

EUROTECH: BOD APPROVES 2014 DRAFT ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

- *Shareholders' Meeting called on April 24th, 2015, in a single call*
- *Requisites for the Independent Directors were assessed*

Amaro (UD), 13 March 2015

- Consolidated revenues: from €66.11 million to €63.90 million
- Consolidated gross profit: from €32.81 million to €30.75 million
- Consolidated EBITDA: from €0.45 million to €-3.62 million
- Consolidated EBIT: from €-11.93 million to €-8.99 million
- Consolidated pre-tax result from current operations: from €-11.39 million to €-8.28 million
- Consolidated result from discontinued operations: €21.39 million in 2013 (2014: not applicable)
- Group net result: from €8.24 million to €-8.92 million
- Net financial position €5.94 million, compared to €15.11 million at 31/12/2013
- Shareholders' equity pertaining to the Group: €101.99 million
- Eurotech S.p.A.: net result from €19.97 million to €3.26 million

Today the Board of Directors of Eurotech S.p.A. examined and approved the Draft Annual and Consolidated Financial Statements at 31 December 2014 that will be submitted to the Annual General Meeting of Shareholders.

Group turnover in 2014 was €63.90 million, compared to €66.11 million in 2013. The decrease in revenues is accentuated by the unfavourable ratio between the Yen and the Euro at the time the financial statements were translated. Over the past two years the Yen (in terms of average exchange rate) lost 36.9%, vis-à-vis the Euro and in particular 8.2% in 2014. Should constant exchange rates be used, the difference in turnover between 2013 and 2014 would have been just 0.6%, compared to the 3.5% that appears when the data are compared with the historical exchange rates. With reference to breakdown of revenues by customer location in the three main geographic areas - USA, Europe, Asia - , the USA area recorded growth, which demonstrates that the Group is able to identify some customer niches to whom it can offer its range of solutions, even if some customers already acquired have slowed down the launch of new generations of products, entailing a slump in expected sales. The European area continued to show a certain degree of stagnation in demand like, on the other hand, what was experienced over the last few years, while the Japanese area, following initial signs of growth also triggered by a weaker Yen than that of previous years, showed some slowdowns. However, on the whole, this market holds good prospects in the sector that interests us.

The gross profit margin is 48.1%, compared to 49.6% last year. The lower margin, besides being still related to the mix of products sold - which have different margins depending on the type of product, the sectors in which they are used and

the market in which they are sold – is also related to the temporary lower margin in the Japanese area, caused by the combined effect of discounts given to major customers, with a view to sharing the reduction of the sales price, and the recent strengthening of the US dollar which has increased the cost of purchased components above forecasts. We have already activated corrective actions to manage the penalizing yen-dollar exchange hitting us at this juncture, and more generally to reduce the production costs.

Before adjustments for internal increases, operating costs increased by €1.44 million due to the investments made, from €35.12 million (53.1% as a percentage of revenues) to €36.56 million (57.2% as a percentage of revenues) in the reference period. The increase in costs is tied to the strengthening of the operational structure, and in particular in the marketing and sales areas, with the aim of attaining the results expected in terms of revenues. During the year those actions already planned at the end of 2013, regarding the strengthening of the sales structure and the business lines that focus is centred on for future Group development, were in fact undertaken. The operational structure has undergone a transformation, starting from some top roles but also at lower, less visible levels. In particular, as of September we made significant changes in our two main business units, namely the US and Japan, which have also led to redraw local organizations to enable us, on the one hand, to accelerate the execution of strategy and, on the other hand, to improve margins by adjusting the industrial costs. The investments made in innovation and development over recent years, more specifically on the Machine-to-Machine, Security & Surveillance and green HPCs, generated considerable results from the technological point of view, and now it is important to maintain technological recognition through ongoing improvements and focus on market penetration with targeted investments to achieve the medium to long-term objectives. Overall, the Group's structure can still sustain higher levels of sales on the traditional embedded business than those achieved in recent years, and with investments made in new sales skills & resources, particularly in the M2M and Security & Surveillance segments, the Group expects to generate returns in the next few years.

EBITDA was €-3.62 million, while 2013 showed an EBITDA of €0.45 million. EBITDA in 2014 as a percentage of revenues was -5.7%, compared with 0.7% in 2013. The difference between one period and the next reflects both the decrease in gross profit in absolute terms, also due to the contraction in sales, and the increase in operating costs for the year.

EBIT recorded improvement during the two comparative years and was €-8.99 million (€-11.93 million in 2013). In 2013 management deemed it advisable to write down intangible assets for €6.08 following an impairment test on recent investments made by the US business unit Eurotech Inc. The same impairment test performed in 2014 showed no need for write-downs in either the US company or in the other group-held companies. The non-monetary effects on EBIT arising from the price allocation concerning the acquisitions of Eurotech Inc. (former Applied Data Systems Inc. and former Arcom Control Systems Inc), of Dynatem Inc. and of Advanet Inc., in addition to the non-recurring effects generated by the write-down, totalled €2.39 million in 2014 as compared to €9.23 million in 2013.

The Group booked a pre-tax loss on current operations of €8.28 million in 2014 (it was negative by €11.39 million in 2013). This trend was affected by the considerations provided above in addition to the performance of financial management, which showed a positive effect of €1.11 million of the foreign exchange difference due to the trend in foreign currencies. The impact on the pre-tax result of PPA and the extraordinary write-downs was €2.39 million in 2014, and €9.23 million in 2013.

The net loss of the Group in 2014 corresponds to the net loss of current operations, so it is €-8.92 million, while in 2013 this result not only reflected the operating performance of the Group, but was particularly fruit of the combined effect of the capital gains generated by the sale of the US company Parvus Corp. (€21.39 million) and the write-down on a portion of the corporate intangible assets (€6.08 million)

Total non-monetary effects arising from the PPA affected Group net loss for 2014 by €1.44 million (In 2013 non-monetary effects arose from both the PPA and the extraordinary write-down and were equal to €7.99 million).

At 31 December 2014, the Group reports a net financial position of €5.94 million, compared to the figure at 31 December 2013 of €15.11 million. The reduction of €9.17 million is due to use of cash to support the Group's business and investment operations. In particular, we highlight that: €1.99 million were employed for capitalized development activities, attributable to "purchase of intangible fixed assets"; €0.82 million were used for the purchase of tangible fixed assets; €2.02 million were allocated to support the working capital; €0.97 million were used for the purchase of own shares.

Group shareholders' equity, the same as the consolidated shareholders' equity as there are no minority interests, amounts to €101.99 million (2013: €108.10 million).

Annual Financial Statements of the Parent Company Eurotech S.p.A.

Revenues of the Parent Company Eurotech S.p.A. totalled €10.39 million, compared to €14.52 million in 2013, down 28.4%. The net result was positive of €3.26 million, compared to a profit of €19.97 million in 2013 that was mainly achieved with management of investments, which was positive by €22.54 million. In addition to the dividends received and the write-downs of the investments, the year 2013 was positively affected by the sale of Parvus Corp., which generated a net value of €26.13 million. The shareholders' equity of Eurotech S.p.A. at 31 December 2014 is €110.54 million, compared to €108.16 million in 2013. The Parent Company shows a net financial position in 2014 of €30.54 million, in line with the 2013 figure, which amounted to €30.97 million.

Shareholders' Meeting on April 24th, 2015

The Board of Directors has authorized the Chairman to convene the Ordinary General Meeting for the day April 24, 2015 in a single call, to discuss and deliberate on the following agenda

1. Financial Statements of Eurotech S.p.A. as of 31 December 2014; Directors' Report on Operations for 2014; Report of the Board of Statutory Auditors; Report of the Independent Auditors; Related and consequent resolutions; Presentation of the Consolidated Financial Statements as of 31 December 2014 of the Group and relative reports.
2. Report on remuneration, pursuant to article 123-ter of Italian Legislative Decree no. 58/1998. Related and consequent resolutions.
3. Integration of the Board of Directors through the appointment of a Director. Related and consequent resolutions.
4. Authorisation to purchase and use treasury shares, pursuant to articles 2357 and 2357-ter of the Italian Civil Code, as well as article 132 of Legislative Decree no. 58/1998 and relative provisions for enactment. Related and consequent resolutions.

Request of the Board of Directors to the Shareholders' Meeting of an authorization to purchase treasury shares

The Board of Directors resolved to submit to the upcoming Shareholders' Meeting a request to be authorized to purchase and sell treasury shares with the end of providing the Company the use of the shares allowed by current regulations, including reasons contemplated in the "market practices" as "share inventory" admitted by Consob through Resolution no. 16839 of March 19, 2009.

The authorization to purchase treasury shares is requested for a period of 18 months from the date of the Shareholders' Meeting and is intended for the purchase of Eurotech ordinary shares of no par value, up to a the maximum limit established by current regulations for a consideration that shall not exceed the higher between the price at which the last independent transaction was concluded and the last independent bid price in the market in which the purchase is carried out. For any single purchase, such price per share shall in any case not be more than 15% lower or higher than the closing price registered by Eurotech shares on the previous trading day.

The authorization to sell own shares is requested without a time limit.

At the date of the present press release, Eurotech holds no. 1,319,020 ordinary shares, equal to 3.714% of the share capital.

Assessment of the Independence requirements

With regard to Corporate Governance, the Board, having acknowledged the representations made by Independent Directors and on the basis of independent information acquired, ascertained the possession of requisites for independence – pursuant to article 148, comma 3, of Legislative Decree no. 58/1998, as referred to by article 147-ter, comma 4 of Legislative Decree no. 58/1998 and article 3 of the Code of Conduct promoted by Borsa Italiana SpA – of said Independent Directors.

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

The Board also approved the Corporate Governance Report that also contains the information on the ownership structure pursuant to Art. 123 bis of the Italian Consolidated Law on Finance (TUF), which will be published within the time frame and according to the methods required by current regulations.

In compliance with the requirements of the new provisions of paragraphs 1 and 1 bis of Art. 154 of the Italian Consolidated Law on Finance (TUF), the annual financial report, which includes the draft annual financial statements, the consolidated financial statements, the report on operations, the Corporate Governance Report and the certification of the corporate financial reporting manager, together with the reports of the independent auditor and the board of statutory auditors, will be published by and no later than 31 March 2015.

ABOUT EUROTECH

Eurotech (ETH:IM) is a global company that integrates hardware, software, services and expertise to deliver embedded computing platforms, M2M integration platforms and IoT enabling solutions to leading OEMs, system integrators and enterprise customers for successful and efficient deployment of their products and services. Drawing on concepts of minimalist computing, Eurotech lowers power draw, minimizes physical size and reduces coding complexity to bring embedded platforms, sub-systems and ready-to-use devices to market, specializing in transportation, industrial, security, logistics and medical segments. By combining domain expertise in wireless connectivity as well as communications protocols, Eurotech architects platforms that simplify data capture, processing and transfer over unified communications networks. For more information about Eurotech, visit the website www.eurotech.com.

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ANNEXES - FINANCIAL STATEMENTS
CONSOLIDATED INCOME STATEMENT

(€/000)	FY 2014	%	FY 2013	%
Revenues from sales of products and services	63,898	100.0%	66,106	100.0%
Cost of materials	(33,147)	-51.9%	(33,297)	-50.4%
Gross profit	30,751	48.1%	32,809	49.6%
Service costs	(14,096)	-22.1%	(12,589)	-19.0%
Lease & hire costs	(1,700)	-2.7%	(1,718)	-2.6%
Payroll costs	(18,976)	-29.7%	(19,292)	-29.2%
Non recurrent (costs) revenues	0	0.0%	0	0.0%
Other provisions and other costs	(1,792)	-2.8%	(1,525)	-2.3%
Other revenues	2,194	3.4%	2,764	4.2%
Profit before depreciation and amortization (EBITDA)	(3,619)	-5.7%	449	0.7%
Depreciation & amortisation	(5,214)	-8.2%	(6,299)	-9.5%
Asset impairment	(160)	-0.3%	(6,077)	-9.2%
Operating profit	(8,993)	-14.1%	(11,927)	-18.0%
Share of associates' profit of equity	45	0.1%	242	0.4%
Finance expense	(1,317)	-2.1%	(3,838)	-5.8%
Finance income	1,984	3.1%	4,136	6.3%
Profit before taxes	(8,281)	-13.0%	(11,387)	-17.2%
Income tax	(641)	-1.0%	(1,768)	-2.7%
Net profit (loss) of continuing operations before minority interest	(8,922)	-14.0%	(13,155)	-19.9%
Minority interest	0	0.0%	0	0.0%
Profit (Losses) from discontinued operations	0	0.0%	21,395	32.4%
Group net profit (loss) for period	(8,922)	-14.0%	8,240	12.5%
Base earnings (losses) per share	(0.260)		0.238	
Diluted earnings (losses) per share	(0.260)		0.238	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(€'000)	at December 30, 2014	at December 31, 2013
ASSETS			
Intangible assets		83,735	83,233
Property, Plant and equipment		3,391	3,518
Investments in affiliate companies		730	607
Investments in other companies		286	248
Deferred tax assets		1,231	1,397
Other non current financial assets		0	2,342
Other non-current assets		547	535
Total non-current assets		89,920	91,880
Inventories		15,295	14,156
Contracts in progress		79	0
Trade receivables		19,846	18,673
Income tax receivables		215	268
Other current assets		1,659	2,404
Other current financial assets		2,570	101
Cash & cash equivalents		14,104	27,995
Total current assets		53,768	63,597
Total assets		143,688	155,477
LIABILITIES AND EQUITY			
Share capital		8,879	8,879
Share premium reserve		136,400	136,400
Other reserves		(43,292)	(37,180)
Group shareholders' equity		101,987	108,099
Equity attributable to minority interest		0	0
Total shareholders' equity		101,987	108,099
Medium-/long-term borrow ing		2,756	2,729
Employee benefit obligations		1,924	1,699
Deferred tax liabilities		5,109	6,023
Other non current financial liabilities		0	118
Other non-current liabilities		909	884
Total non-current liabilities		10,698	11,453
Trade payables		15,272	14,677
Short-term borrow ing		7,930	12,319
Derivative instruments		52	159
Income tax liabilities		507	1,657
Other current liabilities		7,242	7,113
Total current liabilities		31,003	35,925
Total liabilities		41,701	47,378
Total liabilities and equity		143,688	155,477

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	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
(€'000)													
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 December 31, 2014	-	-	-	-	-	-	-	-	-	(8,922)	(8,922)	-	(8,922)
Comprehensive other profit (loss)													
- Hedge transactions	-	-	-	-	-	107	-	-	-	-	107	-	107
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	(92)	-	-	-	(92)	-	(92)
- Foreign balance sheets conversion difference	-	-	-	217	-	-	-	-	-	-	217	-	217
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	3,543	-	-	3,543	-	3,543
Comprehensive result	-	-	-	217	-	107	(92)	3,543	-	(8,922)	(5,147)	-	(5,147)
- Other changes and transfers	-	-	-	-	-	-	-	-	(965)	-	(965)	-	(965)
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

CONCISE CASH FLOW STATEMENT

	(€'000)	at December 30, 2014	at December 31, 2013
Cash flow generated (used) in operations		(6,267)	6,206
Cash flow generated (used) in investment activities		(4,053)	23,349
Cash flow generated (absorbed) by financial assets		(4,362)	(8,315)
Net foreign exchange difference		791	(2,947)
Increases (decreases) in cash & cash equivalents		(13,891)	18,293
Opening amount in cash & cash equivalents		27,995	9,702
Cash & cash equivalents at end of period		14,104	27,995

NET FINANCIAL POSITION

		at December 30, at December 31,	
		2014	2013
		(€'000)	
Cash & cash equivalents	A	(14,104)	(27,995)
Cash equivalent	B=A	(14,104)	(27,995)
Other current financial assets	C	(2,570)	(101)
Derivative instruments	D	52	159
Short-term borrow ing	E	7,930	12,319
Other current financial liabilities	F	0	0
Short-term financial position	G=C+D+E+F	5,412	12,377
Short-term net financial position	H=B+G	(8,692)	(15,618)
Other non current financial liabilities	I	0	118
Medium/long term borrow ing	J	2,756	2,729
Medium-/long-term net financial position	K=I+J	2,756	2,847
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	L=H+K	(5,936)	(12,771)
Other non current financial assets	M	0	(2,342)
(NET FINANCIAL POSITION) NET DEBT	N=L+M	(5,936)	(15,113)

NET WORKING CAPITAL

		at December 30, at December 31,		
		2014	2013	Changes
		(b)	(a)	(b-a)
		(€'000)		
Inventories	15,295	14,156	1,139	
Contracts in progress	79	0	79	
Trade receivables	19,846	18,673	1,173	
Income tax receivables	215	268	(53)	
Other current assets	1,659	2,404	(745)	
Current assets	37,094	35,501	1,593	
Trade payables	(15,272)	(14,677)	(595)	
Income tax liabilities	(507)	(1,657)	1,150	
Other current liabilities	(7,242)	(7,113)	(129)	
Current liabilities	(23,021)	(23,447)	426	
Net working capital	14,073	12,054	2,019	