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Experience adjustments on plan assets
1,210 (356)

Defined contribution plans

Employees of the Company in certain other countries are covered by defined contribution plans. Generally, contributions are based upon a percentage of the employee s wages or salaries. The costs of these plans charged to operations amounted to K 417 for 2006 and K 356 for 2005.

21. Trade Accounts Payable and Other Payables

Trade accounts payable do not bear any interest and have maturities less than one year.
Other payables are primarily composed of payroll taxes and V.A.T. as well payables from social security contributions. They do not bear any interest and have maturities less than one year, as well.

22. Provisions

Provisions consist of the following:

	December 31,	
	2006	**2005**
	in thousands	
Warranty provisions	1,929	2,887
Personnel provisions	10,932	7,816
Other provisions	703	612
Total	**13,564**	**11,315**

Warranty provisions include the amounts expected due to claims in connection with product warranties. They are recorded as per the close of the fiscal year for realized revenues based on management s estimates and experience. Employee-related expenses primarily include provisions for old-age part-time obligations, bonuses and service anniversary awards.

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Development of provisions:

	Warranty	Personnel	Other	Total
		in thousands		
Balance on January 1, 2006	2,887	7,816	612	11,315
Currency changes	(54)	(117)	(29)	(200)
Additions	844	9,426	940	11,210
Utilization	(380)	(5,580)	(635)	(6,595)
Releases	(1,368)	(613)	(185)	(2,166)
Balance on December 31, 2006	**1,929**	**10,932**	**703**	13,564

23. Commitments and Other Financial Obligations

The Company has entered into leases and maintenance agreements which expire on various dates, some of which are renewable. The table below presents the maximum amount of the contractual commitments as of December 31, 2006, classified by the periods in which the contingent liabilities or commitments expire.

Contractual obligations:

		Payments due by Period in thousands			
	Total	< 1 Year	1 3 Years	3 5 Years	> 5 Years
Operating leases	2,299	842	1,082	360	15
Purchase obligations	3,524	541	2,796	187	
Repair and maintenance	452	352	100		
Expected pension payments *	24,134	1,990	4,249	4,634	13,261
Total	**30,409**	**3,725**	**8,227**	**5,181**	**13,276**

* Pension payments include only payments for the next ten years

Purchase obligations include long-term arrangements for future supplies of materials.

Rental expenses amounted to 1.1 million for both fiscal 2006 and 2005.

The Company did not have any capital lease obligations in fiscal 2006 and 2005.

24. Segment Reporting

The Company s business operations include the development, manufacture, sale and service of vacuum pumps, vacuum components and instruments, as well as vacuum systems. The subsidiaries in the individual countries are independent legal entities with their own management, which distribute the products and provide services. Controlling of business development by corporate management is carried out on the legal entity s level. Accordingly, the Company identifies its primary operating segments geographically (by legal entity). Due to the similarity of their economic characteristics, including nature of products sold, type of customers, methods of product distribution and economic environment, the Company aggregates its European subsidiaries outside Germany into one reportable segment, Europe (excluding Germany). All information with regard to the primary reporting format is based upon the geographic location of the related group company. The secondary reporting format follows the product categories within the consolidated group.

Transactions between segments are based upon the arm s-length principle. Segment sales and segment results in the primary reporting format initially include the effects of inter-segment transactions. These effects are eliminated in connection with the consolidation process.

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting as of December 31, 2006 (primary reporting format)

	Continuing Operations							
	Germany	Europe (Excluding Germany)	United States	Rest of World	Others/ Elimi-nations	Total	Discontinued Operations	Group
	in thousands							
Net sales	144,202	53,425	41,635	6,118	(65,896)	179,484		179,484
Third party	79,700	52,999	41,577	5,208		179,484		179,484
Intercompany	64,502	426	58	910	(65,896)			
Operating profit	37,368	3,525	3,255	872	(63)	44,957		44,957
Financial income					1,435	1,435		1,435
Income before income tax	37,368	3,525	3,255	872	1,372	46,392		46,392
Segment assets	124,165	20,556	20,824	3,125		168,670		168,670
Segment liabilities	20,187	7,036	1,867	608		29,698		29,698
Capital expenditures:								
Property, plant and equipment *	4,915	367	104	16		5,402		5,402
Intangible assets	201	7				208		208
Depreciation *	2,482	277	62	71		2,892		2,892
Amortization	202	20				222		222

* including investment properties

Segment reporting as of December 31, 2005 (primary reporting format)

	Continuing Operations							
	Germany	Europe (Excluding Germany)	United States	Rest of World	Others/ Elimi-nations	Total	Discontinued Operations	Group
	in thousands							
Net sales	124,906	49,779	36,366	4,386	(55,920)	159,517	461	159,978
Third party	70,159	49,720	36,301	3,337		159,517	461	159,978
Intercompany	54,747	59	65	1,049	(55,920)			
Operating profit	28,853	3,773	3,095	613	107	36,441	(1,462)	34,979
Financial income					2,549	2,549	32	2,581
Income before income tax	28,853	3,773	3,095	613	2,656	38,990	(1,430)	37,560
Segment assets	95,482	19,524	21,694	2,706		139,406		139,406
Segment liabilities	18,527	6,044	2,311	526		27,408		27,408
Capital expenditures								

Property, plant and equipment *	1,664	277	144	109	2,194		2,194
Intangible assets	258	18			276		276
Depreciation *	2,521	342	50	75	2,988	247	3,235
Amortization	188	26			214	3	217

* including investment properties

Segment reporting as of December 31, 2006 (secondary reporting format)

	Continuing Operations								
	Turbopumps	**Measurement and Analysis Equipment**	**Service**	**Backing pumps**	**Systems**	**Other**	**Total**	**Discontinued Operations**	**Group**
					in thousands				
Net sales (third party)	78,284	45,938	25,344	24,786	4,582	550	179,484		179,484
Segment assets	69,653	26,926	17,615	20,096	4,604	29,776	168,670		168,670
Capital expenditures									
Property, plant and equipment	2,762	676	425	492	102	945	5,402		5,402
Intangible assets	91	54	29	29	5	0	208		208

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment reporting as of December 31, 2005 (secondary reporting format)

	Continuing Operations								
	Turbopumps	Measurement and Analysis Equipment	Service	Backing pumps	Systems	Other	Total	Discontinued Operations	Group
	in thousands								
Net sales (third party)	64,397	41,347	23,515	22,775	6,935	548	159,517	461	159,978
Segment assets	56,850	24,309	16,094	17,432	5,700	19,021	139,406		139,406
Capital expenditures									
Property, plant and equipment	908	487	331	379	89		2,194		2,194
Intangible assets	112	72	41	39	12		276		276

Aside from reasonably relatable assets the segment Other contains all assets that can not be allocated on a reasonable basis (e.g. securities, deferred tax assets).

25. Financial Instruments

Fair value

The net book value of financial instruments (e.g. cash and cash equivalents, trade accounts receivable and trade accounts payable, available-for-sale securities, other receivables and payables) essentially equals their fair value. In variance thereto, differences between net book value and fair value exist with regard to those securities held-to-maturity. The differences are described in Note 8.

Interest rate risks

The interest bearing portion of cash and cash equivalents, as well as those securities held-to-maturity, result in interest rate risks. All investment forms have variable interest rates and are with the exemption of securities held to maturity invested on a short-term basis. Further investment forms that result in interest rate risks do not exist within the Pfeiffer Vacuum Group.

The remaining terms of financial instruments that result in interest rate risks are as follows (in K):

Fiscal year ended December 31, 2006

	< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total
				in thousands			
Securities held to maturity	1,000					4,998	5,998
Cash and cash equivalents	75,354						75,354
Total	**76,354**					**4,998**	**81,352**

Fiscal year ended December 31, 2005

	< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years	Total

			in thousands		
Securities held to maturity	3,000	1,002		4,998	9,000
Cash and cash equivalents	61,651				61,651
Total	**64,651**	**1,002**		**4,998**	**70,651**

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Credit risks

Due to the Company s heterogeneous customer structure and the fact that no single end customer accounts for more than 5% of total sales, there are no material credit risk concentrations within the group. Credit risks are additionally minimized through a rigorous accounts receivable management and by monitoring our customers payment patterns. Furthermore, deliveries to new customers are essentially made only after credit assessment or against payment in advance. As a result, Pfeiffer Vacuum is able to keep the level of its allowance for doubtful accounts low, even in difficult economic times. The purchased securities consist predominantly of bank or corporate bonds of undoubted creditworthiness, making the credit risk minimal here as well.

Liquidity risks

Due to the above-average level of cash and cash equivalents, no liquidity risks can be identified.

Foreign exchange rate risks

Approximately 37% of the Company s net sales are denominated in currencies other than the euro, primarily in U.S. dollars. The Company enters into foreign currency forward contracts and options to hedge the exposure of its forecasted sales against currency fluctuations. All derivative financial instruments are entered into only in this scope and qualify for cash flow hedges. Pfeiffer Vacuum recognizes these derivative financial instruments either as assets or liabilities at their fair values. Changes in the value of these cash flow hedges are recorded in equity as part of other equity components, net of applicable taxes. These amounts are subsequently reclassified as earnings in the same period as the underlying transactions affect operating income.

For the fiscal years ended December 31, 2006, and 2005, there were no gains or losses that were recognized in earnings due to hedge ineffectiveness. For the same periods, no gains or losses had to be reclassified from other equity components to earnings as a result of the discontinuance of cash flow hedges.

The accounting of derivative financial instruments is based upon the provisions of IAS 39, Financial Instruments: Recognition and Measurement. Pfeiffer Vacuum formally designates and documents the financial instruments as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction.

The Company s contracts are marked to market at period end using quoted forward rates. The fair values recorded in other current assets for the period ended December 31, 2006 totaled K 417 and the Company recorded a corresponding unrealized gain of K 259 in other components of equity, net of tax of K 158. In fiscal 2005, the Company recorded a negative fair value of K 316 and an equity impact of K (196), net of tax of K (120).

The Company does not engage in speculative hedging for investment purposes. The maturities of all forward contracts are aligned with the date the cash receipts are anticipated to occur. As of December 31, 2006, and December 31, 2005, no contracts held by the Company had a maturity date greater than one year. Accordingly, the Company expects the entire asset of K 417 to be reclassified to earnings during fiscal 2007.

As of December 31, 2006, and 2005, the notional amounts of the US-Dollar forward contracts were 11.2 million and 10.3 million, respectively. The Company performs ongoing credit evaluations of the parties to these contracts and enters into contracts only with well-established financial institutions.

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. Earnings Per Share

The following table presents the computation of earnings per share from continuing operations:

	Year ended December 31,	
	2006	2005
	in thousands	
Net income from continuing operations (in thousands))	29,624	23,901
Net income (in thousands)	29,624	22,907
Weighted average number of shares	8,728,672	8,690,524
Number of conversion rights		
Adjusted weighted average number of shares	8,728,672	8,690,524
Earnings per share (in)		
Earnings from continuing operations per share (basic/diluted)	**3.39**	**2.75**
Earnings per share (basic/diluted)	**3.39**	**2.64**

The share options granted to employees were antidilutive in 2005 because the exercise price was higher than the quoted price of the Company s ordinary shares. As of December 31, 2006 all share options had been exercised. There were no transactions with ordinary shares or issued ordinary shares during the period between the balance sheet date of December 31, 2006, and the preparation of the Consolidated Financial Statements.

The above mentioned weighted average number of shares was used in computing basic and diluted earnings per share from discontinued operations for the fiscal year ended December 31, 2005. Given losses from discontinued operations in the amount of K 994 in fiscal 2005, the losses from discontinued operations per share were 0.11 (basic and diluted).

27. Discontinued Operations

In fiscal 2005, the Management Board committed to a plan to dispose of the DVD business, having obtained the required Supervisory Board approval in order to terminate this activity. Accordingly, the DVD business as part of the Germany segment is reflected as a discontinued operation.

In the prior year, the Company had sold at auction the fixed assets and respective inventories of the manufacturing site in Aschaffenburg. The disposal of the fixed assets and the respective inventories resulted in a loss before tax of approximately 0.2 million.

Gains and losses from discontinued operations are presented in the table below:

	Year ended December 31,	
	2006	2005
	in thousands	
Loss from discontinued operations before income tax benefit		(1,208)
Income tax benefit		352
Net loss from discontinued operations		**(856)**
Loss on disposal of discontinued operations before income tax benefit		(222)
Income tax benefit		84
Net loss on disposal of discontinued operations		**(138)**

Total loss from discontinued operations before income tax benefit	(1,430)
Income tax benefit	436
Net total loss from discontinued operations	**(994)**

The Company does not expect any future expenses from these discontinued operations.

As of December 31, 2006, and 2005, there were no assets or liabilities from discontinued operations.

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Additional Notes and Supplemental Information

28. Related Party Disclosures

Related party transactions predominantly consist of all transactions with those companies included in the Consolidated Financial Statements. These transactions are carried out at conditions that are usual and customary in the market and are entirely eliminated during the consolidation process. There is therefore no impact on financial position or results. Pfeiffer Vacuum does not have holdings in any jointly controlled or associated entities. Furthermore, no factual control exists with respect to special purpose entities.

Please refer to Notes 32 and 33 regarding the compensation paid to members of the Management and Supervisory Boards as well as regarding potential transactions with members of these corporate bodies. The members of the Supervisory Board do not provide material individual services for the Group or any of its companies. In contrast thereto, the employees representatives on the Supervisory Board receive salaries under the rules of the respective employment contract for their work at the Company.

On December 31, 2006, all members of the Management and Supervisory Boards held a total of 15,077 shares and 400 ADRs of the Company (December 31, 2005: 14,020 shares and 200 ADRs). Thus, the amount of the holdings of members of corporate bodies is negligible.

29. Events After the Balance Sheet Date

Since the beginning of the 2007 fiscal year there have not been any significant changes in the Company s position or the industry environment.

30. Personnel Expenses

Personnel expenses from continuing operations were as follows:

	Year ended December 31,	
	2006	**2005**
	in thousands	
Wages and salaries	38,353	35,797
Social security, pension and other benefit cost	8,892	8,157
Thereof for pensions	2,262	1,520
Total	**47,245**	**43,954**

The loss from discontinued operations in fiscal 2005 includes personnel expenses in the amount of K 371.

31. Number of Employees

On December 31, 2006, and 2005, the number of employees (continuing operations) was as follows:

Number of employees:

	December 31,	
	2006	**2005**
Annual average		
Male	560	562
Female	125	129
Total	**685**	**691**
Balance sheet date		
Male	557	564

Female	127	127
Total	**684**	**691**

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2006, and 2005, there were no employees engaged in discontinued operations. On annual average, there were no employees engaged in discontinued operations (2005: six).

32. Management Board

During fiscal 2006 and 2005, the Management Board of the parent company Pfeiffer Vacuum Technology AG consisted of

Wolfgang Dondorf (CEO), Diplom-Ingenieur
Manfred Bender (CFO), Diplom-Betriebswirt

The aggregate amount of compensation paid to all active members of the Management Board was 1.1 million for fiscal 2006 and 2005, respectively. The compensation paid to the members of Management Board is detailed described in Item 6.B. Compensation.

33. Supervisory Board

Pursuant to §§ 96, Sub-Para. 1, § 101, Sub-Para. 1, AktG, § 4, German One-Third Participation Act (DrittelbG) of 2004, and § 9, Sub-para. 1, Articles of Association and Bylaws, the Supervisory Board shall comprise four members elected by the Annual Shareholders Meeting and two members elected by the Company s employees. The term of office of the members elected by the shareholders ended on May 31, 2006, the day of the Annual Shareholders Meeting. At the Shareholders Meeting, the representatives were newly elected, while the members elected by the Company s employees were newly elected on May 10, 2006.

The Supervisory Board comprises of the following persons:

Dr. Michael Oltmanns (Chairman), Attorney at Law and Tax Advisor

Further Supervisory Board seats:

HPC AG, Weinheim (chairman)

Jetter AG, Ludwigsburg (chairman)

Merkur Bank KGaA, Munich (vice chairman)

Scholz AG, Essingen (chairman)

Götz Timmerbeil (Vice Chairman since May 31, 2006, and chairman of the Audit Committee), Certified Public Accountant and Tax Advisor

Prof. Dr. Klaus-Jürgen Kügler (Vice Chairman, until May 31, 2006),
Dean at the Giessen-Friedberg Technical University

Michael J. Anderson, Investment Banker

Helmut Bernhardt (Employee representative, since May 31, 2006), Development Engineer

Manfred Gath (Employee representative, since May 31, 2006), Chairman of the Employee Council

Wilfried Glaum (since May 31, 2006), Business Administrator

Edgar Keller (Employee representative, until May 31, 2006), Commercial Staff Member

Günter Schneider (Employee representative, until May 31, 2006), former Chairman of the Employee Council

The compensation paid to the members of the Supervisory Board is detailed descript in Item 6.B. Compensation.

34. Exempting Provision Under § 264 (3), HGB

Pfeiffer Vacuum GmbH of Asslar, is included in the Consolidated Financial Statements of Pfeiffer Vacuum Technology AG. Accordingly, this company has made use of the exempting provision under § 264 (3), HGB.

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. Audit Fees for Independent Auditors

The expenses for fiscal 2006 and 2005 for services rendered by the auditor of the Consolidated Financial Statements as recorded in the statements of income were as follows:

Audit fees for the auditor of the consolidated financial statements:

	Year ended December 31,	
	2006	**2005**
	in thousands	
Audit fees	564	407
Audit related fees	13	25
Tax fees	46	45
All other fees	17	13
Total	**640**	**490**

36. German Corporate Governance Code/Declaration Pursuant to § 161 AktG

Pursuant to § 161 AktG, the Management and Supervisory Boards issued the statement of compliance for the year 2006 in December 2006. With the following exceptions, this statement reflects compliance with the recommendations of the German Corporate Governance Code Government Commission:

No agreement was able to be reached in negotiations with our D & O insurance carrier to obtain a lower premium if a deductible is arranged. The Company will therefore not arrange for a deductible. A deductible would not improve the overall motivation and sense of responsibility of the Management and Supervisory Boards. Both the Management and Supervisory Boards work to the benefit of the enterprise.

(Point 3.8 of the Code)

The members of the Supervisory Board have in the past received and presently still receive fixed compensation, which does not contain any performance-related variable income elements. Their compensation is stated in the compensation report.

(Point 5.4.7 of the Code)

The full text of the Code is available at the following Internet address:
www.corporate-governance-code.de

37. NYSE Comparison

Due to its listing on the New York Stock Exchange, Point 303A.11 of the New York Stock Exchange Listed Company Manual requires Pfeiffer Vacuum Technology AG to disclose the differences between U.S. corporations listed on the New York Stock Exchange and Pfeiffer Vacuum Technology AG in questions relating to Corporate Governance.

We have provided an English-language summary comparison of the differences on our Internet site under Investor Relations/Corporate Governance.

38. Authorization for Issuance of Consolidated Financial Statements

Through a resolution by the Management Board on February 23, 2007, the Consolidated Financial Statements were authorized for issuance.

PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. Summary of Differences Between IFRS and U.S. GAAP

At December 31, 2006, the Consolidated Financial Statements of Pfeiffer Vacuum Technology AG have been prepared for the first time in accordance with IFRS as described in Note 4. IFRS differs in certain respects from U.S. GAAP. The application of U.S. GAAP would have affected the Company s Net income attributable to Pfeiffer Vacuum Technology AG shareholders for the fiscal years ended December 31, 2006 and 2005 as shown in the table below.

Reconciliation of **Net Income** from IFRS to U.S. GAAP

	Year ended December 31,	
	2006	**2005**
	in thousands	
Net income according to IFRS	**29,624**	**22,907**
Personnel provision (Note 39a)	401	128
Pensions (Note 39b)	(689)	(273)
Deferred taxes (Note 39c)	111	10
Minority interests (Note 39d)	(7)	(516)
Share based payments (Note 39e)		492
Net income according to U.S. GAAP *	**29,440**	**22,748**

Earnings per Share in Accordance with U.S. GAAP:

	Year ended December 31,	
	2006	**2005**
Numerator:		
Net income (in thousands)	**29,440**	**22,748**
Denominator:		
Denominator for basic earnings per share - weighted-average shares	8,728,672	8,690,524
Effect of dilutive securities:		
Stock-based compensation		
Denominator for diluted earnings per share - adjusted weighted-average shares and assumed conversions	**8,728,672**	**8,690,524**
Basic earnings per share/ADR ( )	**3.37**	**2.62**
Diluted earnings per share/ADR ( )	**3.37**	**2.62**

The only difference between earnings per share calculation according to IFRS and U.S. GAAP is the deviation in net income.

At December 31, 2006, all stock options granted to employees were converted. As such, the dilutive effect of the Company s stock options ceased to exist. In 2005, the stock options granted to employees were antidilutive because the exercise price was higher than the quoted price of the Company s ordinary shares.

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PFEIFFER VACUUM TECHNOLOGY AG
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of Shareholders   Equity from IFRS to U.S. GAAP:

	December 31,	
	2006	2005
	(in thousands)	
Shareholders equity according to IFRS	**138,972**	**111,998**
Personnel provisions (Note 39a)	2,083	1,682
Pensions (Note 39b)	5,539	6,228
Adjustment SFAS No. 158 and Minimum Pension Liability , net of tax (Note 39b)	(4,519)	(3,756)
Deferred taxes (Note 39c)	(2,929)	(3,040)
Foreign exchange rate differences *	111	150
Inclusion of minority interests into equity including related currency variances (Note 39d)	(704)	(631)
Shareholders equity according to U.S. GAAP	**138,553**	**112,631**

* Resulting from balance sheet translation of pensions and deferred taxes of U.S. subsidiary

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PFEIFFER VACUUM TECHNOLOGY AG
RECONCILIATION CONSOLIDATED BALANCE SHEET

	Note	IFRS	Adjustments	U.S. GAAP
		December 31, 2006		
			in thousands	
ASSETS				
Intangible assets		319		319
Property, plant and equipment	39f)	22,901	1,838	24,739
Investment properties	39f)	1,838	(1,838)	
Investment securities		17,535		17,535
Prepaid pension cost	39b)	145	(145)	
Deferred tax assets	39c)	5,585	(1,001)	4,584
Other non-current assets		1,822	7	1,829
Total non-current assets		**50,145**	**(1,139)**	**49,006**
Inventories		15,520		15,520
Trade accounts receivable		23,934		23,934
Other accounts receivable		1,801		1,801
Prepaid expenses		449		449
Investment securities		1,000		1,000
Other current assets		467		467
Deferred tax assets	39c)		853	853
Cash and cash equivalents		75,354		75,354
Total current assets		**118,525**	**853**	**119,378**
Total assets		**168,670**	**(286)**	**168,384**
SHAREHOLDERS EQUITY AND LIABILITIES				
Shareholders equity				
Share capital (13,635,900 no-par value ordinary shares authorized; 8,970,600 issued and 8,843,524 outstanding)		22,965		22,965
Additional paid-in capital	39e)	13,305	(2,998)	10,307
Retained earnings		104,269	7,622	111,891
Other equity components	40	1,520	(4,408)	(2,888)
Treasury shares, at cost (127,076 ordinary shares)		(3,722)		(3,722)
Equity of Pfeiffer Vacuum Technology AG shareholders		**138,337**	**216**	**138,553**
Minority interests	39d)	635	(635)	
Total shareholders equity		**138,972**	**(419)**	**138,553**

Minority interests	39d)		635	635
Deferred tax liabilities	39c)	308	(308)	
Provisions for pension	39b)	3,859	1,575	5,434
Total non-current liabilities		**4,167**	**1,902**	**6,069**
Trade accounts payable		4,428		4,428
Other accounts payable		2,571		2,571
Provisions	39a)	13,564	(2,077)	11,487
Income tax liabilities	39c)	3,420	308	3,728
Customer deposits		1,548		1,548
Total current liabilities		**25,531**	**(1,769)**	**23,762**
Total liabilities and shareholders equity		**168,670**	**(286)**	**168,384**

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PFEIFFER VACUUM TECHNOLOGY AG
RECONCILIATION CONSOLIDATED BALANCE SHEET

	Note	IFRS	Adjustments	U.S. GAAP
		December 31, 2005		
			in thousands	
ASSETS				
Intangible assets	39b)	333	154	487
Property, plant and equipment	39f)	21,301	1,093	22,394
Investment properties	39f)	1,093	(1,093)	
Investment securities		6,000		6,000
Prepaid pension cost	39b)			
Deferred tax assets	39c)	6,430	(1,867)	4,563
Other non-current assets		905	7	912
Total non-current assets		**36,062**	**(1,706)**	**34,356**
Inventories		13,747		13,747
Trade accounts receivable		22,481		22,481
Other accounts receivable		1,259		1,259
Prepaid expenses		872		872
Investment securities		3,000		3,000
Other current assets		334		334
Deferred tax assets	39c)		1,124	1,124
Cash and cash equivalents		61,651		61,651
Total current assets		**103,344**	**1,124**	**104,468**
Total assets		**139,406**	**(582)**	**138,824**
SHAREHOLDERS EQUITY AND LIABILITIES				
Shareholders equity				
Share capital (13,459,350 no-par value ordinary shares authorized; 8,790,600 issued and 8,690,524 outstanding)		22,504		22,504
Additional paid-in capital	39e)	5,819	(2,998)	2,821
Retained earnings		86,377	7,806	94,183
Other equity components	40	(833)	(3,606)	(4,439)
Treasury shares, at cost (100,076 ordinary shares)		(2,438)		(2,438)
Equity of Pfeiffer Vacuum Technology AG Shareholders		**111,429**	**1,202**	**112,631**
Minority interests (Note 39e)	39d)	569	(569)	
Total shareholders equity		**111,998**	**633**	**112,631**

Minority interests	39d)		554	554
Deferred tax liabilities	39c)	820	(820)	
Convertible bonds		461		461
Provisions for pensions	39b)	4,476	(94)	4,382
Total non-current liabilities		**5,757**	**(360)**	**5,397**
Trade accounts payable		3,184		3,184
Other accounts payable		2,659		2,659
Provisions	39a)	11,315	(1,675)	9,640
Income tax liabilities	39c)	3,118	820	3,938
Customer deposits		1,375		1,375
Total current liabilities		**21,651**	**(855)**	**20,796**
Total liabilities and shareholders equity		**139,406**	**(582)**	**138,824**

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a) Personnel Provisions:

The Company offers voluntary early retirement (Altersteilzeit or ATZ) programs to certain employees in Germany which are shown as part of the personnel provisions. Under IFRS, provisions for the bonus feature to be paid in accordance with the program are recorded at their present value based on the number of employees expected to accept the offer. Under U.S. GAAP, the Company recognizes the additional compensation relating to the bonus feature over the period from the point at which the employee signs the ATZ contract until the end of the active service period. The balance sheet reconciling items between IFRS and U.S. GAAP as of December 31, 2006 and 2005 were K 2,077 and K 1,675, respectively, and in net income K 401 and K 128, respectively.

b) Pensions:

Under IFRS, the pension liability was recorded in accordance with IAS 19, Employee Benefits, and as allowed under IFRS 1, the Company initially recorded all unrecognized pension actuarial losses into the opening IFRS balance sheet as of January 1, 2005. The recognition of actuarial losses in the amount of K 6,501 in the IFRS financial statements on January 1, 2005, increased the pension provision by K 3,684 and decreased prepaid pension costs by K 2,817.

Under U.S. GAAP and as of December 31, 2006, pension costs are accounted for in accordance with FASB Statement No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R) (SFAS No. 158). SFAS No. 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. Prior to the adoption of SFAS No. 158, pension liabilities were recorded using a delayed recognition for certain changes in the amount of either the projected benefit obligation for pension plans or plan assets resulting from experience different than that assumed. At December 31, 2005, there was an unrecognized actuarial loss of K 10,359 which reflected the accumulated differences resulting from experiences different than the actuarial assumptions made. Additionally, prior to this adoption, if a plan had an unfunded accumulated benefit obligation at a measurement date that amount was the minimum liability that was recognized in the balance sheet. An unfunded accumulated benefit obligation existed if a plan s accumulated benefit obligation (measured without considering future compensation levels) exceeded the fair value of plan assets. At December 31, 2005, the minimum pension liability was recorded as K 154 Intangible assets and K 3,756 Other comprehensive income, net of K 2,301 in taxes.

During 2006 and 2005, no amortization expense was recorded for IFRS purposes as the corridor threshold was not exceeded as was the case under U.S. GAAP. Under U.S. GAAP, amortization expense amounted to K 689 and K 273 for the years ended December 31, 2006 and 2005, respectively, thus leading to a reconciling item between IFRS and U.S. GAAP. Since the minimum liability concept does not exist under IFRS, the components mentioned above in Intangible assets and Other comprehensive income were not recorded for IFRS purposes. As on December 31, 2005, the total difference between the provision for pensions recorded under IFRS and U.S. GAAP was only K 94.

At December 31, 2006, recognizing the transition provision of SFAS No. 158 increased the provision for pensions by K 7,068 and reduced shareholders equity (increase to accumulated other comprehensive loss) by K 4,392, net of deferred income taxes of K 2,676. The adoption did not have an affect on the income statement for the two years ended December 31, 2006 or 2005.

c) Income Taxes:

The ATZ and pension differences between IFRS and U.S. GAAP lead to different deferred tax assets/liabilities and deferred tax expenses/benefits. Additionally, IFRS defines deferred taxes strictly as long-term; short-term deferred tax assets are therefore not noted in the balance sheet according to IFRS.

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Reconciliation of the Company s net deferred tax assets were as follows:

	December 31, 2006	December 31, 2005
	(in thousands)	
Deferred tax assets according to IFRS	**5,585**	**6,430**
Personnel provisions	(805)	(653)
Pensions	657	(90)
Deferred tax assets according to U.S. GAAP	**5,437**	**5,687**
Thereof long-term deferred tax assets	4,584	4,563
Thereof short-term deferred tax assets	853	1,124
Deferred tax liabilities according to IFRS and U.S. GAAP *	**(308)**	**(820)**

* Under U.S. GAAP, the deferred tax liabilities in the year 2005 were not separately disclosed but included in income tax liabilities

For the years ended December 31, 2006 and 2005 the difference in deferred tax expenses was K 111 and K 10, respectively. The total tax expense under U.S. GAAP was K 16,495 in 2006 and K 14,971 in 2005.

d) Minority Interest:

Prior to 2005, the Company did not separately disclose the interests of minority shareholders of its consolidated subsidiaries Pfeiffer Vacuum (Schweiz) AG, Switzerland, Pfeiffer Vacuum Korea Ltd., South-Korea and Pfeiffer Vacuum India Ltd., India. Under U.S. GAAP, the cumulative effect of recording these minority interests resulted in a charge of K 624 for the period ended December 31, 2005. Under IFRS, minority interests were recorded in the opening balance on January 1, 2005. Under IFRS, minority interests are classified as a component of shareholders equity. Under U.S. GAAP, minority interests are classified outside of shareholders equity.

e) Additional Paid-in Capital/Share Based Payments:

According to IFRS 1, IFRS 2 was applied retrospectively in fiscal year 2005. Under U.S. GAAP, we adopted SFAS No. 123R Share based payments, the standard comparable to IFRS 2, using the modified prospective method as of January 1, 2006. Prior to the adoption of SFAS No. 123R the Company applied APB No. 25 Accounting for Stock Issued to Employees. For IFRS, income from continuing operations, income before income taxes and net income for 2005 included K 492 of additional compensation expense. At December 31, 2005, the additional paid-in capital according to IFRS included K 2,506 for share based payments and retained earnings were impacted by K 2,506.

f) Investment Properties:

IAS 40, Investment Properties requires separate disclosure of company-owned rented properties in the balance sheet. The Company evaluated these properties at net book value based on historical cost. For further information concerning the valuation principles, please refer to Note 3 to the Consolidated Financial Statements, Accounting and Valuation Methods.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40. Additional Disclosure Information Required by U.S. GAAP

Defined Benefit Plans

The accumulated benefit obligation (ABO) as on December 31, 2006 and 2005 was K 45,650 and K 45,835, respectively.

The following tables summarize the reconciliations of funded status and the amounts recognized in the balance sheets under U.S. GAAP:

Reconciliation of funded status:

	December 31, 2006	December 31, 2005
	(in thousands)	
Projected benefit obligation*	(50,352)	(50,509)
Fair value of plan assets*	44,917	41,599
Unfunded status of plans	(5,434)	(8,910)
Unrecognized actuarial loss	6,999	10,359
Unrecognized prior service cost	81	150
Unrecognized transition obligation	200	227
Prepaid pension cost	**1,846**	**1,826**

* As disclosed in Note 20 to the Consolidated Financial Statements

Amounts recognized in balance sheets:

	December 31, 2006	December 31, 2005
	(in thousands)	
Intangible assets from pension accounting		154
Prepaid pension costs (prior to SFAS No.158 or Minimum Pensions Liability)	2,805	2,810
Accrued pensions (prior to SFAS No. 158 or Minimum Pensions Liability)	(959)	(985)
Minimum Pension Liability Adjustment		(6,207)
SFAS No. 158 adjustment	(7,280)	
Other comprehensive income (before taxes)	7,280	6,054
Net amount	**1,846**	**1,826**

The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over fiscal 2007 will be approximately K 319, with K 225 being attributable to actuarial losses, with K 69 to prior service costs and with K 25 to the transition obligation.

Other Equity Components/Accumulated Other Comprehensive Income

The **Other Equity Components** according to IFRS are explained in Note 15. Reconciliation to accumulated other comprehensive income under U.S. GAAP is as followes:

	December 31,	
	2006	**2005**
	(in thousands)	
Total other equity components according to IFRS, net	**1,520**	**(833)**
Adjustment for SFAS No. 158, net of tax of K 2,761	(4,519)	
Adjustment for Minimum pension liability, net of tax of K 2,298		(3,756)
Currency translation adjustment	111	150
Total other equity components according to U.S. GAAP, net	**(2,888)**	**(4,439)**

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The cumulative translation adjustment under U.S. GAAP was K (487) on January 1, 2006 and K (2,113) on December 31, 2006.

The adjustment in other comprehensive income for minimum pension liability decreased by K 3,629 from K (3,756) as of December 31, 2005 to K (127) as of December 31, 2006. The SFAS No. 158 adjustment of K (4,519) as of December 31, 2006 eliminated the minimum pension liability adjustment of K (127) and was recorded directly in accumulated other comprehensive income.

Tax contingencies

Current income tax liabilities as of December 31, 2006 include an amount of 1.5 million for general tax exposure within the group which was increased by 0.5 million in fiscal 2006.

Share-based Payments

SFAS No. 123 requires disclosure of proforma information regarding net income and net income per share in 2005 as if the Company had accounted for its stock-based compensation to employees using the fair value method. For proforma purposes using the fair value method, the Company s net income for 2005 would have been K 22,366 and net income per share would have been 2.57.

Shipping and Handling Costs

The Company incurred shipping and handling costs totaling 1.8 million and 1.7 million in 2006 and 2005, respectively, which are deducted from net sales.

Cash Flow Hedges

Positive market values for cash flow hedges are recorded in other current assets whereas negative market values are recorded in other liabilities. If the amounts are reclassified into the income statement they are shown in foreign exchange gains/losses. In the statement of cash flows, the line items receivables and other assets or payables, other liabilities include the cash impact of cash flow hedges.

Advertising

All advertising and promotional costs amounting to 1.9 million and 1.5 million in 2006 and 2005, respectively, are expensed as incurred and included in selling and marketing expenses.

Adoption of New Accounting Rules

On December 16, 2004, the Financial Accounting Standards Board (FASB) issued **FASB Statement No. 123 (revised 2004), Share-Based Payment,** which is a revision of SFAS No. 123, Accounting for Stock-Based Compensation. SFAS No. 123(R) supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees and amends SFAS No. 95, Statement of Cash Flows. Generally, the approach in SFAS No. 123(R) is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro-forma disclosure is no longer an alternative. SFAS No. 123(R) must be adopted in the first interim or annual period beginning after January 1, 2006. The Company adopted SFAS No. 123(R) on January 1, 2006, using the modified-prospective method.

Under German tax law, expense related to share-based payment arrangements, or specifically expense related to the intrinsic value of an instrument on a specified date, is not tax deductible. Consequently, there were no deferred taxes recorded as part of SFAS 123R adoption.

For further information please see Note 39d.

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On February 16, 2006 the FASB issued **FASB Statement No. 155 Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140.** This Statement amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement resolves issues addressed in Statement 133 Implementation Issue No. D1, and Application of Statement 133 to Beneficial Interest in Securitized Financial Assets. The Company expects to adopt this statement at January 1, 2007. The adoption will not have a significant impact on its results of operations and overall financial position.

On March 20, 2006 the FASB issued **FASB Statement No. 156 Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140.** This Statement amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities. The Company expects to adopt this statement at January 1, 2007. The adoption will not have a significant impact on its results of operations and overall financial position.

On September 6, 2006 the FASB issued **FASB Statement No. 157 Fair Value Measurements.** This Statement defines fair value, establishes a framework for measuring fair value in under U.S. Generally Accepted Accounting Principles (U.S. GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. The Company expects to adopt this statement at January 1, 2008. The adoption will not have a significant impact on its results of operations and overall financial position.

On September 29, 2006 the FASB issued **FASB Statement No. 158 Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R).** This statement improves financial reporting by requiring an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity. This Statement also improves financial reporting by requiring an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. Pfeiffer Vacuum adopted SFAS No. 158 as of December 15, 2006. The measurement date for the pension obligations has always been December 31. Thus, no impact from a change in measurement date will occur.

On July 13, 2006 the FASB issued **Interpretation No. 48 Accounting for Uncertainty in Income Taxes an Interpretation of FASB Statement No. 109 (FIN 48).** This Interpretation is effective for fiscal years beginning after December 15, 2006. The Company expects to adopt this statement at January 1, 2007. The Company is currently evaluating the impact of adopting FIN 48 and is unable to estimate the impact at this time, if any, on the Consolidated Financial Statements.