



HALF-YEAR REPORT 2007
HALBJAHRESBERICHT 2007



Company Overview

Unternehmensporträt

INFICON is a leading developer, manufacturer and supplier of instrumentation, critical sensor technologies and process control software for the semiconductor and vacuum coating industries. These analyses, measurement and control products are vital to original equipment manufacturers (OEMs) and end-users in the complex manufacturing of semiconductors, flat panel displays, data storage media, and precision optics. In addition, INFICON provides essential instrumentation for gas leak detection to the air-conditioning/refrigeration and automotive markets and toxic chemical analysis for emergency response, military, and security markets.

INFICON Holding AG, domiciled in Bad Ragaz, Switzerland, is a corporation (Aktiengesellschaft) organized under the laws of Switzerland. The Company's registered shares are traded on the SWX Swiss Exchange in Zurich.

INFICON ist ein führender Entwickler, Hersteller und Lieferant von Instrumenten, Sensortechnologie und Prozesskontrollsoftware für die Halbleiter- und Vakuumbeschichtungsindustrie. Diese Analyse-, Mess- und Kontrollprodukte sind sowohl für die Anlagenhersteller (OEM) als auch für die Hersteller von Halbleitern, Flachbildschirmen, Datenspeichern und Präzisionsoptik von entscheidender Bedeutung. INFICON liefert ferner auch die notwendigen Instrumente zur Gas-Lecksuche in der Kälte-/Klimatechnik, der Automobilindustrie und zur Analyse und Identifikation giftiger Chemikalien bei der Notfallhilfe, für militärische Anwendungen und im Umweltschutz.

Die in Bad Ragaz, Schweiz, domizilierte INFICON Holding AG ist eine Aktiengesellschaft nach Schweizer Recht. Die Namenaktien der INFICON Holding AG sind an der SWX Swiss Exchange in Zürich kotiert.

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The INFICON Half-Year Report 2007 is presented in English and partly in German. The English language version is binding. Additional copies of this report may be downloaded from the Investor Relations section of our website, www.inficon.com, under Financial Reports.

Der INFICON Halbjahresbericht umfasst Texte in Deutsch und Englisch; die englischen Texte sind verbindlich. Weitere Exemplare des Halbjahresberichts können im Bereich Investor Relations der INFICON Website www.inficon.com unter Financial Reports herunter geladen werden.

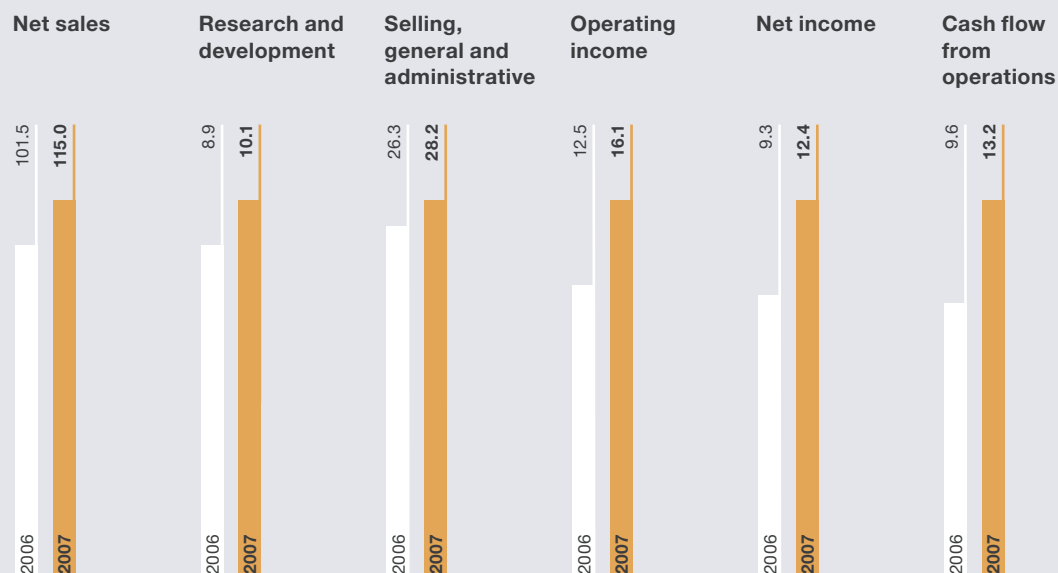
Key Figures Kennzahlen

According to U.S. GAAP

(U.S. Dollars in Millions, except per share amounts)

	Half-Year	Full Year	
	2007	2006	2006
Net sales	115.0	101.5	211.7
Research and development	10.1	8.9	18.3
Selling, general and administrative	28.2	26.3	52.9
Operating income	16.1	12.5	26.8
<i>in % of net sales</i>	14.0%	12.3%	12.7%
EBITDA*	19.1	15.0	32.2
<i>in % of net sales</i>	16.6%	14.8%	15.2%
Net income	12.4	9.3	22.0
Cash and short term investments	55.4	66.2	67.6
Cash flow from operations	13.2	9.6	21.0
Capital expenditures	3.2	4.6	7.0
Total assets	194.3	189.6	194.3
Long term debt	—	—	—
Shareholders' equity	151.5	143.6	155.8
Employees	841	780	795

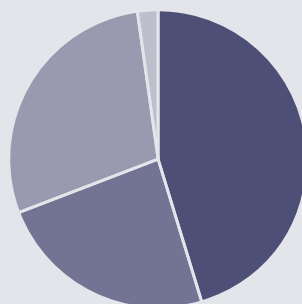
* EBITDA = Earnings before interest, taxes, depreciation and amortization



	Half-Year 2007	2006	Full Year 2006
Ratios per Share			
Net income per share – diluted	5.2	3.9	9.3
Shareholders' equity per share – diluted	63.5	60.6	65.7
Free cash flow per share – diluted	4.2	2.1	5.9
Return on equity % *	16.3%	12.9%	14.2%
Sales by Geographic Region			
Europe	52.4	43.2	94.4
North America	27.3	28.5	50.4
Asia-Pacific	32.8	29.3	64.0
Other	2.5	0.5	2.9
Sales by End Market			
General Vacuum Processes	48.6	43.9	94.1
Semiconductor and Vacuum Coating Processes	38.6	33.6	70.2
Refrigeration and Air Conditioning	19.3	14.9	29.1
Emergency Response and Security	8.5	9.2	18.3

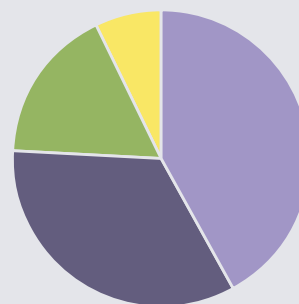
* Percentages have been annualized for 6 month figures

2007 Half-Year Sales by Geographic Region



Europe	46%
North America	24%
Asia Pacific	29%
Other	2%

2007 Half-Year Sales by End Market



General Vacuum Processes	42%
Semiconductor and Vacuum Coating	34%
Refrigeration and Air Conditioning	17%
Emergency Response and Security	7%

Group Organization

Organe

Board of Directors

Gustav Wirz	Chairman	Bottighofen, Switzerland
Paul Otth	Vice Chairman	Zurich, Switzerland
Dr. Richard Fischer	Member	Rankweil, Austria
Mario Fontana	Member	Herrliberg, Switzerland
Dr. Thomas Staehelin	Member	Riehen, Switzerland

Audit Committee

Dr. Thomas Staehelin (Chair), Paul Otth, Gustav Wirz

Human Resources and Nominating Committee

Dr. Richard Fischer (Chair), Mario Fontana, Dr. Thomas Staehelin

Strategy Committee

Mario Fontana (Chair), Dr. Richard Fischer, Paul Otth

Executive Management

Lukas Winkler	President, Chief Executive Officer
Peter Maier	Vice President, Chief Financial Officer
Dr. Ulrich Doebler	Vice President, Leak Detection
Daniel E. Hoffman	Vice President, Intelligent Sensor Solutions
Dr. Urs Wälchli	Vice President, Vacuum Control

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Half-Year Report

Halbjahresbericht

CONTINUED SUCCESSFUL GROWTH STRATEGY; STRONG INVESTMENTS FOR THE FUTURE

Our financial results for the first half of 2007 reflect the continued successful execution of the INFICON growth strategy. We have been making steady progress in expanding our business and advancing initiatives that drive our company's long-term growth and increased profitability. Important among them is our emphasis on innovation – one of the hallmarks of the INFICON business model. Our focus on research and development represents an important investment in our company's future, enabling us to introduce groundbreaking products. The prestigious awards our new products received in recent months, as well as the interest they have generated among our customers, confirm their potential to accelerate future growth. And, we made a strategic addition to our product portfolio through the acquisition of a significant player in the vacuum coating market.

INFICON's results for the first six months of 2007 also demonstrate the success of our ongoing initiatives to control costs. We continue to realign infrastructure, being careful to preserve the strengths of our company while consolidating the manufacturing of similar products and harmonizing systems and processes, all with a very positive impact on operational leverage.

INDUSTRY HONORS CONFIRM VALUE OF INNOVATION

Our focus on innovation was further validated with industry recognition for recently introduced products. In the Semiconductor market, our FabGuard® FDC – an on-line fault detection and classification (FDC) software program that allows fab engineers to readily analyze virtually any aspect of process and equipment behavior to improve processes and yields – received the prestigious Editors' Choice Best Product Award from Semiconductor International magazine. This award, a repeat honor, clearly demonstrates the ability of our products to meet customer demands, as nominated products are ranked according to customer evaluations, with the winners chosen based on their superiority in a semiconductor manufacturing environment.

In addition, the new HAPSITE® Viper Chemical Identification System was honored with an R&D 100 Award by Research & Development Magazine. The Viper is a

WACHSTUMSSTRATEGIE WEITERHIN AUF ERFOLGSKURS; HOHE INVESTITIONEN FÜR DIE ZUKUNFT

Die Finanzergebnisse für das erste Halbjahr 2007 belegen die erfolgreiche Umsetzung unserer Wachstumsstrategie. INFICON weitet die Geschäftstätigkeit laufend aus und setzt Initiativen zur Steigerung des langfristigen Wachstums und zur Ertragsstärkung konsequent in die Tat um. Unserer Innovationskraft – ein Markenzeichen von INFICON – kommt dabei grosse Bedeutung zu. Die konsequente Ausrichtung auf Forschung und Entwicklung ist ein wesentlicher Erfolgsfaktor für die Zukunft unseres Unternehmens, da sie uns befähigt, immer wieder bahnbrechende Produkte auf den Markt zu bringen. In den letzten Monaten erhielten unsere Produkte sowohl prestigeträchtige Auszeichnungen als auch grosse Aufmerksamkeit von Kundenseite. Beides weist deutlich auf das in unseren Produkten liegende Wachstumspotenzial hin. Zudem erweiterten wir durch den Zukauf eines bedeutenden Anbieters im Vakuumbeschichtungsmarkt unser Produktportfolio.

Das Semesterresultat 2007 zeigt auch, dass INFICON die Kosten gut in Griff hat: Wir optimieren unsere Infrastruktur laufend, jedoch ohne unsere betrieblichen Stärken zu gefährden. So fassen wir die Herstellung ähnlicher Produkte örtlich zusammen und harmonisieren Systeme und Prozesse, damit unsere Ressourcen effizienter eingesetzt werden. Diese Massnahmen wirken sich positiv auf unsere operative Leistungskraft aus.

BRANCHENAUSZEICHNUNGEN FÜR INNOVATIONSKRAFT

Dass unsere Innovationsstrategie einen wichtigen Erfolgsfaktor darstellt, zeigen auch die Branchenauszeichnungen für unsere jüngst lancierten Produkte. Im Halbleitermarkt erhielt FabGuard® FDC (fault detection and classification) den prestigeträchtigen «Editors' Choice Best Product Award» des renommierten Branchenmagazins Semiconductor International (SI). Bei FabGuard® FDC handelt es sich um eine online Fehlererkennungs- und Klassifizierungssoftware, mit der Halbleiter-Ingenieure die Effizienz ihrer Anlagen und die Wafer-Ausbeute maximieren können, indem sie praktisch jeden Aspekt von Prozessablauf und Anlagenverhalten laufend detailliert überwachen können. Diese zum zweiten Mal in Folge an INFICON verliehene Auszeichnung belegt deutlich, dass unsere Produkte die Bedürfnisse der Kunden erfüllen, da die nominierten Produkte von Kunden bewertet

vehicle-integrated system for detecting and analyzing chemical warfare agents built to international military specifications. It can be easily dismantled from the vehicle for person-portable mission reconnaissance. We have been enlarging our family of HAPSITE Chemical Identification Systems to facilitate entry into new markets, so we are especially pleased that the Viper was recognized by a leading trade publication as one of the 100 most technologically significant new products and processes of the year.

Finally, INFICON recently received recognition for our market-leading products in the Refrigeration and Air Conditioning sector. WeyTEK™ refrigerant recovery scale, a product in our line of tools for HVAC&R service and maintenance, won a design award from Air Conditioning/Heating/Refrigeration News, a major industry publication. The products were judged on ease of installation, maintenance, service or repair, and differentiation from other competitive products.

ACQUISITION EXPANDS PRESENCE IN OPTICAL COATING MARKET

With our May 2007 acquisition of the assets of Maxtek Inc., a developer and manufacturer of innovative thin film deposition measurement instruments and accessories, we further strengthened our leading position for measurement and control products in the optical coating market, already an important area for INFICON.

Maxtek's strong reputation and its products complement INFICON instruments, enabling us to provide a more complete product range for thin film coating processes. This is another step in the initiative we began last year, when we acquired a raw quartz crystal supplier to maximize the contribution of long-standing INFICON products and better serve our customers. The integration of Maxtek has been proceeding quickly and smoothly.

ROBUST SALES AND INCREASED PROFITABILITY; INNOVATION IS THE KEY

A significant increase in profitability for the first six months of 2007 was driven by robust sales worldwide. This achievement reflects the power of the INFICON business model, which is focused on profitable growth propelled by leading edge products and operations optimization.

For the six-month period, sales in the **Semiconductor and Vacuum Coating Processes** market showed solid growth, led by strong demand for advanced leak detector and vacuum control products from equipment manufacturers for integrated circuits, flat panel displays, and solar panels. Rising sales of INFICON Combination Gauges, our expanded line of innovative

werden. Die Siegerprodukte werden dann anhand ihrer Bedeutung für die Halbleiterproduktion ausgewählt.

Das Identifikationssystem INFICON HAPSITE Viper zur Erkennung von Chemikalien wurde mit dem «R&D 100 Award» des Research & Development Magazine ausgezeichnet. Es handelt sich dabei um ein nach internationalen militärischen Vorgaben entwickeltes, fahrzeugintegriertes Analysesystem, das chemische Kampfstoffe aufspürt und analysiert. Für Aufklärungseinsätze zu Fuss lässt sich das Gerät auch einfach vom Fahrzeug entnehmen. Wir haben die HAPSITE Produktfamilie weiter ausgebaut, um in neue Märkte vorstossen zu können. Daher freut uns die Auszeichnung von HAPSITE Viper durch eine führende Branchenpublikation als eines der 100 technologisch bedeutsamsten neuen Produkte ganz besonders.

Nicht zuletzt wurde INFICON auch für marktführende Produkte in der Kälte- und Klimatechnik ausgezeichnet. WeyTEK™, eine Kühlmittelwaage aus unserem Angebot an Wartungs- und Serviceprodukten für diese Branche, wurde von der führenden Fachzeitschrift Air Conditioning/Heating/Refrigeration News mit einer Design-Auszeichnung geehrt. Die Produkte wurden anhand verschiedener Kriterien wie Bedienerfreundlichkeit, Einfachheit der Installation, Einsatzspektrum und Produktdifferenzierung ausgewählt.

AUSBAU DER PRÄSENZ IM MARKT FÜR OPTISCHE BESCHICHTUNGEN

INFICON hat mit der im Mai 2007 akquirierten Maxtek Inc. einen Entwickler und Hersteller von innovativen Dünnschichtmessgeräten sowie Schwingquarzkristallbasierten Produkten und entsprechendem Zubehör erworben und damit im Bereich der Dünnschicht-Mess- und Kontrollprodukte die führende Position im wichtigen Anwendungsbereich optischer Beschichtungen weiter ausgebaut.

Maxtek genießt in der Branche einen hervorragenden Ruf, und INFICON kann nun den Markt für Dünnschichtprozesse mit einem umfassenderen Produktsortiment abdecken. Mit dieser Akquisition setzt INFICON die im letzten Jahr mit dem Erwerb eines langjährigen Lieferanten von Quarzkristall-Rohlingen initiierte Expansionsstrategie fort. INFICON kann so die Kunden umfassender bedienen und baut so das Geschäft mit den bereits gut etablierten INFICON-Produkten erfolgreich aus. Die Integration schreitet schnell und reibungslos voran.

SOLIDE UMSATZ- UND ERTRAGSSTEIGERUNGEN; INNOVATION ALS ERFOLGSFAKTOR

Das robuste weltweite Umsatzwachstum führte zu einer erheblichen Verbesserung des Ertrags von INFICON im ersten Halbjahr 2007. Dieser Erfolg bestätigt unser Geschäftsmodell, das auf profitablen Wachstum und auf

SKY® CDG Capacitance Diaphragm Gauges (CDGs), and *in situ* sensors to semiconductor OEMs confirm that INFICON is establishing a reputation as a reliable supplier of value-added components and subsystems with performance and price advantages. We are building a vital market share at OEMs worldwide.

At this year's SEMICON West trade show, we featured the award-winning FabGuard FDC on-line fault detection and classification (FDC) software, the next generation in our suite of FabGuard products. New SKY Digital CDGs with extended temperature ranges, combining economy with accuracy and reliability, were successfully introduced to semiconductor OEMs. Generating significant interest was the new addition to our unique range of *in situ* sensors based on INFICON market-leading RF sensing technology, Sion™ RF Detector, meeting today's semiconductor tool process measurement needs from simple applications to full-frequency discriminate RF analysis for predictive modeling.

Sales in the **Refrigeration and Air Conditioning** market hit a record high, powered by increased demand from air-conditioning and automotive manufacturers in Asia and the U.S. Our Protec® P3000 helium leak detector continued to drive sales for quality checking on the production lines of air conditioning and refrigeration customers. This exceptional product is solidifying an already strong leadership position and enabling INFICON to gain even more market share. Throughout the period, we also experienced great demand for the handheld products we sell to maintenance supply distributors for after-market service. The Compass™ Refrigerant Leak Detector introduced early this year was well-received by service repair professionals for its optimal balance of features, functions and value.

Revenue rose briskly in the **General Vacuum Processes** market, where we serve diverse industries, as our major private label partners increased their purchase of leak detectors and vacuum control products. In addition, we saw growth worldwide to industrial OEMs of INFICON-branded products.

Sales to the **Emergency Response and Security** market were down slightly and in line with our expectations due to reduced activity by the U.S. government. We were successful in expanding international sales, however, and continue to see much long-term promise in this market. The introduction of HAPSITE Viper is a first step in broadening our family of HAPSITE Chemical Identification Systems to address new security applications and the requirements of military customers.

innovativen Produkten und Prozessoptimierungen aufbaut.

Im ersten Halbjahr zeigten die Umsätze im **Halbleiter- und Vakuumbeschichtungs-Markt** gutes Wachstum; insbesondere von Anlagen- und Chip-Herstellern aus der Halbleiterindustrie verzeichneten wir eine hohe Nachfrage nach unseren technisch fortschrittlichsten Lecksuchern und Vakuummessprodukten. Der steigende Absatz unserer INFICON Kombinationsdruckmessgeräten, die erweiterte Reihe der SKY® CDG Capacitance Diaphragm Gauges (CDGs), die auf unserer innovativen Keramikmembran-Technologie basiert, sowie *in situ* Sensoren ist ein eindrücklicher Beleg dafür, dass wir uns erfolgreich als zuverlässiger Anbieter wertschöpfender Komponenten und Subsystemen etablieren, die unseren Kunden eindeutige Leistungsverbesserungen und Preisvorteile schaffen. So konnten wir einen bedeutenden Marktanteil unter Halbleiter-Anlagenherstellern weltweit schaffen.

An der diesjährigen SEMICON-West Messe präsentierten wir zum einen die neuste Erweiterung unserer FabGuard-Produktepalette: die prämierte FabGuard FDC Online-Fehlererkennungs- und Klassifizierungssoftware. Wir präsentierten zudem Halbleiter-Anlagenherstellern die neue SKY® CDG Keramik-Kapazitäts-Druckmessgeräte mit erweitertem Temperatureinsatzbereich, die Wirtschaftlichkeit mit Genauigkeit und Zuverlässigkeit optimal verbindet. Grosses Interesse weckte auch der Sion™ RF Detektor als jüngstes Produkt, das unsere marktführende RF-Sensor-Technologie nutzt und damit für Halbleiteranwendungen das gesamte Messspektrum von einfachsten Anwendungen bis hin zur komplexen Vollfrequenz-RF-Analyse für Prognose-Modellrechnungen abdeckt.

Im Marktbereich **Kühl- und Klimatechnik** verzeichneten wir einen neuen Umsatzrekord: Dazu trug vor allem die wachsende Nachfrage der Hersteller von Klimaanlage und Automobilen in Asien und den USA bei. Der Protec® P3000 Heliumlecksucher verzeichnete weiterhin steigende Umsätze; unsere Kunden setzen dieses Gerät in der Qualitätskontrolle bei der Produktion von Klimaanlage und Kühlgeräten ein. Aufgrund der vielen Vorteile, welche der Protec® P3000 Heliumlecksucher in sich vereint, können wir den beachtlichen Marktanteil hier weiter ausbauen. Im ersten Halbjahr verkauften wir auch viele Handlecksucher an Servicebedarf-Händler. Der Anfang Jahr lancierte Compass™ Kühlmittel-Lecksucher wurde von Instandhaltungsspezialisten wegen der optimalen Kombination von Produkteigenschaften, technischen Funktionen und Preis gut aufgenommen.

Auch im Markt für übrige **Vakuum-Anwendungen**, wo wir verschiedene Industrien bedienen, stieg die Nachfrage unserer Private-Label-Partner nach Gas-Analysegeräten und Vakuum-Messröhren rege an. Zudem legte

DIVIDEND AND SHARE REPURCHASE PROGRAMS ENHANCE SHAREHOLDER VALUE

Reflecting our strong cash generating capabilities, INFICON paid a dividend in May 2007 of CHF 6.00 per share, totaling USD 11.6 million. In May we also began implementing the share repurchase program, which authorized a maximum value of CHF 40 million, not to exceed 10% of the registered share capital. Subsequently, on September 20, 2007, the Company announced that its Board of Directors extended the current share repurchase program to reach 10% of the registered share capital as planned but has eliminated the prior maximum amount. As of June 30, 2007, we had repurchased 38,300 shares, which represent 1.63% of the outstanding number of the voting rights in INFICON Holding AG, for a total of USD 6.7 million. As previously stated, the Board intends to recommend cancellation of the repurchased shares at our annual shareholder meeting in 2008 to improve our capital structure.

OUTLOOK: GROWTH AHEAD

INFICON turned in a strong performance for the first half of 2007, and we expect to grow as our current initiatives yield results, including our increased investment in R&D and pursuit of complementary acquisitions. We are continuing to target revenue of approximately 10% above that of 2006 and expect to achieve an operating margin of between 13–14% in 2007. Our employees are as passionate about the next phase of growth as our executive team, and we believe that together our enthusiasm and experience will keep us on track to meet our goals for the full financial year 2007.

auch der direkte Verkauf von INFICON-Markenprodukten an industrielle Anlagenhersteller zu.

Der Umsatz im **Notfallhilfe- und Sicherheitsmarkt** ging aufgrund der geringeren Nachfrage der US-Regierung wie erwartet etwas zurück. Trotzdem konnten wir das internationale Geschäft erfolgreich ausbauen und sind für die langfristigen Perspektiven in diesem Markt zuversichtlich. Die Erweiterung der HAPSITE Chemikalien-Identifikationssysteme mit HAPSITE-Viper erfolgte, um gezielt neue Anwendungsbedürfnisse militärischer Kunden abzudecken.

DIVIDENDEN- UND AKTIENRÜCKKAUF-PROGRAMME GENERIEREN MEHRWERT FÜR AKTIONÄRINNEN UND AKTIONÄRE

Als Zeichen unserer Fähigkeit, einen hohen Cashflow zu generieren, zahlte INFICON im Mai 2007 eine erhöhte Dividende von 6 CHF pro Aktie, oder gesamthaft USD 11.6 Mio. Wir setzen nun zudem das vom Verwaltungsrat beschlossene Aktienrückkaufprogramm in der Höhe von bis zu CHF 40 Mio. oder maximal 10% des Aktienkapitals um. Am 20. September 2007 gaben wir bekannt, dass der Verwaltungsrat beschlossen hat, das laufende Aktienrückkaufprogramm wie vorgesehen bis zum Grenzwert von 10% des ausstehenden Namenaktienkapitals auszuschöpfen und den bisherigen Maximalbetrag von CHF 40 Mio. aufzuheben. Bis zum 30. Juni 2007 hat INFICON insgesamt 38 300 Aktien zu einem Gesamtwert von USD 6.7 Mio. zurückgekauft, was 1.63% der Stimmrechte entspricht. Wie bereits angekündigt, will der Verwaltungsrat der Generalversammlung 2008 vorschlagen, die zurückgekauften Aktien zu vernichten. Damit soll unsere Kapitalstruktur verbessert werden.

AUSBLICK: ALLE ZEICHEN STEHEN AUF WACHSTUM

INFICON hat im ersten Halbjahr 2007 ein solides Ergebnis erwirtschaftet und wir erwarten, dass sich das Wachstum mit dem Erfolg der eingeleiteten Verbesserungsmaßnahmen weiter fortsetzt. So erwarten wir auch einen Erfolgsbeitrag von erhöhten Investitionen in Forschung und Entwicklung als auch von ergänzenden Akquisitionen. Wir streben gegenüber dem Vorjahr ein um 10% höheren Umsatz an und erwarten eine Betriebsmarge zwischen 13–14% für das ganze Jahr 2007. Unsere Mitarbeiter gehen wie das ganze Führungsteam die nächste Wachstumsphase mit grossem Elan an. Aufgrund der Begeisterung und Erfahrung, die sie alle mitbringen, werden wir die Ziele für das gesamte Geschäftsjahr 2007 sicherlich wieder mit Bravour erreichen.

FINANCIAL REVIEW

INCOME STATEMENT

Net Sales for the six months ended June 30, 2007 were USD 115.0 million compared to USD 101.5 million for the same period in 2006, representing a 13.3% increase. On a constant dollar basis, revenues increased 11.3%. Semiconductor and Vacuum Coating Processes sales growth of 15% or USD 5.0 million is due primarily to higher sales of our advanced process control software, and vacuum control and leak detection product sales to semiconductor OEMs. Additionally, Refrigeration and Air Conditioning sales increased 30% or USD 4.4 million due to continued acceptance of new products, such as the Protec P3000 Leak Detector, and higher demand from existing as well as new customers in Europe and China. This growth was partially offset by softness in spending in the emergency response and security market by US and UK government agencies.

Gross profit margin was 47.3% for the first half of 2007, compared with 47.0% for the same period in 2006. Although there continues to be customer price pressure, we have been able to improve the gross profit margin through operational efficiencies and increased absorption of manufacturing overhead costs on higher sales volume. Additionally, we continue to realize the favorable impact of the market's acceptance of products designed for lower cost.

Research and development expenditures were USD 10.1 million or 8.8% of sales for the first six months of 2007, as compared to USD 8.9 million or 8.7% of sales for the same period in 2006. This increase is in-line with our expectations and reflects higher spending associated with new product development. During the year to date, we have introduced several new products, including, SKY CDG Vacuum Gauges, HAPSITE Viper Chemical Identification System, Modul1000 Helium Leak Detector, and Sion Plasma Arc Detector.

Selling, general, and administrative costs at the end of June 2007 were USD 28.2 million or 24.5% of sales, as compared to USD 26.3 million or 25.9% of sales for the same period a year ago. The dollar increase primarily reflects the addition of sales and marketing personnel and infrastructure in Asia to support current and future growth, higher commission expense on improved sales, the inclusion of the

FINANCIAL REVIEW

ERFOLGSRECHNUNG

Der Nettoumsatz der ersten sechs Monate bis zum 30. Juni 2007 belief sich auf USD 115.0 Mio. nach USD 101.5 Mio. im gleichen Vorjahreszeitraum. Dies entspricht einer Steigerung um 13.3%, oder zu konstanten Dollarkursen gerechnet, einem Plus von 11.3%. Der im Markt für Halbleiter- und Vakuumprozesse erzielte Umsatz stieg um 15% und USD 5.0 Mio. Dieses Wachstum geht in erster Linie auf höhere Verkaufszahlen bei unserer fortschrittlichen Prozesskontrollsoftware sowie bei den Vakuummessgeräten und Lecksuchern an Halbleiter-Anlagebauer zurück. Der Halbjahresumsatz im Marktbereich Kälte- und Klimatechnik nahm gegenüber dem Vorjahr um 30% und USD 4.4 Mio. zu. Hier geht der Zuwachs hauptsächlich auf den Erfolg der neu eingeführten Produkte wie etwa des Protec P3000 Lecksuchers sowie generell auf die höhere Nachfrage bestehender und neuer Kunden aus Europa und China zurück. Dem Wachstum in diesen Bereichen standen eher zurückhaltende Ausgaben der Kunden im Markt für Sicherheit und Notfallhilfe, insbesondere bei den amerikanischen und britischen Regierungsstellen gegenüber.

Die Bruttomarge betrug in den ersten sechs Monaten bis zum 30. Juni 2007 47.3% nach 47.0% in der gleichen Vorjahresperiode. Obwohl der Preisdruck seitens der Kunden unverändert anhält, konnten wir die Bruttomarge durch operative Verbesserungen und bessere Fixkostendeckung bei höherem Umsatz weiter verbessern. Zudem reagiert der Markt weiterhin positiv auf unsere neuen, unter dem Motto «Design for lower cost» gezielt auf Kosteneffizienz entwickelten Produkte.

Die Forschungs- und Entwicklungsausgaben beliefen sich im ersten Halbjahr 2007 auf USD 10.1 Mio., was 8.8% des Umsatzes der Berichtsperiode ausmacht. Im Vorjahr hatten die entsprechenden Werte USD 8.9 Mio. oder 8.7% betragen. Die hier verzeichnete Zunahme hatten wir erwartet; sie zeigt unsere Anstrengungen im Bereich der Produktneuentwicklung. So konnten wir denn auch bisher in diesem Jahr mehrere neue Produkte einführen wie etwa neue SKY CDG Vakuummessröhren, das neue HAPSITE Viper Identifikationssystem für chemische Stoffe, den Modul1000 Helium-Lecksucher oder den Sion Plasma-Funkenschlag-Detektor.

Die Verkaufs-, Gemein-, und Verwaltungskosten stellten sich in den ersten sechs Monaten 2007 auf USD 28.2 Mio. oder 24.5 Umsatzprozente nach USD 26.3 Mio. respektive 25.9 Umsatzprozenten im entsprechenden Vorjahreszeitraum. Der höhere Dollarbetrag spiegelt den vor allem in Asien erfolgten Ausbau unserer Verkaufs- und Marketingaktivitäten sowie Infrastruktur. Ebenfalls

Maxtek business which we acquired at the end of May 2007, and the inclusion of the EDC business which we acquired at the end of February 2006. As shown in the lower cost ratio, INFICON continues to see the benefits of the efficiency improvement programs.

Provision for income taxes was USD 4.4 million at a 26.4% effective tax rate for the six months ended June 30, 2007, compared to USD 3.7 million at a 28.2% effective tax rate for the same period in 2006. This lower effective tax rate was due to a more favorable mix of taxable income toward lower taxed jurisdictions, income in jurisdictions with full valuation allowances from prior year losses, and the implementation of certain tax planning strategies.

Net income and diluted earnings per share were USD 12.4 million and USD 5.18 for the first half of 2007, as compared to USD 9.3 million and USD 3.91 for the first half of 2006. This improvement clearly demonstrates the effects of initiatives to drive sales growth and improve operational leverage as a direct result of our focus on improving our profitability. Additionally, our share buyback program which was initiated in May 2007 is having an impact on earnings per share.

BALANCE SHEET AND LIQUIDITY

Cash and short-term investments totaled USD 55.4 million at June 2007, which was a decrease from USD 66.2 million at December 2006. During the first half of 2007, cash flow from operations was USD 13.2 million which was primarily offset by the cash used for the acquisition of Maxtek, purchase of capital improvements, and earn-out payments to the previous owners of EDC. Additionally, in the second quarter INFICON paid a dividend of CHF 6 per share totaling USD 11.6 million and we began our share repurchase program which amounted to a cash outflow of USD 6.7 million. As announced at the annual shareholder meeting in April 2007, INFICON's Board of Directors intends to recommend cancellation of the repurchased shares at next year's annual shareholder meeting.

ausgewirkt haben sich im Zuge der Umsatzsteigerung höhere Provisionszahlungen, sowie die Akquisitionen des Maxtek-Geschäfts per Ende Mai 2007 respektive des EDC-Geschäfts per Ende Februar 2006. Der gemessen am Umsatz reduzierte Kostensatz zeigt die positiven Effekte unserer laufenden Effizienzsteigerungsmassnahmen.

Der Steueraufwand betrug in den ersten sechs Monaten per 30. Juni 2007 USD 4.4 Mio., was einer effektiven Steuerrate von 26.4% entspricht. Die vergleichbaren Vorjahreswerte hatten USD 3.7 Mio. respektive 28.2% betragen. Der tiefere Steuersatz hängt mit steigenden Erträgen in steuergünstigeren Ländern, Erträgen in Ländern mit voller Abzugsfähigkeit früherer Verlustvorträge sowie mit der unternehmensinternen Steuerplanung zusammen.

Nettogewinn und verwässerter Gewinn je Aktie betragen in den ersten sechs Monaten per 30. Juni 2007 USD 12.4 Mio. respektive USD 5.18 nach USD 9.3 Mio. respektive USD 3.91 je Aktie im ersten Halbjahr 2006. Diese Verbesserung geht auf unsere Massnahmen zur Umsatz- und Effizienzsteigerung im Betrieb zurück. Wir halten unser Augenmerk unverändert auf die Stärkung der Profitabilität gerichtet. Nicht zuletzt hat sich auch das im Mai 2007 lancierte Aktienrückkaufprogramm positiv auf den Gewinn je Aktie ausgewirkt.

BILANZ UND LIQUIDITÄT

Die flüssigen und kurzfristigen Mittel sind per Ende Juni 2007 auf USD 55.4 Mio. gefallen, nachdem sie Ende Dezember 2006 noch USD 66.2 Mio. betragen hatten. Im ersten Halbjahr 2007 verzeichnete INFICON einen betrieblichen Cashflow von USD 13.2 Mio., dem in erster Linie die Ausgaben für die Akquisition von Maxtek, betriebliche Investitionen sowie Earn-out-Zahlungen an die früheren Eigentümer von EDC gegenüberstehen. INFICON zahlte zudem im zweiten Quartal eine Dividende von CHF 6 je Aktie, was gesamthaft USD 11.6 Mio. ausmachte. Gleichzeitig führte das Aktienrückkaufprogramm ebenfalls zu einem Abfluss von USD 6.7 Mio. Wie bei der Generalversammlung im April 2007 bekanntgegeben, will der Verwaltungsrat der nächsten Generalversammlung vorschlagen, die zurückgekauften Aktien zu vernichten.

Consolidated Statements of Income

(Unaudited)

(U.S. Dollars and Shares in Thousands, except per share amounts)

Six months ended June 30,	2007	2006
Net sales	114,991	101,469
Cost of sales	60,578	53,778
Gross profit	54,413	47,691
Research and development	10,116	8,871
Selling, general, and administrative	28,213	26,298
Operating income	16,084	12,522
Interest, net	(724)	(503)
Other expense, net	33	98
Income before income taxes	16,775	12,927
Provision for income taxes	4,422	3,653
Net income	12,353	9,274
Earnings per share:		
Diluted:	5.18	3.91
Basic:	5.24	3.96
Weighted average shares outstanding:		
Diluted shares:	2,387	2,369
Basic shares:	2,357	2,340

Reference notes to financial statements.

Consolidated Balance Sheets

(Unaudited)

(U.S. Dollars in Thousands, except share and per share amounts)

	June 30, 2007	December 31, 2006	June 30, 2006
ASSETS			
Cash and cash equivalents	48,376	57,286	53,688
Short-term investments	7,058	10,317	12,510
Trade accounts receivable, net	32,990	30,555	30,293
Inventories, net	28,425	24,040	23,030
Deferred tax assets	5,155	5,123	2,797
Other current assets	3,926	3,082	3,119
Total current assets	125,930	130,403	125,437
Property plant and equipment, net	24,516	24,007	23,985
Goodwill	8,370	4,227	4,528
Intangible assets, net	2,334	1,670	834
Deferred tax assets	31,080	31,457	32,648
Other assets	2,023	2,499	2,176
Total non-current assets	68,323	63,860	64,171
Total assets	194,253	194,263	189,608
LIABILITIES AND STOCKHOLDERS' EQUITY			
Trade accounts payable	7,266	6,424	6,200
Short-term borrowings	3,576	2,853	2,989
Accrued liabilities	20,119	21,019	24,955
Income taxes payable	5,078	3,322	2,350
Deferred tax liabilities	592	814	643
Total current liabilities	36,631	34,432	37,137
Deferred tax liabilities	343	336	629
Other liabilities	5,785	3,734	8,200
Total non-current liabilities	6,128	4,070	8,829
Total liabilities	42,759	38,502	45,966
Total stockholders' equity	151,494	155,761	143,642
Total liabilities and stockholders' equity	194,253	194,263	189,608

Reference notes to financial statements.

Consolidated Statements of Cash Flows

(Unaudited)

(U.S. Dollars in Thousands)

Six months ended June 30,	2007	2006
Cash flows from operating activities:		
Net income	12,353	9,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,968	2,518
Deferred taxes	252	1,965
Stock-based compensation	499	550
Changes in operating assets and liabilities:		
Trade accounts receivable	(2,592)	(2,661)
Inventories	(3,340)	(2,675)
Other assets	(465)	39
Trade accounts payable	934	(416)
Accrued liabilities	(1,153)	(702)
Income taxes payable	1,730	1,447
Other liabilities	2,024	214
Net cash provided by operating activities	13,210	9,553
Cash flows from investing activities:		
Purchases of property, plant and equipment	(3,221)	(4,618)
Purchase of Electro Dynamics Crystal Corp.	(763)	(5,923)
Purchase of Maxtek Inc.	(5,084)	—
Change in short term investments	3,472	(8,745)
Net cash used in investing activities	(5,596)	(19,286)
Cash flows from financing activities:		
Payments of officers' notes	164	—
Cash used for share buyback	(6,711)	—
Net proceeds from short term borrowings	723	228
Cash dividend paid	(11,628)	(9,610)
Proceeds from exercise of stock options	1,622	751
Net cash used in financing activities	(15,830)	(8,631)
Effect of exchange rate changes on cash and cash equivalents	(694)	3,337
Decrease in cash and cash equivalents	(8,910)	(15,027)
Cash and cash equivalents at beginning of period	57,286	68,715
Cash and cash equivalents at end of period	48,376	53,688

Reference notes to financial statements.

Consolidated Statements of Stockholders' Equity

(Unaudited)

(U.S. Dollars in Thousands, except per share amounts)

	Common stock	Additional paid-in capital	Note receivable from officers	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
Balance at December 31, 2005	13,142	95,299	(152)	30,890	7,944	147,123
Net income				9,274		9,274
Other comprehensive income (loss), net of tax:						
Unrealized gain (loss) on foreign currency hedges, net of related income tax of USD 12					(17)	(17)
Foreign currency translation adjustments			(8)		2,179	2,171
Total comprehensive income						11,428
Issuance of common stock from exercise of stock options	56	695				751
Stock-based compensation		550				550
Dividends paid (CHF 5 per share)				(9,610)		(9,610)
Par value reduction declared (CHF 5 per share)	(6,600)					(6,600)
Balance at June 30, 2006	6,598	96,544	(160)	30,554	10,106	143,642
Balance at December 31, 2006	6,628	97,850	(164)	43,329	8,118	155,761
Net income				12,353		12,353
Other comprehensive income (loss), net of tax:						
Unrealized gain (loss) on foreign currency hedges, net of related income tax of USD 24					105	105
Foreign currency translation adjustments					(2,532)	(2,532)
Total comprehensive income						9,926
Repayment of officer notes			164			164
Issuance of common stock from exercise of stock options	51	1,570				1,621
Stock-based compensation		499				499
Share buyback	(112)	(4,737)				(4,849)
Dividends paid (CHF 6 per share)				(11,628)		(11,628)
Balance at June 30, 2007	6,567	95,182	—	44,054	5,691	151,494

Reference notes to financial statements.

Notes to the Financial Statements

(Unaudited)

(U.S. Dollars in Thousands, except share and per share amounts)

1. Basis of Presentation

The accompanying interim financial statements as of June 30, 2007, and for the six months ended June 2007 and 2006, have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. While the financial information is unaudited, the financial statements included in this report reflect all adjustments the Company considers necessary for a fair presentation of the results of operations for the interim periods covered and the financial condition of the Company at the date of the interim balance sheet. Operating results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007.

The balance sheet as of December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's annual report for the year ended December 31, 2006.

There has been no significant change in the Company's accounting policies and estimates during the 2007, with the exception of the implementation of FASB Interpretation 48, Accounting for Uncertainty in Income Taxes ("FIN 48") as of January 1, 2007, and accounting for stock buyback. See Notes 2 and 9.

2. Share Repurchase

In May the Company commenced a share buyback program on a special second trading line on the SWX Swiss Exchange, up to a maximum value of CHF 40 million and not exceeding 10% of the registered share capital. Subsequently, on September 20, 2007, the Company announced that its Board of Directors extended the current share repurchase program to reach 10% of the registered share capital as planned but has eliminated the prior maximum amount. The stock repurchase program is scheduled to end by December 31, 2007. The Board of Directors intends to propose the cancellation of all repurchased shares at the Annual General Meeting in 2008.

For the six months ended June 30, 2007, 38,300 shares have been repurchased at an average price of CHF 215.7, which represents 1.6% of outstanding shares. The approximate maximum number of shares still available for repurchase under this program is 185,000. The shares repurchased have been recorded as a reduction in common stock and additional paid in capital at the average foreign currency rate in effect at the time the shares were originally issued. At June 30, 2007, this results in a foreign currency rate difference, which is recorded in foreign currency translation adjustments. Additionally, direct costs incurred to re-acquire these shares have been included as a reduction in additional paid in capital.

3. Currency Translation

The following foreign exchange rates versus the U.S. Dollar have been applied when translating the financial statements of the Company's major subsidiaries:

Currency	Period-end Rates			Average Rates Six Months Ended	
	June 30, 2007	Dec 31, 2006	June 30, 2006	June 30, 2007	June 30, 2006
CHF	0.8140	0.8205	0.8023	0.8147	0.7877
EUR	1.3475	1.3203	1.2551	1.3295	1.2297
JPY	0.0081	0.0084	0.0086	0.0083	0.0087
HKD	0.1279	0.1286	0.1287	0.1280	0.1289
KRW	0.0011	0.0011	0.0011	0.0011	0.0011

4. Acquisitions

EDC

On February 28, 2006, the Company acquired the assets of Electro Dynamics Crystal Corporation, a premier manufacturer of quartz-based products. The results of EDC's operations have been included in the consolidated financial statements since that date.

The following unaudited proforma information gives effect to the acquisition of EDC as if the acquisition occurred at the beginning of the period presented.

Six months ended June 30,	2006
Net sales	102,455
Net income	9,374
Basic income per share	4.01
Diluted income per share	3.96

As part of this asset purchase agreement, there is an earn-out to be paid for calendar years 2006, 2007 and 2008, if certain profitability goals are achieved. The 2006 earn-out of USD 763 was paid in early 2007. As of June 30, 2007, no accruals have been made for the 2007 and 2008 potential earn-out as the amounts can not be reasonably estimated.

Maxtek

On May 31, 2007, the Company acquired the assets of Maxtek Inc., a developer and manufacturer of thin film deposition measurement and Quartz Crystal Microbalance (QCM) measurement instruments and accessories. The acquisition further strengthens the company's leading position for measurement and control products in the optical coating market. The results of Maxtek's operations have been included in the consolidated financial statements since that date.

The purchase price was USD 5,000, less assumed liabilities paid in cash at closing. In addition, there is an earn-out of USD 667 to be paid over the course of two years from the date of closing and up to USD 1,334 to be paid upon the achievement of certain sales targets within 12 months following the consummation of the acquisition. When the earn-out becomes probable and can be estimated, the Company will record an accrual which will result in an increase to goodwill.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

As of May 31,	2007
Inventory	1,073
Equipment	36
Goodwill	3,130
Intangible assets	900
Assets acquired	5,139
Accrued liabilities assumed	(55)
Net assets acquired	5,084

In June, the Company recorded an accrual in goodwill for the portion of the earn-out which is reasonably possible and estimable, which totaled USD 667. Additionally, upon consummation of the acquisition the Company had a plan and notified employees of their intention to consolidate the operations of Maxtek, Inc. into INFICON and close the manufacturing facility in California. As a result, the Company recorded an accrual in goodwill for the estimate of termination benefits totaling approximately USD 285, to be paid upon closing of manufacturing. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

The following table summarizes the acquired intangible assets and their respective weighted-average useful lives.

	Value	Weighted-average Life (years)
Technology – Thin Film & QCM Instrumentation	200	10.0
Distributor/Customer relationships	610	6.0
Contract backlog	60	0.8
Non-competition & non-solicitation	30	3.6
Identified assets	900	

Due to the consummation of the acquisition near the end of the quarter, the allocation of purchased price is still being finalized and may require some minor adjustments.

The following unaudited proforma information gives effect to the acquisition of Maxtek as if the acquisition occurred at the beginning of the periods presented.

Six months ended June 30,	2007	2006
Net sales	116,864	103,426
Net income	12,405	9,282
Basic income per share	5.26	3.97
Diluted income per share	5.20	3.92

5. Stock Options

The Company has long-term incentive Plans for directors and certain employees. Provisions of the Plans are as follows:

Leveraged Share Plan	
Vesting	50% on each of second and third anniversary from date of grant
Exercisable	50% on each of second and third anniversary from date of grant
Expiration	Seventh anniversary from date of grant
Directors Stock Option Plan	
Vesting	Immediately at grant
Exercisable	One year from date of grant
Expiration	Seventh anniversary from date of grant
Management and Key Employee Stock Option Plan	
Vesting	25% each year from the date of grant
Exercisable	25% each year from the date of grant
Expiration	Seventh anniversary from date of grant

The options are granted in Swiss Francs (CHF); see Note 2 for exchange rates.

The following is a summary of option transactions under the three Plans:

	Shares	Weighted Average Price (CHF)
Outstanding December 31, 2005	184,632	168.61
Granted	32,773	186.37
Forfeited	(9,229)	158.08
Exercised	(21,798)	99.08
Outstanding December 31, 2006	186,378	180.39
Granted	28,100	213.80
Forfeited	(1,439)	145.33
Exercised	(18,213)	109.15
Outstanding June 30, 2007	194,826	192.12
Unvested	(70,250)	172.00
Exercisable at June 30, 2007	124,576	183.42

The weighted average remaining contractual term of outstanding and exercisable stock options at June 30, 2007 is 3.14 years and 1.68 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at June 30, 2007 is USD 28,435 and USD 18,535, respectively.

Management estimated the fair value of options granted using the Black-Scholes option-pricing model. This model was originally developed to estimate the fair value of exchange-traded equity options, which (unlike employee stock options) have no vesting period or transferability restrictions. As a result, the Black-Scholes model is not necessarily a precise indicator of the value of an option, but it is

commonly used for this purpose. The Black-Scholes model requires several assumptions, which management developed based on historical trends and current market observations. The following table reflects the weighted average value of the assumptions used to determine the fair value of director and employee stock options granted during the respective periods.

Six months ended June 30,	2007	2006
Risk free interest rate	2.67%	1.88%
Expected volatility factor of stock price	36.25%	41.29%
Dividend yield	3.22%	3.33%
Expected term of stock options (years)	4.7	4.8

Expected volatility estimates are based upon the historical volatility of the Company's stock and traded options. The expected life estimates are determined using the shortcut method, since the Company meets the five prerequisite criteria. Unrecognized stock based compensation expense related to non-vested stock options totaled USD 2,443 at June 30, 2007, which will be recognized as expense over the next four years. The weighted average period over which this unrecognized expense is expected to be recognized is 1.38 years.

During the six months ended June 30, 2007 and 2006, proceeds from stock option exercises totaled USD 1,621 and USD 751, respectively. During the six months ended June 30, 2007 and 2006, 18,213 and 21,798 shares, respectively, were issued in connection with stock option exercise transactions. All shares issued were new shares issued from available conditional capital. The total intrinsic value of options exercised during the six months ended June 30, 2007 and 2006 was USD 1,433 and USD 679, respectively.

6. Pension

The Company's net pension cost included the following components:

	June 30, 2007	June 30, 2006
Service cost	1,112	1,051
Interest cost	1,220	1,042
Expected return on assets	(1,655)	(1,321)
Net amortization of:		
Prior service cost	15	16
Net actuarial loss (gains)	257	388
Net periodic pension cost	950	1,176

7. Warranty

The activity in the warranty reserve was as follows:

	2007	2006
Balance at beginning of year	2,855	2,395
Add: Warranty provision	866	1,362
Deduct: Claims against reserve	(1,039)	(1,180)
Balance at June 30	2,682	2,577

8. Segment Information

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, semiconductor and vacuum coating, refrigeration and air condition, and emergency response and security markets. At the direction of the Company's chief operating decision maker, the President and Chief Executive Officer, the allocation of resources and assessment of performance is made for the Company as a whole. Since the Company operates in one segment, all information required by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", can be found in the consolidated financial statements.

9. Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109," ("FIN 48"). FIN 48 prescribes a comprehensive model for how a company should measure, recognize, present and disclose in its financial statements uncertain tax positions that the Company has taken or expects to take on a tax return.

The Company adopted the provisions set forth by FIN 48 effective January 1, 2007. The total amount of unrecognized tax benefits as of the date of adoption was USD 1,500, and if this amount was recognized in the future, the full amount would increase shareholders' equity. At June 30, 2007, the Company has not accrued interest or penalties as it relates to this position. As a result of the implementation of FIN 48, the Company reclassified USD 1,500 from long term deferred tax asset to long term other liabilities. The USD 1,500 entirely relates to an uncertain tax position in the United States and is related to tax years that remain subject to examination by tax authorities. As of January 1, 2007 and June 30, 2007, it is unlikely that the amount of unrecognized tax benefits would significantly change by the end of 2007 as a result of resolution of tax authority audits of the Company's tax returns.

10. Borrowing Facilities

On May 8, 2007, the Company's subsidiary in Japan entered into a new short term loan facility with UBS AG Switzerland, which has a maximum available balance of TJPY 720,876, a variable interest rate, and automatically renews every three months. The Company had no outstanding amounts under the arrangement as of June 30, 2007.

This Half-Year Report contains forward-looking statements that reflect Management's current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements.

These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation and the anticipated effects of these trends on our business. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2007 Half-Year Report / Halbjahresbericht

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