



Press Release

COMET achieves record sales in the first six months

Flamatt, Switzerland – August 21, 2006 – **The COMET Group, a world-leading manufacturer of components and systems for the growth markets of security, inspection, electronics and communication, achieved a new sales record of about CHF 45.1 million in the first half of 2006, an increase of 7% (or 12% excluding disposal effects) from the year-earlier level of CHF 42.2 million. As previously reported, the two established business areas performed very well in the first six months of the year. However, the operating income (EBIT) of CHF 2.0 million (H1 2005: CHF 3.0 million) did not match expectations, as a result of weak sales at the FEINFOCUS business unit acquired in 2004. Net income decreased accordingly from CHF 1.8 million to CHF 0.8 million.**

Security & Inspection division

The Industrial X-Ray business unit benefited from the worldwide upswing in industrial activity and posted significant growth of 8.8%. This expansion was driven especially by the market segment of non-destructive testing and the success of integrated modules. Difficulties in the market launch of new products led to a sales slump at the FEINFOCUS business unit in the second quarter. Net sales at FEINFOCUS therefore fell 34.7% in the first half of 2006 compared to the year-earlier period. The problems have now been corrected and the products – particularly the innovative software platforms for computed-tomography 3D imaging, are meeting with strong interest in the market. Net sales of the Security & Inspection division eased from CHF 28.9 million to CHF 24.8 million. EBIT was CHF -2.0 million (2005: CHF 1.7 million).

Electronics & Communication division

The outstanding results of the Vacuum Capacitors business unit are attributable both to the sustained upturn in the semiconductor industry and to the market success of the module strategy: The business unit develops-to-order so-called "match boxes", which in 2006 will for the first time generate more than 5% of its sales. Integrated modules that combine the vacuum capacitor and motor are now also sold in the broadcast market, where the conversion of short, medium and long wave radio to digital systems is opening up new sales opportunities for the Vacuum Capacitors business unit. The division's sales of CHF



20.3 million represented a new all-time high, with an increase of 52.6% from the first half of the prior year (CHF 13.3 million). EBIT tripled to CHF 5.2 million (H1 2005: CHF 1.7 million).

Outlook

The success of the module strategy demonstrates that COMET was able to evolve effectively from component supplier to engineering partner.

The growth trend will continue in the second half of 2006. The Industrial X-Ray business unit will grow at at least the same pace as in the first half of the year. On the Vacuum Capacitors side, the Group expects to see record sales this year in terms of both volume and revenue.

At FEINFOCUS, the sales and service force is being further expanded in order to step up market penetration with the innovative systems offered. New orders in this business unit are now rising again, which indicates that business will improve in comparison to the first six months of the year. However, in all likelihood the break-even point will not yet be reached for the second half of 2006.

As the outlook in the Industrial X-Ray and Vacuum Capacitors units is uniformly positive, the Board of Directors is forecasting Group sales growth in line with the first half of the year.

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COMET is a successful technology company in the growth markets of security, inspection, electronics and communication. The group is a leading supplier of industrial X-Ray components and modules for security and non-destructive testing applications as well as Microfocus X-Ray Systems for quality assurance of miniature components and electronics. COMET is also the market's principal vendor for vacuum components and modules used in plasma deposition, etching and broadcasting equipment. As an expert in the fields of industrial X-Ray and radio frequency engineering, COMET provides a complete and highly flexible portfolio of components, modules, systems and services from a single source.

COMET was founded in 1948 and is based in Flamatt near Berne, Switzerland. Production is carried out in Switzerland and Germany; the sales subsidiaries in the U.S. and China are complemented by a worldwide network of representatives. COMET's stock (COTN) is listed on the SWX Swiss Exchange.

In 2005, COMET had a staff of 330 employees worldwide and total sales of CHF 90.8 million.

COMET: The X-perts for security, inspection, electronics and communication



Consolidated balance sheet

in thousands of CHF	June 30, 2006	%	Dec. 31, 2005		Change	June 30, 2005
ASSETS						
Cash and cash equivalents	10,319		13,613		-3,294	8,278
Trade and other receivables	14,967		18,108		-3,141	13,490
Tax receivables	-		-		-	-
Inventories	27,215		23,076		4,139	27,219
Prepaid expenses	432		761		-329	411
Total current assets	52,933	39.7%	55,558	40.9%	-2,625	49,398
Property, plant and equipment	63,943		64,265		-322	64,096
Investment properties	4,914		4,886		28	5,072
Financial assets	2,464		1,956		508	242
Intangible assets	8,428		8,608		-180	8,686
Deferred tax assets	486		428		58	387
Total non-current assets	80,235	60.3%	80,143	59.1%	92	78,483
TOTAL ASSETS	133,168	100.0%	135,701	100.0%	-2,533	127,881
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current debt	-		-		-	251
Trade and other payables	9,122		10,166		-1,044	9,649
Tax payables	507		1,258		-751	433
Accrued expenses	4,764		4,679		85	4,408
Current provisions	1,663		1,270		393	1,787
Total current liabilities	16,056	12.1%	17,373	12.8%	-1,317	16,528
Long-term debt	30,000		30,000		-	30,000
Non-current provisions	493		493		-	493
Deferred tax liabilities	3,086		3,206		-120	3,340
Total non-current liabilities	33,579	25.2%	33,699	24.8%	-120	33,833
Total liabilities	49,635	37.3%	51,072	37.6%	-1,437	50,361
Capital stock	6,000		6,000		-	6,000
Additional paid-in capital	25,252		25,008		244	24,284
Treasury stock	-308		-307		-1	-889
Currency translation differences	-875		-512		-364	-857
Retained earnings	53,464		54,440		-975	48,982
Total shareholders' equity	83,533	62.7%	84,629	62.4%	-1,096	77,520
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	133,168	100.0%	135,701	100.0%	-2,533	127,881



Consolidated statement of income

in thousands of CHF	Six months ended June 30,		Change	
	2006	2005	CHF '000	%
Net sales	45,115	42,204	2,911	7%
Cost of sales	-26,870	-26,179	-691	3%
Gross profit	18,245	16,025	2,220	14%
Other operating income	801	1,043	-242	-23%
Research and development expenses	-4,544	-3,733	-811	22%
Marketing and selling expenses	-5,257	-4,061	-1,196	29%
General and administrative expenses	-7,211	-6,243	-968	16%
Operating income (EBIT)	2,034	3,031	-997	-33%
Net financing expense	-881	-756	-125	17%
Income before tax	1,153	2,275	-1,122	-49%
Income tax	-346	-487	141	-29%
Net income	807	1,788	-981	-55%
Basic consolidated earnings per share	1.36	3.05	-1.69	-55%

Consolidated statement of cash flows

in thousands of CHF	Six months ended June 30,		Change
	2006	2005	
Cash flows from operating activities	2,325	6,066	-3,741
Cash flows from investing activities	-3,472	-3,604	132
Cash flow from financing activities	-1,783	-1,753	-30
Currency translation differences	-364	642	-1,006
Net change in cash and cash equivalents	-3,294	1,351	-4,645
Cash and cash equivalents at January 1	13,613	6,927	6,686
Net change in cash and cash equivalents	-3,294	1,351	-4,645
Cash and cash equivalents at June 30, 2006	10,319	8,278	2,041



Consolidated statement of changes in equity

in thousands of CHF	Capital stock	Additional paid-in capital	Treasury stock	Currency translation differences	Retained earnings	Total shareholders' equity
December 31, 2004	6,000	23,995	-889	-1,500	48,376	75,982
Currency translation differences				643		643
Net income					1,788	1,788
Total income and expenses						-
Dividends paid					-1,181	-1,181
Capital increase	-	-				-
Treasury stock transactions			-			-
Stock-based compensation		289		-		289
June 30, 2005	6,000	24,284	-889	-857	48,982	77,520
December 31, 2005	6,000	25,008	-307	-512	54,440	84,629
Currency translation differences	-	-	-1	-363	-	-364
Net income	-	-	-	-	807	807
Total income and expenses	-	-	-	-363	807	444
Dividends paid	-	-	-	-	-1,782	-1,782
Capital increase	-	-	-	-	-	-
Treasury stock transactions	-	-	-	-	-	-
Stock-based compensation	-	244	-	-	-	244
June 30, 2006	6,000	25,252	-308	-875	53,464	83,533



Notes to the consolidated financial statements

1 Significant accounting policies

The unaudited semiannual report for the six months ended June 30, 2006 has been prepared in compliance with Swiss stock corporation law and with International Financial Reporting Standards (IFRS). All IFRS in force at the balance sheet date and all IFRIC of the International Financial Reporting Interpretations Committee are applied.

These consolidated financial statements are based on IAS 34, Interim Financial Reporting.

The consolidated financial statements contain assumptions and estimates which affect the reported financial position, results of operations and cash flows. These assumptions and estimates were made on the basis of management's then-current best knowledge. Actual results could differ from the values reported.

Changes in reporting and valuation methods

For Comet, changes in standards and interpretations had no effect on this semiannual report.

Basis of consolidation

No acquisitions or disposals of businesses were made during the first half of 2006. The basis of consolidation has thus remained the same as in the annual accounts for the year ended December 31, 2005.

Seasonality of business

The business performance by segment as well as seasonal or cyclical fluctuation are described in the first part of the report.

Foreign-currency translation

The following exchange rates were used to translate the most important currencies into Swiss francs:

Foreign-currency translation			Rate at reporting date		Average rate for	
			of June 30,		six months ended June 30,	
			2006	2005	2006	2005
United States	USD	1	1.2320	1.2800	1.2700	1.2050
Europe	EUR	1	1.5660	1.5470	1.5610	1.5460
China	RMB	1	0.1560	0.1550	0.1580	0.1460

2 Dividend payment

A dividend of CHF 3.00 per share was paid on May 5, 2006 (prior year: CHF 2.00).



3 Segment reporting

The Group's two divisions – Security & Inspection and Electronics & Communication – form the primary segments for the purpose of segment reporting. Details on the course of business by segment are provided in the first part of the report.

in thousands of CHF	Net sales		EBIT		EBIT in % of sales	
	Six months ended June 30,		Six months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005	2006	2005
Security & Inspection division	24,771	28,923	-1,979	1,784	-8.0%	6.2%
Electronics & Communication division	20,344	13,281	5,234	1,675	25.7%	12.6%
Other and eliminations	-	-	-1,220	-428	-	-
Total	45,115	42,204	2,034	3,031	4.5%	7.2%

4 Events after the balance sheet date

The investment property still included in this semiannual report was sold in July 2006 to a group of investors at a price slightly above the carrying amount.