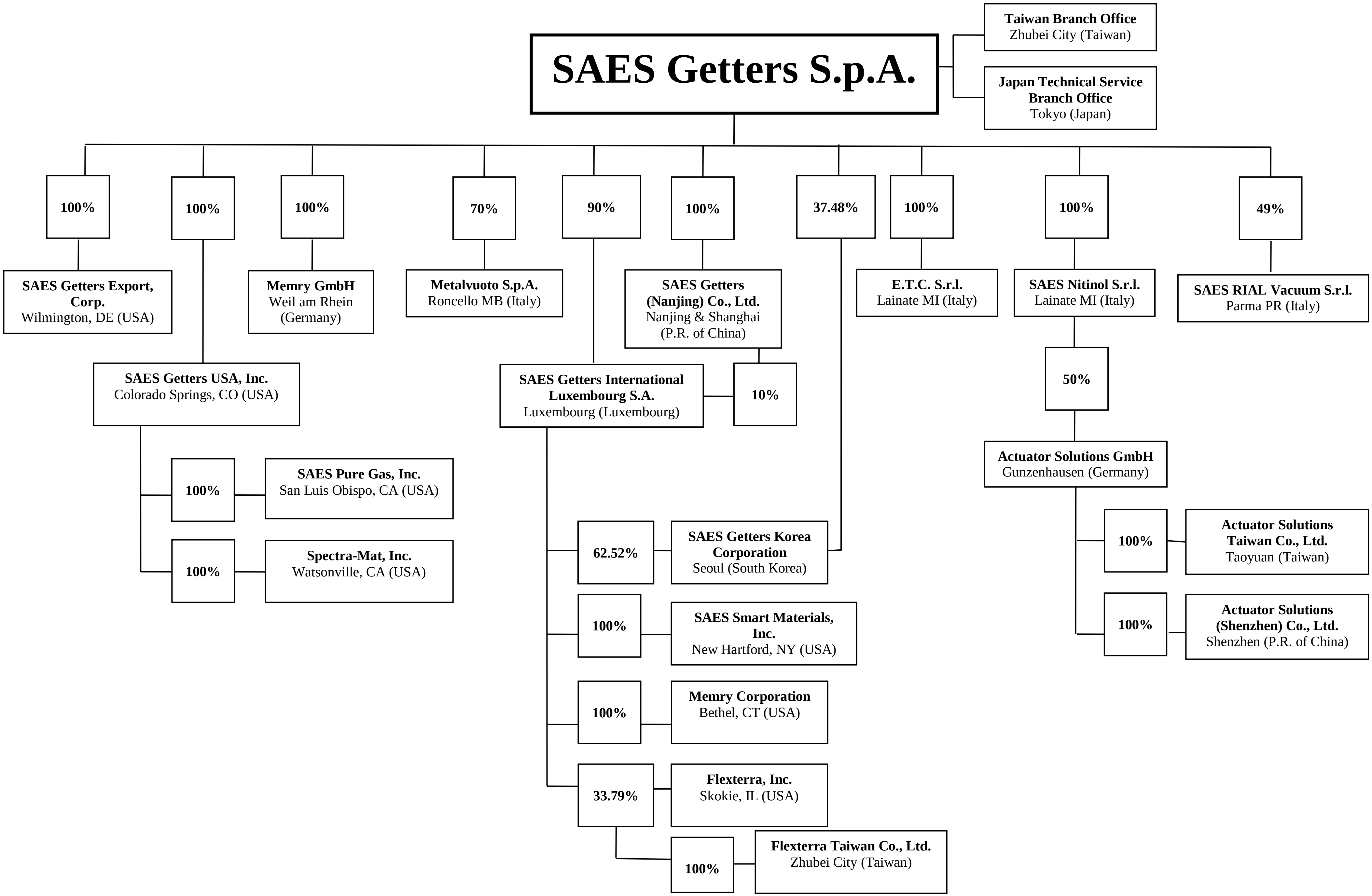
Interim Consolidated Financial Statements 2017


SAES Getters S.p.A.
Taiwan Branch Office
Zhubei City (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)
70%
Metalvuoto S.p.A.
Roncello MB (Italy)
90%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
10%
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing & Shanghai (P.R. of China)
37.48%
62.52%
SAES Getters Korea Corporation
Seoul (South Korea)
100%
SAES Smart Materials, Inc.
New Hartford, NY (USA)
100%
Memry Corporation
Bethel, CT (USA)
33.79%
Flexterra, Inc.
Skokie, IL (USA)
100%
Flexterra Taiwan Co., Ltd.
Zhubei City (Taiwan)
100%
E.T.C. S.r.l.
Lainate MI (Italy)
100%
SAES Nitinol S.r.l.
Lainate MI (Italy)
50%
Actuator Solutions GmbH
Gunzenhausen (Germany)
100%
Actuator Solutions Taiwan Co., Ltd.
Taoyuan (Taiwan)
100%
Actuator Solutions (Shenzhen) Co., Ltd.
Shenzhen (P.R. of China)
49%
SAES RIAL Vacuum S.r.l.
Parma PR (Italy)

The present is an English translation of the Italian official report. For any difference between the two texts, the Italian text shall prevail.

Interim Condensed Consolidated Financial Statements as at June 30, 2017

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	Alessandra della Porta (1) Luigi Lorenzo della Porta (1) Andrea Dogliotti (1) Roberto Orecchia (1) (2) (5) (6) (7) Luciana Rovelli (1) (2) (4) (6) (8) Pietro Alberico Mazzola (1) Adriano De Maio (1) (3) (4) Stefano Proverbio (1) (2) (5) (6) (8) Gaudiana Giusti (1) (2) (4) (5) (6) (8)

Board of Statutory Auditors

President	Angelo Rivolta (*)
Statutory Auditors	Vincenzo Donnamaria (8) Sara Anita Speranza
Alternate Statutory Auditors	Maurizio Civardi (*) Anna Fossati
Audit Firm	Deloitte & Touche S.p.A. (9)

Representative of holders of savings shares	Massimiliano Perletti (10) (e-mail: massimiliano.perletti@roedl.it)

(1) Non-executive Director
(2) Independent Director, pursuant to the criteria of the Code of Conduct of the Italian Stock Exchange
(3) Independent Director, pursuant to the combined provisions of article 147-*ter*, paragraph 4, and article 148, paragraph 3, of Legislative Decree 58/1998
(4) Member of the Remuneration and Appointment Committee
(5) Member of the Audit and Risk Committee
(6) Member of the Committee for Transactions with Related Parties
(7) Lead Independent Director
(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 2017-2019 by the Special Meeting of Holders of Savings Shares on April 27, 2017

The mandate of the Board of Directors and of the Board of Statutory Auditors, elected on April 28, 2015, will expire on the same date of the Shareholders' Meeting in which the financial statements for the year ended December 31, 2017 are approved.

(*) Dr Angelo Rivolta, who took over on October 11, 2016 following the death of the Statutory Auditor and Chairman of the Board of Statutory Auditors Dr Pier Francesco Sportoletti, was confirmed as Statutory Auditor and Chairman of the Board of Statutory Auditors from the Ordinary Shareholders' Meeting on April 27, 2017; in addition, the same Shareholders' Meeting proceeded with the integration of the Board of Statutory Auditors by appointing Dr Maurizio Civardi as Deputy Auditor.

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 28, 2015, 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 confirmed as Group Chief Executive Officer, with the meaning that such definition and role has in the English-speaking countries. The Vice President and Managing Director Giulio Canale has been confirmed in the role of Deputy Group Chief Executive Officer and Group Chief Financial Officer, with the meaning that such definitions and roles has in the English-speaking countries..

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Interim Group Financial Highlights

INTERIM GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement figures	1st Half 2017	1st Half 2016	Difference	Difference %
NET SALES				
- Industrial Applications	69,550	53,885	15,665	29.1%
- Shape Memory Alloys	40,032	35,413	4,619	13.0%
- Solutions for Advanced Packaging (1)	6,960	0	6,960	n.a.
- Business Development	741	534	207	38.8%
Total	**117,283**	**89,832**	**27,451**	**30.6%**
GROSS PROFIT (2)				
- Industrial Applications	33,382	25,714	7,668	29.8%
- Shape Memory Alloys	17,022	14,166	2,856	20.2%
- Solutions for Advanced Packaging	1,059	0	1,059	n.a.
- Business Development & Corporate Costs (3)	126	80	46	-57.5%
Total	**51,589**	**39,960**	**11,629**	**29.1%**
% on sales	*44.0%*	*44.5%*		
EBITDA (4)	**25,091**	**16,113**	**8,978**	**55.7%**
% on sales	*21.4%*	*17.9%*		
EBITDA *adjusted* (5)	**25,207**	**16,544**	**8,663**	**52.4%**
% on sales	*21.5%*	*18.4%*		
OPERATING INCOME (LOSS)	**20,466**	**11,926**	**8,540**	**71.6%**
% on sales	*17.5%*	*13.3%*		
OPERATING INCOME (LOSS) *adjusted* (6)	**20,817**	**12,357**	**8,460**	**68.5%**
% on sales	*17.7%*	*13.8%*		
Group NET INCOME (LOSS)	**11,283**	**5,470**	**5,813**	**106.3%**
% on sales	*9.6%*	*6.1%*		

Balance sheet and financial figures	June 30, 2017	December 31, 2016	Difference	Difference %
Tangible fixed assets	51,253	53,402	(2,149)	-4.0%
Group shareholders' equity	125,033	134,831	(9,798)	-7.3%
Net financial position	(33,643)	(33,776)	133	-0.4%

Other information	1st Half 2017	1st Half 2016	Difference	Difference %
Cash flow from operating activities	17,431	11,993	5,438	45.3%
Research and development expenses	7,484	7,302	182	2.5%
Number of employees as at June 30 (7)	1,124	1,054	70	6.6%
Personnel cost (8)	40,484	34,220	6,264	18.3%
Disbursement for acquisition of tangible assets	(3,592)	3,344	(6,936)	-207.4%

(1) Following the acquisition of the control of Metalvuoto S.p.A., a significant player in the advanced packaging field, occurred at the end of 2016, starting from January 1, 2017 a third Business Unit named "Solutions for Advanced Packaging" was established, in order to ensure a better information transparency.

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

(thousands of euro)

	1st Half 2017	1st Half 2016
Net Sales	**117,283**	**89,832**
Raw materials	(31,931)	(18,491)
Direct labour	(13,146)	(10,525)
Manufacturing overhead	(23,130)	(19,639)
Increase (decrease) in work in progress and finished goods	2,513	(1,217)
Cost of sales	**(65,694)**	**(49,872)**
Gross profit	**51,589**	**39,960**
% on sales	***44.0%***	***44.5%***

(3) 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.

(4) 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, write-downs, depreciation and amortization".

(thousands of euro)

	1st Half 2017	1st Half 2016
Operating income	**20,466**	**11,926**
Depreciation and amortization	(4,407)	(4,150)
Write-down of assets	(294)	(37)
Bad debt provision (accrual) release	76	0
EBITDA	**25,091**	**16,113**
% on sales	***21.4%***	***17.9%***

(5) Adjusted EBITDA is meant to be the EBITDA itself, further adjusted to exclude the items considered by the management as not meaningful with reference to the current operating performance.
As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	1st Half 2017	1st Half 2016
EBITDA	**25,091**	**16,113**
% on sales	***21.4%***	***17.9%***
Settlement agreement Onondaga Lake	0	(431)
Severance costs in Memry GmbH	(116)	0
EBITDA *adjusted*	**25,207**	**16,544**
% on sales	***21.5%***	***18.4%***

(6) Adjusted operating income is meant to be the operating income itself, further adjusted to exclude the items considered by the management as not meaningful with reference to the current operating performance.
As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

(thousands of euro)

	1st Half 2017	1st Half 2016
Operating income	**20,466**	**11,926**
% on sales	***17.5%***	***13.3%***
Settlement agreement Onondaga Lake	0	(431)
Severance costs in Memry GmbH	(116)	0
Write-off related to the liquidation of Memry GmbH	(235)	0
Operating income *adjusted*	**20,817**	**12,357**
% on sales	***17.7%***	***13.8%***

(7) As at June 30, 2017 this item includes:
- employees for 1,071 units (1,010 units as at June 30, 2016);
- personnel employed in the Group's companies with contract types other than employment agreements, equal to 53 units (44 units as at June 30, 2016).

This figure does not include the personnel (employees and temporary workers) of the joint ventures amounting, according to the percentage of ownership held by the Group, to 53 units as at June 30, 2017 (64 units at the end of the first half of the previous year, always according to the percentage of ownership held by the Group).

(8) As at June 30, 2017 the severance costs included in the personnel costs are equal to 155 thousand euro (of which 116 thousand euro related to the decision of liquidating Memry GmbH, after having moved its production and commercial activities to other companies of the Group); the use of the defensive job-security agreement in the Avezzano plant of the Parent Company ,has led to a reduction in the personnel costs equal to 372 thousand euro. About that, please note that, on June 1, 2017 this agreement was resolved before its natural expiration date.
In the first half of 2016 the severance costs were equal to 100 thousand euro, while the use of social security provisions led a reduction in the personnel cost equal to 1,107 thousand euro

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 its 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 a technological platform which integrates getter materials in a polymeric matrix. These products, initially developed for OLED displays, are currently used in new application sectors, among which implantable medical devices and solid-state diagnostics imaging. Among the new applications, the advanced food packaging is a significantly strategic one, in which SAES aims to compete with an offering of new solutions for active packaging.

A total production capacity distributed in eleven facilities, a worldwide-based sales & service network, about 1,100 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.

S.G.G. Holding S.p.A. is a relative majority shareholder and it does not exercise any management and coordination activity towards SAES Getters S.p.A in accordance with article 2497 of the Civil Code (as better explained in the Report on corporate governance and ownership for the year 2016).

Group's structure

The Group's business structure identifies three Business Units: the Industrial Applications Business Unit, the Shape Memory Alloys Business Unit and the Solutions for Advanced Packaging Business Unit. The corporate costs, that means those 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 three Business Units.

The following table illustrates the Group's business structure.

Industrial Applications Business Unit	
Security & Defense	Getters and metal dispensers for electronic vacuum devices
Electronic Devices	Getters for microelectronic, micromechanical systems (MEMS) and sensors
Healthcare Diagnostics	Getters for X-ray tubes used in image diagnostic systems
Thermal Insulation	Products for thermal insulation
Getters & Dispensers for Lamps	Getters and metal dispensers used in discharge lamps and fluorescent lamps
Systems for UH Vacuum	Pumps for vacuum systems
Sintered Components for Electronic Devices & Lasers	Cathodes and materials for thermal dissipation in electronic tubes and lasers
Systems for Gas Purification & Handling	Gas purifier systems for the semiconductor industry and other industries
Shape Memory Alloys (SMA) Business Unit	
Nitinol for Medical Devices	Nitinol raw material and components for the biomedical sector
SMAs for Thermal & Electro Mechanical Devices	Shape Memory Alloys actuator devices for the industrial sector (domotics, white goods industry, consumer electronics and automotive sector)
Solutions for Advanced Packaging	
Solutions for Advanced Packaging	Advanced plastic films for the food packaging sector
Business Development Unit	
Organic Electronics	Materials and components for organic electronics applications

Compared to the previous year, following the acquisition of the control of Metalvuoto S.p.A., a significant player in the advanced packaging field, occurred at the end of 2016, a third Business Unit named "Solutions for Advanced Packaging" was established, in order to ensure a better information transparency.
Finally, please note the new segmentation of the Industrial Application Business Unit and the re-naming of some already existing operating segments, to better comply with the new organizational structure of the Group.
The figures related to 2016 were reclassified on the basis of the new organizational structure, to allow a homogeneous comparison with the current year.

Main events of the semester (January 1 – June 30, 2017)

The first half of 2017 was characterized by a strong revenues growth and increased profitability, in line with the positive trend of the last periods. In particular, during the semester, the organic growth (+19.8%) was concentrated in the gas purification sector, in the Nitinol segment for medical devices and in the electronic devices business.

In the first half of 2017, consolidated net revenues of 117.3 million euro reached the highest level ever recorded in the SAES Group history. All the Business Units contributed to this noticeably positive trend, thanks to the growth of some of the traditional sectors as well as some of the most innovative ones, recently introduced in the business.
The growth in the Industrial Applications Business Unit was mainly concentrated in the gas purification sector (organic growth equal to +44.2%) thanks to the investments in new semiconductors fabs in China, aimed at providing the country with an autonomous production capacity, in line with the "Made in China 2025" guidelines. The Electronic Devices Business also recorded a strong growth (+77% at stable exchange rates), thanks to some new advanced productions in the manufacturing unit of Avezzano, as well as to higher sales of film getters and traditional ones, also favored by the more and more increasing penetration of the infrared technology for surveillance and industrial applications. Also the systems for ultra vacuum business recorded an organic growth (+16.5%), concentrated in the sector of scientific instruments and in that of particle accelerators.

In the Shape Memory Alloys Business Unit, the growth was concentrated in the sector of Nitinol for medical applications (+12.9% at stable exchange rates), that recorded a growth higher than the reference market, thanks to an increased penetration of the SAES offer, distributed across various product lines and end-user applications.
Finally, please note that the consolidation of the newly acquired Metalvuoto S.p.A., generated an increase in sales, due to change in the scope of consolidation, equal to 7 million euro (Solutions for Advanced Packaging Business Unit).

Total revenues of the Group[1], including also the share of the revenues of the joint ventures[2], were equal to 124 million euro, up by 31.6% thanks both to the increase in consolidated revenues (+30.6%), and to the strong increase in the sales of the joint venture Actuator Solutions (+52.7%).

The growth in consolidated revenues allowed the improvement of the economic indicators; in particular, please note the consolidated EBITDA[3] figure, that increased from 17.9% in the first half of 2016 to 21.4% in the current semester.

Finally, despite the payment of dividends (equal to 12.3 million euro), please note the stability of the net financial position, principally attributable to the positive operating cash flow generation in line with the trend of the last recent periods.

Here below the significant events occurred in the first half of 2017.

On January 10, 2017 the company Flexterra Taiwan Co., Ltd., wholly owned by Flexterra, Inc. (USA), was established. The new company is headquartered in Zhubey City (Taiwan).

On January 19, February 10 and March 17, 2017 SAES Nitinol S.r.l. paid three additional tranches (equal to 1 million euro each) of the total financing of 4.5 million euro signed on November 28, 2016 in favor of Actuator Solutions GmbH. The last tranche of the financing, equal to 0.5 million euro, was paid on April 24, 2017. The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

On April 7, 2017 SAES Getters S.p.A. signed a new loan agreement with Unicredit S.p.A. for a total amount of 10 million euro, with a duration of five years (expiring on March 31, 2022), without any pre-amortization period. The contract provides for the repayment of fixed principal amounts on a three-month basis and interests indexed to the three-month Euribor, plus a spread equal to 1%. The loan includes some covenants that are standard for this type of transactions, calculated semi-annually on consolidated economic and financial figures.
At the same date, SAES Getters S.p.A. signed an IRS (Interest Rate Swap) contract expiring on March 31, 2022, on the total residual debt of the above-mentioned loan. The contract provides for the exchange of the three-month Euribor, either positive or negative, with a fixed rate of 0%. In case of negative three-month Euribor, the contract provides a floor equal to -1%.

On April 19, 2017 SAES Getters S.p.A. signed an IRS (Interest Rate Swap) contract on the mid-long-term loan of 10 million euro obtained by Intesa Sanpaolo S.p.A. on December 21, 2016. The IRS contract is applied on 50% of the residual debt outstanding at each repayment date, starting from June 30, 2017 and expiring on December 21, 2022. Such contract provides for the exchange of the six-month Euribor with a fixed rate of 0.16%.

[1]Total revenues of the Group are achieved by incorporating with the proportional method, instead of the equity method, the joint ventures of the Group.
[2] Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).
[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, write-downs, depreciation and amortization".

In order to protect the results and the profitability from the fluctuation of the exchange rates, on May 24, 2017, some contracts for the forward sale of US dollar were signed for a total notional value of 3,850 thousand USD; such contracts provide for an average forward exchange rate equal to 1.1252 against the euro and will be in force for the entire 2017. Similar contracts, for a notional value of 203 million JPY, were underwritten at the same date, with an average forward exchange rate equal to 125.4185 against the euro. Also these contracts will be in force for the entire 2017.

On June 1, 2017 the solidarity contract, applied in the Parent Company's manufacturing unit located at Avezzano, was resolved before its natural expiration date. Please note that, in the first five months of 2017, the application of such contract provided for a decrease in labor costs equal to 372 thousand euro.

On June 29, 2017 SAES Getters S.p.A. provided an early repayment for both tranches (one of which secured by SACE) of the loan to support advanced R&D projects, signed in June 2015 with EIB (European Investment Bank). The repayment totally amounted to 6 million euro as principal, in addition to an indemnity fee to EIB equal to 10 thousand euro and to the payment of a premium of about 76 thousand euro to SACE. Finally, the related transaction costs, equal to around 149 thousand euro, previously divided into installments on the basis of the duration of the loan, were recorded into the income statement.

Sales and economic results of the first half of 2017

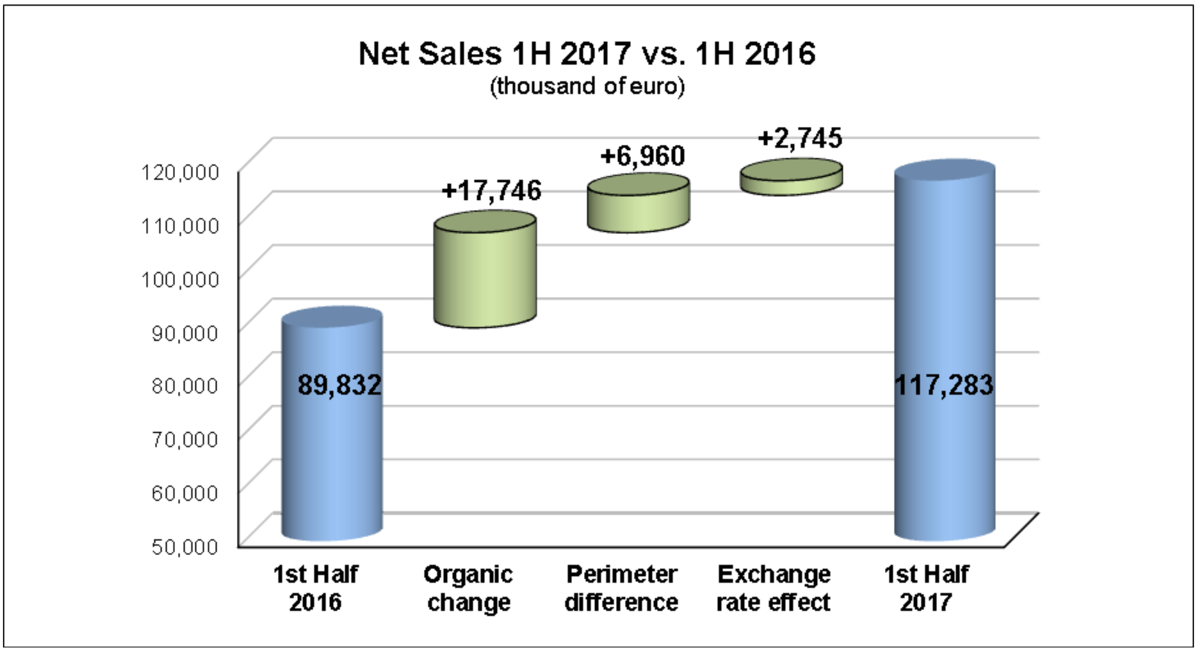
In the first half of 2017 the SAES Group achieved **consolidated net revenues** equal to 117,283 thousand euro, up by 30.6% compared to 89,832 thousand euro achieved in the corresponding period of 2016. The **exchange rate effect** was positive and equal to +3.1%, mainly related to the appreciation of US dollar against the euro in the first part of the semester. The acquisition of Metalvuoto S.p.A., occurred at the end of the previous year, generated sales equal to 6,960 thousand euro in the first half of 2017 (+7.7% the increase in revenues related to the **change in the scope of consolidation**). With the same exchange rates and the same scope of consolidation, the **organic growth** was equal to +19.8%, mainly driven by the gas purification sector (Systems for Gas Purification & Handling Business), by the sector of Nitinol for medical devices (Nitinol for Medical Devices Business) as well as by that of electronic devices (Electronic Devices Business).

Total revenues of the Group, achieved by incorporating the joint ventures with the proportional method instead of the equity method, were equal to 123,998 thousand euro, compared to 94,244 thousand euro in the first half of 2016: the strong increase, equal to +31.6% is attributable both to the increase in consolidated revenues (+30.6%), and to the strong increase in the sales of the joint venture Actuator Solutions that were up by 52.7%.

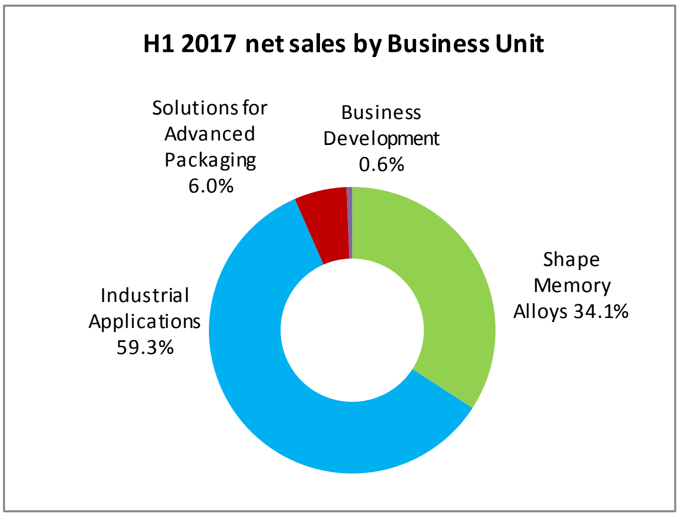
(thousands of euro)

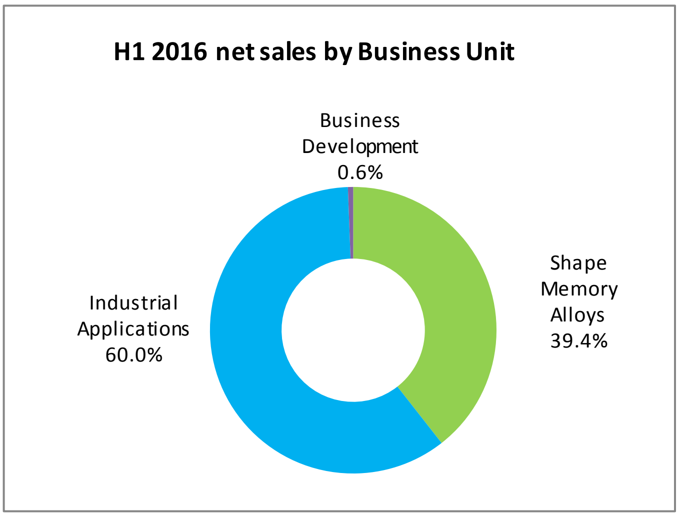
	1st Half 2017	1st Half 2016	Difference	Difference %
Consolidated net sales	**117,283**	**89,832**	**27,451**	**30.6%**
50% Actuator Solutions' sales	6,864	4,494	2,370	52.7%
49% SAES RIAL Vacuum S.r.l.' sales	279	273	6	2.2%
33,79% Flexterra's sales	6	0	6	n.a.
Eliminations	(316)	(332)	16	-4.8%
Other adjustments	(118)	(23)	(95)	413.0%
Total revenues of the Group	**123,998**	**94,244**	**29,754**	**31.6%**

The following chart shows the consolidated net sales of the first half of 2017, compared with the corresponding period of 2016, highlighting the effect of exchange rates, the growth related to the change in the scope of consolidation and the variation due to the changes in selling prices and sales volumes (organic growth).



Compared to the first half of 2016, the consolidation of the revenues of Metalvuoto S.p.A. in the new **Solutions for Advanced Packaging Business Unit** (6% of consolidated revenues as at June 30, 2017), brought to the reduction of the percentage weight of both the **Industrial Applications Business Unit** (from 60% to 59.3%) and the **Shape Memory Alloys Business Unit** (from 39.4% to 34.1%). However, please note that the reduction of the percentage importance of the most traditional and consolidated business (Industrial Applications Business Unit) was lower than that of the SMA segment, thanks to the already mentioned strong growth in the sales of the gas purification sector.





The following table contains the breakdown of the consolidated net sales by business segment in the first half of 2017 and in the same period of 2016, along with the percent change at current and comparable exchange rates and shows the percent change related to the new scope of consolidation.

(thousand of euro)

Business (*)	1st half 2017	1st half 2016	Total difference	Total difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Security & Defense	4,202	5,567	(1,365)	-24.5%	1.3%	-25.8%	0.0%
Electronic Devices	6,779	3,794	2,985	78.7%	1.7%	77.0%	0.0%
Healthcare Diagnostics	2,002	1,898	104	5.5%	1.6%	3.9%	0.0%
Getters & Dispensers for Lamps	3,205	3,967	(762)	-19.2%	0.7%	-19.9%	0.0%
Thermal Insulation	2,048	2,442	(394)	-16.1%	1.6%	-17.7%	0.0%
Systems for UH Vacuum	4,097	3,461	636	18.4%	1.9%	16.5%	0.0%
Sintered Components for Electronic Devices & Lasers	3,615	3,402	213	6.3%	3.1%	3.2%	0.0%
Systems for Gas Purification & Handling	43,602	29,354	14,248	48.5%	4.3%	44.2%	0.0%
Industrial Applications	**69,550**	**53,885**	**15,665**	**29.1%**	**3.1%**	**26.0%**	**0.0%**
Nitinol for Medical Devices	35,402	30,481	4,921	16.1%	3.2%	12.9%	0.0%
SMAs for Thermal & Electro Mechanical Devices	4,630	4,932	(302)	-6.1%	1.0%	-7.1%	0.0%
Shape Memory Alloys	**40,032**	**35,413**	**4,619**	**13.0%**	**2.9%**	**10.1%**	**0.0%**
Solutions for Advanced Packaging	**6,960**	**0**	**6,960**	**100.0%**	**0.0%**	**0.0%**	**100.0%**
Business Development	**741**	**534**	**207**	**38.8%**	**4.2%**	**34.6%**	**0.0%**
Total Net Sales	**117,283**	**89,832**	**27,451**	**30.6%**	**3.1%**	**19.8%**	**7.7%**

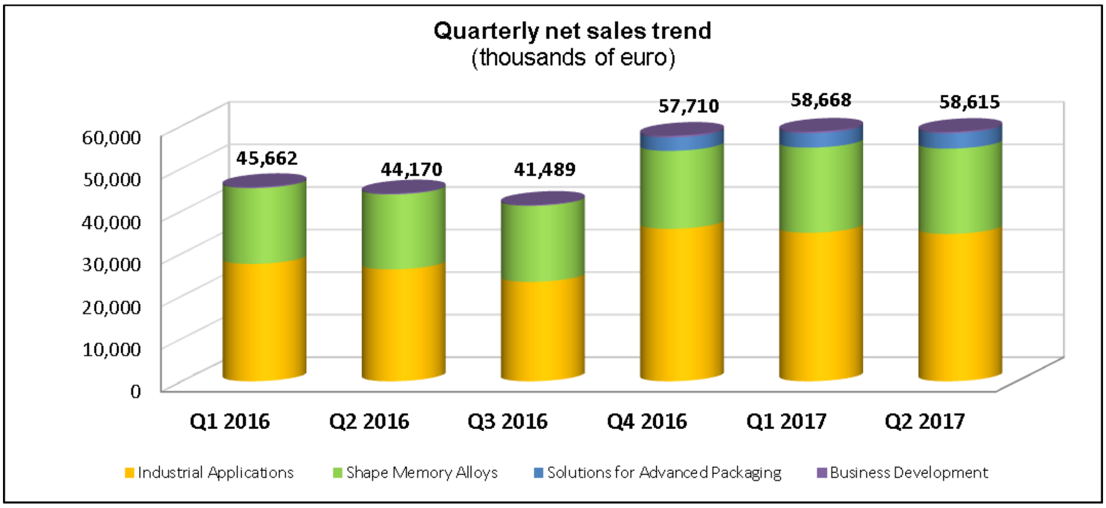
Consolidated revenues of the **Industrial Applications Business Unit** amounted to 69,550 thousand euro in the first half of 2017, up by 29.1% compared to 53,885 thousand euro million in the corresponding semester of 2016. The trend of the euro against the major foreign currencies led to a positive exchange rate effect equal to +3.1%, net of which revenues organically increased by 26%.
Compared to the first half of 2016, the growth was mainly concentrated in the Systems for Gas Purification & Handling Business (organic change of +44.2%) thanks to the investments in new semiconductors and displays fabs in Asia (particularly in China, Korea and Taiwan). The Electronic Devices Business also recorded a strong growth (organic growth equal to +77%), thanks to some new advanced productions for telecom market in the manufacturing unit of Avezzano, as well as to higher sales of film getters and traditional ones, also favored by the more and more increasing penetration of the infrared technology for surveillance and industrial applications. Also the Systems for UH Vacuum Business recorded an organic growth (+16.5%), concentrated in the sector of scientific instruments and in that of particle accelerators. Also the Healthcare Diagnostics Business (organic growth of +3.9%), as well as the Sintered Components for Electronic Devices & Lasers Business (organic growth of +3.2%) improved although at a lower rate, thanks to the good penetration in the reference applications market.
On the contrary, the Security & Defense Business showed a decrease compared to the first half of 2016 (organic decrease equal to -25.8%); this business, despite a substantially positive market trend, reflects the currently technological transition from the traditional getter to the miniaturized one.
In line with the previous year, the Light Sources Business (a decrease of -19.9%, now being considered structural and spread over all the geographical areas), penalized by the technological competition of LEDs towards fluorescent lamps, as well as the Thermal Insulation Business (organic decrease equal to -17.7%), suffering from the weakness in the sales of getters for insulation panels for the refrigeration market and of getters for vacuum bottles for the consumer market, recorded a decrease.

Consolidated revenues of the **Shape Memory Alloys Business Unit** were equal to 40,032 thousand euro in the first half of 2017, up by 13% compared to 35,413 thousand euro in the corresponding period of 2016. The exchange rate effect was positive for +2.9%, net of which the organic growth was equal to +10.1%.
In particular, the growth was concentrated in the sector of Nitinol for medical applications (Nitinol for Medical Devices Business) that recorded an organic growth of +12.9%, spread over different product lines and end-user applications and favored by its presence in growing market sectors, such as neurovascular or electro-physiological applications.
Instead, the industrial SMAs segment (SMAs for Thermal and Electro Mechanical Devices Business) recorded a slight organic decrease (-7.1%), due to a temporary slow-down in the sales of the luxury goods segment, caused by the currently underway transfer of a production line from Germany to Italy.

The newly established **Solutions for Advanced Packaging Business Unit**, which mainly comprises the newly acquired Metalvuoto S.p.A., recorded revenues equal to 6,960 thousand euro in the first half of 2017.

The **Business Development Unit, that** includes projects of basic research or in a developing phase, aimed at diversifying into innovative businesses, ended the first semester of 2017 with consolidated revenues equal to 741 thousand euro, compared to 534 thousand euro in the corresponding period of 2016. The exchange rate effect was positive and equal to +4.2%, net of which revenues organically increased by +34.6%, mainly thanks to the adoption of dispensable dryers for OLED in the mass production of some Chinese players and to the increasing demand of functional polymers by the Taiwanese producers of OLED for portable applications. Finally, please note that other functional polymers-based products are initially entering new markets, such as those of medical devices and optoelectronics.

The quarterly trend of the net consolidated revenues, with evidence of the details by Business is provided in the following chart and in the table below.



(thousands of euro)

Business	2nd Quarter 2017	1st Quarter 2017	4th Quarter 2016	3rd Quarter 2016	2nd Quarter 2016	1st Quarter 2016
Security & Defense	2,033	2,169	2,765	2,242	3,043	2,524
Electronic Devices	4,170	2,609	2,494	2,342	1,920	1,874
Healthcare Diagnostics	965	1,037	867	983	951	947
Getters & Dispensers for Lamps	1,386	1,819	2,038	1,786	1,886	2,081
Thermal Insulation	777	1,271	1,248	1,500	1,052	1,390
Systems for UH Vacuum	1,992	2,105	3,587	1,689	1,513	1,948
Sintered Components for Electronic Devices & Lasers	1,880	1,735	1,611	1,776	1,683	1,719
Systems for Gas Purification & Handling	21,434	22,168	21,213	11,050	14,250	15,104
Industrial Applications	**34,637**	**34,913**	**35,823**	**23,368**	**26,298**	**27,587**
Nitinol for Medical Devices	17,549	17,853	16,370	15,800	15,054	15,427
SMAs for Thermal & Electro Mechanical Devices	2,488	2,142	1,958	2,062	2,560	2,372
Shape Memory Alloys	**20,037**	**19,995**	**18,328**	**17,862**	**17,614**	**17,799**
Solutions for Advanced Packaging	**3,591**	**3,369**	**3,141**	**0**	**0**	**0**
Business Development	**350**	**391**	**418**	**259**	**258**	**276**
Total Net Sales	**58,615**	**58,668**	**57,710**	**41,489**	**44,170**	**45,662**

Consolidated revenues of the first two quarters of the current year maintained and exceeded the already significant levels of the fourth quarter of 2016, mainly thanks to the excellent performance of the gas purification sector.

The following table contains a breakdown of the consolidated net revenues of the first two quarters of the current year by business segment, along with the organic change and the exchange rates effect.

(thousands of euro)

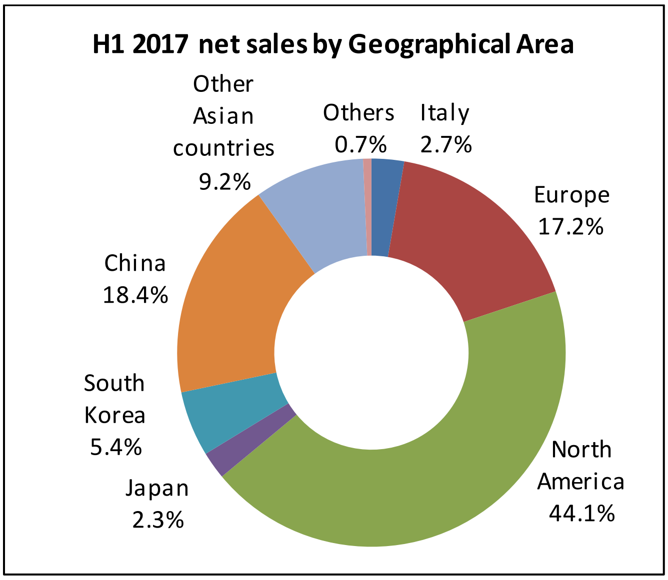
Business	2nd Quarter 2017	1st Quarter 2017	Difference	Difference %	Exchange rate effect %	Organic change %
Security & Defense	2,033	2,169	(136)	-6.3%	-1.6%	-4.7%
Electronic Devices	4,170	2,609	1,561	59.8%	-2.5%	62.3%
Healthcare Diagnostics	965	1,037	(72)	-6.9%	-1.8%	-5.1%
Getters & Dispensers for Lamps	1,386	1,819	(433)	-23.8%	-1.1%	-22.7%
Thermal Insulation	777	1,271	(494)	-38.9%	-1.6%	-37.3%
Systems for UH Vacuum	1,992	2,105	(113)	-5.4%	-1.9%	-3.5%
Sintered Components for Electronic Devices & Lasers	1,880	1,735	145	8.4%	-3.8%	12.2%
Systems for Gas Purification & Handling	21,434	22,168	(734)	-3.3%	-3.4%	0.1%
Industrial Applications	**34,637**	**34,913**	**(276)**	**-0.8%**	**-2.9%**	**2.1%**
Nitinol for Medical Devices	17,549	17,853	(304)	-1.7%	-3.3%	1.6%
SMAs for Thermal & Electro Mechanical Devices	2,488	2,142	346	16.2%	-1.6%	17.8%
Shape Memory Alloys	**20,037**	**19,995**	**42**	**0.2%**	**-3.1%**	**3.3%**
Solutions for Advanced Packaging	**3,591**	**3,369**	**222**	**6.6%**	**0.0%**	**6.6%**
Business Development	**350**	**391**	**(41)**	**-10.5%**	**-2.8%**	**-7.7%**
Total Net Sales	**58,615**	**58,668**	**(53)**	**-0.1%**	**-2.8%**	**2.7%**

Despite the negative exchange rate effect, please note that the consolidated revenues of the second quarter of 2017 remained substantially stable compared with that of the first quarter. In particular, an organic growth is highlighted in all the three strategic Business Units of the Group (Industrial Applications, Shape Memory Alloys and Solutions for Advanced Packaging).

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

(thousands of euro)

Geographical area	1st Half 2017	%	1st Half 2016	%	Difference	Difference %
Italy	3,182	2.7%	752	0.8%	2,430	323.1%
Europe	20,138	17.2%	15,479	17.2%	4,659	30.1%
North America	51,716	44.1%	42,200	47.0%	9,516	22.5%
Japan	2,692	2.3%	2,702	3.0%	(10)	-0.4%
South Korea	6,379	5.4%	3,765	4.2%	2,614	69.4%
China	21,592	18.4%	10,818	12.0%	10,774	99.6%
Other Asian countries	10,774	9.2%	13,329	14.8%	(2,555)	-19.2%
Others	810	0.7%	787	0.9%	23	2.9%
Total net sales	**117,283**	**100.0%**	**89,832**	**100.0%**	**27,451**	**30.6%**



The main changes in the **geographical distribution of revenues** concern the gas purification sector, whose sales decrease in Taiwan and Singapore ("Other Asia") was more than offset by higher revenues in China, South Korea and North America.
Also the increased sales of Nitinol devices for medical applications contributed to the growth of sales in North America (+22.5%).
Finally, please note that sales in Italy and Europe mainly increased as a result of the consolidation of the newly acquired Metalvuoto S.p.A.

Consolidated gross profit[4], amounted to 51,589 thousand euro in the first half of 2017, compared to 39,960 thousand euro in the first semester of 2016. The strong growth (+29.1%) was exclusively attributable to the increase in revenues; instead, the gross margin[5] recorded a slight decrease (from 44.5% in the first half of 2016 to 44% in the current semester), due to the dilution subsequent to the consolidation of the newly acquired Metalvuoto S.p.A., currently characterized by a structure of variable production costs different from that of the traditional perimeter of the Group (namely, higher incidence of costs for raw materials). Excluding the Solutions for Advanced Packaging Business Unit, all the other business sectors showed an increase in the gross margin.

The following table shows the consolidated gross profit for the first half of 2017 by Business Unit, compared with the corresponding period of the previous year and shows the change due to the change in the scope of consolidation following the acquisition of Metalvuoto S.p.A.

(thousands of euro)

Business Unit	1st Half 2017	1st Half 2016	Difference	Difference %	of which: Perimeter difference
Industrial Applications	33,382	25,714	7,668	29.8%	0
% on Business Unit net sales	*48.0%*	*47.7%*			
Shape Memory Alloys	17,022	14,166	2,856	20.2%	0
% on Business Unit net sales	*42.5%*	*40.0%*			
Solutions for Advanced Packaging	1,059	0	1,059	n.a.	1,059
% on Business Unit net sales	*15.2%*	*n.a.*			
Business Development & Corporate Costs	126	80	46	57.5%	0
% on Business Unit net sales	*17.0%*	*15.0%*			
Gross profit	**51,589**	**39,960**	**11,629**	**29.1%**	**1,059**
% on net sales	***44.0%***	***44.5%***			*15.2%*

Gross profit of the **Industrial Applications Business Unit** was equal to 33,382 thousand euro in the first semester of 2017, compared to 25,714 thousand euro in the first half of 2016. The growth (+29.8%) was mainly related to the significant performance of the sales in the gas purification sector, as well as that of the electronic devices; the gross margin was substantially stable (from 47.7% to 48%): the significant performance of the gas purification sector more than offset the decrease in gross margin in the more traditional businesses or those with a structural decrease (i.e. the lamps business).

In the **Shape Memory Alloys Business Unit**, the increase in revenues, combined with the greater economies of scale and the higher production efficiency in the sector of Nitinol for medical devices, enabled an increase both in the gross profit (+20.2%, from 14,166 thousand euro in the first half of 2016 to 17,022 thousand euro in the current period) as well as in the gross margin (from 40% in 2016 to 42.5% in 2017).

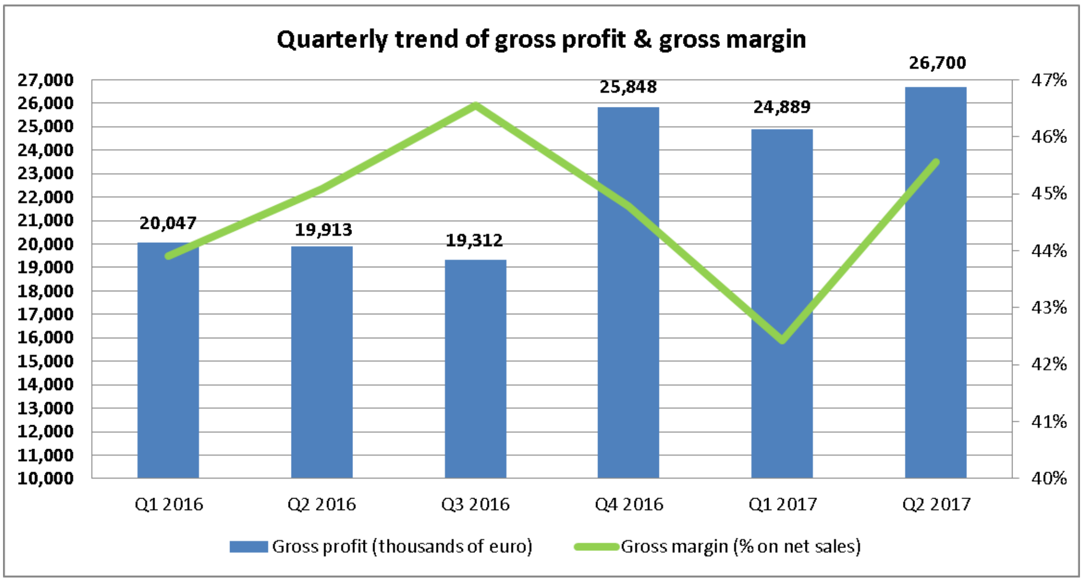
Gross profit of the newly established **Solutions for Advanced Packaging Business Unit** was equal to 1,059 thousand euro in the first half of 2017 (15.2% of consolidated revenues) and it mainly comprises the contribution of the newly acquired Metalvuoto S.p.A., whose industrial activity is currently

[4]Calculated as the difference between net sales and industrial costs directly and indirectly attributable to the products sold.
[5]Calculated as the ratio between gross profit and consolidated revenues.

characterized by a different structure of variable production costs compared to that of the traditional perimeter of the Group.

The **Business Development Unit and Corporate Costs** ended the first half of 2017 with a gross profit of 126 thousand euro (17% of revenues) compared to 80 thousand euro (15% of revenues) in the first six months of 2016.

The following chart shows the quarterly trend of both the consolidated gross profit and gross margin. Please note that, starting from the last quarter of 2016, despite the quarterly gross profit significantly increased compared to the previous quarters, gross margins decreased due to the dilutive effect of the consolidation of the newly acquired Metalvuoto S.p.A., whose gross margin is currently lower than the average one of the SAES Group.



Consolidated operating income amounted to 20,466 thousand euro in the first half of 2017 (17.5% of consolidated revenues), strongly increased (+71.6%) compared to 11,926 thousand euro in the corresponding period of the previous year (13.3% of consolidated revenues): the increase in revenues and the lower incidence of the operating expenses on revenues (from 30.3% to 26.5%) enabled the strong improvement of the operating indicators compared to the previous year.

The following table shows the consolidated operating income of the first half of 2017 by Business Unit, compared with the corresponding period of the previous year and shows the effect related to the change in the scope of consolidation.

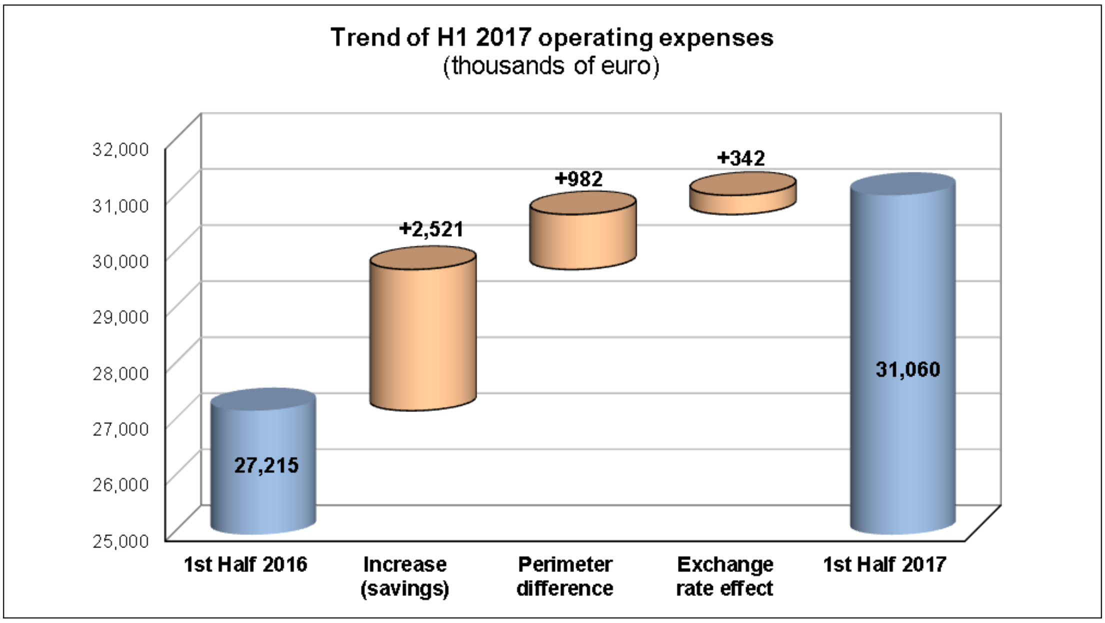
(thousands of euro) of which:

Business Unit	1st Half 2017	1st Half 2016	Difference	Difference %	Perimeter difference
Industrial Applications	21,556	14,029	7,527	53.7%	0
Shape Memory Alloys	10,280	8,753	1,527	17.4%	0
Solutions for Advanced Packaging	(72)	0	(72)	n.a.	41
Business Development & Corporate Costs	(11,298)	(10,856)	(442)	4.1%	0
Gross profit	**20,466**	**11,926**	**8,540**	**71.6%**	**41**
% on net sales	***17.5%***	***13.3%***			***0.6%***
Settlement agreement Onondaga Lake	0	(431)	431	100.0%	0
Severance costs in Memry GmbH	(116)	0	(116)	n.a.	0
Write-off related to the liquidation of Memry GmbH	(235)	0	(235)	n.a.	0
Gross profit *adjusted*	**20,817**	**12,357**	**8,460**	**68.5%**	**41**
% on net sales	***17.7%***	***13.8%***			***0.6%***

As shown in the above table, by excluding the non-recurring costs related to the future liquidation of the German subsidiary Memry GmbH, the **adjusted operating income** [6] was equal to 20,817 thousand euro (or 17.7% of consolidated revenues).

Consolidated operating expenses were equal to 31,060 thousand euro (26.5% of revenues), compared to 27,215 thousand euro in the corresponding semester of 2016 (30.3% of revenues). Excluding both the exchange rate effect (+342 thousand euro) and the increase related to the consolidation of the newly acquired Metalvuoto S.p.A. (+982 thousand euro), the increase in the operating expenses (+2,521 thousand euro) mainly regarded the **general and administrative expenses** (please note, in particular, the increased costs for fixed and variable compensation to the personnel, as well as the higher accrual for the variable remuneration of the Executive Directors, in addition to the already mentioned non-recurring costs for the future liquidation of the German subsidiary Memry GmbH). The slight increase in the **selling expenses** was related to variable costs that are linked to the volumes of sales, such as transportation costs. The **R&D expenses** were instead substantially in line with those of the first half of 2016.

The following chart shows the trend of the consolidated operating expenses in the first half of 2017, including the increase related to the acquisition of Metalvuoto S.p.A.



[6] Adjusted operating income is meant to be the operating income itself, further adjusted to exclude the items considered by the management as not meaningful with reference to the current operating performance. As its calculation is not ruled by the IFRS principles, the method applied by the Group may be not homogeneous, and so far not comparable, with the ones applied by other Groups.

The total **labor cost** was equal to 40,484 thousand euro, compared to 34,220 thousand euro in the corresponding period of the previous year: the growth (+6,264 thousand euro) was due to the change in the scope of consolidation (the labor cost of Metalvuoto S.p.A. amounted to 1,018 thousand euro in the first half of 2017) and to the exchange rate effect (+684 thousand euro), as well as to the increase in the average number of employees of the Group, concentrated in the shape memory alloys segment and in that of the gas purification, and to higher accruals for variable remuneration components, estimated to grow in line with the trend of the economic results.
Finally, within the labor cost, please note extraordinary severance expenses of Memry GmbH (116 thousand euro) and the lower utilization of defensive job-security agreements in the Avezzano plant of the Parent Company (735 thousand euro).

The result of the semester includes **depreciation and amortization** equal to 4,407 thousand euro, a slight increase compared to the first half of 2016 (4,150 thousand euro), due to the consolidation of the newly acquired Metalvuoto S.p.A.

Consolidated EBITDA[7] was equal to 25,091 thousand euro in the first half of 2017 (21.4% of consolidated revenues, up by 55.7% compared to 16,113 thousand euro in the corresponding semester of 2016 (17.9% of consolidated revenues), mainly driven by the gas purification sector and by that of Nitinol for medical applications.
As shown in the following table, excluding the non-recurring costs related to the future liquidation of the German subsidiary Memry GmbH, the **adjusted EBITDA**[8] was equal to 25,207 thousand euro in the first half of 2017, equal to 21.5% of consolidated revenues.
The following table shows the reconciliation between EBITDA, adjusted EBITDA and operating income in the first half of 2017, compared with the previous year.

(thousands of euro) | | | | | of which:

	1st Half 2017	1st Half 2016	Difference	Difference %	Perimeter difference
Operating income	20,466	11,926	8,540	71.6%	41
Depreciation and amortization	(4,407)	(4,150)	(257)	6.2%	(206)
Write-down of assets	(294)	(37)	(257)	694.6%	0
Bad debt provision (accrual)/release	76	0	76	n.a.	(33)
EBITDA	**25,091**	**16,113**	**8,978**	**55.7%**	**280**
% on sales	***21.4%***	***17.9%***			***4.0%***
Settlement agreement Onondaga Lake	0	(431)	431	-100.0%	0
Severance costs in Memry GmbH	(116)	0	(116)	n.a.	0
EBITDA *adjusted*	**25,207**	**16,544**	**8,663**	**52.4%**	**280**
% on sales	***21.5%***	***18.4%***			***4.0%***

The net balance of **other income (expenses)** was negative for an amount of 63 thousand euro, compared to a negative balance of 819 thousand euro in the first half of 2016. The difference is mainly due to the fact that in the first half of 2016 this item included the cost related to the settlement agreement for the

[7] 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, write-downs, depreciation and amortization".
[8] For Adjusted EBITDA we intend EBITDA rectified in order to exclude the items considered by the management as not meaningful with reference to the current operating performance. Since its calculation is not regulated by applicable IFRS standards, the method applied by the Group may not be homogeneous with those adopted by other Groups.

definition of the environmental dispute regarding the purification of the Onondaga Lake (431 thousand euro), in addition to the cost of a license acquired by Polyera Corporation on 50% of the OLET technology that the Group had developed in partnership with Polyera itself (245 thousand euro).

The net balance of **financial income and expenses** was negative for -841 thousand euro (compared to a negative balance of -737 thousand euro in the corresponding period of 2016) and it mainly included interest expenses on long term loans granted to the Parent Company, to the newly acquired Metalvuoto S.p.A. and to the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group. The increase in the net financial expenses compared to the figure as at June 30, 2016 was attributable to the cost for the early repayment of both tranches (one of which secured by SACE) of the loan signed in June 2015 with EIB (European Investment Bank), to support advanced R&D projects. In particular, this operation provided for the payment of an indemnity fee to EIB of 10 thousand euro and the payment of a premium of about 76 thousand euro to SACE, as well as the inclusion in the income statement of transaction costs equal to about 149 thousand euro, previously divided into installments on the basis of the duration of the loan.

The loss deriving from the **evaluation with the equity method** of the joint ventures totally amounted to -865 thousand euro, almost exclusively attributable to the joint venture Flexterra. This figure compares to a cost equal to -1,178 thousand euro in the corresponding period of 2016, mainly related to the joint venture Actuator Solutions. For further details on the composition of these losses please refer to the paragraph "Performance of the joint ventures in the first half of 2017" and to the Note no. 8 and to the Note no. 15. Please note that, being the investment of SAES in Actuator Solutions already fully reduced to zero as at June 30, 2017 and since today there is no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solutions in the first half of 2017 (-€1.7 million) was not recognized by the Group.

The sum of the **exchange rate differences** recorded a negative balance equal to -726 thousand euro in the first six months of 2017, compared to a negative balance equal to -224 thousand euro in the first half of 2016. The negative balance of the current semester was mainly attributable to foreign exchange losses on commercial transactions, generated by the devaluation of the dollar compared to the euro; instead, the negative balance of the first half of 2016 was mainly due to the losses related to the fair value evaluation of forward contracts entered into to hedge business transactions in dollar and yen scheduled for the second part of the year.

Consolidated income before taxes amounted to 18,034 thousand euro in the first half of 2017, almost doubled (+84.3%) compared to an income before taxes of 9,787 thousand euro in the first half of 2016.

Income taxes amounted to 6,751 thousand euro in the first half of 2017, compared to 4,317 thousand euro in the corresponding period of the previous year. The Group's *tax rate* was equal to 37.4% (44.1% in the corresponding semester of 2016), substantially in line with the figure related to the full year 2016.

Consolidated net income was equal to 11,283 thousand euro (9.6% of consolidated revenues) in the first half of 2017, more than doubled (+106.3%) compared to a consolidated net income of 5,470 thousand euro (6.1% of consolidated revenues) in the first half of 2016.

Net financial position – Investments – Other information

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

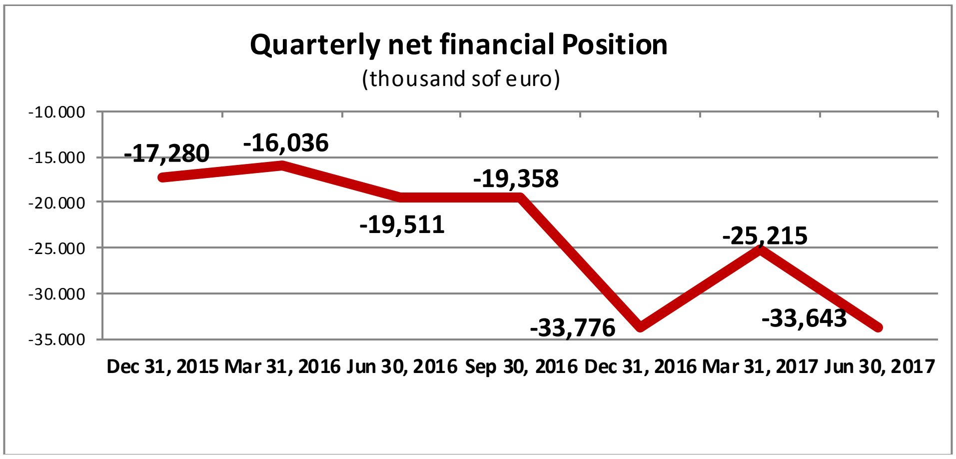
(thousands of euro)

	June 30, 2017	March 31, 2017	December 31, 2016
Cash on hands	18	20	19
Cash equivalents	21,317	21,214	14,321
Cash and cash equivalents	**21,335**	**21,234**	**14,340**
Related parties current financial assets	797	665	565
Other current financial assets	81	1	1
Current financial assets	**878**	**666**	**566**
Bank overdraft	(18,905)	(9,388)	(6,847)
Current portion of long term debt	(9,572)	(8,542)	(8,239)
Other current financial liabilities	(1,327)	(1,220)	(1,100)
Current financial liabilities	**(29,804)**	**(19,150)**	**(16,186)**
Current net financial position	**(7,591)**	**2,750**	**(1,280)**
Related parties non current financial assets	**8,549**	**8,149**	**5,249**
Long term debt, net of current portion	(33,592)	(34,302)	(35,916)
Other non current financial liabilities	(1,009)	(1,812)	(1,829)
Non current liabilities	**(34,601)**	**(36,114)**	**(37,745)**
Non current net financial position	**(26,052)**	**(27,965)**	**(32,496)**
Net financial position	**(33,643)**	**(25,215)**	**(33,776)**

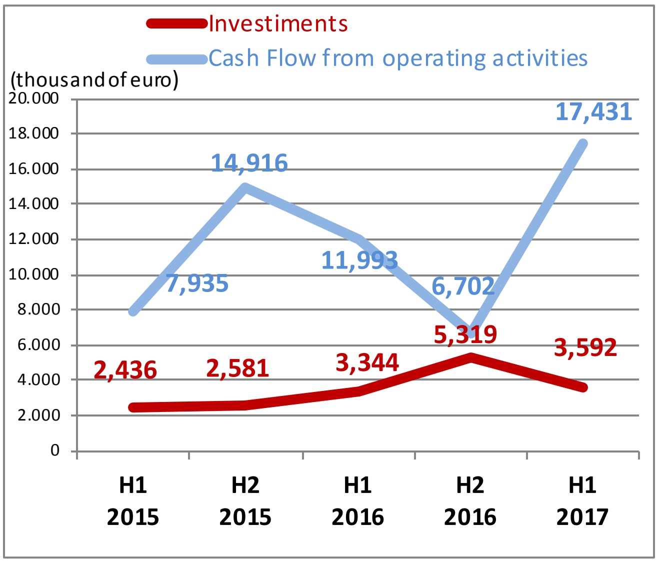
The **consolidated net financial position** was negative for an amount of 33,643 thousand euro as at June 30, 2017 (cash equal to 21,335 thousand euro and net financial liabilities of 54,978 thousand euro), compared to a negative net financial position of 33,776 thousand euro as at December 31, 2016 (cash equal to 14,340 thousand euro and net financial liabilities of 48,116 thousand euro).

Despite the payment of dividends occurred at the beginning of May (-12,250 thousand euro) and the net outflows for investments in tangible and intangible assets (-3,752 thousand euro), the incoming cash-flow generated from the operating activities and related to the increase in both revenues and economic results enabled to end the semester with a net financial position in line with that of December 31, 2016.
The exchange rate effect on the net financial position was negative and equal to -545 thousand euro, mainly attributable to the negative effect of the devaluation of the US dollar on the cash denominated in dollars, only partially offset by the positive effect on the debt denominated in that currency and held by the US subsidiaries.

The chart below shows the quarterly trend of the net financial position during the last two years.



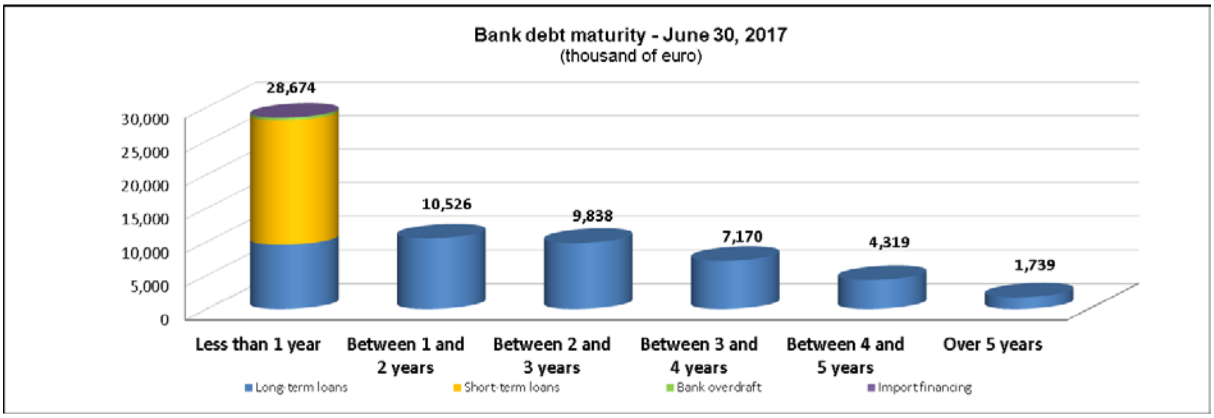
The following chart shows the cash absorption in the second quarter of 2017, almost entirely due to the payment of dividends in May. However, the strong generation of operating cash flows allowed a slight improvement in the net financial position compared to the figure as at December 31, 2016.



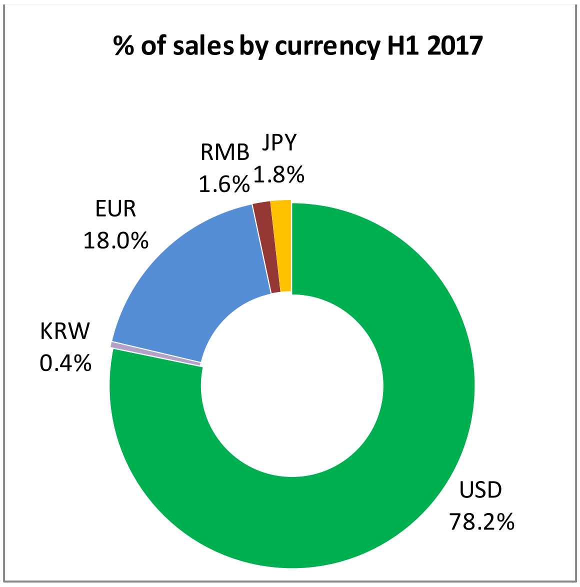
The **cash-flow generated from the operating activities** was positive and equal to 17,431 thousand euro in the first half of 2017, strongly increased (+45.3%) compared to a still positive figure of 11,993 thousand euro in the corresponding period of the previous year, thanks to the cash flows mainly generated by the gas purification sector and by that of Nitinol for medical applications.
In both the semesters, the operating cash flow was fully attributable to the self-financing, together with a substantial stability of the net working capital.

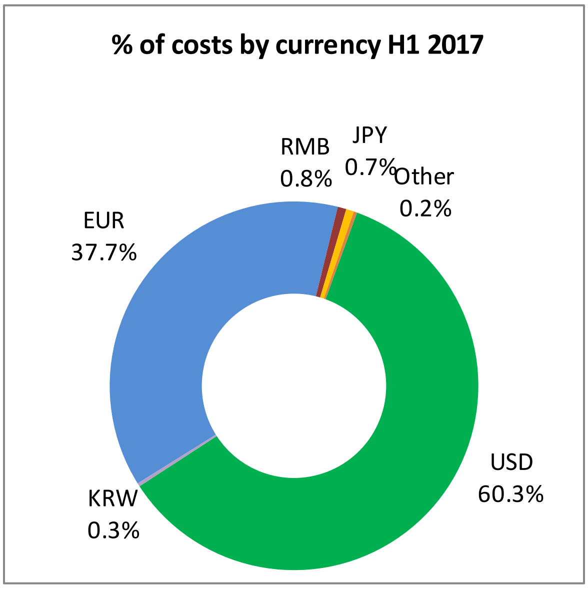
In the first half of 2017 the cash out for **investments in tangible assets** was equal to 3,592 thousand euro (3,344 thousand euro in the corresponding period of 2016); instead, the investments in intangible assets were not significant (209 thousand euro compared to 105 thousand euro as at June 30, 2016). For further details on the capital expenditure of the semester, please refer to the Note no. 13 and to the Note no. 14.
Finally, with regards to the investment activities, please note also the payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (219 thousand euro in first half of 2017).

The following chart shows the **maturity profile** the **consolidated bank debt** as at 30 June 2017.



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 2017

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

In the first half of 2017 the Parent Company reported revenues of 22,733 thousand euro, increased by 1,284 thousand euro (+6%) compared to the corresponding period of the previous year (21,449 thousand euro[9]) mainly thanks to the revenues related to the new advanced productions of the Avezzano plant in the Electronic Devices Business and to the higher sales of shape memory alloy components for industrial applications (SMA springs and trained wires for the automotive market).
The aforementioned increase in revenues, together with the higher dividends received from the subsidiaries, offset the reduction in the gross margin (from 46.7% in the first half of 2016 to 42.5% in the first half of 2017 due to a different product mix and to the initial inefficiencies linked to the launch of new productions) and the increase in general and administrative expenses (increase in fixed and variable salaries to employees and higher accruals for the variable remuneration of the Executive Directors), allowing to end the current semester with a net income in line with that of the corresponding period of the previous year (4,380 thousand euro in the first half of 2017, compared to 4,306 thousand euro in the first half of 2016).

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

The company reported consolidated revenues equal to 58,352 thousand USD (53,880 thousand euro at the average exchange rate of the period) in the first half of 2017, compared to 43,514 thousand USD (38,994 thousand euro at the average exchange rate) and a consolidated net income of 6,254 thousand USD (5,775 thousand euro), compared to a consolidated net income of 1,734 thousand USD in the corresponding period of 2016 (1,554 thousand euro).

Further notes are provided below.

[9] The amount does not coincide with the one reported in the semi-annual 2016 financial Report following the merger by incorporation of the wholly-owned subsidiary SAES Advanced Technologies S.p.A into SAES Getters S.p.A. The merger, executed on November 15, 2016, was backdated at January 1, 2016, and therefore the figures of first half of 2016 of the Parent Company were reworked, including also those of SAES Advanced Technologies S.p.A.

The US parent company ***SAES Getters USA, Inc.,*** which operates primarily in the Industrial Applications Business Unit, reported sales of 7,471 thousand USD, compared to 7,236 thousand USD in the first half of the previous year: this increase (+3.3%) was mainly concentrated in the sales of internally manufactured components, while the resale of the products produced by SAES Getters S.p.A. was substantially stable compared with that of 2016.
The company ended the semester with a net income of 6,254 thousand USD, compared to a net income of 1,734 thousand USD in the first half of 2016: the strong increase of the net income (+260.6%) was the result of the increase in revenues and gross margins (the latter supported by the above mentioned increase in the percentage of the production activities compared to the distribution ones), together with the higher earnings deriving from the evaluation with the equity method of the shareholding in the subsidiary SAES Pure Gas, Inc. that ended the current semester with a result more than doubled compared to the previous year. Finally, please note that the result of the first half of 2016 was penalized by the cost related to the signature of a settlement agreement for the definition of the environmental dispute related to presumed harmful emissions of mercury in the Onondaga Lake (1,250 thousand USD).

The subsidiary ***SAES Pure Gas, Inc.*** based in San Luis Obispo, CA (USA) active in the Systems for Gas Purification & Handling Business, achieved sales of 46,979 thousand USD (compared to 32,482 thousand USD in the first half of 2016) and a net income equal to 4,952 thousand USD (compared with a net income of 1,497 thousand USD as at June 30, 2016). The significant improvement in the net income was mainly related to the sales increase (driven by the investments in microprocessor factories in Asia) and to the most favorable product mix, which more than offset the higher operating expenses (in particular, higher transport costs) and higher commissions recognized to the subsidiary SAES Getters Export, Corp.

The subsidiary ***Spectra-Mat, Inc.***, Watsonville, CA (USA), operating in the Sintered Components for Electronic Devices & Lasers Business, achieved revenues of 3,902 thousand USD in the first half of 2017 (3,796 thousand USD in the corresponding period of the previous year) and a net income of 506 thousand USD (almost doubled compared to 284 thousand USD at June 30, 2016). The improvement in the performance of the company was related to the higher sales in the emitter sector, only partially offset by a slight decrease in the thermal management segment, and a more favorable mix characterized by lower raw material absorption.

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 all the US Group's companies.
In the first half of 2017 it achieved a net income of 7,310 thousand USD (6,750 thousand euro), up by 16.6% when compared to the corresponding period of 2016 (6,272 thousand USD, equal to 5,621 thousand euro) mainly thanks to the higher commissions received by the subsidiary SAES Pure Gas, Inc., that has significantly increased its business abroad in the first half 2017.

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

The company manages the commercial activities of the Group in the Republic of China.
SAES Getters (Nanjing) Co., Ltd. ended the first half of 2017 with revenues equal to 22,013 thousand RMB (2,957 thousand euro), up by 35.7% compared to 16,218 thousand RMB (2,223 thousand euro) in the corresponding period of the previous year, thanks primarily to the higher commission income collected from the associated company SAES Pure Gas, Inc. for commercial assistance provided to the latter for sales of purifiers in the Chinese market. The increase in sales, together with the higher dividends received by SAES Getters International Luxembourg S.A. (in which SAES Getters (Nanjing) Co., Ltd. owns a 10%stake), allowed to end the current period with a net income equal to 8,436 thousand RMB (1,133 thousand euro), with a strong increase compared to 1,717 thousand RMB (235 thousand euro) as at June 30, 2016.

MEMRY GmbH, Weil am Rhein (Germany)

The company, which manufactures and markets shape memory alloy components for both medical and industrial applications in the European market, in the first half of 2017 has continued the preliminary activities to transfer all the manufacturing and sales activities to other companies of the Group, and recorded non-recurring costs for 351 thousand euro[10] (in particular, personnel exit costs of 116 thousand euro and costs for asset write-downs of 235 thousand euro). Following the finalization of the transfer of the different businesses, scheduled at the beginning of the second half of 2017, the liquidation of the German subsidiary will start, and it is expected to last for about one year.

Memry GmbH achieved revenues of 3,883 thousand euro in the first half of 2017 compared to 4,109 thousand euro in the corresponding period of the previous year. The sales decrease, closely related to the above mentioned transfer of the production and commercial activities, and the extraordinary restructuring expenses, resulted in a decrease of the net income, down from 653 thousand euro as at June 30, 2016 to 462 thousand euro in the first half of 2017.

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 the Notes no. 8 and no. 15 of the Interim condensed consolidated financial statements).

SAES Nitinol S.r.l. ended the first half of 2017 with a net income equal to 72 thousand euro, compared a net loss equal to -75 thousand euro in the first half of 2016, thanks due to the higher interest income on interest-bearing loans granted to the joint venture Actuator Solutions. Please refer to the section “Main events of the semester” and to the Note no. 18 for further details of the various tranches of the loans granted by SAES Nitinol S.r.l. to Actuator Solutions GmbH during the first half of 2017.

Finally, please note that, on March 15, 2017 SAES Getters S.p.A. approved the partial waiver of the financial receivable claimed by the same towards SAES Nitinol S.r.l. for an amount of 8,380 thousand euro in favor of SAES Nitinol S.r.l., equal to the difference between the total loss (-8,520 thousand euro) recorded by SAES Nitinol S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-140 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016. At the same time, the Parent Company provided for a further capital contribution in cash equal to 140 thousand euro in favor to SAES Nitinol S.r.l., to cover possible future losses.

E.T.C. S.r.l., Lainate, MI (Italy)

The company, a spin-off supported by the National Research Council (CNR), 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 operates exclusively as a research center for the above mentioned developments, until February 26, 2016 it was 96% controlled by the Parent Company; on that date SAES Getters S.p.A. acquired from the minority shareholder the residual 4% of the share capital. SAES Getters S.p.A. is now the sole shareholder of E.T.C. S.r.l.

E.T.C. S.r.l. ended the first half of 2017 with a net loss of 468 thousand euro, significantly reduced compared to a loss of 1,159 thousand euro in the first half of 2016, thanks to lower consultancy costs, both born directly, and born by the Parent Company and re-charged to E.T.C. S.r.l.

[10] The extraordinary expenses recorded in the first half of 2017, equal to 351 thousand euro, were added to those recorded in the previous year and equal to 1,258 thousand euro.

Finally, please note that, On March 15, 2017 SAES Getters S.p.A. approved a payment in favor of E.T.C. S.r.l. of 768 thousand euro, equal to the difference between the total loss (-2,218 thousand euro[11]) recorded by E.T.C. S.r.l. in 2016 and the one estimated for the same year at the beginning of 2016 (-1,450 thousand euro) and already covered by the payment made by the Parent Company on March 14, 2016. At the same time, the Parent Company provided for a further capital contribution equal to 1,450 thousand euro, to cover the expected losses for the year 2017.

METALVUOTO S.p.A. – Roncello, MB (Italy)

On October 10, 2016 SAES Getters S.p.A. acquired from Mirante S.r.l. a majority interest (70%) in the share capital of Metalvuoto S.p.A., based in the province of Monza Brianza, a well-established player in the field of advanced packaging, producing metalized and innovative plastic films for food preservation. Thanks to this acquisition, SAES, that already cooperated with Metalvuoto S.p.A. in testing the application of SAES' functional polymer composites on the plastic films for food preservation made by Metalvuoto S.p.A., aims at competing in the "smart" food packaging sector, entering the market with a complete and innovative range of products, through the development of high performance active plastics, characterized by transparency, biocompatibility and a reduced environmental impact. Please note that, given that there is a put option for the minority shareholder on the remaining 30% of the share capital, the company is 100% consolidated without recognition of minority interests, starting from the date on which the Group acquired its control (that means October 10, 2016).
In the first half of 2017, Metalvuoto S.p.A. achieved revenues equal to 6,960 thousand euro and a negative net income of -91 thousand euro, mainly due to difficulties faced in the supply of the nylon raw material and that were negatively reflected both on the sales and on the operating margins of the company.
Finally, please note that on March 10, 2017, the Board of Directors of Metalvuoto S.p.A. resolved to propose to SAES Getters S.p.A. and Mirante S.r.l. a payment of 302 thousand euro for the purpose of repaying the loss recorded in 2016[12] and the reconstitution of the share capital equal to 100 thousand euro, the latter completely eroded by that loss. The payment was made by each shareholder in proportion to its shareholding.

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, 2017, the company recorded a net income of 3,035 thousand euro, compared to 2,821 thousand euro in the first half of 2016: the improvement was exclusively attributable to the higher dividends received in the first half of 2017 by the subsidiary SAES Smart Materials, Inc.

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 2017 the company recorded revenues equal to 672 million KRW (544 thousand euro), up compared to 554 million KRW (420 thousand euro) in the first half of 2016 following the higher sales in the field of security and defense. The period ended with a loss of 187 million KRW (-151 thousand euro), compared to a loss of 287 million KRW (-218 thousand euro) as at June 30, 2016: the improvement of the result of the period was due to the increase in sales and to the

[11] According to the National Accounting Principles.
[12] The loss for the entire 2016 resulting from the financial statements prepared in accordance with the National Accounts Standards was equal to -1,920 thousand euro.

unrealized foreign exchange gains deriving from the conversion of the financial receivable in euro that the Korean subsidiary holds in respect of the Parent Company, following the devaluation of the Korean won against the euro.

The company ***SAES Smart Materials, Inc.***, based in New Hartford, NY (USA), active in the development, production and sale of Nitinol semi-finished products, recorded revenues equal to 8,532 thousand USD (7,878 thousand euro) in the semester, in line with 8,529 thousand USD (7,643 thousand euro) in the correspondent period of the previous year. Despite the reduction of the gross margin, penalized by a sales mix with a higher consumption of raw materials, the period ended with a net income of 2,185 thousand USD (2,018 thousand euro) up by 6.3% compared to a 2,055 thousand USD (1,842 thousand euro) in the first half of 2016, thanks to some state tax refunds related to previous years, which reduced the company's tax rate from 31.9% in 2016 to 20% of the current period.

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 32,291 thousand USD (29,816 thousand euro) in the first half of 2017, with a strong increase (+17.9%) compared to the corresponding period of the previous year (27,381 thousand USD, equal to 24,538 thousand euro) distributed across different product lines and end-user applications. The net income amounted to 4,472 thousand USD (4,130 thousand euro), with an increase (+47.1%) compared to a net income of 3,040 thousand USD (2,724 thousand euro) in the first half of 2016, thanks to the increase in revenues, in the production efficiency and to the reduction of the incidence of manufacturing fixed costs.

Performance of the joint ventures in the first half of 2017

ACTUATOR SOLUTIONS GmbH, Gunzenhausen (Germany)

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

Actuator Solutions recorded net revenues equal to 13,727 thousand euro in the first half of 2017, up by 52.7% compared to 8,988 thousand euro in the first semester of 2016.This increase was attributable both to the increase of sales in the traditional seat comfort business (valves exploiting the SMA technology and used in lumbar control systems of the seats of cars), and to the contribution of the new segment of autofocus (AF) systems for high-end action cameras (which recorded revenues equal to 2,801 thousand euro in the semester). With regard to the AF devices for the mobile phones focus, their qualification activities intensively continued in the Asian market in the first half of 2017.
The net result of the semester was negative and equal to -3,393 thousand euro, compared to a loss of -2,184 thousand euro as at June 30, 2016. This loss included non-recurring costs equal to around -1.2 million euro, related to the re-organization process which started in Germany at the end of 2016 and recently continued also in the Taiwanese subsidiary, with the shutdown of the factory in Zhubei, the outsourcing of the production activities and the progressive focusing on research & development activities. The restructuring costs included 1.1 million euro for impairment of fixed assets and inventory, in addition to costs of severance and legal advice equal to 0.1 million euro. Net of non-recurring costs, the net loss of Actuator Solutions was equal to -2,204 thousand euro, almost fully concentrated in the Taiwanese subsidiary, that in the first part of the semester suffered from production inefficiencies that are usual in the initial phase of advanced manufacturing productions, but that were already progressively decreasing. In this respect, please note that Actuator Solutions

Taiwan Co., Ltd. ended the single month of June 2017 with a small operating income, net of the already mentioned restructuring costs.

(thousands of euro)

Actuator Solutions	1st Half 2017	1st Half 2016
	100%	**100%**
Total net sales	13,727	8,988
Cost of sales	(12,941)	(9,659)
Gross profit	**786**	**(671)**
% on sales	*5.7%*	*-7.5%*
Total operating expenses	(2,636)	(2,281)
Other income (expenses), net	(1,008)	132
Operating income (loss)	**(2,858)**	**(2,820)**
% on sales	*-20.8%*	*-31.4%*
Interest and other financial income, net	(338)	(93)
Foreign exchange gains (losses), net	(235)	35
Income taxes	38	694
Net income (loss)	**(3,393)**	**(2,184)**

The share of the SAES Group in the result of this joint venture in the first half of 2017 amounted to -1,697 thousand euro (-1,092 thousand euro in the first half of 2016).However, being the investment of SAES in Actuator Solutions already fully reduced to zero and since there is today no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solution as at June 30, 2017 was not recognized by the Group as a liability.

SAES RIAL VACUUM S.r.l., Parma, PR (Italy)

SAES RIAL Vacuum S.r.l., established at the end of 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil s.n.c. (51%). The company is specialized in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders and combines at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembling and fine mechanical productions, with the aim of offering absolutely excellent quality products and of successfully competing in the international markets.

SAES RIAL Vacuum S.r.l. ended the first half of 2017 with sales equal to 569 thousand euro and a net loss equal to -186 thousand euro. The negative result, substantially in line with that of the first half of 2016, was mainly related to production inefficiencies that are typical of any company in its start-up phase.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	1st Half 2017	1st Half 2016
	100%	100%
Total net sales	569	558
Cost of sales	(727)	(619)
Gross profit	**(158)**	**(61)**
% on sales	*-27.8%*	*-10.9%*
Total operating expenses	(127)	(113)
Other income (expenses), net	107	0
Operating income (loss)	**(178)**	**(174)**
% on sales	*-31.3%*	*-31.2%*
Interest and other financial income, net	(8)	(2)
Foreign exchange gains (losses), net	0	0
Income taxes	0	0
Net income (loss)	**(186)**	**(176)**

The share of the SAES Group in the result of this joint venture amounted to -91 thousand euro in the first half of 2017.

FLEXTERRA, Inc., Skokie, IL (USA)

Flexterra was born from a technological partnership activated in the previous years between SAES and the US Company Polyera in the field of flexible thin film transistors for new generation displays. In particular, Flexterra, based in Skokie (close to Chicago, Illinois, USA) is a newco established at the end of 2016 by SAES (through the subsidiary SAES Getters International Luxembourg S.A.) and by previous members and lenders of Polyera, which has the objective the design, manufacturing and commercialization of materials and components for the manufacturing of truly flexible displays, with an enormous application potential in different market sectors. As already mentioned before, starting from January 10, 2017 Flexterra, Inc. fully controls the newly established company Flexterra Taiwan Co., Ltd.
As at December 31, 2016 SAES owned a share in the share capital of Flexterra, Inc. equal to 34.66%; such share, as at June 30, 2017, decreased to 33.79%, as a result of the cash contribution made, in the first semester of the current year, by other shareholders, former investors in Polyera.

The newco, that qualifies as a joint venture, is a development start-up, that generated costs slightly above 2 million euro in the first half of 2017.

(thousands of euro)

Flexterra	1st Half 2017
	100%
Total net sales	19
Cost of sales	(1)
Gross profit	**18**
% on sales	*94.7%*
Total operating expenses	(2,217)
Other income (expenses), net	(157)
Operating income (loss)	**(2,356)**
% on sales	*n.a.*
Interest and other financial income, net	5
Foreign exchange gains (losses), net	59
Income taxes	0
Net income (loss)	**(2,292)**

The share of the SAES Group in the result of this joint venture amounted to -774 thousand euro in the first semester of 2017

The following table shows the **Total Group's statement of profit or loss**, achieved by incorporating with the proportional method instead of the equity method, the *joint ventures*[13] of the Group.

(thousands of euro)	1st Half 2017							
	Consolidated profit or loss	50% Actuator Solutions	Intercoy eliminations & other adjustments	49% SAES RIAL Vacuum S.r.l.	Intercoy eliminations & other adjustments	33,79% Flexterra	Intercoy eliminations & other adjustments	Total profit or loss of the Group
Total net sales	**117,283**	**6,864**	**(424)**	**279**	**(10)**	**6**		**123,998**
Cost of sales	(65,694)	(6,471)	424	(356)	10	0		(72,087)
Gross profit	**51,589**	**393**	**0**	**(77)**	**0**	**6**		**51,911**
% on sales	*44.0%*							*41.9%*
Total operating expenses	(31,060)	(1,318)		(62)		(749)	0	(33,189)
Other income (expenses), net	(63)	(504)		52		(53)		(568)
Operating income (loss)	**20,466**	**(1,429)**	**0**	**(87)**	**0**	**(796)**	**0**	**18,154**
% on sales	*17.5%*							*14.6%*
Interest and other financial income, net	(841)	(169)		(4)		2		(1,012)
Income (loss) from equity method evaluated companies	(865)		0		91		774	0
Foreign exchange gains (losses), net	(726)	(118)		0		20		(824)
Income (loss) before taxes	**18,034**	**(1,716)**	**0**	**(91)**	**91**	**(774)**	**774**	**16,318**
Income taxes	(6,751)	19		0		0		(6,732)
Net income (loss) from continued operations	**11,283**	**(1,697)**	**0**	**(91)**	**91**	**(774)**	**774**	**9,586**
Income (loss) from assets held for sale and discontinued operations	0	0		0		0		0
Net income (loss) before minority interest	**11,283**	**(1,697)**	**0**	**(91)**	**91**	**(774)**	**774**	**9,586**
Net income (loss) pertaining to minority interes	0							0
Net income (loss) pertaining to the Group	**11,283**	**(1,697)**	**0**	**(91)**	**91**	**(774)**	**774**	**9,586**

Research, Development and Innovation activities

Research and development expenses amounted to 7,484 thousand euro (6.4% of consolidated revenues) in the first half of 2017 and they were substantially aligned in absolute terms to those of the corresponding period of 2016, equal to 7,302 thousand euro (8.1% of consolidated revenues).

The first half of 2017 saw the R&D laboratories strongly committed in the development of next-generation food packaging products. At the end of 2016, the Group had finalized the acquisition of a majority stake in Metalvuoto S.p.A., an Italian player already active in this sector, and that, since several years, has been invested in the film coating technology and developed a water-based coating that acts as a high barrier to oxygen to the plastics on which it is put on (Oxaqua®). The SAES's central laboratory is focused on the development of new lacquers, compatible with the production technology of Metalvuoto, and on the improvement of Oxaqua, with the aim of allowing Metalvuoto to produce a wide range of high performance plastic films, that means improving the capacity of current plastics to act as barriers to gases, typically water and oxygen, that do not have to come in contact with food to prevent its deterioration. The film coating technology also allows to improve the barrier properties of bioplastics, namely plastics made from renewable or biodegradable raw materials, making them usable in food packaging, with the enormous advantage of biodegradability or compostability of the latter. The barrier function and biodegradability are two characteristics strongly demanded by the food market, that seeks, on one hand, to extend the shelf life of food and, on the other hand, to reduce the environmental impact of the current packaging solutions.
The central laboratory is also working on the development of special lacquers that will allow plastics to interact with the interior of the packaging, by absorbing or releasing specific gases: in this case, we talk of active packaging, a market that is expected to significantly grow in the coming years.

On the metallurgical side, the laboratory has continued the development of new high-temperature transition shape memory alloys, very complex alloys from a metallurgical point of view, which have considerable processing issues and whose development, that is taking longer than originally planned, is expected to be completed by the end of the current year. In addition, an important study has been started to identify new metallic materials of potential interest to the Group; the study should be completed by 2017 and will be used to define the research activities of the metallurgical laboratory in the years to come.

[13] Actuator Solutions (50%), SAES RIAL Vacuum S.r.l. (49%) and Flexterra (33.79%).

Also the development activities of new pumps for "high vacuum" have been intense; the first models of these pumps have already been launched in the market and have generated considerable interest.

The joint venture Actuator Solutions has continued to qualify the actuators for autofocus for some Asian manufacturers active in the telecom market, as well as the development of devices for automotive and white good applications.

Please note that the basic research costs incurred by the Group are charged directly to the income statement in the year in which they occur as they do not qualify for capitalization.

Subsequent events

On July 14, 2017, the Parent Company signed a new royalty agreement for the integration of the SAES thin film getter technology named PageWafer® in MEMS devices (micro-electromechanical systems) used in thermal infrared sensors. In addition to an initial lump-sum received against the transfer of the technology, the contracts provide for the payment of royalties according to a percentage proportional to the volumes of silicon wafers produced using SAES' getter technology. The payment of the 50% of the initial lump sum is expected to be paid 50% by the end of 2017 and the remaining 50% by the end of 2018.

The preparation activities, aimed at transferring all the manufacturing and sales activities of Memry GmbH into other companies of the Group, have continued throughout the first half of 2017. Following the finalization of the transfer of the different businesses, scheduled at the beginning of the second half of 2017, the liquidation of the German subsidiary will start, and it is expected to last for about one year. Finally, please note that on July 17, 2017, the new German branch of the US subsidiary Memry Corporation, based in Freiburg and named *Memry Corporation Zweigniederlassung Deutschland* was established, in charge of managing all the representation and commercial activities of Memry Corporation in Europe.

Following the loss of Metalvuoto S.p.A. as at June 30, 2017 (-91 thousand euro), the share capital of the company was down to more than a third and below to the minimum amount of capital established by the law. According to article no. 2447 of the Civil Code, on July 27, 2017 the Board of Directors of Metalvuoto S.p.A. resolved to propose to the Company's shareholders SAES Getters S.p.A. and Mirante S.r.l. a payment of a total of 100 thousand euro in favor of Metalvuoto S.p.A. to fulfill the minimum legal equity requirement and to constitute a capital reserve (equal to 59 thousand euro) to be used for covering possible future losses. Such payment will be provided by each shareholder in proportion to its own equity share (namely, 70% SAES Getters S.p.A. and 30% Mirante S.r.l.).

Business outlook

The business outlook for the full year 2017 is confirmed, with a slightly lower third quarter, following the shift of some deliveries and the summer seasonality, but with a significant recovery in the fourth quarter. A significant contribution from the new business initiatives is expected starting from next year.

Related party transactions

With regard to the Group's related party transactions, please note that they fall within the 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. 37 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 2016 Consolidated financial statements.

In particular, with reference to the financial risks, the main financial risks for the 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 the 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 raise funds to finance its operating activities, or with the capacity of the sources of funding if the Group were to adopt strategic decisions involving some extraordinary expenditure (such as merger & acquisition transactions or organizational rationalization and restructuring activities).

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 regards to long-term financial debts, the exposure to interest rate variation is usually handled by way of entering into Interest Rate Swap or interest Rate Cap agreements, with a view to guarantee a level of financial expenditures which are sustainable by the SAES Group's financial structure. For details of the contracts as at June 30, 2017 please refer to the Note no.23 .
Please note that the Group also constantly controls the interest rate trend for the possible signing of further contracts to hedge the risk linked to the interest rate fluctuations on the loans on which no hedging contract has been signed.
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 the exchange rate risk on foreign commercial transactions.
Such exposure is mainly generated by sales in currencies other than the reference currency: during the first half of 2017 around 82% of the Group's sales and only around 62.3% of the Group's operating costs were denominated in a currency other than the euro.
In order to manage the economic impact generated by the fluctuations in exchange rates versus the euro, primarily of the US dollar and of the Japanese yen, the Group has in place hedging contracts, whose

values 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. The maturities of the hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.
Moreover, the Group can occasionally hedge specific transactions in a currency other than the reference currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables, also intercompany ones, denominated in a currency different from the one used in the financial statements (for example, executed by foreign subsidiaries, but denominated in euro).

Please refer to the Note no. 23 for further details on the derivative agreements in place as at June 30, 2017.

Commodity price risk

The Group's exposure to the commodity price risk is usually moderate. The procurement procedure requires the Group to have more than one supplier for each commodity deemed to be critical. In order to reduce its exposure to the risk of price variations, it enters into specific supply agreements aimed at controlling the 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 predominantly with well-known and reliable customers. The Sales and Marketing Department assesses new customers' solvency and periodically verifies that credit limit conditions are met. The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly given the current 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 can arise from the incapacity to obtain the necessary financial resources to grant the continuity of the Group's 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 the liquidity management through a centralized management system of available liquidity (cash pooling) 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 expected generation of operating cash flows.

For further information about the Group's financial debts as at June 30, 2017 and about the maturity date of these debts please refer to the Note no. 26.
As at June 30, 2017 the Group was not significantly exposed to liquidity risk, also considering the unused credit lines to which it has access.

Equity management

The objective pursued by the Group is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximize the value for shareholders.
No changes were made to equity management objectives or policies during the first half of 2017.
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, and in any case lower than what is required by the contracts signed with the financial institutions.

Consob regulatory simplification process

Please note that, on November 13, 2012, the Board of Directors approved, pursuant to article no. 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 and capital increases by contributions in kind, acquisitions and disposals.

Interim Condensed Consolidated Financial Statements as at June 30, 2017

Consolidated statement of profit or loss

(thousands of euro)	Notes	1st Half 2017	1st Half 2016
Total net sales	3	**117,283**	**89,832**
Cost of sales	4	(65,694)	(49,872)
Gross profit		**51,589**	**39,960**
Research & development expenses	5	(7,484)	(7,302)
Selling expenses	5	(8,187)	(7,185)
General & administrative expenses	5	(15,389)	(12,728)
Total operating expenses		**(31,060)**	**(27,215)**
Other income (expenses), net	6	(63)	(819)
Operating income (loss)		**20,466**	**11,926**
Interest and other financial income	7	271	67
Interest and other financial expenses	7	(1,112)	(804)
Share of result of investments accounted for using the equity method	8	(865)	(1,178)
Foreign exchange gains (losses), net	9	(726)	(224)
Income (loss) before taxes		**18,034**	**9,787**
Income taxes	10	(6,751)	(4,317)
Net income (loss) from continued operations		**11,283**	**5,470**
Net income (loss) from assets held for sale and discontinued operations		0	0
Net income (loss) for the period		**11,283**	**5,470**
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		**11,283**	**5,470**
Net income (loss) per ordinary share	11	0.5061	0.2425
Net income (loss) per savings share	11	0.5228	0.2591

Consolidated statement of other comprehensive income

(thousands of euro)	Notes	1st Half 2017	1st Half 2016
Net income (loss) for the period		**11,283**	**5,470**
Exchange differences on translation of foreign operations	25	(8,250)	(2,027)
Exchange differences on equity method evaluated companies	25	(573)	(11)
Total exchange differences		(8,823)	(2,038)
Equity transaction costs related to equity method evaluated companies	25	(8)	0
Total components that will be reclassified to the profit (loss) in the future		**(8,831)**	**(2,038)**
Other comprehensive income (loss), net of taxes		**(8,831)**	**(2,038)**
Total comprehensive income (loss), net of taxes		**2,452**	**3,432**
attributable to:			
- Equity holders of the Parent Company		2,452	3,432
- Minority interests		0	0

Consolidated statement of financial position			
(thousands of euro)	Notes	June 30, 2017	December 31, 2016
ASSETS			
Non current assets			
Property, plant and equipment, net	13	51,253	53,402
Intangible assets, net	14	54,778	58,984
Investments accounted for using the equity method	15	8,175	9,621
Deferred tax assets	16	15,136	15,073
Tax consolidation receivables from Controlling Company	17	272	272
Financial receivables from related parties	18	8,549	5,249
Other long term assets	19	431	435
Total non current assets		**138,594**	**143,036**
Current assets			
Inventory	20	38,089	38,233
Trade receivables	21	36,095	39,282
Prepaid expenses, accrued income and other	22	6,967	9,691
Derivative financial instruments evaluated at fair value	23	81	1
Cash and cash equivalents	24	21,335	14,340
Financial receivables from related parties	18	797	565
Total current assets		**103,364**	**102,112**
Total assets		**241,958**	**245,148**
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Legal reserve		2,444	2,444
Other reserves and retained earnings		44,488	42,664
Other components of equity		13,478	22,301
Net income (loss) of the period		11,283	14,082
Group shareholders' equity	25	**125,033**	**134,831**
Other reserves and retained eanings of third parties		0	0
Minority interests in consolidated subsidiaries	25	**0**	**0**
Total equity		**125,033**	**134,831**
Non current liabilities			
Financial debts	26	33,592	35,916
Other non current financial debts towards third parties	27	1,009	1,829
Deferred tax liabilities	16	6,795	6,733
Staff leaving indemnities and other employee benefits	28	11,199	10,173
Provisions	29	1,069	918
Total non current liabilities		**53,664**	**55,569**
Current liabilities			
Trade payables	30	16,262	20,048
Other payables	31	11,574	12,498
Accrued income taxes	32	1,137	1,034
Provisions	29	2,076	3,370
Derivative financial instruments evaluated at fair value	23	65	51
Current portion of medium/long term financial debts	26	9,572	8,239
Other current financial debts towards third parties	27	1,262	1,049
Bank overdraft	33	18,905	6,847
Accrued liabilities	34	2,408	1,612
Total current liabilities		**63,261**	**54,748**
Total equity and liabilities		**241,958**	**245,148**

Consolidated cash flow statement

(thousands of euro)	1st Half 2017	1st Half 2016
Cash flows from operating activities		
Net income (loss) from continued operations	11,283	5,470
Net income (loss) from discontinued operations	0	0
Current income taxes	6,664	3,958
Changes in deferred income taxes	87	359
Depreciation	3,780	3,492
Write-down (revaluation) of property, plant and equipment	291	37
Amortization	627	658
Write-down (revaluation) of intangible assets	3	0
Net loss (gain) on disposal of fixed assets	(49)	1
Interest and other financial (income) expenses, net	1,706	1,917
Other non-monetary costs (revenues)	(80)	191
Accrual for termination indeminities and similar obligations	1,357	761
Changes in provisions	(922)	(727)
	24,747	**16,117**
Working capital adjustments		
Cash increase (decrease)		
Account receivables and other receivables	5,611	(852)
Inventory	(2,370)	744
Account payables	(3,786)	(1,838)
Other current payables	(130)	2,337
	(675)	**391**
Payment of termination indemnities and similar obligations	(209)	(52)
Interests and other financial payments	(242)	(161)
Interests and other financial receipts	36	30
Taxes paid	(6,226)	(4,332)
Net cash flows from operating activities	**17,431**	**11,993**
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(3,592)	(3,344)
Proceeds from sale of tangible and intangible assets	49	0
Disbursements for acquisition of intangible assets	(209)	(105)
Consideration for the acquisition of minority interests in subsidiaries	0	(249)
Consideration for the acquisition of investments in joint ventures	0	(1,284)
Adjustment on price paid for the acquisition of shareholding in subsidiaries	29	0
Capital injection into joint ventures	0	(1,000)
Price paid for the acquisition of businesses	(219)	(82)
Net cash flows from investing activities	**(3,942)**	**(6,064)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	9,950	706
Proceeds from short term financial liabilities	11,665	11,500
Dividends payment	(12,250)	(8,502)
Repayment of financial liabilities	(10,388)	(3,567)
Interests paid on long term financial liabilities	(509)	(477)
Interests paid on long term financial liabilities	(11)	(13)
Other costs paid	(77)	(3)
Financial receivables repaid (granted) from related parties	(3,300)	(849)
Interests receipts on financial receivables from related parties	0	155
Other financial payables	5	(108)
Payment of finance lease laibilities	0	(8)
Net cash flows from financing activities	**(4,915)**	**(1,166)**
Net foreign exchange differences	(1,638)	(492)
Net (decrease) increase in cash and cash equivalents	**6,936**	**4,271**
Cash and cash equivalents at the beginning of the period	**13,997**	**24,041**
Cash and cash equivalents at the end of the period	**20,933**	**28,312**

Consolidated statement of changes in equity as at June 30, 2017

(thousands of euro)					Other components of equity						
	Capital stock	Share issue premium	Treasury shares	Legal reserve	Currency conversion reserve	Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2016	**12,220**	**41,120**	**0**	**2,444**	**22,301**	**0**	**42,664**	**14,082**	**134,831**	**0**	**134,831**
Distribution of 2016 result							14,082	(14,082)	0		0
Dividends paid							(12,250)		(12,250)		(12,250)
Net income (loss)								**11,283**	**11,283**	**0**	**11,283**
Other comprehensive income (loss)					(8,823)		(8)		(8,831)		(8,831)
Total comprehensive income (loss)					**(8,823)**		**(8)**	**11,283**	**2,452**	**0**	**2,452**
June 30, 2017	**12,220**	**41,120**	**0**	**2,444**	**13,478**	**0**	**44,488**	**11,283**	**125,033**	**0**	**125,033**

Consolidated statement of changes in equity as at June 30, 2016

(thousands of euro)					Other components of equity						
	Capital stock	Share issue premium	Treasury shares	Legal reserve	Currency conversion reserve	Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2015	**12,220**	**41,120**	**0**	**2,444**	**19,055**	**0**	**42,826**	**8,820**	**126,485**	**3**	**126,488**
Distribution of 2015 result							8,820	(8,820)	0		0
Dividends paid							(8,502)		(8,502)		(8,502)
Purchase of minority interests							(246)		(246)	(3)	(249)
Net income (loss)								**5,470**	**5,470**	**0**	**5,470**
Other comprehensive income (loss)					(2,038)		0		(2,038)		(2,038)
Total comprehensive income (loss)					**(2,038)**		**0**	**5,470**	**3,432**	**0**	**3,432**
June 30, 2016	**12,220**	**41,120**	**0**	**2,444**	**17,017**	**0**	**42,898**	**5,470**	**121,169**	**0**	**121,169**

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company with headquarters in Lainate, 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. Finally, SAES has recently developed a technological platform that integrates getter materials in a polymeric matrix transverse to numerous fields of application (OLED displays, implantable medical devices and food packaging).

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, given that, despite a difficult economic and financial environment, there aren't any significant uncertainties (as defined in paragraph no. 25 of IAS 1 - *Presentation of Financial Statements*) regarding the business continuity.

S.G.G Holding S.p.A.[14] is a relative majority shareholder[15] and does not exercise any management and coordination activity towards SAES Getters S.p.A. pursuant to Article 2497 of the Italian Civil Code (as specified in the 2016 Report of corporate governance and ownership).
The Board of Directors approved and authorized the publication of the 2017 interim condensed consolidated financial statements with the resolution passed on September 14, 2017.

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 for the consolidated statement of profit (loss) and of other comprehensive income (the Group elected to present two different statements) and a statement of consolidated financial position that includes only the details of operations on the Group's 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 or 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 or 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 the internal reporting procedures and in line with the 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 allowed by IAS 7.

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[14] Based in Milan at Via Vittor Pisani, 27.
[15] As at June 30, 2017, S.G.G. Holding S.p.A. held 40.95% 0f the ordinary shares of SAES Getters S.p.A.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, 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 in the consolidated statement of profit or loss and their effects are stated separately at the main interim result levels.
Non-recurring events and transactions are identified primarily on the basis of the nature of the transactions. In particular, non-recurring income/expenses 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 transactions (mergers, de-mergers, acquisitions and other corporate transactions);
- income/expenses arising from discontinued businesses.
During the first half of 2017 the Group did not carry out any unusual or non-recurring transaction having a significant impact on the economic situation, on the equity and the financial position.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties have been highlighted separately from the related items in the Explanatory Notes.

Segment information

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

Compared to the previous year, following the acquisition at the end of 2016 of the control of Metalvuoto S.p.A, a significant player in the advanced packaging field, a third Business Unit named "Solutions for Advanced Packaging" was established in order to ensure a better information transparency.

Business combinations

Please note that as at June 30, 2017 the process of determining the current values of the acquired assets and liabilities associated to Metalvuoto S.p.A. is still in progress. The difference between the price paid and the net value of the assets acquired on the basis of the historical values as of the date of the acquisition has been provisionally allocated to the item goodwill and, in accordance with IFRS 3 revised, the definitive treatment of this difference will be finalized within twelve months from the operation.
Please note that the assets and liabilities associated to Metalvuoto S.p.A, fully consolidated in the Group's financial statements as at June 30, 2017 consist of the carrying values disclosed in the subsidiary's financial statements, converted according to international accounting standards, as of the date of the acquisition, including the changes occurred between the date of the acquisition and June 30, 2017.

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, 2017.

Company	Currency	Capital Stock	% of Ownership Direct	Indirect
Directly-controlled subsidiaries:				
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (Nanjing) Co., Ltd. Nanjing & Shanghai (P.R. of China)	USD	6,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	90.00	10.00*
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. Lainate, MI (Italy)	EUR	75,000	100.00	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Metalvuoto S.p.A. Roncello, MB (Italy)	EUR	100,000***	70.00**	-
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	524,895,000	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 Getters (Nanjing) Co., Ltd.
** Metalvuoto S.p.A. is 100% consolidated without recognition of minority interests, since the acquisition contract signed on October 10, 2016 provides for a put option for the minority shareholder, to be exercised starting from the twelfth month and within eighteen months from the closing date, for the full value of the stake held by the latter.
*** The shareholders' meeting on April 6, 2017 resolved the reconstitution of the capital share completely eroded by the loss recorded in 2016, up to the amount of 100 thousand euro.

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2017.

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**
Actuator Solutions (Shenzhen) Co., Ltd. Shenzhen (P.R. of China)	EUR	760,000	-	50.00***
SAES RIAL Vacuum S.r.l. Parma, PR (Italy)	EUR	200,000	49.00	-
Flexterra, Inc. Stokie, IL (USA)	USD	(#) 25,153,739	-	(#) 33.79****
Flexterra Taiwan Co., Ltd. Zhubei City (Taiwan)	TWD	5,000,000	-	33.79*****

* % 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.).
*** % indirect ownership held by the joint venture Actuator Solutions GmbH (which holds a 100% interest in Actuator Solutions (Shenzhen) Co., Ltd.).
**** % of indirect ownership held by SAES Getters International Luxembourg S.A.
***** % indirect ownership held by the joint venture Flexterra, Inc (which holds a 100% interest in Flexterra Taiwan Co., Ltd.).

(#) The interest of the SAES Group in the share capital of Flexterra, Inc. went down from 34.66% as at December 31, 2016 to 33.79% as at June 30, 2017, as a result of the cash contribution made, in the first semester of the year, by other shareholders, former investors in Polyera.

With regards to the changes occurred in the consolidation area compared to December 31, 2016, please note that on January 10, 2017 the company Flexterra Taiwan Co., Ltd., wholly owned by Flexterra, Inc. (USA), was established. The new company is headquartered in Zhubey City (Taiwan).

MAIN ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of the European Regulation no. 1606/2002, the SAES Group adopted the IAS/IFRS accounting standards starting from January 1, 2005.
The interim condensed consolidated financial statements for the six months ended June 30, 2017 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, 2017 were prepared according to IAS 34 revised - *Interim financial reporting,* applicable to interim reporting and therefore has to be read jointly with the consolidated financial statements as at December 31, 2016, since they do not include all the disclosures required for the annual financial statements prepared according to IAS/IFRS.
For comparison purposes also 2016 comparative figures have been presented, in application of IAS 1- *Presentation of financial statements.*

IFRS accounting standards, amendments and interpretations applicable from January 1, 2017

Since new IFRS accounting standards, amendments and interpretations have not entered into force since 1 January 2017, the Group has prepared the interim consolidated financial statements using the same accounting principles adopted for the consolidated financial statements as of and for the year ended December 31, 2016.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet mandatory applicable, but applicable with an earlier adoption

Below are the principles and amendments approved by the European Union but not yet mandatory applicable and not adopted by the Group in advance at June 30, 2017

IFRS 15 - *Revenue from contracts with customers*
On May 28, 2014 the IASB issued IFRS 15 - *Revenue from contracts with customers* that, together with further clarifications published on April 12, 2016, 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 standard defines a new model of revenue recognition that 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 criteria of recognition of the revenue when the entity satisfies each performance obligation.

The standard is applicable starting from January 1, 2018, but an earlier application is allowed. Instead, the amendments to IFRS 15, *Clarifications to IFRS 15 - Revenue from Contracts with Customers,* published by the IASB in April 2016, have not been yet endorsed by the European Union.

The possible effects of introducing these changes on the Group's consolidated financial statements are currently being assessed and it is not possible to provide a reasonable estimate of them until the Group has completed a detailed analysis of the all types of agreements in place with the customers.

IFRS 9 - *Financial instruments*

On July 24, 2014 the IASB published the final version of IFRS 9 - *Financial instruments.*

The document summarizes the results of the IASB project aimed at replacing IAS 39. The new standard will have to be applied to financial statements beginning on January 1, 2018 or after that date.

The standard introduces new requirements for the classification and measurement of financial assets and liabilities. In particular, for financial assets, the new standard uses a single approach based on the management of financial instruments and the contractual cash flow characteristics of the financial assets themselves in order to determine the evaluation criterion, replacing the many different rules envisaged by IAS 39. Instead, for financial liabilities, the main change regards 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, if these changes are due to changes in the creditworthiness of the issuer of the liability itself. Under the new standard, these changes must be recognized in "the other comprehensive income" and not in the income statement.

With reference to the impairment model, the new standard requires that the estimate of credit losses is made on the basis of the expected losses model (and not of the incurred losses model used by IAS 39) using concrete information, available without unreasonable effort or expenses, which include historical, current and future data. The standard requires that this impairment model applies to all financial instruments, namely to financial assets measured at amortized cost, to those measured at fair value through other comprehensive income, to receivables deriving from lease contracts and to trade receivables.

Finally, the standard introduces a new hedge accounting model in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the company. The main novelties of the document include the following ones:

- increase in the types of transactions eligible for hedge accounting, including also the risks of non-financial assets/liabilities eligible to be managed in hedge accounting;
- change in the accounting method for forward contracts and options when included in a hedge accounting relation in order to reduce the volatility of the income statement;
- changes in the effectiveness test by replacing the current model based on the 80-125% parameter with the principle of the "economic relationship" between the hedged item and the hedging instrument; moreover, a retrospective evaluation of the effectiveness of the hedging relationship will be no longer requested.

The greater flexibility of the new accounting rules is offset by additional requests of information on the risk management activities of the company.

The possible impacts of the introduction of IFRS 9 on the Group's consolidated financial statements are currently being assessed and it is not possible to provide a reasonable estimate of them until the Group has completed such analysis.

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

At the date of these 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 16 - *Leases*

On January 13, 2016 the IASB issued IFRS 16 – *Leases,* which is intended to replace IAS 17 - *Leases,* and the interpretations IFRIC 4 - *Determining whether an arrangement contains a lease*, SIC 15 - *Operating leases incentiv*es and SIC 27 - *Evaluating the substance of transactions involving the legal form of a lease.*

The new standard provides for a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish the lease contracts from the contracts for services, by identifying the following discriminating factors: the identification of the asset, the right to replace it, the right to substantially obtain all the economic benefits arising from the use of the asset and the right to direct the use of the underlying asset of the contract.

The standard establishes a single model of recognition and measurement of the lease agreements for the lessee which provides for the record of the lease asset, including an operating lease, among the assets with a financial debt as counterpart, while providing also the possibility not to recognize as leases those contracts which refer to "low-value assets" and those leases with a duration of the contract equal to or less than 12 months. In contrast, the standard does not include significant changes for the lessors.

The principle applies starting from January 1, 2019 but an early application is allowed only for those companies that have chosen an early adoption of IFRS 15 - *Revenue from contracts with customers.*

It is expected that the application of IFRS 16 may have a significant impact on the accounting treatment of leases and the related disclosure reported in the Group's consolidated financial statements. However, it is not possible to provide a reasonable estimate of its effect until the Group has completed a detailed analysis of the related contracts.

IFRS 17 – *Insurance Contracts*

On May 18, 2017 the IASB issued the principle IFRS 17 – *Insurance Contracts* that will replace IFRS 4 – *Insurance Contracts*.

The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents rights and obligations deriving from the insurance contracts it issues. The IASB developed this standard to eliminate inconsistencies and weaknesses in existing accounting practices, by providing a single principle-based framework to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new principle also envisages some submission and reporting requirements to improve the comparability between the entities of this sector.

The new principle measures an insurance contract based on a General Model or a simplified version of it, called Premium Allocation Approach ("PAA").

The main features of the General Model are the following ones:

- estimates and assumptions of future cash flows are always the current ones;
- the measurement reflects the time value of money;
- estimates provide for an extensive use of information available in the market;
- there is a current and explicit risk measurement;
- the expected profit is deferred and aggregated in groups of insurance contracts at the time of their initial recognition;
- the expected profit is recognized in the hedging period taking into account the adjustments resulting from variations in the assumptions related to the cash flows of each group of contracts.

The PAA approach envisages the measure of the liability for the residual coverage of a group of insurance contracts provided that, at its initial recognition, the entity provides that such a liability is reasonably an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the assessment of liabilities for existing claims that are measured with the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or settled is expected to take place within one year from the date in which the claim was filed.

The entity must apply the new principle to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

This principle applies starting from January 1, 2021, but an early application is allowed only for entities applying IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers.*

The adoption of this standard is not expected to have any significant impact on the consolidated financial statements of the Group.

Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts

On September 12, 2016 the IASB published the document "*Applying IFRS 9-Financial Instruments with IFRS 4-Insurance Contracts*". For entities whose business consists mainly of insurance activities, the amendments seek to clarify the concerns arising from the application of the new IFRS 9 to financial assets, before the replacement by the IASB of the current IFRS 4 with the new standard currently under preparation, on the basis of which financial liabilities are valued.

The amendments introduce two possible approaches:

- *overlay approach;*
- *deferral approach.*

These approaches will allow:

- the possibility to recognize in the other comprehensive income (that means in the OCI statement), rather than in the income statement, the effects deriving from the application of IFRS 9 instead of IAS 39 to certain designated financial assets before the application of the new standard concerning insurance contracts (overlay approach);
- the possibility of a temporary exemption from the application of IFRS 9 until the earlier between the application date of the new standard on insurance contracts and the annual period beginning on January 1, 2021. The entities that defer the application of IFRS 9 will continue to apply the current IAS 39 (deferral approach).

The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

Recognition of Deferred Tax Assets for Unrealised Losses (*Amendments to IAS 12*)

On January 19, 2016 the IASB published the document "*Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)*" that contains some changes to IAS 12. The document aims at providing some clarifications on the recognition of deferred taxes on unrealized losses upon the occurrence of certain circumstances and on the estimate of the taxable income in the future years.

The amendments published by the IASB in January 2016 and applicable from January 1, 2017 have not yet endorsed by European Union and have not been adopted by the Group at June 30, 2017.

The Directors are currently considering the possible impacts of these amendments on the Group's consolidated financial statements.

Disclosure Initiative (*Amendments to IAS 7*)

On January 29, 2016 the IASB published the document "*Disclosure Initiative (amendments to IAS 7)*" that contains some changes to IAS 7. The document aims at providing some clarifications to improve the disclosure on financial liabilities. In particular, the amendments require to disclose information that enables users of the financial statements to understand the changes in liabilities arising from financing operations, including changes resulting from monetary movements and changes resulting from non-monetary movements. The amendments do not provide any specific format to be used for such information. However, the introduced amendments require an entity to provide a reconciliation between the initial balance and the final balance for the liabilities arising from financial transactions.

It is not required to present any comparative information related to the previous years.

These amendments, published by the IASB in January 2016 and applicable from January 1,have not yet been approved by the European Union. However, the Group submitted the related information for the first half of 2017 in Note no. 35.

***Classification and measurement of share-based payment transactions* (Amendments to IFRS 2)**

On June 20, 2016 the IASB published the document "*Classification and measurement of share-based payment transactions (amendments to IFRS 2)*" that contains some changes to IFRS 2. The amendments provide some clarifications on the accounting treatment of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with net settlement characteristics and on the accounting of the changes to the terms and conditions of a share-based payment that alter its classification from cash-settled to equity-settled one.

The changes will apply starting from January 1, 2018, but an early application is allowed.
The adoption of these changes are not expected to have any significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs: 2014-2016 Cycle
On December 8, 2016 the IASB published the document "*Annual Improvements to IFRSs: 2014-2016 Cycle*" that incorporates the amendments to some standards as part of the annual process to improve them. The main changes concern the following ones:
- IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term Exemptions for first-time adopters*. The amendment of this standard is effective at the latest for annual periods beginning on January 1, 2018 and concerns the elimination of some short-term exemptions provided by paragraphs E3-E7 of Appendix E of IFRS 1, as the benefit of such exemptions is deemed outdated;
- IAS 28 *Investments in Associates and Joint Ventures - Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice*. The amendment states that the option for a venture capital organization or another entity qualified as such (for example, a mutual fund or a similar entity) to measure investments in associates and joint ventures measured at fair value through profit or loss (rather than by applying the equity method) is carried out for each investment at the time of its initial recognition. This amendment shall apply starting from January 1, 2018;
- IFRS 12 *Disclosure of Interests in Other Entities - Clarification of the scope of the Standard*. The amendment clarifies the scope of IFRS 12, specifying that the information required by the standard, except for that envisaged by paragraphs B10-B16, is applied to all equity interests that are classified as held for sale, held for distribution to shareholders or as discontinued operations in accordance with IFRS 5. The amendment shall apply starting from January 1, 2017 but have not yet endorsed by European Union and thus have not been adopted by the Group at June 30, 2017.

The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)
On December 8, 2016 the IASB published the document "*Foreign Currency Transactions and Advance Consideration (IFRIC Interpretation 22)*". The interpretation aims at providing guidelines for foreign exchange transactions if non-cash advances or down payments are recognized in the accounts, prior to the recognition of the related assets, costs or revenues. This document provides guidance on how an entity should determine the date of a transaction, and as a result, the spot exchange rate to be used when there are foreign currency transactions in which the payment is made or received in advance.
The interpretation clarifies that the transaction date is the earlier between:
a) the date on which the advance payment or the down payment received are recorded in the financial statements;
b) the date on which the asset, the cost or the income (or part of it) is recognized in the balance sheet (with the cancellation of the advance or down payment received).
If there are a number of advance or down payments received, a transaction date for each of them must be identified. IFRIC 22 is applicable starting from January 1, 2018, but an earlier adoption is allowed.
The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

***Transfers of Investment Property* (Amendments to IAS 40)**
On December 8, 2016 the IASB published the document "*Transfers of investment property (amendments to IAS 40)*" that contains some changes to IAS 40. These amendments clarify the transfer of a property to, or from, an investment property. In particular, an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in its use. Such a change must be related to a specific event that happened and therefore should not be limited to a change in the intentions of the management of an entity. These amendments will apply starting from January 1, 2018, but an earlier adoption is allowed.
The adoption of these amendments is not expected to have any significant impact on the consolidated financial statements of the Group.

IFRIC 23 - *Uncertainty over Income Tax Treatments*

On June 7, 2017 the IASB published the interpretation document IFRIC 23 - *Uncertainty over Income Tax Treatments*. The document addresses the issue of the uncertainties about the tax treatment to be adopted in respect of income taxes. The document provides that uncertainties in the determination of liabilities or tax assets are reflected in the financial statements only when it is probable that the entity will pay or recover the related amount. In addition, the document does not contain any new disclosure requirement, but emphasizes that the entity should assess whether it is necessary to provide information on the management's considerations and related to the uncertainty inherent to the recognition of the income taxes, in accordance with IAS 1.

The new interpretation applies from January 1, 2019, but an earlier adoption is allowed.

The adoption of this interpretation is not expected to have any significant impact on the consolidated financial statements of the Group.

IFRS 10 and IAS 28- *Sales or contribution of assets between an investor and its associate or joint venture* (Amendment)

On September 11, 2014 the IASB published an amendment to IFRS 10 and IAS 28 - *Sales or contribution of assets between an investor and its associate or joint venture*. The document was published in order to solve the current conflict between IAS 28 and IFRS 10.

According to IAS 28, the gain or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in exchange of a share in the share capital of the latter is limited to the stake held in the joint venture or associate by the other investors not involved in the transaction. In contrast, IFRS 10 requires the recording of the entire gain or loss in the event of loss of the control of a subsidiary, even if the entity continues to hold a non-controlling stake in it, including in this case also the sale or transfer of a subsidiary to a joint venture or to an associate. The introduced changes provide that in case of a sale/transfer of an asset or a subsidiary to a joint venture or an associate, the measure of the gain or loss to be recognized in the balance sheet of the assignor/transferor depends on the fact that the sold/transferred assets or subsidiary constitute or not a business, as envisaged by IFRS 3. In the event that the sold/transferred activities or subsidiary represent a business, the entity shall recognize the gain or loss on the entire investment previously held; while, in the opposite case, the portion of gain or loss related to the share still held by the entity should be eliminated.

At the moment, the IASB has suspended the application of this amendment.

The adoption of these changes is not expected to have any significant impact on the Group’s consolidated financial statements.

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 differ from the actual circumstances in the future, 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 the 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 of the financial statements as at December 31, 2016.

Criteria for converting items expressed in foreign currencies

The consolidated financial statements are presented in euro, which is the functional currency of the Group.
Each company of Group defines the functional currency for its financial statements. Transactions in foreign currencies are initially recorded at the exchange rate (related to the functional currency) at the date of the transaction.
All of the assets and liabilities of foreign companies in currencies other than the euro that fall within the scope of consolidation are converted by using the exchange rates in force as of the balance sheet data (current exchange rate method), whereas the associated revenues and costs are converted at the average exchange rates for the period. Translation differences resulting from the application of this method are classified as a shareholders' equity item until the equity investment is sold. In preparing the consolidated cash flow statement, the cash flows of consolidated foreign companies expressed in currencies other than the euro are converted by using the average exchange rates for the period.
Non-current items measured at historical cost in a foreign currency (including goodwill and adjustments to the fair value generated during the purchase price allocation of a foreign company) are converted at the exchange rates at the date of their initial recording. At a later stage, these figures are converted at the exchange rate at period end.

The following table shows the exchange rates used for the conversion of the foreign financial statements.

expressed in foreign currency (per 1 euro)

Currency	June 30, 2017		December 31, 2016		June 30, 2016	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.0830	1.1412	1.1069	1.0541	1.1159	1.1102
Japanese yen	121.7804	127.7500	120.1970	123.4000	124.4100	114.0500
South Korean won	1,236.3302	1,304.5600	1,284.1800	1,269.3600	1,318.9200	1,278.4800
Renminbi (P.R. of China)	7.4448	7.7385	7.3522	7.3202	7.2965	7.3755
Taiwan dollar	33.2144	34.7118	35.6892	33.9995	36.5468	35.7658

3. NET SALES

In the first half of 2017 consolidated net revenues were equal to 117,283 thousand euro, up by 30.6% compared to 89,832 thousand euro in the first half of 2016. Excluding the exchange rate effect (positive and equal to +3.1%) and the change of the scope of consolidation (+7.7%, following the acquisition of Metalvuoto S.p.A. in October 2016), the organic growth was equal to +19.8%, mainly driven by the gas purification sector (Systems for Gas Purification & Handling Business), by the sector of Nitinol for medical devices (Nitinol for Medical Devices Business) as well as by that of electronic devices (Electronic Devices Business).

The following table shows a breakdown of revenues by Business.

(thousand of euro)

Business (*)	1st half 2017	1st half 2016	Total difference	Total difference %	Exchange rate effect %	Organic change %	Perimeter difference effect %
Security & Defense	4,202	5,567	(1,365)	-24.5%	1.3%	-25.8%	0.0%
Electronic Devices	6,779	3,794	2,985	78.7%	1.7%	77.0%	0.0%
Healthcare Diagnostics	2,002	1,898	104	5.5%	1.6%	3.9%	0.0%
Getters & Dispensers for Lamps	3,205	3,967	(762)	-19.2%	0.7%	-19.9%	0.0%
Thermal Insulation	2,048	2,442	(394)	-16.1%	1.6%	-17.7%	0.0%
Systems for UH Vacuum	4,097	3,461	636	18.4%	1.9%	16.5%	0.0%
Sintered Components for Electronic Devices & Lasers	3,615	3,402	213	6.3%	3.1%	3.2%	0.0%
Systems for Gas Purification & Handling	43,602	29,354	14,248	48.5%	4.3%	44.2%	0.0%
Industrial Applications	**69,550**	**53,885**	**15,665**	**29.1%**	**3.1%**	**26.0%**	**0.0%**
Nitinol for Medical Devices	35,402	30,481	4,921	16.1%	3.2%	12.9%	0.0%
SMAs for Thermal & Electro Mechanical Devices	4,630	4,932	(302)	-6.1%	1.0%	-7.1%	0.0%
Shape Memory Alloys	**40,032**	**35,413**	**4,619**	**13.0%**	**2.9%**	**10.1%**	**0.0%**
Solutions for Advanced Packaging	**6,960**	**0**	**6,960**	**100.0%**	**0.0%**	**0.0%**	**100.0%**
Business Development	**741**	**534**	**207**	**38.8%**	**4.2%**	**34.6%**	**0.0%**
Total Net Sales	**117,283**	**89,832**	**27,451**	**30.6%**	**3.1%**	**19.8%**	**7.7%**

(*) Please note the new segmentation of the Industrial Application Business Unit and the re-naming of some already existing operating segments, to better comply with the new organizational structure of the Group. The figures related to 2016 were reclassified on the basis of the new organizational structure, to allow a homogeneous comparison with the current year.

(**) Following the acquisition of the control of Metalvuoto S.p.A., a significant player in the advanced packaging field, occurred at the end of 2016, a third Business Unit named "Solutions for Advanced Packaging" was established, in order to ensure a better information transparency

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

4. COST OF SALES

The cost of sales amounted to 65,694 thousand euro in the first half of 2017, compared to 49,872 thousand euro in the corresponding period of the previous year.

A breakdown of the cost of sales by category is provided below, compared with the actual figure of the first half of 2016.

(thousands of euro)

Cost of sales	1st Half 2017	1st Half 2016	Difference	of which: Perimeter difference
Raw materials	31,931	18,491	13,440	4,505
Direct labour	13,146	10,525	2,621	372
Manufacturing overhead	23,130	19,639	3,491	859
Increase (decrease) in work in progress and finished goods	(2,513)	1,217	(3,730)	165
Total cost of sales	**65,694**	**49,872**	**15,822**	**5,901**

Excluding the effect of Metalvuoto S.p.A. consolidation (+5,901 thousand euro) and the exchange rate effect (+1,394 thousand euro), the percentage change in the cost of sales (+17.1%) is in line with the organic sales' growth (+19.8%).
In particular, the percentage increase in direct labor costs (+18.8%) and indirect production costs (+11.1%) were lower than the organic turnover change thanks to the economies of scale related to the increase in volumes, especially in the gas purification sector and in Nitinol for medical devices. Raw materials increased with a higher percentage (+22.2% was the organic variation including also the change in inventories of semi-finished products and finished products) as a result of a different sales mix.

5. OPERATING EXPENSES

Operating expenses amounted to 31,060 thousand euro in the first semester of 2017, up by 14.1% compared to 27,215 thousand euro in the same period of the previous year.

A breakdown by function of operating expenses, compared with the previous year, is given below.

(thousands of euro) of which:

Operating expenses	1st Half 2017	1st Half 2016	Difference	Perimeter difference
Research & development expenses	7,484	7,302	182	94
Selling expenses	8,187	7,185	1,002	614
General & administrative expenses	15,389	12,728	2,661	274
Total operating expenses	**31,060**	**27,215**	**3,845**	**982**

Excluding both the effect of the change in the scope of consolidation following the acquisition of Metalvuoto S.p.A. (+982 thousand euro) and the increase related to the exchange rate effect (+342 thousand euro), the increase mainly regarded the **general and administrative expenses** (+2,263 thousand euro the organic change compared to the first half 2016); in particular, please note, the increased costs for fixed and variable compensation to the personnel, as well as the higher accrual for the variable remuneration of the Executive Directors (about +716 thousand euro), in addition to the non-recurring costs for the liquidation of the subsidiary Memry GmbH. The slight organic increase in the **selling expenses** (+260 thousand euro) was related to variable costs that are linked to the volumes of sales, such as transportation costs. The **R&D expenses** were instead in line with those of the first half of 2016.

A breakdown by nature of the total expenses included in the cost of sales and operating expenses, compared with the previous year, is given below.

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(thousands of euro) of which:

Total costs by nature	1st Half 2017	1st Half 2016	Difference	Perimeter difference
Raw materials	31,931	18,491	13,440	4,505
Personnel cost	40,484	34,220	6,264	1,018
Corporate bodies	2,588	1,727	861	0
Travel expenses	882	793	89	20
Maintenance and repairs	1,837	1,533	304	110
Various materials	4,982	4,222	760	5
Transports	1,775	951	824	240
Commissions	585	720	(135)	0
Licenses and patents	736	574	162	0
Consultant fees and legal expenses	2,578	2,796	(218)	87
Audit fees	274	248	26	16
Rent and operating leases	1,300	1,164	136	129
Insurances	607	601	6	17
Promotion and advertising	272	277	(5)	12
Utilities	1,738	1,432	306	213
Telephones and faxes	203	208	(5)	7
General services (canteen, cleaning, vigilance, etc.)	797	698	99	23
Training	133	100	33	1
Depreciation	3,780	3,492	288	180
Amortization	627	658	(31)	26
Write-down of non current assets	294	37	257	0
Provision (release) for bad debts	(76)	0	(76)	33
Other	940	928	12	76
Total costs by nature	**99,267**	**75,870**	**23,397**	**6,718**
Increase (decrease) in work in progress and finished goods	(2,513)	1,217	(3,730)	165
Total cost of sales and operating expenses	**96,754**	**77,087**	**19,667**	**6,883**

The items “Raw materials”, “Maintenance and repairs”, “ Various materials” and “Transports” which are strictly connected to the production cycle, increased in correlation with the increase in production activities and sales.

The increase in “Personnel cost” was due to the change in the scope of consolidation (+1,018 thousand euro) and to the exchange rate effect (+684 thousand euro), in addition to the growth in the average number of the Group’s employees (concentrated in the form memory alloy and gas purification sectors), to salary increases linked to meritocratic policies and to higher accruals for the variable compensation of the employees, estimated to be growing in line with the trend of the economic results. Finally, please note that this item included the extraordinary costs for severance of Memry GmbH (+116 thousand euro) and a more limited use of the defensive job-security agreements at the Avezzano plant of the Parent Company (+735 thousand euro).

The item “Corporate bodies” included the remuneration of the members of the Board of Directors, both executive and non-executive, and of the Board of Statutory Auditors of the Parent Company. The increase compared to June 30, 2016 is mainly due to the higher accruals for the variable component of the remuneration of the Executive Directors. For the details on the remunerations please refer to the Note no. 37.

The increase in the items “Utilities” and “Depreciation” was exclusively due to the consolidation of the newly acquired Metalvuoto S.p.A.

The item “Consultant fees and legal expenses” decreased thanks to both a lower use external consultants in the OLET research project and because in the first half of 2016 this item included some legal advisory costs related to special corporate projects that did not occur in the current year.

The change of the item “Write-down of non current assets” was mainly related to the still in progress liquidation of the German subsidiary Memry GmbH.

6. OTHER INCOME (EXPENSES)

The item “Other income (expenses)” as at June 30, 2017 recorded a negative balance of -63 thousand euro compared to -819 thousand euro in the corresponding period of the previous year.
The breakdown is provided below.

(thousands of euro)

	1st Half 2017	1st Half 2016	Difference	of which: Perimeter difference
Other income	328	183	145	13
Other expenses	(391)	(1,002)	611	(96)
Total other income (expenses)	**(63)**	**(819)**	**756**	**(83)**

The item "Other income" includes all those revenues that do not fall within the ordinary operations of the Group, such as, for example, the proceeds from the sale of scrap materials and it is in line with the first half of 2016.

The item "Other expenses" is mainly composed by the property taxes and other taxes, other than income taxes, paid by the Italian Group’s companies. The change compared to June 30, 2016 is primarily due to the fact that, in the previous year, the item included the cost related to the signature of a settlement agreement for the definition of the environmental dispute regarding the compensation for the environmental damages and the water and below sediment purification of the Onondaga Lake (431 thousand euro) and the cost related to the purchase from Polyera Corporation of a license on 50% of the OLET technology jointly developed by the Group with Polyera itself (245 thousand euro).

7. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in the first half of 2017, compared to the corresponding period of the previous year.

(thousands of euro) of which:

Financial income	1st Half 2017	1st Half 2016	Difference	Perimeter difference
Bank interest income	29	29	0	0
Other financial income	242	38	204	1
Total financial income	**271**	**67**	**204**	**1**

The increase in the item "Other financial income" was mainly due to the interests accrued on the various additional tranches of interest-bearing loans granted by SAES Nitinol S.r.l. to the joint venture Actuator Solutions GmbH during the second half of 2016 and during the first half of 2017 (for further details please refer to Note 18).

The breakdown of financial expenses is given below.

(thousands of euro) of which:

Financial expenses	1st Half 2017	1st Half 2016	Difference	Perimeter difference
Bank interests and other bank expenses	1,011	713	298	87
Other financial expenses	65	36	29	0
Realized losses on IRS	22	3	19	0
Losses from IRS evaluation at fair value	14	52	(38)	0
Total financial expenses	**1,112**	**804**	**308**	**87**

The item "Bank interests and other bank expenses" included interest expenses on both short term and long term loans granted to the Parent Company, to the newly acquired Metalvuoto S.p.A. and to the US subsidiary Memry Corporation, as well as the bank fees related to the credit lines held by the Italian companies of the Group.
The increase compared to June 30, 2016 was attributable, in addition to the change in the scope of consolidation, to the cost for the early repayment of both tranches (one of which secured by SACE) of the loan signed in June 2015 with EIB (European Investment Bank), to support advanced R&D projects. In particular, this operation provided for the payment of an indemnity fee to EIB of 10 thousand euro, the payment of a premium of about 76 thousand euro to SACE and the inclusion in the income statement of transaction costs equal to about 149 thousand euro.

The item "Other financial expenses" was mainly composed by the effect 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 "hydrogen purifiers" business from Power & Energy, Inc. in the income statement (for further details please refer to the Note no. 27).

Finally, the item "Losses from IRS evaluation at fair value" is the effect on the income statement of the fair value measurement of the hedge contracts, included the implied ones, on long-term variable rate loans held by the Parent Company and by Metalvuoto S.p.A. The item "Realized losses on IRS" includes the interest differences actually paid to the banks in respect of these contracts during the first semester 2017.

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

This item includes the Group's share in the result of the joint ventures Actuator Solutions GmbH[16], SAES RIAL Vacuum S.r.l. and Flexterra, Inc.[17], evaluated with the equity method.

(thousands of euro)

	1st Half 2017	1st Half 2016	Difference
Actuator Solutions	0	(1,092)	1,092
SAES RIAL Vacuum S.r.l.	(91)	(86)	(5)
Flexterra, Inc.	(774)	0	(774)
Total income (loss) from equity method evaluated companies	**(865)**	**(1,178)**	**313**

In the first semester 2017 the loss deriving from the evaluation with the equity method amounted to -865 thousand euro, almost exclusively attributable to the newco Flexterra, a development start-up, that generated costs slightly above 2 million euro in the first half of 2017. The share pertaining to SAES in the net loss of Actuator Solution as at June 30, 2017 (-1,697 thousand euro) was not recognized by the Group given that, in accordance with IAS 28, the investment of SAES in Actuator Solutions was already fully reduced to zero and since today there is no legal or implied obligation of its recapitalization by the Group.
In the first semester of the previous year, the loss deriving from the evaluation with the equity method amounted to -1,178 thousand euro and it was mainly related to the joint venture Actuator Solutions while Flexterra was established only at the end of 2016.
For further details on the performance of the joint ventures please refer to the Report on Operations, paragraph "Performance of the joint ventures in the first half of 2017" and to the Note no 15.

9. FOREIGN EXCHANGE GAINS (LOSSES)

In the first half of 2017 the exchange rates management recorded a negative net balance equal to -726 thousand euro, compared to a negative balance equal to -224 thousand euro in the corresponding period of the previous year.

The breakdown of foreign exchange gains and losses as at June 30, 2017 compared to the previous year is given below.

[16] Please note that Actuator Solutions GmbH consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. (established in June 2013) and Actuator Solutions (Shenzhen) Co., Ltd. (established in September 2016 in P.R. of China and operative since the beginning of 2017).
[17] Flexterra, Inc. has been included in the scope of consolidation since December 2016 but it has started to be operating in January 2017, not contributing to the SAES Group's result in first half of 2016. Flexterra, Inc. consolidates the wholly owned subsidiary Flexterra Taiwan Co., Ltd., established in January 2017, based in Zhubei City (Taiwan).

(thousands of euro)				of which:
Foreign exchange gains and losses	**1st Half 2017**	**1st Half 2016**	**Difference**	**Perimeter difference**
Foreign exchange gains	243	374	(131)	1
Foreign exchange losses	(1,048)	(414)	(634)	0
Foreign exchange gains (losses), net	**(805)**	**(40)**	**(765)**	**1**
Realized exchange gains on forward contracts	0	8	(8)	0
Realized exchange losses on forward contracts	(1)	(1)	0	0
Gains (losses) from forward contracts evaluation at fair value	80	(191)	271	0
Gains (losses) on forward contracts	**79**	**(184)**	**263**	**0**
Total foreign exchange gains (losses), net	**(726)**	**(224)**	**(502)**	**1**

The item “Foreign exchange gains (losses), net” shows a negative balance of -805 thousand euro, compared with a slightly negative balance equal to -40 thousand euro as at June 30, 2016. The negative balance (-765 thousand euro) was mainly attributable to foreign exchange losses on commercial transactions, generated mainly in the second quarter of 2017 following the devaluation of the dollar against the euro.

The item “Gains (losses) on forward contracts” recorded a positive balance of 79 thousand euro, versus a negative balance of -184 thousand euro as at June 30, 2016. This balance included both the gains realised when forward contracts on transactions in dollars and yen are unwound, as well as the impact of their fair value evaluation.
As at June 30, 2016, this item included the fair value evaluation (positive and equal to +7 thousand euro) of the forward sale contract of euro entered into by the Group with the objective of limiting the currency risk on the balance of the financial credit in euro that the Korean subsidiary owned against the Parent Company. No such hedging contract was signed in 2017 as the exposure to exchange rate risk was considered non-material.

10. INCOME TAXES

As at June 30, 2017 income taxes amounted to 6,751 thousand euro, with an increase of 2,434 thousand euro compared to 4,317 thousand euro in the corresponding period of the previous year.

The related breakdown is given below

(thousands of euro)				of which:
	1st Half 2017	**1st Half 2016**	**Difference**	**Perimeter difference**
Current taxes	6,664	3,958	2,706	0
Deferred taxes	87	359	(272)	0
Total	**6,751**	**4,317**	**2,434**	**0**

The increase of tax expenses, compared to the first semester of the previous year, was related to the increase in the income before taxes.

The Group’s tax rate was equal to 37.4% (44.1% in the corresponding semester of 2016), substantially in line with the figure related to the full year 2016.

As already happened in the previous year, the Group’s companies did not recognize deferred tax assets on the fiscal losses realized in the first semester of 2017. These total fiscal losses were equal to 5,593 thousand euro compared to tax losses equal to 4,458 thousand euro as at June 30, 2016.

11. EARNING (LOSS) PER SHARE

As indicated in the Note no. 25, 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 earning 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 preferred 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 semester.

If the period ended with a loss, the latter would be instead allocated equally to each type of shares.

The following table shows the result per share in the first half of 2017, compared with the figure of the first half of 2016.

Earning (loss) per share	1st Half 2017			1st Half 2016		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attribuitable to shareholders (thousands of euro)			**11,283**			**5,470**
Theoretical preference dividends (thousands of euro)		1,022	1,022		1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands o	7,426	2,835	10,261	3,558	890	4,448
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**7,426**	**3,857**	**11,283**	**3,558**	**1,912**	**5,470**
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)	**0.5061**	**0.5228**		**0.2425**	**0.2591**	
- from continued operations (euro)	*0.5061*	*0.5228*		*0.2425*	*0.2591*	
- from discontinued operations (euro)	*0.0000*	*0.0000*		*0.0000*	*0.0000*	
Diluted earning (loss) per share (euro)	**0.5061**	**0.5228**		**0.2425**	**0.2591**	
- from continued operations (euro)	*0.5061*	*0.5228*		*0.2425*	*0.2591*	
- from discontinued operations (euro)	*0.0000*	*0.0000*		*0.0000*	*0.0000*	

12. SEGMENT INFORMATION

For management purposes, the Group is organized into three Business Units based on the type of products and services provided. As at June 30, 2017 the Group's operations were divided into three primary operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (electronic vacuum devices, MEMS, image diagnostic systems, products for thermal insulation, lamps, vacuum systems, 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;
- **Solutions for Advanced Packaging** – new operating segment, established starting from January 1, 2017, following the acquisition[18] of the majority of the company Metalvuoto S.p.A, an established player in the advanced packaging industry, producing innovative and advanced metalized and plastic films for the food packaging sector.

The Top Management monitors the results of the several 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,

[18] The acquisition was finalized in the last quarter of the previous year.

foreign exchange performance and income taxes are measured at the overall Group level and thus they are not allocated to the operating segments.
Internal reports are prepared in accordance with IFRSs and no reconciliation with the carrying amounts is therefore necessary.

The columns "Not allocated" includes corporate income statement 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 into 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		Solutions for Advanced Packaging		Not allocated		Total	
	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016	1st Half 2017	1st Half 2016
Total net sales	**69,550**	**53,885**	**40,032**	**35,413**	**6,960**	**0**	**741**	**534**	**117,283**	**89,832**
Gross profit	**33,382**	**25,714**	**17,022**	**14,166**	**1,059**	**0**	**126**	**80**	**51,589**	**39,960**
% on net sales	*48.0%*	*47.7%*	*42.5%*	*40.0%*	*15.2%*	*n.a.*	*17.0%*	*15.0%*	*44.0%*	*44.5%*
Total operating expenses	(11,881)	(11,702)	(6,865)	(5,478)	(1,095)	0	(11,219)	(10,035)	(31,060)	(27,215)
Other income (expenses), net	55	17	123	65	(36)	0	(205)	(901)	(63)	(819)
Operating income (loss)	**21,556**	**14,029**	**10,280**	**8,753**	**(72)**	**0**	**(11,298)**	**(10,856)**	**20,466**	**11,926**
% on net sales	*31.0%*	*26.0%*	*25.7%*	*24.7%*	*-1.0%*	*n.a.*	*n.s.*	*n.s.*	*17.5%*	*13.3%*
Interest and other financial income (expenses), net									(841)	(737)
Share of result of investments accounted for using the equity method									(865)	(1,178)
Foreign exchange gains (losses), net									(726)	(224)
Income (loss) before taxes									**18,034**	**9,787**
Income taxes									(6,751)	(4,317)
Net income (loss) from continued operations									**11,283**	**5,470**
Net income (loss) from discontinued operations									0	0
Net income (loss)									**11,283**	**5,470**
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									**11,283**	**5,470**

Information on geographical areas

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.

The split of consolidated net sales based on the countries where the Group's companies that generated the revenue are based, is provided below.

(thousands of euro)

Country in which the Group entity is located	1st Half 2017	%	1st Half 2016	%	Difference
Italy	24,426	20.8%	15,983	17.8%	8,443
Europe	2,421	2.1%	3,855	4.3%	(1,434)
North America	88,000	75.0%	67,859	75.5%	20,141
South Korea	540	0.5%	412	0.5%	128
China	1,820	1.6%	1,703	1.9%	117
Other Asian countries	76	0.1%	20	0.0%	56
Others	0	0.0%	0	0.0%	0
Total net sales	**117,283**	**100%**	**89,832**	**100%**	**27,451**

13. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, amounted to 51,253 thousand euro as at June 30, 2017, with a decrease of 2,149 thousand euro compared to December 31, 2016.

The following tables show the changes occurred during the semester

(thousands of euro)

Tangible fixed assets	Land	Building	Plant and machinery	Assets under construction and advances	Total
December 31, 2016	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**
Additions	0	167	785	2,640	**3,592**
Disposals	0	0	0	0	**0**
Reclassifications	0	144	1,690	(1,834)	**0**
Depreciation	0	(743)	(3,037)	0	**(3,780)**
Write-downs	0	0	(291)	0	**(291)**
Revaluations	0	0	0	0	**0**
Translation differences	(274)	(389)	(808)	(199)	**(1,670)**
June 30, 2017	**3,908**	**20,550**	**23,917**	**2,878**	**51,253**
December 31, 2016					
Historical cost	4,182	45,322	137,306	2,493	**189,303**
Accumulated depreciation and write-downs	0	(23,951)	(111,728)	(222)	**(135,901)**
Net book value	**4,182**	**21,371**	**25,578**	**2,271**	**53,402**
June 30, 2017					
Historical cost	3,908	44,655	135,264	3,100	**186,927**
Accumulated depreciation and write-downs	0	(24,105)	(111,347)	(222)	**(135,674)**
Net book value	**3,908**	**20,550**	**23,917**	**2,878**	**51,253**

As at June 30, 2017 land and buildings were not burdened by mortgages or other guarantees.

In the first half of 2017 investments in tangible assets amounted to 3,592 thousand euro and they included the purchases made by the Parent Company for the setting up of a new production line at the plant in Avezzano in the Electronic Devices segment, as well as the purchase, always by SAES Getters S.p.A., of machinery for the improvement of the industrial SMA production lines and of laboratory equipment for for R&D activities at the plant in Lainate. Please also note the investments in the SMA area made by the subsidiaries Memry Corporation and SAES Smart Materials, Inc., aimed both at increasing the production capacity of the existing lines and at creating new production departments both in the medical segment and in the industrial one. Part of these investments in the SMA area are provisional to the transfer of the production activities of the German subsidiary Memry GmbH, that will be completed by the end of the year. Finally, the investments included purchases of machinery in the security & defence sector by the US subsidiary SAES Getters USA, Inc.

The depreciation for the period, equal to 3,780 thousand euro, was slightly higher than that in the first half of 2016 (3,492 thousand euro) mainly due to the consolidation of the newly acquired Metalvuoto S.p.A.

The write-downs, equal to 291 thousand euro, were mainly related to the write-off of the residual value of some equipment and machinery as part of the process leading to the liquidation of the German subsidiary Memry GmbH.

The translation differences (-1,670 thousand euro) were related to assets of the US companies and linked to the devaluation of the US dollar as at June 30, 2017 compared to the exchange rate of December 31, 2016.

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

(thousands of euro)

	June 30, 2017			December 31, 2016		
	Owned assets	Finance leased assets	Total	Owned assets	Finance leased assets	Total
Land and building	24,458	0	24,458	25,553	0	25,553
Plant and machinery	23,917	0	23,917	25,578	0	25,578
Assets under construction and advances	2,878	0	2,878	2,271	0	2,271
Total	**51,253**	**0**	**51,253**	**53,402**	**0**	**53,402**

No financial leasing contract was in place as at June 30, 2017 (for further details please refer to the Note no. 27).

14. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, amounted to 54,778 thousand euro as at June 30, 2017 and they recorded a decrease of 4,206 thousand euro compared to December 31, 2016.

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, 2016	**51,965**	**0**	**2,574**	**270**	**4,086**	**89**	**58,984**
Additions	0	0	12	151	16	30	**209**
Disposals	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	5	13	(18)	**0**
Other movements	(29)	0	0	0	0	0	**(29)**
Depreciation	0	0	(222)	(143)	(262)	0	**(627)**
Write-downs	0	0	0	0	(3)	0	**(3)**
Revaluations	0	0	0	0	0	0	**0**
Translation differences	(3,275)	0	(180)	(3)	(298)	0	**(3,756)**
June 30, 2017	**48,661**	**0**	**2,184**	**280**	**3,552**	**101**	**54,778**
December 31, 2016							
Historical cost	57,242	183	7,364	10,390	25,578	828	**101,585**
Accumulated depreciation and write-downs	(5,277)	(183)	(4,790)	(10,120)	(21,492)	(739)	**(42,601)**
Net book value	**51,965**	**0**	**2,574**	**270**	**4,086**	**89**	**58,984**
June 30, 2017							
Historical cost	53,938	183	6,976	10,430	24,307	840	**96,674**
Accumulated depreciation and write-downs	(5,277)	(183)	(4,792)	(10,150)	(20,755)	(739)	**(41,896)**
Net book value	**48,661**	**0**	**2,184**	**280**	**3,552**	**101**	**54,778**

The decrease of the semester was mainly due to the translation differences (-3,756 thousand euro) related to the intangible assets of the Group’s US companies and, to a lesser extent, to the amortization of the period (-627 thousand euro), substantially in line with those of the corresponding period of the previous year.

Investments of the period amounted to 209 thousand euro and mainly refer to the purchase of new software licenses by the Parent Company

With regards to the changes of the item “Goodwill”, please see the section below.

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 periodically reviewed on the basis of the expected cash flows of the related Cash Generating Unit - CGU (impairment test).

Goodwill

The changes in the item "Goodwill" and the Cash Generating Unit to which the goodwill is allocated is highlighted below.

Please note that, following the acquisition of the majority of the company Metalvuoto S.p.A., an additional CGU, coinciding with the Business Unit "Solutions for Advanced Packaging", has been added starting from January 1, 2017 next to the "Industrial Applications" and "Shape Memory Alloys" Business Units. The goodwill generated by the acquisition of Metalvuoto S.p.A., temporarily not allocated to any CGU as at December 31, 2016, has been reclassified into this new operating segment starting from January 1, 2017.

(thousands of euro)

Business Unit	December 31, 2016	Additions	Write-downs	Other movements	Translation differences	June 30, 2017
Industrial Applications	5,971	0	0	0	(384)	5,587
Shape Memory Alloys	39,807	0	0	0	(2,891)	36,916
Solutions for Advanced Packaging	6,187	0	0	(29)	0	6,158
Not allocated	0	0	0	0	0	0
Total goodwill	**51,965**	**0**	**0**	**(29)**	**(3,275)**	**48,661**

The decrease of the period was entirely due to the exchange rate effect on the goodwill amounts denominated in currencies other than euro.

The item "Other movements" refers to the adjustment of the goodwill arising from the acquisition of Metalvuoto S.p.A. as a result of the adjustment (62 thousand euro), agreed between the parties, of the consideration for the purchase of the first 70% of the company, and of the capital payment (91 thousand euro) made at the beginning of 2017 by the minority shareholder Mirante S.r.l. for the purpose of replenishing the loss recorded in 2016.

The following table shows the gross book values of goodwill and their accumulated write-downs for impairment from January 1, 2004 to June 30, 2017 and to December 31, 2016.

(thousands of euro)

Business Unit	June 30, 2017			December 31, 2016		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications (*)	5,650	(63)	5,587	6,034	(63)	5,971
Shape Memory Alloys (*)	40,316	(3,400)	36,916	43,207	(3,400)	39,807
Solutions for Advanced Packaging (**)	6,158	0	6,158	6,187	0	6,187
Not allocated	358	(358)	0	358	(358)	0
Total goodwill	**52,482**	**(3,821)**	**48,661**	**55,786**	**(3,821)**	**51,965**

(*) The difference between the gross value as at June 30, 2017 and the gross value as at December 31, 2016 is due to the translation differences on goodwill amounts denominated in currencies other than euro.

(**) The difference between the gross value as at June 30, 2017 and that at December 31, 2016 was due to the adjustment of the goodwill following the acquisition of Metalvuoto S.p.A.

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 has been a reduction in the value of goodwill. No recoverability analysis was carried out as at June 30, 2017 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, 2016 are still valid today.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2017 the item includes the share of the net assets attributable to the Group in the joint venture Actuator Solutions GmbH[19], SAES RIAL Vacuum S.r.l. and Flexterra, Inc.[20].

The following table shows the changes in this item during the first semester of 2017.

(thousands of euro)

Investments accounted for using the equity method	December 31, 2016	Additions	Capital payments	Share of the net result	Share of other comprehensive income (loss)	Dividends paid	Disposals	Other	June 30, 2017
Actuator Solutions	0	0	0	0	0	0	0	0	0
SAES RIAL Vacuum S.r.l.	1,475	0	0	(91)	0	0	0	0	1,384
Flexterra, Inc.	8,146	0	0	(774)	(581)	0	0	0	6,791
Total	**9,621**	**0**	**0**	**(865)**	**(581)**	**0**	**0**	**0**	**8,175**

The change in the period (overall negative for 1,446 thousand euro) is the consequence of the value of each investment adjusted to the Group's share of the result and other comprehensive income (loss) achieved by the joint ventures in the first half of 2017.
With reference to Actuator Solutions, please note that, being the investment of SAES in Actuator Solutions already fully reduced to zero as at June 30, 2017 and since today there is no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the total comprehensive loss of Actuator Solutions in the first semester of 2017 (-1,556 thousand euro) was not recognized by the Group.

Actuator Solutions

Actuator Solutions GmbH is based in Gunzenhausen (Germany) and is 50% jointly owned by SAES and Alfmeier Präzision, a German group operating in the fields of electronics and advanced plastic materials. This joint venture, which consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd., is focused on the development, production and commercialization of actuators using shape memory alloys in place of the engine.

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

(thousands of euro)

Actuator Solutions	June 30, 2017	December 31, 2016
Statement of financial position	**50%**	**50%**
Non current assets	5,501	5,143
Current assets	2,465	1,931
Total assets	**7,966**	**7,074**
Non current liabilities	5,941	4,248
Current liabilities	3,766	3,011
Total liabilities	**9,707**	**7,259**
Capital stock, reserves and retained earnings	(185)	3,376
Net income (loss) for the period	(1,697)	(3,373)
Other comprehensive income (loss) for the period (*)	141	(188)
Total equity	**(1,741)**	**(185)**

(*) Currency translation difference reserve arising from the conversion in euro of the financial statements of the subsidiary Actuator Solutions Taiwan Co., Ltd.

[19] Please note that Actuator Solutions GmbH, consolidates its wholly owned subsidiaries Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd.
[20] Starting from January 10, 2017 Flexterra, Inc. (USA) fully controls the newly established company Flexterra Taiwan Co., Ltd.

(thousands of euro)

Actuator Solutions	June 30, 2017	June 30, 2016
Statement of profit or loss and of other comprehensive income	**50%**	**50%**
Net sales	6,864	4,494
Cost of sales	(6,471)	(4,830)
Gross profit	**393**	**(336)**
Total operating expenses	(1,318)	(1,141)
Other income (expenses), net	(504)	67
Operating income (loss)	**(1,429)**	**(1,410)**
Interest and other financial income, net	(169)	(47)
Foreign exchange gains (losses), net	(118)	18
Income taxes	19	347
Net income (loss)	**(1,697)**	**(1,092)**
Exchange differences	141	(11)
Total comprehensive income (loss)	**(1,556)**	**(1,103)**

Actuator Solutions recorded net revenues equal to 13,727 thousand euro in the first half of 2017, up by 52.7% compared to 8,988 thousand euro in the first semester of 2016. This increase was attributable both to the increase of sales in the traditional seat comfort business (valves exploiting the SMA technology and used in lumbar control systems of the seats of cars), and to the contribution of the new segment of autofocus (AF) systems for high-end action cameras (which recorded revenues equal to 2,801 thousand euro in the semester). With regard to the AF devices for the mobile phones focus, their qualification activities intensively continued in the Asian market in the first half of 2017.
The net result of the semester was negative and equal to -3,393 thousand euro, compared to a loss of -2,184 thousand euro as at June 30, 2016. This loss included non-recurring costs equal to around 1.2 million euro, related to the re-organization process which started in Germany at the end of 2016 and recently continued also in the Taiwanese subsidiary, with the shutdown of the factory in Zhubei, the outsourcing of the production activities and the progressive focusing on research & development activities.
For further details on the developments in Actuator Solutions, please refer to the paragraph dedicated to the joint venture in the interim report.

The share of the SAES Group (equal to 50%) in the result of this joint venture in the first half of 2017 amounted to -1,697 thousand euro, plus the other components of the comprehensive income statement for an amount of +141 thousand euro, consisting of the translation differences generated by the consolidation of Actuator Solutions Taiwan Co., Ltd. in Actuator Solutions GmbH.
As already mentioned before, being the investment of SAES in Actuator Solutions already fully reduced to zero as at June 30, 2017 and since there is today no legal or implied obligation of its recapitalization by the Group, in accordance with IAS 28, the share pertaining to SAES in the net loss of Actuator Solution as at June 30, 2017 (-1,556 thousand euro) was not recognized by the Group.

Despite the value of the investment in Actuator Solutions GmbH as at December 31, 2016 has been reduced to zero, an impairment test was carried out in order to detect possible losses on receivables, in particular the financial ones, held by the Group towards the joint venture (for more details on these financial receivables please refer to Note no. 18). Since the plans and the other indicators used to estimate the recoverable amount of the receivables as at December 31, 2016 are still valid, no impairment test was carried out as at June 30, 2017.

The following table provides the number of employees of the joint venture Actuator Solutions as at June 30, 2017 split by category, based on the percentage of ownership held by the Group (equal to 50%).

Actuator Solutions	June 30, 2017	December 31, 2016
	50%	50%
Managers	6	9
Employees and middle management	21	39
Workers	10	20
Total (*)	**37**	**68**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 1 unit as at June 30, 2017 and equal to 2 unit at December 31, 2016 (according to the percentage held by the Group).

The reduction in the number of employees compared to December 31, 2016 was mainly related to the aforementioned reorganization process started at the end of 2016 in Germany and continued in the first half of 2017 also in the subsidiary based in Taiwan.

SAES RIAL Vacuum S.r.l.

SAES RIAL Vacuum S.r.l., established at the end of 2015, is jointly controlled by SAES Getters S.p.A (49%) and Rodofil s.n.c. (51%). The company is specialized in the design and manufacture of vacuum chambers for accelerators, synchrotrons and colliders and combines at the highest level the competences of SAES in the field of materials, vacuum applications and innovation, with the experience of Rodofil in the design, assembling and fine mechanical productions, with the aim of offering absolutely excellent quality products and of successfully competing in the international markets.

The Group's equity investment is accounted for using the equity method since the operation consists of a joint control agreement and, specifically, a joint venture. With this regard, please note that a key factor in qualifying the agreement is the subscription of shareholders' agreements that provide that the decisions on some significant activities are taken with the unanimous consent of the parties, irrespective of their ownership percentage in the share capital.

Finally, please note that among the shareholders SAES Getters S.p.A. and Rodofil S.r.l exists a put and call option, according to an agreed schedule. In particular, Rodofil S.r.l. will have the right to exercise, through a one-off operation, a put option, by selling to SAES Getters S.p.A. a minimum of 2% up to a maximum of 51% of its shares of SAES RIAL Vacuum S.r.l., between May 1, 2020 and May 31, 2020, at a predetermined price related to the performance of the new company at the date of the sale; if Rodofil does not exercise its put option, SAES Getters S.p.A. will have the right to exercise a call option through a one-off operation between June 1, 2020 and June 30, 2020, for a percentage equal to 30% of the share capital, at a price calculated with a similar method. Please note that as at June 30, 2017 the Management did not have enough information in order to perform an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

The table below shows the SAES Group interest in SAES RIAL Vacuum S.r.l.'s assets, liabilities, revenues and costs.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2017	December 31, 2016
Statement of financial position	**49%**	**49%**
Non current assets	148	150
Current assets	465	518
Total assets	**613**	**668**
Non current liabilities	145	148
Current liabilities	477	438
Total liabilities	**622**	**586**
Capital stock, reserves and retained earnings	82	221
Net income (loss) for the period	(91)	(137)
Other comprehensive income (loss) for the period (*)	0	(2)
Total equity	**(9)**	**82**
Goodwill arising on acquisition	1,393	1,393
SAES Group Investment	**1,384**	**1,475**

(*) Actuarial differences on the employee severance indemnities (TFR), in accordance with the revised IAS 19.

(thousands of euro)

SAES RIAL Vacuum S.r.l.	June 30, 2017	June 30, 2016
Statement of profit or loss and of other comprehensive income	**49%**	**49%**
Net sales	279	273
Cost of sales	(356)	(303)
Gross profit	**(77)**	**(30)**
Total operating expenses	(62)	(55)
Other income (expenses), net	52	0
Operating income (loss)	**(87)**	**(85)**
Interest and other financial income, net	(4)	(1)
Foreign exchange gains (losses), net	0	0
Income taxes	0	0
Net income (loss)	**(91)**	**(86)**
Actuarial gain (loss) on defined benefit plans, net of taxes	0	0
Total comprehensive income (loss)	**(91)**	**(86)**

SAES RIAL Vacuum S.r.l. ended the first half of 2017 with sales equal to 569 thousand euro and a net loss equal to -186 thousand euro. The negative result, substantially in line with that of the first half of 2016, was mainly related to production inefficiencies that are typical of any company in its start-up phase.

As already mentioned before, the share of the SAES Group (49%) in the result of the joint venture amounted to -91 thousand euro in the first half of 2017.

The difference, equal to 1,393 thousand euro, between the investment value (1,384 thousand euro) and the value of the share of the SAES Group in the company's net assets (-9 thousand euro) represents the goodwill (1,393 thousand euro) that is included in the carrying value of the investment.

Since the plans and the other indicators used to estimate the recoverable amount of the investment as at December 31, 2016 were still valid, no impairment test was carried out as at June 30, 2017.

The following table provides the number of employees of the joint venture SAES RIAL Vacuum S.r.l. as at June 30, 2017 split by category, based on the percentage of ownership held by the SAES Group (49%).

SAES RIAL Vacuum S.r.l.	June 30, 2017	December 31, 2016
	49%	49%
Managers	0	0
Employees and middle management	2	3
Workers	4	2
Total (*)	**7**	**5**

(*) The figure excludes the personnel employed with contract other than salaried employment, equal to 1 unit as at June 30, 2017 and equal to 2 unit at December 31, 2016 (according to the percentage held by the Group).

Flexterra

Flexterra was born from a technological partnership activated in the previous years between SAES and the US Company Polyera in the field of flexible thin film transistors for new generation displays. In particular, Flexterra, Inc. based in Skokie (close to Chicago, Illinois, USA), is a newco established at the end of 2016 by SAES (through the subsidiary SAES Getters International Luxembourg S.A.) and by previous members and lenders of Polyera, which has the objective the design, manufacturing and commercialization of materials and components for the manufacturing of truly flexible displays, with an enormous application potential in different market sectors. Starting from January 10, 2017 Flexterra, Inc. fully controls the newly established company Flexterra Taiwan Co., Ltd.

As at December 31, 2016 SAES owned a share in the share capital of Flexterra, Inc. equal to 34.66%; such share, as at June 30, 2017, decreased to 33.79%, as a result of the cash contributions made by other shareholders, former investors in Polyera, in the first semester of the current year.

The Group's equity investment is accounted for using the equity method since, irrespective of their ownership percentage in the share capital, the operation consists of a joint control agreement and, specifically, a joint venture, based on the Board's composition (five members, two of which appointed by SAES, including the CEO) and the shareholders agreements (that provide that the decisions on relevant matters are taken with the consent of at least 4 of the 5 Board members).

Please note that SAES is committed to transfer a further contribution of 4.5 million USD in capital – in addition to tangible and intangible assets with an estimated value of around 3 million USD – to be finalized upon the achievement by Flexterra of technical and commercial objectives as set out in the agreement (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018. After such contribution, the share of SAES is expected to increase to about 45%.

The value of the investment as at June 30, 2017 is the overall contribution (8,146 thousand euro, equal to 8,500 thousand USD) of SAES Getters International Luxembourg S.A. in the share capital of Flexterra, Inc., adjusted for the SAES Group's share in the result of semester (-774 thousand euro) and in the other components of comprehensive income (-581 thousand euro). The latter include the expenses related to the issue equity instruments (-8 thousand euro), as well as the currency translation difference reserve (-573 thousand euro) arising from the conversion in Euro of the financial statements of Flexterra, Inc. and of its subsidiary Flexterra Taiwan Co., Ltd. (respectively expressed in US Dollar and Taiwanese Dollar).

The table below shows the SAES Group interest in Flexterra’s assets, liabilities, revenues and costs.

(thousands of euro)

Flexterra	June 30, 2017	December 31, 2016
Statement of financial position	**33.79%**	**34.66%**
Non current assets	5,193	5,755
Current assets	1,731	2,309
Total assets	**6,924**	**8,064**
Non current liabilities	0	0
Current liabilities	127	0
Total liabilities	**127**	**0**
Capital stock, reserves and retained earnings	8,064	8,064
Reserve for stock option plans	88	0
Net income (loss) for the period	(774)	0
Other comprehensive income (loss) for the period (*)	(581)	0
Total equity	**6,797**	**8,064**

(*) Currency translation difference reserve arising from the conversion in euro of the financial statements of Flexterra, Inc. and of Flexterra Taiwan Co., Ltd. and capital expenditure costs.

(thousands of euro)

Flexterra	June 30, 2017
Statement of profit or loss and of other comprehensive income	**33.79%**
Net sales	6
Cost of sales	0
Gross profit	**6**
Total operating expenses	(749)
Other income (expenses), net	(53)
Operating income (loss)	**(796)**
Interest and other financial income, net	2
Foreign exchange gains (losses), net	20
Income taxes	0
Net income (loss)	**(774)**
Exchange differences and capital expenditure costs	(581)
Total comprehensive income (loss)	**(1,355)**

The following table provides the number of employees of the joint venture Flexterra as at June 30, 2017 split by category, based on the percentage of ownership held by the SAES Group (33.79%).

Flexterra	June 30, 2017
	33.79%
Managers	3
Employees and middle management	4
Workers	0
Total	**7**

Please note as of December 31, 2016, Flexterra, Inc. was not yet operating.

16. DEFERRED TAX ASSETS AND LIABILITIES

As at June 30, 2017 the net balance of deferred tax assets and deferred tax liabilities was positive and equal to 8,341 thousand euro, substantially in line with that at December 31, 2016 (8,340 thousand euro).

The related details are provided below.

(thousands of euro)

Deferred taxes	June 30, 2017	December 31, 2016	Variazione
Deferred tax assets	15,136	15,073	63
Deferred tax liabilities	(6,795)	(6,733)	(62)
Total	**8,341**	**8,340**	**1**

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 when appropriate, the following table shows deferred tax assets and liabilities before the offsetting process.

(thousands of euro)

Deferred taxes	June 30, 2017	December 31, 2016	Variazione
Deferred tax assets	18,809	18,751	58
Deferred tax liabilities	(10,468)	(10,411)	(57)
Total	**8,341**	**8,340**	**1**

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, 2016.

(thousands of euro)

Deferred tax assets	June 30, 2017		December 31, 2016	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit eliminations	2,205	745	1,627	565
Differences on depreciation/amortization and write-downs	1,674	575	1,784	622
IAS 19 effect	267	71	267	71
Bad debts	375	145	439	169
Inventory write-down	6,111	2,193	6,132	2,200
Provisions	3,748	1,345	3,768	1,352
Cash deductable expenses	8,647	2,447	8,956	2,496
Deferred taxes on recoverable losses	46,243	11,098	46,114	11,065
Exchange differences and other	432	190	290	211
Total		**18,809**		**18,751**

The Group had 128,128 thousand euro in tax losses eligible to be carried forward as at June 30, 2017, mainly attributable to the subsidiary SAES Getters International Luxembourg S.A. and to the Parent Company (tax losses eligible to be carried forward amounted to 123,948 thousand euro as at December 31, 2016).
The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets were equal to 46,243 thousand euro (essentially in line with those at December 31, 2016) and were mainly generated by SAES Getters S.p.A. and by the newly acquired Metalvuoto S.p.A.
As regards the deferred tax assets on past tax losses of the Parent Company, please note that they were recorded only on the losses incurred by the same company until December 31, 2013 and were recognized in the financial statements based on the recoverability analysis made by the Directors, that confirmed the still valid hypothesis of the 2016 annual report.

(thousands of euro)

Deferred tax liabilities	June 30, 2017		December 31, 2016	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(52,917)	(3,954)	(46,342)	(3,354)
Differences on depreciation/amortization and fair value revaluations	(17,285)	(6,374)	(18,788)	(6,940)
IAS 19 effect	(423)	(101)	(423)	(101)
Other	(162)	(39)	(65)	(16)
Total		**(10,468)**		**(10,411)**

The deferred tax liabilities recorded in the consolidated financial statements as at June 30, 2017 included in addition to the fiscal provision on taxes due in the event of distribution of the net income and of the reserves of the subsidiaries for which a distribution is expected in a foreseeable future, also the temporary differences on the plus-values identified during the purchase price allocation of the US companies acquired in the past years. The reversal of these balances offset the higher tax provision related to distributable earnings, enabling to end the semester with deferred tax liabilities substantially aligned with those at December 31, 2016.

17. TAX CONSOLIDATION RECEIVABLES FROM THE CONTROLLING COMPANY

The item "Tax consolidation receivables from the Controlling Company" (272 thousand euro) refers to the receivable initially of SAES Advanced Technologies S.p.A. and now held by the Parent Company[21], towards S.G.G. Holding S.p.A., following a request for refund that the latter had presented as consolidating entity of the tax consolidation program in place until December 31, 2014. This receivable has been classified among non-current assets being it collectable after the end of the year.

Starting from January 1, 2015, following the decrease of the stake of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below the threshold of 50%, the prerequisite to access to the tax consolidation program with S.G.G. Holding S.p.A. as consolidating company ended, as envisaged by the combined provisions of articles 117 and 120 of the Income Tax Code ("TUIR"). The Italian companies of the Group[22] currently join a new tax consolidation program with the Parent Company as consolidator.
As at December 31, 2016, all the companies in the tax consolidation program had a negative taxable income and, therefore, no credit/debit was entered in the annual balance sheet. As at June 30, 2017, despite SAES Nitinol S.r.l. recorded a positive taxable income, it was not entitled to any remuneration from other companies of the consolidation program, as it held own previous tax losses carried forward.

18. FINANCIAL RECEIVABLES FROM RELATED PARTIES

The item "Financial receivables from related parties", equal to 9,346 thousand euro as at June 30, 2017, compared to 5,814 thousand euro as at December 31, 2016, included the interest-bearing loans granted by SAES Group to the joint ventures Actuator Solutions GmbH (9,296 thousand euro) and SAES RIAL Vacuum S.r.l. (50 thousand euro).
The share whose repayment by the joint ventures is expected within one year was included in the current assets (797 thousand euro compared with 565 thousand euro as at December 31, 2016), while the remaining portion was classified as non-current asset (8,549 thousand euro compared with 5,249 thousand euro as at December 31, 2016).

The related details are given in the tables below.

[21] Please note that SAES Advanced Technologies S.p.A. merged into SAES Getters S.p.A. effective from January 1, 2016 from an accounting point of view.
[22] SAES Getters S.p.A., SAES Nitinol S.r.l. and E.T.C. S.r.l.; in March 2017 it was decided to include also the newly acquired Metalvuoto S.p.A. in the perimeter of the national tax consolidation program, with effect from 1 January, 2017.

Actuator Solutions GmbH

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2017 (*) (thousands of euro)	Value as at December 31, 2016 (*) (thousands of euro)	
Loan granted in October 2014	EUR	1,200	flexible, with maturity date April 2018 (°)	6% annual fixed rate	462	648	
Loan granted in April 2016	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	1,070	1,040	
Loan signed in July 2016 (first tranche granted in July 2016 & second tranche granted in September 2016)	EUR	2,000	flexible, with maturity date April 2019	6% annual fixed rate	3,157	3,067	(#)
	EUR	1,000					
Loan signed in November 2016: - first tranche granted in November 2016 - second tranche granted in January 2017 - third tranche granted in February 2017 - fourth tranche granted in March 2017 - fifth tranche granted in April 2017	EUR	1,000	flexible, with maturity date April 2019	6% annual fixed rate	4,607	1,005	(##)
	EUR	1,000					
	EUR	1,000					
	EUR	1,000					
	EUR	500					
Total		**9,700**			**9,296**	**5,760**	

(*) Interests included.
(°) Extendable on an annual basis.
(#) 50% of the loan is granted by a letter of patronage jointly signed by Alfmeier S.E. and SMA Holding GmbH, in favor of SAES Nitinol S.r.l.
(##) The contract provides for the priority reimbursement of such loan, compared to other loans granted to Actuator Solutions by its shareholders.

During the first semester 2017, on January 19, February 10 and March 17, 2017, SAES Nitinol S.r.l. has paid three additional tranches (equal to 1 million euro each) to Actuator Solutions GmbH of the loan of 4.5 million euro signed on November 28, x2016. The last tranche of the loan, equal to 0.5 million euro, was paid on April 24, 2017.

Please note that the parties have temporarily agreed to suspend the payment of the interest accrued during 2016 (a payment that, according to the contractual arrangements, was scheduled for the beginning of 2017).

SAES RIAL Vacuum S.r.l.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Interest rate	Value as at June 30, 2017 (*) (thousands of euro)	Value as at December 31, 2016 (*) (thousands of euro)
Loan granted in January 2016	EUR	49	flexibile	Three-months Euribor, plus 2.50% spread	50	50

(*) Interests included.

As at December 31, 2016, the item "Financial receivables from related parties" also included 4 thousand euro claimed by Metalvuoto S.p.A. towards Metalvuoto Lux S.r.l. (a wholly owned subsidiary of Mirante S.r.l., the latter being a minority shareholder of Metalvuoto S.p.A.) and originated from the transfer of the "Holography" business, prior to the acquisition of the SAES Group. These credits were collected during the first half of 2017.

19. OTHER LONG TERM ASSETS

The item "Other long term assets" amounted to 431 thousand euro as at June 30, 2017, compared to 435 thousand euro as at December 31, 2016 and included the caution money given by the companies of the Group for their operating activities.

20. INVENTORY

Inventory amounted to 38,089 thousand euro as at June 30, 2017, with a decrease of 144 thousand euro compared to December 31, 2016.

The following table shows the breakdown of inventory as at June 30, 2017 and December 31, 2016.

(thousands of euro)

Inventory	June 30, 2017	December 31, 2016	Difference
Raw materials, auxiliary materials and spare parts	14,995	16,281	(1,286)
Work in progress and semi-finished goods	15,804	15,846	(42)
Finished products and goods	7,290	6,106	1,184
Total	**38,089**	**38,233**	**(144)**

Excluding the negative exchange rate effect (equal to -2,514 thousand euro), mainly related to the US dollar devaluation as at June 30, 2017 compared to December 31, 2016, the inventory increased of 2,370 thousand euro: the increase was mainly due to higher volumes of raw materials, semi-finished products and finished goods at the Parent Company's plant in Avezzano, that were necessary to meet the orders scheduled for August for the new advanced productions in the electronic devices sector.

Inventory is stated net of any provision for depreciation, which, during the first semester 2017, recorded the changes shown in the table below.

(thousands of euro)

Inventory provision	
December 31, 2016	**4,876**
Accrual	633
Release into income statement	(364)
Utilization	(52)
Translation differences	(357)
June 30, 2017	**4,736**

The accrual (+633 thousand euro) was mainly related to the write-down of the semi-finished products and finished goods characterized by slow-moving or no longer used in the production process, in particular in the SMA business.

The release into income statement (-364 thousand euro) was a consequence of a recall into production of some items written-down in the previous year, in particular in the SMA and purification businesses.

The utilization (-52 thousand euro) was a consequence of the scrapping of some items already written-down in the previous years, in particular by the US subsidiaries Memry Corporation and SAES Pure Gas, Inc.

21. TRADE RECEIVABLES

Trade receivables, net of bad debt provision, were equal to 36,095 thousand euro as at June 30, 2017 and decreased by 3,187 thousand euro compared to December 31, 2016.

Excluding the exchange rate effect (-2,378 thousand euro), the decrease (-809 thousand euro) was mainly due to the reduction of the trade receivables of the US subsidiary SAES Pure Gas, Inc., whose figure was particularly high at the end of last year, and of the German subsidiary Memry GmbH, as a result of the process leading to the liquidation of the same company. These decreases were only partially offset by the increase of the trade receivables from US subsidiaries Memry Corporation and SAES Smart Materials, Inc., related to the growth recorded by the revenues in the shape memory alloys business in the first half of 2017 compared to the last period of the previous year.

The breakdown of the item as at June 30, 2017 and as at December 31, 2016 is shown in the following table.

(thousands of euro)

Trade receivables	June 30, 2017	December 31, 2016	Difference
Gross value	36,388	39,721	(3,333)
Bad debt provision	(293)	(439)	146
Net book value	**36,095**	**39,282**	**(3,187)**

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

The bad debt provision recorded the following changes during the semester.

(thousands of euro)

Bad debt provision	June 30, 2017	December 31, 2016
Opening balance	**439**	**329**
Accrual	78	737
Release into income statement	(154)	(87)
Utilization	(59)	(685)
Change in consolidation area	0	146
Translation differences	(11)	(1)
Closing balance	**293**	**439**

The accrual (+78 thousand euro) was mainly related to the write-down of a trade receivable of the subsidiary SAES Pure Gas, Inc. following the application of contractual penalties for some delays in the delivery of products.

The release into the income statement (-154 thousand euro) was mainly due to a receivable of the subsidiary SAES Pure Gas, Inc., prudently accrued in the previous year, but collected in May 2017.

The utilization (-59 thousand euro) refers to the write-off of two trade receivables estimated as irrecoverable already at December 31, 2016 by the Management respectively of the Parent Company and of the subsidiary Metalvuoto S.p.A.

The following table provides a breakdown of the trade receivables by those not yet due and past due as at June 30, 2017 compared with December 31, 2016.

(thousands of euro)

Ageing	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, 2017	**36,388**	24,493	6,212	1,689	1,982	1,626	93	293
December 31, 2016	**39,721**	23,076	9,040	3,583	2,280	778	525	439

Receivables past due more than 30 days and not written down, as deemed to be recoverable, are constantly monitored. The lower incidence of this receivables on the total trade receivables (from 18% as at December 31, 2016 to 15% as at June 30, 2017) was mainly due to some specific receivables of the subsidiary SAES Pure Gas, Inc., the collection of which was finalized in early 2017.

Please note that, based on historical data, the current and prospective information, no provision has been made for the impairment of trade receivables not yet due at the balance sheet date.

Please refer to the Report on operations for the credit risk management on trade receivables.

22. OTHER RECEIVABLES, ACCRUED INCOME AND EXPENSES

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 6,967 thousand euro as at June 30, 2017, compared to 9,691 thousand euro as at December 31, 2016.

A breakdown of this item is provided below.

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2017	December 31, 2016	Difference
Income tax and other tax receivables	1,176	1,480	(304)
VAT receivables	2,743	5,735	(2,992)
Social security receivables	221	75	146
Personnel receivables	8	5	3
Receivables for public grants	455	455	0
Other receivables	286	183	103
Total other receivables	**4,889**	**7,933**	**(3,044)**
Accrued income	1	1	0
Prepaid expenses	2,077	1,757	320
Total prepaid expenses and accrued income	**2,078**	**1,758**	**320**
Total prepaid expenses, accrued income and other	**6,967**	**9,691**	**(2,724)**

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 December 31, 2016 (-304 thousand euro) was mainly due to the use of the residual credit at December 31, 2016 by the US subsidiaries to offset the debt owed to the taxes due for the first half of 2017.

The decrease in the "VAT receivables" was due to the refunds received in the semester by the Parent Company on credits accrued respectively in 2013 (966 thousand euro) and in 2015 (1,380 thousand euro). In addition, please note that the credit accrued during the first half of 2017, generated by the Parent Company and by the subsidiary E.T.C. S.r.l. and due to the excess of passive taxable transactions compared to active ones, was lower than the portion of the credit generated in previous years, and has been used to offset other taxes and contributions.

The increase in the item "Social security receivables" compared to December 31, 2016 was due to the receivables accrued in the current semester by the Parent Company related to the use of the job-security agreements at the Avezzano plant. These credits, which are to be added to the social security receivables recorded at the end of the previous year, will be used during the second half of 2017 to offset the contributions due on the employee salaries.

Please note that the item “Receivables for public grants” was composed of credits matured by the Parent Company and by the subsidiary E.T.C. S.r.l. as at June 30, 2017 as a result of public funding for outstanding research projects.
During the semester, income from public funding amounted to 149 thousand euro (65 thousand euro in the first half of 2016).

The increase in the item “Prepaid expenses” compared to December 31, 2016 was mainly due to all the cost items (particularly, insurance costs and ordinary maintenance fees) which were paid in advance at the beginning of the year but which refer to the entire period.

Please note that there are no receivables due after more than five years.

23. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at June 30, 2017 the item “Derivate financial instruments evaluated at fair value” recorded an overall positive net balance of 16 thousand euro compared to a negative balance of 50 thousand euro as at December 31, 2016.

This item includes the assets and liabilities arising from the measurement at fair value of the 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, the fair value of contracts signed by the Group with the aim of fixing the interest rate on long-term bank loans, as well as the fair value of the embedded derivatives included in the same loan agreements.
The purpose of these contracts is to protect the Group’s margins from respectively the exchange rate and the interest rate fluctuations.
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 into the income statement.

The positive component includes the valuation of some forward contracts on the US dollar and on the Japanese yen, held by the Parent Company as at June 30, 2017, in order to hedge the risk of fluctuation in the exchange rates on current and future trade receivables denominated in these foreign currencies.
With reference to the US dollar, the forward contracts have a notional value of 3.3 million USD, have an average forward exchange rate equal to 1.1261 against the euro and they will extend throughout the remainder of the year 2017. The relative fair value as at June 30, 2017 was positive for 54 thousand euro.
In relation to the Japanese yen, the forward contracts have a notional value of 174 million JPY, have an average forward exchange rate equal to 125.4317 against the euro and they will extend until the end of 2017. The relative fair value as at June 30, 2017 was positive for 26 thousand euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2017. Please note that no forward contract was still signed as at December 31, 2016.

Currency	June 30, 2017		December 31, 2016	
	Notional (local currency)	**Fair value** (thousands of euro)	**Notional** (local currency)	**Fair value** (thousands of euro)
thousands of JPY	174,000	26	0	0
thousands of USD	3,300	54	0	0
	Total	**80**	**Total**	**0**

The other positive component of the item "Derivative instruments evaluated at fair value" (equal to 1 thousand euro) refers to derivative instruments held by the subsidiary Metalvuoto S.p.A. Below are the contractual details and the related fair value at June 30, 2017, compared with December 31, 2016.

	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value June 30, 2017 (thousands of euro)	Fair value December 31, 2016 (thousands of euro)
Interest Rate Cap on Intesa Sanpaolo S.p.A. loan	March 31, 2016	EUR	400 (*)	December 31, 2020	Cap rate on three months Euribor: 0.0%	Quarterly	1	1
Interest Rate Cap on Banco BPM loan	October 29, 2015	EUR	230 (*)	December 31, 2020	Cap rate on three months Euribor: 0.67%	Quarterly	0	0 (**)
Interest Rate Cap on Intesa Sanpaolo S.p.A. loan	November 2, 2015	EUR	300 (*)	September 15, 2020	Cap rate on three months Euribor: 0.25%	Quarterly	0	0 (**)
Interest Rate Floor on Banco BPM loan (derivative embedded in the loan agreement)	May 25, 2016	EUR	100 (*)	June 30, 2017	If three months Euribor <0, the financing variable rate is equal to the spread	Quarterly	0	0 (**)
Total							**1**	**1**

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.
(**) Fair value lower than 1 thousand euro.

The derivatives of Metalvuoto S.p.A. refer to interest rate options that fix, for each revision date of the interest rate, a maximum limit for the rate paid on the loan (Cap) or, conversely, a minimum limit for the same rate (Floor).

The negative component of the "Derivative instruments evaluated at fair value" (equal to 65 thousand euro) refers to the Interest Rate Swaps (IRS) contracts entered by the Parent Company.
The following table provides a summary of these contracts and their fair value as at June 30, 2017 compared to December 31, 2016.

	Subscription date	Currency	Notional amount (thousands of euro)	Maturity	Interest rate	Timing	Fair value June 30, 2017 (thousands of euro)	Fair value December 31, 2016 (thousands of euro)
Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	September 25, 2015	EUR	3,600	July 31, 2020	Fixed rate paid: 0.285% Variable rate received: six-months Euribor	Half-yearly	(23)	(26)
Interest Rate Swap (IRS) on Unicredit S.p.A. loan	March 29, 2016	EUR	5,250 (*)	December 31, 2019	Fixed rate paid: 0.0% Variable rate received: three months Euribor (**)	Quarterly	(11)	(10)
Interest Rate Floor on Banco BPM loan (derivative embedded in the loan agreement)	December 22, 2016	EUR	5,000 (*)	December 31, 2021	If three months Euribor <0, the financing variable rate is equal to the spread	Quarterly	(15)	(15)
Interest Rate Swap (IRS) on Unicredit S.p.A. loan	April 7, 2017	EUR	10,000 (*)	March 31, 2022	Fixed rate paid: 0.0% Variable rate received: three months Euribor (***)	Quarterly	(10)	n.a.
Interest Rate Swap (IRS) on Intesa Sanpaolo S.p.A. loan	April 19, 2017	EUR	5,000	December 21, 2022	Fixed rate paid: 0.16% Variable rate received: six-months Euribor	Half-yearly	(6)	n.a.
Total							**(65)**	**(51)**

(*) The reference amount is aligned with the amortization plan of the hedged long-term loan.
(**) In case of a negative three months Euribor, the contract provides for a floor equal to -2.25%.
(***) In case of a negative three months Euribor, the contract provides for a floor equal to -1.00%.

Below is the detail of the contracts signed during the first semester of 2017.

- On April 7, 2017 SAES Getters S.p.A. signed an IRS contract expiring on March 31, 2022 on the mid-long-term loan of 10 million euro obtained by Unicredit S.p.A. at the same date. The contract provides for the exchange of the three-months Euribor, either positive or negative, with a fixed rate of 0%. In case of negative three-months Euribor, the contract provides a floor equal to -1%.
- On April 19, 2017 SAES Getters S.p.A. signed an IRS contract on the mid-long-term loan of 10 million euro obtained by Intesa Sanpaolo S.p.A. on December 21, 2016. The IRS contract is applied on 50% of the residual debt outstanding at each repayment date, starting from June 30, 2017 and expiring on December 21, 2022. Such contract provides for the exchange of the six-months Euribor with a fixed rate of 0.16%.

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, 2017 the derivative contracts held by the Group belonged to Level 2: in fact, the fair value was 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.

24. CASH AND CASH EQUIVALENTS

The item includes the liquid funds for the cash flow management necessary for the operating activities.
The following table shows a breakdown of this item as at June 30, 2017 and December 31, 2016.

(thousands of euro)

Cash and cash equivalents	June 30, 2017	December 31, 2016	Difference
Bank accounts	21,317	14,321	6,996
Petty cash	18	19	(1)
Total	**21,335**	**14,340**	**6,995**

The item "Bank accounts" consists of short-term deposits with some leading financial institutions, denominated primarily in US dollars, Chinese renminbi and euro.

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. 35).

As at June 30, 2017 the Group has unused credit lines equal to 32.2 million euro compared to 38.8 million euro as at December 31, 2016. The decrease was mainly the result of the greater use by the Parent Company of debt in the form of "hot money".

25. SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 125,033 thousand euro as at June 30, 2017, with a decrease of 9,798 thousand euro compared to December 31, 2016, mainly due to the dividends distribution by the Parent Company (-12,250 thousand euro) and to the exchange rate differences arising from the translation of the financial statements in foreign currencies (-8,823 thousand euro), only partially offset by the net income realized in the period (+11,283 thousand euro).
A summary of the changes occurred is provided in the Statement of changes in the shareholders' equity.

Capital stock

As at June 30, 2017 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, 2016.
The implicit book value per share was 0.554196 euro as at June 30, 2017, unchanged from December 31, 2016.

Please refer to the Report on corporate governance and ownership structure, enclosed in the 2016 Consolidated financial statements, for all of the information required by article 123-*bis* of the Consolidated Finance Act (TUF).

All 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 and medium caps that meet specific requirements with regard to reporting transparency, liquidity and corporate governance.

Share issue premium reserve

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, 2016.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at June 30, 2017 and it was unchanged compared to December 31, 2016, since the reserve had reached its legal limit.

Other reserves and retained earnings

This item includes:
- the reserves (totalling 2,615 thousand euro) represented by 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 (1,576 thousand euro) by the Parent Company SAES Getters S.p.A. Pursuant to Law no. 342 of 2000, the revaluation reserve has been stated net of the related lieu tax of 370 thousand euro;
- the other reserves of subsidiaries, the retained earnings, and 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 the shareholders of the 2016 dividends, approved by the Parent Company's Shareholders' Meeting (-12,250 thousand euro), the carry forward of the 2016 consolidated income (+14,082 thousand euro) as well as the equity transaction costs[23] of the joint venture Flexterra, Inc. (-8 thousand euro).

[23] Legal expenses related to the share capital increase made in the first half of 2017.

As reported in the Report on corporate governance and ownership structure enclosed to the 2016 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 the shareholders' equity

This item includes the exchange rate differences arising from the translation of the financial statements in foreign currencies. The translation reserve had a positive balance of 13,478 thousand euro as at June 30, 2017, compared to a positive balance of 22,301 thousand euro as at December 31, 2016. The decrease of 8,823 thousand euro was due both 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 (-8,250 thousand euro), and to the share of the Group in the currency translation reserve arising from the consolidation of the companies[24] evaluated with equity method (-573 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.

26. FINANCIAL DEBTS

As at June 30, 2017, the financial debts amounted to 43,164 thousand euro, with a decrease of 991 thousand euro compared to December 31, 2016.
The reduction was due to the repayments of the principal made during the current semester (10,388 thousand euro) to which it must be added the exchange rate effect which generated a decrease in the Group's financial debt equal to 752 thousand euro: in fact, 20.2% of the Group's financial debt is composed by loans denominated in US dollars held by the subsidiary Memry Corporation, whose equivalent amount in euro has decreased following the devaluation of the US dollar as at June 30, 2017 compared to December 31, 2016. These decreases were partially offset by the contracting of a new medium-long term financing for a value of about 10 million euro, signed on April 7, 2017 by the Parent Company with the aim of having a correct balance of the financial indebtedness, with a higher percentage of medium-long term loans compared to short-term bank debt.

The following table shows the changes in the financial debts during the first half of 2017.

[24] Translation reserve arising both the consolidation of Actuator Solutions Taiwan Co., Ltd. and Actuator Solutions (Shenzhen) Co., Ltd. into Actuator Solutions GmbH, and of the conversion into euro of the financial statements of Flexterra, Inc. and its subsidiary Flexterra Taiwan Co., Ltd.

(thousands of euro)

Financial debt	
December 31, 2016	**44,155**
Proceeds	9,950
Amortization of fees and interests	708
Repayments	(10,388)
Interest payments	(509)
Translation differences on loans in foreign currencies	(752)
June 30, 2017	**43,164**

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

(thousands of euro)

Financial debt	June 30, 2017	December 31, 2016	Difference
Less than 1 year	9,572	8,239	1,333
Current portion of financial debt	**9,572**	**8,239**	**1,333**
Between 1 and 2 years	10,526	10,661	(135)
Between 2 and 3 years	9,838	10,676	(838)
Between 3 and 4 years	7,170	8,239	(1,069)
Between 4 and 5 years	4,319	3,401	918
Over 5 years	1,739	2,939	(1,200)
Non current financial debt	**33,592**	**35,916**	**(2,324)**
Total	**43,164**	**44,155**	**(991)**

The following table shows the details of the loans held by the Company of the Group which were already signed as at December 31, 2016.

Description	Currency	Principal	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2017 (thousands of euro)	Value as at December 31, 2016 (thousands of euro)
SAES Getters S.p.A. *Unicredit*	EUR	7 (millions of euro)	quarterly with maturiry date December 31, 2019	Half-yearly	Three-months Euribor plus 2.25% spread	2.57%	3,491	4,187
SAES Getters S.p.A. *EIB - Tranche A*	EUR	5 (millions of euro)	half-yearly with maturity date May 29, 2020 (**)	Half-yearly	Six-months Euribor plus 2.997% spread	4.67%	0	3,414
EIB - Tranche B (secured by SACE)	EUR	5 (millions of euro)			Six-months Euribor plus 3% running remuneration to SACE	4.75%	0	3,406
SAES Getters S.p.A. *Intesa Sanpaolo*	EUR	8 (millions of euro)	half-yearly with maturity date July 31, 2020	yearly	Six-months Euribor plus 2.25% spread	2.74%	5,617	6,415
SAES Getters S.p.A. *Intesa Sanpaolo*	EUR	10 (millions of euro)	half-yearly (with fixed principal amounts) with maturity date December 21, 2022	Yearly	Six-months Euribor plus 1.20% spread	1.18%	9,939	9,931
SAES Getters S.p.A. *Banco BPM*	EUR	5 (millions of euro)	quarterly (with variable principal amounts) with maturity date December 31, 2021	n.a.	Three-months Euribor plus 1% spread	1.11%	4,988	4,985
Memry Corporation *Soft financing granted by the State of Connecticut*	USD	1ª *tranche* = 2 millions of USD 2ª *tranche* = 0.8 millions of USD	monthly with maturity date March 1, 2025	n.a.	2%	2%	1,989	2,281
Memry Corporation *Unicredit*	USD	11 (millions of USD)	half-yearly with maturity date December 31, 2020	Half -yearly	Six-months USD Libor plus 2.70% spread (*)	3.52%	6,747	8,349
Metalvuoto S.p.A. *Banco BPM - MIUR loan*	EUR	319 (thousands of euro)	half-yearly with maturity date December 31, 2018	n.a.	0.50%	0.50%	69	115
Metalvuoto S.p.A. *Intesa Sanpaolo*	EUR	300 (thousands of euro)	quarterly with maturiry date June 30, 2020	n.a.	Three-months Euribor plus 2.25% spread	1.95%	225	263
Metalvuoto S.p.A. *Banco BPM*	EUR	231 (thousands of euro)	half-yearly with maturity date June 30, 2020	n.a.	Three-months Euribor plus 2.799% spread	2.53%	175	203
Banco BPM - MIUR loan	EUR	231 (thousands of euro)			0.50%	0.50%	175	203
Metalvuoto S.p.A. *Intesa Sanpaolo*	EUR	400 (thousands of euro)	quarterly with maturiry date December 31, 2020	n.a.	Three-months Euribor plus 1.50% spread	1.20%	295	337
Metalvuoto S.p.A. *Banco BPM*	EUR	100 (thousands of euro)	quarterly with maturity date June 30, 2017	n.a.	Three-months Euribor plus 1.75% spread	1.75%	0	67

(*) The spread will be reduced to 2.20% in case the ratio between the net financial position and the EBITDA of Memry Corporation is lower than 1.50.
(**) On June 29, 2017 SAES Getters S.p.A. provided an early repayment for both tranches of the EIB loan.

As shown in the above table, SAES Getters S.p.A. provided an early repayment for both tranches (one of which secured by SACE) of the loan to support advanced R&D projects, signed in June 2015 with EIB (European Investment Bank). The repayment totally amounted to 6 million euro as principal, in addition to an indemnity fee to EIB equal to 10 thousand euro and to the payment of a premium of about 76 thousand euro to SACE. Finally, the related transaction costs, equal to around 149 thousand euro were recorded into the income statement.

Finally, please note that the subsidiary Metalvuoto S.p.A has fully repaid, according to the repayment plan, with the last instalment made on June 30, 2017, the loan granted on May 25, 2016 by Banco BPM.

Please note that, as already reported in the 2016 Consolidated financial statements, 50% of the financing granted to Memry Corporation by the State of Connecticut at the end of 2014 might be converted into a non-refundable grant provided that, by November 2017, Memry Corporation increases its staff of at least 76 employees in Bethel and has kept the created jobs for at least one year; in addition, the employees in Bethel will have to earn an average annual salary of not less than a specific threshold established by the agreement. If the labour force increased of a number of units between 38 and 76 by the due date, the grant would be halved. Currently there is no basis for the recognition of this income, since the achievement of the above objectives is not certain.

The following table shows the details of the new loan signed by the Parent Company during the first half 2017.

Description	Currency	Principal (thousands of euro)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate	Value as at June 30, 2017 (thousands of euro)
SAES Getters S.p.A. *Unicredit loan*	EUR	10	quarterly with maturiry date March 31, 2022	Half -yearly	Three-months Euribor plus 1% spread	0.90%	9,454

Covenants

With the exception of the loan signed with Banco BPM on December 22, 2016, all the loans held by the Parent Company are subject to the compliance with covenants calculated on some Group's economic and financial figures and verified every semester (on June 30 and December 31 of each year) or annually (on December 31).
In particular, the loans granted by Unicredit S.p.A. are subject to the semi-annual control and as showed in the table below, the covenants were met as at June 30, 2017.

			Unicredit loan with nominal value equal to €7 millions	*EIB loan with nominal value equal to €10 millions*
		Covenant	**Value as at June 30, 2017**	**Value as at June 30, 2017**
Net equity	k euro	≥ 94,000	125,033	125,033
Net financial position (°) / Net equity	%	≤ 1.0	0.34	0.34
Net financial position (°) / EBITDA (°°)	%	≤ 2.25	0.93	0.93

(°) Net financial position calculated excluding financial receivables from related parties and receivables (payables) for derivative financial instruments evaluated at fair value.
(°°) EBITDA calculated from July 1, 2016 to June 30, 2017.

With regards to the loans held by Memry Corporation, please note that the already mentioned soft financing granted by the State of Connecticut is not subject to the compliance with any covenant, while the loan granted by Unicredit S.p.A. provides for the compliance with the warranty provisions calculated on some economic and financial figures of the US company (instead of consolidated ones) and verified every semester (on June 30 and December 31 of each year).
The following table shows that all covenants were met at the reporting date.

			loan Unicredit
		Covenant	**Value as at June 30, 2017**
Net financial position (°) / Net equity	%	≤ 1	0.04
Net financial position (°) / EBITDA (°°)	%	≤ 2.25	0.15

(°) Net financial position calculated excluding financial receivables from other Group's companies.
(°°) EBITDA calculated from July 1, 2016 to June 30, 2017.

Please note that the loans signed by Metalvuoto S.p.A. are not subject to the compliance with any economic and financial covenants.

On the basis of the future plans, the Group is expected to be able to comply with the covenants reported above at December 31, 2017 and in the next years.

27. OTHER FINANCIAL DEBTS TOWARDS THIRD PARTIES

As at June 30, 2017, the item "Other financial debts towards third parties" was equal to 2,271 thousand euro, compared to 2,878 thousand euro as at December 31, 2016, and it was split in a long-term portion

(1,009 thousand euro, to be compared with 1,829 thousand euro as at December 31, 2016) and a short-term portion (1,262 thousand euro, to be compared with 1,049 thousand euro as at December 31, 2016).

The decrease compared to December 31, 2016 was mainly due to the less financial debts of the subsidiary Metalvuoto S.p.A. (197 thousand euro as at June 30, 2017 to be compared with 532 thousand euro as at December 31, 2016) related to some short-term loans intended for the import of goods, signed with primary financial institutions in order to have more financial resources to facilitate its procurement activities.

In addition, please note the reduction of the financial debt in US dollars towards the US company Power & Energy, Inc., related to the amount still to be paid for the acquisition completed in the hydrogen purification business, following both the payments made as envisaged by the contract (-219 thousand euro[25]) and the exchange rate effect connected to the devaluation of the dollar as at June 30, 2017 compared to December 31, 2016 (-121 thousand euro). The adjustment made by applying the amortized cost in the calculation of the present value of the payments still to be paid has instead generated an increase of that debt of 62 thousand euro.

Finally, please note that the financial liability related to the valuation of the put option held by the minority shareholder on the remaining 30% of Metalvuoto S.p.A., estimated at 652 thousand euro and recorded in the non-current portion of the other financial debts as at December 31, 2016, was reclassified in the short-term portion, as the option may be exercised starting from the twelfth month and within eighteen months from the closing of the acquisition of the first 70% (dated October 10, 2016). For further details about the transaction please refer to the paragraph no. 3 of the Consolidated Financial Statements 2016.

As at June 30, 2017 there are no debts related to any financial lease contract.

28. 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 related changes occurred during the period.

(thousands of euro)

Staff leaving indemnities and other employee benefits	Staff leaving indemnities	Other employee benefits	Total
December 31, 2016	**5,770**	**4,403**	**10,173**
Accrual (release)	168	1,189	1,357
Indemnities paid	(88)	(121)	(209)
Other changes	0	0	0
Translation differences	0	(122)	(122)
June 30, 2017	**5,850**	**5,349**	**11,199**

The amounts recognized in the income statement may be broken down as follows.

[25] This amount refers to the payment of the earn-out for the period.

(thousands of euro)	June 30, 2017	June 30, 2016
Financial expenses	168	92
Current service cost	1,189	669
Release into the statement of profit (loss)	0	0
Expected return on plan assets	0	0
Recognized past service costs	0	0
Total cost	**1,357**	**761**

The split between the obligations under defined-contribution and defined-benefit plans and the related changes occurred during the semester are shown below.

(thousands of euro)

	December 31, 2016	Financial expenses	Current service cost	Benefits paid	Exchange differences	June 30, 2017
Present value of defined benefit obligations	9,047	168	1,107	(209)	(33)	10,080
Fair value of plan assets	0	0	0	0	0	0
Costs non yet recognized deriving from past obligations	0	0	0	0	0	0
Defined benefit obligations	**9,047**	**168**	**1,107**	**(209)**	**(33)**	**10,080**
Defined contribution obligations	1,126	0	82	0	(89)	1,119
Staff leaving indemnities and similar obligations	**10,173**	**168**	**1,189**	**(209)**	**(122)**	**11,199**

The obligations under defined-benefit plans are measured annually, at the end of each fiscal year, 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 obligation, estimated according to actuarial techniques, related to the sum to be paid to the employees of the Italian companies when employment is terminated.
Following the entry into force of the 2007 Budget Act and associated implementation decrees, in the company with a number of employees above 50, the liability associated with past years staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid to pension funds is instead considered a defined-contribution plan and therefore it is not discounted.

The item "Other employee benefits" includes the provision for long-term incentive plans, signed by the Executive Directors and by some employees of the Group identified as particularly important for the achievement of the medium to long term corporate objectives. The three-year plans provide for the recognition of monetary incentives proportional to the achievement of specific personal and Group's objectives.
The aim of these plans is to further strengthen the alignment over time of individual interests to corporate interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in a medium to long-term period, rewarding the achievement of performance objectives over time. The performance review is based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship/position with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes at the expiry date of the plan.
Such plans fall into the category of defined benefit obligations and therefore they are discounted back on a yearly basis, at the end of each fiscal year.

The following table shows the Group's employees split by category.

Group's employees	June 30, 2017	December 31, 2016	Average June 30, 2017	Average June 30, 2016
Managers	86	84	86	82
Employees and middle management	407	407	405	377
Workers	578	590	596	530
Total (*)	**1,071**	**1,081**	**1,087**	**989**

(*) It does not include the employees of the joint ventures for which please refer to the Note no. 15.

The workforce amounted to 1,071 units as at June 30, 2017 (of which 609 were employed abroad), to be compared with 1,081 units as at December 31, 2016 (of which 626 were employed abroad): the decrease of 10 units is related to the combined effect of the staff reduction in Memry GmbH (related to the future liquidation of the German subsidiary) and the increase in the workforce engaged in the business of the gas purification and in the shape memory alloys (SMAs) business.
This figure does not include the personnel employed at the Group companies with contract types other than employment agreements, equal to 53 units (32 units as at December 31, 2016).

29. PROVISIONS

Provisions amounted to 3,145 thousand euro as at June 30, 2017.
The following table shows the composition of and the changes in these provisions compared to December 31, 2016.

(thousands of euro)

Provisions	December 31, 2016	Increase	Utilization	Translation differences	June 30, 2017
Warranty provisions on product sold	569	340	(85)	(54)	770
Bonus	3,194	2,016	(3,179)	(134)	1,897
Other provisions	525	0	(16)	(31)	478
Total	**4,288**	**2,356**	**(3,280)**	**(219)**	**3,145**

The item "Bonus" included the accrual of bonuses to the Group's employees (mainly referring to the Parent Company and the US subsidiaries) related to the first half of 2017. The change compared to the previous year was due to both the accrual of bonuses matured during the period and the payment of the bonuses of the previous year, settled during the first half of 2017.

The item "Other provisions" includes the implicit obligations of Spectra-Mat, Inc. in connection with the expenses to be incurred to monitor the pollution levels at the site in which it operates (372 thousand euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities. The same item also includes the best estimate, equal to 100 thousand euro, of the expenditure required to settle the obligation existing at the balance sheet date and related to an incident occurred at the plant of the Parent Company in Avezzano.

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

(thousands of euro)

Provisions	Current provisions	Non current provisions	June 30, 2017	Current provisions	Non current provisions	December 31, 2016
Warranty provisions on product sold	79	691	770	76	493	569
Bonus	1,897	0	1,897	3,194	0	3,194
Other provisions	100	378	478	100	425	525
Total	**2,076**	**1,069**	**3,145**	**3,370**	**918**	**4,288**

30. TRADE PAYABLES

Trade payables were equal to 16,262 thousand euro as at June 30, 2017, with a decrease equal to 3,786 thousand euro compared to 20,048 thousand euro as at December 31, 2016.
The decrease, mainly concentrated in the gas purification segment, was due to the different timing of the purchases of the raw materials and their related payments, as well as to the effect generated by the devaluation of the US dollar against the euro (-632 thousand euro). Please also note that, as at December 31, 2016, the payables were affected by the significant investments made by the Parent Company in the last part of the year for the setting up of a new production department in the plant of Avezzano.

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, 2017, compared with December 31, 2016.

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2017	**16,262**	11,744	3,870	413	29	187	19
December 31, 2016	**20,048**	10,865	7,676	1,075	297	131	4

31. OTHER PAYABLES

The item “Other payables” includes amounts that are not classified as trade payables and amounted to 11,574 thousand euro as at June 30, 2017 compared to 12,498 thousand euro as at December 31, 2016.
The table below shows the detail of the other payables, compared with the end of the previous year.

(thousands of euro)

Other payables	June 30, 2017	December 31, 2016	Difference
Employees payables (vacation, wages, staff leaving indemnity, etc.)	6,551	5,855	696
Social security payables	1,013	1,754	(741)
Tax payables (excluding income taxes)	778	1,322	(544)
Other	3,232	3,567	(335)
Total	**11,574**	**12,498**	**(924)**

The item “Employees payables” is mainly made up of the provisions for holidays accrued but not taken during the period and for the additional monthly salaries, as well as of the June 2017 salaries, accounted but not yet paid as at June 30.

The increase compared to December 31, 2016 was mainly due to the increased holiday provisions that will be used during the summer, as well as the higher accruals for the additional monthly salaries of the Group's Italian companies. In addition, please note that, as at December 31, 2016, this item included employees payables related to the future liquidation of the German subsidiary Memry GmbH, which were paid during the first half of 2017.

The item "Social security payables" mainly includes the payables owed by the Group's Italian companies to the INPS (Italy's social-security agency) for contributions to be paid on wages as well as the 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, 2016 this item included also the liability for the social security (INPS) retentions on the thirteenth month's pay, paid in January 2017.

The item "Tax payables" primarily consists of the payables owed by the Italian companies to the Treasury in connection with the withholding taxes on the wages of employees and consultants.
Similarly to the previous item, the decrease was mainly due to the fact that as at December 31, 2016 this item included also the liability for the withholding tax (IRPEF) retentions on the thirteenth month's pay, paid in January 2017.

Finally, the item "Other" mainly includes payables of the Parent Company for both fixed and variable Directors' compensations (1,555 thousand euro), for commissions to agents of the purification business (695 thousand euro) and for the down payment on public grants received for research activities (277 thousand euro).

Please note that there are no payables due after more than five years.

32. ACCRUED INCOME TAXES

This item mainly consists of payables for taxes associated with the Group's foreign subsidiaries. Instead, the Italian companies have elected to participate in the national tax consolidation program with the Parent Company as consolidator but, since the latter recorded a tax loss, the net debt towards the Treasury was equal to zero as at June 30, 2017 (please refer to the Note no. 17 for further information).

Accrued income taxes amounted to 1,137 thousand euro as at June 30, 2017 and included the tax obligations accrued in the first half 2017, net of advance payments. As at December 31, 2016 the accrued income taxes were equal to 1,034 thousand euro.

33. BANK OVERDRAFT

As at June 30, 2017 the bank overdraft amounted to 18,905 thousand euro and primarily consisted of short-term debt owed by the Parent Company in the form of "hot money" debt (18,503 thousand euro as at June 30, 2017 compared to 6,504 thousand euro as at December 31, 2016), whose average interest rate, spread included, was around 0.10%.
The difference consisted in the overdrafts on current bank accounts exclusively attributable to Metalvuoto S.p.A. (402 thousand euro as at June 30, 2017, compared to 343 thousand euro at the end of 2016).

34. ACCRUED LIABILITIES

Accrued expenses and deferred income were equal to 2,408 thousand euro as at June 30, 2017. This item may be broken down as follows.

(thousands of euro)

	June 30, 2017	December 31, 2016	Difference
Accrued expenses	215	320	(105)
Deferred income	2,193	1,292	901
Total	**2,408**	**1,612**	**796**

The item "Deferred income", which is connected the increase compared to December 31, 2016, is mainly explained by commercial sales pertaining to future accounting periods received by customers in the gas purification segment.

Please note that there are no accrued liabilities due after more than five years.

35. CASH FLOW STATEMENT

The cash-flow generated from the operating activities was positive and equal to 17,431 thousand euro in the first half of 2017, strongly increased (+45.3%) compared to a still positive figure of 11,993 thousand euro in the corresponding period of the previous year, thanks to the cash flows mainly generated by the gas purification sector and by that of Nitinol for medical applications. In both the semesters, the operating cash flow was fully attributable to the self-financing, together with a substantial stability of the net working capital.

Investing activities used liquidity for 3,942 thousand euro (6,064 thousand euro was the cash absorption in the first semester 2016).
The disbursements, net of the disposals, for purchases of tangible and intangible assets amounted to 3,752 thousand euro (3,449 thousand euro as at June 30, 2016). Within the investment activities, please note also the payment for the earn-out related to the technological upgrading of the purification business carried out during 2013 (219 thousand euro in first half of 2017).

The balance of financing activities was negative and equal to 4,915 thousand euro against a balance, always negative, of 1,166 thousand euro in the first half of the previous year.
The financial management of the period was characterized by the financial disbursements for the payment of dividends (equal to 12,250 thousand euro), by the repayments of long-term loans and by the payment of the related interests (please refer to the Note no. 26), as well as the cash-out for the loans granted to the joint venture Actuator Solutions GmbH (please refer to the Note no. 18).
These cash-out were only partially offset by the cash-in generated by a new long-term loan (for further details please refer to the Note no. 26) and the use of funding in form of "hot money" by the Parent Company (for further details please refer to the Note no. 33).

The following 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, 2017	June 30, 2016
Cash and cash equivalents	21,335	28,313
Bank overdraft	(18,905)	(16,504)
Cash and cash equivalents, net - statement of financial position	**2,430**	**11,809**
Short term debt	18,503	16,503
Cash and cash equivalents, net - cash flow statement	**20,933**	**28,312**

The following table shows the reconciliation between the balances of the liabilities arising from financial transactions as at December 31, 2016 and June 30, 2017, with the changes arising from monetary movements and from non-cash flows.

(thousands of euro)	December 31, 2016	Cash flows	Non-cash changes					June 30, 2017
			Acquisition	Foreign exchange movement	Fair value changes	Other movements	Reclassific.	
Financial debts	35,916	9,950		(574)			(11,700)	33,592
Other non current financial debts towards third parties	1,829			(121)			(699)	1,009
Non current debt	**37,745**	**9,950**	**0**	**(695)**	**0**	**0**	**(12,399)**	**34,601**
Derivative financial instruments evaluated at fair value	51	(22)			14	22		65
Current portion of medium/long term financial debts	8,239	(10,951)		(178)		762	11,700	9,572
Other current financial debts towards third parties	1,049	(555)				69	699	1,262
Bank overdraft	6,847	12,053				5		18,905
Current debt	**16,186**	**525**	**0**	**(178)**	**14**	**858**	**12,399**	**29,804**

The item "Other movements" mainly refers to the interest accrued during the period on both short-term and long-term financing.

36. POTENTIAL ASSETS/LIABILITIES AND COMMITMENTS

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

(thousands of euro)

Guarantees	June 30, 2017	December 31, 2016	Difference
Guarantees	18,611	19,346	(735)

The decrease compared to December 31, 2016 was mainly explained by the partial expiration of the guarantee provided by the Parent Company to secure the long-term bank loan undertaken by Memry Corporation, consistent with the repayment of the principal amounts during the semester.

The maturities of operating lease obligations outstanding as at June 30, 2017 are shown below.

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	2,029	4,522	1,204	**7,755**

Please note that among the shareholders of SAES RIAL Vacuum S.r.l., SAES Getters S.p.A. and Rodofil S.r.l., there is a put & call option, according to a predefined schedule, that is detailed in the Note no. 15. Since at June 30, 2017 the Management did not have enough information to be able to make an accurate assessment of the fair value of the above options, the latter are not valued in the financial statements.

Finally, with regards to Flexterra, Inc., SAES Getters International Luxembourg S.A. has a commitment to entrust an additional 4.5 million USD in capital – in addition to tangible and intangible assets with an estimated value of around 3 million USD –subject to the achievement by Flexterra, Inc. of predetermined technical and commercial objectives (namely, the signature of a binding agreement for the commercialization of Flexterra products – milestone) no later than March 31, 2018. As a result of this contribution, the share of SAES is expected to increase up to about 45%, without any modification in the agreements currently governing the relationship among the shareholders. For more details please see the Note no. 15.

37. RELATED PARTY TRANSACTIONS

Related Parties are identified in accordance with IAS 24 revised.

Related Parties include the following ones:
- **S.G.G. Holding S.p.A.**, a relative majority shareholder holding 40.95% of the ordinary shares of SAES Getters S.p.A. at June 30, 2017, which is debtor of SAES Getters S.p.A. in relation to the application for a refund of the excess IRES paid in prior years by the merged SAES Advanced Technologies S.p.A., a request filed by S.G.G. Holding S.p.A. as the consolidator of national tax consolidation program in place until December 31, 2014[26] (see the Note no. 17).
Please also note that, on May 4, 2017, S.G.G. Holding S.p.A. has collected dividends from SAES Getters S.p.A. totalling 3.6 million euro.
- **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.
- **Actuator Solutions (Shenzhen) Co., Ltd.**, a company established at the end of September 2016, wholly owned by Actuator Solutions GmbH for the technology development and the sale of actuators for the mobile market.
With regards to Actuator Solutions GmbH and its subsidiaries, the SAES Group has a commercial relationship (sale of raw materials and semi-finished products) and performs various services (in particular, commercial activities, development services and accessory/administrative activities) that are recharged on the basis of a service contract. Finally, as already mentioned before, please note that SAES Nitinol S.r.l. granted several loans to Actuator Solutions GmbH, for the details of which please refer to the Note no. 18. As at June 30, 2017, the financial debt of Actuator Solutions GmbH towards SAES Nitinol S.r.l. was equal to 9.3 million euro, including 0.4 million euro of interests accrued and not yet paid.
- **SAES RIAL Vacuum S.r.l.**, a joint venture between SAES Getters S.p.A. and Rodofil s.n.c., focused on the design and production of integrated vacuum components and systems for accelerators, for the research, as well as for industrial systems and devices.
With regards to SAES RIAL Vacuum S.r.l. the SAES Group has a commercial relationship (purchase of components for the creation of vacuum systems) and performs various services, mainly commercial and marketing activities. Finally, as already mentioned before, SAES Getters S.p.A granted a loan of 49 thousand euro, aimed at financially supporting SAES RIAL Vacuum S.r.l. (for further details please refer to the Note no. 18).
- **Flexterra, Inc.**, a joint venture of SAES Getters International Luxembourg S.A. based in Skokie (USA), established at the end of 2016 for the development, production and the commercialization of materials and devices used in flexible displays.
- **Flexterra Taiwan Co., Ltd.**, a company established at the beginning of 2017, wholly owned by joint venture Flexterra, Inc.

[26] Please note that on May 27, 2015, the tax consolidation among SAES Getters S.p.A., SAES Advanced Technologies S.p.A. (subsequently merged into SAES Getters S.p.A.), SAES Nitinol S.r.l., E.T.C. S.r.l. and S.G.G. Holding S.p.A., with the latter company as consolidator, was interrupted with effect from January 1, 2015, following a reduction in the percentage of participation of S.G.G. Holding S.p.A. in SAES Getters S.p.A. below 50%, which resulted in the loss of control under the legislation on the national tax consolidation.

With regards to Flexterra, Inc. and its subsidiary the SAES Group carries out some administrative activities, and provides a legal, financial and tax support, as well as assistance in joint venture research and development activities, including the management of patents.
- **Mirante S.r.l.**, a minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A., with a percentage of the share capital of 30%. Between Metalvuoto S.p.A. and Mirante S.r.l. there is a real estate lease for a valuable consideration of the duration of five years.
- **Metalvuoto Lux S.r.l.**, a company wholly owned by Mirante S.r.l. With regards to Metalvuoto Lux S.r.l., the SAES Group (through its subsidiary Metalvuoto S.p.A.) has a commercial relationship (sale of raw materials and semi-finished products); in addition, Metalvuoto Lux S.r.l. is the lessee of part of the property occupied by Metalvuoto S.p.A.
- **Metalvuoto Polska Sp. z.o.o.**, a company in liquidation 60% owned by Mirante S.r.l. (minority shareholder of SAES Getters S.p.A. in Metalvuoto S.p.A.), with which the SAES Group had a commercial relationship in the first semester of 2017 (in particular, purchase of raw materials).
- **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 Administration, Finance and Control Manager and the Group Legal General Counsel 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, 2017 compared with those at June 30, 2016 and December 31, 2016.

(thousands of euro)

	1st Half 2017							June 30, 2017			
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling Company	Financial receivables from related parties
S.G.G. Holding S.p.A.										272	
SAES RIAL Vacuum S.r.l.		(21)		10 (*)	1 (*)		1	86	(2)		50
Actuator Solutions GmbH	554		10 (*)		20 (*)		236	128			9,296
Actuator Solutions Taiwan Co., Ltd.	177		63 (*)	9 (*)				156			
Mirante S.r.l.					(120)						
Metalvuoto Lux S.r.l.	83				6 (*)			64			
Metalvuoto Polska Sp. z.o.o.		(11)		(24)							
Flexterra, Inc.			74 (*)		62 (*)			135			
Total	**814**	**(32)**	**147**	**(5)**	**(31)**	**0**	**237**	**569**	**(2)**	**272**	**9,346**

(*) Costs recovery.

(thousands of euro)

	1st Half 2016							December 31, 2016			
	Total net sales	Cost of sales	Research & development expenses	Selling expenses	General & administrative expenses	Other income (expenses)	Other financial income (expenses)	Trade receivables	Trade payables	Tax consolidation receivables from Controlling Company	Financial receivables from related parties
S.G.G. Holding S.p.A.										272	
SAES RIAL Vacuum S.r.l.		(10)		35 (*)	5 (*)			73	(8)		50
Actuator Solutions GmbH	678		150 (*)	70 (*)	14 (*)	2	37	92			5,760
Actuator Solutions Taiwan Co., Ltd.	1							70			
Mirante S.r.l.											
Metalvuoto Lux S.r.l.								80			4
Metalvuoto Polska Sp. z.o.o.								24 (**)			
Total	**679**	**(10)**	**150**	**105**	**19**	**2**	**37**	**339**	**(8)**	**272**	**5,814**

(*) Costs recovery.
(**) Credit for advance on future supplies.

The following table shows the guarantees that the Group has granted to third parties (and, therefore, included in the detail reported in the Note no. 36) in favor of the joint ventures.

(thousands of euro)

Guarantees	June 30, 2017	December 31, 2016	Difference
Guarantees in favour of the joint venture Actuator	2,778	3,124	(346)
Guarantees in favour of the joint venture SAES RIAL	312	312	0
Total guarantees in favour of the joint ventures	**3,090**	**3,436**	**(346)**

The following table shows the remunerations to managers with strategic responsibilities as identified above.

(thousands of euro)

Total remunerations to key management	1st Half 2017	1st Half 2016
Short term employee benefits	2,003	1,644
Post employment benefits	0	0
Other long term benefits	877	372
Termination benefits	449	313
Share-based payments	0	0
Total	**3,329**	**2,329**

The increase compared to June 30, 2016 was mainly due to the higher remuneration (in particular, accrual for the variable component of the remuneration) of the Executive Directors.

As at June 30, 2017 payables to Managers with strategic responsibilities, as defined above, were equal to 4,864 thousand euro, to be compared with payables of 4,365 thousand euro as at December 31, 2016.

Pursuant to the 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 2017 all related-party transactions fell within ordinary operations and were settled at economic and financial standard market conditions.

38. EVENTS OCCURRED AFTER THE END OF PERIOD

For the events occurred after the end of semester please refer to the paragraph " Subsequent Events" of the Report on operations.

Lainate (MI), September 14, 2017

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

Certification of the Interim Condensed Consolidated Financial Statements as at June 30, 2017

CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
pursuant to article no. 81-*ter* of Consob Regulation no. 11971 of May 14, 1999 as subsequently 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, 2017.

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, 2016, 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, 2017, 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, 2017:
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), September 14, 2017

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 on the Interim Condensed Consolidated Financial Statements as at June 30, 2017

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Saes Getters S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Saes Getters S.p.A. and subsidiaries (the "SAES Group"), which comprise the statement of financial position as of June 30, 2017 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow statement for the six month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements 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 express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the SAES Group as at June 30, 2017 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
Giovanni Gasperini
Partner

Milan, Italy
September 15, 2017

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

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