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Consolidated Interim Management Report
at 31 March 2012

This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

Date of issue: 14 May 2012
This report is available online in the 'Investors' section of www.eurotech.com

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

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Company information

Board of Directors	
Chairman	Roberto Siagri
Vice Chairman	Giampietro Tecchiolli
Director	Sandro Barazza [1 2]
Director	Giovanni Bertolone [2]
Director	Giancarlo Grasso [2]
Director	Chiara Mio [2 3 4]
Director	Maria Cristina Pedicchio [2 3 4]
Director	Cesare Pizzul [2 3 4 5]
Director	Giovanni Soccodato [2]

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2011, and will remain in office until approval of the financial statements for the year ending 31 December 2013.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory Auditor	Michela Cignolini
Statutory Auditor	Giuseppe Pingaro
Substitute Auditor	Lorenzo Ginisio
Substitute Auditor	Michele Testa

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 28 April 2011, and will remain in office until the approval of the financial statements for the year ending 31 December 2013.

Independent Auditor	
	Reconta Ernst & Young

The Independent Auditor was appointed for the three-year period 2005-2007 by the Ordinary Shareholders' Meeting of 21 July 2005. This term was extended for the period 2008-2013 at the Ordinary Shareholders' Meeting of 7 May 2007.

Corporate name and registered offices of the parent company	
	Eurotech S.p.A. Via Fratelli Solari 3/A 33020 Amaro (UD), Italy Udine Companies Register number 01791330309

[1] Corporate Financial Reporting Manager as from 29 May 2008.
[2] Non-executive directors.
[3] Member of the Remuneration Committee, the Internal Control Committee and the Committee for Related Party Transactions.
[4] Independent directors required under the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[5] Lead Independent Director.

Performance highlights

Income statement highlights

(€'000)	1Q 2012	%	1Q 2011	%
OPERATING RESULTS				
SALES REVENUES	20,394	100.0%	20,718	100.0%
GROSS PROFIT MARGIN	10,554	51.8%	10,692	51.6%
EBITDA	199	1.0%	178	0.9%
EBIT	(1,706)	-8.4%	(1,766)	-8.5%
PROFIT (LOSS) BEFORE TAXES	(1,488)	-7.3%	(2,106)	-10.2%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(1,524)	-7.5%	(2,292)	-11.1%

Income statement highlights net of the accounting effects of purchase price allocation

(€'000)	1Q 2012 adjusted	%	1Q 2011 adjusted	%
OPERATING RESULTS				
SALES REVENUES	20,394	100.0%	20,718	100.0%
GROSS PROFIT MARGIN	10,554	51.8%	10,692	51.6%
EBITDA	199	1.0%	178	0.9%
EBIT	(773)	-3.8%	(910)	-4.4%
PROFIT (LOSS) BEFORE TAXES	(555)	-2.7%	(1,250)	-6.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(975)	-4.8%	(1,788)	-8.6%

For a breakdown of effects arising from purchase price allocation, see the notes on page 11.

Balance sheet highlights

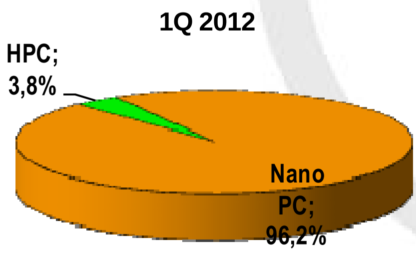
€'000	at March 31, 2012	at December 31, 2011	at March 31, 2011
NET NON-CURRENT ASSETS	126,538	134,875	121,369
NET WORKING CAPITAL	29,942	30,136	31,352
NET INVESTED CAPITAL	141,752	149,370	136,805
SHAREHOLDERS' EQUITY	123,414	135,043	123,620
NET FINANCIAL POSITION	18,338	14,327	13,185

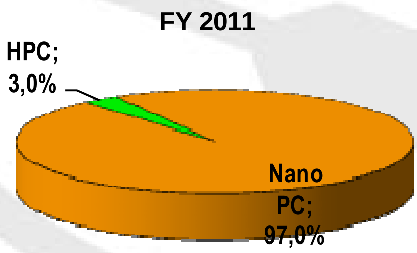
Employee headcount

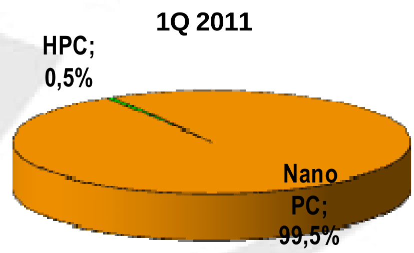
	at March 31, 2012	at December 31, 2011	at March 31, 2011
NUMBER OF EMPLOYEES	438	463	474

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1Q 2012	1Q 2011	% YoY Change	FY 2011	1Q 2012	1Q 2011	% YoY Change	FY 2011	1Q 2012	1Q 2011	% YoY Change	FY 2011
Sales revenues	19,623	20,611	-4.8%	90,971	771	107	620.6%	2,835	20,394	20,718	-1.6%	93,806

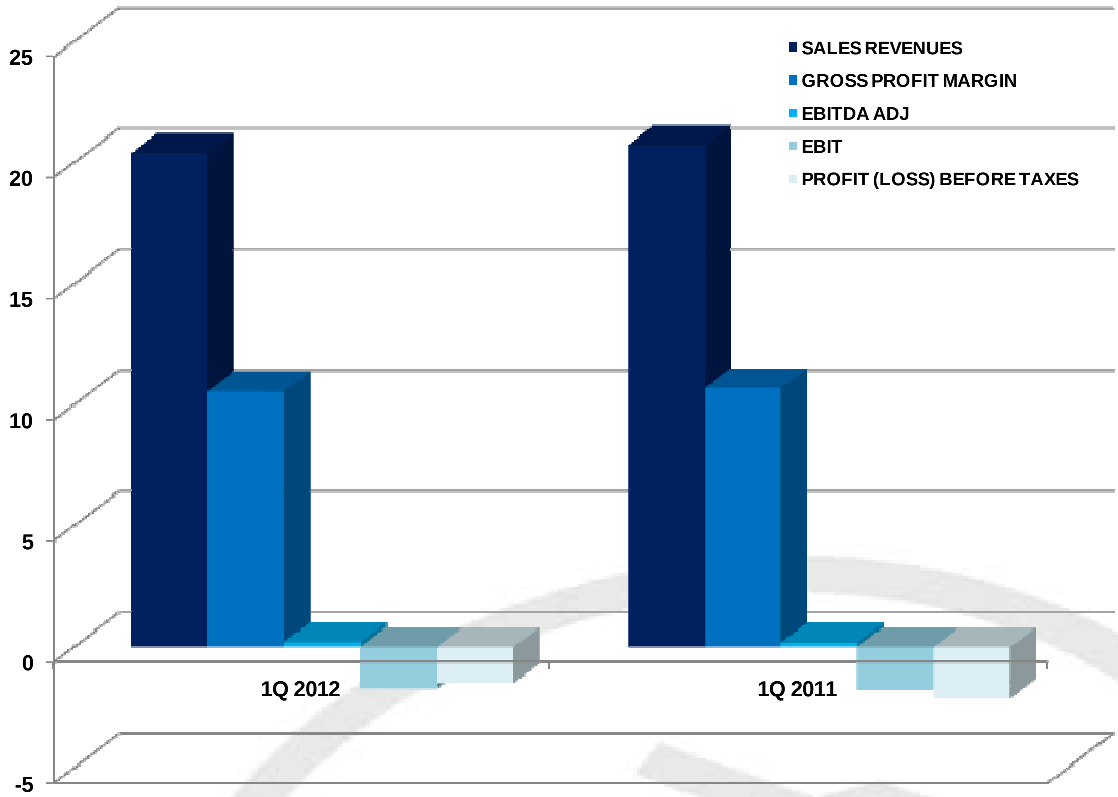






The business lines covered by the Group are 'NanoPCs' and 'HPCs' (High Performance Computers). The NanoPC line comprises miniaturised electronic modules and systems currently for the transport, defence, logistics, medical and industrial sectors, while the HPC line consists of high-energy-efficient supercomputers featuring high performance computing capability historically targeting universities, research institutes and currently also used in applications in the service sector and in the industrial one.

Key performance summary



Information for shareholders

The ordinary shares of Eurotech SpA, the Parent Company of the Eurotech Group, have been listed in the STAR segment of the Milan stock market since 30 November 2005.

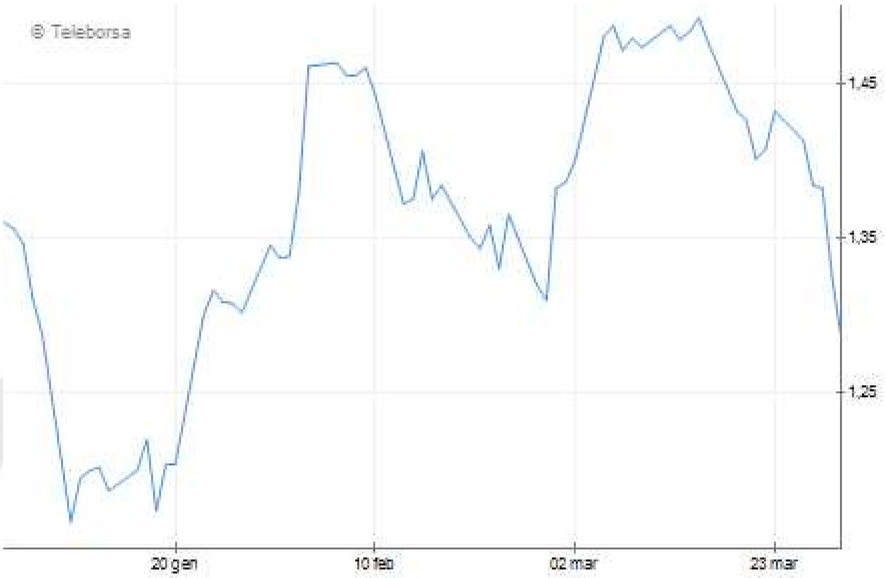
Share capital of Eurotech SpA at 31 March 2012

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35.515.784
Number of savings shares	-
Number of Eurotech SpA treasury shares	420.410
Stock market capitalisation (based on the share's average price in March 2012)	€46 million
Stock market capitalisation (based on the share's reference price at 31 March 2012)	€46 million

Performance of Eurotech SpA shares

Absolute performance of EUROTECH SpA shares
01.01.2012 – 31.03.2012

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



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

The Eurotech Group

Eurotech is a global company with a strong international focus and revenues distributed over three continents. The Group has operating locations in Europe, North America and Asia that are guided and coordinated by the headquarters in Italy.

The technological paradigm followed by Eurotech is ‘pervasive computing’. The pervasive concept combines three key factors: the miniaturisation of ‘intelligent’ devices, i.e. devices capable of processing information; their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and the possibility of connecting them up with each other in a network and communicating.
Within this overall vision, Eurotech works on the research, development, engineering, and marketing of special-purpose miniaturised computers (NanoPCs) and of high-performance supercomputers (HPCs). NanoPCs and HPCs are the two major classes of devices that, by connecting to and co-operating with each other, form that pervasive computing infrastructure commonly known as the “pervasive computer grid” or “Cloud”.

In the NanoPC segment, the Group’s offering differs according to the positions of the various products in the value stack. The NanoPC is typically a miniature computer that can take the form of:
- an embedded electronic board, often used as a component of OEM products
- an application-ready subsystem or platform, used as elements of integrated systems
- a ready-to-use device, employed in a great variety of application settings, often as support for the provision of value-added services.

All these NanoPCs have wireline or wireless communication channels to ensure their interconnection. It is this combination of computing and communication capabilities that makes Eurotech’s NanoPCs key elements of the pervasive scenario that the company wants to create.

The Group’s NanoPC offering is used in many types of applications, both conventional and emerging. Eurotech is most active in the transport, defence, industrial, medical and logistical sectors. The feature common to many of our customers in all these sectors is that they are seeking not only a supplier but also a centre of technological competence – and they often see in Eurotech a partner for innovating their products and their way of doing business. They want to reduce their time-to-market and focus on their core businesses. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.
In the HPC segment, Eurotech designs and manufactures high-energy-efficient supercomputers with huge computing capacity via mass connection of high performance miniaturised computers. These supercomputers, which have historically been used by cutting-edge research institutes, computing centres and universities, have become indispensable in advanced sectors such as the nanotech, biotech and cyber-security sectors. We also expect to see significant effects on the medical and industrial fields in the near future.

From the time of its foundation in 1992, Eurotech has focused its business model on four guiding principles, which, like four pillars, have underpinned its growth and development and continue to do so. These are:
- excellence within market standards;
- a ‘fabless’ production model, i.e. with production volumes mainly outsourced;
- evolution of its business model towards ready-to-use products (closer to the application scenario of the purchaser or end-customer);
- strong interaction with the academic and basic-research worlds.

Summary of performance in the first quarter of 2012 and expected business progress

Introduction

The consolidated quarterly report of the Eurotech Group at 31 March 2012, which has not been audited, and the statements for comparative periods were drawn up according to the IAS/IFRSprinciples issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 31 March 2012 and comparable periods were prepared according to the IAS/IFRS principles in force on the date of preparation and the statements drawn up according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended and supplemented.

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements to 31 March 2012 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting standards and consolidation methods used to prepare the consolidated quarterly report are consistent with those used in the Group's consolidated financial statements to 31 December 2011, to which readers are invited to refer. Taxes have been calculated based on the best possible estimates. According to the criterion used for translation into euro of accounts expressed in different currencies, balance sheets are translated at the exchange rate in effect on the final day of the accounting period, and income statements are translated at the average exchange rate for the period. Differences arising from translation of the balance sheets and income statements are posted to a balance sheet reserve.

Unless otherwise specified, the financial statements, tables and explanatory notes are expressed in thousands of euro (€'000).

In accordance with CONSOB requirements, income statement figures are shown for the quarter under review and are compared with data for the same period in the previous financial year (FY). Restated balance sheet figures, which refer to the closing date of the quarter, are compared with the closing date of the previous FY. The format of the financial statements is the same as that used in the half-yearly report and in the annual financial statements.

This document presents some alternative performance indicators to allow for better evaluation of the Group's economic and financial performance. These are as follows:
- Gross profit, or the difference between revenues from sales and services and use of materials
- EBITDA, or earnings before depreciation and amortisation of assets, valuation of equity interests in affiliates using the equity method, financial income and charges and income tax for the year.
- Operating income (EBIT), i.e., income before valuation of equity interests in affiliates using the equity method, financial income and charges and income tax for the year.

Operating performance in the period

The Group's revenues for the first three months of 2012 totalled €20.40 million compared to €20.72 million in the first three months of 2011. Revenues reflect the trend of orders intake in the last quarter of the previous FY, and due to the low figure in the first quarter as a percentage of total income recorded historically, make it possible to maintain a positive outlook for the current year.
The Company's management continues to closely monitor the global situation and its signals: the initial months of 2012 are confirming projections to date, with the US and Japan showing certain signs of improvement, and an uncertain condition continuing in Europe with little visibility on future evolution. This scenario is also confirmed by an analysis of revenues in these three geographic areas described later in this document. Internally from the standpoint of cost-cutting, all necessary measures are being taken to contain expenses without foregoing the investments needed to ensure the Group's competitive position.

Before commenting in detail on income statement figures, it should be noted that some figures are affected by purchase price allocation accounting[A] relating to the business combinations of Applied Data Systems Inc., Dynatem Inc. and the Advanet Group.

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-0.77 million, rather than €-1.71 million;
- The pre-tax loss would have been €-0.56 million, rather than €-1.49 million;
- The group's consolidated net loss would have been €-0.98 million rather than €-1.52 million.

The gross profit margin was substantially unchanged from the first quarter of 2011, but greater than end-2011 at 51.8%. The periodic changes in the gross profit margin are due to variations in themix of products sold and changes in revenue contributions of the geographic areas in which Eurotech operates. These changes are not significant, and the profit margin remains above 50%, which management continues to see as a target.

In the quarter in question, before adjustments, operating costs as a percentage of revenues remained largely unchanged rising from 53.6% in Q1 2011 (= €11.1 mn) to 54.2%% in Q1 2012 (= €11.0 mn). This had an impact on Group EBITDA.
Due to the different exchange rate used to translate the financial statements of foreign companies, there was no significant difference in terms of costs from Q1 2011. If, however, figures are analysed in the foreign currencies concerned, there would be savings from one period to the next due to measures taken in 2011 that continue to provide benefits in 2012. At the beginning of 2012 management also took further measures to make the structure more efficient thereby lowering the threshold for activating operating leverage. These measures will have their greatest impact in the second half of the year. Fixed cost containment and the rationalisation of resources continue to be a priority of management in order to achieve the margins targets set for the current year.
Due to the historical distribution of revenues between quarters, fixed costs as a percentage of revenues in the first quarter are greater than the level projected for yearend spread over all 12 months.

In Q1 2012 EBITDA remained in positive territory at €199 thousand (1.0% of revenues) compared to €178 thousand in 2011 (0.9% of revenues).

[A] Specifically, the impact from the purchase price allocation accounting relating to the business combinations of the Arcom Group (only in 2011), Applied Data Systems Inc., Dynatem Inc. (only in 2012) and the Advanet Group can be summarised as follows:
- Depreciation, amortisation and impairment: €933 thousand (€856 thousand at 31 March 2011), equal to the higher amortisation allocated for the higher values assigned to intangible assets (and especially customer relationships), the higher depreciation is to be allocated to the higher values assigned to value-generating units Dynatem Inc. (only in 2012), Eurotech Inc. (formerly Applied Data Systems Inc. and Arcom Control Systems Inc. in 2011) and to the Advanet Group;
- Lower income taxes: €384 thousand (€352 thousand at 31 March 2011) resulting from the tax effect on adjustments made.

EBIT came in at €-1.71 million in Q1 2012 (-8.4% of revenues), a slight improvement on the figure for Q1 2011 (€-1.77 thousand or -8.5% of revenues).
This performance was related to the EBITDA result already discussed above. It was also affected by depreciation and amortisation in the income statement in the first quarter of 2012, arising both from operating assets that became subject to amortisation at 31 March 2012 and from PPA effects relating to the acquisitions of Eurotech Inc. (former Applied Data Systems Inc.), Dynatem Inc. and the Advanet Group. The effect on EBIT of the higher values attributed as a result of PPA was €0.93 million in Q1 2012, compared with €0.86 million in Q1 2011.

In Q1 2012 income from financial operations totalled €0.21 million compared to a loss of €0.34 million in Q1 2011. This result was due to the change in currency trends, in terms of the average value for the periods concerned, and an increase in financial charges.
For further details, see explanatory note J.

The pre-tax loss for the quarter concerned was €1.49 million compared to a loss of €2.11 million in the first three months of 2011. This result was affected by financial operations as noted above.
PPA effects on pre-tax income amounted to €0.93 million in Q1 2011, compared with €0.86 million in Q1 2011.

The Group registered a net loss of €2.29 million in the first quarter of 2011, compared with a net loss of €1.52 million in Q1 2012. This performance not only reflects the pre-tax profit result, but is mainly due to the lower total tax burden on the Group's various units and to a lesser extent to the portion of profit attributable to third parties.

Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute amounts and percentage terms:

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	3 months 2012 (b)	%	3 months 2011 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	C	20,394	100.0%	20,718	100.0%	(324)	-1.6%
Cost of material	D	(9,840)	-48.2%	(10,026)	-48.4%	(186)	1.9%
Gross profit		**10,554**	**51.8%**	**10,692**	**51.6%**	**(138)**	**-1.3%**
Services costs	E	(3,737)	-18.3%	(3,903)	-18.8%	(166)	-4.3%
Lease & hire costs		(568)	-2.8%	(599)	-2.9%	(31)	5.2%
Payroll costs	F	(6,500)	-31.9%	(6,270)	-30.3%	230	3.7%
Other provisions and costs	G	(246)	-1.2%	(342)	-1.7%	(96)	28.1%
Other revenues	H	696	3.4%	600	2.9%	96	16.0%
EBITDA		**199**	**1.0%**	**178**	**0.9%**	**21**	**11.8%**
Depreciation & Amortization	I	(1,905)	-9.3%	(1,944)	-9.4%	(39)	-2.0%
Asset impairment	I	0	0.0%	0	0.0%	0	n/a
EBIT		**(1,706)**	**-8.4%**	**(1,766)**	**-8.5%**	**60**	**3.4%**
Share of associates' profit at equity		9	0.0%	0	0.0%	(9)	n/a
Finance expense	J	(1,138)	-5.6%	(959)	-4.6%	179	-18.7%
Finance income	J	1,347	6.6%	619	3.0%	728	117.6%
Profit before tax		**(1,488)**	**-7.3%**	**(2,106)**	**-10.2%**	**618**	**29.3%**
Income tax	K	(36)	-0.2%	(220)	-1.1%	(184)	-83.6%
Net profit before minority interest		**(1,524)**	**-7.5%**	**(2,326)**	**-11.2%**	**802**	**34.5%**
Minority interest	O	**0**	**0.0%**	**(34)**	**-0.2%**	**34**	**100.0%**
Group net profit (loss)	**O**	**(1,524)**	**-7.5%**	**(2,292)**	**-11.1%**	**768**	**33.5%**
Base earnings per share		**(0.043)**		**(0.065)**			
Diluted earnings per share		**(0.043)**		**(0.065)**			

STATEMENT OF COMPREHENSIVE INCOME (€ '000)	3 months 2012 (b)	3 months 2011 (a)
inerest (A)	**(1,524)**	**(2,326)**
Net profit (loss) from Cash Flow Hedge	(29)	86
Tax effect	0	0
	(29)	*86*
Foreign balance sheets conversion difference	*(9,432)*	*(8,392)*
Exchange differences on equity method	*0*	*(43)*
Exchange differences on equity investments in foreign companies	(644)	(1,189)
Tax effect	0	0
	(644)	*(1,189)*
	(10,105)	*(9,538)*
After tax comprehensive profit (loss) (B)		
Comprehensive net result (A+B)	**(11,629)**	**(11,864)**
Comprehensive minority interest	**0**	**(335)**
Comprehensive Group net profit (loss) for period	**(11,629)**	**(11,529)**

See notes from page 19.

Consolidated balance sheet

(€'000)	Notes	at March 31, 2012	at December 31, 2011
ASSETS			
Intangible assets		118,165	125,922
Property, Plant and equipment		5,299	5,897
Investments in affiliate companies		269	278
Investments in other companies		264	270
Deferred tax assets		1,574	1,439
Other non current financial assets		186	226
Other non-current assets		781	843
Total non-current assets	L	**126,538**	**134,875**
Inventories		22,249	23,734
Contracts in progress		1,374	2,356
Trade receivables		23,556	26,724
Income tax receivables		501	938
Other current assets		2,860	2,569
Receivables from affiliates companies		71	1,163
Short term borrowing allowed to affiliates companies and other Group companies		81	178
Cash & cash equivalents		10,248	13,596
Total current assets		**60,940**	**71,258**
Total assets		**187,478**	**206,133**
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(21,865)	(10,236)
Group shareholders' equity	O	**123,414**	**135,043**
Equity attributable to minority interest	O	**0**	**0**
Total shareholders' equity	O	**123,414**	**135,043**
Medium-/long-term borrowing		10,430	10,482
Employee benefit obligations		1,624	1,718
Deferred tax liabilities		11,342	12,111
Other non-current liabilities		1,576	1,586
Total non-current liabilities		**24,972**	**25,897**
Trade payables		13,327	18,388
Short-term borrowing		17,808	17,253
Derivative instruments		405	376
Income tax liabilities		959	1,731
Other current liabilities		6,383	7,229
Business combination liabilities		210	216
Total current liabilities		**39,092**	**45,193**
Total liabilities		**64,064**	**71,090**
Total liabilities and equity		**187,478**	**206,133**

Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt at 31 March 2012, breaking it down by due date and comparing it with the situation at 31 March 2011 and 31 December 2011:

(€'000)		at March 31, 2012	at December 31, 2011	at March 31, 2011
Cash & cash equivalents	A	(10,248)	(13,596)	(15,529)
Cash equivalent	**B=A**	**(10,248)**	**(13,596)**	**(15,529)**
Other current financial assets	C	(81)	(178)	0
Derivative instruments	D	405	376	253
Short-term borrowing	E	17,808	17,253	7,574
Business aggregation liabilities	F	210	216	0
Short-term financial position	**G=C+D+E+F**	**18,342**	**17,667**	**7,827**
Short-term net financial position	**H=B+G**	**8,094**	**4,071**	**(7,702)**
Medium/long term borrowing allowed to affiliates companies	I	0	0	(940)
Business aggregation liabilities	J	0	0	0
Other non current financial assets	K	(186)	(226)	(236)
Medium/long term borrowing	L	10,430	10,482	22,063
Medium-/long-term net financial position	**M=I+J+K+L**	**10,244**	**10,256**	**20,887**
(NET FINANCIAL POSITION) NET DEBT	**N=H+M**	**18,338**	**14,327**	**13,185**

Net working capital

The Group's net working capital at 31 March 2012, compared with the situation at 31 March 2011 and at 31 December 2011, is shown below:

(€'000)	Notes	at March 31, 2012 (b)	at December 31, 2011 (a)	at March 31, 2011	Changes (b-a)
Inventories		22,249	23,734	23,714	(1,485)
Contracts in progress		1,374	2,356	2,733	(982)
Trade receivables		23,556	26,724	22,400	(3,168)
Receivables from affiliates companies		71	1,163	0	(1,092)
Income tax receivables		501	938	2,492	(437)
Other current assets		2,860	2,569	2,759	291
Current assets		*50,611*	*57,484*	*54,098*	*(6,873)*
Trade payables		(13,327)	(18,388)	(16,912)	5,061
Income tax liabilities		(959)	(1,731)	(462)	772
Other current liabilities		(6,383)	(7,229)	(5,372)	846
Current liabilities		*(20,669)*	*(27,348)*	*(22,746)*	*6,679*
Net working capital	M	**29,942**	**30,136**	**31,352**	**(194)**

Cash flow

(€'000)	at March 31, 2012	at December 31, 2011	at March 31, 2011
Cash flow generated (used) in operations	(1,544)	1,063	(2,504)
Cash flow generated (used) in investment activities	(515)	(8,420)	(2,073)
Cash flow generated (used) in financial activities	503	(4,123)	(2,221)
Change in the conversion difference	(1,792)	1,325	(1,424)
Increase (decrease) in cash & cash equivalents	(3,348)	(10,155)	(8,222)
Opening amount in cash & cash equivalents	13,596	23,751	23,751
End of period in cash & cash equivalents	10,248	13,596	15,529

A – Eurotech Group business

The Group's operations are organised into two strategic business lines: miniaturised computers (NanoPCs) and high-performance supercomputers (HPC).

The NanoPC business line comprises miniaturised electronic modules and systems, currently targeting the transport, defence, logistics, industrial and medical sectors.
Activity in this line is carried out by Eurotech SpA, I.P.S. Sistemi Programmabili Srl and SAEE Srl, which mainly operate in Italy and the Far East, as well as Parvus Corp., Dynatem Inc. and Eurotech Inc. (USA), which mainly operate in the US, Eurotech Ltd (United Kingdom), which mainly operates in the UK, Eurotech France SAS (France), which mainly operates in France, and the Advanet Group (Japan), which mainly operates in Japan. Our NanoPC products are marketed under the trademarks Eurotech, Parvus, IPS and Advanet.

The HPC business line consists of computers featuring high performance computing capability currently targeting universities, research institutes and data-processing centres.

Eurotech shares (ETH.MI) have been listed on the STAR segment of the Italian stock exchange since 30 November 2005.

B – Basis of consolidation

The companies included in the basis of consolidation on a line-by-line basis at 31 March 2012 are as follows:

Company name	Registered office	Group % ownership
Parent company		
Eurotech S.p.A.	Via Fratelli Solari 3/A – Amaro (UD)	
Subsidiary companies consolidated line-by-line		
Dynatem Inc.	Mission Viejo (USA)	100,00%
E-Tech USA Inc.	Columbia (USA)	100,00%
Eth Devices S.r.o.	Bratislava (Slovakia)	100,00%
Eurotech Finland Oy in liquidation	Helsinki (Finland)	100,00%
Eurotech France S.A.S.	Venissieux Cedex (France)	100,00%
Eurotech Inc.	Columbia (USA)	100,00%
Eurotech Ltd.	Cambridge (UK)	100,00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	100,00%
Parvus Corp.	Salt Lake City (USA)	100,00%
Saee S.r.l.	Via Fratelli Solari, 5/A – Amaro (UD)	100,00%
EthLab S.r.l.	Viale Dante 78 – Pergine (TN)	99,99%
Advanet Inc.	Okayama (Japan)	90,00% (1)

(1) The percentage of formal possession is 90%, but due to the possession by Advanet of 10% of the share capital in the form of treasury shares, it is fully consolidated.

The following affiliates are consolidated at equity:

Affiliated companies consolidated at equity		
Delos S.r.l. in liquidation	Via Roberto Cozzi 53 – Milan	40,00%

Chengdu Vantron Technology Inc.	Chengdu (China)	38,00%
eVS embedded Vision Systems S.r.l.	Edificio Ca' Vignal 2, Strada Le Grazie 15 – Verona	32,00%
Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24,82%
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatoio, 12 – Trieste	21,31%
Other minor companies measured at cost		
Kairos Autonomi	Salt Lake City (USA)	19,00%

The main changes with regard to subsidiaries and affiliates compared with 31 December 2011 are as follows:

- On 3 January 2012 the affiliate Isidory LLC, already placed in liquidation, terminated operations.
- On 9 January 2012 the affiliate U.T.R.I. S.p.A. changed its name to Rotowi Technologies S.p.A. and was placed in liquidation.

For information purposes, the following table provides the exchange rates used to translate foreign companies' financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

Currency	Average 3Months 2012	As of March 31, 2012	Average at 2011	As of December 31, 2011	Average 3Months 2011	As of March 31, 2011
British pound sterling	0.83448	0.83390	0.86788	0.83530	0.85386	0.88370
Japanese Yen	103.99323	109.56000	110.95860	100.20000	112.57031	117.61000
USA Dollar	1.31082	1.33560	1.39196	1.29390	1.36799	1.42070

C - Revenues

Revenues earned by the Group amount to €20.39 million (€20.72 million in the first three months of 2011), a decrease of €324 thousand (1.6%) on the same period of last year. This performance was due to a conjunctural reduction in sales, together with a change in the exchange rate used to convert financial statements denominated in foreign currencies.

The breakdown of revenues by individual business line and related changes were as follows:

SALES BY BUSINESS SEGMENT	1Q 2012	%	1Q 2011	%
NanoPC	19,623	96.2%	20,611	99.5%
High Perf. Computer	771	3.8%	107	0.5%
TOTALE SALES AND SERVICE REVENUE	**20,394**	**100.0%**	**20,718**	**100.0%**

In NanoPCs, revenues came in at €20.61 million in the first quarter of 2011, compared with €19.62 million in the first quarter of 2012.

Revenues of the HPC line rose from €107 thousand in the first quarter of 2011 to €771 thousand in the first quarter of 2012. Revenues rose due to orders received in 2011 that will generate revenues in the current year. The HPC business line continues to be cyclical and characterised by large orders with a limited number of customers, which were historically from the scientific and research sectors, and now also from the service sector.

The NanoPC segment is divided by region as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1Q 2012	1Q 2011	%YoY Change	1Q 2012	1Q 2011	%YoY Change	1Q 2012	1Q 2011	%YoY Change	1Q 2012	1Q 2011	%YoY Change	1Q 2012	1Q 2011	%YoY Change
Third party Sales	7,817	7,443		5,099	7,148		6,707	6,020		0	0		19,623	20,611	
Infra-sector Sales	919	233		1,672	1,623		130	10		(2,721)	(1,866)		0	0	
Total Sales revenues	8,736	7,676	13.8%	6,771	8,771	-22.8%	6,837	6,030	13.4%	(2,721)	(1,866)	-45.8%	19,623	20,611	-4.8%

The North American business area’s revenues totalled € 7.82 mn in Q1 2012 and € 7.44 mn in Q1 2011, with a 5.0% YoY increase. This increase was due to the combined impact of a slight increase in sales and a different, more advantageous exchange rate of the dollar to the euro.
The European business area reported a decrease from €7.15 million in Q1 2011 to €5.10 million in Q1 2012 due to the existence of a single large order in 2011 from a customer managed by the English subsidiary.
The Asian business area also reported an increase of 11.4% from €6.02 million to €6.71 million. Once again there was a combined impact from the more favourable euro-yen exchange rate and the rise in sales after some delivery shifts in the previous year.

The following table shows the geographical breakdown of revenues based on customer location:

BREAKDOWN BY GEOGRAPHIC AREA	1Q 2012	%	1Q 2011	%	var. %
European Union	3,691	18.1%	3,820	18.4%	-3.4%
United States	7,805	38.3%	9,893	47.8%	-21.1%
Japan	6,672	32.7%	6,004	29.0%	11.1%
Other	2,226	10.9%	1,001	4.8%	122.3%
TOTAL SALES AND SERVICE REVENUES	**20,394**	**100.0%**	**20,718**	**100.0%**	**-1.6%**

With regard to the amounts by geographical area indicated in the table, there was a 21.1% decrease in sales in the US. This impact was due to the contribution of a large order in 2011 from a customer managed by the English subsidiary but headquartered in the US.
In terms of the figure for the first quarter published last year, €2.69 million (in the column for the first quarter of 2011) was reclassified from "European Union" to "United States" to properly report the revenues generated by the US customer mentioned above.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw and auxiliary materials and consumables used, which are closely tied to revenues, were down slightly during the period concerned from €10.03 million in Q1 2011 to €9,84 million in Q1 2012. In fact, during the period concerned, there was a reduction of €186 thousand, or 1.9%, which was in line with the slight reduction in revenues.

As a percentage of revenues, these costs decreased from 48.4% in Q1 2011 to 48.2% in Q1 2012.

E – Service costs

Service costs decreased from € 3.90 million in Q1 2011 to € 3.74 million in Q1 2012, with an outright decrease of € 166 thousand, i.e. 4.3% YoY. As a percentage of revenues, these costs dropped from 18.8% in Q1 2011 to 18.3% in Q1 2012.
The reduction, which is a continuation from 2010 and 2009, was mainly due to the cost containment policy carried out by the group, and it was made less pronounced by the conversion of amounts from foreign companies into euros. In fact, if service costs were compared in individual local currencies, the reduction would be more significant.

F – Payroll costs

Payroll costs, which during the period concerned rose by 3.7% from €6.27 million (30.3% of revenues) to €6.50 million (31.9% of revenues) due to a change in the scope of consolidation as a result of the addition of the US company Dynatem Inc. to the Group in June 2011, and the impact of changes in average exchange rates of local currencies of subsidiaries with respect to the euro.
If calculated in local currencies, payroll costs would reflect a reduction in costs which is consistent with the trend of the number of employees. Compared to 31 December 2011, the number of employees dropped from 463 to 438 due to the reduction in the labour force primarily in the US and European areas. Such reduction was accomplished during the first quarter 2012 and hence will produce visible effects during the second half of the year.

The table below shows the Group headcount:

Employees	at March 31, 2012	at December 31, 2011	at March 31, 2011
Manager	21	20	25
Clerical workers	349	367	368
Line workers	68	76	81
TOTAL	438	463	474

G – Other provisions and costs

As at 31 March 2012 this item included a provision of €51 thousand for doubtful accounts (vs. €50 thousand in Q1 2011) and refers to provisions made to cover any non-collectability of trade receivables.
Other provisions and costs as a percentage of revenues were 1.2%, compared with 1.7% in the same period of 2011.

H – Other revenues

The item "other revenues" reported an increase of 16.0%. The item increased from €600 thousand in the first three months of 2011 to €696 thousand in the same period this year. Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems totalling €630 thousand (€530 thousand in the first three months of 2011), as well as miscellaneous income of €48 thousand (€70 thousand in the first three months of 2010), and an operating grant of €18 thousand (zero in the first three months of 2011).

I – Depreciation and amortisation

There was a € 39 thousand decrease in amortisation, which went from €1.944 million in Q1 2011 to €1.905 million in Q1 2012.

The amortisation for purchase price allocations at 31 March 2012 (€0.93 million) was entirely tied to customer relationships.

J – Financial income and expenses

The increase in financial expense, which increased from €0.96 million in the first three months of 2011 to €1.14 million in the first three months of 2012, is due chiefly to forex differences related to the performance of the US dollar and British pound.

The absolute value and percentage on revenues of the main financial expense items were as follows:

- foreign exchange losses: €0.88 million at 31.03.2012 (4.3% as a percentage of revenues), versus €0.71 million at 31.03.2011 (3.4% as a percentage of revenues);
- miscellaneous interest expenses: €247 thousand at 31.03.2012 (1.2% of revenues), compared with €237 thousand at 31.03.2011 (1.1% of revenues).

Financial income increased by €0.73 million from €0.62 million in Q1 2011 to €1.35 million in Q1 2012. This increase was due to higher exchange gains for commercial transactions.

(€'000)	1Q 2012	1Q 2011	change %
Exchange-rate losses	879	708	24.2%
Interest expenses	247	237	4.2%
Other finance expenses	12	14	-14.3%
Financial charges	1,138	959	18.7%

(€'000)	1Q 2012	1Q 2011	change %
Exchange-rate gains	1,334	606	120.1%
Interest income	10	12	-16.7%
Other finance income	3	1	200.0%
Financial incomes	1,347	619	117.6%
Net financial income	209	(340)	-161.5%
% impact on sales	1.0%	-1.6%	

K - Taxes for the period

Taxes at 31 March 2012 amounted to €36 thousand (of which €576 thousand for current taxes and a negative €540 thousand for deferred tax assets) compared with an impact of €220 thousand at 31 March 2011 (of which €161 thousand for current taxes and €59 thousand for deferred tax assets), posting a decrease of €184 thousand.

L – Non-current assets

The €8.34 million decrease in non-current assets from 31 December 2011 to 31 March 2012 was largely due to changes in exchange rates. In fact, the impact of net expenditures on tangible and intangible assets totalling about €1.89 million, was nearly offset by amortisation of €1.91 million.
The most significant increase (€1.18 million) was from the purchase of know-how related to a software platform from the affiliate Isidorey LLC in liquidation.
The most significant decrease was attributable to intangible assets, and primarily the exchange differences accrued on the opening balances of the values expressed in foreign currency and especially in relation to goodwill and other fixed assets, which includes the value of customer relations defined at the time of the allocation of the purchase price.

M – Net working capital

Working capital dropped by €194 thousand, from €30.14 million at 31 December 2011 to €29.94 million at 31 March 2012.
The decrease of €6.87 million in current assets was mainly due to the reduction in trade receivables of €3.17 million, the decline in inventories and contract work in progress totalling €2.47 million and the decrease in receivables from affiliates of €1.10 million.
The decrease in current liabilities of €6.68 million was due to an overall reduction in items such as trade payables (€5.06 million), income taxes payable (€0.77 million) and other current liabilities (€0.85 million).

N – Net financial position

The Group had net financial debt of Euro 18.34 million at 31 March 2012 against net financial debt of Euro 14.33 million at 31 December 2011.
The increase was mainly due to two factors: the exchange rate effect from the translation of cash and cash equivalents at US and Japanese subsidiaries and the use of cash to support working capital and current operations. See also the trend of financial flows on page 17.
As already done for the period ending 31 December 2011, note that short-term financial liabilities include the medium- to long-term portion (€6.00 million) of an outstanding loan, in relation to which one of the covenants in the loan agreement was violated on the basis of final consolidated figures at 31 December 2011.
Based on the application of IAS 1.65, while the lender has informally expressed its intention not to demand immediate repayment of the debt as a result of infringement of the covenant, Eurotech has classified the portion of the medium/long-term loans which, according to the original amortisation schedule, falls due after 12 months, as current (as was also the case at 31 December 2011) at 31 March 2012.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months except those mentioned above.
Short-term financial liabilities mainly include current account overdrafts, installments of loans and amounts owed to other lenders payable by 31 March 2013, in addition to €6.00 million in medium- and long-term debt that was reclassified in this category.

O – 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	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2011	8,879	39	136,400	34,514	(35,703)	(376)	(124)	(1,340)	(7,246)	135,043	-	135,043
2011 Result allocation	-	-	-	-	(7,246)	-	-	-	7,246	-	-	-
Profit (loss) as at Marzo 31, 2012	-	-	-	-	-	-	-	-	(1,524)	(1,524)	-	(1,524)
Comprehensive other profit (loss)												
- Hedge transactions	-	-	-	-	-	(29)	-	-	-	(29)	-	(29)
- Foreign balance sheets conversion difference	-	-	-	(9,432)	-		-	-	-	(9,432)	-	(9,432)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	(644)	-	-	(644)	-	(644)
Comprehensive result	-	-	-	*(9,432)*	-	*(29)*	*(644)*	-	*(1,524)*	*(11,629)*	-	*(11,629)*
Balance as at March 31, 2012	8,879	39	136,400	25,082	(42,949)	(405)	(768)	(1,340)	(1,524)	123,414	-	123,414

P – Significant events in the quarter

The main events occurring in the quarter were announced in the press releases listed below (the full text can be viewed on the Group website at www.eurotech.com on the page http://www.eurotech.com/en/press+room/news):

– 16/01/2012: Eurotech:$1.7M Contract from Energy International to Power Digital Whiteboard Application in University Campus
– 23/01/2012: Ruggedized Cisco Catalyst 4948E Data Center-Class Ethernet Switch for Military / Aerospace Introduced by Parvus
– 02/02/2012: Eurotech: Japanese Subsidiary Advanet Obtains €4M Design Win For Intelligent Transportation Systems
– 28/02/2012: Eurotech Announces Rugged Industrial Computer for Demanding Machine-to-Machine Applications
– 29/02/2012: Eurotech Announces CPU-111-10, the new 6U OpenVPX SBC with Quad-Core Intel Xeon CPU and 10 Gigabit Ethernet Switch
– 15/03/2012: Eurotech: Board of Directors approves the 2011 Draft Statutory and Consolidated Financial Statements
– 15/03/2012: Letter of the President Roberto Siagri to shareholders
– 21/03/2012: Eurotech Announces SekuPLATE, License Plate Recognition Systems for Security and Surveillance Applications
– 22/03/2012: Eurotech: Calling of the Ordinary Shareholders' Meeting
– 26/03/2012: Eurotech Announces SekuFACE, Biometric Face Recognition Systems for Security Applications
– 30/03/2012: Eurotech: Deposit of the Financial Statements as of December 2011

In addition, the company attended the 2012 Star Conference in Milan on 27 March.

Other than those discussed in previous paragraphs, no other particularly significant events occurred in the quarter.

Q – Events after the reporting period

For events occurring since 31 March, please see the press releases listed below (the full text can be viewed on the Group's website at www.eurotech.com on page http://www.eurotech.com/en/press+room/news):

– 04/04/2012: Eurotech: Payment Report Submitted
– 05/04/2012: Eurotech: €1.2M order for Aurora HPC from German Research Centre Jülich
– 16/04/2012: Eurotech Receives 2M USD Follow-On Order for Catalyst TC Embedded Module for Homeland Security and Defense Application
– 24/04/2012: Eurotech: Parvus Receives $1 Million Order for Rugged IP Routers in Support of Missile Defense Program
– 27/04/2012: Eurotech: Resolutions Passed by Ordinary Shareholders' Meeting on 27 April 2012
– 10/05/2012: Eurotech Receives $1M Contract to Power Avionics Application.

R – Disclosure

We also specify that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process;
- Group companies' related-party transactions form part of the normal course of business and are settled under arm's length conditions;
- pursuant to CONSOB communication 15519/2005, there were no non-recurring economic components in the consolidated quarterly report to 31 March 2012;
- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2012;
- at 31 March 2012 the company held 420,140 treasury shares for a total value of €1,340 thousand: there have been no changes in treasury shares as of the date of this report;
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest.

Amaro, 14 May 2012

On behalf of the Board of Directors

Signed Roberto Siagri
Chairman

Declaration of the Financial Reporting Manager

Amaro, 14 May 2012

D E C L A R A T I O N

PURSUANT TO ARTICLE 154 *BIS*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS, OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT, PURSUANT TO ARTICLES 8 AND 21 OF LAW 52 OF 6 FEBRUARY 1996"

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Report at 31 March 2012 approved by the company's Board of Directors on 14 May 2012,

S T A T E

in compliance with the matters set forth in paragraph 2, art. 154 *bis*, part IV, title III, chapter II, Section V-*bis*, of Legislative Decree 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Report at 31 March 2012 corresponds to accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza

www.eurotech.com