EUROTECH: BOARD OF DIRECTORS APPROVES CONSOLIDATED HALF-YEAR RESULTS AT 30 JUNE 2016

Amaro (UD), 29 August 2016

– Consolidated revenues: from €30.17 million to €28.44 million
– Consolidated gross profit: from €15.14 million to €14.23 million
– Consolidated EBITDA: from -€2.55 million to -€0.47 million
– Consolidated EBIT: from -€5.24 million to -€3.00 million
– Consolidated pre-tax result: from -€4.86 million to -€3.07 million
– Group net result: from -€4.50 million to -€2.81 million
– Net financial debt: €0.99 million
– Shareholders' equity pertaining to the Group: €109.70 million

The Board of Directors of Eurotech S.p.A. examined and approved the results of the first half of 2016 today.

During 2016, Eurotech received a large number of awards and finalised several agreements with qualified international partners as demonstration that the investments made in the various strategic areas in which the Group operates last year and this year are important for future growth and the right path to follow.
If on the one hand the Group strengthens its positions in the embedded computing world by keeping up innovation in the traditional high performances and low power boards and sub-systems business, on the other development of the IoT platform is generating important results, above all in terms of alliances directed at business and a high market positioning.

In line with the non-stop and growing development of Internet of Things, Eurotech's relationship with international companies are also growing, which is proof that the solutions it offers provide these companies with a tangible advantage in their sectors and in the present market situation. These solutions rise out of solid and continuous technological innovation.

The investments made in the IoT field are producing the expected results in terms of international positioning of the brand and of creating an ecosystem of partners that provides a structured and complete offer to meet the needs of customers across the board. Business development is still promising, especially in consideration of the evolution of a new large market such as the one opening up thanks to Internet of Things. During this historical stage of business development, implementation of the projects by the customers necessarily crosses through an initial testing phase followed by a preliminary pilot supply that then turns into regular supply by virtue of the competitive plus it is able to demonstrate. This process therefore generates greater turnover that follows an exponential curve, instead of a linear curve, consequently slower in the beginning, but with a significant growth prospect as soon as it reaches the critical mass required. Owing to this, results more tangible in terms of order book will be seen in the quarters to come, with a consequent impact on turnover.

In the face of the situation described above, management continues to concentrate constant attention on the industrial margins, and particularly on the gross margin. The fact it has remained steady over the years underscores the significant work done in procuring components and semi-finished products. In addition to this strategic line of industrial approach, special attention is also paid to reducing costs in terms of new resources.

Group revenues in the first six months of 2016 totalled €28.44 million, compared to €30.17 million in the first half of 2015. The USA area, which generated the greatest turnover, and also in part the Japanese area were marked by a temporary situation due to a transition phase between the conclusion of the supply of some personalised products tied to orders and projects acquired in past years and projects being worked on with both the new customers acquired and those already consolidated. The partial misalignment in time between the phase-out of end-of-life projects and the phase-in of new projects was partly caused by the changes introduced in the sales network, which was substantially renovated in both areas between the end of 2015 and the beginning of 2016. This confirms the constant attention paid to the new professional figures who are more technologically prepared in innovative businesses and to focus on the customer, which has always distinguished Eurotech. If on the one hand this change furnished enormous impetus to the proposition of the offer of solutions for the emerging IoT market and contributed to improving the overall margins, on the other it introduced several temporary slowdowns in the management of the traditional business. Exchange rates remaining constant, the revenues in Japanese area are however basically in line with the amount achieved last year. Lastly, with regard to the European area, the Group companies continue to scout out new business opportunities not only in the EU zone of reference, but throughout the EMEA area as well in order to extend its field of action.

The gross profit of the period was 50.0%, in line with management's forecasts at the beginning of the year and with what was achieved both at year-end 2015 (50.3%) and in the first half of 2015 (50.2%) Slight fluctuations of the gross margin are always seen in the various periods reviewed, and in the various quarters, but particularly during the second quarter there was a strong recovery of margins compared to the first quarter of 2016. Once again this demonstrates that the trend is tied to the mix of products sold, which give different margins depending on the type of product, the fields of application and the geographic market outlets.

During the period of reference, management paid special attention to reducing operating costs on top of keeping the historic gross margin percentage. The operating costs before adjustments decreased by 7.5%, for a value of €1.43 million, dropping from €19.01 million of the first half of 2015 to €17.58 million of the first six months of 2016. This reduction, which was slightly affected by the different translation exchange rate, was the result of the reduction of costs for services and of the number of employees throughout the Group. In fact, qualified personnel was recruited only for positions strictly connected with the current strategic vision, and personnel for the most part in the production area was reduced in order to use specialised outsourcers to a greater extent. This action, in line with company policy, made a positive impact on Group EBITDA. Owing to the revenues performance commented on above, gross operating costs as a percentage of revenues went from 63.0% in the first half of 2015 to 61.8% in the first half of 2016.

EBITDA in the periods considered went from -€2.55 million in the first half of 2015 to -€0.47 million in the first half of 2016. The difference between the two periods is due not only to the reduction in operating costs already mentioned, but also to the capital gain of €1.7 million made from the sale of the security and traffic business line of the subsidiary IPS Sistemi Programmabili S.r.l. as explained in the relevant note.

EBIT rose from -€5.24 million in the first half of 2015 to -€3.00 million in the first half of 2016. EBIT as a percentage of revenues was -10.6% in the first half, compared with -17.4% in the same period of 2015. This performance reflects the EBITDA performance described previously as well as depreciation and amortisation recognised in the income statement in the first six months of 2016. Depreciation and amortisation derive from both operating assets becoming subject to depreciation in the first half and the non-monetary effects arising from price allocation relating to the acquisitions of

Dynatem Inc. (for 2015 only) and Advanet Inc. The effect on EBIT of the higher values attributed as a result of PPA was €1.19 million the first half of 2016, compared with €1.27 million in the first half of 2015.

Affected by the different performance of the currencies, financial management during the first six months of 2016 generated a loss of €0.14 million, compared with a gain of €0.22 million in the first six months of 2015. This variance was caused by the different contribution of the exchange rate differences owing to the trend of foreign currencies. Overall, in fact, foreign exchange differences had a positive effect on the period of €136 thousand, compared with a positive effect of €470 thousand in the first half of 2015, while financial management relating to interest had an effect of €277 thousand, in line with the €254 thousand value in the first half of 2015.

A pre-tax loss of €3.07 million was registered for the first half of 2016 (compared with a loss of €4.86 million in the same period a year previously). This performance was influenced by the factors outlined above. The effect of PPA on the pre-tax result was €1.19 million in the first half of 2016 and €1.27 million in the first half of 2015.

The Group registered a net loss in operating assets of 2.81 million in the first half of 2016, compared with a net loss of €4.50 million in the first half of 2015. Not only does it reflect the changes in the pre-tax result, but the performance also was caused by the effect of the tax burden on the Group's various units.

At 30 June 2016 the Group had net financial debt of €0.99 million. Here it should be mentioned that most of the cash flow historically occurs in the second half of the year, particularly due to the different distribution of turnover between the two six-month periods.

Working capital was slightly lower than the figure reported at 31 December 2015, and considerably lower than the figure posted in the first half of 2015. It amounted to €16.75 million, compared with €16.99 million at year-end 2015 and €18.91 million at 30 June 2015.

Pursuant to the provisions set out by CONSOB, it is reported that the Consolidated Half-Year Financial Report at 30 June 2016 is at the disposal of whoever requests it at the company's registered office. The Report is also available on the Eurotech website at www.eurotech.com (investors section) and on the "1Info" Centralised Storage system at www.1info.it.

Pursuant to Art. 154 bis , paragraph 2 of the Italian Consolidated Law on Finance (TUF), the Corporate Financial Reporting Manager of Eurotech S.p.A., Sandro Barazza, declares that the information on accounts disclosed in this press release corresponds to the documentable results, books and accounting records of the company.

THE EUROTECH GROUP

Eurotech (ETH:IM) is a multinational that designs, develops and supplies Internet of Things solutions, complete with services, software and hardware, to the leading system integrators and to large and small companies. By adopting Eurotech's solution, customers gain access to the most recent open-source software stacks and standards, flexible and sturdy multiservice gateways and sophisticated sensors in order to collect data from the field and make them usable for corporate processes. In collaboration with a large number of partners of a world ecosystem, Eurotech contributes toward building the vision of the Internet of Things by supplying complete solutions or single "best-in-class" blocks, from managing devices and data to the connectivity and communication platform as well as from the smart peripheral devices to the smart objects, with business models appropriate for the world of modern enterprise. For more information on Eurotech, please visit www.eurotech.com.

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ANNEXES - FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT (€ '000)	1H 2016 (b)	%	1H 2015 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	28,439	100.0%	30,175	100.0%	(1,736)	-5.8%
Cost of material	(14,209)	-50.0%	(15,036)	-49.8%	(827)	5.5%
Gross profit	**14,230**	**50.0%**	**15,139**	**50.2%**	**(909)**	**-6.0%**
Services costs	(6,091)	-21.4%	(6,817)	-22.6%	(726)	-10.6%
Lease & hire costs	(887)	-3.1%	(904)	-3.0%	(17)	1.9%
Payroll costs	(10,219)	-35.9%	(10,795)	-35.8%	(576)	5.3%
Other provisions and costs	(379)	-1.3%	(492)	-1.6%	(113)	23.0%
Other revenues	2,873	10.1%	1,317	4.4%	1,556	118.1%
EBITDA	**(473)**	**-1.7%**	**(2,552)**	**-8.5%**	**2,079**	**-81.5%**
Depreciation & Amortization	(2,532)	-8.9%	(2,691)	-8.9%	(159)	-5.9%
EBIT	**(3,005)**	**-10.6%**	**(5,243)**	**-17.4%**	**2,238**	**42.7%**
Share of associates' profit of equity	78	0.3%	165	0.5%	87	52.7%
Finance expense	(702)	-2.5%	(1,049)	-3.5%	(347)	-33.1%
Finance income	561	2.0%	1,265	4.2%	(704)	-55.7%
Profit before tax	**(3,068)**	**-10.8%**	**(4,862)**	**-16.1%**	**1,794**	**36.9%**
Income tax	259	0.9%	360	1.2%	101	28.1%
Net profit (loss) before minority interest	**(2,809)**	**-9.9%**	**(4,502)**	**-14.9%**	**1,693**	**37.6%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Group net profit (loss)	**(2,809)**	**-9.9%**	**(4,502)**	**-14.9%**	**1,693**	**37.6%**
Base earnings per share	**(0.082)**		**(0.132)**			
Diluted earnings per share	**(0.082)**		**(0.132)**			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€'000)	at June 30, 2016	at December 31, 2015
ASSETS		
Intangible assets	95,059	89,682
Property, Plant and equipment	3,220	3,325
Investments in affiliate companies	1,009	930
Investments in other companies	303	308
Deferred tax assets	1,592	1,351
Medium/long term borrowing allowed to affiliates companies and other Group	90	0
Other non-current assets	682	608
Total non-current assets	**101,955**	**96,204**
Inventories	20,792	20,198
Trade receivables	13,170	15,715
Income tax receivables	301	180
Other current assets	1,349	1,650
Other current financial assets	0	76
Cash & cash equivalents	10,463	11,430
Total current assets	**46,075**	**49,249**
Total assets	**148,030**	**145,453**
LIABILITIES AND EQUITY		
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(35,578)	(39,942)
Group shareholders' equity	**109,701**	**105,337**
Equity attributable to minority interest	**0**	**0**
Total shareholders' equity	**109,701**	**105,337**
Medium-/long-term borrowing	3,501	3,401
Employee benefit obligations	2,420	2,127
Deferred tax liabilities	4,730	4,572
Other non-current liabilities	777	940
Total non-current liabilities	**11,428**	**11,040**
Trade payables	12,114	14,381
Short-term borrowing	8,024	8,316
Derivative instruments	17	8
Income tax liabilities	251	866
Other current liabilities	6,495	5,505
Total current liabilities	**26,901**	**29,076**
Total liabilities	**38,329**	**40,116**
Total liabilities and equity	**148,030**	**145,453**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2015	8,879	1,200	136,400	10,601	(47,761)	(8)	(372)	5,718	(3,097)	(6,223)	105,337	-	105,337
2015 Result allocation	-	185	-	-	(6,408)	-	-	-	-	6,223	-	-	-
Profit (loss) as at June 30, 2016	-	-	-	-	-	-	-	-	-	(2,809)	(2,809)	-	(2,809)
(loss):													
- Hedge transactions	-	-	-	-		(9)	-	-	-	-	(9)	-	(9)
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	35	-	-	-	35	-	35
- Foreign balance sheets conversion difference	-	-	-	7,836	-			-	-	-	7,836	-	7,836
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(689)	-	-	(689)	-	(689)
Comprehensive result	-	-	-	*7,836*	-	*(9)*	*35*	*(689)*	-	*(2,809)*	*4,364*	-	*4,364*
Balance as at June 30, 2016	8,879	1,385	136,400	18,437	(54,169)	(17)	(337)	5,029	(3,097)	(2,809)	109,701	-	109,701

CONCISE CASH FLOW STATEMENT

(€'000)	at June 30, 2016	at December 31, 2015	at June 30, 2015
Cash flow generated (used) in operations	(1,632)	(3,503)	(6,755)
Cash flow generated (used) in investment activities	1,209	(459)	926
Cash flow generated (absorbed) by financial assets	(570)	419	764
Net foreign exchange difference	26	869	758
Increases (decreases) in cash & cash equivalents	(967)	(2,674)	(4,307)
Opening amount in cash & cash equivalents	11,430	14,104	14,104
Cash & cash equivalents at end of period	10,463	11,430	9,797

NET FINANCIAL POSITION

(€'000)		at June 30, 2016	at December 31, 2015	at June 30, 2015
Cash & cash equivalents	A	(10,463)	(11,430)	(9,797)
Cash equivalent	**B=A**	**(10,463)**	**(11,430)**	**(9,797)**
Other current financial assets	C	0	(76)	(101)
Derivative instruments	D	17	8	21
Short-term borrow ing	E	8,024	8,316	7,691
Short-term financial position	**F=C+D+E**	**8,041**	**8,248**	**7,611**
Short-term net financial position	**G=B+F**	**(2,422)**	**(3,182)**	**(2,186)**
Medium/long term borrow ing	H	3,501	3,401	4,037
Medium-/long-term net financial position	**I=H**	**3,501**	**3,401**	**4,037**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**1,079**	**219**	**1,851**
Medium/long term borrow ing allow ed to affiliates companies and other Group companies	K	(90)	0	0
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**989**	**219**	**1,851**

NET WORKING CAPITAL

(€'000)	at June 30, 2016 (b)	at December 31, 2015 (a)	at June 30, 2015	Changes (b-a)
Inventories	20,792	20,198	20,647	594
Contracts in progress	0	0	0	0
Trade receivables	13,170	15,715	18,511	(2,545)
Income tax receivables	301	180	174	121
Other current assets	1,349	1,650	1,979	(301)
Current assets	*35,612*	*37,743*	*41,311*	*(2,131)*
Trade payables	(12,114)	(14,381)	(14,611)	2,267
Income tax liabilities	(251)	(866)	(305)	615
Other current liabilities	(6,495)	(5,505)	(7,488)	(990)
Current liabilities	*(18,860)*	*(20,752)*	*(22,404)*	*1,892*
Net working capital	**16,752**	**16,991**	**18,907**	**(239)**