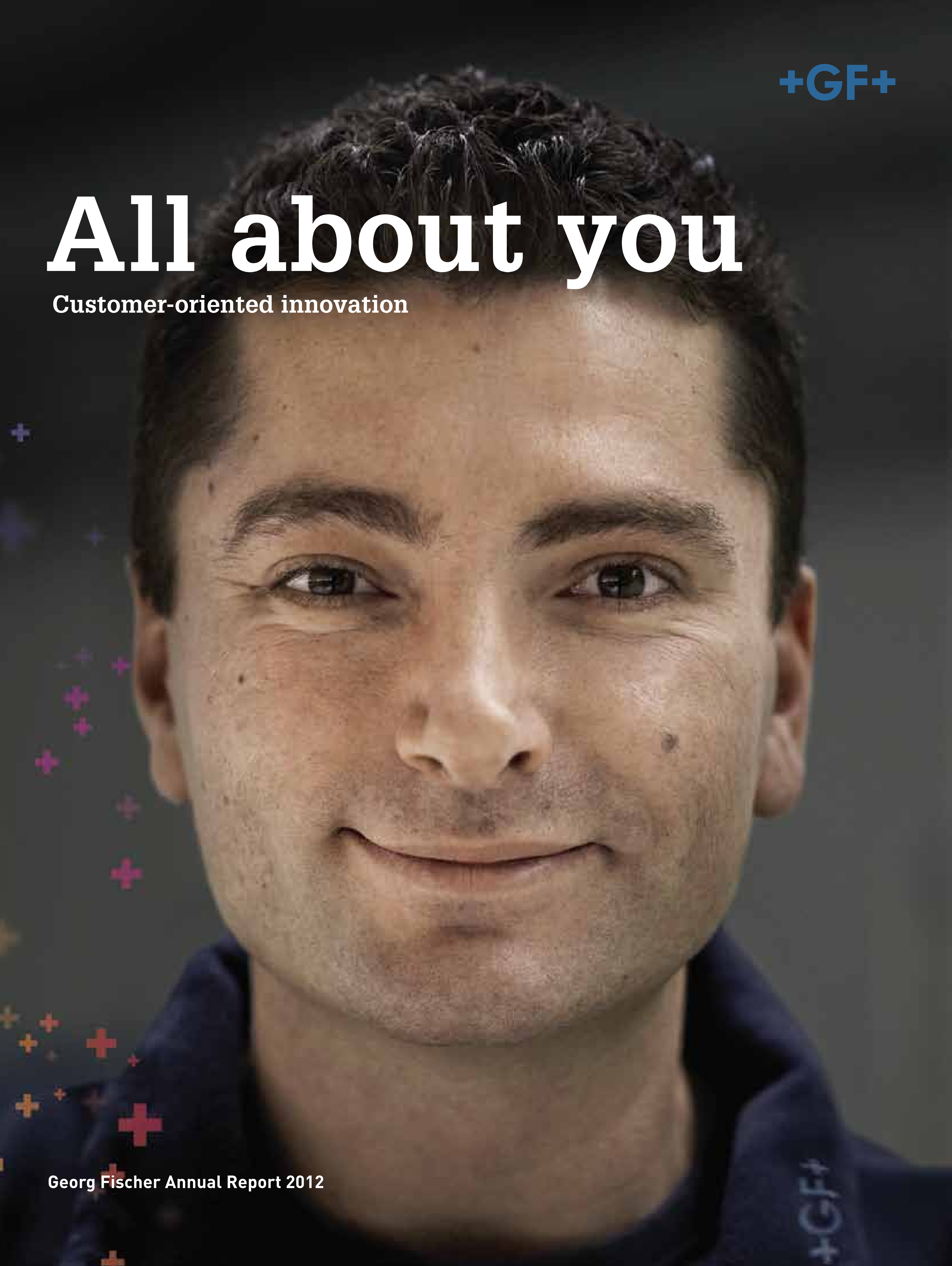
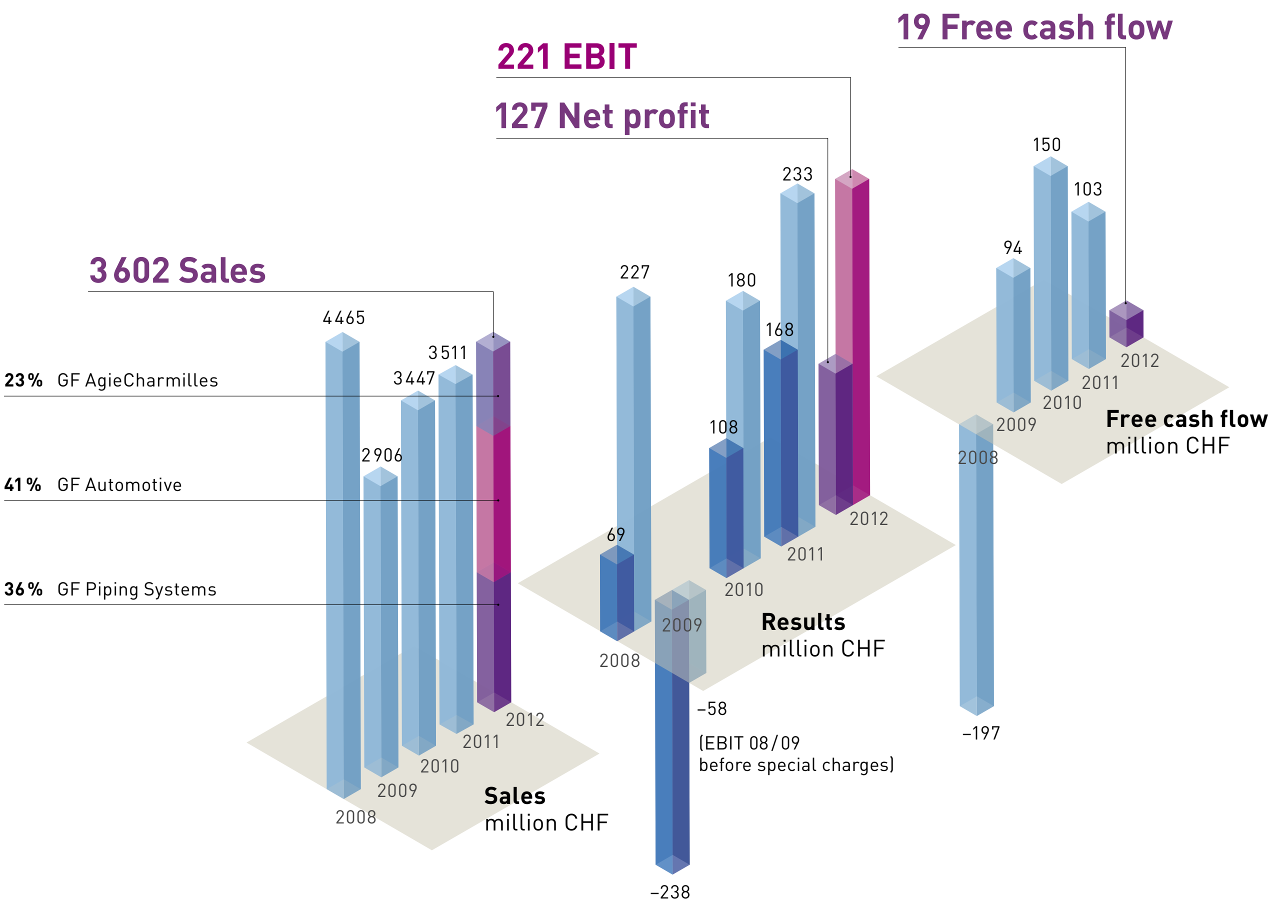
All about you

Customer-oriented innovation

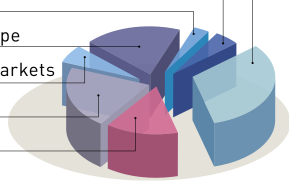


Georg Fischer Annual Report 2012

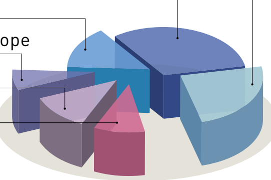
Key Figures



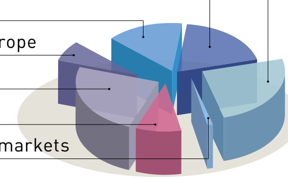
Sales 2012 by region (in %)
(100 % = CHF 3.60 billion)



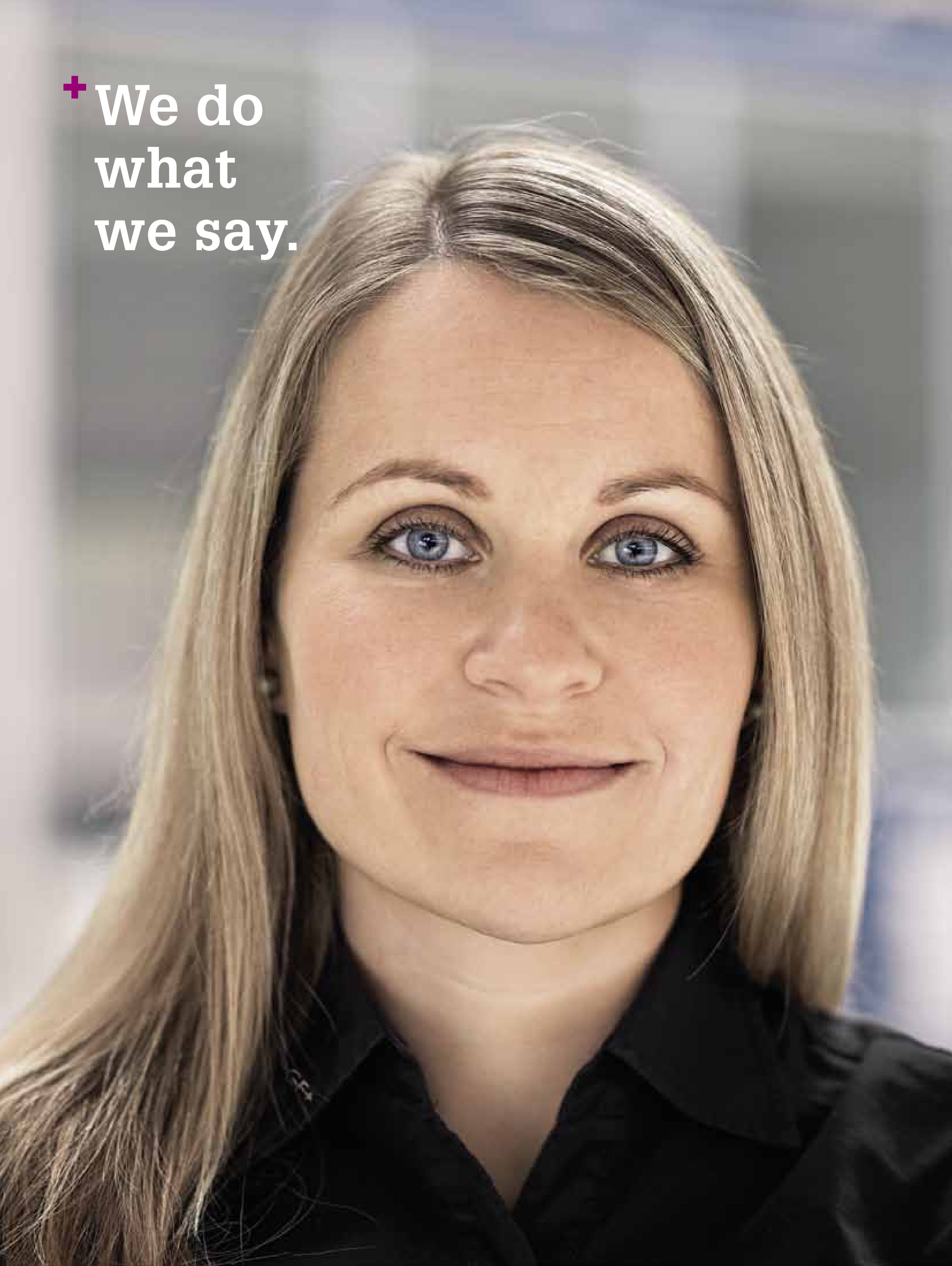
Gross value added 2012 by region (in %)
(100 % = CHF 1.23 billion)



Employees 2012 by region (in %)
(100 % = 13 412)



million CHF	2012	2011	2010
Sales	3 602	3 511	3 447
EBIT	221	233	180
Return on sales (EBIT margin) %	6.1	6.6	5.2
Return on invested capital (ROIC) %	12.1	13.4	9.1
Free cash flow	19	103	150
Dividend (proposed) per registered share in CHF	15	15	10
Employees at year-end	13 412	13 153	12 908


We do what we say.

Content

Business Report 2012

Financial Report 2012

Highlights 2012

Georg Fischer Corporation

Working with master students at the ETH Zurich

As partner of the two month long entrepreneurial leadership seminar, Georg Fischer worked together with 18 master students of the ETH Zurich to figure out how Cleantech drives innovation. The students worked on real business cases in strategy, innovation, and leadership in all three divisions. The results will be integrated into current and future projects at Georg Fischer.

A new Chairman of the Board

At the 116th Annual Shareholders' Meeting of Georg Fischer Ltd in March, a total of 1,296 shareholders representing 33.1 percent of the share capital attended. Andreas Koopmann, who joined the Board of Georg Fischer in 2010, was elected as new Chairman and Gerold Bührer as new Vice Chairman. Isabelle Welton and Roger Michaelis were elected as new members of the Board.

Clean Water partnership with Caritas

Georg Fischer's Clean Water Foundation and Caritas Switzerland agreed to a partnership for the supply of drinking water. Clean Water will donate CHF 1 million in cash, which will enable Caritas to provide at least 35,000 people worldwide with sustainably improved access to clean drinking water by 2015.

GF Piping Systems

Acquisition of IPP enhances market position in US

In May, Georg Fischer announced the acquisition of Independent Pipe Products Inc (IPP) in Dallas, Texas (USA), the leading provider of large diameter pipes and fittings in polyethylene (PE). The acquisition strengthens the leading position of GF Piping Systems in the growing North American water infrastructure market.

Large water supply order for Australian coal mine

GF Piping Systems secured an CHF 8 million order to supply high-density polyethylene (HDPE) piping systems for the extension of a major Australian mine by the end of 2013. The order demonstrates the successful penetration of the mining market by GF Piping Systems, a sector with considerable potential in Australia and worldwide.

Innovation Award at the ACHEMA

The check valves from GF Piping Systems were awarded at the world's largest trade fair of Chemical Engineering and Biotechnology, ACHEMA 2012. The division has created a solution that reduces wear on the valves and achieved an added value in the energy consumption with innovative improvements.

GF Automotive

Second place at ÖkoGlobe awards

GF Automotive won second place in the raw materials, work materials, and process optimization category at the ÖkoGlobe awards in Germany. The prestigious prize is awarded for groundbreaking innovations in sustainable mobility.

Ultramodern facility in Mettmann opened

Following investments of some CHF 45 million at its largest iron foundry in Mettmann (Germany), GF Automotive operated its novel production line, one of the world's most modern manufacturing facilities. The plant's efficient and resource-sparing production is instrumental in meeting the steadily growing demand for light-metal parts in the automotive industry.

Expansion in Asia and focus on core business in Europe

In November, GF Automotive announced it would further enlarge its existing plants in China and focus on its core activities in Europe. In order to concentrate on its iron and aluminum die-casting foundries in Europe, GF Automotive divested the entire aluminum sand casting business, thus reduced its production footprint in Europe.

GF AgieCharmilles

New Head of GF AgieCharmilles

Pascal Boillat, previously Head of Operations, was appointed Head of GF AgieCharmilles as of 1 January 2013. Boillat succeeds Jean-Pierre Wilmes, who is retiring from a successful career at GF AgieCharmilles spanning more than 40 years.

Training academy opened in Geneva

In December, GF AgieCharmilles inaugurated its new GF AgieCharmilles Academy, a state-of-the-art training environment with the dedicated goal of setting the industry's training standard and exceeding customers' expectations for expertise and quality. The opening of the academy sets the stage, through investment in GF AgieCharmilles employees worldwide, to build on a culture of excellence.

Major order for high precision machine tools

GF AgieCharmilles received a major order for 55 machines from a well-known Chinese manufacturer of components for electronic devices. The new order includes both EDM (electric discharge machines) as well as milling machines for a total value exceeding CHF 10 million. The contract is a follow-up of the January 2012 order for over 100 machines.

Resilient thanks to global footprint

Dear shareholders

Despite a clear market slowdown in Europe, Georg Fischer generated a turnover of CHF 3.6 billion in 2012, 3 percent above the 2011 figure. On a like-for-like basis, sales reached the same level as in 2011. All three divisions both considerably increased their sales in Asia and the Americas and continued to generate value.

Operating profit (EBIT) reached CHF 221 million, down from CHF 233 million in 2011 on account of low capacity utilization at several European plants. As a result, the EBIT margin (ROS) stood at 6.1 percent versus 6.6 percent in 2011, and the return on invested capital (ROIC) stood at 12.1 percent versus 13.4 percent in the previous year. Nevertheless, all three divisions continued to generate value. The equity ratio increased again to 44 percent, up from 42 percent in 2011. Free cash flow before acquisitions reached CHF 97 million, slightly below the 2011 figure of CHF 103 million.

Yves Serra,
President and CEO and
Andreas Koopmann,
Chairman of the Board of Directors

The three divisions of Georg Fischer reported mixed growth patterns in 2012. Whereas GF Piping Systems and GF AgieCharmilles increased their top line, GF Automotive suffered a drop of 5 percent due to its large exposure to the European car and truck market.

Headcount went up by 259 to 13,412 employees. More personnel was hired in the growing markets of Asia. In America headcount increased on account of the two acquisitions.

Net profit reached CHF 127 million after the CHF 28 million non-cash impact of the GF Automotive divestments. Earnings per share stood at CHF 30, including the above-mentioned one-off effect. The Board of Directors will propose an unchanged dividend of CHF 15 at the Annual Shareholders' Meeting.

GF Piping Systems grew with acquisitions and new markets

GF Piping Systems increased its top line by 11 percent to CHF 1,299 million in 2012 partly thanks to its two US acquisitions, which added CHF 97 million during the year. The division reached a further milestone in 2012 regarding its global presence. For the first time, sales in Asia, the Americas, and the emerging markets exceeded 50 percent of total. Demand for water supply systems remained high, following a clear global trend. In addition, promising new solutions were developed and have already been sold successfully for mining applications as well as to address hygiene issues in hospitals and large buildings in Europe.

Operating profit amounted to CHF 130 million for an ROS of 10 percent, compared to CHF 137 million in 2011. The ROIC reached 13.9 percent. The lower capacity utilization of several plants in Europe, especially in Italy, as well as the amortizations linked to the IFRS accounting of the new US acquisitions had an impact on profitability in 2012.

In 2012, GF Piping Systems strengthened its presence in the US significantly with the acquisitions of Harvel Plastics and IPP, closed in January and May respectively. Harvel Plastics allows the division to cover the whole US territory for industrial piping systems and IPP enables it to substantially increase its leadership in PE (polyethylene) large water transport systems, certainly a growth area in the US.

In addition, one new plant has been added in Zhuozhou, bringing the total number of manufacturing facilities in China to 16.

GF Automotive: Europe subdued, importance of Asia grows

GF Automotive faced a clear demand slowdown in Europe especially in the truck and compact car sectors and at the same time enjoyed strong growth in China.

Sales decreased organically by 4 percent. Moreover, two plants were sold, subtracting CHF 118 million from the top line. As a result, turnover stood at CHF 1,461 million. Operating profit (EBIT), which was affected by the reduced capacity utilization at several European plants, amounted to CHF 54 million for an ROS of 3.7 percent, compared to CHF 69 million and an ROS of 4.5 percent in 2011. The ROIC amounted to 10.3 percent.

GF Automotive took action in 2012, adjusting the number of temporary workers and overtime at all its plants in Europe. Furthermore, the non-core aluminum sand casting plants of Garching and Friedrichshafen were sold, and the European activities focused on large-series iron and aluminum pressure die castings. At the same time, GF Automotive invested about CHF 45 million in a new ultramodern automatic molding line at its iron foundry in Mettmann (Germany), in order to boost productivity and ensure the best quality for its customers.

Performance further enhanced at GF AgieCharmilles

GF AgieCharmilles increased its top line by 5 percent to CHF 842 million despite a difficult market situation. This result was achieved by promoting sales in less cyclical segments like mobile phones, medical devices, and aeronautics and thanks to a well-balanced distribution of sales worldwide.

The division significantly increased its profitability from an ROS of 4.6 percent in 2011 to 5.3 percent in 2012, resulting in an EBIT of CHF 45 million. The ROIC went up to 13.4 percent.

Promising new products were launched in 2012 including a highly precise small-size five-axis milling machine to support customers in the machining of miniature metal parts. Also two new machines were developed at the Chinese plants of GF AgieCharmilles to further complete the offering in China.

A state-of-the-art training facility was inaugurated in Geneva in December to deepen and focus the expertise across the division regarding the key market segments of the future.

Finally, the production plants in Beijing and Changzhou were upgraded and the milling machine facility of Nidau (Switzerland) enlarged, including a new Milling Technology Center, in order to cope with the increased demand for the products made at those sites.

Strategic implementation well on track

Due to the Swiss franc appreciation and the slowdown in the eurozone, our profitability objectives have become more challenging. Nevertheless, we are sticking to them because the implementation of all key strategic initiatives is on track.

Firstly, the portfolio of activities is continuously being realigned towards less cyclical and more profitable end markets. In 2012, GF Piping Systems added almost CHF 100 million of turnover through acquisitions while GF Automotive divested two aluminum sand-casting plants.

Secondly, the share of turnover generated in the growing markets of Asia and the Americas is increasing.

Today a clear majority of the turnover of GF Piping Systems and GF AgieCharmilles is generated outside of Europe. Finally, the focus on productivity and innovation at all divisions is well underway. Plants in Europe are being further automated at GF Automotive and GF Piping Systems, while GF AgieCharmilles is introducing new products at a faster rate.

Mid-term objectives confirmed

In 2013, additional investments including acquisitions are being planned in order to extend our presence in the growing areas of the world and further align our portfolio to our strategic objectives.

For 2013, we do not expect any major improvement in demand in Europe and will therefore focus on productivity there while continuing to expand in Asia and the Americas.

Despite signs of improved demand in China and in the US, the short-term overall economic trend remains difficult to predict at least in the sectors of activity relevant for us. However, we confirm our mid-term profitability objectives for 2015 of an ROIC in the 15 percent range and an ROS between 8 and 9 percent.

Personnel changes

At the Shareholders' Meeting of March 2012, the terms of office of Martin Huber, Chairman, and Bruno Hug, Vice Chairman, came to an end.

Martin Huber has had a great career at Georg Fischer spanning over 30 years, of which eleven years as CEO and nine years as Chairman. Bruno Hug was elected to the Board in 1992 and served as Vice Chairman since 2004. Together with the Board of Directors and the Executive Committee, we thank Martin Huber and Bruno Hug for their long-lasting and outstanding contributions to our Corporation and wish them all the best for the future.

Isabelle Welton and Roger Michaelis were elected as new Board members. Isabelle Welton is a Swiss citizen and a lawyer by training. She is Group Chief Marketing Officer of Zurich Insurance Group Ltd. Roger Michaelis was born and grew up in Brazil and is a dual citizen of Brazil and Germany. An economist by training, he is partner and director of Verocap Consulting, São Paulo (Brazil).

At the end of 2012, Jean-Pierre Wilmes retired from the Corporate Executive Committee, where he had served since 2010 as Head of GF AgieCharmilles.

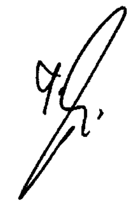
GF AgieCharmilles has benefited for 40 years from his deep market knowledge and his leadership skills. We thank him for his outstanding achievements and wish him all the best for his future endeavors. His successor is Pascal Boillat, until end of 2012 Head of Operations at GF AgieCharmilles.

Teamwork and dedication to master the challenges

Thanks to exemplary teamwork at all levels, Georg Fischer made the most out of the new opportunities in the growth markets. We express our special thanks to all our employees whose flexibility, dedications and commitment made it possible.

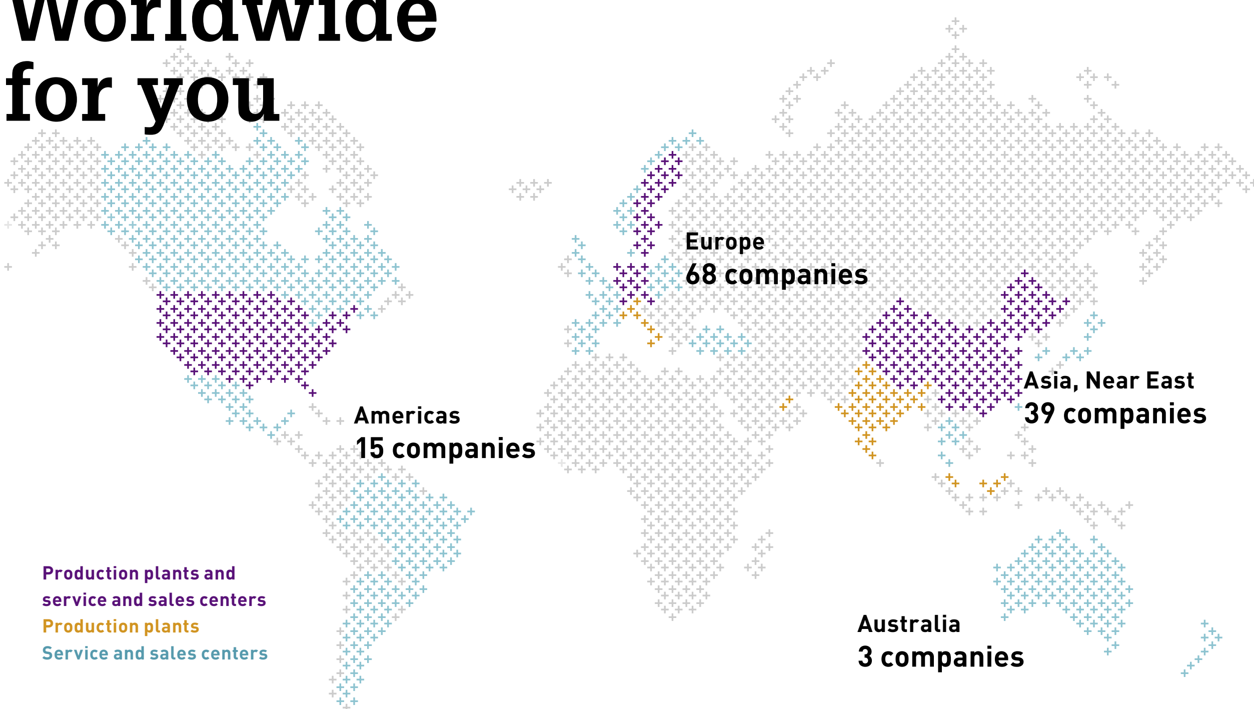
We also extend our thanks to our investors and to our banks for their trust in our Corporation. Finally we thank our customers for their loyalty and for their continued constructive feedback, which allows us to relentlessly innovate and improve in order to serve them better.

Andreas Koopmann
Chairman of the
Board of Directors



Yves Serra
President and CEO

Worldwide for you



Georg Fischer in 2012

Financial overview // The 2012 financial year confirmed the strategy of Georg Fischer: thanks to its global presence the Corporation was able to compensate the slowdown in Europe. GF Piping Systems and GF AgieCharmilles managed to make up for this with their large presence in Asia and Americas, and the shift of turnover towards these markets is taking place. GF Automotive was affected by the low level of truck production and the decrease in compact car sales in Europe. Despite the success of the foundries in China, the division couldn't completely compensate.

Currency effects // Georg Fischer reduces its net foreign currency exposure which amounted to roughly CHF 300 million at the end of 2011. At the end of 2012, the currency exposure was reduced to approximately 5 percent of turnover. The remaining exposure is driven primarily by USD and dollar-related currencies. Per year-end the currency development had a positive impact of CHF 24 million on sales and CHF 12 million on EBIT.

Sales // The top line grew 3 percent to CHF 3.6 billion. On a like-for-like-basis sales reached the 2011 level. The three divisions showed dissimilar growth pattern in 2012. GF Piping Systems increased its sales by 11 percent (3 % on a like-for-like basis), reporting sales of CHF 645 million in the first six months and CHF 654 million in the second half. The slowdown in the truck and compact car business hit GF Automotive in the second half. Sales were down by 5 percent. GF AgieCharmilles had a much stronger second half of 2012, with sales of CHF 444 million compared to CHF 398 million in the first six months. Overall the division reported a sales increase of 5 percent.

EBIT // EBIT in 2012 decreased slightly to CHF 221 million, down from CHF 233 million in 2011. GF Piping Systems contributed around 60 percent of the total. The operating result in the first half was as usual higher (CHF 113 million) than in the second half (CHF 108 million) due to seasonal differences in sales. The EBIT margin (return on sales or ROS) came to 6.1 percent versus 6.6 percent in 2011.

Net profit // The divestment of the non-core activities of GF Automotive led to a non-cash impact of CHF 28 million. After this impact, the net profit amounted to CHF 127 million versus CHF 168 million in 2011 (–24 %). All three divisions continued to generate value for the shareholders of Georg Fischer with an ROIC clearly above the cost of capital.

ROIC // After the strong improvement from 9.1 percent in 2010 to 13.4 percent in 2011, the ROIC of the Corporation reached 12.1 percent in 2012.

Free cash flow // Cash flow from operational activities came to CHF 229 million corresponding to 6 percent of sales. After the acquisition costs for the two US companies Harvel Plastics and Independent Pipe Products (IPP) in the amount of CHF 78 million free cash flow stands at CHF 19 million. Without these acquisitions free cash flow amounts to CHF 97 million and is slightly below previous year's figure of CHF 103 million.

Net debt // Net debt increased from CHF 294 million to CHF 334 million, mainly due to the acquisitions and the dividend payment.

Profit distribution // The Board of Directors proposes to the Annual Shareholders' Meeting an unchanged dividend payment of CHF 15 per registered share from the reserves from capital contribution. The dividend payment is equal to a pay-out ratio of 50 percent.

Value added // The gross value added reached CHF 1.23 billion in 2012 (previous year: CHF 1.22 billion). 77 percent of gross value added (previous year: 82 %) stemmed from Europe, mainly Switzerland (32 %), Germany (24 %), and Austria (14 %). Asia and the Americas contributed 23 percent. Personnel expenses increased from CHF 853 million to CHF 883 million.

Financing // The Corporation negotiated a new syndicated loan facility of CHF 250 million in 2011, replacing the previous one at better terms. The new facility, so far untouched, also increases the capacity of Georg Fischer to proceed with acquisitions at GF Piping Systems in line with its strategy.

Balance sheet // Total assets remain unaltered with CHF 2.9 billion. The equity ratio stood at a high 44 percent at year-end, 2 percent more than in 2011.

Workforce // The number of employees went up by 259 to 13,412. Due to the two acquisitions of Harvel and IPP, the headcount increased in America. Asia required a larger number of employees based on its growth. Owing to the divestment of the two GF Automotive foundries in Germany (around –450 employees) and the difficult market conditions, the headcount in Europe declined to 8,871.

Strategy and targets // The strategy of Georg Fischer, defined in 2010, has been implemented since 2011. The main trusts are the increase of performance and the reduction of cyclicity. Due to the Swiss franc appreciation and the slowdown in the eurozone, our profitability objectives have become more challenging (see chapter "Outlook"). Nevertheless, we stick to them because we are convinced that the implementation of our key initiatives is on track.

While the focus in Europe is on gains in productivity and efficiency, all our divisions enhanced their presence in Asia. The contribution of the Asian market to total sales rose from 19 percent (2011) to 21 percent, China's stake accounts for 15 percent. The portion of GF Piping Systems in our turnover increased from 33 to 36 percent. GF AgieCharmilles remains stable with 23 percent, meanwhile the stake of GF Automotive decreased from 44 to 41 percent in 2012 compared to 2011, not least through the divestment of the aluminum sand casting foundries.

With the acquisition of Independent Pipe Products (IPP), the leading US provider of large diameter pipes and fittings in polyethylene, GF Piping Systems laid the foundation for further growth in the US water infrastructure market. We will pursue acquisition opportunities especially where we have still white spots on the map, looking for complementary products and the access to new markets.

Outlook 2013 // For 2013, we do not expect a major improvement of demand in Europe and we will therefore continue to expand in Asia and the Americas whilst focusing on productivity in Europe.

Despite signs of demand improvement in China and in the US, the overall economic development remains difficult to predict at least in our relevant sectors of activity. However, we confirm our mid-term profitability objectives for 2015 of a ROIC in the 15 percent range and an ROS between 8 and 9 percent.

GF Piping Systems

Result // GF Piping Systems boosted its top line to CHF 1.3 billion (+11%), also thanks to its two acquisitions in the US market. Due to the appreciation of the US dollar, the impact this year was positive. The division's operating profit slightly decreased from CHF 137 million to CHF 130 million, corresponding to a margin of 10 percent. The division posted an ROIC of 13.9 percent, which is again the highest of all three divisions.

Markets // Growing market segments like energy, cooling, shipbuilding, mining, and hygiene solutions showed a promising high growth rate and helped to compensate the downturn in semi-conductors and solar panel production. Following a clear trend, demand for safe transport of water remained high. The main issue in 2012 was the downturn in the industrial markets in Western Europe and worldwide regarding the microelectronics business. The Southern European (Italy, Spain) market declined further and the utilization of our European production plants was affected. The demand for utility and building technology products in those two countries was significantly lower and affected the capacity utilization of our European plants.

In order to respond to the growing demand in China and South-East Asia, plants both in China and Malaysia were enlarged. In October 2012, GF Piping Systems inaugurated its 12th facility in China, a new plant specialized in the production of nylon pipes for the automotive industry. Earlier that year, two successful strategic acquisitions could be realized. The acquisition of Harvel Plastics was closed as of January 2012 and strengthens the position in the industrial markets in the USA and Asia. In May 2012, GF Piping Systems acquired Independent Pipe Products Inc (IPP) in Dallas, Texas (USA).

Outlook // While the situation in Southern Europe remains subdued, we expect a solid growth in key segments in the northern and western hemisphere. China will remain a strong engine of growth. GF Piping Systems is therefore planning to increase the investment in the new facility in Zhuozhou (China) and a local industrial production in Shanghai. We also see further opportunities in water cycle applications, both in the industrial and utility side of our activities as well as in the growing mining segment. In the water and gas utility business, a recovery of the global infrastructure market is expected to continue in all parts of the world. According to its Strategy 2015, GF Piping Systems will realize further strategic acquisition to strengthen its position in existing markets and to penetrate new markets.

GF Automotive

Result // Sales fell from CHF 1.54 billion to CHF 1.46 billion. The downturn in car sales led to a reduced capacity utilization at several plants. Operating profit reaches CHF 54 million for an ROS of 3.7 percent against

4.5 percent (CHF 69 million) in 2011. ROIC stood at 10.3 percent.

Markets // In Europe, GF Automotive faced a weaker demand from the truck and compact car manufacturers. Premium car demand remained stable. Sales in China increased again but did not fully compensate the downturn in Europe. As a result capacity was adjusted by reducing the amount of temporary workers and overtime at all plants in Europe.

Outlook // GF Automotive is setting benchmarks in lightweight manufacturing for its customers. The demand for solutions to reduce weight is steadily growing and ensures a high demand for the solutions GF Automotive provides. The new state-of-the-art molding line in Mettmann, which started operations in October 2012, will boost productivity and will ensure competitiveness in the core market Germany. To meet the high demand in China, the capacity of the two GF Automotive foundries in Kunshan and Suzhou (China) will be further increased.

GF AgieCharmilles

Result // GF AgieCharmilles' 2012 results showed the success of different measures to boost sales and profitability. The division reached top line growth of 5 percent to CHF 842 million. Operating profit was significantly boosted from CHF 37 million in 2011 to CHF 45 million, the equivalent of an EBIT margin of 5.3 percent compared to 4.6 percent in 2011. ROIC improved to 13.4 percent.

Markets // At the beginning of 2012, a well-known Chinese manufacturer of components for electronic devices placed the largest single order ever in GF AgieCharmilles' history. The contract called for delivery of about 100 EDM and milling machines for a total value exceeding CHF 20 million. A major follow-up order for 55 machines came in at the end of 2012. Asia clearly drove the growth in 2012, enhancing its share of GF AgieCharmilles' turnover from 29 to 32 percent, while Europe declined from 53 to 50 percent. Today, a majority of machines are being produced in China. In general, the adaption of the product range for the key market segments of electronics, mobile phones, aeronautics and medtech is leading to an increase in sales, which was driven mainly by milling machines. Their sales rose from CHF 188 million in 2011 to CHF 227 million.

Outlook // In 2013, GF AgieCharmilles will expand again its coverage of the Chinese market to further strengthen its position there. Furthermore, several new products will be launched early 2013 to meet the need for higher precision. Customers are demanding ever more support regarding their machining process and not merely the supply of products. GF AgieCharmilles will therefore intensify the training of its service and application engineers in this respect, supported by the newly established customer academy in Geneva.

Market and customers

Awards // During the ACHEMA trade fair in Frankfurt in June, a jury of experts conferred an award on the new generation of check valves to GF Piping Systems in the category valves/seals/pipes/fittings. Chinaust, joint-venture partner of Georg Fischer in China, was recognized as the only "excellent supplier" for PE piping products by Towngas and Hua Yan Water. Towngas has been the industry leader for gas in China and it is Chinaust's biggest customer as well. For its campaign underpinning the launch of a new generation of diaphragm valves, GF Piping Systems won a special prize at the 2012 Swiss Marketing Trophy awards. The jury praised the "outstanding ideas" and "innovative aspects".

GF Automotive in Suzhou received in May the "World class performance level" evaluation by ThyssenKrupp Elevator and in September the "Excellent Quality Performance 2012" award from ThyssenKrupp Presta. Both prizes from ThyssenKrupp reward GF Automotive products and services for their best grade for quality. In October, GF Automotive took second place in the raw materials, work materials and process optimization category at the ÖkoGlobe awards in Germany. This award highlights groundbreaking innovations in sustainable mobility. In November the European Association of Magnesium Research (EFM) gave the second prize to GF Automotive for the innovative casting design of the magnesium boxed swingarm used in BMW cars.

In 2012 GF AgieCharmilles received two awards for innovations: the "Techni-Show Platinum Award" for the high-speed milling machine HSM 400U LP; and third place in the PRODEX Awards for significantly speeding up the machining process with a new Automatic Wire Changer in EDM machines.

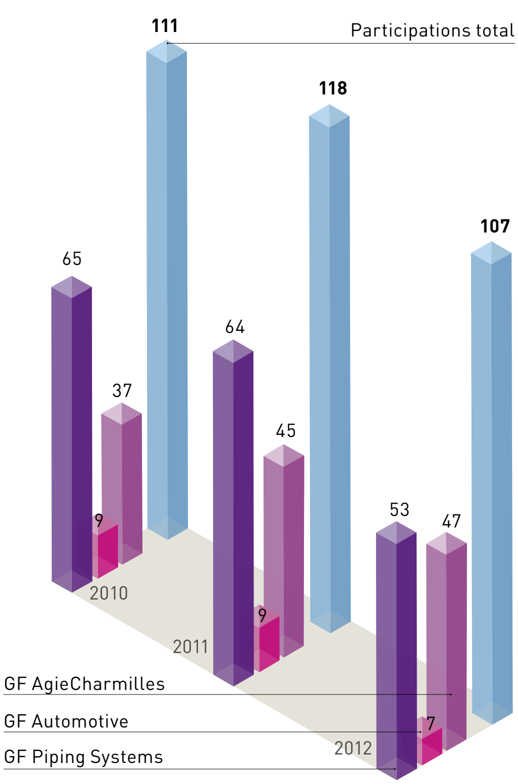
Global footprint // For the foreseeable future, Asia, with a strong focus on China, will remain Georg Fischer's most important growth market. In the year under review, all divisions maintained or grew their sales volume in Asia. In China, Georg Fischer has two dozen companies, of which 16 are production plants. The sales volume in Asia grew from 19 to 21 percent in total, with

China's proportion rising from 13 to 15 percent. Almost one in four GF employees is currently working in Asia. Despite this steady portfolio shift, Germany remained the leading market with a 32 percent share of total sales compared to 36 percent in 2011. The stake of all European companies, however, sank from around 65 to 59 percent.

Brand policy // The Georg Fischer corporate brand with its long-existing tradition enjoys an excellent reputation and widespread recognition. Corporate Communications analyzes the image of the corporate brand in Switzerland and in Europe by conducting annual surveys. To reflect the company's change in recent years and to support the Strategy 2015, the branding strategy will be slightly amended. The new positioning will be supported by a modernized corporate design, which is visible in this Annual Report 2012 for the first time.

All three divisions use the corporate brand in their communication efforts and this is reflected in a coherent perception of the company by the public. The logo has been a protected trademark worldwide since 1902. Corporate Legal takes forceful legal action against imitations and forgeries.

Trade fairs 2010 – 2012
Participations in 2013: ca. 100 (planned)



Trade fairs // The divisions took part in 107 trade fairs and exhibitions. A special highlight was the joint participation of GF Automotive and GF AgieCharmilles at the 7th International Suppliers fair in Wolfsburg (Germany), the leading exhibition for automotive suppliers – a win-win situation both for customers and Georg Fischer. At the Geneva motor show, visitors experienced GF AgieCharmilles' innovation in action. The concept car of designer Pininfarina was an example of the distinct difference GF AgieCharmilles' laser texturing solutions bring to the design of car components.

In 2013, attendance at around 100 fairs is planned by the divisions. Highlights will be the ISH in Frankfurt, the world's leading trade fair for Building, Energy, Air-Conditioning Technology, Renewable Energies, in which GF Piping Systems will take part. At the world's largest machine tool fair EMO, to be held in September in Hanover (Germany), GF AgieCharmilles will show again innovative new products.

Innovations

Research & development // Every division has its own centers for research & development worldwide: decentralization is a core element of the R & D strategy. It serves to accelerate the whole process. Georg Fischer invested CHF 93 million in R & D in 2012. It filed more than 44 patent applications in various countries. Around 600 employees work in research & development centers worldwide.

Innovation strategy // Promising new market segments such as water supply for mines or water hygiene solutions for large facilities show the growing demand for efficient piping solutions for the safe transport of clean water. GF Piping Systems spent CHF 27 million on R & D in 2012. The division's own corporate research network is reinforced by valuable cooperation projects, long-term collaboration and regular exchanges with leading universities, scientific institutes, and research facilities.

The R & D spending of GF Automotive came to CHF 19 million in 2012. The trend towards reduction of CO_2 emissions supports light-weight solutions on which GF Automotive has focused for many years. It is the GF Automotive unique offering of design, material and process that lead to the best solution when it comes to reducing weight.

R & D at GF AgieCharmilles focuses on high efficiency and precision as well as utmost reliability. These are essential factors for a smooth and economical production process on the customer's premises. Innovation efforts are also focused on precision and miniaturization, the relevant innovations highlight in the future. GF AgieCharmilles' spending on R&D amounted to CHF 47 million, same level as 2011.

Synergies // Each of the three divisions pursues its individual strategic and operational targets. However, significant synergies in terms of financing, cash pooling, tax optimization, legal services, human resources, communications, branding, support process, and information technology (IT) are being actively exploited.

Products and processes

Algae production // Algae is expected to be one of the raw materials of the future. GF Piping Systems is closely involved in the research and development of the first commercial bioreactors for algae production available in Europe and the USA. The new piping system specially designed for this new application is made of transparent plastic. The successful collaboration with development partners LGem (Netherlands), TH Wildau (Germany), Texas University in Austin (USA), and AlgEternal (USA) has led to the release of the first bioreactors for algae cultivation.

Check valves // The new generation of check valves from GF Piping Systems guarantees long-term process stability in chemicals processing: a new and intelligent valve solution to prevent media backflow in piping systems offers numerous maintenance-friendly, reliable and efficiency-enhancing opportunities for industrial applications. Preventing failure-free backflow of media presents a major challenge for check valves in the chemical process industry. Due to the mechanical and chemical stress, the valves are subjected to considerable wear and tear. The new generation of check valves from GF Piping Systems is the perfect example of how an innovative valve concept can eliminate this problem, as proven in use in the chemical treatment industry.

Bionics // Through bionic design, a combination of biology, technology and abstract approaches taken from nature, GF Automotive can develop efficient and cost-effective casting solutions. In keeping with this principle, engineers in the Research & Development department at GF Automotive are using bionic design to reduce the weight of its recently developed cast-iron steering knuckle by more than 32 percent compared to a standard part.

Milling / Laser // In November, GF AgieCharmilles launched two new milling solutions for the production of small, precise parts. With three and five axes, the Mikron HSM 200 LP and HSM 200U LP are candidates for awards in the areas of compact footprint, built-in flexibility for dedicated automation requirements and production-proof axis design and chip management solutions. In order to cope with customer demand, the division increased its production capacity for high-speed milling machines and in parallel opened a new demo center in Nidau (Switzerland) as well as a new state-of-the-art training academy in Geneva (Switzerland). LASER 4000, launched in 2012, is another example of the division's innovativeness. The world's biggest laser texturing machine enables the texturing of large molds, e.g. in the automotive business.

Risk management

Risk control // Georg Fischer controls risks by means of risk management. Risk management includes systematic identification, evaluation, and reporting of strategic, operational, financial, market and management and resources risks as well as determination of adequate measures in order to mitigate the risks identified at the level of the Corporation, the divisions and the Corporate Companies. The criterias applied in assessing risks include their impact and the probability of their occurrence.

Reporting // The strategic risks are assessed primarily by the Board of Directors, whereas all other risks are handled by the management of each Corporate Company, the management of each division and finally by the CEO and the Executive Committee. Risk management is largely integrated in existing planning and management processes. To coordinate all activities in the field of risk management and to improve the quality of risk reporting, a Risk Council consisting of representatives of the divisions and the Corporate Staff under the leadership of the Chief Risk Officer has been established. The Risk Council coordinates all activities in the area of risk management and secures the quality of the risk management data.

Risk analysis // In production, risks can never be completely ruled out. The careful analysis and minimization of risks increases process security and thus improves reliability of delivery to customers. Georg Fischer attaches great importance to these aspects. The standard of risk management at virtually all production sites is either HPR (Highly Protected Risk) or HMP (Highly Managed Prevention) and is regularly audited by external specialists. In the year under review, 15 production sites (previous year: 15) out of a total of 48 (previous year: 50) underwent such audits.

Executive Committee of Georg Fischer in the factory of GF Piping Systems (left to right):
Josef Edbauer, Pietro Lori, Yves Serra (CEO), Roland Abt, Pascal Boillat

Risk standards // In consultation with the Corporate Companies and divisions, the Service Center Risk, Tax & IP Services has implemented technical and organizational standards as well as guidelines regarding Business Continuity Management for the entire Corporation. The Highly Protected Risk (HPR) standard applied to 85 percent (previous year: 81 %) of the Corporation's insured assets at the end of the year under review, the Highly Managed Prevention (HMP) to 9 percent (previous year: 13 %).

Investments

Property, plant and equipment // The investments in property, plant and equipment amounted to CHF 132 million. The bulk of this sum – 63 percent of the total – was invested by GF Automotive, while GF Piping Systems accounted for 27 percent and GF AgieCharmilles 8 percent. The new state-of-the-art manufacturing line in Mettmann accounted for around CHF 45 million or almost a third of the total, while the remainder was spent primarily on modernization of other European foundries to foster competitiveness. Around 80 percent was invested in Europe and 14 percent in Asia.

For 2013, investments are expected to remain at the same level. The bulk of investment spending is again planned in Europe, but the market shift to Asia demands a significantly higher proportion for Asia in order to increase production capacity.

"Staying our customer's first choice"

Yves Serra,
President and CEO

This annual report has been released under the title "All about you". What is the idea behind it?

"All about you" encapsulates our attitude towards our customers. We want to give them an outstanding service and be better than our competition in quickly understanding and addressing their needs.

What does this mean more specifically for the three divisions of Georg Fischer?

In the automotive business for instance, our customers need, until 2020, to drastically reduce the CO_2 emissions of the cars they sell. One way is to reduce the weight of the cars. This is what we can contribute through new materials and part designs which reduce weight by 20 percent to 30 percent. At GF Piping Systems our contribution is to offer safe and secure water networks free of leaks and contamination. I think here for example about preventing chemical spillage or the proliferation of legionella in hospital pipes. And at GF AgieCharmilles we develop machine-tools which allow our customers to achieve the highest precision and best surface finishes required for the production of smartphones or LEDs.

How relevant in this respect is the close contact to the clients?

Keeping in close touch with our customers allows us to quickly understand their future needs as well as what we can improve on their behalf. In addition, our managers frequently visit the customers to underline how much we care for them and to give the right signal within the organization.

Employees shown in your report illustrate a customer-oriented attitude. How do you make sure that this value is delivered and reinforced within Georg Fischer?

First of all we focus ourselves on those market segments where we believe we can bring to our customers a superior offering. Secondly we train our employees to work together as a team in order to serve our customers more quickly and more efficiently. Assume for a second that one of our customers overseas is not satisfied with one of our products and that our local company cannot find a solution. It is imperative that our research and development crews quickly offer their support. Teamwork training helps in that respect, because employees learn to know and trust each other despite cultural and language differences. And finally we celebrate successes and especially shared successes, how for example the good collaboration of two or more of our companies allowed us to enter a new market or gain the trust of a new customer.

You have been mentioning for years the need for Georg Fischer to achieve a balanced presence worldwide. Where is Georg Fischer today regarding this topic?

Ten years ago more than three quarters of our sales were generated in Europe. In 2012 more than 40 percent of our turnover was achieved outside of this region. During that period each of our three divisions has experienced an accelerated shift of their markets towards Asia. Today, more than 50 percent of the machine-tools sold worldwide are sold in China, as well as 25 percent of all cars. And if we look at market dynamics, chances are this shift is not over. In addition, we saw in America new opportunities especially in water infrastructure where our presence was insufficient. This is why we increased our investments and acquisitions in Asia and in America in the past decade. And we will probably continue to do so to achieve step-by-step a more balanced presence worldwide, in line with the respective importance of each region for our relevant markets.

On which areas will you focus in the coming months?

We will further implement our strategy by adapting our portfolio towards Asia and America, but also towards less cyclical market segments in all three divisions. We will continue to do our best to attract talents not only in Switzerland but worldwide. Finally, we will keep on offering innovative solutions in order to remain our customer's first choice.

GF Piping Systems

Cool solution

Whether in mines, cruise ships or breweries, products from GF Piping Systems are used wherever customers set demanding standards for the safe transport of liquids and gases. Its products and systems are the benchmark the world over thanks to its global research and development work. The proof of its unique innovativeness is reflected in its numerous patents, market approvals, and awards.

Cool Fit ABS Plus is a complete secondary refrigeration and cooling system.

The innovation for our customers

The customer's benefits

Reliable technology

Energy efficient

Cleanable system

Easy to handle and install

No condensation

No corrosion

The Cool Fit ABS Plus system from Georg Fischer is suitable for secondary refrigeration loops in:
- Food production
- Beverage production
- Cold stores
- Specialties (process cooling, data centers, etc.)

The customer's success story

It started with an idea

In Chico, a small town in California, the past three decades have witnessed a unique story in the history of beer. Back in 1979, two young guys borrowed USD 50,000, built their own microbrewery from secondhand equipment and started producing beer. This homebrewing outfit has grown into the Sierra Nevada Brewing Company, now America's sixth largest brewery.

So how did Sierra Nevada find Georg Fischer? In 2007, BrewExpo America was held in Austin, Texas. "That was the first time that GF Piping Systems exhibited there," recalls Dan Strömberg, Cooling Market Segment Manager at GF Piping Systems in the US. "Ken Grossman came by our stand, and I had the opportunity to show him our ultramodern Cool Fit ABS Plus cooling systems." Well, Ken Grossman is a co-founder and currently the owner of the Sierra Nevada Brewing Company. Back at the brewery, the boss told his engineers: "Take a good look at this cooling system." A trial installation was arranged on site, and when the brewers opened the valves after a new plastic cooling system had been fitted,

GF Piping Systems

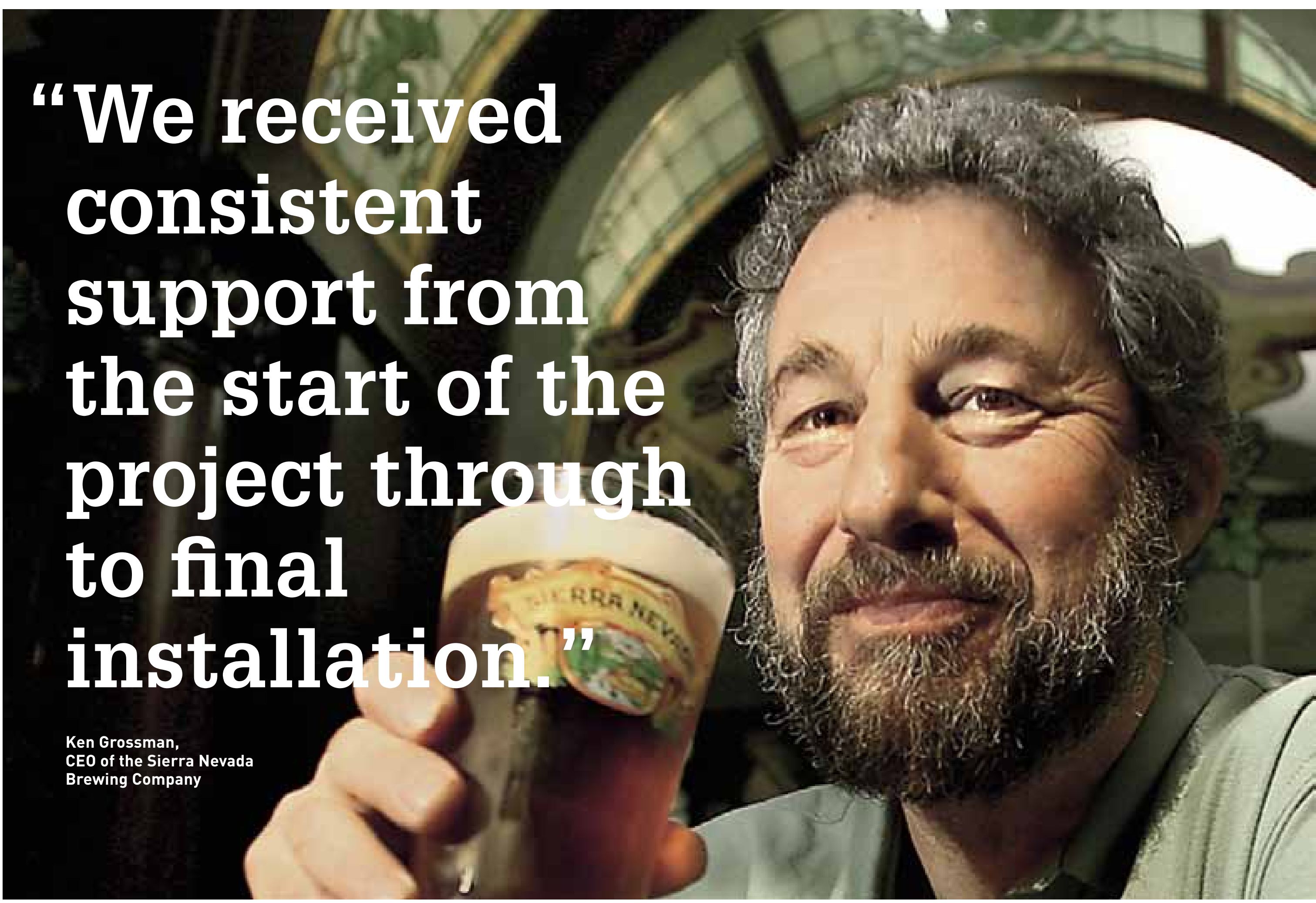
Sierra Nevada Brewing Company was founded in Chico with one purpose: to brew the finest ales and lagers.

they were impressed: the fermentation was colder than ever before, but energy consumption was lower than with the old steel system.

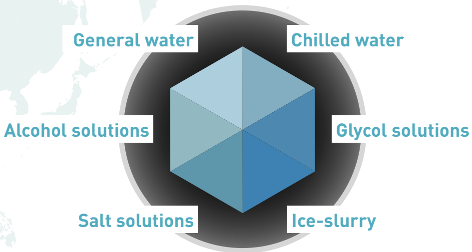
Can we? Yes.

So, the customer was convinced by the product, and when an expansion was planned the same year, Sierra Nevada wanted to know only one thing: does Georg Fischer have enough piping systems in stock so it can deliver just in time? Repeat orders of individual parts were needed on two occasions during the installation, and the customer's project manager was more than satisfied both times: what he ordered in the morning was delivered the next day.

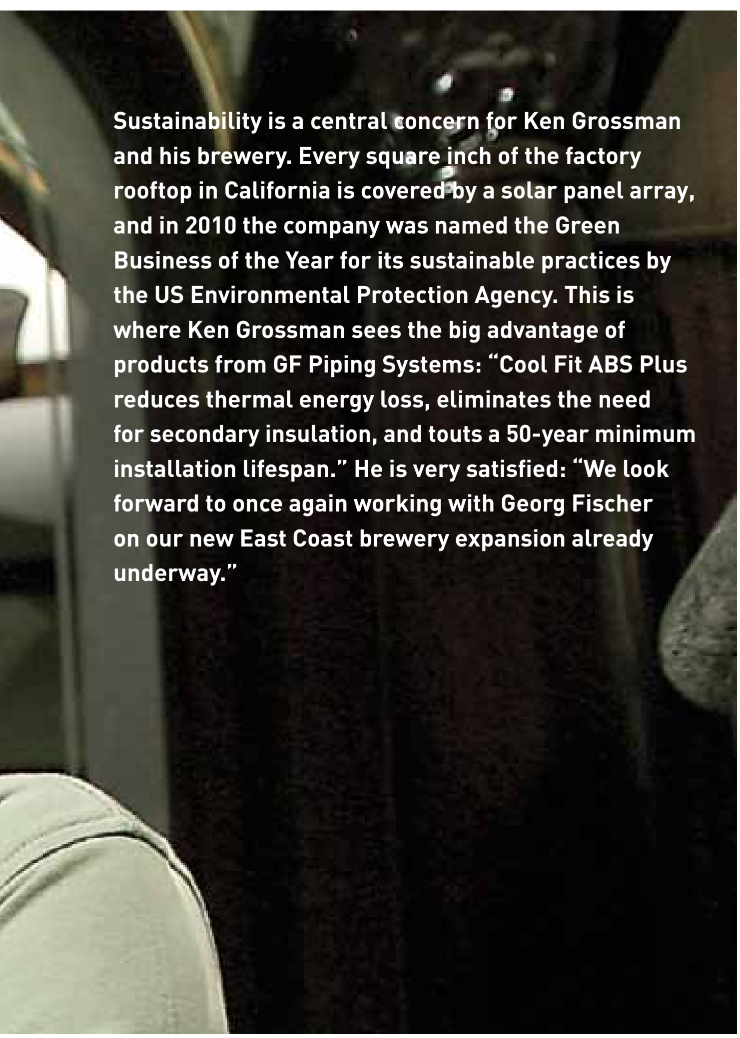
"We received consistent support from the start of the project through to final installation," says brewer Ken Grossman. "The team from GF Piping Systems was totally reliable in handling both the proactive and the reactive needs of this project." Last year, the brewery had to make another major investment, this time in a new and energy-saving central cooling unit for all the fermenting cellars. In the planning phase, Dan Strömberg worked closely together with the brewery's engineers, the fitters received special training, and the "pros" from GF Piping Systems were on hand time and again during construction.



Transport fluids



Cool Fit ABS Plus installed outdoors for the cooling unit of all the fermenting cellars at the Sierra Nevada Brewery.



Sustainability is a central concern for Ken Grossman and his brewery. Every square inch of the factory rooftop in California is covered by a solar panel array, and in 2010 the company was named the Green Business of the Year for its sustainable practices by the US Environmental Protection Agency. This is where Ken Grossman sees the big advantage of products from GF Piping Systems: "Cool Fit ABS Plus reduces thermal energy loss, eliminates the need for secondary insulation, and touts a 50-year minimum installation lifespan." He is very satisfied: "We look forward to once again working with Georg Fischer on our new East Coast brewery expansion already underway."

GF Piping Systems Facts & figures

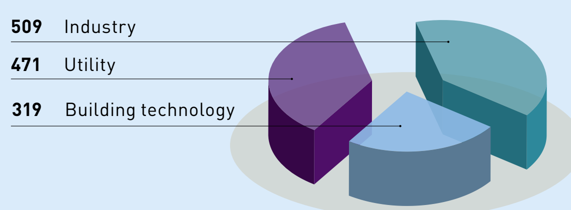
Profile. GF Piping Systems is a leading supplier of piping systems made of plastics and metal and has a global market presence. The division focuses on system solutions and high-quality components for the transport of water, gas, and other liquids in industry, utility, and building technology.

A broad range. With over 60,000 products, GF Piping Systems develops, manufactures, and distributes a very broad range. Its product line includes fittings, valves, measuring and control devices, pipes, and jointing technology.

Customer focus. GF Piping Systems supports its customers in over 100 countries through its own sales companies and representatives. 33 manufacturing sites in Europe, Asia, and the Americas are close to customers and meet their local requirements.

Research and development. GF Piping Systems supports research and development in the energy-saving use of raw materials and resources, too. Its research and development sites are located in Europe, America, and Asia.

Sales: CHF 1 299 million



million CHF	2012	2011
EBIT	130	137
Return on sales (EBIT margin) %	10.0	11.7
Invested capital (IC)	724	645
Return on invested capital (ROIC) %	13.9	16.6
Employees	5 282	5 040

Passion for a lighter future

The twin demands of a reduction in fuel consumption and emissions are ensuring that light-weight is the watchword in automotive manufacturing. This has been the focus of efforts at Georg Fischer for years. In 2012 the world's most modern manufacturing plant was opened in Mettmann (Germany), and innovative components employing bionic design were launched. Georg Fischer is setting new light-weight manufacturing benchmarks for its customers.

-32 %

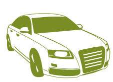
Less is more
The new cast iron steering knuckle developed by GF Automotive is more than 32 percent lighter than the standard design.

The innovation for our customer

Nature's blueprint
Bionics combines biology, technology, and abstract approaches taken from nature to answer technical questions. Shape optimization simulates the biological growth of roots and branches of trees.

INCREASED EFFICIENCY

Innovation increases competitiveness
Innovative parts employing bionic design increase the benefit to customers and competitiveness.



IN MASS PRODUCTION

The customer’s benefit
Parts employing bionic design, produced in the new plant in Mettmann, are being used for the first time in the new Audi A3 and VW Golf. There will be more.

“We appreciate Georg Fischer’s excellent competence in manufacturing technology.”

Georg Fischer customer Ki Sang Jang from Hyundai and Kia supplier Iljin (Slovakia)

Interview with Ki Sang Jang,
Purchasing Dept. Manager
Iljin (Slovakia)

What is Georg Fischer's contribution to your business?
Reliability is a key factor in our business. At Georg Fischer we can rely on stable and constant supplies without any problems or obstacles throughout the whole supply chain. With other casting-part suppliers, we have encountered problems every year.

How important is this fact to your company?
This is very important for us. Our clients are highly demanding. Kia for example expects changes to be implemented very quickly. We need companies that can react immediately. High flexibility is one reason that we started the partnership with Georg Fischer.

And what do you like about working with Georg Fischer?
Besides the flexibility, stability, and reliability it is the fact that Georg Fischer is highly competent in casting engineering and production technology.

What were the reasons for you to choose Georg Fischer as your first European supplier?
Georg Fischer is known as the leading casting supplier in Europe, and our decision was to select a supplier that we can rely on. And the prices are competitive, which is very important in this segment.

Do you see differences between the parts from the traditional lines in Mettmann and those produced with the new AMR line?
The appearance and the workmanship of the new parts are much better. They are from a completely new world.

The innovation for the customer

The new lightness in Mettmann

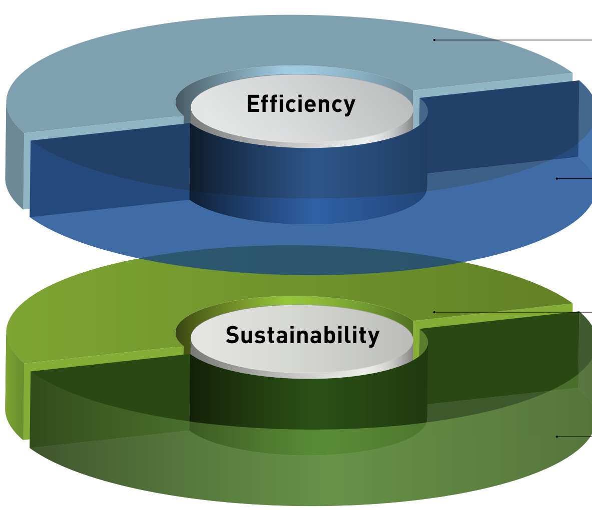
There are moments in life when even the soberest manager goes into raptures. "It's the dream of every foundryman, a 'white foundry'," says Andreas Güll, Managing Director of the Georg Fischer foundry in Mettmann (Germany). He is now standing in the ultra-modern manufacturing line at the plant completed in 2012. All around him is the equipment needed to cast light-weight components for the automotive industry of the 21st century. And robots! Robots everywhere to handle the work of "Aeration Molding Robotpouring" or AMR, a technology of automated casting with optimized sand pouring that has been tailored for casting at the Mettmann site.

The name is a mouthful, but it hits the nail on the head. In modern-day casting, technology has evolved so that iron components for automotive engineering now have bionic structures. In other words, forms that are copied from nature's blueprint and combine a minimum of material with maximum resilience. Take the steering knuckle, for instance, a chassis part that is subject to severe loads. At GF Automotive it has undergone various bionic development stages, which, together with the use of Sibodur, a material Georg Fischer developed

Mettmann

Total capacity of Mettmann foundry (in t)
200 000

Capacity of new manufacturing line (in t)
60 000



For the manufacture of 60,000 t of castings
Old: three production lines
New: 1 x AMR

Soft handling
Old: 100 % manually and conveyors
New: 20 handling robots (finer casting and better quality)

Energy consumption
Old: 100 %
New: 59 %

Investment in sustainability
Old: 0.1 % of total investment
New: 6 % of total investment

The "white foundry": the new manufacturing line of the GF Automotive foundry in Mettmann (Germany)

in-house, have reduced the component's weight from 4.39 kilograms to 2.98 kilograms. This means less material consumption in manufacturing and less fuel consumption as well as lower CO_2 emissions in the vehicle. But it also means utmost precision during the casting process.

For all leading carmakers

With AMR, manufacturing is pushing the boundaries of casting technology. Robot arms pour the red-hot liquid iron at 1,400 degrees Celsius into these sand moulds. Even before this happens, a computerized photoshoot checks whether each individual sand mold is producing faultless cast components. The AMR line is used to manufacture components for all the world's leading carmakers such as VW, Audi, PSA, Ford, Renault, Hyundai/Kia, and Toyota.

The "white foundry", about which Andreas Güll is so enthusiastic, also impacts positively on the energy footprint. A rotary heat exchanger recycles waste air to heat the factory, while highly efficient electric motors take a big cut out of energy consumption. Energy requirements are 41 percent lower than in a conventional plant. The reduction in CO_2 emissions from production is equivalent to the annual emissions from 500 VW Golfs.

GF Automotive Facts & figures

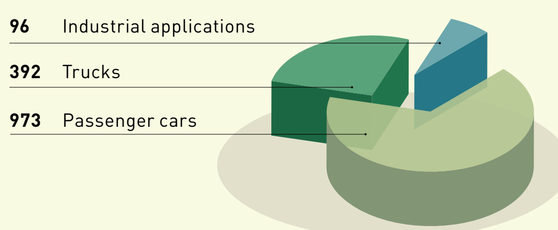
Profile. GF Automotive is a technologically pioneering development partner and manufacturer of highly stressable cast components and systems made of light metal and iron for the global automotive industry as well as for the machine tool and plant engineering sectors.

Range. GF Automotive is a manufacturer for passenger and commercial vehicle production and for industrial applications.

Customer focus. Every component is the result of a cooperative dialog between the customer and the specialists from GF Automotive. The division focuses its efforts on its key markets in Europe, China, and NAFTA. It manufactures some 600,000 tons of components at ten production plants in Germany, Austria, and China.

Research and development. GF Automotive's research and development competency is concentrated in Schaffhausen (Switzerland), and Suzhou (China).

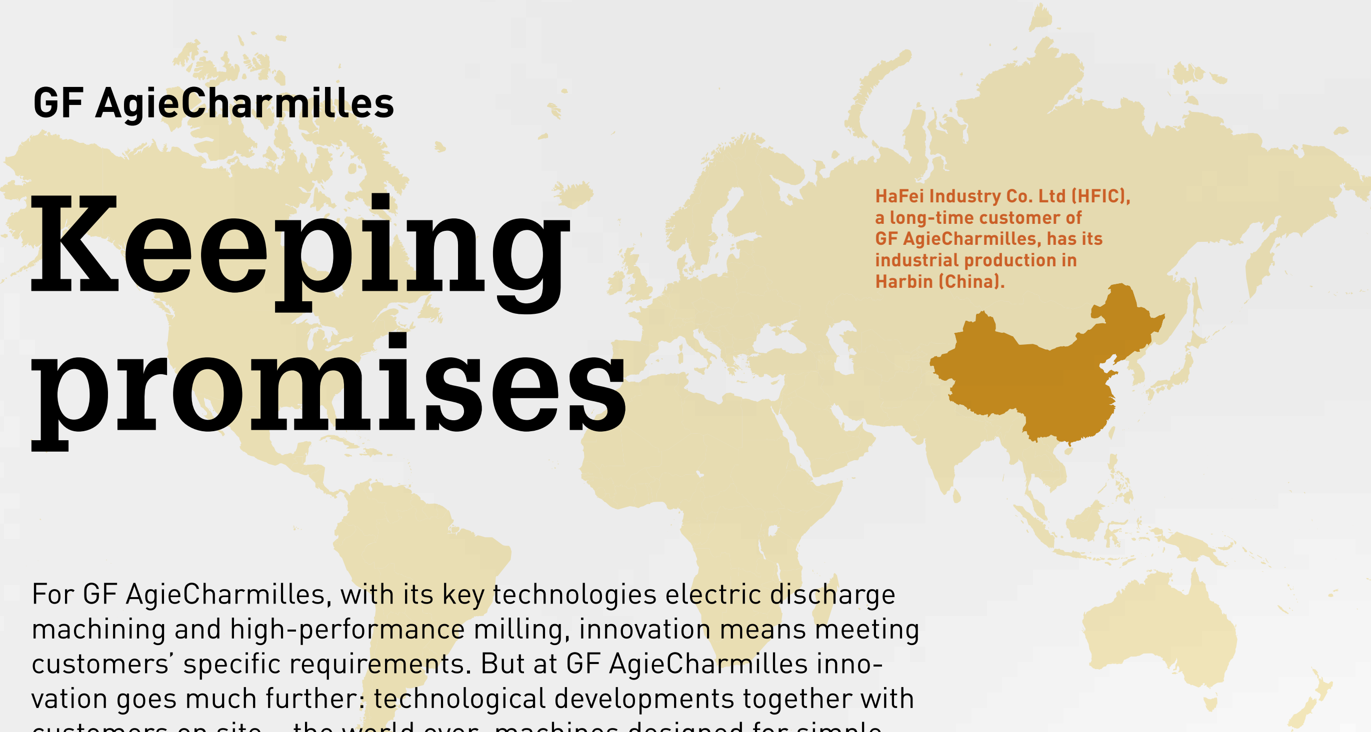
Sales: CHF 1 461 million



million CHF	2012	2011
EBIT	54	69
Return on sales (EBIT margin) %	3.7	4.5
Invested capital (IC)	535	527
Return on invested capital (ROIC) %	10.3	12.2
Employees	5 188	5 261

GF AgieCharmilles

Keeping promises



For GF AgieCharmilles, with its key technologies electric discharge machining and high-performance milling, innovation means meeting customers' specific requirements. But at GF AgieCharmilles innovation goes much further: technological developments together with customers on site – the world over, machines designed for simple handling, comprehensive services, and outstanding after-sales service. For the customer, all this means excellent process efficiency, shorter delivery times, and so lower costs.

The innovation for our customer

The customer's benefit

20 000	revolutions per minute (thanks to high-tech motor spindles)
+80 %	process efficiency (compared to previous machines)
strong	improvement in reliability due to well established machine-tool
shorter	delivery times thanks to high efficiency
higher	quality overall during entire customer journey

The customer's success story

Harbin, a metropolis of three million people not far from the Russian border, has long been an important industrial center in China. And a big player in Harbin is AVIC Harbin Aircarft Group, one of the country's two largest helicopter manufacturers.

GF AgieCharmilles first entered into contact with AVIC Harbin Aircraft Group in 2002 when the company decided to buy milling machines to produce structural components for its helicopters. That order went to a competitor, but the doors were not closed on GF AgieCharmilles. The division's outstanding technology kept the lines of communication open for doing business with the customer.

We understand.

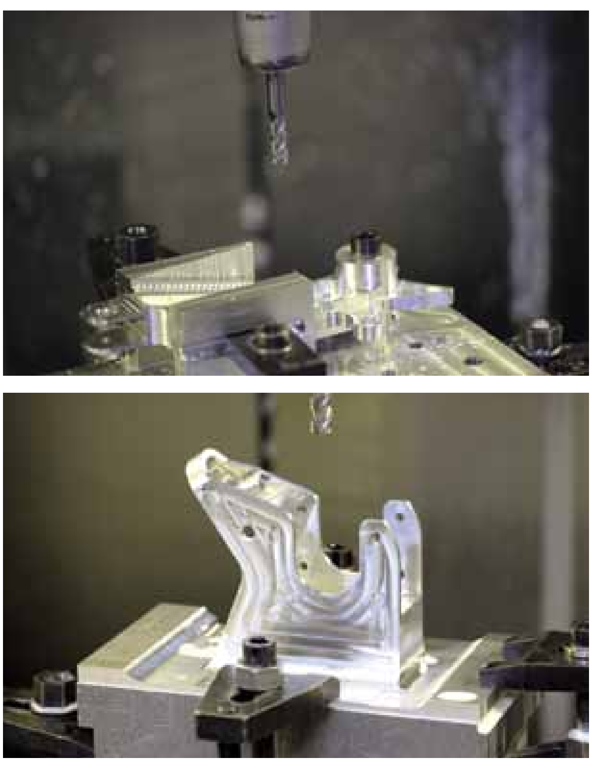
AVIC Harbin Aircraft Group was impressed by the five-axis Mikron milling machines from GF AgieCharmilles, which are equipped with high-tech motor spindles that rotate at up to 20,000 revolutions per minute. Ideally suited for manufacturing aluminum structural components, they maximize process efficiency. Tests showed process efficiency was up 80 percent over the previous machines. For the customer, this meant undreamt-of competitive advantages. The production process was more efficient. Delivery times for manufacturing components melted away. Machine reliability resulted in across-the-board quality gains and more competitive prices. After purchasing two Mikron milling machines, AVIC Harbin Aircraft Group also got a glimpse of the quality of after-sales service at GF AgieCharmilles. "We think it's very good," the manager says. "They do what they say."

Satisfied customers are the secret to new business. After restructuring in 2005, HaFei Industry Co. Ltd (HFIC) was separated from AVIC Harbin Aircraft Group. HaFei sought to capture a niche as a supplier of structural and frame components in helicopter manufacture. When HaFei received orders from its former parent in 2008, it was in the market for suitable milling machines. "We were familiar with GF AgieCharmilles' machines from the time when we were part of AVIC Harbin Aircraft Group," HaFei managers say, "and when we needed machine tools, we immediately knew where to look." As a result, they purchased from GF AgieCharmilles two high-precision machining centers for five-axis simultaneous machining of structure and framework components.

GF AgieCharmilles

“Good machine. Good price. Perfect performance.”

Yuxin Tong, Manager of No. 315 Branch Factory, HFIC



Aluminum brackets for helicopters are one example of the varied application areas at the Chinese company HFIC.

HFIC has grown to become one of China’s leading aircraft and helicopter components manufacturers. Thanks to its excellent customer relations, GF AgieCharmilles has succeeded in selling 16 units to the company. HFIC has been very impressed by the close cooperation between the GF AgieCharmilles’ engineers and its own specialists. This means that the machinery has brought about further efficiency gains for HFIC while at the same time reducing its manufacturing costs.

Local service unit in Harbin ensures customer focus

Impressed by the reliability of the machines and after-sales service, HFIC recently ordered two more standard milling machines plus one high-performance machine tool for another branch factory (automotive components branch factory) to make automotive molds. The orders were filled between November 2011 and 2012. This is a classic example of how business in the Chinese market can be built up steadily and successfully. A decisive factor, no doubt, was GF AgieCharmilles’ decision early on, in the 1990s, to set up its own sales companies in this key market. So it is not by chance that the Swiss manufacturer now has its own service unit in Harbin. This is the best guarantee of customer focus. The people from HaFei say: “It’s a big help for us to have technical support locally.”

Successful partnership: HFIC works with 16 high-precision machine tools from GF AgieCharmilles to produce demanding aluminum helicopter components.

GF AgieCharmilles Facts & figures

Profile. GF AgieCharmilles provides machines, system solutions, and customer services for the manufacture of molds, tools, and components. Its electric discharge, high-speed milling, and laser texturing machines, along with automation solutions, make it the world's leading provider to the tool and mold making industry and to manufacturers of precision components.

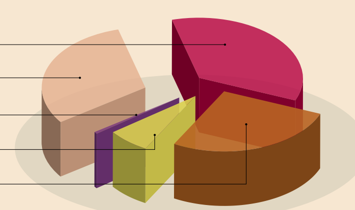
A versatile range. GF AgieCharmilles develops, produces, and distributes machines worldwide for electric discharge machining, laser ablation and high-speed and high-performance milling, and a full range of services. High-precision tools and molds are decisive competitive factors in the serial production of advanced consumer goods.

Customer focus. The division has its own sales companies to serve customers locally in more than 50 countries. Its production plants are located in Switzerland, Sweden, and China. Its most important customer segments are information and communication technology, aerospace, and the automotive industry.

Research and development. GF AgieCharmilles operates R & D centers in Meyrin, Losone, Nidau (Switzerland), Vällingby (Sweden), Beijing and Changzhou (China).

Sales: CHF 842 million

297	EDM
255	Customer services
8	Laser
55	Automation/Tooling
227	Milling



million CHF	**2012**	2011
EBIT	45	37
Return on sales (EBIT margin) %	5.3	4.6
Invested capital (IC)	330	303
Return on invested capital (ROIC) %	13.4	13.0
Employees	2 798	2 712

Organization of Georg Fischer

Georg Fischer Ltd, the Holding Company of the Georg Fischer Corporation, is organized under Swiss law, headquartered in Schaffhausen (Switzerland) and listed on the SIX Swiss Exchange.

Board of Directors // The ten members of the Board of Directors, elected individually by the Shareholders' Meeting, are responsible for determining the Corporation's strategic direction, the design of accounting, the financial controlling and financial planning. It appoints the Executive Committee and has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. All members of the Board of Directors are non-executive.

+ A shared corporate culture is becoming increasingly important with the spread of internationalization.

Executive Committee // The Chief Executive Officer is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit and submits proposals to the Board of Directors. The Heads of the Divisions and the Corporate Staff Units are responsible for drafting and achieving their business objectives and for managing their units autonomously.

Corporate structure // Georg Fischer Corporation is organized in three divisions and two Corporate Staff Units. The divisions are GF Piping Systems, GF Automotive and GF AgieCharmilles. The Corporate Staff Units are Finance & Controlling and Corporate Development. The Heads of the Divisions and the Corporate Staff Units are responsible for managing their businesses and for achieving their business objectives.

Corporate center // The CEO and the CFO form the Corporate center in the narrower sense. The Corporate center is closely involved in management, planning, communications, finance, management development, and corporate culture and is supported in these tasks by a team of about 50 people. The Corporate center ensures that risk management, transparency, corporate governance, sustainability, and compliance practices meet the requirements of the owners and the public, and it supports the Board of Directors in meeting its responsibilities.

Finances // Corporate Finance & Controlling uses powerful information systems to ensure the time-critical financial management of the Corporation. A standardized system of financial reporting is used throughout the entire Corporation, guaranteeing immediate and complete transparency. Currency, interest-rate, and credit risks are monitored and managed at Corporation level.

Management development // Strategically important competencies and information are shared and made available throughout the Corporation. Considerable importance is attached to internal training and to the focused nurturing and development of leaders and managers.

Communication // The Corporation has a strong brand in Georg Fischer and a presence and reputation in the public sphere from which all divisions benefit. Internal and external communications and investor relations (i. e. relations with the financial markets) reinforce the public perception and the image of the Corporation.

Corporate culture // A shared corporate culture is the basis for overall sustainable development and is becoming increasingly important with the spread of internationalization. The Corporate center conveys and promotes the fundamental corporate values throughout the company, thereby nurturing and fostering this corporate culture. Open, active, and timely communication with employees, customers, investors, and the public makes for both credibility and trust.

Corporate Governance // For detailed information about the Corporate Governance of Georg Fischer see pages 44 to 55.

As of 1 January 2013

Board of Directors
Chairman: Andreas Koopmann
10 members

Executive Committee
CEO: Yves Serra
5 members

GF Piping Systems
Head: Pietro Lori

Finance, IT & Strategic Planning
Mads Joergensen

Human Resources
Alain Ritter

Industry
Nick Mills

Utility
Claude Fischer

Building Technology
Michael Huck

Europe & Global Marketing
Jens Frisenborg

Americas
Christof Blumer

Asia
Zhanbing Ren

GF Automotive
Head: Josef Edbauer

Finance & Controlling/IT
Andreas Müller

Human Resources
Noel Schreiber

Purchasing
Atul Malhotra

Business Development & Sales
Achim Schneider

Europe
Dirk Lindemann

China
Mujia Zhang

GF AgieCharmilles
Head: Pascal Boillat

Finance & Controlling/IT
Mauro Fontana

Human Resources
Joachim Heidrich

Operations
Ivan Filisetti

Services/Academy
Jens Thing

Central Marketing & Sales
Håkan Pfeiffer

Business Development
Armando Pereira

Corporate Finance & Controlling
Head: Roland Abt

Corporate Controlling & Investor Relations
Daniel Bösiger

Corporate Treasury
Andreas Häggi

Internal Auditing
Peter Gyger

Risk, Tax & IP Services
Daniel Vaterlaus

Law & Compliance
Marc Lahusen

Corporate Development
Head: Yves Serra

Corporate Communications
Beat Römer

Secretariat General
Roland Gröbli

Corporate Human Resources
Josef Hary

Corporate Planning/IT
Helmut Elben

Commitments and incentives

Georg Fischer has been recording and analyzing environmental indicators since 1997. The global reporting system was upgraded in 2005 to include social performance data and was expanded into the Sustainability Information System (SIS). Various policy documents, for instance the Social Responsibility Policy, support the mainstreaming and implementation of these policies in the 30 countries in which we now operate.

Transparent objectives // The currently applicable sustainability objectives were adopted by the Executive Committee and cover the five-year period from 2010 to 2015. At the operational level, the divisions and the Corporate Companies derive their environmental and social objectives from these quantified targets valid throughout the Corporation. Achievement of the targets is monitored by means of a corporation-wide reporting system. The environmental goals include, for instance, a reduction in CO_2 emissions and an improvement in energy efficiency. The social responsibility targets encompass a reduction in the accident and absence rates and the fostering of employee development by means of modern training programs. The general sustainability objectives also call for sustainability aspects to be embedded in Georg Fischer's cooperation with suppliers (the GF Supplier Code). Every two years Georg Fischer publishes a sustainability report (which it updates every year) to record to what extent these targets have been achieved. The full sustainability report appeared for the first time in 2006 for the 2005 reporting period. Georg Fischer will publish its next interim report with extensive data in June 2013. The report is made in accordance with the GRI guidelines (Global Reporting Initiative) and is audited by an independent auditing board.

Management systems // In 2007 Georg Fischer decided to have all its production sites certified to OHSAS 18001 (Occupational Health and Safety Assessment Series). This certification, which is compatible with ISO 9001 (quality management) and ISO 14001 (environmental management), integrates occupational safety and health protection into the management system. By year-end, 36 out of 41 production sites in scope were in fact certified, a success rate of 88 percent. Newly founded or acquired production companies must achieve OHSAS certification within three years at the latest.

Reporting systems // The systematic recording of sustainability figures, which was initiated in 1997, is carried out by all production companies and by all Sales companies with more than ten employees. In the year under review, 91 operations, or close to 100 percent of all employees, were covered. The Sustainability Information System (SIS), which has been steadily upgraded over the years, ensures that the data are compiled and that they are comparable corporation-wide. Trained employees in the local companies collect and report the data, which are then consolidated and analyzed in the central database. The findings form the basis for monitoring success and for sustainability reporting and also serve to formulate future objectives.

The Contaminated Land Register (CLR) lists all sites at which there is a suspicion of potential legacy waste problems caused by contamination of the soil. No such listed sites are known to require any measures. The Contaminated Land Register is updated regularly.

Organizational measures, training plus information and advice ensure that the Corporate Companies are able to comply with local legislation and the principles of business ethics applicable in the Corporation. The Executive Committee and the Board of Directors receive a report each year. Binding directives ensure that there is absolutely no leeway in areas crucial for an international industrial corporation such as violations of anti-trust law or acceptance of unlawful advantages and that no exception will be permitted to the principle of legal compliance. Employees may report infractions of the law or internal guidelines to their line manager(s), Corporate Audit or directly to the Compliance Officer, anonymously if they so wish. This option of whistleblowing is another instrument designed to prevent illegal behavior. No use was made of this option in 2012.

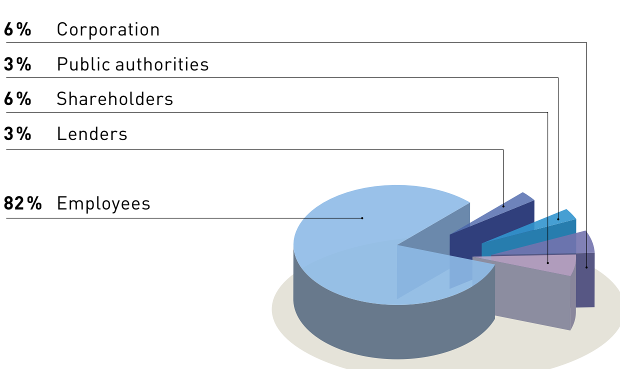
Environmental targets

Energy // The challenges of the future include climate change, the finite nature of fossil fuels, and a steep increase in the demand for energy. In 2011, Georg Fischer generated about 738,000 tons of CO_2 emissions, of which fossil fuels accounted for 293,000 tons and electricity for 437,000 tons. Business travel by car or plane produced around 8,000 tons.

Energy efficiency // Energy will be among the most important and ever-diminishing resources in the coming decades. Consumption is steadily increasing particularly in the emerging markets. According to the International Energy Agency, energy consumption will grow by 45 percent in the next 20 years. Georg Fischer has set itself the goal of increasing energy efficiency in production in each division by 10 percent. All the divisions of Georg Fischer are developing innovative solutions such as flow-efficient diaphragm valves, light-weight components for vehicles, and energy-efficient tool-making machines. In addition, all the divisions of Georg Fischer contribute, through their products and solutions, to increasing energy efficiency in operations and to lowering energy consumption. For instance, flow-optimized valves can reduce the pump input power needed in a plant. Another example is energy-efficient generators that reduce the power consumption of machining centers.

Resource-efficient innovation // Like energy, other important resources are also becoming scarcer and more expensive. For instance, the prices for crude oil, a crucial means of production, have risen by about 30 percent in the last two years. As a result, the development departments have introduced processes for resource-efficient innovation (eco design, life cycle assessment). These processes help ensure that product-related sustainability and resource efficiency issues are taken into account as early as the development stage of new products. Developers have to take the product's entire life cycle, and not just the development phase, into consideration. The impact of new products on the environment is analyzed by assessing the raw materials and suppliers selected, production, the customer's use of the products along with their reuse once their life cycle has expired.

Distribution of net value added 2012 (in %)
(100 % = CHF 1.078 billion)



Social objectives

Net value added // Profit is the focus of every corporate report. For the economy as a whole, however, the factor that really counts is net value added. Net value added is the added value that is available after all external costs have been deducted. At Georg Fischer, net value added came to CHF 1.078 billion in 2012, compared to CHF 1.125 billion in 2011. More than 80 percent of this amount was paid out to employees as wages and salaries. Taxes and duties paid to the public purse accounted for 3 percent.

Safety at work and health protection // Occupational safety and health protection are integrated into the management system in all production companies and the system is certified to OHSAS 18001. The production sites of Georg Fischer have already established ISO 9001 and 14001 as a standard, both of which are compatible with OHSAS 18001. The next goal defined by the Executive Committee is to reduce the accident rate by 15 percent by 2015. Georg Fischer will also concentrate on reducing the absence rate in the years ahead.

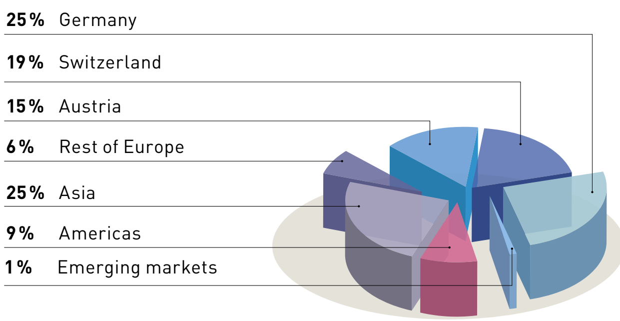
Professional training // Georg Fischer has a long tradition of training apprentices. We will continue, in future too, to make every effort to maintain the high percentage of trainees in the workforce and to offer attractive training positions for basic vocational training. Granting interested school-leavers an early insight into the range of training and study opportunities is also an integral part of the corporate culture in training. In 2012, Georg Fischer offered a total of 455 positions, of which 192 were in Switzerland, for training in various technical or commercial professions.

Management training // The Georg Fischer Corporation has operated a clear management development process for a number of years. Vacancies in senior management can thus be filled by internal candidates in the majority of cases. In the year under review, managers had the opportunity to attend a number of basic and advanced training courses important for their work such as Industrial Business Training (IBT), Financial Management Training (FMT), People Management Training (PMT), and Corporate Management Training (CMT). In 2012, an additional training course, Business Economics and Finance Training (EFT), was established. This course is tailored to the specific requirements in China and is held in Mandarin.

About 200 managers from a number of different countries and all parts of the Corporation underwent intensive training at Georg Fischer's in-house training center at Klostergut Paradies. Moreover, a corporation-wide initiative on management issues and cooperation – based on the FranklinCovey program (a management training institute) – were continued. Managers and employees from all divisions attend these training courses. In addition, the three divisions conduct their own training programs, which are geared specifically to their own operations.

Information // The employee newspaper GLOBE, which appears regularly in five languages, keeps all employees up-to-date about issues relevant to sustainability. In addition, Managing Directors and specialists receive a sustainability newsletter ZOOM, which informs them about current events and sustainability trends in society and the world of science. The larger companies have their own publications which are regularly distributed to all employees.

Employees 2012 by region (in %)
(100 % = 13 412)



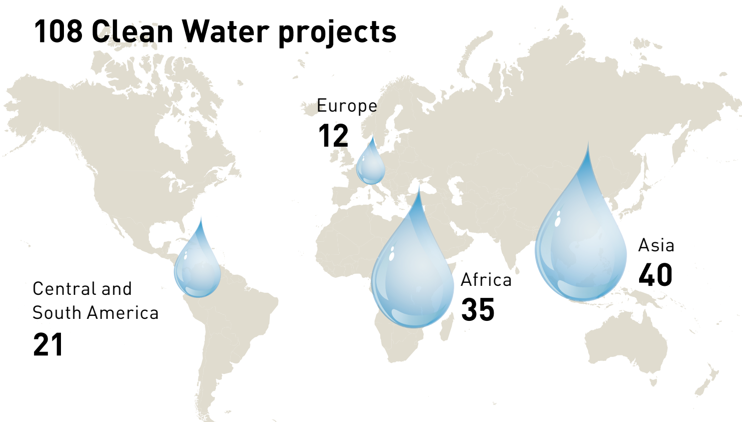
Best-practice exchange // Each year, senior management addresses issues of strategic and operational significance both at the annual two-day conference and at the regional meetings of the Managing Directors, which are chaired by the President and Chief Executive Officer. In the past year, the meetings were attended by 43 Managing Directors. In addition to discussing strategy and financial management, the managers addressed human resources management. The two-day sustainability conference (environmental and occupational safety) held by the German-speaking Corporate Companies is an important platform for promoting an exchange of views within and across the divisions. The attendees at the conference in Nidau (Switzerland), addressed current sustainability topics affecting the Corporation and the divisions in the areas of ecology, energy, and occupational safety. At the Corporation level, discussion centered on the sustainability goals for 2015, and their implementation status was dealt with at length. In addition, time was reserved for the exchange of specialist information in the divisions and for talks by external guest speakers.

Dialog

Clean Water // The Clean Water Foundation received a donation of CHF 3.5 million when it was founded at the 2002 Annual Shareholders' Meeting. To date, Georg Fischer has donated more than CHF 7.5 million to the Foundation. This has made it possible to implement more than 100 projects in over 50 countries on four continents. To mark the 10th anniversary of its Clean Water Foundation Georg Fischer and Caritas Switzerland have agreed to a partnership for the supply of drinking water. The Clean Water Foundation of Georg Fischer will provide the sum of CHF 1 million in cash, which will enable Caritas to provide at least 35,000 people worldwide with sustainably improved access to clean drinking water until 2015. Within this partnership, Georg Fischer and Caritas Switzerland plan a regular exchange of information between the partners' technical specialists. GF Piping Systems will make its know-how and expertise available to Caritas. The primary aim is to bring about tangible improvements to drinking water access through the use of innovative methods. Further on the Board of Trustees supported nine new projects with donations of close to CHF 600,000 in Afghanistan, Moldavia, Nicaragua, Laos, Ethiopia, Kenya, South Sudan, Tajikistan, and Pakistan.

Contributing to the common good // Georg Fischer supports employees who work for the good of their communities. In accordance with its fundamental values and corporate principles, Georg Fischer undertakes to promote cultural, social, and environmental involvement and contribute to the common good. The holding company and Corporate Companies are involved in many local projects at their respective locations. In 2012, the Corporation spent about CHF 2 million on such projects. In addition, some 30 Corporate Companies supported local activities, with considerable contributions in some cases.

Sustainability dialog // Sustainability and resource efficiency play a crucial role for Georg Fischer's customers too, for instance in the automotive industry. Customers carefully examine evidence of sustainable production as well as technological competence, quality, and price when selecting suppliers. GF Automotive was again invited to the 4th "Daimler Sustainability Dialogue" in November 2012. Over 100 stakeholders from business, politics, and social organizations discussed the issue of sustainability.



Awards // Georg Fischer regularly receives awards for its unwavering commitment to sustainable practices. In 2012, for instance, it was the sector leader Index Group SMIM in the Carbon Disclosure Project (CDP).

GF Automotive won second place in the ÖkoGlobe. The ÖkoGlobe confers its awards for pioneering innovation in the area of sustainable mobility. GF Automotive impressed the jury with the bionic design for its steering knuckle. Bionics is the combination of biology and engineering. In the most comprehensive sustainability rating in Switzerland, published every year by the business magazine Bilanz, Georg Fischer again won first place among industrial companies, as it had done in 2011.

All these awards are a commitment for Georg Fischer, but they are also an incentive for us to abide by our sustainability efforts and to intensify them further.

Financial Report 2012

Investor information

Consolidated financial statements

Financial statements Georg Fischer Ltd

Investor information

Share information

	2008	2009	2010	2011	**2012**
Share capital					
Number of shares as per 31 December					
Registered shares	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Thereof dividend-entitled	4 050 898	4 100 898	4 100 898	4 100 898	4 100 898
Number of registered shareholders	15 347	15 410	14 180	13 966	**14 212**
Share prices in CHF					
Registered share					
Highest (intraday)	697	300	579	574	451
Lowest (intraday)	183	110	261	261	302
Closing as per 31 December	240	262	528	321	368
Earnings / loss in CHF					
Per registered share	14	–61	24	39	30
Price-earnings ratio	17	n/a	22	8	**12**
Market capitalization as per 31 December					
Million CHF	972	1 073	2 163	1 316	1 509
In % of sales	22	37	63	36	42
In % of equity attributable to shareholders of Georg Fischer Ltd	72	97	200	112	121
Cash flow from operating activities in CHF					
Per registered share	49	60	59	61	56
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
Per registered share	337	273	264	288	304
Dividend paid (proposed) in million CHF [1]	20	0	41	62	**62**
Dividend paid (proposed) in CHF					
Per registered share[1]	5	0	10	15	15
Pay-out ratio in %	36	n/a	42	38	**50**

1 In 2008 and 2010 as a reduction in par value. In 2011 and 2012 as dividend out of the reserves from capital contributions.

Ticker symbols
Telekurs, Dow Jones (DJT): FI-N
Reuters: FGEZn

Security number: 175 230
ISIN: CH000175 230 9
Cedel / Euroclear Common Code: XS008592691

Share price 2008 – 2012

GF daily closing (CHF)
SPI daily closing – rebased

Market capitalization, earnings per share // The market capitalization stood at CHF 1,509 million on 31 December 2012. Earnings per share is at CHF 30 (previous year: CHF 39).

Proposed distribution of dividends // At the Annual Shareholders' Meeting, the Board of Directors will propose a distribution of dividends out of the reserves from capital contributions in the amount of CHF 15 per registered share.

Significant shareholders // Five disclosure notifications were made in the year under review, three of them from UBS Fund Management (Switzerland) AG and one each from the BlackRock Group and Prof. Dr. Giorgio Behr and Behr Deflandre & Snozzi BDS AG considered as shareholders belonging to the same group.

As at 31 December 2012, the shareholder group of Prof. Dr. Giorgio Behr and Behr Deflandre & Snozzi BDS AG and UBS Fund Management (Switzerland) AG had voting rights of between 3 % and 5 %. BlackRock Inc, USA had voting rights of over 5 % as at 31 December 2012.

Detailed information on the disclosure notifications can be searched using the search mask of the SIX Swiss Exchange. The publication platform can be accessed via the following weblink:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Categories of shareholders as per 31 December 2012

Number of shares	Number of shareholders	Number of shares %
1 – 100	11 871	9.9
101 – 1 000	2 129	14.0
1 001 – 10 000	177	13.3
10 001 – 100 000	32	14.3
› 100 000	3	11.6
Shares not registered in share register	–	36.9
Total	**14 212**	**100.0**

Five-year overview Corporation

million CHF	2008	2009	2010	2011	2012
Order intake	4 462	2 906	3 625	3 604	3 579
Orders on hand at year-end[1]	560	475	579	633	565
Income statement					
Sales	4 465	2 906	3 447	3 511	3 602
EBITDA	400	106	329	364	350
EBIT before special charges	227	–58	180	233	221
Special charges	–93	–143			
EBIT	134	–201	180	233	221
Net profit / loss	69	–238	108	168	127
Cash flow					
Cash flow from operating activities	197	242	243	250	229
Depreciation	159	152	140	121	125
Amortization / impairment	14	12	9	14	8
Additions to property, plant and equipment	–243	–148	–124	–147	–132
Cash flow from acquisitions and divestitures	–159	–10			–79
Free cash flow	–197	94	150	103	19
Statement of financial position					
Current assets	1 790	1 468	1 569	1 651	1 584
Non-current assets	1 543	1 447	1 269	1 274	1 315
Assets	3 333	2 915	2 838	2 925	2 899
Current liabilities	1 308	1 013	836	904	839
Non-current liabilities	621	750	878	798	774
Equity	1 404	1 152	1 124	1 223	1 286
Invested capital (IC)	1 939	1 592	1 418	1 476	1 574
Net debt	546	472	321	294	334
Asset structure					
– Current assets %	54	50	55	56	55
– Non-current assets %	46	50	45	44	45
Capital structure					
– Current liabilities %	38	35	29	31	29
– Non-current liabilities %	19	25	31	27	27
– Equity %	43	40	40	42	44
Key figures					
Return on equity (ROE) %	4.7	–18.6	9.5	14.3	10.1
Return on invested capital (ROIC) %	5.3	–12.5	9.1	13.4	12.1
Return on sales (EBIT margin) %[2]	5.1	–2.0	5.2	6.6	6.1
Asset turnover	2.5	1.7	2.3	2.4	2.4
Cash flow from operating activities in % of sales	4.4	8.3	7.0	7.1	6.4
Employees					
Employees at year-end	14 326	12 481	12 908	13 153	13 412
European Union	7 829	6 816	6 666	6 353	6 286
– Thereof Germany	4 047	3 796	3 754	3 406	3 351
Other European countries	3 064	2 570	2 530	2 659	2 585
– Thereof Switzerland	3 046	2 560	2 521	2 650	2 577
America	1 161	897	934	1 011	1 259
Asia	2 201	2 149	2 726	3 076	3 226
– Thereof China	1 806	1 811	2 374	2 688	2 839
Other countries	71	49	52	54	56

1 In 2008 change of definition for GF Automotive.
In 2012 change of definition for GF Piping Systems.
2 In 2008 and 2009 before special charges.

In 2008 – 2010 including discontinued operations.

Corporate Governance

The Board of Directors and Executive Committee of Georg Fischer attach very great importance to good Corporate Governance in the interest of shareholders, customers, business partners and employees. The implementation and ongoing improvement of the generally accepted principles of Corporate Governance ensure the necessary transparency to enable investors to judge the quality of the Corporation. This Report provides information on structures and processes, areas of responsibility and decision-making procedures, control mechanisms as well as the rights and obligations of the various stakeholders.

Contents // The present publication fulfills all obligations of the relevant SIX Swiss Exchange directive on information relating to Corporate Governance in terms of content and order and is based on the Swiss Code of Best Practice for Corporate Governance of economiesuisse, the association of Swiss industry. The Compensation Report is presented in a separate chapter on pages 56 to 60. All data and information apply to the cutoff date of 31 December 2012, unless otherwise noted. Any changes occurring before the copy deadline on 14 February 2013 are listed at the end of this chapter. Any changes occurring after the copy deadline can be found on our website. Georg Fischer also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, its policies and much more information online at www.georgfischer.com/corporate_governance_en and www.georgfischer.com/policies_en

As of 1 January 2013

Board of Directors
10 members
Chairman: Andreas Koopmann

Executive Committee
5 members
CEO: Yves Serra

Finance & Controlling Roland Abt	**Corporate Development** Yves Serra

GF Piping Systems Pietro Lori	**GF Automotive** Josef Edbauer	**GF AgieCharmilles** Pascal Boillat

Corporate structure and shareholders

The organizational structure of Georg Fischer is illustrated in the diagram on this page. The Corporation has three operational divisions, GF Piping Systems, GF Automotive and GF AgieCharmilles, plus the Corporate Staff Units Finance & Controlling and Corporate Development. The Chief Executive Officer is also the Head of Corporate Development.

The CEO, supported by the other members of the Executive Committee, bears responsibility for the management of the Corporation, where this is not delegated to the divisions or the Corporate Staff Units. The Heads of the Divisions, supported by the Heads of the Business/Technology Units and Service Centers, bear responsibility for the management of the divisions. The Corporate Staff Units support the Board of Directors and the Executive Committee in their management and supervisory functions.

The parent company of all the Corporate Companies is Georg Fischer Ltd. It is incorporated under Swiss law and is domiciled in Schaffhausen, Switzerland. Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N, security number 175 230). Its share capital is CHF 41,008,980, and its market capitalization was CHF 1,509 million as at 31 December 2012 (previous year: CHF 1,316 million).

Affiliated companies // An overview of all affiliated companies in the scope of consolidation can be found in the Financial Report on pages 106 to 109. The list contains the company name, domicile, share capital and the percentage held by Georg Fischer.

Significant shareholders and shareholder groups // As at 31 December 2012, the BlackRock Group (see group structure as published on 22 May 2012 on the SIX disclosure platform), held indirectly by BlackRock Inc (USA) had voting rights in excess of 5%. As at 31 December 2012 two shareholder groups had voting rights between 3% and 5%: (i) Professor Dr. Giorgio Behr and Behr Deflandre & Snozzi BDS AG as shareholders belonging to the same group and (ii) UBS Fund Management (Switzerland) AG.

Five disclosure notifications were published in the year under review, of which three relate to UBS Fund Management (Switzerland) Ltd, one to the BlackRock Group and one to Professor Dr. Giorgio Behr and Behr Deflandre & Snozzi BDS AG as shareholders belonging to the same group. Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform. The notifications can be accessed via the following weblink to the database search page of the disclosure office:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Cross-shareholdings // There are no cross-shareholdings or shareholder pooling agreements with other companies.

Capital structure

Capital and share information // Fully paid-in share capital amounts to CHF 41,008,980 and is divided into 4,100,898 registered shares each with a par value of CHF 10. Each registered share has one vote at the Annual Shareholders' Meeting. The authorized capital and the conditional capital amount to a maximum of CHF 6,000,000. The maximum authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares.

By no later than 21 March 2014, the maximum authorized share capital will be CHF 6,000,000 divided into no more than 600,000 registered shares each with a par value of CHF 10. Moreover, the share capital may be increased via the conditional capital by a maximum of CHF 6,000,000 by the issue of no more than 600,000 fully paid-in registered shares with a nominal value of CHF 10 each, through the exercise of conversion rights and/or warrants granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its Corporate Companies. As of 31 December 2012 no such bonds or debt instruments were outstanding. The beneficiaries and the conditions and modalities of the issue of authorized capital are described in § 4.4 a) of the Articles of Association of Georg Fischer and those of conditional capital in § 4.4 b) of the Articles of Association of Georg Fischer.
www.georgfischer.com/corporate_governance_en

The subscription to and acquisition of the new shares, and any subsequent transfer of the shares, are subject to the statutory restrictions on transferability (see the next section "Restrictions on transferability").

Further information on the share capital and changes in capital in the last five years can be found in the financial section on pages 40 to 42. No participation or profit-sharing certificates exist.

Restrictions on transferability // Entry in the company's share register as a shareholder or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following conditions: A natural person or legal entity may not accumulate, either directly or indirectly, more than 5 % of the registered share capital. Persons who are bound by capital or voting rights, by consolidated management or in a similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person. Applications for registration in excess of this threshold will be refused generally. In the year under review, no applications for exceptions were received.

Nominee registrations // Persons who hold shares for third parties (referred to as nominees) are only entered in the share register with voting rights if the nominee declares his willingness to disclose the names, addresses, and shareholdings of those persons on whose behalf he holds the shares. The same registration limitations apply, mutatis mutandis, to nominees as to individual shareholders. Applications for registration in excess of the threshold of 5 % will be refused.

Cancellation or amendment of restrictions // Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the Annual Shareholders' Meeting passed by at least two-thirds of the shares represented and an absolute majority of the par value of the shares represented.

Convertible bonds and options // There are no outstanding convertible bonds, and Georg Fischer has issued no options.

Board of Directors

Responsibilities // The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. The Board of Directors is responsible for all matters vested in it by the law or the Articles of Association, provided it has not delegated these to other bodies. These are in particular:

- decisions on corporate strategy and the organizational structure,
- appointing and dismissing members of the Executive Committee,
- organizing finance and accounting,
- determining the annual and investment budgets.

Unless otherwise provided for by law or the Articles of Association, the Board of Directors delegates operational management to the Chief Executive Officer, who is assisted in this task by the Executive Committee. The extent to which competencies are delegated by the Board of Directors to the Executive Committee and the nature of the cooperation between the Board and the Executive Committee are defined by the Organization and Business Rules.

www.georgfischer.com/corporate_governance_en

Independence // All members of the Board of Directors are non-executive. There are no significant business relationships between the members of the Board or the companies or organizations they represent and Georg Fischer Ltd or a Corporate Company.

Board of Directors

Andreas Koopmann
Chairman of the Board
1951 (Switzerland)

Dipl. Masch.-Ing. ETH Zurich (Switzerland)
MBA from IMD Lausanne (Switzerland)

Board member since 2010;
Chairman of the Board since 2012

Termination of current term // 2014

Professional background, career // Various functions in Swiss industrial companies (1979 – 1982); Vice President of Engineering and Production, Bobst Group, Roseland, USA (1982 – 1989); various senior positions in the Bobst Group in Lausanne (1989 – 1995), as CEO (1995 – 2009); Chairman of Alstom (Switzerland) AG (2010 – 2012).

Further professional activities and functions // First Vice Chairman of the Board of Directors of Nestlé AG, member of the Board of Directors of Credit Suisse Group AG.

Committees // Chairman of the Nomination Committee

Corporate Governance // Independent member

Gerold Bührer
Vice Chairman of the Board
1948 (Switzerland)

lic. oec. publ. University of Zurich (Switzerland)

Board member since 2001;
Vice Chairman of the Board since 2012

Termination of current term // 2015

Professional background, career // Various positions at the Union Bank of Switzerland (now UBS) (1973 – 1990), ultimately as a member of the executive management of the bank's investment company; member of the Executive Committee of Georg Fischer Ltd (1991 – 2000); member of the Swiss Parliament (1991 – 2007); President of economiesuisse (2007 – 2012).

Further professional activities and functions // Member of the Bank Council of the Swiss National Bank, Vice Chairman of the Board of Directors of Swiss Life, member of the Boards of Bank Sal. Oppenheim & Cie. (Switzerland) Ltd, Cellere AG and Züblin Immobilien Holding AG.

Committees // Member of the Audit Committee

Corporate Governance // Independent member

Elections and term of office // The members of the Board of Directors are elected individually and normally for a term of three years by the Annual Shareholders' Meeting. Each year the Annual Shareholders' Meeting will elect or re-elect around a third of the Board members. When selecting Board members, particular emphasis is placed on entrepreneurial experience, relevant expertise or particular international ties. The Board of Directors aims to achieve a proper balance of competence and knowledge, taking into account the main operational focus of the Corporation, its international orientation and the accounting requirements of listed companies.

The term of office of newly elected members is determined at the time of election, with consideration given to the staggered renewal of the Board. Members whose term has expired may be re-elected immediately. Members of the Board must resign their mandate at the Annual Shareholders' Meeting following their 70th birthday.

2012 // At the 116th Annual Shareholders' Meeting on 21 March 2012, Isabelle Welton and Roger Michaelis were elected as new members of the Board. To meet concerns of the staggered (re-)election of the Board of Directors Isabelle Welton was elected for three years and Roger Michaelis for one year in individual votes. Rudolf Huber was re-elected in an individual vote for three years. Martin Huber and Bruno Hug resigned from the Board of Directors as they reached the age limit.

Internal organizational structure // The Board of Directors constitutes itself by electing a Chairman and a Vice Chairman each year from among its members. The Board of Directors constituted itself the day of the

Roman Boutellier
Member of the Board of Directors
1950 (Switzerland)

Dr. sc. math. ETH Zurich (Switzerland)

Board member since 1999

Termination of current term // 2013

Professional background, career // Kern AG (1981 – 1987); member of the executive management of Leica AG (1987 – 1993); Professor of Business Management at the University of St Gallen (1993 – 1998); CEO and Delegate to the Board of Directors of SIG Holding AG (1999 – 2004); Professor of Innovation and Technology Management at the ETH in Zurich (since 2004) and Vice President Human Resources and Infrastructure ETH Zurich (since 2008).

Further professional activities and functions // Member of the Board of Directors of Ammann Group Holding AG; member of the Bank Council of the Cantonal Bank of Appenzell; member of the Board of Trustees of Vontobel Foundation.

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

Ulrich Graf
Member of the Board of Directors
1945 (Switzerland)

Dipl. El.-Ing. ETH Zurich (Switzerland)

Board member since 1998

Termination of current term // 2014

Professional background, career // Various positions at the Kaba Group (1976 – 2006), ultimately as President and CEO and Delegate to the Board of Directors of Kaba Holding AG (1990 – 2006).

Further professional activities and functions // Chairman of the Boards of Directors of Kaba Holding AG, Dätwyler Holding AG, Griesser Holding AG and of Fr. Sauter AG; member of the Board of Directors of Feller AG, member of the Supervisory Board of Dekra e.V. and Chairman of the Board of Trustees of REGA.

Committees // Chairman of the Compensation Committee

Corporate Governance // Independent member

Rudolf Huber
Member of the Board of Directors
1955 (Switzerland)

Dr. oec. publ. University of Zurich (Switzerland)

Board member since 2006

Termination of current term // 2015

Professional background, career // Various positions in the financial sector of industrial firms in Switzerland (1985 – 1992); CFO of Geberit AG (1992 – 2004); business consultant (since 2005); part-time lecturer at the Hochschule für Wirtschaft in Lucerne and lecturer at the University of St. Gallen.

Further professional activities and functions // Chairman of the Board of Directors of Looser Holding AG, member of the Board of Directors of Swiss Prime Site AG and of the unlisted companies Hoerbiger Holding AG, Wicor Holding AG and Zhoulang Textile Machining Co. Ltd, Jintan; President of the CFO Forum Switzerland.

Committees // Chairman of the Audit Committee

Corporate Governance // Independent member

Annual Shareholders' Meeting, 21 March 2012, as follows: Andreas Koopmann, Chairman; Gerold Bührer, Vice Chairman (both new).

Areas of responsibility // The members of the three standing Board Committees are listed on page 49. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions (except the Compensation Committee; see page 51). They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all members of the Board of Directors. The Chairmen of the individual committees also make a verbal report at the next meeting of the Board of Directors and submit any proposals.

Work methods of the Board of Directors // Decisions are made by the Board of Directors as a body. Members of the Executive Committee also participate in Board meetings for agenda items relating to the company's business, but are not entitled to vote. Only the Chief Executive Officer is present when personnel topics are dealt with. Personnel topics affecting him directly are treated in his absence. Invitations to Board meetings list all the issues that the Board of Directors, a Board Committee or the CEO wishes to discuss. All participants in a Board meeting receive detailed written material on the proposals in advance.

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met six times: The Board met twice for two-day meetings and consultations; two meetings

Board of Directors

Roger Michaelis
Member of the Board of Directors
1959 (Brazil and Germany)

Studied business administration at the University of São Paulo, post-graduate degree in management and strategy at Krupp Foundation, Munich (Germany) and Babson College (USA)

Board member since 2012

Termination of current term // 2013

Professional background, career // Various positions at Osram Group since 1988, ultimately as CEO at Osram Brazil and Head of Human Resources in Latin America; before CFO at Osram subsidiaries in India and Brazil (until 2012); partner and director of Verocap Consulting, São Paulo (Brazil).

Further professional activities and functions // -

Committees // -

Corporate Governance // Independent member

Jasmin Staiblin
Member of the Board of Directors
1970 (Germany)

Double degree in electrical engineering and physics from the Technical University, Karlsruhe (Germany), Royal Institute of Technology, Stockholm (Sweden)

Board member since 2011

Termination of current term // 2015

Professional background, career // Various positions at ABB, including in Switzerland, Sweden and Australia (1997 – 2006); Country Manager of ABB Switzerland (2006 – 2012); CEO of Alpiq AG (as of 1 January 2013).

Further professional activities and functions // Member of the Board of Directors of Rolls-Royce Holdings Plc and the Neue Aargauer Bank (Subsidiary of the CS Group); member of the ETH Board.

Committees // Member of the Nomination Committee

Corporate Governance // Independent member

lasted half a day and two meetings lasted two hours or less. In addition, the Board visited several Corporate Companies in Germany and Switzerland in the year under review. The three standing Board Committees met a total of 12 times. One ad hoc committee of the Board of Directors held one meeting. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, the attendance rate was 97 %.

External consultants are called on for their services when specific topics are involved. Further information is provided in the section on the Board Committees.

As of 1 January 2013

Committees

Audit Committee
Rudolf Huber, Chairman
Gerold Bührer
Kurt E. Stirnemann

Compensation Committee
Ulrich Graf, Chairman
Isabelle Welton
Zhiqiang Zhang

Nomination Committee
Andreas Koopmann, Chairman
Roman Boutellier
Jasmin Staiblin

Kurt E. Stirnemann
Member of the Board of Directors
1943 (Switzerland)

Dr. sc. techn. ETH Zurich (Switzerland)

Board member since 2003

Termination of current term // 2014

Professional background, career // Assistant (1969 –1971) and lecturer (1973 – 1977) at the ETH in Zurich; various positions at Rieter (1977 – 1990), ultimately as Managing Director of Maschinenfabrik Rieter AG and as deputy member of the Executive Committee of Rieter Holding AG; President and CEO of Agie AG (1990 – 1996); member of the Executive Committee of Georg Fischer as well as CEO and Delegate to the Board of Directors of the Agie Charmilles Group (1996 – 2003); President and CEO of Georg Fischer Ltd and Delegate to the Board (2003 – 2008).

Further professional activities and functions // Member of the Board of Directors of Feintool AG.

Committees // Member of the Audit Committee

Corporate Governance // Independent member

Isabelle Welton
Member of the Board of Directors
1963 (Switzerland)

Graduated in law at the Faculty of Law of the University of Zurich (Switzerland)

Board member since 2012

Termination of current term // 2015

Professional background, career // Career start as Product Manager at Citibank in USA and Japan; Communications Manager for Zurich Financial Services (1996 – 2001); Head Corporate Communication EFG Private Bank (2001 – 2003); various positions at IBM Switzerland, ultimately as CEO and General Manager of IBM Switzerland (2003 – 2012) finally as Vice President Brand Systems of IBM Europe (until end of 2012); Group Chief Marketing Officer Zurich Insurance Group Ltd (as of 2013).

Further professional activities and functions // Member of the Regional Economic Advisory Council of the Swiss National Bank.

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Zhiqiang Zhang
Member of the Board of Directors
1961 (China)

Bachelor of Sciences from Northern Jiatong University, Beijing (China); MBA from Queen's University, Kingston (Canada)

Board member since 2005

Termination of current term // 2013

Professional background, career // Various positions in Siemens (1987 – 2007), including President of Siemens VDO Automotive China (1999 – 2005); President of Nokia Siemens Networks Greater China Region (2005 – 2012); since 2012 President of Greater China Region and member of extended Group Executive Management of Sandvik AB.

Further professional activities and functions // –

Committees // Member of the Compensation Committee

Corporate Governance // Independent member

Evaluation // The Board of Directors reviews its performance and that of its members annually as part of a self-assessment. Employing a standardized method, the members of the Board of Directors assessed target achievement as well as the quality of cooperation and Board meetings in the fall of 2012. The findings of this evaluation will be incorporated into the annual planning for 2013.

Audit Committee // The Audit Committee consists of three Board members. The Audit Committee supports the Board of Directors in monitoring the accounting and financial reporting, supervises internal and external audits, assesses the efficiency of the internal audit system including risk management, and compliance with statutory provisions, acknowledges the sensitivity analysis of the pension trust funds of Georg Fischer Ltd, and issues its opinions on transactions concerning equity and liabilities at Georg Fischer Ltd. The Audit Committee also decides whether or not the consolidated financial statements and those of Georg Fischer Ltd can be recommended to the Board of Directors for presentation to the Annual Shareholders' Meeting.

As a rule, the Chairman of the Board, the CEO, the CFO, the Head of Internal Auditing, and representatives of the external auditor also attend the meetings. At the request of the Audit Committee the external auditor also provides information on current questions relating to the financial statements and financial issues.

Executive Committee

Yves Serra
Chief Executive Officer of Georg Fischer Ltd, 1953 (France)

Engineering degree from Ecole Centrale de Paris (France) and a M. Sc. in civil engineering from the University of Wisconsin-Madison (USA)

Member of the Executive Committee since 2003, CEO since 2008

Professional background, career // Deputy commercial attaché at the French Embassy in Manila (1977 - 1979); customer service engineer for Alstom in France and South Africa (1979 - 1982); various positions at Sulzer in France and Japan (1982 - 1992); various positions for the Georg Fischer Corporation (since 1992), Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia (1992 - 1997), Head of Charmilles (1998 - 2002), Head of GF Piping Systems (2003 - 2008); President and CEO of Georg Fischer Ltd (since 2008).

Further professional activities and functions // Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries); member of the Board of Swiss Chinese Chamber of Commerce and member of the Chapter Board "Doing Business in USA" of the Swiss American Chamber of Commerce.

Roland Abt
Chief Financial Officer
1957 (Switzerland)

Dr. oec. University of St. Gallen (Switzerland)

Member of the Executive Committee since 2004

Professional background, career // Head of Finance for a corporate group in the areas of data processing and real estate (1985 – 1987); various positions at the Eternit Group (1987 – 1996) in Switzerland and Venezuela, ultimately as Division Manager of their asbestos cement manufacturing activities; various positions for the Georg Fischer Corporation (since 1996), including CFO of the AgieCharmilles Group (1997 - 2004) and CFO of the Georg Fischer Corporation (since 2004).

Further professional activities and functions // Member of the Regulatory Board and Issuers Committee of the SIX Swiss Exchange.

During the business year just ended, the Audit Committee held six meetings, three of which lasted half a day, and the other three less.

Compensation Committee // The Compensation Committee consists of three Board members. It supports the Board of Directors in setting compensation policy at the highest corporate level. As required, it uses knowledge of external compensation specialists about market data from comparable companies in Switzerland, in addition to publicly available data obtained on the basis of compensation disclosures. In the year under review, an external consultant was retained in one case to a limited extent. The Compensation Committee proposes to the Board of Directors the total amount of compensation to be paid to the entire Executive Committee and the Chief Executive Officer. In addition the Compensation Committee decides on the remuneration of the individual members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held three meetings during the past financial year, each of which lasted about an hour and a half.

Nomination Committee // The Nomination Committee consists of three Board members. It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination Committee is kept informed annually about succession planning for the two senior operating management

Pietro Lori
Head of GF Piping Systems
1956 (Italy)

Studies of mechanical engineering, degree of Dr. Ing. Politecnico di Milano (Italy)

Member of the Executive Committee since 2008

Professional background, career // Various positions in different companies in Italy and the United States (1982 - 1988) and at GF Piping Systems (since 1988), including Managing Director of GF Piping Systems Italy (1994 – 1998), Head of Southern Europe (1999 – 2001), member of the Group Management (since 2002), Vice President Division Europe and Emerging Markets (2003 – 2008);
Head of GF Piping Systems (since 2008).

Further professional activities and functions //
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Josef Edbauer
Head of GF Automotive
1957 (Germany)

Dipl.-Ing. University of applied sciences of Konstanz (Germany)

Member of the Executive Committee since 2008

Professional background, career // Various positions at Georg Fischer Automotive (since 1982), including Head Engineering and Maintenance at George Fischer (Lincoln) Ltd, Lincoln UK (1985 – 1989), Managing Director Georg Fischer Automobilguss GmbH, Singen (Germany) (1999 – 2005); member of the Group Management and Head Iron Casting Technology Unit at GF Automotive (2005 – 2008);
Head of GF Automotive (since 2008).

Further professional activities and functions //
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Pascal Boillat
Head of GF AgieCharmilles
1955 (Switzerland)

Studies of Electrical Engineering at Engineering School in Bienne; Dipl.-El.-Ing. ETS (Switzerland)

Member of the Executive Committee since 2013

Professional background, career // Electrical Engineer and responsible for the software department at Wahli Frères in Bévilard (1977 - 1984); various positions at General Electric Switzerland and GE Fanuc Switzerland (1984 – 2000), ultimately as Country Manager Switzerland; as of 2000 Vice President, as of 2002 President & CEO of GE Fanuc Europe (Luxembourg); at GF AgieCharmilles since 2010 as Head of Operations (until end of 2012);
Head of GF AgieCharmilles (since 2013).

Further professional activities and functions //
Member of the working group Machine Tools and Machining of Swissmem.

levels. In the year under review, the Nomination Committee held three meetings, which lasted two hours on average.

Ad hoc committees // In the year under review, the Board established an ad hoc committee on one occasion. It advised the Board on issues of corporation law and met once for a meeting lasting two hours. The meeting was also attended by the CEO, the CFO, specialists from Georg Fischer and external specialists.

Information and control instruments // The Board of Directors is informed in depth about business performance every month. The members of the Board also receive the monthly report, which contains current information concerning business performance and the financial statements of the Corporation, the divisions and Corporate Companies together with a detailed commentary. The Executive Committee presents and comments on business performance and tables all important matters at the Board meetings. It also presents its assessment of business performance for the coming months.

In addition, the Board of Directors receives the estimate prepared twice a year with the figures for the entire business year. The Board of Directors also approves the budget of the Corporation and of the divisions for the following year. Once a year, it receives the results of medium-term planning for the next three years. The Board of Directors holds a two-day meeting once a year to discuss the strategies of the divisions and the Corporation as a whole.

The Chairman of the Board of Directors attends the Corporate Convention of the senior management and the Executive Committee's planning meeting and is a regular attendee at other corporate management meetings. The Chairman of the Board of Directors and the CEO inform and consult each other regularly on all business matters that are of fundamental importance or have far-reaching ramifications. The Chairman of the Board receives the invitations and minutes of the Executive Committee and Corporate Staff Meetings. He visits Corporate Companies on a regular basis to see their operations for himself and how they are implementing the Corporation's strategies. In 2012, he visited Corporate Companies in Europe, the Emerging Markets and the USA.

Internal Auditing // Internal Auditing reports to the Chairman of the Audit Committee operationally and to the CFO administratively. Based on the risk-oriented audit plan approved by the Audit Committee, Corporate Companies are audited either annually or every two to three years, depending on the risk assessment. In the year under review 54 internal audits were conducted. The written report is discussed with the management of the company in question. Copies are sent to the line managers, the external auditor, the Executive Committee and the Chairmen of the Board of Directors and of the Audit Committee. Audit reports with significant findings are presented to and discussed in the Audit Committee.

Internal Auditing also ensures that all discrepancies arising in internal and external audits are addressed and submits a report on such questions to the Executive Committee and the Audit Committee. The Head of Internal Auditing prepares an annual report, which is discussed by the Executive Committee and the Audit Committee. He also serves as the secretary of the Audit Committee.

Corporate compliance // The Service Center Law & Compliance informs the Board of Directors and the Executive Committee about legal issues and significant changes to the law. The Corporate Compliance Officer (CCO) is appointed by the Chief Executive Officer and in this function reports to the General Counsel and can report to the CEO if necessary. Especially through preventive measures and training in the divisions along with information and advice to the Corporate Companies, the CCO ensures that the Corporate Companies comply with the law, internal directives and the Corporation's principles of business ethics in their business activities. The Executive Committee, in consultation with the CCO, defines priority issues.

In 2012, various compliance measures were taken: (i) an internal e-learning program was conducted on competition and cartel law for approx. 500 employees; (ii) more than 20 training sessions were held for Corporate Companies and at management meetings on cartel law, anticorruption efforts, export controls, and other compliance topics; (iii) audits were conducted at three Corporate Companies in connection with a local compliance model; (iv) cooperation with Internal Auditing was strengthened by extending the audit program to include compliance topics, while ongoing consulting and support for internal audits was also provided; (v) an "Exports Controls Task Force" was set up and trained to provide coordination and mutual support for the Corporate Companies in the GF AgieCharmilles division; (vi) advice was given on issues relating to export controls, cartel law and labor law. The Board of Directors

reviewed and discussed the 2012 Compliance Report. Code of Conduct of Georg Fischer:
www.georgfischer.com/corporate_governance_en

Risk management // The Board of Directors and Executive Committee attach considerable importance to a cautious approach to strategic, financial, and operating risks. The Head of the Service Center Risk, Tax & IP Services is the Chief Risk Officer (CRO). In this function, the CRO reports directly to the Chief Executive Officer and is supported in this task by a part-time risk officer from each of the three divisions. Together with internal specialists in corporate risk management, the risk officers form the Corporate Risk Council, chaired by the CRO. The Council held two meetings during the past business year. In addition, the CRO conducted workshops with the management of the three divisions and with the Executive Committee at which the concrete risk situation was analyzed, measures were discussed, and key risks were defined. The results of these workshops were submitted to the Board of Directors. Furthermore, the Board of Directors held a workshop in 2012 on the subject of risk management, at which the Board members presented what they considered to be the significant risks and defined measures for risk control and risk reduction that are to be implemented by management.

The approach to financial risks is explained in the financial report on pages 94 to 97, while operational risks are dealt with on page 16 and on pages 92 and 93.

Assessment // The Board of Directors evaluates and assesses the performance of the Executive Committee and its members at least once a year in the absence of the Executive Committee members. The Nomination Committee must approve any appointments of Executive Committee members to external Boards of Directors or to high-level political or military functions.

Executive Committee

The Chief Executive Officer is responsible for the management of the Corporation. Under his leadership, the Executive Committee addresses all issues of relevance to the Corporation, takes decisions within its remit and submits proposals to the Board of Directors. The Heads of the three Divisions and two Corporate Staff Units are responsible for drafting and achieving their business objectives and for managing their units autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

Members // As at the end of the year under review, the Executive Committee had the following members: Yves Serra, CEO and at the same time Head of Corporate Development; Pietro Lori, Head of GF Piping Systems; Josef Edbauer, Head of GF Automotive; Jean-Pierre Wilmes, Head of GF AgieCharmilles; Roland Abt, CFO and Head of Corporate Finance & Controlling.

Shareholders' rights

As at 31 December 2012, Georg Fischer Ltd had 14,212 shareholders with voting rights (previous year: 13,966), most of whom reside in Switzerland. To maintain this broad base, the Articles of Association provide for the statutory restrictions summarized hereinafter.

Restriction on voting rights // The total number of votes exercised by one person for his own shares and shares for which he votes by proxy may not exceed 5% of the votes of the company's total share capital. Persons bound by capital or voting rights, by consolidated management or otherwise acting in concert for the purpose of circumventing this provision are deemed to be one person. In the year under review, no applications for exceptions were made.

The restriction of voting rights under § 4.10 of the Articles of Association may be revoked only by a resolution of the Annual Shareholders' Meeting, passed by a two-thirds majority of the shares represented and an absolute majority of the par value of the shares represented.

Proxy voting // A shareholder may, on the basis of a written power of attorney, be represented at the Annual Shareholders' Meeting by another shareholder entitled to vote, a member of a governing body, the independent proxy, or a proxy holder of deposited shares. Partnerships may be represented by a partner or authorized signatory, legal entities by a person authorized by law or the Articles of Association, married persons by their spouse, wards by their legal guardians and minors by their legal representative, regardless of whether such representatives are shareholders or not.

Statutory quorum // The following resolutions of the Annual Shareholders' Meeting require a majority greater than that laid down by law. At least two-thirds of the shares represented and an absolute majority of the par value of the shares represented must be in favor of:

– the easing or revocation of restrictions on the transferability of shares,

- the introduction, expansion, easing or revocation of restrictions on voting rights,
- the conversion of registered shares into bearer shares,
- the removal from office of a quarter or more of the members of the Board of Directors,
- amendments to § 16.1 of the Articles of Association concerning the election and term of office of members of the Board of Directors,
- the removal of limitations in the Articles of Association regarding the resolutions passed by the Annual Shareholders' Meeting, in particular those contained in § 12.

Convocation of the general meeting of shareholders // No regulations exist which deviate from those stipulated by law.

Agenda // Shareholders representing a minimum of 0.3 % of the share capital may request that an item be added to the agenda. The application must be submitted in writing no later than 60 days before the meeting and must specify the item to be discussed and the shareholder's proposal.

Entry in the share register // The deadline for entering shareholders in the share register with regard to attendance at the Annual Shareholders' Meeting is around ten days before the date of the Annual Shareholders' Meeting. It is mentioned in the invitation to the Annual Shareholders' Meeting.

Change of control and defense measures

The Articles of Association of Georg Fischer Ltd do not contain any regulations governing "opting-out" or "opting-up". For one year subsequent to the effective date of a change of control, the contractually agreed period of notice is doubled for the members of the Executive Committee (from 12 to 24 months), as well as for several other members of senior management (from 6 to 12 months). Furthermore, a change of control will result in the cancellation of all existing disposal limitations for shares allocated according to the share plan. In the event of a change of control, bondholders and banks have the right to demand the immediate repayment of bond issues and loans before they are due.

Auditors

Mandate // PricewaterhouseCoopers, Zurich, was appointed to audit the financial statements of the Corporation and of Georg Fischer Ltd for the first time in the year under review. The relevant entry in the Commercial Register dates from 24 April 2012. The chief auditor, Stefan Räbsamen, who is responsible for the mandate, began this work following the Annual Shareholders' Meeting on 21 March 2012. The auditor in charge is changed every seven years. The statutory auditor is elected at the Annual Shareholders' Meeting for a term of one year.

Audit fees // In 2012, the Corporation spent about CHF 2.39 million worldwide in connection with the audit conducted by PricewaterhouseCoopers of the financial statements of Georg Fischer Ltd, of the Georg Fischer Corporation, and of the Corporate Companies. For additional services PricewaterhouseCoopers received fees of approximately CHF 0.39 million. In 2012 these services relate to tax advice (CHF 0.08 million) and other consulting mandates in connection with accounting (CHF 0.31 million).

Supervisory and control instruments // The Audit Committee reviews and evaluates the effectiveness and independence of the external auditors annually. The Audit Committee bases its evaluation on the following criteria:
- quality of the documents and management letters,
- time taken and costs,
- quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing or additional consulting mandates.

For the evaluation, the members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Auditing also issues an annual list of all services rendered by external auditors for the Corporation and their costs. This report is discussed by the Executive Committee and the Audit Committee. Authorization of the costs for the audit of Georg Fischer Ltd, the audit of the financial statements of the Corporation and of all Corporate Companies was given by the the Audit Committee for 2012, as part of the renewed tender procedure. Further services from PricewaterhouseCoopers will be examined by the Head of Internal Auditing and will be approved either by the CFO or by the managing directors of the individual Corporate Companies, depending on the volume. A high level of cost transparency is ensured because Internal Auditing prepares a report every year.

In the presence of internal and external auditors, the Audit Committee also evaluates potential for improvement regarding collaboration, the processing of assignments and any interfaces or overlapping of Internal and external Auditing. A representative of the auditors attended the five ordinary meetings of the Audit Committee.

Information policy

Georg Fischer implements a policy of communicating proactively, openly and promptly with all stakeholders. All communication measures are based on a commitment to uphold the company's credibility. Whenever possible and permissible, employees are notified first of issues that affect them. Open communication at all levels is an important element of management responsibility. Responsibility for communication and information lies primarily with Corporate Communications and Investor Relations.

The Corporation's continually updated internet site (www.georgfischer.com) and media releases on important events are a fixed feature of Georg Fischer communications. As a company listed on the SIX Swiss Exchange, Georg Fischer is subject to the requirements on ad hoc publicity, i.e. the obligation to report any potential share-relevant information. Georg Fischer also maintains a dialog with investors and media workers at special events and road shows.

The key facts and figures on Georg Fischer, digital media kits on important events, and the calendar of events of relevance to shareholders, analysts and the media (annual shareholders' meetings, press conferences, etc.) can be viewed and downloaded from the Georg Fischer website.

Subscription to the e-mail service is free of charge. All media releases are available on the Georg Fischer website at the same time as they are published. The online media release archive dates back three years. In addition, shareholders of Georg Fischer Ltd receive the condensed Annual Report and the Mid-Year Report directly in the post, and all other interested persons on request.
www.georgfischer.com/medien_en
www.georgfischer.com/mediareleases_en
www.georgfischer.com/newsletter_en
www.georgfischer.com/subscriptionservice

Investor Relations
Daniel Bösiger
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
beat.roemer@georgfischer.com

Changes after the balance sheet date

Between 1 January and the copy deadline on 14 February 2013, one disclosure notification was made on 15 January 2013 relating to Professor Dr. Giorgio Behr and Behr Deflandre & Snozzi BDS AG as shareholders belonging to the same group, stating that the voting rights are below 3 %.

Disclosure notifications pertaining to shareholdings in Georg Fischer Ltd that were filed with Georg Fischer Ltd and the SIX Swiss Exchange are published on the latter's electronic publication platform. The notifications can be accessed via the following weblink to the database search page of the disclosure office:
www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Compensation Report

Contents // The information below follows the guidelines of the SIX Swiss Exchange on compensation policy and the remuneration paid to the Board of Directors and Executive Committee and takes into account the transparency regulations of the Swiss Code of Obligations Art. 663b^{bis} and 663c CO.

The remuneration paid in accordance with the above-mentioned provisions of the Code of Obligations is listed and commented on in the consolidated financial statements (pages 103 and 104) and in the statements of Georg Fischer Ltd (pages 116 to 118).

Compensation policy

Introduction // The Human Resources Policy defines the principles of the Corporation's compensation policy. It is designed to provide simple and clearly structured salary systems that ensure fair remuneration and that are transparent for the Corporation's employees. Georg Fischer gears salary levels to salaries in the relevant market and reviews these levels at regular intervals. Individual compensation is determined by the specifications of the position, competencies, performance, and the Corporation's business success. Wherever possible, Georg Fischer uses results- and performance-driven compensation systems that include a result-based variable component.

Criteria for comparison // These principles also apply to the compensation policy for the Board of Directors and the Executive Committee, which is adopted by the Board of Directors on a proposal of the Compensation Committee. The amount and the elements of the compensation for the Board of Directors and the Executive Committee are tailored to the sector and labor market and are reviewed regularly. For this purpose, the Compensation Committee uses publicly available information from comparable companies on sales, earnings, number of employees, markets, and sectors in the metal-working, electrical engineering and mechanical industry in Switzerland.

Board of Directors

The compensation for the Board of Directors consists of:

A) cash compensation
B) share-based compensation
C) other benefits

The criteria used to determine compensation are set out in regulations. These criteria, which retain their validity for several years, were last reviewed on behalf of the Compensation Committee in 2010 (see criteria for comparison under section compensation policy).

A) Each member of the Board receives a fixed cash compensation as part of his or her remuneration (see criteria for comparison under section compensation policy). Additional time for special tasks such as committee chairmanship, vice-chairmanship or membership, for extraordinary meetings or for travel to and from meetings which does not take place on the day of the meeting is also remunerated on a daily rate basis (see criteria for comparison under section compensation policy).

The cash compensation may be paid, wholly or in part, in Georg Fischer shares, at the member's discretion. The taxable value of the shares is determined by the share price at the end of the reporting year.

B) Each member of the Board receives a fixed number of Georg Fischer shares as part of his or her remuneration. The amount of the share-related compensation is calculated on the basis of the shares' full value at the price at the end of the reporting year.

C) The other benefits include employee contributions to social insurance funds and lump-sum remuneration for expenses which are assumed by Georg Fischer Ltd.

Executive Committee

The compensation elements for the Executive Committee are as follows:

A) a fixed base salary in cash
B) a performance-related bonus in cash
C) share-based remuneration (long-term incentive)
D) pension and social insurance funds

The criteria used to determine compensation are set out in regulations. These criteria, which retain their validity for several years, were last reviewed by the Compensation Committee in 2012 (see criteria for comparison under section compensation policy).

A) The fixed base salary is determined primarily by the manager's task, responsibility, skills, managerial experience and labor market conditions (see criteria for comparison under section compensation policy).

B) The performance-related bonus depends on the fulfillment of the individual performance objectives and the Corporation's business success.

As part of the management by objectives process, measurable individual targets are agreed upon at the beginning of the year between the Chairman of the Board of Directors and the Chief Executive Officer, and between the Chief Executive Officer and the individual members of the Executive Committee. Fulfillment of these targets is assessed at the end of the business year.

The business success of the Corporation as a whole and of the individual divisions is measured by four financial value drivers:

- organic sales growth (excluding acquisitions and divestitures),
- EBIT margin (EBIT in relation to sales),
- Return on Invested Capital (ROIC),
- asset turnover (sales in relation to average net operating assets).

The weighting is as follows: organic growth 30 %, the EBIT margin and the ROIC 25 % each as well as the asset turnover 20 %.

The objectives are set by the Board of Directors for the medium term and are weighted in accordance with the strategic priorities. A lower threshold and an upper ceiling are defined for each of the four value drivers. If the lower threshold for the criterion in question is not reached, that part of the bonus will not apply. Exceeding the ceiling, however, does not lead to a further increase in the bonus.

The amount of the bonus is derived from fulfillment of the targets. The maximum bonus for the members of the Executive Committee may not exceed 90 % of the base salary; for the Chief Executive Officer the maximum is 110 %. In the review year, the performance-related bonus of the Executive Committee members and the Chief Executive Officer varied between 40 % and 53 % of the fixed annual base salary.

The individual objectives and the Corporation's business success are weighted as follows: For the Heads of the Divisions, the weighting is 30 % each for the individual targets, the business success of the division in question, and the business success of the Corporation. For the Head of the Corporate Staff Unit Finance & Controlling, the weighting is 30 % for the individual targets and 60 % for the Corporation's business success. For the Chief Executive Officer, the individual goals have a weighting of 30 % and the Corporation's business success 80 %. The fulfillment of the individual performance objectives and the business success results in a bonus in cash of approximately two third of the maximum bonus.

C) The share-based remuneration is a long-term incentive. A fixed number of shares, vested for at least five years, is distributed to each member of the Executive Committee and to the Chief Executive Officer. The purpose of this share allocation is to reward managers for the Corporation's long-term success over a period of at least five years.

D) The pension fund and social insurance expenses include employer contributions to social insurance funds and to obligatory and non-mandatory pensions.

The expense regulations apply to members of the Executive Committee in the same way as they do to all other employees of the particular Georg Fischer Corporate Company. Furthermore, an additional regulation governing lump-sum remuneration for expenses incurred on behalf of the company applies to members of the Executive Committee and all management employees in Switzerland. Both sets of regulations have been approved by the relevant cantonal tax authorities. Members of the Executive Committee with a Swiss labor contract do not have the use of a company car.

Other remuneration

The members of the Board and the Executive Committee of Georg Fischer do not receive any further compensation for these functions. In particular, the following direct and indirect remuneration elements do not apply:

Termination benefits // Members of the Board or the Executive Committee have no contractual entitlement to severance payments.

Options // Options are not allocated to members of the Executive Committee or the Board of Directors.

Additional fees // No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its Corporate Companies in the 2012 business year.

Loans to members of governing bodies // Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors or related parties.

Decision-making authority and supervision

Board of Directors // Based on the compensation regulations, the annual compensation for each member of the Board of Directors depends on the time spent and the tasks assumed in the year under review. Compensation is made on a pro rata basis for members joining or leaving during the year they are in office. The compensation due to members of the Board of Directors, in accordance with the regulations, is proposed by the Chairman of the Board of Directors to the Compensation Committee, which takes a decision at its regular meeting in December.

Executive Committee // On the basis of the compensation regulations, the Board of Directors decides at its December meeting, based on a proposal by the Compensation Committee, on the amount of the fixed remuneration to be paid for the following year to the Chief Executive Officer and the entire Executive Committee. The fixed base salary paid to the individual members of the Executive Committee is set by the Compensation Committee based on a proposal by the Chief Executive Officer. At the February meeting of the Compensation Committee and the Board of Directors, a decision is taken, on the same basis, on whether the objectives have been reached and on the resulting performance-related bonus for the past business year.

Supervision // The Internal Auditing annually ensures compliance with the compensation rules for the Executive Committee and the Board of Directors on behalf of the Board of Directors.

Remuneration for the 2012 business year

Board of Directors // The members of the Board of Directors received cash compensation of CHF 854 thousand in the year under review (previous year: CHF 956 thousand). Of this amount, Board members voluntarily drew 524 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 193 thousand in 2012. The previous year, this draw had been 1,596 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 512 thousand. In addition, a total of 1,603 Georg Fischer registered shares with a market value of CHF 590 thousand were allocated as share-related compensation. The previous year, the allocation had been 1,600 Georg Fischer registered shares, equivalent to a market value of CHF 514 thousand. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 1,585 thousand (previous year: CHF 1,622 thousand). The detailed disclosure of compensation to the Board of Directors in accordance with the transparency provisions of the Code of Obligations is as follows:

Compensation paid to the members of the Board of Directors 2012

	Compensation					
	Cash compensation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2012[4]**	Total compensation 2011[4]
	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Andreas Koopmann						
Chairman of the Board of Directors						
Chairman Nomination Committee	192	228	84	27	303	160
Gerold Bührer						
Vice Chairman of the Board of Directors						
Member Audit Committee	84	150	55	16	155	136
Roman Boutellier						
Member Nomination Committee	49	150	55	10	114	124
Ulrich Graf						
Chairman of the Compensation Committee	49	150	55	9	113	111
Rudolf Huber						
Chairman of the Audit Committee	108	150	55	17	180	176
Roger Michaelis[5]						
Member Board of Directors	67	117	43	10	120	
Jasmin Staiblin						
Member Nomination Committee	49	150	55	11	115	86
Kurt E. Stirnemann						
Member Audit Committee	63	150	55	12	130	133
Isabelle Welton[5]						
Member Compensation Committee	38	117	43	8	89	
Zhiqiang Zhang						
Member Compensation Committee	90	150	55	13	158	155
Martin Huber[6]	46	57	21	5	72	343
Bruno Hug[6]	21	34	13	2	36	172
Gertrud Höhler[7]						29
Rounding difference	–2		1	1		–3
Total	**854**	**1 603**	**590**	**141**	**1 585**	1 622

1 The cash compensation may be drawn in the form of Georg Fischer registered shares as per the regulations. The number of shares is calculated on the basis of the year-end share price on 28 December 2012. For 2012, compensation amounting to CHF 193 thousand was drawn in the form of shares; on the basis of a share price of CHF 368.00 the number of shares allocated was 524. Further there is the possibility to block the transferred shares for five years.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 368.00 on 28 December 2012.
3 The other benefits include employee contributions to social insurance funds and lump-sum remuneration for expenses which are assumed by Georg Fischer.
4 The total compensation encompasses the compensation plus the other benefits. Excluding employer contributions to social security of CHF 79 thousand (previous year: CHF 70 thousand).
5 Member of the Board of Directors since the Annual Shareholders' Meeting 2012 (21 March 2012).
6 Member of the Board of Directors until the Annual Shareholders' Meeting 2012 (21 March 2012).
7 Member of the Board of Directors until the Annual Shareholders' Meeting 2011 (23 March 2011).

Source: Excerpt from the Financial Statements of Georg Fischer Ltd, see page 116 of the Annual Report.

The compensation paid to the Board of Directors for the year 2012 was slightly below previous year.

Executive Committee // The members of the Executive Committee received cash compensation and social security and pension payments amounting to CHF 4.8 million for the year under review (previous year: CHF 4.7 million). 1,750 Georg Fischer registered shares (par value of CHF 10) with a fair value of CHF 644 thousand, based on a share price of CHF 368.00 at year-end 2012, were allocated to members of the Executive Committee for the year under review (previous year: 1,750 Georg Fischer registered shares with a fair value CHF 562 thousand).

The detailed disclosure of compensation to the Executive Committee in accordance with the transparency provisions of the Code of Obligations is as follows:

Compensation paid to the members of the Executive Committee 2012

	Fixed salary in cash	Bonus in cash[1]		Share-related compensation[2]	Pension and social insurance funds[3]	**Total compensation 2012[4]**	Total compensation 2011[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 539	1 237	1 750	644	1 022	5 442	5 267
Of whom Yves Serra, CEO (highest individual salary)	800	430	750	276	300	1 806	1 732

1 The bonus is based on a bonus plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the division and the Corporation. The bonus for the 2012 financial year was approved by the Board of Directors on 14 February 2013. Payment will be made in 2013.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated. These shares are blocked for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 368.00 on 28 December 2012. All shares are transferred in 2013.
3 The pension and social insurance fund expenses include employer contributions to social insurance funds and to pension funds.
4 The total compensation is comprised of the fixed salary, the bonus, the share-related remuneration, and the social and pension benefits.

Source: Excerpt from the Financial Statements of Georg Fischer Ltd, see page 117 of the Annual Report.

Total compensation for the Executive Committee and the CEO in 2012 was slightly higher than in 2011. In order to bring the fixed portion of the compensation into line with the average for our industrial sector, the fixed salary for members of the Executive Committee and the CEO were adjusted accordingly in 2012. The bonus linked to the financial results of the Corporation and the divisions was lower than in 2011. While the number of Georg Fischer shares allocated was unchanged, the share-based compensation paid in 2012 was somewhat higher than in the previous year owing to the higher year-end share price.

In the 2012 business year, no severance payments were made to persons who left governing bodies in the year under review or earlier.

Total compensation paid to the Board of Directors and Executive Committee is contained in the Corporation's total expenses. Further details on compensation can be found on pages 116 to 117 of the Annual Report.

Consolidated financial statements

Statement of financial position as per 31 December 2012

million CHF	Notes	**2012**	**%**	2011	%
Cash and cash equivalents		330		412	
Marketable securities		8		2	
Trade accounts receivable	(3)	524		525	
Inventories	(4)	630		622	
Income taxes receivable	(5)	5		8	
Other accounts receivable	(6)	87		82	
Current assets		**1 584**	**55**	1 651	56
Property, plant and equipment for own use	(7)	923		940	
Investment properties	(7)	47		32	
Intangible assets	(8)	280		239	
Investments in associates	(9)	0		0	
Deferred tax assets	(12)	52		56	
Other financial assets	(11)	13		7	
Non-current assets		**1 315**	**45**	1 274	44
Assets		**2 899**	**100**	2 925	100
Trade accounts payable		348		379	
Bank liabilities	(15)	120		130	
Employee benefits	(15, 17)	27		32	
Provisions	(13)	29		36	
Current tax liabilities	(14)	60		66	
Other current liabilities	(18)	255		261	
Current liabilities		**839**	**29**	904	31
Bank liabilities	(15)	23		46	
Bonds	(15, 16)	497		496	
Employee benefits	(17)	137		143	
Provisions	(13)	46		49	
Deferred tax liabilities	(12)	62		54	
Other non-current liabilities		9		10	
Non-current liabilities		**774**	**27**	798	27
Liabilities		**1 613**	**56**	1 702	58
Share capital		41		41	
Share premium		116		176	
Retained earnings		1 085		961	
Equity attributable to shareholders of Georg Fischer Ltd		**1 242**	**43**	1 178	40
Non-controlling interests		44	1	45	2
Equity	(22)	**1 286**	**44**	1 223	42
Liabilities and equity		**2 899**	**100**	2 925	100

Income statement for the year ended 31 December 2012

million CHF	Notes	2012	%	2011	%
Sales		**3 602**	**100**	3 511	100
Other operating income	(25)	38		40	
Income		**3 640**	**101**	3 551	101
Cost of materials and products		–1 799		–1 751	
Changes in inventory		20		9	
Operating expenses	(26)	–628		–592	
Gross value added		**1 233**	**34**	1 217	35
Personnel expenses	(27)	–883		–853	
EBITDA		**350**	**10**	364	10
Depreciation	(7)	–121		–117	
Amortization / impairment	(8)	–8		–14	
EBIT		**221**	**6**	233	7
Interest income	(28)	2		4	
Interest expense	(28)	–34		–34	
Other financial result	(28)	–2			
Result of investment properties		1		1	
Share of results of associates		1			
Profit before taxes		**189**	**5**	204	6
Income taxes	(29)	–34		–36	
Net profit from continued operations		**155**	**4**	168	5
Loss from discontinued operations	(30)	–28		0	
Net profit		**127**	**4**	168	5
– Thereof attributable to shareholders of Georg Fischer Ltd		121		160	
– Thereof attributable to non-controlling interests		6		8	
Basic earnings per share in CHF	(31)	30		39	
Diluted earnings per share in CHF	(31)	30		39	
Basic earnings per share from continued operations in CHF	(31)	37		39	
Diluted earnings per share from continued operations in CHF	(31)	37		39	

Statement of comprehensive income for the year ended 31 December 2012

million CHF	2012	2011
Net profit	**127**	168
Other comprehensive income:		
– Translation adjustments recognized in the reporting period	–10	–12
– Cumulated translation adjustments transferred to the income statement	10	–1
– Changes in fair value of cash flow hedges recognized in the reporting period	1	–3
– Changes in fair value of cash flow hedges transferred to the income statement	1	–3
– Income taxes on changes in fair value of cash flow hedges		1
Other comprehensive income, net of taxes	**2**	–18
Total comprehensive income	**129**	150
– Thereof attributable to shareholders of Georg Fischer Ltd	124	142
– Thereof attributable to non-controlling interests	5	8

Statement of changes in equity for the year ended 31 December 2012

million CHF	**Share capital**	**Share premium**	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	**Retained earnings**	**Equity attributable to shareholders of Georg Fischer Ltd**	Non-controlling interests	**Equity**
Balance as per 31 December 2010	**82**	**179**	**–276**	**4**	**1 091**	**819**	**1 080**	**44**	**1 124**
Net profit					**160**	**160**	**160**	**8**	**168**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–12			–12	–12		–12
Cumulated translation adjustments transferred to the income statement			–1			–1	–1		–1
Changes in fair value of cash flow hedges recognized in the reporting period				–3		–3	–3		–3
Changes in fair value of cash flow hedges transferred to the income statement				–3		–3	–3		–3
Income taxes on changes in fair value of cash flow hedges				1		1	1		1
Other comprehensive income, net of taxes			**–13**	**–5**		**–18**	**–18**		**–18**
Total comprehensive income							**142**	**8**	**150**
Purchase of treasury shares		–20					–20		–20
Disposal of treasury shares		12					12		12
Share-related compensation		5					5		5
Reduction in par value/dividends	–41						–41	–7	–48
Balance as per 31 December 2011	**41**	**176**	**–289**	**–1**	**1 251**	**961**	**1 178**	**45**	**1 223**
Net profit					**121**	**121**	**121**	**6**	**127**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–9			–9	–9	–1	–10
Cumulated translation adjustments transferred to the income statement			10			10	10		10
Changes in fair value of cash flow hedges recognized in the reporting period				1		1	1		1
Changes in fair value of cash flow hedges transferred to the income statement				1		1	1		1
Other comprehensive income, net of taxes			**1**	**2**		**3**	**3**	**–1**	**2**
Total comprehensive income							**124**	**5**	**129**
Purchase of treasury shares		–19					–19		–19
Disposal of treasury shares		18					18		18
Share-related compensation		3					3		3
Dividends		–62					–62	–6	–68
Balance as per 31 December 2012	**41**	**116**	**–288**	**1**	**1 372**	**1 085**	**1 242**	**44**	**1 286**

Statement of cash flows for the year ended 31 December 2012

million CHF	Notes	2012	2011
Net profit		127	168
Income taxes	(29)	34	36
Financial result	(28)	34	32
Depreciation	(7)	125	121
Amortization / impairment	(8)	8	14
Loss from discontinued operations	(30)	28	
Other non-cash income and expenses		25	27
Increase in provisions, net	(13)	15	–7
Use of provisions	(13)	–24	–25
Changes in			
– Inventories		–22	–41
– Trade accounts receivable		–13	–47
– Other accounts receivable		–5	–6
– Trade accounts payable		–22	11
– Other non-interest-bearing liabilities		–15	39
Interest paid		–32	–33
Income taxes paid		–34	–39
Cash flow from operating activities		**229**	250
Additions to			
– Property, plant and equipment	(7)	–132	–147
– Intangible assets	(8)	–4	–3
Disposals of			
– Property, plant and equipment	(7)	3	1
– Other financial assets		1	
Cash flow from acquisitions	(2)	–78	
Cash flow from divestitures	(2)	–1	
Interest received		1	2
Cash flow from investing activities		**–210**	–147
Free cash flow		**19**	103
Purchase of treasury shares		–19	–20
Disposal of treasury shares		18	12
Dividends / par value reduction paid		–68	–48
Increase of bank loans	(15)	1	2
Repayment of bank loans	(15)	–53	–9
Changes in other interest-bearing liabilities (mainly current bank accounts)		22	–20
Cash flow from financing activities		**–99**	–83
Translation adjustment on cash and cash equivalents		–2	2
Net cash flow		**–82**	22
Cash and cash equivalents at beginning of year		412	390
Cash and cash equivalents at year-end[1]		**330**	412

1 Cash, postal and bank accounts: CHF 307 million (previous year: CHF 392 million), fixed-term deposits: CHF 23 million (previous year: CHF 20 million).

Notes to the consolidated financial statements

Segment information (continued operations)

million CHF	GF Piping Systems 2012	2011	2010
Order intake	**1 333**	1 174	1 176
Orders on hand at year-end[1]	**66**	70	70
Sales[2]	**1 299**	1 174	1 176
Sales by region			
European Union	431	463	479
– Thereof Germany	150	171	171
Other European countries	164	161	160
– Thereof Switzerland	114	118	116
America	301	185	193
Asia	352	325	298
– Thereof China	245	216	197
Other countries	51	40	46
Sales	**1 299**	1 174	1 176
EBITDA	**177**	187	183
Depreciation	–41	–37	–39
Amortization / impairment	–6	–13	–7
EBIT	**130**	137	137
Assets[3]	**1 179**	1 088	1 086
– Thereof current assets	569	546	527
– Thereof non-current assets	610	542	559
Material items of income and expense			
Investments by region			
European Union	10	9	13
– Thereof Germany	3	3	3
Other European countries	9	14	18
– Thereof Switzerland	9	14	18
America	8	6	6
Asia	12	13	15
– Thereof China	10	9	13
Investments	**39**	42	52
– Thereof capital expenditures	36	41	50
– Thereof investments in intangible assets	3	1	2
Liabilities	**524**	470	484
– Thereof current liabilities	270	246	270
– Thereof non-current liabilities	254	224	214
Research and development	**27**	26	24

1 In 2012 change of the definition for GF Piping Systems.
2 Sales with other divisions are not material.
3 The amount of investments in associates accounted for by the equity method is not material.
4 Including discontinued operations.

GF Automotive			GF AgieCharmilles			Total segments		
2012	2011	2010[4]	**2012**	2011	2010	**2012**	2011	2010[4]
1 421	1 573	1 683	**825**	857	768	**3 579**	3 604	3 627
349	392	395	**150**	171	114	**565**	633	579
1 461	1 537	1 552	**842**	800	721	**3 602**	3 511	3 449
1 260	1 365	1 380	332	342	289	2 023	2 170	2 148
878	952	947	137	149	112	1 165	1 272	1 230
11	11	7	93	81	78	268	253	245
5	6	4	66	58	59	185	182	179
53	38	43	146	147	139	500	370	375
135	115	113	270	229	213	757	669	624
133	113	111	177	140	132	555	469	440
2	8	9	1	1	2	54	49	57
1 461	1 537	1 552	**842**	800	721	**3 602**	3 511	3 449
123	137	123	**55**	46	35	**355**	370	341
–68	–68	–85	–9	–8	–12	–118	–113	–136
–1		–1	–1	–1	–1	–8	–14	–9
54	69	37	**45**	37	22	**229**	243	196
1 067	1 190	1 191	**629**	613	586	**2 875**	2 891	2 863
349	382	381	446	439	394	1 364	1 367	1 302
718	808	810	183	174	192	1 511	1 524	1 561
					13			13
80	89	54	1	1		91	99	67
47	64	36				50	67	39
		3	6	4	1	15	18	22
		3	6	4	1	15	18	22
			1		1	9	6	7
3	6	11	4	5	4	19	24	30
3	6	11	3	5	3	16	20	27
83	95	68	**12**	10	6	**134**	147	126
83	95	67	11	8	5	130	144	122
		1	1	2	1	4	3	4
733	861	895	**415**	402	377	**1 672**	1 733	1 756
310	389	346	209	213	186	789	848	802
423	472	549	206	189	191	883	885	954
19	20	25	**47**	47	41	**93**	93	90

Reconciliation to the segment information

million CHF	2012	2011	2010[1]
Sales			
Sales for reportable segments	3 602	3 511	3 449
Other sales		1	–1
Elimination of intercompany sales		–1	–1
Consolidated sales (continued operations)	**3 602**	3 511	3 447
EBIT			
EBIT for reportable segments	229	243	196
EBIT Corporate Center and Corporate Services	–8	–11	–11
Other unallocated amounts		1	–5
Consolidated EBIT	**221**	233	180
Interest income	2	4	2
Interest expense	–34	–34	–39
Other financial result	–2		–9
Result of investment properties	1	1	3
Share of results of associates	1		
Net profit before taxes	**189**	204	137
Income taxes	–34	–36	–29
Net profit from continued operations	**155**	168	108
Loss from discontinued operations	–28	0	
Net profit	**127**	168	108
Assets			
Assets for reportable segments	2 875	2 891	2 863
Elimination of intercompany positions	–314	–358	–394
Other assets			
– Current assets (mainly cash and cash equivalents)	235	297	286
– Non-current assets	97	91	77
Other unallocated amounts	6	4	6
Consolidated assets	**2 899**	2 925	2 838
Investments			
Investments for reportable segments	134	147	126
Other investments			
– Germany		1	
– Switzerland	2	2	3
Investments Corporation	**136**	150	129
Liabilities			
Liabilities for reportable segments	1 672	1 733	1 756
Elimination of intercompany positions	–688	–686	–706
Other liabilities			
– Current liabilities	49	57	39
– Non-current liabilities	541	561	577
Other unallocated amounts	39	37	48
Consolidated liabilities	**1 613**	1 702	1 714

1 Including discontinued operations.

Geographical information

million CHF	Non-current assets 2012	2011	2010	Sales 2012	2011	2010[1]
Total	**1 315**	1 274	1 269	**3 602**	3 511	3 447
European Union	619	636	643	2 023	2 170	2 148
– Thereof Germany	357	371	358	1 165	1 272	1 230
Other European countries	307	324	328	268	253	245
– Thereof Switzerland	307	324	328	185	182	179
America	197	121	122	500	370	375
Asia	190	192	175	757	669	623
– Thereof China	173	175	164	555	469	440
Other countries	2	1	1	54	49	56

1 Including discontinued operations.

Products and services

million CHF	Sales 2012	2011	2010[4]
GF Piping Systems	**1 299**	1 174	1 176
Industry[1]	509	459	441
Utility[2]	471	416	424
Building technology[3]	319	299	311
GF Automotive	**1 461**	1 537	1 552
Passenger cars	973	998	1 085
Trucks	392	436	359
Industrial applications	96	103	108
GF AgieCharmilles	**842**	800	721
EDM (electric discharge machining)	297	304	266
Milling	227	188	159
Automation / tooling	55	55	48
Laser	8	6	4
Customer service	255	247	244

1 Products for the treatment and transport of water and other media for industrial applications.
2 Products for the supply of gas and water.
3 Products for the supply of water in buildings.
4 Including discontinued operations.

Information about major customers

There are no single customers whose sales amount to 10 % or more of the sales of the Corporation.

Corporate accounting principles

Accounting policies

General // The consolidated financial statements of Georg Fischer Ltd have been prepared in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law. They are based on the financial statements of the Georg Fischer Corporate Companies for the year ended 31 December, prepared in accordance with uniform corporate accounting principles.

Furthermore, the consolidated financial statements are based on historical cost, with the exception of marketable securities, participations under 20 % and derivative financial instruments, which are measured at fair value. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the closing date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Definition of non-GAAP measures // The subtotal "Gross value added" includes all operating income less cost of materials and products, changes in inventory and operating expenses.

The subtotal "Earnings before Interest, Income Taxes, Depreciation and Amortization" (EBITDA) consists of the gross value added less personnel expenses and "Earnings before Interest and Income Taxes" (EBIT) calculate from EBITDA less depreciation and amortization / impairment.

As these three subtotals are major key figures for Georg Fischer they are reported separately in the income statement.

Scope and principles of consolidation // The scope of consolidation includes Georg Fischer Ltd and all Swiss and foreign Corporate Companies which the parent company, directly or indirectly, controls either by holding more than 50 % of the voting rights or by having otherwise the power to govern their operating and financial policies. Those entities are fully consolidated, whereby assets, liabilities, income and expenses are incorporated in the consolidated accounts. Intercompany balances and transactions (accounts receivable, accounts payable, income and expenses) are eliminated upon consolidation. Non-controlling interests in the equity and net income of consolidated companies are presented separately but as a component of consolidated equity and consolidated net income respectively. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the acquisitions method, whereby the acquisition cost of a Corporate Company is eliminated at the time of acquisition against the fair value of net assets acquired, determined according to uniform corporate accounting principles.

Companies acquired are consolidated from the date on which control is obtained, while companies sold are excluded from the scope of consolidation as of the date on which control is given up, with any gain or loss recognized in income.

Upon the acquisition of non-controlling interests in a fully consolidated entity, any difference between the purchase price and the carrying amount of such non-controlling interests is recognized in share premium. Upon the disposal of non-controlling interests while control of the entity is retained, any excess or shortfall of proceeds over the carrying amount is also recognized in share premium.

Joint ventures in which the Georg Fischer Corporation exercises joint control together with a joint venture partner are treated according to the method of proportionate consolidation.

Companies in which the Georg Fischer Corporation has a non-controlling interest of at least 20 % but less than 50 %, or over which it otherwise has significant influence, are included in the consolidated financial statements using the equity method of accounting and presented as investments in associates. Investments with a voting power of less than 20 % are stated at fair value and presented under other financial assets, with the unrealized gains and losses recognized in retained earnings. At the time of disposal or in the case of an impairment of an investment, the related cumulative gain or loss is transferred to the income statement.

Sales and revenue recognition // Billings for goods and services are recognized as sales when they are delivered or when the risks and benefits incidental to ownership are transferred. Assessing whether the principal risks and opportunities were transferred for a particular delivery is made separately for each sales transaction on the basis of the contractual agreement underlying the transaction. The transfer of legal ownership alone does not necessarily result in the transfer of the principal risks and opportunities. This is the case, for instance, if

- the recipient of the delivery has a claim for insufficient quality of the item delivered that goes beyond the normal warranty claims;
- the receipt of the proceeds depends on the sale of the goods by the buyer;
- the installation of the goods at the recipient's is an essential part of the contract;
- the buyer has the right to return the item for a contractually specified reason and the likelihood of such a return cannot be assessed with any certainty.

Services rendered are booked as sales depending on the degree of their completion if the result of the service can be reliably assessed.

Sales are stated before value added tax, sales tax and after any deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims.

Foreign currencies // Corporate Companies prepare their financial statements in their functional currency. Monetary assets and liabilities held in foreign currencies are translated at the spot rate on the balance sheet date. Foreign exchange gains and losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are reported in the income statement. For cash flow hedges which are accounted according to "Hedge accounting" as defined by IAS 39 the effective part of the changes in the fair value of the hedging instruments is recognized in comprehensive income. Any inefficient part is recognized immediately in the income statement. When the hedged item results in the recognition of an asset or a liability the gains or losses previously recognized in the comprehensive income are transferred to the income statement at the same time as the hedged transaction. Hedges which are not accounted according to "Hedge accounting" are stated at fair value, whereby the fair value fluctuations are recognized in the income statement.

The consolidated financial statements are prepared and presented in Swiss francs. For consolidation purposes, the financial statements of the foreign entities are translated into Swiss francs as follows: statement of financial position at year-end rates, income statement and statement of cash flows at average rates for the year under review. Any translation adjustment resulting from the translation of statements of financial position and income statements, as well as the foreign exchange gains and losses arising from the translation of loans which are part of the net investment denominated in foreign currencies, are recognized in the statement of comprehensive income in other comprehensive income. In case of the disposal of a foreign Corporate Company the corresponding accumulated translation adjustments are transferred to the income statement.

Maturities // Assets that are either realized or consumed in the course of the Corporation's normal operating cycle within one year or held for trading are included in current assets. All other assets are included in non-current assets.

All liabilities that the Corporation intends to settle in the course of its normal operating cycle or that fall due within one year of the balance sheet date are included in current liabilities. All other liabilities are included in non-current liabilities.

Segment information // In accordance with the management structure and the reporting made to the Executive Committee and the Board of Directors, the reportable segments are the three operating divisions GF Piping Systems, GF Automotive and GF AgieCharmilles. GF Piping Systems develops, manufactures and distributes piping systems for industry, utility and building technology. GF Automotive produces castings for the automotive industry. GF AgieCharmilles develops, manufactures and distributes electric discharge machines, milling machines, laser machines and automation solutions. GF AgieCharmilles also provides services for these products. Business units within these segments, which in some cases also meet the size threshold under IFRS 8, have been aggregated as a single reportable segment because they manufacture similar products with comparable production processes and supply them to similar customer groups using similar distribution methods. Segment accounting is prepared up to the level of EBIT because this is the key figure used for management purposes. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are reported in the respective divisions. No distinction is made between the accounting policies of segment reporting and those of the consolidated financial statements.

Cash and cash equivalents // Cash and cash equivalents are stated at nominal value. They include cash on hand, postal and bank accounts and fixed-term deposits with an original maturity of up to 90 days.

Marketable securities // Marketable securities include investments held for trading and derivative financial instruments. Acquisitions and disposals are recognized on the trade date, rather than the settlement date. Held-for-trading investments are stated at market value, unrealized gains and losses being recognized in the income statement and presented in the financial result.

Derivative financial instruments // Derivative financial instruments are reported under marketable securities and other current liabilities respectively. Foreign currency and interest rate risks are hedged by the Corporation using forward foreign currency rate contracts, currency options and swaps. Foreign currency risks related to highly probable future cash flows from sales in foreign currencies are hedged in particular with cash flow hedges.

Accounts receivable // Short-term accounts receivable are stated at amortized cost, which generally correspond to nominal value. Value adjustments for doubtful debts are established based on maturity structure and identifiable solvency risks. Besides individual value adjustments with respect to specific identifiable risks, value adjustments are also recognized based on statistically determined credit risks.

Inventories // Goods held for trading are generally stated at average cost and internally manufactured products at manufacturing cost, including direct labor and materials used, as well as a commensurate share of related overhead costs. If the net realizable value is lower, valuation adjustments are made accordingly. Inventories with an unsatisfactory turnover are partly or fully adjusted in value.

Property, plant and equipment // Items of property, plant and equipment are stated at cost or manufacturing cost less depreciation and impairment. Borrowing costs for the financing of assets under construction are part of the costs of the asset if they are material. Assets acquired under finance lease contracts are capitalized at the lower of minimum lease payments and fair value. The related outstanding finance lease obligations are presented under liabilities. Assets are depreciated on a straight-line basis over their estimated useful lives or lease terms: buildings for operating or investment purposes 20 to 40 years, machinery 3 to 15 years, other equipment (vehicles, IT systems, etc.) 3 to 5 years. Where components of larger assets have different useful lives, these components are depreciated separately. Useful lives and residual values are reviewed annually on the balance sheet date and any adjustments are recognized in the income statement. Any gains or losses on the disposal of items of property, plant and equipment are recognized in the income statement.

Intangible assets // Intangible assets, such as acquired royalties, patents and similar rights, are capitalized and amortized on a straight-line basis over their estimated useful lives of 3 to 15 years with the exception of land use rights, which are amortized over the duration of the given right. On this position useful lives are up to 50 years. Goodwill is calculated at the closing date of a business combination as follows: the fair value of the transferred consideration, plus the recognized amount for non-controlling interests, plus the fair value of the existing share in the equity of the acquired company in the case of an acquisition in steps, minus the recognized amount for the acquired net assets. In case this calculation results in a negative amount, the profit is recognized immediately in the income statement. Goodwill and other intangible assets with an indefinite useful life are not amortized but are tested annually for impairment. For this purpose goodwill is allocated to cash generating units.

Other financial assets // Other financial assets mainly comprise loans to third parties, non-controlling interests of less than 20% held over the longer term and pension assets. Loans are stated at amortized cost less valuation adjustments; the related interest income is recognized using the effective interest method. Non-controlling interests are stated at their estimated fair value, whereby unrealized gains and losses are recognized in retained earnings; at the time of disposal or upon impairment, they are transferred to the income statement.

Employee benefits // Post-employment plans for employees are maintained based on the respective legislation in each country. They mainly comprise funds and foundations that are financially independent from the Corporation. Some of these funds are defined contribution plans, others defined benefit plans. Pension funds are generally financed by employer and employee contributions. In the case of defined contribution plans, employer contributions paid or due are recognized in the income statement as incurred. In the case of defined benefit plans, the present value of the defined benefit obligation is calculated by applying the projected unit credit method. All significant pension fund obligations and the related plan assets are assessed annually. Current service costs are recognized in the income statement. Past service costs are recognized in the income statement on a straight-line basis over the period until the benefits become vested. Actuarial gains and losses are recognized in the income statement on a straight-line basis over the average remaining service years to the extent that they exceed 10 % of the fair value of plan assets or the present value of the defined benefit obligations of the prior year, whichever is higher. Deficits arising from such calculations as of the balance sheet date are recognized according to this mechanism. Surpluses are only capitalized if they are actually available to the Corporation in the form of expected refunds from the fund or reductions in contributions to the fund. They are disclosed under other financial assets.

Provisions // Provisions are recognized for any present obligation incurred as a result of a past event if it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Taxes // Taxes are accrued for all tax obligations, irrespective of their due date. Current income taxes are calculated on the taxable profit. Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to IFRS and the tax basis of assets and liabilities. Tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. Calculation of deferred taxes is based on the country-specific tax rates. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority and if there exists an offset entitlement for current taxes. In compliance with the exception of IAS 12 no deferred taxes are booked for temporary valuation differences on investments.

Leases // The present value of contractual lease obligations is recognized on the statement of financial position if the significant contractual risks and rewards have been transferred to the consolidated entity. Lease installments are divided into an interest and a redemption component based on the annuity method. Assets held under such finance leases are depreciated over the shorter of their estimated useful life and the lease term. Operating lease installments are charged to the income statement on a straight-line basis over the lease term.

Financial liabilities // Financial liabilities comprise bank loans, mortgages, convertible and other bonds. They are carried at amortized cost. Borrowing costs are recognized in the income statement using the effective interest method with the exception of borrowing costs that can be allocated directly to the construction, build-up or purchase of a qualifying asset. These borrowing costs are capitalized as part of the costs of this asset.

Research and development // All research costs are recognized in the income statement as incurred. Development costs are recognized as an asset only to the extent that specific recognition criteria are met and the amount recognized is recoverable through future cash flows.

Impairment // The recoverable amount of non-current assets is reviewed at least once a year. If there is any indication of an impairment, an impairment test is performed immediately. Goodwill and intangible assets with an indefinite useful life are tested for impairment on an annual basis. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement.

Discontinued operations // Discontinued operations are reported as soon as a part of the company with business activities and cash inflows and outflows that can be clearly delimited from the rest of the company operationally and for the purposes of accounting is classified as held for sale or has already been disposed of, and this part of the company either

- represents a separate major line of business or geographical area of operations and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a Corporate Company acquired exclusively with a view to resale.

The profit / loss from discontinued operations is reported in the income statement separately from the expenses and revenues from continued operations. The previous year's figures that affect the income statement are restated accordingly (as if the operation had been disposed of at the beginning of the reference year) and are also reported separately.

Information in connection with the discontinued operation is set out separately in note 30.

Treasury shares, share-based payments and earnings per share // Treasury shares are deducted from the share capital at their nominal value. Costs in excess of nominal value arising on the acquisition of treasury shares are deducted from the related share premium, and gains or losses arising on the disposal of treasury shares are respectively credited to and deducted from the related share premium.

Share-based payments to members of the Executive Committee and senior management (particularly shares issued free of charge) are measured at fair value at the grant date and recognized as a personnel expense in the period in which the service is performed.

Earnings per share is calculated by dividing the portion of net income attributable to Georg Fischer Ltd shareholders by the weighted average number of ordinary shares outstanding in the reporting period. Diluted earnings per share take into account any potential ordinary shares that may result from exercised option or conversion rights.

Changes in accounting principles

With effect from 1 January 2012, Georg Fischer applied the following revised standards and interpretations:

- IFRS 7 Disclosures - Transfer of Financial Assets
- IAS 12 Deferred Tax - Recovery of Underlying Assets

The adoption of these new and revised standards and interpretations have no effect on the consolidated financial statements.

Management assumptions and estimates

Significant accounting policies // Preparation of financial statements requires management to make estimates and assumptions that could materially affect the consolidated financial statements of Georg Fischer, particularly with regard to the items described below, should actual results differ from these management estimates and assumptions.

Impairment of non-current assets // In addition to the regular, periodic test applied to goodwill items, non-current assets are reviewed whenever there are indications that, due to changed circumstances or events, their carrying amount may no longer be recoverable. If such a situation arises, the recoverable amount is determined on the basis of expected future inflows. It corresponds to either the discounted value of expected future net cash flows or the expected net selling price. If the recoverable amount is below the carrying amount a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins and discount rates. The cash inflows actually generated can differ considerably from discounted projections. The carrying amounts and information regarding impairments of the items of property, plant and equipment and intangible assets affected are set out in notes 7 and 8.

Provisions for warranties and onerous contracts // In the course of their ordinary operating activities, Corporate Companies can become involved in litigation. Provisions for pending legal proceedings are measured on the basis of the information available and a realistic estimate of the expected outflow of resources. The outcome of these proceedings may result in claims against the Corporation that cannot be met at all or in full through provisions or insurance cover.

If there are any contractual obligations for which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits to be received (e.g. onerous delivery contracts), provisions for the agreed quantities over the whole or prudently estimated period are made. These provisions are based on management assumptions. The carrying amounts of these provisions are set out in note 13.

Employee benefit plans // Georg Fischer uses various employee benefit plans. The majority of its salaried employees are covered by these plans. In order to measure liabilities and costs, it is first of all necessary to assess whether the plans are defined contribution or defined benefit plans by applying the principle of substance over form. If they are defined benefit plans, actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. The actuaries also use statistical data such as mortality tables and staff turnover rates in the actuarial calculations they perform with a view to determining employee benefit obligations. If parameters change due to a change in economic or market conditions, the subsequent results can deviate considerably from the actuarial reports and calculations. Over the medium term, these deviations can have a significant effect on income and expenses arising from employee benefit plans. The carrying amounts of the plan assets and liabilities carried in the statement of financial position are set out in note 17.

Income taxes // Current tax liabilities are measured on the basis of an interpretation of the tax regulations in place in the relevant countries. The adequacy of this interpretation is assessed by the tax authorities in the course of the final assessment or tax audits. This can result in material changes to tax expense. Furthermore, in order to determine whether tax loss carryforwards may be carried as an asset, it is first necessary to critically assess the probability that there will be future taxable profit against which to offset them. This assessment depends on a variety of influencing factors and developments. The carrying amounts of current and deferred tax assets and liabilities are disclosed in the consolidated statement of financial position.

Standards that have been approved but not yet applied

The following new and revised standards and interpretations had been approved by the time the consolidated financial statements were authorized for issue by the Board of Directors. However, they do not take effect until later on and were not adopted early in preparing this set of consolidated financial statements. Since their effect on the consolidated financial statements of Georg Fischer has not yet been systematically analyzed, the anticipated effects as disclosed at the end of the table are merely an initial estimate on the part of the Executive Committee.

Standards and Interpretations	Impact	Effective Date	Date planned for adoption by Georg Fischer
New Standards and Interpretations			
IFRS 9 Financial Instruments	*	1 January 2015	Financial year 2015
IFRS 10 Consolidated Financial Statements	*	1 January 2013	Financial year 2013
IFRS 11 Joint Arrangements	***	1 January 2013	Financial year 2013
IFRS 12 Disclosure of Interests in Other Entities	**	1 January 2013	Financial year 2013
IFRS 13 Fair Value Measurement	*	1 January 2013	Financial year 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	*	1 January 2013	Financial year 2013
Revised Standards and Interpretations			
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	**	1 July 2012	Financial year 2013
IAS 19 Employee Benefits (amended 2011)	****	1 January 2013	Financial year 2013
IAS 27 Separate Financial Statements (2011)	*	1 January 2013	Financial year 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	***	1 January 2013	Financial year 2013
Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)	**	1 January 2013	Financial year 2013
Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	**	1 January 2014	Financial year 2014
Annual Improvements Project 2011	*	1 January 2013	Financial year 2013
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	*	1 January 2014	Financial year 2014

* No impact or no significant impact is expected on the consolidated financial statements.
** The impact on the consolidated financial statements is expected to result in additional disclosures or changes in presentation.
*** The impact on the consolidated financial statements is expected as follows: sales reduction of approximately CHF 170 million and EBIT reduction of approximately CHF 6 million.
****After considering deferred taxes the effect of unrecognized actuarial losses to the equity is estimated to approximately CHF 110 million. The employee benefit costs will be presumably increased by a low single-digit million amount.

Notes

1 Changes in scope of consolidation

During the year under review the scope of consolidation changed as follows:

Additions

- As per 6 January 2012
  Harvel Plastics Inc, Easton, USA
  Pro rata sales 2012: CHF 73 million
  GF Piping Systems

- As per 31 May 2012
  Independent Pipe Products Inc, Dallas, USA
  Pro rata sales 2012: CHF 24 million
  GF Piping Systems

Disposals

- As per 30 November 2012
  Georg Fischer GmbH, Friedrichshafen, Germany
  Pro rata sales 2012: CHF 81 million
  GF Automotive

- As per 30 November 2012
  Georg Fischer GmbH, Garching/Munich, Germany
  Pro rata sales 2012: CHF 37 million
  GF Automotive

- As per 24 December 2012
  Agie Charmilles Makine Tic Ltd Sti, Istanbul, Turkey
  Pro rata sales 2012: CHF 0 million
  The company is not operative anymore since 2010 and was deconsolidated in 2012.
  GF AgieCharmilles

2 Cash flow from acquisitions and divestitures

	2012		2011	
million CHF	Acquisitions	Divestitures	Acquisitions	Divestitures
Cash and cash equivalents	–2	1		
Trade accounts receivable	–11	15		
Inventories	–18	14		
Other accounts receivable	–1	2		
Property, plant and equipment	–25	22		
Intangible assets	–24			
Deferred tax assets		2		
Trade accounts payable	6	–12		
Employee benefits	2	–13		
Provisions		–1		
Other current liabilities	1	–11		
Deferred tax liabilities	14			
Net assets	**–58**	**19**		
Thereof cash and cash equivalents acquired/disposed of	2	–1		
Net assets acquired/disposed of, excl. cash and cash equivalents	–56	18		
Goodwill	–25			
Loss on acquisitions/divestitures, net		–16		
Receivables from acquisitions and divestitures (–)/ settlement of receivables (+)		–6		
Liabilities from acquisitions and divestitures (+)/ settlement of liabilities (–)	3	3		
Net cash flow from acquisitions and divestitures	**–78**	**–1**		

For the effects from the disposals of Georg Fischer GmbH, Friedrichshafen and Georg Fischer GmbH, Garching, see note 30.

Acquisition of Harvel Plastics Inc

George Fischer Corp, El Monte, USA, gained control of Harvel Plastics Inc, Easton, USA, on 6 January 2012 by purchasing its entire share capital. The purchase price was CHF 47 million. There are no further variable purchase price components.

At the closing date, Harvel Plastics Inc (Harvel), which was founded in 1964, employed 148 people. In addition to its headquarters in Easton, the company has another production site in Bakersfield, USA, as well as a logistics center in Coppel, USA. Harvel manufactures and sells piping systems made of polyvinyl chloride (PVC) and chlorinated polyvinyl chloride (CPVC) that are designed mainly for industrial applications such as water treatment, the chemical process industry and energy. Harvel's main market is in North America.

Since the time of the acquisition, Harvel has generated sales of CHF 73 million and operating profit of CHF 2.7 million, corresponding to an EBIT margin of 3.7%. After the effects of the purchase price allocation, EBIT comes to CHF 0.7 million, corresponding to an EBIT margin of 0.9% and net profit to CHF 0.4 million. Had control been obtained on 1 January 2012, management estimates that sales and profit would have been the same in the year 2012 as it has been since control was obtained.

The fair value of the identifiable assets and liabilities of Harvel, and hence of goodwill, at the time of the acquisition was determined by independent consultants.

The identified intangible assets are Harvel's customer relationships and the brand name Harvel. The brand name Harvel was calculated during the purchase price allocation using the "Relief of Royalties Method". The value of the customer relationships includes both contractual and non-contractual relations and was determined and valued by means of the multiperiod excess earnings method (MPEM). The brand name includes the name of the company and the company logo and is based on comparable royalties and license fees of third parties. Deferred taxes at a tax rate of 40% were calculated on the valuation differences arising out of the purchase price allocation.

The goodwill of CHF 18 million from the acquisition corresponds to 38% of the purchase price. It reflects primarily the value of the anticipated buyer-specific synergies, the growth in market share, and the employees gained as part of the acquisition. The goodwill cannot be deducted from taxes.

The transaction costs of the acquisition amount to CHF 0.6 million.

Acquisition of Independent Pipe Products Inc

Georg Fischer Central Plastics LLC, Shawnee, USA, acquired 100% of the capital of Independent Pipe Products Inc, Dallas, USA. The closing date was 31 May 2012.

Independent Pipe Products Inc (IPP), founded in 1996, generates sales of approximately USD 50 million with 94 employees. In addition to its headquarters in Dallas, USA, the company has another production site in Abbeville, USA. IPP manufactures and sells large-diameter polyethylene fittings and pipes for water utilities.

The provisional price for the acquisition comes to CHF 37 million. This sum includes the purchase price in cash of CHF 34 million plus a conditional increase in the purchase price amounting to a maximum of CHF 3 million, depending on the course of the business for a five year period after the closing. The provisional determined fair values of the acquired assets and liabilities were used to calculate the goodwill of CHF 7 million.

Since the time of the acquisition, IPP has generated sales of CHF 24 million and operating profit of CHF 1.5 million, corresponding to an EBIT margin of 6.3%. After the effects of the purchase price allocation, EBIT comes to CHF 0.8 million, corresponding to an EBIT margin of 3.3% and due to financing costs net loss amounts to CHF 0.7 million. Had control been obtained on 1 January 2012, management estimates that sales would have been CHF 44 million in the year 2012, and operating profit would have been CHF 2.6 million.

The transaction costs of the acquisition amount to CHF 0.6 million.

The table below shows the carrying amounts of the assets and liabilities acquired in connection with the acquisition of Harvel Plastics Inc und Independent Pipe Products Inc at the time control was acquired. For this presentation the translation of the original US dollar values into Swiss francs was calculated with the exchange rates of the respective transaction dates.

million CHF	Carrying amount of the acquired assets and liabilities	Valuation differences from purchase price allocation	**Acquired assets and liabilities**
Cash and cash equivalents	2		2
Financial assets			
Trade accounts receivable	12		12
Inventories	18	1	19
Other accounts receivable			
Property, plant and equipment	19	7	26
Intangible assets:			
– Customer relationships		16	16
– Brand name		7	7
Total assets	**51**	**31**	**82**
Deferred tax liabilities	2	13	15
Non-interest bearing liabilities	7		7
Interest-bearing liabilities	2		2
Net assets	**40**	**18**	**58**
Goodwill			25
Purchase price			**83**

3 Trade accounts receivable

Trade accounts receivable are, as shown in the table below and where required, value adjusted and are allocated to the following regions:

million CHF	**2012**	2011
Gross values	**548**	548
Individual value adjustments	–6	–7
Overall value adjustments	–18	–16
Net values	**524**	525
European Union	239	278
– Thereof Germany	92	128
– Thereof Eastern Europe	16	31
Other European countries	33	30
– Thereof Switzerland	20	18
Northern America	55	41
Central and Southern America	19	19
Asia	163	146
– Thereof China	107	95
Other countries	15	11
Total	**524**	525

At the balance sheet date the aging structure of the trade accounts receivable, which are not subject to individual value adjustments, is as follows:

million CHF	2012 Receivable after individual value adjustments	2012 Overall value adjustment	2011 Receivable after individual value adjustments	2011 Overall value adjustment
Not yet due	432	1	452	3
1 to 30 days overdue	49		41	
31 to 90 days overdue	34		28	
91 to 180 days overdue	13	3	8	2
More than 180 days overdue	14	14	12	11
Total	**542**	**18**	541	16

Value adjustments on trade accounts receivable have changed as follows:

million CHF	**2012**	2011
Individual value adjustments		
As per 1 January	7	6
Increase/decrease	–1	1
As per 31 December	**6**	7
Overall value adjustments		
As per 1 January	16	14
Increase/decrease	2	2
As per 31 December	**18**	16

The individual value adjustments amounted to CHF 6 million (previous year: CHF 7 million). It is assumed that part of the underlying receivables will be paid. The receivables which are not due are mainly receivables arising from long-standing customer relationships. On past experience, Georg Fischer does not anticipate any significant defaults. For further information on credit management and trade accounts receivable see note 21.

4 Inventories

million CHF	**2012**	2011
Raw materials and components	263	272
Work in progress	103	96
Finished goods, goods held for trading	414	396
Gross value inventories on hand	**780**	764
Valuation adjustments	–150	–142
Inventories	**630**	622

The increase of the valuation adjustments of CHF 8 million in the main relates to the increased amount of gross value inventories on hand and a slight increase of the valuation adjustments quote.

5 Income taxes receivable

Out of the income taxes receivable CHF 1 million relate to Germany, CHF 1 million to France, CHF 1 million to Sweden, CHF 1 million to the USA and CHF 1 million to other countries.

6 Other accounts receivable

million CHF	2012	2011
Tax credits from indirect taxes	36	32
Other current accounts receivable	26	22
Prepayments to creditors	15	15
Prepaid expenses and accrued income	10	13
Total	**87**	82

7 Movements of property, plant and equipment

million CHF	Investment properties	Land	Buildings	Building components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	Property, plant and equipment for own use
Cost									
As per 31 December 2010	**54**	41	599	101	1 617	327	67	5	**2 757**
– Additions			6	3	39	10	89		147
– Disposals			–1	–1	–27	–10			–39
– Other changes, reclassifications	1		5	2	42	9	–59		–1
– Translation adjustment	–1	–1	–6	–2	–30	–2	–1		–42
As per 31 December 2011	**54**	40	603	103	1 641	334	96	5	**2 822**
– Additions	1		10	5	51	8	57	1	132
– Disposals	–1				–49	–10			–59
– Changes in scope of consolidation		1	4		20				25
– Derecognition discontinued operations			–12		–96	–3	–1		–112
– Other changes, reclassifications	17	–6	8	3	55	–1	–78		–19
– Translation adjustment			–3	–1	–13	–2	–1		–20
As per 31 December 2012	**71**	35	610	110	1 609	326	73	6	**2 769**
Accumulated depreciation									
As per 31 December 2010	**–22**		–352	–56	–1 153	–262	–7	–4	**–1 834**
– Additions			–15	–6	–83	–17			–121
– Disposals			1	1	27	10			39
– Other changes, reclassifications					–5	1	4		
– Translation adjustment			5	1	26	2			34
As per 31 December 2011	**–22**		–361	–60	–1 188	–266	–3	–4	**–1 882**
– Additions			–16	–5	–87	–16		–1	–125
– Disposals				1	47	10			58
– Derecognition discontinued operations			10		77	3			90
– Other changes, reclassifications	–2		2		–7	7			2
– Translation adjustment			1		9	1			11
As per 31 December 2012	**–24**		–364	–64	–1 149	–261	–3	–5	**–1 846**
Carrying amount									
As per 31 December 2011	**32**	40	242	43	453	68	93	1	**940**
As per 31 December 2012	**47**	35	246	46	460	65	70	1	**923**

The insurance value of property, plant and equipment amounts to CHF 4,036 million (previous year: CHF 4,027 million).

The values shown in the lines “Other changes, reclassifications” refer to property, plant and equipment reclassified to the item “Investment properties” with a carrying amount of CHF 15 million.

The lines “Change in the scope of consolidation” show the acquisition of Harvel Plastics Inc and Independent Pipe Products Inc by GF Piping Systems with a carrying amount of CHF 25 million.

The derecognition of the discontinued operation “Aluminum Sand Casting” at GF Automotive with a carrying amount of CHF 22 million is shown in the lines “Derecognition of discontinued operations”. This includes cumulative depreciations amounting to CHF 90 million, of which CHF 4 million was booked in the year under review (previous year: CHF 4 million) and is shown in the income statement in the line “Loss from discontinued operations”.

Investments in property, plant and equipment in 2012 came to CHF 132 million (previous year: CHF 147 million), thereof CHF 2 million relate to the discontinued operations. Thus, the investments in continued operations come to CHF 130 million. They were made primarily by the two divisions GF Automotive (CHF 83 million) and GF Piping Systems (CHF 36 million). The European Union accounted for about two third of the investments, China for about 15%.

Investments in property, plant and equipment with an effect on liquidity in the period 2013 – 2017 amount to CHF 46 million (previous year: CHF 70 million). They are distributed among the divisions as follows: GF Automotive CHF 30 million; GF Piping Systems CHF 14 million; GF AgieCharmilles CHF 1 million.

The fair value of investment properties, as determined by internal experts on the basis of capitalized and current market values, is CHF 76 million (previous year: CHF 64 million). The increase of the value of investment properties is mainly caused by the reclassification of land and buildings formerly used in the operation.

8 Movements of intangible assets

million CHF	Goodwill	Acquired brandnames	Acquired customer relation-ships	Acquired technologies	Others	**Total**
Cost						
As per 31 December 2010	279	24	18	6	54	**381**
– Additions					3	3
– Disposals					–4	–4
– Translation adjustment	–2					–2
As per 31 December 2011	277	24	18	6	53	**378**
– Additions					4	4
– Disposals		–4			–2	–6
– Changes in scope of consolidation	25	7	15	1	1	49
– Translation adjustment	–4	–1	–1			–6
As per 31 December 2012	298	26	32	7	56	**419**
Accumulated amortization						
As per 31 December 2010	–77	–6	–6	–5	–36	**–130**
– Additions		–1	–3		–3	–7
– Impairment	–7					–7
– Disposals					4	4
– Translation adjustment	1					1
As per 31 December 2011	–83	–7	–9	–5	–35	**–139**
– Additions		–1	–3		–4	–8
– Disposals		4			2	6
– Translation adjustment	1				1	2
As per 31 December 2012	–82	–4	–12	–5	–36	**–139**
Carrying amount						
As per 31 December 2011	194	17	9	1	18	**239**
As per 31 December 2012	216	22	20	2	20	**280**

Goodwill positions refer to the following cash generating units (CGU):

million CHF	Discount rate	2012	Discount rate	2011
GF Piping Systems				
Central Plastics Group[1]	7.1 %	58	7.5 %	52
Business Unit America[2]	7.1 %	29	7.5 %	12
Others[3]	6.0% – 9.3 %	21	6.4 % – 9.4 %	22
Total		**108**		**86**
GF Automotive				
Technology Unit Die Casting	8.0 %	51	7.9 %	51
Total		**51**		**51**
GF AgieCharmilles				
Business Unit Milling	7.4 %	38	8.1 %	38
Business Unit System 3R	7.8 %	14	8.7 %	14
Beijing Agie Charmilles	9.6 %	5	10.8 %	5
Total		**57**		**57**
Total Corporation		**216**		**194**

1 The goodwill position at GF Piping Systems Central Plastics Group consists of Central Plastics (CHF 51 million) and the acquired company IPP (CHF 7 million).
2 The goodwill position at GF Piping Systems Business Unit America consists of Central Plastics (CHF 11 million) and the acquired company Harvel (CHF 18 million).
3 The other goodwill positions of GF Piping Systems are the sum of different positions resulting from business combinations. None of them has any significant value. Therefore they are stated as a total.

The existing goodwill positions of each CGU are tested for impairment on an annual basis. The recoverable amount of the CGUs equates to their value in use, which is determined based on future discounted cash flows.

As a basis for the calculation business plans for the next five years are used. Subsequent years are included in the calculation using a perpetual annuity with a growth assumption of zero. The projections are based on knowledge and experience and also on current judgments made by management as to the probable economic development of the relevant markets. It is assumed that there are no significant planned changes in the organization of any of the divisions, except for the measures already decided and announced.

By applying the "Capital Asset Pricing Model" a specific rate for the cost of capital was calculated for each CGU. The calculations of these discount rates refer for each division to the data of a relevant peer group. Furthermore CGU-specific values for the risk free interest rate, the market risk premium, the borrowing costs and the tax rate were applied. Due to the fact that cash inflows after taxes have been taken into account for the cash flow projections, the discount rate has been determined allowing for the tax effects.

Since the cash flow projections are based on cash flows after tax, the discount rate has also been determined taking tax effects into account.

In conformity with IAS 36, the following discount rates before tax were determined (iterative procedure):
Central Plastics Group 13.1 %, Business Unit America 11.7 %, Technology Unit Die Casting 10.5 %, Business Unit Milling 9.9 %, Business Unit System 3R 10.6 %, Beijing Agie Charmilles 11.4 %.

On the basis of the impairment tests made on the balance sheet date, it was found that all goodwill positions have retained their recoverable value. In addition, the goodwill positions were tested by sensitivity analyses, for which the following results were found:

The impairment test of the goodwill of the CGU Central Plastics Group (GF Piping Systems) resulted in a value in use which exceeds the carrying amount by CHF 25 million. An increase of the discount rate by 1.5 % points or a reduction in the growth rate of perpetuity from 0 % to – 2.2 % would lead to a value in use that just covers the carrying amount of the net assets.

The impairment test of the goodwill of the CGU Business Unit America (Central Plastics Group and Harvel, GF Piping Systems) resulted in a value in use which exceeds the carrying amount by CHF 89 million. An increase of the discount rate by 3.0 % points or a reduction in the growth rate of perpetuity from 0 % to – 4.8 % would lead to a value in use that just covers the carrying amount of the net assets.

For the goodwill of the CGU Technology Unit Die Casting (GF Automotive) the value in use exceeds the carrying amount of the net assets by CHF 34 million. An increase in the discount rate by 1.1 % points or a reduction in the growth rate of perpetuity from 0 % to – 1.6 % would lead to a value in use that just covers the carrying amount of the net assets.

In the opinion of management, there is no further realistic expectation of possible changes to the applied key assumptions that may result in the carrying amounts of the other goodwill positions exceeding the respective recoverable amounts. This excludes unforeseen circumstances.

The carrying amount of acquired brandnames (CHF 22 million) stems from brand valuations carried out during the purchase price allocation of the acquisitions of JRG Gunzenhauser AG (CHF 2 million) and Central Plastics LLC (CHF 13 million) in the year 2008 and the acquisition of Harvel (CHF 7 million).

Acquired customer relationships and technologies stem to the full amount from these three acquisitions as well as from the acquisition of IPP.

The other intangible assets include to a large extent land-use rights and software licenses.

For the brandnames of Central Plastics and Harvel an indefinite useful life was defined. The carrying amount of this position was calculated during the purchase price allocation using the "Relief of Royalties Method." The carrying amount of this position is still supported by the recalculation with this method for the reporting year.

The other intangible assets are amortized on a straight line basis over 3 to 50 years.

9 Investments in associates

The investments included have a total carrying value of CHF 0.4 million. They are in detail:

- Wibilea AG, Neuhausen
- Eisenbergwerk Gonzen AG, Sargans
- Mecartex SA, Losone
- Georg Fischer Corys LLC, Dubai
- Polytherm Central Sudamericana SA, Buenos Aires

The share of their result is insignificant.

10 Categories of financial instruments

The following table shows the carrying amount of all financial instruments per category. They correspond, approximately, to the fair values in accordance with IFRS. Regarding market values of the bonds see note 16.

million CHF	2012	2011
Cash and cash equivalents (without fix-term deposits)	**307**	392
Fix-term deposits	23	20
Other financial assets[1]	12	5
Trade accounts receivable	524	525
Other accounts receivable[2]	36	35
Loans and receivables	**595**	585
Marketable securities	3	2
Financial assets at market value through profit or loss	**3**	2
Derivative financial instruments for hedging purposes	**5**	–3
Bank liabilities	143	176
Trade accounts payable	348	379
Bonds	497	496
Other current/non-current liabilities[3]	219	226
Liabilities stated at amortized cost	**1 207**	1 277

1 Relates to loans to third parties, security deposits, long-term invested securities for the settlement of pension liabilities and prepaid employer contributions. For more details see note 11.
2 "Other accounts receivable" include tax credits and prepayments to creditors, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 6.
3 "Other current liabilities" include prepayments from customers, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 18.

The carrying amount of the securities and listed non-controlling interests recognized at their fair value is determined on the basis of the share prices at the balance sheet date. The market value of the foreign currency forward rate contracts on the statement of financial position is determined by the replacement value at the balance sheet date.

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or the liability, either directly (e. g. as prices) or indirectly (e.g. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets at market value

million CHF	Level 1	Level 2	Level 3	2012	Level 1	Level 2	Level 3	2011
Marketable securities	3			3	2			2
Derivative financial instruments for hedging purposes		5		5		–3		–3
Total	**3**	**5**		**8**	**2**	**–3**		**–1**

Because no financial assets are to be reported on level 3, the disclosure of their movements is inapplicable.

11 Other financial assets

Other financial assets include long-term loans to third parties of CHF 7 million (previous year: CHF 3 million).

CHF 4 million of the long-term loans fall due in the next three years and CHF 3 million at a later date. CHF 5 million were lent in Euro, CHF 1 million in Brazilian reais and less than CHF 1 million in Swiss francs and in UAE dirhams. The interest rates for the loans granted in Euro lay between 4.5% and 6.5%. The long-term loans in Brazil are receivables from customer financing activities in local currency, the intrest rate for these loans is 16%.

Other financial assets include also long-term invested securities for the settlement of pension liabilities and prepaid employer contributions each in an amount of CHF 2 million.

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following balance sheet items:

million CHF	Tax assets	Tax liabilities	**2012 net**	Tax assets	Tax liabilities	2011 net
Investment properties		9	9		4	4
Property, plant and equipment for own use	7	31	24	5	31	26
Intangible assets	5	22	17	8	17	9
Tax loss carryforwards	13		–13	16		–16
Inventories	14	11	–3	11	9	–2
Provisions	7	5	–2	8	7	–1
Other interest-bearing liabilities	1		–1			
Other non-interest-bearing liabilities	21	2	–19	26	4	–22
Other balance sheet items	3	1	–2	2	2	
Total	71	81	**10**	76	74	–2
Offsetting	–19	–19		–20	–20	
Deferred tax assets/liabilities	**52**	**62**	**10**	**56**	**54**	**–2**

In compliance with the exception of IAS 12, no deferred taxes are recognized on investments in Corporate Companies. Deferred taxes on temporary differences are calculated on a gross basis and accounted for net at Corporate Company level, which results in an offset of CHF 19 million (previous year: CHF 20 million). For further information on the recognition of tax loss carryforwards see note 29.

13 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Restructuring provisions	Other provisions	**2012**	2011
As per 1 January	32	14	15	4	20	85	118
– Reclassifications	–1				1		
– Increase	16	11	3	2	2	34	27
– Interest expense arising from discounting					1	1	
– Use	–11	–10	–1	–2		–24	–25
– Release	–8	–3	–3	–1	–4	–19	–34
– Derecognition discontinued operations		–1				–1	
– Translation adjustment					–1	–1	–1
As per 31 December	28	11	14	3	19	**75**	85
– Thereof current	13	9	1	3	3	29	36
– Thereof non-current	15	2	13		16	46	49

Provisions are classified as follows: warranties on serial products (machines, consumables, etc.), onerous contracts (when the costs of meeting the contractual obligations exceed the expected economic benefits), legal cases, restructuring provisions (constructive and contractual obligations to third parties, which have been communicated), and other provisions.

Warranty provisions amounting to CHF 28 million declined only slightly compared to the previous year (CHF 32 million). Thanks to an favorable claim history, it was possible to release CHF 8 million. At the same time, new warranty provisions of CHF 16 million had to be set aside, as well as the utilization of CHF 11 million. About 30 % of the warranty provisions are for GF AgieCharmilles and about one quarter for GF Automotive. They derive from complaints and claims for damages at the various sites.

Interest expense from discounting came to CHF 1 million and consisted of two items. One of them is a non-current provision in the category "Onerous contracts" with a remaining term to maturity of 5 years and an interest rate of 9 %. The other is a non-current provision in the category "Other provisions", which has a remaining term to maturity of 21 years and is discounted at an interest rate of 2.8 %. The non-current provisions in the other categories are expected to result in a cash outflow within the next two to three years. Owing to this maturity structure, none of the provisions except the two mentioned above are discounted.

Provisions shown under the category legal cases can be split into a number of individual cases in the divisions with an estimated cash outflow of less than CHF 5 million per case.

In the year under review, restructuring provisions amounting to CHF 3 million and concern minor structural adjustments.

The category "Other provisions" contains provisions for employee commitments (CHF 10 million), for captive insurances (CHF 2 million), and for other operating risks.

The values shown in the line "Derecognition discontinued operations" refer exclusively to the discontinued "Aluminum Sand Casting" business at GF Automotive.

14 Current tax liabilities

Current tax liabilities totaling CHF 60 million (previous year: CHF 66 million) contain liabilities for income taxes (CHF 39 million) and liabilities for other taxes (CHF 21 million).

15 Interest-bearing liabilities

Net debt, which is calculated as the difference between interest-bearing liabilities and cash, cash equivalents, and marketable securities, increased from CHF 294 million to CHF 334 million in the year under review. This increase is due in the main to the free cash flow of CHF 19 million, less the dividends of CHF 62 million.

Interest-bearing liabilities consist of the following items:

million CHF	Within 1 year	Up to 5 years	Maturity over 5 years	**2012**	2011
Bank liabilities (at fixed interest rates)[1]	38	20		58	114
Bank liabilities (at variable interest rates)	82	3		85	62
Bonds (at fixed interest rates)		497		497	496
Employee benefit liabilities (loans)	27			27	32
Other interest-bearing liabilities	3	2		5	4
Total	150	522	0	**672**	708

1 This category comprises bank liabilities with a fixed interest period of more than 3 months.

Georg Fischer has the following syndicated loan:

Debtors	Term	Credit	Thereof utilized
Georg Fischer Ltd / Georg Fischer Finanz AG	2011 – 2016	CHF 250 million	CHF 0 million

In the year under review no major financial transactions were effected. The maturity structure shows that no major repayment is due until September 2014, when the CHF 300 million 4 ½ % bond 2009 – 2014 falls due.

The syndicated loan has not been drawn on until now. It not only provides financing security for any acquisitions but could also serve as a bridging facility for the bond issue that falls due in 2014.

In addition to other terms, the loan contains covenants with respect to the net debt ratio (ratio of net debt to EBITDA), interest-coverage ratio (ratio of EBITDA to net interest expense) and equity ratio (ratio of equity to total assets). The loan also has additional terms such as are usual for a syndicated credit.

The bonds placed on the market are subject to the usual cross-default clauses: the outstanding amounts move into default if the premature repayment of another financial obligation is demanded of the company or one of its major Corporate Companies owing to failure to meet the credit terms. As per the balance sheet date, the effective credit terms had been met.

The interest-bearing liabilities also include loan debts to employee benefit plans in Germany amounting to CHF 27 million (previous year: CHF 32 million).

16 Bonds

million CHF	Issuing currency	Nominal value	Market value	Effective interest rate	**2012**	2011
Bond (Georg Fischer Ltd)						
3 3/8 % 2010 – 2016 (12 May)	CHF	200	213	3.7 %	198	198
Bond (Georg Fischer Finanz AG)						
4 1/2 % 2009 – 2014 (22 September)	CHF	300	320	4.7 %	299	298
Total		**500**	**533**		**497**	496

Both bonds can be increased at any time. For more details see also note 15.

17 Employee benefits

The overall situation of employee benefits in the Corporation is as follows.

Plan assets and defined benefit obligations as of closing date:

million CHF	Funded plans	Unfunded plans	**2012 Total**	Funded plans	Unfunded plans	2011 Total
Fair value of plan assets as per 1 January	**1 173**		**1 173**	1 209		1 209
(+) Expected return on plan assets	45		45	43		43
(+) Employer contributions	22		22	19		19
(+) Employees' contributions	13		13	13		13
(–) Benefits paid	–57		–57	–74		–74
Actuarial (+) gains / (–) losses, net	90		90	–36		–36
(+/–) Changes in scope of consolidation	7		7			
(+/–) Translation adjustment				–1		–1
Fair value of plan assets as per 31 December	**1 293**		**1 293**	1 173		1 173
Present value of defined benefit obligations as per 1 January	**–1 256**	**–183**	**–1 439**	–1 222	–188	–1 410
(–) Current service cost, net of employees' contributions	–18	–4	–22	–19	–4	–23
(–) Current service cost for length of service		–4	–4		–3	–3
(–) Employees' contributions	–13		–13	–13		–13
(–) Interest cost	–35	–7	–42	–35	–7	–42
Actuarial (+) gains / (–) losses, net	–118	–25	–143	–42	4	–38
(+) Benefits paid	57	9	66	74	10	84
(+/–) Effects from plan amendments / curtailments	–5	4	–1			
(+/–) Changes in scope of consolidation	–9	13	4			
(+/–) Translation adjustment	1		1	1	5	6
Present value of defined benefit obligations as per 31 December	**–1 396**	**–197**	**–1 593**	–1 256	–183	–1 439
Pension liability (–) / asset (+), total	**–103**	**–197**	**–300**	–83	–183	–266

million CHF	Funded plans	Unfunded plans	**2012 Total**	Funded plans	Unfunded plans	2011 Total
Pension liability (–) / asset (+), total	**–103**	**–197**	**–300**	–83	–183	–266
Unrecognized cumulative actuarial losses (+) / gains (–), net	98	41	139	86	15	101
Past service cost, not recognized	9		9	3		3
Effects from asset ceiling of defined benefit plans	–8		–8	–11		–11
Recognized pension liability (–) / asset (+) as per 31 December	**–4**	**–156**	**–160**	–5	–168	–173
Recognized on the balance sheet as follows:						
Other financial assets	4		4	2		2
Liabilities for employee benefits: Current loans payable	–3	–24	–27		–32	–32
Other non-current employee benefit obligations	–5	–132	–137	–7	–136	–143
Recognized pension liability (–) / asset (+) as per 31 December	**–4**	**–156**	**–160**	–5	–168	–173
Movements of recognized pension liability (–) / asset (+)						
Recognized pension liability (–) / asset (+) as per 1 January	**–5**	**–168**	**–173**	–10	–165	–175
(–) Cost of defined benefit plans	–20	–12	–32	–20	–15	–35
(+) Employer contributions	22		22	19		19
(+) Benefits paid		9	9		10	10
(+/–) Changes in scope of consolidation	–2	13	11			
(+/–) Translation adjustment and other effects	1	2	3	6	2	8
Recognized pension liability (–) / asset (+) as per 31 December	**–4**	**–156**	**–160**	–5	–168	–173

Based on the present value of defined benefit obligations of CHF 1,593 million and the fair value of plan assets of CHF 1,293 million, the Corporation's defined benefit plans report a total net pension liability of CHF 300 million. This liability consists of defined benefit obligations in the amount of CHF 197 million related to unfunded plans – mainly in Germany and Austria – and pension liabilities of CHF 103 million – mainly from Swiss pension plans. Considering the recognized pension liability in the amount of CHF 160 million, the total unrecognized actuarial loss amount to net CHF 140 million. In the previous year, an unrecognized actuarial loss in the amount of net CHF 93 million was disclosed. The increase of the unrecognized actuarial loss compared to the previous year is mainly a consequence of the worldwide reduction of the discount rate. The resulting rise of the liabilities has cleary overcompensated the very good return on the plan assets.

For next year an increase of the current service cost for defined benefit plans to CHF 26 million and of the employee benefit costs to CHF 39 million is expected.

The Swiss pension plans are included in the IAS 19 calculation of defined benefit plans. According to Swiss law they qualify as defined contribution plans. These plans are legally independent foundations for which the Corporation is not directly liable.

Analysis of employee benefit costs:

million CHF	**2012**	2011
Cost of defined benefit plans		
(+) Current service cost for defined benefit plans net of employees' contributions	22	22
(+) Past service cost	–1	3
(+) Interest cost	42	42
(–) Expected return on plan assets [1]	–45	–43
(+/–) Actuarial loss recognized	2	1
(+/–) Effects from early retirements, curtailments, settlements	–3	
(+) Adjustment for limit on net asset	11	6
Cost of defined benefit plans, net	**28**	31
Current service cost for length of service	4	3
Cost of defined contribution plans	4	4
Employee benefit costs	**36**	38

1 In the year under review the average actual return on plan assets equals 10.9 % (previous year: 0.6 %).

Weighted average actuarial assumptions:

in %	**2012**	2011
Discount rate	2.2	2.9
Expected return on plan assets	3.9	3.9
Expected salary increase rate	2.1	2.2
Expected pension increase rate	0.4	0.6

The actuarial assumptions are determined at the end of the particular fiscal year. The actuarial assumptions disclosed under the respective fiscal year will be applied to determine the liabilities at year-end and the cost of defined benefit plans of the following year. The expected return on plan assets is based on the long-term historical performance of the asset categories of each defined pension plan with funded status.

The expected return on plan assets is based on the long-term historical performance of the asset categories of each defined funded plan.

Funding of defined benefit obligations and effect of experience adjustments:

million CHF	**2012**	2011	2010	2009	2008
Fair value of plan assets	1 293	1 173	1 209	1 245	1 181
Present value of defined benefit obligations	–1 593	–1 439	–1 410	–1 412	–1 402
Pension liability (–) / asset (+)	**–300**	–266	–201	–167	–221
Difference between expected and actual return on plan assets	90	–36	8	81	–254
Actuarial adjustments on plan liabilities	4	–6	9	21	9

The weighted average asset allocation of funded defined benefit plans:

in %	Long-term target	2012	2011
Equity securities	20–35	28	25
Debt securities	30–50	35	43
Real estate	10–30	29	25
Other financial assets	0–20	8	7
Total		**100**	100

The plan assets with funded status do not include treasury shares and real estate used by Georg Fischer.

Healthcare costs: There are no liabilities for healthcare payments after the termination of employment.

18 Other current liabilities

million CHF	2012	2011
Social security	16	20
Overtime, holiday, bonuses, and profit-sharing	77	85
Other non-interest-bearing liabilities	36	36
Derivative financial instruments for hedging purposes		3
Prepayments from customers	45	42
Accrued expenses and deferred income	77	73
Other interest-bearing liabilities	4	2
Total	**255**	261

19 Contingent liabilities

Contingent liabilities amount to CHF 9 million (previous year: CHF 8 million) and include obligations to take back leasing transactions entered into by third parties totaling CHF 6 million (previous year: CHF 7 million), as well as guarantees and securities granted to third parties of CHF 3 million (previous year: CHF 1 million).

20 Risk management

Enterprise risk management as a fully integrated risk management process was systematically applied in 2012 on all levels of the Corporation. The three divisions, the Corporate Management and all important Corporate Companies semi-annually prepared a risk map elaborating on the most important 25 to 30 risks with regard to the five topics markets, operations, management and resources, financials as well as strategy. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measurements. Alternatively, a qualification of the risk exposure was applied.

The Risk Council, consisting of representatives of the divisions and the Corporate Management and headed by the Chief Risk Officer met for two meetings and dealt with the following topics: aggregation and correlation of risks, coordination of all activities in the area of enterprise risk management, and analysis of risk maps.

During the year under review, the risk maps were presented to and discussed in workshops by the Executive Committee (twice) and the Board of Directors (once). The Executive Committee analyzed the main risks of the divisions and defined the top risks of the Corporation including the determination of adequate measures. The Board of Directors prepared its own risk map which was compared with the risk assessment of the Executive Committee and basis for defining measures in order to control and mitigate the main risks.

The stepwise procedure, including workshops on the levels of division management, Executive Committee and Board of Directors, has proven to be very effective. Additionally, having the Internal Auditing assessing risk maps prepared by Corporate Companies clearly lead to a raise of the reporting quality.

The following were identified as main risks: dependency of the Corporation on European markets and the very competitive situation of all three divisions in the area of innovation.

Clear measures in order to reduce the risk exposure of the above mentioned as well as other identified risks were defined and are in the process of execution. They are in line with strategic targets of the three divisions and the Corporation.

21 Financial risk management

The Board of Directors bears ultimate responsibility for financial risk management. The Board has tasked the Audit Committee with monitoring the development and implementation of the risk management principles. The Audit Committee reports regularly to the Board on the current status.

The risk management principles are geared to identifying and analyzing the risks to which the Corporation is exposed and to establishing the appropriate control mechanisms. The principles of risk management and the processes applied are regularly reviewed, taking due regard of changes in the market and in the Corporation's activities. The ultimate goal is to develop controls, based on the existing training and management guidelines and processes, that ensure a disciplined and conscious approach to risks. The Audit Committee is supported by the Head of Finance & Controlling in this task.

Owing to its business activities, Georg Fischer is exposed to various financial risks such as credit risk, market risk (including currency, interest rate and price risk) and liquidity risk. The following sections provide an overview of the extent of the individual risks and the goals, principles and processes employed for measuring, monitoring and hedging the financial risks.

Credit risk

The credit risk is the risk of suffering financial loss if a customer or counterparty of a financial instrument fails to meet its contractual obligations. At Georg Fischer the main credit risks arise from trade accounts receivable and bank deposits.

Georg Fischer invests its cash worldwide and predominantly as deposits in leading Swiss and German banks with at least a single A rating. In accordance with the investment policy of Georg Fischer, these transactions are entered into only with credit-worthy commercial institutions. As a general rule, the investments have a maturity of less than three months. Besides, Corporate Companies hold current bank accounts. Cash is allocated on several banks to limit counterparty risk.

Transactions involving derivative financial instruments are also entered into only with important financial institutions with at least a single A rating. The purpose of such transactions is to hedge against currency risks for the Corporation.

The danger of cluster risks on trade accounts receivable is limited due to the large number and wide geographic spread of customers. The extent of the credit risk is determined mainly by the individual characteristics of each customer. Assessment of this risk involves a review of the customer's credit-worthiness based on his financial situation and past experience. In monitoring default risk, customers are classified according to relevant factors such as geographic location, sector, and past financial difficulties.

The maximum credit risk on financial instruments corresponds to the carrying amounts of the relevant financial assets. Georg Fischer has not entered into appreciable guarantees or similar obligations that would increase the risk over and above the carrying amounts. The maximum credit risk as per balance sheet date was as follows:

million CHF	**2012**	2011
Cash and cash equivalents	330	412
Other accounts receivable[1]	36	35
Trade accounts receivable	524	525
Derivative financial instruments	5	
Other financial assets[2]	12	5
Total	**907**	977

1 Without tax credits and prepayments to suppliers.
2 Relates to loans to third parties, security deposits, longterm invested securities for the settlement of pension liabilities, and prepaid employer contributions.

Market risk

Market risk is the risk that changes in market rates and prices, e.g. exchange rates, interest rates or share prices, may have an impact on the profit and market value of financial instruments held by Georg Fischer. The aim of managing such market risks is to monitor and control these risks in order to ensure that they do not exceed a defined limit.

Currency risk

Owing to its international activities, Georg Fischer is exposed to currency risks. These financial risks occur in connection with transactions (in particular the purchase and sale of goods) which are effected in currencies different from the functional currency of the company in question. Such transactions are effected mainly in Swiss francs, euros and US dollars.

Currency risks can be reduced by purchasing and producing goods in the functional currency ("congruency" rule). In some cases, US dollars or euros are hedged for a maximum of twelve months by means of currency futures.

The next table shows the currency risks arising from financial instruments at the balance sheet date in which the currency involved is not congruent with the functional currency of the Corporate Company which holds these financial instruments:

				2012				2011
million CHF	EUR	USD	CNY	CHF	EUR	USD	CNY	CHF
Loans to Corporate Companies (not part of the net investment)	74	210	3		33	69	4	
Trade accounts receivable	49	50	11	3	46	29	10	
Accounts receivable from Corporate Companies	69	49		6	73	39		4
Other accounts receivable	6	1	1		3		1	
Cash and cash equivalents	85	13	2		103	24	4	
Loans from Corporate Companies	–120	–38		–3	–138	–38		–3
Bank liabilities (non-current)					–1	–4		
Bank liabilities (current)		–1				–1		
Trade accounts payable	–44	–9	–2	–1	–48	–11	–3	
Accounts payable to Corporate Companies	–48	–47	–9	–22	–54	–23	–4	–20
Other current liabilities	–1	–1	–6		–1	–1	–4	
Foreign currency forward rate contracts, net – fair value hedges		–203				–55		
Foreign currency forward rate contracts, net – cash flow hedges		–11				–36		
Total currency exposure	**70**	**13**		**–17**	16	–8	8	–19

The fair value hedges relate to foreign currency forward rate contracts, which serve to hedge loans to Corporate Companies in foreign currencies. Unrealized gains and losses from changes to fair value are reported for these contracts in the financial result. The fair value hedges also include foreign currency forward rate contracts which serve to hedge currency risks on receivables. Like the currency effects on the underlying balance sheet item, gains and losses from changes to the fair value of these contracts are recognized in "Other operating income."

The cash flow hedges serve to hedge currency risks on future turnover in foreign currencies. The volume of the foreign currency forward rate contracts for which "Hedge accounting" within the meaning of IAS 39 applies is limited to maximal 70% of the expected turnover. This volume limitation results in 100% effectiveness. Unrealized gains and losses from changes to fair value are recognized directly in equity. They are transferred to the income statement when the service is performed and invoiced; as a result, the foreign currency forward rate contracts become fair value hedges.

A 10% change in exchange rates at 31 December 2012 would have increase or decrease net income by the amounts listed in the next table. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged. Substantially larger effects on the income statement can be caused by exchange rate changes related to current business transactions (transaction exposure), which are not in the scope of IFRS 7.

Sensitivity analysis

2012 million CHF	CHF/CNY	CHF/USD	CHF/EUR	CNY/USD	CNY/EUR	USD/EUR
Change +/–	10%	10%	10%	10%	10%	10%
Positive impact on income statement	0.2	2.5	7.6	2.7	0.1	0.0
Negative impact on income statement	–0.2	–2.5	–7.6	–2.7	–0.1	0.0

2011 million CHF	CHF/CNY	CHF/USD	CHF/EUR	CNY/USD	CNY/EUR	USD/EUR
Change +/–	10%	10%	10%	10%	10%	10%
Positive impact on income statement	0.5	0.1	2.8	2.2	0.5	0.1
Negative impact on income statement	–0.5	–0.1	–2.8	–2.2	–0.5	–0.1

A 1% currency fluctuation of the Swiss franc against the invested equities in euro, US dollar or Chinese yuan as per 31 December 2012 would have increased or decreased the Corporation's equity by CHF 8 million (previous year: CHF 10 million). Loans which are part of the net investment in a foreign Corporate Company are included for the sensitivity analysis of the equity. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged.

The table below shows the contract values and market values of the foreign currency forward rate contracts (net) as per the balance sheet date:

Foreign currency forward rate contracts, net

million CHF	Fair value hedges	Cash flow hedges	**2012**	2011
Contract value	227	12	239	115
Replacement value[1]	–4	–1	–5	3
Market value	223	11	**234**	118

1 Corresponds to the carrying amount recognized as marketable securities (previous year as other current liabilities).

The fair value hedges cover not only US dollar contracts but also contracts for the Japanese yen and the other currencies. All open foreign currency forward rate contracts fall due and have an effect on liquidity and the income statement within six months after the balance sheet date. Assuming unchanged exchange rates, a cash outflow of CHF 234 million (gross) would be offset by a cash inflow of CHF 239 million (gross), giving a positive replacement value of CHF 5 million. Cash flow hedges account for cash outflows of CHF 11 million and cash inflows of CHF 12 million.

Contract values, net by currencies

million CHF	**2012**	2011
USD	219	88
JPY	14	14
SGD	4	5
SEK	2	5
Other		3
Total	**239**	115

Interest rate risk

The interest rate risk may involve either changes in future interest payments owing to fluctuations in market interest rates or the risk of a change in market value, i.e. the risk that the market value of a financial instrument will change owing to fluctuations in market interest rates.

Market value sensitivity analysis for interest-bearing financial instruments with a fixed interest rate:
Market value fluctuations of fixed-interest financial instruments are not recognized in the Corporation's income statement. Therefore, a change in interest rates would not have any effect on the income statement. "Hedge accounting" as defined by IAS 39 was not applied for interest rate hedging.

Cash flow sensitivity analysis for financial instruments with variable interest rates:
A one percentage point increase in interest rates would have increased net income by CHF 0.3 million (previous year: CHF 1.3 million). A reduction in the interest rate by the same percentage would have reduced net income by the same amount. The underlying assumption for this analysis is that all other variables remain unchanged.

Price risk

The securities held for trading of CHF 3 million are exposed to price risks (on the stock market). Since the value of the securities held for trading is modest, there is no great sensitivity to changes in share prices. The shares held are those of Swiss blue chip companies.

Liquidity risk

The liquidity risk is the risk that Georg Fischer is unable to meet its obligations when they fall due.

Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as per 31 December 2012 was CHF 490 million. The credit lines are spread over several banks so that there is no excessive dependence on any one institution.

The following tables show the contractual maturities (including interest rates) of the financial liabilities held by Georg Fischer at the end of the reporting period and in the previous year:

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2012						
Trade accounts payable	348	348	348			
Other current/non-current liabilities [1]	219	219	211		7	1
Bonds	497	554	7	14	533	
Bank liabilities	143	150	82	40	28	
Total	**1 207**	**1 271**	**648**	**54**	**568**	**1**

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2011						
Trade accounts payable	379	379	379			
Other current/non-current liabilities	229	229	219		8	2
Bonds	496	575	7	14	554	
Bank liabilities	176	189	64	73	52	
Total	**1 280**	**1 372**	**669**	**87**	**614**	**2**

1 "Other current liabilities" include payments from customers, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 18.

22 Capital management

The capital managed by the Corporation consists of the consolidated equity. The Corporation has set the following goals for the management of its capital:

- maintaining a healthy and sound balance sheet structure based on continuing values;
- ensuring the necessary financial scope in order to be able to make investments and acquisitions in the future;
- achieving a return for investors that is appropriate to the risk.

The Corporation employs two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio equates to equity as a percentage of total assets. Return on equity is obtained by measuring net profit as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors at regular intervals by internal financial reporting. The equity ratio as per 31 December 2012 was at 44 %. As an industrial group, Georg Fischer strives to have a strong statement of financial position with a high portion of equity. In the medium term, the Corporation aims for a slightly lower equity ratio of 35 % to 40 %. The medium-term target for return on equity is above 15 %.

The ratios are shown in the table below:

million CHF	**2012**	2011
Equity attributable to shareholders of Georg Fischer Ltd	1 242	1 178
Non-controlling interests	44	45
Equity	1 286	1 223
Total assets	2 899	2 925
Equity ratio	44 %	42 %
Average equity	1 255	1 174
Net profit from continued operations	155	168
Net profit	127	168
Return on equity	10 %	14 %

The Corporation does not have any financial covenants with minimal capital requirements.

The Board of Directors proposes the appropriation of retained earnings to the Annual Shareholders' Meeting. Georg Fischer pursues a results-oriented dividend policy and distributes about one third of the Corporation's consolidated net profit to shareholders. This may be distributed either in form of a dividend payment from the retained earnings or from the reserves from capital contributions or as a reduction in par value. The Board of Directors is proposing to the Annual Shareholders' Meeting a dividend payment out of the reserves from capital contributions of CHF 15 per registered share for the fiscal year 2012 (previous year: dividend payment out of the reserves from capital contributions of CHF 15). As of 31 December 2012 the par value of the Georg Fischer registered share amounts to CHF 10.

In the period under review translation adjustments are mainly due to the change of the euro and the Chinese yuan. Treasury shares are deducted from the share capital with their par value of less than CHF 1 million (previous year: less than CHF 1 million). The related surplus of CHF 5 million (previous year: CHF 7 million) is deducted from the share premium.

Regarding share capital and treasury shares see notes to the financial statements of Georg Fischer Ltd on page 114.

23 Leases

million CHF	2012	2011
Liabilities under leases up to 1 year	16	15
Liabilities under leases 1 to 5 years	35	33
Liabilities under leases over 5 years	13	20
Operating leases (nominal values)	**64**	68

Liabilities under financial lease contracts are below CHF 1 million.

24 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 5 million (previous year: CHF 7 million). In both years these assets relate fully to accounts receivable. The assets are pledged or restricted on title to secure bank loans.

25 Other operating income

million CHF	2012	2011
Sales of material, waste, and scrap	14	17
Income from insurance contracts	6	5
Income from services (e.g. rental income)	9	7
Gains on disposal of property, plant and equipment	1	2
Foreign exchange gains/losses	–4	–3
Remaining other operating income	12	12
Total	**38**	40

26 Operating expenses

million CHF	2012	2011
External services[1]	154	161
Rent, leases	45	40
Utility services third parties	107	97
Selling costs, commissions	122	116
Advertisements, communication	87	82
Repair, maintenance	89	93
Other expenses	24	3
Total	**628**	592

1 External services include e.g. temporary employees, IT costs, R&D, insurance costs as well as consulting.

The total research and development expenses (inclusive internal services) for 2012 amount to CHF 93 million (previous year: CHF 93 million).

27 Personnel expenses

million CHF	**2012**	2011
Salaries and wages	722	696
Employee benefits	36	38
Social security	125	119
Total	**883**	853

According to a plan established by the Board of Directors, a fixed number of registered shares of Georg Fischer Ltd is distributed to the members of the Executive Committee and the members of senior management as a long-term incentive. For the year under review 6,171 shares (previous year: 6,418) were issued and recognized as personnel expenses at their market value of CHF 2.3 million (previous year: CHF 2.1 million).

28 Financial result

million CHF	**2012**	2011
Interest income	2	4
Net gains on financial instruments at fair value through profit or loss	1	3
Financial income	**3**	7
Interest expenses	34	34
Other financial expenses	3	3
Financial expenses	**37**	37

Additions of accrued interest of bonds are recognized in the amount of CHF 1 million (previous year: CHF 1 million) under interest expenses.

Net gains on financial instruments at fair value through profit or loss include mainly gains on equity securities.

29 Income taxes

The difference between the expected income tax expense and the effective income tax expense reflected in the financial statements can be explained as follows:

million CHF			2012	2011
Tax rate reconciliation	Total	Thereof current taxes	Thereof deferred taxes	Total
Profit before taxes	189			204
Expected income tax rate	21 %			22 %
Expected income tax expense	**39**	**46**	**–7**	44
Non-tax deductible expenses/ tax exempted income	–1	–1		
Use of unrecognized tax loss carryforwards	–10	–12	2	–18
Effect of non-recognition of tax losses in current year	4	4		5
Recognition of previously unrecognized tax loss carryforwards	–9		–9	
Depreciation of recognized tax loss carryforwards	10		10	3
Tax charges and credits related to prior periods, net	2	2		2
Other effects	–1	–1		
Effective income tax expense	**34**	**38**	**–4**	36
Effective income tax rate	18 %			18 %

The expected income tax expense of the Corporation corresponds to the weighted average tax rate which is based on the profit/loss before taxes and the income tax rate of each individual Corporate Company. The change of the expected income tax rate is due to the variation in profitability and the change of the tax rate of different Corporate Companies.

The effective income tax expense of previous year consisted of CHF 43 million current tax expense and CHF 7 million deferred tax income.

The following unrecognized tax loss carryforwards are at the disposal of the Corporation:

million CHF	2012	2011
Expiry unlimited	250	216
After 2015	44	86
2015	9	10
2014	2	5
2013	2	4
2012		
Total unrecognized tax loss carryforwards	**307**	321
Potential tax relief effect	84	82

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of the management. Tax loss carryforwards are recognized only to the extent that, within the next two to three years sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized. In countries or Corporate Companies where such utilization is not probable, tax loss carryforwards are not recognized. The potential tax relief effect from the unrecognized tax loss carryforwards amounts to CHF 84 million.

As per 31 December 2012, based on the aforementioned estimates, tax loss carryforwards of CHF 54 million were activated resulting in a deferred tax asset of CHF 13 million (previous year: CHF 16 million). Country-specific tax-relevant regulations and opportunities were hereby respected.

30 Discontinued operations

On 28 November 2012, the division GF Automotive signed an agreement for the sale of the "Aluminum Sand Casting" business, which includes the two foundries in Friedrichshafen and Garching, Germany. On all the conditions being met, the transaction was closed successfully on 30 November 2012.

CHF 0.1 million was paid immediately on conclusion of the transaction. Additional components of the sale price are the repayment of a loan made by Georg Fischer in the amount of CHF 4.3 million and an earn-out arrangement in the sales agreement. The divestment loss amounting to CHF 26 million includes negative accumulated exchange rate losses of CHF 10 million.

The foundries in Friedrichshafen and Garching have belonged to the Georg Fischer Corporation since 1999 and employ 260 and 190 people respectively. They specialize in aluminum sand castings for passenger and commercial vehicles and for industrial applications. The total sales of the two foundries came to CHF 127 million in 2011. The sales of GF Automotive totaled CHF 1,664 million in 2011.

Aluminum sand casting is a major technology that differs from the other casting technologies. This technology is used exclusively by these two divested companies and it forms a separate technology unit within GF Automotive. The importance of "Aluminum Sand Casting" is also reflected in the internal financial reports made to the Executive Committee and the Board of Directors: its figures are consolidated monthly and reported separately and are used in the business comments of GF Automotive and the Corporation respectively.

In Europe, GF Automotive is focusing its efforts on activities in which it has already achieved or in future expects to achieve a leading position. For this reason, the division has decided to concentrate mainly on its market-leading iron and aluminum die casting operations and to sell its entire "Aluminum Sand Casting" business, thereby reducing the number of production sites in Europe.

The criteria for classifying "Aluminum Sand Casting" as a discontinued operation have been met.

Information on the classification and valuation of discontinued operations can be found on page 73 in the accounting principles.

The results of "Aluminum Sand Casting" were reported in the income statement for the years 2012 and 2011 as discontinued operations. The previous year's figures were not restated in the statement of financial position in accordance with IFRS 5.

The income tax effect on the result of the discontinued operations is below CHF 1 million and therefore not reported separately in the following income statement.

million CHF	2012	%	2011	%
Sales	**118**	**100**	127	100
Cost of materials and products	−60		−67	
Changes in inventory	1		2	
Operating expenses	−26		−23	
Gross value added	**33**	**27**	39	31
Personnel expenses	−30		−33	
EBITDA	**3**	**2**	6	5
Depreciation	−4		−4	
EBIT	**−1**	**−1**	2	2
Interest expense	−1		−2	
Loss before taxes	**−2**	**−2**	0	
Income taxes				
Loss after taxes	**−2**	**−2**	0	
Result from divestment of discontinued operations	−26			
Loss from discontinued operations	**−28**	**−24**	0	
Loss per share from discontinued operations in CHF	−7		0	

The cash flow statement includes the cash flows from discontinued operations, though they are separately reported in summary in the present note.

million CHF	2012	2011
Cash flow from operating activities (discontinued operations)	4	−8
Cash flow from investing activities (discontinued operations)	−3	12
Cash flow from financing activities (discontinued operations)	−3	−5

31 Earnings per share

The earnings per share in the amount of CHF 30 (previous year: CHF 39) is calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders by the weighted average number of shares outstanding during the year under review (number of shares issued less number of treasury shares). The weighted average number of shares amounted to 4,082,287 in 2012 (previous year: 4,085,990). Not considering the loss from discontinued operations the earnings per share from continued operations amount to CHF 37 (previous year: CHF 39). The result of the discontinued operations charges the earnings per share by CHF 7.

There was no dilution of earnings per share in either the year under review or the previous year.

32 Related parties

Related parties include members of the Executive Committee, the Board of Directors and their close family members. Also employee benefit plans or important shareholders as well as companies under their control belong to this group. Transactions with related persons and companies are generally conducted at arm’s length.

The members of the Board of Directors are compensated with a fixed number of Georg Fischer registered shares and a cash remuneration, which, at their discretion, can also be settled with Georg Fischer registered shares. For special functions (e. g. Chairman, Vice Chairman, committee member, extraordinary meetings), an additional compensation commensurate with the time required is granted in the form of cash or Georg Fischer registered shares.

The members of the Board of Directors received cash compensation of CHF 854 thousand in the year under review (previous year: CHF 956 thousand). Of this amount, Board members drew on a voluntary basis 524 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.2 million in 2012. The previous year, this draw had been 1,596 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.5 million. In addition, a total of 1,603 Georg Fischer registered shares with a market value of CHF 0.6 million were allocated as share-related compensation (previous year: 1,600 Georg Fischer registered shares, equivalent to a market value of CHF 0.5 million). Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 1.6 million (previous year: CHF 1.6 million). This compensation is recognized in operating expenses.

The members of the Executive Committee received 1,750 Georg Fischer registered shares (par value of CHF 10) with a market value of CHF 0.6 million in the year under review (previous year: 1,750 Georg Fischer registered shares with a market value of CHF 0.6 million). In addition, the members of the Executive Committee received a cash compensation and social security and pension contributions of CHF 4.8 million for the year under review (previous year: CHF 4.7 million). The total compensation of the Executive Committee is included in personnel expenses (see note 27).

Apart from the compensation paid to the Board of Directors and the Executive Committee, and the regular contributions to the various pension fund institutions, no transactions with related persons or companies took place.

The total compensation paid to the Board of Directors and Executive Committee breaks down as follows:

1 000 CHF	**2012**	2011
Compensation	4 771	4 858
Employee benefit contributions	594	547
Social security	507	478
Share related compensation	1 234	1 076
Other long-term benefits		
Total compensation	**7 106**	6 959

Additional fees and remuneration // No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its Corporate Companies in the fiscal year 2012.

Loans to members of governing bodies // Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors or to any person closely associated with them.

The detailed disclosure of compensation and participation of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the financial statements of Georg Fischer Ltd on pages 116 to 118.

33 Joint ventures

The share of joint ventures in the consolidated statement of financial position and in the consolidated income statement is as follows:

million CHF	2012	2011
Share of assets and liabilities consolidated in the statement of financial position		
Current assets	123	122
Non-current assets	30	34
Current liabilities	63	55
Non-current liabilities	3	4
Share of income and expenses consolidated in the income statement		
Income	170	154
Expenses	156	138

34 Foreign exchange rates

		Average rates		Spot rates	
CHF		**2012**	2011	**2012**	2011
1	AED	0.255	0.242	0.249	0.256
1	ARS	0.206	0.216	0.186	0.219
1	AUD	0.971	0.914	0.951	0.955
1	BRL	0.481	0.531	0.446	0.504
1	CAD	0.938	0.897	0.921	0.922
1	CNY	0.149	0.137	0.147	0.149
1	EUR	1.205	1.233	1.207	1.217
1	GBP	1.485	1.423	1.479	1.452
1	HKD	0.121	0.114	0.118	0.121
1	INR	0.018	0.019	0.017	0.018
1	MXN	0.071	0.072	0.070	0.067
1	MYR	0.304	0.290	0.299	0.296
1	NZD	0.760	0.701	0.754	0.726
1	SGD	0.750	0.706	0.749	0.724
1	TRY	0.521	0.531	0.512	0.491
1	USD	0.937	0.888	0.916	0.940
100	CZK	4.800	5.017	4.806	4.725
100	DKK	16.189	16.500	16.184	16.372
100	JPY	1.176	1.114	1.064	1.212
100	KRW	0.083	0.080	0.086	0.081
100	NOK	16.131	15.810	16.365	15.665
100	PLN	28.867	30.035	29.594	27.680
100	SEK	13.859	13.657	14.030	13.610
100	THB	3.016	2.910	2.995	2.975
100	TWD	3.169	3.021	3.159	3.106

35 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 14 February 2013. They must also be approved at the Annual Shareholders' Meeting.

There were no additional other events between 31 December 2012 and 14 February 2013 that would require an adjustment to the carrying amounts of assets and liabilities or would need to be disclosed under this heading.

36 Affiliated companies

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
Austria	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3.7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg	EUR	0.2	100	C	S
	AU	Georg Fischer Automobilguss GmbH, Herzogenburg [1]	EUR	4.6	100	C	H
	AU	Georg Fischer Druckguss GmbH & Co KG, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer Eisenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer GmbH & Co KG, Altenmarkt	EUR	2.4	100	C	P
	AU	Georg Fischer Kokillenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles	EUR	0.5	100	C	S
Czech Republic	AC	Agie Charmilles s.r.o., Brno [1]	CZK	12.3	100	C	S
	AC	System 3R Czech s.r.o., Praha [1]	CZK	0.1	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup [1]	DKK	0.5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau [1]	EUR	6.4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1.1	100	C	S
	AC	Agie Chamilles SAS, Palaiseau	EUR	4.0	100	C	S
Germany	CM	Georg Fischer AG & Co OHG, Singen [1]	EUR	25.6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen [1]	EUR	0.1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0.5	100	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2.6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2.6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4.0	100	C	P
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12.8	100	C	P
	AU	Georg Fischer Druckguss GmbH, Singen	EUR	0.1	100	C	M
	AU	Georg Fischer GmbH, Mettmann	EUR	0.1	100	C	P
	AU	Georg Fischer GmbH, Leipzig	EUR	0.9	100	C	P
	AU	Georg Fischer GmbH, Werdohl	EUR	0.3	100	C	P
	AU	Georg Fischer Dienstleistungen GmbH, Mettmann	EUR	0.1	100	C	M
	AC	Agie Charmilles GmbH, Schorndorf	EUR	2.6	100	C	S
	AC	System 3R Europe GmbH, Gross-Gerau	EUR	0.3	100	C	S
Great Britain	PS	George Fischer Sales Ltd, Coventry [1]	GBP	4.0	100	C	S
	AC	Agie Charmilles Ltd, Coventry [1]	GBP	2.0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano	EUR	0.5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0.7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0.1	100	C	P
	PS	Georg Fischer Pfci Srl, Valeggio sul Mincio	EUR	0.5	100	C	P
	PS	Georg Fischer SpA, Cernusco sul Naviglio	EUR	1.3	100	C	S
	AC	Agie Charmilles SpA, Cusano Milanino	EUR	3.0	100	C	S
Netherlands	CM	Georg Fischer Holding NV, Epe [1]	EUR	0.9	100	C	H
	PS	Georg Fischer NV, Epe	EUR	0.9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0.4	100	C	P
	AC	Agie Charmilles BV, Lomm	EUR	0.8	100	C	S
Norway	PS	Georg Fischer AS, Rud [1]	NOK	1.0	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa[1]	PLN	18.5	100	C	S
	AC	Agie Charmilles Sp.z.o.o., Warszawa[1]	PLN	1.3	100	C	S
Spain	PS	Georg Fischer SA, Madrid[1]	EUR	1.5	100	C	S
	AC	Agie Charmilles S.A.U., Barcelona[1]	EUR	2.7	100	C	S
Sweden	PS	Georg Fischer AB, Stockholm[1]	SEK	1.6	100	C	S
	AC	Järfälla Härdverkstad AB, Järfälla	SEK	0.1	100	C	P
	AC	System 3R International AB, Vällingby[1]	SEK	17.1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[1]	CHF	1.0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0.5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	41.0		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	4.0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10.0	100	C	M
	PS	Georg Fischer Kunststoffarmaturen AG, Seewis[1]	CHF	2.5	100	C	P
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[1]	CHF	20.0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen[1]	CHF	0.5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[1]	CHF	17.8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[1]	CHF	1.8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1.0	100	C	M
	AC	Agie Charmilles SA, Losone[1]	CHF	10.0	100	C	P
	AC	Agie Charmilles Services SA, Meyrin[1]	CHF	3.6	100	C	S
	AC	Agie Charmilles Management SA, Meyrin[1]	CHF	0.5	100	C	M
	AC	Agie Charmilles Sales SA, Losone[1]	CHF	2.6	100	C	S
	AC	Agie Charmilles New Technologies SA, Meyrin[1]	CHF	10.0	100	C	P
	AC	Mecartex SA, Losone	CHF	0.4	30	E	P
	AC	System 3R Schweiz AG, Flawil[1]	CHF	1.0	100	C	P
	AC	Mikron Agie Charmilles AG, Nidau[1]	CHF	3.5	100	C	P
	AC	Step-Tec AG, Luterbach[1]	CHF	1.3	98	C	P
Near East							
UAE	PS	Georg Fischer Corys LLC, Dubai[1]	AED	0.3	49	E	P
Turkey	AC	System 3R Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0.1	100	E	S
America							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires[1]	ARS	1.4	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0.1	49	E	S
Bermuda	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0.1	100	C	M
Brazil	PS	Georg Fischer Sistemas de Tubulacoes Ltda, São Paulo[1]	BRL	4.1	100	C	S
	AC	Agie Charmilles Ltda, São Paulo[1]	BRL	60.9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga[1]	CAD	0.1	100	C	S
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0.1	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
USA	CM	George Fischer Corporation, El Monte, CA[1]	USD	0.1	100	C	H
	PS	Georg Fischer LLC, Tustin, CA	USD	3.8	100	C	S
	PS	Georg Fischer Sloane LLC, Little Rock, AR	USD	0.1	100	C	P
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0.1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	1.1	100	C	P
	PS	Georg Fischer Harvel LLC, Easton, PA	USD	0.1	100	C	P
	AC	Agie Charmilles LLC, Lincolnshire, IL	USD	0.1	100	C	S
	AC	System 3R USA LLC, Chicago, IL	USD	0.1	100	C	S
Asia / Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[1]	AUD	7.1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood[1]	AUD	3.8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1.1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10.0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	53.6	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[1]	CNY	45.0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan[1]	CNY	31.6	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	58.2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	40.3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	24.3	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[1]	CNY	52.0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[1]	CNY	41.4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[1]	CNY	1.7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[1]	CNY	36.7	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	199.6	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	142.1	100	C	P
	AC	ACM East China (HK) Ltd, Hongkong[1]	HKD	3.0	100	C	S
	AC	ACM North China (HK) Ltd, Hongkong[1]	HKD	0.1	100	C	S
	AC	Agie Charmilles China (HK) Ltd, Hongkong[1]	HKD	0.5	100	C	S
	AC	Agie Charmilles machine tools (Shanghai) Co Ltd, Shanghai	CNY	2.5	100	C	S
	AC	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2.5	100	C	S
	AC	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1.7	100	C	S
	AC	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[1]	CNY	80.3	78	C	P
	AC	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4.5	78	C	S
	AC	Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou[1]	CNY	38.9	100	C	P
	AC	System 3R Shanghai Co Ltd, Shanghai	CNY	1.5	100	C	S
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai[1]	INR	97.6	100	C	P
Japan	PS	Georg Fischer Ltd, Osaka[1]	JPY	480.0	81	C	S
	AC	Agie Charmilles Japan Ltd, Yokohama[1]	JPY	440.0	100	C	S
	AC	System 3R Japan Co Ltd, Tokyo[1]	JPY	94.0	100	C	S
Korea	PS	Georg Fischer Piping Systems Ltd, Seongnam[1]	KRW	600.0	100	C	S
	AC	Agie Charmilles Korea Co Ltd, Seoul[1]	KRW	975.0	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Malaysia	PS	George Fischer (M) SDN BHD, Shah alam [1]	MYR	10.0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington [1]	NZD	0.1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore [1]	SGD	1.0	100	C	S
	AC	Agie Charmilles (South East Asia) Pte Ltd, Singapore [1]	SGD	0.6	100	C	S
	AC	System 3R Far East Pte Ltd, Singapore [1]	SGD	0.8	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City [1]	TWD	1.0	100	C	S
	AC	Agie Charmilles Taiwan Ltd, San Chung, Taipei Hsien [1]	TWD	10.0	100	C	S
Thailand	AC	Agie Charmilles Thailand Co Ltd, Bangkok [1]	THB	12.0	100	C	S

1 Directly held by Georg Fischer Ltd.

Division

CM = Corporate Management
PS = GF Piping Systems
AU = GF Automotive
AC = GF AgieCharmilles

Consolidation

C = Fully consolidated
P = Proportionately consolidated
E = Stated based on the equity method
F = Stated at estimated fair value

Function

H = Holding
P = Production
M = Management and Services
S = Sales

Status as of 31 December 2012

Report of the statutory auditor on the consolidated financial statements to the General Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the accompanying consolidated financial statements of Georg Fischer Ltd, which comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes, for the year ended 31 December 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 the International Financial Reporting Standards (IFRS) 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 as well as the International Standards on Auditing. 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 consolidated 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 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Other matter

The consolidated financial statements of Georg Fischer Ltd for the year ended 31 December 2011 were audited by another auditor who expressed an unqualified opinion on those statements on 16 February 2012.

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 Ltd

St Räbsamen

Stefan Räbsamen
Audit expert
Auditor in charge

Diego J. Alvarez
Audit expert

Zurich, 14 February 2013

Financial statements Georg Fischer Ltd

Statement of financial position as per 31 December 2012

1 000 CHF	Notes	**2012**	2011
Cash and cash equivalents		120 708	161 887
Marketable securities		2 917	2 438
Treasury shares			4 074
Prepaid expenses and accrued income		232	419
Income taxes receivable			4 029
Other accounts receivable		2 144	728
Loans to Corporate Companies		33 174	51 746
Current assets	(1)	**159 175**	225 321
Investments		841 900	955 309
Loans to Corporate Companies		359 358	337 112
Non-current assets	(2)	**1 201 258**	1 292 421
Assets		**1 360 433**	1 517 742
Current liabilities			
– Accounts payable to third parties		3 476	1 828
– Tax liabilities		10	93
– Accrued expenses and deferred income		4 526	4 695
– Accounts payable to Corp. Companies and loans from Corp. Companies		35 463	172 126
Non-current liabilities			
– Bonds		200 000	200 000
– Loans from third parties		2 269	1 940
– Provisions		26 942	88 366
Liabilities	(3)	**272 686**	469 048
Share capital		41 009	41 009
Legal reserves			
– General reserves		148 740	148 741
– Reserves from capital contributions		100 202	161 715
– Reserves for treasury shares		5 450	7 458
Retained earnings			
– Available earnings carried forward		691 779	610 780
– Net profit for the year		100 567	78 991
Equity	(4)	**1 087 747**	1 048 694
Liabilities and equity		**1 360 433**	1 517 742

Income statement for the year ended 31 December 2012

1 000 CHF	Notes	2012	2011
Ordinary income from investments		147 077	74 198
Financial income		21 488	30 228
Income from services provided to Corporate Companies		40 014	40 684
Other income		3 493	1 936
Income	(6)	**212 072**	147 046
Ordinary expenses for investments		72 810	5 737
Financial expenses [1]		6 432	15 268
Cost of services provided by Corporate Companies		2 058	2 356
External expenses		16 066	19 675
Personnel expenses		15 006	13 749
Income taxes		–867	11 270
Expenses	(7)	**111 505**	68 055
Net profit for the year		**100 567**	78 991

1 Financial expenses contain also losses on foreign exchange.

Statement of changes in equity for the year ended 31 December 2012

1 000 CHF	Share capital	General reserves [1]	Reserves from capital contributions [1]	Reserves for treasury shares [1]	Retained earnings	Equity
Balance as per 31 December 2010	**82 018**	**310 455**		**3 993**	**614 245**	**1 010 711**
Net profit for the year					78 991	78 991
Reduction in par value	–41 009					–41 009
Reclassification reserves from capital contributions		–161 715	161 715			
Reclassification				3 465	–3 465	
Rounding difference		1				1
Balance as per 31 December 2011	**41 009**	**148 741**	**161 715**	**7 458**	**689 771**	**1 048 694**
Net profit for the year					100 567	100 567
Dividend from reserves from capital contributions			–61 513			–61 513
Reclassification				–2 008	2 008	
Rounding difference		–1				–1
Balance as per 31 December 2012	**41 009**	**148 740**	**100 202**	**5 450**	**792 346**	**1 087 747**

1 Legal reserves.

Notes to the financial statements

1 Current assets

Current assets decreased during the year under review by roughly CHF 66 million. The decrease mainly concerned the balance sheet position "Cash and cash equivalents" due to the financing of acquisitions and the position "Loans to Corporate Companies" due to repayments of loans by Corporate Companies.

Reportable cash pool items are disclosed on a gross basis either as short-term "Loans to Corporate Companies" or "Accounts payable to Corporate Companies and loans from Corporate Companies".

The securities were valued at 31 December 2012 at year-end stock market prices.

2 Non-current assets

Direct and indirect investments in Corporate Companies, joint ventures and associates of Georg Fischer Ltd included the companies listed on pages 106 to 109. They were valued at the lower of historical cost and market value. Compared to 2011, investments decreased by roughly CHF 113 million, mainly due to the following:

- adjustment of book value of investments due to accumulated dividend payments or capital reduction: CHF 69 million (Georg Fischer Corporation, El Monte, USA; Georg Fischer Liegenschaften AG, Schaffhausen, Switzerland);
- increase of value adjustment on investments in Corporate Companies, joint ventures and associates by reclassifying a provision for investment risks: CHF 60 million (see note 3);
- write-off of an investment due to liquidation: CHF 1 million (Agie Charmilles Makine Tic Ltd Sti, Istanbul, Turkey);
- capital increases of CHF 17 million in total (Georg Fischer Holding NV, Epe, Netherlands; Georg Fischer Sp.z.o.o., Warsaw, Poland; Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou, China).

Loans granted by Georg Fischer Ltd to Corporate Companies slightly increased by CHF 22 million. The financing policy of the Corporation, according to which the activities of Corporate Companies are, whenever possible and suitable, financed by Corporate loans instead of local bank credit facilities, was retained during the year under review.

As of 31 December 2012, CHF 24 million of the loans to Corporate Companies were subordinated (previous year: CHF 25 million).

3 Liabilities

Non-current liabilities in comparison with the previous year decreased by CHF 61 million, mainly due to the reclassification of a provision for investment risks (see note 2).

Current liabilities decreased by roughly CHF 135 million compared to 2011. Main reason for the decrease was a reduction of obligations relating to unrealized losses resulting from intercompany foreign exchange contracts.

A breakdown of the bonds is disclosed in note 16 to the consolidated financial statements on page 89.

4 Equity

Share capital // The share capital remained unchanged in comparison with 2011. As of 31 December 2012, it comprised 4,100,898 registered shares with a par value of CHF 10 each. Total dividend-bearing nominal capital amounted to CHF 41,008,980.

Legal reserves // As a result of a dividend payment to the shareholders, reserves from capital contributions decreased by roughly CHF 62 million.

Conditional capital // At the Annual Shareholders' Meeting of 24 March 2010 a conditional capital in the amount of maximal CHF 12 million was decided by issuing at most 600,000 registered shares with a fully paid par value of CHF 20 each. This capital can be issued by exercising conversion rights or options which are related to bonds or similar debt securities of Georg Fischer Ltd or its Corporate Companies. Due to the reduction in par value of CHF 10 per registered share, decided by the Annual Shareholders' Meeting of 23 March 2011, the conditional capital decreased to maximal CHF 6 million.

Authorized capital // According to the decision of the Annual Shareholders' Meeting of 21 March 2012, the Board of Directors of Georg Fischer Ltd is authorized to increase the share capital until 21 March 2014 in the maximal amount of CHF 6 million by issuing at most 600,000 registered shares with a fully paid par value of CHF 10 each. The capital increase can be executed in partial amounts.

Significant shareholders // An overview is disclosed in the Corporate Governance part of the Annual Report on page 44.

Treasury shares held by Georg Fischer Ltd and by Corporate Companies

	Number of registered shares	Total carrying amount 1 000 CHF
Balance as per 1 January 2012	**21 974**	**7 053**
Purchases	52 193	18 882
Sales	–49 413	–17 761
Used for employee incentive program and Board of Directors	–9 506	–3 129
Value adjustments		566
Balance as per 31 December 2012, stated at market value	**15 248**	**5 611**
Thereof recognized by Corporate Companies	15 248	5 611
Thereof recognized by Georg Fischer Ltd		

5 Contingent liabilities

1 000 CHF	2012	2011
Guarantees and pledges in favour of third parties:		
Guaranteed maximum amount	**1 439 872**	1 523 176
Thereof utilized	573 355	581 583

In comparison with the previous year, the guaranteed maximum amount and the amount utilized thereof decreased by approximately CHF 83 million and CHF 8 million respectively, amongst others due to the reduction of long-term facilities in China and the abolition of a guarantee relating to an acquisition in the USA.

Georg Fischer Ltd carries joint liability to the federal tax authorities for value added tax debts of all Swiss Corporate Companies.

6 Income

Ordinary dividend income from investments increased in comparison with the previous year by CHF 73 million, caused by an improved economic situation of various Corporate Companies and the accumulated dividend payment of George Fischer Corporation, El Monte, USA.

Compared to 2011, financial income decreased by CHF 9 million mainly due to a reduction of loans to Corporate Companies (see note 1).

The income from Corporate Companies remained unchanged in comparison to the previous year.

7 Expenses

The adjustments of the fair market value of Corporate Companies (see note 2) caused the ordinary expenses for investments in the amount of CHF 73 million.

Financial expenses decreased considerably due to reduced, non realized exchange losses on intercompany loans granted to Corporate Companies and foreign exchange contracts.

The tax income of approximately CHF 1 million in the period under review mainly concerned German income taxes of Georg Fischer AG & Co OHG, Singen, acting as the German fiscal unity parent. It results from reimbursements of taxes due to final tax assessments of previous years. Georg Fischer Ltd as the associate of Georg Fischer AG & Co OHG is liable for German income taxes.

The tax expense in the previous year (CHF 11 million) as well concerned Georg Fischer AG & Co OHG, Singen. The income tax position not only comprised income taxes relating to the year 2011 but also tax charges concerning the German tax audit 2003 – 2007.

8 Compensation and shareholdings

Compensation paid to the members of the Board of Directors 2012

	Compensation					
	Cash compensation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2012[4]**	Total compensation 2011[4]
	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Andreas Koopmann						
Chairman of the Board of Directors						
Chairman Nomination Committee	192	228	84	27	303	160
Gerold Bührer						
Vice Chairman of the Board of Directors						
Member Audit Committee	84	150	55	16	155	136
Roman Boutellier						
Member Nomination Committee	49	150	55	10	114	124
Ulrich Graf						
Chairman of the Compensation Committee	49	150	55	9	113	111
Rudolf Huber						
Chairman of the Audit Committee	108	150	55	17	180	176
Roger Michaelis [5]						
Member Board of Directors	67	117	43	10	120	
Jasmin Staiblin						
Member Nomination Committee	49	150	55	11	115	86
Kurt E. Stirnemann						
Member Audit Committee	63	150	55	12	130	133
Isabelle Welton [5]						
Member Compensation Committee	38	117	43	8	89	
Zhiqiang Zhang						
Member Compensation Committee	90	150	55	13	158	155
Martin Huber [6]	46	57	21	5	72	343
Bruno Hug [6]	21	34	13	2	36	172
Gertrud Höhler [7]						29
Rounding difference	–2		1	1		–3
Total	**854**	**1 603**	**590**	**141**	**1 585**	1 622

1 The cash compensation may be drawn in the form of Georg Fischer registered shares as per the regulations. The number of shares is calculated on the basis of the year-end share price on 28 December 2012. For 2012, compensation amounting to CHF 193 thousand was drawn in the form of shares; on the basis of a share price of CHF 368.00 the number of shares allocated was 524. Further there is the possibility to block the transferred shares for five years.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 368.00 on 28 December 2012.
3 The other benefits include employee contributions to social insurance funds and lump-sum remuneration for expenses which are assumed by Georg Fischer.
4 The total compensation encompasses the compensation plus the other benefits. Excluding employer contributions to social security of CHF 79 thousand (previous year: CHF 70 thousand).
5 Member of the Board of Directors since the Annual Shareholders' Meeting 2012 (21 March 2012).
6 Member of the Board of Directors until the Annual Shareholders' Meeting 2012 (21 March 2012).
7 Member of the Board of Directors until the Annual Shareholders' Meeting 2011 (23 March 2011).

The compensation paid to the Board of Directors in 2012 was slightly lower than in 2011.

Compensation paid to the members of the Executive Committee 2012

	Fixed salary in cash	Bonus in cash[1]		Share-related compensation[2]	Pension and social insurance funds[3]	**Total compensation 2012[4]**	Total compensation 2011[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 539	1 237	1 750	644	1 022	5 442	5 267
Of whom Yves Serra, CEO (highest individual salary)	800	430	750	276	300	1 806	1 732

1 The bonus is based on a bonus plan. The amount is determined by the fulfillment of personal performance objectives and by the financial results of the division and the Corporation. The bonus for the 2012 financial year was approved by the Board of Directors on 14 February 2013. Payment will be made in 2013.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated. These shares are blocked for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 368.00 on 28 December 2012. All shares are transferred in 2013.
3 The pension and social insurance fund expenses include employer contributions to social insurance funds and to pension funds.
4 The total compensation is comprised of the fixed salary, the bonus, the share-related remuneration, and the social and pension benefits.

Total compensation for the Executive Committee and the CEO in 2012 was slightly higher than in 2011. In order to bring the fixed portion of the compensation into line with the average for our industrial sector, the fixed salary for members of the Executive Committee and the CEO were adjusted accordingly in 2012. The bonus linked to the financial results of the Corporation and the divisions was lower than in 2011. While the number of Georg Fischer shares allocated was unchanged, the share-based compensation paid in 2012 was somewhat higher than in the previous year owing to the higher year-end share price.

Shareholdings of members of the Board of Directors, Executive Committee or persons related to them

Related persons and companies are defined as family members and persons or companies over which a significant influence can be exercised. Transactions with related persons and companies must be settled on prevailing market terms.

Apart from the compensation paid to the Board of Directors and the Executive Committee and the regular contributions to the various pension fund institutions, no transactions with related persons or companies took place.

Shareholdings Board of Directors

		Number of Georg Fischer registered shares as per 31 Dec. 2012
Andreas Koopmann	Chairman of the Board of Directors	920
Gerold Bührer	Vice Chairman of the Board of Directors	2 272
Roman Boutellier	Member Nomination Committee	2 286
Ulrich Graf	Chairman of the Compensation Committee	1 696
Rudolf Huber	Chairman of the Audit Committee	4 611
Roger Michaelis[1]	Member Board of Directors	117
Jasmin Staiblin	Member Nomination Committee	295
Kurt E. Stirnemann	Member Audit Committee	3 671
Isabelle Welton[1]	Member Compensation Committee	117
Zhiqiang Zhang	Member Compensation Committee	1 937
Total Directors		**17 922**

1 Member of the Board of Directors since the Annual Shareholders' Meeting 2012 (21 March 2012).

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as per 31 Dec. 2012
Yves Serra	President and CEO	3 178
Roland Abt	CFO, Head of Corporate Finance & Controlling	1 451
Josef Edbauer	Head of GF Automotive	932
Pietro Lori	Head of GF Piping Systems	1 137
Jean-Pierre Wilmes	Head of GF AgieCharmilles	841
Total Executive Committee		**7 539**

The registered shares transferred as part of share-related compensation are blocked for at least five years.

Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors or related parties.

Compensation has not involved the allocation of options to current or past members of the Executive Committee or Board of Directors. Neither they nor any related persons possess option rights allocated by Georg Fischer. As of 31 December 2012 the members of the Executive Committee held no option rights for Georg Fischer registered shares.

In 2012, Georg Fischer did not make any severance payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

9 Risk management

Enterprise risk management as a fully integrated risk management process for Georg Fischer Ltd was systematically applied in 2012 as part of the corporate-wide activities. The semi-annual risk maps prepared by Corporate Staff also include specific risks of Georg Fischer Ltd. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measures. Alternatively, a qualification of the risk exposure was applied.

During the year under review, the risk maps were presented to and discussed by the Executive Committee (twice) and the Board of Directors (once). In addition, workshops with the Executive Committee and the Board of Directors took place in order to assess the risk situation of Georg Fischer Ltd and the Corporation and to compare the workshop findings with the risk assessment of the management of Corporate Companies and divisions.

Similarly to the previous year, the following were identified as main risks: sustainability of the value of loans granted to Corporate Companies as well as the development of foreign currency exchange rates.

Clear measures to reduce the risk exposure of the above-mentioned as well as other identified risks were defined and are in the process of execution. They are in line with the strategic targets of the Corporation.

10 Events after the balance sheet date

There were no events between 31 December 2012 and 14 February 2013 that would require an adjustment to the carrying amounts of assets and liabilities or that would need to be disclosed under this heading.

There are no further facts present that would require disclosure according to Article 663b of the Swiss Code of Obligations.

Proposal by the Board of Directors for the appropriation of retained earnings 2012 and for the appropriation of reserves from capital contributions

Proposal by the Board of Directors for the appropriation of retained earnings 2012

1 000 CHF	2012	2011
Net profit for the year	100 567	78 991
Earnings carried forward	689 771	614 245
Reduction/allocation to treasury share reserves	2 008	–3 465
Retained earnings	**792 346**	689 771
Dividend payment		
To be carried forward	**792 346**	689 771

Proposal by the Board of Directors for the appropriation of reserves from capital contributions

1 000 CHF	2012	2011
Reserves from capital contributions carried forward from previous year	100 202	
Reclassification from general reserves		161 715
Balance as per 31 December 2012	**100 202**	161 715
Dividend payment out of reserves from capital contributions[1]	–61 513	–61 513
To be carried forward	**38 689**	100 202

1 The dividend payment is based on the issued share capital as per 31 December 2012. No distribution will be made for treasury shares held by Georg Fischer Ltd.

The Board of Directors will propose to the Annual Shareholders' Meeting of 20 March 2013 to carry forward retained earnings as of 31 December 2012 to new account and to pay out a dividend of CHF 15 per share out of reserves from capital contributions.

In the previous year, a dividend of CHF 15 per share free of 35 % withholding tax was paid out of reserves from capital contributions according to the decision taken by the Annual Shareholders' Meeting of 21 March 2012.

Schaffhausen, 14 February 2013

For the Board of Directors
The Chairman

Andreas Koopmann

Report of the statutory auditor on the financial statements to the General Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the accompanying financial statements of Georg Fischer Ltd, which comprise the balance sheet, income statement, statement of changes in equity and notes, for the year ended 31 December 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 31 December 2012 comply with Swiss law and the Company's articles of incorporation.

Other matter

The financial statements of Georg Fischer Ltd for the year ended 31 December 2011 were audited by another auditor who expressed an unqualified opinion on those statements on 16 February 2012.

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 Ltd

Stefan Räbsamen
Audit expert
Auditor in charge

Diego J. Alvarez
Audit expert

Zurich, 14 February 2013

Save the date

2013

20 March // Shareholders' Meeting for fiscal year 2012
17 July // Publication of mid-year report 2013

2014

25 February // Publication of Annual Report 2013, Media and Financial Analysts' Conference
19 March // Shareholders' Meeting for fiscal year 2013

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Disclaimer
The statements in this publication relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks, uncertainties and other factors beyond the control of the company.

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