EUROTECH GROUP

QUARTERLY REPORT AT 31 MARCH 2008

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www.eurotech.com

EUROTECH S.p.A.
Registered office in Via Fratelli Solari 3/a, Amaro (UD)
Share capital: €8,878,946 fully paid in.
Tax code and Udine companies register no.: 01791330309

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Company information

The Board of Directors	
Chairman	Roberto Siagri
Executive Director	Massimo Mauri
Executive Director	Dino Feragotto
Executive Director	Giampietro Tecchiolli
Director	Giorgio Pezzulli
Director	Roberto Chiandussi
Director	Chiara Mio [1]
Director	Alberto Felice De Toni [1]
Director	Cesare Pizzul [1]

The Board of Directors currently holding office was appointed by shareholders at the ordinary general meeting held on 5 May 2008, and will remain in office until approval of the Annual Report for the financial year ending on 31 December 2010.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory auditor	Nicola Cavalluzzo
Statutory auditor	Lorenzo Ginisio
Substitute statutory Auditor	Michela Cignolini
Substitute statutory Auditor	Roberto Rubatto

The Board of Statutory Auditors currently holding office was appointed by shareholders at the ordinary general meeting held on 5 May 2008. It will remain in office until the approval of the Annual Report for the financial year ending on 31 December 2010.

Independent Auditors	
	Reconta Ernst & Young SpA

The auditors were appointed at the ordinary general meeting held on 21 July 2005 for the three-year period 2005-2007 and this term was extended at the ordinary general meeting held on 7 May 2007 for the period 2008-2013.

[1] Independent directors required under the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.

Performance highlights

Income statement figures

OPERATING RESULTS €'000	31.03.2007	%	31.03.2008	%
SALES REVENUES	15,155	100.0%	21,443	100.0%
GROSS PROFIT	8,013	52.9%	12,309	57.4%
EBITDA	(750)	-4.9%	1,749	8.2%
EBIT	(1,658)	-10.9%	(674)	-3.1%
PROFIT (LOSS) BEFORE TAXES	(1,209)	-8.0%	(2,646)	-12.3%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(961)	-6.3%	(3,350)	-15.6%

Income statement figures, net of the accounting effects from price allocation

OPERATING RESULTS €'000	31.03.2007 adjusted	%	31.03.2008 adjusted	%
SALES REVENUES	15,155	100.0%	21,443	100.0%
GROSS PROFIT	8,202	54.1%	12,428	58.0%
EBITDA	(561)	-3.7%	1,868	8.7%
EBIT	(918)	-6.1%	1,107	5.2%
PROFIT (LOSS) BEFORE TAXES	(469)	-3.1%	42	0.2%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(504)	-3.3%	(1,448)	-6.8%

See the notes on page 11 for the effects of price allocation.

Balance sheet figures

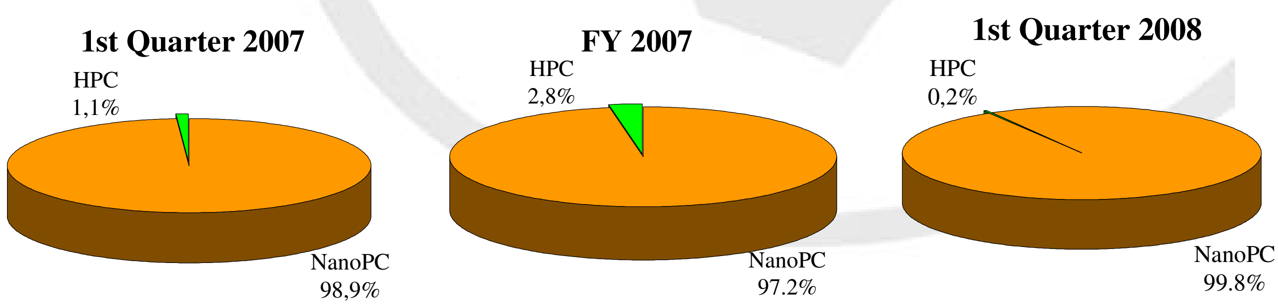
€'000	31.03.2007	31.12.2007	31.03.2008
NET NON-CURRENT ASSETS	66,569	122,126	120,218
NET WORKING CAPITAL	14,625	26,097	25,771
SHAREHOLDERS' EQUITY	139,241	123,932	119,545
NET FINANCIAL POSITION	(64,536)	6,379	9,102

Employee headcount

	31.03.2007	31.12.2007	31.03.2008
NUMBER OF EMPLOYEES	349	624	606

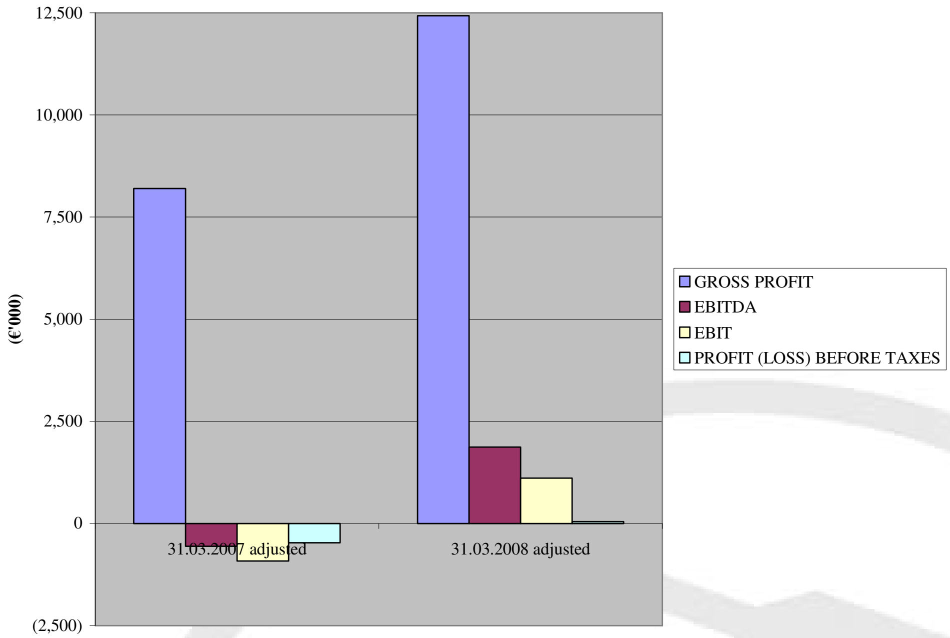
Revenues by business segment

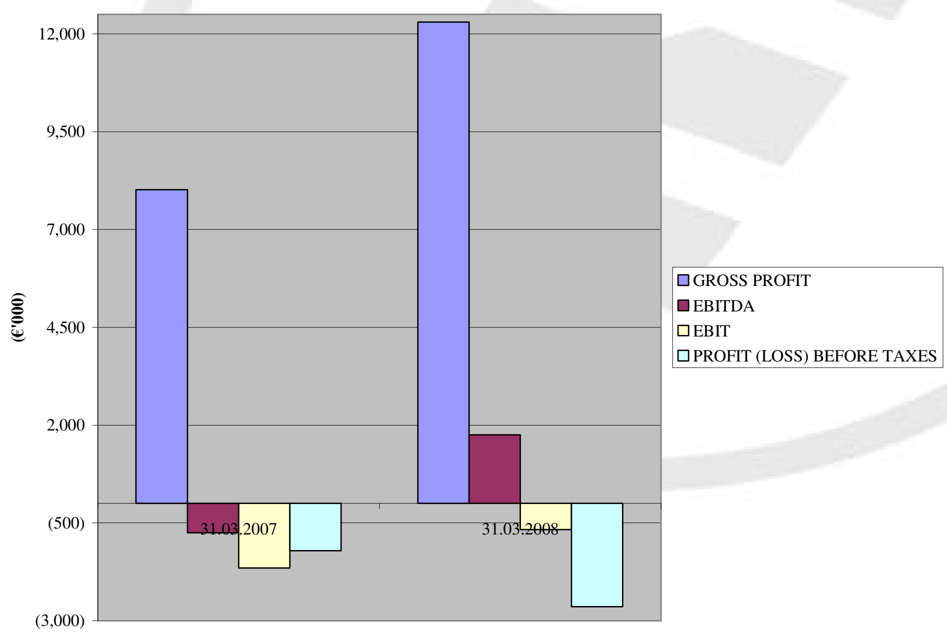
(€'000)	NanoPC			High Performance Computer			Total		
	First 3 months 2007	First 3 months 2008	% YoY Change	First 3 months 2007	First 3 months 2008	% YoY Change	First 3 months 2007	First 3 months 2008	% YoY Change
Sales revenues	14,982	21,400	42.8%	173	43	-75.1%	15,155	21,443	41.5%



The Group operates in the business segments of nanoPCs and HPC (high performance computers). The nanoPCs segment comprises miniaturised electronic modules and systems for the transport, medical, industrial and defence sectors, while the HPC segment consists of computers featuring high performance computing capability which are destined for universities, research institutes and computing centres. Volumes in the High Performance Computer business were affected by the strong critical issues that characterise this sector.

Operating performance





Information for shareholders

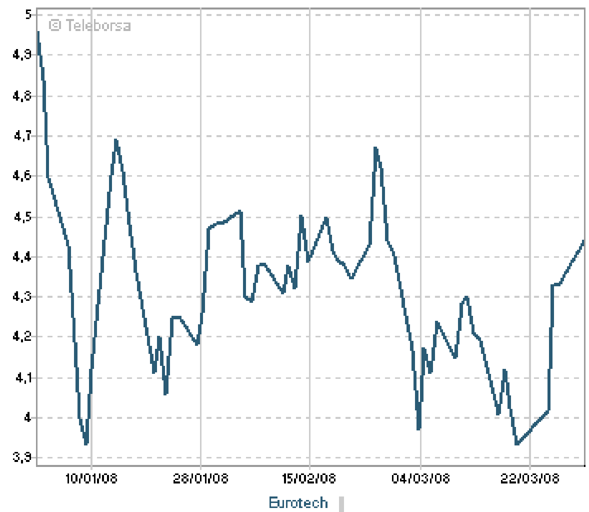
Share capital of Eurotech S.p.A. at 31 March 2008

Share capital	€8,878,946.00
Number of ordinary shares (without per-share par value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	6,300
Stock market capitalisation (based on average prices in March 2008)	€155 million
Stock market capitalisation (closing price at 31 March 2008)	€152 million

Performance of Eurotech S.p.A. shares

Absolute performance of EUROTECH S.p.A. share
01/01/2008 – 31/03/2008

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

The Eurotech Group has an international presence in the sector of research, development, production and marketing of miniaturised computers (NanoPCs) and high performance computers (HPC). The basic philosophy underlying Eurotech's birth and growth is that cutting-edge technologies, as they spread, tend to become an integral part of everyday reality and pervade all aspects of life, becoming smaller and smaller, almost to the point of invisibility.
Eurotech thus positions itself as a "centre of technological excellence" able to identify, develop and offer to customers new-frontier solutions in the identification and choice of architectures for the miniaturisation of special-purpose computers that are also designed mainly for use in challenging environments and/or harsh conditions (e.g. strong vibrations, extreme temperatures, humidity, shocks). The expertise it has developed in miniaturised computer architectures also enables Eurotech to offer computers endowed with high-performance computing capability.
Right from the time of its foundation, the Eurotech Group has conceived R&D activity as the lynchpin for its business. This activity focuses on devising innovative, high value-added solutions designed to anticipate changes in expected future scenarios and relevant markets. These are defined by the Strategic Planning function, which, for this reason, works constantly and interactively with the R&D function.
Today the Group can count on fifteen operating units. Besides its corporate headquarters and three operating units in Amaro (in the province of Udine) in Italy, it also controls other companies in Italy – in Trento and in Caronno Varesino (in the province of Varese) – and companies in Salt Lake City, Kansas City and Columbia (USA), Cambridge (UK), Lyon (France), Helsinki (Finland), Chengdu (China) and Okayama (Japan).

In the nanoPC segment, the Group's product offering consists of miniaturised electronic modules and systems currently targeting the defence, transport, medical, and industrial sectors.
In the HPC segment the Group's product offering consists of computers featuring high-performance computing capability, which currently target universities, research institutions, and computing centres.

Summary of operations in the first quarter of 2008 and expected outlook

Introduction

The Eurotech Group's quarterly report and financial statements as at 31 March 2008 – which are not independently audited - have been prepared in compliance with the international accounting and financial reporting standards (IAS/IFRS), as required by law for the consolidated financial statements of companies with shares listed on regulated markets of European Union member countries.

The Group's results at 1 March 2008 and comparative periods were drawn up according to the IAS/IFRS in force on the date of preparation and presented according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999 as amended.

Reporting policies

The consolidated financial statements were prepared based on the financial statements at 31 March 2008 prepared by consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting policies adopted for preparation of the Quarterly Report are consistent with the policies used in the Consolidated Annual Report in 2007, which should be viewed for reference. Taxes were calculated based on the best possible estimates. The policy adopted for Euro conversion of accounting balances expressed in other currencies sets forth that balance sheet entries were converted to Euro at period-end exchange rates, while income statement entries were converted at the average rates of the period and the differences arising from conversion of balance sheet and income statement items are recorded in a special shareholders' equity reserve.

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

In accordance with CONSOB (Italian securities & exchange commission) regulations, income statement figures are shown for the quarter of reference and are compared with data for the same period in the previous financial year. Restated balance sheet figures, which refer to the end date of the quarter, are compared with the end date of the previous financial year. The format of financial statements is the same as that of statements presented in the management report in the midyear Interim Report and in the Annual Report & Accounts.

This document presents some alternative performance indicators to enable a better evaluation of the economic and financial performance of the Group. Alternative performance indicators are as follows:
- Gross profit is the difference between revenues from sales and services and use of materials;
- EBITDA (earnings before amortisation, depreciation and write-downs, financial income and expense and income taxes for the year)
- Operating result (EBIT) is gross of financial income and expense and income taxes.

Operating performance in the period

Revenue increased to €21.4 million in Q1 2008 from €15.2 in Q1 2007, reporting an increase of 41.5%. This increase was due to the acquisition in late 2007 of the Japanese Advanet Group.
Due to the composition of the Eurotech Group and the sales markets, turnover in the first quarter 2008 was influenced by the performance of the US dollar and the British pound.
Note that the performance of Group revenue, 51.8% of which is earned by the US and British subsidiaries, would have been better if the US dollar and British pound hadn't fallen against the Euro. By way of example, note that if the exchange rates had been same as in 2007, consolidated revenue would have been € 23.0 million and would have reported growth of 51.8%.

For the purpose of commenting in detail on the income statement figures, note that some items were influenced by the effects arising from accounting for "price allocation" relating to the company groupings of Arcom Group, Applied Data Systems Inc. and the Advanet Group.

In particular, these effects can be summarised as follows:

- consumption of raw materials: €119 thousand in 2008 (€189 thousand in 2007) arising from charging to the income statement the higher warehouse inventory value identified at the time of acquisition. More specifically, the higher costs accounted for in 2008 arise exclusively from acquisition of Advanet while those in 2007 refer to Arcom Control Systems Inc., Eurotech Ltd. and Applied Data Systems Inc.;
- depreciation, amortisation and write-downs: €1.662 million for 2008 (€551 thousand for 2007), equal to the greater amortisation charged to the higher value attributed to intangible assets (customer relationships, order book and brand). In 2007, higher amortisation charges were due to the higher values attributed to the cash generating units of Applied Data Systems Inc., Arcom Control Systems Inc. and Eurotech Ltd. while in 2008 it was attributed to Advanet, Applied Data Systems Inc. and Arcom Control Systems Inc.;
- financial charges: €907 thousand for 2008 (split between interest charges for time-discounting for €193 thousand and exchange differences of €714 thousand) arising from reporting the payable for the purchase of additional 25% of the Advanet Inc. shares following the put & call option;
- income taxes: €713 thousand for 2008 and €283 thousand for 2007, arising from the effect of taxes on the adjustments made;
- Minority interests: € 73 thousand for 2008, arising from the effect of price allocation attributed to third parties.

In the first quarter 2008, gross profit reported an improvement in absolute values, rising from €8.0 million to €12.3 million, accounting for 52.9% of revenue in 2007 and 57.4% of revenue in 2008. The change was chiefly due to the higher profits contributed by the newly acquired Japanese Group.
Neutralisation of the negative effects arising from price allocation on gross profit as indicated above led to improvements in this indicator, which ended the year at 58%.

Performance of gross profit in the periods considered fully reflects the Eurotech business model, based on sale of high value-added products.

In the period in question, operating costs as a percentage of revenues increased from 60.3% (€9.1 million) in 2007 to 52.4% (€11.2 million) in 2008, thus positively impacting Group EBITDA.

EBITDA in the period in question showed a significant increase of €2.5 million, improving from a negative result of €750 thousand in 2007 to a positive result of €1.7 million in 2008. This performance is due to the higher turnover and improved profits earned by the Group, despite the obvious increase in operating costs due to acquisitions made. These elements are the key effects that determine the increased proportion of EBITDA on revenue (which increased from -4.9% in 2007 to 8.2% in 2008). The negative effects on EBITDA due to price allocation amounted to €189 thousand for 2007 and €119 thousand in 2008.

Operating income (EBIT) reported a significant improvement from Q1 2007 to Q1 2008, reporting a result of - €1.658 million in 2007 and - €674 thousand in 2008. The impact of EBIT on revenue amounted to - 3.1%, considerably better than the - 10.9% of the first quarter 2007.
The performance of EBIT and its change versus the same period in 2007 not only reflects the dynamics commented on above, which led to forming EBITDA, but are also due to higher depreciation arising from the acquisitions made and commented on above.
Amortisation and depreciation arising from "price allocation" in the year 2008 amounted to €1.662 million with an increase of €1.1 million on the €551 thousand reported in the first quarter 2007.

Without the effect of "price allocation" (described previously), EBIT in the first quarter 2008 came to €1.107 million, accounting for 5.2% of revenue (Q1 2007 reported a negative value of €918 thousand, accounting for - 6.1%).

Financial management was negative for €1.972 million in the first quarter 2008, while it was positive in the first quarter 2007 (€449 thousand). This result was influenced for €193 thousand in interest to discount relating to the loan in foreign currency posted at December 2007 against valuation of the option on 25% of the capital of Advanet Inc, which can be exercised in the early months of 2010, and €714 thousand in forex losses on financial liabilities due to the appreciation of the Japanese Yen on the Euro at quarter end.
Furthermore, general financial management was also affected by largely unrealized forex losses arising from the additional loss in value of the US dollar and higher Group debt and the loss of a large amount of financial revenue, which had been earned in 2007 pursuant to amounts of cash on hand that was largely used at year-end 2007 to acquire the Japanese Advanet Group.

Profit before taxes in the quarter of reference was negative for €2.646 million (negative for €1.209 million in the first quarter 2007).
Stripped of the effects of price allocation, this figure is positive for €42 thousand in the first quarter 2008 versus a negative value of €469 thousand in the first quarter 2007.

The Group’s net profit fell from €-961 thousand in the first quarter of 2007 to €-3,350 thousand in the first quarter of 2008. Besides reflecting the trend in pre-tax performance, this result was mainly due to the tax burden of the Group’s various companies and, to a lesser extent, minority interest.
Price allocation has affected net Group results in the first quarter 2008 for €1.902 million (€457 thousand in the first quarter 2007). Removing the effects of price allocation, net Group results would have been - €1.448 million in the first quarter 2008 versus - €504 thousand in the first quarter 2007.

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 values and percentage terms:

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	First 3 months 2007 (a)	%	First 3 months 2008 (b)	%	change (b-a) amount	change (b-a) %
Sales revenue	C	15,155	100.0%	21,443	100.0%	6,288	41.5%
Cost of material	D	(7,142)	-47.1%	(9,134)	-42.6%	(1,992)	27.9%
Gross profit		**8,013**	**52.9%**	**12,309**	**57.4%**	**4,296**	**53.6%**
Services costs	E	(3,254)	-21.5%	(3,740)	-17.4%	(486)	14.9%
Lease & hire costs		(334)	-2.2%	(502)	-2.3%	(168)	50.3%
Payroll costs	F	(5,337)	-35.2%	(6,858)	-32.0%	(1,521)	28.5%
Other provisions and costs	G	(217)	-1.4%	(142)	-0.7%	75	-34.6%
Other revenues	H	379	2.5%	682	3.2%	303	79.9%
EBITDA		**(750)**	**-4.9%**	**1,749**	**8.2%**	**2,499**	**-333.2%**
Depreciation & Amortization	I	(908)	-6.0%	(2,423)	-11.3%	(1,515)	166.9%
Asset impairment	I	0	0.0%	0	0.0%	0	n/a
EBIT		**(1,658)**	**-10.9%**	**(674)**	**-3.1%**	**984**	**-59.3%**
Share of associates' profit at equity		0	0.0%	0	0.0%	0	n/a
Finance expense	L	(398)	-2.6%	(2,438)	-11.4%	(2,040)	n.s.
Finance income	L	847	5.6%	466	2.2%	(381)	-45.0%
Profit before tax		**(1,209)**	**-8.0%**	**(2,646)**	**-12.3%**	**(1,437)**	**118.9%**
Income tax	M	235	1.6%	(636)	-3.0%	(871)	-370.6%
Net profit before minority interest		**(974)**	**-6.4%**	**(3,282)**	**-15.3%**	**(2,308)**	**237.0%**
Minority interest	Q	**(13)**	**-0.1%**	**68**	**0.3%**	**81**	**n.s.**
Group net profit (loss)		**(961)**	**-6.3%**	**(3,350)**	**-15.6%**	**(2,389)**	**248.6%**
Base earnings per share		**(0.027)**		**(0.094)**			
Diluted earnings per share		**(0.027)**		**(0.094)**			

See notes from page 19.

Consolidated balance sheet

(€'000)	Notes	at March 31, 2007	at December 31, 2007	at March 31, 2008
ASSETS				
Intangible assets		56,887	111,918	110,041
Property, Plant and equipment		4,906	6,737	6,569
Investments in affiliates companies		755	109	926
Investments in other companies			930	258
Deferred tax assets		3,874	1,802	1,774
Other non-current assets		147	630	650
Total non-current assets	N	**66,569**	**122,126**	**120,218**
Inventories		17,128	22,129	22,217
Contracts in progress		1,711	2,364	1,730
Trade receivables		11,564	18,807	15,657
Income tax receivables		2,291	2,203	1,468
Other current assets		4,928	2,793	3,891
Derivative instruments		37	82	36
Cash & cash equivalents		84,351	56,604	48,818
Total current assets		**122,010**	**104,982**	**93,817**
Total assets		**188,579**	**227,108**	**214,035**
LIABILITIES AND EQUITY				
Share capital		8,751	8,879	8,879
Reserves		131,417	117,510	111,367
Net profit (loss) for period		(961)	(4,922)	(3,350)
Group shareholders' equity	Q	**139,207**	**121,467**	**116,896**
Minority capital and reserves		47	2,549	2,581
Minority profit (loss) for period		(13)	(84)	68
Equity attributable to minority interest	Q	**34**	**2,465**	**2,649**
Total shareholders' equity	Q	**139,241**	**123,932**	**119,545**
Medium-/long-term borrowing		15,887	34,172	31,297
Employee benefit obligations		612	1,512	1,582
Deferred tax liabilities		7,744	15,055	14,407
Other non-current liabilities		425	1,345	1,353
Business combination liabilities			15,864	16,642
Total non-current liabilities		**24,668**	**67,948**	**65,281**
Trade payables		12,893	14,506	12,087
Short-term borrowing		3,964	9,787	8,179
Derivative instruments		1	0	0
Income tax liabilities		706	2,112	1,047
Other current liabilities		7,106	5,581	6,058
Business combination liabilities			3,242	1,838
Total current liabilities		**24,670**	**35,228**	**29,209**
Total liabilities		**49,338**	**103,176**	**94,490**
Total liabilities and equity		**188,579**	**227,108**	**214,035**

Net financial position

The schedule below shows the Group's net financial position at 31 March 2008 compared with the situation at 31 March 2007 and 31 December 2007:

(€'000)		at March 31, 2007	at December 31, 2007	at March 31, 2008
Cash & cash equivalents	A	(84,351)	(56,604)	(48,818)
Cash equivalent	**B=A**	**(84,351)**	**(56,604)**	**(48,818)**
Derivative instruments	C	(36)	(82)	(36)
Short-term borrowing	D	3,964	9,787	8,179
Business aggregation liabilities	E		3,242	1,838
Short-term financial position	**F=C+D+E**	**3,928**	**12,947**	**9,981**
Short-term net financial position	**G=B+F**	**(80,423)**	**(43,657)**	**(38,837)**
Business aggregation liabilities	H		15,864	16,642
Medium-/long-term borrowing	I	15,887	34,172	31,297
Medium-/long-term net financial position	**J=H+I**	**15,887**	**50,036**	**47,939**
NET FINANCIAL POSITION	**K=G+J**	**(64,536)**	**6,379**	**9,102**

Consolidated net working capital

The Group's net working capital at 31 March 2008, compared with the situation at 31 March 2007 and 31 December 2007 is shown below:

(€'000)	at March 31, 2007	at December 31, 2007 (a)	at March 31, 2008 (b)	Changes (b-a)
Inventories	17,128	22,129	22,217	88
Contracts in progress	1,711	2,364	1,730	(634)
Trade receivables	11,564	18,807	15,657	(3,150)
Income tax receivables		2,203	1,468	(735)
Other current assets	4,928	2,793	3,891	1,098
Current assets	*35,331*	*48,296*	*44,963*	*(3,333)*
Trade payables	(12,893)	(14,506)	(12,087)	2,419
Income tax liabilities	(706)	(2,112)	(1,047)	1,065
Other current liabilities	(7,107)	(5,581)	(6,058)	(477)
Current liabilities	*(20,706)*	*(22,199)*	*(19,192)*	*3,007*
Net working capital	**14,625**	**26,097**	**25,771**	**(326)**

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).

NanoPCs are very small, i.e. miniaturised, computers mostly made using modules complying with international standards and embedded systems. They feature low power consumption and include ready-to-use products (e.g. wearable PCs). Our NanoPCs operations are conducted by Eurotech, I.P.S.Sistemi Programmabili S.r.l., and SAEE S.r.l. (operating mainly in Italy), Parvus Corp., Arcom Control Systems Inc. and Applied Data Systems Inc. (operating mainly in the USA), Arcom Control Systems Ltd. (operating mainly in the United Kingdom), Eurotech France S.A.S. (operating mainly in France), the Advanet Group (operating mainly in Japan), and Eurotech Finland Oy (based in Finland and operating mainly in the Northern Europe and China markets). Our NanoPC products are marketed with the trademarks Eurotech, Arcom, Parvus, IPS, ADS and Advanet.

HPC are high-performance computers with advanced computing ability, built by connecting tens, hundreds or thousands of microprocessors. HPC are designed for advanced applications in science and technology and industrial and statistical applications, typically requiring considerable data processing capacity.

Since 30 November 2005, Eurotech has been listed in the AllSTAR segment of the Milan MTAX (electronic equities) market, which is managed and organised by Borsa Italiana S.p.A..

B – Scope of consolidation

The companies included in the scope of consolidation at 31 December 2007 and consolidated on a line-by-line basis are as follows:

Name of company	Registered office	Group ownership
Parent company		
Eurotech SpA	Via Fratelli Solari 3/A – Amaro (UD)	
Subsidiary companies 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. (formerly Arcom Control Systems Inc.)	Kansas City (USA)	100.00%
Eurotech Ltd.	Cambridge (UK)	100.00%
E-Tech UK Ltd.	Cambridge (UK)	100.00%
E-Tech USA Inc.	Salt Lake City (USA)	100.00%
Saee S.r.l.	Via Fratelli Solari, 5 – Amaro (UD)	100.00%
Eurotech Inc. (formerly Applied Data Systems Inc.)	Colombia (USA)	100.00%
EthLab S.r.l.	Via Dante, 78 – Pergine (TN)	99.99%
Chengdu Vantron Technology Limited	Chengdu (China)	65.00%
Advanet Inc.	Okayama (Japan)	65.00% (1)
Advanet R&D Inc.	Okayama (Japan)	65.00% (1)
Spirit 21 Inc.	Okayama (Japan)	65.00% (1)
Vantec Inc.	Okayama (Japan)	65.00% (1)

(1) Following the valuation of put and call option on 25% of the shares, the consolidation percentage was 90%.

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

Associated companies consolidated at equity		
Neuricam S.p.A.	Via Grazioli, 71 -Trento	48.00%

Delos S.r.l.	Via Roberto Cozzi, 53 – Milan	40.00%
EVS Embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15, – Verona (VR)	32.00%
Emilab S.r.l.	Via Jacopo Linussio 1 – Amaro (UD)	24.82%
U.T.R.I. Srl	Via of the Follatoio, 12 – Trieste	21.00%

Other minor companies valued at cost

Kairos Autonomi	Salt Lake City (USA)	19.00%
Inasset S.r.l.	Via F.lli Solari 5 – Amaro (UD)	18.18%

The following changes took place in the equity investments held in subsidiary and associated companies between 31 December 2007 and 31 March 2008:

- 29/01/2008 acquisition of an additional share (3.05%) of U.T.R.I. S.r.l., bringing total ownership to 21%;
- 14/04/2008 Applied Data Systems Inc. and Arcom Control Systems Inc. changed their company name to Eurotech Inc. while pending the merger that for accounting purposes will take effect on 1 July 2008.

B/2 – Business combinations – Acquisition of Advanet Group

On 31 October 2007, the Eurotech Group acquired 65% of the shares with voting rights in Advanet Inc. (unlisted company with offices in Okayama - Japan), leader on the Japanese market of embedded PCs, which in turn holds the entire share capital in Advanet R&D Inc., Spirit 21 Inc. and Vantec Inc. The consolidated financial statements commented on in this report include the results of Advanet Group for the period elapsing since the date of acquisition.
In the quarter, the accounting value of the assets and liabilities of the Advanet Group was adjusted, in compliance with IFRS 3, at the date of the acquisition. The adjusted values are as follows:

(€'000)	Value recognized for acquisition	Book value
ASSETS		
Intangible assets	26,023	131
Property, Plant and equipment	1,798	1,798
Associates and other entities	0	4,621
Deferred tax assets	1,308	1,308
Other non-current assets	650	650
Inventories	7,877	7,450
Trade receivables	7,002	7,002
Other current assets	6,296	6,296
Cash & cash equivalents	10,631	10,631
Total assets	**61,585**	**39,887**
LIABILITIES		
Medium-/long-term borrowing	(9,180)	(9,180)
Employee benefit obligations	(561)	(561)
Deferred tax liabilities	(10,709)	0
Other non-current liabilities	(949)	(949)
Trade payables	(7,327)	(7,327)
Short-term borrowings	(3,325)	(3,325)
Current tax liabilities	(2,881)	(2,881)
Other current liabilities	(1,896)	(1,896)
Total liabilities	**(36,828)**	**(26,119)**
Fair value of net assets	**24,757**	
Part of Eurotech	**22,281**	
Goodwill generated by acquisition	**33,229**	
Acquisizione quote della minoranza	**8,400**	
Cost of the Acquisition	**63,910**	

Total cost of the acquisition is € 63.91 million and is comprised of a cash payment for € 47.287 million, directly attributed costs of € 2.034 million, and financial liabilities expressed at the fair value booked against the put option on the minority share, equal to 25% of the Advanet Inc shares.

Net liquidity currently used and the total amount earmarked for the acquisition is as follows:

(€'000)	Liquidity used
Subsidiary's net liquidity	(10,631)
Cash payment	47,287
Acquisition costs	2,034
Net liquidity used	**38,690**
Financial liabilities related to the put option	**14,589**

Note that price allocation calculated on this acquisition might not be final and is subject to change. In addition, a 10-year amortisation plan is estimated for higher values attributed to customer relationships while the trademark is considered to have an indefinite life.

For further information about this acquisition, see the prospectus (in accordance with Article 71 of the Regulations approved by CONSOB resolution No. 11971 of 14 May 1999 as amended) published on 15

November 2007 and the Explanatory Notes to the financial statements at 31 December 2007, in paragraph F "Business combinations and acquisitions of minority interest."

C - Revenue

Group revenue amounted to €21.443 million (€ 15.155 million in the first quarter of 2007), recording an increase of €6.288 million or 41.5% compared to the same period of the previous year. This growth is attributed to acquisition of the Japanese Advanet Group at year-end 2007.

Developments taking place in revenues and for the individual business areas, as well as related changes, are as follows:

SALES BY BUSINESS SEGMENT	First 3 months 2007	%	First 3 months 2008	%
NanoPC	14,982	98.9%	21,400	99.8%
High Perf. Computer	173	1.1%	43	0.2%
TOTALE SALES AND SERVICE REVENUE	**15,155**	**100.0%**	**21,443**	**100.0%**

The decrease in revenue in the HPC business line is a result the cyclical nature of this sector, characterized by large jobs with a limited number of potential customers in the scientific and research fields.

The following schedule shows revenue breakdown by geographical segment:

BREAKDOWN BY GEOGRAPHIC AREA	First 3 months 2007	%	First 3 months 2008	%	var. %
Italy	2,755	18.2%	1,374	6.4%	-50.1%
European Union without Italy	2,866	18.9%	3,022	14.1%	5.4%
United States	8,920	58.9%	8,377	39.1%	-6.1%
Japan	0	0.0%	7,723	36.0%	n/a
Rest of the World	614	4.1%	947	4.4%	54.2%
TOTALE SALES AND SERVICE REVENUE	**15,155**	**100.0%**	**21,443**	**100.0%**	**41.5%**

Note that the decrease of revenues in the United States in absolute values is due exclusively to the different exchange rate used for the translation of the financial statements of companies whose main sales market is in that area. By way of example, note that if the exchange rates had been the same as in the first quarter of 2007, consolidated revenue in the United States would have reported growth of 7.8%.
The geographic area of Japan was highlighted since Japan is the Advanet Group's primary sales market.

The decrease in revenues in Italy is due mainly to stagnation of the transport sector market.

D – Costs for raw, ancillary and consumable materials

The costs of raw, ancillary and consumable materials, closely linked to sales, were up in the period under consideration, climbing from €7.142 million in the first quarter of 2007 to €9.134 million in the first quarter of 2008. There was an increase of € 1.992 million in the period, equal to 27.9%, due mainly to the new perimeter of consolidation as well as better profitability. The values of the quarter were negatively influenced by € 119 thousand (€189 thousand in the first quarter 2007) for non-recurring costs charged to the income statement due to the price allocation following the business combination of the Advanet Group as per IFRS 3.

The cost of raw, ancillary and consumable materials as a proportion of revenue decreased from 47.1% in the first quarter 2007 to 42.6% in the first quarter 2008.

E – Service costs

Service costs grew from € 3.254 million in the first quarter of 2007 to €3.74 million in the first quarter of 2008, reporting an increase of 14.9%. This item as a percentage of sales increased from 21.5% in Q1 2007 to 17.4% in Q1 2008. The growth in value is due to the combined effect of limiting costs implemented by the individual group companies and increase in value due to business combinations taking place at the end of last year.
Improvements in these costs as a percentage of revenue reflect the cost structure of the new companies acquired and also partially reflect changes in company policy.

F – Payroll costs

Payroll costs in the period in question increased due nearly exclusively to the business combination at year-end 2007 (Advanet Group).
The change in employee numbers versus 31 December 2007 was due to a decrease in personnel due to synergies established between the various group Companies.

As shown in the schedule below, Group employee headcount was as follows:

Employees	**31.03.2007**	**FY2007**	**31.03.2008**
Management	3	2	2
Management team	15	20	20
Clerical workers	255	530	513
Line workers	76	72	71
TOTAL	**349**	**624**	**606**

G – Other provisions and costs

At 31 March 2008, this item included a provision to the allowance for doubtful accounts of €5 thousand (€46 thousand in the first quarter 2007) and refers to provisions made to compensate for potentially uncollectable receivables from customers.
Other allocations and costs amounted to 0.7% as a percentage of revenues, compared with 1.4 % in the same period in 2007.

H – Other revenue

The item “other revenue” reported an increase of 79.9%. In fact, the item fell from €379 thousand in the first quarter of 2007 to €682 thousand in the first quarter of 2008. Other revenues comprise €618 thousand in capitalisation of development costs relating to new solutions featuring highly-integrated standard modules and systems (with an increase of €298 thousand on the same period in 2007), €60 thousand for operating grants (vs. €57 thousand in March 2007) and €4 thousand in miscellaneous income (with a decrease of €52 thousand on the same period last year).

I – Amortisation, Depreciation and write-downs

The increase in amortisation and depreciation was €1.515 million, rising from €908 thousand in the first quarter of 2007 to €2.423 million in the first quarter of 2008. This change is mainly due to the effects of the price allocation shown in the paragraph "Performance of the period" for €1.662 million in 2008 and €551 thousand in 2007 and also amortisation generated by investments made in 2008. Amortisation in the period relating to purchase price allocation refers to customer relationships (for €652 thousand), trademarks (for €105 thousand) and the order book (€905 thousand).

Amortisation of capitalised development costs begins when the related development activity has been completed and the first related sales revenues have been earned.

L – Finance expense and income

The increase in finance expense, which rose from €398 thousand in Q1 2007 to € 2.438 million in Q1 2008 is due to foreign exchange differences related to the performance of the US dollar and British pound and to the increase in financial debt as a result of the loan contracted at year-end 2007 by the parent company and loans in the Advanet Group at the time of acquisition. Financial expenses rose as a percentage of revenues from 2.6% in the first quarter of 2007 to 11.4% in the first quarter of 2008.

Financial income reported a decrease of €381 thousand, falling from €847 thousand in the first quarter of 2007 to €466 thousand in the first quarter of 2008. This decrease is attributed to the decrease in interest income earned last year on cash available that was used this year for acquisition of 65% of the Advanet Group, as highlighted above.

(€'000)	31.03.2007	31.03.2008	change %
Exchange-rate losses	81	1,407	n.s.
Interest expenses	308	975	216.6%
Expenses on derivatives	1	45	n.s.
Other finance expenses	8	11	37.5%
Financial charges	**398**	**2,438**	**n.s.**

(€'000)	31.03.2007	31.03.2008	change %
Exchange-rate gains	78	88	12.8%
Interest income	766	374	-51.2%
Dividend	0	0	n/a
Other finance income	3	4	33.3%
Financial incomes	**847**	**466**	**-45.0%**
Net financial income	**449**	**-1,972**	**n.s.**

M – Income taxes

Income taxes at 31 March 2008 amounted to a total of €636 thousand (of which €807 thousand for current taxes and €171 in net deferred tax assets) compared to an impact of - €235 thousand at 31 March 2007 (of which €110 thousand for current taxes, and €345 thousand in net deferred tax assets), recording an decrease of €871 thousand.

N – Non-current assets

The negative change in non-current assets between 31 December 2007 and 31 March 2008 amounted to €1.908 million and was due mainly to investments in property, plant and equipment and intangible assets amounting to €900 thousand, before amortisation/depreciation of €2.423 million.
Specifically, the most significant increase is due to the intangible asset item following capitalisation of development costs for €618 thousand.

Investments in associated and subsidiary companies increased by €157 thousand, largely due to the acquisition of an additional share of U.T.R.I S.r.l.,a company with its own laboratories for advanced systems research, development and assembly, operating in the field of mini and micro automatic piloted aircraft for the security and defense sectors. In January 2008, the Group acquired additional shares in the company, equal to 3.05% of the capital, thus reaching a share of ownership of 21%.

O – Net working capital

Net working capital increased from €26.097 million of 31 December 2007 to €25.771 million of 31 March 2008, with a decrease of €326 thousand.
The change in current assets for €3.333 million is due mainly to the decrease in commercial receivables for €3.15 million.
The decrease in current liabilities for €3.007 million is due to the decrease in commercial payables for €2.419 million and other payables for €634 thousand.

P – Net financial position

The net financial position increased from €6.379 million at 31 December 2007 to €9.102 million at 31 March 2008.
The change is due largely to loan repayments made in the quarter and increases in the value of the payable item for business combinations due to interest and exchange rate losses accounted for with financial liabilities at par value against the put option on the 25% stake in Advanet Inc. which can be exercised in the early months of 2010. We highlight that recognition of this liability has not led to outlays of any kind and, in addition, is not final but represents the best estimate at today's date.
Medium-/long-term financial liabilities include the principal of medium-/long-term bank loans and financial leases falling due after 12 months.
Short-term financial liabilities mainly consist of current account overdrafts, and current portions of medium-/ long-term bank loans and payables to other lenders falling due by 31 March 2009.

Q – Changes in consolidated equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	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, 2007	**8,879**	**39**	**136,400**	**(3,978)**	**(14,906)**	**(44)**	**(4,922)**	**121,468**	**2,549**	**(85)**	**2,464**	**123,932**
2007 Result allocation					(4,922)		4,922	-	(85)	85	-	-
Hedge transactions					(54)			(54)			-	(54)
investments in foreign companies					(1,252)			(1,252)			-	(1,252)
Other changes				84	-	-		84	117		117	201
Profit (loss) as at 31 December 2007							(3,350)	(3,350)		68	68	(3,282)
Balance as at December 31, 2007	**8,879**	**39**	**136,400**	**(3,894)**	**(21,134)**	**(44)**	**(3,350)**	**116,896**	**2,581**	**68**	**2,649**	**119,545**

R – Significant events in the quarter

The significant events taking place this quarter were announced in the press releases listed below (the full text release is available on the Group's corporate website www.eurotech.com on the page http://www.eurotech.com/IT/newslist.aspxpg=news):

– 30/01/2008: Parvus Rider Net used in first U.S. wireless internet service for commuter rail;
– 07/02/2008: Zypad selected to automate distribution and stocking centers;
– 14/02/2008: Eurotech: Q4 2007 revenues at €26.3 million up 66.1% on 2006;
– 18/02/2008: ADS Wins Contract Valued at Over 1M USD for Next - Generation Medical Analyzer:
– 26/02/2008: Eurotech Group forms a new US-based subsidiary - Eurotech Inc. - through the combination of Applied Data Systems and Arcom;
– 27/02/2008: Eurotech: unveiled today Janus, the new generation of supercomputers;
– 28/03/2008: Eurotech: 2007 revenues increase by 50.8% to €76.5 million and shareholders' meeting called.

No other significant events other than those already discussed in previous paragraphs occurred during the quarter.

S – Events subsequent to 31 March 2008

For the events subsequent to 31 March, refer to the press releases listed below (the full text release is available on the Group's corporate website www.eurotech.com on the page http://www.eurotech.com/IT/newslist.aspxpg=news):

– 15/04/2008: Eurotech presents Eurotech Inc to Embedded System Conference in Silicon Valley;
– 05/05/2008: Eurotech: resolutions taken by the Annual General Meeting of 5 May 2008;
– 13/05/2008: Finmeccanica to acquire 11.1 % of Eurotech;
– 14/05/2008: Eurotech and Intel collaborate on the development of HPC technology.

No other significant events occurred after the quarter-end.

T – Disclosure

We would also point out that:

- Group intercompany transactions take place at arm's length conditions and are eliminated during the consolidation process.
- Transactions put in place by the group's companies with related parties are part of the normal course of business and are settled at arm's length conditions;
- Despite the authorisation given by the General Meeting, Eurotech S.p.A. did not trade own shares on the market in the first quarter 2008. At 31 December 2007, the Company held 6,300 treasury shares for a total value of €47 thousand. The number of shares in the portfolio remained unchanged between 31 December 2007 and 31 March 2008;

- with reference to Article 150, section 1, of Leg. Decree no. 58 of 24 February 1998, no transactions in potential conflict of interest with Group companies were executed by members of the Board of Directors

Amaro, 15 May 2008

On behalf of the Board of Directors

Roberto Siagri
Chairman

Declaration of the Financial Reporting Manager

Amaro, 15 May 2008

DECLARATION

EX - ART. 154 *BIS*, SECTION 2, LETTER - PART IV, TITLE III, CHAPTER II, SECTION V-BIS OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT []TESTO UNICO DELLE DISPOSIZIONI IN MATERIA DI INTERMEDIAZIONE FINANZIARIA], IN ACCORDANCE WITH ARTICLES 8 AND 21 OF LEG. DECREE NO. 56 of 6 FEBRUARY 1996"

The undersigned Eros Goi,

Financial Reporting Manager of Eurotech S.p.A., with reference to the consolidated quarterly report at 31 March 2008, approved by the Board of Directors of the company on 15 May 2008,

STATES

in compliance with the matters set forth under ex - art. 154 bis , section 2, letter - part IV, title III, chapter II, section V-bis of the Legislative Decree 58 of 24 February 1998, to the best of my knowledge, the Consolidated Quarterly Report at 31 March 2008 corresponds to the accounting entries.

The consolidated quarterly report at 31 March 2008 (unaudited) was drafted in compliance with CONSOB (the Italian securities & exchange authority) Regulations and International Financial Reporting Standards (IFRSs/IASs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission according to Article 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002

Financial Reporting Manager
Signed Eros Goi