CONSOLIDATED QUARTERLY REPORT
at 31 March 2010

EUROTECH

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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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Company information

Board of Directors	
Chairman	Roberto Siagri
Vice Chairman	Giampietro Tecchiolli
Director	Filippo Bagnato [1 2]
Director	Giovanni Soccodato [1 2]
Director	Maurizio Tucci [1 2]
Director	Sandro Barazza [1 2 3]
Director	Chiara Mio [1 4 5]
Director	Alberto Felice De Toni [1 4 5 6]
Director	Cesare Pizzul [1 4 5]

The Board of Directors currently holding office was appointed by shareholders at the Annual General Meeting of 5 May 2008 and supplemented by shareholders at the Annual General Meeting of 27 April 2009. It will remain in office until shareholder approval of the financial statements for 2010.

Board of Statutory Auditors	
President	Claudio Siciliotti
Statutory auditor	Michela Cignolini [2]
Statutory auditor	Giuseppe Pingaro [2]
Substitute statutory auditor	Marco Rubatto
Substitute statutory auditor	Lorenzo Spinnato [2]

The incumbent Board of Statutory Auditors was appointed by the ordinary shareholders' meeting of 5 May 2008 and supplemented by the ordinary shareholders' meeting of 27 April 2009. It will remain in office until shareholder approval of the financial statements for 2010.

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) Iscrizione al registro delle Imprese di Udine 01791330309

[1] Directors not vested with operating powers.
[2] Appointed by the shareholders' meeting of 27 April 2009.
[3] Financial Reporting Manager as of 29 May 2008.
[4] Member of the Remuneration Committee and the Internal Control Committee.
[5] Independent directors pursuant to the Code of Conduct drawn up by the Corporate Governance Committee for Listed Companies.
[6] Lead Independent Director.

Performance highlights

Income statement highlights

OPERATING RESULTS €'000	31.03.2010	%	31.03.2009	%
SALES REVENUES	19,748	100.0%	19,305	100.0%
GROSS PROFIT	10,151	51.4%	10,483	54.3%
EBITDA	92	0.5%	(1,165)	-6.0%
EBIT	(2,021)	-10.2%	(3,132)	-16.2%
PROFIT (LOSS) BEFORE TAXES	(2,378)	-12.0%	(2,967)	-15.4%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(2,733)	-13.8%	(3,195)	-16.6%

Income statement net of the accounting effects of purchase price allocation

OPERATING RESULTS €'000	31.03.2010 adjusted	%	31.03.2009 adjusted	%
SALES REVENUES	19,748	100.0%	19,305	100.0%
GROSS PROFIT	10,151	51.4%	10,483	54.3%
EBITDA	92	0.5%	(1,165)	-6.0%
EBIT	(1,235)	-6.3%	(2,317)	-12.0%
PROFIT (LOSS) BEFORE TAXES	(858)	-4.3%	(2,338)	-12.1%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(1,571)	-8.0%	(2,930)	-15.2%

For a breakdown of effects arising from purchase price allocation, see the notes on page 12.

Balance sheet and financial highlights

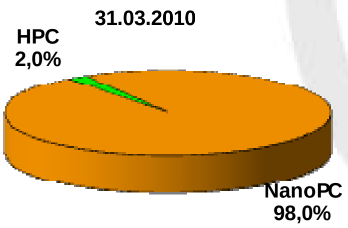
€'000	at March 31, 2010	at December 31, 2009	at March 31, 2009
NET NON-CURRENT ASSETS	122,493	117,362	123,484
NET WORKING CAPITAL	27,683	27,631	27,822
SHAREHOLDERS' EQUITY	124,044	120,074	133,238
NET FINANCIAL POSITION	10,854	10,109	2,753

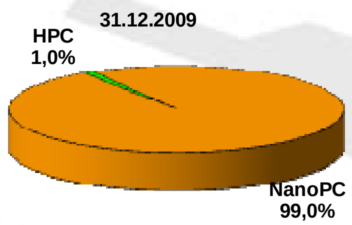
Employee headcount

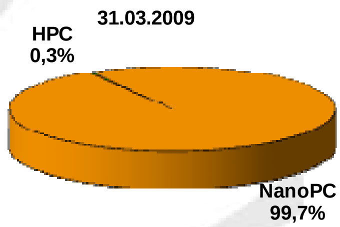
	31.03.2010	FY2009	31.03.2009
EMPLOYEES	486	530	560

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	31.03.2010	31.03.2009	% YoY Change	FY 2009	31.03.2010	31.03.2009	% YoY Change	FY 2009	31.03.2010	31.03.2009	% YoY Change	FY 2009
Sales revenues	19,349	19,252	0.5%	82,682	399	53	652.8%	847	19,748	19,305	2.3%	83,529

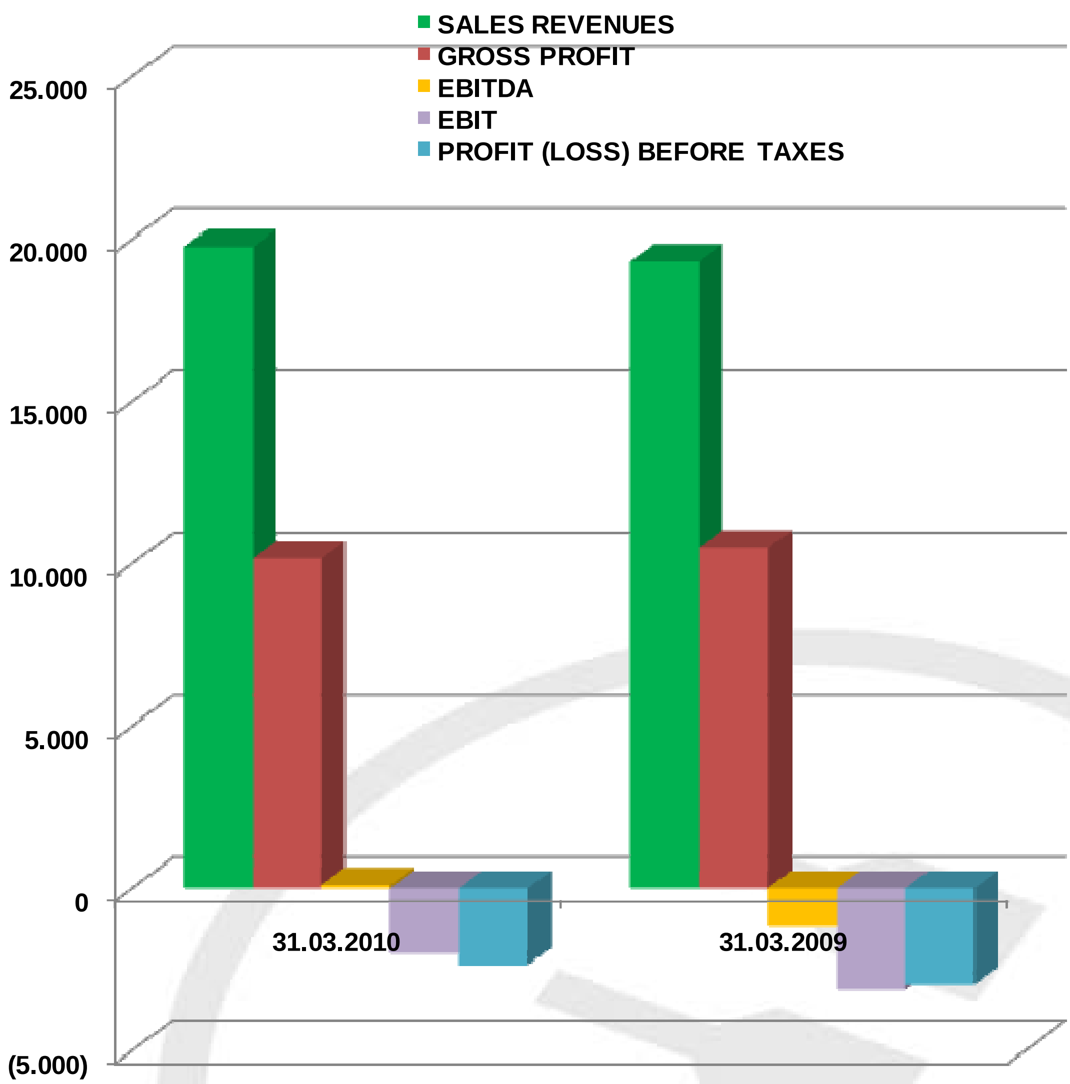






The business lines covered by the Group are 'nanoPCs' and 'HPCs' (high performance computers). The nanoPC line comprises miniaturised electronic modules and systems for the transport, aerospace, defence, security, industrial and medical sectors, while the HPC line consists of computers featuring high performance computing capability 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.

Performance



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 Bourse since 30 November 2005.

Share capital of Eurotech SpA as at 31 March 2010

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 2010)	€95 million
Stock market capitalisation (based on the share's reference price at 31 March 2010)	€95 million

Performance of Eurotech SpA shares

Absolute performance of Eurotech S.p.A. share
01.01.2010 – 31.03.2010

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

The candle chart shows the share's daily highs and lows

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. Its dominant language is English and over 90% of its sales are generated abroad.
The technological paradigm followed by Eurotech is ‘pervasive computing’ or ‘ubiquitous computing’. The pervasive concept combines three key factors: (1) miniaturisation of ‘intelligent’ devices, i.e. devices capable of processing information; (2) their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment – and (3) 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 the pervasive computing infrastructure commonly known as the ‘pervasive GRID’ or ‘pervasive 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 system, often used in OEM products
- an application-ready subsystem or platform, used in 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.

NanoPCs can also take the form of a system-on-chip (SoC) and thus be the size of a small coin – as in the case, for example, of intelligent sensors, also called ‘smart dust’.
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 and medical 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 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 uses designs and creates supercomputers with huge computing capacity via mass connection of miniaturised computers. These supercomputers – typically aimed at advanced research centres, computing centres, and universities – are turning out to be indispensable for exploration in the scientific field and in advanced sectors such as nanotechnology, biotechnology, and subatomic physics.

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 of 2010 and expected business progress

Introduction

The consolidated quarterly report of the Eurotech Group at 31 March 2010, 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 2010 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 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 2010 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 2009, 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 amortisation, depreciation and impairment of non-current assets, financial income and expenses and income taxes for the period
- - Operating result (EBIT), or earnings gross of financial income and expenses and income taxes for the period.

Operating performance in the period

Group revenues for the first three months of 2010 came in at €19.75 million, compared with €19.31 million in the first quarter of 2009. This 2.3% increase can be seen as a first step towards recovery in turnover after last year's decline. The global economic climate is still having a negative effect, but improvements can certainly be seen in various sectors and markets. An improvement has also been seen in customer orders, although visibility remains limited to the short-term.

Before commenting on detail on income statement figures, it should be noted that some figures are affected by purchase price allocation[A] accounting 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 €-1.23 million, rather than €-2.02 million
- the pre-tax loss would have been €858 thousand, rather than €2.38 million
- the consolidated net loss would have been €1.57 million rather than €2.73 million.

The gross profit margin was unchanged by comparison with end-2009, at 51.4%, although down slightly on the 54.3% registered in the first quarter of 2009. This decrease is mainly due to the variation in turnover contribution in the period from companies with higher profits, by comparison with 2009. The percentage value is nevertheless still more than 50%, which is the target level set by management, and once again confirms the soundness of the Group's business model, which is increasingly based on sales of high added-value products, as well as our continuing efforts to limit COGS.

In the quarter in question, operating costs as a percentage of revenues, inclusive of adjustments, decreased from 62.6% in Q1 2009 (= €12.1 mn) to 54.7%% in Q1 2010 (= €10.8 mn). This had an impact on Group EBITDA.
During the quarter the Group reaped the benefits of its strategy of containing fixed costs and rationalising existing resources, which it launched last year, as well as its action to identify and implement synergies between its various affiliates. However, 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.

EBITDA improved in the first quarter, reaching €92 thousand, compared with a loss of €1.17 million for the first three months of 2009. This improvement, as previously mentioned, reflects the measures applied by management to contain and rationalise operating costs, and was to some extent reduced by the lower profit margin. These were the main factors behind the change in EBITDA as a proportion of revenues, which increased from -6.0% in the first quarter of 2009 to 0.5% in the first quarter of 2010.

[A] Specifically, the effects of PPA relating to the business combinations of the Arcom Group, Applied Data Systems Inc. and the Advanet Group can be summarised as follows:

- Depreciation, amortisation and write-downs: €786 thousand (€815 thousand at 31 March 2009), for increased amortisation on higher values attributed to customer relations (intangible assets). In both periods, the increased amortisation is entered for higher values attribued to the CGU 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 relates to interest expenses for discounting and €598 thousand for forex valuation liabilities) for 2001 and €186 thousand (of which €89 thousand relates to interest expenses for discounting and €275 thousand for forex valuation assets) for 2009 arising from debt assumed to acquire a further 25% of the capital of Advanet Inc. after the exercising of a put option.
- Lower income tax: €324 thousand (€328 thousand at 31 March 2009) arising from the tax effect on adjustments.
- Increase in profit pertaining to third parties: €34 thousand (€36 thousand at 31 March 2009) arising from the PPA effect on third parties.

EBIT came in at €-2,021 thousand in the first quarter of 2010, compared with €-3,132 thousand in the same period last year. EBIT as a proportion of revenues was affected by turnover and came in at -10.2%, compared with -16.2% previously.
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 2010, arising both from operating assets that became subject to depreciation at 31 March 2010 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 €786 thousand in Q1 2010, compared with €815 thousand in Q1 2009.

Financial operations registered a loss of €291 thousand for the quarter, compared with a positive result of €165 thousand in Q1 2009. They were negatively affected by a less favourable net exchange difference, particularly in terms of valuation of the option on 25% of the capital of Advanet Inc. which is exercisable in the next few months. Exchange rate losses of €598 thousand and interest expenses of €136 thousand for discounting were booked for this foreign currency liability.
For further details, see explanatory note L.

A pre-tax loss of €2,378 thousand was registered for the quarter (compared with a loss of €2,967 in Q1 2009). This performance was influenced by the factors outlined above. PPA effects on the pre-tax result amounted to €1,520 thousand in Q1 2010, compared with €629 thousand in Q1 2009.

The Group registered a net loss of €2,733 thousand in the first quarter of 2010, compared with a net loss of €3,195 thousand in the same period last year. This performance not only reflects the pre-tax profit result, but is mainly due to the reduction of the tax burden on the Group’s various units and to a lesser extent to the portion of profit attributable to third parties. Total PPA effects on the Group’s net result in the first quarter of 2010 amounted to €1,162 thousand (Q1 2009 = €265 thousand).

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

STATEMENT OF COMPREHENSIVE INCOME (€ '000)	Note	3 months 2010 (a)	3 months 2009 (b)
inerest (A)		**(2,760)**	**(3,191)**
Net profit (loss) from Cash Flow Hedge		(128)	(232)
Tax effect		0	0
		(128)	*(232)*
difference		*5,583*	*(1,690)*
Exchange differences on equity investments in foreign companies		1,275	878
Tax effect		0	0
		1,275	*878*
		6,730	*(1,044)*
After tax comprehensive profit (loss) (B)			
Comprehensive net result (A+B)		**3,970**	**(4,235)**
Comprehensive minority interest		**83**	**4**
Comprehensive Group net profit (loss) for period		**3,887**	**(4,239)**

See notes on page 21.

Consolidated balance sheet

(€'000)	Notes	at March 31, 2010	at December 31, 2009
ASSETS			
Intangible assets		111,029	106,170
Property, Plant and equipment		6,810	6,858
Investments in affiliates companies		1,503	1,381
Investments in other companies		255	243
Deferred tax assets		1,316	1,172
Other non current financial assets		236	236
Medium/long term borrowing allowed to affiliates companies		518	511
Other non-current assets		826	791
Total non-current assets	N	**122,493**	**117,362**
Inventories		19,072	17,060
Contracts in progress		1,124	819
Trade receivables		22,526	23,035
Income tax receivables		4,571	5,627
Other current assets		2,467	1,882
Cash & cash equivalents		27,863	27,924
Total current assets		**77,623**	**76,347**
Total assets		**200,116**	**193,709**

(€'000)		at March 31, 2010	at December 31, 2009
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Reserves		111,904	108,017
Group shareholders' equity	Q	**120,783**	**116,896**
Minority capital and reserves		3,288	3,049
Minority profit (loss) for period		(27)	129
Equity attributable to minority interest	Q	**3,261**	**3,178**
Total shareholders' equity	Q	**124,044**	**120,074**
Medium-/long-term borrowing		2,391	2,417
Employee benefit obligations		1,697	1,609
Deferred tax liabilities		11,223	10,854
Other non-current liabilities		1,604	1,600
Business combination liabilities		0	989
Total non-current liabilities		**16,915**	**17,469**
Trade payables		15,951	14,171
Short-term borrowing		24,274	24,488
Derivative instruments		586	458
Income tax liabilities		637	1,766
Other current liabilities		5,489	4,855
Business combination liabilities		12,220	10,428
Total current liabilities		**59,157**	**56,166**
Total liabilities		**76,072**	**73,635**
Total liabilities and equity		**200,116**	**193,709**

Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt as at 31 March 2010, breaking it down by due date and comparing it with the situation as at 31 March 2009 and 31 December 2009:

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

Working capital

The Group's net working capital as at 31 March 2010, compared with the situation at 31 March 2009 and 31 December 2009, is as follows:

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

Cash flow

(€'000)	31.03.2010	FY 2009	31.03.2009
Cash flow generated (used) in operations	324	(2,835)	(3,094)
Cash flow generated (used) in investment activities	(1,171)	(3,649)	45
Cash flow generated (used) in financial activities	(240)	(3,711)	101
Change in the conversion difference	1,026	(565)	486
Increase (decrease) in cash & cash equivalents	(61)	(10,760)	(2,462)
Opening amount in cash & cash equivalents	27,924	38,684	38,684
End of period in cash & cash equivalents	27,863	27,924	36,222

A – Eurotech Group business

The Eurotech Group operates in the segments of miniaturised computers (nanoPCs) and computers featuring high-performance computing capability (High Performance Computers - HPCs).

The nanoPC business line comprises miniaturised electronic modules and systems currently targeting the industrial, transport, defence 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, 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 – Basis of consolidation

The companies included in the basis of consolidation on a line-by-line basis as at 31 March 2010 are as follows:

Company name	Registered offices	% Ownership
Parent company		
Eurotech S.p.A.	Via Fratelli Solari 3/A – Amaro (UD)	
Subsidiaries consolidated line by line		
Parvus Corp.	Salt Lake City (USA)	100,00%
Eurotech France S.A.S.	Venissieux Cedex (France)	100,00%
Eurotech Finland Oy	Helsinki (Finland)	100,00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	100,00%
Eurotech Inc.	Colombia (USA)	100,00%
Eurotech Ltd.	Cambridge (UK)	100,00%
E-Tech UK Ltd.	Cambridge (UK)	100,00%
E-Tech USA Inc.	Colombia (USA)	100,00%
Saee S.r.l.	Via Fratelli Solari, 5 – Amaro (UD)	100,00%
Eth Devices S.r.o.	Bratislava (Slovakia)	100,00%
EthLab S.r.l.	Via Dante, 78 – Pergine (TN)	99,99%
Advanet Inc.	Okayama (Japan)	65,00% (1)
Spirit 21 Inc.	Okayama (Japan)	65,00% (1)

(1) As a result of valuation of a put option on the remaining 25% of share capital, the consolidation percentage is 90%.

In addition, the following associated companies are consolidated at equity:

Società collegate valutate a patrimonio netto		
Chengdu Vantron Technology Inc.	Chengdu (China)	49,50%
Isidorey LLC.	Wilmington (USA)	40,00%
Delos S.r.l.	Via Roberto Cozzi, 53 – Milan	40,00%
Union Arrow Tecnologies Inc.	Okayama (japan)	36,00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15, – Verona (UD)	32,00%
Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24,82%
U.T.R.I. S.r.l.	Via del Follatoio, 12 – Trieste	21,31%

Altre società minori valutate al costo		
Kairos Autonomi	Salt Lake City (USA)	19,00%

The main changes in terms of the subsidiary and associated companies with respect to 31 December 2009 are as follows:

- On 29 January 2010, the company Isidorey Llc was created, with a registered office in Wilmington (USA). The company will develop software for device connection and remote management.

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	As of March 31, 2010	Average at 2009	As of December 31, 2009	Average 3Months 2009	As of March 31, 2009
British pound sterling (GBP)	0.88760	0.88980	0.88810	0.89094	0.90878	0.93080
Japanese Yen	125.48476	125.93000	130.33660	133.16000	122.04397	131.17000
Renmimbi	n/a	n/a	9.52771	9.83500	8.90659	9.09420
USA Dollar	1.38291	1.34790	1.39478	1.44060	1.30286	1.33080

C - Revenues

The Group generated €19,748 thousand in revenues in Q1 2010, up 2.3%, or €443 thousand on the same period of 2009 (€19,305 thousand). This increase is due to a moderate general recovery year-on-year, strengthened by an upturn in orders in the first three months of this year.

Revenue trends by business segment and related changes were as follows:

SALES BY BUSINESS SEGMENT	31.03.2010	%	31.03.2009	%
NanoPC	19,349	98.0%	19,252	99.7%
High Perf. Computer	399	2.0%	53	0.3%
TOTALE SALES AND SERVICE REVENUE	**19,748**	**100.0%**	**19,305**	**100.0%**

In nanoPCs, revenues came in at €19,349 thousand in the first quarter of 2010, compared with €19,252 thousand in the first quarter of 2009.
The HPC segment's revenues were also up on the previous year, progressing from €53 thousand in Q1 2009 to €399 thousand in Q1 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 for a limited number of customers, mainly in science and research. The Group already expects to see a strong boost to turnover in this business line in the current year, which will be more pronounced in the next few years.

The nanoPC segment is divided by region as follows:

(€' 000)	NordAmerica			Europe			Asia			Correction, reversal and elimination			Total		
	at March 31, 2010	at March 31, 2009	%YoY Change	at March 31, 2010	at March 31, 2009	%YoY Change	at March 31, 2010	at March 31, 2009	%YoY Change	at March 31, 2010	at March 31, 2009	%YoY Change	at March 31, 2010	at March 31, 2009	%YoY Change
Third party Sales	9,245	9,820		4,488	3,507		5,616	5,925		0	0		19,349	19,252	
Infra-sector Sales	311	530		1,568	533		61	551		(1,940)	(1,614)		0	0	
Total Sales revenues	9,556	10,350	-7.7%	6,056	4,040	49.9%	5,677	6,476	-12.3%	(1,940)	(1,614)	20.2%	19,349	19,252	0.5%

The North America region saw a decline of 5.8% in revenues, from €9,820 million in the first quarter of 2009 to €9,245 in the first three months of 2010. This reduction is mainly due to the foreign exchange difference and only residually the result of different turnover distribution compared with last year.
The Europe region saw growth in revenues from €3,507 million in the first quarter 2009 to €4,488 million in the first quarter of this year, driven by an improved performance by the French subsidiary.
The Asia region registered a decline in revenues of 5.2%, from €5,925 million to €5,616 million, due to both the exchange rate effect and a different distribution of orders compared with last year. However, there has been a recovery in orders for the semiconductor machinery sector, which had a very negative effect on the Japanese market in 2009.

The following table shows the regional breakdown of revenues:

BREAKDOWN BY GEOGRAPHIC AREA	31.03.2010	%	31.03.2009	%	var. %
Italy	1,251	6.3%	1,225	6.3%	2.1%
European Union without Italy	3,084	15.6%	2,345	12.1%	31.5%
United States	8,247	41.8%	9,533	49.4%	-13.5%
Japan	5,380	27.2%	5,744	29.8%	-6.3%
Rest of the World	1,786	9.0%	458	2.4%	290.0%
TOTALE SALES AND SERVICE REVENUE	**19,748**	**100.0%**	**19,305**	**100.0%**	**2.3%**

In the revenues by region in the table, note the trend in US turnover, which fell by 13.5%, due to both exchange rate effects and a change in customer distribution, which increased the Canada region (classified under 'Other'). The decrease in the Japan region reflects the observation above.
The increase in the 'Rest of European Union' region is due to increased turnover in France generated by the French subsidiary.

D – Costs for raw and auxiliary materials and consumables

The ‘Costs for raw and auxiliary materials and consumables’ item, which closely relates to turnover, shows an increase in the period under review, from €8,822 thousand in the first three months of 2009 to €9,597 thousand in the first quarter of 2010. In the period under review, a decline of €775 thousand (8.8%) was registered.
The disproportionate increase in relation to turnover growth was due to a change in the contribution made by more profitable companies and a different product mix.

As a percentage of revenues, these costs increased from 45.7% in Q1 2009 to 48.7% in Q1 2010.

E – Service costs

Service costs decreased from €4,128 thousand in the first three months of 2009 to €4,001 thousand in the first quarter of 2010, a decline in absolute terms of €127 thousand (3.1%). As a percentage of sales, service costs decreased from 21.4% in Q1 2009 to 20.3% in Q1 2010.
This decrease was mainly due to the policy of limiting the Group’s operating costs and was mitigated by the effect of translation into euro of foreign company figures; a substantial reduction in service costs can be seen when analysing individual subsidiaries in local currencies.

F – Payroll costs

In the period under review, payroll costs decreased from €7,153 thousand to €5,999 thousand, down 16.1%, due to both a reduction in the number of personnel and to the policy of limiting salary levels at the various business units.
As a percentage of revenues, payroll costs decreased from 37.1% in the first quarter of 2009 to 30.4% in the first quarter of 2010, mainly due to cost cutting and containment.

The change in the number of employees by comparison with 31 December 2009 was mainly due to the deconsolidation of Chengdu Vantron Technologies, which had 42 staff at end-2009.

The table below gives a breakdown of the Group workforce.

Employees	31.03.2010	FY2009	31.03.2009
Management	2	2	2
Clerical w orkers	409	446	476
Line w orkers	75	82	84
TOTAL	486	530	560

G – Other provisions and costs

At 31 March 2010, this item included a provision of €41 thousand for doubtful accounts (vs. €36 thousand in Q1 2009) and refers to provisions made to cover any non-collectability of trade receivables.
Other provisions and costs as a percentage of revenues came in at 1.4%, compared with 1.3% in the same period of 2009.

H – Other revenues

The item 'Other revenues' showed an increase of 66.7%. The item increased from €444 thousand in the first quarter of 2009 to €740 thousand in the first three months of 2010. Other revenues comprise capitalisation of development costs related to systems solutions and highly integrated standard modules, for €659 thousand (€328 thousand in the first three months of 2009) and miscellaneous income amounting to €82 thousand (€116 thousand in Q1 2009). No operating grants were received in the quarter (nor in Q1 2009).

I – Depreciation, amortisation and write-downs

Depreciation and amortisation increased by €146 thousand, from €1,967 thousand in Q1 2009 to €2,113 thousand in Q1 2010.

Amortisation relating to purchase price allocation, which totalled €786 thousand at 31 March 2010, applied entirely to the residual portion of customer relationships.

L – Financial income and expenses

The increase in financial expenses, which grew from €773 thousand in Q1 2009 to €1,179 thousand in Q1 2010, was entirely due to exchange rate losses related to the foreign currency liability posted after the exercising of the put option on 25% of the capital of Advanet. At the same time, there were lower foreign exchange losses on commercial transactions and lower interest expenses on loans.

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

- Foreign exchange losses: €865 thousand at 31 March 2010 and 4.3% of revenues, compared with €357 thousand at 31 March 2009 and 1.8% of revenues.
- Sundry interest expenses: €302 thousand at 31 March 2010 and 1.5% of revenues, compared with €414 thousand at 31 March 2009 and 2.1% of revenues.

Financial income decreased slightly, from €938 thousand in Q1 2009 to €888 thousand in Q1 2010, down €50 thousand. This increase is mainly due to loss of interest income on cash used.

(€'000)	31.03.10	31.03.09	change %
Exchange-rate losses	267	357	-25.2%
Exchange-rate losses from PUT option	598	0	n/a
Interest expenses	166	325	-48.9%
Interest expenses due to the discounting	136	89	52.8%
Expenses on derivatives	0	0	n/a
Other finance expenses	12	2	500.0%
Financial charges	**1,179**	**773**	**52.5%**

(€'000)	31.03.10	31.03.09	change %
Exchange-rate gains	794	460	72.6%
Exchange-rate gains from PUT option	0	276	-100.0%
Interest income	94	199	-52.8%
Other finance income	0	3	-100.0%
Financial incomes	**888**	**938**	**-5.3%**
Net financial income	**(291)**	**165**	**-276.4%**
% impact on sales	**-1.5%**	**0.9%**	

M – Tax

At 31 March 2010, tax amounted to €382 thousand in total (of which €723 thousand for current taxes and €341 thousand in net deferred tax assets) compared to €224 thousand at 31 March 2009 (of which €897 thousand for current taxes, and €673 thousand in net deferred tax assets), representing an increase of €158 thousand.

N – Non-current assets

Non-current assets increased by €5,131 thousand between 31 December 2009 and 31 March 2010, mainly due to exchange rate differences and net investments of some €1.027 thousand in property, plant & equipment and in intangible assets before depreciation and amortisation of €2.113 thousand.

The greater increase is primarily due to the ‘Intangible assets’ item and exchange rate differences on the beginning balances of the values expressed in foreign currency, particularly in relation to the ‘Goodwill’ item and the ‘Other fixed assets’ item, which includes the value of the customer relationship as defined when the acquisition price was allocated.

O – Net working capital

Net working capital rose slightly, increasing by €52 thousand from €27,631 thousand as at 31 December 2009 to €27,683 thousand as at 31 March 2010.
The difference in current assets of €1,337 thousand resulted mainly from the increase in warehouse inventories for €2,317 thousand and other current assets for €585 thousand, which more than offset the €509 thousand reduction in trade receivables and the €1,056 thousand reduction in income tax.
The €1,285 thousand increase in current liabilities was due to the combination of the increase in trade payables for €1,780 thousand and other liabilities for €634 thousand, and the decrease in income tax for €1,129 thousand.

P – Net financial position

The Group registered net debt of €10,854 thousand at 31 March 2010, compared with €10,109 at 31 December 2009.
The change is mainly the result of the recalculation of financial liabilities to take account of exchange rate adjustments for €11.2 million (€10.4 million in 2009) relating to the put option on 25% of the capital of Advanet Inc., exercisable in the next few months. There is no precise figure for this liability but this is the best estimate as at the date of this report. Stripping out the Advanet option, the net financial position would be positive for €309 thousand.

Included under the item 'Short-term financial liabilities’ at 31 March 2010 is the medium- to long-term portion (€17,193 thousand) of two loans, for which one of the covenants stipulated in the respective loan agreements has not been met, according to consolidated figures reported at 31 December 2009. Note that, in order to verify whether the covenant in question had been met, the company established parameters using a broad interpretation of the contractual clause defining items for inclusion under financial liabilities, also including payables for business combinations.
Based on application of IAS 1.65, while the lenders have informally expressed their intention not to demand immediate repayment of the debt as a result of infringement of the covenant, Eurotech has classified as current the portion of the medium- long-term loans which, based on the original due date at 31 March 2010 (previously 31 December 2009) fell due beyond 12 months.

Medium- and long-term financial liabilities include principals on mortgage loans and finance leases falling due beyond 12 months, with the exception of the above.
Short-term financial liabilities mainly comprise current account overdrafts, the current portion of mortgage loans and payables to other lenders falling due by 31 March 2010, as well as €17,193 thousand in medium- to long-term payables that have been restated under this item.

Q – Changes in shareholders' equity

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

R – Significant events in the quarter

The main events that took place in the quarter were announced in the press releases listed below (the full text can be consulted on www.eurotech.com at http://www.eurotech.com/IT/newslist.aspx?pg=news):

– 12/01/2010: Eurotech: Parvus presents the COM-1268 device, the first PC104+ switch with 10 GB Ethernet Managed ports, IPv6, QoS
– 15/02/2010: Eurotech: ZyWAN used in Smart Grid Regional applications in US
– 16/02/2010: EUROTECH presents DuraNAS 1000 Rugged Network Attached Storage for applications in hostile environments
– 15/03/2010: BoD approves Draft Annual and Consolidated Financial Statements for 2009
– 15/03/2010: Letter to Shareholders from Chairman Roberto Siagri
– 16/03/2010: Publication of Draft Annual and Consolidated Financial Statements to 31 December 2009
– 17/03/2010: Eurotech announces the launch of the Aurora Au-5600, the 'green' petascale supercomputer based on the new-generation Intel® Xeon® 5600 series processor
– 18/03/2010: Eurotech and AuroraScience to install HOC Aurora AU-5600 system at LISC in Trento
– 23/03/2010: Eurotech: ordinary shareholders' meeting convened
– 23/03/2010: Eurotech wins $7.5 million contract with King County Metro in US

The company also took part in the Star Conference 2010 in Milan on March 18.

Apart from those mentioned above, no events of particular significance took place during the quarter.

S – Events occurring after 31 March 2010

For events occurring since 31 March, please see the press releases listed below (the full text can be consulted on www.eurotech.com at http://www.eurotech.com/IT/newslist.aspx?pg=news):

– 07/04/2010: Eurotech wins order worth $1 million from Project Automation for transport application in Italy
– 08/04/2010: Directors submit Explanatory Report to shareholders' meeting
– 27/04/2010: Resolutions passed by ordinary shareholders' meeting of 27 April 2010
– 29/04/2010: Parvus supplies Lockheed Martin with DuraNET 3825 router/switch for MEADS Programme

T – Other information

Please note in addition 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's announcement n. 15519/2005, the Company points out the absence of any non-recurrent economic contribution to the interim management statement at 31 March 2010;
- pursuant to Consob's announcement n. DEM/6064296 issued on the 28th of July 2006, the Company specifies that there weren't any atypical and/or unusual operations during the first quarter of 2010;
- as at 31 December 2009 the company held 420,140 treasury shares for a total value of €1,340 thousand and there have been no changes in treasury shares as at the date of this report
- pursuant to art. 150, paragraph 1 of Legislative Decree no. 58 of 24 February 1998, no transactions took place involving members of the Board of Directors constituting a possible conflict of interests with Group companies.

Amaro, 14 May 2010

On behalf of the Board of Directors

Roberto Siagri
Chairman

Declaration of the Financial Reporting Manager

Amaro, 14 May 2010

D E C L A R A T I O N

PURSUANT TO ART. 154 BIS, PARA. 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998: ‘CONSOLIDATED FINANCE ACT, IN ACCORDANCE WITH ARTICLES 8 AND 21 OF LAW NO. 52 OF 6 FEBRUARY 1996’

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the consolidated quarterly report as at 31 March 2010, approved by the Board of Directors of the Company on 14 May 2010,

H E R E B Y D E C L A R E

that, pursuant to the second paragraph of article 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 Quarterly Report to 31 March 2010 corresponds to documentary records, ledgers and accounting entries.

Financial Reporting Manager
Sandro Barazza

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