saes getters

Interim Consolidated Financial Statements 2011

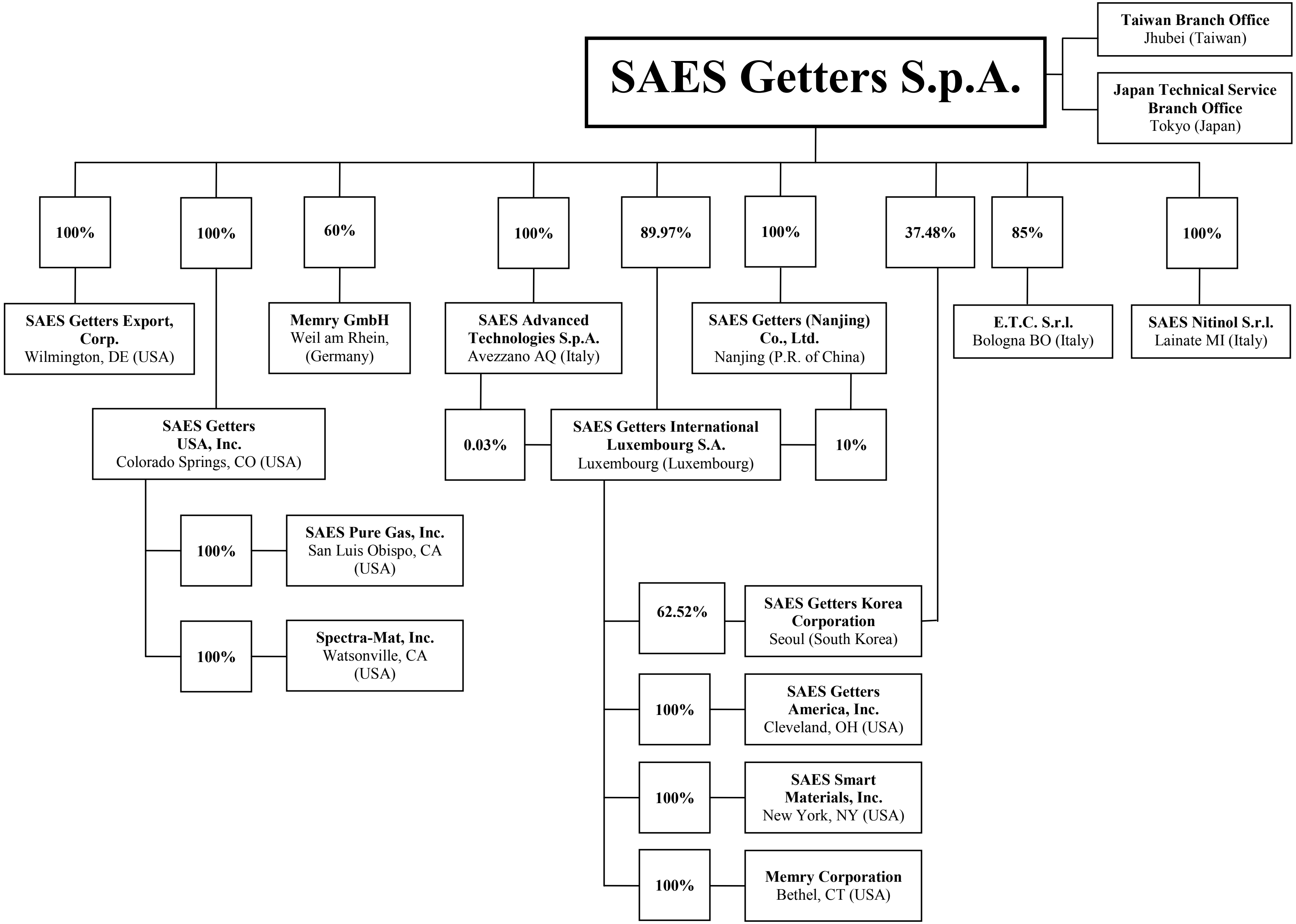
Interim Condensed Consolidated Financial Statements as at June 30, 2011

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.
Taiwan Branch Office
Jhubei (Taiwan)
Japan Technical Service Branch Office
Tokyo (Japan)
100%
SAES Getters Export, Corp.
Wilmington, DE (USA)
100%
SAES Getters USA, Inc.
Colorado Springs, CO (USA)
100%
SAES Pure Gas, Inc.
San Luis Obispo, CA (USA)
100%
Spectra-Mat, Inc.
Watsonville, CA (USA)
60%
Memry GmbH
Weil am Rhein, (Germany)
100%
SAES Advanced Technologies S.p.A.
Avezzano AQ (Italy)
0.03%
89.97%
SAES Getters International Luxembourg S.A.
Luxembourg (Luxembourg)
10%
100%
SAES Getters (Nanjing) Co., Ltd.
Nanjing (P.R. of China)
37.48%
62.52%
SAES Getters Korea Corporation
Seoul (South Korea)
100%
SAES Getters America, Inc.
Cleveland, OH (USA)
100%
SAES Smart Materials, Inc.
New York, NY (USA)
100%
Memry Corporation
Bethel, CT (USA)
85%
E.T.C. S.r.l.
Bologna BO (Italy)
100%
SAES Nitinol S.r.l.
Lainate MI (Italy)

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

INDEX

Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement data	1st Half 2011	1st Half 2010 (1)	Difference	Difference %
NET SALES				
- Industrial Applications	54,581	40,000	14,581	36.5%
- Shape Memory Alloys	19,220	18,533	687	3.7%
- Information Displays	1,939	8,324	(6,385)	-76.7%
- Advanced Materials	283	299	(16)	-5.4%
Total	**76,023**	**67,156**	**8,867**	**13.2%**
GROSS PROFIT				
- Industrial Applications	25,683	21,048	4,635	22.0%
- Shape Memory Alloys	5,957	5,832	125	2.1%
- Information Displays	(789)	4,899	(5,688)	-116.1%
- Advanced Materials & Corporate Costs (2)	(359)	(131)	(228)	-174.0%
Total	**30,492**	**31,648**	**(1,156)**	**-3.7%**
% on sales	40.1%	47.1%		
EBITDA (3)	**13,296**	**13,117**	**179**	**1.4%**
% on sales	17.5%	19.5%		
OPERATING INCOME (LOSS)	**7,391**	**7,338**	**53**	**0.7%**
% on sales	9.7%	10.9%		
NET INCOME (LOSS) (4)	**3,041**	**2,554**	**487**	**19.1%**
% on sales	4.0%	3.8%		

Balance sheet and financial data	June 30, 2011	December 31, 2010	Difference	Difference %
Property, plant and equipment, net	59,213	63,813	(4,600)	-7.2%
Shareholders' equity	101,615	108,597	(6,982)	-6.4%
Net financial position (5)	(21,259)	(22,580)	1,321	5.9%

Other information	1st Half 2011	1st Half 2010 (1)	Difference	Difference %
Cash flow from operating activities	8,761	(1,833)	10,594	578.0%
Research and development expenses	6,701	6,869	(168)	-2.4%
Number of employees as at June 30 (6)	1,068	1,089	(21)	-1.9%
Personnel cost (7)	26,775	26,482	293	1.1%
Purchase of property, plant and equipment	3,040	2,227	813	36.5%

(1) In April 2011 SAES Getters International Luxembourg S.A. got the approval by the Chinese Administrative Authorities for the completion of the transfer of its shareholding (51% of the total shares) in the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. to the Chinese minority shareholders. The economic data related to the joint venture, starting from January 1, 2011 until the date of the transfer, and the other figures resulting from the transfer operation have been classified in a separate income statement item "Net income (loss) from assets held for sale and discontinued operations" in accordance with IFRS 5.
Also revenues and expenses of the first half 2010 were reclassified to enable a homogeneous comparison with 2011.

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

(3) 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 interests, taxes, depreciation and amortization".

(4) It includes the net loss from assets held for sales and discontinuing operations equal to +292 thousand of euro in the first semester 2011 and +304 thousand of euro in the corresponding period of the previous year.

(5) The figure as at December 31, 2010 includes the 51% of the net cash of the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. (equal to 1,650 thousand of euro) whose shareholding has been sold in April 2011. Excluding the Group's share into the cash of Chinese joint venture, the net financial position would have been equal to -24.2 million of euro.

(6) As of June 30, 2011 this item includes:
- employees for 1,026 units;
- personnel employed with contract types other than salaried employment agreements equal to 42 units.

As of June 30, 2010 this figure includes the employees (equal to 38 units, based on the Group's percentage of ownership) of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., whose transfer has been closed in April 2011.

(7) As of June 30, 2011 the severance costs, included in the personnel cost, are equal to 445 thousand of euro; instead, the use of C.I.G. (ordinary redundancy fund) has determined a reduction in the personnel cost equal to 633 thousand of euro.
As of June 30, 2010 the severance costs were equal to 783 thousand of euro, while the use of C.I.G. had determined a reduction in the personnel cost equal to 348 thousand of euro.

Interim report on operations of the 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 fields.

With an overall production capacity spread out over ten facilities on three continents, a commercial and technical support network with worldwide coverage and more than 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.

Group's organizational 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 (LCD)	Getters and metal dispensers for liquid crystal displays
Cathode Ray Tubes (CRT)	Barium getters for cathode ray tubes
Advanced Materials Business Development Unit	
Advanced Materials	Dryers and highly sophisticated getters for OLED, sealants for solar panels and energy storage getter devices

Main events for the first semester 2011

The sales of the first half of 2011 (+13.2% compared to the first half of 2010) show that SAES Getters has finally overcome its dependence on the Information Displays sector, which records volumes now irrelevant, and has consolidated its growth, despite the penalizing effect of exchange rates, in the other sectors where the Group operates (industrial applications and shape memory alloys, current reference sectors for SAES Getters).

In particular, in the Industrial Applications Business the growth was maily related to the gas purification Business (+106.3% compared to the first semester 2010), whose positive trend in revenues was already started last year, driven by investments in new factories for the production of both semiconductors and LEDs.
Also the Lamps Business shows a growth in sales (+6.2%), favoured by the market trend to adopt the solutions proposed by SAES Getters which are able to dose low quantity of mercury, as well as sales of getters for vacuum electronic devices (+7% is the sales increase in the Electronic Devices Business).

In the Shape Memory Alloys Business, the growth (+3.7% compared to the first semester 2010) is mainly driven by the sales of semi-finished products. Sales on the European market appear to be substantially increased.
Please note the positive contribution from the industrial SMA segment, representing a significant opportunity for the future development of SAES Getters.

In the Information Displays sector, sales of barium getters for CRTs and mercury dispensers for LCDs are now irrelevant compared to the total Group net sales (only 1.9 million of euro, equal to 2.5% of the total sales of the semester). However, in this segment a future growth is expected thanks to the sale of innovative getter solutions for OLEDs[1], which represent, together with the already mentioned SMAs for industrial applications, the most important area of future growth and on which there have been the first positive feedbacks from the market.

The current composition of the product mix has a different margin structure compared to the first half of 2010, when the LCDs sector still accounted for a significant share. In particular, there is a higher impact of industrial costs that reduce the consolidated gross margin; however, the latter is higher compared to the last period of 2010, characterized by a product mix comparable with that of the semester just ended (40.1% in the first half 2011, compared to 39.6% in the second half 2010).

In April 2011, the Group, through its subsidiary SAES Getters International Luxembourg S.A., after having obtained the approval from the Chinese Administrative Authorities, has finalized the transfer of its shareholding (51% of the total shares) in the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. to the Chinese minority shareholders Nanjing Huadong Electronics Information Technology Co., Ltd. ("Huadong") and Nanjing DingJiu Electronics Co., Ltd. ("DingJiu").
The agreement, in addition to the sale of the stake for a symbolic transfer price equal to 2 Chinese Renminbis, included also the payment by SAES Getters International Luxembourg S.A. of a sum equal to RMB 30 million (3.4 million of euro) to be distributed to the minority shareholders in proportion to their shareholdings, to honour the contractual obligation already accrued in the 2009 financial statements. This disbursement, as specified in the 2010 financial statements, was already paid in cash on December 1, 2010.
The Chinese joint venture, established in August 2006, worked in the production and distribution of components for LCDs and other industrial applications. The sale of its stake by SAES Getters is part of the plan to rationalize non-strategic investments, resulting from the strong changes occurred in some sectors and markets of reference. SAES Getters Group continues to operate in China through its subsidiary SAES Getters (Nanjing) Co., Ltd.

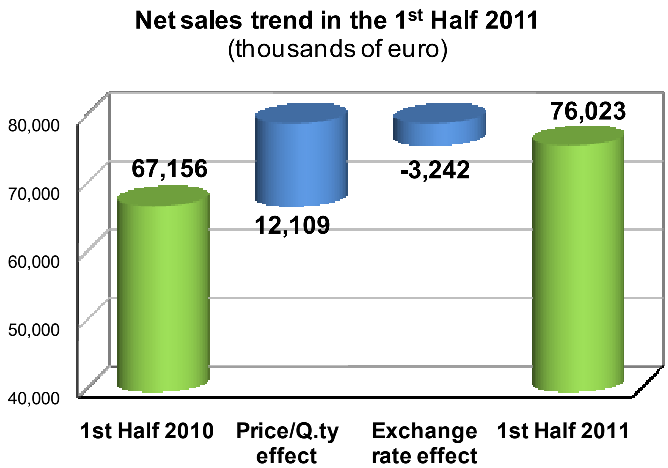
During the first half of the year, it was also completed the shut-down of the factory dedicated to the LCDs production of the subsidiary SAES Getters Korea Corporation, which continues to operate in the Korean area as a distributor of products made by other Group companies. The building and part of the production

[1] Please note that the figures related to OLEDs are currently included in the Advanced Materials Business Development Unit.

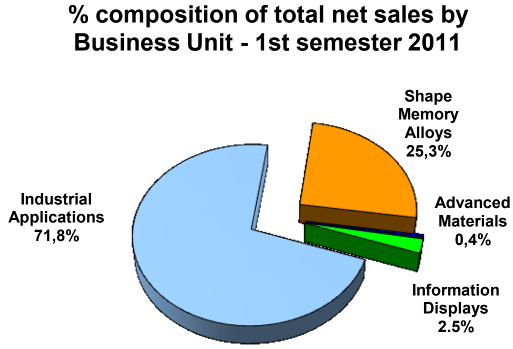
facilities were sold to local third parties. The net economic impact associated with this operation is essentially irrelevant (+97 thousand of euro[2]).

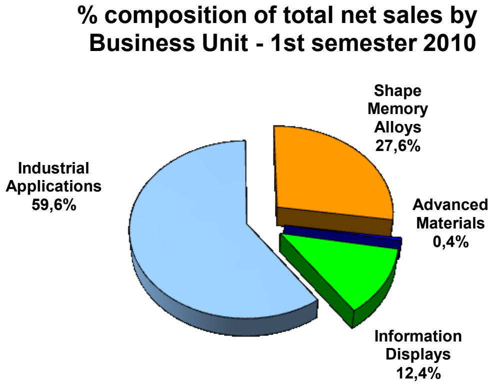
Sales and economical results for the first semester 2011 compared with the prior year

In the first half 2011, SAES Getters Group has achieved **consolidated net sales** equal to 76,023 thousand of euro, with a strong increase of 13.2% compared to 67,156 thousand of euro achieved in the corresponding period of the last year, despite the penalizing **exchange rate effect** (-4.8%), due to the weakening of the U.S. dollar against the euro during the second quarter of the year. At comparable exchange rates, the consolidated net sales would have increased by 18% compared to the last year.
At sales level, the **scope of consolidation** is unchanged compared to the first semester 2010[3]:



In the first half 2011 sales confirm the upward trend already occurred during the previous year.
Both the Industrial Applications sector and that of the Shape Memory Alloys ended the first half of the year with a turnover higher than the corresponding period of 2010 and this growth has allowed to completely offset the decline in the Information Displays segment, which records volumes now almost irrelevant (the turnover of the Display sector represents now only 2.5% of consolidated sales).





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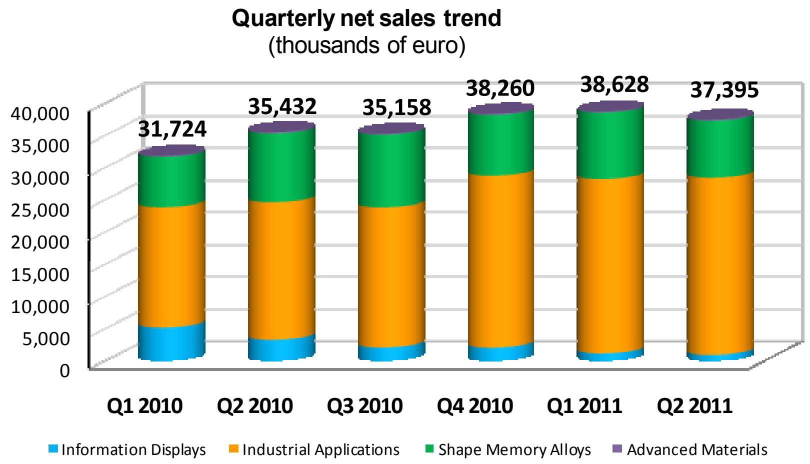
[2] Equal to the difference between the capital gain realized from the sale of the building and the production plants (+496 thousand of euro) and the severance costs (-374 thousand of euro) and other costs (-25 thousand of euro).

[3] Following the completion of the transfer of its shareholding (51% of the total shares) in the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. to the Chinese minority shareholders, the Group's share in net sales relating to the joint venture, starting from January 1, 2011 until the date of the transfer, has been classified in a separate income statement item "Net income (loss) from assets held for sale and discontinued operations" in accordance with IFRS 5.Also revenues of the first half 2010 were reclassified to enable a homogeneous comparison with 2011.

With reference to the quarterly trend of revenues, consolidated sales of the second quarter 2011 (37,395 thousand of euro), are slightly lower than those of the first quarter 2011 (equal to 38,628 thousand of euro); however, excluding the negative effect of exchange rates, and in particular the devaluation of the dollar against the euro that occurred in the second quarter of the semester (-4.2%), sales in the second quarter confirm the upward trend started last year (the growth is +1% at comparable exchange rates compared to the first quarter 2011).



The following table contains a breakdown of net sales in the first semester 2011 and 2010 by business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)

Business	1st Half 2011	1st Half 2010 (*)	Difference	Difference %	Exchange rate effect %	Price/Q.ty effect %
Lamps	6,643	6,254	389	6.2%	-0.5%	6.7%
Electronic Devices	12,634	11,804	830	7.0%	-3.4%	10.4%
Vacuum Systems and Thermal Insulation	6,307	7,883	(1,576)	-20.0%	-0.6%	-19.4%
Semiconductors	28,997	14,059	14,938	106.3%	-11.8%	118.1%
Subtotal **Industrial Applications**	**54,581**	**40,000**	**14,581**	**36.5%**	**-5.3%**	**41.8%**
Subtotal **Shape Memory Alloys**	**19,220**	**18,533**	**687**	**3.7%**	**-5.5%**	**9.2%**
Liquid Crystal Displays	947	6,181	(5,234)	-84.7%	-0.4%	-84.3%
Cathode Ray Tubes	992	2,143	(1,151)	-53.7%	-2.3%	-51.4%
Subtotal **Information Displays**	**1,939**	**8,324**	**(6,385)**	**-76.7%**	**-0.9%**	**-75.8%**
Subtotal **Advanced Materials**	**283**	**299**	**(16)**	**-5.4%**	**-1.8%**	**-3.6%**
Total net sales	**76,023**	**67,156**	**8,867**	**13.2%**	**-4.8%**	**18.0%**

In the first semester 2011, the sales of the **Industrial Applications Business Unit** were equal to 54,581 thousand of euro, with a marked increase (+36.5%) compared to 40,000 thousand of euro in the first half 2010. The trend of the euro compared to the other main currencies caused a negative exchange rate effect equal to -5.3%, while organic growth was equal to 41.8%.
Compared to the first half of last year, please note that there were increases in almost all businesses; in particular, in the field of gas purification (*Semiconductors* Business), revenues more than doubled (+106.3%) and they strengthen the growth trend started at the end of 2009, also driven by investments in new factories, including those for the production of LEDs, and by the launch of new products.
Also in the *Lamps* Business turnover is growing (+6.7% net of the exchange rate effect) compared to the first half 2010, a period that was most affected by the uncertainty arising from the international economic crisis. The main increase regards the sales of dispensers for fluorescent lamps, which more than offset the slight decline in the segment of discharge lamps, related to the repositioning of the main production sites of lamps in China and to the increasing competition by local getter producers.
In the *Electronic Devices* Business all the applications show increasing revenues compared to the corresponding period in 2010 (+10.4% is the overall organic growth); in particular, the increase is

attributable to higher sales of getter solutions for MEMS, to the growth in the segment of infra-red detectors, utilized not only in military applications but also increasingly used in civil and commercial solutions, and to the higher sales of getters and dispensers for vacuum tubes used both in medical applications and in electrical high-power lines.
Within the Industrial Applications Business Unit, the only exception is represented by the *Vacuum Systems and Thermal Insulation* segment, whose revenues have decreased by 20% for cyclical reasons, related in particular to the smaller number of special projects undertaken in the field of getter pumps for particle accelerators, but for which a recovery is expected in the second half of the year, also thanks to the increasing penetration of the new products recently introduced on the market. There is a decline also in the sales of getters for solar collectors, whose economic cycle is slowed down by the reduced public funding and incentives available to potential customers.

In the first half 2011, sales of the business unit dedicated to S**hape Memory Alloys** amounted to 19,220 thousand of euro, compared to 18,533 thousand of euro in the corresponding period of 2010 (+3.7%). Sales of the semester, primarily in U.S. dollars, have been penalized by the effect of the devaluation of the dollar against the euro; excluding the exchange rate effect (-5.5%), organic growth was equal to +9.2%.
The increase is mainly due to higher sales of semi-finished products. With reference to geographical areas, sales in Europe appear to be substantially increased and they have almost doubled compared to the first half 2010, although still lower than those of the U.S. market in absolute terms.

In the first half 2011, sales of the **Information Displays Business Unit** were equal to 1,939 thousand of euro, down by 76.7% compared to 8,324 thousand of euro in the corresponding period of 2010. The exchange rate effect was slightly negative and was equal to -0.9%.
This decrease (-75.8% net of exchange rate effect) is mainly due to the structural and irreversible decline in the business of fluorescent lamps for the backlighting of liquid crystal displays (LCDs). However, as already mentioned before, in the field of displays, the Group foresees a future growth from sales of highly innovative getter solutions for OLED applications[4], which are expected to first stand next to the current LCDs technology and then gradually replace it.

Sales of the **Advanced Materials Business Development Unit** were equal to 283 thousand of euro in the first half 2011, with a slight decrease compared to 299 thousand of euro of the corresponding period in 2010. Negative the exchange rate effect (-1.8%).

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

(thousands of euro)

Geographical area	1st Half 2011	%	1st Half 2010	%	Difference	Difference %
Italy	792	1.0%	1,080	1.6%	(288)	-26.7%
Europe	15,102	19.9%	12,732	19.0%	2,370	18.6%
North America	30,788	40.5%	29,388	43.8%	1,400	4.8%
Japan	2,825	3.7%	3,814	5.7%	(989)	-25.9%
South Korea	7,690	10.1%	5,098	7.6%	2,592	50.8%
China	9,812	12.9%	5,760	8.6%	4,052	70.3%
Other Asians countries	8,725	11.5%	9,031	13.4%	(306)	-3.4%
Others	289	0.4%	253	0.4%	36	14.2%
Total net sales	**76,023**	**100%**	**67,156**	**100%**	**8,867**	**13.2%**

The significant increase in sales in the Far East (in particular, South Korea and China) is due to the aforementioned sales growth in the business of purification, which completely offsets the well-known

4 Please note that the figures related to OLED applications are currently included in the Advanced Materials Business Development Unit.

crisis in the LCDs sector. Also increasing sales in North America (thanks to the semiconductor business) and in Europe (where increased sales of purifiers and SMA semi-finished products offset the economic downturn in the field of getter pumps for particle accelerators).
The decrease of sales in Japan is only due to the contraction of the LCDs business.

Total **consolidated gross profit** amounted to 30,492 thousand of euro (40.1% on consolidated sales) in the first half 2011, down compared to 31,648 thousand of euro (to 47.1% on consolidated sales) in the first half 2010. This decline, despite the increase in revenues, is due to the different sales mix and, in particular, to the drastic reduction in the LCDs turnover that penalizes the margins of the **Information Displays** business and adversely affects the profitability of the entire Group. However, if we compare the first half 2011 with the last semester 2010, characterized by a comparable product mix, gross margin appears to be increasing (from 39.6% of the second half 2010 to 40.1% of the first semester 2011).
Compared with the first semester 2010, it has to be noted the shift in the sales mix towards products with a higher consumption of raw materials and the consequent reduction of the gross profit of the **Industrial Applications** business from 52.6% to 47.1%. The decrease is primarily concentrated in the gross margin of the semiconductors business, due to higher sales of "large purifiers" with marginality lower than the average one. In **Shape Memory Alloys** sector, gross margin of the semester was substantially aligned with that of the corresponding period of 2010.

In the Information Displays Business Unit, the gross profit of the first six months of 2011 is further penalized by the costs, totaling 382 thousand of euro, related to the shut-down of the production plant of the Korean subsidiary SAES Getters Korea Corporation (particularly, severance costs); excluding these costs, the gross margin would have been equal to 40.6% (30,874 thousand of euro in absolute terms).

The following table shows gross profit by Business Unit for the first semester 2011 and 2010:

(thousands of euro)

Business Unit	1st Half 2011	1st Half 2010	Difference	Difference %
Industrial Applications	25,683	21,048	4,635	22.0%
% on Business Unit net sales	47.1%	52.6%		
Shape Memory Alloys	5,957	5,832	125	2.1%
% on Business Unit net sales	31.0%	31.5%		
Information Displays	(789)	4,899	(5,688)	-116.1%
% on Business Unit net sales	-40.7%	58.9%		
Advanced Materials & Corporate Costs	(359)	(131)	(228)	-174.0%
% on Business Unit net sales	-126.9%	-43.8%		
Gross profit	**30,492**	**31,648**	**(1,156)**	**-3.7%**

In the first half 2011, total **consolidated operating result** was positive and equal to 7,391 thousand of euro, compared to 7,338 thousand of euro in the corresponding period of last year. As a percentage of revenues, operating margin was equal to 9.7%, compared to 10.9% in 2010.
Operating income recorded a slight increase (+0.7%), despite the decline of gross profit, mainly as the result of the containment of operating expenses, which benefit also from the positive exchange rate effect (about -1.7%) resulting from the devaluation of the dollar against the euro.

At Business Unit level, the decrease in the operating result of the Information Displays sector is totally offset by the growth in the Industrial Applications business (particularly Semiconductors Business and Electronic Devices Business) and in the SMA sector.

The following table shows operating income by Business Unit for the first semesters 2011 and 2010:

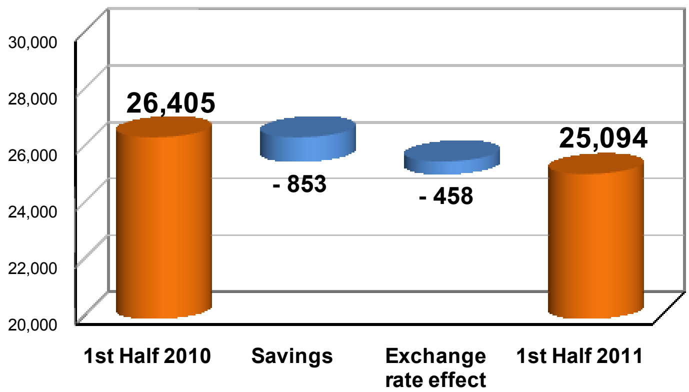
(thousands of euro)

Business Unit	1st Half 2011	1st Half 2010	Difference	Difference %
Industrial Applications	17,283	13,931	3,352	24.1%
Shape Memory Alloys	1,247	479	768	160.3%
Information Displays	(1,420)	2,136	(3,556)	-166.5%
Advanced Materials & Corporate Costs	(9,719)	(9,208)	(511)	-5.5%
Operating income (loss)	**7,391**	**7,338**	**53**	**0.7%**

Total **consolidated operating expenses** amounted to 25,094 thousand of euro in the first half 2011, down compared to 26,405 thousand of euro in the first half 2010, demonstrating the continuing commitment of the Group in the control of costs. The decrease in general and administrative expenses completely absorbs the increase in selling expenses, mainly due to increasing commissions paid to the agents as a result of increased sales in the business of purification. Research and Development expenses were substantially unchanged in absolute terms.

The following graph shows the trend of operating costs in the first half 2011:

Trend of operating expenses in the 1st Half 2011
(thousands of euro)



On the whole, the item personnel cost came to 26,775 thousand of euro, with a slight increase compared to the same period of the previous year (equal to 26,482 thousand of euro). Excluding, both in 2011 and in 2010, the severance costs[5] and the savings resulting from the adoption of C.I.G.[6] – ordinary redundancy fund – at the Parent Company and at the Italian subsidiary SAES Advanced Technologies S.p.A., personnel cost increased by 918 thousand of euro mainly due to the increase in the average number of the Group's employees following the strong growth of the business of purification.

The net result of the semester includes depreciation and amortization expenses equal to 5,415 thousand of euro compared to 5,852 thousand of euro in the corresponding period of 2010. The lower depreciation is a result of the end of the useful life of some intangible assets of the U.S. subsidiaries, identified at the moment of the acquisition, reached during the semester.

Consolidated EBITDA was equal to 13,296 thousand of euro in the first semester 2011, compared to 13,117 thousand of euro in the same period of 2010. As a percentage of revenues, EBITDA was equal to 17.5% in the first half 2011, compared to 19.5% in the same semester of 2010.

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[5] Severance costs are equal to 445 thousand of euro in the first semester 2011 (of which 374 thousand of euro related to the shut-down of the Korean manufacturing site) and 783 thousand of euro in the first half 2010.

[6] Saving resulting from the adoption of C.I.G. – ordinary redundancy fund - is equal to 633 thousand of euro as at June 30, 2011 and to 348 thousand of euro as at June 30, 2010.

The net balance of other income (expenses) was positive and equal to 1,993 thousand of euro, compared to a positive figure of 2,095 thousand of euro in the first half 2010 and it is represented by the royalties in U.S. dollars accrued during the semester following the licensing of the thin film getter technology for MEMS of new generation to ST (1.1 million of euro), by the capital gain realized by the Korean subsidiary from the sale of its factory located in Jincheon (0.5 million of euro) and by operating grants accrued by the Parent Company for ongoing research projects (0.3 million of euro). Compared to last year, the capital gain realized by the Parent Company in the first half 2010 for the sale of some assets is completely offset by an increased income from ST and by the capital gain realized by SAES Getters Korea Corporation.

The net balance of financial income (expenses) was negative and amounted to -689 thousand of euro (-1,325 thousand of euro in the corresponding period of 2010) and it mainly includes interests on loans held by the American companies and the effect on the income statement of the evaluation of Interest Rate Swaps (IRS) subscribed by those companies, to which is attributable the positive change compared to the first half 2010 (+636 thousand of euro).

The sum of the exchange rate differences recorded in the first half of the year a positive balance of 81 thousand of euro, compared with a negative figure of -1,978 thousand of euro in 2010.
In the first half 2010, foreign exchange losses were due to the translation of cash and cash pooling financial receivables denominated in euro of the foreign subsidiaries, as a result of 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. Starting from the second half 2010, the Group has, on one hand, reduced the financial exposure of the Parent Company towards its foreign affiliates and, on the other hand, it has integrated its hedging policy by subscribing forward sale contracts in euro, with the aim of limiting unrealized exchange rate losses; the same hedging policy, maintained also in 2011, made it possible to end the semester with a result related to the exchange rates close to zero.

Pre-tax income was positive and amounted to 6,783 thousand of euro, showing a strong increase compared to 4,035 thousand of euro in the first half 2010 (+68.1%).

Income taxes were equal to 4,034 thousand of euro, compared to 1,910 thousand of euro in the first half 2010. The tax rate increase, that increases from 47.3% in 2010 to 59.5% in 2011, is mainly due to higher tax losses realized by the Parent Company in the Italian tax consolidation program (Note no. 16), on which positive deferred taxes are not recognized, given that there isn't the reasonable certainty of their recoverability in future years.

The line "Income (loss) from assets held for sale and discontinued operations " (+292 thousand of euro as of June 30, 2011) includes the release through profit and loss of the translation reserve arising from the consolidation of the joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., following the closing of the sales of the Chinese company.

Consolidated net income was positive and amounted to 3,041 thousand of euro in the first half 2011, with an increase compared to a net income of 2,554 thousand of euro in the first half 2010.

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, 2011	December 31, 2010	June 30, 2010
Cash on hand	14	11	11
Cash equivalents	15,346	20,566	25,260
Cash and cash equivalents	**15,360**	**20,577**	**25,271**
Current financial assets	**103**	**0**	**5**
Bank overdraft	(3)	(1,504)	0
Current portion of long term debt	(9,942)	(11,683)	(8,221)
Other current financial liabilities	(1,583)	(948)	(1,797)
Current financial liabilities	**(11,528)**	**(14,135)**	**(10,018)**
Current net financial position	**3,935**	**6,442**	**15,258**
Long term debt, net of current portion	(24,856)	(29,971)	(40,794)
Other non current financial debts	(338)	(701)	(688)
Non current financial liabilities	**(25,194)**	**(30,672)**	**(41,482)**
Net financial position	**(21,259)**	**(24,230)**	**(26,224)**
Cash and cash equivalents held for sale	0	1,650	0
Total net financial position	**(21,259)**	**(22,580)**	**(26,224)**

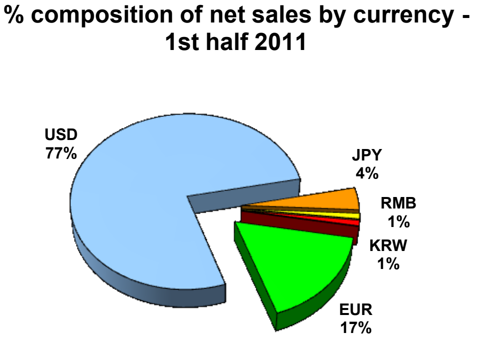
The **consolidated net financial position** as at June 30, 2011 was negative and equal to -21,259 thousand of euro (cash of 15,360 thousand of euro vs. net financial liabilities of -36,619 thousand of euro), and it compares with a negative net financial position equal to -22,580 thousand of euro as at December 31, 2010. As of December 31, 2010 the net financial position included the net cash of the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., which was sold to the Chinese minority shareholders in April 2011 following the completion of the transfer by SAES Group of its shareholding (for further details please refer to the paragraph "Main events for the first semester 2011), net of which the net financial position would have been negative and equal to -24,230 thousand of euro.

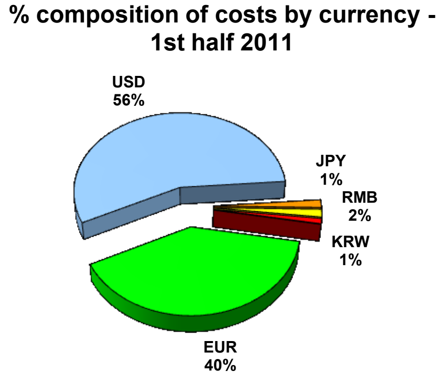
Compared to December 31, 2010, the improvement is predominantly due to the operating cash flows, which have more than offset the investment activity (-2,868 thousand of euro) and the cash-out for the payment of dividends (-4,410 thousand of euro).
The exchange rate effect was positive (about +1.7 million of euro): in fact, 83% of the Group's loans is represented by U.S. dollar funding held by the American subsidiaries, whose equivalent value in euro has declined following the devaluation of the dollar against the euro.
It has to be noted that, with reference to the net financial position as at June 30, 2011, a further depreciation of the U.S. dollar by 5% would have had a positive impact of approximately 1 million of euro, whereas an appreciation of the same percentage amount would have had a negative impact of approximately 1.1 million of euro.

Cash flow from operating activity was positive by 8,761 thousand of euro, with a strong increase compared to a negative figure of -1,833 thousand of euro in the first half 2010: the increase of self-financing comes along with an improvement in the net working capital.

In the first six months of 2011 the cash out for investments in tangible assets was equal to 3,040 thousand of euro (2,227 thousand of euro in the same period of 2010) and was partially offset by proceeds from the sale of certain assets equal to 1,759 thousand of euro (in particular, the factory and the production plants of the of the subsidiary SAES Getters Korea Corporation). Investments in intangible assets were not significant in absolute terms (19 thousand of euro). For further details please refer to the Note no. 13.

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 semester 2011 the Parent Company achieved sales of 2,167 thousand of euro, with a decrease of 2,438 thousand of euro compared to the corresponding period of the previous year (4,605 thousand of euro). The decrease is mainly due to the lower turnover made by the Liquid Crystal Displays Business in the Taiwan region. The net result recorded by the Parent Company was equal to 3,116 thousand of euro, compared with 7,085 thousand of euro as at June 30, 2010. The reduction in the net profit is mainly due to the lesser net dividends collected from the subsidiaries and the higher tax burden (higher IRES taxes calculated on the basis of the "CFC" regulations and higher fiscal losses, under the Italian tax consolidation program, on which prudentially no deferred tax assets have been recognized). The decrease in the gross profit, resulting from the reduction of the turnover, is however offset by the decrease in operating expenses.
The use of *Cassa Integrazione Guadagni Straordinaria* (C.I.G.S. – extraordinary redundancy fund) instrument gave rise, during the first half 2011, to a decrease in personnel costs equal to 155 thousand of euro (228 thousand of euro in the first half 2010).

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

In the first six months, the company achieved a turnover of 19,823 thousand of euro, with a decrease from 22,121 thousand of euro in the previous period. The decrease in sales of mercury dispensers for LCDs (consequence of the structural crisis of this business) and of getter pumps for particle accelerators (due to fewer special projects undertaken in this area) is only partially offset by the growth in sales in all other sectors of the Industrial Applications Business Unit. The company closed the semester with a net profit of 2,759 thousand of euro, to be compared with 4,860 thousand of euro in the previous financial year: the decline in sales caused a reduction of the gross margin, which negatively reflected on the net result; fixed costs were substantially aligned with the first half of 2010.
The use of *Cassa Integrazione Guadagni Ordinaria* (C.I.G.O. – ordinary redundancy fund) instrument gave rise, during the two months May-June 2011, to a decrease in personnel costs equal to 477 thousand of euro (in the first half 2010, the use of C.I.G.O. resulted in a decrease of 120 thousand of euro).

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

The company reported consolidated net sales of USD 50,147 thousand during the half-year (35,738 thousand of euro at the average exchange rate for the period), compared with USD 27,951 thousand (21,063 thousand of euro at the average exchange rate for the previous period) and a consolidated net income of USD 5,841 thousand (4,163 thousand of euro), compared to a consolidated net income of USD 2,945 thousand in the corresponding period of 2010 (2,219 thousand of euro).

Further comments are provided below.

The U.S. parent company ***SAES Getters USA, Inc.*** (which operates primarily in the Industrial Applications Business Unit) reported sales of USD 5,767 thousand, substantially aligned with those of the previous fiscal year (USD 5,959 thousand). The company ended the semester with a net income of USD 5,841 thousand, with a strong growth compared to a net income of USD 2,945 thousand in the first semester 2010, despite the slight drop in turnover, due to both higher income on the measurement of the equity investments in the subsidiaries SAES Pure Gas, Inc. and Spectra-Mat, Inc., and foreign-exchange income originating from the translation of the cash-pooling financial receivables, denominated in euro, towards the Parent Company, following the depreciation of the U.S. dollar against euro (in the first half 2010, instead, the dollar appreciated compared to the end of 2009 and generated foreign-exchange losses).

The subsidiary ***SAES Pure Gas, Inc.***, based in San Luis Obispo, CA (USA) (active in the Semiconductors business) reported sales of USD 40,632 thousand (compared to USD 18,616 thousand in the first semester 2010) and a net income equal to USD 3,792 thousand (compared with a net profit of USD 2,340 thousand in June 2010). The significant increase in the net income is a consequence of sales of purifiers which have more than doubled from the past fiscal year, driven by new investments in factories of semiconductors and for the production of LEDs.

The subsidiary ***Spectra-Mat, Inc.***, Watsonville, CA (USA), active in the Electronic Devices Business, achieved a turnover of USD 3,747 thousand in the first half 2011 (USD 3,375 thousand in the corresponding period f the previous year) and a net income of USD 56 thousand (USD -96 thousand was the loss as at June 30, 2010). The increase in sales volumes (higher sales of cathodes for vacuum tubes mainly for military applications) allowed closing the semester with a positive net result.

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

The company, which carries out manufacturing activity mainly in the CRTs business and deals in the resale in the Chinese territory of products manufactured by other Group companies, ended the first semester 2011 with net sales equal to RMB 19,683 thousand (2,145 thousand of euro), compared to a turnover of RMB 25,334 thousand (equal to 2,797 thousand of euro) in the corresponding period of the previous year. The drop in the sales of getters for CRTs was partially offset by greater commissions paid by the associate SAES Pure Gas, Inc. on the sales of purifiers made by the latter on the Chinese territory and by the sales of getters in the vacuum thermal insulation sector.
The company ended the period with a net loss of RMB 1,070 thousand (117 thousand of euro), down from a net income of RMB 2,417 thousand (267 thousand of euro) in the previous period, mainly due to the reduction in sales volumes in the CRTs business.

MEMRY GmbH, Weil am Rhein (Germany)

The company, which manufactures and markets in the European territory shape memory alloy components for both medical and industrial applications, in the first semester 2011 reported sales equal to 1,884 thousand of euro, with a strong growth (+86%) compared to sales equal to 1,015 thousand of euro in the previous year, and a net income of 169 thousand of euro, more than doubled compared to 69 thousand of euro in 2010.
It should be noted that SAES Getters S.p.A., which currently owns 60% of the German company, on December 15, 2008, simultaneously at the purchase of an additional 10% shareholding, entered into an agreement to acquire the reminder of the company's capital stock in two instalments, each equal to 20% shareholding, respectively in the first half 2012 and in the first half 2014.

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

The company, which is owned directly by SAES Getters S.p.A., operates with the object of managing the exports of some U.S. Group's companies.

In the first half 2011 it reported a net income of USD 6,588 thousand (4,695 thousand of euro), up on the year 2010 (USD 2,293 thousand, equal to 1,728 thousand of euro) due to higher commission income collected from the associate SAES Pure Gas, Inc., whose exports increased significantly during the current year.

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

The company, a spin-off supported by the National Research Council (CNR), incorporated in February 2010, is located in Bologna and has as its purpose the development of functional materials for applications in the Organic Electronics and in the Organic Photonics and also the development of integrated organic photonic devices for niche applications.
The company, which operates exclusively as a research centre for the above developments, ended the first half 2011 with a net loss equal to -928 thousand of euro (-840 thousand of euro was the net loss of the period February-June 2010), which, under the signed Shareholders' Agreements, will be entirely covered by SAES Getters S.p.A.

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 grant of intra-Group loans and the coordination of Group services.
As at June 30, 2011, the company reported a net loss equal to -51 thousand of euro, compared to a net loss of -4,555 thousand of euro in the previous year. It should be noted that as at June 30, 2010 the result was penalized by the adjustment of the value of some investments in subsidiaries (-5,928 thousand of euro), net of which the semester would have ended with a net income equal to 1,373 thousand of euro. The decrease in the result of the first half 2011, compared to the latter adjusted figure of 2010 is primarily attributable to lesser dividends received from the 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% owned by SAES Getters International Luxembourg S.A., whereas the remainder of the capital stock is held directly by the Parent Company SAES Getters S.p.A. It should be noted that the Korean company, which operated primarily in the production of components for liquid crystal displays, during the first half 2011, as a consequence of the further decline in the LCDs business, has ceased the production and has sold the industrial building to local third parties. It will continue to operate as a distributor of products made by other Group's companies in the Korean area. The effect on the income statement of this operation was positive and equal to KRW +151 million (97 thousand of euro), originated from the difference between the capital gain deriving from the assets' sale (KRW 766 million) and the severance costs and other costs related to the disposal (KRW 615 million).
In the first half 2011 the company reported net sales equal to KRW 1,977 million (1,280 thousand of euro), down sharply from KRW 5,665 million (3,700 thousand of euro), due to the already mentioned structural crisis in the LCDs segment, which resulted in a decline in both volumes and prices of the products sold. The period ended with a negative net result equal to KRW -454 million (-294 thousand of euro), compared to a net loss of KRW -1.312 million (-857 thousand of euro) as at June 30, 2010. The improvement in the net result, despite the decline in sales, is mainly explained by the fact that 2010 result included the exchange losses arising from the conversion of the liquid availability and of the cash pooling financial credit towards the Parent Company, both denominated in euro, following the revaluation of the Korean won compared with December 31, 2009; during the current year, these exchange differences have been neutralized by the subscription of specific hedging contracts.

The subsidiary ***SAES Getters America, Inc.***, with registered office in Cleveland, OH (USA), last year had only operated as a distributor of products made by other Group's companies in the U.S. market; but during the first half 2011, the company has resumed its manufacturing activity, using the

production facilities and the resources of the U.S. subsidiary SAES Getters USA, Inc., after having signed with the Parent Company an agreement for the licensing of the PageLid® technology.
In the semester, the company achieved net sales of USD 3,796 thousand (2,705 thousand of euro), substantially in line with that of the first half 2010 (equal to USD 3,861 thousand or 2,909 thousand of euro). The period ended with a net income of USD 651 thousand (464 thousand of euro), up from USD 515 thousand (388 thousand of euro) as at June 30, 2010, thanks to the marketing of products with higher margins (the gross margin rose from 19.5% to 23.5%).

The company ***SAES Smart Materials, Inc.***, based in New York, NY (USA), active in the development, production and sale of shape memory alloy semi-finished products, achieved during the period net sales equal to USD 7,534 thousand (5,369 thousand of euro), with a strong growth (+48.5%) compared to USD 5,074 thousand (3,824 thousand of euro) in the first half 2010. The period ended with a net income of USD 1,276 thousand (910 thousand of euro), almost tripled compared to a net income of USD 398 thousand (300 thousand of euro) in 2010, as the result of increased sales volumes.

Memry Corporation, Bethel, CT (USA), is a technological leader in the new generation medical devices with high engineering value sector, made of NiTinol shape memory alloys.
In the first six months 2011, the company achieved sales of USD 19,180 thousand (13,668 thousand of euro), slightly down from the corresponding period of the previous year (USD 19,393 thousand, equal to 14,614 thousand of euro). The substantial stability is the result of the reduction in the volumes of mature components exiting from the market, balanced by an increase of new products.
The first half 2011 ended with a net income of USD 408 thousand, equal to 291 thousand of euro, compared with a net result substantially in balance in 2010 (USD -66 thousand, equal to -50 thousand of euro): the decrease in the sales and in the gross profit was more than offset by the reduction in the operating expenses (lower bonuses and lower amortization as a result of the end of the useful life of some intangible assets identified in 2008 at the time of acquisition).

Research, development and innovation activities

In the first half 2011, total research and development expenses amount to 6,701 thousand of euro and are equal to 8.8% of total consolidated net sales, percentage remained essentially unchanged if compared to the previous periods, bearing witness to the importance of research to the SAES Getters Group.

In the first half of 2011, research has particularly focused on the fine tuning of the DryPaste® getters for OLEDs for an important Korean customer that is undergoing an advanced qualification of our products. The new pastes, improved in terms of performance of absorption and rheological characteristics, are under qualification, and, if successful, orders are expected to grow gradually.

Always in the field of organic chemistry, during the first months of this year, the laboratory undertook to qualify a technology developed by the American laboratory PureLight Labs, LLC (PLL), which developed an organic material with a high index of refraction that could be used in the CMOS, miniaturized optical sensors. The market of CMOS is booming and, in Europe, there are big users of this technology that have shown strong interest in the product. PLL offered SAES the license to produce and market this material that from the manufacturing point of view has strong similarities with our AqvaDry® products. Technical *due diligence* ended successfully.

The effort in the development of new mercury dispensers for compact fluorescent lamps (CFLs) was also intense; this is an activity of high strategic importance because it would allow us to enter an expanding market following the banishment of incandescent bulbs.

The Vacuum Systems laboratory started to develop new models of NEXTorr® pumps, also on the wake of the successful NEXTorr D100 that, in addition to having encountered a considerable market success, won the important recognition called "2011 R&D 100 Award".

Subsequent events

On July 5, 2011, SAES Getters and Alfmeier Präzision, a German Group operating in the electronics and advanced plastic materials sectors, have finalized the incorporation of the joint venture Actuator Solutions GmbH, for the development, production and marketing of actuators based on the SMA technology. The joint venture, which is located in Treuchtlingen (in Bavaria, Germany), is jointly controlled by the two Groups, 50% respectively. In particular, SAES participates through its 100% subsidiary SAES Nitinol S.r.l., incorporated on May 12, 2011. Alfmeier participates through its 100% subsidiary SMA Holding GmbH.
The mission of Actuator Solutions GmbH is to become a world leader in the field of shape memory alloy based actuators. The newly formed company holds a license to use the technology developed by Cambridge Mechatronics Limited (CML), already a technological partner of SAES Getters, for the development and commercialization of autofocus and optical image stabilization systems based on SMA components, to be applied in cameras, mobile phones and smart phones.
Actuator Solutions GmbH relies on the distinctive expertise gained by the two partners thanks to the extensive experience respectively in the field of shape memory alloys and in the field of actuators. Alfmeier will be the provider of electronic components and plastics; SAES will supply its proprietary SMA materials.
The start of the mass production in Actuator Solutions GmbH is scheduled between the third and the fourth quarter 2012.
Actuator Solutions GmbH will be able to effectively exploit the advantages of the SMA technology to produce and sell actuator systems for various industrial applications with a high growth potential and it will allow SAES Getters to achieve a higher creation of value in the SMA technology, through the sale of finished devices as well as of components.
The capital stock of the joint venture, initially equal to 25 thousand of euro, has been increased to 1,012 thousand of euro at the end of July 2011, through the payment of 494 thousand of euro by each of the two partners, SAES Getters and Alfmeier.

As already underlined in the 2010 Consolidated Financial Statements, on March 18, 2011 SAES Getters S.p.A. requested a ruling to demonstrate that the "CFC" (*Controlled Foreign Companies*) regulations are not applicable to the American subsidiary SAES Getters Export, Corp.
On July 15, 2011 SAES Getters S.p.A. received by the Tax Office a request for some documentation to supplement the one previously provided. Starting from the date of submission of this additional documentation, the Agency will have another 120 days to reply on the merit of this petition.

Subsequent to June 30, 2011 no further forward contracts on trade receivables on U.S. dollars and Japanese yen have been signed.

Business outlook

The second part of the fiscal year 2011 is expected to remain in line with the first half 2011, excluding the Impact of exchange rates, still difficult to predict.
A growth in sales of products for OLED displays and for solar cells is expected in the second half 2011, the latter now being in an advanced qualification phase.

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 the Note no. 36 of the Interim Condensed Consolidated Financial Statements.

Group's main risks and uncertainties

For the analysis of the Group's main risks and uncertainties and the related mitigation actions to face these risks and uncertainties please refer to the 2010 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 long-term 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, 2011.
Funding for working capital is managed through short term financing transactions and, as a consequence, the Group does not enter into any hedges against interest-rate risk.

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 2011 around 83% of Group sales and only around 60% 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 funds among Group's companies (executed by foreign subsidiaries but denominated in euro).
Please refer to Note no. 21 for further details on derivative agreements signed during the first semester 2011.

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: top-management 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.

Due to foregoing, as of June 30, 2011 the Group was not significantly exposed to liquidity risk also considering the unused lines of credit to which it has access.

Interim condensed consolidated financial statements as at June 30, 2011

Consolidated income statement

(thousands of euro)	Notes	1st Half 2011	1st Half 2010
Total net sales	3	**76,023**	**67,156**
Cost of sales	4	(45,531)	(35,508)
Gross profit		**30,492**	**31,648**
Research & development expenses	5	(6,701)	(6,869)
Selling expenses	5	(6,839)	(6,471)
General & administrative expenses	5	(11,554)	(13,065)
Total operating expenses		**(25,094)**	**(26,405)**
Other income (expenses), net	6	1,993	2,095
Operating income (loss)		**7,391**	**7,338**
Interest and other financial income	7	199	113
Interest and other financial expenses	7	(888)	(1,438)
Foreign exchange gains (losses), net	8	81	(1,978)
Income (loss) before taxes		**6,783**	**4,035**
Income taxes	9	(4,034)	(1,910)
Net income (loss) from continuing operations		**2,749**	**2,125**
Net income (loss) from assets held for sale and discontinued operations	10	292	304
Net income (loss) for the period		**3,041**	**2,429**
Minority interests in consolidated subsidiaries		0	(125)
Group net income (loss) for the period		**3,041**	**2,554**
Net income (loss) per ordinary shares	11	0.1323	0.1044
Net income (loss) per savings shares	11	0.1491	0.1385

Consolidated statement of comprehensive income

(thousands of euro)	Notes	1st Half 2011	1st Half 2010
Net income (loss) for the period		**3,041**	**2,429**
Exchange differences on translation of foreign operations	24	(5,321)	11,497
Exchange differences on discontinued operations	24	0	0
Other comprehensive income (loss) for the period		**(5,321)**	**11,497**
Total comprehensive income (loss) for the period		**(2,280)**	**13,926**
attributable to:			
- Equity holders of the Parent Company		(2,280)	14,051
- Minority interests		0	(125)

Consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2011	December 31, 2010
ASSETS			
Non-current assets			
Property, plant and equipment, net	13	59,213	63,813
Intangible assets, net	14	40,506	44,411
Deferred tax assets	15	5,446	5,562
Tax consolidation receivables from Controlling Company	16	77	77
Other long term assets	17	397	439
Total non current assets		**105,639**	**114,302**
Current assets			
Inventory	18	27,388	27,748
Trade receivables	19	21,548	22,931
Prepaid expenses, accrued income and other	20	5,817	5,476
Derivative financial instruments evaluated at fair value	21	103	0
Tax consolidation receivables from Controlling Company	16	346	229
Cash and cash equivalents	22	15,360	20,577
Assets held for sale	23	581	2,277
Total current assets		**71,143**	**79,238**
Total assets		**176,782**	**193,540**
EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		41,120	41,120
Treasury shares		0	0
Legal reserve		2,444	2,444
Other reserves and retained earnings		47,846	49,121
Other components of equity		(5,056)	557
Net income (loss) of the period		3,041	3,135
Group shareholders' equity	24	**101,615**	**108,597**
Other reserves and retained eanings of third parties		3	3
Net income (loss) of third parties		0	0
Minority interest in consolidated subsidiaries		**3**	**3**
Total equity		**101,618**	**108,600**
Non current liabilities			
Financial debt	25	24,856	29,971
Other non current financial debt	26	338	701
Deferred tax liabilities	15	3,885	4,146
Staff leaving indemnities and other employees benefits	27	6,999	6,788
Provisions	28	1,871	1,713
Other payables		0	0
Total non current liabilities		**37,949**	**43,319**
Current liabilities			
Trade payables	29	11,549	11,006
Other payables	30	8,502	9,674
Accrued income taxes	31	1,370	390
Provisions	28	3,362	3,412
Derivative financial instruments evaluated at fair value	21	877	948
Current portion of medium/long term financial debts	25	9,942	11,683
Other current financial debts	26	706	0
Bank overdraft	32	3	1,504
Accrued liabilities	33	904	1,354
Liabilities held for sale	23	0	1,650
Total current liabilities		**37,215**	**41,621**
Total equity and liabilities		**176,782**	**193,540**

Consolidated cash flow statement

(thousands of euro)	1st Half 2011	1st Half 2010
Cash flows from operating activities		
Net income (loss) from continuing operations	2,749	2,125
Net income (loss) from assets held for sale and discontinued operations	292	304
Current income taxes	4,201	3,201
Changes in deferred income taxes	(167)	(1,289)
Depreciation	4,449	4,525
Write down (revaluation) of property, plant & equipment	381	5
Amortization	966	1,398
Write down (revaluation) of intangible assets	0	0
Net loss (gain) on disposal of property, plant & equipment	(523)	(1,242)
Interest and other financial income (expenses), net	689	1,417
Reversal of currency translation reserve after the sale/settlement of Group's subsidiaries	(292)	(93)
Other non-monetary costs	(81)	623
Accrual for termination indeminities and similar obligations	458	165
Changes in provisions	(1,134)	(208)
	11,988	**10,931**
Working capital adjustments		
Cash increase (decrease) in:		
Account receivables and other receivables	188	(7,134)
Inventory	(1,313)	(3,726)
Trade account payables	91	765
Other current payables	(481)	(281)
	(1,516)	**(10,376)**
Payement of termination indemnities and similar obligations	(182)	(504)
Interests and other financial payments	(170)	(383)
Interests and other financial receipts	104	114
Taxes paid	(1,463)	(1,615)
Net cash flows from operating activities	**8,761**	**(1,833)**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,040)	(2,227)
Proceeds from sale of tangible and intangible assets	1,759	1,226
Purchase of intangible assets	(19)	(17)
Proceeds from sale of shareholding in subsidiaries or divisions, net of cash disposed	0	0
Cash paid joint venture minority shareholders	(1,540)	0
Decrease (increase) in assets and liabilities held for sale	(27)	166
Net cash flows from investing activities	**(2,868)**	**(852)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	7,000
Proceeds from short term financial liabilities	5,000	0
Dividends payment	(4,410)	0
Repayment of financial liabilities	(10,844)	(5,545)
Interest and other costs paid on financial liabilities	(656)	(503)
Changes in minority interest in consolidated subsidiaries	0	3
Net cash flows from financing activities	**(10,910)**	**955**
Net foreign exchange differences	(1,849)	4,710
Net (decrease) increase in cash and cash equivalents	**(6,866)**	**2,980**
Cash and cash equivalents at the beginning of the period	**22,223**	**22,291**
Cash and cash equivalents at the end of the period	**15,357**	**25,271**

Consolidated statement of changes in equity as at June 30, 2011

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity		Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
					Currency conversion reserve	Currency conversion reserve from discontinued operations					
December 31, 2010	**12,220**	**41,120**	**0**	**2,444**	**265**	**292**	**49,121**	**3,135**	**108,597**	**3**	**108,600**
Appropriation of 2010 result							3,135	(3,135)	0		0
Dividends paid							(4,410)		(4,410)		(4,410)
Reversal of currency conversion reserve after the sale of subsidiaries						(292)			(292)		(292)
Net income (loss)								**3,041**	**3,041**	**0**	**3,041**
Other comprehensive income (loss)					(5,321)				(5,321)		(5,321)
Total comprehensive income (loss)					**(5,321)**			**3,041**	**(2,280)**	**0**	**(2,280)**
June 30, 2011	**12,220**	**41,120**	**0**	**2,444**	**(5,056)**	**0**	**47,846**	**3,041**	**101,615**	**3**	**101,618**

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

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Currency conversion reserve	Other components of equity	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
						Other reserves and retained earnings				
December 31, 2009	**12,220**	**41,120**	**(10,177)**	**2,444**	**(6,054)**	**85,595**	**(26,297)**	**98,851**	**0**	**98,851**
Appropriation of 2009 result						(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 after the settlement of subsidiaries					(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**		**2,554**	**14,051**	**(125)**	**13,926**
June 30, 2010	**12,220**	**41,120**	**0**	**2,444**	**5,350**	**49,121**	**2,554**	**112,809**	**(122)**	**112,687**

1. BASIS 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 2011 Interim Condensed Consolidated Financial Statements in a resolution passed on July 29, 2011.

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).

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.

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

Reclassifications on June 30, 2010 income statement figures

We report that June 30, 2010 income statement figures, presented for comparative purposes, have been reclassified compared to the ones already presented in the 2010 Interim Condensed Consolidated Financial Statements. Particularly, following the disposal of the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., the 2011 figures of the joint venture and the other revenues or costs arising from the disposal have been classified as "Income (loss) from assets held for sale and discontinued operations". Also 2010 figures were reclassified to enable a homogeneous comparison with 2011.

The following table shows the effect of the above mentioned reclassifications on the Interim Consolidated Income Statement as at June 30, 2010:

(thousands of euro)	1st Half 2010	Reclassifications	1st Half 2010 reclassified
Total net sales	**68,057**	**(901)**	**67,156**
Cost of sales	(36,065)	557	(35,508)
Gross profit	**31,992**	**(344)**	**31,648**
Research & development expenses	(6,869)	0	(6,869)
Selling expenses	(6,485)	14	(6,471)
General & administrative expenses	(13,153)	88	(13,065)
Total operating expenses	**(26,507)**	**102**	**(26,405)**
Other income (expenses), net	2,095	0	2,095
Operating income (loss)	**7,580**	**(242)**	**7,338**
Interest and other financial income	114	(1)	113
Interest and other financial expenses	(1,438)	0	(1,438)
Foreign exchange gains (losses), net	(1,961)	(17)	(1,978)
Income (loss) before taxes	**4,295**	**(260)**	**4,035**
Income taxes	(1,948)	38	(1,910)
Net income (loss) from continuing operations	**2,347**	**(222)**	**2,125**
Net income (loss) from assets held for sale and discontinued operations	82	222	304
Net income (loss) for the period	**2,429**	**0**	**2,429**
Minority interests in consolidated subsidiaries	(125)	0	(125)
Group net income (loss) for the period	**2,554**	**0**	**2,554**

These reclassifications had no effects on consolidated net income and consolidated net equity as of June 30, 2010.

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, 2011:

Company	*Currency*	*Capital Stock*	*% of ownership Direct*	*Indirect*
Direct-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 (Nanjing) Co., Ltd. Nanjing (P.R. of China)	USD	13,570,000	100.00	-
SAES Getters International Luxembourg S.A. Luxembourg (Luxembourg)	EUR	34,791,813	89.97	10.03*
SAES Getters Export Corp. Wilmington, DE (USA)	USD	2,500	100.00	-
Memry GmbH Weil am Rhein (Germany)	EUR	330,000	60.00**	-
E.T.C. S.r.l. Bologna BO, (Italy)	EUR	20,000	85.00***	-
SAES Nitinol S.r.l. Lainate, MI (Italy)	EUR	10,000	100.00	-
Indirect-controlled subsidiaries:				
Through SAES Getters USA, Inc.:				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
Through SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	10,497,900,000	37.48	62.52
SAES 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

* % of indirect ownership held by SAES Advanced Technologies S.p.A (0.03%) and by SAES Getters (Nanjing) Co., Ltd. (10.00%).
** Starting from 2008 the company is fully consolidated at 100% without attribution of minority interests since there is an obligation for SAES Getters S.p.A. to purchase the remaining shares of the company (for further details please refer to Note no. 26).
*** 15.00% held by third parties. Moreover the company is fully consolidated at 100% without attribution of minority interests since into the shareholders' agreements SAES Getters S.p.A. has committed to cover any losses, also on behalf of the minority shareholder if the latter is unwilling or unable to proceed to cover them.
In this regard we report that, on February 17, 2011, SAES Getters S.p.A. has approved a capital contribution of 1,605,120 euro, equal to the losses recorded by E.T.C. S.r.l. during the year 2010. However, the Parent Company's percentage of ownership remained unchanged from December 31, 2010 (85% of the share capital).

The changes occurred in the consolidation area as of June 30, 2011 compared with December 31, 2010, are as follow:
- In April 2011 the SAES Getters Group (through SAES Getters International Luxembourg S.A.) finalized the transfer of its shareholding (51% of the total shares) in the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. to the Chinese minority shareholders Nanjing Huadong Electronics Information Technology Co., Ltd. and Nanjing DingJiu Electronics Co., Ltd. The Chinese

joint venture, already established in August 2006, worked in the production and distribution of components for LCD displays and other industrial applications. The disposal of its stake by SAES Getters is part of the plan to rationalize non-strategic investments, resulting from the strong changes occurred in some sectors and markets of reference.
After the completion of the disposal agreement, SAES Getters does not hold any more stakes in Nanjing SAES Huadong Vacuum Material Co., Ltd., so the Chinese company has left the scope of consolidation of the Group.

- On May 12, 2011, the company SAES Nitinol S.r.l., whose business purpose consists in the design, manufacture and sale both of instruments and actuators in shape memory alloys, and of getters and any other equipment for the creation of high vacuum, was established. The company can also take on interests and investments in other companies useful for the achievement of the company's purpose. The company as at June 30, 2011 was not operational.
  In that regard we report that, on July 5, 2011, the SAES Getters Group, through SAES Nitinol S.r.l., announced the establishment of the joint venture Actuator Solutions GmbH, together with Alfmeier Präzision AG, a German Group operating in electronic and advanced plastic materials sectors. The joint venture, which is located in Treuchtlingen (Bavaria, Germany), is jointly controlled by the two Groups, 50% respectively, and the mission of the company is the development, production and marketing of actuators based on SMA technology.

Regarding the further relevant events occurred in the first half 2011, during the first semester the subsidiary SAES Getters Korea Corporation ceased its manufacturing activities and finalized the sale of the Jincheon-kun plant, that was solely dedicated to the production of components for liquid crystal displays, a business characterized by a continuous decline. The Korean subsidiary will continue to operate in the Korean area as a distributor of products made by other Group companies.

2. ACCOUNTING PRINCIPLES

Consolidation principles

Following the entry into force of European 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, 2011 have been prepared in accordance with the IFRSs issued by the International Accounting Standards Board ("IASB") and approved by the European Union ("IFRS"), CONSOB resolutions no. 15519 and no. 15520 of July 27, 2006, CONSOB communication no. DEM/6064293 of July 28, 2006, and article 149-*duodecies* of the Issuers Regulations. The abbreviation "IFRS" includes all revised international accounting standards ("IAS") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), included those previously issued by the Standing Interpretations Committee ("SIC").

The Interim Condensed Consolidated Financial Statements for the period ended June 30, 2011 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, 2010, since it does not include the disclosure required for an annual financial statements prepared according to IAS/IFRS.

New Standards and Interpretations effective from January 1, 2011

Accounting standards used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2011 are consistent with those applied in the consolidated financial statements as of December 31, 2010, except for the adoption of the following new Standards and Interpretations applicable starting from January 1, 2011 listed below:

IAS 24 – *Related Party Transactions (amendment)*
The IASB has issued an amendment to IAS 24 that clarifies the definition of related party. The new definition emphasizes a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity.
Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and its controlled entities, jointly controlled or significantly influenced by the same government.
The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 – *Financial instruments: presentation (amendment)*
The amendment alters the definition of financial liability to enable entities to classify rights issued and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro-rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
The amendment has had no effect on the financial position or performance of the Group.

IFRIC 14 – *Prepayments of a Minimum Funding Requirement (amendment)*
The amendment removes an unintended consequence when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as pension assets.
The Group is not subject to minimum funding requirements. The amendment to the interpretation therefore had no effect on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted by the Group

The IASB approved during the first half of 2011 other new standards, applicable as from January 1, 2013, but for which the early adoption is allowed. The Group did not exercise this option. A summary of the main novelties is provided below.

IFRS 10 - *Consolidated financial statements*
It replaces the IAS 27 - *Consolidated and Separate Financial Statements*. The new standard defines the principle of control (which requires to present consolidated financial statements) as when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 - *Joint arrangements*
It replaces the IAS 31 – *Interests in joint ventures*. According to the new IFRS 11, the definition of joint arrangements is based on their substance and on the distribution of rights and obligations of investors in the net capital of such entities. Moreover, it eliminates the measurement of the joint ventures through proportional consolidation in the consolidated financial statements of the shareholder, requiring only the use of the equity method.

IFRS 12 - *Disclosure of interests in other entities*
The principle introduces the disclosure of information in the financial statements in relation to investments in entities, including subsidiaries, associated companies and joint ventures. The disclosed information must be able to better explain the nature of the risks associated with strategic equity investments (qualified or not) intended to remain in the Company's assets in the medium to long-term. In addition, the information requested should show the effects of those interests on its financial position, total net result and cash flows.

IFRS 13 - *Fair value measurement*
The new IFRS 13 principle sets out in a single document the rules that define the concept of fair value and its use in different measuring contexts outlined by the IFRS principles as a whole.

IAS 19 – *Post employment benefit*

IAS 19 deletes the option of deferring the recognition of actuarial costs and revenues (so-called corridor approach) by improving the comparability and accuracy of financial information. The new principle also requires a separate indication of those effects in Other Comprehensive Income statement.

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, 2011		December 31, 2010		June 30, 2010	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US dollar	1.403	1.445	1.326	1.336	1.327	1.227
Japanese Yen	114.970	116.250	116.239	108.650	121.359	108.790
South Korean Won	1,544.899	1,543.190	1,531.820	1,499.060	1,531.097	1,499.590
Renminbi (P.R. of China)	9.176	9.342	8.971	8.822	9.058	8.322
GB pound	0.868	0.903	0.858	0.861	0.870	0.818

3. NET SALES

Net consolidated sales of the first semester 2011 were equal to 76,023 thousand of euro, up by 13.2% compared to the first semester 2010. At comparable exchange rates, the increase came to +18%.

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 2011	1st Half 2010	Difference	Difference %	Exchange rate effect %	Price/Q.ty effect %
Lamps	6,643	6,254	389	6.2%	-0.5%	6.7%
Electronic Devices	12,634	11,804	830	7.0%	-3.4%	10.4%
Vacuum Systems and Thermal Insulation	6,307	7,883	(1,576)	-20.0%	-0.6%	-19.4%
Semiconductors	28,997	14,059	14,938	106.3%	-11.8%	118.1%
Subtotal **Industrial Applications**	**54,581**	**40,000**	**14,581**	**36.5%**	**-5.3%**	**41.8%**
Subtotal **Shape Memory Alloys**	**19,220**	**18,533**	**687**	**3.7%**	**-5.5%**	**9.2%**
Liquid Crystal Displays	947	6,181	(5,234)	-84.7%	-0.4%	-84.3%
Cathode Ray Tubes	992	2,143	(1,151)	-53.7%	-2.3%	-51.4%
Subtotal **Information Displays**	**1,939**	**8,324**	**(6,385)**	**-76.7%**	**-0.9%**	**-75.8%**
Subtotal **Advanced Materials**	**283**	**299**	**(16)**	**-5.4%**	**-1.8%**	**-3.6%**
Total net sales	**76,023**	**67,156**	**8,867**	**13.2%**	**-4.8%**	**18.0%**

4. COST OF SALES

The cost f sales came to 45,531 thousand of euro in the first half of 2011, making an increase of 10,023 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 2011	1st Half 2010	Difference
Raw materials	21,064	13,936	7,128
Direct labour	8,020	7,151	869
Manufacturing overhead	17,906	16,833	1,073
Increase (decrease) in work in progress and finished goods	(1,459)	(2,412)	953
Total cost of sales	**45,531**	**35,508**	**10,023**

As a percentage of consolidated turnover, the cost of sales incidence increases from 52.9% to 59.9% mainly for the different sales mix and, in particular, for the drastic reduction in the LCD turnover that penalizes the margins of the Information Displays business and adversely affects the profitability of the entire Group.

Compared to the previous year, the main increase is in raw materials expenses for both the increase in turnover and the shift in the sales mix towards products with a higher consumption of raw materials, especially in the Semiconductor Business.

5. OPERATING EXPENSES

Operating expenses came to 25,094 thousand of euro in the first semester 2011, down by 1,311 thousand of euro on the same period of the previous year.

(thousands of euro)

Operating expenses	1st Half 2011	1st Half 2010	Difference
Research & development expenses	6,701	6,869	(168)
Selling expenses	6,839	6,471	368
General & administrative expenses	11,554	13,065	(1,511)
Total operating expenses	**25,094**	**26,405**	**(1,311)**

This decrease is entirely attributable to the item "General and administrative expenses" that significantly decreased compared to the same period of the previous year, mainly for the reduction of severance costs. To be noted also the lower amortization due to the end of the useful life of some intangible assets of the U.S. subsidiaries, identified at the moment of the acquisition.

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

(thousands of euro)

Total costs by nature	1st Half 2011	1st Half 2010	Difference
Raw materials	21,064	13,936	7,128
Personnel cost	26,775	26,482	293
Travel expenses	820	840	(20)
Maintenance and repairs	1,348	1,616	(268)
Depreciation	4,449	4,455	(6)
Amortization	966	1,397	(431)
Corporate bodies	897	909	(12)
Various materials	3,484	2,883	601
Insurances	596	589	7
Write-down of non current assets	381	5	376
Promotion and advertising	318	246	72
Provision (release) for bad debts	109	85	24
Consultant fees and legal expenses	2,228	2,417	(189)
Audit fees	262	287	(25)
Rent and operating leasing	1,789	1,888	(99)
Utilities	1,653	1,823	(170)
Training	64	54	10
Licenses and patents	640	744	(104)
Telephone and fax	267	267	0
Transports	991	967	24
Commissions	875	617	258
General services (canteen, cleaning, vigilance, etc.)	545	580	(35)
Other	1,563	1,238	325
Total costs by nature	**72,084**	**64,325**	**7,759**
Increase (decrease) in work in progress and finished goods	(1,459)	(2,412)	953
Total cost of sales and operating expenses	**70,625**	**61,913**	**8,712**

All the main items are substantially in line compared to the previous year. The only exceptions are the items "Raw materials" and "Various materials" that are strictly connected to the production cycle and increase as a consequence of the increase in turnover and the shift in the sales mix towards products with a higher consumption of resources.

Also the cost of "Commissions" paid to the agents increases compared to the previous year, in line with the growth in the sales of the Semiconductor Business.

The item "Personnel cost" came to 26,775 thousand of euro, with a slight increase compared to the same period of the previous year (equal to 26,482 thousand of euro).

Despite the decrease in the severance costs, the personnel cost raises mainly for the increase in the average number of the Group's direct employees following the strong growth in the business of purification.

For the item "Amortization" please refer to the comments already made above in this paragraph.

Finally, we report that the general reduction of all main cost natures related to overhead expenses (maintenances, consultant fees, rent and operating leasing, utilities, licenses and patents) is the result of the continuing commitment of the management in the control of these costs, as well as the consequence of the saving plan implemented in the previous years.

6. OTHER INCOME (EXPENSES)

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

(thousands of euro)

	1st Half 2011	1st Half 2010	Difference
Other income	2,192	2,618	(426)
Other expenses	(199)	(523)	324
Total other income (expenses)	**1,993**	**2,095**	**(102)**

As at June 30, 2011 the item "Other income" mainly included the royalties in U.S. dollars accrued during the first semester 2011 (equal to 1,121 thousand of euro) following the licensing of the thin film getter technology for MEMS of new generation. This item also included the public grants accrued by the Parent Company for ongoing research projects (324 thousand of euro) and the capital gain (496 thousand of euro) realized by the Korean subsidiary from the sale of its factory located in Jincheon (South Korea) to third parties.
Instead, as at June 30, 2010 the item included the capital gain (1,182 thousand of euro) realized by the Parent Company as a result of the sale of certain assets, in addition to the lump-sum arising from the licensing of the MEMS technology (450 thousand of euro).

7. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income break down in the first half of 2011, as compared to the previous year:

(thousands of euro)

Financial income	1st Half 2011	1st Half 2010	Difference
Bank interest income	91	82	9
Other financial income	12	31	(19)
Gains from IRS evaluation at fair value	96	0	96
Total financial income	**199**	**113**	**86**

The breakdown of financial expenses is given below:

(thousands of euro)

Financial expenses	1st Half 2011	1st Half 2010	Difference
Bank interests and other bank expenses	568	724	(156)
Other financial expenses	27	36	(9)
Realized losses on IRS	232	196	36
Losses from IRS evaluation at fair value	61	482	(421)
Total financial expenses	**888**	**1,438**	**(550)**

Compared to the previous year the decrease of the item "Bank interests and other bank expenses" is mainly due to the lower bank fees on unused lines of credit by the Parent Company. The item also includes the interests on loans of the American subsidiaries.

The item "Gains (losses) from IRS evaluation at fair value" represents the effect on the income statement of the measurement of the Interest Rate Swap (IRS) agreements of the Group's U.S. companies. The item "Realized losses on IRS" includes the interest differences paid to the banks on the signed hedging contracts.

8. FOREIGN EXCHANGE GAINS (LOSSES)

The breakdown of foreign exchange gains and losses as at June 30, 2011 compared to the previous year is given below:

(thousands of euro)

Foreign exchange gains and losses	1st Half 2011	1st Half 2010	Difference
Foreign exchange gains	856	1,952	(1,096)
Foreign exchange losses	(868)	(3,079)	2,211
Foreign exchange gains (losses), net	**(12)**	**(1,127)**	**1,115**
Realized exchange gains on forward contracts	32	0	32
Realized exchange losses on forward contracts	(20)	(228)	208
Gains (losses) from forward contracts evaluation at fair value	81	(623)	704
Gains (losses) on forward contracts	**93**	**(851)**	**944**
Total foreign exchange gains (losses), net	**81**	**(1,978)**	**2,059**

The sum of the foreign exchange differences recorded in the first half of 2011 a positive balance of 81 thousand of euro, with a significant improvement compared to the corresponding period of the previous year (equal to -1,978 thousand of euro). Starting from the second half of 2010 the Group has integrated its hedging policy with the aim of limiting unrealized exchange rate losses on intercompany financial receivables; the same hedging policy, maintained also in 2011, made it possible to end the semester with a result related to the exchange rates close to zero.

The item "Foreign exchange gains", equal to 856 thousand of euro, mainly consists of exchange-rate gains arising in relation to the financial credit in euro claimed by the Korean subsidiary from the Parent Company, following the depreciation of the Korean won against euro. The item "Foreign exchange losses", equal to -868 thousand of euro, mainly originated from commercial items in foreign currency, following the depreciation of the U.S. dollar and the Japanese yen. These compensating effects amount altogether to -12 thousand of euro.

The item "Gains (losses) on forward contracts" in the first half of 2011 is basically balanced (93 thousand of euro), against a strongly negative balance in the previous financial year (-851 thousand of euro).

This balance includes both the gains or losses realised when forward contracts on transactions in foreign currencies are unwound and the impact on income statement of fair market evaluation of outstanding contracts.

9. INCOME TAXES

As at June 30, 2011 income taxes came to 4,034 thousand of euro, making an increase of 2,124 thousand of euro compared to the previous year.

The related breakdown is given below:

(thousands of euro)

	1st Half 2011	1st Half 2010	Difference
Current taxes	4,201	3,199	1,002
Deferred taxes	(167)	(1,289)	1,122
Total	**4,034**	**1,910**	**2,124**

The increase in the tax burden compared to the corresponding period the previous year is mainly due to higher taxable income obtained by some foreign companies of the Group, as well as to the increased provision made by the Parent Company in accordance with the "Controlled Foreign Companies" (CFCs) legislation.

As already stated in 2010 Consolidated financial statements, the 2005 income tax return of SAES Getters S.p.A. was assessed by the Italian Revenue Agency, as a result of which notices of assessment for IRAP and IRES purposes were notified to the Company requiring additional taxes of 41 thousand of euro (IRAP) and 290 thousand of euro (IRES), plus sanctions and interests. The Company appealed to the Regional Tax Commission of Milan; it did not record in the financial statements any provision for risks, since it considered its defensive reasons adequate to support its own operations.
During the semester, there were no further developments on this topic.

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

Net income from assets held for sale and discontinued operations came to a total of 292 thousand of euro as at June 30, 2011 (304 thousand of euro as at June 30, 2010).

The related breakdown is given below:

(thousands of euro)

	1st Half 2011	1st Half 2010
Group's share into Chinese joint venture's result	(61)	222
Revaluation in order to align to fair value	61	0
Release of translation reserve	292	0
Result from the sale of Nanjing SAES Huadong Vacuum Material Co., Ltd	**292**	**222**
SAES Opto S.r.l.'s result	0	27
Result from the sale of the assets held for sale of SAES Getters America, Inc.	0	55
Net income (loss) from assets held for sale and discontinued operations	**292**	**304**

The item includes the expenses and income related to the sale of the Nanjing SAES Huadong Vacuum Material Co., Ltd. joint venture, as well as the share of the Group in the 2011 result of this company until the date of transfer (- 61 thousand of euro).
For the purpose of a like-for-like comparison, the result of the joint-venture for the previous year has also been reclassified accordingly (222 thousand of euro).
In the first half of last year, the item also included the result of SAES Opto S.r.l. liquidated during 2010 (amounting to 27 thousand of euro) and the capital gain of 55 thousand of euro, generated from the sale of some machinery of the subsidiary SAES Getters America, Inc.

Nanjing SAES Huadong Vacuum Material Co., Ltd.

On April 2011 SAES Getters Group (through its subsidiary SAES International Luxembourg S.A.) finalized the transfer of its shareholding (51% of the total shares) in the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. to the Chinese minority shareholders.
As at June 30, 2011, the share of the Group in the result of this company until the date of transfer (-61 thousand of euro) was reclassified in the item "Net income (loss) from discontinued operations".
This line also includes the revaluation recorded in order to realign the net asset value to be transferred to the sales value. As at December 31, 2010, all assets and liabilities of the Chinese joint venture were already measured at fair value. Therefore, at consolidated level, the result obtained by the company during the half year was compensated by a revaluation of equal amount so as to bring the transferred net equity value to the sales value already fixed on December 31, 2010.

In order to enable a coherent comparison, also the previous year comparative figures were reclassified consequently.

The following tables show the share of the Group in the net income (loss) and in the cash flow generated by the Chinese joint venture until the date of disposal:

Income statement – as at June 30

(thousands of euro)

	1st Half 2011	1st Half 2010
Net sales	118	901
Cost of sales	(137)	(557)
Gross profit	**(19)**	**344**
Operating expenses	(43)	(102)
Other income (expenses)		0
Operating income (loss)	**(62)**	**242**
Financial income (expenses)	1	18
Income taxes	0	(38)
Net income (loss) of the period	**(61)**	**222**
Revaluation in order to align to fair value	61	0
Net income (loss) from assets held for sale and discontinued operations	**0**	**222**
of which:		
Depreciation	*0*	*70*
Amortization	*0*	*1*
Write-down	*0*	*0*

Cash flow statement

(thousands of euro)

	1st Half 2011	1st Half 2010
Cash flows from operating activities	(27)	340
Cash flows from investing activities	0	(1)
Cash flows from financing activities	0	0
Net increase (decrease) in cash and cash equivalents	**(27)**	**339**
Cash and cash equivalents at the beginning of the period	1,650	1,196
Exchange rate differences	(83)	256
Cash and cash equivalents at the end of the period	**1,540**	**1,791**

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 and savings) which are associated with different rights when it comes to paying dividends.

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 of the relevant time-period.
The value which was obtained was divided by the average number of shares existing in the relevant time-period.

The following table shows the earning (loss) per share in the first six months of 2011, as compared with the figure for the first six months of 2010:

Earning (loss) per share	1st Half 2011			1st Half 2010		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attribuitable to shareholders (thousands of euro)			**3,041**			**2,554**
Theoretical preference dividend (thousands of euro)	0	1,022	1,022	0	1,022	1,022
Profit (loss) attributable to the different categories of shares (thousands of euro)	1,941	78	2,019	1,532	0	1,532
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**1,941**	**1,100**	**3,041**	**1,532**	**1,022**	**2,554**
Average number of oustanding shares	14,671,350	7,378,619	22,049,969	14,671,350	7,378,619	22,049,969
Earning (loss) per share (euro)	**0.1323**	**0.1491**		**0.1044**	**0.1385**	
- from continuing operations (euro)	*0.1191*	*0.1358*		*0.0906*	*0.1247*	
- from discontinued operations (euro)	*0.0132*	*0.0132*		*0.0138*	*0.0138*	

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, 2011, 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 (SMA) -** 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.

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

(thousands of euro)

Profit and loss	Industrial Applications		Shape Memory Alloys		Information Displays		Not allocated		Total	
	1st Half 2011	1st Half 2010	1st Half 2011	1st Half 2010	1st Half 2011	1st Half 2010	1st Half 2011	1st Half 2010	1st Half 2011	1st Half 2010
Total net sales	**54,581**	**40,000**	**19,220**	**18,533**	**1,939**	**8,324**	**283**	**299**	**76,023**	**67,156**
Gross profit	**25,683**	**21,048**	**5,957**	**5,832**	**(789)**	**4,899**	**(359)**	**(131)**	**30,492**	**31,648**
% on net sales	47.1%	52.6%	31.0%	31.5%	-40.7%	58.9%	-126.9%	-43.8%	40.1%	47.1%
Total operating expenses	(9,561)	(7,742)	(4,732)	(5,570)	(1,134)	(2,822)	(9,667)	(10,271)	(25,094)	(26,405)
Other income (expenses), net	1,161	625	22	217	503	59	307	1,194	1,993	2,095
Operating income (loss)	**17,283**	**13,931**	**1,247**	**479**	**(1,420)**	**2,136**	**(9,719)**	**(9,208)**	**7,391**	**7,338**
% on net sales	31.7%	34.8%	6.5%	2.6%	-73.2%	25.7%	n.s.	n.s.	9.7%	10.9%
Interest and other financial income (expenses), net									(689)	(1,325)
Foreign exchange gains (losses), net									81	(1,978)
Income (loss) before taxes									**6,783**	**4,035**
Income taxes									(4,034)	(1,910)
Net income (loss) from continuing operations									**2,749**	**2,125**
Net income (loss) from assets held for sale and discontinued operations									292	304
Net income (loss)									**3,041**	**2,429**
Minority interests in consolidated subsidiaries									0	(125)
Group net income (loss)									**3,041**	**2,554**

Income statement figures by operating segment does not coincide with what is presented in the Interim Financial Statements as at June 30, 2010 as a result of the reclassification of data relevant to the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. in the line "Net income (loss) from assets held for sale and discontinued operations". For further information, refer to Note no. 1.

Please refer to the Interim Report on operations about the split of consolidated net sales by geographical area of the customers.

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

(thousands of euro)

	Continuing operations								Discontinued operations				Total	
	Industrial Applications		Shape Memory Alloys		Information Displays		Not allocated		Industrial Applications		Information Displays			
Assets and liabilities	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010	June 30 2011	Dec. 31, 2010
Non current assets	28,247	28,896	49,422	54,177	5,756	8,857	22,214	22,372	0	0	0	0	105,639	114,302
Current assets	35,466	36,048	11,907	11,572	3,068	4,390	20,121	24,951	581	627	0	1,650	71,143	79,238
Total assets	**63,713**	**64,944**	**61,329**	**65,749**	**8,824**	**13,247**	**42,335**	**47,323**	**581**	**627**	**0**	**1,650**	**176,782**	**193,540**
Non current liabilities	5,728	5,571	253	299	549	675	31,419	36,774	0	0	0	0	37,949	43,319
Current liabilities	9,016	8,772	2,778	4,395	588	1,182	24,833	25,622	0	0	0	1,650	37,215	41,621
Total liabilities	**14,744**	**14,343**	**3,031**	**4,694**	**1,137**	**1,857**	**56,252**	**62,396**	**0**	**0**	**0**	**1,650**	**75,164**	**84,940**

13. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment came to 59,213 thousand of euro as at June 30, 2011, net of accumulated depreciation. The item was down by 4,600 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, 2010	**3,720**	**27,872**	**29,399**	**2,822**	**63,813**
Additions	0	71	1,541	1,428	3,040
Disposals	(231)	(983)	(22)	0	(1,236)
Reclassifications	0	0	1,165	(1,165)	0
Depreciation	0	(825)	(3,624)	0	(4,449)
Write-downs	0	0	(381)	0	(381)
Revaluations	0	0	0	0	0
Translation differences	(220)	(433)	(821)	(100)	(1,574)
June 30, 2011	**3,269**	**25,702**	**27,257**	**2,985**	**59,213**
December 31, 2010					
Historical cost	3,720	45,440	138,001	2,982	190,143
Accumulated depreciation and write-downs	0	(17,568)	(108,602)	(160)	(126,330)
Net book value	**3,720**	**27,872**	**29,399**	**2,822**	**63,813**
June 30, 2011					
Historical cost	3,269	42,362	128,592	2,985	177,208
Accumulated depreciation and write-downs	0	(16,660)	(101,335)	0	(117,995)
Net book value	**3,269**	**25,702**	**27,257**	**2,985**	**59,213**

As of June 30, 2011 land and buildings are not burdened by mortgages or other guarantees.

In the first half of 2011, investments in tangible assets amounted to 3,040 thousand of euro and include investments made by the Parent Company to purchase new laboratory equipment intended for use in research activities and machinery for pilot lines, mainly in the business of OLEDs and renewable energies.
The item also includes purchases of plant and machinery intended for use in new production lines for the SMA business and improvements on plant and machinery already owned by the Group and relevant to the Lamps Business, in particular.

The disposals are mainly related to the sale of the factory located in Jincheon (South Korea) by the subsidiary SAES Getters Korea Corporation.
The Korean company, which operated solely in the production of components for liquid crystal displays, during the first half 2011, as a consequence of the further decline in the LCDs business, has ceased the production and has sold the industrial building and its outbuildings to local third parties and it will continue to operate in the Korean area as a distributor of products made by other Group companies. The assets, whose net book value was equal to 1,193 thousand of euro, were sold to local third parties achieving a capital gain of 496 thousand of euro, which is classified in the item "Other income".

14. INTANGIBLE ASSETS, NET

Intangible assets came to 40,506 thousand of euro as of June 30, 2011, net of accumulated amortization. The item was down by 3,905 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, 2010	**32,528**	**36**	**2,218**	**2,776**	**6,807**	**46**	**44,411**
Additions	0	0	0	3	3	13	19
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	0	14	(14)	0	0
Amortization	0	(18)	(101)	(211)	(636)	0	(966)
Write-downs	0	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0	0
Translation differences	(2,256)	0	(159)	(55)	(488)	0	(2,958)
June 30, 2011	**30,272**	**18**	**1,958**	**2,527**	**5,672**	**59**	**40,506**
December 31, 2010							
Historical cost	37,615	183	4,872	11,084	18,437	709	72,900
Accumulated depreciation and write-downs	(5,087)	(147)	(2,654)	(8,308)	(11,630)	(663)	(28,489)
Net book value	**32,528**	**36**	**2,218**	**2,776**	**6,807**	**46**	**44,411**
June 30, 2011							
Historical cost	35,081	183	4,646	10,781	17,509	724	68,924
Accumulated depreciation and write-downs	(4,809)	(165)	(2,688)	(8,254)	(11,837)	(665)	(28,418)
Net book value	**30,272**	**18**	**1,958**	**2,527**	**5,672**	**59**	**40,506**

The difference is almost exclusively due to the amortizations in the relevant time period (-966 thousand of euro) and to the translation differences (-2,958 thousand of euro) mainly related to the intangible assets of the U.S. legal entities.

All intangible assets, except for goodwill, are considered to have finite useful lives and are systematically amortized each period 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 - CGU (impairment test).

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, 2010	Additions	Write-downs	Translation differences	June 30, 2011
Industrial Applications	944	0	0	0	944
Shape Memory Alloys	31,584	0	0	(2,256)	29,328
Information Displays	0	0	0	0	0
Not allocated	0	0	0	0	0
Total	**32,528**	**0**	**0**	**(2,256)**	**30,272**

The following table shows the gross book values of goodwill and accumulated write-downs for impairment from January 1, 2004 to June 30, 2011 and December 31, 2010:

(thousands of euro)

Business Unit	June 30, 2011			December 31, 2010		
	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 (*)	32,728	(3,400)	29,328	34,984	(3,400)	31,584
Information Displays	1,456	(1,456)	0	1,456	(1,456)	0
Not allocated	358	(358)	0	358	(358)	0
Total	**35,549**	**(5,277)**	**30,272**	**37,805**	**(5,277)**	**32,528**

(*) The difference between the gross value as at June 30, 2011 and the gross value as at December 31, 2010 is related to the conversion differences on the goodwill in local currency booked in the financial statements of the foreign subsidiaries.

Pursuant to IAS 36, goodwill is not amortized but 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, 2011 as there was no indicator of impairment such as to show durable value losses in relation to the goodwill recorded in the financial statements.

The operating loss recorded in the Information Displays sector as at June 30, 2011, in line with the expectations of Management, is not an indicator of impairment. There is no goodwill attributable to that sector and estimates concerning the recoverable amount of tangible assets made in the financial statements as at December 31, 2010 are still valid today.

15. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

The following table shows a breakdown of deferred tax assets and liabilities as at June 30, 2011, compared to the previous year:

(thousands of euro)

Deferred taxes	June 30, 2011	December 31, 2010	Difference
Deferred tax assets	5,446	5,562	(116)
Deferred tax liabilities	(3,885)	(4,146)	261
Total	**1,561**	**1,416**	**145**

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, 2011	December 31, 2010	Difference
Deferred tax assets	10,724	11,657	(933)
Deferred tax liabilities	(9,162)	(10,241)	1,079
Total	**1,561**	**1,416**	**145**

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, 2011		December 31, 2010	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit elimination	3,983	1,311	3,705	1,243
Differences between accounting and fiscal principles on depreciation and write-downs	9,538	3,049	11,930	3,783
Receivables write-downs	290	110	314	119
Inventory write-downs	4,147	1,506	3,602	1,296
Taxed provisions	1,285	478	1,659	621
Cash deductible expenses	4,869	1,652	5,925	2,016
Deferred tax assets on losses that can be carried forward	2,838	965	2,985	1,015
Other temporary differences	2,378	1,653	2,725	1,565
Total		**10,724**		**11,657**

The Group has 84,527 thousand of euro in tax losses eligible to be carried forward as at June 30, 2011, most of which are attributable to the Luxembourg subsidiary, the Parent Company and some of the U.S. subsidiaries (tax losses eligible to be carried forward came to 77,562 thousand of euro as at December 31, 2010).

The tax losses eligible to be carried forward that have been taken into account when determining deferred tax assets came to 2,838 thousand of euro.

(thousands of euro)

Deferred tax liabilities	June 30, 2011		December 31, 2010	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(28,656)	(720)	(22,747)	(719)
Differences between accounting and fiscal principles on depreciation and fair value revaluations	(18,894)	(7,027)	(21,975)	(8,047)
IAS 17 effect	(3,636)	(1,027)	(3,652)	(1,032)
IAS 19 effect	(1,045)	(287)	(1,077)	(296)
Other temporary differences	(345)	(101)	(507)	(148)
Total		**(9,162)**		**(10,241)**

The deferred tax liabilities recorded in the Interim Consolidated Financial Statements as at June 30, 2011 include not only a provision allocated to account for taxes due in the event of the distribution of the net income and reserves of the 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 U.S. companies acquired in the previous years.

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

SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. 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 117 of the Consolidated Income Tax Act. 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 of June 30, 2011.

Since national tax consolidation results for the first half of 2011 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.
However the tax consolidation shows a credit balance corresponding to the recoverable withholding taxes on dividends received by the Parent Company.

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.

17. OTHER LONG-TERM ASSETS

The item "Other long-term assets" came to 397 thousand of euro as of June 30, 2011, compared to 439 thousand of euro as of December 31, 2010.The item mainly includes the guarantee deposits given by the Group Companies for their operating activities.

18. INVENTORY

Inventory came to 27,388 thousand of euro as at June 30, 2011, substantially in line with the previous year despite the increase in production activities. The increase in inventories in the first half of the year was, in fact, offset by a negative exchange rate impact (about -1.7 millions of euro), mainly due to the devaluation of the U.S. dollar.

The following table shows the breakdown of inventory as of June 30, 2011 and December 31, 2010:

(thousands of euro)

Inventories	June 30, 2011	December 31, 2010	Difference
Raw materials, auxiliary materials and spare parts	11,285	12,547	(1,262)
Work in progress and semifinished goods	10,972	10,479	493
Finished products and goods	5,131	4,722	409
Total	**27,388**	**27,748**	**(360)**

Inventory is stated net of the inventory allowance, which underwent the following changes during the first six months of 2011:

(thousands of euro)

Inventory allowance	
December 31, 2010	**4,640**
Accrual	327
Release	(221)
Utilization	(284)
Translation differences	(259)
June 30, 2011	**4,203**

19. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, came to 21,548 thousand of euro as of June 30, 2011 and were down by 1,383 thousand of euro compared to the previous year.
The decrease, that is influenced by a negative exchange rates effect, is also due to the higher collections of the current period.

The breakdown of the item is shown in the following table:

(thousands of euro)

Trade receivables	June 30, 2011	December 31, 2010	Difference
Gross value	22,021	23,311	(1,290)
Bad debt provision	(473)	(380)	(93)
Net book value	**21,548**	**22,931**	**(1,383)**

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, 2011	December 31, 2010
Opening balance	**380**	**419**
Accrual (release)	109	141
Utilization	(3)	(205)
Translation differences	(13)	25
Closing balance	**473**	**380**

The following table provides a breakdown of trade receivables by those not yet due and past due as of June 30, 2011, as compared with December 31, 2010:

(thousands of euro)

Ageing	Total	Not yet due	Due not written-down					Due written-down
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	
June 30, 2011	**22,021**	14,892	2,245	2,658	716	993	44	473
December 31, 2010	**23,311**	14,285	2,736	2,274	1,711	306	1,619	380

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

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 5.817 thousand of euro as of June 30, 2011, compared with 5,476 thousand of euro as of December 31, 2010.

A breakdown of the item is provided below:

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2011	December 31, 2010	Difference
Income tax and other tax receivables	322	1,115	(793)
VAT receivables	1,627	1,163	464
Social security receivables	274	115	159
Personnel receivables	16	108	(92)
Receivables for public grant	1,149	1,127	22
Other receivables	168	236	(68)
Total other receivables	**3,556**	**3,864**	**(308)**
Accrued income	7	23	(16)
Prepaid expenses	2,254	1,589	665
Total prepaid expenses and accrued income	**2,261**	**1,612**	**649**
Total prepaid expense, accrued income and other	**5,817**	**5,476**	**341**

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. During the semester, the decrease, compared to the previous year, is mainly due to the collection of a tax credit claimed by the Korean subsidiary against the local fiscal authority.

It is to be noted that the item “Receivables for public grant” is mainly composed of credits matured as at June 30, 2011 by the Parent Company (equal to 873 thousand of euro) as a result of contributions for in-progress research projects.

The increase in the item “Prepaid expenses” is mainly due to advances for research activities paid by the subsidiary E.T.C. S.r.l. during the semester, but suspended being of competence for future periods.

21. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at June 30, 2011 derivative financial instruments fair value is negative for 774 thousand of euro.

The asset and liability items include, respectively, the assets and liabilities arising from the measurement at fair value of hedging contracts against the exposure to the variability of future cash flows arising from sales and financial transactions denominated in currencies other than the euro, as well as the measurement at fair value of interest rate swap (IRS) contracts. The purpose of these contracts is to protect the Group’s margins from the fluctuation of exchange rates and interest rates.
As regards such contracts, the requirements for accounting according to the hedge accounting method are not met, therefore 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, 2011 the Group has forward contracts on the U.S. 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 U.S. dollar (which have a total notional value of USD 4.5 million) is 1.4188 dollars to the euro. These contracts will extend throughout all of the year 2011. The average forward rate for contracts on the Japanese yen (which have a total notional value of JPY 210 million) is JPY 112.47 to the euro. These contracts will extend throughout the full-year 2011.

Always in the first six months of 2011, the Group has put in place a forward sale contract in euro in order to mitigate the risk of fluctuation of the exchange rate linked to the revaluation of the Korean won on the balance of the financial credit in euro which the Korean subsidiary has with the Parent Company. Such contract (for a notional value equal to 7 million of euro) expires on December 30, 2011 and provides for a forward exchange rate equal to 1,527.60 against the euro. Its fair value as at June 30, 2011 is negative and equal to 178 thousand of euro.
It is to be noted that during the semester the Group put in place another forward sale contract in euro for a notional value equal to 0.5 million of euro, still in order to mitigate the risk of fluctuation of the exchange rate linked to the revaluation of the Korean won (forward exchange rate equal to 1,525.50 against the euro). This contract expired on April 15, 2011 and it realized a loss of 17 thousand of euro included into the item “Realized exchange losses on forward contracts”.

The following table provides a breakdown of the forward contracts entered into and their fair value as of June 30, 2011 and December 31, 2010:

Currency	June 30, 2011		December 31, 2010	
	Notional (amount in local currency)	**Fair value** (thousands of euro)	**Notional** (amount in local currency)	**Fair value** (thousands of euro)
USD	4,500,000	49	0	0
JPY	210,000,000	54	420,000,000	(155)
EUR	7,000,000	(178)	0	0
	Total	**(75)**	**Total**	**(155)**

As of June 30, 2011 the Group has two outstanding Interest Rate Swap (IRS) contracts aimed at fixing the interest rate on the loans in U.S. dollars, executed by the U.S. subsidiaries.
The following table provides a breakdown of the Interest Rate Swap contracts entered into and their fair values as at June 30, 2011:

Interest Rate Swap (IRS)	Currency	Notional amount (US dollars)	Execution date	Maturity date	Interest rate	Period	Fair value as of June 30, 2011 (thousands of euro)	Fair value as of December 31, 2010 (thousands of euro)
IRS executed on loan of $20 million by **SAES Smart Materials, Inc.**	USD	10,000,000	March 13, 2008	May 31, 2012	Fixed rate paid: 3.65% Variable rate received: USD Libor BBA 6 months	semiannual	(226)	(345)
IRS executed on loan of $30.5 million by **Memry Corporation**	USD	12,000,000	April 9, 2009	December 31, 2014	Fixed rate paid: 3.03% Variable rate received: USD Libor BBA 3 months	quarterly	(473)	(448)
Total							**(699)**	**(793)**

No new Interest Rate Swap contracts have been signed during the semester.

The Group enters into derivative contracts with various counterparties, primarily leading financial institutions and it uses the following hierarchy to determine and document the fair values 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 of June 30, 2011 all 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 curves and exchange rates.
No instruments were transferred from one level to another during the semester.

22. CASH AND CASH EQUIVALENTS

The item includes the liquid funds needed for the operating activities of Group's companies.

The following table shows a breakdown of the item as at June 30, 2011 and December 31, 2010:

(thousands of euro)

Cash and cash equivalents	June 30, 2011	December 31, 2010	Difference
Bank accounts	15,346	20,566	(5,220)
Petty cash	14	11	3
Total	**15,360**	**20,577**	**(5,217)**

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

For the analysis of changes occurred in cash and cash equivalents during the period please refer to the comments on the Cash Flow Statement (Note no. 34)

As at June 30, 2011 the Group had access to unused 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, 2011 the item "Assets held for sale" included 581 thousand of euro related to the property, plant and equipment of the subsidiary SAES Getters America, Inc., reclassified to this item at the end of 2009. Part of these assets was transferred during last year. The remaining part of these assets, still unsold to date, was kept among assets held for sale, even if a period greater than twelve months has passed from the initial reclassification, since the sale is still considered likely and the Group continues to be engaged in the disposal activity. The book value of these assets continues to represent their market value and, therefore, no write-down during the first half of 2011 was required.

As at December 31, 2010, "Assets held for sale" included, in addition to assets held for sale of SAES Getters America, Inc. (627 thousand of euro), also 1,650 thousand of euro of cash and cash equivalents related to the company, subject to joint control, Nanjing SAES Huadong Vacuum Material Co., Ltd., sold to Chinese minority-interest shareholders in April 2011, according to the agreement signed on November 9, 2010.
"Liabilities held for sale” included the liabilities of the Chinese joint venture and provision of 1,471 thousand of euro, accrued in order to align the book value of net assets of the company to their market value.

24. GROUP SHAREHOLDERS’ EQUITY

The Group shareholders' equity amounted to 101,615 thousand of euro as at June 30, 2011, down by 6,982 thousand of euro compared to December 31, 2010 mainly because of the negative effect of exchange differences arising from the consolidation of the Group’s foreign subsidiaries.
A summary of changes occurred during the semester is provided in the Statement of changes in shareholders’ equity.

Capital stock

As at June 30, 2011 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand of euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares. The composition of capital stock is unchanged from December 31, 2011.
The implicit book value per share was 0.554196 euro as at June 30, 2011, unchanged from December 31, 2010.

Please refer to the Report on Corporate Governance, enclosed in the 2010 Consolidated financial statements, for all of the information required by article 123-*bis* of the Consolidated Finance Act.

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

Share issue premium

This item includes amounts paid by the shareholders in excess of the par value of new shares of the Parent Company subscribed in capital issues.
The item is unchanged compared to December 31, 2010.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand of euro as at June 30, 2011 and was unchanged compared to December 31, 2010, 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 the item "Other reserves and retained earnings" includes the distribution to shareholders of 2010 dividends, approved by the Parent Company's Shareholders' Meeting (4,410 thousand of euro).

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 article no. 26 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.
Always in accordance with article no. 26 of the Company By-laws, please note that, since neither in 2009 nor in 2010 any dividend deriving from yearly net income of the Parent Company SAES Getters S.p.A. was paid, and consequently there was no allocation of privileged dividend, in the first coming year when the Shareholders' Meeting will decide to distribute net profits of SAES Getters S.p.A., a share of the amount distributed will be secured to savings shares to recover the privilege not allocated in the previous two years.

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 negative balance of 5,056 thousand of euro as of June 30, 2011, compared to a positive balance of 557 thousand of euro as of December 31, 2010. The decrease of 5,321 thousand of euro 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 negative change of 292 thousand of euro may be explained by the release to profit and loss of the translation reserve related to Nanjing SAES Huadong Vacuum Material Co., Ltd., sold during the first semester 2011. As required by IFRS 5, this variation is displayed in a separate item of equity.

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

As of June 30, 2011 financial debt came to 34,798 thousand of euro and was down by 6,856 thousand of euro compared to the previous year. The decrease was mainly due to the repayments made during the period and to the negative effect of exchange rates (more than 80% of the Group's debt is denominated in U.S. dollars, whose devaluation against euro caused a decrease in the financial debt of nearly -2.5 million of euro).

The following table shows the breakdown of the 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, 2011	December 31, 2010	Difference
Less than 1 year	9,942	11,683	(1,741)
Current portion of long term debt	**9,942**	**11,683**	**(1,741)**
Between 1 and 2 years	4,626	5,478	(852)
Between 2 and 3 years	5,440	5,550	(110)
Between 3 and 4 years	5,420	5,890	(470)
Between 4 and 5 years	6,711	4,802	1,909
Over 5 years	2,659	8,252	(5,593)
Non current financial debt	**24,856**	**29,971**	**(5,115)**
Total	**34,798**	**41,654**	**(6,856)**

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

Description	Currency	Principal (millions of USD)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate as of June 30, 2011 (spread included)	Value as of June 30, 2011 (*) (thousands of euro)
Memry Corporation							
Tranche Amortising Loan	USD	20.2	half yearly with maturity date January 31, 2016	Half-yearly	USD Libor for a variable period (1-3 months); Cost of Funds if not available	1.49%	19,668
Tranche Bullet Loan	USD	10.3	repayement in two tranches with maturity date July 31, 2016 and July 31, 2017				
SAES Smart Materials, Inc.	USD	20	half yearly with maturity date May 31, 2015	Yearly	Half-yearly USD Libor (Cost of Funds if not available)	1.50%	9,240

(*) interests included

It should be noted that, during the first half of 2011, the Group decided to repay in advance the financial debt of the subsidiary Spectra-Mat, Inc., amounting to 1,249 thousand of euro as at December 31, 2010. On June 30, 2011, this loan is therefore discharged without paying any penalty in connection with the early repayment.

The item "Financial debt" also includes the loan of 7 million of euro subscribed by the Parent Company during the 2010 and expiring on October 13, 2011. The related details are given below:

Description	Currency	Principal (millions of EUR)	Timing of capital reimbursement	Timing of covenants calculation	Interest rate	Effective interest rate as of June 30, 2011 (spread included)	Value as of June 30, 2011 (*) (thousands of euro)
SAES Getters S.p.A.	EUR	7	quarterly with maturity date October 13, 2011	n.a.	Euribor 3 months	3.83%	4,637

(*) interests included

Lastly, the item "Financial debt" includes subsidized loans provided by the special fund for applied research (1,141 thousand of euro as at June 30, 2011) issued to the Parent Company by the Ministry of Production Activities through Banca Intesa Sanpaolo S.p.A., the average interest rate on which stood at 0.79% in the period.

Covenant

As shown in the table reported in the previous page, the loan subscribed by the subsidiary Memry Corporation provides for compliance of covenants that are verified on a six-month basis.
As at June 30, 2011, these covenants, calculated on consolidated figures, are respected, as shown in the following table:

	Covenant	June 30, 2011
Net equity *	≥ 96,000	101,615
Net financial position / Net equity	≤ 1	0.21
Financial debt / EBITDA	≤ 2	1.57

* thousands of euro

26. OTHER FINANCIAL DEBT

The item "Other non-current financial debt" includes the long-term portion, amounting to 338 thousand of euro, related to the present value of the estimated obligation to purchase the minority shares of the subsidiary Memry GmbH. The short-term portion (equal to 363 thousand of euro) is classified in the line "Other current financial debt".

The present value of the obligation, equal to 701 thousand of euro, is unchanged if compared to December 31, 2010.

The item "Other current financial debt" also includes 339 thousand of euro of financial payables towards the United States of America resulting from the acquisition of the Memry Corporation subsidiary in 2008. In 2008, the price for the acquisition of the company was paid to a financial intermediary. During the semester, the brokerage mandate came to an end and the consideration concerning uncollected shares was returned by the intermediary to the SAES Group. According to the American legislation, this amount must be paid within the current financial year to the State of Delaware (USA). The value of the debt in the financial statements represents such liability.

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, 2010	**4,693**	**2,095**	**6,788**
Increase	147	311	458
Indemnities paid	(63)	(119)	(182)
Other movements	0	0	0
Translation differences	0	(65)	(65)
June 30, 2011	**4,777**	**2,222**	**6,999**

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 Financial 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.

The item “Other employee benefits” mainly includes the provision for long-term incentive plans, signed starting from last financial year by some employees of the Parent Company identified as particularly important for the medium to long term purposes of the Group. The three-year plans provide for the recognition of monetary incentives proportionate to the achievement of certain personal and Group objectives.
The aim of these plans is to further strengthen the alignment over time of individual interests to business interests and, consequently, to the shareholders’ interests. The final payment of the long-term incentive is always subject to the creation of value in the medium to long-term viewpoint, rewarding the achievement of performance objectives over time. The performance conditions are based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship with the company during the years of the duration of the plan, also to the presence of a positive consolidated income before taxes in the year of expiry of the plan.
Such plans fall into the category of defined benefit obligations and therefore were discounted back on yearly basis.

There were 1,026 employees as at June 30, 2011 (out of which 584 outside of Italy), substantially aligned compared with December 31, 2010.

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

Group's employees	June 30, 2011	December 31, 2010	Average 1st Half 2011	Average 1st Half 2010
Managers	88	92	90	100
Employees and middle management	387	398	391	395
Workers	551	571	564	523
Total	**1,026**	**1,061**	**1,045**	**1,018**

We report that the amount as at December 31, 2010 included, according to Group’s percentage of ownership (51%), 37 employees of the Chinese joint-venture Nanjing SAES Huadong Vacuum Material Co., Ltd., disposed during the period.

28. PROVISIONS

Provisions came to 5,233 thousand of euro as at June 30, 2011. The following table shows the composition of and changes in these provisions compared to December 31, 2010:

(thousands of euro)

Provisions	December 31, 2010	Increase	Utilization and other movements	Translation differences	June 30, 2011
Warranty provisions on products sold	291	162	(31)	(26)	396
Bonus	1,701	203	(1,515)	(77)	312
Other provisions	3,133	1,352	82	(42)	4,525
Total	**5,125**	**1,717**	**(1,464)**	**(145)**	**5,233**

As at June 30, 2011, the item "Bonuses" includes the accrual of bonuses to the Group's employees, mainly in relation to the Parent Company and to the American companies, related to the first semester of the year. The movement with respect to the previous financial year is due to both the accrual of bonuses of the period and the payment of the bonuses of the previous financial year, settled during the first half of 2011.

The item "Other provisions" 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 (740 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 (461 thousand of euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.
Moreover, this item includes 2,394 thousand of euro that correspond to the year 2010 and first half of 2011 IRES taxes of SAES Getters S.p.A. calculated on the basis of the Italian tax regulations on "Controlled Foreign Companies (CFC)"[2]. As already explained into 2010 Consolidated Financial Statements, the amount was allocated for prudential reasons to "Other provisions" instead of "Accrued income taxes" since SAES Getters S.p.A. requested a ruling from the Tax Authority in March 2011.
On July 18, 2011 the Tax Authority required an integration of the documents presented. For further details please refer to the section "Subsequent events" of the Report on operations.

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

(thousands of euro)

Provisions	Current provisions	Non current provisions	June 30, 2011	Current provisions	Non current provisions	December 31, 2010
Warranty provisions on products sold	0	396	396	0	291	291
Bonus	312	0	312	1,701	0	1,701
Other provisions	3,050	1,475	4,525	1,711	1,422	3,133
Total	**3,362**	**1,871**	**5,233**	**3,412**	**1,713**	**5,125**

29. TRADE PAYABLES

Trade payables stood at 11,549 thousand of euro as at June 30, 2011 and they are substantially in line with the previous year.

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, 2011 as compared with December 31, 2010:

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2011	11,549	9,014	1,858	461	188	16	12
December 31, 2010	11,006	6,991	3,073	815	18	92	17

2 Article no. 13 of Italian L.D. no. 78 of July 1, 2009 amended, starting from January 1, 2010, the "CFC" (Controlled Foreign Companies) regulations set forth in article no. 167 of the TUIR (Income Tax Consolidation Act), establishing, under sub-paragraph 8-*bis*, that controlled foreign companies, meeting certain requirements, even if not residing in black-list countries, can fall under the application of the "CFC" regulations and, as a result, be subjected to separate IRES taxation referring to the Italian parent company.

30. OTHER PAYABLES

The item "Other payables" includes amounts that are not strictly classified as trade payables and amounted to 8,502 thousand of euro as at June 30, 2011, compared with 9,674 thousand of euro as at December 31, 2010.

(thousands of euro)

Other payables	June 30, 2011	December 31, 2010	Difference
Employees and social security payables	6,104	6,203	(99)
Social-security and tax payables (excluding income taxes)	748	925	(177)
Other	1,650	2,546	(896)
Total	**8,502**	**9,674**	**(1,172)**

The item “Employees and social security payables” is made up of holiday allowance accrued but not taken during the year, additional monthly salaries and remunerations for the month of June 2011. The item also includes the payables owed by the Group’s Italian companies towards the INPS (Italy’s social-security agency) for contributions to be paid on wages. It also includes payables to the treasury fund operated by the INPS and pension funds under the reformed staff leaving indemnity legislation.

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

The item “Other” includes payables to the Directors of the Parent Company, as well as the payables for commissions to agents for the first half of 2011.
The decrease, amounting to 896 thousand of euro, is explained by the fact that the item as at December 31, 2010 also included payables for consultancies on the transfer of the Chinese jointly-controlled joint venture Nanjing SAES Huadong Vacuum SAES Material Co., Ltd., paid during the first half of 2011.

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 (excluding E.T.C. S.r.l.) 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. 16 for further information).
The item also includes the IRAP debt of the Italian companies.

Accrued income taxes came to 1,370 thousand of euro as at June 30, 2011. The item was up by 980 thousand of euro compared to the previous year, primarily due to the Group’s better taxable results.

32. BANK OVERDRAFT

As at December 31, 2010, bank overdrafts amounted to 1,504 thousand of euro and consisted primarily of short-term debt owed by the Parent Company in the form of hot money debt (1,500 thousand of euro). These overdrafts had been totally repaid during the first semester 2011.

33. ACCRUED LIABILITIES

Accrued expenses and deferred income came to 904 thousand of euro as at June 30, 2011.

(thousands of euro)

	June 30, 2011	December 31, 2010	Difference
Accrued expenses	231	201	30
Deferred income	673	1,153	(480)
Total accrued liabilities	**904**	**1,354**	**(450)**

34. CASH FLOW STATEMENT

In the first half of 2011, cash flow provided by operating activities came to 8,761 thousand of euro, with a significant improvement over the corresponding period of the previous year (the cash flow for the first half of 2010 was negative and amounted to -1,833 thousand of euro), mainly due to higher commercial collections for the period and the improvement of self-financing.

Investing activities absorbed liquidity of 2,868 thousand of euro mainly due to the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. that left the consolidation area and whose sale to minority shareholders implied also the transfer of relevant cash and cash equivalents amounting to 1,540 thousand of euro.
Moreover, disbursements for purchases of tangible fixed assets amounted to 3,040 thousand of euro (2,227 thousand of euro as at June 30, 2010), partially offset by proceeds resulting from the sale of the Korean factory (1,689 thousand of euro).

The negative balance of financing activities of 10,910 thousand of euro (compared to the positive balance of 955 thousand of euro in the previous year) is explained by the payment of dividends (4,410 thousand of euro), as well as by the repayments on loans made during the first half, and in particular the early repayment of the loan of the American subsidiary Spectra-Mat, Inc. (Note no. 25).

In the following is provided 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, 2011	June 30, 2010
Cash and cash equivalents	15,360	25,271
Bank overdraft	(3)	0
Cash and cash equivalents, net - cash flow statement	**15,357**	**25,271**

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, 2011	December 31, 2010	Difference
Guarantees in favour of third parties	43,159	51,485	(8,326)
Total	**43,159**	**51,485**	**(8,326)**

The decrease compared to the previous year is primarily explained by the expiration of some guarantees provided by the Parent Company to secure financing transactions undertaken by some foreign subsidiaries.

The maturities for operating lease obligations outstanding as of June 30, 2011 are shown below:

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,374	2,118	173	**3,665**

36. RELATED PARTY TRANSACTIONS

IAS 24 revised is followed in identifying Related Parties.

In this case, 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.
It is also to be noted that S.G.G. Holding S.p.A. receives dividends from SAES Getters S.p.A.
- **Managers with Strategic Responsibilities**: these are considered only the members of Board of Directors, including non-executive members[3]. Also their close relatives are considered related parties.
- The **Board of Statutory Auditors** and their close relatives.

The following table shows the total values of the related party transactions undertaken in the first semester 2011 and 2010:

(thousands of euro)

Related parties	Costs		Revenues		Payables		Receivables	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
S.G.G. Holding S.p.A.	0	0	0	1	4,238	3,111	4,661	3,417
Total	**0**	**0**	**0**	**1**	**4,238**	**3,111**	**4,661**	**3,417**

The following table shows the compensation provided to managers with strategic responsibilities as identified above[4]:

[3] It should be noted that starting from the end of 2010 only the members of the Board of Directors are considered executives with strategic responsibilities in that they are the only ones who have the power and responsibility to, directly or indirectly, plan, manage and control the activities of the company.

[4] In the first half of 2010, in addition to the members of Board of Directors, they were considered managers with strategic responsibilities also the Group Human Resources Manager, the Corporate Strategic Marketing Manager, the Corporate Operations Manager, the SMA Medical Business Unit Manager, the Group Legal General Counsel and the Group Business Development Manager.

(thousands of euro)

Total compensation to key management	1st Half 2011	1st Half 2010
Short term employee benefits	840	1,224
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	23	59
Total	**862**	**1,283**

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, as well as to IAS 24 revised, we report that also in the first half of 2011 all related-party transactions fall within ordinary operations and were settled at economic and financial market conditions.

Lainate (MI), July 29, 2011

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

Certification of the interim condensed consolidated financial statements

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

1. The undersigned, Giulio Canale, in his capacity of Vice President and Managing Director, and Michele Di Marco, in his capacity of Officer Responsible for the preparation of the corporate financial reports of SAES Getters S.p.A., hereby certify 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, 2011.

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, 2010, 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, 2011, 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, 2011:

a) have been prepared in accordance with applicable International Accounting Standards recognized within the European Union pursuant to EC Regulation no. 1602/2002 of the European Parliament and the Council of July 19, 2002, and, in particular, IAS 34 revised – *Interim Financial Reporting*;

b) correspond to the results of accounting records and books;

c) are suitable to 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, July 29, 2011

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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