

EUROTECH: STRONG INCREASE IN REVENUE (+54%), EBITDA (+266,7%)

- CONSOLIDATED REVENUES +54%: FROM 4,495 MILLION EURO AT FIRST QUARTERLY REPORT 2005 TO 6,922 MILLION EURO AT FIRST QUARTERLY REPORT 2006
- CONSOLIDATED EBITDA +266,7%: AS A PERCENTAGE OF REVENUE WAS -1.5% IN THE FIRST QUARTER OF 2005 AND +1.6% IN THE FIRST QUARTER OF 2006
- CONSOLIDATED EBIT +42,5%: AS A PERCENTAGE OF REVENUE WAS -5.7% IN THE FIRST QUARTER OF 2005 AND -2.1% IN THE FIRST QUARTER OF 2006

Amaro (UD), May 12nd, 2006.

The Board of Directors approved today the First Quarterly Report of the Eurotech Group as at March 31, 2006.

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.

CONSOLIDATED (€ milioni)	31/03/2005	31/03/2006	Var.%
Revenues	4.495	6.922	54%
EBITDA	(66)	110	266,7%
EBIT	(254)	(146)	42,5%

Trend of the Period

The Group's revenue shows an increase of Euro 2,427 thousand, from Euro 4,495 thousand of the first quarter of 2005 to Euro 6,922 thousand of the first quarter of 2006.

This 54% rise, totally obtained internally, confirms the Group's growth trend and is essentially linked to the implementation of the strategic plan.

The absolute value of the gross margin increased 36%, passing from Euro 2,679 thousand as at March 31, 2005 to Euro 3,643 thousand as at March 31, 2006. Gross margin as a percentage of revenue went from 59.6% as at March 31, 2005 to 52.6% as at March 31, 2006, with an improvement of 1.4% compared to December 31, 2005, when this figure was 51.2%.

In the reference period, operating costs passed from Euro 3,002 thousand in the first quarter of 2005 (66.8% as a percentage of revenue) to Euro 4,512 thousand in the first quarter of 2006 (65.2% as a percentage of revenue), showing a consistent improvement of the Group's results before amortization, financial costs and taxes (EBITDA). This trend shows an increase of Euro 176 thousand, equal to 266.7%, from a negative figure of Euro 66 thousand in the first quarter of 2005 to a positive result of Euro 110 thousand in the first quarter of 2006. As a percentage of revenue, the EBITDA went from -1.5% in the first quarter of 2005 to +1.6% in the first quarter of 2006.



A significant growth of EBITDA reflects the policies undertaken, thanks to the increase in revenues, for a better exploitation of the operating structure.

The operating result (EBIT) registered a 42.5% improvement, passing from Euro -254 thousand in the first quarter 2005 to Euro 146 thousand in the first quarter of 2006. EBIT as a percentage of revenue was -5.7% in the first quarter of 2005 and -2.1% in the first quarter of 2006. This trend is due to EBITDA increase.

The financial management registered a variation of Euro 209 thousand between the first quarter of 2005 and the first quarter of 2006. While being positive as regards the Group's usual business activity, the financial management has been affected for Euro 343 thousand, net of positive and negative effects, by the purchase of 24 million USD in mid-February, related to the obligation contracted on February 3, 2006 for the acquisition of the Arcom Group.

Profits before taxes decreased by Euro 209 thousand, from a negative value of Euro 276 thousand for the first quarter of 2005 to a negative value of Euro 485 thousand for the first quarter of 2006. This trend reflects the positive influence of the Group's operating results (EBIT), but has been negatively affected by the extraordinary event of the Arcom Group acquisition, as explained above.

The Group's net profit passed from a loss of Euro 201 thousand for the first quarter of 2005 to a loss of Euro 434 thousand for the first quarter of 2006. This trend, which reflects the usual trend of profits before taxes, is essentially due to the differences between Italian and foreign tax rules and is also a result of minority interests.

N.B. Arcom Group is not included in First Quarterly Report it will be include in the Second Quarterly report

THE EUROTECH GROUP

Eurotech (ETH.MI) operates in the research, development, production and marketing of miniature computers (Nano-PC) and high performance computers (HPC).

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