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Consolidated Interim Management Report
at 31 March 2017

EUROTECH

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

Date of issue: 12 May 2017
This report is available online
in the Investors section of
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.: 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Giuseppe Panizzardi [1 5]
Director	Roberto Siagri [6]
Director	Dino Paladin 1
Director	Giulio Antonello [1 2 6]
Director	Riccardo Costacurta [1 2 3 4]
Director	Chiara Mio [1 2 3 5 6]
Director	Giorgio Mosca [1]
Director	Carmen Pezzuto [1 2 6]
Director	Marina Pizzol [1 3]

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 26 April 2017; it will remain in office until approval of the 2019 financial statements.

Board of Statutory Auditors	
Chairman	Gianfranco Favaro
Statutory auditor	Laura Briganti
Statutory auditor	Gaetano Rebecchini
Substitute auditor	Clara Carbone
Substitute auditor	Nicola Turello

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 26 April 2017, and will remain in office until the approval of the 2019 financial statements.

Independent auditor	
	PricewaterhouseCoopers

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 Control and Risks Committee
[4] Member of the Committee for Related Party Transactions
[5] Member of the Remuneration Committee
[6] Member of the Appointments Committee

Performance highlights

The figures referring to the quarter of 2016 were restated as specified on page 11.

Income statement highlights

(€'000)		1Q 2017	%	1Q 2016	%	% change
OPERATING RESULTS						
SALES REVENUES		9,114	100.0%	12,549	100.0%	-27.4%
GROSS PROFIT MARGIN	(*)	4,278	46.9%	6,087	48.5%	-29.7%
EBITDA	(**)	(2,876)	-31.6%	(815)	-6.5%	-252.9%
EBIT	(***)	(4,091)	-44.9%	(2,085)	-16.6%	-96.2%
PROFIT (LOSS) BEFORE TAXES		(4,300)	-47.2%	(2,398)	-19.1%	-79.3%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(3,733)	-41.0%	(1,887)	-15.0%	-97.8%

Income statement net of the accounting effects of purchase price allocation

(€'000)		1Q 2017 adjusted	%	1Q 2016 adjusted	%	% change
OPERATING RESULTS						
SALES REVENUES		9,114	100.0%	12,549	100.0%	-27.4%
GROSS PROFIT MARGIN	(*)	4,278	46.9%	6,087	48.5%	-29.7%
EBITDA	(**)	(2,876)	-31.6%	(815)	-6.5%	-252.9%
EBIT	(***)	(3,479)	-38.2%	(1,502)	-12.0%	-131.6%
PROFIT (LOSS) BEFORE TAXES		(3,688)	-40.5%	(1,815)	-14.5%	-103.2%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(3,335)	-36.6%	(1,535)	-12.2%	-117.3%

(*) 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 bythe 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.

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

Balance sheet and financial highlights

€'000	at March 31, 2017	at December 31, 2016	at March 31, 2016
NET NON-CURRENT ASSETS	96,413	95,220	94,874
NET WORKING CAPITAL	14,792	17,076	15,768
NET INVESTED CAPITAL*	103,996	105,128	103,326
ASSETS HELD FOR SALES	769	769	0
SHAREHOLDERS' EQUITY	101,456	103,557	103,088
NET FINANCIAL POSITION	3,309	2,340	238

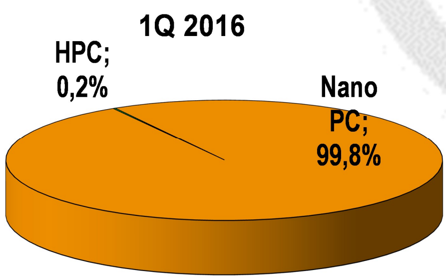
(*) Non-current non-financial assets, plus working capital, less non-current non-financial liabilities.

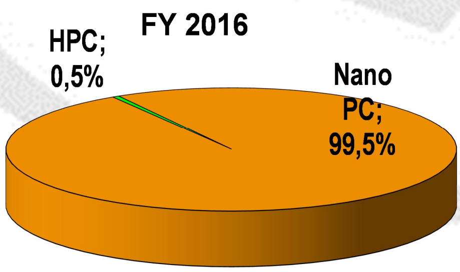
Employee headcount

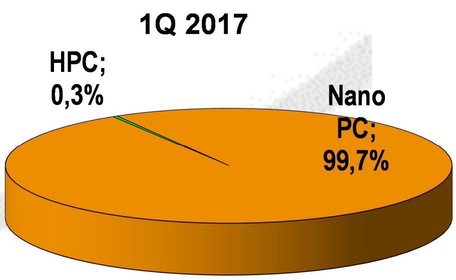
	at March 31, 2017	at December 31, 2016	at March 31, 2016
EMPLOYEES	305	321	325

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1Q 2017	1Q 2016	% YoY Change	FY 2016	1Q 2017	1Q 2016	% YoY Change	FY 2016	1Q 2017	1Q 2016	% YoY Change	FY 2016
Sales revenues	9,083	12,528	-27.5%	60,807	31	21	47.6%	296	9,114	12,549	-27.4%	61,103

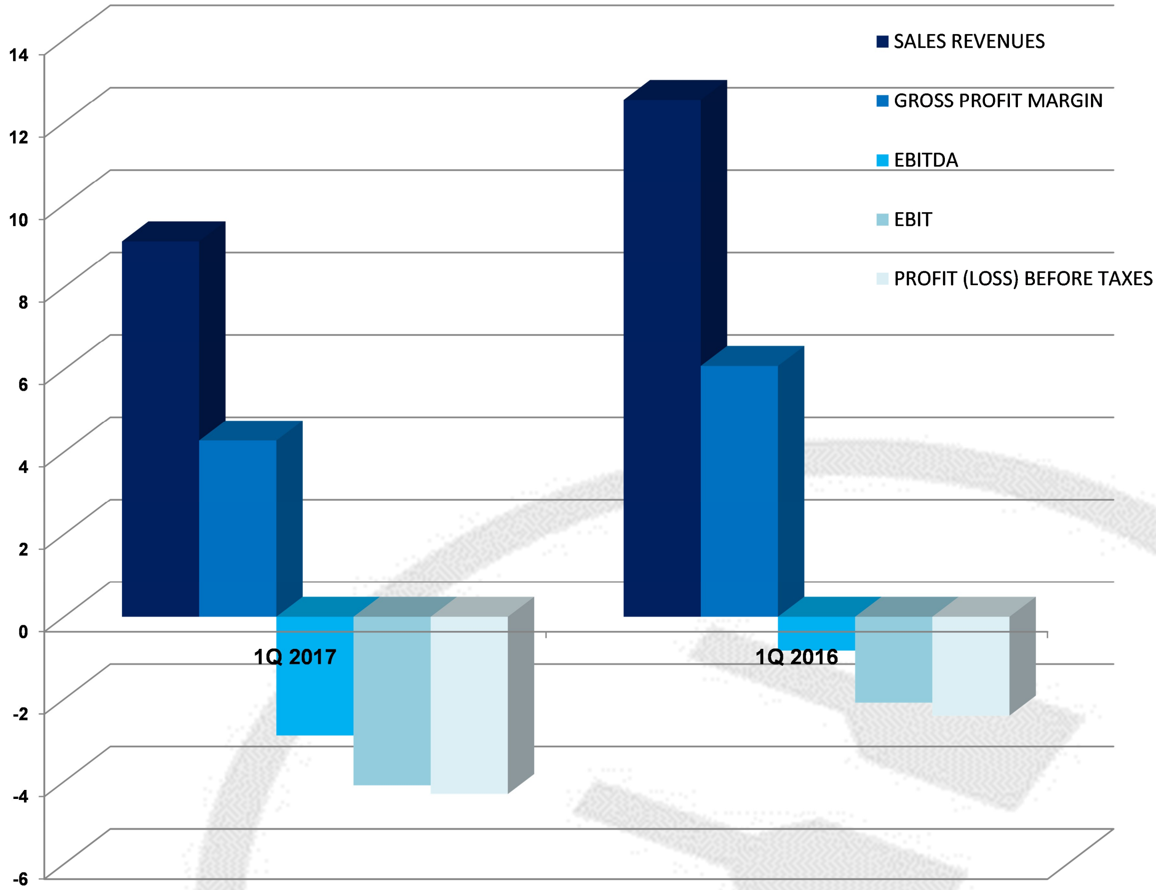






The business lines covered by the Group are 'NanoPCs' and 'HPCs' (High Performance Computers). The NanoPC line comprises miniaturised electronic systems and modules and machine-to-machine (M2M) integration software platforms currently targeting the transport, industrial, medical, logistics, defence and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

Summary of the results



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 (Milan Stock Exchange) since 30 November 2005.

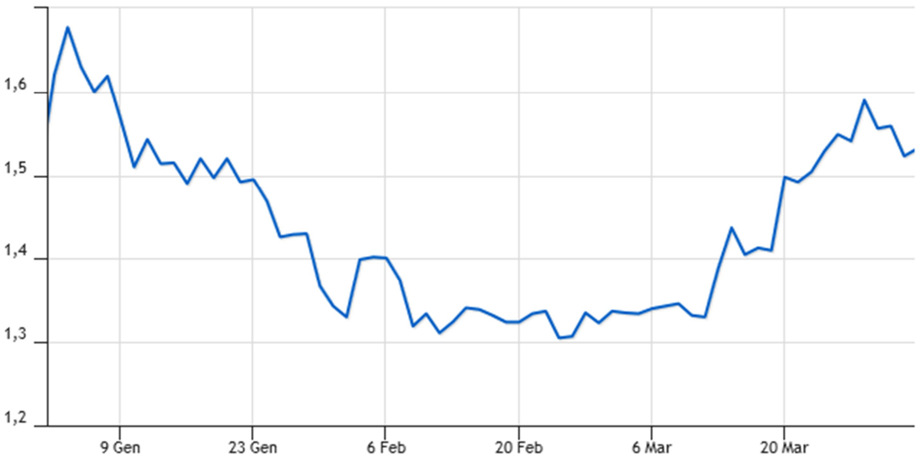
Share capital of Eurotech S.p.A. at 31 March 2017

Share capital	€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 March 2017)	€54 million
Stock market capitalisation (based on the share's average price 31 March 2017)	€54 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
01.01.2017 – 31.03.2017

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 is 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 ‘intelligent’ 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; their ability to connect with each other in a network and communicating.
Within this overall vision, Eurotech works on the research, development and marketing of special-purpose miniaturised computers and M2M platforms (NanoPCs), together with highly energy-efficient, high-performance supercomputers (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 traditional offering traditionally 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 the element of an integrated system;
- a ready-to-use device employed in a greater 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 and 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 are also starting to see a significant impact on the medical and industrial fields.

While we continue to improve our traditional offer of embedded computers, we are increasingly focusing on the challenge of creating end-to-end solutions to seamlessly connect distributed smart devices and transmit essential data between machines, using 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 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 business applications to build distributed systems in IoT and M2M applications. 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.

Summary of performance in the first quarter of 2017 and business outlook

Introduction

The interim management statement of the Eurotech Group at 31 March 2017, 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 31 March 2017 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.

The figures presented at 31.03.2016 were reinstated in line with what was done for the 2016 half-yearly report and the 2016 consolidated financial statements as regards the representation of the sale of the security and traffic business unit of the subsidiary IPS Sistemi Programmabili S.r.l. finalised on 29 February 2016.
In application of "IFRS5 - Non-current assets held for sale and discontinued operations", the operating results relating to the sale of the security and traffic business unit of the subsidiary IPS Sistemi Programmabili S.r.l. finalised on 29 February 2016 must remain reinstated to the balance sheet items by nature as the transaction did not concern a major line of business. Having applied this interpretation to the half-yearly report at 30.06.2016 and when preparing the 2016 Consolidated Financial Statements, in order to make the figures consistent, also the figures of the quarterly report at 31.03.2016 were reinstated, which instead represented the economic data in the item "Net Profit (Loss) of discontinued operations and assets held for sale".

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements to 31 March 2017 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The assessment and accounting policies and consolidation methods used to prepare the Consolidated Quarterly Report are consistent with those used in the Group Consolidated Annual Financial Report at 31 December 2016, to which we expressly invite readers to refer, except for the adoption of new standards, amendments and interpretations in force at 01 January 2017.

Taxes have been calculated based on the current 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 sale of products and services and consumption of raw materials;
- EBITDA, or earnings before amortisation, depreciation and write-downs of non-current assets, the valuation of affiliates at equity, financial income and expenses and income taxes for the period;
- EBIT, or earnings before the valuation of affiliates at equity, financial income and expenses and income taxes for the period.

Operating performance in the period

Consequently to the sluggish demand from some historical customers recorded at the end of 2016, the results generated in the first quarter of the year were lower than in the same period of last year.
Changes were made in 2016 in various geographical areas but the desired effects in terms of revenues have not been seen yet. Nevertheless, in order to remain one of the most significant technological players at global level, internal investments were continued to support the development regarding hardware and software products for the industrial IoT.
The Group structures remain closely coordinated, also outside the individual national boarders at both technological and product level, and the new products are arousing interest in new and historical customers alike.
The most important elements characterising this quarter include the longer terms required to finalise the opportunities and the consequent generation of the expected turnover, in addition to the natural restart phase after some changes were made.
At IoT level, the Group continued to build an indirect sales channel to benefit from our partners' vertical skills and face different markets through a single solution, which continues to be implemented with new functions and is increasingly closer to our customers' needs.

Revenues earned by the Group in the first three months of 2017 amounted to €9.11 million compared to €12.55 million in the first three months of 2016, down 27.4%.
With reference to the localisation of the Group activities, the highest turnover in the quarter was generated in the Japanese area, accounting for 44.4% of the total (31.5% in the first quarter of 2016), followed by North America with 34.9% (39.4% in the first quarter of 2016, representing the most important area at the time), while Europe covers the remaining 20.7% (first quarter of 2016: 29.1%).
The performance of the first quarter is traditionally not very significant, this being the weakest quarter of the year, and some of the opportunities that had arisen are taking their time to come to fruition, with orders and turnover being delayed compared to expectations at the start of the year. Nevertheless, the actions taken and

the changes made in North America especially are expected to bring short-term results also based on the returns being received from the market, potential customers and the opportunities being offered.

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 allocations (PPA)[7] relating to the business combinations of Advanet Inc..

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-3.48 million, rather than €-4.09 million;
- the pre-tax loss would have been €-3.69 million, rather than €-4.30 million;
- the Group net loss would have come out at €-3.33 million, rather than €-3.73 million.

Gross profit in the first quarter of 2017 equalled €4.28 million, accounting for 46.9% of revenues, compared to 48.5% in the first quarter of 2016. The drop, compared to the same quarter of the previous year, is due, based on a lower turnover than the previous period, to some sales in Japan, UK and North America with lower than standard profits. These values should be reabsorbed by a recovery of the turnover in the future quarters in order to maintain a gross profit margin at year-end close to 50%.

In the three months of reference, operating costs before adjustments decreased by €868 thousand, from €9.00 million in the first quarter of 2016 to €8.13 million in the first quarter of 2017.
As a percentage of turnover, the decrease does not show all of its effects owing to the revenues performance commented on above; as a consequence, gross operating costs rose as a percentage of revenues, from 71.7% in the first quarter of 2016 to 89.2% in the first quarter of 2017.
The decrease, in absolute terms, reflects the attention and the checks devoted to curbing operating costs, and affected the performance of the gross profit margin as well as Group EBITDA.

In the first three months of the year EBITDA amounted to €-2.876 thousand (-31.6% of revenues) compared to €-815 thousand for 2016 (-6.5% of revenues); this result is significantly influenced by the capital gain of €1,705 thousand from the sale of the business unit of IPS Sistemi Programmabili S.r.l. commented on at year end.

EBIT went from €-2.08 million in the first three months of 2016 (-16.6% of revenues) to €-4.09 million in the first three months of 2017 (-44.9% of revenues), reflecting the performance of the gross operating margin and of the operating costs and other revenues.
This performance also reflects the depreciation and amortisation recognised in the income statement in the first quarter of 2017, deriving from operating assets becoming subject to depreciation until 31 March 2017 and the effects arising from price allocation relating to the acquisition of Advanet Inc.. The effect on EBIT of the PPA amounts in 3M17 was €0.61 million, versus €0.58 million in 3M16.

Net finance expense was negative for €209 thousand in the first three months of 2017, just like in the first three months of 2016 for €313 thousand. This performance was affected by the different trend in exchange rates, in terms of average value in the periods under review.
For greater detail, readers should refer to the comments made in Note "J".

[7] In detail, the effects of the recognition in the accounts of purchase price allocation relating to the business combination of the Advanet Group can be summarised as follows:
- depreciation, amortization and impairment: €610 thousand (€583 thousand at 31 March 2016), equal to the higher amortisation charged to the higher values attributed to intangible assets (particularly customer relationships); the higher amortisation is attrbutable to the higher values assigned to the unit generating cash to the Advanet Group;
- lower income taxes: €214 thousand (€231 thousand at 31 March 2016) resulting from the tax effect on adjustments made.

The Group booked a pre-tax loss in 3M17 of €4.30 million, versus a loss of €2.39 million in 3M16. The decrease of €1.90 million reflects the combined effect of the lower EBIT for €2.00 million and the positive net financial position performance for €0.10 million consequently to the different trend in exchange rates.
The effects of price allocation on the pre-tax result amounted to €0.61 million in 3M17 and €0.58 million in 3M16.

In terms of Group net loss, the tax burden on the Group's various units led to a loss of €3.73 million in the quarter (-€1.89 million in the first three months of 2016). In addition to reflecting the changes in the pre-tax result, the performance derives from the different tax burden recorded overall on the Group's units.

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	1Q 2017 (b)	of which related parties	%	1Q 2016 (a)	of which related parties	%	change (b-a) amount	change (b-a) %
Sales revenue	C	9,114	266	100.0%	12,549	557	100.0%	(3,435)	-27.4%
Cost of material	D	(4,836)	(292)	-53.1%	(6,462)	(356)	-51.5%	(1,626)	25.2%
Gross profit		**4,278**		**46.9%**	**6,087**		**48.5%**	**(1,809)**	**-29.7%**
Services costs	E	(2,636)	(1)	-28.9%	(3,060)	(9)	-24.4%	(424)	-13.9%
Lease & hire costs		(450)		-4.9%	(450)		-3.6%	0	0.0%
Payroll costs	F	(4,823)		-52.9%	(5,230)		-41.7%	(407)	7.8%
Other provisions and costs	G	(220)		-2.4%	(257)		-2.0%	(37)	14.4%
Other revenues	H	975		10.7%	2,095	1,705	16.7%	(1,120)	-53.5%
- of which non recurrent					*1,705*	*1,705*			
EBITDA		**(2,876)**		**-31.6%**	**(815)**		**-6.5%**	**(2,061)**	**-252.9%**
Depreciation & Amortization	I	(1,215)		-13.3%	(1,270)		-10.1%	(55)	-4.3%
EBIT		**(4,091)**		**-44.9%**	**(2,085)**		**-16.6%**	**(2,006)**	**96.2%**
Finance expense	J	(388)		-4.3%	(491)		-3.9%	(103)	-21.0%
Finance income	J	179		2.0%	178		1.4%	1	0.6%
Profit before tax		**(4,300)**		**-47.2%**	**(2,398)**		**-19.1%**	**(1,902)**	**79.3%**
Income tax	K	567		6.2%	511		4.1%	(56)	-11.0%
Net profit (loss) before minority interest		**(3,733)**		**-41.0%**	**(1,887)**		**-15.0%**	**(1,846)**	**97.8%**
Minority interest	O	**0**		**0.0%**	**0**		**0.0%**	**0**	**n/a**
Group net profit (loss)	**O**	**(3,733)**		**-41.0%**	**(1,887)**		**-15.0%**	**(1,846)**	**97.8%**
Base earnings per share		**(0.109)**			**(0.055)**				
Diluted earnings per share		**(0.109)**			**(0.055)**				

(€/000)	Note	1Q 2017	1Q 2016
Net profit (loss) before minority inerest (A)		**(3,733)**	**(1,887)**
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		3	(8)
Tax effect		-	-
		3	*(8)*
Foreign balance sheets conversion difference		*2,098*	*1,170*
Exchange differences on equity investments in foreign companies		(535)	(1,559)
Tax effect		-	-
		(535)	*(1,559)*
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		*1,566*	*(397)*
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit plans for employees		0	49
Tax effect		-	(13)
		0	*35*
After taxes net other comprehensive income not being reclassified to profit orloss in subsequent periods (C)		*0*	*35*
Comprehensive net result (A+B+C)		**(2,167)**	**(2,249)**
Comprehensive minority interest		**0**	**0**
Comprehensive Group net profit (loss) for		**(2,167)**	**(2,249)**

See explanatory note on page 22.

Consolidated statement of financial position

(€'000)	Notes	at March 31, 2017	of which related parties	at December 31, 2016	of which related parties
ASSETS					
Intangible assets		90,574		89,715	
Property, Plant and equipment		2,860		2,993	
Investments in affiliate companies		11		11	
Investments in other companies		298		301	
Deferred tax assets		1,919		1,465	
Medium/long term borrow ing allow ed to affiliates companies and other Group		94	94	95	95
Other non-current assets		657		640	
Total non-current assets	L	**96,413**		**95,220**	
Inventories		20,545		19,337	
Trade receivables		8,826	732	15,813	1,037
Income tax receivables		338		155	
Other current assets		2,000		1,414	
Other current financial assets		76		76	
Cash & cash equivalents		7,925		9,186	
Total current assets		**39,710**		**45,981**	
Non-current assets classified as held for sale	**P**	**769**		**769**	
Total assets		**136,892**		**141,970**	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Net profit (loss) for period		(3,733)		(5,069)	
Other reserves		(43,823)		(41,722)	
Group shareholders' equity	O	**101,456**		**103,557**	
Equity attributable to minority interest	O	**0**		**0**	
Total shareholders' equity	O	**101,456**		**103,557**	
Medium-/long-term borrow ing		2,824		3,475	
Employee benefit obligations		2,538		2,437	
Deferred tax liabilities		3,716		3,767	
Other non-current liabilities		861		869	
Total non-current liabilities		**9,939**		**10,548**	
Trade payables		11,135	93	13,459	300
Short-term borrow ing		8,571		8,210	
Derivative instruments		9		12	
Income tax liabilities		403		642	
Other current liabilities		5,379		5,542	
Total current liabilities		**25,497**		**27,865**	
Total liabilities		**35,436**		**38,413**	
Total liabilities and equity		**136,892**		**141,970**	

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, 2015	8,879	1,200	136,400	10,601	(47,761)	(8)	(372)	5,718	(3,097)	(6,223)	105,337	-	105,337
2015 Result allocation	-	185	-	-	(6,408)	-	-	-	-	6,223	-	-	-
2016	-	-	-	-	-	-	-	-	-	(5,069)	(5,069)	-	(5,069)
- Performance Share Plan	-	-	-	-	60	-	-	-	-	-	60	-	60
(loss):													
- Hedge transactions	-	-	-	-		(4)	-	-	-	-	(4)	-	(4)
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	(26)	-	-	-	(26)	-	(26)
- Foreign balance sheets conversion difference	-	-	-	2,088	-			-	-	-	2,088	-	2,088
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	1,171	-	-	1,171	-	1,171
Comprehensive result	-	-	-	*2,088*	-	*(4)*	*(26)*	*1,171*	-	*(5,069)*	(1,840)	-	(1,840)
Balance as at December 31, 2016	8,879	1,385	136,400	12,689	(54,109)	(12)	(398)	6,889	(3,097)	(5,069)	103,557	-	103,557

(€'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, 2016	8,879	1,385	136,400	12,689	(54,109)	(12)	(398)	6,889	(3,097)	(5,069)	103,557	-	103,557
2016 Result allocation	-	-	-	-	(5,069)	-	-	-	-	5,069	-	-	-
Profit (loss) as at March 31, 2017	-	-	-	-	-	-	-	-	-	(3,733)	(3,733)	-	(3,733)
- Performance Share Plan	-	-	-	-	66	-	-	-	-	-	66	-	66
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		3	-	-	-	-	3	-	3
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	-	-	-	-	-	-	-
- Foreign balance sheets conversion difference	-	-	-	2,098	-			-	-	-	2,098	-	2,098
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(535)	-	-	(535)	-	(535)
Comprehensive result	-	-	-	*2,098*	-	*3*	-	*(535)*	-	*(3,733)*	(2,167)	-	(2,167)
Balance as at March 31, 2017	8,879	1,385	136,400	14,787	(59,112)	(9)	(398)	6,354	(3,097)	(3,733)	101,456	-	101,456

Net financial debt

Pursuant to the CESR Recommendation of 10 February 2005, the following table shows the Group's net financial debt at 31 March 2017, breaking it down by due date and comparing it with the situation at 31 March 2016 and 31 December 2016:

(€'000)		at March 31, 2017	at December 31, 2016	at March 31, 2016
Cash & cash equivalents	A	(7,925)	(9,186)	(11,908)
Cash equivalent	**B=A**	**(7,925)**	**(9,186)**	**(11,908)**
Other current financial assets	C	(76)	(76)	(76)
Derivative instruments	D	9	12	16
Short-term borrowing	E	8,571	8,210	8,365
Short-term financial position	**F=C+D+E**	**8,504**	**8,146**	**8,305**
Short-term net financial position	**G=B+F**	**579**	**(1,040)**	**(3,603)**
Medium/long term borrowing	H	2,824	3,475	3,841
Medium-/long-term net financial position	**I=H**	**2,824**	**3,475**	**3,841**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**3,403**	**2,435**	**238**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(94)	(95)	0
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**3,309**	**2,340**	**238**

Working capital

The Group's working capital at 31 March 2017, compared with the situation at 31 March 2016 and 31 December 2016, is as follows:

(€'000)	Notes	at March 31, 2017 (b)	at December 31, 2016 (a)	at March 31, 2016	Changes (b-a)
Inventories		20,545	19,337	20,413	1,208
Trade receivables		8,826	15,813	10,860	(6,987)
Income tax receivables		338	155	497	183
Other current assets		2,000	1,414	1,688	586
Current assets		*31,709*	*36,719*	*33,458*	*(5,010)*
Trade payables		(11,135)	(13,459)	(11,719)	2,324
Income tax liabilities		(403)	(642)	(220)	239
Other current liabilities		(5,379)	(5,542)	(5,751)	163
Current liabilities		*(16,917)*	*(19,643)*	*(17,690)*	*2,726*
Net working capital	M	**14,792**	**17,076**	**15,768**	**(2,284)**

Cash flow

(€'000)		at March 31, 2017	at December 31, 2016	at March 31, 2016
Cash flow generated (used) in operations	A	(481)	(1,426)	(1,618)
Cash flow generated (used) in investment activities	B	(482)	(34)	1,953
Cash flow generated (absorbed) by financial assets	C	(390)	(566)	378
Net foreign exchange difference	D	92	(218)	(235)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(1,261)	(2,244)	478
Opening amount in cash & cash equivalents		9,186	11,430	11,430
Cash & cash equivalents at end of period		7,925	9,186	11,908

A – Eurotech Group business

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

The NanoPC business line includes miniaturised electronic modules and systems as well as M2M integration software platforms, currently targeting the transport, industrial, defence, security, medical and logistics sectors. Activity in this line 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, 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 supercomputers with energy-efficient high-performance computing capability targeting universities, research institutes and data-processing centres.

Eurotech shares (ETH.MI) have been listed on the STAR segment of Borsa Italiana (the Milan Stock Exchange) since 30 November 2005.

B – Basis of consolidation

The companies included in the basis of consolidation on a line-by-line basis at 31 March 2017 are as follows:

Company name	Registered offices	Share Capital		Group Share
Parent company				
Eurotech S.p.A.	Via Fratelli Solari 3/A – Amaro (UD, Italy)	Euro	8,878,946	
Subsidiary companies consolidated line-by-line				
Aurora S.r.l.	Via Fratelli Solari 3/A – Amaro (UD, Italy)	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.	Viale Dante, 300 – Pergine (TN, Italy)	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, Italy)	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.

The following affiliates are also valued at equity:

Chengdu Vantron Technology Inc.	Chengdu (China)	45.00% (2)
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona, Italy	24.00%
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste, Italy	21.31%

(2) The company was classified under assets held for sale on 30.09.2016 (see note P)

Other smaller companies valued at cost

Kairos Autonomi Inc.	Sandy (USA)	19.00%

No changes took place with regard to subsidiaries and affiliates compared with 31 December 2016.

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 3Months 2017	As of March 31, 2017	Average 2016	As of December 31, 2016	Average 3Months 2016	As of March 31, 2016
British pound sterling	0.86009	0.85553	0.81948	0.85618	0.77037	0.79155
Japanese Yen	121.01385	119.55000	120.19665	123.40000	126.99726	127.90000
USA Dollar	1.06480	1.06910	1.10690	1.05410	1.10200	1.13850

C - Revenues

Revenues earned by the Group in the first quarter of 2017 amount to €9.11 million (€12.55 million in the first three months of 2016), a decrease of €3.43 million (27.4%) on the same period of last year. This trend is due to the reduction in turnover in North America and to delays in receiving orders and in the consequent delivery of products and services in Europe. The Japanese area, also affected by exchange rates, showed a slight increase. Despite this situation, which is deemed to be passing, forecasts remain positive due to the level of opportunities managed and the acknowledgements coming from the various geographical areas.

For operating purposes, the Group is organised in business lines, also known as business segments: "NanoPC" and "HPC (High Performance Computers)" are the significant 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 line

Revenue breakdown by individual business line and related changes were as follows:

SALES BY BUSINESS SEGMENT	1Q 2017	%	1Q 2016	%	Var. %
NanoPC	9,083	99.7%	12,528	99.8%	-27.5%
High Perf. Computer	31	0.3%	21	0.2%	47.6%
TOTALE SALES AND SERVICE REVENUE	**9,114**	**100.0%**	**12,549**	**100.0%**	**-27.4%**

Revenues from the NanoPC business line in the first three months of 2017 amounted to €9.08 million compared to €12.53 million in the first three months of 2016
Revenues from the HPC line remained limited also in the first quarter of 2017: €31 thousand compared to €21 thousand in the first three months of 2016. The HPC business line is still marked by significant orders for a limited number of customers, traditionally in the science and research field and today in the services area as well, and this makes distribution of the turnover over time extremely uneven.

Revenues of NanoPC segment by business geographical area

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

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1Q 2017	1Q 2016	%YoY Change	1Q 2017	1Q 2016	%YoY Change	1Q 2017	1Q 2016	%YoY Change	1Q 2017	1Q 2016	%YoY Change	1Q 2017	1Q 2016	%YoY Change
Third party Sales	3,178	4,940		1,855	3,638		4,050	3,950		0	0		9,083	12,528	
Infra-sector Sales	99	143		673	903		9	45		(781)	(1,091)		0	0	
Total Sales revenues	3,277	5,083	-35.5%	2,528	4,541	-44.3%	4,059	3,995	1.6%	(781)	(1,091)	28.4%	9,083	12,528	-27.5%

The North American business area's revenues totalled €3.28 million in 3M17 compared with €5.08 million in 3M16, down 35.5%. As already explained at the end of the year, this decrease derives from the shortage of orders collected during 2016 which, consequently to the changes made to the sales structure, had led to a misalignment between the phase of completion of the supply of some personalised products linked to orders and projects obtained in past years (phase-out) and new projects (phase-in), with both new and consolidated customers and in both the segment of the embedded division (board&system) and the IoT segment. One of the most important elements the entire structure is committed to relates to the sales force quickly reaching full operation, in order to rapidly recover the turnover needed for the revenues to grow in the medium and long-term in the area.
The European business area recorded a significant drop from €4.54 million in the first quarter of 2016 to €2.53 million in the first quarter of 2017. This decrease is due to some delays in signing the agreements in the transport sector. Performance is still nevertheless mixed and the stagnant economic situation is leading to growth issues in the three major European countries where the Group operates (Italy, France and the UK). Opportunities for the new IoT/M2M offer remain interesting, with a growing number of customers using the platform and with POC (Proof of concept) being implemented.
The Asian business area reported 1.6% growth, from €4.00 million to €4.06 million, due to the exchange rate effect, and is still in line with last year's sales. Orders are expected in this area that, despite margins below the average, can cause sales volumes to rise.

Revenues by customer geographical area

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

BREAKDOWN BY GEOGRAPHIC AREA	1Q 2017	%	1Q 2016	%	var. %
European Union	1,610	17.7%	2,244	17.9%	-28.3%
United States	3,143	34.5%	5,486	43.7%	-42.7%
Japan	4,055	44.5%	3,946	31.4%	2.8%
Other	306	3.4%	873	7.0%	-64.9%
TOTAL SALES AND SERVICE REVENUES	**9,114**	**100.0%**	**12,549**	**100.0%**	**-27.4%**

With reference to the figures by geographical area reported in the table, revenues in the US fell by 42.7% and contributed only 34.5% to total revenues in the first three months of 2017.
Japan reported a slight increase (2.8%) and continues to be the predominant area as at the end of 2016, contributing 44.5% to the Group's revenues.
In Europe, again with reference to customer location, turnover decreased, though still accounting for about 17.7% of total revenues.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which relate strictly to sales, fell from €6.46 million in 3M16 to €4.84 million in 3M17. In the period under review there was thus a variation of €1.63 million (25.2%), lower than the drop in turnover, which reached -27.4%. This difference in proportions, influenced by the low revenues, is a consequence of the different mix of products sold in the two periods compared and of some write-downs made.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables rose from 51.5% in 3M16 to 53.1% in 3M17.

E – Service costs

Consequently to the rationalisation actions undertaken, service costs dropped by €0.42 million, equal to 13.9%, and amount to €2.64 million. This cost item increased as a percentage of revenues, consequently to the latter decreasing, from 24.4% in 3M16 to 28.9% in 3M17.
In addition to referring to ordinary operations, the costs pertain also to the investments the Group is making mainly in the new business lines of the IoT/M2M platforms for applications in the industry and in services.

These investments do not only concern the research and development sphere but also, and especially, the sales and marketing segment to approach customers and develop market presence.

F – Payroll costs

In the period under review, payroll costs decreased by 7.8%, from €5.23 million (41.7% of revenues) to €4.82 million (52.9% of revenues). At the end of the first quarter of 2017, there was a reduction in the number of people employed in North America in order to rationalise the structure. Management constantly monitors the areas in need of greater or fewer resources and the skills needed to align the various operational structures to the strategic vision.
Compared to 31 December 2016, the number of operators decreased from 321 to 305.

The table below shows the number of Group employees:

Employees	at March 31, 2017	at December 31, 2016	at March 31, 2016
Manager	9	10	8
Clerical w orkers	279	287	293
Line w orkers	17	24	24
TOTAL	305	321	325

G – Other provisions and costs

At 31 March 2017, this item included a provision for doubtful accounts of €53 thousand (€52 thousand in the first three months of 2016), and refers to provisions made for the possibility of uncollectable trade receivables.
Other provisions and costs as a percentage of revenues were 2.4%, slightly above 2.0% in the same period in 2016.

H – Other revenues

The item other revenues shows a decrease from €2,095 thousand in 3M16 to €975 thousand in 3M17. Last year this item comprised the capital gains of €1,705 thousand generated by the sale of the IPS business unit.
Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €429 thousand (€287 thousand in the first three months of 2016), miscellaneous income of €546 thousand (€98 thousand in the first three months of 2016) and operating grants for the year 2016 only of €5 thousand.

I - Depreciation, amortization and impairment

This item decreased by €55 thousand, from €1.27 million in 3M16 to €1.22 million in 3M17, due to the lower net depreciated values.

PPA depreciation and amortisation, which came to €0.61 million at 31 March 2017, totally refer to customer relationships.

J – Financial income and expenses

Financial expenses dropped from €0.49 million of 3M16 to €0.39 million in 3M17. This decrease is mainly attributable to the lower exchange rate losses consequently to the performance of the American dollar and the pound sterling.

Financial income remains unchanged at €0.18 million in the two periods considered.

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

- foreign exchange losses: €0.29 million at 31 March 2017 (3.0% as a percentage of revenues), compared with €0.38 million at 31 March 2016 (3.0% as a percentage of revenues);
- foreign exchange gains: €0.17 million at 31 March 2017 (1.9% as a percentage of revenues), compared with €0.17 million at 31 March 2016 (1.4% as a percentage of revenues);
- miscellaneous interest expenses: €86 thousand at 31 March 2017 (1.1% as a percentage of revenues), compared with €99 thousand at 31 March 2016 (0.8% as a percentage of revenues).

(€'000)	1Q 2017	1Q 2016	change %
Exchange-rate losses	287	380	-24.5%
Interest expenses	86	99	-13.1%
Expenses on derivatives	3	1	200.0%
Other finance expenses	12	11	9.1%
Financial charges	**388**	**491**	**-21.0%**

(€'000)	1Q 2017	1Q 2016	change %
Exchange-rate gains	173	173	0.0%
Interest income	2	3	-33.3%
Other finance income	4	2	100.0%
Financial incomes	**179**	**178**	**0.6%**
Net financial income	**(209)**	**(313)**	**-33.2%**
% impact on sales	**-2.3%**	**-2.5%**	

K – Income taxes

Income taxes at 31 March 2017 were positive as a whole for €567 thousand (of which €170 thousand for current taxes and €737 thousand for net deferred tax assets), compared with €511 thousand at 31 March 2016 (of which €5 thousand for current taxes and €516 thousand for net deferred tax assets), representing a positive change of €56 thousand.

L – Non-current assets

The positive change in non-current assets between 31 December 2016 and 31 March 2017 for € 1.19 million was primarily due to foreign exchange rate changes and the increase in advanced tax assets.
Net investments of about €0.47 million in property, plant and equipment and intangible assets are more than offset by depreciation and amortisation for €1.22 million.
The most significant increases are related to intangible assets and are largely linked to projects to develop new products for a total amount equal to €0.43 million.

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)	2,322	74,339	8,759	2,224	2,071	89,715
Changes as at March 31, 2017						
- Purchases	-	-	4	426	-	430
- Amortisation and impairment in period (-)	(360)	-	(25)	-	(627)	(1,012)
- Other changes	1,032	1,133	269	(1,051)	58	1,441
Total changes (B)	**672**	**1,133**	**248**	**(625)**	**(569)**	**859**
CLOSING BALANCE (A+B)	2,994	75,472	9,007	1,599	1,502	90,574

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 March 31, 2017		at December 31, 2016	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	46,647	8,858	45,193	8,582
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	22,944	-	23,269	-
Eurotech Ltd. (ex Arcom Ltd.)	5,105	-	5,101	-
Eurotech France S.a.s.	686	-	686	-
Other	90	-	90	-
TOTAL	75,472	8,858	74,339	8,582

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)	1,122	320	534	883	2	132	2,993
Changes as at March 31, 2017							
- Purchases	5	-	20	16	-	-	41
- Disposals	-	-	(1)	-	-	-	(1)
- Amortisation and impairment in period (-)	(9)	(26)	(75)	(73)	-	(20)	(203)
- Other changes	-	2	8	20	-	-	30
Total changes (B)	**(4)**	**(24)**	**(48)**	**(37)**	**-**	**(20)**	**(133)**
CLOSING BALANCE (A+B)	1,118	296	486	846	2	112	2,860

M – Net working capital

Net working capital dropped by €2.28 million, from €17.08 million at 31 December 2016 to €14.79 million of 31 March 2017; this performance is due to the different trend of the collection and payment flows, as is usually the case during the first quarter.
The decrease of €5.01 million in current assets was mainly due to the decrease of customer receivables by €6.99 million, only partly offset by the increase in inventories, other current assets and tax receivables.
The decrease in current liabilities of €2.73 million is attributable to the fall in trade payables and tax payables.

N – Net financial position

The Group's net financial debt at 31 March 2017 is €3.31 million, compared with the amount of €2.34 million at 31 December 2016.
The change is mainly due to the use of available cash to support current operations and the investments made, also considering the historic seasonality of the Eurotech Group's turnover, which generates greater cash in bank during the second part of the year.
See also Cash flow on page 20.

Please note that short-term borrowings (in applying the provisions of IAS 1.65) include, as previously done at 31 December 2016, the medium-long-term portion (€0.74 million) of two existing loans with respect to which, based on the consolidated final figures at 31 December, one of the covenant required in accordance with the loan agreements has not been respected.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.
Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 31 March 2018.

O – Changes in equity

The share capital at 31 March 2017 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 31 March 2017 amounted to €1.38 million.

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 €14.79 million was generated by inclusion in the interim management statement 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 €59.11 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 attributable to the allocation of the 2016 results and to the booking of Eurotech's Performance share Plan for the period described in a specific section of the 2016 Consolidated Financial Statements.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €9 thousand and decreased by €3 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 €6.35 thousand and decreased by €0.53 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 2016).

P - Assets classified as held for sale

On 9 August 2016, the subsidiary EthLab S.r.l. signed an agreement with the company Chengdu Vantron Technology Inc. to sell its shares (45% of the share capital) in the same company at a price of USD 850 thousand; such sale was subject to the authorisation of the local Chinese authorities. On 3 May 2016, after collecting the amount due, the transfer agreement became effective and resulted in a capital loss of €21 thousand and in a positive exchange rate effect of €29 thousand.

Q – Significant events in the quarter

The major events of the quarter were announced in the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page http:// www.eurotech.com/en/press+room/news):
– 25/01/2017 Eurotech Multi-Service IoT Gateways have joined Microsoft's Azure Certified for IoT program
– 21/02/2017 Eurotech announces the BoltMAR 20-28, EN50155 Router with Cisco 5921 ESR
– 29/03/2017 Eurotech and Vintech partner up to provide Industrial IoT and Smart City solutions in India

The company also took part in the Star Conference 2017 in Milan on 21 March.

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

R – Events after 31 March 2017

For events following 31 March, the reader may refer to the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page http:// www.eurotech.com/en/press+room/news):
– 05/04/2017 Eurotech Receives 2016 IoT Excellence Award
– 24/04/2017 Eurotech announces a new partnership with VMware answering to the emerging architecture needs of edge IoT computing nodes

No other significant events took place after the three months ended.

S - Risks and uncertainties

Please refer to the paragraphs “Main risks and uncertainties to which the Group is exposed” and “Financial risk management: objectives and criteria” in the 2016 Consolidated Financial Statements, in which the risks to which the Eurotech Group is subject are explained.

T – 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 no. 15519/2005, there were no non-recurring economic components in the consolidated quarterly results to 31 March 2016;
- pursuant to CONSOB communication no. DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2016;

- at 31 March 2017, the company held 1,319,020 treasury shares for a total value of €3,097 thousand. The changes were as follows:

	No. of shares	Face value of a share (Thousand of Euro)	% share capital	Carrying value (€'000)	Average unit value
Status as at 1 January 2017	1,319,020	330	3.71%	3,097	2.35
Purchases	-	-	0.00%	0	
Status as at 31 March 2017	1,319,020	330	3.71%	3,097	2.35

- 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 and supplemented. 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, 12 May 2017

On behalf of the Board of Directors

Signed Roberto Siagri
Chief Executive Officer

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Declaration of the Financial Reporting Manager

Amaro, 12 May 2017

DECLARATION

PURSUANT TO ARTICLE 154 BIS, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT, PURSUANT TO ARTICLES 8 AND 21 OF LAW NO. 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 31 March 2017 approved by the Company's Board of Directors on 12 May 2017,

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in compliance with the matters set forth under ex - art. 154 *bis* , paragraph 2, part IV, title III, chapter II, section V-*bis* of the Legislative Decree no. 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 31 March 2017 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza