



Interim Consolidated Financial Statements 2010



Interim Condensed Consolidated Financial Statements as at June 30, 2010

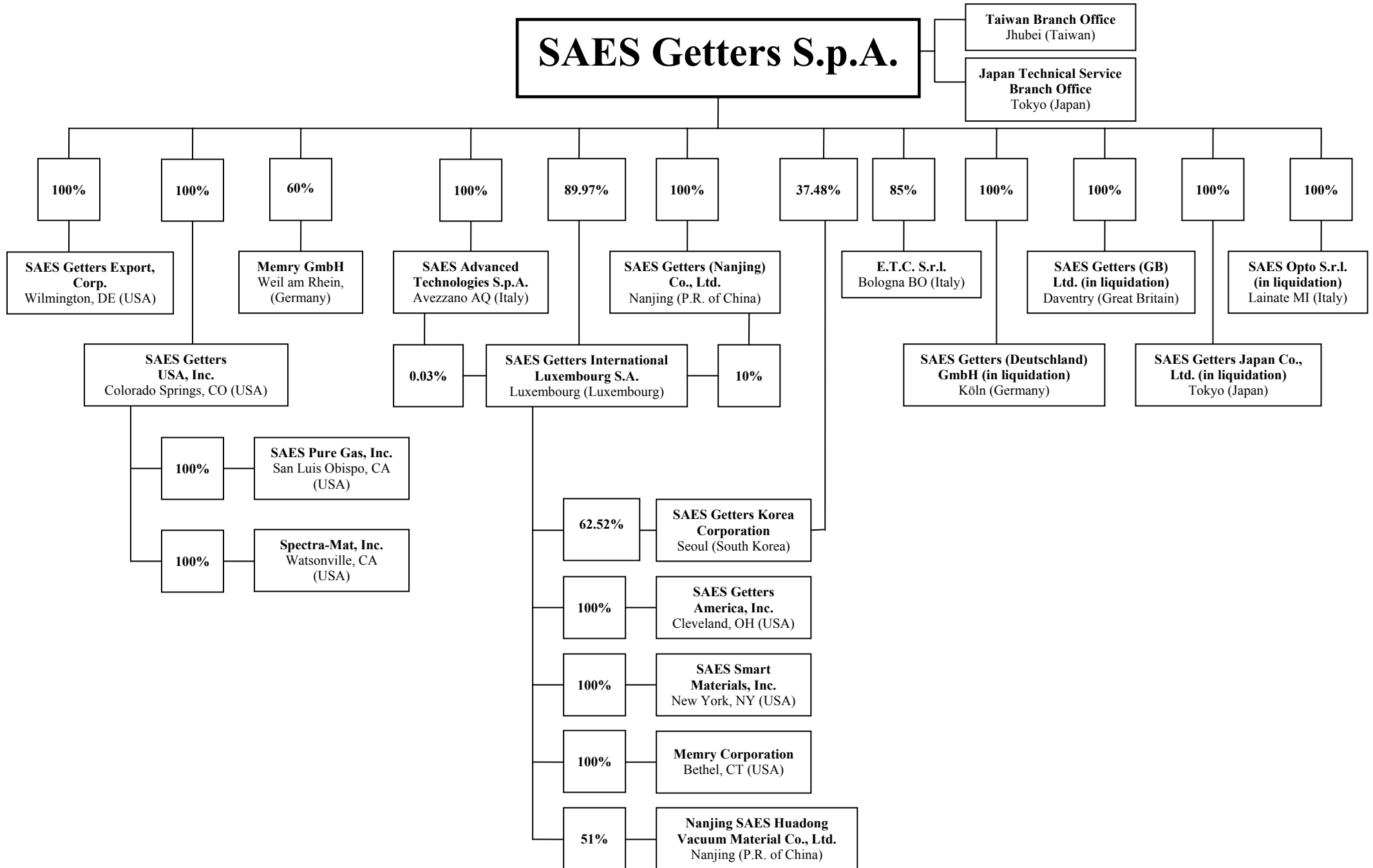
SAES Getters S.p.A.

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

SAES Getters S.p.A.



Board of Directors

President

Massimo della Porta

Vice President and Managing Director

Giulio Canale

Directors

Stefano Baldi (1) (2)
Giuseppe della Porta (2)
Adriano De Maio (1) (2) (3) (4)
Andrea Dogliotti (2) (3)
Andrea Gilardoni (2)
Pietro Alberico Mazzola (2)
Roberto Orecchia (2) (4)
Andrea Sironi (1) (2) (3) (4)
Gianluca Spinola (2)

- (1) Members of the Compensation Committee
(2) Non-executive directors
(3) Members of the Audit Committee
(4) Independent directors

Board of Statutory Auditors

Chairman

Vincenzo Donnataria

Statutory Auditors

Maurizio Civardi
Alessandro Martinelli

Alternate Statutory Auditors

Fabio Egidi
Piero Angelo Bottino

Audit firm

Reconta Ernst & Young S.p.A.

The term of office of the Board of Directors and of the Board of Statutory Auditors, elected on April 21, 2009, expires at the Shareholders' Meeting in which the financial statements for the year ended December 31, 2011 are approved.

Powers

Pursuant to article no. 20 of the Articles of Association, the President and the Vice President and Managing Director are jointly and 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 to exercise the powers attributed to them by the Board itself.

By mean of the resolution adopted on April 21, 2009, the Board of Directors granted the President and the Vice President and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

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

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Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

| Income statement data | 1st Half 2010 | 1st Half 2009 restated (1) | Difference | Difference % |
|---|--------------------------|---------------------------------------|-------------------|-------------------------|
| NET SALES | | | | |
| - Industrial Applications | 40,145 | 30,363 | 9,782 | 32.2% |
| - Shape Memory Alloys | 18,533 | 21,890 | (3,357) | -15.3% |
| - Information Displays | 9,080 | 17,610 | (8,530) | -48.4% |
| - Advanced Materials | 299 | 129 | 170 | 131.8% |
| Total | 68,057 | 69,992 | (1,935) | -2.8% |
| GROSS PROFIT | | | | |
| - Industrial Applications | 21,089 | 14,955 | 6,134 | 41.0% |
| - Shape Memory Alloys | 5,832 | 7,383 | (1,551) | -21.0% |
| - Information Displays | 5,202 | 8,569 | (3,367) | -39.3% |
| - Advanced Materials & Corporate Costs (8) | (131) | (535) | 404 | 75.5% |
| Total | 31,992 | 30,372 | 1,620 | 5.3% |
| % on sales | 47.0% | 43.4% | | |
| Adjusted GROSS PROFIT (3) | 31,992 | 33,664 | (1,672) | -5.0% |
| % on sales | 47.0% | 48.1% | | |
| EBITDA (2) | 13,430 | 4,850 | 8,580 | 176.9% |
| % on sales | 19.7% | 6.9% | | |
| Adjusted EBITDA (2) | 13,430 | 11,077 | 2,353 | 21.2% |
| % on sales | 19.7% | 15.8% | | |
| OPERATING INCOME (LOSS) | 7,580 | (8,115) | 15,695 | 193.4% |
| % on sales | 11.1% | -11.6% | | |
| Adjusted OPERATING INCOME (LOSS) (3) | 7,580 | 3,586 | 3,994 | 111.4% |
| % on sales | 11.1% | 5.1% | | |
| NET INCOME (LOSS) (4) | 2,554 | (13,612) | 16,166 | 118.8% |
| % on sales | 3.8% | -19.4% | | |
| Balance sheet and financial data | June 30, 2010 | December 31, 2009 | Difference | Difference % |
| Property, plant and equipment, net | 67,336 | 65,932 | 1,404 | 2.1% |
| Shareholders' equity | 112,809 | 98,851 | 13,958 | 14.1% |
| Net financial position | (26,224) | (20,419) | (5,805) | -28.4% |
| Other information | 1st Half 2010 | 1st Half 2009 restated (1) | Difference | Difference % |
| Cash flow from operating activities | (1,833) | (1,643) | (190) | -11.6% |
| Research and development expenses (5) | 6,869 | 9,093 | (2,224) | -24.5% |
| Number of employees as at June 30 (6) | 1,089 | 1,103 | (14) | -1.3% |
| Personnel cost (7) | 26,613 | 33,178 | (6,565) | -19.8% |
| Purchase of property, plant and equipment | 2,227 | 3,929 | (1,702) | -43.3% |

- (1) Please note that figures of the first half 2009 have been reclassified in order to make them comparable with those of 2010. In particular:
- sales related to getters for solar collectors and to getter products to absorb hydrogen gas used in sealed containers for military use, previously included in the Electronic Devices Business, have been reclassified into the Vacuum Systems and Thermal Insulation Business;
 - following the change in the product mix, also resulting from the acquisitions made during 2008, and the change of the information system, at the end of 2009 it was completed a study to make the criteria of allocation of operating costs to the various business units more consistent with the changed market situation and with the strategic repositioning of the SAES Getters Group. In this sense, also the operating expenses of the first half 2009 were reclassified among the various Business Units to enable a coherent comparison;
 - following the sale of the indirect subsidiary Opto Materials S.r.l. (December 18, 2009) and the decision to liquidate the direct subsidiary SAES Opto S.r.l., both operating in the optoelectronic business, the figures of these two companies have been reclassified in a separate income statement item "Income (loss) from assets held for sale and discontinued operations".
- Please also note that income statement as of June 30, 2009 has been restated, with an effect on both consolidated net income and consolidated net equity, compared to those presented in the Interim Condensed Consolidated Financial Statements as of June 30, 2009 to reflect the effects of the completion of the initial accounting of the business combinations occurred in 2008.
- (2) EBITDA is not deemed a measure of performance under International Financial Reporting Standards (IFRS) and must not be considered as an alternative indicator of the Group's results. However, we believe that EBITDA is an important parameter for measuring the Group's performance. Since the calculation of EBITDA is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with methods adopted by other groups. EBITDA is defined as "earnings before interest, taxes, depreciation and amortization". For Adjusted EBITDA we intend EBITDA rectified in order not to include non recurring items and in any case items considered by the management as not meaningful with reference to the current operating performance. Please refer for the calculation to the table "Non recurring income and expenses" reported as per Annex no. 2.
- (3) Net of non recurring items and other costs considered by the management as meaningless with reference to the current operating performance. For the calculation please refer to the table "Non recurring income and expenses" reported as per Annex no. 2.
- (4) It includes net income from assets held for sale and discontinued operations (equal to +82 thousand of euro in the first half 2010 and to -351 thousand of euro in the same period of 2009).
- (5) Research and development expenses include in the first semester 2009 non recurring costs equal to 1,764 thousand of euro; net of these costs they are equal to 7,329 thousand of euro (or 10.5% of net consolidated sales).
- (6) This item as of June 30, 2010 includes: employees for 1,027 units and personnel employed with contract types other than salaried employment agreements equal to 62 units. As of June 30, 2009 this figure includes the employees of Opto Materials S.r.l (10 units) sold on December 18, 2009 and those (2 units) of SAES Getters Singapore PTE, Ltd. liquidated on June 4, 2010.
- (7) As of June 30, 2009 personnel cost includes non recurring expenses equal to 4,434 thousand of euro (severance costs net of C.I.G.O. - ordinary redundancy fund - savings); in the first semester 2010 severance costs have been equal to 783 thousand of euro while labour cost has been benefited by C.I.G.O. savings for an amount equal to 348 thousand of euro.
- (8) This item includes costs that cannot be directly attributed or allocated in a reasonable way to Business Units but which are related to the Group as a whole.

Interim report on operations of SAES Getters Group

INTERIM REPORT ON OPERATIONS

A pioneer in the development of getter technology, the SAES® Getters Group is the world leader in a wide range of scientific and industrial applications that require high vacuum conditions or ultra-pure gases.

In 70 years of operation, the Group's getter solutions have supported the technological innovation in sectors including information displays and illumination, complex high-vacuum systems and thermal-vacuum insulation, drawing on technologies ranging from large vacuum power tubes to miniaturized devices such as microelectronic and micromechanical systems mounted on silicon wafers. The Group also leads the market in the ultra-pure gas purification systems for the semiconductor industry and other high-tech industries.

Since 2004, drawing on the skills it has acquired in special metallurgy and materials science, the SAES Getters Group has been expanding its sectors of operation addressing to the advanced materials market, in particular the shape memory alloys's market, a family of advanced materials characterized by super elasticity and by the property of assuming predefined forms when subjected to heat treatment. They are mainly applied in the biomedical sector and, more in general, in niche industrial field.

With an overall production capacity spread out over twelve facilities on three continents, a commercial and technical support network with worldwide coverage and over 1,000 employees, the Group brings together multicultural skills and experience, making it a global firm in the full sense of the term.

The executive offices of SAES Getters are situated in the outskirts of Milan.

SAES Getters has been listed on the STAR Segment of the Italian Electronic Stock Exchange ("*Mercato Telematico Azionario*") since 1986.

SAES Getters Group' structure

The following table illustrates the Group's organizational structure:

| Industrial Applications Business Unit | |
|---|---|
| Lamps | Getters and metal dispensers used in discharge lamps and fluorescent lamps |
| Electronic Devices | Getters and metal dispensers for electron vacuum devices and getters for microelectronic and micromechanical systems (MEMS) |
| Vacuum Systems and Thermal Insulation | Pumps for vacuum systems, getters for solar collectors and products for thermal insulation |
| Semiconductors | Gas purifier systems for semiconductor industry and other industries |
| Shape Memory Alloys Business Unit | |
| Shape Memory Alloys (SMA) | Shape memory alloys |
| Information Displays Business Unit | |
| Liquid Crystal Displays | Getters and metal dispensers for liquid crystal displays |
| Cathode Ray Tubes | Barium getters for cathode ray tubes |
| Advanced Materials Business Development Unit | |
| Advanced Materials | Dryers and highly sophisticated getters for OLED and sealants for solar panels |

Main events for the six months ended June 30, 2010

In the first semester 2010, consolidated revenues have shown balanced growths, if compared to the second semester 2009, in all Business Units, as better highlighted in the following table:

(thousands of euro)

| Business | 1st Half 2009 | 2nd Half 2009 | 1st Half 2010 |
|---|----------------------|----------------------|----------------------|
| Lamps | 4,609 | 5,804 | 6,347 |
| Electronic Devices | 10,923 | 11,170 | 11,853 |
| Vacuum Systems and Thermal Insulation | 7,569 | 5,565 | 7,886 |
| Semiconductors | 7,262 | 7,678 | 14,059 |
| Subtotal Industrial Applications | 30,363 | 30,217 | 40,145 |
| Subtotal Shape Memory Alloys | 21,890 | 12,389 | 18,533 |
| Liquid Crystal Displays | 15,701 | 13,883 | 6,859 |
| Cathode Ray Tubes | 1,909 | 2,110 | 2,221 |
| Subtotal Information Displays | 17,610 | 15,993 | 9,080 |
| Subtotal Advanced Materials | 129 | 214 | 299 |
| Total net sales | 69,992 | 58,813 | 68,057 |

These growths, mainly related to new products and applications, offset the structural decline of the Information Displays business.

The strong and steady growth of sales, compared with the second semester 2009, combined both with the rationalization and restructuring plan and the cost control policy already adopted since the end of 2008 and carried on during 2009, allowed in the first semester 2010 to reach again positive results, confirming the correctness of the strategy performed by the management. The economic figures of the semester show how the diversification of the business, implemented with the acquisitions made in 2008, the strengthening of the Shape Memory Alloys (SMA) offer and the expansion of sales in Industrial Applications, combined with a strong competitive restructuring and cost control proved to be successful, allowing the Group to overcome the crisis and re-launch the future perspectives, despite the considerable changes occurred in the sectors and markets of reference.

The Industrial Applications Business Unit confirms itself in the top position in terms of sales among the Business Units of the Group and shows a progressive growth in all businesses.

It has to be noted a sales increase in almost all businesses, specifically, in the Semiconductors sector that shows a continuous growth starting from the end of the fiscal year 2009, driven also by new investments in factories, also for LED production, and by the launch of new products.

In the Industrial Applications Business Unit, also the Lamps Business shows a continued growth in revenues, reversing the cyclic trend of last year.

In the MEMS area, during the semester, the collaboration with STMicroelectronics has continued for the integration of thin film getters in new generation MEMS gyroscopes developed by ST; the combined efforts of both companies have enabled the development and the start of the industrialization of gyroscopes with integrated getter that use SAES Getters technology. The diversification strategy of getter products in emerging sectors and the partnership with industry leaders such as ST turned out to be a winning strategy, whose effects will continue in future quarters contributing to the economic performance of the Group with increasing importance.

In the Shape Memory Alloys Business, the Medical sector has started to grow again, after the decline in the second half 2009 caused by the excesses of stocks accumulated at the beginning of last year by some major customers.

Some first positive results were reached in the Industrial segment. In particular, during the semester it has been signed a major partnership agreement with the English company Cambridge Mechatronics Ltd. (CML) for the integration of educated shape memory wires in the autofocus devices of the cameras for the new generation of mobile phones. A first mobile phone model with a SMA device is already sold in Japan.

This agreement with CML is a first step in the application of the SMA technology in industries such as consumer electronics, potentially featuring very high volumes. The usage of SMAs in the consumer electronics industry coupled with their increasing use in the automotive sector, are a prove of the potential of the shape memory alloys also outside the medical industry.

Growths in Industrial Applications and SMAs Businesses allowed to balance the Group offer and to reduce the reliance on the Information Displays Business, whose results in the first semester 2010 confirm the already announced structural decline. In particular, the decline in the business of cold cathode fluorescent lamps (or CCFL) confirmed to be progressive and irreversible due to the competition of the LED technology (a market where SAES Getters is not present at the moment except for the selling activities of the already mentioned gas purifiers) which has eroded CCFL market shares.

In the displays sector, the Group continues to make investments in the development of innovative getter solution for OLED applications, which are expected to gradually stand next to the actual LCD technology in the coming years.

In the first half 2010, investments in research and innovation continued, as the Group considers them essential to ensure the future growth. Specifically, it has to be pointed out that during the semester it was established the company E.T.C. S.r.l., 85% controlled by SAES Getters S.p.A., a spin-off supported by the National Research Council (CNR). Such company, based in Bologna, is focused on the development of functional materials for applications in Organic Electronics and Organic Photonics and also the development of organic integrated photonic devices for niche applications.

On April 6, 2010, the Board of Directors of SAES Smart Materials, Inc. has formally approved a capital increase of \$2.5 million, also to ensure the compliance with the covenants on the loan of the company itself; this injection was executed in May 2010 by the sole shareholder SAES Getters International Luxembourg S.A., as described more in details in the Explanatory Notes.

In order to subscribe the share capital increase in SAES Smart Materials, Inc., SAES Getters International Luxembourg S.A. has used part of the funds (totalling approximately €3.5 million) received on April 22, 2010 by the subsidiary SAES Getters (Nanjing) Co., Ltd. as a capital increase, pursuant to the resolution of the Board of Directors of the Chinese company dated March 1, 2010.

On April 9, 2010 the Group's request for the exemption to the call of the debt of Memry Corporation was formally accepted by the lending company and, simultaneously, the restatement of the financial covenants for the years 2009-2012 has been formalized restoring in this way the original maturity of the debt.

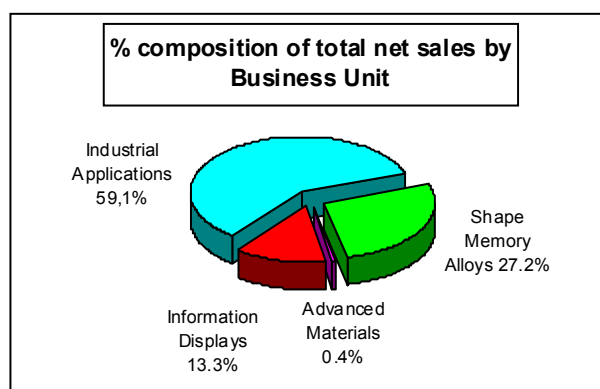
On April 27, 2010 the Extraordinary Shareholders' Meeting resolved to cancel the treasury shares held by the Company. As the shares were already recorded in the financial statements in deduction of the net equity (as defined by IAS 32), on May 26, 2010 the annulment of the treasury shares was carried out without the recognition of any gain or loss in the income statement and without any effect on the net equity of the Company.

The cancellation of treasury shares was executed without any change in the capital stock, but through an increase of the implied book value. In particular, as outcome of the annulment of no. 600,000 ordinary shares and no. 82,000 savings shares held in the company portfolio, the capital stock of SAES Getters S.p.A. remains unchanged and equal to €12,200,000, but represented by fewer shares outstanding, or no. 22,049,969 shares (no. 14,671,350 ordinary shares and no. 7,378,619 savings shares) without nominal value but with an implied book value equal to €0.554195. Furthermore, pursuant to the provisions of article 26 of the By-Laws, the quantification of the privileges of the savings shares is correspondingly increased (the preference dividend rises from €0.134 to €0.139, while the extra-value goes from €0.016 to €0.017).

Sales and economical results for the first semester 2010 compared with the first semester 2009

The **consolidated turnover** of the first semester 2010 has been equal to 68,057 thousand of euro, with a slight decrease (-2.8%) compared with 69,992 thousand of euro of the first semester 2009.

The exchange rate effect has been positive and equal to 1.1%, mainly due to the strengthening of the US dollar, the Japanese yen and the Korean won, during the first semester 2010; with comparable exchange rates, consolidated sales decreased by 3.9%. At sales level, the consolidation area is unchanged.



With reference to consolidated net sales, the first semester 2010 outlines an upward trend in all Businesses, which offsets the structural decline of the Information Displays. The recovery of sales is mainly pulled by the sales in SMA Medical segment, that has had an in advance recovery compared with the forecast and, in the Industrial Applications Business Unit, by the Semiconductors, that enhanced the recovery already shown at the end of 2009.

The following table contains a breakdown of net sales in the first semester 2010 and 2009 by business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)

| Business | 1st Half 2010 | 1st Half 2009 (*) | Difference | Difference % | Exchange rate effect % | Price-Quantity effect % |
|---|---------------|-------------------|----------------|---------------|------------------------|-------------------------|
| Lamps | 6,347 | 4,609 | 1,738 | 37.7% | 1.7% | 36.0% |
| Electronic Devices | 11,853 | 10,923 | 930 | 8.5% | 0.6% | 7.9% |
| Vacuum Systems and Thermal Insulation | 7,886 | 7,569 | 317 | 4.2% | 1.0% | 3.2% |
| Semiconductors | 14,059 | 7,262 | 6,797 | 93.6% | 0.7% | 92.9% |
| Subtotal Industrial Applications | 40,145 | 30,363 | 9,782 | 32.2% | 0.9% | 31.3% |
| Subtotal Shape Memory Alloys | 18,533 | 21,890 | (3,357) | -15.3% | 0.3% | -15.6% |
| Liquid Crystal Displays | 6,859 | 15,701 | (8,842) | -56.3% | 2.7% | -59.0% |
| Cathode Ray Tubes | 2,221 | 1,909 | 312 | 16.3% | 0.5% | 15.8% |
| Subtotal Information Displays | 9,080 | 17,610 | (8,530) | -48.4% | 2.4% | -50.8% |
| Subtotal Advanced Materials | 299 | 129 | 170 | 131.8% | 3.8% | 128.0% |
| Total net sales | 68,057 | 69,992 | (1,935) | -2.8% | 1.1% | -3.9% |

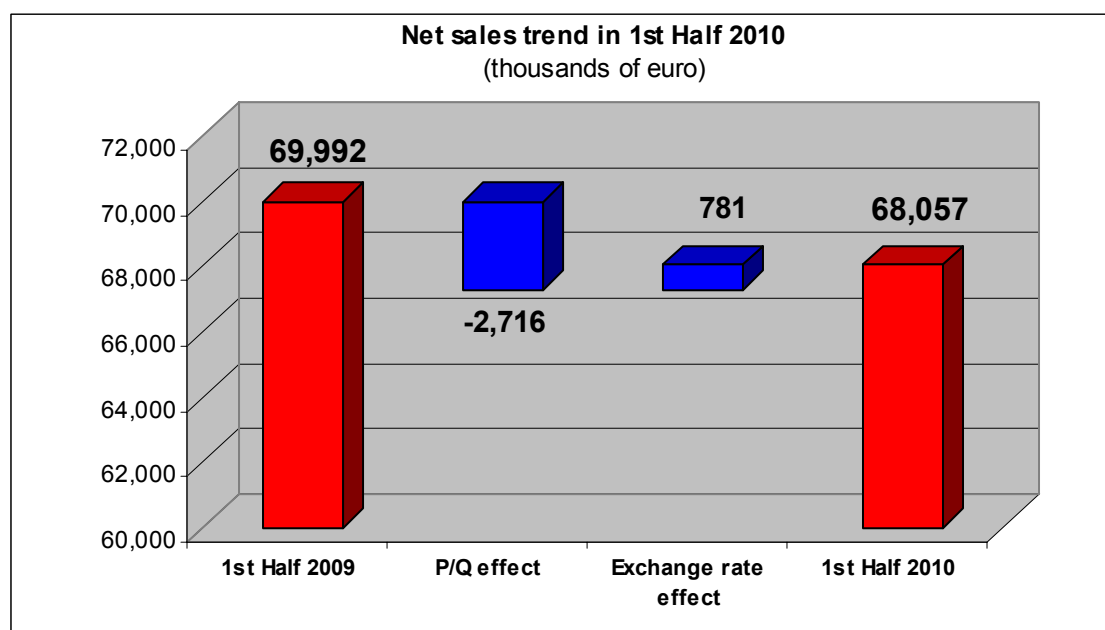
(*) Please note that figures of the first half 2009 have been reclassified in order to make them comparable with those of 2010.

In particular:

- sales related to getters for solar collectors and to getter products to absorb hydrogen gas used in sealed containers for military use, previously included in the Electronic Devices Business, have been reclassified into the Vacuum Systems and Thermal Insulation Business;

- following the sale of the indirect subsidiary Opto Materials S.r.l. (December 18, 2009) and the decision to liquidate the direct subsidiary SAES Opto S.r.l., both operating in the optoelectronic business, the figures of these companies have been reclassified in a separate income statement item "Income (loss) from assets held for sale and discontinued operations".

The following graph shows the trend of sales in the first semester 2010:



The **Industrial Applications Business Unit** consolidated its recovery in the first semester 2010; the sales amounted to 40,145 thousand of euro, with a strong increase if compared with 30,363 thousand of euro in the first semester 2009 (+32.2%). The trend of euro against the main foreign currencies determined a positive exchange rate effect, equal to 0.9%, while the organic growth has been equal to 31.3%.

If compared to the first semester of the previous year, there has been a progressive growth in all segments; specifically, the revenues of the Semiconductors Business have been equal to 14,059 thousand of euro (+93.6% compared with the first half 2009), enhancing the growth already occurred at the end of the fiscal year 2009, driven also by investments in new factories, included those for LED production, and by the launch of new products. Also the getter solutions for MEMS and the getters and dispensers for lamps are growing up (thanks to the progressive banishment of the incandescent lamps). It has to be noted, instead, a slow down in the growth of getters for solar collectors due to the recession that caused a delay on investments, mainly in the two principal markets of reference (Spain and U.S.A.), in addition to the strengthening of the competition in a sector deemed in expansion.

In the first half 2010, the consolidated revenues of the **Business Unit** dedicated to the **Shape Memory Alloys** were equal to 18,533 thousand of euro, compared with 21,890 thousand of euro in the corresponding period of 2009. The exchange rate effect was substantially neutral and equal to +0.3%.

Consolidated revenues, declining if compared to a first semester 2009 characterized by sales greater than the average caused by the excesses of stocks accumulated by some U.S. major customers, are in steady and continuous growth compared to the consolidated sales of second half 2009.

In the first half 2010, consolidated revenues of the **Information Displays Business Unit** were equal to 9,080 thousand of euro, down by 48.4% compared to 17,610 thousand of euro in the first semester of 2009. The trend of euro against the main foreign currencies determined an exchange rate effect positive and equal to +2.4%.

At constant exchange rates, the decrease of 50.8% was mainly due to the structural and irreversible decline in the business of cold cathode fluorescent lamps (or CCFL) for the backlighting of LCD displays, due to the competition of the LED technology which has eroded CCFL market shares. To the structural crisis of the fluorescent lamps we also need to add the increasing pressure on prices, favoured by the emergence of low-cost and lower quality competition in the Asian markets.

It has to be noted a sales increase of the CRT Business (+15.8% at comparable exchange rates), due to the 2010 FIFA World Cup.

Consolidated revenues of the **Advanced Materials Business Development Unit** were equal to 299 thousand of euro in the first half 2010 (129 thousand of euro in 2009), with an increase mainly in the organic electronics sector. The exchange rate effect was positive and equal to +3.8%.

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

(thousands of euro)

| Geographic Area | 1st Half 2010 | % | 1st Half 2009 | % | Difference | Difference % |
|------------------------|----------------------|---------------|----------------------|---------------|-------------------|---------------------|
| Italy | 1,080 | 1.6% | 571 | 0.8% | 509 | 89.1% |
| Europe | 12,732 | 18.7% | 9,850 | 14.1% | 2,882 | 29.3% |
| North America | 29,388 | 43.2% | 31,360 | 44.8% | (1,972) | -6.3% |
| Japan | 4,460 | 6.6% | 7,924 | 11.3% | (3,464) | -43.7% |
| South Korea | 5,098 | 7.5% | 6,954 | 9.9% | (1,856) | -26.7% |
| China | 6,015 | 8.8% | 4,358 | 6.2% | 1,657 | 38.0% |
| Other Asian countries | 9,031 | 13.3% | 8,751 | 12.5% | 280 | 3.2% |
| Other | 253 | 0.4% | 224 | 0.3% | 29 | 12.9% |
| Total net sales | 68,057 | 100.0% | 69,992 | 100.0% | (1,935) | -2.8% |

The reduction of sales in the Far East (in particular Japan and South Korea) is a consequence of the already mentioned drop of sales in the LCD business. On the contrary, the sales increased in China (thanks to the recovery of the Semiconductors Business) and Europe (thanks to the industrial applications, in particular lamps).

In North America, the decrease in the SMA sector (characterized by a first semester 2009 with sales higher than average) is partially offset by the growth in the semiconductor business.

Total consolidated gross profit was equal to 31,992 thousand of euro in the first half 2010 (47% of consolidated revenues), up when compared to 30,372 thousand of euro in the same semester of 2009, despite the decrease in revenues.

The gross profit as of June 30, 2009 was burdened by non-recurring expenses equal to 3,292 thousand of euro (for further details please refer to table reported as per Annex no. 2). Excluding these one-off costs, the adjusted gross margin would have been equal to 48.1% (33,664 thousand of euro in absolute terms), substantially aligned with the one of the first half 2010 (47%).

At Business Unit level, the decrease in the gross margin of the Information Displays sector, caused by the contraction of sales in the LCD Business, was offset by the growth occurred in the Industrial Application sector (specifically, Lamps and Semiconductors Businesses).

The following table shows the consolidated gross profit of first semester 2010 and 2009 by Business Unit:

(thousands of euro)

| Business Unit | 1st Half 2010 | 1st Half 2009 | Difference | Difference % |
|--------------------------------------|----------------------|----------------------|-------------------|---------------------|
| Industrial Applications | 21,089 | 14,955 | 6,134 | 41.0% |
| Shape Memory Alloys | 5,832 | 7,383 | (1,551) | -21.0% |
| Information Displays | 5,202 | 8,569 | (3,367) | -39.3% |
| Advanced Materials & Corporate Costs | (131) | (535) | 404 | 75.5% |
| Gross profit | 31,992 | 30,372 | 1,620 | 5.3% |

Total consolidated operating result for the semester was positive and equal to 7,580 thousand of euro compared to an operating loss of -8,115 thousand of euro in the same period of the last year; as a

percentage of revenues, the consolidated operating margin was equal to 11.1%, compared to a negative figure (-11.6%) in 2009.

The operating profit returns positive and with a strong growth, reversing the trend over the past year, mainly thanks to the effect of the reduction in the operating expenses, following the rationalization plan implemented during the last fiscal year.

Please note that the first half 2009 was burdened by non-recurring charges totalling 11,701 thousand of euro (please refer to Annex no. 2). Excluding these costs, the operating result would have been positive and equal to 3,586 thousand of euro (5.1% of consolidated sales).

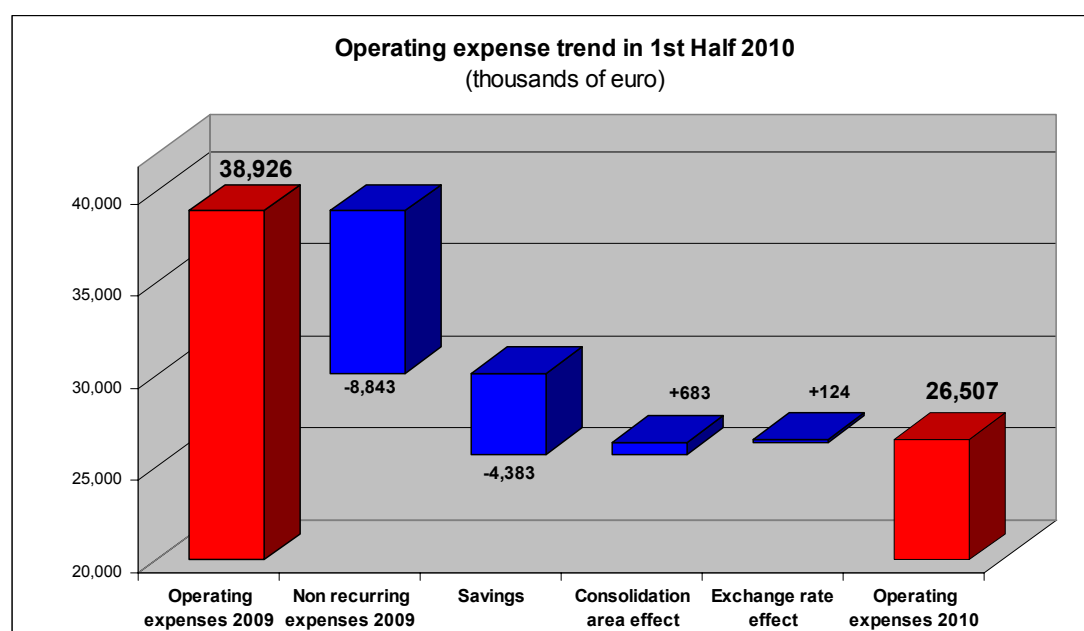
The following table shows the operating result related to the first semester 2010 and 2009 by Business Unit:

(thousands of euro)

| Business Unit | 1st Half 2010 | 1st Half 2009 | Difference | Difference % |
|--------------------------------------|---------------|----------------|---------------|---------------|
| Industrial Applications | 13,953 | 6,862 | 7,091 | 103.3% |
| Shape Memory Alloys | 479 | 636 | (157) | -24.7% |
| Information Displays | 2,356 | 3,174 | (818) | -25.8% |
| Advanced Materials & Corporate Costs | (9,208) | (18,787) | 9,579 | 51.0% |
| Operating income (loss) | 7,580 | (8,115) | 15,695 | 193.4% |

Total consolidated operating expenses were equal to 26,507 thousand of euro, strongly reduced if compared to 38,926 thousand of euro in the first half 2009. Please note that in the first half 2009 operating expenses included non-recurring charges for 8,843 thousand of euro (please refer to Annex no. 2); net of these charges, as well as of the change in the scope of consolidation (establishment of E.T.C. S.r.l. in February 2010) and the exchange rate effect, operating expenses decreased by 4,383 thousand of euro (around 15%), for the combined effect of the cost containment and of the strict policies adopted in 2009 and continued also during the first half 2010. The decrease mainly affects the selling costs and the general and administrative expenses; instead, the percentage of research and development costs in terms of consolidated sales remains unchanged (about 10%).

The following graph shows the trend of operating costs in the first half 2010:



Overall, personnel cost amounted to 26,613 thousand of euro, with a decrease if compared with the same period of the previous year (33,178 thousand of euro). Excluding, both in 2010 and in 2009, severance¹ costs and C.I.G.O.² savings of the Parent Company and of the Italian subsidiary SAES Advanced Technologies S.p.A., personnel cost decreased by 2,561 thousand of euro, mainly due to the decrease in the average number of the Group salaried employees as a consequence of the restructuring plan implemented during the past year.

Total consolidated EBITDA was equal to 13,430 thousand of euro in the first half 2010 compared to 4,850 thousand of euro in the same period of 2009. As a percent of revenues, EBITDA amounted to 19.7% in first half 2010 (compared to 6.9% in the first semester 2009), considerably improved also compared to the targets previously announced.

Please note that the income statement of the period was not affected by non-recurring items. In the first half 2009, instead, EBITDA included non-recurring costs equal to 6,227 thousand of euro (for further details please refer to Annex no. 2³); net of these one-off costs, the adjusted EBITDA⁴ was equal 15.8% (11,077 thousand of euro).

The balance of other net income (expenses) was a positive 2,095 thousand of euro, compared to a positive figure of 439 thousand of euro in the first half 2009. The increase, equal to 1,656 thousand of euro, is mainly explained by the capital gain realized by the Parent Company on the sale of certain tangible assets and by higher income (totaling 450 thousand of euro as of June 30, 2010) following the prosecution of the collaboration with STMicroelectronics for the integration of thin film getter patented by SAES within the next-generation MEMS gyroscopes produced by ST. The combined efforts of both companies have allowed starting a mass production of these innovative gyroscopes and the royalties arising from the commercial agreement with ST will begin to accrue starting from the third quarter 2010.

The net balance of financial income (expenses) was negative and amounted to -1,324 thousand of euro against a negative balance of -1,155 thousand of euro in the corresponding period of 2009.

The negative difference (-169 thousand of euro) is mainly due to the valuation at fair value of the Interest Rate Swap (IRS) contracts in the hands of the American companies of the Group, partly rectified by the fact that the first half 2009 included an accrual (equal to 720 thousand of euro) against some contractual commitments with third party partners of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd.

The arithmetic sum of the exchange rate differences in the first half 2010 shows a negative balance of 1,961 thousand of euro and it mainly includes the unrealized foreign exchange losses arising from the translation of cash and cash pooling financial receivables denominated in euro of the foreign subsidiaries, following the appreciation of local currencies (particularly, the Korean won and the U.S. dollar) compared to the final exchange rate of the euro at the end of 2009, the currency of reference of such deposits.

Consolidated profit before taxes was positive and equal to 4,295 thousand of euro, compared to a negative value of 9,865 thousand of euro in the first half 2009.

Income taxes for the semester were equal to 1,948 thousand of euro, compared to 3,396 thousand of euro in the corresponding period of the last year. In the first half 2009, the presence of income taxes, despite a negative profit before taxes, was justified by a positive tax base recorded in some companies of the Group

¹ Severance costs are equal to 783 thousand of euro and 4,999 thousand of euro, in the first semester 2010 and 2009 respectively.

² C.I.G.O savings are equal to 348 thousand of euro as of June 30, 2010 and 560 thousand of euro as of June 30, 2009.

³ 6,227 thousand of euro is formed by total non-recurring costs (11,701 thousand of euro), net of amortization and write-downs.

⁴ Adjusted EBITDA is the rectified EBITDA in order to exclude non-recurring items and in any case items considered by the management as meaningless with reference to the current operating performance. For the calculation, please refer to the table "Non-recurring income and expenses" reported as per Annex no. 2.

not offset by deferred taxes on negative tax bases of other Group companies. In the first half 2010 the Group's tax rate turned to be positive (+45.4%).

The line "Income (loss) from assets held for sale and discontinued operations" includes the net result of the subsidiary SAES Opto S.r.l., whose liquidation process has been started in the first semester 2010, and the capital gain realized by the American subsidiary SAES Getters America, Inc., following the sale of some machineries already classified as "Assets held for sale" as at December 31, 2009.

Consolidated net income for the first half 2010 was positive and amounted to 2,554 thousand of euro, compared to a net loss of -13,612 thousand of euro in the first half 2009.

Net financial position – Investments – Other information

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

(thousands of euro)

| | June 30, 2010 | December 31, 2009 | June 30, 2009 |
|--|------------------|----------------------|------------------|
| Cash on hand | 11 | 13 | 19 |
| Cash equivalents | 25,260 | 22,311 | 24,462 |
| Cash and cash equivalents | 25,271 | 22,324 | 24,481 |
| Current financial assets | 5 | 11 | 707 |
| Bank overdraft | 0 | (4,033) | (8,827) |
| Current portion of long term debt | (8,221) | (24,730) | (3,805) |
| Other current financial liabilities | (1,797) | (590) | (426) |
| Current financial liabilities | (10,018) | (29,353) | (13,058) |
| Current net financial position | 15,258 | (7,018) | 12,130 |
| Long term debt, net of current portion | (40,794) | (12,713) | (36,632) |
| Other non current financial debt | (688) | (688) | (640) |
| Non current financial liabilities | (41,482) | (13,401) | (37,272) |
| Net financial position | (26,224) | (20,419) | (25,142) |

The **net consolidated financial position** as at June 30, 2010 was negative and equal to -26,224 thousand of euro (cash equal to 25,271 thousand of euro against net financial liabilities equal to 51,495 thousand of euro), and it has to be compared with a negative net financial position equal to -20,419 thousand of euro as at December 31, 2009. The negative change compared to December 31, 2009 is mainly due to the exchange rates effect (around -4 million of euro): 82% of the Group's financial debts is in fact represented by loans in U.S. dollars in the hands of the American subsidiaries, which increased in euro terms following the revaluation of the dollar against the euro.

It has to be noted that a further appreciation of the U.S. dollar by 5% would have had a negative impact of approximately 1.8 million of euro on the net financial position as at June 30, 2010, whereas a depreciation of the same percentage amount would have had a positive impact of approximately 1.6 million of euro.

Cash flow from operating activity is negative by 1,833 thousand of euro, with a decrease compared with -1,643 thousand of euro in the first semester 2009: the higher result realized during the current year has been offset by an increase of operating activities (trade receivables and inventory), following the business recovery during the first months of 2010.

In the first six months of 2010 investment in tangible fixed assets has been equal to 2,227 thousand of euro (3,929 thousand of euro in the same period of 2009).

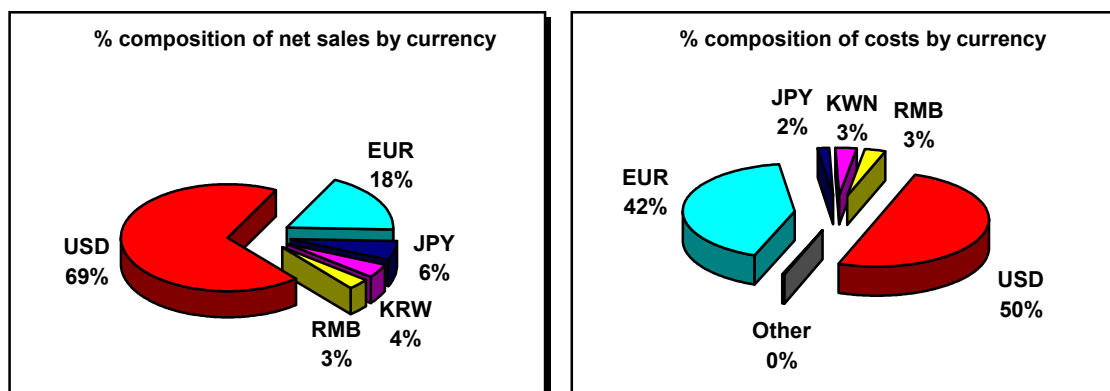
The reduction is a consequence of the saving policy started since the end of 2008 and consolidated in the year 2009 and during the first semester of 2010.

For further details about the investments made in the period please refer to Note no. 13.

On April 9, 2010 the Group's request for the exemption to the call of the debt of Memry Corporation was formally accepted by the lending company. Subsequently, this liability, classified as a current liability as at December 31, 2009, was reclassified as long term financial debt as at June 30, 2010.

It has to be noted that during the first semester 2010 the Parent Company subscribed a new loan agreement for a value equal to 7 million of euro; for further details please refer to Note no. 25.

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



Performance of SAES Getters S.p.A. and its subsidiaries

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

In the first half of 2010, the Parent Company achieved sales of 4,605 thousand of euro, 3,741 thousand of euro less than in the corresponding period of the previous year (8,346 thousand of euro). The decrease is largely due to the minimal turnover made by the business Liquid Crystal Displays in the Taiwan region. The net result recorded by the Parent Company was equal to 7,085 thousand of euro, compared with 11,193 thousand of euro as at June 30, 2009. The reduction in the net profit is mainly due to the drop in turnover and to the lesser net dividends collected from the subsidiaries. It should be pointed out that the first half of 2009 was penalized by one-off costs of about 7 million of euro which did not apply to the results for 2010; such non-recurring costs were in part connected to the restructuring operation that was implemented during the course of the previous financial year and that allowed for a considerable limitation of operating expenses.

The use of the *Cassa Integrazione Guadagni Ordinaria* (C.I.G.O.-redundancy fund) instrument gave rise, during the first half of 2010, to a saving of 228 thousand of euro in labour costs.

The year 2009 was the second consecutive period in which the Company satisfied the requirements for being considered to engage primarily, although not in relation to the public, in the activities detailed in article 106, paragraph 1, of Legislative Decree no. 385 of September 1, 1983 (the Consolidated Banking Act). Accordingly, the Company is required to register in the special section of the general list as specified in article 113 of the Consolidated Banking Act. Registration is actually under definition.

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

In the first six months, the company achieved a turnover of 22,121 thousand of euro, with an increase from 20,891 thousand of euro in the previous period. The increase is mainly due to the growth in sales in all sectors of the Industrial Applications Business Unit (particularly getters for lamps and porous getters for x-ray tubes and infra-red detectors) that counterbalances the drop in mercury dispensers for LCD. The company closed the six-month period with a net profit of 4,860 thousand of euro, to be compared with

4,090 thousand of euro in the previous financial year: the growth in turnover is coupled with a considerable reduction of fixed costs resulting from the strict cost-cutting policies which were adopted. The use of the *Cassa Integrazione Guadagni Ordinaria* (C.I.G.O.-redundancy fund) instrument gave rise, during the first half of 2010, to a saving of 120 thousand of euro in labour costs.

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

The company reported consolidated net sales of USD 27,951 thousand during the half-year (21,063 thousand of euro at the average exchange rate for the period), compared with USD 18,660 thousand (14,009 thousand of euro at the average exchange rate for the previous period), and a consolidated net income of USD 2,945 thousand (2,219 thousand of euro), compared with a consolidated net income of USD 2,225 thousand in the first half of 2009 (1,671 thousand of euro).

Further comments are provided below.

The US parent company ***SAES Getters USA, Inc.*** (mainly operating in the Industrial Applications Business Unit) achieved sales worth USD 5,959 thousand, substantially in line with those of the previous financial year (USD 6,072 thousand). The company closed the period with a net profit of USD 701 thousand, down from the net profit of USD 2,006 thousand in the first half of 2009, mainly as a consequence of the exchange losses coming from the conversion of the cash pooling financial credit, denominated in euros, towards the Parent Company following to the appreciation of the US dollar against euro.

The subsidiary ***SAES Pure Gas Inc.*** located in San Luis Obispo, CA (USA) (active in the Semiconductors industry) has achieved sales worth USD 18,616 thousand (compared with USD 9,334 thousand in the first half of 2009) and a net profit of USD 2,340 thousand (compared with a profit of USD 535 thousand in June 2009). The significant increase in the net profit is a consequence of sales of purifiers in the semiconductors industry which have nearly doubled from the past fiscal year as a result both of the business picking up (propelled by investments in new factories, also in the LED sector) and of the launch of new products.

The subsidiary ***Spectra-Mat, Inc.*** of Watsonville, CA (USA), active in the Electronic Devices industry, in the first six months of 2010 has achieved a turnover of USD 3,375 thousand (as against USD 3,254 thousand in the corresponding period of the previous financial year) and a net loss of USD 96 thousand (USD -315 thousand as of June 30, 2009). Such figures for the first six months of 2009 were burdened by non-recurrent personnel costs equal to USD 190 thousand. Therefore, net of such expenditures, the result for 2010 is substantially in line with that for 2009.

SAES GETTERS JAPAN CO., LTD., Tokyo (Japan)

The Japanese commercial subsidiary, which as of June 30, 2009 had achieved sales worth JPY 1,012 million (equal to 7,952 thousand of euro at the average exchange rate of the period) and had closed the six-month period with a loss of JPY 185 million (-1,452 thousand of euro) ceased its activity on December 31, 2009 and during the first six months of 2010 the liquidation procedure was started. Nonetheless the Group is still present in the Japanese market by way of the Parent Company's branch which was set up in Japan on August 28, 2009 to provide technical assistance to those Group companies which sell in Japan.

SAES GETTERS (NANJING) CO., LTD., Nanjing (P.R. of China)

In the first six months of 2010, the company (which currently carries out manufacturing activity mainly in the CRT business) has achieved a turnover of RMB 25,334 thousand (2,797 thousand of euro), up from the previous financial year (RMB 20,246 thousand equal to 2,224 thousand of euro) both because sales in the CRT segment were boosted by the Football World Cup 2010 and because of the increased commissions obtained by its affiliate SAES Pure Gas, Inc. based on the sales of purifiers for the

semiconductors industry in the Chinese territory. The Company has closed the six-month period with a net profit of RMB 2,417 thousand (267 thousand of euro) against a loss of RMB 11,931 thousand (- 1,311 thousand of euro) in the previous time-period. The improvement of results is mainly due to increased sales; however, it must be pointed out that the results of the first six months of 2009 were burdened by non-recurring expenditures equal to approximately RMB 12 million (severance costs for personnel reduction and increased amortizations on CRT assets following to the re-assessment of their useful life).

MEMRY GmbH, Weil am Rhein (Germany) (ex Dr.-Ing. Mertmann Memory-Metalle GmbH)

The company, which produces and markets shape memory alloys semi-finished goods and components for medical and industrial applications, achieved sales of 1,015 thousand of euro in the first six months of 2010, as against 704 thousand of euro of sales in the previous financial year, and a net profit of 69 thousand of euro compared with a loss in 2009 equal to 59 thousand of euro.

It should be noted that on December 15, 2008, SAES Getters S.p.A., which currently owns 60% of the German firm, entered into an agreement to acquire the remainder of the company's capital stock, concurrent with its purchase of a further 10%, in two installments by June 30, 2014.

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

As already pointed out in the 2009 Annual Financial Report, on December 18, 2009 SAES Opto S.r.l. sold its stake in ***Opto Materials S.r.l.*** (previously named *SAES Opto Materials S.r.l.*) to Scientific Materials Europe S.r.l. As a result of this sale and of the Group's decision to exit non-core optoelectronic business, in June 2010 the company's liquidation procedure was started and SAES Opto S.r.l.'s revenues and direct costs as of June 30, 2010 (+27 thousand of euro) have been classified in the line "Profit (loss) deriving from assets held for sale and discontinued operations" (see Note no. 10 for further details). The data related to the first six months of 2009, for both SAES Opto S.r.l. and Opto Materials S.r.l., have been reclassified as well to allow a coherent comparison.

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

The company, directly controlled by SAES Getters S.p.A., has the purpose of managing the exports of the Group's US companies. In the first six months of 2010 it has achieved a net profit of USD 2,293 thousand (1,728 thousand of euro), with an increase from 2009 (USD 933 thousand, equal to 701 thousand of euro) as a result of the increased active commissions received by the affiliate SAES Pure Gas, Inc. whose exports have substantially increased in the course of the current financial year following the semiconductors business picking up.

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

The company's main objects are the management and the acquisition of investments, the optimal cash management, the issuance of intra-Group loans and the coordination of Group services. The company reported a net income of 1,373 thousand of euro as at June 30, 2010, compared with a net income of 2,209 thousand of euro in the first half of 2009. The decrease in net income is primarily due to the lesser dividends collected from subsidiaries.

Comments on the performances of the subsidiaries of SAES Getters International Luxembourg S.A. are provided below.

SAES Getters Korea Corporation, Seoul (South Korea), 62.52% of which is controlled by SAES Getters International Luxembourg S.A. (whereas the remaining stake is directly owned by the Parent Company SAES Getters S.p.A.) is mainly active in the production of components for liquid crystal displays (Liquid Crystal Displays Business) and in the marketing of other Group's products. In the first six months of 2010 it has achieved a turnover of KRW 5,665 million (3,700 thousand of euro), significantly down from KRW 10,905 million (6,605 thousand of euro), as a consequence of the above-mentioned structural crisis in the LCD segment which led to a decrease of both volumes and prices of the

products which were sold. The period ended with a negative net result of KRW -1,312 million (-857 thousand of euro), with a decrease if compared with a positive net result of KRW 1,593 thousand (886 thousand of euro) as of June 30, 2009, both as a result of a drastic turnover decrease and of the exchange losses arising out of the conversion of the liquid availabilities and of the cash pooling financial credit towards the Parent Company, both denominated in euro, following to the appreciation of the Korean won compared with December 31, 2009.

The subsidiary **SAES Getters America Inc.**, with registered office in Cleveland, OH (USA), achieved a turnover of USD 3,861 thousand (2,909 thousand of euro) in the six months, against USD 3,853 thousand (2,892 thousand of euro) in the first six months of 2009. The company ended the period with a net profit of USD 515 thousand (388 thousand of euro), compared with a net profit of USD 267 thousand (200 thousand of euro) in 2009. It is to be noted that the American subsidiary ceased its manufacturing activity in April 2010 and now has a solely commercial nature.

The company **Nanjing SAES Huadong Vacuum Material Co., Ltd.**, with registered office in Nanjing (People's Republic of China) is considered jointly controlled (and therefore included with the proportional consolidation method) since although SAES Getters International Luxembourg S.A. owns 51% of the corporate capital, it does not exercise control as defined by International Accounting Standards. The company, active in the production and marketing of display components and other industrial applications, achieved sales worth RMB 15,987 thousand (1,765 thousand of euro) and a net profit of RMB 3,937 thousand (435 thousand of euro at the average exchange rate of 2010) in the first six months of 2010, compared with respectively a turnover of RMB 6,824 thousand (750 thousand of euro) and a net loss of RMB -1,903 thousand (-209 thousand of euro) achieved in the corresponding period of the previous financial year.

The company, **SAES Smart Materials Inc.**, with registered office in New York, NY (USA), achieved sales worth USD 5,074 thousand (3,824 thousand of euro) in the period, compared with sales equal to USD 5,100 thousand (3,829 thousand of euro) in the first half of 2009, and a net profit of USD 398 thousand (300 thousand of euro), as against a net loss of USD -768 thousand (-576 thousand of euro). The increase in turnover is connected both to a different product mix and to the containment of operating costs. The results for 2009 were also burdened by non-recurring costs of approximately 375 thousand of euro.

Memry Corporation, Bethel, CT (USA), (acquired on September 29, 2008) is a technological leader in the new generation medical devices with high engineering value sector, made of NiTiInol shape memory alloys. In the first six months of 2010, the company achieved sales worth USD 19,393 thousand (14,614 thousand of euro), down from the corresponding period of the previous financial year (USD 24,870 thousand, equal to 18,671 thousand of euro), but in continuous recovery from the second half of 2009. The first six months of 2010 substantially ended with a break even net result (USD -66 thousand, equal to -50 thousand of euro), compared with a net profit of USD 1,816 thousand, equal to 1,363 thousand of euro). The result as at June 30, 2009 includes the net profit until the cessation date of Putnam Plastics (equal to USD 212 thousand), the polymer division the sale of which was completed on February 9, 2009 (classified as "profit from assets held for sale") and it was rectified with respect to the 2009 Interim Financial Report to reflect the effects deriving from the completion of the provisional valuation of the business combination of Memry Corporation, according to the provisions of the IFRS 3.

SAES Getters (Deutschland) GmbH and **SAES Getters (GB), Ltd.**, both of which are fully controlled by SAES Getters S.p.A. and act as agents for the distribution of the Group's products, ceased their operating activity in the second half of 2009 and are actually under liquidation (they should be liquidated by year-end).

Moreover, it must be pointed out that on June 4, 2010 the liquidation procedure of the subsidiary company **SAES Getters Singapore PTE, Ltd.** (a commercial company mainly operating in the CRT business), which was started in the previous financial year, was completed.

Research, development and innovation activities

In the first half of 2010, total research and development expenses amount to 6,869 thousand of euro or 10.1% of consolidated net sales, percentage remained essentially unchanged if compared with the previous period⁵, bearing witness to the importance of research to the SAES Getters Group.

In the first six months of 2010, the research activity focused on short-term developments, in general those concerning the core technology and core business, with a view to innovate the products range in order to face customers' new requirements and the market's new scenarios. Research activity was also particularly active in assisting the Group's production sites.

As regards mid-term activity, the development of innovative products for new applications (in particular Organic Electronics and Energy Storage) has been pursued according to the complex plan for technological development started in 2008 and already outlined in the Management Report filed together with the Financial Statements for 2009.

With respect to the long-term, there is a commitment to the development of innovative technologies and products. The technological development plan goes in parallel with a strategy aimed at mitigating risks: several opportunities to develop products with partners who have technologies complementary to ours and are already active in the markets of our interest have been considered. The setting up of E.T.C. S.r.l. in the last February with the participation of the CNR and the collaboration with a well-known spin-off of the North Western University of Chicago are to be considered in such a framework.

Subsequent events

No additional forward currency contracts for trade receivables in US dollars or Japanese yen were entered into subsequent to June 30, 2010.

The Parent Company SAES Getters S.p.A. has formalized its application to qualify for the Cassa Integrazione Guadagni Straordinaria (C.I.G.S.-redundancy fund) from August 23, 2010 for a number of employees not exceeding 45 and for a 12-month term.

Business outlook

The expectations for the remainder of 2010 are positive and confirm also or the second half of the year the same growth trend already recorded in the first half.

The turnover of the Group will be aligned with the one of the first semester thanks to the revenues growth in the Industrial Applications and SMAs, which will counterbalance the irreversible decline of the Information Displays sector. In particular, the recovery will be driven by the MEMS, Semiconductors and SMAs sectors.

⁵ In the first half of 2009, total research and development expenses amounted to 9,093 thousand of euro and they included non-recurring costs equal to 1,764 thousand of euro; net of these non-recurring costs, R&D expenses would have been equal to 7,329 thousand of euro (10.5% of consolidated net sales).

Related party transaction

The Group reports that its dealings with related parties fall within ordinary operations and are settled at market conditions.

Complete disclosure of related party transactions during half year is provided in Notes no. 36 to 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 mitigations actions to face these risks and uncertainties please refer to the 2009 Consolidated Financial Statements.

In particular, with reference to the financial risks, below are reported the main financial risks for the SAES Getters Group:

- *Interest-rate risk*, associated with the volatility of interest rates, which may influence the cost of the use of debt financing or the return on temporary investments of cash;
- *Exchange-rate risk*, associated with the volatility of exchange rates, which may influence the related value of the Group's costs and revenues denominated in currencies different from euro and may thus have an impact on the Group's net income or loss; on the value of exchange rates it also depends the amount of financial receivables/payables denominated in currencies other than the euro, with potential effect both on financial income/expenses and on net financial position as well;
- *The risk of changes in prices of raw materials*, which may affect the Group's product margins if these changes are not charged to the price agreed upon with customers;
- *Credit risk*, associated with the solvency of customers and the ability to collect receivables claimed from them;
- *Liquidity risk*, associated with the Group's ability to procure funds to finance its operating activity.

Interest-rate risk

The Group's financial debts are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.

The exposure to interest rate variation is handled by way of entering into Interest Rate Swap (IRS) agreements for a substantial percentage of the financing which has been obtained, with a view to guarantee a level of financial expenditures which are sustainable by SAES Getters Group's financial structure. See Note no. 21 for further details on the agreements in place as at June 30, 2010.

Exchange-rate risk

The Group is exposed to the exchange-rate risk on trade operations in foreign currency. Such exposure is generated predominantly by sales in currencies other than the reference currency. During the first semester 2010 around 82% of Group sales and only around 58% of the Group's operating costs are denominated in a currency other than the euro.

In order to manage the economical impact generated by fluctuations in exchange rates, primarily EUR/USD and EUR/JPY, the Group enters into hedges on these currencies, the values of which are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. The maturities of hedging derivatives tend to coincide with the scheduled date of collection of the hedged transactions.

Moreover, on occasion, the Group also hedges specific transactions in a currency other than the reporting currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables denominated in currency different from the one used in the financial statements, included those related to cash pooling (executed by foreign subsidiaries but denominated in euro).

Please refer to Note no. 21 for further details on derivative agreements outstanding as at June 30, 2010.

Risk of changes in prices of raw materials

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

Credit risk

The Group deals predominantly with well-known and reliable customers: the Sales Department assesses new customers' solvency and periodically verifies that credit limit conditions have been met.

The balance of receivables is constantly monitored so as to minimize the risk of potential losses, particularly in the light of the difficult macroeconomic situation.

The credit risk associated with other financial assets, including cash and cash equivalents, is not significant due to the nature of the counterparties: the Group places such assets exclusively in bank deposits held with leading Italian and international financial institutions.

Liquidity risk

This risk may manifest itself with the incapacity to obtain the necessary financial resources to grant the continuity of the Group's operations.

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

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

**Interim condensed consolidated financial statements
as at June 30, 2010**

Consolidated income statement

| (thousands of euro) | Notes | 1st Half 2010 | 1st Half 2009 restated |
|---|-------|-----------------|---------------------------|
| Total net sales | 3 | 68,057 | 69,992 |
| Cost of sales | 4 | (36,065) | (39,620) |
| Gross profit | | 31,992 | 30,372 |
| Research & development expenses | 5 | (6,869) | (9,093) |
| Selling expenses | 5 | (6,485) | (8,571) |
| General & administrative expenses | 5 | (13,153) | (21,262) |
| Total operating expenses | | (26,507) | (38,926) |
| Other income (expenses), net | 6 | 2,095 | 439 |
| Operating income (loss) | | 7,580 | (8,115) |
| Interest and other financial income | 7 | 114 | 441 |
| Interest and other financial expenses | 7 | (1,438) | (1,596) |
| Foreign exchange gains (losses), net | 8 | (1,961) | (595) |
| Income (loss) before taxes | | 4,295 | (9,865) |
| Income taxes | 9 | (1,948) | (3,396) |
| Net income (loss) from continuing operations | | 2,347 | (13,261) |
| Net income (loss) from assets held for sale and discontinued operations | 10 | 82 | (351) |
| Net income (loss) for the period | | 2,429 | (13,612) |
| Minority interests in consolidated subsidiaries | | (125) | 0 |
| Group net income (loss) for the period | | 2,554 | (13,612) |
| Net income (loss) per ordinary share | 11 | 0.1044 | (0.6190) |
| Net income (loss) per savings share | 11 | 0.1385 | (0.6190) |

Consolidated statement of comprehensive income

| (thousands of euro) | Notes | 1st Half 2010 | 1st Half 2009 restated |
|---|-------|---------------|---------------------------|
| Net income (loss) for the period | | 2,429 | (13,612) |
| Exchange differences on translation of foreign operations | 24 | 11,497 | (621) |
| Other comprehensive income (loss) for the period | | 11,497 | (621) |
| Total comprehensive income (loss) for the period | | 13,926 | (14,233) |
| <i>attributable to:</i> | | | |
| - Equity holders of the Parent Company | | 14,051 | (14,233) |
| - Minority interests | | (125) | 0 |

Consolidated statement of financial position

(thousands of euro)

| | Notes | June 30, 2010 | December 31, 2009 |
|--|-------|------------------|----------------------|
| <u>ASSETS</u> | | | |
| Non current assets | | | |
| Property, plant and equipment, net | 13 | 67,336 | 65,932 |
| Intangible assets, net | 14 | 49,309 | 44,038 |
| Deferred tax assets | 15 | 5,412 | 5,227 |
| Tax consolidation receivables from Controlling Company | 18 | 264 | 1,306 |
| Other receivables and long term assets | 19 | 525 | 370 |
| Total non current assets | | 122,846 | 116,873 |
| Current assets | | | |
| Inventory | 16 | 26,988 | 20,387 |
| Trade receivables | 17 | 24,686 | 18,825 |
| Prepaid expenses, accrued income and other | 20 | 7,335 | 6,033 |
| Derivative financial instruments evaluated at fair value | 21 | 5 | 11 |
| Cash and cash equivalents | 22 | 25,271 | 22,324 |
| Tax consolidation receivables from Controlling Company | 18 | 21 | 0 |
| Assets held for sale | 23 | 683 | 685 |
| Total current assets | | 84,989 | 68,265 |
| Total assets | | 207,835 | 185,138 |

(thousands of euro)

| | Notes | June 30, 2010 | December 31, 2009 |
|--|-------|------------------|----------------------|
| <u>EQUITY AND LIABILITIES</u> | | | |
| Capital stock | | 12,220 | 12,220 |
| Share issue premium | | 41,120 | 41,120 |
| Treasury shares | | 0 | (10,177) |
| Legal reserve | | 2,444 | 2,444 |
| Other reserves and retained earnings | | 49,121 | 85,595 |
| Other components of equity | | 5,350 | (6,054) |
| Net income (loss) | | 2,554 | (26,297) |
| Group shareholders' equity | 24 | 112,809 | 98,851 |
| Other reserves and retained earnings of third parties | | 3 | 0 |
| Net income (loss) of third parties | | (125) | 0 |
| Minority interests in consolidated subsidiaries | | (122) | 0 |
| Total equity | | 112,687 | 98,851 |
| <u>Non current liabilities</u> | | | |
| Financial debt | 25 | 40,794 | 12,713 |
| Other non current financial debt | 26 | 688 | 688 |
| Deferred tax liabilities | 15 | 5,422 | 6,452 |
| Staff leaving indemnities and other employee benefits | 27 | 6,822 | 6,910 |
| Provisions | 28 | 6,690 | 6,532 |
| Other payables | | 5 | 4 |
| Total non current liabilities | | 60,421 | 33,299 |
| <u>Current liabilities</u> | | | |
| Trade payables | 29 | 10,737 | 9,774 |
| Tax consolidation payables to Controlling Company | 18 | 0 | 0 |
| Other payables | 30 | 9,610 | 9,990 |
| Accrued income taxes | 31 | 1,798 | 1,044 |
| Provisions | 28 | 2,224 | 2,289 |
| Derivative financial instruments evaluated at fair value | 21 | 1,601 | 394 |
| Current portion of long term debt | 25 | 8,221 | 24,730 |
| Other current financial debt | 26 | 196 | 196 |
| Bank overdraft | 32 | 0 | 4,033 |
| Accrued liabilities | 33 | 340 | 538 |
| Liabilities held for sale | 23 | 0 | 0 |
| Total current liabilities | | 34,727 | 52,988 |
| Total equity and liabilities | | 207,835 | 185,138 |

Consolidated cash flow statement

(thousands of euro)

| | 1st Half 2010 | 1st Half 2009 restated |
|--|------------------|---------------------------|
| Cash flow from operating activities | | |
| Net income (loss) from continuing operations | 2,347 | (13,261) |
| Net income (loss) from discontinued operations | 82 | (351) |
| Current income taxes | 3,201 | 3,008 |
| Changes in deferred income taxes | (1,289) | 388 |
| Depreciation | 4,525 | 7,292 |
| Write-down (revaluation) of property, plant and equipment | 5 | 605 |
| Amortization | 1,398 | 1,839 |
| Write-down (revaluation) of intangible assets | 0 | 3,004 |
| Net loss (gain) on disposal of property, plant and equipment | (1,242) | (10) |
| Interest and other financial income (expenses), net | 1,324 | 1,155 |
| Accrual for termination indemnities and similar obligations | 165 | 385 |
| Changes in provisions | (208) | (1,004) |
| Career bonus expenses | 0 | 1,446 |
| Cash expenses career bonus | 0 | (583) |
| | 10,308 | 3,913 |
| Working capital adjustments | | |
| <i>Cash increase (decrease) in:</i> | | |
| Account receivables and other receivables | (7,134) | 1,561 |
| Inventory | (3,726) | 2,301 |
| Trade account payables | 765 | (3,375) |
| Other payables | 342 | (801) |
| | (9,753) | (314) |
| Payment of termination indemnities and similar obligations | (504) | (959) |
| Interest and other financial payments | (383) | (215) |
| Interest and other financial receipts | 114 | 172 |
| Taxes paid | (1,615) | (4,240) |
| Net cash flow from operating activities | (1,833) | (1,643) |
| Cash flow from investing activities | | |
| Purchase of property, plant and equipment | (2,227) | (3,929) |
| Proceeds from sale of tangible and intangible assets | 1,226 | 21 |
| Purchase of intangible assets | (17) | (917) |
| Proceeds from sale of shareholding in subsidiaries or divisions, net of cash disposed of | 0 | 18,522 |
| Decrease (increase) in assets and liabilities held for sale | 166 | 289 |
| Net cash flow from investing activities | (852) | 13,986 |
| Cash flow from financing activities | | |
| Proceeds from long term financial liabilities, including current portion | 7,000 | 0 |
| Proceeds from short term financial liabilities | 0 | 6,110 |
| Dividends payment | 0 | (17,678) |
| Repayment of financial liabilities | (5,545) | (15,026) |
| Interest and other financial expenses paid on financial liabilities | (503) | (681) |
| Change in minority interests in consolidated subsidiaries | 3 | 0 |
| Net cash flow from financing activities | 955 | (27,275) |
| Net foreign exchange differences | 4,710 | (622) |
| Net increase (decrease) in cash and cash equivalents | 2,980 | (15,554) |
| Cash and cash equivalents at the beginning of the period | 22,291 | 37,318 |
| Cash and cash equivalents at the end of the period | 25,271 | 21,764 |

Consolidated statement of changes in equity as at June 30, 2010

| (thousands of euro) | Capital stock | Share issue premium | Treasury shares | Legal reserve | Sundry reserves and retained earnings | | Net income (loss) | Group shareholders' equity | Minority interests | Total equity |
|--|---------------|---------------------|-----------------|---------------|--|--------------------------------------|-------------------|----------------------------|--------------------|--------------|
| | | | | | Currency conversion reserve | Other reserves and retained earnings | | | | |
| | | | | | Balance as at December 31, 2009 | 12,220 | | | | |
| Appropriation of 2009 income | | | | | | (26,297) | 26,297 | 0 | | 0 |
| Dividends paid | | | | | | | | 0 | | 0 |
| Cancellation of treasury shares | | | 10,177 | | | (10,177) | | 0 | | 0 |
| Reversal of currency conversion reserve | | | | | (93) | | | (93) | | (93) |
| Changes in minority interests | | | | | | | | 0 | 3 | 3 |
| Net income (loss) | | | | | | | 2,554 | 2,554 | (125) | 2,429 |
| Other comprehensive income (loss) | | | | | 11,497 | | | 11,497 | | 11,497 |
| Total comprehensive income (loss) | | | | | 11,497 | 0 | 2,554 | 14,051 | (125) | 13,926 |
| Balance as at June 30, 2010 | 12,220 | 41,120 | 0 | 2,444 | 5,350 | 49,121 | 2,554 | 112,809 | (122) | 112,687 |

Consolidated statement of changes in equity as at June 30, 2009 - restated

| (thousands of euro) | Capital stock | Share issue premium | Treasury shares | Legal reserve | Sundry reserves and retained earnings | | Net income (loss) | Group shareholders' equity | Minority interests | Total equity |
|--|---------------|---------------------|-----------------|---------------|--|--------------------------------------|-------------------|----------------------------|--------------------|--------------|
| | | | | | Currency conversion reserve | Other reserves and retained earnings | | | | |
| | | | | | Balance as at December 31, 2008 | 12,220 | | | | |
| Appropriation of 2008 income | | | | | | 19,360 | (19,360) | 0 | | 0 |
| Dividends paid | | | | | | (17,678) | | (17,678) | | (17,678) |
| Stock grant | | 1,461 | 1,461 | | | (2,059) | | 863 | | 863 |
| Reversal of currency conversion reserve | | | | | 33 | | | 33 | | 33 |
| Changes in minority interests | | | | | | | | 0 | | 0 |
| Net income (loss) | | | | | | | (13,612) | (13,612) | | (13,612) |
| Other comprehensive income (loss) | | | | | (621) | | | (621) | | (621) |
| Total comprehensive income (loss) | | | | | (621) | 0 | (13,612) | (14,233) | | (14,233) |
| Balance as at June 30, 2009 | 12,220 | 41,120 | (10,177) | 2,444 | (6,249) | 85,595 | (13,612) | 111,341 | 0 | 111,341 |

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for displays and other industrial applications, as well as in the gas purification industry. The Group also operates in the field of advanced materials, particularly in the development of shape memory alloys for both medical and industrial applications.

The Parent Company, SAES Getters S.p.A., based in Lainate (Italy), is controlled by S.G.G. Holding S.p.A.¹, which does not exercise management and coordination activity.

The Board of Directors approved and authorized the publication of the 2010 Interim Condensed Consolidated Financial Statements in a resolution passed on August 27, 2010.

The Interim Condensed Consolidated Financial Statements of the SAES Getters Group are presented in euro (rounded to the nearest thousand).

Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1 – revised. This standard introduces the statement of comprehensive income (the Group elected to present two different statements) and a statement of changes in equity that includes only details of transactions with owners, with non owner changes in equity presented as a single 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 Income Statement has been prepared by classifying operating expenses by allocation, inasmuch as this form of disclosure has been deemed best suited to representing by Group’s specific business, is compliant with internal reporting procedures, and in line with standard industry practice;
- the Consolidated Cash Flow Statement has been prepared by stating cash flows provided by operating activities according to the “indirect method” as permitted by IAS 7.

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

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

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

¹ Based in Milan (Italy) at Via Vittor Pisani 27.

On the basis of the aforementioned Consob resolution, the amounts of positions or transactions with related parties, broken down according to the line item in question, are reported in the Explanatory notes.

Restatement on income statement figures as at June 30, 2009

We report that June 30, 2009 income statement figures have been adjusted compared to the ones already presented in the 2009 Interim Condensed Consolidated Financial Statements, in order to reflect the effects deriving from the completion of the initial accounting of the business combinations closed during the year 2008.

In particular, as at the date of preparation of 2009 Interim Condensed Consolidated Financial Statements, the process of determining the current values of the assets and liabilities of Memry Corporation (acquired as at September 29, 2008) was still provisional; the evaluation of these net assets has been completed during the second semester 2009 and, as a consequence, economic comparative data related to the first semester 2009 have been adjusted to reflect the impact of the completion of the recognition of this business combination, in accordance with the provisions of IFRS 3.

As a consequence of these adjustments, the consolidated net result and the consolidated shareholders' equity as at June 30, 2009 decreased respectively by 757 thousand of euro and by 1,726 thousand of euro.

It has to be noted that said impact was already incorporated in the Consolidated Financial Statements as at December 31, 2009.

Then, we report the following reclassifications on the first semester 2009 income statement figures (not affecting the net income as at June 30, 2009):

- following the sale of the indirect subsidiary Opto Materials S.r.l. (ex SAES Opto Materials S.r.l., sold on December 18, 2009) and the decision to liquidate the direct subsidiary SAES Opto S.r.l., both operating in the optoelectronic business, the figures of these two companies have been reclassified in a separate income statement item "Income (loss) from assets held for sale and discontinued operations";
- following the change in the product mix, also resulting from the acquisitions made during 2008, and the change of the information system, during the second semester 2009 it was completed a study to make the criteria of allocation of operating costs to the various business units more consistent with the changed market situation and with the strategic repositioning of the SAES Getters Group. In this sense, also the operating expenses of the first half 2009 were reclassified among the various Business Units to enable a coherent comparison.

The following table shows the effect of the above mentioned changes on the Interim Consolidated Income Statement as at June 30, 2009:

| (thousands of euro) | 1st Half 2009 | Restatement | Reclassifications | 1st Half 2009 restated |
|---|-----------------|----------------|-------------------|------------------------|
| Total net sales | 70,135 | | (143) | 69,992 |
| Cost of sales | (39,346) | (255) | (20) | (39,620) |
| Gross profit | 30,789 | (255) | (163) | 30,372 |
| Research & development expenses | (9,404) | | 311 | (9,093) |
| Selling expenses | (8,571) | (270) | 270 | (8,571) |
| General & administrative expenses | (20,709) | (676) | 124 | (21,262) |
| Total operating expenses | (38,684) | (946) | 705 | (38,926) |
| Other income (expenses), net | 441 | | (3) | 439 |
| Operating income (loss) | (7,454) | (1,201) | 540 | (8,115) |
| Interest and other financial income | 441 | | | 441 |
| Interest and other financial expenses | (1,596) | | | (1,596) |
| Foreign exchange gains (losses), net | (593) | | (2) | (595) |
| Income (loss) before taxes | (9,202) | (1,201) | 538 | (9,865) |
| Income taxes | (3,839) | 444 | | (3,396) |
| Net income (loss) from continuing operations | (13,041) | (757) | 538 | (13,261) |
| Net income (loss) from assets held for sale and discontinued operations | 187 | | (538) | (351) |
| Net income (loss) for the period | (12,854) | (757) | 0 | (13,612) |
| Minority interests in consolidated subsidiaries | 0 | | | 0 |
| Group net income (loss) for the period | (12,854) | (757) | 0 | (13,612) |

Segment informations

The Group's financial reporting is broken down into the following business segments:

- Industrial Applications;
- Shape Memory Alloys;
- Information Displays.

Seasonality of operations

Based on historical trends, the revenues of the different businesses are not characterized by 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, 2010:

| Company | Currency | Capital Stock | % of ownership | |
|---|----------|---------------|----------------|----------|
| | | | Direct | Indirect |
| Directly-controlled subsidiaries: | | | | |
| SAES Advanced Technologies S.p.A. Avezzano, AQ (Italy) | EUR | 2,600,000 | 100.00 | - |
| SAES Getters USA, Inc. Colorado Springs, CO (USA) | USD | 9,250,000 | 100.00 | - |
| SAES Getters Japan Co., Ltd. *** Tokyo (Japan) | JPY | 20,000,000 | 100.00 | - |
| SAES Getters (GB), Ltd. *** | | | | |

| | | | | |
|---|-----|----------------|---------|--------|
| Daventry (UK) | GBP | 20,000 | 100.00 | - |
| SAES Getters (Deutschland) GmbH *** Köln (Germany) | EUR | 52,000 | 100.00 | - |
| SAES Getters (Nanjing) Co., Ltd. Nanjing (P.R. of China) | USD | 13,570,000 | 100.00 | - |
| SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg) | EUR | 34,791,813 | 89.97 | 10.03* |
| SAES Opto S.r.l. *** Lainate, MI (Italy) | EUR | 100,000 | 100.00 | - |
| SAES Getters Export Corp. Wilmington, DE (USA) | USD | 2,500 | 100.00 | - |
| Memry GmbH Weil am Rhein (Germany) | EUR | 330,000 | 60.00 | - |
| E.T.C. S.r.l. Bologna, BO (Italy) | EUR | 20,000 | 85.00** | - |
| Indirectly-controlled subsidiaries: | | | | |
| <i>Through SAES Getters USA, Inc.:</i> | | | | |
| 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 |
| <i>Through SAES Getters International Luxembourg S.A.:</i> | | | | |
| SAES Getters Korea Corporation Seoul (South Korea) | KRW | 10,497,900,000 | 37.48 | 62.52 |
| SAES Getters America, Inc. Cleveland, OH (USA) | USD | 23,500,000 | - | 100.00 |
| SAES Smart Materials, Inc. New York, NY (USA) | USD | 17,500,000**** | - | 100.00 |
| Memry Corporation Bethel, CT (USA) | USD | 30,000,000 | - | 100.00 |

* % held by SAES Advanced Technologies S.p.A (0.03%) and by SAES Getters (Nanjing) Co., Ltd. (10.00%). The capital stock of SAES Getters International Luxembourg S.A. and the % of ownership have been changed, compared to the previous year, due to the capital increase of 3,479,000 euro subscribed during the first semester 2010 by SAES Getters (Nanjing) Co., Ltd.

** 15.00% held by third parties.

*** Subsidiary in liquidation as at June 30, 2010.

**** During the first semester 2010 the sole shareholder SAES Getters International Luxembourg S.A. executed a capital increase equal to 2,500,000 USD.

The following table shows the companies included in the scope of consolidation according to the proportionate consolidation method as at June 30, 2010:

| Company | Currency | Capital Stock | % of ownership | |
|---|----------|---------------|----------------|----------|
| | | | Direct | Indirect |
| Nanjing SAES Huadong Vacuum Material Co., Ltd. Nanjing (P.R. of China) | RMB | 31,450,000 | - | 51.00 |

The Group's share in the assets, liabilities, revenues and costs of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., included in the Interim Condensed Consolidated Financial Statements according to the proportionate consolidation method on the basis of the percentage of ownership (51%), is shown below:

(thousands of euro)

| | Nanjing SAES Huadong Vacuum Material Co., Ltd. (51%) |
|---|---|
| <u>Statement of financial position</u> | |
| Non current assets | 670 |
| Current assets | 2,313 |
| Total assets | 2,983 |
| Net equity | 2,699 |
| Non current liabilities | 0 |
| Current liabilities | 284 |
| Total equity and liabilities | 2,983 |
| <u>Income statement</u> | |
| Net sales | 900 |
| Cost of sales | (556) |
| Operating expenses | (104) |
| Other income (expenses), net | 1 |
| Non operating income (expenses), net | 19 |
| Income (loss) before taxes | 260 |
| Income taxes | (38) |
| Net income (loss) | 222 |

The changes occurred in the consolidation area as of June 30, 2010, compared with December 31, 2009, are as follows:

- on February 12, 2010 the company E.T.C. S.r.l. has been established (85% controlled by SAES Getters S.p.A.), a spin-off supported by the National Research Council (CNR). This company, with its headquarters in Bologna, has as its purpose the development of functional materials for applications in the Organic Electronics and Organic Photonics and also the development of integrated organic photonic devices for niche applications.
- on June 4, 2010 the liquidation process of SAES Getters Singapore PTE, Ltd. (mainly operating in CRT business) has been completed. The liquidation process started during the previous year.

Other main events occurred during the first semester 2010 are listed here behind:

- SAES Getters Japan Co., Ltd. and SAES Opto S.r.l. (operating in optoelectronic business) have started the liquidation process;
- SAES Getters America, Inc. has discontinued its manufacturing operations and now the US subsidiary engages solely in commercial activities.

2. ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of EC Regulation no. 1606/2002, the SAES Getters Group adopted IAS/IFRS accounting standards as from January 1, 2005.

The Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2010 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board ("IASB") and approved by the European Union ("IFRSs"), 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 "IFRSs" includes all revised international accounting standards ("IASs") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").

The Interim Condensed Consolidated Financial Statements for the period ended June 30, 2010 was prepared according to IAS 34 revised - *Interim Financial Reporting*, applicable to interim reporting, and therefore has to be read jointly to the consolidated financial statements as of December 31, 2009, since it does not include the disclosure required for an annual financial statements prepared according to IAS/IFRS.

Accounting standards used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2010 are consistent with those applied in the consolidated financial statements as of December 31, 2009, except for the adoption of following new Standards and Interpretations applicable starting from January 1, 2010:

IFRIC 17 - Distributions of non-cash assets to owners

This interpretation provides guidance on how to account for non-cash distributions, of dividends or reserves, to owners.

The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

Use of estimates

The preparation of the Interim Condensed Consolidated Financial Statements requires the use of estimates and assumptions that have an effect on the values of revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities as at the balance sheet date. If such estimates and assumptions, which are based on the best evaluation currently available, should in the future differ from the actual circumstances, they will be modified accordingly during the period in which said circumstances change.

In particular, estimates are used to recognize bad debt provisions, the inventory allowance, depreciation and amortization, write-downs of assets, employee benefits, taxes and accruals to provisions.

Estimates and assumptions are reviewed periodically and the effects of all changes are reflected on the income statement.

Moreover, we report that some evaluation processes, particularly the most complex, such as the determination of impairment of non-current assets, are generally conducted in complete form solely for the preparation of the annual report, when all required information is available, except in circumstances where there are indicators of impairment that require an immediate assessment of impairment.

In a like manner, the actuarial valuations required to determine the provisions for employee benefits are normally conducted for the preparation of the annual report.

Criteria for converting items expressed in foreign currency

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

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

(foreign currency per 1 euro)

| Currency | June 30, 2010 | | December 31, 2009 | | June 30, 2009 | |
|--------------------------|---------------|------------|-------------------|------------|---------------|------------|
| | Average rate | Final rate | Average rate | Final rate | Average rate | Final rate |
| US dollar | 1.327 | 1.227 | 1.395 | 1.441 | 1.332 | 1.413 |
| Japanese Yen | 121.359 | 108.790 | 130.337 | 133.160 | 127.203 | 135.510 |
| Korean Won | 1,531.097 | 1,499.590 | 1,772.900 | 1,666.970 | 1,798.062 | 1,802.430 |
| Renminbi (P.R. of China) | 9.058 | 8.322 | 9.528 | 9.835 | 9.102 | 9.655 |
| GB pound | 0.870 | 0.818 | 0.891 | 0.888 | 0.894 | 0.852 |

3. NET SALES

Net consolidated sales of the first semester 2010 were equal to 68,057 thousand of euro, down by 2.8% compared to the first semester 2009. At comparable exchange rates, the decrease came to -3,9%.

Please refer to the Interim Report on Operations for further details.

The following table shows a breakdown of revenues by Businesses:

(thousands of euro)

| Business | 1st Half 2010 | 1st Half 2009 (*) | Difference | Difference % | Exchange rate effect % | Price-Quantity effect % |
|---|---------------|-------------------|----------------|---------------|------------------------|-------------------------|
| Lamps | 6,347 | 4,609 | 1,738 | 37.7% | 1.7% | 36.0% |
| Electronic Devices | 11,853 | 10,923 | 930 | 8.5% | 0.6% | 7.9% |
| Vacuum Systems and Thermal Insulation | 7,886 | 7,569 | 317 | 4.2% | 1.0% | 3.2% |
| Semiconductors | 14,059 | 7,262 | 6,797 | 93.6% | 0.7% | 92.9% |
| Subtotal Industrial Applications | 40,145 | 30,363 | 9,782 | 32.2% | 0.9% | 31.3% |
| Subtotal Shape Memory Alloys | 18,533 | 21,890 | (3,357) | -15.3% | 0.3% | -15.6% |
| Liquid Crystal Displays | 6,859 | 15,701 | (8,842) | -56.3% | 2.7% | -59.0% |
| Cathode Ray Tubes | 2,221 | 1,909 | 312 | 16.3% | 0.5% | 15.8% |
| Subtotal Information Displays | 9,080 | 17,610 | (8,530) | -48.4% | 2.4% | -50.8% |
| Subtotal Advanced Materials | 299 | 129 | 170 | 131.8% | 3.8% | 128.0% |
| Total net sales | 68,057 | 69,992 | (1,935) | -2.8% | 1.1% | -3.9% |

4. COST OF SALES

The cost of sales came to 36,065 thousand of euro in the first half of 2010, marking a decrease of 3,555 thousand of euro compared to the same period of the previous year.

A breakdown of the cost of sales by category is given below:

(thousands of euro)

| Cost of sales | 1st Half 2010 | 1st Half 2009 | Difference | of which: 2009 non recurring costs | Difference, net of non recurring costs |
|--|---------------|---------------|----------------|------------------------------------|--|
| Raw materials | 14,277 | 10,074 | 4,203 | 0 | 4,203 |
| Direct labour | 7,213 | 7,717 | (504) | 251 | (755) |
| Manufacturing overhead | 16,970 | 19,625 | (2,655) | (3,168) | 513 |
| Increase (decrease) in work in progress and finished goods | (2,395) | 2,204 | (4,599) | (375) | (4,224) |
| Total cost of sales | 36,065 | 39,620 | (3,555) | (3,292) | (263) |

It is pointed out that, as at June 30, 2009, the cost of sales included non-recurring costs equal to 3,292 thousand of euro, as indicated in the table in Annex no. 1, mostly relating to assets devaluation (2,524 thousand of euro) and expenditure relevant to personnel restructuring (518

thousand of euro). Net of such one-off expenditure, the cost of sales in the first six months of 2010 is substantially in line with that of the same period of the previous fiscal year.

5. OPERATING EXPENSES

Operating expenses came to 26,507 thousand of euro in the first semester of 2010, down by 12,419 thousand of euro on the same period of the previous year.

(thousands of euro)

| Operating expenses | 1st Half 2010 | 1st Half 2009 | Difference | of which: 2009 non recurring costs | Difference, net of non recurring costs |
|-----------------------------------|---------------|---------------|-----------------|--|--|
| Research & development expenses | 6,869 | 9,093 | (2,224) | (1,764) | (460) |
| Selling expenses | 6,485 | 8,571 | (2,086) | (1,055) | (1,031) |
| General & administrative expenses | 13,153 | 21,262 | (8,109) | (6,024) | (2,085) |
| Total operating expenses | 26,507 | 38,926 | (12,419) | (8,843) | (3,576) |

It is pointed out that, as at June 30, 2009, operating expenses included non-recurring costs equal to 8,843 thousand of euro, of which 2,950 thousand of euro were for higher amortization and assets devaluation, 3,916 thousand of euro in relation to personnel restructuring expenditure and 1,447 thousand of euro in relation to extraordinary remuneration paid to the founder of the SAES Getters Group as an acknowledgment of his career. Taking aside such one-off expenditure from the costs of the first six months of 2009 and with the same consolidation perimeter (which has changed in 2010 as a result of the setting up of E.T.C. S.r.l. which entailed an increase in the research and development expenses equal to 683 thousand of euro), operating expenses substantially decrease (-4,259 thousand of euro) as a result of the rationalization plan which was implemented during the previous financial year and of the cost-reduction policies still in place.

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

(thousands of euro)

| Total costs by nature | 1st Half 2010 | 1st Half 2009 | Difference | of which: 2009 non recurring costs | Difference, net of non recurring costs |
|--|---------------|---------------|-----------------|--|--|
| Raw materials | 14,277 | 10,074 | 4,203 | 0 | 4,203 |
| Personnel cost | 26,613 | 33,178 | (6,565) | (4,434) | (2,131) |
| Travel expenses | 843 | 884 | (41) | 0 | (41) |
| Maintenance and repairs | 1,619 | 1,447 | 172 | 0 | 172 |
| Depreciation | 4,525 | 7,065 | (2,540) | (1,152) | (1,388) |
| Amortization | 1,398 | 1,836 | (438) | (338) | (100) |
| Corporate bodies | 909 | 2,532 | (1,623) | (1,447) | (176) |
| Various materials | 2,904 | 2,782 | 122 | 0 | 122 |
| Insurances | 589 | 656 | (67) | 0 | (67) |
| Write-down of non current assets | 5 | 3,609 | (3,604) | (3,609) | 5 |
| Promotion and advertising | 246 | 343 | (97) | 0 | (97) |
| Provision for bad debts | 85 | 80 | 5 | 0 | 5 |
| Consultant fees and legal expenses | 2,419 | 3,272 | (853) | (700) | (153) |
| Audit fees | 288 | 382 | (94) | 0 | (94) |
| Rent and operating leasing | 1,924 | 2,167 | (243) | 0 | (243) |
| Utilities | 1,852 | 1,753 | 99 | 0 | 99 |
| Training | 54 | 61 | (7) | 0 | (7) |
| Licenses and patents | 744 | 775 | (31) | 0 | (31) |
| Telephone and fax | 268 | 335 | (67) | 0 | (67) |
| Transports | 968 | 847 | 121 | 0 | 121 |
| Commissions | 617 | 309 | 308 | 0 | 308 |
| General services (canteen, cleaning, vigilance, etc.) | 580 | 648 | (68) | 0 | (68) |
| Other recovery | (263) | (273) | 10 | 0 | 10 |
| Other | 1,503 | 1,580 | (77) | (80) | 3 |
| Total costs by nature | 64,967 | 76,342 | (11,375) | (11,760) | 385 |
| Increase (decrease) in work in progress and finished goods | (2,395) | 2,204 | (4,599) | (375) | (4,224) |
| Total cost of sales and operating expenses | 62,572 | 78,546 | (15,974) | (12,135) | (3,839) |

All the main types of cost decreased from 2009 as a result of both the restructuring plan and the cost-cutting policies which were adopted by the Group in the past financial year, which confirms the correctness of the strategy put in place by the management. In particular, please see below the comments on the items which have most substantially varied.

The increase of the item “**raw materials**” is in line with the recovery of production which took place in the first months of 2010, after the slowing down of production further to the international recession which characterized the financial year 2009. Simultaneously there is a decrease of the item “**increase (decrease) in work in progress and finished goods**” which re-aligns the total cost of materials in the first six months of 2010 to that of the previous financial year.

The significant decrease of the item “**personnel cost**” is explained both by the fact that in the first six months of 2009 the Group had incurred non-recurring costs equal to 4,434 thousand of euro (for more details see Annex no. 2), and by the reduction of the average headcount during the first six months of 2010 (1,018 units) from the corresponding period in the previous year (1,112 units).

The decrease in the lines “**depreciation and amortization**” is also due to the fact that the previous financial year was characterized by non-recurrent expenditure equal to 1,490 thousand of euro. In fact, as at June 30, 2009, the Group reassessed the useful life of certain assets which were close to the end of their productive life, increasing the related amortization quota.

The item “**write-down of non current assets**” as at June 30, 2009 included the devaluation of production lines of SAES Getters S.p.A. related to the optoelectronic business for an amount of 605 thousand of euro, 2,313 thousand of euro relevant to the partial devaluation of the Group’s IT system following to the change in the macro-economic environment which had made inappropriate its implementation at all the foreign affiliates, and 691 thousand of euro worth of goodwill devaluation arising on occasion of the first consolidation of the jointly controlled company Nanjing SAES Huadong Vacuum Material Co., Ltd.

The reduction of costs for “**consultant fees**” is mainly due to the fact that the first six months of 2009 was burdened by non-recurring costs connected to the restructuring and rationalization of the Group’s structure.

6. OTHER INCOME (EXPENSES)

A breakdown of the item “total other income (expenses), net”, compared to the corresponding period of the previous year, is given below:

(thousands of euro)

| Other income and expenses | 1st Half 2010 | 1st Half 2009 | Difference |
|---|---------------|---------------|--------------|
| Other income | 2,618 | 960 | 1,658 |
| Other expenses | (523) | (521) | (2) |
| Total other income (expenses), net | 2,095 | 439 | 1,656 |

The significant increase of the item “**other income**” is attributable to the capital gain realized by the Parent Company as a result of the sale of certain assets which had previously been partially devaluated to align their accounting value to their estimated recoverable value, as well as proceeds (equal to 450 thousand of euro) deriving from the completion of the first stage of the collaboration with STMicroelectronics, which started in 2009, for the embedding of SAES thin film getter in the new generation ST MEMS gyroscopes. The two companies’ joint efforts allowed the start of mass production of such innovative gyroscopes with embedded getters, in relation to which interesting developments are forecasted (in this respect, it has to be noted that the royalties deriving from the commercial agreement with ST will start to accrue from the third quarter of 2010).

7. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in the first half of 2010, as compared to the previous year:

(thousands of euro)

| Financial income | 1st Half 2010 | 1st Half 2009 | Difference |
|---|---------------|---------------|--------------|
| Bank interest and other bank income | 114 | 171 | (57) |
| Gains from IRS evaluation at fair value | 0 | 270 | (270) |
| Total financial income | 114 | 441 | (327) |

The breakdown of financial expenses is given below:

(thousands of euro)

| Financial expenses | 1st Half 2010 | 1st Half 2009 | Difference |
|--|---------------|---------------|--------------|
| Bank interest and other bank expenses | 724 | 710 | 14 |
| Other financial expenses | 36 | 843 | (807) |
| Realized losses on IRS | 196 | 43 | 153 |
| Losses from IRS evaluation at fair value | 482 | 0 | 482 |
| Total financial expenses | 1,438 | 1,596 | (158) |

The change in the item, “**other financial expenses**” is explained by the fact that, in the first six months of 2009, it included an accrual of 720 thousand of euro following to contractual agreements with third party shareholders of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., which provide a pre-fixed remuneration for such third parties until 2013. No additional expenditure has been allocated during the first six months of 2010 since at the end of the previous financial year, the Group had accrued in its financial statements the entire actual value of the obligation arising out of this agreement, which has become onerous as a consequence of the changed market conditions.

The item “**bank interests and other bank expenses**” mainly includes interests and commissions relevant to financing obtained by the Parent Company and by the American affiliates; for more details please see Note no. 25.

The item “**gains (losses) from IRS evaluation at fair value**” is the effect on the profit and loss statement of the Interest Rate Swaps (IRS) contracts entered into by the Group’s American companies. The losses incurred on the closed agreements are included in the item “**realized losses on IRS**”.

8. FOREIGN EXCHANGE GAINS (LOSSES)

The following table shows the breakdown of foreign exchange gains and losses as at June 30, 2010:

(thousands of euro)

| Foreign exchange gains and losses | 1st Half 2010 | 1st Half 2009 | Difference |
|--|----------------------|----------------------|-------------------|
| Foreign exchange gains | 1,969 | 3,030 | (1,061) |
| Foreign exchange losses | (3,079) | (3,877) | 798 |
| Foreign exchange gains (losses), net | (1,110) | (847) | (263) |
| Realized exchange gains on forward contracts | 0 | 0 | 0 |
| Realized exchange losses on forward contracts | (228) | (1,205) | 977 |
| Gains (losses) from forward contracts evaluation at fair value | (623) | 1,457 | (2,080) |
| Gains (losses) on forward contracts | (851) | 252 | (1,103) |
| Total foreign exchange gains (losses), net | (1,961) | (595) | (1,366) |

The arithmetic sum of exchange rate differences shows a negative balance of 1,961 thousand of euro in the first semester 2010, with a worsening of 1,366 thousand of euro on the corresponding period of the previous year.

In the first six months of 2010, the sum of the **exchange rate differences** shows a net negative balance of 1,110 thousand of euro, which is substantially in line with that for the first semester 2009 and mainly includes the exchange losses deriving from the conversion of liquid availabilities and cash pooling financial credits in euros of foreign affiliates following to the revaluation of local currencies (in particular of the Korean won and of the US dollar) with respect to the final exchange rate of the euro at the end of 2009, which is the reference currency for such deposits.

In the first six months of 2010, the **gains (losses) on forwards** also show a negative balance (-851 thousand of euro) against a positive balance in the previous financial year. Such balance includes both the proceeds deriving from the closing of the forwards on foreign currency operations and the economic impacts deriving from the fair value evaluation of the contracts in place.

It should be pointed out that, in the first six months of 2010, the negative result of the net foreign exchange gains (losses) is not offset by a gain on forwards because the losses incurred principally derive from the impact of the fluctuations of the exchanges rates on the cash pooling financial credits which historically are not covered by forwards.

However, taking into consideration the relevant losses incurred in the first months of 2010, the Group decided to integrate its coverage policy and, on May 20, 2010 SAES Getters Korea Corporation entered into a forward sales agreement on euro with a view to mitigate the risks arising out of the fluctuation of the Korean won with reference to the cash pooling financial credit in euros which the Korean affiliate has towards the Parent Company (for further details please see Note no. 21).

9. INCOME TAXES

Income taxes came to 1,948 thousand of euro in the first half of 2010, marking a decrease of 1,448 thousand of euro compared to the previous year.

The item in question may be broken down as follows:

(thousands of euro)

| Income taxes | 1st Half 2010 | 1st Half 2009 | Difference |
|---------------------|----------------------|----------------------|-------------------|
| Current taxes | 3,237 | 3,008 | 229 |
| Deferred taxes | (1,289) | 388 | (1,677) |
| Total | 1,948 | 3,396 | (1,448) |

The income taxes were equal to 1,948 thousand of euro, against 3,396 thousand of euro in the first six months of 2009. In the first six months of 2009, the presence of income taxes, notwithstanding results before taxes were negative, was justified by the fact that there were positive taxable incomes in relation to some companies of the Group which were not offset by deferred taxes in relation to negative taxable incomes of other companies of the Group. In the first six months of 2010 the Group tax rate was positive (+45.4%) thanks to the positive taxable income which was achieved at Group level.

As already mentioned in 2009 Consolidated Financial Statements, the 2005 tax return of SAES Getters S.p.A. was audited by the Italian Revenue Agency. With this regard, the IRAP notification had been received on June 25, 2010 and it provides higher taxes for the year 2005 equal to 37 thousand of euro. The IRES notification is still pending. The Company considers its defensive reasons adequate to support its conduct.

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

As at June 30, 2010, the revenues and costs of the subsidiary SAES Opto S.r.l. (currently in the process of being liquidated), a company exclusively operating in the optoelectronic business, a not sufficiently profitable sector which SAES Group decided to exit, were included in this item. Such company's comparative data, together with those of Opto Materials S.r.l. (also exclusively operating in the optoelectronic business and the sale of which was completed on December 18, 2009) have also been included in the item "income (loss) from assets held for sale and discontinued operations" to allow a coherent comparison with the first six months of 2010; for further details see Note no. 1.

The following tables show the two subsidiaries' net result and cash flow generated in the first semester 2010 compared to the previous year:

SAES Opto S.r.l.

Income statement – as at June 30

(thousands of euro)

| | 1st Half 2010 | 1st Half 2009 |
|---|---------------|---------------|
| Net sales | 0 | 143 |
| Cost of sales | 0 | 0 |
| Gross profit | 0 | 143 |
| Operating expenses | (9) | (149) |
| Other income (expenses) | 0 | (1) |
| Operating income (loss) | (9) | (7) |
| Financial income (expenses) | 0 | 0 |
| Net income (loss) before taxes | (9) | (7) |
| Income taxes | 36 | 0 |
| Net income (loss) from discontinued operations | 27 | (7) |
| of which: | | |
| <i>Depreciation</i> | 0 | 0 |
| <i>Amortization</i> | 0 | 3 |
| <i>Write-down of fixed assets</i> | 0 | 0 |

Cash flow statement

(thousands of euro)

| | June 30, 2010 | June 30, 2009 |
|---|----------------------|----------------------|
| Cash flows from operating activities | 22 | (138) |
| Cash flows from investing activities | 0 | (1,500) |
| Cash flows from financial activities | 0 | 2,000 |
| Net increase (decrease) in cash and cash equivalents | 22 | 362 |
| Cash and cash equivalents at the beginning of the period | 395 | (636) |
| Cash and cash equivalents at the end of the period | 417 | (274) |

Opto Materials S.r.l.

Income statement – as at June 30

(thousands of euro)

| | 1st Half 2010 | 1st Half 2009 |
|---|----------------------|----------------------|
| Net sales | 0 | 0 |
| Cost of sales | 0 | (346) |
| Gross profit | 0 | (346) |
| Operating expenses | 0 | (190) |
| Other income (expenses) | 0 | 3 |
| Operating income (loss) | 0 | (533) |
| Financial income (expenses) | 0 | 2 |
| Net income (loss) before taxes | 0 | (531) |
| Income taxes | 0 | 0 |
| Net income (loss) from discontinued operations | 0 | (531) |
| of which: | | |
| <i>Depreciation</i> | <i>0</i> | <i>227</i> |
| <i>Amortization</i> | <i>0</i> | <i>0</i> |
| <i>Write-down of fixed assets</i> | <i>0</i> | <i>0</i> |

Cash flow statement

(thousands of euro)

| | June 30, 2010 | June 30, 2009 |
|---|----------------------|----------------------|
| Cash flows from operating activities | 0 | (620) |
| Cash flows from investing activities | 0 | (371) |
| Cash flows from financial activities | 0 | 1,500 |
| Net increase (decrease) in cash and cash equivalents | 0 | 509 |
| Cash and cash equivalents at the beginning of the period | 0 | (1,392) |
| Cash and cash equivalents at the end of the period | 0 | (883) |

As at June 30, 2010, the capital gain equal to 55 thousand of euro arising out of the sale of certain equipment belonging to the controlled company SAES Getters America, Inc. and already classified as assets held for sale on December 31, 2009 is also included in the item “income (loss) from assets held for sale and discontinued operations”.

As at June 30, 2009, the result of discontinued operations included, on the contrary, the loss (equal to 1 thousand of euro) of the Chinese subsidiary SAES Getters Technical Service (Shanghai) Co., Ltd. whose liquidation procedure was completed on May 21, 2009 and the economic result (equal to 188 thousand of euro) of Memry Corporation polymer division, whose winding up was completed on February 9, 2009.

11. EARNING (LOSS) PER SHARE

As indicated in Note no. 24, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which are associated with different rights during the dividends' distribution.

In the first six months of 2010, the pro-quota result attributable to each share type was determined on the basis of the relevant rights to cash dividends. Therefore, in order to calculate the result per share, the value of the preference dividends contractually assigned to savings shares in the theoretical case of the payment of the entire net income was subtracted from the profit in the relevant time-period. In the first six months of 2009 the loss was allocated equally between the shares of the two different types. In both cases the value which was obtained was divided by the average number of shares existing in the relevant time-period.

The following table shows earning (loss) per share in the first six months of 2010, as compared with the figure for the first six months of 2009:

| Earning (loss) per share | 1st Half 2010 | | | 1st Half 2009 restated | | |
|--|-----------------|----------------|--------------|------------------------|-----------------|-----------------|
| | Ordinary shares | Savings shares | Total | Ordinary shares | Savings shares | Total |
| Group's net income (loss) for the period (thousands of euro) | | | 2,554 | | | (13,612) |
| Theoretical preference dividend (thousands of euro) | | 1,022 | 1,022 | | | 0 |
| Net income (loss) attributable to ordinary and savings shares (thousands of euro) | 1,532 | | 1,532 | (9,045) | (4,567) | (13,612) |
| Total net income (loss) attributable to ordinary and savings shares (thousands of euro) | 1,532 | 1,022 | 2,554 | (9,045) | (4,567) | (13,612) |
| Average number of outstanding shares | 14,671,350 | 7,378,619 | 22,049,969 | 14,611,350 | 7,378,619 | 21,989,969 |
| Earning (loss) per share (euro) | 0.1044 | 0.1385 | | (0.6190) | (0.6190) | |
| - from continuing operations (euro) | 0.1007 | 0.1348 | | (0.6030) | (0.6030) | |
| - from discontinued operations (euro) | 0.0037 | 0.0037 | | (0.0160) | (0.0160) | |

12. SEGMENT INFORMATION

For management purposes, the Group is organized into three Business Units according to the final application of the products and services provided. As of June 30, 2010, the Group's operations were divided into three primary operating segments:

- **Industrial Applications** – getters and dispensers used in a wide range of industrial applications (lamps, electronic devices, MEMS, vacuum systems and vacuum thermal insulation solutions, solar collectors, semiconductors);
- **Shape Memory Alloys** – raw materials, semi finished products and shape memory alloy components for both medical and industrial applications;
- **Information Displays** – getters and dispensers used in the displays.

The top management monitors the results of the various Business Units separately in order to make decisions concerning the allocation of resources and investments and to determine the Group's profitability. Each unit is evaluated according to its operating result. Financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus are not allocated to operating segments.

Internal reports are prepared in accordance with IFRSs and no reconciliation with carrying amounts is therefore necessary.

The column "Not allocated" includes corporate income statement and financial position values and income statement and financial position values relating to research and development projects undertaken to achieve diversification in the area of advanced materials, as well as any other income statement and financial position values that cannot be allocated to primary segments.

Following a change in the product mix, in part due to the acquisitions closed in 2008, and modifications to the information technology system, at the end of 2009 the Group completed a study aimed at updating the criteria for allocating operating expenses to the various Business Units to suit the changed market scenario and the strategic repositioning of the SAES Getters Group. In this regard, the first half 2009 operating costs have also been reclassified to the various Business Units to provide a consistent basis of comparison. The following table (“Restatement” column) shows the effects of this change in operating segment results:

(thousands of euro)

| Income statement | Industrial Applications | | Shape Memory Alloys | | Information Displays | | Not allocated | | Total | | | | | | |
|---|-------------------------|-------------|------------------------|---------------|----------------------|------------------------|---------------|-------------|------------------------|---------------|-------------|------------------------|----------|-------|----------|
| | 1st Half 2009 | Restatement | 1st Half 2009 restated | 1st Half 2009 | Restatement | 1st Half 2009 restated | 1st Half 2009 | Restatement | 1st Half 2009 restated | 1st Half 2009 | Restatement | 1st Half 2009 restated | | | |
| Total net sales | 30,363 | 0 | 30,363 | 21,890 | 0 | 21,890 | 17,610 | 0 | 17,610 | 129 | 0 | 129 | 69,992 | 0 | 69,992 |
| Gross profit | 14,959 | (4) | 14,955 | 7,380 | 3 | 7,383 | 8,951 | (382) | 8,569 | (552) | 17 | (535) | 30,738 | (366) | 30,372 |
| % on sales | 49.3% | | 49.3% | 33.7% | | 33.7% | 50.8% | | 48.7% | n.s. | | n.s. | 43.9% | | 43.4% |
| Total operating expenses | (10,152) | 1,834 | (8,318) | (6,807) | 35 | (6,772) | (11,872) | 6,310 | (5,562) | (10,461) | (7,813) | (18,274) | (39,292) | 366 | (38,926) |
| Other income (expenses), net | 225 | 0 | 225 | 25 | 0 | 25 | 167 | 0 | 167 | 22 | 0 | 22 | 439 | 0 | 439 |
| Operating income (loss) | 5,032 | 1,830 | 6,862 | 598 | 38 | 636 | (2,754) | 5,928 | 3,174 | (10,991) | (7,796) | (18,787) | (8,115) | 0 | (8,115) |
| % on sales | 16.6% | | 22.6% | 2.7% | | 2.9% | -15.6% | | 18.0% | n.s. | | n.s. | -11.6% | | |
| Interest and other financial income (expenses), net | | | | | | | | | | | | | (1,155) | 0 | (1,155) |
| Foreign exchange gains (losses), net | | | | | | | | | | | | | (595) | 0 | (595) |
| Income (loss) before taxes | | | | | | | | | | | | | (9,865) | 0 | (9,865) |
| Income taxes | | | | | | | | | | | | | (3,396) | 0 | (3,396) |
| Net income (loss) on continuing operations | | | | | | | | | | | | | (13,261) | 0 | (13,261) |
| Net income (loss) on discontinued operations | | | | | | | | | | | | | (351) | 0 | (351) |
| Net income (loss) | | | | | | | | | | | | | (13,612) | 0 | (13,612) |
| Minority interests in consolidated subsidiaries | | | | | | | | | | | | | 0 | 0 | 0 |
| Group net income (loss) | | | | | | | | | | | | | (13,612) | 0 | (13,612) |

In addition, it should be noted that sales related to getters for solar collectors and to getter products designed to absorb hydrogen gas within sealed containers for military use, previously included in the Electronic Devices Business, have been reclassified into the Vacuum Systems and Thermal Insulation Business.

The following table breaks-down the main income statement figures by operating segment:

(thousands of euro)

| Income statement | Industrial Applications | | Shape Memory Alloys | | Information Displays | | Not allocated | | Total | |
|---|-------------------------|---------------|---------------------|---------------|----------------------|---------------|---------------|---------------|---------------|---------------|
| | 1st Half 2010 | 1st Half 2009 | 1st Half 2010 | 1st Half 2009 | 1st Half 2010 | 1st Half 2009 | 1st Half 2010 | 1st Half 2009 | 1st Half 2010 | 1st Half 2009 |
| Total net sales | 40,145 | 30,363 | 18,533 | 21,890 | 9,080 | 17,610 | 299 | 129 | 68,057 | 69,992 |
| Gross profit | 21,089 | 14,955 | 5,832 | 7,383 | 5,202 | 8,569 | (131) | (535) | 31,992 | 30,372 |
| % on sales | 52.5% | 49.3% | 31.5% | 33.7% | 57.3% | 48.7% | -43.8% | -414.7% | 47.0% | 43.4% |
| Total operating expenses | (7,761) | (8,318) | (5,570) | (6,772) | (2,905) | (5,562) | (10,271) | (18,274) | (26,507) | (38,926) |
| Other income (expenses), net | 625 | 225 | 217 | 25 | 59 | 167 | 1,194 | 22 | 2,095 | 439 |
| Operating income (loss) | 13,953 | 6,862 | 479 | 636 | 2,356 | 3,174 | (9,208) | (18,787) | 7,580 | (8,115) |
| % on sales | 34.8% | 22.6% | 2.6% | 2.9% | 25.9% | 18.0% | -3079.6% | -14563.6% | 11.1% | -11.6% |
| Interest and other financial income (expenses), net | | | | | | | | | (1,324) | (1,155) |
| Foreign exchange gains (losses), net | | | | | | | | | (1,961) | (595) |
| Income (loss) before taxes | | | | | | | | | 4,295 | (9,865) |
| Income taxes | | | | | | | | | (1,948) | (3,396) |
| Net income (loss) on continuing operations | | | | | | | | | 2,347 | (13,261) |
| Net income (loss) on discontinued operations | | | | | | | | | 82 | (351) |
| Net income (loss) | | | | | | | | | 2,429 | (13,612) |
| Minority interests in consolidated subsidiaries | | | | | | | | | (125) | 0 |
| Group net income (loss) | | | | | | | | | (2,554) | 13,612 |

The following table shows the breakdown of the main balance sheet figures by operating segment:

(thousands of euro)

| <i>Assets and liabilities</i> | Continuing operations | | | | | | | | Discontinued operations | | Total | |
|-------------------------------|-------------------------|---------------|---------------------|---------------|----------------------|---------------|---------------|---------------|-------------------------|--------------|----------------|----------------|
| | Industrial Applications | | Shape Memory Alloys | | Information Displays | | Not allocated | | Industrial Applications | | Jun 30, 2010 | Dec 31, 2009 |
| | Jun 30, 2010 | Dec 31, 2009 | Jun 30, 2010 | Dec 31, 2009 | Jun 30, 2010 | Dec 31, 2009 | Jun 30, 2010 | Dec 31, 2009 | Jun 30, 2010 | Dec 31, 2009 | | |
| Non current assets | 29,691 | 24,573 | 60,641 | 52,159 | 9,759 | 12,378 | 22,755 | 27,763 | | | 122,846 | 116,873 |
| Current assets | 34,341 | 17,559 | 13,153 | 10,180 | 6,038 | 8,894 | 30,774 | 30,947 | 683 | 685 | 84,989 | 68,265 |
| Total assets | 64,032 | 42,132 | 73,794 | 62,339 | 15,797 | 21,272 | 53,529 | 58,710 | 683 | 685 | 207,835 | 185,138 |
| Non current liabilities | 5,438 | 4,961 | 292 | 290 | 887 | 1,299 | 53,804 | 26,749 | | | 60,421 | 33,299 |
| Current liabilities | 7,861 | 6,408 | 3,552 | 3,326 | 1,526 | 2,399 | 21,788 | 40,855 | | | 34,727 | 52,988 |
| Total liabilities | 13,299 | 11,369 | 3,844 | 3,616 | 2,413 | 3,698 | 75,592 | 67,604 | 0 | 0 | 95,148 | 86,287 |

13. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment came to 67,336 thousand of euro as at June 30, 2010, net of accumulated depreciation. The item was up by 1,404 thousand of euro with respect to the previous year.

The changes occurring during the period are shown below:

(thousands of euro)

| Property, plant and equipment | Land | Building | Plant and machinery | Assets under construction and advances | Total |
|--|--------------|---------------|---------------------|--|---------------|
| December 31, 2009 | 3,492 | 27,926 | 30,009 | 4,505 | 65,932 |
| Additions | 0 | 2 | 560 | 1,665 | 2,227 |
| Disposals | 0 | 0 | (15) | (13) | (28) |
| Reclassifications | 0 | 882 | 1,749 | (2,631) | 0 |
| Depreciation | 0 | (870) | (3,655) | 0 | (4,525) |
| Write-downs | 0 | 0 | (5) | 0 | (5) |
| Revaluations | 0 | 0 | 0 | 0 | 0 |
| Translation differences | 478 | 1,162 | 1,914 | 180 | 3,735 |
| June 30, 2010 | 3,970 | 29,102 | 30,557 | 3,706 | 67,336 |
| December 31, 2009 | | | | | |
| Historical cost | 3,492 | 46,627 | 149,551 | 4,645 | 204,315 |
| Accumulated depreciation and write-downs | 0 | (18,701) | (119,542) | (140) | (138,383) |
| Net book value | 3,492 | 27,926 | 30,009 | 4,505 | 65,932 |
| June 30, 2010 | | | | | |
| Historical cost | 3,970 | 48,090 | 148,855 | 3,879 | 204,795 |
| Accumulated depreciation and write-downs | 0 | (18,988) | (118,298) | (173) | (137,459) |
| Net book value | 3,970 | 29,102 | 30,557 | 3,706 | 67,336 |

It must be pointed out that with reference to the tangible fixed assets owned by the Group as at June 30, 2010, there are no leasing agreements in place. Land and buildings are not burdened by mortgages or other guarantees.

In the first six months of 2010, investments in tangible fixed assets were equal to 2,227 thousand of euro and mainly include the investments carried out by the Parent Company for the purchase of new laboratory instruments for research activity (mainly for Organic Electronics) and improvements on plants and equipment owned by the Group and relevant to the SMAs Business.

14. INTANGIBLE ASSETS, NET

Intangible assets came to 49,309 thousand of euro as of June 30, 2010, net of accumulated amortization. The item was up by 5,271 thousand of euro.

The changes occurring during the period are shown below:

(thousands of euro)

| Intangible fixed assets | Goodwill | Research and development costs | Industrial and other patent rights | Concessions, licenses, trademarks and similar rights | Other intangible assets | Assets under development and advances | Total |
|--|---------------|--------------------------------|------------------------------------|--|-------------------------|---------------------------------------|---------------|
| December 31, 2009 | 30,363 | 73 | 457 | 2,967 | 10,093 | 85 | 44,038 |
| Additions | 0 | 0 | 0 | 0 | 0 | 17 | 17 |
| Disposals | 0 | 0 | 0 | 0 | (11) | 0 | (11) |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortization | 0 | (18) | (122) | (202) | (1,055) | 0 | (1,398) |
| Write-downs | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Translation differences | 4,821 | 0 | 54 | 139 | 1,639 | 7 | 6,662 |
| June 30, 2010 | 35,184 | 55 | 389 | 2,904 | 10,666 | 109 | 49,309 |
| December 31, 2009 | | | | | | | |
| Historical cost | 35,193 | 183 | 3,840 | 10,951 | 19,673 | 748 | 70,588 |
| Accumulated amortization and write-downs | (4,830) | (110) | (3,383) | (7,984) | (9,580) | (663) | (26,550) |
| Net book value | 30,363 | 73 | 457 | 2,967 | 10,093 | 85 | 44,038 |
| June 30, 2010 | | | | | | | |
| Historical cost | 40,587 | 183 | 4,185 | 11,569 | 22,006 | 772 | 79,304 |
| Accumulated amortization and write-downs | (5,403) | (128) | (3,796) | (8,665) | (11,340) | (663) | (29,995) |
| Net book value | 35,184 | 55 | 389 | 2,904 | 10,666 | 109 | 49,309 |

The variation is due almost exclusively to amortizations in the relevant time period (-1,398 thousand of euro) and to differences of conversion (+ 6,662 thousand of euro) mainly relevant to intangible assets of the American legal entities.

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized each year to account for their expected residual use. Goodwill is not amortized; rather, its recoverable value is periodically reviewed on the basis of the expected cash flows of the relative Cash Generating Unit (impairment test).

The Group carries out tests on the reduction of value on an annual basis at the end of each financial year or more often should any specific event take place that may lead to the assumption that there was a reduction of the value of the goodwill.

No recoverability analysis was carried out as at June 30, 2010 as there was no indicator of impairment such as to show durable value losses in relation to the goodwill recorded in the financial statements.

Goodwill

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

(thousands of euro)

| Business Unit | December 31, 2009 | Increase | Write-downs | Translation differences | June 30, 2010 |
|-------------------------|-------------------|----------|-------------|-------------------------|---------------|
| Industrial Applications | 944 | 0 | 0 | 0 | 944 |
| Shape Memory Alloys | 29,419 | 0 | 0 | 4,821 | 34,240 |
| Information Displays | 0 | 0 | 0 | 0 | 0 |
| Not allocated | 0 | 0 | 0 | 0 | 0 |
| Total | 30,363 | 0 | 0 | 4,821 | 35,184 |

The following table shows the gross book values of goodwill and accumulated write-downs for impairment from January 1, 2004 to June 30, 2010 and December 31, 2009:

(thousands of euro)

| Business Unit | June 30, 2010 | | | December 31, 2009 | | |
|-------------------------|---------------|----------------|----------------|-------------------|----------------|----------------|
| | Gross value | Write-downs | Net book value | Gross value | Write-downs | Net book value |
| Industrial Applications | 1,007 | (63) | 944 | 1,007 | (63) | 944 |
| Shape Memory Alloys (*) | 37,640 | (3,400) | 34,240 | 32,819 | (3,400) | 29,419 |
| Information Displays | 1,456 | (1,456) | 0 | 1,456 | (1,456) | 0 |
| Not allocated | 358 | (358) | 0 | 358 | (358) | 0 |
| Total | 40,461 | (5,277) | 35,184 | 35,640 | (5,277) | 30,363 |

(*) The difference between the gross value as at December 31, 2009 and the gross value as at June 30, 2010 is related to the conversion differences on the goodwill in local currency booked in the financial statements of the foreign subsidiaries.

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The following table shows a breakdown of deferred tax assets and liabilities as at June 30, 2010, compared to the previous year:

(thousands of euro)

| Deferred taxes | June 30, 2010 | December 31, 2009 | Difference |
|--------------------------|---------------|-------------------|--------------|
| Deferred tax assets | 5,412 | 5,227 | 185 |
| Deferred tax liabilities | (5,422) | (6,452) | 1,030 |
| Total | (10) | (1,225) | 1,215 |

The decrease of **deferred tax liabilities** is mainly explained by the release of the deferred taxes which were accrued in the previous financial years on the unpaid earnings of the subsidiaries following to their distribution and taking into account the current taxes on dividends which were cashed-in during the semester, recorded by the Parent Company and by the Luxembourg sub-holding.

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

(thousands of euro)

| Deferred taxes | June 30, 2010 | December 31, 2009 | Difference |
|--------------------------|---------------|-------------------|--------------|
| Deferred tax assets | 11,002 | 10,362 | 640 |
| Deferred tax liabilities | (11,012) | (11,587) | 575 |
| Total | (10) | (1,225) | 1,215 |

The following tables provide a breakdown of the temporary differences that comprise deferred tax assets and liabilities by their nature, as compared with the figures for the previous year.

(thousands of euro)

| Deferred tax assets | June 30, 2010 | | December 31, 2009 | |
|--|-----------------------|---------------|-----------------------|---------------|
| | Temporary differences | Fiscal effect | Temporary differences | Fiscal effect |
| Intercompany profit eliminations | 5,511 | 1,664 | 6,385 | 1,801 |
| Differences on depreciation/amortization and write-downs of assets | 15,389 | 4,452 | 12,441 | 3,568 |
| Receivables write-downs | 487 | 164 | 388 | 138 |
| Inventories write-downs | 2,504 | 838 | 2,459 | 696 |
| Taxed provisions | 843 | 320 | 765 | 290 |
| Cash deductible expenses | 5,119 | 1,649 | 4,788 | 1,520 |
| Other temporary differences | 3,629 | 1,196 | 2,773 | 1,446 |
| Deferred tax assets on losses that can be carried forward | 2,116 | 719 | 2,654 | 903 |
| Total | | 11,002 | | 10,362 |

The Group has 70,093 thousand of euro in tax losses eligible to be carried forward as at June 30, 2010, most of which are attributable to the Luxembourg subsidiary, the Parent Company and some of the US subsidiaries (tax losses eligible to be carried forward came to 68,395 thousand of euro as at December 31, 2009).

The tax losses eligible to be carried forward that have been taken into account when determining deferred tax assets came to 2,116 thousand of euro.

(thousands of euro)

| Deferred tax liabilities | June 30, 2010 | | December 31, 2009 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | Temporary differences | Fiscal effect | Temporary differences | Fiscal effect |
| Tax due on distribution of earnings accumulated by subsidiaries | (18,193) | (1,409) | (36,106) | (2,744) |
| Differences on depreciation/amortization and fair value revaluation of assets | (23,136) | (7,976) | (19,575) | (7,120) |
| IAS 17 | (3,668) | (1,037) | (3,684) | (1,042) |
| IAS 19 | (1,279) | (352) | (1,236) | (339) |
| Other temporary differences | (835) | (238) | (1,527) | (342) |
| Total | | (11,012) | | (11,587) |

The deferred tax liabilities recorded in the Consolidated Financial Statements as at June 30, 2010 include not only a provision allocated to account for taxes due in the event of the distribution of the net income and reserves of subsidiaries (excluding net income and reserves the distribution of which is not deemed likely in the foreseeable future), but also the temporary differences on the plus-values identified during the purchase price allocation for the US companies recently acquired.

16. INVENTORY

Inventory came to 26,988 thousand of euro as at June 30, 2010. The item was up by 6,601 thousand of euro on the previous period, in line with the growth in the Semiconductors and SMAs Businesses. The inventory increase is also due to a positive exchange rates effect (+2.9 million of euro).

The following table shows the breakdown of inventory as of June 30, 2010 and December 31, 2009:

(thousands of euro)

| Inventory | June 30, 2010 | December 31, 2009 | Difference |
|--|---------------|-------------------|--------------|
| Raw materials, auxiliary materials and spare parts | 10,568 | 8,069 | 2,499 |
| Work in progress and semifinished goods | 10,599 | 7,689 | 2,910 |
| Finished products and goods | 5,821 | 4,629 | 1,192 |
| Total | 26,988 | 20,387 | 6,601 |

Inventory is stated net of the inventory allowance, which underwent the following changes during the first six months of 2010:

(thousands of euro)

| Inventory allowance | |
|-------------------------------|--------------|
| December 31, 2009 | 5,175 |
| Accrual | 305 |
| Reversal (to profit and loss) | (314) |
| Utilization | (1,147) |
| Translation differences | 527 |
| June 30, 2010 | 4,546 |

17. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, came to 24,686 thousand of euro as at June 30, 2010 and were up by 5,861 thousand of euro with respect to the previous year.

The increase is due to a positive exchange rates effect, but is also in line with the increase in revenues in the first semester 2010 compared with the second semester 2009.

In the following table a detail of this item:

(thousands of euro)

| Trade receivables | June 30, 2010 | December 31, 2009 |
|-----------------------|---------------|-------------------|
| Gross value | 25,197 | 19,244 |
| Bad debt provision | (511) | (419) |
| Net book value | 24,686 | 18,825 |

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

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

(thousands of euro)

| Bad debt provision | June 30, 2010 | December 31, 2009 |
|---------------------------------------|---------------|-------------------|
| Opening balance | 419 | 413 |
| Accrual (reversal) to profit and loss | 85 | 141 |
| Utilization | (30) | (135) |
| Translation differences | 37 | 0 |
| Closing balance | 511 | 419 |

The following table provides a breakdown of trade receivables by those not yet due and past due as of June 30, 2010, as compared with December 31, 2009:

(thousands of euro)

| Ageing | Total | Not yet due | Due not written-down | | | | | Due written-down |
|-------------------|--------|-------------|----------------------|--------------|--------------|---------------|--------------------|------------------|
| | | | less than 30 days | 30 - 60 days | 60 - 90 days | 90 - 180 days | more than 180 days | |
| June 30, 2010 | 25,197 | 13,359 | 6,879 | 1,648 | 753 | 1,122 | 925 | 511 |
| December 31, 2009 | 19,244 | 12,761 | 3,689 | 809 | 176 | 852 | 538 | 419 |

Receivables past due are constantly monitored and have not been written down inasmuch as they are believed to be totally recoverable.

The increase of the non-devaluated due receivables is mainly due both to the exchange rate effect and to the presence of particular positions resolved after June 30, 2010 which therefore do not need to be devaluated.

18. TAX CONSOLIDATION RECEIVABLES FROM CONTROLLING COMPANY/ TAX CONSOLIDATION PAYABLES TO CONTROLLING COMPANY

SAES Getters S.p.A., SAES Advanced Technologies S.p.A., and SAES Opto S.r.l. (in liquidation), have participated in the tax consolidation program with S.G.G. Holding S.p.A., which directly controls SAES Getters S.p.A., by electing for Group taxation in accordance with article no. 117 of the Consolidated Income Tax Act.

As far as SAES Opto S.r.l. is concerned, at the end of the three-year period 2007-2009 the option was not renewed as the company is in liquidation.

The item “**tax consolidation receivables from Controlling Company/tax consolidation payables to Controlling Company**” includes the net balance of tax receivables/payables that the Group’s Italian companies have accrued to/from the Controlling Company S.G.G. Holding S.p.A. as at June 30, 2010.

Since national tax consolidation results for the first half of 2010 show a tax loss, the Parent Company recognized as income the taxes on income (IRES) corresponding to its tax loss solely to the extent recoverable through the consolidation mechanism.

It should be noted that tax consolidation receivables and payables from and to the Controlling Company for tax consolidation have been set off against one another. The receivables due beyond one year have been classified among non-current assets.

19. OTHER RECEIVABLES AND LONG-TERM ASSETS

The item “other receivables and long-term assets” came to 525 thousand of euro as of June 30, 2010, compared to 370 thousand of euro as of December 31, 2009.

The item mainly includes the guarantee deposits given by the Group Companies for their operating activities.

20. PREPAID EXPENSES, ACCRUED INCOME AND OTHER

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, showed a balance of 7,335 thousand of euro as at June 30, 2010, compared with 6,033 thousand of euro as at December 31, 2009. A breakdown of the item is provided below:

(thousands of euro)

| Prepaid expenses, accrued income and other | June 30, 2010 | December 31, 2009 | Difference |
|--|---------------|-------------------|--------------|
| Income tax and other tax receivables | 2,617 | 2,461 | 156 |
| VAT receivables | 1,730 | 1,445 | 285 |
| Social security receivables | 232 | 68 | 164 |
| Personnel receivables | 81 | 33 | 48 |
| Receivables for public grant | 770 | 810 | (40) |
| Other receivables | 37 | 295 | (258) |
| Total other receivables | 5,467 | 5,112 | 355 |
| Accrued income | 13 | 66 | (53) |
| Prepaid expenses | 1,855 | 855 | 1,000 |
| Total prepaid expenses and accrued income | 1,868 | 921 | 947 |
| Totale prepaid expenses, accrued income and other | 7,335 | 6,033 | 1,302 |

The item “**income tax and other tax receivables**” includes the credits for paid advance taxes and other tax credits of the Group’s companies with local authorities. As at June 30, 2010 the item still included 294 thousand of euro worth of tax credit for research and development activity as provided by the 2007 Budget Law which were already recorded by the Parent Company during 2009.

It is to be noted that the item “**receivables for public grant**” is mainly composed of credits matured as at June 30, 2010 by the Parent Company (equal to 422 thousand of euro) mainly as a result of contributions for in-progress research projects and of the credits matured by the subsidiary SAES Advanced Technologies S.p.A. with the Ministry of the Treasury, of the Budget and of the Economic Planning (equal to 276 thousand of euro).

The significant increase of the item “**prepaid expenses**” is connected to the costs for research activity incurred by the company E.T.C. S.r.l. during the relevant time period, but suspended as they are to be accrued in future financial years.

21. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

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

As of June 30, 2010 the Group enters into forward contracts on the US dollar and Japanese yen, in order to hedge against the risk of fluctuation in exchange rates on current and future receivables denominated in such currencies. The average forward exchange rate for contracts on the US dollar (which have a total notional value of USD 4.8 million) is 1.3566 dollars to the euro. These contracts will extend throughout all of 2010. The average forward rate for contracts on the Japanese yen (which have a total notional value of JPY 150 million) is JPY 123.25 to the euro. These contracts will extend throughout 2010.

In June the Group has also put in place a forward purchase contract on the Chinese renminbi to mitigate the exchange rate risk on the payment of the future obligation in renminbi deriving from the onerous contract with third party shareholders of the Chinese joint venture (for more details see Note no. 28), the accrual of which is in euros. Such contract, entered into for a notional value of 30 million of Chinese renminbi, provides for a forward exchange rate equal to 8.3810 against the euro. The relevant fair value as at June 30, 2010 is positive and equal to 5 thousand of euro.

Finally, again in the first six months of 2010, the Group has put in place a forward sale contract in euros in order to mitigate the risk of fluctuation of the exchange rate linked to the revaluation of the Korean won on the balance of the cash pooling financial credit in euros which the Korean subsidiary has with the Parent Company. Such contract (for a notional value equal to 7.5 million of euros) expires on December 28, 2010 and provides for a forward exchange rate equal to 1,465.20 against the euro. The relevant fair value as at June 30, 2010 is negative and equal to 85 thousand of euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2010:

| Currency | June 30, 2010 | | December 31, 2009 | |
|----------|-----------------------------|--------------------------------|-----------------------------|--------------------------------|
| | Notional amount by currency | Fair value (thousands of euro) | Notional amount by currency | Fair value (thousands of euro) |
| USD | 4,800,000 | (371) | 0 | 0 |
| JPY | 150,000,000 | (163) | 45,000,000 | 11 |
| RMB | 30,000,000 | 5 | 0 | 0 |
| EUR | 7,500,000 | (85) | 0 | 0 |
| | Total | (614) | Totale | 11 |

As of June 30, 2010 the Group has also three outstanding Interest Rate Swap (IRS) contracts aimed at fixing the interest rate on the loans in US dollars, executed by the US subsidiaries. The following table provides a breakdown of the Interest Rate Swap contracts entered into and their fair values as at June 30, 2010:

| <i>Interest Rate Swaps (IRSs)</i> | Currency | Notional value (dollars) | Execution date | Maturity date | Interest rate | Timing | Fair value as of June 30, 2010 (thousands of euro) | Fair value as of December 31, 2009 (thousands of euro) |
|--|----------|--------------------------|----------------|-------------------|---|-----------|--|--|
| IRS executed by SAES Smart Materials, Inc. on loan of \$20 million | USD | 10,000,000 | March 13, 2008 | May 31, 2012 | Fixed rate paid: 3,65% Floating rate received: six-month USD Libor BBA | half-year | (442) | (356) |
| IRS executed by Spectra-Mat, Inc. on loan of \$3 million | USD | 1,000,000 | July 1, 2008 | November 30, 2010 | Fixed rate paid: 4,36% Floating rate received: six-month USD Libor BBA | half-year | (33) | (26) |
| IRS executed by Memry Corporation on loan of \$30,5 million | USD | 12,000,000 | April 9, 2009 | December 31, 2014 | Fixed rate paid: 3,03% Floating rate received: three-month USD Libor BBA | quarter | (507) | (12) |
| Total | | 23,000,000 | | | | | (982) | (394) |

No further Interest Rate Swap agreements have been undersigned during the first semester 2010.

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and 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, 2010 all of the derivative instruments held by the Group belonged to Level 2. Accordingly, their fair value has been determined on the basis of market data, such as interest rate and exchange rate curves.

No instruments were transferred from one level to another during the semester.

22. CASH AND CASH EQUIVALENTS

The following table shows a breakdown of the item as at June 30, 2010 and December 31, 2009:

(thousands of euro)

| Cash and cash equivalents | June 30, 2010 | December 31, 2009 | Difference |
|---------------------------|---------------|-------------------|--------------|
| Cash and cash equivalents | 25,260 | 22,311 | 2,949 |
| Cash on hand | 11 | 13 | (2) |
| Total | 25,271 | 22,324 | 2,947 |

The item “cash and cash equivalents” consists of short-term deposits with leading financial institutions denominated primarily in euro, Chinese renminbi and US dollars.

The item includes the liquid funds of certain controlled companies, both Italian and foreign, in the framework of the cash flow management necessary for the operating activities.

As at June 30, 2010 the Group had access to (unused as at the balance sheet date) lines of credit of 55.3 million of euro, of which 15 million of euro was intended to fund possible acquisitions or restructuring plans.

23. ASSETS AND LIABILITIES HELD FOR SALE

As at June 30, 2010, the item includes the tangible assets of the subsidiary company SAES Getters America, Inc. re-classified as assets held for sale in 2009.

In the framework of the restructuring plan launched in the previous financial fiscal year, which provided for the downsizing of the subsidiary company's productive structure, the accounting value of the building and of the production plants of SAES Getters America Inc. were re-classified in such line in view of its disposal. As at June 30, 2010 only part of such tangible assets were sold at a price of USD 220 thousand (approximately 166 thousand of euro); the greater value (equal to 55 thousand of euro) deriving from the sale was classified in the line "income from assets held for sale and discontinued operations".

The changes occurred during the period are shown below:

(thousands of euro)

| Assets held for sale | |
|--------------------------|------------|
| December 31, 2009 | 685 |
| Increase | 0 |
| Decrease | (111) |
| Translation differences | 109 |
| June 30, 2010 | 683 |

24. GROUP SHAREHOLDERS' EQUITY

Shareholders' equity amounted to 112,809 thousand of euro as at June 30, 2010, up by 13,958 thousand of euro on December 31, 2009. A summary of changes is provided in the statement of changes in shareholders' equity.

Capital stock

As at June 30, 2010 capital stock, fully subscribed and paid-up, amounted to 12,220 thousand of euro and comprised no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares.

Compared with December 31, 2009 the shares number is changed following the execution, on May 26, 2010, of the extraordinary Shareholders' meeting resolution dated April 27, 2010 that defined the cancellation of no. 600,000 ordinary shares and no. 82,000 savings shares in portfolio (as at December 31, 2009 the capital stock was formed by no. 15,271,350 ordinary share and no. 7,460,619 savings shares for a total of no. 22,731,969 shares).

As defined by IAS 32, the shares will be cancelled without the recognition of any gain or loss in the income statement and without any effect on the net equity of the Group.

The cancellation of the treasury shares will be executed without any change in the capital stock but through an increase in the implied book value. In particular, as outcome of the cancellation of the ordinary and savings shares held in portfolio, the capital stock of SAES Getters S.p.A. remained unchanged (€12,200,000), however represented by a smaller number of outstanding shares, with an increase of the implied book value that increases from 0.537569 euro for each share as of December 31, 2009 to 0.554196 euro as of June 30, 2010.

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

Share issue premium

This item includes amounts paid by shareholders in excess of the par value of new shares of the Parent Company subscribed in capital issues.

The item is unchanged compared to December 31, 2009.

Treasury shares

The cancellation of the item “treasury shares” is a consequence of the annulment of no. 600,000 ordinary shares and no. 82,000 savings shares in portfolio, as described above.

The following table shows the treasury shares in portfolio as a percentage of the total shares in their respective classes and of Company’s overall capital stock in accordance with article no. 2357 of the Italian Civil Code:

| Treasury shares | June 30, 2010 | | December 31, 2009 | |
|---------------------------|---------------|---------|-------------------|---------|
| | Ordinary | Savings | Ordinary | Savings |
| no. of treasury shares | 0 | 0 | 600,000 | 82,000 |
| % on the related category | n.a. | n.a. | 3.93% | 1.10% |
| % on capital stock | n.a. | n.a. | 2.64% | 0.36% |

As required by International Accounting Standards, the total purchase cost of the treasury shares (10,177 thousand of euro) as of December 31, 2009 was subtracted directly from shareholders’ equity.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand of euro as at June 30, 2010 and was unchanged compared to December 31, 2009, since the reserve had reached the legal limit.

Other reserves and retained earnings

This item includes:

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

The change in “other reserves and retained earnings”, equal to -10,177 thousand of euro, is due to the release of the reserve for treasury shares in portfolio following the cancellation of treasury shares described above.

As reported in the Report on Corporate Governance and Ownership enclosed to the Consolidated Financial Statements as of December 31, 2009, each share gives entitlement to a proportional part of the profits that it is decided to distribute, subject to the rights attached to savings shares.

More specifically, as described in articles no. 26 and no. 30 of the By-laws, savings shares are entitled to a preference dividend of 25% on the 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 preference dividend in the following two years.

The remaining profit that the Shareholders' Meeting has resolved to allocate will be distributed among all shares in such a way to ensure that savings shares are entitled to a total dividend that is higher than that of ordinary shares by 3% of the implied book value.

Other components of equity

The item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve had a positive balance of 5,350 thousand of euro as of June 30, 2010, marking an increase of 11,497 thousand of euro from the negative balance of 6,054 thousand of euro reported as of December 31, 2009. This increase was due to the overall impact on consolidated shareholders' equity of the conversion into euro of the financial statements of foreign subsidiaries expressed in currencies other than the euro, as well as of the respective consolidation adjustments. The additional change of -93 thousand of euro may be explained by the release to profit and loss of the translation reserve related to SAES Getters Singapore PTE, Ltd., which was liquidated during the first semester 2010.

We report 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 profits 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.

25. FINANCIAL DEBT

The financial debts as at June 30, 2010 are equal to 49,015 thousand of euro and grew by 11,572 thousand of euro from the previous financial year, mainly because of a new loan equal to 7 million euros entered into by the Parent Company to support the business financial needs.

The further increase of the "financial debt" item is due to financing to the American affiliates in US dollars, whose value in euro increased as a result of the revaluation of the dollar against the euro.

The following table shows the breakdown of debt by contractual maturity. It should be noted that debt with maturity of less than one year is included among the "current portion of long-term debt".

(thousands of euro)

| Financial debt | June 30, 2010 | December 31, 2009 | Difference |
|--|---------------|-------------------|-----------------|
| Less than 1 year | 8,221 | 24,730 | (16,509) |
| Current portion of long term debt | 8,221 | 24,730 | (16,509) |
| Between 1 and 2 years | 11,075 | 3,602 | 7,473 |
| Between 2 and 3 years | 5,944 | 3,016 | 2,928 |
| Between 3 and 4 years | 6,383 | 2,545 | 3,838 |
| Between 4 and 5 years | 6,383 | 2,314 | 4,069 |
| Over 5 years | 11,009 | 1,236 | 9,773 |
| Non current financial debt | 40,794 | 12,713 | 28,081 |
| Total | 49,015 | 37,443 | 11,572 |

It is to be noted that the financial debt of Memry Corporation, which as at December 31, 2009 had been classified as current as it had become immediately repayable as a result of breach of the covenants, was re-classified from short-term to long-term during the first semester of 2010; on April 9, 2010, in fact, the financing institution formally consented to the Group's request to cancel the demand for repayment of the debt and to revert to the original deadlines for repayment.

The item “financial debt” consists primarily of the loans, denominated in UD dollars, contracted by the US companies, the details of which are provided below:

| Description | Currency | Principal (thousands of USD) | Timing of capital reimbursement | Timing of covenants calculation | Basis interest rate | Effective interest rate applied as of June 30, 2010 (spread included) | Value as of June 30, 2010 (*) (thousands of euro) |
|--|----------|---------------------------------|---|---------------------------------|--|---|--|
| Memry Corporation <i>Amortising loan tranche</i> | USD | 20.2 | half year with maturity date as at January 31, 2016 | half-year | USD Libor for a variable period (1-3 months); if not available, the Cost of Funds is applied | 2.63% | 24,786 |
| <i>Bullet Loan tranche</i> | USD | 10.3 | repayment in two tranches with maturity date July 1, 2016 and July 31, 2017 | | | | |
| SAES Smart Materials, Inc. | USD | 20 | half year with maturity date as at May 31, 2015 | year | half-yearly USD Libor (if not available, the Cost of Funds is applied) | 2.20% | 13,610 |
| Spectra-Mat, Inc. | USD | 3 | half year with maturity date as at May 31, 2013 | year | half-yearly USD Libor | 1.56% | 1,632 |

(*) interests included

As previously pointed out, during the first six months of 2010, the Parent Company obtained a new loan for 7 million of euro expiring on October 13, 2011. The agreement provides for the repayment of fixed capital quotas on a three-month basis from July 16, 2010, increased by variable interest rates linked to the three-month Euribor plus 2.5 percentage points on an annual basis; the value of the interest rate as at June 30, 2010 is equal to 3.144%.

| Description | Currency | Principal (thousands of USD) | Timing of capital reimbursement | Timing of covenants calculation | Basis interest rate | Effective interest rate applied as of June 30, 2010 (spread included) | Value as of June 30, 2010 (*) (thousands of euro) |
|----------------------------|----------|---------------------------------|---|---------------------------------|----------------------|---|--|
| SAES Getters S.p.A. | EUR | 7 | quarterly with maturity date October 13, 2011 (starting from July 16, 2010) | n.a. | three-months Euribor | 3.144% | 7,046 |

(*) interests included

Lastly, the item “financial debt” includes subsidized loans provided by the special fund for applied research issued to the Parent Company by the Ministry of Production Activities through Intesa Sanpaolo S.p.A. (1,820 thousand of euro as at June 30, 2010), the average interest rate on which stood at 0.83% in the first half of 2010.

Covenants

It is pointed out that, as at December 31, 2009, not all the covenants relevant to the loan of the subsidiary company Memry Corporation had been complied with and, therefore, the liability had been classified as current as the default had rendered the loan immediately repayable. During the first six months of 2010, the request to cancel the demand for repayment of the debt was accepted and, simultaneously, the values of such covenants were renegotiated with the financing institution; as a result of this agreement, the parties reverted to the original repayment plan and the covenants, recalculated on consolidated data, are verified on a six-month basis, rather than on an annual basis, starting on June 30, 2010.

As at June 30, 2010, the renegotiated covenants were complied with, as shown in the following table:

| | Covenant ratios | Value as of June 30, 2010 |
|---|-----------------|---------------------------|
| Net equity * | > 93,000 | 112,809 |
| <u>Net financial position</u> Net equity | < 1 | 0.2 |
| <u>Financial debt</u> EBITDA | < 3.75 | 2.3 |

* thousands of euro

As regards the covenants relating to the loan of SAES Smart Materials, Inc., it is pointed out that on April 6, 2010, the Board of Directors of SAES Smart Materials, Inc. formally resolved to increase the capital stock by USD 2.5 million in the framework of the commitments originally undertaken with the financing entity, also for the purpose of ensuring compliance with the covenants relevant to the loan of the same company and of maintaining the company’s financial

balance; such increase was effected in May 2010 by the sole shareholder, SAES Getters International Luxembourg S.A.

The loan provides for covenants which need be verified yearly based on the financial data of the single affiliate SAES Smart Materials, Inc.

26. OTHER FINANCIAL DEBT

The item “other non-current financial debt”, equal to 688 thousand of euro and unchanged if compared to December 31, 2009, refers to the present value of the obligation estimated to purchase the minority-interest stake in the subsidiary Memry GmbH.

The current portion of “other financial debt” (196 thousand of euro and unchanged if compared to the previous year) includes the Group’s financial debt, related to the year 2009, under contractual agreements entered into upon acquisition with the minority-interest shareholders of Nanjing SAES Huadong Vacuum Material Co., Ltd.

27. STAFF LEAVING INDEMNITIES AND OTHER EMPLOYEE BENEFITS

It should be noted that this item includes liabilities to employees under both defined-contribution and defined-benefit plans existing at Group companies in accordance with contractual and legal obligations in the various countries.

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

(thousands of euro)

| Staff leaving indemnities and other employee benefits | Staff leaving indemnities | Other employee benefits | Total |
|---|---------------------------|-------------------------|--------------|
| December 31, 2009 | 5,195 | 1,715 | 6,910 |
| Provisions | 151 | 14 | 165 |
| Indemnities paid | (400) | (104) | (504) |
| Other movements | 0 | 0 | 0 |
| Translation differences | 33 | 218 | 251 |
| June 30, 2010 | 4,979 | 1,843 | 6,822 |

When referred to the Group’s Italian companies, staff leaving indemnity consists of the estimated obligation, according to actuarial techniques, in connection with the sum to be paid out to the employees of Italian companies when employment is terminated.

Following the entry into force of the 2007 Budget Act and associated implementation decrees, the liability associated with past years staff leaving indemnity continues to be considered a defined-benefit plan and is consequently measured according to actuarial assumptions. The portion paid in to pension funds is instead considered a defined-contribution plan and is therefore not discounted.

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

There were 1,027 employees at June 30, 2010 (out of which 584 outside of Italy), substantially aligned compared with December 31, 2009.

The following table provides an analysis of the distribution of the Group's employees by category:

| | June 30, 2010 | December 31, 2009 | Average 1st half 2010 | Average 1st half 2009 |
|---------------------------------|---------------|-------------------|--------------------------|--------------------------|
| Managers | 97 | 107 | 100 | 119 |
| Employees and middle management | 396 | 405 | 395 | 453 |
| Workers | 534 | 509 | 523 | 540 |
| Total | 1,027 | 1,021 | 1,018 | 1,112 |

The following table shows a breakdown by category of the employees of Nanjing SAES Huadong Vacuum Material Co., Ltd., consolidated on a proportional basis, according to Group's percentage ownership (51%):

| | June 30, 2010 | December 31, 2009 | Average 1st half 2010 | Average 1st half 2009 |
|---------------------------------|---------------|-------------------|--------------------------|--------------------------|
| Managers | 4 | 4 | 4 | 4 |
| Employees and middle management | 12 | 12 | 12 | 12 |
| Workers | 22 | 23 | 22 | 25 |
| Total | 38 | 39 | 38 | 41 |

28. PROVISIONS

Provisions for contingencies and obligations came to 8,914 thousand of euro as of June 30, 2010. The composition of these provisions and the related changes on December 31, 2009 are as follows: (thousands of euro)

| Provisions | December 31, 2009 | Accrual | Utilization and other movements | Translation differences | June 30, 2010 |
|-------------------------------------|----------------------|------------|------------------------------------|----------------------------|---------------|
| Warranty provision on products sold | 141 | 119 | (68) | 29 | 221 |
| Bonuses | 1,108 | 840 | (981) | 176 | 1,143 |
| Other provisions | 7,572 | 15 | (134) | 97 | 7,550 |
| Total | 8,821 | 974 | (1,183) | 302 | 8,914 |

A breakdown of provisions by current and non-current portion is provided below: (thousands of euro)

| Provisions | Current provisions | Non current provisions | June 30, 2010 | Current provisions | Non current provisions | December 31, 2009 |
|-------------------------------------|-----------------------|---------------------------|---------------|-----------------------|---------------------------|----------------------|
| Warranty provision on products sold | 0 | 221 | 221 | 0 | 141 | 141 |
| Bonuses | 1,143 | 0 | 1,143 | 1,108 | 0 | 1,108 |
| Other provisions | 1,081 | 6,469 | 7,550 | 1,181 | 6,391 | 7,572 |
| Total | 2,224 | 6,690 | 8,914 | 2,289 | 6,532 | 8,821 |

As at June 30, 2010, the item “**bonuses**” includes the accrual of bonuses to the Group's employees, mainly in relation to the American companies, related to the financial year 2010. The movement with respect to the previous financial year is due to both the accrual of bonuses in the first half of 2010 and the payment of such bonuses for the previous financial year, but settled during the first half of 2010.

The item “**other provisions**” includes the actual value of the obligation (equal to 5,986 thousand of euro) stemming from the onerous contract entered into with the third parties of the joint venture Nanjing SAES Huadong Material Co., Ltd. at the time of acquisition, which provides for a pre-fixed remuneration until 2013.

The set aside provision represents the actual value of the total future obligation. As both the amount and the deadline are uncertain, this amount was classified among provisions; the relevant estimate for burdens for the financial year 2010 (1,004 thousand of euro) was classified as current,

while the non-current amount (4,982 thousand of euro) includes the relevant estimate for burdens for the period from 2011 to 2013.

Finally, the non-current portion includes the provision allocated in previous years by the Italian subsidiary SAES Advanced Technologies S.p.A. to account for a dispute with social-security agencies regarding contribution relief enjoyed (726 thousand of euro) and the amount of the implicit obligations of Spectra-Mat, Inc. in connection with the expenses to be incurred to monitor pollution levels at the site at which it operates (488 thousand of euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

29. TRADE PAYABLES

Trade payables stood at 10,737 thousand of euro as at June 30, 2010, up by 963 thousand of euro, in line with the business recovery compared to the second half 2009.

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

The following table provides a breakdown of trade payables by those not yet due and past due as at June 30, 2010 as compared with December 31, 2009:

(thousands of euro)

| Ageing | Total | Not yet due | Due | | | | |
|-------------------|--------|-------------|-------------------|--------------|--------------|---------------|--------------------|
| | | | less than 30 days | 30 - 60 days | 60 - 90 days | 90 - 180 days | more than 180 days |
| June 30, 2010 | 10,737 | 6,806 | 3,709 | 181 | 16 | 18 | 7 |
| December 31, 2009 | 9,774 | 6,435 | 1,409 | 1,584 | 62 | 104 | 180 |

30. OTHER PAYABLES

The item "other payables" includes amounts that are not strictly classified as trade payables and amounted to 9,610 thousand of euro as at June 30, 2010, compared with 9,990 thousand of euro as at December 31, 2009.

(thousands of euro)

| Other payables | June 30, 2010 | December 31, 2009 | Difference |
|---|---------------|-------------------|--------------|
| Payables to employees (e.g. vacations, wages and staff leaving indemnities) | 5,731 | 5,049 | 682 |
| Social-security payables | 1,109 | 1,544 | (435) |
| Tax payables (excluding income taxes) | 879 | 1,462 | (583) |
| Other | 1,891 | 1,935 | (44) |
| Total | 9,610 | 9,990 | (380) |

The item "**payables to employees**" is made up of holiday allowance accrued but not taken during the year, additional monthly salary and remuneration for the month of June 2010.

The item "**social-security payables**" primarily consists of the payables owed by the Italian Group companies to the INPS (Italy's social-security agency) for contributions to be paid on wages. It also includes payables to the treasury fund operated by the INPS and pension funds under the reformed staff leaving indemnity legislation.

The item “**tax payables (excluding income taxes)**” consists primarily of the payables owed by the Italian companies to the Treasury in connection with withholding taxes on the wages of salaried employees and independent contractors.

The item “**others**” includes the debts of the Parent Company for the variable compensation of the Directors related to the financial year 2010.

31. ACCRUED INCOME TAXES

The item consists solely of payables for taxes associated with the SAES Getters Group’s foreign subsidiaries, inasmuch as the Italian companies have elected to participate in the national tax consolidation program and the associated tax balance is included in “tax consolidation receivables from controlling company/tax consolidation payables to controlling company” (refer to Note no. 18 for further information).

Accrued income taxes came to 1,798 thousand of euro as at June 30, 2010. The item was up by 754 thousand of euro compared to the previous year, primarily due to the Group’s better results.

32. BANK OVERDRAFT

Bank overdrafts amounted to 4,033 thousand of euro as at December 31, 2009 and consisted primarily of short-term debt owed by the Parent Company in the form of hot money debt (4,000 thousand of euro). Bank overdrafts had been totally repaid during the first semester 2010.

33. ACCRUED LIABILITIES

Accrued expenses and deferred income came to 340 thousand of euro as at June 30, 2010.
(thousands of euro)

| | June 30, 2010 | December 31, 2009 | Difference |
|------------------|---------------|-------------------|--------------|
| Accrued expenses | 238 | 218 | 20 |
| Deferred income | 102 | 320 | (218) |
| Total | 340 | 538 | (198) |

34. CASH FLOW STATEMENT

The cash flow from operating activity is negative in the sum of 1,833 thousand of euro, substantially in line with the corresponding period in the previous financial year (- 1,643 thousand of euro). In more details, most of the profit made in the course of the current financial year was balanced by an increase in operational activity (trade receivables and inventories), interrelated with the recovery of the business during the first few months of 2010.

Investment activity has rather absorbed liquidity by 852 thousand of euro, to be compared with a generation of cash equal to 13,986 thousand of euro in the first half of 2009.

However, it is pointed out how investment activity in the first half of 2009 profited by the takings, equal to 18,522 thousand of euro, deriving from the sale of the polymer division of Memry

Corporation. The investments in tangible assets were equal to 2,227 thousand of euro (3,929 thousand of euro in the same period in 2009).

The balance of financing activity is, however, positive in the sum of 955 thousand of euro, compared with a negative balance equal to 27,275 thousand of euro in the first half of 2009. The finances in the previous period were characterised by the cash-out of dividends and of the partial repayment of medium to long-term debt of the company Memry Corporation.

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, 2010 | June 30, 2009 |
|---|---------------|---------------|
| Cash and cash equivalents | 25,271 | 24,481 |
| Bank overdrafts | 0 | (2,717) |
| Cash and cash equivalents, net - cash flow statement | 25,271 | 21,764 |
| Short-term financial debts | 0 | (6,110) |
| Cash and cash equivalents, net - statement of financial position | 25,271 | 15,654 |

It should be noted that as at June 30, 2009 only a portion of the bank overdrafts was repayable on demand. The remainder (6,100 thousand of euro) pertained to forms of hot money debt and it was therefore not included in net cash and cash equivalents of the cash flow statement.

35. POTENTIAL LIABILITIES AND COMMITMENTS

The guarantees that the Group has provided to third parties may be analyzed as follows:

(thousands of euro)

| Guarantees | June 30, 2010 | December 31, 2009 | Difference |
|---------------------------------------|---------------|-------------------|----------------|
| Guarantees in favour of third parties | 56,173 | 61,331 | (5,158) |
| Total | 56,173 | 61,331 | (5,158) |

Guarantees in favour of third parties consist primarily of guarantees provided by the Parent Company to secure the repayment of the loans obtained by US companies.

The due dates for operating lease obligations in existence as at June 30, 2010 are shown below:

(thousands of euro)

| | Less than 1 year | 1-5 years | Over 5 years | Total |
|-----------------------------|------------------|-----------|--------------|--------------|
| Operating lease obligations | 1,114 | 2,263 | 741 | 4,118 |

36. RELATED PARTY TRANSACTIONS

IAS 24 is followed in identifying Related Parties.

In this case, the Related Parties include:

- **S.G.G. Holding S.p.A.:** the controlling company, which is both creditor and debtor of the SAES Getters Group as a result of the adherence by the Group's Italian companies to the national tax consolidation program.
- **KStudio Associato:** a tax, legal and financial consultancy firm whose founding member is Vincenzo Donnamaria, Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. It provides tax, legal and financial consultancy services.
- **Managers with Strategic Responsibilities:** these include the members of the Board of Directors, including non-executive members, the Corporate Human Resources Manager, the Corporate Strategic Marketing Manager, the Corporate Operations Manager, the Group Legal General Counsel and the Group Business Development Manager.
- The **Board of Statutory Auditors.**

The following table shows the total values of the related party transactions undertaken in the first semester 2010 and 2009.

(thousands of euro)

| Related parties | Costs | | Revenues | | Payables | | Receivables | |
|--|-------------------|-------------------|-------------------|-------------------|---------------|-------------------|---------------|-------------------|
| | 1st semester 2010 | 1st semester 2009 | 1st semester 2010 | 1st semester 2009 | June 30, 2010 | December 31, 2009 | June 30, 2010 | December 31, 2009 |
| S.G.G. Holding S.p.A. KStudio Associato | | 18 | 1 | | 1,926 | 3,384 | 2,211 | 4,690 |
| Total | 0 | 18 | 1 | 0 | 1,926 | 3,384 | 2,211 | 4,690 |

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

(thousands of euro)

| Compensation to key management | 1st semester 2010 | 1st semester 2009 |
|--------------------------------|-------------------|-------------------|
| Short-term employee benefits | 1,224 | 1,458 |
| Post employment benefits | 0 | 0 |
| Other long-term benefits | 0 | 0 |
| Termination benefits | 59 | 150 |
| Stock grant * | 0 | 863 |
| Other benefits ** | 0 | 584 |
| Total | 1,283 | 3,055 |

* On April 21, 2009 the Shareholders' Meeting approved the free assignment of no. 100,000 ordinary shares of SAES Getters S.p.A., held in the portfolio of the Company, to the founder Dr Ing. Paolo della Porta as an acknowledgment to his career, in addition to a cash amount that could enable Dr Ing. Paolo della Porta to pay the related taxes.

** The item "other benefits" includes the cost of the taxes mentioned in the above note.

Pursuant to the Consob communications of February 20, 1997 and February 28, 1998, and to IAS 24, we report that in the first semester 2010 all related party transactions were undertaken at arm's-length conditions and no atypical, unusual or non-standard related party transactions were undertaken.

Lainate (MI), August 27, 2010

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

ANNEX 1

Interim consolidated income statement

prepared pursuant to Consob resolution no.15519 of July 27, 2006
and Communication no. DEM/6064293 of July 27, 2006

(thousands of euro)

| | 1st semester 2009 restated | of which: non recurring costs | 1st semester 2009 net of non recurring costs |
|-------------------------------------|-------------------------------|-------------------------------------|--|
| Net sales | 69,992 | 0 | 69,992 |
| Cost of sales | (39,620) | (3,292) | (36,328) |
| Gross profit (loss) | 30,372 | (3,292) | 33,664 |
| Research and development expenses | (9,093) | (1,764) | (7,329) |
| Selling expenses | (8,571) | (1,055) | (7,516) |
| General and administrative expenses | (21,262) | (6,024) | (15,238) |
| Total operating expenses | (38,926) | (8,843) | (30,083) |
| Other income (expenses), net | 439 | 434 | 5 |
| Operating income (loss) | (8,115) | (11,701) | 3,586 |
| Financial income | 441 | 0 | 441 |
| Financial expenses | (1,596) | 0 | (1,596) |
| Exchange gains (losses), net | (595) | 0 | (595) |
| Income (loss) before taxes | (9,865) | (11,701) | 1,836 |

ANNEX 2

Non-recurring income and expenses - June 30, 2009

(thousands of euro)

| | Income | Expenses | Total |
|---|------------|-----------------|-----------------|
| Cost of sales | | | |
| Amortisation, depreciation and write-down | 0 | (2,524) | (2,524) |
| Severance and other personnel indemnities | 356 | (874) | (518) |
| Other expenses | 0 | (250) | (250) |
| Total cost of sales | 356 | (3,648) | (3,292) |
| Operating expenses | | | |
| Amortisation, depreciation and write-down | 0 | (2,950) | (2,950) |
| Severance and other personnel indemnities | 204 | (4,120) | (3,916) |
| Stock and cash grant | 0 | (1,447) | (1,447) |
| Other expenses | 0 | (530) | (530) |
| Total operating expenses | 204 | (9,047) | (8,843) |
| Other income (expenses), net | | | |
| Other income (expenses) | 434 | 0 | 434 |
| Total other income (expenses), net | 434 | 0 | 434 |
| Total effect on pre-tax income | 994 | (12,695) | (11,701) |

**Certification of the interim condensed
consolidated financial statements**

CERTIFICATION OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 81-ter of Consob regulation no. 11971 of May 14, 1999 as amended

1. The undersigned, Giulio Canale, in his capacity of Vice President and Managing Director, and Michele Di Marco, in his capacity of Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify to, 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 formation of the interim condensed consolidated financial statements during the period from January 1 to June 30, 2010.

2. The following remarks apply to this situation:

- with respect to the SAES Getters 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 Getters Group for the year ended December 31, 2009, 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, 2010, we confirm that the procedures detailed in the cited above 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. All "Activity Control Matrixes" (ACMs), duly completed, were also signed following verification of the controls described therein.
- 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, concerning:
 - the consistency of summary reporting with the results of accounting records and books;
 - the test of a sample of "key" controls of the Parent Company SAES Getters S.p.A.;
 - the application of the procedures and the effective application of the associated controls at certain subsidiaries or particular company Functions.

3. Furthermore, it is hereby attested that:

3.1. the interim condensed consolidated financial statements as at June 30, 2010:

- 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 – *Interim Financial Reporting*;

- b) correspond to the results of accounting records and books;
- c) have been drafted in compliance with the provisions of the Italian Civil Code and, to the best knowledge of the undersigned, are suitable to providing 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), Italy, August 27, 2010

Vice President
and Managing Director
Dr. Giulio Canale

Officer Responsible for the preparation
of the corporate financial reports
Dr. Michele Di Marco

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