Interim Consolidated Financial Statements 2006

saes getters

we support your innovation

saes getters

Saes Getters Group

- **Saes Getters S.p.A.**
  Lainate (Milan) - Italy
- **Saes Getters S.p.A. - Moscow Representative Office**
  Moscow - Russia
- **Saes Getters S.p.A. - Shanghai Representative Office**
  Shanghai - P.R. of China
- **Saes Getters S.p.A. - Taiwan Branch Office**
  Jhubei - Taiwan
- **Saes Advanced Technologies S.p.A.**
  Avezzano (AQ) - Italy
- **Saes Getters USA, Inc.**
  Colorado Springs, CO - USA
- **Saes Pure Gas, Inc.**
  San Luis Obispo, CA - USA
- **Saes Getters America, Inc.**
  Cleveland, OH - USA
- **Saes Getters (Deutschland) GmbH**
  Cologne - Germany
- **Saes Getters (GB) Ltd.**
  Daventry - Great Britain
- **Saes Getters International Luxembourg S.A.**
  Luxembourg
- **SAES Getters (Nanjing) Co., Ltd.**
  Nanjing - P.R. of China
- **Saes Getters Technical Service (Shanghai) Co., Ltd.**
  Shanghai - P.R. of China
- **Saes Getters Singapore PTE, Ltd.**
  Singapore
- **Saes Getters Korea Corporation**
  Seoul - South Korea
  Jincheon-kun - South Korea
- **Saes Getters Japan Co., Ltd.**
  Tokyo - Japan

- **Scientific Materials Europe S.r.l.**
  Tortolì (NU) - Italy (30% owned company)
- **Memory-Metalle GmbH**
  Weil am Rhein - Germany (50% owned company)

2006 Interim Consolidated Financial Statements for the six months ending June 30, 2006

Saes Getters S.p.A.

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

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

Registered with the Milan Court
Companies Register no. 00774910152

Structure of the Group as of June 30, 2006

saes getters

100%
Saes Getters USA, Inc.
Colorado Springs, Colorado (USA)

100%
Saes Pure Gas, Inc.
San Luis Obispo, California (USA)

100%
Saes Advanced Technologies S.p.A.
Avezzano AQ (Italy)

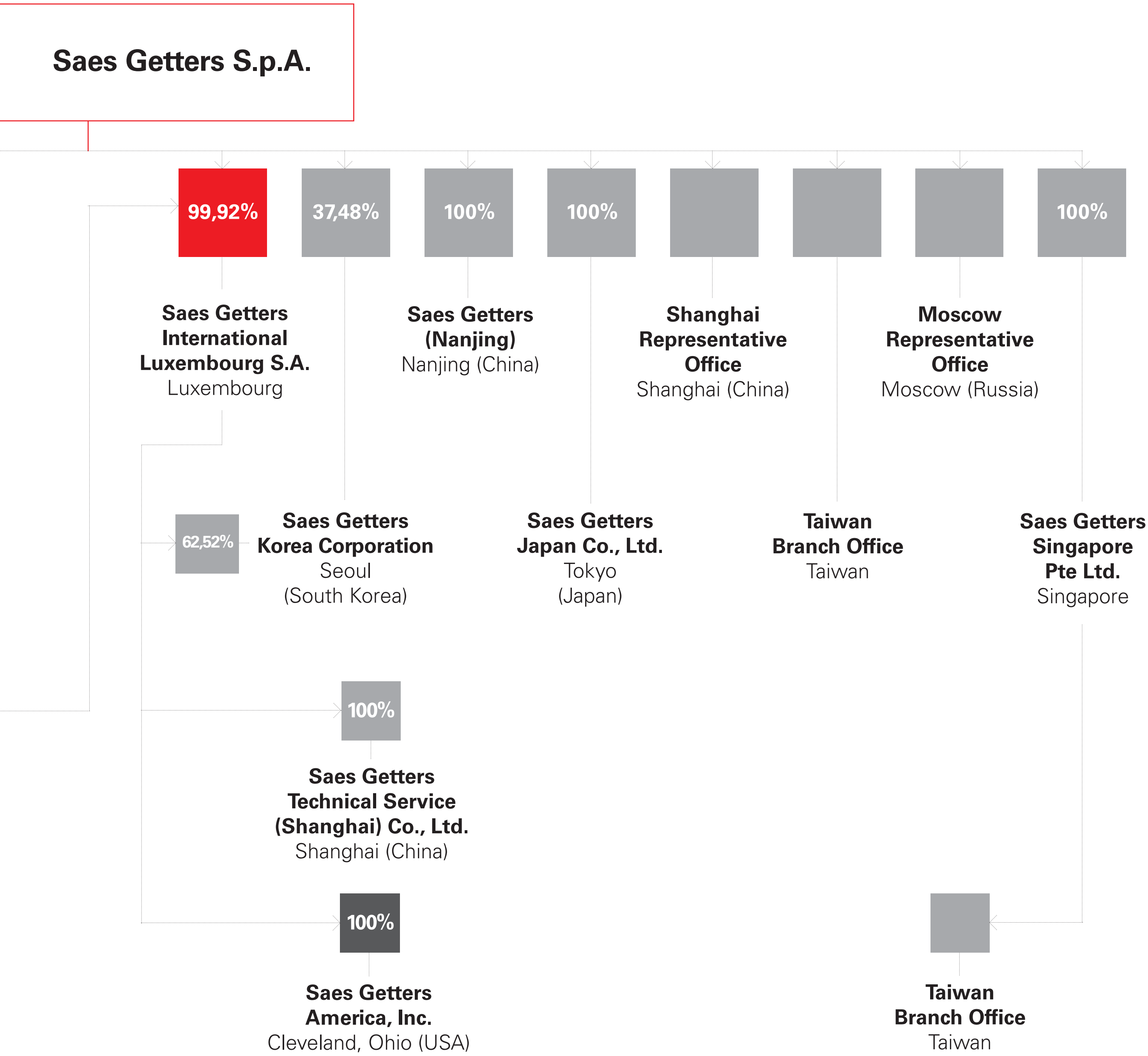
0,08%

30%
Scientific Materials Europe S.r.l.
Tortolì NU (Italy)

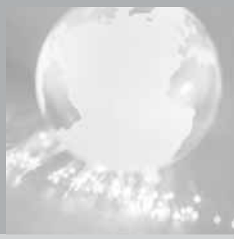
50%
Memory-Metalle GmbH
Weil am Rhein (Germany)

100%
Saes Getters (GB) Ltd.
Daventry (United Kingdom)

100%
Saes Getters (Deutschland) GmbH
Cologne (Germany)


Saes Getters S.p.A.
99,92%
37,48%
100%
100%
100%
Saes Getters International Luxembourg S.A.
Luxembourg
Saes Getters (Nanjing)
Nanjing (China)
Shanghai Representative Office
Shanghai (China)
Moscow Representative Office
Moscow (Russia)
62,52%
Saes Getters Korea Corporation
Seoul (South Korea)
Saes Getters Japan Co., Ltd.
Tokyo (Japan)
Taiwan Branch Office
Taiwan
Saes Getters Singapore Pte Ltd.
Singapore
100%
Saes Getters Technical Service (Shanghai) Co., Ltd.
Shanghai (China)
100%
Saes Getters America, Inc.
Cleveland, Ohio (USA)
Taiwan Branch Office
Taiwan

Index



Group Financial Highlights

Group financial highlights

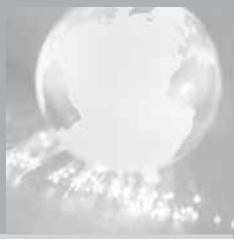
(thousands of euro)

Income Statement Data	1st Half 2006	1st Half 2005	Difference	Difference %
NET SALES				
- Information Displays	55,155	39,666	15,489	39.0%
- Industrial Applications	27,918	26,493	1,425	5.4%
- Advanced Materials	784	288	496	172.2%
Total	**83,857**	**66,447**	**17,410**	**26.2%**
EBITDA	34,075	18,690	15,385	82.3%
% on sales	40.6%	28.1%		
OPERATING INCOME (LOSS)				
- Information Displays	30,702	17,103	13,599	79.5%
- Industrial Applications	3,589	957	2,632	275.0%
- Advanced Materials and Corporate Costs	(6,508)	(5,392)	(1,116)	20.7%
Total	**27,783**	**12,668**	**15,115**	**119.3%**
% on sales	33.1%	19.1%		
NET INCOME	14,360	8,008	6,352	79.3%
% on sales	17.1%	12.1%		

Balance Sheet and Financial data	June 30, 2006	December 31, 2005	Difference	Difference %
Property, plant and equipment, net	62,023	60,493	1,530	2.5%
Shareholders' Equity	153,553	170,597	(17,044)	-10.0%
Net financial position	66,163	85,861	(19,698)	-22.9%

Other information	1st Half 2006	1st Half 2005	Difference	Difference %
Cash flow (net income + amortization + depreciation + write down)	20,652	14,030	6,622	47.2%
Research and development expenses	7,351	7,188	163	2.3%
Number of employees as at June 30 *	886	930	(44)	-4.7%
Personnel cost	21,255	21,309	(54)	-0.3%
Purchase of property, plant and equipment	5,682	4,234	1,448	34.2%

* Includes personnel employed by the Italian companies of the Group with service contracts.



saes getters

Information on the management of the Saes Getters Group

Information on the management of the Saes Getters Group

The Group's organizational structure consists of two Business Units (Information Displays and Industrial Applications) and one Business Development Unit (Advanced Materials).
The details of the Group's organizational structure are illustrated by Business Unit and Business Area in the following table.

Information Displays Business Unit	
Cathode Ray Tubes	Barium getters for cathode ray tubes
Flat Panel Displays	Getters and metal dispensers for flat panel displays
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
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and getters for thermal insulated devices
Semiconductors	Gas purifier systems for the semiconductor industry and other industries
Advanced Materials Business Development Unit	
Advanced Materials	Getters for microelectronic and micromechanical systems, optical crystals, shape memory alloys, metalorganic precursors

Consolidated net sales for the first half of 2006 were €83,857 thousand, up by 26.2% on the figure of €66,447 thousand posted in the first half of 2005. With respect to the same scope of consolidation for the first half of 2005, sales were up 30.6%.

The increase of net sales is largely attributable to strong growth of sales in the Flat Panel Displays Business Area of the mercury dispensers used in cold cathode lamps for liquid crystal display backlighting. The Business Areas of the Industrial Applications Business Unit also achieved positive sales results, especially the Lamps Business Area, due to increased sales of fluorescent lamp components. During the first half of 2006 the Advanced Materials Business Development Unit achieved better sales of film getters for MEMS applications and synthetic crystals for laser applications than during the first half of 2005. However, sales in the Cathode Ray Tubes Business Area were lower due to the decline of the traditional cathode ray tubes market.

Operating income was €27,783 thousand in the first half of 2006, a very strong increase compared to the figure of €12,668 thousand posted in the corresponding period last year. This increase is essentially due to increased sales and a better sales mix.

Consolidated net income in the first half of 2006 was €14,360 thousand, compared with €8,008 thousand in the first half of 2005, or 17.1% of consolidated net sales (12.1% in the first half of 2005).

During the first half of 2006 investments in subsidiaries were completed for 35% of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) (65% held already) and 50% of Memory Metalle GmbH. The subsidiary FST Consulting International was sold in July 2005.

The financial position as at June 30, 2006 shows net cash and cash equivalents of €66,163 thousand compared with €85,861 thousand as at December 31, 2005. The decrease is mainly due to the distribution of dividends, in addition to the aforementioned investments.

Research and development activities continued during the first half of the current year, and focused on the important projects illustrated in the 2005 annual financial statements as well as new projects to develop getters for biomedical and automotive applications. For additional information see the appropriate paragraphs below.

Sales and Income for the Period Ended June 30, 2006

Consolidated net sales for the first half of 2006 were €83,857 thousand, up by 26.2% on the figure of €66,447 thousand posted in the first half of 2005.
The increase in sales net of the exchange rate effect was 23.8% whilst the trend of the euro against the major foreign currencies caused a further increase of 2.4%. Sales increased by 30.6% over the first half of 2005 with respect to the same scope of consolidation, considering the sale of the subsidiary FST Consulting International, Inc. in 2005, and the purchase of 35% of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) in January 2006. In particular, sales increased in the Flat Panel Displays and Lamps Business Areas, and in the Advanced Materials Business Development Unit, only partially offset by the reduced sales in the Cathode Ray Tubes Business Area.

The table below gives a breakdown of 2006 and 2005 first-half sales according to Business Unit and Business Area.

(thousands of euro)

Business Unit and Business Area	1st Half 2006	1st Half 2005	Total difference	Total difference %	Price/ quantity effect %	Exchange rate effect %
Cathode Ray Tubes	15,374	16,176	(802)	-5.0%	-9.3%	4.3%
Flat Panel Displays	39,781	23,490	16,291	69.4%	67.6%	1.8%
Subtotal Information Displays	**55,155**	**39,666**	**15,489**	**39.0%**	**36.5%**	**2.5%**
Lamps	6,685	5,661	1,024	18.1%	17.5%	0.6%
Electronic Devices	6,560	6,240	320	5.1%	3.3%	1.8%
Vacuum Systems and Thermal Insulation	3,409	3,222	187	5.8%	5.0%	0.8%
Semiconductors	11,264	11,370	(106)	-0.9%	-4.9%	4.0%
Subtotal Industrial Applications	**27,918**	**26,493**	**1,425**	**5.4%**	**3.1%**	**2.3%**
Subtotal Advanced Materials	**784**	**288**	**496**	**172.2%**	**171.6%**	**0.6%**
Total Net Sales	**83,857**	**66,447**	**17,410**	**26.2%**	**23.8%**	**2.4%**

Net sales within the **Information Displays Business Unit** were €55,155 thousand, up by €15,489 thousand (39%) on the first half of 2005. The trend of the euro against the major foreign currencies brought about a positive exchange rate effect of 2.5%.
The Flat Panel Displays Business Area registered strong growth (+67.6% net of the exchange rate effect) due to the increasing demand for the mercury dispensers used in cold cathode fluorescent lamps for liquid crystal display backlighting. However, the Cathode Ray Tubes Business Area registered a reduction in sales of getters for cathode ray tubes (-9.3% net of the exchange rate effect) as a consequence of market decline.

Net sales within the **Industrial Applications Business Unit** were €27,918 thousand, up by €1,425 thousand (+5.4%) on the first half of 2005. The trend of the euro against the major foreign currencies brought about a positive exchange rate effect of 2.3%.
The increase in sales is due principally to increased sales in the Lamps Business Area, for components of fluorescent lamps (+17.5% net of the exchange rate effect).

Sales in the Semiconductors Business Area, below the results of the corresponding period during the previous year (-4.9% net of the exchange rate effect), increased by 40.7% within the same scope of consolidation, due to increased sales of gas purifiers. To be noted the sale of the subsidiary FST Consulting International, Inc. during the second half of 2005 as part of the restructuring operations relating to the semiconductors market. The other Business Areas all registered sales increases, strengthened by a slightly positive exchange rate effect.

The **Advanced Materials Business Development Unit** achieved sales of €784 thousand related to film getters for MEMS applications and synthetic crystals for laser applications, showing strong growth over the first half of the preceding year.

A breakdown is given below of net sales by geographical location of customers.

(thousands of euro)

Geographic Area	1st Half 2006	%	1st Half 2005	%	Difference total	total %
Italy	539	0.6%	371	0.6%	168	45.3%
Other EU and Europe	9,456	11.3%	10,163	15.3%	(707)	-7.0%
North America	8,710	10.4%	11,551	17.4%	(2,841)	-24.6%
Japan	21,269	25.4%	17,839	26.8%	3,430	19.2%
Asia (excl. Japan)	42,073	50.2%	25,231	38.0%	16,842	66.8%
Other	1,810	2.1%	1,292	1.9%	518	40.1%
Total Net Sales	**83,857**	**100.0%**	**66,447**	**100.0%**	**17,410**	**26.2%**

Consolidated **gross profit** was €52,505 thousand in the first half of 2006 compared with €34,679 thousand in the corresponding period of 2005. Gross profit increased from 52.2% in the first half of 2005 to 62.6% in the first half of 2006 as a percentage of net sales, mainly as a result of increased sales and a better sales mix.

The following table shows gross profit in the first half of the years 2006 and 2005 according to Business Unit.

(thousands of euro)

	1st Half 2006	1st Half 2005	Difference total	%
Information Displays	40,559	24,900	15,659	62.9%
Industrial Applications	11,940	10,071	1,869	18.6%
Advanced Materials and Corporate Costs	6	(292)	298	NA
Gross profit	**52,505**	**34,679**	**17,826**	**51.4%**

Consolidated EBITDA was €34,075 thousand in the first half of 2006 compared with €18,690 thousand in the same period of 2005. EBITDA was 40.6% in the first half of 2006 compared with 28.1% in the same period of 2005 as a percentage of net sales.

Operating income was €27,783 thousand in the first half of 2006, a strong increase from the figure of €12,668 thousand posted in the corresponding period of last year. This increase is essentially due to increased sales and gross profit.

Net of the main non-recurring items, operating income would have been €29.4 million compared with €13.9 million in the first half of 2005.

The following table shows operating income in the first half of the years 2006 and 2005 according to Business Unit.

(thousands of euro)

	1st Half 2006	1st Half 2005	Difference total	%
Information Displays	30,702	17,103	13,599	79.5%
Industrial Applications	3,589	957	2,632	275.0%
Advanced Materials and Corporate Costs	(6,508)	(5,392)	(1,116)	20.7%
Operating income (loss)	**27,783**	**12,668**	**15,115**	**119.3%**

The total cost of labour was €21,255 thousand, in line with the value of the preceding year (€21,309 thousand), coherently with the trend of the average number of employees (858 during the first half of 2006 compared to 887 during the same period of the preceding year).

Operating expenses increased from €21,857 thousand during the first half of 2005 to €24,921 thousand during the first half of 2006, principally as a result of increased general and administrative expenses.

Other income (expenses) had a positive balance of €199 thousand compared with a negative balance of €154 thousand during the first half of 2005.

The net balance of financial income (expenses) was €781 thousand compared to €621 thousand of the same period during 2005. In particular, financial income totalled €981 thousand, up from €774 thousand of the same period last year, as a consequence of higher average interest rates on the cash investments.
Financial expenses amounted to €200 thousand compared with €153 thousand in the first half of 2005.

Exchange rate differences totalled a loss of €1,376 thousand in the first half of the year compared with a gain of €846 thousand in the first half of 2005. The difference reflects the trend of exchange rates during the first half of 2006 compared with the corresponding period in 2005.

Income taxes were €12,828 thousand compared with €6,127 thousand in the first half of 2005. Taxes increased from 43.3% of pre-tax profits in the first half of 2005 to 47.2% in the first half of 2006. This increase is associated with the higher impact of the provisions for taxes owed, if any, in the event of the distribution of the accumulated profits and reserves of the subsidiaries as at June 30, 2006, and with increased taxation in some of the countries where the Group operates.

Consolidated net income in the first half of 2006 was €14,360 thousand, compared with €8,008 thousand in the first half of 2005, or 17.1% of consolidated net sales (12.1% in the first half of 2005).

Net of the main non-recurring items, consolidated net income would have been €15.6 million compared with €8.4 million in the first half of 2005.

The result posted for the first half of the year includes depreciation of tangible assets and amortization of intangible assets totalling €5,790 thousand compared with €5,737 thousand in the first half of 2005.
Research and development expenses, charged to the income statement for the period as they do not meet the criteria laid down in IAS 38 for mandatory capitalization, totalled €7,351 thousand (8.8% of consolidated net sales) compared with €7,188 thousand in the first half of 2005 (10.8% of consolidated net sales).

The consolidated financial statements and the respective notes included in the interim report for the period ended on June 30, 2006 were subject to limited review by the auditing firm Reconta Ernst & Young S.p.A.

Financial Position - Investments - Other Information

A breakdown is given below of the items making up the consolidated net financial position (thousands of euro).

	June 30, 2006	December 31, 2005	June 30, 2005
Financial assets:			
Cash and banks	71,301	93,243	75,595
Other current assets *	293	0	0
Total current assets	**71,594**	**93,243**	**75,595**
Total non current assets	**0**	**0**	**0**
Total financial assets	**71,594**	**93,243**	**75,595**
Financial liabilities:			
Bank overdraft	1,867	2,798	2,514
Current portion of long term debt	260	257	254
Other current financial liabilities *	0	893	602
Total current liabilities	**2,127**	**3,948**	**3,370**
Long term debt, net of current portion	3,304	3,434	3,564
Total non current liabilities	**3,304**	**3,434**	**3,564**
Total financial liabilities	**5,431**	**7,382**	**6,934**
Net financial position	**66,163**	**85,861**	**68,661**

* Includes the financial assets (liabilities) generated by the fair value measurement of financial derivatives.

The **financial position** as at June 30, 2006 shows net cash and cash equivalents of €66,163 thousand, arising from financial assets of €71,594 thousand and financial liabilities of €5,431 thousand, compared with net cash and cash equivalents of €85,861 thousand as at December 31, 2005.

The decrease compared with December 31, 2005 is mainly due to a dividend distribution of €29,265 thousand, and to the investment in 35% of the equity of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) (65% already held) and 50% of Memory Metalle GmbH. These effects were partially offset by the financial resources generated by self-financing.

The cash flow arising from operating activities is €24,423 thousand or 29.1% of net sales compared with €13,096 thousand in 2005 or 19.7% of net sales.
The increase is mainly due to higher income of the period and to the increase in taxes paid, partially offset by the change of net working capital.

In the first six months of 2006, investments in property, plant and equipment (net of inter-company transactions) amounted to €5,682 thousand (€4,234 for the same period in 2005) and were used in particular to purchase special machinery and equipment for the building of new production lines and for improving and developing those already existing, in addition to developing the research activities of the parent company.

Performance of the Parent Company and Subsidiaries

SAES GETTERS S.p.A. - Lainate, Milan (Italy)
In the first half of 2006, the parent company posted revenues of €12,372 thousand (export sales accounted for 96%), up by €1,237 thousand on the corresponding period last year (€11,135 thousand). The increase is mainly due to higher sales during the first half of 2006 in the Flat Panel Displays Business Area, as a consequence of the activities of the new branch set up in Taiwan during 2005, partially offset by the decrease in sales of the Cathode Ray Tubes Business Area as a consequence of market decline.
The parent company's net income for the period was €16,537 thousand, compared with €20,028 thousand for the six months ending June 30, 2005.
The decrease in net income is the result of higher operating expenses, mainly due to greater fixed and variable fees for directors, and reduced net dividends collected by the subsidiaries.

SAES ADVANCED TECHNOLOGIES S.p.A. - Avezzano, L' Aquila (Italy)
In the first half of the year, the company achieved sales of €37,941 thousand, up from €27,865 thousand posted for the first half of 2005. Export sales accounted for 95%. Sales of products relating to the Flat Panel Displays Business Area increased, in particular sales of mercury dispensers used in cold cathode fluorescent lamps for liquid crystal display backlighting.
The company ended the period with a net income of €10,845 thousand, compared with €6,022 thousand in the corresponding period last year.
The improved result is mainly due to increased sales and a more favourable sales mix.

SAES GETTERS USA, INC. - Colorado Springs, Colorado (USA)
The company posted consolidated net sales of $17,470 thousand in the first half of 2006 (€14,209 thousand at the average exchange rate for the period), compared with $16,546 thousand (€12,882 thousand at the average exchange rate for the period) in the corresponding period last year and a consolidated net income, according to international accounting standards, of $2,436 thousand (€1,982 thousand), compared with a consolidated net income of $1,349 thousand (€1,050 thousand) in the first half of 2005.

Further comments are given below.

USA parent company *SAES Getters Usa, Inc.* (products relating to the Information Displays and Industrial Applications Business Units) posted net sales of $4,740 thousand compared with net sales of $9,006 thousand in the first half of 2005. The decrease in sales was mainly due to the transfer, during the second half of 2005, of the activities previously carried out at the Cleveland plant to SAES Getters America, Inc.
The company posted a net income of $1,008 thousand during the first half compared with $701 thousand in the same period last year.
The increase of net income, despite the drop in net sales, is due mainly to a more favourable sales mix and to the reduction of some structural costs due to the sale of assets to SAES Getters America, Inc.

The subsidiary *Saes Pure Gas, Inc.*, based in San Luis Obispo, California (USA) (Semiconductors Business Area) posted sales of $12,730 thousand, up over the first half of 2005 ($7,540 thousand), mainly as a result of increased sales of large purifiers.
The company posted a net income of $1,428 thousand in the first half of 2006, compared with $648 thousand during the first half of 2005. The increase in net income depends on the increase in sales.

SAES GETTERS JAPAN CO. LTD. - Tokyo (Japan)
The company posted sales of yen 4,282 million (€30,125 thousand at the average exchange rate for the first half of 2006), up over the first half of 2005 (yen 3,049 million, equivalent to €22,388 thousand at the average exchange rate for the first half of 2005), and a net income of around yen 285 million (€2,002 thousand) compared with yen 187 million in the corresponding period last year (€1,377 thousand). The increase in net income is due to the increase in net sales, with particular reference to the products for the Flat Panel Displays Business Area (mercury dispensers used in cold cathode fluorescent lamps for liquid crystal display backlighting).

SAES GETTERS SINGAPORE PTE LTD. - Singapore
First-half net sales totalled S$4,356 thousand (€2,203 thousand based on the average exchange rate in the first half of 2006), lower than net sales posted in the first half of 2005 (S$7,459 thousand, equivalent to €3,526 thousand based on the average exchange rate in the period). The decrease in sales is due to reduced sales in the Cathode Ray Tubes and Semiconductors Business Areas. The company closed the first half of 2006 with a net loss of S$294 thousand (€149 thousand), compared with the net income of S$740 thousand (€350 thousand) of the first half of 2005.
This downturn depends mainly on the decrease in sales.
This data includes the performance figures of the branch owned by the company in Hsin Chu (Taiwan). The branch in Hsin Chu (Taiwan) is currently in liquidation.

SAES GETTERS (DEUTSCHLAND) GmbH - Cologne (Germany)
In the first half of 2006, net sales were €439 thousand, up over the corresponding period last year (€406 thousand). Net income for the period was €122 thousand, compared with €100 thousand in the first half of 2005.
Please note that since July 1, 2003, the company has been operating exclusively as an agent for the distribution of the Group's products, receiving commissions.

SAES GETTERS (GB) LTD. - Daventry (GB)
The company posted first-half net sales of £39 thousand (€57 thousand at the average exchange rate for the first half of 2006), compared with £97 thousand in the first half of 2005 (€141 thousand at the average exchange rate for the first half of last year). The company ended the period with a net loss of £44 thousand (€64 thousand), compared with a net loss of £35 thousand in the first half of 2005 (€51 thousand). The higher loss is principally due to the reduced sales compared to the first half of 2005. Please note that since July 1, 2003, the company has been operating exclusively as an agent for the distribution of the Group's products, receiving commissions.

SAES GETTERS (NANJING) CO. LTD. (FORMER NANJING SAES HUADONG GETTERS CO. LTD.) - Nanjing (People's Republic of China)
The company, which produces barium getters for the cathode ray tubes market, was included in the 2005 consolidated financial statements according to the proportionate consolidation method and on the basis of the percentage stake held by the Group (65%). It should be recalled that the company was considered a jointly controlled company since Saes Getters S.p.A., despite owning 65% of the share capital, did not exercise control as defined by international accounting standards. In January 2006 SAES Getters S.p.A. signed the final contract to purchase the minority quota of 35% from Nanjing Huadong Electronic Information Technology Co. Ltd., previously a partner to the joint venture. This purchase made SAES Getters S.p.A. the sole shareholder of the company; as a consequence, this year it is included 100% in the consolidated financial statements. The company posted first-half total sales of RMB 56,872 thousand (€5,759 thousand at the average exchange rate for the period), up over the first half of 2005 (RMB 44,104 thousand, equivalent to €4,148 thousand at the average exchange rate for the period), mainly due to increased sales of components to other companies of the Group. The company ended the period with a net income, according to international accounting standards, of RMB 16,843 thousand (€1,706 thousand at the average exchange rate for the period), up over the first half of 2005 (RMB 10,438 thousand, equivalent to €982 thousand). The increase of net income is principally due to the increase of sales compared to the same period of last year. Beginning on August 1, 2006, the Chinese company Nanjing SAES Huadong Getters Co., Ltd. has changed its name to SAES Getters (Nanjing), Co., Ltd.

SAES GETTERS INTERNATIONAL LUXEMBOURG S.A. - Luxembourg
The company's main activities include the management of acquisitions and investments, cash management, the disbursement of inter-company loans and the coordination of services for the Group. During the first half of 2006, the company recorded revenues from services of €231 thousand (€224 thousand in the first half of 2005) and a net income, according to international accounting standards, of €4,004 thousand compared with a net income of €2,410 thousand for the first half of last year. The improved result is due to the collection of higher dividends distributed in the period by the subsidiary Saes Getters Korea Corporation compared with the first half of 2005.

The following are comments on the performance of the subsidiaries of Saes Getters International Luxembourg S.A.

The subsidiary *Saes Getters Korea Corporation* based in Seoul, South Korea (62.52% owned - the rest of the capital stock is held directly by the parent company Saes Getters S.p.A.), mainly involved in the production of components for liquid crystal displays (Flat Panel Displays Business Area) and getters for the cathode ray tubes market (Cathode Ray Tubes Business Area), posted first-half net sales of Won 19,585 million (€16,550 thousand at the average exchange rate for the period), compared with net sales of Won 13,544 million (€10,389 thousand at the average exchange rate for the period) in the corresponding period last year. The period ended with a net income, according to international accounting standards, of Won 9,424 million (€7,964 thousand) compared with a net income of Won 5,237 million (€4,017 thousand) in the corresponding period in 2005. The increase in net income can largely be attributed to increased sales and a more favourable sales mix, due to the growth in net sales of products used for applications in the Flat Panel Displays Business Area.

The *SAES Getters America, Inc.* subsidiary, located in Cleveland (Ohio) was incorporated on November 23, 2005. During the month of December 2005 the company New Trace Analytical, Inc. merged by incorporation into SAES Getters America, Inc. The company has also acquired some of the activities previously carried out by SAES Getters Usa, Inc. at the Cleveland plant, with particular reference to the production and marketing of evaporable getters for lamps and thermal insulation, taking on the related assets. During the first half of 2006 the company totalled net sales of $4,626 thousand (€3,763 at the average exchange rate for the period), and net income of $238 thousand (€194 thousand).

The subsidiary *Saes Getters Technical Service (Shanghai) Co., Ltd*. provides technical support to companies operating within the semiconductor industry that use gas monitoring and analysis systems, and also assembles a number of products relating to the Semiconductors Business Area. The company ended the period with net sales of RMB 9,741 thousand (equivalent to €987 thousand at the average exchange rate for the period), reflecting an increase on the corresponding period last year (RMB 7,036 thousand, equivalent to €662 thousand). The first half of 2006 closed with a loss, according to international accounting standards, of RMB 3,378 thousand (equivalent to €342 thousand at the average exchange rate in the period), compared to net income of RMB 1,721 thousand (€162 thousand) during the same period of 2005. Despite the increase in sales, the result for the period was worse, largely due to the negative impact of exchange rates (which had been positive during the same period of 2005). During the first half of 2006, the Group has deliberated to interrupt the productive activities of this company, in order to focus on profitable business.

Research, Development and Innovation Activities

Innovation activities continued throughout the first six months of the year in the areas previously highlighted in the report on operations that accompanied the 2005 Annual Report.
The expenses for research and development during the first half of 2006 amounted to €7.351 million, in line with the value of the same period last year.
These activities focused on the important projects illustrated in the 2005 annual financial statements as well as new projects to develop getters for biomedical and automotive applications.
Among the important projects, the development of high mercury content alloys protected by patents has been completed, for application in cold cathode ray lamps for liquid crystal display backlighting.
These new products, particularly the high performance wires, have been delivered to clients who greatly appreciated them.

Interim Consolidated Financial Statements for the six months ending June 30, 2006

Consolidated Income Statement

(thousands of euro)

	Notes	1st Half 2006	1st Half 2005		
			Continuing operations	Discontinuing operations	Total
Total net sales	**3**	**83,857**	**63,083**	**3,364**	**66,447**
Cost of sales	4	(3,352)	(28,793)	(2,975)	(3,768)
Gross profit		**52,505**	**34,290**	**389**	**34,679**
Research and development expenses	5	(7,351)	(7,188)	0	(7,188)
Selling expenses	5	(8,319)	(7,408)	(362)	(7,770)
General and administrative expenses	5	(9,251)	(6,682)	(217)	(6,899)
Total operating expenses		(24,921)	(21,278)	(579)	(21,857)
Other income (expenses), net	6	199	(84)	(70)	(154)
Operating income		**27,783**	**12,928**	**(260)**	**12,668**
Interest and other financial income (expenses), net	7	781	624	(3)	621
Share of result of associates		0	0		0
Foreign exchange gains (losses), net	8	(1,376)	846		846
Income before taxes		**27,188**	**14,398**	**(263)**	**14,135**
Income taxes	9	(12,828)	(6,127)		(6,127)
Net income		**14,360**	**8,271**	**(263)**	**8,008**
Net income per ordinary shares	10	0.6352	0.3635		0.3518
Net income per savings shares	10	0.6512	0.3797		0.3679

Consolidated Balance Sheet

(thousands of euro)

	Notes	June 30, 2006	December 31, 2005
ASSETS			
Non Current Assets			
Property, plant and equipment, net	13	62,023	60,493
Intangibile assets, net	14	5,107	2,695
Investments accounted for using the equity method	15	2,300	450
Deferred tax assets	16	6,583	8,655
Other long term assets	17	1,030	1,036
Total Non Current Assets		**77,043**	**73,329**
Current Assets			
Inventory	18	16,594	17,533
Trade receivables	19	31,318	29,286
Tax consolidation receivables from parent company	20	3,205	4,737
Prepaid expenses, accrued income and other	21	4,902	6,270
Derivative financial instruments evaluated at fair value (cash flow hedge)	22	293	0
Cash and cash equivalents	23	71,301	93,243
Total Current Assets		**127,613**	**151,069**
Total Assets		**204,656**	**224,398**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital stock		12,220	12,220
Share issue premium		38,273	38,273
Treasury shares		(2,618)	(2,618)
Legal reserve		2,444	2,444
Sundry reserves, retained earnings and accumulated losses		88,874	99,271
Net income for the period		14,360	21,007
Shareholders' Equity	24	**153,553**	**170,597**
Minority interest in consolidated subsidiaries		0	0
Total Shareholders' Equity		**153,553**	**170,597**
Non Current Liabilities			
Non current financial liabilities	25	3,304	3,434
Deferred tax liabilities	26	5,352	3,842
Staff leaving indemnity and other employee benefits	27	10,827	10,752
Non current provisions	28	1,016	940
Other payables		151	154
Total Non Current Liabilities		**20,650**	**19,122**
Current Liabilities			
Trade payables		8,850	8,949
Tax consolidation payables to parent company	20	4,957	4,318
Other payables	29	9,484	11,630
Accrued income taxes	30	3,551	2,989
Current provisions	28	153	105
Derivative financial instruments evaluated at fair value (cash flow hedge)	22	0	893
Bank overdraft	31	1,867	2,798
Current portion of long term debt	25	260	257
Accrued liabilities	32	1,331	2,740
Total Current Liabilities		**30,453**	**34,679**
Total Liabilities and Shareholders' Equity		**204,656**	**224,398**

Consolidated Statement of Cash Flows

(thousands of euro)

	1st Half 2006	1st Half 2005
Net cash provided from operating activities		
Net income	14,360	8,008
Current income taxes	9,748	3,974
Change in deferred income tax expense	3,454	1,316
Depreciation of property, plant and equipment	5,397	5,217
Write down of property, plant and equipment	502	0
Amortization of intangible assets	393	520
Write down of intangible assets	0	103
Net loss (gain) on disposal of property, plant and equipment	(4)	0
Interest and other financial income, net	(781)	(621)
Accrual for termination indemnities	1,378	937
Accrual (utilization) for risks and contingencies	139	(682)
	34,586	**18,772**
Change in operating assets and liabilities		
Cash increase (decrease) in		
Account receivables and other receivables	642	520
Inventories	653	(772)
Trade account payables	(1,894)	179
Other payables	(2,542)	117
	(3,141)	**44**
Payments of termination indemnities	(1,151)	(396)
Interest and other financial payments	(43)	(35)
Interest and other financial receipts	963	707
Income taxes paid	(6,791)	(5,996)
Cash flow from operating activities	**24,423**	**13,096**
Cash flow used by investing activities		
Purchase of property, plant and equipment	(5,682)	(4,234)
Proceeds from sales of property, plant and equipment	1	17
Purchase of intangible assets	(308)	(123)
Decrease (increase) of non current financial assets	(1,850)	0
Price paid for the acquisition of minority shareholding in previous jointly controlled entity, net of cash acquired	(7,124)	0
Cash flow from investing activities	**(14,963)**	**(4,340)**
Net cash used by financing activities		
Dividends paid	(29,265)	(22,548)
Purchase of treasury shares	0	(121)
Repayments of financial debt	(127)	(128)
Cash flow from financing activities	**(29,392)**	**(22,797)**
Effect of exchange rate differences	(1,079)	2,722
Increase (decrease) in cash and cash equivalents	(21,011)	(11,319)
Cash and cash equivalents at beginning of the year	**90,445**	**84,400**
Cash and cash equivalents at the end of the period	**69,434**	**73,081**

Statement of Changes in the Consolidated Shareholders' Equity during the Period Ending June 30, 2006

(thousands of euro)	Capital stock	Share premium reserve	Tresury shares	Legal reserve	Sundry reserves and retained earnings: Currency translation reserve	Sundry reserves and retained earnings: Sundry reserves, retained earnings and accumulated losses	Sundry reserves and retained earnings: Total	Net profit (loss) for the period	Total shareholders' equity
Balance at December 31, 2005	**12,220**	**38,273**	**(2,618)**	**2,444**	**4,652**	**94,619**	**99,271**	**21,007**	**170,597**
Appropriation of 2005 income:						21,007	21,007	(21,007)	-
Dividends paid:									
- euro 1.300 for each of the 15,271,350 ordinary shares (of which treasury shares 302,028)						(19,460)	(19,460)		(19,460)
- euro 1.316 for each of the 7,460,619 savings shares (of which treasury shares 10,013)						(9,805)	(9,805)		(9,805)
Reserve for cash flow hedge (IAS 39)						655	655		655
Exchange rate differences from conversion of financial statements denominated in foreign currencies					(2,794)		(2,794)		(2,794)
Net income for the period								14,360	14,360
Balance at June 30, 2006	**12,220**	**38,273**	**(2,618)**	**2,444**	**1,858**	**87,016**	**88,874**	**14,360**	**153,553**

Statement of Changes in the Consolidated Shareholders' Equity during the Period Ending June 30, 2005

(thousands of euro)	Capital stock	Share premium reserve	Tresury shares	Legal reserve	Sundry reserves and retained earnings: Currency translation reserve	Sundry reserves and retained earnings: Sundry reserves, retained earnings and accumulated losses	Sundry reserves and retained earnings: Total	Net profit (loss) for the period	Total shareholders' equity
Balance at December 31, 2004	**12,220**	**38,292**	**0**	**2,444**	**(1,262)**	**101,409**	**100,147**	**16,147**	**169,250**
Reallocation of treasury shares (IAS 32)			(2,505)				0		(2,505)
Application of cash flow hedge (IAS 39)						1,162	1,162		1,162
Appropriation of 2004 income:						16,147	16,147	(16,147)	-
Dividends paid:									
- euro 1.0000 for each of the 15,271,350 ordinary shares (of which treasury shares 302,028)						(14,969)	(14,969)		(14,969)
- euro 1.0161 for each 7,460,619 savings shares (of which treasury shares 2,187)						(7,579)	(7,579)		(7,579)
Purchase and sale of treasury shares			(113)			9	9		(104)
Reserve for cash flow hedge (IAS 39)						(1,511)	(1,511)		(1,511)
Exchange rate differences from conversion of financial statements denominated in foreign currencies					4,425		4,425		4,425
Other movements		8				(8)	(8)		-
Net income for the period								8,008	8,008
Balance at June 30, 2005	**12,220**	**38,300**	**(2,618)**	**2,444**	**3,163**	**94,660**	**97,823**	**8,008**	**156,177**

1. Group profile

Saes Getters S.p.A., the parent company, and its subsidiaries operate both in Italy and abroad in the development, production and marketing of getters and other components for cathode ray tubes and flat panel displays as well as getters and other components for industrial applications, and in the gas purification industry. The Group also operates in the field of advanced materials, particularly in the development of getters for microelectronic and micromechanical systems, optical crystals, shape memory alloys and metalorganic precursors.

The parent company Saes Getters S.p.A. is controlled by S.G.G. Holding S.p.A.

The following table shows the companies included in the scope of consolidation according to the full consolidation method as of June 30, 2006:

Company	Currency	Capital stock	% Ownership	
			Direct	Indirect
Directly - Controlled subsidiaries:				
Saes Advanced Technologies S.p.A. Avezzano (L' Aquila - Italy)	Euro	2,600,000	100.00	-
Saes Getters Usa, Inc. Colorado Springs (Colorado - USA)	$ USA	9,250,000	100.00	-
Saes Getters Japan Co., Ltd. Shinagawa - Tokyo (Japan)	Yen	20,000,000	100.00	-
Saes Getters (GB) Ltd, Daventry (UK)	GBP	20,000	100.00	-
Saes Getters (Deutschland) GmbH Colonia (Germany)	Euro	52,000	100.00	-
Saes Getters Singapore Pte Ltd. Singapore	$ Sing.	300,000	100.00	-
Saes Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co.Ltd) Nanjing (People's Rupubblic of China)	$ USA	13,570,000	100.00	-
Saes Getters International Luxembourg S.A. Luxembourg	Euro	11,312,777	99.92	0.08 *
Indirectly - Controlled subsidiaries:				
Through Saes Getters Usa, Inc.: Saes Pure Gas, Inc. - San Luis Obispo (California - USA)	$ USA	7,612,661	-	100.00
Through Saes Getters International Luxembourg S.A.: Saes Getters Korea Corporation - Seoul (Korea)	Won	10,497,900,000	37.48	62.52
Saes Getters Technical Service (Shanghai) Co., Ltd. Shanghai (People's Rupubblic of China)	$ USA	4,100,000	-	100.00
Saes Getters America, Inc. Cleveland (Ohio - USA)	$ USA	23,500,000	-	100.00

* % held by SAES Advanced Technologies S.p.A.

The following table shows the company included in the scope of consolidation according to the equity method:

Company	Currency	Capital stock	% Ownership	
			Direct	Indirect
Scientific Materials Europe S.r.l. Tortolì (Nuoro - Italy)	Euro	93,600	30.00	-
Memory - Metalle GmbH Weil am Rhein (Germany)	Euro	330,000	50.00	-

With respect to December 31, 2005 the following changes in the consolidation area occurred:

- on January 25, 2006 the 35% minority shareholding in SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) was acquired. By means of this acquisition, the Group (already shareholder at 65%) became the sole shareholder of the company;
- on May 30, 2006 the 50% shareholding in Memory-Metalle GmbH was acquired.

2. Summary of main accounting principles

Following the entry into force of EC Regulation no. 1606/2002, the Saes Getters Group adopted IAS/IFRS accounting standards as from January 1, 2005.
The interim consolidated financial statements for the period ended June 30, 2006 was prepared according to IAS/IFRS accounting standards adopted by the European Union.

The interim consolidated financial statements for the period ended June 30, 2006 was prepared according to IAS 34 *Interim Financial Reporting,* applicable to interim reporting, and therefore it does not include the disclosure required for an annual financial statements prepared according to IAS/IFRS.

The standards and criteria adopted in this half year report may be different from the IFRS standards effective as at December 31, 2006, as a result of the European Commission's future guidance on the approval of the standards or the subsequent issue of new accounting standards, interpretations or implementation guidelines issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

It should be noted that, having exercised the option specified in Article 4, sub-section 2 of Legislative Decree no. 38/2005 on the exercising of the options provided for in EC Regulation no. 1606/2002 on accounting standards, the parent company and the subsidiary Saes Advanced Technologies S.p.A. prepared their financial statements as of December 31, 2005 according to international accounting standards.

The main accounting standards applied are described below.

Consolidation principles

The main consolidation principles adopted in drawing up the consolidated financial statements are as follows:

- The book value of investments in share capital is eliminated against the respective proportion of shareholders' equity in respect of the assumption of assets and liabilities, according to the full consolidation method.
- In accordance with IAS 31, the book value of investments in jointly controlled companies included in the consolidated financial statements according to the proportionate consolidation method is eliminated against the respective fraction of shareholders' equity pertaining to the Group in respect of the assumption of assets and liabilities for the amount corresponding to the Group's percentage investment. Each item of the income statement is also entered in the consolidated financial statements for the amount corresponding to the Group's percentage investment. Debit and credit items and all other transactions between the jointly controlled company and the subsidiaries are eliminated according to the Group's percentage ownership. Residual balances are recognized in the balance sheet and in the income statement together with third party transactions.
- Any positive difference between the cost of acquisition and the subsidiaries' equity share, expressed at the fair value at the time of acquiring the investment, if the necessary requirements are met, is posted as "Goodwill".
- Profits and losses not yet realized arising from transactions between consolidated companies are eliminated as are debit and credit items and all other transactions between the companies included in the scope of consolidation.
- The financial statements of foreign subsidiaries are converted into the currency of account (euro) by applying the current year-end exchange rate to assets and liabilities and the average exchange rate for the year to income statement entries. The difference between net income for the period obtained from converting at average exchange rates and net income for the period obtained from converting at year-end rates is entered in a special sub-item of the shareholders' equity "Currency translation reserve" included in the item "Sundry reserves and retained earnings". The same item also considers the effect on shareholders' equity of changes in exchange rates between the end of the previous financial year and the end of the current financial year. On the disposal of a foreign subsidiary, the cumulative amount of exchange differences booked in the shareholders' equity for the foreign subsidiary disposed of are reversed to income statement.

Details of the exchange rates applied in the conversion of financial statements expressed in a foreign currency are given in note no. 39.

Accounting schemes

The balance sheet layout conforms to the minimum content required by international accounting standards and is based on a distinction between current and non-current assets and liabilities depending on whether these items are realized within or after twelve months of the balance sheet date. The income statement is based on a cost allocation structure.
The accounting schemes are consistent with the reports prepared for the internal organizational and management structure. The statement of cash flows layout is based on the indirect method.

Property, plant and equipment

These are stated at cost or deemed cost, less accumulated depreciation and impairment losses. The cost includes additional charges and direct and indirect

production costs in the amount reasonably attributable to the asset.
Maintenance costs incurred after first recognition are capitalized only if they bring about an increase in the future economic benefits of the assets to which they relate.
Some fixed assets were measured at fair value on the date of transition to International Financial Reporting Standards (IAS/IFRS) and are measured at deemed cost, which consists of the amount adjusted by the Group's Italian companies in accordance with the specific monetary revaluation laws at the time of these revaluations.

Depreciation is calculated on a straight-line basis according to the expected useful life of the fixed assets, using the following rates:

Buildings	2.5%-3%
Machinery and equipment	10%-25%
Industrial and commercial equipment	20%-25%
Other assets	7%-25%

Finance leases are classified as those which transfer to the lessee substantially all the risks and rewards incidental to ownership. Fixed assets acquired under finance leases are recognized at the lower of fair value and the present value of the minimum lease payments owed, according to the contracts, and are depreciated on the basis of their expected useful life. The liability to the lessor is classified amongst financial liabilities in the balance sheet. Interest included in the lease payments is charged to the income statement for the period as financial expenses.
Other leases are considered as operating leases and the respective costs are recognized on the basis of the conditions stipulated in the respective contracts.

Intangible assets

In accordance with IAS 38, intangible assets are recognized only if they are identifiable, if future economic benefits will probably flow from their use and if their cost can be reliably measured.

Intangible assets are amortized according to their estimated useful life, if finite, as follows:

- Industrial and other patent rights	3-5 years/duration of the contract
- Concessions, licenses, trademarks and similar rights	3-50 years/duration of the contract
- Other	3-8 years/duration of the contract

Intangible assets with an indefinite useful life are not amortized but are assessed for impairment at least annually or according to the frequency determined by impairment risk indications.

Subsequent expenditure is recognized only if it increases the economic benefits expected from the use of the intangible assets to which it relates.

Goodwill
Any positive difference between the cost of acquisition of a business combination and the fair value of the assets and liabilities acquired is stated amongst intangible assets as goodwill. Any negative difference is charged to the income statement at the time of acquisition.

Goodwill is not amortized but must be tested for impairment in accordance with IAS 36 *Impairment of assets*, at least annually or according to the frequency determined by impairment risk indications. After initial recognition, goodwill is stated at cost less any impairments recognized.
During the first-time adoption of International Financial Reporting Standards, the Group took advantage of the specific exemption allowed under IFRS 1 which makes it possible to avoid the retrospective application of IFRS 3 *Business combinations* for acquisitions made prior to the date of transition to IFRS. Therefore, the goodwill generated by acquisitions prior to January 1, 2004 is stated at the value determined according to the accounting principles previously applied, after measuring and recognizing any lasting impairments.

Research and development expenses
The expenses incurred in research activities undertaken to acquire new scientific or technical knowledge or to broaden existing knowledge are charged to the income statement.
The expenses incurred in development activities where research findings are applied to new or substantially improved products and processes are capitalized if all of the following conditions are met:
- technical feasibility, intention to complete the asset for use or sale, ability to use or sell the asset;
- likely to generate future economic benefits from the expenditure incurred (in particular by demonstrating the existence of a market for the asset being developed);
- availability of technical and financial resources to complete the development of the asset;
- expenditure measured reliably.

Impairment

The recoverable amount of property, plant and equipment and intangible assets is verified at least annually if there is an indication of impairment. An impairment loss should be recognized whenever the carrying amount of an asset exceeds its recoverable amount. Intangible assets with an indefinite useful life are tested for impairment annually or according to the frequency determined by impairment risk indications.
If it is not possible to determine the recoverable amount for an individual asset, the Group estimates the recoverable value of the related cash generating unit.
The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined from estimated future cash flows based on a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.
Impairment loss is equal to the part of carrying amount exceeding recoverable amount.
If, subsequently, an impairment loss on an asset other than goodwill is reversed or reduced, the carrying amount of the asset is increased based on its estimated recoverable amount, but not to exceed the amount that the asset would have had if no impairment loss had ever been recognized. Impairment loss and reversal of an impairment loss are recognized in the income statement.

Investments in share capital and other financial assets

Investments in associates, where the Group has a significant influence but not control, or in jointly controlled entities are accounted for using the equity method. The book

value of the investment is modified according to the quota of results and changes in the net equity of the associate pertaining to the Group after the acquisition date.
Goodwill pertaining to the associate is included in the book value of the investment and it is not amortized, but tested for impairment. The income statement includes the share of result of associates pertaining to the Group after the acquisition date.
Other financial assets belong to the categories "available-for-sale financial assets" or "held-to-maturity investments" defined by IAS 39. Assets in the first category are measured at fair value if a market price is available or at cost if it is not possible to determine the fair value. Assets in the second category are valued at amortized cost.

Inventory and construction contracts

Inventory is stated at the lower of purchase or production cost, calculated according to the FIFO method, and the market value.
Production cost includes the direct costs of materials and labor and indirect production costs (variable and fixed).
Obsolete and slow-moving stock is written down in relation to its possible use or realization.
Construction contracts are measured on the basis of the stage of completion, net of any advances invoiced to customers. The production cost includes the direct costs of materials and labor and the indirect production costs (variable and fixed) reasonably attributable to them. Losses on construction contracts, if any, are charged to the income statement if it is likely that the total estimated expenses will exceed the total revenues expected.

Trade and other receivables

These are stated at realizable value, i.e. the nominal value less appropriate allowances for estimated losses on receivables.

Assets and liabilities held for sale and discontinuing operations

These are assets and liabilities whose value will be recovered through sale rather than through use, insofar as they are subject to disposal. This specific classification is adopted when the sale occurs or when the assets and liabilities meet the criteria of "held for sale", if known previously.
These are measured at the lower of carrying value and fair value, less their costs to sell. Impairments at the time of classification of assets and liabilities as held for sale are charged to the income statement, together with subsequent income and expenses arising from the measurement of these items.

Derivative financial instruments

In accordance with IAS 39, at the end of the period derivative financial instruments are measured at fair value and hedge accounting is applied if all requirements set out by the standard are met, i.e.:

- there is formal designation and documentation of a hedging relationship at inception;
- the hedge is expected to be highly effective;
- hedge effectiveness is reliably measurable;
- the hedge has been highly effective throughout the reporting periods for which it was designated;

If all conditions for the application of hedge accounting are met, derivative financial instruments are treated according to the cash flow hedge model, which is applied to hedges against changes in cash flows arising from highly probable future transactions that may produce effects on the income statement. According to the cash flow hedge model, the effective portion of the gain or loss on derivative financial instruments is recognized in an equity reserve. Cumulative gains or losses recognized in equity are charged to the income statement for the period in which the hedged transaction is recognized.
The ineffective portion of the gain or loss on financial instruments is charged directly to the income statement. Cumulative gains or losses related to forecasted hedged transactions that are no longer expected to occur are also charged to the income statement.
If a hedging instrument or relationship is terminated and the forecasted hedged transaction has not yet occurred, the cumulative gains or losses recognized in equity at that time are charged to the income statement when the related transaction occurs.

Accrued income/liabilities, prepaid expenses and deferred income

These items include portions of costs and revenues which are common to two or more financial years, in accordance with accrual basis accounting.

Shareholders' Equity

The dividends distributed by the parent company are booked as liabilities at the time of the distribution decision. Transactions involving the purchase and sale of treasury shares are recognized directly as movements in shareholders' equity, without going through the income statement.

Financial liabilities

These are initially stated at cost, i.e. the resources received net of the additional charges to pay off the liability. Subsequently, financial liabilities are valued at amortized cost, i.e. the amount of the initial liability net of capital repayments and additional charges amortized.

Staff leaving indemnity and other employee benefits

This item includes staff leaving indemnity and other employee benefits, set aside to cover the accrued liabilities payable to employees according to the laws, national collective agreements and supplementary company agreements in force in the countries in which the consolidated companies operate.

Both defined contribution and defined benefit plans are included. Under defined contribution plans, obligations are recorded as expenses on an accrual basis.
Under defined benefit plans, obligations are valued by independent actuarial consultants according to the Projected Unit Credit Method, separately applied to each plan.
As part of the first-time adoption of International Financial Reporting Standards (IAS/IFRS), all actuarial gains and losses existing on January 1, 2004 were recognized in the special equity reserve, together with the other impacts arising from the transition. After the date of transition to IFRS, the corridor approach is applied in respect of actuarial gains and losses, which are recognized for the cumulative part exceeding 10% of the present value of the defined benefit obligation at the end of the previous period.
The liabilities arising from defined benefit plans are made up of the present value of the obligation towards employees, adjusted by unrecognized actuarial gains or losses and past service costs not yet recorded.
Payments under defined contribution plans are charged to the income statement as costs when incurred.

Provisions for contingencies and obligations

Provisions for contingencies and obligations are set aside to cover legal or constructive obligations, arising from past events and their settlement will require a probable outflow of resources, the amount of which can be reliably estimated.
Changes of estimate are recognized in the income statement for the period in which the change occurs.

If the effect is significant, provisions for contingencies and obligations have to be stated at the present value.

Trade and other payables

These relate respectively to trade or miscellaneous relations and are stated at nominal value.

Treasury shares

Treasury shares are deducted from equity. The original cost and the items generated from their subsequent sale are recognized as changes in shareholders' equity.

Revenue recognition

Revenues are recognized to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenues are stated net of discounts, allowances and returns.
Revenues from the sale of goods are recognized when the transfer to the buyer of the risks and rewards of ownership takes place.
Revenues generated from the rendering of services are recognized in the period in which the service was rendered.

Grants

Grants are recognized in the income statement where there is reasonable assurance that these will be obtained and that all the conditions for their recognition will be met.
Capital grants, in the amount pertaining to the year, are charged to the income statement on the basis of the useful life of the assets to which the grants relate. The proportion of the capital grant that relates to future financial years is entered under the item "Accrued liabilities".
Operating grants are recognized according to the accrual method of accounting in the same period in which the associated costs are incurred, shown net of these grants.

Cost of sales

The cost of sales represents the cost of buying or producing the products and goods that have been sold and includes the cost of raw materials, goods and direct and indirect production costs. The cost of sales also includes margins on construction contracts recognized by reference to the stage of completion (percentage of completion method).

Research and development expenses

All research expenses are charged to the income statement for the year in which they are incurred. Development expenses must be capitalized if the conditions set out in IAS 38 are met as already described in the notes on intangible assets. If the requirements for the mandatory capitalization of development expenses are not met, the expenses are charged to the income statement for the year in which they are incurred.

Selling expenses

These include the expenses that are incurred during the year as a result of selling products.

General and administrative expenses

These include the expenses that are incurred during the year in relation to the administrative structure.

Financial items

These include interest income and expense, exchange gains and losses (both realized and unrealized) and any adjustments to securities.
Interest expense of any kind is charged to the income statement for the year in which it is incurred.

Income taxes

Income taxes for the period include both current and deferred taxes and are charged to the income statement for the year, except those relating to items directly debited or credited in an item of shareholders' equity for which the tax effect is recognized in equity.

Current taxes are recognized on the basis of estimated taxable income in accordance with the provisions in force, taking account of the applicable exemptions and tax credits due.

Deferred taxes are recognized for temporary differences between the carrying amount of an asset or liability and its value for tax purposes. Deferred tax assets, including those arising from tax losses carried forward and unused tax credits, are recognized to the extent that it is probable that future taxable income will be available to allow for their recovery.

Deferred tax assets and liabilities are determined according to the tax rates that are applicable in the years during which the temporary differences are realized or settled in the respective countries in which the Group's companies operate.

The consolidated financial statements recognize provisions for taxes owed in the event of the distribution of profits and reserves by subsidiaries, excluding those relating to profits and reserves that are not considered likely to be distributed in the foreseeable future.

Earnings per share

Earnings per share are calculated by dividing the net income for the period attributable to holders of ordinary and savings shares by the weighted average number of shares in issue during the period.

Business segments

A business segment is a separately identifiable business component whose function is to provide an individual product or service or series of products and services and which is subject to different risks and returns from those of other business segments.

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 cost expressed in foreign currency are converted by using the foreign exchange rate on the date of first recognition of the transaction.

All amounts stated in the notes and in the financial statements are expressed in thousands of euro unless otherwise specified.

3. Net sales

Consolidated net sales for the first half of 2006 were €83,857 thousand, up by 26.2% on the figure of €66,447 thousand posted in the first half of 2005. The increase in sales net of the exchange rate effect was 23.8% whilst the trend of the euro against the major foreign currencies caused a further increase of 2.4%. Sales increased by 30.6% over the first half of 2005 with respect to the same scope of consolidation, considering the sale of the subsidiary FST Consulting International, Inc. in 2005, and the purchase of 35% of the equity of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) in January 2006.
In particular, sales increased in the Flat Panel Displays and Lamps Business Areas, and in the Advanced Materials Business Development Unit, only partially offset by the reduced sales in the Cathode Ray Tubes Business Area.

A breakdown of net sales according to Business Unit and Business Area is given below:

Business Unit and Business Area	1st Half 2006	1st Half 2005	Difference total	Difference %
Cathode Ray Tubes	15,374	16,176	(802)	-5.0%
Flat Panel Displays	39,781	23,490	16,291	69.4%
Subtotal Information Displays	55,155	39,666	15,489	39.0%
Lamps	6,685	5,661	1,024	18.1%
Electronic Devices	6,560	6,240	320	5.1%
Vacuum Systems and Thermal Insulation	3,409	3,222	187	5.8%
Semiconductors	11,264	11,370	(106)	-0.9%
Subtotal Industrial Applications	27,918	26,493	1,425	5.4%
Subtotal Advanced Materials	784	288	496	172.2%
Total Net Sales	83,857	66,447	17,410	26.2%

Legend:

Information Displays Business Unit	
Cathode Ray Tubes	Barium getters for cathode ray tubes
Flat Panel Displays	Getters and metal dispensers for flat panel displays
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
Vacuum Systems and Thermal Insulation	Pumps for vacuum systems and getters for thermal insulated devices
Semiconductors	Gas purifier systems for the semiconductor industry and other industries
Advanced Materials Business Development Unit	
Advanced Materials	Getters for microelectronic and micromechanical systems, optical crystals, shape memory allows, metalorganic precursors

4. Cost of sales

The consolidated gross profit in the first half of 2006 was €52,505 thousand, up by €17,826 thousand over the result of the corresponding period in 2005 of €34,679 thousand.

A breakdown of the cost of sales according to Business Unit is given below:

	1st Half 2006	1st Half 2005	Difference
Information Displays	14,596	14,766	(170)
Industrial Applications	15,978	16,422	(444)
Advanced Materials and Corporate Costs	778	580	198
Cost of sales	**31,352**	**31,768**	**(416)**

The cost of sales of the Information Displays Business Unit is in line with the corresponding period of last year, despite a significant increase in net sales as a result of a favourable sales mix.

The cost of sales of the Industrial Applications Business Unit decreased due to the positive effects of previous restructuring, with particular reference to labour costs.

A breakdown of the cost of sales according to category is given below:

	1st Half 2006	1st Half 2005	Difference
Raw materials	10,577	9,291	1,286
Direct labour	5,714	5,965	(251)
Manufacturng overhead	15,083	16,923	(1,840)
(Increase) decrease in inventory	(22)	(411)	389
Cost of sales	**31,352**	**31,768**	**(416)**

The reduction of manufacturing overheads is mainly due to the sale, in July 2005, of the subsidiary FST Consulting International, Inc.

5. Operating expenses

Operating expenses totalled €24,921 thousand (€21,857 thousand in the first half of 2005), broken down into the following categories:

	1st Half 2006	1st Half 2005	Difference
Research and development expenses	7,351	7,188	163
Selling expenses	8,319	7,770	549
General and administrative expenses	9,251	6,899	2,352
Total operating expenses	**24,921**	**21,857**	**3,064**

Operating expenses increased by a total of €3,064 thousand, due to increased fixed and variable fees for directors, and labour costs attributed to general and administrative expenses.

A breakdown of total expenses included in the cost of sales and in operating expenses is given below.

Total costs by nature	1st Half 2006	1st Half 2005	Difference
Personnel cost	21,255	21,309	(54)
Travel expenses	828	1,151	(323)
Maintenance and repairs	1,977	2,247	(270)
Depreciation	5,397	5,217	180
Amortization	393	520	(127)
Writedown of non current assets	502	0	502
Corporate bodies	2,004	1,154	850
Material and office material	2,997	2,448	549
Insurance services	562	502	60
Promotion and advertising	200	182	18
Provision for bad debts	474	107	367
Consultant fees and legal expenses	1,627	2,725	(1,098)
Rent office	234	288	(54)
Licenses and patents	539	597	(58)
Utilities, post, telephone, fax	276	394	(118)
Transport, insurance, freight	794	630	164
Recovery of transport, insurance, freight	(192)	(200)	8
Other recovery	(317)	(414)	97
Other	6,168	5,888	280
Total	**45,718**	**44,745**	**973**

For the first half of 2005, the item "Consulant fees and legal expenses" included, inter alia, the costs associated with the voluntary conversion of savings shares into ordinary shares.

The total cost of labour was €21,255 thousand, aligned with the value of the preceding year (€21,309 thousand), as a consequence of the slight reduction in the number of employees (858 during the first half of 2006 compared to 887 during the same period of the preceding year).

The item "Corporate bodies" includes the fees due to the Directors (which rose from €1,080 thousand during the first half of 2005 to €1,915 thousand during the first half of 2006), to the Board of Auditors (which decreased from €44 thousand in the first half of 2005 to €42 thousand in the first half of 2006), to the Audit Committee (which increased from €10 thousand in the first half of 2005 to €17 thousand in the first half of 2006), and to the Internal Control Committee (which increased from €20 thousand in the first half of 2005 to €30 thousand in the first half of 2006).

6. Other income (expenses), net

Net income (expenses) rose by €353 thousand with respect to the balance at June 30, 2005.

This item includes the financial components generated by the fair value measurement of hedges taken out to protect against changes in cash flows expected from foreign currency sale transactions (US dollars, Japanese yen and Korean won), recognized according to the cash flow hedge model. During the first half of 2006 income was €74 thousand, compared with €356 thousand during the first half of 2005.

During the first half of 2005 this item included depreciation of intangible assets by the parent company and the Japanese subsidiary for about €300 thousand.

7. Interest and other financial income (expenses), net

The item is broken down as follows.

	1st Half 2006	1st Half 2005	Difference
Bank interest, net	927	739	188
Other financial income (expenses)	(146)	(118)	(28)
Interest and other financial income (expenses), net	**781**	**621**	**160**

This item shows a total year-on-year increase of €160 thousand, which is mainly due to the higher interest income on bank deposits as a consequence of higher average rates.

8. Foreign exchange gains (losses), net

This item shows a total year-on-year decrease of €2,222 thousand and is broken down as follows.

	1st Half 2006	1st Half 2005	Difference
Foreign exchange gains	1,044	1,543	(499)
Foreign exchange losses	(2,420)	(697)	(1,723)
Total	**(1,376)**	**846**	**(2,222)**

The change reflects the trend of exchange rates during 2006 compared with the corresponding period in 2005.

9. Income taxes

This item shows a total year-on-year increase of €6,701 thousand.

	1st Half 2006	1st Half 2005	Difference
Current income taxes	9,748	3,974	5,774
Deferred taxes	3,080	2,153	927
Total	**12,828**	**6,127**	**6,701**

This item includes current taxes and provisions for deferred taxes which include, inter alia, the tax effect of consolidation adjustments.

The breakdown shows an increase in current taxes from €3,974 thousand in the first half of 2005 to €9,748 thousand in the first half of 2006. This increase is due to higher taxable income for the Group's companies.
Deferred taxes passed from a negative balance year-on-year of €2,153 thousand in the first half of 2005 to €3,080 thousand in 2006. The variation is due to the use of deferred tax assets set aside by the parent company in relation to previous writedowns of investments, partially offset by the settlement of temporary negative differences of costs deductible when paid in cash flow, in addition to the greater negative impact of deferred taxes on consolidated results in relation to greater provisions for taxes owed, if any, in the event of distribution of the accumulated profits and reserves of the subsidiaries as at June 30, 2006.

Taxes increased from 43.3% of pre-tax profits in the first half of 2005 to 47.2% in the period ended June 30, 2006, mainly as a result of the greater impact of the provisions for the taxes owed, if any, in the event of the distribution of the accumulated profits and reserves of the subsidiaries as at June 30, 2006, and the effect of higher taxation in some countries where the companies of the Group operate.

It should be noted that, with effect from May 12, 2005, the parent company Saes Getters S.p.A. and the subsidiary Saes Advanced Technologies S.p.A. signed an agreement for tax consolidation with S.G.G. Holding S.p.A., the company that controls Saes Getters S.p.A., thus exercising the group taxation option offered in Article 117 of the Income Tax Act (TUIR), with the effects set out in Article 118 of the same Act.

10. Earings per share

The earnings per share was calculated by dividing the net income for the period of the Saes Getters Group by the average number of shares in issue in the first six months of 2006.

Earnings per share	**1st Half 2006**	**1st Half 2005**
Number of ordinary shares:	15,271,350	15,271,350
Number of savings shares:	7,460,619	7,460,619
Total number of shares:	**22,731,969**	**22,731,969**
Average number of ordinary treasury shares:	302,028	302,028
Average number of savings treasury shares:	10,013	10,013
Average number of treasury shares:	**312,041**	**312,041**
Average number of outstanding ordinary shares:	14,969,322	14,969,322
Average number of outstanding savings shares:	7,450,606	7,450,606
Average number of outstanding shares:	**22,419,928**	**22,419,928**
Earnings attributable to ordinary shares from continuing operations	9,508	5,442
Earnings attributable to savings shares from continuing operations	4,852	2,829
Earnings attributable to shareholders from continuing operations (€/000)	**14,360**	**8,271**
Losses attributable to ordinary shares from discontinued operations		(176)
Losses attributable to savings shares from discontinued operations		(87)
Losses for the period attributable to shareholders from discontinued operations (€/000):	**-**	**(263)**
Earnings attributable to ordinary shares	9,508	5,266
Earnings attributable to savings shares	4,852	2,742
Earnings for the period attributable to shareholders (€/000):	**14,360**	**8,008**
Earnings per share from continuing operations (€):		
- ordinary shares	0.6352	0.3635
- savings shares	0.6512	0.3797
Losses per share from discontinuing operations (€):		
- ordinary shares		(0.0117)
- savings shares		(0.0118)
Earnings per share (€):		
- ordinary shares	0.6352	0.3518
- savings shares	0.6512	0.3679

11. Segment reporting

The income statement and balance sheet values shown in the following analytical statements are described for primary business segments in accordance with IAS 14.
There are two primary business segments identified on the basis of the products developed and sold: Information Displays and Industrial Applications. The column "Not allocated" includes corporate income statement values and income statement values relating to research and development projects undertaken to achieve diversification in the area of advanced materials, as well as any other income statement values that cannot be allocated to primary segments. The presentation shown reflects the Group's organizational structure and the internal reporting structure.
The main income statement figures relating to the primary business segments identified are as follows:

Consolidated Income Statement for primary business segments

	Continuing Operations						Discontinuing Operations		Total	
	Information Displays		Industrial Applications		Not allocated		Industrial Applications			
	1st Half 2006	1st Half 2005	1st Half 2006	1st Half 2005	1st Half 2006	1st Half 2005	1st Half 2006	1st Half 2005	1st Half 2006	1st Half 2005
Total Net Sales	**55,155**	**39,666**	**27,918**	**23,129**	**784**	**288**		**3,364**	**83,857**	**66,447**
Gross profit (loss)	**40,559**	**24,900**	**11,940**	**9,682**	**6**	**(292)**		**389**	**52,505**	**34,679**
% on net sales	73.5%	62.8%	42.8%	41.9%	0.8%	-101.4%	n.a.	11.6%	62.6%	52.2%
Total operating expenses	(10,084)	(8,019)	(8,323)	(8,163)	(6,514)	(5,096)		(579)	(24,921)	(21,857)
Other income (expenses), net	227	222	(28)	(302)		(4)		(70)	199	(154)
Operating Income (Loss)	**30,702**	**17,103**	**3,589**	**1,217**	**(6,508)**	**(5,392)**		**(260)**	**27,783**	**12,668**
% on net sales	55.7%	43.1%	12.9%	5.3%	-830.1%	-1872.2%	n.a.	-7.7%	33.1%	19.1%
Interest and other financial income (expenses), net									781	621
Foreign exchange gains (losses), net									(1,376)	846
Income before taxes									**27,188**	**14,135**
Income taxes									(12,828)	(6,127)
Net income									**14,360**	**8,008**

The following table shows an analysis of net sales by geographical location of customers:

Revenues by geographical location of customers	**1st Half 2006**	**1st Half 2005**	**Difference**
Italy	539	371	168
Other EU and Europe	9,456	10,163	(707)
North America	8,710	11,551	(2,841)
Japan	21,269	17,839	3,430
Asia (excl, Japan)	42,073	25,231	16,842
Other	1,810	1,292	518
Total Net Sales	**83,857**	**66,447**	**17.410**

The Asian market showed strong growth, while sales were down on the North American market by 24.6%. The increase in sales on the Asian market is due to greater demand for the mercury dispensers used in cold cathode lamps for liquid crystal displays (Flat Panel Displays Business Area). The downturn on the North American market is due to the sale of the US subsidiary, FST Consulting International, Inc., during the second half of 2005.

12. Discontinuing operations

The Discontinued Operations section of the Income Statement for the first half of 2005 refers to the sale, in July 2005, of the subsidiary FST Consulting International, Inc., based in San Luis Obispo, California (USA), as part of the strategy of ditching non-synergic businesses and focusing on profitable activities.
During 2005 the company had been principally engaged in installing towers for the telecommunications sector. FST Consulting International, Inc. had previously also provided quality assurance and quality control services for the semiconductor market, a business division that had been disposed of with effect from April 1, 2004.

13. Property, plant and equipment, net

Total property, plant and equipment, less accumulated depreciation, was €62,023 thousand and €60,493 thousand as at June 30, 2006 and December 31, 2005 respectively.
The changes are shown below:

Net book value	Land and buildings	Plant and machinery	Assets under construction and advances	Total
Balance at December 31, 2005	**28,510**	**29,440**	**2,543**	**60,493**
Additions	83	1,852	3,747	5,682
Disposals		(1)		(1)
Reclassifications	529	2,522	(2,936)	115
Changes in the scope of consolidation	1,031	1,423		2,454
Depreciation	(674)	(4,778)		(5,452)
Writedowns		(502)		(502)
Conversion differences	(499)	(257)	(10)	(766)
Balance at June 30, 2006	**28,980**	**29,699**	**3,344**	**62,023**
Balance at December 31, 2005				
Historical cost	41,887	104,267	2,543	148,697
Accumulated depreciation	(13,377)	(74,827)	0	(88,204)
Net book value	**28,510**	**29,440**	**2,543**	**60,493**
Balance at June 30, 2006				
Historical cost	42,939	111,302	3,344	157,585
Accumulated depreciation	(13,959)	(81,603)	0	(95,562)
Net book value	**28,980**	**29,699**	**3,344**	**62,023**

The item Land and buildings and the item Plant and machinery include assets redeemed by the Group's Italian companies at the end of finance leases with a net book value of €4,344 thousand and €13 thousand respectively as at June 30, 2006 (compared with €4,438 thousand and €78 thousand respectively as at December 31, 2005). There are no finance leases currently in progress.

The increases in the item Plant and machinery and in the item Construction in progress and advances are mainly due to the investments made by the Group's Italian companies and the Korean subsidiary to purchase special machinery and equipment for the building of new production lines and for improving and developing those already existing, in addition to developing the research activities of the parent company.

The changes in the scope of consolidation refers to the values generated by the purchase of the minority equity quota of 35% in SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) completed in January 2006. With this purchase the Group became the sole shareholder of this company.

The writedown of €502 thousand refers to the decision to interrupt the productive

activities of the subsidiary Saes Getters Technical Service (Shanghai) Co. Ltd.
With regard to the assets belonging to the Group's Italian companies previously affected by the application of specific monetary revaluation laws, the Group decided to exercise the exemption allowed under IFRS 1 *First-time Adoption of International Financial Reporting Standards* in relation to the possibility of the selective adoption of fair value on the date of transition to IFRS. Therefore, these assets are measured on the basis of the deemed cost, which is the restated amount at the time of making these revaluations. The net carrying amount of the revaluations made, net of the amortized portion, on the transition date was €460 thousand and €640 thousand for the assets in the category of Land and buildings and in the category of Machinery and equipment, respectively.

14. Intangible assets, net

Total intangible assets, less amortization, was €5,107 thousand and €2,695 thousand as at June 30, 2006 and December 31, 2005 respectively.

The changes are shown below.

Net book value	Goodwill	Industrial and other patent rights	Concessions, licenses, trademarks and similar	Other intangible assets	Assets under development and advances	Total
Balance at December 31, 2005	**0**	**652**	**1,738**	**237**	**68**	**2,695**
Additions		123		83	102	308
Reclassifications			(115)			(115)
Changes in the scope of consolidation	2,563		254			2,817
Amortization		(134)	(220)	(114)		(468)
Conversion differences		(22)	(85)	(23)		(130)
Balance at June 30, 2006	**2,563**	**619**	**1,572**	**183**	**170**	**5,107**
Balance at December 31, 2005						
Historical cost		1,880	5,246	4,258	261	11,645
Accumulated amortization		(1,228)	(3,508)	(4,021)	(193)	(8,950)
Net book value	**0**	**652**	**1,738**	**237**	**68**	**2,695**
Balance at June 30, 2006						
Historical cost	2,563	1,969	5,150	4,249	363	14,294
Accumulated amortization		(1,350)	(3,578)	(4,066)	(193)	(9,187)
Net book value	**2,563**	**619**	**1,572**	**183**	**170**	**5,107**

The acquisitions of the period essentially include the capitalized costs relating to the development and improvement of the Group's IT systems (rights, licenses, etc.), as well as the capitalized costs of internal commissions to develop intangible assets related to research and development.

The changes in the scope of consolidation refers to the values generated by the purchase of the minority equity quota of 35% in SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) completed in January 2006, as mentioned above. The goodwill generated by this purchase represents the positive difference between the cost of acquisition ($11 million) compared with the fair value of the assets and liabilities acquired.

The above mentioned goodwill is classified as an intangible asset with an indefinite useful life. All the other intangible assets have a definite useful life.
There are no development expenses that meet the criteria for mandatory capitalization at June 30, 2006.

15. Investments accounted for using the equity method

The item includes investments in Scientific Materials Europe S.r.l. (for 30%) and in Memory-Metalle GmbH (for 50%).
The increase with respect to December 31, 2005 is due to the investment in the second company, effected in May 2006.

16. Deferred tax assets

This item posts a balance of €6,583 thousand as at June 30, 2006 compared with €8,655 thousand as at December 31, 2005 and reflects the net balance of deferred taxes for temporary differences between the value ascribed to assets or liabilities according to statutory criteria and the value ascribed for tax purposes, as well as the effect of tax losses that may be carried forward and consolidation adjustments.
The item includes the deferred tax effect (a negative effect of €86 thousand as at June 30, 2006, compared with the positive effect of €302 thousand as at December 31, 2005) associated with the recognition of a special reserve (positive balance as at June 30, 2006) in the shareholders' equity following the application of the cash flow hedge model to hedges against changes in cash flows arising from highly probable future transactions.

The reduction of deferred tax assets compared to December 31, 2005 is due to the reduced deferred tax assets set aside by the parent company in relation to writedowns on investments effected previously, which are deductible from taxes in subsequent years, in addition to the variation of the above mentioned deferred taxes associated with the reserve related to the application of the cash flow hedge model to hedges, as mentioned above.

This item includes tax losses that can be used to reduce the future taxable income of the Group's companies that generated them, totalling €50,434 thousand (of which €34,775 thousand can be carried forward without time limit) as at June 30, 2006. The potential deferred tax assets (€15,158 thousand as at June 30, 2006) are not recognized in view of the uncertainties about their recoverability.

17. Other long term assets

These are broken down as follows.

	June 30, 2006	December 31, 2005	Difference
Guarantee deposits	436	440	(4)
Other	594	596	(2)
Total	**1,030**	**1,036**	**(6)**

The item "Other" mainly consists of investments made by the US subsidiaries in relation to the agreements for supplementary pension allowances agreed locally with employees.

Current assets

18. Inventory

The item in question is broken down as follows:

	June 30, 2006	December 31, 2005	Difference
Raw materials, auxiliary materials and spare parts	4,529	5,199	(670)
Work in progress and semi-finished goods	3,828	3,856	(28)
Finished products and goods	8,237	8,478	(241)
Total	**16,594**	**17,533**	**(939)**

Inventory values are expressed net of the inventory allowance (€3,307 thousand as at June 30, 2006 compared with €3,469 thousand as at December 31, 2005) in order to bring these into line with their estimated realizable value.
During the period, inventory writedowns of €249 thousand were charged to the income statement.
The overall decrease in inventory compared with December 31, 2005 is essentially due to contingent production plans, in addition to the negative exchange differences as a result of the trend of the Euro against major foreign currencies, offset by the variation of the scope of consolidation as a result of the purchase of the minority equity quota of 35% in SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.).

The item Work in progress and semi-finished goods includes the measurement according to the percentage of completion method for construction contracts undertaken by the parent company, whose accrued margin amounts to €21 thousand as at June 30, 2006 compared with €205 thousand as at December 31, 2005.

19. Trade receivables

As at June 30, 2006 the item in question is broken down as follows:

	Gross value June 30, 2006	Bad debt June 30, 2006	Net value June 30, 2006	Gross value Dec. 31, 2005	Difference
Trade receivables	**32,504**	**(1,186)**	**31,318**	**29,286**	**2,032**

Trade receivables, all due within one year, relate to ordinary sales transactions.

The bad debt provision shown above reflects adjustments made to bring the value of receivables in line with their estimated realizable value.
The net increase in trade receivables compared with December 31, 2005 is substantially due to the variation of the scope of consolidation as a result of the previously mentioned purchase of the minority equity quota of 35% in SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.), as well as the increase in net sales, partially offset by the negative exchange differences as a result of the trend of the Euro against major foreign currencies.

20. Tax consolidation receivables from parent company
Tax consolidation payables to parent company

The items Tax consolidation receivables from parent company and Tax consolidation payables to parent company include, respectively, the amount receivable by Saes Getters S.p.A. and the amount payable by Saes Advanced Technologies S.p.A. as a result of the Group's Italian companies subscribing to the national tax consolidation with the controlling company S.G.G. Holding S.p.A.

21. Prepaid expenses, accrued income and other

This item, which includes current non-trade receivables from third parties, along with prepaid expenses and accrued income, shows a balance of €4,902 thousand as at June 30, 2006 compared with €6,270 thousand as at December 31, 2005.

The balances are broken down as follows:

	June 30, 2006	December 31, 2005	Difference
Income taxes receivable	86	341	(255)
VAT receivables	2,735	3,943	(1.208)
Other tax receivables	77	70	7
Social security receivables	118	91	27
Personnel	272	92	180
Receivables in respect of public grants	662	791	(129)
Other	271	250	21
Total other receivables	**4,221**	**5,578**	**(1,357)**
Prepaid expenses	12	2	10
Accrued income	669	690	(21)
Total prepaid expenses and accrued income	**681**	**692**	**(11)**
Total prepaid expenses, accrued income and other	**4,902**	**6,270**	**(1,368)**

The decrease of Income tax receivables as June 30, 2006 compared with December 31, 2005 is due the use of an IRAP credit by the parent company.

The item Receivables in respect of public grants, includes the amounts receivable as public grants accrued as at June, 30 2006 by the parent company (€386 thousand compared with €515 thousand as at December 31, 2005) principally in terms of grants for operating expenses for research projects in progress, and the residual grants claimed by the subsidiary Saes Advanced Technologies S.p.A. from the Ministry of Treasury, Budget and Economic Planning (€276 thousand, unchanged since December 31, 2005) for the incentives outlined in the "Territorial Agreement for the Marsica Area". The decrease since December 31, 2005 is mainly due to the collection of part of these public grants by the parent company.

22. Derivative financial instruments evaluated at fair value (cash flow hedge)

This item includes the assets and liabilities arising from the fair value measurement of hedges against changes in cash flows originated by future foreign currency sale transactions, which are predominantly inter-company in nature, expected during the current and following year. These hedges are recognized according to the cash flow hedge model.

The parent company and the subsidiaries Saes Advanced Technologies S.p.A. and Saes Pure Gas, Inc. have implemented forward contracts on the US dollar (for a nominal value of $19,540 thousand) and on the Korean won (for a nominal value of Won 758 million), associated with credits outstanding at the reporting date and with future credits, relating to sales in US dollars and Korean won against the risks of fluctuation in the exchange rates in effect at the balance-sheet date. These contracts will extend through the second half of 2006 to the first quarter of 2007. For the contracts on the US dollar, the average spot exchange rate fixed with credit institutions is 1.2364, while the average exchange rate at term is 1.2601, both against the euro. For the contracts on the Korean won, implemented by the US subsidiary Saes Pure Gas, Inc., the average spot exchange rate fixed with the credit institutions is 1,038.50, while the average exchange rate at term is 1,037.87, both against the US dollar.

23. Cash and cash equivalents

The balances are broken down as follows:

	June 30, 2006	December 31, 2005	Difference
Bank deposits	71,277	93,214	(21,937)
Cash on hand	24	29	(5)
Total	**71,301**	**93,243**	**(21,942)**

The decrease in the item Bank deposits since December 31, 2005 is mainly due to the greater outlays for payment of dividends, partially offset by the cash generated by day-to-day business.

The item Bank deposits mainly consists of short-term deposits held by the parent company and by the subsidiaries Saes Getters International Luxembourg S.A. and Saes Getters Korea Corporation, at leading credit institutions.

The cash and cash equivalents held by the Group as at June 30, 2006 are mainly expressed in euro.

24. Shareholders' equity

As at June 30, 2006, shareholders' equity amounted to €153,553 thousand, down by €17,044 thousand on December 31, 2005. The changes that occurred during the period are described in the statement of changes in shareholders' equity.

The consolidated financial statements include provisions for any taxes owed in the event of the distribution of the profits accumulated in previous years by the subsidiaries, excluding those associated with taxable temporary differences which are not expected to be settled in the foreseeable future in the form of a dividend distribution.

Capital

As at June 30, 2006, the capital stock, fully subscribed and paid-up, amounts to €12,220 thousand and is made up of 15,271,350 ordinary shares and 7,460,619 savings shares, making a total of 22,713,969 shares. There is no change in capital stock with respect to December 31, 2005.

The par book value at June 30, 2006 is €0.537569 per share.

All shares of the parent company are listed on the Italian Electronic Stock Market *"Mercato Telematico Azionario"*. In 2001 the company was a founding member of the new segment of the *Mercato Telematico Azionario* called STAR (Securities with High Requirements), dedicated to small-caps and mid-caps that meet specific requirements with regard to reporting transparency, liquidity and corporate governance.

Share issue premium

This item includes amounts paid by shareholders over the par value of shares underwritten by capital increases.
The item total amount of €38,273 thousand at June 30, 2006 has not changed with respect to December 31, 2005.

Treasury shares

Treasury shares have been deducted from shareholders' equity as from January 1, 2005, the transition date for the application of IAS 32 (Financial instruments: Disclosure and presentation) and IAS 39 (Financial instruments: Recognition and measurement).

During the first half of this year the parent company has not bought or sold any treasury shares.

SAES Getters ordinary shares held in the company's portfolio as at June 30, 2006 have

a par book value of €162 thousand and represent 1.33% of the capital stock (1.98% of ordinary shares).
SAES Getters savings shares held in the company's portfolio as at June 30, 2006 have a par book value of €5 thousand and represent 0.04% of the capital stock (0.13% of savings shares).

The greater market value of the treasury shares, with respect to their book value, is illustrated in the following table (in thousands of euro).

	Ordinary shares	Savings shares
Difference between market value at June 30, 2006* and investment book value	4,202	56
Difference between average market value during the month of June 2006* and investment book value	4,531	60
Difference between average market value during the month of August 2006* and investment book value	4,395	71

* calculated on the basis of official quotations

Legal reserve

This item refers to the parent company's legal reserve of €2,444 thousand as at June 30, 2006 and is unchanged from December 31, 2005.

Sundry reserves, retained earnings and accumulated losses

This item includes:
- the reserve for treasury shares, which shows a balance of €2,618 thousand as at June 30, 2006, equal to the book value of Saes Getters ordinary and savings shares at the end of the period;
- the cash flow hedge reserve (which has a positive balance of €237 thousand as at June 30,2006), generated by the fair value measurement of hedges taken out by the Group's Italian companies to protect against changes in cash flows expected from foreign currency sale transactions (US dollars and Japanese yen), which are predominantly inter-company in nature.
- the reserves (totalling €3,026 thousand) formed from the credit balances of monetary revaluation resulting from the application of Law 72 of March 19, 1983 (€574 thousand), Law 413 of December 30, 1991 (€762 thousand) and Law 342 of November 21, 2000 (€1,690 thousand) by the Group's Italian Companies. The revaluation reserves, pursuant to Law 413/1991 and Law 342/2000, are shown net of substitute tax amounting to €166 thousand and €397 thousand respectively. Please refer to note no. 13 for further details;
- the reserve for purchase of treasury shares that has been decided but not yet utilized, totalling €10,406 thousand as at June 30, 2006, unchanged with respect to December 31, 2005;
- the other reserves of subsidiaries, retained earnings, other equity items related to the Group's companies not eliminated as part of the consolidation process and the exchange gains or losses arising from the conversion of financial statements expressed in foreign currencies. The translation reserve has a positive balance of €1,858 thousand as at June 30, 2006, a negative variation of €2,794 thousand with respect to the amount of €4,652 thousand recorded at the end of last year. This

decrease is due to the overall impact on consolidated shareholders' equity caused by converting the financial statements of foreign subsidiaries expressed in foreign currencies into euro, as well as by the respective consolidation adjustments.

The Group exercised the exemption allowed under IFRS 1 *First-time Adoption of International Financial Reporting Standards* regarding the possibility of resetting to zero the accumulated profits or losses generated by the consolidation of foreign subsidiaries as at January 1, 2004 and therefore the translation reserve only includes the translation gains or losses generated after the date of transition to IFRS.

The following table shows the income and expenses recognized directly in the shareholders' equity in the first half of 2006:

Cash flow hedge reserve movements	655
Exchange rate differences from conversion	(2,794)
Total income (expenses) recognized directly in the equiy	**(2,139)**

The reconciliation between the net income and shareholders' equity of Saes Getters S.p.A. and the consolidated net income and consolidated shareholders' equity as at June 30, 2006 and December 31, 2005 is set out below (amounts in thousands of euro):

	June 30, 2006		**December 31, 2005**	
	Net income	**Shareholders' Equity**	**Net income**	**Shareholders' Equity**
Group's Parent Company Saes Getters S.p.A.	**16,537**	**106,081**	**17,922**	**118,598**
Difference between the consolidated companies shareholders' equity and the book value represented by the investment		56,572		61,420
Net profit (losses) of the consolidated companies net of dividends distributed and investment writedowns	332		3,665	
Elimination of profits arising from inter-company transactions, net of the related tax effect	(537)	(6,098)	219	(5,561)
Appropriation of deferred taxes related to foreign subsidiaries' reserves for which distribution is foreseeable	(1,510)	(5,352)	(1,641)	(3,842)
Other minor adjustments	(462)	2,350	842	(18)
Consolidated accounts	**14,360**	**153,553**	**21,007**	**170,597**

During the first half of 2006 all the consolidated companies are wholly owned, while last year, for the jointly controlled company Nanjing Saes Huadong Getters Co. Ltd., where the equity holding was 65%, the proportionate consolidation method had been applied. The purchase of the minority equity quota of 35% of this company was completed in January 2006.

25. Non current financial liabilities

This item consists of subsidized credits from the special applied research fund granted to the parent company by the Ministry of Productive Activities through the bank SanPaolo IMI.

The maturities of the loans are shown below:

	June 30, 2006	December 31, 2005	Difference
Less than 1 year	260	257	3
Between 1 and 2 years	765	763	2
Between 2 and 3 years	774	772	2
Between 3 and 4 years	675	781	(106)
Between 4 and 5 years	574	571	3
Over 5 years	516	547	(31)
Total	**3,564**	**3,691**	**(127)**

Loans with maturity within a year are included in the item Current portion of long-term debt.

The average rate on June 30, 2006 was 1.14%.

26. Deferred tax liabilities

This item consists of the provision for deferred taxes owed in the event of the distribution of the profits and reserves of the subsidiaries, excluding those relating to profits and reserves that are not considered likely to be distributed in the foreseeable future.

The increase is due to greater provisions during the period in relation to potentially higher taxes with respect to the reserves of the foreign subsidiaries that may be distributed, partially offset by their use in respect of taxes and withholdings recorded upon receipt of the dividends collected during 2006 by the parent company and by Saes Getters International Luxembourg S.A.

27. Staff leaving indemnity and other employee benefits

It should be noted that this item includes liabilities to employees under both defined contribution and defined benefits plans existing in certain Group companies in accordance with the contractual and legal obligations existing in Italy, Japan and Korea.

The changes that occurred during the period were as follows:

Balance at January 1, 2006	**10,752**
Provision for the period recorded in the income statement	1,378
Indemnities paid during the period	(1,148)
Differences arising from translation	(155)
Balance at June 30, 2006	**10,827**

The number of employees as at June 30, 2006 was 836 (of which 318 are employed outside Italy). This reflects an increase in the headcount of 11 compared with December 31, 2005 and a decrease of 46 compared with June 30, 2005.

As at June 30, 2006, the Group's employees were distributed as follows:

	June 30, 2006	December 31, 2005	Average 1st Half 2006	Average 1st Half 2005
Managers	65	57	65	60
Employees and middle managment	351	345	363	416
Workers	420	423	430	411
Total	**836**	**825**	**858**	**887**

It should be noted that the headcount at the jointly controlled company SAES Getters (Nanjing) Co. Ltd. (former Nanjing Saes Huadong Getters Co. Ltd.) amounted to 101 at December 31, 2005 (of which 8 managers, 31 employees and middle managers and 62 workers). This headcount was included in the consolidated financial statements of last year on the basis of the percentage stake held by the Group (65%).

28. Non current provisions

The composition of these provisions and the related changes are set out below:

	January 1, 2006	Provisions	Uses	Conversion differences	June 30, 2006
Provisions for warranty on products	164	104	(22)	(19)	227
Other provisions	881	66	(1)	(4)	942
Total	**1,045**	**170**	**(23)**	**(23)**	**1,169**

The item Other provisions refers to the provision set aside by the Italian subsidiary Saes Advanced Technologies S.p.A. in relation to a dispute with the social security system about allowances on contributions.

The table below distinguishes between provisions included amongst current and non-current liabilities:

	June 30, 2006	December 31, 2005	Difference
Current provisions	153	105	48
Non current provisions	1,016	940	76
Total	**1,169**	**1,045**	**124**

Current Liabilities

29. Other payables

The item "Other payables" includes amounts that are not strictly classified as trade payables and amounts to €9,484 as at June 30, 2006 compared with €11,630 thousand as at December 31, 2005.
These can be broken down as follows:

	June 30, 2006	December 31, 2005	Difference
Payables to employees (holidays, wages, staff leaving)	5,226	6,595	(1,369)
Social security payables	1,502	1,348	154
Tax payables (excluding income taxes)	870	1,218	(348)
Other	1,886	2,469	(583)
Total	**9,484**	**11,630**	**(2,146)**

The item "Payables to employees" include accruals made during the year for holidays, extra monthly wages and, for Italian companies, wages and salaries for the month of June.

The decrease in the item "Payables to employees" is due to the inclusion of parent company liabilities for non-recurring items at December 31, 2005.

The item "Social security payables" essentially consists of amounts payable by the Group's Italian companies to the INPS (Italian social security system) as employer's contributions.

The decrease in the item Other is due to reduced residual debts to the Directors and reduced provisions for non-trade payables in the financial statements of the parent company at June 30, 2006 compared with December 31, 2005.

These payables are all due within one year.

30. Accrued income taxes

As at June 30, 2006, this item amounts to €3,551 thousand, up by €562 thousand on the figure for the end of last year.
The balance is net of the IRAP advances (€724 thousand) paid by the subsidiary Saes Advanced Technologies S.p.A. while the IRES advances (€1,290 thousand) relating to the same company were paid to the controlling company S.G.G. Holding S.p.A. as part of the subscription to the national tax consolidation and are therefore included in the item "Amounts payable to controlling company for tax consolidation". Please refer to note no. 20 for further details.

Tax payables are all payable within one year.

31. Bank overdraft

This item consists of liabilities arising from overdrafts on transfer accounts held with banks.

The year-on-year reduction is due to the payment of financial liabilities by the US subsidiary Saes Getters America, Inc., and to the effect of the strengthening of the euro against major foreign currencies, partially offset by the greater level of bank borrowing by the Japanese subsidiary.

Bank overdraft is expressed in US dollars and Japanese yen.

32. Accrued liabilities

These can be broken down as follows:

	June 30, 2006	December 31, 2005	Difference
Accrued expenses	201	340	(139)
Deferred income	1,130	2,400	(1,270)
Total accrued liabilities	**1,331**	**2,740**	**(1,409)**

The item "Deferred income" includes the part relating to future years (€952 thousand) of the capital grant granted by the Ministry of the Treasury, Budget and Economic Planning to Saes Advanced Technologies S.p.A. in relation to investments made in previous years.
At December 31, 2005 the item Accrued liabilities included proportions of income recorded by the US subsidiary Saes Pure Gas, Inc., that did not meet the conditions for recognition as sales within the year.

33. Fair value of financial assets and liabilities

As prescribed in IAS 32, there are no differences between the values of financial assets and liabilities entered in the balance sheet at June 30, 2006, and their fair value.

34. Statement of cash flow

The funds generated by operating activities were €24,423 thousand compared with €13,096 thousand in the same period last year. The increase is principally due to greater income during the period and to the increase in taxes paid, partially offset by the change of net working capital.

The funds used in investment activities totalled €14,963 thousand, a substantial increase on the figure of €4,340 thousand in the same period last year. The increase is mainly due to disbursements for the investments in the 35% equity minority quota of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.) and the 50% quota of Memory-Metalle GmbH.

For a comment on the item "Price paid for the acquisition of minority shareholding in previous jointly controlled entity, net of cash acquired", see note 35.

The funds used in financing activities increased from €22,797 thousand in the first half of 2005 to €29,392 thousand in the first half of 2006. This change is mainly attributable to the payment of higher dividends compared with the same period last year.

Net cash and cash equivalents are stated net of Bank overdraft, insofar as the latter falls under the category of liabilities to be repaid on request by the bank. A reconciliation is given below between the cash and cash equivalents indicated in the balance sheet and what is shown in the cash flow statement.

	June 30, 2006
Cash and cash equivalets	71,301
Bank overdraft	(1,867)
Cash and cash equivalents, net	**69,434**

35. Business combinations

The purchase of the minority equity quota of 35% of SAES Getters (Nanjing) Co. Ltd. (former Nanjing SAES Huadong Getters Co. Ltd.), which enabled the Group to become the sole shareholder of this company (because it already held the remaining 65% of equity), was completed in the month of January 2006 and was booked by the purchase model.

The following table summarizes the fair value of assets and liabilities of the mentioned company at the date of purchase.

	Fair value at the date of purchase
Land and buildings	1,031
Plant and machinery	1,423
Concessions, licenses, trademarks and similar rights	254
Inventory	413
Trade receivables	1,827
Cash on hand	1,876
	6,824
Trade payables	(184)
Other payables (current liabilities)	(203)
	6,437
Goodwill	2,563
Cost of purchase	**9,000**

The item "Price paid for the acquisition of minority shareholding in previous jointly controlled entity, net of cash acquired" registered in the cash flow statement of the first half of 2006 is composed as follows:

Cost of purchase	9,000
Cash acquired	(1,876)
Net cash flow used	**7,124**

36. Potential liabilities and commitments

Guarantees in favour of third parties total €11,149 thousand at June 30, 2006 (€14,703 thousand at December 31, 2005) and are principally made up of guarantees given to the VAT Office totalling €11,065 thousand (€14,577 thousand as at December 31, 2005) to guarantee refunds applied for. The reduction compared to December 31, 2005 is due to the extinction of the insurance policies related to the mentioned refunds.

The maturities for operating lease payments in force as at June 30, 2006 are shown below:

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Operating lease obligations	133	178	0	311

The guarantees provided by the Group in respect of credit facilities, in the interest of subsidiaries, which were not utilized on the reporting date, were €22,550 thousand as at June 30, 2006 (compared with €21,694 thousand as at December 31, 2005).

37. Transactions with related parties

For the purposes of identifying Related Parties, refer to IAS 24.

In this case, the Related Parties include:

- **S.G.G. Holding S.p.A.**, controlling company, which is both creditor and debtor of the Saes Getters group as a result of the subscription by the Group's Italian companies to the national tax consolidation.
- **Scientific Materials Europe S.r.l.**, associated company (30%), which is engaged in the production, manufacture and marketing of synthetic crystals for industrial laser applications and for research; Saes Getters S.p.A. distributes its products.
- **K Studio Associato**, 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. Provides tax, legal and financial consultancy services.
- **Managers with strategic responsibilities**: these include the members of the Board of Directors, including non-executive members, the Group Human Resources Director, the Group Commercial Director and the Group Chief Operations Officer.
- **The statutory auditors.**

The following table shows the total values of the related party transactions carried out in the years 2006 and 2005.

	Expenses		Income		Liabilities		Assets	
	1st Half 2006	1st Half 2005	1st Half 2006	1st Half 2005	June 30, 2006	Dec. 31, 2005	June 30, 2006	Dec. 31, 2005
S.G.G. Holding S.p.A.	-	-	-	-	4,957	4,318	3,205	4,737
Scientific Materials Europe S.r.l	281	13	23	-	151	74	24	32
K Studio Associato	100	84	-	-	97	84	-	-

The following table shows the salaries paid to managers with strategic responsibilities as identified above:

	1st Half 2006	1st Half 2005
Short-term benefits	2,113	1,277
Pension benefits and allowances	-	-
Other long-term benefits	-	-
Staff leaving indemnity	169	26
Shares	-	-
Total salaries to managers with strategic responsabilities	**2,282**	**1,303**

Pursuant to Consob communications of February 20, 1997 and February 28, 1998, and to IAS 24, it is pointed out that, during the first half of 2006, all Related Party transactions were performed under economic and financial conditions in line with market conditions and no atypical, unusual or non-standard Related Party transactions were carried out.

38. Events subsequent to the end of the interim period. Business performance outlook

On August 29, 2006 the Group acquired 51% equity in Huadong Electronic Vacuum Material Co. Ltd., through the purchase of 12.2% and 7.8%, respectively, from Nanjing Huadong Electronic Information Technology Company Limited and Nanjing Dingjiu Electronic Co., Ltd., previous shareholders of the company, for the amounts of RMB 2,440 thousand and RMB 1,560 thousand, respectively, and by launching a capital increase of RMB 12,650 thousand. The company, based in Nanjing, China, is active in the production and sales of components for displays and industrial applications. After the purchase it was transformed into a joint venture denominated Nanjing SAES Huadong Vacuum Material Co. Ltd.
The joint venture will promote synergies and strengthen Group presence in one of its principal geographical markets.
The operation was completed after the competent Chinese authorities provided the necessary authorizations.

Beginning on August 1, 2006, the Chinese company Nanjing SAES Huadong Getters Co., Ltd. has changed its name to SAES Getters (Nanjing), Co., Ltd.

The Group's economic result will continue to be influenced by exchange rates of the Euro against the major currencies. With a view to protecting the Group's margins against fluctuations in exchange rates, transactions have been concluded to hedge against the exchange rate risk.
In particular, after June 30, 2006 forward contracts were stipulated for the first quarter of 2007 in US dollars and Japanese yen. For the contracts on the US dollar, the nominal value is $10,700 thousand, the average spot exchange rate fixed with the credit institutions is 1.2673, while the average exchange rate at term is 1.2874, both against the euro. For the contracts on the Japanese yen, the nominal value is yen 165 million, the average spot exchange rate fixed with the credit institutions is 145.71, while the average exchange rate at term is 142.83, both against the euro.

The trend for the rest of 2006 is positive, in particular, sales of components for liquid crystal displays are expected to continue to grow. On the other hand, the traditional market of cathode ray tubes is expected to decline due to the maturity of this sector.

The other industrial markets served by the Group are expected to continue a moderate trend of growth with respect to last year.
The Group expects that the launch of several recently marketed products in the advanced materials sector will contribute to increased net sales.

39. Exchange rates applied in the conversion of financial statements expressed in a foreign currency

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

Expressed in foreign currency (per 1 euro)

Currency	June 30, 2006		December 31, 2005		June 30, 2005	
	Average rate	Final rate	Average rate	Final rate	Average rate	Final rate
US Dollars	1.230	1.271	1.244	1.180	1.284	1.209
JPY	142.151	145.750	136.849	138.900	136.189	133.950
Korean Won	1,183.362	1,206.080	1,273.610	1,184.420	1,303.726	1,239.850
Renminbi (People's Republic of China)	9.875	10.165	10.196	9.520	10.633	10.008
Singapore Dollars	1.977	2.014	2.070	1.963	2.116	2.038
New Taiwan Dollars	40.431	41.181	40.859	38.739	39.674	38.211
UK Pounds	0.687	0.692	0.684	0.685	0.686	0.674

Lainate, Milan, Italy, September 26, 2006

On behalf of the Board of Directors
The Chairman
Paolo della Porta

Interim Financial Statements of the Parent Company for the six months ending June 30, 2006

Income Statement

(thousands of euro)

	1st Half 2006	1st Half 2005
Total net sales	**12,372**	**11,135**
Cost of sales	(9,623)	(8,090)
Gross Profit	**2,749**	**3,045**
Research and development expenses	(5,897)	(5,793)
Selling expenses	(2,843)	(2,438)
General and administrative expenses	(5,472)	(3,523)
Total operating expenses	(14,212)	(11,754)
Other income (expenses), net	2,598	1,486
Operating Income (loss)	**(8,865)**	**(7,223)**
Dividends	24,089	25,035
Interest and other financial income (expenses), net	332	427
Foreign exchange gains (losses), net	(89)	80
Income before taxes	**15,467**	**18,319**
Income taxes	1,070	1,709
Net Income	**16,537**	**20,028**

Balance Sheet

(thousands of euro)

	June 30, 2006	December 31, 2005
ASSETS		
Non Current Assets		
Property, plant and equipment, net	22,487	23,032
Intangible assets, net	1,189	1,265
Investements and other financial assets	58,579	47,730
Deferred tax assets	562	1,966
Other long term assets	20	17
Total Non Current Assets	**82,837**	**74,010**
Current Assets		
Inventory	4,533	3,738
Trade receivables	7,885	5,889
Tax consolidation receivables from parent company	3,238	4,736
Prepaid expenses, accrued income and other	1,567	2,458
Derivative financial instruments evaluated at fair value (cash flow hedge)	51	0
Cash and cash equivalents	41,277	66,702
Total Current Assets	**58,551**	**83,523**
Total Assets	**141,388**	**157,533**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Capital stock	12,220	12,220
Share issue premium	38,273	38,273
Treasury shares	(2,618)	(2,618)
Legal reserve	2,444	2,444
Sundry reserves, retained earnings and accumulated losses	39,225	50,358
Net income for the period	16,537	17,922
Total Shareholders' Equity	**106,081**	**118,599**
Non Current Liabilities		
Non current financial liabilities	3,304	3,434
Staff leaving indemnity and other employee benefits	5,630	5,142
Non current provisions	55	62
Total Non Current Liabilities	**8,989**	**8,638**
Current Liabilities		
Trade payables	6,894	4,454
Financial payables	13,700	18,019
Other payables	5,148	6,896
Accrued income taxes	11	0
Current provisions	103	103
Derivative financial instruments evaluated at fair value (cash flow hedge)	0	326
Current portion of long term debt	260	257
Accrued liabilities	202	241
Total Current Liabilities	**26,318**	**30,296**
Total Liabilities and Shareholders' equity	**141,388**	**157,533**

Statement of Cash flows

(thousands of euro)

	1st Half 2006	1st Half 2005
Net cash provided from operating activities		
Net income	16,537	20,028
Current income taxes	(2,349)	(2,491)
Change in deferred income tax expense	1,404	765
Depreciation of property, plant and equipment	2,177	2,208
Amortization of intangible assets	297	393
Write down of intangible assets	6	0
Dividends in Income Statement	(24,089)	(25,035)
Interest and other financial income (expenses), net	(332)	(428)
Accrual for termination indemnities	567	428
Accrual (utilization) for risks and contingencies	0	(343)
	(5,782)	**(4,475)**
Change in operating assets and liabilities		
Cash increase (decrease) in		
- Account receivables and other receivables	2,911	4,756
- Inventories	(799)	(651)
- Trade account payables	2,440	(681)
- Other payables	(2,112)	258
	2,440	**3,682**
Payments of termination indemnities	(86)	(155)
Interest and other financial payments	(331)	(14)
Interest and other financial receipts	662	610
Income taxes paid	0	(421)
Cash flow from operating activities	**(3,097)**	**(773)**
Cash flows used by investing activities		
Purchase of property, plant and equipment	(1,631)	(1,833)
Proceeds from sales of property, plant and equipment	1	4
Purchase of intangible assets	(225)	(83)
Decrease (increase) of non current financial assets	(1,850)	0
Price paid for the acquisition of minority shareholding in previous jointly controlled entity	(9,000)	0
Cash flow from investing activities	**(12,705)**	**(1,912)**
Net cash used by financing activities		
Dividends receipt	24,089	25,035
Dividends paid	(29,265)	(22,548)
Purchase of treasury shares	0	(121)
Repayments of financial debt	(4,446)	(11,464)
Cash flow from financing activities	**(9,622)**	**(9,098)**
Increase (decrease) in cash and cash equivalents	(25,424)	(11,783)
Cash and cash equivalents at beginning of the year	**66,701**	**70,833**
Cash and cash equivalents at end of the period	**41,277**	**59,050**

Statement of Changes in the Shareholders' Equity during the Period Ending June 30, 2006

(thousands of euro)

	Capital stock	Share premium reserve	Treasury shares	Legal reserve	Sundry reserves, retained earnings and accumulated losses						Net profit (loss) for the period	Total shareholders' equity
					Reserve for treasury shares on hand	Reserve for cash flow hedge	Revaluation reserve	Reserve for purchase of treasury shares	Sundry reserves, retained earnings and accumulated losses	Total		
Balance at December 31, 2005	**12,220**	**38,274**	**(2,618)**	**2,444**	**2,618**	**(186)**	**2,599**	**10,406**	**34,920**	**50,357**	**17,922**	**118,599**
Appropriation of 2005 income:									17,922	17,922	(17,922)	0
Dividends paid:												
- euro 1.300 for each of the 15,271,350 ordinary shares (of which treasury shares 302,028)									(19,460)	(19,460)		(19,460)
- euro 1.316 for each of the 7,460,619 savings shares (of which treasury shares 10,013)									(9,805)	(9,805)		(9,805)
Reserve for cash flow hedge (IAS 39)						210				210		210
Net income for the period											16,537	16,537
Balance at June 30, 2006	**12,220**	**38,274**	**(2,618)**	**2,444**	**2,618**	**24**	**2,599**	**10,406**	**23,578**	**39,224**	**16,537**	**106,081**

Statement of Changes in the Shareholders' Equity during the Period Ending June 30, 2005

(thousands of euro)

	Capital stock	Share premium reserve	Treasury shares	Legal reserve	Sundry reserves, retained earnings and accumulated losses						Net profit (loss) for the period	Total shareholders' equity
					Reserve for treasury shares on hand	Reserve for cash flow hedge	Revaluation reserve	Reserve for purchase of treasury shares	Sundry reserves, retained earnings and accumulated losses	Total		
Balance at December 31, 2004	**12,220**	**38,292**	**0**	**2,444**	**2,505**	**0**	**2,599**	**10,500**	**38,107**	**53,711**	**19,321**	**125,988**
Reallocation of treasury shares (IAS 32)			(2,505)							0		(2,505)
Application of cash flow hedge (IAS 39)						508			31	539		539
Appropriation of 2004 income:									19,321	19,321	(19,321)	0
Dividends paid:												
- euro 1.0000 for each of the 15,271,350 ordinary shares (of which treasury shares 302,028)									(14,969)	(14,969)		(14,969)
- euro 1.0161 for each of the 7,460,619 savings shares (of which treasury shares 2,187)									(7,579)	(7,579)		(7,579)
Proceeds from treasury shares			8		(8)			8		0		8
Gain on sale of treasury shares									9	9		9
Reserve for cash flow hedge (IAS 39)						(655)				(655)		(655)
Reversal for purchase of treasury shares		10,481						(10,481)		(10,481)		0
Transfer to reserve for purchase of treasury shares		(10,500)						10,500		10,500		0
Purchase of treasury shares			(121)		121			(121)		0		(121)
Net income for the period											20,028	20,028
Balance at June 30, 2005	**12,220**	**38,273**	**(2,618)**	**2,444**	**2,618**	**(147)**	**2,599**	**10,406**	**34,920**	**50,396**	**20,028**	**120,743**

Layout and design by: Drive Promotion Design
Printed by: Inchiostro Arti Grafiche