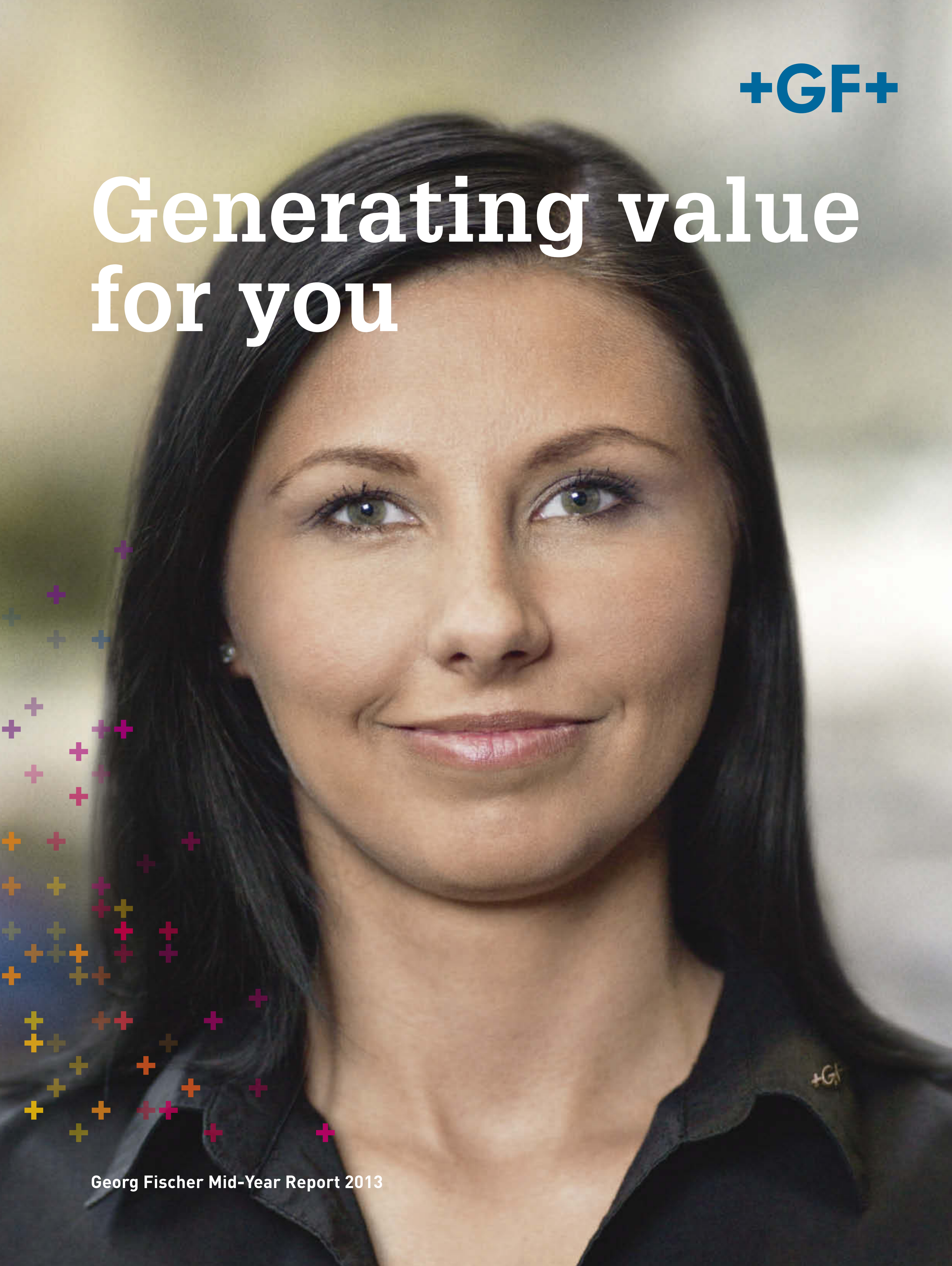
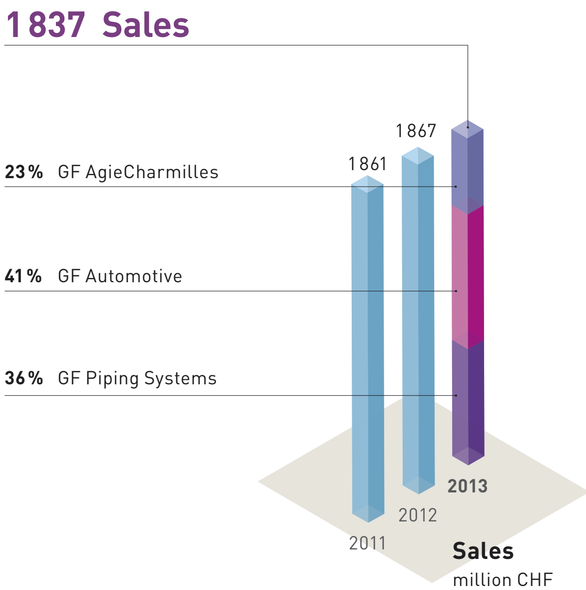
+GF+

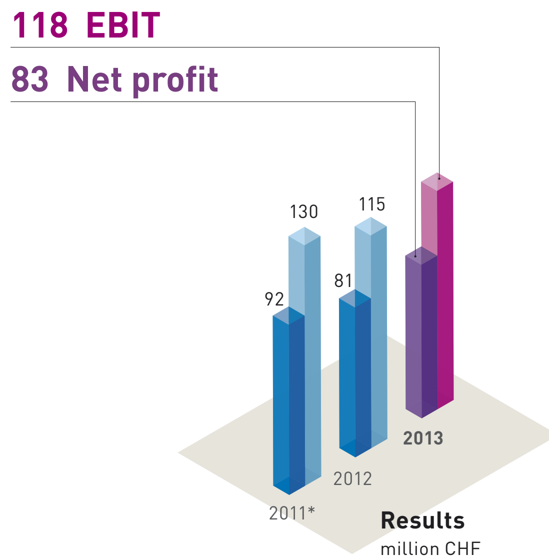
Generating value for you



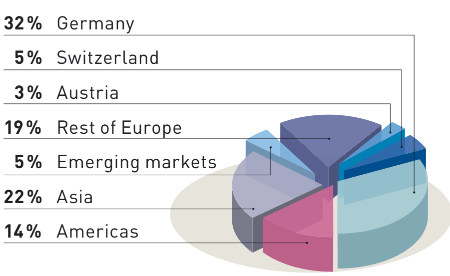
Georg Fischer Mid-Year Report 2013

Key Figures as per 30 June 2013

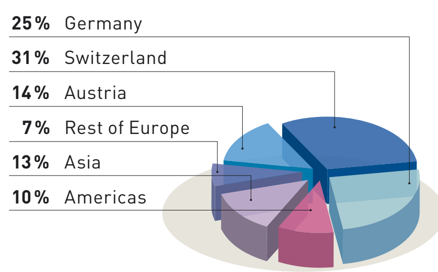




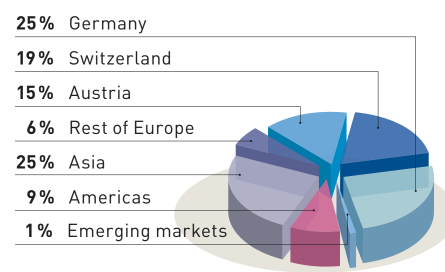
Sales by region (in %)
(100 % = CHF 1.837 billion)



Gross value added by region (in %)
(100 % = CHF 0.64 billion)



Employees by region (in %)
(100 % = 13 397)



	Corporation		GF Piping Systems		GF Automotive		GF AgieCharmilles	
million CHF	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Order intake	**1 896**	1 865	**674**	645	**774**	795	**448**	425
Sales	**1 837**	1 867	**665**	645	**752**	824	**420**	398
EBITDA	**181**	179	**88**	89	**69**	72	**28**	22
EBIT	**118**	115	**67**	67	**35**	37	**22**	17
Net profit	**83**	81						
Free cash flow	**7**	–139						
Return on sales (EBIT margin) %	**6.4**	6.2	**10.1**	10.4	**4.7**	4.5	**5.2**	4.3
Return on invested capital (ROIC) %	**14.5**	14.8	**16.7**	17.6	**14.4**	14.4	**14.9**	12.9
Number of employees	**13 397**	13 839	**5 359**	5 300	**5 055**	5 616	**2 837**	2 783

* The results 2011 have not been adjusted to Swiss GAAP FER.

Content

Increased market share supports performance

– Stable like-for-like sales at CHF 1,837 million
– Operating result 3% up at CHF 118 million
– Free cash flow increased by CHF 68 million
– Geographical expansion in line with strategy

Georg Fischer generated sales of CHF 1,837 million during the first half-year of 2013, slightly lower than in the previous year. Adjusted for currency effects, divestments and acquisitions, the figure is equivalent to last year's first half. Market share gains as well as growth in Asia and America did compensate the further deterioration of demand in Europe.

The operating result (EBIT) reached CHF 118 million, 3% above the previous year, despite the low utilisation of several European plants as well as the provisions taken for cost reduction measures. The return on sales (ROS) stood at 6.4% and the return on invested capital (ROIC) at 14.5% compared to 6.2% and 14.8% respectively during the first semester of 2012. All three divisions reached a double-digit ROIC, well above their cost of capital. Net profit slightly increased to CHF 83 million against CHF 81 million.

Free cash flow before acquisitions reached CHF 7 million, a clear improvement of CHF 68 million over the previous year's first half. For the second half-year of 2013, a substantially positive free cash flow is expected.

Headcount went down from 13,800 to 13,400 whereby a decrease of 700 employees in Europe has been partially compensated by an increase of the workforce in the growing markets of Asia and the US. The net foreign currency exposure has been steadily decreased and accounts for circa 5% of the global turnover, but is now limited to the USD.

Footprint adaptation in line with strategy

Georg Fischer is acquiring Hakan Plastik, a leading piping systems company in Turkey with a turnover exceeding CHF 100 million. The acquisition gives GF Piping Systems a much stronger presence in the promising growth area of the Middle East and Eastern Europe and brings a large array of complementary products to be sold in the whole region. Closing is foreseen for the next few weeks.

The cost structure in Europe is being adapted to demand, specially at GF Automotive. As announced at the beginning of the year, a cost reduction plan of CHF 25 million is being implemented. All measures have been taken and provisions thereof booked in the first half-year. Their full effect will be visible in the second half-year and in 2014.

GF Piping Systems increased sales to CHF 665 million, 3% above the first semester of 2012. An unusually long winter dampened construction and investment across Europe and parts of the US specially until April. However GF Piping Systems was able to make up for it thereafter and benefited moreover from the May 2012 acquisition of IPP, Dallas (USA).

Sales in Asia and America went up again significantly and together accounted for almost 55% of the turnover during the first semester against 50% last year. The water treatment demand is steadily growing. Semiconductor applications picked up again and the key building technology markets of GF Piping Systems continued to perform well.

The operating result reached CHF 67 million, at the same level of last year despite a low utilisation at several European plants.

The **GF Automotive** sales figures went down, primarily as the result of the divestment in November 2012 of two aluminium sand-casting operations. The division had to contend with challenging market conditions in Europe. Both car and truck production decreased again by 10 % during the first semester.

The division has however almost maintained its level of sales, excluding divestments. High growth in China but also market share gains in Europe were certainly key ingredients thereof. These gains stem from the expertise of GF Automotive in designing lighter components and its strong position with successful car and truck manufacturers.

The operating result stood at CHF 35 million, basically at the level of the previous year despite provisions made for cost reduction measures in Europe.

Yves Serra (left),
President and CEO, and
Andreas Koopmann (right),
Chairman of the Board of Directors

Production plant Suzhou

With the expansion of its capacity, GF Automotive is planning to increase its turnover in China by 50% in the next three years.

In the truck market, a slight upswing is expected in the months to come as EURO 6 norms come into force as of the beginning of 2014.

For passenger cars, the present low level of production is probably here to stay for the foreseeable future.

Looking forward, major orders have been booked in the first half-year at car and truck manufactures in Europe, thanks to the competitive weight-reduction offering of GF Automotive. They will help increase plant load in the months and years to come.

In China, demand is steadily going up and the division also secured large orders. It is therefore adding capacity to its two plants with the objective of increasing its turnover in the country by 50 % in the next three years.

GF AgieCharmilles has increased its order intake by 5 % during the first half-year in a stagnating market environment. This is mainly thanks to high growth in Asia and America where major contracts have been booked in the smart phone and aeronautics markets. Sales in local currencies also went up by 5 % to CHF 420 million.

The operational profit increased by circa 30 % to CHF 22 million. The backlog grew significantly, securing a good plant load for the months ahead.

Several novelties will be shown at the EMO 2013 in Hannover which specifically address the needs of our customers in the less cyclical market segments we concentrate on, such as medical, aeronautics sectors as well as information and communication technology.

Switch from IFRS to Swiss GAAP FER

Georg Fischer has changed its accounting standard from IFRS to Swiss GAAP FER as from fiscal year 2013 on. The previous year's figures have all been adapted in order to ensure a correct comparison with 2013. As a consequence of the change, results in the income statement have slightly improved, primarily because acquisition related charges are omitted according to Swiss GAAP FER.

In the balance sheet, the biggest change concerns goodwill which has been offset with equity. This leads together with other effects to a reduction of total assets and equity at the amount of CHF 262 million. The equity stands nevertheless at a solid 36 %.

Outlook: Confident for the second half-year of 2013

Market conditions are certainly still volatile making predictions challenging to formulate. Nevertheless, barring unforeseen circumstances and despite a traditionally weaker second half-year, we expect to reach during the second semester of 2013 similar figures as in the first.

The backlog of GF AgieCharmilles is high, customers of GF Piping Systems are now implementing projects which were delayed by poor weather conditions and the growth at GF Automotive in China and in the truck business has a good chance to at least partly compensate the shortfall in the European passenger car sector.

Furthermore, the acquisition of Hakan Plastik in Turkey will bring additional turnover and profit during the second half-year. In addition, the results of cost reduction measures across the corporation will start to show.

For the mid-term, Georg Fischer will keep course regarding the implementation of its strategy, in particular by continuing to adapt its global footprint and portfolio. The 2015 objectives of a 15 % ROIC and an 8 to 9 % ROS remain valid.

Andreas Koopmann
Chairman of the
Board of Directors

Yves Serra
President and CEO

Consolidated financial statements

Balance sheet

million CHF	Notes	**30 June 2013**	**%**	31 Dec. 2012	%
Cash and cash equivalents		277		330	
Marketable securities		3		8	
Trade accounts receivable		645		524	
Inventories		680		630	
Income taxes receivable		5		5	
Other accounts receivable		70		62	
Prepayments to creditors		20		15	
Accrued income		19		10	
Current assets	(2.1)	**1 719**	**61**	1 584	59
Property, plant and equipment for own use		914		923	
Investment properties		47		47	
Intangible assets		21		20	
Deferred tax assets		89		79	
Other financial assets		16		11	
Non-current assets	(2.2)	**1 087**	**39**	1 080	41
Assets		**2 806**	**100**	2 664	100
Trade accounts payable		397		348	
Other financial liabilities	(2.4)	130		124	
Loans from pension fund institutions		25		27	
Other liabilities		60		52	
Prepayments from customers		40		45	
Current tax liabilities		73		60	
Provisions		34		29	
Accrued liabilities and deferred income		171		154	
Current liabilities		**930**	**33**	839	31
Bonds	(2.4)	498		497	
Other financial liabilities	(2.4)	23		23	
Pension benefit obligations		119		111	
Other liabilities		49		46	
Provisions		131		129	
Deferred tax liabilities		40		40	
Non-current liabilities		**860**	**31**	846	32
Liabilities	(2.3)	**1 790**	**64**	1 685	63
Share capital		41		41	
Share premium		60		121	
Treasury shares				–5	
Retained earnings		873		778	
Equity attributable to shareholders of Georg Fischer Ltd		**974**	**35**	935	35
Non-controlling interests		42	1	44	2
Equity	(2.5)	**1 016**	**36**	979	37
Liabilities and equity		**2 806**	**100**	2 664	100

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Income statement

million CHF	Notes	Jan. – June 2013	%	Jan. – June 2012	%
Sales	(3.1)	**1 837**	**100**	1 867	100
Other operating income		17		19	
Income		**1 854**	**101**	1 886	101
Cost of materials and products		–874		–935	
Changes in inventory of unfinished and finished goods		–16		23	
Operating expenses		–324		–325	
Gross value added		**640**	**35**	649	35
Personnel expenses		–459		–470	
Depreciation on tangible fixed assets		–61		–62	
Amortization on intangible assets		–2		–2	
Operating result (EBIT)	(3.2)	**118**	**6**	115	6
Interest income	(3.3)	1		1	
Interest expense	(3.3)	–16		–17	
Other financial result	(3.3)			–1	
Share of results of associates				1	
Ordinary result		**103**	**6**	99	5
Non-operating result		1		1	
Extraordinary result					
Profit before taxes		**104**	**6**	100	5
Income taxes	(3.3)	–21		–19	
Net profit	(3.4)	**83**	**5**	81	4
– Thereof attributable to shareholders of Georg Fischer Ltd		80		78	
– Thereof attributable to non-controlling interests		3		3	
Basic earnings per share in CHF	(3.4)	20		19	
Diluted earnings per share in CHF	(3.4)	20		19	

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Statement of changes in equity

million CHF	Share capital	Share premium	Treasury shares	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 2011 (according to IFRS)	**41**	**176**		**–289**	**–1**	**1 251**	**961**	**1 178**	**45**	**1 223**
Adjustments Swiss GAAP FER (see Corporate accounting principles)		7	–7	289		–551	–262	–262		–262
Balance as per 1 January 2012 Swiss GAAP FER	**41**	**183**	**–7**		**–1**	**700**	**699**	**916**	**45**	**961**
Net profit						**78**	**78**	**78**	**3**	**81**
Translation adjustments recognized in the reporting period				–4			–4	–4		–4
Changes in fair value of cash flow hedges					–7		–7	–7		–7
Goodwill offset via equity						–33	–33	–33		–33
Purchase of treasury shares			–14					–14		–14
Disposal of treasury shares			9					9		9
Share-related compensation			3					3		3
Dividends		–62						–62	–6	–68
Balance as per 30 June 2012 Swiss GAAP FER	**41**	**121**	**–9**	**–4**	**–8**	**745**	**733**	**886**	**42**	**928**
Balance as per 31 December 2012 (according to IFRS)	**41**	**116**		**–288**	**1**	**1 372**	**1 085**	**1 242**	**44**	**1 286**
Adjustments Swiss GAAP FER (see Corporate accounting principles)		5	–5	283	–12	–578	–307	–307		–307
Balance as per 1 January 2013 Swiss GAAP FER	**41**	**121**	**–5**	**–5**	**–11**	**794**	**778**	**935**	**44**	**979**
Net profit						**80**	**80**	**80**	**3**	**83**
Translation adjustments recognized in the reporting period				22			22	22		22
Changes in fair value of cash flow hedges					–7		–7	–7		–7
Goodwill offset via equity										
Disposal of treasury shares		1	2					3		3
Share-related compensation			3					3		3
Dividends		–62						–62	–5	–67
Balance as per 30 June 2013 Swiss GAAP FER	**41**	**60**		**17**	**–18**	**874**	**873**	**974**	**42**	**1 016**

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013. Prior year figures have been adjusted accordingly (see Corporate accounting principles).

Statement of cash flows

million CHF	Notes	Jan. – June 2013	Jan. – June 2012
Net profit		83	81
Income taxes		21	19
Financial result		15	17
Depreciation and amortization regular		63	64
Other non-cash income and expenses		10	13
Increase in provisions, net		16	10
Use of provisions		–11	–12
Loss / profit from disposal of tangible fixed assets			
Changes in			
– Inventories		–47	–49
– Trade accounts receivable		–113	–119
– Other receivables and accrued income		–22	–18
– Trade accounts payable		42	–5
– Other liabilities and accrued liabilities and deferred income		20	20
Interest paid		–12	–11
Income taxes paid		–23	–15
Cash flow from operating activities		**42**	–5
Additions to			
– Property, plant and equipment		–32	–56
– Intangible assets		–3	–2
- Other financial assets		–2	
Disposals of			
– Property, plant and equipment		1	1
– Other financial assets			1
Cash flow from acquisitions			–78
Interest received		1	
Cash flow from investing activities		**–35**	–134
Free cash flow	(4)	**7**	–139
Purchase of treasury shares			–14
Disposal of treasury shares		3	9
Dividend payments to shareholders of Georg Fischer Ltd		–62	–62
Dividend payments to non-controlling interests		–5	–6
Issuance of long-term financial liabilities		4	2
Repayment of long-term financial liabilities		–4	–12
Changes in short-term financial liabilities		1	11
Cash flow from financing activities		**–63**	–72
Translation adjustment on cash and cash equivalents		3	
Net cash flow		**–53**	–211
Cash and cash equivalents at beginning of year		330	412
Cash and cash equivalents at end of period [1]		**277**	201

1 Cash, postal and bank accounts: CHF 262 million (previous year: CHF 190 million), fixed-term deposits: CHF 15 million (previous year: CHF 11 million).

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly (see Corporate accounting principles).

You can count on us.

Corporate accounting principles

Basis of preparation of the consolidated interim financial statements

Accounting principles

With effect from 1 January 2013, the consolidated interim and annual financial statements are prepared in accordance with the entire existing guidelines of Swiss GAAP FER (Generally Accepted Accounting Principles / FER = Fachempfehlung zur Rechnungslegung). Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The consolidated interim financial statements are prepared in accordance with Swiss GAAP FER 31 "Complementary Recommendation for Listed Public Companies". Since the consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements, they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2012. Until 31 December 2012, Georg Fischer had prepared its interim and annual financial statements in accordance with IFRS (International Financial Reporting Standards). With the exception of the items mentioned in the next chapter, however, the accounting principles used to prepare the interim financial statements are consistent with the accounting principles that also form the basis for the consolidated annual statements for the year ended 31 December 2012.

The consolidated interim financial statements cover the period from 1 January 2013 to 30 June 2013 (hereinafter "period under review") and were approved for issue by the Board of Directors on 12 July 2013.

Adjustments as a result of the changeover in accounting principles

With the media release as per 15 May 2013 the switch from the accounting principles of the IFRS to those of Swiss GAAP FER as of the 2013 business year was announced. The following reasons triggered the decision to change the accounting standard:

1. The Chinaust group, a 50/50 joint venture of GF Piping Systems in China, is with approximately CHF 400 million of turnover one of the largest entities of Georg Fischer today. Its disclosure as equity investment according to the new IFRS 11 accounting standard would no longer give an accurate picture of Georg Fischer in China. Under Swiss GAAP FER, Georg Fischer will continue to consolidate the 50 % share of Chinaust in its balance sheet and income statement. This better reflects the economic reality of Georg Fischer.

2. The new IAS 19 revised standard calls for the inclusion of the over- or underfunding of pension funds in a company's equity. Swiss pension funds, however, are basically independent, and their performance is not linked to a company's success. Adding or subtracting their under- or overcoverage would lead to considerable volatility in the equity of Georg Fischer. Under Swiss GAAP FER, those fluctuations are to a large extent eliminated.

The accounting principles applied in the preparation and presentation of the 2013 consolidated interim financial statements deviate in the following essential points from the consolidated annual financial statements for 2012 prepared according to IFRS:

1. Goodwill from acquisitions

Goodwill from acquisitions as well as acquired brandnames, customer relationships and technologies are directly offset, as at the acquisition date, with retained earnings in equity in accordance with the allowed treatment under Swiss GAAP FER 30 "Consolidated Financial Statements". Under IFRS, goodwill was capitalized and tested for its recoverable value annually. Brandnames, customer relationships and technologies under IFRS were separately capitalized and amortized over their estimated economic useful lives as part of the purchase price allocation. Under Swiss GAAP FER, transaction costs incurred in connection with acquisitions are treated as part of acquisition costs. Under IFRS transaction costs were booked to the income statement.

2. Employee benefit obligations

In accordance with Swiss GAAP FER 16 "Pension Benefit Obligations" an economic obligation or a benefit from Swiss pension schemes is determined from the statements made on the basis of Swiss GAAP FER 26 "Accounting of Pension Plans".

The economic impact from pension schemes of foreign subsidiaries is determined in accordance with the local valuation methods in effect. Employer contribution reserves and comparable items are capitalized in accordance with Swiss GAAP FER 16. Under IFRS, defined benefit plans were calculated in accordance with the projected unit credit method and recognized in accordance with IAS 19.

3. Derivative financial instruments
In accordance with Swiss GAAP FER 27 "Derivative Financial Instruments" derivatives are recognized on the balance sheet as soon as the definition of an asset or liability has been met. Under Swiss GAAP FER 27, there are no exceptional rules for own use contracts. Derivative financial instruments are subdivided into the categories "Derivatives for hedging purposes" and "Derivatives without hedging purposes". The hedging of contractually agreed future cash flows is recognized in equity with no effect on the income statement in accordance with the allowed treatment under Swiss GAAP FER 27. Under IFRS, the exceptional rule for own use contracts was utilized. For hedging transactions that were not booked according to hedge accounting, fair value fluctuations were taken to the income statement under IFRS.

4. Deferred income taxes
The above-mentioned valuation and balance sheet adjustments have consequences for deferred income taxes in the balance sheet and income statement.

5. Translation differences
As a result of the switch to Swiss GAAP FER, accumulated translation differences are reset to zero or offset with retained earnings. Under Swiss GAAP FER, therefore, the result from divestments (discontinued operations) only contains foreign exchange translation differences that have occurred after 1 January 2012.

6. Presentation and structure
The presentation and structure of the balance sheet, income statement, statement of changes in equity, and statement of cash flows were adjusted to meet the requirements of Swiss GAAP FER.

The previous periods were restated in order to ensure comparability with the presentation of the period under review.
The implications of the above-mentioned adjustments for equity and the income statement of Georg Fischer are summarized in the following table:

Adjustments equity	1 Jan. 2012	30 June 2012	31 Dec. 2012
million CHF			
Equity according to IFRS	1 223	1 230	1 286
Adjustments according to Swiss GAAP FER			
Offset goodwill from acquisitions	–194	–213	–216
Offset acquired brandnames, customer relationships and technologies	–27	–49	–44
Adjustment pension benefit obligations and provisions	–60	–60	–59
Adjustment derivative financial instruments	–19	–29	–37
Deferred tax assets and liabilities	38	49	49
Equity according to Swiss GAAP FER	**961**	**928**	**979**

Adjustments net profit		Jan. - June 2012	Jan. - Dec. 2012
million CHF			
Net profit according to IFRS		80	127
Adjustments according to Swiss GAAP FER			
Adjustment transaction costs from acquisitions		1	1
Adjustment amortisation intangible assets		2	4
Adjustment pension benefit obligations and provisions			–2
Adjustment derivative financial instruments		–1	–1
Adjustment discontinued operations (effect translation difference)			10
Change deferred income taxes		–1	–1
Net profit according to Swiss GAAP FER		**81**	**138**

Consolidation

The consolidated interim financial statements are those of Georg Fischer Ltd and all Swiss and foreign Corporate companies in which it holds - either directly or indirectly - more than 50 % of the voting rights or for which it has operational and financial management power. Those entities are fully consolidated. Joint ventures in which the Georg Fischer Corporation has a direct or indirect interest of 50 %, or where the Georg Fischer Corporation exercises joint control, are included in the consolidated financial statements using the proportionate consolidation method. Investments in associates 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.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosure of contingent liabilities at the closing date of the consolidated interim financial statements. If in future such estimates and assumptions, which are based on management's best judgment at the date of the consolidated interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the reporting period in which the circumstances change. In the consolidated interim financial statements, management made no new assumptions or estimates compared with the consolidated financial statements as at 31 December 2012 that go beyond the need for adjustments arising from the switchover to Swiss GAAP FER.

Income tax expense is recognized based upon the best estimate of the weighted average annual income tax rate expected for the full financial year.

Notes to the consolidated interim financial statements

Segment information as per 30 June

	GF Piping Systems		GF Automotive		GF AgieCharmilles		Total segments	
million CHF	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Order intake	**674**	645	**774**	795	**448**	425	**1 896**	1 865
Orders on hand	**80**	70	**379**	392	**180**	198	**638**	660
Sales[1]	**665**	645	**752**	824	**420**	398	**1 837**	1 867
Operating result (EBIT)	**67**	67	**35**	37	**22**	17	**124**	121
Return on sales (EBIT margin) %	**10.1**	10.4	**4.7**	4.5	**5.2**	4.3		

1 Sales between segments are insignificant.

Reconciliation to the segment information as per 30 June

million CHF	**2013**	2012
Sales		
Total sales for reportable segments	1 837	1 867
Consolidated sales	**1 837**	1 867
Operating result (EBIT)		
Total EBIT for reportable segments	124	121
Other operating result (EBIT)	–6	–6
Consolidated operating result (EBIT)	**118**	115

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2013.
Prior year figures have been adjusted accordingly (see Corporate accounting principles).

1 Changes in scope of consolidation

In the period under review the scope of consolidation has not changed.

As announced in the media release of 8 May 2013, Georg Fischer concluded a contract to acquire the majority stake in Hakan Plastik A.S. Istanbul (Turkey). The company is the leading provider of plastic piping systems in the building technology and water infrastructure markets and will be integrated in the division GF Piping Systems.

In 2012, Hakan Plastik generated sales of CHF 105 million. The production sites are located in Istanbul and Sanliurfa.

Until 12 July 2013, the transaction has not been finalized. The completion of the acquisition is scheduled for July 2013.

2 Balance sheet

Total assets increased by CHF 142 million to CHF 2.8 billion compared with year-end 2012. The major part of this change is due to the seasonal increase in current assets. The currency effect on the balance sheet items was relatively small in the period under review. The euro and US dollar increased by about 3% versus the end of the previous year, adding about CHF 45 million to the balance sheet.

The announced acquisition of the Turkish company Hakan Plastik has not yet been executed. The balance sheet therefore does not contain any effects from this transaction.

2.1 Current assets

Current assets rose by CHF 135 million to CHF 1.72 billion. Accounts receivable increased by CHF 121 million to CHF 645 million. Inventories also increased, up CHF 50 million to CHF 680 million. The growth in current assets reflects normal seasonal effects. As a result of the increase in receivables and inventories and owing to the profit distribution, liquidity fell by CHF 53 million to CHF 277 million.

2.2 Non-current assets

Property, plant and equipment for own use were virtually stable at CHF 914 million. In the first six months, investments in property, plant and equipment came to only CHF 32 million, whereas CHF 61 million was written down. Positive currency effects offset this difference by and large.

2.3 Liabilities

Liabilities rose by CHF 105 million to CHF 1.79 billion. The increase was due almost entirely to the change in current liabilities. Special mention should be made of accounts payable, which rose by CHF 49 million to CHF 397 million. Non-current liabilities were on balance practically unchanged at CHF 860 million.

2.4 Financing

No major financing transactions were conducted in the period under review. The syndicated loan for CHF 250 million is still unused but guarantees the necessary flexibility in the event of any future acquisitions. The planned takeover of Hakan Plastik can therefore be financed without any problems. The next major maturity is the repayment of the 4.5 % bond 2009 – 2014 for CHF 300 million, which falls due in September 2014.

Net debt

million CHF	**30 June 2013**	31 Dec. 2012
Other financial liabilities	149	143
Bonds	498	497
Loans from pension fund institutions	28	27
Other liabilities	5	5
Interest-bearing liabilities	**680**	672
Marketable securities	3	8
Cash and cash equivalents	277	330
Net debt	**400**	334

Net debt as at 30 June 2013 was CHF 400 million. This marks an increase of CHF 66 million compared to year-end 2012.

2.5 Equity

Equity increased by CHF 37 million to CHF 1.02 billion compared to year-end 2012. The CHF 83 million increase from net profit was largely absorbed by the dividend payments, which came to CHF 67 million. The remainder of the increase was due to the positive currency effect on the equity of Corporate companies outside Switzerland.

Owing to the increase in total assets, the equity ratio remained stable at 36 % despite the rise in equity.

3 Income statement

3.1 Sales

Sales declined by CHF 30 million to CHF 1.84 billion. The decline is due for the most part to changes in the scope of consolidation. On balance, the effect of divestments and acquisitions resulted in a negative amount of CHF 50 million. The currency effect in the period under review was relatively small. The positive effect on sales amounted to CHF 27 million. In organic terms, sales declined slightly by 0.4 %.

3.2 Operating profit (EBIT)

Operating profit (EBIT) improved slightly by CHF 3 million to CHF 118 million. This results in an EBIT margin of 6.4 %, corresponding to an improvement of 0.2 %. GF Piping Systems and GF Automotive reached the previous year's level, while GF AgieCharmilles again significantly improved its result. A total of CHF 3 million was incurred in all three divisions for cost-savings programs, though their positive effect will be felt only in the second half of the year. The cost-savings programs should have a full-year effect of CHF 25 million starting in 2014.

The currency effect on the operating profit (EBIT) is relatively small. All in all, exchange rate fluctuations had a positive effect of CHF 5 million.

3.3 Financial result and taxes

Interest expense was virtually unchanged at CHF 16 million. Although net debt was lower compared to the previous year's period, the effect on interest expense was not commensurate because liquidity in particular increased and interest expense is not affected by this change.

Taxes showed a disproportionately large increase. The tax rate rose from 18% to 20%. Non-capitalized losses carried forward in the USA were used up completely, resulting in a higher tax rate.

3.4 Net profit and earnings per share

Net profit totaled CHF 83 million, which comes to an increase of CHF 2 million. Earnings per share improved by CHF 1 to CHF 20.

4 Free cash flow

Free cash flow came to plus CHF 7 million. This is a big improvement on the same period the previous year when free cash flow was minus CHF 139 million. Even if the acquisitions for CHF 78 million the previous year are factored out, the positive change amounted to CHF 68 million. The seasonal increase in net current assets, which usually reduces free cash flow significantly in the first half, was smaller this year. Operating cash flow therefore increased by CHF 47 million.

Investments in property, plant and equipment were relatively low in the first half, at CHF 32 million. This provided an additional increase to free cash flow compared to the previous year.

5 Events after the reporting period

There were no events between 30 June 2013 and 12 July 2013 that would require an adjustment to the carrying amounts of assets and liabilities or need to be disclosed under this heading.

6 Foreign exchange rates

		Average rates		Spot rates	
		Jan. – June 2013	Jan. – June 2012	**30 June 2013**	30 June 2012
1	CNY	0.151	0.147	0.154	0.150
1	EUR	1.229	1.205	1.235	1.202
1	GBP	1.447	1.463	1.443	1.493
1	USD	0.937	0.927	0.946	0.955
100	JPY	0.983	1.165	0.957	1.200
100	SEK	14.421	13.572	14.095	13.695

Save the date

2014

25 February // Publication of Annual Report 2013, Media and Financial Analysts' Conference
19 March // Shareholders' Meeting for fiscal year 2013
17 July // Publication of Mid-Year Report 2014

Investor Relations
Daniel Bösiger
Phone: +41 52 631 21 12
Fax: +41 52 631 28 16
daniel.boesiger@georgfischer.com

Corporate Communications
Beat Römer
Phone: +41 52 631 26 77
Fax: +41 52 631 28 63
beat.roemer@georgfischer.com

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Georg Fischer Ltd
Amsler-Laffon-Strasse 9
8201 Schaffhausen
Switzerland

Phone: +41 52 631 11 11
www.georgfischer.com

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