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Consolidated Interim Management Report
at 31 March 2016

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.

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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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Company Officers

Board of Directors	
Chairman	Roberto Siagri [7]
Director	Giulio Antonello [1,2,3]
Director	Sandro Barazza [1,4]
Director	Riccardo Costacurta [1,2,3,5,6]
Director	Alberto Felice De Toni [1,2]
Director	Chiara Mio [1,2,3,5,6,7,8]
Director	Dino Paladin [1]
Director	Giuseppe Panizzardi [1,6]
Director	Marina Pizzol [1,5]

The Board of Directors currently in office was appointed by shareholders at the Annual General Meeting of 24 April 2014 and supplemented by the Annual General Meeting of 24 April 2015 and of 22 April 2015; it and will remain in office until approval of the 2016 financial statements.

Board of Statutory Auditors	
Chairman	Claudio Siciliotti
Statutory auditor	Michela Cignolini
Statutory auditor	Giuseppe Pingaro
Substitute auditor	Laura Briganti
Substitute auditor	Gianfranco Favaro

The Board of Statutory Auditors currently in office was appointed by shareholders at the Annual General Meeting of 24 April 2014, and will remain in office until the approval of the 2016 financial statements.

Independent auditor	
	PricewaterhouseCoopers

The independent auditor was appointed for the period 2014-2022 by shareholders at the Annual General Meeting of 24 April 2014.

Corporate name and registered offices of the parent company	
	Eurotech S.p.A. Via Fratelli Solari, 3/A 33020 Amaro (UD), Italy Udine Companies Register number 01791330309

[1] Non-executive Directors.
[2] Independent Directors pursuant to the Corporate Governance Code issued by the Italian Corporate Governance Committee for Listed Companies.
[3] Member of the Committee for Related Party Transactions.
[4] Corporate Financial Reporting Manager as from 29 May 2008.
[5] Member of the Control and Risks Committee.
[6] Member of the Remuneration Committee.
[7] Member of the Appointments Committee
[8] Lead Independent Director.

Performance highlights

Income statement highlights

(€'000)		1Q 2016	%	1Q 2015	%	% change
OPERATING RESULTS						
SALES REVENUES		12,448	100.0%	14,511	100.0%	-14.2%
GROSS PROFIT MARGIN	(*)	6,031	48.4%	7,142	49.2%	-15.6%
EBITDA	(**)	(692)	-5.6%	(1,386)	-9.6%	50.1%
EBIT	(***)	(1,925)	-15.5%	(2,724)	-18.8%	29.3%
PROFIT (LOSS) BEFORE TAXES		(2,246)	-18.0%	(1,809)	-12.5%	-24.2%
PROFIT (LOSSES) FROM DISCONTINUED OPERATIONS		(152)	-1.2%	(172)	-1.2%	11.6%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(1,887)	-15.2%	(1,910)	-13.2%	1.2%

Income statement net of the accounting effects of purchase price allocation

(€'000)		1Q 2016 adjusted	%	1Q 2015 adjusted	%	% change
OPERATING RESULTS						
SALES REVENUES		12,448	100.0%	14,511	100.0%	-14.2%
GROSS PROFIT MARGIN	(*)	6,031	48.4%	7,142	49.2%	-15.6%
EBITDA	(**)	(692)	-5.6%	(1,386)	-9.6%	50.1%
EBIT	(***)	(1,342)	-10.8%	(2,090)	-14.4%	35.8%
PROFIT (LOSS) BEFORE TAXES		(1,663)	-13.4%	(1,175)	-8.1%	-41.5%
PROFIT (LOSSES) FROM DISCONTINUED OPERATIONS		(152)	-1.2%	(172)	-1.2%	11.6%
GROUP NET PROFIT (LOSS) FOR THE PERIOD		(1,535)	-12.3%	(1,527)	-10.5%	-0.5%

(*) Gross profit = difference between revenues from sale of products and services and consumption of raw materials.

(**) EBITDA, an intermediate figure, is earnings before amortisation, depreciation and impairment of non-current assets, financial income and expenses, the valuations of affiliates at equity and of income taxes for the period. This is a measure used by the Group to monitor and assess its operating performance. Since the composition of EBITDA is not regulated by the reference accounting standards, the determination criteria applied bythe Group may not be the same as that used by others and may therefore not be comparable.

(***) EBIT, or earnings before financial income and expenses, the valuations of affiliates at equity and income taxes for the period.

For a breakdown of effects arising from purchase price allocation, see the notes on page 14.

Balance sheet and financial highlights

€'000	at March 31, 2016	at December 31, 2015	at March 31, 2015
NET NON-CURRENT ASSETS	94,874	96,204	99,609
NET WORKING CAPITAL	15,768	16,991	17,834
NET INVESTED CAPITAL*	103,326	105,556	108,823
SHAREHOLDERS' EQUITY	103,088	105,337	111,105
NET FINANCIAL POSITION	238	219	(2,282)

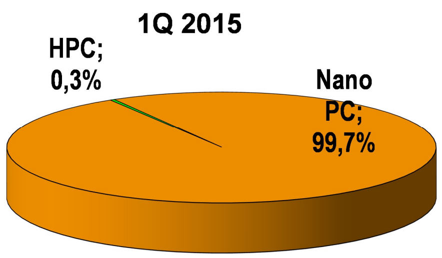
(*) Non-current non-financial assets, plus working capital, less non-current non-financial liabilities.

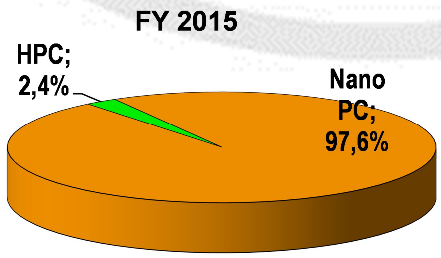
Employee headcount

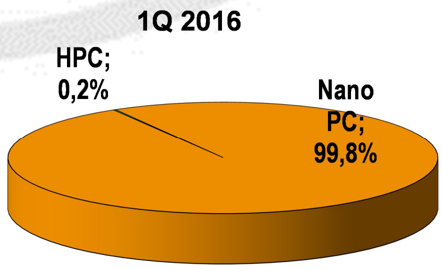
	at March 31, 2016	at December 31, 2015	at March 31, 2015
NUMBER OF EMPLOYEES	325	333	362

Revenues by business line

(€'000)	NanoPC				High Performance Computer				Total			
	1Q 2016	1Q 2015	% YoY Change	FY 2015	1Q 2016	1Q 2015	% YoY Change	FY 2015	1Q 2016	1Q 2015	% YoY Change	FY 2015
Sales revenues	12,427	14,463	-14.1%	63,440	21	48	-56.3%	1,572	12,448	14,511	-14.2%	65,012

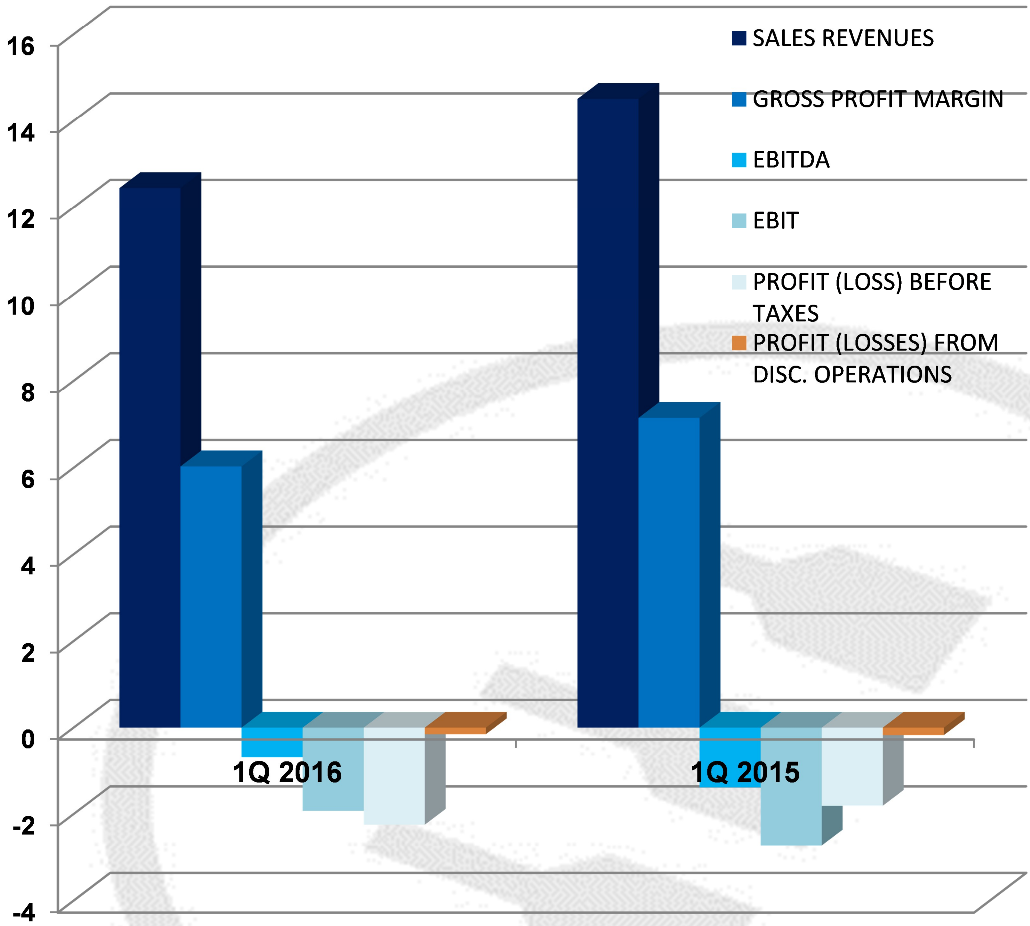






The business lines covered by the Group are those of ‘NanoPCs’ and ‘HPCs’ (High Performance Computers). The NanoPC line comprises miniaturised electronic modules and systems and software platforms for machine-to-machine (M2M) integration that are currently for the transport, industrial, medical, logistics,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

Summary of results



Information for shareholders

The ordinary shares of Eurotech S.p.A., the Parent Company of the Eurotech Group, have been listed in the STAR segment of the Italian stock exchange since 30 November 2005.

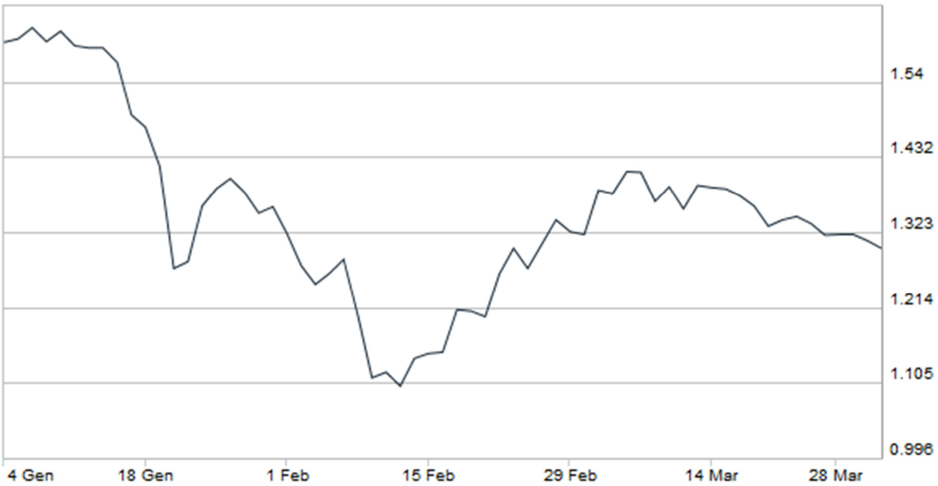
Share capital of Eurotech S.p.A. at 31 March 2016

Share capital	Euro 8,878,946.00
Number of ordinary shares (without nominal unit value)	35,515,784
Number of savings shares	-
Number of Eurotech S.p.A. treasury shares	1,319,020
Stock market capitalisation (based on the share's average price in March 2016)	Euro 46 million
Stock market capitalisation (based on the share's reference price at 31 March 2016)	Euro 47 million

Performance of Eurotech S.p.A. shares

Relative performance of EUROTECH S.p.A. shares
01.01.2016 – 31.03.2016

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



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

The Eurotech Group

Eurotech is a global company with a strong international focus, which generates sales on three continents. It's a Group that has operating locations in Europe, North America and 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, on people, and disseminated in the environment; (3) their ability to connect with each other in a network and communicating.
In this perspective, Eurotech carries out research, development and marketing of miniaturised computers for special uses and M2M platforms (NanoPCs) together with supercomputers with high computing capacity and high energy efficiency (HPCs). NanoPCs and HPCs are the two major classes of devices that, by connecting to and cooperating with each other, form the pervasive computing structure previously known as the 'pervasive computing grid', which today we call the 'Internet of Things'.

In the NanoPC segment, the Group's traditional offering historically 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 an integrated system;
- a ready-to-use device employed in a great variety of application settings, often as support for the provision of value-added services.

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

The Group's NanoPC offering is used in 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 or systems. They want to reduce their time-to-market and focus on their core businesses. They often need solutions for harsh operating conditions and for mission-critical applications, or supplies assured for long periods.
In the HPC segment, Eurotech designs and creates green supercomputers with huge computing capacity, occupying little space and highly energy efficient, created via mass and parallel connection of high-performance miniaturised computers. These supercomputers – in the past aimed at cutting-edge research institutes, computing centres, and universities – are turning out to be indispensable in advanced sectors such as nanotechnology, biotechnology and cyber security. Moreover, significant impacts on the medical and industrial fields in the near future are beginning to be seen.

While we continue to improve our traditional offer of embedded computers, we are increasingly focused on the challenge of creating end-to-end solutions to seamlessly connect distributed smart devices and transmit essential data between machines, using Cloud IT infrastructure.
Any object that is equipped with a small interconnected computer can generate a flow of data and potentially become a web-monitored asset, whether it be a vending machine, a bundle of bank notes, an agricultural

vehicle or a level crossing. But to create the ‘Internet of Things’, the interface between the real and the digital worlds, between sensors and the web, and between devices and the Cloud, have to be managed.
At Eurotech, we know how to process significant data from assets in the real world, transport them in the Cloud and make them usable in business processes and applications. Today, our systems and devices can be easily integrated within a Cloud infrastructure, whether public or private, via our Everywhere Cloud software platform, which rapidly connects smart objects to business applications to build distributed systems for M2M and IoT 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 first quarter of 2016 and business outlook

Introduction

The interim management statement of the Eurotech Group at 31 March 2016, which has not been independently audited, and the statements for comparative periods were drawn up according to the IASs/IFRSs issued by the International Accounting Board and endorsed by the European Union.

The Group's results at 31 March 2016 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.

Due to the sale of the security and traffic business unit of the subsidiary IPS Sistemi Programmabili S.r.l., which was completed on 29 February 2016, the business results were classified under "Net profit (loss) from discontinued operations and assets held for sale". For a clearer representation of the Group's operating performance, the compared historical data (first quarter 2015) from the income statement were reconstructed taking account of the classification of these assets as discontinued operations.

Reporting policies

The consolidated financial statements were drafted on the basis of financial statements to 31 March 2016 prepared by the consolidated companies and adjusted, where necessary, to align them with the Group's IFRS-compliant accounting and classification policies.
The accounting policies and consolidation methods used to prepare the Consolidated Quarterly Report are consistent with those used in the Consolidated Annual Financial Report at 31 December 2015, to which we expressly invite readers to refer, except for the adoption of new standards, amendments and interpretations in force at 1 January 2016.

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

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

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

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

- Gross profit, or the difference between revenues from sales and services and use of materials
- EBITDA, the result before depreciation, amortisation and impairment of assets, valuation of equity interests in affiliates using the equity method, financial income and charges and income tax for the year.
- Operating result (EBIT), i.e. the result before valuation of equity interests in affiliates using the equity method, financial income and charges and income tax for the year.

Non-current Assets Held for Sale and Discontinued Operations

Non-current assets and groups for sale are classified as held for sale if their book value will be recovered through their sale rather than their continuous use, and are represented separately from other assets and liabilities in the balance sheet. Non-current assets and groups for sale classified as held for sale are first recognised pursuant to the specific IFRS/IAS applicable to each asset and liability and subsequently recognised at either their carrying value or their fair value, whichever is lower, net of sales costs; the carrying values of each asset and liability not within the scope of application of the measurement provisions of IFRS 5, but which are held for sale, are recalculated pursuant to the applicable IFRSs before the fair value net of sales costs is recalculated. Individual assets relating to companies classified as held for sale are not depreciated, while the financial income and expenses attributable to liabilities held for sale continue to be recognised. Any subsequent impairment is recognised directly as an adjustment to non-current assets classified as held for sale with a contra entry in the income statement. The corresponding values in the balance sheet for the previous year are not reclassified. A discontinued operation represents a part of the business that has been discontinued or classified as held for sale and:

• represents a major business branch or region;
• is part of a coordinated plan to sell a major business branch or region; or
• is an equity interest acquired exclusively for the purpose of being resold.

Assets held for sale and/or transferred are not included in the result from operations and are shown in the income statement on a single line.

On 29 February 2016 the subsidiary IPS Sistemi Programmabili signed an agreement to sell the Security and Traffic business unit. The consideration for 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 just been defined and agreed upon by the parties will be settled shortly.

Pursuant to "IFRS 5 - Non-current assets held for sale and discontinued operations", the operating results of the sold business unit, for both 2015 and 2016, were classified among the results of the assets sold (Net profit (loss) from discontinued operations and assets held for sale). The capital gain coming from the sale is instead classified under the item "Other revenues", and amounts to €1.705 thousand.

The following is a summary breakdown of the income statement entries of the transferred entity for the two months of 2016 and the three months of 2015:

OPERATING RESULTS	2M 2016 (€/000)	3M 2015 (€/000)
Revenues from sales of products and services	101	239
Cost of materials	(45)	(159)
Gross profit	**56**	**80**
Operating expenses	(179)	(265)
Other revenues	-	38
Profit before depreciation and amortization (EBITDA)	**(123)**	**(147)**
Depreciation & amortisation	(36)	(17)
Operating profit (EBIT)	**(159)**	**(164)**
Finance (expense) income	7	(7)
Proventi	-	(1)
Profit (Losses) before taxes from a discontinued operation	**(152)**	**(172)**
Income tax	-	-
Net profit (loss) from discontinued operations	**(152)**	**(172)**

The main asset and liability classes of the transferred entity were as follows at 29 February 2016:

	at Febrary 29, 2015 (€/000)
ASSETS	
Intangible assets	356
Property, Plant and equipment	108
Other non-current assets	0
Inventories	745
Crediti vs clienti	613
Other current assets	13
Assets from Discontinued operations	**1,835**
LIABILITIES	
Total non-current liabilities	8
Debiti vs fornitori	1,155
Current liabilities	35
Liabilities from Discontinued operations	**1,198**
Net Discontued operations	**637**

Operating performance in the period

The company pursued the policy that marked the previous year also during the first quarter of the year including, as a result, internal investments in order to support the expected growth in both the characteristic sector of embedded computers and the innovative sector concerning the new offer of M2M/IoT platforms.
Moreover, coordination between the various Group structures, also outside the single national borders, on both the technological and product levels, are generating good results and the new products that have been presented to the market are attracting the interest of old and new customers.
In this climate of economic uncertainty, a market situation causing a prolonged time for finalising opportunities and generating the expected turnover is encountered, despite Eurotech's strategy is to become shorty one of the reference leader in technologies and solutions in the field of industrial IoT, thus giving the opportunity to grow in a market, that industry analysts predict booming from year to year and from which we expect to get a significant increase both in terms of turnover and profitability.
Group investments in technology and knowledge are continuous although in proportion to the resources available based on the constant attention management has to dedicate to controlling the costs of both materials and the structure in general.

Group revenues in the first quarter of 2016, as forecasted in the budget, totalled €12.45 million, compared to €14.51 million in the first three months of 2015 with a decrease of 14.2%.
With reference to the location of the Group's businesses, the USA area continued to be the one that generated the highest turnover during the quarter, posting 39.7% of the total (first quarter 2015: 38.0%), followed by the Japanese area with 31.7% (first quarter 2015: 35.4%), while the European area represented the remaining 28.6% (first quarter 2015: 26.6%).
Historically, the performance of the first quarter is not very significant because it is the weakest of the year. However, the prospects in terms of new opportunities and negotiations, and the positive signals received particularly from the USA area already since last year, lead us to believe that the direction taken is the right one.

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

The following is a summary of interim results with and without the effects of PPA:
- EBIT would have come out at €-1.34 million, rather than €-1.92 million;
- Rather than -€2.25 million, the pre-tax result would have been -€1.66 million;
- The consolidated net loss would have been €-1.53 million rather than €-1.89 million.

The gross profit margin of the first quarter 2016 amounted to €6.03 million, with a percentage of sales of 48.4%, compared to the percentage of 49.2% in the first quarter of 2015 and of 50.2% at year-end 2015. Compared to both the quarter of the previous year and the end-of-year figure, the decrease is due to several sales in the Japanese area on an annual basis that should not jeopardize the objective that Eurotech has always set for itself, namely that of a gross margin close to 50%.

[A] More specifically, the effects of recognition in accounts of PPA relating to the business combinations of Dynatem Inc. and the Advanet Group are as follows:
- depreciation, amortization and impairment: €583 thousand (€634 thousand at 31 March 2015), due to higher amortization of amounts allocated to intangible assets (particularly customer relations), the higher amortisation is attributable to the higher values assigned to the Eurotech Inc. cash generating units Advanet Group and, only for 2015, also Dynatem Inc.;
- lower income taxes: €231 thousand (€251 thousand at 31 March 2015) resulting from the tax effect on adjustments made.

During the three months of reference, operating costs before adjustments decreased by €184 thousand, falling from €9.00 million of the first quarter of 2015 to €8.82 million of the first quarter of 2016.
Owing to the revenues performance commented on above, gross operating costs rose as a percentage of revenues, from 62.0% in the first quarter of 2015 to 70.8% in the first quarter of 2016.
The slight decrease in absolute terms reflects the attention dedicated and controls implemented to reduce operating costs and, together with the other revenues earned and the performance of the gross margin, that affected the Group's EBITDA.
The item other revenues indeed includes €1,705 in capital gain earned from the sale of the security and traffic business unit of the subsidiary IPS Sistemi Programmabili S.r.l., as previously mentioned in the relevant note.

EBITDA totalled €-692 thousand (-5.6% of revenues) for the first three months of the year, compared with €-1,386 thousand for 2015 (-9.6% of revenues)

EBIT came to €-1.92 million (-15.5% of revenues) in the first three months of 2016, from €-2.72 million in the first three months of 2015 (-18.8% of revenues), reflecting performance of both the gross profit margin and the operating costs and other revenues.
This performance also reflects the effects of the depreciation and amortisation charged to the income statement in the first quarter 2016, which derive from both the operating assets becoming subject to depreciation up to 31 March 2016 and the effects arising from price allocation relating to the acquisition of Dynatem Inc. (effect completed on 31 December 2015) and Advanet Inc. The effect on EBIT of the PPA amounts in the three months of 2016 was €0.58 million, versus €0.63 million in the three months of 2015.

Financial management during the first three months of 2016 was negative for €321 thousand, compared to a positive value of €915 thousand in the same period of 2015. This management in particular was affected by the different performance of the currencies in terms of average value during the periods considered, and by the slightly increased financial expenses to a lesser extent.
For greater detail, readers should refer to the comments made in explanatory note “J”.

The pre-tax loss on current operations in the three months of reference was €2.25 million, versus a loss of €1.81 million in the first three months of 2015. The €437 thousand increase reflects the combined effect of the higher EBIT (€0.80 million) and the negative performance of financial management (€1.24 million) owing to the different performance of exchange rates.
The effects of price allocation on the pre-tax loss on current operations amounted to €0.58 million in the first three months of 2016 and €0.63 million in the first three months of 2015.

The Group registered a net loss in operating assets of -€1.73 million for the quarter, compared with a net loss of -€1.74 million in the same period of 2015, caused by tax burden of the Group's different units. Not only does it reflect the changes in the pre-tax result, but the performance also was caused by the different tax burden recorded on the whole of the Group's various units.

The net loss from discontinued operations and assets held for sale amounted to €152 thousand and refers to the result attained in the two months of the year by the BU of the subsidiary IPS which was sold on 29 February 2016.

The Group's net result totalled -€1.89 million (-€1.91 million in the first three months of 2015).

Financial statements and explanatory notes

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

Consolidated income statement

CONSOLIDATED INCOME STATEMENT (€ '000)	Note	1Q 2016 (b)	%	1Q 2015 (a)	%	change (b-a) amount	change (b-a) %
Sales revenue	C	12,448	100.0%	14,511	100.0%	(2,063)	-14.2%
Cost of material	D	(6,417)	-51.6%	(7,369)	-50.8%	(952)	12.9%
Gross profit		**6,031**	**48.4%**	**7,142**	**49.2%**	**(1,111)**	**-15.6%**
Services costs	E	(2,942)	-23.6%	(3,025)	-20.8%	(83)	-2.7%
Lease & hire costs		(444)	-3.6%	(438)	-3.0%	6	1.4%
Payroll costs	F	(5,178)	-41.6%	(5,210)	-35.9%	(32)	0.6%
Other provisions and costs	G	(254)	-2.0%	(329)	-2.3%	(75)	22.8%
Other revenues	H	2,095	16.8%	474	3.3%	1,621	342.0%
EBITDA		**(692)**	**-5.6%**	**(749)**	**-5.2%**	**57**	**-7.6%**
Depreciation & Amortization	I	(1,233)	-9.9%	(1,338)	-9.2%	(105)	-7.8%
EBIT		**(1,925)**	**-15.5%**	**(2,724)**	**-18.8%**	**799**	**29.3%**
Finance expense	J	(491)	-3.9%	(425)	-2.9%	66	-15.5%
Finance income	J	170	1.4%	1,340	9.2%	(1,170)	-87.3%
Profit before tax		**(2,246)**	**-18.0%**	**(1,809)**	**-12.5%**	**(437)**	**24.2%**
Income tax	K	511	4.1%	71	0.5%	(440)	n.s.
Net profit (loss) of continuing operations before minority interest		**(1,735)**	**-13.9%**	**(1,738)**	**-12.0%**	**3**	**0.2%**
Minority interest	O	**0**	**0.0%**	**0**	**0.0%**	**0**	**n/a**
Profit (Losses) from discontinued operations		**(152)**	**-1.2%**	**(172)**	**-1.2%**	**20**	**-11.6%**
Group net profit (loss)	**O**	**(1,887)**	**-15.2%**	**(1,910)**	**-13.2%**	**23**	**1.2%**
Base earnings per share		**(0.055)**		**(0.070)**			
Diluted earnings per share		**(0.055)**		**(0.070)**			

(€/000)	1Q 2016	1Q 2015
Net profit (loss) before minority inerest (A)	**(1,887)**	**(1,910)**
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	(8)	44
Tax effect	-	-
	(8)	*44*
Foreign balance sheets conversion difference	*1,170*	*7,042*
Exchange differences on equity investments in foreign companies	(1,559)	3,986
Tax effect	-	-
	(1,559)	*3,986*
After taxes net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)	*(397)*	*11,072*
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gains/(losses) on defined benefit plans for employees	49	0
Tax effect	(13)	-
	35	*0*
After taxes net other comprehensive income not being reclassified to profit orloss in subsequent periods (C)	*35*	*0*
Comprehensive net result (A+B)	**(2,249)**	**9,162**
Comprehensive minority interest	**0**	**0**
Comprehensive Group net profit (loss) for	**(2,249)**	**9,162**

See explanatory note on page 22.

Consolidated statement of financial position

(€'000)	Notes	at March 31, 2016	of which related parties	at December 31, 2015	of which related parties
ASSETS					
Intangible assets		88,370		89,682	
Property, Plant and equipment		3,174		3,325	
Investments in affiliate companies		930		930	
Investments in other companies		298		308	
Deferred tax assets		1,482		1,351	
Other non-current assets		620		608	
Total non-current assets	L	**94,874**		**96,204**	
Inventories		20,413		20,198	
Trade receivables		10,860	883	15,715	742
Income tax receivables		497		180	
Other current assets		1,688		1,650	
Other current financial assets		76		76	
Cash & cash equivalents		11,908		11,430	
Total current assets		**45,442**		**49,249**	
Total assets		**140,316**		**145,453**	
LIABILITIES AND EQUITY					
Share capital		8,879		8,879	
Reserves		(40,304)		(33,719)	
Share premium reserve		136,400		136,400	
Net profit (loss) for period		(1,887)		(6,223)	
Other reserves		(42,191)		(39,942)	
Group shareholders' equity	O	**103,088**		**105,337**	
Equity attributable to minority interest	O	**0**		**0**	
Total shareholders' equity	O	**103,088**		**105,337**	
Medium-/long-term borrowing		3,841		3,401	
Employee benefit obligations		2,144		2,127	
Deferred tax liabilities		4,455		4,572	
Other non-current liabilities		717		940	
Total non-current liabilities		**11,157**		**11,040**	
Trade payables		11,719	471	14,381	1,038
Short-term borrowing		8,365		8,316	
Derivative instruments		16		8	
Income tax liabilities		220		866	
Other current liabilities		5,751		5,505	
Total current liabilities		**26,071**		**29,076**	
Total liabilities		**37,228**		**40,116**	
Total liabilities and equity		**140,316**		**145,453**	

Net financial debt

Pursuant to the CESR recommendation of 10 February 2005, the following table shows the Group's net financial debt at 31 March 2016, breaking it down by due date and comparing it with the situation at 31 March 2015 and 31 December 2015:

(€'000)		at March 31, 2016	at December 31, 2015	at March 31, 2015
Cash & cash equivalents	A	(11,908)	(11,430)	(11,279)
Cash equivalent	**B=A**	**(11,908)**	**(11,430)**	**(11,279)**
Other current financial assets	C	(76)	(76)	(2,889)
Derivative instruments	D	16	8	52
Short-term borrowing	E	8,365	8,316	9,172
Other current financial liabilities	F	0	0	0
Short-term financial position	**G=C+D+E+F**	**8,305**	**8,248**	**6,335**
Short-term net financial position	**H=B+G**	**(3,603)**	**(3,182)**	**(4,944)**
Other non current financial liabilities	I	0	0	0
Medium/long term borrowing	J	3,841	3,401	2,662
Medium-/long-term net financial position	**K=I+J**	**3,841**	**3,401**	**2,662**
(NET FINANCIAL POSITION) NET DEBT pursuant to CONSOB instructions	**L=H+K**	**238**	**219**	**(2,282)**

Working capital

The Group's working capital as at 31 March 2016, compared with the situation at 31 March 2015 and 31 December 2015, is as follows:

(€'000)	at March 31, 2016 (b)	at December 31, 2015 (a)	at March 31, 2015	Changes (b-a)
Inventories	20,413	20,198	17,798	215
Contracts in progress	0	0	85	0
Trade receivables	10,860	15,715	18,370	(4,855)
Income tax receivables	497	180	302	317
Other current assets	1,688	1,650	2,438	38
Current assets	*33,458*	*37,743*	*38,993*	*(4,285)*
Trade payables	(11,719)	(14,381)	(13,435)	2,662
Income tax liabilities	(220)	(866)	(434)	646
Other current liabilities	(5,751)	(5,505)	(7,290)	(246)
Current liabilities	*(17,690)*	*(20,752)*	*(21,159)*	*3,062*
Net working capital	**15,768**	**16,991**	**17,834**	**(1,223)**

Cash flow

(€'000)		at March 31, 2016	at December 31, 2015	at March 31, 2015
Cash flow generated (used) in operations	A	258	(3,503)	(3,778)
Cash flow generated (used) in investment activities	B	77	(459)	(1,129)
Cash flow generated (absorbed) by financial assets	C	378	419	1,148
Net foreign exchange difference	D	(235)	869	934
Increases (decreases) in cash & cash equivalents	E=A+B+C+D	478	(2,674)	(2,825)
Opening amount in cash & cash equivalents		11,430	14,104	14,104
Cash & cash equivalents at end of period		11,908	11,430	11,279

A – Eurotech Group business

The Group operates in the segments of miniaturised computers for special uses and M2M platforms (NanoPCs), and green supercomputers (HPCs).

The NanoPC business line is represented by miniaturised electronic modules and systems and by software platforms for M2M integration, currently targeting the transport, industrial, defence, security, medical and logistics sectors.
Activity in this line is carried out by Eurotech S.p.A. and I.P.S. Sistemi Programmabili S.r.l., which mainly operate in Italy, Dynatem Inc. and Eurotech Inc. (USA), which mainly operates in the United States, Eurotech Ltd. (United Kingdom), which mainly operates in the United Kingdom, Eurotech France S.A.S. (France), which mainly operates in France, and Advanet Inc. (Japan), which mainly operates in Japan. Our products are marketed under the trademarks Eurotech, Dynatem, IPS and Advanet.

The HPC line consists of energy-efficient high-performance computing capability supercomputers currently targeting universities, research institutes and data-processing centres.

Eurotech shares (ETH.MI) have been listed on the STAR segment of 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 31 March 2016 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.	Mission Viejo (USA)	USD	1,000	100.00%
Eth Devices S.r.o.	Bratislava (Slovakia)	Euro	10,000	100.00%
EthLab S.r.l.	Viale Dante, 300 – Pergine (TN)	Euro	115,000	100.00%
Eurotech Inc.	Columbia (USA)	USD	26,500,000	100.00%
Eurotech Ltd.	Cambridge (UK)	GBP	33,333	100.00%
E-Tech USA Inc.	Columbia (USA)	USD	8,000,000	100.00%
Eurotech France S.A.S.	Venissieux Cedex (France)	Euro	795,522	100.00%
I.P.S. Sistemi Programmabili S.r.l.	Via Piave, 54 – Caronno Varesino (VA)	Euro	51,480	100.00%
Advanet Inc.	Okayama (Japan)	JPY	72,440,000	90.00% (1)

(1) Officially, the Group owns 90% of the company, but as Advanet holds 10% of the share capital in the form of treasury shares, it is fully consolidated.

The following affiliates are consolidated at equity:

Chengdu Vantron Technology Inc.	Chengdu (China)	45.00%
eVS embedded Vision Systems S.r.l.	Ca' Vignal2, Strada Le Grazie 15 – Verona	24.00%
Emilab S.r.l.	Via Jacopo Linussio, 1 – Amaro (UD)	24.82%
Rotowi Technologies S.p.A. in liquidation (formerly U.T.R.I. S.p.A.)	Via del Follatolo, 12 – Trieste	21.31%

Other smaller companies valued at cost		
Kairos Autonomi	Sandy (USA)	19.00%

No changes took place with regard to subsidiaries compared with 31 December 2015.

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

Currency	Average 3Months 2016	As of March 31, 2016	Average 2015	As of December 31, 2015	Average 3Months 2015	As of March 31, 2015
British pound sterling	0.77037	0.79155	0.72600	0.73395	0.74336	0.72730
Japanese Yen	126.99726	127.90000	134.28658	131.07000	134.12063	128.95000
USA Dollar	1.10200	1.13850	1.10963	1.08870	1.12614	1.07590

C – Revenues

Revenues earned by the Group in the first quarter of 2016 amounted to €12.45 million (€14.51 million in the first three months of 2015), a decrease of €2.06 million (14.2%) on the same period of last year. This performance is due to a different distribution of the turnover on an annual basis and is not significantly affected by the foreign exchange difference at the time of conversion. A continuous increase in the USA area to the detriment of the European and Asian areas is however highlighted. Prospects are still positive, also in consideration of the opportunities that have been generated and the market successes that the local management in every geographic area is achieving.

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

Revenues by business line

Revenues by individual business line and related changes were as follows:

SALES BY BUSINESS SEGMENT	1Q 2016	%	1Q 2015	%	Var. %
NanoPC	12,427	99.8%	14,463	99.7%	-14.1%
High Perf. Computer	21	0.2%	48	0.3%	-56.3%
TOTALE SALES AND SERVICE REVENUE	**12,448**	**100.0%**	**14,511**	**100.0%**	**-14.2%**

NanoPC revenues, €14.46 million in the first three months of 2015, were €12.43 million in the first three months of 2016.
HPC line revenues were rather insignificant also during the first quarter of 2016: €21 thousand compared to €48 thousand in the first three months of 2015. The HPC business line is still marked by large orders for a limited number of customers, historically attributable to the science and research sectors, and today to the services sector as well, and this makes distribution of revenues over time extremely varied.

Revenues of NanoPC segment by business geographical area

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

(€' 000)	North America			Europe			Asia			Correction, reversal and elimination			Total		
	1Q 2016	1Q 2015	%YoY Change	1Q 2016	1Q 2015	%YoY Change	1Q 2016	1Q 2015	%YoY Change	1Q 2016	1Q 2015	%YoY Change	1Q 2016	1Q 2015	%YoY Change
Third party Sales	4,940	5,520		3,537	3,804		3,950	5,139		0	0		12,427	14,463	
Infra-sector Sales	143	201		903	622		45	66		(1,091)	(889)		0	0	
Total Sales revenues	5,083	5,721	-11.2%	4,440	4,426	0.3%	3,995	5,205	-23.2%	(1,091)	(889)	-22.7%	12,427	14,463	-14.1%

The North American business area's revenues totalled €5.08 million in the first three months of 2016 compared with €5.72 million in in the first three months of 2015, up 11.2%. This decrease is due to reduced turnover of the company Dynatem following a fall in new orders at the end of 2015, while the larger US company kept its turnover constant and posted an increase in new orders in the period compared to the previous one. The prospects that are materialising in the USA area are still interesting by virtue of the orders present, which should generate a higher turnover, particularly in the second half of the year. The policy of developing turnover implemented with key customers with substantial orders is fundamental for medium-long-term turnover growth in the area.
The European business area remains basically constant, reporting an increase from €4.43 million in the first quarter of 2015 to €4.44 million in the first quarter of 2016. In looking at the European area as a whole, the still stagnant economic situation generates difficulty in growth of demand in the European area countries.
The Asian business area has shown a 23.2% decrease, down from €5.20 million to €4.00 million following a distribution of the orders of several historical customers different from last year.

Revenues by customer geographical area

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

BREAKDOWN BY GEOGRAPHIC AREA	1Q 2016	%	1Q 2015	%	var. %
Italy	1,299	10.4%	1,185	8.2%	9.6%
European Union w ithout Italy	945	7.6%	1,077	7.4%	-12.3%
United States	5,486	44.1%	6,048	41.7%	-9.3%
Japan	3,946	31.7%	5,125	35.3%	-23.0%
Rest of the World	772	6.2%	1,076	7.4%	-28.3%
TOTALE SALES AND SERVICE REVENUE	**12,448**	**100.0%**	**14,511**	**100.0%**	**-14.2%**

As regards the figures by geographical area shown in the table, revenues in the US fell 9.3% and this, following the decline in the Japanese area, led it to contribute 44.1% of total turnover in the first three months of 2016 as compared to 41.7% of the same period last year.
The Japanese area posted a fall as described above, and contributes 31.7% of Group turnover, while in 2015 it recorded a 35.3% share of the total.
In Europe, again with reference to customer location, turnover increased by 9.6%, and accounted for 10.4% of total revenues.

D – Costs of raw & auxiliary materials and consumables used

Costs of raw & auxiliary materials and consumables used, which strictly relate to sales, rose in the period under review from €7.37 million in the first three months of 2015 to €6.42 million in the first three months of 2016. Therefore, a €0.95 million change (6.6%) was recorded in the period under review, higher than the -14.2% decrease in turnover. This imperfect proportion is partly due to the different mix of products sold in the two periods compared and partly to the different performance of finished products and components, especially in the Japanese area.

Costs for raw and auxiliary materials and consumables as a percentage of revenues rose from 50.8% in the first three months of 2015 to 51.6% in the first three months of 2016.

E – Service costs

Service costs remained basically stable in the 2015 and 2016 periods considered, and amounted to €2.94 million. Due to the reduced revenues, this cost item increased as a percentage of revenues from 20.8% in the first three months of 2015 to 23.6% in the first three months of 2016.
In addition to referring to routine management, the costs refer to the investments that the Group is making mainly in the new business lines of the M2M platforms for applications in industry and services. These

investments concern not only the research and development area, but also - and above all - the sales and marketing area in order to get closer to the customers and develop a presence in the markets.

F – Payroll costs

In the period under review, payroll costs decreased by 0.6%, from €5.21 million (35.9% of revenues) to €5.18 million (41.6% of revenues). Payroll continues to be an area management is paying attention to, also by virtue to the new recruitments taken on and the expertise necessary to align the operational structure with the strategic vision.
Compared to 31 December 2015, staff dropped from 333 to 325 units. The figures shown are already less the 8 units belonging to the IPS security and traffic business unit sold on 29 February 2016.

The table below shows the number of Group employees:

Employees	at March 31, 2016	at December 31, 2015	at March 31, 2015
Manager	8	10	13
Clerical w orkers	293	297	322
Line w orkers	24	26	27
TOTAL	325	333	362

G – Other provisions and costs

At 31 March 2016, this item included a provision for doubtful accounts of €52 thousand (€73 thousand in the first three months of 2015), and refers to provisions made for the possibility of uncollectable trade receivables.
Other provisions and costs as a percentage of revenues were 2.0%, slightly lower than the 2.3% in the same period in 2015.

H – Other revenues

The item other revenues rose from €474 thousand in the first three months of 2015 to €2,095 thousand in the same period this year. Other revenues comprise the capital gain earned from sale of the IPS business unit for €1,705 thousand, capitalisation of development costs for new solutions featuring highly integrated standard modules and systems for €287 thousand (€476 thousand in the first three months of 2015), miscellaneous income of €98 thousand (€36 thousand in the first three months of 2015), and operating grants totalled €5 thousand (no value in the first three months of 2015).

I – Amortisation, depreciation and write-downs

This item decreased by €105 thousand, from €1.34 million in the first three months of 2015 to €1.23 million in the first three months of 2016, mainly due to a reduction of the depreciable net amounts.

Depreciation and amortisation relating to the PPA at 31 March 2016, totalling €0.58 million, relate exclusively to customer relationships.

J – Financial income and expenses

The increase in financial expenses from €0.43 million in the first three months of 2015 to €0.49 million in the first three months of 2016 was mainly due to increased losses on foreign exchange rates relating to trends in the US dollar and the UK pound.

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

- foreign exchange losses: €0.38 million at 31 March 2016 (3.1% as a percentage of revenues), compared with €0.32 million at 31 March 2015 (2.2% as a percentage of revenues);
- miscellaneous interest expenses: €99 thousand at 31 March 2016 (0.8% as a percentage of revenues), compared with €93 thousand at 31 March 2015 (0.6% as a percentage of revenues).

Financial income went down due to the foreign exchange rate trend and amounted to €0.17 million, compared to €1.34 million of the first three months of 2015.

(€'000)	1Q 2016	1Q 2015	change %
Exchange-rate losses	380	318	19.5%
Interest expenses	99	93	6.5%
Interest expenses due to the discounting	0	0	n/a
Expenses on derivatives	1	0	n/a
Other finance expenses	11	14	-21.4%
Financial charges	**491**	**425**	**15.5%**

(€'000)	1Q 2016	1Q 2015	change %
Exchange-rate gains	165	1,328	-87.6%
Interest income due to the discounting	0	4	-100.0%
Interest income	3	5	-40.0%
Other finance income	2	3	-33.3%
Financial incomes	**170**	**1,340**	**-87.3%**
Net financial income	**(321)**	**915**	**-135.1%**
% impact on sales	**-2.6%**	**6.3%**	

K – Income taxes

Income taxes at 31 March 2016 were positive as a whole for €511 thousand (of which €5 thousand for current taxes and €516 thousand for net deferred tax assets), compared with €71 thousand at 31 March 2015 (of which €163 thousand for current taxes and €234 thousand for net deferred tax assets), representing a positive change of €440 thousand.

L – Non-current assets

The decrease in non-current assets between 31 December 2015 and 31 March 2016 of €1.33 million is mainly due to reclassification of the value at 31 December 2015 of the discontinued operations of €0.48 million and the foreign exchange rate changes.
Net investments in property, plant and equipment and intangible assets of €0.42 million are more than balanced with the depreciation and amortisation totalling €1.23 million.
The most significant increases were due to the intangible assets item, and primarily to the development activities that concern projects to develop new products, for the total amount of €0.27 million.

a – Intangible assets

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

(€ '000)	DEVELOPMENT COSTS	GOODWILL	SOFTWARE TRADEMARKS PATENTS	ASSETS UNDER CONSTRUCTION & ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE ASSETS
OPENING BALANCE (A)	2,539	72,171	8,304	2,396	4,272	89,682
Changes as at March 31, 2016						
- Purchases	-	-	2	266	-	268
- Disposals	-	-	-	-	-	-
- Amortisation and impairment in period (-)	(398)	-	(28)	-	(598)	(1,024)
- Discontinued operations	(381)	-	(7)	-	-	(388)
- Other changes	1,491	(361)	203	(1,608)	107	(168)
Total changes (B)	**712**	**(361)**	**170**	**(1,342)**	**(491)**	**(1,312)**
CLOSING BALANCE (A+B)	3,251	71,810	8,474	1,054	3,781	88,370

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

Cash generating units	at March 31, 2016		at December 31, 2015	
	Goodwill	Trademark with an indefinite useful life	Goodwill	Trademark with an indefinite useful life
Advanet Inc.	43,602	8,280	42,548	8,079
Eurotech Inc. (ex Applied Data Systems e ex Arcom Inc.)	21,549	-	22,532	-
Eurotech Ltd. (ex Arcom Ltd.)	5,518	-	5,950	-
Eurotech France S.a.s.	1,051	-	1,051	-
Other	90	-	90	-
TOTAL	71,810	8,280	72,171	8,079

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)	1,199	480	528	1,057	-	61	3,325
Changes as at March 31, 2016							
- Purchases	-	-	55	49	1	49	154
- Disposals	-	-	-	-	-	-	-
- Amortisation and impairment in period (-)	(9)	(45)	(60)	(83)	-	(12)	(209)
- Discontinued operations	-	(22)	(56)	(32)	-	-	(110)
- Other changes	-	4	5	4	-	1	14
Total changes (B)	**(9)**	**(63)**	**(56)**	**(62)**	**1**	**38**	**(151)**
CLOSING BALANCE (A+B)	1,190	417	472	995	1	99	3,174

M – Net working capital

Net working capital rose from €16.99 million at 31 December 2015 to €15.77 million at 31 March 2016, registering a €1.22 million decrease due to not only to the sale of the IPS business unit, which had an effect of €0.32 million, but also to the different performance of collection and payment flows as usually occurs during the first half of the year.
The €4.28 million negative change in current assets is for the most part due to the reduced trade receivables that amounted to €4.85 million, only partly offset by the increase in inventories and tax receivables.
The €3.06 million decrease in current liabilities is attributable to the lower trade payables and income tax payables.

N – Net financial position

The Group had net financial debt of €0.24 million at 31 March 2016 against net financial debt of €0.22 million at 31 December 2015.
The change is primarily attributable to the use of cash for current operations and investments made, also in consideration of the traditional seasonality of the Eurotech Group's revenues, which generate greater liquidity during the second half-year period.
See also Cash flow on page 20.

Please note that the short-term borrowings (applying what is set out in IAS 1.65) includes, as also done at 31 December 2015, the medium/long-term portion (€1.33 million) of an existing loan relating to which one of the covenants provided for in the respective loan agreement was not met based on the consolidated date on 31 December 2015.

Medium-/long-term financial liabilities include principal on bank loans and finance leases falling due beyond 12 months.
Short-term financial liabilities mainly consist of current account overdrafts, the current portion of mortgage loans, and payables to other lenders falling due by 31 March 2017.

O – Changes in equity

(€'000)	Share capital	Legal reserve	Share premium reserve	Conversion reserve	Other reserves	Cash flow hedge reserve	Actuarial gains/(losses) on defined benefit plans reserve	Exchange rate differences reserve	Treasury shares	Profit (loss) for period	Group shareholders' equity	Equity attributable to Minority interest	Total shareholders' equity
Balance as at December 31, 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 March 31, 2016	-	-	-	-	-	-	-	-	-	(1,887)	(1,887)	-	(1,887)
Comprehensive other profit (loss):													
- Hedge transactions	-	-	-	-		(8)	-	-	-	-	(8)	-	(8)
Actuarial gains/(losses) on defined benefit plans for employees	-	-	-	-	-	-	35	-	-	-	35	-	35
- Foreign balance sheets conversion difference	-	-	-	1,170	-			-	-	-	1,170	-	1,170
- Exchange differences on equity investments in foreign companies	-	-	-	-	-	-	-	(1,559)	-	-	(1,559)	-	(1,559)
Comprehensive result	-	-	-	*1,170*	-	*(8)*	*35*	*(1,559)*	-	*(1,887)*	*(2,249)*	-	*(2,249)*
- Other changes and transfers				-	-	-			-		-		-
Balance as at March 31, 2016	8,879	1,385	136,400	11,771	(54,169)	(16)	(337)	4,159	(3,097)	(1,887)	103,088	-	103,088

P – Significant events in the quarter

The significant events of the quarter were announced in the press releases listed below (the full text can be consulted on the Group website www.eurotech.com on page http:// http://www.eurotech.com/en/press+room/news):
– 21/01/2016 Eurotech is exhibiting at Cebit 2016
– 25/01/2016 Eurotech is exhibiting together with Red Hat at IoT Evolution Expo 2016

– 27/01/2016 Eurotech's Everyware Software Framework wins the 2015/16 Internet of Things Award in the IoT Software and Tools category
– 28/01/2016 Eurotech receives 2015 IoT Evolution Smart Machines Innovation Award
– 01/02/2016 Eurotech: update on Corporate management roles
– 09/02/2016 Eurotech joins LoRa Alliance as Adopter Member
– 11/02/2016 Eurotech wins multiple awards at the IoT Evolution Expo
– 22/02/2016 Eurotech launches the ReliaGATE 10-11, a new ARM-based IoT gateway for industrial and automotive applications
– 22/02/2016 Eurotech announces ESF Release 3.3 offering efficient over-the-air updates and support for the new ReliaGATE 10-11
– 29/02/2016 Eurotech: management buyout of the operating activities of the Security, Surveillance and Traffic line of business
– 01/03/2016 Eurotech and Red Hat Collaborate to Power More Secure and Scalable Internet-of-Things Implementations
– 02/03/2016 Eurotech and Hitachi High-Tech Europe partner up to deliver innovative Industrial IoT solutions
– 04/03/2016 Eurotech and Misurio Ltd show innovative Smart Energy IoT solutions at CeBIT
– 07/03/2016 Eurotech: assessment of the director's independence requirements
– 07/03/2016 Eurotech and Hitachi High-Tech Europe demonstrate innovative Industrial IoT predictive maintenance solutions at CeBIT 2016
– 08/03/2016 Eurotech and FSI collaborate to bring proven Internet of Things Technology into the Facility Management Market
– 09/03/2016 Eurotech: Everyware Cloud used as enabling technology for Zoppas Industries' IoT solution CONNETTENDO
– 10/03/2016 Eurotech and selected ecosystem partners demonstrate innovative IoT solutions at CeBIT 2016
– 11/03/2016 Eurotech: the Board of Directors approves the Draft Annual and Consolidated Financial Statements for 2015
– 14/03/2016 Letter of the President Roberto Siagri to Shareholders
– 14/03/2016 Eurotech and Bitreactive show innovative IoT gateway solutions at CeBIT
– 14/03/2016 Eurotech Launches the ReliaGATE 10-05, a Compact IoT Gateway for Industrial Applications
– 22/03/2016 Eurotech: Notice Of Ordinary Shareholders' Meeting And Publication Of The Directors' Report
– 31/03/2016: Eurotech: Deposit of the Financial Statements as of December 2015
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The company also took part in the Star Conference 2016 in Milan on 16 March.

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

Q – Events after 31 March 2016

For the significant events after 31 March, please refer to the press releases listed below (the full text can be consulted on the Group website www.eurotech.com on page http://www.eurotech.com/en/press+room/news):
– 21/04/2016 Eurotech Wins $1.4M Contract in the United States with King County Metro
– 22/04/2016 Eurotech: Resolutions Adopted by the Annual General Meeting of 22 April 2016

R – Risks and uncertainties

Please refer to the sections "Main risks and uncertainties to which the Group is exposed" and "Financial risk management: objectives and criteria" in the document 2015 Consolidated Financial Statements, in which the risks to which the Eurotech Group is exposed are explained.

S – Other information

We also specify that:

- Group intercompany transactions take place at market prices and are eliminated during the consolidation process
- Group companies' related-party transactions form part of the normal course of business and are settled under arm's length conditions
- pursuant to CONSOB communication 15519/2005, there were no non-recurring economic components in the consolidated quarterly results to 31 March 2016
- pursuant to CONSOB communication DEM/6064296 of 28 July 2006, there were no atypical and/or unusual transactions carried out in the first quarter of 2016;
- at 31 March 2016 the company held 1,319,020 treasury shares for a total value of €3,097 thousand. The changes follow:

	No. of shares	Face value of a share (Thousand of Euro)	% share capital	Carrying value (€'000)	Average unit value
Status as at 1 January 2016	1,319,020	330	3.71%	3,097	2.35
Purchases	-	-	0.00%	0	
Status as at 31 March 2016	1,319,020	330	3.71%	3,097	2.35

- as regards the requirements of Article 150, paragraph 1, of the Italian Legislative Decree no. 58 of 24 February 1998, no members of the Board of Directors have executed transactions with Group companies in situations of potential conflict of interest
- pursuant to Article 3 of Consob Resolution no. 18079 of 20 January 2012, Eurotech has adopted the simplification procedure set out in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Regulation adopted by Consob with Resolution no. 11971 of 14 May 1999 as amended. It therefore opts to derogate from the requirement to publish the information documents set out in Attachment 3B of this Consob Regulation for significant transactions such as mergers, spin-offs, capital increases via contributions in kind, acquisitions and sales.

Amaro, 11 May 2016

On behalf of the Board of Directors

Signed Roberto Siagri
Chairman

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Declaration of the Financial Reporting Manager

Amaro, 11 May 2016

D E C L A R A T I O N

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

I, Sandro Barazza,

Financial Reporting Manager of Eurotech S.p.A., with reference to the Consolidated Interim Management Statement at 31 March 2016 approved by the company's Board of Directors on 11 May 2016,

S T A T E

in compliance with the matters set forth under ex - art. 154 *bis*, paragraph 2, part IV, title III, chapter II, section V-*bis* of the Italian Legislative Decree 58 of 24 February 1998, to the best of my knowledge, the Consolidated Interim Management Statement at 31 March 2016 corresponds to the accounting entries.

The Financial Reporting Manager
Signed Sandro Barazza