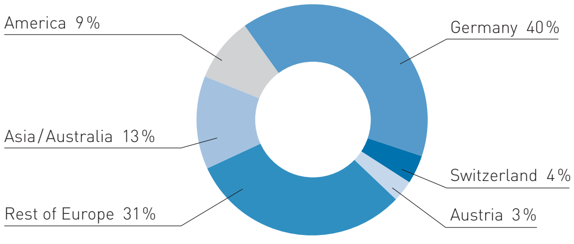
Adding Quality to People's Lives

GEORG FISCHER

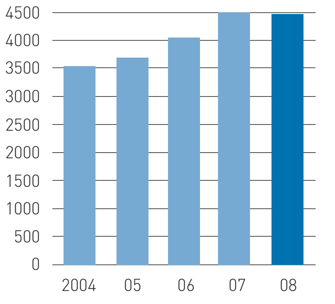
Content

At a glance

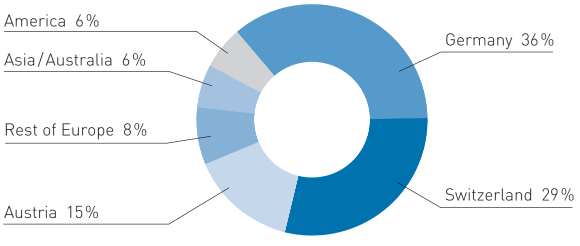
Sales 2008 by region (in %)
(100 % = CHF 4.46 billion)



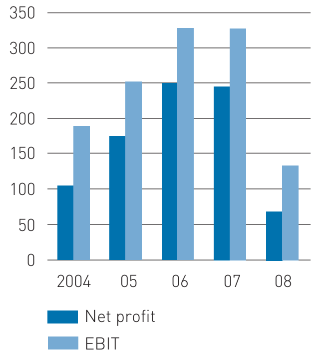
Sales 2004–2008
million CHF



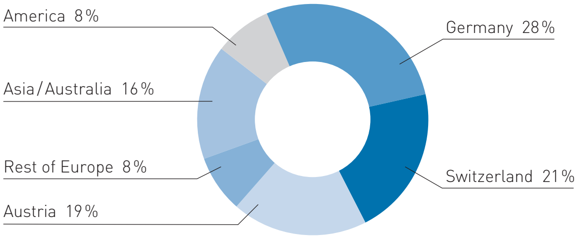
Gross value added 2008 by region (in %)
(100 % = CHF 1.50 billion)



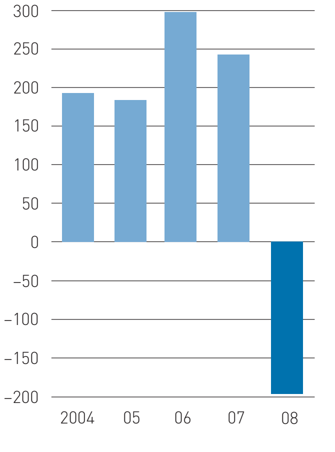
Results 2004–2008
million CHF



Employees 2008 by region (in %)
(100 % = 14 326)



Free cash flow 2004–2008
million CHF



Financial overview

Corporation	million CHF **2008**	million CHF 2007
Order intake	4 462	4 635
Orders on hand at year end[1]	560	1 186
Income statement		
Sales	4 465	4 497
EBITDA	390	484
EBIT	134	326
Net profit for the year	69	245
Cash flow		
Additions to property, plant and equipment	243	217
Cash flow from operating activities	197	426
Free cash flow	–197	243
Balance sheet		
Assets	3 291	3 393
Net Operating Assets (NOA)	1 906	1 769
Equity	1 404	1 540
Net debt	546	264
Key figures		
Return on Equity (ROE) %	5	16
Equity %	43	45
Return on Net Operating Assets (RONOA) %	7	19
Return on Sales (EBIT margin) %	3.0	7.2
Cash flow from operating activities in % of sales	4	10
Employees at year end	14 326	12 986

Holding (statutory accounts)	million CHF	million CHF
Net profit for the year	77	91
Share capital	103	205
Market capitalization as per December 31	972	2 823

Key figures per registered share	CHF	CHF
Net profit for the year	14	58
Distribution (proposed)[2]	5	25
Equity attributable to shareholders of Georg Fischer Ltd	337	372
Share price at year end	240	697

1 In 2008 change of definition for GF Automotive

2 In 2007 and 2008 as a reduction in par value instead of a dividend payment

Adding Quality to People's Lives. People all over the world expect Georg Fischer to make a significant contribution to meeting their needs now and in the future.

Comfort. A reliable supply of clean water is becoming a crucial challenge. GF Piping Systems makes the worldwide supply of drinking water easier and enables the transport of liquids for industrial purposes.

Mobility. People are increasingly mobile, and they have ever greater demands for comfort and safety in their vehicles. With its highly stressable cast parts made of light metal and iron, GF Automotive makes it possible to build passenger and commercial vehicles that are both lightweight and safe.

Precision. The serial production of consumer goods and high-quality precision parts requires sophisticated manufacturing technologies. GF AgieCharmilles provides the machines and system solutions for producing the necessary moulds, tools and parts.

2008: A roller-coaster year

In 2008, the world's economy went into a tailspin. At Georg Fischer, negative currency effects, volatile raw material prices and the slump in the fourth quarter caused both growth and earnings to decline sharply. In 2008 sales stood at CHF 4.46 billion, slightly below previous year. Adjusted for currency effects and changes in the scope of consolidation, sales were up by 1 percent. Whereas GF Piping Systems continued to report strong demand and finished the year virtually on target, GF Automotive was hit, immediately and hard, by the fourth-quarter slump in the European automotive industry, and GF AgieCharmilles felt the impact of a steep fall in customers' investment activity. In view of the looming recession, Georg Fischer lost no time in taking appropriate measures and in November 2008 announced a far-reaching efficiency programme. The figures stated here correspond to those in the November 2008 announcement. After exceptional charges amounting to CHF 50 million, operating profit (EBIT) came to CHF 134 million (previous year: CHF 326 million), equivalent to an EBIT margin of 3 percent (previous year: 7.2%). The figure was impacted by currency losses of CHF 44 million and, at GF Automotive, raw material price increases of CHF 36 million that could not be passed on. Net income for 2008 amounted to CHF 69 million (previous year: CHF 245 million). Given the uncertain economic situation, it is not possible to issue any proper guidance for the current year. The Board of Directors proposes to the Annual General Meeting a profit distribution of CHF 5 per share, to be made in the form of a par value repayment.

Volatile conditions demand a rapid response

The deterioration in external conditions in the course of 2008 was on a virtually unprecedented scale. In the first nine months of the year, Georg Fischer reported a good sales growth, but starting in October our main market sector, the automotive industry, went into a swift decline owing to the global financial and economic crisis. While the downturn so far had little impact on GF Piping Systems, the fourth-quarter slump in demand at GF Automotive and soon after at GF AgieCharmilles left a clear mark on the Corporation's annual results.

In a bid to contain the damage from the down cycle and from structural inefficiencies, all possible short-term operational and structural measures to cut costs were taken. These included adjusting production and management structures, cutting back overtime and temporary work, increasing efficiency and reducing personnel; these sweeping measures will begin to have an effect in the course of 2009. Should the recession deepen in 2009, additional steps will be unavoidable. Owing to the change in the outlook, we have taken impairment charges on goodwill as well as on plant and equipment at GF Automotive. Together with other exceptional expenditures connected with the planned efficiency-boosting programmes, this will result in a total one-off charge to EBIT of CHF 90 million. This is offset by exceptional income amounting to CHF 40 million. The net exceptional charge to the income statement will therefore total CHF 50 million.

Dramatic downturn in the fourth quarter leaves its mark

GF Piping Systems reported sales of CHF 1.22 billion. In other words, despite a huge currency impact, it managed to grow by 12 percent (5% adjusted for currency effects and acquisitions). The main growth driver was its success in the emerging markets. Following a good first half, demand began to taper off in the fourth quarter. EBIT came to CHF 122 million, which is slightly below the previous year; the EBIT margin was 10 percent (currency-adjusted: 12%).

GF Automotive was confronted in the fourth quarter with a massive decline in shipments and resulting in an underutilisation of capacity, whereas in the first nine months of the year it had experienced strong demand and excess capacity utilisation at the same time as raw material prices doubled. At CHF 2.16 billion, sales were 3 percent lower than the previous year. Uncompensated increases in raw material prices had a negative impact of CHF 36 million. In view of the bleak market outlook, the Corporate Group took impairment charges on goodwill as well as on plant and equipment amounting to CHF 83 million. On the other hand, the sale of the Verkehrstechnik unit generated one-off proceeds of CHF 35 million. Overall, EBIT amounted to CHF –5 million (previous year: CHF 132 million). GF Automotive is reviewing its manufacturing footprint in order to increase efficiency and adjust capacity to the market situation.

GF AgieCharmilles suffered from the weak US dollar and towards the end of 2008 began to feel the effects of the global down cycle in the machine tool sector. Sales fell by 8 percent to CHF 1.08 billion, though growth was reported in America. Since the slump in demand in the fourth quarter will continue into the current year, an adjustment in headcount of about 10 percent was unavoidable. Each of the Swiss plants is being focused on a single technology in order to eliminate product redundancy and speed up new developments. At the same time, the worldwide sales organisation was brought together under one head. EBIT came to CHF 26 million, equivalent to an EBIT margin of 2.4 percent. This figure includes negative currency effects of CHF 19 million and a provision for the above-mentioned restructuring.

Strategy: Stay the course

The three strategic priorities still apply: the expansion of GF Piping Systems, the extension of our global presence, and the fostering of innovation in materials, products and applications. Important advances were made in these areas in 2008.

GF Piping Systems achieved further progress in expanding its business. Central Plastics LLC, the market leader for gas and water utilities in North America acquired at the beginning of 2008, has performed well. GF is now a world-leading player in the growing infrastructure market for the safe transport of water and gas. The Corporate Group is forging ahead with new applications in water treatment, medical technology and photovoltaics. In 2008, GF also acquired the Canadian sales organisation Alfa Plastics Inc. The acquisition of the Swiss firm JRG Gunzenhauser AG strengthens our position in the German and Swiss building technology market. New production facilities in China, India and Malaysia are giving GF access to the local growth markets in Asia.

GF Automotive was quick to focus on reducing vehicle weight by developing new materials and processes and by expanding light metal casting. It is doing its part to ensure that the next generation of vehicles is more fuel-efficient and has lower emissions, thus serving a key customer demand. In early 2009, GF Automotive will begin casting in large series at the new Kunshan iron foundry in order to meet demand on the growing Chinese market. For the same reason, capacity in the Suzhou light metal foundry is being expanded. In addition, the GF offering in the automotive sector has been streamlined by the sale of Georg Fischer Verkehrstechnik GmbH.

GF AgieCharmilles has created a unified umbrella brand, thus laying the foundation for more efficient and effective marketing in its highly competitive, global markets. This is a top priority project. The Corporate Group is also making every effort to improve the energy and cost efficiency of its new machines. GF AgieCharmilles offers a unique combination of EDM, milling and automation designed to increase productivity, a major demand of its customers, who need to differentiate themselves from their own competitors.

Continuity and sustainability

Particularly in difficult times, the Corporation's diversified portfolio, consisting of three clearly focused, globally active core businesses, provides a measure of stability. The three Corporate Groups are subject to different business cycles. The strategy of prioritising the growth of GF Piping Systems is justified by the fact that this Group is less susceptible to recession; in 2008, it increased its share of consolidated sales from 24 percent to 28 percent. In an economic downturn, the financial and strategic support of the Corporation is a sound base for the long-term customer relations in the individual businesses. What's more, the independence of the Corporation from interest groups is instrumental in ensuring that we can provide balanced and sustainable performance for all the Corporation's stakeholders. Our shareholders have safeguarded this role by embedding a restriction on voting rights in the Articles of Association.

Healthy balance sheet and secure financing

The balance sheet remains very solid. The equity ratio has edged down slightly to 43 percent (previous year: 45%). This is still a high ratio of equity that enables us to better face difficult economic times. Net debt rose sharply by CHF 282 million, due in large measure to the acquisitions made in 2008, which cost about CHF 200 million. Net debt is 1.4 times EBITDA. The CHF 200 million 3½ percent bond 1999–2009, due in February 2009, was paid back by drawing down a syndicated loan. Even after repayment of this bond, the Corporation has enough open credit lines to ensure its financing needs. Earnings per share fell from CHF 58 to CHF 14. The Board of Directors will propose to the Annual General Meeting a profit distribution of CHF 5 per share, to be made in the form of a par value repayment. This corresponds to a payout ratio of 36 percent, in line with the Corporation's dividend policy.

Outlook

The deepening recession will not spare Georg Fischer. The primary task in 2009 will be to increase the profitability of GF Automotive and GF AgieCharmilles quickly and to improve the Corporation's operating cash flow. A number of production plants introduced short-time work early in 2009, and production capacity is being continuously adjusted to current demand levels across the board. Additional measures will be taken should markets continue to deteriorate. In the current situation, it is not possible to make any proper forecast for 2009. However, we are adhering to our medium-term growth and earnings targets. Long-term trends such as the growing need for clean water, the reduction of CO_2 emissions in vehicles and demand in new markets are growth opportunities for GF.

Personnel changes and acknowledgements

While the composition of the Board of Directors of Georg Fischer AG remained the same in 2008, the Executive Committee underwent far-reaching personnel changes. Following the retirement of Chief Executive Officer Dr. Kurt E. Stirnemann, who had reached the statutory age limit, the Board appointed Yves Serra, Head of GF Piping Systems, as the new CEO of Georg Fischer as per 19 March 2008. He was succeeded at GF Piping Systems by

Pietro Lori. On 1 August 2008, Michael Hauser replaced Dr. Jürg Krebser (who remains a member of the Executive Committee) at the head of GF AgieCharmilles, and on 1 November 2008 there was a change in top management at GF Automotive, with Josef Edbauer replacing Ferdinand Stutz. These changes – all made from within the ranks of GF – have produced a rejuvenated and more international Executive Committee, which makes good sense given the tasks facing it.

We wish to express our gratitude and recognition to the two departing members of the Executive Committee for their many years of successful service on behalf of the Corporation, its customers, owners and employees. Dr. Kurt E. Stirnemann joined GF when Georg Fischer acquired Agie AG, where he had been CEO. He then headed the Agie Charmilles Group from 1996 to 2003 as CEO and Delegate to the Board of Directors. In 2003 he was appointed President and Chief Executive Officer and Delegate to the Board of Directors of Georg Fischer. In this function, he brought GF out of a crisis, putting it back on a growth course, which ended temporarily with the recession at the end of 2008. Dr. Kurt E. Stirnemann continues to put his experience in the service of the Corporation as a member of the Board of Directors. Ferdinand Stutz began his career at GF in 1995 as Managing Director of the previously acquired foundry in Leipzig. In 1998 he was appointed Head of GF Automotive and a member of the Executive Committee. Ferdinand Stutz has made GF one of the word's leading companies in iron casting and created a new and strategically important cornerstone through the expansion of light metal casting.

The abrupt downturn on the markets will severely test the mettle of our managers and employees. It is their performance and their conduct that creates confidence and trust among our customers, suppliers and business partners but also among our approximately 15,000 shareholders. It is on this trust that our long-term success depends. We are grateful for the continued support that we receive.

Martin Huber, Chairman of the Board of Directors, and Yves Serra, President and CEO.

Martin Huber
Chairman of the Board of Directors

Yves Serra
President and CEO

Corporate Report 2008

Corporation

In 2008, sales at Georg Fischer came to CHF 4.46 billion, slightly below the previous year (CHF 4.50 billion). This marks a 1 percent decrease (previous year: +11%). Adjusted for currency effects and for changes in the scope of consolidation, the increase was 1 percent. Operating profit (EBIT) was CHF 134 million, almost 60 percent below the previous year (CHF 326 million). The EBIT margin came to 3 percent. The Corporation's profitability stood within the range announced in November 2008, but fell short of expectations compared with the mid-year forecast in July 2008 due to the severe recession that began in October 2008.

Sales. Adverse currency effects, steep raw material price increases and the dramatic downturn in the fourth quarter had a strong negative effect on growth and profitability. Whereas GF Piping Systems held up quite well and grew 12 percent to CHF 1.22 billion (in local currencies and adjusted for changes in the scope of consolidation: +5%), GF Automotive (–3%) and GF AgieCharmilles (–8%) suffered a sharp drop in demand and sales as of October 2008.

Profitability. Despite severe adverse currency effects, GF Piping Systems posted an EBIT of CHF 122 million (previous year: CHF 126 million), almost on a par with 2007, and an EBIT margin of 10 percent (previous year: 11.5%). GF Automotive and GF AgieCharmilles were harder hit by the dramatic crunch. Georg Fischer was quick to react, announcing a comprehensive efficiency programme in November 2008 and charging one-off-costs of CHF 90 million to the 2008 accounts of the two Corporate Groups. Consequently, GF's operating profit (EBIT) came in well below the previous year's level at CHF 134 million for an operating margin of 3 percent (previous year: 7.2%).

Net profit. Net profit in 2008 came to CHF 69 million (previous year: CHF 245 million). This corresponds to earnings per share of CHF 14 (previous year: CHF 58).

Dividends. The Board of Directors proposes to the Annual General Meeting that a par-value repayment of CHF 5 per share (previous year: CHF 25) be made again in lieu of a dividend. This corresponds to a payout ratio of 36 percent. The distribution is in line with the Corporation's dividend policy of paying about one third of profit to shareholders.

Value added. At CHF 2.3 billion, the cost of materials and products was 3 percent higher than the previous year. This reflects mainly the steep raw material price increases. Operating expenses came to CHF 845 million, also 3 percent above the previous year. Therefore Georg Fischer generated a gross added value of CHF 1.5 billion (previous year: CHF 1.6 billion). As the second highest cost factor at GF, the personnel expenses are under constant scrutiny. They grew by 2 percent in 2008 compared to the previous year, well below the headcount increase of 10 percent. The main driver for the headcount increase was the acquisition of Central Plastics LLC (USA), consolidated as of February 2008, and of JRG Gunzenhauser AG (Switzerland), consolidated as of October 2008. The two acquisitions contributed almost 900 employees in all.

88 percent of gross added value was generated in Europe (previous year: 89%). Germany (36%), Switzerland (29%) and Austria (15%) remain at the top of the list. These three countries also accounted for 68 percent of all Corporation employees (previous year: 70%) at the end of the year under review.

Strategy and targets. The diversified portfolio of Georg Fischer with its different business cycles provides a measure of stability during downturns. Furthermore, the strategy of growing GF Piping Systems faster than the other Corporate Groups is justified as this business has so far better withstood the current recession. In 2008 Georg Fischer made progress in this direction by acquiring three companies for GF Piping Systems. As a result, the share of GF Piping Systems in the whole GF portfolio grew from 24 percent in 2007 to 28 percent in 2008. This is in line with the mid-term target of increasing its share to over 30 percent of the corporate portfolio.

Efforts to strengthen the Corporate Group's worldwide presence are also well underway, with new GF Piping Systems plants being built in India, Malaysia and China to cover local needs and a new iron foundry in China due to start operations April 2009. Even though the mid-term goals of GF are out of reach in 2009, they are still in our sights. Georg Fischer aims to generate an average EBIT margin of 8 percent over the long term. Building on its three strong core businesses, it strives to achieve a balanced portfolio in terms of size, geographic reach and customers. The non-cyclical business units are being strengthened, to some extent through selective acquisitions, notably for GF Piping Systems. Organic growth is being driven mainly by innovations and the expansion of the Corporation's presence in Asia, America and Eastern Europe.

Outlook 2009. The deepening recession will not spare Georg Fischer. As a result, the Corporation is focusing intensively on adjusting its cost base and conserving cash. GF AgieCharmilles began implementing the previously announced wide-ranging efficiency and cost-cutting plan in January 2009 in order to lower its breakeven point and remain profitable even in a worst-case scenario. Short-time work was introduced at most GF Automotive plants in early 2009. Further capacity adjustments will be announced as soon as they are necessary. Contingency plans are also being prepared for decisive action should demand worsen further.

At the same time, Georg Fischer is working hard to emerge stronger from the recession once it is over. Georg Fischer has a leading market position in its core businesses and is well positioned to face the upcoming turbulence and to capitalise on long-term trends such as the demand for clean water, CO_2 reduction and the emergence of new markets in developing countries. Innovation and investments in plant efficiency will therefore continue, as will the development of GF's market presence and intensive training of the workforce. Every crisis holds out opportunities that Georg Fischer intends to grasp.

Financial aspects

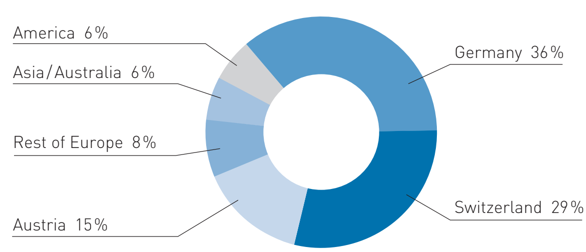
Free cash flow. Owing to the acquisition of three companies, the cash flow in 2008 was negative at CHF –197 million (excluding acquisitions and divestitures: CHF –38 million), which was appreciably lower than the previous year (CHF 243 million). Moreover, in the year under review the Corporation invested CHF 243 million, more than in 2007 (CHF 217 million). As a result, net debt rose to CHF 546 million and stood at 1.4 times EBITDA.

Financing. In 2008, existing and new credit lines were established for a longer time spread, and the base of lenders was extended to several Swiss cantonal banks. At the moment, Georg Fischer has a favourable maturity structure. The financing of the CHF 200 million bond that reached maturity in February 2009 is fully covered by the existing credit lines.

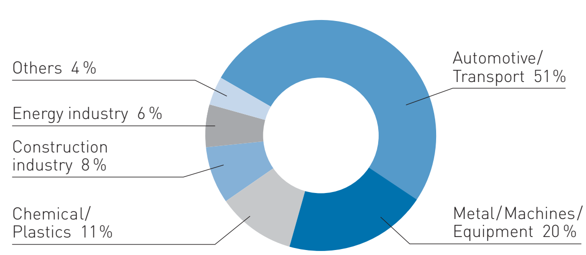
Balance sheet. Total assets decreased by CHF 102 million to CHF 3.29 billion owing to the acquisitions and investments in property, plant and equipment on the one hand, and to the substantial reduction in current assets on the other. Equity slightly declined to CHF 1.40 billion, which means that equity now comes to 43 percent of total assets.

Exchange rates. The strategy of Georg Fischer with regard to exchange rate risk is geared to reducing risk through global sourcing in the currencies in which sales are generated. Where possible and appropriate, Georg Fischer produces locally in its most important markets. This is one of the reasons why all three Corporate Groups are expanding their production capacity in Asia. Nevertheless, owing to serious currency fluctuations, mainly of the US dollar early in the year and the euro at the end, exchange rates had a major impact at corporate level.

Gross value added 2008 by region (in %)
(100 % = CHF 1.50 billion)



Sales 2008 by end consumer (in %)
(100 % = CHF 4.46 billion)



Corporate Groups

GF Piping Systems. Despite severe adverse currency effects, especially a weak euro, GF Piping Systems still performed well. Sales at GF Piping Systems grew 12 percent to CHF 1.22 billion (5% in local currencies and adjusted for changes in the scope of consolidation), and posted an operating profit of CHF 122 million, virtually unchanged from the previous year. It made three acquisitions during the year: the US company Central Plastics LLC, the leader in gas and water piping systems in the United States, the Canadian distributor Alfa Plastics Inc and the Swiss company JRG Gunzenhauser AG, a leader in the Swiss and German plumbing piping systems market.

In Europe, the overall situation for 2008 was on the whole satisfactory, despite the tougher market conditions in the last two months of the year. Whereas the southern and northern

Executive Committee

The seven-member Executive Committee addresses all issues of relevance to the Corporation. The President and Chief Executive Officer is responsible for the management of the Corporation and is assisted in this task by the other members of the Executive Committee. The heads of the Corporate Groups and the Corporate Staff units are responsible for managing their businesses and for achieving their business objectives.

Further information on the Executive Committee can be found in the Corporate Governance chapter on pages 52 and 53.

Executive Committee of Georg Fischer (left to right): Josef Edbauer, Pietro Lori, Michael Hauser, Yves Serra (President and CEO), Roland Abt, Jürg Krebser, Ernst Willi.

markets felt the impact of the economic downturn in the construction industry, Germany, Switzerland and Austria topped the 2007 results. Buoyant demand for infrastructure in Eastern Europe had a positive impact on sales too.

In America the acquisition of Central Plastics LLC (CPC) boosted sales activities. As a leader in the North American market, CPC is the ideal partner. Georg Fischer was not previously present in this key segment in America owing to differences in standards. The acquisition enables GF Piping Systems to strengthen its international leadership in piping systems for gas and water utilities and to share its sales network in the USA, Canada and Latin America.

In Asia, the Chinese companies performed well, reporting double-digit-growth rates, but other countries such as Japan and Singapore fell short of the previous year's sales. Their weaker performance was compensated by the strong demand in the emerging markets, especially those with gas and oil resources. The markets outside Western Europe generated 41 percent of the Corporate Group's sales.

GF Piping Systems will also be affected by the current downturn, but the need for water and water-related services – water treatment, water distribution, water desalination etc. – will stay strong. Many governments have announced infrastructure investments. GF Piping Systems should benefit from all these trends.

GF Automotive. The turnover of GF Automotive decreased by 3 percent to CHF 2.16 billion (previous year: CHF 2.22 billion) due to the slump in the fourth quarter. GF Automotive enjoyed buoyant demand in both the passenger and commercial vehicle markets until the end of September 2008. Production plants were operating above capacity. Starting in October, various OEMs drastically scaled back production, and orders for castings were revised or postponed. As a result, within a few weeks, most of GF Automotive production plants went directly from a situation of overload to one of underutilisation.

Georg Fischer reacted swiftly and adjusted production volume to the change in conditions. In addition, faced with a reduced demand outlook in 2009, the Corporation decided to take an impairment charge on part of its goodwill and to write off assets earmarked for disposal (CHF 83 million in total). On the other hand, the disposal in September of the German company Georg Fischer Verkehrstechnik GmbH generated a one-off EBIT of about CHF 35 million.

EBIT was affected by these one-off costs, by raw material price rises (especially scrap iron, which increased from EUR 250 per tonne to EUR 550 per tonne from May to June 2008) and by the negative effect of shrinking volume on plant load during the fourth quarter. All in all, EBIT, including the one-off costs, was slightly negative at CHF –5 million for a margin of –0.2 percent (previous year: 5.9%).

Additional measures to boost efficiency are in place, and GF Automotive is carefully reevaluating production footprint. It is not possible at present to predict how long the slump in demand in the automotive industry will last, but GF Automotive is well positioned and has an excellent track record for safe and lightweight cast components for the passenger and commercial vehicle industries. As part of a solid and well financed Corporation, GF Automotive products will certainly remain in demand and the Corporate Group has an opportunity to increase its market share.

GF AgieCharmilles. GF AgieCharmilles was affected by the weak dollar mainly in the first half of 2008 and by the worldwide downturn in the machine-tool sector towards the end of the year. Sales stood at CHF 1.08 billion, 8 percent below the previous year (–3% in local currencies). GF AgieCharmilles reported EBIT of CHF 26 million (previous year: CHF 76 million), and the EBIT margin was 2.4 percent (previous year: 6.5%).

Faced with a significant fall-off in order intake, GF AgieCharmilles reacted swiftly and in November 2008 defined a comprehensive efficiency plan to cope with the situation. The entire organisational structure of GF AgieCharmilles has been simplified, and a site specialisation concept has been implemented that establishes distinct business units for the manufacture of EDM machines in Switzerland. The Meyrin (Geneva) location is responsible for the development and manufacture of wire-cut EDM machines, while Losone (Ticino) will focus on die-sinking EDM as well as micromachines and special products. The Electronics department will in future also be located in Losone. The manufacture and assembly of high-speed milling machines will take place primarily in Nidau (Biel/Bienne), with an affiliated assembly unit in Schaffhausen.

The programmes to boost profitability and efficiency are to be swiftly implemented. About half of the cutbacks will affect locations in Switzerland; the other half will be at locations abroad. Two thirds of the envisaged savings are to be made in Sales and Marketing, and close to one third in the plants. Independently of this planned reduction in employment, GF AgieCharmilles has announced or initiated short-time work at the plants in order to adjust production to the current situation. Outside Switzerland, the measures will affect mainly Sales and Marketing.

In 2008 no market region topped the performance of the previous year. Whereas EDM experienced another slight decrease in sales, Milling reported a further 4 percent gain.

GF AgieCharmilles is used to business cycles and accustomed to dealing with volatile ups and downs. It has therefore lost no time in adapting its cost structure. Its excellent global sales and service network, the large number of direct sales channels and the huge installed base of documented machines are important pillars that should enable it to overcome the current crunch.

Markets and customers

Customer satisfaction. Georg Fischer's Corporate Groups conduct regular surveys among their target groups, thereby adding to their knowledge of the market and improving their assessment. In the past year, for example, GF AgieCharmilles conducted a survey six months after EMO to determine whether and to what extent the new single-brand strategy was familiar to customers and where there was room for improvement. Together with external specialists, GF Piping Systems conducted customer surveys in Belgium, the Netherlands and France. It also implemented the potential for improvement in its business processes that had been ascertained in previous surveys. Regular polls among customers are a permanent feature of the management system.

Another yardstick of customer satisfaction are the awards given by customers and professional associations. In 2008, GF Automotive was one of ten suppliers to receive the coveted "Trucknology Supplier 2007" award from MAN. MAN, which works together with about one thousand suppliers, cited "innovation, quality, supply reliability and cost-consciousness" as the reasons for its choice. GF Automotive also received the 2008 award of the International Magnesium Association (IMA) for "Excellence in Design" in the new outrigger used in the Smart. The award is given to products that represent a significant advance over earlier models.

At the AMB 2008 fair in Stuttgart, the leading industrial magazine MM MaschinenMarkt conferred its "MM Award for the AMB" on GF AgieCharmilles. The jury awarded the prize to outstanding products and innovations that were exhibited at this international metal-working show. GF AgieCharmilles won the honour in the category "Metal-Removing Machine Tools" for its Form 2000. Bruno Allemand accepted the prize on behalf of GF AgieCharmilles.

Global presence. Georg Fischer maintains a global presence, with a sales and service network encompassing some 200 sites worldwide. In the year under review, all three Corporate Groups expanded their distribution structures in Asia, the Americas and the emerging markets. Accounting for 40 percent of sales, Germany remained the Corporation's most important market. Generally speaking, sales developed well in Eastern Europe, the USA and the emerging markets, especially in those markets where raw materials account for a large proportion of exports.

Europe's share of total sales was stable at 78 percent (previous year: 79%), owing in particular to GF Automotive, whose key market is Germany. Its most important customers, though, export on average over half of all the vehicles they produce throughout the world. Eastern Europe's share of total Corporation sales is also rising steadily. Asia/Australia and America remained virtually stable at 13 percent (unchanged) and 9 percent (previous year: 8%) respectively.[1] The figures are distorted somewhat by the consolidation of the accounts in Swiss francs. Both the euro and the US dollar lost value against the Swiss franc in the review period. In local currency terms, sales rose by 4 percent in Asia/Australia and by 35 percent in America.

Brand policy. The Georg Fischer corporate brand enjoys an excellent reputation and widespread recognition. The Georg Fischer corporate logo, which has been a protected trademark since 1902, is now central to the image projected by all three Corporate Groups. The Patent department systematically takes legal action against all imitations and forgeries.

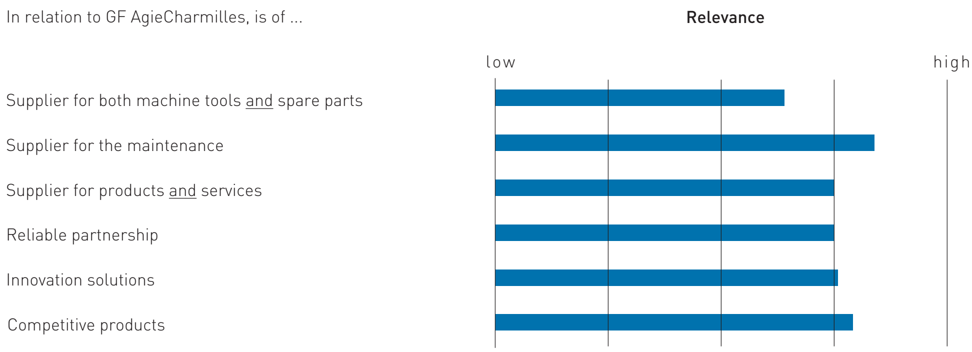
As eye-catcher that has to be recognized at a distance, only the corporate logo is used, either as a banner or as a logo on a building facade. The three Corporate Groups participate worldwide in more than 100 trade fairs a year, at which great emphasis is placed on the careful and consistent use of the corporate logo. On media seen close up, for instance letterhead paper or business cards, the Corporate Groups figure beside the corporate logo.

The Corporation supports the perception of the corporate logo by a number of appropriate measures, in particular clear rules as to its use and an active approach to corporate communication.

The efforts of Georg Fischer to report transparently about its own work received several awards in 2008. In this connection, the Corporation attaches great importance to its Internet

1 See the segment information in the financial section on pages 64 and 65.

Customer Survey



Extract from a customer survey 2008, GF AgieCharmilles

website, which it is constantly developing. These efforts have gained public recognition. For instance, Georg Fischer ranked first in a survey of online corporate communication in Switzerland. The study, which assessed the Internet sites of Switzerland's 53 largest quoted companies, was conducted by the Swedish consultants Hallvarsson & Halvarsson in conjunction with the Swiss newspaper Neue Zürcher Zeitung.

Both the Annual Report and the Sustainability Report also received public recognition. In the year under review, the Northwest Switzerland University of Applied Sciences assessed the 250 largest Swiss corporations for their economic, social and ecological management in an investigation whose content was geared to the international sustainability standards of the Global Reporting Initiative (GRI). Georg Fischer was awarded second place. The Georg Fischer 2008 Annual Report won first prize in the category "Value Reporting" in a rating of the Swiss business newspaper Bilanz.

Innovation

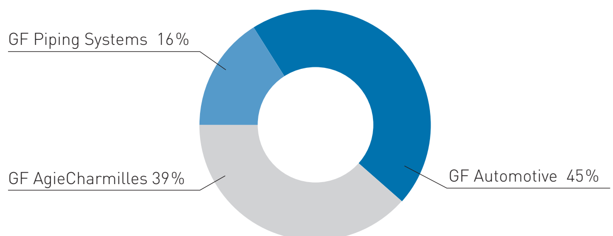
Research and development. In 2008, Georg Fischer invested CHF 143 million in research and development. This equates to over 3 percent of sales. The spending on research and development is not capitalised as an asset on the balance sheet but is booked to the income statement as expenditure. A total of 600 employees in eight countries work in research and development for the Corporation.

Georg Fischer has a clearly defined innovation strategy; the use of resources for research and development is in line with or above the industry average; the innovation pipelines are brimful; and targets are being met on time. Partnerships with universities augment the Corporation's own research capacity and promote the exchange of know-how. Georg Fischer engages in targeted university marketing in order to be able to recruit the best talents for its own research teams. On average, 25 new patent applications are made every year, which reflects the Corporation's innovativeness.

Innovation strategy and rate. GF Piping Systems is growing along with the worldwide demand for clean drinking water. One of its R&D focal points is to create products and solutions for the reliable transport of water. This core competency is being pooled and expanded at the GF Piping Systems Technology Centre in Schaffhausen, Switzerland. As the innovation and technology pivot, the Technology Centre focuses primarily on materials and jointing technology and acts as a hub for the development teams in the market regions. In 2008, the Corporate Group spent CHF 23 million on R&D.

R&D at GF Automotive is geared to trends in automotive engineering: sparing use of resources, increased safety and greater comfort. In vehicle construction, the customer and supplier work closely together from an early stage. About half of the R&D expenditure at GF Automotive is invested in the next product generation, a third in later generations and the remainder goes on the improvement and development of existing products. The focal points are component design, computer-assisted calculations, analyses and simulations, cost-effective manufacturing, alloy and process development as well as material and component testing. In 2008, the Corporate Group spent CHF 65 million on R&D.

Expenses for Research and Development 2008 (in %)
(100 % = CHF 143 million)



In the most important customer segments of GF AgieCharmilles, the key trends – miniaturisation, greater precision, speed and system availability – continue without let-up. Electric discharge machining is a highly sophisticated technology, in which enhanced machine performance is opening up new applications. High-speed milling increasingly benefits customers in the manufacture of precision and miniature parts made of high-quality materials. GF AgieCharmilles is focusing on this aspect in its innovation drive. In the year under review, over 40 percent of the machines sold had been on the market for less than three years. In 2008, the Corporate Group spent CHF 55 million on R&D.

Synergies. Georg Fischer manages the three Corporate Groups so that the units can each pursue their individual strategic and operational targets. However, it systematically generates synergies between the Groups. Research and development regularly organises joint training days, as a rule with external consultants. The purpose is the exchange of experience and knowledge between the experts inside and outside the Corporation. The most recent example of this cooperation is in the area of metal-machining and mould-making at GF Automotive. As a world-leading manufacturer of machining equipment, specialists from GF AgieCharmilles are contributing their know-how to the production processes of GF Automotive. This exchange of know-how is also taking place in materials research, sensor technology, logistics and, more generally, in the field of resource efficiency.

At various GF locations several corporate subsidiaries from different Corporate Groups work under one roof, with one corporate subsidiary as a rule performing the administrative and organisational back-office tasks for all the companies present. IT and procurement are coordinated at the Corporation level, and wherever possible joint procurement projects are launched. Areas such as logistics, imports and exports as well as sustainability an resource efficiency are also handled at Corporation level. The more international the network of Georg Fischer corporate subsidiaries, the more often the Corporate Groups use the available resources of other GF companies. These joint efforts will be expanded in the coming years.

Products and processes

New drinking water reserves. "Clean water" is a challenge to which GF is responding by making available comprehensive solution packages for water treatment and water distribution. With the growing scarcity of fresh water, state-of-the-art seawater desalination plants contribute to alleviating the problem. Environmentally friendly desalination technologies, in particular reverse osmosis, have the best prospects for development. Georg Fischer is in pole position here owing to new membrane technologies with lower pressures and therefore enabling the use of plastic components. This technology is also economically competitive since the desalination process is becoming cheaper as demand grows (see pages 20–23).

Climate-friendly mobility. One of the major challenges facing carmakers is reducing CO_2 emissions by manufacturing lighter-weight vehicles. This is a goal to which GF Automotive is contributing through its development of materials, processes and products. It is cooperating with the Technical University of Reutlingen to develop "innovative light-weight components made of high-strength ductile cast iron with spheroidal graphite using bionic methods" (see pages 24–27). The aim of the research is to discover how nature's laws can be harnessed to manufacture ultra-light cast components for use in the automotive industry.

GF Automotive is making an important contribution to innovation through the development of new materials such as the material families SiboDur and SiMo 1000 or the novel casting techniques LamiCast. LamiCast makes it possible to produce very thin-walled aluminium components, which bring about savings in weight.

Cost-effectiveness and productivity. Electric discharge machining (EDM) and high-speed milling are two key technologies employed in mould- and tool-making and in the manufacture of precision parts. GF AgieCharmilles is a leader in both technologies and intends to strengthen this position. The best synergies can be generated with the combination of die-sinking EDM and high-speed milling. In tool- and mould-making, for instance, large-volume cavities are best machined by milling, and details such as complex geometries, delicate bridges or slits by die-sinking EDM.

There is also tremendous potential for boosting cost-effectiveness by using both technologies to manufacture precision and high-value parts. Milling is a fast machining method but has its limitations when used to work on inner contours or extremely hard and tough materials. EDM is a highly precise machining method, but machining times are relatively long by comparison. Milling and EDM can thus be combined in such a way as to considerably reduce lead times and operating costs. GF AgieCharmilles is exploiting its competitive edge so as to enable customers to maximise their cost-effectiveness through the coordinated use of both technologies (see pages 28–31).

Risk management

Risk control. Georg Fischer has adopted a strategy of risk control, for which it employs a range of risk management tools. These include systematic identification, evaluation and reporting on strategic, operational and financial risks as well as generally ensuring comprehensive and efficient insurance coverage. Georg Fischer identifies all relevant risks in the areas of markets, management and resources, operations and finance on a consistent basis throughout the Corporation. Risks are assessed and illustrated on so-called "risk maps" in accordance with their possible consequences and likelihood of occurrence.

Reporting. The strategic risks are assessed primarily by the Board of Directors, and the financial and operational risks primarily by the CEO and the Executive Committee. Risk management is largely integrated in existing planning and management processes. Other units in addition to Risk Management are involved at the Corporation level: Corporate Controlling, Corporate Compliance, Human Resources, Corporate Audit, Communications, Planning, Legal and Treasury.

Risk analysis. Generally speaking, risks can never be completely ruled out in production, and this is particularly so in the foundries. The careful analysis and minimisation of risks increases process security and thus improves reliability of delivery to customers. Georg Fischer attaches very 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, 20 (previous year: 15) production sites of a total of 42 (previous year: 41) underwent such audits. The results are discussed with the units concerned and with management. Wherever necessary, corrective measures are agreed.

Risk standards. In consultation with the corporate subsidiaries and Corporate Groups, Risk Management has drafted technical and organisational standards for the entire Corporation which serve as an internal basis and as a norm in dealings with external consultants and insurers. These Corporation-wide standards prescribe measures for the Georg Fischer sites which are to be carried out in order to avoid major production outages and to preserve the Corporation's assets. The Highly Protected Risks (HPR) standard applied to 74 percent of the Corporation's insured assets at the end of the year under review. This percentage is continuously being increased by means of appropriate operational measures.

All three Corporate Groups attach great importance to further extending their worldwide market presence.

Investments

Property, plant and equipment. During the year under review, the Corporation's investments in property, plant and equipment amounted to CHF 243 million. GF Piping Systems accounted for 21 percent of the total, GF Automotive for 72 percent and GF AgieCharmilles for 5 percent. 80 percent of the total was invested in Europe. The largest single project in 2008, however, was the new iron foundry in Kunshan, China, which is now in the start-up phase. Most of the capital spending went on product and process innovation and on investments to upgrade and expand production capacity.

Investment volume in 2009 will be lower than in the previous year. In view of the current economic situation, projects which do not directly serve production efficiency or are not otherwise urgent have been postponed. A large part of the investments will again be made in Europe, particularly to upgrade existing plant.

All three Corporate Groups, however, attach great importance to further extending their worldwide market presence. Production capacity, distribution and market presence in China and other Asian countries are being continuously expanded. In 2009, GF AgieCharmilles will occupy a new headquarters in the USA offering customer support for all applications at a single location. GF Piping Systems is erecting a new building for its sales company and for Georg Fischer Signet just outside Los Angeles in the United States.

At GF Automotive, which again will account for the bulk of the capital spending, the investments are based on long-term customer orders; at GF Piping Systems, they correspond to tools and machines required for new production lines or to new facilities for expansion abroad.

Creating value. “Values matter even more in challenging times as the anchor of our conduct,” says Yves Serra, CEO of the Georg Fischer Corporation, in the interview on the following pages. “Adhering to them demonstrates stability and fosters trust.”

People all over the world expect Georg Fischer to make a significant contribution to meeting their needs now and in the future. At Georg Fischer, therefore, creating value is not an empty declaration of intent but rather the basis for its business model and a daily motivation for its more than 14,000 employees the world over.

The interview with the CEO and the three extensive reports from Germany, the USA and Australia on the following pages illustrate how Georg Fischer creates value. Day after day. Since 1802.

"Let's adapt quickly and stay optimistic."

Interview with Yves Serra, CEO

Mr. Serra, you took over as CEO in March 2008. What comes to mind when you look back over your first year?

It was a roller-coaster year, with a lot of unexpected events. In January the US dollar weakened, which hurt GF AgieCharmilles. In the second quarter the price of scrap iron, the main raw material used by GF Automotive, doubled within a few weeks. The euro weakened significantly as of October, and finally the financial crisis hit the real economy and led to the dramatic downturn we are now facing.

What can be done in such a situation?

The downturn is a reality that we must squarely face. We have in particular to make sure that every manager and every employee is fully aware of the situation and is quickly enlisted in responding to it.

But this crisis seems to be unique …

… it certainly appears to be so, and the first order of the day is to protect the viability of our businesses, in other words we need to focus on maximising our cash position, increasing our efficiency and, for that matter, being prepared to act fast and decisively. This is what we did back in November 2008 when we announced efficiency measures at GF Automotive and GF AgieCharmilles and we will continue to do so if and when the need arises.

How should we respond to this situation?

Turbulent times call for optimism to counteract the ambient gloom. Economic downturns are a fact of life but they all end one day and in the meantime they create new opportunities. During my first year as CEO, I visited most of our companies. We have lots of skilled employees who identify themselves with GF and work hard for the well-being of our Corporation. I trust in their wisdom to make the most out of the current situation.

"I trust in the wisdom of our employees to make the most out of the current situation."

So GF is prepared for the current downturn?

No one is fully prepared for what appears to be a very severe downturn. But GF is well financed and has a solid balance sheet with relatively little debt. All three of our Corporate Groups enjoy a leading position in their markets, and the innovation pipeline is promising. These are advantages but no insurance. We have to remain humble and adapt fast to any development as well as work hard at differentiating ourselves from the competition.

Could you expand on these two topics? How do you plan to make the most out of the current situation?

Let's start with GF Piping Systems. The need for clean water treatment, water distribution, water desalination etc. is not about to disappear. On the contrary. Many governments have announced investments in infrastructure. We are well placed to benefit from all these initiatives.

GF Automotive is well positioned and has an excellent track record in supplying safe and light-weight cast components to the passenger and commercial vehicle industry. As part of a solid and well financed Corporation, GF Automotive products will certainly remain in demand and the Corporate Group even has an opportunity to increase its market share.

GF AgieCharmilles is used to business cycles and accustomed to dealing with volatile ups and downs. It is therefore losing no time in adapting its cost structure. Its excellent global sales and service network and its huge installed base are important pillars that will enable it to overcome the current crunch.

And how can GF differentiate itself from its competitors?

This is the essence of a successful strategy: fulfilling the needs of our customers quicker and better than the competition.

Can you give some examples?

GF Piping Systems promotes its products directly to its customers, but stocking and billing is conducted by the dealers. Customer needs are thus more quickly understood and can be worked on to our advantage, as opposed to solely letting distributors dealing with customers.

GF Automotive is positioning itself more and more as a full casting service supplier able to collaborate with automakers well upstream in production. It offers casting solutions that help reduce vehicle weight and delivers tested, cleaned and machined parts that are ready for assembly as opposed to just producing raw castings to customer drawings for tier 1 or tier 2 suppliers.

Yves Serra on ...

Teamwork: "Teamwork is the key to success, especially in tough times. By cooperating on every level and keeping each other seamlessly informed about opportunities as well as shortcomings, we are a better partner for our customers."

Performance: "Only when we compare our achievements with those of others can we evaluate the result of our efforts. It's this comparison that defines whether we are competitive or not."

Passion: "Passion for a job is a key ingredient to bring performance to a wholly different level."

GF AgieCharmilles offers a unique combination of EDM, milling and automation designed to increase productivity, a major demand of its customers, who need to differentiate themselves from their own competitors.

GF is proud of its corporate culture, of its core values. Can GF maintain these values in the current situation?

Values matter even more in challenging times as the anchor of our conduct. Adhering to them demonstrates stability and fosters trust.

... and they are?

"We are open and transparent" – "We do what we say" and "We respect people". These values are valid in all countries and give clear guidance to everyone.

GF acquired two mid-size companies in 2008. How do you communicate the values of GF to these new members of the Corporation?

As we respect people, we respect the culture of new members too. During the due diligence we also evaluate these topics to make sure that they fit in with us. The integration will then take place step by step: through training, shared working groups, exploiting synergies, continuous contact in the daily business and the example of each and every employee of GF.

What is your prediction for 2009?

It will be a year full of challenges, and our first priority is to adapt our costs and preserve cash. But the year will offer plenty of opportunities too. This is what we will promote and what I will look for when visiting our companies: A balanced approach – both defensive and offensive.

Mr. Serra, thank you very much for the interview.

Working on the environmentally friendly loop

Brisbane/Australia, November 2008

Pride and satisfaction – that's what Project Manager Paul Ashdown (left) feels about the work done on the largest water treatment plant in the southern hemisphere (above).

The careful management of basic resources such as water is growing in importance. GF Piping Systems, one of the leading suppliers of piping systems for water treatment and purification, gears its products in order to offer globally available, integrated system solutions. That was one of the reasons why GF Piping Systems was selected by the Western Corridor Recycled Water Project (Australia) to work for the largest water purification project in the southern hemisphere. Common goal is a major benefit for environment as well as human beings.

His business card says "Senior Project Engineer", but Paul Ashdown describes himself as the Mechanical Engineer in charge of construction. Both these titles understate the scope of his role with Western Corridor, working on the Gibson Island Alliance recycled water project. Leading a team of five, Ashdown is responsible for the construction of one of three advanced water treatment plants, part of the largest water purification project in the southern hemisphere. He has been spearheading the project since the design stage in January 2007, and his role here continues as the second stage of building approaches completion.

Projects on this scale require perfect cooperation between many partners. Once the water reaches the plant, it is channelled into a number of smaller valve systems and then treated several times over.

Large-size pipes are used to transport the water to the plant. All in all GF provided six kilometers pipes of varying sizes.

"Service second to none"

The plant supplies purified water for industrial use, and even though it is presently operating at 90 percent capacity as the final construction takes place, the volume it is producing is far greater than initially envisioned. "The plant here on Gibson Island was originally conceptualised as a 50 megalitre (50 million litres) plant," he explains. "But this year we were asked to upscale our piping to the 100 million litre level."
This change in the goal of the project put extra pressure on all suppliers, and with over nine kilometers of piping laid (a little over six of which are Georg Fischer PVC pipes of varying sizes), GF had to be especially responsive. Ashdown elaborates: "I expect two things from my suppliers: service and quality. With GF you know that the quality is there, and their service is second to none. They helped me source products from all over the world as the job became larger and more complex, and were able to deliver all my needs as I required them."

Whole programme of environmental benefits

Western Corridor Recycled Water Pty Ltd is wholly owned by the Queensland Government, and is an important part of its South East Queensland Water Grid, the largest urban drought response in Australia. The Gibson Island plant is located at Murarrie in the eastern suburbs of Brisbane and has the greatest production capacity of the Western Corridor Recycled Water Project's three advanced water treatment plants. It produces clean, demineralised water from secondary treated wastewater via a micro-filtration reverse osmosis (MFRO) process. With drought such a pressing issue in Australia, access to a sustainable source of water is of supreme importance to the community.
The completed project has the capacity to provide enough water for more than 1.3 million people meeting target of their water consumption levels. The Gibson Island plant directly supplies one of the region's major power stations that provides energy to a large part of Brisbane city and its surrounds.
The environmental benefits flow through the whole programme; from the device that enables rainwater run-off from the main process building to be collected and combined with incoming water for treatment, down to the supply of water to Incitec Pivot company next door.

Challenging "fast-track" construction

The goal of the Western Corridor Recycled Water Project is to deliver a complete recycled water solution, comprising over 200 kilometres of pipeline and three advanced water treatment plants, by December 2008 – a timeframe of a little under two years.
To achieve this, the company has involved the world's leading engineering and construction companies, and the tight time-frame has required great responsiveness from all involved.
Paul Ashdown explains: "This project is what they call a 'fast-track' job, which means we are building things basically as we are designing them. The challenge for me is to bring everything together, to make sure we are building in accordance with good

The ball valve type 546 is the fully developed result of 40 years GF Piping Systems experience in plastic piping systems know-how. It is part of a modular system that satisfies the requirements of operational reliability as well as of eco-friendliness and cost-effectiveness.

Gibson Island Alliance Recycled Water Project

System solutions by GF Piping Systems

100 million litres purified water supply per day

in Brisbane and its surrounds

for 1.3 million people

engineering practice, but also ensuring that all the product, equipment and people are in place, where I need them, when I need them." Acquiring supplies in a timely fashion sees him and his team constantly liaising with their suppliers.
"Georg Fischer are fantastic in this regard," he says. "They have been very responsive to my needs and pro-active in seeking solutions."

A marriage of values

Paul Ashdown is a man whose love of his profession shines through in his work. He derives profound satisfaction from seeing something built: "You see an endpoint; you take something from the layout stage and see it grow before your eyes. It is very rewarding!"
The partnership with GF on this project can in this way be seen as a marriage of parallel values. For Ashdown, it is the pride in his work that drives him in the creation of a world-class facility that brings so much benefit to the South East Queensland community; whilst for GF, the world-renowned commitment to quality and customer support ultimately achieves the same result.

Wide range of system solutions

GF Piping Systems is a leading supplier of plastic piping systems for the safe transport of liquids and gases. It offers a wide range of systems solutions for applications in industry, gas and water supply and building services. The solutions from Georg Fischer in the increasingly important field of water treatment make clean water affordable and employ efficient components.

With its 4,700 employees, GF Piping Systems is present in more than 100 countries, offering effective service and round-the-clock customer support. More than 30 sales companies work for customers around the world, while manufacturing is spread over 25 production plants. Globally operating customers increasingly demand globally available, integrated systems solutions from a single source in order to exclude compatibility risks.

Rapid deliverability is a decisive factor giving GF the competitive edge. Decentralised distribution centres in key markets have been opened on schedule. Research and development are located in Switzerland, the United States and China.

Learning from Nature

Reutlingen/Germany, November 2008

View of a workshop of the Technical University of Reutlingen, Germany, a leading technology institute. Through their research work, Professor Rolf Steinbuch (left) and his co-workers contribute to the University's good reputation.

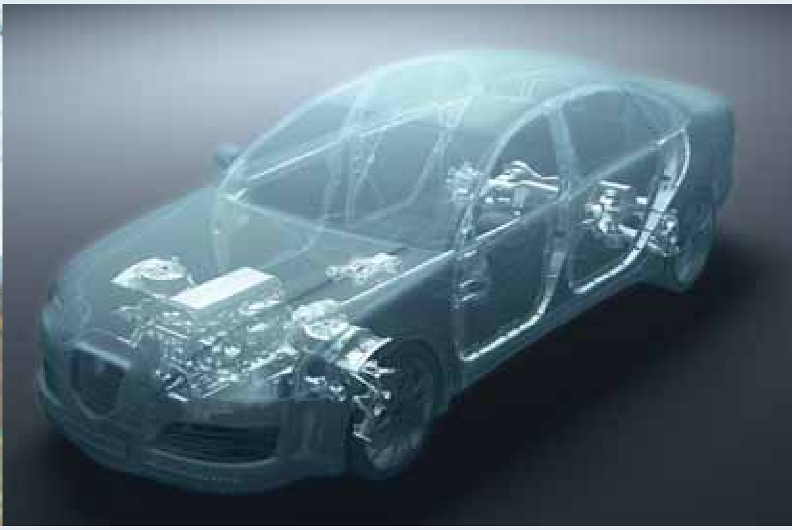
Greater efficiency in the use of resources is essential for future mobility. As a leading development partner for the European motor vehicle industry, GF Automotive is working to develop the vehicles of tomorrow. One such partnership is with the University of Reutlingen in Germany. The objective is to improve automotive components that are relevant for safety.

"How do I find the shortest way to the highest peak?" Rolf Steinbuch asks his students, pointing to the mountain range around the campus. The 55-year-old Professor of Mathematics teaches mechanics and simulation at the University of Reutlingen. Comparisons with nature are not just rhetoric for him; he takes nature as a model.

Lighter cast parts with bionics

Born in Stuttgart, Germany, Steinbuch studied physics and mathematics and worked for some 15 years as a simulation engineer in development for leading European corporations before moving to the University of Reutlingen in 1993.

"Leave out everything superfluous." Taking nature as their example, the University and Georg Fischer are working as a team to manufacture even better and lighter-weight components for tomorrow's automobiles.



The "glass car" shows some parts that are developed and manufactured by GF Automotive. Every year, GF produces more than 100 million cast components for the car and truck industry.

Reutlingen is among the world's leading technology institutes, and Rolf Steinbuch's research projects in his special field – simulation in the design process – contribute in no small way to its excellent reputation.
GF Automotive invests about 3 percent of sales revenue in research and development. One of its key goals is to achieve greater resource efficiency by reducing component weight, either through new materials, innovative casting processes or improved component structure. The objective of the joint research project of GF and the University of Reutlingen is thus to develop "innovative light-weight components made of high-strength ductile cast iron with spheroidal graphite using bionic methods." In other words: How can the laws of nature be used, in this case to create cast components for the automotive industry?

"Nothing superfluous"

The GF engineers supply Professor Steinbuch and his team with the exact parameters – in some cases as many as 50 criteria – for the future use of the components they are to examine. Once the data have been fed into the system, Steinbuch lets his 55 high-performance computers, with a total of 70 processors, go to work. What they look for is not a copy of nature. Rather they screen as many as 200,000 variants using a randomized methodology and a specially developed and patented software. In exceptional cases, the process may last as long as three weeks. "There's nothing superfluous in nature," says Steinbuch. "That's what we're aiming for."

Like Nature, which over millions of years has experimented with numerous solutions, rejecting many of them while constantly bettering others, he and his team are looking to improve structures, for instance for the connecting rod. This inconspicuous automotive component converts the linear motion of the piston into the circular motion of the crankshaft, which explains why the connecting rod must be very tough and yet small in its dimensions. After all, it moves up and down some 6,000 times a minute. Every gram less in weight reduces the unbalance and saves energy.
"This approach means we may come up with solutions that are not suitable," Steinbuch stresses. Samples are cast of those components which indicate an improvement purely on the basis of theoretical calculations, and they are tested by GF. The pieces that produce the best results in testing are then included for further development. One prototype being examined now has a central rib where before the surface was flat. The project is not yet completed, but the progress to date is promising.

"Cooperation motivates and sets an example"

For Steinbuch, the close cooperation with GF "motivates and sets an example." The specialists from GF Automotive discuss the results with Steinbuch's team regularly, exchange know-how and coordinate the way forward. Theory and practice enrich each other. A further advantage is that Georg Fischer has skills and expertise in developing its own materials that

Connecting rod designed with conventional methods (above); the one below with bionics. The central rib in a new component increases its strength while reducing the inertia.

Development of lightweight connecting rods

55 high-performance computers with 70 processors

screen 200,000 variants of connecting rods

GF prototypes: more strength, less bulk

less weight means lower CO_2 emissions

few foundries possess. Steinbuch is excited by these prospects: "With GF's new high-strength material SiboDur®, we can design extremely thin parts; that opens up new possibilities and contributes to further improvements." Moreover, GF translates the new findings from research as quickly as possible into practice. "That's fantastically motivating for us," Steinbuch stresses, because "less weight in vehicles means lower CO_2 emissions and less environmental pollution."

"We need companies like GF"

Rolf Steinbuch has no lack of ideas, and his curiosity drives him to call past achievements constantly into question and seek even better solutions. "Simulating components," says Steinbuch, "demands specialist knowledge in materials science, as well as in heat conduction, acoustics, fluid mechanics and electrodynamics, to mention only the most important fields." Every improvement in a field opens up new opportunities that have to be checked, calculated and tested. And a research project is only successful in Rolf Steinbuch's eyes when the findings can be put into practice. With obvious conviction, he says: "We need companies like GF that are determined to work permanently on developing better and more sustainable products."

Preferred development partner

GF Automotive develops and produces highly stressed cast components in sand casting, pressure die casting and permanent mould casting. It is specialised in automated metal casting in large series with global delivery capability. Almost all major automotive manufacturers source highly stressed parts cast from iron, aluminium and magnesium from GF Automotive.

In order to increase resource efficiency, GF is constantly improving materials, processes and products. In particular, it is developing and manufacturing sophisticated solutions for lighter-weight components that are relevant for safety. Two current innovations are composite casting and the replacement of forged iron parts or welded components with the SiboDur® material family developed by GF.

GF Automotive manufactures more than 100 million components with a total weight of close to 600,000 tonnes at 13 sites in Germany, Austria, China and Canada. Manufacturers all over the world value the innovativeness of Georg Fischer embodied in the materials and production processes and the development and manufacturing know-how that goes into the product solutions.

“Jewels” for a better life

Mooresville / USA, December 2008

These medical implants come off the machine ready for use and without ever having been touched by human hand. The colours make it easier for the surgeon to distinguish the different implants and screws. These "jewels" are the pride and joy of LeNoir Zaiser and his plant manager Robert Boody (far left).

The exacting precision parts needed in medical technology are produced with electric discharge and high speed milling machines (EDM and HSM).
GF AgieCharmilles is a technology leader in this field. An American entrepreneur, LeNoir Zaiser, produces implants for joints and the spinal cord using machines from GF AgieCharmilles. What Zaiser and GF AgieCharmilles share is the determination and passion to serve their customers with the best solutions.

"They're really complex and difficult to manufacture," says LeNoir Zaiser with some pride. The titanium implants look a little bit like modern jewellery. They stabilize the spine or vertebrae around the accident victims' spinal cords and are fastened to their vertebrae by means of screws. Depending on the model, they are between 20 and 120 millimetres long and have two, four, six or more holes. The really clever thing is that the coils or springs secure the screws in the plate.

Only the best is good enough

Implants of this kind can only be produced on top-quality machines that meet the most exacting demands. It's this challenge that the 71-year-old LeNoir Zaiser loves. Known to his friends as Len, he was born in Chicago but now lives in Florida and has five children, aged 11 to 42 years. He has been fascinated by complex components ever since his youth. Although a student of Economics, he gained experience working at night and weekends with tool-making machinery and lathes, among other equipments. After completing his studies, he founded his first company, which manufactured precision parts for the aerospace industry. He subsequently founded another four firms, which he then sold when they had begun to flourish. An American success story.

LeNoir Zaiser has been active in mould and tool making for over 40 years. He is not an unknown quantity in the US machine tool industry, and he has a reputation for precise calculation.

The motor spindles from the core components of modern HSM centres. They rotate at speeds between 10,000 and 60,000 per minute.

The talented businessman explains his business model: "I always bought only the best milling machines for my companies." That is why he saw an opportunity to enter the US implant business only in 2004 when he became familiar with Mikron HSM 400 U, the five-axis high-speed milling machine from GF AgieCharmilles. The HSM series stands out for its precision, extraordinary dynamism and its high milling speeds. The machine meets his requirements for top quality and yet allows him to manufacture inexpensively.

Fully automated production

When he founded his medtech company, Structure Medical, therefore, Zaiser deliberately opted for GF AgieCharmilles, the world's technology leader in EDM and HSM. Furthermore, an old school friend and well-known hand surgeon came on board as his advisor in developing the implants. Today, the firm in Naples, Florida, has 30 employees working on numerous swiss-type turning centres and other speciality manufacturing equipment including sinker and wire EDM machines from GF AgieCharmilles and it produces implants for hands, elbows and knees.
Zaiser opened his manufacturing location in Mooresville, North Carolina, two years later. He now has seven Mikron HSM 400 U milling machines here that work around the clock, 365 days a year. On the Mikrons, 17 employees produce implants of different types and sizes for the spine, hands, foots and legs.

Ultraprecise calculations

Don't be fooled by the modest headcount. LeNoir Zaiser is not an unknown quantity in the US machine tool industry, and he has a reputation for precise calculation. For instance, with minimal staff to monitor quality, all Mikrons operate the entire weekend and at nights to produce these precision parts. Thanks to state-of-the-art software and integrated pallet changers, almost all machining steps have been automated. That lowers operating costs and increases productivity, which means he can hold his own despite tough competition and price pressure.
"I just don't understand," he says with a twinkle in his eye, "why more business people don't invest in top-quality machines."
A classic case of deliberate understatement! After all, the perfection Zaiser achieves is based not only on the GF AgieCharmilles machines but also on the decades of experience he has under his belt. "Each of our machines is able to produce any of our implants," says plant manager Robert Boody, visibly pleased. And developing a new implant takes up to nine months on average. Since Zaiser knows how important it is to maintain development work in order to maintain your lead, a Mikron HSM 400 U is constantly working on prototypes.

The greatest joy: satisfied customers

LeNoir Zaiser is someone who has enjoyed working all his life and who loves complex components every bit as much as his high-speed milling machines. But his real joy – beside his

The HSM series stands out for its precision, extraordinary dynamism and its high milling speeds.

Precision parts for the medical technology

9 machines from GF AgieCharmilles

44 implants for the spine

20 implants for the elbow

8 implants for the hand

12,000 patients (2003–2008)

family – is the support (and that is meant literally) that patients receive from his implants. To date, that's some 12,000 people. These are people who have suffered severe injuries in an accident or who have spinal or joint problems owing to disease. They require artificial supports that stabilize the spine or vertebrae around the spinal cord. This provides protection for the spinal cord and associated nerve roots. That enables the victims to move the joints in their hands, knees or elbows again. So all the hard work that goes into manufacturing the tiny titanium parts is worth the effort. The implants restore patients' mobility and enable many accident victims to conduct their lives without outside help.

And GF AgieCharmilles ensures that LeNoir Zaiser can continue to serve his satisfied customers in the USA, France and Switzerland. "My machines have been running for years as smoothly as a Swiss watch," he says, enumerating the advantages of his preferred suppliers. "From GF AgieCharmilles I receive perfect service with quick delivery of spare and wear parts and consumables." Customer support and cooperation are straightforward. "Time is crucial," says Zaiser, praising the professionalism of the GF technicians. "And I get an all-in price," Zaiser stresses. Thanks to Privilege Club, the comprehensive service package of GF, the staff of Structure Medical receives free training and advice from GF's own Service Academy and the machines are serviced regularly. Service à la GF AgieCharmilles.

Unique package of EDM and Milling

GF AgieCharmilles is the preferred partner to customers in the tool and mould-making industry and to manufacturers of precision and high-value parts.

The main customers of GF AgieCharmilles are small and midsize companies in the mould and tool-making industry and manufacturers of precision parts. Their market success often depends on the precision and efficiency with which the products are manufactured as consumers are expecting increasingly high standards for the functionality, design and reliability of products. GF AgieCharmilles has a unique offering of modular and scalable automation solutions that cover all customer segments and range from simple tool changers to linking up tool-making machines in order to create complex production lines.

It has extensive expertise and know-how in the technologies associated with electric discharge machining (EDM), high-speed and high-performance milling (Milling) and offers a unique package of EDM/Milling with automation. Research & development and production sites are located in Switzerland, Sweden and China.

GF Piping Systems

Serving our customers. The transport of liquids and gas under pressure requires particularly safe and leak-free piping systems that assure effective environmental protection and the careful use of resources. GF Piping Systems engineers, produces and distributes worldwide a broad range of piping systems for the safe transport of water, gas and aggressive media. The product offering includes pipes, fittings, jointing technologies & tools, manual and actuated valves, sensors and instrumentation, using plastic and complementary materials such as malleable cast iron and brass.

Thanks to its comprehensive know-how and years of experience in materials and jointing technology, GF Piping Systems is the technology leader in problem solving packages for water treatment, water mains and water distribution. This ensures that the system solutions for these applications are second to none: all piping components are available from a single source and are compatible with each other.

GF Piping Systems provides a wide range of jointing technologies such as welding, electrofusion, solvent cementing, compression or push-fit, enabling its customers to assemble the components efficiently and to avoid possible leaks.

Customer support in more than 100 countries is backed up by efficient, round-the-clock service. Development and production facilities in Europe, Asia and the USA are located close to customers and meet all local requirements. Certification of the product range to international and local standards is a matter of course at GF Piping Systems.

Markets. GF Piping Systems is the world leader in PE fittings and jointing technology for water and gas utilities; it is also the world leader in industrial plastic applications and in selected markets of building technology.

GF Piping Systems has developed a strong presence not only in Europe, its home market, but also in Asia, the Americas and the emerging markets, especially in Central and Eastern Europe, Russia and the Gulf Region. The market potential and future outlook of these countries remains positive.

GF Piping Systems is aiming at a geographically balanced portfolio and is forging ahead in its drive to open up new markets. The acquisition of Central Plastics LLC in the United States is part of this strategic thrust. It secures worldwide market leadership for GF Piping Systems in the gas and water utility segment and has almost doubled the group's sales in the USA.

GF Piping Systems

- develops, services and sells high-quality components using plastic and complementary materials such as malleable cast iron and brass for the reliable transport of liquids and gases
- supplies large-scale system solutions for applications in industry, gas and water utilities and building services
- is present in more than 100 countries world wide with a highly efficient service organisation

GF Piping Systems As of 1 January 2009

Pietro Lori

Finance, Controlling, IT Stefan Gautschi	**Products** Nabil El Barbari
Human Resources Alain Ritter	**Europe** Giles Cook
Strategic Planning Mads Joergensen	**America** Chris Blumer
	Asia Herbert Zengerling

Trends and strategy. The careful management of basic resources such as water and energy is growing in importance, as is the fight against environmental pollution, contamination and leakage. Annual investments of USD 65 billion are needed to overhaul the water pipe networks all over the world. Water treatment and water recycling plants are the key to ensuring adequate water supply. Seawater desalination is increasingly important for overcoming the problems of drought and water scarcity that affect many countries. At the same time, as wealth in Asia and the emerging markets grow, demand for more comfort at home is spreading fast.

GF Piping Systems ensures its worldwide leading by offering a complete package. Long life, resistance to corrosion, ease of installation and leak-tight connections are fundamental customer requirements. Plastic piping systems are increasingly becoming the first choice since they are simple to install, flexible, have a considerable weight advantage and are highly resistant to acids and other chemical compounds.

Global customers demand globally available, integrated system solutions from a single source in order to avoid compatibility risks. The strategy of GF Piping Systems is to satisfy these needs; therefore it systematically gears its products to serve specific market segments. The four most important customer segments are gas and water utilities, building services, water treatment and the chemical industry.

The acquisition of JRG Gunzenhauser AG (Switzerland) significantly strengthens the Corporate Group's market position in building services. Pooling the two product portfolios, which make an excellent fit, will greatly expand the combined offering.

Strengthening profitability. Developing sales in non-cyclical businesses, the emerging markets and Asia is having a positive and stabilising effect on profitability. GF Piping Systems is systematically expanding its network of sales offices and production units. Sales per customer are being increased by focusing on market segments backed up by worldwide support.

Profitability is being strengthened by continuous productivity gains in production processes, logistics, procurement and the use of standardised IT solutions. Standardisation of supply chain management at the global level is making good progress, as regards both procurement and enterprise resource planning systems. In the year under review, further regional distribution centres were opened in key European markets. The expansion of decentralised warehouse capacity is being consistently pursued outside Europe too.

GF Piping Systems is in permanent contact with customers around the world; it offers outstanding training and education opportunities, develops new products with the customers' needs in mind and is thereby creating the basis for further profitable growth.

GF Piping Systems

in CHF millions	2008	2007
Sales	**1 224**	1 096
– Industry/Utility	**963**	863
– Building Technology	**261**	233
EBIT	**122**	126
Net Operating Assets (NOA)	**691**	504
Employees	**4 736**	3 690
in CHF thousands		
Sales per employee	**291**	315
Gross value added per employee	**112**	121
in %		
Gross value added as measured against personnel expenses	**155**	160
Return on Net Operating Assets (RONOA)	**20**	27
Return on Sales (EBIT margin)	**10**	12

GF Piping Systems is well positioned to take advantage of the global trends in the water market.

GF Automotive

Serving our customers. Working in close cooperation with its customers, GF Automotive develops solutions for the automotive and commercial vehicle industry. Almost all major automotive manufacturers source highly stressed parts cast from iron, aluminium and magnesium from GF Automotive. It manufactures more than 100 million components with a total weight of close to 600,000 tonnes at 13 sites in Germany, Austria, China and Canada. Manufacturers all over the world value the innovativeness of Georg Fischer embodied in the materials and production processes and the development and manufacturing know-how that goes into the product solutions.

GF Automotive develops and produces highly stressed cast components in sand casting, pressure die casting and permanent mould casting. It is specialised in automated metal casting in large series with global delivery capability. GF Automotive is therefore an ideal partner for implementing the automotive industry's platform concept: the same vehicle parts and systems are developed, produced and processed for different models of several automotive manufacturers.

Markets. With its cast components for chassis, drive systems and body/structure, GF Automotive is the technology and market leader for the European vehicle industry. The long list of customers is headed by the German car and truckmakers who export their vehicles all over the world.

Almost all the world's major carmakers source parts from GF Automotive, which is increasing its footprint in Asia too. The light alloy foundry in Suzhou opened 2005, and the first casting in the new iron foundry in Kunshan (both in China) was made in December 2008. Having its own plants in China enables GF Automotive to take advantage of the Chinese market's high growth rate.

Trends and strategy. Despite the current economic turmoil, passenger cars and commercial vehicles remain the preferred means of transport. Suppliers like GF Automotive, which for years have been focusing their R&D on the reduction of CO_2 emissions and the reduction of vehicle weight and thus fuel efficiency, will emerge strengthened from the current downturn. GF Automotive is at the cutting edge in lightweight design, the use of bionics and compound casting for its cast components.

The market trend towards vehicles that offer greater safety, comfort and performance, along with a smaller

GF Automotive

– is highly skilled in the three main casting processes: sand, pressure die and permanent mould casting
– develops, casts and machines components in iron, aluminium and magnesium
- produces product solutions for the main automotive sub-assemblies: chassis, drive systems and body/structure.

GF Automotive — As of 1 January 2009

Josef Edbauer

Finance, Controlling Andreas Müller	**Sand Casting** Dirk Lindemann
Marketing, Sales Arne Allée	**Pressure Die Casting** Ueli Forrer
Human Resources Josef Hary	**Permanent Mould Casting** Josef Edbauer
Purchasing Atul Malhotra	
Research and Development Beat Ruckstuhl	

environmental footprint, is set to continue. GF Automotive has developed two high-strength and temperature-resistant iron casting materials: SiMo 1000® and SiboDur®. SiMo 1000® raises the thermal stress limit of iron casting materials. Exhaust manifolds made of SiMo 1000® are an attractive, low-cost alternative to existing solutions with expensive steel alloys.

The consolidation among carmakers will accelerate and the trend to outsourcing of production is forging ahead. These trends go hand in hand with the manufacturers' focus on development, assembly, brand management and marketing. The platform concept will be expanded, and hybrid construction using different materials and technologies will become standard. With the number of models increasing, carmakers will have to be highly flexible while maintaining production of large series. By expanding vertical integration and deepening its skills in processing complex parts, GF Automotive is responding to the demand of machined parts. The customer base is being constantly expanded especially in Asia. Components made of iron, aluminium and magnesium are consolidating their position in vehicle construction.

Strengthening profitability. GF Automotive is steadily implementing the operational measures needed to enhance productivity at all its sites. A standardisation programme implemented at all plants is the key to optimising the use of production capacity. GF Automotive has established adjustment procedures worldwide to reduce its exposure to volatile fluctuations in raw material prices.

Using new materials and drawing on its innovative strength, GF Automotive offers customers worldwide commercially attractive, competitive solutions. These contribute to increasing the number of cast components per vehicle and winning new customers. GF Automotive has adjusted its production volume and is carefully examining each of the Group's sites in order to align production capacity with demand.

GF Automotive is well positioned to take advantage of the opportunities that the car and truck markets offer. The current downturn is a challenge, but GF Automotive will emerge from it stronger, leaner and more competitive as a preferred development partner and manufacturer of choice for the global automotive industry.

GF Automotive

in CHF millions	**2008**	2007
Sales	**2 161**	2 223
– Iron Castings	**1 203**	1 214
– Light Metal Castings	**900**	938
– Others	**58**	71
EBIT	**-5**	132
Net Operating Assets (NOA)	**706**	802
Employees	**6 123**	5 882
in CHF thousands		
Sales per employee	**360**	381
Gross value added per employee	**115**	130
in %		
Gross value added as measured against personnel expenses	**136**	145
Return on Net Operating Assets (RONOA)	**–1**	16
Return on Sales (EBIT margin)	**0**	6

GF Automotive is the preferred development partner and manufacturer of choice for the global automotive industry.

GF AgieCharmilles

Serving our customers. The main customers of GF AgieCharmilles are small and midsize companies in the mould and tool-making industry and manufacturers of precision parts. Their market success often depends on the precision and efficiency with which the products are manufactured as consumers are expecting increasingly high standards for the functionality, design and reliability of products. GF AgieCharmilles has a unique offering of modular and scalable automation solutions that cover all customer segments and range from simple tool changers to linking up tool-making machines in order to create complex production lines.

It has extensive expertise and know-how in the technologies associated with electric discharge machining (EDM), high-speed and high-performance milling (Milling) and offers a unique package of EDM/Milling with automation. Research & development and production sites are located in Switzerland, Sweden and China.

GF AgieCharmilles

- develops, produces and sells electric discharge machines and high speed milling machines as well as comprehensive automation solutions
- makes it possible, with its equipment, to produce precision parts and machine workpieces for use in mould and tool-making
- offers comprehensive service for the globally installed base

GF AgieCharmilles — As of 1 January 2009

Michael Hauser

Finance, Controlling Mauro Fontana	**Milling** Bernhard Iseli
Human Resources Rudolf Beck	**Die Sinking EDM/ Micro Machines** Ivan Filisetti
Sales & Marketing Jean-Pierre Wilmès	**Wire EDM** Jean-José Paccaud
	Electronics Carlos Paredes
	System 3R Jan Bergwall

Markets. GF AgieCharmilles is no. 1 worldwide in EDM and automation/tooling and a leading player in high speed milling. Traditionally, GF AgieCharmilles has its strongest presence in Europe and the United States, but is also a significant player in Asia, particularly in China, Korea and Taiwan, where it maintains its own sales companies and sales offices. GF AgieCharmilles also holds the largest market share in the chief Latin American market, Brazil.

GF AgieCharmilles has sales companies in more than 20 countries. A closely meshed network of sales offices and representatives covers the rest of the world.

Trends and strategy. The globalisation of mass production is ongoing, with China and Eastern Europe developing fast. By consequently strengthening its production base in China, GF AgieCharmilles is expanding local production for local needs.

In northern and central Europe, by contrast, customers are concentrating increasingly on high-tech specialities, for instance precision parts or small components made of top-quality materials for applications in medical technology, aerospace or microtechnology. The trend to miniaturisation is also opening up new areas.

Customers are not seeing any let-up in price pressure in the tool and mould-making industry, and this competition on price is driving demand for integrated and inexpensive automation solutions. In manufacturing, machines now operate around the clock, which makes high-quality and rapidly available service and professional application know-how indispensable.

GF AgieCharmilles offers its customers automation solutions that draw on the experience and know-how of the world market leader System 3R, which is part of the Georg Fischer Corporation. GF AgieCharmilles offers inexpensive stand-alone solutions, standardised ex factory, and also develops flexible and expandable automation projects tailored to the customer's needs. The machines of several different technologies are linked, and numerous process steps are automated. This enables our customers to reduce their manual operating costs and further increase their productivity – these are weighty arguments in the unrelenting competition on price.

One of the main challenges in this field has been to reduce electrode wear while increasing the speed of EDM machining. The new AT Hyperspark IQ provides advanced, zero-wear technology with virtually no electrode wear. This is yet another important factor contributing to increased productivity, lower costs and longer machine life.

Strengthening profitability. In 2007 GF AgieCharmilles launched its joint brand GF AgieCharmilles. This process was extended in 2008 to the sales structures all over the world. By bundling its forces, GF AgieCharmilles is enhancing its efficiency, simplifying organisational structures and cutting costs. Early in 2009, the first World Application Centre of GF AgieCharmilles opens its doors in Schorndorf, Germany, offering customer support for all applications at a single location.

Recognising the growing importance of the service business, GF AgieCharmilles has separated this area organisationally from the machine business. Service now has its own joint management with product management and marketing units. The service business is integrated in the Sales & Marketing Division. Innovative solutions such as the "Privilege Club" will contribute to further increases in sales and earnings in the service business. The "Privilege Club" sets new standards in this market, bundling a whole range of services from GF AgieCharmilles for its customers.

Accustomed as it is to market volatility, GF AgieCharmilles started an ambitious efficiency program in early 2009 in order to counteract the current cyclical downturn. The entire organisational structure of GF AgieCharmilles has been simplified, and a site specialisation concept implemented to avoid product redundancies.

GF AgieCharmilles is very well positioned in its key markets and is confident that the measures it has taken will enable it to maintain its market leadership. The Corporate Group has every intention – and the know-how too – of remaining the technology leader in EDM and HSM. Thanks to the excellent total package, its tooling and process support and its high performance electronics, it is the preferred partner of the tool and mould-making industry and to manufacturers of precision and high-value parts. Its service and customer support are unique in the industry. GF AgieCharmilles is constantly opening up and exploring new applications in electric discharge machining and high performance milling.

GF AgieCharmilles

in CHF millions	**2008**	2007
Sales	**1 080**	1 179
– EDM	**407**	485
– Milling	**309**	296
– Automation Tooling	**77**	83
– Customer Service (CS)	**287**	315
EBIT	**26**	76
Net Operating Assets (NOA)	**496**	497
Employees	**3 319**	3 263
in CHF thousands		
Sales per employee	**332**	365
Gross value added per employee	**99**	115
in %		
Gross value added as measured against personnel expenses	**115**	134
Return on Net Operating Assets (RONOA)	**5**	15
Return on Sales (EBIT margin)	**2**	7

GF AgieCharmilles is the preferred partner to customers in the tool and mould-making industry and to manufacturers of precision and high-value parts.

Corporate Management

The CEO, the CFO, the Head of Corporate Development and the Delegate of the CEO for Corporate Projects form Corporate Management in the narrower sense. Corporate Management 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. Corporate Management ensures that risk management, transparency, corporate governance and compliance practices meet the requirements of the owners and the public, and it supports the Board of Directors in meeting its responsibilities.

Management. Corporate Management ensures the Corporation's strategic and financial development, supports the operational managers and creates the conditions for the efficient and far-sighted use of human and financial resources. It conducts regular, systematic and value-oriented reviews of the corporate portfolio and identifies, plans, structures and integrates all global acquisitions, alliances and market expansion projects. It evaluates and optimises strategic opportunities and risks and provides leads on development for both the Corporation and the strategic Business Units.

Finances. Corporate Management uses powerful information systems to ensure the time-critical financial management of the company. A standardised system of financial reporting is employed throughout the entire Corporation, guaranteeing immediate and complete transparency. Currency, interest-rate and credit risks are monitored and managed at Corporation level.

Communication. The Corporation has a strong brand in GF, which ensures its presence and reputation in the public sphere. All Corporate Groups benefit from this. Internal and external communication and investor relations (i.e. relations with the financial markets) reinforce the public perception and the image of the Corporation.

Management development. Strategically important competencies and information are networked and made available throughout the Corporation. Considerable importance is attached to internal training and to the focused nurturing and development of successors. Internal fairness and market compatibility are ensured by a Corporation-wide compensation system for senior management.

Corporate culture. A shared corporate culture is the basis for overall sustainable development and is becoming increasingly important with the spread of internationalisation. Corporate Management conveys and implements 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.

President and CEO As of 1 January 2009

Yves Serra

Corporate Finance and Controlling
Roland Abt

Corporate Controlling / Investor Relations
Daniel Bösiger

Corporate Treasury
Andreas Häggi

Internal Auditing
Peter Gyger

Corporate Risk Management and Taxes
Daniel Vaterlaus

Delegate of the CEO for Corporate Projects
Jürg Krebser

Corporate Development
Ernst Willi

Corporate Human Resources
Stephan Wittmann

Communication
Markus Sauter (until 18 March 2009)
Bettina Schmidt (as of 19 March 2009)

Legal
Richard Furrer

Patents
Wolfgang Weiss

Corporate Planning
Helmut Elben

General Secretary
Roland Gröbli

Corporate Compliance
Barbara Senn

Sustainability

This reports summarises the principles of Georg Fischer relating to sustainable conduct and, by means of a few incisive examples, illustrates how Georg Fischer implemented these goals in the year under review. A complete account is published every two years in a separate Sustainability Report. In addition, the information on the subject of sustainability is updated regularly on the Georg Fischer website (www.georgfischer.com/sustainability_en).

Commitment and responsibility. Georg Fischer regards its industrial and social commitment as a long-term undertaking. Its aim is to be a preferred partner for all stakeholders and to stand out for its responsible, sustainability-conscious conduct and continuity. "Quality of life from Georg Fischer" means that people the world over expect Georg Fischer to make a significant contribution to satisfying their present-day and future needs. Georg Fischer achieved further sustainable development of its business in the year under review.

Transparency and openness. In 1992 Georg Fischer signed the Charter of the International Chamber of Commerce (ICC) for sustainable development with due regard to economic, ecological and social aspects. The Corporation thus "officially" committed itself to sustainable conduct.

Georg Fischer has been recording and evaluating environmental indicators since 1997. Since 2005, the Corporation has also been collecting social key figures through its substantially expanded Sustainability Information System (SIS). The environmental data are supplied by all production companies and large sales companies, while the social data are obtained from all the companies in the Corporation with more than ten employees.

Georg Fischer published its Sustainability Report as a separate publication for the first time in 2006. Reporting is based on the guidelines of the Global Reporting Initiative (GRI).

Adding Quality to People's Lives. With this brand promise, GF and its products contribute to sustainable improvement in the quality of people's lives. Mobility, comfort and precision are the key market needs that Georg Fischer satisfies with its products and services. The objective of GF is to create value for all stakeholders in its global environment through profitable organic growth and targeted acquisitions. It also strives to strike a balance between the three pillars of sustainability – environmental, economic and social performance – that in some cases are at odds with each other.

Economic success depends on a clear vision and a coherent strategy. In its three core businesses, Georg Fischer aims to expand in attractive market segments and to strengthen non-cyclical business areas. For Georg Fischer, the challenge of contributing to solutions to climate change, enhancing energy efficiency and improving access to clean drinking water is no less an opportunity than the globalisation of markets.

Award-winning reporting

The efforts of Georg Fischer to report transparently about its own work received several awards in 2008.
The Northwest Switzerland University of Applied Sciences assessed the 250 largest Swiss corporations for their economic, social and ecological management. The content of the investigation was aligned to the international sustainability standards of the Global Reporting Initiative (GRI). Georg Fischer won second place.

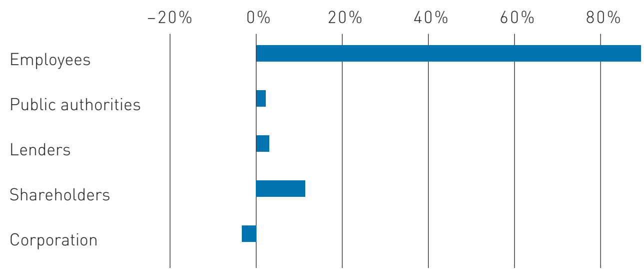
The Georg Fischer 2008 Annual Report won first prize in the category "Value Reporting" in a rating of the Swiss business newspaper Bilanz.

Georg Fischer also ranked first in a survey of online corporate communication in Switzerland. The study was conducted by the Swedish consultants Hallvarsson & Halvarsson in conjunction with the Swiss newspaper Neue Zürcher Zeitung. It assessed the Internet sites of Switzerland's 53 largest quoted companies.

People

Net added value. Generally speaking, the public perception of a company's success is the profit it reports at year-end. However, of greater significance for society and the economy is the net added value generated by the company, i.e. the added value remaining after deduction of all external costs. In 2008, Georg Fischer generated net added value of CHF 1.24 billion. Of this total, 89 percent was disbursed to employees as wages and salaries and 2 percent was paid out in the form of taxes and duties to the public authorities (see chart on the right).

Distribution of net value added 2008 (in %)
(100% = CHF 1.24 billion)



Safety at work and health protection. Based on past experience, the Executive Committee decided at the end of 2007 to have "occupational safety and health protection" integrated in the management systems of all production and logistics companies and to have these systems certified to OHSAS 18001. OHSAS 18001 is compatible with ISO 9001 and ISO 14001, which are now standard practice in the Georg Fischer manufacturing facilities.

The aim is to introduce OHSAS 18001 in 80 percent of all companies by end-2009 and in all companies by end-2011. Companies that are newly founded or acquired are to be certified within three years at most.

An additional goal defined by the Executive Committee was to reduce the accident rate in all Corporate Groups by at least 5 percent in both 2008 and 2009. The reduction is in relation to the average for the previous three years. In the year under review, initial experience with the introduction of OHSAS 18001 was gained at the manufacturing plants in Seewis and Nidau, Switzerland, and Leipzig, Germany.

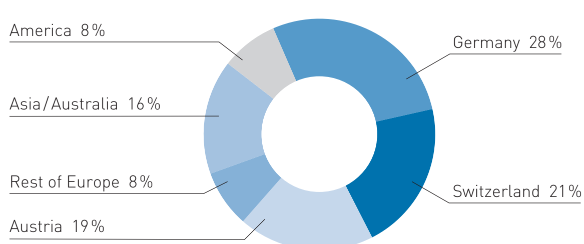
Management training. In 2008, the Management Development process, which has proven its worth over many years, helped the Corporation to fill around 80 percent of all senior management vacancies with candidates from its own ranks. The inauguration of the GF Academy in April 2008 has enhanced the distinctive profile of the GF training programme. The GF Academy brings together existing training measures and new management programmes at Corporation level. It is aimed at executives and management successors in the Corporation.

The focus of the new programmes, which were developed jointly with the University of St. Gallen, is on areas such as strategy, value-centred management and the implementation of change. The aim of the tailored seminars is to strengthen employees' competencies and to improve long-term staff retention rates. In 2008, around 170 executives attended one of the internal programmes at Corporation level. In addition to the interesting array of technical and management training courses, the three Corporate Groups also offer training programmes with an operational orientation.

Training at all levels. In 2008, the Georg Fischer Corporation offered 480 positions, of which about 200 in Switzerland, for training in various technical or commercial professions. Georg Fischer has a long tradition in training apprentices and will continue to offer attractive opportunities for basic professional training.

Training begins with the choice of profession. In Leipzig, Germany, GF supports a career choice pass at a middle school. The career choice pass is an instrument established throughout Germany for systematic careers guidance that helps youngsters find out about vocational opportunities, including the profession of a foundry mechanic.

Employees 2008 by region (in %)
(100% = 14 326)



Recruitment of qualified specialists, particularly in the mechanical engineering industry, is a challenge both within Europe and beyond its borders too. In 2008, GF AgieCharmilles supported the US and Canadian championships for trainees in the mechanical engineering industry. Our US Managing Director accompanied the best contestants on a trip to Europe, thus making a contribution to the international exchange of information across the continents.

Information. The employee newspaper GLOBE, which has appeared since 2006 regularly four times a year in five languages, keeps all employees informed about sustainability-related topics. In addition, since spring 2008, managing directors and specialists have been receiving a sustainability newsletter, which updates them about current events and sustainability trends in society and the world of science.

Anchored in the social environment. Georg Fischer fosters active cooperation with local communities and the authorities. It supports employees who work for the good of their communities. GF's commitment to society through cultural, social and environmental engagement is anchored in its fundamental values and corporate principles, as is an undertaking to contribute to the common good. The holding company and corporate subsidiaries are involved in many local projects at their respective locations. In 2008, the Corporation spent about CHF 2 million on such projects. In addition, some 30 corporate subsidiaries supported local activities with considerable contributions in some cases.

The Corporation maintains and funds a number of charitable foundations, including the Iron Library Foundation, the largest private library in the world devoted to the production and use of iron.

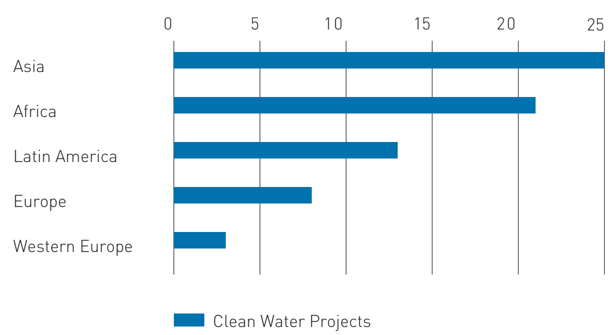
Solidarity with earthquake victims in China. The serious earthquake that shook Sichuan on 12 May 2008 cost some 70,000 lives. The natural disaster also affected GF employees. GF has a production site in the town of Dujiangyan, which is located near the quake's epicentre. The management of Chinaust, a joint venture of Georg Fischer and the Lingyun Group, committed immediate aid of 100,000 renminbi (RMB), or almost 15,000 Swiss francs, within two days of the earthquake. Local GF companies initiated appeals for donations and collected over 60,000 Swiss francs in China. The Corporation doubled this amount.

Although the staff of Chinaust themselves had to rely on outside help, they tackled the reconstruction efforts with a will: just a week after the quake, they were supplying their customers with fittings and piping to repair water and gas mains and ensure the supply of drinking water.

Clean Water. With its Clean Water Foundation, Georg Fischer has been working since 2002 on projects to improve water supply in developing countries and disaster areas. Since then, GF has injected over CHF 5 million into the Foundation and has thus funded the implementation of more than 60 projects in 40 countries on four continents. In the year under review, CHF 530,000 was approved for seven projects. GF continues to support the Foundation with a considerable contribution every year.

Clean Water

Clean Water Projects 2002–2008 (Total = 70 Projects)



Award from Kofi Annan. The Swiss charity Helvetas received the Energy Globe Award from former UN Secretary General Kofi Annan. The jury, under its chairwoman, the Indian politician Maneka Gandhi, selected the Helvetas drinking water project from among 853 projects. Together with the local population, Helvetas is building and repairing village wells in Mozambique and helping to bring about more hygienic conditions. The project has ensured access to clean drinking water for more than one million people. Georg Fischer has on several occasions supported this model project with considerable sums from the Clean Water Foundation.

Environment

Environmental footprint. In the energy-intensive production processes at its foundries, GF Automotive accounts for around 80 percent of the Corporation's environmental footprint, while GF Piping Systems accounts for almost 20 percent and GF AgieCharmilles for around two percent. Owing to substantial investment, GF Automotive is each year able to optimise consumption of energy and resources and thereby further increase efficiency.

GF heats up Maggi. GF Automotive in Singen, Germany, is cooperating with Nestlé, the food company, in a project to use waste heat. Since the end of 2008, the blast furnaces of the GF foundry have been supplying next-door neighbour Maggi with waste heat, thereby reducing CO_2 emissions by over 11,000 tonnes.

Energy from exhaust gases. The GF Automotive plant in Mettmann, Germany, is home to one of the most modern iron foundries in Europe. The facility has demonstrated that it is also at the cutting edge in environmental protection and in saving energy. A new heat exchanger converts the heat generated during the smelting process into usable energy. Every year, this saves about 1 million cubic metres of gas, corresponding to a reduction of around 2,200 tonnes of CO_2 per annum.

Water. Around one billion people do not have access to clean drinking water and 2.6 billion people lack basic sanitation facilities. Even 60 percent of all European cities with more than 100,000 inhabitants currently use more ground water than is naturally renewed. The products of GF Piping Systems contribute to the efficient use of this resource and provide far-reaching system solutions for water supply, water treatment and building technology, thereby helping to prevent water contamination and losses. All the Corporate Groups use water in their production processes. The careful use of water is therefore an area of great concern for the entire Corporation.

Responsibility towards partners. The social and ecological responsibility of a company increasingly also extends to the choice of business partners. Particularly in the automotive industry, manufacturers are increasingly defining their (minimum) ecological and social requirements for suppliers. Georg Fischer welcomes this development. In the year under review, the Corporation defined its principles and issued a Supplier Code. By the end of 2009 more than 80 percent of key suppliers are to have a certified quality and environmental management system in place and apply social standards comparable to those of Georg Fischer.

To achieve this goal, Georg Fischer is expanding its internal checklists for assessing suppliers, and buyers the world over are being appropriately informed and trained. Likewise, supplier audits are being systematised, and certification is a criterion in the choice of new suppliers.

Climate. Georg Fischer caused some 700,000 tonnes of CO_2 emissions in 2007, with GF Automotive accounting for about 84 percent. The Corporation is conscious of its responsibility and is therefore making every effort to further improve its energy efficiency through the optimum use of waste heat, the application of low energy standards in new buildings and energy initiatives at its major sites. In November 2008, GF conducted a two-day environmental and occupational safety conference in Losone, Switzerland, with 38 representatives from all three Corporate Groups. The conference focused on successful and planned measures to increase the efficient use of resources and to save energy. Other focal points included sustainability in the supply chain and the handling of hazardous substances.

Impact on the overall result. The impact of these environmental efforts on the overall result is not explicitly quantified. Georg Fischer does not doubt that they have a positive impact, despite the substantial investment often required. Lower costs for waste disposal and the reduced consumption of water, for example, both have a positive impact. Thanks to heat recovery systems and energy-saving processes, the demand for external energy is falling. High safety and environmental standards make it possible to obtain lower insurance premiums and reduce environmental risks. Georg Fischer is also convinced of the unquantifiable, but nevertheless high value of its reputation as an environmentally responsible business enterprise.

Financial Report 2008

This financial report is a translation from the original German version. In case of inconsistencies the German version prevails.

Share information

Share capital	2004	2005	2006	2007	2008
Number of shares as per December 31					
Registered shares	3 499 524	3 500 638	4 100 898	4 100 898	4 100 898
Dividend-entitled thereof					
Registered shares	3 449 524	3 450 638	4 050 898	4 050 898	4 050 898
Conditional capital					
Registered shares	1 012 201	648 847			
Number of registered shareholders	11 330	12 226	10 848	12 308	**15 347**
Share prices adjusted in CHF					
Registered share					
highest	318	453	790	1 040	697
lowest	235	290	446	653	183
closing as per December 31	295	449	790	697	240
Price-earnings ratio	10	10	13	12	**17**
Market capitalization as per December 31					
million CHF	1 016	1 549	3 198	2 823	972
in % of sales	29	42	79	63	22
in % of equity attributable to shareholders of Georg Fischer Ltd	109	141	232	189	72
Cash flow from operating activities in CHF					
per registered share	81	88	85	106	49
Earnings in CHF					
per registered share	28	46	62	58	14
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
per registered share	278	326	372	372	337
Dividend paid (proposed) in million CHF [1]	34	52	101	101	20
Dividend paid (proposed) in CHF					
per registered share [1]	10	15	25	25	5
Pay-out ratio in %	36	33	40	43	**36**

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

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

1 From 2004 to 2008 in form of a reduction in par value

Share price 2004–2008

Market capitalization, earnings per share
The market capitalization stood at CHF 972 million on December 31, 2008. Earnings per share are at CHF 14 (previous year: CHF 58).

Dividend policy
Georg Fischer follows a dividend policy that is based on earnings and aims to distribute approximately one third of the consolidated net profit to the shareholders.

Proposed reduction in par value
At the Annual General Meeting, the Board of Directors will propose a dividend in form of a reduction in par value of CHF 5 to CHF 20 per registered share.

Significant shareholders
According to a statement of BDS Beteiligungsgesellschaft AG, solely owned by Prof. Dr. Giorgio Behr, it held 6.36% of voting rights as of November 27, 2008 in Georg Fischer Ltd. The package consists of 211,000 shares, equivalent to 5.15% of share capital, and 50,000 options, equivalent to 1.21% of share capital.

Categories of shareholders as per December 31, 2008

Number of shares	Number of shareholders	Number of shares %
1–100	13 203	10.5
101–1 000	1 930	13.6
1 001–10 000	180	12.2
10 001–100 000	31	17.9
> 100 000	3	9.0
Shares not registered in share register		36.8
Total	**15 347**	**100.0**

Five-year overview Corporation

million CHF	2004	2005	2006	2007	2008
Order intake	3 730	3 783	4 245	4 635	4 462
Orders on hand at year-end[1]	897	947	1 094	1 186	560
Income statement					
Sales	3 540	3 692	4 048	4 497	4 465
EBITDA	348	403	474	484	390
Special charges	–9				
EBIT	189	252	327	326	134
Net profit for the year	105	175	249	245	69
Cash flow					
Cash flow from operating activities	272	298	317	426	197
Depreciation	143	146	143	151	210
Amortization	25	5	4	7	46
Additions to property, plant and equipment	–182	–128	–138	–217	–243
Cash flow from acquisitions and divestitures	21	–5	14	–1	–159
Free cash flow	193	184	298	243	–197
Balance sheet					
Non-current assets	1 459	1 390	1 363	1 440	1 543
Current assets	1 729	1 684	1 845	1 953	1 748
Assets	3 188	3 074	3 208	3 393	3 291
Equity	1 023	1 202	1 448	1 540	1 404
Non-current liabilities	1 068	995	827	748	621
thereof subordinated convertible bond	154	158			
Current liabilities	1 097	877	933	1 105	1 266
Net operating assets (NOA)	1 605	1 656	1 712	1 769	1 906
Net debt	725	606	324	264	546
Asset structure					
Non-current assets %	46	45	42	42	47
Current assets %	54	55	58	58	53
Capital structure					
Equity %	32	39	45	45	43
Non-current liabilities %	34	32	26	24	19
Current liabilities %	34	29	29	31	38
Key figures					
Return on equity (ROE) %	11	16	19	16	5
Return on net operating assets (RONOA) %[2]	11	15	19	19	7
Return on sales (EBIT margin) %[2]	5.1	6.8	8.1	7.2	3.0
Asset turnover	2.2	2.3	2.4	2.6	2.5
Cash flow from operating activities in % of sales	8	8	8	10	4
Employees					
Employees at year-end	12 324	12 403	12 385	12 986	14 326
European Union	7 973	7 782	7 413	7 511	7 829
thereof Germany	4 575	4 427	3 995	4 056	4 047
thereof Austria	2 346	2 326	2 397	2 393	2 664
Other European countries	2 503	2 565	2 646	2 723	3 064
thereof Switzerland	2 494	2 558	2 630	2 705	3 046
America	609	602	652	652	1 161
Asia, Australia	1 239	1 454	1 674	2 100	2 272

1 In 2008 change of definition for GF Automotive
2 In 2004 before special charges

Corporate Governance

The Board of Directors and Executive Committee of Georg Fischer attach considerable importance to Corporate Governance. The Corporation is aware of its economic, ecological and social responsibility and thus continually strives to find a proper balance in the spectrum of interests on the part of shareholders, lenders, employees, customers, business partners and the general public. A high degree of transparency aids in strengthening the trust in the Corporation and its leadership. Georg Fischer Ltd is organized under Swiss law. It was one of the first companies to sign the "Swiss Code of Best Practice for Corporate Governance".

Contents. The present publication fulfils all obligations of the corresponding SIX Swiss Exchange directive on information relating to Corporate Governance in terms of content and order. Section 5 will be dealt with in the Compensation Report below. Georg Fischer opts to disclose all information and therefore answers all questions. The consolidated accounts of Georg Fischer comply with IFRS (International Financial Reporting Standards).

All figures apply to December 31, 2008, unless otherwise noted. Any changes occurring before the copy deadline on February 13, 2009, are listed at the end of this section. Any changes occurring after the copy deadline can be found on our website. Visit our "Corporate Governance" webpage for the very latest information. We also publish the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Regulations, our mission statements and much more information online at www.georgfischer.com.

Corporate Structure and Shareholders

The operational structure of the Corporation is illustrated in the diagram on this page. Georg Fischer Ltd, the holding company of the Georg Fischer Corporation, is headquartered in Schaffhausen and is listed on the SIX Swiss Exchange (security number 175 230). Its share capital is CHF 102,522,450 (previous year: CHF 205,044,900), and its market capitalization was CHF 972 million (previous year: CHF 2,823 million) as at December 31, 2008.

Affiliated companies. An overview of all affiliated companies can be found in the financial section on pages 106 to 109.

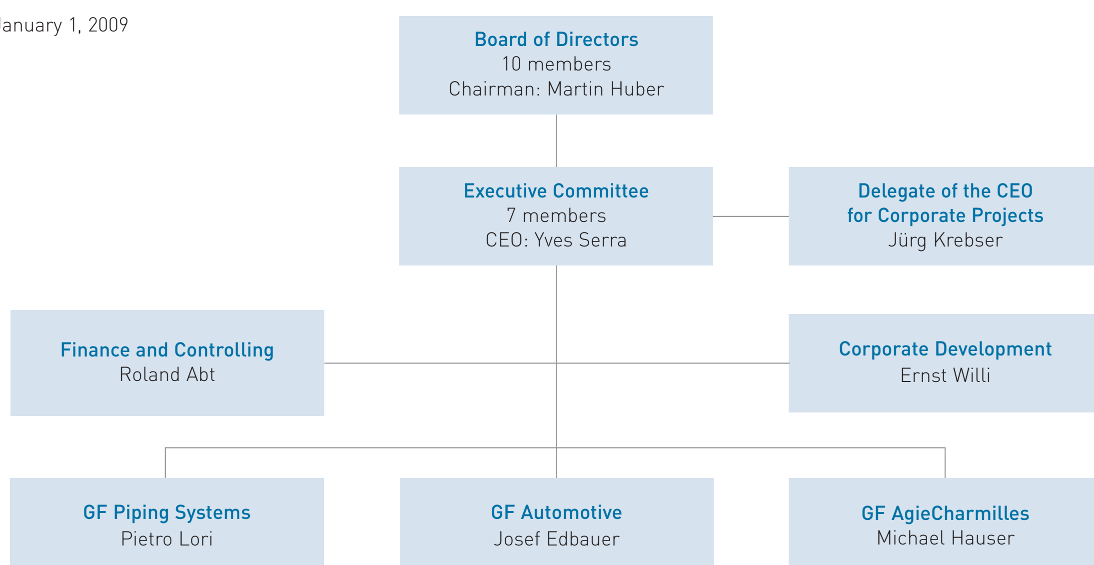
Significant shareholders. According to a statement of BDS Beteiligungsgesellschaft AG, solely owned by Prof. Dr. Giorgio Behr, it held 6.36 percent of voting rights as of November 27, 2008 in Georg Fischer Ltd. The package consists of 211,000 shares, equivalent to 5.15 percent of share capital, and 50,000 options, equivalent to 1.21 percent of share capital.

There are no shareholder agreements or cross-holdings with other companies.

Capital Structure

Capital and share information. Fully paid-in share capital amounts to CHF 102,522,450 (previous year: CHF 205,044,900). It is divided into registered shares with a par value of CHF 25 (previous year: CHF 50). Each share has one vote at the General Meeting of Shareholders. Further information concerning the share capital and changes in capital for the past five years can be found in the financial section on pages 44 to 46. No participation or profit sharing certificates exist.

As at January 1, 2009



Restrictions on transferability. Registration in the company's share register as a shareholder with voting rights or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following rules: A natural person or legal entity may directly or indirectly accumulate no more than 5 percent of registered share capital. Persons who are bound by capital or voting rights, by consolidated management or in another similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person. Applications for registrations that exceed the threshold of five percent are refused. No such applications were received during the year under review.

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 registrations that exceed the threshold of five percent are refused. No such applications were received during the year under review.

Cancellation or amendment of restrictions. Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the General Meeting of Shareholders

Board Committees As at January 1, 2009

Audit Committee	Compensation Committee	Nomination Committee
Rudolf Huber, Chairman	Martin Huber, Chairman	Martin Huber, Chairman
Gerold Bührer	Flavio Cotti	Roman Boutellier
Ulrich Graf	Ulrich Graf	Gertrud Höhler
Kurt E. Stirnemann		Bruno Hug

Board of Directors

Name *Position, year of birth, nationality* *Educational background*	**Martin Huber** Chairman of the Board, 1941 (Switzerland) Dipl.-Ing. ETH (Zurich), lic. iur. University of Zurich	**Bruno Hug** Vice Chairman of the Board, 1941 (Switzerland) Lic. oec. HSG, lic. iur. University of Geneva
First term as Board member *Termination of current term*	Board member since 1992; Chairman of the Board since 2003 2009	Board member since 1992; Vice Chairman of the Board since 2004 2010
Professional background, career	Assistant at ETH's Institute of Telecommunications (1966–1967); clerk at the cantonal court of Schaffhausen (1970–1972); various positions at Mettler Instrumente AG (1972–1981), appointed to the Executive Board in 1976; various positions for the Georg Fischer Corporation in Switzerland and the USA (1981–2003), including Head of Georg Fischer Piping Systems (1984–1992), President and CEO and Delegate to the Board (1992–2003).	Various positions at the Union Bank of Switzerland (now UBS) in New York, Basel, Geneva and Zurich (1971–1998), ultimately as Executive Vice President and as a member of the Expanded Executive Board; Chairman of the Senate of the University of Fribourg (1999–2005); business lawyer in Geneva (since 1998), Président Directoire Sogélym-Steiner France.
Further professional activities and functions	Member of the Executive Committee of Swissmem; member of the Board of Directors of economiesuisse	Chairman of Bank Synthesis; Vice Chairman of Groupe Schenk; member of the Boards of Directors of Chopard S.A., H&M Hennes & Mauritz and Karl Steiner AG.
Committees	Chairman of the Compensation and Nomination Committees	Member of the Nomination Commitee
Corporate Governance	Independent member	Independent member

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 no options issued by Georg Fischer.

Board of Directors

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 subsidiary company.

Election and term of office. Members of the Board of Directors are elected individually by the Annual General Meeting and normally for a term of four years. Each year the General Meeting of Shareholders will elect or re-elect around a quarter of the Board members. Particular emphasis is placed on experience as a businessman, relevant expertise or international ties when selecting Board members. The Board of Directors aims for a proper balance of competence and knowledge, taking into account the main operative focus of the Corporation, its international orientation and the requirements for financial statements of companies listed on the stock exchange.

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 terms expire may be reelected immediately. Members of the Board must resign their mandate at the Annual General Meeting following their 70th birthday.

2008. At the 112th Annual General Meeting on March 19, 2008, Flavio Cotti and Rudolf Huber were each re-elected. Since Flavio Cotti will reach the age limit for Directors by the Annual General Meeting in 2010, he was re-elected for a term of two years. Rudolf Huber was re-elected for a term of four years. The Board of Directors, which in accordance with § 16.1 of the Articles of Association is comprised of seven to ten members, has ten members.

Roman Boutellier
Member of the Board of Directors, 1950 (Switzerland)
Dr. sc. math. ETH (Zurich)

Board member since 1999

2009

Kern AG (as of 1987, Leica 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).

Board member 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.

Member of the Nomination Committee

Independent member

Gerold Bührer
Member of the Board of Directors, 1948 (Switzerland)
Lic. oec. publ. University of Zurich

Board member since 2001

2011

Various positions at the Union Bank of Switzerland (today 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), business consultant (since 2000).

President of economiesuisse, 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. Oppenheimer (Switzerland), Cellere AG and Züblin Immobilien Holding AG.

Member of the Audit Committee

Independent member

Flavio Cotti
Member of the Board of Directors, 1939 (Switzerland)
Lic. iur. University of Fribourg (Switzerland)

Board member since 2000

2010

Lawyer and notary in Locarno (1965–1975); member of the cantonal government in Ticino (1975–1983) and of the Swiss Parliament (1983–1986); Federal Councillor (1987–1999), President of the Swiss Confederation (1991, 1998).

Member of the Board of Directors of Società Elettrica Sopracenerina SA; member of the board of trustees of Jacobs Foundation.

Member of the Compensation Committee

Independent member

Internal organizational structure. The Board of Directors constitutes itself by electing a Chairman and a Vice Chairman from among itself on an annual basis. Members of the committees are elected in the same manner. The Board of Directors constituted itself the day of the Annual General Meeting, March 19, 2008, as follows: Martin Huber Chairman (hitherto) and Bruno Hug Vice Chairman (hitherto).

Areas of responsibility. The members of the three Board Committees are listed on page 48. The Board Committees provide preliminary consultation to the Board of Directors and do not make any definitive decisions (except the Compensation Committee). They discuss the issues assigned to them and make proposals to the Board of Directors as a whole. The President and 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. They are not entitled to vote, however. Invitations to Board meetings list all of the issues that the Board of Directors, a Board Committee or the CEO wish to discuss. All participants of a Board meeting receive 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 seven times: the annual strategy meeting lasted two days, three meetings lasted half a day and four lasted less; two of them were held in form of a phone conference. In addition, the entire Board visited two relevant suppliers of Georg Fischer. The three Board Committees held a total of 15 meetings. The appointments for the regular meetings are generally set well in advance in order that all members can attend personally. In 2008 the attendance rate was 100 percent.

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

Board of Directors

Name *Position, year of birth, nationality* *Educational background*	**Ulrich Graf** Member of the Board of Directors, 1945 (Switzerland) Dipl. El.-Ing. ETH (Zurich)	**Gertrud Höhler** Member of the Board of Directors, 1941 (Germany) Dr. phil. University of Mannheim (Germany)
First term as Board member *Termination of current term*	Board member since 1998 2010	Board member since 1999 2011
Professional background, career	Various positions at the Kaba Group (1976–2006), ultimately as President and CEO and Delegate to the Board of Kaba Holding AG (1990–2006).	Professor of Literature and German at the University of Paderborn in Germany (1976–1995); personal assistant to the Chairman of the Board of Deutsche Bank (1987–1990), economic and political consultant and author of authoritative books on corporate development and management (since 1978).
Further professional activities and functions	Chairman of the Boards of Directors of Kaba Holding AG, Dätwyler 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 member of the board of trustees of REGA.	Member of the Boards of Directors of Ciba AG and of Bâloise AG.
Committees	Member of the Audit and Compensation Committees	Member of the Nomination Committee
Corporate Governance	Independent member	Independent member

Evaluation. The Board of Directors reviews its performance and that of its members annually within the framework of a self assessment. In the year under review, as part of this assessment, it monitored in particular current issues of Corporate Governance and their fulfilment by Georg Fischer. Professor Peter Böckli (Switzerland) was invited to the assessment as special guest and keynote speaker. The Board of Directors incorporates the conclusions of this assessment into its annual planning for 2009.

Audit Committee. The Audit Committee is comprised of four 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 control system, including risk management, and the compliance with statutory provisions, acknowledges the closing financial statements, endorses 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 General Meeting.

As a rule, the Chairman of the Board, the President and CEO, the CFO, the chief internal auditor and a representative of the external auditors also attend the meetings. At the request of the Audit Committee and in agreement with the CEO, the external auditor also provides information on current questions relating to the financial statements and financial aspects. During the financial year just ended, the Audit Committee held eight meetings, four of which lasted half a day, four less.

Compensation Committee. The Compensation Committee is comprised of three Board members. It supports the Board of Directors in determining compensation policy for the highest corporate level and, on request, uses knowledge of external compensation specialists as regards market data from comparable companies in Switzerland to this effect. It proposes to the Board of Directors the total amount of compensation to be paid to the Executive Committee and the Chief Executive Officer and decides on the remuneration of the other members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held three meetings during the last financial year, each of which lasted one hour.



Rudolf Huber Member of the Board of Directors, 1955 (CH) Dr. oec. publ. University of Zurich	**Kurt E. Stirnemann** Member of the Board, 1943 (Switzerland) Dr. sc. techn. ETH (Zurich)	**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 2006 2012	Board member since 2003 2011	Board member since 2005 2009
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.	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).	Various positions at Siemens in various countries, including the USA, Germany and China (1987–2006), CEO of Nokia Siemens Networks, Greater China Region (since 2007).
Member of Board of Directors of Forbo Holding AG, Looser Holding AG, Swiss Prime Site AG and the non-listed companies Hoerbiger Holding AG, Wicor Holding AG and Zur Rose AG; President of CFO Forums Switzerland.	Board member Feintool AG	–
Chairman of the Audit Committee	Member of the Audit Committee	–
Independent member	Non-executive member	Independent member

Nomination Committee. The Nomination Committee is comprised of four Board members. It supports the Board of Directors with succession planning for the Board itself and the Executive Committee and assists in the selection of candidates for appointment to the Board of Directors or Executive Committee. The Nomination Committee is informed annually on senior management succession planning for the two highest operating management levels. During the last financial year, the Nomination Committee held four meetings, which lasted between one and two hours.

Areas of responsibility. The Board of Directors has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. It appoints and oversees the Executive Committee and is responsible for determining the Corporation's strategic direction, the design of accounting, the financial controlling and financial planning. It delegates operational management to the CEO, who is supported by the Executive Committee in this task.

Apart from the tasks which cannot be delegated, the Board of Directors passes resolutions on matters such as:

- investments in or sales of property, plant and equipment exceeding CHF 5 million;
- amendments made to the Corporation's legal structure (establishment of corporate subsidiaries, acquisitions, joint ventures, the liquidation of companies, etc.);
- bank loans exceeding CHF 100 million or those which include cross default or similar clauses;
- guarantees, sureties or letters of comfort exceeding CHF 100 million;
- the assignment of power of attorney to lawsuits and settlements involving amounts in dispute exceeding CHF 5 million.

The responsibilities of the Board of Directors and the Executive Committee and cooperation between them are laid down in the Organization and Business Regulations.

Executive Committee



Name *Position* *year of birth, nationality*	**Yves Serra** President and CEO of Georg Fischer Ltd 1953 (France)	**Roland Abt** CFO 1957 (Switzerland)	**Josef Edbauer** Head of GF Automotive 1957 (Germany)
Educational background	Engineering degree from Ecole Centrale de Paris (France) and a M. Sc. in construction engineering from the University of Wisconsin-Madison (USA)	Dr. oec. HSG (St. Gallen)	Dipl.-Ing. (FH) University of Konstanz (Germany)
Member of the Executive Committee	Since 2003, CEO since 2008	Since 2004	Since November 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 (1992–1996), Head of Charmilles (1996–2003), Head of GF Piping Systems (2003–2008); President and CEO of Georg Fischer Ltd (since March 2008).	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 Agie Charmilles Group (1997–2004) and CFO of the Georg Fischer Corporation (since 2004).	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 November 2008).
Further professional activities and functions	–	Member of the Admission Board of SIX Swiss Exchange	–

Information and control instruments. The internal Management Information System (MIS) contains all key figures of the Corporate Groups. In addition, the general managers of the operating companies comment on selected topics such as the market, financials, technology/production, personnel and outlook on a monthly basis. These reports are presented to the line managers, the CEO and the CFO. The MIS forms the basis for the monthly report, a written copy of which is given to every Board member. These monthly reports contain, together with a detailed commentary, current information concerning the course of business and accounts of the Corporation, the Corporate Groups and subsidiaries.

The Board of Directors also receives projections of the annual financial statements twice a year, and the results of medium-term planning for the next three years once a year. The Executive Committee presents and comments on the course of business and brings forth all important matters at the Board meetings. Once a year, the Board of Directors has a two-day meeting behind closed doors to concentrate exclusively on the strategies of the Corporate Groups and the Corporation as a whole.

The Chairman of the Board of Directors attends the annual conference of the Corporation's top managers and the Executive Committee's two-day planning meeting. 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 of Directors visits Corporate Subsidiaries on a regular basis to see for himself their operations and how they are implementing the Corporation's strategies. In 2008 he visited Corporate Subsidiaries in Europe, Asia and North America, in some cases together with the Vice Chairman.

Internal Audit. Internal Audit reports to the Chairman of the Audit Committee, and to the CFO functionally and administratively. Based on the risk-oriented audit plan approved by the Audit Committee, corporate subsidiaries are audited either annually or every two to three years, depending on the risk assessment. During the year under review, 40 internal audits were carried out. The written report is reviewed intensively with the management of the company concerned, copies are given to the line managers, external auditor, the Executive Committee, the Chairmen of the

Michael Hauser
Head of GF AgieCharmilles
1961 (Germany)

Studies of mechanical engineering and business administration at Munich Technical University (Germany) and University of Mannheim (Germany), BA of University of Mannheim (Germany).

Since August 2008

Various positions in different companies of the machine tool industry in Germany, Italy (1988–1996); Chairman of the Standard Milling Machines business unit and member of Group Management of the Mikron Technology Group (1996–2000); member of Group Management of Agie Charmilles Holding Ltd (now: GF AgieCharmilles) (since 2000), first as Head of the Mikron division (2000–2004) and then as Head of the Technology Unit Milling and of Marketing and Sales Support (2004–2008); Head of GF AgieCharmilles (since August 2008).

President of Swissmem's "Machine tool and manufacturing technology" group and member of the Board of Cecimo, the European Committee for Cooperation of the Machine Tool Industries.

Jürg Krebser
Delegate of the CEO for Corporate Projects
1948 (Switzerland)

Dr. sc. techn. ETH (Zurich)

Since 1994

Researcher on the scientific staff of the Institute of Communication Technology at the ETH in Zurich (1976–1980), various positions at BBC (today ABB) (1980–1990), latterly as Head of Development in a joint venture between BBC and Ascom; various positions for the Georg Fischer Corporation in Switzerland and the USA (since 1990), including Head of GF Piping Systems (1994–2003), CEO and Delegate to the Board of Agie Charmilles Holding AG (today GF AgieCharmilles) (2003–2008) and Delegate of the CEO for Corporate Projects (since August 2008).

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Pietro Lori
Head of GF Piping Systems
1956 (Italy)

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

Since March 2008

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

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Ernst Willi
Head of Corporate Development
1946 (Switzerland)

Dr. phil. I University of Zurich

Since 1995

Lecturer at Bishop's Stortford College (1969–1970); teacher at the Kantonsschule Aarau (1970–1973); English teacher at the Kantonsschule Rämibühl in Zurich (1973–1991); various positions for the Georg Fischer Corporation (since 1991), General Secretary (1991–1995) and Head of Corporate Development (since 1993).

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Board and the Audit Committee. Audit reports with significant findings are presented to and discussed with the Audit Committee. Internal Audit also ensures that all discrepancies arising in internal and external audits are dealt with and submits a corresponding report to the Executive Committee and the Audit Committee. The head of Internal Audit 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 Compliance Officer, who reports to the President and CEO, is particularly responsible for preventive measures, training the Corporate Groups and providing information and consultation to the Corporate Subsidiaries to ensure that the Corporate Subsidiaries comply with the law, internal rules and the Corporation's principles of business ethics in their business activity.

In 2008, more than 1,000 employees participated in an e-learning programme on competition and antitrust laws. Besides this, the Compliance Officer instructed employees at various internal training sessions. Furthermore, the Compliance Officer conducted three compliance audits and reported on his activity to the Executive Committee and the Board of Directors.

Risk Management. The Board of Directors and Executive Committee attach considerable importance to careful handling of strategic, financial and operating risks and therefore expanded corporate risk management during the past business year. The head of the Corporate Risk Management & Taxes Service Division is the Chief Risk Officer (CRO). In this function, the CRO reports directly to the President and CEO and is supported in this task by Risk Officers from the three Corporate Groups. Together with specialists in Corporate Risk Management, they form the Corporate Risk Council, which is headed by the CRO and which met four times during the past business year.

The handling of financial risks is explained in the financial section on pages 85 to 88 and of operational risk on pages 13 to 14.

Executive Committee

The President of the Executive Committee and CEO is responsible for the direction of the Corporation. In this duty he is supported by the other members of the Executive Committee. Under the leadership of the CEO, the Executive Committee deals with all Corporation-related issues, takes decisions within the scope of its authority and submits proposals to the Board of Directors. The heads of the Corporate Groups and corporate units are responsible for formulating and achieving their corporate goals and for managing their areas autonomously. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

2008. On March 20, 2008 Yves Serra took over from Kurt E. Stirnemann as President and CEO. At the same time he was replaced by Pietro Lori as Head of GF Piping Systems. As of August 1, 2008 Jürg Krebser handed over the presidency of GF AgieCharmilles to Michael Hauser. As Delegate of the CEO for Corporate Projects, he remains a member of the Executive Committee. On November 1, 2008 Ferdinand Stutz handed over the presidency of GF Automotive to Josef Edbauer and retired as member of the Executive Committee. As per end of year, the Executive Committee is composed by Yves Serra, CEO; Pietro Lori, GF Piping Systems; Josef Edbauer, GF Automotive; Michael Hauser, GF AgieCharmilles; Roland Abt, CFO; Ernst Willi, Corporate Development and Jürg Krebser, Delegate of the CEO for Corporate Projects.

Shareholders' Rights

As at December 31, 2008, Georg Fischer Ltd had 15,347 (previous year: 12,308) shareholders with voting rights, 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 percent of the votes of the company's total share capital. Persons or legal entities bound by capital or voting rights or by joint management or otherwise or acting in concert for the purpose of circumventing this provision are regarded as one person. The Board of Directors may approve exceptions to this rule. It decides on a case-by-case basis. No such applications were received during the year under review.

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

Proxy voting. A shareholder may, on the basis of a written power of attorney, be represented at the General Meeting of Shareholders 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 quora. As stipulated in § 12 of the Articles of Association the following resolutions of the General Meeting of Shareholders 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 shares represented must be in favour 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 General Meeting of Shareholders, in particular those contained in § 12.

Convocation of the General Meeting of Shareholders. No regulations which deviate from those laid down by law exist.

Agenda. Shareholders representing a minimum of 0.3 percent 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.

Entries in the share register. The deadline for entering shareholders in the share register with regard to attendance at the General Meeting of Shareholders is around ten days before the date of the General Meeting of Shareholders. It is stated in the invitation.

Change of Control and Defence Measures

The Articles of Association of Georg Fischer Ltd do not contain any regulation with regard to "opting-out" or "opting-up". For one year subsequent to the effective date of a change of control, the term of notice of termination agreed upon by contract 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. KPMG AG of Zurich became the external auditors of Georg Fischer Ltd in 1985. The chief auditor, Philipp Hallauer, has held that position since the 2003 Annual General Meeting. The chief auditor is changed every seven years.

Audit fees. In 2008, the Corporation paid KPMG AG a total of approximately CHF 2.12 million (previous year: CHF 2.07 million) for services relating to the audit of the 2008 annual financial statements of Georg Fischer Ltd, the Corporation as a whole and the corporate subsidiaries audited by KPMG worldwide. Globally, KPMG AG received fees of approximately CHF 0.4 million (previous year: CHF 1.17 million) for other services to the Corporation such as consultancy on corporate, IT, tax and legal matters.

Supervisory and control instruments. The Audit Committee reviews and evaluates the effectiveness and independence of external auditors annually. For the evaluation, the members of the Audit Committee use first of all their knowledge and experience which they have acquired as a result of similar functions at other companies. They also rely on documents developed by external auditors, such as the management letter, as well as their verbal and written statements concerning individual aspects and pertinent questions relating to the financial statement and the audit.

Internal Audit also issues an annual list of all services rendered by external auditors for the Corporation and their costs, which is discussed by the Executive Committee and the Audit Committee. In the presence of internal and external auditing, 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 attends the meetings of the Audit Committee.

Information Policy

Georg Fischer has 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.

The shareholders of Georg Fischer Ltd receive regular information about all major business developments through the Annual Report, the mid-year report and through press releases. Events which may have an impact on the share price are published routinely (ad hoc publicity).

Important dates to note in 2009 are:

February 24, 2009:	Publication of year-end results 2008
March 18, 2009:	Annual General Meeting
July 17, 2009:	Publication of mid-year report 2009

These dates, as well as any changes, and all press releases can be found at

www.georgfischer.com under "Media".

Interested persons can subscribe to the free e-mail service to receive all press releases via e-mail. Responsibility for communication and information lies primarily with the Communications and Investor Relations Departments.

Changes after the balance sheet date

None.

Compensation Report

Contents. As a company listed in Switzerland, Georg Fischer Ltd is obliged to abide by the Swiss Code of Obligations (Art. 663b^{bis} CO and Art. 663c para. 3 CO) and para. 5.1 of the Corporate Governance Directive (RLCG) of the SIX Swiss Exchange in disclosing its compensation policy and the remuneration paid to the Board of Directors and management (at Georg Fischer the Executive Committee). Moreover, as regards Corporate Governance structuring and reporting, Georg Fischer complies with the Swiss Code of Best Practice for Corporate Governance of economiesuisse, the largest umbrella organization representing the Swiss economy. Georg Fischer prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards). These regulations may at times require different interpretations and presentations.

The following explanations follow para. 5.1 of the Corporate Governance Directive of the SIX Swiss Exchange, taking account of Annex 1 of the Swiss Code of Best Practice for Corporate Governance of economiesuisse. In this section we present the compensation policy. The remunerations paid in accordance with the above-mentioned provisions of the Swiss Code of Obligations are listed and commented on in the consolidated financial statements (pages 92 and 93) and in the statements of Georg Fischer Ltd (pages 100 to 102).

Compensation policy

The Human Resources Policy lays down the principles of the compensation policy. It is designed to provide simple and clearly structured salary systems that ensure fair remuneration and 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 results-related variable component.

These principles also apply to the compensation policy for the Board of Directors and the Executive Committee, which are adopted by the Board of Directors on a proposal of the Compensation Committee.

Board of Directors

The criteria for determining the remuneration of the Board of Directors are the responsibility conferred on its members, the complexity of their task, the specialist and personal requirements made of them and the average time expected to be involved. The details are set out in regulations which were amended in 2008.

The compensation consists of the following elements:
A) cash compensation
B) share-related compensation
C) other benefits.

A) Each member of the Board of Directors receives a fixed *cash compensation* as part of his or her basic remuneration. Additional time for special tasks such as chairmanship, vice-chairmanship or committee 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 in cash. The cash compensation may be paid out, wholly or in part, in Georg Fischer shares. The shares can be vested for five years. The accountable value of the shares is determined by the share price at the end of the reporting year. This stood at CHF 239.90 on December 31, 2008.

B) Each member of the Board of Directors receives a fixed number of *shares* as part of his or her basic remuneration.

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

For the remunerations paid in the year under review, see pages 92f. of the financial section.

Executive Committee

The amount and the elements of the compensation are tailored to the respective sector and labour market and are reviewed regularly. Freely available information from companies of similar size and comparable sectors as well as the findings from surveys and studies by third parties are used for this purpose.

The performance-related bonus paid to members of the Executive Committee is dependent on their reaching individual performance objectives and on the business success of the Corporation. The share-related remuneration paid to the Executive Committee members is a long-term incentive.

The compensation consists of the following elements:
A) a fixed base salary in cash
B) a performance-related bonus in cash
C) share-related remuneration (long-term incentive)
D) contributions to pension and social insurance funds.

A) The *fixed base salary* is determined primarily by the manager's task, responsibility, skills, managerial experience and labour market conditions.

B) The *performance-related bonus* depends on the fulfilment of the individual performance objectives and the business success of the Corporation.

As part of the management by objectives process, measurable individual targets are agreed 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. Fulfilment 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 Corporate Groups is measured by three financial value drivers:

- organic sales growth (excluding acquisitions and divestments)
- EBIT margin (ROS, EBIT / sales)
- asset turnover (sales / average net operating assets).

The objectives are set by the Board of Directors for the medium term and are weighted in accordance with the strategic priorities of the Corporate Groups and the Corporation. A lower threshold and an upper ceiling are defined for each of the three 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 fulfilment of the targets. The maximum bonus for the members of the Executive Committee may not exceed 90 percent of the base salary; for the Chief Executive Officer the maximum is 110 percent.

The individual objectives and the business success are weighted as follows: For the Corporate Group Heads, the weighting is one third each for the individual targets, the business success of the Corporate Group and that of the Corporation. For heads of Corporate staff functions, the weighting is one third for the individual targets and two thirds for the business success of the Corporation. For the Chief Executive Officer, the business success of the Corporation has a slightly higher weighting.

C) The *share-related remuneration* is a long-term incentive. A fixed number of shares, vested for at least five years, are distributed to each member of the Executive Committee. The purpose of this share allocation is to reward managers for the long-term success of the Corporation over a period of at least five years. The number of shares allocated is dependent on the function.

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

The expense regulations apply to members of the Executive Committee in the same way as they do to all other employees of the Georg Fischer corporate subsidiaries. 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 do not have use of a company car.

For the remunerations paid in the year under review, see pages 100ff. of the financial section.

Other compensation payments

The Board of Directors and the Executive Committee of the Georg Fischer Corporation do not receive any further compensation within the framework of these functions. None of the following direct or indirect compensation payments apply.

Severance payments. There is no contractual entitlement to severance payments by the members of the Board of Directors or the Executive Committee. In the 2008 business year, no severance payments were made to persons who left governing bodies in the year under review or earlier.

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

Additional fees. The members of the Executive Committee and the Board of Directors or related parties did not receive any fees or other remuneration for additional services to Georg Fischer Ltd or one of its corporate subsidiaries in the 2008 business year.

Loans to members of governing bodies. Neither Georg Fischer Ltd nor its corporate subsidiaries 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, each member of the Board of Directors receives an annual compensation for expected time spent and the tasks assumed. The Compensation Committee may adjust the amount of the payment should the actual time required deviate significantly from the assumptions on which the payment is based. Compensation is made on a pro rata basis for members joining or leaving during the year he or she is 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. Based on a proposal by the Compensation Committee, the Board of Directors decides on the amount of compensation paid to the Chief Executive Officer and on the total compensation paid to the Executive Committee. The individual salaries of the other members of the Executive Committee are set by the Compensation Committee based on a proposal by the Chief Executive Officer.

Supervision. The internal auditors annually ensure compliance with the rules of compensation for the Executive Committee and the Board of Directors on behalf of the Board of Directors.

Consolidated financial statements 2008

Balance sheet as per December 31, 2008

million CHF	Notes	2008	%	2007	%
Investment properties	(3)	36		23	
Property, plant and equipment for own use	(3)	1 101		1 080	
Intangible assets	(4)	346		282	
Investments in associates	(5)	1		1	
Other financial assets	(7)	4		8	
Deferred tax assets	(8, 15)	55		46	
Non-current assets		**1 543**	**47**	1 440	42
Assets held for sale	(9)	4		4	
Inventories	(10)	801		709	
Trade accounts receivable	(11)	566		737	
Income taxes receivable	(12)	22		13	
Other accounts receivable	(13)	105		97	
Marketable securities		17		5	
Cash and cash equivalents		233		388	
Current assets		**1 748**	**53**	1 953	58
Assets		**3 291**	**100**	3 393	100
Share capital		101		201	
Share premium		167		167	
Retained earnings		1 088		1 127	
Equity attributable to shareholders of Georg Fischer Ltd		**1 356**	**41**	1 495	44
Minority interests		48	2	45	1
Equity	(23)	**1 404**	**43**	1 540	45
Bank liabilities	(19)	110		48	
Bonds	(14, 19)	174		373	
Deferred tax liabilities	(15)	87		56	
Provisions[1]	(16)	76		62	
Employee benefits	(17)	158		173	
Other non-current liabilities		16		36	
Non-current liabilities		**621**	**19**	748	22
Bank liabilities	(19)	262		178	
Bonds	(14, 19)	200			
Provisions[1]	(16)	77		57	
Employee benefits	(17, 19)	43		48	
Trade accounts payable		388		454	
Current tax liabilities		36		102	
Other current liabilities	(18)	260		266	
Current liabilities		**1 266**	**38**	1 105	33
Liabilities		**1 887**	**57**	1 853	55
Liabilities and equity		**3 291**	**100**	3 393	100

1 The previously reported figures were splitted in non-current and current to conform with the current year's presentation.

Income statement for the year ended December 31, 2008

million CHF	Notes	2008	%	2007	%
Gross sales		**4 533**		4 563	
Sales deductions		–68		–66	
Sales		**4 465**	**100**	4 497	100
Changes in inventory		49		17	
Other operating income	(26)	106		73	
Income		**4 620**	**103**	4 587	102
Cost of materials and products		–2 277		–2 203	
Operating expenses	(27)	–845		–817	
Gross value added		**1 498**	**34**	1 567	35
Personnel expenses	(28)	–1 108		–1 083	
Depreciation	(3)	–210		–151	
Amortization	(4)	–46		–7	
EBIT		**134**	**3**	326	7
Interest income	(29)	5		11	
Interest expenses	(29)	–37		–40	
Other financial result	(29)	–6		7	
Result of investment properties				6	
Share in the result from associated companies				1	
Profit before taxes		**96**		311	
Income taxes	(30)	–27		–66	
Net profit		**69**	**2**	245	5
thereof attributable to shareholders of Georg Fischer Ltd		56		232	
thereof attributable to minority interests		13		13	
Basic earnings per share in CHF	(31)	14		58	
Diluted earnings per share in CHF	(31)	14		58	

Statement of changes in equity for the year ended December 31, 2008

million CHF	Share capital	Share premium	Cumulative translation adjustments	Other retained earnings	Retained earnings	Equity attributable to shareholders of Georg Fischer Ltd	Minority interests	Equity
Balance as per December 31, 2006	**302**	**194**	**–69**	**952**	**883**	**1 379**	**69**	**1 448**
Restatement first time adoption IFRIC 14				–2	–2	–2		–2
Balance as per January 1, 2007 after restatement	**302**	**194**	**–69**	**950**	**881**	**1 377**	**69**	**1 446**
Realized gains on foreign currencies			–2		–2	–2		–2
Translation adjustments			16		16	16	1	17
Net income recognized directly in equity			**14**		**14**	**14**	**1**	**15**
Net profit for the period				232	232	232	13	245
Total recognized income and expenses for the period			**14**	**232**	**246**	**246**	**14**	**260**
Changes in own shares		–3				–3		–3
Reduction in par value / dividends	–101					–101	–10	–111
Acquisition / issue of minority interests, net		–24				–24	–28	–52
Balance as per December 31, 2007 (adjusted)	**201**	**167**	**–55**	**1 182**	**1 127**	**1 495**	**45**	**1 540**
Realized losses on foreign currencies			2		2	2		2
Translation adjustments			–97		–97	–97	–1	–98
Net income recognized directly in equity			**–95**		**–95**	**–95**	**–1**	**–96**
Net profit for the period				56	56	56	13	69
Total recognized income and expenses for the period			**–95**	**56**	**–39**	**–39**	**12**	**–27**
Changes in own shares								
Reduction in par value / dividends	–100					–100	–9	–109
Balance as per December 31, 2008	**101**	**167**	**–150**	**1 238**	**1 088**	**1 356**	**48**	**1 404**

Translation adjustments are mainly due to the change of the euro.

Income taxes recognized directly in equity amount to an income of CHF 6 million (previous year: less than CHF 1 million expenses). Thereof CHF 5 million result from translation adjustments on intercompany loans in foreign currencies and another million CHF relates to the changes in own shares.

Own shares with a par value of CHF 2 million (previous year: CHF 4 million) are deducted from the share capital. Due to the reduction in par value from CHF 50 to CHF 25 the offsetting of the change in own shares was counterbalanced. The related surplus of CHF 11 million (previous year: CHF 19 million) is deducted from the share premium.

Regarding information about capital management see note 23.

Regarding share capital and own shares see notes to the financial statements of Georg Fischer Ltd on pages 98f.

Cash flow statement for the year ended December 31, 2008

million CHF	Notes	**2008**	2007
Profit before taxes		96	311
Financial result	(29)	38	22
Depreciation	(3)	210	151
Amortization	(4)	46	7
Other non-cash income and expenses[1]		–30	9
Increases in provisions, net	(16)	67	43
Use of provisions	(16)	–52	–28
Changes in			
Inventories		–102	–56
Trade accounts receivable		145	6
Other accounts receivable		–6	
Trade accounts payable		–59	37
Other non-interest-bearing liabilities		–29	16
Interest paid		–31	–34
Income taxes paid		–96	–58
Cash flow from operating activities[1]		**197**	426
Additions to			
Property, plant and equipment	(3)	–243	–217
Intangible assets	(4)	–4	–17
Other financial assets[1]			–1
Disposals of			
Property, plant and equipment	(3)	6	17
Other financial assets	(7)	1	25
Purchase / disposal of marketable securities		1	1
Cash flow from acquisitions	(2)	–209	–1
Cash flow from divestitures	(2)	50	
Interest received		4	10
Cash flow from investing activities[1]		**–394**	–183
Free cash flow		**–197**	243
Acquisition of own shares, net		–5	–7
Par value reduction / dividends paid		–109	–111
Increase of bank loans	(19)	82	11
Repayment of bank loans	(19)	–21	–35
Acquisition of minority interests in GF AgieCharmilles	(2)		–52
Changes in other interest-bearing liabilities (mainly current bank accounts)		111	4
Cash flow from financing activities		**58**	–190
Translation adjustment on cash and cash equivalents		–16	2
Net cash flow		**–155**	55
Cash and cash equivalents at beginning of year		388	333
Cash and cash equivalents at year-end[2]		**233**	388

1 Due to IFRIC 14 the previously reported figures were adjusted.
2 Cash, postal and bank accounts: CHF 226 million (previous year: CHF 240 million), fixed-term deposits: CHF 7 million (previous year: CHF 148 million)

Annex to the consolidated financial statements

Segment information

	Corporation			GF Piping Systems		
million CHF	**2008**	2007	2006	**2008**	2007	2006
Order intake	**4 462**	4 635	4 245	**1 320**	1 151	1 033
Orders on hand at year-end[1]	**560**	1 186	1 094	**70**	35	35
Gross sales by geographical segment						
European Union	3 197	3 329	2 918	641	633	567
thereof Germany	1 806	1 857	1 640	193	181	164
Other European countries	296	280	235	137	117	98
thereof Switzerland	188	169	153	80	63	59
America	428	346	368	199	112	126
Asia	534	537	518	246	235	197
Other countries	78	71	67	61	54	45
Gross sales	**4 533**	4 563	4 106	**1 284**	1 151	1 033
Sales deductions	–68	–66	–58	–60	–55	–50
Sales[2]	**4 465**	4 497	4 048	**1 224**	1 096	983
EBITDA	**390**	484	474	**168**	158	140
EBIT	**134**	326	327	**122**	126	109
Assets by geographical segment[3]	**3 291**	3 393	3 208	**994**	746	672
European Union	1 679	1 975	1 865	295	330	302
thereof Germany	811	927	910	58	53	50
Other European countries	876	861	813	348	211	192
thereof Switzerland	874	857	810	348	208	190
America	305	180	197	209	63	64
Asia	417	358	321	130	127	104
Other countries	14	19	12	12	15	10
Liabilities[3]	**1 887**	1 853	1 760	**250**	226	206
Investments by geographical segment[4]	**247**	234	145	**53**	65	40
European Union	163	159	88	17	23	11
thereof Germany	70	84	39	3	5	3
Other European countries	37	39	34	23	25	22
thereof Switzerland	37	39	34	23	25	22
America	6	7	3	4	6	2
Asia	41	29	19	9	11	4
Other countries			1			1
Depreciation	**210**	151	143	**37**	31	30
Amortization	**46**	7	4	**8**	1	2
Impairment of property, plant and equipment[5]	**51**					
Impairment of goodwill[6]	**32**					
Research and development	**143**	144	131	**23**	21	19

1 In 2008 change of definition for GF Automotive.
2 Sales between the segments are insignificant.
3 Segment assets and liabilities excluding financial and income tax positions.
4 Investments by geographical segment, related to the segments, equal the purchase cost of property, plant and equipment and intangible assets acquired.
5 Contained in depreciation.
6 Contained in amortization.

	GF Automotive			GF AgieCharmilles			Non-allocated			Eliminations		
	2008	2007	2006	**2008**	2007	2006	**2008**	2007	2006	**2008**	2007	2006
	2 076	2 292	2 066	**1 066**	1 192	1 146						
	354	989	907	**136**	162	152						
	2 039	2 119	1 825	517	576	526		1				
	1 384	1 411	1 244	229	264	232		1				
	21	21	15	138	144	121			1		–2	
	9	7	5	99	101	88			1		–2	
	38	40	37	191	194	205						
	54	39	37	234	263	284						
	15	13	19	2	4	3						
	2 167	2 232	1 933	**1 082**	1 181	1 139		1	1		–2	
	–6	–9	–6	–2	–2	–2						
	2 161	2 223	1 927	**1 080**	1 179	1 137		1	1		–2	
	183	235	236	**42**	93	107	**–3**	–2	–9			
	–5	132	142	**26**	76	91	**–9**	–8	–15			
	1 193	1 344	1 244	**732**	785	802	**450**	607	562	**–78**	–89	–72
	1 066	1 259	1 174	156	197	191	199	227	222	–37	–38	–24
	627	728	691	47	67	56	107	110	131	–28	–31	–18
	3	3	3	392	382	376	174	307	280	–41	–42	–38
	3	3	3	391	381	375	173	307	280	–41	–42	–38
	7	13	16	75	90	106	14	14	14			–3
	117	69	51	109	116	129	61	55	44		–9	–7
							2	4	2			
	513	551	439	**219**	260	257	**957**	868	881	**–52**	–52	–23
	175	147	86	**12**	14	18	**7**	8	1			
	142	129	73	3	3	4	1	4				
	66	75	36				1	4				
	1	1	1	7	9	10	6	4	1			
	1	1	1	7	9	10	6	4	1			
	2				1	1						
	30	17	12	2	1	3						
	152	99	91	**15**	16	16	**6**	5	6			
	37	5	2	**1**	1							
	51											
	32											
	65	67	58	**55**	56	54						

Investor information
Consolidated financial statements
Financial statements Georg Fischer Ltd
Affiliated companies

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 audited financial statements of the Georg Fischer corporate subsidiaries for the year ended December 31, 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 percent 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 judgement 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. Where necessary, the comparatives have been reclassified or extended from the previously reported amounts to take into account changes in presentation.

Scope and principles of consolidation. The scope of consolidation includes Georg Fischer Ltd and all Swiss and foreign subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50 percent 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. Minority 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 purchase method, whereby the acquisition cost of a subsidiary 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 minority interests in a fully consolidated entity, any difference between the purchase price and the carrying amount of such minority interests is recognized in share premium. Upon the disposal of minority 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 Georg Fischer Ltd has a direct or indirect participation of 50 percent, or where the Georg Fischer Corporation exercises joint control, are included in the consolidated financial statements using the proportionate consolidation method.

Companies in which the Georg Fischer Corporation has a minority interest of at least 20 percent but less than 50 percent, 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 percent 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.

Gross sales and revenue recognition. Billings for goods and services are recognized as gross sales when they are delivered or when the risks and benefits incidental to ownership are transferred. Gross sales are stated before value added tax, sales tax and any deduction of discounts and credits. Appropriate warranty provisions are recognized for anticipated claims.

Foreign currencies. Corporate Subsidiaries prepare their financial statements in local 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. Derivative financial instruments used to hedge such balance sheet items are stated at fair value, whereby the fair value fluctuations are also 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: balance sheets at year-end rates, income and cash flow statements at average rates for the year under review. Any translation adjustment resulting from the translation of balance sheets and income statements, as well as the foreign exchange gains and losses arising from the translation of equity-like Corporate loans denominated in foreign currencies, are recognized in retained earnings. In case of the disposal of a foreign subsidiary or the repayment of a equity-like Corporate loan the corresponding accumulated translation adjustments are transferred in 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. Segment information is presented in two dimensions: The primary segments are the Corporate Groups and the secondary segments are the geographical markets in which they operate. The segmentation according to the Corporate Groups mirrors the Corporation's management structure. The geographical segmentation is based on five regions. Segment results are reported on an EBIT basis. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are presented as part of the respective Corporate Groups or geographical regions. Eliminations relate to group internal balances and transactions between the segments and corporate headquarters.

Property, plant and equipment. Items of property, plant and equipment are stated at cost or manufacturing cost less depreciation and impairment. This is also valid for investment properties. 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 the shorter of their estimated useful lifes and any lease terms: buildings for operating or investment purposes 20 to 40 years, machinery 3 to 15 years, other equipment (vehicles, EDP, etc.) 3 to 5 years. Where components of larger assets have different useful lifes, these components are depreciated separately. Useful lifes and residual values are reviewed annually at the balance sheet date and any adjustments 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 embodying future economic benefits, such as acquired royalties, patents and similar rights, are capitalized and amortized on a straight-line basis over their estimated useful lifes of 3 to 50 years. Goodwill and other intangible assets with an indefinite useful life are not amortized but allocated to the appropriate cash-generating units, which are tested annually for impairment.

Other financial assets. Other financial assets mainly comprise loans to third parties, minority participations of less than 20 percent 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. Minority participations 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.

Inventories. Goods held for trading are generally stated at average cost, and internally manufactured products at manufacturing cost, including direct labour 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 unsatisfying turnover are partly or fully adjusted in value. Prepayments to suppliers are added to inventories, whilst prepayments received from customers on orders in progress are deducted.

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.

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. Hedge accounting in the sense of IAS 39 has not been applied. Derivative financial instruments are stated at fair value, and unrealized gains and losses on the hedging of operating cash flows are reported in the operating result, whereas gains and losses on the hedging of the financing are reported in the financial result.

Marketable securities. Marketable securities include investments held for trading and available for sale. Acquisitions and disposals are recognized on trade date, rather than 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. Available-for-sale investments are stated at fair value, with unrealized gains and losses being recognized and presented in retained earnings; at the time of disposal or upon impairment, they are transferred to the income statement.

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.

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, some 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 ten percent of the fair value of plan assets or the present value of the defined benefit obligations of 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.

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 base 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 the same tax authorities.

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.

Leases. The present value of contractual lease obligations is recognized on the balance sheet if the significant contractual risks and rewards have been transferred to the consolidated entity. Lease instalments 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 instalments 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. Convertible bonds are broken down into a liability and an equity component, with the repayment amount of the liability component calculated using the effective interest method and recognized in the income statement over the term of the loan.

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.

Own shares, share-based payments and earnings per share. Own shares are deducted from the share capital at their nominal value. Costs in excess of nominal value arising on the acquisition of own shares are deducted from the related share premium, and gains or losses arising on the disposal of own 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 over the vesting period.

Earnings per share are 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 January 1, 2008, Georg Fischer initially applied the following new or revised standards and interpretations issued by the IASB:

- IFRIC 11 "IFRS 2: Group and Treasury Share Transactions"
- IFRIC 12 "Service Concession Arrangements"
- IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction"
- Amendments to IAS 39 and IFRS 7 "Reclassification of Assets"
- Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"

The application of IFRIC 14 led to a restatement as of January 1, 2007. The financial effect of this restatement is insignificant and is disclosed in note 17 and in the consolidated statement of equity. The other changes had no effect on the main components of the 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 future projections. Since October 2008 the estimation of sales for the next 3 to 5 years is afflicted with particular uncertainties due to the significantly changed market environment. In addition, useful lifes can become shorter or assets impaired if the purpose for which property, plant and equipment are used changes, sites are relocated or closed, or medium-term revenues are lower than expected. The carrying amounts and information regarding impairments of the items of property, plant and equipment and intangible assets affected are set out in notes 3 and 4.

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 these 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 benefits plans. The carrying amounts of the plan assets and liabilities carried in the balance sheet are set out in note 17.

Provisions for warranties and onerous contracts. In the course of their ordinary operating activities, corporate subsidiaries 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 16.

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 balance sheet.

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 foot of the table are merely an initial estimate on the part of the Executive Committee.

Standard / Interpretation		Effective date	Date planned for adoption by Georg Fischer
IFRIC 13 – Customer Loyalty Programms	*	July 1, 2008	Financial year 2009
IAS 1 rev. – Presentation of Financial Statements	**	January 1, 2009	Financial year 2009
IAS 23 rev. – Borrowing Costs	*	January 1, 2009	Financial year 2009
IFRS 8 – Operative Segments	**	January 1, 2009	Financial year 2009
Amendments to IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations	*	January 1, 2009	Financial year 2009
Amendments to IAS 32 – Financial Instruments and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	*	January 1, 2009	Financial year 2009
Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements	*	January 1, 2009	Financial year 2009
IFRS 3 rev. – Business Combinations	****	July 1, 2009	Financial year 2010
IAS 27 rev. - Consolidated and Separate Financial Statements	****	July 1, 2009	Financial year 2010
Improvements to IFRSs	***	January 1, 2009 July 1, 2009	Financial year 2009 / 2010
Amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	*	July 1, 2009	Financial year 2010
IFRIC 15 – Agreements for the construction of Real Estate	***	January 1, 2009	Financial year 2009
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	*	October 1, 2008	Financial year 2009
IFRIC 17 – Distributions of Non-cash Assets to Owners	*	July 1, 2009	Financial year 2010
IFRS 1 rev. - First-time Adoption of International Financial Financial Reporting Standards – Reformation of the Standard	*	January 1, 2009	-

* No or no significant impacts are expected on the consolidated financial statements of Georg Fischer.
** Mainly additional disclosures are expected in the consolidated financial statements of Georg Fischer.
*** The impacts on the consolidated financial statements of Georg Fischer can not yet be determined with sufficient reliability.
**** This Standard will have an effect on transactions effective on or after January 1, 2010.

Notes

1 Changes in scope of consolidation

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

Additions (Acquisitions)

as of January 1, 2008
Georg Fischer Simona Fluorpolymer Products GmbH, Ettenheim
Acquistion of remaining 50% share
(pro rata sales effect 2008: CHF 9 million)
GF Piping Systems

as of February 1, 2008
Central Plastics Group
(pro rata sales 2008: CHF 97 million)
GF Piping Systems:
– GF Central Plastics LLC, Shawnee
– GF Connectra LLC, Gainesville
– GF Central Plastics SA, Buenos Aires
– Georg Fischer Ltd, Wellington
– Central Plastics Co, Tianjin

as of July 1, 2008
Alfa Plastics Inc, Brampton (pro rata sales 2008: CHF 2 million)
GF Piping Systems

as of October 1, 2008
JRG Gunzenhauser Group (pro rata sales 2008: CHF 23 million)
GF Piping Systems:
– JRG Gunzenhauser AG, Sissach
– JRG Gunzenhauser GmbH, Lörrach
– JRG Gunzenhauser GmbH, Wien

Additions (Formations)

as of January 14, 2008
Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou
GF AgieCharmilles

as of March 21, 2008
Georg Fischer Piping Systems Beijing Co Ltd, Beijing
GF Piping Systems

as of May 9, 2008
Georg Fischer Piping Systems Co Ltd, Taiwan
GF Piping Systems

Disposals

as of September 30, 2008
Georg Fischer Verkehrstechnik GmbH, Singen
(pro rata sales 2008: CHF 79 million)
GF Automotive

2 Cash flow from acquisitions and divestitures

	2008		2007	
million CHF	Acquisitions	Divestitures	Acquisitions	Divestitures
Property, plant and equipment	–94	2		
Intangible assets	–47			
Other financial assets	–1			
Inventories	–68	14		
Trade accounts receivable	–30	18		
Other accounts receivable	–11	1		
Cash and cash equivalents	–14			
Provisions	27			
Employee benefits	3	–3		
Deferred tax liabilities	35			
Other non-current liabilities		–9		
Trade accounts payable	7	–7		
Other current liabilities	33	–3		
Net assets	**–160**	**13**		
Cash and cash equivalents acquired / disposed of	14			
Net assets acquired / disposed of, excl. cash and cash equivalents	–146	13		
Goodwill	–75			
Gain and loss on acquisitions / divestitures, net	3	35		
Receivables from acquisitions and divestitures (–) / settlement of receivables (+)	–1			
Liabilities from acquisitions and divestitures (+) / settlement of liabilities (–)	10	2	–1	
Net cash flow from acquisitions and divestitures	**–209**	**50**	–1	
Acquisition of minority interests in GF AgieCharmilles			–52	
Net cash flow from acquisitions, divestitures and acquisition of minority interests	**–209**	**50**	–53	

Acquisition of Central Plastics LLC

George Fischer Corp, El Monte, acquired 100 % of the capital of Central Plastics LLC in Shawnee (USA). The agreement was signed on January 7, 2008. Approval of the transaction by the US Federal Trade Commission and by the Department of Justice was given at the end of January, consequently the transaction was closed on February 1, 2008.

Central Plastics (CPC), founded in 1955 employs more than 500 people worldwide. In addition to the headquarters in Shawnee, the company has production sites and sales offices in Gainesville (USA), Tianjin (China), Buenos Aires (Argentina) and Wellington (New Zealand). CPC manufactures and sells plastic and metal fittings including accessories for use in gas and water utilities and in the oil industry. Its main markets are the USA, Canada and Latin America. CPC was integrated into the Business Unit America of GF Piping Systems.

The cost of the acquisition encompasses the contractually agreed purchase price in cash, equivalent to CHF 108 million, transaction cost in the amount of CHF 1 million and a conditional increase in the purchase price of CHF 19 million calculated on the basis of the business performance during the fiscal year 2008 and the net working capital as well as the net debt on the closing date.

The values of the assets and liabilities acquired are as follows:

million CHF	Carrying amount of the acquired assets and liabilities	Allocation of the purchase costs	Acquired assets and liabilities
Property, plant and equipment	15	6	21
Intangible assets			
- Customer relationships		14	14
- Brand name		15	15
- Product technology		5	5
- Non-competition agreement		1	1
Inventories	16	1	17
Trade accounts receivable	9		9
Other receivables	2		2
Cash and cash equivalents	2		2
Total assets	**44**	**42**	**86**
Deferred tax liabilities	–3	–16	–19
Other non-interest-bearing liabilities	–9		–9
Interest-bearing liabilities	–4		–4
Net assets	**28**	**26**	**54**
Goodwill			**74**
Purchase price including transaction cost			**128**

Since the acquisition date the EBIT of CPC amounts to CHF 12 million – corresponding to a EBIT margin of 12.4 %. After the effects of the purchase price allocation the EBIT is at CHF 7.7 million and net profit at CHF 6.3 million.

Sales of CPC amount to approximately CHF 106 million for the full fiscal year 2008, corresponding to an EBIT of CHF 8 million after the effects of the purchase price allocation. Net profit for the full fiscal year 2008 amounts to CHF 7 million.

Calculation of the fair value of the identifiable assets and liabilities of CPC, and therefore of the goodwill at the time of acquisition, was performed by independent consultants.

The identifiable intangible assets consist primarily of customer relationships and the CPC brand name. The value of the customer relationships includes contractual and non-contractual relationships, and was identified and measured by applying the Multiperiod Excess Earnings Method (MEMM). The brand name comprises the corporate name, corporate logo and corresponding slogans, and is based on comparable user and license fees of third parties. Deferred taxes on the valuation differences resulting from the purchase price allocation were calculated at a tax rate of 39 %. The CHF 74 million goodwill arising from the acquisition amounts to 58 % of the purchase price and essentially reflects the value of the expected buyer-specific synergies, growth in market share and employees taken on. The goodwill is not tax deductible.

Acquisition of the remaining 50 % share in Georg Fischer Simona Fluorpolymer Products GmbH, Ettenheim

As per January 1, 2008 Georg Fischer AG & Co, Singen, acquired the remaining 50 % share in Georg Fischer Simona Fluorpolymer Products GmbH in Ettenheim, for a price which is insignificant for the consolidated financial statements. The joint venture was carried in the consolidated financial statements until 2007 as a 50 % investment. The plant specializes in the manufacture of high-purity piping systems for use in the production of semiconductors and photovoltaic cells. Georg Fischer Simona Fluorpolymer Products is part of the Business Unit Products of GF Piping Systems and was renamed after the acquisition of the remaining 50% share to Georg Fischer Fluorpolymer Products GmbH.

Acquisition of Alfa Plastics Inc

Georg Fischer Ltd acquired as of July 1, 2008 Alfa Plastics Inc, Brampton, Canada for a price of CHF 1 million In the fiscal year 2007 sales of the company reached CHF 4 million. The company strengthens the sales- and service-organization of the Business Unit America of GF Piping Systems. After the acquisition the company was renamed to Georg Fischer Piping Systems Ltd.

Acquisition of JRG Gunzenhauser AG

As per October 1, 2008 Georg Fischer Ltd acquired JRG Gunzenhauser AG, Sissach (JRG) including its two affiliated companies in Germany and Austria. JRG is a leading provider of domestic and heating-water supply systems in Europe. JRG, founded in 1887, has 400 employees and was integrated in the Business Unit Products of GF Piping Systems.

The cost of the acquisition encompasses the contractually agreed purchase price in cash of CHF 98 million, transaction cost of CHF 1 million and a conditional purchase price reduction of CHF 1 million which was calculated on the basis of net working capital and net debt at acquisition date. The values of the assets and liabilities acquired are as follows:

million CHF	Carrying amount of the acquired assets and liabilities	Allocation of the purchase costs	Acquired assets and liabilities
Property, plant and equipment	69		69
Intangible assets			
- Customer relationships		4	4
- Brand name		5	5
- Product technology		1	1
Inventories	49	1	50
Trade accounts receivable	20		20
Other receivables	9		9
Cash and marketable securities	13		13
Total assets	**160**	**11**	**171**
Deferred tax liabilities	–14	–2	–16
Provisions	–26		–26
Other non-interest-bearing liabilities	–24		–24
Interest-bearing liabilities	–4		–4
Net assets	**92**	**9**	**101**
Badwill			**–3**
Purchase price including transaction cost			**98**

Since the acquisition date the EBIT of JRG amounts to CHF –1.1 million – corresponding to a EBIT margin of –4.8%. After effects of the purchase price allocation the EBIT is at CHF 5.5 million and net profit at CHF 6.4 million.

Sales of JRG amount to CHF 112 million for the full fiscal year 2008, corresponding to an EBIT of CHF 13.5 million, after effects of the purchase price allocation. The net profit for the full fiscal year 2008 amount to CHF 17.4 million.

Calculation of the fair value of the identifiable assets and liabilities of JRG at the time of acquisition was performed by independent consultants. The identifiable intangible assets consist primarily of customer relationships and the brand names JRG and Sanipex. The value of customer relationships and contracts is based on the Multiperiod Excess Earnings Method (MEEM) and corresponds to the present value of after tax cash flows from these customer relationships. The brand name consists of the company name JRG and the product name Sanipex. The value of these brands was defined according to the Relief-from-Royalty-Method which calculates the economic advantage of the two brands in form of a saved license fee based on comparable license fees of third parties.

Deferred taxes on valuation differences resulting from the purchase price allocation were calculated at a tax rate of 20%.

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3 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 December 31, 2006	**35**	**43**	**628**	**121**	**1 677**	**352**	**57**	**11**	**2 889**
Additions			9	6	71	14	117		**217**
Disposals	**–1**			–1	–41	–11		–3	**–56**
Adjustment purchase price allocation EDC Inc					18	1			**19**
Other changes, reclassifications		–1	–5		50	6	–56	–3	**–9**
Translation adjustment	**1**	1	8	1	46	1	1		**58**
As per December 31, 2007	**35**	**43**	**640**	**127**	**1 821**	**363**	**119**	**5**	**3 118**
Additions	**1**		8	6	84	12	132	1	**243**
Disposals		–1	–4	–4	–25	–23			**–57**
Changes in scope of consolidation	**10**	11	31		29	7	4		**82**
Other changes, reclassifications	**8**		–2	5	71	6	–89		**–9**
Translation adjustment	**–2**	–4	–42	–7	–172	–15	–10		**–250**
As per December 31, 2008	**52**	**49**	**631**	**127**	**1 808**	**350**	**156**	**6**	**3 127**
Accumulated depreciation									
As per December 31, 2006	**–12**	**–1**	**–382**	**–67**	**–1 159**	**–276**		**–7**	**–1 892**
Additions			–17	–8	–103	–22		–1	**–151**
Disposals				1	40	10		3	**54**
Adjustment purchase price allocation EDC Inc					–14	–1			**–15**
Other changes, reclassifications			4	1	–3	3	–1	1	**5**
Translation adjustment			–5		–33	–1			**–39**
As per December 31, 2007	**–12**	**–1**	**–400**	**–73**	**–1 272**	**–287**	**–1**	**–4**	**–2 038**
Additions			–18	–8	–110	–21	–1	–1	**–159**
Impairment					–48		–3		**–51**
Disposals			3	3	23	22			**51**
Changes in scope of consolidation					–1				**–1**
Other changes, reclassifications	**–4**		4		1		–1		**4**
Translation adjustment			26	3	126	12		1	**168**
As per December 31, 2008	**–16**	**–1**	**–385**	**–75**	**–1 281**	**–274**	**–6**	**–4**	**–2 026**
Carrying amount									
As per December 31, 2007	**23**	**42**	**240**	**54**	**549**	**76**	**118**	**1**	**1 080**
As per December 31, 2008	**36**	**48**	**246**	**52**	**527**	**76**	**150**	**2**	**1 101**

Insurance value of property, plant and equipment amounts to CHF 4,112 million (previous year: CHF 3,665 million).

The figures in the line "Changes in scope of consolidation" result mainly from the acquisitions of the Central Plastics Group (carrying amount: CHF 21 million) and the JRG Gunzenhauser Group (carrying amount: CHF 69 million), the deconsolidation of the Georg Fischer Verkehrstechnik GmbH, Singen (carrying amount: CHF 2 million) as well as from the purchase of the remaining shares of Georg Fischer Simona Fluorpolymer Products GmbH, Ettenheim (carrying amount: CHF 4 million).

The remaining figures in the lines "Other changes, reclassifications" relate to reclassifications of assets to the balance sheet line "Investment properties" (carrying amount: CHF 4 million) and to the balance sheet line "Other intangible assets" (carrying amount CHF 1 million).

The depreciation of the current year contains impairments on property, plant and equipment in the GF Automotive plants Herzogenburg, Gleisdorf, Garching and Montreal in the amount of CHF 51 million in total. They relate to the categories machinery and production equipment as well as to assets under construction and are the consequence of the slump in demand due to the worldwide economic slowdown in the automotive industry, which resulted in a revaluation of the production capacities. The impairments are based on a value in use analysis and refer to the Permanent Mould Casting in Herzogenburg in the amount of CHF 33 million (discount rate 13 %).

The main focus in 2008 was on investments to upgrade the production capacity of the technology units Iron and Light Metal Casting of GF Automotive (CHF 161 million). About 20 % falls upon investments in China. GF Piping Systems accounted for further CHF 51 million investments. Committed additions to property, plant and equipment which will require the use of cash and cash equivalents in the years 2009 to 2013 amount to CHF 201 million (previous year: CHF 194 million). They can be allocated to the Corporate Groups as follows: GF Automotive CHF 160 million; GF Piping Systems CHF 27 million; GF AgieCharmilles CHF 2 million; Corporate Management CHF 12 million. About 50 % relate to product lines in the Light Metal Casting of GF Automotive (CHF 90 million) for succeeding products. The remainder relates to the capacity increase and replacement purposes in the various locations of the Corporation.

The fair value of investment properties, determined by internal experts on the basis of discounted earnings and current market values, amounts to CHF 60 million (previous year: CHF 48 million). This increase is caused by the addition of investment properties in the context of the acquisition of the JRG Gunzenhauser Group as well as by the reclassification of buildings formerly used for Georg Fischer Verkehrstechnik GmbH, Singen which was divested in the current year.

4 Movements of intangible assets

million CHF	Goodwill	Other	Total
Cost			
As per December 31, 2006	**244**	**60**	**304**
Additions		17	**17**
Disposals		–8	**–8**
Adjustment purchase price allocation EDC Inc		7	**7**
Other changes, reclassifications		–1	**–1**
Translation adjustment	4	2	**6**
As per December 31, 2007	**248**	**77**	**325**
Additions		4	**4**
Disposals		–3	**–3**
Changes in scope of consolidation	75	45	**120**
Other changes, reclassifications		1	**1**
Translation adjustment	–13	–8	**–21**
As per December 31, 2008	**310**	**116**	**426**
Accumulated amortization			
As per December 31, 2006		**–43**	**–43**
Additions		–7	**–7**
Disposals		8	**8**
Changes in scope of consolidation			
Other changes, reclassifications			
Translation adjustment		–1	**–1**
As per December 31, 2007		**–43**	**–43**
Additions		–14	**–14**
Disposals		3	**3**
Changes in scope of consolidation		2	**2**
Impairment Goodwill	–32		**–32**
Other changes, reclassifications			
Translation adjustment		4	**4**
As per December 31, 2008	**–32**	**–48**	**–80**
Carrying amount			
As per December 31, 2007	**248**	**34**	**282**
As per December 31, 2008	**278**	**68**	**346**

Goodwill positions refer to individual Cash Generating Units (CGU). These are either Corporate Groups in total, several companies grouped together in so-called Business Units, e.g. Technology Units, or individual legal entities. The classification is as follows:

million CHF	Discount rate	2008	2007
GF Piping Systems			
Central Plastics Group	8%	72	
Others[1]	8%	43	45
Total		**115**	45
GF Automotive			
Technology Unit Die Casting	9.1%	63	103
Total		**63**	103
GF AgieCharmilles			
GF Agie Charmilles Group	8%	29	29
Division Milling	8%	38	38
Division System 3R	8%	28	28
Others	8%	5	5
Total		**100**	100
Total Corporation		**278**	248

1 The other goodwill positions of GF Piping Systems are the sum of different positions resulting from the acquisitions of companies. 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 value in use thereby is determined based on future discounted cash flows.

As a basis for the calculation, mid-term planning for a period of three to five years is 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 judgements 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 Corporate Groups. The underlying projections are therefore calculated using average EBITDA growth rates for the mid-term planning period, based on the latest market estimates. For the subsequent period, zero growth is assumed. By applying the "Capital Asset Pricing Model" a Group-specific rate for the cost of capital was calculated for each Corporate Group:

	2008	2007
GF Piping Systems	7%	8%
GF Automotive	9%	8%
GF AgieCharmilles	8%	8%

Based on these rates a risk premium was applied for single CGUs.

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.

The impairment tests as of closing date showed that the goodwill-value the CGU Technology Unit Die Casting is not supported in total by the test anymore. Consequently an impairment loss of CHF 32 million is recognized as part of the amortization in the income statement. This is an implication of the harsh reduction in demand of the automotive industry since October 2008. The impairment tests of all other CGUs support the carrying amounts of the respective goodwill positions.

Additionally sensitivity analyses were performed and showed the following results:

In the CGU Technology Unit Die Casting a reduction of the growth rate of perpetuity to –1% would lead to a further impairment loss of CHF 22 million. An increase of the discount rate by 0.5 %-points would lead to a further impairment loss of CHF 14 million.

The impairment test of the Central Plastics Group, acquired during the fiscal year 2008, resulted in a value in use which exceeds the carrying amount of the net assets by CHF 39 million. An increase of the discount rate by 1.35%-points or a reduction of the growth rate of perpetuity to –2.35% would lead to a value in use that just covers the carrying amount of the net assets also without recognition of the intangible assets with indefinite useful life (brand name).

Within GF Piping Systems the value in use of a Corporate Subsidiary exceeds the carrying amount of the net assets by CHF 10 million. This carrying amount contains a goodwill in the amount of CHF 11 million. By increasing the discount rate by 1%-point to 9% in combination with a reduction of the growth rate of perpetuity from 0% to –0.5%, the carrying amount would just be covered by the value in use.

The value in use of the Division System 3R exceeds the carrying amount of the net assets by CHF 6 million. The goodwill included in the carrying amount is CHF 28 million. An increase of the discount rate by 0.75%-points to 8.75% or a reduction of the growth rate of perpetuity from 0% to –1% would lead to a value in use that just covers the carrying amount of net assets.

In the opinion of management, there are no further realistically expectable, possible changes to the applied key assumptions that may result in the carrying amounts of goodwill exceeding the respective recoverable amounts. This excludes unforeseen circumstances.

The other intangible assets in the amount of CHF 68 million consist mainly (CHF 47 million) of assets identified in the purchase price allocation for the acquisitions of JRG Gunzenhauser AG and Central Plastics LLC. With the exemption of the brandname of Central Plastics (see note 2), for which an indefinite useful life was defined, these intangible assets are amortized over a useful life of 1 to 11 years. The remaining intangible assets in the amount of CHF 21 million consist mainly of land-use rights and software licenses for ERP-Systems and are amortized over a useful life of 3 to 50 years.

5 Investments in associates

The investments included are:

- Wibilea AG, Neuhausen (formerly: Berufsbildungszentrum SIG Georg Fischer AG, Neuhausen)
- Eisenbergwerk Gonzen AG, Sargans
- Mecartex SA, Losone
- Giessereiservice Leipzig GmbH, Leipzig

The share of their result is insignificant.

6 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 the marked values of the bonds see note 14.

million CHF	**2008**	2007
Cash and cash equivalents (without fix-term deposits)	**226**	240
Fix-term deposits	7	148
Other financial assets	4	8
Trade accounts receivable	566	737
Other accounts receivable[1]	55	43
Loans and receivables	**632**	936
Foreign currency forward rate contracts	14	2
Marketable securities	3	5
Financial assets at market value through profit or loss	**17**	7
Bank liabilities	372	226
Trade accounts payable	388	454
Bonds	374	373
Other current / non-current liabilities	276	302
Liabilities stated at amortized cost	**1 410**	1 355

1 The balance sheet item other accounts receivable contains tax credits of CHF 50 million (previous year: CHF 54 million), which do not lie in the scope of application of IAS 39 and thus are not recognized in this table.

The carrying amount of the securities and listed minority participations recognized at their fair value is determined on the basis of the share prices on the balance sheet date. The carrying amount of unlisted minority participations of less than 20% is based on a prudent estimate of the present value of the anticipated cash flows. The carrying amount of the foreign currency forward rate contracts on the balance sheet is determined by the difference between the contract value and the market value at balance sheet date.

7 Other financial assets

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

CHF 2 million of the long-term loans fall due in the next three years and CHF 1 million at a later date. CHF 2 million were lent in Brazilian reais and CHF 1 million in Swiss francs. The interest rate for the loans granted in Brazil in local currency is 28%. For the loans granted in CHF, interest rates between 2.5% and 3% have been agreed.

The long-term loans in Brazil are receivables from customer financing activities.

8 Deferred tax assets

Deferred tax assets amount to CHF 55 million net (previous year: CHF 46 million). As per December 31, 2008 tax loss carryforwards of CHF 72 million were activated resulting in a deferred tax asset of CHF 19 million (previous year: CHF 11 million). For further information see notes 15 and 30.

9 Assets held for sale

At balance sheet date assets held for sale amount to CHF 4 million (previous year: CHF 4 million). This concerns an operating property held for sale. The sale of this asset has been decelerated, but will be executed until end of 2009 according to assumptions of the Executive Committee.

10 Inventories

million CHF	**2008**	2007
Raw materials and components	323	256
Work in progress	182	152
Finished goods, goods held for trading	474	424
Gross value inventories on hand	**979**	832
Valuation allowances	–149	–120
Carrying amount inventories on hand	**830**	712
Prepayments to suppliers	13	19
Prepayments received from customers	–42	–22
Inventories	**801**	709

11 Trade accounts receivable

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

million CHF	**2008**	2007
Gross values	**592**	760
Individual value adjustments	–7	–4
Overall value adjustments	–19	–19
Net values	**566**	737
European Union	349	490
thereof Germany	132	188
thereof Eastern Europe	22	26
Other European countries	36	37
thereof Switzerland	24	27
Northern America	42	41
Central and Southern America	21	29
Asia	105	112
thereof China	30	34
Other countries	13	28
Total	**566**	737

At the balance sheet date the ageing structure of the trade receivables, which are not subject to individual value adjustments, was as follows:

million CHF	2008 Receivables	2008 Value adjustments	2007 Receivables	2007 Value adjustments
Not yet due	446	1	597	1
1 to 30 days overdue	59	1	71	1
31 to 90 days overdue	42	1	46	
91 to 180 days overdue	17	3	18	3
More than 180 days overdue	21	13	24	14
Total	**585**	**19**	756	19

Value adjustments on trade accounts receivable have changed as follows:

million CHF	2008	2007
Individual value adjustments		
As per January 1	4	3
Increase / decrease	3	1
As per December 31	**7**	4
Overall value adjustments		
As per January 1	19	22
Increase / decrease		–3
As per December 31	**19**	19

The individual value adjustments amounted to CHF 7 million (previous year: CHF 4 million). It is assumed that part of the underlying receivables will eventually 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 22.

12 Income taxes receivable

Of the income taxes receivable CHF 7 million relate to Switzerland, CHF 7 million to Germany, CHF 6 million to Austria, CHF 1 million to Italy and CHF 1 million to other countries.

13 Other accounts receivable

million CHF	2008	2007
Tax receivables (excl. income tax receivables)	50	54
Other current accounts receivable	28	23
Prepaid expenses and accrued income	27	20
Total	**105**	97

14 Bonds

million CHF	Issuing currency	Nominal value	Market value	Effective interest rate	2008	2007
Bonds (Georg Fischer Ltd)						
3 1/2% 1999–2009 (February 5)	CHF	200	200	4.0%	200	199
3 1/2% 2004–2010 (September 15)	CHF	175	177	3.8%	174	174
Total		**375**	**377**		**374**	373

(see also note 19)

The amount issued under the 3 1/2% bond 2004–2010 can be increased at any time.

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15 Deferred tax assets and liabilities

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

million CHF	Tax assets	Tax liabilities	**2008 net**	2007 net
Investment properties		5	5	3
Property, plant and equipment for own use	4	36	32	25
Intangible assets	7	21	14	5
Tax loss carryforwards	19		–19	–11
Inventories	11	24	13	5
Provisions	9	8	–1	3
Other interest-bearing liabilities	1		–1	
Other non-interest-bearing liabilities	24	5	–19	–24
Other balance sheet items	3	11	8	4
Total	**78**	**110**	**32**	10
Offsetting	–23	–23		
Deferred tax assets / liabilities	**55**	**87**	**32**	10

In compliance with the exception of IAS 12 revised, no deferred taxes are recognized on investments in subsidiaries. Deferred taxes on temporary differences are calculated on a gross basis and accounted for net at subsidiary level, which results in an offset of CHF 23 million (previous year: CHF 28 million).

16 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Other provisions	**Total 2008**	Total 2007
As per January 1	42	37	18	22	119	104
Reclassifications		–1	1			
Increase	32	20	14	11	77	60
Use	–16	–29	–4	–3	–52	–28
Release	–3		–3	–4	–10	–17
Changes in scope of consolidation	27				27	
Translation adjustment	–4	–3	–1		–8	
As per December 31	**78**	**24**	**25**	**26**	**153**	119
thereof current	42	23	3	9	77	57
thereof non-current	36	1	22	17	76	62

Provisions are classified as follows: Warranties on serial products (machines, consumables, etc.), onerous contracts (when costs of meeting the contractual obligations exceed the expected economic benefits), legal cases and other provisions.

The category onerous contracts contains a provision in the amount of CHF 3.4 million, which is discounted over a remaining period of 9 years with an interest rate of 9% and shown with its discounted present value of CHF 2.3 million. The non-current provisions are anticipated to result in a cash outflow within 2–3 years. Due to this maturity structure all provisions but the one mentioned above are not discounted.

About one third of the warranty provisions (CHF 28 million) result from indemnity claims addressed to various companies of GF Automotive. Another third (CHF 29 million) of the warranty provisions are shown under GF Piping Systems. Thereof CHF 25 million result from claims, arisen before the purchase of the JRG Gunzenhauser Group, which are now due to the acquisition recognized in the consolidated figures.

Provisions shown under the category onerous contracts have been reduced by CHF 14 million compared to previous year.

Provisions built under the category legal cases can be split in several individual cases of the various Corporated Groups, with an impact of less than CHF 5 million per case.

The category other provisions contains provisions in the amount of CHF 6 million related to the planned rightsizing of the organization and the focusing of its production. The remaining provisions under this category relate to employee benefit risks as well as to environmental and similar obligations.

17 Employee benefits

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

Defined benefit obligations and plan assets as of closing date:

million CHF	Funded plans	Unfunded plans	**2008 Total**	Funded plans	Unfunded plans	2007 Total
Fair value of plan assets as per December 31	**1 341**		**1 341**	1 319		1 319
Restatement first time adoption IFRIC 14				–2		–2
Fair value of plan assets as per January 1	**1 341**		**1 341**	1 317		1 317
(+) Expected return on plan assets	61		61	52		52
(+) Employer contributions	22		22	27		27
(+) Employees' contributions	14		14	13		13
(–) Benefits paid	–77		–77	–69		–69
Actuarial (+) gains / (–) losses, net	–254		–254	1		1
(+/–) Plan amendments				1		1
(+/–) Changes in scope of consolidation	101		101			
(+/–) Translation adjustment	–27		–27	–1		–1
Fair value of plan assets as per December 31	**1 181**		**1 181**	1 341		1 341
Present value of defined benefit obligations as per January 1	**–1 218**	**–226**	**–1 444**	–1 255	–238	–1 493
(–) Current service cost, net of employees' contributions	–21	–7	–28	–18	–14	–32
(–) Employees' contributions	–14		–14	–13		–13
(–) Past service cost				–3		–3
(–) Interest cost	–43	–10	–53	–36	–10	–46
Actuarial (+) gains / (–) losses, net	54	20	74	39	26	65
(+) Benefits paid	77	16	93	69	15	84
(+/–) Plan amendments	1	1	2			
(+/–) Changes in scope of consolidation	–81	2	–79			
(+/–) Translation adjustment	26	21	47	–1	–5	–6
Present value of defined benefit obligations as per December 31	**–1 219**	**–183**	**–1 402**	–1 218	–226	–1 444
Pension liability (–) / asset (+), total	**–38**	**–183**	**–221**	123	–226	–103

million CHF	Funded plans	Unfunded plans	2008 Total	Funded plans	Unfunded plans	2007 Total
Unrecognized cumulative actuarial losses (+) / gains (–), net	**30**	**–10**	**20**	–127	10	–117
Recognized pension liability (–) / asset (+), net	**–8**	**–193**	**–201**	–4	–216	–220
Recognized on the balance sheet as follows:						
Other financial assets				1		1
Liabilities for employee benefits:						
Current loans payable	–1	–42	–43		–48	–48
Other non-current employee benefit obligations	–7	–151	–158	–5	–168	–173
Recognized pension liability (–) / asset (+), net	**–8**	**–193**	**–201**	–4	–216	–220
Movements of recognized pension liability (–) / asset (+)						
Recognized pension liability (–) / asset (+) December 31	**–4**	**–216**	**–220**		–204	–204
Restatement first time adoption IFRIC 14				–2		–2
Recognized pension liability (–) / asset (+) as per January 1	**–4**	**–216**	**–220**	–2	–204	–206
(–) Cost of defined benefit plans, net	–22	–16	–38	–9	–22	–31
(+) Employer contributions	22		22	27		27
(–) Unrecognized additional contributions				–19		–19
(+) Benefits paid		16	16		15	15
(+/–) Changes of loans payable				1		1
(+/–) Changes in scope of consolidation		2	2			
(+/–) Translation adjustment and other effects	–4	21	17	–2	–5	–7
Recognized pension liability (–) / asset (+) as per December 31	**–8**	**–193**	**–201**	–4	–216	–220

Based on a present value of defined benefit obligations of CHF 1,402 million and a fair value of plan assets of CHF 1,181 million the Corporation's defined benefit plans report a total net pension liability of CHF 221 million. This liability is composed of defined benefit obligations in the amount of CHF 183 million related to unfunded plans – mainly in Germany and Austria – and defined benefit obligations related to funded plans of CHF 38 million – mainly from Swiss pension plans. Considering the recognized pension liability in the amount of CHF 201 million, the total unrecognized actuarial loss amount to CHF 20 million. In the previous year an unrecognized actuarial gain in the amount of CHF 117 million was disclosed. Compared to the previous year, the changes are mainly originated by lower fair values of plan assets.

The expected employer contributions for defined benefit plans for the next year are CHF 24 million.

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 liable.

Analysis of employee benefit costs:

million CHF	2008	2007
Cost of defined benefit plans		
(+) Current service cost for length of service	3	2
(+) Current service cost for defined benefit plans	38	43
(+) Past service cost		3
(+) Interest cost	53	46
(–) Expected return on plan assets[1]	–61	–52
(+) Actuarial loss recognized		2
(+) Early retirements, curtailments, settlements	–1	
(+/–) Adjustment for limit on net asset (IFRIC 14)	20	
Cost of defined benefit plans, gross	**52**	44
(–) Less employees' contributions	–14	–13
Cost of defined benefit plans, net	**38**	31
(+) Unrecognized additional employer contributions		19
Cost of defined benefit plans	**38**	50
Cost of defined contribution plans	**4**	3
Employee benefit costs	**42**	53

1 In the year under review the average actual return on plan assets equals –16.4 % (previous year: 3.3 %).

Actuarial assumptions[1]:

in %	2008	2007
Discount rate	4.1	3.4–5.8
Expected return on plan assets	4.3	4.0–6.0
Expected salary increase rate	2.1	1.5–4.0
Expected pension increase rate	0.6	0.3–3.0

1 In the year 2008 weighted average rate

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 long-term historical performance of the asset categories of each defined pension plan with funded status.

Funding of defined benefit obligations and effect of experience adjustments:

million CHF	2008	2007	2006
Fair value of plan assets	1 181	1 341	1 319
Present value of defined benefit obligations	–1 402	–1 444	–1 493
Pension liability (–) / asset (+)	**–221**	–103	–174
Difference between expected and actual return on plan assets	–254	1	46
Actuarial adjustments on plan liabilities	9	–12	–27

The weighted average asset allocation of funded defined benefit plans:

in %	Long-term target	2008	2007
Equity securities	20–35	22	27
Debt securities	30–50	41	43
Real estate	10–30	23	19
Other financial assets	0–20	14	11
Total		**100**	100

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

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

Implications of the first-time application of IFRIC 14

IFRIC 14, "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction", was introduced on January 1, 2008. This resulted in a minor revision of the figures for the previous year, whereby the transitional effects as of January 1, 2007 were recognized against retained earnings. As of that date, the application of IFRIC 14 resulted due to the decapitalization of prepaid employer contributions for Swiss pension plans in changes in balance sheet, statement of changes in equity and cash flow statement for the financial year 2007. The previous year statements were adjusted as shown below to reflect the subsequent effects.

Balance sheet:

million CHF	January 1, 2007	December 31, 2007
Other financial assets	–2.2	–2.2
Deferred tax assets	+0.4	+0.4
Equity	**–1.8**	**–1.8**

18 Other current liabilities

million CHF	**2008**	2007
Social security	20	20
Overtime, holiday, bonuses and profit-sharing	81	102
Other non-interest-bearing liabilities	44	28
Other interest-bearing liabilities	4	7
Accrued expenses and deferred income	111	109
Total	**260**	266

19 Interest-bearing liabilities

In the year under review net debt increased from CHF 264 million to CHF 546 million. The considerable growth is particularly due to acquisitions with a total amount of CHF 209 million. At the end of June the distribution of profit was made in form of a par value repayment of CHF 25 per share, corresponding to a payoff in the amount of CHF 100 million.

The interest-bearing liabilities are composed as follows:

million CHF	within 1 year	up to 5 years	Maturity over 5 years	**2008**	2007
Bank liabilities (at fixed interest rates)	262	63	20	345	37
Bank liabilities (at variable interest rates)		27		27	189
Bonds (at fixed interest rates)	200	174		374	373
Employee benefit liabilities (loans)	43			43	48
Other interest-bearing liabilities	4	2	1	7	10
Total	**509**	**266**	**21**	**796**	657

The effective interest rate for liabilities with banks amounts to 4.3% (previous year: 5.2%). The reduction results from the increased raising of lower interested loans in CHF.

Georg Fischer has the following syndicated loan at its disposal:

Debitors	Term	Credit	thereof utilized
Georg Fischer Ltd / Georg Fischer AG & Co / Georg Fischer Finanz AG	2006–2013	CHF 200 million	CHF 0 million

The credit includes financial covenants such as net debt ratio (calculated as the ratio of net debt to EBITDA) and interest-cover ratio (calculated as the ratio of interest expenses to EBITDA). As per December 31, 2008 Georg Fischer complied with all financial covenants. For the contract an extention option was exercised and accepted by banks in the year under review. The contract duration of the loan was extended by one year and ends in the year 2013. As per December 31, 2008 the loan has not been used.

According to market practice, the bonds issued in the market are subject to cross default clauses, whereby the outstanding amounts can fall due, if the company or one of the relevant corporate subsidiaries has to redeem a financial liability due to a breach of covenant.

On February 5, 2009 the 3 1/2 % bond 1999 – 2009 was redeemed. For this payment the unused syndicated was full used. To secure the medium term financing after the full use of the syndicated loan, some new loan agreements with a gross amount of CHF 60 million and maturities of 3 to 6 years have been negotiated by the end of December 2008. Additionally, further contracts in the amount of CHF 140 million and the same maturity have been signed in January 2009.

The interest-bearing liabilities also include loans payable towards defined benefit obligation in the amount of CHF 43 million (previous year: CHF 48 million).

20 Contingencies

Contingencies amount to CHF 16 million (previous year: CHF 17 million) and include obligations to take back leasing transactions entered into by third parties totalling CHF 11 million (previous year: CHF 9 million), as well as guarantees and securities granted to third parties of CHF 5 million (previous year: CHF 8 million).

21 Risk management

Enterprise Risk Management as a fully integrated risk management process was systematically applied in 2008 on all levels of the Corporation. The three Corporate Groups and the Corporate Management quarterly prepared a risk map elaborating on the most important 25 to 30 risks per group with regard to the topics markets, operations, management and resources as well as financials. 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.

During the year under review, the risk maps were presented to and discussed by the Executive Committee (twice) and the Board of Directors (once).

The following were identified as main risks: Having the three Corporate Groups doing various businesses in cyclical markets, having a relatively strong dependence on European markets and car manufacturers and having a large number of production sites located in high cost countries.

Clear measurements 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 Corporate Groups and the Corporation.

22 Financial risk management

The Board of Directors bears ultimate responsibility for the 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. In this work, the Audit Committee is supported by the Head of Finance and Controlling.

Owing to its business activities, Georg Fischer is exposed to various financial risks such as credit risk, market risk (including currency and interest rate 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 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 important, credit-worthy commercial institutions. As a general rule, the investments have a maturity of less than three months. Besides, subsidiaries hold current bank accounts.

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 geographical 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 geographical location, sector and past financial difficulties.

The maximum credit risk on financial instruments corresponds to the carrying amounts of the individual 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	**2008**	2007
Cash and cash equivalents	233	388
Other accounts receivable[1]	55	43
Trade accounts receivable	566	737
Other financial assets	4	8
Total	**858**	1 176

1 Without tax credits

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 subsidiary which holds these financial instruments.

million CHF	EUR	USD	CNY	2008 CHF	EUR	USD	CNY	2007 CHF
Loans to subsidiaries (without equity-like corporate loans)	22	129	2		90	74		
Other financial assets								
Trade accounts receivable	54	22	6		54	20	7	
Accounts receivable from subsidiaries	94	34		1	134	89	1	1
Other accounts receivable	2				1			
Cash and cash equivalents	21	14	1		25	16	1	1
Loans from subsidiaries	55	10	1	1	34	6	1	3
Bank liabilities (non-current)		7				6		
Other non-current liabilities					9			
Bank liabilities (current)	4	6			3	24		
Trade accounts payable	65	6		1	98	16		2
Accounts payable to subsidiaries	62	37		19	55	61	4	22
Other current liabilities	11	2	2		1	10	2	2
Foreign currency forward rate contracts	12	203			94	70		
Total currency exposure	**–16**	**–72**	**6**	**–20**	10	6	2	–27

A 10 % change in exchange rates at December 31, 2008 would have increased or decreased net income by the amounts listed below. 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 business transactions during the year, which do not lie in the scope of application of IFRS 7.

Sensitivity analysis 2008

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	0.6	6.9	2.4	0.6	0.8	0.2
Negative impact on income statement	–0.6	–6.9	–2.4	–0.6	–0.8	–0.2

A 1 % change in the euro, US dollar or Chinese renminbi exchange rates related to equity invested as per December 31, 2008 would have increased or decreased the Corporation's equity by CHF 10 million. Equity-like corporate loans to subsidiaries 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 currency futures as per the balance sheet date:

Foreign currency forward rate contracts:

million CHF	2008	2007
Contract value	245	200
Fair value[1]	14	2
Market value	**259**	202

1 Corresponds to the carrying amount recognized

Foreign currency forward rate contracts by currencies:

million CHF	2008	2007
EUR	12	94
USD	203	70
CAD	18	17
JPY	13	12
Others	13	9
Total	**259**	202

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. Hedge accounting as defined by IAS 39 was not applied. Therefore, a change in interest rates would not have any effect on the income statement.

Cash flow sensitivity analysis for financial instruments with variable interest rates:
A one percentage point increase in interest rates would have reduced net income by CHF 3.3 million (previous year: CHF 0.2 million). A reduction in the interest rate by the same percentage would have increased net income by the same amount. The assumption underlying 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 the event of more serious fluctuations. The total amount of unused credit lines as per December 31, 2008 was CHF 606 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 month	6 to 12 month	1 to 5 years	more than 5 years
2008						
Trade accounts payable	388	388	388			
Other current / non-current liabilities	276	276	260		10	6
Bonds	374	394	207	6	181	
Banks	372	393	229	44	99	21
Total	**1 410**	**1 451**	**1 084**	**50**	**290**	**27**

million CHF	Carrying amount	Contractual cash flows	up to 6 month	6 to 12 month	1 to 5 years	more than 5 years
2007						
Trade accounts payable	454	454	454			
Other current / non-current liabilities	302	302	265	1	29	7
Bonds	373	407	7	6	394	
Banks	226	240	163	23	54	
Total	**1 355**	**1 403**	**889**	**30**	**477**	**7**

23 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 for the risk.

The Corporation employs two ratios to monitor equity: the equity ratio and 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 on December 31, 2008 was 43%. As an industrial enterprise, Georg Fischer strives to have a strong balance sheet with a high proportion of equity. In the medium term, the Corporation aims for a slightly lower equity ratio for tax reasons. The medium term target for return on equity is between 16% and 18%.

The ratios are shown in the table below:

million CHF	**2008**	2007
Equity attributable to shareholders of Georg Fischer Ltd	1 356	1 495
Minorities	48	45
Equity	1 404	1 540
Total assets	3 291	3 393
Equity ratio	43%	45%
Average Equity	1 472	1 494
Net profit	69	245
Return on equity	5%	16%

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

The Board of Directors proposes the appropriation of retained earnings to the General Meeting. Georg Fischer pursues a result-oriented dividend policy and distributes about one third of the Corporation's consolidated net income to shareholders. This may be distributed either as a dividend or as a reduction in par value. The Board of Directors is proposing to the General Meeting the payout of a dividend in the form of a par value reduction for the 2008 fiscal year amounting to CHF 5 per share (previous year: CHF 25). Following the distribution, the par value of the Georg Fischer registered share will be CHF 20.

24 Leases

million CHF	**2008**	2007
Liabilities under leases up to 1 year		
Liabilities under leases 2 to 5 years		
Liabilities under leases over 5 years		
Finance leases (nominal values)		
Liabilities under leases up to 1 year	11	10
Liabilities under leases 2 to 5 years	23	19
Liabilities under leases over 5 years	18	13
Operating leases (nominal values)	**52**	42

In the year under review there are liabilities under finance leases in an amount of below CHF 0.5 million.

25 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 63 million (previous year: CHF 55 million), of which CHF 27 million relate to property, plant and equipment (previous year: CHF 23 million) and CHF 36 million to accounts receivable (previous year: CHF 32 million).

The assets are pledged or restricted on title to secure bank loans.

26 Other operating income

million CHF	2008	2007
Sales of material, waste and scrap	17	25
Income from insurance contracts	14	9
Income from services	11	11
Foreign exchange gains / losses	–3	5
Gains on acquisitions / divestitures	38	
Other remaining other operating income	29	23
Total	**106**	73

Other operating income includes the income from the divestment of Georg Fischer Verkehrstechnik GmbH, Singen in the amount of CHF 35 million.

27 Operating expenses

million CHF	2008	2007
External services[1]	251	231
Rent, leases	50	49
Utility services third parties	111	100
Selling costs, commissions	164	156
Advertisements, communication	109	113
Repair, maintenance	106	107
Other expenses	54	61
Total	**845**	817

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

The total Research and Development expenses for 2008 amount to CHF 143 million (previous year: CHF 144 million).

28 Personnel expenses

million CHF	2008	2007
Salaries and wages	901	882
Employee benefits	42	53
Social security	165	148
Total	**1 108**	1 083

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 4,284 shares (previous year: 4,172) were issued and recognized as personnel expenses at their market value of CHF 1.1 million (previous year: CHF 2.9 million).

29 Financial result

million CHF	2008	2007
Interest income	5	11
Release of the accrued gain from the sale of Coperion		5
Net gains on financial instruments at fair value through profit or loss		5
Net gains on financial instruments available for sale		
Financial income	**5**	21
Addition of accrued interest of bonds	1	1
Other interest expenses	36	39
Net losses on financial instruments at fair value through profit or loss	5	1
Net losses on financial instruments available for sale		
Other financial expenses	1	2
Financial expenses	**43**	43

Net losses on financial instruments at fair value through profit or loss include foreign exchange losses in the amount of CHF 3 million.

30 Income taxes

Income tax expenses can be analyzed as follows:

million CHF			2008	2007
	Tax rate reconciliation	thereof current taxes	thereof deferred taxes	
Profit before taxes	96			311
Tax expenses / income at the applicable tax rate of 8% (previous year: 30 %)[1]	8	14	–6	94
Non-deductible expenses / tax exempted income	1	–8	9	–12
Use of unrecognized tax loss carry forwards	–5	–5		–23
Effect of unrecognized tax loss carryforwards arising from current results	22	31	–9	4
Recognition of previously unrecognized tax loss carryforwards				–8
Depreciation of recognized tax loss carryforwards				2
Tax charges and credits relating to prior periods, net				7
Effect of change in tax rates				–1
Other effects	1	4	–3	3
Income tax expenses recognized	**27**	**36**	**–9**	66
Effective tax rate	28 %			21 %

1 Losses predominantly incurred in countries with higher tax rates and profits predominantly made in countries with lower tax rates resulted in a relatively low overall applicable tax rate of 8 % (previous year: 30 %).

The tax expenses of previous year consisted of CHF 78 million current tax expenses and CHF 12 million deferred tax income. The potential tax effect of dividends and other profit distributions varies from country to country and can not be reliably determined.

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

million CHF	**2008**	2007
Expiry unlimited	137	116
after 2011	79	55
2011	1	5
2010	2	3
2009	7	6
2008		1
Total unrecognized tax loss carryforwards	**226**	186
Potential tax relief effect	64	59

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 subsidiaries 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 64 million.

As per December 31, 2008 based on the above mentioned estimates, tax loss carryforwards of CHF 72 million were activated resulting in a deferred tax asset of CHF 19 million (previous year: CHF 11 million). Country-specific, tax-relevant regulations and opportunities were hereby respected.

31 Earnings per share

Earnings per share in the amount of CHF 14 (previous year: CHF 58) are 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 own shares). The weighted average number of shares amounted to 4,021,881 in 2008 (previous year: 4,027,875).

There has been no dilution of earnings per share in both the year under review and the the previous year.

32 Related parties

Related parties include members of the Executive Committee, the Board of Directors, employee benefit plans or important shareholders, as well as companies under their control. Transactions with related parties are generally conducted at arm's length.

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

The members of the Board of Directors received in the year under review 3,666 registered shares of Georg Fischer Ltd (par value CHF 25) with a market value of CHF 0.9 million (previous year: 1,668 registered shares with a market value of CHF 1.2 million). Additionally, the members of the Board of Directors received a cash compensation and other benefits of CHF 0.4 million (previous year: CHF 0.3 million). The total compensation of the Board of Directors is included in operating expenses.

The members of the Executive Committee received 1,344 Georg Fischer Ltd registered shares (par value CHF 25) with a market value of CHF 0.4 million (previous year: 1,250 registered shares, market value CHF 0.9 million) for the year under review. Additionally, the members of the Executive Committee received a cash compensation as well as social security and pension plan contributions of CHF 5.3 million (previous year: CHF 5.4 million) for the year under review. The total compensation of the Executive Committee is included in the personnel expenses (see note 28).

Apart from compensations to the Board of Directors and the Executive Committee and the ordinary contributions to the various employee benefit plans, there have been no material transactions with related parties.

Break down of the total compensation of the Board of Directors and the Executive Committee to the various expense categories:

1 000 CHF	**2008**	2007
Compensation	5 201	5 266
Employee benefit contributions	827	731
Social security	293	327
Share based compensation	635	1 499
Other long-term benefits		
Total compensation	**6 956**	7 823

Additional fees and remuneration. No member of the Executive Committee or 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 subsidiaries.

Loans to members of governing bodies. Neither Georg Fischer Ltd nor its corporate subsidiaries have granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors or to any person closely linked to them.

The detailed disclosure of compensation and participation of the Executive Committee or the Board of Directors as per Swiss law can be found in the financial statements of the Georg Fischer Ltd on pages 100 to 102.

33 Foreign exchange rates

			Average rates		Spot rates
		2008	2007	**2008**	2007
1	ARS	0.342	0.384	0.306	0.360
1	AUD	0.916	1.004	0.732	0.991
1	BRL	0.598	0.616	0.453	0.636
1	CAD	1.018	1.120	0.869	1.149
1	CNY	0.156	0.158	0.155	0.154
1	EUR	1.586	1.642	1.493	1.658
1	GBP	1.998	2.401	1.527	2.250
1	HKD	0.139	0.154	0.136	0.144
1	INR	0.025	0.029	0.022	0.029
1	MXN	0.098	0.110	0.077	0.103
1	MYR	0.325	0.349	0.310	0.340
1	NZD	0.769	0.885	0.612	0.867
1	SGD	0.765	0.796	0.734	0.784
1	TRY	0.837	0.920	0.695	0.967
1	USD	1.083	1.200	1.057	1.127
100	CZK	6.363	5.921	5.621	6.233
100	DKK	21.266	22.039	20.011	22.227
100	JPY	1.052	1.020	1.172	1.005
100	KRW	0.100	0.129	0.083	0.120
100	NOK	19.364	20.496	15.071	20.797
100	PLN	45.282	43.447	35.710	46.180
100	SEK	16.538	17.744	13.661	17.597
100	THB	3.279	3.712	3.013	3.767
100	TWD	3.431	3.651	3.208	3.467

34 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on February 13, 2009. They must also be approved at the Annual General Meeting.

Regarding the repayment of the 3½% bond 1999–2009 see note 19.

Due to warranty claims of JRG Gunzenhauser AG, Sissach, acquired as of October 1, 2008 Georg Fischer and the vendors of the company made an agreement on February 6, 2009 that could lead to a retroactive reduction of the purchase price.

There have been no other events between December 31, 2008 and February 13, 2009 that would require an adjustment to the carrying amounts of assets and liabilities or would need to be disclosed under this heading.

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 consolidated financial statements of Georg Fischer Ltd, Schaffhausen, which are presented on pages 59 to 93 and comprise the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and notes for the year ended December 31, 2008.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 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 December 31, 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

KPMG AG

Philipp Hallauer Licensed Audit Expert Auditor in Charge	François Rouiller Licensed Audit Expert

Zurich, February 13, 2009

Financial statements Georg Fischer Ltd

Balance sheet as per December 31, 2008

1000 CHF	Notes	2008	2007
Loans to subsidiaries		200 000	306 530
Investments		975 122	752 537
Non-current assets	(1)	**1 175 122**	1 059 067
Loans to subsidiaries		443 970	406 338
Other accounts receivable		552	1 677
Income taxes receivable		5 838	
Prepaid expenses and accrued income		8 309	2 221
Own shares	(3.4)	12 702	21 884
Other marketable securities		2 851	5 472
Cash and cash equivalents		31 505	147 688
Current assets	(2)	**507 727**	585 280
Assets		**1 680 849**	1 644 347
Share capital	(3.1)	102 522	205 045
Legal reserves		329 694	336 805
Special reserves		244 362	237 251
Retained earnings			
Available earnings carried forward		349 144	257 682
Net profit for the year		76 848	91 462
Equity	(3)	**1 102 570**	1 128 245
Non-current liabilities			
Bonds		175 000	375 000
Loans from third parties		2 090	2 078
Loans from subsidiaries			2 747
Provisions		88 003	102 408
Current liabilities			
Bonds		200 000	
Accounts payable to third parties		80 314	1 883
Accounts payable and loans to subsidiaries		22 773	6 707
Tax liabilities		802	16 176
Accrued expenses and deferred income		9 297	9 103
Liabilities	(4)	**578 279**	516 102
Liabilities and equity		**1 680 849**	1 644 347

Income statement for the year ended December 31, 2008

1000 CHF	Notes	2008	2007
Ordinary income from investments		122 640	67 184
Extraordinary income from dividend in kind		253 557	
Financial income		4 857	50 980
Income from services provided to subsidiaries		48 235	42 936
Other income		4 792	3 059
Income	(6)	**434 081**	164 159
Ordinary expenses for investments		9 377	4 319
Extraordinary depreciation on investment		50 000	
Extraordinary expense from dividend in kind		253 557	
Financial expenses		13 312	16 529
Cost of services provided by subsidiaries		2 876	3 252
External expenses		12 531	14 828
Personnel expenses		13 227	13 760
Income taxes		2 353	20 009
Expenses	(7)	**357 233**	72 697
Net profit for the year		**76 848**	91 462

Statement of changes in equity for the year ended December 31, 2008

1000 CHF	Share capital	General reserves[1]	Reserves for own shares[1]	Special reserves	Retained earnings	Equity
Balance as per December 31, 2006	**307 567**	**310 455**	**19 759**	**243 841**	**257 682**	**1 139 304**
Net profit for the year					91 462	91 462
Reduction in par value	–102 522					–102 522
Reclassification			6 590	–6 590		
Rounding difference			1			1
Balance as per December 31, 2007	**205 045**	**310 455**	**26 350**	**237 251**	**349 144**	**1 128 245**
Net profit for the year					76 848	76 848
Reduction in par value	–102 522					–102 522
Reclassification			–7 111	7 111		
Rounding difference	–1					–1
Balance as per December 31, 2008	**102 522**	**310 455**	**19 239**	**244 362**	**425 992**	**1 102 570**

1 Legal reserves

Notes

1 Non-current assets

Direct and indirect investments in subsidiaries, joint ventures, and associates of Georg Fischer Ltd included the companies listed on pages 105 to 109. They were valued at the lower of historical cost and market value. Compared to 2007, investments increased by roughly CHF 220 million due to the following:

- capital increases (Georg Fischer Holding NV, Epe; George Fischer Corporation, El Monte; Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan; Georg Fischer Automobilguss AG, Herzogenburg; George Fischer Sdn Bhd, Subang Jaya; Georg Fischer Piping Systems Pvt Ltd, Mumbai);
- acquisitions (JRG Gunzenhauser AG, Sissach; Alfa Plastics Inc, Brampton);
- incorporations of new corporate subsidiaries (Georg Fischer Piping Systems Co Ltd, Taiwan; Georg Fischer Piping Systems Ltd, Beijing; Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou);
- liquidations (Georg Fischer Finance Ltd, Hamilton; Georg Fischer Die Casting (Zhangjiagang) Co Ltd, Zhangjiagang);
- transfer to foreign country holding companies (Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg; Georg Fischer Fittings GmbH, Traisen).

In the course of implementing a new intercompany financing structure, 30 investments (29 investments of GF AgieCharmilles as well as a 48.7 % investment in George Fischer Corporation, USA) formerly held by Georg Fischer Finanz AG, Schaffhausen, were transferred to Georg Fischer Ltd. The transfer was executed on November 30, 2008 as an extraordinary dividend payment. The transaction in the amount of CHF 253.6 million took place at current book value without any tax implication (see note 6). The current book value of Georg Fischer Finanz AG was correspondingly adjusted by the same amount (see note 7).

The decrease in loans to corporate subsidiaries by roughly CHF 106 million was caused by the transfer of intercompany loans granted to foreign corporate subsidiaries from Georg Fischer Ltd to Georg Fischer Finanz Ltd. As of 2009, Georg Fischer Finanz AG acts as the financing company of the Corporation with regard to financing foreign corporate subsidiaries. The financing of Swiss corporate subsidiaries still remains in the responsibility of Georg Fischer Ltd. The financing policy of the Corporation according to which the activities of subsidiaries are whenever possible and suitable financed by corporate loans instead of local bank credit facilities, was retained during the year under review.

As of December 31, 2008 none of the loans to corporate subsidiaries were subordinated (previous year: CHF 54.7 million).

2 Current assets

The decrease in current assets during the year under review by roughly CHF 80 million mainly concerned cash and cash equivalents as well as other marketable securities. The income taxes receivable stand from prepayments of German income taxes for which Georg Fischer Ltd is liable (see note 7).

The securities were valued at December 31, 2008 at year-end stock market prices (see note 3.4 regarding own shares).

3 Equity

3.1 Share capital. The share capital decreased in comparison with 2007 due to the reduction of CHF 102,522,450 caused by the CHF 25 reduction in par value per registered share, which was decided by the General Meeting of March 19, 2008. The share capital as of December 31, 2008 comprised 4,100,898 registered shares with a par value of CHF 25 each. After deduction of registered shares with a par value of CHF 1.25 million, which remain at the disposal of the Board of Directors, total dividend-bearing nominal capital amounted to CHF 101,272,450.

3.2 Conditional capital. As of December 31, 2008 there was no conditional capital available (same as previous year).

3.3 Significant shareholders. According to a statement of BDS Beteiligungsgesellschaft AG, solely owned by Prof. Dr. Giorgio Behr, it held 6.36 % of voting rights as of November 27, 2008 in Georg Fischer Ltd. The package consists of 211,000 shares, equivalent to 5.15 % of share capital, and 50,000 options, equivalent to 1.21 % of share capital. As per December 2007, Credit Suisse Asset Management Funds, Zurich, held 156,537 registered shares of Georg Fischer Ltd, corresponding to 3.82 % of the voting rights.

3.4 Own Shares held by Georg Fischer Ltd and by Subsidiaries

	Number of registered shares	Total carrying amount 1000 CHF
Balance as per January 1, 2008	**25 192**	**17 599**
Purchases	57 105	26 555
Sales	–43 624	–22 032
Used for employee incentive programme and Board of Directors	–5 831	–4 064
Value adjustments		–10 139
Balance as per December 31, 2008, stated at fair market value (excluding registered shares at the disposal of the Board of Directors)	**32 842**	**7 879**
Registered shares at the disposal of the Board of Directors (stated at historical nominal value)[1]	50 000	5 000
Balance as per December 31, 2008 (including registered shares at the disposal of the Board of Directors)	**82 842**	**12 879**
Thereof recognized by Corporate Subsidiaries		177
Thereof recognized by Georg Fischer Ltd		12 702

1 No change to previous year.

4 Liabilities

A breakdown of the bonds is disclosed in note 14 to the consolidated financial statements on page 79.

On February 5, 2009 the 3 1/2% bond 1999–2009 has been redeemed. The refinancing will be secured with existing credit facilities.

Pension fund obligations at the end of the year 2008 amounted to CHF 0.6 million (previous year: CHF 0.4 million).

Tax liabilities as part of the current liabilities dropped in line with decreased tax liabilities in Germany. The reason for the decrease of this balance sheet position compared to the previous year is explained in note 7.

The rise of current liabilities was due to the need of financing acquisitions.

Due to the development of foreign currencies, provisions relating to foreign exchange loans granted to corporate subsidiaries had to be reduced by CHF 13 million (imparity principle).

Compared to the previous year, there were no significant changes with regard to other liability positions.

5 Contingent Liabilities

1000 CHF	**2008**	2007
Guarantees and pledges in favour of third parties		
Guaranteed maximum amount	**920 549**	877 964
thereof utilized	415 751	344 800

In comparison with the previous year, the guaranteed maximum amount and the amount utilized thereof increased by approximately CHF 40 million and CHF 70 million respectively due to the external borrowing of Georg Fischer Finanz AG.

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

6 Income

Due to the improved profitability of various subsidiaries in 2007, income from investments increased significantly in the period under review.

The transfer of investments of Georg Fischer Finanz AG to Georg Fischer Ltd caused an extraordinary dividend income in the amount of CHF 253.6 million (see note 1). The corresponding adjustment of the true value of the investment in Georg Fischer Finanz AG was executed as an extraordinary value reduction (see note 7).

Compared to 2007, financial income decreased mainly due to value adjustments on own shares and other marketable securities and foreign exchange losses on intercompany loans to corporate subsidiaries.

Based on stronger +GF+ brand relevant sales, the income from services provided to corporate subsidiaries increased compared to the previous year. This income mainly consists of license fees for using the +GF+ brand, levied since beginning of 2005.

7 Expenses

The extraordinary impairment of investments in the amount of CHF 50 million concerned a value adjustment of the investment in Georg Fischer Automobilguss AG, Herzogenburg.

The extraordinary expenses caused by the adjustment of the current book value of the investment in Georg Fischer Finanz AG was due to the extraordinary dividend payment made by this company (transfer of its investments to Georg Fischer Ltd).

The drop of income taxes mainly concerned Georg Fischer AG & Co, Singen. German income taxes in comparison with the previous year decreased due to weaker results of German subsidiaries, which are taxwise consolidated at the level of Georg Fischer AG & Co. Georg Fischer Ltd as partner of Georg Fischer AG & Co is liable for German income taxes.

8 Compensation and shareholdings

Compensation paid to the members of the Board of Directors 2008

	Compensation					
	Cash compensation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2008[4]**	Total compensation 2007[4]
	1 000 CHF	Pieces	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Martin Huber Chairman of the Board of Directors	218	100	24	16	258	285
Bruno Hug, Chairman Audit Committee Vice Chairman of the Board of Directors	112	100	24	8	144	231
Roman Boutellier Member Nomination Committee	51	100	24	8	83	129
Gerold Bührer Member Audit Committee	76	100	24	10	110	142
Flavio Cotti Member Compensation Committee	53	100	24	7	84	123
Ulrich Graf Member Compensation Committee / Audit Committee	74	100	24	10	108	141
Gertrud Höhler Member Nomination Committee	62	100	24	9	95	141
Rudolf Huber Chairman Audit Committee (as of April 1, 2008)	105	100	24	12	141	141
Kurt E. Stirnemann[5] Member of the Audit Committee (as of April 1, 2008)	65	100	24	10	99	118
Zhiqiang Zhang Member Board of Directors	92	100	24	10	126	174
Total	**908**	**1 000**	**240**	**100**	**1 248**	1 625

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 December 30, 2008. For 2008, compensation amounting to CHF 640 thousand was drawn in the form of shares; on the basis of a share price of CHF 239.90, the number of shares allocated was 2,666. Furthermore, these shares may be vested for a period of five years.
2 The share-related compensation consists in the allocation of a fixed number of shares. It is possible to vest the allocated shares for a period of 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 239.90 on December 30, 2008.
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 55 thousand (previous year: CHF 71 thousand).
5 Excluding compensation as Chief Executive Officer which is included in the compensation to the members of the Executive Committee.

Compensation paid to the members of the Executive Committee 2008

	Fixed salary in cash	Bonus in cash[1]	Share-related compensation[2]		Pension and social insurance funds[3]	**Total compensation 2008[4]**	Total compensation 2007[4]
	1000 CHF	1000 CHF	Pieces	1000 CHF	1000 CHF	**1000 CHF**	1000 CHF
Executive Committee[5]	3 005	1 188	1 344	395	1 065	5 653	6 129
of whom							
Yves Serra, Head of GF Piping Systems until March 19, 2008, CEO as of March 20, 2008 (highest individual salary)	572	260	428	103	201	1 136	1 792

1 The bonus is based on a bonus plan. The amount is determined by the fulfilment of personal performance objectives and by the financial results of the Corporate Group and the Corporation. The bonus for the 2008 financial year was approved by the Board of Directors on February 13, 2009. Payment will be made in 2009.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated, which is vested 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 239.90 on December 30, 2008. Shares will be transferred in 2009.
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.
5 The compensation comprises also the remuneration to two members who left the Executive Committee in the reporting year.

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

Related persons and companies are 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 December 31, 2008
Martin Huber	Chairman of the Board of Directors	8 587
Bruno Hug	Vice Chairman of the Board of Directors, Chairman Audit Committee (until March 30, 2008)	2 742
Roman Boutellier	Member Nomination Committee	1 458
Gerold Bührer	Member Audit Committee	1 722
Flavio Cotti	Member Compensation Committee	1 811
Ulrich Graf	Member Compensation Committee / Audit Committee	1 176
Gertrud Höhler	Member Nomination Committee	1 355
Rudolf Huber	Chairman Audit Committee (as of April 1, 2008)	2 182
Kurt E. Stirnemann	Member Audit Committee (as of April 1, 2008)	3 121
Zhiqiang Zhang	Member Board of Directors	866
Total Directors		**25 020**

When registered shares are transferred as part of the compensation, they may be vested for five years at the Director's discretion.

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as per December 31, 2008
Yves Serra	President and CEO	750
Roland Abt	CFO, Head of Corporate Finance and Controlling	751
Josef Edbauer	Head of GF Automotive	222
Michael Hauser	Head of GF AgieCharmilles	84
Jürg Krebser	Delegate of the CEO for Corporate Projects	661
Pietro Lori	Head of GF Piping Systems	354
Ernst Willi	Head of Corporate Development	967
Executive Committee		**3 789**

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

Neither Georg Fischer Ltd nor its corporate subsidiaries 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 such option rights.

In 2008, 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 in 2008 systematically applied as part of the corporate wide activities. The quarterly risk maps prepared by the Corporate Management also included 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 measurements. 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).

The following were identified as main risks: Currency risks in relation to corporate loans and the sustainability of the value of investments in corporate subsidiaries.

Clear measurements 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 the strategic targets of the Corporation.

10 Events after the Balance Sheet Date

On February 5, 2009 the 3½% bond 1999–2009 was redeemed. The refinancing was secured with existing credit facilities.

There were no further events between December 31, 2008 and February 13, 2009 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 663 b of the Swiss Code of Obligations.

Proposal by the Board of Directors of Georg Fischer Ltd for the appropriation of retained earnings 2008

1000 CHF	**2008**	2007
Net profit for the year	76 848	91 462
Earnings carried forward	349 144	257 682
Retained earnings	**425 992**	349 144
Proposal by the Board of Directors:		
Dividend payment [1]	0	0
To be carried forward	**425 992**	349 144

1 The Board of Directors is proposing to the General Meeting, to be held on March 18, 2009 a reduction in par value of CHF 5 to CHF 20 per registered share.

Schaffhausen, February 13, 2009

For the Board of Directors
The Chairman

Martin Huber

Martin Huber

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 financial statements of Georg Fischer Ltd, which are presented on pages 95 to 102 and comprise the balance sheet, income statement, statement of changes in equity and notes for the year ended December 31, 2008.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

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

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

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

KPMG AG

Philipp Hallauer
Licensed Audit Expert
Auditor in Charge

François Rouiller
Licensed Audit Expert

Zurich, February 13, 2009

Affiliated companies

Affiliated Companies

Country	CG	Company		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
	PS	JRG Gunzenhauser GmbH, Wiener Neustadt	EUR	0.1	100	C	S
	AU	Georg Fischer Automobilguss AG, 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 GmbH & Co KG, Gleisdorf	EUR	2.0	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, 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
	PS	JRG Gunzenhauser GmbH, Lörrach	EUR	0.5	100	C	S
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12.8	100	C	P
	AU	Georg Fischer Druckguss GmbH, Singen	EUR	2.5	100	C	M
	AU	Georg Fischer GmbH & Co KG, Mettmann	EUR	17.9	100	C	P
	AU	Georg Fischer GmbH, Friedrichshafen	EUR	0.4	100	C	P
	AU	Georg Fischer GmbH, Garching/München	EUR	1.0	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 Verwaltungs-GmbH, Mettmann	EUR	0.1	100	C	M
	AU	Giessereiservice Leipzig GmbH, Leipzig	EUR	0.1	40	E	P
	AC	Agie Charmilles Holding GmbH, Fellbach	EUR	5.1	100	C	H
	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

1 Directly held by Georg Fischer Ltd

Country	CG	Company		Share capital million	Participation %	Consolidation	Function
Europe							
Italy	CM	Georg Fischer Holding Srl, Castelmaggiore	EUR	1.5	100	C	H
	PS	Georg Fischer TPA Srl, Castelmaggiore	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	0.1	100	C	S
Norway	PS	Georg Fischer AS, Rud[1]	NOK	1.0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa[1]	PLZ	3.1	100	C	S
	AC	Agie Charmilles Sp.z.o.o., Warszawa[1]	PLZ	1.3	100	C	S
Spain	PS	Georg Fischer SA, Madrid[1]	EUR	1.5	100	C	S
	AC	Agie Charmilles SA, Sant Boi de Llobregat-Barcelona[1]	EUR	2.7	100	C	S
Sweden	PS	Georg Fischer AB, Aelvsjö-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 Ltd, Schaffhausen	CHF	102.5		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	12.0	100	C	M
	CM	Georg Fischer Risk Management AG, Schaffhausen[1]	CHF	0.5	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10.0	100	C	M
	PS	Georg Fischer Haustechnik AG, Schaffhausen[1]	CHF	4.0	100	C	P
	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 Wavin Finanzierungs AG, Schaffhausen[1]	CHF	2.3	60	C	M
	PS	JRG Gunzenhauser AG, Sissach[1]	CHF	1.8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1.0	100	C	M
	AU	Georg Fischer Trading AG, Schaffhausen[1]	EUR	0.1	100	C	M
	AU	Georg Fischer Engineering AG, Schaffhausen[1]	CHF	0.1	100	C	M
	AC	Agie AG, Losone[1]	CHF	10.0	100	C	P
	AC	Agie Charmilles SA, Meyrin[1]	CHF	3.6	100	C	S
	AC	Agie Charmilles International SA, Meyrin[1]	CHF	4.0	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	Charmilles 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	97	C	P

1 Directly held by Georg Fischer Ltd

Country	CG	Company		Share capital million	Participation %	Consolidation	Function
Near East							
Turkey	AC	Agie Charmilles Makine Tic Ltd Sti, Istanbul[1]	TRY	1.0	100	C	S
	AC	System 3R Türkiye Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0.1	100	F	S
America							
Argentina	PS	Georg Fischer Central Plastics SA, Buenos Aires	ARS	0.1	100	C	S
Bermudas	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0.1	100	C	M
Brazil	PS	George Fischer Ltda, São Paulo[1]	BRL	1.7	100	C	S
	AC	Agie Charmilles Ltda, São Paulo[1]	BRL	60.9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Brampton[1]	CAD	0.1	100	C	S
	AU	Georg Fischer Inc, Montreal[1]	CAD	2.5	100	C	P
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0.1	100	C	S
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	George Fischer Sloane Inc, 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 Connectra LLC, Gainesville, TX	USD	0.5	100	C	P
	AC	Agie Charmilles LLC, Lincolnshire, IL	USD	0.1	100	C	S
	AC	System 3R USA LLC, Chicago, IL	USD	0.6	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	6.8	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	43.6	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co, Ltd, Shenzhen[1]	CNY	45.0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp, Ltd, Sichuan[1]	CNY	31.6	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	35.3	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	19.8	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	31.6	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
	PS	Central Plastics Co Ltd, Tianjin	CNY	9.3	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	177.5	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	125.6	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

1 Directly held by Georg Fischer Ltd

Country	CG	Company		Share capital million	Participation %	Consolidation	Function
Asia / Australia							
China	AC	Agie Charmilles China (HK) Ltd, Hongkong[1]	HKD	0.5	100	C	S
	AC	Agie Charmilles China (Shanghai) 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	9.8	100	C	P
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	AC	Agie Charmilles Korea Co Ltd, Seoul[1]	KRW	975.0	100	C	S
Malaysia	PS	George Fischer Sdn Bhd, Subang Jaya[1]	MYR	7.0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington	NZD	0.1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	1.0	100	C	S
	AC	Agie Charmilles (SEA) 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 Piping Systems Co Ltd, Taiwan[1]	TWD	1.0	100	C	S
	AC	Charmilles Technologies Co 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

CG = Corporate Group

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

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

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

Status as of December 31, 2008

1 Directly held by Georg Fischer Ltd

Index

Locally anchored, globally active

Europe

81 companies

Production plants
Austria, Germany, Italy, Netherlands, Sweden, Switzerland

Service and sales centers
Austria, Belgium, Czech Republic, Denmark, France, Germany, Great Britain, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland

Asia, Near East

38 companies

Production plants
China, India, Malaysia

Service and sales centers
China, Japan, Korea, Singapore, Taiwan, Thailand, Turkey

America

15 companies

Production plants
Canada, USA

Service and sales centers
Argentina, Bermudas, Brazil, Canada, Mexico, USA

Australia

3 companies

Service and sales centers
Australia, New Zealand

Corporate publications

Globe
Employee newspaper, German, English, French, Italian and Chinese, four times a year

Corporate Sustainability Report
German and English

Corporate Profile
Flyer, German and English

Annual Report
Annual Report of the Georg Fischer Ltd, German and English

Ferrum
Magazine of the iron library, German

Internet
You'll find continuously updated information about the Georg Fischer Corporation under www.georgfischer.com.

Publisher's information
Published by: Georg Fischer Ltd; **Edited by:** Georg Fischer Ltd, Corporate Development; **Editorial assistance:** Redaktionsbüro Sibylla Machens, Munich; Paul Croci; **Designed by:** BBF Schaffhausen, Zurich; **Photos by:** Theodor Stalder, Thema Fotografie GmbH, Zurich; Conor C. Quinn; **all other photos:** Georg Fischer and customers; **Translation:** bmp translations ag, Basel; **Printed by:** stamm+co. AG, Schleitheim

CORP 1004/4 (2.09)

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18 March 2009
Annual General Meeting
of the fiscal year 2008

17 July 2009
Publication of
mid-year report 2009

2 March 2010
Publication of
Annual Report 2009,
Media and Financial Analysts' Conference

24 March 2010
Annual General Meeting
of the fiscal year 2009

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