

PRESS RELEASE**EUROTECH: APPROVAL OF INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2010**

Revenues up slightly at 31 March 2010, with EBITDA significantly higher following reduction in operating costs.

Amaro (Italy), 14 May 2010

- Consolidated revenues: from EUR 19.31 million to EUR 19.75 million, +2.3%,
- Consolidated gross profit: from EUR 10.48 million to EUR 10.15 million
- Consolidated EBITDA: from EUR -1.17 million to EUR +0.09 million
- Consolidated EBIT: from EUR -3.13 million to EUR -2.02 million
- Consolidated pre-tax profit (loss): from EUR -2.97 million to EUR -2.38 million
- Net financial debt: EUR 10.85 million

Today the Board of Directors of Eurotech S.p.A. reviewed and approved the results relating to the first quarter of 2010.

In the first three months of the year, Group revenues were Euro 19.75 million, compared with Euro 19.31 million in the first three months of 2009. This 2.3% increase represents a first step towards the recovery in revenues after the downturn last year. The current global business cycle remains unstable, but various sectors and markets are showing definite improvement, as confirmed by rising orders from customers.

Gross profit remains at the same level as at 31 December 2009, 51.4%. The slight contraction from 54.3% in Q1 2009 reflects Group business performance in terms of the mix of products sold. However, the ratio of gross profit to revenues remained above 50% in the first quarter of 2010, which is the target set by management. Once again, it confirms on one hand the validity of the business model applied by the Group, based on the sale of high value products, and on the other hand the constant attention on containing COGS.

During the reference period, gross of adjustments, operating costs decreased from Euro 12.1 million in the first quarter of 2009 to Euro 10.8 million in the first quarter of 2010. This improvement had a significant impact on Group EBITDA.

In the quarter just ended, the Group benefited from the policy implemented last year and continued this year to contain fixed costs, streamline existing resources, and identify and activate synergies amongst different subsidiaries.

In Q1 2010 EBITDA rose to Euro 92 thousand from a negative Euro 1.17 million in FY 2009. As previously mentioned, this improvement reflects the actions taken by management to

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contain operating costs and resulted in a different ratio of EBITDA to revenues, which rose from -6.0% in Q1 2009 to 0.5% in Q1 2010.

EBIT improved to Euro -2.02 million in Q1 2010, compared with Euro -3.13 million in Q1 2009. The ratio of EBIT to revenues is influenced by the level of revenues, which remains lower than the real potential of the organisation, and is equal to -10.2%, compared with -16.2% in Q1 2009.

This performance is also tied to the performance of EBITDA as commented above. In any event, it reflects the depreciation and amortization charged to income in Q1 2010, resulting both from the non-current operating assets that starting depreciating in the period to 31 March 2010, and to the effects resulting from price allocation of the acquisitions of Eurotech Inc. (former Applied Data Systems Inc. and former Arcom Control Systems Inc.) and the Advanet Group. The effect on EBIT of the higher value attributed as a result of price allocation was Euro 786 thousand in Q1 2010, compared with Euro 815 thousand in Q1 2009.

There was a pre-tax loss in Q1 2010 of Euro -2.38 million (compared with a loss of Euro 2.97 million in Q1 2009). This performance was influenced by the factors outlined above. Price allocation effects on the pre-tax result amounted to Euro 629 thousand in Q1 2009 and Euro 1,520 thousand in Q1 2010.

Group net loss decreased from Euro 3.20 million in Q1 2009 to Euro 2.73 million in Q1 2010. The total effects stemming from price allocation had a Euro 1,162 thousand impact on Group net loss in Q1 2010 (It was Euro 265 thousand in Q1 2009).

The Group had net financial debt of Euro 10.85 million at 31 March 2010 against net financial debt of Euro 10.11 million at 31 December 2009.

This change is principally attributable to the affect of the foreign exchange adjustment on the financial liability at fair value of Euro 11.2 million (Euro 10.4 million in 2009) related to the put option on 25% of the shares of Advanet Inc. that is exercisable over coming months. This liability is not yet final but represents the best estimate at the present time. Net of the Advanet option, the net financial position would be positive by Euro 309 thousand.

Net working capital remains substantially unchanged, rising from Euro 27.63 million at 31 December 2009 to Euro 27.68 million at 31 March 2010, a value that is on par with the amount at 31 March 2009 (Euro 27.82 million).

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We advise the public that, as required by the CONSOB (Italian securities & exchange commission), the Interim Management Statement at 31 March 2010 is available to anyone who asks for it at the company's registered headquarters as well as at the headquarters of Borsa Italiana SpA. The report is also available on Eurotech's website at the address www.eurotech.com

Pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Finance Act (Legislative Decree 58/1998), the financial reporting manager of Eurotech SpA, Sandro Barazza, herewith declares that the financial disclosure contained in this press release corresponds to documentary evidence, corporate books, and accounting records.

THE EUROTECH GROUP

Eurotech (ETH.MI) is a global company based in Italy and with locations in the rest of Europe, North America and Asia. The Eurotech group develops and markets miniaturised computers for special uses (NanoPCs) and computers featuring major computing capacity (HPCs – High-Performance Computers). With these two product categories, Eurotech aims to become a leader in implementation of the pervasive computing infrastructure commonly known as Cloud or Grid, capable of enabling an entire range of value-added services and functions in the transport, defence, industrial, medical and scientific-research sectors.

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PRESS RELEASE
ANNEXES – FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT						
(€ '000)	3 months		3 months		change (b-a)	
	2010 (a)	%	2009 (b)	%	amount	%
Sales revenue	19,748	100.0%	19,305	100.0%	443	2.3%
Cost of material	(9,597)	-48.6%	(8,822)	-45.7%	(775)	-8.8%
Gross profit	10,151	51.4%	10,483	54.3%	(332)	-3.2%
Services costs	(4,001)	-20.3%	(4,128)	-21.4%	127	-3.1%
Lease & hire costs	(519)	-2.6%	(554)	-2.9%	35	-6.3%
Payroll costs	(5,999)	-30.4%	(7,153)	-37.1%	1,154	-16.1%
Other provisions and costs	(280)	-1.4%	(257)	-1.3%	(23)	-8.9%
Other revenues	740	3.7%	444	2.3%	296	66.7%
EBITDA	92	0.5%	(1,165)	-6.0%	1,257	-107.9%
Depreciation & Amortization	(2,113)	-10.7%	(1,967)	-10.2%	(146)	-7.4%
Asset impairment	0	0.0%	0	0.0%	0	n/a
EBIT	(2,021)	-10.2%	(3,132)	-16.2%	1,111	-35.5%
Share of associates' profit at equity	(66)	-0.3%	0	0.0%	(66)	n/a
Finance expense	(1,179)	-6.0%	(773)	-4.0%	(406)	-52.5%
Finance income	888	4.5%	938	4.9%	(50)	-5.3%
Profit before tax	(2,378)	-12.0%	(2,967)	-15.4%	589	-19.9%
Income tax	(382)	-1.9%	(224)	-1.2%	(158)	-70.5%
Net profit before minority interest	(2,760)	-14.0%	(3,191)	-16.5%	431	-13.5%
Minority interest	(27)	-0.1%	4	0.0%	(31)	n.s.
Group net profit (loss)	(2,733)	-13.8%	(3,195)	-16.6%	462	-14.5%
Base earnings per share	(0.078)		(0.091)			
Diluted earnings per share	(0.078)		(0.091)			

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CONSOLIDATED BALANCE SHEET

(€'000)	at March 31, 2010	at December 31, 2009
ASSETS		
Intangible assets	111,029	106,170
Property, Plant and equipment	6,810	6,858
Investments in affiliates companies	1,503	1,381
Investments in other companies	255	243
Deferred tax assets	1,316	1,172
Other non current financial assets	236	236
Medium/long term borrowing allowed to affiliates companies	518	511
Other non-current assets	826	791
Total non-current assets	122,493	117,362
Inventories	19,072	17,060
Contracts in progress	1,124	819
Trade receivables	22,526	23,035
Income tax receivables	4,571	5,627
Other current assets	2,467	1,882
Cash & cash equivalents	27,863	27,924
Total current assets	77,623	76,347
Total assets	200,116	193,709
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Reserves	111,904	108,017
Group shareholders' equity	120,783	116,896
Minority capital and reserves	3,288	3,049
Minority profit (loss) for period	(27)	129
Equity attributable to minority interest	3,261	3,178
Total shareholders' equity	124,044	120,074
Medium-/long-term borrowing	2,391	2,417
Employee benefit obligations	1,697	1,609
Deferred tax liabilities	11,223	10,854
Other non-current liabilities	1,604	1,600
Business combination liabilities	0	989
Total non-current liabilities	16,915	17,469
Trade payables	15,951	14,171
Short-term borrowing	24,274	24,488
Derivative instruments	586	458
Income tax liabilities	637	1,766
Other current liabilities	5,489	4,855
Business combination liabilities	12,220	10,428
Total current liabilities	59,157	56,166
Total liabilities	76,072	73,635
Total liabilities and equity	200,116	193,709

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STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Exchange differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Minority interest capital & reserves	Profit (loss) of third parties	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2009	8,879	39	136,400	8,213	(23,010)	(458)	(2,226)	(1,340)	(9,601)	116,896	3,049	129	3,178	120,074
2009 Result allocation	-	-	-	-	(9,601)	-	-	-	9,601	-	129	(129)	-	-
Profit (loss) as at March 31, 2010	-	-	-	-	-	-	-	-	(2,733)	(2,733)	-	(27)	(27)	(2,760)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	(128)	-	-	-	(128)	-	-	-	(128)
- Foreign balance sheets conversion difference	-	-	-	5,473	-	-	-	-	-	5,473	110	-	110	5,583
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	1,275	-	-	1,275	-	-	-	1,275
Comprehensive result	-	-	-	5,473	-	(128)	1,275	-	(2,733)	3,887	110	(27)	83	3,970
Balance as at March 31, 2010	8,879	39	136,400	13,686	(32,611)	(586)	(951)	(1,340)	(2,733)	120,783	3,288	(27)	3,261	124,044

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NET FINANCIAL POSITION

(€'000)		at March 31, 2010	at December 31, 2009	at March 31, 2009
Cash & cash equivalents	A	(27,863)	(27,924)	(36,222)
Cash equivalent	B=A	(27,863)	(27,924)	(36,222)
Other current financial assets	C	0	0	(50)
Derivative instruments	D	586	458	578
Short-term borrow ing	E	24,274	24,488	5,703
Business aggregation liabilities	F	12,220	10,428	1,071
Short-term financial position	G=C+D+E+F	37,080	35,374	7,302
Short-term net financial position	H=B+G	9,217	7,450	(28,920)
Medium/long term borrow ing allow ed to affiliates companies	I	(518)	(511)	0
Business aggregation liabilities	J	0	989	6,839
Other non current financial assets	K	(236)	(236)	0
Medium/long term borrow ing	L	2,391	2,417	24,834
Medium-/long-term net financial position	M=I+J+K+L	1,637	2,659	31,673
NET FINANCIAL POSITION	N=H+M	10,854	10,109	2,753

NET WORKING CAPITAL

(€'000)	at March 31, 2010 (b)	at December 31, 2009 (a)	at March 31, 2009	Changes (b-a)
Inventories	19,072	17,060	21,489	2,012
Contracts in progress	1,124	819	383	305
Trade receivables	22,526	23,035	19,613	(509)
Income tax receivables	4,571	5,627	2,707	(1,056)
Other current assets	2,467	1,882	2,471	585
Current assets	49,760	48,423	46,663	1,337
Trade payables	(15,951)	(14,171)	(12,769)	(1,780)
Income tax liabilities	(637)	(1,766)	(959)	1,129
Other current liabilities	(5,489)	(4,855)	(5,113)	(634)
Current liabilities	(22,077)	(20,792)	(18,841)	(1,285)
Net working capital	27,683	27,631	27,822	52

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