



Adding Quality
to People's Lives

Content

Inside cover

At a glance

Financial overview

1–38 Corporate Report 2005

2 Adding Quality to People's Lives

14 Report to Shareholders

17 2005 financial year

26 GF Automotive

28 GF Piping Systems

30 GF Machine Tools

32 Corporate Management

33 Sustainability

39–93 Financial Report 2005

40 Investor information

43 Consolidated financial statements

71 Financial statements Georg Fischer Ltd

79 Affiliated companies

84 Corporate Governance

94 Index

95 Locally anchored, globally active

Corporate publications

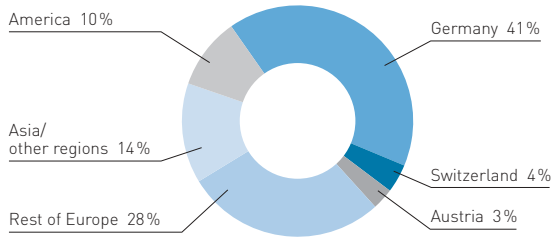
Disclaimer

Publisher's information

At a glance

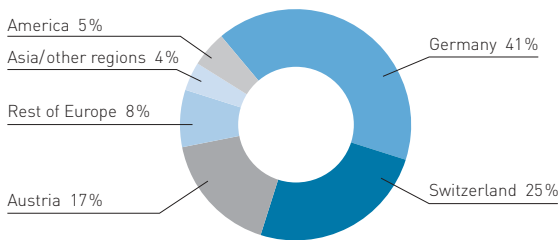
Sales 2005 by region (in %)

(100% = CHF 3.69 billion)



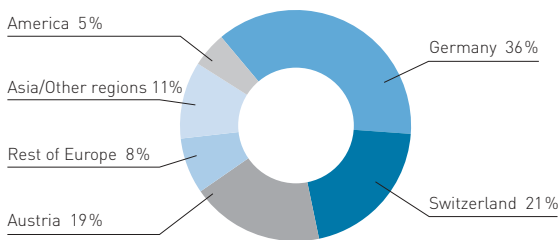
Gross value added by regions 2005 (in %)

(100% = CHF 1.40 billion)



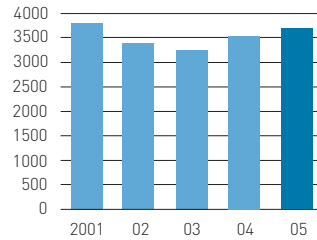
Employees 2005 by region (in %)

(100% = 12 403)



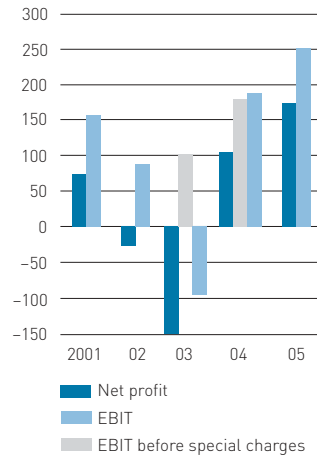
Sales 2001-2005

million CHF



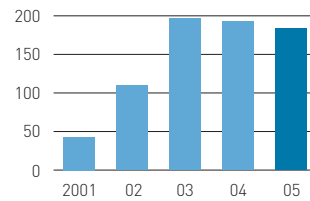
Results 2001-2005

million CHF



Free cash flow 2001-2005

million CHF



Financial Overview

	million CHF 2005	million CHF 2004
Corporation		
Order intake	3 783	3 730
Orders on hand at year end	947	897
Income statement		
Sales	3 692	3 540
EBITDA	403	348
EBIT	252	189
Net profit for the year	175	105
Cashflow		
Additions to property, plant and equipment	128	182
Cash flow from operating activities	298	272
Free cash flow	184	193
Balance sheet		
Assets	3 074	3 188
Net Operating Assets (NOA)	1 656	1 605
Equity	1 202	1 023
Net debt	606	725
Key figures		
Return on Equity (ROE) %	16	11
Equity %	39	32
Return on Net Operating Assets (RONOA) % ¹	15	11
Return on Sales (EBIT margin) % ¹	6.8	5.1
Cash flow from operating activities in % of sales	8	8
Employees at year end	12 403	12 324
Holding (statutory accounts)		
	million CHF	million CHF
Net profit for the year	91	74
Share capital	315	350
Market capitalization as per December 31	1 549	1 016
Key figures per registered share		
	CHF	CHF
Net profit for the year	46	28
Distribution (proposed) ²	15	10
Equity	326	278
Share price at year end	449	295

1 In 2004 before special charges

2 In 2004 and 2005 a dividend payment in form of a reduction in par-value

Successes in the market place, innovativeness and higher efficiency produced a significant improvement in performance.

Georg Fischer has strength for innovation.





Adding Quality to People's Lives.

People are increasingly mobile, and they have ever greater demands for comfort and safety in their vehicles. GF Automotive makes it possible to build lighter and safer passenger and commercial vehicles.



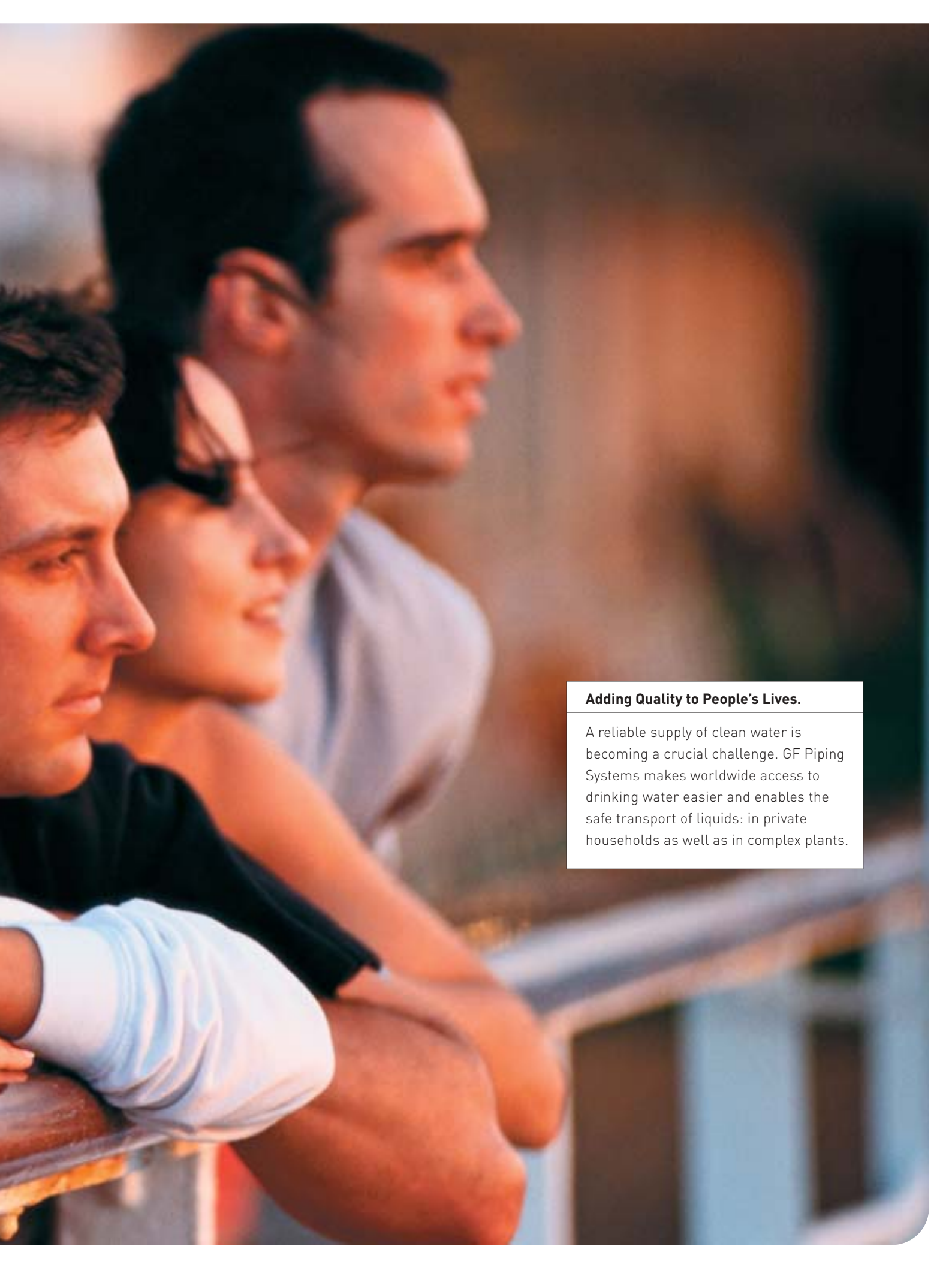
Mobility

We make your ride smooth and safe. GF Automotive casts and machines highly stressable components in aluminium, magnesium and iron. For instance, the ultra-light interior door frame made of magnesium for the Aston Martin DB9.

See page 26 GF Automotive







Adding Quality to People's Lives.

A reliable supply of clean water is becoming a crucial challenge. GF Piping Systems makes worldwide access to drinking water easier and enables the safe transport of liquids: in private households as well as in complex plants.





Comfort

We bring you clean water. GF Piping Systems develops, produces and markets piping systems made of plastic and metal for the safe transport of water, gas and other media. For instance, for water treatment and supply on cruise ships and tankers.

See page 28 GF Piping Systems





Adding Quality to People's Lives.

The manufacture of consumer goods and high-quality equipment requires extreme precision and sophisticated production technologies. GF Machine Tools (AgieCharmilles GF) provides the machines and system solutions for producing the necessary moulds, tools and parts.





Precision

We shape your daily life. GF Machine Tools develops and manufactures electric discharge machines and high speed milling centres. For instance, in medical technology, for the production of implants, instruments and medical equipment.

See page 30 GF Machine Tools

Strength for innovation

Georg Fischer posted a marked rise in earnings in 2005. This means we have taken another major step towards achieving our goal of an EBIT margin of eight percent by 2007.

The challenges and successes experienced by managers and employees over the last two years have released creative energy and provided the encouragement to tread new paths. At all levels of the Company, numerous projects have been launched, ambitious goals set, confidence shown, results demanded and delivered, and talent displayed and developed. This has provided the strength and motivation required to tackle future challenges. Strength and motivation which, in turn, enable us to maintain or extend our technological lead, offer the market innovative solutions in development partnerships and develop new markets and applications. Organic growth requires constant renewal. Georg Fischer's motto for 2006 is therefore "Growth through innovation".

A review of the 2005 financial year: another significant improvement in performance

In 2005, Georg Fischer lifted sales by four percent to CHF 3.7 billion (2004: CHF 3.5 billion). Organic growth in local currency terms was five percent. Operating income (EBIT) rose by 33 percent to CHF 252 million (2004: CHF 189 million) and the EBIT margin increased from five to seven percent. Market successes, innovativeness and greater efficiency made this improvement in performance possible. The Corporation ended the year on a profit of CHF 175 million, up 67 percent. At CHF 184 million, free cash flow is again at a good level (2004: 193 million). Net debt continued to be scaled back (from CHF 725 million to CHF 606 million). 2005 saw the full impact of the restructuring programme completed at the end of 2004. The Corporation achieved the earnings targets set at the time, continued to strengthen profitability and put Georg Fischer on a solid financial footing. The Board of Directors will be proposing to the Annual General Meeting that a pay-out be made in the form of a par-value repayment of CHF 15 per share (2004: CHF 10).

GF Machine Tools posted the sharpest rise in sales, having upped revenues by eight percent (7% in local currency terms). GF Piping Systems grew by six percent. GF Automotive lifted sales by one percent (3% with the same scope of consolidation) despite the lack of any stimulus from the European automotive industry. There was a further increase in the Corporation's profitability. GF Piping Systems achieved an EBIT margin of over nine percent, GF Machine Tools more than doubled earnings and posted an EBIT margin of seven percent, while earnings at GF Automotive (EBIT margin of 6%) were affected by one-off costs.

The growth strategy is now under way. With the closure of GF Automotive's Munich plant, the production structure in Europe was further streamlined. In China, Georg Fischer opened an aluminium die-casting foundry for the emerging automotive market and increased capacity at Beijing Agie Charmilles. The Company's innovativeness was demonstrated to investors at a "Technology Day". This innovativeness continues to be fostered and exploited. Through a series of strategic and operational measures, we will further enhance our competitiveness and enterprise value.



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

Market and strategy: higher value through organic growth

In 2005, the Board of Directors and the Executive Committee conducted a full analysis of the strategy of both the Corporation as a whole and the three Corporate Groups. This analysis confirmed that Georg Fischer's offerings and expertise cover the main market trends. With its three core businesses, the Company is well positioned in markets, technologies and applications offering growth potential. It is particularly important for us to safeguard competitiveness in established markets and strengthen non-cyclical businesses.

The Georg Fischer Corporation's strategic objective is to enhance enterprise value through organic growth. For this, it needs to maintain profitability at an attractive level. Organic growth means that we want to grow mainly by our own efforts. In line with our strategic objectives, any acquisitions made will be with a view to strengthening non-cyclical businesses and expanding activities in growth markets. The strategy will be financed out of free cash flow.

We aim to continue expanding the three core businesses in attractive market segments. Europe will be our principal market in future too. Improved margins driven by a rise in efficiency and flexibility, expansion into growth markets, primarily in the new EU member states, as well as technology leadership, product and process innovation, new applications and better market penetration are all factors that should help the less dynamic European business to achieve the necessary growth rates.

Georg Fischer sees market globalization as an opportunity. We are targeting a leap in growth in Asia, particularly China, which we intend to build up into a pivotal base for research and development, production and purchasing, so contributing to strengthening the Corporation's competitiveness in the international arena.

Sustainability and integrity: the future starts today

Georg Fischer is committed to sustainability. Our goal is the long-term well-being of the Company, underpinned by solid profitability. This enables us to fulfil our responsibility, which lies in finding a balance between the demands of our partners: we support our customers, we benefit people across the globe who use our products, we demand a lot of our employees but we foster their development too, we create value for our owners, and we are committed to society and the environment. Georg Fischer fosters open communication and creates transparency. The management and organization of the Corporation comply with the requirements of corporate governance. We expect all employees to show social and ethical responsibility. Integrity has a long tradition at Georg Fischer.

Published in our Annual Report and in a separate environment report, the Corporation's "sustainability performance" again received a positive assessment last year in a number of ratings. For financial year 2005, Georg Fischer will issue a separate sustainability report that for the first time includes an extended section on social responsibility. The 2005 sustainability report will be posted on the Internet at www.georgfischer.com from spring 2006 and will also be available in printed format.

In 2002, shareholders of Georg Fischer Ltd provided around CHF 3.5 million for the Community Benefit Programme "Clean Water". This money has since been used for 50 drinking water projects in 35 countries. Georg Fischer will continue the "Clean Water" programme and provide the necessary funds.

The strong, time-honoured +GF+ brand with our brand promise of "Adding Quality to People's Lives" is emphatically communicated both within and outside the Corporation. Our basic values, our principles of action and our strategic objectives all merge to form the Georg Fischer corporate identity. What we understand by that and the benchmarks we gauge ourselves against can be read on our website.

Personnel changes, thanks and outlook

At the 2005 Annual General Meeting, a Chinese citizen, Zhiqiang Zhang, was elected to the Board of Directors for the first time. Mr Zhang has been working for Siemens since 1987 and serving as Deputy CEO of Siemens Communication Group (China) since October 1, 2005. Having gained industrial experience in China and Europe, he brings expertise to the Board of Directors that will be of importance for Georg Fischer's strategic development.

The 2005 results mark a major milestone in Georg Fischer's progress towards its goals. We have demonstrated competence and innovativeness and built trust in our markets, among customers, in the capital market and among the public. For this, we would like to thank all our employees. Through a series of strategic and operational measures, we will further enhance our competitiveness and enterprise value, thereby showing our customers and investors that they are right to place their trust in us. Provided economic conditions remain similar, we expect a further rise in sales and earnings in 2006.



Martin Huber
Chairman of the Board



Kurt E. Stirnemann
President and CEO

2005 financial year

Corporation

2005 saw Georg Fischer achieve further operational and financial gains. Net profit surged by 67 percent to CHF 175 million (2004: CHF 105) while sales rose to CHF 3.7 billion (2004: CHF 3.5 billion). Free cash flow stands at CHF 184 million (2004: CHF 193 million). Georg Fischer was therefore able to reduce net debt by CHF 119 million to CHF 606 million. Market successes, innovativeness and greater efficiency made this improvement in performance possible.

Sales. Organic growth was five percent in local currency terms. The main focus was on improving profitability. GF Machine Tools posted the sharpest rise in sales, having upped revenues by eight percent. GF Piping Systems grew by six percent. GF Automotive lifted sales by one percent (3% with the same scope of consolidation) despite the lack of any stimulus from the European automotive industry.

Profitability. With operating income (EBIT) at CHF 252 million, Georg Fischer clearly surpassed the prior-year figure before special charges (CHF 180 million). As a result, the Corporation's EBIT margin increased from 5.1 to 6.8 percent. One-off factors, primarily at GF Automotive, had a negative impact on operating income and therefore on the margin.

One-off factors. The year under review saw major exceptional, non-recurring factors impact on the results. The closure of the pressure die-casting plant in Munich had the greatest impact. The cost of the redundancy plan, depreciation of plant and equipment and other expenses directly associated with the closure come to CHF 24 million in total. The sale of Georg Fischer Rohrverbindungstechnik GmbH resulted in a profit of around CHF 13 million.

In the first half of the year, we were able to sell receivables due from Egypt for which bad debt charges had been made in full and which dated back to the 1980s. This resulted in a profit of CHF 7 million. In August, Poland repaid outstanding receivables that were part of a rescheduling agreement ahead of the due date. We had around CHF 4 million in receivables of this kind on the books, for which bad debt charges had also been made in full. The payment

2005 saw Georg Fischer achieve further operational and financial gains. The improved performance was driven by market successes, innovativeness and greater efficiency.

therefore resulted in a profit of CHF 4 million. Overall, the positive and negative effects of the one-off factors almost balance each other out.

Restructuring programme. 2005 saw the full impact of the restructuring programme launched in 2003 and completed at the end of 2004. The earnings targets were met in full and the Corporation's profitability was steadily strengthened.

Net profit. Net profit for 2005 comes to CHF 175 million, 67 percent up on the previous year (CHF 105 million). This equates to earnings per share of CHF 46 (2004: CHF 28).

Distribution. The Board of Directors will propose to the Annual General Meeting that a par-value repayment of CHF 15 per share (2004: CHF 10) be made in lieu of a dividend. This equates to a payout ratio of 33 percent.

Value added. During the year under review, Georg Fischer generated gross added value amounting to CHF 1.4 billion (2004: CHF 1.3 billion). The Corporation generated 91 percent of this added value in Europe, with the corporate subsidiaries in Germany (41%), Switzerland (25%) and Austria (17%) contributing 83 percent (unchanged year on year) of the total. At the end of the year under review, these three countries accounted for 76 percent (unchanged year on year) of all Corporation employees.

Outlook for 2006. With its three core businesses, Georg Fischer has considerable potential for further growth in attractive market segments. It may underpin its strategy not only by continuing to grow organically, but also by making occasional acquisitions. Georg Fischer aims to safeguard its competitiveness in established markets, strengthen non-cyclical businesses and exploit market globalization by expanding its activities in growth regions (Asia, eastern Europe). With this aim in mind, it opened a modern light metal foundry in Suzhou (China) and shut down pressure die-casting production in Munich during 2005.

The 2005 results mark a major milestone in Georg Fischer's progress towards its goals. We have demonstrated our competence and innovativeness and built trust in our markets, among our customers, in the capital market and among the public. Through a series of strategic and operational measures, we will further enhance our competitiveness and enterprise value. Provided economic conditions do not deteriorate significantly, a further improvement in sales and earnings remains in prospect for 2006.

Financial aspects

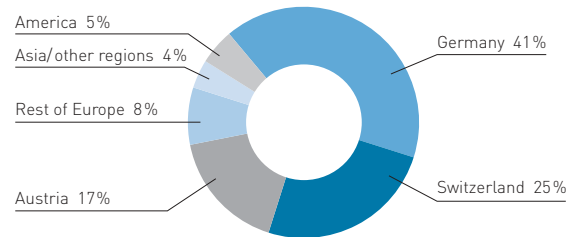
Free cash flow. In 2005, Georg Fischer generated free cash flow of CHF 184 million (2004: CHF 193 million). This result was due in particular to the successful management of current assets.

Net debt. At the end of 2005, net debt stands at CHF 606 million (2004: CHF 725 million). This means that, at the end of 2005, the ratio of net debt to EBITDA stands at just over 1.5 (2004: 2.1) and one of the objectives of the restructuring programme – to reduce net debt by CHF 300 million to CHF 770 million by the end of 2005 – has been met and clearly exceeded.

Financing. The lower net debt coupled with slightly lower interest rates and foreign exchange gains on loans denominated in US dollars lifted the financial result by CHF 12 million year on year. The CHF 197 million convertible debenture was repaid on schedule in January 2005. Due to the long-term maturities of the existing credit facilities and the strong operating performance, no new financing transactions were required in 2005.

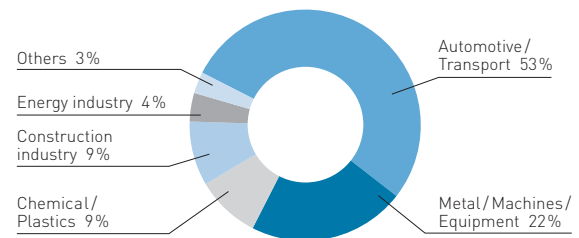
Gross value added by regions 2005 (in %)

(100% = CHF 1.40 billion)



Sales 2005 by end consumer (in %)

(100% = CHF 3.69 billion)



Balance sheet. Total assets fell by CHF 114 million to CHF 3.07 billion (2004: CHF 3.19 billion), mainly as a result of the reduction in liquidity following the repayment of the convertible debenture. Besides this reduction in liquidity by CHF 166 million, the CHF 69 million decline in non-current assets also contributed to this trend. In contrast, trade accounts receivable rose slightly by CHF 39 million. The equity ratio performed very well, rising to a solid 39 percent (2004: 32%).

Exchange rates. Georg Fischer's strategy in relation to exchange rate risk is based on risk reduction through global purchasing and – where possible and appropriate – through production in the most important markets. This is also one of the reasons why all three Corporate Groups are expanding their production capacity in Asia. In the 2005 financial year, the impact of fluctuations in exchange rates was small.

Corporate Groups

GF Automotive. GF Automotive coped well during what was a difficult year. In a stagnating market environment, sales rose by one percent to CHF 1.77 billion. Adjusted for changes in the scope of consolidation, sales grew by three percent. At CHF 100 million, EBIT are on a par with the previous year. The pressure die-casting plant in Munich was closed in an effort to safeguard the competitiveness of production. The costs incurred in closing the plant depressed the Corporate Group's EBIT margin by one percent. The closure was more time-consuming and costly than initially planned. However, production is now being relocated thanks to the support of employees and works councils at the recipient sites.

At the same time, production for the Chinese market got under way at the new die-casting foundry in Suzhou, China. 2006 will see the second stage in the plant's expansion to build capacity for the new orders received from Chinese automotive manufacturers.

GF Automotive

CHF millions	2005	2004
Sales	1 765	1 740
- Light metal castings	759	775
- Iron castings	928	882
- Others	78	83
EBIT ¹	100	101
Net Operating Assets (NOA)	752	740
Employees	5 870	5 901
CHF thousands		
Sales per employee	300	282
Gross value added/employee	116	111
%		
Gross value added/ - Personnel expenses	140	141
- Return on Net Operating Assets (RONOA) ¹	13	14
- Return on Sales (EBIT margin) ¹	6	6

¹ In 2004 before special charges

GF Piping Systems

CHF millions	2005	2004
Sales	868	818
- Industry/Utility	673	631
- Domestic Installations	195	187
EBIT ¹	80	62
Net Operating Assets (NOA)	407	394
Employees	3 202	3 188
CHF thousands		
Sales per employee	272	252
Gross value added per employee	108	104
%		
Gross value added/ - Personnel expenses	148	145
- Return on Net Operating Assets (RONOA) ¹	20	15
- Return on Sales (EBIT margin) ¹	9	8

GF Piping Systems. GF Piping Systems turned in a gratifying performance that showed an upward trend in the second half of the year. The group lifted sales by six percent to CHF 868 million, mainly by sharpening its focus on attractive market segments amid increasingly favourable economic conditions. Europe and America generated the highest growth rates. Sales growth, ongoing measures to improve efficiency and the sale of the pipe connections business pushed up earnings by 29 percent to CHF 80 million, as a result of which the EBIT margin rose to 9.2 percent.

GF Piping Systems systematically extended its offering and distribution channels in its non-cyclical business. It is being helped in this by numerous market successes, more specifically in the areas of ship building, cooling and refrigeration systems, and water supply and treatment. Among the products to see a substantial rise in sales were COOL-FIT®, an application developed by GF for indirect refrigeration systems, and iFit®, a completely new connection system for domestic installations. Its cost leadership allowed GF Piping Systems to extend its leading market position as a supplier of fittings for the gas and water sectors (Utility)

and adjust production capacity in Subingen (Switzerland) and Schaffhausen (Switzerland) in line with the ongoing rise in demand.

GF Piping Systems further increased the global reach of the distribution network by setting up its own sales company in Malaysia, opening a new sales office in Taiwan and expanding the representative office in India. The new training centre at corporate headquarters in Schaffhausen (Switzerland) saw a boom in visitors in its first year, highlighting the considerable interest in and customers' need for up-to-date training. The courses in Singapore, Australia and the Netherlands were among those to be expanded and extended in the year under review.

GF is flying high with the Airbus super-jumbo

It is the world's largest and most modern passenger plane: the Airbus A380. Georg Fischer is among those working to make this flagship of the 21st century a success. GF Piping Systems is supplying components made from high-performance plastic for the ventilation and air-conditioning systems. And not by chance. GF is represented on all large jets produced by the world's biggest aircraft manufacturers. Pioneering plastic piping solutions like the ones used here are also being put to ever more frequent use in the chemicals industry and in medical and space technology. GF Piping Systems is well placed to meet the increase in demand.

A lightweight gets tough

Magnesium is extremely light, has a good strength-to-weight ratio and is increasingly popular among automotive manufacturers. It is the metal of choice for pressure die-casting products. With its plant in Altenmarkt, Austria, GF Automotive ranks among the technology leaders for this type of product. Whether for Mercedes Benz inner door frames, instrument panels for Audi or Volkswagen's steering wheels, leading marques are exploiting the advantages that this material and pressure die-casting now have to offer. A mid-class car is currently around 0.5 percent magnesium. This percentage is set to quadruple by 2010. GF Automotive is well placed to meet the increase in demand.

Where the spindles dance

Rotating at up to 60,000 r.p.m. (1,000 per second), the spindles produced by Step-Tec, a subsidiary of AgieCharmilles GF, hardened steel, mill aluminium blocks, carbon fibre-reinforced plastic and other materials. And with a degree of precision beyond human imagination. They are accurate to within a thousandth of a millimetre. Manufactured in Switzerland, these high-tech generators are used in Mikron's high-performance milling machines, primarily for the aviation industry and medical technology and increasingly for the automotive industry and mould making. Among manufacturers of high-quality precision parts – a new market for GF Machine Tools – demand is steadily rising. GF Machine Tools is well placed to meet the increase in demand.

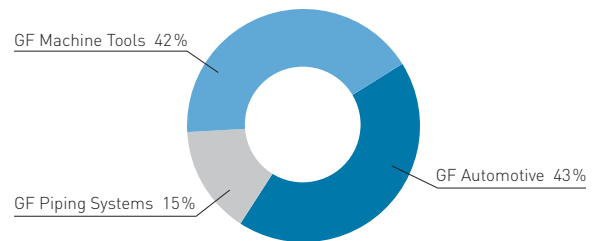
GF Machine Tools. GF Machine Tools (AgieCharmilles GF) showed the biggest improvement. The Group increased sales by eight percent to CHF 1.06 billion. Its high-speed milling machines are a growth driver. Cost-cutting measures were also instrumental in more than doubling EBIT, which comes to CHF 73 million, for an EBIT margin of seven percent. All market regions with the exception of southern Europe reported a positive trend.

The mould and tool making market is currently experiencing a shift in the mass production of consumer goods to Asia, particularly China, and to eastern Europe, where lower labour costs provide favourable conditions for mass production. GF Machine Tools has therefore expanded its presence in Asia: it has opened its own sales company in Thailand, production capacity at AgieCharmilles GF in Beijing is gradually being increased to meet local demand and the sales network in China has been bolstered.

GF Machine Tools (AgieCharmilles GF)

CHF millions	2005	2004
Sales	1 058	978
- EDM	491	485
- Milling	222	155
- Automation Tooling	75	75
- Installed Base Business (IBB)	270	263
EBIT	73	31
Net Operating Assets (NOA)	483	476
Employees	3 178	3 062
CHF thousands		
Sales per employee	339	317
Gross value added per employee	113	100
%		
Gross value added/ - Personnel expenses	134	123
- Return on Net Operating Assets (RONOA)	15	6
- Return on Sales (EBIT margin)	7	3

Expenses 2005 for Research and Development by Corporate Group (in %)
(100% = CHF million)



Innovation

Research and development. In 2005, Georg Fischer invested CHF 124 million (2004: CHF 114 million) in research and development. This is equivalent to a good three percent of sales. Group-wide, a total of 580 employees work in research and development (R&D).

Georg Fischer focuses its R&D activities on actual projects and sets its development engineers clear goals. At the same time, the Company shows them the trust and provides them with the resources they need to do their job. By forming partnerships with universities, Georg Fischer supplements its own research capacity and promotes knowledge transfer. Using a marketing campaign targeted at specific universities, Georg Fischer each year tries to win the best talent for its own research teams. Around 750 patent families (4,000 patents) are proof of GF's innovativeness. In addition, it files an average of around 50 new patent applications a year.

Technology Day. At the first ever "Technology Day" in autumn 2005, the Corporation showcased its innovativeness and technological expertise. The event was very popular with the financial analysts and representatives of the business and financial press invited to attend.

At GF Automotive, R&D is focused on innovative materials solutions, improved procedures and optimization throughout the entire production process. As a development partner to leading automotive manufacturers, GF Automotive has a decisive competitive edge. Resident engineers (GF Automotive engineers working for customers directly on site) seconded to all major customers ensure

close cooperation and exchanges of information and knowledge, enabling ever shorter development and production cycles and an ever wider range of models.

At GF Piping Systems, R&D is focused on the connection technology for piping systems, flow control and improved materials, more specifically plastic materials. GF Piping Systems' particular strength lies in solutions for the safe, leakage-free transportation of water and gas, which are offered to customers worldwide.

GF Machine Tools is a technology pioneer in both electric discharge machining and high speed milling. GF Machine Tools will continue to extend its technological leadership, for example by developing new generators for electric discharge machining and spindles for maximum rotation speeds.

Process improvements. The constant improvement of production processes and materials is of paramount importance for GF Automotive. It has its own, patented materials, which give it a significant competitive edge. For example, the patented iron castings material Sibodur® is allowing the Company to move into new areas of application and enjoying increasing demand. The LamiCast® low-pressure sand-casting process developed by Georg Fischer makes it possible to manufacture thin-walled complex aluminium cast parts. By using modified sodium carbonate (a chemical compound similar to baking powder!), GF Automotive was able to make a simple but amazing improvement to bonding agents for sand grains. Using "baking powder" prevents the formation of sheet ribs on cast parts, obviating the need for finishing.

New products. GF Machine Tools was represented at EMO in Hanover, the world's largest trade fair for machine tools, with 30 products. The fact that 15 of these were world firsts underlines its innovativeness. Mikron's new machining centres meet customer requirements for high-quality precision parts manufactured quickly and inexpensively. The Agiecut Progress 4 and the Charmilles Robofil 640cc were the first machines based on AgieCharmilles GF's new platform concept to be produced in Switzerland. Major innovations are coming to market on a regular basis and the entire product range will be overhauled by 2008.

Production processes. In 2005, GF Piping Systems achieved a further improvement in performance in the production of electric welding sleeves for the gas and water supply sector. Providing multi-impression moulds and the highest level of automation possible, the new plant concept increases production capacity and makes a major contribution in the battle for global market and cost leadership.

R&D programme 2006. The level of spending on research and development will be broadly in line with previous years. GF Automotive's research and development is focused on trends in automotive manufacturing: saving resources, increased safety, greater comfort and continued price pressure. The strategic focus of GF Piping Systems is water. GF Piping System's investments in research and development focus systematically on applications that make innovative contributions to the careful use of water. It concentrates on solutions for the infrastructure required for new-build and renovation projects, those that aim to meet the most exacting quality requirements for industrial applications and on safe and inexpensive solutions in the largest market for pipe connection systems and domestic and sanitary installations. In GF Machine Tools' two main customer segments, tool and mould making and the market for the production of precision parts using high-quality materials, there is a continuing trend towards miniaturization and ever greater precision, speed and availability of systems. Here, GF Machine Tools focuses its R&D on the development of the joint "EDM Futura" platform, further improvements in high-performance spindles, the "Smart-Machine" software modules and automation.

Executive Committee

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

Further information on the Executive Committee can be found in the Corporate Governance chapter on pages 90 and 91.

Market and customers

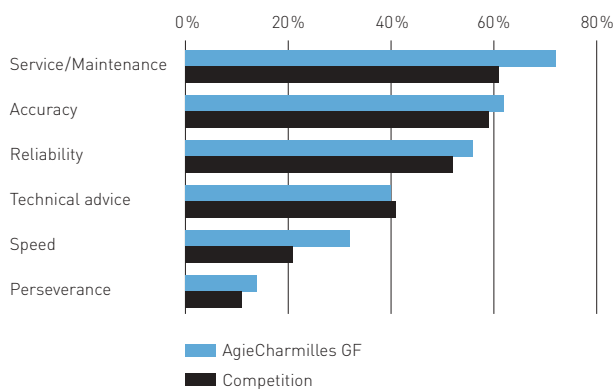
Customer satisfaction. Georg Fischer's individual Corporate Groups conduct regular surveys among their target groups, thus adding to their knowledge and assessment of the market. In 2005, GF Machine Tools as a Group conducted an extensive survey among its customers. High quality, precision, reliability and the ability to provide outstanding service and support were the most frequently mentioned values. In a rapidly and radically changing enviro-



The Executive Committee of Georg Fischer (from left to right):
Dr Roland Abt, Dr Ernst Willi, Dr Jürg Krebs, Yves Serra, Dr Kurt E. Stirnemann (President and CEO), Ferdinand Stutz

AgieCharmilles GF offers the best service

How customers rate AgieCharmilles GF compared with the competition (in %)



Extract from a customer survey conducted by AgieCharmilles GF in 2005

onment, these factors are immensely important. GF Piping Systems is preparing another global customer survey for 2006. This was piloted in Switzerland back in 2005.

In December 2005, AgieCharmilles GF received the "Customer Value Leadership Award 2005" offered by global consulting firm Frost & Sullivan. This award is given each year to companies that are shown to consistently provide sustainable advantages and value for customers within their sector. The analysts said that Agie Charmilles GF had been selected because of the combination of superior technologies and excellent service offerings with which it helps its customers to increase efficiency and improve the quality of their end products.

Global presence. Georg Fischer maintains a global presence, with a sales and service network covering some 200 sites worldwide. In 2005, Germany still remained the Corporation's most important market by far, with a 41 percent share of sales (2004: 43%). The trend in southern European markets was below average. GF Machine Tools in particular is feeling the pinch of the weak market for capital investment goods. The trend in sales in eastern Europe remains positive. Nevertheless, with a 76 percent share of sales (2004: 80%), Europe retained its traditionally strong position.

Sales in America and Asia rose, mainly thanks to GF Piping Systems and GF Machine Tools. With a 14 percent share of sales (2004: 11%), Asia and others moved further ahead of America with its ten percent share (2004: 9%).¹

Asia as a growth market. Georg Fischer intends to continue growing in Asia and in the medium term plans to achieve 20 percent of its sales in this region, with China accounting for more than half of this figure. All three Corporate Groups have defined their strategies and are implementing appropriate measures. For GF Automotive, the new pressure die-casting foundry in Suzhou (China) represents a major step towards the development of the Asian market. 2006 will see the second stage in the plant's expansion, as it is already a success with Chinese automotive manufacturers. Due to weaker conditions in China's construction industry, GF Piping Systems was unable to match the high growth rates achieved in previous years, but continues to expand local production and development capacity as planned.

GF Machine Tools continues to increase production capacity at its plant in Beijing (China) to meet local demand. The sales network in China has been bolstered by new sales support units in Suzhou, Tianjing and Dalian. The sales company set up in Thailand brought a gratifying rise in sales in its first year. In India, GF Machine Tools plans to participate to a greater extent in the growth in this important future market by opening a local branch in Bangalore in the first quarter of 2006.

¹ See also segment information in financial section on pages 48 and 49.

In implementing its strategy in China, the Corporation made the necessary preparations for a Corporate China Headquarters, which opened for business in early 2006 and assists the local corporate subsidiaries in selected services. The Headquarters manager reports directly to the President and Chief Executive Officer. Recruiting experienced managers with a good track record is a particular challenge in China. The meeting for managing directors in the Asia region, which in 2005 was held in Shanghai (China), was therefore dedicated to human resources management. The considerable importance attached by the Corporation to this largest of growth markets was also reflected in the appointment of Zhiqiang Zhang, a Chinese citizen, to the Board of Directors of Georg Fischer Ltd.

Brand policy. In 2004, Georg Fischer launched a revamped brand concept and a new corporate design, which it finished implementing in the year under review. GF Piping Systems, which benefits the most from the +GF+ corporate brand (a registered trademark since 1902), was particularly quick to introduce the standard visual identity across all companies and product lines. The clear focus of communication on the corporate brand and the new corporate design were very well received in the market.

The Corporate Group GF Machine Tools, which until the end of 2005 was trading as Agie Charmilles Group, will now operate as AgieCharmilles GF. Its name will therefore consist of just one word, emphasising the growing bond between the different units that have come together over the last decade to form one company. The new "GF" suffix highlights its attachment to the values it shares with its majority shareholder, Georg Fischer. "AgieCharmilles GF" stands for a strategic core activity of the Corporation operating under a shared brand and a shared industrial management.

In 2005, Georg Fischer made preparations for a completely re-designed employee publication with a view to strengthening the umbrella brand and the bond between the various parts of the Corporation. From 2006 onwards, this publication will appear once a quarter in the Company's main languages: German, English, Italian, French and Chinese.

Investments

Plant and equipment. During the year under review, the Corporation's investments in plant and equipment amounted to CHF 128 million (2004: CHF 182 million). GF Automotive accounted for 63 percent (2004: 78%) of the total, GF Piping Systems for 22 percent (2004: 15%) and GF Machine Tools for eleven percent (2004: 7%). 78 percent of the total was invested in Europe. The main focus was on expansion of production capacity and on new products and processes. R&D spend is not reported in the balance sheet as an investment, but recognized in the income statement as an expense.

The total annual investment required to maintain core operations and safeguard internal growth comes to around CHF 150 million. In the case of GF Automotive, which will again account for the lion's share of the investment, investments are based on existing long-term customer orders. The geographical focus on Europe will basically remain unchanged. However, all three Corporate Groups attach great importance to Asia, and in particular to the Chinese market. Production capacity, distribution and market presence in China and other Asian countries are undergoing continuous expansion. As well as investing in infrastructure, Georg Fischer will also be adjusting its human resources and technical skills in line with market requirements.

GF Automotive

Serving our customers. Almost all the major auto manufacturers buy GF Automotive's highly stressable cast components and systems in aluminium, magnesium or iron. In close cooperation with its customers, GF Automotive develops and produces more than 100 million components a year at 13 locations in Germany, Austria and China. Manufacturers the world over value its innovativeness and its expertise in materials, development and manufacturing.

There is an ever greater demand for highly stressable components with high functionality and complex geometry for powertrains, chassis and bodysells. At the same time, demand is also increasing for lightweight construction, whether achieved through the use of light metals or through a reduction in the weight of the iron castings. GF Automotive is continuously developing its own materials,

improving production processes and optimizing components, thereby reducing the time and effort spent on tasks such as processing and logistics.

GF Automotive's expertise extends the length of the value chain, starting with the development of its own materials and including everything from product and process development, design and calculations through to component checking and global delivery capability. This expertise forms the basis of optimum customer service from development through to mass production.

GF Automotive

- casts and machines components in aluminium, magnesium and iron
- is highly skilled in the three main casting processes: sand, pressure die and permanent mould casting
- manufactures for the main automotive sub-assemblies: chassis, drivetrains and body

GF Automotive

Ferdinand Stutz As of January 1, 2006

Finance, Controlling, IT

Jochen Nutz

Marketing, Sales

Klaus Reinhold

Human Resources

Josef Hary

Purchasing

Atul Malhotra

Research and Development

Beat Ruckstuhl

Production Management

Ueli Forrer

Iron Castings

Josef Edbauer

Light Metal Castings

Klaus Sterner

Road Transportation and Engineering

Beat Frauenfelder

Trends and strategy. The process of consolidation in the automotive industry will continue, as will manufacturers' related focus on core activities, brand management and sales. Wherever possible, manufacturing is being outsourced. The technical development of more comfortable, higher performance and less environmentally harmful vehicles is also moving forward.

The trend towards lightweight construction is continuing, as is the trend towards shorter model cycles. At the same time, industry is using platforms that serve as a basis for a variety of vehicle models bearing different marques. This increasingly requires global delivery capability with almost identical products. The focus of the supply industry is steadily shifting towards eastern Europe and Asia. Strong growth is expected in China in particular.

As a technology leader in the main casting processes, GF Automotive is both prepared for the increase in outsourcing and the trend towards lightweight manufacturing and able to extend its depth of manufacturing. As a competent, innovative and valued partner to the automotive industry, GF Automotive is also benefiting from the substitution of sheet metal and forged parts with castings. Through its plants in Europe and China, it is continuing to extend its

leading market position in Europe and will participate in the growth in Asia. It has its own foundries and cooperation arrangements in place with partners, thereby ensuring that it is able to supply customers worldwide.

Strengthening profitability. GF Automotive is responding to persistently strong cost pressure by implementing operational measures at all sites and expanding shared services. A Key Account Management system improves customer service and optimizes process organization at the production sites. Like the changes to the pay structure at the western European sites, the closure of the Munich plant and, with it, the transfer of orders to other aluminium die-casting plants within the Corporation are further factors helping to safeguard long-term competitiveness.

Using new materials and drawing on its innovative strength, GF Automotive offers customers worldwide commercially attractive, competitive solutions. These con-

tribute to increasing the number of cast components per vehicle and winning new customers. The expansion of production in China is also a major contributor to stronger profitability. By increasing profitability, GF Automotive will achieve sustained growth, even amid tougher competition.

GF Automotive offers solutions from the development through to the mass production of ready-to-assemble components and systems.

Example: The door of the Aston Martin DB9

(See photos on pages 2-5)



The starting point: The development departments of GF Automotive act as an incubator for new ideas for modern die-cast structures. Here, technical experts explore the boundaries of technical feasibility, and customers with similar projects make their contribution. Carmakers the world over value this, like Aston Martin when it came to the development of new doors for the Vantage and DB9 models.



The product: Weighing in at just five kilograms the interior door frame for Aston Martin is one of the lightest ever and an impressive example of the potential of magnesium die-casting for lightweight construction. The component is fabricated as a single casting which also reduces the production costs for the body. The interior door frames also contribute to an ideal weight distribution.



Quality of life: Aston Martin produces a range of models offering a fascinating blend of good looks and high speed. No other car can match it for style, sportiness and power. For connoisseurs of thoroughbred sports cars, this legendary car represents the ultimate driving experience. Georg Fischer makes an important contribution to this driving pleasure with its high-tech components.

GF Piping Systems

Serving our customers. GF Piping Systems provides products suitable for the safe transport of water, gas and other media in a variety of applications. Its customized system solutions are used in industrial applications, in the gas and water distribution industries and in domestic installations, for which the Corporate Group develops and produces a wide range of high-quality components using plastic and complementary materials such as cast iron and brass.

Connection systems are a core competence common to all areas of activity, providing extensive materials and technological know-how that ensures connections and systems are always leak-proof. This know-how is required to prevent leaks and contamination in pressurized piping systems in particular. Whether it be welding, bonding, clamping, moulding or simply inserting, GF Piping Systems has the ideal technology for a consistently secure connection.

Its global presence in more than 100 countries ensures round-the-clock customer service. Processing almost three million order items and over 400,000 shipments a year, the international logistics organization – supported by state-of-the-art information technology – ensures fast distribution and reliable service. Located close to the customers, production facilities in Europe, Asia and the USA meet local requirements. The components and systems are compliant with local standards and certified.

GF Piping Systems

- develops, produces and markets piping systems made of plastic and metal for the safe transport of water, gas and other media
- supplies components and solutions for the gas and water distribution industries, industrial applications and domestic and sanitary installations
- provides innovative solutions for connection systems and flow control

GF Piping Systems

Yves Serra

As of January 1, 2006

Finance, Controlling, IT

Stefan Gautschi

Industry/Utility

Nabil El Barbari

Human Resources, Communication

Alain Ritter

Building Technology

Marco Steg

Europe

Pietro Lori

America

Chris Blumer

Asia

Daniel Fink

Trends and strategy. Careful use of water is becoming ever more important. Whether it be drinking water or specially treated water for industrial applications, the economical use of this resource is now of paramount importance, so increasing the need for durable, leak-free connections, the treatment of process, service and drinking water for multiple use and closed cycles. Plastic systems are the number one choice for a growing number of applications since they offer simple and flexible installation, resistance to chemicals and corrosion, and a lighter-weight solution. This applies to industrial applications in the semiconductor, life sciences and food production industries, as well as to ship building, refrigeration technology and water distribution and treatment. Integral system solutions from a single source are in growing demand.

The market for sanitary and domestic installations is seeing the highest demand for piping systems in volume terms coupled with consistently high growth rates. Piping systems are required for both old and new buildings so as to meet the demand for more comfortable housing. Simple,

complete systems, high flexibility and secure connections made of plastic and metal are of major importance.

GF Piping Systems systematically gears its product range to specific customer requirements for applications within the water cycle. In doing so, it focuses on connection systems, fittings and measurement and control devices for flow control. +GF+-branded products are harmonized across all applications. Whether buying sensors, fittings or pipes, customers do not enter into any risk as regards compatibility or integration. The Group continues to set new standards with its reliable and easy-to-use solutions.

Strengthening profitability. Cost leadership is being strengthened through improvements in the performance of production processes and logistics and through the further standardization of IT and share services. Production efficiency is being further increased within both the individual plants and the Group as a whole. Since a number of products are used in several areas of activity and marketed

GF Piping Systems systematically gears its product range to specific customer requirements for applications within the water cycle.

jointly by distributors, this creates synergies and reduces logistics costs.

The ongoing expansion of the range of integral system solutions in non-cyclical businesses such as water treatment and distribution offers considerable opportunities for growth. Without neglecting its traditional domestic market in western Europe, GF Piping Systems is continuing to bolster its sales network and development expertise in the growth markets of Asia and eastern Europe. It is also specifically exploiting opportunities for growth in the domestic installations market.

Example: the water supply on cruise ships

(See photos on pages 6–9)



The starting point: GF Piping Systems offers a full portfolio of products and services from a complete, mutually compatible range of fittings, valves and pipes to basic planning work and training programmes for installation engineers. This portfolio is systematically tailored to the needs of customers and is thus ideal for the construction or renovation of complex large-scale systems.



The product: Every single product like this shut-off valve is a small masterpiece and an indispensable component for ensuring watertight connections at all times. Increasingly, plastic products are the number one choice because of their corrosion resistance, inertness to chemical attack and their light weight. This also makes them ideally suited for use in shipbuilding.



Quality of life: A perfectly functioning water treatment and supply system contributes to the carefree enjoyment of a cruise. GF Piping Systems plays an important role in this with its wide range of products and comprehensive materials and technology know-how.

GF Machine Tools

Serving our customers. With over 100,000 machines installed worldwide, GF Machine Tools (AgieCharmilles GF) is the leading player in electric discharge machining (EDM) and high-speed milling (Milling), the two key technologies in mould and tool making. EDM and HSM are essential in manufacturing moulds and blanking tools for the mass production of plastic, metal and glass components and the machining of high-quality precision components. The Corporate Group's offering ranges from electric discharge machines and milling machines, including high-speed milling machines, through to workholding and palletizing systems, servicing, spare parts, consumables and automation solutions.

A globally active company with its own organizational structure, AgieCharmilles GF is present at 50 locations worldwide.

GF Machine Tools (AgieCharmilles GF)

Jürg Krebsler

As of January 1, 2006

Finance, Controlling

Mauro Fontana

EDM

José Luis Moral

Marketing & Sales Support

Michael Hauser

Milling

Michael Hauser

Human Resources Management

Rudolf Beck

System 3R

Håkan Näsström

Europe North

Bernhard Kasper

Americas & Europe South

Jean-Pierre Wilmes

Asia

Bernhard Bommeli

Trends and strategy. Mass production continues to move eastwards. The main beneficiaries of this trend are China and other emerging market economies in Asia and eastern Europe. In northern and central Europe and the USA, customers are concentrating increasingly on high-tech specialities. Primarily in these countries, the manu-

GF Machine Tools

(AgieCharmilles GF)

- develops and produces electric discharge machines (brands: Agie, Charmilles and Actspark), milling machines including high-speed milling machines (brand: Mikron), automation solutions and workholding and palletizing systems (brand: System 3R)
- delivers its machines to hardened metal and other materials for use in tool and mould making and the manufacture of precision components
- provides an extensive service offering for the more than 100,000 Corporation machines installed worldwide

facture of precision components using high-quality materials, for example for medical technology and aviation, is an increasingly important activity.

Persistently strong price pressure is resulting in increased demand for automation solutions. At the same time, batch sizes are becoming smaller due to the trend towards just-in-time production. Customers therefore require mainly simple, inexpensive automation solutions for individual machines. Their expectations of high-quality servicing that can extend a machine's overall useful life are also increasing.

GF Machine Tools continues to extend its presence in Asia and eastern Europe, at the same time adjusting production at its Beijing plant to meet increasing local demand. With EDM and HSM, the Corporate Group has the two key technologies required for complex mould and tool making and the manufacture of precision components. This gives it a strategic advantage and, like its proximity to customers and technology leadership, also contributes to its competitiveness.

The Installed Base Business (IBB) is undergoing considerable expansion worldwide. Customers receive advice, servicing, spare parts and consumables as part of the overall package and thus extend the lifespan of their machines.

Strengthening profitability. 2005 saw the successful launch of the new, leaner organizational structure. This reduces costs, strengthens marketing and allows for more efficient sales structures. The "EDM Future" platform is on track. The first Swiss-produced machines based on the new shared platform were presented at EMO 2005, the industry's main trade fair. The entire product range will be overhauled by 2008, making it possible to continue sharply reducing development, production and purchasing costs and simplifying sales and service structures.

Comprehensive actions plans have been drawn up with a view to meeting the growth targets. These are being

systematically implemented and monitored worldwide. Sales of electric discharge machines and workholding systems will primarily increase in the growth markets of Asia, eastern Europe and Turkey. Thanks to its technological advantage, Mikron will continue to extend its leading position in the global market for high-speed milling machines. The market for the manufacture of precision components using high-quality materials is becoming a second, global customer segment alongside mould and tool making.

GF Machines intends to use its innovativeness, proximity to customers and technological lead to maintain its strong market position in Europe and the USA and assume a leading role in Asia.

Example: High-tech for the operating theatre

(See photos on pages 10–13)



The starting point: Five-axis machines from Mikron open up new avenues for the use of milling technology for the manufacture of precision parts and components made of high-grade materials, for example for applications in medical technology.



Production: High productivity, workpiece accuracy and process reliability are among the arguments in favour of using high-speed milling machines in the production process. GF Machine Tools also helps increase the overall service life of these machines with its high-quality service offering.



Quality of life: The use of state-of-the-art implants, instruments and other medical equipment and devices in the operating theatre and in medical engineering in general creates and safeguards quality of life. As market and technology leader in the field of high-speed milling, GF Machine Tools makes an important contribution to this.

Corporate Management

The Chief Executive Officer and the Heads of Corporate Development and Corporate Finance and Controlling form Corporate Management in the narrow sense. Corporate Management is closely involved in management, planning, communications, finance, management development and corporate culture and is supported in these tasks by a team of about 50 people. Corporate Management ensures that risk management, transparency, corporate governance and compliance practices meet the requirements of the owners and the public, and it supports the Board of Directors in meeting its responsibilities.

Management. Corporate Management ensures the Corporation's strategic and financial development, supports the operational managers and creates the conditions for the efficient and far-sighted use of human and financial resources.

Planning. Corporate Management conducts regular, systematic and value-oriented reviews of the corporate portfolio and identifies, plans, structures and integrates all global acquisitions, alliances and market expansion projects. It evaluates and optimizes strategic opportunities and risks and provides leads on development for both the Corporation and the strategic Business Units.

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

Finances. Corporate Management uses powerful information systems to ensure the time-critical financial management of the company. A 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 successors.

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

President and CEO

Kurt E. Stirnemann

As of January 1, 2006

Corporate Finance and Controlling

Roland Abt

Corporate Controlling / Investor Relations

Daniel Bösiger

Corporate Treasury

Andreas Häggi

Internal Auditing

Peter Gyger

Risk Management and Corporate Taxes

Daniel Vaterlaus

Corporate Development

Ernst Willi

Corporate Human Resources

Stephan Wittmann

Communication

Markus Sauter

Legal

Richard Furrer

Patents

Wolfgang Weiss

Corporate Planning

Helmut Elben

Secretary General

Roland Gröbli

Sustainability

Trust and credibility. "Quality of life from Georg Fischer" means that people in all corners of the world can expect Georg Fischer to make an important contribution to their present and future needs. This promise also extends to social and environmental sustainability. Georg Fischer built these corporate responsibilities into its operations and corporate culture at an early stage. The Corporation takes its economic, environmental and social responsibilities very seriously at all levels and reports on them regularly. It has been collecting environmental data systematically since 1997 and publishing it in its own Environmental Report since 1999. The 2004 Annual Report contained the Corporation's first Sustainability Report.

Corporate integrity. Wherever the expectations of shareholders, employees, customers, business partners and the social and natural environment conflict, the art of the entrepreneur is to find the right balance between continuity and change and between economic, social and ecological demands. At Georg Fischer, the value-led management of the financial resources provided by investors is based on a system of intangible values and management principles that apply to all employees of the company. The Corporation's mission statements and the Georg Fischer code of conduct are published on the Internet and provide a benchmark against which to measure our behaviour as a company. Our aim is to apply enduring values and principles to all our activities and to the way we conduct our daily business. Chief among these are trust and credibility, active responsibility for all our stakeholders, honest and timely communication, financial transparency and compliance with the applicable legal standards. These fundamental values are taken into account in the assessment of our employees and especially of our managers, since the integrity of the company as a whole is dictated by the integrity of the individuals who work for it.

As announced this time last year, internal reporting was greatly expanded during 2005 and the system extended to include social indicators. Georg Fischer will therefore be able to publish its first separate Sustainability Report. A condensed version appears in this Annual Report.¹

Social policies

Reporting. At the end of 2005, the Corporation for the first time systematically collected and consolidated detailed information on the composition of the workforce, terms of employment, health and safety in the workplace, training and continuing development. This project is being managed by the Corporate Sustainability Officer, who as such reports directly to the Head of Corporate Planning and therefore to a member of the Executive Committee. The results will be used as a basis for setting targets and defining any necessary measures.

Anchored in the social environment. Active cooperation with the local population and the authorities at all its locations is something to which the Georg Fischer Corporation attaches great importance. We support employees who work for the good of their communities. Each corporate subsidiary is expected to sponsor cultural, sporting and social activities in their community as far as they are able. The Corporation maintains and supports a number of foundations, including the Iron Library Foundation, the largest private library in the world devoted to the production and use of iron. Spending on community-benefit causes comes to almost CHF 2 million a year.

Clean Water Foundation. Since 2002, Georg Fischer has given over CHF 3.5 million to clean water projects worldwide, thereby helping to permanently improve drinking water supplies for over 100,000 people. In 2005, Georg Fischer was able to approve eight new Clean Water projects and complete ten more. It has provided over CHF 200,000 for victims of the tsunami disaster, and the supply of drinking water to five villages on Aceh (Indonesia) has already been fully restored. The project's quick completion was due in no small part to the efforts of Georg Fischer employees who gave their services locally.

¹ The 2005 Sustainability Report, including a wealth of up-to-date data, will be published in the second quarter of 2006 (www.georgfischer.com).

Employees. Well qualified, highly trained and dedicated employees are a key factor for Georg Fischer's success. Interesting work, focused training, fair pay and good social benefits are just as important as a responsible attitude to employees, even in an intensely competitive and difficult business environment.

Georg Fischer is committed to non-discriminatory and equal treatment of all employees. It offers transparent terms of employment. In Switzerland, for example, the terms of employment are those of the collective agreement on pay and conditions signed by the employers' association of the Swiss mechanical and electrical engineering industries (Swissmem) and the labour organizations. The year under review saw the introduction of measures that will result in a higher proportion of part-time employees. In line with the labour laws and social security system prevailing in each country, Georg Fischer contributes to its employees' pensions as far as it is able.

For information on the employee benefits provided by the Corporation, please see the financial section on page 62.

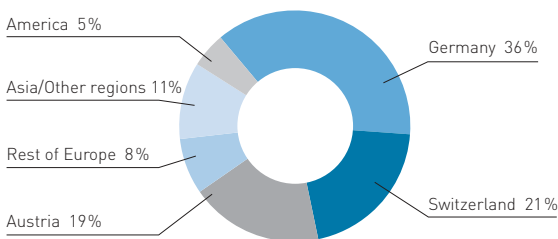
Employee development. Georg Fischer's continuing personal and professional development programmes range from apprenticeships to further training courses for employees and managers and seminars for senior management. By providing focused development opportunities, we keep our employees fit for the job, which in turn improves both their career prospects and our competitiveness.

Apprenticeships. In 2005, the Georg Fischer Corporation provided more than 450 apprentices, more than 200 in Switzerland, with an opportunity to receive basic training in a technical or commercial profession. Georg Fischer has a long tradition in training apprentices and will continue to offer attractive training opportunities. The year under review saw the introduction of measures that will contribute to an increase in the number of apprenticeships across the Corporation.

Training programmes. Besides providing an interesting array of technical and management training courses, the Corporate Groups also offer strategic training programmes to ensure that their employees have the skills and competencies needed to implement the group strategy. GF Automotive continued to offer its long-established training programme "Fit for Tomorrow", again with much success. GF Piping Systems offered internal training courses focusing on the strategic growth segments Water Treatment and Cooling Applications. The new training centre opened in 2005 is already being put to intensive use.

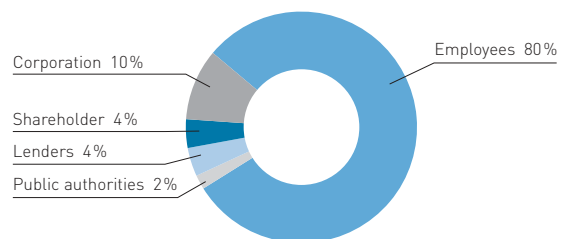
Employees 2005 by region (in %)

(100% = 12 403)



Distribution of net value added 2005 (in %)

(100% = 1.25 billion)



The GF Machine Tools Service Academy comprises courses lasting between one and several days, most of which are aimed at employees in Service, Sales and Management. One special module for soft skills includes not just classic courses in customer-oriented service, but also special projects on promoting cooperation between Sales and Service and problem-solving techniques as well as management seminars and further training courses for trainees. All in all, over 1,500 employees throughout the Corporation attended at least one strategic training course in 2005.

Management training. Having already proven its worth over many years, the Management Development process helped the Corporation to fill around 80 percent of all senior management vacancies with candidates from its own ranks in 2005. The Financial Management Training (FMT), People Management Training (PMT) and Corporate Management Training (CMT) courses all play a key role in the offering of basic and further training at Georg Fischer. In addition to the professional training provided, these courses also aim to promote shared values and culture, the transfer of experience and best practices and the creation of a truly global network. The members of the Executive Committee take a keen interest in these courses and besides contributing specific topics and projects, also cultivate personal dialogue and exchange with all those who attend them.

In 2005, some 100 managers representing 18 different nationalities and from all Corporate Groups enjoyed several days of intensive training in the unique atmosphere of the Corporation's own training centre, the "Klostergut Paradies". In the course of the year under review, a total of some 15,000 visitors attended training sessions or meetings at this former convent on the Rhine.

Sharing best practices. The Corporation's senior managers address issues of strategic and operational significance at an annual two-day conference and at the regional meetings of the Managing Directors, all of which are chaired by the President and Chief Executive Officer. In 2005, 50 Managing Directors attended the three meetings for southern Europe, North America and Asia, held in Bologna, Chicago and Asia respectively. As well as strategy

and financial management, the topics under discussion included human resources and social policy. Last year's meeting for Managing Directors in the Asia region was held in China and dedicated to human resources management. Georg Fischer also promotes the rapid transfer of best practices through the optimum and secure use of information technology and through an open and dynamic communication culture.

Employee satisfaction surveys. At a number of corporate subsidiaries, Georg Fischer conducts regular surveys aimed at gauging employees' satisfaction with their terms of employment. Some 4,000 employees were asked to provide feedback by taking part in an employee satisfaction survey during the year under review. In a joint effort on the part of employees, employee representatives and management, the results of these surveys were then used as a basis for plans of action with clearly defined responsibilities. These are now in the implementation phase. The Ideas Management that the Corporation has been fostering for several years continues to play an important role in the improvement of work processes. Furthermore, working conditions at almost every location have been improved by the deployment of lifting equipment, the lowering of noise and particle emissions, the substitution and/or reduction of hazardous substances and other measures.

USA: a genuine affair of the heart

Georg Fischer Signet, based in El Monte (California), is an example of corporate culture as it should be. For over ten years, GF Signet has been supporting the Lincoln Training Center (LTC), also based in El Monte. This non-profit organization enables mentally and physically disabled people to lead a normal life and provides high quality subcontract work for all types of industries.

Georg Fischer Signet currently employs a group of six people from LTC at its corporate headquarters. This team of employees from different backgrounds, cultures and skill sets assembles and packages product manuals, flow sensor and fitting kits and it is a vital part of the Georg Fischer family. GF Signet not only supports LTC as an employer. It is a big sponsor and remains actively involved in corporate fundraisers, field trips and other programs to enhance the lives of these clients.

Germany: the benefits of baking powder

The Mettmann iron foundry has recently started buying regular baking powder by the tonne. In a slightly modified form, it is added to the sand used to produce grains. The baking powder increases the elasticity of the silica sand, thereby helping to prevent the formation of what are termed sheet ribs, minute defects on the surface of cast parts. This has an amazing number of benefits: the time and effort required to produce sand grains is reduced, the castings do not always need the same amount of finishing as they did previously and, unlike the additives used in the past, baking powder is odourless. This simple but brilliant idea produces environmental and financial benefits in equal measure. The innovation has already been protected in Germany, and patent applications have been filed worldwide.

China: safety in the workplace

Due to strong demand in the Chinese market, Beijing Agie Charmilles (BAC), a production subsidiary of GF Machine Tools, needed to double production capacity in the space of just two years. With around 250 employees, it is already one of the larger companies within the Corporation. Rapid expansion was no reason to neglect safety in the workplace. On the contrary, in 2005 the local government authorities awarded BAC the "Safe Production Award" as a "Model Enterprise of Safe Production in 2005".

This award is given to companies that do not experience any serious occupational accidents during the year and comply fully with legal regulations governing safety in the workplace. At the same time as expanding the plant, BAC also improved internal safety measures and trained the labour force on safe production knowledge. An accident-free year is the satisfying reward for its efforts, and the award welcome recognition and an added bonus.

Environment

Environmental policy. We at Georg Fischer are committed to taking an active part in protecting natural resources. For example, back in 1992, Georg Fischer signed the ICC (International Chamber of Commerce) Business Charter for Sustainable Development, which outlines principles for environmental management. In 2005, the Corporate Environmental Information System (BUIS) was replaced with the Sustainability Information System (SIS). Based on Global Reporting Initiative (GRI) guidelines, this is used to systematically capture important social and environmental data within the Corporation, which in turn will be used to define the Corporation's strategic and operational sustainability objectives.

Focal points. Due to the energy-intensive production processes at its foundries, GF Automotive accounts for around 80 percent of the Corporation's environmental footprint, while GF Piping Systems accounts for almost 20 percent and GF Machine Tools for around two percent. Through heavy investment, GF Automotive is each year able to optimize consumption of energy and resources and increase the proportion of recyclable waste and closed water cycles.

Water. Each Corporate Group uses water in its production processes. Through its product range, GF Piping Systems also contributes to the safe transport of all types of water, thereby helping to prevent leaks and contamination. The careful use of water is therefore something to which the entire Corporation attaches considerable importance. This attitude is also reflected in its commitment to the Clean Water Foundation set up in 2002 (see "Clean Water Foundation" page 33).

Involving our business partners. It is increasingly the case that the Corporation's social and environmental responsibilities also extend to its business partners. In addition to extended environmental criteria, GF Piping Systems has for the first time included social criteria on the checklist it uses to assess suppliers. Georg Fischer is now considering introducing these criteria throughout the Corporation. Conversely, an increasing number of business partners in the automotive industry in particular are defining (minimum) environmental requirements to be met by their suppliers. Georg Fischer welcomes this development.

Environmental products. Life Cycle Assessments (LCA) are becoming increasingly important within the Georg Fischer Corporation. These begin with the selection of raw materials and suppliers and cover everything from production and the use of products at the customer's end through to end-of-life recycling.

GF Automotive uses mainly car manufacturers' stamped waste to produce its iron materials and clean pig iron for the production of aluminium and magnesium alloys. It uses recycled materials to meet around 50 percent of its raw materials requirements. More than 85 percent of the waste produced when melting raw materials and casting is recycled for use in other areas of industry. The iron, aluminium and magnesium castings are 100 percent recyclable.

Sustainability Report 2005

Georg Fischer takes its economic, environmental and social responsibilities very seriously at all levels and reports on them regularly. In the latest study by Ethos Foundation (Switzerland) examining environmental and social reporting by Swiss companies, Georg Fischer is ranked among the "Swiss Leaders".

For the 2005 reporting period, the company is extending the environmental report it has been producing since 1999 to include social topics and expanding it into a sustainability report. The social data is based on Global Reporting Initiative (GRI) guidelines and includes key facts and figures on employees, health and safety in the workplace, training and continuing development.

In addition, the production sites also collect environmental data, just as they have done in the past. This includes data on energy and water consumption, emissions and the amount of waste. The results of the social and environmental reporting procedures will be published in the second quarter of 2006 in Georg Fischer's first sustainability report.

The full Sustainability Report 2005 will be published in the second quarter of 2006. It can be downloaded from the website (www.georgfischer.com) or ordered from Georg Fischer, Kommunikation, 8201 Schaffhausen.

GF Piping Systems has carried out the first LCAs on selected products. The aim is to systematically roll out these assessments across the entire Group. The first recycling systems have been partially installed for products such as PVDF (polyvinylidene fluoride), which customers can return after use and which is recycled for other products.

GF Machine Tools invests considerable effort in extending the service life of the 100,000 or so machines installed and therefore provides an extensive service offering. It also promotes trading in second-hand machines. The longer a machine is in use, the smaller its environmental footprint becomes.

Georg Fischer avoids the use of hazardous substances wherever possible. As a result, it is only slightly affected by the EU's RoHS (Restriction of the use of certain hazardous substances in electrical and electronic equipment) Directive.

Eco-efficiency. Georg Fischer products are increasingly eco-efficient. This means that products are becoming more efficient while their impact on the environment in the production and utilization phase remains the same or is reduced:

- GF Automotive manages to considerably reduce the weight of its cast components by deploying numeric simulation processes during product development, by using its own, newly developed materials and by optimizing production processes. This allows auto manufacturers to build vehicles that are not only lighter, more efficient and less polluting, but safer too.
- The plastic piping systems made by GF Piping Systems are lightweight transport goods, corrosion-resistant and highly durable. They protect water, a valuable resource, against contamination all the way from its source to individual homes.
- The machines made by GF Machine Tools make it possible to produce extremely high-precision moulds so that thin-walled and hence very lightweight PET bottles, for example, can be mass-produced economically while using resources efficiently.

Environmental protection. Throughout the Corporation, waste management is efficient and both economically and environmentally viable. As well as generally reducing the amount of waste, Georg Fischer also tries, and manages, to ensure that material flows contain materials of only one type, as this makes recycling easier. The main materials used by Georg Fischer – metals and high-quality plastics – are easy to recycle.

Modern materials management that thus protects the environment, saves raw materials and reduces energy consumption is standard practice at Georg Fischer. All 45 of the Corporation's fully consolidated production subsidiaries are ISO 14001 certified. Regular external audits ensure their high standard. In Switzerland, Georg Fischer has joined groups affiliated with the Business Energy Agency with the aim of voluntarily reducing its CO₂ emissions to such an extent that it can claim exemption from the CO₂ tax.

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

Financial Report 2005

40–42 Investor information

- 40 Share information
- 41 Share price 2001–2005
- 42 Five-year overview Corporation

43–70 Consolidated financial statements

- 44 Balance sheet
- 45 Income statement
- 46 Statement of changes in equity
- 47 Cash flow statement
- 48 Segment information
- 50 Corporate accounting principles
- 55 Notes
- 70 Report of the Group Auditors

71–78 Financial statements Georg Fischer Ltd

- 72 Balance sheet
- 73 Income statement,
statement of changes in equity
- 74 Notes
- 77 Proposal by the Board of Directors
for the appropriation of retained
earnings 2005
- 78 Report of the Statutory Auditors

79–83 Affiliated companies

84–93 Corporate Governance

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

Share information

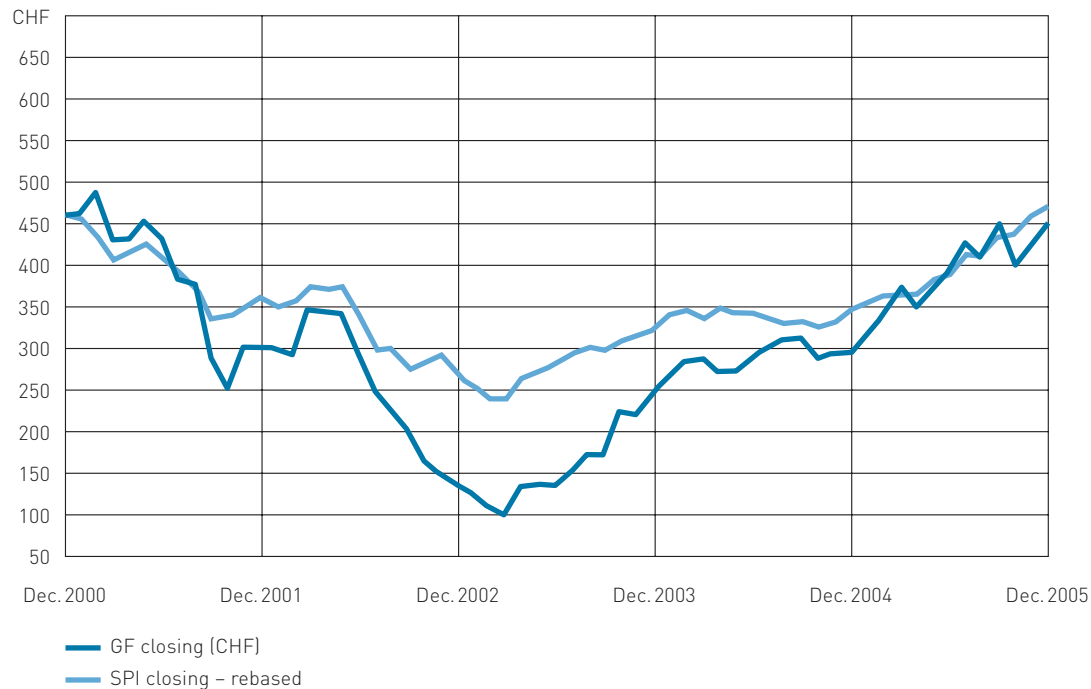
Share capital	2001	2002	2003	2004	2005
Number of shares as per December 31					
Registered shares	3 499 485	3 499 485	3 499 485	3 499 524	3 500 638
Dividend-entitled thereof					
Registered shares	3 449 485	3 449 485	3 449 485	3 449 524	3 450 638
Conditional capital					
Registered shares	485 155	485 155	1 262 240	1 012 201	648 847
Number of registered shareholders	12 358	12 648	12 069	11 330	12 226
Share prices adjusted in CHF					
Registered share					
highest	490	370	248	318	453
lowest	241	130	89	235	290
closing as per December 31	315	140	244	295	449
Price-earnings ratio	16	n/a	n/a	10	10
Market capitalization as per December 31					
million CHF	1 085	483	841	1 016	1 549
in % of sales	28	14	26	29	42
in % of equity attributable to shareholders of Georg Fischer Ltd	104	50	100	109	141
Cash flow from operating activities in CHF per					
Registered share	97	80	98	81	88
Earnings/(loss) in CHF per					
Registered share	19	-6	-44	28	46
Equity attributable to shareholders of Georg Fischer Ltd in CHF per					
Registered share	312	286	253	278	326
Dividend paid (proposed) in million CHF ¹	24	0	0	34	52
Dividend paid (proposed) in CHF per					
Registered share ¹	7	0	0	10	15
Pay-out ratio in %	37	-	-	36	33

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

Security number: 175.230
ISIN: CH000175 230 9
Cedel/Euroclear Common Code: XS008592691

¹ In 2004 and 2005 a dividend payment in form of a reduction in par value

Share price 2001–2005



Market capitalization, earnings per share

The market capitalization stood at CHF 1,549 million on December 31, 2005. The earning per share is at CHF 46 (previous year: CHF 28).

Dividend policy

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

Proposed reduction in par value

At the Annual General Meeting, the Board of Directors will propose a dividend in form of a reduction in par value from CHF 90 to CHF 75 per registered share.

Categories of shareholders as per December 31, 2005

Number of shares	Number of shareholders	Number of shares %
1–100	10 367	10.5
101–1 000	1 668	13.4
1 001–10 000	165	15.1
10 001–100 000	23	18.5
> 100 000	3	11.6
Floating shares	–	30.9
Total	12 226	100.0

Five-year overview Corporation

million CHF	2001	2002	2003	2004	2005
Order intake	3 732	3 480	3 385	3 730	3 783
Orders on hand at year end	797	685	799	897	947
Income statement					
Sales	3 848	3 417	3 257	3 540	3 692
EBITDA	356	275	282	348	403
Special charges	-	-	192	-9	-
EBIT	156	80	-96	189	252
Net profit/(loss) for the year	76	-12	-149	105	175
Cash flow					
Cash flow from operating activities	326	266	327	272	298
Depreciation	159	154	158	143	146
Amortization	41	41	28	25	5
Additions to property, plant and equipment	233	171	147	182	128
Cash flow from acquisitions and divestitures (net cash outflow)	33	16	1	-21	5
Free cash flow	43	110	197	193	184
Balance sheet					
Non-current assets	1 815	1 669	1 539	1 459	1 390
Current assets	1 733	1 456	1 501	1 729	1 684
Assets	3 548	3 125	3 040	3 188	3 074
Equity	1 179	1 054	932	1 023	1 202
Non-current liabilities	1 321	1 099	1 220	1 068	995
thereof subordinated convertible bond	-	-	150	154	158
Current liabilities	1 048	972	888	1 097	877
Net operating assets (NOA)	2 142	1 938	1 656	1 605	1 656
Net debt	1 134	1 077	926	725	606
Asset structure					
Non-current assets %	51	53	51	46	45
Current assets %	49	47	49	54	55
Capital structure					
Equity %	33	34	31	32	39
Non-current liabilities %	37	35	40	34	32
Current liabilities %	30	31	29	34	29
Key figures					
Return on equity (ROE) %	6	-	-	11	16
Return on net operating assets (RONOA) % ¹	7	4	5	11	15
Return on sales (EBIT margin) % ¹	4.1	2.3	2.9	5.1	6.8
Asset turnover ¹	1.8	1.7	1.7	2.2	2.3
Cash flow from operating activities in % of sales	8	8	10	8	8
Employees					
Employees at year end	14 935	13 737	13 247	12 324	12 403
European Union	9 517	8 661	8 669	7 973	7 782
thereof Germany	5 495	4 811	4 781	4 575	4 427
thereof Austria	2 212	2 217	2 342	2 346	2 326
Other European countries	3 402	3 263	2 815	2 503	2 565
thereof Switzerland	3 086	2 903	2 788	2 494	2 558
America	909	732	599	609	602
Asia, Australia	1 107	1 081	1 164	1 239	1 454

¹ In 2003 and 2004 before special charges

Consolidated financial statements 2005

44	Balance sheet
45	Income statement
46	Statement of changes in equity
47	Cash flow statement
48	Segment information
50	Corporate accounting principles
55	Notes
70	Report of the Group Auditors

Balance sheet as per December 31, 2005

million CHF	Notes	2005	%	2004	%
Investment properties	(3)	31		33	
Property, plant and equipment for own use	(3)	990		1 014	
Intangible assets	(4)	250		248	
Investments in associates	(5)	1		1	
Other financial assets	(7)	61		110	
Deferred tax assets	(6, 14)	57		53	
Non-current assets		1 390	45	1 459	46
Assets held for sale	(8)	60			
Inventories	(9)	568		556	
Trade accounts receivable	(10)	656		617	
Income taxes receivable	(11)	11		9	
Other accounts receivable	(12)	103		91	
Marketable securities		10		14	
Cash and cash equivalents		276		442	
Current assets		1 684	55	1 729	54
Assets		3 074	100	3 188	100
Share capital		306		335	
Share premium		137		129	
Retained earnings		655		466	
Equity attributable to shareholders of Georg Fischer Ltd		1 098	36	930	29
Minority interests		104	3	93	3
Equity		1 202	39	1 023	32
Banks	(18)	115		205	
Subordinated convertible bond	(13, 18)	158		154	
Other bonds	(13, 18)	370		369	
Deferred tax liabilities	(14)	69		82	
Provisions	(15)	93		79	
Employee benefits	(16, 18)	162		149	
Other non-current liabilities		28		30	
Non-current liabilities		995	32	1 068	34
Banks	(18)	187		194	
Other bonds	(13, 18)			197	
Employee benefits	(16, 18)	39		31	
Restructuring provisions	(15)			9	
Trade accounts payable		342		374	
Current tax liabilities		54		42	
Other current liabilities	(17)	255		250	
Current liabilities		877	29	1 097	34
Liabilities	(18)	1 872	61	2 165	68
Liabilities and equity		3 074	100	3 188	100

Income statement for the year ended December 31, 2005

million CHF	Notes	2005	%	2004	%
Gross sales		3 738		3 583	
Sales deductions		-46		-43	
Sales		3 692	100	3 540	100
Changes in inventory		-5		20	
Other operating income	(24)	68		55	
Income		3 755	102	3 615	102
Cost of materials and products		-1 699		-1 646	
Operating expenses	(25)	-654		-642	
Gross value added		1 402	38	1 327	37
Personnel expenses	(26)	-999		-979	
Depreciation	(3)	-146		-143	
Amortization	(4)	-5		-25	
Special charges				9	
EBIT		252	7	189	5
Interest expenses	(27)	-48		-54	
Other financial result, net	(27)	4		-2	
Result of investment properties		-4		5	
Profit before taxes		204		138	
Income taxes	(28)	-29		-33	
Net profit		175	5	105	3
thereof attributable to shareholders of Georg Fischer Ltd		155		94	
thereof attributable to minority interests		20		11	
Earnings per share in CHF	(29)	46		28	
Diluted earnings per share in CHF	(29)	41		26	

Statement of changes in equity for the year ended December 31, 2005

million CHF	Share capital	Share premium	Cumulative translation adjustments	Changes in fair value of financial assets	Other retained earnings	Equity attributable to shareholders of Georg Fischer Ltd	Minority interests	Equity
Balance as per December 31, 2003	335	128	-93		474	844	88	932
Changes in fair value of financial assets				3		3		3
Translation adjustments			-12			-12	-1	-13
Net income recognized directly in equity			-12	3		-9	-1	-10
Net profit for the period					94	94	11	105
Total recognized income and expense for the period			-12	3	94	85	10	95
Changes in own shares		1				1		1
Dividends							-5	-5
Balance as per December 31, 2004	335	129	-105	3	568	930	93	1 023
Changes in fair value of financial assets				12		12		12
Translation adjustments			22			22	2	24
Net income recognized directly in equity			22	12		34	2	36
Net profit for the period					155	155	20	175
Total recognized income and expense for the period			22	12	155	189	22	211
Changes in own shares	5	8				13		13
Reduction in par value/dividends	-34					-34	-10	-44
Acquisition of minority interests							-1	-1
Balance as per December 31, 2005	306	137	-83	15	723	1 098	104	1 202

Translation adjustments are mainly due to the change of the Chinese Renminbi, the Euro and the US Dollar.

Income taxes recognized directly in equity amount to CHF 1 million (previous year: CHF 0 million).

Own shares with a par value of CHF 10 million (previous year: CHF 15 million) are deducted from the share capital. The related surplus of CHF 27 million (previous year: CHF 35 million) is deducted from the share premium.

Regarding share capital and own shares see notes to the financial statements of Georg Fischer Ltd on pages 74 to 76.

Cash flow statement for the year ended December 31, 2005

million CHF	Notes	2005	2004
Profit before taxes		204	138
Financial result	(27)	44	56
Depreciation	(3)	146	143
Amortization	(4)	5	25
Other non-cash income and expenses		30	-23
Increases in provisions, net	(15)	33	33
Use of provisions	(15)	-30	-57
Changes in			
Inventories		-6	-36
Trade accounts receivable		-14	-48
Other accounts receivable		9	-19
Trade accounts payable		-38	85
Other non-interest-bearing liabilities		-2	46
Interest paid		-44	-45
Income taxes paid		-39	-26
Cash flow from operating activities		298	272
Additions to			
Property, plant and equipment	(3)	-128	-182
Intangible assets	(4)	-5	-3
Other financial assets		-3	-2
Disposals of			
Property, plant and equipment	(3)	11	36
Intangible assets	(4)		
Investments in associates			7
Other financial assets		6	39
Purchase/disposal of marketable securities		7	1
Cash flow from acquisitions and divestitures	(2)	-5	21
Interest received		3	4
Cash flow from investing activities		-114	-79
Free cash flow		184	193
Changes in own shares		11	
Par value reduction/dividends paid		-44	-5
Issue of bonds	(13)		172
Repayment/repurchase of bonds	(13)	-197	-11
Issue of bank loans	(18)	42	84
Repayment of bank loans	(18)	-126	-205
Changes in other interest-bearing liabilities		-42	-38
Cash flow from financing activities		-356	-3
Translation adjustment on cash and cash equivalents		6	-4
Net cash flow		-166	186
Cash and cash equivalents at beginning of year		442	256
Cash and cash equivalents at year end ¹		276	442

¹ Cash, postal and bank accounts: CHF 267 million (previous year: CHF 240 million); fixed-term deposits: CHF 9 million (previous year: CHF 202 million)

Segment information

	Corporation			GF Automotive		
million CHF	2005	2004	2003	2005	2004	2003
Order intake	3 783	3 730	3 385	1 782	1 877	1 677
Orders on hand at year end	947	897	799	766	755	670
Gross sales by geographical segment						
European Union	2 668	2 626	2 385	1 659	1 638	1 464
thereof Germany	1 514	1 547	1 462	1 150	1 191	1 101
Other European countries	200	178	275	11	12	57
thereof Switzerland	138	123	144	5	7	6
America	371	323	286	36	37	40
Asia	435	407	305	45	52	25
Other countries	64	49	46	20	7	4
Gross sales	3 738	3 583	3 297	1 771	1 746	1 590
Sales deductions	-46	-43	-40	-6	-6	-5
Sales	3 692	3 540	3 257	1 765	1 740	1 585
EBITDA	403	348	282	196	197	168
Special charges		9	-192		-13	-128
EBIT	252	189	-96	100	88	-67
Assets by geographical segment¹						
European Union	1 746	1 848	2 001	1 113	1 168	1 108
thereof Germany	960	889	810	685	597	556
Other European countries	845	779	622		3	5
thereof Switzerland	843	778	452		3	5
America	191	331	188			
Asia	279	211	191	34	12	8
Other countries	13	19	38			
Liabilities¹	1 872	2 165	2 108	416	437	422
Investments by geographical segment²						
European Union	80	157	131	66	141	116
thereof Germany	37	73	62	33	71	56
Other European countries	24	16	31	1		
thereof Switzerland	24	16	31	1		
America	4	3	3			
Asia	25	11	5	17	4	
Other countries						
Depreciation	146	143	158	94	88	96
Amortization	5	25	28	2	8	11
Impairment of property, plant and equipment	11	-15	38	8	-15	35
Impairment of goodwill		3	61			61
Research and development	124	114	112	53	52	48

1 Segment assets and liabilities excluding financial and income tax positions.

2 Investments by geographical segment, to the extent attributed to the segments, equal the purchase cost of property, plant and equipment and intangible assets acquired.

GF Piping Systems			GF Machine Tools			Non-allocated			Eliminations		
2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
907	854	794	1 093	995	880	1	8	64		-4	-30
35	35	35	146	107	94						
521	497	477	487	491	437	1		12			-5
152	156	173	211	200	183	1		7			-2
88	79	94	101	87	97		4	51		-4	-24
56	54	57	77	62	54		4	51		-4	-24
113	97	85	222	189	161				1		-1
144	145	108	246	210	172						
41	36	30	3	2	12		4				
907	854	794	1 059	979	879	1	8	64		-4	-30
-39	-36	-34	-1	-1	-1						
868	818	760	1 058	978	878	1	8	64		-4	-30
113	101	81	90	57	22	4	-7	11			
	2	-36			-27		20	-1			
80	64	2	73	31	-33	-1	6	2			
608	589	597	753	727	754	651	778	668	-85	-89	-100
280	250	358	176	229	268	186	210	299	-9	-9	-32
47	63	70	50	61	83	183	175	132	-5	-7	-31
163	193	106	349	289	246	402	369	332	-69	-75	-67
161	191	103	349	289	245	402	369	166	-69	-74	-67
67	58	22	109	108	153	16	165	14	-1		-1
98	80	73	119	101	87	34	23	23	-6	-5	
	8	38				13	11				
188	186	163	252	238	226	1 044	1 339	1 364	-28	-35	-67
30	25	29	14	13	6	5	4	19			
9	11	12	4	5	1	1		2			
3	2	4	1					2			
14	8	11	7	4	3	2	4	17			
14	8	11	7	4	3	2	4	17			
2	2	2	1	1	1	1					
5	4	4	2	3	1	1					
30	30	34	17	18	20	5	7	8			
3	9	9		8	8						
		2			1	3					
	3										
19	18	22	52	44	42						

Corporate accounting principles

Accounting policies

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

Furthermore, the consolidated financial statements are based on historical cost, with the exception of marketable securities, unconsolidated participations and derivative financial instruments, which are measured at fair value. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the consolidated financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the closing date, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. If necessary, the comparatives have been reclassified or extended from the previously reported amounts to take into account changes in presentation.

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

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

Joint ventures in which Georg Fischer Ltd has a direct or indirect participation of 50 percent, or where the Georg Fischer Corporation exercises joint control, are included in the consolidated financial statements using the proportionate consolidation method.

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

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

Foreign currencies. Corporate subsidiaries prepare their financial statements in local currency. Monetary assets and liabilities held in foreign currencies are translated at the spot rate on the balance sheet date. Foreign exchange gains and losses resulting from transactions and from the translation of balance sheet items denominated in foreign currencies are reported in the income statement. Derivative financial instruments used to hedge such balance sheet items are stated at fair value, whereby the fair value fluctuations are also recognized in the income statement.

The consolidated financial statements are prepared and presented in Swiss francs. For consolidation purposes, the financial statements of the foreign entities are translated into Swiss francs as follows: balance sheets at year-end rates, income and cash flow statements at average rates for the year under review. Any translation adjustment resulting from the different translation of balance sheets and income statements, as well as the foreign exchange gains and losses arising from the translation of equity-like corporate loans denominated in foreign currencies, are recognized in retained earnings.

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

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

Segment information. Segment information is presented in two dimensions: The primary segments are the Corporate Groups and the secondary segments are the geographical markets in which they operate. The segmentation according to the Corporate Groups mirrors the Corporation's management structure. The geographical segmentation is based on five regions. Segment results are reported on an EBIT basis. Interest and income taxes are not allocated to the segments due to the centralized nature of the financing and income tax functions. All operating assets and liabilities that are directly attributable or can be allocated on a reasonable basis are presented as part of the respective Corporate Groups or geographical regions. Eliminations relate to group internal balances and transactions between the segments and corporate headquarters.

Derivative financial instruments. Derivative financial instruments are reported under marketable securities and other current liabilities respectively. Foreign currency and interest rate risks are hedged by the Corporation using forward foreign currency rate contracts, currency options and swaps. Hedge accounting in the sense of IAS 39 was not applied. Derivative financial instruments are stated at fair value, and unrealized gains and losses are reported in the financial result.

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

Intangible assets. Intangible assets embodying future economic benefits, such as acquired royalties, patents and similar rights, are capitalized and amortized on a straight-line basis over their estimated useful lives. Goodwill (the difference between the cost of acquisition and the fair value of the acquired assets, liabilities and contingent liabilities), including goodwill arising from asset deals, and other intangible assets with an indefinite useful life are not amortized but allocated to the appropriate cash-generating units, which are tested annually for impairment.

Other financial assets. Other financial assets mainly comprise prepaid employer contributions, loans to third parties and minority participations of less than 20 percent held over the longer term. Loans are stated at amortized cost less valuation adjustments; the related interest income is recognized using the effective interest method. Minority participations are stated at their estimated fair value, whereby unrealized gains and losses are recognized in retained earnings; at the time of disposal or upon an impairment, they are transferred to the income statement.

Inventories. Goods held for trading are generally stated at average cost, and internally manufactured products at manufacturing cost, including direct labour and materials used, as well as a commensurate share of related overhead costs. If the net realizable value is lower, valuation adjustments are made accordingly. Inventories with an unsatisfying turnover are partly or fully adjusted in value. Prepayments to suppliers are added to inventories, whilst prepayments received from customers on orders in progress are deducted.

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

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

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

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

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

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

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

Financial liabilities. Financial liabilities comprise bank loans, mortgages, convertible and other bonds. They are carried at amortized cost. Borrowing costs are recognized in the income statement using the effective interest method. Convertible bonds are broken down into a liability and an equity component, with the repayment amount of the liability component calculated using the effective interest method and recognized in the income statement over the term of the loan.

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

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

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

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

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

Changes in corporate accounting principles

In 2003, the International Accounting Standards Board (IASB) published a revised version of IAS 32 Financial Instruments: Disclosure and Presentation, a revised version of IAS 39 Financial Instruments: Recognition and Measurement, and Improvements to International Accounting Standards affecting 14 existing standards. In 2004, the IASB published IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 4 Insurance Contracts, IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, revised versions of IAS 36 Impairment of Assets and IAS 38 Intangible Assets, plus further changes to IAS 39. The Corporation has applied all changes with effect from January 1, 2005. The most significant effects are described below:

IAS 1 (revised) Presentation of Financial Statements. As well as introducing other changes, this revised standard requires minority interests in consolidated entities to be presented as a component of consolidated equity, rather than as a separate category on the face of the balance sheet, and minority interests in the net income of consolidated entities to be presented as a component of consolidated net income.

IFRS 3 Business Combinations. As well as introducing other changes, this new standard prohibits the amortization of goodwill. Goodwill is now tested for impairment on an annual basis. The standard requires prospective application. If this standard had been applied in 2004, goodwill amortization of CHF 19 million would not have been recognized. In the event of an acquisition, it is expected that this standard, in conjunction with IAS 38 Intangible Assets, will result in higher intangible assets and less goodwill than would have been the case in the past. These acquired intangible assets are amortized over their estimated useful life, provided that this can be determined. No acquisitions were made in either the reporting or the prior period that would have had to have been recognized in accordance with IFRS 3.

The new standard also affects the Corporation's actual tax rate, as goodwill amortization was mostly not tax deductible.

The other new and revised standards have not had a significant effect on the Corporation's equity, net income or cash flows.

Management assumptions and estimates

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

Impairment of non-current assets. In addition to the regular, periodic test applied to goodwill items, non-current assets are reviewed whenever there are indications that, due to changed circumstances or events, their carrying amount may no longer be recoverable. If such a situation arises, recoverable amount is determined on the basis of expected future inflows. It corresponds to either the discounted value of expected future net cash flows or the expected net selling price. If it is below the current carrying amount, the latter is adjusted to the recoverable amount. This impairment loss is recognized as an expense in the income statement. The main assumptions on which these measurements are based include growth rates, margins and discount rates. The cash inflows actually generated can differ considerably from discounted future values. In addition, useful lives can become shorter or assets impaired if the purpose for which property, plant and equipment are used changes, sites are relocated or closed, or medium-term revenues are lower than expected. The carrying amounts of the items of property, plant and equipment and intangible assets affected are set out in notes 3 and 4.

Fair value measurement of other financial assets. The fair value of participations presented within this item (where the Corporation does not have significant influence) is measured on the basis of existing business plans and current external valuation documents due to the lack of an active market in these or similar investments. In measuring fair value, it is necessary to make various assumptions that subsequently result in adjustments to the consolidated financial statements if new and further financial or other information is published or the participation is sold at a different price. The carrying amounts of these participations are set out in notes 7 and 8.

Employee benefit plans. Georg Fischer uses various employee benefit plans. The majority of its salaried employees are covered by these plans. In order to measure liabilities and costs, it is first of all necessary to assess whether the plans are defined contribution or defined benefit plans by applying the principle of substance over form. If they are defined benefit plans, actuarial assumptions are made for the purpose of estimating future developments. These include estimates and assumptions relating to discount rates, the expected return on plan assets in individual countries and future wage trends. The actuaries also use statistical data such as mortality tables and staff turnover rates in the

actuarial calculations they perform with a view to determining employee benefit obligations. If these parameters change due to a change in economic or market conditions, the subsequent results can deviate considerably from the actuarial reports and calculations. Over the medium term, these deviations can have a significant effect on income and expenses arising from employee benefits plans. The carrying amounts of the plan assets and liabilities carried in the balance sheet are set out in note 16.

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. The carrying amounts of these provisions 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.

Standards that have been approved but not yet applied

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

Standard/Interpretation		Effective date	Date planned for adoption by Georg Fischer
Changes to IAS 19 Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosure	**	January 1, 2006	Financial year 2006
Changes to IAS 39 Financial Instruments: Recognition and Measurement:			
– Cash flow hedge accounting of forecast intragroup transactions	***	January 1, 2006	Financial year 2006
– Fair value option	*	January 1, 2006	Financial year 2006
– Financial guarantees (also applied to IFRS 4)	*	January 1, 2006	Financial year 2006
IFRS 6 Exploration For and Evaluation Of Mineral Resources	*	January 1, 2006	Financial year 2006
IFRIC 4 Determining Whether an Arrangement Contains a Lease	***	January 1, 2006	Financial year 2006
IFRIC 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	*	December 1, 2005	Financial year 2006
IFRIC 7 Applying the Restatement Approach under IAS 29 – Financial Reporting in Hyperinflationary Economies	*	March 1, 2006	Financial year 2007
IFRIC 8 Scope of IFRS 2	*	May 1, 2006	Financial year 2007
IFRS 7 Financial Instruments: Disclosures	**	January 1, 2007	Financial year 2007
Changes to IAS 1 Presentation of Financial Statements: Disclosures about Capital	**	January 1, 2007	Financial year 2007

* No noticeable effects on the consolidated financial statements of Georg Fischer are expected.

** Mainly, it is expected that the consolidated financial statements of Georg Fischer will be affected by additional disclosures.

*** The effects on the consolidated financial statements of Georg Fischer cannot yet be determined with sufficient certainty.

Notes

1 Changes in scope of consolidation

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

Additions (formations)
as of April 1, 2005

- Agie Charmilles Thailand Co Ltd, Bangkok
GF Machine Tools

Disposals (Sales pro rata)
as of December 31, 2005

- Georg Fischer Rohrverbindungstechnik GmbH, Singen
GF Piping Systems (Sales CHF 18 million)
- Fluri Liegenschaften AG, Dietlikon
GF Machine Tools (No sales)

2 Cash flow from acquisitions and divestitures

million CHF	2005		2004	
	Acquisitions	Divestitures	Acquisitions	Divestitures
Property, plant and equipment				25
Intangible assets				
Deferred tax assets				
Other financial assets				1
Inventories		6		14
Trade accounts receivable		2		18
Other accounts receivable				7
Cash and cash equivalents		3		6
Provisions				-1
Employee benefits		-1		
Other non-current liabilities				-1
Trade accounts payable		-1		-13
Other current liabilities		-3		-37
Net assets		6		19
Cash and cash equivalents acquired/disposed of		-3		-6
Net assets acquired/disposed of, excl. cash and cash equivalents		3		13
Goodwill	-1			
Acquisition of minority interests	-1			
Gain and loss on divestitures, net		13		8
Receivable from divestitures		-19		
Net cash flow	-2	-3		21

3 Movements of property, plant and equipment

million CHF	Investment properties	Properties held for own use	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	Property, plant and equipment for own use
Cost							
As per December 31, 2003	87	823	1 546	387	58	14	2 828
Additions		12	100	14	56		182
Disposals	-8	-13	-69	-18	-1	-1	-102
Changes in scope of consolidation		-12	-68	-8			-88
Other changes, reclassifications	2	4	40	9	-54	-1	-2
Translation adjustment		-8	-14	-4	-1		-27
As per December 31, 2004	81	806	1 535	380	58	12	2 791
Additions		9	63	14	42		128
Disposals	-6	-11	-44	-42			-97
Changes in scope of consolidation			-1	-2			-3
Other changes, reclassifications	-5	-46	40	-8	-69		-83
Translation adjustment		12	20	6	2		40
As per December 31, 2005	70	770	1 613	348	33	12	2 776
Accumulated depreciation							
As per December 31, 2003	-47	-447	-1 067	-293		-7	-1 814
Additions	-1	-24	-76	-27		-1	-128
Disposals		6	61	20		1	88
Changes in scope of consolidation		5	53	5			63
Other changes, reclassifications		2		-2			
Translation adjustment		3	7	4			14
As per December 31, 2004	-48	-455	-1 022	-293		-7	-1 777
Additions	-5	-24	-98	-23		-1	-146
Disposals	1	6	39	38			83
Changes in scope of consolidation			1	2			3
Other changes, reclassifications	13	51	9	12			72
Translation adjustment		-4	-12	-5			-21
As per December 31, 2005	-39	-426	-1 083	-269		-8	-1 786
Carrying amount							
As per December 31, 2004	33	351	513	87	58	5	1 014
As per December 31, 2005	31	344	530	79	33	4	990

Insurance value of property, plant and equipment amounts to CHF 3,260 million (previous year: CHF 3,189 million). Committed additions to property, plant and equipment amount to CHF 49 million (previous year: CHF 62 million), which will require the use of cash and cash equivalents in the years 2006 to 2007.

The fair value of investment properties, determined by internal experts on the basis of discounted earnings and current market values, amounts to CHF 59 million (previous year: CHF 69 million).

The depreciation of the year under review contains an impairment to the liquidation value of property, plant and equipment for own use in the amount of CHF 8 million related to the planned closure of the Munich plant of GF Automotive. Further there was an impairment in the amount of CHF 3 million to reflect the expected net selling price of an investment property.

In the income statement, depreciation of investment properties is included in the result of investment properties and in the cash flow statement it is included in the other non-cash income and expenses.

The remaining figures in the lines "Other changes, reclassification" relate to reclassifications of assets to the balance sheet line "Assets held for sale" in the current assets. The carrying amount of the reclassified assets is CHF 3 million (see note 8). Further the cost and accumulated depreciation of fully depreciated assets which are no longer in use have been derecognized in an amount of CHF 68 million.

4 Movements of intangible assets

million CHF	Goodwill	Other	Total
Cost			
As per December 31, 2003	443	41	484
Additions		3	3
Disposals		-2	-2
Changes in scope of consolidation			
Other changes, reclassifications			
Translation adjustment	-3		-3
As per December 31, 2004	440	42	482
Additions		5	5
Disposals	-4	-7	-11
Changes in scope of consolidation	1		1
Other changes, reclassifications	-7	7	
Translation adjustment	3	1	4
As per December 31, 2005	433	48	481
Accumulated amortization			
As per December 31, 2003	-180	-33	-213
Additions	-19	-3	-22
Impairment	-3		-3
Disposals		2	2
Changes in scope of consolidation			
Other changes, reclassifications			
Translation adjustment	2		2
As per December 31, 2004	-200	-34	-234
Additions		-5	-5
Disposals	4	5	9
Changes in scope of consolidation			
Other changes, reclassifications	4	-4	
Translation adjustment	-1		-1
As per December 31, 2005	-193	-38	-231
Carrying amount			
As per December 31, 2004	240	8	248
As per December 31, 2005	240	10	250

With effect from January 1, 2005 Georg Fischer adopted IFRS 3 which requires amongst other matters, that goodwill should not to be amortized but instead must be tested for impairment on an annual basis. Consequently there is CHF 19 million less amortization charge in the income statement compared to previous year.

Goodwill positions refer to individual Cash Generating Units (CGU). These are either several companies grouped together in so called business units e.g. technology units or are individual legal entities. The classification is as follows:

million CHF	2005	2004
GF Automotive		
Technology Unit Die-Casting	97	96
Total	97	96
GF Piping Systems ¹	43	44
GF Machine Tools		
Agie Charmilles Holding AG	29	29
Division Milling	38	38
Division System 3R	28	28
Others	5	5
Total	100	100
Total	240	240

¹ The goodwill position of GF Piping Systems is the sum of different positions resulting from the acquisition of companies. Each of them have no significant value. Therefore they are stated in total.

The existing goodwill positions of each CGU are tested for impairment on an annual basis. The value in use is thereby determined based on future discounted cash flows.

As a basis for the calculation, the five year mid-term planning is used. Subsequent years are included in the calculation using a perpetual annuity. The projections are based on knowledge and experience and also on judgements made by management as to the probable economic development of the relevant markets.

Consequently, it is assumed that for all corporate groups, there are no planned significant changes in their organization. The underlying projections are therefore calculated using average EBITDA growth rates for the next five years, based on historical figures and the latest market estimates. For the subsequent period, zero growth is assumed. In applying the "Capital Asset Pricing Model" there is a calculated cost of capital of seven percent for the whole Georg Fischer Corporation. Considering specific risk premiums and based on the cost of capital, the discount rate is used for corporate groups is eight percent and for corporate subsidiaries nine percent.

Due to the fact that for the cash flow projections, cash inflows after taxes have been taken into account, the discount rate has been determined allowing for the tax effects thus providing a close measure to the pre-tax values.

Based on the impairment tests as of closing date, the value of all goodwill positions held is confirmed. In the opinion of management, there are no possible changes to the applied assumptions that may result in the recoverable amounts of goodwill exceeding the respective carrying amounts. This excludes unforeseen circumstances.

5 Investments in associates

The share of their result is insignificant. The included investments are:

- Berufsbildungszentrum SIG Georg Fischer AG, Neuhausen
- Eisenbergwerk Gonzen AG, Sargans
- Mecartex SA, Losone
- Giessereiservice Leipzig GmbH, Leipzig

6 Deferred tax assets

Deferred tax assets amount to CHF 57 million net (previous year: CHF 53 million). As per December 31, 2005, CHF 12 million tax loss carryforwards were capitalized. For further information see notes 14 and 28.

7 Other financial assets

Other financial assets include investments of less than 20 percent in the amount of CHF 39 million (previous year: CHF 34 million), long-term loans to third parties of CHF 12 million (previous year: CHF 14 million) and prepaid employer contributions of CHF 4 million (previous year: CHF 6 million).

The investment in Coperion has been reclassified as an asset held for sale.

8 Assets held for sale

In accordance with IFRS 5 non-current assets have been reclassified as assets held for sale if these assets are available for immediate sale and its sale is highly probable. The sale of these assets should be expected and completed within one year and the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Liabilities corresponding to assets held for sale may not be set off with the assets but have to be disclosed separately.

The 47 percent investment in Coperion in the amount of CHF 57 million (previous year: CHF 50 million) which is held for sale has been reclassified in 2005 from other financial assets and revalued by crediting equity in the amount of CHF 7 million. In addition, machines have been reclassified as assets held for sale due to shift of productions in the amount of CHF 3 million.

There were no liabilities corresponding to assets held for sale in the year under review.

9 Inventories

million CHF	2005	2004
Raw materials and components	169	155
Work in progress	117	125
Finished goods, goods held for trading	289	276
Inventories on hand	575	556
Prepayments to suppliers	22	26
Prepayments received from customers	-29	-26
Inventories	568	556

The valuation allowance deducted from inventories on hand amounts to CHF 125 million (previous year: CHF 109 million).

10 Trade accounts receivable

million CHF	2005	2004
Trade accounts receivable, gross	681	641
Value adjustment	-25	-24
Trade accounts receivable, net	656	617

Credit risk on trade accounts receivable is limited due to the wide distribution of Georg Fischer customers among different business sectors and geographical regions. There is no significant concentration of credit risk.

11 Income taxes receivable

Out of the income taxes receivable CHF 4 million relate to Switzerland, CHF 3 million to USA, CHF 2 million to Austria, CHF 1 million to France and CHF 1 million to other countries.

12 Other accounts receivable

million CHF	2005	2004
Tax credits (excl. income taxes receivable)	30	42
Other accounts receivable	49	27
Prepaid expenses and accrued income	24	22
Total	103	91

13 Bonds (Georg Fischer Ltd and George Fischer Finance Ltd)

million CHF	Market value	Effective interest rate	2005	2004
Bonds (Georg Fischer Ltd)				
3½% 1999–2009 (February 5)	206	4.0%	197	197
3½% 2004–2010 (September 15)	182	3.8%	173	172
Convertible bond (Georg Fischer Ltd)				
1½% 2000–2005 (January 31)		4.1%		197
Subordinated convertible bond (George Fischer Finance Ltd)				
3½% 2003–2008 (November 13)	266	6.6%	172	172
Discount on subordinated convertible bond			-14	-18
Total	654		528	720

(see also note 18)

The 3½% bonds 1999–2009 and 2004–2010 can be increased by Georg Fischer Ltd at any time.

At January 31, 2005 the 1½% convertible bond 2000–2005 was redeemed in the amount of CHF 197 million. The remaining discount factor in the amount of CHF 0.3 million was amortized until the redemption. Bonds in the amount of CHF 11 million were bought back in the previous year.

Each bond with a par value of CHF 1,000 (of the 3½% subordinated convertible bond 2003–2008), can be converted from January 7, 2004, up to November 13, 2008, into 3.9526 registered shares with a par value of CHF 90 each. The settlement amount at maturity date amounts to 113.355%. Compared to the recognized value, the market value includes an option component due to the conversion right. In 2005 the amortization of the discount factor amounts to CHF 4.3 million (previous year: CHF 4.1 million). CHF 14.0 million are still recognized in the remaining term. From November 2006 the premature conversion can be initiated by Georg Fischer in case of a share price of the Georg Fischer Ltd from about CHF 410, the exact amount depends on dividends and conversion date. The extraordinary General Meeting approved in 2003 the creation of conditional capital required to secure the conversion.

14 Deferred tax assets and liabilities

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

million CHF	Tax assets	Tax liabilities	2005 net	2004 net
Property, plant and equipment	2	39	37	36
thereof investment properties		5	5	5
Tax loss carryforwards	12		-12	-3
Inventories	1	15	14	6
Provisions	10	3	-7	3
Other interest-bearing liabilities	4	1	-3	-11
Other non-interest-bearing liabilities	27	6	-21	-12
Other balance sheet items	27	31	4	10
Total	83	95	12	29
Offsetting	-26	-26	0	0
Deferred tax assets/liabilities	57	69	12	29

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 corporate subsidiary level. On corporate subsidiary level there is offset an amount of CHF 26 million (previous year: CHF 18 million).

15 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Other provisions	Total 2005	Total 2004
As per January 1	34	23	10	12	79	76
Adjustments				9	9	
Increase	26	10	4	22	62	53
Use	-17	-4	-2	-7	-30	-28
Release	-1	-8		-20	-29	-20
Changes in scope of consolidation						-1
Translation adjustment	1	1			2	-1
As per December 31	43	22	12	16	93	79

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

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

The line "adjustments" contains provisions which have been reclassified from the balance sheet line "Restructuring provisions" to the category "Other provisions". In previous year the use of these provisions was CHF 29 million, whereas increase and release leveled off.

In the year under review, provisions have been increased by CHF 4 million for the redundancy scheme related to the planned closure of the Munich plant of GF Automotive. For the same scheme additional CHF 12 million have been booked in the balance sheet line "Other current liabilities" (see note 17).

16 Employee benefits

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

Defined benefit obligations and plan assets as of closing date:

million CHF	2005		2004	
	Total	thereof Switzerland	Total	thereof Switzerland
Present value of defined benefit obligations with funded status	-1 218	-1 082	-1 134	-1 097
Fair values of plan assets	1 229	1 098	1 120	1 084
Asset/liability of plans with funded status	11	16	-14	-13
Present value of defined benefit obligations with unfunded status	-232	-1	-203	
Pension liability (-)/asset (+), total	-221	15	-217	-13

Reconciliation to consolidated balance sheet:

Unrecognized cumulative actuarial losses (-)/gains (+), net	-24	14	-43	-16
Recognized pension liability (-)/asset (+)	-197	1	-174	3
Recognized on the balance sheet as follows:				
Other financial assets (prepaid employer contributions)	4	4	6	6
Liabilities for defined benefit plans:				
Current loans payable	-39	-2	-31	-1
Non-current loans payable	-13		-19	
Other non-current liabilities	-149	-1	-130	-2
Recognized pension liability (-)/asset (+)	-197	1	-174	3

Based on a present value of defined benefit obligations of CHF 1,450 million and a fair value of plan assets of CHF 1,229 million the Corporation's defined benefit plans report a total pension liability of CHF 221 million, of which CHF 197 million net are recognized as a liability on the consolidated balance sheet. These liabilities are covering to a great extent the pension liabilities of foreign pension funds – mainly in Germany and Austria – which are defined benefit plans with unfunded status.

The unrecognized cumulative actuarial losses amount to CHF 24 million. Due to high returns on plan assets and reduced service costs the Swiss pension plans changed their unrecognized cumulative actuarial losses into profits in the year under review and disclose unrecognized cumulative actuarial profits in the amount of CHF 14 million. Whereby the benefit plans in Great Britain and Germany have unrecognized cumulative actuarial losses in the amount of CHF 36 million.

The Swiss pension plans are included in the IAS 19 calculation of defined benefit plans. According to Swiss law they qualify as defined contribution plans. These plans are legally independent foundations for which the Corporation is not liable. The funded status required by law is determined according to national legislation, which considers contributions paid until the balance sheet date and the corresponding interest but, as opposed to IAS 19, does not include future salary and pension increases. The costs determined according to IAS 19 were covered by the employer contributions recognized as expenses in both years.

Analysis of employee benefit costs:

million CHF	2005 thereof		2004 thereof	
	Total	Switzerland	Total	Switzerland
Cost of defined benefit plans				
Current service cost	38	28	40	27
Past service cost				
Interest cost	44	33	48	38
Expected return on plan assets ¹	-46	-42	-52	-47
Early retirements, curtailments, settlements	1			
Actuarial loss recognized	1		1	1
Cost of defined benefit plans, gross	38	19	37	19
Less employees' contributions	-12	-11	-12	-12
Cost of defined benefit plans, net	26	8	25	7
Unrecognized additional employer contributions	15	9	9	9
Cost of defined benefit plans (defined benefit plans)	41	17	34	16
Cost of defined contribution plans	4		3	1
Employee benefit costs	45	17	37	17

¹ In the year under review the actual return on plan assets amounts to CHF 89 million (previous year: CHF 49 million)

Movements of the recognized pension liability (-)/asset (+)
relating to defined benefit plans:

million CHF	2005 thereof		2004 thereof	
	Total	Switzerland	Total	Switzerland
Recognized pension liability (-)/asset (+) as per January 1	-174	3	-166	5
Cost of defined benefit plans, net	-26	-8	-25	-7
Employer contributions	23	15	19	16
Unrecognized employer contributions	-15	-9	-9	-9
Use of prepaid employer contributions	-2	-2	-3	-3
Benefits paid	12	1	10	
Reclassification to defined benefit plans			-6	
Changes of loans payable	-2	-1	5	1
Changes in scope of consolidation	1			
Translation adjustment and other effects	-14	2	1	
Recognized pension liability (-)/asset (+) as per December 31	-197	1	-174	3

Actuarial assumptions:
in %

	2005	2004
Discount rate	3.1–5.0	3.5–5.5
Expected return on plan assets	4.1–6.7	4.5–7.5
Expected salary increase rates	1.5–3.3	1.5–3.3
Expected pension increase rates	0.3–2.8	0.5–2.8

17 Other current liabilities

million CHF	2005	2004
Social security	27	27
Overtime, holiday, bonuses and profit-sharing	83	87
Other non-interest-bearing liabilities	28	15
Other interest-bearing liabilities	5	5
Accrued expenses and deferred income	112	116
Total	255	250

"Other non-interest-bearing liabilities" contain CHF 12 million for the redundancy scheme related to the planned closure of the GF Automotive plant in Munich. For this redundancy plan further CHF 4 million have been recognized as provisions (see note 15).

18 Interest-bearing liabilities

million CHF	within 1 year	up to 5 years	Maturity over 5 years	2005	2004
Banks	187	111	4	302	399
Bonds		528		528	720
Employee benefit plans	39	8	5	52	50
Other interest-bearing liabilities	5	5		10	13
Total	231	652	9	892	1 182

89 percent of non-current liabilities are at fixed interest rates. The effective interest rate concerning banks amounts to 3.7%.

The interest bearing liabilities include two syndicated loans with financial covenants. Following table give an overview of the most important aspects:

Debtor	Term	Credit	Utilized thereof
Georg Fischer Ltd	2004–2008	CHF 100 million	CHF 0 million
Agie Charmilles Holding AG	2003–2007	CHF 160 million	CHF 0 million

The credit with Georg Fischer Ltd includes financial covenants such as net debt ratio (calculated as ratio between net debts to EBITDA), interest-cover ratio (calculated as ratio between net interest expense to EBITDA) and the equity excluding goodwill and minorities. As of December 31, 2005 Georg Fischer complied with all financial covenants.

The credit with Agie Charmilles Holding AG includes financial covenants such as to the current assets related to debts, the current assets in relation to the sales, the equity ratio and the interest-cover ratio. As of December 31, 2005 Agie Charmilles complied with all financial covenants.

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

The interest liabilities also include loans payable towards defined benefit obligation with unfunded status in the amount of CHF 52 million (previous year: CHF 50 million).

19 Financing

The 1½% convertible bond 2000–2005 in the amount of CHF 197 million was redeemed in January 2005. The refinancing of these funds was done already in 2004 with the issuance of the 3½% bond 2004–2010 in the amount of CHF 175 million. This was the main reason for the big increase in cash and cash equivalents at year end 2004 up to a level of CHF 442 million. With the exception of the redemption of the convertible bond there were no important financing transactions in the year under review.

20 Contingencies

Contingencies include obligations to take back leasing transactions entered into by third parties totalling CHF 7 million (previous year: CHF 5 million), as well as guarantees and securities granted to third parties of CHF 21 million (previous year: CHF 17 million).

The class action lawsuit, filed in August 2003 by US military veterans of the Gulf War I at US Federal Court in New York, the jurisdiction of which is still controversial, against Georg Fischer Ltd, is in the opinion of the Company unfounded. Therefore neither a provision has been set up nor is there a reason to disclose a contingent liability under this heading.

21 Financial instruments

Risk management instruments and off-balance-sheet risks. The various risk positions arising from existing assets and liabilities as well as future engagements are managed at corporate level. Cash and cash equivalents are mainly held in the form of current accounts and current fixed-term deposits at banks. Only first-class financial institutes are employed. The Corporation uses derivative financial instruments mainly for hedging risks in connection with interest rate and foreign currency fluctuations.

Foreign exchange risks. Foreign exchange risks on intercompany loans are partially covered by forward foreign currency rate contracts based on a risk assessment. Forward foreign currency rate contracts are due within twelve months.

Forward foreign currency rate contracts (purchases):

million CHF	2005	2004
Contract value	127	70
Fair value ¹	-1	-1
Market value	126	69

¹ Corresponds to the carrying amount recognized

Forward foreign currency rate contracts by currencies:

million CHF	2005	2004
USD	108	46
GBP	2	1
EUR		4
Other	17	19
Total	127	70

Interest rate risk. Cash and cash equivalents are invested on a short-term basis. The interest rate risk is only hedged in limited cases.

Credit risk. Credit risks are limited by closing agreements only with parties and institutions with adequate credit ratings. Credit risk on trade accounts receivable is limited due to the wide distribution of Georg Fischer customers among different business sectors and geographical regions. There is no significant concentration of credit risk.

Hedges. During the fiscal year 2005, no hedge accounting was applied.

Fair values. The carrying amounts of cash and cash equivalents, trade accounts receivable and current liabilities approximate their fair values according to IFRS.

Methods and assumptions of determining fair value. The carrying amount of marketable securities and listed minority investments recognized at fair value is based on the share price quoted on the stock exchange as of closing date. The carrying amount of investments of less than 20 percent that are not listed on any stock exchange, is based on a prudently estimated present value of expected cash flows. The carrying amount of forward foreign currency contracts and interest rate swaps is calculated as the difference between the contract and the market value as per closing date.

22 Leases

million CHF	2005	2004
Liabilities under leases up to 1 year	1	1
Liabilities under leases 2 to 5 years	1	3
Liabilities under leases over 5 years		
Finance leases (nominal values)	2	4
Liabilities under leases up to 1 year	8	9
Liabilities under leases 2 to 5 years	21	25
Liabilities under leases over 5 years	6	8
Operating leases (nominal values)	35	42

23 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 128 million (previous year: CHF 142 million), of which CHF 68 million relate to property, plant and equipment (previous year: CHF 87 million) and CHF 60 million to accounts receivable (previous year: CHF 55 million).

24 Other operating income

Other operating income includes extraordinary revenue of CHF 11 million, which was generated by the sale respective pay back of two old, completely value adjusted receivables which were part of a debt rescheduling agreement with Poland and Egypt. Furthermore the other operating income contains mainly commission income, patent and license fees and capitalized own production.

25 Operating expenses

million CHF	2005	2004
External services ¹	194	173
Rent, leasing	45	44
Utility services third parties	76	68
Selling costs, commissions	117	119
Advertisements, communication	97	87
Repair, maintenance	83	84
Other expenses ²	42	67
Total	654	642

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

2 In the year under review gains on divestitures in the amount of CHF 13 million (previous year: CHF 8 million) are deducted.

Different expenditures were reclassified from other expenses to new main categories. The previously reported figures were adjusted to be in line with the current year's presentation.

26 Personnel expenses

million CHF	2005	2004
Salaries and wages	810	787
Employee benefits	45	37
Social security	144	155
Total	999	979

Salaries and wages include CHF 16 million for the redundancy scheme related to the planned closure of the Munich plant of GF Automotive.

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 3,149 shares (previous year: 2,722) were issued and recognized as a personnel expense at their market value of CHF 1.4 million (previous year: CHF 0.8 million).

27 Financial result

million CHF	2005	2004
Interest income	3	3
Interest expenses	-48	-54
Other financial result	1	-5
Total	-44	-56

Interest expenses include an additional expense of CHF 0.3 million (previous year: CHF 4.3 million) relating to the amortization of the discount on the 1½% convertible bond 2000–2005. Concerning the 3½% subordinated convertible bond 2003–2008 an additional interest charge of CHF 4.3 million (previous year: CHF 4.1 million) relating to the amortization of the discount was recognized in interest expenses.

Other financial result includes foreign exchange gains in the amount of CHF 3 million, fees for syndicated loans, gains on financial assets and income from marketable securities, as well as stamp duties.

28 Income taxes

Income tax expenses can be analyzed as follows:

million CHF	2005	2004
Profit before taxes	204	138
Tax expense/income at the applicable tax rate of about 27% (previous year about 30%)	55	41
Non-deductible expenses/tax-exempted income	-1	-2
Use of unrecognized deferred tax assets on temporary differences	-4	
Use of unrecognized tax loss carryforwards	-17	-9
Effect of unrecognized tax loss carryforwards arising from current results	3	4
Recognition of previously unrecognized tax loss carryforwards	-12	
Tax charges and credits relating to prior periods, net	8	
Effect from change of deferred tax rate	-1	
Other effects	-2	-1
Income tax expenses recognized	29	33
Allocated to the following positions:		
Current taxes	45	32
Deferred taxes	-16	1
Income tax expenses recognized	29	33

The decrease of the applicable tax rate is mainly caused by the change of the tax rate in Austria. 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 (see note 14).

million CHF	2005	2004
Expiry unlimited	146	151
after 2008	83	
2008	3	158
2007	8	8
2006	11	12
2005		4
Total tax loss carryforwards	251	333
Tax relief effect	92	90

The recognition of tax loss carryforwards is judged on an annual basis and is based on current assumptions and estimates of the senior management. Tax loss carryforwards are recognized only to the extent, that in single subsidiaries or fiscal units 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 respective subsidiaries where such a utilization is not foreseen, tax loss carryforwards are not recognized. The tax relief effect of the unrecognized tax loss carryforwards amounts to CHF 92 million.

As of December 31, 2005, based on the above mentioned estimates, CHF 12 million tax loss carryforwards were capitalized. Country specific tax relevant regulations and opportunities were hereby respected.

29 Earnings per share

Earnings per share in the amount of CHF 46 are calculated as the portion of net income attributable to Georg Fischer Ltd shareholders divided by the weighted average number of shares outstanding during the reporting period (shares issued minus own shares). The respective number of shares amounted to 3,372,364 in 2005 (previous year: 3,347,740). Diluted earnings per share amount to CHF 41 and in addition take into account the dilution resulting from the potential conversion of all convertible bonds issued. The average number of shares taken as a basis in 2005 for calculating the diluted earnings per share is 3,972,598 (previous year: 4,224,195). The adjusted portion of net income attributable to Georg Fischer Ltd shareholders used to calculate diluted earnings per share amounts to CHF 164 million, including a reduction of interest expense after tax of CHF 8.6 million.

30 Related parties

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

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

The non-executive members of the Board of Directors received in the year under review 1,626 registered shares of Georg Fischer Ltd with a market value of CHF 0.7 million (previous year: 1,780 registered shares with a market value of CHF 0.5 million). Additionally the non-executive members of the Board of Directors received a cash compensation of CHF 0.3 million (previous year: CHF 0.7 million). The total compensation of the Board of Directors is included in operating expenses.

The members of the Executive Committee received for the year under review 1,170 Georg Fischer Ltd registered shares with a market value of CHF 0.5 million (previous year: 1,212, market value CHF 0.4 million). Additionally the members of the Executive Committee received for the year under review a cash compensation of CHF 4.5 million (previous year: CHF 4.3 million). The total compensation of the Executive Committee is included in the personnel expenses (see note 26).

There are no transactions with, accounts receivable from and payable to, related parties, as in previous year.

31 Foreign exchange rates

		2005	Average rates 2004	2005	Spot rates 2004
1	AUD	0.950	0.917	0.963	0.882
1	BRL	0.516	0.426	0.565	0.425
1	CNY	0.152	0.151	0.163	0.137
1	EUR	1.549	1.545	1.557	1.543
1	GBP	2.265	2.279	2.266	2.182
1	HKD	0.161	0.160	0.169	0.146
1	ILS	0.278	0.278	0.286	0.262
1	INR	0.028	0.028	0.029	0.026
1	MYR	0.329	0.327	0.347	0.298
1	SAR	0.332	0.332	0.350	0.302
1	SGD	0.748	0.736	0.789	0.693
1	TRY	0.925		0.974	
1	USD	1.247	1.245	1.313	1.132
100	CZK	5.199	4.841	5.360	5.063
100	DKK	20.784	20.760	20.871	20.740
100	HUF	0.624	0.614	0.616	0.628
100	JPY	1.133	1.150	1.118	1.104
100	KRW	1.220	0.109	0.131	0.109
100	NOK	19.331	18.459	19.412	18.720
100	PLN	38.544	34.151	40.336	37.792
100	SEK	16.690	16.924	16.516	17.102
100	THB	3.093	3.090	3.195	2.930
100	TRL		0.087		0.084
100	TWD	3.700	3.721	3.998	3.569

32 Events after the balance sheet date

On February 20, 2006, the consolidated financial statements were authorized by the Board of Directors and approved for publication. They are subject to approval by the Annual General Meeting.

There have been no events between December 31, 2005, and February 20, 2006, that would require an adjustment to the carrying amounts of assets and liabilities or that would need to be disclosed under this heading.



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

As Group Auditors, we have audited the consolidated financial statements of Georg Fischer Ltd, Schaffhausen, and subsidiaries, presented on pages 43 to 69 and consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements for the year ended December 31, 2005. Certain financial statements of subsidiaries which form a material part of the consolidated financial statements have been audited by other auditors.

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

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

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

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

KPMG Fides Peat

A handwritten signature in blue ink, appearing to read 'Hallauer', written in a cursive style.

Philipp Hallauer
Swiss Certified Accountant
Auditor in charge

A handwritten signature in blue ink, appearing to read 'Rouiller', written in a cursive style.

François Rouiller
Swiss Certified Accountant

Zurich, February 20, 2006

Financial statements Georg Fischer Ltd

72	Balance sheet
73	Income statement, statement of changes in equity
74	Notes
77	Proposal by the Board of Directors for the appropriation of retained earnings 2005
78	Report of the Statutory Auditors

Balance sheet as per December 31, 2005

1000 CHF	Notes	2005	2004
Loans to third parties		45	70
Loans to subsidiaries		558 022	485 600
Investments		622 021	619 293
Non-current assets	(1)	1 180 088	1 104 963
Loans to subsidiaries		157 351	210 180
Other accounts receivable		3 850	3 841
Prepaid expenses and accrued income		3 676	4 654
Marketable securities (incl. own shares)		39 515	48 264
Cash and cash equivalents		99 323	233 382
Current assets	(2)	303 715	500 321
Assets		1 483 803	1 605 284
Share capital		315 057	349 952
Legal reserves		236 046	255 482
Special reserves		233 776	214 171
Retained earnings			
Available earnings/(loss) brought forward		66 641	-7 565
Net profit for the year		90 686	74 206
Shareholders' equity	(3)	942 206	886 246
Non-current liabilities			
Bonds		375 000	375 000
Loans from third parties		3 655	2 783
Loan from subsidiary		2 580	
Provisions		97 540	92 480
Current liabilities			
Banks		1 366	2 337
Bonds			197 315
Accounts payable to third parties		1 293	1 005
Accounts payable to subsidiaries		50 652	36 494
Accrued expenses and deferred income		9 511	11 624
Liabilities	(4)	541 597	719 038
Liabilities and shareholders' equity		1 483 803	1 605 284

Income statement for the year ended December 31, 2005

1000 CHF	Notes	2005	2004
Income from investments		42 141	23 404
Gain on disposal of investments			31 575
Financial income		64 462	42 728
Income from services provided to subsidiaries		32 519	12 847
Other income		2 428	13 228
Income	(8)	141 550	123 782
Expenses for investments		357	260
Financial expenses		16 088	20 005
Cost of services provided by subsidiaries		2 777	3 209
External expenses		14 927	13 337
Personnel expenses		11 832	12 017
Income taxes		4 883	748
Expenses	(9)	50 864	49 576
Net profit for the year		90 686	74 206

Statement of changes in equity for the year ended December 31, 2005

1000 CHF	Share capital	General reserves	Reserve for own shares	Special reserves	Retained earnings/ (losses)	Shareholders' equity
Balance as per December 31, 2003	349 948	206 047	51 501	212 099	-7 565	812 030
Net profit for the year					74 206	74 206
Conversion	4	6				10
Reclassification			-2 072	2 072		
Balance as per December 31, 2004	349 952	206 053	49 429	214 171	66 641	886 246
Net profit for the year					90 686	90 686
Reduction in par value	-34 995					-34 995
Conversion	100	187				287
Loss on merger Georg Fischer Treuhand AG		-18				-18
Reclassification			-19 605	19 605		
Balance as per December 31, 2005	315 057	206 222	29 824	233 776	157 327	942 206

Notes

1 Non-current assets

Direct and indirect investments in subsidiaries, joint ventures, and associates of Georg Fischer Ltd included the companies listed on pages 80 to 83. They are valued at the lower of historical cost and market value. Compared to 2004, the valuation slightly increased due to capital increases (Georg Fischer Haustechnik AG, Schaffhausen; Georg Fischer AS, Rud; Georg Fischer Automotive (Suzhou) Co. Ltd, Suzhou; Georg Fischer Piping Systems Ltd, Pudong Shanghai) and one capital decrease (Georg Fischer Holding NV, Epe).

In comparison to 2004, loans to corporate subsidiaries increased by roughly CHF 70 million. This development was caused by further implementing the policy of the Corporation according to which the activities of subsidiaries are whenever possible and suitable financed by long term corporate loans instead of local bank credit facilities.

As of December 31, 2005, CHF 100.5 million of the loans to corporate subsidiaries were subordinated (previous year: CHF 109.2 million).

2 Current assets

The amount of short term loans to corporate subsidiaries was reduced compared to 2004 as a result of conversions into long term corporate loans. In addition, the financing needs of certain corporate subsidiaries decreased.

The strong stock market environment allowed the sale of some of the marketable securities. The remaining securities were valued at December 31, 2005 at year-end stock market prices (see note 6 regarding own shares).

Cash and cash equivalents decreased due to the redemption of the 1½% convertible bond 2000–2005 in January 2005.

3 Shareholders' equity

3.1 Share capital. The share capital changed in comparison to 2004 due to two reasons: Reduction by CHF 34,995,240 caused by the CHF 10 reduction in par value per registered share, which was decided by the General Meeting of March 22, 2005. On the other hand, there was an increase of 1,114 shares or CHF 100,260 in the share capital due to the exercise of conversion rights in connection with the subordinated convertible bond 2003–2008 issued in November 2003 by George Fischer Finance Ltd. The share capital as of December 31, 2005 comprised 3,500,638 registered shares with a par value of CHF 90 each. After deduction of registered shares with a nominal value of CHF 4.5 million, which remain at the disposal of the Board of Directors, total dividend-bearing nominal capital amounted to CHF 310.6 million.

3.2 Conditional capital. The conditional capital of up to CHF 36.2 million approved by the General Meeting of March 17, 1999, of which CHF 29.1 million were reserved as security for the conversion rights of the 1½% convertible bond 2000–2005, was abolished due to the lack of exercises of conversion rights. Due to the reduction in par value of CHF 10 per registered share as well as conversions into 1,114 registered shares in 2005 in connection with the subordinated convertible bond 2003–2008 issued by George Fischer Finance Ltd, the conditional capital decreased to CHF 58,396,230.

Total conditional capital as of December 31, 2005 amounted to CHF 58.4 million (previous year: CHF 101.2 million).

4 Liabilities

A breakdown of the bonds is disclosed in note 13 on page 60 in the notes to the consolidated financial statements.

Pension fund liabilities at the end of the year 2005 amounted to CHF 1.8 million (previous year: CHF 942,000).

Compared to previous year, provisions increased by approximately CHF 5 million in the areas of taxes and unrealized foreign exchange gains.

Accounts payable to subsidiaries mainly comprised current loans payable to Munot Reinsurance Ltd in Hamilton, Bermuda, as well as various accounts payable within the Corporation.

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

5 Significant shareholders

In accordance to the publication rules, Credit Suisse Asset Management Funds, Zurich, reported on November 30, 2005, that it holds 176,261 registered shares and thus 5.04 percent of Georg Fischer Ltd.

There were no shareholder positions to be disclosed in the previous year.

6 Own shares held by Georg Fischer Ltd and by subsidiaries

	Number of registered shares	Total market value 1 000 CHF
Balance as per January 1, 2005	99 537	29 313
Purchases	8 363	3 573
Sales	-47 695	-15 014
Used for employee incentive programme and Board of Directors	-4 307	-1 268
Value adjustments		8 494
Balance as per December 31, 2005 (excluding registered shares at the disposal of the Board of Directors)	55 898	25 098
Registered shares at the disposal of the Board of Directors (at nominal value) ¹	50 000	5 000
Balance as per December 31, 2005 (including registered shares at the disposal of the Board of Directors)	105 898	30 098

¹ No change to previous year.

7 Contingent liabilities

1 000 CHF	2005	2004
Guarantees and pledges in favour of third parties		
Guaranteed maximum amount	786 551	784 388
drawn down thereof	454 376	456 926

The guaranteed maximum amount as well as the amount drawn down thereof did not change significantly compared to 2004.

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

The class action lawsuit, filed in August 2003 by US military veterans of Gulf War I at US Federal Court in New York, the jurisdiction of which is still controversial, against Georg Fischer Ltd, is in the opinion of the Company unfounded. Therefore neither a provision has been set up nor is there any reason to disclose a contingent liability under this heading.

8 Income

Due to the improved profitability of various subsidiaries income from investments increased significantly in the reporting period.

Compared to 2004, financial income increased mainly due to two reasons: Interest income increased in line with the strengthening of corporate financing instead of local bank financing. In addition, it was possible to recover rescheduled debt already fully written off in the amount of CHF 11 million. Realized and unrealized profit on own shares amounted to CHF 9 million.

The license fee for using the +GF+ brand, levied since beginning of 2005, was the main reason for the increased income from services provided to subsidiaries.

9 Expenses

Financial expenses decreased in 2005 due to the repayment of the 1½ % convertible bond 2000–2005.

After having used tax loss carryforwards in the previous year, Georg Fischer Ltd had to pay taxes again in the period under review. German income taxes for which Georg Fischer Ltd as partner of Georg Fischer AG & Co is liable, were not due during the reporting period (previous year: CHF 0.7 million).

10 Events after the balance sheet date

According to a communiqué of Credit Suisse Asset Management Funds, Zürich, dated from February 15, 2006, the latter holds less than five percent of the voting shares of Georg Fischer Ltd. The total amount of voting shares is 4.986 percent, this is the equivalent to 174,553 registered shares.

There have been no further events between December 31, 2005, and February 20, 2006, 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 2005

1000 CHF	2005	2004
Net profit for the year	90 686	74 206
Earnings/(losses) brought forward	66 641	-7 565
Accumulated retained earnings	157 327	66 641
Proposal by the Board of Directors:		
Dividend payment ¹	0	0
To be carried forward	157 327	66 641

¹ The Board of Directors is proposing to the General Meeting, to be held on March 22, 2006, a dividend payment in form of a reduction in par value from CHF 90 to CHF 75 per registered share.

Schaffhausen, February 20, 2006

For the Board of Directors
The Chairman

Martin Huber

Martin Huber



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

As Statutory Auditors, we have audited the accounting records and the financial statements (balance sheet, income statement, statement of changes in equity and notes on pages 71 to 76) of Georg Fischer Ltd, Schaffhausen, for the year ended December 31, 2005.

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

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

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

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

KPMG Fides Peat

A handwritten signature in blue ink, appearing to read 'Ph. Hallauer'.

Philipp Hallauer
Swiss Certified Accountant
Auditor in charge

A handwritten signature in blue ink, appearing to read 'T. Keusch'.

Thomas Keusch
Swiss Certified Accountant

Zurich, February 20, 2006

Affiliated companies

Affiliated companies

Country	Group	Company		Share capital million	Participation %	Consolidation	Function
Europe							
Belgium	PS	Georg Fischer NV-SA, Bruxelles	EUR	0.5	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup ¹	DKK	0.5	100	C	S
Germany							
	KF	Coperion Holding GmbH, Stuttgart ¹	EUR	2.6	20	F	H
	KF	Georg Fischer AG & Co, Singen ¹	EUR	25.6	100	C	H
	KF	Georg Fischer Geschäftsführungs-GmbH, Singen ¹	EUR	0.1	100	C	M
	KF	Georg Fischer Schwab Beteiligungs GmbH, Pfullingen	EUR	0.1	100	C	M
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12.8	100	C	P
	AU	Georg Fischer Druckguss GmbH, München	EUR	2.5	100	C	P
	AU	Georg Fischer GmbH & Co KG, Mettmann	EUR	17.9	100	C	P
	AU	Georg Fischer GmbH, Friedrichshafen	EUR	0.4	100	C	P
	AU	Georg Fischer GmbH, Garching/München	EUR	1.0	100	C	P
	AU	Georg Fischer GmbH, Leipzig	EUR	0.9	100	C	P
	AU	Georg Fischer GmbH, Werdohl	EUR	0.3	100	C	P
	AU	Georg Fischer Verkehrstechnik GmbH, Singen	EUR	6.1	100	C	P
	AU	Georg Fischer Verwaltungs-GmbH, Mettmann	EUR	0.1	100	C	M
	AU	Giessereiservice Leipzig GmbH, Leipzig	EUR	0.1	40	E	P
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2.6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2.6	100	C	S
	PS	Georg Fischer Schwab GmbH & Co KG, Pfullingen	EUR	1.0	100	C	P
	PS	Georg Fischer Simona Fluoropolymer Products GmbH, Ettenheim	EUR	4.0	50	P	P
	PS	Simona AG, Kirn	EUR	15.5	17	F	P
	MT	Agie Charmilles Holding GmbH, Fellbach	EUR	5.1	100	C	H
	MT	Agie GmbH, Schorndorf	EUR	2.1	100	C	S
	MT	Charmilles Technologies GmbH, Fellbach	EUR	2.6	100	C	S
	MT	Mikron Agie Charmilles GmbH, Fellbach	EUR	0.5	100	C	S
	MT	System 3R Vertriebs GmbH, Gross-Gerau	EUR	0.3	100	C	S
France							
	PS	George Fischer SAS, Saint-Denis ¹	EUR	1.1	100	C	S
	MT	Agie Charmilles Holding SAS, Palaiseau	EUR	5.9	100	C	H
	MT	Agie Charmilles SAS, Palaiseau	EUR	4.0	100	C	S
	MT	L'Usinage Electrique Sarl, Palaiseau	EUR	0.3	100	C	S
	MT	System 3R France SAS, Croissy Beaubourg	EUR	0.1	100	C	S
Great Britain							
	PS	George Fischer Sales Ltd, Coventry ¹	GBP	11.9	100	C	S
	MT	Agie Charmilles Ltd, Coventry	GBP	2.0	100	C	S

¹ Directly held by Georg Fischer Ltd

Country	Group	Company		Share capital million	Participation %	Consolidation	Function
Europe							
Italy	KF	Georg Fischer Holding Srl, Castelmaggiore	EUR	1.5	100	C	H
	PS	Georg Fischer Alprene Srl, Castelmaggiore	EUR	0.1	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0.1	100	C	P
	PS	Georg Fischer PfcI Srl, Peschiera del Garda	EUR	0.5	100	C	P
	PS	Georg Fischer SpA, Cernusco sul Naviglio	EUR	1.3	100	C	S
	PS	Tecnoplastic SpA, Busalla	EUR	0.6	100	C	P
	MT	Agie Charmilles SpA, Cusano Milanino	EUR	3.0	100	C	S
	MT	System 3R Italia Srl, Cambiago	EUR	0.1	100	C	S
Netherlands	KF	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
	MT	Intech EDM BV, Lomm	EUR	0.1	100	C	S
Norway	PS	Georg Fischer AS, Rud ¹	NOK	1.0	100	C	S
Austria	AU	Georg Fischer Automobilguss AG, Herzogenburg ¹	EUR	4.6	100	C	H
	AU	Georg Fischer Druckguss GmbH & Co KG, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer Eisenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
	AU	Georg Fischer GmbH & Co KG, Altenmarkt	EUR	2.4	100	C	P
	AU	Georg Fischer GmbH & Co KG, Gleisdorf	EUR	2.0	100	C	P
	AU	Georg Fischer Kokillenguss GmbH, Herzogenburg	EUR	0.1	100	C	P
	PS	Georg Fischer Fittings GmbH, Traisen ¹	EUR	3.7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg ¹	EUR	0.2	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa ¹	PLN	2.1	100	C	S
	MT	Agie Charmilles Sp.z.o.o., Warszawa	PLN	1.3	100	C	S
Sweden	PS	Georg Fischer AB, Aelvsjö-Stockholm ¹	SEK	1.6	100	C	S
	MT	Järfälla Hårdverkstad AB, Järfälla	SEK	0.1	91	C	P
	MT	System 3R International AB, Vällingby	SEK	17.1	100	C	P
Switzerland	KF	Berufsbildungszentrum SIG Georg Fischer AG, Neuhausen ¹	CHF	1.0	50	E	M
	KF	Eisenbergwerk Gonzen AG, Sargans ¹	CHF	0.5	49	F	M
	KF	Georg Fischer AG, Schaffhausen	CHF	315.1		C	H
	KF	Georg Fischer Liegenschaften AG, Schaffhausen ¹	CHF	12.0	100	C	M
	KF	Georg Fischer Risk Management AG, Schaffhausen ¹	CHF	0.5	100	C	M
	KF	Rhenum Metall AG, Schaffhausen ¹	CHF	10.0	100	C	H
	AU	Georg Fischer Fahrzeugtechnik AG, Schaffhausen ¹	CHF	1.0	100	C	M
	PS	Georg Fischer Haustechnik AG, Schaffhausen ¹	CHF	4.0	100	C	P
	PS	Georg Fischer Kunststoff-Armaturen AG, Seewis ¹	CHF	2.5	100	C	P
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen ¹	CHF	20.0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen ¹	CHF	0.5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen ¹	CHF	17.8	60	C	P
	PS	Georg Fischer Wavin Finanzierungs AG, Schaffhausen ¹	CHF	2.3	60	C	M

1 Directly held by Georg Fischer Ltd

Country	Group	Company		Share capital million	Participation %	Consolidation	Function
Europe							
Switzerland	MT	Agie AG, Losone	CHF	10.0	100	C	P
	MT	Agie Charmilles Holding AG, Zug ¹	CHF	97.7	80	C	H
	MT	Agie Charmilles International SA, Meyrin	CHF	4.0	100	C	S
	MT	Agie Charmilles Management SA, Meyrin	CHF	0.5	100	C	M
	MT	Agie Sales AG, Losone	CHF	0.1	100	C	S
	MT	Charmilles Technologies Maschinenbau AG, Schaffhausen	CHF	5.0	100	C	P
	MT	Charmilles Technologies Sales SA, Meyrin	CHF	1.5	100	C	S
	MT	Charmilles Technologies SA, Meyrin	CHF	10.0	100	C	P
	MT	Mecartex SA, Losone	CHF	0.4	30	E	P
	MT	System 3R Schweiz AG, Flawil	CHF	1.0	100	C	P
	MT	Mikron Agie Charmilles AG, Nidau	CHF	3.5	100	C	P
	MT	Mikron Agie Charmilles Sales AG, Nidau	CHF	1.0	100	C	S
	MT	Step-Tec AG, Luterbach	CHF	1.3	95	C	P
Spain	PS	Georg Fischer SA, Madrid ¹	EUR	1.5	100	C	S
	MT	Agie Charmilles SA, Sant Boi de Llobregat-Barcelona	EUR	2.7	100	C	S
Czech Republic	MT	System 3R Czech s.r.o., Praha	CZK	0.1	100	C	S
Near East							
Turkey	MT	System 3R Türkiye Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul	TRY	0.06	100	F	S
America							
Bermudas	KF	George Fischer Finance Ltd, Hamilton ¹	CHF	0.1	100	C	M
	KF	Munot Reinsurance Ltd, Hamilton ¹	CHF	0.2	100	C	M
Brazil	PS	George Fischer Ltda, São Paulo ¹	BRL	0.5	100	C	S
	MT	Agie Charmilles Ltda, São Paulo	BRL	51.8	100	C	S
USA	KF	George Fischer Corporation, El Monte, CA ¹	USD	0.1	100	C	H
	PS	George Fischer Inc, Tustin, CA	USD	3.8	100	C	S
	PS	George Fischer Sloane Inc, Little Rock, AR	USD	20.7	100	C	P
	PS	Signet Scientific Company, El Monte, CA	USD	0.1	100	C	P
	MT	Agie Charmilles Corp, Lincolnshire, IL	USD	71.0	100	C	S
	MT	System 3R USA Inc, Totowa, NJ	USD	0.1	100	C	S

1 Directly held by Georg Fischer Ltd

Country	Group	Company		Share capital million	Participation %	Consolidation	Function
Asia/Australia							
Australia	KF	George Fischer IPS Pty Ltd, Kingsgrove ¹	AUD	7.1	100	C	H
	PS	George Fischer Pty Ltd, Kingsgrove ¹	AUD	6.8	100	C	S
China	AU	Georg Fischer Automotive (Suzhou) Co Ltd ¹	CNY	57.2	100	C	P
	AU	Georg Fischer Die Casting (Zhangjiagang) Co Ltd, Zhangjiagang ¹	CNY	45.4	100	C	P
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10.0	43	P	P
	PS	Chinaust Plastics (Sichuan) Corp, Ltd, Sichuan ¹	CNY	16.6	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	25.9	50	P	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai ¹	CNY	1.7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Shanghai ¹	CNY	41.4	100	C	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd ¹	CNY	24.8	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	24.3	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co, Ltd, Shenzhen ¹	CNY	25.0	50	P	P
	MT	ACM East China (HK) Ltd, Hongkong	HKD	3.0	100	C	S
	MT	ACM North China (HK) Ltd, Hongkong	HKD	0.1	100	C	S
	MT	Agie Charmilles China (HK) Ltd, Hongkong	HKD	0.5	100	C	S
	MT	Agie Charmilles China (Shanghai) Ltd, Shanghai	USD	0.3	100	C	S
	MT	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	USD	0.3	100	C	S
	MT	Agie Charmilles China (Tianjin) Ltd, Tianjin	HKD	1.6	100	C	S
	MT	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4.5	78	C	S
MT	Beijing Agie Charmilles Industrial Electronics Co, Ltd, Beijing	USD	9.6	78	C	P	
Japan	PS	George Fischer Ltd, Osaka ¹	JPY	480.0	81	C	S
	MT	Agie Charmilles Japan Ltd, Yokohama	JPY	440.0	100	C	S
	MT	System 3R Japan Co Ltd, Tokyo	JPY	94.0	100	C	S
Korea	MT	Agie Charmilles Korea Co Ltd, Seoul	KRW	975.0	100	C	S
Malaysia	PS	Georg Fischer Sdn Bhd, Subang Jaya, Malaysia ¹	MYR	0.3	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore ¹	SGD	1.0	100	C	S
	MT	Agie Charmilles (SEA) Pte Ltd, Singapore	SGD	0.6	100	C	S
	MT	System 3R Far East Pte Ltd, Singapore	SGD	0.8	100	C	S
Taiwan	MT	Charmilles Technologies Co Ltd, San Chung, Taipei Hsien	TWD	10.0	100	C	S
Thailand	MT	Agie Charmilles Thailand Co Ltd, Bangkok	THB	12.0	100	C	S

KF = Corporate Management
 AU = GF Automotive
 PS = GF Piping Systems
 MT = GF Machine Tools
 C = Fully consolidated
 P = Proportionately consolidated
 E = Stated based on the equity method
 F = Stated at estimated fair value
 H = Holding
 P = Production
 M = Management and Service
 S = Sales

Status as of December 31, 2005

¹ Directly held by Georg Fischer Ltd

Corporate Governance

The Board of Directors and Executive Committee of Georg Fischer attach considerable importance to Corporate Governance. Georg Fischer Ltd is organized under Swiss law and has complied with the key requirements of corporate governance for many years. The present publication fulfils all obligations of the corresponding SWX Directive on Information relating to Corporate Governance.

Corporate Structure and Shareholders

The Corporation is comprised of three corporate groups – GF Automotive, GF Piping Systems and GF Machine Tools (Agie Charmilles GF) – and two corporate units – Finance and Controlling and Corporate Development.

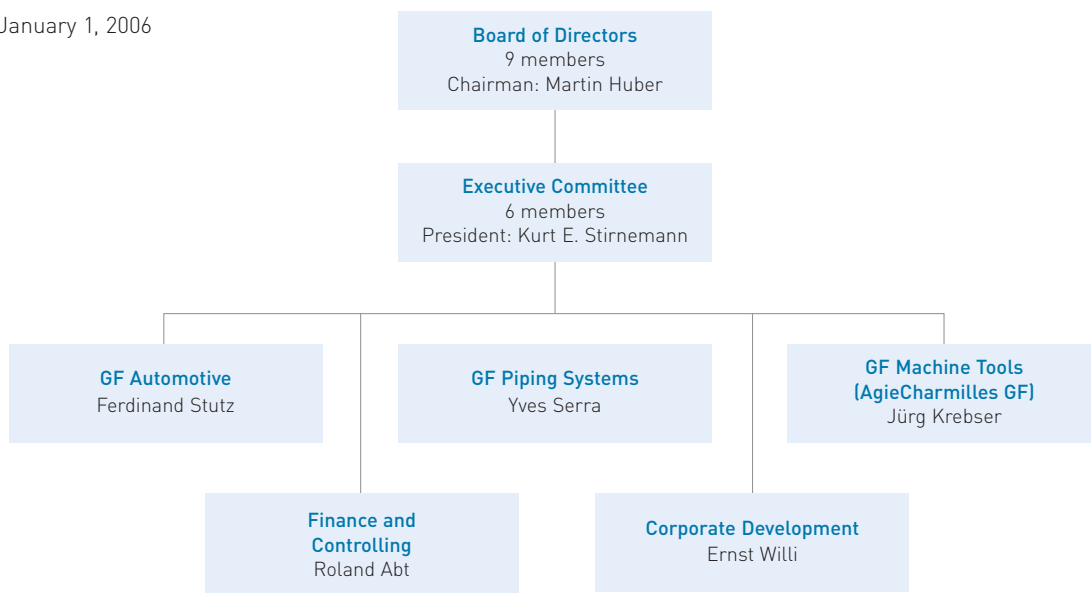
Georg Fischer Ltd, the holding company of the Georg Fischer Corporation, is headquartered in Schaffhausen and is listed on the SWX Swiss Exchange (Swiss security number 175 230). Its share capital is CHF 315,057,420, and its market capitalization as at December 31, 2005 was CHF 1,549 million. The Consolidated Group includes Agie Charmilles Holding Ltd of Zug, which is also listed on the SWX Swiss Exchange (Swiss security number 273 523). Its share capital is CHF 97,727,380, and its market capitalization on the balance sheet date was CHF 556.6 million. As the majority shareholder, Georg Fischer Ltd currently holds 79.9 percent of the shares.

See page 80–83 for a list of and information on affiliated companies.

In accordance with the duty to disclose, Credit Suisse Asset Management Funds, Zurich, reported on November 30, 2005, that it holds 176,261 registered shares and thus 5.04 percent of Georg Fischer Ltd. In the preceding year, no shareholder was in a position which required disclosure.

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

As at January 1, 2006



Capital Structure

Capital. Fully paid-in share capital amounted to CHF 315,057,420 as at December 31, 2005. It is divided into registered shares with a par value of CHF 90. Each share has one vote at the General Meeting of Shareholders. At the end of 2005, conditional capital stood at 648,847 shares with a par value of CHF 90. It serves mainly as collateral for the convertible bond that matures in 2008.

For further information, please see page 40–41 (share information, changes in capital).

No authorized capital, participation certificates or profit sharing certificates exist.

Restrictions on transferability¹. Registration in the company's share register as a shareholder with voting rights or beneficiary with voting rights is subject to the approval of the Board of Directors. Approval of registration is subject to the following rules:

A natural person or legal entity may directly or indirectly accumulate no more than five percent of registered share capital. As at the balance sheet date this stood at 175,031 registered shares. Persons which are bound by capital or voting rights, by consolidated management or in another similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person. Applications for registrations that exceed the threshold of five percent are refused. No such applications were received during the year under review.

Nominee registrations². Persons who hold shares on third parties' account (referred to as nominees) are only entered in the share register with voting rights if the nominee declares his willingness to disclose the names, addresses and shareholdings of those persons on whose behalf he holds the shares. The same registration limitations apply mutatis mutandis to nominees as to individual shareholders. Applications for registrations that exceed the threshold of five percent are refused. No such applications were received during the year under review.

Cancellation or amendment of restrictions³. Cancellation or easing of the restrictions on the transferability of 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.

For further information, please see page 60 (convertible bonds).

Visit our "Corporate Governance" webpage for the very latest information. You will find the Articles of Association of Georg Fischer Ltd, the internal Organization and Business Regulations, our mission statements and much more at www.georgfischer.com.

1 Articles of Association of Georg Fischer Ltd ("Articles of Association"), § 4.9.

2 Articles of Association, § 4.9e.

3 Articles of Association, § 12.1

Board of Directors

The duties of the Board of Directors are governed by the Swiss Code of Obligations, the Articles of Association and the Organization and Business Regulations.

Members of the Board of Directors. At the 2005 Annual General Meeting Zhiqiang Zhang was elected as a new member of the Board of Directors. Consequently, the Board of Directors of Georg Fischer Ltd is comprised of nine members as at December 31, 2005. The CEO is the only executive member of the Board.

Martin Huber, Dipl.-Ing. ETH (Zurich) and lic. iur. University of Zurich, has been Chairman of the Board since 2003. He chairs the Compensation and Nomination Committee. Martin Huber worked for the Corporation from 1981 to 2003, served as Head of GF Piping Systems from 1984 to 1992 and as President and CEO and Delegate to the Board from 1992 until the 2003 Annual General Meeting. In terms of Corporate Governance, he is a non-executive member of the Board of Directors.

Martin Huber worked as an assistant at ETH's Institute of Telecommunications in Zurich between 1966 and 1967. From 1970 to 1972, he was a clerk at the cantonal court of Schaffhausen before joining Mettler Instrumente AG (CH), where he held a number of positions between 1972 and 1981, and was appointed to the Executive Board in 1976. He is a member of the Board of Directors of SIG Holding AG (CH) and also has seats on the Executive Committee of Swissmem and the Board of economiesuisse.

Bruno Hug, lic. oec. HSG and lic. iur. University of Geneva, has been a member of the Board of Directors since 1992 and Vice Chairman of the Board since 2004. He chairs the Audit Committee.

Between 1971 and 1998, Bruno Hug held a number of positions with the Union Bank of Switzerland (now UBS) in New York, Basel and Geneva, ultimately becoming Executive Vice President and a member of the Expanded Executive Board. Today, Bruno Hug

is a business lawyer in a law firm in Geneva. He is Chairman of the Board of Directors of Synthesis Bank, Vice Chairman of the Board of Directors and Chairman of the Audit Committee of CSS Versicherung (CH), Vice Chairman of the Board of Directors of Groupe Schenk (CH), as well as a member of the Boards of Directors of Chopard S.A. (CH), of H & M Hennes & Mauritz (CH) and of Karl Steiner AG (CH). He was Chairman of the Senate of the University of Fribourg (CH) from 1999 to 2005.

Roman Boutellier, Dr. sc. math. ETH (Zurich), has been a member of the Board of Directors since 1999. He is a member of the Nomination Committee.

From 1981 to 1993, Roman Boutellier worked in a number of capacities at Kern AG (as of 1987, Leica AG) (CH). He taught as a Professor of Business Management at the University of St. Gallen (CH) between 1993 and 1998. From 1999 to 2004, he was CEO and Delegate to the Board of SIG Holding AG (CH). Since 2004 he has taught as Professor of Innovation and Technology Management at ETH (Zurich). He is a member of the Board of Directors of Ammann Group Holding AG (CH), as well as a member of the Bank Council at the Cantonal Bank of Appenzell (CH).

Gerold Bührer, lic. oec. University of Zurich, was a member of the Executive Committee of Georg Fischer Ltd from 1990 to 2000, and has been a member of the Board of Directors since 2001. He is a member of the Audit Committee.

Between 1973 and 1990, Gerold Bührer worked at the Union Bank of Switzerland in a variety of roles and lastly as a member of the executive management of the bank's investment company. He has been a member of the Swiss Parliament since 1991 and Vice Chairman of the Board of Directors of Swiss Life (CH), Vice Chairman of the Vereinigung Schweizerischer Unternehmungen in Deutschland (association of Swiss companies in Germany), as well as a member of the Board of Directors of Bank Sal. Oppenheim & Cie (CH) AG and of Cellere AG (CH) and Züblin Immobilien Holding AG (CH).

The Board of Directors of Georg Fischer Ltd

As at January 1, 2006

Name (nationality)	Age	Position	Elected	Term until
Martin Huber (CH)	64	Chairman of the Board	1992	2009
Bruno Hug (CH)	64	Vice Chairman	1992	2006
Roman Boutellier (CH)	55		1999	2009
Gerold Bührer (CH)	57		2001	2007
Flavio Cotti (CH)	66		2000	2008
Ulrich Graf (CH)	60		1998	2006
Gertrud Höhler (DE)	64		1999	2007
Kurt E. Stirnemann (CH)	62	Board Delegate	2003	2007
Zhiqiang Zhang (CN)	44		2005	2009

Flavio Cotti, former Federal Councillor, lic. iur., University of Fribourg (CH), has been a member of the Board of Directors since 2000. He is a member of the Compensation Committee.

Between 1965 and 1975, Flavio Cotti was a lawyer and notary in Locarno. He was a member of the Ticino cantonal government (from 1975 to 1983), before serving as a member of the Swiss Parliament (from 1983 to 1986). From 1987 to 1999, he was a member of the Federal Council, and served as the President of the Swiss Confederation in both 1991 and 1998. He is Chairman and member of the International Advisory Board of Credit Suisse Group (CH), a member of the Boards of the Fiat Group (I) and of Società Elettrica Sopracenerina SA (CH) and a trustee of the Jacobs Foundation (CH).

Ulrich Graf, Dipl. El.-Ing. ETH (Zurich), has been a member of the Board of Directors since 1998. He is a member of both the Audit and Compensation Committees.

Ulrich Graf has worked for the Kaba Group in a number of capacities since 1976. In 1990, he was appointed President and CEO and Delegate to the Board of Kaba Holding AG (CH). He is Chairman of the Board of Directors of Dätwyler AG (CH), Griesser AG (CH) and Fr. Sauter AG (CH), a member of the Board of Directors of Feller AG (CH), a member of the Supervisory Board of Dekra e.V. and a member of the Board of Trustees of REGA.

Gertrud Höhler, Dr. phil. of University of Mannheim (Germany), has been a member of the Board of Directors since 1999. She is a member of the Nomination Committee.

Gertrud Höhler was Professor of Literature and German at the University of Paderborn (Germany) from 1976 to 1987. Between 1987 and 1990, she worked closely with the Speaker of the Executive Board of Deutsche Bank. She is a consultant in the fields of economics and politics and has written authoritative books on corporate development and management. She is on the Boards of CIBA Specialty Chemicals (CH) and Bâloise Insurance (CH).

Zhiqiang Zhang, Bachelor of Science from Northern Jiatong University, Beijing (China) and MBA from Queen's University, Kingston (Canada), member of the Board of Directors since 2005.

Zhiqiang Zhang has held various positions with Siemens in different countries since 1987, in the USA, Germany and China, among others. From 1998 to 2005 he served as President and CEO for Siemens VDO Automotive (China), and since October 1, 2005, he has been deputy CEO of the Siemens Communication Group (China). Aside from Chinese, he also speaks excellent German and English and he lives in Beijing (China).

Kurt E. Stirnemann, Dr. sc. techn. ETH (Zurich), has been a Delegate to the Board and President and CEO since 2003 (see page 90).

Business relationships. The members of the Board of Directors and companies with which they have close ties have not fostered any significant business relationships with the Corporation during the past three years.

Cross-involvement. There is no cross-involvement.

Election and term of office⁴. As a rule, members of the Board of Directors are elected by the General Meeting of Shareholders for a term of four years. Each year they will elect or re-elect around a quarter of the Board members. The term of office of newly elected members is determined at the time of election, with consideration given to the re-election cycle. Members whose terms expire may be re-elected immediately. Members of the Board must resign their mandate at the General Meeting of Shareholders following their 70th birthday.⁵

Internal organizational structure⁶. The Board of Directors constitutes itself by electing a Chairman, a Vice Chairman and a Delegate to the Board from among itself on an annual basis. Members of the committees are elected in the same manner. Decisions are made by the Board of Directors as a whole. Members of the Executive Committee also participate in Board meetings for agenda items relating to the Corporation's business. They are not entitled to vote, however. Invitations to Board meetings list all of the issues that a member of the Board, a Board Committee or the President and CEO wish to discuss. Those attending the meeting will generally receive written material on the proposals in advance.

The Board of Directors meets at least four times a year under the leadership of its Chairman. During the year under review, it met five times. Such meetings usually last for half a day, while the annual closed-door meeting lasts for two days. The three Board Committees held a total of eleven meetings. Appointments for the regular meetings are generally set well in advance in order that all members can attend personally. In 2005 the attendance rate was 98 percent. There were no unexcused absences.

The Board of Directors reviews its performance and that of its members annually within the framework of a self-assessment. During the past business year, this assessment was carried out with particular attention to requirements placed on each individual member in terms of Corporate Governance.

4 Articles of Association, § 16.

5 Organization and Business Regulations 2002 [hereinafter referred to as "OBR"], Section 2.2.

6 OBR, Sections 2-4.

Board Committees. There are three standing committees. The **Audit Committee** is comprised of three, preferably independent, Board members who have the necessary experience in finance and accounting. The Audit Committee supports the Board of Directors with monitoring accounting and financial reporting, supervises internal and external audits, assesses the efficiency of the internal monitoring system, including risk management, and the compliance with statutory provisions, acknowledges the closing financial statements, as well as the explanatory and audit reports of the pension trust funds for the personnel 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 President and CEO, the head of Finance and Controlling, the chief internal auditor and a representative of the external auditors also attend meetings. During the financial year just ended, the Audit Committee held five meetings.

The **Compensation Committee** is comprised of three members of the Board of Directors. It supports the Board of Directors in determining compensation policy for the highest corporate level and decides on the remuneration of the members of the Executive Committee. The Compensation Committee held three meetings during the last financial year.

The **Nomination Committee** is comprised of three members of the Board of Directors. It supports the Board of Directors with succession planning for the Board itself and the Executive Committee and assists in the selection of candidates for appointment to the Board of Directors or Executive Committee. The Nomination Committee held three meetings during the last financial year.

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

Areas of responsibility⁷. The **Board of Directors** has ultimate responsibility for supervising and monitoring the management of Georg Fischer Ltd. It appoints and oversees the Executive Committee and is responsible for determining the Corporation's strategic direction and accounting and financing principles. The authorities of, as well as the collaboration between, the Board of Directors and the Executive Committee are laid down in the Organization and Business Regulations.

The Chairman of the Board of Directors attends the annual conference of the Corporation's top managers and the Executive Committee's two-day planning meeting. The Chairman of the Board of Directors and the CEO inform and consult each other regularly on all business matters that are of fundamental importance or have far-reaching ramifications. The Chairman of the Board of Directors visits the corporate subsidiaries on a regular basis to see for himself their operations and how they are implementing the Corporation's strategies.

Committees of the Board of Directors

As at January 1, 2006

Name	Audit Committee	Compensation Committee	Nomination Committee
Martin Huber		●*	●*
Bruno Hug	●*		
Roman Boutellier			●
Gerold Bühler	●		
Flavio Cotti		●	
Ulrich Graf	●	●	
Gertrud Höhler			●
Kurt E. Stirnemann			
Zhiqiang Zhang			

* = Chairman

Information and control instruments. The Executive Committee briefs the Board of Directors openly and promptly, supplying documentation where appropriate. Each month, the Board of Directors receives a report on the course of business, as well as financial statements for the Corporation and its corporate subsidiaries. It receives projections of the annual financial statements twice a year, and the results of medium-term planning for the next three years once a year. The financial statements and the course of business are discussed at Board meetings. Once a year, the Board of Directors has a two-day meeting behind closed doors to concentrate exclusively on the strategies of the corporate groups and the Corporation as a whole.

Internal Auditing⁸ reports to the Chairman of the Audit Committee. Each corporate subsidiary is audited every two years. During the year under review, 56 internal audits were carried out. The written report is reviewed intensively with the management of the company concerned, copies are given to the line manager, external auditing, the Executive Committee, the Chairman of the Board and the Audit Committee. Internal Auditing also ensures that all discrepancies arising in internal and external audits are dealt with and submits a corresponding report to the Executive Committee and the Audit Committee.

The position of Compliance Officer was created to assist Legal Compliance.

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

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

Strategic risks are appraised by the Board of Directors; financial and operative risks are mainly appraised by the President

and CEO and the Executive Committee. To a large degree, enterprise risk management is an integral part of planning and managerial processes. The service divisions involved in enterprise risk management at the corporate level are, by name, Internal Auditing, Treasury, Controlling, Human Resources, Corporate Planning, Legal, Communication, as well as Risk Management.

Reports on risk management are presented biannually within the corporate groups and to the Executive Committee and annually to the Board of Directors. Risks involving a gross exposure exceeding CHF 100 million shall be brought to the attention of the Board.

Risks can never be fully precluded in production in general, and especially in the foundries. The careful analysis and reduction of risks contributes to greater process stability and thus to a more reliable supply to the customers. Georg Fischer attaches a great degree of importance to these aspects. Consequently, all production locations meet a standard of HPR (Highly Protected Risks) or HMP (Highly Managed Prevention) and are regularly inspected by an external specialized team. During the past business year, 30 of a total of 45 production locations were audited in reference to industrial risks, as well as other risks (fire, environmental protection, etc.).

Within the framework of the regular evaluation of the entire enterprise as regards strategic positions in all core businesses, all relevant regional markets and the product-specific sectors, the Board of Directors and Executive Committee intensively analysed the market as a risk field during the past business year. Risks can provide opportunities and vice versa. Georg Fischer is aware of this fact and therefore pays particular attention to ensuring that risks – related to the respective unit – will not endanger the Corporation as a whole.

See page 15 for more information on corporate strategy.

In addition, the Board of Directors was briefed in detail on a selection of individual aspects during the past business year: among others, the risk of loss of reputation as a result of insufficient communication in the event of a crisis and dependency on suppliers and/or raw materials, as well as the legal structure of the Corporation. Georg Fischer takes no risks in any of these cases which may endanger the Corporation as a whole. To this purpose, additional measures are continually analysed and defined, contributing to a further reduction of the risk profile of the corporate groups and the Corporation. As a rule, the responsibility for implementation lies with upper management. This further emphasizes the great significance which Georg Fischer attaches to risk management.

See page 65 for more information on dealing with financial risks.

Executive Committee⁹

Under the leadership of the CEO, the Executive Committee deals with all Corporation-related issues, takes decisions within the scope of its authority and submits proposals to the Board of Directors. The heads of the corporate groups and corporate units are responsible for formulating and achieving their corporate goals and for managing their areas autonomously. The CEO is responsible for running the Corporation as a whole, with the support of the other members of the Executive Committee.

Kurt E. Stirnemann, Dr. sc. techn. ETH (Zurich), has been President and CEO and Delegate to the Board of Directors since 2003 and a member of the Executive Committee since 1996. Between 1998 and 2003, he was President and CEO and Delegate to the Board of Directors of the Agie Charmilles Group (now AgieCharmilles GF).

From 1969 to 1971, Kurt E. Stirnemann was an assistant at ETH in Zurich, where he also lectured from 1973 to 1977. Between 1977 and 1990, he was with Rieter (CH), ultimately as Managing Director of Rieter Machine Works Ltd (CH) and as deputy member of the Executive Board of Rieter Holding AG (CH). From 1990 until the company was taken over by Georg Fischer, Kurt Stirnemann was CEO of Agie Ltd.

Roland Abt, Dr. oec. HSG (St. Gallen), has been the CFO and a member of the Executive Committee since 2004. He has been with Georg Fischer since 1996. From 1997 to the beginning of 2004, he served as CFO of the Agie Charmilles Group (now AgieCharmilles GF).

From 1985 to 1987, Roland Abt served as head of Finance for a Data Processing and Real Estate Group, and from 1987 to 1996 for the Swiss Eternit Group (now Nueva Group). Between 1987 and 1991, he was head of Controlling, and from 1991 to 1993 Managing Director of Industrias Plycem (Venezuela) and until 1996 Manager of the Fibre Cement Division of the Nueva Group.

Jürg Krebsler, Dr. sc. techn. ETH (Zurich), has been CEO and Delegate to the Board of Directors of Agie Charmilles Holding AG, the corporate group GF Machine Tools of the Georg Fischer Corporation, since 2003. He has been a member of the Executive Committee since 1994. He joined Georg Fischer in 1990, and has held several positions in both Switzerland and the USA. From 1994 to the beginning of 2003, he headed GF Piping Systems.

Between 1976 and 1980, Jürg Krebsler was a researcher on the scientific staff of the Institute of Communication Technology at ETH in Zurich. From 1980 to 1990, he worked at BBC (now ABB) (CH), ultimately as head of development in a joint venture between BBC and Ascom (CH).

Yves Serra, who holds an engineering degree from Ecole Centrale de Paris (F) and an M. Sc. in construction engineering from the University of Wisconsin-Madison (USA), has been a member of the Executive Committee since 2003 as head of GF Piping Systems. He joined the Corporation in 1992 as Managing Director of Charmilles Technologies Japan and Regional Head of Sales Asia of what was then the Manufacturing Technology corporate group. In 1998 he was appointed Head of the Charmilles division in Geneva.

Between 1977 and 1979, Yves Serra worked as deputy commercial attaché at the French Embassy in Manila (P) and from 1979 to 1982 as customer service engineer for Alstom in France and South Africa. From 1982 to 1992, he held a number of positions at Sulzer (CH) in France and Japan.

⁹ OBR, Sections 5–6.

Executive Committee

As at January 1, 2006

Name (nationality)	Age	Position	Appointed
Kurt E. Stirnemann (CH)	62	President and CEO Delegate to the Board of Directors	1996
Ferdinand Stutz (CH)	48	Head of GF Automotive	1998
Jürg Krebsler (CH)	57	Head of GF Machine Tools (AgieCharmilles GF)	1994
Yves Serra (FR)	52	Head of GF Piping Systems	2003
Roland Abt (CH)	48	Head of Finance and Controlling	2004
Ernst Willi (CH)	59	Head of Corporate Development	1995

Compensation, Shareholdings and Loans

Content and method of determining compensation and shareholding programs. Compensation policy as it affects the Board of Directors and the Executive Committee is decided by the Board of Directors on the basis of proposals from the Compensation Committee. It is geared to attracting, retaining and motivating the best-qualified employees to ensure the success of Georg Fischer.

Like all other Corporation employees, the members of the Executive Committee are rewarded fairly in accordance with their abilities, experience and performance. The amount and composition of the compensation paid are tailored to the respective sector and labour market environment and are reviewed regularly. Compensation comprises a fixed basic salary, a performance-related cash bonus and a long-term incentive in the form of Georg Fischer registered shares. The amount of the bonus is determined by the extent to which personal performance objectives, set in advance, have been attained, as well as the financial results of the corporate group and Corporation. Appraisal factors include internal growth, EBIT-margin (ROS) and capital turnover. If the minimum values for these figures determined by the Board of Directors are not attained, a bonus is ruled out. The bonus for achievement of objectives is generally set at 40 percent, whereas for an appreciable surplus it can amount to a maximum of 80 percent of the annual basic salary. Under the terms of the stock-holding plan, a fixed allocation of registered shares is made annually. These shares are intended as a long-term incentive vested for at least five years, however. Individual salaries are set by the Compensation Committee upon application by the President and CEO, who abstains from the discussions regarding his own compensation.

Members of the Board of Directors receive fair fees that reflect the great demands placed upon them in terms of responsibility and time. Compensations are paid out in the form of a fixed number of Georg Fischer shares and compensation in cash. The latter can also be taken up in Georg Fischer registered shares at one's choice. Individuals occupying particular functions (e.g. Chairman, Vice Chairman, Committee member, extraordinary meetings) receive additional fees commensurate with the time involved. These are paid out, according to individual preference,

Ferdinand Stutz, Dipl.-Ing., University of Duisburg (Germany), has been a member of the Executive Committee since 1998 as Head of GF Automotive. He joined the Corporation in 1995, when Georg Fischer acquired what was to become Georg Fischer Eisenguss GmbH in Leipzig (Germany) and remained its Managing Director until the end of 1997.

Between 1982 and 1989, Ferdinand Stutz was at Rieter Machine Works Ltd (CH), firstly as departmental head and later as deputy foundry manager. He joined Schubert & Salzer Maschinenbau AG (Germany) in 1989, and in 1991 led a management buy-out of Schubert & Salzer Eisenguss GmbH (Germany). After 1992 he also acted as the project manager overseeing the construction of the iron foundry in Leipzig. He is a member of the Board of Directors of Sarna Kunststoff Holding AG (CH).

Ernst Willi, Dr. phil. | University of Zurich, has been a member of the Executive Committee since 1995. He joined the Corporation in 1991 as its General Secretary, and has led the Corporate Development corporate unit since 1993.

From 1969 to 1970, Ernst Willi taught at Bishop's Stortford College (GB) and from 1970 to 1973 at the Kantonsschule Aarau. From 1973 to 1991, he was an English teacher at the Kantonsschule Rämibühl in Zurich. Ernst Willi is a member of the school board of the Zürcher Hochschule in Winterthur.

Management contracts. No management responsibility is delegated to third parties at the Executive Committee level (management contracts).

Compensation of Board of Directors and Executive Committee in 2005

	Compensation (in CHF million)	Shares (number)	Total (in CHF million)*
Executive Committee (6 persons)	4.5	1,170	4.9
Non-executive Board members (8 persons)	0.3	1,626	0.9
Highest total compensation of a Board member	1.2	600	1.4

* The calculation of the allocated shares is based on the taxable value of the shares on the day of allocation.

either in cash or in Georg Fischer shares. Compensation due to the members of the Board of Directors is set by the Compensation Committee upon application by the Chairman of the Board.

Compliance with the compensation rules for the Executive Committee and the Board of Directors is examined periodically by Internal Auditing and reported to the Board.

Severance payments. No severance payments were made to individuals who left governing bodies in the 2005 financial year.

Compensation for former members of governing bodies. No compensation was paid in the 2005 financial year to members of the Board of Directors or Executive Committee who resigned in the previous period or earlier.

Share allocations in the 2005 financial year. No Georg Fischer registered shares were allocated to any persons closely linked to representatives of governing bodies in the year under review.

Share ownership. As at December 31, 2005, members of the Executive Committee and persons closely linked to them held 5,345 Georg Fischer registered shares with a par value of CHF 90.

As at December 31, 2005, non-executive members of the Board of Directors and persons closely linked to them held 13,835 Georg Fischer registered shares with a par value of CHF 90.

Options. Since options have never been part of the compensation packages paid to members of the Executive Committee or the Board of Directors, neither they nor persons closely linked to them possess any such options.

Additional fees and remuneration. During the 2005 financial year, no member of the Executive Committee or Board of Directors, or any person closely associated with them, received any fees or other payments for additional services to Georg Fischer Ltd or its corporate subsidiaries that equalled or exceeded half of the usual compensation amount.

Loans to members of governing bodies. As at December 31, 2005, neither Georg Fischer Ltd nor its corporate subsidiaries had granted any guarantees, loans, advances or credit facilities to members of the Executive Committee or the Board of Directors, or to any person closely linked to them.

Shareholders' Rights

As at December 31, 2005, Georg Fischer Ltd had 12,142 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 rights¹⁰. 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 which are bound by capital or voting rights, by consolidated management or in another similar manner, or who have come to an agreement for the purpose of circumventing this rule, shall be deemed as one person. The Board of Directors may approve exceptions to this rule. It decides on a case-by-case basis. No such applications were received during the year under review.

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

Proxy voting¹¹. 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 quora¹². The following resolutions of the General Meeting of Shareholders require a majority greater than that laid down by law. At least two-thirds of the shares represented and an absolute majority of the par value of shares represented must be in favor:

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

¹⁰ Articles of Association, § 4.10.

¹¹ Articles of Association, § 9.2f.

¹² Articles of Association, § 12.1.

Convocation of the General Meeting of Shareholders. The Articles of Association of Georg Fischer Ltd do not contain any regulations concerning the convocation of the General Meeting of Shareholders that deviate from those laid down by law.

Agenda¹³. Shareholders representing a minimum of 0.3 percent of the share capital may request that an item be added to the agenda. The application must be submitted in writing no later than 60 days before the meeting and must specify the item to be discussed and the shareholder's proposal.

Entries in the share register. Before each General Meeting of Shareholders, the Board of Directors determines the deadline for entering shareholders in the share register in connection with attendance at the meeting, and announces the deadline in the invitation to the meeting. The deadline is approximately ten calendar days before the date of the meeting. There is no provision for an exemption for circumventing the deadline.

Changes in Control and Defense Measures

The Articles of Association of Georg Fischer Ltd do not contain any regulation with regard to "opting-out" or "opting-up".

During the past business year, the Board of Directors made decisions concerning measures in the event of a change of control. 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, as well as for several other members of senior management. Furthermore, a change of control will result in the cancellation of all existing disposal limitations for shares allocated according to the share plan.

Auditors

KPMG Fides Peat of Zurich became the external auditors of Georg Fischer Ltd and group auditors in 1985. The chief auditor has held that position since the 2003 Annual General Meeting of Shareholders.

The Corporation paid KPMG a total of approximately CHF 2.35 million during the year under review for services relating to the audit of the 2004 annual financial statements and the 2004 mid-year financial statements of Georg Fischer Ltd, the Corporation as a whole and the corporate subsidiaries audited by KPMG worldwide. Globally, KPMG received fees of around CHF 1.15 million for other services to the Corporation such as consultancy on corporate, IT, tax and legal matters.

The Audit Committee monitors and assesses the effectiveness of the external auditing work. A representative of the auditors attends the meetings of the Audit Committee.

Information policy

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

The shareholders of Georg Fischer Ltd receive regular information about all major business developments through the Annual Report, the Semi-Annual Report and through press releases. Georg Fischer Ltd discloses facts which may have an impact on the share price within the corresponding framework of SWX Swiss Exchange (ad hoc publicity).

Responsibility for communication and information lies primarily with the Corporate Communications and Investor Relations departments. All information is available on the Internet and is updated continuously at www.georgfischer.com.

For further details please see page 95.

Changes after the balance sheet date

Georg Fischer AG, Schaffhausen, learned on February 15, 2006 from a communiqué of Credit Suisse Asset Management Funds, 8070 Zürich, that their holding of Georg Fischer shares has fallen below the five-percent threshold to the amount of 174,553 shares, equalling 4,986 percent of the total of Georg Fischer shares.

13 Articles of Association, § 8.3.

Index

A		
Accounts receivable	44, 51, 59f., 72	
Acquisitions	55	
AgieCharmilles GF	21, 30f.	
Annual General Meeting	84f.	
Apprenticeship	34	
Assets	42, 44, 48f.	
Assets, held for sale	44, 59	
Audit Committee	88	
B		
Balance sheet	18, 44, 72	
Board of Directors	86ff.	
Bonds	44, 47, 52, 60, 64, 67	
Brand management	24	
Brand protection	25	
C		
Cash flow statement	47	
Cash flow	18, 42, 47, 55	
Cash	44, 47, 51, 55, 72	
Changes after the balance sheet date	69, 76, 93	
Charitable foundations	33f.	
Clean Water	33	
Communication policy	32	
Compensation Committee	88	
Compensation system	91f.	
Consolidated financial statements	43ff.	
Contingencies	65, 75	
Continuous Improvement Process (CIP)	35	
Convertible bonds	44, 52, 60, 64, 67, 85	
Core competencies	26f., 28f., 30f.	
Corporate accounting principles	50ff.	
Corporate culture	32f., 35ff.	
Corporate Governance	84ff.	
Corporate Management	32	
Corporate structure	84	
Cross holdings	84	
Current assets	42, 44, 47, 51, 59f., 72, 74	
Customer satisfaction	23	
Customers	23f.	
D		
Dates	Back cover	
Deferred taxes	44, 52, 59, 61, 67f.	
Depreciation	48f., 51, 56f.	
Divestitures	47, 55	
Dividend policy	41	
Dividend	17, 40f., 46, 77	
E		
Employee benefits	44, 52ff., 62f.	
Employee satisfaction	35	
Employee training	34f.	
Employees	34ff., 42	
Environmental policy	36f.	
Environmental product	37	
Environmental production	38	
Equity	40, 44, 46, 72ff.	
Executive committee	23f., 90f.	
F		
Financial assets	44, 47, 51, 53, 59	
Financial covenants	64	
Financial instruments	51, 65	
Financial result	45, 47, 67	
Financial statement	36, 71ff.	
Five-year overview corporation	42	
Foreign currencies	18, 50, 69	
G		
GF Automotive	19, 26f.	
GF Machine Tools	21, 30f.	
GF Piping Systems	19, 28f.	
Goodwill	51, 53, 57f.	
I		
IFRS	53f.	
Impairment	48f., 52f., 57f.	
Income statement	45, 73	
Innovation	21f.	
Intangible assets	44, 47, 51, 53, 57f.	
Integrity	16, 33	
Inventories	44, 51, 59	
Investments	42, 48f.	
Investments in associates	44, 47, 50, 58, 79ff.	
Investor Relations	93, Back cover	
ISO certification	38	
K		
Key indicators	40, 42	
Know-how management	35f.	
L		
Leases	52, 66	
Letter to the shareholders	14ff.	
Liabilities	44, 48f., 64, 72, 75	
Liquidity	44	
Loans	72	
Loss carryforwards	67f.	
M		
Management compensation	91f.	
Market capitalization	40f., 84	
Market share	15	
Market trend	15, 26f., 28f., 30f.	
Marketable securities	44, 51	
Mid-year report	93, Back cover	
Minority interests	44ff.	
N		
Net debt	14, 18, 42	
Net value added	34	
NOA	42	
Nomination Committee	88	
Nominee	85	
Non-current assets	42, 44, 51, 56f.	
O		
Objectives	14	
One-off factors	17	
Operating expenses	45, 66	
Options, option programs	92	
Outlook	14, 18	
P		
Personnel expenses	45, 66f., 73	
Pledged assets	66	
Process improvements	22	
Product development	21f.	
Profitability	17	
Property, plant and equipment	44, 47, 48f., 51, 53, 56f.	
Provisions	44, 47, 52, 54, 61, 72	
Publications	95	
Q		
Quality	21ff.	
R		
Related parties	68	
Report of the Group Auditors	70	
Report of the Statutory Auditors	78	
Research and development (R&D)	21f., 48f., 52	
Responsibility	33f.	
Restructuring	17, 61	
Risk management	89	
S		
Salaries	91	
Sales trend	17, Inside cover	
Scope of consolidation	50, 55	
Segment information	48f., 51	
Share information	40f., 68	
Shareholder categories	41	
Social partnership	33ff.	
Social policies	33	
Strategy	15, 26f., 28f., 30f.	
Success factors, strategic	15	
Sustainability	16, 33ff.	
T		
Taxes	45, 47, 52, 54, 59, 61, 67f., 73, 76	
Technology	21ff.	
Trends	26f., 28f., 30f.	
V		
Value added	17, 33	
Value adjustment	56f., 59	

Locally anchored, globally active

Europe

88 companies

Production Plants

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

Service and sales centers

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

Asia, Near East

29 companies

Production Plants

China

Service and sales centers

China, Japan, Korea, Malaysia, Singapore, Taiwan, Thailand, Turkey

America

10 companies

Production Plant

USA

Service and sales centers

Brazil, USA

Australia

2 companies

Corporate Publications

Corporate Sustainability Report

English and German

Corporate Profile

Flyer in German and English

Annual Report

Annual Report of the Georg Fischer Ltd, German, English and in excerpts in Chinese, once a year

Internet

Continuously updated information about the Georg Fischer Corporation, its core businesses, Corporate Governance, Investor Relations, jobs and careers and much more on our website: www.georgfischer.com

Disclaimer

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

Published by

Georg Fischer Ltd

Edited by

Georg Fischer Ltd, Corporate Development

Designed by

Külling Identity AG

Photos by

Jonas Kuhn, Aker Finnyards, Aston Martin, getty-images, Prisma, bab, Georg Fischer photoarchive

Printed by

Meier Print Schaffhausen

Investor Relations

Daniel Bösiger
Phone: +41 (0) 52 631 21 12
Fax: +41 (0) 52 631 28 16
daniel.boesiger@georgfischer.com

Communications

Markus Sauter
Phone: +41 (0) 52 631 26 97
Fax: +41 (0) 52 631 28 63
markus.sauter@georgfischer.com

You can order Georg Fischer publications on the Internet at www.georgfischer.com

Annual General Meeting
of the fiscal year 2005,
March 22, 2006

Publication of
mid-year report 2006,
July 17, 2006

Publication of
Annual Report 2006,
February 27, 2007

Annual General Meeting
of the fiscal year 2006,
March 21, 2007

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

Tel. +41 (0) 52 631 11 11
www.georgfischer.com