

EUROTECH: 2008 QUARTERLY RESULTS UP 41.5% TO € 21.4 MILLION

- Consolidated revenues up 41.5% from €15.2 million to €21.4 million
- Consolidated adjusted EBITDA: from €-561 thousand to €1.87 million, growing as a percentage of revenues from -6.1% in 2007 to 8.7% in 2008
- Consolidated adjusted EBIT: from €-918 thousand to € 1.1 million with a revenue impact of above 5%
- Consolidated adjusted result before income taxes: from a negative €-469 thousand to a positive €42 thousand
- Net financial position: €9.1 million

Amaro (UD), 15 May 08.

The Board of Directors of Eurotech S.p.A. – a company listed on the STAR segment of the Italian Stock Exchange – chaired by Mr. Roberto Siagri met today to approve the Quarterly Report as at 31 March 2008.

Sales improved for the Eurotech Group, active in the research, development, production and marketing of miniaturised computers (NanoPCs) and of computers featuring high-performance computing capability (HPCs).

CONSOLIDATED (€ '000)	31/03/2007	31/03/2008	% CHANGE
SALES	15,155	21,443	41.5%
GROSS MARGIN	8,013	12,309	53.6%
GROSS MARGIN Adj. (*)	8,202	12,428	51.5%
EBITDA	(750)	1,749	n.a.
EBITDA Adj. (*)	(561)	1,868	n.a.
EBIT	(1,658)	(674)	59.3%
EBIT Adj. (*)	(918)	1,107	n.a.
FINANCE INCOME (EXPENSES)	449	(1,972)	n.a.
FINANCE INCOME (EXPENSES) Adj. (*)	449	(1,065)	n.a.
PRE-TAX RESULT	(1,209)	(2,646)	-118.9%
PROFIT (LOSS) BEFORE TAX Adj. (*)	(469)	42	109.0%
NET PROFIT FOR THE PERIOD	(974)	(3,282)	n.a.
Adjusted NET PROFIT FOR THE PERIOD (*)	(517)	(1,307)	-152.8%
GROUP NET PROFIT	(961)	(3,350)	n.a.
Adjusted GROUP NET PROFIT (*)	(504)	(1,448)	-187.3%

(*) Amounts adjusted for accounting impact of Price Allocation related to acquisitions of Arcom Group, Applied Data Systems Inc, and Advanet Group performed as from April 2006. Specifically:

- EBITDA was adjusted for recognition in the income statement of the greater values of inventories from business combinations;
- EBIT was adjusted for the aforesaid EBITDA impact and for depreciation of fixed assets recognized for business combinations;
- Finance income (expenses) was adjusted to account for finance expense stemming from the put option issued on Advanet Inc;
- Net profit for the period was adjusted as per the above and to account for tax charges related to adjustments from business combinations and minority interests on overall impact of Price Allocation.

Group revenues grew by 41.5% (in the amount of €6.29 million) from €15.16 million in the first quarter of 2007 to €21.44 million in the first quarter of 2008. This growth is attributable to the acquisition of the Japanese Advanet Group completed at the end of 2007.

In the first quarter 2008, gross profit reported an improvement in absolute values, rising from €8 million to €12.3 million, accounting for 52.9% of revenue in 2007 and 57.4% of revenue in 2008. The change was chiefly due to the higher profits contributed by the newly acquired Japanese Group.

Neutralisation of the negative effects arising from price allocation on gross profit as indicated above led to improvements in this indicator, which ended the year at 58%.

Adjusted EBITDA in the period in question showed a significant increase of €2.4 million, improving from a negative result of €561 thousand in 2007 to a positive result of €1.9 million in 2008.

This performance is due to higher sales and improved profits earned by the Group, despite the obvious increase in operating costs due to acquisitions made. These elements are the key effects that determine the increased proportion of adjusted EBITDA on revenue (which increased from -3.7% in 2007 to 8.7% in 2008). The negative effects on adjusted EBITDA due to price allocation amounted to €189 thousand for 2007 and €119 thousand in 2008. As a result, consolidated EBITDA grew from a loss of €-750 thousand in 2007 to a gain of €1.7 million in 2008.

EBIT was €1.107 million in the first quarter of 2008 net of the price allocation impact, resulting in a 5.2% impact as a percentage of revenues (Q1 2007 EBIT was a loss of €-918 thousand, -6.1% as a percentage of revenues),

Amortisation and depreciation arising from the price allocation, which determined an adjustment of EBIT, amounted to €1.662 million in the year 2008 with an increase of €1.1 million on the €551 thousand reported in the first quarter of 2007.

Consolidated operating income (EBIT) reported a significant improvement in Q1 2008 vs. Q1 2007, from €-1.658 million in 2007 to €-674 thousand in 2008. The impact of EBIT on revenue amounted to -3.1%, considerably better than the - 10.9% of the first quarter 2007.

EBIT variances against the same quarter of 2007 were primarily due to the same events that determined EBITDA and to higher amortisation and depreciation expenses stemming from the aforementioned acquisitions.

The finance income item recorded an adverse impact of €-1.972 million between the first quarter of 2007 and the first quarter of 2008. This change was strongly impacted by unrealized losses on foreign exchange transactions due to the weakening of the dollar against the euro and to higher debt at group level, in addition to lesser revenues on cash and cash equivalents as a result of the acquisition of Advanet Inc.. Furthermore, the item was hit by higher interest expenses in the amount of €907 thousand, due to the recognition of liabilities as at 31 December 2007 for the acquisition of a further 25% of Advanet Inc.'s shares following valuation of a put and call option.

Profit or loss before income taxes adjusted for the price allocation impact was a positive €42 thousand in Q1 2008 (it was a loss of €469 thousand in the first quarter of 2007). Profit or loss before income taxes not adjusted for the quarter was a positive € 2.646 million (it was a loss of € 1.209 million in Q1 2007).

The Group's adjusted net profit for the period was a loss of €1.448 million in the first quarter of 2008 against a loss of €-504 thousand in the first quarter of 2007, due to the higher impact of reversal of the price allocation from the Group consolidated net profit in the amount of €-3.350 million in the first quarter of 2008 against €-961 thousand in the first quarter 2007.

This was primarily due to the tax burden on the different Group entities and the aforementioned adverse EBITDA trend reported in the quarter, and, to a lesser extent, to minority interest.



The Group's net financial position as at 31 March 2008 was €9.10 million, The amount was significantly impacted by the recognition of a financial liability of €18.48 million at fair value against a put option on 25% of Advanet Inc.'s shares which can be exercised in the early months of 2010 and by other debts to be paid to shareholders of Applied Data Systems Inc.. The decrease against the amount of €6.38 million reported at 31 December 2007 is ascribable to repayment of loans and receivables and to an increase in financial liabilities against the aforementioned option due to foreign exchange rate fluctuations.

The Company's Board of Directors also passed the following resolutions:

- Appointment of Mr. Massimo Mauri and Mr. Giampietro Tecchiolli Vice President

The following Committees were formed and duties appointed complying with current legislation in force and Eurotech SpA's Corporate Governance policies:

Remuneration Committee: Cesare Pizzul (President), Chiara Mio, Alberto F. De Toni

Internal Control Committee: Chiara Mio (President), Cesare Pizzul, Alberto Felice De Toni

Executive Director in charge of supervision Internal Control System operations:

Lead Independent Director: Alberto Felice De Toni

Supervisory Body: Roberto Siagri

OdV : Marco Polo, Chiara Mio, Andrea Barbaro



In accordance with section 2 of Article 154-bis the Consolidated Finance Act, Financial Reporting Manager, Eros Gos, declared that the accounting information contained in this press release corresponds to accounting records, corporate books, and accounting entries.

THE EUROTECH GROUP

Eurotech (ETH,MI) is a company active in the research, development, production and marketing of miniaturised computers (NanoPCs) and of computers featuring high-performance computing capability (HPCs),

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ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	First 3 months 2007 (a)		First 3 months 2008 (b)		change (b-a)	
		%		%	amount	%
Sales revenue	15,155	100.0%	21,443	100.0%	6,288	41.5%
Cost of material	(7,142)	-47.1%	(9,134)	-42.6%	(1,992)	27.9%
Gross profit	8,013	52.9%	12,309	57.4%	4,296	53.6%
Services costs	(3,254)	-21.5%	(3,740)	-17.4%	(486)	14.9%
Lease & hire costs	(334)	-2.2%	(502)	-2.3%	(168)	50.3%
Payroll costs	(5,337)	-35.2%	(6,858)	-32.0%	(1,521)	28.5%
Other provisions and costs	(217)	-1.4%	(142)	-0.7%	75	-34.6%
Other revenues	379	2.5%	682	3.2%	303	79.9%
EBITDA	(750)	-4.9%	1,749	8.2%	2,499	-333.2%
Depreciation & Amortization	(908)	-6.0%	(2,423)	-11.3%	(1,515)	166.9%
Asset impairment	0	0.0%	0	0.0%	0	n/a
EBIT	(1,658)	-10.9%	(674)	-3.1%	984	-59.3%
Share of associates' profit at equity	0	0.0%	0	0.0%	0	n/a
Finance expense	(398)	-2.6%	(2,438)	-11.4%	(2,040)	n.s.
Finance income	847	5.6%	466	2.2%	(381)	-45.0%
Profit before tax	(1,209)	-8.0%	(2,646)	-12.3%	(1,437)	118.9%
Income tax	235	1.6%	(636)	-3.0%	(871)	-370.6%
Net profit before minority interest	(974)	-6.4%	(3,282)	-15.3%	(2,308)	237.0%
Minority interest	(13)	-0.1%	68	0.3%	81	n.s.
Group net profit (loss)	(961)	-6.3%	(3,350)	-15.6%	(2,389)	248.6%
Base earnings per share	(0.027)		(0.094)			
Diluted earnings per share	(0.027)		(0.094)			

CONSOLIDATED INCOME STATEMENT – RECONCILIATION OF OPERATING AND REPORTED DATA

OPERATING DATA (€'000)	31.03.2008	%	Effect of purchase price allocation	31.03.2008 adjusted	%
SALES REVENUES	21,443	100.0%		21,443	100.0%
COST OF MATERIALS	(9,134)	-42.6%	119	(9,015)	-42.0%
GROSS PROFIT	12,309	57.4%	119	12,428	58.0%
OTHER OPERATING COSTS	(11,242)	-52.4%		(11,242)	-52.4%
OTHER OPERATING REVENUES	682	3.2%		682	3.2%
EBITDA	1,749	8.2%	119	1,868	8.7%
DEPRECIATION & AMORTIZATION	(2,423)	-11.3%	1,662	(761)	-3.5%
EBIT	(674)	-3.1%	1,781	1,107	5.2%
FINANCE INCOME (EXPENSE)	(1,972)	-9.2%	907	(1,065)	-5.0%
PROFIT (LOSS) BEFORE TAX	(2,646)	-12.3%	2,688	42	0.2%
INCOME TAX	(636)	-3.0%	(713)	(1,349)	-6.3%
NET PROFIT (LOSS) BEFORE MINORITIES	(3,282)	-15.3%	1,975	(1,307)	-6.1%
GROUP NET PROFIT (LOSS) FOR PERIOD	(3,350)	-15.6%	1,902	(1,448)	-6.8%

CONSOLIDATED BALANCE SHEET

(€'000)	at March 31, 2007	at December 31, 2007	at March 31, 2008
ASSETS			
Intangible assets	56,887	111,918	110,041
Property, Plant and equipment	4,906	6,737	6,569
Investments in affiliates companies	755	109	926
Investments in other companies		930	258
Deferred tax assets	3,874	1,802	1,774
Other non-current assets	147	630	650
Total non-current assets	66,569	122,126	120,218
Inventories	17,128	22,129	22,217
Contracts in progress	1,711	2,364	1,730
Trade receivables	11,564	18,807	15,657
Income tax receivables	2,291	2,203	1,468
Other current assets	4,928	2,793	3,891
Derivative instruments	37	82	36
Cash & cash equivalents	84,351	56,604	48,818
Total current assets	122,010	104,982	93,817
Total assets	188,579	227,108	214,035
LIABILITIES AND EQUITY			
Share capital	8,751	8,879	8,879
Reserves	131,417	117,510	111,367
Net profit (loss) for period	(961)	(4,922)	(3,350)
Group shareholders' equity	139,207	121,467	116,896
Minority capital and reserves	47	2,549	2,581
Minority profit (loss) for period	(13)	(84)	68
Equity attributable to minority interest	34	2,465	2,649
Total shareholders' equity	139,241	123,932	119,545
Medium-/long-term borrowing	15,887	34,172	31,297
Employee benefit obligations	612	1,512	1,582
Deferred tax liabilities	7,744	15,055	14,407
Other non-current liabilities	425	1,345	1,353
Business combination liabilities		15,864	16,642
Total non-current liabilities	24,668	67,948	65,281
Trade payables	12,893	14,506	12,087
Short-term borrowing	3,964	9,787	8,179
Derivative instruments	1	0	0
Income tax liabilities	706	2,112	1,047
Other current liabilities	7,106	5,581	6,058
Business combination liabilities		3,242	1,838
Total current liabilities	24,670	35,228	29,209
Total liabilities	49,338	103,176	94,490
Total liabilities and equity	188,579	227,108	214,035

NET FINANCIAL POSITION

(€'000)		at March 31, 2007	at December 31, 2007	at March 31, 2008
Cash & cash equivalents	A	(84,351)	(56,604)	(48,818)
Cash equivalent	B=A	(84,351)	(56,604)	(48,818)
Derivative instruments	C	(36)	(82)	(36)
Short-term borrowing	D	3,964	9,787	8,179
Business aggregation liabilities	E		3,242	1,838
Short-term financial position	F=C+D+E	3,928	12,947	9,981
Short-term net financial position	G=B+F	(80,423)	(43,657)	(38,837)
Business aggregation liabilities	H		15,864	16,642
Medium-/long-term borrowing	I	15,887	34,172	31,297
Medium-/long-term net financial position	J=H+I	15,887	50,036	47,939
NET FINANCIAL POSITION	K=G+J	(64,536)	6,379	9,102

NET WORKING CAPITAL

(€'000)	at March 31, 2007	at December 31, 2007	at March 31, 2008	Changes
		(a)	(b)	(b-a)
Inventories	17,128	22,129	22,217	88
Contracts in progress	1,711	2,364	1,730	(634)
Trade receivables	11,564	18,807	15,657	(3,150)
Income tax receivables		2,203	1,468	(735)
Other current assets	4,928	2,793	3,891	1,098
Current assets	35,331	48,296	44,963	(3,333)
Trade payables	(12,893)	(14,506)	(12,087)	2,419
Income tax liabilities	(706)	(2,112)	(1,047)	1,065
Other current liabilities	(7,107)	(5,581)	(6,058)	(477)
Current liabilities	(20,706)	(22,199)	(19,192)	3,007
Net working capital	14,625	26,097	25,771	(326)