INFICON

HALF-YEAR REPORT 2010

COMPANY OVERVIEW

INFICON provides world-class instruments for gas analysis, measurement and control.

These analysis, measurement and control products are essential for gas leak detection in air conditioning, refrigeration, and automotive manufacturing.

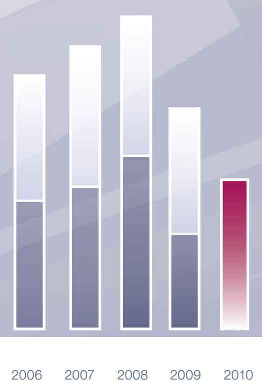
They are vital to equipment manufacturers and end-users in the complex fabrication of semiconductors and thin film coatings for optics, flat panel displays, solar cells and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting and many other industrial processes.

We also leverage our expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

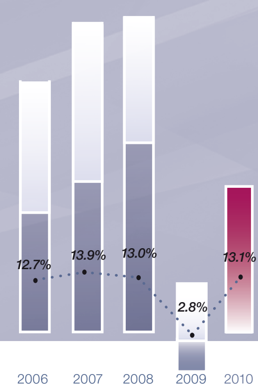
KEY FIGURES

According to US GAAP
(US Dollars in Millions,
except per share amounts)



	2006	2007	2008	2009	2010
Full Year	211.7	236.6	256.5	181.7	
Half-Year	101.5	115.0	139.9	76.8	**120.8**

Net sales



	2006	2007	2008	2009	2010
Full Year	26.8	32.9	33.3	5.1	
Half-Year	12.5	16.1	20.5	-5.9	**15.9**

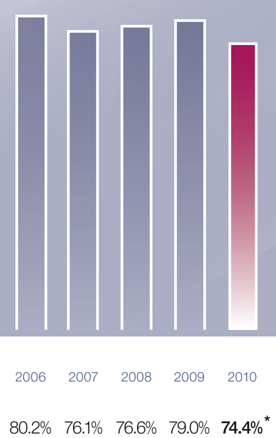
Operating Income

* 2010 percentage is only for the first 6 months and all other percentages are for 12 months

	2006	2007	2008	2009	2010
Full Year	21.0	30.2	31.3	11.6	
Half-Year	9.6	13.2	13.1	-0.6	**22.4**

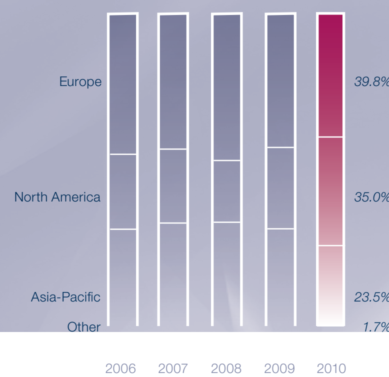
Operating cash flow

	Half-Year		Full Year
	2010	2009	2009
Net sales	**120.8**	76.8	181.7
Research and development	**11.2**	10.4	20.0
Selling, general and administrative	**28.9**	25.1	50.7
Operating income (loss)	**15.9**	(5.9)	5.1
in % of net sales	***13.1%***	*-7.7%*	*2.8%*
EBITDA	**18.5**	(2.3)	12.3
in % of net sales	***15.4%***	*-2.9%*	*6.8%*
Net income (loss)	**11.6**	(4.2)	2.3
Cash and short-term investments	**42.8**	31.3	32.3
Cash flow from operations	**22.4**	(0.6)	11.6
Capital expenditures	**1.5**	1.4	8.7
Total assets	**181.1**	158.5	170.5
Long-term debt	**—**	—	—
Shareholders' equity	**134.7**	123.2	134.7
Equity ratio in %	***74.4%***	*77.7%*	*79.0%*
Employees	**822**	795	807



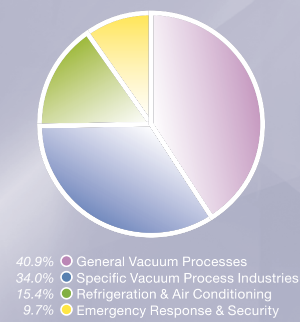
Equity ratio

* 2010 percentage is only for the first 6 months and all other percentages are for 12 months



Direct sales by Geographic Region

2010 allocation is based on the first 6 months, and all other allocations are based on 12 months



H1/10 sales by End Market

	Half-Year		Full Year
	2010	2009	2009
Ratios per Share			
Net income (loss) per share – diluted	**5.36**	(1.98)	1.06
Shareholders' equity per share – diluted	**62.12**	57.34	62.67
Free cash flow per share – diluted	**9.66**	(0.92)	1.34
*Return on equity % **	***17.3%***	*-6.9%*	*1.7%*
** Percentages have been annualized for 6 month figures*			
Direct sales by Geographic Region			
Europe	**48.1**	34.6	76.8
North America	**42.3**	20.5	49.2
Asia-Pacific	**28.4**	21.1	54.3
Other	**2.0**	0.6	1.4
Sales by End Market			
General Vacuum Processes	**49.4**	36.9	82.0
Specific Vacuum Process Industries	**41.1**	18.2	48.7
Refrigeration & Air Conditioning	**18.6**	14.0	29.0
Emergency Response & Security	**11.7**	7.7	22.0

GROUP ORGANIZATION*

** per August 5, 2010*

Board of Directors	Gustav Wirz	Chairman	Bottighofen, Switzerland
	Paul Otth	Vice Chairman	Zurich, Switzerland
	Dr. Richard Fischer	Member	Rankweil, Austria
	Beat Siegrist	Member	Herrliberg, Switzerland
	Dr. Thomas Staehelin	Member	Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin	Chair	
	Paul Otth		
	Beat Siegrist		
Human Resources and Nominating Committee	Dr. Richard Fischer	Chair	
	Beat Siegrist		
	Dr. Thomas Staehelin		
Executive Management	Lukas Winkler	President, Chief Executive Officer	
	Matthias Tröndle	Vice President, Chief Financial Officer	
	Peter Maier	Vice President and General Manager, Intelligent Sensor Solutions	
	Dr. Ulrich Döbler	Vice President and General Manager, Leak Detection Tools	
	Dr. Urs Wälchli	Vice President and General Manager, Vacuum Control Products	

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INCOME STATEMENT

NET SALES

Net sales for the six months ended June 30, 2010 were USD 121 million compared with USD 77 million for the same period in 2009, representing a 57.2% increase. Sales increased in all target markets. The Specific Vacuum Process Industries market had the most significant increase in sales of USD 22.9 million or 125.8% due primarily to the increase in sales from semiconductor devices and equipment makers, as well as thin film coating processes. The General Vacuum Processes market sales increased by USD 12.5 million or 33.9% largely due to an increase in sales to European distributors. Refrigeration & Air Conditioning sales increased 32.9% or USD 4.6 million mainly due to the rise in sales to RAC manufacturers in Asia. Emergency Response & Security market sales increased 51.9% or USD 4.0 million primarily due to the increase in military sales to Asia.

GROSS PROFIT MARGIN

Gross profit margin was 46.4% for the six months ended June 30, 2010 compared with 38.4% for the same period in 2009. The increase is driven by higher volume across all business lines, better cost absorption and one time charges recorded in the first half of 2009.

RESEARCH AND DEVELOPMENT EXPENDITURES

Research and development expenditures were USD 11.2 million or 9.3% of sales for the six months ended June 30, 2010 as compared to USD 10.4 million or 13.5% of sales for the same period in 2009. The USD 0.8 million increase reflects foreign currency translation effects, variable compensation impacts and intensified new product development efforts.

SELLING, GENERAL AND ADMINISTRATIVE COSTS

Selling, general, and administrative costs for the first six months of 2010 were USD 28.9 million or 23.9% of sales as compared with USD 25.1 million or 32.7% of sales for the same period a year ago. The increased dollar amount reflects foreign currency translation effects, higher commissions on higher sales, variable compensation increases and one-time charges recorded in the first half of 2009.

PROVISION FOR INCOME TAXES

Provision for income taxes was USD 3.6 million at a 23.6% effective tax rate for the six months ended June 30, 2010 compared with the benefit from income taxes of USD 1.5 million at a 26.5% effective tax rate for the same period in 2009. The increase of expense was the result of higher earnings.

NET INCOME AND DILUTED EARNINGS PER SHARE

Net income and diluted earnings per share was USD 11.6 million and 5.36 for the six months ended June 30, 2010 as compared to a net loss of USD -4.2 million and -1.98 for the first half of 2009. The 371% increase in earnings per share is a result of the 374% increase in net income.

BALANCE SHEET AND LIQUIDITY

Cash and short-term investments totaled USD 42.8 million at June 30, 2010, which was an increase from USD 32.3 million at December 31, 2009. During the first half of 2010 cash flow from operations was USD 22.4 million versus USD -0.6 million in the first half of 2009.

CONSOLIDATED INTERIM STATEMENT OF INCOME

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

Six months ended June 30,	*Note*	**2010**	2009
Net sales		**120,771**	76,835
Cost of sales		**64,783**	47,297
Gross profit		**55,988**	29,538
Research and development		**11,220**	10,358
Selling, general and administrative		**28,916**	25,123
Income (loss) from operations		**15,852**	(5,943)
Interest expense (income), net		**(52)**	(18)
Other expense (income), net		**690**	(149)
Income (loss) before income taxes		**15,214**	(5,776)
Income taxes		**3,595**	(1,533)
Net income (loss)		**11,619**	(4,243)
Earnings per share:	*6*		
Basic		**5.40**	(1.98)
Diluted		**5.36**	(1.98)
Weighted average shares outstanding:	*6*		
Basic shares		**2,153**	2,146
Diluted shares		**2,168**	2,149

See notes to consolidated interim financial statements.

CONSOLIDATED INTERIM BALANCE SHEET

(Unaudited)
(U.S. Dollars in Thousands)

ASSETS	Note	**June 30, 2010**	December 31, 2009	June 30, 2009
Cash and cash equivalents		**39,644**	30,152	28,263
Short-term investments		**3,165**	2,115	3,015
Trade accounts receivable, net		**32,391**	29,748	21,577
Inventories, net		**25,062**	22,791	27,207
Deferred tax assets		**5,264**	4,660	5,839
Other current assets		**5,411**	4,694	4,360
Total current assets		**110,937**	94,160	90,261
Property, plant and equipment, net		**25,003**	28,224	23,648
Goodwill	*4,5*	**20,884**	18,582	13,734
Intangible assets, net	*4*	**1,603**	1,907	1,560
Deferred tax assets		**20,554**	23,221	24,909
Other assets		**2,121**	4,395	4,376
Total non-current assets		**70,165**	76,329	68,227
Total assets		**181,102**	170,489	158,488
LIABILITIES AND STOCKHOLDERS' EQUITY				
Trade accounts payable		**9,621**	6,210	5,434
Short-term borrowings		**5,515**	2,406	6,010
Accrued liabilities		**18,672**	14,730	14,235
Income taxes payable		**1,730**	69	0
Deferred tax liabilities		**349**	211	0
Total current liabilities		**35,887**	23,626	25,679
Deferred tax liabilities		**308**	293	296
Other non-current liabilities		**10,241**	11,825	9,314
Total non-current liabilities		**10,549**	12,118	9,610
Total liabilities		**46,436**	35,744	35,289
Stockholders' equity		**134,666**	134,745	123,199
Total liabilities and stockholders' equity		**181,102**	170,489	158,488

See notes to consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(Unaudited)
(U.S. Dollars in Thousands)

Six months ended June 30,	Note	2010	2009
Cash flows from operating activities:			
Net income (loss)		**11,619**	(4,243)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization		**3,379**	3,533
Deferred taxes		**1,470**	(1,024)
Stock-based compensation	6	**360**	416
Changes in operating assets and liabilities:			
Trade accounts receivable		**(3,338)**	4,781
Inventories		**(1,389)**	3,197
Other assets		**1,108**	(2,162)
Trade accounts payable		**3,647**	(510)
Accrued liabilities		**4,539**	(5,866)
Income taxes payable		**1,673**	(849)
Other liabilities		**(665)**	2,106
Net cash provided by (used in) operating activities		**22,403**	(621)
Cash flows from investing activities:			
Acquisitions of businesses net of cash acquired	4	**(4,346)**	(1,603)
Purchases of property, plant and equipment		**(1,464)**	(1,358)
Change in short-term investments		**(1,050)**	(3,015)
Net cash provided by (used in) investing activities		**(6,860)**	(5,976)
Cash flows from financing activities:			
Net proceeds from short-term borrowings		**3,109**	1,270
Cash dividend paid		**(7,532)**	(11,746)
Proceeds from exercise of stock options	6	**110**	38
Net cash provided by (used in) financing activities		**(4,313)**	(10,438)
Effect of exchange rate changes on cash and cash equivalents	2	**(1,738)**	(544)
Increase (decrease) in cash and cash equivalents		**9,492**	(17,579)
Cash and cash equivalents at beginning of period		**30,152**	45,842
Cash and cash equivalents at end of period		**39,644**	28,263

See notes to consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF STOCKHOLDERS' EQUITY

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

	Note	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total stockholders' equity
Balance at December 31, 2008		6,009	65,048	66,984	864	138,905
Net (loss)				(4,243)		(4,243)
Other comprehensive loss, net of tax:						
Unrealized gain on foreign currency hedges, net of related income tax USD 25					83	83
Unrecognized income related to pensions (net of tax of USD 259)	7				1,005	1,005
Foreign currency translation adjustments	2				(1,259)	(1,259)
Total comprehensive loss						(4,414)
Issuance of common stock from exercise of stock options	6	2	36			38
Stock-based compensation	6		416			416
Dividends paid (CHF 6 per share)				(11,746)		(11,746)
Balance at June 30, 2009 restated		6,011	65,500	50,995	693	123,199
Balance at December 31, 2009		6,021	66,144	57,508	5,072	134,745
Net income				11,619		11,619
Other comprehensive income, net of tax:						
Unrealized loss on foreign currency hedges, net of related income tax of USD 17					(48)	(48)
Unrecognized income related to pensions (net of tax of USD 116)	7				240	240
Foreign currency translation adjustments	2				(4,828)	(4,828)
Total comprehensive income						6,983
Issuance of common stock from exercise of stock options	6	4	106			110
Stock-based compensation	6		360			360
Dividends paid (CHF 4 per share)				(7,532)		(7,532)
Balance at June 30, 2010		6,025	66,610	61,595	436	134,666

See notes to consolidated interim financial statements.

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

1 BASIS OF PRESENTATION

The accompanying interim financial statements as of June 30, 2010, and for the six months ended June 2010 and 2009, 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, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010.

The balance sheet as of December 31, 2009 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, 2009.

There has been no significant change in the Company's accounting policies and estimates during 2010. Certain reclassifications have been made to prior years' financial statements to conform to the current year presentation.

2 CURRENCY TRANSLATION

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

	Period-end rates			Average rates	
				Six Months ended	
	June 30,	Dec 31,	June 30,	**June 30,**	June 30,
Currency	**2010**	2009	2009	**2010**	2009
Swiss Francs	**0.9217**	0.9636	0.9213	**0.9250**	0.8868
Euro	**1.2208**	1.4333	1.4048	**1.3305**	1.3352
Japanese Yen	**0.0113**	0.0108	0.0105	**0.0109**	0.0105
Hong Kong Dollar	**0.1285**	0.1290	0.1290	**0.1287**	0.1290
Korean Won	**0.0008**	0.0007	0.0008	**0.0009**	0.0008

3 FAIR VALUE

The carrying amount of cash and cash equivalents, trade accounts receivables, trade accounts payable, accrued liabilities and short-term investments included in current assets, reported on the balance sheet approximated fair value due to the short maturity of less than one year for these instruments.

Accounting Standards Codification ("ASC") 820, "Fair Value Measurements and Disclosures," establishes a fair value hierarchy that requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instruments categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. ASC 820 establishes three levels of inputs that may be used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The Company has derivative instruments, in the form of forward exchange contracts, to hedge against future movements in foreign exchange rates that affect certain foreign currency denominated sales and related purchase transactions, caused by currency exchange rate volatility. These contracts are designated as cash flow hedges and have durations of five years or less. The Company records all derivatives on the balance sheet at fair value using market-based observable inputs such as interest rates, foreign exchange rates, and forward and spot prices for currencies. Based on these inputs, the derivative assets are classified within Level 2 of the valuation hierarchy.

The following table provides the Company's derivative assets that were measured at fair value on a recurring basis by the level within the fair value hierarchy:

	Fair value measurements at June 30, 2010			Fair value measurements at June 30, 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative Assets	-	5,366	-	-	3,550	-

Please see Footnote 4, Acquisitions for significant non-recurring measurements of assets and liabilities.

4 ACQUISITIONS

Sigma Instruments Inc.

On December 10, 2007, the Company acquired the stock of Sigma Instruments Inc. (Sigma), a leading manufacturer of instrumentation for the measurement and control of thin film processes. The acquisition further expands the Company's position in the thin film controller market. It also increases opportunities for the Company in the emerging solar manufacturing market.

The purchase price was USD 2,600, less cash acquired at closing. Additionally, there was an earn-out up to USD 400 to be paid based on sales growth over a two year period ending December 31, 2009. The earn-outs paid have been recorded as an increase to goodwill. As of December 31, 2009, the Company had earned and paid USD 200. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

Verionix Inc.

On November 4, 2009, the Company acquired substantially all the assets of Verionix Inc., a developer of gas sensor, gas composition sensors and gas analyzers. The acquisition expands the Company's position in the gas analysis market. It also increases opportunities for the Company in the semiconductor, LCD and solar manufacturing markets.

The purchase price was USD 610 at closing. Additionally, there is an earn-out capped at USD 8,718 to be paid based on units sold over a four year period. As of June 30, 2010, the Company has not accrued for the earn-out. The Company expects that the goodwill and intangible assets will be amortized over a fifteen year period for tax purposes.

Agilent Technologies, Inc.

On May 19, 2010, the Company acquired the Micro Gas Chromatography (GC) product line from Agilent Technologies, Inc. The Micro GC products supplement the Company's successful environmental sensors product line and provide new opportunities for the Company's core competency in the field of gas analysis in existing and emerging niche markets.

The purchase price was USD 3,500, including assumed liabilities acquired at closing.

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

As of May 19,	**2010**
Inventory	1,007 *
Equipment	340
Goodwill and intangible assets	2,302
Assets acquired	**3,650**
Accrued liabilities assumed (estimated)	(150)
Net assets acquired	3,500

* Amount excludes buffer inventory in the amount of USD 748 that was purchased separately from the Asset Purchase Agreement.

Due to the consummation of the acquisition near the end of the first half of 2010, the allocation of purchase price is in process and will be finalized in the second half of 2010. The Company expects the intangible assets to include customer relationships, technology, and contract backlog.

5 GOODWILL

The activity of goodwill for the six months is as follows:

	2010	2009
Balance at January 1,	18,582	13,442
Goodwill acquired during the period	2,302 **	292 *
Balance at June 30,	20,884	13,734

* Additional goodwill acquired in first half of 2009 due to EDC and Sigma earn-outs.

** Additional goodwill acquired in first half of 2010 due to Agilent acquisition. This allocation is not yet finalized. For a more detailed discussion of payments, refer to Note 4, Acquisitions.

6 STOCK OPTIONS

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

	Director plan	Management plan & key employee plan
Vesting	Immediately at grant	25% each year from date of grant
Exercisable	One year from date of grant	25% each year from date of grant
Expiration	Seventh anniversary from date of grant	Seventh anniversary from date of grant

Maximum remaining exercise periods (in months) after termination of employment are as follows:

Reason for termination of employment	Director plan	Management plan & key employee plan
Resignation (voluntary)	12	6
Resignation (with adverse change)	12	6
Termination by company not for cause	12	6
Resignation or removal for cause	0	0
Retirement	12	24
Disability	18	18
Death	12	12

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

The following is a summary of option transactions under the two plans:

	Shares	Weighted average price (CHF)
Outstanding December 31, 2008	134,209	156.26
Granted	29,900	102.00
Cancelled	(12,685)	155.32
Exercised	(4,363)	52.37
Outstanding December 31, 2009	147,061	148.38
Granted	31,000	127.00
Cancelled	(1,768)	133.34
Exercised	(1,499)	77.08
Outstanding June 30, 2010	174,794	145.35
Unvested	68,402	134.88
Exercisable at June 30, 2010	106,392	152.09

The weighted average remaining contractual term of outstanding and exercisable stock options at June 30, 2010 is 4.12 years and 2.92 years, respectively. The aggregate intrinsic value of outstanding and exercisable stock options at June 30, 2010 is 2,664 and 1,575, 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,	**2010**	2009
Risk free interest rate	**0.95%**	**1.62%**
Expected volatility factor of stock price	**35.36%**	**35.18%**
Dividend yield	**4.04%**	**8.22%**
Expected life of stock options	**5.5**	**5.3**

Expected volatility estimates are based upon the historical volatility of the Company's stock and traded options. The expected life estimates are determined using average expected term based on historically observed life of options. Unrecognized stock based compensation expense related to non-vested stock options totaled USD 1,076 at June 30, 2010, 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 1.03 years.

During the six months ended June 30, 2010 and 2009, proceeds from stock option exercises totaled USD 110 and USD 38, respectively. During the six months ended June 30, 2010 and 2009, 1,499 and 825 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, 2010 and 2009 was 81 and 30, respectively.

7 PENSION

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

	June 30, 2010	June 30, 2009
Service cost	1,036	1,117
Interest cost	1,471	1,542
Expected return on plan assets	(1,811)	(1,593)
Amortization of prior service cost	19	19
Amortization of transition asset	1	1
Termination benefits, curtailment and others	-	860
Net amortization and deferral of actuarial gains/(losses)	336	659
Net periodic benefit cost	1,052	2,605

8 WARRANTY

The accrual for the estimated cost of product warranties is provided for at the time revenue is recognized. While the Company engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of the Company's component suppliers, the Company's warranty obligation is affected by product failure rates, material usage, and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from the Company's estimates, revisions to the estimated warranty liability may be required.

The activity in the warranty reserve was as follows:

	2010	2009
Balance at beginning of year	**2,878**	2,882
- Reduction for payments made	**(220)**	(88)
± Change for accruals related to product warranties issued	**340**	198
± Change in liabilities for accruals related to pre-existing warranties	**178**	(443)
± Fx impact	**(219)**	(33)
Balance at June 30	**2,958**	2,517

9 SEGMENT INFORMATION

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, specific vacuum process industries, refrigeration and air conditioning, and emergency response and security markets. At the direction of the Company's chief operating decision makers, the President and Chief Executive Officer, the allocation of the Company's resources and assessment of performance is made for the Company as a whole. Since the Company operates in one segment, all information required by ASC 280, "Segment Reporting" [formerly known as SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information"], can be found in the consolidated financial statements.

10 RECENT ACCOUNTING PRONOUNCEMENTS

Pronouncements not yet effective

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2009-13, "Multiple-Deliverable Revenue Arrangements." This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor's multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require providing information about the significant judgments made and changes to those judgments and about how the application of the relative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently evaluating this new ASU but does not presently believe that it will have a material impact on its results of operations or financial position.

In October 2009, the FASB issued ASU No. 2009-14, "Certain Revenue Arrangements That Include Software Elements." This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are "essential to the functionality," and scopes these products out of current software revenue guidance. The new guidance will include factors to help companies determine what software elements are considered "essential to the functionality." The amendments will now subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently assessing the impact of these amendments to the ASC on its accounting and reporting systems and processes; however, at this time the Company is unable to quantify the impact on its financial statements of its adoption or determine the timing and method of its adoption.

Pronouncements adopted during the first six months of 2010

As of January 1, 2010, the Company adopted the accounting guidance issued in ASU No. 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." This ASU provides amendments for the fair value measurement of investments to create a practical expedient to measure the fair value of an investment in certain entities on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. Therefore, certain attributes of the investment (such as restrictions on redemption) and transaction prices from principal-to-principal or brokered transactions will not be considered in measuring the fair value of the investment if the practical expedient is used. The amendment in this ASU also requires disclosures by major category of investment about the attributes of those investments, such as the nature of any restrictions on the investor's ability to redeem its investments at measurement date, any unfunded commitments, and the investment strategies of the investees. The adoption of this guidance has not had and is not expected to have a material impact on the Company's results of operations or financial position.

As of January 1, 2010, the Company prospectively applied the provisions of ASU No. 2009-16, "Accounting for Transfers of Financial Assets," an update to the Transfers and Servicing Topic of FASB ASC ("ASC 860"). ASU 2009-16 requires additional disclosures about the transfer of financial assets, including securitization transactions, and continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a "qualifying special-purpose entity." This ASU also changed the requirements for derecognizing financial assets. The revised guidance became effective for interim and annual reporting periods beginning after November 15, 2009. As this ASU applies to prospective transactions entered into after the effective date and generally relates to whether transactions will be recognized as sales or secured financings for accounting purposes but will not change the economics of the underlying transactions, the adoption of this standard did not have a material impact on the Company's financial condition, results of operations and cash flows.

As of January 1, 2010, the Company adopted the accounting guidance issued in ASU No. 2009-17, "Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities ("VIE")," an update to the Consolidation Topic of FASB ASC ("ASC 810"). This ASU changed the guidance on determination of a primary beneficiary of a VIE and expands disclosure provisions about a reporting entity's involvement in VIEs. The guidance eliminated the quantitative approach and requires an ongoing qualitative assessment of whether a reporting entity is the primary beneficiary of a VIE and therefore required to consolidate the VIE. This ASU became effective for interim and annual reporting periods beginning after November 15, 2009. The adoption of this guidance has not had and is not expected to have a material impact.

As of January 1, 2010, the Company adopted the accounting guidance issued in ASU No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements," which is intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels, the reason for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The adoption of this guidance has not had and is not expected to have a material impact on the Company's consolidated financial statements. Please see Footnote 3, Fair Value.

As of January 1, 2010, the Company adopted the accounting guidance issued in ASU No. 2010-13, "Compensation–Stock Compensation (Topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades–a consensus of the FASB Emerging Issues Task Force." The objective of this Update is to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. The guidance requires that a sharebased payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades shall not be considered to contain a condition that is not a market, performance, or service condition. Therefore, in accordance with that paragraph, such an award shall not be classified as a liability if it otherwise qualifies for equity classification. The adoption of this guidance has not had and is not expected to have a material impact on the Company's consolidated financial statements. Please see Footnote 6, Stock Options.

11 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through August 5, 2010, which represents the date the unaudited consolidated interim financial statements were available to be issued.

Certain statements contained in this report are forward-looking statements that do not relate solely to historical or current facts. Forward-looking statements can be identified by the use of words such as “may”, “believe”, “will”, “expect”, “project”, “assume”, “estimate”, “anticipate”, “plan” or “continue.” These forward-looking statements address, among other things, our strategic objectives, trends in vacuum technology and in the industries that employ vacuum instrumentation, such as the semiconductor and related industries and the anticipated effects of these trends on our business. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition. Some of these risks and uncertainties are discussed in the Company’s Annual Report for fiscal 2009. As a consequence, our current and anticipated plans and our future prospects, results of operations and financial condition may differ from those expressed in any forward-looking statements made by or on behalf of our Company. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

2010 Half-Year Report

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