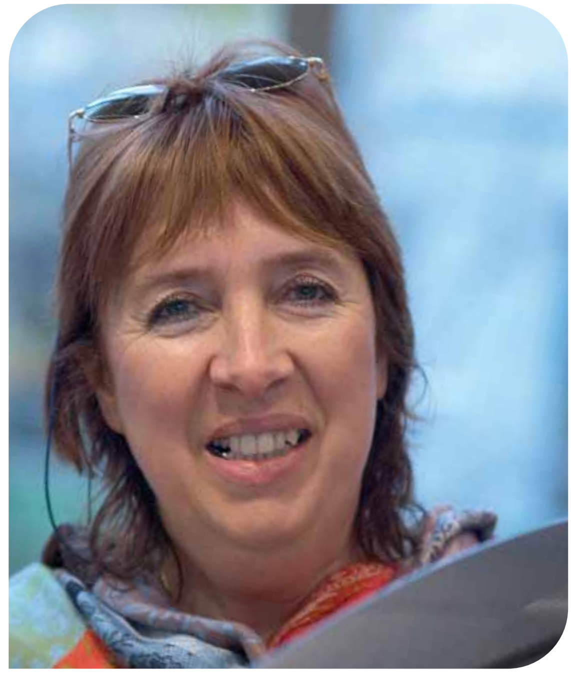
Adding Quality to People's Lives



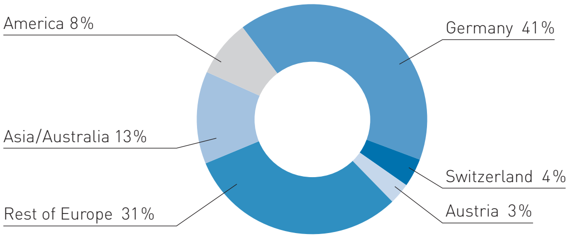
GEORG FISCHER

Content

At a glance

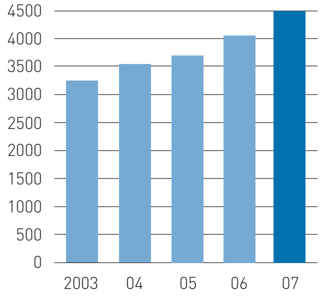
Sales 2007 by region (in %)

(100% = CHF 4.50 billion)



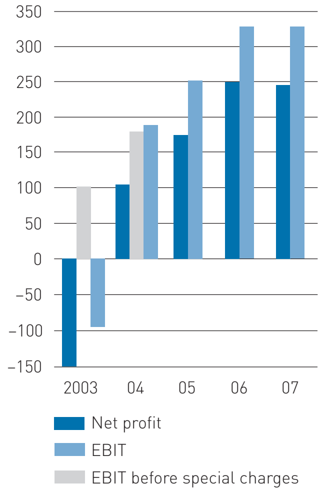
Sales 2003-2007

million CHF



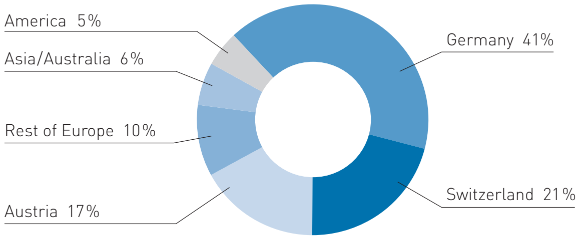
Results 2003-2007

million CHF



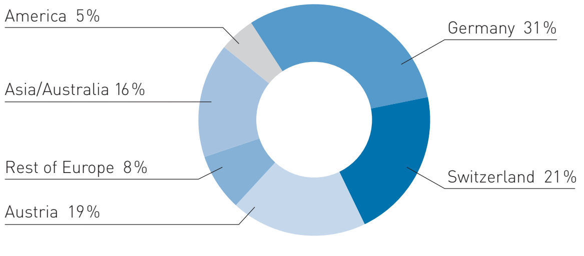
Gross value added 2007 by region (in %)

(100% = CHF 1.57 billion)



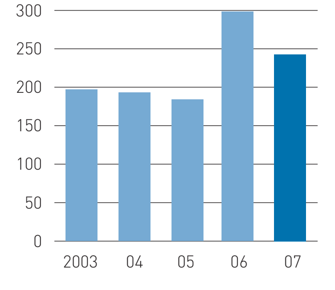
Employees 2007 by region (in %)

(100% = 12986)



Free cash flow 2003-2007

million CHF



Financial Overview

Corporation	million CHF 2007	million CHF 2006
Order intake	4 635	4 245
Orders on hand at year end	1 186	1 094
Income statement		
Sales	4 497	4 048
EBITDA	484	474
EBIT	326	327
Net profit for the year	245	249
Cashflow		
Additions to property, plant and equipment	217	138
Cash flow from operating activities	428	317
Free cash flow	243	298
Balance sheet		
Assets	3 395	3 208
Net Operating Assets (NOA)	1 769	1 712
Equity	1 542	1 448
Net debt	264	324
Key figures		
Return on Equity (ROE) %	16	19
Equity %	45	45
Return on Net Operating Assets (RONOA) %	19	19
Return on Sales (EBIT margin) %	7,2	8,1
Cash flow from operating activities in % of sales	10	8
Employees at year end	12 986	12 385
Holding (statutory accounts)	million CHF	million CHF
Net profit for the year	91	100
Share capital	205	308
Market capitalization as per December 31	2 823	3 198
Key figures per registered share	CHF	CHF
Net profit for the year	58	62
Distribution (proposed)[1]	25	25
Equity attributable to shareholders of Georg Fischer Ltd	372	372
Share price at year end	697	790

1 In 2006 and 2007 in form of a reduction in par value

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.

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.

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.

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.

Successful customers: the key to more quality of life

A visitor on a cold winter day admiring the magnificent frescoes in the church of San Pietro, built almost a thousand years ago in the small Umbrian town of Gubbio, or using the library that the church now houses, is unlikely to realise that his comfort is due in no small measure to Georg Fischer. And yet it is the heating installations of GF Piping Systems which ensure that the temperature in the renovated church is just right. Helping people to enjoy greater quality of life is the mission of Georg Fischer. But these people are not our direct customers. Our products are usually integrated into something else, be it a vehicle, a building or even the earth; or else they are part of a manufacturing process. It is important to realise this when we explain in this Annual Report how we help our customers – those who buy our products – to gain a competitive edge.

Strong demand, earnings below expectations

In 2007, Georg Fischer broke through the sales barrier of CHF 4.5 billion for the first time. This marks an 11 percent increase over the previous year – adjusted for currency effects the increase was 8 percent. The market strategies adopted by the Corporate Groups impacted positively, and they were supported by a predominantly favourable economic environment and on the whole slightly positive exchange rates. However, the Corporation's profitability fell short of expectations, owing in particular to a disappointing result at GF Automotive. The cost of launching the single brand strategy at GF AgieCharmilles also left its mark on the bottom line. Operating profit (EBIT) came to CHF 326 million and the EBIT margin to 7.2 percent, both below the targeted objective, yet still the second best result ever reported by Georg Fischer. Net profit for 2007 amounted to CHF 245 million.

Since the reshaping and restructuring of the Corporation in 2003, Georg Fischer has made impressive progress: sales have expanded by almost 40 percent, while operating profit (EBIT) has increased from CHF 96 million to CHF 326 million. In the same period, the number of employees has fallen by 2 percent. At the beginning of 2008, the economic outlook is difficult to gauge. Some signs, which we take seriously, point at least to a slowdown in the economy; at the same time, important markets in the emerging economies and in Asia continue to power ahead. We want to take advantage of these opportunities, and, thanks to our very good order backlog, we are confident about the future.

Market: successful products, mixed results

Georg Fischer increased its sales again in predominantly favourable markets. Europe and China reported particularly high growth rates. All three Corporate Groups increased their sales, with GF Automotive up 15 percent and GF Piping Systems up 12 percent. However, earnings did not keep pace with sales growth in all Corporate Groups.

GF Automotive reported record sales revenues of CHF 2.22 billion, owing in particular to extremely buoyant demand in the commercial vehicle segment. This equates to a 15 percent increase – adjusted for currency effects the increase was 10 percent. Owing to the exceptionally high capacity utilisation in the iron casting foundries, with call-off figures that were at times well above expectations, on-time delivery to customers became a highly challenging task. At the same time, material and energy costs rose sharply. These difficult conditions caused additional expenses of CHF 15 million that could not be offset by the end of 2007.

The main reason for the decline in earnings at GF Automotive, however, was start-up problems with new products at the Herzogenburg plant in Austria. This led to operating losses towards the end of the year. The problems will only be resolved in the course of 2008. It was therefore necessary to set aside provisions of CHF 20 million in the financial statements for 2007. The EBIT figure of CHF 132 million (previous year: CHF 142 million) and the EBIT margin of 5.9 percent (previous year: 7.4 %) were therefore disappointing. The new iron foundry in Kunshan, China, is under construction and will start operating in 2009.

GF Piping Systems topped the billion sales mark for the first time, reporting revenues of CHF 1.10 billion. The increase comes to 10 percent after adjustment for positive currency effects. Growth was particularly robust in some emerging markets, Europe and Asia. The focus on attractive market segments is having the desired effect: the Industry and Utility segments reported double-digit growth rates, even though the pace slowed down slightly in the second half of the year. Some markets continued to perform well, and we will reinforce our presence there. The Corporate Group again improved profitability, reporting EBIT of CHF 126 million (previous year: CHF 109 million), equating to an EBIT margin of 11.5 percent (previous year: 11.1 %).

GF AgieCharmilles lifted sales by 4 percent (currency-adjusted: 3 %) to CHF 1.18 billion in a highly competitive market. The European market was particularly strong, whereas sales in Asia and North America edged down slightly. The highlight of 2007 was the merger of the various brands under the umbrella brand GF AgieCharmilles. In addition to creating "one face to the market", this move also simplified distribution structures and streamlined the organisation. The related one-off costs of CHF 10 million and the weak US dollar reduced the EBIT margin by more than one percentage point. As a result, GF AgieCharmilles reported EBIT of CHF 76 million in 2007 (previous year: CHF 91 million), and an EBIT margin of 6.5 percent (previous year: 8 %).

Strategy: Acquisitions to support organic growth

The record sales figure in 2007 confirms that the strategy of organic growth is being successfully implemented. All three Corporate Groups report expansion in attractive segments and they have reinforced their international presence and opened up new markets. With the acquisition of Central Plastics, GF Piping Systems has gained entry to the previously inaccessible US infrastructure market for gas and water utilities, making it both the American and world leader in this area. The three Corporate Groups demonstrated their innovativeness at a Technology Day for investors and media representatives, where they showcased the growth potential this gives them.

In 2008 we will continue to expand our capacity in growth markets and step by step extend the Corporation's portfolio through acquisitions. At the same time, we will focus on putting operating performance and profitability at all three Corporate Groups back on track.

The corporate brand GF was further strengthened by the single brand strategy adopted by GF AgieCharmilles in 2007. Open, swift and comprehensive communication with all stakeholders has long been a central strategic concern of Georg Fischer. The Internet provides an effective communication platform. The measures we have taken to make full use of this channel have been a success and have been acknowledged in independent ratings. The Corporation's China Headquarters has been coordinating communication and branding activities in China since 2007.

Strategic decisions are also taken at Georg Fischer with regard to sustainability. In 2007, the Executive Committee and the Board of Directors approved the revamped "Human Resources" and "Social Responsibility" policies, thus defining the binding social as well as economic and ecological principles against which our Corporation can be benchmarked. In recent years, Georg Fischer has continuously expanded its internal Sustainability Information System (SIS) to obtain the necessary data. In the second quarter of 2008 we will publish our 2007 Sustainability Report, which will be the most comprehensive report of Georg Fischer on this topic to date. The Clean Water Foundation, established with the support of our shareholders, once again created significant quality of life in the past year. Ten new projects helped some 20,000 people in nine countries to gain access to clean drinking water.

Financial ratios: Healthy balance sheet and high free cash flow

Despite significantly higher investments in property, plant and equipment amounting to CHF 217 million (previous year: CHF 138 million), Georg Fischer generated a free cash flow of CHF 243 million in 2007 (previous year: CHF 298 million). The Corporation again reduced its net debt, which fell to CHF 264 million, a 19 percent decrease versus the previous year. Equity rose by CHF 94 million to CHF 1.54 billion. The equity ratio remained unchanged at a comfortable 45 percent. Even after the acquisition of Central Plastics in the USA at the beginning of 2008, Georg Fischer still has the financial scope for making further strategic acquisitions for expansion.

Net profit for 2007 came to CHF 245 million (previous year: CHF 249 million).This equates to earnings per share of CHF 58 (previous year: CHF 62). Earnings per share fell disproportionately because the average number of shares in circulation was higher in the year under review following the conversion of the convertible bond in autumn 2006. The Board of Directors proposes to the Annual General Meeting an unchanged distribution of profit, to be made in the form of a par value repayment of CHF 25 per share. This is equivalent to a payout ratio of 43 percent.

Martin Huber, Chairman of the Board,
and Kurt E. Stirnemann, President and CEO

Personnel changes and thanks

The changes announced in the Executive Committee reflect the renewal of the Corporation from within and set the stage for the future success of Georg Fischer in international markets.

The general trend on the stock markets did not leave the Georg Fischer share unscathed in 2007. The operational problems at GF Automotive which surfaced at the end of the year also weighed on the share price and unsettled some investors. We will make every effort in 2008 to restore the confidence of our investors in Georg Fischer.

The past year has made great demands on our employees. We thank them for their commitment to the prosperity of the Corporation. Our success in the marketplace shows that we create advantages and benefits for our customers. Their high expectations of our company spur employees and managers on to greater achievements.

Martin Huber
Chairman of the Board

Kurt E. Stirnemann
President and CEO

2007 financial year

Corporation

Georg Fischer generated sales of CHF 4.50 billion in 2007 (previous year: CHF 4.05 billion). This marks an 11 percent increase (previous year: 10 %) – adjusted for currency effects the increase was 8 percent. Operating profit (EBIT) was CHF 326 million, virtually as high as the record result the previous year (CHF 327 million). The EBIT margin came to 7.2 percent (previous year: 8.1 %). The Corporation's profitability fell short of expectations owing in particular to a disappointing result at GF Automotive. The cost of launching the single brand strategy at GF AgieCharmilles also left its mark on the bottom line.

Sales. Helped by a generally firm economic environment, the Corporation generated organic sales growth of 11 percent (previous year: 10 %) – adjusted for currency effects this came to 8 percent. All three Corporate Groups increased their sales, with GF Automotive up 15 percent and GF Piping Systems up 12 percent.

Profitability. The three Corporate Groups and the Corporation reported mixed profitability in 2007. GF Piping Systems again improved its performance with an EBIT margin of 11.5 percent (previous year: 11.1 %). However, the EBIT margin fell from 8.0 to 6.5 percent at GF AgieCharmilles and from 7.4 to 5.9 percent at GF Automotive. The reasons for these differences will be explained on the following pages. As a result, the Corporation's operating profit remained at the same level as the previous year in absolute terms, while the EBIT margin declined from 8.1 to 7.2 percent.

Net profit. Net profit in 2007 came to CHF 245 million (previous year: CHF 249 million). This equates to earnings per share of CHF 58 (previous year: CHF 62). Earnings per share fell disproportionately because the average number of shares in circulation was higher in the year under review following the conversion of the convertible bond in autumn 2006.

Dividends. The Board of Directors proposes to the Annual General Meeting that a par-value repayment of CHF 25 per share (unchanged) be made again in lieu of a dividend. This equates to a payout ratio of 43 percent. The distribution is in line with the Corporation's dividend policy of paying about one third of profit back to shareholders.

Value added. In the year under review, Georg Fischer generated gross added value of CHF 1.6 billion (previous year: CHF 1.5 billion). As in the previous year, 89 percent of gross added value was generated in Europe. Together, three corporate subsidiaries generated 79 percent (previous year: 80 %): Germany (41 %), Switzerland (21 %) and Austria (17 %). These three countries accounted for 70 percent of all Corporation employees (previous year: 73 %) at the end of the year under review.

Targets. Even though Georg Fischer missed its earnings objectives in the reporting year, it is still on track to meet the Corporation's longer-term goals. Georg Fischer plans to generate average annual organic growth of 5 to 6 percent and 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. Organic growth is being driven mainly through innovations and the expansion of the Corporation's presence in Asia, America and Eastern Europe.

> Georg Fischer remains right on course in its bid to open up new markets and develop mature markets. The Corporation is set to continue growing organically.

Outlook for 2008. Georg Fischer remains right on course in its bid to open up new markets and develop mature markets. The Corporation is set to continue growing organically. This is reflected in the persistently high order intake.

At the beginning of 2008, the economic outlook is difficult to gauge. Some signs, which we take seriously, point at least to a slowdown in the economy; at the same time, important markets in the emerging economies and in Asia continue to power ahead. We want to take advantage of these opportunities, and, thanks to our very good order backlog, we are confident about the future.

Financial aspects

Free cash flow. At CHF 243 million, free cash flow was lower than the previous year (CHF 298 million). However, in 2006 the sale of financial investments generated about CHF 100 million in extraordinary cash flow. Moreover, the Corporation invested CHF 217 million in the year under review, which was substantially more than in 2006 (CHF 138 million).

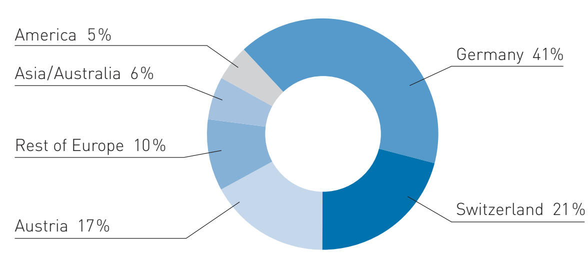
Net debt. Georg Fischer reduced its net debt again in 2007 to CHF 264 million, a 19 % decline compared with the previous year (CHF 324 million). Even after the acquisition of Central Plastics in the USA at the beginning of 2008, Georg Fischer still has the financial scope for making further strategic acquisitions for expansion.

Financing. In the year under review, hardly any measures were needed to finance the Corporation's activities. The financial result was not affected by any exceptional effects.

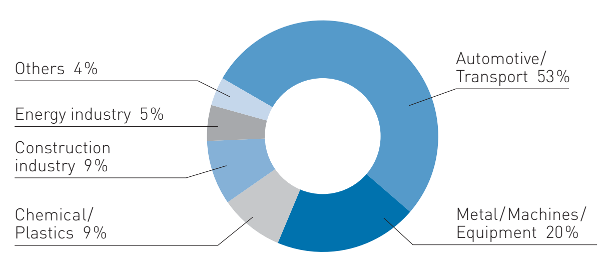
Balance sheet. Total assets increased by CHF 187 million to CHF 3.40 billion owing to the large investments in property, plant and equipment. Equity rose in parallel to CHF 1.54 billion, which means that the equity ratio remained at a healthy 45 percent of total assets.

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 also the reason why all three Corporate Groups are expanding their production capacity in Asia. In the 2007 financial year, fluctuations in exchange rates had little impact at corporate level.

Gross value added 2007 by region (in %)
(100 % = CHF 1.57 billion)



Sales 2007 by end consumer (in %)
(100 % = CHF 4.50 billion)



Corporate Groups

GF Automotive. In a favourable economic environment, GF Automotive reported 15 percent growth, which was again well above the industry average. Sales rose to CHF 2.22 billion (previous year: CHF 1.93 billion). However, owing to start-up problems in Herzogenburg, Austria, and the steep rise in the costs of materials and energy, both EBIT of CHF 132 million (previous year: CHF 142 million) and the 5.9 percent EBIT margin (previous year: 7.4 %) were disappointing.

Sales increased especially in iron casting because of the very large number of call-offs in commercial vehicle production. Owing to the exceptionally high capacity utilisation in the iron casting foundries, with call-off figures that were at times well above expectations, on-time delivery to customers became a highly challenging task. Steeply rising and unpredictable material and energy costs also impacted negatively on the result. These difficult conditions were the source of additional expenses that could not be fully offset. The Light Metal unit, which works primarily for the premium automotive market, reported numerous demanding start-ups, for which costs were recognized in full even though not all the revenues have been received yet. Start-up problems with new products at the GF Automotive plant in Herzogenburg, Austria, led to operating losses towards the end of the year, which will only be resolved in the course of the coming months. It was therefore necessary to set aside adequate provisions in the financial statements for 2007.

By 2020, passenger vehicle production is expected to increase by about 25 percent to 100 million vehicles a year, with Asia and Eastern Europe posting the largest growth. GF Automotive is therefore forging ahead with the extension of marketing and the expansion of production capacity in Asia. The new iron foundry in Kunshan, China, is under construction and will start operating in 2009. Furthermore, the Corporate Group has opened new representative offices in Japan and Korea and has stepped up cooperation with Asian customers. With an order backlog that is 11 percent up over the previous year, the Corporate Group enters the new financial year with drive and confidence.

GF Piping Systems. GF Piping Systems again posted a better result than in the previous year. Sales were up 12 percent to CHF 1.10 billion (previous year: CHF 983 million) against the backdrop of a vigorous global economy. The Corporate Group again improved profitability, reporting EBIT of CHF 126 million (previous year: CHF 109 million), equating to an EBIT margin of 11.5 percent (previous year: 11.1 %).

All business divisions contributed to the sales increase. In absolute figures, Europe and Asia reported the highest growth rates, particularly in the Industry and Utility division. In the second half of the year, the Building Technology division felt the impact of the slight economic downturn in key markets such as Germany, Italy and Switzerland. Strong demand in the emerging markets, especially those with gas and oil production, offset the somewhat weaker demand in Western Europe and the USA. The markets outside Western Europe generated 37 percent of the Corporate Group's sales.

The US business was impacted by weaker demand in the semiconductor industry. The Corporate Group is forging ahead with the expansion of non-cyclical business units in the USA, though this did not completely compensate for the downturn in sales in 2007. However, the acquisition of Central Plastics Company (CPC) in Shawnee, Oklahoma (USA) at the beginning of 2008 will enable GF Piping Systems to double its total sales in America. Central Plastics manufactures and sells plastic and metal fittings including accessories for use in gas and water utilities and in the oil industries. Its main markets are the USA, Canada and Latin America. 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 the differences in standards. The acquisition enables GF Piping Systems to solidify its international leadership in piping systems used by gas and water utilities.

Globally operating customers demand globally available, integrated system solutions from a single source. The strategy of GF Piping Systems is to satisfy these needs; it thus systematically designs its products to serve specific market segments. The four most important segments are gas and water utilities, building technology, water treatment and the chemical industry. The expansion of sales in non-cyclical markets, in emerging countries and in Asia is having a positive and stabilising effect on profitability. Sales per customer are being increased by the focus on market segments coupled with worldwide support in over 100 countries.

"Going up" in a growing market

Since its European debut at the Paris World Fair in 1900, it has been an impressive success story: the escalator. Escalators, along with moving walkways, have become among the most important means of transport for short distances, especially where large crowds of people have to move quickly, safely and without any physical exertion.

Every year, about two million aluminium pressure die cast parts are manufactured for escalators. With a market share of almost 30 percent, Georg Fischer shares first place in the world ranking together with Schindler.

What's more: The world market for escalators and moving walkways is growing durably and steadily. They are ideal for short distances and are greatly appreciated by travellers with luggage, customers in shopping centres and wherever convenience is needed.

GF AgieCharmilles. GF AgieCharmilles lifted sales by 4 percent to CHF 1.18 billion (previous year: CHF 1.14 billion) in a highly competitive market. EBIT at GF AgieCharmilles came to CHF 76 million (previous year: CHF 91 million), and the EBIT margin was 6.5 percent (previous year: 8%), 16 percent lower than in 2006. Together with the weak US dollar, the considerable one-off costs for the launch of the single brand strategy cut more than one percentage point off the EBIT margin.

The European market was particularly strong, whereas sales in Asia and North America edged down slightly. The Milling and the Customer Service divisions contributed to the growth of the Corporate Group. Milling benefited from robust demand for production machinery. GF AgieCharmilles offers the most comprehensive service package in its sector. The "Privilege Club", which offers special advantages to GF AgieCharmilles customers, has also met with an excellent response.

Building the "Eighth Wonder of the World"

Three man-made, palm-shaped islands are becoming the hallmark of the booming emirate Dubai. On the first of these three islands, construction work on the "Eighth Wonder of the World" is already at an advanced stage and should be completed in 2008. By 2010, "The Palm" is expected to draw some 15 millions tourists a year to the country.

The place where tourists will one day be able to admire sharks and dolphins is still just a bewildering labyrinth of pipes. GF Piping Systems is involved in a number of projects here and has a prominent presence with almost all its product groups represented.

What's more: Especially in extremely hot and dry regions, ensuring a constant supply of best-quality drinking water at the right temperature is absolutely crucial for life of every kind. Georg Fischer guarantees this with its product range and ensures that guests' demands for comfort are met on the Palm Islands too.

Smart at a distance too

The machines are becoming ever more sophisticated and the processes increasingly intelligent, guaranteeing optimum reliability even in unmanned operation. This puts modern production in a new league and makes the milling process even more attractive. This intelligent approach has a name: smart machine from GF AgieCharmilles.

The machine transmits all important information about the operating status of the machining centre and the ongoing process by mobile phone to the operator. He is thus kept fully informed at all times and benefits from comprehensive communication at the man-machine interface.

What's more: Development work on the modular system continues. This brings the dream of delegating more and more work to the machine just a little closer.

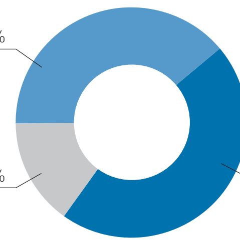
Learn more about this topic at:
www.georgfischer.com > About us > Top Stories

The EDM division did not enjoy the same favourable market conditions. In mould- and tool-making, customers are still facing tremendous cost pressures. The dual trend to outsourcing to the East and to more inexpensive machines therefore continued.

GF AgieCharmilles is responding to these trends. The highlight of 2007 was the merger of the various brands under the umbrella brand GF AgieCharmilles. At the same time, the Corporate Group merged its distribution structures and streamlined its organisation. GF AgieCharmilles is also underscoring its technology leadership: at the EMO, the industry's leading trade fair, GF AgieCharmilles presented 13 world "firsts", more than any comparable competitor.

Automation solutions constitute a key element in the Corporate Group's innovation strategy. 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. The automation solutions are meeting with great success especially in Western Europe, but there is growing demand in Asia too.

Expenses 2007 for Research and Development by Corporate Group (in %)
(100% = CHF 144 million)



Innovation

Research and development. In 2007, Georg Fischer invested CHF 144 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 work in research and development for the Corporation in eight countries.

Georg Fischer has an impressive innovation strategy; the use of resources for research and development is in line with or above the industry average; the innovation pipelines are well filled; 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.

Innovation strategy and rate. R&D at GF Automotive is geared to trends in car making: 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. In 2007, the Corporate Group spent CHF 67 million on R&D.

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 Center in Schaffhausen, Switzerland, which was restructured in 2007. As the central innovation and technology hub, the Technology Center focuses primarily on materials and jointing technology and acts as a service centre for the development teams in the market regions. In a survey conducted in 2006, customers gave GF Piping Systems an above-average rating for innovation. In 2007, the Corporate Group spent CHF 21 million on R&D.

In the most important customer segments of GF AgieCharmilles, the key trends – miniaturization, greater precision, speed and system availability – continue without let-up. Electric discharge machining is a highly sophisticated technology, in which greater machine performance is opening up new applications. 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 2007, the Corporate Group spent CHF 56 million on R&D.

Products and processes

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. The Corporate Group's contribution to innovation includes new materials such as the material families SiboDur and SiMo 1000 or novel casting techniques such as LamiCast. LamiCast makes it possible to produce very thin-walled aluminium components, which means savings in weight.

Intelligent solutions for clean water. "Clean water" is a challenge to which GF is responding by making available comprehensive solution packages for water treatment and water distribution. One current example is the new family of butterfly valves. The engineers of GF Piping Systems have succeeded in producing a design that reduces wear and tear, enables longer service intervals and increases safety. That saves time and money.

Cost leadership. GF AgieCharmilles operates in a highly globalized market, in which cost leadership is becoming ever more important. One of the "firsts" from GF AgieCharmilles, the CUT 20, goes a long way in this direction. The high-tech electronics of this EDM machine are produced in Switzerland, while assembly takes place in the GF plant in Beijing. This cooperation makes it possible to manufacture a machine featuring outstanding precision at affordable prices – a machine that is enjoying very buoyant demand both in Asia and in Europe. The CUT 20 is also the first EDM machine that is based on the Corporate Group's new platform concept. The new platforms will enable GF AgieCharmilles to gradually reduce the large number of models in the coming years.

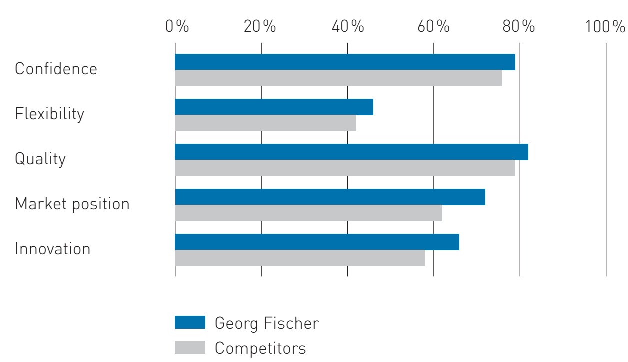
Market and customers

Customer satisfaction. Georg Fischer's Corporate Groups conduct regular surveys among their target groups, thus adding to their knowledge and assessment of the market. In the past year, GF Piping Systems, for instance, concentrated on analysing the results of the customer survey conducted in 2006 by external specialists, identifying potential for improvement and translating this into streamlined business processes. It is planned to conduct a wide-ranging survey every two years.

One yardstick of customer satisfaction is the awards given by customers and professional associations. Wheel mounts made of SiboDur recently received the Volkswagen Group Award 2007; they were cited as an impressive and promising development. The Signet 2552, an electromagnetic flowmeter was named the "Product of the Year" by a leading trade journal in the United States – only six products in the entire industry received this accolade. The signet 2552 is a versatile, easily installed flowmeter that provides reliable data for measuring a wide range of pipe sizes.

Customer Survey

How customers rate Georg Fischer in comparison to the competitors (in %)



Extract from customer survey 2006 conducted by GF Piping Systems Italy

Global presence. Georg Fischer maintains a global presence, with a sales and service network covering some 200 sites worldwide. All three Corporate Groups expanded their distribution structures, especially in Asia and the emerging markets, in the year under review. Accounting for 41 percent of sales, Germany remained the Corporation's most important market. Generally speaking, sales were buoyant in Eastern Europe and the Middle East.

Europe increased its overall share of total sales to 79 percent (previous year: 76 %), owing to the strong sales growth at GF Automotive, whose most important market is Germany. The share of sales accounted for by Eastern Europe also increased again. Asia/Australia accounted for 13 percent of sales (previous year: 15 %) and America for 8 percent (previous year: 9 %). The figures are distorted somewhat by the consolidation of the accounts in Swiss francs. While the euro gained ground against the Swiss franc, the US dollar, to which many Asian currencies are pegged, weakened. In local currency terms, sales rose by 6 percent in Asia/Australia and declined by 4 percent in America.[1]

Asia – a growth market. The gross added value generated in Asia in the year under review remained constant at 6 percent (currency-adjusted), whereas the number of employees rose by 427 to 2,053. Asia now accounts for 16 percent of all employees.

Georg Fischer intends to continue growing in Asia and in the medium term plans to generate 20 percent of its sales in this region, with China accounting for more than half of this figure. Georg Fischer is therefore expanding its sales and distribution network in China and Asia generally. New offices were accordingly opened in India and Malaysia in 2007. By the end of 2007, Georg Fischer had 33 corporate subsidiaries in Asia and is now active in almost all Asian and Arab countries.

China strategy on course. Given the importance of China, the China Headquarters established in Shanghai in 2006 took on additional tasks in the year under review. All corporate subsidiaries are now linked to a joint cash pool, and the global insurance coverage, including the Corporation's risk management, now also applies to the corporate subsidiaries in China. The GF brand was reinforced in China in 2007 through extensive communication, including a Chinese website for the Corporation.

Employer branding has taken on special importance. The recently founded GF Academy in China has been offering management and leadership training courses since the autumn of 2007. The courses are aimed primarily at the middle management of Georg Fischer throughout China. The programme offers the four modules Personal Management, Staff Management, Team Leadership and Project Management. The idea behind training people in these skills is also to retain them as Georg Fischer employees over the long term.

The three Corporate Groups successfully implemented the strategic goals set in 2005. Georg Fischer aims to produce the products and machines it sells in China mainly in the country itself; in the medium term, it hopes to manufacture in China for the Asian market. GF Automotive increased its sales in local currencies by 22 percent and gained additional local customers for its light metal foundry in Suzhou. The iron foundry in Kunshan is under construction and will start operating in 2009.

In 2007, GF Piping Systems started up two more production sites in a bid to meet demand. In 2007 sales increased by 21 percent in local currency terms. Together with a joint venture partner, GF Piping Systems is the market leader in gas distribution and is increasing its market share in water distribution.

GF AgieCharmilles is continuously expanding its production capacity at its plant in Beijing, and it is currently building its own production facility for milling at Changzhou. At the same time, the distribution network in China is being expanded. While the Corporate Group's sales in Asia declined marginally, the revenues of GF AgieCharmilles in China remained at the previous year's level.

1 See the segment information in the financial report, pages 52 and 53.

Brand policy. In the year under review, Georg Fischer substantially reinforced its corporate brand. On 1 July 2007, GF AgieCharmilles fully adopted the Corporation's corporate design (CD), with the former brands Agie, Charmilles and Mikron being merged in the new umbrella brand GF AgieCharmilles. The most visible symbol of this change is the corporate logo, which now adorns the facades on the Corporate Group's buildings. Uniform colours, design and typefaces were also adopted on all machines as part of this campaign. The corporate design is now used on all means of communication. GF AgieCharmilles made its first appearance in its new look at the EMO in September 2007. The perfectly prepared event at the Corporate Group's stand, with a surface of over 2,000 m², was very well received by the public.

Executive Committee

The six-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 three Corporate Groups and the two Corporate Staffs are responsible for managing their Corporate Groups and for achieving their business objectives.

Further information on the Executive Committee can be found in the Corporate Governance chapter on pages 102 and 103.

The Executive Committee of Georg Fischer (l. to r.): Dr. Ernst Willi, Dr. Roland Abt, Ferdinand Stutz, Dr. Kurt E. Stirnemann (President and CEO), Yves Serra, Dr. Jürg Krebser. The picture was taken at a customer visit in Italy in autumn 2007.

The Georg Fischer corporate logo, which enjoys a high reputation and level of recognition, is now central to the corporate image of all three Corporate Groups. The logo has been a protected trademark since 1902. The Patent department systematically takes legal action against all imitations and forgeries.

The Corporation attaches great importance to its Internet website, which it is constantly developing. The efforts in this area received recognition in the year under review from media and external specialists who on several occasions ranked the GF site among the best Swiss corporate websites. Georg Fischer makes use of innovative instruments in electronic communications, for instance podcasts. The employee newspaper GLOBE received awards in both the renowned "inkom. Grand Prix" of the German Society for Public Relations and the European "Best of Corporate Publishing" competition.

Investments

Plant and equipment. During the year under review, the Corporation's investments in plant and equipment amounted to CHF 217 million. GF Automotive accounted for 69 percent of the total, GF Piping Systems for 25 percent and GF AgieCharmilles for 6 percent. 85 percent of the total was invested in Europe. Most of the capital spending went on product and process innovation and on investments to upgrade and expand production capacity.

In 2008, the investment volume will again be in excess of CHF 200 million. A large part of the investments will be made in Europe, in particular to upgrade existing plant. All three Corporate Groups also attach great importance to Asia. Production capacity, distribution and market presence in China and other Asian countries are being continuously expanded. The largest single investment project is the construction of the iron foundry in Kunshan, China. 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 are necessary to meet expanding demand.

Serving our customers' needs. Georg Fischer aims to grow by its own efforts and is positioning itself as an innovative, high-performance company. It attaches enormous importance to partnership with its customers. After all, says Kurt E. Stirnemann, CEO of Georg Fischer, "The more successful our customers, the better off we are." What really counts – whether GF is fostering or expanding cooperation with existing customers or seeking new customers in new markets – is knowing what customers need and expect and satisfying their needs and expectations time and time again.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On the following pages we present eleven GF customers, three of them in longer reports and eight in short portraits. Through them, we gain a glimpse of their daily challenges, which are also our challenges. Day after day. Since 1802.


Page 28

Working together for climate-friendly mobility

Elisabeth Anglade,
Purchasing Team Manager Powertrain at Peugeot Citroën SA.

Elisabeth Anglade, Purchasing Team Manager Powertrain for PSA (France), counts on the innovative skills of GF Automotive

At PSA Peugeot Citroën, France's leading automotive manufacturer, Elisabeth Anglade is responsible for procurement of key engine and powertrain parts. She holds this key position on the strength of the competencies she has acquired over many years. She started her career at Citroën in 1973 and knows the company inside out. What's more, she is completely up-to-date on the latest trends in car manufacturing. And she knows precisely what she expects from her suppliers. She sums up her expectations: "Mastery of the production processes, future-oriented technologies, competitiveness and comprehensive after-sales and service."

Conquering the world with eco-friendly engines

Her office is in Poissy just outside Paris. At Poissy, 8,000 employees manufacture several Peugeot and Citroën passenger vehicle models for PSA. GF Automotive currently supplies the plant with more than 2,000 aluminium engine blocks. For GF Automotive, PSA is something of a pioneer in this area, because it was PSA that gave Georg Fischer the first major order for engine blocks made of aluminium. There have since been several follow-up orders, and GF is constantly expanding its competency and production capacity in this field. The engine blocks and bedplates supplied to PSA are manufactured at Werdohl in Germany, while GF's Key Account Manager for PSA operates from Lyon, France. He is the direct contact for Elisabeth Anglade and knows the specific needs and concerns of the French better than anyone else.

View of the modern façade of the plant at Poissy, France.

PSA is among the leaders in the development of eco-friendly vehicles. The company, which specialises in the high-volume small and medium-sized car market, has pioneered the use of lighter-weight engines and is a real leader here too. Its aluminium engine blocks for diesel engines are also used by Ford, Mazda, Volvo and Fiat. BMW also uses an engine supplied by PSA in its new Mini.

"Vehicles cast from a single mould". The engineers at GF in their relentless search to optimise the cast components used in vehicles.

Pole position

Smaller, more efficient motors have lower carbon dioxide (CO_2) emissions, but make greater demands on certain material properties. Turbochargers, for instance, are used more often, and the combustion chamber and exhaust system have to be stronger and more heat resistant. One of the focal points of the innovation strategy at Georg Fischer is to support automobile manufacturers by making a substantial contribution to engines that are eco-friendlier and yet more powerful. GF Automotive is therefore very well placed to land further major orders for the serial production of engine blocks.

The contact with a major account such as PSA has to be carefully nurtured. PSA Purchasing Team Manager Elisabeth Anglade also appreciates the regular exchange of information:

The bar is set high.
Elisabeth Anglade in the company showroom.

"The internal foundry at PSA cooperates closely with GF. The specialists at both companies are involved in simultaneous engineering, thus contributing to the ongoing improvement in processes," she says. She has fulsome praise for her long-standing business partner: "Georg Fischer is a tried and proven supplier with consistently high quality and delivery reliability." The selection of suppliers is decisive for PSA's market position and image. It is also important for PSA that Georg Fischer is an independent company with comprehensive know-how.

Reliable suppliers are the key

What is Elisabeth Anglade's biggest challenge? "Meeting the agreed targets," she answers without hesitation. "We plan today for the next five years and have several project teams involved in all the phases of implementation. But we can only meet our ambitious targets if we can rely on our suppliers. Georg Fischer is a big help here – they've never let us down." PSA deliberately sets the bar high and has launched a challenging four-point plan that is to be implemented in stages. Thus the momentum on the market is to be translated into exceptionally strong growth rates and further solidify its competitive position. The action programme encompasses a sustainable innovation strategy as well as optimised product and service quality, ongoing cost-cutting and an international sales offensive. The innovation strategy of Georg Fischer makes a perfect fit with the PSA targets.

Elisabeth Anglade at any rate is counting on her main supplier for engine blocks. "For us, Georg Fischer is a good choice. In addition to its technology leadership, we are impressed by the short decision-making paths within the Corporation and its global proximity to customers with its foundries in Europe, Asia and North America." This last point is indeed one of the most important. PSA produces its diversified range of passenger car models worldwide – and it is glad to have Georg Fischer nearby. The personal motto of the successful manager? "United we move forward" is how Elisabeth Anglade describes the common goal shared by suppliers and automotive companies.

Experience in the key casting techniques

GF Automotive offers its customers cost-effective and competitive solutions with its mastery of the three key casting techniques: sand casting, pressure die casting and gravity die casting. Its products go into the main automotive sub-assemblies: drive systems, chassis and body/structure. As a European market leader for cast components, GF Automotive is among the top 100 suppliers worldwide. It has 13 production facilities in Germany, Austria, China and Canada.

With the aim of advancing climate-friendly mobility, GF is continuously developing its materials, processes and products. It is particularly concerned with the automotive industry's contribution to reducing carbon dioxide emissions. GF Automotive provides sophisticated solutions for lighter-weight components that are crucial to safety. Two such innovations are composite casting and the replacement of forged iron parts or welded components with the SiboDur material family. SiboDur meets the most stringent requirements for mechanical strength. In the area of light-weight design of automobile components, GF Automotive is rolling out impressive solutions using the LamiCast low-pressure sand casting technique.

The numerous distinguished awards it has received confirm that GF Automotive provides top-notch performance time and again. With the Volkswagen Group Award and the ZF Supplier Award, which GF Automotive received in 2007, two important customers acknowledged its exceptional achievements.

Smaller, lighter and yet more powerful – those are the demands placed on the latest generation of car engines. The photograph shows an aluminium crankcase.

Pure Water in the middle of the desert

Peter Müller,
commissioning engineer at the Christ Water Technology Group.

Commissioning engineer Peter Müller (Christ Water Technology Group, Switzerland) counts on the worldwide reach of GF Piping Systems

Today Dubai, tomorrow Istanbul, soon after Brazil – Peter Müller faces a grinding schedule. But one man's holiday destinations are highly challenging assignments for Müller, a commissioning engineer who originally trained as a chemical technician. His job is to programme and start up the water treatment plant in major industrial facilities. "I sometimes also work as a troubleshooter," explains Müller. "There you really have to rely on suppliers whom you know from other assignments around the world and who you are certain will work to the same quality standards everywhere." With his additional training in business management, he is able to assess the significance of economic factors and criteria that go beyond technical considerations. This is becoming increasingly crucial as deadlines become ever shorter and cost pressures build up, requiring a judicious use of resources.

A view of the rapidly changing skyline of Dubai.

Strong local presence

Peter Müller has worked for the Christ Water Technology Group for many years. This company, located in Aesch, near Basel, Switzerland, provides total solutions for turnkey water treatment systems and is a long-standing customer of GF Piping Systems. The cooperation extends to Dubai, the emirate enjoy-

The core of the water treatment facility at the Dubal aluminium plant.

ing an unprecedented construction boom, where Georg Fischer is involved in several major projects and ensures round-the-clock customer support through its strong local presence. For the last phase of the large-scale Dubal aluminium plant, for instance, GF supplied the fittings, valves and pipes needed for water treatment and also ensured skilled and professional installation. The Dubal aluminium plant is the industrial flagship of the United Arab Emirates and one of the world's largest producers of high-purity aluminium. It supplies sectors as diverse as the automotive, construction and electronics industries.

The Dubal aluminium plant, an industrial flagship of modern Dubai.

The facility is up and running. Peter Müller's job has been a success.

And here, surrounded by this gigantic industrial complex in the Jebel Ali desert, Peter Müller is working for a few days. His know-how, coupled with the products from Georg Fischer, ensures that the water treatment plant will function smoothly. In this process, the sea water, which first passes through a desalination plant, is then demineralised. Since the salt content at the inlet of the Dubai plant is already very low, the procedure used is condensate polishing. The water resulting from this process is now ready for industrial use.

Spadework is crucial

The actual installation of the entire water treatment plant took four months and was carried out by a subcontractor located in Dubai. Filippo Seidita from Christ was the supervisor in charge of the installation work done by a six-man team consisting of skilled fitters and welders. As Peter Müller says: "The more successful this preliminary work is, the faster and smoother the start-up." The regional GF representative in Dubai, of course, provided unflinching support. He was in close contact with the assembly supervisor and often to be seen on the building site. A clear illustration of what GF means by worldwide customer support.

Extremely flexible

The commissioning engineer is satisfied with the installation. "What counts," he says, "is the high quality of the products and services of Georg Fischer plus the flexibility it invariably demonstrates. On top of this, it offers a closely meshed distribution network and worldwide customer support. A support we can fall back on wherever we are in the world."

Trained welders and fitters are an important part of the solutions package offered by GF. To quote Peter Müller: "Our company works to very tight schedules – there's hardly any slack. We have to be able to rely on our partners 100 % – fortunately we can do that with Georg Fischer."

The words were hardly out of his mouth when he turned to his colleagues to settle the final details. The same day he flew on to his next assignment: expanding the distribution system in a pharmaceutical plant near Istanbul. This plant, too, uses efficient components supplied by Georg Fischer. Müller, who lives in Basel, spends about 40 to 44 weeks of the year on the road abroad. The close cooperation with his supplier thus makes him doubly happy. Wherever he is in the world, he knows that he can count on the smoothly functioning customer support team and competitive solutions packages from Georg Fischer to assist him in his tightly scheduled assignments. A comforting thought when you have to meet new challenges in different surroundings day after day. And it's the certainty he has from the partnership with GF that allows Peter Müller to be successful in his demanding mission. So his summing-up is also positive: "I look for recognition in my work – and I find it too."

Integrated systems solutions are "in"

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 3,700 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 16 production plants. Globally operating customers increasingly demand globally available, integrated systems solutions from a single source in order to exclude compatibility risks.

The system-based approach of GF Piping Systems with its Total Plastic Solution (TPS) has met with an excellent response. TPS is a package of pipes, fittings, valves, instrumentation & control technology and jointing technology plus a tailor-made training, maintenance and logistics concept. Rapid deliverability is another decisive factor giving GF the competitive edge. Decentralised distribution centres in key European markets have been opened on schedule. Research and development are located in Switzerland, the United States and China.

Operating around the clock

Christian Tage, production manager at Tetra Pak.
A well-earned sip from a "Tetra Pak".

Christian Tage, Production Manager at Tetra Pak in Sweden, counts on the service package from GF AgieCharmilles.

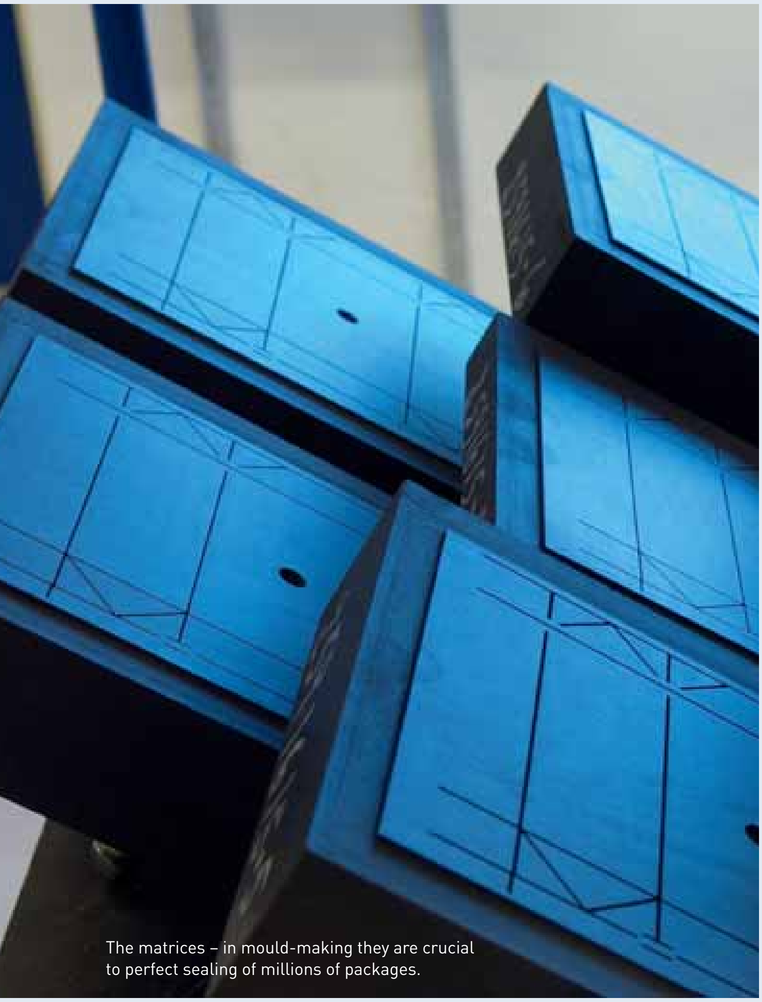
Christian Tage's main task is easier to describe than to do. With a seven-person team, his job is to permanently reduce delivery times – of course, without any loss of quality. The 31-year-old Production Manager at Tetra Pak headquarters in Lund, Sweden, is responsible for manufacturing the mould tools used to pre-fold and crease the packaging material. These are precision parts par excellence, and they are manufactured using a modern EDM centre from GF AgieCharmilles.

Moulding accuracy and precision

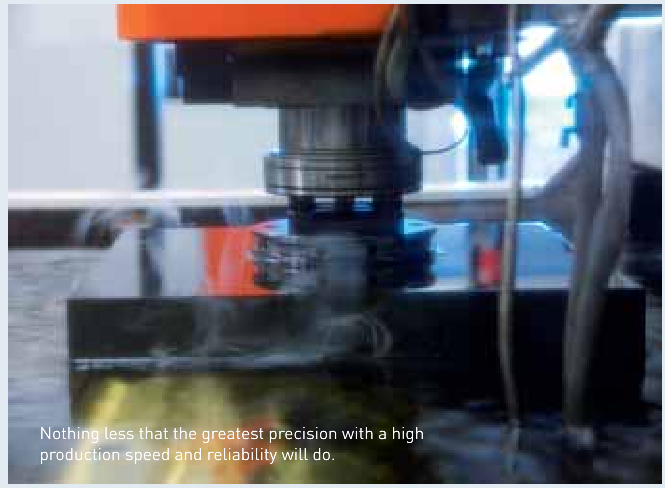
"Our production is just-in-time, so we have no inventories. That means that we're dependent on absolutely reliable manufacturing chains and processes," explains Christian Tage. Otherwise, he would not be able to cope with the demands of lean production. But, so far, things are looking good, says the Tetra Pak engineer: "Four years ago, the time from order intake to delivery was twelve weeks. We've now got that down to eight weeks. Our target is five weeks. We want to make it, and we're going to." Of these eight weeks, six are taken up by external production of semis and two weeks by the subsequent in-house processing at Tetra Pak, which includes electric discharge machining, micro-blasting, measurement and packaging.

Lund is the headquarters of the Tetra Pak Group and a renowned university town in Sweden.

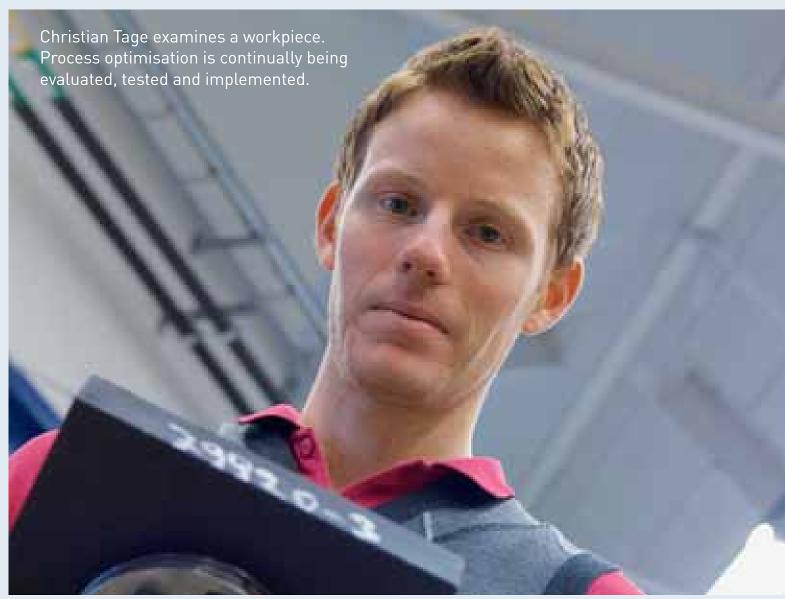
Compared with the production process lasting several weeks, the short period of work in the GF AgieCharmilles milling centre is modest. Only seven hours are needed to machine the individual matrices, but any longer period would jeopardise the entire lean production chain. The annual output is around 3,500 matrices of different sizes which are used for creasing the packaging material. The moulding accuracy and precision in tool-making is decisive – and it's here that the full effect is seen.



The matrices – in mould-making they are crucial to perfect sealing of millions of packages.



Nothing less that the greatest precision with a high production speed and reliability will do.



Christian Tage examines a workpiece. Process optimisation is continually being evaluated, tested and implemented.

Impressive increase in productivity

The GF AgieCharmilles EDM centre is in operation around the clock. On night-time and weekend shifts, the equipment is unmanned. But the engineer on duty continues to receive important information about the operating status of the milling centre and the ongoing process in the form of text messages sent to his mobile phone.

Tetra Pak is the world's largest provider of packaging systems for liquid foods and has been a satisfied customer of GF Agie-Charmilles for decades. Christian Tage looks back: "Here in Lund we've had a standard machine in operation since 1976 and it still work reliably." The technological progress in the past 30 years or so is impressive. "For the same output we now only need two machines, compared with six some time ago", he says. This big jump in productivity is based on a number of factors, of which the most important are: the use of leading-edge software and robots from System 3R, a wholly owned subsidiary of Georg Fischer; smoothly functioning simultaneous engineering; development cooperation between GF Agie-Charmilles and Tetra Pak; perfect match of the systems used; and increased efficiency. At one time, no more that six moulds could be machined at the same time. Now, depending on their size, up to 24 can be processed. The milling centres used to be operated by 13 technicians, now only three are needed.

Permanent dialogue contributes to higher productivity

The manufacture of the patented package systems is very demanding: they have to be perfectly airtight, hygienic and designed so that there is no loss of the vitamins, flavours or aromas in the food they contain. This is reflected in Tetra Pak's motto: "Protect what's good". The firm, founded in 1951, is a leading player on the world market thanks to the famous design and impressive functionality of its packaging systems. Nowadays, more than 26,000 processing units are in operation; in 2007, they produced more than 120 billion Tetra Pak packages the world over. Tetra Pak aims to solidify and expand its market position by means of permanent gains in productivity. This requires automated processes, which in turn means rising expectations of rapid availability and prompt after-sales service.

This global trend is noticeable of course in all industries and is having a far-reaching impact on the entire mould- and tool-making sector. GF AgieCharmilles can offer an integrated service package which encompasses advice, sales, service and logistics. Service around the clock and around the world – that is really the only way that such increases in productivity are at all feasible.

Christian Tage is satisfied with the close cooperation with GF AgieCharmilles. "The permanent dialogue is important for both parties. The feedback we give contributes to constant optimisation. What's important for us is that we get specific support for specific needs." The heart of Tetra Pak, a globally operating corporation, is located right where he works in Lund. "We produce for the whole world and deliver from here to all points of the compass. We rely on everything working smoothly," he says – and the reliability of the GF AgieCharmilles service package plays a big role. He is also personally an advocate of sustainability. "In 2001 I completed my Master's degree at the University of Lund and designed an automatic micro-blasting machine for Tetra Pak," he says modestly – and adds as an afterthought: "It's still running."

Pooled technological know-how

GF AgieCharmilles is a world-leading provider of machines and systems solutions for the mould- and tool-making industry as well as for manufacturers of precision parts. The merger of the brands Agie, Charmilles and Mikron, which give rise to the unified brand GF AgieCharmilles on 1 July 2007, pooled the three firms' the technological know-how and applications expertise and created a single face to the market. The result is the best service package in the industry and, at the same time, less organisational complexity.

One of the key elements in the innovation strategy is automation solutions – GF AgieCharmilles has a unique, modular and expandable offering in this area. It covers all the key customer segments, ranging from simple tool changers to linking up tool-making machines and creating complex production lines.

The Corporate Group's production sites and research & development are located in Switzerland, Sweden and China; it has its own sales companies in over 20 countries. A closely meshed network of sales offices and representatives covers the rest of the world.


A long-standing partnership.
Tetra Pak has relied on machines from GF AgieCharmilles since 1976.

Padraig McFadden, Ireland

"Since standard mould production continues to move to Asia and Eastern Europe," says Padraig McFadden, Managing Director of Galway Tool & Mould Ltd in Galway, Ireland, "we have turned to microtechnology and precision parts. GF AgieCharmilles is an important partner with its top-notch products."

With the naked eye, it is almost impossible to see the minuscule microtechnology components but they are increasingly important in such diverse areas as telecommunications, watchmaking, medical technology, automotive and computers. The trend to miniaturisation is increasing market demand for smaller plastic parts. In order to manufacture these parts, a completely new process has been developed, micro-injection moulding. As the world's leading provider of electric discharge and high-speed milling machines, GF AgieCharmilles is able to contribute to the Irish firm's success.

Since being founded in 1991, Galway Tool & Mould Ltd has focused on the latest production techniques and has earned an outstanding reputation with the design and manufacture of injection moulding tools of exceptional quality. Its microproduction capability in a temperature-controlled environment fits in perfectly with the trend to miniaturisation. What does Padraig McFadden expect from GF AgieCharmilles? "We are completely committed to technical progress using leading-edge technologies. For us, it's important that GF AgieCharmilles pursues these goals with the same passion and competency."

Kiran Mazumdar Shaw, India

In 1978, Kiran Mazumdar Shaw founded the biotechnology firm Biocon in Bangalore, India, a joint-venture with an Irish partner. At that time, biotechnology was still largely unknown, and Kiran Mazumdar Shaw found it difficult to gain any credence or even credit. But she would not be discouraged. And rightly so. Today, Biocon is one of the world's most successful biotechnology firms, the first, for instance, to produce human insulin using biotech methods.

A woman with so much courage and far-sightedness was necessary to help GF Piping Systems in India make the breakthrough. In 2004, following intensive marketing, GF Piping Systems succeeded in convincing Biocon to rely on new plastic piping instead of traditional metal pipes for its ultra-pure water system. And when GF Piping Systems succeeded in solving a technical problem of Biocon with its PVC-U system, the breakthrough of plastic in India was assured.

Kiran Mazumdar Shaw, who was named India's most admired businesswoman in 2007 by a leading business magazine, dreams of manufacturing Indian drugs with worldwide sales potential. GF Piping Systems has in the meantime founded its own subsidiary in India and will do everything possible to support her in this new challenge.

Klaus Peter Hack, Germany

Asked about his greatest challenge, the seasoned buyer for MAN commercial vehicles does not have to reflect for long: His prompt answer: "It's unlimited delivery capability for smooth production." The industry is booming. The demand for transport capacity has increased sharply, and modern, powerful heavy goods vehicles are sought after in the West and East alike. At the same time, providers are locked in fierce competition.

How can Georg Fischer contribute to the long-term success of MAN? "What counts is on-time delivery in sufficient quantity, in the usual outstanding quality and at competitive prices," he emphasises.

The MAN-Nutzfahrzeuge Group, headquartered in Munich, Germany, is a leading international supplier of commercial vehicles and transport solutions. In 2003, for the first time it awarded prizes to its ten best suppliers. One of the prize-winners was GF Automotive. The honour also pleased Klaus Peter Hack, who for years has been a regular business partner of Georg Fischer.

In order to satisfy the demands and remain a key partner of customers such as MAN, GF invests considerable sums in its own production capacity every year. And what does Klaus Peter Hack wish for the future? Without hesitation, he replies: "I hope we can continue to work together closely in an atmosphere of mutual trust to meet the ever rising demand. That's the basis of a long-term win-win situation."

Jon Cammish, on the high seas

When this report appears, Jon Cammish will be somewhere on the high seas as the Staff Engineer of the "Queen Victoria". The newest flagship of the largest cruise-line company, the US Carnival Group, was christened at the end of 2007. By then, Jon Cammish, who has plying the oceans for 17 years, knew the ship inside out, since for months he had been closely involved in the final stages of its construction.

GF Piping Systems has a significant market position in ship-building, one of the fastest-growing market segments. It also supplied its products for all the sanitary installations on the "Queen Victoria", a liner that can take over 2,000 passengers. What impressed Jon Cammish most about the cooperation? "GF demonstrated its production to us for an entire day and trained us in using its products," he replies without much hesitation. "That was very instructive. Suppliers don't normally provide such service."

At sea, he is the deputy in charge of 75 crew members who are responsible for ensuring that the ship's engineering runs without a hitch. And when the passengers go for an outing on shore, the crew works under great time pressure. "On a ship," he explains, "there's always something to do, and a general overhaul is needed every five to ten years." But not only is the customer under time pressure. The orders have to be filled quickly, and they have to be delivered to the closest port, wherever the ship happens to be. Jon Cammish sums up his expectations in a nutshell: "I expect GF to be able to deliver whatever we need anywhere in the world and in the shortest possible time."

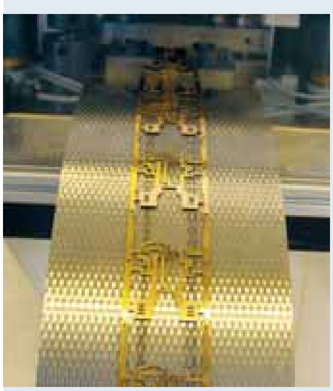
Well, the challenge does not frighten GF Piping Systems. After all, Georg Fischer has fought hard to gain its strong position in this market, helped along by its worldwide distribution network and first-class after-sales service.

Wiestaw Kramski, Germany

Wiestaw Kramski, the charismatic founder of Kramski GmbH in Pforzheim, Germany, says: "Automatic, trouble-free manufacture, for instance of socket boards, requires absolute precision."

When injection weights are 0.5 to 100 grams, not even the slightest deviation can be tolerated. Over 300 customers from the automotive, medical, telecommunications and electronics industries depend on the top-notch know-how of the internationally active Kramski Group, which produces millions of stamping and injection moulding parts in all shapes and sizes for use in electrical engineering.

To manufacture the necessary tools, the company opted for machines from GF AgieCharmilles. The high precision requirements – all functional parts have a tolerance of ± 5 µm (5 micrometres = 0.000,005 metres) – make the use of die-sinking and wire-cut erosion absolutely necessary. The die-sinking machines are especially suited to the filigree work, while the HSM machines are used to mill cores and produce graphite and copper electrodes.



Wiestaw Kramski loves precision – it's part of his life. His motto is: "Realizing ideas with perfection." For that, he needs the best in every industry, for instance the technology and systems from GF AgieCharmilles.

Ken Leung, China

Zippers – it's hard to imagine the world without them! One of the market leaders in the production of high-quality zippers is Hung Ming Ho Ltd. The firm was founded in 1987 by Ken Leung in Nanhai, province of Guandong, about an hour's drive from Guangzhou.

Says Managing Director Leung: "The Mikron training and demonstration centre provides us with training opportunities where we can hone our skills. That means we can hire people with little experience and have them trained on the GF AgieCharmilles machines." As an official supplier to many internationally renowned brands, he has been using GF AgieCharmilles technology for years. His equipment totals 14 machines, nine EDM and five HSM machines.

As a long-standing customer of Agie and Charmilles, both of which offer electric discharge machinery, he opted for machines from the same company when he entered the field of high-speed milling. His decision to choose Mikron has paid off handsomely. The parts milled on the Mikron HSM machines are extremely precise and he has been able to reduce milling times by up to 50 percent. Ken Leung also appreciates the after-sales service, for instance advice on CAD/CAM programming, milling strategies or the right choice of tools.

Ken Leung is a Chinese pioneer, and his company is among the most progressive in its industry. No wonder that he is already contemplating expansion and building his own machines to manufacture zippers. From GF AgieCharmilles he expects, as in the past, machines with leading-edge technology and first-class customer service, as he has long been accustomed to from GF AgieCharmilles in Hong Kong.

Geodino V. Carpio, Philippines

"The vision of Manila Water (Philippines) is to become an efficient, customer-driven, world-class water and wastewater service company that uses the best in global technology and the very best in Filipino manpower," says Geodino V. Carpio, Group Director for Project Delivery of Manila Water. "GF Piping Systems has been serving our needs to our complete satisfaction."

Manila Water is a showcase project of public-private partnership and is very proud of the results it has achieved in the past decade: More than one million people in lower income brackets now have access to the public drinking water system thanks to a programme called "Tubig Para Sa Barangay" (Water for the Community). System water losses fell from 63 to 25 percent, while the percentage of customers who have 24-hour access to clean water climbed from 26 to 98 percent.

Manila Water's motto is: *"We don't just lay pipes.... We improve lives."* This fits in perfectly with the brand promise of Georg Fischer *"Adding Quality to People's Lives"*. "With a similar mission and vision," emphasises Geodino V. Carpio, "we can work together to improve the quality of lives of many Filipinos. Our contractors too remark on the efficient service provided by GF Piping Systems personnel."

René Horath, Switzerland

"There are many different and demanding challenges in the vehicle sector," says René Horath, Managing Director of the Swiss subsidiary of winkler Unternehmensgruppe, a company headquartered in Stuttgart, Germany. But even if conditions are changing all the time, one central principle remains constant: we want to satisfy customer needs at all levels."

For René Horath, this includes the quality of the products and services in the servicing and logistics areas, good value for money and highly trained personnel. winkler Unternehmensgruppe holds stocks of more than 100,000 truck, trailer, semi-trailer and bus spare parts. To ensure constant availability and deliverability to its customers, the company needs a smoothly functioning warehouse and logistics concept for its 17 locations in five countries – not to mention reliable partners. Horath says, visibly pleased: "Georg Fischer has an excellent track record in meeting all our important criteria for success. Georg Fischer Verkehrstechnik supports us internally and externally with our customers. We can rely on them at all times."

Georg Fischer Verkehrstechnik is among Europe's leading manufacturers of fifth wheel couplings, the mechanical link between the truck and the trailer. So what he wants from Georg Fischer is clear: "As they say, change is the only constant. Only an honest partnership founded on trust never changes. That's why I hope that we can continue to be close partners for the well-being of our customers."

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 the major automotive manufacturers source highly stressable parts cast from aluminium, magnesium or iron from GF Automotive. Every year, GF Automotive manufactures more than 100 million components with a total weight of over 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.

As a development partner and manufacturer of highly stressable cast components made of iron and light metal, GF Automotive is the technology and market leader for the European vehicle industry with its components for chassis, drive systems, body and structure. The Corporate Group, which specialises in mass production with global delivery capability, is an ideal partner for realising the platform concept: the same vehicle parts and systems are developed, produced and processed for different models of several automotive manufacturers.

GF Automotive

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

GF Automotive As of January 1, 2008

Ferdinand Stutz

Finance, Controlling Jochen Nutz	**Iron Castings** Josef Edbauer
Marketing, Sales Klaus Reinhold (until March 31, 2008) Arne Allée (as of April 1, 2008)	**Light Metal Castings** Ferdinand Stutz, a.i.
Human Resources Josef Hary	**Production Management, IT** Ueli Forrer
Purchasing Atul Malhotra	
Research and Development Beat Ruckstuhl	

GF Automotive provides expertise along the entire value chain from the development of its own materials to product and process development. Not to mention design, calculations and component testing as well as global delivery capability. These competencies form the basis of optimum customer service from development through to mass production.

Trends and strategy. Passenger cars and heavy goods vehicles (HGV) remain the preferred means of transport. By 2020, production is expected to increase by about 25 percent to 100 million vehicles a year, with Asia and Eastern Europe posting the largest growth. Hybrid engines and new drive technologies are gaining market share, but gasoline engines continue to predominate. Vehicle fuel consumption and pollution emissions will be drastically reduced. Engines will become more powerful. Smaller engines are more efficient. The industry also enjoys growing demand for lightweight construction, achieved either through the use of light metal or a reduction in the weight of cast iron parts.

The consolidation among carmakers continues unabated, 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 mass production. Components made of iron, aluminium and magnesium are asserting themselves in vehicle construction. There is a strong trend towards vehicles that offer greater safety, comfort and performance, along with a smaller environmental footprint and lower-cost models.

As a technology leader, GF Automotive is well positioned to take advantage of the opportunities which these trends are creating. GF Automotive is a professional, innovative and esteemed partner of the automotive industry, continuously developing materials, improving production processes and fine-tuning components. With its own foundries in Europe, Asia and North America, the Corporate Group is strengthening its position and participating in the growth in the Asian and North American markets, while guaranteeing global customer care.

Strengthening profitability. GF Automotive is relentlessly 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. As it expands vertical integration and deepens its skills in processing complex parts, GF Automotive is taking advantage of the scope for increasing added value. The customer base is being constantly expanded especially in Asia.

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. The expansion of production in North America and in Asia is reinforcing the global reach of GF Automotive. By 2009, the iron foundry being built in Kunshan, China, will start up production. GF Automotive will thus achieve sustained growth, even amid tougher competition.

GF Automotive

in CHF millions	2007	2006
Sales	**2 223**	1 927
– Iron Castings	**1 214**	1 011
– Light Metal Castings	**938**	855
– Others	**71**	61
EBIT	**132**	142
Net Operating Assets (NOA)	**802**	814
Employees	**5 882**	5 778
in CHF thousands		
Sales per employee	**381**	334
Gross value added per employee	**130**	124
in %		
Gross value added as measured against personnel expenses	**145**	149
Return on Net Operating Assets (RONOA)	**16**	18
Return on Sales (EBIT margin)	**6**	7

As a technology leader, GF Automotive is well positioned to grasp the opportunities that are arising and turn them into success.

GF Piping Systems

Serving our customers. The transport of liquids and gas under pressure requires particularly safe and leak-free piping systems, since only they provide effective environmental protection and the careful use of resources. GF Piping Systems offers a wide array of piping system solutions. The Corporate Group develops, produces and markets high-quality components for a broad product range using plastic and complementary materials such as malleable cast iron and brass.

Comprehensive know-how plus long experience in material and jointing technology ensure that the system solutions come up to the mark. This means, for instance, that all piping system components such as pipes, fittings, valves and instrumentation & control devices are available from a single source and match each other. The wide range of jointing techniques provided by GF Piping Systems, such as welding, glueing, compression or push-fit, allows our customers to integrate all these components and avoid leaks.

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 technology
- is present in more than 100 countries worldwide with a highly efficient service organisation

GF Piping Systems — As of January 1, 2008

Yves Serra (until March 19, 2008)
Pietro Lori (as of March 20, 2008)

Finance, Controlling, IT Stefan Gautschi	**Industry/Utility** Nabil El Barbari
Human Resources Alain Ritter	**Building Technology** Marco Steg
	Europe Pietro Lori (until March 19, 2008) Giles Cook (as of March 20, 2008)
	America Chris Blumer
	Asia Daniel Fink

Customer support in more than 100 countries is backed up by an 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 and norms is a matter of course at GF Piping Systems.

Trends and strategy. The careful management of basic resources such as water and energy is growing in importance. So is the fight against environmental pollution and contamination. Long life, resistance to corrosion, ease of installation and leak-tight connections are fundamental customer requirements, whether for industrial applications, gas and water supply or building technology. Plastic 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. The higher costs for procurement of raw materials have not eroded the Corporate Group's competitive position since alternative materials such as copper have been subject to much larger price increases. This situation is opening up opportunities for the innovative solutions from GF Piping Systems in new and existing market segments.

Globally operating customers demand globally available, integrated system solutions from a single source in order to exclude compatibility risks. The strategy of GF Piping Systems is to satisfy these needs; it thus systematically gears its products to serve specific market segments. The four most important customer segments are gas and water utilities, building technology, water treatment and the chemical industry. Further segments include ship-building, the food industry, life sciences and microelectronics.

GF Piping Systems is also aiming to achieve a geographically balanced portfolio and is forging ahead in its drive to open up new markets. The acquisition 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 doubles the Corporate Group's sales in the USA.

GF Piping Systems

in CHF millions	**2007**	2006
Sales	**1 096**	983
– Industry/Utility	**863**	768
– Building Technology	**233**	215
EBIT	**126**	109
Net Operating Assets (NOA)	**504**	435
Employees	**3 690**	3 263
in CHF thousands		
Sales per employee	**315**	301
Gross value added per employee	**121**	118
in %		
Gross value added as measured against personnel expenses	**160**	157
Return on Net Operating Assets (RONOA)	**27**	26
Return on Sales (EBIT margin)	**12**	11

Strengthening profitability. Developing sales in non-cyclical markets, in emerging countries and in 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 the focus on market segments coupled with 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.

Developing sales in non-cyclical markets, in emerging countries and in Asia is having a positive and stabilising effect on profitability.

GF AgieCharmilles

Serving our customers. People are setting increasingly high standards as regards the functionality, design and reliability of products. Market success often depends on the precision and efficiency with which the products are manufactured. GF AgieCharmilles has expertise in the technologies associated with electric discharge machining, high-speed and high-performance milling and automation. Its know-how supports the manufacturers of state-of-the-art products in mould and toolmaking and in the production of precision parts from future-oriented materials. The Corporate Group's range also includes clamping and palletising systems, servicing, spare and wear parts, and consumables.

A globally active company with its own organisational structure, GF AgieCharmilles is present at 50 locations worldwide. The Corporate Group's production sites and research & development 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 toolmaking
- offers comprehensive service for the Corporate Group's globally installed base

GF AgieCharmilles As of January 1, 2008

Jürg Krebser

Finance, Controlling Mauro Fontana	**EDM** José Luis Moral
Marketing & Sales Support Michael Hauser	**Milling** Michael Hauser
Human Resources Rudolf Beck	**System 3R** Jan Bergwall
	Europe North Bernhard Kasper
	Americas & Europe South Jean-Pierre Wilmès
	Asia Bernard Bommeli

Trends and strategy. The globalisation of mass production continues to spread, with China and Eastern Europe being the big winners. 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 pushing up 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. All these factors are instrumental in increasing the productivity and prolonging the life of the machines.

GF AgieCharmilles offers its customers impressive 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, or 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 slash their manual operating costs and further increase their productivity – these are weighty arguments in the unrelenting competition on price.

The Corporate Group has every intention – and the know-how too – of remaining the technology leader in EDM and HSM. Thanks to the best total package, it is the preferred partner of the mould- and tool-making sector. Its service and customer support are unique in the industry. Support is based on the worldwide sales and distribution network, consulting and training of employees and customers in its own Service Academy, and the delivery of spare and wear parts as well as consumables.

GF AgieCharmilles

in CHF millions	2007	2006
Sales	**1 179**	1 137
– EDM	**485**	496
– Milling	**296**	276
– Automation Tooling	**83**	79
– Customer Service (CS)	**315**	286
EBIT	**76**	91
Net Operating Assets (NOA)	**497**	508
Employees	**3 263**	3 194
in CHF thousands		
Sales per employee	**365**	356
Gross value added per employee	**115**	118
in %		
Gross value added as measured against personnel expenses	**134**	140
Return on Net Operating Assets (RONOA)	**15**	18
Return on Sales (EBIT margin)	**7**	8

Strengthening profitability. As of 1 July 2007, GF AgieCharmilles launched its joint brand GF AgieCharmilles, thereby driving forward the integration of the Corporate Group. In the course of the year, the sales structures were also merged. By bundling its forces, the Corporate Group is enhancing its efficiency, simplifying organisational structures and cutting costs.

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. Innovative solutions will contribute to further increases in sales and earnings in the service business.

In 2007, GF AgieCharmilles underscored its market and technology leadership by launching a large number of absolutely new products. Thanks to its outstanding technological achievements and innovative strength, the Corporate Group is constantly opening up and exploring new applications in electric discharge machining and high performance milling. These opportunities also contribute to its profitable growth.

GF AgieCharmilles offers its customers impressive automation solutions and is a preferred partner owing to its total service package.

Corporate Management

The CEO and the Heads of Corporate Development and Corporate Finance and Controlling 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.

Planning. Corporate Management 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.

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.

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.

Management development. Strategically important competencies and information are net-worked 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 internationalization. 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 January 1, 2008

Kurt E. Stirnemann (until March 19, 2008)
Yves Serra (as of March 20, 2008)

Corporate Finance and Controlling
Roland Abt

Corporate Controlling / Investor Relations
Daniel Bösiger

Corporate Treasury
Andreas Häggi

Internal Auditing
Peter Gyger

Risk Management and Corporate Taxes
Daniel Vaterlaus

Corporate Development
Ernst Willi

Corporate Human Resources
Stephan Wittmann

Communication
Markus Sauter

Legal
Richard Furrer

Patents
Wolfgang Weiss

Corporate Planning
Helmut Elben

Secretary General
Roland Gröbli

Corporate Compliance
Barbara Senn

Sustainability

Georg Fischer will publish its 2007 Sustainability Report in the second quarter of 2008. The chapter on Sustainability in the Annual Report is a summary of the main principles which reports on a few outstanding examples for 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.

Since 1997, Georg Fischer has been systematically collecting data of relevance to the environment. By regularly assembling and publishing data, Georg Fischer is able to effectively gauge the success of the improvement measures. The data base and the scope of the corporate subsidiaries surveyed have been gradually increased. In 2005, Georg Fischer established the Sustainability Information System (SIS), which marks a major expansion compared with the earlier system. 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.

In 1999, the Corporation published its first environmental report. The 2004 Annual Report contained the Corporation's first sustainability report, and in 2006 Georg Fischer published its Sustainability Report as a separate publication for the first time. Reporting is based on the guidelines of the Global Reporting Initiative (GRI). The next Sustainability Report will be published in the second quarter of 2008.

Commitment and responsibility. "Adding Quality to People's Lives" means that people the world over can expect that Georg Fischer will make a significant contribution to satisfying their present-day and future needs. Georg Fischer is part of society and therefore has obligations to its various stakeholders. The Corporation bears the responsibility for safeguarding the company's long-term well-being, underpinned by solid profitability. It is therefore essential to reconcile financial, environmental and social considerations. Strategic decisions are also taken at Georg Fischer with regard to sustainability.

At GF, the value-led management of the financial resources provided by investors is grounded in a system of intangible values and management principles that apply to all employees of the company. The Georg Fischer Corporate Policy and Code of Conduct are published on the Internet and provide a benchmark against which to measure the company's behaviour. Our aim is to apply enduring values and principles to all our activities and to the way we conduct our daily business. Chief among these are trust and credibility, active responsibility for all our stakeholders, honest and timely communication, financial transparency and compliance with the applicable legal standards. These fundamental values are taken into account in the assessment of our employees and especially of our managers, since the integrity of the company as a whole is dictated by the integrity of the individuals who work for it.

Greater transparency

In recent years, Georg Fischer has continuously expanded its internal Sustainability Information System (SIS). The sustainability figures are published on the Corporation's website and can be downloaded using the GRI Content Index.

Georg Fischer will publish its 2007 Sustainability Report in the second quarter of 2008. It will be the fullest report of the Corporation on this subject to date. The Sustainability Report will be published in English and German and may either be ordered as a printed brochure or downloaded from the Internet.

www.georgfischer.com/sustainability_en

Social performance

Safety at work and health protection. The Executive Committee of Georg Fischer resolved at the end of 2006 to extend the systematisation of processes in the production and logistics companies in addition to its current activities in the areas of occupational safety and health protection. It therefore decided, as a pilot project, to have three companies certified to the internationally recognised standard OHSAS 18001 (Occupation Health and Safety Assessment Series). OHSAS 18001 is fully compatible with ISO 9001 and ISO 14001, which are the standards applying at all production and logistics sites of Georg Fischer today. The pilot project was launched in 2007, and one of the companies has already been certified.

Based on the experience to date, the Executive Committee decided at the end of 2007 to have "occupational safety and health protection" embedded in all production and logistics companies and integrated in the management system, which is to be certified to OHSAS 18001. The target is to have 80 percent of these companies certified by the end of 2009 and 100 percent by the end of 2011. Companies which are newly founded or acquired are to be certified within three years at most. An additional goal defined by the Executive Committee is 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.

Management training. Having already proven its worth over many years, the Management Development process helped the Corporation to fill around 80 percent of all senior management vacancies with candidates from its own ranks in 2007. The GF Academy offers the management courses Financial, People and Corporate Management Training, which play a key role in basic and advanced training. The Executive Committee decided in 2007 to enter into cooperation with the University of St. Gallen, Switzerland, in order to supplement these well-established courses with a course on General Management Training for young managers and Advanced General Management Training and a Leading for Results programme for experienced managers.

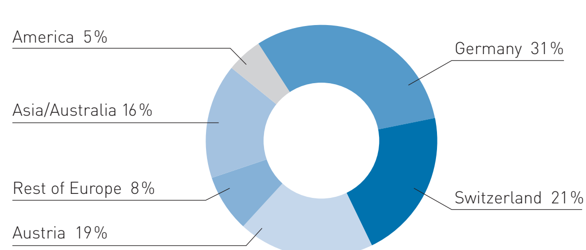
Basic and advanced training. In 2007, Georg Fischer provided some 450 apprentices – close to 200 of them in Switzerland – with an opportunity to receive basic training in a technical or commercial profession. Georg Fischer has a long tradition in training apprentices and will continue to offer attractive opportunities for basic professional training.

Besides providing an interesting array of technical and management training courses, the Corporate Groups also offer strategic training programmes. Moreover, GF Piping Systems has an excellent infrastructure for internal and external courses with its training centre at the Schaffhausen headquarters in Switzerland. GF Automotive will also offer a training centre for internal and external users at its new headquarters, which will be ready for occupancy in 2009. The GF AgieCharmilles Service Academy offers courses lasting between one and several days, most of which are aimed at employees in Service, Sales and Management.

Anchored in the social environment. The Georg Fischer Corporation fosters active cooperation with the community and the authorities at all its locations. It supports employees who work for the good of their communities. Each corporate subsidiary is expected to sponsor cultural, sporting and social activities in their community to the best of their ability. 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. Spending on charitable causes comes to almost CHF 2 million a year.

Clean Water. In the year under review, the Clean Water Foundation celebrated its fifth anniversary. Its activities are

Employees 2007 by region (in %)
(100% = 12986)



presented in a diversified travelling exhibition which started in Schaffhausen last November and will be displayed at numerous Georg Fischer sites in 2008. Since the end of 2007, Georg Fischer has invested CHF 5 million in the Foundation, whose 60 projects have helped to durably improve the supply of drinking water for about 120,000 people.

In the year under review, Georg Fischer supported ten drinking water projects around the world with funding of almost CHF 700,000. Two Clean Water projects in particular were highly acclaimed by the local population in 2007. In Studenica (Kosova) und in Goradze (Bosnia), GF supported local initiatives that were aimed at eliminating the damage caused by the war in the 1990s. In Goradze, the Mettmann-Goradze Friendship Association, of which many active and former GF employees are members, was actively involved in improving the water supply. A high-ranking delegation from the iron foundry in Mettmann participated in the inauguration ceremony. The Mettmann Managing Director accepted a certificate of appreciation from the town on behalf of the plant.

Environment

Environmental footprint. Due to 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 optimize consumption of energy and resources and further increase the proportion of recyclable waste and closed water cycles.

Water. All the Corporate Groups use water in their production processes. Through its product range, GF Piping Systems also contributes to the safe transport of all types of water, thereby helping to prevent leaks and contamination. The careful use of water is therefore something to which the entire Corporation attaches considerable importance. This attitude is also reflected in its commitment to the Clean Water Foundation set up in 2002.

Responsibility towards partners. In the public perception, the social and ecological responsibility of a company increasingly extends to the choice of business partners. Particularly in the automotive industry, manufacturers are increasingly defining their (minimum) ecological requirements for suppliers. Georg Fischer welcomes this development. The Executive Committee recently set a goal of ensuring that by the end of 2009 more than 80 percent of key suppliers have a certified quality and environmental management system and apply social standards comparable to those of Georg Fischer.

Social aspects that are relevant in such choices are occupational safety and health protection as well as social benefits.

Generating sustainable value

"Our business activities are focused on financial success. We aim to achieve an above-average return on the capital employed.

At Georg Fischer, profitable growth goes hand in hand with a commitment to ecological and social responsibility. We achieve our success with all possible regard for the principles of sustainable development. As a company committed to sustainability, we create value for all stakeholder groups by striking a balance between their economic, ecological and social expectations and by actively assuming the responsibility that this approach implies.

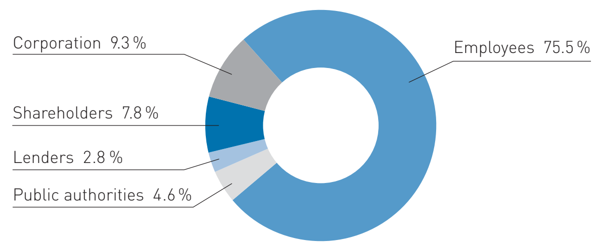
Doing business in a sustainable manner helps to safeguard the company's future over the long term. Technological leadership and an innovative, optimized product range create value for the customer and improve the company's environmental and social performance. This affects the entire value chain of our products and also the cooperation with suppliers, customers and end users."

Excerpt from the 2007 Corporate Policy of Georg Fischer

These include, for instance, appropriate working hours, defined work breaks, payment in line with national standards, etc. To achieve this goal, Georg Fischer is reviewing 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 650,000 tonnes of CO_2 emissions in 2006, with GF Automotive accounting for about 85 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 Minergie standards in new buildings and by energy initiatives at its major sites. The new main building of GF Automotive in Schaffhausen, Switzerland, for instance, is being built in accordance with the Minergie standard, Switzerland's leading standard for low-energy houses. The iron foundry in Singen, Germany, will invest more than EUR 1 million so that in future it can deliver waste heat from its smelter to neighbouring factories. In view of rising energy prices, the ecological potential and possible economic savings from the consumption of energy and raw materials are being recalculated.

Distribution of net value added 2007 (in %)
(100% = 1.43 billion)



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 transport costs (for waste) and lower (process) water consumption, for example, can both be described as positive and, 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 2007

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

Share information

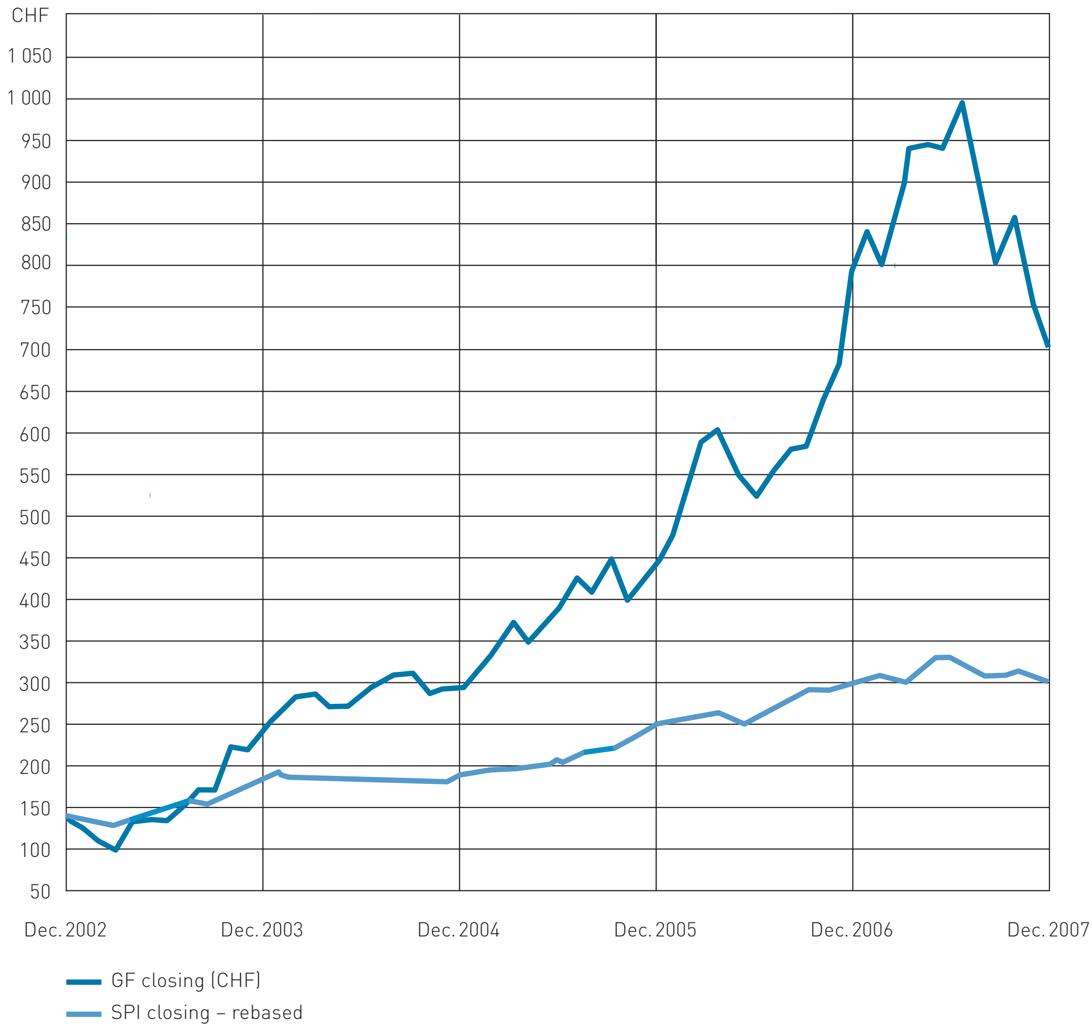
Share capital	2003	2004	2005	2006	2007
Number of shares as per December 31					
Registered shares	3 499 485	3 499 524	3 500 638	4 100 898	4 100 898
Dividend-entitled thereof					
Registered shares	3 449 485	3 449 524	3 450 638	4 050 898	4 050 898
Conditional capital					
Registered shares	1 262 240	1 012 201	648 847		
Number of registered shareholders	12 069	11 330	12 226	10 848	12 308
Share prices adjusted in CHF					
Registered share					
highest	248	318	453	790	1 040
lowest	89	235	290	446	653
closing as per December 31	244	295	449	790	697
Price-earnings ratio	n/a	10	10	13	12
Market capitalization as per December 31					
million CHF	841	1 016	1 549	3 198	2 823
in % of sales	26	29	42	79	63
in % of equity attributable to shareholders of Georg Fischer Ltd	100	109	141	232	189
Cash flow from operating activities in CHF					
per registered share	98	81	88	85	106
Earnings/(loss) in CHF					
per registered share	–44	28	46	62	58
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
per registered share	253	278	326	372	372
Dividend paid (proposed) in million CHF [1]	0	34	52	101	101
Dividend paid (proposed) in CHF					
per registered share [1]	0	10	15	25	25
Pay-out ratio in %	–	36	33	40	43

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 2007 in form of a reduction in par value

Share price 2003–2007



Market capitalization, earnings per share

The market capitalization stood at CHF 2,823 million on December 31, 2007. The earnings per share are at CHF 58 (previous year: CHF 62).

Dividend policy

Georg Fischer follows a dividend policy that is based on earnings and aims to distribute approximately one third of the consolidated result 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 25 to CHF 25 per registered share.

Categories of shareholders as per December 31, 2007

Number of shares	Number of shareholders	Number of shares %
1–100	10 660	8.0
101–1 000	1 441	9.9
1 001–10 000	168	13.0
10 001–100 000	35	16.2
> 100 000	4	16.3
Shares not registered in share register		36.6
Total	**12 308**	**100.0**

Five-year overview Corporation

million CHF	2003	2004	2005	2006	2007
Order intake	3 385	3 730	3 783	4 245	4 635
Orders on hand at year end	799	897	947	1 094	1 186
Income statement					
Sales	3 257	3 540	3 692	4 048	4 497
EBITDA	282	348	403	474	484
Special charges	192	–9	–	–	–
EBIT	–96	189	252	327	326
Net profit / (loss) for the year	–149	105	175	249	245
Cash flow					
Cash flow from operating activities	327	272	298	317	428
Depreciation	158	143	146	143	151
Amortization	28	25	5	4	7
Additions to property, plant and equipment	–147	–182	–128	–138	–217
Cash flow from acquisitions and divestitures	–1	21	–5	14	–1
Free cash flow	197	193	184	298	243
Balance sheet					
Non-current assets	1 539	1 459	1 390	1 363	1 442
Current assets	1 501	1 729	1 684	1 845	1 953
Assets	3 040	3 188	3 074	3 208	3 395
Equity	932	1 023	1 202	1 448	1 542
Non-current liabilities	1 220	1 068	995	827	805
thereof subordinated convertible bond	150	154	158	–	–
Current liabilities	888	1 097	877	933	1 048
Net operating assets (NOA)	1 656	1 605	1 656	1 712	1 769
Net debt	926	725	606	324	264
Asset structure					
Non-current assets %	51	46	45	42	42
Current assets %	49	54	55	58	58
Capital structure					
Equity %	31	32	39	45	45
Non-current liabilities %	40	34	32	26	24
Current liabilities %	29	34	29	29	31
Key figures					
Return on equity (ROE) %	–	11	16	19	16
Return on net operating assets (RONOA) % [1]	5	11	15	19	19
Return on sales (EBIT margin) % [1]	2.9	5.1	6.8	8.1	7.2
Asset turnover	1.7	2.2	2.3	2.4	2.6
Cash flow from operating activities in % of sales	10	8	8	8	10
Employees					
Employees at year end	13 247	12 324	12 403	12 385	12 986
European Union	8 669	7 973	7 782	7 413	7 511
thereof Germany	4 781	4 575	4 427	3 995	4 056
thereof Austria	2 342	2 346	2 326	2 397	2 393
Other European countries	2 815	2 503	2 565	2 646	2 723
thereof Switzerland	2 788	2 494	2 558	2 630	2 705
America	599	609	602	652	652
Asia, Australia	1 164	1 239	1 454	1 674	2 100

1 In 2003 and 2004 before special charges

Consolidated financial statements 2007

Balance sheet as per December 31, 2007

million CHF	Notes	2007	%	2006	%
Investment properties	(3)	23		23	
Property, plant and equipment for own use	(3)	1 080		997	
Intangible assets	(4)	282		261	
Investments in associates	(5)	1		1	
Other financial assets	(7)	10		33	
Deferred tax assets	(8, 15)	46		48	
Non-current assets		**1 442**	**42**	1 363	42
Assets held for sale	(9)	4		4	
Inventories	(10)	709		655	
Trade accounts receivable	(11)	737		734	
Income taxes receivable	(12)	13		14	
Other accounts receivable	(13)	97		98	
Marketable securities		5		7	
Cash and cash equivalents		388		333	
Current assets		**1 953**	**58**	1 845	58
Assets		**3 395**	**100**	3 208	100
Share capital		201		302	
Share premium		167		194	
Retained earnings		1 129		883	
Equity attributable to shareholders of Georg Fischer Ltd		**1 497**	**44**	1 379	43
Minority interests		45	1	69	2
Equity	(23)	**1 542**	**45**	1 448	45
Banks	(19)	48		71	
Bonds	(14, 19)	373		372	
Deferred tax liabilities	(15)	56		68	
Provisions	(16)	119		104	
Employee benefits	(17, 19)	173		169	
Other non-current liabilities		36		43	
Non-current liabilities		**805**	**24**	827	26
Banks	(19)	178		157	
Employee benefits	(17, 19)	48		38	
Trade accounts payable		454		408	
Current tax liabilities		102		79	
Other current liabilities	(18)	266		251	
Current liabilities		**1 048**	**31**	933	29
Liabilities		**1 853**	**55**	1 760	55
Liabilities and equity		**3 395**	**100**	3 208	100

Income statement for the year ended December 31, 2007

million CHF	Notes	2007	%	2006	%
Gross sales		**4 563**		4 106	
Sales deductions		–66		–58	
Sales		**4 497**	**100**	4 048	100
Changes in inventory		17		10	
Other operating income	(26)	73		92	
Income		**4 587**	**102**	4 150	103
Cost of materials and products		–2 203		–1 917	
Operating expenses	(27)	–817		–741	
Gross value added		**1 567**	**35**	1 492	37
Personnel expenses	(28)	–1 083		–1 018	
Depreciation	(3)	–151		–143	
Amortization	(4)	–7		–4	
EBIT		**326**	**7**	327	8
Interest income	(29)	11		6	
Interest expenses	(29)	–40		–33	
Other financial result	(29)	7		20	
Result of investment properties		6		1	
Result from investments		1			
Profit before taxes		**311**		321	
Income taxes	(30)	–66		–72	
Net profit		**245**	**5**	249	6
thereof attributable to shareholders of Georg Fischer Ltd		232		229	
thereof attributable to minority interests		13		20	
Basic earnings per share in CHF	(31)	58		62	
Diluted earnings per share in CHF	(31)	58		57	

Statement of changes in equity for the year ended December 31, 2007

million CHF	Share capital	Share premium	Cumulative translation adjustments	Changes in fair value of financial assets	Other retained earnings	Equity attributable to shareholders of Georg Fischer Ltd	Minority interests	Equity
Balance as per December 31, 2005	**306**	**137**	**–83**	**15**	**723**	**1 098**	**104**	**1 202**
Changes in fair value of financial assets								
Realized gains			–2	–15		–17		–17
Translation adjustments			16			16	1	17
Net income recognized directly in equity			**14**	**–15**		**–1**	**1**	
Net profit for the period					229	229	20	249
Total recognized income and expense for the period			**14**	**–15**	**229**	**228**	**21**	**249**
Changes in own shares	3	12				15		15
Reduction in par value / dividends	–60					–60	–12	–72
Addition to equity from conversion	53	98				151		151
Acquisition / issue of minority interests, net		–53				–53	–44	–97
Balance as per December 31, 2006	**302**	**194**	**–69**		**952**	**1 379**	**69**	**1 448**
Realized gains			–2			–2		–2
Translation adjustments			16			16	1	17
Net income recognized directly in equity			**14**			**14**	**1**	**15**
Net profit for the period					232	232	13	245
Total recognized income and expense for the period			**14**		**232**	**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	**201**	**167**	**–55**		**1 184**	**1 497**	**45**	**1 542**

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

Income tax expenses recognized directly in equity amount to less than CHF 1 million (previous year: CHF 1 million).

Own shares with a par value of CHF 4 million (previous year: CHF 5 million) are deducted from the share capital. The related surplus of CHF 19 million (previous year: CHF 15 million) is deducted from the share premium.

At the beginning of the year under review Georg Fischer Ltd held 93 % of all registered shares of Agie Charmilles Holding AG. The remaining shares were acquired in the year under review. CHF 52 million was paid to the shareholders of Agie Charmilles Holding AG. The minority interests were reduced as a result of the transaction by CHF 28 million, the remaining CHF 24 million was 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 page 84.

Cash flow statement for the year ended December 31, 2007

million CHF	Notes	2007	2006
Profit before taxes		311	321
Financial result	(29)	22	7
Depreciation	(3)	151	143
Amortization	(4)	7	4
Other non-cash income and expenses		11	29
Increases in provisions, net	(16)	43	27
Use of provisions	(16)	–28	–25
Changes in			
Inventories		–56	–95
Trade accounts receivable		6	–70
Other accounts receivable			–9
Trade accounts payable		37	57
Other non-interest-bearing liabilities		16	2
Interest paid		–34	–31
Income taxes paid		–58	–43
Cash flow from operating activities		**428**	317
Additions to			
Property, plant and equipment	(3)	–217	–138
Intangible assets	(4)	–17	–7
Other financial assets		–3	–3
Disposals of			
Property, plant and equipment	(3)	17	22
Other financial assets	(7)	25	86
Purchase / disposal of marketable securities		1	3
Cash flow from acquisitions and divestitures	(2)	–1	14
Interest received		10	4
Cash flow from investing activities		**–185**	–19
Free cash flow		**243**	298
Changes in own shares		–7	13
Par value reduction / dividends paid		–111	–72
Repayment / repurchase of bonds	(14)		–2
Issue of bank loans	(19)	11	16
Repayment of bank loans	(19)	–35	–94
Acquisition of minority interests in GF AgieCharmilles	(2)	–52	–99
Acquisition / issue of other minority interests, net			2
Changes in other interest-bearing liabilities		4	–7
Cash flow from financing activities		**–190**	–243
Translation adjustment on cash and cash equivalents		2	2
Net cash flow		**55**	57
Cash and cash equivalents at beginning of year		333	276
Cash and cash equivalents at year end [1]		**388**	333

1 Cash, postal and bank accounts: CHF 240 million (previous year: CHF 245 million), fixed-term deposits: CHF 148 million (previous year: CHF 88 million)

Segment information

million CHF	Corporation 2007	Corporation 2006	Corporation 2005	GF Automotive 2007	GF Automotive 2006	GF Automotive 2005
Order intake	**4 635**	4 245	3 783	**2 292**	2 066	1 782
Orders on hand at year end	**1 186**	1 094	947	**989**	907	766
Gross sales by geographical segment						
European Union	3 329	2 918	2 668	2 119	1 825	1 659
thereof Germany	1 857	1 640	1 514	1 411	1 244	1 150
Other European countries	280	235	200	21	15	11
thereof Switzerland	169	153	138	7	5	5
America	346	368	371	40	37	36
Asia	537	518	435	39	37	45
Other countries	71	67	64	13	19	20
Gross sales	**4 563**	4 106	3 738	**2 232**	1 933	1 771
Sales deductions	–66	–58	–46	–9	–6	–6
Sales[1]	**4 497**	4 048	3 692	**2 223**	1 927	1 765
EBITDA	**484**	474	403	**235**	236	196
EBIT	**326**	327	252	**132**	142	100
Assets by geographical segment[2]	**3 395**	3 208	3 074	**1 344**	1 244	1 147
European Union	1 975	1 865	1 746	1 259	1 174	1 113
thereof Germany	927	910	960	728	691	685
Other European countries	863	813	845	3	3	
thereof Switzerland	859	810	843	3	3	
America	180	197	191	13	16	
Asia	358	321	279	69	51	34
Other countries	19	12	13			
Liabilities[2]	**1 853**	1 760	1 872	**551**	439	416
Investments by geographical segment[3]	**234**	145	133	**147**	86	84
European Union	159	88	80	129	73	66
thereof Germany	84	39	37	75	36	33
Other European countries	39	34	24	1	1	1
thereof Switzerland	39	34	24	1	1	1
America	7	3	4			
Asia	29	19	25	17	12	17
Other countries		1				
Depreciation	**151**	143	146	**99**	91	94
Amortization	**7**	4	5	**5**	2	2
Impairment of property, plant and equipment			11			8
Research and development	**144**	131	124	**67**	58	53

1 Sales between the segments are insignificant.
2 Segment assets and liabilities excluding financial and income tax positions.
3 Investments by geographical segment, to the extent attributed to the segments, equal the purchase cost of property, plant and equipment and intangible assets acquired.

GF Piping Systems			GF AgieCharmilles			Non-allocated			Eliminations		
2007	2006	2005	**2007**	2006	2005	**2007**	2006	2005	**2007**	2006	2005
1 151	1 033	907	**1 192**	1 146	1 093			1			
35	35	35	**162**	152	146						
633	567	521	576	526	487	1		1			
181	164	152	264	232	211	1		1			
117	98	88	144	121	101		1		–2		
63	59	56	101	88	77		1		–2		
112	126	113	194	205	222						
235	197	144	263	284	246						
54	45	41	4	3	3						
1 151	1 033	907	**1 181**	1 139	1 059	**1**	1	1	**–2**		
–55	–50	–39	–2	–2	–1						
1 096	983	868	**1 179**	1 137	1 058	**1**	1	1	**–2**		
158	140	113	**93**	107	90	**–2**	–9	4			
126	109	80	**76**	91	73	**–8**	–15	–1			
748	672	608	**785**	802	753	**607**	562	651	**–89**	–72	–85
330	302	280	197	191	176	227	222	186	–38	–24	–9
53	50	47	67	56	50	110	131	183	–31	–18	–5
213	192	163	382	376	349	307	280	402	–42	–38	–69
210	190	161	381	375	349	307	280	402	–42	–38	–69
63	64	67	90	106	109	14	14	16		–3	–1
127	104	98	116	129	119	55	44	34	–9	–7	–6
15	10					4	2	13			
226	206	188	**260**	257	252	**868**	881	1 044	**–52**	–23	–28
65	40	30	**14**	18	14	**8**	1	5			
23	11	9	3	4	4	4		1			
5	3	3			1	4					
25	22	14	9	10	7	4	1	2			
25	22	14	9	10	7	4	1	2			
6	2	2	1	1	1			1			
11	4	5	1	3	2			1			
	1										
31	30	30	**16**	16	17	**5**	6	5			
1	2	3	**1**								
								3			
21	19	19	**56**	54	52						

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, unconsolidated participations 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 recognised 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.

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. Interest and income taxes are not allocated to the segments due to the centralized nature of the financing and income tax functions. 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.

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 are reported in the financial result.

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 lives 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 lives, these components are depreciated separately. Useful lives 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 lives. Goodwill (the difference between the cost of acquisition and the fair value of the acquired assets, liabilities and contingent liabilities), including goodwill arising from asset deals, 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 prepaid employer contributions, loans to third parties and minority participations of less than 20 percent held over the longer term. 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 an 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.

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 an 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, whichever is higher. Deficits arising from such calculations as of the balance sheet date are recognized according to this mechanism. Prepaid employer contributions are capitalized under other financial assets. Other 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.

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 economic benefits.

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, 2007, Georg Fischer initially applied the following new or revised Standards issued by the IASB: IFRS 7 "Financial Instruments: Disclosures" and Amendments to IAS 1 "Presentation of Financial Statements: Capital Disclosures".

Furthermore IFRIC 7 "Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies", IFRIC 8 "Scope of IFRS 2 – Accounting for Share-based Payment", IFRIC 9 "Reassessment of Embedded Derivatives" as well as IFRIC 10 "Interim Financial Reporting and Impairment" were initially applied with effect from January 1, 2007.

Those revised and new standards and interpretations did not have any material effect on the consolidated financial statements. The introduction of IFRS 7 and IAS 1 (revised) resulted in additional and newly-arranged disclosures for Financial Instruments and Capital Management.

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, 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 values. In addition, useful lives 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 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, 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.

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 analysed, 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 11 – Group and Treasury Share Transactions	*	March 1, 2007	Financial year 2008
IFRIC 12 – Service Concession Arrangements	*	January 1, 2008	Financial year 2008
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	***	January 1, 2008	Financial year 2008
IFRIC 13 – Customer Loyalty Programmes	*	July 1, 2008	Financial year 2009
IAS 1 (revised) – Presentation of Financial Statements	**	January 1, 2009	Financial year 2009
IAS 23 (revised) – Borrowing Costs	*	January 1, 2009	Financial year 2009
IFRS 8 – Operating Segments	**	January 1, 2009	Financial year 2009
IFRS 3 – Business Combinations	***	July 1, 2009	Financial year 2010

* No noticeable effects on the consolidated financial statements of Georg Fischer are expected.
** Mainly, it is expected that the consolidated financial statements of Georg Fischer will be affected by additional disclosures.
*** The effects on the consolidated financial statements of Georg Fischer cannot yet be determined with sufficient certainty.

Notes

1 Changes in scope of consolidation

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

Additions (Formations)

as of March 29, 2007
Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan
GF Automotive

as of May 1, 2007
Georg Fischer Piping Systems Pvt. Ltd, Mumbai
GF Piping Systems

as of October 10, 2007
Agie Charmilles s.r.o., Brno
GF AgieCharmilles

as of December 21, 2007
Georg Fischer Engineering AG, Schaffhausen
GF Automotive

as of December 21, 2007
Georg Fischer Trading AG, Schaffhausen
GF Automotive

2 Cash flow from acquisitions and divestitures

million CHF	2007 Acquisitions	2007 Divestitures	2006 Acquisitions	2006 Divestitures
Property, plant and equipment			–8	1
Intangible assets			–4	
Deferred tax assets			–2	
Inventories			–3	3
Trade accounts receivable			–5	3
Cash and cash equivalents				3
Employee benefits				–3
Other non-current liabilities			4	
Trade accounts payable			7	–2
Other current liabilities			7	–5
Net assets			–4	
Cash and cash equivalents acquired / disposed of				–3
Net assets acquired / disposed of, excl. cash and cash equivalents			–4	–3
Receivables from divestitures (–) / settlement of receivables (+)				19
Liabilities from acquisitions (+) / settlement of liabilities (–)	–1		2	
Net cash flow from acquisitions and divestitures	**–1**		–2	16
Acquisition of minority interests in GF AgieCharmilles	–52		–99	
Net cash flow from acquisitions, divestitures and acquisition of minority interests	**–53**		–101	16

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, 2005	**70**	**37**	**643**	**90**	**1 613**	**348**	**33**	**12**	**2 776**
Additions			4	6	45	12	70	1	**138**
Disposals	**–35**	–5	–13	–4	–48	–12			**–82**
Changes in scope of consolidation					7			3	**10**
Other changes, reclassifications		10	–15	28	20	3	–47	–5	**–6**
Translation adjustment		1	9	1	40	1	1		**53**
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**
Accumulated depreciation									
As per December 31, 2005	**–39**	**–5**	**–370**	**–51**	**–1 083**	**–269**		**–8**	**–1 786**
Additions	**–1**		–18	–8	–95	–21		–1	**–143**
Disposals	**28**	4	10	3	42	12			**71**
Changes in scope of consolidation					–2			–1	**–3**
Other changes, reclassifications			2	–12	7	3		3	**3**
Translation adjustment			–6	1	–28	–1			**–34**
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**
Carrying amount									
As per December 31, 2006	**23**	**42**	**246**	**54**	**518**	**76**	**57**	**4**	**997**
As per December 31, 2007	**23**	**42**	**240**	**54**	**549**	**76**	**118**	**1**	**1 080**

Insurance value of property, plant and equipment amounts to CHF 3,665 million (previous year: CHF 3,430 million).

The remaining figures in the lines "Other changes, reclassifications" relate to reclassifications of assets to the balance sheet line "Assets held for sale" in the current assets. The carrying amount of the reclassified assets is CHF 4 million (see note 9).

The main focus in 2007 was on investments to upgrade the European production capacity of the Technology Units Iron and Light Metal Casting of GF Automotive (CHF 127 million). GF Piping Systems accounted for further CHF 54 million investments. Committed additions to property, plant and equipment which will require the use of cash and cash equivalents in the years 2008 to 2012 amount to CHF 194 million (previous year: CHF 67 million). They can be allocated to the Corporate Groups as follows: GF Automotive CHF 131 million; GF Piping Systems CHF 32 million; GF AgieCharmilles CHF 5 million; Corporate Management CHF 26 million. About one third relates to Chinese locations (CHF 68 million), another CHF 24 million to investments in buildings, mainly the new research centre for GF Automotive. 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 48 million (previous year: CHF 52 million). This reduction is caused by the sale of investment properties. In the income statement, depreciation of investment properties is included in the result of investment properties, while in the cash flow statement it is included in the other non-cash income and expenses.

4 Movements of intangible assets

million CHF	Goodwill	Other	**Total**
Cost			
As per December 31, 2005	**240**	**48**	**288**
Additions		7	**7**
Disposals			
Changes in scope of consolidation		4	**4**
Other changes, reclassifications			
Translation adjustment	4	1	**5**
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**
Accumulated amortization			
As per December 31, 2005		**–38**	**–38**
Additions		–4	**–4**
Disposals			
Changes in scope of consolidation			
Other changes, reclassifications			
Translation adjustment		–1	**–1**
As per December 31, 2006		**–43**	**–43**
Additions		–7	**–7**
Disposals		8	**8**
Adjustment purchase price allocation EDC Inc			
Other changes, reclassifications			
Translation adjustment		–1	**–1**
As per December 31, 2007		**–43**	**–43**
Carrying amount			
As per December 31, 2006	**244**	**17**	**261**
As per December 31, 2007	**248**	**34**	**282**

With effect from January 1, 2005 Georg Fischer adopted IFRS 3 which requires, that goodwill should not to be amortized but instead must be tested for impairment on an annual basis.

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	2007	2006
GF Automotive		
Technology Unit Die-Casting	103	100
Total	**103**	100
GF Piping Systems[1]	**45**	44
GF AgieCharmilles		
GF AgieCharmilles Group	29	29
Division Milling	38	38
Division System 3R	28	28
Others	5	5
Total	**100**	100
Total	**248**	244

1 The goodwill position of GF Piping Systems is the sum of different positions resulting from the acquisition 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 is thereby 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. In applying the "Capital Asset Pricing Model" there is a calculated cost of capital of seven percent for the whole Georg Fischer Corporation. Based on specific risk premiums and the cost of capital, the discount rate is determined for Corporate Groups to be eight percent and for Corporate Subsidiaries to be nine percent.

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 support the carrying amounts of all goodwill positions. Additionally sensitivity analyses were performed:

In the Technology Unit Die-Casting the value in use exceeds the carrying amount of the net assets by CHF 18 million. By an increase in the discount rate of 8% by 0.3%-points or a reduction of the projected EBIT-margin by 3%, the carrying amount would just be covered by the value in use.

Within GF Piping Systems the value in use of a Corporate Subsidiary exceeds the carrying amount of the net assets by CHF 1 million. This carrying amount contains a goodwill in the amount of CHF 11 million. By an increase in the discount rate of 9% by 0.2%-points or a reduction of the projected EBIT-margin by 1%, the carrying amount would just be covered by the value in use.

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.

5 Investments in associates

The investments included are:

- 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	2007	2006
Cash and cash equivalents (without fix-term deposits)	**240**	245
Fix-term deposits	148	88
Other financial assets[1]	8	30
Trade accounts receivable	737	734
Other accounts receivable[2]	43	54
Loans and receivables	**936**	906
Foreign currency forward rate contracts	2	
Marketable securities	5	7
Financial assets at market value through profit or loss	**7**	7
Banks	226	228
Trade accounts payable	454	408
Bonds	373	372
Other current / non-current liabilities	302	294
Liabilities stated at amortized cost	**1 355**	1 302

1 The balance sheet item other financial assets contains prepaid employer contributions of CHF 2 million (previous year: CHF 3 million), which do not lie in the scope of application of IAS 39 and thus are not recognized in this table.
2 The balance sheet item other accounts receivable contains tax credits of CHF 54 million (previous year: CHF 44 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 percent 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 on the balance sheet date.

7 Other financial assets

Other financial assets include long-term loans to third parties of CHF 7 million (previous year: CHF 28 million) and prepaid employer contributions of CHF 2 million (previous year: CHF 3 million).

The remaining receivable concerning the sale of the investment in Coperion in an amount of CHF 17 million was settled and the release of the accrued gain in an amount of CHF 5 million increased the other financial result.

CHF 4 million of the long-term loans, falls due in the next three years and CHF 3 million at a later date. CHF 4 million was lent in Brazilian reals and CHF 1 million each in US dollars, Euros and Swiss francs. The interest rates for the loans made in Brazil in local currency are 10 %. For the loans made in CHF, USD and EUR, interest rates of between 0 % and 5 % 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 46 million net (previous year: CHF 48 million). As per December 31, 2007, CHF 11 million (previous year: CHF 7 million) of tax loss carryforwards was capitalized. 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).

All assets held for sale as per December 31, 2006, were sold in the year under review.

10 Inventories

million CHF	2007	2006
Raw materials and components	256	238
Work in progress	152	140
Finished goods, goods held for trading	424	396
Gross value inventories on hand	**832**	774
Value adjustments	–120	–118
Carrying amount inventories on hand	**712**	656
Prepayments to suppliers	19	24
Prepayments received from customers	–22	–25
Inventories	**709**	655

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	2007	2006
Gross values	**760**	759
Individual value adjustments	–4	–3
Overall value adjustments	–19	–22
Net values	**737**	734
European Union	490	479
thereof Germany	188	176
thereof Eastern Europe	26	20
Other European countries	37	39
thereof Switzerland	27	26
Northern America	41	48
Central and Southern America	29	29
Asia	112	124
thereof China	34	31
Other countries	28	15
Total	**737**	734

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

		2007		2006
million CHF	Receivable	Value adjustment	Receivable	Value adjustment
Not yet due	597	1	602	2
1–30 days overdue	71	1	76	1
31–90 days overdue	46		38	1
91–180 days overdue	18	3	16	3
More than 180 days overdue	24	14	24	15
Total	**756**	**19**	756	22

Value adjustments on trade accounts receivable have changed as follows:

million CHF	2007	2006
Individual value adjustments		
As per January 1	3	5
Increase / decrease	1	−2
As per December 31	**4**	3
Overall value adjustment		
As per January 1	22	20
Increase / decrease	−3	2
As per December 31	**19**	22

The individual value adjustments amounted to CHF 4 million (previous year: CHF 3 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 5 million relates to Austria, CHF 4 million to Switzerland, CHF 1 million to USA, CHF 1 million to Sweden and CHF 2 million to other countries.

13 Other accounts receivable

million CHF	2007	2006
Tax credits (excl. income taxes receivable)	54	44
Other current accounts receivable	23	30
Prepaid expenses and accrued income	20	24
Total	**97**	98

14 Bonds

million CHF	Issuing currency	Nominal value	Market value	Effective interest rate	2007	2006
Bonds (Georg Fischer Ltd)						
3 1/2% 1999–2009 (February 5)	CHF	200	201	4.0%	199	198
3 1/2% 2004–2010 (September 15)	CHF	175	175	3.8%	174	174
Total		**375**	**376**		**373**	372

(see also note 19)

The amounts issued under the 3 1/2% bonds 1999–2009 and 2004–2010 can be increased by Georg Fischer Ltd 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	2007 net	2006 net
Investment properties		3	3	3
Property, plant and equipment for own use	3	28	25	36
Tax loss carryforwards	11		–11	–7
Inventories	12	17	5	12
Provisions	8	11	3	3
Other interest-bearing liabilities				–2
Other non-interest-bearing liabilities	26	2	–24	–26
Other balance sheet items	14	23	9	1
Total	**74**	**84**	**10**	20
Offsetting	–28	–28		
Deferred tax assets / liabilities	**46**	**56**	**10**	20

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 28 million (previous year: CHF 35 million).

16 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Other provisions	Total 2007	Total 2006
As per January 1	45	15	17	27	104	93
Reclassifications						9
Increase	23	27	3	7	60	54
Use	–14	–2		–12	–28	–25
Release	–12	–3	–2		–17	–27
Changes in scope of consolidation						
Translation adjustment						
As per December 31	**42**	**37**	**18**	**22**	**119**	104

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.

Provisions for warranties are expected to result in a cash outflow within 1 to 2 years on average, all other provisions within 2 to 3 years on average. Due to this maturity structure provisions are not discounted.

Due to start-up problems with new products at the GF Automotive plant in Herzogenburg, Austria, provisions for onerous contracts in the amount of CHF 20 million had to be recognized. The revaluation of risks on insured events resulted in a release of CHF 5 million warranty provisions.

About half of the other provisions relate to employee benefit risks, the other half 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	2007 Total	2007 thereof Switzerland	2006 Total	2006 thereof Switzerland
Fair value of plan assets as per January 1	**1 319**	**1 178**	1 229	1 098
(+) Expected return on plan assets	52	44	48	42
(+) Employer contributions	27	20	18	15
(+) Employees' contributions	13	12	13	12
(–) Benefits paid	–69	–62	–97	–84
Actuarial (+) gains / (–) losses, net	1	–2	102	95
(+/–) Plan amendments	1			
(+/–) Changes in scope of consolidation				
(+/–) Translation adjustment	–1		6	
Fair value of plan assets as per December 31	**1 343**	**1 190**	1 319	1 178
Present value of defined benefit obligations as per January 1	**–1 493**	**–1 108**	–1 450	–1 083
(–) Current service cost, net of employees' contributions	–32	–20	–31	–21
(–) Employees' contributions	–13	–12	–13	–12
(–) Past service cost	–3	–2	–2	–2
(–) Interest cost	–46	–29	–44	–30
Actuarial (–) gains / (+) losses, net	65	37	–30	–27
(+) Benefits paid	84	62	108	85
(+/–) Plan amendments			–24	–18
(+/–) Changes in scope of consolidation			3	
(+/–) Translation adjustment	–6		–10	
Present value of defined benefit obligations as per December 31	**1 444**	**1 072**	–1 493	–1 108
Pension liability (–) / asset (+), total	**–101**	**118**	–174	70
Unrecognized cumulative actuarial losses (–) / gains (+), net	**117**	**119**	30	70
Recognized pension liability (–) / asset (+), net	**–218**	**–1**	–204	
Recognized on the balance sheet as follows:				
Other financial assets (mainly prepaid employer contributions)	3	2	3	2
Liabilities for employee benefits:				
Current loans payable	–48	–1	–38	
Non-current loans payable			–12	
Other non-current employee benefit obligations	–173	–2	–157	–2
Recognized pension liability (–) / asset (+), net	**–218**	**–1**	–204	

million CHF	2007 Total	2007 thereof Switzerland	2006 Total	2006 thereof Switzerland
Movements of recognized pension liability (–) / asset (+)				
Recognized pension liability (–) / asset (+) as per January 1	**–204**		–197	1
(–) Cost of defined benefit plans, net	–31	–7	–31	–10
(+) Employer contributions	27	20	22	15
(–) Unrecognized additional contributions	–19	–14	–8	–7
(–) Use of prepaid employer contributions			–2	–2
(+) Benefits paid	15		11	1
(+/–) Changes of loans payable	1		–9	2
(+/–) Changes in scope of consolidation			3	
(+/–) Translation adjustment and other effects	–7		7	
Recognized pension liability (–) / asset (+) as per December 31	**–218**	**–1**	–204	

Based on a present value of defined benefit obligations of CHF 1,444 million and a fair value of plan assets of CHF 1,343 million the Corporation's defined benefit plans report a total net pension liability of CHF 101 million. This liability is composed of defined benefit obligations in the amount of CHF 231 million related to unfunded plans – mainly in Germany and Austria – and a surplus related to funded plans of CHF 130 million – mainly from Swiss pension plans. Considering the recognized pension liability in the amount of CHF 218 million, the total unrecognized actuarial gains amount to CHF 117 million of which CHF 119 million results from Swiss pension plans. Latter has increased from CHF 70 million to CHF 119 million, whereas the unrecognized losses – mainly of German, Austrian and British pension funds – decreased from CHF 40 million to CHF 2 million. Compared to previous years, the changes are mainly originated by higher discount rates.

As a result of a partial liquidation at the end of 2006 and due to a termination of an affiliation contract, the actuarial gains of funded plans have been adjusted by CHF 25 million for the Swiss pension plan in the previous year.

The expected employer contributions for defined benefit plans for next year are CHF 25 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. The funded status required by law is determined according to national legislation, which considers contributions paid until the balance sheet date and the corresponding interest but, as opposed to IAS 19, does not include future salary and pension increases. The costs determined according to IAS 19 were covered by the employer contributions recognized as expenses in both years.

Analysis of employee benefit costs:

million CHF	2007 Total	2007 thereof Switzerland	2006 Total	2006 thereof Switzerland
Cost of defined benefit plans				
(+) Current service cost for length of service	2	1	3	1
(+) Current service cost for defined benefit plans	43	31	41	31
(+) Past service cost	3	2	2	2
(+) Interest cost	46	29	44	30
(–) Expected return on plan assets[1]	–52	–44	–48	–42
(+) Actuarial loss recognized	2		1	
(+) Early retirements, curtailments, settlements			1	
Cost of defined benefit plans, gross	**44**	**19**	44	22
(–) Less employees' contributions	–13	–12	–13	–12
Cost of defined benefit plans, net	**31**	**7**	31	10
(+) Unrecognized additional employer contributions	19	14	8	7
Cost of defined benefit plans	**50**	**21**	39	17
Cost of defined contribution plans	**3**	**1**	3	1
Employee benefit costs	**53**	**22**	42	18

1 In the year under review the average actual return on plan assets equals 3.3 % (previous year: 8.5 %).

Actuarial assumptions:

in %	2007	2006
Discount rate	3.4–5.8	2.7–5.2
Expected return on plan assets	4.0–6.0	3.5–6.7
Expected salary increase rates	1.5–4.0	1.5–3.3
Expected pension increase rates	0.3–3.0	0.3–2.8

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	2007	2006
Fair values of plan assets	1 343	1 319
Present value of defined benefit obligations	–1 444	–1 493
Pension liability (–) / asset (+)	**–101**	–174
Difference between expected and actual return on plan assets	1	46
Actuarial adjustments on plan liabilities	–12	–27

The weighted average asset allocation of funded defined benefit plans as per December 31, 2007 and 2006:

in %	Long-term target	2007	2006
Equity securities	20–35	27	31
Debt securities	30–50	43	37
Real estate	10–30	19	20
Other financial assets	0–20	11	12
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.

18 Other current liabilities

million CHF	2007	2006
Social security	20	19
Overtime, holiday, bonuses and profit-sharing	102	91
Other non-interest-bearing liabilities	28	19
Other interest-bearing liabilities	7	7
Accrued expenses and deferred income	109	115
Total	**266**	251

19 Interest-bearing liabilities

million CHF	Maturity within 1 year	up to 5 years	over 5 years	2007	2006
Banks (at fixed interest rates)		37		37	38
Banks (at variable interest rates)	178	11		189	190
Bonds (at fixed interest rates)		373		373	372
Employee benefit plans (at fixed interest rates)	48			48	50
Other interest-bearing liabilities (at fixed interest rates)	7	2	1	10	14
Total	**233**	**423**	**1**	**657**	664

The effective interest rate for liabilities with banks amounts to 5.2 % (previous year: 4.8 %). The enhancement is due to the increase in interest rates in the two most important currency areas, Euro zone and China.

Georg Fischer has the following syndicated loan at its disposal:

Debtor	Term	Credit	Utilized thereof
Georg Fischer Ltd	2006–2012	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 expense to EBITDA). As of December 31, 2007 Georg Fischer complied with all financial covenants.

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.

The interest-bearing liabilities also include loans payable towards defined benefit obligation in the amount of CHF 48 million (previous year: CHF 50 million).

20 Financing

Net debt decreased from CHF 324 million to CHF 264 million in the year under review. Free cash flow had a positive effect on net debt, whereas the purchase of the remaining outstanding shares of Agie Charmilles Holding AG for CHF 52 million and the reduction in par value of CHF 101 million increased net debt.

For the syndicated loan in the amount of CHF 200 million an extention option was exercised and accepted by banks in the year under review. The contract duration was extented by one year and now ends in the year 2012.

21 Contingencies

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

22 Financial risk management

The Board of Directors bears ultimate responsibility for 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 analysing 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 any guarantees or similar obligations that would increase the risk over and above the carrying amounts. The maximum credit risk as per the balance sheet date was as follows:

million CHF	**2007**	2006
Cash and cash equivalents	388	333
Other accounts receivable[1]	43	54
Trade accounts receivable	737	734
Other financial assets[2]	8	30
Total	**1 176**	1 151

1 Without tax credits
2 Without prepaid employer contributions

Market risk

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

Currency risk

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

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

The table below shows the currency risks arising from financial instruments 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	2007 CHF	EUR	USD	CNY	2006 CHF
Loans to subsidiaries (without equity-like corporate loans)	90	74			97	110		
Other financial assets					17			
Trade accounts receivable	54	20	7		64	58	3	
Accounts receivable from subsidiaries	134	89	1	1	135	72		1
Other accounts receivable	1				1			
Cash and cash equivalents	25	16	1	1	18	7	1	
Loans from subsidiaries	34	6	1	3	1	25		
Banks (non-current)		6						
Other non-current liabilities	9				8	1		
Banks (current)	3	24				77		
Trade accounts payable	98	16		2	95	17		1
Accounts payable to subsidiaries	55	61	4	22	68	76	1	38
Other current liabilities	1	10	2	2	4	1		
Foreign currency forward rate contracts	94	70			43	110		
Total currency exposure	**10**	**6**	**2**	**–27**	113	–60	3	–38

A 10% change in exchange rates at December 31, 2007 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 2007

million CHF	CHF/CNY	CHF/USD	CHF/EUR	CNY/USD	CNY/EUR	USD/EUR
Change +/–	10%	10%	10%	10%	10%	10%
Positive impact on income statement	0.2	3.0	1.3	0.6	0.1	0.4
Negative impact on income statement	–0.2	–3.0	–1.3	–0.6	–0.1	–0.4

A 1% change in the Euro, US dollar or Chinese renminbi exchange rates related to equity invested as per December 31, 2007 would have increased or decreased the Corporation's equity by CHF 11 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	2007	2006
Contract value	200	173
Fair value[1]	2	
Market value	**202**	173

1 Corresponds to the carrying amount recognized

Foreign currency forward rate contracts by currencies:

million CHF	2007	2006
EUR	94	43
USD	70	110
CAD	17	
JPY	12	15
Other	9	5
Total	**202**	173

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: 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 0.2 million (previous year: CHF 0.9 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 5 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, 2007 was CHF 558 million. The credit lines are spread over several banks so that there is no excessive dependence on any one institution.

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

million CHF	Carrying amount	Contractual cash flows	up to 6 months	6–12 months	1–5 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**

million CHF	Carrying amount	Contractual cash flows	up to 6 months	6–12 months	1–5 years	more than 5 years
2006						
Trade accounts payable	408	408	408			
Other current / non-current liabilities	294	294	249	2	38	5
Bonds	372	420	7	6	407	
Banks	228	245	145	20	79	1
Total	**1 302**	**1 367**	**809**	**28**	**524**	**6**

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, 2007 was 45 %. 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	**2007**	2006
Equity attributable to shareholders of Georg Fischer Ltd	1 497	1 379
Minorities	45	69
Equity	1 542	1 448
Total assets	3 395	3 208
Equity ratio in %	45 %	45 %
Average equity	1 495	1 325
Net profit	245	249
Return on equity in %	16 %	19 %

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 results-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 2007 fiscal year amounting to CHF 25 per share (previous year: CHF 25). Following the distribution, the par value of the Georg Fischer registered share will be CHF 25.

24 Leases

million CHF	2007	2006
Liabilities under leases up to 1 year		1
Liabilities under leases 2 to 5 years		2
Liabilities under leases over 5 years		
Finance leases (nominal values)		3
Liabilities under leases up to 1 year	10	8
Liabilities under leases 2 to 5 years	19	18
Liabilities under leases over 5 years	13	5
Operating leases (nominal values)	**42**	31

In the year under review there are no liabilities under finance leases.

25 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 55 million (previous year: CHF 131 million), of which CHF 23 million relates to property, plant and equipment (previous year: CHF 54 million) and CHF 32 million to accounts receivable (previous year: CHF 77 million).

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

26 Other operating income

Other operating income includes mainly income from scrap sales (CHF 25 million), income from insurance contracts (CHF 9 million), gains on disposals of property, plant and equipment (CHF 4 million) and income from other operational services as for example rental income (CHF 11 million).

The decrease in other operating income by CHF 19 million relates by about half of the amount to last year's one-off effects in income from insurances of GF Automotive. Further the Corporation incurred lower gains on the sale of property, plant and equipment for own use as well as from scrap sales.

27 Operating expenses

million CHF	2007	2006
External services[1]	231	213
Rent, leases	49	48
Utility services third parties	100	92
Selling costs, commissions	156	129
Advertisements, communication	113	106
Repair, maintenance	107	98
Other expenses	61	55
Total	**817**	741

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

28 Personnel expenses

million CHF	2007	2006
Salaries and wages	882	818
Employee benefits	53	42
Social security	148	158
Total	**1 083**	1 018

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 4,172 shares (previous year: 4,083) were issued and recognized as a personnel expense at their market value of CHF 2.9 million (previous year: CHF 3.2 million).

29 Financial result

million CHF	2007	2006
Interest income	11	6
Release of the accrued gain from the sale of Coperion	5	
Net gains on financial instruments at fair value through profit or loss	5	10
Net gains on financial instruments available for sale		15
Financial income	**21**	31
Addition of accrued interest of bonds	1	2
Other interest expenses	39	31
Net gains on financial instruments at fair value through profit or loss	1	
Net gains on financial instruments available for sale		
Other financial expenses	2	5
Financial expenses	**43**	38

Net gains on financial instruments at fair value through profit or loss include foreign exchange gains in the amount of CHF 5 million.

30 Income taxes

Income tax expense can be analyzed as follows:

			2007	2006
million CHF	Tax rate reconciliation	thereof current taxes	thereof deferred taxes	
profit before taxes	311			321
Tax expense / income at the applicable tax rate of 30% (previous year: 31%)	94	91	3	99
Non-deductible expenses / tax exempted income	–12	–4	–8	–14
Use of unrecognized deferred tax assets on temporary differences				–1
Use of unrecognized tax loss carryforwards	–23	–23		–21
Effect of unrecognized tax loss carryforwards arising from current results	4	4		1
Recognition of previously unrecognized tax loss carryforwards	–8		–8	–3
Release of recognized tax loss carryforwards	2		2	11
Tax charges and credits relating to prior periods, net	7	7		5
Effect of change in tax rates	–1		–1	
Other effects	3	3		–5
Income tax expenses recognized	**66**	**78**	**–12**	72

The tax expense of previous year consisted of CHF 67 million current taxes and CHF 5 million deferred taxes. 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	2007	2006
Expiry unlimited	116	108
after 2010	60	51
2010	3	5
2009	6	3
2008	1	2
2007		8
Total tax loss carryforwards	**186**	177
Potential tax relief effect	59	48

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of 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 in subsidiaries where such utilization is not probable, tax loss carryforwards are not recognized. The tax effect from the unrecognized tax loss carryforwards amounts to CHF 59 million.

As of December 31, 2007, based on the above mentioned estimates, assets due to tax loss carryforwards of CHF 11 million were capitalized. Country-specific, tax-relevant regulations and opportunities were hereby respected.

In the year under review a tax loss carryforward of CHF 35 million from prior years was reported for the first time. The comparative figures of 2006 have been adjusted accordingly (tax loss carryforward of CHF 31 million with a positive tax effect of CHF 10 million).

31 Earnings per share

Earnings per share in the amount of CHF 58 (previous year: CHF 62) are calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders with the weighted average number of shares outstanding during the year under review (shares issued minus own shares). The respective number of shares amounted to 4,027,875 in 2007 (previous year: 3,712,392).

Due to the fact that all convertible bonds have been converted into shares in the previous year, there is no dilution of the earnings per share for the period under review. In the previous year the diluted earnings per share were CHF 57.

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 non-executive members of the Board of Directors received in the year under review 1,668 registered shares of Georg Fischer Ltd (par value CHF 50) with a market value of CHF 1.2 million (previous year: 1,389 registered shares with a market value of CHF 1.1 million). Additionally the non-executive members of the Board of Directors received a cash compensation and other benefits of CHF 0.3 million (previous year: CHF 0.5 million). The total compensation of the Board of Directors is included in operating expenses.

The members of the Executive Committee received 1,250 Georg Fischer Ltd registered shares (par value CHF 50) with a market value of CHF 0.9 million (previous year: 1,250 registered shares, market value CHF 1.0 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 5.4 million (previous year: CHF 5.2 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 to the various expense categories:

1000 CHF	**2007**	2006
Compensation[1]	5 266	5 151
Employee benefit contributions	731	678
Social security	327	330
Share based compensation	1 499	1 685
Other long-term benefits		
Total compensation	**7 823**	7 844

1 Lump sum expense compensation to the board of directors are disclosed now as part of the total compensation. The comparative figure of 2006 has been increased therefore by CHF 44 thousand.

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 86 to 88.

33 Foreign exchange rates

		Average rates		Spot rates	
		2007	2006	**2007**	2006
1	AUD	1.004	0.943	0.991	0.963
1	BRL	0.616	0.577	0.636	0.571
1	CAD	1.120	1.106	1.149	1.051
1	CNY	0.158	0.157	0.154	0.156
1	EUR	1.642	1.573	1.658	1.605
1	GBP	2.401	2.306	2.250	2.392
1	HKD	0.154	0.162	0.144	0.157
1	INR	0.029	0.027	0.029	0.028
1	MXN	0.110	0.115	0.103	0.112
1	MYR	0.349	0.342	0.340	0.345
1	SGD	0.796	0.789	0.784	0.795
1	TRY	0.920	0.877	0.967	0.864
1	USD	1.200	1.254	1.127	1.219
100	CZK	5.921	5.549	6.233	5.838
100	DKK	22.039	21.086	22.227	21.532
100	JPY	1.020	1.078	1.005	1.025
100	KRW	0.129	0.131	0.120	0.131
100	NOK	20.496	19.553	20.797	19.420
100	PLN	43.447	40.360	46.180	41.918
100	SEK	17.744	16.992	17.597	17.740
100	THB	3.712	3.307	3.767	3.376
100	TWD	3.651	3.853	3.467	3.728

34 Events after the balance sheet date

Acquisition of Central Plastics Company, Shawnee, Oklahoma (USA)
Georg Fischer Corp., El Monte, California (USA) acquired 100% of the capital of Central Plastics Company in Shawnee, Oklahoma (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, so that the transaction was closed on February 1, 2008.

Central Plastics, founded in 1955, generated sales of CHF 97 million in 2007 and employs more than 500 people worldwide. In addition to the headquarters in Shawnee, the company has production sites and sales offices in Gainesville (Texas), Tianjin (China), Buenos Aires (Argentina), and Wellington (New Zealand). Central Plastics manufactures and sells plastic and metal fittings including accessories for use in gas and water utilities and in the oil industries. Its main markets are the USA, Canada and Latin America. Central Plastics will be integrated into the Business Unit America of GF Piping Systems.

The cost of the acquisition encompasses the contractually agreed sale price in cash, equivalent to CHF 108 million, plus a conditional increase in the sale price of CHF 21 million, depending on the business performance in the 2008 fiscal year. Half of the conditional sale price increase was recognized as acquisition costs.

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

million CHF	Provisional carrying amount of the acquired assets and liabilities	Provisional allocation of the purchase costs	Acquired assets and liabilities
Property, plant and equipment	15	6	21
Intangible assets			
– Customer relationships		13	13
– Brand name		11	11
– Product technology		8	8
– Goodwill		48	48
– Other intangible assets	3	3	6
Inventories	17	3	20
Trade accounts receivable	9		9
Other receivables	1		1
Cash and cash equivalents	12	–4	8
Total assets	**57**	**88**	**145**
Interest-bearing liabilities	–8		–8
Non-interest-bearing liabilities	–8	–10	–18
Net assets	**41**	**78**	**119**

Determination of the definitive assets, liabilities and contingent liabilities at the time of acquisition and the resulting goodwill is conducted as part of the purchase price allocation as per IFRS 3; for practical reasons, this has not yet been completed.

Based on the anticipated total acquisition cost of about CHF 119 million and the initial evaluation, the Executive Committee estimates goodwill at about CHF 48 million at present. This reflects the anticipated synergies in sales and costs, market access and market leadership.

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 for 2007 as a 50% investment. The plant specialises 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 Industry Business Unit of GF Piping Systems.

Further events
There have been no other events between December 31, 2007 and February 15, 2008 that would require an adjustment to the carrying amounts of assets and liabilities or would need to be disclosed under this heading.

The consolidated financial statements were approved and released for publication by the Board of Directors on February 15, 2008. They must also be approved at the Annual General Meeting.

Report of the Group Auditors to the General Meeting of Georg Fischer Ltd, Schaffhausen

As Group Auditors, we have audited the consolidated financial statements of Georg Fischer Ltd, Schaffhausen, and subsidiaries, presented on pages 47 to 79 and consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements for the year ended December 31, 2007. Certain financial statements of subsidiaries which form a material part of the consolidated financial statements have been audited by other auditors.

The consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

KPMG Ltd

Philipp Hallauer
Auditor in charge

François Rouiller

Zurich, February 15, 2008

Financial statements Georg Fischer Ltd

Balance sheet as per December 31, 2007

1000 CHF	Notes	2007	2006
Loans to third parties			16 792
Loans to subsidiaries		306 530	525 505
Investments		752 537	681 536
Non-current assets	(1)	**1 059 067**	1 223 833
Loans to subsidiaries		406 338	329 040
Other accounts receivable		1 677	1 328
Prepaid expenses and accrued income		2 221	3 414
Own shares	(3.4)	21 884	17 345
Other marketable securities		5 472	6 739
Cash and cash equivalents		147 688	122 311
Current assets	(2)	**585 280**	480 177
Assets		**1 644 347**	1 704 010
Share capital	(3.1)	205 045	307 567
Legal reserves		336 805	330 214
Special reserves		237 251	243 841
Retained earnings			
Available earnings carried forward		257 682	157 327
Net profit for the year		91 462	100 355
Shareholders' equity	(3)	**1 128 245**	1 139 304
Non-current liabilities			
Bonds		375 000	375 000
Loans from third parties		2 078	2 205
Loans from subsidiaries		2 747	2 659
Provisions		102 408	95 001
Current liabilities			
Accounts payable to third parties		1 883	4 603
Accounts payable and loans to subsidiaries		6 707	68 503
Tax liabilities		16 176	7 610
Accrued expenses and deferred income		9 103	9 125
Liabilities	(4)	**516 102**	564 706
Liabilities and shareholders' equity		**1 644 347**	1 704 010

Income statement for the year ended December 31, 2007

1000 CHF	Notes	2007	2006
Income from investments		67 184	53 213
Gain on disposal of investments		44	6 479
Financial income		50 980	71 984
Income from services provided to subsidiaries		42 936	35 572
Other income		3 015	2 630
Income	(6)	**164 159**	169 878
Expenses for investments		4 319	154
Financial expenses		16 529	19 757
Cost of services provided by subsidiaries		3 252	2 645
External expenses		14 828	18 330
Personnel expenses		13 760	13 464
Income taxes		20 009	15 173
Expenses	(7)	**72 697**	69 523
Net profit for the year		**91 462**	100 355

Statement of changes in equity for the year ended December 31, 2007

1000 CHF	Share capital	General reserves[1]	Reserves for own shares[1]	Special reserves	Retained earnings	Shareholders' equity
Balance as per December 31, 2005	**315 057**	**206 222**	**29 824**	**233 776**	**157 327**	**942 206**
Net profit for the year					100 355	100 355
Reduction in par value	– 60 651					– 60 651
Conversion	53 161	104 233				157 394
Reclassification			– 10 065	10 065		
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
Conversion			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**

1 Legal reserves

Notes

1 Non-current Assets

Direct and indirect investments in subsidiaries, joint ventures, and associates of Georg Fischer Ltd include the companies listed on pages 92 to 95. They were valued at the lower of historical cost and market value. Compared to 2006, investments increased by roughly CHF 70 million due to the following:

- capital increases (Georg Fischer Sp.z.o.o., Warszawa; Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou);
- acquisitions (increase of investment in Agie Charmilles Holding AG, Zug, from 92.8 % to 100 %; after having acquired 100 % of this investment, the company was merged with Rhenum Metall AG, another wholly owned subsidiary, and renamed Georg Fischer Finanz AG);
- incorporations of new Corporate Subsidiaries (Georg Fischer Engineering AG, Schaffhausen; Georg Fischer Trading AG, Schaffhausen; Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan; Georg Fischer Piping Systems Pvt Ltd, Mumbai; Agie Charmilles s.r.o., Brno).

The decrease in loans to Corporate Subsidiaries by roughly CHF 220 million was caused by reduced financing needs in Germany. In addition to that, some loans to Corporate Subsidiaries were continued rather on a short term than a long term basis, and were reclassified accordingly. 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, 2007, CHF 54.7 million of the loans to Corporate Subsidiaries was subordinated (previous year: CHF 63.2 million).

2 Current Assets

Current assets increased during the year under review mainly due to the reclassification of some loans to Corporate Subsidiaries. They were continued rather on a short term than a long term basis. Marketable securities were valued at December 31, 2007 at year-end stock market prices (see note 3.4 regarding own shares).

3 Shareholders' equity

3.1 Share capital. The share capital decreased in comparison with 2006 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 21, 2007. The share capital as of December 31, 2007 comprised 4,100,898 registered shares with a par value of CHF 50 each. After deduction of registered shares with a nominal value of CHF 2.5 million, which remain at the disposal of the Board of Directors, total dividend-bearing nominal capital amounted to CHF 202.5 million.

3.2 Conditional capital. As of December 31, 2007 there was no conditional capital available (same as previous year).

3.3 Significant shareholders. As of December 31, 2007, Credit Suisse Asset Management Funds, Zurich, held 156,537 registered shares of Georg Fischer Ltd, which corresponded to 3.82 % of the voting rights. As per December 31, 2006, there were no significant shareholder positions to be disclosed.

3.4 Own Shares held by Georg Fischer Ltd and by Subsidiaries

	Number of registered shares	Total carrying amount 1 000 CHF
Balance as per January 1, 2007	20 854	16 464
Purchases	117 632	100 948
Sales	– 107 810	– 94 053
Used for employee incentive programme and Board of Directors	– 5 484	– 4 330
Value adjustments		– 1 470
Balance as per December 31, 2007, stated at fair market value (excluding registered shares at the disposal of the Board of Directors)	**25 192**	**17 559**
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, 2007 (excluding registered shares at the disposal of the Board of Directors)	**75 192**	**22 559**
Thereof recognized by Corporate Subsidiaries		675
Thereof recognized by Georg Fischer Ltd		21 884

1 No change to previous year.

4 Liabilities

A breakdown of the debenture loans is disclosed in note 14 to the consolidated financial statements on page 65.

Pension fund obligations at the end of the year 2007 amounted to CHF 0.4 million (previous year: CHF 0.7 million).

Accounts payable to Corporate Subsidiaries decreased during the period under review by roughly CHF 62 million, among others due to newly established financing activities of Georg Fischer Finanz AG in Schaffhausen.

Tax liabilities as part of the current liabilities are disclosed for the first time. The reasons for the increase of this balance sheet position compared to the previous year is explained in note 7.

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

5 Contingent Liabilities

1 000 CHF	**2007**	2006
Guarantees and pledges in favour of third parties		
Guaranteed maximum amount	**877 964**	595 825
utilized thereof	344 800	251 685

The guaranteed maximum amount and the amount utilized thereof increased by approximately CHF 282 million and CHF 93 million respectively in comparison with the previous year due to the integration of securities formerly granted by Agie Charmilles Holding AG, Zug.

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 income from investments increased significantly in the period under review.

Compared to 2006, financial income decreased mainly due to the general stock market situation. Additionally, there was a reduction of foreign exchange gains on intercompany loans to Corporate Subsidiaries.

Based on stronger +GF+ brand relevant sales, the income from services provided to 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 increase of income taxes not only concerned Georg Fischer Ltd but also Georg Fischer AG & Co, Singen. German income taxes increased due to improved results of German subsidiaries, which are taxwise consolidated at the level of Georg Fischer AG & Co, and the exhaustion of tax losses carried forward. 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 2007

	Compensation					
	Cash compensation[1]		Share-related compensation[2]	Other benefits[3]	**Total compensation 2007[4]**	Total compensation 2006[4]
	1000 CHF	Pieces	1000 CHF	1000 CHF	**1000 CHF**	1000 CHF
Martin Huber Chairman of the Board	198	100	70	17	285	290
Bruno Hug, Chairman Audit Committee Vice Chairman of the Board of Directors	146	100	70	15	231	230
Roman Boutellier Member Nomination Committee	49	100	70	10	129	144
Gerold Bührer Member Audit Committee	60	100	70	12	142	152
Flavio Cotti Member Compensation Committee	45	100	70	8	123	137
Ulrich Graf Member Compensation Committee / Audit Committee	60	100	70	11	141	152
Gertrud Höhler Member Nomination Committee	60	100	70	11	141	153
Rudolf Huber Member Audit Committee	60	100	70	11	141	126
Kurt E. Stirnemann[5] Delegate of the Board of Directors, executive member	40	100	70	8	118	128
Zhiquiang Zhang Member Board of Directors	92	100	70	12	174	179
Total	**810**	**1 000**	**700**	**115**	**1 625**	**1 690**

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 28, 2007. For 2007, compensation amounting to CHF 535 thousand was drawn in the form of shares; on the basis of a share price of CHF 697, the number of shares allocated was 768. 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 697 on December 28, 2007.
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 71 thousand (previous year: CHF 75 thousand).
5 Excluding compensation as Chief Executive Officer of CHF 1,792 thousand (previous year: CHF 1,796 thousand).

Compensation paid to the members of the Executive Committee 2007

	Fixed salary in cash	Bonus in cash[1]	Share-related compensation[2]		Pension and social insurance funds[3]	**Total compensation 2007[4]**	Total compensation 2006[4]
	1000 CHF	1000 CHF	Pieces	1000 CHF	1000 CHF	**1000 CHF**	1000 CHF
Executive Committee	2 625	1 715	1 150	802	987	6 129	6 080
of whom							
Kurt E. Stirnemann, CEO[5] (highest individual salary)	666	510	500	348	268	1 792	1 796

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 2007 financial year was approved by the Board of Directors on February 15, 2008. Payment will be made in 2008.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares are allocated, which are 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 697 on December 28, 2007.
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 Excluding compensation as member of the Board of Directors of CHF 118 thousand (previous year: CHF 128 thousand).

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 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, 2007
Martin Huber	Chairman of the Board	7 197
Bruno Hug	Chairman Audit Committee, Vice Chairman	1 867
Roman Boutellier	Member Nomination Committee	1 155
Gerold Bührer	Member Audit Committee	1 356
Flavio Cotti	Member Compensation Committee	1 325
Ulrich Graf	Member Compensation Committee / Audit Committee	480
Gertrud Höhler	Member Nomination Committee	1 155
Rudolf Huber	Member Audit Committee	973
Zhiquiang Zhang	Member Board of Directors	342
Total non-executive Directors		**15 850**

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, 2007
Kurt E. Stirnemann	President and Chief Executive Officer / Delegate of the Board of Directors	2 212
Roland Abt	CFO, Head of Corporate Finance and Controlling	651
Jürg Krebser	Head of GF AgieCharmilles	510
Yves Serra	Head of GF Piping Systems	600
Ferdinand Stutz	Head of GF Automotive	1 122
Ernst Willi	Head of Corporate Development	867
Total Executive Committee		**5 962**

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 2007, Georg Fischer did not make any severance payments or other payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

9 Events after the Balance Sheet Date

There were no events between December 31, 2007, and February 15, 2008, 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 2007

1000 CHF	**2007**	2006
Net profit for the year	91 462	100 355
Earnings carried forward	257 682	157 327
Retained earnings	**349 144**	257 682
Proposal by the Board of Directors:		
Dividend payment [1]	0	0
To be carried forward	**349 144**	257 682

1 The Board of Directors is proposing to the General Meeting, to be held on March 19, 2008, a reduction in par value of CHF 25 to CHF 25 per registered share.

Schaffhausen, February 15, 2008

For the Board of Directors
The Chairman

Martin Huber

Martin Huber

Report of the Statutory Auditors to the General Meeting of Georg Fischer Ltd, Schaffhausen

As Statutory Auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, statement of changes in equity and notes on pages 81 to 88) of Georg Fischer Ltd, Schaffhausen, for the year ended December 31, 2007.

The financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, financial statements and the proposal by the Board of Directors for the appropriation of retained earnings comply with Swiss law and the Company's articles of association.

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

KPMG Ltd

Philipp Hallauer
Auditor in charge

Thomas Keusch

Zurich, February 15, 2008

Affiliated companies

Affiliated Companies

Country	CG	Company		Share capital million	Participation %	Consolidation	Function
Europe							
Austria	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
	PS	Georg Fischer Fittings GmbH, Traisen[1]	EUR	3.7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg[1]	EUR	0.2	100	C	S
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	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	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
	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 Verkehrstechnik GmbH, Singen	EUR	6.1	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
	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 Simona Fluorpolymer Products GmbH, Ettenheim	EUR	4.0	50	P	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	Georg Fischer Sales Ltd, Coventry[1]	GBP	11.9	100	C	S
	AC	Agie Charmilles Ltd, Coventry	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
	AC	System 3R Italia Srl, Cambiago	EUR	0.1	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]	PLN	3.1	100	C	S
	AC	Agie Charmilles Sp.z.o.o., Warszawa	PLN	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	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	91	C	P
	AC	System 3R International AB, Vällingby	SEK	17.1	100	C	P
Switzerland	CM	Berufsbildungszentrum SIG Georg Fischer AG, Neuhausen[1]	CHF	1.0	42.5	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0.5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	205.0		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	H
	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
	PS	Georg Fischer Haustechnik AG, Schaffhausen[1]	CHF	4.0	100	C	P
	PS	Georg Fischer Kunststoff-Armaturen 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
	AC	Agie AG, Losone	CHF	10.0	100	C	P
	AC	Agie Charmilles SA, Satigny	CHF	3.6	100	C	S
	AC	Agie Charmilles International SA, Meyrin	CHF	4.0	100	C	S
	AC	Agie Charmilles Management SA, Meyrin	CHF	0.5	100	C	M
	AC	Agie Charmilles Sales SA, Losone	CHF	2.6	100	C	S
	AC	Charmilles Technologies SA, Meyrin	CHF	10.0	100	C	P
	AC	Mecartex SA, Losone	CHF	0.4	30	E	P
	AC	System 3R Schweiz AG, Flawil	CHF	1.0	100	C	P
	AC	Mikron Agie Charmilles AG, Nidau	CHF	3.5	100	C	P
	AC	Step-Tec AG, Luterbach	CHF	1.3	96.6	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	TRY	1.0	100	C	S
	AC	System 3R Türkiye Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul	TRY	0.1	100	F	S
America							
Bermudas	CM	George Fischer Finance Ltd, Hamilton[1]	CHF	0.1	100	C	M
	CM	Munot Reinsurance Ltd, Hamilton[1]	CHF	0.2	100	C	M
Brazil	PS	George Fischer Ltda, São Paulo[1]	BRL	1.7	100	C	S
	AC	Agie Charmilles Ltda, São Paulo	BRL	60.9	100	C	S
Canada	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	George 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	George Fischer Signet LLC, El Monte, CA	USD	0.1	100	C	P
	AC	Agie Charmilles LLC, Lincolnshire, IL	USD	0.1	100	C	S
	AC	System 3R USA Inc, Chicago, IL	USD	0.1	100	C	S
Asia/Australia							
Australia	CM	Georg Fischer IPS Pty Ltd, Kingsgrove[1]	AUD	7.1	100	C	H
	PS	Georg Fischer Pty Ltd, Kingsgrove[1]	AUD	6.8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1.1	100	C	M
	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	30.7	100	C	P
	AU	Georg Fischer Die Casting (Zhangjiagang) Co Ltd, Zhangjiagang[1]	CNY	45.4	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	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	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	24.8	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
	AC	ACM East China (HK) Ltd, Hongkong	HKD	3.0	100	C	S
	AC	ACM North China (HK) Ltd, Hongkong	HKD	0.1	100	C	S
	AC	Agie Charmilles China (HK) Ltd, Hongkong	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

1 Directly held by Georg Fischer Ltd

Country	CG	Company		Share capital million	Participation %	Consolidation	Function
Asia/Australia							
China	AC	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1.7	100	C	S
	AC	Beijing Agie Charmilles Industrial Electronics Co, Ltd, Beijing	CNY	80.3	78	C	P
	AC	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4.5	78	C	S
India	PS	Georg Fischer Piping Systems Pvt Ltd, Mumbai[1]	INR	0.1	100	C	P
Japan	PS	George Fischer Ltd, Osaka[1]	JPY	480.0	81	C	S
	AC	Agie Charmilles Japan Ltd, Yokohama	JPY	440.0	100	C	S
	AC	System 3R Japan Co Ltd, Tokyo	JPY	94.0	100	C	S
Korea	AC	Agie Charmilles Korea Co Ltd, Seoul	KRW	975.0	100	C	S
Malaysia	PS	Georg Fischer Sdn Bhd, Subang Jaya[1]	MYR	0.3	100	C	P
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	1.0	100	C	S
	AC	Agie Charmilles (SEA) Pte Ltd, Singapore	SGD	0.6	100	C	S
	AC	System 3R Far East Pte Ltd, Singapore	SGD	0.8	100	C	S
Taiwan	AC	Charmilles Technologies Co Ltd, San Chung, Taipei Hsien	TWD	10.0	100	C	S
Thailand	AC	Agie Charmilles Thailand Co Ltd, Bangkok	THB	12.0	100	C	S

CG = Corporate Group

CM = Corporate Management
AU = GF Automotive
PS = GF Piping Systems
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, 2007

1 Directly held by Georg Fischer Ltd

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 SWX 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). Facts and figures involving topics which overlap are listed in the financial section.

All figures apply to December 31, 2007, unless otherwise noted. Any changes occurring before the copy deadline on February 15, 2008, 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 SWX Swiss Exchange (Security Number 175 230). Its share capital is CHF 205,044,900 [previous year: CHF 307,567,350], and its market capitalization was CHF 2,823 million [previous year: CHF 3,198 million] as at December 31, 2007.

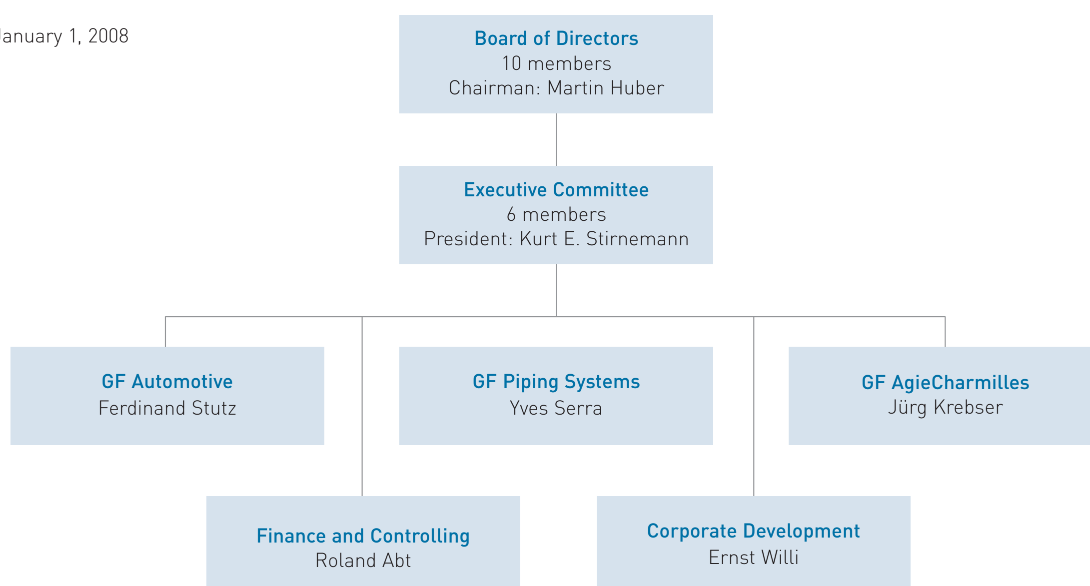
Affiliated companies. An overview of all affiliated companies can be found in the financial section on pages 92 to 95.

Significant shareholders. As at year-end, one shareholder held more than three percent of the shares. According to a statement of Credit Suisse Asset Management Funds (Switzerland) on December 6, 2007, it held 3.82 % of the voting rights, corresponding to 156 537 shares. 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 205,044,900 [previous year: CHF 307,567,350]. It is divided into registered shares with a par value of CHF 50 [previous year: CHF 75]. 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, 2008



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 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

At the 111th Annual General Meeting on March 21, 2007, Gerold Bührer, Gertrud Höhler and Kurt E. Stirnemann were individually re-elected, each 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.

Independency. The Delegate to the Board is the only executive member of the Board. The remaining members of the Board of Directors are non-executive. There are no significant business relationships between the non-executive members of the Board or the companies or organizations they represent and Georg Fischer Ltd or a subsidiary company. Furthermore, there is no cross-involvement.

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 re-elected immediately. Members of the Board must resign their mandate at the Annual General Meeting following their 70th birthday.

Internal organizational structure. The Board of Directors constitutes itself by electing a Chairman, Vice Chairman and Board Delegate 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 21, 2007, as follows: Martin Huber Chairman (hitherto), Bruno Hug Vice Chairman (hitherto) and Kurt E. Stirnemann Delegate to the Board (hitherto).

Areas of responsibility. The members of the three Board Committees are listed on page 98. The Board Committees provide preliminary consultation to the Board of Directors and do not make any concluding 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 six times: the annual strategy meeting lasted two days, three meetings lasted half a day, two lasted less. In addition, the entire Board visited one customer and one production site of Georg Fischer. The three Board Committees held a total of eleven meetings. The appointments for the regular meetings are generally set well in advance in order that all members can attend personally. In 2007 the attendance rate was 98 percent.

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

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 the achievement of the target defined for 2007 and the work of the Board in general. The Board of Directors incorporates the conclusions of this assessment into its annual planning for 2008.

Audit Committee. The Audit Committee is comprised of four independent Board members. The Audit Committee supports the Board of Directors with 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

Board Committees As at January 1, 2008

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

Board of Directors

Name *Position, year of birth, nationality* *Educational background*	**Martin Huber** Chairman of the Board, 1941 (CH) Dipl.-Ing. ETH (Zurich), lic. iur. University of Zurich	**Bruno Hug** Vice Chairman of the Board, 1941 (CH) 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).
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 the Board of Directors and Chairman of the Audit Committee of CSS Holding AG (until June 2007); Vice Chairman of Groupe Schenk; member of the Boards of Directors of Chopard S.A., of H&M Hennes & Mauritz and of Karl Steiner AG.
Committees	Chairman of the Compensation and Nomination Committees	Chairman of the Audit Committee
Corporate Governance	Independent member	Independent member

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 statement and financial aspects. During the financial year just ended, the Audit Committee held six meetings, two lasted half a day, four less.

Compensation Committee. The Compensation Committee is comprised of three independent 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 about the remuneration of the other members of the Executive Committee upon a proposal of the Chief Executive Officer. The Compensation Committee held two meetings during the last financial year, each of which lasted one hour.

Nomination Committee. The Nomination Committee is comprised of three independent 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 operative management levels. During the last financial year, the Nomination Committee held four meetings, which lasted on average 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 control and financial planning. It delegates the operative management to the CEO, who is supported by the Executive Committee in this task.

Kurt E. Stirnemann
Delegate to the Board, 1943 (CH)
Dr. sc. techn. ETH (Zurich)

Board member since 2003

2011

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 Commit-tee 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 (since 2003).

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Executive member

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

Board member since 1999

2009

Kern AG (as of 1987, Leica AG) (1981–1987); member of the ex-ecutive 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).

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 (CH)
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, 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

Apart from the tasks which cannot be delegated, the Board of Directors passes resolutions, among others, on:

- investments in or sale of fixed assets exceeding CHF 5 million;
- amendments made to the Corporation's legal structure (establishment of corporate subsidiaries, acquisitions, joint ventures, the liquidation of companies, etc.);
- the approval of 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 disputes exceeding CHF 5 million.

The authorities of, as well as the collaboration between, the Board of Directors and the Executive Committee are laid down in the Organization and Business Regulations.

Information and control instruments. The internal Management Information Systems (MIS) contains all key figures of the Corporate Groups. In addition, the general managers of the operative 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.

It 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 at the Board meetings 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

Board of Directors

Name *Position, year of birth, nationality* *Educational background*	**Flavio Cotti** Member of the Board of Directors, 1939 (CH) Lic. iur. University of Fribourg (CH)	**Ulrich Graf** Member of the Board of Directors, 1945 (CH) Dipl. El.-Ing. ETH (Zurich)
First term as Board member *Termination of current term*	Board member since 2000 2008	Board member since 1998 2010
Professional background, career	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).	Various positions at the Kaba Group (1976–2006), ultimately as President and CEO and Delegate to the Board of Kaba Holding AG (1990–2006).
Further professional activities and functions	Chairman and member of the Advisory Board of Credit Suisse Group (until November 2007), member of the Board of Directors of Società Elettrica Sopracenerina SA; member of the board of trustees of Jacobs Foundation.	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 a member of the board of trustees of REGA.
Committees	Member of the Compensation Committee	Member of the Audit and Compensation Committees
Corporate Governance	Independent member	Independent member

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 2007 he visited corporate subsidiaries in Europe, Asia and Australia.

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, 45 internal audits were carried out. The written report is reviewed intensively with the management of the company concerned, copies are given to the line manager, external auditor, the Executive Committee, the Chairmen of the Board and the Audit Committee. Audit reports with significant findings are also 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 Georg Fischer Corporation created the position of a Corporate Compliance Officer in 2005. Based on the Compliance Concept passed by the Executive Committee in 2006, the Compliance Officer 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 2007, the Compliance Officer instructed 300 employees, in particular Managing Directors and members of senior and middle management, at 12 internal training sessions. In addition, in November 2007, an e-training programme on cartel law was launched in which around 1,000 employees are participating. The Compliance Officer reports annually on his activity to the Executive Committee and the Board of Directors.

		
Gertrud Höhler Member of the Board of Directors, 1941 (D) Dr. phil. University of Mannheim (D)	**Rudolf Huber** Member of the Board of Directors, 1955 (CH) Dr. oec. publ. University of 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 1999 2011	Board member since 2006 2008	Board member since 2005 2009
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).	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.	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 the Boards of Directors of Ciba AG and of Bâloise Holding AG.	Member of the Boards of Directors of Swiss Prime Site AG, Forbo Holding AG, Kardex AG, Wicor Holding AG and Zur Rose AG; President of the CFO Forum Switzerland.	–
Member of the Nomination Committee	Member of the Audit Committee	–
Independent member	Independent member	Independent member

Risk Management. The Board of Directors and Executive Committee attach considerable importance to careful handling of strategic, financial and operative risks and therefore expanded enterprise risk management during the past business year. The head of the Corporate Risk Management & Tax 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, and headed by the CRO, they form the Corporate Risk Council, which met four times during the past business year.

Georg Fischer relies on the strategy of controlling risks and implements various tools to this effect. Together with the provision for comprehensive and effective insurance coverage, enterprise risk management involves the systematic identification, assessment and reporting of strategic, operative and financial risks. Georg Fischer identifies all relevant risks for the entire Corporation concerning the risk fields of markets, leadership and resources, operations as well as finances. During the past business year, persons responsible for risk management of the corporate groups defined, together with the CRO and operative management, the risks relevant to their respective fields. The assessment of risks was illustrated on risk maps according to the criteria of exposure and probability of occurrence.

Strategic risks are primarily appraised by the Board of Directors; financial and operative risks by the President and CEO and the Executive Committee. To a large degree, enterprise risk management is an integral part of planning and managerial processes. The service divisions involved in enterprise risk management at the corporate level are, by name, the heads of Corporate Controlling, Corporate Compliance, Human Resources, Internal Audit, Communication, Corporate Planning, Legal, Risk Management and Treasury.

Reports on risk management are presented on a quarterly basis within the Corporate Groups, biannually to the Executive Committee and annually to the Board of Directors. Risks involving a gross exposure exceeding CHF 100 million must be brought to the attention of the Board.

Risks can never be fully precluded in production in general, and especially not in the foundries. The careful analysis and minimization of risks contributes to a greater process stability and thus to a more reliable supply to the customers. Georg Fischer attaches a high degree of importance to these aspects. Consequently, nearly all production sites meet a standard of HPR

Executive Committee

Name *Position* *year of birth, nationality*	**Kurt E. Stirnemann** Delegate to the Board 1943 (CH)	**Roland Abt** CFO 1957 (CH)
Educational background	Dr. sc. techn. ETH (Zurich)	Dr. oec. HSG (St. Gallen)
Member of the Executive Committee	Since 1996	Since 2004
Professional background, career	Assistant (1969–1971) and lecturer (1973–1977) at the ETH in Zurich; various positions at Rieter (1977–1990), ultimately as Managing Director of Maschinenfabrik Rieter AG and as deputy member of the Executive Committee of Rieter Holding AG; President and CEO of Agie AG (1990–1996); member of the Executive Committee of Georg Fischer as well as CEO and Delegate to the Board of Directors of the Agie Charmilles Group (1996–2003); President and CEO of Georg Fischer Ltd and Delegate to the Board (since 2003).	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).
Further professional activities and functions	–	Member of the Admission Board of SWX Swiss Exchange

(Highly Protected Risks) or HMP (Highly Managed Prevention) and are regularly inspected by an external specialized team. During the past business year, inspections were carried out at 15 (previous year: 25) of a total of 41 (previous year: 40) production sites. The results are discussed with the sites concerned and the management and, when necessary, measures are agreed upon.

Together with the corporate subsidiaries and corporate groups, Risk Management developed technical and organizational corporate standards which serve as the basis both for internal purposes and for stipulations in dealing with external advisors and insurance companies. These corporate standards define measures for the sites of Georg Fischer which are to be implemented in order to prevent major business interruptions and to protect tangible assets. By the end of the year under review, 72 percent of the insured assets of the Corporation were classified as highly protected risks (HPR). This percentage is being constantly increased by suitable operational measures.

With the Sustainability Information System (SIS), environmental figures (since 1997) and social figures (since 2005) are systematically gathered and evaluated for the Corporation as a whole. The results are published in the annual "Sustainability Report", taking into account the Sustainability Reporting Framework of the Global Reporting Initiative (GRI). The report is audited by the Swiss Association for Quality and Management Systems (SQS).

The dealings with financial risks are explained in the financial section on pages 71 to 73.

Executive Committee

The President of the Executive Committee and CEO is responsible for the direction of the Corporation. In this obligation 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).

Jürg Krebser
Head of GF AgieCharmilles
1948 (CH)

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), ultimately 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) (since 2003).

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Yves Serra
Head of GF Piping Systems
1953 (F)

Engineering degree from Ecole Centrale de Paris (F) and an M. Sc. in construction engineering from the University of Wisconsin-Madison (USA)

Since 2003

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 (since 2003).

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Ferdinand Stutz
Head of GF Automotive
1957 (CH)

Dipl.-Ing. University of Duisburg (D)

Since 1998

Various positions at Maschinenfabrik Rieter AG (1982–1989), ultimately as deputy foundry manager; various positions at Schubert & Salzer Maschinenbau AG (1989–1991), owner and Managing Director of Schubert & Salzer Eisenguss GmbH (1991–1995), position included project management of the iron foundry in Leipzig; various positions for the Georg Fischer Corporation (since 1995), Managing Director of the iron foundry in Leipzig (1995–1998), Head of GF Automotive (since 1998).

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Ernst Willi
Head of Corporate Development
1946 (CH)

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).

Member of the school board of the Zürcher Hochschule in Winterthur

Shareholders' Rights

As at December 31, 2007, Georg Fischer Ltd had 12,308 (previous year: 10,848) 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. 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 favor of:

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

Auditing fees. The Corporation paid KPMG AG a total of approximately CHF 2.07 million [previous year: CHF 2.21 million] during the year under review for services relating to the audit of the 2007 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 1.17 million [previous year: CHF 0.85 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 2008 are:

February 26, 2008:	Publication of year-end results 2007
March 19, 2008:	Annual General Meeting
July 17, 2008:	Publication of Mid-Year Report 2008

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.

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 SWX 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 SWX 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 77 and 78) and in the statements of Georg Fischer Ltd (pages 86 and 87).

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 2007.

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 697 on December 31, 2007.

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 page 86 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)
- capital turnover (sales/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 Heads of a Corporate Group, 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.

For the remunerations paid in the year under review, see page 87 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 2007 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 2007 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 lump-sum compensation for expected time spent and the tasks assumed. The Compensation Committee may adjust the amount of the lump-sum 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.

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Locally anchored, globally active

Europe

80 companies

Production Plants
Germany, Italy, the Netherlands, Austria, Sweden, Switzerland

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

Asia, Near East

35 companies

Production Plants
China, India, Malaysia

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

America

12 companies

Production Plants
Canada, USA

Service and sales centers
Bermudas, Brazil, Mexico, USA

Australia

2 companies

Service and sales centers
Australia

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.

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

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March 19, 2008
Annual General Meeting of the fiscal year 2007

July 17, 2008
Publication of mid-year report 2008

February 24, 2009
Publication of Annual Report 2008, Media and Financial Analyst Conference

March 18, 2009
Annual General Meeting of the fiscal year 2008

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