

EUROTECH: THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED INTERIM MANAGEMENT STATEMENT AT 31 MARCH 2011. ROBERTO SIAGRI CONFIRMED AS GROUP CEO.

Amaro (Italy), 13 May 2011

- Consolidated revenues: from EUR 19.75 million to EUR 20.72 million
- Consolidated gross profit: from EUR 10.15 million to EUR 10.69 million
- Consolidated EBITDA: from EUR 90 thousand to EUR 178 thousand
- Consolidated EBIT: from EUR -2.02 million to EUR -1.77 million
- Consolidated pre-tax profit (loss): from EUR -2.38 million to EUR -2.11 million
- Group net profit (loss): from EUR -2.73 million to EUR -2.29 million
- Net financial debt: EUR 13.19 million
- Group shareholders' equity: EUR 123.62 million

The Board of Directors of Eurotech S.p.A. today reviewed and approved the results for the first quarter of 2011.

In the first quarter of the year, Group revenues totalled EUR 20.72 million vs. EUR 19.75 million in Q1 2010. The revenues, in line with expectations, allow the Group to have an optimistic view about the current financial year, given that the contribution of different quarters to total annual revenues varies over the year, and the first quarter has historically proved rather insignificant.

Overall, the economic recovery continued, with variable intensity according to the geographical areas and to the sectors in which the Group operates, and with some uncertainty remaining. The global economic scenario continues to have some effects, and the Company's Management is paying careful attention to assessing the situation and to study weak signals. Eurotech is in particular monitoring the Asia region, in order to check the orders trend in Japan, which in March was hit by an earthquake and consequent tsunami. The Japanese subsidiary will see some order deliveries delayed – by comparison with the forecast budget – from the 1st and 2nd to the 3rd or 4th quarter. Group orders still remain higher than those of last year, and at the end of the first quarter of 2011, the order book was approximately 25% higher than in the same period of 2010.

The gross profit margin remains at the same level as in 2010, at 51.6%. This result confirms the validity of the business model applied by the Group and the effectiveness of measures taken to maintain the gross profit margin at over 50%, that is the level set by the management as the target.

In the quarter in question, without adjustments, operating costs as a percentage of revenues decreased from 54.7% in Q1 2010 (EUR 10.8 million) to 53.6% in Q1 2011 (EUR 11.1 million). This had an impact on Group EBITDA.

In terms of costs, the first quarter of 2011 did not differ significantly from Q1 2010, and the Management remains focused on containing fixed costs and rationalising existing resources, increasing synergies between its various affiliates and maximising returns on available resources.

In Q1 2011, EBITDA remained in positive territory, at EUR 178 thousand, versus EUR 92 thousand in Q1 2010, and the EBITDA margin rose from 0.5% in Q1 2010 to 0.9% in Q1 2011.

EBIT came in at EUR -1,766 thousand in Q1 2011, an improvement on the figure for Q1 2010 (EUR -2,021 thousand). The EBIT margin was affected by the level of sales, and was -8.5% vs. -10.2% in Q1 2010. This performance was influenced by the EBITDA result, as well as depreciation and amortisation posted to the income statement in the first quarter of 2011, arising both from operating assets that became subject to depreciation at 31 March 2011 and from PPA effects relating to the acquisitions of Eurotech Inc. (formerly Applied Data Systems Inc. and Arcom Control Systems Inc.) and the Advanet Group. The effect on EBIT of the higher value attributed as a result of PPA was EUR 856 thousand in Q1 2011 vs. EUR 786 thousand in Q1 2010.

The Group posted a pre-tax loss in Q1 2010 of EUR 2.11 million, compared with a loss of EUR 2.38 million in Q1 2010, on the back of the factors set out above. PPA effects on the pre-tax result amounted to EUR 1,520 thousand in Q1 2010, compared with EUR 856 thousand in Q1 2011.

At the bottom line, the Group posted a net loss of EUR 2.73 million in Q1 2011, versus a loss of EUR 2.29 million in Q1 2010, reflecting the trend in the pre-tax result and the current tax burden.

At 31 March 2011, Group net financial debt was EUR 13.19 million, compared with EUR 8.64 million at the end of the 2010, owing to the use of cash and cash equivalents to manage the business.

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

Appointment of the Chief Executive Officer: Roberto Siagri

Appointment of a Vice-Chairman: Giampietro Tecchiolli

Appointment of the Financial Reporting Manager: Sandro Barazza

Appointment of the Lead Independent Director: Cesare Pizzul

Verification of the conditions of independence for the three directors Cesare Pizzul, Chiara Mio and Maria Cristina Pedicchio.

Establishment of the following committees and assignment of the following duties in accordance with the laws in force and Eurotech SpA's corporate governance policies:

- Remuneration Committee (entirely composed of independent directors): Cesare Pizzul (Chairman), Chiara Mio, Maria Cristina Pedicchio
- Internal Control Committee (entirely composed of independent directors): Chiara Mio (Chairman), Maria Cristina Pedicchio, Cesare Pizzul
- Executive Director in charge of supervising the Internal Control System: Roberto Siagri
- Internal Control manager: Stefano Bertoli
- Committee for Related party Transactions (entirely composed of independent directors): Cesare Pizzul (Chairman), Chiara Mio, Maria Cristina Pedicchio
- Supervisory Body: Stefano Fruttarolo (Chairman), Stefano Bertoli, Chiara Mio.

We advise the public that, as required by the CONSOB (Italian securities & exchange commission), the Consolidated Interim Management Statement at 31March 2011 is available to anyone who requests it at the Company's registered headquarters as well as the headquarters of Borsa Italiana S.p.A. The Statement is also available on Eurotech's website, www.eurotech.com

Pursuant to Article1542-bis, Paragraph 2, of the Italian Consolidated Finance Act, the Financial Reporting Manager of Eurotech SpA, Sandro Barazza, hereby declares that the financial disclosure contained in this press release corresponds to the Company's documentary evidence, corporate books, and accounting records.

THE EUROTECH GROUP

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

Company contacts:**Investor relations**

Andrea Barbaro

Tel. +39 0433 485411

e-mail: andrea.barbaro@eurotech.com

Corporate Press Office

Cristiana della Zonca

Tel. +39 0433 485411

e-mail: cristiana.dellazonca@eurotech.com

International Press Office

Jana Sanchez, CitySavvy

Tel. +44 207395 1000 or +44 7985 917 060

e-mail: jana@citysavvy.com

ANNEXES – FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT						
(€ '000)	3 months		3 months		change (b-a)	
	2011 (b)	%	2010 (a)	%	amount	%
Sales revenue	20,718	100.0%	19,748	100.0%	970	4.9%
Cost of material	(10,026)	-48.4%	(9,597)	-48.6%	429	4.5%
Gross profit	10,692	51.6%	10,151	51.4%	541	5.3%
Services costs	(3,903)	-18.8%	(4,001)	-20.3%	(98)	-2.4%
Lease & hire costs	(599)	-2.9%	(519)	-2.6%	80	15.4%
Payroll costs	(6,270)	-30.3%	(5,999)	-30.4%	271	4.5%
Other provisions and costs	(342)	-1.7%	(280)	-1.4%	62	22.1%
Other revenues	600	2.9%	740	3.7%	(140)	-18.9%
EBITDA	178	0.9%	92	0.5%	86	93.5%
Depreciation & Amortization	(1,944)	-9.4%	(2,113)	-10.7%	(169)	-8.0%
Asset impairment	0	0.0%	0	0.0%	0	n/a
EBIT	(1,766)	-8.5%	(2,021)	-10.2%	255	12.6%
Share of associates' profit at equity	0	0.0%	(66)	-0.3%	(66)	-100.0%
Finance expense	(959)	-4.6%	(1,179)	-6.0%	(220)	-18.7%
Finance income	619	3.0%	888	4.5%	(269)	-30.3%
Profit before tax	(2,106)	-10.2%	(2,378)	-12.0%	272	11.4%
Income tax	(220)	-1.1%	(382)	-1.9%	(162)	-42.4%
Net profit before minority interest	(2,326)	-11.2%	(2,760)	-14.0%	434	15.7%
Minority interest	(34)	-0.2%	(27)	-0.1%	(7)	25.9%
Group net profit (loss)	(2,292)	-11.1%	(2,733)	-13.8%	441	16.1%
Base earnings per share	(0.065)		(0.078)			
Diluted earnings per share	(0.065)		(0.078)			

CONSOLIDATED BALANCE SHEET

(€'000)	at March 31, 2011	at December 31, 2010
ASSETS		
Intangible assets	111,498	120,328
Property, Plant and equipment	6,059	6,582
Investments in affiliate companies	281	308
Investments in other companies	252	230
Deferred tax assets	1,156	1,658
Other non current financial assets	236	236
Medium/long term borrow ing allow ed to affiliates compani	940	636
Other non-current assets	947	1,018
Total non-current assets	121,369	130,996
Inventories	23,714	21,587
Contracts in progress	2,733	257
Trade receivables	22,400	28,971
Income tax receivables	2,492	1,879
Other current assets	2,759	3,305
Cash & cash equivalents	15,529	23,751
Total current assets	69,627	79,750
Total assets	190,996	210,746
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(25,525)	(13,761)
Group shareholders' equity	119,754	131,518
Equity attributable to minority interest	3,866	3,966
Total shareholders' equity	123,620	135,484
Medium-/long-term borrow ing	22,063	22,873
Employee benefit obligations	1,545	1,681
Deferred tax liabilities	11,071	12,307
Other non-current liabilities	2,124	2,225
Total non-current liabilities	36,803	39,086
Trade payables	16,912	18,824
Short-term borrow ing	7,574	8,985
Derivative instruments	253	339
Income tax liabilities	462	1,214
Other current liabilities	5,372	5,748
Business combination liabilities	0	1,066
Total current liabilities	30,573	36,176
Total liabilities	67,376	75,262
Total liabilities and equity	190,996	210,746

STATEMENT OF CHANGES IN EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Exchange rate 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, 2010	8,879	39	136,400	25,938	(31,203)	(339)	(777)	(1,340)	(6,079)	131,518	3,900	66	3,966	135,484
2010 Result allocation	-	-	-	-	(6,079)	-	-	-	6,079	-	66	(66)	-	-
Profit (loss) as at March 31, 2011	-	-	-	-	-	-	-	-	(2,292)	(2,292)	-	(34)	(34)	(2,326)
<i>Comprehensive other profit (loss)</i>														
- Hedge transactions	-	-	-	-	-	86	-	-	-	86	-	-	-	86
- Foreign balance sheets conversion difference	-	-	-	(8,091)	-	-	-	-	-	(8,091)	(301)	-	(301)	(8,392)
- Exchange differences on equity method	-	-	-	-	(43)	-	-	-	-	(43)	-	-	-	(43)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(1,189)	-	-	(1,189)	-	-	-	(1,189)
Comprehensive result	-	-	-	(8,091)	(43)	86	(1,189)	-	(2,292)	(11,529)	(301)	(34)	(335)	(11,864)
Balance as at March 31, 2011	8,879	39	136,400	17,847	(37,325)	(253)	(1,966)	(1,340)	(2,292)	119,989	3,665	(34)	3,631	123,620

NET FINANCIAL POSITION

(€'000)		at March 31, 2011	at December 31, 2010	at March 31, 2010
Cash & cash equivalents	A	(15,529)	(23,751)	(27,863)
Cash equivalent	B=A	(15,529)	(23,751)	(27,863)
Other current financial assets	C	0	0	0
Derivative instruments	D	253	339	586
Short-term borrow ing	E	7,574	8,985	24,274
Business aggregation liabilities	F	0	1,066	12,220
Short-term financial position	G=C+D+E+F	7,827	10,390	37,080
Short-term net financial position	H=B+G	(7,702)	(13,361)	9,217
Medium/long term borrow ing allow ed to affiliates companies	I	(940)	(636)	(518)
Other non current financial assets	K	(236)	(236)	(236)
Medium/long term borrow ing	L	22,063	22,873	2,391
Medium-/long-term net financial position	M=I+J+K+L	20,887	22,001	1,637
(NET FINANCIAL POSITION) NET DEBT	N=H+M	13,185	8,640	10,854

WORKING CAPITAL

(€'000)	at March 31, 2011 (b)	at December 31, 2010 (a)	at March 31, 2010	Changes (b-a)
Inventories	23,714	21,587	19,072	2,127
Contracts in progress	2,733	257	1,124	2,476
Trade receivables	22,400	28,971	22,526	(6,571)
Income tax receivables	2,492	1,879	4,571	613
Other current assets	2,759	3,305	2,467	(546)
Current assets	54,098	55,999	49,760	(1,901)
Trade payables	(16,912)	(18,824)	(15,951)	1,912
Income tax liabilities	(462)	(1,214)	(637)	752
Other current liabilities	(5,372)	(5,748)	(5,489)	376
Current liabilities	(22,746)	(25,786)	(22,077)	3,040
Net working capital	31,352	30,213	27,683	1,139