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Consolidated Interim Management Report
at 30 September 2017

EUROTECH

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

Date of issue: 13 November 2017
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www.eurotech.com

EUROTECH S.p.A.
Registered offices: Via Fratelli Solari 3/A, Amaro (Udine), Italy
Paid-in share capital: EUR 8,878,946 fully paid in
Tax code and
Udine Company Register no.: 01791330309

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Corporate Bodies

Board of Directors	
Chairman	Giuseppe Panizzardi [1,5]
Vice Chairman	Roberto Siagri [6]
Vice 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]
Director	Carmen Pezzuto [1,2,4]
Director	Marina Pizzol [1,3]

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

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

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

Independent auditor	
	PricewaterhouseCoopers 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 Related Party Transactions
[5] Member of the Remuneration Committee
[6] Member of the Appointments Committee

Performance highlights

Income statement highlights

3rd Q 2017	%	3rd Q 2016	%	% change	(€'000)		9M 2017	%	9M 2016	%	% change
					OPERATING RESULTS						
16,203	100.0%	14,143	100.0%	14.6%	SALES REVENUES		38,206	100.0%	42,582	100.0%	-10.3%
8,397	51.8%	6,847	48.4%	22.6%	GROSS PROFIT MARGIN	(*)	18,270	47.8%	21,077	49.5%	-13.3%
1,535	9.5%	112	0.8%	1270.5%	EBITDA	(**)	(2,863)	-7.5%	(361)	-0.8%	N/A
389	2.4%	(1,221)	-8.6%	131.9%	EBIT	(***)	(6,465)	-16.9%	(4,226)	-9.9%	-53.0%
(2)	0.0%	(1,166)	-8.2%	99.8%	PROFIT (LOSS) BEFORE TAXES		(7,880)	-20.6%	(4,234)	-9.9%	-86.1%
(137)	-0.8%	(1,207)	-8.5%	88.6%	GROUP NET PROFIT (LOSS) FOR THE PERIOD		(7,154)	-18.7%	(4,016)	-9.4%	-78.1%

Income statement net of the accounting effects of purchase price allocation

3rd Q 2017 adjusted	%	3rd Q 2016 & adjusted	%	% change	(€'000)		9M 2017 adjusted	%	9M 2016 adjusted	%	% change
					OPERATING RESULTS						
16,203	100.0%	14,143	100.0%	14.6%	SALES REVENUES		38,206	100.0%	42,582	100.0%	-10.3%
8,397	51.8%	6,847	48.4%	22.6%	GROSS PROFIT MARGIN	(*)	18,270	47.8%	21,077	49.5%	-13.3%
1,535	9.5%	112	0.8%	n.s.	EBITDA	(**)	(2,863)	-7.5%	(361)	-0.8%	N/A
955	5.9%	(574)	-4.1%	266.4%	EBIT	(***)	(4,682)	-12.3%	(2,388)	-5.6%	-96.1%
564	3.5%	(519)	-3.7%	208.7%	PROFIT (LOSS) BEFORE TAXES		(6,097)	-16.0%	(2,396)	-5.6%	-154.5%
231	1.4%	(970)	-6.9%	123.8%	GROUP NET PROFIT (LOSS) FOR THE PERIOD		(5,995)	-15.7%	(3,060)	-7.2%	-95.9%

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

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

Balance sheet and financial highlights

€'000	at September 30, 2017	at December 31, 2016	at September 30, 2016
NET NON-CURRENT ASSETS	86,606	95,220	100,647
NET WORKING CAPITAL	14,553	17,076	17,476
NET INVESTED CAPITAL*	95,154	105,128	110,430
ASSETS HELD FOR SALES	8	769	769
SHAREHOLDERS' EQUITY	89,540	103,557	108,652
NET FINANCIAL POSITION	5,622	2,340	2,547

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

Employee headcount

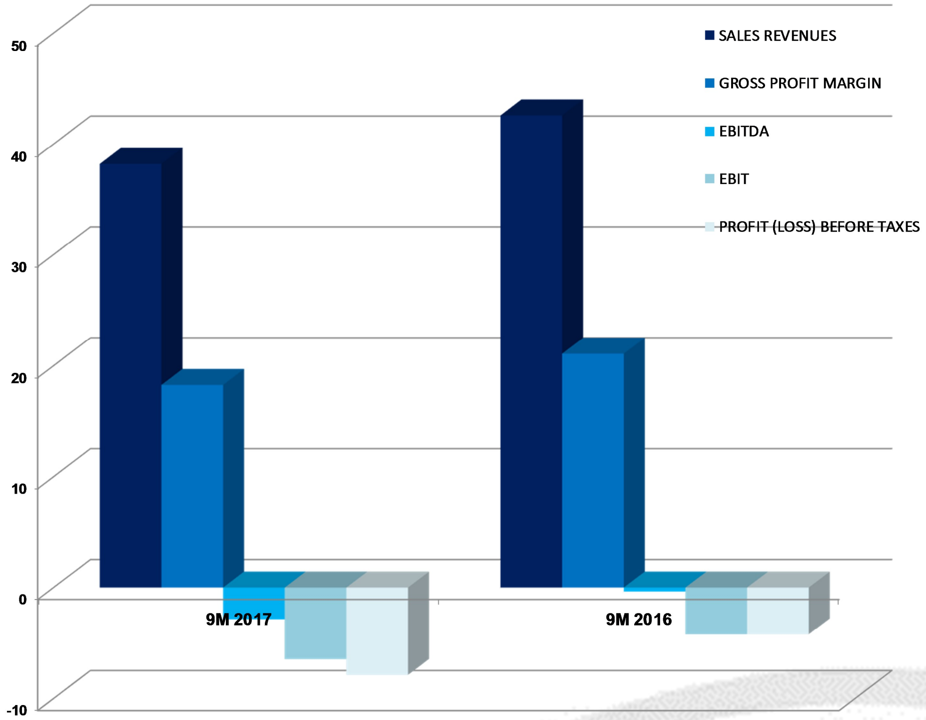
	at September 30, 2017	at December 31, 2016	at September 30, 2016
EMPLOYEES	298	321	326

Revenues by business line

Up until June 2017 the company represented two separate business lines, which were that of the NanoPCs and that of the HPCs (High Performance Computers). In consideration of the low volumes developed over recent years and the altered corporate strategy on HPCs, the two divisions were joined in July 2017 and the know-how generated during these years on the Supercomputers was applied in order to create embedded products with similar characteristics, although with considerably smaller sizes.
In the aftermath of this reorganisation, the only business line that the Group has is the NanoPC line. It comprises a) miniaturised electronic modules and systems for the transport, logistics, defence, security, medical and industrial sectors; and b) machine-to-machine (M2M) software platforms for Internet of Things (IoT) applications.

At 30 June 2017, the HPC business line had generated turnover of €56 thousand.
The HPC business line had generated turnover of €211 thousand, namely 0.5% of the Group's total turnover, during the first 9 months of 2016.

Performance



Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of Borsa Italiana (Milan Stock Exchange) since 30 November 2005.

Share capital of Eurotech S.p.A. at 30 September 2017

Share capital	€8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	1,319,020
Stock market capitalisation (based on the share's average price in September 2017)	€45 million
Stock market capitalisation (based on the share's reference price at 30 September 2017)	€45 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
01.01.2017 – 30.09.2017

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

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

The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It is a Group that has operating locations in Europe, North America and Japan, led and coordinated by the headquarters in Italy.

The technological paradigm followed by Eurotech is ‘pervasive computing’ or ‘ubiquitous computing’. The pervasive concept combines three key factors: the miniaturisation of ‘intelligent’ devices, i.e. devices capable of processing information; their spread in the real world – inside buildings and equipment, on board vehicles, worn by people, and disseminated in the environment; and their ability to connect with each other in a network and communicating.
In this perspective, Eurotech creates miniaturised computers for special uses and with high energy efficiency, and SW platforms for M2M integration. By connecting to and cooperating with each other, these devices form the pervasive computing structure previously known as the ‘pervasive computing grid’, which today we call the ‘Internet of Things’.

The Group’s HW offering varies according to the positions of the various products in the value stack. The NanoPC is typically a miniature computer that can take the form of:
- an embedded electronic system (i.e. inserted within a device or a system), often used as a component of OEM products;
- an embedded subsystem used as an element of integrated systems;
- a ready-to-use device employed in a great variety of application settings, often as support for the provision of value-added services.

All these Eurotech products of the NanoPC line have wireline or wireless communication channels to ensure their interconnection. It is this combination of computing and communication capabilities that makes Eurotech’s products key elements of the pervasive scenario that the company wants to create.

The Group’s NanoPC offering is used in several application fields, both conventional and emerging. Eurotech is most active in the transport, industrial, medical, defence, security and logistics sectors. The feature common to many of our Customers in all these sectors is they are seeking not only a supplier but also a centre of technological competence – and they often see in Eurotech a partner for innovating their products and their way of doing business. They choose Eurotech because they want to minimise the total cost of ownership of their projects and systems. They want to reduce their time-to-market and focus on their core businesses. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.

In addition to the indicated products, Eurotech designs and creates supercomputers with huge computing capacity, occupying little space and highly energy efficient, created via mass and parallel connection of high-performance miniaturised computers. These supercomputers are turning out to be indispensable in advanced sectors such as nanotechnology, biotechnology, cyber security and industrial fields.

While we continue to improve our consolidated hardware offering, we are increasingly tackling the challenge of creating end-to-end solutions to seamlessly interconnect distributed smart objects and transport valuable data from these objects to business applications, leveraging on the Cloud IT infrastructure.
Any object that is equipped with a small interconnected computer can generate a flow of data and has the potential to become a web-monitored asset, whether it be a vending machine, a bundle of bank notes, an agricultural vehicle or a level crossing. But to create the ‘Internet of Things’, the interface between the real and the digital worlds, between sensors and the web, and between smart devices and applications in the Cloud, have to be managed.

At Eurotech, we know how to process significant data from assets in the real world, transport them in the Cloud and make them usable in business processes and applications. Today, our systems and devices can be easily integrated within a Cloud infrastructure, whether public or private, via our Everywhere Cloud software platform, which rapidly connects smart objects to build M2M (machine-to-machine) distributed systems for IoT (Internet of Things) solutions. Thanks to our platform, our partners and customers can create flexible solutions that support value-added service provision and asset monitoring systems in a whole range of operating contexts.

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

Introduction

The consolidated interim management statement of the Eurotech Group at 30 September 2017, which has not been independently audited, and the statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 30 September 2017 and comparable periods were prepared according to the IASs/IFRSs in force on the date of preparation and the statements drawn up according to Annex 3D of the Italian Issuers' Regulation no. 11971 of 14 May 1999, as amended and supplemented.

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements at 30 September 2017 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting policies and consolidation methods used to prepare the consolidated interim management statement are consistent with those used in the Consolidated Annual Financial Report at 31 December 2016, to which we expressly invite readers to refer, except for the adoption of new standards, amendments and interpretations in force at 1 January 2017.

The standards, amendments and interpretations that have gone into effect since 1 January 2017 and that are applied by the Group are briefly described below. The application of these standards, amendments and interpretations had no particular impact on the consolidated financial statements of the Group since they regulate matters not present, or that affect only financial disclosure.
- Amendment to IAS 12 – *Income taxes*: recognition of deferred tax assets on unrealised losses. On 19 January 2016, the IASB published several amendments to IAS 12 in order to clarify how to recognise the deferred tax assets relating to debt instruments measured at fair value.
- Amendment to IAS 7 – *Cash flow statement*: disclosure initiative. The purpose of the amendment published on 29 January 2016 is to improve the presentation and disclosure of financial information in the financial reports and to resolve some critical issues reported by operators.

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

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

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

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

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

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

Assets transferred during the year 2016

The item shows an amount referring to the first nine months of 2016 only.
This figure refers to the transaction carried out on 29 February 2016 by the subsidiary IPS Sistemi Programmabili S.r.l., which signed an agreement to sell the Security and Traffic business unit. The consideration of the transaction was set by the parties at €2.45 million. This amount was adjusted based on the working capital of the business unit at 29 February, which proved to be negative in Eurotech's favour for €108 thousand. The consideration of €2.45 million was collected on the date the contract of sale was signed, while the adjustment that had been defined by the parties was entirely settled by the end of 2016.

In application of "IFRS5 - Non-current assets held for sale and discontinued operations", the financial results of the business unit sold remained classified to the balance sheet items by nature, as the transaction did not fall under the category of major line of business.
The capital gain coming from the sale was, as a result, classified under the item "Other revenues" at 30 June 2016, and amounted to €1,705 thousand.

Operating performance in the period

The favorable performance of the third quarter of 2017 made it possible to recover part of the gap compared to last year that had accumulated during the first half of 2017. Turnover of the quarter amounted to €16.20 million and group revenues in the first nine months of 2017 totalled €38.21 million, compared to €42.58 million of 2016.

The actions taken during the year, above all in the US area, are generating benefits with recovery of the turnover and orders of the year, which continue to be about 20% higher than those of the same period of 2016 at Group level.
The time needed to finalise the current negotiations is still slower than usual, particularly with regard to those related to the transport sector in the Italian area where the conclusion of supply contracts required more time than expected. The effects on sales should appear in the last quarter of the year.

The Group has worked on the coordination between the various structures in the various geographical area, by continuing to invest in development, marketing and sales activities, with the aim of increasing their efficiency and making the operational structures more and more effective to customers.

In the IoT segment, the Group continues to work on the construction of an indirect sales channel to be joined to the direct channel, which represent today the main sales channel. The indirect channel will have the advantage of leveraging both the partner's customer base and the vertical competencies of the partners so that we can enjoy a larger and varied market and where our IoT technological platform in industry (Industry 4.0) is highly appreciated.

The analysts continue to see the IoT market as one of the most promising in terms of expected growth and for the figures that will generate there. However more time than anticipated will be necessary for the transition from the POC (Proof of Concept) to the large-scale production phase given the complexity of the digital transformation that companies must undertake. Nevertheless, the number of opportunities for which the Group is working has doubled in the last 9 months.

Before commenting on the income statement figures in more detail, we must point out that some of them reflect the effects of the recognition in the accounts of purchase price allocations[A] relating to the business combinations of Advanet Inc.

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-4.68 million, rather than €-6.46 million;
- the pre-tax loss would have been €-6.10 million, rather than €-7.88 million;
- the consolidated net loss would have been €-5.99 million rather than €-7.15 million.

As surmised, gross profit came in at 47.8%, higher than the 44.9% made in the first 6 months and approaches the expectations at the start of the year as well as what was registered in the first nine months of 2016 (9 months 2016: 49.5%). The recovery of the margin, whose value in the third quarter was 51.8% of sales, is determined by the mix of different products with a higher margin. An improvement in the margin is expected also in the fourth quarter, based on the backlog and on the recovery of the turnover. As always, the margin is tied to the product mix, the fields of application and the geographic market outlets, so it may sustain changes from one quarter to the next.

This quarter management continue to focus much of its attention on reducing operating costs in order to be able to break even at the operational level as quickly as possible. Gross of adjustments, these costs were reduced by €1.84 million (7.13%), from €25.83 million in the first nine months of 2016 to €23.99 million in the first nine months of 2017.

[A] In detail, the effects of the recognition in the accounts of purchase price allocation relating to the business combination of Advanet Inc. can be summarised as follows:
- depreciation, amortisation and impairment: €1,783 thousand (€1,838 thousand at 30 September 2016), equal to the higher amortisation charged to the higher value attributed to customer relationships (intangible assets);
- lower income taxes: €624 thousand (€882 thousand at 30 September 2016) resulting from the tax effect on adjustments made.

In addition to cutting costs for services deemed unnecessary during this stage of strategic focus, this reduction in operating costs was also achieved by reducing the net absolute number of employees after measures were taken to rationalise operational structures in general.

Due to a trend in revenues incapable to meet the leverage, despite the considerable reduction in operating costs, they were 62.8% of revenues in the first nine months of 2017, as compared to 60.7% in the first nine months of 2016. The percentage remarkably improved compared to the 74.9% at 30 June 2017 and it is believed that it can further improve by virtue of the expected performance of turnover in the fourth quarter. The growth in the backlog over the 2016 period will contribute to return to levels more in line with the average of past years.

EBITDA totalled €-2.86 million (-7.5% of revenues) for the first nine months of the year, compared with €-0.36 million for 2016 (-0.8% of revenues). Thanks to operating cost containment, and despite reduced revenues by Euro 4.38 million, the difference between one period and the other, net of the gain realized last year from the sale of branch of the subsidiary IPS Sistemi Programmabili Srl (Euro 1.70 million), was in the amount of Euro 0.7 million.

EBIT came to €-6.46 million in the first nine months of 2017 (-16.9% of revenues), compared to €-4.23 million in the first nine months of 2016 (-9.9% of revenues). The EBIT figure also reflects the effects of depreciation and amortisation charged to the income statement in 9M17, as well as the trend in EBITDA mentioned previously. Depreciation and amortisation derive from operating assets becoming subject to depreciation and amortisation in the period under review and the non-monetary effects arising from price allocation of Advanet Inc. The effect on EBIT of the PPA amounts in 9M17 was €1.78 million, versus €1.84 million in 9M16.

Net finance expense was €-1.29 million in the first nine months of 2017, affected by the foreign currency trends (in terms of average value), as compared to the net finance expense of €-60 thousand in 9M16.
Overall, foreign exchange differences had a negative effect on the period of €1.01 million, compared with a positive effect of €0.22 million in 9M16. Financial management relating to interest had an effect of €0.26 million in 9M17, in line with the figure of 9M16. For greater detail, readers should refer to the comments made in Note “J”.

A pre-tax loss of €7.88 million was registered for the 9M17 (compared with a loss of €4.23 million in the 9M16). This performance was influenced by the factors outlined above. The effects of price allocation on the pre-tax result amounted to €1.78 million in 9M17 and €1.84 million in 9M16.

The Group net result amounted to €-7.15 million (€-4.02 million in 9M16). Not only does it reflect the changes in the pre-tax result, but the performance also was caused by the effect of the tax burden on the Group's various units.
Total PPA effects on the Group net result in 9M17 amounted to €1.16 million (9M16: €0.96 million).

With regard to the third quarter, all indices the Group monitors were positive and provide a bright outlook for the fourth quarter and, as a result, for the end of the year.
The quarter that just ended resulted in a positive EBIT of €0.39 million (2.4% of turnover) and broke even with the pre-tax result.
More specifically, turnover was affected (as commented on above) by the sound performance of the US and European (the UK in particular) areas with respect to the comparative period. The quarter in question closed with total turnover of €16.20 million (€14.14 million in 3Q16), up 14.6% compared to the same quarter the previous year; the value of the turnover of the quarter corresponds to 42.4% of the turnover of the nine-month period, while it was 33.2% of the turnover of the same period in 2016.
Gross profit (51.8%) in the quarter under review went up compared to what was recorded in the past quarters and higher than the figure of the same period of 2016 (9M16: 48.4%).

The interim results are influenced by the trend in turnover and by the resulting gross profits generated, and by the reduced operating costs and amortisation charged in the quarter. Third quarter 2017 EBITDA was positive for €1,535 thousand (9.5% of revenues of the quarter), while it was also positive for €112 thousand in the 3Q16 (0.8% of revenues).
EBIT was also positive and influenced by the margins described in the third quarter of 2017, totalling €389 thousand (2.4% as a percentage of revenues), versus a negative result of €-1.22 million (-8.6% of revenues) in the same period of 2016. PPA had a negative effect on EBIT of €566 thousand in the third quarter of 2017 and €647 thousand in the same period of 2016.
These trends contributed to generate the interim 9M results mentioned above.

Financial statements and explanatory notes

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

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	9M 2017 (b)	of which related parties	%	9M 2016 (a)	of which related parties	%	change (b-a) amount	change (b-a) %
Sales revenue	C	38,206	347	100.0%	42,582	1,442	100.0%	(4,376)	-10.3%
Cost of material	D	(19,936)	(469)	-52.2%	(21,505)	(552)	-50.5%	(1,569)	7.3%
Gross profit		**18,270**		**47.8%**	**21,077**		**49.5%**	**(2,807)**	**-13.3%**
Services costs	E	(8,446)	(21)	-22.1%	(8,885)	(26)	-20.9%	(439)	-4.9%
Lease & hire costs		(1,300)		-3.4%	(1,332)		-3.1%	(32)	2.4%
Payroll costs	F	(13,698)		-35.9%	(14,995)		-35.2%	(1,297)	8.6%
Other provisions and costs	G	(541)		-1.4%	(615)		-1.4%	(74)	12.0%
Other revenues	H	2,852		7.5%	4,389	1,705	10.3%	(1,537)	-35.0%
EBITDA		**(2,863)**		**-7.5%**	**(361)**		**-0.8%**	**(2,502)**	**n.s.**
Depreciation & Amortization	I	(3,602)		-9.4%	(3,865)		-9.1%	(263)	-6.8%
EBIT		**(6,465)**		**-16.9%**	**(4,226)**		**-9.9%**	**(2,239)**	**53.0%**
Share of associates' profit of equity		(121)		-0.3%	52		0.1%	173	332.7%
Subsidiaries management	L	0		0.0%	0				
Finance expense	J	(1,926)		-5.0%	(1,028)		-2.4%	898	-87.4%
Finance income	J	632	4	1.7%	968		2.3%	(336)	-34.7%
Profit before tax		**(7,880)**		**-20.6%**	**(4,234)**		**-9.9%**	**(3,646)**	**86.1%**
Income tax	K	726		1.9%	218		0.5%	(508)	-233.0%
Net profit (loss) before minority interest		**(7,154)**		**-18.7%**	**(4,016)**		**-9.4%**	**(3,138)**	**78.1%**
Minority interest	O	**0**		**0.0%**	**0**		**0.0%**	**0**	**n/a**
Group net profit (loss)	**O**	**(7,154)**		**-18.7%**	**(4,016)**		**-9.4%**	**(3,138)**	**78.1%**
Base earnings per share		**(0.209)**			**(0.117)**				
Diluted earnings per share		**(0.209)**			**(0.117)**				

CONSOLIDATED INCOME STATEMENT (€ '000)	3rd Qtr 2017	%	3rd Qtr 2016	%
Sales revenue	16,203	100.0%	14,143	100.0%
Cost of material	(7,806)	-48.2%	(7,296)	-51.6%
Gross profit	**8,397**	**51.8%**	**6,847**	**48.4%**
Services costs	(2,639)	-16.3%	(2,794)	-19.8%
Lease & hire costs	(402)	-2.5%	(445)	-3.1%
Payroll costs	(4,301)	-26.5%	(4,776)	-33.8%
Other provisions and costs	(164)	-1.0%	(236)	-1.7%
Other revenues	644	4.0%	1,516	10.7%
EBITDA	**1,535**	**9.5%**	**112**	**0.8%**
Depreciation & Amortization	(1,146)	-7.1%	(1,333)	-9.4%
EBIT	**389**	**2.4%**	**(1,221)**	**-8.6%**
Share of associates' profit of equity	(118)	-0.7%	(26)	-0.2%
Subsidiaries management	113	0.7%	0	0.0%
Finance expense	(612)	-3.8%	(326)	-2.3%
Finance income	226	1.4%	407	2.9%
Profit before tax	**(2)**	**0.0%**	**(1,166)**	**-8.2%**
Income tax	(135)	-0.8%	(41)	-0.3%
Net profit (loss) before minority interest	**(137)**	**-0.8%**	**(1,207)**	**-8.5%**
Minority interest	**0**	**0.0%**	**0**	**0.0%**
Group net profit (loss)	**(137)**	**-0.8%**	**(1,207)**	**-8.5%**

Consolidated statement of comprehensive income

(€/000)	Note	9M 2017	9M 2016
Net profit (loss) before minority inerest (A)		**(7,154)**	**(4,016)**
Other elements of the statement of comprehensive income			
Other comprehensive income to be reclassified to profit or loss insubsequent periods:			
Net profit/(loss) from Cash Flow Hedge		2	(7)
Tax effect		-	-
		2	*(7)*
Foreign balance sheets conversion difference		*(3,013)*	*8,175*
Exchange differences on equity investments in foreign		(4,079)	(875)
Tax effect		-	-
		(4,079)	*(875)*
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)		*(7,090)*	*7,293*
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit plans for employees		0	49
Tax effect		-	(14)
		0	*35*
After taxes net other comprehensive income not being reclassified to profit orloss in subsequent periods (C)		*0*	*35*
Comprehensive net result (A+B+C)		**(14,244)**	**3,312**
Comprehensive minority interest		**0**	**0**
Comprehensive Group net profit (loss) for period		**(14,244)**	**3,312**

See explanatory note on page 24.

Consolidated statement of financial position

(€'000)	Notes	at September 30, 2017	of which related parties	at December 31, 2016	of which related parties
ASSETS					
Intangible assets		81,703		89,715	
Property, Plant and equipment		2,541		2,993	
Investments in affiliate companies		0		11	
Investments in other companies		163		301	
Deferred tax assets		1,518		1,465	
Medium/long term borrowing allowed to affiliates companies and other Group		85	85	95	95
Other non-current assets		596		640	
Total non-current assets	L	**86,606**		**95,220**	
Inventories		18,541		19,337	
Trade receivables		10,316	591	15,813	1,037
Income tax receivables		699		155	
Other current assets		1,916		1,414	
Other current financial assets		76		76	
Cash & cash equivalents		7,450		9,186	
Total current assets		**38,998**		**45,981**	
Non-current assets classified as held for sale	**P**	**8**		**769**	
Total assets		**125,612**		**141,970**	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Share premium reserve		136,400		136,400	
Other reserves		(55,739)		(41,722)	
Group shareholders' equity	O	**89,540**		**103,557**	
Equity attributable to minority interest	O	**0**		**0**	
Total shareholders' equity	O	**89,540**		**103,557**	
Medium-/long-term borrowing		3,636		3,475	
Employee benefit obligations		2,304		2,437	
Deferred tax liabilities		2,919		3,767	
Other non-current liabilities		697		869	
Total non-current liabilities		**9,556**		**10,548**	
Trade payables		11,454	285	13,459	300
Short-term borrowing		9,587		8,210	
Derivative instruments		10		12	
Income tax liabilities		80		642	
Other current liabilities		5,385		5,542	
Total current liabilities		**26,516**		**27,865**	
Total liabilities		**36,072**		**38,413**	
Total liabilities and equity		**125,612**		**141,970**	

Consolidated statement of changes in Equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2015	8,879	1,200	136,400	10,601	(47,761)	(8)	(372)	5,718	(3,097)	(6,223)	105,337	-	105,337
2015 Result allocation	-	185	-	-	(6,408)	-	-	-	-	6,223	-	-	-
Profit (loss) as at September 30, 2016	-	-	-	-	-	-	-	-	-	(4,016)	(4,016)	-	(4,016)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		(7)	-	-	-	-	(7)	-	(7)
Actuarial gains/(losses) on defined benefit plans for	-	-	-	-	-	-	35	-	-	-	35	-	35
- Foreign balance sheets conversion difference	-	-	-	8,175	-			-	-	-	8,175	-	8,175
- Performance Share Plan	-	-	-	-	3	-	-	-	-	-	3	-	3
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(875)	-	-	(875)	-	(875)
Comprehensive result	-	-	-	*8,175*	*3*	*(7)*	*35*	*(875)*	-	*(4,016)*	*3,315*	-	*3,315*
Balance as at September 30, 2016	8,879	1,385	136,400	18,776	(54,166)	(15)	(337)	4,843	(3,097)	(4,016)	108,652	-	108,652

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 2016	8,879	1,385	136,400	12,689	(54,109)	(12)	(398)	6,889	(3,097)	(5,069)	103,557	-	103,557
2016 Result allocation	-	-	-	-	(5,069)	-	-	-	-	5,069	-	-	-
Profit (loss) as at September 30, 2017	-	-	-	-	-	-	-	-	-	(7,154)	(7,154)	-	(7,154)
- Performance Share Plan	-	-	-	-	227	-	-	-	-	-	227	-	227
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		2	-	-	-	-	2	-	2
- Foreign balance sheets conversion difference	-	-	-	(3,013)	-			-	-	-	(3,013)	-	(3,013)
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(4,079)	-	-	(4,079)	-	(4,079)
Comprehensive result	-	-	-	*(3,013)*	-	2	-	*(4,079)*	-	*(7,154)*	(14,244)	-	(14,244)
Balance as at June 30, 2017	8,879	1,385	136,400	9,676	(58,951)	(10)	(398)	2,810	(3,097)	(7,154)	89,540	-	89,540

Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt at 30 September 2017, breaking it down by due date and comparing it with the situation at 30 September 2016 and 31 December 2016:

(€'000)		at September 30, 2017	at December 31, 2016	at September 30, 2016
Cash & cash equivalents	A	(7,450)	(9,186)	(8,028)
Cash equivalent	**B=A**	**(7,450)**	**(9,186)**	**(8,028)**
Other current financial assets	C	(76)	(76)	(5)
Derivative instruments	D	10	12	15
Short-term borrowing	E	9,587	8,210	6,492
Short-term financial position	**F=C+D+E**	**9,521**	**8,146**	**6,502**
Short-term net financial position	**G=B+F**	**2,071**	**(1,040)**	**(1,526)**
Medium/long term borrowing	H	3,636	3,475	4,163
Medium-/long-term net financial position	**I=H**	**3,636**	**3,475**	**4,163**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**J=G+I**	**5,707**	**2,435**	**2,637**
Medium/long term borrowing allowed to affiliates companies and other Group companies	K	(85)	(95)	(90)
(NET FINANCIAL POSITION) NET DEBT	**L=J+K**	**5,622**	**2,340**	**2,547**

Working capital

The Group's working capital as at 30 September 2017, compared with the situation at 30 September 2016 and 31 December 2016, is as follows:

(€'000)	at September 30, 2017 (b)	at December 31, 2016 (a)	at September 30, 2016	Changes (b-a)
Inventories	18,541	19,337	20,940	(796)
Trade receivables	10,316	15,813	12,369	(5,497)
Income tax receivables	699	155	307	544
Other current assets	1,916	1,414	2,548	502
Current assets	*31,472*	*36,719*	*36,164*	*(5,247)*
Trade payables	(11,454)	(13,459)	(12,425)	2,005
Income tax liabilities	(80)	(642)	(209)	562
Other current liabilities	(5,385)	(5,542)	(6,054)	157
Current liabilities	*(16,919)*	*(19,643)*	*(18,688)*	*2,724*
Net working capital	**14,553**	**17,076**	**17,476**	**(2,523)**

Cash flow

(€'000)		at September 30, 2017	at December 31, 2016	at September 30, 2016
Cash flow generated (used) in operations	A	(1,591)	(1,426)	(2,467)
Cash flow generated (used) in investment activities	B	(1,068)	(34)	570
Cash flow generated (absorbed) by financial assets	C	1,234	(566)	(1,539)
Net foreign exchange difference	D	(311)	(218)	34
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	(1,736)	(2,244)	(3,402)
Opening amount in cash & cash equivalents		9,186	11,430	11,430
Cash & cash equivalents at end of period		7,450	9,186	8,028

A – Eurotech Group business

The Group's activities, which were divided into two business line (NanoPC and HPC by June 30, have now been grouped into one sector, including both miniaturised and high capacity computers for special uses and M2M integration SW platforms.

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

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

B – Basis of consolidation

The companies included in the basis of consolidation on a line-by-line basis at 30 September 2017 are as follows:

Company name	Registered offices	Share capital		Group share
Parent company				
Eurotech S.p.A.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	8,878,946	
Subsidiary companies consolidated line-by-line				
Aurora S.r.l.	Via Fratelli Solari, 3/A – Amaro (UD)	Euro	10,000	100.00%
Dynatem Inc. (2)	Mission Viejo (USA)	USD	1,000	100.00%
ETH Devices S.r.o. in liquidation	Bratislava (Slovakia)	Euro	10,000	100.00%
EthLab S.r.l.	Via Dante, 300 – Pergine Valsugana (TN)	Euro	115,000	100.00%
Eurotech Inc.	Columbia (USA)	USD	26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP	33,333	100.00%
E-Tech USA Inc.	Columbia (USA)	USD	8,000,000	100.00%
Eurotech France S.A.S.	Venissieux (France)	Euro	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	Euro	51,480	100.00%
Advanet Inc.	Okayama (Giappone)	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.
(2) The company was merged by incorporation into Eurotech Inc. with effect starting from 1 October 2017.

Subsidiaries valued at equity		
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste	21.31%
Other smaller companies valued at cost		
Kairos Autonomi	Salt Lake City (USA)	19.00%
Affiliated companies booked under assets held for sale		
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona	24.00%

The main changes with regard to subsidiaries and affiliates compared with 31 December 2016 are as follows:
- 01/01/2017 the company eVS embedded Vision Systems was classified under assets held for sale;
- 02/05/2017 the company Chengdu Vantron Technology Inc. was sold to the majority shareholder;
- 04/07/2017 the Slovak company ETH Devices S.r.o. was placed in liquidation
- 07/09/2017 the companies Dynatem Inc. and Eurotech Inc. approved the merger by incorporation of Dynatem Inc into Eurotech Inc. with effect starting from 1 October 2017.

The following table provides information on the exchange rates used to translate foreign companies' financial statements into the Eurotech Group's presentation currency (the euro). The rates correspond to those released by the Italian Foreign Exchange Bureau (Ufficio Italiano Cambi).

Currency	Average 9Months 2017	As of September 30, 2017	Average 2016	As of December 31, 2016	Average 9Months 2016	As of September 30, 2016
British pound sterling	0.87318	0.88178	0.81948	0.85618	0.80304	0.86103
Japanese Yen	124.68130	132.82000	120.19665	123.40000	120.95228	113.09000
USA Dollar	1.11403	1.18060	1.10690	1.05410	1.11617	1.11610

C - Revenues

Revenues earned by the Group amount to €38.21 million (€42.58 million in the first nine months of 2016), a decrease of €4.37 million (10.3%) on the same period of last year. This trend is due to the reduction in turnover in Europe and Japan compared to the period of comparison. Although it had been damaged by the effects of currency conversion, the US area reported a 5.4% increase.

For operating purposes, the Group is currently organised with only one business line, also known as business segment, called "NanoPC".
On the basis of criteria for monitoring activities currently used by top management, disclosure on a geographical basis is provided in terms of the location of the Group's various companies.
The Group's geographical areas are defined according to the location of Group assets and operations. The areas identified within the Group are: Europe, North America and Asia.

Revenues by business segment

The Group has only one business segment since 1 July 2017.
Until that time, the Group had always represented two business lines: Nano Pcs and HPCs.
At 30 June 2017, the turnover of the HPC business line amounted to €56 thousand. The turnover of the HPC business line had amounted to €211 thousand during the first 9 months of 2016.

Revenues by business region

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

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	9M 2017	9M 2016	% YoY Change	9M 2017	9M 2016	% YoY Change	9M 2017	9M 2016	% YoY Change	9M 2017	9M 2016	% YoY Change	9M 2017	9M 2016	% YoY Change
Third party Sales	15,814	14,774		6,150	10,058		16,242	17,750		0	0		38,206	42,582	
Infra-sector Sales	276	389		2,317	2,760		49	189		(2,642)	(3,338)		0	0	
Total Sales revenues	16,090	15,163	6.1%	8,467	12,818	-33.9%	16,291	17,939	-9.2%	(2,642)	(3,338)	20.9%	38,206	42,582	-10.3%

The North American business area's revenues totalled €16.09 million in 9M17 compared with €15.16 million in 9M16, and are up 6.1%. This change is due to a recovery of orders in which the entire US structure, with the support of the parent company's management, was involved. A certain misalignment between the conclusion of the supply of several personalised products tied to orders and projects obtained in past years (phase-out) and the new projects (phase-in) still remains. However, the increases in orders received until now from new customers and consolidated customers may continue to generate increased turnover in the area. So in the meantime, continuous relations with the traditional customers are strategic as they have always counted on the reliability of the Group and on Eurotech's possibility to solve its customers' technological problems, also from the innovation partnership viewpoint.

Due to the reduction in the Italian area, the European business area registered a drop in revenues from €12.82 million in 9M16 to €8.47 million in 9M17, which represents a decrease of 33.9% including interregional sales. This decrease is due to the delays in signing several agreements in the transport sector. Performance is still nevertheless mixed and the stagnant situation is leading to growth issues in the three major European countries where the group operates (Italy, France and the UK). The IoT/M2M offering continues to draw a large amount of interest as regards both the software platform and the gateways, with a larger and larger number of customers using the platform and requiring attainment of PoC.

The Asian business area registered a decrease of 9.2%. Net of the foreign exchange effect, turnover would show a 6.4% drop due to the shift of deliveries to the next quarter requested by some customers.

Revenues by customer geographical area

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

3rd Q 2017	%	3rd Q 2016	%	BREAKDOWN BY GEOGRAPHIC AREA	9M 2017	%	9M 2016	%	var. %
2,030	12.5%	1,562	11.0%	European Union	5,397	14.1%	7,208	16.9%	-25.1%
7,297	45.0%	4,364	30.9%	United States	15,833	41.4%	15,028	35.3%	5.4%
6,604	40.8%	7,577	53.6%	Japan	16,242	42.5%	17,729	41.6%	-8.4%
272	1.7%	640	4.5%	Other	734	1.9%	2,617	6.1%	-72.0%
16,203	**100.0%**	**14,143**	**100.0%**	**TOTAL SALES AND SERVICE REVENUES**	**38,206**	**100.0%**	**42,582**	**100.0%**	**-10.3%**

With reference to the figures by geographical area reported in the table, revenues generated in the nine-month period in the US went up by 5.4% and it contributed 41.4% to total revenues in the first nine months of 2017.

Despite the 8.4% reduction, Japan was again the predominant area in the first 9 months by contributing 42.5% to the Group's revenues.
In Europe, again with reference to customer location, turnover decreased by 25.1%, and accounted for about 14.1% of total revenues. The area is still affected by sluggish demand for the traditional products, and a demand still in the growth stage for the new M2M/IoT offer, even if a recovery is expected in the upcoming quarter.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which relate in absolute terms to sales, fell in the period under review from €21.51 million in 9M16 to €19.94 million in 9M17. Due to the different mix of products, the consumption of raw & auxiliary materials and consumables decreased less than proportionately compared with the sales trend, resulting in a reduction in gross profits in percentage, but recovering a few percentage points compared to what was registered in the half-year.

As a percentage of revenues, consumption of raw & auxiliary materials and consumables rose to 52.2% in 9M17 (compared with 50.5% in 2016).

E – Service costs

Service costs decreased from €8.88 million in 9M16 to €8.44 million in 9M17, a sizeable decrease in absolute terms of €0.44 million, or 4.9%. This cost item decreased as a percentage of revenues from 20.9% in 9M16 to 22.1% in 9M17.

F – Payroll costs

In the period under review, payroll costs decreased by 8.6%, from €14.99 million to €13.70 million. This cost decrease is connected with the reduced number of employees following the reorganisation of the work force in several geographical areas.

As shown in the table below, the number of Group employees decreased at the end of the period under review, dropping from 326 in 9M16 to 298 in 9M17. The figure is also down by 23 units compared to the 31 December 2016 figure. The actions taken were to create a more efficient operational structure with the right size and with new skills to following the strategic development guidelines.

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

Employees	at September 30, 2017	at December 31, 2016	at September 30, 2016
Manager	5	10	6
Clerical workers	277	287	296
Line workers	16	24	24
TOTAL	298	321	326

G – Other provisions and costs

At 30 September 2017, this item included a provision for doubtful accounts of €67 thousand (€85 thousand in the first nine months of 2016), and refers to provisions made for the possibility of uncollectable trade receivables.
Other provisions and costs as a percentage of revenues were 1.4%, a figure similar to that of the same period in 2016.

H – Other revenues

Other revenues fell by €1.54 million. This item decreased from €4.39 million in 9M16 to €2.85 million in 9M17. The difference is mainly due to the non-recurring capital gain made in 2016 from the transfer of the IPS business unit described on page 12 for €1.70 million. Other revenues comprise the capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €1.74 million (€1.39 million in the 9M16), as well as miscellaneous income of €0.63 million (€1.94 million in the 9M16), while operating grants totalled €0.48 million (€1.06 thousand in the 9M16).

I - Depreciation, amortisation and impairment

This item decreased by €0.26 million, from €3.86 million in 9M16 to €3.60 million in 9M17, due to the lower depreciation and amortisation recognised.

PPA depreciation and amortisation at 30 September 2017, which came to €1.78 million, totally refer to the residual amount of the Advanet Inc. customer relationship.

J – Financial income and expenses

Financial expenses went from €1.03 million in 9M16 to €1.93 million in 9M17 due to the combined effect of the increase in exchange rate losses and an overall reduction in other financial expenses.

The different impact of exchange rates also impacted financial income, which went from €0.97 million in 9M16 to €0.63 million in 9M17; in addition to lower gains on exchange rates, other financial income gains decreased as well.

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

- foreign exchange losses: €1.61 million at 30 September 2017 (4.2% as a percentage of revenues), compared with €0.64 million at 30 September 2016 (1.5% as a percentage of revenues);
- foreign exchange gains: €0.60 million at 30 September 2017 (1.6% as a percentage of revenues), compared with €0.86 million at 30 September 2016 (2.0% as a percentage of revenues);
- miscellaneous interest expenses: €314 thousand at 30 September 2017 (0.8% as a percentage of revenues), compared with €387 thousand at 30 September 2016 (0.9% as a percentage of revenues).

3rd Q 2017	3rd Q 2016	(€'000)	9M 2017	9M 2016
500	227	Exchange-rate losses	1,612	641
105	89	Interest expenses	278	280
2	3	Expenses on derivatives	6	5
5	7	Other finance expenses	30	102
612	**326**	**Financial charges**	**1,926**	**1,028**

3rd Q 2017	3rd Q 2016	(€'000)	9M 2017	9M 2016
221	308	Exchange-rate gains	599	858
0	(8)	Interest income	18	0
5	107	Other finance income	15	110
226	**407**	**Financial incomes**	**632**	**968**
(386)	**81**	**Net financial income**	**(1,294)**	**(60)**

K – Income taxes

Taxes at 30 September 2017 are receivable and amount to a total of €0.73 million (of which €0.43 million for current taxes and €1.16 million for net deferred tax assets) compared with tax of €0.22 million at 30 September 2016 (of which €0.77 million for current taxes and €0.98 million for net deferred tax assets), representing a lower cost of €0.51 million.

L – Non-current assets

The negative change in non-current assets between 31 December 2016 and 30 September 2017 for € 8.61 million was primarily due to foreign exchange rate changes, as well as net investments of €1.94 million in property, plant and equipment and intangible assets (before depreciation and amortisation totalling €3.60 million).
The most significant increase is related to intangible assets and is largely linked to projects to develop new products carried out by the Group.

a – Intangible assets

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

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	2,322	74,339	8,759	2,224	2,071	89,715
Changes as at September 30, 2017						
- Purchases	88	-	21	1,640	-	1,749
- Amortisation and impairment in period (-)	(1,162)	-	(68)	-	(1,814)	(3,044)
- Other changes	1,350	(5,840)	(626)	(1,568)	(33)	(6,717)
Total changes (B)	**276**	**(5,840)**	**(673)**	**72**	**(1,847)**	**(8,012)**
CLOSING BALANCE (A+B)	2,598	68,499	8,086	2,296	224	81,703

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

Cash generating units	at September 30, 2017		at December 31, 2016	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	41,987	7,973	45,193	8,582
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	20,783	-	23,269	-
Eurotech Ltd. (ex Arcom Ltd.)	4,953	-	5,101	-
Eurotech France S.a.s.	686	-	686	-
Other	90	-	90	-
TOTAL	68,499	7,973	74,339	8,582

b – Property, plant and equipment

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

(€ '000)	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL & COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION & ADVANCES	LEASED ASSETS	TOTAL PROPERTY, PLANT & EQUIPMENT
OPENING BALANCE (A)	1,122	320	534	883	2	132	2,993
Changes as at September 30, 2017							
- Purchases	5	17	63	106	-	-	191
- Disposals	-	(3)	(2)	(16)	-	-	(21)
- Amortisation and impairment in period (-)	(23)	(73)	(211)	(208)	-	(43)	(558)
- Other changes	-	(4)	(24)	(36)	-	-	(64)
Total changes (B)	**(18)**	**(63)**	**(174)**	**(154)**	**-**	**(43)**	**(452)**
CLOSING BALANCE (A+B)	1,104	257	360	729	2	89	2,541

M – Net working capital

Net working capital decreased by €2.52 million, from €17.08 million at 31 December 2016 to €14.55 million at 30 September 2017.
Current assets fell by €5.25 million because of the reduced trade receivables and inventories, and are only partly offset by the increase in deferred tax assets and the other current assets. The reduction in current liabilities, €2.72 million, is mainly due to the decreased trade payables and income tax payables.

N – Net financial position

The Group’s net financial position at 30 September 2017 is €5.62 million, compared with the amount of €2.34 million at 31 December 2016.
The change is mainly due to the use of available cash to support current operations, also considering the historic seasonality of the Eurotech Group’s turnover, which generates greater cash in bank during the second part of the half-year, and the disbursement for investments made in the various business areas.
See also Cash flow on page 21.

Available cash amounted to €7.45 million.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.
Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 30 September 2017.

O – Shareholders’ equity

The share capital at 30 September 2017 was made up of 35,515,784 ordinary shares, wholly subscribed and paid up, with no nominal value.

The balance of the Issuer's legal reserve at 30 September 2016 amounted to €1.38 million.

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

The positive translation reserve of €9.68 million was generated by inclusion in the interim management statement of the statements of financial position and income statements of US subsidiaries Eurotech Inc., Dynatem Inc. and E-Tech USA Inc., UK subsidiary Eurotech Ltd. and Japanese subsidiary Advanet Inc..

The Other reserves item was negative for €58.95 million and comprised the Parent Company’s surplus reserve, formed by losses carried forward, allocations of retained earnings from prior years and other reserves of miscellaneous origin. The change in the year is attributable to the allocation of the 2016 results and to the booking based on the considered space of time of the Performance Share plan.

The cash flow hedge reserve, which includes cash flow hedge transactions pursuant to IAS 39, was negative for €10 thousand and decreased by €2 thousand gross of the tax effect, which was not recognised due to absence of the relative prerequisites.

The foreign exchange reserve in which – based on IAS 21 – foreign exchange differences relating to intragroup foreign-currency loans that constitute part of a net investment in a foreign shareholding are recognised, was positive by €2.81 thousand and decreased by €4.08 million gross of the related tax effect; again it was not recorded due to the absence of the prerequisites.

At the end of the reporting period, the Parent Company Eurotech S.p.A. held 1,319,020 treasury shares (same amount at 31 December 2016).

P - Assets classified as held for sale

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

Q – Significant events in the quarter

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

– 10/07/2017: Galdi Selects Eurotech to Explore IoT Technology in Industrial Applications

– 08/09/2017 Eurotech: design win with Fresenius Medical Care to supply hardware and software building blocks for their IoT project

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

R – Events after the reporting period

For events following 30 September, the reader may refer to the press releases listed below (the complete text can be consulted at the Group website www.eurotech.com on page http://www.eurotech.com/en/press+room/news):

– 31/10/2017 Eurotech and Data Market partner up to provide Industrial IoT Solutions in Turkey

The company also took part in the Star Conference 2017 in London on 10 October.

No other significant events took place after the reporting date.

S - Risks and uncertainties

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

T – Other information

We also specify that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process;
- Group companies’ related-party transactions form part of the normal course of business and are settled under arm’s length conditions;
- pursuant to CONSOB communication 15519/2005, there were no non-recurring economic components in the consolidated quarterly results at 30 September 2017;
- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the third quarter of 2016;
- at 30 September 2017 the company held 1,319,020 treasury shares for a total value of €3,097 thousand. Treasury shares of the Parent Company were not purchased or sold on the stock market during the first nine months of 2017.
- the detailed Corporate Governance report is provided with the annual financial statements;
- pursuant to CONSOB communication DEM/11070007 of 5 August 2011, relating to disclosure in financial reports of the exposure of listed companies to sovereign debt, note that the Group does not hold sovereign debt securities;
- as regards the requirements of Article 150, paragraph 1, of Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest;
- pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech has adopted the simplification procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended and supplemented. It therefore opts to derogate from the requirement to publish the information documents set out in Attachment 3B of this Consob Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Amaro, 13 November 2017

On behalf of the Board of Directors

Signed Roberto Siagri
Chief Executive Officer

Declaration of the Financial Reporting Manager

Amaro, 13 November 2017

DECLARATION

PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 – PART IV, TITLE III, CHAPTER II, SECTION V-BIS, OF ITALIAN LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998: "CONSOLIDATED FINANCE ACT, PURSUANT TO ARTICLES 8 AND 21 OF LAW NO. 52 OF 6 FEBRUARY 1996"

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 30 September 2017 approved by the company's Board of Directors on 13 November 2017,

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in compliance with the matters set forth under Art. 154-bis, paragraph 2, part IV, title III, chapter II, section V-bis of the Italian Legislative Decree no. 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 30 September 2017 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza