AMG Advanced Metallurgical Group N.V.
Interim Financial Statements
(unaudited)
June 30, 2014

Semi-Annual Financial Report

This report contains the semi-annual financial report of AMG Advanced Metallurgical Group N.V. ("AMG" or "the Company"), a Company which was incorporated in the Netherlands as a public limited liability company on November 21, 2006. The address of the Company's registered office is WTC Amsterdam, Toren C, Strawinskylaan 1343, 1077 XX Amsterdam.

The semi-annual report for the six months ended June 30, 2014 consists of the responsibility statement by the Company's Management Board, the semi-annual management report and the condensed consolidated semi-annual financial statements. The information in this semi-annual financial report is unaudited.

The Management Board of the Company hereby declares that to the best of their knowledge, the semi-annual financial statements, which have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the entities included in the consolidation taken as a whole. The half-year management board report gives a true and fair view of the important events of the past six-month period and their impact on the half-year financial statements, as well as the principal risks and uncertainties for the six-month period to come, and the most important related party transactions.

Heinz C. Schimmelbusch
Chief Executive Officer

Amy E. Ard
Chief Financial Officer

Management Report

AMG is organized under three reportable segments: AMG Processing, AMG Engineering, and AMG Mining. AMG Processing develops and produces specialty metals, alloys and high performance materials. AMG is a significant producer of specialty metals, such as ferrovanadium, ferronickel-molybdenum, aluminum master alloys and additives, chromium metal and titanium master alloys for Energy, Aerospace, Infrastructure and Specialty Metal and Chemicals applications. Other key products include specialty alloys, coating materials and vanadium chemicals. AMG Engineering designs, engineers and produces advanced vacuum furnace systems and operates vacuum heat treatment facilities, primarily for the Aerospace and Energy (including solar and nuclear) industries. Furnace systems produced by AMG include vacuum remelting, solar silicon melting and crystallization, vacuum induction melting, vacuum heat treatment and high pressure gas quenching, turbine blade coating and sintering. AMG also provides vacuum case-hardening heat treatment services on a tolling basis. AMG Mining produces critical materials, such as high purity natural graphite, tantalum, antimony and silicon metal, utilizing its secure raw material sources in Africa, Asia, Europe and South America. These materials are of significant importance to the global economy and are available in limited supply. End markets for these materials include electronics, energy efficient building materials and infrastructure.

Management's objectives consistently revolve around delivering positive operational results using an efficient asset base as well as effectively generating cash in order to be able to support research and development and vertical integration strategies. These objectives are measured by the Company primarily using return on capital employed ("ROCE") and operating cash flow. ROCE is calculated by dividing operating profit by operating capital employed. EBITDA, adjusted for non-recurring items, is a measure used by management as a proxy for operating profit. Operating capital employed is defined as total assets excluding cash, restricted cash, and short term investments less current liabilities. This measure takes the profitability of the Company and measures it against the asset base. Short-term incentive plans have ROCE targets and long-term incentive plans require a minimum return on capital employed for vesting purposes.

AMG Processing's focus on operational performance enabled it to increase ROCE and operating cash flow over 2013. Operational improvements and cost reductions resulted in a stable gross profit and gross margin, despite lower market prices. AMG Engineering encountered significant challenges during the first half of 2014. AMG Engineering has been negatively impacted by delayed orders for capital goods. As a result of poor order intake in the second half of 2013, the segment had low order backlog entering the year which has contributed to lower earnings and cash flow. Although we cannot control the macro-economic factors negatively impacting our businesses, management is aggressively combating these challenges through global cost savings and cash management initiatives. AMG Mining executed on a number of initiatives to reduce costs, improve production and increase the proportion of value added products in its portfolio which has resulted in improved profitability. During the year, the Company has maintained adequate liquidity and substantially reduced net debt from year end.

AMG Processing continues to be negatively affected by the macro economic factors associated with the slowdown in Europe and the aerospace supply chain compression but successful cost reduction initiatives and substantial improvements in the vanadium business have led to improved profitability. Pricing and volumes have both remained at reduced levels, resulting in lower revenues across most businesses but gross margins have improved drastically from the second half of 2013 as a result of stabilized metal prices and cost reduction initiatives. ROCE and operating cash flow improved over the prior year due to increased profitability, working capital improvements, and significant advanced payments from customers. Also, AMG streamlined operations and reduced headcount at its Superalloys facility in Brazil in the first half of the year to adjust the production levels to current market conditions due to weak demand for a number of products used in the aerospace and electronics sectors.

AMG continued to experience the lagging impact of the slowdown in China and Europe as customers defer investment decisions. Low order backlog entering the year, as a result of poor order intake in 2013, resulted in reduced revenue and profitability. Despite the downward trend in revenue and gross margin, order intake improved year over year. Order backlog is $148 million as of June 30, 2014, up 34% from $110 million as of December 31, 2013. Due to the revenue declines, ROCE and operating cash flow have declined despite cost reduction efforts. As a result, the Company continues to implement new cost controls both within production and SG&A.

AMG Mining's first half 2014 revenue decreased slightly as lower market prices for antimony and lower volumes for silicon metal offset increases in volumes and a more favorable product mix in graphite. Despite the decline in commodity grade graphite market prices, strong demand and AMG's focus on higher purity products for energy efficiency applications resulted in a stable average graphite sales price. The efficiency improvements made during the second half of 2013 in the graphite and antimony operations and the focus on higher margin products drove the increase in gross margin. This combined with SG&A reductions, as a result of cost cutting initiatives, resulted in improved EBITDA, ROCE and substantial operating cash flows. Operating cash flows did decline year over year regardless of the strong performance as a result of a significant prepayment recorded during the first half of 2013.

AMG's sales were $554 million for the six months ended June 30, 2014 as compared to $588 million for the six months ended June 30, 2013, mainly due to declining market demand which affected AMG Engineering. AMG recorded an operating profit of $22 million for the six months ended June 30, 2014 as compared to an operating loss of $29 million for the six months ended June 30, 2013. The positive variance year over year was mainly the result of the asset impairment expenses and restructuring charges recorded during the first six months of 2013.

AMG's cash flows from operations were $25 million during the six months ended June 30, 2014 as compared to $33 million in the six months ended June 30, 2013. Cash flow continued to be strong in 2014 due to profitability as well as certain prepayments received during the first six months of the year. The Company continues to generate substantial operating cash flow despite the weak specialty metals markets, by focusing on operational performance. Additionally, AMG reduced capital expenditures compared to the first half of 2013 and focused on improving ROCE by only investing in the highest returning strategic projects and required maintenance projects. Cash flow used for investing was $7 million lower in the six months ended June 30, 2014 when compared to the same period in 2013 due to capital expenditure restraint.

As of June 30, 2014, liquidity was $173 million, comprised of $115 million in cash and $58 million in revolver capacity on the Company's credit facility. The credit facility does not expire until 2016. AMG monitors its cash and liquidity positions regularly in order to ensure that liquidity exists to maintain operations and the current capital expenditures program. The Company is currently in compliance with all of its bank covenants.

Management continued to make progress on working capital reductions in 2014, including the receipt of certain prepayments, and continues to work to improve its position with respect to inventory levels. Given the current economic markets, AMG management is limiting its investments to projects that are contractually required, projects that will have an immediate impact on profitability, safety and environmental projects and normal maintenance capital. Prior to making any investing decisions, the effects on liquidity are analyzed both in terms of cash availability as well as debt covenant compliance. ROCE is also a decisive factor in allocating the capital budget. During the six months ended June 30, 2014, capital expenditures were $10 million. The returns from expansion capital expenditures are primarily expected to be realized in 2014 and 2015 results.

Risks and Uncertainties

In our Annual Report 2013, we have described certain risk categories and risk factors which could have a material adverse effect on our financial position and results. These risks include metal price volatility, financing, mining, customer, supply, legal and regulatory, currency, and entrepreneurial. The Company believes that the risks identified for the second half of 2014 are in line with the risks that AMG presented in its Annual Report 2013. Furthermore, for the remainder of 2014, we see in particular the following principal risks and uncertainties.

AMG's Engineering segment has experienced declining earnings during the first half of 2014 due to declining order intake. The increase in order intake during the first half of 2014 as compared to the second half of 2013 will have a positive impact on profitability for the remainder of the year. However, the risk of lower order intake during the balance of 2014 remains. This could lead to lower profitability and reduced cash flows for the Company.

The significant contraction of the solar industry led to an asset impairment during the second quarter of 2013. The Company still has certain solar related assets recorded on its balance sheet. There is a risk that these assets could be impaired if there is a continued lack of demand for solar furnaces. An impairment of these assets would have a negative effect on profitability.

AMG's business units, particularly within its Processing segment, face the risk of metal price volatility from its supplier and customer relationships. A rapid decline in prices could have a material effect on profitability. While the Company attempts to mitigate this risk with contractual agreements and working capital strategies, price volatility remains a significant risk for AMG.

There remains global economic uncertainty which may have a negative effect on the operations, profitability, and cash flow of Processing, Engineering, Mining and AMG as a whole. The Company is subject to certain debt covenants within its credit facility that have been negatively impacted by declining financial results and asset impairments. AMG has completed an amendment to adjust the Tangible Net Worth minimum requirement until the maturity of the Company's primary credit facility in April 2016. There remains a risk that the Company could violate debt covenants in the future. Even if the Company maintains the ability to service the interest payments on a timely basis, breaches of the debt covenants could trigger a bank demand for repayment of the loan. While the Company believes that this circumstance is unlikely, it is an uncertainty for the current financing.

Additional risks currently not known to us, or currently believed not to be material, could ultimately have a material impact on our business, objectives, revenues, income, assets, liquidity or capital resources.

Operational Outlook

The specialty metals markets are relatively stable as the global economy is slowly improving. In this low growth environment, AMG is rationalizing production, limiting capital investments, and continuing cost reduction programs. These actions are the primary factors behind the improved AMG Processing and AMG Mining margins. The increase in AMG Engineering's backlog and the lower cost base in AMG Processing and AMG Mining, should position the Company for improved EBITDA and net income, and reduced debt levels, in the second half of 2014.

AMG Advanced Metallurgical Group N.V.

Condensed interim consolidated income statement

For the six months ended June 30

In thousands of US Dollars		2014	2013
		Unaudited	Unaudited
Revenue		553,793	588,006
Cost of sales		462,478	491,130
Gross profit		**91,315**	**96,876**
Selling, general and administrative expenses		69,134	70,011
Asset impairment expense	4	-	49,703
Restructuring expense	18	1,792	6,735
Other income, net		(1,546)	(391)
Operating profit (loss)		**21,935**	**(29,182)**
Finance expense		10,427	11,037
Finance income		(341)	(316)
Foreign exchange loss		14	45
Net finance costs		**10,100**	**10,766**
Share of profit (loss) of associates and joint ventures		783	(556)
Profit (loss) before income tax		**12,618**	**(40,504)**
Income tax expense	7	1,811	1,924
Profit (loss) for the period		**10,807**	**(42,428)**
Attributable to:			
Shareholders of the Company		11,364	(39,770)
Non-controlling interests		(557)	(2,658)
Profit (loss) for the period		**10,807**	**(42,428)**
Earnings (loss) per share			
Basic earnings (loss) per share		0.41	(1.44)
Diluted earnings (loss) per share		0.41	(1.44)

The notes are an integral part of these interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.

Condensed interim consolidated statement of comprehensive income

For the six months ended June 30

In thousands of US Dollars		2014 Unaudited	2013 Unaudited
Profit (loss) for the period		**10,807**	**(42,428)**
Other comprehensive income (loss)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(442)	(1,634)
Gain (loss) on cash flow hedges	8	5,440	(2,353)
Income tax on cash flow hedges	8	(1,457)	1,008
Net gain (loss) on cash flow hedges	**8**	**3,983**	**(1,345)**
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**3,541**	**(2,979)**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses) gains on defined benefit plans	16	(10,812)	3,038
Income tax benefit on actuarial (losses) gains on defined benefit plans	16	2,801	-
Net (loss) gain on actuarial (losses) gains on defined benefit plans	**16**	**(8,011)**	3,038
Net other comprehensive (loss) income not being reclassified to profit or loss in subsequent periods		**(8,011)**	**3,038**
Other comprehensive (loss) income for the period		**(4,470)**	**59**
Total comprehensive income (loss) for the period		**6,337**	**(42,369)**
Attributable to:			
Shareholders of the Company		6,879	(39,612)
Non-controlling interests		(542)	(2,757)
Total comprehensive income (loss) for the period		**6,337**	**(42,369)**

The notes are an integral part of these interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of financial position
In thousands of US Dollars

		June 30, 2014 Unaudited	December 31, 2013
Assets			
Property, plant and equipment	9	251,268	259,683
Goodwill		24,817	25,078
Intangible assets	10	11,346	12,116
Investments in associates and joint ventures		4,806	4,755
Derivative financial instruments	20	71	271
Deferred tax assets	7	34,336	27,003
Restricted cash	21	8,959	7,967
Other assets	12	24,558	25,519
Total non-current assets		**360,161**	**362,392**
Assets held for sale	6	689	-
Inventories	11	166,945	179,343
Trade and other receivables		174,425	150,807
Derivative financial instruments	20	2,675	2,177
Other assets	12	31,928	34,430
Cash and cash equivalents	13	114,940	103,067
Total current assets		**491,602**	**469,824**
Total assets		**851,763**	**832,216**
Equity			
Issued capital		744	744
Share premium		382,518	382,518
Other reserves		(9,450)	(4,605)
Retained earnings (deficit)		(234,281)	(246,304)
Equity attributable to shareholders of the Company		**139,531**	**132,353**
Non-controlling interests		1,376	2,237
Total equity	14	**140,907**	**134,590**
Liabilities			
Loans and borrowings	15	217,776	223,788
Employee benefits	16	148,904	138,009
Provisions	18	30,424	30,443
Deferred revenue	19	8,903	11,776
Government grants		781	883
Other liabilities		7,346	8,425
Derivative financial instruments	20	6,471	7,702
Deferred tax liabilities	7	4,329	3,121
Total non-current liabilities		**424,934**	**424,147**
Loans and borrowings	15	19,555	20,873
Short term bank debt	15	25,412	18,919
Government grants		95	74
Other liabilities		56,055	54,383
Trade and other payables		128,221	127,381
Derivative financial instruments	20	1,792	5,298
Advance payments		22,497	16,341
Deferred revenue	19	12,310	5,009
Current taxes payable		2,836	2,329
Employee benefits	16	200	1,350
Provisions	18	16,949	21,522
Total current liabilities		**285,922**	**273,479**
Total liabilities		**710,856**	**697,626**
Total equity and liabilities		**851,763**	**832,216**

The notes are an integral part of these interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of changes in equity
In thousands of US Dollars

Equity attributable to shareholders of the parent
(Unaudited)

	Issued capital	**Share premium**	**Other reserves (note 14)**	**Retained earnings (deficit)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2014	**744**	**382,518**	**(4,605)**	**(246,304)**	**132,353**	**2,237**	**134,590**
Foreign currency translation	-	-	(457)	-	(457)	15	(442)
Gain on cash flow hedges, net of tax	-	-	3,983	-	3,983	-	3,983
Actuarial losses, net of tax	-	-	(8,011)	-	(8,011)	-	(8,011)
Net (loss) profit recognized through other comprehensive income	-	-	(4,485)	-	(4,485)	15	(4,470)
Profit (loss) for the period	-	-	-	11,364	11,364	(557)	10,807
Total comprehensive (loss) income for the period	-	-	(4,485)	11,364	6,879	(542)	6,337
Transfer to retained deficit	-	-	(666)	666	-	-	-
Equity-settled share-based payments	-	-	306	-	306	-	306
Change in non-controlling interest	-	-	-	-	-	(319)	(319)
Other	-	-	-	(7)	(7)	-	(7)
Balance at June 30, 2014	**744**	**382,518**	**(9,450)**	**(234,281)**	**139,531**	**1,376**	**140,907**
Balance at January 1, 2013	**743**	**382,176**	**(10,190)**	**(204,284)**	**168,445**	**6,818**	**175,263**
Foreign currency translation	-	-	(1,535)	-	(1,535)	(99)	(1,634)
Loss on cash flow hedges, net of tax	-	-	(1,345)	-	(1,345)	-	(1,345)
Actuarial gains, net of tax	-	-	3,038	-	3,038	-	3,038
Net profit (loss) recognized through other comprehensive income	-	-	158	-	158	(99)	59
Loss for the period	-	-	-	(39,770)	(39,770)	(2,658)	(42,428)
Total comprehensive income (loss) for the period	-	-	158	(39,770)	(39,612)	(2,757)	(42,369)
Transfer to retained deficit	-	-	(1,749)	1,749	-	-	-
Equity-settled share-based payments	-	-	253	-	253	-	253
Change in non-controlling interests	-	-	-	(120)	(120)	51	(69)
Balance at June 30, 2013	**743**	**382,176**	**(11,528)**	**(242,425)**	**128,966**	**4,112**	**133,078**

The notes are an integral part of these interim consolidated financial statements.

AMG Advanced Metallurgical Group N.V.
Condensed interim consolidated statement of cash flows

For the period ended June 30

In thousands of US Dollars		**2014**	**2013**
		Unaudited	**Unaudited**
Cash flows from operating activities			
Profit (loss) for the period		10,807	(42,428)
Adjustments to reconcile net profit (loss) to net cash flows:			
Non-cash:			
Income tax expense	7	1,811	1,924
Depreciation and amortization		16,320	16,744
Asset impairment expense	4	-	49,703
Net finance costs		10,100	10,766
Share of (profit) loss of associates and joint ventures		(783)	556
Loss on sale or disposal of property, plant and equipment	9	134	30
Equity-settled share-based payment transactions	17	429	428
Movement in provisions, pensions and government grants	18	(5,240)	2,473
Working capital and deferred revenue	19	2,956	11,360
Cash flows from operating activities		**36,534**	**51,556**
Finance costs paid, net		(7,921)	(9,296)
Income tax paid, net		(3,825)	(9,629)
Net cash flows from operating activities		**24,788**	**32,631**
Cash flows used in investing activities			
Proceeds from sale of property, plant and equipment	9	220	356
Proceeds from sale of investment in associate	5	-	650
Acquisition of property, plant and equipment and intangibles	9, 10	(10,478)	(16,219)
Change in restricted cash	21	(1,220)	523
Acquisition of other non-current asset investments	12	-	(4,000)
Other		(5)	-
Net cash flows used in investing activities		**(11,483)**	**(18,690)**
Cash flows used in financing activities			
Proceeds from issuance of debt		-	41
Change in borrowings	15	(857)	(22,471)
Change in non-controlling interests		28	(69)
Other		-	5
Net cash flows used in financing activities		**(829)**	**(22,494)**
Net increase (decrease) in cash and cash equivalents		**12,476**	**(8,553)**
Cash and cash equivalents at January 1		103,067	121,639
Effect of exchange rate fluctuations on cash held		(603)	(856)
Cash and cash equivalents at June 30		**114,940**	**112,230**

The notes are an integral part of these interim consolidated financial statements.

1. Reporting Entity

AMG Advanced Metallurgical Group N.V. (hereafter referred to as "AMG" or "the Company") is domiciled in the Netherlands. The address of the Company's registered office is WTC Amsterdam, Toren C, Strawinskylaan 1343, 1077 XX Amsterdam. The condensed interim consolidated financial statements of the Company as at and for the period ended June 30, 2014 comprise the Company, its subsidiaries, and its interest in associates and joint ventures.

AMG was incorporated in the Netherlands as a public limited liability company on November 21, 2006. In July 2007, the Company completed an initial public offering ("IPO") of 9,333,409 shares, which are listed on Euronext, Amsterdam, the Netherlands. The principal activities of the Company and its subsidiaries are described in the Management Report.

2. Basis of preparation and accounting policies

Basis of preparation

The condensed interim consolidated financial statements for the six months ended June 30, 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2013.

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective as of January 1, 2014.

The nature and the impact of each new standard or amendment is described below:

Investment Entities **(Amendments to IFRS 10, IFRS 12 and IAS 27):** These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the entities in the Company qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities **- Amendments to IAS 32:** These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Novation of Derivatives and Continuation of Hedge Accounting **– Amendments to IAS 39:** These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company as the Company has not novated its derivatives during the current or prior periods.

Recoverable Amount Disclosures for Non-Financial Assets **– Amendments to IAS 36:** These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period.

IFRIC 21 *Levies:* IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. This amendment has no material impact on the Company.

IFRS 11 *Joint Arrangement:* IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The Company adopted IFRS 11 for the fiscal year beginning January 1, 2014 and it did not have an impact on the Company's financial statements.

IAS 28 *Investments in Associates and Joint Ventures (*as revised in 2011*):* As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The Company adopted the standard for the fiscal year beginning January 1, 2014 and it did not have an impact on the Company's financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Segment information

The following tables present revenue and profit information for the Company's operating segments for the six months ended June 30, 2014 and 2013, respectively. AMG headquarters costs and assets are allocated forty-five percent to AMG Processing, thirty percent to AMG Engineering and twenty-five percent to AMG Mining in 2014 and 2013 based on an estimation of services provided to the operating segments.

Segment information:

Six month period ended June 30, 2014	**AMG Processing**	**AMG Engineering**	**AMG Mining**	**Eliminations**[1]	**Total**
Revenue					
Revenue from external customers	289,618	98,441	165,734	-	553,793
Intersegment revenue	1,259	117	3	(1,379)	-
Total revenue	290,877	98,558	165,737	(1,379)	553,793
Segment results					
Restructuring	1,976	(114)	(70)	-	1,792
Operating profit (loss)	11,889	(4,673)	14,719	-	21,935

Six month period ended June 30, 2013	**AMG Processing**	**AMG Engineering**	**AMG Mining**	**Eliminations**[1]	**Total**
Revenue					
Revenue from external customers	297,679	127,129	163,198	-	588,006
Intersegment revenue	874	205	30	(1,109)	-
Total revenue	298,553	127,334	163,228	(1,109)	588,006
Segment results					
Asset impairment	-	14,218	35,485	-	49,703
Restructuring	650	5,718	367	-	6,735
Operating profit (loss)	9,554	(10,823)	(27,913)	-	(29,182)

Segment assets	**AMG Processing**	**AMG Engineering**	**AMG Mining**	**Eliminations**[1]	**Total**
At June 30, 2014	365,826	248,484	294,889	(57,436)	851,763
At December 31, 2013	381,546	224,895	265,712	(39,937)	832,216

Segment liabilities	**AMG Processing**	**AMG Engineering**	**AMG Mining**	**Eliminations**[1]	**Total**
At June 30, 2014	305,038	294,658	165,784	(54,624)	710,856
At December 31, 2013	289,156	289,967	155,966	(37,463)	697,626

[1] Intersegment revenues are eliminated on consolidation. Intersegment assets are also eliminated on consolidation.

Segment assets do not include inter-group financing as these loans are part of the Company's overall financing strategy.

4. Asset Impairment

IAS 36 requires that assets be carried at a value no greater than their recoverable amount. To meet this standard, the Company is required to test tangible and intangible assets for impairment when indicators of impairment exist, or at least annually, for goodwill and intangible assets with indefinite useful lives.

For the period ended June 30, 2014, assets impairments of nil were recorded. No impairment tests were deemed necessary as there were no indications of impairment or impairment reversals at June 30, 2014.

Given the market environment in 2013, the Company made a decision to suspend further investments in its non-developed mine properties until market pricing made these investments more attractive. This strategic decision created indicators of impairment in the period. Therefore, the Company performed impairment tests for these assets. For the period ending June 30, 2013, impairments in the amount of $22,144 and $13,341 were required based on the excess of carrying value over fair value less costs to sell for the long lived assets of Suda Maden in Turkey and AMG Mining AG in Germany, respectively.

In addition to long lived assets, certain solar assets were evaluated for impairment in 2013 due to the restructuring of a solar operation in Germany and the long-term prospects for these assets. The evaluation was performed in the context of a strategy of short-term cash generation. The write down of solar inventory amounted to $12,800 for the period ended June 30, 2013, while intangible assets written-off in the period amounted to $1,418.

5. Acquisitions and disposals

Acquisition of additional shares of TIV
During the six months ended June 30, 2013, the Company acquired $460 of additional shares in Thermique Industrie Vide ("TIV") which was recorded as an acquisition of non-controlling interests ("NCI"). This increased the Company's ownership in TIV from 56.8% at year end to 76.9% as of June 30, 2013 reducing NCI by $340 and adjusting retained earnings by $120. Upon obtaining additional ownership interests, no additional goodwill was recognized and the transaction was measured as an equity transaction.

Sale of associate - Nanjing Yunhai KB Alloys Co., LTD.
During the six months ended June 30, 2013, the Company sold its 45% ownership in Nanjing Yunhai KB Alloys Co., LTD for $650 which was recorded as the sale of an associate. The sale was completed at a value which was lower than the book value of shares, which was $1,415. The difference between the book value of the shares sold and the sale price of the associate sold of $765 is recorded as a loss and is included in the share of profit (loss) of associates line on the condensed interim consolidated income statement.

6. Assets held for sale

As of June 30, 2014, the Company anticipated selling its 25% ownership in Bostlan S.A. within the next twelve months. The asset was therefore reclassified as an asset held for sale on the balance sheet. The value of the asset on the Company's balance sheet as of June 30, 2014 was equivalent to the estimated net realizable value of $689. The valuation was based on an estimated selling price of $740 net of estimated selling costs of $51. The asset was adjusted to the net realizable value from a basis of nil through the share of profit (loss) of associates line on the condensed interim consolidated income statement during the six months ending June 30, 2014. See note 23 for additional information.

7. Income Tax

The major components of income tax expense in the condensed interim consolidated income statement are:

	June 30, 2014	June 30, 2013
Current income tax		
Current income tax charge	6,736	3,627
Deferred income tax		
Relating to origination and reversal of temporary differences	(1,754)	(4,049)
Changes in previously recognized tax losses, tax credits and recognized temporary differences for changes in enacted tax rates and currency effects	(3,171)	2,346
Total income tax expense	1,811	1,924

The June 30, 2014 effective tax rate was impacted by a large tax benefit of $3,171 which related to revaluation of Brazilian deferred taxes as a result of a significant fluctuation in the exchange rates. There was also an effective tax rate benefit from increased earnings in the United States which were offset by unrecognized net operating losses.

The June 30, 2013 effective tax rate was impacted by pre-tax losses of $41,600 for which tax benefits could not be booked due to the ongoing loss positions in the respective jurisdictions where the losses have occurred. This amount includes $30,771 of asset impairment expense for which no tax benefit could be booked. For the period ending June 30, 2013, additional deferred tax expense of $900 was recorded with respect to net operating losses in Turkey and the United States which can no longer be utilized.

8. Components of other comprehensive income (loss)

	June 30, 2014	June 30, 2013
Cash flow hedges:		
Gains (losses) arising during the year	1,890	(1,761)
Tax effect on gains or losses arising during the year	(849)	1,082
Less: Reclassification adjustments for gains (losses) included in the income statement	3,550	(592)
Less: Tax effect on reclassification adjustments	(608)	(74)
Net gain (loss) on cash flow hedges	3,983	(1,345)

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended June 30, 2014, assets with a cost of $7,659 (2013: $9,961) were acquired. Additionally, the property, plant and equipment in accounts payable decreased by $2,083 (December 31, 2013: $3,482) during the six months ended June 30, 2014.

Assets with a book value of $354 were disposed of during the six months ended June 30, 2014 (2013: $386) resulting in a loss on sale or disposal of $134 (2013: $30).

The Company recorded no asset impairment expense on property, plant and equipment in the period ended June 30, 2014 (2013: $35,485). See note 4 for additional information.

10. Intangible assets

Intangible assets are tested for impairment annually and when circumstances indicate the carrying value may be impaired. No impairment tests were deemed necessary as there were no indicators of impairment at June 30, 2014. Solar related intangible assets were impaired in the amount of $1,418 in the six months ended June 30, 2013. See note 4 for additional information.

During the six months ended June 30, 2014, intangible assets with a cost of $736 (2013: $1,621) were capitalized.

11. Inventories

During the six months ended June 30, 2014, the provision for inventory valuation increased cost of sales by $410 (2013: $1,184).

Due to an expectation for a prolonged weakness in the solar market and the restructuring of a solar operation in Germany, certain solar inventory in the amount of $12,800 was impaired in the period ended June 30, 2013. This amount was included in asset impairment expense in 2013 as it was related to the overall restructuring of the solar Engineering business and provides, by not presenting it as part of cost of sales, better insight into the gross margin going forward. See note 4 for further discussion.

12. Other assets

On April 1, 2013, the Company paid $4,000 for an option to acquire all of the mineral rights associated with certain mines in Brazil. The Company is currently performing due diligence to determine whether it wants to move forward with the purchase of the mineral rights. The initial term of the exploration period of fifteen months has expired, however based on the current stage of exploration activities, additional time is necessary to complete the analysis. The Company is currently in negotiations with the counter-party to extend the exploration period by 24 months. If the negotiations are unsuccessful or the

Company does not want to exercise its rights, the $4,000 can be credited over a period of three years against purchases of raw materials. This option, valued at $4,000, is included in non-current other assets in the statement of financial position.

13. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	June 30, 2014	**December 31, 2013**
Bank balances	110,016	92,626
Time deposits	4,924	10,441
	114,940	103,067

Bank balances earn interest at floating rates based on daily bank deposit rates while cash equivalents are time deposits with maturities of three months or less which earn interest based on the maturities.

14. Capital and reserves

Actuarial losses on defined benefit plans for the period ended June 30, 2014 decreased other reserves by $8,011, net of tax, while actuarial gains on defined benefit plans increased other reserves by $3,038 in the six months ended June 30, 2013. There have been no additional significant changes to the Company's capital and reserves as of June 30, 2014. The elements of other comprehensive income (loss) and equity-settled share based payments are more fully disclosed in notes 8 and 17, respectively.

15. Interest-bearing loans and borrowings

Credit Facility

As discussed in the Company's 2013 financial statements, the Company entered into a five-year multicurrency term loan and revolving credit facility with Commerzbank AG and Lloyds TSB Bank plc on April 28, 2011. The credit facility is composed of a €64,200 term loan and a $214,200 revolving credit facility ("Revolving Credit Facility"). During the six months ended June 30, 2014, AMG borrowed (repaid) $6,510 (2013: ($8,934)) on the Revolving Credit Facility. Also during the six months ended June 30, 2014, AMG repaid €8,750 (2013: €2,500) of the term loan. As of June 30, 2014, available revolver capacity was $57,515 (December 31, 2013: $60,506).

As of June 30, 2013, the Company was in breach of its tangible net worth covenant as a result of asset impairments that were recognized in the first half of 2013. On August 7, 2013, the Company received a waiver of this breach. However, as required by IAS 1, all portions outstanding under the Revolving Credit Facility ($258,574) were presented as current in the statement of financial position as the breach was as of June 30, 2013. On September 24, 2013, the Company amended and restated the Credit Facility. Included in the amendments was a change to the Tangible Net Worth to Total Assets ("TNW") covenant. Previously, the minimum ratio for this covenant was 20.0% for 2013, 22.5% for the first two quarters of 2014 and 25% thereafter. The amendment decreased the minimum ratio to 16.0% for the remainder of 2013 and to 17.5% for Q1 and Q2 2014, and 25% thereafter. On May 27, 2014, the Company further amended the facility to extend the TNW covenant reduction received in September 2013 to 17.5% for the remainder of the term of the credit facility, through April 2016. The Company is in compliance with all debt covenants as of June 30, 2014. Fees related to this amendment were $849 and are included in finance expense.

Short term bank debt

The Company's Brazilian subsidiaries maintain short term secured and unsecured borrowing arrangements with various banks. Borrowings under these arrangements are included in short term bank debt in the consolidated statement of financial position. The Company borrowed (repaid) $2,834 (2013: ($10,254)) on these facilities during 2014. Short term bank debt also includes credit facilities in Germany and India.

The Company entered into three trade financing agreements during the six months ending June 30, 2014. The three agreements were for a 120 day term and had a 6.3% effective annual interest rate. The outstanding balance of $3,759 was included in the short term bank debt on the balance sheet as of June 30, 2014.

16. Pension plans

As of June 30, 2014, the employee benefits liability has increased to $149,104 from the December 31, 2013 balance of $139,359. This change is primarily due to an actuarial loss recorded for the six month period ended June 30, 2014 related to a decrease in discount rates for defined benefit plans in both the United States and Europe.

17. Share-based payments

During the six months ended June 30, 2014, 122,937 (2013:132,334) share options were granted under the 2009 AMG Option Plan ("The Plan") to the AMG management board as part of their 2014 compensation package, as approved at the Company's Annual General Meeting. One half of the options granted to each option holder will vest on each of the third and fourth anniversaries of the grant date. The vesting is subject to performance conditions related to return on capital employed and share price appreciation. All options under the Plan are equity settled, in accordance with IFRS 2, by award of options to acquire ordinary shares or award of ordinary shares. The fair value of the options granted during the six months ended June 30, 2014 was calculated as €4.31 (2013: €4.02) using a Black-Scholes model. The assumptions used in the calculation are set out below.

Exercise Price	€7.82
Share price at date of grant	€7.82
Contractual life (years)	10
Dividend Yield (%)	Nil
Expected Volatility (%)	59.5%
Risk-free interest rate (%)	1.25%
Expected life of option (years)	6

In the six months ended June 30, 2014, the Company recorded $429 (2013: $428) of expense related to equity-settled share based payments.

Cash-settled share-based payments

During the six months ended June 30, 2014, the Company issued 298,883 (2013: 642,635) performance share units ("PSUs") to certain employees which can be settled in either cash or shares. The fair value for outstanding PSUs at June 30, 2014 was €7.13 (December 31, 2013: €7.74).

Due to changes in the fair value of performance share units, the Company (reversed) recorded expense of ($669) (2013: $16) in the six months ended June 30, 2014 and has a liability of $1,360 (December 31, 2013: $2,154) related to all outstanding PSUs at June 30, 2014 based on performance conditions. During the six months ended June 30, 2014, nil (2013: $387) was paid out with respect to the vesting of previous grants.

18. Provisions

Restructuring

During the six months ended June 30, 2014, restructuring provisions of $1,792 (2013: $6,735) were recognized. The majority of the expense related to reorganization and a cost reduction program for an operation in Brazil. This reorganization had the impact of reducing headcount by 51. Additional restructuring provisions primarily related to the severance and early retirement payment of AMG Processing employees. This expense related to 17 employees at our aluminum facilities in the United Kingdom, 11 employees at our vanadium facility in the United States, and 4 employees at the aluminium operations also in the United States. Restructuring payments of $4,798 (2013: $2,984) were made during the six months ended June 30, 2014.

Environmental

During the six months ended June 30, 2014, payments of $180 (2013: $661) were made from the environmental provision and no additional provision was recorded (2013: $77).

Warranty

During the six months ended June 30, 2014, warranty payments of $474 (2013: $509) and provisions of ($344) (2013: $218) were (reversed) recorded. Warranty provisions are provided on certain contracts and the provisions are made on a contract by contract basis or on actual claims made by customers. Each contractual warranty is expected to be utilized or derecognized within 12 months.

Cost estimates

AMG Engineering builds a project cost provision on its percentage of completion contracts. The provision is developed on a contract by contract basis. The amounts recorded as a provision are the result of the expected total project costs and are based on historical percentages. Over the life of the percentage of completion contracts, the provision for project cost is utilized or derecognized depending on actual performance of the contracts. During the six months ended June 30, 2014, project cost payments of $932 (2013: $495) were made and additional provisions of $118 (2013: $1,653) were recorded.

Partial retirement

In an effort to reduce unemployment and create jobs for younger job-seekers, Germany implemented certain regulations in 1996 to enable employees to take early retirement. Although the law is no longer in effect, our German subsidiaries have made provisions for those employees who are eligible per their employment contracts. During the six months ended June 30, 2014, there were additional provisions of $111 (2013: $259) and payments of $300 (2013: $649).

Restoration, Rehabilitation and Decommissioning Costs

The decommissioning provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of extraction activities. These amounts will be settled when rehabilitation is undertaken. During the six months ended June 30, 2014 there were additional provisions related to the ongoing mine operations in Brazil of $87 (2013: $354).

19. Deferred revenue

In 2014, one of the Company's subsidiaries negotiated a sales contract with a long-term customer. As a result of the negotiations, the customer agreed to pay $6,169 as a prepayment. The contractual details regarding the utilization of this prepayment are currently being finalized. The same subsidiary signed a sales contract with another long-term customer which resulted in a $1,234 prepayment. The first contractual shipment on the signed contract was made in June 2014. These prepayments are recognized as cash flows from operating activities and are included as current liabilities.

In 2012, one of the Company's subsidiaries entered into a sales contract with a long-term customer. The sales contract required the customer to pay $5,000 upon signing the contract, with an additional prepayment due upon shipment of the first contractual quantities. The first contractual shipment was made in June 2013 and the customer made an additional prepayment of $15,000 at that time. This is recognized as a cash flow from operating activities. The deferred revenue liability will be reduced using a prescribed formula over the course of the five-year contract based on the tonnage shipped. The deferred revenue balance related to this contract as of June 30, 2014 is $13,903 (December 31, 2013: $16,778).

20. Financial instruments

Fair Values

As of June 30, 2014, fixed rate loans and borrowings had a carrying value of $8,502 (December 31, 2013: $9,241) and a fair value of $8,516 (December 31, 2013: $9,079). Excluding fixed rate loans and borrowings, the carrying amounts presented in the financial statements approximate the fair values for all of the Company's financial instruments.

The fair value of the financial assets and liabilities are included at the price that would be received to sell the instrument in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions.

- Short term assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.
- The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts are estimated by discounting expected future cash flows using current market interest rates and yield curves

over the remaining term of the instrument; Derivative currency and commodity contracts are based on quoted forward exchange rates and commodity prices respectively.

- Floating rate loans and borrowings and notes receivable maintain a floating interest rate and approximate fair value. Fair value of the Company's floating rate loans and borrowings and notes receivable are estimated by discounting expected future cash flows using a discount rate that reflects the Company's borrowing rate at June 30, 2014. The consideration of non-performance risk did not significantly impact the fair values.
- The fair value of fixed rate loans and borrowings are estimated by discounting future cash flows using rates currently available for debt.

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As of June 30, 2014, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	June 30, 2014	Level 1	Level 2	Level 3
Financial assets				
Forward contracts – hedged	2,690	-	2,690	-
Forward contracts – non-hedged	56	-	56	-

Liabilities measured at fair value

	June 30, 2014	Level 1	Level 2	Level 3
Financial liabilities				
Forward contracts – hedged	452	-	452	-
Forward contracts – non-hedged	1,340	-	1,340	-
Interest rate swaps	6,471	-	6,471	-

During the six months ended June 30, 2014, there were no significant changes in policies with respect to financial instruments.

The following represents a summary of the financial instruments as of June 30, 2014 as compared to December 31, 2013.

Interest rate hedges

In April 2011, the Company entered into two interest rate hedge agreements for the entire drawdown of the term loan of €64,200 as well as $95,000 of the revolver. These interest rate swaps were executed so that the Company could hedge its exposure to changes in the benchmark interest rate on the term loan of €64,200 and $95,000 of the revolver. Management has designated the interest rate swap as a cash flow hedge of the forecasted interest payments on the debt. During 2014, the Company paid down € 2,500 (2013: €2,500) of its hedged designated term loan in line with the loan's maturity schedule and the interest rate swap reduced to €56,700 (December 31, 2013: €59,200) to align with the term amount outstanding. The fair value of the term loan interest rate swap is a non-current liability of $3,585. The fair value of the revolver interest rate swap is a non-current liability of $2,886. The fair value of the term loan interest rate swap as at December 31, 2013 was a non-current liability of $4,284. The fair value of the revolver interest rate swap as at December 31, 2013 was a non-current liability of $3,418. An unrealized loss of $5,395 (December 31, 2013: $6,382), with a deferred tax asset of $1,076 (December 31, 2013:

$1,320) relating to the hedging instruments, is included in equity for the interest rate swaps that were assessed to be highly effective as at June 30, 2014.

Commodity forward contracts and foreign currency forward contracts

The Company views derivative instruments as risk management tools and does not use them for trading or speculative purposes. During the course of operations, including normal purchases and sales of product, the Company enters into commodity forward and foreign exchange contracts to manage price and currency risks. No significant new contracts were entered into as of June 30, 2014, other than in the ordinary course of business.

The following are the fair values of the contracts that were in place at June 30, 2014 and December 31, 2013.

	June 30, 2014	**December 31, 2013**
Assets		
Commodity forward contracts	283	81
Liabilities		
Commodity forward contracts	21	167

The commodity cash flow hedges that are treated as cash flow hedges were assessed to be highly effective and as at June 30, 2014 there was an unrealized gain (loss) of $334 (December 31, 2013: ($136)), with a deferred tax (liability) asset of ($23) (December 31, 2013: $47), included in equity.

	June 30, 2014	**December 31, 2013**
Assets		
Foreign exchange forward contracts	2,463	2,367
Liabilities		
Foreign exchange forward contracts	1,771	5,131

Foreign exchange forward contracts that are treated as cash flow hedges were deemed to be highly effective and as at June 30, 2014, there was an unrealized gain (loss) of $1,574 (December 31, 2013: ($731)), with a deferred tax (liability) asset of ($761) (December 31, 2013: $382) relating to the hedging instruments, included in equity.

21. Commitments and contingencies

Commitments

At June 30, 2014, there were commitments for the manufacture and purchase of property, plant and equipment in the amount of $8,886 (December 31, 2013: $4,745).

Other than the commitments to purchase property, plant and equipment noted above, there have been no material updates to the Company's commitments as discussed in notes 34 and 35 to the 2013 consolidated financial statements.

Contingencies

At June 30, 2014, there were business-related guarantees for the benefit of third parties in the amount of $58,317 (December 31, 2013: $48,148).

The Company has been a defendant in an Italian legal claim since 2000. The suit is in regard to a failed Vanadium venture and a related "success fee" of $933 for support in collecting grants out of European funding programs. As the project failed, the success fee was not paid. The plaintiff is pursing payment of the success fee as well as additional damages. On January 14, 2014, a legal court in Catania, Italy ruled in favour of the plaintiff for the success fee and the company was required to escrow the amount. The Company has filed an appeal to the court decision. The escrow deposit has been recorded as restricted cash during the period, however, there has been no accrual recorded related to this case as AMG has been advised by its legal council that it is not probable that the plaintiff will succeed.

Other than noted above, there have been no material updates to the Company's contingencies as discussed in notes 34 and 35 to the 2013 consolidated financial statements.

22. Related parties

Transactions with associates

There have been no material transactions with related parties in the six months ended June 30, 2014 and 2013.

23. Subsequent events

On July 24, 2014, the Company sold its 25% ownership in Bostlan S.A. for $740. The Company will receive payments for the purchase of this asset in instalments. Upon signing the contract, a payment of $206 was received. Additional payments will be made according to the following schedule:

December 2014:	$164
June 2015:	$192
March 2016:	$178