Consolidated Interim Management Report
at 31 March 2011

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

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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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Corporate bodies

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 Ordinary General Meeting held on 28 April 2011, and will remain in office until approval of the financial statements for the financial 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 Ordinary General Meeting held on 28 April 2011. It will remain in office until approval of the 2013 financial statements.

Independent Auditor	
	Reconta Ernst & Young

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

Corporate name and registered offices of the parent company	
	Eurotech SpA Via Fratelli Solari 3/A 33020 Amaro (UD), Italy Inscribed in the Udine Companies Register as no. 01791330309

[1] Financial Reporting Manager as of 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 Director pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[5] Lead Independent Director.

Performance highlights

Income statement highlights

OPERATING RESULTS €'000	at March 31, 2011	%	at March 31, 2010	%
SALES REVENUES	20,718	100.0%	19,748	100.0%
GROSS PROFIT MARGIN	10,692	516%	10,151	514%
EBITDA	178	0.9%	92	0.5%
EBIT	(1,766)	-8.5%	(2,021)	-10.2%
PROFIT (LOSS) BEFORE TAXES	(2,106)	-10.2%	(2,378)	-12.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(2,292)	-11.1%	(2,733)	-13.8%

Income statement net of the accounting effects of purchase price allocation

OPERATING RESULTS €'000	at March 31, 2011 adjusted	%	at March 31, 2010 adjusted	%
SALES REVENUES	20,718	100.0%	19,748	100.0%
GROSS PROFIT MARGIN	10,692	516%	10,151	514%
EBITDA	178	0.9%	92	0.5%
EBIT	(910)	-4.4%	(1,235)	-6.3%
PROFIT (LOSS) BEFORE TAXES	(1,250)	-6.0%	(858)	-4.3%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(1,788)	-8.6%	(1,571)	-8.0%

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

Balance sheet highlights

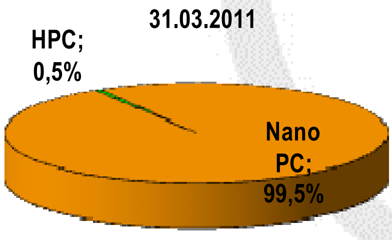
€'000	at March 31, 2011	at December 31, 2010	at March 31, 2010
NET NON-CURRENT ASSETS	121,369	130,996	122,493
NET WORKING CAPITAL	31,352	30,213	27,683
NET INVESTED CAPITAL	136,805	144,124	134,898
SHAREHOLDERS' EQUITY	123,620	135,484	124,044
NET FINANCIAL POSITION	13,185	8,640	10,854

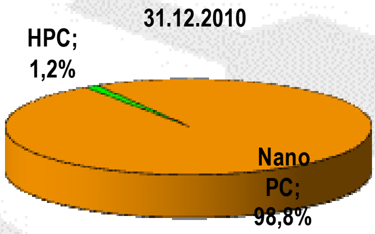
Employee headcount

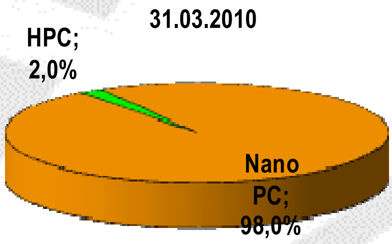
	at March 31, 2011	at December 31, 2010	at March 31, 2010
NUMBER OF EMPLOYEES	474	455	486

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	at March 31, 2011	at March 31, 2010	% YoY Change	FY 2010	at March 31, 2011	at March 31, 2010	% YoY Change	FY 2010	at March 31, 2011	at March 31, 2010	% YoY Change	FY 2010
Sales revenues	20,611	19,349	6.5%	98,073	107	399	-73.2%	1,196	20,718	19,748	4.9%	99,269

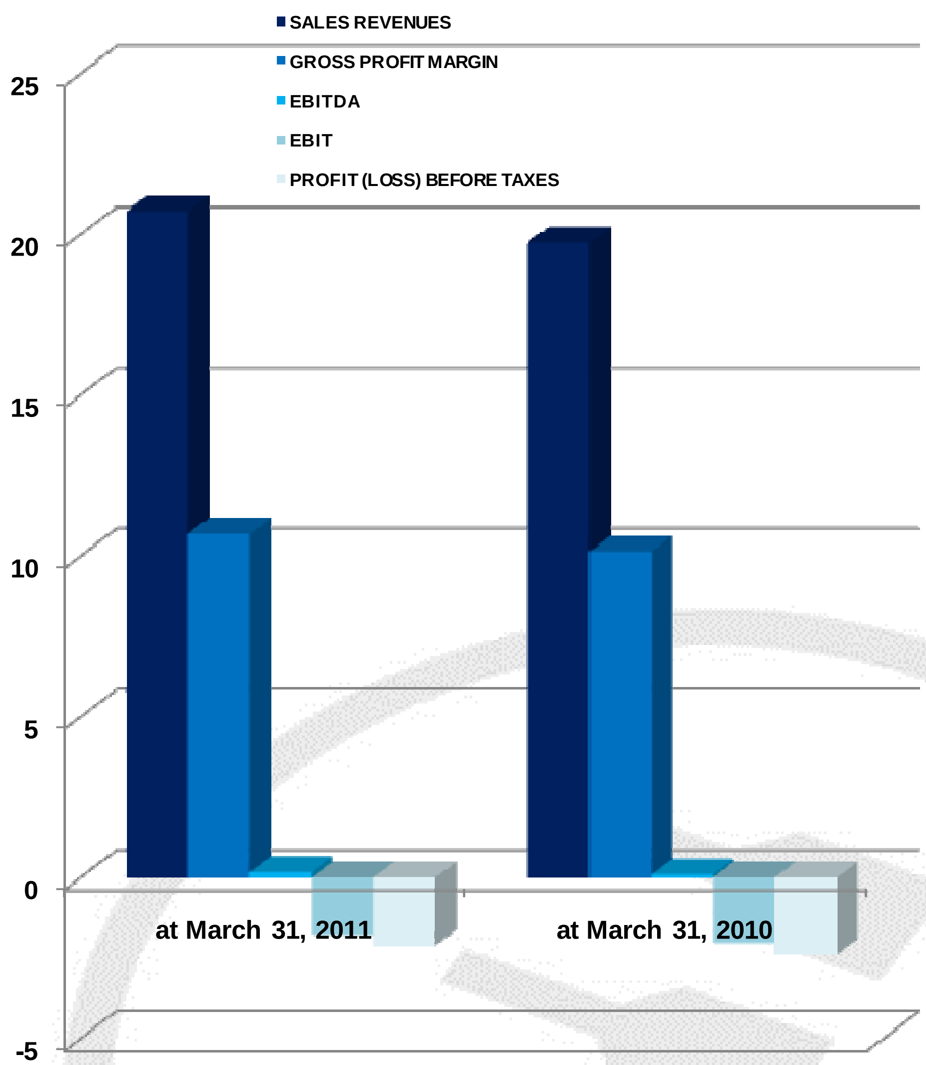






The business lines covered by the Group are NanoPCs and HPCs (high performance computers). The NanoPC segment comprises miniaturised electronic modules and systems for the defence, transport, logistics, medical and industrial sectors, while the HPC segment consists of computers featuring high performance computing capability and high energy efficiency, currently targeting universities, research institutes and computing centres.
Volumes in the HPC line are affected by the cyclicality typical of our clients operating in this sector.

Results 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.

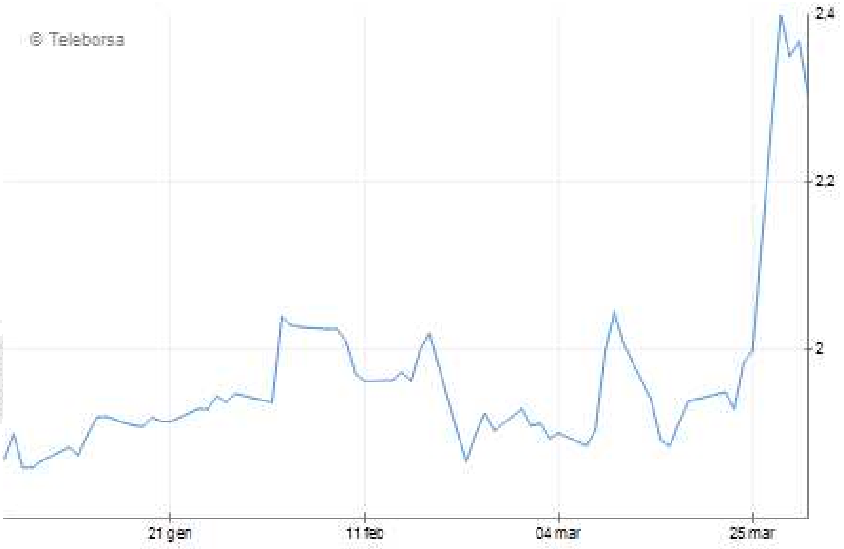
Share capital of Eurotech SpA at 31.03.11

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
	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 2011)	€83 million
Stock market capitalisation (based on the share's reference price at 31.03.11)	€82 million

Performance of Eurotech SpA shares

Absolute performance of EUROTECH SpA shares
01.01.2011 – 31.03.2011

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, based in Italy with operating locations in Europe, North America, and Asia. It is a group with a strong international orientation, whose dominant language is English and its sales are distributed on three continents.
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 their ability to network and communicate.
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 the pervasive computing infrastructure commonly known as 'pervasive computing grid' or 'cloud'.

In the NanoPC segment, the Group's offering differs according to the position 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, that is typically used as a component of OEM products
- a sub-system or an application-ready platform used as an element of an integrated system
- ready-2-use devices used in all sorts of applications, frequently in support of 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 logistics sectors. The feature common to many of our customers in all these sectors is 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 business. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.
In the HPC sector, Eurotech designs and builds highly energy-efficient supercomputers with huge computing capacity, created by the large-scale connection of high-performance miniaturised computers. These supercomputers – typically aimed at advanced research centres, computing centres, and universities – are becoming indispensable for exploration in the scientific field and in advanced sectors such as nanotechnology, biotechnology, and subatomic physics. We also expect to see a significant impact 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
- development 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 2011 and expected business progress

Introduction

The consolidated quarterly report of the Eurotech Group at 31 March 2011, which has not been independently audited, and the statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 31 March 2011 and comparable periods were prepared according to the IASs/IFRSs in force on the date of preparation and the statements drawn up according to Annex 3D of Italian Issuer Regulation 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 2011 prepared by companies inside the consolidation perimeter 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 2010, 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 report.

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
- Result before depreciation, amortisation and impairment of assets, valuation of equity interests in affiliates using the equity method, financial income and expenses and income tax for the year (EBITDA)
- Operating result (EBIT), or earnings gross of financial income and expenses and income taxes for the period.

Operating performance in the period

Group revenues totalled €20.72 million in the first three months of 2011, compared with €19.75 million in the first three months of 2010. Therevenues, which were in line with forecasts, indicates a positive outlook for the current financial year, also taking account of the differing contribution of the quarters to annual sales.
The economy continues to recover overall, despite residual uncertainty and different intensity according to the regions and sectors in which the Group operates. The global economic climate have not fully depleted its negative effects, and the Company's managers continue to assess the situation carefully and to study weak signals. Eurotech is currently also dedicating a special attention to the Asian region, in order to continually monitoring orders in Japan after the earthquake and consequent tsunami in March. 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.
The order intake remains higher than last year with the order book as at end-March 2011 about 25% higher than in the same period of 2010.

Before commenting in detail on the income statement figures, note that these were affected by purchase price allocation accounting[A] relating to the business combinations of the Arcom Group, Applied Data Systems 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 €-0.91 million, rather than €-1.77 million
- the pre-tax loss would have been €1.25 thousand, rather than €2.11 million
- the group net loss would have been €1.79 million rather than €2.29 million.

The gross profit margin was 51.6%, in line with 2010 and slightly higher than at end-2010. The differences due to different mixes of products sold and the varying regional contributions to sales in the period are not significant and confirm the validity of the business model implemented and the effectiveness of measures taken to maintain the margin above the management's target level of 50%.

In the quarter under review, without adjustments, operating costs as a percentage of revenues decreased from 54.7% in Q1 2010 (equal to €10.8 million) to 53.6% in Q1 2011 (equal to €11.1 million). This had an impact on Group EBITDA.
There were no significant differences in costs in the quarter under review by comparison with the first quarter of 2010, but fixed cost containment, rationalisation of existing resources and increase of synergies between all subsidiaries remain priorities. The impact of mainly fixed costs on a quarterly performance in line with expectations but below the real capacity of the Group is still higher than it is expected to be at year-end.

[A] More specifically, the effects of recognition in accounts of PPA relating to the business combinations concerning the Arcom Group, Applied Data Systems Inc, and the Advanet Group are as follows:

- depreciation, amortisation and impairment: €856 thousand (€786 thousand at 31 March 2010), equal to the greater amortisation on the higher values assigned to intangible assets (particularly customer relationships); the greater amortisation is allocable to the higher values attributed to the cash-generating units of Eurotech Inc.. (formerly Applied Data Systems Inc. and Arcom Control Systems Inc.) and the Advanet Group.
- financial income and expenses: €734 thousand in net financial income and expenses (of which €136 thousand in interest expenses for discounting to present value and €598 thousand for foreign exchange losses on valuation) for the first quarter of 2010 only, stemming from recognition of the liability for purchase of a further 25% stake in Advanet Inc. after quantification of a put option;
- lower income taxes: €352 thousand (€324 thousand at 31 March 2010) resulting from the tax effect on adjustments made;
- higher net profit attributable to minorities: €34 thousand, deriving from the price purchase allocation effect attributed to minorities only for 2010.

EBITDA remained positive in the first quarter, at €178 thousand, compared with €92 thousand in 2010. Revenues as a percentage of EBITDA increased from 0.5% in the first quarter 2010 to 0.9% in the first quarter 2011.

EBIT was €-1,766 thousand in the first quarter 2011, a slight improvement on the €-2,021 thousand registered in the first quarter 2010. EBIT as a percentage of sales was affected by the level of revenues and came in at -8.5%, compared with -10.2% in 1Q 2010.
This performance was influenced by the EBITDA result already discussed above. It was also affected by depreciation and amortisation in 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 values attributed as a result of PPA was €856 thousand in Q1 2011, compared with €786 thousand in Q1 2010.

Financial management registered a negative €340 thousand in the first quarter 2011, compared with €291 thousand in the first quarter 2010, affected by exchange rate transactions and by increases of financial expenses due to higher interest rates and levels of debt.
For further details, see explanatory note L.

A pre-tax loss of €2,106 thousand was registered for the quarter (compared with a loss of €2,378 thousand in Q1 2010). This performance was influenced by the factors outlined above. PPA effects on the pre-tax result amounted to €1,520 thousand in Q1 2010 and €856 thousand in Q1 2011.

The Group registered a net loss of €2,733 thousand in the first quarter of 2011, compared with a net loss of €2,292 thousand in the same period last year. This performance not only reflects the pre-tax profit dynamic, but is mainly due to the reduced total tax burden on the Group's units and to a lesser extent to the portion of profit attributable to third parties.

Accounting 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 2011 (b)	%	3 months 2010 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	C	20,718	100.0%	19,748	100.0%	970	4.9%
Cost of material	D	(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	E	(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	F	(6,270)	-30.3%	(5,999)	-30.4%	271	4.5%
Other provisions and costs	G	(342)	-17%	(280)	-14%	62	22.1%
Other revenues	H	600	2.9%	740	3.7%	(140)	-18.9%
EBITDA		**178**	**0.9%**	**92**	**0.5%**	**86**	**93.5%**
Depreciation & Amortization	I	(1,944)	-9.4%	(2,113)	-10.7%	(169)	-8.0%
Asset impairment	I	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	L	(959)	-4.6%	(1,179)	-6.0%	(220)	-18.7%
Finance income	L	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	M	(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	Q	**(34)**	**-0.2%**	**(27)**	**-0.1%**	**(7)**	**25.9%**
Group net profit (loss)	**Q**	**(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)**			

STATEMENT OF COMPREHENSIVE INCOME (€ '000)	3 months 2011 (b)	3 months 2010 (a)
Net profit (loss) before minority inerest (A)	**(2,326)**	**(2,760)**
Net profit (loss) from Cash Flow Hedge	86	(128)
Tax effect	0	0
	86	*(128)*
Foreign balance sheets conversion difference	*(8,392)*	*5,583*
Exchange differences on equity method	*(43)*	*0*
Exchange differences on equity investments in foreign companies	(1,189)	1,275
Tax effect	0	0
	(1,189)	*1,275*
After tax comprehensive profit (loss) (B)	*(9,538)*	*6,730*
Comprehensive net result (A+B)	**(11,864)**	**3,970**
Comprehensive minority interest	**(335)**	**83**
Comprehensive Group net profit (loss) for period	**(11,529)**	**3,887**

See notes from page 18.

Consolidated balance sheet

(€'000)	Notes	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 borrowing allowed to affiliates companies		940	636
Other non-current assets		947	1,018
Total non-current assets	N	**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	Q	**119,754**	**131,518**
Equity attributable to minority interest	Q	**3,866**	**3,966**
Total shareholders' equity	Q	**123,620**	**135,484**
Medium-/long-term borrowing		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 borrowing		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**

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 2011, breaking it down by due date and comparing it with the situation at 31 March 2010 and 31 December 2010:

(€'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 borrowing	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 borrowing allowed to affiliates companies	I	(940)	(636)	(518)
Other non current financial assets	K	(236)	(236)	(236)
Medium/long term borrowing	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

The Group's working capital at 31 March 2011, compared with the situation at 31 March 2010 and 31 December 2010, is as follows:

(€'000)	Notes	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	O	**31,352**	**30,213**	**27,683**	**1,139**

Cash flow

(€'000)	at March 31, 2011	at December 31, 2010	at March 31, 2010
Cash flow generated (used) in operations	(2,504)	3,185	324
Cash flow generated (used) in investment activities	(2,073)	(14,377)	(1,171)
Cash flow generated (used) in financial activities	(2,221)	4,953	(240)
Change in the conversion difference	(1,424)	2,066	1,026
Increase (decrease) in cash & cash equivalents	(8,222)	(4,173)	(61)
Opening amount in cash & cash equivalents	23,751	27,924	27,924
End of period in cash & cash equivalents	15,529	23,751	27,863

A – Eurotech Group activities

The Group's activities are organised into two strategic business lines: miniaturised computers (NanoPCs) and computers with high computing capacity (HPCs).

The NanoPC business line comprises miniaturised electronic modules and systems currently targeting the transport, industrial, defence, logistics and medical sectors.
Activity in this segment 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. 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, the Advanet Group (Japan), which mainly operates in Japan, and Eurotech Finland Oy (Finland), which mainly operates in the markets of northern Europe and the Far East. Our nanoPC products are marketed under the trademarks Eurotech, Parvus, IPS and Advanet.

The HPC line consists of computers featuring high performance computing capability 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 – Consolidation perimeter

The companies included in the consolidation perimeter on a line-by-line basis at 31 March 2011 are as follows:

Company name	Registered office	Group % ownership
Parent company		
Eurotech SpA	Via Fratelli Solari 3/A – Amaro (UD)	
Subsidiary companies consolidated line-by-line		
E-Tech USA Inc.	Colombia (USA)	100.00%
Eth Devices Sro	Bratislava (Slovakia)	100.00%
Eurotech Finland Oy	Helsinki (Finland)	100.00%
Eurotech France SAS	Venissieux Cedex (France)	100.00%
Eurotech Inc.	Colombia (USA)	100.00%
Eurotech Ltd.	Cambridge (UK)	100.00%
I.P.S. Sistemi Programmabili Srl	Via Piave, 54 – Caronno Varesino (VA)	100.00%
Parvus Corp.	Salt Lake City (USA)	100.00%
Saee Srl	Via Fratelli Solari, 5/A – Amaro (UD)	100.00%
EthLab Srl	Via Dante 78 – Pergine (TN)	99.99%
Advanet Inc.	Okayama (Japan)	90.00%
Spirit 21 Inc.	Okayama (Japan)	90.00%

The following affiliated companies are consolidated at equity:

Affiliated companies consolidated at equity		
Chengdu Vantron Technology Inc.	Chengdu (China)	43.75%
Delos Srl in liquidation	Via Roberto Cozzi 53 – Milan	40.00%
Isidorey Llc	Wilmington (USA)	40.00%

eVS embedded Vision Systems Srl	Strada Le Grazie 15, – Verona (UD)	32.00%
Emilab Srl	Via Jacopo Linussio, 1 – Amaro (UD)	24.82%
UTRI Srl	Via del Follatoio, 12 – Trieste	21.31%

Other minor companies measured at cost

Kairos Autonomi	Salt Lake City (USA)	19.00%

The main changes on subsidiaries and associates since 31 December 2010 has been as follows:

- on April 1st 2011 Spirit21 Inc has been merged into controlling company Advanet Inc, that owned 100% of Spirit21 shareholdings.

The following table provides information on 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 2011	As of March 31, 2011	Average at 2010	As of December 31, 2010	Average 3Months	As of March 31, 2010
British pound sterling	0.85386	0.88370	0.85784	0.86075	0.88760	0.88980
Japanese Yen	112.57031	117.61000	116.23857	108.65000	125.48476	125.93000
USA Dollar	1.36799	1.42070	1.32572	1.33620	1.38291	1.34790

C - Revenues

Group revenues totalled €20,718 thousand (€19,748 thousand in the first three months of 2010), an increase of €970 thousand (equal to 4.9%) on the same period last year. The increase mainly reflects the different exchange rates used to translate financial statements denominated in foreign currencies.

Revenue trends by individual business line and related changes were as follows:

SALES BY BUSINESS SEGMENT	at March 31, 2011	%	at March 31, 2010	%
NanoPC	20,611	99.5%	19,349	98.0%
High Perf. Computer	107	0.5%	399	2.0%
TOTALE SALES AND SERVICE REVENUE	**20,718**	**100.0%**	**19,748**	**100.0%**

The NanoPC business line generated revenues of €20,611 thousand in the first quarter 2011, compared with €19,349 thousand in the first quarter 2010.
The HPC business line generated revenues of €107 thousand in the first quarter 2011, compared with €399 thousand in the first quarter 2010.
The low weighting of the HPC business line's revenues is due to the cyclical nature of this segment, which is also characterised by large orders from a limited number of customers, mainly in science and research. The

Group expects strong growth in sales in this business line in the second half of the year and in subsequent years.

The breakdown by region of revenues generated by the NanoPC business line is as follows:

(€' 000)	NordAmerica			Europe			Asia			Correction, reversal and elimination			Total		
	at March 31, 2011	at March 31, 2010	%YoY Change	at March 31, 2011	at March 31, 2010	%YoY Change	at March 31, 2011	at March 31, 2010	%YoY Change	at March 31, 2011	at March 31, 2010	%YoY Change	at March 31, 2011	at March 31, 2010	%YoY Change
Third party Sales	7,443	9,245		7,148	4,488		6,020	5,616		0	0		20,611	19,349	
Infra-sector Sales	233	311		1,623	1,568		10	61		(1,866)	(1,940)		0	0	
Total Sales revenues	7,676	9,556	-19.7%	8,771	6,056	44.8%	6,030	5,677	6.2%	(1,866)	(1,940)	3.8%	20,611	19,349	6.5%

The North American region generated revenues of €7,443 in 1Q 2011, down 19.5% on the €9,245 million registered in 1Q 2010. The decrease reflects different delivery distribution compared with the previous year and delays to some deliveries between the first and second quarters.
Revenues generated in Europe increased from €4,488 million in the first quarter 2010 to €7,148 million in the first quarter 2011, due to an improved performance by the UK subsidiary.
Finally, the Asia business area registered an increase of 7.2%, from €5,616 million to €6,020 million, owing to both the foreign exchange difference and a different order distribution compared with the previous year. Sales in the semiconductor equipment sector continued to rise, after being hit hard in Japan in 2009 as a result of the global financial crisis.

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

BREAKDOWN BY GEOGRAPHIC AREA	at March 31, 2011	%	at March 31, 2010	%	var. %
European Union	6,514	31.4%	4,335	22.0%	50.3%
United States	7,199	34.7%	8,247	41.8%	-12.7%
Japan	6,004	29.0%	5,380	27.2%	11.6%
Other	1,001	4.8%	1,786	9.0%	-44.0%
TOTAL SALES AND SERVICE REVENUE	**20,718**	**100.0%**	**19,748**	**100.0%**	**4.9%**

With reference to figures shown in the table we highlight a 12.7% decrease in sales in the US, for the reasons mentioned above. The increase in revenues in the Japanese region reflects exchange rate trends and different order distribution, as already mentioned.
The increase in the European Union region is due to higher UK sales generated by the UK subsidiary.

D – Costs for raw & auxiliary materials and consumables used

Costs for raw & auxiliary materials and consumables used, closely correlated to sales, increased in the period under review, from €9,597 thousand in 1Q 2010 to €10,026 thousand in 1Q 2011. The increase was €429 thousand, or 4.5%.

The increase, which was less than proportionate to the increase in sales, reflects a different contribution to revenues from companies with higher margins and a different product mix.

As a percentage of revenues, these costs decreased from 48.6% in 1Q 2010 to 48.4% in 1Q 2011.

E – Service costs

Service costs fell from €4,001 thousand in 1Q 2010 to €3,903 thousand in 1Q 2011, an absolute decrease of €98 thousand, or 2.4%. As a percentage of sales, these costs decreased from 20.3% in 1Q 2010 to 18.8% in 1Q 2011.
The decrease, which has continued since 2009, is mainly due to the Group's cost containment policy. It is less evident due to the effect of translation into euro of the accounts of the foreign companies; analysis of the individual subsidiaries in their local currencies shows a more significant reduction.

F – Payroll costs

Payroll costs increased by 4.5% in the period, from €5,999 thousand to €6,270, due to an exchange rate effect and, in the case of some companies, to a normal increase in labour costs.
As a percentage of revenues, payroll costs were largely unchanged at 30.3% (compared with 30.4% in the first quarter 2010).

The change in the headcount by comparison with 31 December 2010 reflects an increase in staff on temporary contracts, mainly in Japan.

The table below shows the breakdown of the Group headcount.

Employees	31.03.2011	FY2010	31.03.2010
Managers	25	23	19
Clerical w orkers	368	346	392
Line w orkers	81	86	75
TOTAL	474	455	486

G – Other provisions and costs

At 31 March 2011 this item includes a provision of €50 thousand for doubtful accounts (vs. €41 thousand in 1Q 2010) and refers to provisions made to cover any non-collectability of trade receivables.

Other provisions and costs as a percentage of revenues were 1.7%, compared with 1.4% in the same period of 2010.

H – Other revenues

Other revenues showed a decrease of 18.9%. The item decreased from €740 thousand in the first three months of 2010 to €600 thousand in the first three months of 2011. Other revenues comprise €530 thousand in capitalisations of development costs related to new solutions featuring highly integrated standard modules and systems (€659 thousand in the first quarter 2010) and €70 thousand in miscellaneous income (€82 thousand in the first quarter 2010). No operating grants were included in the period (as they had been in 2010).

I – Depreciation and amortisation

Amortisation decreased by €169 thousand, from €2,113 thousand in 1Q 2010 to €1,944 thousand in 1Q 2011.

Amortisation relating to purchase price allocation, which totalled €856 thousand at 31 March 2011, related entirely to customer relationships.

L – Finance expense and income

The decrease in financial expenses, from €1,179 thousand in 1Q 2010 to €959 thousand in 1Q 2011, reflects the disappearance of effects relating to the foreign currency payables recognised until 2010 for the valuation of the put option on 25% of the shareholdings of Advanet. This benefit was counterbalanced by higher interest expenses on financing and exchange rate losses on commercial transactions.
The absolute value and percentage on revenues of the main finance expense items were as follows:

- exchange rate losses: €708 thousand at 31 March 2011 (3.4% as a percentage of revenues), compared with €865 thousand at 31 March 2010 (4.4% as a percentage of revenues)
- miscellaneous interest expenses: €237 thousand at 31 March 2011 (1.1% of revenues), compared with €302 thousand at 31 March 2010 (1.5% of revenues).

Financial income decreased by €269 thousand, from €888 thousand in 1Q 2010 to €619 thousand in 1Q 2011. The decrease mainly reflects lower exchange rate gains on commercial transactions and the disappearance of interest income on cash deposits utilised.

(€'000)	at March 31, 2011	change %	at March 31, 2010	change %
Exchange-rate losses	708	165.2%	267	-25.2%
Exchange-rate losses from PUT option	0	-100.0%	598	n/a
Interest expenses	237	42.8%	166	-48.9%
Interest expenses due to the discounting	0	-100.0%	136	52.8%
Other finance expenses	14	16.7%	12	500.0%
Financial charges	**959**	**-18.7%**	**1,179**	**52.5%**

(€'000)	at March 31, 2011	change %	at March 31, 2010	change %
Exchange-rate gains	606	-23.7%	794	72.6%
Interest income	12	-87.2%	94	-52.8%
Other finance income	1	n/a	0	-100.0%
Financial incomes	**619**	**-30.3%**	**888**	**-5.3%**
Net financial income	**(340)**	**-16.8%**	**(291)**	**-276.4%**
% impact on sales	**-1.6%**		**-1.5%**	

M – Income taxes

Taxes totalled €220 thousand at 31 March 2011 (of which €161 thousand for current taxes and €59 thousand for net deferred tax liabilities) compared with €382 thousand at 31 March 2010 (of which €723 thousand for current taxes and €341 thousand for net deferred tax assets), showing a decrease of €162 thousand.

N – Non-current assets

Non-current assets increased by €9,627 thousand between 31 December 2010 and 31 March 2011, mainly due to exchange rate variations as well as net investments in tangible and intangible assets of about €750 thousand, before depreciation and amortisation totalling €1,944 thousand.
The most significant increase was in intangible assets, primarily due to exchange rate differences accrued on the opening balances of the values expressed in foreign currency, particularly in relation to the goodwill item and to the other fixed assets item, which includes the value of customer relationships defined at the time of allocation of the purchase price.

O – Working capital

Working capital increased by €1,139 thousand, from €30,213 thousand at 31 December 2010 to €31,352 thousand at 31 March 2011.
The decrease of €1,901 thousand in current assets is mainly due to a €6,571 thousand decrease in customer receivables, partly offset by an increase in inventories and work in progress totalling €4,603 thousand.
The decrease of €3,040 in current liabilities is due to a general reduction in items comprising €1,912 thousand in trade payables, €752 thousand in income tax payables and €376 thousand in other current liabilities.

P – Net financial position

The Group had net financial debt of €13,185 thousand at 31 March 2011, compared with €8,640 thousand at 31 December 2010.
The change mainly reflects the use of cash to support working capital and current operations as well as the exchange rate effect in translating the value of cash held by the US and Japanese companies.

Medium-/long-term financial liabilities include principals on mortgage loans and leases falling due beyond 12 months, except for those mentioned above.
Short-term financial liabilities mainly consist of current account overdrafts, mortgage loan instalments, and payables to other lenders falling due by 31 December 2012.

Q – 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)
Comprehensive other profit (loss)														
- 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

R – 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 at www.eurotech.com on the page http://www.eurotech.com/en/press+room/news):

– 13/01/2010: Parvus Wins Initial Contract for US Navy JPALS Communications Datalink Interface
– 25/01/2011: Eurotech and Nomad Innovations deliver LiveEdge, a portable LTE video broadcast device
– 17/02/2011: Parvus rugged subsystems to be deployed in Boeing 737 business jets
– 01/03/2011: Eurotech Showcases Everyware™ Software Framework on New M2M Wireless Aggregation Gateway
– 15/03/2011: Calling of the ordinary Shareholders' Meeting
– 15/03/2011: The Board approves the draft Statutory and Consolidated Financial Statements for FY2010
– 15/03/2011: Letter of the President Roberto Siagri to shareholders
– 28/03/2011: ISIS XL embedded board to be deployed in US positive train control programme
– 31/03/2011: Deposit of the financial statements as of December 2010

The Company also took part in the Star Conference 2011 in Milan on March 22nd.

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

S – Events after the reporting period

For events occurring since 31 March 2011, please see the press releases listed below (the full text can be viewed at www.eurotech.com on the page http://www.eurotech.com/en/press+room/news):

– 01/04/2011: Notice pursuant to article 144-octies, paragraph 2, of Consob regulation no. 11971 of 14 May 1999
– 05/04/2011: Publication of the lists of candidates for the Board of Directors and Board of Statutory Auditors
– 11/04/2011: JoinPad's Augmented Reality at Nab Show in Las Vegas with Eurotech's Wearable Computer
– 28/04/2011: Resolutions passed by Ordinary Shareholders' Meeting on 28 april 2011
– 03/05/2011: Summary record of the votes of ordinary Shareholders' Meeting held on april 28th 2011
– 03/05/2011: Eurotech launches the Zypad BR2000 series of Ruggedized Computers
– 04/05/2011: Eurotech launches CPU-1440, a low power PC/104+ board with true ISA and DOS support
– 05/05/2011: Parvus receives $2.2M follow-on order for ethernet switches in support of us DoD tactical communications program.

T – Other information

Also note 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 results to 31 March 2011

- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, no atypical and/or unusual transactions were carried out in the first quarter of 2011
- at 31 March 2011 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 interests.

Amaro, 13 May 2011

On behalf of the Board of Directors

Signed by Roberto Siagri
Chairman

Declaration of the Financial Reporting Manager

Amaro, 13 May 2011

D E C L A R A T I O N

PURSUANT TO ARTICLE 154-*BIS*, PARAGRAPH 2, PART IV, HEADING 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 SpA, with regard to the Consolidated Interim Management Statement at 31 March 2011, approved by the company's Board of Directors on 13 May 2011,

S T A T E

pursuant to article 154-*bis*, Paragraph 2, Part IV, Heading III, Chapter II, Section V-bis of Legislative Decree 58 of 24 February 1998, that to the best of my knowledge, the Consolidated Interim Management Statement at 31 March 2011 corresponds to corporate documentary records, ledgers and accounting entries.

The Financial Reporting Manager
Signed by Sandro Barazza

www.eurotech.com