Reference
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2.1	Technology Transfer Agreement dated July 13, 2001, between Eurotech, Ltd., and Trylon Metrics, Inc.,	15
2.1.1	Amendment, dated October 3, 2001, to Technology Transfer Agreement dated July 13, 2001, between Eurotech, Ltd., and Trylon Metrics, Inc.,	23
3.1.1	Articles of Incorporation of Eurotech, Ltd. and amendment thereto	1
3.1.2	Articles of Amendment adopted June 20, 2000 and corresponding Certificate of Amendment dated June 21, 2000	10
3.1.3	Articles of Amendment to the Articles of Incorporation to state the terms of the Series A 3% Convertible Preferred Stock dated February 1, 2002	20
3.2.1	Bylaws of Eurotech Ltd.	1
3.2.2	Amendment to Bylaws adopted February 23, 2000 to fix the number of directors at 5.	9
3.2.3	Amendment to Bylaws adopted on August 27, 2001 to fix the number of directors at 7.	23
4.1	Form of Common Stock certificate	1

10.1.1	License Agreement dated September 6, 1996 between Euro-Asian Physical Society and ERBC Holding, Ltd.	1
10.1.2	Sub-License Agreement dated September 16, 1996 between ERBC Holding, Ltd. and Eurotech, Ltd.	1
10.1.2.1	EKOR Agreement dated as of May 15, 2000 between Euro-Asian Physical Society and Eurotech, Ltd. Modifying the EKOR license	12
10.1.3	Agreement dated January 28, 1997 between Eurotech, Ltd. and Kurchatov Research Holdings, Ltd.	1
10.1.4	Memorandum of Intent among Chernobyl Nuclear Power Plant, I.V. Kurchatov Institute, Ukrstroj and Eurotech, Ltd.	1
10.1.5	Agreement dated December 10, 1996 between Ukrstroj and Chernobyl Nuclear 10.20.4 Power Plant (in past filings, this agreement was identified as dated December 6, 1996 when in fact the agreement is dated December 10, 1996)	1
10.1.6	Agreement dated December 11, 1996 among Ukrstroj, Eurotech, Ltd. and Euro-Asian Physical Society	1
10.2.1	Technology Purchase Agreement between Eurotech, Ltd. and Oleg L. Figovsky	2
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10.2.2	Technology Purchase Agreement between Eurotech, Ltd. and Oleg L. Figovsky	2
10.2.3	Technology Purchase Agreement between the Company and Oleg L. Figovsky	2
10.2.4	Agreement dated February 27, 2000 between Eurotech, Ltd. and Oleg L. Figovsky (acquisition of the rights to 49% of net profits)	8
10.3	Preliminary EKOR (Component A)/Block Copolymer manufacturing licensing agreement between Eurotech, Ltd. and NuSil Technology	9

10.4.1	Agency Contract dated May 19, 2000 between Eurotech, Ltd. and McPhee Environmental Supply	10
10.4.2	McPhee Environmental Supply Cancellation dated March 14, 2001	12
10.5.1	Share Purchase Agreement dated June 29, 2000 between Zohar Gendler and Eurotech, Ltd. (Rademate Ltd.)	10
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10.5.3	Investment Agreement date July 23, 2000 between Sorbtech Ltd. and Eurotech, Ltd. (in past filings, this agreement was identified as "share purchase agreement" when in fact it is titled "Investment Agreement")	10
10.5.4	Investment Agreement entered into in May, 2000 between Amsil, Ltd. and Eurotech, Ltd.	10
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Foundation and Y. Kopit	2
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10.11.1 Cooperation Agreement between Eurotech, Ltd. and Forschungszentrum Julich GmbH	2
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10.12.2 Escrow Agreement among Eurotech, Ltd., JNC Opportunity Fund, Ltd. and Diversified Strategies Fund, L.P. and Robinson, Silverman, Pearce, Aronsohn & Berman, LLP	2
10.2.3 Registration rights Agreement among Eurotech, Ltd., JNC Opportunity Fund, Ltd. and Diversified Strategies Fund, L.P.	2
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10.12.5 Form of 8% Convertible Debenture Due November 27, 2000 issued by Eurotech, Ltd. to Diversified Strategies Fund, L.P.	2
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10.12.7 Warrant No. 2 issued by Eurotech, Ltd. to Diversified	

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10.20.5	Escrow Agreement dated December 31, 1999 among Eurotech, Ltd., Woodward LLC and Krieger & Prager	7
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between Eurotech, Ltd. and Woodward LLC	10
10.20.9 Warrant issued by Eurotech, Ltd. to Woodward LLC on June 22, 2000	10
10.20.10 Amendment Agreement dated June 29, 2000 between Eurotech, Ltd. and Woodward LLC, amending April 24, 2000 Common Stock Purchase Agreement and Registration Rights Agreement and December 31, 2000 Commitment Agreement	10
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10.21 Technology Acquisition and Development Agreement related to Cypto.Com, Inc.	9
10.22.1 Investment Banking Consulting Agreement dated January 15, 2001 between Eurotech, Ltd. and Adolph Komorsky Investments, together with addendum thereto	12
10.22.2 Cancellation of Investment Banking Consulting Agreement dated March 30, 2001 between Eurotech, Ltd. and Adolph Komorsky Investments	13
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10.27.9	Technology Development Agreement between Eurotech, Ltd. and ipPartners, Inc. dated as of July 24, 2002	27
10.27.10	Acknowledgment and Release Agreement by and between Eurotech, Ltd, Trylon Metrics, Inc., and ipPartners, Inc. dated as of July 24, 2002	27
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10.28	Joint Technology Development Agreement between Eurotech, Ltd.	



	Engagement of EB Associates, LLC as Senior Financial Advisor, Office of the President	24
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99.13	News Release - Todd J. Broms, Eurotech's CEO, Issues Shareholder Update; Eurotech Continues Corporate and Financial Restructuring Initiatives	26
99.14	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 - Mr. Todd J. Broms, President and Chief Executive Officer	*
99.15	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 - Dr. Randolph A. Graves, Chief Financial Officer and Vice President	*
99.16	News Release - Todd J. Broms, Eurotech's CEO, Issues Shareholder Update; Eurotech Continues Corporate and Financial Restructuring Initiatives	29
99.17	The American Stock Exchange Letter dated August 26, 2002	30
99.18	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 - Mr. Don V. Hahnfeldt, President and Chief Executive Officer	*
99.19	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002 - Dr. Randolph A. Graves, Chief Financial Officer and Vice President	*

(for Legend, see next page)

Legend:

- - - - -

- \* Filed as an Exhibit to the current filing
- 1 Incorporated by reference to such Exhibit filed with our registration statement on Form 10 on file with the SEC, file number 000-22129
- 2 Incorporated by reference to such Exhibit filed with Pre-Effective Amendment No. 2 to our registration statement on Form S-1, File No. 333-26673, on file with the SEC
- 3 Incorporated by reference to such Exhibit filed with our current report on Form 8-K dated August 3, 1998, on file with the SEC as of August 25, 1998
- 4 Incorporated by reference to such Exhibit filed with Post-Effective Amendment No. 1 to our registration statement on Form S-1, File No. 333-26673, on file with the SEC
- 5 Incorporated by reference to such Exhibit filed by Peter Gulko with his Statement on Schedule 13D
- 6 Incorporated by reference to such Exhibit filed with our current report on Form 8-K as of November 30, 1999, on file with the SEC
- 7 Incorporated by reference to such Exhibit filed with Post-Effective Amendment No. 2 to our registration statement on Form S-1, File No. 333-26673, on file with the SEC
- 8 Incorporated by reference to such Exhibit filed with our annual report on Form 10-K for the year ended December 31, 1999, on file with the SEC
- 9 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended March 31, 2000, on file with the SEC
- 10 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended June 30, 2000, on file with the SEC
- 11 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended September 30, 2000, on file with the SEC

- 12 Incorporated by reference to such Exhibit filed with our annual report on Form 10-K for the year ended December 31, 2000, on file with the SEC
- 13 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended March 31, 2001, on file with the SEC
- 14 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended June 30, 2001, on file with the SEC
- 15 Incorporated by reference to such Exhibit filed on Form 8-K as of October 5, 2001, on file with the SEC
- 16 Incorporated by reference to such Exhibit filed on Form 8-K as of October 11, 2001, on file with the SEC
- 17 Incorporated by reference to such Exhibit filed on Form 8-K as of November 13, 2001, on file with the SEC
- 18 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the quarter ended September 30, 2001, on file with the SEC

- 19 Incorporated by reference to such Exhibit filed on Form 8-K as of December 30, 2001 (filed with the SEC on January 25, 2002)
- 20 Incorporated by reference to such Exhibit filed on Form 8-K as of February 1, 2002 (filed with the SEC on March 1, 2002)
- 21 Incorporated by reference to such Exhibit filed on Form 8-K as of February 22, 2002 (as filed with the SEC on March 5, 2002)
- 22 Incorporated by reference to such Exhibit filed on Form 8-K as of March 29, 2002 (filed with the SEC on the same date)
- 23 Incorporated by reference to such Exhibit filed with our annual report on Form 10-K for the year ended December 31, 2001, on file with the SEC

- 24 Incorporated by reference to such Exhibit filed with our annual report on Form 10-Q for the year ended March 31, 2002, on file with the SEC
- 25 Incorporated by reference to such Exhibit filed on Form 8-K as of May 17, 2002 (filed with the SEC on the same date)
- 26 Incorporated by reference to such Exhibit filed on Form 8-K as of June 13, 2002 (filed with the SEC on June 17, 2002)
- 27 Incorporated by reference to such Exhibit filed on Form 8-K as of 24 July, 2002 (filed with the SEC on August 6, 2002)
- 28 Incorporated by reference to such Exhibit filed with our quarterly report on Form 10-Q for the year ended June 30, 2002, on file with the SEC
- 29 Incorporated by reference to such Exhibit filed on Form 8-K as of 23 August, 2002 (filed with the SEC on August 26, 2002)
- 30 Incorporated by reference to such Exhibit filed on Form 8-K as of 26 August, 2002 (filed with the SEC on August 30, 2002)
- 31 Incorporated by reference to such Exhibit filed on Form 8-K/A as of 9 September, 2002 (filed with the SEC on October 7, 2002)
- 32 Incorporated by reference to such Exhibit filed on Form 8-K as of 24 September, 2002 (filed with the SEC on October 7, 2002)
- 33 Incorporated by reference to such Exhibit filed on Form 8-K as of 25 September, 2002 (filed with the SEC on October 7, 2002)