EUROTECH

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Consolidated Interim Management report

at 30 September 2014

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

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EUROTECH SpA
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.: 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Roberto Siagri [7]
Vice Chairman	Giampietro Tecchiolli
Director	Giulio Antonello [1] [2] [3]
Director	Sandro Barazza [1] [4]
Director	Paola Bonomo [1] [2] [5] [6] [7]
Director	Riccardo Costacurta [1] [2] [3] [5] [6]
Director	Chiara Mio [1] [2] [3] [5] [6] [7] [8]
Director	Dino Paladin [1]
Director	Giuseppe Panizzardi [1]

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 24 April 2014, 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.

Performance highlights

Income statement highlights

3rd Q 2014	%	3rd Q 2013	%	% change	(€'000)		9M 2014	%	9M 2013	%	% change
					OPERATING RESULTS						
14,918	100.0%	15,000	100.0%	-0.5%	SALES REVENUES		45,946	100.0%	43,294	100.0%	6.1%
6,999	46.9%	8,576	57.2%	-18.4%	GROSS PROFIT MARGIN	(*)	22,148	48.2%	22,901	52.9%	-3.3%
(1,221)	-8.2%	865	5.8%	-241.2%	EBITDA	(**)	(2,570)	-5.6%	(1,500)	-3.5%	-71.3%
(2,525)	-16.9%	(680)	-4.5%	-271.3%	EBIT	(***)	(6,448)	-14.0%	(6,207)	-14.3%	-3.9%
(1,200)	-8.0%	(634)	-4.2%	-89.3%	PROFIT (LOSS) BEFORE TAXES		(5,370)	-11.7%	(5,362)	-12.4%	-0.1%
0	0.0%	1,202	8.0%	-100.0%	PROFIT (LOSSES) FROM DISCONTINUED OPERATIONS		0	0.0%	1,300	3.0%	-100.0%
(1,227)	-8.2%	(212)	-1.4%	-478.8%	GROUP NET PROFIT (LOSS) FOR THE PERIOD		(5,894)	-12.8%	(4,772)	-11.0%	-23.5%

Income statement net of the accounting effects of purchase price allocation

3rd Q 2014 adjusted	%	3rd Q 2013 & adjusted	%	% change	(€'000)		9M 2014 adjusted	%	9M 2013 adjusted	%	% change
					OPERATING RESULTS						
14,918	100.0%	15,000	100.0%	-0.5%	SALES REVENUES		45,946	100.0%	43,294	100.0%	6.1%
6,999	46.9%	8,576	57.2%	-18.4%	GROSS PROFIT MARGIN	(*)	22,148	48.2%	22,901	52.9%	-3.3%
(1,221)	-8.2%	865	5.8%	-241.2%	EBITDA	(**)	(2,570)	-5.6%	(1,500)	-3.5%	-71.3%
(1,917)	-12.9%	102	0.7%	-1979.4%	EBIT	(***)	(4,650)	-10.1%	(3,804)	-8.8%	-22.2%
(592)	-4.0%	148	1.0%	-500.0%	PROFIT (LOSS) BEFORE TAXES		(3,572)	-7.8%	(2,959)	-6.8%	-20.7%
0	0.0%	1,202	8.0%	-100.0%	PROFIT (LOSSES) FROM DISCONTINUED OPERATIONS		0	0.0%	1,300	3.0%	-100.0%
(860)	-5.8%	263	1.8%	-427.0%	GROUP NET PROFIT (LOSS) FOR THE PERIOD		(4,807)	-10.5%	(3,315)	-7.7%	-45.0%

For a breakdown of effects arising from purchase price allocation, see the notes on page 13.

(*) 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.

Balance sheet highlights

€'000	at September 30, 2014	at December 31, 2013	at September 30, 2013
NET NON-CURRENT ASSETS	92,892	91,880	102,031
NET WORKING CAPITAL	14,820	12,054	12,563
NET INVESTED CAPITAL*	99,510	92,986	105,119
ASSETS HELD FOR SALES	0	0	8,100
SHAREHOLDERS' EQUITY	106,505	108,099	102,660
NET FINANCIAL POSITION	(6,995)	(15,113)	10,559

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

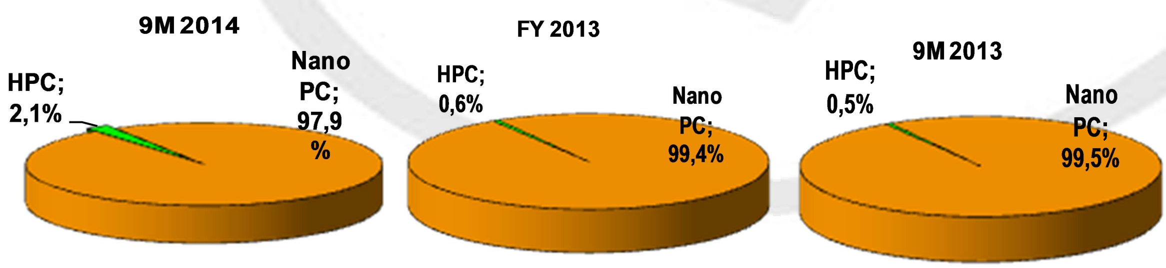
Employee headcount

	at September 30, 2014	at December 31, 2013	at September 30, 2013
EMPLOYEES	373	354	356

The values at 30 September 2013 were modified since the number of employees is shown without including the 49 employees of Parvus Corp.

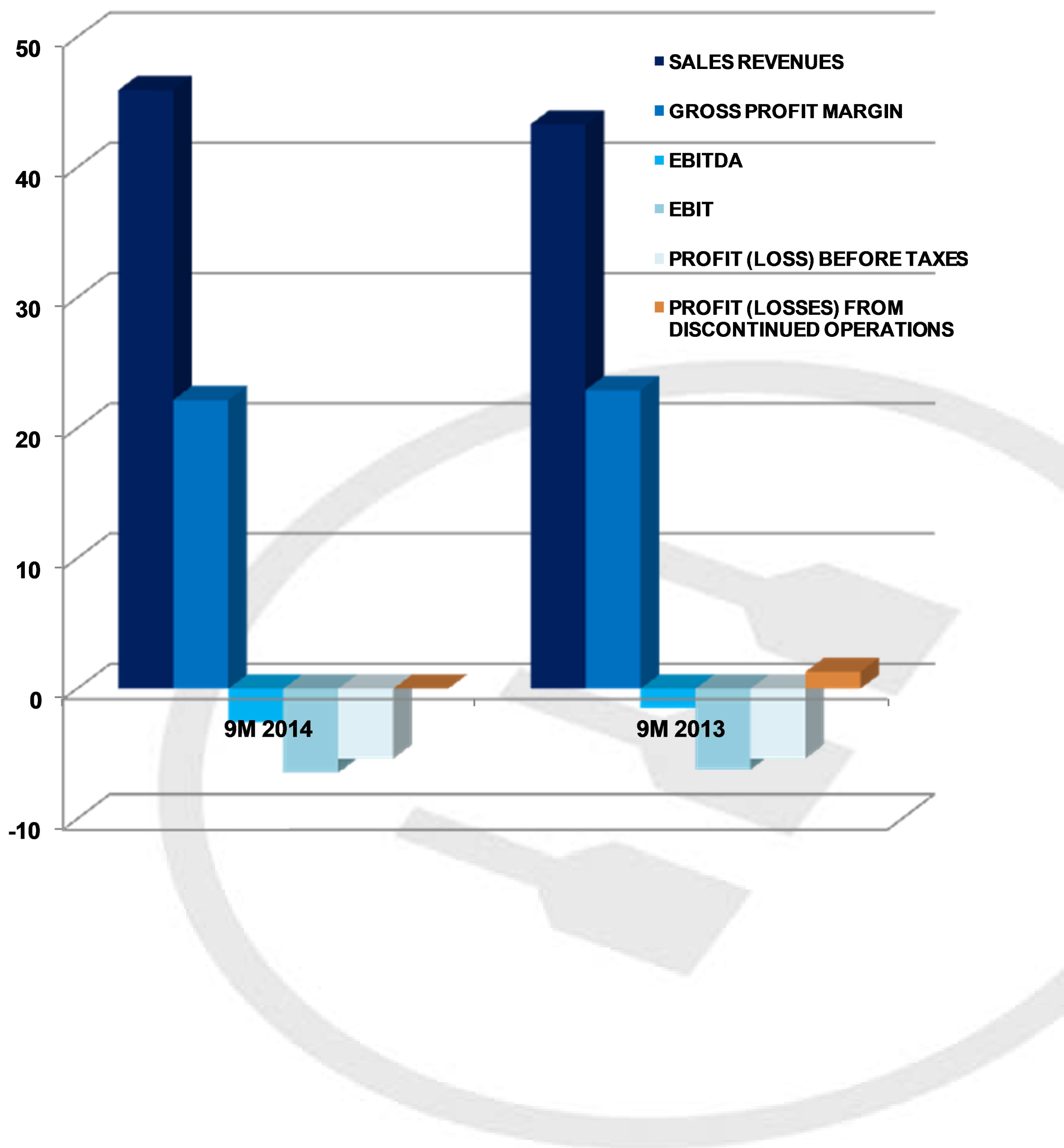
Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	9M 2014	9M 2013	% YoY Change	FY 2013	9M 2014	9M 2013	% YoY Change	FY 2013	9M 2014	9M 2013	% YoY Change	FY 2013
Sales revenues	44,965	43,086	4.4%	65,729	981	208	371.6%	377	45,946	43,294	6.1%	66,106



The business segments covered by the Group are those of 'NanoPCs' and 'HPCs' (High Performance Computers). The NanoPC segment comprises miniaturised electronic modules and systems and software platforms for Machine-to-Machine (M2M) integration currently for the transport, industrial, medical, logistics, defence and security sectors, while the HPC segment consists of highly energy-efficient supercomputers, which has in the past targeted universities and research institutes, and now also has applications in services and industry.

Performance



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 Borsa Italiana, the Milan stock market, since 30 November 2005.

Share capital of Eurotech S.p.A. at 30 September 2014

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 September 2014)	Euro 63 million
Stock market capitalisation (based on the share's reference price at 30 September 2014)	Euro 63 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
1 January 2014 - 30 September 2014

The line graph shows the share's performance based on daily reference prices

The candle chart shows the share's daily maximum and minimum prices

The Eurotech Group

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 Asia, 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: 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 hardware offering differs according to the positions of the various products in the value stack. The Group's products are typically miniature computers 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 application-ready subsystem or platform, used as elements 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 many types of applications, 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 highly energy-efficient green supercomputers with huge computing capacity in a small space, 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 in the medical and industrial fields in the near future.

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 between machines, 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 devices and the Cloud, have to be managed.

At Eurotech, we know how to process significant data from applications in the real world, transport them in the Cloud and make them usable in business processes and applications. Today, our boards, systems and devices can be easily integrated into a Cloud infrastructure, through our Everywhere Cloud software platform, which enables smart devices to be connected quickly to create and maintain distributed systems for M2M solutions. Thanks to our platform, our partners and customers can create flexible solutions that support new value-added services and asset monitoring applications in a variety of operational environments.

Summary of performance in the third quarter of 2014 and business outlook

Introduction

The consolidated quarterly report of the Eurotech Group at 30 September 2014, which has not been independently audited, and the statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 30 September 2014 and comparable periods were prepared according to the IASs/IFRSs in force on the date of preparation and the statements drawn up according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended and supplemented.

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements to 30 September 2014 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting policies and consolidation methods used to prepare the Consolidated Quarterly Report are consistent with those used in the Consolidated Annual Financial Report at 31 December 2013, to which we expressly invite readers to refer, except for the adoption of new standards, amendments and interpretations in force at 01 January 2014 and for the adoption of IFRS 5 relating to "assets held for sale".

For the first time, the Group adopted standards and amendments requiring the re-presentation of previous financial statements: these included IFRS 10 *Consolidated financial statements,* amendments to IFRS 10, IFRS 12 and IAS 27 *Investment entities,* IAS 32 *Breakdown of financial assets and liabilities,* IAS 39 *Concepts of derivatives and continued hedge accounting,* IAS 36 *Additional information on the recoverable value of non-financial assets,* and IFRS 21 *Levies.*

Taxes have been calculated based on the best possible estimates. According to the criterion used for translation into euro of accounts expressed in different currencies, statement of financial position items are translated at the exchange rate in effect on the final day of the accounting period, and income statement items are translated at the average exchange rate for the period. Differences arising from translation of the statement of financial position and income statements are posted to a shareholders' equity reserve.

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

In accordance with Consob requirements, income statement figures are shown for the quarter under review and are compared with data for the same period in the previous financial year (FY). Restated balance sheet figures, which refer to the closing date of the quarter, are compared with the closing date of the previous FY. The format of the financial statements is the same as that used in the half-yearly report and in the annual financial statements.

The preparation of the financial statements and the related notes to the accounts required the use of estimates and assumptions, with particular reference to provisions for write-downs and risk reserves. Estimates are revised periodically, and any adjustment, following changes in the circumstances on which the estimate was based or in light of new information, is booked in the income statement. The use of estimates is an essential part of preparing the accounting statements, and is not prejudicial to their overall reliability.

This document presents some alternative performance indicators to allow for better evaluation of the Group's economic and financial performance. These are as follows:

- Gross profit, or the difference between revenues from sales and services and use of materials
- EBITDA, or earnings before amortisation, depreciation and write-downs, financial income and expenses, the valuations of affiliates at equity and income taxes for the period.
- EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

Operating performance in the period

The nine months just ended were characterised, on the one hand, by a recovery in turnover, partly offset by the worse exchange rates of the currencies in which the group's foreign companies operate, and on the other by a number of investments in the various company areas with the aim, as stated at the beginning of the year, to strengthen the organisation to bolster development of the strategic lines. As a percentage of turnover, operating costs however are still beneath what was recorded in previous years.
Some results of investments in terms of business development can already be seen on the negotiation pipeline level, and others are expected in the upcoming quarters, especially in terms of new orders.
Extensive attention is paid to costs in order to achieve break even as soon as possible, which is still one of management's basic goals.

Group revenues increased by 6.1%, from €43.29 million in the first nine months of 2013 to €45.95 million in the first nine months of this year.
The weakening of the currencies in which the Group operates, particularly the yen, compared with the same period of the previous year conceals the actual growth of approximately 10%.
The increase is due to improvement in North America, which had already shown a good level of order intake in the previous quarters. However, it is also negatively affected by the rescheduling of some deliveries in Japan, and uncertain economic conditions in Europe that are causing poor visibility with opportunities arising intermittently to generate discontinuous turnovers within the group's core business.
New orders in the first nine-month period are in line with those of last year, although lower than the initial forecasts. The order book and existing contracts for 2015 allow us to be positive beyond the current situation.
In view of the global situation just described, the Eurotech Group continues to believe in future opportunities and continues to invest in products and in aligning its operating structure with its strategic vision, so that it can be ready, not only in terms of technology but also in terms of organization, to respond to the opportunities that the market presents in each geographical region. In order to support the Group's competitiveness, management does not forego investing in the activities in which it catches a glimpse of the future, and in looking at the pipeline of opportunities, is confident that the market will soon reward the efforts put forth.

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 allocation[A] relating to the business combinations of Advanet Inc. and Dynatem Inc., while those arising from Applied Data Systems Inc. (now Eurotech Inc.) were completed on 31 December 2013.

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-4.65 million, rather than €-6.45 million;
- Rather than €-5.37 million, the pre-tax result would have been €-3.57 million;
- The consolidated net loss would have been €-4.81 million rather than €-5.89 million.

The gross profit margin came in at 48.2%, slightly lower than expectations and what was reported in the half-year, but in any case in line with what was reported at year-end 2013. It was 52.9% in the first nine months of 2013. This change in the gross profit margin is in part tied to its physiological fluctuation, which had already become manifest in past periods and is due to the mix of products sold, and in part to the recent changes in the pure hardware business , which has margins that are slightly dropping, more specifically in Japan. With specific reference to Japan, the possibility to avert the pressure on prices exists, by carrying out specific actions on the costs of purchased parts (COGS). These actions have already been identified and are presently being implemented.

In the nine months in question, gross of adjustments, operating costs were increased by €0.29 million (1.1%) due to investments, from €25.80 million in the first nine months of 2013 to €26.09 million in the first nine months of 2014.
Owing to the revenues performance commented on above, gross operating costs fell as a percentage of revenues, from 59.6% in the first nine months of 2013 to 56.8% in the first nine months of 2014.
The actions that management put into effect to bring the group's structure better into line with the identified goals, without forgoing the efficiency achieved, also involve a number of investments in people and services, as seen in the trend of the number of employees on the one hand and in the various cost items on the other.

EBITDA totalled €-2.57 million (-5.6% of revenues) for the first nine months of the year, compared with €-1.50 million for 2013 (-3.5% of revenues). This trend is mainly due to the different gross profit margin between the periods compared.

EBIT fell to €-6.45 million (-14.0% of revenues), from €-6.21 million in the first nine months of 2013 (-14.3% of revenues), reflecting the higher turnover generated with a lower gross profit margin, which was only partly offset by lower depreciation and amortisation.
The EBIT figure reflects also the effects of depreciation and amortisation charged to the income statement in 9M14, as well as the trend in EBITDA mentioned previously. Depreciation and amortisation derive from both operating assets becoming subject to depreciation in the period of reference and the non-monetary effects arising from price allocation relating to the acquisitions of Dynatem Inc. and Advanet Inc. (also regarding Eurotech Inc. - former Applied Data Systems Inc. - for 2013). The effect on EBIT of the PPA amounts in 9M14 was €1.80 million, versus €2.40 million in 9M13.

Financial management during the first nine months of 2014 was positive for €1.03 million, compared to €0.60 million in the same period of 2013. This management was affected by the different performance of the currencies in terms of average value during the periods considered, and by the lower financial charges owing to the performance of the net financial position.

[A] In detail, the effects of the recognition in the accounts of purchase price allocation relating to the business combinations of Dynatem Inc. and Advanet Inc. (only 2013 for Applied Data Systems Inc.) can be summarised as follows:
- Depreciation, amortisation and impairment: €1,798 thousand (€2,403 thousand at 30 September 2013), equal to the higher amortisation charged to the higher value attributed to customer relationships (intangible assets);
- Lower income taxes: €711 thousand (€946 thousand at 30 September 2013) resulting from the tax effect on adjustments made.

Overall, foreign exchange differences had a positive effect on the period of €1,442 thousand (compared with a positive effect of €1,271 thousand in 9M13), while financial management relating to interest had an effect of €407 thousand (€666 thousand in 9M13). For greater detail, readers should refer to the comments made in Note "J".

The Group booked a pre-tax operating loss in 9M14 of €5.37 million, versus a loss of €5.36 million in 9M13. This performance was influenced by the factors outlined above. The effects of price allocation on the pre-tax result amounted to €2.40 million in 9M13 and €1.80 million in 9M14.

A net loss from operating assets of -€5.89 million was registered in 9M14, compared with a net loss of -€6.07 million in the first nine months of 2013. 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 from current operations in 9M14 amounted to €1.09 million (€1.46 million in 9M13).

Net profit from assets held for sale and discontinued operations has a value only in 2013 and amounted to €1.30 million. The amount relates to the operating results that the US company Parvus Corp. achieved in 9M13 before its sale on 1 October 2013.

The Group net result for the first nine months of 2014 was affected only by the result of the operating assets, and consequently amounted to €-5.89 million, while the contribution of profit coming from the assets held for sale gave a Group net result of €-4.77 million in the first nine months of 2013.

With reference to the third quarter, it saw an essential constancy in Group revenues and reflects the economic situation and the change in the distribution of sales over the year, commented on above: the Group registered 3Q revenues of €14.92 million (accounting for 32.5% of total January to September revenues), while the same period of 2013 showed revenues of €15.00 million (accounting for 34.6% of total revenues in the first nine months).
In 3Q14, the particular performance of the gross profit margin in Japan led to a clear worsening of the consolidated gross profit margin, which took the margin for the nine-month period to under 50%. The gross profit margin was 46.9% in 3Q14, compared with 57.2% in 3Q13. This trend is due to a change in hardware prices that will soon be more than offset by the software and services component, as per the business model set by the Group for some time., which envisages a policy for selling solutions consisting of a combination of hardware and software platforms, mostly sold as-s-service and hence enabling recurring revenues that will give turnover and margins greater visibility and stability.
The interim results are influenced by the trend in the gross profit margin, in addition to operating costs and in depreciation and amortisation charged in the quarter. EBITDA was €-1.22 million in the third quarter of 2014, with a margin of -8.2% on the quarter's revenues, while in the same quarter of 2013, EBITDA was €0.87 million, with a 5.8% margin on revenues.
EBIT was also influenced by the margins described in the third quarter of 2014, totalling €-2.52 million (-16.9% as a percentage of revenues), from €680 thousand (-4.5% of revenues) in the same period of 2013. The negative effects on the EBIT of the PPA total €608 thousand in the third quarter or 2014 and €782 thousand in the same period a year previously.
These trends contributed to generate the interim 9M results mentioned above.

Financial statements and explanatory notes

The trend in operating performance can be seen in the restated consolidated income statement and is shown below, in both absolute amounts and percentage terms:

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	3rd Qtr 2014	%	3rd Qtr 2013	%	9 months 2014 (a)	%	9 months 2013 (b)	%	change (b-a) amount	change (b-a) %
Sales revenue	C	14,918	100.0%	15,000	100.0%	45,946	100.0%	43,294	100.0%	2,652	6.1%
Cost of material	D	(7,919)	-53.1%	(6,424)	-42.8%	(23,798)	-518%	(20,393)	-47.1%	(3,405)	16.7%
Gross profit		**6,999**	**46.9%**	**8,576**	**57.2%**	**22,148**	**48.2%**	**22,901**	**52.9%**	**(753)**	**3.3%**
Services costs	E	(3,516)	-23.6%	(2,900)	-19.3%	(10,154)	-22.1%	(9,020)	-20.8%	(1,134)	12.6%
Lease & hire costs		(430)	-2.9%	(425)	-2.8%	(1,256)	-2.7%	(1,286)	-3.0%	30	-2.3%
Payroll costs	F	(4,610)	-30.9%	(4,554)	-30.4%	(14,052)	-30.6%	(14,238)	-32.9%	186	-13%
Other provisions and costs	G	(38)	-0.3%	(150)	-10%	(626)	-14%	(1,252)	-2.9%	626	-50.0%
Other revenues	H	374	2.5%	318	2.1%	1,370	3.0%	1,395	3.2%	(25)	18%
EBITDA		**(1,221)**	**-8.2%**	**865**	**5.8%**	**(2,570)**	**-5.6%**	**(1,500)**	**-3.5%**	**(1,070)**	**71.3%**
Depreciation & Amortization	I	(1,304)	-8.7%	(1,545)	-10.3%	(3,878)	-8.4%	(4,707)	-10.9%	829	17.6%
Asset impairment	I	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	n/a
EBIT		**(2,525)**	**-16.9%**	**(680)**	**-4.5%**	**(6,448)**	**-14.0%**	**(6,207)**	**-14.3%**	**(241)**	**3.9%**
Share of associates' profit at equity		(7)	0.0%	211	14%	43	0.1%	240	0.6%	(197)	82.1%
Finance expense	J	(361)	-2.4%	(705)	-4.7%	(1,265)	-2.8%	(1,736)	-4.0%	471	-27.1%
Finance income	J	1,693	11.3%	540	3.6%	2,300	5.0%	2,341	5.4%	(41)	18%
Profit before tax		**(1,200)**	**-8.0%**	**(634)**	**-4.2%**	**(5,370)**	**-11.7%**	**(5,362)**	**-12.4%**	**(8)**	**-0.1%**
Income tax	K	(27)	-0.2%	(780)	-5.2%	(524)	-1.1%	(710)	-16%	186	-26.2%
Net profit before minority interest		**(1,227)**	**-8.2%**	**(1,414)**	**-9.4%**	**(5,894)**	**-12.8%**	**(6,072)**	**-14.0%**	**178**	**2.9%**
Minority interest	O	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Profit (Losses) from discontinued operations		**0**	**0.0%**	**1,202**	**8.0%**	**0**	**0.0%**	**1,300**	**3.0%**	**(1,300)**	**100.0%**
Group net profit (loss)	**O**	**(1,227)**	**-8.2%**	**(212)**	**-1.4%**	**(5,894)**	**-12.8%**	**(4,772)**	**-11.0%**	**(1,122)**	**23.5%**
Base earnings per share						**(0.172)**		**(0.136)**			
Diluted earnings per share						**(0.172)**		**(0.136)**			

OPERATING RESULTS (€/000)	9M 2014	9M 2013
Net profit (loss) before minority inerest (A)	**(5,894)**	**(4,772)**
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	58	107
Tax effect	-	-
	58	*107*
Foreign balance sheets conversion difference	*3,348*	*(12,163)*
Exchange differences on equity method	-	-
Exchange differences on equity investments in foreign companies	1,859	(466)
Tax effect	-	-
	1,859	*(466)*
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)	*5,265*	*(12,522)*
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on defined benefit plans	0	2
Tax effect	-	(1)
	0	*1*
After taxes net other comprehensive income not being reclassified to profit orloss in subsequent periods (C)	*0*	*1*
Comprehensive net result (A+B)	**(629)**	**(17,293)**
Comprehensive minority interest	**0**	**0**
Comprehensive Group net profit (loss) for period	**(629)**	**(17,293)**

See explanatory note on page 21.

Consolidated statement of financial position

(€'000)	Notes	at September 30, 2014	at December 31, 2013
ASSETS			
Intangible assets		86,173	83,233
Property, Plant and equipment		3,674	3,518
Investments in non-consolidated subsidiaries		7	0
Investments in affiliate companies		708	607
Investments in other companies		276	248
Deferred tax assets		1,493	1,397
Other non current financial assets		0	2,342
Other non-current assets		561	535
Total non-current assets	L	**92,892**	**91,880**
Inventories		15,258	14,156
Contracts in progress		425	0
Trade receivables		17,575	18,673
Income tax receivables		123	268
Other current assets		2,193	2,404
Other current financial assets		2,485	101
Cash & cash equivalents		13,503	27,995
Total current assets		**51,562**	**63,597**
Total assets		**144,454**	**155,477**
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(38,774)	(37,180)
Group shareholders' equity	O	**106,505**	**108,099**
Equity attributable to minority interest	O	**0**	**0**
Total shareholders' equity	O	**106,505**	**108,099**
Medium-/long-term borrowing		1,533	2,729
Employee benefit obligations		1,833	1,699
Deferred tax liabilities		5,599	6,023
Other non current financial liabilities		0	118
Other non-current liabilities		770	884
Total non-current liabilities		**9,735**	**11,453**
Trade payables		12,792	14,677
Short-term borrowing		7,359	12,319
Derivative instruments		101	159
Income tax liabilities		582	1,657
Other current liabilities		7,380	7,113
Total current liabilities		**28,214**	**35,925**
Total liabilities		**37,949**	**47,378**
Total liabilities and equity		**144,454**	**155,477**

Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt at 30 September 2014, breaking it down by due date and comparing it with the situation at 30 September 2013 and 31 December 2013:

(€'000)		at September 30, 2014	at December 31, 2013	at September 30, 2013
Cash & cash equivalents	A	(13,503)	(27,995)	(10,252)
Cash equivalent	**B=A**	**(13,503)**	**(27,995)**	**(10,252)**
Other current financial assets	C	(2,485)	(101)	(101)
Derivative instruments	D	101	159	237
Short-term borrowing	E	7,359	12,319	13,542
Other current financial liabilities	F	0	0	0
Short-term financial position	**G=C+D+E+F**	**4,975**	**12,377**	**13,678**
Short-term net financial position	**H=B+G**	**(8,528)**	**(15,618)**	**3,426**
Other non current financial assets	I	0	(2,342)	0
Other non current financial liabilities	J	0	118	0
Medium/long term borrowing	K	1,533	2,729	7,133
Medium-/long-term net financial position	**L=I+J+K**	**1,533**	**505**	**7,133**
(NET FINANCIAL POSITION) NET DEBT	**M=G+L**	**(6,995)**	**(15,113)**	**10,559**

Working capital

The Group's working capital as at 30 September 2014, compared with the situation at 30 September 2013 and 31 December 2013, is as follows:

(€'000)	Notes	at September 30, 2014 (b)	at December 31, 2013 (a)	at September 30, 2013	Changes (b-a)
Inventories		15,258	14,156	17,480	1,102
Contracts in progress		425	0	0	425
Trade receivables		17,575	18,673	12,031	(1,098)
Income tax receivables		123	268	213	(145)
Other current assets		2,193	2,404	1,912	(211)
Current assets		*35,574*	*35,501*	*31,639*	*73*
Trade payables		(12,792)	(14,677)	(12,216)	1,885
Income tax liabilities		(582)	(1,657)	(703)	1,075
Other current liabilities		(7,380)	(7,113)	(5,884)	(267)
Current liabilities		*(20,754)*	*(23,447)*	*(19,076)*	*2,693*
Net working capital	M	**14,820**	**12,054**	**12,563**	**2,766**

Cash flow

(€'000)		at September 30, 2014	at December 31, 2013	at September 30, 2013
Cash flow generated (used) in operations	A	(5,374)	6,206	7,313
Cash flow generated (used) in investment activities	B	(3,138)	23,349	(681)
Cash flow generated (absorbed) by financial assets	C	(6,156)	(8,315)	(4,236)
Net foreign exchange difference	D	176	(2,947)	(1,846)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(14,492)	18,293	550
Opening amount in cash & cash equivalents		27,995	9,702	9,702
Cash & cash equivalents at end of period		13,503	27,995	10,252

A – Eurotech Group business

The Eurotech Group operates in the segments of miniaturised computers for special uses and software platforms for M2M integration (NanoPCs) and supercomputers with energy-efficient high-performance computing capability (HPCs).

The NanoPC business lines are represented by modules, systems and platforms currently targeting the transport, industrial, medical, security, defence and logistics sectors.
Activity in this segment is carried out by Eurotech S.p.A. and I.P.S. Sistemi Programmabili S.r.l., which mainly operate in Italy, Dynatem Inc. and Eurotech Inc. (USA), which mainly operate in the US, Eurotech Ltd (United Kingdom), which mainly operates in the UK, Eurotech France S.A.S. (France), which mainly operates in France, and Advanet Inc. (Japan), which mainly operates in Japan. Our products are marketed under the trademarks Eurotech, Dynatem, IPS and Advanet.

The HPC line consists of green supercomputers currently targeting universities, research institutes and computing centres.

Eurotech shares (ETH.MI) have been listed on the STAR segment of the Italian stock exchange (Borsa Italiana) since 30 November 2005.

B – Basis of consolidation

The companies included in the scope of consolidation on a line-by-line basis at 30 September 2014 are as follows:

Company name	Registered office	Share capital		Group % ownership
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	8,878,946	
Subsidiary companies consolidated line-by-line				
Dynatem Inc.	Mission Viejo (USA)	USD	1,000	100.00%
ETH Devices S.r.o.	Bratislava (Slovakia)	Euro	10,000	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%
EthLab S.r.l.	Via Dante, 300 – Trento	Euro	115,000	99.99%
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 office	Share capital		Group % ownership
Subsidiaries not consolidated				
Saee S.r.l. in liquidazione	Via Fratelli Solari, 5 Amaro (UD)	Euro	15,500	100.00%
Subsidiaries valued at equity				
Chengdu Vantron Technology Inc.	Chengdu (China)			45.00%
Delos S.r.l. in liquidazione	Via Roberto Cozzi 53 – Milan			40.00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona			24.00%

Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24.82%
Rotowi Technologies S.p.A. in liquidazione (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste	21.31%

Other smaller companies valued at cost

Kairos Autonomi	Salt Lake City (USA)	19.00%

No changes took place with regard to subsidiaries and affiliated companies compared with 31 December 2013.

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 9 Months 2014	As of September 30, 2014	Average 2013	As of December 31, 2013	Average 9Months 2013	As of September 30, 2013
British pound sterling	0.81182	0.77730	0.84926	0.83370	0.85211	0.83605
Japanese Yen	139.48592	138.11000	129.66267	144.72000	127.37958	131.78000
USA Dollar	1.35487	1.25830	1.32812	1.37910	1.31711	1.35050

C - Revenues

Revenues earned by the Group amount to €45.95 million (€43.29 million in the first nine months of 2013, which would be €41.63 million at the exchange rates of today), an increase of €2.65 million (6.1%) on the same period of last year. The figure reflects the increase in North America, as described below.

For operating purposes, the Group is organised in business areas, also known as business segments: "NanoPC" and "HPC" (high performance computers) are the relevant segments. In view of the current predominance of the NanoPC segment it has been decided to provide disclosure on it on a geographical basis, in terms of the location of the Group's companies and based on the same criteria for monitoring activities as is currently used by top management.
The Group's geographical areas in the NanoPC segment are defined according to the location of Group assets and operations. The areas identified within the Group are: Europe, North America and Asia.

Revenues by business segment

Revenue trends by individual business segment and related changes were as follows:

3rd Q 2014	%	3rd Q 2013	%	SALES BY BUSINESS SEGMENT	9M 2014	%	9M 2013	%
14,573	97.7%	14,959	99.7%	NanoPC	44,965	97.9%	43,086	99.5%
345	2.3%	41	0.3%	High Perf. Computer	981	2.1%	208	0.5%
14,918	**100.0%**	**15,000**	**100.0%**	**TOTALE SALES AND SERVICE REVENUE**	**45,946**	**100.0%**	**43,294**	**100.0%**

NanoPC revenues increased by 4.4%, from €43.09 million in the first nine months of 2013 to €44.96 million in the first nine months of 2014.
HPC revenues also increased, from €208 thousand in the first nine months of 2013 to €981 thousand in the first nine months of 2014. These revenues are still marked by few large orders for a limited number of customers, historically attributable to the science and research sectors, and today to the services sector as well, and this makes distribution of revenues over time extremely varied.

Revenues of NanoPC segment by business geographical area

As specifically regards the NanoPC segment, revenues of the operating units by geographical area can be further detailed as follows:

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	9M 2014	9M 2013	%YoY Change	9M 2014	9M 2013	%YoY Change	9M 2014	9M 2013	%YoY Change	9M 2014	9M 2013	%YoY Change	9M 2014	9M 2013	%YoY Change
Third party Sales	14,029	11,448		14,167	13,813		16,769	17,825		0	0		44,965	43,086	
Infra-sector Sales	225	459		1,846	2,905		299	187		(2,370)	(3,551)		0	0	
Total Sales revenues	14,254	11,907	19.7%	16,013	16,718	-4.2%	17,068	18,012	-5.2%	(2,370)	(3,551)	33.3%	44,965	43,086	4.4%

The North American business area's revenues totalled €14.25 in 9M14 compared with €11.91 million in 9M13, up 19.7%. This change is due to the activities to increase sales over the year carried out in the previous months while awaiting existing contracts in the transport sector to become active. The policy of developing turnover towards key customers with substantial orders is fundamental for medium-long-term turnover growth, but the time needed for these orders to become active is longer than initial forecasts.
The European business area registered slight drop in revenues from €16.72 million in 9M13 to €16.01 million in 9M14, which represents a decrease of 4.2% including interregional sales. This fall was attributable to a general lack of growth of demand in the European area countries.
The Asian business area saw revenues decrease by 5.2%, from €18.01 million to €17.07 million, owing to the exchange rate effect resulting from the conversion of figures in yen into euro.

Revenues by customer geographical area

The following table shows the geographical breakdown of revenues based on customer location:

3rd Q 2014	%	3rd Q 2013	%	BREAKDOWN BY GEOGRAPHIC AREA	9M 2014	%	9M 2013	%	var. %
3,160	21.2%	3,155	21.0%	European Union	8,410	18.3%	9,548	22.1%	-11.9%
5,043	33.8%	3,484	23.2%	United States	18,144	39.5%	12,641	29.2%	43.5%
5,728	38.4%	7,633	50.9%	Japan	16,616	36.2%	17,788	41.1%	-6.6%
987	6.6%	728	4.9%	Other	2,776	6.0%	3,317	7.7%	-16.3%
14,918	**100.0%**	**15,000**	**100.0%**	**TOTAL SALES AND SERVICE REVENUES**	**45,946**	**100.0%**	**43,294**	**100.0%**	**6.1%**

As regards the figures by geographical area shown in the table, nine-month revenues in the US rose 43.5% due to an important order that the UK subsidiary shipped to the US region. The US contributed 39.5% to total revenues in the first nine months of 2014.
The Japan region registered a reduction of 6.6%, totally due to the negative exchange rate effect due to the conversion of the Japanese subsidiary's financial statements.
In Europe, again with reference to customer location, turnover decreased by 11.9%, and accounted for about 18.3% of total revenues. The area is still affected by sluggish demand.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which relate in absolute terms to sales, rose in the period under review from €20.39 million in 9M13 to €23.80 million in 9M14. Consumption of raw & auxiliary materials and consumables increased more than proportionally to the growth in sales due to the different product mix and a certain pressure on prices.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables rose to 51.8% in 9M14 (compared with 47.1% in 2013).

E – Service costs

Service costs increased from €9.02 million in 9M13 to €10.15 million in 9M14, an increase in absolute terms of €1.13 million, or 12.6%. This cost item increased as a percentage of revenues from 20.8% in 9M13 to 22.1% in 9M14.
The increase is attributable to the effect of the investments that the Group made in the various sectors.

F – Payroll costs

In the period under review, payroll costs decreased by 1.3%, from €14.24 million to €14.05 million. This reduction does not exactly represent the trend of the item when comparing figures at constant exchange rates, mainly because of the different exchange rate for conversion of costs in yen into euro. The exchange rate effect certainly reduces an increase in costs that is linked to the increased number of employees, which as described above is a result of implementing the strategy of bringing the operating structure into line with the strategic vision.

As seen in the table below, the number of Group employees went up at the end of the period under review, from 356 (not counting the employees of the subsidiary Parvus Corp. - compared to the 405 shown) of 9M13 to 373 of 9M14, up 19 units compared to 31 December 2013.

The table below shows the number of Group employees by category, in each of the periods compared:

Employees	at September 30, 2014	at December 31, 2013	at September 30, 2013
Management	3	3	3
Managers	9	8	12
Clerical w orkers	331	314	330
Line w orkers	30	29	60
TOTAL	373	354	405

G – Other provisions and costs

At 30 September 2014, this item included a provision for doubtful accounts of €58 thousand (€734 thousand in the first nine months of 2013), and refers to provisions made for the possibility of uncollectable trade receivables.
Other provisions and costs as a percentage of revenues were 1.4% versus 2.9% in the same period in 2013.

H – Other revenues

Other revenues fell by €25 thousand, from €1.39 million in the first nine months of 2013 to €1.37 million in the same period this year. Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €1.24 million (€1.01 million in the first nine months of 2013), as well as miscellaneous income of €0.49 million (€0.38 million in the first nine months of 2013), while operating grants totalled €0.77 million (zero in 9M13).

I – Amortisation, depreciation and write-downs

This item decreased by €829 thousand, from €4.71 million in 9M13 to €3.88 million in 9M14, mainly as a result of a smaller impact of amortisation and depreciation regarding the PPA.

Depreciation and amortisation relating to the PPA at 30 September 2014, totalling €1.80 million, relate exclusively to the remaining share of customer relationship of Dynatem Inc. and Advanet Inc.

J – Financial income and expenses

The decrease in financial expenses, which went from €1.74 million in 9M13 to €1.26 million in 9M14, was mainly due to lower exchange rate losses and interest expenses.

Financial income went slightly down, from €2.34 million in the first nine months of 2013 to €2.30 million in the first nine months of this year. In this case as well the decrease is due to fewer gains on exchange rates during the current period compared to that of last year, offset by the greater interest income and financial income made.

The absolute value and percentage on revenues of the main financial expense items were as follows:

- foreign exchange losses: €0.75 million at 30 September 2014 (1.6% as a percentage of revenues), compared with €1.05 million at 30 September 2013 (2.4% as a percentage of revenues);
- foreign exchange gains: €2.19 million at 30 September 2014 (4.8% as a percentage of revenues), compared with €2.32 million at 30 September 2013 (5.4% as a percentage of revenues);
- miscellaneous interest expenses: €515 thousand at 30 September 2014 (1.0% as a percentage of revenues), compared with €689 thousand at 30 September 2013 (1.6% as a percentage of revenues).

3rd Q 2014	3rd Q 2013	(€'000)	9M 2014	9M 2013
292	511	Exchange-rate losses	750	1,047
60	152	Interest expenses	296	519
(7)	0	Interest expenses due to the discounting	116	0
0	0	Expenses on derivatives	65	101
16	42	Other finance expenses	38	69
361	**705**	**Financial charges**	**1,265**	**1,736**

3rd Q 2014	3rd Q 2013	(€'000)	9M 2014	9M 2013
1,629	531	Exchange-rate gains	2,192	2,318
13	4	Interest income	50	12
51	5	Other finance income	58	11
1,693	**540**	**Financial incomes**	**2,300**	**2,341**
1,332	**(165)**	**Net financial income**	**1,035**	**605**

K – Income taxes

Taxes at 30 September 2014 amount to €0.52 million (of which €1.25 million for current taxes and €0.73 million for net deferred tax assets) compared with tax of €0.71 million at 30 September 2013 (of which €1.49 million for current taxes and €0.78 million for net deferred tax assets), representing an increase of €0.19 million.

L – Non-current assets

The increase in non-current assets between 31 December 2013 and 30 September 2014 of €1.01 million is primarily due to foreign exchange rate changes, as well as net investments of about €1.18 million in property, plant and equipment and intangible assets before depreciation and amortisation totalling €3.17 million.
The most significant increase is related to intangible assets and is largely linked to projects to develop new products carried out by the Group.

a – Intangible assets

The table below shows their breakdown and main changes during the period:

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	2,215	62,715	7,993	1,802	8,508	83,233
Changes as at September 30, 2014						
- Purchases	63	-	74	1,042	-	1,179
- Disposals	-	-	-	-	-	-
- Amortisation and impairment in period (-)	(954)	-	(417)	-	(1,798)	(3,169)
- Other changes	1,118	3,927	378	(900)	407	4,930
Total changes (B)	**227**	**3,927**	**35**	**142**	**(1,391)**	**2,940**
CLOSING BALANCE (A+B)	2,442	66,642	8,028	1,944	7,117	86,173

The carrying value of goodwill and trademarks with an indefinite useful life allocated to each of the cash-generating units is as follows:

Cash generating units	at September 30, 2014		at December 31, 2013	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	40,378	7,668	38,535	7,317
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	19,504	-	17,801	-
Eurotech Ltd. (ex Arcom Ltd.)	5,619	-	5,238	-
Eurotech France S.a.s.	1,051	-	1,051	-
Other	90	-	90	-
TOTAL	66,642	7,668	62,715	7,317

b – Property, plant and equipment

The table below shows their breakdown and main changes during the period:

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
OPENING BALANCE (A)	1,257	775	253	1,039	36	158	3,518
Changes as at September 30, 2014							
- Purchases	11	105	197	322	191	-	826
- Disposals	-	-	(30)	(31)	-	-	(61)
- Amortisation and impairment in period (-)	(27)	(259)	(117)	(275)	-	(31)	(709)
- Other changes	-	38	38	54	(11)	(19)	100
Total changes (B)	**(16)**	**(116)**	**88**	**70**	**180**	**(50)**	**156**
CLOSING BALANCE (A+B)	1,241	659	341	1,109	216	108	3,674

M – Net working capital

Net working capital increased by €2.77 million, from €12.05 million at 31 December 2013 to €14.82 million at 30 September 2014.
Current assets remain basically unchanged from one period to the next, with an increase in inventories balanced by lower trade receivables and other current assets.
The €2.69 million increase in current liabilities is mainly due to the lower trade payables and income tax.

N – Net financial position

The Group reports a net financial position of €6.99 million at 30 September 2014 against an amount of €15.11 million at 31 December 2013.
The change is primarily attributable to the use of cash for current operations, also in consideration of the traditional seasonality of the Eurotech Group's revenues, which generate greater liquidity during the second part of the half-year period, and to the investments made, including those in treasury shares.
See also Cash flow on page 18.

The change in cash, down from €27.99 million at 31 December 2013 to € 13.50 million today, is due to repayment of portions of loans, disbursement for investments made and current operations.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months except those mentioned above.
Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 30 September 2015.
At 30 September 2014 short-term borrowings (in applying the provisions of IAS 1.65) include, as previously done at 31 December 2013, the medium-long-term portion (€1.00 million while at 31 December 2013 it amounted to €2.00 million) of an existing loan with respect to which all the contractually established terms and conditions had not been observed year-end as an effect of the failure to notify the sale of a substantial asset (Parvus Corp.) in advance. The Parent Company is waiting to receive the waiver letter from the bank in order to be able to restore the loan to the expiry dates set out in the original repayment plan.

O – 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 September 30, 2014	-	-	-	-	-	-	-	-	-	(5,894)	(5,894)	-	(5,894)
Comprehensive other profit (loss)													
- Hedge transactions	-	-	-	-		58	-	-	-	-	58	-	58
- Foreign balance sheets conversion difference	-	-	-	3,348	-			-	-	-	3,348	-	3,348
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	1,859	-	-	1,859	-	1,859
Comprehensive result	-	-	-	*3,348*	-	*58*	-	*1,859*	-	*(5,894)*	*(629)*	-	*(629)*
- Other changes and transfers					-	-			(965)		(965)		(965)
Balance as at September 30, 2014	8,879	1,037	136,400	7,544	(38,469)	(101)	(254)	460	(3,097)	(5,894)	106,505	-	106,505

P – Significant events in the quarter

The significant events of the quarter were announced in the press releases listed below (the full text can be consulted on the Group website www.eurotech.com on page http://www.eurotech.com/en/press+room/news):

– 16/07/2014: Eurotech wins the M2M Evolution magazine "Product of the Year 2014" award
– 07/08/2014 Eurotech signs distribution agreement with Mouser Electronics
– 22/08/2014 Eurotech: Everyware Cloud named “Best Vertical Implementation” for Machine-to-Machine solutions
– 01/09/2014 Eurotech: Geoffrey Morton new Group Vice President for the M2M/IoT business line
– 12/09/2014 Eurotech attends M2M Innovation World Congress
– 17/09/2014 Eurotech: Larry Wall named new CEO of Eurotech Inc. in the US
– 18/09/2014 Eurotech: Makoto Naito named CEO and Executive Director of Advanet Inc.
– 22/09/2014 Eurotech presents integrated open-source solutions for Internet of Things at JavaOne
– 23/09/2014 Eurotech presents DynaDOT traveller information panels at Innotrans
– 26/09/2014 Eurotech presents Release 1.0 of Kura, the Java-OSGi infrastructure for M2M gateways and smart sensors.

Other than those discussed in previous paragraphs, no other particularly significant events occurred in the quarter.

Q – Events after the reporting period

For the significant events after 30 September, please refer to the press releases listed below (the full text can be consulted on the Group website www.eurotech.com on page http://www.eurotech.com/en/press+room/news):
– 09/10/2014: Eurotech: Fabio Gallo named Vice Chairman and General Manager of the HPC Business Unit

The company also took part in the Star Conference 2014 in London on 3 October.

R – Risks and uncertainties

Please refer to the sections "Main risks and uncertainties to which the Group is exposed" and "Financial risk management: objectives and criteria" in the document 2013 Consolidated Financial Statements, in which the risks to which the Eurotech Group is exposed are explained.

S – Other information

We also specify that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process
- Group companies' related-party transactions form part of the normal course of business and are settled under arm's length conditions
- pursuant to CONSOB communication 15519/2005, there were no non-recurring economic components in the consolidated quarterly results to 30 September 2014
- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the third quarter of 2014
- at 30 September 2014 the company held 1,319,020 treasury shares for a total value of €3,097 thousand. The changes follow:

	No. of shares	Face value of a share (Thousand of Euro)	% share capital	Carrying value (€'000)	Average unit value
Status as at 1 January 2014	871,020	218	2.45%	2,132	2.45
Purchases	448,000	112	1.26%	966	2.16
Status as at 30 September 2014	1,319,020	330	3.71%	3,097	2.35

- the detailed Corporate Governance report is provided with the annual financial statements
- pursuant to CONSOB communication DEM/11070007 of 5 August 2011, relating to disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest

- pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech has adopted the simplification procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended. It therefore opts to derogate from the requirement to publish the information documents set out in Attachment 3B of this Consob Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Amaro, 14 November 2014

On behalf of the Board of Directors

Signed Roberto Siagri
Chairman

Declaration of the Financial Reporting Manager

Amaro, 14 November 2014

D E C L A R A T I O N

PURSUANT TO ARTICLE 154 *BIS*, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS, OF LEGISLATIVE DECREE 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT, PURSUANT TO ARTICLES 8 AND 21 OF LAW 52 OF 6 FEBRUARY 1996"

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 30 September 2014 approved by the company's Board of Directors on 14 November 2014,

S T A T E

in compliance with the matters set forth under ex - art. 154 *bis*, section 2, letter - part IV, title III, chapter II, section V-*bis* of the Legislative Decree 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 30 September 2014 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza

www.eurotech.com