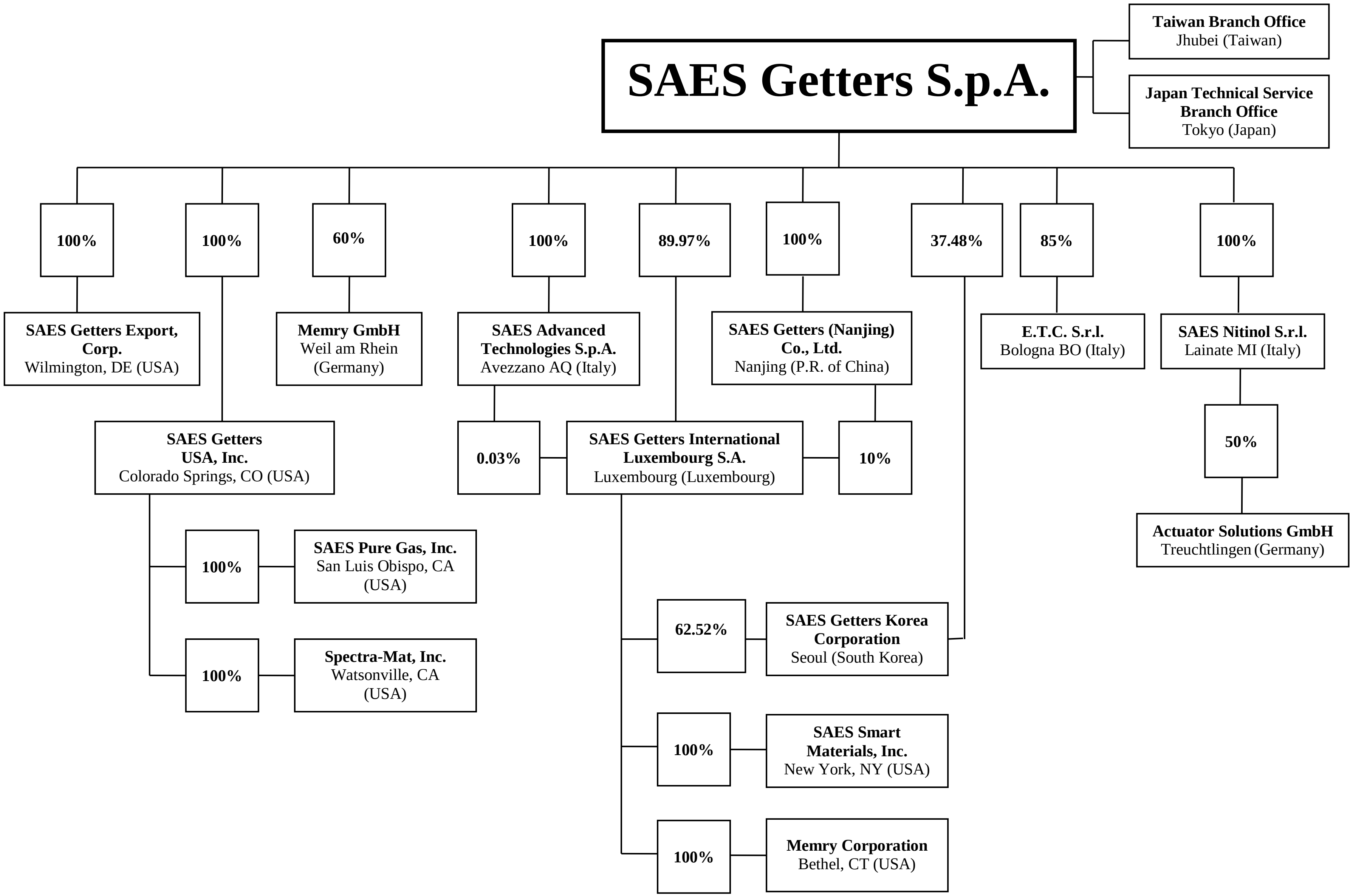
Interim Consolidated Financial Statements 2012


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)
62.52%
37.48%
SAES Getters Korea Corporation
Seoul (South Korea)
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)
50%
Actuator Solutions GmbH
Treuchtlingen (Germany)

Interim Condensed Consolidated Financial Statements as at June 30, 2012

SAES Getters S.p.A.

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

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

Registered with the Milan Court
Companies Register no. 00774910152

Board of Directors

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

(1) Members of the Compensation Committee
(2) Non-executive Directors
(3) Members of the Audit Committee
(4) Independent Directors
(5) Lead Independent Director
(6) Members of the Related Parties Committee
(7) Members of the Supervisory Body

Board of Statutory Auditors

President	Vincenzo Donnamaria (7)
Statutory Auditors	Maurizio Civardi Alessandro Martinelli
Alternate Statutory Auditors	Fabio Egidi Piero Angelo Bottino
Audit firm	Reconta Ernst & Young S.p.A.
Representative of Holders of Saving Shares	Massimiliano Perletti (e-mail:massimilano.perletti@roedl.it)

The term of office of the Board of Directors and of the Board of Statutory Auditors, elected on April 24, 2012, expires at the Shareholders' Meeting in which the financial statements for the year ended December 31, 2014 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 24, 2012, the Board of Directors granted the President and the Vice President and Managing Director the powers of ordinary and extraordinary administration, with the exception of the powers strictly reserved to the competence of the Board or of those powers reserved by law to the Shareholders' Meeting.

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

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Group financial highlights

GROUP FINANCIAL HIGHLIGHTS

(thousands of euro)

Income statement data	1st Half 2012	1st Half 2011	Difference	Difference %
NET SALES				
- Industrial Applications	50,751	54,596	(3,845)	-7.0%
- Shape Memory Alloys	24,918	19,220	5,698	29.6%
- Information Displays	1,828	2,207	(379)	-17.2%
- Business Development	11	0	11	100.0%
Total	**77,508**	**76,023**	**1,485**	**2.0%**
GROSS PROFIT				
- Industrial Applications	23,670	25,504	(1,834)	-7.2%
- Shape Memory Alloys	8,810	5,957	2,853	47.9%
- Information Displays	419	(822)	1,241	-151.0%
- Business Development & Corporate Costs (1)	(147)	(147)	0	0.0%
Total	**32,752**	**30,492**	**2,260**	**7.4%**
% on sales	42.3%	40.1%		
EBITDA (2)	**14,042**	**13,296**	**746**	**5.6%**
% on sales	18.1%	17.5%		
OPERATING INCOME (LOSS)	**8,322**	**7,391**	**931**	**12.6%**
% on sales	10.7%	9.7%		
NET INCOME (LOSS) (3)	**3,557**	**3,041**	**516**	**17.0%**
% on sales	4.6%	4.0%		

Balance sheet and financial data	June 30, 2012	December 31, 2011	Difference	Difference %
Property, plant and equipment, net	57,809	59,263	(1,454)	-2.5%
Group shareholders' equity	118,150	123,028	(4,878)	-4.0%
Net financial position	(19,457)	(15,534)	(3,923)	-25.3%

Other information	1st Half 2012	1st Half 2011	Difference	Difference %
Cash flow from operating activities	12,880	8,761	4,119	47.0%
Research and development expenses	7,415	6,701	714	10.7%
Number of employees as at June 30 (4)	1,053	1,068	(15)	-1.4%
Personnel cost (5)	29,804	26,790	3,014	11.3%
Disbursements for acquisition of tangible assets	2,204	3,040	(836)	-27.5%

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

(2) EBITDA is not deemed a measure of performance under International Financial Reporting Standards (IFRS) and must not be considered as an alternative indicator of the Group's results. However, we believe that EBITDA is an important parameter for measuring the Group's performance. Since the calculation of EBITDA is not regulated by applicable accounting standards, the method applied by the Group may not be homogeneous with methods adopted by other groups. EBITDA is defined as "Earnings before interests, taxes, depreciation and amortization".

(3) It includes the net loss from assets held for sales and discontinuing operations equal to 86 thousand euro in the first semester 2012 and 292 thousand euro in the corresponding period of the previous year.

(4) As at June 30, 2012 this item includes:
- employees for 995 units;
- personnel employed with contract types other than salaried employment agreements, equal to 58 units.

(5) As at June 30, 2012 the severance costs, included in the personnel cost, are equal to 347 thousand euro; instead, the use of C.I.G.S. (extraordinary redundancy fund) has determined a reduction in the personnel cost equal to 715 thousand euro.
As at June 30, 2011 the severance costs were equal to 445 thousand euro, while the use of C.I.G. had determined a reduction in the personnel cost equal to 633 thousand 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 more than 70 years of activity, the Group's getter solutions have been supporting 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.These special alloys, which today are mainly applied in the biomedical sector, are perfectly suited to the realization of actuators for the industrial sector (domotics, white goods industry, consumer electronics and automotive).

Recently, SAES has expanded its business by developing components whose getter functions are instead generated by chemical processes while traditionally they were obtained from the exploitation of the special features of some metals. These new products are used in the OLED promising sector (Organic Light Emitting Diode, both for displays and lighting) and in the photovoltaic one.
Thanks to these new developments, SAES is evolving, coupling its expertise in the field of special metallurgy with those of advanced chemicals.

With an overall production capacity spread out over eleven facilities on three continents, a commercial and technical support network with worldwide coverage and about 1,000 employees, the Group brings together multicultural skills and experiences, 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 Group's business structure identifies three Business Units, Industrial Applications, Shape Memory Alloys and Information Displays, and a Business Development Unit. The corporate costs (those expenses that cannot be directly attributed or allocated in a reasonable way to the Business Units, but refer to the Group as a whole) and the costs related to the research and development projects (Business Development Unit), are shown separately from the three Business Unit.

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
Renewable Energies	Getter sealants for photovoltaic modules and sophisticated getters for energy storage devices
Shape Memory Alloys Business Unit	
Shape Memory Alloys (SMA)	Shape memory alloys both for medical and for industrial applications
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
Organic Light Emitting Diodes (OLED)	Dispensable dryers and alkaline metal dispensers for OLED displays and lighting systems
Business Development Unit	
Business Development	Projects under development (among which, components for High-Brightness LEDs)

Please note that during the fiscal year 2012, following their transfer to production:

- revenues and costs related to dispensable dryers and to alkaline metal dispensers for OLED displays have been transferred from the Business Development Unit to the Information Displays Business Unit (Organic Light Emitting Diodes Business);
- similarly, revenues and costs of getter sealants for photovoltaic modules and of sophisticated getters for energy storage devices have been transferred from the Business Development Unit to the Industrial Applications Business Unit (Renewable Energies Business).

2011 figures were subject to the same reclassifications in order to enable a homogeneous comparison with 2012.

Main events for the first semester

The sales in the first half of 2012 (+ 2% compared to the first half of 2011) show that SAES Getters has been able to consolidate the revenues' growth generated by the new products developed by the research over the last few years, which offset the expected downturn in the semiconductors sector.

In the Industrial Applications Business Unit, Electronic Devices Business records an increase in the volumes of getter solutions produced directly by the Group for MEMS devices for the consumer electronics market; this growth has partly offset the reduction in the other sectors, particularly the military one.

In this business, the Parent Company signed a cooperation, technology license and supply agreement with a leading semiconductor manufacturer operating in the global market and specialized, among other things, in the production and distribution of MEMS (micro electro-mechanical systems). This agreement provides for the integration of SAES thin film getter technology into the vacuum packaging of MEMS devices for the consumer market. This cooperation confirms the high strategic value of the integration of the getter technology in vacuum-encapsulated MEMS devices. The thin film getter solution offers superior performance and a stable environment for integrated sensors in various applications, such as smartphones, tablets, electronic games and other devices for the consumer electronics market.

The Lamps Business has been affected by conflicting dynamics, with the persistence of the power supply shortage in Japan, whose effects were partially offset by the sales in other markets.

In the Vacuum Systems and Thermal Insulation Business, the introduction of new pumps, smaller in size than the products previously available and than those of competitors, has opened new opportunities, especially in Asian markets.

Moreover, the reduction of government incentives has caused a slowdown in the Renewable Energies Business.

In the field of gas purification (Semiconductors Business), after a long period of uninterrupted growth, sales of the semester show a reduction due to the first effects of the expected slowdown of the semiconductors' economic cycle, but still remain at high levels.

In the Shape Memory Alloys Business, the growth (+29.6% compared to the first semester 2011) is mainly driven by broader products portfolio and customer base in the medical field, following the investments in research and development of the last few years.
In this sector, please note that on April 1, 2012 the joint venture Actuator Solutions GmbH (ASG) has finalized the acquisition of the manufacturing business of Alfmeier Präzision AG (Alfmeier) related to the production and distribution of SMA actuators for the automotive market.
The agreement also provides for side contracts, at market conditions, for the supply to ASG, for a period of at least three years, of SMA components in the form of wires or springs by SAES and of plastic materials, electronic devices and design support by Alfmeier respectively. Moreover, ASG will be the exclusive supplier, always for a period of at least three years and at market conditions, of the automotive actuator for Alfmeier, which will continue to manage its distribution to its end customers.
The purchase price was equal to 3.7 million euro, paid in cash at a rate of 3.3 million euro within 30 days from the closing of the transaction and the remainder, equal to 0.4 million euro, upon the approval by Alfmeier of the SMA actuator made by ASG. In order to provide ASG with an adequate cash to finance the expected growth and to finalize the transaction, the share capital of the joint venture has been increased, in two different dates, for a total amount of 8 million euro (1 million euro in the first quarter of 2012 and 7 million euro for the purchase of the manufacturing business), by means of two installments equal to 50% of the amounts, by each of the two partners SAES Nitinol S.r.l. (SAES Getters) and SMA Holding GmbH (Alfmeier).
This transaction strengthens the joint venture ASG, allowing it to become an operating manufacturing company, in view of the launch of the new SMA actuators for applications designed for various markets, among which the automotive, the white goods and the consumer electronics ones.

In the Information Displays sector, the expected further decrease of revenues in the business of dispensers for fluorescent lamps for the backlighting of liquid crystal displays (LCD) and in that of getters for cathode ray tubes (CRT), was partially offset by the increase in sales of the new highly sophisticated getter solutions for OLED displays (Organic Light Emitting Diodes), where SAES is the technological partner of the leading manufacturers.

As for other significant events occurred in the first half of 2012, it should be noted:

- On January 1, 2012 it has been finalized the merger of SAES Getters America, Inc. into SAES Getters USA, Inc. (the former was already 100% owned by the latter).
  This transaction will enable the achievement of economies of scale and the pursuit of operational efficiency between the two companies. In this regard, please note that SAES Getters America, Inc. already made use of the production facilities and of the resources of SAES Getters USA, Inc. for the carrying out of its manufacturing activities.
  On March 30, 2012 SAES Getters USA, Inc. finalized the sale of its plant located in Ohio (former plant of SAES Getters America, Inc.) and of the equipment located therein, for a price of about 950 thousand USD. This sale generated a capital gain of 86 thousand euro, classified in the item "Income from assets held for sale and discontinued operations".

- On February 21, 2012 the Parent Company signed a new stand-by credit line with a leading banking institution for a total amount of 15 million euro expiring in August 2013.
  This credit line may be used to cope with temporary financial needs related to the working capital or that might arise during the completion of new acquisitions.

- On February 23, 2012 SAES Getters S.p.A., in order to provide its subsidiary E.T.C. S.r.l. with more equity aimed at granting an adequate capitalization, has approved a capital injection of 1,985 thousand euro (equal to the total loss recorded by E.T.C. S.r.l. during the year 2011), of which 1,666 thousand euro through the waiver of a financial credit, 297 thousand euro by giving up a trade receivable, both of them due by the same E.T.C. S.r.l., and the remaining 22 thousand euro by cash. The Parent Company's percentage of ownership remained unchanged from December 31, 2011 (equal to 85% of the share capital).

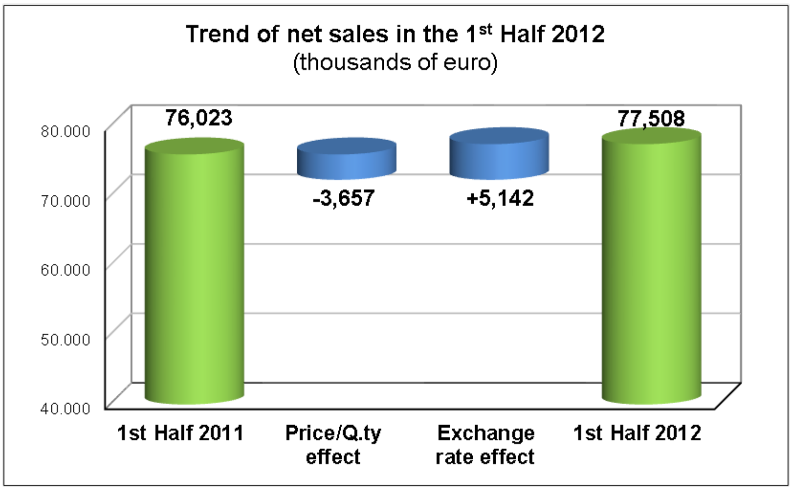
- In the first part of 2012 financial covenants on loans of the U.S. companies Memry Corporation and SAES Smart Materials, Inc. were renegotiated and made homogeneous. The redefinition of covenants has led to the establishment of a commission to be paid for the renegotiation to the issuing bank. The new conditions require that covenants are measured every six months (to June 30 and December 31 of each year) on the Group's income statement and financial data. Non-compliance with one of the three covenants shall not constitute cause of default with immediate effect. For more details, refer to Note no. 27.

- On June, 27, 2012 it was announced the signing of an agreement with Matthias Mertmann, founder, 40% shareholder and current Managing Director of Memry GmbH (60% controlled by SAES Getters S.p.A.) to acquire, in two subsequent tranches, the entire share capital of the company.
  The first tranche, equal to 20% of Memry GmbH's shares, has been acquired by SAES Getters for a total consideration of 500 thousand euro, paid on July 12, 2012. The remaining 20% of the shares may be transferred in the period between January 1 and February 28, 2013, or within the first half of 2014, according to two options, that provides for, in the first case, the payment by SAES of the amount, equal to 500 thousand euro; in the second case, a consideration equal to the initial amount of 500 thousand euro, adjusted for a factor related to Memry GmbH's sales in 2013 and in any case not less than 375 thousand euro. This agreement supersede all prior agreements and in particular the one signed between the parties on December 15, 2008 for the sale of 100% of the shares to SAES Getters in many tranches. Please note that the Consolidated Financial Statements of the SAES Getters Group for the year ended on December 31, 2011 included a financial debt calculated on the basis of the former agreements: this debt will be re-calculated on the basis of the new contract. Memry GmbH operates in the production and marketing of shape memory alloys (SMA) semi-finished products and components for industrial and medical applications.

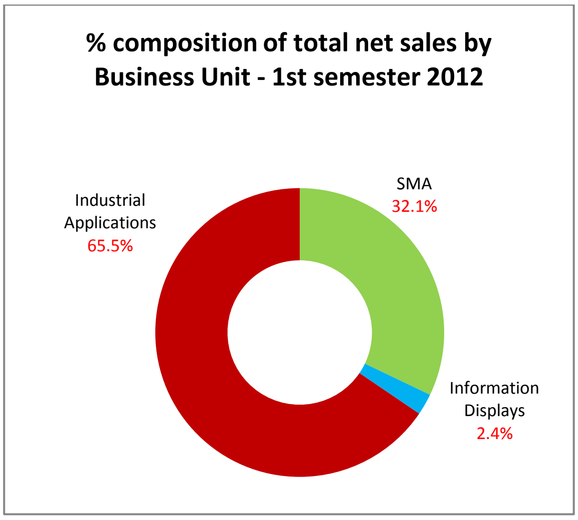
Sales and economical results for the first semester 2012 compared with the prior year

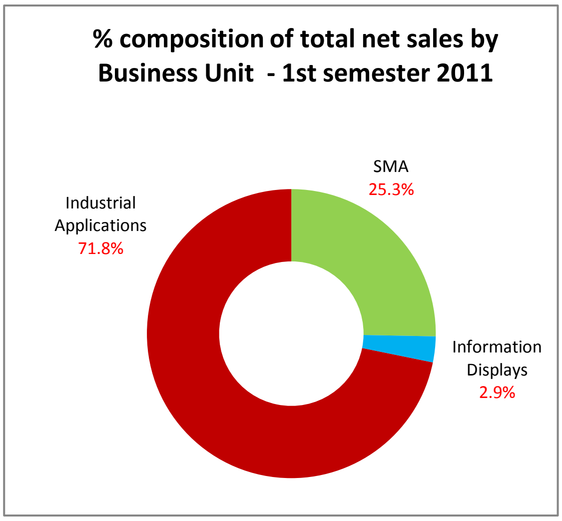
In the first half of 2012, the SAES Getters Group achieved **consolidated net sales** equal to 77,508 thousand euro, up by 2% compared to 76,023 thousand euro achieved in the corresponding semester of 2011. The **exchange rate effect** was positive and equal to 6.8%, mainly due to the strengthening of the U.S. dollar.

With reference to revenue, the **scope of consolidation** was unchanged compared to the first half of 2011.

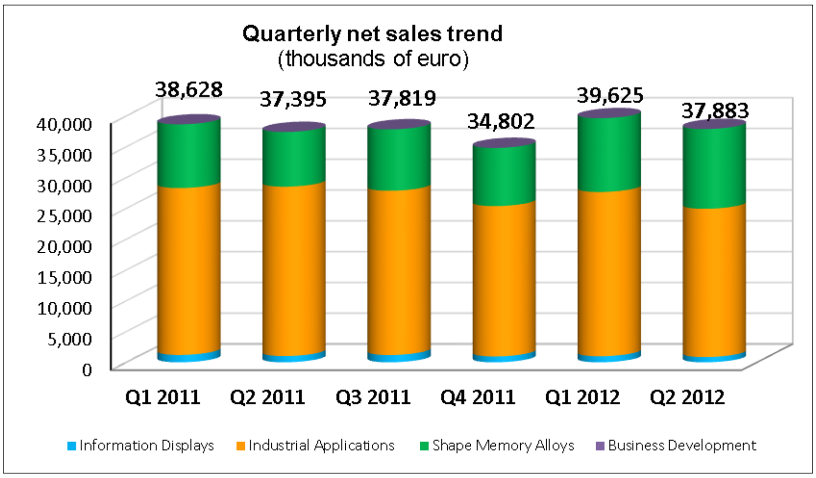


The sales of the first half 2012 confirm the trend occurred during the previous year thanks to revenues' growth generated by the new products developed by the research over the last few years, which offset the expected downturn in the semiconductors sector; also the positive exchange rate effect has to be considered relevant.





With reference to the quarterly trend of revenues, consolidated sales of the second quarter 2012 (37,883 thousand euro), are lower than the first quarter 2012 ones (equal to 39,625 thousand euro); however, sales remain substantially in line with those recorded in the corresponding period of the previous year.



The following table contains a breakdown of net sales in the first half of 2012 and 2011 by Business segment, along with the percent change at current and comparable exchange rates:

(thousands of euro)

Business	1st Half 2012	1st Half 2011	Difference	Difference %	Exchange rate effect %	Price/Q.ty effect %
Electronic Devices	10,552	12,634	(2,082)	-16.5%	3.8%	-20.3%
Lamps	6,195	6,643	(448)	-6.7%	3.5%	-10.2%
Vacuum Systems and Thermal Insulation	8,791	6,307	2,484	39.4%	9.0%	30.4%
Semiconductors	25,151	28,997	(3,846)	-13.3%	6.6%	-19.9%
Renewable Energies	62	15	47	313.3%	0.5%	312.8%
Industrial Applications	**50,751**	**54,596**	**(3,845)**	**-7.0%**	**5.9%**	**-12.9%**
Shape Memory Alloys	**24,918**	**19,220**	**5,698**	**29.6%**	**9.3%**	**20.3%**
Liquid Crystal Displays	603	947	(344)	-36.3%	5.5%	-41.8%
Cathode Ray Tubes	670	992	(322)	-32.5%	5.5%	-38.0%
Organic Light Emitting Diodes	555	268	287	107.1%	9.2%	97.9%
Information Displays	**1,828**	**2,207**	**(379)**	**-17.2%**	**5.9%**	**-23.1%**
Business Development	**11**	**0**	**11**	**100.0%**	**0.0%**	**100.0%**
Total net sales	**77,508**	**76,023**	**1,485**	**2.0%**	**6.8%**	**-4.8%**

Consolidated revenue of the **Industrial Applications Business Unit** were equal to 50,751 thousand euro in the first half of 2012, showing a decrease (-7%) compared to 54,596 thousand euro in the first half of 2011. The currency trend led to a positive exchange rate effect of 5.9%.

In the Electronic Devices Business, down by 16.5%, there was an increase in the volumes of getter solutions produced directly by the Group for MEMS devices for the consumer electronics market; this growth has partly offset the reduction in the other sectors, particularly the military.

The Lamps Business, down by 6.7%, has been affected by conflicting dynamics, with the persistence of the power supply shortage in Japan, whose effects were partially offset by the sales in other markets.

In the Vacuum Systems and Thermal Insulation Business, the introduction of new pumps, smaller in size than the products previously available and than those of competitors, has opened new opportunities, especially in Asian markets. The significant increase in the sales of this business in the semester was achieved (+39.4%) also thanks to the contribution of the products for thermal insulation, coupled with the applications in the field of oil exploration, thus offsetting the reduction in other sectors.

The reduction of government incentives has also caused a slowdown in the Renewable Energies Business; however, please note that the SAES Getters product B-Dry®, a hermetic sealant, has received the approval from a major manufacturer of photovoltaic modules in Asia.

In the field of gas purification (Semiconductors Business), after a long period of uninterrupted growth, sales of the semester show a reduction (-13.3%) due to the first effects of the expected slowdown of the semiconductors' economic cycle, but still remain at high levels.

Consolidated revenues of the **Shape Memory Alloys Business Unit** were equal to 24,918 thousand euro in the first half of 2012, up by 29.6% compared to 19,220 thousand euro in the corresponding period of 2011. The exchange rate effect was positive and equal to 9.3%. The growth was mainly due to broader products portfolio and of the customer base in the medical field, made possible by the investments in research and development of the last few years.

Consolidated revenues of the **Information Displays Business Unit** were equal to 1,828 thousand euro in the first six months of 2012, showing a decrease of 17.2% compared to 2,207 thousand euro in the corresponding period of 2011. The exchange rate effect was positive and equal to 5.9%.

The expected further decrease of revenues in the business of dispensers for fluorescent lamps for the backlighting of liquid crystal displays (LCD) and in that of getters for cathode ray tubes (CRT), was partially offset by the increase in the sales of the new highly sophisticated getter solutions for OLED displays (Organic Light Emitting Diodes), where SAES is the technological partner of the leading manufacturers.

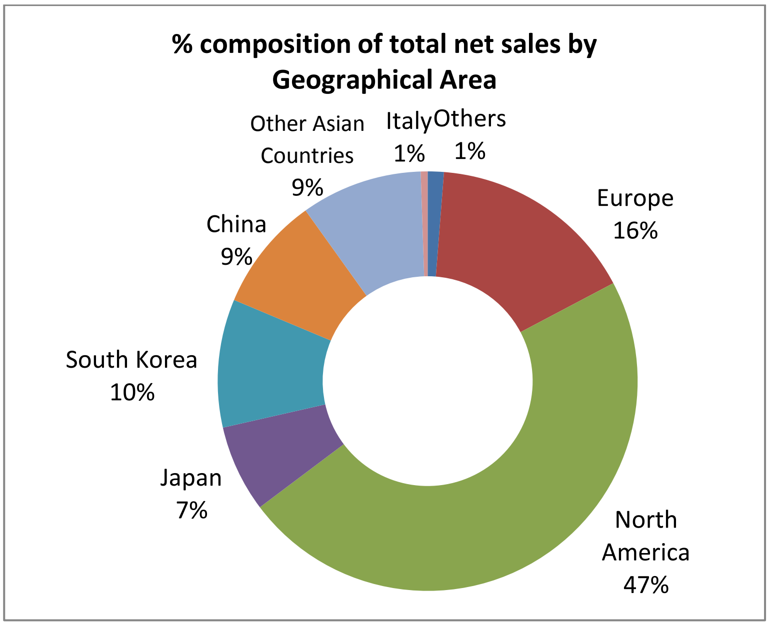
The **Business Development Unit**, after the reclassification of the revenues related to components for OLED and to getter solutions for photovoltaic panels, reclassified to the Information Displays Business

Unit and in the Industrial Applications Business Unit respectively, includes projects under development. Following this reclassification, this Business Unit did not essentially produce any revenues.

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

(thousands of euro)

Geographical area	1st Half 2012	%	1st Half 2011	%	Difference	Difference %
Italy	962	1.2%	792	1.0%	170	21.5%
Europe	12,421	16.0%	15,102	19.9%	(2,681)	-17.8%
North America	36,790	47.5%	30,788	40.5%	6,002	19.5%
Japan	5,200	6.7%	2,825	3.7%	2,375	84.1%
South Korea	7,660	9.9%	7,690	10.1%	(30)	-0.4%
China	6,820	8.8%	9,812	12.9%	(2,992)	-30.5%
Other Asians countries	7,245	9.3%	8,725	11.5%	(1,480)	-17.0%
Others	410	0.5%	289	0.4%	121	41.9%
Total net sales	**77,508**	**100%**	**76,023**	**100%**	**1,485**	**2.0%**

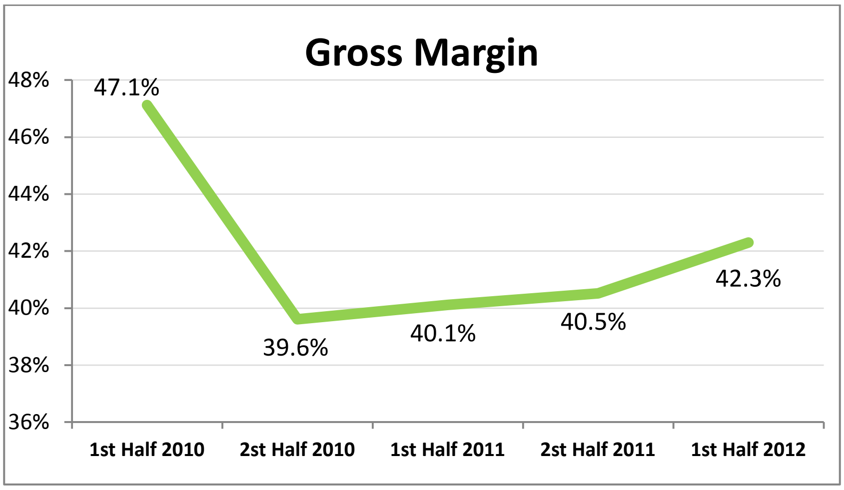


The significant increase of sales in North America is due to the above mentioned sales growth in the SMA Business for medical applications. This rise compensates the decrease in the Far East (particularly in China) and Europe due to the downturn in the field of purification. Sales in Japan increased thanks to the success of the new vacuum pumps marketed by the Group.

Total **consolidated gross profit** was equal to 32,752 thousand euro in the first half of 2012, showing an increase (+7.4%) compared to 30,492 thousand euro in the corresponding period of 2011. The gross margin was equal to 42.3% in the first half of 2012, compared to 40.1% in the first half of 2011. This improvement was due both to the increase of revenues and to the shift of the sales mix towards new products with a higher profitability, which occurred particularly in **Shape Memory Alloys** sector, whose gross margin rose from 31% to 35.4%.
The gross margin of the **Industrial Applications Business Unit** was equal to 46.6%, unchanged when compared to the corresponding period of 2011.
Please notes an improvement in **Business Unit Information Displays** profitability, due both to the growth of revenues in the OLED Business and to the consolidation of the savings deriving from the

rationalization of the LCD production facilities, that was completed at the end of the first half of 2011 with the shutdown of the plant located in South Korea.

Analyzing the semiannual gross margin, starting from the second half of the year 2010 it shows an upward trend, as shown in the graph below:



The following table shows gross profit by Business Unit for the first half of 2012 and 2011:

(thousands of euro)

Business Unit	1st Half 2012	1st Half 2011	Difference	Difference %
Industrial Applications	23,670	25,504	(1,834)	-7.2%
% on Business Unit net sales	46.6%	46.7%		
Shape Memory Alloys	8,810	5,957	2,853	47.9%
% on Business Unit net sales	35.4%	31.0%		
Information Displays	419	(822)	1,241	-151.0%
% on Business Unit net sales	22.9%	-37.2%		
Business development & Corporate Costs	(147)	(147)	0	0.0%
% on Business Unit net sales	n.s.	n.s.		
Gross profit	**32,752**	**30,492**	**2,260**	**7.4%**

Consolidated operating income of the semester was equal to 8,322 thousand euro, with an increase (+12.6%) compared to 7,391 thousand euro in the corresponding period of the prior year; as a percentage of revenues, the operating margin was equal to 10.7%, compared to 9.7% in the first half of 2011.

The following table shows operating income by Business Unit for the first half of 2012 and 2011:

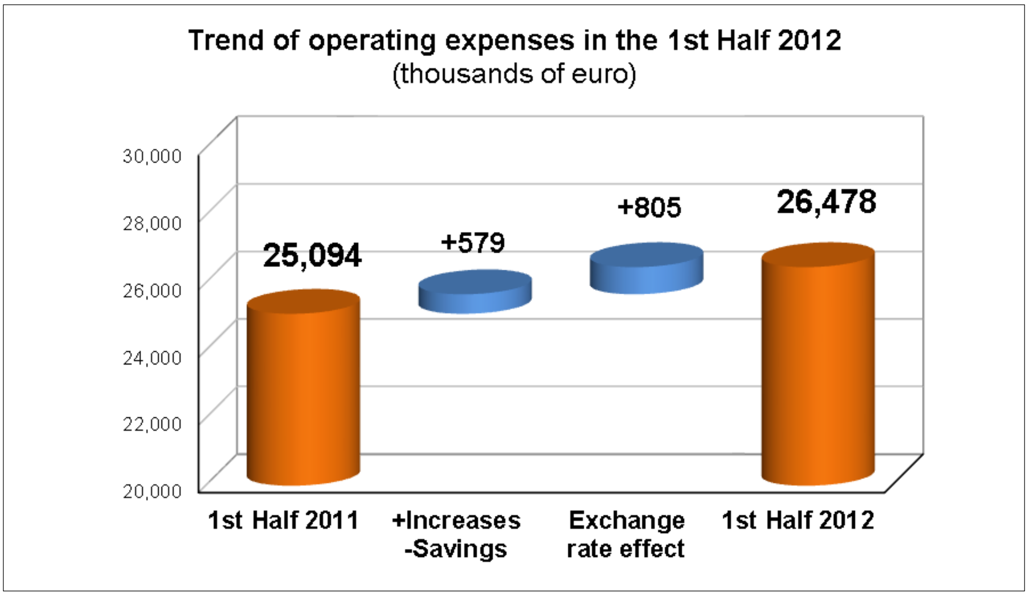
(thousands of euro)

Business Unit	1st Half 2012	1st Half 2011	Difference	Difference %
Industrial Applications	15,706	16,930	(1,224)	-7.2%
Shape Memory Alloys	3,365	1,247	2,118	169.8%
Information Displays	(2,214)	(2,855)	641	22.5%
Business Development & Corporate Costs	(8,535)	(7,931)	(604)	-7.6%
Operating income (loss)	**8,322**	**7,391**	**931**	**12.6%**

At Business Unit level, the increase in the operating result of the Shape Memory Alloys sector has more than compensated the decline in Industrial Applications Business.

Total **consolidated operating expenses** were equal to 26,478 thousand euro (34.2% of revenues) compared to 25,094 thousand euro in the corresponding semester of 2011 (33% of revenues). The increase of 1,384 thousand euro is due both to the exchange rate effect and to the higher research & development expenses, related to the increase of the staff of the Parent Company involved in research activities.

The following graph shows the trend of operating costs in the first half 2012:



Total **personnel cost** was 29,804 thousand euro, with an increase compared to the corresponding period of the previous year (equal to 26,790 thousand euro). The variation, excluding the exchange rate effect (higher costs for 1,273 thousand euro), was equal to 1,741 thousand euro and it is mainly due to contractual increases aimed at a total or partial recovery of inflation, as well as to the effect of a moderate merit-based compensation policy.
In addition, it is worth underlying the impact of the increase of the staff, involved in research activities at the Parent Company, with a particular focus in the field of SMA applications for industrial markets, and of that at the subsidiary Memry Corporation, following the growth of sales.

The net result of the semester includes depreciation and amortization expenses equal to 5,163 thousand euro, compared to 5,415 thousand euro in the corresponding period of 2011. The lower depreciation is a result of the end of the useful life of some assets reached during the semester.

Consolidated EBITDA was equal to 14,042 thousand euro in the first half of 2012, compared to 13,296 thousand euro in the corresponding half of 2011. As a percentage of revenues, EBITDA was equal to 18.1%, compared to 17.5% in 2011.

The **net balance of other income (expenses)** was positive and equal to 2,048 thousand euro, substantially in line with first half of 2011 (1,993 thousand euro).
This item mainly includes the royalties in U.S. dollars for the licensing of the thin film getter technology for MEMS, the extraordinary income related to the settlement of a social-security dispute of the subsidiary SAES Advanced Technologies S.p.A. (0.3 million euro) and the service fees charged to the joint venture Actuator Solutions GmbH (0.3 million euro).
In the previous year this item included, in addition to the royalties, the capital gain realized by the Korean subsidiary from the sale of its factory located in Jincheon (equal to 0.5 million euro) and the public grants accrued by the Parent Company for ongoing research projects (0.3 million euro).

The **net balance of financial income (expenses)** shows a negative figure equal to 912 thousand euro (compared to negative figure equal to 689 thousand euro in the first half of 2011) and it mainly includes interests on loans held by the U.S. companies and fees for the reshaping of the credit lines' portfolio of the Group.

The item "**share of result of investments accounted for using the equity method**" (negative and equal to 422 thousand euro) includes the evaluation of the joint venture Actuator Solutions GmbH; for more details, please refer to the Note no. 16.

Net exchange rate differences recorded in the first half of 2012 a negative balance of 181 thousand euro, compared with a positive balance of 81 thousand euro in the first half of 2011.
The decrease is mainly due to foreign exchange losses arising from the conversion of trade receivables and payables of foreign subsidiaries as a result of the revaluation of local currencies (in particular U.S. dollar and Korean won).

Income before taxes was positive and amounted to 6,807 thousand euro, unchanged when compared to the first half of 2011 (6,783 thousand euro).

Income taxes of the semester were equal to 3,336 thousand euro, compared to 4,034 thousand euro in the corresponding semester of the previous year. The Group's tax rate is decreasing (from 59.5% to 49%) thanks to the recognition by the Parent Company of deferred taxes on the fiscal losses realized in the first half of 2012 (in 2011, these deferred tax assets were recognized only at the end of the fiscal year).

The line "**Income (loss) from assets held for sale and discontinued operations**" (+86 thousand euro as at June 30, 2012) includes the capital gain generated from the sale of former plant of SAES Getters USA, Inc., while in the prior year it included 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 equal to 3,557 thousand euro (4.6% of consolidated revenues) in the first half of 2012, up by 17% compared to a net profit of 3,041 thousand euro in the first half of 2011 (4% of consolidated revenues).

Net financial position – Investments – Other information

Net financial position details breakdown is provided below:

(thousands of euro)

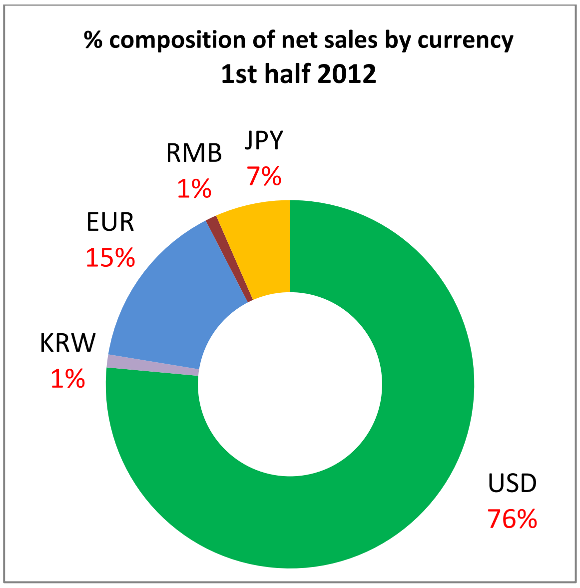
	June 30, 2012	December 31, 2011	June 30, 2011
Cash on hand	14	16	14
Cash equivalents	28,372	20,276	15,346
Cash and cash equivalents	**28,386**	**20,292**	**15,360**
Current financial assets	**261**	**0**	**103**
Bank overdraft	(14,834)	(1)	(3)
Current portion of long term debt	(7,672)	(26,156)	(9,942)
Other current financial liabilities	(1,693)	(1,335)	(1,583)
Current financial liabilities	**(24,199)**	**(27,492)**	**(11,528)**
Current net financial position	**4,448**	**(7,200)**	**3,935**
Long term debt, net of current portion	(23,200)	(7,621)	(24,856)
Other non current financial debt	(705)	(713)	(338)
Non current financial liabilities	**(23,905)**	**(8,334)**	**(25,194)**
Net financial position	**(19,457)**	**(15,534)**	**(21,259)**
Cash and cash equivalents held for sale	0	0	0
Total net financial position	**(19,457)**	**(15,534)**	**(21,259)**

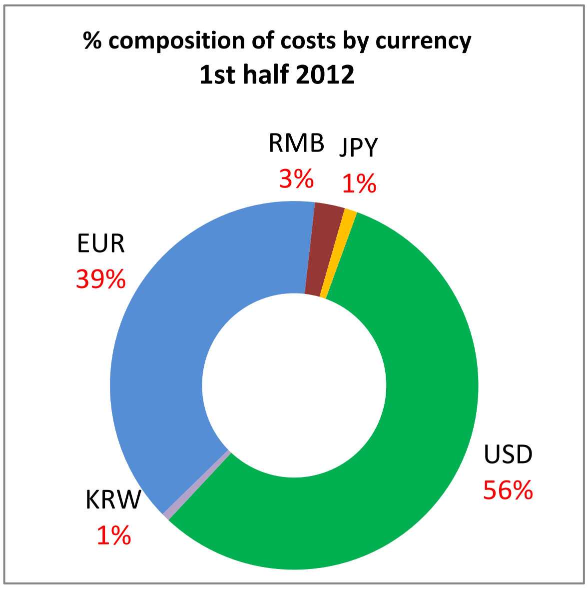
The **consolidated net financial position** as at June 30, 2012 was negative by 19,457 thousand euro (cash of 28,386 thousand euro vs. net financial liabilities of 47,843 thousand euro), compared with a negative net financial position equal to 15,534 thousand euro as at December 31, 2011 (cash of 20,292 thousand euro vs. net financial liabilities of 35,826 thousand euro).
To be underlined the extremely positive performance of the operating management, which generated resources for an amount of 12,356 thousand euro, and enabled to almost completely offset the disbursements for dividends (10,792 thousand euro), in addition to those for the increase in the share capital of the joint venture Actuator Solutions GmbH (3,994 thousand euro).
Furthermore, in the first half of the year, there were expenses for investment activities in tangible and intangible assets equal to 1,452 thousand euro. There has been no exchange rate effect, because the increase in the value of debts denominated in U.S. dollars has been completely offset by the simultaneous appreciation of all the cash reserves denominated in currencies other than the euro held by the companies of the Group.

Please note that in the first part of 2012 the financial covenants on the loan held by the subsidiary Memry Corporation, not complied with as at December 31, 2011, were renegotiated and the financing institution has formally accepted the request of the Group for the waiver of the recall of that debt. Therefore this loan, that had been included in a current liabilities as at December 31, 2011, was now reclassified as a long-term financial liability.

In the first half of 2012 the cash out for investments in tangible assets was equal to 2,204 thousand euro (3,040 thousand euro in the corresponding period of 2011), and it was partially offset by proceeds from assets sale (in particular, the already mentioned sale of former plant of SAES Getters USA, Inc.), equal to 786 thousand euro.
In the previous year the sale of assets amounted to 1,759 thousand euro and mainly referred to the plant and production machineries of the subsidiary SAES Getters Korea Corporation.
For further details please refer to the Note no. 36.

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, Milan (Italy)

In the first half of 2012 the Parent Company achieved revenues of 1,986 thousand euro, with a decrease of 181 thousand euro compared to the corresponding period of the previous year (2,167 thousand euro). This decrease is mainly due to the lower turnover in the Electronic Devices Business.
The net income of the semester recorded by the Parent Company was equal to 3,640 thousand euro, compared to 3,116 thousand euro as at June 30, 2011. The increase in net income, despite lower dividends received and higher expenses for research and development activities, is mainly due to a lower tax burden, following the recognition of deferred tax assets on the tax losses generated in the first half of the year; in 2011 these deferred tax assets were recognized only at the end of the fiscal year.
The use of *Cassa Integrazione Guadagni Straordinaria* (C.I.G.S. – extraordinary redundancy fund) instrument gave rise, during the first half of 2012, to a decrease in personnel costs equal to 62 thousand euro (156 thousand euro in the first half of 2011).

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

In the first half of 2012 the company achieved a turnover of 20,817 thousand euro, showing an increase compared to 19,823 thousand euro in the previous year, mainly thanks to higher sales of getter pumps for particle accelerators.
The increase in turnover and the shift of the sales mix towards products with higher profitability led to a significant improvement in the gross margin, rising from 44.5% to 52.4%.
The company ended the semester with a net income of 4,311 thousand euro, compared to 2,759 thousand euro in the previous year.

The use of *Cassa Integrazione Guadagni Ordinaria* (C.I.G.O. – ordinary redundancy fund) instrument led, during the semester, to a decrease in personnel costs equal to 653 thousand euro (in the first half of 2011, the use of C.I.G.O. resulted in a decrease of 477 thousand euro).

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

Please note that on January 1, 2012 it has been finalized the merger of SAES Getters America, Inc. into SAES Getters USA, Inc. (the former was already 100% owned by the latter).
This transaction will enable the achievement of economies of scale and the pursuit of operational efficiency between the two companies. In this regard, please note that SAES Getters America, Inc. already made use of the production facilities and of the resources of SAES Getters USA, Inc. for the carrying out of its manufacturing activities.
Therefore the comparative figures for 2011 are presented within the same scope of consolidation, including those of SAES Getters America, Inc.

In the first half of 2012, the company achieved consolidated net sales equal to 43,149 thousand USD (33,281 thousand euro at the average exchange rate for the period), compared with 53,943 thousand USD (38,443 thousand euro at the related average exchange rate) and a consolidated net income of 3,789 thousand USD (2,923 thousand euro), compared to a consolidated net income of 6,492 thousand USD in the corresponding period of 2011 (4,627 thousand 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 7,327 thousand USD, down when compared to 9,563 thousand USD in the previous year. This decrease is mainly due to the slowdown in the U.S. public spending in the military sector, only partially offset by the increase recorded in the vacuum pumps field.
The company ended the semester with a net income of 3,789 thousand USD, down when compared to a net income of 6,492 thousand USD in the first half of 2011; this reduction is due to both the decrease in sales and the lower income deriving from the evaluation of the shareholdings in the subsidiaries SAES Pure Gas, Inc. and Spectra-Mat, Inc.
Please note that during the first half of the year SAES Getters USA, Inc. finalized the sale of its plant located in Ohio (former plant of SAES Getters America, Inc.) and of the equipment located therein, for a price of about 950 thousand USD. This sale generated a capital gain of 86 thousand euro, classified in the item "Income from assets held for sale and discontinued operations".

The subsidiary **SAES Pure Gas, Inc.**, based in San Luis Obispo, CA (USA) (active in the Semiconductors Business) achieved sales of 32,463 thousand USD (compared to 40,632 thousand USD in the first half of 2011) and a net income of 2,833 thousand USD (compared to a net income of 3,792 thousand USD at the end of June 2011). The significant decrease in sales is the result of the already mentioned expected downturn in the cyclical sector of purifiers.

The subsidiary **Spectra-Mat, Inc**., Watsonville, CA (USA), operating in the Electronic Devices Business, reported sales of 3,359 thousand USD in the first half of 2012 (3,747 thousand USD in the corresponding period of the previous year) and a net loss of 203 thousand USD (compared to a net income of 56 thousand USD at the end of June 2011). The turnover reduction, despite the containment of operating expenses, is the main cause of net result decrease.

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

The company, which carries out manufacturing activity mainly in the CRTs business and deals with the resale in the Chinese market of products manufactured by other Group companies, ended the first half of 2012 with net sales equal to 13,793 thousand RMB (1,684 thousand euro), compared to a turnover of 19,683 thousand RMB (equal to 2,145 thousand euro) in the corresponding period of the

previous year. The decrease in sales is due to the continued decline in the sales of getters for CRT and to the lower commissions paid by the associated company SAES Pure Gas, Inc. on the sales of purifiers made by the latter in China.
The company ended the period with a net loss of 2,341 thousand RMB (286 thousand euro) compared to a net loss of 1,070 thousand RMB (117 thousand euro) in the previous period, mainly due to lower sales.

MEMRY GmbH, Weil am Rhein (Germany)

The company, which manufactures and markets in the European market shape memory alloy components for both medical and industrial applications, in the first half of 2012 reported sales equal to 1,850 thousand euro, substantially aligned to the sales of the previous year (1,884 thousand euro), and a net income of 101 thousand euro, compared to 169 thousand euro in 2011.
As better described in the paragraph "Main events for the first semester 2012", please note that during the first half of the year the Parent Company signed an amendment to the agreement previously in force for the acquisition of the remaining 40% of the company's capital stock.

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

The company, which is owned directly by SAES Getters S.p.A., operates with the object of managing the exports of some U.S. Group's companies.
In the first half of 2012 it achieved a net income of 5,196 thousand USD (4,008 thousand euro), down when compared to 2011 (6,588 thousand USD, equal to 4,695 thousand euro) due to the lower commissions income collected from the associated company SAES Pure Gas, Inc., whose exports fell during the semester.

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, as well as the development of integrated organic photonic devices for niche applications.
The company, which operates exclusively as a research center for the above mentioned developments, ended the first half of 2012 with a net loss of 1,254 thousand euro (compared to a net loss of 928 thousand euro in the first half of 2011) which, under the signed Shareholders' Agreements, will be entirely covered by SAES Getters S.p.A.

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

The company, 100% owned by SAES Getters S.p.A., was established in 2011, and it has as its business purpose the design, the production and the sale both of shape memory alloys instruments and actuators and of getters and any other equipment for the creation of high vacuum.
The company holds the interest in the joint venture Actuator Solutions GmbH, (for more details on the joint venture, please see the paragraph "Main events for the first semester 2012" of this Report and the Notes no. 8 and no. 16 of the Interim Condensed Consolidated Financial Statements).
The company ended the first half of 2012 with a net loss of 47 thousand euro (compared to a net loss of 3 thousand euro in the corresponding period of the previous year).

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, 2012, the company reported a net income of 61 thousand euro, compared to a net loss of 51 thousand euro in the first half of the previous year. The positive result is mainly due to interest income related to the financing in place with the Parent Company.

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

SAES Getters Korea Corporation, Seoul (South Korea), 62.52% owned by SAES Getters International Luxembourg S.A., whereas the remaining of the capital stock is held directly by the Parent Company SAES Getters S.p.A. Please note that, starting from last year, the company ceased its production activities and it continues to operate as a distributor in the Korean market of products made by other Group's companies.
In the first half of 2012, the company achieved a turnover of 2,028 million KRW (1,370 thousand euro), substantially in line with that of the previous year (1,977 million KRW, equal to 1,280 thousand euro). The period ended with a net loss of 192 million KRW (130 thousand euro), compared to a net loss of 454 million KRW (294 thousand euro) as at June 30, 2011.

The company ***SAES Smart Materials, Inc***., based in New York, NY (USA), active in the development, production and sale of shape memory alloys semi-finished products, achieved during the first half of the year net sales equal to 8,330 thousand USD (6,425 thousand euro), with a strong increase (+10.6%) compared to 7,534 thousand USD (5,369 thousand euro) in the first half of 2011. The period ended with a net income of 1,271 thousand USD (980 thousand euro) substantially aligned with the previous year's one (1,276 thousand USD, equal to 910 thousand euro). Please note that the 2011 income statement had benefited from the accounting of deferred taxes on temporary differences formed in the previous years.

Memry Corporation, Bethel, CT (USA), is a technological leader in the new generation medical devices with high engineering value sector, made of NiTinol shape memory alloy.
In the first half of 2012, the company achieved sales equal to 23,619 thousand USD (18,218 thousand euro), showing an increase over the same period of the previous year (19,180 thousand USD, equal to 13,668 thousand euro). The growth was driven by the new products introduced on the market.
The first half of 2012 ended with a net income of 2,632 thousand USD, equal to 2,030 thousand euro, compared to a net income of 408 thousand USD (291 thousand euro) achieved in the first half of 2011. This result benefited from higher volumes and a favorable product mix.

Research, development and innovation activities

In the first half 2012, total research and development expenses amounted to 7,415 thousand euro and were equal to 9.6% of total consolidated net sales: this percentage remained essentially unchanged if compared to the previous periods, witnessing the importance of research to the SAES Getters Group.

In the first half 2012 research activities were mainly focused on the fine tuning of OLED products, in particular DryPaste® and AlkaMax®; our customers are tuning up the production equipment and this has required a considerable support from our technicians.

Always in the field of organic chemistry, please note the considerable progress made in the OLET project, in cooperation with the National Research Council ("CNR"), based in Bologna, through a spin-off, ETC S.r.l., established for this specific purpose and whose shareholder is, among others, Dr. Michele Muccini, a CNR researcher and an expert in organic electronics.

The Vacuum Systems laboratory, following the remarkable success of the NEXTorr® pump, has continued the development of new models of the same family with higher performances, whose commercial launch is expected in the forthcoming months.

Equally intense has been the effort made in the development of new mercury dispensers for compact fluorescent lamps (CFL), and of new dispensers at low temperature release and with an almost total yield.

During the first half 2012 it has been completed the development of getters prototypes for lithium batteries and super-capitorrs, very sophisticated products that have the function of absorbing the gases that are generated within these two devices, making their use dangerous or inefficient. These getters were sampled to some Asian potential customers.

In the last few months, the laboratory has also begun some important basic research activities in the SMA field. They concern both basic studies aimed at understanding complex phenomena such as hysteresis, fatigue failures and the link with their compositional characteristics, and the development of new compositions with a higher transition temperature. In these activities we have started cooperations with some leading European research centers.

Instead, the subsidiary Actuator Solutions GmbH has focused its efforts on the development of devices for the image stabilization of miniaturized cameras for high-level mobile phones, Optical Image Stabilizers, of valves for vending machines and of devices to control the ventilation of fridges.

Subsequent events

On July 12, 2012 it has been finalized the payment of an amount equal to 500 thousand euro to acquire 20% of the shares of Memry GmbH, as envisaged by the agreement signed on June 27, 2012 with Matthias Mertmann, founder and current Managing Director of Memry GmbH, related to the acquisition, in two subsequent tranches, of the entire share capital of the company by SAES Getters S.p.A.

Subsequent to June 30, 2012 no further forward contracts on trade receivables on U.S. dollars and Japanese yen have been signed.

Business outlook

We confirm the outlook for the current year. In the second half of 2012, the weakness of the military sector and the downturn in the cyclical business of semiconductors will continue.
These trends will be offset to a good extent by the revenues' growth generated by the new products of the Group.
In addition, as mentioned above, Actuator Solutions GmbH has started the mass production of actuators for the automotive market, from which we expect growing revenues in the second half of the year.

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. 38 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 2011 Consolidated Financial Statements.

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

Interest-rate risk
The Group's financial debts are mainly structured on a variable interest rate basis, therefore they are subject to the risk of interest rate fluctuations.
The exposure to interest rate variation is handled by way of entering into Interest Rate Swap (IRS) agreements for a substantial percentage of the financing which has been obtained, with a view to guarantee a level of financial expenditures which are sustainable by SAES Getters Group's financial structure.
See the Note no. 23 for further details on the agreements in place as at June 30, 2012.

With reference to the subsidized loans of the Parent Company drawn on a special fund for applied research, the exposure to interest-rate risk is not significant inasmuch as this debt consists of a fixed-rate loan and the amount to be refunded is not particularly relevant.
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 foreign currency exchange risk on foreign commercial transactions. Such exposure is generated predominantly by sales in currencies other than the reference currency. During the first semester 2012 around 85% of Group sales and only around 61% of the Group's operating costs are denominated in a currency other than the euro.
In order to manage the volatility generated by the economic impact of fluctuations in exchange rates, primarily EUR/USD and EUR/JPY, the Group enters into hedges on these currencies, the values of which are periodically determined by the Board of Directors according to the net currency cash flows expected to be generated by SAES Getters S.p.A. and SAES Advanced Technologies S.p.A. The maturities of hedging derivatives tend to match the scheduled date of collection of the hedged transactions.
Moreover, occasionally, the Group also hedges specific transactions in a currency other than the reporting currency, to mitigate the effect on profits and losses of the exchange rate volatility, with reference to financial receivables/payables denominated in currency different from the one used in the financial

statements, included those related to cash pooling (executed by foreign subsidiaries but denominated in euro).
Please refer to the Note no. 23 for further details on derivative agreements signed during the first semester 2012.

Risk of changes in prices of raw materials

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

Credit risk

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

Liquidity risk

This risk could arise if the Group is not able to obtain the necessary financial resources to grant the continuity of its operations.
In order to minimize such risk, the Administration Finance and Control Division acts as follows:

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

As at June 30, 2012 the Group was not significantly exposed to liquidity risk, also considering the unused lines of credit to which it has access.

Equity management

The objective pursued by the Group's equity management is to maintain a solid credit rating and adequate capital ratios in order to support operations and maximize value for shareholders.
No changes were made to equity management objectives or policies during the first half of 2012.
The Group periodically monitors some performance indicators, such as the debt-to-equity ratio, with the aim of keeping them at low levels in accordance with the Group's agreements with its lenders.

Interim condensed consolidated financial statements as at June 30, 2012

Consolidated income statement

(thousands of euro)	Notes	1st Half 2012	1st Half 2011
Total net sales	3	**77,508**	**76,023**
Cost of sales	4	(44,756)	(45,531)
Gross profit		**32,752**	**30,492**
Research & development expenses	5	(7,415)	(6,701)
Selling expenses	5	(6,998)	(6,839)
General & administrative expenses	5	(12,065)	(11,554)
Total operating expenses		**(26,478)**	**(25,094)**
Other income (expenses), net	6	2,048	1,993
Operating income (loss)		**8,322**	**7,391**
Interest and other financial income	7	276	199
Interest and other financial expenses	7	(1,188)	(888)
Share of result of investments accounted for using the equity method	8	(422)	0
Foreign exchange gains (losses), net	9	(181)	81
Income (loss) before taxes		**6,807**	**6,783**
Income taxes	10	(3,336)	(4,034)
Net income (loss) from continuing operations		**3,471**	**2,749**
Net income (loss) from assets held for sale and discontinued operations	11	86	292
Net income (loss) for the period		**3,557**	**3,041**
Minority interests in consolidated subsidiaries		0	0
Group net income (loss) for the period		**3,557**	**3,041**
Net income (loss) per ordinary shares	12	0.1557	0.1323
Net income (loss) per savings shares	12	0.1725	0.1491

Consolidated statement of comprehensive income

(thousands of euro)	Notes	1st Half 2012	1st Half 2011
Net income (loss) for the period		**3,557**	**3,041**
Exchange differences on translation of foreign operations	26	2,357	(5,321)
Exchange differences on discontinued operations	26	0	0
Other comprehensive income (loss) for the period		**2,357**	**(5,321)**
Total comprehensive income (loss) for the period		**5,914**	**(2,280)**
attributable to:			
- Equity holders of the Parent Company		5,914	(2,280)
- Minority interests		0	0

Consolidated statement of financial position

(thousands of euro)	Notes	June 30, 2012	December 31, 2011
ASSETS			
Non-current assets			
Property, plant and equipment, net	14	57,809	59,263
Intangible assets, net	15	44,204	44,009
Investments accounted for using the equity method	16	3,814	242
Deferred tax assets	17	14,771	14,778
Tax consolidation receivables from Controlling Company	18	168	135
Other long term assets	19	923	932
Total non current assets		**121,689**	**119,359**
Current assets			
Inventory	20	27,924	30,605
Trade receivables	21	19,812	21,982
Prepaid expenses, accrued income and other	22	6,747	4,614
Derivative financial instruments evaluated at fair value	23	261	0
Tax consolidation receivables from Controlling Company	18	44	0
Cash and cash equivalents	24	28,386	20,292
Assets held for sale	25	0	648
Total current assets		**83,174**	**78,141**
Total assets		**204,863**	**197,500**
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		52,638	47,846
Other components of equity		6,171	3,814
Net income (loss) of the period		3,557	15,584
Group shareholders' equity	26	**118,150**	**123,028**
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		**118,153**	**123,031**
Non current liabilities			
Financial debt	27	23,200	7,621
Other non current financial debt	28	705	713
Deferred tax liabilities	17	5,071	5,038
Staff leaving indemnities and other employee benefits	29	7,481	7,095
Provisions	30	1,024	1,937
Total non current liabilities		**37,481**	**22,404**
Current liabilities			
Trade payables	31	10,781	11,463
Other payables	32	9,646	9,226
Accrued income taxes	33	2,620	1,015
Provisions	30	1,250	2,045
Derivative financial instruments evaluated at fair value	23	716	826
Current portion of medium/long term financial debts	27	7,672	26,156
Other current financial debts	28	977	509
Bank overdraft	34	14,834	1
Accrued liabilities	35	733	824
Total current liabilities		**49,229**	**52,065**
Total equity and liabilities		**204,863**	**197,500**

Consolidated cash flow statement

(thousands of euro)	1st Half 2012	1st Half 2011
Cash flows from operating activities		
Net income (loss) from continuing operations	3,472	2,749
Net income (loss) from assets held for sale and discontinued operations	85	292
Current income taxes	3,234	4,201
Changes in deferred income taxes	102	(167)
Depreciation	4,315	4,449
Write down (revaluation) of property, plant & equipment	19	381
Amortization	848	966
Write down (revaluation) of intangible assets	47	0
Net loss (gain) on disposal of property, plant and equipment	(133)	(523)
Interest and other financial income (expenses), net	1,332	689
Reversal of currency translation reserve after the sale/settlement of Group's subsidiaries	0	(292)
Other non-monetary costs	(214)	(81)
Accrual for termination indeminities and similar obligations	606	458
Changes in provisions	(1,755)	(1,134)
	11,957	**11,988**
Working capital adjustments		
Cash increase (decrease) in:		
Account receivables and other receivables	467	188
Inventory	3,139	(1,313)
Trade account payables	(773)	91
Other current payables	1,170	(481)
	4,003	**(1,516)**
Payment of termination indemnities and similar obligations	(248)	(182)
Interests and other financial payments	(542)	(170)
Interests and other financial receipts	116	104
Taxes paid	(2,406)	(1,463)
Net cash flows from operating activities	**12,880**	**8,761**
Cash flows from investing activities		
Disbursements for acquisition of tangible assets	(2,204)	(3,040)
Proceeds from sale of tangible and intangible assets	786	1,759
Disbursements for acquisition of intangible assets	(34)	(19)
Investment in joint venture	(3,994)	0
Cash paid to joint venture minority shareholders	0	(1,540)
Decrease (increase) in assets and liabilities held for sale	0	(27)
Net cash flows from investing activities	**(5,446)**	**(2,868)**
Cash flows from financing activities		
Proceeds from long term financial liabilities, current portion included	0	0
Proceeds from short term financial liabilities	14,800	5,000
Dividends payment	(10,792)	(4,410)
Repayment of financial liabilities	(3,642)	(10,844)
Interest and other costs paid on financial liabilities	(664)	(656)
Changes in minority interest in consolidated subsidiaries	0	0
Net cash flows from financing activities	**(299)**	**(10,910)**
Net foreign exchange differences	960	(1,849)
Net (decrease) increase in cash and cash equivalents	**8,095**	**(6,866)**
Cash and cash equivalents at the beginning of the period	**20,291**	**22,223**
Cash and cash equivalents at the end of the period	**28,386**	**15,357**

Consolidated statement of changes in equity as at June 30, 2012

(thousands of euro)	Capital stock	Share issue premium	Treasury shares	Legal reserve	Other components of equity: Currency conversion reserve	Other components of equity: Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
December 31, 2011	**12,220**	**41,120**	**0**	**2,444**	**3,814**	**0**	**47,846**	**15,584**	**123,028**	**3**	**123,031**
Appropriation of 2011 result							15,584	(15,584)	0		0
Dividends paid							(10,792)		(10,792)		(10,792)
Reversal of currency conversion reserve after the sale of subsidiaries									0		0
Net income (loss)								**3,557**	**3,557**	**0**	**3,557**
Other comprehensive income (loss)					2,357				2,357		2,357
Total comprehensive income (loss)					**2,357**			**3,557**	**5,914**	**0**	**5,914**
June 30, 2012	**12,220**	**41,120**	**0**	**2,444**	**6,171**	**0**	**52,638**	**3,557**	**118,150**	**3**	**118,153**

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: Currency conversion reserve	Other components of equity: Currency conversion reserve from discontinued operations	Other reserves and retained earnings	Net income (loss)	Group shareholders' equity	Minority interests	Total equity
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**

1. BASES OF PREPARATION AND ACCOUNTING POLICIES

Bases of preparation

SAES Getters S.p.A., the Parent Company, and its subsidiaries operate both in Italy and abroad in the development, manufacturing and marketing of getters and other components for displays and other industrial applications, as well as in the gas purification industry. The Group also operates in the field of advanced materials, particularly in the business 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 2012 Interim Condensed Consolidated Financial Statements in a resolution passed on July 27, 2012.

The Interim Condensed Consolidated Financial Statements of the SAES Getters Group are presented in euro (rounded to the nearest thousand).
Foreign subsidiaries are included in the Consolidated Financial Statements according to the standards described in the Note no. 2 "Main accounting principles".

Accounting schemes

The presentation adopted is compliant with the provisions of IAS 1 – revised that provides the 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 is considered more suitable to represent the Group's specific business, is compliant with internal reporting procedures, and in line with standard industry practice;
- the Consolidated cash flow statement has been prepared by stating cash flows provided by operating activities according to the "indirect method" as permitted by IAS 7.

In addition, as required by Consob resolution no. 15519 of July 27, 2006, in the context of the allocation basis for the preparation of the 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;
- income/expenses arising from reorganization processes associated with extraordinary corporate actions (mergers, de-mergers, acquisitions and other corporate actions).

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

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

Reclassifications on June 30, 2011 income statement figures

Please note that during the fiscal year 2012, following their transfer to production:

- revenues and costs related to dispensable dryers and to alkaline metal dispensers for OLED displays have been transferred from the Business Development Unit to the Information Displays Business Unit (Organic Light Emitting Diodes Business);
- similarly, revenues and costs of getter sealants for photovoltaic modules and of sophisticated getters for energy storage devices have been transferred from the Business Development Unit to the Industrial Applications Business Unit (Renewable Energies Business).

2011 figures were subject to the same reclassifications in order to enable a homogeneous comparison with 2012.

Segment information

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, 2012:

Company	*Currency*	*Capital stock*	*% of ownership*	
			Direct	*Indirect*
Directly-controlled subsidiaries:				
SAES Advanced Technologies S.p.A. Avezzano, AQ (Italy)	EUR	2,600,000	100.00	-
SAES Getters USA, Inc. Colorado Springs, CO (USA)	USD	9,250,000	100.00	-
SAES Getters (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****	-
Indirectly-controlled subsidiaries:				
Through SAES Getters USA, Inc.:				
SAES Pure Gas, Inc. San Luis Obispo, CA (USA)	USD	7,612,661	-	100.00
Spectra-Mat, Inc. Watsonville, CA (USA)	USD	204,308	-	100.00
SAES Getters America, Inc.				

Cleveland, OH (USA)	USD	*****	*****	*****
Through SAES Getters International Luxembourg S.A.:				
SAES Getters Korea Corporation Seoul (South Korea)	KRW	10,497,900,000	37.48	62.52
SAES Smart Materials, Inc. New 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%).
** 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. On June, 27, 2012 it was signed an amendment to the agreement previously in force that establish the purchase of a tranche equal to 20% of capital in the month of July 2012 and the procedures for the purchase of the remaining 20% which will take place in the period between January 1 and February 28, 2013, or within the first half of 2014 (for further details see the section "Main events for the first semester" on the Interim report on operations).
*** 15% 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.
Please note that on February 23, 2012 SAES Getters S.p.A. has approved a capital injection of nearly 2 million euro (equal to the total loss recorded by E.T.C. S.r.l. during the year 2011), of which 1.7 million euro through the waiver of a financial credit, 0.3 million euro by giving up a trade receivable and for the remaining part by cash (0.02 million euro).
However, the Parent Company's percentage of ownership remained unchanged and equal to 85% of the share capital.
**** On February 23, 2012 SAES Getters S.p.A. has approved a capital injection in SAES Nitinol S.r.l. for the amount of 13 thousand euro to cover the losses recorded by the company during the year 2011.
***** Please note that on January 1, 2012 it has been finalized the merger of SAES Getters America, Inc. into SAES Getters USA, Inc. (the former was already 100% owned by the latter). For further detail see the section "Main events for the first semester" on the Interim report on operations.

The following table shows the companies included in the scope of consolidation according to the equity method as at June 30, 2012:

Company	*Currency*	*Capital stock*	*% of ownership*	
			Direct	*Indirect*
Actuator Solutions GmbH Treuchtlingen (Germany)	EUR	9,000,000**	-	50.00*

* % of indirect ownership held by SAES Nitinol S.r.l.
** The capital stock of Actuator Solutions GmbH, that on December 31, 2011 was equal to 1,012 thousand euro, has been increased to 2,000 thousand euro on February 15, 2012, by each of the two partners SAES Nitinol S.r.l. and Alfmeier SMA Holding GmbH payment of 494 thousand euro.
On April 1, 2012 the joint venture ASG has finalized the acquisition of the manufacturing business of Alfmeier Präzision AG (Alfmeier) related to the production and distribution of SMA actuators for the automotive market. The purchase price was equal to 3.7 million euro, paid in cash at a rate of 3.3 million euro within 30 days from the closing of the transaction and the remainder, equal to 0.4 million euro, upon the approval by Alfmeier of the SMA actuator made by ASG. In order to provide ASG with an adequate cash to finance the expected growth and to finalize the transaction, the share capital of the joint venture has been increased of 7 million euro by each of the two partners SAES Nitinol S.r.l. (SAES Getters) and SMA Holding GmbH (Alfmeier) payment of 3.5 million euro.

The consolidation area as is unchanged compared to December 31, 2011.

As regards the other significant events occurred compared to December 31, 2011, during the first half of 2012, the subsidiary SAES Getters USA, Inc. finalized the sale of the plant located in Ohio (former plant of SAES Getters America, Inc.) and of the equipment located therein, for a price of approximately USD 950 thousand. This sale generated a capital gain equal to 86 thousand euro, classified in the item "Income from assets held for sale and discontinued operations".

2. MAIN 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, 2012 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, 2012 was prepared according to IAS 34 revised - *Interim Financial Reporting,* applicable to interim reporting, and therefore has to be read jointly to the consolidated financial statements as at December 31, 2011, 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, 2012

Accounting standards used to prepare the Interim Condensed Consolidated Financial Statements for the six months ended June 30, 2012 are consistent with those applied in the consolidated financial statements as at December 31, 2011, except for the adoption of the following new Standards and Interpretations applicable starting from January 1, 2012 listed below:

IAS 12 – *Deferred Tax: Recovery of Underlying Assets*
The amendment includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying assets through sale. Effective implementation date is for annual periods beginning on or after 1 January 2012.
The amendment has no impact on the financial statement or performance of the Group.

Standards issued but not yet applicable in advance in the European Community

During the first half of 2012 the IASB approved other new standards, applicable as from January 1, 2013. These new standards have not yet been approved by EFRAG and, therefore, their early application is not permitted in the European Community.

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) 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. The changes introduced by IFRS 10 will require the management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by the parent, compared with the requirements of IAS 27.

IFRS 11 – *Joint arrangements*
It replaces 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*
It includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. Some new disclosures are also required.

IFRS 13 – *Fair value measurement*
It establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS, when fair value is required or permitted.

IAS 27 – *Separate financial statements*
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

IAS 28 – *Investments in associates and joint ventures*
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 - *Investments in associates and joint ventures* and it describes the application of the equity method to investments in joint ventures in addition to associates

During the first half of 2012 the IASB changed other new amendments, applicable to the balance sheets starting respectively on January 1, 2013 and on January 1, 2014. These new amendments have not yet been approved by EFRAG and, therefore, their early application is not permitted in the European Community.

IFRS 7 – Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IAS 32- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Use of estimates

The preparation of the Interim condensed consolidated financial statements requires the use of estimates and assumptions from the Management that have an effect on the values of revenues, costs, assets and liabilities and the disclosure of contingent assets and liabilities as at the interim financial statements date. If such estimates and assumptions, which are based on the best evaluation currently available, should in the future differ from the actual circumstances, they will be modified accordingly during the period in which said circumstances change.
In particular, estimates are used to recognize 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:

expressed in foreign currency (per 1 euro)

Currency	June 30, 2012		December 31, 2011		June 30, 2011	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
U.S. dollar	1.2965	1.2590	1.3920	1.2939	1.4032	1.4453
Japanese Yen	103.3102	100.1300	110.9590	100.2000	114.9699	116.2500
South Korean Won	1,480.4100	1,441.0000	1,541.2300	1,498.6900	1,544.8991	1,543.1900
Renminbi (P.R. of China)	8.1901	8.0011	8.9960	8.1588	9.1755	9.3416

3. NET SALES

Consolidated net sales of the first half 2012 were equal to 77,508 thousand euro, up by 2% compared to the first half 2011. At comparable exchange rates, there would have been a decrease equal to -4.8%.

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

The following table shows a breakdown of revenues by Business:

(thousands of euro)

Business	1st Half 2012	1st Half 2011	Difference	Difference %	Exchange rate effect %	Price/Q.ty effect %
Electronic Devices	10,552	12,634	(2,082)	-16.5%	3.8%	-20.3%
Lamps	6,195	6,643	(448)	-6.7%	3.5%	-10.2%
Vacuum Systems and Thermal Insulation	8,791	6,307	2,484	39.4%	9.0%	30.4%
Semiconductors	25,151	28,997	(3,846)	-13.3%	6.6%	-19.9%
Renewable Energies	62	15	47	313.3%	0.5%	312.8%
Industrial Applications	**50,751**	**54,596**	**(3,845)**	**-7.0%**	**5.9%**	**-12.9%**
Shape Memory Alloys	**24,918**	**19,220**	**5,698**	**29.6%**	**9.3%**	**20.3%**
Liquid Crystal Displays	603	947	(344)	-36.3%	5.5%	-41.8%
Cathode Ray Tubes	670	992	(322)	-32.5%	5.5%	-38.0%
Organic Light Emitting Diodes	555	268	287	107.1%	9.2%	97.9%
Information Displays	**1,828**	**2,207**	**(379)**	**-17.2%**	**5.9%**	**-23.1%**
Business Development	**11**	**0**	**11**	**100.0%**	**0.0%**	**100.0%**
Total net sales	**77,508**	**76,023**	**1,485**	**2.0%**	**6.8%**	**-4.8%**

4. COST OF SALES

The cost of sales came to 44,756 thousand euro in the first half of 2012, decreasing from 45,531 thousand euro of the corresponding 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 2012	1st Half 2011	Difference
Raw materials	17,804	21,064	(3,260)
Direct labour	8,314	8,020	294
Manufacturing overhead	17,851	17,906	(55)
Increase (decrease) in work in progress and finished goods	787	(1,459)	2,246
Total cost of sales	**44,756**	**45,531**	**(775)**

As a percentage of consolidated turnover, the cost of sales incidence decreased from 59.9% to 57.7% mainly for the different sales mix, with an increasing incidence of products with higher profitability, in particular with regard to vacuum pumps and SMA products, especially in the medical field.

Compared to the previous year, the change in the sales mix mainly brought to the reduction of raw materials costs, that is partially offset by the unfavourable exchange rate effect.

5. OPERATING EXPENSES

Operating expenses came to 26,478 thousand euro in the first semester 2012, up by 1,384 thousand euro on the same period of the previous year (25,094 thousand euro).

(thousands of euro)

Operating expenses	1st Half 2012	1st Half 2011	Difference
Research & development expenses	7,415	6,701	714
Selling expenses	6,998	6,839	159
General & administrative expenses	12,065	11,554	511
Total operating expenses	**26,478**	**25,094**	**1,384**

As noted in the Interim report on operations, excluding the exchange rate effect, which led to an increase of nearly 805 thousand euro, operating expenses have increased only by 579 thousand euro. The cost increase is mainly due to "Research & development expenses" item and it is related to the increase of the staff of the Parent Company involved in research activities.

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

(thousands of euro)

Total costs by nature	1st Half 2012	1st Half 2011	Difference
Raw materials	17,804	21,064	(3,260)
Personnel cost	29,804	26,790	3,014
Travel expenses	875	820	55
Maintenance and repairs	1,479	1,380	99
Depreciation	4,315	4,449	(134)
Amortization	848	966	(118)
Corporate bodies	1,395	897	498
Various materials	3,232	3,541	(309)
Insurances	613	596	17
Write-down of non current assets	66	381	(315)
Promotion and advertising	267	318	(51)
Provision (release) for bad debts	91	109	(18)
Consultant fees and legal expenses	2,322	2,391	(69)
Audit fees	264	262	2
Rent and operating leasing	1,352	1,802	(450)
Utilities	1,554	1,653	(99)
Training	231	80	151
Licenses and patents	805	640	165
Telephone, fax, etc.	258	267	(9)
Transports	971	1,007	(36)
Commissions	555	875	(320)
General services (canteen, cleaning, vigilance, etc.)	696	655	41
Other	650	1,141	(491)
Total costs by nature	**70,447**	**72,084**	**(1,637)**
Increase (decrease) in work in progress and finished goods	787	(1,459)	2,246
Total cost of sales and operating expenses	**71,234**	**70,625**	**609**

The items “Raw materials” and “Various materials”, that are strictly connected to the production cycle, decrease as a consequence of the shift of the sales mix towards products with a lower consumption of resources.

The increase in personnel costs, excluding the negative exchange rate effect (equal to 1,273 thousand euro), is equal to 1,741 thousand euro and it is mainly due to contractual increases aimed at a total or partial recovery of inflation, as well as to the effect of a moderate merit-based compensation policy.
In addition, it is worth underlying the impact of the increase of the staff, involved in research activities at the Parent Company, with a particular focus in the field of SMA applications for industrial markets, and of that at the subsidiary Memry Corporation, following the growth of sales.

The increase in the item “Corporate bodies” is mainly due to the restoration of the provision for the Directors’ Severance Indemnity, which the executive Directors had voluntarily given up in the previous years, and to the provision of a fund for the long-term variable incentive provided by the renewed contract of the executive Directors themselves.

The item “Depreciation” decreases due to the reduction of the production lines dedicated to the manufacture of mercury dispensers for LCDs.

The item “Amortization” decreases due to the lower amortization of some intangible assets of the U.S. subsidiaries that were identified at the moment of the acquisition.

The item “Write-down of non-current assets” decreases because in the first half of 2011 it included the write-down of the production line dedicated to the manufacture of mercury dispensers for LCDs performed by the subsidiary SAES Advanced Technologies S.p.A., due to the further decline of this Business.

It should be noted that the reduction of the overhead expenses related to the items “Consultant fees”, “Rent and operating leasing” and “Utilities” is the result of the continuing commitment of the management in the control of these costs.

The cost of “Commissions” paid to the agents decreases compared to the previous year, in line with the decrease in the sales of the Semiconductor Business.

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 2012	1st Half 2011	Difference
Other income	2,239	2,192	47
Other expenses	(191)	(199)	8
Total other income (expenses)	**2,048**	**1,993**	**55**

As at June 30, 2012 the item “Other income” mainly included the royalties in U.S. dollars (equal to 1.2 million euro) for the licensing of the thin film getter technology for MEMS of new generation. The item also included the extraordinary income related to the settlement of a social-security dispute of the subsidiary SAES Advanced Technologies S.p.A. (0.3 million euro) and the recharges of service fees carried out for the benefit of the joint venture Actuator Solutions GmbH (0.3 million euro).

As at June 30, 2011 the item “Other income” mainly included the royalties in U.S. dollars (equal to 1.1 million euro) accrued 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 on going research projects (0.3 million euro) and the capital gain (equal to 0.5 million euro) realized by the Korean subsidiary from the sale of its factory located in Jincheon (South Korea) to third parties.

7. FINANCIAL INCOME (EXPENSES)

The following table shows the financial income breakdown in the first half of 2012, as compared to the previous year:

(thousands of euro)

Financial income	1st Half 2012	1st Half 2011	Difference
Bank interest income	75	91	(16)
Other financial income	40	12	28
Gains from IRS evaluation at fair value	161	96	65
Total financial income	**276**	**199**	**77**

The breakdown of financial expenses is given below:

(thousands of euro)

Financial expenses	1st Half 2012	1st Half 2011	Difference
Bank interests and other bank expenses	835	568	267
Other financial expenses	122	27	95
Realized losses on IRS	231	232	(1)
Losses from IRS evaluation at fair value	0	61	(61)
Total financial expenses	**1,188**	**888**	**300**

The increase of the item "Bank interests and other bank expenses" compared to the previous year is mainly due to the fees for the reshaping of the credit lines' portfolio of the Group.

The item "Gains and 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. subsidiaries. The item "Realized losses on IRS" includes the interest differences paid to the banks on the signed hedging contracts.

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

This item includes the Group's share in the result of Actuator Solutions GmbH, evaluated with the equity method. For further details, please refer to the Note no. 16.

9. FOREIGN EXCHANGE GAINS (LOSSES)

The breakdown of foreign exchange gains and losses as at June 30, 2012 compared to the previous year is given below:

(thousands of euro)

Foreign exchange gains and losses	1st Half 2012	1st Half 2011	Difference
Foreign exchange gains	679	856	(177)
Foreign exchange losses	(1,094)	(868)	(226)
Foreign exchange gains (losses), net	**(415)**	**(12)**	**(403)**
Realized exchange gains on forward contracts	73	32	41
Realized exchange losses on forward contracts	(53)	(20)	(33)
Gains (losses) from forward contracts evaluation at fair value	214	81	133
Gains (losses) on forward contracts	**234**	**93**	**141**
Total foreign exchange gains (losses), net	**(181)**	**81**	**(262)**

In the first half of 2012 the exchange rate management showed a negative balance of 181 thousand euro, with a worsening compared with the corresponding period of the prior year, that was positive and equal to 81 thousand euro.

The decrease is mainly due to the foreign exchange losses arising from the conversion of trade receivables and payables of foreign subsidiaries as a result of the revaluation of local currencies (in particular U.S. dollar and Korean won).

The item "Gains (losses) on forward contracts" 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.

10. INCOME TAXES

As at June 30, 2012 income taxes came to 3,336 thousand euro, with a decrease of 698 thousand euro compared to the previous year.

The related breakdown is given below:

(thousands of euro)

	1st Half 2012	1st Half 2011	Difference
Current taxes	3,234	4,201	(967)
Deferred taxes	102	(167)	269
Total	**3,336**	**4,034**	**(698)**

The decrease in the tax burden compared to the corresponding period the previous year is due to the recognition by the Parent Company of deferred taxes on the fiscal losses realized in the first half of 2012 (in 2011, these deferred tax assets were recognized only at the end of the fiscal year) and to the fact that in the first half of 2011, the Parent Company still accrued the current taxes under the Controlled Foreign Companies law, which were released at the end of the year following the positive response to the tax ruling presented to the Italian Tax Authority.
For more details, please refer to the 2011 Financial statements.

11. 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 86 thousand euro as at June 30, 2012 (292 thousand euro as at June 30, 2011).

The related breakdown is given below:

(thousands of euro)

	1st Half 2012	1st Half 2011
Revaluation in order to align to fair value	0	61
Group's share into Chinese joint venture's result	0	(61)
Release of translation reserve	0	292
Result from the sale of Nanjing SAES Huadong Vacuum Material Co., Ltd	**0**	**292**
Result from the sale of the assets held for sale of SAES Getters America, Inc.	86	0
Net income (loss) from assets held for sale and discontinued operations	**86**	**292**

The item includes the capital gain arising from the sale of the plant located in Ohio (former plant of SAES Getters America, Inc.) and of the equipment located therein (86 thousand euro).
For further details please see the section "Main events for the first semester" on the Interim report on operations.

In the first half of 2011 the item included the expenses and income related to the sale of the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd., as well as the Group's share in the 2011 result of this company until the date of its transfer (-61 thousand euro).
For further details please see the notes of the Consolidated financial statement for the year ended December 31, 2011 and Interim consolidated financial statements 2011.

12. EARNING (LOSS) PER SHARE

As indicated in Note no. 26, SAES Getters S.p.A.'s capital stock is represented by two different types of shares (ordinary shares and savings shares) which are associated with different rights during the dividends' distribution.

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 2012, as compared with the figure for the first six months of 2011:

Earning (loss) per share	1st Half 2012			1st Half 2011		
	Ordinary shares	Savings shares	Total	Ordinary shares	Savings shares	Total
Profit (loss) attribuitable to shareholders (thousands of euro)			**3,557**			**3,041**
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)	2,284	251	2,535	1,941	78	2,019
Total profit (loss) attributable to the different categories of shares (thousands of euro)	**2,284**	**1,273**	**3,557**	**1,941**	**1,100**	**3,041**
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)	**0.1557**	**0.1725**		**0.1323**	**0.1491**	
- from continuing operations (euro)	*0.1518*	*0.1686*		*0.1191*	*0.1359*	
- from discontinued operations (euro)	*0.0039*	*0.0039*		*0.0132*	*0.0132*	

13. 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 at June 30, 2012 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 and other industries, photovoltaic modules and energy storage devices);
- **Shape Memory Alloys** – raw materials, semi-finished products components and devices in shape memory alloy for both medical and industrial applications;
- **Information Displays** – getters, dispensers, dispensable dryers, OLED lighting systems and alkaline metal 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 sector is evaluated according to its operating result. Financial income and expenses, foreign exchange performance and income taxes are measured at the overall Group level and thus 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 income statement and financial position values related to corporate activities, 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 value that cannot be allocated to primary segments.

The segment economic and financial data do not match with what was presented in the Financial statement as at June 30, 2011 and as at December 31, 2011 because, as a result of the transfer to production, the following reclassifications were made:

- revenues, costs, assets and liabilities related to dispensable dryers and to alkaline metal dispensers for OLED displays have been transferred from the Business Development Unit to the Information Displays Business Unit (Organic Light Emitting Diodes Business);
- similarly, revenues, costs, assets and liabilities of getter sealants for photovoltaic modules and of sophisticated getters for energy storage devices have been transferred from the Business Development Unit to the Industrial Applications Business Unit (Renewable Energies Business).

The following table breakdowns 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 2012	1st Half 2011	1st Half 2012	1st Half 2011	1st Half 2012	1st Half 2011	1st Half 2012	1st Half 2011	1st Half 2012	1st Half 2011
Total net sales	**50,751**	**54,596**	**24,918**	**19,220**	**1,828**	**2,207**	**11**	**0**	**77,508**	**76,023**
Gross profit	**23,670**	**25,504**	**8,810**	**5,957**	**419**	**(822)**	**(147)**	**(147)**	**32,752**	**30,492**
% on net sales	46.6%	46.7%	35.4%	31.0%	22.9%	-37.2%	n.s.	n.s.	42.3%	40.1%
Total operating expenses	(9,281)	(9,735)	(5,784)	(4,732)	(2,725)	(2,529)	(8,688)	(8,098)	(26,478)	(25,094)
Other income (expenses), net	1,317	1,161	339	22	92	496	300	314	2,048	1,993
Operating income (loss)	**15,706**	**16,930**	**3,365**	**1,247**	**(2,214)**	**(2,855)**	**(8,535)**	**(7,931)**	**8,322**	**7,391**
% on net sales	30.9%	31.0%	13.5%	6.5%	-121.1%	-129.4%	n.s.	n.s.	10.7%	9.7%
Interest and other financial income (expenses), net									(912)	(689)
Income (loss) fromequity method evalueted companies									(422)	0
Foreign exchange gains (losses), net									(181)	81
Income (loss) before taxes									**6,807**	**6,783**
Income taxes									(3,336)	(4,034)
Net income (loss) from continuing operations									**3,471**	**2,749**
Net income (loss) from assets held for sale and discontinued operations									86	292
Net income (loss)									**3,557**	**3,041**
Minority interests in consolidated subsidiaries									0	0
Group net income (loss)									**3,557**	**3,041**

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

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			
Assets and liabilities	**Jun. 30, 2012**	**Dec.31, 2011**	**Jun. 30, 2012**	**Dec.31, 2011**	**Jun. 30, 2012**	**Dec.31, 2011**	**Jun. 30, 2012**	**Dec.31, 2011**	**Jun. 30, 2012**	**Dec.31, 2011**	**Jun. 30, 2012**	**Dec.31, 2011**
Non current assets	27,799	30,940	56,515	54,763	5,851	6,700	31,524	26,956	0	0	121,689	119,359
Current assets	33,086	38,688	13,216	11,699	4,566	4,007	32,306	23,099	0	648	83,174	78,141
Total assets	**60,885**	**69,628**	**69,731**	**66,462**	**10,417**	**10,707**	**63,830**	**50,055**	**0**	**648**	**204,863**	**197,500**
Non current liabilities	5,428	6,013	233	272	469	588	31,351	15,531	0	0	37,481	22,404
Current liabilities	8,852	9,590	4,008	3,191	1,639	3,877	34,730	35,407	0	0	49,229	52,065
Total liabilities	**14,280**	**15,603**	**4,241**	**3,463**	**2,108**	**4,465**	**66,081**	**50,938**	**0**	**0**	**86,710**	**74,469**

14. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net of accumulated depreciation, came to 57,809 thousand euro as at June 30, 2012, with a decrease of 1,454 thousand euro compared to December 31, 2011.

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, 2011	**3,891**	**25,633**	**27,960**	**1,779**	**59,263**
Additions (*)	0	15	942	1,372	2,329
Disposals	0	0	(2)	(4)	(6)
Reclassifications	0	120	308	(428)	0
Depreciation	0	(754)	(3,561)	0	(4,315)
Write-downs	0	0	(18)	0	(18)
Revaluations	0	0	0	0	0
Translation differences	83	149	291	33	556
June 30, 2012	**3,974**	**25,163**	**25,920**	**2,752**	**57,809**
December 31, 2011					
Historical cost	3,891	43,834	136,263	1,934	185,922
Accumulated depreciation and write-downs	0	(18,201)	(108,303)	(155)	(126,659)
Net book value	**3,891**	**25,633**	**27,960**	**1,779**	**59,263**
June 30, 2012					
Historical cost	3,974	44,290	135,416	2,911	186,591
Accumulated depreciation and write-downs	0	(19,127)	(109,496)	(159)	(128,782)
Net book value	**3,974**	**25,163**	**25,920**	**2,752**	**57,809**

(*) The figure reported in the above table differs from that of the cash flow statement which refer to the effective monetary payment
(for further details, please see the Note no. 36)

As at June 30, 2012 land and buildings are not burdened by mortgages or other guarantees.

In the first half of 2012, investments in tangible assets amounted to 2,329 thousand euro and include investments made by the Parent Company to purchase new laboratory equipment intended for use in research activities mainly in the OLEDs business and for the refurbishing of the production site of Lainate.
The item also includes purchases of plant and machinery intended for use in new production lines for the SMA Business.

The following table shows the composition of tangible fixed assets for tenure status:

(thousands of euro)

	June 30, 2012			December 31, 2011		
	Property assets	Assets under financial lease	Total	Property assets	Assets under financial lease	Total
Land and building	29,137	0	29,137	29,524	0	29,524
Plant and machinery	25,828	92	25,920	27,857	103	27,960
Assets under construction and advances	2,752	0	2,752	1,779	0	1,779
Totale	**57,717**	**92**	**57,809**	**59,160**	**103**	**59,263**

For further details on financial lease contracts, please refer to the Note no. 28.

15. INTANGIBLE ASSETS, NET

Intangible assets, net of accumulated amortization, came to 44,204 thousand euro as at June 30, 2012, with an increase of 195 thousand 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, 2011	**33,900**	**0**	**2,071**	**2,451**	**5,536**	**51**	**44,009**
Additions	15	0	0	1	0	18	34
Disposals	0	0	0	0	0	0	0
Reclassifications	0	0	20	0	0	(20)	0
Amortization	0	0	(105)	(203)	(540)	0	(848)
Write-downs	0	0	0	0	0	(47)	(47)
Revaluations	0	0	0	0	0	0	0
Translation differences	856	0	53	14	133	0	1,056
June 30, 2012	**34,771**	**0**	**2,039**	**2,263**	**5,129**	**2**	**44,204**
December 31, 2011							
Historical cost	39,177	183	4,970	11,280	18,272	714	74,596
Accumulated depreciation and write-downs	(5,277)	(183)	(2,899)	(8,829)	(12,736)	(663)	(30,587)
Net book value	**33,900**	**0**	**2,071**	**2,451**	**5,536**	**51**	**44,009**
June 30, 2012							
Historical cost	40,048	183	5,076	11,362	18,625	712	76,006
Accumulated depreciation and write-downs	(5,277)	(183)	(3,037)	(9,099)	(13,496)	(710)	(31,802)
Net book value	**34,771**	**0**	**2,039**	**2,263**	**5,129**	**2**	**44,204**

The difference is almost exclusively due to the amortizations of the period (-848 thousand euro) and to the translation differences (1,056 thousand 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 the changes in the item "Goodwill" and specifies the Cash Generating Unit to which it is allocated:

(thousands of euro)

Business Unit	December 31, 2011	Additions	Write-downs	Translation differences	June 30, 2012
Industrial Applications	944	0	0	0	944
Shape Memory Alloys	32,956	15	0	856	33,827
Information Displays	0	0	0	0	0
Not allocated	0	0	0	0	0
Total	**33,900**	**15**	**0**	**856**	**34,771**

The following table shows the gross book values of goodwill and accumulated write-downs for impairment from January 1, 2004 to June 30, 2012 and to December 31, 2011:

(thousands of euro)

Business Unit	June 30, 2012			December 31, 2011		
	Gross value	Write-downs	Net book value	Gross value	Write-downs	Net book value
Industrial Applications	1,007	(63)	944	1,007	(63)	944
Shape Memory Alloys (*)	37,227	(3,400)	33,827	36,356	(3,400)	32,956
Information Displays	1,456	(1,456)	0	1,456	(1,456)	0
Not allocated	358	(358)	0	358	(358)	0
Total	**40,048**	**(5,277)**	**34,771**	**39,177**	**(5,277)**	**33,900**

(*) The difference between the gross value as at June 30,2012 and the gross value as at December 31, 2011, without considering the increase commented below, is related to the conversion differences on goodwill in currency other than euro.

The increase in the item "Goodwill" of 15 thousand euro is attributable to the adjustment of present value of the consideration estimated for the purchase of the minority shares of the subsidiary Memry GmbH, on the basis of the agreement signed on June 27, 2012. For further detail see the section "Main events for the first semester" on the Interim report on operations.

Pursuant to IAS 36, goodwill is not amortized but rather is tested for impairment annually at the end of each financial year or more often should any specific event take place that may lead to the assumption that there was a reduction of the value of the goodwill.
No recoverability analysis was carried out as at June 30, 2012 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, 2012, in line with the Management's expectations, 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, 2011 are still valid today.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As at June 30, 2012 the item includes the share of net assets attributable to the Group in the joint venture Actuator Solutions GmbH, a company incorporated on July 5, 2011 (for further details on the company, please refer to the Report on operations as at December 31, 2011).

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

(thousands of euro)

Investments accounted for using the equity method	December 31, 2011	Additions	Equity method valuation	Dividends paid	Disposals	Other	Translation differences	June 30, 2012
Actuator Solutions GmbH	242	0	(422)	0	0	3,994	0	3,814

The item "Equity method valuation" (negative for 422 thousand euro) relates to the adjustment, in connection with the percentage of ownership, of the value of the investment held by the Group to the results achieved by the joint venture in the first half of 2012.

In order to provide the joint venture with an adequate cash to finance the expected growth the share capital has been increased in two different dates for a total amount of 8 million euro (1 million euro as at February 15 and 7 million euro as at April 1), subscribed and paid by both the shareholders equally, SAES Nitinol S.r.l. (100% controlled by SAES Getters S.p.A.) and SMA Holding GmbH (100% controlled by Alfmeier).The column "Other" represent the capital increase subscribed and paid by SAES Getters S.p.A.

The following table shows the key economic and financial data of Actuator Solutions GmbH limited to the portion pertaining to the SAES Group:

(thousands of euro)

Actuator Solutions GmbH		
Statement of financial position	**June 30, 2012**	**December 31, 2011**
Non current assets	2,067	97
Current assets	2,437	424
Total assets	**4,504**	**521**
Non current liabilities	10	1
Current liabilities	680	278
Total liabilities	**690**	**279**
Total equity	**3,814**	**242**
Total liabilities and equity	**4,504**	**521**
Income Statement	**June 30, 2012**	**June 30, 2011**
Net sales	1,005	0
Net income (loss)	**(422)**	**0**

Since estimates of the recoverable amount, made at December 31, 2011 are still valid, no recoverability analysis was carried out as at June 30, 2012 as there was no indicator of impairment such as to show durable value losses.

17. DEFERRED TAX ASSETS AND LIABILITIES

The following table shows a breakdown of deferred tax assets and liabilities as at June 30, 2012, compared to the previous year:

(thousands of euro)

Deferred taxes	June 30, 2012	December 31, 2011	Difference
Deferred tax assets	14,771	14,778	(7)
Deferred tax liabilities	(5,071)	(5,038)	(33)
Total	**9,700**	**9,740**	**(40)**

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, 2012	December 31, 2011	Difference
Deferred tax assets	19,901	20,215	(314)
Deferred tax liabilities	(10,201)	(10,475)	274
Total	**9,700**	**9,740**	**(40)**

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

(thousands of euro)

Deferred tax assets	June 30, 2012		December 31, 2011	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Intercompany profit elimination	4,131	1,326	4,312	1,392
Differences between accounting and fiscal principles on depreciations and write-down	6,549	2,160	8,146	2,695
Bad debts	545	206	454	171
Inventory write-downs	6,260	2,287	5,659	2,185
Taxed provisions	2,801	1,057	2,662	1,004
Cash deductible expenses	5,662	1,863	5,695	1,818
Exchange differences and other	1,586	1,188	2,100	1,504
Deferred on recoverable losses	33,947	9,814	32,263	9,446
Total		**19,901**		**20,215**

The Group had 86,996 thousand euro tax losses eligible to be carried forward as at June 30, 2012, most of which were attributable to the Luxembourg subsidiary, the Parent Company and some of the U.S. subsidiaries (tax losses eligible to be carried forward were 84,918 thousand euro in 2011).
The tax losses eligible to be carried forward that were taken into account when determining deferred tax assets, as recoverable based on future plans of the Group, were 33,947 thousand euro.

(thousands of euro)

Deferred tax liabilities	June 30, 2012		December 31, 2011	
	Temporary differences	Fiscal effect	Temporary differences	Fiscal effect
Tax due on distribution of earnings accumulated by the subsidiaries	(45,537)	(1,839)	(43,253)	(1,575)
Differences between accounting and fiscal principles on depreciations and write-down	(22,452)	(8,045)	(23,829)	(8,567)
IAS 19 effect	(452)	(202)	(452)	(202)
Other	(17)	(115)	101	(131)
Total		**(10,201)**		**(10,475)**

The deferred tax liabilities recorded in the Consolidated financial statements as at June 30, 2012 include not only a provision allocated to account for taxes due in the event of the distribution of the net income and reserves of subsidiaries (excluding net income and reserves the distribution of which is not deemed likely in the foreseeable future), but also the temporary differences on the plus-values identified during the purchase price allocation of the U.S. companies acquired in the past years.

18. TAX CONSOLIDATION RECEIVABLES/PAYABLES FROM CONTROLLING COMPANY

SAES Getters S.p.A., SAES Advanced Technologies S.p.A. and SAES Nitinol S.r.l. (the latter since January 1, 2012) participate 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/payables from Controlling Company" includes the net balance of tax receivables/payables that the Group's Italian companies have accrued to/from the Controlling Company S.G.G. Holding S.p.A. as at June 30, 2012.

Since the national tax consolidation results for the first half of 2012 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 and proceeded to the recognition of deferred taxes on the fiscal losses exceeding this amount (for further details please see the Note no. 10)
However, the tax consolidation shows a credit balance corresponding to the recoverable withholding taxes on royalties and dividends received by the Parent Company.

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

19. OTHER LONG TERM ASSETS

The item "Other long term assets" came to 923 thousand euro as at June 30, 2012, compared to 932 thousand euro as at December 31, 2011. The item includes the guarantee deposits given by the Group Companies for their operating activities and the trade advances with recoverability over 12 months.

20. INVENTORY

Inventory came to 27,924 thousand euro as at June 30, 2012. Compared to the previous year it decreases by 2,681 thousand euro.

The following table shows the breakdown of inventory as at June 30, 2012 and December 31, 2011:

(thousands of euro)

Inventories	June 30, 2012	December 31, 2011	Difference
Raw materials, auxiliary materials and spare parts	11,802	14,097	(2,295)
Work in progress and semifinished goods	10,967	11,298	(331)
Finished products and goods	5,155	5,210	(55)
Total	**27,924**	**30,605**	**(2,681)**

The decrease is due to better inventory management and to the shift in the sales mix towards products with lower use of raw materials, and is partially offset by the exchange rate effect, mainly due to the revaluation of the U.S. dollar.

Inventory is stated net of the inventory allowance, which underwent the following changes during the first six months of 2012:

(thousands of euro)

Inventory allowance	
December 31, 2011	**4,692**
Accrual	754
Release	(395)
Utilization	(201)
Translation differences	86
June 30, 2012	**4,936**

21. TRADE RECEIVABLES

Trade receivables, net of the bad debt provision, came to 19,812 thousand euro as at June 30, 2012 and were down by 2,170 thousand euro compared to the previous year.
The change, which is also influenced by exchange rates effect, is mainly due to the higher collections recorded in the period.

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

(thousands of euro)

Trade receivables	June 30, 2012	December 31, 2011	Difference
Gross value	20,237	22,354	(2,117)
Bad debt provision	(425)	(372)	(53)
Net book value	**19,812**	**21,982**	**(2,170)**

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, 2012	December 31, 2011
Opening balance	**372**	**380**
Accrual (release)	91	284
Utilization	(52)	(311)
Translation differences	14	19
Closing balance	**425**	**372**

The following table provides a breakdown of trade receivables by those not yet due and past due as at June 30, 2012, as compared with December 31, 2011:

(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, 2012	**20,237**	11,325	6,137	567	659	789	335	425
December 31, 2011	**22,354**	17,200	2,338	719	1,060	255	410	372

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

22. 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 6,747 thousand euro as at June 30, 2012, compared with 4,614 thousand euro as of December 31, 2011.

A breakdown of the item is provided below:

(thousands of euro)

Prepaid expenses, accrued income and other	June 30, 2012	December 31, 2011	Difference
Income tax and other tax receivables	1,112	430	682
VAT receivables	2,377	1,927	450
Social security receivables	345	38	307
Personnel receivables	117	83	34
Receivables for public grant	762	569	193
Other receivables	243	105	138
Total other receivables	**4,956**	**3,152**	**1,804**
Accrued income	15	21	(6)
Prepaid expenses	1,776	1,441	335
Total prepaid expenses and accrued income	**1,791**	**1,462**	**329**
Total prepaid expense, accrued income and other	**6,747**	**4,614**	**2,133**

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. The increase, compared to the prior year, is mainly due to the higher advances on payment by the U.S. subsidiaries.

The item "VAT receivables" increased from December 31, 2011 against lower exports made by the Parent Company.

The item "Social security receivables" has increased as a result of the increased use by the subsidiary SAES Advanced Technologies S.p.A. of the instrument of *Cassa Integrazione Guadagni Ordinaria* (C.I.G.O. – ordinary redundancy fund).

It is to be noted that the item "Receivables for public grants" is mainly composed of credits matured as at June 30, 2012 by the Parent Company (equal to 762 thousand euro) as a result of contributions for in-progress research projects.

23. DERIVATIVE FINANCIAL INSTRUMENTS EVALUATED AT FAIR VALUE

As at June 30, 2012 derivative financial instruments fair value was negative for 455 thousand euro.

The asset and liability items include, respectively, the assets and liabilities arising from the measurement at fair value of hedging contracts against the exposure to the variability of future cash flows arising from sales and financial transactions denominated in currencies other than the euro, as well as the measurement at fair value of interest rate swap (IRS) contracts. The purpose of these contracts is to protect the Group's margins from the fluctuation of exchange rates and interest rates.

As regards such contracts, the requirements for accounting according to the hedge accounting method are not met, therefore they are evaluated at fair value and the profits or the losses deriving from their evaluation are directly charged to the income statement.

As of June 30, 2012 the Group had 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 3.9 million) is 1.3039 dollars to the euro. These contracts will extend throughout all of the year 2012. The average forward rate for contracts on the Japanese yen (which have a total notional value of JPY 180 million) is JPY 101.32 to the euro. These contracts will extend throughout the full-year 2012.
Always in the first six months of 2012, the Group has put in place two forward sale contracts 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 contracts (for a notional value equal to 7.5 million euro) expire on December 28, 2012 and provide for a forward exchange rate equal to 1,502.28 against the euro. The relative fair value as at June 30, 2012 is positive and equal to 261 thousand euro.

The following table provides a breakdown of the forward contracts entered into and their fair value as at June 30, 2012 and December 31, 2011:

Currency	June 30, 2012		December 31, 2011	
	Notional (amount in local currency)	Fair value (thousands of euro)	Notional (amount in local currency)	Fair value (thousands of euro)
USD	3,900,000	(104)	7,800,000	(24)
JPY	180,000,000	(23)	360,000,000	(68)
EUR	7,500,000	261	0	0
	Total	**134**	**Total**	**(92)**

As at June 30, 2012 the Group has an outstanding Interest Rate Swap (IRS) contract aimed at fixing the interest rate on the loan in U.S. dollars, executed by the U.S. subsidiary Memry Corporation.

The following table provides a breakdown of the Interest Rate Swap contracts entered into and their fair values as at June 30, 2012:

Interest Rate Swap (IRS)	Currency	Notional amount (US dollars)	Execution date	Maturity date	Interest rate	Period	Fair value as of June 30, 2012 (thousands of euro)	Fair value as of December 31, 2011 (thousands of euro)
IRS executed on loan of $30.5 million by **Memry Corporation**	USD	12,000,000	April 9, 2009	December 31, 2014	Fixed rate paid: 3.03% Variable rate received: USD Libor BBA 3 months	Quarterly	(589)	(620)
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	Half yearly	0	(114)
Total							**(589)**	**(734)**

The Interest Rate Swap contract held by the U.S. subsidiary SAES Smart Materials, Inc. came to the end on May 31, 2012. 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 at June 30, 2012, 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 period.

24. 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, 2012 and December 31, 2011:

(thousands of euro)

Cash and cash equivalents	June 30, 2012	December 31, 2011	Difference
Bank accounts	28,372	20,276	8,096
Petty cash	14	16	(2)
Total	**28,386**	**20,292**	**8,094**

The item "Bank accounts" consists of short-term deposits with leading financial institutions denominated primarily in U.S. dollars, euro, Chinese renminbi 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. 36).

As at June 30, 2012, the Group had access to unused lines of credit of 46.8 million euro (45.3 million euro as at December 31, 2011). The increase, equal to 1.5 million euro, is the result of opposing factors: on the one hand the grant of a new Stand-By line of credit for 15 million euro intended to fund temporary financial needs for working capital or which may arise during the completion of new acquisitions, and on the other side the increased use of the available lines for nearly 13 million euro.

25. ASSETS AND LIABILITIES HELD FOR SALE

As at June 30, 2012, the item showed a zero balance, following the sale of all tangible assets of the subsidiary SAES Getters America, Inc, for more details please refer to Note no. 11.
As at December 31, 2011 the item, equal to 648 thousand euro, included the property, plant and equipment of the U.S. subsidiary disposed during the period.

26. GROUP SHAREHOLDERS' EQUITY

The Group shareholders' equity amounted to 118,150 thousand euro as at June 30, 2012, down by 4,878 thousand euro compared to December 31, 2011 mainly due to the dividend distribution for 10,792 thousand euro, partially offset by the positive translation differences generated by the consolidation of foreign companies of the Group and by the net income for the period.

The summary of changes occurred is provided in the Statement of changes in shareholders' equity.

Capital stock

As at June 30, 2012 the capital stock, fully subscribed and paid-up, amounted to 12,220 thousand euro and consisted of no. 14,671,350 ordinary shares and no. 7,378,619 savings shares, for a total of no. 22,049,969 shares. The composition of capital stock is unchanged from December 31, 2011.
The implicit book value per share was 0.554196 euro as at June 30, 2012, unchanged from December 31, 2011.

Please refer to the Report on corporate governance, enclosed in the 2011 Consolidated financial statements, for all of the information required by article 123-*bis* of the Consolidated Finance Act (TUF).

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

Share issue premium

This item includes amounts paid by the shareholders in excess of the par value for new shares of the Parent Company subscribed in capital issues.
The item is unchanged compared to December 31, 2011.

Legal reserve

This item corresponds to the Parent Company's legal reserve of 2,444 thousand euro as at June 30, 2012 and it was unchanged compared to December 31, 2011, since the reserve had reached the legal limit.

Other reserves and retained earnings

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

The change in the item "Other reserves and retained earnings" includes the distribution to shareholders of 2011 dividends, approved by the Parent Company's Shareholders' Meeting for an amount of 10,792 thousand 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.

Other components of equity

The item includes the exchange differences arising from the translation of financial statements in foreign currencies. The translation reserve showed a positive balance of 6,171 thousand euro as at June 30, 2012, compared to a positive balance of 3,814 thousand euro as of December 31, 2011. The increase of 2,357 thousand 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.

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 translation gains or losses generated by the consolidation of foreign subsidiaries as of January 1, 2004. Consequently, the translation reserve includes only the translation gains or losses generated after the date of transition to IASs/IFRSs.

27. FINANCIAL DEBT

As at June 30, 2012, financial debt came to 30,872 thousand euro and was down by 2,905 thousand euro compared to the previous year.
The decrease was due to the repayments made during the period, partially offset by the fluctuations of the exchange rates that has generated an increase of the Group’s debt equal to 755 thousand euro: 91% of the Group’s debt is denominated in U.S. dollars, whose revaluation against euro caused an increase in the financial debt.

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 medium/long term financial debt”.

(thousands of euro)

Financial debt	June 30, 2012	December 31, 2011	Difference
Less than 1 year	7,672	26,156	(18,484)
Current portion of medium/long term debt	**7,672**	**26,156**	**(18,484)**
Between 1 and 2 years	6,222	3,675	2,547
Between 2 and 3 years	6,222	2,576	3,646
Between 3 and 4 years	7,705	1,289	6,416
Between 4 and 5 years	3,051	0	3,051
Over 5 years	0	80	(80)
Non current financial debt	**23,200**	**7,621**	**15,579**
Total	**30,872**	**33,777**	**(2,905)**

It should be noted that the loan held by the subsidiary Memry Corporation, that was classified as a current liability as at December 31, 2011, because it became immediately repayable as a result of not compliance of the covenants, was reclassified as a long-term liability during the first half of 2012 following the waiver of the recall of the debt by the issuing bank and the covenants renegotiation.

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, 2012 (spread included)	Value as of June 30, 2012 (*) (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	1.90%	20,209
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)	2.90%	7,958

(*) interests included

The item "Financial debt" also includes the loan of 3.5 million euro subscribed by the Parent Company during the previous year and with maturity on April 18, 2013. 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, 2012 (spread included)	Value as of June 30, 2012 (*) (thousands of euro)
SAES Getters S.p.A.	EUR	3.5	quarterly with maturity date April 18, 2013	n.a.	Euribor 3 months	4.25%	2,320

(*) interests included

Lastly, the item "Financial debt" includes subsidized loans provided by the special fund for applied research (304 thousand euro as at June 30, 2012) 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% as at June 30, 2012.

Covenant

In the first part of 2012 financial covenants on loans of the U.S. companies Memry Corporation and SAES Smart Materials, Inc. were renegotiated and made homogeneous. The new conditions require that covenants are measured every six months (to June 30 and December 31 of each year) on the Group's income statement and financial data. Non-compliance with one of the three covenants shall not constitute cause of default with immediate effect. For more details, refer to Note no. 27.

As at June 30, 2012, the new covenants, calculated on consolidated data, have been complied with, as shown in the table below:

	Covenant	Amount as at June 30, 2012
Net equity *	≥ 110,000	118,150
Net financial position / Net equity	≤ 1	0.1647
Financial debt / EBITDA	≤ 2	0.7496

***** thousands of euro

28. OTHER FINANCIAL DEBT

As at June 30, 2012 the item "Other financial debt" was equal to 1,682 thousand euro, compared to 1,222 thousand euro in the previous year, and it was split in long-term portion (705 thousand euro) and short-term portion (977 thousand euro).

The item mainly refers to the present value of the estimated obligation to purchase the minority shares of the subsidiary Memry GmbH (1,139 thousand euro).

The increase compared to December 31, 2011, equal to 15 thousand euro, is a result of the adjustment of the estimated potential consideration to be paid to the minority shareholder, on the basis of the agreement signed on June 27, 2012.
It should be noted that, on July 12, 2012, the first of two tranches, equal to the 20% of Memry GmbH shares, has been purchased from SAES Getters S.p.A. for the amount of 500 thousand euro. As at June 30, 2012 that amount was classified as short-term financial debt.

In addition, the item "Other current financial liabilities" includes 334 thousand euro of debt resulting from the acquisition, in 2008, of the subsidiary Memry Corporation. In 2008 the price for the acquisition of the company was paid to a financial broker. During the first half of 2011 the brokerage mandate came to maturity and the broker gave back to the SAES Group the consideration related to the shares not collected. In accordance with the requirements of the U.S. law, this amount was paid to the state of Delaware (USA). During the first half of 2012 the latter paid back part of the amount to the U.S. subsidiary, because it didn't fall within its jurisdiction. This amount must be paid to other U.S. states, according to the residence of the previous holders of the shares.

The item also includes the debts (totaling 86 thousand euro) related to financial lease contracts signed during the previous year by some subsidiaries.
The table below shows the future minimum payments related to these financial lease contracts:

(thousands of euro)

	June 30, 2012	December 31, 2011
Less than 1 year	20	19
Between 1 and 5 years	66	74
Over 5 years	0	0
Total	**86**	**93**

29. 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, 2011	**4,665**	**2,430**	**7,095**
Increase	124	497	621
Indemnities paid	(248)	0	(248)
Other movements	0	0	0
Translation differences	0	13	13
June 30, 2012	**4,541**	**2,940**	**7,481**

When referred to the Group's Italian companies, staff leaving indemnity consists of the estimated obligation, according to actuarial techniques, in connection with the sum to be paid out to the employees of Italian companies when employment is terminated.
Following the entry into force of the 2007 Budget Act and associated implementation decrees, the liability associated with past years staff leaving indemnity continues to be considered a defined-benefit

plan and is consequently measured according to actuarial assumptions. The portion paid in to pension funds is instead considered a defined-contribution plan and is therefore not discounted.

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

The item "Other employee benefits" includes the provision for long-term incentive plans, signed by the executive Directors and by some employees of the Parent Company identified as particularly important for the medium to long term purposes of the Group. The three-year plans provide for the recognition of money incentives proportionate to the achievement of certain personal and Group objectives. For further details see Note no. 5 and no. 38.
The aim of these plans is to further strengthen the alignment over time of individual interests to business interests and, consequently, to the shareholders' interests. The final payment of the long-term incentive is always subject to the creation of value in the medium to long-term viewpoint, rewarding the achievement of performance objectives over time. The performance conditions are based on multi-year indicators and the payment is always subject, in addition to maintaining the employer-employee relationship with the company for the duration of the plan, also to the presence of a positive consolidated income before taxes in the year of expiry of the plan.
Such plan falls into the category of defined benefit obligations and therefore were discounted back on yearly basis.

The workforce amounted to 995 units as at June 30, 2012 (out of which 555 were employed abroad), substantially in line compared to December 31, 2011.

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

Group's employees	June 30, 2012	December 31, 2011	Average 1st Half 2012	Average 1st Half 2011
Managers	88	87	88	88
Employees and middle management	396	388	393	385
Workers	511	536	520	548
Total	**995**	**1,011**	**1,001**	**1,021**

30. PROVISIONS

The item "Provisions" came to 2,274 thousand euro as at June 30, 2012. The following table shows the composition of and the changes in these provisions compared to December 31, 2011:

(thousands of euro)

Provisions	December 31, 2011	Increase	Utilization and other movements	Translation differences	June 30, 2012
Warranty provisions	444	0	(160)	7	291
Bonus	1,889	854	(1,698)	25	1,070
Other provisions	1,649	81	(832)	15	913
Total	**3,982**	**935**	**(2,690)**	**47**	**2,274**

The decrease in the "Warranty provisions" is mainly due to the release made by the U.S. subsidiary SAES Pure Gas, Inc. in reason of the lower sales for the period.

As at June 30, 2012, the item “Bonus” includes the accrual of bonuses to the Group’s employees, mainly in relation to the Parent Company and to the U.S. companies, related to the first half 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 2012.

The item “Other provisions” mainly includes 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 (482 thousand euro). The value of this liability has been calculated on the basis of the agreements reached with the local authorities.

The decrease of the item “Other provisions” is due to the settlement, of a dispute with social-security agencies regarding contribution relief enjoyed (748 thousand euro), made by the Italian subsidiary SAES Advanced Technologies S.p.A. The settlement involves the payment of 483 thousand euro, that will be paid in the month of July and therefore reclassified in the item “Other payable”, and a relief equal to 265 thousand euro. For further details see Note no. 6.

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

(thousands of euro)

Provisions	Current provisions	Non current provisions	June 30, 2012	Current provisions	Non current provisions	December 31, 2011
Warranty provisions	0	291	291	0	444	444
Bonus	1,070	0	1,070	1,889	0	1,889
Other provisions	180	733	913	156	1,493	1,649
Total	**1,250**	**1,024**	**2,274**	**2,045**	**1,937**	**3,982**

31. TRADE PAYABLES

Trade payables amounted to 10,781 thousand euro as at June 30, 2012 and they decreased of 682 thousand euro compared to December 31, 2011.

There were 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, 2012 as compared with December 31, 2011:

(thousands of euro)

Ageing	Total	Not yet due	Due				
			< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days
June 30, 2012	10,781	7,716	1,837	943	219	37	29
December 31, 2011	11,463	9,010	1,258	990	40	75	90

32. OTHER PAYABLES

The item “Other payables” includes amounts that are not strictly classified as trade payables and amounted to 9,646 thousand euro as at June 30, 2012, compared with 9,226 thousand euro as at December 31, 2011.

(thousands of euro)

Other payables	June 30, 2012	December 31, 2011	Difference
Employees payables (vacation, wages and staff leaving indemnity)	6,003	4,636	1,367
Social security payables	914	1,365	(451)
Tax payables (excluding income taxes)	725	818	(93)
Other	2,004	2,407	(403)
Total	**9,646**	**9,226**	**420**

The item "Employees payables" is made up of holiday allowance accrued but not taken during the year, additional monthly salaries and remunerations for the month of June 2012.

The item "Social security payable" 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 "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 of the Parent Company for Directors' compensation, for commissions to agents and for advances on public grants for research activities.

33. ACCRUED INCOME TAXES

The item consists 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/ payables to controlling company" (please refer to Note no. 18 for further information).
The item also includes the IRAP debt of the Italian companies.

As at June 30, 2012 accrued income taxes came to 2,620 thousand euro and included tax obligations accrued in the first half of 2012 in addition to those from the previous year but not yet paid.

34. BANK OVERDRAFT

As at June 30, 2012, Bank overdraft was equal to 14,834 thousand euro and consisted primarily of short-term debt owed by the Parent Company in the form of "hot money" debt.
As at December 31,2011, these overdrafts had been fully repaid.

35. ACCRUED LIABILITIES

Accrued expenses and deferred income came to 733 thousand euro as at June 30, 2012. The item may be broken down as follows:

(thousands of euro)

	June 30, 2012	December 31, 2011	Difference
Accrued expenses	476	220	256
Deferred income	257	604	(347)
Total accrued liabilities	**733**	**824**	**(91)**

36. CASH FLOW STATEMENT

In the first half of 2012, *cash flow* provided by operating activities came to 12,880 thousand euro, with a significant improvement compared to the corresponding period of the previous year (the cash flow for the first half of 2011 amounted to 8,761 thousand euro), mainly due to the higher self-financing and the lower liquidity absorption related to the improved policies for the management of trade receivables and inventories.

Investing activities used liquidity of 5,446 thousand euro (the cash absorption in the first half of 2011 was equal to 2,868 thousand euro). The disbursements for purchases of tangible fixed assets amounted to 2,204 thousand euro (3,040 thousand euro as at June 30, 2011), partially offset by proceeds resulting from the sale, equal to 786 thousand euro, of the plant located in Ohio (former plant of SAES Getters America, Inc.).
During the first half 2012, the capital increases in the joint venture Actuator Solutions GmbH, generated disbursements amounting to 3,994 thousand euro.
It should be noted that, in the first half of 2011, the Chinese joint venture Nanjing SAES Huadong Vacuum Material Co., Ltd. left the consolidation area and its sale to minority shareholders also implied the transfer of relevant cash and cash equivalents amounting to 1,540 thousand euro.

The balance of financing activities was negative and equal to 299 thousand euro, compared to a negative balance of 10,910 thousand euro in the first half of 2011. The liquidity absorption is due to the payment of dividends (10,792 thousand euro), as well as by the repayments on loans according to the related contractual repayment plans, partially offset by the new short-term financial debt (hot money) owed by the Parent Company.

The following is a reconciliation of the net cash and cash equivalents shown in the statement of financial position and the cash flow statement:

(thousands of euro)

	June 30, 2012	June 30, 2011
Cash and cash equivalents	28,386	15,360
Bank overdraft	(14,834)	(3)
Cash and cash equivalents, net - statement of financial position	**13,552**	**15,357**
Short term debt	14,834	0
Cash and cash equivalents, net - cash flow statement	**28,386**	**15,357**

37. POTENTIAL LIABILITIES AND COMMITMENTS

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

(thousands of euro)

Guarantees	June 30, 2012	December 31, 2011	Difference
Guarantees in favour of third parties	41,593	46,794	(5,201)
Total	**41,593**	**46,794**	**(5,201)**

The decrease compared to the previous year is mainly explained by the expiration of some guarantees provided by the Parent Company to secure the loans undertaken by some foreign subsidiaries and repaid during the period.

The maturities for operating lease obligations outstanding as of June 30, 2012 are shown below:

(thousands of euro)

	Less than 1 year	1-5 years	Over 5 years	Total
Operating lease obligations	1,035	1,575	0	**2,610**

38. 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 election by the Group's Italian companies to participate in the national tax consolidation program. Also to be noted that S.G.G. Holding S.p.A. receives dividends from SAES Getters S.p.A.
- **KStudio Associato**: a tax, legal and financial consultancy firm whose founding member is Vincenzo Donnamaria, Chairman of the Board of Statutory Auditors of SAES Getters S.p.A. It provides to Italian Group companies consultancy services.
- **Actuator Solutions GmbH**: a joint venture, 50% jointly owned by SAES Getters and Alfmeier Präzision groups, focused on the development, manufacturing and marketing of actuators based on the SMA technology.
- **Managers with Strategic Responsibilities**: these include the members of the Board of Directors, including non-executive directors and the members of the Board of Statutory Auditors. Their close relatives are also considered related parties.
  Moreover, the Corporate Human Resources Manager, the Corporate Operations Manager, the Group Legal General Counsel, the Corporate Research Manager and the Group Administration, Finance and Control Manager are considered managers with strategic responsibilities.

The following table shows the total values of the related party transactions undertaken:

(thousands of euro)	June 30, 2012			June 30, 2012			
	General & administrative expenses	Research & development expenses	Other income (expenses), net	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables to Controlling Company	Other payables
S.G.G. Holding S.p.A.					4,522	(4,310)	
KStudio Associato	36						
Actuator Solutions GmbH			315	315			
Total	**36**	**0**	**315**	**315**	**4,522**	**(4,310)**	**0**

(thousands of euro)	June 30, 2011			December 31, 2011			
	General & administrative expenses	Research & development expenses	Other income (expenses), net	Trade receivables	Tax consolidation receivables from Controlling Company	Tax consolidation payables to Controlling Company	Other payables
S.G.G. Holding S.p.A.					2,485	(2,349)	
KStudio Associato							
Actuator Solutions GmbH				271			
Total	**0**	**0**	**0**	**271**	**2,485**	**(2,349)**	**0**

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

(thousands of euro)

Total compensation to key management	1st Half 2012	1st Half 2011
Short term employee benefits	1,441	1,308
Post employment benefits	0	0
Other long term benefits	289	88
Termination benefits	265	52
Share based payments	0	0
Total	**1,995**	**1,448**

The increase compared to the previous year is mainly due to the restoration of the Directors' Severance Indemnities, which the executive Directors had voluntarily given up in previous years, as well as the provision of a fund for the long-term variable incentive provided by the renewed contract of executive Directors themselves.

As at June 30, 2012 payables to Managers with Strategic Responsibilities, as defined above, is equal to 2,048 thousand euro, compared with payables of 2,397 thousand euro as at December 31, 2011.

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 2012 all related-party transactions fall within ordinary operations and were settled at economic and financial market conditions.

Lainate (MI), July 27, 2012

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, 2012.

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, 2011, 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, 2012, 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.

- 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.

3. Furthermore, it is hereby attested that:

3.1. the interim condensed consolidated financial statements as at June 30, 2012:

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 27, 2012

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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