EUROTECH

Imagine. Build. Succeed.

Consolidated Interim financial report

at 30 June 2015

This document has been translated into English for the convenience of readers outside Italy. The original Italian document should be considered the authoritative version.

This translation into English of the original document in Italian has not been reviewed by the Independent Auditor.

Date of issue: 28 August 2015
This file is available online
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www.eurotech.com

EUROTECH S.p.A.
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.: Tax Code 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Roberto Siagri [7]
Director	Giulio Antonello [1 2 3 7]
Director	Sandro Barazza [1 4]
Director	Riccardo Costacurta [1 2 3 5 6]
Director	Alberto Felice De Toni [1 2]
Director	Chiara Mio [1 2 3 5 6 7 8]
Director	Dino Paladin [1]
Director	Giuseppe Panizzardi [1 6]
Director	Marina Pizzol [1 5]

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 24 April 2014 and supplemented by the Annual General Meeting of 24 April 2015; and will remain in office until approval of the 2016 financial statements.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory auditor	Michela Cignolini
Statutory auditor	Giuseppe Pingaro
Substitute auditor	Laura Briganti
Substitute auditor	Gianfranco Favaro

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 24 April 2014, and will remain in office until the approval of the 2016 financial statements.

Independent auditor	
	PricewaterhouseCoopers S.p.A.

The independent auditor was appointed for the period 2014-2022 by shareholders at the Annual General Meeting of 24 April 2014.

Corporate name and registered offices of the parent company	
	Eurotech S.p.A. Via Fratelli Solari, 3/A 33020 Amaro (UD), Italy Udine Companies Register number 01791330309

[1] Non-executive Directors.
[2] Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[3] Member of the Committee for Related Party Transactions.
[4]. Corporate Financial Reporting Manager as from 29 May 2008.
[5] Member of the Control and Risks Committee.
[6] Member of the Remuneration Committee.
[7] Member of the Appointments Committee
[8] Lead Independent Director.

Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of the Milan stock market since 30 November 2005.

Share capital of Eurotech S.p.A. at 30 June 2015

Share capital	Euro 8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	1,319,020
Stock market capitalisation (based on the share's average price in June 2015)	Euro 61 million
Stock market capitalisation (based on the share's reference price at 30 June 2015)	Euro 62 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
01.01.2015 – 30.06.2015

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

Management report

Introduction

The annual consolidated financial statements for the Eurotech Group are prepared in compliance with the international financial reporting standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission as per the procedure indicated in Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
This consolidated interim financial report for the six months to 30 June 2015 was prepared in accordance with IAS 34 - Interim Financial Reporting and Article 154-ter of the Consolidated Finance Law ("TUF"). This consolidated interim financial report does not include all the information required for the preparation of the consolidated annual financial statements, and must therefore be read in conjunction with the consolidated annual financial statements at 31 December 2014.
Unless otherwise stated, data are expressed in thousands of euro.

Performance highlights

Income statement highlights

(€'000)	1H 2015	%	1H 2014	%	% change
OPERATING RESULTS					
SALES REVENUES	30,175	100.0%	31,028	100.0%	-2.7%
GROSS PROFIT MARGIN	15,139	50.2%	15,149	48.8%	-0.1%
EBITDA	(2,552)	-8.5%	(1,349)	-4.3%	-89.2%
EBIT	(5,243)	-17.4%	(3,923)	-12.6%	-33.6%
PROFIT (LOSS) BEFORE TAXES	(4,862)	-16.1%	(4,170)	-13.4%	-16.6%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	(4,502)	-14.9%	(4,667)	-15.0%	3.5%

Balance sheet and financial highlights

PATRIMONIAL DATES	at June 30, 2015	at December 31, 2014
Non-current assets	**94,888**	**89,920**
- of which net intangible assets	88,292	83,735
- of which net tangible assets	3,407	3,391
Current assets	**51,209**	**53,768**
TOTAL ASSETS	**146,097**	**143,688**
Group shareholders' equity	**104,073**	**101,987**
Minority interest	**0**	**0**
Non-current liabilities	**11,908**	**10,698**
Current liabilities	**30,116**	**31,003**
TOTAL LIABILITIES AND EQUITY	**146,097**	**143,688**

€'000	at June 30, 2015	at December 31, 2014
NET FINANCIAL POSITION	**1,851**	**(5,936)**
NET WORKING CAPITAL	**18,907**	**14,073**
NET INVESTED CAPITAL*	**105,924**	**96,051**
CASH FLOW DATA		
Cash flow generated (used) in operations	(6,755)	(6,267)
Cash flow generated (used) in investment activities	926	(4,053)
Cash flow generated (absorbed) by financial assets	764	(4,362)
Net foreign exchange difference	758	791
TOTAL CASH FLOW	**(4,307)**	**(13,891)**

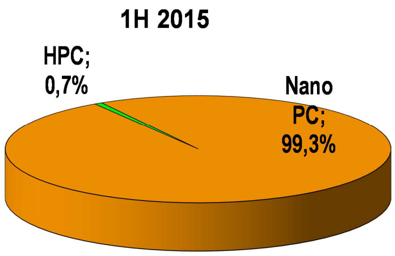
(*) Non-current non-financial assets, plus working capital, less non-current non-financial liabilities.

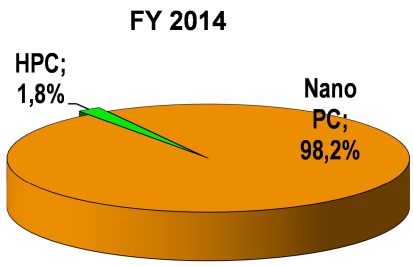
Employee headcount

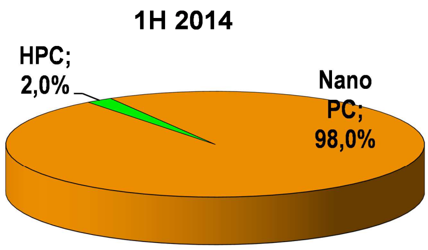
	at June 30, 2015	at December 31, 2014	at June 30, 2014
EMPLOYEES	375	365	368

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1H 2015	1H 2014	% YoY Change	FY 2014	1H 2015	1H 2014	% YoY Change	FY 2014	1H 2015	1H 2014	% YoY Change	FY 2014
Sales revenues	29,977	30,392	-1.4%	62,722	198	636	-68.9%	1,176	30,175	31,028	-2.7%	63,898







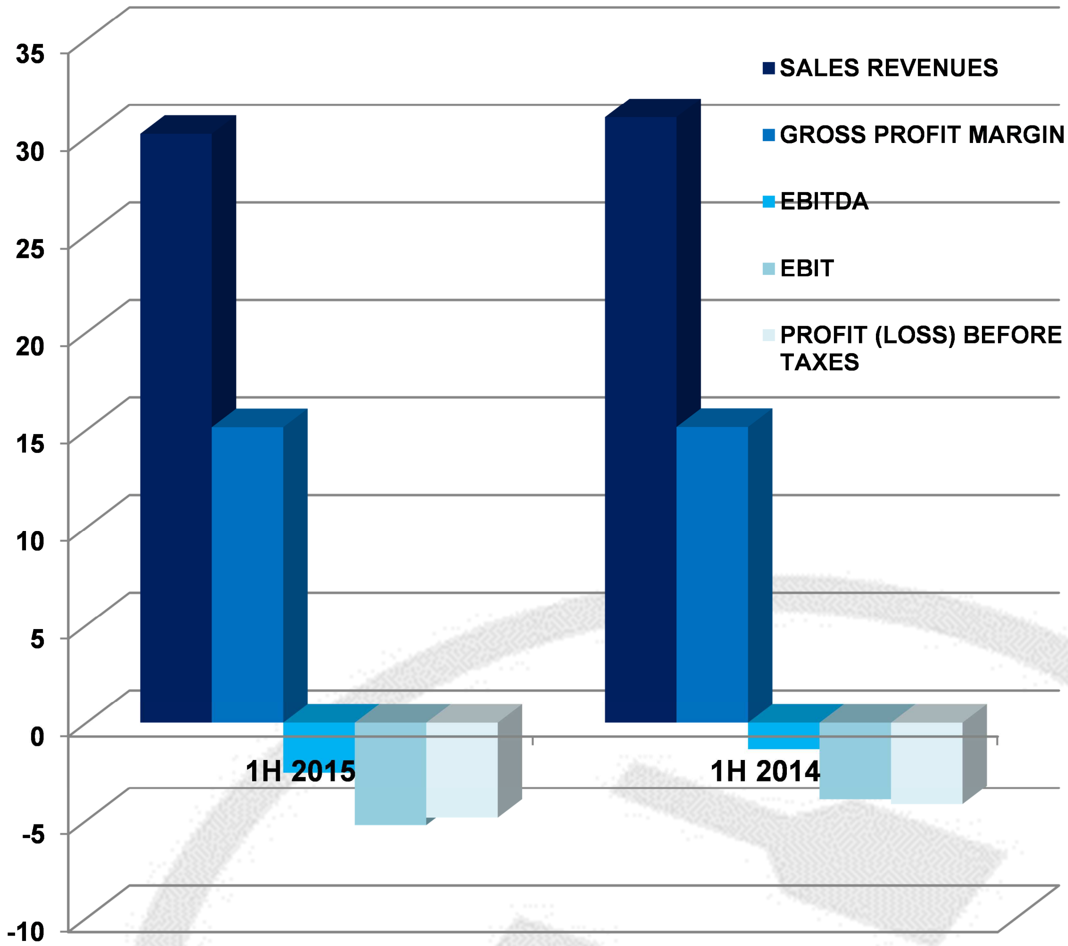
The business lines covered by the Group are ‘NanoPCs’ and ‘HPCs’ (High Performance Computers). The NanoPC line comprises miniaturised electronic modules and systems for the transport, logistics, defence, security, medical and industrial sectors, while the HPC line consists of highly energy-efficient supercomputers, currently targeting universities, research institutes and computing centres. Volumes in the HPC business line are affected by the cyclicality of the purchasing model of our clients operating in this sector.

In view of the clear predominance of the NanoPC business line, information broken down by region has been provided only for this line, in relation to the Group's various units and based on the way in which these are monitored by top management. There are no significant transactions between the business lines.
The Group’s geographical regions in the NanoPC line are defined according to the location of Group assets and transactions. These regions are currently: Europe, North America and Asia.

Revenues of the NanoPC line by business region

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change
Third party Sales	11,512	9,036		8,897	10,362		9,568	10,994		0	0		29,977	30,392	
Infra-sector Sales	287	167		1,603	1,204		175	78		(2,065)	(1,449)		0	0	
Total Sales revenues	11,799	9,203	28.2%	10,500	11,566	-9.2%	9,743	11,072	-12.0%	(2,065)	(1,449)	-42.5%	29,977	30,392	-14%

Performance



The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It's a Group that has operating locations in Europe, North America and Japan, led and coordinated by the headquarters in Italy.
The technological paradigm followed by Eurotech is 'pervasive computing' or 'ubiquitous computing'. The pervasive concept combines three key factors: the miniaturisation of 'smart' devices, i.e. devices capable of processing information; their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and their ability to connect with each other in a network and communicating.
In this perspective, Eurotech creates miniaturised computers for special uses (NanoPCs) and supercomputers with high computing capacity and high energy efficiency (HPCs). NanoPCs and HPCs are the two major classes of devices that, by connecting to and cooperating with each other, form the pervasive computing structure previously known as the 'pervasive computing grid', which today we call the 'Internet of Things'.

In the NanoPC segment, the Group's offering varies 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 (i.e. inserted within a device or a system), often used as a component of OEM products;
- an embedded subsystem used as an element of 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.

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 several application fields, both conventional and emerging. Eurotech is most active in the transport, industrial, medical, defence, security and logistics 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 choose Eurotech because they want to minimise the total cost of ownership of their projects or systems. 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 designs and creates green supercomputers with huge computing capacity, occupying little space and highly energy efficient, created via mass and parallel connection of high-performance miniaturised computers. These supercomputers – in the past aimed at cutting-edge research institutes, computing centres, and universities – are turning out to be indispensable in advanced sectors such as nanotechnology, biotechnology and cyber security. We also expect them to have a significant impact on the medical and industrial fields.

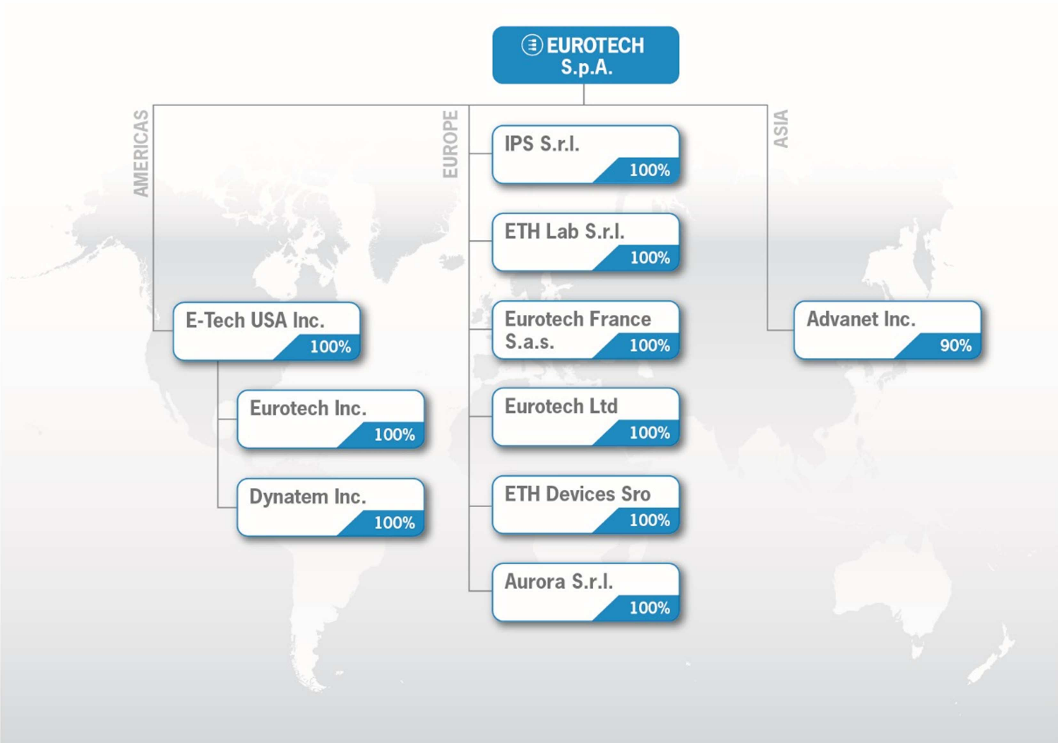
While we continue to improve our consolidated NanoPC and HPC offering, we are increasingly tackling the challenge of creating end-to-end solutions to seamlessly interconnect distributed smart objects and transport valuable data from these objects to business applications, leveraging on the Cloud IT infrastructure.
Any object that is equipped with a small interconnected computer can generate a flow of data and has the potential to become a web-monitored asset, whether it be a vending machine, a bundle of bank notes, an agricultural vehicle or a level crossing. But to create the 'Internet of Things', the interface between the real and the digital worlds, between sensors and the web, and between smart devices and applications in the Cloud, have to be managed.
At Eurotech, we know how to process significant data from assets in the real world, transport them in the Cloud and make them usable in business processes and applications. Today, our systems and devices can be easily integrated within a Cloud infrastructure, whether public or private, via our Everywhere Cloud software platform, which rapidly connects smart objects to build distributed systems for M2M (machine-to-machine) solutions. Thanks to our platform, our partners and customers can create flexible solutions that support value-added service provision and asset monitoring systems in a whole range of operating contexts.

At 30 June 2015, the Eurotech Group consisted of the following companies:

Company name	Business	Share capital	Group share
Parent company			
Eurotech S.p.A.	Operates in the NanoPC segment with its main focus on the Italian market and in the HPC market at global level. In terms of organisation, it performs the role of coordinating holding company at corporate level	Euro 8,878,946	
Subsidiaries and companies consolidated on a line-by-line basis			
Aurora S.r.l.	Newly formed company that should operate in the HPC sector	Euro 10,000	100.00%
Dynatem Inc.	Operates in the US NanoPC market	USD 1,000	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc. and Dynatem Inc.	USD 8,000,000	100.00%
ETH Devices S.r.o.	Operates in the Eastern European NanoPC sector, mainly in the handheld devices segment	Euro 10,000	100.00%

EthLab S.r.l.	Handles research on the Group's behalf (since 2005)	Euro 115,000	100.00%
Eurotech Inc.	Operates in the US NanoPC field	USD 26,500,000	100.00%
Eurotech Ltd.	Operates in the NanoPC segment, primarily in the UK	GBP 33,333	100.00%
Eurotech France S.A.S.	Operates in the French NanoPC market	Euro 795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Operates in the NanoPC segment under the IPS brand and also operates in the high-tech security and surveillance sector under the ETH Security brand	Euro 51,480	100.00%
Advanet Inc.	Operates in the Japanese NanoPC market	JPY 72,440,000	90.00% (1)

(1) For consolidation purposes it is regarded as wholly owned, since the company holds the remaining 10% in the form of treasury shares.



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Operating performance

(€'000)		1H 2015	%	1H 2014	%
OPERATING RESULTS					
SALES REVENUES		30,175	100.0%	31,028	100.0%
GROSS PROFIT MARGIN	(*)	15,139	50.2%	15,149	48.8%
EBITDA	(**)	(2,552)	-8.5%	(1,349)	-4.3%
EBIT	(***)	(5,243)	-17.4%	(3,923)	-12.6%
PROFIT (LOSS) BEFORE TAXES		(4,862)	-16.1%	(4,170)	-13.4%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(4,502)	-14.9%	(4,667)	-15.0%

(*) Gross profit = difference between revenues from sale of products and services and consumption of raw materials.
(**) EBITDA, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied by the Group may not be the same as that used by others and may therefore not be comparable.
(***) EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

In 2015, and in particular in the first half of it that has just ended, the Group is continuing on the strategic direction it undertook last year which is marked by investments in several corporate areas considered essential for future business growth. These are the same areas identified in the Chairman's letter to the shareholders. In particular, development of the M2M/IoT platforms is giving significant results, even if they are not yet in line with the investments made.
Several important agreements were concluded during the half-year. They included both partnerships with key players of the IoT world and supply agreements with companies that see Eurotech solutions as technologically innovative elements that allow them to enter the IoT paradigm and to achieve a competitive edge in their respective markets. Other agreements are being formalised, and managements is counting on continuing with development of the M2M/IoT business in this direction.
As regards the Group's traditional business that is still generating the vast majority of turnover, on the other hand, the half-year had its ups and down as it experienced a delay in the start-up of several projects and a drop in turnover in the Asian area.
The EBIT achieved during the half-year can be explained by the joint delay in turnover and the investments made. Operating costs in fact rose in absolute terms with respect to the investments made, and are part of a strategic path that should lead to higher turnover in the upcoming quarters.
If on the one hand investments are necessary to implement strategy and for future growth, in this phase of stable turnover management is paying close attention to the overall trend in costs and to controlling them in order to keep operating costs down and to aim at breaking even as soon as possible.

As commented on several times in previous quarters, the objective of the investments made in the operational structure, and in particular in employees, is to strengthen the Group's ability to put the new offer of M2M platforms and IoT solutions on the market while at the same time remaining innovative in the embedded computer segment as well.
These investments are generating the expected results in terms of international brand positioning, creation of a partner ecosystem and development of business opportunities. By virtue of the progress of the strategy's implementation, more tangible results in terms of order portfolio and turnover should emerge in the next quarters.

Group revenues in the first half of 2015 totalled €30.17 million, compared to €31.03 million in the first half of 2014. The reduction in sales, which was partly mitigated also by the performance of the currencies in which the financial statements of the foreign companies are drawn up and the resulting conversion of the local financial statements into the functional currency, the Euro, is due to the seesaw performance of the different geographical areas. If on the one hand the USA area generated higher sales that the period of comparison, the Japanese area is still waiting for orders from the big local players. Then the European area, with lower visibility, has to concentrate on opportunistic businesses and seek customers outside the European territory, where opportunities can be generated more easily.

This performance is confirmed by the breakdown of turnover generated in the three regions, as described later in this document.

The year in progress can continue to be viewed as positive, beyond the current situation, based on the order portfolio, also increased by orders gathered during the half-year, and existing contracts, and there is more and more visibility for the years to come.

Before commenting on the income statement figures in more detail, we must point out that some of them reflect the effects of the recognition in the accounts of purchase price[A] allocations relating to the business combinations of Advanet Inc. and Dynatem Inc.
Actual results with and without the effect of purchase price allocation are summarised below:
- rather than -€5.24 million, the EBIT figure would have been -€3.97 million;
- rather than -€4.86 million, the pre-tax result would have been -€3.59 million;
- rather than -€4.50 million, the Group net result would have been -€3.73 million.

The gross profit margin of the period is in line with what management forecast at the beginning of the year, 50.2%, higher than both the result at year-end 2014 (48.1%) and that of the first half of 2014 (48.8%). Slight fluctuations in gross profit have always been seen in the various periods examined and are a historical element 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, operating costs before adjustments increased by 8.6%, equal to €1.51 million, rising from €17.49 million of the first half of 2014 to €19.01 million of the first half of 2015. In addition to being caused by the different translation exchange rate, this increase is the result of the increase in payroll costs due to the investments being made in the structure to achieve the set goals. In particular, the increase in number of total employees on Group level brought about a parallel increase in costs in absolute terms. This rise in costs made an impact on Group EBITDA.
Also owing to the revenues performance commented on above, gross operating costs rose as a percentage of revenues, from 56.4% in the first half of 2014 to 63.0% in the first half of 2015.

EBITDA in the periods considered went from -€1.35 million in the first half of 2014 to -€2.55 million in the first half of 2015. EBITDA as a percentage of revenues changed from -4.3% in the first half of 2014 to -8.5% in the first half of 2015. The difference between the two periods is mainly due to higher operating costs.

EBIT came to -€5.24 million in the first half of 2015, compared with -€3.92 million in the first half of 2014. EBIT as a percentage of revenues was -17.4% in the first half, compared with -12.6% in the same period of 2014. This performance reflects the EBITDA performance described above as well as depreciation and amortisation recognised in the income statement in the first six months of 2015. 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. and Advanet Inc. The effect on EBIT of the higher values attributed as a result of PPA was €1.27 million the first half of 2015, compared with €1.19 million in the first half of 2014.

[A] In detail, the effects of the recognition in the accounts of purchase price allocation relating to the business combinations of Advanet Inc. and Dynatem Inc. can be summarised as follows:

- depreciation, amortization and impairment: €1.27 million (€1.19 million at 30 June 2014), equal to the higher amortisation charged to the higher values attributed to intangible assets (particularly customer relationships);
- lower income taxes: €0.50 million (€0.47 million at 30 June 2014) resulting from the tax effect on adjustments made.

Financial management during the first six month of 2015 was affected by the performance of the currencies, to generate a gain of €0.22 million, compared with a loss of €0.30 million in the first six months of 2014. Considerably contributing to this positive performance were the exchange differences due to foreign currency trends, as well as the reduced financial charges owing to the performance of the net financial position. Overall, foreign exchange differences had a positive effect on the period of €470 thousand (compared with a positive effect of €105 thousand in the first half of 2014), while financial management relating to interest had an effect of €254 thousand (€402 thousand in the first half of 2014).

A pre-tax loss of €4.86 million was registered for the first half of 2015 (compared with a loss of €4.17 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 €1.27 million in the first half of 2015 and €1.19 million in the first half of 2014.

The Group registered a net loss in operating assets of €4.50 million in the first half of 2015, compared with a net loss of €4.67 million in the first half of 2014. 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.
Total PPA effects on the Group net result in the first half of 2015 amounted to €0.77 million (first half of 2014: Euro 0.72 million).

As indicated in the explanatory notes to the condensed consolidated interim financial statements (Note D), the Group discloses segment information based on the product sectors in which it develops its activity (NanoPCs and HPCs) and, exclusively in NanoPCs, based on the regions in which the various Group companies operate and are currently monitored. These are defined by the location of goods and operations carried out by individual Group companies. They are: Europe, North America and Asia.

More specifically, below we have broken down the trend in revenues and margins in the individual business areas and the changes occurring in the reporting period.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2015	1H 2014	%YoY Chg	1H 2015	1H 2014	%YoY Chg	1H 2015	1H 2014	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	29,977	30,392	-1.4%	198	636	-68.9%	30,175	31,028	-2.7%
Ebitda by segment	(1,785)	(716)	149.2%	(767)	(633)	-21.2%	(2,552)	(1,349)	89.2%
Ebit by segment	(4,393)	(3,217)	-36.5%	(850)	(706)	-20.5%	(5,243)	(3,923)	-33.6%
Total EBIT							(5,243)	(3,923)	-33.6%
Net finance income (expense)							216	(297)	172.7%
Shares of associates' profit (loss)	165	50					165	50	230.0%
Profit before tax of continuing operations							(4,862)	(4,170)	-16.6%
Income tax							360	(497)	172.4%
Net profit (loss)							(4,502)	(4,667)	3.5%

The breakdown of the NanoPC business line by region is as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change
Third party Sales	11,512	9,036		8,897	10,362		9,568	10,994		0	0		29,977	30,392	
Infra-sector Sales	287	167		1,603	1,204		175	78		(2,065)	(1,449)		0	0	
Total Sales revenues	11,799	9,203	28.2%	10,500	11,566	-9.2%	9,743	11,072	-12.0%	(2,065)	(1,449)	-42.5%	29,977	30,392	-14%
Gross profit	4,316	3,509	23.0%	5,137	5,367	-4.3%	5,910	6,263	-5.6%	(188)	(113)	66.0%	15,175	15,026	10%
Gross profit margin - %	36.6%	38.1%		48.9%	46.4%		60.7%	56.6%					50.6%	49.4%	
EBITDA													(1,785)	(716)	149.2%
EBITDA margin - %													-6.0%	-2.4%	
EBIT													(4,393)	(3,217)	36.5%
EBIT margin - %													-14.7%	-10.6%	

North American revenues totalled €11.80 million in the first half of 2015 and €9.20 million in the first half of 2014, posting substantial growth. This was in part due to the effect of the exchange rate and in part due to growth in turnover during the period, attributed to the efforts made and the orders acquired in previous quarters. The awaited activation of existing contracts in the transport sector should give growth in the USA area an added boost. Moreover, the policy of developing turnover towards key customers with substantial orders already implemented is still fundamental for medium-long-term turnover growth and is beginning to bear fruit, despite the time needed for these orders to become active is longer than initial forecasts.
The European business area is showing a decrease from €11.57 million in the first half of 2014 to €10.50 million in the first half of 2015, including inter-regional revenues of 9.2%. This is mainly the effect of the lower turnover of the UK subsidiary. Performance is seesaw because the three major European countries where the Group operates (Italy, France and the UK) are still undergoing economic stagnation and are experiencing ups and downs, depending on the period.
The Asian business area also registered a decrease of 12.0%, from €11.07 million to €9.74 million. The effect of the exchange rate lessened this decrease, which is mainly due to several postponed deliveries that will be made in the third and fourth quarters of the year. This different distribution of orders of several historical customers will be absorbed in the following quarters, but the area is still subject to price pressures and is affected by an overall contraction in sales on the local market.

In analysing revenues in the main business areas, HPC revenues were very limited in the half-year in question, but will certainly become more significant at the end of the year after a prototype is delivered to a prominent German research centre as part of the European project DEEP, which falls within the seventh framework programme (ICT-287530).
The NanoPC line registered a reduction in turnover of 1.4% (€29,977 thousand in the first half of 2015, compared with €30,392 thousand in the first half of 2014, as already mentioned).

The breakdown of revenues by type is as follows:

SALES BY TIPE	1H 2015	%	1H 2014	%
Industrial revenues	29,170	96.7%	29,319	94.5%
Services revenues	1,005	3.3%	1,709	5.5%
TOTALE SALES AND SERVICE REVENUES	30,175	100.0%	31,028	100.0%

Below we show the geographical revenue breakdown based on customer location.

BREAKDOWN BY GEOGRAPHIC AREA	1H 2015	%	1H 2014	%
European Union	5,709	18.9%	5,250	16.9%
United States	12,352	40.9%	13,101	42.2%
Japan	9,554	31.7%	10,888	35.1%
Other	2,560	8.5%	1,789	5.8%
TOTAL SALES AND SERVICE REVENUES	30,175	100.0%	31,028	100.0%

The revenues of the Group's various companies in the US region decreased by 5.7% due to the lack this year of one substantial order shipped last year by the English company to the US region. The US region contributed 40.9% of total turnover in the first half.
The Japanese area registered a 12.3% decrease due, as explained above, to a different distribution of deliveries of several historical customers compared to the previous half-year. In any case, it is still the second most important area of the group and accounts for 31.7% of total turnover.
In Europe, again with reference to customer location, turnover reflected an 8.7% increase and affected total turnover by approximately 18.9%. The area is still affected by sluggish demand.

Financial and equity position

Non-current assets

(€'000)	at June 30, 2015	at December 31, 2014	Changes
Intangible assets	88,292	83,735	4,557
Property, Plant and equipment	3,407	3,391	16
Investments in affiliate companies	940	730	210
Investments in other companies	305	286	19
Deferred tax assets	1,368	1,231	137
Other non-current assets	576	547	29
Total non-current assets	**94,888**	**89,920**	**4,968**

Non-current assets in the above table increased from €89.92 million in financial year 2014 to €94.89 million in the first half of 2015. The change mainly reflects changes in intangible and tangible assets arising from the different conversion ratio for financial statements in foreign currency, as well as price allocation in the currency of the combined foreign entity and the investments made.
The change in the item equity investments in associates was due to adjusting the value of the associates to equity after financial statements approval.

The Group's main investments were as follows:

(€'000)	at June 30, 2015	at December 31, 2014	at June 30, 2014
Intangible assets	1,020	1,985	862
Property, plant and equipment	453	820	643
Investments	0	19	0
TOTAL MAIN INVESTMENTS	1,473	2,824	1,505

Current assets

(€'000)	at June 30, 2015	at December 31, 2014	Changes
Inventories	20,647	15,295	5,352
Contracts in progress	0	79	(79)
Trade receivables	18,511	19,846	(1,335)
Income tax receivables	174	215	(41)
Other current assets	1,979	1,659	320
Other current financial assets	101	2,570	(2,469)
Cash & cash equivalents	9,797	14,104	(4,307)
Total current assets	**51,209**	**53,768**	**(2,559)**

The current assets item decreased, from €53.77 million at 31 December 2014 to €51.21 million in the first half of 2015.

The decrease in cash was mainly due to utilisation to repay portions of loans, and also for current operations.
The increase in inventories was particularly due, for €2.18 million, to the building of the supercomputer prototype for the DEEP project, which is coordinated by the German research centre Juelich and falls within the seventh framework programme (FP7-ICT-287530). This prototype was still undelivered at 30 June 2015.

Working capital

Working capital, which comprises current assets net of cash and cash equivalents and non-financial current liabilities, underwent the following changes in the reporting period:

(€'000)	at June 30, 2015 (b)	at December 31, 2014 (a)	Changes (b-a)
Inventories	20,647	15,295	5,352
Contracts in progress	0	79	(79)
Trade receivables	18,511	19,846	(1,335)
Income tax receivables	174	215	(41)
Other current assets	1,979	1,659	320
Current assets	*41,311*	*37,094*	*4,217*
Trade payables	(14,611)	(15,272)	661
Income tax liabilities	(305)	(507)	202
Other current liabilities	(7,488)	(7,242)	(246)
Current liabilities	*(22,404)*	*(23,021)*	*617*
Net working capital	**18,907**	**14,073**	**4,834**

Net working capital sharply went up compared to 31 December 2014. This change is particularly tied to the increased inventory value, attributed to the purchase of components and products to fulfil the deliveries scheduled in the upcoming quarter, in addition to decreased trade receivables, which is due to a greater concentration of turnover at the end of the year compared to the end of the first half. The reduction in trade payables also contributed to increasing the effect on working capital.

Net financial position

The net financial position at the end of each period is broken down in the following table.

(€'000)		at June 30, 2015	at December 31, 2014
Cash & cash equivalents	A	(9,797)	(14,104)
Cash equivalent	**B=A**	**(9,797)**	**(14,104)**
Other current financial assets	C	(101)	(2,570)
Derivative instruments	D	21	52
Short-term borrowing	E	7,691	7,930
Other current financial liabilities	F	0	0
Short-term financial position	**G=C+D+E+F**	**7,611**	**5,412**
Short-term net financial position	**H=B+G**	**(2,186)**	**(8,692)**
Other non current financial liabilities	I	0	0
Medium/long term borrowing	J	4,037	2,756
Medium-/long-term net financial position	**K=I+J**	**4,037**	**2,756**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**L=H+K**	**1,851**	**(5,936)**

With reference to cash, the change is mostly due to its use to support current operations and also to pay the portions of loans and disbursement for investments made in the various business areas.

Cash flow

(€'000)	at June 30, 2015	at December 31, 2014	at June 30, 2014
Cash flow generated (used) in operations	(6,755)	(6,267)	(2,815)
Cash flow generated (used) in investment activities	926	(4,053)	(2,367)
Cash flow generated (absorbed) by financial assets	764	(4,362)	(6,675)
Net foreign exchange difference	758	791	350
Increases (decreases) in cash & cash equivalents	(4,307)	(13,891)	(11,507)
Opening amount in cash & cash equivalents	14,104	27,995	27,995
Cash & cash equivalents at end of period	9,797	14,104	16,488

Investments and research and development activities

At 30 June 2015, technical investments (tangible assets) in plant, equipment and instruments amounted to €235 thousand, while investments in other assets totalled €218 thousand.
During the period, the Group worked on industrial research and development and technological innovation relating both to new products and to process improvements.
The research led to the development of new products/applications in the field of high-integration and low-consumption computers and embedded systems, machine-to-machine integration platforms, network appliances and supercomputers. Technological innovation also led to improved product quality with the aim of reducing production costs and consequently boosting corporate competitiveness. The costs of developing new products were capitalised at €962 thousand in the reporting period (€894 thousand in the first half of 2014).

Competitive scenario, outlook and future growth strategy

Due to the integration and strengthened relations between the Group's various companies, the global positioning of the Group in the emerging M2M/IoT market, as well as the Group's sound financial position, the outlook for the second half of 2015 is positive, even though market conditions in some sectors and regions remain uncertain. From a financial perspective, in addition to Group cash and equivalents, the ongoing support of banks is still an important factor in riding out the current economic climate and supporting internal growth.
The Group's strategic development will continue, following guidelines similar to those already applied in previous years. The implementation of the strategic plan specifically includes the following actions:

- in NanoPCs, the development and offering of new products/solutions with higher value-added, with a special focus on creating application-ready platforms and ready-to-use products;
- in both NanoPCs and HPCs, a focus on products/solutions increasingly closer to the paradigm of pervasive computing and cloud computing;
- strengthening commercial activities, particularly with regard to indirect sales channels along with direct ones;
- increased operating effectiveness in all areas where it is possible to capitalise on the integration between the individual Group companies and where economies of scale are achievable;
- the continuous monitoring of opportunities for new acquisitions to extend the Group's presence in specific markets or as cross-selling catalysts between subsidiaries.

Treasury shares of the Parent Company owned by the Parent Company or subsidiaries

The Parent Company Eurotech SpA held 1,319,020 treasury shares at the end of the reporting period. Treasury shares of the Parent Company were not purchased on the stock market during the first half of 2015.

Disclosure of sovereign exposure

Pursuant to Consob Communication DEM/11070007 of 5 August 2011 (itself based on ESMA document 2011/266 of 28 July 2011) relating to the disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities.

Process of simplifying the standards based on Consob resolution no. 18079/2012

Pursuant to Art. 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech adheres to the simplification procedure provided for by Articles 70, paragraph 8, and 71, paragraph 1-bis of the Regulations adopted by Consob with its resolution no. 11971 of 14 May 1999 as amended and supplemented, therefore benefiting from the right to derogate from the obligations to disclose information documents provided for by Annex 3B of the aforesaid Consob Regulations at the time of significant transactions concerning mergers, spin-offs, increases in capital by way of contributions in kind, purchases and sales.

Disclosure of corporate governance

The "Report on Corporate Governance and Ownership Structure" (hereinafter "Report") required by Art. 123-bis of the TUF (Italian Consolidated Finance Law) is prepared as a stand-alone document and was approved by the Board of Directors on 13 March 2015. It was published on the Company website at www.eurotech.com in the "Investors" section, in the same financial statements document.

The Report was drafted in line with the recommendations of the Corporate Governance Code and by taking the "Format for the report on corporate governance and ownership structure - 5th Edition (January 2015)" prepared by Borsa Italiana S.p.A. as the model.
An overall and complete picture of the corporate governance system adopted by Eurotech S.p.A. is provided in the Report. The Company's profile and principles that inspire it are presented. It provides information on the ownership structure and adherence to the Corporate Governance Code, including the most important governance practices applied and the key features of the internal control and risk management system. It contains a description of the functioning and composition of the management and supervisory bodies and their committees, roles, responsibilities and competences.
The criteria for determining the directors' fees are explained in the "Remuneration Report" prepared to fulfil the obligations set out in Art. 123-ter of the TUF and Art. 84-quater of the Consob Issuer Regulation. It is published in the "Investors/Information for shareholders" section of the Company website.

Events after the reporting period

No significant events took place after the end of the half-year period.

Condensed consolidated interim financial statements at 30 June 2015

Consolidated statement of financial position

(€'000)	Notes	at June 30, 2015	*of which related parties*	at December 31, 2014	*of which related parties*
ASSETS					
Intangible assets	1	88,292		83,735	
Property, Plant and equipment	2	3,407		3,391	
Investments in affiliate companies	3	940		730	
Investments in other companies	3	305		286	
Deferred tax assets	27	1,368		1,231	
Other non-current assets		576		547	
Total non-current assets		**94,888**		**89,920**	
Inventories	4	20,647		15,295	
Contracts in progress	5	0		79	
Trade receivables	6	18,511	2,248	19,846	2,037
Income tax receivables	7	174		215	
Other current assets	8	1,979		1,659	
Other current financial assets	9	101		2,570	
Cash & cash equivalents	10	9,797		14,104	
Total current assets		**51,209**		**53,768**	
Non-current assets classified as held for sale		**0**		**0**	
Total assets		**146,097**		**143,688**	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(41,206)		(43,292)	
Group shareholders' equity	12	**104,073**		**101,987**	
Equity attributable to minority interest	12	**0**		**0**	
Total shareholders' equity	12	**104,073**		**101,987**	
Medium-/long-term borrowing	14	4,037		2,756	
Employee benefit obligations	15	2,067		1,924	
Deferred tax liabilities	27	4,924		5,109	
Other non-current liabilities	16	880		909	
Total non-current liabilities		**11,908**		**10,698**	
Trade payables	17	14,611	727	15,272	505
Short-term borrowing	14	7,691		7,930	
Derivative instruments	30	21		52	
Income tax liabilities	7	305		507	
Other current liabilities	18	7,488		7,242	
Total current liabilities		**30,116**		**31,003**	
Total liabilities		**42,024**		**41,701**	
Total liabilities and equity		**146,097**		**143,688**	

Consolidated income statement

(€'000)	Note	1H 2015	*of which related parties*	1H 2014	*of which related parties*
Revenues from sales of products and services	D	30.175	1.595	31.028	1.226
Other revenues	24	422		102	
Cost of materials	19	(15.036)	(802)	(15.879)	(841)
Service costs	21	(6.817)	(17)	(6.638)	(38)
Lease & hire costs		(904)		(826)	
Payroll costs	22	(10.795)		(9.442)	
Other provisions and other costs		(492)		(588)	(4)
Cost adjustments for in-house generation of non-current assets	23	895		894	
Depreciation & amortisation	25	(2.691)		(2.574)	
Operating profit		**(5.243)**		**(3.923)**	
Share of associates' profit of equity	3	165		50	
Finance expense	26	(1.049)		(904)	
Finance income	26	1.265		607	
Profit before taxes		**(4.862)**		**(4.170)**	
Income tax	27	360		(497)	
Net profit (loss) of continuing operations before minority interest		**(4.502)**		**(4.667)**	
Minority interest		**0**		**0**	
Group net profit (loss) for period		**(4.502)**		**(4.667)**	
Base earnings (losses) per share	13	**(0,132)**		**(0,136)**	
Diluted earnings (losses) per share	13	**(0,132)**		**(0,136)**	

Consolidated statement of comprehensive income

(€'000)	Notes	1H 2015	1H 2014
Net profit (loss) before minority inerest (A)		**(4,502)**	**(4,667)**
Other elements of the statement of comprehensive income			
Other comprehensive income to be reclassified to profit or loss insubsequent periods:			
Net profit/(loss) from Cash Flow Hedge		30	59
Tax effect		-	-
		30	*59*
Foreign balance sheets conversion difference		*3,926*	*3,045*
Exchange differences on equity method		-	-
Exchange differences on equity investments in foreign companies		2,641	189
Tax effect		-	-
		2,641	*189*
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		*6,597*	*3,293*
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit plans for employees		(14)	0
Tax effect		5	-
		(9)	-
After taxes net other comprehensive income not being reclassified to profit orloss in subsequent periods (C)		*(9)*	*0*
Comprehensive net result (A+B)		**2,086**	**(1,374)**
Comprehensive minority interest		**-**	**-**
Comprehensive Group net profit (loss) for period		**2,086**	**(1,374)**

Consolidated statement of changes in 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, 2013	8,879	39	136,400	4,196	(45,711)	(159)	(254)	(1,399)	(2,132)	8,240	108,099	-	108,099
2013 Result allocation	-	998	-	-	7,242	-	-	-	-	(8,240)	-	-	-
Profit (loss) as at June 30, 2014	-	-	-	-	-	-	-	-	-	(4,667)	(4,667)	-	(4,667)
Comprehensive other profit (loss)													
- Hedge transactions	-	-	-	-		59	-	-	-	-	59	-	59
- Foreign balance sheets conversion difference	-	-	-	3,045	-			-	-	-	3,045	-	3,045
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	189	-	-	189	-	189
Comprehensive result	-	-	-	*3,045*	-	*59*	-	*189*	-	*(4,667)*	*(1,374)*	-	*(1,374)*
- Other changes and transfers					-	-			(965)		(965)		(965)
Balance as at June 30, 2014	8,879	1,037	136,400	7,241	(38,469)	(100)	(254)	(1,210)	(3,097)	(4,667)	105,760	-	105,760

(€'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, 2014	8,879	1,037	136,400	4,413	(38,469)	(52)	(346)	2,144	(3,097)	(8,922)	101,987	-	101,987
2014 Result allocation	-	163	-	-	(9,085)	-	-	-	-	8,922	-	-	-
Profit (loss) as at June 30, 2015	-	-	-	-	-	-	-	-	-	(4,502)	(4,502)	-	(4,502)
Comprehensive other profit (loss)													
- Hedge transactions	-	-	-	-		30	-	-	-	-	30	-	30
Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	(9)	-	-	-	(9)	-	(9)
- Foreign balance sheets conversion difference	-	-	-	3,926	-			-	-	-	3,926	-	3,926
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	2,641	-	-	2,641	-	2,641
Comprehensive result	-	-	-	*3,926*	-	*30*	*(9)*	*2,641*	-	*(4,502)*	*2,086*	-	*2,086*
- Other changes and transfers				207	(207)	-			-		-		-
Balance as at June 30, 2015	8,879	1,200	136,400	8,546	(47,761)	(22)	(355)	4,785	(3,097)	(4,502)	104,073	-	104,073

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS (€'000)	at June 30, 2015	at June 30, 2014
CASH FLOWS GENERATED BY OPERATIONS:		
Group net profit	**(4,502)**	**(4,667)**
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:		
Depreciation & amortization intangible assets, property, plant and equipment	2,691	2,574
Write-down of receivables	83	97
Interest income	(5)	(37)
Interest paid	278	
Share of net profit of associate and non-consolidated subsidiaries	(165)	(50)
Income taxes (paid) get	(675)	(1,606)
Losses/(Gains) for bringing up-to-date	(9)	123
Provision for (use of) cumulative inventory write-down	(512)	
Provision for (use of) long-term employee severance indemnities	134	107
Provision for (use of) risk provision	(29)	(46)
(Provision for) / use of deferred tax asset / Provision for (use of) deferred tax liability	(322)	(316)
Changes in current assets and liabilities		
Trade receivables	1,822	2,476
Other current assets	(279)	184
Inventories and contracts in process	(5,322)	102
Trade payables	(661)	(2,587)
Other current liabilities	718	831
Total adjustments and changes	**(2,253)**	**1,852**
Cash flow generated (used) in operations	**(6,755)**	**(2,815)**
CASH FLOW FROM INVESTMENT ACTIVITIES:		
Sales of tangible and intangible assets	18	2
Interest income	5	37
Purchase of intangible fixed assets	(1,020)	(862)
Purchase of tangible fixed assets	(453)	(643)
Purchase of own shares	0	(965)
Decreases (Increases) other financial assets	2,469	96
Net investments in long-term investments and non-current assets	(93)	(32)
Cash flow generated (used) in investment activities	**926**	**(2,367)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Loans taken	2,061	0
Interest paid	(278)	(323)
(Repaid) loans short and medium/long term	(1,019)	(6,352)
Cash flow generated (absorbed) by financial assets	**764**	**(6,675)**
Net foreign exchange difference	758	350
Increases (decreases) in cash & cash equivalents	**(4,307)**	**(11,507)**
Opening amount in cash & cash equivalents	**14,104**	**27,995**
Cash & cash equivalents at end of period	**9,797**	**16,488**

Explanatory notes to financial statements

A – Corporate information

The publication of the condensed consolidated interim financial statements of Eurotech S.p.A. for the six months to 30 June 2015 was authorised by resolution of the Board of Directors on 28 August 2015. Eurotech S.p.A. is a joint stock company incorporated and domiciled in Italy. The Group has its registered office in Amaro (UD), Italy.
Eurotech is a group active in the research, development, and marketing of miniaturised computers (NanoPCs) and highly energy efficient supercomputers with high computing capacity (HPCs). For further information, see Note D.

B – Reporting policies and IFRS compliance

The annual consolidated financial statements for the Eurotech Group are prepared in compliance with the international financial reporting standards (IFRSs) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission as per the procedure indicated in Article 6 of the EC Regulation no. 1606/2002 of the European Parliament and European Council dated 19 July 2002.
These condensed consolidated interim financial statements for the six months ended 30 June 2015 were prepared in accordance with IAS 34 - Interim Financial Reporting and Article 154-ter of the TUF as amended and supplemented. These condensed consolidated interim financial statements do not include all the information required to prepare consolidated annual financial statements. Consequently, this report should be read in conjunction with the consolidated annual financial report for the year ended on 31 December 2014.
Preparation of interim financial statements requires top management to make estimates and assumptions that affect the amounts of reported revenues, costs, assets and liabilities and disclosure concerning contingent assets and liabilities as at the interim reporting date. If in future these estimates and assumptions, which are based on management's best possible evaluation, were to differ from actual circumstances, they would be amended accordingly in the period when such circumstances materialised. For a fuller description of the Group's most important evaluation processes, see Note C – "Discretionary evaluations and relevant accounting estimates" – of the consolidated financial statements at 31 December 2014.
We also point out that some evaluation processes – in particular the more complex ones such as calculation of any impairment of non-current assets – are generally performed in full only when annual financial statements are drawn up, i.e. when all and any information required is available. The exceptions to this are cases when impairment indicators exist such as to require immediate testing for any impairment.
Income taxes are recognised according to the best estimate of the weighted average tax rate expected for the full financial year.
The main accounting standards adopted to prepare the condensed consolidated interim financial statements were the same as those used to prepare the consolidated financial statements at 31 December 2014, except for the adoption of the new standards, amendments and interpretations in force at 01 January 2015.

The type and impact of each new standard/amendment are listed below:

Amendments to IAS 19 Defined benefit plans: Employee contributions - IAS 19 asks that an entity consider the contributions of employees or third parties in the accounting treatment of defined benefit plans. When the contributions are tied to the service rendered, they should be attributed to the periods of service as negative benefit. This amendment clarifies that if the amount of the contributions is unrelated to the number of years of work, the entity is allowed to recognise these contributions as a reduction in the cost of the service during the period when the service is rendered instead of allocating them to the periods of service. This amendment is in effect for the financial years starting from 1 July 2014 or afterwards. This amendment is not significant for the Group since none of its member entities have plans that envisage contributions of employees or third parties.

2010 – 2012 Annual Improvements Plan - These improvements have been in effect since 1 July 2014 and the Group applied them for the first time in these condensed consolidated interim financial statements. They include:
• IFRS 2 - Share-based payments
• IFRS 3 - Business combinations
• IFRS 8 - Operating segments
• IFRS 13 - Fair value measurement

• IAS 16 - Property, plant and equipment and IAS 38 - Intangible assets
• IAS 24 - Related party disclosures
The amendments to IFRS 2, IFRS 3, IFRS 13, IAS 16, IAS 38 and IAS 24 are not applicable to the Group.

2011 – 2013 Annual Improvements Plan - These improvements have been in effect since 1 July 2014 and the Group applied them for the first time in these condensed consolidated interim financial statements. They include:
• IFRS 1 – First time adoption of international financial reporting standards
• IFRS 3 - Business combinations
• IFRS 13 - Fair value measurement
• IAS 40 - Investment property
The amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40 are not applicable to the Group.

Lastly, the following table shows the other amendments to existing accounting standards and interpretations, i.e. specific provisions contained in the standards and interpretations approved by the IASB, with those approved or not by the European Union at the date these financial statements were prepared:

Description	Approval at the date of these financial statements	Date to go into effect specified in the standard
IFRS 9 Financial Instruments	NO	01 January 2018
IFRS 14 Regulatory deferral accounts	NO	01 January 2016
IFRS 15 Revenue from contracts with customers	NO	01 January 2017
Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the consolidation exception (issued in December 2014)	NO	01 January 2016
Amendments to IAS 1: Disclosure Initiative (issued on 18 December 2014)	NO	01 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle (issued in September 2014)	NO	01 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	NO	01 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements (issued in August 2014)	NO	01 January 2016
Amendments to IAS 16 and IAS 41: Bearer Plants (issued in June 2014)	NO	01 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (issued in May 2014)	NO	01 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014)	NO	01 January 2016

The Group has not adopted in advance any new principles, interpretations or amendments which have been issued but are not yet effective or are not mandatory starting from 1 January 2015.

The condensed consolidated interim financial statements are drawn up in euro, rounding amounts to the nearest thousand. They consist of the statement of financial position, the income statement, the statement of comprehensive income, the Consolidated statement of changes in Equity, the Consolidated statement of cash flows, and the following explanatory notes.

The data used for consolidation have been taken from the income statements and balance sheets prepared by the Directors of individual subsidiaries. These figures have been appropriately amended and restated as necessary to align them with international accounting policies and with uniform group-wide classification policies.

C – Scope of consolidation

The condensed consolidated interim financial statements include the half-year financial statements of the Parent Company, Eurotech S.p.A., and of the Italian and foreign subsidiaries over which Eurotech has the right to exercise control, directly or indirectly (through subsidiaries and associates), determining their financial and operating decisions, and the right to obtain related benefits.

Subsidiaries are consolidated starting on the date when control was effectively transferred to the Group and cease to be consolidated as from the date when control is transferred outside the Group
The companies included in the basis of consolidation on a line-by-line basis at 30 June 2015 are as follows:

Company name	Registered offices	Share capital		Group share
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	8,878,946	
Subsidiary companies consolidated line-by-line				
Aurora S.r.l.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	10,000	100.00%
Dynatem Inc.	Mission Viejo (USA)	USD	1,000	100.00%
ETH Devices S.r.o.	Bratislava (Slovakia)	Euro	10,000	100.00%
EthLab S.r.l.	Via Dante, 300 – Pergine Valsugana (TN)	Euro	115,000	100.00%
Eurotech Inc.	Columbia (USA)	USD	26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP	33,333	100.00%
E-Tech USA Inc.	Columbia (USA)	USD	8,000,000	100.00%
Eurotech France S.A.S.	Venissieux Cedex (France)	Euro	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	Euro	51,480	100.00%
Advanet Inc.	Okayama (Japan)	JPY	72,440,000	90.00% (1)

(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.

Company name	Registered offices	Group share
Subsidiaries valued at equity		
Chengdu Vantron Technology Inc.	Chengdu (Cina)	45.00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona	24.00%
Emilab S.r.l.	Via F.lli Solari, 5/A – Amaro (UD)	24.82%
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 – Trieste	21.31%
Other smaller companies valued at cost		
Kairos Autonomi	Salt Lake City (USA)	19.00%

The main changes with regard to subsidiaries and affiliates compared with 31 December 2014 are as follows:
- 09/01/2015 establishment of the company Aurora S.r.l. to carry on activities related to the HPC segment;
- 16/06/2015 purchased from Giampietro Tecchiolli 0.01% of the company EthLab S.r.l. to thus become 100% held by Eurotech S.p.A.;
- 30/06/2015 the value recorded in the financial statements regarding the final phase of liquidation of the company Delos S.r.l. is reclassified to other receivables since it corresponds to the receivable to be collected regarding the allocation of the company's assets.

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 6 Months 2015	As of June 30, 2015	Average 2014	As of December 31, 2014	Average 6 Months 2014	As of June 30, 2014
British pound sterling	0.73233	0.71140	0.80612	0.77890	0.82134	0.80150
Japanese Yen	134.20424	137.01000	140.30612	145.23000	140.40280	138.44000
USA Dollar	1.11579	1.11890	1.32850	1.21410	1.37035	1.36580

D – Segment reporting

For management purposes, the Group is organised into business segments: the “NanoPC” and "HPC (High Performance Computers)" segments. Given the HPC segment’s current low contribution to total Group turnover, detailed information is provided solely for the NanoPC segment, broken down geographically in relation to the various Group entities currently monitored by senior management. There were no significant transactions between business segments.
The geographical areas in the NanoPC segment are defined according to the location of Group assets and operations. Those identified are: Europe, North America and Asia.
Management monitors the EBIT of the individual business units separately for the purposes of resources allocation and performance assessment.

Business segments

The following table shows data on revenues and Group results for the half-years to 30 June 2015 and 30 June 2014 respectively.

(€'000)	NanoPC			High Performance Computer			Total		
	1H 2015	1H 2014	%YoY Chg	1H 2015	1H 2014	%YoY Chg	1H 2015	1H 2014	%YoY Chg
Sales and service revenue by segment									
Sales and service revenue by segment	29,977	30,392	-1.4%	198	636	-68.9%	30,175	31,028	-2.7%
Ebitda by segment	(1,785)	(716)	149.2%	(767)	(633)	-21.2%	(2,552)	(1,349)	89.2%
Ebit by segment	(4,393)	(3,217)	-36.5%	(850)	(706)	-20.5%	(5,243)	(3,923)	-33.6%
Total EBIT							(5,243)	(3,923)	-33.6%
Net finance income (expense)							216	(297)	172.7%
Shares of associates' profit (loss)	165	50					165	50	230.0%
Profit before tax of continuing operations							(4,862)	(4,170)	-16.6%
Income tax							360	(497)	172.4%
Net profit (loss)							(4,502)	(4,667)	3.5%

The breakdown of revenues for the NanoPC segment is as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change	1H 2015	1H 2014	%YoY Change
Third party Sales	11,512	9,036		8,897	10,362		9,568	10,994		0	0		29,977	30,392	
Infra-sector Sales	287	167		1,603	1,204		175	78		(2,065)	(1,449)		0	0	
Total Sales revenues	11,799	9,203	28.2%	10,500	11,566	-9.2%	9,743	11,072	-12.0%	(2,065)	(1,449)	-42.5%	29,977	30,392	-14%

The table below shows assets and investments in the Group’s individual business segments at 30 June 2015 and 31 December 2014.

(€'000)	NanoPC		High Performance Computer		Total	
	1H 2015	FY 2014	1H 2015	FY 2014	1H 2015	FY 2014
Assets and liabilites						
Segment assets	140,480	139,793	4,231	2,726	144,711	142,519
Investments in subsidiaries non consolidated, associate & other companies	1,245	1,016	0	0	1,245	1,016
Unallocated assets					141	153
Total assets	**141,725**	**140,809**	**4,231**	**2,726**	**146,097**	**143,688**
Segment liabilities	36,178	37,188	5,846	4,513	42,024	41,701
Unallocated liabiities					0	0
Total liabilities	**36,178**	**37,188**	**5,846**	**4,513**	**42,024**	**41,701**
Other segment information						
Investments in tangible assets	452	820	1	0	453	820
Investments in intangible assets	989	1,985	31	0	1,020	1,985
Depreciation & amortisation	2,608	5,214	83	160	2,691	5,374

Segment assets at 30 June 2015 do not include the tax credits of the Parent Company (€0.1 million).

Assets and investments in the NanoPC segment by region are shown in the table below:

(€' 000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	1H 2015	31.12.2014	1H 2015	31.12.2014	1H 2015	31.12.2014	1H 2015	31.12.2014	1H 2015	31.12.2014
Activities by sector	42,898	39,894	69,635	71,083	69,678	67,267	(41,731)	(38,451)	140,480	139,793
Investments	662	1,272	547	912	232	621	0	0	1,441	2,805

E – Breakdown of main balance sheet items

1 – Intangible assets

The following table shows the changes in the historical cost and accumulated amortisation of intangible assets in the reporting period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	10,449	72,006	21,067	2,475	26,452	132,449
Previous years' impairment	(970)	(6,647)	(8,078)	(49)	-	(15,744)
Previous years' amortisation	(7,323)	-	(5,418)	-	(20,229)	(32,970)
OPENING BALANCE	2,156	65,359	7,571	2,426	6,223	83,735
Purchases	-	-	58	962	-	1,020
Disposals	-	-	-	-	-	-
Other changes	114	5,060	1,336	146	1,635	8,291
Transfers	1,226	-	-	(1,226)	-	-
Amortisation in period	(918)	-	(72)	-	(1,270)	(2,260)
Reversal of cumulative amortisation	-	-	-	-	-	-
Other changes in cumulative impairment	(15)	(510)	(729)	-	-	(1,254)
Other changes in cumulative amortisation	143	-	(155)	-	(1,228)	(1,240)
TOTAL CHANGES	550	4,550	438	(118)	(863)	4,557
Purchase or production costs	11,789	77,066	22,461	2,357	28,087	141,760
Impairment	(985)	(7,157)	(8,807)	(49)	-	(16,998)
Cumulative amortisation	(8,098)	-	(5,645)	-	(22,727)	(36,470)
CLOSING BALANCE	2,706	69,909	8,009	2,308	5,360	88,292

The increase of €4.56 million is attributable to a combination of new investments totalling €1.02 million, a foreign exchange effect of €5.80 million and amortisation of €2.26 million registered in the first half-year. The total value increased from €83.73 million last year to €88.29 million in the first half of 2015.

Investments made in the first six months of the year mainly relate to Group plans to develop new products, both on the new M2M technologies and on low-energy consumption products.

Other changes, other changes cumulative write-downs and other changes cumulative amortisation refer to exchange rate differences accrued on the initial balances of values expressed in foreign currency, and specifically to goodwill and other intangible assets, in addition to the cancellation of values totally amortised at the end of the previous year. Other intangible assets includes the value of customer relationships defined at the time of purchase price allocation and with a surplus to amortise in future years in connection with Advanet Inc. and Dynatem Inc.

Goodwill refers to the higher value paid, when fully consolidated subsidiaries were acquired, in excess of the fair value of the assets and liabilities acquired. As of 1 January 2004, goodwill is no longer been amortised and is tested at least annually for impairment.

For the purposes of annual impairment testing, the individual goodwill items and assets with indefinite and definite useful life recorded, purchased through business combinations, were allocated to the respective cash generating units (CGUs) corresponding to the legal entity or group of companies to which reference is made to test for impairment.

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the CGUs is shown below:

Cash generating units	at June 30, 2015		at December 31, 2014	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	40,703	7,729	38,399	7,292
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	21,926	-	20,212	-
Eurotech Ltd. (ex Arcom Ltd.)	6,139	-	5,607	-
Eurotech France S.a.s.	1,051	-	1,051	-
Other	90	-	90	-
TOTAL	69,909	7,729	65,359	7,292

The change in the carrying values of Advanet Inc., Eurotech Inc. and Eurotech Ltd. is due to the fact that the amounts concerned are expressed in the foreign operations' functional currency and consequently converted at each balance sheet date using the exchange rate in force at that date.

To check for any impairment of goodwill or other intangible assets with a definite useful life, at 30 June 2015 the Group again critically analysed the calculation processes used at 31 December 2014, which had also been made with the support of independent experts.

The reported data for the first half of 2015 were compared with the forecasts for the half-year included in the plan and also with the figures for the original 2015 budget used at December 2014. For the various CGUs, a new impairment test as at 30 June 2015 was not considered necessary since even with a prudent revised future cash flow forecasts for 2015 no loss indicators were identified that could jeopardize the valuation of the recoverability, based on value in use, of the goodwill and trademarks with an indefinite useful life for each CGU that was carried out using the impairment test at 31 December 2014. The directors therefore confirmed the valuations made at the time of the 2014 annual financial statements.
Management will continue to carry out monthly analyses of the CGU's performance, especially in view of the concentration in turnover in the final quarter of the year, and, if further signs of significant impairment come to light in the second half of the year, will carry out the necessary valuations as required by the applicable accounting standards.

Generally speaking, the directors also assumed in their assessments (as they did at 31 December 2014) that, although some external and internal indicators (particularly Eurotech's stock market performance and the Group's operating result, which was not positive) might signal net asset impairment, there was no need for any write-downs. They believe that the market trend reflects the international economic situation. In terms of the internal indicators, the Group's total operating result reflects a performance that was partly forecast for the first half of 2015, which is expected to markedly improve in the second half. It also combines the operating results of the individual entities, which does not allow for a complete and exhaustive reading of the reported data of the individual CGUs to which the goodwill and assets with an indefinite useful life are allocated. Future developments at the Eurotech group and expectations for the coming years based on existing orders, stakeholder relations and products currently in the portfolio, as well as products developed, particularly in recent years, are regarded by the Directors as important factors in support of their decision not to change the values posted.

2 – Property, plant and equipment

The table below shows changes in the historical cost and accumulated depreciation and the value of the assets in the period under review:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchse of production cost	1,644	6,010	4,291	5,246	95	192	17,478
Previous year's depreciation	(412)	(5,423)	(3,938)	(4,215)	-	(99)	(14,087)
OPENING BALANCE	**1,232**	**587**	**353**	**1,031**	**95**	**93**	**3,391**
Purchases	-	21	214	218	-	-	453
Disposals	-	(550)	-	(67)	-	-	(617)
Other changes	-	253	133	226	(76)	12	548
Depreciation in period	(18)	(124)	(118)	(150)	-	(21)	(431)
Reversal of cumulative depreciation	-	544	-	55	-	-	599
Other changes in cumulative amortisation	(1)	(146)	(92)	(291)	-	(6)	(536)
TOTAL CHANGES	**(19)**	**(2)**	**137**	**(9)**	**(76)**	**(15)**	**16**
Purchase or production cost	1,644	5,734	4,638	5,623	19	204	17,862
Cumulative depreciation	(431)	(5,149)	(4,148)	(4,601)	-	(126)	(14,455)
CLOSING BALANCE	**1,213**	**585**	**490**	**1,022**	**19**	**78**	**3,407**

The other changes item, which refers both to cost and to the related cumulative depreciation, concerns the different exchange rates at which foreign entities' values were converted at 30 June 2015 compared with those applied at 31 December 2014.
Purchases made in the half-year related mainly to computers, office equipment and industrial equipment.
Fixed assets under lease refers, for €78 thousand, to assets subject to lease agreements, which are booked using the financial method and relate mainly to a machine purchased in previous years from the Japanese subsidiary Advanet.

3 – Investments in affiliates and other companies

The table below shows changes in investments in affiliates and other companies in the reporting period:

	at June 30, 2015						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE	%OWNERSHIP
Investments in associate companies:							
Chengdu Vantron Technology Inc.	616	-	-	110	52	778	45.00%
Delos S.r.l. in liquidation	7	-	(7)	-		-	
Emilab S.r.l.	98	-	-	54	-	152	24.82%
eVS embedded Vision Systems S.r.l.	9	-	-	1	-	10	24.00%
Rotowy Technologies S.p.A. (ex U.T.R.I. S.p.A.)	-	-	-	-	-	-	21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	**730**	**-**	**(7)**	**165**	**52**	**940**	
Investments in other companies:							
Cosint	4	-	-		-	4	
ALC Consortium	3	-	-	-		3	
Consorzio Ecor' IT	2	-	-	-	-	2	
Consorzio Aeneas	5	-	-	-	-	5	
Consorzio Ditedi	11	-	-	-	-	11	7.69%
Inasset S.r.l.	44	-	-	-	-	44	2.90%
Kairos Autonomi	216	-	-	-	19	235	19.00%
Others	1	-	-	-	-	1	
TOTAL INVESTMENTS IN OTHER COMPANIES	**286**	**-**	**-**	**-**	**19**	**305**	

The write-ups/write-downs item relates to application of the equity accounting method to investments in affiliates.

Other changes relate to the difference in the exchange rate used to convert the values of the equity investments at 30 June 2015 compared with the rate applied at 31 December 2014.

Eurotech owns the following equity investments in affiliates to which the equity accounting method is applied:

- Chengdu Vantron Technology = 45%, following the purchase of shares in 2007, a sale of shares in December 2009, 2010 and 2011 and another purchase in 2013;
- Emilab S.r.l. = 24.82%, created in 1998;
- eVS embedded Vision Systems S.r.l. = 24%, created in the first half of 2007 as a spin-off from the University of Verona;
- Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.) = 21.32%, following a capital increase and the purchase of shares in 2007 and 2008.

4 - Inventories

The following table shows the inventory breakdown at the end of the periods under review:

(€'000)	at June 30, 2015	at December 31, 2014
Raw & auxiliary materials and consumables - gross	7,953	6,816
Inventory write-down provision	(1,169)	(1,289)
Raw & auxiliary materials and consumables - net	**6,784**	**5,527**
Work in process and semi-finished goods - gross	3,976	2,783
Inventory write-down provision	(502)	(772)
Work in process and semi-finished goods	**3,474**	**2,011**
Finished poducts and goods for resale - gross	11,447	8,841
Inventory write-down provision	(1,113)	(1,112)
Finished products and goods for resale - net	**10,334**	**7,729**
Advances	**55**	**28**
TOTAL INVENTORIES	**20,647**	**15,295**

Inventories at 30 June 2015 amounted to €20.65 million, net of inventory write-down provision totalling €2.78 million. Inventory write-down provision decreased compared to the 2014 year-end figure, mainly due to use of semi-finished products and products that were partially covered by the reserve and to the sale of slow moving components at a value higher than the net carrying value.

The schedule below shows changes in the inventory write-down provision in the periods under review:

CHANGES IN CUMULATIVE INVENTORY WRITE-DOWN PROVISION - € '000	at June 30, 2015	at December 31, 2014
OPENING BALANCE	3,173	3,000
Provisions	565	319
Other changes	123	582
Utilisation	(1,077)	(728)
CLOSING BALANCE	2,784	3,173

Not only does Other changes represent the change in the amounts stated in the foreign operations' functional currency and consequently converted at each balance sheet date using the exchange rate in force at that date, but also include, in 2014 only, a reclassification of the inventory write-down provision of a subsidiary previously recorded as directly reducing the inventories, in order to better represent the amount of the inventory write-down provisions.

5 – Work in progress

The following table shows information relating to work in progress at the reporting date:

(€'000)		at June 30, 2015	at December 31, 2014
Contract revenues recognised as revenue in the period		18	79
Contract costs bome as at balance-sheet date		32	69
Profits recognised as at balance-sheet date	-	14	10
Dow n payments received		0	0
Gross amount ow ed by customer for contractual w ork		18	79
Contract costs and proits recognised as at balance-sheet date		18	79
Revenues recognised in previous periods		466	387
Billing based on completion status		484	387
Gross amount owed by customer for contractual work		-	79
Gross amount owed to customer for contractual work		-	-

6 – Trade receivables

The schedule below shows the breakdown of trade receivables and the respective doubtful debt provision at 30 June 2015 and 31 December 2014:

(€'000)	at June 30, 2015	at December 31, 2014
Trade receivables - customers	21,271	22,376
Trade receivables - affiliate companies	1	4
Doubtful debt provision	(2,761)	(2,534)
TOTAL TRADE RECEIVABLES	18,511	19,846

Note that, at the reporting date, the Group did not present significant concentrations of credit risk. It is believed that these receivables are collectable within one year. Trade receivables are non-interest bearing and generally fall due within 90-120 days.

Trade receivables, including the relative doubtful debt provision, decreased by €1.33 million compared with 31 December 2014. The decrease was mainly due to regular as-due payment of trade receivables, as well as to the different distribution of turnover in the half-year compared with the usual situation in the final months of the year.
The receivables include €0.4 million in bank receipts presented subject to collection, but not yet due at the end of the period.

No transactions to sell receivables have been entered into during 2015.

Receivables are shown after a doubtful debt provision of €2.76 million.

CHANGES IN CUMULATIVE DOUBTFUL DEBT PROVISION - € '000	at June 30, 2015	at December 31, 2014
OPENING BALANCE	2,534	1,680
Provisioning	83	793
Other changes	193	244
Utilisation	(49)	(183)
CLOSING BALANCE	2,761	2,534

The net increase in the period was €227 thousand, due to the combined effect of €83 thousand in allocations in the period to adjust, individually, the amounts of the receivables to their presumed realisable value, and the difference for

the different exchange rate used (€193 thousand), as well as the use of the provision for €49 thousand, since the conditions for deducting the allocation made were met.
Group policy is to specifically identify the individual receivables to be written down, and the allocations made therefore reflect a specific write-down.

7 – Tax receivables and payables

Receivables for income taxes represent receivables from individual governments for direct taxation (IRES and income taxes in various countries) which should be recovered within the next year, as well as receivables for withholdings made on dividends paid out to the Parent Company.

Income tax payables are made up of current taxes relating to the period yet to be liquidated, and represent the amounts that the individual companies must pay to the tax authorities of the respective countries. These payables are calculated according to the tax rates currently in force in each country. Payables for foreign taxes amounted to €230 thousand (2014: €429 thousand), while Italian tax payables amounted to €75 thousand (2014: €79 thousand).

8 – Other current assets

The schedule below shows the composition of other current assets at 31 December 2014 and 30 June 2015:

(€'000)	at June 30, 2015	at December 31, 2014
Amounts receivable for grants	1	141
Advance payments to suppliers	134	162
Tax receivables	511	441
Other receivables	198	144
Accrued income and prepaid expenses	1,135	771
TOTAL OTHER CURRENT ASSETS	1,979	1,659

Tax receivables mainly consist of receivables for indirect (VAT) taxation. VAT receivables do not bear interest and are generally settled with the competent tax authority on a monthly basis.
Prepaid expenses relate to costs borne in advance for bank charges, maintenance fees, utilities, services and insurance.

9 – Current financial assets

Other current financial assets recorded as current assets decreased by €2.47 million.
The decrease is entirely attributed to the actual receipt of the residual receivable (originally USD 3 million) concerning the portion of the price tied to the purchaser's guarantee for 18 months, starting from 1 October 2013, by an escrow deposit related to the sale of the company Parvus Corp.
The amount current recorded is made up entirely of €101 thousand relating to 2,500 shares of Veneto Banca Holding S.c.a.r.l. held in the portfolio and purchased at the end of June 2012. These assets were classified as financial assets recorded in the income statement at fair value.

10 – Cash & cash equivalents

The table below shows the composition of cash and cash equivalents at 30 June 2015 and 31 December 2014:

(€'000)	at June 30, 2015	at December 31, 2014
Bank and post office deposits	9,769	14,082
Cash and valuables in hand	28	22
TOTAL CASH & CASH EQUIVALENTS	9,797	14,104

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash and cash equivalents was €9.80 million (€14.10 million at 31 December 2014).
Cash and cash equivalents decreased by €4.31 million compared to 31 December 2014, due mainly to the payment of instalments on loans falling due during the first half-year (€2.6 million) and investments in tangible (€0.5 million) and intangible (€1.0 million) assets made in the period and to support operating activities.

11 – Net financial position

The Group's net financial position is shown below:

(€'000)		at June 30, 2015	at December 31, 2014
Cash & cash equivalents	A	(9,797)	(14,104)
Cash equivalent	**B=A**	**(9,797)**	**(14,104)**
Other current financial assets	C	(101)	(2,570)
Derivative instruments	D	21	52
Short-term borrowing	E	7,691	7,930
Other current financial liabilities	F	0	0
Short-term financial position	**G=C+D+E+F**	**7,611**	**5,412**
Short-term net financial position	**H=B+G**	**(2,186)**	**(8,692)**
Other non current financial liabilities	I	0	0
Medium/long term borrowing	J	4,037	2,756
Medium-/long-term net financial position	**K=I+J**	**4,037**	**2,756**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**L=H+K**	**1,851**	**(5,936)**

At 30 June 2015 the Group had net financial debt of €1.85 million due to the disbursement to support current operations and investments made in the various business areas.

12 – Equity

The schedule below shows the composition of shareholders' equity at 31 December 2014 and 30 June 2015:

(€'000)	at June 30, 2015	at December 31, 2014
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(41,206)	(43,292)
Group shareholders' equity	**104,073**	**101,987**
Equity attributable to minority interest	**0**	**0**
Total shareholders' equity	**104,073**	**101,987**

The share capital at 30 June 2015 was made up of 35,515,784 ordinary shares, wholly subscribed and paid up, with no nominal value.

The balance of the Issuer's legal reserve at 30 June 2015 amounted to €1.20 million and increased by €163 thousand following allocation of part of the 2014 annual results of the Parent Company.

The share premium reserve, which relates entirely to the Parent Company, was booked for a total amount of €136.4 million.

The positive translation reserve of €8.55 million was generated by inclusion in the condensed consolidated interim financial statements of the statements of financial position and income statements of US subsidiaries Eurotech Inc., Dynatem Inc. and E-Tech USA Inc., UK subsidiary Eurotech Ltd. and Japanese subsidiary Advanet Inc.

The other reserves item was negative for €47.76 million and comprised the Parent Company's surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years and other reserves of miscellaneous origin. The change in the year is to be attributed to allocation of the 2014 results net of the value allocated to the legal reserve.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €22 thousand and decreased by €30 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.
The foreign exchange reserve in which – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in a foreign shareholding are recognised, was positive by €4.78 thousand and increased by €2.64 million gross of the related tax effect; again it was not recorded due to the absence of the prerequisites.

At the end of the reporting period the Parent Company, Eurotech S.p.A., held 1,319,020 treasury shares (same amount at 31 December 2014).

13 – Basic and diluted earnings per share

Basic earnings (loss) per share (EPS) is calculated by dividing the income of the reporting period pertaining to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reporting period, net of treasury shares.

During the periods under comparison, no capital transactions took place leading to EPS dilution.

The table below shows the earnings and information on the shares used to calculate base and diluted EPS.

	at June 30, 2015	at June 30, 2014
Net income (loss) attributable to parent company shareholders	(4,502,000)	(4,667,000)
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784
Own shares	(1,319,020)	(1,319,020)
Weighted average number of ordinary shares except own shares	34,196,764	34,196,764
Net income (loss):		
- per share	(0.132)	(0.136)
- per share diluted	(0.132)	(0.136)

14 - Borrowings

The following table shows the breakdown of short- and medium-/long-term borrowings at 30 June 2015:

LENDER	COMPANY	BALANCE ON 31.12.2014	BALANCE ON 30.06.2015	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)		2,799	4,447	4,447	-	-	-
FCA Bank	Eurotech S.p.A.	-	54	14	40	40	-
Ministero dell'Istruzione, dell'Università e della Ricerca	Eurotech S.p.A.	-	52	9	43	43	-
Finance Lease	Advanet Inc.	100	87	20	67	67	-
TOTAL OTHER FINANCINGS		100	193	43	150	150	-
Iccrea Banca Impresa	Eurotech S.p.A.	2,000	1,763	484	1,279	1,279	-
Total Group Iccrea		***2,000***	***1,763***	***484***	***1,279***	***1,279***	**-**
Cassa di Risparmio del FVG	Eurotech S.p.A.	2,000	1,000	1,000	-	-	-
Total Gruppo INTESA - SAN PAOLO		***2,000***	***1,000***	***1,000***	**-**	**-**	**-**
The Chugoku Bank Ltd	Advanet Inc.	121	-	-	-	-	-
Total The Chugoku Bank Ltd		***121***	**-**	**-**	**-**	**-**	**-**
Bcc Carnia e Gemonese	Eurotech S.p.A.	200	-	-	-	-	-
Bcc Carnia e Gemonese	Eurotech S.p.A.	1,000	1,000	160	840	840	-
Cassa Rurale della Valle dei Laghi	EthLab S.r.l.	217	194	48	146	146	-
Total Credito Cooperativo Banks		***1,417***	***1,194***	***208***	***986***	***986***	**-**
Unicredit	Eurotech S.p.A.	-	2,000	378	1,622	1,622	-
Unicredit	Eurotech S.p.A.	2,249	1,131	1,131	-	-	-
Total Gruppo Unicredit		***2,249***	***3,131***	***1,509***	***1,622***	***1,622***	**-**
TOTAL BANK DEBT - (c)		7,787	7,088	3,201	3,887	3,887	-
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		7,887	7,281	3,244	4,037	4,037	-
TOTAL DEBT - [(a) + (b) + (c)]		10,686	11,728	7,691	4,037	4,037	-

A new loan was contracted with Unicredit during the first half of 2015 for €2 million, while portions of medium/long-term loans falling due were paid in the amount of €2.6 million.

15 - Employee benefits

The table below shows the breakdown of employee benefits at 30 June 2015 and 31 December 2014:

(€'000)	at June 30, 2015	at December 31, 2014
Employees' leaving indemnity	311	309
Foreing Employees' leaving indemnity	1,661	1,523
Employees' retirement fund	95	92
TOTAL EMPLOYEES' BENEFITS	**2,067**	**1,924**

Defined benefit plans

The Group has defined benefit pension plans both in Italy and Japan, and these require contributions to a separately managed fund.
IAS 19R was applied retroactively starting from 1 January 2012. As a result, the expected return of the assets servicing the defined-benefit plan was not booked to the income statement. The interest on the net liabilities of the defined-benefit plan (not including the plan assets) was, however, booked to the income statement. Interest is calculated using the discount rate used to measure the net assets or liabilities of the pension plan.
In addition, the past service cost (not vested) can no longer be deferred to the future vesting period. All past service costs are instead recognised in the income statement at the date of the plan's amendment or at the date of recognition of the related restructuring costs or cessation of the employment relationship, whichever is earlier. Until 2012, unvested past servicing costs were recognised on a straight-line basis over the plan's average vesting period. With the move to IAS 19R, past service costs are recognised immediately in the income statement if the benefits vest immediately with the introduction or modification of the pension plan.

The changes in the items Italian and foreign "pension fund" were as follows:

	Defined benefit plans			
	Italy		Japan	
(€ '000)	at June 30, 2015	at December 31, 2014	at June 30, 2015	at December 31, 2014
Liabilities at start of period	309	304	1,523	1,312
Cost relating to present service	103	21	57	115
Finance expense	2	8	0	11
Other changes	0	0	91	(12)
Benefits paid out	(104)	(48)	(24)	(13)
Actuarial loss (gain) reconised	0	24	14	110
Liabilities at end of period	310	309	1,661	1,523

16 - Provisions for risks and charges

The schedule below shows the composition and changes of provisions for risks and charges at 30 June 2015 and 31 December 2014:

(€'000)	at December 31, 2014	Provision	Utilization	Other	at June 30, 2015
Selling agents' commission fund	55	2	-	-	57
Director termination fund	141	28	-	(12)	157
Guarantee reserve	320	-	-	23	343
Busting depreciable asset	262	-	-	16	278
Other long therm risk provision	131	-	(89)	3	45
TOTAL FUNDS FOR COSTS AND FUTURE RISKS	909	30	(89)	30	880

Note that on 24 November 2014 a report on findings was served at the end of the tax assessment performed by the Inland Revenue Office of Udine on Eurotech SpA for financial year 2012. The company received the relevant notice of assessment and on 19 June 2015 an assessment petition was submitted, with acceptance of the provincial Inland Revenue Office. Based on the findings presented, the company does not believe that significant liabilities will arise upon conclusion of the procedure; consequently, allocation of a provision was not deemed necessary.

17 - Trade payables

The schedule below shows the composition of trade payables at 31 December 2014 and 30 June 2015:

(€'000)	at June 30, 2015	at December 31, 2014
Third parties	13,893	14,776
Affiliate companies	718	496
TOTAL TRADE PAYABLES	**14,611**	**15,272**

Trade payables at 30 June 2015 came to €14.61 million, decreasing by €0.66 million compared with 31 December 2014. Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

18 – Other current liabilities

The table below shows the breakdown of other current liabilities at 30 June 2015 and 31 December 2014:

(€'000)	at June 30, 2015	at December 31, 2014
Social contributions	397	762
Other	3,468	2,796
Advances from customers	2,917	2,482
Other tax liabilities	328	449
Accrued expanses	378	753
TOTAL OTHER CURRENT LIABILITIES	**7,488**	**7,242**

Other payables

Other payables include amounts payable to employees for salaries as well as for holidays and paid leaves of absence accruing and not taken by employees at the reporting dates.

F - Breakdown of key income statement items

19 – Costs of raw & auxiliary materials and consumables used

(€'000)	1H 2015	1H 2014
Purchases of raw materials, semi-finished and finished products	18,127	14,881
Changes in inventories of raw materials	(504)	357
Change in inventories of semi-finished and finished products	(2,587)	641
TOTAL COST OF MATERIALS	15,036	15,879

Costs of raw & auxiliary materials and consumables used show a 5.3% decrease in the period under review, down from €15.88 million of the first half of 2014 to €15.04 million in the first half of 2015. The decrease reflects the lower turnover developed in the first half of 2015 compared to the previous period, but it should be considered that the lower costs for consumption are more than proportionate with the decrease in turnover, and this leads to a gross profit margin in 2015 better than that of 2014.

20 – Other operating costs net of cost adjustments

(€'000)	1H 2015	1H 2014
Service costs	6,817	6,638
Rent and leases	904	826
Payroll	10,795	9,442
Accruals and other costs	492	588
Cost adjustments for in-house generation of non-current assets	(895)	(894)
Operating costs net of cost adjustments	**18,113**	**16,600**

The other operating costs item in the table above, net of cost adjustments for internal increases, increased from €16.60 million in the first half of 2014 to €18.11 million in the first half of 2015.

The other provisions and costs include an allocation to the doubtful debt provision of €83 thousand.

21 – Service costs

(€'000)	1H 2015	1H 2014
Industrial services	2,730	2,278
Commercial services	1,471	1,345
General and administrative costs	2,616	3,015
Total costs of services	**6,817**	**6,638**

Service costs in the periods considered recorded a 2.7% increase, up from €6.64 million to €6.82 million, due to investments made in the different business lines.

22 – Payroll costs

(€'000)	1H 2015	1H 2014
Wages, salaries and Social Security	10,559	9,196
Severance indemnities	166	157
Other costs	70	89
Total cost of personnel	**10,795**	**9,442**

In the period under review, payroll costs increased. This effect was caused by the increased average number of employees, about 11 units, in the periods compared following the investments described above.

As the table below illustrates, the number of Group employees increased at the end of the last period, up from 365 units at 2014 year-end to 375 units at the end of the first half of 2015.

Employees	at June 30, 2015	at December 31, 2014	at June 30, 2014
Manager	11	12	9
Clerical w orkers	334	325	329
Line w orkers	30	28	30
TOTAL	**375**	**365**	**368**

23 – Cost adjustments for internally generated non-current assets

At 30 June 2015, cost adjustments for internally generated non-current assets amounted to €895 thousand (vs. €894 thousand at 30 June 2014). It refers entirely to the capitalisation of costs for internal staff, materials and services incurred for new-product development projects in the fields of 1) NanoPC modules and systems in the field of machine-to-machine SW platforms and 2) HPCs. More specifically, if these costs had been deducted from the corresponding income statement item, there would have been a reduction of €168 thousand in materials costs (€277 thousand at 30 June 2014), €633 thousand in payroll costs (€552 thousand at 30 June 2014) and €94 thousand in services costs (€65 thousand at 30 June 2014).

24 – Other revenues

(€'000)	1H 2015	1H 2014
Government grants	52	-
Sundry revenues	370	102
Total other revenues	**422**	**102**

25 – Amortisation, depreciation and write-downs

(€'000)	1H 2015	1H 2014
Amortisation of intangile assets	2,260	2,110
Amortisation of property, plant and equipment	431	464
Total amortisation and depreciation	**2,691**	**2,574**

Amortisation, depreciation and write-downs went from €2.57 million in the first half of 2014 to €2.69 million in the first half of 2015. This change is mainly due to the exchange rate effect of the values, which were originally stated in foreign currency and not in euro.
Amortisation relating to PPA relates exclusively to customer relationships (€1.27 million, compared with €1.19 million at 30 June 2014).
No fixed assets were written down during the half-year.

26 – Financial charges and income

The results of the Group's financial management are summarised below:

(€'000)	1H 2015	1H 2014
Exchange-rate losses	771	458
Interest expenses	105	236
Interest expenses due to the discounting	0	123
Expenses on derivatives	34	65
Other finance expenses	139	22
Financial charges	**1,049**	**904**

(€'000)	1H 2015	1H 2014
Exchange-rate gains	1,241	563
Interest income due to the discounting	9	0
Interest income	5	37
Other finance income	10	7
Financial incomes	**1,265**	**607**

The decrease in interest expenses is due to lower medium/long-term Group debt at 30 June 2015 compared with the same period a year earlier.
The performance in financial operations was influenced by exchange rate gains that in the first six months of 2015 were positive for €470 thousand compared to a net effect, again positive, in the first six months of 2014 for €105 thousand.

27 – Income tax for the period

Income taxes at 30 June 2015 were positive for €360 thousand (deriving from the net effect of expenses for current taxes totalling €204 thousand and income totalling €564 thousand, relating to the deferred taxes) compared to a negative effect of €497 thousand at 30 June 2014 (caused by the net effect of expenses for current taxes totalling €997 thousand and income totalling €509 thousand, relating to the deferred taxes), recording a positive change of €857 thousand.

(€'000)	1H 2015	1H 2014
IRES (Italian corporate income tax)	49	181
IRAP (Italian Regional business tax)	0	1
Foreign current income taxes	155	815
Total current income tax	**204**	**997**
Net (prepaid) deferred taxes: Italy	1	1
Net (prepaid) deferred taxes: Non-italian	(565)	(510)
Net (prepaid) deferred taxes	**(564)**	**(509)**
Previous years taxes	0	9
Previous years taxes	**0**	**9**
TOTAL INCOME TAXES	**(360)**	**497**

Advanced tax assets at 30 June 2015 amounted to €1.37 million (31 December 2014: €1.23 million) and mainly relate to the taxes calculated on the inventory write-down provision, the doubtful debt provision and other deductible costs of previous years.
Deferred tax liabilities at 30 June 2015 amounted to €4.92 million (31 December 2014: €5.11 million) and mainly relate to the tax effects on PPA. The decrease is mainly because of the booking of deferred taxes in the period, in addition to the forex effect on values expressed in USD and JPY and relating to the PPA values.

G – Other information

28 – Related-party transactions

The condensed consolidated interim financial statements include the half-year financial statements of Eurotech S.p.A. and the half-year accounts of the subsidiaries shown in the following table:

Name	Location	Currency	%of ownership 30.06.2015	%of ownership 31.12.2014
Subsidiaries				
Aurora S.r.l.	Italy	Euro	100.00%	-
I.P.S. Sistemi Programmabili S.r.l.	Italy	Euro	100.00%	100.00%
ETH Lab S.r.l.	Italy	Euro	100.00%	99.99%
Eurotech France S.A.S.	France	Euro	100.00%	100.00%
Eurotech Ltd.	UK	GBP	100.00%	100.00%
E-Tech Inc.	United States	USD	100.00%	100.00%
Eurotech Inc.	United States	USD	100.00%	100.00%
ETH Devices S.r.o.	Slovakia	Euro	100.00%	100.00%
Dynatem Inc.	USA	USD	100.00%	100.00%
Advanet Inc.	Japan	Yen	90.00% (1)	90.00% (1)
Affiliated companies				
Chengdu Vantron Technologies Inc.	China		45.00%	45.00%
Delos S.r.l.	Italy		-	40.00%
eVS embedded Vision Systems S.r.l.	Italy		24.00%	24.00%
Emilab S.r.l.	Italy		24.82%	24.82%
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.) (2)	Italy		21.32%	21.32%

(1) The percentage of formal possession is 90%, but due to the possession by Advanet of 10% of the share capital in the form of treasury shares, it is fully consolidated

(2) Company in liquidation

Below we present related-party transactions not derecognised during consolidation.

RELATED PARTIES	Revenues to related parties	Interest to related parties	Purchases from related parties	Financial receivables to related parties	Receivables from related parties	Payables from related parties
Associated companies						
Chengdu Vantron Technology Inc	170	-	802	-	1	704
Emilab S.r.l.	-	-	16	-	-	13
eVS embedded Vision Systems S.r.l.	-	-	1	-	-	1
Total	170	-	819	-	1	718
Other related parties						
Finmeccanica Group	1,425	-	-	-	2,247	9
Total	1,425	-	-	-	2,247	9
Total with related parties	1,595	-	819	-	2,248	727
% impact on line item	5.3%		3.7%		12.1%	5.0%

29 – Financial risk management: objectives and criteria

The Group's financial instruments, other than derivative contracts, include bank loans in their various technical forms, finance leases, short-term and on-demand bank deposits, and trade payables. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables arising from operations and liquidity. The Group also has derivative transactions in place, and they are only interest rate swaps. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

In accordance with Group policies, no speculative derivatives have been entered into.

The main risks generated by the Group's financial instruments are interest rate risk, liquidity risk, foreign exchange risk, and credit risk. The Board of Directors has reviewed and agreed to the policies for managing these risks, as summarised below.

Interest rate risk

Group exposure to the risk of interest rate fluctuations mainly involves medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. The Group signed interest rate swap contracts providing for recognition of a variable rate against payment of a fixed rate. This type of contract is designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. As at 30 June 2015, approximately 31% of Group loans had a fixed interest rate (in 2014 the percentage was about 32%).

Exchange rate risk

In view of the significant investment transactions in the US, Japan and the UK, with substantial foreign currency cash flows from business and financial operations, the Group's financial statements could be significantly affected by changes in the USD/EUR, JP¥/EUR and GBP/EUR exchange rates. In the reporting period, no foreign exchange hedges were executed because of the uneven USD, GBP and JP¥ flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.

About 78.8% of sales of goods and services (30 June 2014: 81.8%) and 71.5% (30 June 2014: 71.5%) of the cost of goods purchases and the operating costs of the Group are denominated in a different currency from the functional currency used by the Parent Company to draw up these condensed consolidated interim financial statements.

Product and component price risk

Group exposure to price risk is not significant.

Credit risk

The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Only some receivables from key customers are insured due to the reduction in the exposure granted by insurance companies in recent years.

Financial assets are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.

There is no significant concentration of credit risk in the Group. However, US subsidiary Eurotech Inc. has a trade receivable in place with a nominal value of €4.0 million that became payable over 12 months ago, and which was written down in 2014 with the creation of a provision to cover around 14.5% of its value. Although the Directors believe that the receivable is fully collectable, it could present a credit risk in the future.

Credit risk concerning other Group financial assets, which include cash and equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk

The objective of the Group is to strike a balance between maintaining funds and flexibility through the use of overdrafts, loans, and finance leases, transferral of recourse factoring and, potentially, equity financing in the market.

Group policy used to state that no more than 40% of loans could fall due within 12 months.

At 30 June 2015, based on financial statement balances, 44.6% of the Group's financial payables were due within one year (2014: 65.1%) based on the original plans.

The level set out in Group policy has been exceeded as the maturities of medium/long-term loans approach. Management is continuing to explore the possibility of obtaining new medium/long-term loans with the banks.

Measurement of fair value and relative hierarchical valuation levels

All financial instruments recorded at fair value are classed within the following three categories:
Level 1: market price
Level 2: valuation techniques (based on observable market data)
Level 3: valuation techniques (not based on observable market data)

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. As required by IFRS13 the company analysed each of its financial assets and liabilities to determine the effect of their measurement at fair value. As IFRS 13 requires, for each of the financial assets and liabilities the company analysed the effect of their measurement at fair value. The measurement process refers to Level 3 of the fair value hierarchy, except for trading in derivatives as described in greater detail hereunder, and revealed no considerable differences compared to the book values at 30 June 2015 and on the respective comparison figures.

At 30 June 2015, the Group held the following financial instruments measured at fair value:

(€'000)	Notional value at June 30, 2015	Fair valute at June 30, 2015 (debit)	Fair valute at June 30, 2015 (credit)	Notional value at December 31, 2014	Fair valute at December 31, 2014 (debit)	Fair valute at December 31, 2014 (credit)
Cash flow hedge						
Contracts Interest Rate Swap (IRS)	2,034	0	(22)	2,144	0	(52)

All the assets and liabilities measured at fair value at 30 June 2015 are at Level 2 of the fair value measurement scale. In addition, during the first six months of 2015 there were no transfers from Level 1 to Level 2 or Level 3, or vice versa.

30 – Financial and derivative instruments

Fair value

The book value and the fair value by category of all Group financial instruments booked in the financial statements do not show significant differences worth representing.
The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets has been calculated using market interest rates.

Interest rate risk

Interest on financial instruments classified as variable-rate instruments is recalculated periodically during the financial year. Interest on financial instruments classified as fixed-rate instruments is kept constant until the maturity date of the instruments concerned.

Hedging

Hedging of financial flows

As at 30 June 2015, the Group holds three interest rate swap contracts (for total notional residual amounts of €2.0 million), one of which signed in the first half-hear and the others signed in previous years and during the current year, designated as instruments to hedge interest rate risk.

	Due date	*Fixed rate*	*Floating rate*	*Market value (€'000)*
Interest rate swap contracts				
€500,000	31 December 2015	2.52%	Euribor 6 month	(7)
€580,658	30 December 2015	4.08%	Euribor 6 month	(12)
€ 953,300	29 May 2020	3.20%	Euribor 6 month	(3)

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments.
The accounting treatment of these financial instruments in the reporting period entailed an increase in shareholders' equity of €30 thousand and decreased the cash flow hedge reserve as a direct reduction of equity to -€22 thousand in total.

31 – Events after the reporting period

No significant events took place after the closing of the condensed consolidated interim statements at 30 June 2015.

32 – Business seasonality

The sector in which the Group operates does not feature any significant seasonal trends. However, the Group usually registers a greater concentration of revenues in the second part of the year. These higher sales are mainly due to customer purchases scheduling. The trend has continued and is accentuated in the Group's current order book for financial year 2015.

Certification of the Condensed Consolidated Interim Report

Pursuant to Article 154-bis, Part IV, Title III, Chapter II, Section V-bis of Italian Legislative Decree no. 58 of 24 February 1998: "Consolidated act on measures relating to financial intermediation, pursuant to Articles 8 and 21 of Italian Law no. 52 of 6 February 1996".

1) We the undersigned, Roberto Siagri, Chief Executive Officer, and Sandro Barazza, Corporate Financial Reporting Manager, of Eurotech S.p.A., hereby certify, also having taken into account the requirements of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998 [the Italian Consolidated Finance Act] as subsequently amended and supplemented:
   - the adequacy in relation to the characteristics of the company and
   - the actual application

   of the administrative and accounting procedures for drawing up the condensed consolidated interim financial statements during the period ranging from 1 January to 30 June 2015.

2) Valuation of the adequacy of the administrative and accounting procedures for the formation of the condensed financial statements at 30 June 2015 is based on a model Eurotech defined in line with the CoSO framework (document in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both prepared by the Committee of Sponsoring Organizations of the Treadway Commission that represent a generally accepted reference framework on the international level. To this regard, no important aspects emerged.

3) We also certify that the condensed consolidated interim financial statements:
   a) correspond to the results in the corporate books and accounting records
   b) are prepared in compliance with the international accounting standards (IFRSs) recognised in the European Union pursuant to Regulation (CE) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;
   c) provide a fair and true representation of the financial position and business performance of the set of entities included in the scope of consolidation.

4) The interim management report refers to the important events occurring in the first six months of the financial year and to their impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year, as well as information on significant related-party transactions.

Amaro (UD), 28 August 2015

Eurotech S.p.A.

Signed Roberto Siagri
Chief Executive Officer

Signed Sandro Barazza
Financial Reporting Manager

Independent Auditor's report on the consolidated financial statements

pwc

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Eurotech SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Eurotech SpA and its subsidiaries (the Eurotech Group) as of 30 June 2015, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes. The directors of Eurotech SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of the Eurotech Group as of 30 June 2015 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Udine, 28 August 2015

PricewaterhouseCoopers SpA

Signed by

Maria Cristina Landro
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

PricewaterhouseCoopers SpA

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