

2012

ANNUAL REPORT

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, LED lighting, and industrial vacuum coating applications.

Other users of vacuum based processes include the life sciences, research, aerospace, packaging, heat treatment, laser cutting, oil and gas transportation and processing, alternative energy, utilities, and many other industrial processes.

We also leverage our expertise to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring as well as instruments for energy and petrochemical applications.

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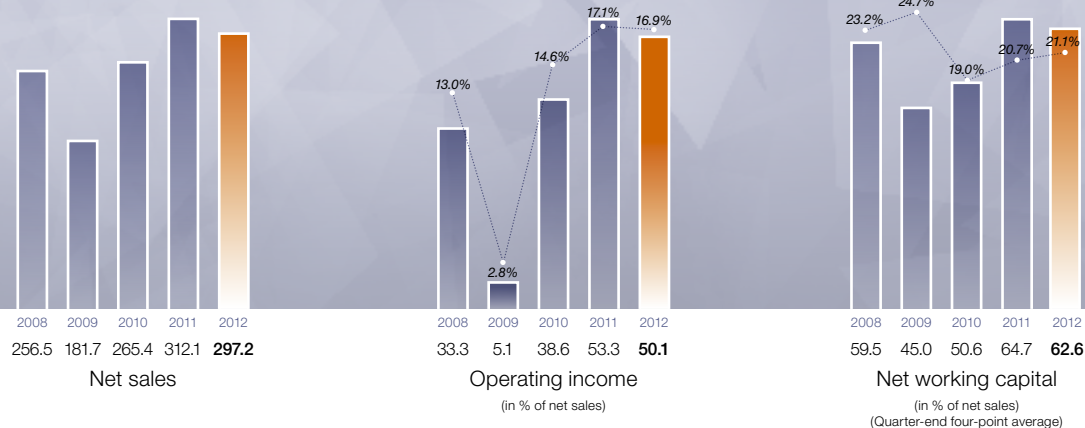
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Financial Report INFICON Holding AG

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KEY FIGURES 5 YEARS

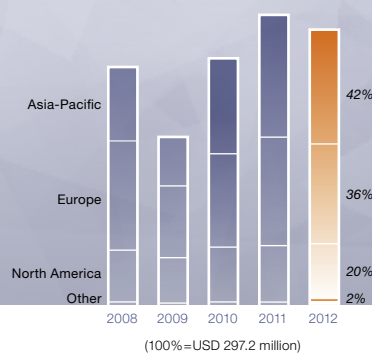


2008–2010 according to US GAAP
 2011–2012 according to Swiss GAAP FER
 (US Dollars in Millions, except per share amounts)

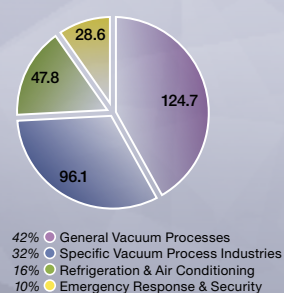
	2008	2009	2010	2011	2012
Net sales	256.5	181.7	265.4	312.1	297.2
Research and development	22.2	20.0	23.2	24.7	26.7
Selling, general and administrative	60.1	50.7	63.3	71.2	70.2
Operating income	33.3	5.1	38.6	53.3	50.1
<i>in % of net sales</i>	13.0%	2.8%	14.6%	17.1%	16.9%
EBITDA	39.2	12.3	43.3	59.0	59.9
<i>in % of net sales</i>	15.3%	6.8%	16.3%	18.9%	20.2%
Net income	24.3	2.3	27.1	40.3	39.9
Cash and short-term investments	45.8	32.3	70.3	91.1	92.2
Cash flow from operations	31.3	11.6	50.3	46.5	48.8
Capital expenditures	6.0	8.7	3.6	7.5	6.6
Total assets	181.3	170.5	216.3	218.1	215.6
Long-term debt	—	—	—	—	—
Shareholders' equity	138.9	134.7	160.2	153.2	171.5
<i>Equity ratio in %</i>	76.6%	79.0%	74.0%	70.3%	79.6%
Employees	876	807	843	909	940



Cash flow from Operations



Direct Sales by Geographic Region



2012 Sales by End Market

	2008	2009	2010	2011	2012
Ratios per Share					
Net income per share – diluted	11.26	1.06	12.47	18.29	17.86
Shareholders' equity per share – diluted	64.32	62.67	73.78	69.57	76.70
Free cash flow per share – diluted	11.68	1.34	21.52	17.92	18.32
Return on equity %	17.5%	1.7%	16.9%	26.3%	23.3%
Dividend/Distribution per share (CHF)					
Dividend/Distribution per share (CHF)	6.00	4.00	10.00	14.00	16.00*
Share price (CHF) at December 31,	87.80	117.5	179.5	154.0	219.1

* The proposed distribution is to be paid out from legal reserves.

Direct Sales by Geographic Region					
Asia-Pacific	80.3	54.3	103.4	132.2	124.8
Europe	117.9	76.8	100.0	116.2	107.0
North America	54.9	49.2	59.0	60.3	60.5
Other	3.4	1.4	3.0	3.4	4.9

Sales by End Market					
General Vacuum Processes	114.1	81.7	109.3	132.6	124.7
Specific Vacuum Process Industries	78.4	48.4	91.8	110.7	96.1
Refrigeration & Air Conditioning	36.1	29.1	42.3	50.5	47.8
Emergency Response & Security	27.9	22.5	22.0	18.3	28.6

TARGET MARKETS

	General Vacuum Processes	Specific Vacuum Process Industries	Refrigeration & Air Conditioning	Emergency Response & Security
MARKET	Vacuum technology applications such as aerospace, heat treating, analytical instrumentation, food packaging, vacuum furnace and metallurgy, and research reached through private-label partners who are global manufacturers of vacuum pumps. INFICON also serves a growing portion of this market directly.	<i>In situ</i> metrology and process control for semiconductor manufacturers, manufacturers of capital equipment for semiconductor devices (OEMs), and for thin film coating applications including flat panel displays (LCD and OLED), solar cells, LED lighting systems, data storage media, scientific and consumer optics, and architectural glass coatings.	Leak detection for quality control in the manufacture of commercial and consumer air conditioners and appliances, automotive air conditioners and air bags, wheel wells, and other components. After-sale service for repair.	Analysis of toxic chemicals for global homeland security, emergency response, industrial hygiene, environmental monitoring for air, soil, and water. Gas analysis for the petrochemical industry, including oil and gas production, hydrocarbon processing, refining and chemical productions, alternative energy technologies, military uses.
LONG-TERM MARKET TRENDS				
Ambient Intelligence	○	○		
Sustainability		○	○	○
Rising Middle Class	○	○	○	
International Security		○		○
GROWTH DRIVERS	Life Science R&D budgets Easier use of vacuum for industrial and research applications Higher quality standards Global GDP growth New energy and fuel applications	Fast growth of electronic consumer products in emerging markets Increasing complexity and manufacturing cost of products Miniaturization for portability and online/mobile communication Increasing demand for solar/photovoltaic energy and energy-efficient lighting systems such as LED	Increased government regulation to reduce environmental pollution and increase energy efficiency Increased quality standards and technology/process control New refrigerants for air conditioning General growth in demand for air conditioning Growing demand for household appliances in emerging economies	Imminent threats to national and global political and economic stability Public opinion, driven by fear of terror, supports and drives governments to allocate resources to homeland security Government agencies (military, police, etc.) faced with more and new tasks for national emergencies Growing environmental concerns
PRODUCTS				
Industrial gas analyzers and process control sensors	○	○		
Vacuum gauges and components	○	○	○	
Leak detectors	○	○	○	
Thin film controllers		○		
Chemical identification detectors	○	○		○
Micro Gas Chromatography	○			○
Sensor integration software		○		
Quartz crystal technologies		○		

RECENT MILESTONES AND ACHIEVEMENTS

INFICON was formed in June 2000 from the instrumentation businesses of three well-known international vacuum technology companies which were merged in 1996 under the Swiss Company OC Oerlikon (formerly known as Unaxis).

Our initial public offering was November 9, 2000, both on SIX Swiss Exchange and NASDAQ. In 2005, INFICON delisted its stock from NASDAQ. INFICON started to pay out dividends in 2006, and changed its reporting standard from US GAAP to Swiss GAAP FER in 2012. Since our inception, we have acquired and integrated 9 companies and launched over 60 new products.

CORPORATE	<ul style="list-style-type: none"> CHF 8.00 dividend payment per share Reduction of share capital following share buyback 	<ul style="list-style-type: none"> CHF 6.00 dividend payment per share 	<ul style="list-style-type: none"> CHF 4.00 dividend payment per share for 2009 	<ul style="list-style-type: none"> CHF 10.00 distribution per share for 2010 from legal reserves from capital contributions 	<ul style="list-style-type: none"> CHF 14.00 distribution per share for 2011 from legal reserves from capital contributions CHF 16.00 proposed distribution per share for 2012 from legal reserves from capital contributions
ACQUISITIONS		<ul style="list-style-type: none"> Verionix Inc. 	<ul style="list-style-type: none"> Micro GC product line from Agilent Technologies Inc. Cumulative Helium Leak detection (CHLD) technology from Pernicka Corporation 	<ul style="list-style-type: none"> Hydrogen leak detection specialist Adixen Scandinavia AB from Pfeiffer Vacuum Assets of VOC detection specialist Photovac Inc. 	<ul style="list-style-type: none"> Assets of hydrogen gas sensing specialist Applied Sensor Sweden AB
DIVESTMENTS					<ul style="list-style-type: none"> Vacuum Valve product line
SALES/ MARKETING	<ul style="list-style-type: none"> New markets addressed in China 		<ul style="list-style-type: none"> China sales and service expansion 	<ul style="list-style-type: none"> New sales location in Italy 	<ul style="list-style-type: none"> New sales location in India Korea capability expansion
TECHNOLOGY LEADERSHIP	<ul style="list-style-type: none"> HAPSITE ER for on-site chemical identification and analysis FabGuard 8.0 for semiconductor manufacturing Guardian Deposition Controller for thin film solar panel manufacturing Transpector XPR3L for solar cell and process yield optimization 	<ul style="list-style-type: none"> T-Guard Leak Detection Sensor for refrigeration and air conditioning markets 	<ul style="list-style-type: none"> T-Guard was awarded an R&D 100 Award as well as a 2010 Good Design Award CMS 5000 Water and Air Quality Monitoring IC 6 Thin Film Deposition Controller PCG Pirani Capacitance Diaphragm Gauge product family 	<ul style="list-style-type: none"> Quantus LP100 for real-time contamination and endpoint detection for critical process environments Cygnus 2 Thin Film Deposition Controller with unique features designed for OLED processes Pernicka 700H leak detector combining mass spectrometer expertise with cryogenic ultra-high vacuum Sensistor Hydrogen leak detector family Photovac ComboPro 2020, an intrinsically safe, versatile VOC Photoionization Detector 	<ul style="list-style-type: none"> Transpector MPH Residual Gas Analyzer with industry leading performance for all gas analysis applications to help maximize chip yields and minimize tool downtime The INFICON Porter CDG020D Capacitance Diaphragm Gauge designed for stable, long term performance in industrial environments LDS3000 Helium/Hydrogen Leak Detector sets new standards for accuracy, reproducibility of measurement results and speed of leak detection Composer Elite Binary Gas Concentration Monitor for LED manufacturing processes Private label service leak detector
	2008	2009	2010	2011	2012

2012

LETTER TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

INFICON's market leading vacuum technology products and software help customers increase their performance and set themselves apart in the global market place. Our strategy is to develop and manufacture products that cater to vital needs of today and tomorrow. As part of our strategy execution, we regularly review our progress against the long-term trends in our target markets. They provide a sound basis for our business and pave the way for future growth. In a challenging environment, INFICON closed 2012 with sales of USD 297.2 million, just slightly below the record levels of 2011, and kept net income nearly stable at USD 39.9 million – with both figures in line with our guidance. The solid results testify to the strength of our strategy which aims to achieve leading positions in all target markets and is underpinned by a flexible business model and very solid financials.

SOLID GROWTH PROSPECTS

Ensuring leadership in our target markets implies the ability to identify and understand long-term developments and their implications. Looking beyond the immediate future and understanding the underlying growth drivers across our target markets is how we cross-check the long-term viability of our strategy process. What are the most relevant long-term trends in INFICON's target markets?

Ambient Intelligence

Our world today is often referred to as an Information Society. The respective long-term driver – Ambient Intelligence – evokes a paradigm which goes even beyond that: It depicts a future in which stationary and mobile electronic devices embedded in our everyday environment work together to understand and attend to our every need while we interact with these devices via a user interface. INFICON's position as the leading developer and manufacturer of a full range of vacuum gauges, gas and other sensors, leak detectors as well as respective software for the Specific Vacuum Process Industries market, lies at the heart of

this trend: Data storage, mobile electronic devices, user-friendly interfaces are the drivers behind ubiquitous computing and communications.

Sustainability

The world's resources are limited and we must work together to preserve them and use them wisely. INFICON products help reduce waste, control cost and increase the yield of many critical manufacturing processes. Our products serve both environmental and economic goals simultaneously. Higher quality standards, too, are driving the trend toward using resources more efficiently. INFICON vacuum control instruments and our broad family of helium and hydrogen leak detectors play important roles in quality assurance and control in an increasing number of industries like the global Refrigeration & Air Conditioning (RAC) market, the Automotive industry and many other industrial applications. Our products support the change towards more environmentally-friendly refrigerants, ensure that RAC systems are tight and thus efficient, or that hermetically sealed engine blocks operate at maximum

INFICON has leveraged its expertise in gas analysis process control equipment to create the Transpector MPH Residual Gas Analyzer, with industry-leading data collection speed, minimum detectable partial pressure and signal-to-noise ratio. >

Porter CDG020D Capacitance Diaphragm Gauge is a high-quality, cost effective, gas type independent absolute pressure sensor designed for stable, long term performance in industrial environments. >>



yield. Our products also enable industry and government agencies to survey environmental conditions by detecting pollutants or chemical agents in real time, providing key information on the spot for immediate decision making. Another key aspect of sustainability and a growing focus for INFICON is energy efficiency. Demand for LED lighting systems as well as solar and photovoltaic energy are long-term trends that are on the rise.

Rising middle class

Economic power is shifting toward emerging economies. The OECD projects that half of the world's middle class will live in Asia by 2020. Today already, Asia's middle class is driving demand for household appliances, electronic consumer products and general research – all key markets for INFICON products. As middle class is especially on the rise in the warmer areas of our world, Refrigeration & Air Conditioning is again supported by this trend. Domestic and automotive RAC appliances are globally meeting rising demand. At the same time, global GDP growth is spurring demand for products and lifestyles that are putting an ever-greater strain on our planet, raising the question of how the rising hunger for energy can be met in a sustainable way. Again, INFICON products are instrumental in the manufacture of ever more powerful photovoltaic solar panels.

International security

Government agencies today are faced with more and new tasks for national emergencies and national security. Public opinion driven by fear of terror and by the need for healthy living environments, including safe water and food supplies, supports and drives governments to allocate resources toward the many facets of homeland security. With mounting pressure on public budgets, costs too are becoming an

increasing concern. The need to manage environmental resources sustainably is growing as the lack of drinking water and fertile lands is becoming a security issue. INFICON monitoring devices deliver real-time information on vital environmental conditions of soil, water and air.

TECHNOLOGY LEADERSHIP AND STRONG PRODUCT PIPELINE

We are gearing research and product development towards generating attractive values for our customers in our target markets. And we are developing new applications in industries which are only just now discovering how vacuum technology can positively contribute to their business performance in terms of quality control, performance optimization or environmental protection. INFICON strategically invests considerable means to maintain and expand its technology leadership in vacuum instrumentation. We invested 9% of sales in research and development in 2012. This is why we rank amongst the top three players in all our target markets. 2012 was again an important year in terms of new product launches and technology enhancements, with more in the making.

The *Transpector MPH* Gas Analysis System is a good example for INFICON's ability to help chip manufacturers and other industries keep a lid on costs. This next-generation of mass spectrometers for gas analysis is designed to unlock processes with industry leading performance for a wide range of gas analysis applications to help maximize chip yields and minimize tool downtime. Combined with a low overall cost of ownership and high mean-time-between-failures, Transpector MPH helps the bottom line of customers more than any other residual gas analyzer (RGA) on the market.

LETTER TO OUR SHAREHOLDERS

LDS3000 Helium and Hydrogen Leak Detector sets new standards for accuracy, reproducibility of measurement results and speed of leak detection. >

3000 Micro GC Gas Analyzer truly mobilizes gas chromatograph analysis and provides fast, accurate, reliable analysis of the gas sample on-line, right at the sampling point. >>



Cost-efficiency was also the driver behind the launch of *Porter CDG*, a small, yet highly precise vacuum pressure sensor. As a new product class, *Porter CDG* opens up new markets in specific as well as general market applications.

With its leak detector *LDS 3000*, INFICON has introduced a next generation of its market-leading leak detection devices. This product is predominantly used at large OEMs such as automotive, refrigeration and air conditioning manufacturers and supports them in their quality testing.

In support of our market entry into the LED lighting industry, we developed the *Composer Elite Binary Gas Concentration Monitor* in 2012, which saw the release of a prototype at the end of the year. This OEM product will enable LED manufacturers to make brighter, i.e. higher lumen, light devices more efficiently at lower cost.

INFICON technology also plays an important innovator role for many of our private-label customers. In 2012, we developed and launched an easily transportable service leak detector for one of our key private-label customers.

In addition, we have a rich product pipeline which will foster our franchise and help us to grow with our customers in our markets.

STRONG BUT SLIGHTLY LOWER SALES IN 2012

As expected, sales in 2012 just barely missed the record levels of 2011. This was due primarily to the cyclical specific vacuum process industries that accounts for 32% of our business, which was pulled down significantly by the struggling solar industry. The sluggish performance in Europe throughout the year also adversely impacted our business. However, we were able to compensate for these develop-

ments with growth in other regions and markets. At the same time, we are broadening our geographic reach in order to capture the growth potential in emerging markets with the set-up of an additional sales office in India and adding new capabilities to develop and assemble customer specific components for important customers in Korea.

INFICON is further actively tapping into and penetrating newly emerging application fields in order to further even out the volatility in individual target markets like the semiconductor or flat panel display industries. Development of new technologies or the acquisition of new types of sensors and components enhance INFICON's globally addressable market. Technological progress and the need to comply with ever more stringent product specifications and process requirements make vacuum technology both more affordable and more important for a growing range of industries.

Group net sales for the full fiscal year 2012 thus saw only a slight decline of 4.8% from USD 312.1 million to USD 297.2 million. Considering a positive sales contribution of 1.9 percentage points from acquisitions and negative foreign exchange effects of 2.1 percentage points, the organic decline for the full year was 4.5%.

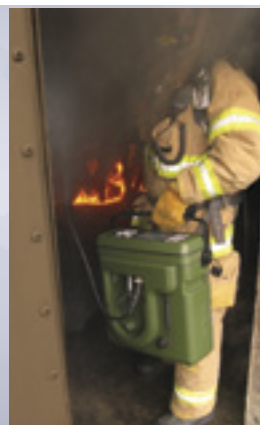
LEADING POSITIONS IN TARGET MARKETS

Emergency Response & Security

2012 was a record year in this market with a year-on-year sales increase of +56.3% to USD 28.6 million. This significant sales increase was attributable to growing demand for onsite and portable HAPSITE products from North America and China, serving security and environmental markets. Because tight national budgets led to the postponement of public demand in recent years, this year's positive trend was further spurred by the renewed ability of governments to spend.

Ecotec E3000 Multi-Gas Sniffer Leak Detector brings reliability to the final testing of refrigerators, freezers, automotive air conditioners and similar products. >

HAPSITE Chemical Identification System, the world's only true person-portable Gas Chromatograph/Mass Spectrometer, is one of the many chemical monitors and detectors INFICON offers for health, safety and environmental applications. >>



In addition, INFICON's smallest target market is gaining increasing traction in civil applications. 2012 saw large orders from China for environmental soil, water and air monitoring. First inroads were made into the petrochemical mining, refinery and transportation markets. Supported by the acquisition of Micro GC and our comprehensive family of leak detectors, INFICON is well positioned to add to the security and safety of these industries.

Refrigeration & Air Conditioning

Sales to the Refrigeration & Air Conditioning end-market were quite stable (-5.3% to USD 47.8 million) throughout the year. Early in the year, signs of saturation in the Chinese appliances market became visible. At the same time, INFICON was able to gain additional market share. With the early development of new sensors and products, INFICON was ready to deliver when the end-market started to call for tighter quality control, more demanding product specifications and the use of more eco-friendly refrigerants. Based on the acquired Sensistor product range, INFICON also expanded its market share in larger-volume applications where the traditionally used helium gas is too expensive for testing purposes.

Specific Vacuum Processes

The Specific Vacuum Processes market covers diverse markets like the solar, display, and optics industry as well as the complex semiconductor equipment and end-user sectors. Following important investments in prior years, thin-film coating applications were confronted by global over-capacities and price pressure especially in the area of flat panel display manufacturing, affecting also LED manufacturers. The emerging, more energy-efficient use of OLED technologies for display and lighting purposes provides an increasingly interesting business opportunity for the future.

The market for memory and communication chips was robust in the first half of the year, but witnessed a sharp decline in demand in the second half, though it was able to end the year on a more positive note. The optics market remained solid throughout the year. Overall the Specific Vacuum Processes market reported net sales of USD 96.1 million which represents a decline of 13.2% over the prior year's figures.

General Vacuum Processes

The General Vacuum Processes market depends heavily on Europe's economy. In the first half of the year, this market only declined slightly compared with the prior year and picked up significantly in the third quarter. In the fourth quarter, however, Europe's weak demand dragged down the entire market, so that sales for the full fiscal year amounted to USD 124.7 million, representing a decline of 6% over the previous year.

HEALTHY EARNINGS, SOLID BALANCE SHEET

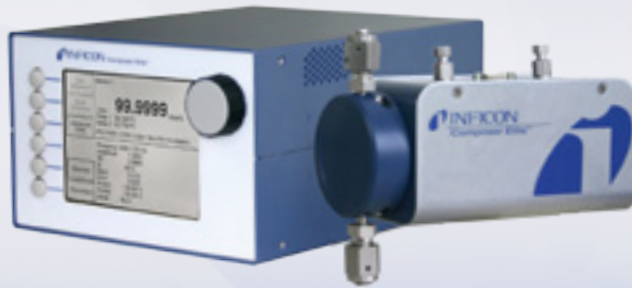
As previously announced, INFICON changed its reporting standard to Swiss GAAP FER as from 2012. The major impacts on earnings and the balance sheet structure consisted in adjustments of pension costs and, more significantly, in the offset against equity of all goodwill from acquisitions.

2012 was a year of healthy gross and operating income margins. INFICON upheld its traditionally strong focus on research and development, which resulted in a favorable product mix with a strong bias to younger and higher-margin products. This resulted in gross margins of close to 50% of sales.

LETTER TO OUR SHAREHOLDERS

Composer Elite Binary Gas Concentration Monitor accurately measures precursor/carrier gas ratios in semiconductor applications, including MOCVD, in both R&D and production environments, as well as for many industrial processes. ►

Private-label products help INFICON extend its reach into the general vacuum processes market. ►►



Intensified R&D spending

During the year under review, INFICON increased spending on R&D almost on a quarterly basis to reach 9% on average over the full year. The special focus on R&D gave rise to a strong sequence of product launches during the year and a full pipeline for the months ahead.

Selling, administrative and general cost were tightly managed and showed only small increases despite new hires across the international sales force. We strengthened our market focus in 2012 opening new offices in India, Italy and Sweden to cover all of Scandinavia. After some intensified capital expenditure in the first half of the year for additional production and testing equipment, the focus was mainly on maintenance investments until it was decided towards year-end to build a new office building in Cologne. These investments will be readily financed through INFICON's high cash flow generation.

Operating income remained strong throughout the year as evidenced by healthy margins of over 15% for every quarter and a strong 16.9% percent of sales for the full year.

Sale of vacuum valve product line

INFICON's overall strategy is to achieve leading positions in all target markets. The Group is currently amongst the top three players in all markets. Even so, INFICON did not play a dominant role in every product line and hence decided towards year-end to sell its vacuum valves product line to VAT, a leading manufacturer of vacuum valves, headquartered in Haag/Switzerland, effective as of December 31, 2012. The sale of this non-core business is in line with INFICON's focus on core competencies. INFICON continues to produce the vacuum valves for a transition period to guarantee the seamless production handover to

VAT. Phasing out the valve production has led to a few job redundancies at INFICON's plant in Balzers, which will be achieved by normal personnel turn-over and early retirements. After respective restructuring cost and tax, the sale led to a one-time, middle single-digit USD million contribution to net income. This resulted in a strong increase of net income for the fourth quarter 2012 compared with the prior year figure and kept net income for the full year 2012 almost at the prior year's level amounting to USD 39.9 million. This translates into an increase in percentage terms of sales amounting to 13.4% from 12.9% a year ago, and equates to net profit per diluted share for Full Fiscal Year 2012 of USD 17.86 after USD 18.29 in 2011.

Strong cash flow generation and strengthened equity ratio

Cash flow from operating activities amounted for the full year to USD 48.8 million after USD 46.5 million last year. INFICON closed the year 2012 with net liquid assets of 89.9 million after USD 73.6 million (liquid assets less short-term liabilities) last year. Net working capital continued to be tightly managed as shown by shortened payment terms of 45.3 days and only slightly lower inventory turnover rates of 4.5. Net working capital was slightly reduced compared with last year and represented 21.7% of the balance sheet. Even having offset all formerly acquired goodwill against equity in the context of the change of the reporting standard to Swiss GAAP FER, INFICON closed 2012 with a further improved equity ratio of 79.6% after 70.3% last year. The balance sheet is very strong and carries no long-term debt.

CORPORATE GOVERNANCE

2012's Annual General Meeting saw the departure of Chairman Gustav Wirz and Vice-Chairman Paul Otth after many years of successful service. The Meeting elected Vanessa Frey and Dr. Beat E. Lütthi as new Board members

Chairman, CEO
Dr. Beat E. Lüthi >
Lukas Winkler >>



and re-elected current members Dr. Richard Fischer, Beat Siegrist and Dr. Thomas Staehelin for another term of office. Dr. Beat Lüthi was then appointed Chairman at the inaugural Board meeting held directly after the General Meeting. These changes guarantee the seamless continuation of our strategy and reflect the steadfast support of key anchor investors. At the same time, they underline our commitment to maintaining a sound corporate governance structure with a leadership team that has a clear vision of the future and a solid understanding of our target markets. INFICON's Chairman and several Board Members possess long-standing Board experience in companies that are listed on SIX Swiss Exchange and are globally active. Their competencies span a broad range of skills that facilitate INFICON's success, including expertise in the semiconductor industry, global capital goods marketing, industrial procurement and production processes, through to legal and financial expertise. Comprising only five Members, our Board is lean and highly efficient, works together in a structured manner, and engages in an active and open dialogue with the Management team. Annual Board evaluations and feedback sessions with INFICON's Management team also form part of our corporate governance culture. Last but not least, our Board Members are independent of one another and can hence focus on INFICON's business development without any conflict of interest.

Committed to shareholder value

INFICON is an attractive employer that offers rewarding opportunities. Over 30 people joined us since last year with our global staff now comprising 940 people. We wish to extend a warm welcome to all of the newcomers.

2012 was another successful year for INFICON. We have again improved our gross profit and net income margins,

generated strong cash flow and closed the year with a strong balance sheet. It is an honor for us to share this success with our shareholders. The Board of Directors thus proposes to pay out a distribution from reserves from capital contributions of CHF 16 per registered share – CHF 2 more than last year.

OUTLOOK

Board and Management are pleased with INFICON's performance in 2012 and look ahead with confidence. From a current point of view, we expect solid sales volumes for the full year 2013. The consistent renewal and expansion of our product portfolio, the important inroads into new markets and the strategic positioning of INFICON at the heart of important economic and social growth drivers provide a strong foundation that will support our healthy gross margins and result in a solid earnings ratio with operating profit expected to reach between USD 43 to 57 million for the full year 2013.

We would like to thank all our shareholders for their continued support, all our employees for their full commitment and contribution to INFICON's success and all our business partners and customers for their ongoing trust in INFICON to deliver best-performing vacuum instrumentation. Board and Management remain committed to live up to your expectations.

Yours sincerely

Dr. Beat E. Lüthi
Chairman of the Board of Directors

Lukas Winkler
Chief Executive Officer

INVESTOR RELATIONS



COMPANY CAPITAL

The share capital of INFICON Holding AG consists of 2,241,752 registered shares with a nominal value of CHF 5.00 each.

STOCK MARKET TRADING

The registered shares are listed on SIX Swiss Exchange under
 – the SIX Security Number 1102994
 – ISIN CH0011029946
 – the symbol IFCN

IMPORTANT DATES*

* Subject to change

April 19, 2013 First quarter results
 April 24, 2013 Annual General Meeting of Shareholders
 August 8, 2013 Second quarter results / Half-year results 2013
 October 22, 2013 Third quarter results
 March 2014 Fourth quarter / Year-end results 2013

INTERNET/E-MAIL ALERTS

E-mail alerts: The latest financial information from INFICON can automatically be sent via E-mail alert; sign up is available in the Investors section of the INFICON website www.inficon.com

	2008	2009	2010	2011	2012
Key figures per share (CHF)					
Price at beginning of year	182.50				
Price at year end	87.80	117.50	179.50	154.00	219.10
Highest price	184.50	134.20	186.80	208.50	222.20
<i>Date</i>	<i>Jun. 3</i>	<i>Oct. 23</i>	<i>Dec. 7</i>	<i>May 4</i>	<i>Apr. 19</i>
Lowest price	80.05	68.00	119.80	120.00	153.10
<i>Date</i>	<i>Dec. 19</i>	<i>Mar. 10</i>	<i>Jan. 4</i>	<i>Aug. 8</i>	<i>Jan. 6</i>
Earnings per share	11.26	1.06	12.47	18.29	17.86
Equity per share	64.32	62.67	73.78	69.57	76.70
Dividend/Distribution per share	6.00	4.00	10.00	14.00	16.00*

* The proposed distribution is to be paid out from legal reserves.

GLOBAL PRESENCE



20% Sales in North America
345 Employees in North America



36% Sales in Europe
398 Employees in Europe



42% Sales in Asia-Pacific
197 Employees in Asia-Pacific



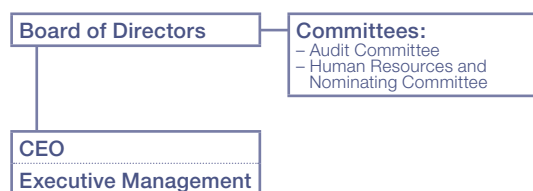
- ▲ Group Administration/Management
- Manufacturing
- Sales entities
- Sales offices

GROUP ORGANIZATION



Board of Directors and Executive Management

From left to right: Beat Siegrist, Dr. Thomas Staehelin, Dr. Richard Fischer, Dr. Beat E. Lüthi (Chairman), Vanessa Frey, Lukas Winkler (CEO), Dr. Ulrich Döbler, Peter Maier, Matthias Tröndle (CFO), Urs Wälchli



Board of Directors	Dr. Beat E. Lüthi Dr. Richard Fischer Vanessa Frey Beat Siegrist Dr. Thomas Staehelin	Chairman Vice Chairman Member Member Member	Zürich, Switzerland Rankweil, Austria Zürich, Switzerland Herrliberg, Switzerland Riehen, Switzerland
Audit Committee	Dr. Thomas Staehelin Vanessa Frey Beat Siegrist	Chairman	
Human Resources and Nominating Committee	Beat Siegrist Dr. Richard Fischer Dr. Thomas Staehelin	Chairman	
Executive Management	Lukas Winkler Matthias Tröndle Peter Maier Dr. Ulrich Döbler Dr. Urs Wälchli	President and Chief Executive Officer Vice President and Chief Financial Officer Vice President and General Manager, Intelligent Sensor Solutions Vice President and General Manager, Leak Detection Tools Vice President and General Manager, Vacuum Control Products	
Investor Relations	Matthias Tröndle, Vice President and CFO INFICON HOLDING AG, Hintergasse 15 B, CH-7310 Bad Ragaz, Switzerland CEO/CFO Office at INFICON AG, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein Tel. +423 388 3512 Fax +423 388 3890 E-mail: matthias.troendle@inficon.com		
Board and Executive Secretary	Elisabeth Kühne, General Secretary to the Board of Directors INFICON, Alte Landstrasse 6, FL-9496 Balzers, Liechtenstein Tel. +423 388 3510 Fax +423 388 3850 E-mail: elisabeth.kuehne@inficon.com		

INTRODUCTION

This Corporate Governance Report explains the principles of management and control of INFICON Holding AG at the highest corporate level in accordance with the Directive on Information relating to Corporate Governance (the Corporate Governance Directive) issued by the SIX Swiss Exchange on October 29, 2008.

Corporate governance of INFICON Holding AG complies with the principles and recommendations of the "Corporate Governance – Swiss Code of Best Practice" dated February 2, 2008. The principles and rules of INFICON Holding AG on corporate governance are laid down in the Articles of Incorporation, Organizational Regulations and the Regulations of the board committees of INFICON Holding AG.

Furthermore, the Company's internal guidelines regarding corporate governance are provided in its Articles of Incorporation, Organizational Regulations, Board Committee Charters, Code of Business Conduct and Ethics, as well as internal policies.

The following Corporate Governance Report follows the structure of the SIX Swiss Exchange directive.

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE

Operational Group Structure

See page 14.

INFICON Holding AG is the parent company of the INFICON group which operates from 16 countries and consists of a parent company, 7 manufacturing companies, 10 sales and service subsidiaries, and a management company located in Bad Ragaz, Switzerland which performs administrative, inter-company financing, and intellectual property management functions. The legal entity structure of the INFICON group is seen on page 13.

Listed Corporation: INFICON Holding AG

INFICON Holding AG is based in Bad Ragaz, Switzerland. It has share capital of TCHF 11,209 made up of

2,241,752 shares with a nominal value of CHF 5 each. Registered shares are listed on the SIX Swiss Exchange under security number 1102994, ISIN CH0011029946 and symbol IFCN.

December 30, 2011, was the last trading day for registered shares of INFICON Holding AG on the Main Standard. Since January 3, 2012, the registered shares of INFICON Holding AG are traded on SIX Swiss Exchange's Domestic Standard.

Market capitalization at December 31, 2012 was TCHF 490,495 based on shares outstanding.

Share Capital and Percentage of Shares Held by Subsidiaries

See statutory financial statements, Note 2, "Investments in Subsidiaries."

1.2 SIGNIFICANT SHAREHOLDERS

Shareholder Structure

Based on number of registered shareholders as of December 31, 2012.

Number of shares	Number of shareholders
> 50,000	8
10,000–50,000	11
1–9,999	1,711
Total	1,730

Shareholders by Country

Based upon number of registered shareholders as of December 31, 2012.

Country	Number of shareholders
Switzerland	1,528
Germany	75
United States of America	41
Liechtenstein	22
Rest of Europe	48
Rest of World	16
Total	1,730

Major Shareholders

See statutory financial statements, Note 3, "Equity."

1.3 CROSS-SHAREHOLDINGS

INFICON Holding AG has no cross-shareholdings.

2 CAPITAL STRUCTURE

2.1 CAPITAL (ISSUED, AUTHORIZED & CONDITIONAL)

Registered shares of CHF 5 each at December 31, 2012:

Issued share capital	2,241,752	TCHF	11,209
Conditional share capital	213,103	TCHF	1,066

The issued share capital comprises 2,241,752 registered shares of CHF 5 each. Each share entitles the registered owner to one vote at the general meeting of shareholders, as well as a share of dividends or distribution from capital contribution reserve, if any, declared by the Company and proceeds from liquidation, corresponding to its nominal value as a percentage of the total nominal value of issued share capital.

2.2 AUTHORIZED AND CONDITIONAL SHARE CAPITAL

The Board of Directors is currently not authorized to issue new registered shares.

The Articles of Incorporation provide for a conditional share capital (according to Art. 653 of the Swiss Code of Obligations). At the Annual General Meeting on April 26, 2012, the shareholders approved the resolution to modify Article 3b of the Articles of Incorporation. Pursuant to this modification, the conditional share capital was increased to TCHF 1,300 through the issuance of 260,000 registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company.

As of December 31, 2012, a total of 46,897 (2011: 20,012) options have been exercised reducing the available conditional shares to 213,103 and the conditional share capital to TCHF 1,066.

2.3 CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are presented in the consolidated statements of shareholders' equity section of the consolidated financial statements for INFICON Holding AG for the years ended December 31, 2012 and 2011. For the year ended 2010, please refer to the 2010 Annual Report.

2.4 SHARES

For further information refer to Note 2.1, "Capital" as above. No participation certificates are issued.

2.5 PROFIT SHARING CERTIFICATES

The Company currently has no profit sharing certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

The Articles of Incorporation contain no special regulations regarding limitations on transferability and nominee registrations.

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

In conjunction with the employee and director stock option programs, current and former employees as well as current and former members of the Board of Directors held as of December 31, 2012 a total of 141,997 options. These options entitle holders to acquire a total of 141,997 registered shares of INFICON Holding AG. All shares resulting from the exercise of stock options are covered by shares that can be created from conditional capital resulting in an increase in share capital. The aggregate par value of shares purchasable by means of outstanding options amounts to TCHF 710. For a more detailed discussion of stock option plans, please see Notes to Consolidated Financial Statements, Note 12., "Stock Option Plans".

The Company currently has no convertible bonds or bonds with warrants.

3 BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS, OTHER ACTIVITIES AND VESTED INTERESTS, AND INTERNAL ORGANIZATIONAL STRUCTURE

Board of Directors and Management Board

Our Articles of Incorporation provide that the Board of Directors may consist of one or more members at any time. Directors are elected and removed by shareholder resolution. Members of our Board of Directors serve one-year terms and may be re-elected upon completion of their term of office. The shareholders may remove the directors without cause. Our five directors currently in office were elected by shareholder resolution.

All members of the Board of Directors are non-executive Board members.

According to the law, the Board of Directors is responsible for the ultimate direction and supervision of INFICON Holding AG. The Board of Directors has delegated the conduct of the day-to-day business operations to the Company's executive officers, who are headed by the

Chief Executive Officer. The Chief Executive Officer is responsible for the management of INFICON Holding AG and for all other matters except for those reserved by law and the Articles of Incorporation. The Board of Directors is required to resolve all matters, which are not defined by the law, Articles of Incorporation, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations the following non-transferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate management of the Corporation and the issuance of the necessary directives;
- Determination of the organization;
- Structuring of the accounting system and of the financial controls, as well as the financial planning insofar as this is necessary to manage the Corporation;
- Appointment and the removal of the persons entrusted with the management and representation of the Corporation and the granting of the signatory power;
- Ultimate supervision of the persons entrusted with the management, particularly with regard to compliance with the law, the Articles of Incorporation and regulations and directives;
- The preparation of the business report as well as the General Meeting of Shareholders, and the implementation of the latter's resolutions;
- Notification of the judge in the case of over-indebtedness;
- Passing of resolutions regarding the subsequent payment of capital with respect to non-fully paid in shares;
- Passing of resolutions confirming increases in the share capital and regarding the amendments to the Articles of Incorporation entailed thereby;
- Examination of the professional qualifications of the specially qualified auditors in those cases in which the law foresees the use of such auditors.

The Board of Directors, as of the date of this report, has established an Audit Committee and a Human Resources and Nominating Committee. Each of these committees has regulations, which outline its duties and responsibilities. The Board of Directors elects the Chairman for each committee. The committees meet regularly carrying out preparatory work to provide the Board of Directors with updates and recommendations at its regular meetings. Their respective chairperson sets the agendas for the committee meetings. The length of the meetings range from an hour up to an entire day, depending on the agenda as decided by the chairman.

The Audit Committee

The Audit Committee consists of three non-executive members of the Board of Directors. Currently, the Audit Committee is comprised of the following members:

Dr. Thomas Staehelin, Chairman
Vanessa Frey
Beat Siegrist

The responsibilities of the Audit Committee include:

- Recommending to the Board of Directors the independent public accountants to be selected to conduct the annual audit of our books and records;
- Reviewing the proposed scope of such audit and approving the audit fees to be paid;
- Reviewing the adequacy and effectiveness of our accounting and internal financial controls with the independent public accountants and our financial and accounting staff;
- Reviewing and approving transactions between the Company, its directors, officers and affiliates; and
- Reviewing and reassessing, on an annual basis, the adequacy of our audit committee charter.

The Human Resources and Nominating Committee

The Human Resources and Nominating Committee is to provide a general review of our compensation and benefit plans to ensure they meet corporate financial and strategic objectives, as well as to make recommendations to the board regarding appointment, dismissal and career development of executive management positions. The responsibilities of the Human Resources and Nominating Committee also include the administration of employee incentive plans. The Human Resources and Nominating Committee consists of three non-executive members of the Board of Directors. Currently, the Human Resources and Nominating Committee is comprised of the following members:

Beat Siegrist, Chairman
Dr. Richard Fischer
Dr. Thomas Staehelin

Frequency of Meetings of the Board of Directors and its Committees

The Board of Directors holds five or more meetings per year and additional ad hoc meetings and conference calls as necessary. The Audit Committee holds four meetings per year in addition to four quarterly conference calls. The Human Resources and Nominating Committee holds four or more meetings per year.

The following table does not include preparation of meetings, travel time as well as various separate meetings:

- Meetings with audit firm
- Meetings with executive management and CFO
- Meetings with shareholders

Number of meetings and conference calls in 2012:

	Board of Directors	Audit Committee	Human Resources and Nominating Committee
Number of meetings in 2012	5	4	4
Approx. average duration of meetings (in hours)	4.3	1.0	1.6
Richard Fischer	5	4	4
Vanessa Frey (Board of Directors member since April 2012)	4	3	3
Beat Lüthi (Board of Directors member since April 2012)	4	3	3
Paul E. Otth (Board of Directors member until April 2012)	—	—	—
Beat Siegrist	5	4	4
Thomas Staehelin	5	4	4
Gustav Wirz (Board of Directors member until April 2012)	2	2	2
PricewaterhouseCoopers calling in	—	1	—
Number of conference calls 2012	1	4	—
Approx. average duration of conference calls (in hours)	0.2	1.4	—
Richard Fischer	—	3	—
Vanessa Frey (Board of Directors member since April 2012)	—	2	—
Beat Lüthi (Board of Directors member since April 2012)	—	2	—
Paul E. Otth (Board of Directors member until April 2012)	1	2	—
Beat Siegrist	1	4	—
Thomas Staehelin	1	3	—
Gustav Wirz (Board of Directors member until April 2012)	1	2	—
PricewaterhouseCoopers	—	4	—

The meetings took place in Balzers (Liechtenstein), Syracuse (USA), Cologne (Germany) and Aaland (Finland).

The Company's Board of Directors is composed of:

BEAT E. LÜTHI, Citizen of Switzerland, 1962

Chairman of the Board of Directors

Educational Background

- 1980–1986 Swiss Federal Institute of Technology, ETH, Master in Electrical Engineering
- 1987–1990 Ph.D. at ETH/BWL on "Management of Industrial Software Projects"
- 1994 INSEAD, Fontainebleau France, International Executive Program

Executive Experience

- 1987–1990 Zellweger Uster (Quality Control Products), Project Manager
- 1990–1998 Mettler-Toledo (Weighing Equipment): Business Unit Leader for System Business General Manager of Mettler-Toledo (Switzerland) AG

- 1998–2002 Feintool International (Fineblanking Presses and Parts), Chief Executive Officer
- 2002–2007 Mettler-Toledo (Weighing Equipment), Member of the Group Executive Team and President of the Laboratory Division
- Since 2007 CTC Analytics AG (Laboratory Robots), Chief Executive Officer

Previous Board Mandates

- 2002–2005 Soudronic AG, Bergdietikon
- 2007–2010 Uster Technologies AG, Uster
- 2007–2011 Addex Pharma SA, Geneva
- 2007–2011 Stadler Rail AG, Bussnang

Current Board Mandates

- Since 2002 Bossard AG, Zug
- Since 2010 Straumann AG, Basel
- Since 2012 INFICON Holding AG, Chairman

RICHARD FISCHER, Citizen of Austria, 1955

Vice Chairman of the Board of Directors and Member of Human Resources and Nominating Committee

Educational Background

- 1973–1979 Technical University of Vienna, Master of Science in Electrical and Electronical Engineering
- 1979–1982 Technical University of Vienna, Assistant Professor, Ph.D. with excellence

Executive Experience

- 1982–1984 Gama, Access Systems, Austria, R&D Manager and Technical Director
- 1984–2004 VAT Holding AG, Switzerland, Chief Executive Officer

Previous Board Mandates

- 1990–2011 ARS GmbH, Member
- 2008–2009 Netservice AG, Chairman

Current Board Mandates

- Since 1997 VAT Holding AG, Switzerland, Chairman
- Since 2003 INFICON Holding AG, Member

VANESSA FREY, Citizen of Switzerland, 1980

Director, Member of Audit Committee

Educational Background

- 2000–2002 University of St. Gallen, Switzerland Undergraduate Studies in Economics, Business Administration and Law
- 2003–2004 Stockholm School of Economics, Sweden Master of Science in International Economics and Business. Major in Finance

Executive Experience

2004–2006 Handelsbanken Capital Markets, Corporate Finance, Stockholm, Sweden
2007 HSZ Group, Asset Manager, Hong Kong
Since 2007 CEO of Corisol Holding AG, Family Office, Zug

Previous Board Mandates

2010–2011 South Pole Carbon Asset Management
2010–2012 Absolute Invest, Member

Current Board Mandates

Since 2002 Corisol Holding AG, Member
Since 2008 Swiss Small Cap Invest, Member
Since 2008 KWE Beteiligungen AG, Member
Since 2012 Garaventa Lift, Vice Chairwoman
Since 2012 INFICON Holding AG, Member

BEAT SIEGRIST, Citizen of Switzerland, 1960

Director, Member of Audit Committee, Chairman of Human Resources and Nominating Committee

Educational Background

1980–1985 Swiss Federal Institute of Technology, ETH, Master in Electrical Engineering
1987–1988 INSEAD, Fontainebleau France, MBA

Executive Experience

1985–1986 Contraves AG (Defense Equipment), Development Engineer
1987–1993 McKinsey&Co. (Consulting), first McKinsey Fellows in Switzerland, Consultant and Project Manager
1993–1995 Outsourcing AG (Reorganisation and Outsourcing of Productions), Founder and CEO
1996–2008 Schweiter Technologies (Machinery Equipment for Textiles, Semiconductor and Optics), CEO
2008–2012 Essilor (Ophthalmic Lens Manufacturer), Member of the Executive Team and President of machinery division Satisloh, which was sold to Essilor from Schweiter Technologies

Previous Board Mandates

2002–2012 Ismeca Semiconductor Holding SA (CH), Chairman

Current Board Mandates

Since 1996 SSM Schärer Schweiter Mettler AG (CH), Chairman
Since 2000 Satisloh Holding AG (CH), Member
Since 2003 Phoenix Mecano AG (CH), Member
Since 2008 Schweiter Technologies AG (CH), Chairman
Since 2010 INFICON Holding AG, Member

THOMAS STAEHELIN, Citizen of Switzerland, 1947

Director, Chairman of Audit Committee, Member of Human Resources and Nominating Committee

Educational Background

1967–1971 University of Basel, lic. iur. (Master in Law)
1972–1974 University of Basel, Ph.D. in Law
1973–1975 Various traineeships
1975 Admission to the Bar

Professional Experience

1973 Swiss Bank Corporation, London
1974 SG Warburg & Co., Ltd., London (Portfolio Management, Corporate Finance)
1975–today FROMER Advokatur und Notariat, Swiss Corporate and Tax Attorney, and Partner

Previous Board Mandates

1991–2012 Siegfried Holding AG, Vice-Chairman (1991–1998 Chairman)
1996–2008 JRG Gunzenhauser AG, Vice-Chairman
2005–2008 Lenzerheide Bergbahnen AG, Vice-Chairman

Current Board Mandates

Since 1978 Kühne + Nagel International AG, Member
Since 1993 Lantal Textiles, Chairman (since 2010)
Since 2001 INFICON Holding AG, Member
Since 2002 Swissport International AG, Chairman
Since 2005 Scobag Privatbank AG, Chairman
Since 2006 Stamm Bau AG, Chairman

Good Citizenship Mandates

1977–today "Allgemeine Musikgesellschaft Basel", President
1982–today Swiss Association of Privately Held Companies, Chairman since 2008
2001–today Chamber of Commerce of Basle, Chairman
2001–today Member of the Board of Directors of "economiesuisse" (Swiss Business Federation)
2006–today Swiss Business Association Saudi Arabia (SBASA), Chairman, and Saudi Swiss Business Council (SSBC), Co-Chairman

GUSTAV WIRZ, Citizen of Switzerland, 1945

Chairman of the Board of Directors and Member Audit Committee until May 10, 2012

Gustav Wirz's statutory terms of office started in 2004 and ended on May 10, 2012.

PAUL E. OTTH, Citizen of Switzerland, 1943

Vice Chairman of the Board of Directors and Member of Audit Committee until May 10, 2012

Paul E. Otth's statutory terms of office started in 2000 and ended on May 10, 2012.

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

For further information refer to Note 3.1.

3.3 ELECTIONS AND TERMS OF OFFICE

According to the Articles of Incorporation, the members of the Board of Directors are elected for a term of one year. Election occurs at the general meeting of shareholders.

The members of the Board of Directors were elected individually as follows:

Board of Directors	Date First Elected	Term Expires
Beat E. Lüthi	May 2012	May 2013
Richard Fischer	May 2003	May 2013
Vanessa Frey	May 2012	May 2013
Beat Siegrist	May 2010	May 2013
Thomas Staehelin	May 2001	May 2013

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

Refer to page 14.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

The Board of Directors has delegated authority to the Company's executive officers to execute the Company's approved annual budget. INFICON Holding AG has a comprehensive financial and enterprise reporting system to gather and report its financial results. The quarterly financial results are reviewed and approved by the Audit Committee prior to issuance to the public. Additionally, the Board of Directors provides oversight and approval for potential acquisitions or strategic partnerships.

**3.6 INFORMATION AND CONTROL INSTRUMENTS
VIS-À-VIS THE EXECUTIVE MANAGEMENT**

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors in an appropriate format and is presented by the persons bearing responsibility for oversight of the financial and operational aspects of the business.

The Board of Directors receives monthly reports from the Executive Management.

Furthermore, the Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management and processes.

Members of the Board of Directors and Executive Management attend the Audit Committee meetings.

The external auditors, PricewaterhouseCoopers AG, Zurich, conduct their audit in compliance with Swiss law and in accordance with Swiss auditing standards.

4 EXECUTIVE MANAGEMENT**4.1 MEMBERS OF THE EXECUTIVE MANAGEMENT,
OTHER ACTIVITIES AND VESTED INTERESTS,
MANAGEMENT CONTRACTS**

Our executive officers are responsible for our day-to-day management. The executive officers have individual responsibilities established by our Organizational Regulations and by the Board of Directors.

LUKAS WINKLER, Citizen of Switzerland, 1962
President and Chief Executive Officer (since January 2004)

Educational Background

1982–1986 Swiss Federal Institute of Technology (ETH),
Zürich, Dipl. Ing. ETH, BWI
1999–2001 Syracuse University, NY, USA, Executive MBA

Executive Experience

1987–1989 General Motors Europe AG, Switzerland,
Engineer
1989–1991 Maschinenfabrik Rieter AG, Switzerland,
Project-Manager
1991–1992 Maschinenfabrik Rieter AG, Switzerland,
Department Head
1993–1994 UNAXIS-Balzers AG, Liechtenstein and
Switzerland, Manager Logistics
1995–1996 UNAXIS-Balzers AG, Liechtenstein and
Switzerland, Manager Production
1996–2003 Balzers and Leybold Instrumentation and
INFICON AG, Liechtenstein,
Vice President and General Manager
(member of the Executive Team)
2004–today INFICON Holding AG, Bad Ragaz, Chief
Executive Officer

MATTHIAS TRÖNDLE, Citizen of Germany, 1960
Vice President and Chief Financial Officer
(since September 2008)

Educational Background

1982–1985 University of Cooperative Education, Mann-
heim, Degree in Business Administration
(Diplom-Betriebswirt)

Executive Experience

1985–1988	Digital Equipment Corporation (DEC), Stuttgart, Financial Analyst Software Development and Sales
1988–1995	Hewlett Packard GmbH, Headquarters Germany Senior Financial Analyst Headquarters Germany Finance Manager of two subsidiaries in Germany and Switzerland Accounts Receivables and Credit Manager Accounting & Reporting Manager Leasing & Remarketing Commercial Manager Leasing & Remarketing Division
1995–2003	Solectron GmbH, Germany, Director Finance Germany
2003–2003	Solectron Romania SRL, Timisoara – Romania, Director Finance Eastern Europe (9 months)
2003–2008	Solectron Europe BV, Amsterdam, Senior Director Finance Europe
2008–today	INFICON Holding AG, Switzerland, Chief Financial Officer

PETER MAIER, Citizen of Germany, 1962

Vice President and General Manager Intelligent Sensor Solutions (since December 2007)

Educational Background

1984–1990	Karlsruhe Institute of Technology (KIT), Master Degree in Business Administration and Engineering with specialization in Operations Research (Dipl.Wirtsch.Ing.)
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Executive Experience

1991–1994	Heidelberg Druckmaschinen AG, Germany, Controller
1994–1996	Deloitte Consulting LLC, US, Consulting Project Manager for SAP Implementations
1996–1998	Leybold Inficon Inc., US, Director of Information Systems
1998–2000	Leybold Inficon Inc., US, Vice President of Finance and Controller for the Instrumentation Division
2000–2008	INFICON Holding AG, Switzerland, Chief Financial Officer
2007–today	INFICON Inc., US, General Manager of Business Unit Intelligent Sensor Solutions

ULRICH DÖBLER, Citizen of Germany, 1955

Vice President and General Manager Leak Detection Tools (since July 2000)

Educational Background

1975–1986	University of Cologne, Diploma in Physics, Ph.D. in Experimental Physics
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Executive Experience

1982–1986	Assistant at the II. Institute of Physics, University of Cologne
1986–1996	Leybold AG, Germany, Manager Application Group, later: Manager of Mechanical Engineering
1997–2000	Leybold AG, Germany, Marketing and Engineering Manager of Leak Detection
2000–today	INFICON GmbH, Germany, General Manager of Business Unit Leak Detection Tools

URS WÄLCHLI, Citizen of Switzerland, 1961

Vice President and General Manager Vacuum Control Products (since March 2004)

Educational Background

1982–1987	University of Bern, Master Degree, lic. phil. nat. in Physics with Philosophy and Mathematics as BA's
1987–1991	University of Bern, Doctoral Thesis, Ph.D. in Experimental Physics
1999–2001	Swiss Federal Institute of Technology (ETH) Zürich, MIM (Master of Industrial Management)

Executive Experience

1993–1994	Balzers AG, Liechtenstein, R&D Physicist, Project Manager
1995–1996	Balzers AG, Liechtenstein, R&D Manager of Product Group Leak Detector
1996–2000	Balzers and Leybold Instrumentation, Liechtenstein, R&D Manager Division Vacuum Measurement
2000–2003	INFICON AG, Liechtenstein, R&D Manager
2004–today	INFICON AG, Liechtenstein, General Manager of Business Unit Vacuum Control Products

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

Refer to Note 4.1 for any activities and vested interests.

4.3 MANAGEMENT CONTRACTS

INFICON Holding AG has not entered into any management contracts with third parties outside the Group.

5 COMPENSATION, SHAREHOLDINGS AND LOANS

Please refer to the compensation report pertaining to compensation, shareholdings and loans, as well as the content and method of determining the compensation and shareholdings programs.

6 SHAREHOLDER PARTICIPATION

6.1 VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS

Each of our shares carries one vote at our shareholders' meetings. Voting rights may be exercised only after a shareholder has been recorded in our share register (Aktienbuch) as a shareholder with voting rights. We may enter into agreements with banks or financial companies which hold shares for the account of other persons (nominees) regarding the exercise of the voting rights related to the shares. Registration with voting rights is subject to restrictions.

Our shares are cleared and settled through SIS Segaintersettle AG. The shares will not be physically represented by certificates but, will be managed collectively in book-entry form by SIS Segaintersettle AG. Shareholders are therefore not entitled to have their shares physically represented and delivered in certificate form (aufgehobener Titeldruck). They can, however, request a statement confirming their ownership of the shares.

6.2 STATUTORY QUORUMS

The Articles of Incorporation contain no quorums greater than that set out by the applicable legal provisions.

6.3 GENERAL MEETINGS OF SHAREHOLDERS

The Articles of Incorporation contain no rules on the convocation of the General Meeting of Shareholders that differ from applicable legal provisions.

6.4 AGENDA

Shareholders holding shares with a par value of at least TCHF 500 have the right to request in writing, at least 50 days prior to the day of the respective shareholders' meeting, that a specific proposal be discussed and voted upon at such shareholders' meeting.

6.5 ENTRIES INTO THE SHARE REGISTER

Only those shareholders with voting rights whose names were recorded in the Company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting, i.e. not more than 3 to 4 weeks before the General Meeting. There are no exceptions to this rule regarding the closing date for registration.

7 CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company's Articles of Incorporation do not include "opting-out" or "opting-up" clauses and accordingly under Article 32 of the Swiss Securities Exchanges and Securities Trading Act a shareholder who acquires 33⅓% or more of the Company's shares is obliged to submit a public offer for the remaining shares.

7.2 CLAUSES ON CHANGES OF CONTROL

The Management and Key Employee Stock Option plan contains a provision whereby all unvested outstanding options vest upon a change in control and the one year restriction on exercise of options for the Directors Stock Option plan is released upon a change in control.

8 AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

Statutory auditors pursuant to Art. 727 and 728, respectively, of the Swiss Code of Obligations is PricewaterhouseCoopers AG, Zürich, elected for one year. PricewaterhouseCoopers AG commenced its mandate as statutory auditors of INFICON Holding AG in June 2002. The lead engagement partner, Mr. Stefan Räbsamen, has been responsible for the audit of the statutory and consolidated financial statements of INFICON Holding AG since financial year 2009. The significant subsidiaries of INFICON Holding AG are audited by member firms of PricewaterhouseCoopers.

8.2 AUDITING FEES

Audit fees of the Group Auditor for the 2012 audit were approximately TUSD 320 (TCHF 300).

8.3 ADDITIONAL FEES

Fees paid to Group Auditor for non-audit services, consisting of tax services, rendered during 2012 were approximately TUSD 208 (TCHF 195).

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee appointed PricewaterhouseCoopers AG in 2002 as a lead auditor.

Each year the Audit Committee reviews and discusses the scope of the proposed audit work and the timely quarterly reviews, and evaluates the performance and fees of the auditors. Periodically the lead auditor participates in the Audit Committee meetings. In 2012 the audit firm attended four conference calls and one meeting calling in (see Frequency of meetings of the Board of Directors and its Committees).

Criteria applied to the performance and compensation evaluation of PricewaterhouseCoopers includes: technical and operational competence, independent and objective view, sufficient resources employed, focus on areas of significant risk to INFICON, ability to provide effective, practical recommendations and effective communication and coordination with the Audit Committee and financial management.

Following the audit work, the auditors submit a report on their results, including all communications required, to the Audit Committee and to the Board of Directors in accordance with Swiss auditing standards. The Audit Committee meets with the auditors to discuss and review their feedback. Based on this information, the Audit Committee determines changes and improvements as necessary.

9 INFORMATION POLICY

INFICON Holding AG pursues an information policy which is based on truthfulness, timeliness, and continuity. Matters affecting the share price are published immediately as ad hoc announcements, in accordance with the obligation to publish on the SIX Swiss Exchange. Annual financial reports are published online for the benefit of shareholders and potential investors in March following the year end closing. Key financial figures are prepared and issued in a press release on a quarterly basis. A 2012 half-year report was published online in August 2012. Information available for investors can be found at www.inficon.com.

COMPENSATION REPORT

INTRODUCTION

This report describes the principles of remuneration at INFICON. Unless otherwise indicated, all information refers to the financial year 2012 closed on December 31, 2012. This report also follows the recommendations defined in Appendix 1 to the Swiss Code of Best Practice for Corporate Governance published by *economiesuisse* and complies with Chapter 5 of the Appendix to the SIX Guidelines concerning information on corporate governance and the requirements regarding transparency as defined in Art 663b bis und Art 663c of the Swiss Code of Obligations.

1 REMUNERATION POLICY

INFICON is a globally active company which maintains a remuneration policy in accordance with general market practice and individual performance. This ensures the Company's ability to hire and retain the right talent. Individual remuneration complies with requirements, skills, performance and the Company's economic success. Overall remuneration policy is performance oriented and contains a variable component which applies to all staff.

The Human Resources and Nominating Committee annually review the principles of the remuneration policy. Based on a proposal of this Committee, the Board of Directors decides on the level of compensation for the members of the Board and the Executive Management annually once the audited financial results have been submitted to the Board.

No consultant was appointed by the Board of Directors to develop the principles of the remuneration policy.

2 COMPENSATIONS FOR ACTING MEMBERS OF GOVERNING BODIES

Compensation of Board of Directors, members of Executive Management as well as the highest-paid member of the Executive Management are displayed in tabular form in the Notes to Consolidated Financial Statements, Note 19, "Additional Information Required by Swiss law".

3 BOARD OF DIRECTORS COMPENSATION

Remuneration of the Chairman of the Board of Directors and other Board members comprises a fixed cash component and a component consisting of stock options.

The Human Resources and Nominating Committee annually propose the total compensation levels for the Chairman and the other members of the Board. The Human Resources and Nominating Committee bases its judgement on Committee member's experience, which is supported by external compensation surveys as and when required. The Board of Directors then decides on the level of cash compensation and the stock options allotment for the members of the Board. Every Board member receives a fixed number of stock options according to their responsibilities and functions.

The total compensation paid to the Board of Directors conforms to conferred responsibilities and market conditions.

Stock options have a duration of seven years. They are exercisable one year after allocation. The exercise price equals the quoted market price on the day of the option allotment. The allotment occurs five working days after the Ordinary Annual General Meeting. The amount of stock options remained unchanged versus the prior year.

Neither attendance fees nor flat rate expenses are paid.

The compensation of the Chairman and the other Board members did not change over the previous year.

4 COMPENSATION FOR FORMER BOARD OF DIRECTORS MEMBERS

No compensations were paid.

5 COMPENSATION TO MEMBERS OF THE EXECUTIVE MANAGEMENT

Based on a proposal of the Human Resource and Nominating Committee, the Board of Directors decides annually on the compensation for Executive Management. The Human Resources and Nominating Committee bases its judgement on Committee member's experience and if necessary by sporadic external compensation benchmarks. The benchmarks are based on the specific positions as well as the market and employment conditions in the relevant country.

CEO and Executive Management receive a fixed base cash salary, a performance and results oriented bonus, as well as a fixed number of INFICON Holding AG stock options according to their functional grade.

The performance and results oriented bonus serves as an incentive to achieve short-term goals and options affect a long-term relationship to the enterprise. The composition and amount of the compensation are in accordance with the sector and labour market and are reviewed annually. The bonus depends on the fulfillment of individual/strategic performance goals and on the company's economic performance. For Executive Management members the target bonus is at 50% of the base salary and 60% for the CEO. The economic performance is based on operating profit as well as on working capital, weighted for 70%. Weighting of individual/strategic goals accounts for 30%. Yearly goals are defined by the Board of Directors.

The base compensation of the Executive Management members did change over the previous year. Variable compensation has been adjusted according to the economic performance and the individual performance objectives.

Share-based remuneration in terms of options is a long-term incentive. A fixed number of stock options are allotted to each member of the Executive Management. The amount of stock options remained unchanged versus the prior year. They have a duration of seven years. Each year a quarter of the options may be exercised. The allotment occurs five working days after the Ordinary Annual General Meeting.

6 SEVERANCE COMPENSATIONS

No severance payments have been contractually defined for members of the Board of Directors or the Executive Management. For the financial year 2012 no severance compensations were paid.

7 LOANS TO GOVERNING BODIES

No loans were granted to members of the Board of Directors or Executive Management.

8 EMPLOYMENT CONTRACTS

The employment contracts of the Executive Management members make no provision for unusually long notice periods or contract terms. Furthermore, allotted options of option plan participants are automatically fully vested.

9 SHARE OWNERSHIP OF GOVERNING BODIES

The members of the Executive Management held together on December 31, 2012 directly and indirectly a total of 0.26% bearer shares or 0.26% of the voting rights of INFICON. The members of the Board of Directors held together on December 31, 2012 directly and indirectly a total of 20.91% bearer or 20.91% of the voting rights in INFICON. Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.65% in INFICON Holding AG.

ENVIRONMENTAL PROTECTION, SAFETY AND PRODUCT STEWARDSHIP

1 COMPREHENSIVE APPROACH

INFICON's approach to sustainability is a comprehensive one. In its business decisions and conduct the Company takes into account economic, environmental and social aspects at both strategic and operational level. In an external rating carried out in 2012, INFICON was compared against a select group of peer companies in Switzerland and received an above-average rating for sustainability. The comprehensive review included the following criteria: "Renewal and adaptability; cycles of material, energy, and information; interconnection of organization and operations; location and needs; materials usage as well as systems and legal compliance" (Source: Swiss & Global Asset Management AG, 2012).

2 GENERAL

INFICON's commitment to sustainability is evidenced by the fact that all manufacturing sites strive to obtain ISO 14001 certification and to maximize the resource and energy efficiency of products. INFICON also observes the standards set out in the Code of Conduct of the "Electronic Industry Citizenship Coalition (EICC)."

All manufacturing facilities observe and comply with international and regional legislation, as well as guidelines.

3 ENVIRONMENTAL STEWARDSHIP

Environmental protection, safety and product stewardship have long been key priorities at INFICON. The first manufacturing facility already met ISO 14001 standards as early as 1998. All key facilities have since then achieved these standards, and have passed interim audits as well as re-certification.

Environmental management means that all ecological aspects are analyzed systematically and that the corresponding need for action is identified. The manufacturing facilities are themselves in charge of setting priorities and implementing the actions they deem necessary.

The Company observes the RoHS directive 2002/95/EG (now 2011/65/EU) on the restriction of the use of certain hazardous substances in electrical and electronic equipment, the European Union's REACH regulation on chemicals and their safe use, and monitors the "SVHC Candidate List" which lists substances of very high concern.

Two key manufacturing facilities are certified according to the Canon group's "Green Procurement Standards," which include four elements: "A: Environmental management system for business activities," "B: Performance of business activities," "C: Management of chemical substances in products," and "D: Performance of parts and materials."

4 RESOURCE AND ENERGY EFFICIENCY

Resource conservation is important to INFICON and is individually driven by the locations. One key manufacturing facility wanted to reduce energy consumption by 5%, and was able to reduce it by 6% compared with the prior year. Another site is planning to install a heat recovery system for its new building. Others save energy by optimizing lighting systems.

The main area in which resources are conserved is "travel and transport" and "storage." INFICON implemented video conferencing systems at all sites to reduce travel. The combination of reduced storage, optimization of transport routing and means, coupled with economic use of raw materials has resulted in a further reduction of waste.

A case in point: INFICON introduced a number of "travel and transport" actions (commuting to work concepts, impact on transportation route and means, video conferencing) at one manufacturing facility, and thus were able to bring down CO₂ emissions by 42% (from 2007 to 2009), and to keep them at that level.

INFICON strives to maximize its resource and energy efficiency across the entire life span of its products and manufacturing facilities, beginning with the production of materials and processes, extending to their use, decommissioning and ultimate disposal. For a newly developed manufacturing equipment, operational energy consumption was reduced by 13.7 MWh/a and CO₂ emissions were reduced by 3.6 t CO₂/a. This amounts to an energy reduction of 88% compared with the previous production set-up.

Moreover, the Company observes the UN Security Council Report S/2006/525 regarding so called "conflict minerals."

5 SAFETY AND HEALTH AT WORK

Employee safety is a top priority at INFICON. The Company has endeavored for many years to prevent accidents from happening at all sites and to limit their secondary effects. To this end, employees are regularly trained and educated on work safety and health protection.

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FINANCIAL REVIEW

(US Dollars in Millions)

INCOME STATEMENT

Net Sales

Net Sales decreased by MUS\$ 14.9 or 4.8% to MUS\$ 297.2 in 2012 from MUS\$ 312.1 in 2011, with a negative impact of MUS\$ 6.6 or 2.1% from changes in currency exchange rates. Acquisitions in 2011 contributed MUS\$ 5.8 or 1.9% to the sales growth. The Specific Vacuum Process Industries market experienced a decrease in sales of USD 14.6 million or 13.2% due to a decreased demand from semiconductor and equipment makers, as well as for thin film coating processes mainly in North America. The General Vacuum Processes market sales decreased by USD 7.9 million or 6.0% largely due to a decrease in sales to European distributors and direct sales to industrial OEM's devices. Refrigeration & Air Conditioning sales decreased 5.3% or USD 2.7 million mainly due to the decrease in sales to RAC manufacturers in Asia. Emergency Response & Security market sales increased 56.3% or USD 10.3 million primarily due to increased government spending for security and environmental applications especially in Asia and North America.

Gross Profit

Gross profit margin was 49.5% for 2012 versus 47.8% for 2011. The increase is driven by a further reduction of production costs as well as a favorable product mix.

Research and Development

Research and development costs increased to MUS\$ 26.7 from MUS\$ 24.7 in 2011. The USD 2.0 million increase is driven by new hires and acquisitions and reflects intensified new product development efforts. The Company maintained focus on new product development and integration of new technologies. The spending on research and development as a percentage of net sales ended at 9.0% in 2012 versus 7.9% in 2011.

Selling, General and Administrative (SGA)

Selling, general, and administrative costs decreased to MUS\$ 70.2 or 23.6% of sales in 2012 from MUS\$ 71.2 or 22.8% of sales in 2011. The slightly decreased dollar amount reflects investments into our sales force and acquisitions, offset by lower commissions on sales and variable compensation.

Income from Operations

Income from Operations slightly decreased to MUS\$ 50.1 or 16.9% of net sales for 2012 from MUS\$ 53.3 or 17.1% of net sales for 2011. The profitability was impacted by the decline in sales that was offset by the improved gross profit margin and a cost structure that has been kept under control.

Financial result

Interest income remained stable on MUS\$ 0.1 for 2012 versus 0.1 MUS\$ for 2011. Foreign currency losses accounted for MUS\$ 1.5 of the expense for 2012 versus MUS\$ 0.8 in 2011.

Non-operating result

Other Income was MUS\$ 4.5 for 2012 as compared with Other Expense of MUS\$ 0.1 for 2011. The result of 2012 was impacted by the sale of INFICON's non-core business vacuum valves product line.

Provision for Income Taxes

Provision for income taxes rose to MUS\$ 13.3 or 24.9% of income before taxes for 2012 from a provision of MUS\$ 12.2 or 23.3% of income before taxes for 2011. The slightly higher effective tax rate was driven by the mix in earnings and tax rates among the Company's different tax jurisdictions.

Net income and diluted earnings per share

Net income and diluted earnings per share was USD 39.9 million and 17.86 for 2012 as compared with USD 40.3 million and 18.29 for 2011. The 2.4% decrease in earnings per share is a result of the 0.9% decrease in net income.

BALANCE SHEET AND LIQUIDITY

Trade accounts receivable, net decreased by MUSD 1.1 to MUSD 36.1 at December 31, 2012 as compared with MUSD 37.2 at December 31, 2011. This decrease was primarily driven by lower Days Sales Outstanding, ending at 45.3 days for 2012 versus 47.8 days for 2011 using a 4-point average of quarter-end balances.

Inventories, net slightly decreased by MUSD 0.3 to MUSD 31.6 at December 31, 2012 as compared with MUSD 31.9 at December 31, 2011. Inventory turns slightly decreased to 4.5 in 2012 versus 4.9 in 2011 using a 4-point average of quarter-end inventory balances.

Cash and short-term investments at December 31, 2012 totaled MUSD 92.2 an increase of MUSD 1.1 when compared with MUSD 91.1 at December 31, 2011. The Cash Flow from operations totaled MUSD 48.8 in 2012 versus MUSD 46.5 in 2011.

CONSOLIDATED BALANCE SHEET

(US Dollars in Thousands, except share and per share amounts)

	Note	December 31, 2012	December 31, 2011
ASSETS			
Cash and cash equivalents		92,237	88,715
Short-term investments		0	2,360
Trade accounts receivable, net	4	36,149	37,194
Inventories	5	31,566	31,866
Prepayments and accrued income		1,011	1,053
Other current assets		3,708	3,709
Total current assets		164,671	164,897
Property, plant and equipment	6	29,921	28,055
Intangible assets	8	4,633	4,587
Deferred tax assets		14,543	18,932
Financial assets		1,785	1,631
Total non-current assets		50,882	53,205
Total assets		215,553	218,102
LIABILITIES AND SHAREHOLDERS' EQUITY			
Trade accounts payable		6,004	6,621
Short-term borrowings		2,323	17,466
Short-term provisions	10	15,611	14,742
Income taxes payable		3,187	9,016
Accrued expenses and deferred income	9	12,305	9,828
Other current liabilities		529	463
Total current liabilities		39,959	58,136
Long-term provisions	10	838	3,540
Deferred tax liabilities		3,233	2,549
Pension liabilities	13	0	544
Other non-current liabilities		0	102
Total non-current liabilities		4,071	6,735
Total liabilities		44,030	64,871
Common stock	11	6,279	6,147
Capital reserves		17,472	43,595
Retained earnings		147,772	103,489
Total shareholders' equity		171,523	153,231
Total liabilities and shareholders' equity		215,553	218,102

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME

(US Dollars in Thousands, except per share amounts)

Year ended December 31,	Note	2012	2011
Net sales	14	297,208	312,090
Cost of sales		150,216	162,851
Gross profit		146,992	149,239
Research and development		26,668	24,727
Selling expense		29,326	28,255
General and administrative expense		40,887	42,938
Operating result		50,111	53,319
Financial result		(1,411)	(686)
Ordinary result		48,700	52,633
Non-operating result	3	4,503	(109)
Earnings before income taxes (EBT)		53,203	52,524
Income taxes		13,272	12,240
Net result		39,931	40,284
Earnings per share:	15		
Basic		18.01	18.43
Diluted		17.86	18.29

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(US Dollars in Thousands, except share and per share amounts)

	Note	Common stock	Capital reserves	Retained earnings	Foreign currency adjustments	Accumulated other comprehensive income (loss)	Total shareholders' equity
At January 1, 2011 according to US GAAP		6,091	69,578	120,404	(43,357)	7,470	160,186
Reclassification of FX differences				(43,357)	43,357		0
Reclassification of other comprehensive income				7,470		(7,470)	0
Charge of goodwill from acquisitions				(19,434)			(19,434)
Charge of acquired customer relationships (as part of goodwill)				(1,030)			(1,030)
Pension assets and liabilities				3,026			3,026
Elimination of stock option effects			(2,989)	2,989			0
Effect on deferred taxes				(1,954)			(1,954)
At January 1, 2011 according to Swiss GAAP FER		6,091	66,589	68,114	0	0	140,794
Net income				40,284			40,284
Foreign currency translation adjustments					537		537
Issuance of common stock from exercise of stock options	12	56	2,354				2,410
Distribution from legal reserve (CHF 10 per share)			(25,348)				(25,348)
Goodwill offset against equity (from acquisition)				(6,740)			(6,740)
Goodwill offset against equity (acquired customer relationship)				(606)			(606)
Reduction in Goodwill offset against equity (from change in contingent consideration)				1,900			1,900
Pension assets and liabilities							0
Balance at December 31, 2011		6,147	43,595	102,952	537	0	153,231
Net income				39,931			39,931
Foreign currency translation adjustments					2,096		2,096
Issuance of common stock from exercise of stock options	12	132	7,744				7,876
Distribution from legal reserve (CHF 14 per share)			(33,867)				(33,867)
Adjustment of goodwill				2,256			2,256
Balance at December 31, 2012		6,279	17,472	145,139	2,633	0	171,523

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The accompanying notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(US Dollars in Thousands)

Year ended December 31,	Note	2012	2011
Cash flows from operating activities:			
Net income		39,931	40,284
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6	5,575	6,498
Amortization	8	1,175	91
Deferred taxes		5,152	7,461
Changes in operating assets and liabilities, excluding effects from acquisition:			
Trade accounts receivable		889	1,847
Inventories		698	(2,123)
Other assets		320	(1,205)
Trade accounts payable		(837)	(1,674)
Accrued liabilities		3,050	(3,877)
Income taxes payable		(6,044)	4,256
Other liabilities		(1,120)	(5,059)
Net cash provided by operating activities		48,789	46,499
Cash flows from investing activities:			
Purchases/Disposals of property, plant and equipment		(6,646)	(7,526)
Purchases/Disposals of intangible assets		(1,169)	507
Acquisitions of businesses net of cash acquired	3	(654)	(10,428)
Change in short-term investments		2,360	(150)
Net cash used in investing activities		(6,109)	(17,597)
Cash flows from financing activities:			
Proceeds from exercise of stock options	12	7,876	2,410
Cash dividend paid		(33,867)	(25,348)
Increase in short-term borrowings		0	15,014
Decrease in short-term borrowings		(15,143)	(1,000)
Net cash used in financing activities		(41,134)	(8,924)
Effect of exchange rate changes on cash and cash equivalents		1,976	619
Change in cash and cash equivalents		3,522	20,597
Cash and cash equivalents at beginning of period		88,715	68,118
Cash and cash equivalents at end of period		92,237	88,715

Since January 1, 2012 the consolidated financial statements have been prepared in accordance with Swiss GAAP FER. Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The accompanying notes form an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(US Dollars in Thousands, except share and per share amounts)

1 DESCRIPTION OF BUSINESS

INFICON Holding AG (INFICON or the “Company”) is domiciled in Bad Ragaz, Switzerland, as a corporation (Aktien-gesellschaft) organized under the laws of Switzerland.

The Company's stock is traded on the SIX Swiss Exchange in Switzerland. INFICON provides world-class instruments for gas analysis, measurement and control, and our 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. The Company also leverages its expertise in vacuum technology to provide unique, toxic chemical analysis products for emergency response, security, and environmental monitoring.

INFICON has world-class manufacturing facilities in Europe, the United States and China, as well as subsidiaries in China, Finland, France, Germany, India, Italy, Japan, Korea, Liechtenstein, Singapore, Sweden, Switzerland, Taiwan, the United Kingdom and the United States.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements give a true and fair view of the financial position, results of operations and cash flows of the Company. They have been prepared in accordance with the complete set of Swiss GAAP accounting and Reporting Recommendations (Swiss GAAP FER) and are based on the subsidiaries' annual financial statements at December, 31, which are prepared using uniform classification and accounting policies. The consolidated financial statements are prepared under the going concern assumption, based on the historical cost principle with the exception of certain items such as derivative financial instruments and short-term investments, which are carried on the balance sheet at their current value. The consolidated financial statements comply with

the Listing Rules of the SIX Swiss Exchange and the provisions of Swiss Corporation Law. The Board of Directors of INFICON Holding AG approved the consolidated financial statements on March 12, 2013 for submission to the Annual General Meeting on April 24, 2013. The previous year comparatives have been restated to conform to the presentation of the current financial year to ensure comparability.

Conversion from US GAAP to Swiss GAAP FER

The company decided to change its financial reporting standard from US GAAP to Swiss GAAP FER, effective January 1, 2012.

The accounting standards IFRS and US GAAP will converge significantly in the coming years. The related regulatory changes, including the increasingly elaborate and complex regulatory details, audit provisions, and the high internal and external costs that go along with these standards are making them less and less suitable for small and medium-sized companies listed on SIX Swiss Exchange. INFICON has thus submitted its request to SIX Swiss Exchange to migrate the listing of its shares from the Main Standard to the Domestic Standard where SWISS GAAP FER is an accepted reporting standard. Swiss GAAP FER enables the Company to present high-quality consolidated financial statements in accordance with the “true and fair view” principle.

The significant changes of accounting policies and presentation according to Swiss GAAP FER compared with the previously applied US GAAP accounting policies are summarized hereafter:

Acquisitions and goodwill

At the date of acquisition, goodwill from acquisitions as well as acquired customer relationships are fully offset against equity according to the allowed treatment of Swiss GAAP FER 30, “Consolidated financial statements”. According to US GAAP, goodwill from acquisitions was capitalized and tested annually for impairment. Similarly, acquired customer relationships were capitalized and amortized on a straight-line basis over their estimated useful lives.

During acquisitions, the purchase price component contingent upon future performance is estimated at acquisition date and included in the calculation of goodwill. Under US GAAP, any subsequent adjustments to these contingent considerations were included in the income

statement. Under Swiss GAAP FER, any subsequent adjustments are reflected as a change in goodwill and therefore offset against equity.

Pension

According to Swiss GAAP FER 16 "Pension benefit obligations" the existing economic obligations and respective benefits relating to Swiss pension schemes are measured based on the Swiss pension plan financial statements prepared in accordance with Swiss GAAP FER 26 "Accounting of pension plans". The expected economic impacts of pension schemes of foreign subsidiaries are measured according to a valuation method, which is adequate to the respective pension institution. According to US GAAP, defined benefit plans were measured using the projected unit credit method and recognized in accordance with ASC 715.

Share-based payments

Under US GAAP, options granted to directors, to management and key employees under the Stock Option Plans resulted in the recognition of personnel expenses in the amount of the fair value of the options at grant date, allocated over the vesting period of the option. Under Swiss GAAP FER, the granting of such options does not result in the recognition of personnel expenses. Only the effect on equity is recognized at the time the options are exercised.

Foreign currency hedges

According to US GAAP, unrealized gains and losses on foreign currency hedges were allocated to other comprehensive income, which is directly included in equity. Under Swiss GAAP FER, such unrealized gains and losses are included in the income statement.

Presentation and structure

The structure and presentation of the balance sheet, the income statement, the statement of shareholders' equity and the statement of cash flows have been adjusted to reflect the requirements of Swiss GAAP FER.

Summary of conversion adjustments

The mentioned changes in valuation and recognition of assets and liabilities result in corresponding deferred income tax effects in the balance sheet and income statement.

Prior period figures have been restated to conform to the presentation for the current financial period to ensure comparability. The following schedules illustrate the effects of the conversion from US GAAP to Swiss GAAP FER on equity and net result:

	31.12.2011	1.1.2011
Equity according to US GAAP	176,093	160,186

Adjustments on conversion to Swiss GAAP FER:

Charge of goodwill from acquisitions	(26,174)	(19,434)
Charge of acquired customer relationships (as part of goodwill)	(1,634)	(1,030)
Pension assets and liabilities	7,983	3,026
Deferred income tax assets and liabilities	(3,037)	(1,954)
Total adjustment to equity	(22,862)	(19,392)

Equity according to Swiss GAAP FER	153,231	140,794
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	Full year 2011
Net result according to US GAAP	43,716

Adjustments on conversion to Swiss GAAP FER:

Elimination amortization of acquired customer relationships	336
Elimination of adjustment of contingent considerations from acquisitions	(1,900)
Personnel expenses: Pension costs	(4,000)
Personnel expenses: Stock option plan	1,019
Unrealized gain on foreign currency hedges	46
Deferred income tax income	1,067
Total adjustment to net result	(3,432)

Net result according to Swiss GAAP FER	40,284
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Consolidation

These consolidated financial statements include INFICON Holding AG and all companies that INFICON controls. Control exists if INFICON holds directly or indirectly more than half of the voting rights, or has other means of controlling the company.

The financial statements of subsidiaries are prepared using uniform classification and accounting policies. The reporting date for INFICON Holding AG, all subsidiaries and the consolidated financial statements is December 31.

The full consolidation method is applied to all subsidiaries over which control exists. Their assets, liabilities, income and expenses are incorporated in full. The purchase method of consolidation is used to account for the acquisition of subsidiaries. Under this method, the carrying amount of the investment in a subsidiary is offset against the Group's share of the fair value of the subsidiary's net assets. Intercompany transactions and balances are eliminated. Unrealized intercompany profits on goods and services supplied within the Group but not yet sold to third parties are eliminated on consolidation.

Companies over which the Group has the power to exercise decisive influence, generally reflecting a shareholding of between 20% and 50% of the voting rights, are classified as associates and accounted for using the equity method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Companies acquired or established or those in which the Group increases its interest and thereby obtains control during the year are consolidated from the date of formation or date on which control commences. Companies are deconsolidated from the date that control effectively ceases upon disposal or a reduction in ownership interest.

The following companies are included in these consolidated financial statements:

Company	Domicile	Participation rate
INFICON Holding AG	Bad Ragaz (CH)	100%
INFICON GmbH	Bad Ragaz (CH)	100%
INFICON (Guangzhou) Instruments Co., Ltd.	Guangzhou (CN)	100%
INFICON Instruments Shanghai Co. Ltd.	Shanghai (CN)	100%
INFICON GmbH	Cologne (DE)	100%
INFICON Aaland Ab.	Mariehamn (FI)	100%
INFICON S.A.R.L.	Courtaboeuf (FR)	100%
INFICON Ltd.	Hong Kong (HK)	100%
INFICON India Pvt. Ltd.	Pune (IN)	100%
INFICON S.r.l.	Bozen (IT)	100%
INFICON Co., Ltd.	Yokohama-Shi (JP)	100%
INFICON Ltd.	Bungdang (KR)	100%
INFICON AG	Balzers (LI)	100%
INFICON AB	Linköping (SE)	100%
INFICON Pte. Ltd.	Singapore (SG)	100%
INFICON Ltd.	Chubei City (TW)	100%
INFICON Ltd.	Blackburn (UK)	100%
INFICON Inc.	Syracuse, NY (US)	100%
INFICON EDC Inc.	Overland Park, KS (US)	100%

Significant Accounting Policies and Estimates

The preparation of financial statements in conformity with Swiss GAAP FER requires management to make estimates and assumptions that affect the reported and disclosed amounts of (contingent) assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses. Management bases its estimates and judgments on historical experience and on various other factors believed to be reasonable under the circumstances that form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The main estimates include pension, deferred taxes, reserves, accruals and provisions.

Cash and Cash Equivalents and Short-Term Investments

The Company considers all highly-liquid investments with an original maturity of three months or less on their acquisition date to be cash equivalents. The Company classifies investments with an original maturity of more than three months on their acquisition date as short-

term investments. Short-term investments consist of certificates of deposit, time deposits, or money market mutual funds.

Trade Accounts Receivable

Trade accounts receivable and other current receivables are recognized at nominal value less allowance for any impairment. Doubtful receivables are provided for by way of specific allowances for known or alleged specific risks. Furthermore, an additional lump-sum allowance is set-up based on accounts receivable aging and taking into account the actual losses expected based on past experience.

Inventories

Inventories are stated at the lower of cost and net realizable value. Purchasing discounts received are offset against the production cost of inventories. Production cost comprises all direct material and manufacturing costs as well as those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined by the moving average method. Appropriate provisions are made for slow-moving inventories and obsolete inventories are fully written off. If the net realizable value of inventories is lower than their purchase price or production cost, then their carrying amount is written down as necessary.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation and less any impairment loss. Expenditures for major renewals and improvements that extend the useful lives of property, plant and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is recognized in earnings. The company does not depreciate land.

The estimated useful lives and depreciation periods in years are as follows:

Category	Years
Buildings and improvements	20–30
Machinery and production equipment	5–10
Vehicles	5–10
Content, furniture and fixtures	5–10
Business machines	5–10
Information technology (hardware)	3

Intangible Assets

Acquired intangible assets are recognized in the balance sheet if they are to bring measurable benefits to the company over several years. They are valued at historical cost less straight-line amortization over the estimated useful lives of 3 to 10 years.

Goodwill

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the recognized assets and liabilities at the date of acquisition. Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed in the notes to the consolidated financial statements. For the determination of goodwill from acquisitions, parts of the purchase price contingent on future performance are estimated at the date of acquisition. Any changes in contingent consideration are offset against goodwill in equity. Goodwill may also arise upon investments in associates, being the excess of the cost of investment over the Group's share of the fair value of the net identifiable assets.

Impairment of non-current assets and goodwill

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible assets, financial assets as well as goodwill offset against equity) whether indicators for impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized separately in the income statement. As goodwill is fully offset against equity at the date of acquisition, impairment of goodwill will not affect income, but be disclosed in the notes to the consolidated financial statements.

Pension Benefits

Pension benefit assets and obligations are recognized in the consolidated financial statements according to legal regulations of the respective countries. The actual economic impact of pension plans is calculated at each balance sheet date. A pension asset is recorded when an economic benefit exists, meaning that such economic benefit will be used to reduce future pension contributions by the Company. A pension liability is recognized when an economic obligation exists, meaning if the requirements to record a provision are met.

Trade payables and other payables

"Trade accounts payable" and "Other liabilities" are recognized at par value.

Bank debt

Bank debt is recognized at nominal value. Discounts are netted with bank debt and recognized on a straight-line basis in the financial result of the income statement over the period of the respective bank loan. Bank debt is

classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. A provision for the expected costs associated with restructuring is recognized when a detailed restructuring plan has been developed and the measures have been approved and communicated before the balance sheet date.

Revenue Recognition

Revenue is recognized when risks and rewards as well as control has been passed to the acquirer and income and related expenses can be determined reliably. This generally coincides with the delivery of goods or the rendering of service.

Research and Development

Research and development costs are expensed as incurred.

Shipping and Handling Costs

Revenue and costs associated with shipping products to customers are included in sales and cost of sales, respectively.

Stock option plan

Since 2001, a stock option plan for Directors, as well as for management and key employees is in place. The granting of options under the stock option plan does not result in the recognition of personnel expenses. The effect on equity is recognized in equity at the time the options are exercised.

Income Tax Expense

Current income tax is calculated on taxable profits for the year and recognized on an accrual basis. Deferred income tax is provided, using the liability method, on all temporary differences and recognized as tax liabilities or assets. Temporary differences arise between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The same method is also used to provide for differences arising on acquisitions between the fair value and tax base of the assets acquired. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right and intends to settle its current tax assets and liabilities on a net basis. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date. Tax losses carried forward and tax credits are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Foreign Currency Translation

The functional currency of the Company's foreign subsidiaries is the applicable local currency. For those subsidiaries, assets and liabilities are translated to US Dollars at year-end exchange rates. Income and expense accounts are translated at the average monthly exchange rates in effect during the year. The effects of foreign currency translation adjustments are taken to retained earnings (currency translation difference) and not recognized in the income statement.

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

Currency	Period-end rates		Average rates	
	2012	2011	2012	2011
Swiss Franc	1.0913	1.0644	1.0655	1.1318
Euro	1.3183	1.2939	1.2849	1.3928
Japanese Yen	0.0116	0.0129	0.0126	0.0126
Hong Kong Dollar	0.1290	0.1287	0.1289	0.1285
Korean Won	0.0009	0.0009	0.0009	0.0009

3 ACQUISITIONS AND DISPOSALS

Verionix

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. At the acquisition date, the Company had performed a fair value calculation which resulted in USD 4,600 of contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date.

As of November 4,	2009
Inventory	57
Equipment	15
Goodwill	4,848
Intangible assets	290
Net assets acquired	5,210
Accrued contingent consideration	(4,600)
Purchase price at closing	(610)
Total fair value of consideration	(5,210)

As of December 31, 2012, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 1,900, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of December 31, 2012, the fair value of the contingent consideration amounts to USD 200.

Cumulative Helium Leak Detection (CHLD)

On December 22, 2010, the Company acquired the Cumulative Helium Leak Detection (CHLD) technology from the Pernicka Corporation. The acquisition expands the Company's position in the hermetic sealed parts market. It also increases opportunities for the Company in the medical implants, electronic hybrid circuits and components for satellites markets.

The purchase price was USD 1,500 at closing. Additionally, there is an earn-out to be paid based on units sold over a four year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 500 of contingent consideration.

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

As of December 22,	2010
Inventory	31
Goodwill and intangible assets	1,969
Net assets acquired	2,000
Accrued contingent consideration	(500)
Purchase price at closing	(1,500)
Total fair value of consideration	(2,000)

As of December 31, 2012, the fair value of the contingent consideration amounts to USD 500.

Adixen

On August 31, 2011, the Company acquired the stock of Adixen Scandinavia AB, a global leader in leak detection with hydrogen as a testing gas. This acquisition complements the Company's expertise in leak detection applications with potentially higher leak rates including industries such as public utilities, automotive and fuel cell technology.

The purchase price was USD 7,225, less cash acquired at closing.

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

As of August 31,	2011
Cash and cash equivalents	262
Accounts receivable	595
Inventory	579
Deferred tax assets	369
Other current assets	124
Equipment	321
Goodwill	5,598
Intangible assets	78
Assets acquired	7,926
Accrued liabilities assumed	(701)
Net assets acquired	7,225

Photovac

On November 15, 2011, the Company acquired substantially all the assets of Photovac Inc., a developer and manufacturer of volatile organic compound (VOC) detection equipment. The addition of Photovac's products and sensor technology to the already proven line of chemical detection and monitoring systems will help the Company expand its market reach in environmental monitoring and emergency response markets.

The purchase price was USD 3,465 at closing. Additionally, there is an earn-out to be paid based on units sold over a two year period. At the acquisition date, the Company has performed a fair value calculation which resulted in USD 550 of contingent consideration.

The following table summarizes the fair values of the assets acquired at the acquisition date:

As of November 15,	2011
Inventory	675
Other current assets	90
Equipment	80
Goodwill	1,460
Intangible assets	1,710
Net assets acquired	4,015
Accrued contingent consideration	(550)
Purchase Price at closing	(3,465)
Total fair value of consideration	(4,015)

As of December 31, 2012, the Company has re-evaluated the fair value calculation of the contingent consideration. As a result, the contingent consideration has been reduced by USD 450, which reduced goodwill accordingly, which is offset against equity under Swiss GAAP FER. As of December 31, 2012, the fair value of the contingent consideration amounts to USD 100.

Applied Sensors

On March 1, 2012, the Company acquired substantially all the assets of Applied Sensor Sweden AB, a developer and manufacturer of hydrogen gas sensing products.

The acquisition of the technology and research know-how expands the Company's unique knowledge in hydrogen sensing technology and will help to strengthen its market position in the Refrigeration and Air-Conditioning as well as the Automotive and Industrial market.

The purchase price was USD 659 at closing.

The following table summarizes the fair values of the assets acquired at the acquisition date:

As of March 1,	2012
Fixed assets	350
Goodwill	309
Net assets acquired	659

Vacuum valves

INFICON has sold its vacuum valves product line, which is based at its site in Balzers/Liechtenstein, to VAT, a leading manufacturer of vacuum valves headquartered in Haag/Switzerland, effective as of December 31, 2012. As INFICON does not cover the full range of this product category and thus does not hold a leading market position, the Company does not consider these products to be part of its core business. INFICON will continue to produce the vacuum valves for a transition period to guarantee the seamless production handover to VAT. Phasing out the valve production will lead to a few job redundancies at INFICON's plant in Balzers, which will be achieved by normal personnel turnover and early retirements. After deducting inventory and respective restructuring cost from the selling price, the sale has led to a contribution to the non-operating result of USD 4,300.

The results of these acquisitions were included in the Company's consolidated operations beginning on the date of acquisition. The pro forma consolidated statements reflecting the operating results as if the acquisitions occurred at the beginning of the periods presented, would not differ materially from the operating results of the Company as reported for the twelve months ended December 31, 2012 and 2011, respectively.

4 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable and related bad debt allowance are recorded as follows as at December 31:

	2012	2011
Trade accounts receivable, gross	36,793	37,717
Bad debt allowance	(644)	(523)
Total trade accounts receivable, net	36,149	37,194

5 INVENTORIES

Inventories consist of the following at December 31:

	2012	2011
Raw material	20,726	20,857
Work-in-process	3,303	4,813
Finished goods	7,057	6,196
Advanced payments to suppliers	480	0
Balance at December 31,	31,566	31,866

6 PROPERTY, PLANT, AND EQUIPMENT

The components of property, plant, and equipment consist of the following at December 31:

	Land	Buildings	Machinery and equipment	Capital leases	Prepayments and tangible fixed assets under construction	Other tangible fixed assets	Total
Property, plant and equipment 2012							
At cost							
At January 1, 2012	2,659	15,766	49,730	10,394	433	9,517	88,499
Additions	—	228	4,384	151	2,726	1,589	9,078
Disposals	—	—	(1,201)	(35)	(252)	(532)	(2,020)
Reclassifications	—	—	(1,664)	(67)	(184)	270	(1,645)
Exchange Differences	37	90	510	239	8	375	1,259
At December 31, 2012	2,696	16,084	51,759	10,682	2,731	11,219	95,171
Accumulated depreciations:							
At January 1, 2012	372	9,655	36,805	7,386	—	6,226	60,444
Systematic depreciation	5	516	3,813	425	—	816	5,575
Impairment	—	—	—	—	—	—	—
Disposals	—	—	(827)	(35)	(71)	(465)	(1,398)
Reclassifications	—	—	(1,023)	(67)	71	840	(179)
Exchange Differences	—	27	347	173	—	261	808
At December 31, 2012	377	10,198	39,115	7,882	(0)	7,678	65,250
Net book values:							
At January 1, 2012	2,287	6,111	12,925	3,008	433	3,291	28,055
At December 31, 2012	2,319	5,886	12,644	2,800	2,731	3,541	29,921
Property, plant and equipment 2011							
At cost							
At January 1, 2011	2,707	15,538	45,803	9,981	—	13,163	87,192
Additions	—	311	7,224	391	433	1,985	10,344
Disposals	—	—	(2,490)	—	—	(199)	(2,689)
Reclassifications	—	—	(913)	0	—	(5,216)	(6,129)
Exchange Differences	(48)	(83)	106	22	—	(216)	(219)
At December 31, 2011	2,659	15,766	49,730	10,394	433	9,517	88,499
Accumulated depreciations:							
At January 1, 2011	364	9,134	34,518	6,924	—	9,459	60,399
Systematic depreciation	8	524	4,064	449	—	1,453	6,498
Impairment	—	—	—	—	—	(432)	(432)
Disposals	—	—	(2,412)	—	—	(26)	(2,438)
Reclassifications	—	—	548	—	—	(4,079)	(3,531)
Exchange Differences	—	(3)	87	13	—	(149)	(52)
At December 31, 2011	372	9,655	36,805	7,386	—	6,226	60,444
Net book values:							
At January 1, 2011	2,343	6,404	11,285	3,057	—	3,704	26,793
At December 31, 2011	2,287	6,111	12,925	3,008	433	3,291	28,055

7 GOODWILL

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortization of goodwill is disclosed below:

Theoretical movement schedule for goodwill:

	2012	2011
At cost		
At January 1,	23,674	18,834
Additions from acquisitions of subsidiaries	91	6,806
Subsequent Purchase Price Adjustments	(2,350)	(1,900)
Elimination of fully amortized goodwill items	(6,197)	—
Exchange Differences	143	(66)
At December 31,	15,361	23,674
Accumulated amortization		
At January 1,	15,134	12,215
Amortization expense	1,535	3,047
Elimination of fully amortized goodwill items	(6,197)	—
Exchange Differences	107	(128)
At December 31,	10,579	15,134
Theoretical net book values		
At January 1,	8,540	6,619
At December 31,	4,782	8,540

Goodwill is theoretically amortized on a straight-line basis usually over 5 years.

Impact on income statement:

	2012	2011
Operating result according to income statement	50,111	53,319
Amortization of goodwill	(1,535)	(3,047)
Theoretical operating result incl. amortization of goodwill	48,576	50,272
Net result according to income statement	39,931	40,284
Amortization of goodwill	(1,535)	(3,047)
Theoretical net result incl. amortization of goodwill	38,396	37,237

Impact on balance sheet: The activity of goodwill was as follows:

	2012	2011
Equity according to balance sheet	171,523	153,231
Equity as % of total assets	79.6%	70.3%
Theoretical capitalization of goodwill (net book value)	4,782	8,540
Theoretical equity incl. net book value of goodwill	176,305	161,771
Theoretical equity incl. net book value of goodwill as % of total assets	80.0%	71.4%

8 INTANGIBLE ASSETS

Intangible assets 2012	Technology	Other	Total
At cost			
At January 1, 2012	6,960	7,786	14,746
Additions	43	985	1,028
Disposals	—	(212)	(212)
Reclassifications	65	(1,010)	(946)
Exchange Differences	144	—	144
At December 31, 2012	7,212	7,548	14,760
Accumulated amortization			
At January 1, 2012	4,335	5,824	10,159
Systematic amortization	545	630	1,175
Impairment	—	—	—
Disposals	—	(252)	(252)
Reclassifications	65	(1,010)	(945)
Exchange Differences	92	(102)	(10)
At December 31, 2012	5,037	5,090	10,127
Net book values			
At January 1, 2012	2,625	1,962	4,587
At December 31, 2012	2,175	2,458	4,633

Intangible assets 2011	Technology	Other	Total
At cost			
At January 1, 2011	6,970	1,193	8,163
Additions	873	52	925
Disposals	(2,282)	(16)	(2,298)
Reclassifications	1,394	6,557	7,951
Exchange Differences	5	—	5
At December 31, 2011	6,960	7,786	14,746
Accumulated amortization			
At January 1, 2011	3,825	1,212	5,037
Systematic amortization	74	17	91
Impairment	—	—	—
Disposals	(212)	—	(212)
Reclassifications	645	4,595	5,240
Exchange Differences	3	—	3
At December 31, 2011	4,335	5,824	10,159
Net book values			
At January 1, 2011	3,145	(19)	3,126
At December 31, 2011	2,625	1,962	4,587

9 ACCRUED LIABILITIES

The components of accrued liabilities are as follows at December 31:

	2012	2011
Salaries, wages and related costs	4,775	5,613
Deferred revenue	2,168	564
Professional fees	482	449
Other	4,880	3,202
Balance at December 31,	12,305	9,828

legislation or contractual arrangements. The provision is calculated from past experience. The current provision for liability claims is based on actual claims reported, which are generally settled within one year. The long-term provision is based on historical experience for warranties with more than one year remaining warranty period.

11 SHAREHOLDER'S EQUITY

As of December 31, 2012, shareholder's equity consists of 2,241,752 issued and outstanding shares (2011: 2,194,855) with a par value of CHF 5 (2011: CHF 5).

10 PROVISIONS

Provisions 2012	Warranty	Pension	Bonus & Commissions	Restructuring	Other	Total
At January 1, 2012	3,365	415	11,364	—	3,138	18,282
Creation	171	11	10,015	2,948	431	13,576
Utilizations	(88)	(54)	(10,548)	—	(3,139)	(13,829)
Reversals	(732)	(57)	(1,033)	—	—	(1,822)
Exchange Differences	41	(15)	216	—	—	242
At December 31, 2012	2,757	300	10,015	2,948	430	16,449
Short-term	2,349	300	10,015	2,948	—	15,611
Long-term	408	—	—	—	430	838

Provisions 2011	Warranty	Pension	Bonus & Commissions	Restructuring	Other	Total
At January 1, 2011	3,920	491	16,302	—	4,676	25,389
Creation	653	57	11,364	—	—	12,074
Utilizations	(481)	(59)	(15,923)	—	(1,538)	(18,001)
Reversals	(683)	(82)	(297)	—	—	(1,062)
Exchange Differences	(44)	8	(82)	—	—	(118)
At December 31, 2011	3,365	415	11,364	—	3,138	18,282
Short-term	2,963	415	11,364	—	—	14,742
Long-term	402	—	—	—	3,138	3,540

Discounting

There are no material discounting effects for the long-term provisions.

Restructuring

The restructuring provisions charged to income include obligations relating to the sale of INFICON's non-core business vacuum valves product line.

Warranty

INFICON gives warranties in connection with the products and services it provides. These are based on local

Under the Swiss Code of Obligations, the shareholders may decide on an increase of the share capital in a specified aggregate par value up to 50% of the existing share capital, in the form of authorized capital to be used at the discretion of the Board of Directors. The Board of Directors is currently not authorized to issue new registered shares. The General Meeting of Shareholders approved conditional capital in the amount of 260,000 shares in 2012, which shall be issued upon the exercise of option rights, which some employees and members of the Board of Directors will be granted pursuant to the Employee Incentive Plans. The Board of Directors will regulate the details of the issuances. As of December 31, 2012 and 2011, 213,103 and 163,632 shares of CHF 5 each, respectively, were available for issuance.

The statutory or legal reserves that may not be distributed amount to TCHF 2,242 at December 31, 2012, as compared with TCHF 2,195 at December 31, 2011.

12 STOCK OPTION PLANS

Directors' Stock Option Plan

In fiscal year 2001, the Board of Directors approved the Directors' Stock Option Plan. The Directors' Stock Option Plan is solely for members of the Board, who are not employees of INFICON. The Company grants options to the eligible Directors in May of each year and the options are nontransferable. All options are granted at prices equal to 100% of the market value of the common stock at the date of grant. The plan includes specific requirements for the Directors who are removed or resign from the Board.

Management & Key Employee Stock Option Plan

In fiscal year 2001, the Board of Directors approved the Key Employee Stock Option Plan. The purpose of the plan is to provide key employees of the Company with an opportunity to become shareholders, and in addition, to obtain options on shares and allow them to participate in the future success of the Company. It is intended that the plan will provide an additional incentive for key employees to maintain continued employment, contribute to the future success and prosperity, and enhance the value of the Company. Accordingly, the Company will, from time to time during the term of this plan, grant to such key employees options to purchase shares in such amounts as the Company shall determine, subject to the conditions provided in the plan. The plan shall remain in effect through April 26, 2017.

The options are granted in Swiss Francs.

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

	Options	Weighted average exercise price (CHF)
Outstanding at December 31, 2010	150,253	150.98
Granted	32,100	196.60
Cancelled	(4,471)	154.79
Exercised	(20,012)	109.45
Outstanding at December 31, 2011	157,870	165.41
Granted	33,500	201.90
Cancelled	(2,476)	157.23
Exercised	(46,897)	156.13
Outstanding at December 31, 2012	141,997	177.23
Exercisable at December 31, 2012	68,046	175.74

The exercise of options under the stock option plan led to the following increase in shareholder's equity.

	2012	2011
Increase in Common stock	132	56
Increase in Capital reserves	7,744	2,354
Total	7,876	2,410

13 EMPLOYEE BENEFIT PLANS

INFICON employees in certain countries (primarily the United States, Liechtenstein, and Germany) participate in contributory and non-contributory defined benefit plans. Benefits under the defined benefit plans are generally based on years of service and average pay. The company funds the plans in accordance with local regulations in the specified countries.

The economical benefits and economical obligations of the pension plans and the relating pension benefit expenses are summarized in the following table:

	Surplus / Deficit	Economical surplus/ deficit of the organization		Change to prior year period recognized in the current result of the period	Contributions con- cerning the business period	Pension benefit expenses within personnel expenses	
	31.12.2012	31.12.2012	31.12.2011	2012	2012	2012	2011
Pension institutions with surplus	5,928	14	(544)	558	(2,614)	(2,056)	(6,403)
Total	5,928	14	(544)	558	(2,614)	(2,056)	(6,403)

14 BUSINESS SEGMENTS

The Company is a global supplier of instrumentation for analysis, monitoring, and control in the general vacuum processes, semiconductor and vacuum coating, refrigeration and air conditioning, and emergency response and security markets. The Company consists of one single business segment. Information on the Company's sales by geographic location (determined by country of destination) was as follows:

	2012	2011
Asia-Pacific	124,803	132,191
Europe	106,990	116,209
North America	60,464	60,306
Other	4,951	3,384
Total	297,208	312,090

15 INCOME TAXES

Tax expense consists of the following:

	2012	2011
Current tax expense	8,200	8,303
Deferred tax expense	5,072	3,937
Total	13,272	12,240

As of December 31, 2012, the group average tax rate for calculating deferred taxes was 24.9% (2011: 23.3%).

The entitlement for deferred income taxes on tax losses carried forward not yet used was USD 954 at December 31, 2012, as compared with USD 5,205 at December 31, 2011.

16 EARNINGS PER SHARE

The Company computes basic earnings per share, which is based on the weighted average number of common shares outstanding, and diluted earnings per share, which is based on the weighted average number of common shares outstanding and all dilutive common equivalent shares outstanding. The dilutive effect of options is determined under the treasury stock method using the average market price for the period.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31:

	2012	2011
Numerator:		
Net income	39,931	40,284
Denominator:		
Weighted average shares outstanding	2,216,845	2,185,791
Effect of dilutive stock options	19,435	16,793
Denominator for diluted earnings per share	2,236,280	2,202,584
Earnings per share:		
Basic	18.01	18.43
Diluted	17.86	18.29

For the year ended December 31, 2012, the fully diluted earnings per share calculation excluded 88,250 options to purchase shares since these shares would have been anti-dilutive for 2012, compared with 101,101 options in 2011, respectively.

17 DERIVATIVE FINANCIAL INSTRUMENTS

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 have durations of less than one year. The Company attempts to match the forward contracts with the underlying items being hedged in terms of currency, amount and maturity. The primary currencies in which the Company has exposure are the Japanese Yen, Swiss Franc, Euro, and US Dollar.

Unsettled forward exchange contracts:

	2012	2011
Positive fair value	228	376
Notional amounts	1,711	2,461

These forward exchange contracts have maturities until 2014. Positive fair values are recorded as other current assets, while negative fair values have been recognized in other current liabilities. Any change in fair value is recorded in the income statement.

18 COMMITMENTS AND CONTINGENCIES

A summary of contractual commitments and contingencies as of December 31, 2012 is as follows:

	Operating leases	Fixed Inventory Purchase Commitments	Total
2013	4,255	3,471	7,726
2014	3,959	7,244	11,203
2015	3,715	99	3,814
2016	3,591	—	3,591
2017	2,790	—	2,790
Thereafter	8,534	—	8,534
Total	26,844	10,814	37,658

The Company leases some of its facilities and machinery and equipment under operating leases, expiring in years 2013 through 2021. Generally, the facility leases require the Company to pay maintenance, insurance and real estate taxes.

Purchase obligations include amounts committed under legally enforceable contracts or purchase orders for goods or services with defined terms as to price, quantity, delivery and termination liability.

The Group has a number of risks arising in the ordinary course of business from contingent or probable liabilities

in connection with litigation and outstanding tax assessments. Provisions have been recognized to the extent that the outcome of such matters can be reliably estimated. No provisions have been made where the outcome is uncertain or the risk is not quantifiable.

At year-end 2012, no guarantees (previous year none) in favor of third parties existed. The Group has not given any other guarantees in respect of its business relationships with third parties. There are no subordination agreements with third parties.

19 ADDITIONAL INFORMATION REQUIRED BY SWISS LAW

As required by article 663 paragraph 3 of the Swiss Code of Obligations, the following supplementary information is disclosed:

	2012	2011
Total personnel costs	90,782	82,456

The fire insurance values of property, plant and equipment at December 31:

	2012	2011
Buildings and improvements	32,438	30,459
Machinery and equipment	70,263	60,032
Total	102,701	90,491

Compensations for Acting Members of Governing Bodies

The compensations accrued for members of the Board of Directors and the aggregate for the Executive Management in accordance with article 663b^{bis} and article 663c of the Swiss Code of Obligations for the years ended December 31 are as follows:

a) Compensations 2012

	Base compensation cash	Variable compensation		Other compensation	Total 2012	
	TUSD	Accrued bonus TUSD	Share options granted* (number)	TUSD	TUSD	
Board of Directors:						
Gustav Wirz	148	0	900	35	0	183
Paul Otth	115	0	700	27	0	142
Dr. Richard Fischer	75	0	450	18	0	93
Beat Siegrist	79	0	475	19	0	98
Dr. Thomas Staehelin	86	0	525	21	19**	126
Total ***	503	0	3,050	120	19	642
Executive Management:						
Lukas Winkler President & CEO	548	288	2,000	76	20	932
Total	1,893	892	6,250	238	103	3,126

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model. The share option plan has remained unchanged.

** Compensation for assisting in the preparation of shareholder meetings and other corporate actions.

*** The current Board members Vanessa Frey and Beat Lüthi did not receive any compensation in 2012 due to the retroactive payment after the full year of service.

b) Compensations 2011

	Base compensation cash	Variable compensation		Other compensation	Total 2011	
	TUSD	Accrued bonus TUSD	Share options granted* (number)	TUSD	TUSD	
Board of Directors:						
Gustav Wirz	157	0	900	41	0	198
Paul Otth	122	0	700	32	0	154
Dr. Richard Fischer	79	0	450	21	0	100
Beat Siegrist	84	0	475	22	0	106
Dr. Thomas Staehelin	92	0	525	24	18**	134
Total	534	0	3,050	140	18	692
Executive Management:						
Lukas Winkler President & CEO	585	351	2,000	92	22	1,050
Total	1,953	1,043	6,250	288	112	3,396

* Share options granted are valued according to the fair value of options granted using the Black-Scholes option-pricing model. The share option plan has remained unchanged.

** Compensation for assisting in the preparation of shareholder meetings and other corporate actions.

Compensations Disclosure

The content and method of determining the compensation and share-ownership programs for the members of the Board of Directors and for the Executive Management are proposed by the Human Resources and Nominating Committee and approved by the Board of Directors once a year.

Compensations for Former Members of Governing Bodies

There was no compensation to former members of the Board of Directors.

Share Ownership and Options Owned

The number of shares and options owned by the Board of Directors and Executive Management for the years ended December 31:

	2012		2011	
	Shares owned	Options owned	Shares owned	Options owned
Board of Directors:				
Dr. Richard Fischer	21,000	2,325	21,000	2,041
Vanessa Frey	*	0	n/a	n/a
Beat Lüthi	0	0	n/a	n/a
Beat Siegrist	7,000	950	7,000	475
Dr. Thomas Staehelin	250	3,471	250	3,131
Gustav Wirz	25'938	2,750	24,988	2,800
Paul Otth	60	2,125	60	3,600
Total Board of Directors	54,248	11,621	53,298	12,047

Executive Management:

Lukas Winkler, President & CEO	4,000	11,000	3,000	14,000
Matthias Tröndle, Group CFO	150	3,751	0	4,063
Dr. Ulrich Döbler	0	7,000	2,210	7,790
Peter Maier	1,672	4,500	1,672	7,625
Dr. Urs Wälchli	111	6,000	111	7,000
Total Executive Management	5,933	32,251	6,993	40,478

* Vanessa Frey as part of the Frey family owns through KWE Beteiligungen AG 19.65% in INFICON Holding AG.

Additional Fees and Remunerations

No reportable fees or remunerations were paid to members of the Board of Directors or members of Executive Management.

Loans to Members of Governing Bodies

No loans were granted to current or former members of governing bodies during 2012. No such loans were outstanding as of December 31, 2012.

Related Party Transaction

INFICON has sold its vacuum valves product line to VAT, a leading manufacturer of vacuum valves headquartered in Haag/Switzerland. The Vice Chairman of the Board of Directors of INFICON Holding AG, Richard Fischer, is also Chairman of the Board of Directors of VAT Holding AG. Richard Fischer did not participate in the decision processes of this transaction.

Risk Assessment Disclosures

Effective risk assessment is an integral part of the Company's group-wide enterprise risk management. Based on guidelines received from the Board of Directors, the Executive Management Team and the Finance function oversee the risk management process, and report to the Board and the Audit Committee on a regular basis. Processes and organizational measures have been defined to ensure that risks are continuously and consistently identified, assessed, mitigated and reported.

As an important element of the group-wide enterprise risk management, INFICON established and maintains adequate internal controls over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements, to the Executive Management Team and the Board of Directors.

20 SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 12, 2013, which represents the date when the consolidated financial statements were available to be issued.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Report of the statutory auditor to the general meeting of INFICON Holding AG, Bad Ragaz

As statutory auditor, we have audited the consolidated financial statements of INFICON Holding AG, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of shareholders' equity, consolidated statement of cash flows and notes to consolidated financial statements (pages 30 to 46), for the year ended December 31, 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.



PricewaterhouseCoopers AG

A handwritten signature in black ink, appearing to read 'St. Räbsamen'.

Stefan Räbsamen
Audit expert
Auditor in charge

A handwritten signature in black ink, appearing to read 'M. Bettinaglio'.

Martin Bettinaglio
Audit expert

Zurich, March 12, 2013

BALANCE SHEET

INFICON HOLDING AG

(CHF in Thousands, except share and per share amounts)

	December 31, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	10,482	3,543
Other receivables – third parties	44	28
Receivables – subsidiaries	1,732	1,123
Prepaid expenses	36	151
Total current assets	12,294	4,845
Notes receivable – subsidiaries	—	2,235
Investments in subsidiaries	300,018	300,218
Total long-term assets	300,018	302,453
Total assets	312,312	307,298
LIABILITIES AND SHAREHOLDERS' EQUITY		
Other payables – third parties	—	13,900
Payables – subsidiaries	10	133
Accrued liabilities	656	699
Notes payable – subsidiaries	—	39,622
Total current liabilities	666	54,354
Total liabilities	666	54,354
Share capital; CHF 5 par value, 2,241,752 shares issued (2011: 2,194,855 shares issued)	11,209	10,974
Legal reserves		
General legal reserve	2,589	2,589
Legal reserves from capital contributions	198,767	222,684
Retained earnings	99,081	16,697
Total shareholders' equity	311,646	252,944
Total liabilities and shareholders' equity	312,312	307,298

STATEMENT OF INCOME

INFICON HOLDING AG

(CHF in Thousands)

Year ended December 31,	2012	2011
Income from investments in subsidiaries	84,311	9,124
Administrative expenses	(1,453)	(1,478)
Income from operations	82,858	7,646
Interest income	33	170
Interest expense	(382)	(906)
Other expense	(22)	—
Foreign currency exchange loss	(95)	(7)
Other loss	(466)	(743)
Income before income taxes	82,392	6,903
Income tax expense	(8)	(8)
Net income	82,384	6,895

NOTES TO THE FINANCIAL STATEMENTS

INFICON HOLDING AG

1 DESCRIPTION OF COMPANY

The information contained in the INFICON Holding AG, Bad Ragaz financial statements relates to the ultimate parent company alone, while the consolidated financial statements reflect the economic situation of INFICON Group as a whole. INFICON Holding AG, Bad Ragaz (the "Company") financial statements are prepared in compliance with Swiss Corporate Law.

2 INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries are carried in aggregate at lower of cost or their intrinsic value. The following subsidiaries were included in INFICON Holding AG's investment portfolio.

Company	Currency	December 31, 2012 (in 1,000)	2011 (in 1,000)
INFICON Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON AG Balzers, Liechtenstein			
Share Capital	CHF	6,000	6,000
Ownership		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON GmbH Bad Ragaz, Switzerland			
Share Capital	CHF	2,000	2,000
Ownership		100%	100%
Purpose: Management Company			
INFICON GmbH Cologne, Germany			
Share Capital	EUR	1,026	1,026
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			
INFICON Aaland Ab Mariehamn, Finland			
Share Capital	EUR	60	60
Ownership**		100%	100%
Purpose: Manufacturing			
INFICON AB. Linköping, Sweden			
Share Capital	SEK	3,810	3,810
Ownership		100%	100%
Purpose: Manufacturing			

* The Company was issued 100 shares of INFICON, Inc. which have a nominal value of USD 0.01 per share

** Indirect participation

Company	Currency	December 31, 2012 (in 1,000)	2011 (in 1,000)
INFICON Ltd. Blackburn, United Kingdom			
Share Capital	GBP	400	400
Ownership		100%	100%
Purpose: Sales			
INFICON S.A.R.L. Courtaboeuf, France			
Share Capital	EUR	108	108
Ownership		100%	100%
Purpose: Sales			
INFICON S.r.l. Bozen, Italy			
Share Capital	EUR	10	10
Ownership		100%	100%
Purpose: Sales			
INFICON Co., Ltd. Yokohama-Shi, Japan			
Share Capital	JPY	400,000	400,000
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Chubei City, Taiwan			
Share Capital	TWD	52,853	52,853
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Bungdang-Ku, Korea			
Share Capital	KRW	600,000	600,000
Ownership		100%	100%
Purpose: Manufacturing and Sales			
INFICON Pte. Ltd. Singapore			
Share Capital	SGD	1,797	1,797
Ownership		100%	100%
Purpose: Sales			
INFICON Ltd. Pune, India			
Share Capital	INR	18,920	—
Ownership**		100%	
Purpose: Sales			
INFICON Ltd. Hong Kong			
Share Capital	HKD	8,780	8,780
Ownership		100%	100%
Purpose: Sales			
INFICON (Guangzhou) Instruments Co., Ltd. Guangzhou			
Share Capital	RMB	9,837	9,837
Ownership		100%	100%
Purpose: Service			
INFICON Instruments (Shanghai) Co., Ltd. Shanghai			
Share Capital	USD	2,180	2,180
Ownership		100%	100%
Purpose: Manufacturing			
INFICON EDC Inc. Syracuse, USA			
Share Capital	USD	*	*
Ownership**		100%	100%
Purpose: Manufacturing, Sales and Service			

3 EQUITY

Refer to Notes to Consolidated Financial Statements for a description of the Company's capital and the related stock plans.

The Company is aware of the following significant shareholders entered in the share register.

The percentages are calculated using registered shares per December 31, 2012 and 2011 of 2,241,752 and 2,194,855 respectively.

December 31,	2012	2011
KWE Beteiligungen AG	19.65%	20.07%
7-Industries Holding B.V.	10.11%	7.15%
Chase Nominees Ltd.	4.60%	5.45%
UBS Fund Management (Schweiz) AG	4.20%	4.20%
Lombard Odier Asset Management	3.57%	
Sterling Strategic Value Limited		5.01%

There were no other shareholders entered in the share register holding more than 3 percent of the voting rights at December 31, 2012.

Notifications received from shareholders:

– The Company was notified on April 16, 2012, that Sterling Strategic Value Limited has sold all its shares in INFICON Holding AG as per April 14, 2012.

– According to disclosure notifications filed with the Company Credit Suisse Funds AG increased its shareholding in INFICON Holding AG to 3.05% on July 19, 2012. On August 16, 2012, Credit Suisse Funds AG reduced its shareholding in INFICON Holding AG to 2.99%. On October 4, 2012, Credit Suisse Funds AG increased its shareholding in INFICON Holding AG to 3.09%.

– The Company was notified on August 21, 2012, that Polar Capital LLP reduced its shareholding in INFICON Holding AG to 2.72% on August 14, 2012.

– The Company was notified on September 24, 2012, that 7-Industries Holding B.V. increased its shareholding in INFICON Holding AG to 10.3% on September 20, 2012.

– The Company was notified on October 18, 2012, that Lombard Odier Asset Management (Switzerland) SA held through various funds a shareholding of 3.55% in INFICON Holding AG.

– The Company was notified on February 1, 2013, that BlackRock Inc. held indirectly and directly a shareholding of totally 3.09% in INFICON Holding AG. The Company was notified on February 8, 2013, that BlackRock Inc. held indirectly and directly 3.25% of the voting rights in INFICON Holding AG.; 3.04% stemming from the registered shares, 0.21% stemming from CFDs.

– The Company was notified on February 22, 2013, that UBS Fund Management (Switzerland) AG held since a purchase on February 19, 2013, registered shares of 5.03% of the voting rights in INFICON Holding AG

4 ISSUED, AUTHORIZED AND CONDITIONAL SHARE CAPITAL

Issued Share Capital / Share Capital Increase

During 2012, employees and members of the Board of Directors of INFICON exercised stock options which resulted in 46,897 new shares being issued and increased nominal share capital by CHF 234,485. The share premium thereon of CHF 7,087,689 has been credited to the legal reserves from capital contributions. At December 31, 2012, the number of issued INFICON Holding AG shares amounted to 2,241,752 (2011: 2,194,855) with a nominal value of CHF 5 each.

Conditional Share Capital

At the Annual General Meeting on April 26, 2012, the shareholders approved the resolution to modify Article 3b of the articles of incorporation. Pursuant to this modification, the conditional share capital was increased to CHF 1,300,000 (previously CHF 1,042,155) through the issuance of 260,000 (previously 208,431) registered shares of CHF 5 each by the exercise of option rights granted to employees and members of the Board of Directors of the Company. In 2012, employee stock options were exercised resulting in an increase in share capital of 46,897 shares. The remaining available balance of conditional share capital at December 31, 2012 is CHF 1,065,515 (2011: CHF 818,160).

5 DISCLOSURE OF MANAGEMENT COMPENSATION

Refer to Notes to the Consolidated Financial Statements, Note 19, "Additional Information Required by Swiss Law."

6 CONTINGENT LIABILITIES

	December 31,	
In CHF 1,000	2012	2011
Guarantees in favor of affiliated companies	10,695	11,668

7 RISK ASSESSMENT DISCLOSURES REQUIRED BY SWISS LAW

Refer to Notes to the Consolidated Financial Statements, Note 19, "Additional Information Required by Swiss Law."

APPROPRIATION OF AVAILABLE EARNINGS

(Proposal of the Board of Directors)

In CHF 1,000	December 31,	
	2012	2011
Legal reserves from capital contributions at beginning of year	222,684	—
Transfer from general legal reserve		
Resolution Annual General Meeting	—	242,431
Share premium on exercised stock options	7,088	2,090
Distribution to shareholders	(31,005)	(21,837)
Legal reserves from capital contributions	198,767	222,684
<hr/>		
Retained earnings at beginning of year	16,697	31,802
Contribution to the general legal reserve	—	(22,000)
Net income	82,384	6,895
Retained earnings	99,081	16,697

Legal reserves from capital contribution before proposed distribution	198,767
Distribution from capital contribution reserve (2012: CHF 16.00 / 2011: CHF 14.00 each share)	(35,868)
Legal reserves from capital contribution after proposed distribution	162,899

The proposed amount represents an estimated amount. This will be adjusted to take into account any new shares entitled to a distribution from legal reserves which are issued subsequent to December 31, and prior to the date of the distribution.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

INFICON HOLDING AG

As statutory auditor, we have audited the financial statements of INFICON Holding AG, which comprise the balance sheet, income statement and notes (pages 48 to 51), for the year ended December 31, 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.



PricewaterhouseCoopers AG

A handwritten signature in black ink, reading 'St. Räbsamen'.

Stefan Räbsamen
Audit expert
Auditor in charge

A handwritten signature in black ink, reading 'M. Bettinaglio'.

Martin Bettinaglio
Audit expert

Zurich, March 12, 2013

Certain statements contained in this Annual 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 2012.

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.

2012 Annual Report

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