EUROTECH
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Consolidated Interim Financial Report
at 30 June 2019

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: 5 September 2019
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
Share capital: €8,878,946 fully paid in
Tax code and
Udine Company Register: 01791330309

CONTENTS

Corporate Bodies

Board of Directors	
Chairman	Giuseppe Panizzardi [1 5 7]
Deputy Chairman	Roberto Siagri [6]
Deputy Chairman	Dino Paladin [1]
Director	Giulio Antonello [1 2 6]
Director	Riccardo Costacurta [1 2 3 4 5]
Director	Chiara Mio [1 2 3 4 5 6]
Director	Giorgio Mosca [1 7]
Director	Carmen Pezzuto [1 2 4]
Director	Marina Pizzol [1 3 7]

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 Statutory Auditor	Clara Carbone
Substitute Statutory 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 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 Company 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 transactions with related parties.
[5] Member of the Remuneration Committee.
[6] Member of the Appointments Committee.
[7] The Director resigned with effect from the first of (i) the date of the shareholders' meeting of the Company that will be convened to resolve on the appointment of new members of the Board of Directors to replace the resigning directors, before the opening of proceedings and (ii) the date of 15 October 2019.

Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of the MTA Market run by Borsa Italiana since 30 November 2005.

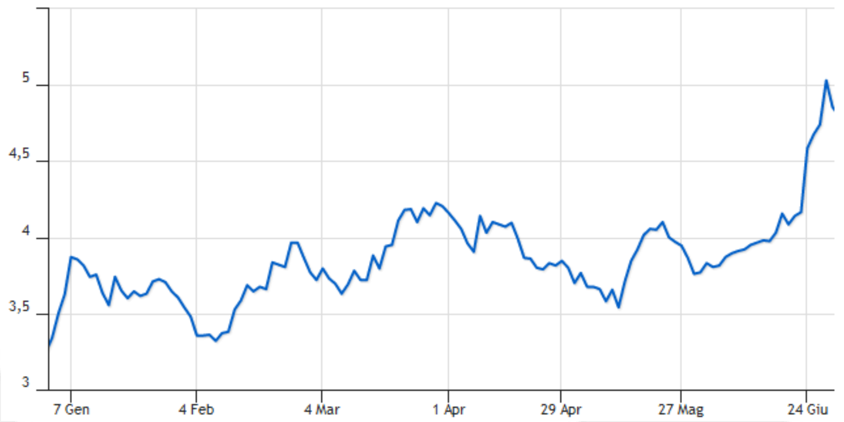
Share capital of Eurotech S.p.A. at 30 June 2019

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	839,020
Stock market capitalisation (based on the average share price in June 2019)	€175 million
Stock market capitalisation (based on the share price on 30 June 2019)	€172 million

Performance of Eurotech S.p.A. shares

Relative performance EUROTECH S.p.A.
01.01.2019 – 30.06.2019

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



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

Management report

Introduction

The consolidated annual financial statements of Eurotech Group were prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.
This consolidated half-year financial report for the six-month period ended 30 June 2019 was prepared in accordance with the provisions of IAS 34 Interim Financial Reporting, Art. 154-*ter* of the Consolidated Law on Finance, as well as the relevant Consob provisions. This consolidated half-year financial report is subject to a limited audit according to the criteria recommended by Consob. The consolidated half-year financial report does not contain all the information and notes required for drafting the consolidated annual financial statements and therefore this report must be read together with the consolidated annual financial statements as at 31 December 2018.
Unless otherwise stated, data are expressed in thousands of euro.

Summary data

Financial data

(€'000)	1H 2019	%	1H 2018	%	% change
OPERATING RESULTS					
SALES REVENUES	53,038	100.0%	37,322	100.0%	42.1%
GROSS PROFIT MARGIN	26,340	49.7%	18,034	48.3%	46.1%
EBITDA	10,874	20.5%	3,629	9.7%	199.6%
EBIT	8,944	16.9%	2,681	7.2%	233.6%
PROFIT (LOSS) BEFORE TAXES	8,692	16.4%	2,610	7.0%	233.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD	8,833	16.7%	1,913	5.1%	361.7%

Statement of financial position data

€'000	at June 30, 2019	at December 31, 2018
BALANCE SHEET AND FINANCIAL HIGHLIGHTS		
Non-current assets	99,060	91,874
- of which net intangible assets	87,896	85,369
- of which net tangible assets	6,550	2,579
Current assets	62,260	51,673
TOTAL ASSETS	161,320	143,547
Group shareholders' equity	112,865	102,042
Minority interest	0	0
Non-current liabilities	15,175	10,594
Current liabilities	33,280	30,911
TOTAL LIABILITIES AND EQUITY	161,320	143,547

€'000	at June 30, 2019	at December 31, 2018
NET FINANCIAL POSITION	(1,332)	(930)
NET WORKING CAPITAL	19,065	15,607
NET INVESTED CAPITAL*	111,533	101,112
CASH FLOW DATA		
Cash flow generated (used) in operations	7,680	10,577
Cash flow generated (used) in investment activities	(2,232)	(3,237)
Cash flow generated (absorbed) by financial assets	1,773	(905)
Net foreign exchange difference	(3)	16
TOTAL CASH FLOW	7,218	6,451

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

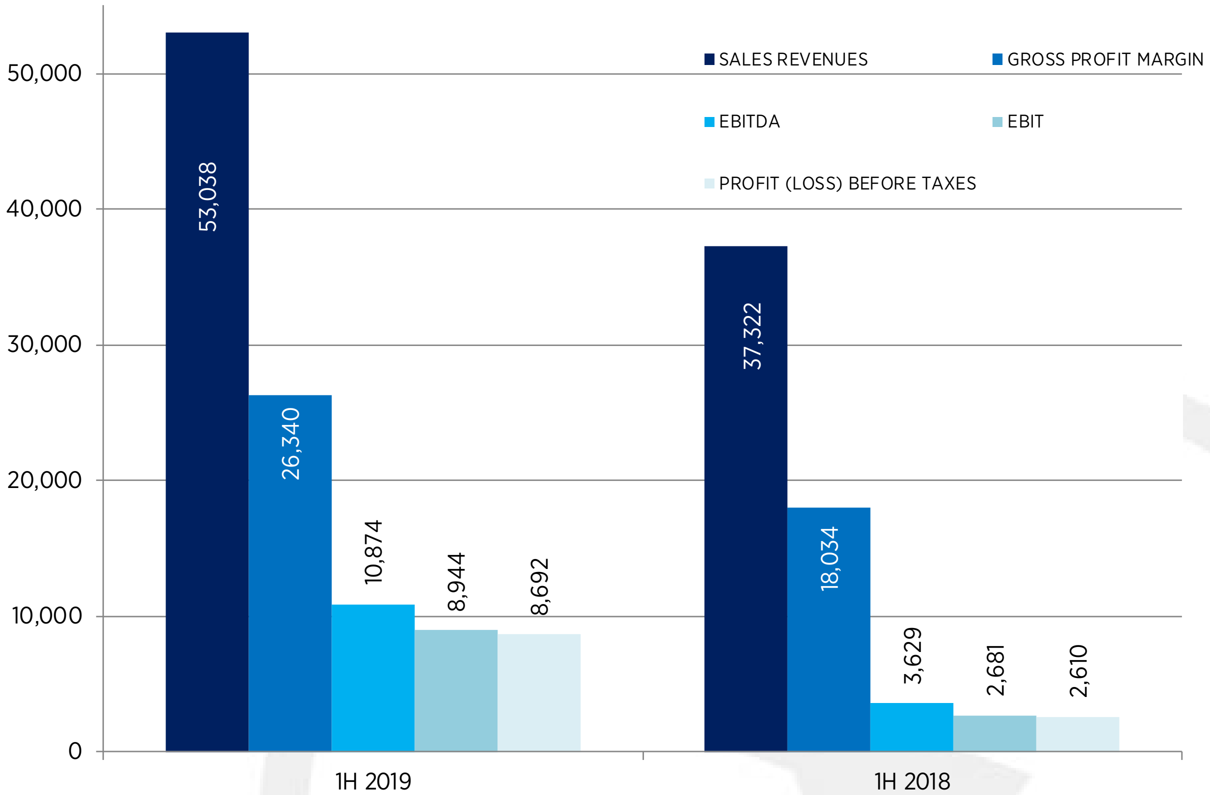
Number of employees

	at June 30, 2019	at December 31, 2018	at June 30, 2018
EMPLOYEES	310	302	303

Revenues of the NanoPC line by geographic business areas

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change
Third party Sales	27,849	15,053		13,038	9,824		12,151	12,445		0	0		53,038	37,322	
Infra-sector Sales	508	358		3,612	2,542		448	110		(4,568)	(3,010)		0	0	
Total Sales revenues	28,357	15,411	84.0%	16,650	12,366	34.6%	12,599	12,555	0.4%	(4,568)	(3,010)	-51.8%	53,038	37,322	42.1%

Chart of results



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: (1) miniaturisation of 'smart' devices, i.e. devices capable of processing information; (2) their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and (3) their ability to connect and communicate with each other in a network.

In this perspective, Eurotech carries out research and development activities aimed towards the production and sale of high-capacity, low-consumption miniaturised computers, for use in various industrial environments, that are easily connected together and to the "cloud" through the new paradigm, the Internet of Things (IoT).

The Group's offering is modular featuring different levels of hardware and software integration and it is structured as follows:

- base components: electronic processing and communication boards of varying standard and proprietary form factors (PC/104, Com-Express, VME, CompactPCI, etc.);
- high- and very high-performance, low-energy-consumption processing and communication sub-systems for fixed and mobile applications, made from base components and third-party components (product lines: BoltCOR, DynaCOR, and custom systems);
- ready to use devices and sensors made from base components and sub-systems with integrated specific software (product lines: ReliaGATE and DynaGATE for IoT Gateways, BoltGATE for Edge Computers, and as for smart sensors, the PCN and the ReliaSENS);
- software to integrate base components, sub-systems, and devices with the cloud: Everyware Software Framework (ESF) on the Operational Technology (OT) side and Everyware Cloud integration platform on the Information Technology (IT) side;
- solution design and product personalisation services in order to simplify their integration with customer products.

Eurotech offerings can be used in various application environments, both traditional and emerging. The Group's presence is strongest in the industrial manufacturing, transportation, medical, energy and defence sectors. What our customers share is a common need to find not just the right supplier, but a centre of technological competence and they recognise that Eurotech can be the partner to innovate their products as well as their way of doing business. Our goal with our offering is to reduce Time-To-Market and Total Cost of Ownership for our customers so that they can concentrate on their "core" business.
With the emergence of Industry 4.0 and the diffusion of artificial intelligence and collaborative robotics, much of the processing power that in the past moved from the "periphery" to the "centre" (Cloud computing) is now returning to the "periphery" (Edge computing). The Edge computing paradigm is revitalising both the traditional embedded computer sector as well as the High Performance Computer (HPC) sector. More and more embedded computers will be in demand at the periphery, they will be connected to the cloud and the connection will have to be guaranteed by IoT software platforms. Eurotech, a step ahead of the market, developed an IoT platform for industrial IoT, marketed as the Everyware Cloud and thanks to the open innovation model adopted for its development, is becoming a de-facto standard.
Regarding HPC, these need to be re-designed: they must begin to be miniaturised, just as personal computers became smaller in the 1990s, until they can be used at the edge. Thus, HPCs will move from the "centre" to the "periphery", becoming what are known today as HPECs (High Performance Embedded Computers). Thanks to the know-how acquired throughout the years on the design and development of HPCs with hot water, low pressure cooling, Eurotech is one of just a handful of companies that is able to offer very compact HPECs that are capable of operating in very small spaces typical of mobile applications and are ready to meet the current needs of our target markets.

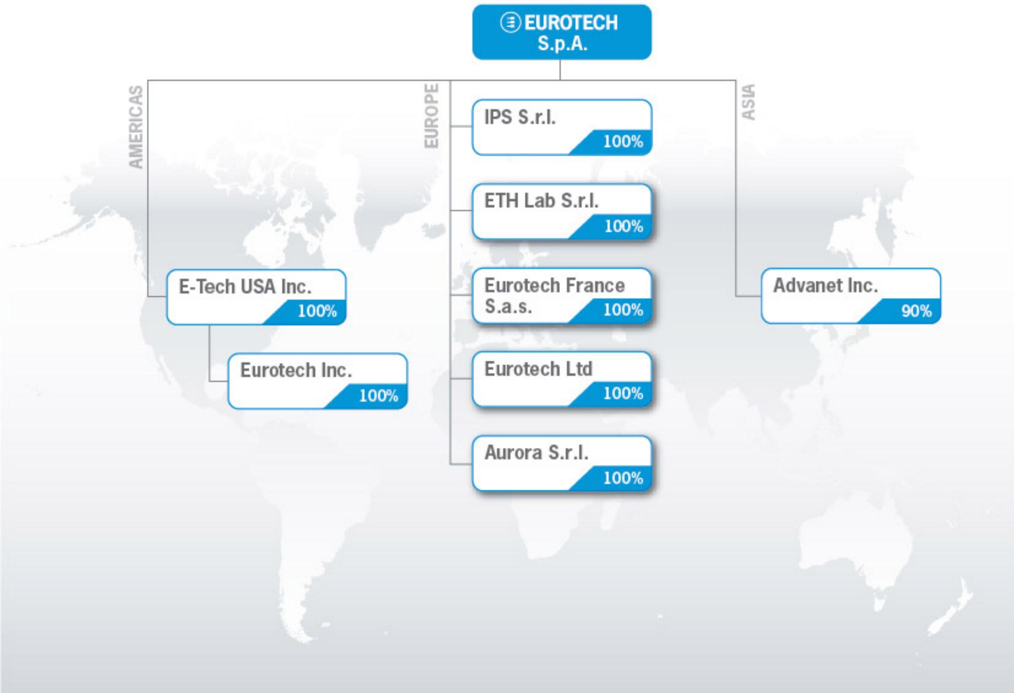
As we continue to improve our consolidated offer, we increasingly face the challenge of creating end-to-end solutions to easily connect and manage distributed intelligent objects and to transport valuable data from these objects to business applications, all of which leveraging the Cloud IT infrastructure.
Equipped with a small, interconnected computer, any object can generate a flow of data and potentially become a monitored asset via the web: from a vending machine to a boiler, from an agricultural vehicle to a locomotive. But to create the "Internet of Things", the interface between the real world and the digital world must be managed, between sensors and the web, and between smart devices and Cloud applications.
At Eurotech, we know how to move to the Cloud the data generated in real-world applications, to create the Data Lake and therefore to make the data usable for business processes and applications. Today, our embedded computers, both in the form of boards and sub-systems, and our devices can be easily integrated into a Cloud infrastructure - public, private or on-premises, through our Everyware Cloud software platform, which allows users to quickly connect intelligent objects to build distributed systems for IoT solutions. Thanks to our technology components, our partners and customers can

create flexible solutions that support asset-monitoring applications in various operational contexts and the performance of new value-added services.

At 30 June 2019, the Eurotech Group consisted of the following companies:

Company name	Business activity	Share capital	Group share
Parent company			
Eurotech S.p.A.	Operates in the NanoPC segment focusing on the High Performance Embedded Computer market and "IoT technology", predominantly in the Italian and EMEA market. In terms of organisation, it performs the role of industrial holding coordinating all subsidiaries of the Eurotech Group.	€8,878,946	
Subsidiaries and companies consolidated on a line-by-line basis			
Aurora S.r.l.	Engineering company that provides internal services to the Group in the High Performance Embedded Computer segment.	€10,000	100.00%
E-Tech USA Inc.	Holding company that controls 100% of Eurotech Inc.	USD 8,000,000	100.00%
EthLab S.r.l.	Company that provides services and performs research and development for the Group	€115,000	100.00%
Eurotech Inc.	Operates in the US market with a focus on the industrial, medical, defense and transport sectors	USD 26,500,000	100.00%
Eurotech France S.A.S.	Operates in the French market	€795,522	100.00%
Eurotech Ltd.	Operates in the United Kingdom and in Northern Europe	GBP 33,333	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Operates in the Italian market under the IPS brand	€51,480	100.00%
Advanet Inc.	Operates in the Japanese market with a focus on the industrial, medical and transport sectors	JPY 72,440,000	90.00% (1)

(1) For purposes of consolidation, it is considered as 100% owned, since the company holds the remaining 10% in the form of treasury shares.


EUROTECH S.p.A.
AMERICAS
EUROPE
ASIA
IPS S.r.l. 100%
ETH Lab S.r.l. 100%
Eurotech France S.a.s. 100%
Eurotech Ltd 100%
Aurora S.r.l. 100%
E-Tech USA Inc. 100%
Eurotech Inc. 100%
Advanet Inc. 90%

Operating performance

(€'000)		1H 2019	%	1H 2018	%
OPERATING RESULTS					
SALES REVENUES		53,038	100.0%	37,322	100.0%
GROSS PROFIT MARGIN	(*)	26,340	49.7%	18,034	48.3%
EBITDA	(**)	10,874	20.5%	3,629	9.7%
EBIT	(***)	8,944	16.9%	2,681	7.2%
PROFIT (LOSS) BEFORE TAXES		8,692	16.4%	2,610	7.0%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		8,833	16.7%	1,913	5.1%

(*) Gross profit is the difference between revenues from sales of goods and services and use of raw materials.
(**) EBITDA is an intermediate result, which includes depreciation, amortisation and impairment of assets, financial income and charges, valuation of equity interests in affiliates using the equity method, and income tax for the year. This is a measure used by the Group to monitor and assess operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the calculation criterion applied by the Group may not be consistent with that used by other companies and would therefore not be comparable.
(***) EBIT is the result before financial income and charges, valuation of equity interests in affiliates using the equity method, and income tax for the year.

Turnover in the first half of 2019 amounted to €53.04 million, a net increase compared to €37.32 million in the first half of 2018. The increase is 35.5% at constant exchange rates, while an increase of 42.1% is shown as a result of the different currency conversion ratio applied in the two periods. The growth is the direct effect of the increase in orders and the backlog existing at the beginning of the year, which enabled the Group to obtain its highest level of turnover ever, even when the scope of consolidation was larger.
The geographical areas of the United States and Europe contributed to this increase in turnover, closing the first half with growth of 74.9% and 42.2%, respectively, compared to the first half of 2018. Japan, on the contrary, remains slightly below the values of the first half of 2018.

The Group's growth will continue during the second half of the year due to the positive trend in orders that the individual companies continue to receive. The orders in the portfolio that can generate turnover within the year are, in value, 30% higher than the orders outstanding as at 30 June 2018 that generated turnover in the second half of 2018.
Given these assumptions, and also considering the strong growth of the revenues of the Group in the second half of 2018, we expect an overall annual growth of over 20%..
The Group continues to act as a partner for strategic innovation of its customers, supporting them in their needs to innovate products, processes and to transform their business models that the Fourth Industrial Revolution is more and more triggering.

The Group in fact, in addition to being one of the leaders in the field of Embedded Computers, in recent years, thanks to the important investments in research and development carried out, has established itself as one of the leading technological leaders also in the emerging IoT sector. A leadership highlighted and supported by the research of many important sector analysts.

The gross profit for the period amounted to €26.34 million, or 49.7% of turnover, compared to 48.3% in the first half of 2018. This value, which improved compared to the figure for the full year of 2018 (which amounted to 47.5%) is in line with the plan for the year, which provides for gross profit of around 50% in the different quarters. This highlights how the Group is able to develop technologies and products with high added value that are more and more matching the needs of the market in this digital transformation era.

With reference to operating costs, they were 32.2% of revenues in the first half of 2019 compared to 42.9% in the first half of 2018: this demonstrates once again how the Group was able to activate operational leverage and how, albeit with some necessary cost increases, the structure was able to sustain with the same resources an important growth in turnover, therefore generating more and more value. Operating costs before adjustments increased in the first six months of 2019 by €1.06 million, or 6.6%, to support the increase in turnover for the period and the coming quarters. Additional costs in the areas of R&D and sales will be incurred during the year to continue to support forecasted future growth, maintaining the operational leverage always active with a view to continuous growth in value. The entry into force this year of IFRS 16 entailed a reduction in operating costs of €0.73 million. Even with a recalculation of 2018 operating costs in application of IFRS 16, the impact of operating costs on revenues improved significantly.

Payroll costs amounted to €10.07 million, which means 19.0% of revenues, that is a decrease from the same period of the previous year (23.9%). The headcount at 30 June 2019 was 310 (302 at 31 December 2018 and 303 at 30 June 2018), with an average of 309 employees for the period (297 in the first half of 2018).

The EBITDA amounted to €10.87 million, compared to €3.63 million in the first half of 2018, equivalent to 20.5% of revenues (9.7% in the same period of 2018), thereby reflecting both the trend of gross profit as well as operating costs and other revenues.

EBIT was €8.94 million, compared to €2.68 million in the first half of 2018. EBIT as a percentage of revenues in the first six months was 16.9%, compared to 7.2% in the same period of 2018. This improvement was due to the trend in EBITDA noted above. The depreciation/amortisation of tangible and intangible assets accounted for €1.92 million against €0.95 million of depreciation/amortisation expenses in the same period of 2018. The increase in depreciation/amortisation is mainly due to the effect of the application of the new IFRS 16 accounting standard discussed in note 27.

In the first six months of 2019, financial management recorded a loss of €0.25 million, compared with a loss of €0.05 million in the first half of 2018. The value for 2018 was affected by a different trend in exchange rates, which led to a positive effect of €169 thousand, while in 2019 the exchange rate provided a positive contribution of only €23 thousand. Financial management relative to interest had an impact of €203 thousand, a value similar to that of the first half of 2018 (€201 thousand).

The pre-tax result showed a profit of €8.69 million compared with €2.61 million for the first six months of 2018. The improvement in the pre-tax result of €6.08 million is due to the combined effect of higher EBIT for €6.26 million and the negative trend in financial management and equity interests for a total of €0.18 million.

Estimated taxes, calculated based on the rates established for the year by governing regulations and considering the tax benefit for the use of tax losses based on the forecasted results for the end of the year, amounts to €0.14 million. Therefore, the result for the first six months was influenced by the recognition of deferred tax assets of €2.0 million for the expected uses to be made by the American and Italian companies.

The net result for the Group was €8.83 million, equivalent to 16.7% of revenues, a significant increase from €1.91 million in the first half of 2018.

The positive result achieved in connection with the performance of working capital focused attention on the positive operating cash flows, that justify the increase in cash and cash equivalents.

As indicated in the explanatory notes to the annual consolidated financial statements, the Group oversees a single line of business known as "NanoPC", which comprises a) embedded computing modules and systems for industrial, transport, medical, energy and defence uses; b) Edge computers featuring low power consumption and high performances, to be used both in Internet of Things (IoT) solutions and to create applications where Artificial Intelligence (AI) algorithms are used; c) software frameworks and platforms for IoT applications.
The segment reporting is presented based on the geographic area in which the various Group companies operate and are currently monitored. This is defined by the location of goods and operations carried out by individual Group companies. The regions identified within the Group are: North America, Europe, and Asia.

Changes in revenues and margins by individual geographical area and the relative changes in the periods under review are set out below.

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change
Third party Sales	27,849	15,053		13,038	9,824		12,151	12,445		0	0		53,038	37,322	
Infra-sector Sales	508	358		3,612	2,542		448	110		(4,568)	(3,010)		0	0	
Total Sales revenues	28,357	15,411	84.0%	16,650	12,366	34.6%	12,599	12,555	0.4%	(4,568)	(3,010)	-51.8%	53,038	37,322	42.1%
Gross profit	11,738	4,947	137.3%	8,235	6,334	30.0%	6,506	6,877	-5.4%	(139)	(124)	12.1%	26,340	18,034	46.1%
Gross profit margin - %	41.4%	32.1%		49.5%	51.2%		51.6%	54.8%					49.7%	48.3%	
EBITDA													10,874	3,629	199.6%
EBITDA margin - %													20.5%	9.7%	
EBIT													8,944	2,681	233.6%
EBIT margin - %													16.9%	7.2%	

North American revenues amounted to €28.36 million in the first half of 2019 and €15.41 million in the first half of 2018, posting a considerable increase of 84.0%, including in intra-sector revenues. The activities carried out by the management over the last two years are bearing fruit in terms of revenue and order intake growth, both from established customers and with new customers, and it's from the latter that we expect the growth will come in the next years. In the US both opportunities in the Embedded PC products business line and in the IoT business line are growing. Generally speaking, there is a notable acceleration in customers' interest in innovative solutions for AI and IoT.
The European geographic area posted significant growth, from €12.37 million in the first half of 2018 to €16.65 million in the first half of 2019, representing a total increase of 34.6%, including infra-sector revenues. This increase brings Europe to record levels with further growth expected for the end of the year. These results were brought about by new business opportunities generated through new customers with important recurring orders in the new sector of autonomous systems that use Artificial Intelligence and that are linked to HPEC (High Performance Embedded Computer) technologies, as well as in traditional sectors such as intelligent transportation, and in sectors related to Industry 4.0 that need technology components to implement Industrial IoT solutions.
Finally, the Asia geographic area posts slight growth (considering intra-sector revenues), passing from €12.55 million to €12.60 million. Also, in this area, new joint development activities have begun with important customers and will translate into revenue growth in the coming years.

The breakdown of revenues by type which also, in application of IFRS 15 represents the disclosure of disaggregated revenues, is as follows:

(€' 000)	1H 2019	%	1H 2018	%	% change
SALES BY TIPE					
Industrial revenues	51,537	97.2%	36,178	96.9%	42.5%
Services revenues	1,501	2.8%	1,144	3.1%	31.2%
TOTALE SALES AND SERVICE REVENUES	**53,038**	**100.0%**	**37,322**	**100.0%**	**42.1%**

The regional breakdown of revenues by customer location is shown below:

(€' 000)	1H 2019	%	1H 2018	%	var. %
BREAKDOWN BY GEOGRAPHIC AREA					
European Union	11,855	22.4%	8,327	22.3%	42.4%
United States	27,134	51.2%	15,511	41.6%	74.9%
Japan	12,153	22.9%	12,446	33.3%	-2.4%
Other	1,896	3.6%	1,038	2.8%	82.7%
TOTAL SALES AND SERVICE REVENUES	**53,038**	**100.0%**	**37,322**	**100.0%**	**42.1%**

The breakdown of revenues by customer's location highlights an increase in turnover in the United States of 74.9%, proving again in 2019 that this is the predominant area for the Group. The US accounted for 51.2% of total sales in 2019.
Japan posted a slight reduction of 2.4%. As previously noted at the end of the year, this area continues to be the Group's second most important area, accounting for 22.9% of revenues.
In the European area, again with reference to customer location, turnover shows a considerable increase of 42.4%, allowing the area to reach 22.4% of total turnover. This higher turnover was achieved mainly in Germany, where the Group is present with its leading IoT and HPEC technologies, which are proving to be at the forefront even compared to local competitors.

Statement of financial position

Non-current assets

(€'000)	at June 30, 2019	at December 31, 2018	Changes
Intangible assets	87,896	85,369	2,527
Property, Plant and equipment	6,550	2,579	3,971
Investments in other companies	160	160	-
Deferred tax assets	3,703	3,025	678
Medium/long term borrowing allowed to affiliates companies and other Group companies	88	87	1
Other non-current assets	663	654	9
Total non-current assets	99,060	91,874	7,186

The "Non-current assets" item shown in the table above increased from €91.87 million in 2018 to €99.06 million in the first half of 2019. The change is primarily related to the application of IFRS 16, which resulted in an increase in tangible fixed assets of €3.94 million, as the standard provides that assets leased for more than one year are recognised under fixed assets and depreciated based on the contract's duration (see note 27), in addition to investments made and changes in intangible and tangible fixed assets deriving from the different exchange rate for financial statements in foreign currencies.

The Group's main investments break down as follows:

(€'000)	at June 30, 2019	at December 31, 2018	at June 30, 2018
Intangible assets	1,956	2,533	1,153
Property, plant and equipment	290	704	169
Investments	-	23	15
TOTAL MAIN INVESTMENTS	2,246	3,260	1,337

Current assets

(€'000)	at June 30, 2019	at December 31, 2018	Changes
Inventories	22,231	21,998	233
Contracts in progress	-	86	(86)
Trade receivables	16,556	13,808	2,748
Income tax receivables	162	298	(136)
Other current assets	2,790	2,183	607
Other current financial assets	107	104	3
Cash & cash equivalents	20,414	13,196	7,218
Total current assets	62,260	51,673	10,587

The item "Current assets" increased from €51.67 million as at 31 December 2018 to €62.26 million in the first half of 2019.

The increase in trade receivables is related to the volume of turnover in the second quarter not yet collected. The increase in inventory is in line with higher expected shipments, while the increase in liquidity is attributable to net cash generation during the half-year, only partially offset by the use of cash to pay loan instalments, as well as the available liquidity that has not yet been completely utilised, deriving from a recently obtained loan.

Working capital

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

(€'000)	at June 30, 2019 (b)	at December 31, 2018 (a)	at June 30, 2018	Changes (b-a)
Inventories	22,231	21,998	20,301	233
Contracts in progress	0	86	816	(86)
Trade receivables	16,556	13,808	14,177	2,748
Receivables from affiliates companies	0	0	0	0
Income tax receivables	162	298	217	(136)
Other current assets	2,790	2,183	1,845	607
Current assets	**41,739**	**38,373**	**37,356**	**3,366**
Trade payables	(15,960)	(14,411)	(13,451)	(1,549)
Trade payables from affiliates companies	0	0	0	0
Income tax liabilities	(590)	(1,571)	(704)	981
Other current liabilities	(6,124)	(6,784)	(5,992)	660
Current liabilities	**(22,674)**	**(22,766)**	**(20,147)**	**92**
Net working capital	19,065	15,607	17,209	3,458

Working capital increased compared to 31 December 2018. This change is primarily due to the increase in current assets and, in particular, the value of trade receivables and current assets, while current liabilities are essentially unchanged. It should also be noted that the net working capital at 30 June 2019 decreased compared to the value recorded at 31 March 2019, which was Euro 20.96 million.

Working capital as a ratio of turnover in the last twelve months was 20.1%, compared to 19.7% as at 31 December 2018 and 22.8% as at 30 June 2018.

Net financial position

The net financial position at the end of each period indicated is broken down in the schedule below.

(€'000)		at June 30, 2019	at December 31, 2018	at June 30, 2018
Cash & cash equivalents	A	(20,414)	(13,196)	(8,333)
Cash equivalent	**B=A**	**(20,414)**	**(13,196)**	**(8,333)**
Other current financial assets	C	(107)	(104)	(97)
Derivative instruments	D	71	20	6
Short-term borrowing	E	10,535	8,125	9,507
Short-term financial position	**F=C+D+E**	**10,499**	**8,041**	**9,416**
Short-term net financial position	**G=B+F**	**(9,915)**	**(5,155)**	**1,083**
Medium/long term borrowing	H	8,671	4,312	1,848
Medium-/long-term net financial position	**I=H**	**8,671**	**4,312**	**1,848**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	J=G+I	(1,244)	(843)	2,931
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(88)	(87)	(86)
(NET FINANCIAL POSITION) NET DEBT	L=J+K	(1,332)	(930)	2,845

Note that, effective 1 January 2019, the new IFRS 16 "Leases" standard was adopted, which establishes a new method of accounting for lease contracts (Right of Use), which must be recognised with a balancing entry in financial liabilities. Following the adoption of the new standard, greater financial liabilities were recognised at 30 June 2019 in the amount of €3.95 million; net of this effect, the net financial position would have been €5.28 million.
Comparing the values without the effect generated by IFRS 16, the Group improved its net cash position. This improvement is mainly due to the positive effect of EBITDA for €10.97 million, with a negative change in working capital of €3.56 million and to the net investments in tangible and intangible assets totalling €2.25 million.
With regard to liquidity, the change is due to the net effect deriving from the liquidity generated during the first half and from liquidity obtained after new loans were opened, net of payments of loan instalments and the use of the loan to support the current management and disbursements relating to investments made to support the various business areas.

Cash flows

(€'000)		at June 30, 2019	at December 31, 2018	at June 30, 2018
Cash flow generated (used) in operations	A	7,680	10,577	5,037
Cash flow generated (used) in investment activities	B	(2,232)	(3,237)	(1,306)
Cash flow generated (absorbed) by financial assets	C	1,773	(905)	(1,637)
Net foreign exchange difference	D	(3)	16	(506)
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	7,218	6,451	1,588
Opening amount in cash & cash equivalents		**13,196**	**6,745**	**6,745**
Cash & cash equivalents at end of period		**20,414**	**13,196**	**8,333**

Investments and research and development

At 30 June 2019, technical investments (tangible assets) in buildings, systems, equipment and instruments amounted to €85 thousand, while investments in other assets amounted to €205 thousand. Furthermore, during the first half the Group purchased software licenses relating to production for €123 thousand and €317 thousand in licenses and consultancy for implementing the new ERP system.
During the period, the Group invested in industrial research and development and technological innovation for new products and processes improvement.
Research resulted in the development of new products/applications in the field of: highly integrated, low-consumption embedded computers and systems, IoT framework and integration platform, edge computers, intelligent sensors and embedded supercomputers. Moreover, technological innovation enabled the Company to achieve improvements in product quality in order to reduce production costs, with a resulting increase in business competitiveness. During the period, development costs for new products were capitalised for €1,516 million (€1,082 million in the first half of 2018).

Competitive scenario, outlook and future growth strategy

The volume of orders received in the last 24 months along with portfolio orders with delivery scheduled for the end of the year, as well as the continuous recognition that the Group is receiving both in the traditional business and in the emerging IoT market and the Group's solidity in terms of capital and cash flow, allow good visibility of performance for the second half of 2019. Nevertheless, market conditions in some sectors and certain geographic areas, as well as global economic and political conditions, only allow us to say that the growth will be over 20% without being able to give more details on the year-end result. From a financial perspective, in addition to the Group's resources, the ongoing support of banking institutions continues to be critical in supporting internal growth.
The Group's strategies continue to follow the guidelines adopted in recent years. The implementation of the strategic plan specifically includes the following actions:

- the development and supply of new products/solutions with greater added value, with a particular focus on the creation of application-ready platforms and ready-to-use products;
- the focus on products/solutions that are closer to the "pervasive computing" and "cloud computing" paradigms;
- strengthening commercial activities, particularly with regard to indirect sales channels along with direct ones;

- heightened integration between individual Group companies, to (a) achieve greater operating effectiveness, (b) benefit from the economies of scale achievable, and (c) consolidate the Eurotech brand image;
- the continuous monitoring of opportunities for new acquisitions to extend the Group's presence in specific markets or as facilitators of cross-selling between subsidiaries.

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

The Parent Company Eurotech S.p.A. held 839,020 treasury shares at the end of the reporting period. During the first half of 2019, the Parent Company's did not purchase or sell treasury shares on the market; however, 480,000 shares were assigned to employees as part of the existing performance plan.

Disclosure on sovereign exposure

Pursuant to Consob Communication DEM/11070007 of 5 August 2011 (a continuation of ESMA document 2011/266 of 28 July 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.

Regulatory simplification process based on Consob resolution no. 18079/2012

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

Corporate governance information

The "Report on Corporate Governance and Ownership Structure" (hereinafter "Report") envisaged by Art. 123-*bis* of the Consolidated Law on Finance was prepared as an independent document, approved by the Board of Directors on 13 March 2019 and published on the Company's website at www.eurotech.com in the "Investors" section along with the financial statements.
The report was drafted in accordance with the recommendations of the Corporate Governance Code of July 2018, using as a model the "Format for the Report on Corporate Governance and Ownership Structure - VII Edition (January 2018)" prepared by Borsa Italiana S.p.A.
The report provides a general and complete overview of the corporate governance system adopted by Eurotech S.p.A. The Company's profile and the principles to which it aspires are described. It contains information on the ownership structure and compliance with the Corporate Governance Code, including the principal governance policies applied and the main features of the internal control and risk management system. Furthermore, it includes a description of the functioning and composition of administrative and control bodies and their committees, roles, responsibilities and competencies.

The criteria for determining directors' compensation are described in the "Remuneration Report", drafted in compliance with the requirements envisaged by Art. 123-*ter* of the Consolidated Law on Finance and Art. 84-*quater* of the Consob Issuers' Regulation and published in the "Investors / Shareholder Information" section of the Company's website.

Unusual and/or atypical transactions

Based on the information received from Group companies, no unusual or atypical transactions took place as defined by Consob in its notice 6064293 of 28 July 2006.

Events after the reporting period

No significant events took place after the reporting date and until the date of 5 September 2019.

Schedules of the condensed consolidated half-year report as at 30 June 2019

Consolidated statement of financial position

(€'000)	Notes	at June 30, 2019	*of which related parties*	at December 31, 2018	*of which related parties*
ASSETS					
Intangible assets	1	87.896		85.369	
Property, Plant and equipment	2	6.550		2.579	
Investments in other companies	3	160		160	
Deferred tax assets	26	3.703		3.025	
Medium/long term borrowing allowed to affiliates companies and other Group companies		88	88	87	87
Other non-current assets		663		654	
Total non-current assets		99.060		91.874	
Inventories	4	22.231		21.998	
Contracts in progress	4	-	-	86	86
Trade receivables	5	16.556	261	13.808	1.000
Income tax receivables	6	162		298	
Other current assets	7	2.790		2.183	
Other current financial assets	8	107	13	104	10
Cash & cash equivalents	9	20.414		13.196	
Total current assets		62.260		51.673	
Total assets		161.320		143.547	
LIABILITIES AND EQUITY					
Share capital		8.879		8.879	
Share premium reserve		136.400		136.400	
Other reserves		(32.414)		(43.237)	
Group shareholders' equity	11	112.865		102.042	
Equity attributable to minority interest	11	-		-	
Total shareholders' equity	11	112.865		102.042	
Medium-/long-term borrowing	13	8.671		4.312	
Employee benefit obligations	14	2.609		2.465	
Deferred tax liabilities	26	3.086		3.035	
Other non-current liabilities	15	809		782	
Total non-current liabilities		15.175		10.594	
Trade payables	16	15.960	132	14.411	132
Short-term borrowing	13	10.535		8.125	
Derivative instruments	30	71		20	
Income tax liabilities	6	590		1.571	
Other current liabilities	17	6.124		6.784	
Total current liabilities		33.280		30.911	
Total liabilities		48.455		41.505	
Total liabilities and equity		161.320		143.547	

Consolidated income statement

(Migliaia di Euro)	Notes	1H 2019	of which related parties	1H 2018	of which related parties
Revenues from sales of products and services	D	53,038	326	37,322	642
Other revenues	23	103		499	
Cost of materials	18	(26,698)	-	(19,288)	-
Service costs	20	(6,427)	-	(5,878)	(1)
Lease & hire costs		(161)		(823)	
Payroll costs	21	(10,075)		(8,909)	
Other provisions and other costs		(422)		(413)	
Cost adjustments for in-house generation of non-	22	1,516		1,119	
Depreciation & amortisation	24	(1,920)		(948)	
Asset impairment	24	(10)		-	
Operating profit		8,944		2,681	
Share of associates' profit of equity	3	-		-	
Subsidiaries management		-		(19)	
Finance expense	25	(506)		(649)	
Finance income	25	254	3	597	7
Profit before taxes		8,692		2,610	
Income tax	26	141		(697)	
Net profit (loss)		8,833		1,913	
Minority interest		-		-	
Group net profit (loss) for period		8,833		1,913	
Base earnings (losses) per share	12	0.255		0.056	
Diluted earnings (losses) per share	12	0.255		0.056	

Consolidated statement of comprehensive income

(€'000)	Notes	1H 2019	1H 2018
Net profit (loss) before minority inerest (A)		8,833	1,913
Other elements of the statement of comprehensive			
Other comprehensive income to be reclassified to profit or loss insubsequent periods:			
Net profit/(loss) from Cash Flow Hedge	29	(51)	3
Tax effect		-	-
		(51)	3
Foreign balance sheets conversion difference		1,428	2,193
Exchange differences on equity investments in foreign	11	232	997
Tax effect		-	-
		232	997
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		*1,609*	*3,193*
Comprehensive net result (A+B+C)		10,442	5,106
Comprehensive minority interest		-	-
Comprehensive Group net profit (loss) for period		10,442	5,106

Statement of changes in consolidated shareholders' equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2017	8.879	1.385	136.400	8.817	(58.830)	(9)	(456)	2.280	(3.097)	(4.672)	90.697	-	90.697
2017 Result allocation	-	-	-	-	(4.672)	-	-	-	-	4.672	-	-	-
Profit (loss) as at June 30, 2018	-	-	-	-	-	-	-	-	-	1.913	1.913	-	1.913
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		3	-	-	-	-	3	-	3
- Foreign balance sheets conversion difference	-	-	-	2.193	-			-	-	-	2.193	-	2.193
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	997	-	-	997	-	997
Total Comprehensive result	**-**	**-**	**-**	**2.193**	**-**	**3**	**-**	**997**	**-**	**1.913**	**5.106**	**-**	**5.106**
- Performance Share Plan	-	-	-	-	302	-	-	-	-	-	302	-	302
Balance as at June 30, 2018	8.879	1.385	136.400	11.010	(63.200)	(6)	(456)	3.277	(3.097)	1.913	96.105	-	96.105

(€'000)	Notes	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, 2018		8,879	1,385	136,400	12,223	(63,924)	(20)	(425)	3,925	(2,083)	5,682	102,042	-	102,042
2018 Result allocation		-	391	-	-	5,291	-	-	-	-	(5,682)	-	-	-
Profit (loss) as at June 30, 2019		-	-	-	-	-	-	-	-	-	8,833	8,833	-	8,833
Comprehensive other profit (loss):														
- Hedge transactions	30	-	-	-	-		(51)	-	-	-	-	(51)	-	(51)
- Foreign balance sheets conversion difference		-	-	-	1,428	-			-	-	-	1,428	-	1,428
- Exchange differences on equity investments in foreign companies		-	-	-	-	-	-	-	232	-	-	232	-	232
Total Comprehensive result		**-**	**-**	**-**	**1,428**	**-**	**(51)**	**-**	**232**	**-**	**8,833**	**10,442**	**-**	**10,442**
- Performance Share Plan	31	-	-	-	-	268	-	-	-	113	-	381	-	381
Balance as at June 30, 2019		8,879	1,776	136,400	13,651	(58,365)	(71)	(425)	4,157	(1,970)	8,833	112,865	-	112,865

Consolidated cash flow statement

CONSOLIDATED STATEMENT OF CASH FLOWS (€'000)	Notes	at June 30, 2019	of which related parties	at June 30, 2018	of which related parties
CASH FLOWS GENERATED BY OPERATIONS:					
Group net profit (loss) for period		8,833		1,913	
Adjustments to reconcile reported net profit with cash & cash equivalents generated (used) in operations:					
Depreciation & amortization intangible assets, property, plant and equipm	24	1,930		948	
Write-down of receivables	5	55		63	
Interest income	25	(8)		(8)	
Interest expenses	25	289		233	
Impairment of investments in other companies	3	-		30	
Gain from investments in associates copanies		-		(11)	
Income taxes (paid) get		(1,317)		(176)	
Stock Grant expenses	31	381		302	
Provision for (use of) cumulative inventory write-down	4	469		39	
Provision for (use of) long-term employee severance indemnities	14	144		42	
Provision for (use of) risk provision	15	27		26	
(Provision for) / use of deferred tax asset / Provision for (use of) deferred	26	(627)		106	
Changes in current assets and liabilities					
Trade receivables	5	(2,662)	739	1,723	(37)
Other current assets	7/8	(462)		(66)	
Inventories and contracts in process	4	(393)		(2,464)	
Trade payables	16	1,436	0	89	(12)
Other current liabilities	17	(415)		2,248	
Total adjustments and changes		(1,153)		3,124	
Cash flow generated (used) in operations		7,680		5,037	
CASH FLOW FROM INVESTMENT ACTIVITIES:					
Sales of tangible and intangible assets	1/2	18		-	
Interest income	25	8		8	
Purchase of intangible fixed assets	1	(1,956)		(1,153)	
Purchase of tangible fixed assets	2	(290)		(169)	
Decreases (Increases) other financial assets	8	(3)		(2)	
Net investments in long-term investments and non-current assets		(9)		1	
Cash flow generated (used) by non-current assets classified as held for sale		-		9	
Cash flow generated (used) in investment activities		(2,232)		(1,306)	
CASH FLOW FROM FINANCING ACTIVITIES:					
Loans taken	13	7,525		1,000	
Interest paid		(289)		(233)	
(Repaid) loans short and medium/long term	13	(5,463)		(2,404)	
Cash flow generated (absorbed) by financial assets		1,773		(1,637)	
Net foreign exchange difference		(3)		(506)	
Increases (decreases) in cash & cash equivalents		7,218		1,588	
Opening amount in cash & cash equivalents	9	13,196		6,745	
Cash & cash equivalents at end of period	9	20,414		8,333	

Explanatory notes to the financial statements

A – Corporate information

The publication of the condensed consolidated half-year financial statements of Eurotech S.p.A. for the period ended 30 June 2019 was authorised by resolution of the Board of Directors on 5 September 2019. Eurotech S.p.A. is a joint stock company incorporated and domiciled in Italy. The Group has its registered office in Amaro (Udine), Italy.
Eurotech is a group active in the research, development, and marketing of miniaturised computers and high-performance computers featuring high computing capacity. Moreover, within this business line it provides complete solutions or blocks of solutions and products for the Internet of Things through intelligent devices and an intelligent proprietary connectivity and communications platform. For more information, see Note D.

B – Reporting policies and IFRS compliance

The consolidated annual financial statements of Eurotech Group were prepared in accordance with IFRS accounting standards issued by the International Accounting Standards Board (IASB) and adopted by the European Commission pursuant to Art. 6 of EC Regulation 1606/2002 of the European Parliament and European Council of 19 July 2002.
These condensed consolidated half-year financial statements for the six-month period ended 30 June 2019 were prepared in accordance with the provisions of IAS 34 "Interim Financial Reporting", Art. 154-*ter* of the Consolidated Law on Finance and subsequent amendments, as well as the relevant Consob provisions. These condensed consolidated half-year financial statements do not contain all the information and notes required for drafting the consolidated annual financial statements and therefore this report must be read together with the consolidated annual financial statements as at 31 December 2018.
To prepare the interim financial statements, management must make estimates and assumptions that affect the values of revenues, costs, assets and liabilities in the financial statements and the disclosure of potential assets and liabilities at the interim reporting date. If in the future, these estimates and assumptions, which are based on management's best assessments, differ from the actual circumstances, they would be modified appropriately in the period in which the circumstances arise. For a more detailed description of the Group's most significant valuation processes, please refer to note "C - Discretionary valuations and relevant accounting estimates" in the consolidated financial statements at 31 December 2018.
Moreover, note that certain valuation processes, in particular, more complex ones, such as calculating any impairment of non-current assets, are generally carried out fully only upon drafting of the annual financial statements, when all necessary information is available, except in cases in which there are impairment indicators that require an immediate assessment of any losses in value.
Income taxes are recognised based on the best estimate of the weighted average rate expected for the entire year.
The accounting standards, consolidation principles, and valuation criteria applied to prepare the condensed consolidated half-year financial statements are consistent with those used to draft the consolidated financial statements as at 31 December 2018. The sole exception is for the adoption of new accounting standards, amendments and interpretations in force from 1 January 2019.

The standards, amendments and interpretations that became effective on 1 January 2019 and which are applicable for the first time to the Financial Report at 30 June 2019 are briefly described below. The application of these standards, amendments and interpretations, with the exception of IFRS 16 "Leases" whose effects are described in note 27, had no particular impact on the Group's consolidated financial statements, as they govern cases that are not relevant, or entail only financial disclosure:

Leases – IFRS 16 – the standard replaces IAS 17 on leases, and results in considerable impacts on the financial statements of lessees; in fact, in defining a single model for accounting recognition of leases, the distinction between operating lease and financial lease was eliminated. This entails the recognition of an asset for the right of use and a liability for the lease.
For purposes of presenting the impacts of the first-time adoption of IFRS 16 in the financial statements, the Group decided to make use of the practical expedient envisaged by IFRS 16 paragraph C5 lett. b) and paragraph C8, according to which the Group recognised a financial liability (€4.65 million) at 1 January 2019, corresponding to the present value of the remaining payments due for leases outstanding at the first-time adoption date, discounted using the marginal borrowing rate at the date of initial application (average discounte rate applied round 3%) , with a balancing entry in tangible assets for the same amount that reflects the right to use the leased assets, without restating the previous years presented for comparison purposes.

IFRS Annual Improvements - 2015-2017 Cycle - On 12 December 2017 IASB issued various amendments as part of the annual programme of improvements to the standards; most of the amendments are clarifications or corrections of existing IFRSs, or amendments consequent to changes previously introduced to the IFRSs.

Plan Amendment, Curtailment or Settlement – IAS 19 - On 7 February 2018, IASB published amendments to the standard, in the event of changes to a defined benefit plan, specifying the methods for calculating costs for pension benefits for the remaining reference period.

Uncertainty over Income Tax Treatments - IFRIC 23 - On 7 June 2017, IASB issued this interpretation which provides instructions on how to reflect, in the context of recognising income taxes, the uncertainties on the tax treatment of a given phenomenon.

Prepayment Features with Negative Compensation - IFRS 9 - On 12 October 2017, IASB published amendments to this standard, with the objective of allowing the measurement of amortised cost or fair value through other comprehensive income (OCI) of financial assets characterised by an early repayment option involving what is known as "negative compensation".

Investments in Associates and Joint Ventures - IAS 28 - The published amendments serve to clarify that IFRS 9 applies to long-term loans to an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture.

The consolidated financial report as at 30 June 2019 was drafted in euro, rounding amounts to the nearest thousand and consist of the statement of financial position, income statement, statement of comprehensive income, statement of changes in shareholders' equity, cash flow statement, and the following explanatory notes.

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

The condensed consolidated half-year financial report has been prepared in accordance with the general criteria of reliable and accurate presentation of the Group's financial position and results, as well as the cash flows, in compliance with the general principles of business continuity, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparability of information.

C – Scope of consolidation

The condensed consolidated half-year financial statements include the half-year financial statements of the Parent Company, Eurotech S.p.A., and the Italian and foreign subsidiaries in which Eurotech directly or indirectly (through subsidiaries and affiliates) exercises control, makes financial and operating decisions and obtains the respective benefits.
Subsidiaries are consolidated from the date at which control is effectively transferred to the Group, and cease to be consolidated on the date at which control is transferred outside the Group.
The companies included in the scope of consolidation on a line-by-line basis at 30 June 2019 are as follows:

Company name	Registered offices	Share capital		Group share
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	€	8,878,946	
Subsidiary companies consolidated line-by-line				
Aurora S.r.l.	Via Fratelli Solari, 3/A – Amaro (UD)	€	10,000	100.00%
EthLab S.r.l.	Via Dante, 300 – Pergine Valsugana (TN)	€	115,000	100.00%
Eurotech Inc.	Columbia, MD (USA)	USD	26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP	33,333	100.00%
E-Tech USA Inc.	Columbia, MD (USA)	USD	8,000,000	100.00%
Eurotech France S.A.S.	Vénissieux (France)	€	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	€	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.

Affiliates consolidated on equity basis				
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via Carlo Ghega, 15 – Trieste			21.31%
Other smaller companies valued at cost				
Kairos Autonomi Inc.	Sandy, UT (USA)			19.00%

There were no changes with regard to subsidiaries and affiliates compared with 31 December 2018.

The exchange rates used to convert the financial statements of foreign companies into the Eurotech Group's reference currency (euro) are presented in the following table and correspond to those issued by the Italian Foreign Exchange Bureau:

Currency	Average 6M 2019	As of June 30, 2019	Average 2018	As of December 31, 2018	Average 2018	As of June 30, 2018
British pound sterling	0.87363	0.89655	0.88471	0.89453	0.87977	0.88605
Japanese Yen	124.28360	122.60000	130.39588	125.85000	131.60570	129.04000
USA Dollar	1.12978	1.13800	1.18096	1.14500	1.21040	1.16580

D – Segment information

For management purposes, the Group considers only one business sector as relevant: the “NanoPC” sector. Thus, the disclosure is provided for the sole identified sector, broken down on a geographical basis. The geographical areas are produced in relation to the various group entities and based on the criteria with which they are currently monitored by top management.
The Group’s geographical areas are defined according to the localisation of Group assets and operations. They are: Europe, North America and Asia.
Management monitors the gross profit margin of the individual business units separately for the purposes of resources allocation and performance assessment.

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change	1H 2019	1H 2018	% YoY Change
Third party Sales	27,849	15,053		13,038	9,824		12,151	12,445		0	0		53,038	37,322	
Infra-sector Sales	508	358		3,612	2,542		448	110		(4,568)	(3,010)		0	0	
Total Sales revenues	28,357	15,411	84.0%	16,650	12,366	34.6%	12,599	12,555	0.4%	(4,568)	(3,010)	-51.8%	53,038	37,322	42.1%

The sales performance by region set out in the table above shows an increase in each reference area.

The table below shows assets and investments in the Group’s individual business segments at 30 June 2019 and 31 December 2018.

(€'000)	North America		Europe		Asia		Correction, reversal and elimination		Total	
	1H 2019	FY 2018	1H 2019	FY 2018	1H 2019	FY 2018	1H 2019	FY 2018	1H 2019	FY 2018
Assets and liabilites										
Segment assets	46,862	42,313	83,083	74,766	75,502	71,798	-44,187	-45,490	161,260	143,387
Investments in subsidiaries non consolidated, associate & other companies	114	115	46	45	0	0	0	0	160	160
Total assets	46,976	42,428	83,129	74,811	75,502	71,798	-44,187	-45,490	161,420	143,547
Segment liabilities	50,409	51,086	26,526	21,696	15,674	14,190	-44,154	-45,467	48,455	41,505
Total liabilities	50,409	51,086	26,526	21,696	15,674	14,190	-44,154	-45,467	48,455	41,505
Other segment information										
Investments in tangible assets	15	4	180	259	95	441	0	0	290	704
Investments in intangible assets	111	436	1,241	1,804	604	293	0	0	1,956	2,533
Depreciation & amortisation	468	716	840	1,123	622	445	0	0	1,930	2,284

E - Composition of the principal asset entries

1 – Intangible assets

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

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
Purchase or production cost	11,841	78,772	21,634	3,314	28,655	144,216
Previous years' impairment	(778)	(7,874)	(7,741)	(46)	-	(16,439)
Previous years' amortisation	(8,576)	-	(5,177)	-	(28,655)	(42,408)
OPENING BALANCE	**2,487**	**70,898**	**8,716**	**3,268**	**-**	**85,369**
Purchases	304	-	123	1,529	-	1,956
Disposals	(659)	-	(2)	-	-	(661)
Other changes	38	1,334	268	5	330	1,975
Impairment in period	-	-	-	(11)	-	(11)
Transfers	2,375	-	-	(2,375)	-	-
Amortisation in period	(887)	-	(65)	-	-	(952)
Reversal of cumulative amortisation	652	-	2	-	-	654
Other changes in cumulative impairment	-	(39)	(16)	-	-	(55)
Other changes in cumulative amortisation	(25)	-	(24)	-	(330)	(379)
TOTAL CHANGES	**1,798**	**1,295**	**286**	**(852)**	**-**	**2,527**
Purchase or production costs	13,899	80,106	22,023	2,473	28,985	147,486
Impairment	(778)	(7,913)	(7,757)	(57)	-	(16,505)
Cumulative amortisation	(8,836)	-	(5,264)	-	(28,985)	(43,085)
CLOSING BALANCE	**4,285**	**72,193**	**9,002**	**2,416**	**-**	**87,896**

The increase of €2.53 million derives from the combination of new investments for €1.97 million, the exchange rate effect for €1.54 million, as well as the amortisation recorded in the first half for €0.95 million. In fact, the total grew from €85.37 million last year to €87.90 million in the first half of 2019.

The investments made in the first six months mainly concern projects by the Group to develop new products both in new IoT technologies and low-energy-consumption products and the capitalisation of costs related to the project for the new ERP information system.

The “other changes”, “other changes, accumulated write-downs” and “other changes, accumulated amortisation” items refer to exchange differences accrued on the opening balances of the values expressed in foreign currencies.

Goodwill refers to the higher value paid, upon acquisition of fully consolidated subsidiaries, in excess of the fair value of the assets and liabilities acquired. Effective 1 January 2004, goodwill is no longer subject to amortisation but must be subjected at least annually to impairment testing.

In order to carry out the annual impairment test, the individual goodwill items and the assets with indefinite and definite useful lives, which were acquired through business combinations, were allocated to their respective cash flow generating units, corresponding to the legal entity or Group of companies to which they refer to test for impairment.

The book value of goodwill and trademarks with indefinite useful lives allocated to each of the cash generating units are as follows:

(€ '000)	at June 30, 2019		at December 31, 2018	
Cash generating units	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	45.487	8.638	44.312	8.415
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	21.559	-	21.428	-
Eurotech Ltd. (ex Arcom Ltd.)	4.871	-	4.882	-
Eurotech France S.a.s.	186	-	186	-
Other	90	-	90	-
TOTAL	**72.193**	**8.638**	**70.898**	**8.415**

The change in the values of Advanet Inc., Eurotech Inc. and Eurotech Ltd. is attributable to the fact that these values are expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the precise exchange rate on that date.

For purposes of verifying any impairment of goodwill and other intangible assets with definite useful lives, the Group again critically analysed, as at 30 June 2019, the valuation processes conducted at 31 December 2018, which were carried out with the support of independent experts.

The final figures for the first half of 2019 are an improvement from the forecasts for the half-year included in the plan and, furthermore, the forecasts for the end of the current year are better than the original 2019 budget figures used in December 2018. Therefore, this analysis showed that there was no need to conduct the impairment test for the various CGUs again as at 30 June 2019.

Generally, in their analyses, the directors considered both external and internal indicators (and in particular, the performance of the Eurotech stock, the Group's operating result, the trend in orders and the product portfolio as well as relations with stakeholders) and deemed the recognised values to be adequate and recoverable.

2 – Property, plant and equipment

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

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	RIGHT OF USE ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
Purchase of production cost	1,667	5,913	5,243	5,975	2	101	18,901
Depreciation	(41)	-	-	-	-	-	(41)
Previous year's depreciation	(560)	(5,639)	(4,782)	(5,247)	-	(53)	(16,281)
OPENING BALANCE	**1,066**	**274**	**461**	**728**	**2**	**48**	**2,579**
Purchases	19	16	50	177	-	28	290
Increases from IFRS 16	-	-	-	-	-	4,651	4,651
Disposals	-	(75)	(14)	(91)	-	(25)	(205)
Other changes	-	108	57	27	-	-	192
Depreciation in period	(19)	(29)	(89)	(110)	-	(721)	(968)
Reversal of cumulative depreciation	-	75	11	91	-	17	194
Other changes in cumulative amortisation	-	(104)	(46)	(30)	-	(3)	(183)
TOTAL CHANGES	**-**	**(9)**	**(31)**	**64**	**-**	**3,947**	**3,971**
Purchase or production cost	1,686	5,962	5,336	6,088	2	4,755	23,829
Depreciation	(41)	-	-	-	-	-	(41)
Cumulative depreciation	(579)	(5,697)	(4,906)	(5,296)	-	(760)	(17,238)
CLOSING BALANCE	**1,066**	**265**	**430**	**792**	**2**	**3,995**	**6,550**

The item "other movements", referring to both the cost and the value of the relative accumulated depreciation, shows the effect of the different exchange rate used to convert the values of foreign entities at 30 June 2019 compared to that applied at 31 December 2018.
Purchases in the first half mainly refer to computers, office equipment, industrial equipment and cars.
The item "fixed assets with right of use" includes both lease contracts that until last year were recognised using the financial method and mainly referring to some cars purchased by the Parent Company, as well as the amounts related to the application of the new IFRS 16 standard, which requires that lease contracts be recognised as assets.

3 – Equity interests in affiliates and other companies

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

	at June 30, 2019						
(€'000)	INITIAL VALUE	INCREASES	DECREASES	WRITE-UPS /WRITE-DOWN	OTHER	EOP VALUE	% OWNERSHIP
Investments in associate companies (valuation using the equity method):							
Rotowi Technologies S.r.l. in liquidazione (ex U.T.R.I. S.p.A.)	-	-	-	-	-	-	21.32%
TOTAL INVESTMENTS IN ASSOCIATE COMPANIES	-	-	-	-	-	-	
Investments in other companies (valuation at fair value on the Profit&Loss):							
Consorzio Ecor' IT	2	-	-	-	-	2	
Consorzio Aeneas	5	-	-	-	-	5	
Consorzio Ditedi	19	-	-	-	-	19	7.69%
Inasset S.r.l.	19	-	-	-	-	19	0.38%
Consorzio Rete Space Italy	-	-	-	-	-	-	
Kairos Autonomi	114	-	-	-	-	114	19.00%
Others	1	-	-	-	-	1	
TOTAL INVESTMENTS IN OTHER COMPANIES	160	-	-	-	-	160	

Rotowi Technologies Srl in liquidation (formerly U.T.R.I. S.p.A.) was valued using the equity method and the percentage of ownership is equal to 21.32%.

4 - Inventories and contracts in progress

The schedule below shows the breakdown of inventories at the end of the relevant reporting periods:

(€'000)	at June 30, 2019	at December 31, 2018
Raw & auxiliary materials and consumables - gross	10,615	8,834
Inventory write-down provision	(2,901)	(2,581)
Raw & auxiliary materials and consumables - net	7,714	6,253
Work in process and semi-finished goods - gross	1,893	2,644
Inventory write-down provision	(208)	(148)
Work in process and semi-finished goods	1,685	2,496
Finished poducts and goods for resale - gross	15,128	15,320
Inventory write-down provision	(2,592)	(2,475)
Finished products and goods for resale - net	12,536	12,845
Advances	296	404
TOTAL INVENTORIES	22,231	21,998

Inventories at 30 June 2019 amounted to €22.23 million, net of the inventory write-down provision totalling €5.7 million. The net increase in inventory write-down provision of €0,5 million is the result of the combined effect of allocations made during the period and the uses following the disinvestment of warehouse items that had previously been either fully or partially written down.

The following table shows the changes in inventory write-down provision in the periods under review:

(€'000)	at June 30, 2019	at December 31, 2018
OPENING BALANCE	5,204	4,038
Provisions	540	1,888
Other changes	28	16
Utilisation	(71)	(738)
CLOSING BALANCE	5,701	5,204

The item "other changes" represents the movements in values expressed in the functional currency of foreign operations and subsequently converted at each reporting date using the exchange rate on that date.

The schedule below shows information related to work in progress at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Contract revenues recognised as revenue in the period	98	444
Contract costs bome as at balance-sheet date	85	189
Profits recognised as at balance-sheet date	13	255
Down payments received	856	771
Contract costs and proits recognised as at balance-sheet date	0	444
Revenues recognised in previous periods	856	412
Gross amount owed by customer for contractual work	856	856
Gross amount owed to customer for contractual work	-	85

5 – Trade receivables

The schedule below shows the breakdown of trade receivables and the respective doubtful debt provision at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Trade receivables - customers	16,643	13,113
Trade receivables medium/long term - customers	0	-
Trade receivables - realted paties	261	1,000
Doubtful debt provision	(348)	(305)
TOTAL TRADE RECEIVABLES	16,556	13,808

Note that, at the reporting date, the Group did not present significant concentrations of credit risk, as the Group has a number of customers located throughout the various geographic areas of business. The risk profile of customers is essentially similar to that identified and assessed in the past year. These receivables are expected to be collected within the next year. Trade receivables are non-interest bearing and generally fall due at 90/120 days.

Trade receivables, net of the respective doubtful debt provision, increased by €2.75 million compared to 31 December 2018. The increase is mainly due to the greater volume of turnover generated in the first half.

Receivables include €0.12 million in bank receipts presented subject to collection, but not yet due at the end of the period.

Receivables are shown net of a doubtful debt provision of €0.35 million.

(€'000)	at June 30, 2019	at December 31, 2018
OPENING BALANCE	305	344
Provisioning	55	76
Other changes	0	1
Utilisation	(12)	(116)
CLOSING BALANCE	348	305

The net increase for the period was €43 thousand, following the combined effect of the allocation for the period of €55 thousand to adjust, individually, the value of receivables based on their expected losses at their presumed realisable value and the use of the provision for €12 thousand, as the conditions for deductibility of the allocation were met.

6 – Tax receivables and payables

Receivables for income taxes represent receivables from individual governments for direct taxation (IRES and income taxes in various countries) which should be recovered within the next year as well as receivables for withholdings made on dividends distributed to the Parent Company. Compared to 31 December 2018, the value decreased from €298 thousand to €162 thousand.

Income tax payables are made up of current taxes relating to the period still to liquidate and represent the amounts that the companies must pay to the tax authorities of the respective countries. These payables are calculated according to the tax rates currently in force in each country. Payables for foreign taxes amounted to €467 thousand (2018: €1,522 thousand), while Italian tax payables amounted to €123 thousand (2018: €49 thousand).

7 – Other current assets

The schedule below shows the composition of other current assets at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Amounts receivable for grants	2	1
Advance payments to suppliers	197	506
Tax receivables	1,179	887
Other receivables	198	10
Accrued income and prepaid expenses	1,214	779
TOTAL OTHER CURRENT ASSETS	2,790	2,183

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

8 – Other current financial assets

The "other current financial assets" item booked under current assets amounted to €107 thousand, an increase of €3 thousand.
This amount comprises €90 thousand for a three-year insurance policy, €4 thousand relative to 100 shares of Banca Popolare Friuladria, and €13 thousand of interest accrued on the loan granted to Kairos Autonomi Inc., which will be repaid in the next year.
The portfolio continues to hold 2,500 shares of Veneto Banca Holding S.c.a.r.l. which were purchased in 2012 and completely written down in 2016, in order to adjust the value to the market value, which is currently €0.1.
These assets were classified as financial assets recorded in the income statement at fair value.

9 – Cash & cash equivalents

The table below shows the composition of cash and cash equivalents at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Bank and post office deposits	20,388	13,177
Cheques	1	-
Cash and valuables in hand	25	19
TOTAL CASH & CASH EQUIVALENTS	20,414	13,196

Bank deposits are mostly on demand and are remunerated at a variable rate of interest. The fair value of cash and cash equivalents is €20.41 million (€13.20 million at 31 December 2018).
Cash and cash equivalents increased by €7.22 million compared to 31 December 2018 due to the cash generated during the first half, the opening of new loans (€7.5 million) and net of instalment payments on loans that were due during the first half (€3.0 million), as well as investments in tangible assets (€0.3 million) and intangible assets (€1.9 million) made in the period.

10 – Net financial position

The Group's net financial position is as follows:

(€'000)		at June 30, 2019	at December 31, 2018	at June 30, 2018
Cash & cash equivalents	A	(20,414)	(13,196)	(8,333)
Cash equivalent	**B=A**	**(20,414)**	**(13,196)**	**(8,333)**
Other current financial assets	C	(107)	(104)	(97)
Derivative instruments	D	71	20	6
Short-term borrowing	E	10,535	8,125	9,507
Short-term financial position	**F=C+D+E**	**10,499**	**8,041**	**9,416**
Short-term net financial position	**G=B+F**	**(9,915)**	**(5,155)**	**1,083**
Medium/long term borrowing	H	8,671	4,312	1,848
Medium-/long-term net financial position	**I=H**	**8,671**	**4,312**	**1,848**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	J=G+I	(1,244)	(843)	2,931
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(88)	(87)	(86)
(NET FINANCIAL POSITION) NET DEBT	L=J+K	(1,332)	(930)	2,845

The consolidated net financial position at 30 June 2019, excluding financial payables for the right of use introduced by IFRS 16, amounted to a net cash of €5.28 million, compared a net financial position with net cash of €0.93 million at 31 December 2018. The application of the IFRS 16 accounting standard entailed the recognition by Group companies of financial liabilities for rights of use at 30 June 2019 equal to €3.95 million, which, added to the net financial position, resulted in a post-IFRS 16 net cash position of €1.33 million.

11 – Shareholders' equity

The schedule below shows the composition of shareholders' equity at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Share capital	8,879	8,879
Share premium reserve	136,400	136,400
Other reserves	(32,414)	(43,237)
Group shareholders' equity	112,865	102,042
Equity attributable to minority interest	-	-
Total shareholders' equity	112,865	102,042

The share capital at 30 June 2019 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 as at 30 June 2019 was €1.78 million.

The share premium reserve, which relates entirely to the Parent Company, is shown at a total amount of €136.4 million.

The positive translation reserve of €13.65 million is generated by inclusion in the condensed consolidated half-year financial statements of the statements of financial position and income statements of US subsidiaries Eurotech Inc. and E-Tech USA Inc., as well as the UK subsidiary Eurotech Ltd. and the Japanese subsidiary Advanet Inc.

The item "other reserves" was negative for €58.36 million and consisted of the Parent Company's extraordinary reserve, formed by losses carried forward, allocations of retained earnings from prior years, and other miscellaneous reserves. The change in the year is attributable to the allocation of 2018 results and the recognition of the Performance Share Plan as described in note 31.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IFRS 9, was negative for €71 thousand and decreased by €51 thousand gross of the tax effect, and was not recorded as the prerequisite conditions were not met.
The foreign exchange reserve, which recognises – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in foreign operations, was positive for €4.16 million, an increase of €0.23 million gross of the related tax effect, and again was not recorded.

The Parent Company Eurotech S.p.A. held 839,020 treasury shares at the end of the reporting period. The only change during the first half relates to the allocation of shares for the Performance Share Plan.

12 – Base and diluted earnings (losses) per share

Base earnings (losses) per share (EPS) are calculated by dividing the income of the period pertaining to ordinary shareholders of the Parent Company by the average weighted number of ordinary shares in circulation during the period, net of treasury shares.

No equity transactions were reported in the periods presented for comparison that diluted earnings per share.

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

	at June 30, 2019	at December 31, 2018	at June 30, 2018
Net income (loss) attributable to parent company shareholders	8,833,000	5,682,000	1,913,000
Weighted average number of ordinary shares including own shares	35,515,784	35,515,784	35,515,784
Own shares	(864,887)	(1,224,332)	(1,319,020)
Weighted average number of ordinary shares except own shares	34,650,897	34,291,452	34,196,764
Weighted average number of ordinary shares except own shares for share diluted	34,650,897	34,291,452	34,196,764
Net income (loss):			
- per share	0.255	0.166	0.056
- per share diluted	0.255	0.166	0.056

13 – Financial liabilities

The schedule below shows the breakdown of short- and medium/long-term financial liabilities at 30 June 2019:

TYPE (€'000)	COMPANY	BALANCE ON 31.12.2018	BALANCE ON 30.06.2019	SHORT TERM within 12 months	Total Medium and long-term	Mid term Over 12 months	Long term Over 5 years
CURRENT OUTSTANDINGS - (a)		**4.638**	**2.973**	**2.973**	**-**	**-**	**-**
Public entity	Eurotech S.p.A.	231	154	154	-	-	-
Non-banking financial companies	Eurotech S.p.A.	45	38	18	20	20	-
Lease liabilities		54	4.007	1.289	2.718	2.562	156
TOTAL OTHER FINANCINGS		**330**	**4.199**	**1.461**	**2.738**	**2.582**	**156**
Unsecured loans	Eurotech S.p.A.	5.976	11.016	5.122	5.894	5.894	-
Unsecured loans	Advanet Inc.	1.468	1.018	979	39	39	-
Unsecured loans	EthLab S.r.l.	25	-	-	-	-	-
TOTAL BANK DEBT - (c)		**7.469**	**12.034**	**6.101**	**5.933**	**5.933**	**-**
TOTAL OTHER FINANCING AND BANK DEBT - [(b) + (c)]		**7.799**	**16.233**	**7.562**	**8.671**	**8.515**	**156**
TOTAL DEBT - [(a) + (b) + (c)]		**12.437**	**19.206**	**10.535**	**8.671**	**8.515**	**156**

During the first half of 2019, two new bank loans were signed, one short-term loan for €2.5 million and one medium/long-term loan for €5 million by the Parent Company and medium/long-term loan instalments reaching maturity were repaid for €3.04 million.

The item "other loans" includes, in addition to the residual amount due for loans that until 31 December 2018 were considered finance lease contracts (€55 thousand), the residual amount due for the various rental contracts which, in application of the new IFRS 16 standard, are managed as financial liabilities (€3,952 million).

All "covenants" present on certain loans granted to the Parent Company (which are verified annually) were fully respected as at 31 December 2018.
All existing bank loans are denominated in euro, with the exception of loans granted to the Japanese subsidiary which are in Japanese yen, while the other loans are expressed in the four currencies which are the reference currencies of the various Group companies (Euro, USD, Yen and GBP).

14 – Employee benefits

The schedule below shows the breakdown of employee benefits at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Employees' leaving indemnity	285	277
Foreing Employees' leaving indemnity	2,225	2,092
Employees' retirement fund	99	96
TOTAL EMPLOYEES' BENEFITS	2,609	2,465

Defined benefit plans

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

The changes in the Italian and foreign “pension fund” items are as follows:

	Defined benefit plans			
	Italy		Japan	
(€ '000)	at June 30, 2019	at December 31, 2018	at June 30, 2019	at December 31, 2018
Liabilities at start of period	**277**	**302**	**2,092**	**1,950**
Cost relating to present service	114	10	77	145
Finance expense	1	8	0	10
Other changes	0	0	56	173
Benefits paid out	(107)	(17)	0	(180)
Actuarial loss (gain) reconised	0	(26)	0	(6)
Liabilities at end of period	**285**	**277**	**2,225**	**2,092**

15 – Reserve for risks and charges

The schedule below shows the breakdown and changes for the reserve for risks and charges at 30 June 2019 and 31 December 2018:

(€'000)	at December 31, 2018	Provision	Utilization	Other	at June 30, 2019
Selling agents' commission fund	69	3		-	72
Director termination fund	97	21	-	1	119
Guarantee reserve	302	-	(9)	4	297
Busting depreciable asset	314	-	-	7	321
TOTAL FUNDS FOR COSTS AND FUTURE RISKS	**782**	**24**	**(9)**	**12**	**809**

The “supplementary customer indemnity” provision is allocated based on the amounts envisaged by legislation and collective economic agreements regarding situations of interruption in the mandate given to agents. The effect of discounting the share of liabilities that will be liquidated beyond the next year is not expected to be significant.

The "cumulative provision for directors' termination indemnity" refers to the indemnity recognised for directors with powers set out in by the bylaws of the Company or its subsidiaries. This indemnity is generally paid at the end of the mandate of the Board in office and is allocated periodically for the relevant portion.

The product warranty provision is allocated based on the expectations of the charges to be incurred for non-fulfilment of the contractual warranty on products sold at year-end.

The asset disposal reserve was allocated in response to an obligation for future costs that a number of Japanese companies of the Group will incur in future years for the disposal, demolition, disassembly, and removal of a number of assets, and improvements to leased property, at the end of their useful lives or of the lease agreement.

16 – Trade payables

The schedule below shows the composition of trade payables at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Third parties	15,828	14,279
Related companies	132	132
TOTAL TRADE PAYABLES	15,960	14,411

Trade payables at 30 June 2019 came to €15.96 million, an increase of €1.55 million compared with 31 December 2018.
Trade payables are non-interest bearing and, on average, are settled 90-120 days after invoice date.

17 – Other current liabilities

The schedule below shows the composition of other current liabilities at 30 June 2019 and 31 December 2018:

(€'000)	at June 30, 2019	at December 31, 2018
Social contributions	481	703
Other	3,670	4,095
Advances from customers	274	471
Grants advances	733	733
Other tax liabilities	262	290
Accrued expanses	704	492
TOTAL OTHER CURRENT LIABILITIES	6,124	6,784

Other payables

The item "other payables" contains the amounts due to employees for compensation, holidays and leaves of absence accrued and not yet used at the reporting dates, as well as amounts due to directors and other miscellaneous payables.

F - Breakdown of key income statement items

18 – Costs of raw & auxiliary materials and consumables used

(€'000)	1H 2019	1H 2018
Purchases of raw materials, semi-finished and finished products	28,613	20,873
Changes in inventories of raw materials	(913)	(121)
Change in inventories of semi-finished and finished products	(1,002)	(1,464)
TOTAL COST OF MATERIALS	26,698	19,288

The "costs of raw & auxiliary materials and consumables used" item posted an increase of 38.4% in the reporting period, from €19.29 million in the first half of 2018 to €26.70 million in the first half of 2019. The increase is related to the higher turnover achieved in the first half of 2019 compared to the previous period and is also influenced by the different product mix.

19 – Other operating costs net of cost adjustments

(€'000)	1H 2019	1H 2018
Service costs	6,427	5,878
Rent and leases	161	823
Payroll	10,075	8,909
Accruals and other costs	422	413
Cost adjustments for in-house generation of non-current assets	(1,516)	(1,119)
Operating costs net of cost adjustments	15,569	14,904

The item "other operating costs" shown in the table above, net of cost adjustments for internal increases, grew from €14.90 million in the first half of 2018 to €15.57 million in the first half of 2019.

The item "other provisions and other costs" includes an allocation to the doubtful debt provision for €55 thousand.

20 – Service costs

(€'000)	1H 2019	1H 2018
Industrial services	2,410	2,430
Commercial services	1,684	1,229
General and administrative costs	2,333	2,219
Total costs of services	6,427	5,878

In the periods under review, service costs recorded an increase of 9.3%, from €5.88 million to €6.43 million, which, expressed as a percentage of revenues, went from 15.7% in the first half of 2018 to 12.1% in the first half of 2019.

21 – Payroll costs

(€'000)	1H 2019	1H 2018
Wages, salaries and Social Security contributions	9,641	8,534
Employees' leaving entitlement and other personnel provisions	191	177
Other costs	243	198
Total personnel expenses	10,075	8,909

In the first half of the year, payroll costs increased. This net increase is the result of an increase in the average number of employees in the periods under review. The increase in business that is currently developing will necessarily lead to a further increase in the workforce, with specific expertise in the various geographical locations. The "wages" item includes €381 thousand (€302 thousand recognised at cost as at 30 June 2018) for the *pro-rata temporis* portion of the Performance Share Plan cost as explained in note 31.

As shown in the table below, the number of Group employees increased at the end of the most recent period, from 302 at the end of 2018 to 310 at the end of the first half of 2019.

EMPLOYEES	Average 2019	at June 30, 2019	Average 2018	at December 31, 2018	at June 30, 2018
Management	4.0	4	3.4	4	3
Clerical workers	284.2	286	279.3	279	282
Line workers	21.0	20	17.4	19	18
TOTAL	309.2	310	300.0	302	303

22 – Cost adjustments for internally generated non-current assets

At 30 June 2019, cost adjustments for internally generated non-current assets amounted to €1,516 thousand (€1,119 thousand at 30 June 2018), entirely related to the capitalisation of internal personnel, material and service costs incurred for certain development projects for new products in the fields of NanoPC modules and in the field of Internet of Things software platforms. More specifically, if these costs had been deducted from the corresponding income statement item, there would have been a reduction in the cost of the material of €129 thousand (€101 thousand at 30 June 2018), in payroll costs of €849 thousand (€245 thousand at 30 June 2018), and service costs of €538 thousand (€773 thousand at 30 June 2018).

23 – Other income

(€'000)	1H 2019	1H 2018
Government grants	10	2
Sundry revenues	93	497
Total other revenues	**103**	**499**

The "other revenue" item in 2018 consisted mostly of income received from companies with which there was a partnership for joint development of the business and in 2019 will no longer be received.

24 – Amortisation, depreciation and write-downs

(€'000)	1H 2019	1H 2018
Amortisation of intangile assets	952	680
Amortisation of property, plant and equipment	968	268
Write-down of fixed assets	10	-
Total amortisation and depreciation	**1,930**	**948**

Amortisation, depreciation and write-downs increased from €0.95 million in the first half of 2018 to €1.93 million in the first half of 2019. This change is primarily due to the recognition based on IFRS 16 of the amortisation of leased assets, which amounts to €709 thousand, as well as an increase in amortisation related to development costs.

Write-downs of €10 thousand refer to the reduction in development costs for projects relating to special products that did not achieve the market acceptance originally forecast.

25 – Financial charges and income

The Group's financial management is summarised as follows:

€'000	1H 2019	1H 2018
Exchange-rate losses	217	416
Interest expenses	211	201
Expenses on derivatives	9	10
Other finance expenses	69	22
Financial charges	**506**	**649**
Exchange-rate gains	240	585
Interest income	8	8
Other finance income	6	4
Financial incomes	**254**	**597**

Financial management performance is influenced by exchange rate management, which in the first six months of 2019 is positive for €23 thousand, compared to a positive net effect in the first six months of 2018 of €169 thousand. The increase in other financial charges is the mainly the effect of interest related to the "Right of Use", in application of the new IFRS 16 standard, which amounts to €31 thousand.

26 – Income tax for the period

Income taxes at 30 June 2019 show a net positive effect of €141 thousand (resulting from the net effect of charges for current taxes of €476 thousand, income from deferred taxes of €650 thousand, and taxes for prior years for €33 thousand) compared to a negative effect of €697 thousand at 30 June 2018 (deriving from the net effect of current tax charges of €713 thousand and income of €16 thousand for deferred taxes), posting a negative change i.e. an improvement of €838 thousand.

(€'000)	1H 2019	1H 2018
IRES (Italian corporate income tax)	6	168
IRAP (Italian Regional business tax)	141	92
Foreign current income taxes	329	453
Total current income tax	476	713
Net (prepaid) deferred taxes: Italy	(1,068)	0
Net (prepaid) deferred taxes: Non-italian	418	(16)
Net (prepaid) deferred taxes	-650	-16
Previous years taxes	33	0
Previous years taxes	33	0
TOTAL INCOME TAXES	-141	697

The amount of deferred tax assets as at 30 June 2019 was €3.70 million (€3.02 million as at 31 December 2018) and is mainly attributable to taxes calculated on tax losses that the Group believes can be used in the individual geographic areas based on taxable income that should be generated throughout 2019, in addition to the inventory write-down provision, the doubtful debt provision, and other deductible costs in subsequent years.

The amount of deferred tax liabilities as at 30 June 2019 was €3.09 million (€3.03 million as at 31 December 2018) and refers principally to the tax effects on the "price allocation" for trademarks with indefinite useful lives. The increase is mainly due to the recognition of deferred taxes in the period, as well as the exchange rate effect on the values expressed in USD and JPY and the values attributed for the "price allocation".

G – Other information

27 - First application of IFRS 16 - Leases

The effects resulting from the application of IFRS 16 - Leases are provided below, which requires a new and different recognition for “Rights Of Use” (ROU) effective 1 January 2019. The standard envisages the recognition of an asset for the right of use and a financial liability for the lease, eliminating the distinction between operating leases and finance leases.
To present the effects deriving from the first application in the financial statements, the Group chose to use the modified retroactive method: thus, the cumulative effect of IFRS 16 is recognised as an adjustment to the opening balance as at 1 January 2019, without recalculating comparative information.
The following table shows the estimated effects from the application of IFRS 16 on the transition date:

(€'000)	at January 1, 2019
Operating lease commitments disclosed as at 31 December 2018	4.008
-short term leases (-)	(42)
Other changes	
-adjustment as a result of a different treatment of extension and termination options	884
Lease liability not discounted IFRS 16 recognised as at 1 January 2019	4.850
Adjustments relating to discounting (-)	(199)
Lease liability discounted IFRS 16 recognised as at 1 January 2019	4.651
Lease laibility ex IAS 17recognised as at 1 January 2019 (+)	48
Total lease liability IFRS 16 recognised as at 1 January 2019	4.699
Right of use assets recognised for transition to IFRS 16	
Property, plant and equipment	*4.651*
a) land and buildings	4.633
b) plant and equipment	0
c) other	18
Leased assets ex IAS 17 recognised as at January 1, 2019	48
Lease liability discounted IFRS 16 recognised as at 1 January 2019	4.699
Equity (retained earning as at January, 1 2019)	0

28 – Related-party transactions

The condensed consolidated half-year financial statements include the financial statements of Eurotech S.p.A. and the half-year financial statements of subsidiaries shown in the schedule below:

Name	Location	Currency	% of ownership 30.06.2019	% of ownership 31.12.2018
Subsidiaries				
Aurora S.r.l.	Italy	Euro	100.00%	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Italy	Euro	100.00%	100.00%
ETH Lab S.r.l.	Italy	Euro	100.00%	100.00%
Eurotech France S.A.S.	France	Euro	100.00%	100.00%
Eurotech Ltd.	UK	GBP	100.00%	100.00%
E-Tech Inc.	United States	USD	100.00%	100.00%
Eurotech Inc.	United States	USD	100.00%	100.00%
Advanet Inc.	Japan	Yen	90.00% (1)	90.00% (1)
Affiliated companies				
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.) (2)	Italy		21.32%	21.32%

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

(2) Company in liquidation

The following table shows relationships with related parties, not eliminated on consolidation.

RELATED PARTIES	Revenues to related parties	Interest to related parties	Purchases from related parties	Financial receivables to related parties	Receivables from related parties	Payables from related parties
Associated companies						
Rotowi Technologies S.p.A. in liquidation (ex U.T.R.I. S.p.A.) (2)	-	-	-	-	-	-
Total	-	-	-	-	-	-
Other related parties						
Leonardo Group	326	-	-	-	261	132
Kairos Autonomi	-	3	-	100	-	-
Total	326	3	-	100	261	132
Total with related parties	326	3	-	100	261	132
% impact on line item	0.6%	1.2%	0.0%	51.3%	1.6%	0.8%

29 – Financial risk management: objectives and criteria

The Group's financial instruments, other than derivative contracts, include bank loans in the various technical forms, leases, as well as short-term and on-demand bank deposits. These instruments are intended to finance Group operations. The Group has several other receivable and payable financial instruments at its disposal, such as trade receivables arising from operations and liquidity. The Group also had transactions in derivatives, mainly swap or collar transactions on interest rates. The objective is to manage interest rate risks caused by Group transactions and by its sources of finance.

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

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

Interest rate risk
The Group's exposure to the risk of interest rate fluctuations mainly involves medium-term obligations taken on by the Group, featuring variable interest rates linked to various indices. The Group signed interest rate swap contracts that provided for recognition of a variable rate against payment of a fixed rate. The contract type is designated to hedge changes in the interest rates in place on some loans. Group policy is to maintain between 30% and 60% of its loans at a fixed rate. At 30 June 2019, about 69.3% of Group loans were at fixed rates (compared with about 67.9% in the first half of 2018). The loans in place at the Japanese company were signed at fixed rates since it is more advantageous than those at variable rates.

Exchange rate risk
In view of the significant investment transactions in the US, Japan and the UK, with substantial foreign currency cash flows from business and financial operations, the Group's financial statements could be significantly affected by changes in the USD/EUR, JP¥/EUR and GBP/EUR exchange rates. During the reporting period, no foreign exchange hedges were executed because of the uneven USD, GBP and JP¥ flows, particularly taking into account that the individual subsidiaries tend to operate in their respective functional currencies in their respective core markets.
About 76.5% of sales of goods and services (75.7% at 30 June 2018) and 71.3% (72.9% at 30 June 2018) of the cost of goods purchases and the operating costs of the Group are denominated in a different currency from the functional currency used by the Parent Company to draw up this consolidated half-year financial report.

Product and component price risk
Group exposure to price risk is not significant.

Credit risk
The Group trades only with known and reliable customers. The Group's policy is to check the creditworthiness grade of customers that request extended payment arrangements. In addition, the balance of receivables is monitored during the year so that the amount of non-performing positions is not significant. Only some receivables from key customers are insured.
Financial assets, recorded by trading date, are recognised in the financial statements net of write-downs calculated according to the risk of counterparty default, taking into account the information available on the customer's level of solvency and historical data.
There is no significant concentration of credit risk in the Group, even though there have been occasions over the last 3 years in which an individual customer generated more than 10% of total revenues. In particular, in 2018, two customers each generated turnover that was more than 10% of the Group's turnover, totalling 25.5% of the Group's revenues. In the first half of 2019, there were 3 customers with turnover of more than 10%, totalling 44% of consolidated half-year revenues.
Credit risk concerning other Group financial assets, which include cash and equivalents and financial instruments, presents a maximum risk equal to the book value of these assets in the event of insolvency of the counterparty.

Liquidity risk
The objective of the Group is to strike a balance between maintenance of funds and flexibility through the use of overdrafts, loans, leases, factoring assignments with recourse, as well as through equity financing in the market.
Group policy states that no more than 40% of loans must fall due within 12 months.
At 30 June 2019, 50.7% of Group financial payables will accrue within one year (first half of 2018: 54.1%), based on the balances in the original plans. The values for 2018 were different from those shown in the

financial statement balances, as, due to informal agreements with banks, it was believed that there was no risk of early repayment.
Considering the current net financial position and the structure of working capital, the risk that the Group will be unable to honour its financial liabilities is limited.

Measurement of fair value and relative hierarchical valuation levels

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

The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates. As IFRS 13 requires, for each of the financial assets and liabilities the company analysed the effect of their measurement at fair value. The measurement process refers to Level 3 of the fair value hierarchy, except for trading in derivatives as described in greater detail hereunder, and revealed no considerable differences compared to the book values at 30 June 2019 and on the respective comparison figures.

At 30 June 2019, the Group held the following financial instruments measured at fair value:

(€'000)	Notional value at June 30, 2019	Fair value at June 30, 2019 (debit)	Fair value at June 30, 2019 (credit)	Notional value at December 31, 2018	Fair value at December 31, 2018 (debit)	Fair value at December 31, 2018 (credit)
Cash flow hedge						
Contracts Interest Rate Swap (IRS)	7,389	0	(71)	3,328	0	(20)

All the assets and liabilities measured at fair value at 30 June 2019 are at classified in Level 2 of the fair value measurement scale. In addition, during the first half of 2019 there were no transfers from Level 1 to Level 2 or Level 3, or vice versa.

30 – Derivatives

Fair value

From the comparison between the book value and the fair value by category of all of the Group's financial instruments recognised in the financial statements, there were no significant differences, other than those highlighted, that require disclosure.
The fair value of derivatives and of loans obtained has been calculated by discounting expected cash flows to present value applying prevailing interest rates. The fair value of other financial assets was calculated using market interest rates.

Interest rate risk

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

Hedging

Cash flow hedges

At 30 June 2019, the Group held 5 IRS contracts (for a total notional residual value €7.39 million), one of which was signed during the first half of the year and designated as instruments to hedge interest rate risk.

	Due date	Fixed rate	Floating rate	Market value (€'000) *(€'000)*
Interest rate swap contracts				
Euro 211.517,79	29 May 2020	0.35%	Euribor 3 months	(1)
Euro 341.220,28	29 May 2020	0.00%	Euribor 3 months	(1)
Euro 1.812.256,29	29 December 2023	0.25%	Euribor 3 months	(30)
Euro 336.228,00	26 January 2021	0.01%	Euribor 3 months	0
Euro 4.687.500,00	31 March 2023	0.01%	Euribor 3 months	(39)
TOTAL				(71)

Interest rate swap contract conditions were negotiated to coincide with the conditions of the underlying commitments.
The accounting treatment of these financial instruments during the period entailed a decrease in equity of €51 thousand and decreased the cash flow hedge reserve as a direct reduction of equity to a total negative value of €71 thousand.

31 – Share-based payments

On 22 April 2016, the Shareholders' Meeting of the company approved adoption of an incentive plan solely for parties who have a directorship position and/or an employment contract and/or a freelance collaboration or consultancy agreement with Eurotech S.p.A. or one of its subsidiaries and who have key functions in the Group organisation chart; the plan is called "2016 EUROTECH S.p.A. Performance Share Plan" (hereinafter "PPS 2016").
PPS 2016 provides that the beneficiaries identified by the company's Board of Directors be assigned the right (known as a Unit) to receive Eurotech S.p.A. shares free of charge provided that on the Assignment Date they maintain a relationship with the company or one of the subsidiaries. The Units assigned are subject to a retention period lasting 2 years starting from the respective Assignment Date; during the Retention Period, the assigned Units cannot accrue unless the contract is terminated as a "Good Leaver" (for example: dismissed by the company not for just cause, death, the Beneficiary's retirement and loss of the condition of subsidiary by the employer company of the Beneficiary).
The Board of Directors assigned 48,000 units to beneficiaries during 2019, either directly or through its delegated representative.

	Year 2019			Year 2018		
	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)	No. Units granted	Value of the assign units (€'000)	Value of the units for the period (€'000)
Perfornance Share Plan 2016						
Nr. Unit at the begining of the period	604,000	983	240	889,000	1,174	516
Nr. Unit Granted during period	215,100	797	149	162,000	374	90
Nr. Unit Cancelled during period	(7,500)	(10)	(8)	(15,000)	(23)	(13)
Nr. Unit assigned during period	(48,000)	(74)	-	(432,000)	(542)	-
Nr. Unit Outstanding at the end of the period	763,600	1,696	381	604,000	983	593

The total cost of the units assigned in 2019 was €797 thousand, and this cost is recognised throughout the 24-month vesting period. As at 30 June 2019, the company recorded a cost of €381 thousand in the income statement, whose balancing entry was recognised in shareholders' equity. Since the beginning of the plan (2016), the total amount recognised in the income statement is €1,382 thousand.

32 – Events after the reporting period

No significant events took place after the closing of the Consolidated Financial Report at 30 June 2019.

33 - Seasonality of business activities

There are no significant seasonal trends in the sector in which the Group operates. Having stated as such, historically the Group recorded a greater concentration of revenues in the second half of the year. These higher sales were mainly due to the scheduling of purchases by customers. Turnover is not expected to be concentrated to any degree in the second half of the current year.

Certification of the Condensed Consolidated Half-Year Financial Statements

pursuant to Art. 154-*bis*, paragraph 5 - part IV, Title III, Chapter II, section V-*bis*, of Italian Legislative Decree no. 58 of 24 February 1998: "Consolidated act for the provisions on financial intermediation, in accordance with Arts. 8 and 21 of Italian Law no. 52 of 6 February 1996".

1) We the undersigned, Roberto Siagri, Chief Executive Officer, and Sandro Barazza, Financial Reporting Manager, for Eurotech S.p.A., pursuant to Art. 154-*bis*, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998 and subsequent amendments, hereby attest to:
   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements for the period from 1 January 2019 to 30 June 2019.

2) Valuation of the adequacy of the administrative and accounting procedures for the formation of the condensed financial statements at 30 June 2019 is based on a model Eurotech defined in line with the CoSO framework (document in the CoSO Report) and also takes into account the document "Internal Control over Financial Reporting – Guidance for Smaller Public Companies", both prepared by the Committee of Sponsoring Organizations of the Treadway Commission that represent a generally accepted relevant framework on the international level. In this regard, no significant aspects emerged.

3) Moreover, we hereby attest that the condensed consolidated half-year financial statements:
   a) correspond to the results in the corporate books and accounting records;
   b) were prepared in compliance with the international accounting standards (IFRSs) recognised in the European Union pursuant to Regulation (CE) 1606/2002 of the European Parliament and Council, dated 19 July 2002;
   c) provide a fair and true representation of the assets, liabilities, financial position and profit or loss of companies included in the consolidation.

4) The Interim Report on Operations contains references to the significant events that occurred in the first six months of the year and their impact on the condensed consolidated half-year financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, as well as information on relevant transactions with related parties.

Amaro (Udine), 5 September 2019

Eurotech S.p.A.

signed Roberto Siagri
Chief Executive Officer

signed Sandro Barazza
Financial Reporting Manager

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the Shareholders of
Eurotech SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Eurotech SpA and its subsidiaries (the Eurotech Group) as of 30 June 2019 comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes. The directors of Eurotech SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with the International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution n°10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Eurotech Group as of 30 June 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Udine, 5 September 2019

PricewaterhouseCoopers SpA

Signed by

Maria Cristina Landro
(Partner)

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

PricewaterhouseCoopers SpA

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