Adding Quality to People’s Lives

GEORG FISCHER

Credo

ADDING QUALITY TO PEOPLE'S LIVES

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

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

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

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

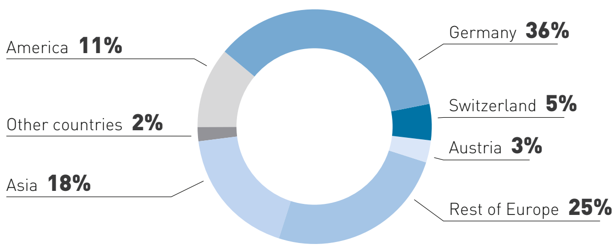
COMFORT

MOBILITY

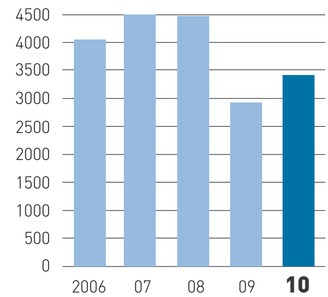
PRECISION

At a glance

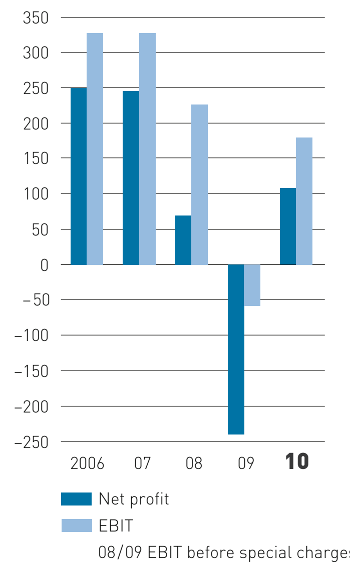
Sales 2010 by region (in %)
(100 % = CHF 3.45 billion)



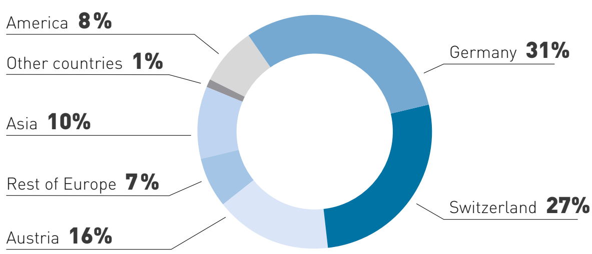
Sales 2006–2010
million CHF



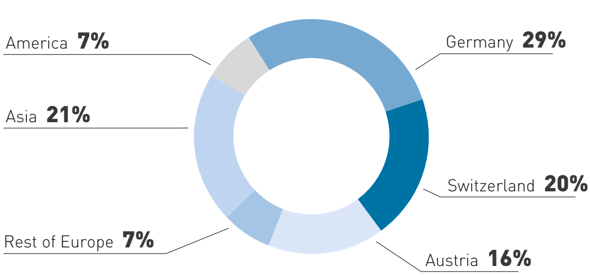
Results 2006–2010
million CHF



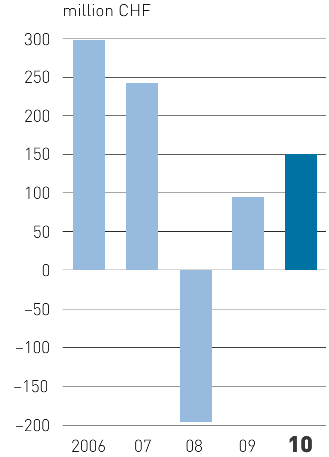
Gross value added 2010 by region (in %)
(100 % = CHF 1.23 billion)



Employees 2010 by region (in %)
(100 % = 12 908)



Free cash flow 2006–2010
million CHF



Financial overview

Corporation	million CHF 2010	million CHF 2009
Order intake	3 625	2 906
Orders on hand at year end	579	475
Income statement		
Sales	3 447	2 906
EBITDA	329	106
EBIT before special charges	180	–58
Special charges		–143
EBIT	180	–201
Net profit/loss for the year	108	–238
Cash flow		
Additions to property, plant and equipment	124	148
Cash flow from operating activities	243	242
Free cash flow	150	94
Statement of financial position		
Assets[1]	2 838	2 915
Invested capital (IC)	1 418	1 592
Equity	1 124	1 152
Net debt	321	472
Key figures		
Return on equity (ROE) %	10	–19
Equity %	40	40
Return on invested capital (ROIC) %	9	–12
Return on sales (EBIT margin) %[2]	5.2	–2.0
Cash flow from operating activities in % of sales	7	8
Employees at year end	12 908	12 481
Holding (statutory accounts)		
Net profit/loss for the year	47	–118
Share capital	82	82
Market capitalization as per 31 December	2 163	1 073
Key figures per registered share	CHF	CHF
Net profit/loss for the year	24	–61
Distribution (proposed)[3]	10	0
Equity attributable to shareholders of Georg Fischer Ltd	264	273
Share price at year end	528	262

1 The previously reported figures were adjusted to conform with the current year’s presentation.

2 In 2009 before special charges

3 As reduction in par value

←
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HIGHLIGHTS 2010

MARCH

Transatlantic Cooperation Wins the Gold Bar

Two corporate subsidiaries of GF Piping Systems shared the first prize in the competition “Winning in a Downturn.” This was the Executive Committee’s recognition for exceptional cooperation in 2009.

A golden smile. The Gold Award nominees (from the left): Charlotte Hill, Woody Wang, Richard Trevaskis, James Jackson, Volker Dankwort, Martin Spencer with CEO Yves Serra.

MARCH

Annual General Meeting

At the 114th Annual General Meeting of Georg Fischer AG, the shareholders voted in favor of all the proposals of the Board of Directors. Andreas Koopmann was elected as a new member of the Board.
www.georgfischer.com → Annual General Meeting

APRIL

New Diaphragm Valve

GF Piping Systems launched the new diaphragm valve generation, which sets new standards for safety, efficiency and simplicity.
www.piping.georgfischer.com → Diaphragm Valve

JULY

Sustainability Report

GF published its Sustainability Report 2009, which once again conveyed an accurate picture of the environmental and social performance of GF.
www.georgfischer.com → Sustainability

AUGUST

Swiss President Doris Leuthard Inaugurates New Plant

Georg Fischer further strengthened its market position in China: GF Piping Systems brought its tenth production plant on stream in China. The new plant in Beijing was officially opened in the presence of the President of the Swiss Confederation Doris Leuthard.

SEPTEMBER

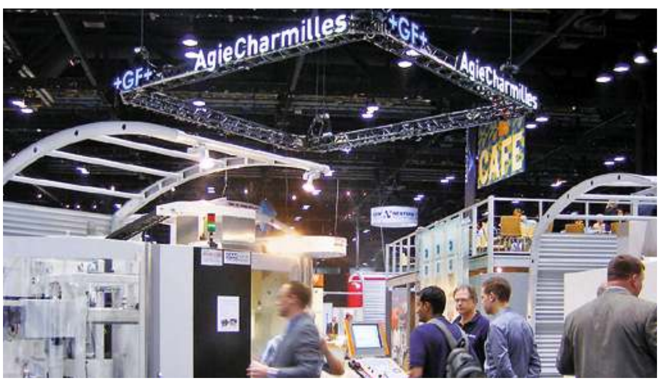
Georg Fischer Technology Day

At the 3rd Technology Day in Schaffhausen, Georg Fischer showcased some of its latest developments and innovations for financial analysts and journalists. The focus was on applications that save water, increase energy efficiency and meet the needs of the emerging markets especially in Asia.

SEPTEMBER

Technology Show Chicago

At the International Manufacturing Technology Show 2010 in Chicago, GF AgieCharmilles presented the LASER 5Ax. With this new machine series, GF AgieCharmilles is now the only machine tool company in the world offering a completely digital manufacturing process.
www.gfac.com → Laser 5A



SEPTEMBER

Georg Fischer Supports Clean Water in Manila

The Georg Fischer Clean Water Foundation donated 50,000 US dollars to the "Water for low income communities" program of Manila Waters in Metro Manila (Philippines). Since 2002, Clean Water Foundation has extended assistance to more than 140,000 people in 40 countries, giving people access to clean drinking water with more than 80 projects.
www.georgfischer.com → Clean Water Foundation

Handover of the first check worth 1,000,000 pesos. From left to right: Mr. Ruel Maranan, Manila Water Group Director for Human Resources; Mr. Chris Oreta, Manila Water Chief Finance Officer; Mr. Gerardo Ablaza Jr, Manila Water President; Mr. Sven Erlandsen, Georg Fischer President for South East Asia; Ambassador Ivo Siever from Embassy of Switzerland, and Linda Nacino, Rep Manager from Georg Fischer Philippines.

OCTOBER

Expo 2010 in Shanghai

More than 73 million people visited Expo 2010 in Shanghai. The main building, The Axis, was cooled and heated with an environmentally friendly geothermal system for which GF Piping Systems supplied the piping systems.
www.georgfischer.com → Special topics

DECEMBER

Award for Environmental Commitment

Georg Fischer Automobilguss GmbH in Singen received recognition for its environmental management.
The Baden-Württemberg Minister for the Environment Tanja Gönner presented the "Umweltpreis für Unternehmen 2010."

A strong rebound in sales and profitability

Georg Fischer emerged stronger from the economic downturn and capitalized in 2010 on the worldwide economic recovery. Sales went up 19 percent to CHF 3.45 billion in 2010. Adjusted for adverse currency effects, top line growth reached 27 percent. All three Corporate Groups showed a double-digit increase in sales. GF Automotive and GF AgieCharmilles, which had suffered the most from the 2009 recession, went up 23 percent and 25 percent respectively, whilst GF Piping Systems saw its top line rise by ten percent.

Sales grew unevenly in regional terms. Asia registered the biggest increase with 37 percent against 24 percent in the Americas and 14 percent in Europe. Headcount increased by 427 to 12,908 employees globally mainly on account of growth and new investments in Asia in the three Corporate Groups.

Personnel costs were held at the previous year's low level. The increase in sales could therefore be fully leveraged. Following an operating loss of CHF 58 million in 2009, Georg Fischer generated in 2010 an operating profit of CHF 180 million (5.2 percent EBIT margin), despite currency losses amounting to CHF 38 million.

All three Corporate Groups generated a clearly positive operational result. GF Automotive and GF AgieCharmilles swung back to black figures and GF Piping Systems even achieved a record result in 2010. We are pleased to have reached this important milestone, but we are well aware that further efforts are needed in order to meet our own expectations and those of our stakeholders.

The net result amounted to CHF 108 million (previous year CHF –238 million), and free cash flow also increased to CHF 150 million from CHF 94 million in 2009. Given the much improved results and cash flows achieved in 2010, the Board of Directors proposes to the Annual Shareholders Meeting a dividend of 10 CHF per share, to be made in the form of a par value repayment.

Structural program successfully completed by mid 2010

The comprehensive structural program launched by the Corporation in the first half of 2009 yielded the announced sustainable cost savings of CHF 350 million. Moreover, divestments of about CHF 50 million were achieved, as planned. In particular, the Corporation sold for CHF 29 million the Meyrin (Switzerland) production facility of GF AgieCharmilles in November 2010, after the production of EDM machines had been successfully transferred to Losone (Switzerland) in the summer of 2010.

Continuity and stability as key assets

GF has mastered on its own the sharpest economic downturn of recent generations. Full credit is due for this to a motivated workforce and a high teamspirit but also to the trust placed in Georg Fischer by all its stakeholders, customers, investors, banks and suppliers.

Many industrial corporations like GF are particularly affected by economic cycles. Trust in the company is therefore a crucial factor for its stability and entrepreneurial success. The Board of Directors will in the future continue to foster and preserve this trust in an autonomous and independent Corporation.

All three Corporate Groups contribute to the positive result

GF Piping Systems reported sales of CHF 1.18 billion, an increase of ten percent versus 2009. In local currencies, the increase amounted to 16 percent. Business volume increased sharply in Asia. Demand in the US also picked up whereas growth remained uneven in Europe. In Northern Europe, demand was gratifying, but markets in South and Eastern Europe were flat.

Despite a significant adverse currency impact, operating profit went up 71 percent to CHF 137 million (EBIT margin 11.6 percent) against CHF 80 million in 2009 (EBIT Margin 7.5 percent).

The new products launched at the beginning of 2010, diaphragm valves, water turbidity and chlorine sensors, geothermal heating systems in China all contributed significantly to the growth rate.

In August, the tenth plant of GF Piping Systems in China was inaugurated. The 18,000 m^2 facility, located near Beijing, specializes in the production of piping systems for the domestic floor heating market.

At GF Automotive, passenger car related demand recovered strongly after the first quarter in 2010 on the back of healthy export figures at the main customers. Truck-related sales also started to recover significantly at mid-year but are still far below pre-crisis levels. Sales climbed to CHF 1.55 billion or 23 percent above previous year. In local currencies, the increase amounted even to 36 percent. Operating profit was clearly positive at CHF 37 million (previous year loss of CHF 60 million). Reflecting the strong growth of the Chinese automotive industry, the two Chinese plants in Kunshan and Suzhou have been growing continuously. The Suzhou plant is currently being extended to better meet the strong local demand.

GF AgieCharmilles grew substantially after the second quarter. Orders increased 48 percent in 2010 on the back of significant demand growth in Asia but also a clear recovery in Europe and the US. Sales went up to CHF 721 million, which is 25 percent above previous year (31 percent in local currencies). The strong demand recovery worldwide put a strain on several suppliers. The situation improved during the second half but some supplier bottlenecks persisted.

Operating profit rose to CHF 22 million (against a CHF 81 million operating loss in 2009) including a CHF 13 million one-off profit derived from the sale of the Meyrin plant in November 2010.

The new plant of Changzhou, near Shanghai, will become operational during the first quarter of 2011. The 20,000 m^2 facility will focus on the production of milling machines, presently assembled at the Beijing plant, thus freeing space there to expand the production of electric discharge machines.

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

Financial position strengthened anew

Despite the sharp rebound in sales and the expansion in Asia, capital expenditure (Capex) was kept below the 2009 level and net working capital increased only slightly. As a result, a positive free cash flow of CHF 150 million was generated in 2010. Net debt went down to CHF 321 million, already well below the 2012 target of CHF 400 million. Moreover, the long-term financial position of the company has been further strengthened through the successful placement in March 2010 of a CHF 200 million bond maturing in 2016 with an attractive coupon of 3 3/8 percent. The equity ratio remains at a high 40 percent, reflecting the solid balance sheet of the Corporation.

Strategic focus on performance and cyclicity reduction

All three groups of Georg Fischer are well positioned in their respective industrial sectors. Georg Fischer will therefore continue to nurture and strengthen their competitiveness and worldwide presence.

Boosting the presence of the three Corporate Groups in growth markets, in particular in Asia, remains a key thrust. The aim is to better serve local demand through a decentralized production and R&D structure but also to naturally hedge currency fluctuations.

Likewise, as shown at the Technology Day in September 2010, all three Corporate Groups will maintain a high pace of innovation, focusing particularly on solutions to conserve water and energy, reduce vehicle weight and deliver the highest precision in the machining of metal parts.

Lastly, Georg Fischer intends to grow its higher-margin and less cyclical GF Piping Systems business to at least 40 percent of its total turnover both organically and through bolt-on acquisitions.

The Corporation's objective for 2015 is to generate a return on invested capital exceeding 15 percent, an EBIT margin in the eight to nine percent range and to achieve a turnover of about CHF 5 billion.

"All three groups of Georg Fischer are well positioned in their respective industrial sectors. Georg Fischer will therefore continue to nurture and strengthen their competitiveness and worldwide presence."

Positive outlook despite uncertainties

The business environment has continued to improve for all three Corporate Groups over the past six months. Overall orders climbed well above previous year's figures, a good starting point for 2011. Uncertainties do however persist regarding the sustainability of the present rebound, but also raw materials prices and a further strengthening of the Swiss franc.

Assuming a continuation of the worldwide economic recovery in 2011 under stable currency markets, we expect a further improvement of the top and bottom lines. Costs have been substantially reduced, especially in Switzerland and in Europe, and the increased presence of the Corporation in growth markets makes for a solid base going forward.

For 2012, Georg Fischer confirms its objective of an EBIT margin of eight percent and a further top line growth, assuming a continuing market recovery.

Personnel changes

At the Shareholders Meeting of March 2010, ex Federal Counsellor Flavio Cotti (70), Board member since the year 2000, retired and was replaced by Andreas Koopmann.

He brings a wealth of international know-how in the mechanical engineering industry and was CEO of a listed company in the French speaking part of Switzerland for more than ten years. He is also contributing his valuable experience as Vice Chairman of the Board of Directors of Nestlé and as a member of the Board of Directors of Credit Suisse.

At the end of July 2010, Jürg Krebser (62) retired from the Executive Committee, where he had served since 1994, first as Head of GF Piping Systems (1994 to 2003) and then as Head of GF AgieCharmilles (2003 to 2008). At the end of August 2010, Michael Hauser resigned as Head of GF AgieCharmilles and has been replaced by Jean-Pierre Wilmes, the former global Head of Sales of the machine-tool business.

Together with the Board of Directors and the Executive Committee, we thank Flavio Cotti, Jürg Krebser and Michael Hauser for their great commitment and wish them all the best for their future. We also wish Andreas Koopmann and Jean-Pierre Wilmes lots of success and satisfaction in their new positions.

Shared values create trust

First and foremost we thank all Georg Fischer employees for their commitment and flexibility at a time of great economic upheavals.

Nowadays, many teams are made up of employees from different geographic, cultural and language backgrounds. Therefore, the ability to work together sharing fundamental values and goals is and will be actively fostered at Georg Fischer. In particular, the trust between works councils and management, nurtured over the years, has proven to be very valuable in this demanding period. Georg Fischer could thus respond quickly to the recession and mobilize all energies towards innovation, customer service and team work. As a result, the Corporation could in 2010 capitalize on the worldwide economic recovery and resume its growth path.

Our gratitude also goes to our investors and banks whose support has enabled us to achieve a solid financing for Georg Fischer over the long term. Last, but not least, very special thanks to our customers. It is their constant trust and open feedback that enable us to continuously adapt our products and services to better serve their needs.

Martin Huber
Chairman of the Board of Directors

Yves Serra
President and CEO

Corporate Report 2010

Corporation

Georg Fischer has emerged strengthened from the economic crisis and it capitalized fully on the global economic rebound in 2010. Sales rose by 19 percent to CHF 3.45 billion (previous year: CHF 2.9 billion). Adjusted for currency effects, sales growth came to 27 percent (previous year: –35%). All three Corporate Groups reported double-digit growth. GF Automotive and GF AgieCharmilles, which had been hardest hit by the crisis the previous year, bounced back by 23 percent and 25 percent respectively, while GF Piping Systems lifted sales by ten percent.

Georg Fischer improved operating profit by CHF 238 million to CHF 180 million (previous year: CHF –58 million before special charges) owing to its significantly lower cost structure following the necessary restructuring in 2009 and the higher sales. Net income for 2010 rose to CHF 108 million (previous year: CHF –238 million). There were no special charges (previous year: CHF 143 million). Free cash flow increased to CHF 150 million (previous year: CHF 94 million).

Sales. Sales growth varied sharply according to region. Georg Fischer reported the strongest growth in Asia, up 37 percent, while North and South America rose 24 percent and Europe 14 percent.

Result. In the first half of 2010, Georg Fischer posted EBIT of CHF 73 million, corresponding to an EBIT margin of 4.3 percent. In the second half, EBIT climbed to CHF 107 million, and the EBIT margin for the second half came to 6.1 percent. Over the year as a whole, the EBIT margin was 5.2 percent, and operating profit (EBIT) was higher than expected at CHF 180 million.

Currency effects. This positive EBIT result would have been even higher had it not been for negative currency effects of CHF 38 million. Currency fluctuations hurt GF Piping Systems and GF AgieCharmilles in particular, which were more vulnerable to the strong Swiss franc because they generate a higher proportion of their gross added value in Switzerland. However, the two Corporate Groups benefited from the fact that the weaker euro versus the US dollar boosted exports from the euro zone.

Net income. Net income in 2010 came to CHF 108 million (previous year: CHF –238 million). This equates to earnings per share of CHF 24. Georg Fischer succeeded in generating value again in 2010. Economic profit came to CHF 13 million (previous year: CHF –375 million).

Free cash flow. Free cash flow increased to CHF 150 million (previous year: CHF 94 million). The increase was due to strict cost management, an increase of six percent in net current assets, very modest in view of the sales growth, and an investment level that was again slightly lower. In addition, Georg Fischer realized disposals totaling CHF 50 million in 2009 and 2010.

Net debt. Net debt fell to CHF 321 million and is thus already below the target of CHF 400 million which had been set for 2012.

Profit distribution. In view of the strong improvement in profitability and free cash flow in 2010, the Board of Directors proposes to the General Meeting of Shareholders distribution of a dividend in the form of a par value repayment of CHF 10 per share.

Value added. Added value rose by 23 percent to CHF 1.2 billion in 2010 (previous year: CHF 1.0 billion). The cost of materials and products rose by 24 percent, while operating expenses were up eleven percent to CHF 613 million. Personnel expenses and expenses for external services were virtually unchanged, although the total number of employees in all three Corporate Groups rose by 427 to 12,908 employees worldwide. The net increase is due to the ongoing expansion of production and distribution capacity in Asia.

81 percent of gross value added (previous year: 85%) stemmed from Europe. The leaders are still Germany (31%), Switzerland (27%) and Austria (16%). At end-2010, these three countries accounted for 65 percent (previous year: 68%) of all the Corporation's employees. China, which is the fastest-growing market for GF Piping Systems and the biggest volume market for GF AgieCharmilles, closed the gap. In 2010, China accounted for nine percent (previous year: 6%) of Georg Fischer's gross added value and employed 18 percent (previous year: 15%) of its workforce.

Financing. The bond which fell due in the fall of 2010 was refinanced in April 2010 by the successful issue of a CHF 200 million bond which runs until 2016 and has an attractive coupon of 3.375 percent. This ensures medium-term financing for Georg Fischer with a favorable maturity structure.

Balance sheet. Total assets fell marginally despite the huge expansion in business. Current assets rose by about CHF 100 million, owing primarily to an increase in liquidity as a result of the funds available from the bond issued in April 2010. Non-current assets, by contrast, declined by about CHF 180 million. Currency translation had the biggest impact, and this explains why shareholders' equity fell marginally by CHF 28 million to CHF 1,124 million despite the positive result. The equity ratio remains at 40 percent. The balance sheet is thus extremely solid and healthy.

Exchange rate exposure. Negative currency effects reduced total sales, which are consolidated in Swiss francs, by CHF 230 million. 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 another reason why all three Corporate Groups are expanding their production capacity in Asia.

Strategy and targets. In the year under review, the Board of Directors and Executive Committee evaluated the strategy and confirmed the basic strategic priorities. Strategy will focus on expanding GF Piping Systems' share of consolidated sales to at least 40 percent, investing in future growth markets (especially in Asia and the Americas), and increasing innovativeness in all areas.

Since GF AgieCharmilles and GF Automotive were harder hit by the huge drop in demand in 2009 and therefore reported higher growth figures for 2010, GF Piping Systems' share of consolidated sales fell from 37 to 34 percent in 2010. Compared with 2008, however, when GF Piping Systems accounted for 27 percent of consolidated sales, this Corporate Group continues to grow fastest.

Georg Fischer which has 16 plants in Asia, 14 of them in China, is very well positioned to capitalize on growth in this region in future too. The contribution of the Asia region to total sales rose from 15 to 18 percent. Growth in this region in local currency terms came to 39 percent. The contribution of Europe to total sales, by contrast, fell from 73 to 69 percent. Europe's share of total business remains very high primarily because of GF Automotive, which serves mainly the German market. Its most important customers, though, on average export more than half the vehicles they produce throughout the world.

Outlook 2011. The business environment has become friendlier for all three Corporate Groups in the past six months. Order intake rose to well above the previous year's level and provides a good springboard for 2011. There are still risks, however – in particular the sustainability of the current upswing, raw material prices, and the possibility that the Swiss franc will continue to appreciate.

However, assuming that currency markets stabilize and the global economic upturn persists, sales and operating profit could well improve further in 2011. Costs were reduced substantially, especially in Switzerland and the rest of Europe. Moreover, the expanding presence of Georg Fischer in the growth markets is a strong foundation for the future. The Corporation reiterates its target for 2012 of an eight percent EBIT margin and further sales growth.

GF Piping Systems

Result. GF Piping Systems reported sales of CHF 1,176 million, an increase of ten percent versus 2009. In local currencies, the increase came to 16 percent. Despite the big impact of negative currency effects, operating profit increased by 71 percent from CHF 80 million in 2009 (EBIT margin 7.5 percent) to CHF 137 million (EBIT margin 11.6 percent) in 2010.

Markets. China was back on the growth path in the last quarter of 2009 and performed very well over the entire period under review, with expansion driven mainly by ongoing investments in water and gas distribution and buoyant demand in the construction industry. Boosted by the industry segment (microelectronics), the markets in Japan, Taiwan, Singapore, and Korea also reported high growth rates. Sales in India, where GF Piping Systems opened its first plant in 2009, are still very satisfactory.

Demand in the USA also picked up, especially in the second half of 2010. Georg Fischer Signet posted a record year on the back of demand for sensors. The results in Europe, though, were mixed. While demand in northern Europe held its own thanks to a buoyant industry segment, the markets in southern and eastern Europe were largely flat for the whole year. These markets are not expected to pick up in the near term.

Products launched in 2010 such as the new-generation diaphragm valves, water turbidity and chlorine sensors, and geothermal heating systems in China were also instrumental in driving growth. GF Piping Systems is, moreover, continually investing in larger dimensions for pipes used in water distribution, and this is helping to land additional orders. With Swiss Federal President Doris Leuthard in attendance, GF Piping Systems inaugurated its tenth production site in China in August 2010. The 18,000 sq. meter plant near Beijing manufactures mainly underfloor-heating piping systems for the local market.

Outlook. GF Piping Systems is very well positioned on four continents and technologically to benefit to an above-average degree from buoyant demand in the industry segment, gas and water distribution, and construction, be it new residential building (in growth markets) or residential renovation (in Europe).

It is Georg Fischer's declared aim to raise the higher-margin and less cyclical business of GF Piping Systems to at least 40 percent of the Corporation's total sales. This includes any possible strategic acquisitions.

GF Automotive

Result. GF Automotive posted sales of CHF 1,552 million in 2010, which is equivalent to an increase of 23 percent versus the previous year. The increase in local currencies was a strong 36 percent. Operating profit was a gratifying CHF 37 million, versus a loss of CHF 60 million the previous year. GF Automotive is therefore definitely back in the black and produced an EBIT margin of 2.4 percent (previous year: –4.8 %).

Market. Demand in the passenger vehicle business rebounded after the first quarter of 2010 thanks to the strong export numbers of GF Automotive's main customers. The sales figures in the commercial vehicle sector began to brighten up as of mid-year, but were stuck far below the 2008 level. The two foundries in China and the Leipzig, Germany, foundry that specializes in special vehicles posted the highest sales growth rates, and profit growth rates too. Kunshan and Suzhou continuously raised their output during the entire year thanks to the growth of China's automotive industry. The iron foundry in Kunshan, opened in May 2009, expanded to two-shift operation in 2010, while the light-metal foundry in Suzhou is preparing for its fourth expansion step in order to keep pace with firm local demand.

Outlook. For 2011, GF Automotive is expecting to lift sales further, a trend that is driven by ongoing buoyant demand for cars in Asia, which is fueling exports from Europe, particularly from Germany, and by rising demand for trucks.

GF Automotive is a technology and market leader with proven competencies in all casting processes relevant for serial production and in the processing of the associated materials iron (nodular cast iron), aluminum, and magnesium. It is very well positioned on two continents to benefit to an above-average degree from the global increase in demand for individual mobility

GF AgieCharmilles

Result. GF AgieCharmilles generated growth of 25 percent (31 percent in local currencies) and sales of CHF 721 million only a year after the steepest drop in demand it has known in its history. Order intake soared by 48 percent mainly on the back of stronger demand in Asia but also due to the rebound in Europe and the USA. Growth resumed as of the second quarter of 2010. As a result, GF AgieCharmilles moved out of the red and generated EBIT of CHF 22 million (previous year: CHF –81 million). Of this total, CHF 13 million came from the sale of the production site in Meyrin, Switzerland.

Market. All markets contributed to the recovery in sales. However, Asia, and in particular China, reported a higher growth rate than North America or especially Europe. China is far and away the largest market for tool and mold-making. Demand for electric discharge machines, which are sought after for tool and mold-making, recovered much more strongly than demand for milling machines. The service business was not hurt as badly by the slump in demand in 2009 and reported a lower growth rate as a result.

Outlook. GF AgieCharmilles is very well positioned on three continents to satisfy rising demand for high-precision and high-performance machine tools for tool and mold-making and the production of precision parts.

The new plant in Changzhou near Shanghai will begin production in the first quarter of 2011. The 20,000 sq. meter facility will manufacture mainly milling machines, which are currently being assembled in the Beijing plant. The space that will become free in Beijing will be used to expand the production of electric discharge machines.

Market and customers

Customer satisfaction. Georg Fischer's Corporate Groups conduct regular surveys among their target groups in order to add to their knowledge of the market, improve market evaluation, and advance development. The findings serve to steadily enrich and deepen customer relationships. (See chart on page 11.)

Awards from customers and trade associations are an important yardstick of customer satisfaction. GF AgieCharmilles won the Metal Working Production Award (MWP Award) at the MACH 2010 trade fair in Birmingham, UK. The jury awarded the prize for the die-sinking EDM machine Form 2000 as the best special equipment for machining and manufacturing metal parts. The light-metal foundry of GF Automotive in Suzhou, China, received awards from two customers for delivery reliability and excellence in 2009, while the Altenmarkt, Austria, facility won the Award of Excellence of the International Magnesium Association (IMA) for its innovativeness in casting design.

Global presence. Georg Fischer maintains a global presence, with a sales and service network covering some 200 sites worldwide. Germany remained the Corporation's most important market, with a 36 percent share of total sales (previous year: 35%). The contribution of Europe to total sales, by contrast, fell from 73 to 69 percent owing to the strong growth in Asia. The Asia region increased its share of sales from 15 to 18 percent, while the American market lifted its share from ten to eleven percent.

All three Corporate Groups expanded their production and distribution capacity on the Asian continent in the year under review. For the foreseeable future, Asia will be GF's most important growth market. All told, Georg Fischer has more than two dozen corporate subsidiaries in China, of which 14 are production companies. The Corporation employs 21 percent of the workforce in Asia.

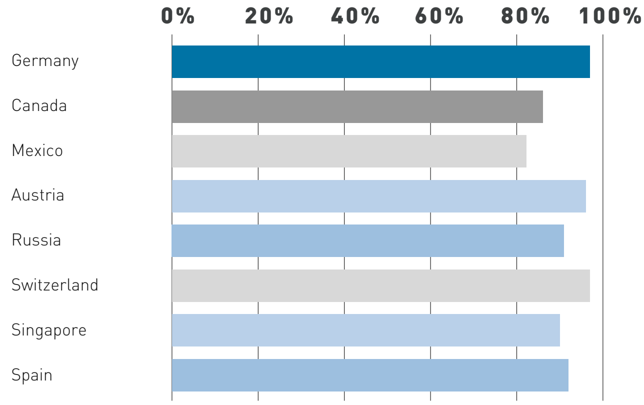
Brand policy. The Georg Fischer corporate brand enjoys an excellent reputation and widespread recognition. All three Corporate Groups systematically use the Georg Fischer corporate brand in their communications, and this is reflected in coherent perception of the company by the public. The logo has been a protected trademark worldwide since 1902, and the Corporation's Legal Department takes forceful legal action against imitations and forgeries.

In the period under review, more than 2,000 people, including journalists and financial analysts, in Switzerland and Germany, were surveyed for their views on Georg Fischer's image and reputation. The result of this perception study shows that concepts such as "tradition" or "innovation" are associated with the Corporation to an above-average degree. Both these perceptions have a positive impact on image and reputation.

The Corporate Groups also contribute to the high reputation enjoyed by the corporate brand. GF Automotive in China, for instance, makes special efforts to further raise recognition of the GF corporate brand in this fast-growing market. It

Customer survey on product quality

Degree of satisfaction in selected countries (in %)



Excerpt from a GF Piping Systems customer survey in 2010

participates in the leading industry trade fairs, AutoChina Beijing and Auto Shanghai, which are held in alternate years, and it takes part in specialist symposia in order to spread the word about the Corporate Group's scope of services and talk to specialists in the industry.

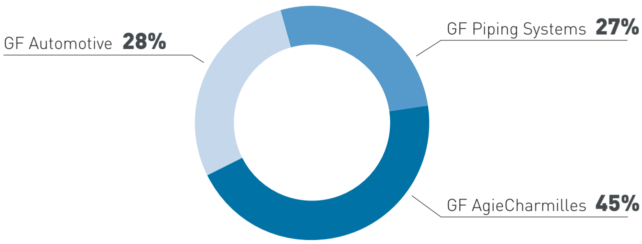
In addition, GF Automotive is organizing more roadshows and in-house events on customers' premises both in China and in Europe. It recently visited renowned commercial vehicle manufacturers on their premises. In its mobile showroom, it displayed its development competence, and this direct contact led to an intensive dialogue between the engineers of GF and the manufacturers' buyers.

Innovation

Research and development. As a Swiss company, innovation is the wellhead of Georg Fischer's business and the source of its entrepreneurial success. For this reason, the Corporation maintains research and development (R&D) centers on three continents. This decentralization is a core element of the R&D strategy because it serves to accelerate the innovation process. In 2010, Georg Fischer invested CHF 90 million in R&D. Corporation-wide, close to 600 employees work in research and development. Each year, Georg Fischer submits some 25 new patents, ample proof of the Corporation's innovative power.

Innovation strategy. In view of the worldwide rise in demand for clean water, the core competence of GF Piping Systems – providing efficient piping systems for the safe transport of clean drinking water – remains fundamental to its innovation strategy. Expertise in this area is concentrated at

Expenses for Research and Development 2010 (in %)
(100 % = CHF 90 million)



the GF Piping Systems Technology Center in Schaffhausen, Switzerland. It focuses primarily on material and jointing technology. In the 2010 business year, the Corporate Group spent CHF 24 million on R&D.

R&D at GF Automotive addresses the megatrends in automotive design: light-weight construction through scaled-down components (which nevertheless have to be more resilient), eco-efficient production, and operational efficiency. In 2010, investments in R&D, technical product management, and production process management at GF Automotive came to CHF 25 million.

For the customers of GF AgieCharmilles, the precision, efficiency, and reliability of its machines are of utmost importance as they are essential for smooth operation of the assembly line. Likewise, trends such as miniaturization and reduction in the consumption of resources continue unabated. GF AgieCharmilles is prioritizing these aspects in its innovation efforts. In 2010, the Corporate Group spent CHF 41 million on R&D.

Synergies. Georg Fischer manages the Corporate Groups as units, each of which pursues its individual strategic and operational targets. However, support processes and services that can be bought off the shelf are pooled, for instance in information technology (IT).

GF AgieCharmilles and GF Piping Systems cooperate closely in logistics. Likewise, experts from GF Automotive and GF AgieCharmilles work together in the areas of metal-machining and mold-making at GF Automotive.

Executive Committee of Georg Fischer in the new R&D center in Schaffhausen (left to right):
Josef Edbauer, Pietro Lori, Yves Serra (President and CEO), Roland Abt, Jean-Pierre Wilmes

Products and processes

Translucent plastic. GF Piping Systems is the leading manufacturer of absolutely leak-proof plastic piping systems. The Corporate Group's engineers are also developing applications to separate out CO_2 emissions from industrial sources. Plants with specially developed pipes promote the rapid growth of algae, which bind CO_2 and from which biofuel and food additives can be manufactured. The process is a potential response to some major environmental dilemmas that we face.

Bionics. GF Automotive is a leader in the development of light-weight castings. The new bionic designs imitate natural structures. They remain stable even when their weight is reduced. This approach requires less material, and the parts are up to 25 percent lighter. Cast components based on this technology are already incorporated in the cars of some European manufacturers.

Transcontinental cooperation. The world's largest producers of light-emitting diodes (LEDs) are in Asia, and machines from GF AgieCharmilles are used in their manufacture. Complex configurations of EDM and milling machines, such as are required in LED production, were developed at R&D locations in Switzerland, but were adapted by local R&D specialists to the needs of customers in Asia.

Risk management

Risk control. Georg Fischer controls risks by means of risk management. Risk management includes systematic identification, evaluation and reporting of strategic, operational and financial risks as well as comprehensive and efficient insurance coverage. Georg Fischer identifies all relevant risks in the areas of strategy, markets, management and resources, operations and finance throughout the Corporation. The criteria applied in assessing risks include their impact and the probability of their occurrence.

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

Risk analysis. In production, particularly in the foundries, risks can never be completely ruled out. The careful analysis and minimization of risks increases process security and thus improves reliability of delivery to customers. Georg Fischer attaches great importance to these aspects. The standard of risk management at virtually all production sites is either HPR (Highly Protected Risk) or HMP (Highly Managed Prevention) and is regularly audited by external specialists. In the year under review, 14 production sites (previous year: 20) of a total of 45 (previous year: 42) underwent such audits. The results are discussed with the units concerned and with management. Wherever necessary, corrective measures are agreed on.

Risk standards. In consultation with the corporate subsidiaries and Corporate Groups, Risk Management has drafted technical and organizational standards for the entire Corporation. The Highly Protected Risk (HPR) standard applied to 84 percent (previous year: 74%) of the Corporation's insured assets at the end of the year under review.

Investments

Plant and equipment. During the year under review, the Corporation's investments in plant and equipment amounted to CHF 124 million. GF Piping Systems accounted for 40 percent of the total, GF Automotive for 54 percent, and GF AgieCharmilles for four percent. 74 percent of the total was invested in Europe. The bulk of the investments went for product and process innovation as well as for improvement and streamlining of production processes.

In 2011, the investment volume will exceed the previous year's level. The planned investments in Europe will serve to make production facilities more flexible and to increase efficiency. In Asia, preparations are underway for the fourth expansion of the light-metal foundry in Suzhou, China; the new plant for milling machines in Changzhou, China, will start operation in early 2011. ■

"Focus on performance and cyclicity reduction"

Interview with Yves Serra, CEO

In the years 2008 and 2009, the top headlines regarding Georg Fischer were "exceptional downturn" as well as "painful restructurings". What were the main topics in 2010?

The restructurings of 2009 were painful but necessary. As a result, we entered 2010 with a much reduced cost base. This allowed us to quickly leverage the worldwide demand recovery, starting in Asia.

Also because the measures were quickly implemented and quick performance improvements were achieved, all energies could be mobilized in 2010 to look beyond the downturn with confidence.

Where do you see the main drivers for the sales rebound of Georg Fischer in 2010?

The 2009 downturn just accelerated the worldwide market shift towards Asia, specially China. But because we invested substantially in those markets including during the 2009 recession, our sales jumped 37 percent across-the-board in that region.

Also the European and American markets started to recover and we were able to quickly increase output to meet the growing needs of our customers.

Let's have a look at the highlights of the three Corporate Groups. An important highlight at GF Piping Systems was the opening of the new plant in Beijing in August 2010. Why is this plant so important for Georg Fischer?

Our new plant in Beijing aims at better serving the growing demand for floor heating systems in the North-East of China.

It is the tenth production plant of GF Piping Systems in that country. This time, the opening coincided with a visit to China of the President of the Swiss Confederation Doris Leuthard. And therefore, it added a special solemnity to the ceremony.

Floor heating is a trend in China. Which other opportunities do you see on a global level for GF Piping Systems?

The need for clean water where treatment and distribution networks do not yet exist and the need to replace aging metal pipes in many countries certainly offer great opportunities that we intend to grasp. But the energy sector also offers interesting potential, an example of which is the possible use of translucent piping systems to quickly grow algae and extract biofuel from them.

Georg Fischer Automotive could profit from a clear upswing!

Georg Fischer Automotive is strong in the premium car market, which accounts for about 50 percent of its turnover. And this is precisely this part of the automotive business which grew substantially in 2010, partly because it suffered more than others in 2009 as scrappage schemes did not really help but also thanks to a growing export demand.

But GF Automotive also grew substantially in China, by about 50 percent in what is today the number one automotive market in the world.

Also the truck market emerged mid 2010 from the doldrums, pointing to a solid recovery in 2011.

"We want to already show progress in 2011 towards our strategic objectives."

GF AgieCharmilles also reported a positive result in 2010. What are the reasons behind this encouraging development?

During the recession of 2009, customers delayed or stopped investments altogether. In 2010, with the recovery of the electronics and automobile sectors, customers regained confidence and started to invest again, specially in machine-tools.

The production of electronic goods takes place mainly in Asia today – mobile phones, computers, flat screen televisions, LED's. It is therefore not surprising that demand for our products took off first in that region.

What do you want Georg Fischer to achieve in 2011?

We want to continue growing our top and bottom lines, in order to be credible with our investors but also because it is more motivating for employees to work for a successful company.

We said in May 2009 that we will reach eight percent ROS for a turnover of about CHF 4 billion in 2012. Also we clarified in 2010 our future objectives and our key strategic thrusts for the next five years. We want to lift our turnover to CHF 5 billion by 2015 and our operational margin to sustainably reach eight to nine percent. And we want to already show progress in 2011 towards those objectives.

Yves Serra: "The higher our performance in good times, the stronger we are in tough ones."

What are these strategic thrusts?

We aim at making Georg Fischer a premium industrial corporation which creates value across economic cycles. To do so, we will focus on performance and cyclicity reduction.

We will therefore work hard to further improve the efficiency of our operations worldwide but also the teamwork between our companies. The higher our performance in good times, the stronger we are in tough ones.

We will also boost our innovation efforts towards solutions for vehicle weight reduction, water and energy conservation as well as precision in manufacturing.

And we will further extend our presence and collaboration with customers in growth markets like China whose needs for such resource-efficient solutions are immense.

Regarding cyclicity reduction, we will rebalance our portfolio in favor of the less cylical activities like GF Piping Systems but also our presence worldwide, specially in Asia and the Amercias.

Notwithstanding 2009, cycles do not always occur at the same time across the world and a balanced geographic presence will help compensate regional downturns in the future. ■

WE PUT CUSTOMERS FIRST

"We want to work together with GF Piping Systems in future, too, to satisfy our customers' rising demands."

Xie Yuanjian
Vice-President and Chief Technical Officer Landsea Group
Nanjing, China

“GF Automotive sees itself as part of the Daimler team – that’s what really counts in a strategic partner.”

Joerg Reiting
Senior Manager Procurement Trucks and Buses of Daimler AG
Stuttgart, Germany

“Doing business with GF AgieCharmilles is much more than simply a transaction. It is a positive experience, a partnership.”

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Modern building technology paves the way for eco-friendly construction

Green homes for China

"In my apartment it's spring all year round!" No, Ping Chen doesn't decorate his home with daffodils the whole year. What he means is the indoor climate. His apartment's modern building technology with its heating and cooling systems ensures the right humidity and pleasant, spring-like temperatures at all times. Ping Chen is the owner of an apartment from the Chinese property firm Landsea. It was founded in 2004 by a young real estate agent who dreamed of combining living comfort and sustainable building design. Today, Landsea is regarded as a pioneer of ecological building in China. GF Piping Systems has been instrumental in its success. Right from the start, Landsea turned to Georg Fischer for its know-how in building technology systems.

China is in the throes of change. By 2030, about 400 million people, or half of the rural population, will move to the cities. So the demand for living quarters is acute. The World Bank estimates that by 2015 about half of all new construction worldwide will be in China. At the same time, with resources ever scarcer, energy-saving building design is increasingly urgent.

> "We've never had problems with the products of GF Piping Systems."

Rules for ecological building

Tentative steps in the direction of ecological building in China have already been taken, but now the government has adopted a series of measures that will give a fresh strategic impetus to low carbon buildings. The Construction Ministry in Beijing commissioned the German Energy Agency (Dena) to draft regulations with the aim of curbing energy consumption and CO_2 emissions from buildings.

Xie Yuanjian, Vice President and Chief Technical Officer of Landsea Property Company from Nanjing, is committed to this green goal; "We were very fortunate. Just as we were getting started in 2005 – when China's real estate market was booming – we took the green pathway, which was in keeping with the spirit of the times." That's when Landsea first became aware of GF Piping Systems. The springboard for launching the ongoing cooperation between the Chinese property pioneer and its supplier working in the background was a joint pilot project.

With the support of GF Piping Systems in Shanghai, Landsea gained experience in project engineering. Following a phase of intensive trial and research, Landsea now uses various building technology systems from the GF Piping Systems product range, in particular controls and heating and cooling systems.

The heating and cooling piping system for ceiling installation from Georg Fischer, with its constant temperatures and dust- and noise-free operation, marks a quantum leap in modern building technology. Its energy requirements for heating and cooling are low, and it enhances living comfort. Chen Ping, owner of a Landsea apartment in Nanjing, couldn't be happier: "The room temperature inside is a constant 20°C and the humidity 30 to 70 percent."

Comfortable despite muggy heat

This may sound normal to Western ears, but in the Nanjing region it's a luxury. Nanjing has a subtropical monsoon climate, with sweltering heat in the summer, and is one of the three so-called "blast furnaces" on the Yangtze, China's longest river. The balanced indoor environment of Landsea's buildings therefore stands for a high level of comfort. This is confirmed by a survey conducted by the leading market research institute Gallup in which Landsea buildings were rated close to 100 percent, the top mark, in the category "Living comfort."

The cornerstone of modern, energy-saving building technology is a piping system consisting of a heat exchanger and the pipes integrated in the building. The pipes have to meet especially demanding quality standards: the polybuthene pipes, which are inserted in the concrete and are subject to high internal pressure, and the polyethylene pipes leading underground must be very robust and have the same long service life as the entire building. As Xie Yuanjian stresses: "We've never had problems with the products of GF Piping Systems. They're completely maintenance-free."

For the newest generation of Landsea buildings, Landsea and GF extended their innovation initiative, started in 2004, in which they developed more inexpensive technology, until then employed only for warm water delivery, for use in heating and cooling systems. Thanks to their joint research, the products are now being much more widely used – a strategic benefit for both partners.

"Landsea has become a model for green building design in China after many years. We want to work together with Georg Fischer in future, too, to satisfy our customers' rising demands," explains Landsea's Vice President. Proof of the success of the cooperation is already evident. Last year, Georg Fischer was chosen as the "Best Strategic Supplier 2009" from among 750 suppliers. ■

New plant in China
In August, GF Piping Systems opened its tenth plant in China, near Beijing.

The contribution of GF Piping Systems

GF Piping Systems carries over 40,000 products and offers industry-leading know-how in applications such as building technology, water and gas distribution, shipbuilding, energy, the chemical process industry, the food industry, microelectronics, and water treatment. Using state-of-the-art production technology, GF Piping Systems manufactures complete plastic piping systems along with the associated jointing technology and instrumentation and control technology. The Corporate Group has 23 production facilities in Europe, Asia, and the USA.

GF Piping Systems has been manufacturing in the People's Republic of China since 1998, providing customer-driven service to meet rising demand for modern building technology and reliable water distribution. In China GF Piping Systems has a strong presence in all three business areas: industry, utility, building technology. Customers and consumers the world over appreciate the technical know-how of GF Piping Systems plus its one-stop solutions and local customer support.

More than **4,300**
employees worldwide

More than **40,000**
products offered

More than **80,000**
tons of raw material used per year

About **500,000**
customers worldwide

Piping for floor heating systems
In 2010 GF Piping Systems sold about 30,000 kilometers of piping made of a polyethylene material optimized for high temperatures to customers in China.


411649
1844

“GF Automotive sees itself as part of the Daimler team – that’s what really counts in a strategic partner.”

Joerg Reiting
Senior Manager Procurement Trucks and Buses of Daimler AG
Stuttgart, Germany

Chassis development at Daimler Trucks and Buses

An eight tonner on a diet

"What we need are tandem partners!" No, the German carmaker Daimler has not switched over to the bicycle business. For Joerg Reiting, though, who is senior procurement manager at Daimler Trucks and Buses, the image vividly illustrates the close relationship between customer and supplier in the automotive industry. Pedaling in unison, finding a rhythm, maintaining balance – that's what it is all about. But one thing is clear. It's the customer who decides which road to take; a supplier like GF Automotive is pedaling hard in the background.

Once the partnership runs as smoothly as that between Daimler and GF Automotive, the teamwork comes naturally. For this storied carmaker, which is celebrating the 125th anniversary of the discovery of the automobile in 2011, GF Automotive is one of a small number of strategic partners. The cooperation is founded on a solid basis: long-standing business relations and a smoothly running daily business in which price, delivery reliability and above quality are right. But senior buyer Reiting says there are other factors tipping the scales in favor of a strategic partner, and he names a few: competence as a consultant, innovativeness, in-house research and development, short decision-making paths, and commitment. "In other words, GF Automotive sees itself as part of the Daimler team. That makes all the difference," Joerg Reiting sums it up.

> "GF Automotive's work benefits us and also our customers."

Less weight means more money

In practical terms, this integrated team work, along with the willingness to turn unconventional ideas into genuine innovation, produces exciting results. For instance, a wheel hub in the shape of a rounded gearwheel. The wheel hub is where the wheels of a vehicle are screwed on. It is a part that is crucial for safety; normally a round disk, it weighs some 24 kilograms on a truck. But not every square centimeter of the disk is necessary for safety, so the engineers at GF Automotive developed a geometry that looks like pieces at the edges have been cut out of the cast iron part. "It's like the human skeleton. The bones are really thick only where they have to take a lot of weight," explains Joerg Reiting.

The innovative geometry reduces the wheel hub's total weight by close to two kilograms. For Daimler Trucks and its customers, freight forwarders, that translates into cash. Commercial vehicles, like cars, have to be fuel-efficient and reduce CO_2 emissions, but in addition they have to transport payloads. Every kilogram less the truck weighs is one more kilogram available for transporting goods, and that adds up to money for every kilometer traveled. As Joerg Reiting says: "GF Automotive's work benefits not only us, Daimler Trucks, but also our customers."

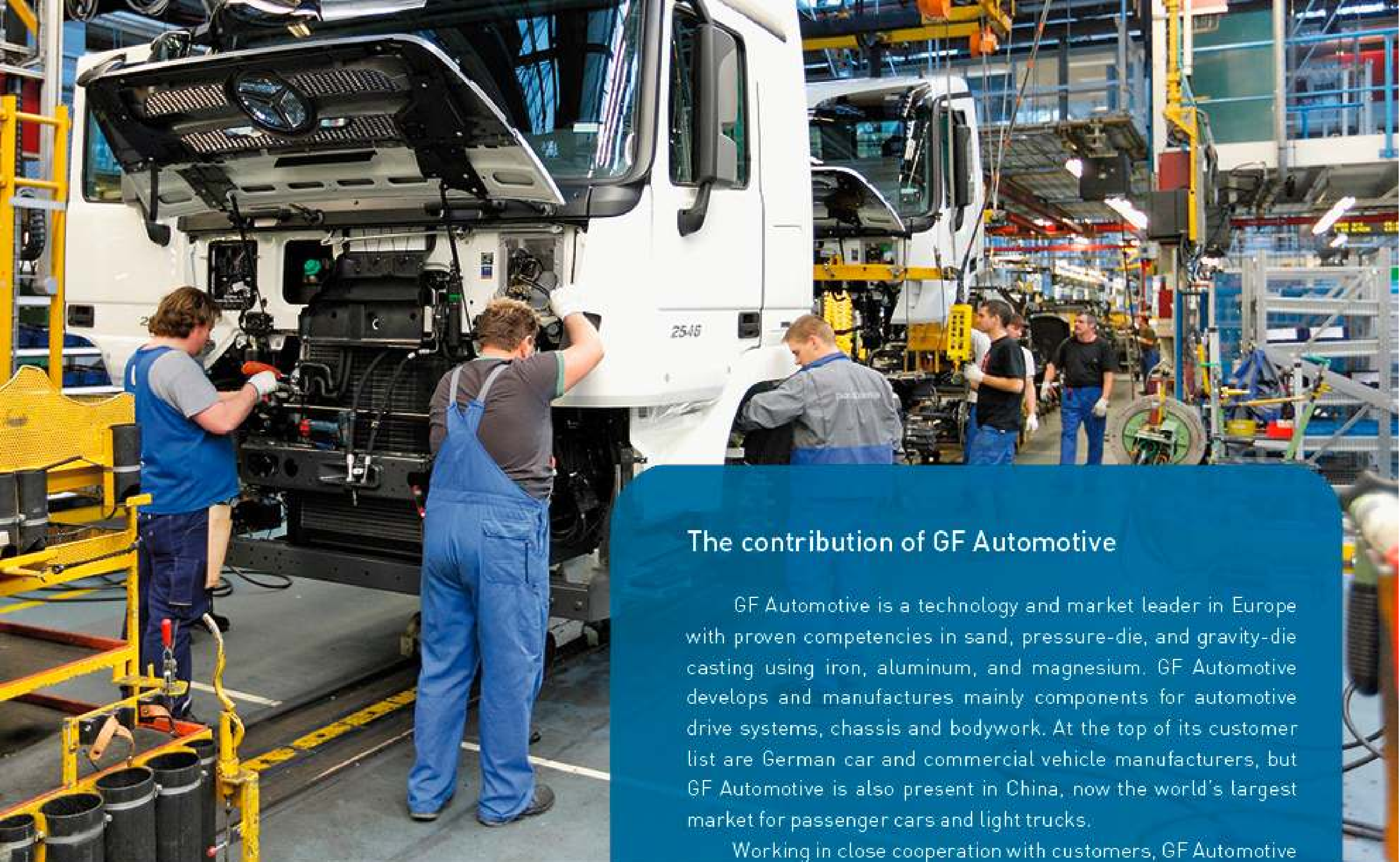
There is something else – over and above innovation and light-weight construction – that Daimler expects from its suppliers, namely actively thinking about processes. GF Automotive even thinks ahead about the assembly, optimizing the parts so that they are easier to handle and to process on the assembly line. A service that would not be possible without many years of trustworthy cooperation and knowledge of the customer's processes.

10,000 individual parts for one truck

The development tandems of Daimler and GF Automotive have already come up with some smart ideas for the next generation of Daimler's Actros trucks that will be coming on the market in the next few years. In future, for instance, components that used to be made up of several pieces will now be cast as a single piece. Another chassis part has been made both more stable and lighter too by precisely calculating the casting of the ribs – a further borrowing from biology. The assembly workers at Daimler put together an Actros from some 10,000 individual parts, 10,000 parts in which every gram counts. After all, with every new model, more technology, and that means a lot of extra weight, has to be built into the truck.

"Navigation and communication assistance systems are in ever greater demand, and the drivers want more comfort in the cab for long journeys," explains Reiting. And we have to realize that trucks will increasingly be on the road non-stop from Monday to Saturday in order to maximize cost-effectiveness. For the drivers, therefore, the cab is both workplace and living quarters during the working week. They have a TV and fridge at home, so naturally they'd like the same conveniences in the truck they live in all week.

Thanks to innovative materials and smart design, however, the potential of iron casting is not yet exhausted by a long shot. Daimler and Georg Fischer are taking care of that with their cooperation, ensuring that the trucks on our roads will shed a few more pounds on this diet.



Payload carriers for the world
Daimler Trucks manufactures some 260,000 trucks a year worldwide.

The contribution of GF Automotive

GF Automotive is a technology and market leader in Europe with proven competencies in sand, pressure-die, and gravity-die casting using iron, aluminum, and magnesium. GF Automotive develops and manufactures mainly components for automotive drive systems, chassis and bodywork. At the top of its customer list are German car and commercial vehicle manufacturers, but GF Automotive is also present in China, now the world's largest market for passenger cars and light trucks.

Working in close cooperation with customers, GF Automotive develops components for the car and commercial vehicle industry. Each component is the result of dialogue between the customers and our specialists, working as partners in research and development, casting, processing and assembly.

The Corporate Group manufactures components at twelve locations in Germany, Austria, and China with a total weight of about 500,000 tons. Manufacturers around the world value the innovativeness of Georg Fischer and its development and manufacturing know-how. Essential development aspects include component design, simulations, and analyses for efficient production.

about **5,500**
employees worldwide

more than **75,000,000**
of parts produced in 2010

around **500,000**
tons of parts produced

present at **12**
sites in Germany, Austria, and China

Two kilograms saved
This wheel hub is not gearwheel, but simply optimized for weight. The edge has been intentionally given a wave-like shape in order to save material. This geometry makes the cast iron part almost two kilograms lighter.


+GF+
AgieCharmilles
FO 350 Sp

"Doing business with GF AgieCharmilles is much more than simply a transaction. It is a positive experience, a partnership."

Peter LaFond
President Steel Tool & Engineering Inc
Detroit, USA

Production systems from GF AgieCharmilles ensure the competitive edge

Advantage through automation

Peter LaFond, President of Steel Tool Engineering, acts as a problem solver when it comes to manufacturing components for jet engines. As a partner to his customers, their problems are his problems, and the solutions often originate from advanced technology and support from GF AgieCharmilles. With its varied toolbox of cutting edge technologies, he routinely overcomes manufacturing challenges, reduces part costs for his customers, and adds to his company's competitive advantage. Through this, Steel Tool Engineering, a mid-size manufacturing company based in Detroit (USA), maintains a highly regarded reputation as a leading supplier of flight-critical jet engine components for commercial and military aircraft.

Passion for advanced technology

LaFond walked into his first machine shop in 1965 and has always considered himself a "shop guy." He spends three-quarters of his time on the shop floor, observing manufacturing operations to determine where processes can be improved and streamlined through the incorporation of advanced technology. "I maintain a healthy fear of my competitors. My strategy is one of continuous improvement, and I'm going to always strive to implement it before the competition does," declares LaFond.

> "I'm a firm believer in automation. Without it, machine shops will fall to the wayside."

Peter LaFond says continuous improvement at Steel Tool Engineering isn't based on stand-alone machines, but on highly complex, automated manufacturing systems. He acquires many of these turnkey systems from GF AgieCharmilles because, like LaFond, the world's technology leader in EDM and HSM partners with customers to provide value through innovative products and services and is relentless in its drive toward continuous improvement.

Cutting costs as daily challenge

LaFond operates under required yearly price reductions mandated by his customers, and taking cost out of manufacturing parts is a daily challenge. Automated part processing allows him to work with less labor, increase output, and successfully meet these stringent price reductions, while still turning out high quality parts at a profit.

"I'm a firm believer in automation," says LaFond. "Without it, machine shops will fall to the wayside." LaFond grows his talent from within and relies on GF AgieCharmilles to help keep his people up to speed, both on the systems they supply and with general process expertise as well. He says that GF AgieCharmilles offers more than just machine tools, instead supplying whole manufacturing systems that today's smaller manufacturers need to be competitive.

With continuous improvements to better solutions

For one jet engine component that traditionally could only be machined by grinding, LaFond took a bold step and incorporated the use of automated cells consisting of nine EDMs, two high-speed milling machines, and robotic workpiece handling. The fully automated system successfully eliminated any need for a grinding operation, while increasing throughput and sales volumes without additional direct labor.

A similar challenge led to the acquisition of a Mikron high-speed five-axis mill to cut jet engine retainer clips. These clips must be machined to extremely close tolerances so that they match up perfectly to other mating parts during engine assembly. The extremely high-speed cutting capability of the GF AgieCharmilles Mikron machine allows LaFond to machine each retainer clip in just 25 percent of the cycle time of the old method. The Mikron machine's pallet loading system automates the process, boosting productivity even further.

Works of art

LaFond loves what he does and views machine tools and the products they produce as works of art, immensely appreciating the amounts and levels of skill and technology that go in to manufacturing a product. He thrives on the feeling of accomplishment that comes with solving a particularly tough manufacturing problem for one of his customers. And when someone tells him "you'll never be able to do it," he takes the phrase as a personal challenge to Steel Tool Engineering and sets his mind to proving them wrong with advanced technology and new manufacturing processes. ■

The contribution of GF AgieCharmilles

GF AgieCharmilles is the world's leading supplier of machines, automation solutions and services to the tool- and mold-making industry as well as to manufacturers of precision parts and components. GF AgieCharmilles is the global no. 1 in the areas of EDM and automation for the tool-making industry and a leader in the field of high-speed milling.

GF AgieCharmilles, a Corporate Group of Georg Fischer, has a strong market position especially in Europe and the United States but is also an important player in Asia, particularly in China, India, Japan, Korea, Singapore and Taiwan, where it has its own distribution and sales offices. In Brazil, the most important market in Latin America, GF AgieCharmilles has the largest share of the market.

A globally active company with its own organizational structure, GF AgieCharmilles is present at about 50 locations worldwide. It covers the rest of the world's markets with a fine-meshed network of distribution offices and sales representatives.

Artworks made of metal
Peter LaFond spends most of his working day on the shop floor so that he and his staff together can get optimum solutions for the customers.

more than **2,400**
employees worldwide

about **50,000**
machines installed

No. **1**
for EDM machines

more than **50**
locations worldwide

Advantage for industry
Machines like this FO 350 MS are part of the production system that gives customers of GF AgieCharmilles the competitive edge.

Corporate organization and structure

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

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

"The Corporation has a strong brand in GF from which all Corporate Groups benefit."

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

Corporate structure. Georg Fischer Corporation is organized in three operational groups and two corporate staffs. Operational groups are GF Piping Systems, GF Automotive and GF AgieCharmilles. Corporate staffs are Finance & Controlling and Corporate Development. The heads of the Corporate Group and the Corporate Staff units are responsible for managing their businesses and for achieving their business objectives.

Corporate Management. The CEO and the CFO 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.

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

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

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

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

Corporate Governance. Detailed information about the Corporate Governance of Georg Fischer see page 47 to 56.

As of January 1, 2011

EXECUTIVE COMMITTEE

5 members

CEO:
Yves Serra

GF Piping Systems
Head: Pietro Lori

Finance, IT & Strategic Planning
Mads Joergensen

Human Resources
Alain Ritter

Operations
Stefan Gautschi

Technology & Innovation
Nabil El Barbari

Europe & KAM
Jens Frisenborg

America
Christof Blumer

Asia
Herbert Zengerling

GF Automotive
Head: Josef Edbauer

Finance & Controlling / IT
Andreas Müller

Human Resources
Noel Schreiber

Purchasing
Atul Malhotra

Research & Development
Beat Ruckstuhl

Marketing & Sales
Arne Allée

Sand Casting
Dirk Lindemann

Pressure Die Casting / Permanent Mold Casting
Ulrich Forrer

Business Unit China
Mujia Zhang

GF AgieCharmilles
Head: Jean-Pierre Wilmes

Finance & Controlling
Mauro Fontana

Human Resources
Joachim Heidrich

Operations
Pascal Boillat

Services
Stephan März

Europe
Bernhard Kasper

America
Glynn Fletcher

Asia
Armando Pereira

Corporate Staff Finance & Controlling
Head: Roland Abt

Corporate Controlling & Investor Relations
Daniel Bösiger

Corporate Treasury
Andreas Häggi

Internal Auditing
Peter Gyger

Risk, Tax & IP Services
Daniel Vaterlaus

Law & Compliance
Marc Lahusen

Corporate Staff Corporate Development
Head: Yves Serra

Corporate Communication
Urs Frei

Secretariat General
Roland Gröbli

Corporate Human Resources
Josef Hary

Corporate Planning
Helmut Elben

GF PIPING SYSTEMS

"WE BRING YOU CLEAN WATER."

The young woman lets the sparkling, crystalclear water glide through her hands. Sheer quality of life, water gently cooling and rinsing the skin. A good feeling for body and soul. Though many people the world over take it for granted, clean water is increasingly precious in large swathes of the world. Water, the "blue gold", is becoming scarce; more and more often, it has to be fetched from afar or extracted from deep in the earth and treated for human consumption with considerable technical effort and at great expense. At the same time, the worldwide consumption of water – be it for human use or for food production in agriculture and industry – is rising.

GF Piping Systems has set itself the goal of covering all important applications of the water cycle, from capture and transport to treatment and distribution and right up to the recycling of wastewater. At GF Piping Systems, customers receive everything from a single source. With its range of over 40,000 products, GF Piping Systems supports the most varied applications and special areas.

Investment in water treatment and purification plants is the key to ensuring an adequate supply of water. GF Piping Systems is often the preferred supplier for the construction of major water treatment plants around the world. Its plastic systems are flexible, corrosion-proof and easy to install; they weigh far less than steel pipes and offer outstanding resistance to acids and other chemical compounds.

Georg Fischer Piping Systems ensures that clean water continues to glide gently through hands – day after day.

Serving our customers. GF Piping Systems engineers, produces and distributes worldwide a broad range of piping systems in different materials for the safe transport of water, gas and aggressive media. In more than 100 countries, its own sales companies or representatives ensure professional customer support. Working with the best distributors in every market, they are GF Piping Systems' partners, ensuring that our products are on the market quickly.

One-stop shopping at GF Piping Systems: With more than 40,000 products in the portfolio, GF caters to defined applications and specialized markets. Fittings, valves, measurement and control devices, pipes and jointing technologies: all these products are delivered fast, flexibly and reliably.

GF Piping Systems stands for sustainable solutions in the entire water cycle.

Manufacturing sites in Europe, Asia and the USA are located near our customers and meet local requirements. All components and systems comply with the applicable standards in each market area and are tested in accredited test laboratories.

Markets. As a leading provider of sustainable and environmentally friendly piping systems, GF Piping Systems focuses on the three business areas Industry, Utility and Building Technology. GF Piping Systems strives to offer all key water cycle applications, from collection and extraction to treatment, use and recycling. The core market segments in the water cycle are water treatment and water distribution.

GF Piping Systems is the global market leader in polyethylene electrofusion systems for gas distribution. In Building Technology GF Piping Systems focuses on comprehensive solutions for all major piping systems in non-residential buildings such as hotels, hospitals, industrial buildings and leisure centers as well as pressure piping systems for hot and cold water applications in residential homes.

GF Piping Systems has developed a strong presence not only in Europe, its home market, but also in Asia, the Americas and the emerging markets, especially in Central and Eastern Europe, Russia and the Gulf Region.

Trends and strategy. The secure supply of clean water is becoming one of the crucial challenges of this century. Seawater desalination is increasingly important for overcoming the problems of drought and water scarcity that affect many countries.

The careful management of basic resources such as water and energy is growing in importance, as is the fight against environmental pollution, contamination and leakage. Major investments have been planned by governments all over the world to overhaul their water pipe networks and to promote programs to save energy or develop alternative sources.

The rapidly rising consumption of energy, the finite nature of fossil fuels, increasing prices and climate change are only some of the topics that business, society and politics need to contend with. As a leading supplier of plastic piping systems, GF Piping Systems supports research and development of the energy-efficient use of raw materials and resources. Our innovative solutions help reduce energy consumption, shape the future and sustainably protect the environment.

As wealth in Asia and the emerging markets grows, demand for more comfort at home is spreading fast. GF Piping Systems has built up a strong presence in booming regions such as China, India, the Middle East and South America, which serve as a base for further growth, both organically and through acquisitions.

Plastic piping systems are increasingly becoming the first choice since they are flexible, resistant to corrosion, and easy to install. They also have a considerable weight advantage and are highly resistant to acids and other chemical compounds.

Strengthening profitability. Continuous innovation is the main driver of profitable growth at GF Piping Systems in the developed markets. Most R&D projects are geared to water cycle and energyrelated applications.

Especially in China but in other emerging markets too, GF Piping Systems continues to make significant investments to expand its existing production capacities and R&D capabilities so as to fulfill local needs. ■

GF Piping Systems

in CHF million	2010	2009
Sales	**1 176**	**1 066**
– Industry	**441**	353
– Utility	**424**	388
– Building Technology	**311**	325
EBIT[1]	**137**	80
Employees	**4 730**	4 317
Return on sales (EBIT margin) % [1]	**12**	8

1 In 2009 before special charges

GF AUTOMOTIVE

"WE MAKE YOUR JOURNEY PLEASANT AND SAFE."

The young woman coasts pleasantly and safely through the countryside, the wind rushes through her hair, the engine responds to the gentlest of pressure. This individual mobility is a hallmark of modern times, and one of its great achievements – millions of people work hard so that they can also realize this dream.

A dream that is associated with rising energy consumption and an awareness of the finite nature of fossil fuels. New solutions are urgently needed so that more people all over the world can have the pleasure of experiencing this freedom. GF Automotive has for years geared research and development to lowering CO_2 emissions and reducing vehicle weight so as to ensure more efficient fuel consumption. It is a leader in the design of lightweight components, the use of bionics, and the application of composite casting techniques for cast components. With SiMo 1000® and SiboDur®, GF Automotive has developed two very resilient and heat-resistant cast iron alloys. GF Automotive is also cooperating closely with customers in developing the cars of the future, including vehicles running purely on electric motors.

Almost every major car manufacturer is a customer of GF Automotive. They respect its know-how in materials and manufacturing processes.

GF Automotive has twelve manufacturing sites in Germany, Austria, and China with an output of around 500,000 tons. It helps people all over the world to realize their dream of moving freely and covering great distances – day after day.

Serving our customers. GF Automotive develops and manufactures products for virtually all leading car makers, as well as for manufacturers of commercial vehicles. Every component is the product of a close collaborative dialogue between the customer and its research and development, casting, processing and assembly specialists. As innovative partners in the passenger car and commercial vehicle industry, GF Automotive is renowned for its expertise in materials and processes.

GF Automotive manufactures components at twelve factories in Germany, Austria and China with a total weight of more than 500,000 tons. The research and development competence of GF Automotive is concentrated in Munich (Germany), Schaffhausen (Switzerland) and Suzhou (China). The essential development activities are component design, computation, analyses and simulations, as well as the issues involved in economical production.

GF Automotive stands for lightweight design and resource efficieny in automotive casting.

Markets. GF Automotive focuses on Europe and China as its main markets. In Europe, GF Automotive is a technology and market leader with proven competencies in all casting processes relevant for serial production and for processing the associated materials iron (spheroidal graphite), aluminium, and magnesium.

In China GF Automotive opened a light-metal foundry in Suzhou in 2005, and in 2009 production began at its new iron foundry in Kunshan. The customer base of these plants increasingly includes Chinese automotive manufacturers, who in cooperation with Georg Fischer are producing highquality vehicles for the domestic market and for export.

The main market segments of GF Automotive are passenger cars, trucks and industrial applications. The range of products and services includes developing and producing high-performance cast designs for drive systems, chassis, and bodywork. GF Automotive delivers mainly pre-machined and ready to install components in line with customer needs.

Trends and strategy. R&D in Europe is being driven by efforts to reduce vehicle weight and develop hybrid drive systems in the passenger and commercial vehicle segments, and to further lower CO_2 emissions. GF Automotive has for years geared its research and development to lowering CO_2 emissions and reducing vehicle weight to maximize fuel efficiency. GF Automotive is an industry leader in the design of lightweight components, the use of bionics and the integration of composite casting technology. Engineers are working flat out to develop alternatives to conventional combustion engines.

China is today the biggest automotive market in the world and is expected to continue its growth path as demand for high quality components increases. GF Automotive will be able to participate in this growth owing to its two Chinese foundries in Suzhou (light metal casting) and Kunshan (iron casting).

The trend to platform-sharing concepts is paving the way for global production networks. These trends go hand in hand with the manufacturers' focus on development, assembly, brand management and marketing. GF Automotive is taking advantage of the scope for increasing added value as the number of cast components in vehicles and also in industrial applications has steadily grown. And with SiMo 1000® and SiboDur®, GF Automotive has developed two very robust and heat-resistant cast iron alloys.

Strengthening profitability. GF Automotive will step up its efforts in process innovation in order to reduce manufacturing costs. A number of process innovations are currently in the pilot stage or in an advanced phase of development. By making significant investments, GF Automotive will continue to increase the manufacturing efficiency of its European foundries in iron sand casting and light metal die casting.

A further strategic thrust is to profitably continue the growth path in China. Local vehicle production is expanding at a breathtaking pace. GF Automotive will undertake further investments in its Chinese foundries to meet local demand.

As a specialist for metal casting in serial production, GF Automotive also manufactures escalator steps, transmissions for wind turbines, components for construction machinery and other castings. GF Automotive will continue to expand its potential in the industrial applications market. ■

GF Automotive

in CHF million	2010	2009
Sales	1 552	1 261
– Passenger cars	1085	955
– Trucks	359	223
– Industrial applications	108	83
EBIT[1]	37	–60
Employees	5 515	5 476
Return on sales (EBIT margin) % [1]	2	–5

1 In 2009 before special charges

GF AGIECHARMILLES

“WE SHAPE YOUR DAILY LIFE.”

The young woman focuses on her picture with a steady hand. Her pleasure in taking a good snapshot is palpable. Is she photographing a loved one? A landscape? A pet? Whatever it is, the camera allows her to capture this unique moment on her photograph and keep it as a memento. High precision electronic devices of all kinds have become part and parcel of our lives and enrich our quality of life.

GF AgieCharmilles is the world’s leading supplier of machines, automation solutions, and services to the tool- and moldmaking industry as well as to manufacturers of precision parts and components. The machines of GF AgieCharmilles are used in the production of precision parts or small components made of high grade materials for applications as diverse as medical technology, energy, aerospace and microtechnology.

The trend to miniaturization is also opening up new business opportunities. GF AgieCharmilles has an unmatched product program for these demanding customers, who benefit from its highly qualified and excellently trained employees and customer service technicians the world over.

Whether for the manufacture of precision parts for cameras or designer luxury items, the materials it uses such as stainless steel, brass, titanium or precious metal – not to mention the more unusual ones – require perfection down to the last detail. Given customers’ high expectations, nothing less than tailor-made concepts and in-house know-how will do.

GF AgieCharmilles thus helps millions of people enjoy the benefits of high precision machines, devices and applications and capture unforgettable moments forever – day after day.

Serving our customers. GF AgieCharmilles engineers, produces and distributes electric discharge machines (EDM), laser ablation, high-speed (HSM) and high-performance milling (HPM) centers worldwide. It also offers a comprehensive range of services supporting manufacturers of mold- and toolmaking products and companies producing precision parts.

The customers of GF AgieCharmilles are small and medium-sized machine tool makers as well as global corporations. In more than 50 countries, our sales companies and representatives ensure professional customer support. The customers also benefit from highly qualified and trained employees and service engineers the world over.

GF AgieCharmilles stands for outstanding precision in machining and in tool and moldmaking.

The five manufacturing sites are located in Switzerland, Sweden and China. The research and development competence of GF AgieCharmilles is concentrated in Meyrin, Losone and Nidau (Switzerland), in Vällingby (Sweden) and in Beijing and Changzhou (China). In Europe, the R&D activities focus on core components such as generators, smart modules (software) and application know-how; the Chinese R&D centers develop standard machines.

Markets. GF AgieCharmilles addresses two main business areas with its key technologies EDM and Milling: the mold and diemaking industry and precision part production. Currently no alternative technology exists to achieve comparable precision, complex geometries and demanding surfaces on the work pieces.

The mold and die business area remains the most important one for GF AgieCharmilles, especially in emerging countries, but also in China and Brazil. In mature markets such as Western Europe and North America, customers concentrate more and more on precision parts. The most attractive segments for these customers are medical and dental parts as well as components for aerospace and aeronautics.

As a pioneer in EDM and Milling, GF AgieCharmilles has a strong market position especially in Western Europe and the United States. However, it is also an important player in Asia, particularly in China, Korea, Singapore and Taiwan, where it has its own distribution and sales offices. In Brazil, the most important market in Latin America, GF AgieCharmilles holds the largest share of the market in EDM.

Trends and strategy. China is the biggest market for machine tools and is itself a growing market for mass-produced articles. GF AgieCharmilles has developed competitive machines for the Chinese market in close cooperation with its R&D departments in Europe and China. They are also exported to Eastern Europe, India, Malaysia, Vietnam and Brazil as well as to Mexico, which is increasingly important for the US market as an alternative location to China for mass production.

In precision part production, miniaturization, the complexity of manufactured parts, challenging surface quality and the use of harder materials for the work pieces are the factors driving the ultrahigh precision behind machining and micro applications. GF AgieCharmilles has an unrivalled product program for these demanding customers.

The relentless competition on price is driving demand for integrated and inexpensive automation solutions. Machines operate round the clock, enabling customers to cut operating costs and increase productivity. GF AgieCharmilles is focused on these customer needs to develop easy-to-use machines, operating at low running costs.

Strengthening profitability. GF AgieCharmilles has a strong footprint in China with production plants in Beijing (EDM) and Changzhou (Milling), which starts production in 2011. It will continue to strengthen its sales network and service support in China, the biggest single market for GF AgieCharmilles.

GF AgieCharmilles has sharpened its customer approach and focus on attractive market segments such as electronics components, information and communication technology, automotive, medical and dental parts, aerospace and aeronautics in order to develop the right solution packages for these segments and better meet its customers's needs.

Customer Services continues to exploit the huge potential of its own installed machines and has started to extend the service portfolio with machining process expertise. ■

GF AgieCharmilles

in CHF million	2010	2009
Sales	**721**	578
– EDM (Electric Discharge Machines)	**266**	176
– Milling (Milling machines)	**159**	152
– Automation/Tooling	**48**	39
– Laser (Laser technology)	**4**	
– Customer Services	**244**	211
EBIT[1]	**22**	–81
Employees	**2 523**	2 543
Return on sales (EBIT margin) % [1]	**3**	–14

1 In 2009 before special charges

Sustainability

This Report summarizes the principles of Georg Fischer on sustainable business practices and shows how the Corporation is implementing them. Georg Fischer publishes a complete account with up-to-date figures in a separate Sustainability Report every two years, the next one being in summer 2012. In addition, the information on the subject of sustainability is updated regularly on the Georg Fischer website (www.georgfischer.com/sustainability_en).

Commitment and responsibility. Georg Fischer regards its industrial and social commitment as a long-term undertaking. The Corporation's goal is to be a preferred partner for all stakeholders and to excel for its responsible, sustainability-driven conduct and for continuity. "Quality of life from Georg Fischer" means that people the world over expect our company to make a significant contribution to satisfying their present-day and future needs.

Transparency and openness. In 1992 Georg Fischer signed the Business Charter for Sustainable Development of the International Chamber of Commerce (ICC), which takes due account of economic, ecological, and social issues. The Corporation thus committed itself to sustainable conduct "officially," too.

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

Georg Fischer published its Sustainability Report as a separate publication for the first time in 2006. Reporting is based on the guidelines of the Global Reporting Initiative (GRI) and is validated by the Swiss Association for Quality and Management Systems (SQS).

The in-depth reporting by Georg Fischer has for years met with a positive response as reflected in important annual reports ratings. The best-known evaluation of annual reports is prepared by the Swiss business magazine Bilanz in cooperation with the Swiss Banking Institute of the University of Zurich and the Harbour Club, the professional association of heads of corporate communications in Switzerland. In the year under review, GF won an excellent fourth place in "Value Reporting" from among 232 annual reports of major Swiss firms that were assessed. Its Internet site came in a strong second. In the largest evaluation of annual reports, the Northwestern Switzerland University of Applied Sciences examines the transparency and credibility of firms domiciled in Switzerland as regards their reporting on economic, ecological, and social aspects of their business activities. In 2010, Georg Fischer ranked second in this study.

Adding Quality to People's Lives. With this brand promise, GF contributes to sustainable improvement in the quality of people's lives. Mobility, comfort, and precision are the key market needs that the Corporation satisfies with its products and services. The objective of GF is to create value for all stakeholders in the global environment through profitable organic growth and targeted acquisitions. Georg Fischer endeavors to strike a balance between ecological, economic, and social concerns.

People

Reporting systems. In 2005, Georg Fischer extended the environmental report it has been producing since 1997 to include socially relevant topics. Since then, the Corporation's Sustainability Information System (SIS) has been steadily expanded. Using the SIS, Georg Fischer surveys its corporate subsidiaries to gather extensive data in line with the guidelines of the Global Reporting Initiative (GRI). This enables it to present key data in a transparent and comparable manner. Trained employees in the various corporate subsidiaries are responsible for both data acquisition and reporting. The data are consolidated and analyzed in a central database; the Corporate Sustainability Officer is responsible for this last step. The results obtained from this process serve as the basis for internal and external sustainability reports, for planning and setting targets, and for ongoing monitoring of the Corporation's achievements.

All the corporate subsidiaries worldwide with more than ten employees are obliged to report these social data. In the year under review, a total 95 companies met the criteria, which means that, as in the previous year, social reporting covers over 98 percent of all employees. In addition, environmental reporting covers the key figures of all the Corporation's manufacturing companies.

Net added value. Public perception focuses first and foremost on the profit generated by a company. However, of greater significance for society and the economy is the net added value created by the company, i.e. the added value that remains after deduction of all external costs. In 2010, Georg Fischer generated net added value of CHF 1.076 billion. Of this total, 84 percent was disbursed to employees as wages and salaries and three percent was paid out in the form of taxes and duties to the public authorities (see the chart on the right).

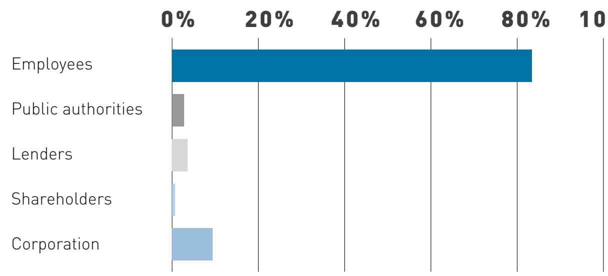
Safety at work and health protection. Occupational safety and health protection are integrated into the management system in all production companies and are certified to OHSAS 18001. OHSAS 18001 is compatible with ISO 9001 and ISO 14001, which are now standard practice in the Georg Fischer manufacturing facilities. By the end of the year under review, 54 percent of the certifiable firms had been certified. The aim is for all these companies to have introduced OHSAS 18001 by end-2011. Companies that are newly founded or acquired are to be certified within three years at most.

An additional goal defined by the Executive Committee is to reduce the accident rate by 15 percent by 2015, compared with the average for the previous three years. Georg Fischer will also concentrate on reducing the absence rate in the years ahead.

Management training. Georg Fischer has operated a well established management development process for some years. Open positions in senior management can thus be filled by internal candidates in the majority of cases. In 2010, over 70 percent of all free positions in senior management were filled by suitable candidates from GF's own ranks. Last year, too, the number of corporate training courses was increased again. These activities had been reduced in 2009 against the backdrop of the global economic crisis and the huge cost savings that Georg Fischer had to make as a result.

In 2010, managers had the opportunity to attend a number of basic and advanced training courses important for their work such as General Management Training (GMT), Financial Management Training (FMT), People Management Training (PMT), and Corporate Management Training (CMT). About 100 managers from a number of different countries and all parts of the Corporation underwent intensive training at Georg Fischer's in-house training center at the Klostergut Paradies. Moreover, Georg Fischer launched a Corporation-wide initiative on management issues and cooperation in the year under review, and the first courses, led by certified in-house trainers, have already been held. In the coming year, another

Distribution of net value added 2010 (in %)
(100% = CHF 1.076 billion)



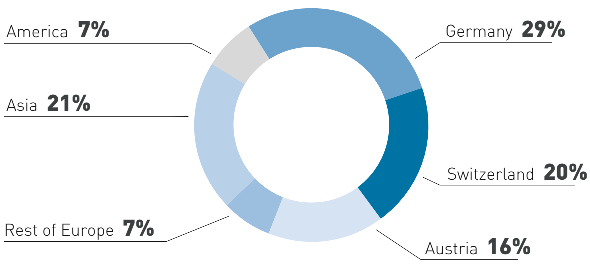
400 managers and employees from all Corporate Groups are expected to participate in these sessions. In addition, the three Corporate Groups conduct their own training programs, which are geared more closely to their specific operations.

Best-practice exchange. Senior management addresses issues of strategic and operational significance both at an annual two-day conference and at the regional meetings of the Managing Directors, which are chaired by the President and Chief Executive Officer. In 2010, 34 Managing Directors participated in the conferences held in Miami, USA, for North and South America and in Kunshan for China. In addition to discussing strategy and financial management, the managers addressed human resources management.

Professional training. Georg Fischer has a long tradition of apprentice training and will continue to make every effort to maintain the high percentage of trainees in the workforce and to offer attractive training positions for basic vocational training. Granting interested school-leavers an early insight into the range of possible courses of training and study is an integral part of GF's corporate culture in training. For instance, Georg Fischer in Singen, Germany, held its "Open Door Day" again in 2010, at which interested school-leavers, parents and teachers had the chance to find out in person about the mainly technical training opportunities. In total, Georg Fischer employed 468 apprentices in 2010, about 200 of them in Switzerland, in a wide range of technical and commercial professions.

Information. The employee newspaper GLOBE, which appears regularly in five languages, keeps all employees up-to-date about issues relevant to sustainability. In addition, Managing Directors and specialists receive a sustainability newsletter, which informs them about current events and

Employees 2010 by region (in %)
(100% = 12 908)



sustainability trends in society and the world of science. The larger companies have their own publications which are regularly distributed to all employees.

Deeply rooted in society. Georg Fischer fosters active cooperation with local communities and the authorities. It supports employees who work for the good of their communities. In accordance with its fundamental values and corporate principles, GF undertakes to promote cultural, social, and environmental involvement and contribute to the common good. The holding company and corporate subsidiaries are involved in many local projects at their respective locations. In 2010, the Corporation donated around CHF 2 million for such projects, and additionally about 30 corporate subsidiaries made contributions, in some cases substantial, to local activities.

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.

Clean Water. With its Clean Water Foundation, Georg Fischer has been involved since 2002 in projects to improve water supply in developing countries and disaster areas. Since then, GF has donated over CHF 6 million to the Foundation and has thus funded the implementation of more than 80 projects in 40 countries on four continents. In 2010, GF supported projects in China (Tibet), Ghana, India, the Philippines, Ecuador, and Kenya, among others.

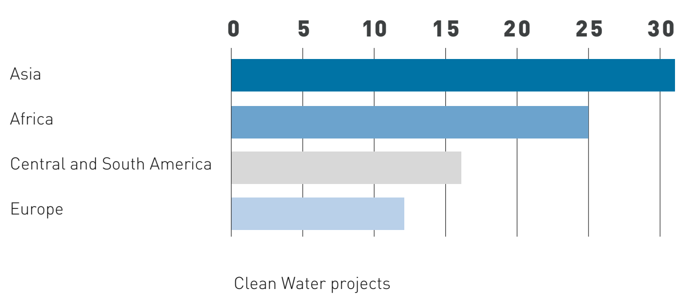
Disaster relief. On two occasions, GF has also offered unbureaucratic emergency aid – once in January 2010 to the earthquake victims in Haiti and the other time to the victims of the devastating floods in Pakistan. In both cases, GF worked together with Water Missions International (WMI) from Charleston, USA. With the financial assistance of GF, this organization, which specializes in water treatment in disaster areas, set up twelve mobile water treatment plants in Haiti and Pakistan. Within days of the disaster striking, these water treatment plants were already in operation. Each plant provided clean drinking water to 3,000 to 5,000 people a day.

Environment

Environmental footprint. About 80 percent of the Corporation's environmental footprint is incurred by the energy-intensive production in GF Automotive's foundries. In the year under review, the economic rebound contributed to an improvement in energy efficiency, though consumption in absolute figures rose as a result. In its sustainability efforts, Georg Fischer is focusing its activities on further increasing energy efficiency and has set itself the goal of improving this parameter by ten percent over the average of the past three years by 2015. To achieve this target, all production companies are drafting action plans, which are consolidated and reviewed Corporation-wide.

Energy. The challenges of the future include climate change, the finite nature of fossil fuels, and the marked increase in the demand for energy. In 2009, Georg Fischer caused nearly 533,000 tons of CO_2 emissions, of which 221,000 tons were due to fossil fuels, 305,000 tons to electric power and about 6,000 tons to business travel by car and plane.

Clean Water
Clean Water projects 2002 – 2010 (total = 84 projects)



Energy efficiency. Fossil fuels will be among the ever scarcer resources in the coming decades. The consumption of fossil fuels continues to rise – the International Energy Agency puts the increase at 45 percent over the next 20 years – especially in the emerging economies. The sparing use of resources, in other words energy efficiency in manufacturing and operations, is thus fast becoming a major challenge. All Corporate Groups of Georg Fischer are developing innovative solutions to boost energy performance. GF Piping Systems, for instance, is producing PE pipes whose greenhouse gas emissions from manufacture, transport, and disposal are five times lower than for traditional stainless steel pipes. GF Automotive is developing light-weight components from high-strength iron materials or smaller, yet more efficient components for engines that save energy. The machines manufactured by GF AgieCharmilles create the technical preconditions for producing light-emitting diodes (LEDs).

Product stewardship. In addition, all three Corporate Groups of Georg Fischer contribute, through their products and solutions, to increasing energy efficiency in operations and to lowering energy consumption. Over and above the achievements to date, the research and development departments of all three Corporate Groups are currently implementing Eco Design as an integral part of R&D processes, thereby ensuring that sustainability issues are addressed as early as the development stage for new products.

"Green" innovation. An especially environmentally friendly and innovative product of GF Piping Systems won the international innovation prize Gold SolVin Award 2010 in the year under review. The prize was given for a new piping system made from translucent plastic, which acts as a bioreactor for breeding algae that are then used to produce biomass and biofuel. At the same time, these organisms bind environmentally harmful CO_2.

Know-how transfer. In developing new products and solutions and improving on existing ones, GF works across national borders with other companies, universities and renowned research institutes. Cooperation with research and scientific institutes enables GF to tap into a wealth of ideas and unleashes creative potential in the Corporation's own ranks. GF Automotive, for instance, works closely together with the Technical Universities in Aachen, Vienna, Clausthal, and Leoben and with the Konstanz University of Applied Sciences. GF Piping Systems cooperates with the Technical University in Aachen in the field of plastics and with EMPA, the Swiss federal materials science and technology research institute in Zurich. GF AgieCharmilles cooperates with the Federal Institutes of Technology in Zurich and Lausanne and with the Catholic University in Louvain, Belgium, among others.

In Schaffhausen, where Georg Fischer is headquartered, the Corporation joined the Schaffhausen Industry and Technocenter (ITS). The goal of the ITS is to foster the innovation and technology competencies of companies in the Schaffhausen region and to launch concrete, innovative industrial projects at the regional level.

Life Cycle Assessment. Sustainable solutions require that companies take into consideration a product's entire life cycle. For a number of years, therefore, life cycle assessment (LCA) has been gaining in importance at Georg Fischer. By means of LCA, the Corporation ascertains the impact of new products on the environment by assessing the raw materials and suppliers selected, production, customers' use of the products along with reuse of the products once their life cycle has expired.

GF Automotive uses mainly unmixed sheet metal waste, some of it from car manufacturers, as a raw material to produce its iron materials. For the production of aluminum and magnesium alloys, it employs clean ingots (cast bars). It meets around 50 percent of its raw material requirements by using recycled materials. More than 85 percent of the waste produced when smelting raw materials and casting is recycled for use in other areas of industry. The iron, aluminum and magnesium castings are 100 percent recyclable.

GF AgieCharmilles provides its customers with an extensive service offering which ensures that the installed base of machines always meets the current technical standards and has a long service life. Energy consumption is a major concern in development work.

Dialogue. Sustainability and resource efficiency play a crucial role for Georg Fischer's customers too, for instance in the construction and automotive industries. Customers carefully examine evidence of sustainable production as well as technological competence and price when selecting suppliers. Suppliers for building projects for the Olympic Village 2012 in London for example must document their efforts in the area of sustainability.

The German carmaker Daimler asks its suppliers to adhere to its Sustainability Guideline and gives the topic prominence in the procurement process. As one of only four suppliers, GF Automotive was invited to the 3rd "Daimler Sustainability Dialogue" on 11 November 2010, where over a hundred stakeholders from business, politics and society discussed sustainability issues and exchanged ideas.

Best-practice exchange. For the second time since 2008, Georg Fischer held a two-day environmental and occupational safety conference of the German-speaking corporate subsidiaries. The 32 participants at the conference in Mettmann, Germany, addressed current issues affecting the Corporation and the Corporate Groups in the areas of ecology and occupational safety, and promoted an exchange of ideas both within and among the Corporate Groups. At the Corporation level, discussion centered on the sustainability goals to be reached by 2015, and implementation was dealt with at length. Some time was set aside for an exchange of specialist information within the Corporate Groups and for two guest presentations on the subjects of "Operations management and penal law" and "Energy management."

Supplier Code. The social and environmental responsibility of a company increasingly also extends to the choice of business partners. The Georg Fischer Supplier Code came into effect in January 2009. The Code defines the requirements for all Georg Fischer suppliers with respect to sustainable business practices. The principles embodied in the Code are based on international agreements and standards.

The key points of the Code are ethical conduct, respect for human rights, socially responsible working conditions, compliance with environmental standards, and certified management systems. The Code is available in eight languages. Georg Fischer has requested all key suppliers to sign the Code, and with a few exceptions all of them have done so. The Code stipulates that, all other things being equal, Georg Fischer will give preference to those suppliers who have signed on.

Contaminated land. In the year under review, possible contaminated sites waste areas were recorded for all Georg Fischer sites. The "Contaminated Land Register" (CLR) provides information on potential contamination of the soil at Georg Fischer sites that could endanger health or harm the environment.

The survey showed that there is no immediate need to take any action. However, several properties are subject to official restrictions or measures if any construction changes are planned. This Register is updated at regular intervals.

Impact on the overall result. The impact of these environmental efforts on the overall result is not explicitly quantified. Georg Fischer does not doubt that they have a positive impact, despite the substantial investment often required. Lower costs for waste disposal and the reduced consumption of water, for example, both have a positive effect. 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 2010

Share information

Share capital	2006	2007	2008	2009	2010
Number of shares as per 31 December					
Registered shares	4 100 898	4 100 898	4 100 898	4 100 898	4 100 898
Dividend-entitled thereof					
Registered shares	4 050 898	4 050 898	4 050 898	4 100 898	4 100 898
Number of registered shareholders	10 848	12 308	15 347	15 410	**14 180**
Share prices adjusted in CHF					
Registered share					
Highest	790	1 040	697	300	579
Lowest	446	653	183	110	261
Closing as per 31 December	790	697	240	262	528
Price-earnings ratio	13	12	17	n/a	**22**
Market capitalization as per 31 December					
million CHF	3 198	2 823	972	1 073	2 163
In % of sales	79	63	22	37	63
In % of equity attributable to shareholders of Georg Fischer Ltd	232	189	72	97	200
Cash flow operating activities in CHF					
Per registered share	85	106	49	60	59
Earnings / (loss) in CHF					
Per registered share	62	58	14	–61	24
Equity attributable to shareholders of Georg Fischer Ltd in CHF					
Per registered share	372	372	337	273	264
Dividend paid (proposed) in million CHF[1]	101	101	20	0	41
Dividend paid (proposed) in CHF					
Per registered share[1]	25	25	5	0	10
Payout ratio in %	40	43	36	n/a	**42**

Ticker symbols	Security number: 175 230
Telekurs, Dow Jones (DJT): FI-N	ISIN: CH000175 230 9
Reuters: FGEZn	Cedel / Euroclear Common Code: XS008592691

1 From 2006 to 2008 and in 2010 as a reduction in par value.

Share price 2006 – 2010

Market capitalization, earnings / (loss) per share

The market capitalization stood at CHF 2,163 million on 31 December 2010. Earnings per share is at CHF 24 (previous year: loss CHF 61).

Proposed reduction in par value

At the Annual General Meeting, the Board of Directors will propose a reduction in par value of CHF 10 to CHF 10 per registered share.

Significant shareholders

As at 31 December 2010, Georg Fischer was aware that Prof. Dr. Giorgio Behr and BDS Beteiligungsgesellschaft AG held more than 5% of the share capital as shareholders belonging to the same group.
Relating to UBS Fund Management (Switzerland) AG five disclosure notifications were published in the year under review. According to its fifth announcement on 22 October 2010 it reported that its holding in Georg Fischer Ltd had fallen below 3% of the share capital.

Categories of shareholders as per 31 December 2010

Number of shares	Number of shareholders	Number of shares %
1–100	12 090	9.7
101–1 000	1 887	12.5
1 001–10 000	171	12.6
10 001–100 000	29	17.0
> 100 000	3	12.3
Shares not registered in share register	–	35.9
Total	**14 180**	**100.0**

Five-year overview Corporation

million CHF	2006	2007	2008	2009	2010
Order intake	4 245	4 635	4 462	2 906	3 625
Orders on hand at year-end[1]	1 094	1 186	560	475	579
Income statement					
Sales	4 048	4 497	4 465	2 906	3 447
EBITDA	474	484	400	106	329
EBIT before special charges	327	326	227	–58	180
Restructuring expenses			–10	–90	
Impairment on goodwill and property, plant and equipment			–83	–53	
EBIT	327	326	134	–201	180
Net profit / (loss)	249	245	69	–238	108
Cash flow					
Cash flow from operating activities	317	426	197	242	243
Depreciation	143	151	159	152	140
Amortization	4	7	14	12	9
Additions to property, plant and equipment	–138	–217	–243	–148	–124
Cash flow from acquisitions and divestitures	14	–1	–159	–10	
Free cash flow	298	243	–197	94	150
Statement of financial position					
Non-current assets	1 363	1 440	1 543	1 447	1 269
Current assets[2]	1 870	1 975	1 790	1 468	1 569
Assets[2]	3 233	3 415	3 333	2 915	2 838
Equity	1 448	1 540	1 404	1 152	1 124
Non-current liabilities	827	748	621	750	878
Current liabilities[2]	958	1 127	1 308	1 013	836
Invested capital (IC)	1 732	1 779	1 939	1 592	1 418
Net debt	324	264	546	472	321
Asset structure					
Non-current assets %	42	42	46	50	45
Current assets %	58	58	54	50	55
Capital structure					
Equity %	45	45	43	40	40
Non-current liabilities %	26	22	19	25	31
Current liabilities %	29	33	38	35	29
Key figures					
Return on equity (ROE) %	19	16	5	–19	10
Return on invested capital (ROIC) %	16	14	5	–12	9
Return on sales (EBIT margin) %[3]	8.1	7.2	5.1	–2.0	5.2
Asset turnover	2.4	2.6	2.5	1.7	2.3
Cash flow from operating activities in % of sales	8	10	4	8	7
Employees					
Employees at year-end	12 385	12 986	14 326	12 481	12 908
European Union	7 413	7 511	7 829	6 816	6 666
Thereof Germany	3 995	4 056	4 047	3 796	3 754
Thereof Austria	2 397	2 393	2 664	2 164	2 075
Other European countries	2 646	2 723	3 064	2 570	2 530
Thereof Switzerland	2 630	2 705	3 046	2 560	2 521
America	652	652	1 161	897	934
Asia	1 624	2 051	2 201	2 149	2 726
Other countries	50	49	71	49	52

1 In 2008 change of definition for GF Automotive.
2 The previously reported figures were adjusted to conform with the current year's presentation. For details for the years 2008 and 2009 see chapter "Adjustment of previously reported figures" in the corporate accounting principles.
3 In 2008 and 2009 before special charges.

Corporate Governance

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

Contents. The present publication fulfills all obligations of the relevant SIX Swiss Exchange Directive Corporate Governance in terms of content and order and is based on the Swiss Code of Best Practice for Corporate Governance of economiesuisse. The Compensation Report is presented in a separate chapter on pages 57 to 60.

All data and information apply to the cutoff date of 31 December 2010, unless otherwise noted. Any changes occurring before the copy deadline on 18 February 2011 are listed at the end of this chapter. Any changes occurring after the copy deadline can be found on our website. Georg Fischer also publishes the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Rules, its mission statements and much more information online at

→ www.georgfischer.com/corporate_governance_en

As of 1 January 2011

Corporate structure and shareholders

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

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

The parent company of all the corporate subsidiaries is Georg Fischer Ltd. It is incorporated under Swiss law and is domiciled in Schaffhausen. Georg Fischer Ltd is listed on the SIX Swiss Exchange (FI-N, security number 175,230). Its share capital is CHF 82,017,960, and its market capitalization was CHF 2,163 million as at 31 December 2010 (previous year: CHF 1,073 million).

Affiliated Companies. An overview of all affiliated companies in the scope of consolidation can be found in the financial section on pages 115 to 119. The list contains the company name, domicile, share capital and the percentage held by Georg Fischer.

Significant Shareholders and Shareholder Groups. As at 31 December 2010, Georg Fischer was aware that Professor Giorgio Behr and Behr Deflandre & Snozzi BDS AG held more than 5 percent of the voting rights as shareholders belonging to the same group.

Five disclosure notifications were published in the year under review. UBS Fund Management (Switzerland) AG announced on 31 May 2010 that it had reduced its holding in Georg Fischer Ltd to below 3 percent (publication date: 2 June 2010). On 30 June 2010 it announced that it held 3.24 percent of the share capital (publication date: 2 July 2010). It subsequently announced on 1 July 2010 that it had reduced its holding to below 3 percent (publication date: 3 July 2010). According to its announcement on 7 October 2010, it held 3.01 percent of the share capital of Georg Fischer Ltd (publication date: 9 October 2010). On 22 October 2010 it reported that its holding of the share capital had fallen below the 3 percent threshold again (publication date: 23 October 2010).

→ http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

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

Capital structure

Capital and share information. Fully paid-in share capital amounts to CHF 82,017,960 and is divided into 4,100,898 registered shares with a par value of CHF 20. Each registered share has one vote at the General Meeting of Shareholders. The authorized and the conditional capital each amount to a maximum of CHF 12,000,000. The maximum amount of authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares:

I. Until no later than 24 March 2012, there exists authorized share capital amounting to a maximum of CHF 12,000,000, divided into at most 600,000 registered shares with a par value of CHF 20. The Board of Directors may issue these shares by means of a firm underwriting by a bank or consortium and a subsequent offer made to existing shareholders. If subscription rights are not exercised, the Board of Directors may allow them to lapse or place them, or the corresponding shares, at market conditions. The Board of Directors may restrict or exclude the subscription rights of shareholders or allocate these rights or the shares to third parties in the event the shares are used for the purpose of acquiring an enterprise, parts of an enterprise or participations or for the purpose of financing, including refinancing, of such transactions.

II. Moreover, the share capital may be increased by a maximum amount of CHF 12,000,000 by the issue of a maximum of 600,000 fully paid-in registered shares with a nominal value of CHF 20 each, through the exercise of conversion and/or option rights granted in connection with the issuance on capital markets of bonds or similar debt instruments of the company or one of its corporate subsidiaries. The subscription rights of shareholders are excluded; the owners of conversion and/or option rights are entitled to subscription rights. The Board of Directors defines the conditions of the conversion and/or option rights. The shareholders have pre-emptive subscription rights, which the Board of Directors may restrict or deny if the pre-emptive right is indirectly preserved in the event of an issue through firm underwriting by a bank or a consortium. The conversion rights may be exercised for a maximum period of seven years, and the option rights for a maximum of five years, from the date of issue. The conversion or option price or their calculation modalities are determined at market conditions, with the share price serving as the basis for the shares of the company.

Board of Directors

Name Position, year of birth, nationality Educational background	**Martin Huber** Chairman of the Board, 1941 (Switzerland) Dipl.-Ing. ETH Zurich, lic. iur. University of Zurich (Switzerland)	**Bruno Hug** Vice Chairman of the Board, 1941 (Switzerland) Lic. oec. University of St Gallen (Switzerland), lic. iur. University of Geneva (Switzerland)
First term as Board member Termination of current term	Board member since 1992; Chairman of the Board since 2003 2012	Board member since 1992; Vice Chairman of the Board since 2004 2012
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); Chairman Banque Ferrier Lullin & Cie SA (1999–2004); Deputy Chairman of the CSS Insurance Group (1996–2008); business lawyer in Geneva (since 1998).
Further professional activities and functions	Member of the Board of Directors of economiesuisse	Chairman of the Board of Directors of Schenk Group Rolle/VD; member of the Boards of Directors of Chopard S.A., H&M Hennes & Mauritz (until may 2010), Karl Steiner AG (until may 2010) and Sogelym-Dixence S.A.S. Lyon/Paris, Vice Chairman of the Board of Directors of Bank Hottinger & Cie AG
Committees	Chairman of the Nomination Committee; member of the Compensation Committee	Member of the Nomination Commitee
Corporate governance	Independent member	Independent member

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

Further information on the share capital and changes in capital in the last five years can be found in the financial report on page 44 to 46. No participation or profit-sharing certificates exist.

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 conditions: a natural person or legal entity may not accumulate, either directly or indirectly, more than five percent of the registered share capital. Natural persons or legal entities 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 to be one person. Applications for registration in excess of this threshold will be refused. In the year under review, no such exceptional applications were received.

As of January 1, 2011

COMMITTEES

Audit Committee

Rudolf Huber, Chairman
Gerold Bührer
Kurt E. Stirnemann

Compensation Committee

Ulrich Graf, Chairman
Martin Huber
Andreas Koopmann

Nomination Committee

Martin Huber, Chairman
Roman Boutellier
Gertrud Höhler
Bruno Hug

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

Board member since 1999

2013

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

Chairman of the Board of Directors of Ammann Group Holding AG; member of the Bank Council of the Cantonal Bank of Appenzell; member of the Board of Trustees of Vontobel Foundation.

Member of the Nomination Committee

Independent member

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

Board member since 2001

2011

Various positions at the Union Bank of Switzerland (now UBS) (1973–1990), ultimately as a member of the executive management of the bank's investment company; member of the Executive Committee of Georg Fischer Ltd (1991–2000); member of the Swiss Parliament (1991–2007), business consultant (since 2000).

President of economiesuisse, member of the Bank Council of the Swiss National Bank, Vice Chairman of the Board of Directors of Swiss Life, member of the Boards of Bank Sal. Oppenheim (Switzerland) Ltd, Cellere AG and Züblin Immobilien Holding AG.

Member of the Audit Committee

Independent member

Ulrich Graf
Member of the Board of Directors, 1945 (Switzerland)
Dipl. El.-Ing. ETH Zurich (Switzerland)

Board member since 1998

2014

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

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

Chairman of the Compensation Committee

Independent member

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

Cancellation or Amendment of Restrictions. Cancellation or easing of the restrictions on the transferability of registered shares requires a resolution of the 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 Georg Fischer has issued no options.

Board of Directors

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

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

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

→ http://www.georgfischer.com/public/corporategovernance/organization_and_business_rules_2010.pdf

Board of Directors

Name Position, year of birth, nationality Educational background	**Gertrud Höhler** Member of the Board of Directors, 1941 (Germany) Dr. phil. University of Mannheim (Germany)	**Rudolf Huber** Member of the Board of Directors, 1955 (Switzerland) Dr. oec. publ. University of Zurich (Switzerland)
First term as Board member Termination of current term	Board member since 1999 2011	Board member since 2006 2012
Professional background, career	Professor of Literature and German at the University of Paderborn, Germany (1976 –1995) (Germany); 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.
Further professional activities and functions	Member of the Board of Directors of Bâloise Holding AG.	Chairman of the Board of Directors of Looser Holding AG, member of the Board of Directors of Swiss Prime Site AG and of the un-listed companies Hoerbiger Holding AG and Wicor Holding AG and Zur Rose AG; President of the CFO Forum Switzerland.
Committees	Member of the Nomination Committee	Chairman of the Audit Committee
Corporate Governance	Independent member	Independent member

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

Elections and Term of Office. The members of the Board of Directors are elected individually by the General Meeting of Shareholders 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. When selecting Board members, particular emphasis is placed on entrepreneurial experience, relevant expertise or international ties. The Board of Directors aims to achieve a proper balance of competence and knowledge, taking into account the main operational focus of the Corporation, its international orientation and the accounting requirements of listed companies.

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

2010. At the 114th General Meeting of Shareholders on 24 March 2010, Andreas Koopmann was elected as a new member of the Board. Bruno Hug and Ulrich Graf were re-elected individually. Since Bruno Hug will reach the statutory age limit at the 2012 Annual General Meeting, he was re-elected for a term of only two years. Ulrich Graf and Andreas Koopmann were elected for four years. The Board of Directors, which in accordance with the Articles of Association consists of seven to ten members, has ten members.

Internal Organizational Structure. The Board of Directors constitutes itself by electing a Chairman and a Vice Chairman from among its members on an annual basis. The Board of Directors constituted itself the day of the General Meeting of Shareholders, 24 March 2010, as follows: Martin Huber, Chairman; Bruno Hug, Vice-Chairman (both hitherto).

Areas of Responsibility. The members of the three standing Board Committees are listed on page 49. The Board Committees provide preliminary advice to the Board of Directors and do not make any definitive decisions (except the Compensation Committee). They discuss the issues assigned to them and make

Andreas Koopmann
Member Board of Directors, 1951 (Switzerland)
Dipl. Masch.-Ing. ETH Zurich; MBA from IMD Lausanne (Switzerland)

Board member since 2010
2014

Various functions in Swiss industrial companies (1979–1982); Vice President of Engineering and Production, Bobst Group, Roseland, USA (1982–1989); various senior positions in the Bobst Group in Lausanne (1989–1995), lattely as CEO (1995–2009). Since February 2010 Chairman of Alstom (Schweiz) AG.

First Vice Chairman of the Board of Directors of Nestlé AG, member of the Board of Directors of Credit Suisse Group AG and CSD Group, Lausanne; Vice President and Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries).

Member Compensation Committee

Non-executive member

Kurt E. Stirnemann
Member of the Board, 1943 (Switzerland)
Dr. sc. techn. ETH Zurich (Switzerland)

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 Committee of Georg Fischer as well as CEO and Delegate to the Board of Directors of the Agie Charmilles Group (1996–2003); President and CEO of Georg Fischer Ltd and Delegate to the Board (2003–2008).

Member of the Board of Directors of Feintool AG

Member of the Audit Committee

Non-executive member

Zhiqiang Zhang
Member of the Board of Directors, 1961 (China)
Bachelor of Sciences from Northern Jiatong University, Beijing (China); MBA from Queen's University, Kingston (Canada)

Board member since 2005
2013

Various positions at Siemens in a number of countries, including the USA, Germany and China (1987–2006), President of Nokia Siemens Networks, Greater China Region (since 2007).

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Independent member

proposals to the Board of Directors as a whole. The CEO attends the meetings of the Board Committees, but is not entitled to vote. Minutes of the committee meetings are sent to all members of the Board of Directors. The chairmen of the individual committees also make a verbal report at the next meeting of the Board of Directors and submit any proposals.

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

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met five times: three meetings lasted one day, one meeting lasted one and a half days and one meeting was shorter than half a day. In the year under review, the Board of Directors made a trip to the United States to gather information and call on customers. During this time, the Board held one meeting and the annual, two-day strategy conference. The three standing Board Committees held a total of 14 meetings. A temporary Board Committee held two meetings. The dates of the regular meetings are generally set well in advance to enable all members to attend personally. In the year under review, the attendance rate was 95 percent.

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

Evaluation. The Board of Directors reviews its performance and that of its members annually as part of a self-assessment. At the end of 2009, the Chairman of the Board interviewed the members individually and summarized their opinions about the work of the Board in general and the processes and quality of the meetings in a detailed report. The findings from this evaluation were implemented in 2010 and the state of implementation was discussed at the last meeting of the year.

Audit Committee. The Audit Committee is comprised of three Board members. The Audit Committee supports the Board of

Executive Committee

Name Position, year of birth, nationality	**Yves Serra** Chief Executive Officer of Georg Fischer Ltd, 1953 (France)	**Roland Abt** CFO 1957 (Switzerland)
Educational background	Engineering degree from Ecole Centrale de Paris (France) and a M. Sc. in construction engineering from the University of Wisconsin-Madison (USA)	Dr. oec. University of St. Gallen (Switzerland)
Member of the Executive Committee	Since 2003, CEO since 2008	Since 2004
Professional background, career	Deputy commercial attaché at the French Embassy in Manila (1977 –1979); customer service engineer for Alstom in France and South Africa (1979 –1982); various positions at Sulzer in France and Japan (1982 –1992); various positions for the Georg Fischer Corporation (since 1992), Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia (1992 –1996), Head of Charmilles (1996 –2003), Head of GF Piping Systems (2003–2008); President and CEO of Georg Fischer Ltd (since 2008).	Head of Finance for a corporate group in the areas of data processing and real estate (1985 –1987); various positions at the Eternit Group (1987 – 1996) in Switzerland and Venezuela, ultimately as Division Manager of their asbestos cement manufacturing activities; various positions for the Georg Fischer Corporation (since 1996), including CFO of the AgieCharmilles Group (1997–2004) and CFO of the Georg Fischer Corporation (since 2004).
Further professional activities and functions	Member of the Executive Committee of Swissmem (Association of the Swiss Mechanical and Electrical Engineering Industries); member of the Board of Swiss Chinese Chamber of Commerce.	Member of the Regulatory Board and Issuers Committee of the SIX Swiss Exchange

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

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

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

Nomination Committee. The Nomination Committee is comprised of four members of the Board of Directors. It supports the Board of Directors in succession planning and assists in the selection of suitable candidates for the Board of Directors and the Executive Committee. The Nomination Committee is kept informed annually about succession planning for the two senior operating management levels. In the year under review, the Nomination Committee held six meetings, which lasted two hours on average.

Josef Edbauer
Head of GF Automotive
1957 (Germany)

Dipl.-Ing. University of Konstanz (Germany)

2008

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

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Pietro Lori
Head of GF Piping Systems
1956 (Italy)

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

2008

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

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Jean-Pierre Wilmes
Head of GF AgieCharmilles,
1946 (France)

Institut Universitaire de Technologies Creil; Degree in metallurgical engineering from the Institut de contrôle de gestion Paris (France)

2011 (ad interim)

Various functions in France and Switzerland, from 1972 to 1997 for Charmilles Technologies, since 1997 for GF AgieCharmilles, first as Head of Sales South Europe, as of 2004 also for America; since 2008 Head Global Sales and Marketing; Head AgieCharmilles since September 2010.

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Ad hoc Committees. In the year under review, one ad hoc committee dealt with issues relating to company law in two meetings, each lasting around two hours. The meetings were also attended by the CEO, the CFO, specialists from Georg Fischer and external specialists.

Information and Control Instruments. The Board of Directors is informed comprehensively on a monthly basis about business performance. The members of the Board also receive the monthly report, which contains current information concerning business performance and the accounts of the Corporation, the Corporate Groups and subsidiaries together with a detailed commentary. The Executive Committee presents and comments on business performance and tables all important matters at the Board meetings. It also presents its assessment of business performance for the coming three months.

In addition, the Board of Directors receives the projection prepared twice a year with the figures for the entire business year. Furthermore, the Board of Directors approves the budget of the Corporation and the Corporate Groups for the coming year. It receives the results of medium-term planning for the next three years once a year. Once a year, the Board of Directors holds a two-day meeting to discuss 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 senior managers and the Executive Committee's planning meeting and is a regular attendee at other corporate management events. 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 Board Chairman receives the invitations and minutes of the Executive Committee and Corporate management meetings. He visits corporate subsidiaries on a regular basis to see for himself their operations and how they are implementing the Corporation's strategies. In 2010, he visited corporate subsidiaries in Europe, Asia and the USA.

Internal Audit. Internal Audit reports to the Chairman of the Audit Committee operationally 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. In the year under review, 37 internal audits were conducted. The written report is reviewed in depth with the management of the company concerned; copies are given to the line managers, the external auditor, the Executive Committee, and the Chairmen of the Board of Directors and of the Audit Committee. Audit reports with significant findings are presented to and discussed in the Audit Committee.

Internal Audit also ensures that all discrepancies arising in internal and external audits are addressed and submits a report on such questions to the Executive Committee and the Audit Committee. The head of Internal 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 Corporate Legal Department informs the Board of Directors and Executive Committee about legal issues and significant changes to the law. Through preventive measures and training in the Corporate Groups along with information and advice to the corporate subsidiaries, the Corporate Compliance Officer (CCO), who is nominated by the CEO and, in this function, can report to the CEO, ensures that in their business activities the corporate subsidiaries comply with the law, internal directives and the Corporation's business ethics principles.

The Executive Committee, in consultation with the CCO, defines priority issues. In 2010, various compliance measures were taken: i. legal & compliance audits in five corporate subsidiaries with the focus on contractual and compliance risks; ii. two training sessions on compliance, antitrust law, anticorruption issues and export controls; iii. implementation of a compliance model tailored to local requirements in four corporate subsidiaries; iv. updating of corporate directives. The Compliance Officer was, furthermore, repeatedly asked for advice especially on issues relating to export controls, antitrust legislation and labor law.

Risk Management. The Board of Directors and Executive Committee attach considerable importance to a cautious approach to strategic, financial and operating risks and accordingly expanded corporate risk management during the past business year. The head of the Corporate Risk Management & Taxes Service Division is the Chief Risk Officer (CRO). In this function, the CRO reports directly to the CEO and is supported in this task by a part-time risk officer from each of the three Corporate Groups. Together with internal specialists in Corporate Risk Management, the risk officers form the Corporate Risk Council, which held four meetings, chaired by the CRO, during the past business year. In addition, the CRO conducted workshops with the management of the three Corporate Groups and with the Executive Committee at which the concrete risk situation was analyzed, measures were discussed, and key risks were defined. The results of these workshops were submitted to the Board of Directors.

The approach to financial risks is explained in the financial report on pages 90 to 94, while operational risks are dealt with on page 13.

Assessment. The performance of the Executive Committee and of its members is evaluated and assessed regularly, at least once a year, by the Board of Directors in the absence of the Executive Committee members. Members of the Executive Committee may not accept appointments to external Boards of Directors or take on high-level political or military functions without the approval of the Nomination Committee.

Executive Committee

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

Members. As per 31 July 2010, Jürg Krebser ended his function as Delegate of the CEO for Corporate Projects and as a member of the Executive Committee and he retired. As per 31 August 2010, Michael Hauser, Head of the Corporate Group GF AgieCharmilles and member of the Executive Committee, decided to pursue new opportunities outside Georg Fischer. He relinquished the management of the Corporate Group as of 31 August 2010. Jean-Pierre Wilmes took over as head of GF AgieCharmilles as per 1 September 2010. Jean-Pierre Wilmes has been nominated as a member of the Executive Committee as per 1 January 2011.

On 1 January 2011, the Executive Committee has the following members: Yves Serra, CEO and at the same time Head of Corporate Development; Pietro Lori, GF Piping Systems; Josef Edbauer, GF Automotive; Jean-Pierre Wilmes, GF AgieCharmilles; Roland Abt, CFO.

Shareholders' Rights

As at 31 December 2010, Georg Fischer Ltd had 14,180 (previous year: 15,410) 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 five 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 acting in concert for the purpose of circumventing this provision are deemed to be one person. The Board of Directors may approve exceptions to this rule. In the year under review, no such exceptional applications were received.

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 the shares represented and an absolute majority of the par value of the shares represented.

Proxy Voting. A shareholder may, on the basis of a written power of attorney, be represented at the 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 Quorum. As laid down by the articles of association, the following resolutions of the General Meeting of Shareholders require a larger majority than that prescribed by law. At least two-thirds of the shares represented and an absolute majority of the par value of the shares represented must be in favor of:

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

Entry 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 calendar days before the date of the General Meeting of Shareholders. It is mentioned in the invitation.

Change of Control and Defense Measures

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

Auditors

Mandate. KPMG AG of Zurich became the external auditors of Georg Fischer Ltd in 1985. The chief auditor, François Rouiller, has held that position since the 2010 General Meeting of Shareholders. The chief auditor is changed every seven years.

Audit Fees. In 2010, the Corporation paid KPMG AG a total of approximately CHF 2.14 million (previous year: CHF 2.28 million) for services relating to the audit of the annual financial statements of Georg Fischer Ltd, the Corporation as a whole and the corporate subsidiaries audited by KPMG worldwide. Globally, KPMG AG received fees of approximately CHF 0.64 million (previous year: CHF 0.4 million) for tax advice (CHF 0.5 million) and legal advice.

Supervisory and Control Instruments. The Audit Committee reviews and evaluates the effectiveness and independence of external auditors annually. The Audit Committee bases its evaluation on the following criteria:

- quality of the documents and management letters,
- time taken and costs,
- quality of oral and written reports on individual aspects and pertinent questions relating to accounting, auditing or additional consulting mandates.

For the evaluation, the members of the Audit Committee use first of all the knowledge and experience which they have acquired as a result of similar functions at other companies. Internal Audit also issues an annual list of all services rendered by external auditors for the Corporation and their costs. This report is discussed by the Executive Committee and the Audit Committee. Authorization of the costs for the auditor of Georg Fischer Ltd and the external auditing companies around the world is given by the CFO or by the managing directors of the individual subsidiaries in consultation with their functional managers. A high level of cost transparency is ensured because Internal Audit prepares a report every year. Any other mandates granted to KPMG AG are assessed by the CFO.

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

Information Policy

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

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

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

Subscription to the email service is free of charge. All media releases are available on the Georg Fischer website at the same time as they are published. The online media release archive dates back to 1996. In addition, shareholders of Georg Fischer AG receive the Annual Report and the Mid-Year Report directly in the post and all other interested persons on request.

→ www.georgfischer.com/medien_en
→ www.georgfischer.com/mediareleases_en
→ www.georgfischer.com/newsletter_en
→ www.georgfischer.com/subscriptionservice

Investor Relations
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Changes after the Balance Sheet Date

None.

Compensation Report

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

The remuneration paid in accordance with the above-mentioned provisions of the Swiss Code of Obligations is listed and commented on in the consolidated financial statements (pages 98 and 99) and in the statements of Georg Fischer Ltd (pages 109 to 111).

Compensation policy

Introduction. The Human Resources Policy defines the principles of the Corporation's compensation policy. It is designed to provide simple and clearly structured salary systems that ensure fair remuneration and 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-based variable component.

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

Board of Directors

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

The criteria for determining compensation are set out in regulations. These criteria, which retain their validity for several years, were last reviewed by the Compensation Committee in 2010 (see the criteria for comparison above). The evaluation showed that the compensation paid to the Georg Fischer Board of Directors has not kept pace with trends in comparable salary markets either generally or, in particular, with regard to the proportion of compensation in shares. With a view to new elections to the Board, the Board of Directors therefore decided, on a proposal by the Compensation Committee, to raise the fixed number of shares for each member of the Board of Directors from 100 to 150 and for the Chairman of the Board from 100 to 250.

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

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

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

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

Executive Committee

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

The criteria for determining compensation are set out in regulations. These criteria, which retain their validity for several years, were last reviewed by the Compensation Committee in 2010 (see the criteria for comparison above). The evaluation showed that the compensation paid to the Georg Fischer Executive Committee has not kept pace with trends in comparable salary markets either generally or, in particular, with regard to the proportion of compensation in shares. On a proposal of the Compensation Committee, the Board of Directors therefore decided to raise the fixed number of shares for each member of the Executive Committee from 150 to 250 and for the CEO from 500 to 750.

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

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

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

The business success of the Corporation as a whole and of the individual Corporate Groups is measured by three financial value drivers:

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

The objectives are set by the Board of Directors for the medium term and are weighted in accordance with the strategic priorities. 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 fulfillment 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. In the review year, the performance-related bonus of the Executive Committee members and the Chief Executive Officer varied between 49 and 71 percent of the fixed annual base salary.

The individual objectives and the Corporation's business success are weighted as follows: For a Head of a Corporate Group, the weighting is one third each for the individual targets, the business success of the Corporate Group in question and the business success of the Corporation. For the Head of Finance & Controlling, the weighting is one third for the individual targets and two thirds for the Corporation's business success. For the Chief Executive Officer, the Corporation's business success has a slightly higher weighting.

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

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

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

Other remuneration

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

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

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

Additional fees. 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 2010 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, the annual compensation for each member of the Board of Directors depends on the time spent and the tasks assumed in the year under review. Compensation is made on a pro rata basis for members joining or leaving during the year they are in office. The compensation due to members of the Board of Directors, in accordance with the regulations, is proposed by the Chairman of the Board of Directors to the Compensation Committee, which takes a decision at its regular meeting in December.

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

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

Remuneration for the 2010 business year

Board of Directors. The members of the Board of Directors received cash compensation of CHF 1.0 million in the year under review (previous year: CHF 0.7 million). Of this amount, Board members drew on a volutary basis 1,089 Georg Fischer registered shares with a par value of CHF 20, equivalent to a market value of CHF 574,000 in 2010. The previous year, this draw had been 1,255 Georg Fischer registered shares with a par value of CHF 20, equivalent to a market value of CHF 328 000. In addition, a total of 1,600 Georg Fischer registered shares with a market value of CHF 844,000 were allocated as share-related compensation. The previous year, the allocation had been 1,000 Georg Fischer registered shares, equivalent to a market value of CHF 262,000. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2,019,000 (previous year: CHF 1,073,000).

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

Compensation paid to the members of the Board of Directors 2010

	Compensation					
	Cash compensation[1]	Share-related compensation[2]		Other benefits[3]	**Total compensation 2010[4]**	Total compensation 2009[4]
	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Martin Huber Chairman of the Board of Directors / Nom. Com. Member Compensation Committee	234	250	132	27	393	211
Bruno Hug Vice Chairman of the Board of Directors Member Nomination Committee	108	150	79	17	204	113
Roman Boutellier Member Nomination Committee	74	150	79	16	169	75
Gerold Bührer Member Audit Committee	81	150	79	18	178	87
Ulrich Graf[5] Chairman of the Compensation Committee	71	150	79	15	165	85
Gertrud Höhler Member Nomination Committee	60	150	79	12	151	106
Andreas Koopmann[6] Member Compensation Committee	65	115	61	14	140	
Rudolf Huber Chairman of the Audit Committee	121	150	79	20	220	121
Kurt E. Stirnemann Member Audit Committee	81	150	79	16	176	88
Zhiqiang Zhang Member Board of Directors	99	150	79	17	195	107
Flavio Cotti[7] Member Compensation Committee	11	35	19	2	32	78
Rounding difference	–2			–2	–4	2
Total	**1 003**	**1 600**	**844**	**172**	**2 019**	1 073

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 30 December 2010. For 2010, compensation amounting to CHF 574,000 was drawn in the form of shares; on the basis of a share price of CHF 527.50, the number of shares allocated was 1,089.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 527.50 on 30 December 2010.
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 89,000 (previous year: CHF 47,000).
5 Member of the Audit Committee until the Annual General Meeting 2010 (24 March 2010).
6 Member of the Board of Directors since the Annual General Meeting 2010 (24 March 2010).
7 Member of the Board of Directors until the Annual General Meeting 2010 (24 March 2010).

Source: Except from the Financial Statements of Georg Fischer Ltd, see p. 109 of the Annual Report.

The compensation paid to the Board of Directors was higher than in 2009 for the following reasons:

- In 2009, the Board of Directors waived 20 percent of its cash compensation. In 2010, this voluntary reduction was cancelled owing to the improved economic situation.
- Within a year, the share price more than doubled, from CHF 261.75 on 30 December 2009 to CHF 527.50 on 31 December 2010. Moreover, all Board members were allocated a larger number of shares (see page 57).
- The amount of time spent was significantly higher than the previous year owing to the week-long trip to the USA to gather information and call on customers (see page 52).

Executive Committee. The members of the Executive Committee received cash compensation and social security and pension payments amounting to CHF 4.9 million for the year under review (previous year: CHF 4.7 million). 1,896 Georg Fischer registered shares (par value of CHF 20) with a fair value of CHF 1.0 million, in accordance with the share price of CHF 527.50 at year-end 2010, were allocated to members of the Executive Committee for the year under review (previous year: 1,300 Georg Fischer registered shares with a fair value CHF 0.3 million).

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

Compensation paid to the members of the Executive Committee 2010

	Fixed salary in cash	Bonus in cash[1]		Share-related compensation[2]	Pension and social insurance funds[3]	**Total compensation 2010[4]**	Total compensation 2009[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 460	1 518	1 896	1 000	906	5 884	5 075
of whom							
Yves Serra, CEO							
(highest individual salary)	668	460	750	396	251	1 775	1 176

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 2010 financial year was approved by the Board of Directors on 18 February 2011. Payment will be made in 2011.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated, which is vested for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 527,50 on 30 December 2010. All shares are transferred in 2011.
3 The pension and social insurance fund expenses include employer contributions to social insurance funds and to pension funds.
4 The total compensation is comprised of the fixed salary, the bonus, the share-related remuneration and the social and pension benefits.

Source: Except from the Financial Statements of Georg Fischer Ltd, see p. 110 of the Annual Report

The compensation paid to the members of the Executive Committee was higher than in 2009 for the following reasons:

- As of May 2009, the members of the Executive Committee waived 10 percent of their fixed salary and the CEO 20 percent. In 2010, this voluntary reduction was eliminated owing to the improved economic situation.
- Within a year, the share price more than doubled, from CHF 261.75 on 30 December 2009 to CHF 527.50 on 31 December 2010. Moreover, all members of the Executive Committee, like all members of senior management, were allocated a higher number of shares (see page 57).
- Owing to the significant improvement in the result, the performance-related bonus was much higher than in the previous year.

In the 2010 business year, no severance payments were made to persons who left governing bodies in the year under review or earlier.

Total compensation paid to the Board of Directors and Executive Committee is contained in the Corporation's total expenses. Further details on compensation can be found on pages 109 to 110 of the Annual Report.

Consolidated financial statements 2010

Statement of financial position as per 31 December 2010

million CHF	Notes	2010	%	2009	%
Investment properties	(3)	32		41	
Property, plant and equipment for own use	(3)	923		1 065	
Intangible assets	(4)	251		277	
Investments in associates	(5)				
Other financial assets	(7)	5		8	
Deferred tax assets	(8, 13)	58		56	
Non-current assets		**1 269**	**45**	1 447	50
Inventories[1]	(9)	589		614	
Trade accounts receivable	(10)	486		431	
Income taxes receivable	(11)	9		15	
Other accounts receivable[1]	(12)	78		87	
Marketable securities		17		5	
Cash and cash equivalents		390		316	
Current assets[1]		**1 569**	**55**	1 468	50
Assets[1]		**2 838**	**100**	2 915	100
Share capital		82		82	
Share premium		179		181	
Retained earnings		819		844	
Equity attributable to shareholders of Georg Fischer Ltd		**1 080**	**38**	1 107	38
Non-controlling interests		44	2	45	2
Equity	(22)	**1 124**	**40**	1 152	40
Bank liabilities	(18)	99		127	
Bonds	(17, 18)	495		297	
Deferred tax liabilities	(13)	68		73	
Provisions	(14)	63		76	
Employee benefits	(15)	142		160	
Other non-current liabilities		11		17	
Non-current liabilities		**878**	**31**	750	25
Bank liabilities	(18)	93		164	
Bonds	(17, 18)			157	
Provisions	(14)	55		77	
Employee benefits	(15, 18)	35		42	
Trade accounts payable		335		274	
Current tax liabilities		58		38	
Other current liabilities[1]	(16)	260		261	
Current liabilities[1]		**836**	**29**	1 013	35
Liabilities[1]		**1 714**	**60**	1 763	60
Liabilities and equity[1]		**2 838**	**100**	2 915	100

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

Income statement for the year ended 31 December 2010

million CHF	Notes	2010	%	2009	%
Gross sales		**3 511**		2 975	
Sales deductions		–64		–69	
Sales		**3 447**	**100**	2 906	100
Other operating income	(25)	45		51	
Income[1]		**3 492**	**101**	2 957	102
Cost of materials and products		–1 648		–1 326	
Changes in inventory[1]		–3		–79	
Operating expenses	(26)	–613		–553	
Gross value added		**1 228**	**36**	999	34
Personnel expenses	(27)	–899		–893	
EBITDA		**329**	**10**	106	4
Depreciation	(3)	–140		–152	
Amortization	(4)	–9		–12	
EBIT before special charges		**180**	**5**	–58	–2
Restructuring expenses				–90	
Impairment on goodwill and property, plant and equipment				–53	
EBIT		**180**	**5**	–201	–7
Interest income	(28)	2		2	
Interest expense	(28)	–39		–35	
Other financial result	(28)	–9		–7	
Result of investment properties		3		4	
Share of results of associates				1	
Profit / (loss) before taxes		**137**	**4**	–236	–8
Income taxes	(29)	–29		–2	
Net profit / (loss)		**108**	**3**	–238	–8
Thereof attributable to shareholders of Georg Fischer Ltd		99		–246	
Thereof attributable to non-controlling interests		9		8	
Basic earnings/(loss) per share in CHF	(30)	24		–61	
Diluted earnings/(loss) per share in CHF	(30)	24		–61	

1 The line "Changes in inventory" is not reported within "Income" anymore. The previously reported figures have been adjusted.

Statement of comprehensive income for the year ended 31 December 2010

million CHF	2010	2009
Net profit / (loss)	**108**	–238
Other comprehensive income:		
Translation adjustments recognized in the reporting period	–137	–3
Cumulated translation adjustments transferred to the income statement	6	4
Changes in fair value of cash flow hedges recognized in the reporting period	9	
Changes in fair value of cash flow hedges transferred to the income statement	–4	
Income taxes on changes in fair value of cash flow hedges	–1	
Other comprehensive income, net of taxes	**–127**	1
Total comprehensive income	**–19**	–237
Thereof attributable to shareholders of Georg Fischer Ltd	–25	–244
Thereof attributable to non-controlling interests	6	7

Statement of changes in equity for the year ended 31 December 2010

million CHF	**Share capital**	**Share premium**	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	**Retained earnings**	**Equity attributable to shareholders of Georg Fischer Ltd**	Non-controlling interests	**Equity**
Balance as per 31 December 2008	**101**	**167**	**–150**		**1 238**	**1 088**	**1 356**	**48**	**1 404**
Net profit / (loss)					**–246**	**–246**	**–246**	**8**	**–238**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–2			–2	–2	–1	–3
Cumulated translation adjustments transferred to the income statement			4			4	4		4
Income taxes on other comprehensive income									
Other comprehensive income, net of taxes			**2**			**2**	**2**	**–1**	**1**
Total comprehensive income							**–244**	**7**	**–237**
Purchase of treasury shares		–2					–2		–2
Disposal of treasury shares	2	14					16		16
Share-related compensation		2					2		2
Capital increase non-controlling interests								2	2
Reduction in par value / dividends	–21						–21	–12	–33
Balance as per 31 December 2009	**82**	**181**	**–148**		**992**	**844**	**1 107**	**45**	**1 152**
Net profit					**99**	**99**	**99**	**9**	**108**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–134			–134	–134	–3	–137
Cumulated translation adjustments transferred to the income statement			6			6	6		6
Changes in fair value of cash flow hedges recognized in the reporting period				9		9	9		9
Changes in fair value of cash flow hedges transferred to the income statement				–4		–4	–4		–4
Income taxes on changes in fair value of cash flow hedges				–1		–1	–1		–1
Other comprehensive income, net of taxes			**–128**	**4**		**–124**	**–124**	**–3**	**–127**
Total comprehensive income							**–25**	**6**	**–19**
Purchase of treasury shares		–4					–4		–4
Share-related compensation		2					2		2
Reduction in par value / dividends								–7	–7
Balance as per 31 December 2010	**82**	**179**	**–276**	**4**	**1 091**	**819**	**1 080**	**44**	**1 124**

Translation adjustments are mainly due to the change of the euro (CHF 113 million), the Chinese renminbi and the US dollar.

Treasury shares are deducted from the share capital with their par value of less than CHF 1 million (previous year: less than CHF 1 million). The related surplus of CHF 4 million (previous year: CHF 2 million) is deducted from the share premium.

Regarding information about capital management see note 22.

Regarding share capital and treasury shares see notes to the financial statements of Georg Fischer Ltd on page 106 f.

Statement of cash flows for the year ended 31 December 2010

million CHF	Notes	2010	2009
Net profit/(loss)		108	–238
Income taxes	(29)	29	2
Financial result	(28)	46	40
Depreciation	(3)	140	152
Amortization	(4)	9	12
Impairment on goodwill and property, plant and equipment			53
Non-cash restructuring expenses			32
Other non-cash income and expenses		–27	25
Increase in provisions, net	(14)	28	52
Use of provisions	(14)	–53	–51
Changes in			
Inventories[1]		–5	191
Trade accounts receivable		–106	133
Other accounts receivable[1]		2	29
Trade accounts payable		94	–111
Other non-interest-bearing liabilities[1]		32	–32
Interest paid		–34	–36
Income taxes paid		–20	–11
Cash flow from operating activities		**243**	242
Additions to			
Property, plant and equipment	(3)	–124	–148
Intangible assets	(4)	–5	–3
Other financial assets		–1	–1
Disposals of			
Property, plant and equipment	(3)	33	12
Other financial assets		2	1
Cash flow from acquisitions	(2)		–9
Cash flow from divestitures	(2)		–1
Interest received		2	1
Cash flow from investing activities		**–93**	–148
Free cash flow		**150**	94
Purchase of treasury shares		–4	–2
Disposal of treasury shares			16
Capital increase non-controlling interests			2
Par value reduction/dividends paid[2]		–7	–33
Issue of bonds	(17)	197	297
Repayment of bonds	(17)	–157	–218
Increase of bank loans	(18)	5	358
Repayment of bank loans	(18)	–78	–298
Changes in other interest-bearing liabilities (mainly current bank accounts)		–11	–131
Cash flow from financing activities		**–55**	–9
Translation adjustment on cash and cash equivalents		–21	–2
Net cash flow		**74**	83
Cash and cash equivalents at beginning of year		316	233
Cash and cash equivalents at year end[3]		**390**	316

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.
2 In 2010 exclusive payout of dividends for non-controlling interests of certain subsidiaries.
3 Cash, postal and bank accounts: CHF 324 million (previous year: CHF 309 million), fixed-term deposits: CHF 66 million (previous year: CHF 7 million).

Notes to the consolidated financial statements

Segment information

	GF Piping Systems		
million CHF	**2010**	2009	2008
Order intake	**1 176**	1 130	1 320
Orders on hand at year-end[1]	**70**	70	70
Gross sales[2]	**1 236**	1 130	1 284
Sales deductions	–60	–64	–60
Sales	**1 176**	1 066	1 224
EBITDA	**183**	129	168
Depreciation	39	39	38
Amortization	7	10	8
EBIT before special charges	**137**	80	122
Restructuring expenses		13	
Impairment on goodwill and property, plant and equipment		10	
EBIT	**137**	57	122
Assets[3]	**1 086**	1 079	1 159
Material items of income and expense[4]			
Investments	**52**	40	53
Thereof investments in intangible assets	2	3	2
Liabilities	**484**	479	549
Research and development[5]	**24**	23	23

1 In 2008 change of definition for GF Automotive.
2 Sales with other operating segments are not material.
3 The amount of investments in associates and joint ventures accounted for by the equity method is not material.
4 In 2010 CHF 13 million gain on the disposal of the production building in Geneva (GF AgieCharmilles). In 2008 CHF 35 million gain on the divestiture of Georg Fischer Verkehrstechnik GmbH, Singen (GF Automotive).
5 In the year under review change of the cost allocation at GF Automotive. The new allocation criteria of the previous years were not available, therefore the figures were not adjusted.

GF Automotive			GF AgieCharmilles			Total segments		
2010	2009	2008	**2010**	2009	2008	**2010**	2009	2008
1 683	1 256	2 076	**768**	520	1 066	**3 627**	2 906	4 462
395	328	354	**114**	77	136	**579**	475	560
1 555	1 265	2 167	**722**	579	1 082	**3 513**	2 974	4 533
–3	–4	–6	–1	–1	–2	–64	–69	–68
1 552	1 261	2 161	**721**	578	1 080	**3 449**	2 905	4 465
123	37	183	**35**	–67	50	**341**	99	401
85	96	100	12	13	15	136	148	153
1	1	5	1	1	1	9	12	14
37	–60	78	**22**	–81	34	**196**	–61	234
	49			27	8		89	8
		83		43			53	83
37	–109	–5	**22**	–151	26	**196**	–203	143
1 191	1 330	1 452	**586**	560	822	**2 863**	2 969	3 433
		35	**13**			**13**		35
68	102	175	**6**	3	12	**126**	145	240
1		1	1		1	4	3	4
895	1 019	1 140	**377**	377	468	**1 756**	1 875	2 157
25	52	65	**41**	41	55	**90**	116	143

Reconciliation to the segment information

million CHF	2010	2009	2008
Sales			
Total sales for reportable segments	3 449	2 905	4 465
Other sales	–1	1	
Elimination of intercompany sales	–1		
Consolidated sales	**3 447**	2 906	4 465
EBIT			
Total EBIT for reportable segments	196	–203	143
Other EBIT	–11	1	–8
Other unallocated amounts	–5	1	–1
Consolidated EBIT	**180**	–201	134
Interest income	2	2	5
Interest expense	–39	–35	–37
Other financial result	–9	–7	–6
Result of investment properties	3	4	
Share of results of associates		1	
Profit/(loss) before taxes	**137**	–236	96
Assets			
Total assets for reportable segments	2 863	2 969	3 433
Elimination of intercompany positions	–394	–333	–286
Other assets			
Investment properties	24	23	24
Property, plant and equipment for own use	52	55	56
Other non-current assets	1	1	1
Other current assets (mainly cash and cash equivalents)	286	192	95
Other unallocated amounts[1]	6	8	10
Consolidated assets[1]	**2 838**	2 915	3 333
Investments			
Total investments for reportable segments	126	145	240
Other investments	3	6	7
Investments Corporation	**129**	151	247
Liabilities			
Total liabilities for reportable segments	1 756	1 875	2 157
Elimination of intercompany positions	–706	–723	–874
Other liabilities			
Bank liabilities	67	73	176
Bonds	495	454	374
Other interest-bearing liabilities	7	6	5
Other non-interest-bearing liabilities	47	50	62
Other unallocated amounts[1]	48	28	29
Consolidated liabilities[1]	**1 714**	1 763	1 929

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

Geographical information

million CHF	Non-current assets 2010	2009	2008	Sales 2010	2009	2008
Total	**1 269**	1 447	1 543	**3 447**	2 906	4 465
European Union	643	792	839	2 148	1 877	3 144
Thereof Germany	358	439	453	1 230	1 026	1 789
Other European countries	328	351	407	245	223	287
Thereof Switzerland	328	351	407	179	167	180
America	122	132	158	375	302	423
Asia	175	172	139	623	455	533
Other countries	1			56	49	78

Products and services

million CHF	Sales 2010	2009	2008
GF Piping Systems	**1 176**	1 066	1 224
Industry[1]	441	353	458
Utility[2]	424	388	505
Building technology[3]	311	325	261
GF Automotive	**1 552**	1 261	2 161
Passenger cars	1 085	955	1 312
Trucks	359	223	680
Industrial applications	108	83	169
GF AgieCharmilles	**721**	578	1 080
EDM (electric discharge machines)	266	176	407
Milling (milling machines)	159	152	309
Automation/tooling	48	39	77
Laser (laser technology)	4		
Customer service	244	211	287

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

Information about major customers

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

Corporate accounting principles

Accounting policies

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

Furthermore, the consolidated financial statements are based on historical cost, with the exception of marketable securities, participations under 20 % and derivative financial instruments, which are measured at fair value. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the closing date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. 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 % of the voting rights or by having otherwise the power to govern their operating and financial policies. Those entities are fully consolidated, whereby assets, liabilities, income and expenses are incorporated in the consolidated accounts. Intercompany balances and transactions (accounts receivable, accounts payable, income and expenses) are eliminated upon consolidation. Non-controlling interests in the equity and net income of consolidated companies are presented separately but as a component of consolidated equity and consolidated net income respectively. Gains arising from intercompany transactions are eliminated in full. Capital consolidation is based on the acquisitions method, whereby the acquisition cost of a 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 non-controlling interests in a fully consolidated entity, any difference between the purchase price and the carrying amount of such non-controlling interests is recognized in share premium. Upon the disposal of non-controlling interests while control of the entity is retained, any excess or shortfall of proceeds over the carrying amount is also recognized in share premium.

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

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments. Derivative financial instruments are reported under marketable securities and other current liabilities respectively. Foreign currency and interest rate risks are hedged by the Corporation using forward foreign currency rate contracts, currency options and swaps. Foreign currency risks related to highly probable future cash flows from sales in foreign currencies are hedged in particular with cash flow hedges. For cash flow hedges which are accounted according to "Hedge accounting" as defined by IAS 39 the effective part of the changes in the fair value of the hedging instruments is recognized in comprehensive income. Any inefficient part is recognized immediately in the income statement. When the hedged item results in the recognition of an asset or a liability the gains or losses previously recognized in the comprehensive income are transferred to the income statement at the same time as the hedged transaction. Currency hedges which are not accounted according to "Hedge accounting" are stated at fair value, whereby the fair value fluctuations are recognized in the income statement.

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

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

Taxes. Taxes are accrued for all tax obligations, irrespective of their due date. Current income taxes are calculated on the taxable profit. Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to IFRS and the tax basis of assets and liabilities. Tax loss carryforwards are recognized only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. Calculation of deferred taxes is based on the country-specific tax rates. Tax assets and liabilities are offset if they concern the same taxable entity and tax authority and if there exists an offset entitlement for current taxes.

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

Financial liabilities. Financial liabilities comprise bank loans, mortgages, convertible and other bonds. They are carried at amortized cost. Borrowing costs are recognized in the income statement using the effective interest method with the exception of borrowing costs that can be allocated directly to the construction, build-up or purchase of a qualifying asset. These borrowing costs are capitalized as part of the costs of this asset. Convertible bonds are broken down into a liability and an equity component, with the repayment amount of the liability component calculated using the effective interest method and recognized in the income statement over the term of the loan.

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

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

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

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

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

Adjustment of previously reported figures. Starting with this annual report paid and received prepayments are disclosed in the statement of financial position in the lines "Other receivables" and "Other current liabilities" instead of "Inventories." In order to confirm with the current period's presentation, the previously reported figures were reclassified.

The adjustments on the concerned lines of the statement of financial position are as follows:

million CHF	Inventories	Other receivables	Other current liabilities
31 Dec. 2008			
as reported	801	105	260
Adjustment	29	13	42
31 Dec. 2008 adjusted	**830**	**118**	**302**
31 Dec. 2009			
as reported	577	75	212
Adjustment	37	12	49
31 Dec. 2009 adjusted	**614**	**87**	**261**
31 Dec. 2010	**589**	**78**	**260**

For the statement of cash flows translation adjustments on the changes of the balance sheet items have been eliminated. These adjustments had no influence on the income statement.

Changes in accounting principles

With effect from 1 January 2010, Georg Fischer initially applied the following new interpretations issued by the IASB:

- IFRIC 17 "Distributions of non-cash assets to owners"

Furthermore Georg Fischer applied the following revised standards from 1 January 2010:

- IFRS 3 "Business combinations"
- IAS 27 "Consolidated and separate financial statements"
- IAS 39 "Financial instruments: Recognition and Measurement"
- IFRS 2 "Share-based payment"
- Changes to IFRSs (April 2009)

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

Management assumptions and estimates

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

Impairment of non-current assets. In addition to the regular, periodic test applied to goodwill items, non-current assets are reviewed whenever there are indications that, due to changed circumstances or events, their carrying amount may no longer be recoverable. If such a situation arises, the recoverable amount is determined on the basis of expected future inflows. It corresponds to either the discounted value of expected future net cash flows or the expected net selling price. If the recoverable amount is below the carrying amount a corresponding impairment loss is recognized in the income statement. The main assumptions on which these measurements are based include growth rates, margins and discount rates. The cash inflows actually generated can differ considerably from discounted projections. The carrying amounts and information regarding impairments of the items of property, plant and equipment and intangible assets affected are set out in notes 3 and 4.

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

If there are any contractual obligations for which the unavoidable costs of meeting the obligations under the contract exceed the expected economic benefits to be received (e. g. onerous delivery contracts), provisions for the agreed quantities over the whole or prudently estimated period are made. These provisions are based on management assumptions. The carrying amounts of these provisions are set out in note 14.

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 statement of financial position are set out in note 15.

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

Standards that have been approved but not yet applied

The following new and revised standards and interpretations had been approved by the time the consolidated financial statements were authorized for issue by the Board of Directors. However, they do not take effect until later on and were not adopted early in preparing this set of consolidated financial statements. Since their effect on the consolidated financial statements of Georg Fischer has not yet been systematically analyzed, the anticipated effects as disclosed at the 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
New Standards and Interpretations			
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	*	1 July 2010	Financial Year 2011
IFRS 9 – Financial Instruments	***	1 January 2013	Financial Year 2013
Revised Standards and Interpretations			
IAS 32 – Financial Instruments: Presentation of Financial Statements (Classification of Rights Issues)	*	1 February 2010	Financial Year 2011
Various – Improvements to IFRSs (May 2010)	*	1 July 2010 1 January 2011	Financial Year 2011
IFRIC 14 – Prepayments of a Minimum Funding Requirement	*	1 January 2011	Financial Year 2011
IAS 24 – Related Party Disclosures	**	1 January 2011	Financial Year 2011
IFRS 7 – Disclosure: Transfers of Financial Assets	*	1 July 2011	Financial Year 2012
IAS 12 – Deferred Tax: Recovery of Underlying Assets	*	1 January 2012	Financial Year 2012

* No or no significant impacts are expected on the consolidated financial statements of Georg Fischer.
** Mainly additional disclosures are expected in the consolidated financial statements of Georg Fischer.
*** The impacts on the consolidated financial statements of Georg Fischer can not yet be determined with sufficient reliability.

Notes

1 Changes in scope of consolidation

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

Disposals

as per 30 November 2010
Central Plastics Co Ltd, Tianjin
Pro rata sales 2010: CHF 3 million
GF Piping Systems

2 Cash flow from acquisitions and divestitures

million CHF	2010 Acquisitions	2010 Divestitures	2009 Acquisitions	2009 Divestitures
Property, plant and equipment				8
Other financial assets				4
Inventories		1		6
Trade accounts receivable				4
Other accounts receivable				2
Cash and cash equivalents				1
Provisions				–1
Employee benefits				–2
Trade accounts payable				–3
Other current liabilities				–4
Net assets		**1**		15
Cash and cash equivalents acquired/disposed of				–1
Net assets acquired/disposed of, excl. cash and cash equivalents		1		14
Gain and loss on acquisitions/divestitures, net		–1		–15
Receivables from acquisitions and divestitures (–)/ settlement of receivables (+)			1	
Liabilities from acquisitions and divestitures (+)/ settlement of liabilities (–)			–10	
Net cash flow from acquisitions and divestitures			–9	–1

Divestitures include the disposal of Central Plastics Co Ltd, Tianjin in the reporting period. The subsidiary was sold for 1 US dollar.

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 31 December 2008	**52**	**49**	**631**	**127**	**1 808**	**350**	**156**	**6**	**3 127**
Additions	**1**		8	2	54	7	77		**148**
Disposals	**–1**		–1	–4	–40	–11	–1		**–57**
Changes in scope of consolidation			–4	–1	–50	–1			**–56**
Other changes, reclassifications	**12**	–2	38	2	94	11	–145		**–2**
Translation adjustment			–2		–9	–1		–1	**–13**
As per 31 December 2009	**64**	**47**	**670**	**126**	**1 857**	**355**	**87**	**5**	**3 147**
Additions			4	7	40	7	66		**124**
Disposals	**–6**	–3	–35	–28	–72	–24			**–162**
Changes in scope of consolidation									
Other changes, reclassifications		1	18	7	39	10	–79		**–4**
Translation adjustment	**–4**	–4	–58	–11	–247	–21	–7		**–348**
As per 31 December 2010	**54**	**41**	**599**	**101**	**1 617**	**327**	**67**	**5**	**2 757**
Accumulated depreciation									
As per 31 December 2008	**–16**	**–1**	**–385**	**–75**	**–1 281**	**–274**	**–6**	**–4**	**–2 026**
Additions	**–1**		–18	–7	–106	–20	–1		**–152**
Impairment					–8		–1		**–9**
Disposals				3	39	10	1		**53**
Changes in scope of consolidation			2	1	44	1			**48**
Other changes, reclassifications	**–6**	1	2	–1	–3				**–1**
Translation adjustment					4	1			**5**
As per 31 December 2009	**–23**		**–399**	**–79**	**–1 311**	**–282**	**–7**	**–4**	**–2 082**
Additions	**–1**		–18	–7	–95	–19			**–139**
Impairment						–1			**–1**
Disposals			31	24	70	23			**148**
Changes in scope of consolidation									
Other changes, reclassifications			1		1		–1		**1**
Translation adjustment	**2**		33	6	182	17	1		**239**
As per 31 December 2010	**–22**		**–352**	**–56**	**–1 153**	**–262**	**–7**	**–4**	**–1 834**
Carrying amount									
As per 31 December 2009	**41**	**47**	**271**	**47**	**546**	**73**	**80**	**1**	**1 065**
As per 31 December 2010	**32**	**41**	**247**	**45**	**464**	**65**	**60**	**1**	**923**

The insurance value of property, plant and equipment amounts to CHF 4,306 million (previous year: CHF 4,537 million).

The lines "Other changes, reclassifications" relate to the following two circumstances: Firstly, owing to the legal situation, land use rights in China (carrying amount CHF 3 million) were reclassified as intangible assets; secondly, rental machinery (carrying amount CHF 1 million) was reclassified as current assets.

An impairment on property, plant and equipment in the amount of CHF 1 million was recognized at the Corporate Group GF Piping Systems for disused equipment.

Investments in property, plant and equipment in 2010 came to CHF 124 million, less than investments the previous year (CHF 148 million). They were made primarily by the two Corporate Groups GF Automotive (CHF 67 million) and GF Piping Systems (CHF 50 million). The EU accounted for about 54% of the investments, China for about one fifth. Investments in property, plant and equipment with an effect on liquidity in the period 2011–2015 amount to CHF 71 million (previous year: CHF 113 million). They are distributed among the Corporate Groups as follows: GF Automotive CHF 48 million; GF Piping Systems CHF 19 million; GF Corporate Management CHF 2 million; GF AgieCharmilles CHF 2 million.

The lines "Disposals" contain the sale of a property belonging to AgieCharmilles New Technologies SA, Meyrin (carrying amount CHF 11 million). This transaction resulted in a gain of CHF 13 million. The lines also contain the sale of an investment property belonging to Georg Fischer JRG AG, Sissach (carrying amount CHF 6 million).

The fair value of investment properties, as determined by internal experts on the basis of capitalized and current market values, is CHF 62 million (previous year: CHF 66 million).

4 Movements of intangible assets

million CHF	Goodwill	Acquired brandnames	Acquired customer relationships	Acquired technologies	Others	**Total**
Cost						
As per 31 December 2008	**310**	**26**	**19**	**7**	**64**	**426**
Additions					3	**3**
Disposals					–18	**–18**
Changes in scope of consolidation					–1	**–1**
Other changes, reclassifications					2	**2**
Translation adjustment	–5	1				**–4**
As per 31 December 2009	**305**	**27**	**19**	**7**	**50**	**408**
Additions					5	**5**
Disposals						
Changes in scope of consolidation						
Other changes, reclassifications					3	**3**
Translation adjustment	–26	–3	–1	–1	–4	**–35**
As per 31 December 2010	**279**	**24**	**18**	**6**	**54**	**381**
Accumulated amortization						
As per 31 December 2008	**–32**	**–3**	**–1**	**–3**	**–41**	**–80**
Additions		–2	–1		–9	**–12**
Impairment	–53				–5	**–58**
Disposals					18	**18**
Changes in scope of consolidation					1	**1**
Other changes, reclassifications					–2	**–2**
Translation adjustment	2					**2**
As per 31 December 2009	**–83**	**–5**	**–2**	**–3**	**–38**	**–131**
Additions		–2	–2	–1	–4	**–9**
Impairment						
Disposals						
Changes in scope of consolidation						
Other changes, reclassifications			–2	–1	3	
Translation adjustment	6	1			3	**10**
As per 31 December 2010	**–77**	**–6**	**–6**	**–5**	**–36**	**–130**
Carrying amount						
As per 31 December 2009	**222**	**22**	**17**	**4**	**12**	**277**
As per 31 December 2010	**202**	**18**	**12**	**1**	**18**	**251**

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

million CHF	Discount rate	2010	Discount rate	2009
GF Piping Systems				
Central Plastics Group	7.8%	63	8.4%	70
Others[1]	7.4%–9.9%	29	8.0%–9.5%	33
Total		**92**		103
GF Automotive				
Technology Unit Die Casting	8.2%	53	8.9%	62
Total		**53**		62
GF AgieCharmilles				
Division Milling	8.1%	38	9.9%	38
Division System 3R	8.8%	14	10.7%	14
Beijing Agie Charmilles	9.7%	5	9.5%	5
Total		**57**		57
Total Corporation		**202**		222

1 The other goodwill positions of GF Piping Systems are the sum of different positions resulting from business combinations. None of them has any significant value. Therefore they are stated as a total.

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

As a basis for the calculation business plans for the next five years are used. Subsequent years are included in the calculation using a perpetual annuity with a growth assumption of zero. The projections are based on knowledge and experience and also on current judgments made by management as to the probable economic development of the relevant markets.

It is assumed that there are no significant planned changes in the organization of any of the Corporate Groups, except for the measures already decided and announced.

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

The impairment tests calculated as of closing date support for all goodwill positions their carrying amounts. Additionally, sensitivity analyses were performed and showed the following results:

The impairment test of the goodwill of the Central Plastics Group (GF Piping Systems) resulted in a value in use which exceeds the carrying amount by CHF 19 million. An increase of the discount rate by 1.9% points or a reduction in the growth rate of perpetuity from 0% to –3.0% would lead to a value in use that just covers the carrying amount of the net assets.

For one further corporate subsidiary of GF Piping Systems, the value in use exceeds the carrying amount of the net assets by CHF 3 million. This carrying amount contains goodwill in the amount of CHF 7 million. An increase in the discount rate by 1.0% points or a reduction in the growth rate of perpetuity from 0% to –1.7% would lead to a value in use that just covers the carrying amount of the net assets.

For the CGU Technology Unit Die Casting (GF Automotive) the value in use exceeds the carrying amount of the net assets by CHF 74 million, especially due to the brighter expectations of the automotive industry. An increase in the discount rate by 2.2% points or a reduction in the growth rate of perpetuity from 0% to –3.6% would lead to a value in use that just covers the carrying amount of the net assets.

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

The carrying amount of acquired brandnames (CHF 18 million) stems to a large extent (CHF 17 million) from brands identified during the purchase price allocation of the acquisitions of JRG Gunzenhauser AG (CHF 4 million) and Central Plastics LLC (CHF 13 million) in the year 2008. Acquired customer relationships and technologies stem to the full amount from these acquisitions. The other intangible assets include to a large extent land-use rights and software licenses for Enterprise Resource Planning Systems.

For the brandnames of Central Plastics an indefinite useful life was defined. The carrying amount of this position was calculated during the purchase price allocation using the "Relief of Royalties Method." The carrying amount of this position is still supported by the recalculation with this method for the reporting year. The other intangible assets are amortized on a straight line basis over 3 to 50 years.

5 Investments in associates

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

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

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 market values of the bonds see note 17.

million CHF	**2010**	2009
Cash and cash equivalents (without fix-term deposits)	**324**	309
Fix-term deposits	66	7
Other financial assets[1]	4	5
Trade accounts receivable	486	431
Other accounts receivable[2]	32	38
Loans and receivables	**588**	481
Marketable securities	3	3
Financial assets at market value through profit or loss	**3**	3
Derivative financial instruments for hedging purposes	**14**	2
Bank liabilities	192	291
Trade accounts payable	335	274
Bonds	495	454
Other current/non-current liabilities[3]	235	229
Liabilities stated at amortized cost	**1 257**	1 248

1 Relates to loans to third parties and security deposits.
2 "Other accounts receivable" include tax credits and prepayments to creditors, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 12.
3 "Other current liabilities" include prepayments from customers, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 16.

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

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

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

Financial assets at market value

million CHF	Total	Level 1	Level 2	Level 3
Marketable securities	3	3		
Derivative financial instruments for hedging purposes	14		14	
Total	**17**	**3**	**14**	

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

7 Other financial assets

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

CHF 2 million of the long-term loans fall due in the next three years and CHF 1 million at a later date. CHF 2 million were lent in Brazilian reais and less than CHF 1 million in Swiss francs and in UAE dirhams. The interest rate for the loans granted in Brazil in local currency is 28%.

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

8 Deferred tax assets

Deferred tax assets amount to CHF 58 million net (previous year: CHF 56 million). As per 31 December 2010, tax loss carryforwards of CHF 87 million were activated resulting in a deferred tax asset of CHF 25 million (previous year: CHF 27 million). For further information see notes 13 and 29.

9 Inventories

million CHF	**2010**	2009
Raw materials and components	247	251
Work in progress	112	146
Finished goods, goods held for trading	367	383
Gross value inventories on hand	**726**	780
Value adjustments	–137	–166
Inventories[1]	**589**	614

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

10 Trade accounts receivable

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

million CHF	2010	2009
Gross values	**506**	458
Individual value adjustments	–6	–7
Overall value adjustments	–14	–20
Net values	**486**	431
European Union	274	253
Thereof Germany	124	96
Thereof Eastern Europe	16	20
Other European countries	31	15
Thereof Switzerland	20	11
Northern America	38	34
Central and Southern America	22	21
Asia	110	97
Thereof China	61	60
Other countries	11	11
Total	**486**	431

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

		2010		2009
million CHF	Receivable	Value adjustment	Receivable	Value adjustment
Not yet due	417	2	354	1
1 to 30 days overdue	41		41	
31 to 90 days overdue	21		23	1
91 to 180 days overdue	9	2	13	4
More than 180 days overdue	12	10	20	14
Total	**500**	**14**	451	20

Value adjustments on trade accounts receivable have changed as follows:

million CHF	2010	2009
Individual value adjustments		
As per 1 January	7	7
Increase/decrease	–1	
As per 31 December	**6**	7
Overall value adjustments		
As per 1 January	20	19
Increase/decrease	–6	1
As per 31 December	**14**	20

The individual value adjustments amounted to CHF 6 million (previous year: CHF 7 million). It is assumed that part of the underlying receivables will be paid.

The receivables which are not due are mainly receivables arising from long-standing customer relationships. On past experience, Georg Fischer does not anticipate any significant defaults.

For further information on credit management and trade accounts receivable see note 21.

11 Income taxes receivable

Out of the income taxes receivable CHF 6 million relate to Germany, CHF 1 million to France, CHF 1 million to Switzerland and CHF 1 million to other countries.

12 Other accounts receivable

million CHF	2010	2009
Tax credits from indirect taxes	32	37
Other current accounts receivable	20	24
Prepayments to creditors	14	12
Prepaid expenses and accrued income	12	14
Total[1]	**78**	87

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

13 Deferred tax assets and liabilities

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

million CHF	Tax assets	Tax liabilities	2010 net	2009 net
Investment properties		4	4	6
Property, plant and equipment for own use	7	37	30	32
Intangible assets	4	19	15	14
Tax loss carryforwards	25		–25	–27
Inventories	16	15	–1	7
Provisions	14	9	–5	–5
Other interest-bearing liabilities	1	1		
Other non-interest-bearing liabilities	26	6	–20	–21
Other balance sheet items	3	15	12	11
Total	**96**	**106**	**10**	17
Offsetting	–38	–38		
Deferred tax assets / liabilities	**58**	**68**	**10**	17

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 38 million (previous year: CHF 19 million).

14 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Restructuring provisions	Other provisions	**2010 Total**	2009 Total
As per 1 January	63	16	16	35	23	153	153
Reclassifications		–1			1		
Increase	23	7	3	3	10	46	96
Use	–16	–4	–6	–24	–3	–53	–51
Release	–11	–1	–1	–2	–3	–18	–44
Changes in scope of consolidation							–1
Translation adjustment	–4	–2	–1	–2	–1	–10	
As per 31 December	**55**	**15**	**11**	**10**	**27**	**118**	153
Thereof current	28	11	1	8	7	55	77
Thereof non-current	27	4	10	2	20	63	76

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

GF Piping Systems accounts for CHF 22 million of the warranty provisions. With the acquisition of JRG Gunzenhauser AG in 2008, warranty claims were assumed that increased by a net amount of CHF 4 million in the year under review and were offset by payment from an escrow account. The entire provision for this case amounts to CHF 19 million.

About 25 % of the warranty provisions (CHF 14 million) result from indemnity claims addressed to various companies of GF Automotive. In the year under review, CHF 11 million of the provisions of GF Automotive were used and released.

The category onerous contracts contains a non-current provision with a remaining term to maturity of seven years with an interest rate of 9 %. The non-current provisions in the other categories are expected to result in a cash outflow within the next two to three years. Owing to this maturity structure, none of the provisions except the one mentioned above are discounted.

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

In the year under review, restructuring provisions amounting to CHF 24 million in connection with personnel measures at the Corporate Groups were used. The remaining restructuring provisions amounting to CHF 10 million concern minor structural adjustments. The cash outflow of this provision is expected in 2011.

The category “Other provisions” contains provisions for employee commitments, for captive insurances and for other operating risks.

15 Employee benefits

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

Plan assets and defined benefit obligations as of closing date:

million CHF	Funded plans	Unfunded plans	2010 Total	Funded plans	Unfunded plans	2009 Total
Fair value of plan assets as per 1 January	**1 245**		**1 245**	1 181		1 181
(+) Expected return on plan assets	47		47	51		51
(+) Employer contributions	19		19	23		23
(+) Employees' contributions	13		13	15		15
(–) Benefits paid	–85		–85	–72		–72
Actuarial (+) gains/(–) losses, net	8		8	81		81
(–) Effects from plan settlements, curtailments	–18		–18	–39		–39
(+/–) Changes in scope of consolidation						
(+/–) Translation adjustment	–20		–20	5		5
Fair value of plan assets as per 31 December	**1 209**		**1 209**	1 245		1 245
Present value of defined benefit obligations as per 1 January	**–1 216**	**–196**	**–1 412**	–1 219	–183	–1 402
(–) Current service cost, net of employees' contributions	–18	–5	–23	–19	–5	–24
(–) Current service cost for length of service		–3	–3		–3	–3
(–) Employees' contributions	–13		–13	–15		–15
(+/–) Past service cost				4		4
(–) Interest cost	–40	–8	–48	–47	–9	–56
Actuarial (+) gains/(–) losses, net	–63	–20	–83	–36	–16	–52
(+) Benefits paid	85	12	97	72	16	88
(+) Effects from plan settlements, curtailments	24		24	48		48
(+/–) Changes in scope of consolidation					3	3
(+/–) Translation adjustment	19	32	51	–4	1	–3
Present value of defined benefit obligations as per 31 December	**–1 222**	**–188**	**–1 410**	–1 216	–196	–1 412
Pension liability (–)/asset (+), total	**–13**	**–188**	**–201**	29	–196	–167

million CHF	Funded plans	Unfunded plans	2010 Total	Funded plans	Unfunded plans	2009 Total
Pension liability (–)/asset (+), total	**–13**	**–188**	**–201**	29	–196	–167
Unrecognized cumulative actuarial losses (+)/gains (–), net	11	21	32	–9	7	–2
Past service cost, not recognized	5	2	7	4	–1	3
Effects from asset ceiling of defined benefit plans	–13		–13	–35		–35
Recognized pension liability (–)/asset (+) as per 31 December	**–10**	**–165**	**–175**	–11	–190	–201
Recognized on the balance sheet as follows:						
Other financial assets	2		2	1		1
Liabilities for employee benefits:						
Current loans payable	–2	–33	–35		–42	–42
Other non-current employee benefit obligations	–10	–132	–142	–12	–148	–160
Recognized pension liability (–) /asset (+) as per 31 December	**–10**	**–165**	**–175**	–11	–190	–201
Movements of recognized pension liability (–)/asset (+)						
Recognized pension liability (–)/asset (+) as per 1 January	**–11**	**–190**	**–201**	–8	–193	–201
(–) Cost of defined benefit plans	–18	–16	–34	–22	–14	–36
(+) Employer contributions	19		19	23		23
(+) Benefits paid		12	12	2	14	16
(+/–) Changes in scope of consolidation				–1	3	2
(+/–) Translation adjustment and other effects		29	29	–5		–5
Recognized pension liability (–)/asset (+) as per 31 December	**–10**	**–165**	**–175**	–11	–190	–201

Based on the present value of defined benefit obligations of CHF 1,410 million and the fair value of plan assets of CHF 1,209 million the Corporation's defined benefit plans report a total net pension liability of CHF 201 million. This liability is composed of defined benefit obligations in the amount of CHF 188 million related to unfunded plans – mainly in Germany and Austria – and pension liabilities of CHF 13 million – mainly from Swiss pension plans. Considering the recognized pension liability in the amount of CHF 175 million, the total unrecognized actuarial loss amount to net CHF 26 million. In the previous year an unrecognized actuarial gain in the amount of net CHF 34 million was disclosed. Compared to previous year, the changes are mainly originated by higher defined benefit obligations resulting from the lower discount rate.

For next year the expected current service cost for defined benefit plans will amount to CHF 23 million.

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

Analysis of employee benefit costs:

million CHF	2010	2009
Cost of defined benefit plans		
(+) Current service cost for defined benefit plans net of employees' contributions	23	24
(+) Past service cost	2	5
(+) Interest cost	49	56
(–) Expected return on plan assets[1]	–47	–51
(+/–) Actuarial loss recognized		–2
(+/–) Effects from early retirements, curtailments, settlements		–1
(+) Adjustment for limit on net asset (IFRIC 14)	4	2
Cost of defined benefit plans, net	**31**	33
Current service cost for length of service	3	3
Cost of defined contribution plans	5	3
Employee benefit costs	**39**	39

1 In the year under review the average actual return on plan assets equals 4.5% (previous year: 10.6%).

Actuarial assumptions:

in %	2010	2009
Discount rate	3.0	3.8
Expected return on plan assets	3.8	3.9
Expected salary increase rate	2.1	2.2
Expected pension increase rate	0.6	0.6

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

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

Funding of defined benefit obligations and effect of experience adjustments:

million CHF	2010	2009	2008	2007	2006
Fair value of plan assets	1 209	1 245	1 181	1 341	1 319
Present value of defined benefit obligations	–1 410	–1 412	–1 402	–1 444	–1 493
Pension liability (–)/asset (+)	**–201**	–167	–221	–103	–174
Difference between expected and actual return on plan assets	8	81	–254	1	46
Actuarial adjustments on plan liabilities	9	21	9	–12	–27

The weighted average asset allocation of funded defined benefit plans as per 31 December 2010 and 2009:

in %	Long-term target	**2010**	2009
Equity securities	20 – 35	24	25
Debt securities	30 – 50	38	40
Real estate	10 – 30	26	23
Other financial assets	0 – 20	12	12
Total		**100**	100

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

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

16 Other current liabilities

million CHF	**2010**	2009
Social security	17	16
Overtime, holiday, bonuses and profit-sharing	79	57
Other non-interest-bearing liabilities	32	42
Prepayments from customers	36	49
Accrued expenses and deferred income	92	93
Other interest-bearing liabilities	4	4
Total[1]	**260**	261

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

17 Bonds

million CHF	Issuing currency	Nominal value	Market value	Effective interest rate	**2010**	2009
Bonds (Georg Fischer Ltd)						
3½% 2004 – 2010 (15 September)	CHF					157
3⅜% 2010 – 2016 (12 May)	CHF	200	205	3.7%	197	
Bond (Georg Fischer Finanz AG)						
4½% 2009 – 2014 (22 September)	CHF	300	326	4.7%	298	297
Total		**500**	**531**		**495**	454

In the period under review the 3⅜% bond 2010 – 2016 was issued. The amount issued can be increased at any time as under the 4½% bond 2009 – 2014. The 3½% bond 2004 – 2010 was repaid in the period under review.

Regarding bonds see also note 18.

18 Interest-bearing liabilities

Net debt, which is calculated as the difference between interest-bearing liabilities and cash, cash equivalents and marketable securities, fell from CHF 472 million to CHF 321 million in the year under review. The reduction was due to the positive free cash flow of CHF 150 million.

Interest-bearing liabilities consist of the following items:

million CHF	Within 1 year	Up to 5 years	Maturity over 5 years	**2010**	2009
Bank liabilities (at fixed interest rates)[1]	34	98		132	183
Bank liabilities (at variable interest rates)	59	1		60	108
Bonds (at fixed interest rates)		298	197	495	454
Employee benefit liabilities (loans)	35			35	42
Other interest-bearing liabilities	4	1	1	6	6
Total	**132**	**398**	**198**	**728**	793

1 This category comprises bank liabilities with a fixed interest period of more than 3 months. The previously reported figures were adjusted according to this definition.

The syndicated loan has still not had any effect on the structure of the interest-bearing liabilities since it has not yet been drawn down.

Georg Fischer has the following syndicated loan:

Debtors	Term	Credit	Thereof utilized
Georg Fischer Ltd / Georg Fischer Finanz AG	2009 – 2013	CHF 193 million	CHF 0 million

The issue of a CHF 200 million bond in April 2010, which served to refinance the bond that fell due on 15 September 2010 (originally CHF 175 million, amount still outstanding CHF 157 million), enabled Georg Fischer to reduce the syndicated credit limit by mid-year by CHF 220 million to CHF 200 million. Sales of properties resulted in a further reduction to CHF 193 million owing to the loan's contractual conditions. The syndicated loan falls due on 30 June 2013. By 31 December 2010, it had not been drawn down. In addition to other terms, the loan contains covenants with respect to the net debt ratio (ratio of net debt to EBITDA), interest-coverage ratio (ratio of net interest expense to EBITDA) and gearing ratio (ratio of net debt to equity). The loan also has additional terms such as are usual for a syndicated credit.

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

On 15 September 2010, the 3½% bond 2004 – 2010 at a par value of CHF 157 million was repaid. Repayment was effected primarily with the funds from the 3⅜% bond 2010 – 2016 at a par value of CHF 200 million, issued in April. This transaction has once more substantially improved the maturity profile of the company's debt.

The interest-bearing liabilities also include loan debts to employee benefit plans in Germany amounting to CHF 35 million (previous year: CHF 42 million).

19 Contingencies

Contingencies amount to CHF 9 million (previous year: CHF 13 million) and include obligations to take back leasing transactions entered into by third parties totalling CHF 7 million (previous year: CHF 10 million), as well as guarantees and securities granted to third parties of CHF 2 million (previous year: CHF 3 million).

20 Risk management

Enterprise Risk Management as a fully integrated risk management process was systematically applied in 2010 on all levels of the Corporation. The three Corporate Groups, the Corporate Management and all important corporate subsidiaries semi-annually prepared a risk map elaborating on the most important 25 to 30 risks with regard to the five topics markets, operations, management and resources, financials as well as strategy. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measurements. Alternatively, a qualification of the risk exposure was applied.

The Risk Council, consisting of representatives of the Corporate Groups and the Corporate Management and headed by the Chief Risk Officer met for two meetings and dealt with the following topics: coordination of all activities in the area of Enterprise Risk Management, the analysis of the risk maps and the ongoing systematization of the risk process. In addition to that, the topic "Succession planning" was elaborated in detail.

During the year under review, the risk maps were presented to and discussed in workshops by the Executive Committee (twice) and the Board of Directors (once). The stepwise procedure, leading to workshops on the levels of Corporate Group Management, Executive Committee and Board of Directors, has proven to be very effective. Additionally, having the internal audit assessing risk maps prepared by corporate subsidiaries clearly lead to a raise of the reporting quality.

The following were identified as main risks: The cyclicity of various businesses of the three Corporate Groups, the partially insufficient presence in growth markets as well as the succession planning, mainly in Asia.

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

21 Financial risk management

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

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

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

Credit risk

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

Georg Fischer invests its cash worldwide and predominantly as deposits in leading Swiss and German banks with at least a single A rating. In accordance with the investment policy of Georg Fischer, these transactions are entered into only with credit-worthy commercial institutions. As a general rule, the investments have a maturity of less than three months. Besides, 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 geographic spread of customers. The extent of the credit risk is determined mainly by the individual characteristics of each customer. Assessment of this risk involves a review of the customer's credit-worthiness based on his financial situation and past experience. In monitoring default risk, customers are classified according to relevant factors such as geographic location, sector and past financial difficulties.

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

million CHF	**2010**	2009
Cash and cash equivalents	390	316
Other accounts receivable[1]	32	38
Trade accounts receivable	486	431
Derivative financial instruments	14	2
Other financial assets[2]	4	5
Total	**926**	792

1 Without tax credits and prepayments to suppliers.
2 Relates to loans to third parties and security deposits.

Market risk

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

Currency risk

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

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

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

				2010				2009
million CHF	EUR	USD	CNY	CHF	EUR	USD	CNY	CHF
Loans to subsidiaries (not part of the net investment)	12	55	12		21	127	3	
Other financial assets								
Trade accounts receivable	38	23	9	1	36	13	7	
Accounts receivable from subsidiaries	70	51		4	54	26		3
Other accounts receivable	2							
Cash and cash equivalents	13	20	1	2	25	12	5	
Loans from subsidiaries	34	20	6	3	47	6		2
Bank liabilities (non-current)	2	7			3	7		
Other non-current liabilities								
Bank liabilities (current)	2	6			2	6	1	
Trade accounts payable	47	11	4	2	38	4	1	
Accounts payable to subsidiaries	33	44	3	31	29	23	1	26
Other current liabilities	1	1	3			1	2	
Foreign currency forward rate contracts, net – fair value hedges		–53			1	–118		
Foreign currency forward rate contracts, net – cash flow hedges		–26						
Total currency exposure	**16**	**–19**	**6**	**–29**	18	13	10	–25

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

The cash flow hedges serve to hedge currency risks on future turnover in foreign currencies. The volume of the foreign currency forward rate contracts for which "Hedge accounting" within the meaning of IAS 39 applies is limited to 25% of the expected turnover. This volume limitation results in 100% effectiveness. Unrealized gains and losses from changes to fair value are recognized directly in equity. They are transferred to the income statement when the service is performed and invoiced; as a result, the foreign currency forward rate contracts become fair value hedges.

A 10% change in exchange rates at 31 December 2010 would increase or decrease net income by the amounts listed in the next table. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged. Substantially larger effects on the income statement can be caused by exchange rate changes related to current business transactions (transaction exposure), which are not in the scope of IFRS 7.

Sensitivity analysis 2010

million CHF	CHF/CNY	CHF/USD	CHF/EUR	CNY/USD	CNY/EUR	USD/EUR
Change +/–	10%	10%	10%	10%	10%	10%
Positive impact on income statement	0.6	2.4	0.2	0.9	0.4	0.1
Negative impact on income statement	–0.6	–2.4	–0.2	–0.9	–0.4	–0.1

A 1% currency fluctuation of the Swiss franc against the invested equities in euro, US dollar or Chinese renminbi as per 31 December 2010 would have increased or decreased the Corporation's equity by CHF 9 million. Loans which are part of the net investment in a foreign subsidiary are included for the sensitivity analysis of the equity. The assumption underlying this analysis is that all other variables, in particular interest rates, remain unchanged.

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

Foreign currency forward rate contracts, net

million CHF	Fair value hedges	Cash flow hedges	2010	2009
Contract value	83	31	114	137
Replacement value[1]	–9	–5	–14	–2
Market value	**74**	**26**	**100**	135

1 Corresponds to the carrying amount recognized as marketable securities.

The fair value hedges cover not only US dollar contracts but also contracts for the Japanese yen and the other currencies. All open foreign currency forward rate contracts fall due and have an effect on liquidity and the income statement within six months after the balance sheet date. Assuming unchanged exchange rates, a cash outflow of CHF 142 million (gross) would be offset by a cash inflow of CHF 156 million (gross), giving a positive replacement value of CHF 14 million. Cash flow hedges account for cash outflows of CHF 26 million and cash inflows of CHF 31 million.

Contract values, net by currencies

million CHF	2010	2009
EUR		–1
USD	93	120
JPY	13	13
Other	8	5
Total	**114**	137

Interest rate risk

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

Market value sensitivity analysis for interest-bearing financial instruments with a fixed interest rate:
Market value fluctuations of fixed-interest financial instruments are not recognized in the Corporation's income statement. "Hedge accounting" as defined by IAS 39 was not applied for interest rate hedging. 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 increased net income by CHF 1.0 million (previous year: CHF –2.5 million). A reduction in the interest rate by the same percentage would have reduced net income by the same amount. The underlying assumption for this analysis is that all other variables remain unchanged.

Price risk

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

Liquidity risk

The liquidity risk is the risk that Georg Fischer is unable to meet its obligations when they fall due. Liquidity is constantly monitored to ensure that it is adequate. Liquidity reserves are held in order to offset the usual fluctuations in requirements. At the same time, the Corporation has unused credit lines in case more serious fluctuations occur. The total amount of unused credit lines as per 31 December 2010 was CHF 421 million. The credit lines are spread over several banks so that there is no excessive dependence on any one institution.

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

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2010						
Trade accounts payable	335	335	335			
Other current/non-current liabilities[1]	235	235	224		8	3
Bonds	495	595	7	14	367	207
Bank liabilities	192	210	64	36	110	
Total	**1 257**	**1 375**	**630**	**50**	**485**	**210**

million CHF	Carrying amount	Contractual cash flows	Up to 6 months	6 to12 months	1 to 5 years	More than 5 years
2009						
Trade accounts payable	274	274	274			
Other current/non-current liabilities[1]	229	229	212		13	4
Bonds	454	530		176	354	
Bank liabilities	291	314	102	72	140	
Total	**1 248**	**1 347**	**588**	**248**	**507**	**4**

1 "Other current liabilities" include payments from customers, which are not in the scope of IAS 39 and thus are not included in this table. For more details see note 16.

22 Capital management

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

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

The Corporation employs two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio equates to equity as a percentage of total assets. Return on equity is obtained by measuring net profit as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors at regular intervals by internal financial reporting. The equity ratio as per 31 December 2010 was at 40%. As an industrial group, Georg Fischer strives to have a strong statement of financial position with a high portion of equity. In the medium-term, the Corporation aims for an equity ratio of 35% to 40% due to risk considerations. The medium term target for return on equity is between 16% and 18%.

The ratios are shown in the table below:

million CHF	2010	2009
Equity attributable to shareholders of Georg Fischer Ltd	1 080	1 107
Non-controlling interests	44	45
Equity	1 124	1 152
Total assets[1]	2 838	2 915
Equity ratio	40 %	40 %
Average equity	1 138	1 278
Net profit/(loss)	108	–238
Return on equity	10 %	–19 %

1 The previously reported figures were adjusted to conform with the current year's presentation, for details see chapter "Adjustment of previously reported figures" in the corporate accounting principles.

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

The Board of Directors proposes the appropriation of retained earnings to the Annual General Meeting. Georg Fischer pursues a results-oriented dividend policy and distributes about one third of the Corporation's consolidated net profit to shareholders. This may be distributed either in form of a dividend, a reduction in par value or as a repayment of reserves from capital contributions. The Board of Directors is proposing to the Annual General Meeting to pay-out a par value reduction of CHF 10 per registered share for the fiscal year 2010 (previous year: CHF 0). As of 31 December 2010 the par value of the Georg Fischer registered share amounts to CHF 20.

23 Leases

million CHF	2010	2009
Liabilities under leases up to 1 year		
Liabilities under leases 2 to 5 years		1
Liabilities under leases over 5 years		
Finance leases (nominal values)		1
Liabilities under leases up to 1 year	13	9
Liabilities under leases 2 to 5 years	31	24
Liabilities under leases over 5 years	20	21
Operating leases (nominal values)	**64**	54

24 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 22 million (previous year: CHF 52 million), of which CHF 15 million relate to property, plant and equipment (previous year: CHF 20 million) and CHF 7 million to accounts receivable (previous year: CHF 32 million). The assets are pledged or restricted on title to secure bank loans.

25 Other operating income

million CHF	2010	2009
Sales of material, waste and scrap	14	8
Income from insurance contracts	8	8
Income from services (e. g. rental income)	9	9
Gains on disposal of property, plant and equipment	14	7
Foreign exchange gains/losses	–14	–5
Remaining other operating income	14	24
Total	**45**	51

26 Operating expenses

million CHF	2010	2009
External services[1]	157	148
Rent, leases	43	46
Utility services third parties	99	90
Selling costs, commissions	116	105
Advertisements, communication	83	72
Repair, maintenance	92	74
Other expenses	23	18
Total	**613**	553

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

The total research and development expenses for 2010 amount to CHF 90 million (previous year: CHF 116 million).

27 Personnel expenses

million CHF	2010	2009
Salaries and wages	727	709
Employee benefits	39	39
Social security	133	145
Total	**899**	893

According to a plan established by the Board of Directors, a fixed number of registered shares of Georg Fischer Ltd is distributed to the members of the Executive Committee and the members of senior management as a long-term incentive. For the year under review 6,191 shares (previous year: 3,967) were issued and recognized as personnel expenses at their market value of CHF 3.2 million (previous year: CHF 1.0 million).

28 Financial result

million CHF	2010	2009
Interest income	2	2
Financial income	**2**	2
Interest expenses	39	35
Net losses on financial instruments at fair value through profit or loss	2	2
Other financial expenses	7	5
Financial expenses	**48**	42

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

The increase of interest expenses was mainly caused by changes in the maturity structure of interest-bearing liabilities. Thereby favorable short term financings were replaced by long term financings with higher interest rates.

Net losses on financial instruments at fair value through profit or loss include mainly foreign exchange losses.

Other financial expenses include arrangement fees of CHF 2 million and commitment fees of CHF 4 million related to syndicated loans.

29 Income taxes

Income tax expenses can be analyzed as follows:

million CHF			2010	2009
	Tax rate reconciliation	Thereof current taxes	Thereof deferred taxes	
Profit/(loss) before taxes	137			–236
Tax expenses (+)/income (–) at the applicable tax rate of 32% (previous year: 32%)	44	55	–11	–75
Non-tax deductible expenses/ tax exempted income	1	1		9
Use of unrecognized tax loss carryforwards	–22	–24	2	–2
Effect of unrecognized tax loss carryforwards arising from current results	8	8		69
Recognition of previously unrecognized tax loss carryforwards	–5		–5	
Depreciation of recognized tax loss carryforwards				1
Tax charges and credits relating to prior periods, net	1	1		–1
Effect of change in tax rates				2
Other effects	2	2		–1
Income tax expenses recognized	**29**	**43**	**–14**	2
Effective tax rate	21%			n/a

The tax expenses of previous year consisted of CHF 19 million current tax expenses and CHF 17 million deferred tax income. The potential tax effect of dividends and other profit distributions varies from country to country and can not be reliably determined.

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

million CHF	2010	2009
Expiry unlimited	212	242
After 2013	138	283
2013	15	17
2012	5	5
2011	2	4
2010		2
Total unrecognized tax loss carryforwards	**372**	553
Potential tax relief effect	97	128

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of the management. Tax loss carryforwards are recognized only to the extent that, within the next two to three years sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized. In countries or subsidiaries where such utilization is not probable, tax loss carryforwards are not recognized. The potential tax relief effect from the unrecognized tax loss carryforwards amounts to CHF 97 million.

As per 31 December 2010, based on the above mentioned estimates, tax loss carryforwards of CHF 87 million were activated resulting in a deferred tax asset of CHF 25 million (previous year: CHF 27 million). Country-specific tax-relevant regulations and opportunities were hereby respected.

30 Earnings/(loss) per share

The earnings per share in the amount of CHF 24 (previous year: loss per share CHF 61) is calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders by the weighted average number of shares outstanding during the year under review (number of shares issued less number of treasury shares). The weighted average number of shares amounted to 4,093,639 in 2010 (previous year: 4,056,140).

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

31 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 persons and companies are generally conducted at arm's length.

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

The members of the Board of Directors received cash compensation of CHF 1.0 million in the year under review (previous year: CHF 0.7 million). Of this amount, Board members drew on a voluntary basis 1,089 Georg Fischer registered shares with a par value of CHF 20, equivalent to a market value of CHF 0.6 million in 2010. The previous year, this draw had been 1,255 Georg Fischer registered shares with a par value of CHF 20, equivalent to a market value of CHF 0.3 million. In addition, a total of 1,600 Georg Fischer registered shares with a market value of CHF 0.8 million were allocated as share-related compensation. The previous year, the allocation had been 1,000 Georg Fischer registered shares, equivalent to a market value of CHF 0.3 million. Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.0 million (previous year: CHF 1.1 million). This compensation is recognized in operating expenses.

The members of the Executive Committee, including the new Head of the Corporate Group GF AgieCharmilles (as of 1 September 2010) received 1,896 Georg Fischer registered shares (par value of CHF 20) with a market value of CHF 1.0 million in the year under review (previous year: 1,300 Georg Fischer registered shares with a market value of CHF 0.3 million). In addition, the members of the Executive Committee received a cash compensation and social security and pension contributions of CHF 4.9 million for the year under review (previous year: CHF 4.7 million). One member of the Executive Committee left the Executive Committee on 31 August 2010. The compensation paid to this date is contained in the compensation paid to the Executive Committee. The contractual claims for continued payment of salary until the end of the contractual period (31 August 2011), in the amount of approximately CHF 793,000, are not included. Variable components, which cannot yet be determined, e.g. the value of shares, have been recognized accordingly. The compensation paid to the Executive Committee also contains the compensation for a member of the Executive Committee who retired on 31 July 2010. The total compensation of the Executive Committee is included in personnel expenses (see note 27).

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

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

1 000 CHF	**2010**	2009
Compensation	5 153	4 559
Employee benefit contributions	590	776
Social security	405	258
Share related compensation	1 844	602
Other long-term benefits		
Total compensation	**7 992**	6 195

Additional fees and remuneration. No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its corporate subsidiaries in the fiscal year 2010.

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 to any person closely associated with them.

The detailed disclosure of compensation and participation of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the financial statements of Georg Fischer Ltd on pages 109 to 111.

32 Foreign exchange rates

		Average rates		Spot rates	
		2010	2009	**2010**	2009
1	AED	0.284	0.295	0.255	0.280
1	ARS	0.267	0.292	0.236	0.271
1	AUD	0.956	0.856	0.955	0.928
1	BRL	0.593	0.548	0.565	0.592
1	CAD	1.011	0.954	0.938	0.983
1	CNY	0.154	0.159	0.142	0.151
1	EUR	1.382	1.510	1.253	1.486
1	GBP	1.608	1.695	1.454	1.662
1	HKD	0.134	0.140	0.121	0.133
1	INR	0.023	0.023	0.021	0.022
1	MXN	0.083	0.081	0.076	0.079
1	MYR	0.323	0.308	0.304	0.303
1	NZD	0.751	0.687	0.726	0.750
1	SGD	0.764	0.747	0.731	0.736
1	TRY	0.691	0.700	0.605	0.687
1	USD	1.041	1.087	0.938	1.032
100	CZK	5.465	5.718	4.986	5.624
100	DKK	18.533	20.278	16.762	19.973
100	JPY	1.187	1.162	1.153	1.118
100	KRW	0.090	0.085	0.083	0.089
100	NOK	17.255	17.297	16.040	17.905
100	PLN	34.624	34.970	31.635	35.989
100	SEK	14.472	14.247	13.950	14.485
100	THB	3.282	3.171	3.125	3.114
100	TWD	3.304	3.292	3.214	3.199

33 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 18 February 2011. They must also be approved at the Annual General Meeting.

There were no other events between 31 December 2010 and 18 February 2011 that would require an adjustment to the carrying amounts of assets and liabilities or would need to be disclosed under this heading.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the consolidated financial statements of Georg Fischer Ltd, Schaffhausen, which are presented on pages 61 to 100 and comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes for the year ended 31 December 2010.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

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

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

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

KPMG AG

François Rouiller Licensed Audit Expert Auditor in Charge	Roger Neininger Licensed Audit Expert

Zurich, 18 February 2011

Financial statements Georg Fischer Ltd

Statement of financial position as per 31 December 2010

1 000 CHF	Notes	**2010**	2009
Loans to subsidiaries		349 078	322 360
Investments		952 537	838 172
Non-current assets	(1)	**1 301 615**	1 160 532
Loans to subsidiaries[1]		76 572	89 684
Other accounts receivable		494	313
Income taxes receivable		4 269	9 073
Prepaid expenses and accrued income		471	214
Treasury shares	(3.7)		
Other marketable securities		3 001	2 950
Cash and cash equivalents		192 880	14 784
Current assets	(2)	**277 687**	117 018
Assets		**1 579 302**	1 277 550
Share capital	(3.1)	82 018	82 018
Legal reserves	(3.2)	314 448	312 202
Special reserves	(3.3)		261 853
Retained earnings			
Available earnings carried forward		567 501	425 992
Net loss/profit for the year		46 744	–118 099
Equity	(3)	**1 010 711**	963 966
Non-current liabilities			
Bonds	(4)	200 000	
Loans from third parties		3 553	2 623
Provisions		89 021	86 611
Current liabilities			
Bonds	(4)		157 000
Accounts payable to third parties		1 321	2 381
Accounts payable to subsidiaries and loans from subsidiaries[1]		269 419	62 369
Tax liabilities		589	22
Accrued expenses and deferred income		4 688	2 578
Liabilities	(4)	**568 591**	313 584
Liabilities and equity		**1 579 302**	1 277 550

1 Positions with corporate subsidiaries are shown gross. The previously reported figures were adjusted.

Income statement for the year ended 31 December 2010

1 000 CHF	Notes	**2010**	2009
Ordinary income from investments		68 623	103 405
Financial income		16 427	21 812
Income from services provided to subsidiaries		36 725	32 568
Other income		2 478	1 981
Income	(6)	**124 253**	159 766
Ordinary expenses for investments		78	289
Expenses (+)/income (–) from investment valuation		–36 920	240 000
Financial expenses[1]		81 511	9 892
Cost of services provided by subsidiaries		3 904	5 829
External expenses		14 056	10 362
Personnel expenses		14 293	10 954
Income taxes		587	539
Expenses	(7)	**77 509**	277 865
Net loss/profit for the year		**46 744**	–118 099

1 Losses on foreign exchange are included in the financial expenses. The previously reported figures were adjusted.

Statement of changes in equity for the year ended 31 December 2010

1 000 CHF	Share capital	General reserves[1]	Reserves for treasury shares[1]	Special reserves	Retained earnings	**Equity**
Balance as per 31 December 2008	**102 522**	**310 455**	**19 239**	**244 362**	**425 992**	**1 102 570**
Net loss for the year					–118 099	–118 099
Reduction in par value	–20 504					–20 504
Reclassification			–17 492	17 492		
Rounding difference				–1		–1
Balance as per 31 December 2009	**82 018**	**310 455**	**1 747**	**261 853**	**307 893**	**963 966**
Net profit for the year					46 744	46 744
Reduction in par value						
Reclassification			2 245	–261 853	259 608	
Rounding difference			1			1
Balance as per 31 December 2010	**82 018**	**310 455**	**3 993**		**614 245**	**1 010 711**

1 Legal reserves.

Notes to the financial statements

1 Non-current assets

Direct and indirect investments in subsidiaries, joint ventures and associates of Georg Fischer Ltd included the companies listed on pages 115 to 119. They were valued at the lower of historical cost and market value. Compared to 2009, investments increased by roughly CHF 114 million, mainly due to the following:

- Capital increases of CHF 80 million in total (Georg Fischer Holding NV, Epe; George Fischer Sp.z.o.o., Warszawa; George Fischer Sistemas de Tubulacoes Ltda, Sao Paulo; Georg Fischer SA de CV Mexico, Monterrey; Georg Fischer Automobilguss GmbH, Herzogenburg; Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou; Agie Charmilles Ltda, Sao Paulo; Agie Charmilles New Technologies SA, Meyrin). These capital increases have been revalued in the amount of CHF 73 million since they were necessary to equalize losses incurred in prior years.
- Adjustment of fair market value and reduction of value adjustment on investments in subsidiaries in the amount of CHF 110 million.

The increase of loans granted by Georg Fischer Ltd to corporate subsidiaries located in Switzerland by roughly CHF 27 million was mainly caused by the raised financing need of corporate subsidiaries due to the improving business environment. 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 31 December 2010, CHF 40.4 million of the loans to corporate subsidiaries were subordinated (previous year: CHF 53.1 million).

2 Current assets

Current assets increased during the year under review by roughly CHF 161 million. The increase mainly concerned cash and cash equivalents and was on the one caused by the implementation of a new cash pool arrangement between Georg Fischer Ltd and its domestic corporate subsidiaries. On the other hand, the repayment and the issue of bonds in the amounts of CHF 157 million and CHF 200 million respectively also improved the position cash and cash equivalents (see note 4).

Reportable cash pool items are disclosed on a gross basis either as short-term loans granted to or short-term loans received from corporate subsidiaries (the previous year was adjusted accordingly).

The income taxes receivable stems from prepayments of German income taxes for which Georg Fischer Ltd is liable (see note 7).

The securities were valued at 31 December 2010 at year-end stock market prices.

3 Equity

3.1 Share capital. The share capital remained unchanged in comparison with 2009. As of 31 December 2010 it comprised 4,100,898 registered shares with a par value of CHF 20 each. Total dividend-bearing nominal capital amounted to CHF 82,017,960.

3.2 Legal reserves. The increase of legal reserves was due to the increase of the reserve for treasury shares.

3.3 Special reserves. According to a decision by the Annual General Meeting of 24 March 2010 the special reserves were released and transferred to the balance sheet position retained earnings.

3.4 Conditional capital. At the Annual General Meeting of 24 March 2010 a conditional capital in the amount of maximal CHF 12 million was decided by issuing at most 600,000 registered shares with a fully paid par value of CHF 20 each. This capital can be issued by exercising conversion rights or options which are related to bonds or similar debt securities of Georg Fischer Ltd or its corporate subsidiaries. As of 31 December 2009 there was no conditional capital available.

3.5 Authorized capital. The Board of Directors of Georg Fischer Ltd is authorized to increase the share capital until 24 March 2012 in the maximal amount of CHF 12 million by issuing at most 600,000 registered shares with a fully paid par value of CHF 20 each. The capital increase can be executed in partial amounts.

3.6 Significant shareholders. An overview is disclosed in the "Corporate Governance" part of the Annual Report on page 47.

3.7 Treasury shares held by Georg Fischer Ltd and by subsidiaries.

	Number of registered shares	Total carrying amount 1 000 CHF
Balance as per 1 January 2010	**6 675**	**1 747**
Purchases	7 730	3 759
Sales	–100	–48
Used for employee incentive program and Board of Directors	–6 462	–1 722
Value adjustments		401
Balance as per 31 December 2010, stated at market value	**7 843**	**4 137**
Thereof recognized by corporate subsidiaries	7 843	4 137
Thereof recognized by Georg Fischer Ltd		

4 Liabilities

The increase in non-current liabilities in comparison with the previous year was mainly caused by the issue of a 3⅜ % bond 2010–2016 in the amount of CHF 200 million.

Current liabilities slightly increased compared to 2009. Main reasons for the change were on the one hand the repayment of the outstanding CHF 157 million of the 3½ % bond 2004–2010 with an original value of CHF 175 million which fell due on 15 September 2010. On the other hand, accounts payable to corporate subsidiaries and short-term loans received from corporate subsidiaries increased significantly in the amount of CHF 207 million. This raise was due to an increase in short-term loans received from corporate subsidiaries relating to the implementation of a new cash pool arrangement between Georg Fischer Ltd and its domestic corporate subsidiaries (see note 2).

A breakdown of the bonds is disclosed in note 17 to the consolidated financial statements on page 88.

Pension fund obligations at the end of the year 2010 amounted to CHF 1.6 million (previous year: CHF 0.5 million).

5 Contingent liabilities

1 000 CHF	2010	2009
Guarantees and pledges in favour of third parties:		
Guaranteed maximum amount	**1 469 447**	**1 680 847**
Thereof utilized	549 580	633 670

In comparison with the previous year, the guaranteed maximum amount and the amount utilized thereof decreased by approximately CHF 211 million and CHF 84 million respectively, mainly due to reduced external borrowing by corporate subsidiaries which is guaranteed by Georg Fischer Ltd.

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

6 Income

Ordinary dividend income from investments was reduced in comparison with the previous year, caused by the financial and economic crisis that lead to insufficient results of various corporate subsidiaries.

Compared to 2009, financial income decreased mainly due to stock price adjustment on marketable securities.

As a consequence of the slow recovery of the economic situation during the year under review, sales of many corporate subsidiaries increased; accordingly, the income from corporate subsidiaries raised as this income mainly consists of license fees for using the +GF+ brand.

7 Expenses

The position "Extraordinary expenses (+) / income (–) on investment valuation" was on the one hand affected by the revaluation of capital increases executed during the year under review (see note 1). On the other hand, the recovery of the economic situation in 2010 as well as the rather positive outlook for 2011 gave rise to an increased valuation of the direct and indirect investments in subsidiaries, joint ventures and associates of Georg Fischer Ltd, allowing for a partial release of the value adjustment built in 2009 (see note 1).

Financial expenses increased considerably due to non realized exchange losses on intercompany loans granted to foreign corporate subsidiaries.

Compared with 2009, the abolishment of short-time work as well as salary cuts for the senior management caused an increase of the personnel expenses.

Income taxes mainly concerned German income tax expenses of Georg Fischer AG & Co, Singen for which Georg Fischer Ltd as associate is liable for.

8 Compensation and shareholdings

Compensation paid to the members of the Board of Directors 2010

	Compensation Cash compensation[1] 1 000 CHF	Share-related compensation[2] Number	Share-related compensation[2] 1 000 CHF	Other benefits[3] 1 000 CHF	**Total compensation 2010[4] 1 000 CHF**	Total compensation 2009[4] 1 000 CHF
Martin Huber Chairman of the Board of Directors/ Nomination Committee Member Compensation Committee	234	250	132	27	393	211
Bruno Hug Vice Chairman of the Board of Directors Member Nomination Committee	108	150	79	17	204	113
Roman Boutellier Member Nomination Committee	74	150	79	16	169	75
Gerold Bührer Member Audit Committee	81	150	79	18	178	87
Ulrich Graf[5] Chairman of the Compensation Committee	71	150	79	15	165	85
Gertrud Höhler Member Nomination Committee	60	150	79	12	151	106
Andreas Koopmann[6] Member Compensation Committee	65	115	61	14	140	
Rudolf Huber Chairman of the Audit Committee	121	150	79	20	220	121
Kurt E. Stirnemann Member Audit Committee	81	150	79	16	176	88
Zhiqiang Zhang Member Board of Directors	99	150	79	17	195	107
Flavio Cotti[7] Member Compensation Committee	11	35	19	2	32	78
Rounding difference	–2			–2	–4	2
Total	**1 003**	**1 600**	**844**	**172**	**2 019**	1 073

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 30 December 2010. For 2010, compensation amounting to CHF 574,000 was drawn in the form of shares; on the basis of a share price of CHF 527.50, the number of shares allocated was 1,089.
2 The share-related compensation consists in the allocation of a fixed number of shares. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 527.50 on 30 December 2010.
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 89,000 (previous year: CHF 47,000).
5 Member of the Audit Committee until the Annual General Meeting 2010 (24 March 2010).
6 Member of the Board of Directors since the Annual General Meeting 2010 (24 March 2010).
7 Member of the Board of Directors until the Annual General Meeting 2010 (24 March 2010).

The increase of the compensation of the Board of Directors is related amongst others to a higher share-related compensation due to a higher share price and an increased share allocation. Furthermore the 20 % reduction of the cash compensation in the year 2009 was withdrawn in 2010 and a one week journey to the USA for information and customer visit purposes generated additional expenses.

Compensation paid to the members of the Executive Committee 2010

	Fixed salary in cash	Bonus in cash[1]	Share-related compensation[2]		Pension and social insurance funds[3]	**Total compensation 2010[4]**	Total compensation 2009[4]
	1 000 CHF	1 000 CHF	Number	1 000 CHF	1 000 CHF	**1 000 CHF**	1 000 CHF
Executive Committee	2 460	1 518	1 896	1 000	906	5 884	5 075
Of whom							
Yves Serra, CEO							
(highest individual salary)	668	460	750	396	251	1 775	1 176

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 2010 financial year was approved by the Board of Directors on 18 February 2011. Payment will be made in 2011.
2 The share-related remuneration is based on a long-term incentive plan. Each year a fixed number of Georg Fischer shares is allocated, which is vested for five years. The amount of the share-related compensation is calculated on the basis of the full value of the shares at the year-end price of CHF 527.50 on 30 December 2010. All shares are transferred in 2011.
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.

Michael Hauser, Head of GF AgieCharmilles and a member of the Executive Committee, left the Executive Committee on 31 August 2010. The compensation paid to this date is contained in the compensation paid to the Executive Committee. The contractual claims for continued payment of salary, including pension and social security contributions by the employer, until the end of the contractual period (31 August 2011), in the amount of approximately CHF 793,000, are not included. Variable components, which cannot yet be determined, e.g. the value of shares, have been recognized in this sum accordingly. The compensation for Jean-Pierre Wilmes, the new Head of GF AgieCharmilles, is contained in the remuneration for the Executive Committee as of the date of taking office (1 September 2010). The appointment to the Executive Committee took effect as of 1 January 2011. The compensation paid to the Executive Committee contains the compensation for a member of the Executive Committee who retired on 31 July 2010. No replacement was appointed.

The increase in the remuneration paid to the Executive Committee compared with 2009 is due in part to the cancellation of the 10% reduction (20% for the CEO) in the fixed salary, which affected the period from 1 May to 31 December 2009. Other factors are higher bonus payments owing to the significant improvement in the financial result and a share price that was more than double that on 30 December 2009, with an increased number of shares allocated.

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

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

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

Shareholdings Board of Directors

		Number of Georg Fischer registered shares as per 31 Dec. 2010
Martin Huber	Chairman of the Board of Directors	9 422
Bruno Hug	Vice Chairman of the Board of Directors	2 546
Roman Boutellier	Member Nomination Committee	1 783
Gerold Bührer	Member Audit Committee	1 972
Ulrich Graf[1]	Chairman of the Compensation Committee	1 230
Gertrud Höhler	Member Nomination Committee	1 605
Rudolf Huber	Chairman of the Audit Committee	3 779
Andreas Koopmann[2]	Member Compensation Committee	278
Kurt E. Stirnemann	Member Audit Committee	3 371
Zhiqiang Zhang	Member Board of Directors	1 387
Total Directors		**27 373**

1 Member of the Audit Committee until the Annual General Meeting 2010 (24 March 2010).
2 Member of the Board of Directors since the Annual General Meeting 2010 (24 March 2010).

Shareholdings Executive Committee

		Number of Georg Fischer registered shares as per 31 Dec. 2010
Yves Serra	President and CEO	1 668
Roland Abt	CFO, Head of Corporate Finance and Controlling	951
Josef Edbauer	Head of GF Automotive	432
Pietro Lori	Head of GF Piping Systems	634
Jean-Pierre Wilmes[1]	Head of GF AgieCharmilles	461
Total Executive Committee		**4 146**

1 Member of the Executive Committee since 1 January 2011.

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 2010, Georg Fischer did not make any severance payments to members of the Board of Directors or Executive Committee who left the company in the period under review or earlier.

9 Risk management

Enterprise Risk Management as a fully integrated risk management process for Georg Fischer Ltd was systematically applied in 2010 as part of the corporate-wide activities. The semi-annual risk maps prepared by Corporate Management also include specific risks of Georg Fischer Ltd. The structure of the likelihood was classified into four categories. Whenever possible and suitable, the risks listed were quantified taking into consideration already planned and executed measures. Alternatively, a qualification of the risk exposure was applied.

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

The following were identified as main risks: Sustainability of the value of investments in corporate subsidiaries and loans granted to corporate subsidiaries as well as the development of foreign currency exchange rates.

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

10 Events after the balance sheet date

There were no events between 31 December 2010 and 18 February 2011 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 2010

1 000 CHF	**2010**	2009
Net loss/profit for the year	46 744	–118 099
Earnings carried forward	569 746	425 992
Allocation to treasury share reserves	–2 245	
Retained earnings	**614 245**	307 893
Proposal by the Board of Directors:		
Dissolution of special reserves and attribution to retained earnings		261 853
Dividend payment[1]		
To be carried forward	**614 245**	569 746

1 The Board of Directors is proposing to the General Meeting, to be held on 23 March 2011, a reduction in par value of CHF 10 to CHF 10 per registered share.

Schaffhausen, 18 February 2011

For the Board of Directors
The Chairman

Martin Huber

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Report of the Statutory Auditor on the financial statements to the General Meeting of Georg Fischer Ltd, Schaffhausen

As statutory auditor, we have audited the financial statements of Georg Fischer Ltd, which are presented on pages 103 to 112 and comprise the statement of financial position, income statement, statement of changes in equity and notes for the year ended 31 December 2010.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

KPMG AG

François Rouiller Licensed Audit Expert Auditor in Charge	Roger Neininger Licensed Audit Expert

Zurich, 18 February 2011

Affiliated companies

Affiliated Companies

Country	Corporate Group	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
Austria	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3.7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg	EUR	0.2	100	C	S
	AU	Georg Fischer Automobilguss GmbH, Herzogenburg[1]	EUR	4.6	100	C	H
	AU	Georg Fischer Druckguss GmbH & Co KG, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer Eisenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer GmbH & Co KG, Altenmarkt	EUR	2.4	100	C	P
	AU	Georg Fischer Kokillenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles	EUR	0.5	100	C	S
Czech Republic	AC	Agie Charmilles s.r.o., Brno[1]	CZK	12.3	100	C	S
	AC	System 3R Czech s.r.o., Praha[1]	CZK	0.1	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup[1]	DKK	0.5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau[1]	EUR	6.4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1.1	100	C	S
	AC	Agie Chamilles SAS, Palaiseau	EUR	4.0	100	C	S
Germany	CM	Georg Fischer AG & Co, Singen[1]	EUR	25.6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen [1]	EUR	0.1	100	C	M
	CM	Georg Fischer Verwaltungs-GmbH, Mettmann	EUR	0.1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0.5	100	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2.6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2.6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4.0	100	C	P
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12.8	100	C	P
	AU	Georg Fischer Druckguss GmbH, Singen	EUR	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 Dienstleistungen GmbH, Mettmann	EUR	0.1	100	C	M
	AU	Giessereiservice Leipzig GmbH, Leipzig	EUR	0.1	40	E	M
	AC	Agie Charmilles GmbH, Schorndorf	EUR	2.6	100	C	S
	AC	System 3R Europe GmbH, Gross-Gerau	EUR	0.3	100	C	S
Great Britain	PS	George Fischer Sales Ltd, Coventry[1]	GBP	4.0	100	C	S
	AC	Agie Charmilles Ltd, Coventry[1]	GBP	2.0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano	EUR	1.5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0.7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0.1	100	C	P
	PS	Georg Fischer Pfci Srl, Valeggio sul Mincio	EUR	0.5	100	C	P
	PS	Georg Fischer SpA, Cernusco sul Naviglio	EUR	1.3	100	C	S
	AC	Agie Charmilles SpA, Cusano Milanino	EUR	3.0	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Corporate Group	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
Netherlands	CM	Georg Fischer Holding NV, Epe[1]	EUR	0.9	100	C	H
	PS	Georg Fischer NV, Epe	EUR	0.9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0.4	100	C	P
	AC	Agie Charmilles BV, Lomm	EUR	0.1	100	C	S
Norway	PS	Georg Fischer AS, Rud[1]	NOK	1.0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa[1]	PLZ	3.1	100	C	S
	AC	Agie Charmilles Sp.z.o.o., Warszawa[1]	PLZ	1.3	100	C	S
Spain	PS	Georg Fischer SA, Madrid[1]	EUR	1.5	100	C	S
	AC	Agie Charmilles SA, Sant Boi de Llobregat-Barcelona[1]	EUR	2.7	100	C	S
Sweden	PS	Georg Fischer AB, Stockholm[1]	SEK	1.6	100	C	S
	AC	Järfälla Härdverkstad AB, Järfälla	SEK	0.1	100	C	P
	AC	System 3R International AB, Vällingby[1]	SEK	17.1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[1]	CHF	1.0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0.5	49	F	M
	CM	Georg Fischer Ltd, Schaffhausen	CHF	82.0		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	12.0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10.0	100	C	M
	PS	Georg Fischer Kunststoffarmaturen AG, Seewis[1]	CHF	2.5	100	C	P
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[1]	CHF	20.0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen[1]	CHF	0.5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[1]	CHF	17.8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[1]	CHF	1.8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1.0	100	C	M
	AU	Georg Fischer Trading AG, Schaffhausen[1]	CHF	0.1	100	C	M
	AU	Georg Fischer Engineering AG, Schaffhausen[1]	CHF	0.1	100	C	M
	AC	Agie Charmilles SA, Losone[1]	CHF	10.0	100	C	P
	AC	Agie Charmilles Services SA, Meyrin[1]	CHF	3.6	100	C	S
	AC	Agie Charmilles International SA, Meyrin[1]	CHF	4.0	100	C	S
	AC	Agie Charmilles Management SA, Meyrin[1]	CHF	0.5	100	C	M
	AC	Agie Charmilles Sales SA, Losone[1]	CHF	2.6	100	C	S
	AC	Agie Charmilles New Technologies SA, Meyrin[1]	CHF	10.0	100	C	P
	AC	Mecartex SA, Losone	CHF	0.4	30	E	P
	AC	System 3R Schweiz AG, Flawil[1]	CHF	1.0	100	C	P
	AC	Mikron Agie Charmilles AG, Nidau[1]	CHF	3.5	100	C	P
	AC	Step-Tec AG, Luterbach[1]	CHF	1.3	97	C	P

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Country	Corporate Group	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Near East							
UAE	PS	Georg Fischer Corys LLC, Dubai[1]	AED	0.3	49	E	P
Turkey	AC	Agie Charmilles Makine Tic Ltd Sti, Istanbul[1]	TRY	1.0	100	C	S
	AC	System 3R Türkiye Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0.1	100	E	S
America							
Argentina	PS	Georg Fischer Central Plastics SA, Buenos Aires[1]	ARS	1.4	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0.1	49	E	S
Bermudas	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0.1	100	C	M
Brazil	PS	George Fischer Sistemas de Tubulacoes Ltda, São Paulo[1]	BRL	1.7	100	C	S
	AC	Agie Charmilles Ltda, São Paulo[1]	BRL	60.9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Brampton[1]	CAD	0.1	100	C	S
	AU	9218–0561 Québec Inc, Montreal[1]	CAD	2.5	100	C	P
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0.1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA[1]	USD	0.1	100	C	H
	PS	Georg Fischer LLC, Tustin, CA	USD	3.8	100	C	S
	PS	George Fischer Sloane LLC, Little Rock, AR	USD	0.1	100	C	P
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0.1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	0.1	100	C	P
	AC	Agie Charmilles LLC, Lincolnshire, IL	USD	0.1	100	C	S
	AC	System 3R USA LLC, Chicago, IL	USD	0.6	100	C	S
Asia / Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[1]	AUD	7.1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood[1]	AUD	6.8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1.1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10.0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	43.6	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[1]	CNY	45.0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan[1]	CNY	31.6	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	35.3	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	40.3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	24.3	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[1]	CNY	52.0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[1]	CNY	41.4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[1]	CNY	1.7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[1]	CNY	36.7	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	177.5	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	125.6	100	C	P
	AC	ACM East China (HK) Ltd, Hong Kong[1]	HKD	3.0	100	C	S

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Country	Corporate Group	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Asia / Australia							
China	AC	ACM North China (HK) Ltd, Hong Kong[1]	HKD	0.1	100	C	S
	AC	Agie Charmilles China (HK) Ltd, Hong Kong[1]	HKD	0.5	100	C	S
	AC	Agie Charmilles China (Shanghai) Ltd, Shanghai	CNY	2.5	100	C	S
	AC	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2.5	100	C	S
	AC	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1.7	100	C	S
	AC	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[1]	CNY	80.3	78	C	P
	AC	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4.5	78	C	S
	AC	Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou[1]	CNY	34.7	100	C	P
	AC	System 3R Shanghai Co Ltd, Shanghai	CNY	0.2	100	E	S
India	PS	Georg Fischer Piping Systems Pvt Ltd, Mumbai[1]	INR	97.6	100	C	P
Japan	PS	Georg Fischer Ltd, Osaka[1]	JPY	480.0	81	C	S
	AC	Agie Charmilles Japan Ltd, Yokohama[1]	JPY	440.0	100	C	S
	AC	System 3R Japan Co Ltd, Tokyo[1]	JPY	94.0	100	C	S
Korea	AC	Agie Charmilles Korea Co Ltd, Seoul[1]	KRW	975.0	100	C	S
Malaysia	PS	George Fischer Sdn Bhd, Subang Jaya[1]	MYR	10.0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington[1]	NZD	0.1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	1.0	100	C	S
	AC	Agie Charmilles (SEA) Pte Ltd, Singapore[1]	SGD	0.6	100	C	S
	AC	System 3R Far East Pte Ltd, Singapore[1]	SGD	0.8	100	C	S
Taiwan	PS	Georg Fischer Piping Systems Co Ltd, Taiwan[1]	TWD	1.0	100	C	S
	AC	Charmilles Technologies Co Ltd, San Chung, Taipei Hsien[1]	TWD	10.0	100	C	S
Thailand	AC	Agie Charmilles Thailand Co Ltd, Bangkok[1]	THB	12.0	100	C	S

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Corporate Group

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

Consolidation

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

Function

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

Status as of 31 December 2010

Index

Worldwide presence with 130 companies

Europe

75 companies

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

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

Asia, Near East

38 companies

Production plants
China, India, Malaysia, United Arab Emirates

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

America

14 companies

Production plants
Canada, USA

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

Australia

3 companies

Service and sales centers
Australia, New Zealand

Corporate publications

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

Corporate Sustainability Report
German and English

Corporate Profile
Flyer, German and English

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

Mid-Year Report
Mid-Year Report of Georg Fischer Ltd, German and English

Ferrum
Magazine of the iron library, German / English

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

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