

EUROTECH: strong increase in revenue (+79%) and profit (+66%)

- THE BOARD OF DIRECTORS APPROVES THE PRELIMINARY FINANCIAL STATEMENT FOR THE YEAR 2005
- CONSOLIDATED REVENUES +79,3%: FROM 16.6 MILLION EURO TO 29.8 MILLION EURO
- CONSOLIDATED EBITDA +66,1%: FROM 1.98 MILLION EURO TO 3.29 MILLION EURO
- CONSOLIDATED EBIT +57,8%: FROM 1.4 MILLION EURO TO 2.3 MILLION EURO
- NET FINANCIAL POSITION POSITIVE FOR 20.3 MILLION EURO
- THE SHAREHOLDERS' MEETING WILL BE HELD ON APRIL 18 AND APRIL 19, 2006

Amaro (UD-Italy), March 14, 2006

The Board of Directors approved today the preliminary consolidated financial statement of the Eurotech Group as at December 31, 2005.

All the main indicators show a strong growth of the Eurotech Group, which performs research, development, production and marketing of miniaturized computers (NanoPCs) and High Performance Computers (HPCs). Eurotech is listed since November 30, 2005 at the MTAX-Star segment of the Italian Stock Exchange in Milan.

The shareholders' meeting is convened for the adoption of the consolidated financial statement on April 18 at 9.00 a.m. in the town hall of Venzone - UD (Sala del Consiglio del Municipio, piazza Municipio, n.1); the second meeting will be held on April 19, same place and time.

CONSOLIDATED (million €)	2005	2004	Var.%
Sales Revenue	29.851	16.649	+79,3
EBITDA	3.298	1.986	+66,1
EBIT	2.300	1.457	+57,8
Profit Before Taxes	2.003	1.033	+93,9
Net Profit	1.064	647	+64,4
Net Financial Position	20.348	(9.097)	

BUSINESS RESULTS

The Group's consolidated revenue is 29.8 million Euro as at December 31, 2005, with a 79,3% increase compared to financial year 2004 (16.6 million Euro). The NanoPC segment shows a 57.2% increase with a revenue of 23.6 million Euro. The HPC segment shows a 287.9% increase with a revenue of 6.18 million Euro.

The increase in sales revenue for the year 2005 is essentially due to internal growth, worth a 61,2% increase with 10.1 million Euro, and to the consolidation of Erim Développement S.A.S., worth a 18,2% increase with 3.08 million Euro.

Internal growth is the result of the implementation of the Group's strategic plan. In particular, the earnings of the US subsidiary Parvus Corp. increased from 4.6 million Euro in 2004 to 8.4 million Euro in 2005, a 82,7% rise due to a more efficient penetration of the North-American market and to the adoption by Parvus of technological solutions already available within the Group. The parent company registered a 70,3% increase.

The gross margin (EBITDA) amounts to 3.29 million Euro, with a 66,1% increase. The positive trend is essentially linked to the increase in earnings and to the optimization of structural costs.

The operating result (EBIT) amounts to 2.3 million Euro, with a 57,8% increase compared to financial year 2004 (1.4 million Euro).

The Group's net financial position at December 31, 2005 is positive for 20.3 million Euro. The increase of 29.4 million Euro compared to 2004 is due to the net income derived from the capital increase performed on November 30, 2005 following the Group's listing.

Profits before taxes increased by Euro 970 thousand, from Euro 1,033 thousand for the year 2004 to Euro 2,003 thousand for the year 2005. This trend depends on the increase of EBIT and on the decrease of net financial costs;

Net profit increased from Euro 647 thousand to Euro 1,064 thousand for the years 2004 and 2005 respectively, with an increase of 64,5%. This development, which reflects net profit before taxes, is essentially due to the differences between Italian and foreign tax rules and is also a result of minority interests;

In today's meeting the Board of Directors did not resolve upon any proposition of profit distribution to be presented for adoption at the shareholders' meeting. This decision will be taken by the Board of Directors in a new meeting that will be held within a few days.

EVENTS ENSUING THE END OF FINANCIAL YEAR 2005

On February 3, 2006, Eurotech S.p.A. signed with the UK company Spectris plc an option for the acquisition of the entire issued share capital of Arcom Control Systems Ltd and Arcom Control Systems Inc. The total consideration for the acquisition is US\$ 26 million. Eurotech has paid to Spectris plc US\$ 2 million to ensure the deal, which is expected to come to completion within 60 days.

The Arcom Group operates in the sector of Nano-PCs and miniaturized computers in both the USA and the UK, with clients in the electronics, energy, transportation and industrial markets. According to data presented by the Arcom management, the consolidated revenue of the two Arcom Group companies for 2005 is approx. US\$ 29 million, with an EBITDA of 11%.

THE EUROTECH GROUP

Eurotech (ETH.MI) is an industrial group which carries out the research, development, production and marketing of miniaturized computers (NanoPCs) and High Performance Computers (HPCs).

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BALANCE SHEET (Thousands of Euro)	Notes	31/12/2004 (a)	31/12/2005 (b)
ASSETS			
Intangible assets	1	5.306	6.235
Property, plant and equipment	2	2.223	2.550
Equity investments	3	19	82
Deferred tax assets	27	103	1.008
Other non current assets	4	36	22
Total non current assets		7.687	9.897
Inventory	5	5.250	6.004
Contracts in progress	6	0	2.044
Trade receivables	7	8.402	7.267
Other current assets	8	419	2.090
Cash and cash equivalents	9	2.560	25.584
Totale current assets		16.631	42.989
Total assets		24.318	52.886
Share capital		1.247	4.656
Retained earnings		3.553	26.734
Net profit (loss) for the period		647	1.064
Group shareholders' equity		5.447	32.454
Minority capital and reserves		625	593
Minority profit (loss) for the period		(69)	(42)
Minority interests		556	551
Total shareholders' equity	10	6.003	33.005
Long-term debts	12	3.516	2.597
Convertible notes	13	2.447	0
Employees' benefits	14	550	481
Deferred tax liabilities	27	515	324
Other non current liabilities	16	100	75
Total non current liabilities		7.128	3.477
Trade payables	17	4.011	9.572
Short-term borrowings	12	5.694	2.639
Tax payables	19	442	392
Other current liabilities	20	1.040	3.801
Total current liabilities		11.187	16.404
Total liabilities		18.315	19.881
Total liabilities and shareholders' equity		24.318	52.886

BALANCE SHEET DATA	31.12.2004	31.12.2005
NON CURRENT ASSETS	7.687	9.897
- intangible assets	5.306	6.235
- property, plant and equipment	2.223	2.550
Current assets	16.631	42.989
TOTAL ASSETS	24.318	52.886
Group shareholders' equity	5.447	32.454
Minority interests	556	551
Total non current liabilities	7.128	3.477
Total current liabilities	11.187	16.404
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24.318	52.886

OPERATING RESULTS (Thousands of Euro)	Notes	31/12/2004	31/12/2005
Sales and service revenue	22	16.649	29.851
Cost of materials	23	(6.486)	(14.559)
Services	24.1	(3.480)	(5.639)
Rent and leasing	24.2	(286)	(492)
Payroll	24.3	(5.212)	(7.211)
Accruals and other costs	24.4	(172)	(204)
Other revenue	24.5	973	1.552
Profit before depreciation and amortization		1.986	3.298
Amortization	25	(529)	(987)
Depreciation of fixed assets	25	0	(11)
Operating profit		1.457	2.300
Share of profit of associates	26	9	3
Finance costs	26	(517)	(595)
Finance income	26	84	295
Profit before taxes		1.033	2.003
Income tax expenses	27	(455)	(981)
Net profit (loss) for the period		578	1.022
Minority interest		(69)	(42)
Group net profit (loss) for the period		647	1.064
Earnings per share	11	0,065	0,095
Diluted earnings per share	11	0,065	0,101

	31.12.2004	%	31.12.2005	%
OPERATING RESULTS				
SALES AND SERVICE REVENUE	16.649	100,0%	29.851	100,0%
GROSS MARGIN	10.163	61,0%	15.292	51,2%
EBITDA	1.986	11,9%	3.298	11,0%
EBIT	1.457	8,8%	2.300	7,7%
PROFIT (LOSS) BEFORE TAXES	1.033	6,2%	2.003	6,7%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	647	3,9%	1.064	3,6%

	31.12.2004	31.12.2005
NET FINANCIAL POSITION	(9.097)	20.348
TOTAL NET WORKING CAPITAL	8.578	3.640
NET CASH DATA		
Net cash provided by (used in) operating activities	(498)	7.020
Net cash provided by (used in) investing activities	(2.683)	(2.126)
Net cash provided by (used in) financing activities	4.879	18.016
Effect of change in exchange rates	(40)	114
TOTAL NET CASH	1.658	23.024

CONSOLIDATED CASH FLOW STATEMENT
 (Thousands of Euro)

31/12/2004

31/12/2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Group net profit (loss) for the year	647	1.064
Adjustments to reconcile group net profit (loss) to net cash provided (used) by operating activities:		
Minority interest	(69)	(42)
Depreciation and amortization	529	998
Allowance for doubtful accounts	20	70
Plus/minus da dismissioni di immobilizzazioni	0	
Share of profit of associates	(9)	(3)
Exchange differences	0	40
Provision for employees' benefits	130	(69)
Deferred taxes	226	119
Change in current assets and liabilities		
Trade receivables	(1.894)	1.065
Other current assets	479	(1.671)
Inventory	(1.609)	(2.798)
Trade payables	1.028	5.561
Other current liabilities	24	2.686
Total adjustments and changes	(1.145)	5.956
Net cash provided by (used in) operating activities	(498)	7.020
CASH FLOW FROM INVESTING ACTIVITIES:		
Disposal of property, plant and equipment	36	50
Interest income	84	174
Addition of intangible assets	(999)	(1.566)
Addition to property, plant and equipment	(317)	(738)
Net change in financial assets	(46)	(46)
Acquisition of business net of cash acquired:	(1.441)	
<i>Property, plant and equipment</i>	(30)	
<i>Investments</i>	(11)	
<i>Current assets</i>	(1.812)	
<i>Liabilities</i>	2.088	
<i>Goodwill</i>	(1.531)	
<i>Minority</i>	(140)	
<i>Accumulated losses</i>	(5)	
Net cash provided by (used in) investing activities	(2.683)	(2.126)
CASH FLOW FROM FINANCING ACTIVITIES:		
Share capital increase	163	25.309
IPO fees and costs		(3.262)
Other movements of equity		117
Financing and bank debt	4.716	(4.148)
Net cash provided by (used in) investing activities	4.879	18.016
Effect of changes in exchange rates on cash	(40)	114
Increase (decrease) of cash and cash equivalents	1.658	23.024
Cash and cash equivalents at beginning of the period	902	2.560
Cash and cash equivalents at the end of the period	2.560	25.584
Interest paid	229	480
Taxes income paid	165	1.198