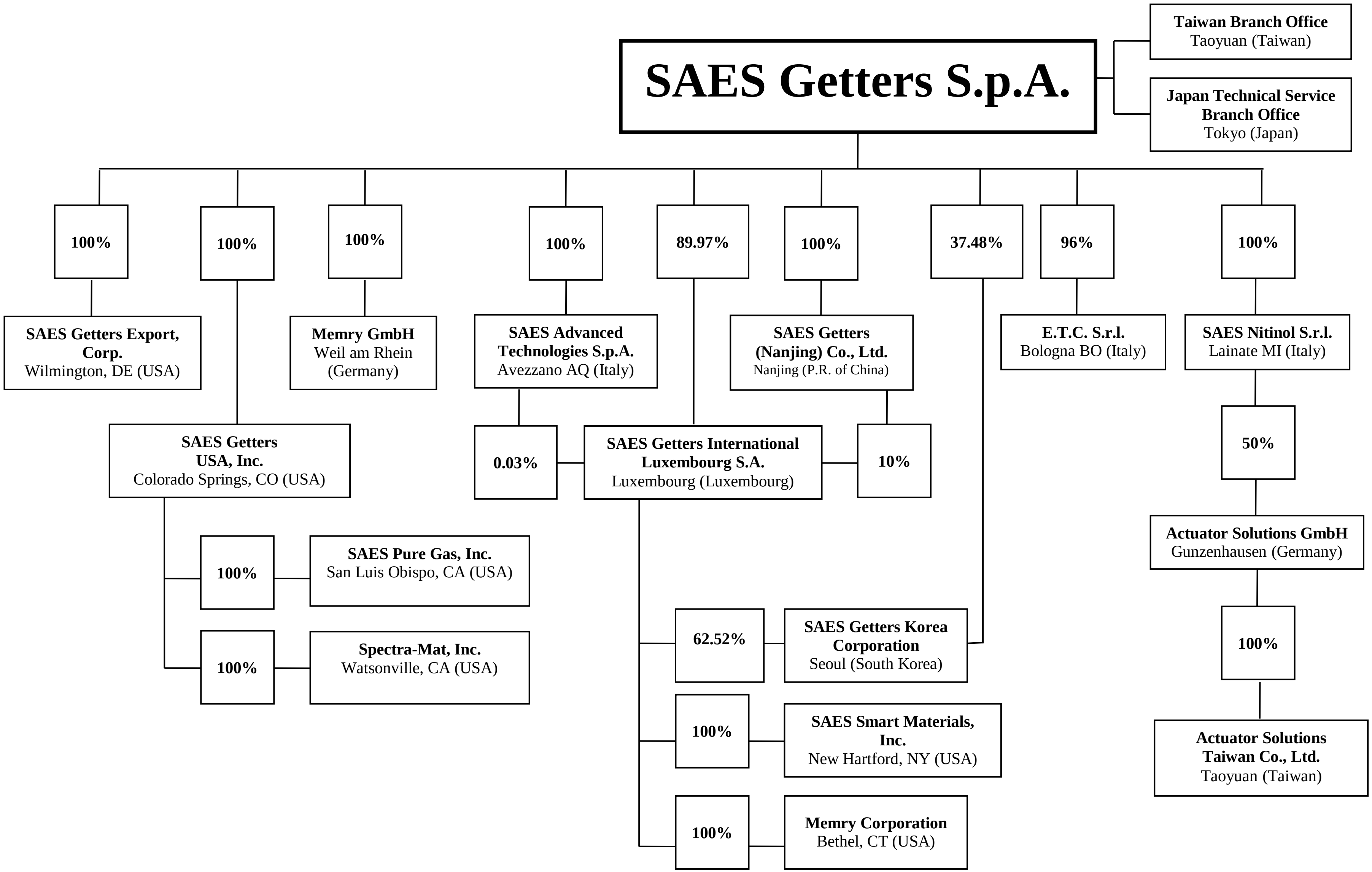
Interim Consolidated Financial Statements 2014


SAES Getters S.p.A.
Taiwan Branch Office
Taoyuan (Taiwan)
Japan Technical Service Branch Office
Tokyo (Japan)
100%
SAES Getters Export, Corp.
Wilmington, DE (USA)
100%
SAES Getters USA, Inc.
Colorado Springs, CO (USA)
100%
SAES Pure Gas, Inc.
San Luis Obispo, CA (USA)
100%
Spectra-Mat, Inc.
Watsonville, CA (USA)
100%
Memry GmbH
Weil am Rhein (Germany)
100%
SAES Advanced Technologies S.p.A.
Avezzano AQ (Italy)
0.03%
89.97%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing (P.R. of China)
10%
62.52%
SAES Getters Korea Corporation
Seoul (South Korea)
100%
SAES Smart Materials, Inc.
New Hartford, NY (USA)
100%
Memry Corporation
Bethel, CT (USA)
37.48%
96%
E.T.C. S.r.l.
Bologna BO (Italy)
100%
SAES Nitinol S.r.l.
Lainate MI (Italy)
50%
Actuator Solutions GmbH
Gunzenhausen (Germany)
100%
Actuator Solutions Taiwan Co., Ltd.
Taoyuan (Taiwan)

Interim Condensed Consolidated Financial Statements as at June 30, 2014

SAES Getters S.p.A.

Capital Stock of 12,220,000 fully paid-in

Corporate Headquarters:
Viale Italia, 77 – 20020 Lainate (Milan), Italy

Registered with the Milan Court
Companies Register no. 00774910152

Board of Directors

President	Massimo della Porta
Vice President and Managing Director	Giulio Canale
Directors	Stefano Baldi (2) Emilio Bartezzaghi (1) (2) (4) (7) Alessandra della Porta (2) Luigi Lorenzo della Porta (2) Adriano De Maio (1) (2) (5) Andrea Dogliotti (2) (3) Pietro Alberico Mazzola (2) Roberto Orecchia (2) (3) (4) (7) (8) Andrea Sironi (1) (2) (3) (4) (6) (7)

Board of Statutory Auditors

President	Vincenzo Donnamaria (8)
Statutory Auditors	Maurizio Civardi Alessandro Martinelli
Alternate Statutory Auditors	Fabio Egidi Piero Angelo Bottino
Audit Firm	Deloitte & Touche S.p.A. (9)

Representative of Holders of Savings Shares	Massimiliano Perletti (10) (e-mail: massimilano.perletti@roedl.it)

(1) Member of the Compensation Committee
(2) Non-executive Director
(3) Member of the Audit Committee
(4) Independent Director, pursuant to the criteria of the Code of Conduct of the Italian Stock Exchange
(5) Independent Director, pursuant to the combined provisions of article 147-*ter*, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998
(6) Lead Independent Director
(7) Member of the Related Parties Committee
(8) Member of the Supervisory Body
(9) Appointed for the years 2013-2021 by the Shareholders' Meeting held on April 23, 2013
(10) Appointed for the years 2014-2016 by the Special Meeting of Holders of Savings Shares on April 29, 2014

The mandate of the Board of Directors and of the Board of Statutory Auditors, elected on April 24, 2012, will expire on the same date of the Shareholders' Meeting in which the financial statements for the year ended December 31, 2014 are approved.

Powers

Pursuant to article 20 of the Articles of Association, the President and the Vice President and Managing Director are each of them separately entrusted with the legal representation of the Company, for the execution of Board of Directors' resolutions, within the limits of and for the exercise of the powers attributed to them by the Board itself.

Following the resolution adopted on April 24, 2012, the Board of Directors granted the President and the Vice President and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

The President Massimo della Porta is also Group Chief Executive Officer. The Vice President and Managing Director Giulio Canale is also Deputy Group Chief Executive Officer and Group Chief Financial Officer.

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Interim Group Financial Highlights

INTERIM GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	**1st Half 2014**	**1st Half 2013 restated (7)**	**Difference**	**Difference %**
NET SALES				
- Industrial Applications	42,892	47,757	(4,865)	-10.2%
- Shape Memory Alloys	20,065	20,625	(560)	-2.7%
- Business Development	599	725	(126)	-17.4%
Total	**63,556**	**69,107**	**(5,551)**	**-8.0%**
GROSS PROFIT (1)				
- Industrial Applications	21,039	21,855	(816)	-3.7%
- Shape Memory Alloys	6,015	6,653	(638)	-9.6%
- Business Development & Corporate Costs (2)	98	(208)	306	147.1%
Total	**27,152**	**28,300**	**(1,148)**	**-4.1%**
% on sales	*42.7%*	*41.0%*		
EBITDA (3)	**9,439**	**9,684**	**(245)**	**-2.5%**
% on sales	*14.9%*	*14.0%*		
OPERATING INCOME (LOSS)	**5,191**	**4,747**	**444**	**9.4%**
% on sales	*8.2%*	*6.9%*		
Group's NET INCOME (LOSS) (4)	**1,321**	**1,656**	**(335)**	**-20.2%**
% on sales	*2.1%*	*2.4%*		

Balance sheet and financial figures	**June 30, 2014**	**December 31, 2013**	**Difference**	**Difference %**
Tangible fixed assets	49,832	51,473	(1,641)	-3.2%
Group shareholders' equity	99,209	100,304	(1,095)	-1.1%
Net financial position	(39,878)	(36,546)	(3,332)	-9.1%

Other information	**1st Half 2014**	**1st Half 2013 restated**	**Difference**	**Difference %**
Cash flow from operating activities	1,644	(1,287)	2,931	227.7%
Research and development expenses	7,304	7,884	(580)	-7.4%
Number of employees as at June 30 (5)	938	1,045	(107)	-10.2%
Personnel cost (6)	25,549	28,638	(3,089)	-10.8%
Disbursement for acquisition of tangible assets	1,782	2,671	(889)	-33.3%

(1) This item is calculated as the difference between the net turnover and the industrial costs directly and indirectly attributable to the products sold.

(2) This item includes costs that cannot be directly attributed or allocated in a reasonable way to the Business Units, but which refer to the Group as a whole.

(3) EBITDA is not deemed as an accounting measure under International Financial Reporting Standards (IFRSs); however, we believe that EBITDA is an important parameter for measuring the Group's performance and therefore it is presented as an alternative indicator. Since its calculation is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with the ones adopted by other Groups. EBITDA is calculated as "Earnings before interests, taxes, depreciation and amortization".

(thousands of euro)

	1st Half 2014	**1st Half 2013 restated**
Operating income	5,191	4,747
Depreciation and amortization	4,252	4,939
Write-down of assets	0	21
Bad debt provision - accrual (release)	(4)	(23)
EBITDA	**9,439**	**9,684**
% on sales	*14.9%*	*14.0%*

(4) It includes the net result from assets held for sale and discontinued operations (equal, respectively, to +232 thousand euro in the first half of 2014 and -498 thousand euro in the corresponding period of 2013).

(5) As at June 30, 2014 this item includes:
- employees for 893 units (1,000 units as at June 30, 2013);
- personnel employed with contract types other than employment agreements, equal to 45 units (unchanged compare to June 30, 2013).

This figure does not include the employees of the joint venture Actuator Solutions amounting, according to the percentage of ownership held by the Group, to 28 units as at June 30, 2014, namely 56 units in total (14 units at the end of the first half of the previous year according to the percentage of ownership held by SAES, 28 units in total).

(6) As at June 30, 2014 the severance costs, included in the personnel cost, are equal to 50 thousand euro; instead, the use of social security provisions in the Group's Italian companies has determined a reduction in the personnel cost equal to 1,095 thousand euro.
In the first half of 2013 the severance costs were equal to 740 thousand euro, while the use of C.I.G. had determined a reduction in the personnel cost equal to 750 thousand euro.

(7) Please note that the revenues and costs of the first half of 2013, shown for comparative purposes, have been ***reclassified*** to enable a homogeneous comparison with 2014. In particular:
- following the announced sale of the factory of SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for CRTs, all revenues and expenses related to this CRT business have been reclassified in the relevant income statement item "Net result from discontinued operations";
- as a result of the continuous technological evolution in the Organic Light Emitting Diodes business and of the delays in the commercial launch of OLED TVs, revenues and expenses of this segment have been reclassified within the Business Development Unit. Similarly, the figures related to the Energy Devices business, that doesn't have significant trade volumes, have been reclassified within the Business Development Unit. In this way, the Group can continue its research activities in both areas without any short-term commercial constraint, with the possibility to deepen its know-how in the field of hybrid getter and its potential applications. Finally, the operating revenues and expenses related to the LCD business (the former equal to approximately 21 thousand euro and the latter equal to -292 thousand euro in the first half of 2013) have been reclassified within the Light Sources Business (Industrial Applications Business Unit).

Lastly, please also note that the figures of the first half of 2013 have been ***restated*** (with an impact on the net income and on the shareholders' equity), in accordance with IFRS 3, following the completion of the interim accounting of the combination of the "hydrogen purifiers" business acquired by Power & Energy, Inc. on April 19, 2013.

Interim Report on Operations of SAES Group

INTERIM REPORT ON OPERATIONS

A pioneer in the development of getter technology, the Company SAES Getters S.p.A., together with its subsidiaries, (hereinafter "SAES® Group") is the world leader in a variety of scientific and industrial applications where stringent vacuum conditions or ultra-pure gases are required. In more than 70 years of activity, the Group's getter solutions have been supporting innovation in the information display and lamp industries, in sophisticated high vacuum systems and in vacuum thermal insulation, in technologies spanning from large vacuum power tubes to miniaturized silicon-based microelectronic and micromechanical devices. The Group also holds a leading position in ultra-pure gas refinement for the semiconductor and other high-tech markets.

Starting in 2004, by leveraging the core competencies in special metallurgy and in the materials science, the SAES Group has expanded its business into the advanced material markets, in particular the market of shape memory alloys, a family of materials characterized by super elasticity and by the property of assuming predefined forms when subjected to heat treatment. These special alloys, which today are mainly applied in the biomedical sector, are also perfectly suited to the realization of actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector).

More recently, SAES has expanded its business by developing components whose getter functions, traditionally obtained from the exploitation of the special features of some metals, are instead generated by chemical processes. Thanks to these new developments, SAES is evolving, adding to its competencies in the field of special metallurgy also those of organic chemicals.

A total production capacity distributed in ten facilities, a worldwide-based sales & service network and nearly 900 employees allow the Group to combine multicultural skills and expertise to form a truly global enterprise.

SAES Group is headquartered in the Milan area (Italy).

SAES Getters S.p.A. is listed on the Italian Stock Exchange Market, STAR segment, since 1986.
The Parent Company is controlled by S.G.G. Holding S.p.A., which does not exercise any management and coordination activity in accordance with article 2497 of the Civil Code (as better explained in the Report on corporate governance and ownership for the year 2013).

Group's structure

The Group's business organizational structure identifies two Business Units: Industrial Applications Business Unit and Shape Memory Alloys Business Unit. The corporate costs (expenses that cannot be directly attributed or allocated in a reasonable way to the business units, but which refer to the Group as a whole) and the costs related to the basic research projects or undertaken to achieve the diversification into innovative businesses (Business Development Unit), are shown separately from the two Business Units.

The following table illustrates the Group's business organizational structure:

Industrial Applications Business Unit	
Electronic & Photonic Devices	Getters and metal dispensers for electronic vacuum devices
Sensors & Detectors	Getters for microelectronic and micromechanical systems (MEMS)
Light Sources	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Vacuum Systems	Pumps for vacuum systems
Thermal Insulation	Products for thermal insulation
Pure Gas Handling	Gas purifier systems for semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
SMA Medical applications	Shape memory alloys for the biomedical sector
SMA Industrial applications	SMA actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Business Development Unit	
Business Development	Research projects undertaken to achieve the diversification into innovative businesses

Following the announced disposal of the factory of SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for *CRT*s, all revenues and expenses related to this CRT business have been reclassified in the relevant income statement item “Net result from discontinued operations”.
Furthermore, as a result of the continuous technological evolution in the *Organic Light Emitting Diodes* business and of the delays in the commercial launch of OLED TVs, revenues and expenses of this segment have been reclassified within the Business Development Unit. Similarly, the figures related to the *Energy Devices* business, that doesn’t have significant trade volumes, have been reclassified within the Business Development Unit. In this way, the Group can continue its research activities in both areas without any short-term commercial constraint, with the possibility to deepen its know-how in the field of hybrid getter and its potential applications.
Finally, the operating revenues and expenses related to the *LCD* business, that no longer have significant values, have been reclassified within the Light Sources Business (Industrial Applications Business Unit).
Please note that, following the reclassifications that have affected the OLED business, the progressive resetting to zero of LCD revenues and the shutdown of the last factory dedicated to the CRT production, the Information Displays operating segment has ceased to exist.
For more details on the reclassifications of the figures as at June 30, 2013 please refer to Note no. 1 and Note no. 14.

Finally please note the new segmentation of the Industrial Applications Business Unit and of the Shape Memory Alloys Business Unit and the new denomination of some business areas, applied in order to better respond to the current organizational structure of the Group.

Main events of the semester (January 1 – June 30, 2014)

In the first half of 2014 revenues and all principal financial indicators show a remarkable improvement compared to the second half of 2013 , despite the adverse exchange rate effect.
In particular, please note the increase in the revenues of all businesses, with the exception of that of vacuum pumps, affected by the cyclical nature of the research projects that use its applications.
The growth is mainly concentrated both in the thermal insulation products business, thanks to higher sales of getters for vacuum panels for the refrigeration industry, and in the shape memory alloys business for medical applications, thanks to the contribution of new products and the increased demand by some customers who had reduced their volumes in the second half of 2013.

Also the business of SMAs for industrial applications grew, both for the automotive market and for the consumer electronics one. Finally, please note a trend reversal in the lamps business and in the defense sector.
The gas purification business was substantially stable, despite the strong penalization of the euro-dollar exchange rate.

Total revenues of the Group, achieved by incorporating the 50% joint venture Actuator Solutions with the proportional method instead of the equity method, also show a strong growth compared to the second half of 2013 (+7.9%).

Compared to the first half of 2013, in the Industrial Applications Business the strong growth in the sales of products for thermal insulation (+36.5%) was not enough to offset the decrease or the substantial stability in the other businesses; in particular, the decrease in revenues was concentrated in the gas purification business (mainly due to lower production investments in the display sector and in the semiconductors business) and in that of electronic devices (where the decrease in sales was caused by the linear cuts in the U.S. public spending, especially in the defense sector).
In the field of shape memory alloys for medical applications, the recovery in the second quarter of 2014 compared to the first quarter made it possible to maintain the turnover of the semester substantially stable compared to the first half of 2013. In the semester the contribution of the industrial SMAs was positive.

Total revenues of the Group, despite the strong growth in the revenues of the joint venture Actuator Solutions (+45.8%), were down by 6.3%, penalized by the overall economic situation and the adverse exchange rate effect.

Here below the significant events occurred in the first half of 2014.

On April 4, 2014, the joint venture Actuator Solutions GmbH, 50% controlled by the Groups SAES and Alfmeier Präzision, won the prestigious “2014 German Innovation Award”. This award, established with the joint initiative of the German economic weekly “WirtshaftWoche”, in partnership with Accenture, EnBW Energie Baden-Württemberg and Evonik Industries, is awarded annually to companies based in Germany demonstrating the strongest focus on innovation. Among the 100 selected companies, the Jury, composed of some of the most important German economists, academics and experts in innovation, awarded the 2014 prize to Actuator Solutions GmbH in the category of medium-sized companies.

In April 2014, the Parent Company signed an additional royalty agreement for the integration of SAES thin film getter technology named PageWafer® in MEMS devices (micro-electromechanical systems) used in consumer electronics applications. In addition to an initial lump-sum received against the transfer of the technology, the contract provides for the recognition of royalties according to a percentage proportional to the volumes of silicon wafers produced using SAES’ getter technology.
Also this agreement confirms the high strategic value of the integration of the getter technology in vacuum-encapsulated MEMS devices, as already clearly demonstrated by the licensing agreements previously signed by SAES with some leading microelectronics producers.

On April 25, 2014 the Group signed a binding letter of intent for the sale of the right to use the land, the building and the related appurtenances of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. The consideration was fixed at about RMB 29 million, of which an advance payment of 50% was collected at the signing of the letter of intent; a further 30% was received in May 2014 in conjunction with the exit of SAES from the production plant; the balance is expected upon receipt of the clearance from the local authorities that will define the completion of the transaction and that is expected to be achieved in the second half of 2014.

In June 2014 SAES Pure Gas, Inc. signed an agreement with the Chinese Group Fujian Jiuce Gas for the supply of a hydrogen purifier to the factory dedicated to the production of semiconductors based in Fuzhou (China). The choice of SAES by an important Chinese Group, such as Fujian Jiuce, is a further evidence of the strengthening of SAES in the hydrogen purification business, after the acquisition of the technology of Power & Energy, Inc., completed in 2013.

The use of social security provisions in the Italian companies of the Group continued in the first half of 2014. In particular, SAES Getters S.p.A. used the Ordinary Redundancy Fund, while SAES Advanced Technologies S.p.A. used the defensive job-security agreements.

Sales and economical results for the first semester of 2014

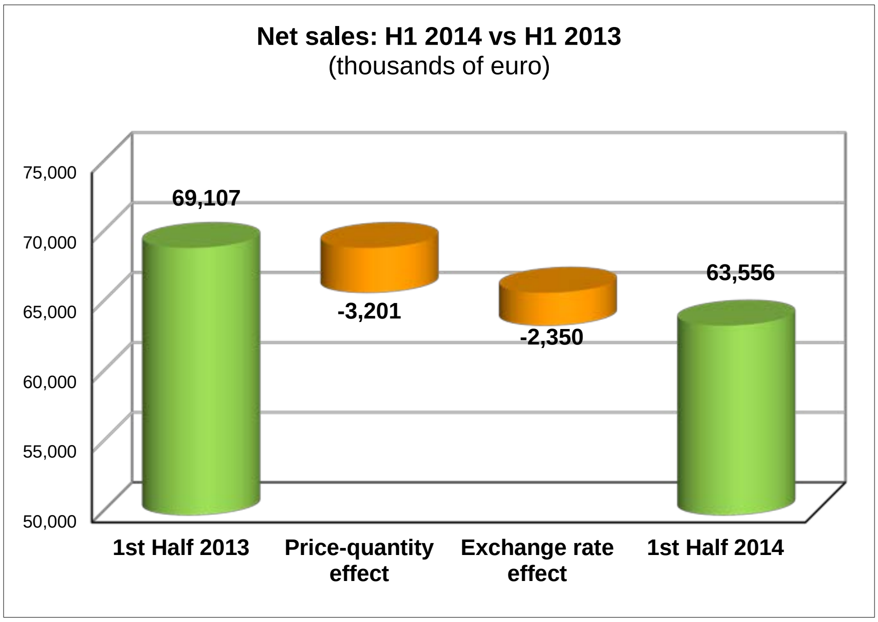
In the first half of 2014 the SAES Group achieved **consolidated net revenues** equal to 63,556 thousand euro, down by 8% compared to 69,107 thousand euro achieved in the corresponding semester of 2013. The **exchange rate effect** was negative and equal to -3.4%, mainly due to the strengthening of the euro against the U.S. dollar. At comparable exchange rates, consolidated net revenues would have decreased by 4.6% compared to the first half of the previous year.

Total revenues of the Group, achieved by incorporating the 50% joint venture Actuator Solutions with the proportional method instead of the equity method, were equal to 66,852 thousand euro, down by 6.3% compared to 71,333 thousand euro in the corresponding period of 2013, despite the strong growth in the revenues of the joint venture (+45.8%).

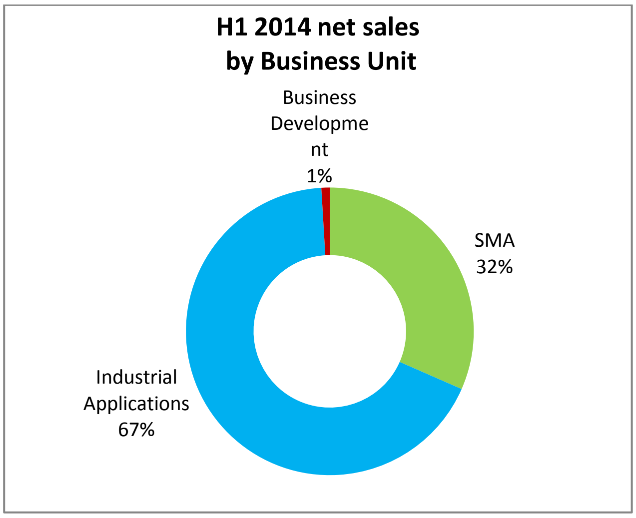
(thousands of euro)

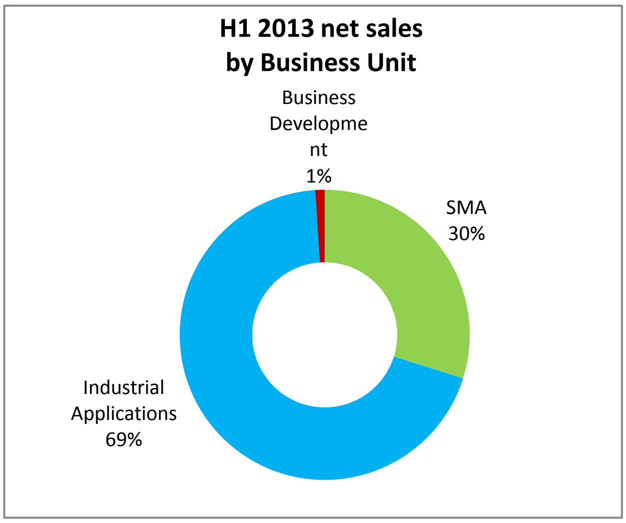
	1st half 2014	1st half 2013	Difference	Difference %
Consolidated net sales	**63,556**	**69,107**	**(5,551)**	**-8.0%**
50% Actuator Solutions sales	3,472	2,382	1,090	45.8%
Eliminations	(224)	(136)	(88)	-64.7%
Other adjustments	48	(20)	68	340.0%
Total revenues of the Group	**66,852**	**71,333**	**(4,481)**	**-6.3%**

The following chart shows the consolidated net sales of the first half of 2014, compared with the corresponding period of 2013, highlighting the effect of exchange rates and the variation due to changes in selling prices and sales volumes:



Compared to the first half of 2013, in the Industrial Applications Business Unit (67.5% of consolidated revenues), the strong growth in the sales of products for thermal insulation (+41.9% net of the exchange rate effect) was not enough to offset the decrease in the other businesses (in particular, the decrease in the electronic devices business and in the gas purification business).
In the field of shape memory alloys (31.6% of consolidated revenues) the slight decrease in the medical SMA business was entirely compensated by the positive contribution of the industrial SMA business.





The following table contains a breakdown of the consolidated net sales, in the first half of 2014 and in the same period of 2013, by business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)

Business	1st Half 2014	1st Half 2013	Total difference	Total difference %	Exchange rate effect %	Price-quantity effect %
Electronic & Photonic Devices	5,785	6,843	(1,058)	-15.5%	-2.6%	-12.9%
Sensors & Detectors	4,628	4,709	(81)	-1.7%	-2.1%	0.4%
Light Sources	6,229	6,488	(259)	-4.0%	-3.2%	-0.8%
Vacuum Systems	2,718	2,913	(195)	-6.7%	-3.3%	-3.4%
Thermal Insulation	3,518	2,577	941	36.5%	-5.4%	41.9%
Pure Gas Handling	20,014	24,227	(4,213)	-17.4%	-3.5%	-13.9%
Industrial Applications	**42,892**	**47,757**	**(4,865)**	**-10.2%**	**-3.3%**	**-6.9%**
SMA Medical Applications	18,436	19,377	(941)	-4.9%	-3.8%	-1.1%
SMA Industrial Applications	1,629	1,248	381	30.5%	-2.6%	33.1%
Shape Memory Alloys	**20,065**	**20,625**	**(560)**	**-2.7%**	**-3.7%**	**1.0%**
Business Development	**599**	**725**	**(126)**	**-17.4%**	**-4.9%**	**-12.5%**
Total net sales	**63,556**	**69,107**	**(5,551)**	**-8.0%**	**-3.4%**	**-4.6%**

Revenues of the **Industrial Applications Business Unit** were equal to 42,892 thousand euro in the first half of 2014, down by 10.2% compared to 47,757 thousand euro in the first semester of 2013. The currency trend recorded a negative exchange rate effect equal to -3.3%, net of which revenues would have decreased by 6.9%.
Compared to the first half of the previous year, please note the significant growth in the *Thermal Insulation Business* (+41.9% excluding the currency effect), thanks to higher sales of both getters for vacuum panels for the refrigeration industry and thermal insulation products for the consumer market (vacuum bottle).
Instead, net of the exchange rate effect, the *Light Sources Business* (-0.8%) and the *Sensors and Detectors Business* (+0.4%) were broadly stable.
All the other businesses decreased:

- in the *Electronic and Photonic Devices Business*, please note the decrease in sales in the defense sector caused by the linear cuts in the U.S. public spending (sequestration);
- the *Vacuum Systems Business* was affected by the periodicity of the research projects in the field of particle accelerators and, in particular, by the postponement of some orders to a later date than expected;
- in the gas purification sector (*Pure Gas Handling Business*), the decrease in sales was mainly due to the decrease in the number of new production facilities in the display and semiconductors sectors.

Revenues of the **Shape Memory Alloys Business Unit** amounted to 20,065 thousand euro in the first half of 2014, compared to 20,625 thousand euro in the corresponding period of 2013. The decrease is entirely due to the exchange rate effect (that is the weakening of the dollar against the euro), net of which revenues would have increased by 1%.
Excluding the currency effect, the *medical SMA business* recorded substantial stable revenues (-1.1%), with the second quarter up compared to the first one, thanks to a new product in ramp-up production phase, which offsets the continued low revenues from a major customer waiting for the FDA (Food and Drug Administration) qualification of a new medical device.
Instead, the contribution of the *industrial SMA business* was positive (+33.1% excluding the exchange rate effect), thanks to higher sales of both SMA springs for engine cooling systems in automotive applications and of educated wire for the production of actuators for the consumer electronic market.

The **Business Development Unit,** that includes projects of basic research or under development, aimed at diversifying into innovative businesses, closed the first half of 2014 with revenues equal to 599 thousand euro, made exclusively of OLED revenues. The decrease compared to the first semester of the previous year (revenues of the first half of 2013 amounted to 725 thousand euro) was due to the loss of the sales of dryers for solar cells, following the shutdown of the production lines of the main customer.
The exchange rate effect was negative and equal to -4.9%, net of which revenues would have been reduced by 12.5%.

Revenues of the first half of 2014, although lower than those in the corresponding period of 2013, show a remarkable trend reversal **compared to second half of the previous year** (+8.8% the organic growth excluding the exchange rate effect), with an increase, sometimes significant, in the revenues of all businesses, with the exception of that of vacuum pumps, affected by the cyclic nature of the research projects. In particular, the Industrial Applications Business Unit grew, supported by the products for thermal insulation and for fluorescent lamps. Also the Shape Memory Alloys Business Unit started to grow again, supported by the medical SMAs. Finally, the gas purification business was substantially stable, excluding the exchange rate effect.

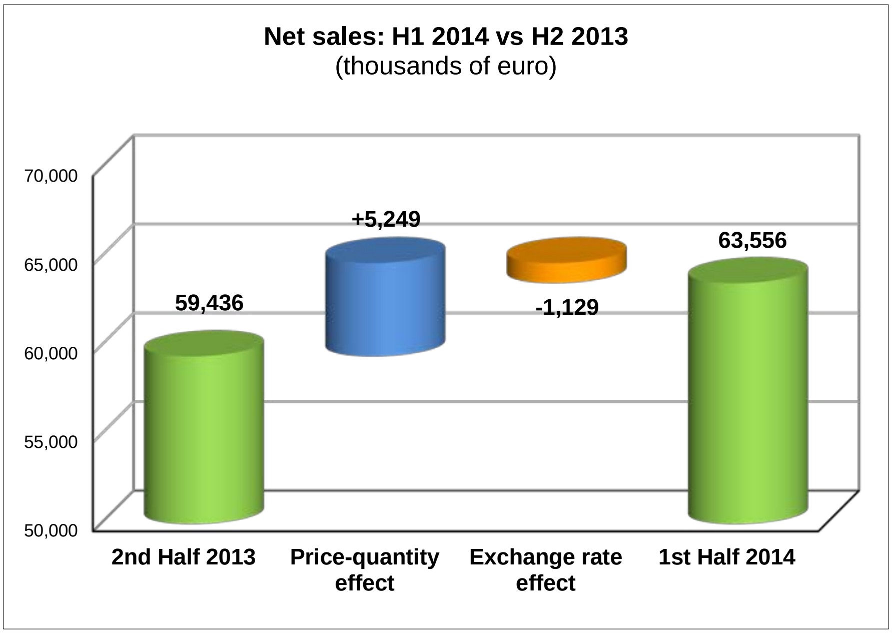
Also the **total revenues of the Group**[1] grew (+7.9%) compared to second half of 2013, thanks both to the recovery of the traditional markets (+6.9%) and to the growth in the automotive revenues of Actuator Solutions (+27.8%).

(thousands of euro)

	1st half 2014	2nd half 2013	Difference	Difference %
Consolidated net sales	**63,556**	**59,436**	**4,120**	**6.9%**
50% Actuator Solutions sales	3,472	2,717	755	27.8%
Eliminations	(224)	(198)	(26)	-13.1%
Other adjustments	48	4	44	1100.0%
Total revenues of the Group	**66,852**	**61,959**	**4,893**	**7.9%**

[1] Achieved by incorporating the 50% joint venture Actuator Solutions with the proportional method instead of the equity method.

The following chart shows the consolidated net sales of the first half of 2014, compared with the second half of 2013, highlighting the effect of exchange rates and the variation due to changes in selling prices and sales volumes:



The following table contains a breakdown of consolidated net sales, in the first half of 2014 and in the second half of 2013, by business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)

Business	1st Half 2014	2nd Half 2013	Total difference	Total difference %	Exchange rate effect %	Price-quantity effect %
Electronic & Photonic Devices	5,785	5,612	173	3.1%	-1.5%	4.6%
Sensors & Detectors	4,628	3,987	641	16.1%	-1.2%	17.3%
Light Sources	6,229	5,692	537	9.4%	-1.7%	11.1%
Vacuum Systems	2,718	3,710	(992)	-26.7%	-1.2%	-25.5%
Thermal Insulation	3,518	2,841	677	23.8%	-2.4%	26.2%
Pure Gas Handling	20,014	20,724	(710)	-3.4%	-2.0%	-1.4%
Industrial Applications	**42,892**	**42,566**	**326**	**0.8%**	**-1.8%**	**2.6%**
SMA Medical Applications	18,436	14,934	3,502	23.4%	-2.4%	25.8%
SMA Industrial Applications	1,629	1,458	171	11.7%	-1.1%	12.8%
Shape Memory Alloys	**20,065**	**16,392**	**3,673**	**22.4%**	**-2.3%**	**24.7%**
Business Development	**599**	**478**	**121**	**25.3%**	**-3.3%**	**28.6%**
Total net sales	**63,556**	**59,436**	**4,120**	**6.9%**	**-1.9%**	**8.8%**

Compared to the second half of 2013, where revenues were equal to 59,436 thousand euro, the **Industrial Applications Business Unit** showed a significant turnaround with consolidated revenues up by 0.8% (a percentage that would be equal to 2.6% excluding the exchange rate effect) in the first half of 2014. All segments grew or remained stable, with the exception of that of vacuum pumps (*Vacuum Systems Business*), which continued to record a decrease in revenues (-25.5% excluding the exchange rate effect), penalized by the cyclical nature of the research projects in which the SAES products are used and by the fact that the second half of the previous year was characterized by some important supplies in Japan and in Switzerland, despite the constant growth in sales of the new NEXTorr® pumps.
In particular, compared to the substantial steadiness of the *Pure Gas Handling Business* (with an organic change of -1.4%), please note the significant growth in the segment of products for thermal insulation (*Thermal Insulation Business*), thanks to higher sales of getters for vacuum panels for the refrigeration

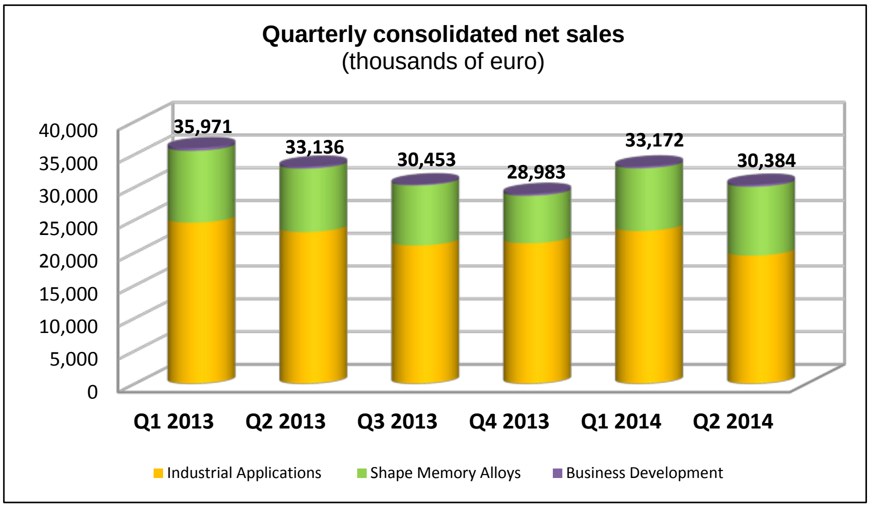
industry, which fully developed in the current year, and thanks to the consolidation of the growth trend in the vacuum bottle market. Also the *Sensors and Detectors Business* and the *Light Sources Business* recorded a significant growth compared to the second half of 2013, the former supported by the products for infrared sensors, the latter thanks to the higher sales in the field of fluorescent lamps.
Finally, please note the recovery of the *Electronic and Photonic Devices Business*, driven by the products for night vision and image intensifier applications.

Compared to the second half of 2013, also the consolidated revenues of the **Shape Memory Alloys Business Unit** showed a significant increase equal to 22.4% (rising to 24.7% excluding the adverse exchange rate effect). The *medical SMA business* returned to grow again (+23.4%) thanks to the contribution of new products and the growth of demand by some customers who had reduced their purchases in the second half of 2013; also the *industrial SMA business* consolidated its trend of growth (+11.7%).

With reference to the **quarterly trend of consolidated revenues**, comparing the revenues in the second quarter of 2014 (30,384 thousand euro) with those of the first quarter (33,172 thousand euro), please note how the decrease in the Industrial Applications Business Unit, mainly concentrated in the gas purification business, was partially offset by the revenues growth of the Shape Memory Alloys Business Unit, which recorded the gradual consolidation of both the medical business and the industrial one. The currency effect was substantially neutral (-0.1%).

(thousands of euro)

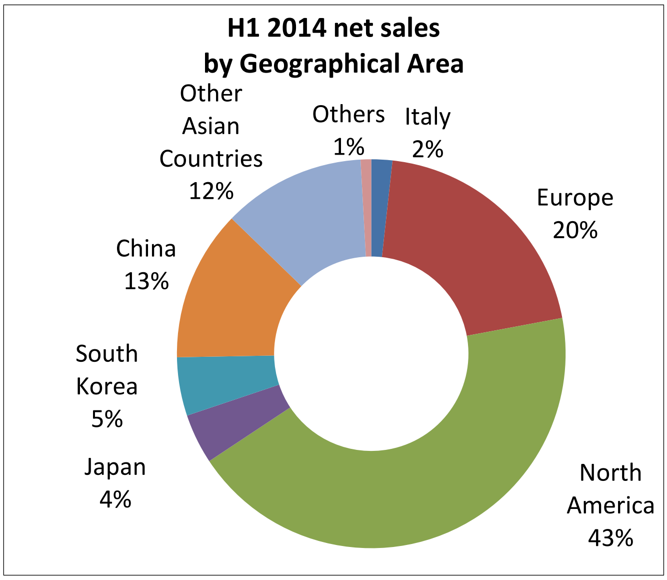
Business	2nd Quarter 2014	1st Quarter 2014	Total difference	Total difference %	Exchange rate effect %	Price-quantity effect %
Electronic & Photonic Devices	2,979	2,806	173	6.2%	0.0%	6.2%
Sensors & Detectors	2,488	2,140	348	16.3%	-0.1%	16.4%
Light Sources	2,931	3,298	(367)	-11.1%	-0.1%	-11.0%
Vacuum Systems	1,004	1,714	(710)	-41.4%	0.0%	-41.4%
Thermal Insulation	1,774	1,744	30	1.7%	0.3%	1.4%
Pure Gas Handling	8,390	11,624	(3,234)	-27.8%	-0.1%	-27.7%
Industrial Applications	**19,566**	**23,326**	**(3,760)**	**-16.1%**	**-0.1%**	**-16.0%**
SMA Medical Applications	9,597	8,839	758	8.6%	-0.1%	8.7%
SMA Industrial Applications	910	719	191	26.6%	-0.1%	26.7%
Shape Memory Alloys	**10,507**	**9,558**	**949**	**9.9%**	**-0.1%**	**10.0%**
Business Development	**311**	**288**	**23**	**8.0%**	**0.2%**	**7.8%**
Total net sales	**30,384**	**33,172**	**(2,788)**	**-8.4%**	**-0.1%**	**-8.3%**



A breakdown of **revenues by geographical location of customers** is provided below:

(thousands of euro)

Geographical area	1st Half 2014	%	1st Half 2013	%	Difference	Difference %	2nd Half 2013	%	Difference	Difference %
Italy	1,111	1.7%	1,157	1.7%	(46)	-4.0%	932	1.6%	179	19.2%
Europe	12,903	20.3%	13,189	19.1%	(286)	-2.2%	13,197	22.2%	(294)	-2.2%
North America	27,734	43.6%	33,539	48.5%	(5,805)	-17.3%	26,783	45.1%	951	3.6%
Japan	2,644	4.2%	2,850	4.1%	(206)	-7.2%	3,512	5.9%	(868)	-24.7%
South Korea	3,091	4.9%	1,639	2.4%	1,452	88.6%	1,293	2.2%	1,798	139.1%
China	7,967	12.5%	9,108	13.2%	(1,141)	-12.5%	5,600	9.4%	2,367	42.3%
Other Asian countries	7,547	11.9%	7,185	10.4%	362	5.0%	7,781	13.1%	(234)	-3.0%
Others	559	0.9%	440	0.6%	119	27.0%	338	0.6%	221	65.4%
Total net sales	**63,556**	**100%**	**69,107**	**100%**	**(5,551)**	**-8.0%**	**59,436**	**100%**	**4,120**	**6.9%**



Compared to the first half of 2013, the sales of gas purifiers were mainly concentrated in South Korea while decreased in North America and China. The already mentioned weakness in the medical SMAs segment, as well as in the defense sector, also contributed to the decrease in USA sales.

Compared to the second half of 2013, in North America the decrease in revenues of the gas purification sector was more than offset by higher sales of SMA components for the medical market as well as of getters for electronic devices and lamps. The decrease in revenues in Japan is mainly due to decreased investments in particle accelerators and, therefore, to lower sales of vacuum pumps. Finally, the increase in sales in the Asian market (namely, China and South Korea) is due to a stronger concentration of sales of gas purifiers (partially offsetting the decrease in North America) and to the consolidation of the growth trend in the thermal insulation segment.

Consolidated gross profit amounted to 27,152 thousand euro in the first half of 2014, compared to 28,300 thousand euro in the corresponding semester of 2013. The decrease (-4.1%) was mainly due to the adverse exchange rate effect, excluding which the gross profit would have recorded a slight increase (+0.3%); in fact, the decrease in revenues was completely offset by a more favorable sales mix that allowed a gradual increase in margins.
In particular, the gross margin appears to be growing in all the segments of the **Industrial Applications Business Unit**, thanks both to the shift in the sales mix towards products with higher margins, and as a result of the rationalization of the production structure implemented in the second half of 2013.
The **Shape Memory Alloys Business Unit**, whose gross margin showed a slight decrease (from 32.3% in the first half 2013 to 30.0% in the current period) was instead affected by the increased incidence of

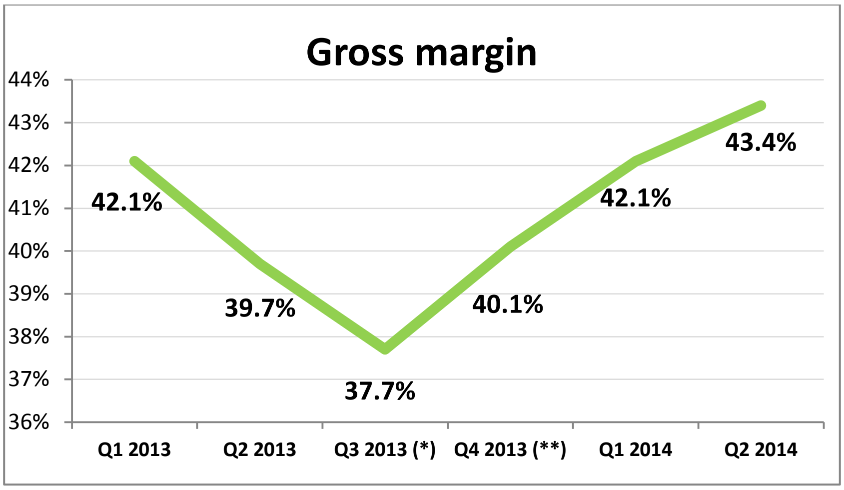
manufacturing fixed costs and, in general, of start-up costs related to the start of new productions both in the medical and in the industrial segments.
At last, the **Business Development Unit** ended the first half of 2014 with a gross profit substantially at breakeven (+98 thousand euro, compared to a gross loss of 208 thousand euro in the corresponding period of previous year).

The following table shows the consolidated gross profit for the first half of 2014 by Business Unit, compared with the corresponding period of the previous year:

(thousands of euro)

Business Unit	1st Half 2014	1st Half 2013	Difference	Difference %
Industrial Applications	21,039	21,855	(816)	-3.7%
% on Business Unit net sales	*49.1%*	*45.8%*		
Shape Memory Alloys	6,015	6,653	(638)	-9.6%
% on Business Unit net sales	*30.0%*	*32.3%*		
Business Development & Corporate Costs	98	(208)	306	147.1%
% on Business Unit net sales	*n.s.*	*n.s.*		
Gross profit	**27,152**	**28,300**	**(1,148)**	**-4.1%**

The following chart shows the quarterly trend of the consolidated gross margin. Please note the gradual improvement in 2014 margins, with an increase of the gross margin from 42.1% in the first quarter to 43.4% in the second quarter, made it possible by the recovery in the margins of the Shape Memory Alloys Business Unit.



(*) adjusted gross margin (net of non-recurring income and expenses) equal to 41.1%
(**) adjusted gross margin equal to 38.3%

Consolidated operating income was equal to 5,191 thousand euro (8.2% of consolidated revenues) in the first half of 2014, compared to 4,747 thousand euro in the corresponding period of the previous year (6.9% of consolidated revenues); the increase (+9.4%), that would have been even higher (+28.1%) excluding the penalizing exchange rate effect, was a consequence of the reduction in operating expenses, made possible by the actions of organizational rationalization and cost containment implemented starting from the second half of 2013.

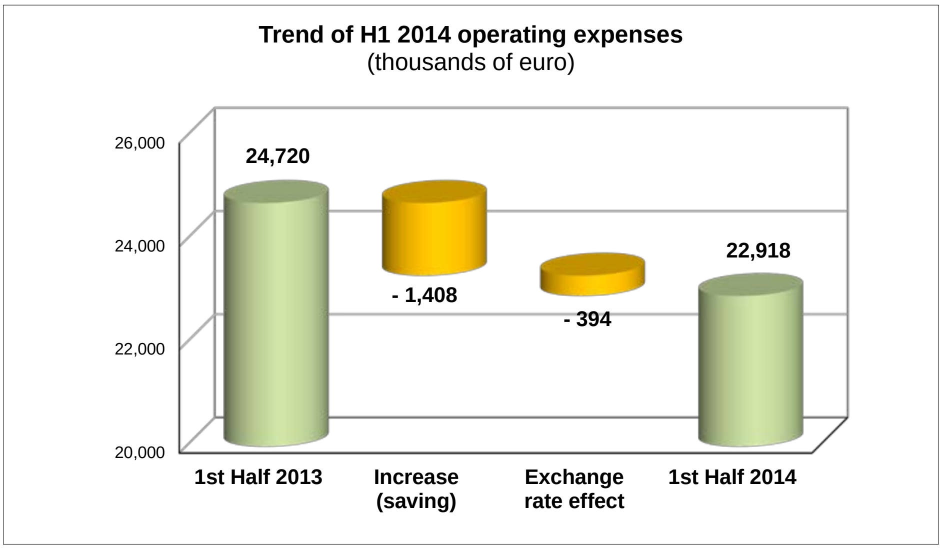
The following table shows the consolidated operating income of the first half of 2014 by Business Unit, compared with the corresponding period of the previous year:

(thousands of euro)

Business Unit	1st Half 2014	1st Half 2013	Difference	Difference %
Industrial Applications	11,962	12,640	(678)	-5.4%
Shape Memory Alloys	1,888	1,840	48	2.6%
Business Development & Corporate Costs	(8,659)	(9,733)	1,074	11.0%
Operating income (loss)	**5,191**	**4,747**	**444**	**9.4%**

Total **consolidated operating expenses** amounted to 22,918 thousand euro (36.1% of revenues), down compared to 24,720 thousand euro in the corresponding semester of 2013 (35.8% of revenues), demonstrating the continuing commitment of the Group to control costs with the aim of increasing the operational efficiency.
The decrease, also due to the exchange rate effect, was mainly concentrated in the **general and administrative expenses** and in the **research and development expenses** (in both cases, the costs that decreased were mainly the personnel ones). Excluding the exchange rate effect, **selling expenses** were instead substantially aligned with those of the first half of 2013.

The following chart shows the trend of the consolidated operating expenses in the first half of 2014:



The total **labor cost** was equal to 25,549 thousand euro, compared to 28,638 thousand euro in the corresponding period of the previous year: the containment of personnel cost was mainly due to the reduction in the average number of employees of the Group, following the rationalization both of the industrial activities and of the structural ones, and to the higher savings resulting from the use of social security provisions[2] in the Italian companies of the Group and to lower expenses for personnel discharge[3].

The result of the semester includes **depreciation and amortization** equal to 4,252 thousand euro, compared to 4,939 thousand euro in the same period of 2013. The reduction in depreciation and amortization is due to the fact that during the semester certain assets have reached the end of their useful life. Please also note that, starting from the second half of 2013, this item benefited (-256 thousand euro) from the review of the remaining useful life of the production plant and machinery of the subsidiary SAES Advanced Technologies S.p.A.

[2] The savings resulting from the use of the social security provisions were equal to 1,095 thousand euro in the first half of 2014, to be compared with 750 thousand euro in the corresponding period of the previous year.
[3] The severance costs, included in the personnel cost, were equal to 50 thousand euro in the first half of 2014, compared to 740 thousand euro in the first half of 2013.

Consolidated EBITDA amounted to 9,439 thousand euro (14.9% as a percentage of revenues) in the first half of 2014, compared to 9,684 thousand euro (14.0% of consolidated revenues) in the corresponding semester of 2013. The following table shows an EBITDA detail for the first half of 2014, compared with the corresponding period of the previous year:

(thousands of euro)

	1st Half 2014	1st Half 2013	Difference	Difference %
Operating income	5,191	4,747	444	9.4%
Depreciation and amortization	4,252	4,939	(687)	-13.9%
Write-down of assets	0	21	(21)	-100.0%
Bad debt provision - accrual (release)	(4)	(23)	19	82.6%
EBITDA	**9,439**	**9,684**	**(245)**	**-2.5%**
% on sales	*14.9%*	*14.0%*		

The item **royalties**, exclusively composed of the lump-sums and the royalties for the licensing of the thin film getter technology for MEMS of new generation, amounted to 1,043 thousand euro as at June 30, 2014, substantially unchanged compared to 1,072 thousand euro in the first half of 2013: in fact, the reduction of accrued fees was offset by the lump-sum related to the aforementioned signing of a new licensing agreement (for more details please refer to the section “Main events of the semester”).

The balance of **other net income (expenses)** was negative and equal to 86 thousand euro, compared to a positive balance of 95 thousand euro in the first half of 2013. The decrease was mainly due to the fact that in the first six months of the previous year this item included an higher income from insurance compensations.

The net balance of **financial income and expenses** was negative and amounted to 866 thousand euro (compared to -461 thousand euro in the corresponding period of 2013) and it mainly includes interest expenses on loans, both short and long term ones, held by the Parent Company and by the U.S. subsidiaries and bank fees related to the credit lines held by SAES Getters S.p.A.

The loss deriving from the **evaluation with the equity method** of the joint venture Actuator Solutions amounted to -551 thousand euro, compared to -351 thousand euro in the corresponding period of the previous year. For further details please refer to the Note no. 9 and to the Note no. 17.

The sum of the **exchange rate differences** recorded a slightly positive balance (+74 thousand euro) in the first six months of 2014, with an improvement compared to the first half of 2013 (+6 thousand euro) and guaranteed by the same hedging policy adopted by the Group in the previous year.

Consolidated income before taxes amounted to 3,848 thousand euro, substantially in line with 3,941 thousand euro in the first half of 2013.

Income taxes of the semester were equal to 2,759 thousand euro, compared to 1,787 thousand euro in the corresponding period of the previous year. The Group *tax rate* was equal to 71.7%, compared to 45.3% in the first half of 2013: in comparison with the previous year, please note that, given the current organizational structure of the Group, it has been prudently decided to suspend the recognition of deferred tax assets on the fiscal losses realized in the semester by the Group’s Italian companies participating in the national tax consolidation program. The fiscal income prudentially not recognized amounted to 1,187 thousand euro and its inclusion would have reduced the *tax rate* to 40.9%.

Consolidated net income amounted to 1,321 thousand euro (2.1% of consolidated revenues) in the first half of 2014, down when compared to a net income of 1,656 thousand euro in the first half of 2013.

The net income included an **income from discontinued operations** of 232 thousand euro, related to the residual proceeds arising from the sale of the factory of SAES Getters (Nanjing) Co., Ltd. and the final exit of the Group from the CRT business (compared with a negative figure of -498 thousand euro in the first half of 2013). Please note that such amount does not incorporate yet the economic effect of the sale of the right to use the land and the building of the Chinese subsidiary, whose execution is expected in the second half of 2014.

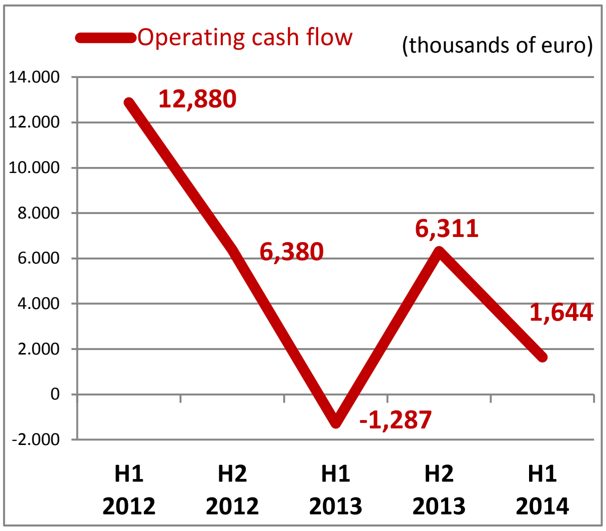
Net financial position – Investments – Other information

A breakdown of the items making up the consolidated net financial position is provided below:

(thousands of euro)

	June 30, 2014	**March 31, 2014**	**December 31, 2013**
Cash on hands	20	20	17
Cash equivalents	17,494	19,186	20,317
Cash and cash equivalents	**17,514**	**19,206**	**20,334**
Related parties financial assets	762	502	0
Other current financial assets	397	42	0
Current financial assets	**1,159**	**544**	**0**
Bank overdraft	(36,710)	(35,775)	(33,371)
Current portion of long term debt	(15,625)	(5,681)	(18,283)
Other current financial liabilities	(4,894)	(816)	(2,471)
Current financial liabilities	**(57,229)**	**(42,272)**	**(54,125)**
Current net financial position	**(38,556)**	**(22,522)**	**(33,791)**
Long term debt, net of current portion	(80)	(11,057)	(80)
Other non current financial liabilities	(1,242)	(2,674)	(2,675)
Non current liabilities	**(1,322)**	**(13,731)**	**(2,755)**
Net financial position	**(39,878)**	**(36,253)**	**(36,546)**

The **consolidated net financial position** as at June 30, 2014 was negative and equal to 39,878 thousand euro (cash equal to 17,514 thousand euro and net financial liabilities equal to 57,392 thousand euro), compared to a negative net financial position equal to 36,546 thousand euro (cash equal to 20,334 thousand euro and net financial liabilities equal to 56,880 thousand euro) as at December 31, 2013. The decrease is due to the fact that the cash flows generated from the operating activities covered the net outflows for investment activities in tangible and intangible assets (around 1.6 million euro) and the cash-out related to the restructuring plan of the second half of 2013, whose payment was deferred until the first quarter of 2014, but not the payment of dividends (-3.4 million euro).
The exchange rate effect on the net financial position was almost equal to zero (-0.1 million euro).



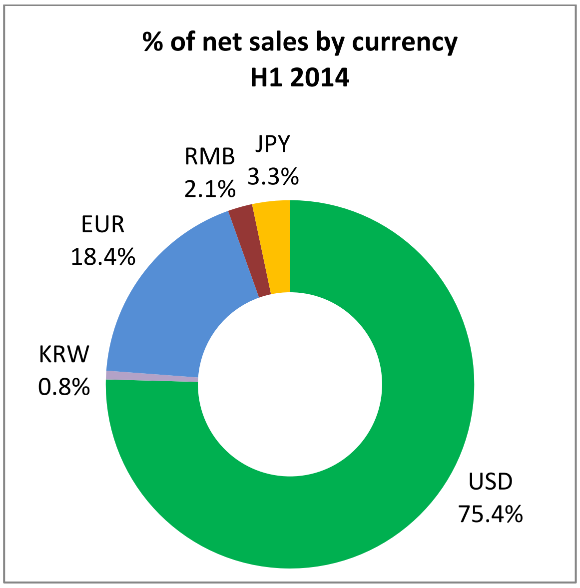
The cash flow from operating activities was positive and equal to 1,644 thousand euro in the first half of 2014, compared to a net loss of 1,287 thousand euro in the corresponding period of the previous year: in fact, differently from what happened in the first half of 2013, the self-financing was able to offset the negative change in the net working capital, heavily influenced by the increase in the business volume of the Pure Gas Handling Business and of the SMA one, despite the operating weakness that has characterized the last part of 2013 and the payments related to the restructuring plan implemented in the second half of the previous year, but delayed to 2014.

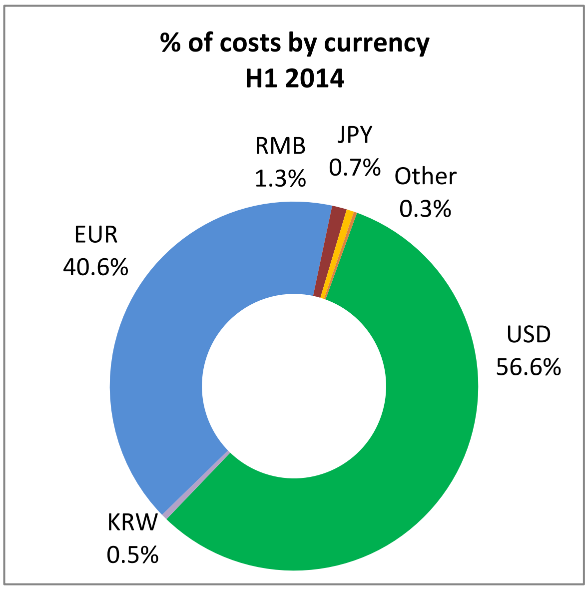
In the first half of 2014 the cash out for investments in tangible assets was equal to 1,782 thousand euro (2,671 thousand euro in the corresponding period of 2013); investments in intangible assets were not significant (21 thousand euro). For further details on the capital expenditure of the semester, please refer to Note no. 15.
In addition, within the investment activities, please note the expense of 1,692 thousand euro related to the technological upgrading of the purification business implemented during the previous year, whose payment has been deferred, and the proceeds equal to 2,786 thousand euro related to the aforementioned advance payment received for the sale of the right to use the land, the building and related appurtenances of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. Please note that these two events had an impact on the available cash but not on the net financial position of the Group because, in the first case, a financial debt was already recognized at December 31, 2013 for the portion of the consideration still to be paid, while in the second case, a financial debt has been recognized in respect of the advance payment received pending the completion of the sale.

As at June 30, 2014, following the failure to comply with certain financial covenants[4] in force, the long-term share of the loan of the U.S. subsidiary Memry Corporation has been reclassified as current (for further details please refer to the Note no. 29). However, please note that on July 16, 2014 the issuing bank formally accepted the waiver to recall the debt and, simultaneously, the financial covenants governing this loan have been renegotiated with the financing institution with effect from June 30, 2014 (for further details please refer to the section “Subsequent events” of this Report).

[4] Calculated on a semiannual basis on consolidated financial figures.

The composition of net sales and costs (cost of sales and operating expenses) by currency is provided below:





Performance of SAES Getters S.p.A. and its subsidiaries during the first half of 2014

SAES GETTERS S.p.A. – Lainate, MI (Italy)

In the first half of 2014, the Parent Company reported revenues of 3,199 thousand euro, up by 898 thousand euro compared to the corresponding period in the previous year (2,301 thousand euro), mainly thanks to the higher sales of shape memory alloy components for industrial applications (SMA springs for engine cooling systems in automotive applications and educated wires for the realization of actuators for the consumer electronic market). The operating loss was equal to 7,353 thousand euro in the first half of 2014, showing an improvement compared to a net loss of 9,631 thousand euro in the corresponding period of the previous year, thanks to increased revenues and the containment of operating expenses (in particular, the reduction of the labor cost, also favored by the use of the Ordinary Redundancy Fund[5] and by the absence of severance expenses[6]). The net income recorded by the Parent Company amounted to 8,967 thousand euro in the semester, down compared to 12,163 thousand euro as at June 30, 2013, despite the improvement in the operating income, due to lower dividends received from the subsidiaries and to the fact that in 2014 the Parent Company has prudently suspended the recognition of deferred tax assets on tax losses that are not covered in the national tax consolidation program.

SAES ADVANCED TECHNOLOGIES S.p.A., Avezzano, AQ (Italy)

In the first half of 2014 the company achieved revenues equal to 16,571 thousand euro, compared to 16,925 thousand euro in the corresponding period of the previous year: the growing sales of getters for vacuum panels for the refrigeration industry only partially offset the decrease in sales of the other segments of the Industrial Applications Business Unit (in particular, lower sales of getter pumps for particle accelerators, penalized by the periodicity of the research projects and by the postponement of the investments of some research laboratories to the second half of 2014).

[5] The use of the Ordinary Redundancy Fund brought a reduction in the personnel cost equal to 146 thousand euro.
[6] Severance expenses were equal to 457 thousand euro in the first half of 2013.

Despite the decrease in revenues (-2.1%), the rationalization of the production structure implemented in the second half of 2013 led to an improvement in margins and to an increase in the net income, that grew from 2,531 thousand euro to 2,777 thousand euro (+9.7%).
The use of defensive job-security agreements, that will continue in the second half of 2014, led to a reduction in personnel costs equal to 946 thousand euro in the semester (in the first half of 2013, the use of the Ordinary Redundancy Fund had allowed a reduction equal to 750 thousand euro).

SAES GETTERS USA, Inc., Colorado Springs, CO (USA)

The company reported consolidated revenues equal to 38,960 thousand USD (28,431 thousand euro at the average exchange rate of the period), compared to 44,785 thousand USD (34,098 thousand euro at the average exchange rate) and a consolidated net income of 3,466 thousands USD (2,529 thousand euro), compared to a consolidated net income of 5,471 thousand USD[7] in the corresponding period of 2013 (4,165 thousand euro).

Further notes are provided below.

The U.S. parent company ***SAES Getters USA, Inc.*** (which operates primarily in the Industrial Applications Business Unit) reported sales of 8,752 thousand USD, compared to 9,107 thousand USD in the first half of the previous year: the decrease in sales of vacuum pumps and getters for lamps was almost completely offset by the revenue growth in the business of products for thermal insulation.
The company ended the period with a net income of 3,466 thousand USD, down compared to a net income of 5,471 thousand USD in the first half of 2013 exclusively due to a lower income deriving from the evaluation of the shareholdings in the subsidiaries SAES Pure Gas, Inc. and Spectra-Mat, Inc., that have ended the semester with a net income lower than that of the previous year; however, the decrease in sales was fully offset by the improvement in margins, which helped to end the semester with an operating income substantially in line with that of the first half of 2013.

The subsidiary ***SAES Pure Gas, Inc.*** based in San Luis Obispo, CA (USA) (active in the Pure Gas Handling Business) achieved sales of 27,075 thousand USD (compared to 31,642 thousand USD in the first half of 2013) and a net income equal to 2,178 thousand USD (compared with a net income of 4,007 thousand USD at June 30, 2013). The decrease in sales, caused by the decrease of new production facilities in the field of displays and in that of semiconductors, was the main reason for the reduction in the net income.

The subsidiary ***Spectra-Mat, Inc.***, Watsonville, CA (USA), operating in the Electronic & Photonic Devices business, achieved revenues of 3,133 thousand USD in the first half of 2014 (4,036 thousand USD in the corresponding period of the previous year) and a loss of 54 thousand USD (compared to an income of 93 thousand USD at June 30, 2013). The decrease in sales in the defense sector (penalized by the linear cuts in the US public spending), together with a product mix with a higher absorption of direct labor, was the main cause of the negative result of the semester.

SAES GETTERS EXPORT Corp., Wilmington, DE (USA)

The company, which is owned directly by SAES Getters S.p.A., operates with the object of managing the exports of some U.S. Group's companies.
In the first half of 2014 it achieved a net income of 4,179 thousand USD (3,050 thousand euro), slightly up (+4%) compared to the corresponding period in 2013 (4,001 thousand USD, equal to

[7] Please note that the economic figures presented for comparative purposes have been restated to reflect the effects of the completion of the process of allocation of the purchase price of the "hydrogen purifiers" business; for further details please refer to Note no. 1.

3,046 thousand euro) due to the higher commission income[8] collected from the associated companies for which it handles the exports.

SAES GETTERS (NANJING) Co., Ltd., Nanjing (P.R. of China)

The company, the last production unit of the Group dedicated to the production of getters for CRTs, ceased its production activity during the second half of 2013. The shutdown of the Chinese factory marked the final exit of the Group from the CRT business; the other smaller productions made by the Chinese subsidiary (in particular, getters for lamps) were gradually absorbed by the factory of Avezzano, while the subsidiary SAES Getters (Nanjing) Co., Ltd. currently manages the commercial activities of the Group in the Republic of China.
The company ended the first half of 2014 with revenues equal to 16,138 thousand RMB (1,910 thousand euro), up by 18% compared to the corresponding period in the previous year (13,675 thousand RMB, equal to 1,682 thousand euro): in fact, the increased sales of getters for vacuum panels for the refrigeration industry, of products for thermal insulation for the consumer market and of lamp components have more than offset the progressive resetting to zero of the sales of getters for CRTs. The company ended the period with a net income of 5,186 thousand RMB (614 thousand euro), compared to a net loss of 1,236 thousand RMB (-152 thousand euro) at June 30, 2013, thanks not only to increased sales, but also to the absence of manufacturing fixed costs, as well as to the residual income arising from the closing down of the production and to the higher dividends received from SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10% stake).
As already mentioned above, please note that the net income of the period doesn’t include yet the economic impact resulting from the transfer to third parties of the right to use the land and the building, whose completion is expected in the second half of 2014.

MEMRY GmbH, Weil am Rhein (Germany)

The company, which manufactures and markets in the European market shape memory alloy components for both medical and industrial applications, in the first half of 2014 achieved sales equal to 2,132 thousand euro, up by 23% compared to the corresponding period of the previous year (1,740 thousand euro), and a net income of 218 thousand euro, almost doubled (+52%) compared to 143 thousand euro in the first half of 2013. The increase in sales of in-house manufactured medical components, compared to the proceeds from the resale of products of other Group’s companies, allowed to increase the gross margin and, consequently, the net income.

SAES NITINOL S.r.l., Lainate, MI (Italy)

The company, 100% owned by SAES Getters S.p.A., has as its business purpose the design, the production and the sale of shape memory alloy instruments and actuators, getters and any other equipment for the creation of high vacuum, either directly or by means of interests and investments in other companies. In order to achieve its corporate purpose, on July 5, 2011, the company established the joint venture Actuator Solutions GmbH, together with the German group Alfmeier Präzision (for further details on the joint venture, please refer to Notes no. 9 and no. 17 of the interim condensed consolidated financial statements).
SAES Nitinol S.r.l. ended the first half of 2014 with a loss equal to 63 thousand euro (in the first half of 2013 the loss was equal to 57 thousand euro), primarily consisting in the cash pooling interest expenses charged by the parent company SAES Getters S.p.A.
Please note that, on March 13, 2014, SAES Getters S.p.A. approved a capital contribution of 114 thousand euro in favor of SAES Nitinol S.r.l. to cover the loss recorded in the previous year; at the same time, the Parent Company approved an additional capital contribution of 150 thousand euro aimed at covering the losses expected in 2014.

[8] Being intercompany commissions, their increase has no relevance on the consolidated operating income.

Finally, please note that, in the first half of 2014, SAES Nitinol S.r.l. has granted an interest-bearing loan of a nominal amount equal to 750 thousand euro to the joint venture Actuator Solutions GmbH (for further details please refer to Note no. 26).

E.T.C. S.r.l., Bologna, BO (Italy)

The company, a spin-off supported by the National Research Council (CNR), is located in Bologna and has as its purpose the development of functional materials for applications in the Organic Electronics and in the Organic Photonics, as well as the development of integrated organic photonic devices for niche applications.
The company, 96% owned by the Parent Company, operates exclusively as a research center for the above mentioned developments and ended the first half of 2014 with a loss of 1,015 thousand euro, substantially in line with that of the first half of 2013 (-981 thousand euro).
Please note that, on March 13, 2014, SAES Getters S.p.A. approved a capital contribution of 1,109 thousand euro in favor of E.T.C. S.r.l. to cover the loss recorded in the previous year; at the same time, the Parent Company approved an additional capital contribution of 1,900 thousand euro aimed at covering the losses expected in 2014. The percentage of ownership of SAES Getters S.p.A. (96% of the share capital, as specified above) remained unchanged compared to that at December 31, 2013[9].
Finally, we highlight that E.T.C. S.r.l. was included in the national tax consolidation program starting from January 1, 2014.

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A., Luxembourg (Luxembourg)

The company's main objectives are the management and the acquisition of investments, the optimal cash management, the grant of intra-group loans and the coordination of the Group services.
As at June 30, 2014, the company achieved a net income of 7 thousand euro, in line with that of the first half of the previous year, equal to 10 thousand euro.

Some notes on the performance of the subsidiaries of SAES Getters International Luxembourg S.A. are provided below.

SAES Getters Korea Corporation, Seoul (South Korea) is 62.52% owned by SAES Getters International Luxembourg S.A., whereas the remainder of the capital stock is held directly by the Parent Company SAES Getters S.p.A. In 2011 the company ceased the production activities and now operates only as a distributor of products made by other Group's companies in the Korean market.
In the first half of 2014 the company recorded revenues equal to 1,100 million KRW (765 thousand euro), up compared to 949 million KRW (654 thousand euro): the increase in the sales in the field of thermal insulation products and in that of lamp devices more than offset the reset to zero of the sales of getters for CRTs. The period ended with a loss of 528 million KRW (-367 thousand euro), compared to a net income of 25 million KRW (+17 thousand euro) at June 30, 2013: despite the increase in revenues and in the gross margin, the foreign exchange losses deriving from the conversion of the financial receivable in euro that the Korean subsidiary holds in respect of the Parent Company, following the appreciation of the Korean won against the euro, caused the negative result of the semester (please note that the related hedging contract, instead of being held by the Korean subsidiary, has been entered into by the parent company SAES Getters S.p.A.).

The company ***SAES Smart Materials, Inc.***, based in New Hartford, NY (USA), active in the development, production and sale of shape memory alloy semi-finished products, recorded revenues equal to 7,978 thousand USD (5,822 thousand euro) in the semester, up (+2%) compared to 7,818 thousand USD (5,953 thousand euro) in the first half of 2013. Despite the increase in revenues, the period ended with a net income equal to 1,197 thousand USD (873 thousand euro) lower than that of

[9] In the shareholders' agreements, SAES Getters S.p.A. has committed itself to cover the losses also on behalf of the minority shareholder if the latter does not want or is not able to cover them, maintaining unchanged its percentage of ownership.

the previous year (1,399 thousand USD, equal to 1,065 thousand euro), because of the shift in the sales mix towards products with a higher absorption of raw materials.

Memry Corporation, Bethel, CT (USA), is a technological leader in the new generation medical devices with high engineering value sector, made of NiTinol shape memory alloy.
The company achieved sales equal to 18,353 thousand USD (13,393 thousand euro) in the first half of 2014, down when compared to the corresponding period of the previous year (19,058 thousand USD, equal to 14,511 thousand euro), but with a second quarter up compared to the first quarter thanks to the contribution of a new product in ramp-up production phase.
The net income amounted to 596 thousand USD (435 thousand euro), compared to a net income of 917 thousand USD (698 thousand euro) in the first half of 2013: the decrease was mainly due to the decrease in sales and to start-up expenses related to the launch of new products, only partially offset by lower operating expenses (in particular, lower amortization of intangible assets that have ended their useful life and a reduction in the labor cost).

Performance of the joint venture companies in the first half of 2014

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

Actuator Solutions GmbH, established in the second half of 2011, is headquartered in Gunzenhausen (Germany) and it is 50% jointly controlled by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials.
The joint venture is focused on the development, production and distribution of actuators based on SMA technology and its mission is to become a world leader in the field of actuators using shape memory alloys.

Actuator Solutions GmbH, which in turn consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd. (established on June 14, 2013), recorded net revenues equal to 6,943 thousand euro in the first half of 2014; these revenues, totally generated by the sale of valves used in lumbar control systems of the seats of a wide range of cars, significantly increased compared to 4,764 thousand euro in the first half of 2013 because the lumbar control system based on the SMA technology is gaining more and more market share.
The net income for the period was negative and equal to -1,102 thousand euro, due to the research and development expenses in the various industrial sectors where the company will be present with its SMA actuators. In particular, Actuator Solutions GmbH, with the support of the laboratories in Lainate, is focused on the development of SMA actuators for the vending industry, for the automotive sector, for the white goods sector and for the medical one, some of which have already generated the first orders; instead, the Taiwanese subsidiary is focused on the development of products for the consumer electronic market, such as those for the image focus and stabilization of mobile phones, which have found an increasing interest in the market and are currently subject to the qualification by some potential users.

(thousands of euro)

Actuator Solutions	1st Half 2014	1st Half 2013
	100%	100%
Total net sales	6,943	4,764
Cost of sales	(6,601)	(4,524)
Gross profit	**342**	**240**
Total operating expenses	(1,813)	(1,492)
Other income (expenses), net	124	134
Operating income (loss)	**(1,347)**	**(1,118)**
Financial income (expenses)	(23)	40
Income taxes	268	376
Net income (loss)	**(1,102)**	**(702)**

The share of the SAES Group in the result of the joint venture in the first half of 2014 amounted to -551 thousand euro.

The following table shows the **total Group's statement of profit or loss**, achieved by incorporating the 50% joint venture Actuator Solutions with the proportional method instead of the equity method:

(thousands of euro)	1st Half 2014			
	Consolidated profit or loss	50% Actuator Solutions	Eliminations & other adjustments	Total profit or loss of the Group
Total net sales	**63,556**	**3,472**	**(176)**	**66,852**
Cost of sales	(36,404)	(3,301)	176	(39,529)
Gross profit	**27,152**	**171**	**0**	**27,323**
% on sales	*42.7%*			*40.9%*
Total operating expenses	(22,918)	(907)		(23,825)
Royalties	1,043			1,043
Other income (expenses), net	(86)	62		(24)
Operating income (loss)	**5,191**	**(674)**	**0**	**4,518**
% on sales	*8.2%*			*6.8%*
Interest and other financial income, net	(866)	(12)		(878)
Income (loss) from equity method evalueted companies	(551)		551	0
Foreign exchange gains (losses), net	74			74
Income (loss) before taxes	**3,848**	**(685)**	**551**	**3,714**
Income taxes	(2,759)	134		(2,625)
Net income (loss) from continued operations	**1,089**	**(551)**	**551**	**1,089**
Income (loss) from assets held for sale and discontinued operations	232			232
Net income (loss) before minority interest	**1,321**	**(551)**	**551**	**1,321**
Net income (loss) pertaining to minority interest	0			0
Net income (loss) pertaining to the Group	**1,321**	**(551)**	**551**	**1,321**

Research, Development and Innovation activities

Research and development expenses amounted to 7,304 thousand euro in the first half of 2014 and were equal to 11.5% of consolidated net revenues, a percentage substantially in line with that of the previous periods.

In the first half of 2014 the reorganization of the research and development activities in Lainate has been fully implemented, with the separation of the basic research activities from those dedicated to the product development, through the creation of specific laboratories dedicated to the product development that report directly to the Business Unit head. These are application laboratories focused on the product development and the customer service, managed with a logic of short-term return on the investments. The central laboratory (basic research) was instead reorganized following the model already described in the 2013 Annual Report and deals with innovative projects that have a longer duration and that are oriented to the development of new technological platforms. This activity is normally placed in the context of specific projects undertaken for customers, or as part of joint development agreements, or stimulated by processes of development of new opportunities identified by the commercial organization of the Group. In addition, the central laboratory works, based on specific orders, for the applications laboratories when new materials or new formulations are needed.

A particular emphasis, also from the organizational point of view, was given to the Hybrid Getter technological platform, with the creation of a central laboratory that deals with the formulation of organic materials and a development laboratory that supports the Business Development Manager in its effort to bring the developed products to the market.
The Hybrid Getter technological platform, whose original application was represented by OLEDs, flat displays of new generation who are suffering strong delays in their commercial launch, may find employment in other sectors from a development point of view, such as the packaging for consumer electronics, for the agri-food industry and the pharmaceutical one.
In the field of OLEDs, the focus has been on flexible displays, on which the development activities are focused worldwide; in parallel, the development laboratory supports the customers in the use of the products already developed for large TV screens, albeit in small quantities due to the low production volumes. In the other sectors, the first months of the year were spent to identify potential application areas that will feed the activities of the laboratories in the coming months.
Always in the field of organic chemistry, the development activities of OLET displays continued ceaselessly, in collaboration with the National Research Center (CNR).

Particularly intense were the activities of the Vacuum Systems development laboratory that, in the wake of the great success of the NEXTorr pump, has also continued the development of larger models and of the new High Vacuum pump, which will be presented on the market in the second half of 2014.

An equally intense effort was made in the development of new mercury dispensing alloys with a low-temperature release, which will be integrated in our TQS® and Roof products, allowing to strengthen our position in the market of fluorescent lamps.

The central laboratory has continued its basic research activities in the field of shape memory alloys, in particular the studies aimed at understanding complex phenomena such as the hysteresis, the fatigue break and their relationship with the compositional characteristics of the alloy.

The joint venture Actuator Solutions GmbH has completed the development of the focus system of the miniaturized cameras for high-end mobile phones; the product is currently undergoing its qualification with some potential users.

Please note that all research and development expenses incurred by the Group are charged directly in the income statement in the year in which they occurred as they do not qualify for capitalization.

Subsequent events

Following the failure to comply with certain financial covenants on the loans held by the U.S. subsidiaries, on July 16, 2014 the issuing bank formally accepted the waiver to recall the debt and, simultaneously, the financial covenants governing these loans have been renegotiated with the financing institution with effect from June 30, 2014 (for further details please refer to the Note no. 29).

After June 30, 2014 the Group has not entered any additional forward contracts for the sale of foreign currency on trade receivables denominated in U.S. dollars or Japanese yen.

The use of social security provisions in the Italian companies of the Group will continue in the second half of 2014.

On July 25, 2014 the State of Connecticut approved the request made by Memry Corporation to obtain a soft financing for a total amount of 2.75 million dollar.
The loan will have a ten-year duration with a subsidized annual interest rate of 2% and will be used to purchase new machinery and equipment necessary to expand the production plant in Bethel. 50% of the loan (1,375 thousand dollar) can be converted into a subsidy provided that, by November 2017, Memry Corporation hires 76 new employees in the site of Bethel.

On July 21, 2014 SAES Nitinol S.r.l. has issued an additional tranche of interest-bearing loan to the joint venture Actuator Solutions GmbH amounting to 250 thousand euro. The total financial credit that SAES Nitinol S.r.l. holds in respect of the joint venture is equal to 1 million euro, to which a further 16 thousand euro must be added related to the interests accrued in the first half of 2014.

Business outlook

For the second half of 2014, we expect a further consolidation of the recovery, showing an improvement of all the economic and financial indicators.

Related party transactions

With regard to the Group's related party transactions, it should be noted that they fall within ordinary operations and are settled at market or standard conditions.
Complete disclosure on related party transactions incurred during the semester is provided in the Note no. 40 of the Interim condensed consolidated financial statements.

Group’s main risks and uncertainties

For the analysis of the Group’s main risks and uncertainties and the related mitigation actions to face these risks and uncertainties please refer to the 2013 Consolidated financial statements.

In particular, with reference to the financial risks, the main financial risks for SAES Group are the following ones:

- *Interest-rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing and the return of temporary investments of cash;
- *Exchange-rate risk*, associated with the volatility of exchange rates, which may influence the related value of the Group’s costs and revenues denominated in currencies different from euro and may thus have an impact on the Group’s net income or loss; also the amount of financial receivables/payables denominated in currencies other than the euro depends on the value of exchange rates, with potential effects both on the net income and on the net financial position;

- *The risk of changes in prices of raw materials*, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;
- *Credit risk*, associated with the solvency of customers and the ability to collect receivables claimed from them;
- *Liquidity risk*, associated with the Group's ability to procure funds to finance its operating activity.

Interest-rate risk

The Group's financial debts, both short and long-term ones, are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.
With refer to long-term financial debts, the exposure to interest rate variation is handled by way of entering into Interest Rate Swap (IRS) agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. See Note no. 24 for further details on the agreements in place as at June 30, 2014.
The funding for the working capital is managed through short-term financing transactions and, as a consequence, the Group does not hedge itself against the interest-rate risk.

Exchange-rate risk

The Group is exposed to foreign currency exchange risk on foreign commercial transactions. Such exposure is generated predominantly by sales in currencies other than the reference currency: during the first half of 2014 around 81.6% of Group sales were denominated in a currency other than the euro, whilst only around 59.4% of the Group's operating costs were denominated in a currency other than the euro.
In order to manage the volatility generated by the economic impact of fluctuations in exchange rates, primarily EUR/USD and EUR/JPY, the Group enters into hedges on these currencies, the values of which are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. The maturities of hedging derivatives tend to match the scheduled date of collection of the hedged transactions.
Moreover, occasionally, the Group also hedges specific transactions in a currency other than the reporting currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables denominated in currency different from the one used in the financial statements (executed by foreign subsidiaries, but denominated in euro).
Please refer to the Note no. 24 for further details on the derivative agreements signed during the first half of 2014.

Risk of changes in prices of raw materials

Normally, the Group's exposure to commodity price risk is moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed critical and, in order to reduce exposure to the risk of price variations, where possible it enters into specific supply agreements aimed at controlling commodity price volatility. The Group monitors the trends of the main commodities subject to the greatest price volatility and does not exclude the possibility of undertaking hedging transactions using derivative instruments with the aim of neutralizing the price volatility of its commodities.

Credit risk

The Group deals principally with well-known and reliable customers: the Sales Department assesses new customers' solvency and periodically verifies that credit limit conditions have been met. The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly considering the difficult macroeconomic situation.
The credit risk associated with other financial assets, including cash and cash equivalents, is not significant due to the nature of the counterparties: the Group places such assets exclusively in bank deposits held with leading Italian and international financial institutions.

Liquidity risk

This risk could arise if the Group is not able to obtain the necessary financial resources to grant the continuity of its operations.

In order to minimize such risk, the Administration Finance and Control Division acts as follows:

- constantly monitors the Group’s financial requirements in order to obtain credit lines necessary to meet such requirements;
- optimizes liquidity management through a centralized management system of available liquidity (cash pooling) denominated in euro which involves nearly all of the Group’s companies;
- manages the correct balance between short-term financing and medium/long-term financing depending on the prospect generation of operational cash flows.

For further information on the Group’s loans as at June 30, 2014 and their contractual maturity please refer to the Note no. 29.

As at June 30, 2014 the Group was not significantly exposed to liquidity risk, also considering the unused credit lines it has access to.

Equity management

The objective pursued by the Group’s equity management is to maintain a solid credit rating and adequate capital ratios, in order to support operations and maximize value for shareholders.

No changes were made to equity management objectives or policies during the first half of 2014.

Some performance indicators, such as the debt-to-equity ratio (defined as net debt to net equity), are periodically monitored with the aim of keeping them at low levels, still lower than what's required on the agreements with its lenders.

Consob regulatory simplification process

Please note that, on November 13, 2012, the Board of Directors approved, pursuant to article 3 of Consob resolution no. 18079/2012, to adhere to the opt-out provisions as envisaged by article no. 70, paragraph 8, and no. 71, paragraph 1-*bis* of the Consob Regulation related to Issuer Companies, and it therefore avails itself of the right of making exceptions to the obligations to publish information documents required in connection with significant mergers, spin-offs, capital increases by contributions in kind, acquisitions and disposals.

Interim Condensed Consolidated Financial Statements as at June 30, 2014

Consolidated statement of profit or loss			
(thousands of euro)	Notes	1st Half 2014	1st Half 2013 restated (*)
Total net sales	3	**63,556**	**69,107**
Cost of sales	4	(36,404)	(40,807)
Gross profit		**27,152**	**28,300**
Research & development expenses	5	(7,304)	(7,884)
Selling expenses	5	(6,051)	(6,251)
General & administrative expenses	5	(9,563)	(10,585)
Total operating expenses		**(22,918)**	**(24,720)**
Royalties	6	1,043	1,072
Other income (expenses), net	7	(86)	95
Operating income (loss)		**5,191**	**4,747**
Interest and other financial income	8	180	207
Interest and other financial expenses	8	(1,046)	(668)
Share of result of investments accounted for using the equity method	9	(551)	(351)
Foreign exchange gains (losses), net	10	74	6
Income (loss) before taxes		**3,848**	**3,941**
Income taxes	11	(2,759)	(1,787)
Net income (loss) from continued operations		**1,089**	**2,154**
Net income (loss) from assets held for sale and discontinued operations	12	232	(498)
Net income (loss) for the period		**1,321**	**1,656**
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		**1,321**	**1,656**
Net income (loss) per ordinary share	13	0.0204	0.0432
Net income (loss) per savings share	13	0.1385	0.1385

Consolidated statement of other comprehensive income			
(thousands of euro)	Notes	1st Half 2014	1st Half 2013 restated (*)
Net income (loss) for the period		**1,321**	**1,656**
Exchange differences on translation of foreign operations	28	1,017	52
Exchange differences on equity method evalueted companies	28	(3)	0
Total exchange differences		1,014	52
Total components that will be reclassified to the profit (loss) in the future		**1,014**	**52**
Other comprehensive income (loss), net of taxes		**1,014**	**52**
Total comprehensive income (loss), net of taxes		**2,335**	**1,708**
attributable to:			
- Equity holders of the Parent Company		2,335	1,708
- Minority interests		0	0

(*) Some amounts shown in the column do not correspond to those in the Interim financial statements as at June 30, 2013 because they reflect the reclassifications and the restatements detailed in Note no. 1, paragraph "Restatement on June 30, 2013 income statement figures".

Consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2014	December 31, 2013
ASSETS			
Non current assets			
Property, plant and equipment, net	15	49,832	51,473
Intangible assets, net	16	44,453	44,721
Investments accounted for using the equity method	17	2,144	2,698
Deferred tax assets	18	15,733	16,514
Tax consolidation receivables from Controlling Company	19	558	529
Other long term assets	20	882	887
Total non current assets		**113,602**	**116,822**
Current assets			
Inventory	21	27,335	28,573
Trade receivables	22	18,110	14,019
Prepaid expenses, accrued income and other	23	8,296	8,402
Tax consolidation receivables from Controlling Company	19	0	0
Derivative financial instruments evaluated at fair value	24	397	0
Cash and cash equivalents	25	17,514	20,334
Related parties financial receivables	26	762	0
Assets held for sale	27	2,013	2,038
Total current assets		**74,427**	**73,366**
Total assets		**188,029**	**190,188**
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Treasury shares		0	0
Legal reserve		2,444	2,444
Other reserves and retained earnings		41,643	45,635
Other components of equity		461	(553)
Net income (loss) of the period		1,321	(562)
Group shareholders' equity	28	**99,209**	**100,304**
Other reserves and retained eanings of third parties		3	3
Minority interests in consolidated subsidiaries		**3**	**3**
Total equity		**99,212**	**100,307**
Non current liabilities			
Financial debts	29	80	80
Other non current financial debts towards third parties	30	1,242	2,675
Deferred tax liabilities	18	4,981	5,392
Staff leaving indemnities and other employee benefits	31	7,039	7,085
Provisions	32	795	706
Total non current liabilities		**14,137**	**15,938**
Current liabilities			
Trade payables	33	7,204	9,259
Other payables	34	8,103	8,659
Accrued income taxes	35	599	40
Provisions	32	1,025	1,067
Derivative financial instruments evaluated at fair value	24	126	240
Current portion of medium/long term financial debts	29	15,625	18,283
Other current financial debts towards third parties	30	4,768	2,231
Bank overdraft	36	36,710	33,371
Accrued liabilities	37	520	793
Total current liabilities		**74,680**	**73,943**
Total equity and liabilities		**188,029**	**190,188**

Consolidated cash flow statement		
(thousands of euro)	1st Half 2014	1st Half 2013 restated (*)
Cash flows from operating activities		
Net income (loss) from continued operations	1,089	2,154
Net income (loss) from assets held for sale and discontinued operations	232	(498)
Current income taxes	2,394	2,656
Changes in deferred income taxes	366	(869)
Depreciation	3,570	4,096
Write down (revaluation) of property, plant and equipment	0	21
Amortization	682	899
Write down (revaluation) of intangible assets	0	0
Net loss (gain) on disposal of fixed assets	(232)	(7)
Interest and other financial income (expenses), net	1,418	358
Other non-monetary costs (revenues)	(398)	811
Accrual for termination indeminities and similar obligations	231	353
Changes in provisions	31	(1,520)
	9,383	**8,454**
Working capital adjustments		
Cash increase (decrease):		
Account receivables and other receivables	(4,396)	(5,787)
Inventory	1,443	2,053
Account payables	(2,055)	(2,818)
Other current payables	(836)	486
	(5,844)	**(6,066)**
Payment of termination indemnities and similar obligations	(288)	(606)
Interests and other financial payments	(228)	(183)
Interests and other financial receipts	53	83
Taxes paid	(1,432)	(2,968)
Net cash flows from operating activities	**1,644**	**(1,287)**
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(1,782)	(2,671)
Proceeds from sale of tangible and intangible assets	238	16
Disbursements for acquisition of intangible assets	(21)	(219)
Price paid for the acquisition of shareholding in subsidiaries	0	(500)
Price paid for the acquisition of businesses	(1,692)	(2,440)
Advances on assets held for sale	2,786	0
Net cash flows from investing activities	**(471)**	**(5,814)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	0
Proceeds from short term financial liabilities	3,150	16,450
Dividends payment	(3,430)	(9,965)
Repayment of financial liabilities	(2,858)	(3,511)
Interests and other costs paid on financial liabilities	(633)	(541)
Financial receivables from related parties	(750)	0
Proceeds (repayment) from financial liabilities towards related parties	0	(2,000)
Payment of finance lease laibilities	(7)	(9)
Net cash flows from financing activities	**(4,528)**	**424**
Net foreign exchange differences	526	(484)
Net increase (decrease) in cash and cash equivalents	**(2,829)**	**(7,161)**
Cash and cash equivalents at the beginning of the period	**20,333**	**22,609**
Cash and cash equivalents at the end of the period	**17,504**	**15,448**

(*) Some amounts shown in the column do not correspond to those in the Interim financial statements as at June 30, 2013 because they reflect the reclassifications and the restatements detailed in Note no. 1, paragraph “Restatement on June 30, 2013 income statement figures”.

Consolidated statement of changes in equity as at June 30, 2014

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2013	**12,220**	**41,120**	**0**	**2,444**	**(553)**	**0**	**45,635**	**(562)**	**100,304**	**3**	**100,307**
Distribution of 2013 result							(562)	562	0		0
Dividends paid							(3,430)		(3,430)		(3,430)
Net income (loss)								**1,321**	**1,321**	**0**	**1,321**
Other comprehensive income (loss)					1,014				1,014		1,014
Total comprehensive income (loss)					**1,014**			**1,321**	**2,335**	**0**	**2,335**
June 30, 2014	**12,220**	**41,120**	**0**	**2,444**	**461**	**0**	**41,643**	**1,321**	**99,209**	**3**	**99,212**

Consolidated statement of changes in equity as at June 30, 2013 restated (*)

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2012	**12,220**	**41,120**	**0**	**2,444**	**2,847**	**0**	**52,256**	**3,340**	**114,227**	**3**	**114,230**
Distribution of 2012 result							3,340	(3,340)	0		0
Dividends paid							(9,965)		(9,965)		(9,965)
Net income (loss)								**1,656**	**1,656**	**0**	**1,656**
Other comprehensive income (loss)					52				52		52
Total comprehensive income (loss)					**52**			**1,656**	**1,708**	**0**	**1,708**
June 30, 2013	**12,220**	**41,120**	**0**	**2,444**	**2,899**	**0**	**45,631**	**1,656**	**105,970**	**3**	**105,973**

(*) Some amounts shown in the column do not correspond to those in the Interim financial statements as at June 30, 2013 because they reflect the reclassifications and the restatements detailed in Note no. 1, paragraph "Restatement on June 30, 2013 income statement figures".

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries (hereinafter " SAES Group") operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for applications where stringent vacuum conditions or ultra-pure gases are required (electronic devices, lamps, vacuum systems and thermal insulation solutions), as well as in the gas purification industry. The Group also operates in the field of advanced materials, particularly in the business of shape memory alloys for both medical and industrial applications.

The preparation of the financial statements is in compliance with the historical cost criterion, except when specifically required by the applicable standards, as well as on the going concern assumption; in spite of a difficult economic and financial environment, it is not considered to exist significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) on the business continuity.

The Parent Company SAES Getters S.p.A., based in Lainate (Italy), is controlled by S.G.G. Holding S.p.A.[10], which does not exercise management and coordination activity.
The Board of Directors approved and authorized the publication of the 2014 interim condensed consolidated financial statements with the resolution passed on July 31, 2014.

The interim condensed consolidated financial statements of the SAES Group are presented in euro (rounded to the nearest thousand), which is the Group's functional currency.
Foreign subsidiaries are included in the consolidated financial statements according to the standards described in the Note no. 2 "Main accounting principles".

Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1–revised that provides the consolidated statement of profit (loss) and other comprehensive income (the Group elected to present two different statements) and a statement of consolidated financial position that includes only the details of the transactions on the shareholders' equity, while changes in the minority interests are presented in a separate line.

Moreover we report that:

- the consolidated statement of financial position has been prepared by classifying assets and liabilities as "current/non-current" and by stating "Assets held for sale" and "Liabilities held for sale" in two separate items, as required by IFRS 5;
- the consolidated statement of profit (loss) has been prepared by classifying operating expenses by allocation, inasmuch this form of disclosure is considered more suitable to represent the Group's specific business, is compliant with internal reporting procedures and in line with standard industry practice;
- the consolidated cash flow statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as permitted by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the context of the allocation basis for the preparation of the statement of profit (loss), income and expenses arising from non-recurring transactions or from events that do not recur frequently during the normal conduct of operations are specifically identified and their effects are stated separately at the main interim result levels.

[10] Based in Milan, at Via Vittor Pisani 27.

Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring expenses/income include cases that by their nature do not occur consistently in the course of normal operating activities. In further detail:

- income/expenses arising from the sale of real property;
- income/expenses arising from the sale of business divisions and equity investments included among non-current assets;
- income/expenses arising from reorganization processes associated with extraordinary corporate actions (mergers, de-mergers, acquisitions and other corporate actions);
- income/expenses arising from dismissed businesses.

During the first half of 2014 the Group did not perform any unusual or non-recurring transactions having a significant impact on the economic situation and financial position.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties, broken down according to the line item in question, are reported in the explanatory notes of the interim condensed consolidated financial statements.

Restatement on June 30, 2013 income statement figures

Please note that the figures of the first half of 2013, shown for comparative purposes, have been reclassified and restated to enable a homogeneous comparison with 2014. In particular:

- following the announced shut-down of the factory of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for CRTs, all revenues and expenses related to this CRT business have been reclassified in the relevant income statement item “Net income from discontinued operations”;
- at the date of the preparation of the half-year report 2013, the process of allocating the purchase price of the “hydrogen purifiers” business was still in a provisional phase, and the consideration was provisionally recorded as goodwill; in accordance with IFRS 3, the comparative figures as at June 30, 2013 have been restated to reflect the effects arising from the identification of the intangible assets acquired following the completion of the business combination. Please note that these effects were already taken into account in the consolidated financial statements as at December 31, 2013.

The following table shows the effects of this restatement on the consolidated statement of profit (loss) as at June 30, 2013:

Consolidated statement of profit or loss
(thousands of euro)

	1st Half 2013	Restatement	Reclassifications	1st Half 2013 restated
Total net sales	**69,542**		**(435)**	**69,107**
Cost of sales	(41,214)		407	(40,807)
Gross profit	**28,328**	**0**	**(28)**	**28,300**
Research & development expenses	(7,886)		2	(7,884)
Selling expenses	(6,446)		195	(6,251)
General & administrative expenses	(10,856)	(68)	339	(10,585)
Total operating expenses	(25,188)	(68)	536	(24,720)
Royalties	1,072			1,072
Other income (expenses), net	105		(10)	95
Operating income (loss)	**4,317**	**(68)**	**498**	**4,747**
Interest and other financial income, net	(461)			(461)
Share of result of investments accounted for using the equity method	(351)			(351)
Foreign exchange gains (losses), net	6			6
Income (loss) before taxes	**3,511**	**(68)**	**498**	**3,941**
Income taxes	(1,813)	26		(1,787)
Net income (loss) from continued operations	**1,698**	**(42)**	**498**	**2,154**
Income (loss) from assets held for sale and discontinued operations	0		(498)	(498)
Net income (loss) before minority interests	**1,698**	**(42)**	**0**	**1,656**
Net income (loss) pertaining to minority interests	0			0
Net income (loss) pertaining to the group	**1,698**	**(42)**	**0**	**1,656**

Please note that, always in order to enable a homogeneous comparison with the current year, revenues and expenses of the *OLED* business, as well as the figures related to the *Energy Devices* business, have been reclassified within the Business Development Unit. Furthermore, the operating revenues and costs related to the *LCD* business (the former equal to approximately 21 thousand euro and the latter to 292 thousand euro in the first half of 2013) have been reclassified within the Light Sources Business (Industrial Applications Business Unit). For further details please refer to the Note no. 14.

Segment information

The Group's financial reporting is broken down into the following business segments:
- Industrial Applications;
- Shape Memory Alloys.

As a result of the continuous technological evolution in the *Organic Light Emitting Diodes* business and of the delays in the commercial launch of OLED TVs, revenues and expenses of this segment have been reclassified within the Business Development Unit. Following this reclassification, the progressive resetting to zero of LCD revenues and the shutdown of the last factory dedicated to the CRT production, the Information Displays operating segment has ceased to exist.

Seasonality of operations

Based on historical trends, the revenues of the different businesses are not characterized by significant seasonal circumstances.

Scope of consolidation

The following table shows the companies included in the scope of consolidation according to the full consolidation method as at June 30, 2014:

Company	*Currency*	*Capital Stock*	*% of Ownership Direct*	*Indirect*
Directly-controlled sunsidiaries:				
SAES Advanced Technologies S.p.A. Avezzano, AQ (Italy)	EUR	2,600,000	100.00	-
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	13,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	89.97	10.03*
SAES Getters Export, Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH Weil am Rhein (Germany)	EUR	330,000	100.00	-
E.T.C. S.r.l. Bologna, BO (Italy)	EUR	20,000	96.00**	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Indirectly-controlled subsidiaries:				
Through SAES Getters USA, Inc.:				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Through SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	10,497,900,000	37.48	62.52
SAES Smart Materials, Inc. New Hartford, NY (USA)	USD	17,500,000	-	100.00
Memry Corporation Bethel, CT (USA)	USD	30,000,000	-	100.00

* % of indirect ownership held by SAES Advanced Technologies S.p.A. (0.03%) and by SAES Getters (Nanjing) Co., Ltd. (10.00%).
** 4% held by third parties. However, the company is fully consolidated at 100% without attribution of minority interests since in the shareholders' agreements SAES Getters S.p.A. has committed to cover any loss, also on behalf of the minority shareholder if the latter is unwilling or unable to proceed to cover them, maintaining unchanged the Parent Company's percentage of ownership.

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2014:

Company	*Currency*	*Capital Stock*	*% of Ownership Direct*	*Indirect*
Actuator Solutions GmbH Gunzenhausen (Germany)	EUR	2,000,000	-	50.00*
Actuator Solutions Taiwan Co., Ltd. Taoyuan (Taiwan)	TWD	5,850,000	-	50.00**

* % of indirect ownership held by SAES Nitinol S.r.l.
** % of indirect ownership held by the joint venture Actuator Solutions GmbH (which holds a 100% interest in Actuator Solutions Taiwan Co., Ltd.).

During the first semester of 2014 there were no changes in the scope of consolidation.

2. MAIN ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of European Regulation no. 1606/2002, the SAES Group adopted IAS/IFRS accounting standards as from January 1, 2005.
The interim condensed consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board ("IASB") and approved by the European Union ("IFRS"), CONSOB resolutions no. 15519 and no. 15520 of July 27, 2006, CONSOB communication no. DEM/6064293 of July 28, 2006 and article 149-*duodecies* of the Issuers Regulations. The abbreviation "IFRS" includes all revised international accounting standards ("IAS") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), included those previously issued by the Standing Interpretations Committee ("SIC").

The interim condensed consolidated financial statements for the period ended June 30, 2014 was prepared according to IAS 34 revised - *Interim financial reporting,* applicable to interim reporting and therefore has to be read jointly to the consolidated financial statements as at December 31, 2013, since it does not include all the disclosures required for the annual financial statements prepared according to IAS/IFRS.
For comparison purposes also 2013 comparative figures have been presented, in application of IAS 1- *Presentation of financial statements.*

New standards, amendments and interpretations effective from January 1, 2014

Accounting standards used to prepare the interim condensed consolidated financial statements as at June 30, 2014 are consistent with those applied in the consolidated financial statements as at December 31, 2013, except for the adoption of the following new standards and interpretations applicable starting from January 1, 2014.
The following accounting standards, amendments and interpretations are applicable for the first time from January 1, 2014.

IFRS 10 - *Consolidated Financial Statements*
On May 12, 2011, the IASB issued IFRS 10 - *Consolidated Financial Statements* that replaces SIC 12 – *Consolidation - Special Purpose Entities* and some parts of IAS 27 - *Consolidated and Separate financial statements*, that has been renamed "Separate financial statements" and addresses the accounting treatment of shareholdings in the separate financial statements.
The main changes in the new standard are as follows:
- according to IFRS 10 there is a single basic principle to consolidate all types of entities, and this principle is based on the control. This change removes the perceived inconsistency between the previous IAS 27 (based on the control) and SIC 12 (based on the transfer of risks and benefits);
- it provides a definition of control stronger than in the past, based on three elements: (a) the power on the company acquired; (b) the exposure, or rights, to variable returns deriving from the involvement in the same company; (c) the ability to use the power to influence the amount of such returns;
- IFRS 10 requires an investor to focus on those activities that significantly affect the returns of the acquired company in order to assess whether it has control over the company itself;
- IFRS 10 requires that, in assessing whether control exists, only the substantial rights are considered, that means those which are effectively exercisable when important decisions on the acquired company must be taken;
- IFRS 10 provides for practical guides in assessing whether control exists in complex situations, such as the de facto control, potential voting rights, those situations in which it is necessary to establish whether the person who has the decision power is acting as an agent or as a principal, etc.

In general terms, the application of IFRS 10 requires a significant degree of judgment on a number of application aspects.

This standard is applicable retrospectively starting from January 1, 2014.
The adoption of this new standard had no impact on the scope of consolidation of the Group.

IFRS 11 - *Joint Arrangements*
On May 12, 2011, the IASB issued IFRS 11 - *Joint Arrangements* that replaces IAS 31 - *Interests in joint ventures* and SIC 13 - *Jointly controlled entities - Contributions in kind by joint controlling entities*.
The new standard, subject to the criteria for the identification of the presence of a joint control, provides the criteria for the accounting treatment of joint arrangements based on the rights and obligations deriving from the agreements rather than on their legal form, making a distinction between joint ventures and joint operations. According to IFRS 11, the existence of a separate vehicle is not a sufficient condition for classifying a joint arrangement as a joint venture. For joint ventures, where the parties have rights only on the shareholders' equity of the agreement, the standard requires the equity method as the only acceptable accounting method to be used in the consolidated financial statements. For joint operations, where the parties have rights on the assets and obligations on the liabilities of the agreement, the standard provides for the direct entering of the pro-rata share of the assets, liabilities, expenses and revenues deriving from the joint operation in the consolidated financial statements (and in the separate financial statements).
The new standard is applicable retrospectively starting from January 1, 2014.
Following the issuance of this standard, IAS 28 - *Investments in Associates* has been amended to include within its scope of application also the investments in joint ventures, starting from the effective date of application of the standard.
The adoption of this new standard had no impact on the scope of consolidation of the Group.

IFRS 12 - *Disclosure of interests in other entities*
On May 12, 2011, the IASB issued IFRS 12 - *Disclosure of interests in other entities*, that is a new and comprehensive standard on the additional disclosure requirements in the consolidated financial statements for all types of investments, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated purpose entities.
This standard is applicable retrospectively starting from January 1, 2014.

IAS 32 - *Financial Instruments: presentation in the financial statements* (amendment)
On December 16, 2011, the IASB issued some amendments to IAS 32 - *Financial Instruments: presentation in the financial statements* to clarify the application of certain criteria in IAS 32 for offsetting financial assets and liabilities.
These amendments apply retrospectively starting from 1 January 2014.
The adoption of this new standard had no impact on the scope of consolidation of the Group.

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
On June 28, 2012, the IASB published the document "*Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)*".
This document clarifies the transition rules of IFRS 10 - *Consolidated Financial Statements*, IFRS 11 - *Joint Arrangements* and of IFRS 12 - *Disclosure of interests in other entities*.
These changes apply, together with the standards of reference, starting from January 1, 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27 regarding "investment entities"
On October 31, 2012 some amendments were issued to IFRS 10, IFRS 12 and IAS 27 regarding "investment activities", that introduce an exception to the consolidation of subsidiaries for an investment company, except when the subsidiaries provide services that are related to the investment activities of that company. Pursuant to these amendments, an investment company must evaluate its investments in subsidiaries at fair value.
In order to be classified as an investment company, an entity shall:
- obtain funds from one or more investors with the aim of providing them with investment management services;

- commit itself towards its investors to pursue the purpose of investing funds exclusively to obtain returns from a capital appreciation, from the proceeds of the investments, or both; and
- measure and evaluate the performance of all investments at fair value.

These amendments apply, together with the standards of reference, starting from January 1, 2014.
These amendments are not applicable to the Group.

IAS 36 - *Impairment of assets - Additional information on the recoverable amount of non-financial assets* (amendment)
On May 29, 2013, the IASB issued some amendments to IAS 36 - *Impairment of assets* - *Additional information on the recoverable amount of non-financial assets*. The amendments are intended to clarify that the additional information to be provided about the recoverable amount of the assets (including goodwill) or cash-generating units, in the event that their recoverable amount is based on their fair value less the costs of their disposal, regards only those assets or cash-generating units for which an impairment has been recognized or cancelled in the financial year.
These amendments apply retrospectively starting from January 1, 2014.
The adoption of this new amended standard had no impact on the scope of consolidation of the Group.

IAS 39 - *Financial instruments: recognition and measurement - Novation of derivatives and continuation of hedge accounting* (amendments)
On June 27, 2013, the IASB issued some amendments to IAS 39 - *Financial instruments: recognition and measurement* - *Novation of derivatives and continuation of hedge accounting*. The changes include the introduction of certain exemptions from the requirements of hedge accounting as defined by IAS 39 when an existing derivative has to be replaced with a new derivative that has, by law or regulation, directly (or also indirectly), a Central Counterparty - CCP.
These amendments apply retrospectively starting from January 1, 2014.
The adoption of this new amended standard had no impact on the scope of consolidation of the Group.

IFRIC 21 - *Levies*
On May 20, 2013 it was published the interpretation of IFRIC 21 - *Levies*, that provides a clarification about the time to recognize a liability related to taxes (other than income taxes) imposed by a government agency. The standard addresses both the liabilities for taxes that fall within the scope of IAS 37 - *Provisions, potential liabilities and assets*, and the taxes whose amount and timing are uncertain.
The adoption of this new amended standard had no impact on the scope of consolidation of the Group.

Accounting standards, amendments and interpretations not yet validated by the European Union

At the date of these interim consolidated financial statements, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and the principles described below.

IFRS 9 - *Financial Instruments*
On November 12, 2009, the IASB published IFRS 9 - *Financial Instruments*. The same standard was amended on October 28, 2010. This standard, applicable starting from January 1, 2018 on a retrospective basis, is the first part of a phased process that aims to replace IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities. In particular, regarding financial assets, the new standard applies a single approach based on the type of management of the financial instruments and on the contractual cash flow characteristics of the financial assets themselves in order to determine the evaluation criteria, replacing the many different rules envisaged by IAS 39. Instead, with regards to financial liabilities, the main change concerns the accounting treatment of the changes in the fair value of a financial liability designated as a financial liability evaluated at fair value in the income statement, in the event that these are due to changes in the credit risk of the liability itself. According to the new standard, such changes must be recognized in the “Other income and losses” statement instead of being recorded in the income statement.

IFRS 9 - *Financial instruments - Hedge accounting and Amendments to IFRS 9, IFRS 7 and IAS 39*

On November 19, 2013, the IASB published the document "*IFRS 9 - Financial instruments - Hedge accounting and Amendments to IFRS 9, IFRS 7 and IAS 39*" related to the new model of *hedge accounting* (the date of its first application is January 1, 2018). The document aims at answering to some criticisms made to the requirements of IAS 39 for hedge accounting, often considered too stringent and not suitable to reflect the risk-management policy of the entities. The main novelty of the document regards the following ones:

- changes to the types of transactions eligible for hedge accounting, in particular the risks of not financial assets/liabilities eligible to be managed in the hedge accounting are extended;
- change in the method of accounting for forward contracts and options when included in a hedge accounting report in order to reduce the volatility of the income statement;
- changes in the effectiveness test by replacing the current procedures, based on the 80-125% parameter, with the principle of the "economic relationship" between the hedged item and the hedging instrument; in addition, the assessment of the retrospective effectiveness of the hedging relationship will not be required anymore;
- the greater flexibility of the new accounting rules is offset by additional requests for information on the risk-management activities of the company.

Annual Improvements to IFRSs: 2010-2012 cycle

On December 12, 2013, the IASB published the document "*Annual Improvements to IFRSs: 2010-2012 cycle*" which incorporates the changes to the standards as part of the annual process to improve them. The main changes include the following ones:

- IFRS 2 - *Share-based payments - Definition of vesting conditions*. Some changes have been made to the definitions of "vesting condition" and "market condition" and the definitions of "performance condition" and "service condition" have been added (previously included in the definition of "vesting condition").
- IFRS 3 - *Business combination - Accounting for contingent consideration*. The amendment clarifies that a contingent consideration classified as an asset or a financial liability shall be re-measured at fair value at each balance sheet closing date and the changes in the fair value are recognized in the income statement or among the items of the comprehensive income based on the requirements of IAS 39 (or IFRS 9).
- IFRS 8 - *Operating segments - Aggregation of operating segments*. The amendments require an entity to provide disclosures about the assessments made by the management in applying the criteria of aggregation of operating segments, including a description of the aggregated operating segments and of the economic indicators that have been taken into account to decide whether such operating segments have "similar economic characteristics".
- IFRS 8 - *Operating segments - Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendments clarify that the reconciliation between the total assets of the operating segments and the total assets of the entity must be submitted only if the total assets of the operating segments are regularly reviewed by the chief operating decision makers.
- IFRS 13 - *Fair value measurement - Short-term receivables and payables*. The "basis for conclusions" of this principle have been changed in order to clarify that with the issuance of IFRS 13, and the consequential amendments to IAS 39 and IFRS 9 it remains valid the option of accounting current trade receivables and payables without detecting the effects of their discounting, where such effects are not significant.
- IAS 16 - *Property, plant and equipment and IAS 38 - Intangible Assets - Revaluation method: proportionate restatement of accumulated depreciation/amortization*. The changes have eliminated the inconsistencies in the recognition of depreciation when a tangible or intangible asset is re-valued. The new requirements clarify that the gross carrying value is appropriate consistently with the revaluation of the carrying value of the asset and that the accumulated depreciation is equal to the difference between the gross carrying value and the carrying value net of any recognized impairment.

o IAS 24 - *Related parties disclosures - Key management personnel*. It is clarified that in case the services of key management personnel are provided by an entity (and not by a person), that entity has to be considered as a related party.
The amendments are effective for annual periods beginning on or after July 1, 2014. An earlier application is allowed.

Annual Improvements to IFRSs: 2011-2013 cycle
On December 12, 2013, the IASB published the document "*Annual Improvements to IFRSs: 2011-2013 cycle*" which incorporates the changes to the standards as part of the annual process to improve them. The main changes include the following ones:
o IFRS 1 - *First-time adoption of international financial reporting standards - Meaning of "effective IFRS"*. It has been clarified that an entity that adopts IFRS for the first time, as an alternative to the application of a standard currently in force at the date of the first IAS/IFRS financial statements, may opt for an early application of a new standard intended to replace the standard in force. This option is allowed only when the new standard allows an early application. In addition, the same version of the standard has to be applied in all the periods presented in the first IAS/IFRS financial statements.
o IFRS 3 - *Business combinations - Scope exception for joint ventures*. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes from the scope of application of IFRS 3 the establishment of all types of joint arrangements, as defined by IFRS 11.
o IFRS 13 - *Fair value measurement - Scope of portfolio exception* (paragraph 52). The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 applies to all contracts included within the scope of IAS 39 (or IFRS 9) regardless of whether they meet the definition of financial assets and liabilities provided by IAS 32.
o IAS 40 - *Investment properties - Interrelationship between IFRS 3 and IAS 40*. The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a real property falls within IFRS 3, it is necessary to refer to the specific indications provided by IFRS 3; instead, to determine whether the purchase of such real property falls within the scope of IAS 40, it is necessary to refer to the specific indications of IAS 40.
The amendments are effective for annual periods beginning on or after July 1, 2014. An earlier application is allowed.

IFRS 14 - *Regulatory Deferral Accounts*
On January 30, 2014, the IASB issued IFRS 14 - *Regulatory Deferral Accounts* that allows to continue to recognize the amounts related to the rate regulation in accordance with the previous adopted accounting policies only to those who adopt IFRS for the first time. In order to improve the comparability with the entities that already apply IFRSs and that do not recognize these amounts, the standard requires that the effect of the rate regulation has to be presented separately from the other items.
The standard is applicable starting from January 1, 2016, but an earlier application is allowed.

IAS 16 - *Property, plant and equipment* and **IAS 38 - *Intangibles assets* (amendments*)***
On May 6, 2014, the IASB issued some amendments to IAS 16 - *Property, plant and equipment* and to IAS 38 - *Intangibles assets*.
The amendments to IAS 16 - *Property, plant and equipment* establish that the depreciation method based on revenues is not appropriate. The amendment clarifies that the revenues generated by an activity that includes the use of an asset generally reflect several factors that differ from the consumption of the economic benefits of that asset.
The amendments to IAS 38 - *Intangibles assets* introduce a relative assumption that a depreciation method based on revenues is inappropriate for the same reasons stated by the amendments made to IAS 16 - *Property, plant and equipment*. In the case of intangible assets, this assumption can be rebutted only in limited circumstances.
The amendments are applicable starting from January 1, 2016, but an earlier application is allowed.

IFRS 11 - *Joint arrangements* (amendments)

On May 12, 2014, the IASB issued some amendments to IFRS 11 - *Joint arrangements* related to the accounting of the purchase of stakes in a joint operation whose activity constitutes a business in accordance with what envisaged by IFRS 3. The changes require that in these cases the principles set out in IFRS 3 relating to the effects of a business combination shall be applied.
The amendments are applicable starting from January 1, 2016, but an earlier application is allowed.

IFRS 15 - *Revenue from contracts with customers*
On May 28, 2014, the IASB issued IFRS 15 - *Revenue from contracts with customers* that replaces IAS 18 - *Revenues* and IAS 11 - *Construction contracts*, as well as the interpretations IFRIC 13 - *Customer loyalty programmes*, IFRIC 15 - *Agreements for the construction of real estate*, IFRIC 18 - *Transfers of assets from customers* and SIC 31 – *Revenues - Barter transactions involving advertising services*. The new model of revenue recognition will apply to all contracts with customers except those that fall within the scope of other IAS/IFRSs such as leases, insurance contracts and financial instruments. The basic steps for the recognition of revenues under the new model are the following ones:
- the identification of a contract with the customer;
- the identification of the performance obligations of the contract;
- the determination of the price;
- the allocation of the price to the performance obligations of the contract;
- the recognition of the revenue when the entity satisfies a performance obligation.

The standard is applicable starting from January 1, 2016, but an earlier application is allowed.

Use of estimates

The preparation of the interim condensed consolidated financial statements requires the use of estimates and assumptions from the Management that have an effect on the values of revenues, costs, assets and liabilities, as well as the disclosure of contingent assets and liabilities at the interim financial statements date. If such estimates and assumptions, which are based on the best evaluation currently available, should in the future differ from the actual circumstances, they will be modified accordingly during the period in which said circumstances change.
In particular, estimates are used to recognize revenues, accruals to provision for receivables, obsolete and slow-rotation inventory, depreciation and amortization, write-downs of current and non-current assets, employees' benefits, taxes and other accruals to provisions. Estimates and assumptions are reviewed periodically and the effects of all changes are reflected on the statement of profit or loss.
Moreover, we report that some evaluation processes, particularly the most complex ones, such as the determination of impairment of non-current assets, are generally conducted in complete form solely for the preparation of the annual report, when all required information is available, except in circumstances where there are indicators of impairment that require an immediate assessment of impairment.
In a likely manner, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.
At the reference date of these interim condensed consolidated financial statements there were no changes in the estimates and assumptions used during the closing process as at December 31, 2013.

Criteria for converting items expressed in foreign currencies

Consolidated financial statements are prepared in euro, which is the Group's functional currency.
Group companies establish the functional currency for their financial statements. Foreign currency items are initially booked at the exchange rate (related to the functional currency) at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are converted into the functional currency at the exchange rate on the balance sheet date. Any exchange rate difference is booked in the income statement. Non monetary items measured at historical costs expressed in foreign currencies are converted by using the foreign exchange rate at the date of the first recognition of the transaction.

The following table shows the exchange rates applied in converting the foreign financial statements:

expressed in foreign currency (per 1 euro)

Currency	June 30, 2014		December 31, 2013		June 30, 2013	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
U.S. dollar	1.3704	1.3658	1.3281	1.3791	1.3134	1.3080
Japanese yen	140.4030	138.4400	129.6630	144.7200	125.4591	129.3900
South Korean won	1,438.2898	1,382.0400	1,453.9100	1,450.9300	1,450.2198	1,494.2400
Renminbi (P.R. of China)	8.4500	8.4722	8.1646	8.3491	8.1285	8.0280
Taiwan dollar	41.3845	40.8047	39.4257	41.1400	38.9662	39.3211

3. NET SALES

Consolidated net sales of the first half of 2014 were equal to 63,556 thousand euro, down (-8.0%) compared to 69,107 thousand euro in the first half of 2013, but up by 6.9% compared to the second half of the previous year (59,436 thousand euro). Sales have been penalized by the negative exchange rate effect (-3.4%), net of which the organic reduction was equal to -4.6%.

The following table shows a breakdown of revenues by Business:

(thousands of euro)

Business	1st Half 2014	1st Half 2013	Total difference	Total difference %	Exchange rate effect %	Price-quantity effect %
Electronic & Photonic Devices	5,785	6,843	(1,058)	-15.5%	-2.6%	-12.9%
Sensors & Detectors	4,628	4,709	(81)	-1.7%	-2.1%	0.4%
Light Sources	6,229	6,488	(259)	-4.0%	-3.2%	-0.8%
Vacuum Systems	2,718	2,913	(195)	-6.7%	-3.3%	-3.4%
Thermal Insulation	3,518	2,577	941	36.5%	-5.4%	41.9%
Pure Gas Handling	20,014	24,227	(4,213)	-17.4%	-3.5%	-13.9%
Industrial Applications	**42,892**	**47,757**	**(4,865)**	**-10.2%**	**-3.3%**	**-6.9%**
SMA Medical Applications	18,436	19,377	(941)	-4.9%	-3.8%	-1.1%
SMA Industrial Applications	1,629	1,248	381	30.5%	-2.6%	33.1%
Shape Memory Alloys	**20,065**	**20,625**	**(560)**	**-2.7%**	**-3.7%**	**1.0%**
Business Development	**599**	**725**	**(126)**	**-17.4%**	**-4.9%**	**-12.5%**
Total net sales	**63,556**	**69,107**	**(5,551)**	**-8.0%**	**-3.4%**	**-4.6%**

Please refer to the Interim report on operations for further details and comments.

4. COST OF SALES

The cost of sales amounted to 36,404 thousand euro in the first half of 2014, showing a decrease of 4,403 thousand euro compared to 40,807 thousand euro of the corresponding period of the previous year, of which about -1.1 million euro is attributable to the exchange rate effect.

A detail of the cost of sales is provided below:

(thousands of euro)

Cost of sales	1st Half 2014	1st Half 2013	Difference
Raw materials	12,647	15,782	(3,135)
Direct labour	7,147	7,850	(703)
Manufacturing overhead	14,560	16,062	(1,502)
Increase (decrease) in work in progress and finished goods	2,050	1,113	937
Total cost of sales	**36,404**	**40,807**	**(4,403)**

Excluding the exchange rate effect both on the revenues and on the cost of sales, the reduction of the direct labour cost and that of the manufacturing overhead, in line with the consolidated revenues reduction, was further favored by the actions of organizational rationalization occurred in the second half of the previous year and by the subsequent shutdown of the Chinese factory of SAES Getters (Nanjing) Co., Ltd.
Instead, the cost of raw materials (including also the change in work in progress and finished goods) decreased to a greater extent than the Group's revenues, as a result of the shift of the sales mix towards products with lower material absorption, generating an increase in gross margin.

5. OPERATING EXPENSES

Operating expenses amounted to 22,918 thousand euro in the first semester of 2014, with a reduction of 7.3% compared to the same period of the previous year.

(thousands of euro)

Operating expenses	1st Half 2014	1st Half 2013	Difference
Research & development expenses	7,304	7,884	(580)
Selling expenses	6,051	6,251	(200)
General & administrative expenses	9,563	10,585	(1,022)
Total operating expenses	**22,918**	**24,720**	**(1,802)**

Total consolidated operating expenses (22,918 thousand euro) were down compared to 24,720 thousand euro in the corresponding semester of 2013, reflecting the continuous commitment of the Group to control costs with the aim of increasing the operating efficiency.
The decrease, also due to the exchange rate effect (-0.4 million euro), was mainly concentrated in the general and administrative expenses and in the research and development expenses (in both cases, the costs that decreased were mainly the personnel ones).
Instead, the change in the selling expenses was mainly due to the fluctuation in exchange rates.

A breakdown by nature of total expenses included in the cost of sales and operating expenses is given below:

(thousands of euro)

Total costs by nature	1st Half 2014	1st Half 2013	Difference
Raw materials	12,647	15,782	(3,135)
Personnel cost	25,549	28,638	(3,089)
Corporate bodies	914	916	(2)
Travel expenses	847	863	(16)
Maintenance and repairs	1,338	1,403	(65)
Various materials	2,871	3,091	(220)
Transports	740	850	(110)
Commissions	536	575	(39)
Licenses and patents	672	629	43
Consultant fees and legal expenses	2,276	2,221	55
Audit fees	278	228	50
Rent and operating leases	876	959	(83)
Insurances	494	615	(121)
Promotion and advertising	256	237	19
Utilities	1,398	1,461	(63)
Telephones and faxes	196	214	(18)
General services (canteen, cleaning, vigilance, etc.)	579	571	8
Training	102	25	77
Depreciation	3,570	4,043	(473)
Amortization	682	896	(214)
Write-down of non current assets	0	21	(21)
Provision (release) for bad debts	(4)	(23)	19
Other	455	199	256
Total costs by nature	**57,272**	**64,414**	**(7,142)**
Increase (decrease) in work in progress and finished goods	2,050	1,113	937
Total cost of sales and operating expenses	**59,322**	**65,527**	**(6,205)**

The items “Raw materials” and “Various materials”, which are strictly connected to the production cycle, decreased as a consequence of both the reduction in revenues and the shift of the sales mix towards solutions with a lower material absorption.
Also the reduction in the item “Transports” is mainly due to the decrease in revenues of the pure gas handling business.

The item “Personnel cost” was down compared to the corresponding period of the previous year due to the reduction in the average number of employees of the Group, following the rationalization both of the industrial activities and of the structural ones, and to the higher savings resulting from the use of social security provisions[11] in the Italian companies of the Group and to lower expenses for personnel discharge[12].

The item “Corporate bodies”, substantially in line with the first half of 2013, includes the remuneration of the members of the Board of Directors and the Board of Statutory Auditors of the Parent Company.
For the details on the remunerations paid please refer to the Note no. 40.

The items “Depreciation” and “Amortization” decreased as a result of the fact that during this semester some assets reached the end of their useful life.

[11] The savings resulting from the use of the social security provisions were equal to 1,095 thousand euro in the first half of 2014, to be compared with 750 thousand euro in the corresponding period of the previous year.
[12] The severance costs, included in the personnel cost, were equal to 50 thousand euro in the first half of 2014, compared to 740 thousand euro in the first half of 2013.

In addition, please also note that the depreciation benefited (-256 thousand euro) from the extension, starting from the second half of 2013, of the remaining useful life of the production plant and machinery of the subsidiary SAES Advanced Technologies S.p.A.

6. ROYALTIES

The item “Royalties” is exclusively composed of the lump-sums and the royalties accrued for the licensing of the thin film getter technology for MEMS of new generation.
This item, equal to 1,043 thousand euro as at June 30, 2014, is substantially unchanged compared to 1,072 thousand euro in the first half of 2013; in fact, the reduction of the accrued fees related to the agreements subscribed in the prior years, was offset by the lump-sum of the current period related to the aforementioned signing of a new technology transfer agreement.
For more details please refer to the section “Main events of the semester” in the Report on operations.

7. OTHER INCOME (EXPENSES)

A breakdown of the item “Other income (expenses)” as at June 30, 2014, compared to the corresponding period of the previous year, is given below:

(thousands of euro)

	1st Half 2014	1st Half 2013	Difference
Other income	254	298	(44)
Other expenses	(340)	(203)	(137)
Total other income (expenses)	**(86)**	**95**	**(181)**

The balance of other net income (expenses) as at June 30, 2014 was negative and equal to -86 thousand euro, compare to a positive balance of 95 thousand euro in the first half of 2013. The decrease was mainly due to the fact that in the first six months of the previous year this item included an higher income from insurance compensations.

8. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in the first half of 2014, compared to the corresponding period of the previous year:

(thousands of euro)

Financial income	1st Half 2014	1st Half 2013	Difference
Bank interest income	63	70	(7)
Other financial income	1	13	(12)
Realized gains on IRS	0	0	0
Gains from IRS evaluation at fair value	116	124	(8)
Total financial income	**180**	**207**	**(27)**

The breakdown of financial expenses is given below:

(thousands of euro)

Financial expenses	1st Half 2014	1st Half 2013	Difference
Bank interests and other bank expenses	826	542	284
Other financial expenses	97	2	95
Realized losses on IRS	123	124	(1)
Losses from IRS evaluation at fair value	0	0	0
Total financial expenses	**1,046**	**668**	**378**

The item "Bank interests and other bank expenses" mainly includes the interest expenses on loans, both short and long term ones, held by the U.S. subsidiaries and by the Parent Company, as well as the bank fees related to the credit lines held by SAES Getters S.p.A.
The increase compared to the corresponding semester of the previous year was the result of a higher use by the Parent Company of short-term financing ("hot money" debt and bank credit lines).

The item "Other financial expenses" as at June 30, 2014 is mainly composed by the effect on the income statement of the adjustment of the time horizon used in the calculation of the present value of the financial debt deriving from the acquisition of the business "hydrogen purifiers" from Power & Energy, Inc. (for further details please refer to the Note no. 30).

Finally, the item "Gains from IRS evaluation at fair value" represents the effect on the income statement of the measurement of the Interest Rate Swap (IRS) agreement held by the U.S. subsidiary Memry Corporation, while the item "Realized losses on IRS" includes the interest differences actually paid to the bank on this signed hedging contract.

9. SHARE OF RESULT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This item includes the Group's share in the result of the joint venture Actuator Solutions GmbH, consolidated with the equity method. It should be noted that Actuator Solutions GmbH in turn consolidates its wholly owned subsidiary Actuator Solutions Taiwan Co., Ltd.[13]

In the first half of 2014 the loss deriving from the evaluation with the equity method amounted to -551 thousand euro, higher than the one in the corresponding period of 2013 (-351 thousand euro) despite the higher revenues in the automotive sector (+45.8%), due to higher research costs and general costs related to the Taiwan-based subsidiary Actuator Solutions Taiwan Co., Ltd., established only at the end of the first half of 2013.
For further details, please refer to the Note no. 17.

[13] Established on June 14, 2013.

10. FOREIGN EXCHANGE GAINS (LOSSES)

In the first half of 2014 the exchange rates management recorded an overall net profit equal to 74 thousand euro, substantially in line with that of the corresponding semester of the previous year (+6 thousand euro).
The exchange rate-related result, closed to zero, confirms the overall effectiveness of the hedging policies implemented by the Group, the same for both the semesters, whose aim is precisely to limit the effect of currency fluctuations.

The breakdown of foreign exchange gains and losses as at June 30, 2014 compared to the previous year, is given below:

(thousands of euro)

Foreign exchange gains and losses	1st Half 2014	1st Half 2013	Difference
Foreign exchange gains	189	883	(694)
Foreign exchange losses	(521)	(601)	80
Foreign exchange gains (losses), net	**(332)**	**282**	**(614)**
Realized exchange gains on forward contracts	9	83	(74)
Realized exchange losses on forward contracts	0	(1)	1
Gains (losses) from forward contracts evaluation at fair value	397	(358)	755
Gains (losses) on forward contracts	**406**	**(276)**	**682**
Total foreign exchange gains (losses), net	**74**	**6**	**68**

The sum of the exchange rate differences recorded a negative balance of -332 thousand euro in the first six months of 2014, compared to a positive balance of 282 thousand euro in the corresponding period of the previous year. In both semesters this item was mainly composed of the exchange rate effect (negative in the current semester and positive in the first half of 2013) deriving from the financial credit in euro held by the Korean subsidiary towards the Parent Company, as a result of the oscillation of the Korean won against the euro.
Such an exchange rate difference is offset by the economic effects arising from the fair value evaluation of the forward sale contract in euro entered into by the Parent Company with the aim of limiting the exchange rate risk on such financial receivable of the Korean subsidiary (included in the item "Income (losses) on forward contracts").

11. INCOME TAXES

As at June 30, 2014 income taxes amounted to 2,759 thousand euro, with an increase of 972 thousand euro compared to the corresponding period of the previous year.

The related breakdown is given below:

(thousands of euro)

	1st Half 2014	1st Half 2013	Difference
Current taxes	2,394	2,656	(262)
Deferred taxes	365	(869)	1,234
Total	**2,759**	**1,787**	**972**

The increase of tax expenses compare to the first semester of the previous year, despite an income before taxes substantially aligned, is due to the fact that, in accordance with the current organizational structure of the Group, it has been prudently decided to suspend the recognition of deferred tax assets on the tax losses (equal to 4,316 thousand euro) realized in the semester by the Italian companies of the Group participating in the national tax consolidation program (for further details please refer to the Note no. 18). The fiscal income prudentially not recognized amounted to 1,187 thousand euro and its inclusion would have reduced the tax rate from 71.7% to 40.9%.
Considering not only the Italian companies of the Group, but also its foreign subsidiaries, the tax losses of the first half of 2014 on which deferred tax assets have not been recognized amounted to 4,803 thousand euro.

As already mentioned in the past, the 2005 income tax return of SAES Getters S.p.A. was assessed by the Italian Revenue Agency, as a result of which notices of assessment for IRAP and IRES purposes were notified to the Company requiring additional taxes of 41 thousand euro (IRAP) and 290 thousand euro (IRES), respectively, plus sanctions equal to 328 thousand euro. The Company filed an appeal to the Regional Tax Commission of Milan.
On June 26, 2014, the Provincial Tax Commission of Milan have given its opinion on the application filed with regards to IRAP and, partially accepting the defensive arguments presented by SAES, has reduced the potential tax liability for IRAP to 31 thousand euro (including sanctions); the Company is still waiting for the outcome of the application filed for IRES purposes.
At present, the Directors have not yet taken any decision and therefore, any risk provision is recorded in the financial statements.

12. NET INCOME (LOSS) FROM ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The net income from assets held for sale and discontinued operations amounted to a total of 232 thousand euro in the first half of 2014, against a negative value of -498 thousand euro in the corresponding period of the previous year, and it was composed by revenues and costs related to the CRT (Cathode Ray Tubes) business, classified in the income arising from discontinued operations following the shut-down of the manufacturing plant of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., the last production unit of the Group dedicated to the production of getters for CRTs.

As already mentioned above, also the revenues and the expenses of the first half of 2013 related to CRT business have been reclassified in the result from discontinued operations, in order to enable a homogeneous comparison with the current year.

The following tables show the detail of the net result and of the cash flows related to the CRT business:

(thousands of euro)	1st Half 2014	1st Half 2013
Total net sales	**140**	**435**
Cost of sales	(147)	(407)
Gross profit	**(7)**	**28**
Research & development expenses	0	(2)
Selling expenses	0	(195)
General & administrative expenses	0	(339)
Total operating expenses	**0**	**(536)**
Other income (expenses), net	239	10
Net income (loss) from assets held for sale and discontinued operations	**232**	**(498)**
of which:		
Depreciation	*0*	*(53)*
Amortization	*0*	*(3)*
Write down of assets	*0*	*0*
Other non-monetary items	*0*	*0*

(thousands of euro)	1st Half 2014
Net income (loss) for the period	232
Depreciation	0
Amortization	0
Write down of assets	0
Net loss (gain) on disposal of assets	(232)
Other non-monetary costs (revenues)	0
	0
Working capital adjustments	
Cash increase (decrease):	
Account receivables and other receivables	(65)
Inventory	160
Account payables and other payables	0
	94
Net cash flows from operating activities	**94**
Proceeds from sale of assets	238
Advances on assets held for sale	2,786
Net cash flows from investing activities	**3,024**
Increase (decrease) in cash and cash equivalents	**3,118**

The financial cash flows deriving from investing activities include the advance payments (totaling 2,786 thousand euro) received following the signing of a binding letter of intent for the sale of the right to use the land, the building and its appurtenances of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., classified as assets held for sale.
For further details please refer to the Note no. 25 and the Note no. 30.

14. EARNING (LOSS) PER SHARE

As indicated in the Note no. 28, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which bear different rights with regards to the distribution of dividends.

The pro-quota result attributable to each type of shares is determined on the basis of the respective rights to receive dividends. Therefore, in order to calculate the earnings per share, the value of the preference dividends contractually assigned to savings shares has been deducted from the net income of the period, assuming the theoretical distribution of the latter.
The value obtained is divided by the average number of outstanding shares in the relevant time-period.

In case of loss, it would have been allocated equally between the shares of the two different types.

The following table shows the earning (loss) per share in the first six months of 2014, compared with the figure for the first six months of 2013:

Earning (loss) per share	1st Half 2014				1st Half 2013 restated			
	Ordinary shares	Savings shares		Total	Ordinary shares	Savings shares		Total
Profit (loss) attributable to shareholders (thousands of euro)				**1,321**				**1,656**
Theoretical preference dividends (thousands of euro)		1,022		1,022		1,022		1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	299	0		299	634	0		634
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**299**	**1,022**		**1,321**	**634**	**1,022**		**1,656**
Average number of oustanding shares	14,671,350	7,378,619		22,049,969	14,671,350	7,378,619		22,049,969
Basic earning (loss) per share (euro)	**0.0204**	**0.1385**			**0.0432**	**0.1385**		
- from continued operations (euro)	*0.0046*	*0.1385*	(*)		*0.0772*	*0.1385*	(**)	
- from discontinued operations (euro)	*0.0000*	*0.0314*			*(0.0226)*	*(0.0226)*		
Diluted earning (loss) per share (euro)	**0.0204**	**0.1385**			**0.0432**	**0.1385**		
- from continued operations (euro)	*0.0046*	*0.1385*	(*)		*0.0772*	*0.1385*	(**)	
- from discontinued operations (euro)	*0.0000*	*0.0314*			*(0.0226)*	*(0.0226)*		

(*) The sum of the earning per share from continued operations and that from discontinued operations differs from the basic earning per share because the net income from continued operations has been attributed considering the preference dividend to savings shares (in accordance with article no. 26 of the By-laws), while the net income from discontinued operations has been attributed to savings shares only, being lower than the total privilege established by the By-laws.

(**) The sum of the earning per share from continued operations and that from discontinued operations differs from the basic earning per share because the net income from continued operations has been attributed considering the preference dividend to savings shares (in accordance with article no. 26 of the By-laws), while the loss from discontinued operations has been allocated equally to each class of shares.

14. SEGMENT INFORMATION

For management purposes, the Group is organized into two Business Units according to the type of the products and services provided. As at June 30, 2014 the Group's operations were divided into two primary operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (lamps, electronic devices, MEMS, vacuum systems, vacuum thermal insulation solutions, semiconductors and other industries that use pure gases in their processes);
- **Shape Memory Alloys** – shape memory alloy raw materials, semi-finished products, components and devices for both medical and industrial applications.

The Top Management monitors the results of the various Business Units separately in order to make decisions concerning the allocation of resources and investments and to determine the Group's performance. Each sector is evaluated according to its operating result; financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus they are not allocated to operating segments.
Internal reports are prepared in accordance with IFRSs and no reconciliation with the carrying amounts is therefore necessary.

The column "Not allocated" includes corporate income statement and financial position amounts that cannot be directly attributed or allocated to the business units on a reasonable basis, but which refer to the Group as a whole, and the amounts related to the basic research projects or undertaken to achieve the diversification in innovative businesses (Business Development Unit).

The following table shows the breakdown of the main income statement figures by operating segment:

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications		Shape Memory Alloys		Not allocated		Total	
	1st Half 2014	1st Half 2013	1st Half 2014	1st Half 2013	1st Half 2014	1st Half 2013	1st Half 2014	1st Half 2013
Total net sales	**42,892**	**47,757**	**20,065**	**20,625**	**599**	**725**	**63,556**	**69,107**
Gross profit	**21,039**	**21,855**	**6,015**	**6,653**	**98**	**(208)**	**27,152**	**28,300**
% on net sales	*49.1%*	*45.8%*	*30.0%*	*32.3%*	*16.4%*	*-28.7%*	*42.7%*	*41.0%*
Total operating expenses	(10,107)	(10,336)	(4,150)	(4,858)	(8,661)	(9,526)	(22,918)	(24,720)
Royalties	1,043	1,072	0	0	0	0	1,043	1,072
Other income (expenses), net	(13)	49	23	45	(96)	1	(86)	95
Operating income (loss)	**11,962**	**12,640**	**1,888**	**1,840**	**(8,659)**	**(9,733)**	**5,191**	**4,747**
% on net sales	*27.9%*	*26.5%*	*9.4%*	*8.9%*	*n.s.*	*n.s.*	*8.2%*	*6.9%*
Interest and other financial income (expenses), net							(866)	(461)
Share of result of investments accounted for using the equity method							(551)	(351)
Foreign exchange gains (losses), net							74	6
Income (loss) before taxes							**3,848**	**3,941**
Income taxes							(2,759)	(1,787)
Net income (loss) from continued operations							**1,089**	**2,154**
Net income (loss) from discontinued operations							232	(498)
Net income (loss)							**1,321**	**1,656**
Minority interests in consolidated subsidiaries							0	0
Group net income (loss)							**1,321**	**1,656**

Please note that the figures of the first half of 2013 have been reclassified to enable a homogeneous comparison with the first semester of 2014. In particular:
- as a result of the continuous technological evolution in the Organic Light Emitting Diodes business and of the delays in the commercial launch of OLED TVs, revenues and expenses of this segment have been reclassified from the Information Displays Business Unit to the Business Development Unit ("Not allocated" operating segment);
- similarly, the figures related to the Energy Devices business, that doesn't have significant trade volumes, have been reclassified from the Industrial Applications Business Unit to the Business Development Unit ("Not allocated");
- finally, the operating revenues and expenses related to the LCD business, that achieve no more significant values, were reclassified from the Information Displays Business Unit to the Industrial Applications Business Unit.

Please note that, following the reclassifications that have affected the OLED business, the progressive resetting to zero of LCD revenues and the shutdown of the last factory dedicated to the CRT production (revenues and costs reclassified into the result from discontinued operations), the Information Displays operating segment has ceased to exist.

The detail of the reclassifications made on the figures of the first half of 2013 is provided in the following table:

(thousands of euro)

Consolidated statement of profit or loss	Industrial Applications			Shape Memory Alloys			Information Displays			Not allocated			Total		
	1st Half 2013 restated	Reclassifi-cations	1st Half 2013 reclassified	1st Half 2013 restated	Reclassifi-cations	1st Half 2013 reclassified	1st Half 2013 restated	Reclassifi-cations	1st Half 2013 reclassified	1st Half 2013 restated	Reclassifi-cations	1st Half 2013 reclassified	1st Half 2013 restated	Reclassifi-cations	1st Half 2013 reclassified
Total net sales	48,082	(325)	47,757	20,625		20,625	359	(359)	0	41	684	725	69,107	0	69,107
Cost of sales	(26,298)	396	(25,902)	(13,972)		(13,972)	(325)	325	0	(212)	(721)	(933)	(40,807)	0	(40,807)
Gross profit	**21,784**	**71**	**21,855**	**6,653**	**0**	**6,653**	**34**	**(34)**	**0**	**(171)**	**(37)**	**(208)**	**28,300**	**0**	**28,300**
Total operating expenses	(10,438)	102	(10,336)	(4,858)		(4,858)	(1,250)	1,250	0	(8,174)	(1,352)	(9,526)	(24,720)	0	(24,720)
Royalties	1,072		1,072	0		0	0		0	0		0	1,072	0	1,072
Other income (expenses), net	49		49	45		45	5	(5)	0	(4)	5	1	95	0	95
Operating income (loss)	**12,467**	**173**	**12,640**	**1,840**	**0**	**1,840**	**(1,211)**	**1,211**	**0**	**(8,349)**	**(1,384)**	**(9,733)**	**4,747**	**0**	**4,747**
Interests and other financial income (expenses), net													(461)	0	(461)
Share of result of investments accounted for using the equity method													(351)	0	(351)
Foreign exchange gains (losses), net													6	0	6
Income (loss) before taxes													**3,941**	**0**	**3,941**
Income taxes													(1,787)	0	(1,787)
Net income (loss) from continued operations													**2,154**	**0**	**2,154**
Net income (loss) from discontinued operations													(498)	0	(498)
Net income (loss)													**1,656**	**0**	**1,656**
Minority interests in consolidated subsidiaries													0	0	0
Group net income (loss)													**1,656**	**0**	**1,656**

Please refer to the table and the comments in the Interim report on operations for the split of consolidated net sales by customer's location (**information about geographical areas**).

15. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, amounted to 49,832 thousand euro as at June 30, 2014, with a decrease of 1,641 thousand euro compared to December 31, 2013.

The changes occurring during the semester are shown below:

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2013	**3,384**	**22,222**	**21,367**	**4,500**	**51,473**
Additions	0	19	893	870	**1,782**
Disposals	0	0	(6)	0	**(6)**
Reclassifications	0	44	2,749	(2,793)	**0**
Reclassifications to assets held for sale	0	0	0	0	**0**
Depreciation	0	(717)	(2,853)	0	**(3,570)**
Write-downs	0	0	0	0	**0**
Revaluations	0	0	0	0	**0**
Translation differences	27	34	78	14	**153**
June 30, 2014	**3,411**	**21,602**	**22,228**	**2,591**	**49,832**
December 31, 2013					
Historical cost	3,384	40,559	122,770	4,656	171,369
Accumulated depreciation and write-downs	0	(18,337)	(101,403)	(156)	(119,896)
Net book value	**3,384**	**22,222**	**21,367**	**4,500**	**51,473**
June 30, 2014					
Historical cost	3,411	40,698	118,345	2,745	165,199
Accumulated depreciation and write-downs	0	(19,096)	(96,117)	(154)	(115,367)
Net book value	**3,411**	**21,602**	**22,228**	**2,591**	**49,832**

As at June 30, 2014 land and buildings are not burdened by mortgages or other guarantees.

In the first half of 2014 investments in tangible assets amounted to 1,782 thousand euro and they included purchases made by the Parent Company of laboratory equipment intended for use in the OLET (Organic Light Emitting Transistor) research project and of equipment for the improvement on the industrial SMA production lines. To be highlighted also the investments made by the U.S. subsidiary Memry Corporation in medical SMAs area, aimed both at increasing the production capacity of the existing lines and at creating new production departments for the realization of new medical devices. Finally, the investments included the improvements on the general plant of the production departments of the subsidiary SAES Advanced Technologies S.p.A.

The translation differences (+153 thousand euro) were mainly related to assets of the U.S. companies and they were linked to the revaluation of the U.S. dollar as at June 30, 2014 compared to the exchange rate of December 31, 2013.

The following table shows the composition of tangible fixed assets based on their related ownership rights:

(thousands of euro)

	June 30, 2014			December 31, 2013		
	Owned assets	Finance leased assets	Total	Owned assets	Finance leased assets	Total
Land and building	25,013	0	25,013	25,606	0	25,606
Plant and machinery	22,201	27	22,228	21,334	33	21,367
Assets under construction and advances	2,591	0	2,591	4,500	0	4,500
Total	**49,805**	**27**	**49,832**	**51,440**	**33**	**51,473**

For further details on finance lease contracts, please refer to the Note no. 30.

16. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, amounted to 44,453 thousand euro as at June 30, 2014 with a decrease of 268 thousand euro compared to December 31, 2013.

The changes occurred during the semester are shown below:

(thousands of euro)

Intangible fixed assets	Goodwill	Research and development expenses	Industrial and other patent rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under construction and advances	Total
December 31, 2013	**35,669**	**0**	**2,935**	**1,290**	**4,677**	**150**	**44,721**
Additions	0	0	0	0	19	2	21
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	6	92	0	(98)	0
Amortization	0	0	(178)	(202)	(302)	0	(682)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	319	0	28	1	43	2	393
June 30, 2014	**35,988**	**0**	**2,791**	**1,181**	**4,437**	**56**	**44,453**
December 31, 2013							
Historical cost	40,946	183	6,290	8,233	18,931	861	75,444
Accumulated amortization and write-downs	(5,277)	(183)	(3,355)	(6,943)	(14,254)	(711)	(30,723)
Net book value	**35,669**	**0**	**2,935**	**1,290**	**4,677**	**150**	**44,721**
June 30, 2014							
Historical cost	41,265	183	6,338	8,333	18,988	767	75,874
Accumulated amortization and write-downs	(5,277)	(183)	(3,547)	(7,152)	(14,551)	(711)	(31,421)
Net book value	**35,988**	**0**	**2,791**	**1,181**	**4,437**	**56**	**44,453**

The difference was due to the amortization of the period (-682 thousand euro) and to the translation differences (+393 thousand euro) related to the intangible assets of the U.S. legal entities.

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized to account for their expected residual use. Goodwill is not amortized; rather, on an annual basis (or more frequently if there are impairment losses indicators), its recoverable value is reviewed on the basis of the expected cash flows of the related Cash Generating Unit - CGU (impairment test).

Goodwill

The following table shows the changes in the item “Goodwill” and it specifies the Cash Generating Unit to which the goodwill is allocated:

(thousands of euro)

Business Unit	December 31, 2013	Additions	Write-downs	Other movements	Translation differences	June 30, 2014
Industrial Applications	4,786	0	0	0	37	4,823
Shape Memory Alloys	30,883	0	0	0	282	31,165
Not allocated	0	0	0	0	0	0
Total goodwill	**35,669**	**0**	**0**	**0**	**319**	**35,988**

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to June 30, 2014 and to December 31, 2013:

(thousands of euro)

Business Unit	June 30, 2014			December 31, 2013		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications (*)	4,886	(63)	4,823	4,849	(63)	4,786
Shape Memory Alloys (*)	34,565	(3,400)	31,165	34,283	(3,400)	30,883
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	**39,809**	**(3,821)**	**35,988**	**39,490**	**(3,821)**	**35,669**

(*) The difference between the gross value as at June 30, 2014 and the gross value as at December 31, 2013 is due to the translation differences on goodwill in currencies other than euro.

Pursuant to IAS 36, goodwill is not amortized but rather is tested for impairment annually at the end of each financial year or more often should any specific event take place that may lead to the assumption that there was a reduction of the value of goodwill.
No recoverability analysis was carried out as at June 30, 2014 as there wasn't any indicator of impairment such as to show durable value losses in relation to the goodwill recorded in the financial statements.
Also the estimates concerning the recoverable amount of other tangible and intangible assets made in the financial statements as at December 31, 2013 are still valid today.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2014 the item includes the share of the net assets attributable to the Group in the joint venture Actuator Solutions GmbH[14].

The following table shows the changes in this item during the period:

(thousands of euro)

Investments accounted for using the equity method	December 31, 2013	Additions	Share of net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other movements	June 30, 2014
Actuator Solutions	2,698	0	(551)	(3)	0	0	0	2,144

The item "Share of net result" (negative for 551 thousand euro) relates to the adjustment, in connection with the percentage of ownership, of the value of the investment held by the Group for the results achieved by the joint venture in the first half of 2014.

[14] Please note that Actuator Solutions GmbH fully consolidates its 100% subsidiary Actuator Solutions Taiwan Co., Ltd.

Instead, the item "Share of other comprehensive income (loss)" refers to the share of the Group in the currency translation difference reserve arising from the conversion, for consolidation purposes, of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd.

The table below shows the SAES Group interest in Actuator Solutions' assets, liabilities, revenues and costs:

(thousands of euro)

Actuator Solutions	June 30, 2014	December 31, 2013
Statement of financial position	**50%**	**50%**
Non current assets	3,104	2,958
Current assets	1,865	1,672
Total assets	**4,969**	**4,630**
Non current liabilities	250	216
Current liabilities	2,575	1,716
Total liabilities	**2,825**	**1,932**
Captal stock, reserves and retained earnings	2,698	3,407
Net income (loss) for the period	(551)	(712)
Other comprehensive income (loss) for the period	(3)	3
Total equity	**2,144**	**2,698**

(thousands of euro)

Actuator Solutions	June 30, 2014	June 30, 2013
Statement of profit or loss and of other comprehensive income	**50%**	**50%**
Net sales	3,472	2,382
Cost of sales	(3,301)	(2,262)
Total operating expenses	(907)	(746)
Other income (expenses), net	62	67
Operating income (loss)	**(674)**	**(559)**
Financial income (expenses)	(12)	20
Income taxes	135	188
Net income (loss)	**(551)**	**(351)**
Exchange differences	(3)	0
Total comprehensive income (loss)	**(554)**	**(351)**

Overall, Actuator Solutions recorded net revenues equal to 6,943 thousand euro in the first half of 2014, to be compared with 4,764 thousand euro in the corresponding period of the previous year; these revenues, totally generated by the sale of valves used in lumbar control systems of the seats of cars, increased because the lumbar control system based on the SMA technology is gaining more and more market share.

The net result of the period was negative for 1,102 thousand euro, due to the research and development expenses in the various industrial sectors where the company will be present with its SMA actuators. In particular, Actuator Solutions GmbH, with the support of the laboratories in Lainate, was focused on the development of SMA actuators for the vending industry, the automotive sector, for the white goods sector and for the medical one, some of which have already generated the first orders. Instead, the Taiwanese subsidiary was focused on the development of products for the consumer electronics market, such as

those for the image focus and stabilization of mobile phones, which have found an increasing interest in the market and are currently subject to the qualification by some potential users.
The increase in the net loss of the current semester compared to the corresponding period of the previous year (-400 thousand euro), despite the revenues' increase in the automotive sector (+ 45.8%), was due to higher research expenses and to higher fixed costs of the Taiwanese subsidiary, established only at the end of the first half of 2013.
Please note that all research and development expenses are charged directly into the income statement in the year in which they occurred as they do not qualify for capitalization.

As mentioned before, the share (equal to 50%) of the net result of the first half of 2014 pertaining to the SAES Group amounted to –551 thousand euro.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2013 are still valid and there wasn't any indicator of impairment such as to show durable value losses, no recoverability analysis was carried out as at June 30, 2014.

The following table provides the number of employees of the joint venture split by category, based on the percentage of ownership held by the Group:

Actuator Solutions	June 30, 2014	December 31, 2013
	50%	50%
Managers	4	3
Employees and middle management	19	14
Workers	5	5
Total	**27**	**22**

18. DEFERRED TAX ASSETS AND LIABILITIES

As at June 30, 2014 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 10,752 thousand euro, with a decrease of 370 thousand euro compared to December 31, 2013.

The related details are provided below:

(thousands of euro)

Deferred taxes	June 30, 2014	December 31, 2013	Difference
Deferred tax assets	15,733	16,514	(781)
Deferred tax liabilities	(4,981)	(5,392)	411
Total	**10,752**	**11,122**	**(370)**

Since deferred tax assets and liabilities have been recognized in the consolidated financial statements by setting off the figures attributable to the various legal entities against one another, the following table shows deferred tax assets and liabilities before the offsetting process:

(thousands of euro)

Deferred taxes	June 30, 2014	December 31, 2013	Difference
Deferred tax assets	20,134	20,867	(733)
Deferred tax liabilities	(9,382)	(9,745)	363
Total	**10,752**	**11,122**	**(370)**

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, compared with the figures as at December 31, 2013:

(thousands of euro)

Deferred tax assets	June 30, 2014		December 31, 2013	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	938	326	1,321	474
Differences on depreciation/amortization and write-down of assets	7,390	2,424	7,743	2,539
Bad debts	395	150	395	149
Inventory write-down	4,730	1,715	4,795	1,734
Provisions	2,684	1,020	2,621	996
Cash deductible expenses	3,967	1,221	3,647	1,107
Deferred taxes on recoverable losses	47,116	13,108	48,447	13,561
Exchange differences and other	288	170	701	307
Total		**20,134**		**20,867**

The release of deferred tax assets as of June 30, 2014 (-733 thousand euro) was mainly due to the tax losses carried forwards (for which deferred tax assets had been accrued) used the by American subsidiary SAES Getters USA, Inc. and to the effects generated by tax depreciation on assets previously written-off for accounting purposes.

The Group had 106,931 thousand euro in tax losses eligible to be carried forward as at June 30, 2014, most of which were attributable to the subsidiary SAES Getters International Luxembourg S.A. and to the Parent Company (tax losses eligible to be carried forward amounted to 105,093 thousand euro as at December 31, 2013).
The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 47,116 thousand euro.

(thousands of euro)

Deferred tax liabilities	June 30, 2014		December 31, 2013	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(32,787)	(1,669)	(40,689)	(1,988)
Differences on depreciation/amortization and fair value revaluation of assets	(20,693)	(7,442)	(21,065)	(7,573)
IAS 19 effect	(435)	(120)	(435)	(120)
Other	(510)	(151)	(215)	(64)
Total		**(9,382)**		**(9,745)**

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2014 included not only a fiscal provision on the temporary differences on the plus-values identified during the purchase price allocation of the U.S. companies acquired in the past years, but also taxes due in the event of distribution of the net income and of the reserves of the subsidiaries for which it’s probably the distribution in a foreseeable future.

The decrease of the latter was the main reason of the decrease in deferred tax liabilities compared to December 31, 2013 (-363 thousand euro).

19. TAX CONSOLIDATION RECEIVABLES/PAYABLES FROM/TO THE CONTROLLING COMPANY

SAES Getters S.p.A., SAES Advanced Technologies S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l. (the latter included in the tax consolidation program from January 1, 2014) participate in the tax consolidation program with S.G.G. Holding S.p.A.[15], which directly controls SAES Getters S.p.A., opting for the taxation at Group level in accordance with article 117 of the Consolidated Income Tax Act.
The item "Tax consolidation receivables/payables from/to the Controlling Company" includes the net balance of tax receivables/payables that the Italian companies of the Group have accrued towards the Controlling Company S.G.G. Holding S.p.A. as at June 30, 2014.

Since the national tax consolidation results for the first half of 2014 show a tax loss, the Parent Company, SAES Nitinol S.r.l. and E.T.C. S.r.l. recognized as income the taxes on income (IRES) corresponding to their tax loss solely for the share recoverable with the consolidation mechanism while, prudently, the deferred taxes on the fiscal losses exceeding this amount have not been recognized (for further details please see the Note no. 11). However, the Group claims a receivable related to its adhesion to the national tax consolidation corresponding to the recoverable withholding taxes on royalties, on bank interest income and dividends received by the Parent Company, in addition to the receivable (equal to 272 thousand euro) arising from the presentation during the year 2012, by the subsidiary SAES Advanced Technologies S.p.A., of the application for the reimbursement for the non-deduction of IRAP on personnel costs limited to the years 2007 and 2008, in which the national tax consolidation recorded a positive taxable income.

Tax consolidation receivables and payables from and to the Controlling Company have been set off against one another. The receivables due beyond one year have been classified among non-current assets.

20. OTHER LONG TERM ASSETS

The item "Other long term assets" amounted to 882 thousand euro as at June 30, 2014, compared to 887 thousand euro as at December 31, 2013.
This item includes the caution money given by the companies of the Group for their operating activities and the trade down payments with recoverability over 12 months.
They include also the advance payment of the Parent Company towards Cambridge Mechatronics Limited (CML), amounting to 478 thousand euro and decreasing compared to the previous year, which is considered recoverable based on the commissions which are expected to be accrued on the future SMA educated wire sales of the Parent Company for the production of image stabilization systems based on the CML technology.

[15] By means of a notice sent to the Tax Office by Controlling Company S.G.G. Holding S.p.A. on June 16, 2014, the option for the Group taxation under article 117 of the Tax Code (TUIR) has been renewed for a further three years. In addition, in the same notice, also the subsidiary E.T.C. S.r.l. was included in the tax consolidation program.

21. INVENTORY

Inventory amounted to 27,335 thousand euro as at June 30, 2014, with a decrease of 1,238 thousand euro compared to December 31, 2013.

The following table shows the breakdown of inventory as at June 30, 2014 and December 31, 2013:

(thousands of euro)

Inventory	June 30, 2014	December 31, 2013	Difference
Raw materials, auxiliary materials and spare parts	12,441	11,739	702
Work in progress and semifinished goods	10,391	11,426	(1,035)
Finished products and goods	4,503	5,408	(905)
Total	**27,335**	**28,573**	**(1,238)**

Excluding the positive impact of exchange rates (equal to 205 thousand euro), mainly linked to the U.S. dollar revaluation as at June 30, 2014 compared to December 31, 2013, the decrease in stock is equal to around 1.4 million euro and it is due to both the recovery in SMA sales, which started to grow again thanks to the contribution of new products and an improved timing in the management of the Group's supply, particularly at the subsidiary SAES Advanced Technologies S.p.A.

Inventory is stated net of the inventory depreciation, which recorded the following changes during the first six months of 2014:

(thousands of euro)

Inventory provision	
December 31, 2013	**4,179**
Accrual	354
Release into income statement	(73)
Utilization	(770)
Translation differences	9
June 30, 2014	**3,699**

Its accrual (+354 thousand euro) is mainly related to the write-down of the SMA semi-finished goods and of the work in progress products to be used in the lamps business, both characterized by slow-moving.

Its utilization (-770 thousand euro) is mainly attributable to the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd. and it is a consequence of the scrapping of items already written-down in the previous years, following the finalization of shut-down process started in the second half of 2013.

22. TRADE RECEIVABLES

Trade receivables, net of bad debt provision, were equal to 18,110 thousand euro as at June 30, 2014 and were up by 4,091 thousand euro compared to December 31, 2013.
The increase, which is also influenced by the exchange rate effect, was mainly due to the growth recorded by the turnover in the first half of 2014 compared to the last period of the previous year.

The breakdown of the item as at June 30, 2014 and December 31, 2013 is shown in the following table:

(thousands of euro)

Trade receivables	June 30, 2014	December 31, 2013	Difference
Gross value	18,295	14,238	4,057
Bad debt provision	(185)	(219)	34
Net book value	**18,110**	**14,019**	**4,091**

Trade receivables do not bear interests and generally are due after 30-90 days.

The bad debt provision showed the following changes during the semester:

(thousands of euro)

Bad debt provision	June 30, 2014	December 31, 2013
Opening balance	**219**	**330**
Accrual	0	26
Release into income statement	(4)	(62)
Utilization	(32)	(66)
Translation differences	2	(9)
Closing balance	**185**	**219**

The following table provides a breakdown of trade receivables by those not yet due and past due as at June 30, 2014 compared with December 31, 2013:

(thousands of euro)

Aging	Total	Not yet due	Due - not written down					Due - written down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2014	**18,295**	12,543	3,077	957	302	1,116	115	185
December 31, 2013	**14,238**	11,018	1,585	700	147	402	167	219

Receivables past due and not written down, that represent an insignificant percentage when compared to the total trade receivables, are constantly monitored and have not been written down as they are deemed to be recoverable.
The increase in the overdue receivables included in the “90-180 days” bracket compared to December 31, 2013 was related to a specific account for the collection of which the approval by the Chinese authorities is still pending.

Relating to the management of credit risk on trade receivables, please refer to the Report on operations for further details.

23. PREPAID EXPENSES, ACCRUED INCOME AND OTHER

This item, which includes current non-trade receivables from third parties along with prepaid expenses and accrued income, showed a balance of 8,296 thousand euro as at June 30, 2014, compared to 8,402 thousand euro as at December 31, 2013.

A breakdown of this item is provided below:

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2014	December 31, 2013	Difference
Income tax and other tax receivables	562	978	(416)
VAT receivables	5,277	4,649	628
Social security receivables	133	574	(441)
Personnel receivables	32	20	12
Receivables for public grants	579	728	(149)
Other receivables	91	80	11
Total other receivables	**6,674**	**7,029**	**(355)**
Accrued income	10	5	5
Prepaid expenses	1,612	1,368	244
Total prepaid expenses and accrued income	**1,622**	**1,373**	**249**
Total prepaid expenses, accrued income and other	**8,296**	**8,402**	**(106)**

The item "Income tax and other tax receivables" includes the receivables for advance corporation taxes and other tax credits of the Group's companies with local authorities. The decrease compared to the previous year was mainly due to the use of the outstanding credit as at December 31, 2013 by the U.S. subsidiaries to offset the debt incurred in respect of the taxes for the first half of 2014.

The increase in the item "VAT receivables" is due to the fact that the credit generated mainly by the Parent Company during the semester, due to the excess of passive taxable transactions compared to active ones was, added to the credit generated in previous years for which a reimbursement has not yet been obtained[16].

The decrease in the item "Social security receivables" compared to December 31, 2013 was due to the refunds received in the first half of 2014 by the Italian companies of the Group in respect of those receivables related to the use of social security provisions.

Please note that the item "Receivables for public grants" is mainly composed of credits matured by the Parent Company as of June 30, 2014 as a result of contributions for outstanding research projects.
During the semester, income from government grants amounted to 157 thousand euro.

It should be noted that there are no receivables due after more than five years.

[16] The reimbursement is expected by the end of 2014, based on the best currently available estimates.

24. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at June 30, 2014 the fair value of derivative financial instruments was positive for 271 thousand euro.

The asset and liability items include, respectively, the assets and liabilities arising from the measurement at fair value of hedging contracts against the exposure to the variability of future cash flows arising from sales and financial transactions denominated in currencies other than the euro, as well as the measurement at fair value of Interest Rate Swap (IRS) contracts. The purpose of these contracts is to protect the Group's margins from the fluctuation of exchange rates and interest rates.
With regards to such contracts, the accounting requirements to apply the hedge accounting method are not met, therefore they are evaluated at fair value and the profits or losses deriving from their evaluation are directly charged to the income statement.

In order to hedge against the risk of fluctuation in exchange rates on current and future trade receivables denominated in foreign currencies, as at June 30, 2014 the Group held forward contracts on the Japanese yen for a notional value of 150 million JPY. These contracts have an average forward exchange rate equal to 138.73 against the euro and will extend until December 17, 2014. The relative fair value as at June 30, 2014 is positive for 2 thousand euro.

The Group has put in place a forward sale contract in euro in order to mitigate the risk of fluctuation of the exchange rate linked to the fluctuation of the Korean won on the balance of the financial credit in euro which the Korean subsidiary has with the Parent Company. This contract (for a notional value equal to 7.5 million euro) expires on December 29, 2014 and provides for a forward exchange rate equal to 1,456.00 against the euro. Its fair value as at June 30, 2014 is positive for 395 thousand euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2014, compared with December 31, 2013:

Currency	June 30, 2014		December 31, 2013	
	Notional (local currency)	**Fair value** (thousands of euro)	**Notional** (local currency)	**Fair value** (thousands of euro)
thousands of JPY	150,000	2	0	0
thousands of EUR	7,500	395	0	0
	Total	**397**	**Total**	**0**

Please note that the Group has not entered any additional forward contract for the sale of foreign currency on trade receivables denominated in U.S. dollars during the first half of 2014.

As at June 30, 2014 the Group had one Interest Rate Swap (IRS) contract aimed at fixing the interest rate on the loan in U.S. dollars held by the U.S. subsidiary Memry Corporation.
The following table provides a summary of this Interest Rate Swap contract entered into and its fair value as at June 30, 2014, compared with December 31, 2013:

Interest Rate Swap (IRS)	Currency	Notional amount (U.S. dollars)	Subscription date	Maturity date	Interest rate	Period	Fair value June 30, 2014 (thousands of euro)	Fair value December 31, 2013 (thousands of euro)
IRS executed on loan of $30.5 million by **Memry Corporation**	USD	12,000,000	April 9, 2009	December 31, 2014	Fixed rate paid: 3.03% Variable rate received: USD Libor BBA - 3 months	quarterly	(126)	(240)
Total							**(126)**	**(240)**

No new Interest Rate Swap contracts have been signed during the first half of 2014.

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair value of its financial instruments:
Level 1 – (unadjusted) prices listed on an active market for identical assets or liabilities;
Level 2 – other techniques for which all inputs with a significant effect on the fair value reported may be observed, either directly or indirectly;
Level 3 – techniques that use inputs with a significant effect on the fair value reported that are not based on observable market data.
As at June 30, 2014 all the derivative instruments held by the Group belonged to Level 2: in fact, their fair value is calculated on the basis of market data, such as interest rate curves and exchange rates curves.
No instruments were transferred from one level to another during the semester.

25. CASH AND CASH EQUIVALENTS

The following table shows a breakdown of this item as at June 30, 2014 and December 31, 2013:

(thousands of euro)

Cash and cash equivalents	June 30, 2014	December 31, 2013	Difference
Bank accounts	17,494	20,317	(2,823)
Petty cash	20	17	3
Total	**17,514**	**20,334**	**(2,820)**

The item "Bank accounts" consists of short-term deposits with leading financial institutions, denominated primarily in U.S. dollars, Chinese renminbi and Korean won.

The item includes the liquid funds mainly held by the U.S. and Asiatic subsidiaries for the cash flow management necessary for their operating activities.
Please also note that the cash of the subsidiary SAES Getters (Nanjing) Co., Ltd. included the advance payments of the price fixed for the sale of the land use right, the building and its appurtenances, equal to 23.6 million RMB as at June 30, 2014. A financial liability was recorded against the proceeds received because the transaction will be completed only after the approval of the Chinese authorities, expected for the second half of 2014. For further details please refer to the Note no. 12 and no. 30 and to the Report on operations, section "Main events of the semester".

For the analysis of the changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash flow statement (Note no. 38).

As at June 30, 2014 the Group has availability of unused credit lines equal to 25 million euro (28.2 million euro as at December 31, 2013), of which 15 million euro available to fund possible acquisitions or restructuring plans.
The decrease compared to the previous year, equal to 3.2 million, was the result of a higher use of the available credit lines in the form of "hot money" (in particular, for the payment of dividends on May 8, 2014).

26. FINANCIAL RECEIVABLES TOWARDS RELATED PARTIES

The item "Financial receivables towards related parties", equal to 762 thousand euro as at June 30, 2014, refers to the interest-bearing loan granted in the first half of 2014 in favor of the joint venture Actuator Solutions GmbH by the subsidiary SAES Nitinol S.r.l.
This transaction is attributable to the contract signed in February 2014 for the granting of a loan up to a maximum amount of 1.5 million euro, expiring on December 31, 2016 (renewable on an annual basis) and with a flexible repayment of the principal amount within the expiry date.
The contract provides that the disbursement can be made in one or more *tranches*, depending on the actual requirements of the joint venture, against the recognition of a fixed annual interest equal to 6%.
A loan of the same amount and with the same conditions was granted to the joint venture also by the other shareholder SMA Holding GmbH (Alfmeier).

27. ASSETS AND LIABILITIES HELD FOR SALE

This item includes as at June 30, 2014 the building and the land use right of the subsidiary SAES Getters (Nanjing) Co., Ltd., reclassified to assets held for sale during the previous year, following the decision to cease the production activities of the Chinese subsidiary and turn it into a company with commercial nature.

In this regard, please note that on April 25, 2014 was signed a binding letter of intent for the sale of the assets being held for sale. The consideration was fixed at about 29 million RMB, of which an advance payment of 50% was collected at the signing of the letter of intent; a further 30% was received in May 2014 in conjunction with the exit of SAES from the production plant; the balance is expected at the closing of the transaction in the second half of 2014.

The following table provides a breakdown of this item as at June 30, 2014 compared with December 31, 2013:

(thousands of euro)

Assets held for sale	**June 30, 2014**	**December 31, 2013**
Intangible fixed assets	539	547
Property, plant and equipment	1,474	1,491
Total	**2,013**	**2,038**

28. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 99,209 thousand euro as at June 30, 2014, down by 1,095 thousand euro compared to December 31, 2013, mainly due to the dividends distribution for 3,430 thousand euro, only partially offset by the net income of the period (1,321 thousand euro) and by the exchange rate differences arising from the translation of financial statements in foreign currencies (1,014 thousand euro).
The summary of the changes occurred is provided in the Statement of changes in shareholders' equity.

Capital stock

As at June 30, 2014 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.
The composition of the capital stock was unchanged compared to December 31, 2013.
The implicit book value per share was 0.554196 euro as at June 30, 2014, unchanged from December 31, 2013.

Please refer to the Report on corporate governance, enclosed in the 2013 Consolidated financial statements, for all of the information required by article 123-*bis* of the Consolidated Finance Act (TUF).

All of the Parent Company's securities are listed on the segment of the *Mercato Telematico Azionario* known as "STAR" (Securities with High Requirements), dedicated to small-caps and mid-caps that meet specific requirements with regard to reporting transparency, liquidity and corporate governance.

Share issue premium

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Parent Company subscribed in capital issues.
This item was unchanged compared to December 31, 2013.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at June 30, 2014 and it was unchanged compared to December 31, 2013, since the reserve had reached the legal limit.

Other reserves and retained earnings

This item includes:
- the reserves (totalling 2,729 thousand euro) formed from the positive monetary revaluation balances resulting from the application of Law no. 72 of March 19, 1983 (1,039 thousand euro) and Law no. 342 of November 21, 2000 (1,690 thousand euro) by the Italian companies of the Group. Pursuant to Law no. 342 of 2000, the revaluation reserve has been stated net of the associated substitute taxes of 397 thousand euro;
- the other reserves of the subsidiaries, the retained earnings, and the other shareholders' equity items of the companies of the Group which were not eliminated during the consolidation process.

The change in the item "Other reserves and retained earnings" includes the distribution to shareholders of the 2013 dividends, approved by the Parent Company's Shareholders' Meeting (3,430 thousand euro) and the carry-forward of the 2013 consolidated loss (562 thousand euro).

As reported in the Report on corporate governance and ownership enclosed to the 2013 Consolidated financial statements, each share is entitled to a proportional part of the net income that it is decided to distribute, except the rights attached to savings shares.
More specifically, as described in article no. 26 of the By-laws, savings shares are entitled to a preferred dividend equal to 25% of their implied book value; if in one financial year a dividend of less than 25% of the implied book value has been allocated to savings shares, the difference will be made up by increasing the preferred dividend in the following two years. The remaining profit that the Shareholders' Meeting has resolved to distribute will be allocated among all shares in such a way to ensure that savings shares are entitled to a total dividend that is 3% of the implied book value higher than that of ordinary shares. In case of distribution of reserves, shares have the same rights irrespective of the category to which they belong.

Other components of equity

This item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 461 thousand euro as at June, 30 2014, compared to a negative balance of 553 thousand euro as at December 31, 2013. The increase of 1,014 thousand euro was due to the overall impact on the consolidated shareholders' equity of the conversion into euro of the financial statements of foreign subsidiaries expressed in currencies other than the euro and the respective consolidation adjustments (+1,017 thousand euro), as well as the share of the Group in the currency translation reserve arising from the consolidation of Actuator Solutions Taiwan Co., Ltd. into Actuator Solutions GmbH, both accounted for using the equity method (-3 thousand euro).

Please note that the Group exercised the exemption allowed under IFRS 1, *First-time adoption of International Financial Reporting Standards*, regarding the possibility of writing-off the accumulated translation gains or losses generated by the consolidation of foreign subsidiaries as of January 1, 2004. Consequently, the translation reserve includes only the translation gains or losses generated after the date of transition to IASs/IFRSs.

29. FINANCIAL DEBTS

As at June 30, 2014 the financial debts amounted to 15,705 thousand euro, down by 2,658 thousand euro compared to December 31, 2013.
The decrease was due to the repayments made during the semester (-2.9 million euro), partially offset by the fluctuations of the exchange rates which, as at June 30, 2014, generated an increase in the Group's financial debt equal to approximately 169 thousand euro: almost all Group's debt is composed by loans denominated in U.S. dollars, contracted by the U.S. subsidiaries, whose equivalent in euro has increased following the revaluation of the U.S. dollar as at June 30, 2014 compared to December 31, 2013.

The following table shows the breakdown of the financial debts by contractual maturity.
Please note that the debt with a maturity of less than one year is included among the "Current portion of medium/long term financial debts".

(thousands of euro)

Financial debts	June 30, 2014	December 31, 2013	Difference
Less than 1 year	15,625	18,283	(2,658)
Current portion of financial debts	**15,625**	**18,283**	**(2,658)**
Between 1 and 2 years	0	0	0
Between 2 and 3 years	80	0	80
Between 3 and 4 years	0	80	(80)
Between 4 and 5 years	0	0	0
Over 5 years	0	0	0
Non current financial debts	**80**	**80**	**0**
Total	**15,705**	**18,363**	**(2,658)**

The item "Financial debt" consists primarily of the loans, denominated in U.S. dollars, contracted by the U.S. companies, the details of which are provided below:

Description	Currency	Principal (millions of USD)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate as at June 30, 2014 (spread included)	Value as at June 30, 2014 (*) (thousands of euro)
Memry Corporation							
Tranche Amortising Loan	USD	20.2	half yearly with maturity date January 31, 2016	Half -yearly	USD Libor for a variable period (1-3 months); Cost of Funds if not available	2.12%	13,183
Tranche Bullet Loan	USD	10.3	repayments in two tranches with maturity dates July 31, 2016 and July 31, 2017				
SAES Smart Materials, Inc.	USD	20.0	half yearly with maturity date May 31, 2015	Half -yearly	USD Libor for a variable period (1-3 months); Cost of Funds if not available	1.22%	2,442

(*) interests included

Please note that, as further described in the following paragraph related to the covenants, as at June 30, 2014 not all the covenants relating to the loans held by the U.S. subsidiaries were respected. Consequently, the entire financial liability was reclassified as current inasmuch as the condition of default has rendered the loan repayable immediately. As better described in the following section, it is anticipated that in order to avoid the recall of the debt the guarantee clauses that were not met have been formally renegotiated with the issuing bank on July 16, 2014.

Covenants

The loans held by the U.S. subsidiaries Memry Corporation and SAES Smart Materials, Inc. are subject to the compliance with covenants calculated on Group's economic and financial values and verified every semester (June 30 and December 31 of each year).

Following the failure to comply with some of these covenants as at June 30, 2014, given that, at the balance sheet date, the Group didn't have an unconditional right to defer the payment of the financial obligation for at least twelve months, the related financial liability was reclassified as current.
However, please note that on July 16, 2014 the issuing bank formally accepted the waiver to recall the debt and, simultaneously, the financial covenants governing these loans starting from June 30, 2014 have been renegotiated with the financing institution.

The following table shows the covenants as at June 30, 2014, before and after the renegotiation:

	Covenants before renegotiation	Covenants renegotiated on July 16, 2014	June 30, 2014
Net equity (*)	≥ 115,000	≥ 96,000	99,209
Net financial position / Net equity	≤ 1	≤ 1	0.40
Net financial position / EBITDA	≤ 1.5	≤ 2.75	2.30

(*) thousands of euro

On the basis of the future plans, the Group is expected to be able to comply with the covenants as recently renegotiated.

30. OTHER FINANCIAL DEBTS TOWARDS THIRD PARTIES

As at June 30, 2014 the item "Other financial debts towards third parties" was equal to 6,010 thousand euro, compared to 4,906 thousand euro as at December 31, 2013, and it is split in long-term portion (1,242 thousand euro) and short-term portion (4,768 thousand euro).

The increase was mainly due to some opposite trends; on one hand, the recognition of a financial debt (2,786 thousand euro) as set-off of the advance payments received for the sale of the land use right, the building and its appurtenances of the Chinese subsidiary SAES Getters (Nanjing) Co., Ltd., whose completion is expected in the second half of 2014; with opposite sign, the reduction of the financial debt related to the amount still to be paid for the acquisitions completed last year in the purification business, following the payments made to Power & Energy, Inc. and Johnson Matthey Inc. (for a total of 1,692 thousand euro), as envisaged by the contract.
Please note that the residual debt towards Power & Energy, Inc. increased of 97 thousand euro in the first half of 2014 as a result of the adjustment of the time horizon used in the calculation of the present value of the amounts still to be paid.

The item "Other financial debts towards third parties" also included 45 thousand euro of a residual debt resulting from the acquisition, finalized in 2008, of the subsidiary Memry Corporation. In 2008 the price for the acquisition of the company was paid to a financial broker. During 2011 the brokerage mandate came to maturity and the consideration related to the shares not collected was paid to the State of Delaware (USA). In 2012 the latter paid back part of the amount to the U.S. subsidiary, because it didn't fall within its jurisdiction. Memry Corporation must pay this amount to other U.S. states, according to the residence of the previous holders of the shares.

Finally, this item included the debts related to the finance lease contracts signed during the previous years by some subsidiaries (28 thousand euro as at June 30, 2014).
The table below shows the future minimum payments related to these finance lease contracts:

(thousands of euro)

	June 30, 2014	December 31, 2013
Less than 1 year	14	14
Between 1 and 5 years	14	21
Over 5 years	0	0
Total	**28**	**35**

31. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

Please note that this item includes liabilities to employees under both defined-contribution and defined-benefit plans existing in the companies of the Group in accordance with the contractual and legal obligations in place in the various countries.

The following table shows a breakdown of this item and the changes occurred during the period:

(thousands of euro)

Staff leaving indemnities and other employee benefits	Staff leaving indemnities	Other employee benefits	Total
December 31, 2013	**4,517**	**2,568**	**7,085**
Accrual (release)	100	131	231
Indemnities paid	(146)	(142)	(288)
Other movements	0	0	0
Translation differences	0	11	11
June 30, 2014	**4,471**	**2,568**	**7,039**

The split between the obligations under defined-contribution and defined-benefit plans as at June 30, 2014 compared with that of December 31, 2013 is shown below:

(thousands of euro)

	June 30, 2014	December 31, 2013
Present value of defined benefit obligations	6,321	6,261
Fair value of plan assets	0	0
Costs non yet recognized deriving from past obligations	0	0
Defined benefit obligations	**6,321**	**6,261**
Defined contribution obligations	719	824
Staff leaving indemnities and similar obligations	**7,039**	**7,085**

The obligations under defined-benefit plans are measured annually by independent actuarial consultants according to the projected unit credit method, separately applied to each plan.

When referred to the Group's Italian companies, staff leaving indemnity consists of the estimated obligation, according to actuarial techniques, in connection with the sum to be paid out to the employees of Italian companies when employment is terminated.
Following the entry into force of the 2007 Budget Act and associated implementation decrees, the liability associated with past years staff leaving indemnity continues to be considered as a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid in to pension funds is instead considered as a defined-contribution plan and is therefore not discounted.

The item "Other employee benefits" includes the provision for long-term incentive plans, signed by some employees of the Parent Company identified as particularly important for the medium to long term purposes of the Group. The three-year plans provide for the recognition of money incentives proportionate to the achievement of certain personal and Group objectives.
The aim of these plans is to further strengthen the alignment over time of individual interests to business interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in the medium to long-term viewpoint, rewarding the achievement of performance objectives over time. The performance conditions are based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship with the

company for the duration of the plan, also to the presence of a positive consolidated income before taxes in the expiry year of the plan.
Such plans fall into the category of defined benefit obligations and therefore they were discounted back on a yearly basis.

The following table shows a breakdown by category of the Group's employees:

Group's employees	June 30, 2014	December 31, 2013	Average June 30, 2014	Average June 30, 2013
Managers	81	81	82	92
Employees and middle management	366	369	359	408
Workers	446	452	449	500
Total (*)	**893**	**902**	**890**	**1,000**

(*) It does not include the employees of the joint venture Actuator Solutions, for which please refer to the Note no. 17.

The workforce amounted to 893 units as at June 30, 2014 (out of which 462 were employed outside of Italy), to be compared with 902 units as at December 31, 2013 (out of which 475 were employed outside of Italy): the reduction of the staff following the Group's organizational rationalization completed in the second half of 2013 was partially offset by the increase in the personnel employed in production activities related to the SMA business for medical applications.

32. PROVISIONS

The item "Provisions" amounted to 1,820 thousand euro as at June 30, 2014.
The following table shows the composition of and the changes in these provisions compared to December 31, 2013:

(thousands of euro)

Provisions	December 31, 2013	Increase	Utilization	Release into income statement	Reclassifi-cations	Translation differences	June 30, 2014
Warranty provision on products sold	356	102	(25)	0	0	4	437
Bonus	835	612	(661)	0	0	8	794
Other provisions	582	17	(15)	0	0	5	589
Total	**1,773**	**731**	**(701)**	**0**	**0**	**17**	**1,820**

As at June 30, 2014, the item "Bonus" includes the accrual of bonuses to the Group's employees (mainly referring to the Parent Company and the U.S. subsidiaries) related to the first half of 2014. The change compared to the previous financial year is due to both the accrual of bonuses of the period and the payment of the bonuses of the previous financial year, settled during the first half of 2014.

The item "Other provisions" mainly includes the implicit obligations of Spectra-Mat, Inc. in connection with the expenses to be incurred to monitor pollution levels at the site in which it operates (396 thousand euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

A breakdown of provisions by current and non-current portion is provided below:

(thousands of euro)

Provisions	Current provisions	Non current provisions	June 30, 2014	Current provisions	Non current provisions	December 31, 2013
Warranty provision on products sold	41	396	437	59	297	356
Bonus	794	0	794	835	0	835
Other provisions	190	399	589	173	409	582
Total	**1,025**	**795**	**1,820**	**1,067**	**706**	**1,773**

33. TRADE PAYABLES

Trade payables were equal to 7,204 thousand euro as at June 30, 2014, down by 2,055 thousand euro compared to December 31, 2013.
The decrease, in addition to reflecting the containment of operating expenses that characterized the first half of 2014, was due to the fact that in the last months of the previous year there had been an increase in the purchase of raw materials, especially in the gas purification business, in order to meet the increase in the orders to be delivered in the first months of 2014.

Trade payables do not bear interests and are due within twelve months.
There are no trade payables in the form of debt securities.

The following table provides a breakdown of trade payables by those not yet due and past due as at June 30, 2014 and the comparison with December 31, 2013:

(thousands of euro)

Aging	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2014	**7,204**	6,374	599	115	60	16	40
December 31, 2013	**9,259**	7,876	103	975	88	77	140

34. OTHER PAYABLES

The item “Other payables” includes amounts that are not strictly classified as trade payables and amounted to 8,103 thousand euro as at June 30, 2014, against 8,659 thousand euro as at December 31, 2013.

(thousands of euro)

Other payables	June 30, 2014	December 31, 2013	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	4,864	4,208	656
Social security payables	984	1,443	(459)
Tax payables (excluding income taxes)	743	1,220	(477)
Other	1,512	1,788	(276)
Total	**8,103**	**8,659**	**(556)**

The item “Employees payables” is mainly made up of holiday allowances accrued but not taken, additional monthly salaries, remunerations for the month of June 2014 accrued in the first semester and not yet paid.

The increase compared to December 31, 2013 was primarily due to the increase in the staff employed in production activities related to the SMA business for medical applications and to the increased holiday provisions that will be used during the summer.

The item “Social security payables” includes the payables owed by the Group’s Italian companies towards the INPS (Italy’s Social Security Agency) for contributions to be paid on wages. It also includes payables to the treasury fund operated by the INPS and to the pension funds under the reformed staff leaving indemnity legislation.
The decrease was mainly due to the fact that as at December 31, 2013 this item included also the liability for the Social Security (INPS) retentions on the thirteenth month’s pay, paid in January 2014.

The item “Tax payables” consists primarily of the payables owed by the Italian companies towards the Treasury in connection with the withholding taxes on the wages of salaried employees and independent contractors.
Similarly to the previous item, the decrease was mainly due to the fact that as at December 31, 2013 this item included also the liability for the withholding tax (IRPEF) retentions on the thirteenth month’s pay, paid in January 2014.

The item “Other” includes payables of the Parent Company for Directors’ compensation, for commissions to agents and for advances received on public grants for research activities.

It should be noted that there are no payables due after more than five years.

35. ACCRUED INCOME TAXES

The item consists of payables for taxes associated with the SAES Group’s foreign subsidiaries, inasmuch as the Italian companies have elected to participate in the national tax consolidation program and the associated tax balance is included in the item “Tax consolidation receivables/ payables from/to Controlling Company” (please refer to the Note no. 19 for further information).

The item also includes the IRAP fiscal debt of the Italian companies.

At June 30, 2014 income tax payables amounted to 599 thousand euro and included the tax obligations accrued in the first half of 2014, net of advance payments, in addition to those from the previous year but not yet paid.

36. BANK OVERDRAFT

As at June 30, 2014 the bank overdraft amounted to 36,710 thousand euro and consisted primarily of short-term debt owed by the Parent Company in the form of “hot money” debt (36,700 thousand euro as at June 30, 2014 compared to 33,370 thousand euro as at December 31, 2013), whose average interest rate was around 2.5% (spread included).
The difference (10 thousand euro) consisted in the overdrafts on current bank accounts.

37. ACCRUED LIABILITIES

Accrued expenses and deferred income were equal to 520 thousand euro as at June 30, 2014.
This item may be broken down as follows:

(thousands of euro)

	June 30, 2014	December 31, 2013	Difference
Accrued expenses	128	271	(143)
Deferred income	392	522	(130)
Total accrued liabilities	**520**	**793**	**(273)**

38. CASH FLOW STATEMENT

The cash flow from operating activities was positive and equal to 1,644 thousand euro in the first half of 2014, compared to a negative figure of 1,287 thousand euro in the corresponding period of the previous year. In fact, differently from what happened in the first half of 2013, the self-financing was able to offset the negative change in the net working capital, heavily influenced by the increase in the business volume of the Pure Gas Handling Business and of the SMA one, despite the operating weakness that has characterized the last part of 2013 and the payments related to the restructuring plan implemented in the second half of the previous year, but delayed to 2014.

Investing activities used liquidity for 471 thousand euro (the cash absorption was 5,814 thousand euro in 2013).
The net disbursements for purchases of tangible and intangible assets amounted to 1,565 thousand euro (2,874 thousand euro as at June 30, 2013). In addition, please note the disbursement, according to the original contractual maturities, of the second *tranche* of the fixed consideration and the fees for the semester to Power & Energy, Inc. (1,478 thousand euro) and the payment of the final *tranche* due to Johnson Matthey Inc. (241 thousand euro), both related to the investments made in the previous year, aimed to the technological strengthening of the Pure Gas Handling business.
Finally, always within the investing activities, please note the proceed equal to 2,786 thousand euro relating to the advance payment received for the sale of the land use right, the building and related appurtenances of the subsidiary SAES Getters (Nanjing) Co., Ltd. For more details please refer to the Report on operations, section "Main events of the semester", and to the Notes no. 12 and no. 30.

The balance of financing activities was negative for 4,528 thousand euro, compared to a positive balance of 424 thousand euro in the first half of the previous year.
The financial management of the period was characterised by the financial disbursements for the payment of dividends (equal to 3,430 thousand euro), by the repayments of loans according to their contractual repayment plans and related interests, as well as by the disbursement of the loan to the joint venture Actuator Solutions GmbH (for more details please refer to the Note no. 26). These cash-outs were partially offset by the cash-in generated by the short-term loans in form of hot money debts taken by the Parent Company (for further details please refer to the Note no. 36).

In the following table there is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and in the cash flow statement.

(thousands of euro)

	June 30, 2014	June 30, 2013
Cash and cash equivalents	17,514	15,798
Bank overdraft	(36,710)	(26,820)
Cash and cash equivalents, net - statement of financial position	**(19,196)**	**(11,022)**
Short term debts	36,700	26,470
Cash and cash equivalents, net - cash flow statement	**17,504**	**15,448**

39. POTENTIAL LIABILITIES AND COMMITMENTS

The guarantees that the Group has granted to third parties are the following ones:

(thousands of euro)

Guarantees	June 30, 2014	December 31, 2013	Difference
Guarantees in favour of third parties	25,595	28,117	(2,522)

The decrease compared to December 31, 2013 was mainly explained by the partial expiration of some guarantees provided by the Parent Company to secure the loans undertaken by some foreign subsidiaries, consistent with the repayment of the principal during the year.

The maturities of operating lease obligations outstanding as at June 30, 2014 are shown below:

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,430	1,306	97	**2,833**

Following a legal proceeding opened by the State of New York and concerning the compensation for environmental damages and costs for the decontamination of water and the cleaning of the sediments below the Onondaga Lake, located in the U.S. city of Syracuse, the SAES Group, through its subsidiary SAES Getters USA, Inc. (successor in legal matters of SAES Getters America, Inc., formerly owner of a factory in the area of the lake), could be sued for contributing to the compensation for such costs.
The SAES Group has not received any summons or notification to date and, based on the investigations carried out, it doesn't seem to be responsible for the pollution of the Onondaga Lake; in addition, given that to date it is not possible to make a reasonable estimate of any costs to be incurred, the company hasn't allocated any risk provision as at June 30, 2014.

40. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

Related Parties include:
- **S.G.G. Holding S.p.A.**, the controlling company, which is both creditor and debtor of the SAES Group as a result of the election by the Group's Italian companies[17] to participate in the national tax consolidation program. Also to be noted that S.G.G. Holding S.p.A. receives dividends from SAES Getters S.p.A.

[17] SAES Getters S.p.A., SAES Advanced Technologies S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l. (the latter included in the tax consolidation program from January 1, 2014).

- **Actuator Solutions GmbH**, a joint venture, 50% jointly owned by SAES and Alfmeier Präzision Groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Actuator Solutions Taiwan Co., Ltd.**, a Taiwan-based company entirely controlled by the joint venture Actuator Solutions GmbH, for the development and commercialization of SMA devices for the image focus and stabilization in tablet and smart-phone cameras.

With Actuator Solutions GmbH and its subsidiary Actuator Solutions Taiwan Co., Ltd. the SAES Group has commercial relationships (sale of raw materials and semi-finished goods) and carries out various services. Furthermore, an interest-bearing loan agreement is in force (for more details please refer to the Note no. 26).

- **Managers with strategic responsibilities**, these include the members of the Board of Directors, including non-executive directors, and the members of the Board of Statutory Auditors.

Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel[18], the Corporate Research Manager[19] and the Group Administration, Finance and Control Manager are considered managers with strategic responsibilities.
Their close relatives are also considered related parties.

The following table shows the total values of the related party transactions undertaken as at June 30, 2014 compared with those at June 30, 2013 and December 31, 2013:

(thousands of euro)

	1st Half 2014					June 30, 2014			
	Net sales	**Research & development expenses**	**Selling expenses**	**General & administrative expenses**	**Other financial income (expenses)**	**Trade receivables**	**Tax consolidation receivables from Controlling Company**	**Tax consolidation payables to Controlling Company**	**Financial credit from related parties**
S.G.G. Holding S.p.A.							3,492	(2,934)	
Actuator Solutions GmbH	495	188 (*)	80 (*)	14 (*)	12	337			762
Total	**495**	**188**	**80**	**14**	**12**	**337**	**3,492**	**(2,934)**	**762**

(*) recovery of costs

(thousands of euro)

	1st Half 2013					December 31, 2013			
	Net sales	**Research & development expenses**	**Selling expenses**	**General & administrative expenses**	**Other financial income (expenses)**	**Trade receivables**	**Tax consolidation receivables from Controlling Company**	**Tax consolidation payables to Controlling Company**	**Financial credit from related parties**
S.G.G. Holding S.p.A.							2,391	(1,862)	
Actuator Solutions GmbH	252	441 (*)	156 (*)	22 (*)	(10)	692			0
Total	**252**	**441**	**156**	**22**	**(10)**	**692**	**2,391**	**(1,862)**	**0**

(*) recovery of costs

The following table shows the remuneration provided to managers with strategic responsibilities as identified above:

[18] Please note that in February 2014 Dr Giulio Canale has assumed *ad interim* the role of Group Legal General Counsel.
[19] Please note that, with effect from June 10, 2013, in the view of containing costs and optimizing organizational processes, the role of Corporate Research Manager has been removed and its related responsibilities were transferred to the Chief Technology Innovation Officer, in the person of Eng. Massimo della Porta.

(thousands of euro)

Total remunerations to key management	1st Half 2014	1st Half 2013
Short term employee benefits	1,260	1,503
Post employment benefits	0	0
Other long term benefits	78	98
Termination benefits	6	53
Total	**1,344**	**1,654**

As at June 30, 2014 the payables to Managers with strategic responsibilities, as defined above, are equal to 1,743 thousand euro, to be compared with payables of 1,580 thousand euro as at December 31, 2013.

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in the first half of 2014 all related-party transactions fall within ordinary operations and were settled at economic and financial market conditions.

Lainate (MI), July 31, 2014

On behalf of the Board of Directors
Dr Ing. Massimo della Porta
President

Certification of the Interim Condensed Consolidated Financial Statements as at June 30, 2014

CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
pursuant to article no. 81-*ter* of Consob Regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his capacity of Vice President and Managing Director, and Michele Di Marco, in his capacity of Officer responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify, pursuant to the provisions of article 154-*bis*, subsections 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

   - the adequacy for the characteristics of the enterprise and
   - the effective application

   of the administrative and accounting procedures for the preparation of the interim condensed consolidated financial statements, during the period from January 1 to June 30, 2014.

2. The following remarks apply to this situation:

   - With respect to the SAES Group's Administrative and Accounting Control Model and the implementation thereof, we confirm the contents of paragraph 2 of the Certification of the consolidated financial statements of the SAES Group for the year ended December 31, 2013, inasmuch as no changes have been made.
   - In regard to the results of the internal certification process for the accounting period from January 1 to June 30, 2014, we confirm that the control activities detailed in the above mentioned paragraph were also applied to the interim condensed consolidated financial statements and that the associated controls were performed.
   - As at today's date, the Officer responsible has received all representation letters required, signed by the General Managers/Financial Controllers of the subsidiaries affected by the processes selected as relevant after a risk assessment.
     The proper application of the administrative and accounting control system has been confirmed by the positive outcome of the assessments conducted by the Internal Audit Function in support of the Officer responsible for the preparation of corporate financial reports.

3. Furthermore, it is hereby attested that:

   3.1. The interim condensed consolidated financial statements as at June 30, 2014:
   a) have been prepared in accordance with applicable International Accounting Standards recognized within the European Union pursuant to EC Regulation no. 1602/2002 of the European Parliament and the Council of July 19, 2002, and, in particular, IAS 34 revised – *Interim Financial Reporting*;
   b) correspond to the results of accounting records and books;
   c) are suitable to provide a truthful and accurate representation of the earnings and financial position of the issuer and the companies included in the consolidation perimeter.
   3.2. The interim management report includes a reliable analysis of operating performance and results, as well as the situation of the issuer and the companies included in the consolidation area, along with a description of the primary risks and uncertainties to which they are exposed.

Lainate (MI), July 31, 2014

Vice President and Managing Director Dr Giulio Canale	Officer responsible for the preparation of the corporate financial reports Dr Michele Di Marco

Independent Auditors' Report

Deloitte.

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AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
SAES GETTERS S.p.A.

1. We have reviewed the half-yearly condensed consolidated financial statements of SAES GETTERS S.p.A. and subsidiaries (the "SAES Group"), which comprise the consolidated balance sheet as of June 30, 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.

2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of gathering information on the captions of the half-yearly condensed consolidated financial statements and assessing whether accounting policies have been consistently applied through enquiries of management responsible for financial and accounting matters and in applying analytical procedures to the underlying financial data. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

   As far as comparative figures related to the year ended December 31, 2013 and the six-month period ended June 30, 2013 are concerned, reference should be made to our auditors' report and our auditors' review report dated April 3, 2014 and July 31, 2013 respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of SAES Group as of June 30, 2014 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Carlo Laganà
Partner

Milan, Italy,
August 20, 2014

This report has been translated into the English language solely for the convenience of international readers.

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