Notes

1 Changes in scope of consolidation

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

Additions (acquisitions) 2013

- As per 16 July 2013, Hakan Plastik A.S., Cerkezköy, Turkey
  Pro rata sales 2013: CHF 50 million, GF Piping Systems

- As per 11 September 2013, Sterisol AG, Sissach, Switzerland
  Merged as per 11 September 2013 with Georg Fischer JRG AG, Sissach, Switzerland, GF Piping Systems

During the previous year the scope of consolidation changed as follows:

Additions (acquisitions) 2012

- As per 6 January 2012, Harvel Plastics Inc, Easton, USA
  Pro rata sales 2012: CHF 73 million, GF Piping Systems

- As per 31 May 2012, Independent Pipe Products Inc, Dallas, USA
  Pro rata sales 2012: CHF 24 million, GF Piping Systems

Disposals (divestitures and liquidations) 2012

- As per 30 November 2012, Georg Fischer GmbH, Friedrichshafen, Germany
  Pro rata sales 2012: CHF 81 million, GF Automotive

- As per 30 November 2012, Georg Fischer GmbH, Garching/Munich, Germany
  Pro rata sales 2012: CHF 37 million, GF Automotive

- As per 24 December 2012, Agie Charmilles Makine Tic Ltd Sti, Istanbul, Turkey
  Pro rata sales 2012: CHF 0 million
  The company was not operative anymore since 2010 and was deconsolidated in 2012, GF Machining Solutions

2 Acquisitions and divestitures of affiliated companies

Additions (acquisitions) 2013

Acquisition of Hakan Plastik A.S. // Georg Fischer Ltd, Schaffhausen (Switzerland), acquired 90% of the capital of Hakan Plastik A.S., Cerkezköy (Turkey). The acquisition includes an option to acquire the outstanding shares. The closing date was 16 July 2013.

Hakan Plastik A.S., founded in 1965, generated sales of approximately CHF 105 million with 650 employees, in 2012. In addition to its headquarters in Cerkezköy (Turkey), the company has another production site in Sanliurfa (Turkey). Hakan Plastik manufactures and sells plastic piping systems in the building technology, gas and water distribution as well as irrigation applications. Hakan Plastik's main market is in Turkey, the Middle East and Eastern Europe.

The provisional price for the acquisition comes to CHF 79 million. This sum includes the purchase price in cash of CHF 67 million plus a conditional increase in the purchase price amounting to CHF 12 million, depending on the course of the business for a two year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price.

The following table shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired. For this presentation the translation of the original Turkish lira values into Swiss francs was calculated with the exchange rates of the respective transaction date:

million CHF	Acquired assets and liabilities (90%)
Cash and cash equivalents	5
Trade accounts receivable	60
Inventories	20
Other accounts receivable	1
Property, plant and equipment	51
Deferred tax assets	4
Total assets	**142**
Non-interest bearing liabilities	78
Interest-bearing liabilities	55
Net assets	**9**
Goodwill inclusive directly added cost	68
Purchase price	77
Less acquired cash and cash equivalents	–5
Less liabilities from contingent purchase price agreements	–10
Cash outflow from acquisitions, net	**62**

Acquisition of Sterisol AG // Georg Fischer JRG AG, Sissach (Switzerland), acquired 100% of the capital of Sterisol AG, Sissach (Switzerland), on 11 September 2013 within the scope of a "share deal". The price for the acquisition comes to CHF 2 million, plus a conditional increase in the purchase price amounting to a maximum of CHF 2 million, depending on the course of the business for a four year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price. Sterisol AG was merged on 4 October 2013 retroactively as per the acquisition date on 11 September 2013 into the Georg Fischer JRG AG.

With the acquisition of Sterisol AG the technology and the know-how only was acquired, therefore net assets amount to zero. The table below shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired:

million CHF	Acquired assets and liabilities
Total assets	**0**
Net assets	**0**
Goodwill inclusive directly added cost	3
Purchase price	3
Less liabilities from contingent purchase price agreements	–1
Cash outflow from acquisitions, net	**2**

Additions (acquisitions) 2012

Acquisition of Harvel Plastics Inc // George Fischer Corp, El Monte (USA), gained control of Harvel Plastics Inc, Easton (USA), on 6 January 2012 by purchasing its entire share capital. The purchase price was CHF 47 million. There were no further variable purchase price components.

At the closing date, Harvel Plastics Inc (Harvel), which was founded in 1964, employed 148 people and generated sales of approximately USD 60 million. In addition to its headquarters in Easton, the company has another production site in Bakersfield (USA), as well as a logistics center in Coppell (USA). Harvel manufactures and sells piping systems made of polyvinyl chloride (PVC) and chlorinated polyvinyl chloride (CPVC) that are designed mainly for industrial applications such as water treatment, the chemical process industry and energy. Harvel's main market is in North America.

The following table shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired. For this presentation the translation of the original US dollar values into Swiss francs was calculated with the exchange rates of the respective transaction dates. Additionally a correction of the carrying amount of the acquired deferred tax liabilities of CHF 1 million as per July 2013 was taken into consideration:

million CHF	Acquired assets and liabilities
Cash and cash equivalents	1
Trade accounts receivable	5
Inventories	9
Other accounts receivable	1
Property, plant and equipment	13
Total assets	**29**
Deferred tax liabilities	5
Other non-interest bearing liabilities	4
Interest-bearing liabilities	2
Net assets	**18**
Goodwill inclusive directly added cost	29
Purchase price	47
Less acquired cash and cash equivalents	–1
Cash outflow from acquisitions, net	**46**

Acquisition of Independent Pipe Products Inc // Georg Fischer Central Plastics LLC, Shawnee (USA), acquired 100% of the capital of Independent Pipe Products Inc, Dallas (USA). The closing date was 31 May 2012.

Independent Pipe Products Inc (IPP), founded in 1996, generated sales of approximately USD 50 million with 94 employees at the closing date. In addition to its headquarters in Dallas (USA), the company has another production site in Abbeville (USA). IPP manufactures and sells large-diameter polyethylene fittings and pipes for water utilities.

The price for the acquisition comes to CHF 37 million. This sum includes the purchase price in cash of CHF 34 million plus a conditional increase in the purchase price amounting to a maximum of CHF 3 million, depending on the course of the business for a five year period after the closing. For the goodwill calculation the purchase price was calculated with the discounted contingent purchase price. In the year under review CHF 1 million was paid for the contingent purchase price.

The table below shows the assets and liabilities assessed at fair value and the respective goodwill from the transaction at the time control was acquired. For this presentation the translation of the original US dollar values into Swiss francs was calculated with the exchange rates of the respective transaction date. Additionally a correction of the carrying amount of the acquired deferred tax liabilities of CHF 3 million as per July 2013 was taken into consideration:

million CHF	Acquired assets and liabilities
Cash and cash equivalents	1
Trade accounts receivable	6
Inventories	10
Property, plant and equipment	13
Total assets	**30**
Deferred tax liabilities	4
Other non-interest bearing liabilities	1
Net assets	**25**
Goodwill inclusive directly added cost	12
Purchase price	37
Less acquired cash and cash equivalents	–1
Less liabilities from contingent purchase price agreements	–2
Cash outflow from acquisitions, net	**34**

Disposals (divestitures) 2012

Divestiture of Georg Fischer GmbH, Friedrichshafen, and Georg Fischer GmbH, Garching // On 28 November 2012, the division GF Automotive signed an agreement for the sale of the "Aluminum Sand Casting" business, which includes the two foundries in Friedrichshafen and Garching (Germany). On all the conditions being met, the transaction was closed successfully on 30 November 2012.

CHF 0.1 million was paid immediately on conclusion of the transaction. Additional components of the sales price are the repayment of a loan made by GF in the amount of CHF 4.3 million and an earn-out arrangement in the sales agreement. The divestiture loss amounts to CHF 16 million. The payment of a liability lead to a cash outflow of CHF 1 million in the year under review.

The table below shows the disposed assets and liabilities at the date of disposal and the respective cash outflow from the divestiture:

million CHF	**Disposed assets and liabilities**
Cash and cash equivalents	1
Trade accounts receivable	15
Inventories	14
Other accounts receivable	2
Property, plant and equipment	22
Deferred tax assets	2
Non-interest bearing liabilities	–31
Interest-bearing liabilities	–6
Net assets	**19**
Receivables from divestiture	–6
Liabilities from divestiture	3
Loss on divestiture	–16
Thereof disposed cash and cash equivalents	–1
Cash outflow from divestiture, net	**–1**

Further details to the divestiture of Georg Fischer GmbH, Friedrichshafen, and Georg Fischer GmbH, Garching (Germany), are set out in note 30.

3 Trade accounts receivable

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

million CHF	2013	2012
Gross values	**593**	548
Individual value adjustments	–6	–6
Overall value adjustments	–19	–18
Net values	**568**	524
Europe	296	272
– Thereof Germany	89	92
– Thereof Switzerland	25	20
Americas	71	74
Asia	169	163
– Thereof China	128	107
Rest of world	32	15
Total	**568**	524

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

		2013		2012
million CHF	Receivable after individual value adjustments	Overall value adjustment	Receivable after individual value adjustments	Overall value adjustment
Not yet due	483	1	432	1
1 to 30 days overdue	46		49	
31 to 90 days overdue	33		34	
91 to 180 days overdue	10	3	13	3
More than 180 days overdue	15	15	14	14
Total	**587**	**19**	542	18

Value adjustments on trade accounts receivable have changed as follows:

million CHF	2013	2012
Individual value adjustments		
As per 1 January	6	7
Increase/decrease		–1
As per 31 December	**6**	6
Overall value adjustments		
As per 1 January	18	16
Increase/decrease	1	2
As per 31 December	**19**	18

The individual value adjustments amounted to CHF 6 million (previous year: CHF 6 million). It is assumed that part of the underlying receivables will be paid. The receivables which are not due are mainly receivables arising from long-standing customer relationships. On past experience, GF does not anticipate any significant defaults. For further information on credit management and trade accounts receivable see chapter "Risk management".

4 Inventories

million CHF	2013	2012
Raw materials and components	266	263
Work in progress	102	103
Finished goods	428	414
Gross value inventories on hand	**796**	780
Valuation adjustments	–149	–150
Inventories	**647**	630

5 Income taxes receivable

Out of the income taxes receivable of CHF 6 million, CHF 2 million relate to Germany, CHF 1 million to France, CHF 1 million to Switzerland, CHF 1 million to the USA, and CHF 1 million to China.

6 Other accounts receivable

million CHF	2013	2012
Tax credits from indirect taxes	40	36
Other current accounts receivable	23	26
Total	**63**	62

7 Assets held for sale

The divestment of the gravity die-casting in Herzogenburg (Austria), planned as part of the strategy implementation at GF Automotive, resulted in the reclassification of all assets to the category "Assets held for sale". As a result of these assets being recognized at lower carrying and realizable values, a loss of CHF 7 million incurred, which is included in the income statement in the extraordinary result (see note 30). The following table shows the major balance sheet items:

million CHF	**Carrying amount of the assets and liabilities**
Trade accounts receivable	5
Inventories	10
Other accounts receivable	1
Property, plant and equipment	13
Deferred tax assets	1
Total assets	**30**
Impairment on property, plant and equipment	–7
Total assets held for sale	**23**
Trade accounts payable	6
Operating provisions	11
Other non-interest bearing liabilities	6
Total liabilities held for sale	**23**
Net assets	0

8 Movements of property, plant and equipment

million CHF	**Investment properties**	Undeveloped properties	Land	Buildings	Building components	Machinery and production equipment	Other equipment	Assets under construction	Assets held under finance leases	**Property, plant and equipment for own use**
Cost										
As per 31 December 2011	**54**	3	37	603	103	1 641	334	96	5	**2 822**
– Additions	1			10	5	51	8	57	1	132
– Disposals	–1					–49	–10			–59
– Changes in scope of consolidation			1	4		20				25
– Other changes, reclassifications	17		–6	–4	3	–41	–4	–79		–131
– Translation adjustment				–3	–1	–13	–2	–1		–20
As per 31 December 2012	**71**	3	32	610	110	1 609	326	73	6	**2 769**
– Additions				3	3	37	9	78		130
– Disposals	–4			–3	–5	–28	–14		–1	–51
– Changes in scope of consolidation			10	15		21			9	55
– Other changes, reclassifications	3			–33	32	2	–8	–77		–84
– Translation adjustment			–1			12	–1		–1	9
As per 31 December 2013	**70**	3	41	592	140	1 653	312	74	13	**2 828**
Accumulated depreciation										
As per 31 December 2011	**–22**			–361	–60	–1 188	–266	–3	–4	**–1 882**
– Additions				–16	–5	–87	–16		–1	–125
– Disposals					1	47	10			58
– Other changes, reclassifications	–2			12		70	10			92
– Translation adjustment				1		9	1			11
As per 31 December 2012	**–24**			–364	–64	–1 149	–261	–3	–5	**–1 846**
– Additions	–1			–16	–6	–88	–15		–1	–126
– Impairment						–7				–7
– Disposals	1			3	5	28	14		1	51
– Other changes, reclassifications	–3			38	–27	51	13	3		78
– Translation adjustment				–1		–12				–13
As per 31 December 2013	**–27**			–340	–92	–1 177	–249		–5	**–1 863**
Carrying amount										
As per 1 January 2012	**32**	3	37	242	43	453	68	93	1	**940**
As per 31 December 2012	**47**	3	32	246	46	460	65	70	1	**923**
As per 31 December 2013	**43**	3	41	252	48	476	63	74	8	**965**

The insurance value of property, plant and equipment amounts to CHF 4 241 million (previous year: CHF 4 036 million).

The line "Changes in the scope of consolidation" shows exclusively the acquisition of Hakan Plastik A.S. at GF Piping Systems in 2013. In 2012 the line contains the acquisitions of Harvel Plastics Inc and Independent Pipe Products Inc, both at GF Piping Systems and the disposal of Georg Fischer GmbH, Friedrichshafen and Georg Fischer GmbH, Garching, both at GF Automotive .

Investments in property, plant and equipment in 2013 came to CHF 130 million (previous year: CHF 132 million). They were made primarily by the two divisions GF Automotive (CHF 58 million, previous year: CHF 83 million) and GF Piping Systems (CHF 55 million, previous year: CHF 36 million). Investments in property, plant and equipment with an effect on liquidity in the period 2014 to 2018 amount to CHF 84 million. They are distributed among the divisions as follows: GF Automotive CHF 57 million; GF Piping Systems CHF 24 million; GF Machining Solutions CHF 2 million.

The values in the lines "Other changes, reclassifications" relate to three circumstances: the first is that property, plant and equipment of the gravity die-casting foundry in Herzogenburg were reclassified to current assets under "Assets held for sale", with a carrying amount of CHF 6 million (see note 7). The second is that properties no longer used in operation were reclassified in the period under review to the item "Investment properties". The third is that assets fully depreciated and no longer used in the amount of CHF 14 million were derecognized from costs and accumulated depreciations.

The values in the lines "Other changes, reclassifications" of the year 2012 relate mainly to the derecognition of the discontinued operation "Aluminum Sand Casting" at GF Automotive with a carrying amount of CHF 22 million (see notes 2 and 30).

The impairment charge of CHF 7 million on property, plant and equipment is connected to the planned divestment of the gravity die-casting operations (see note 7).

The fair value of investment properties, as determined by internal experts on the basis of capitalized and current market values, is CHF 76 million (previous year: CHF 76 million).

No interest on liabilities was capitalized in the period under review.

9 Movements of intangible assets

million CHF	Land use rights	Software	Royalties, patents, others	**Total**
Cost				
As per 31 December 2011	12	24	17	**53**
– Additions		3	1	4
– Disposals			–1	–1
– Other changes, reclassifications	1		–1	
As per 31 December 2012	13	27	16	**56**
– Additions		6		6
– Disposals			–1	–1
– Translation adjustment		2	–2	
As per 31 December 2013	13	35	13	**61**
Accumulated amortization				
As per 31 December 2011	–2	–16	–17	**–35**
– Additions	–1	–2	–1	–4
– Disposals			2	2
– Translation adjustment			1	1
As per 31 December 2012	–3	–18	–15	**–36**
– Additions		–3		–3
– Translation adjustment		–2	3	1
As per 31 December 2013	–3	–23	–12	**–38**
Carrying amount				
As per 1 January 2012	10	8		**18**
As per 31 December 2012	10	9	1	**20**
As per 31 December 2013	10	12	1	**23**

The intangible assets are subdivided into the categories land use rights, software and royalties, patents, others. These are the major categories of the intangible values.

The land use rights amount to CHF 10 million and remain unchanged compared to previous year (CHF 10 million). Also royalties, patents, others remain unchanged compared to the previous year. They amount to CHF 1 million (previous year: CHF 1 million). Software came to CHF 12 million and slightly increased in comparison to the previous year (CHF 9 million). The main reason was the SAP implementation in various countries by GF Piping Systems.

All intangible assets are acquired, internally generated intangible values do not exist.

Goodwill

Goodwill from acquisitions is offset against the corporate's equity at the acquisition date. The theoretical amortization is based on the straight-line method over the useful live of 5 years. The theoretical capitalization of the goodwill would affect the result of the consolidated financial statements as follows:

Theoretical movements goodwill

million CHF	**2013**	2012
Cost		
As per 1 January	424	390
Additions from acquisitions	71	38
Adjustments (earn-out, others)	4	
Translation adjustment	–11	–4
As per 31 December	**488**	424
Accumulated amortization		
As per 1 January	390	367
Additions regular	18	27
Translation adjustment	–2	–4
As per 31 December	**406**	390
Theoretical book values, net		
As per 1 January	**34**	23
As per 31 December	**82**	34

Effect income statement

million CHF	**2013**	2012
Operating result (EBIT)	251	222
Return on sales (EBIT margin) %	6.7%	6.0%
Amortization goodwill	–18	–27
Theoretical operating result (EBIT) incl. amortization goodwill	233	195
Theoretical return on sales (EBIT margin) %	6.2%	5.2%
Net profit	145	138
Amortization goodwill	–18	–27
Theoretical net profit incl. amortization goodwill	127	111

Effect balance sheet

million CHF	**2013**	2012
Equity according to balance sheet	978	979
Theoretical capitalization net book value goodwill	82	34
Theoretical equity incl. net book value goodwill	1 060	1 013
Equity in % of balance sheet total	31%	37%
Theoretical equity incl. net book value goodwill in % of balance sheet total	34%	38%

All goodwill positions offset against equity are tested for impairment once a year. An impairment test is performed if there is any indication that the goodwill positions could be affected from such an impairment. On the basis of the impairment test made on the balance sheet date, it was found that there were not any indications for impairments and therefore all goodwill positions have retained their recoverable value.

The goodwill of the Hakan Plastik A.S. acquisition was additionally tested for impairment. The recoverable amount of Hakan Plastik A.S. equals the value in use, which is determined based on future discounted cash flows.

As a basis for the calculation business plans for the next five years are used. Subsequent years are included in the calculation using a perpetual annuity with a growth assumption of zero. The projections are based on knowledge and experience and also on current judgments made by management as to the probable economic development of the relevant markets. It is assumed that there are no significant planned changes in the organization of any of the divisions, except for the measures already decided and announced.

By applying the "Capital Asset Pricing Model" a specific rate for the cost of capital was calculated for Hakan Plastik A.S. The calculation of this discount rate refers to the data of a relevant peer group. Furthermore, specific values for the risk free interest rate, the market risk premium, the borrowing costs, and the tax rate were applied.

Since the cash flow projections are based on cash flows after tax, the discount rate has also been determined taking tax effects into account. The discount rate for Hakan Plastik A.S. was determined at 13.8%.

It was confirmed that the theoretical goodwill of Hakan Plastik A.S. retained its recoverable value.

10 Categories of financial instruments

The following table shows the carrying amount of all financial instruments per category. Regarding market values of the bonds see note 15.

million CHF	**2013**	2012
Financial instruments (assets)		
Cash and cash equivalents (without fix-term deposits)	**319**	307
Fix-term deposits	322	23
Other financial assets[1]	14	10
Trade accounts receivable	568	524
Other accounts receivable[2]	23	26
Accrued income	13	10
Loans and receivables stated at amortized cost	**940**	593
Marketable securities	3	3
Financial assets at market value through profit or loss	**3**	3
Derivative financial instruments for hedging purposes	**9**	5
Financial instruments (liabilities)		
Other financial liabilities	183	148
Trade accounts payable	421	348
Bonds	796	497
Other liabilities current/non-current[3]	69	58
Accrued liabilities and deferred income[4]	175	177
Liabilities stated at amortized cost	**1 644**	1 228
Derivative financial instruments	**37**	37

1 Relates to loans to third parties, security deposits and long-term invested securities for the settlement of pension liabilities. For more details see note 11.
2 The balance sheet item "Other accounts receivable" include tax credits. For more details see note 6.
3 The balance sheet items "Other liabilities current/non-current" include derivative financial instruments. For more details see note 17.
4 For more details see note 18.

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

11 Other financial assets

Other financial assets amount to CHF 16 million and include investments in associates with a carrying value of CHF 1 million as well as long-term loans and receivables of CHF 12 million (previous year: CHF 7 million).

Investments in associates

The investments are in detail:

- Wibilea AG, Neuhausen (Switzerland)
- Eisenbergwerk Gonzen AG, Sargans (Switzerland)
- Mecartex SA, Losone (Switzerland)
- Georg Fischer Corys LLC, Dubai (United Arab Emirates)
- Polytherm Central Sudamericana SA, Buenos Aires (Argentina)

Long-term loans and receivables

CHF 10 million of the long-term loans and receivables fall due in the next three years and CHF 2 million at a later date. CHF 9 million were lent in euro, CHF 2 million in Brazilian reais and less than CHF 1 million in UAE dirhams. The interest rates for the loans granted in euro lay by 6%. The long-term loans in Brazil are receivables from customer financing activities in local currency, the average interest rate for these loans is 10%.

Other financial assets include also long-term invested securities for the settlement of pension liabilities in an amount of CHF 2 million.

12 Deferred tax assets and liabilities

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

million CHF	Tax assets	Tax liabilities	**2013 net**	Tax assets	Tax liabilities	2012 net
Investment properties		8	8		9	9
Property, plant and equipment for own use	10	34	24	7	31	24
Intangible assets	4		–4	5		–5
Tax loss carryforwards	13		–13	13		–13
Inventories	16	11	–5	14	11	–3
Provisions	18	3	–15	7	5	–2
Other interest-bearing liabilities				1		–1
Other non-interest-bearing liabilities	33	7	–26	48	2	–46
Other balance sheet items	19	2	–17	3	1	–2
Total	113	65	**–48**	98	59	–39
Offsetting	–23	–23		–19	–19	
Deferred tax assets/liabilities	90	42	**–48**	79	40	–39

Deferred tax assets and liabilities are offset within Corporate Companies if there is a legally enforceable right to offset current tax assets against current tax liabilities and if the deferred taxes relate to the same fiscal authority. The effect from offsetting at Corporate Company level amounts to CHF 23 million (previous year: CHF 19 million). Deferred tax assets and liabilities are calculated based on the actually expected income tax rates per Corporate Company. For further information on the recognition of tax loss carryforwards see note 31.

Temporary differences associated with investments in subsidiaries, for which no deferred tax liabilities have been recognized, amount to CHF 354 million per 31 December 2013 (previous year: CHF 356 million).

13 Movements of provisions

million CHF	Warranties	Onerous contracts	Legal cases	Restructuring provisions	Other provisions	Personnel and social security	**Provisions**	Deferred tax liabilities	**Provisions and deferred tax liabilities**
As per 1 January 2012	32	14	15	4	20	66	**151**	39	**190**
– Reclassifications	–1				1				
– Increase	16	11	3	2	2	6	40	3	43
– Interest expense arising from discounting					1		1		1
– Use	–11	–10	–1	–2		–1	–25		–25
– Release	–8	–3	–3	–1	–4		–19	–6	–25
– Changes in scope of consolidation		–1					–1	5	4
– Translation adjustment					–1	–1	–2	–1	–3
As per 31 December 2012	28	11	14	3	19	70	**145**	40	**185**
– Thereof current	13	9	1	3	3		29		29
– Thereof non-current	15	2	13		16	70	116	40	156
As per 1 January 2013	28	11	14	3	19	70	**145**	40	**185**
– Reclassifications	–1	–1				–9	–11		–11
– Increase	15	3	6	1	21	8	54	3	57
– Use	–12	–2	–1	–2	–1	–6	–24		–24
– Release	–4	–2	–3	–1	–1		–11	–5	–16
– Changes in scope of consolidation	1					1	2	5	7
– Translation adjustment						3	3	–1	2
As per 31 December 2013	27	9	16	1	38	67	**158**	42	**200**
– Thereof current	14	7		1	11	5	38		38
– Thereof non-current	13	2	16		27	62	120	42	162

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

The valuation of provisions in all categories is based on actual data if available (e.g. claims that have occurred or been reported) or on past experience in recent years and management estimates. The deferred tax liabilities are based on temporary valuation differences which are reported in the balance sheet at the Corporate Company level.

Warranty provisions amounting to CHF 27 million declined only slightly compared to the previous year (CHF 28 million). Thanks to a favorable claim history, it was possible to release CHF 4 million. At the same time, new warranty provisions of CHF 15 million had to be set aside, as well as the utilization of CHF 12 million.

About one third of the warranty provisions are for GF Machining Solutions and about one quarter for GF Automotive. They derive from complaints and claims for damages at the various sites.

Interest expense from discounting was below CHF 1 million and consisted of two items. One of them is a non-current provision in the category “Onerous contracts” with a remaining term to maturity of 4 years and an interest rate of 9%. The other is a non-current provision in the category “Other provisions”, which has a remaining term to maturity of 20 years and is discounted at an interest rate of 2.8%.

The non-current provisions in the category "Personnel and social security" in the amount of CHF 62 million are expected to result in a cash outflow in an average of 10 years, the non-current provisions in the other categories are expected to result in a cash outflow within the next two to three years.

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

The category "Other provisions" contains liabilities in connection with the planned divestment of the gravity die-casting foundry in Herzogenburg in the amount of CHF 19 million and provisions for employee commitments (CHF 10 million), for captive insurances (CHF 2 million), and for other operating risks.

Expenditures not connected with pension plans in the narrow sense, such as awards for length of service and anniversary bonuses – especially in Austria – are recognized in the category "Personnel and social security" and came to CHF 67 million in 2013 (previous year: CHF 70 million).

The values in the line "Reclassification" in the category "Personnel and social security" refer to a reclassification of provisions for the gravity die-casting foundry in Herzogenburg to "Liabilities held for sale", amounting to CHF 11 million.

14 Current tax liabilities

Liabilities for current income taxes amount to CHF 43 million (previous year: CHF 39 million).

15 Interest-bearing financial liabilities

Net debt, which is calculated as the difference between interest-bearing liabilities and cash, cash equivalents, and marketable securities, increased slightly from CHF 334 million to CHF 352 million in the year under review. This increase was due in the main to the fact that the free cash flow, which came to CHF 108 million, was more than offset by the dividend distribution (CHF 62 million) and the debts assumed as part of the takeover of Hakan Plastik A.S. (CHF 55 million).

Interest-bearing financial liabilities consist of the following items:

million CHF	Within 1 year	Up to 5 years	Maturity over 5 years	**2013**	Within 1 year	Up to 5 years	Maturity over 5 years	2012
Other financial liabilities (at fixed interest rates)[1]	50	22	1	73	42	21		63
Other financial liabilities (at variable interest rates)	99	7	4	110	82	3		85
Bonds (at fixed interest rates)	300	348	148	796		497		497
Loans from pension fund institutions	26			26	27			27
Total	475	377	153	**1 005**	151	521	0	672

1 This category comprises other financial liabilities with a fixed interest period of more than 3 months.

In order to secure non-current liabilities, assets valued at CHF 16 million (previous year: CHF 0 million) were pledged or assigned. These assets consisted of property, valued at CHF 2 million, buildings at CHF 12 million, and payments to customers at CHF 2 million.

Further information on pledged assets can be found in note 24, "Pledged assets".

The table below shows in detail the various categories of other financial liabilities by currency and interest rate.

million CHF	Issuing currency	Range interest rate	2013	Issuing currency	Range interest rate	2012
Other financial liabilities (at fixed interest rates)[1]			**73**			63
	USD	3.2%-7.2%	35	CHF	3.2%-3.9%	40
	CHF	3.2%	20	CNY	5.7%-6.9%	18
	EUR	3.2%-4.7%	12	Others	2.0%-5.5%	5
	Others	4.8%-6.4%	6			
Other financial liabilities (at variable interest rates)			**110**			85
	CNY	2.6%-7.4%	65	CNY	5.3%-7.2%	58
	EUR	1.8%-2.0%	30	EUR	1.4%-2.5%	17
	SGD	2.4%	5	Others	1.7%-16.8%	10
	Others	0%-15.5%	10			
Bonds (at fixed interest rates)			**796**			497
Bond (Georg Fischer Finanz AG) 4 ½% 2009-2014 (22 September) Nominal value: CHF 300 million	CHF	4.7%	300	CHF	4.7%	299
Bond (Georg Fischer Ltd) 3 ⅜% 2010-2016 (12 May) Nominal value: CHF 200 million	CHF	3.7%	198	CHF	3.7%	198
Bond (Georg Fischer Finanz AG) 1 ½% 2013-2018 (12 September) Nominal value: CHF 150 million	CHF	1.6%	149			
Bond (Georg Fischer Finanz AG) 2 ½% 2013-2022 (12 September) Nominal value: CHF 150 million	CHF	2.6%	149			
Loans from pension fund institutions			**26**			27
	EUR	6.0%	25	EUR	6.0%	24
	CHF	2.0%	1	Others	2.0%	3
Total			**1 005**			672

1 This category comprises other financial liabilities with a fixed interest period of more than 3 months.

GF has the following syndicated loan:

Debtors	Term	Credit	Thereof utilized
Georg Fischer Ltd/Georg Fischer Finanz AG	2011-2016	CHF 250 Mio.	CHF 0 Mio.

Two bonds were issued in the year under review. In August, a 1½% CHF 150 million bond with a maturity of 5 years and a 2½% CHF 150 million bond with a maturity of 9 years were floated on the capital market. These two bonds will be used to refinance the 4½% CHF 300 million bond that matures in September 2014. As a result of premature refinancing of this bond, GF will temporarily have a very high level of liquidity with the associated financial costs.

The syndicated loan gives GF the necessary financial security to be able to act swiftly in the event it wishes to make acquisitions. This line of credit was not drawn on in the year under review. In addition to other terms, the loan contains covenants with respect to the net debt ratio (ratio of net debt to EBITDA), interest-coverage ratio (ratio of EBITDA to net interest expense) and equity ratio (ratio of equity to total assets). The loan also has additional terms such as are usual for a syndicated credit. Owing to the switchover to Swiss GAAP FER, the covenant was adjusted with respect to the equity ratio since it has changed significantly as a result of goodwill being offset against equity.

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

The interest-bearing financial liabilities also include loan debts to employee benefit plans in Germany amounting to CHF 26 million (previous year: CHF 27 million).

16 Employee benefit liabilities

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

Employer contribution reserves // In the year under review, there were no employer contribution reserves available. In the previous year, 2012, an available employer contribution reserve of CHF 1 million was used completely, and this use was recognized in pension benefit expenses.

Economical benefit/economical obligation and pension benefit expenses // The table below shows the economical benefit and the economical obligation at the end of the year under review and for the previous year, as well as the development of pension benefit expenses:

		2013	2012				**2013**	2012
million CHF	Surplus/deficit according to FER 26	Economical part of the Corporation	Economical part of the Corporation	Translation differences	Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses within personnel expenses	Pension benefit expenses within personnel expenses
Patronage funds	8					1	1	2
Pension institutions w/o surplus/deficit						17	17	20
Pension institutions with surplus	11					2	2	
Pension institutions with deficit	–10	–19	–19			1	1	1
Pension institutions without own assets		–109	–105	1	3	2	5	5
Loans from pension fund institutions		–26	–27					
Total	**9**	**–154**	–151	**1**	**3**	**23**	**26**	28

The employee benefit plans with a shortfall of CHF 10 million in cover are defined benefit plans in the UK and the US. The amount of the shortfall depends largely on the value of the securities. The entire economical obligation covering the outflow of funds anticipated in the medium term is higher than the reported pension deficit because the value of the securities is subject to potentially large fluctuations. It amounts to CHF 19 million. The recognized economical obligation for employee benefit plans without own assets, i.e. unfunded plans, comes to CHF 109 million and relates mainly to employee benefit plans in Germany. The loans by employee benefit plans in the amount of CHF 26 million (previous year: CHF 27 million) are from employee benefit plans in Germany that have invested their funds in Corporate Companies.

The table below summarizes pension benefit expenses in the year under review and for the previous year:

million CHF	2013	2012
Contributions to pension institutions from Corporate Companies	21	23
Contributions to pension institutions from employer contribution reserves		1
Total contributions	21	24
+/- Changes ECR from asset development, value adjustments, etc.		
Contributions and changes employer contribution reserves	**21**	24
Increase/decrease economical benefit Corporate from surplus		
Decrease/increase economical obligation Corporate from deficit		
Decrease/increase economical obligation Corporate from pension institutions without own assets	5	5
Total changes economical effects from surplus/deficit	5	5
Pension benefit expenses within personnel expenses in the period under review	**26**	29

The change in the recognized economical obligation from employee benefit plans and the employer contributions paid for the year under review amount to CHF 26 million (previous year: CHF 29 million) and are contained in "Personnel expenses".

17 Other liabilities

million CHF	2013	2012
Social security	14	16
Other non-interest-bearing liabilities	34	21
Derivative financial instruments	37	37
Other tax liabilities (e.g. withholding tax)	21	21
Total	**106**	95
– Thereof short term	60	50
– Thereof long term	46	45

Derivative financial instruments // GF uses financial instruments as part of its Corporation-wide efforts to manage risk. Currency risks from accounts receivable, accounts payable, and financing in foreign currencies are partially hedged. The only hedging instruments employed are currency futures contracts and currency swaps with a maximum maturity of 12 months. The hedging of other underlying assets consists of hedging against price fluctuations for the purchase of raw materials and electric power.

Positive market values are reported in the balance sheet under the item "Marketable securities", while negative values are carried under "Other liabilities".

The following table shows the market value (gross) of the derivative financial instruments as at 31 December 2013 and 2012, broken down by investment category:

	2013			2012		
million CHF	Contract- or nominal value	Positive fair value	Negative fair value	Contract- or nominal value	Positive fair value	Negative fair value
Derivative financial instruments						
Foreign exchange (e.g. derivative)	250	9		239	5	
Other underlying basic values	96		–37	102		–37
Total	**346**	**9**	**–37**	**341**	**5**	**–37**

Furthermore, GF obtained with the acquisition of Hakan Plastik A.S. an option for the purchase of the remaining shares, which corresponds to a capital share of 10% of the company. This option cannot be valuated reliably at present and therefore it is not recognized.

18 Accrued liabilities and deferred income

million CHF	2013	2012
Overtime, holiday, bonuses, and profit-sharing	74	77
Other accrued expenses and deferred income	101	100
Total	**175**	177

The other accrued expenses and deferred income in the amount of CHF 101 million (previous year: CHF 100 million) were recognized among others for interest, rents, commissions, and annual audit costs.

19 Share capital/capital management

Share capital // The share capital remained unchanged in comparison with 2012. As of 31 December 2013, it comprised 4 100 898 registered shares with a par value of CHF 10 each. Total dividend-bearing nominal capital amounted to CHF 41 008 980.

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

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

The Corporation employs two ratios to monitor equity: the equity ratio and the return on equity. The equity ratio equates to equity as a percentage of total assets. Return on equity is obtained by measuring net profit as a percentage of average equity. These ratios are reported to the Executive Committee and the Board of Directors at regular intervals by internal financial reporting. The equity ratio as per 31 December 2013 was at 31%. The decrease of this ratio (previous year: 37%) is mainly resulting from the bonds issued in 2013 in the amount of CHF 300 million boosting the balance sheet total.

As an industrial group, GF strives to have a strong balance sheet with a high portion of equity. In the medium term, the Corporation aims for an equity ratio of 35% to 40%. The medium-term target for return on equity is above 15%.

The ratios are shown in the table below:

million CHF	2013	2012
Equity attributable to shareholders of Georg Fischer Ltd	935	935
Non-controlling interests	43	44
Equity	978	979
Total assets	3 126	2 664
Equity ratio	31%	37%
Theoretical equity incl. net value goodwill	1 060	1 013
Theoretical equity ratio incl. net value goodwill	34%	38%
Average reported equity	979	970
Net profit	145	138
Return on average reported equity	15%	14%

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

The Board of Directors proposes the appropriation of retained earnings to the Annual Shareholders' Meeting. GF pursues a results-oriented dividend policy and distributes about 30% to 40% of the Corporation's consolidated net profit to shareholders. This may be distributed either in form of a dividend payment from the retained earnings or from the reserves from capital contributions or as a reduction in par value. The Board of Directors is proposing to the Shareholders' Meeting a profit distribution in form of a par value reduction of CHF 9 and additionally a dividend payment out of the reserves from capital contributions of CHF 7 per registered share for the fiscal year 2013 (previous year: dividend payment out of the reserves from capital contributions of CHF 15). As of 31 December 2013 the par value of the Georg Fischer registered share amounts to CHF 10. The authorized capital and the conditional capital amount to a maximum of CHF 6 000 000. The maximum authorized or conditional capital is reduced by the amount that conditional or authorized capital is created by the issue of bonds or similar debt instruments or new shares.

By no later than 21 March 2014, the maximum authorized share capital will be CHF 6 000 000 divided into no more than 600 000 registered shares each with a par value of CHF 10.

The reserves which are not disposable respectively distributable amount to CHF 137 million as of 31 December 2013 (previous year: CHF 131 million).

20 Earnings per share

The earnings per share in the amount of CHF 34 (previous year: CHF 32) is calculated by dividing the portion of net profit attributable to Georg Fischer Ltd shareholders by the weighted average number of shares outstanding during the year under review (number of shares issued less number of treasury shares). The weighted average number of shares amounted to 4 085 110 in 2013 (previous year: 4 082 287).

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

21 Treasury shares

			2013			2012
million CHF	Quantity	Trans-action price (Ø)	Purchase cost (Ø)	Quantity	Trans-action price (Ø)	Purchase cost (Ø)
As per 1 January	**15 248**	**357.39**	**5**	**21 974**	**339.39**	**7**
Purchases	16 391	572.65	9	52 193	361.77	19
Disposals	–6 985	391.06	–3	–49 413	348.08	-17
Transfers (share-related compensation)	–8 325	370.07	–3	–9 506	321.58	-3
Changes in stock price			1			-1
As per 31 December	**16 329**	**571.48**	**9**	**15 248**	**357.39**	**5**

As at end-2013, GF held 16 329 treasury shares each with a par value of CHF 10 (previous year: 15 248 registered shares). In the year under review, 16 391 treasury shares were purchased on the stock market at an average transaction price of CHF 572.65, and 6 985 treasury shares were sold on the stock market at an average transaction price of CHF 391.06.

In accordance with a plan defined by the Board of Directors, a fixed number of Georg Fischer registered shares are granted to members of the Executive Committee and members of senior management as a long-term financial incentive. Of the 16 329 treasury shares (registered shares) held by GF as at end-2013, 8 298 registered shares are earmarked for this long-term financial incentive, after consideration of the registered shares transferred in 2013 for the year under review. The distribution of these share-related compensations is effected in line with the conditions of the above-mentioned plan.

The share-related compensations to members of the Board of Directors and the Executive Committee and members of senior management are measured at fair value and recognized as an expense at the grant date; these compensations are booked to "Operating expenses" (see note 26) for the Board of Directors and to "Personnel expenses" (see note 27) for the Executive Committee and senior management. The total expense for the stock compensation plan came to CHF 5 million (previous year: CHF 3 million).

22 Contingent liabilities

Contingent liabilities amount to CHF 6 million (previous year: CHF 9 million) and include obligations to take back leasing transactions entered into by third parties totaling CHF 3 million (previous year: CHF 6 million), as well as guarantees and securities granted to third parties of CHF 3 million (previous year: CHF 3 million). This contrasts with contingent liabilities amounting to CHF 1 million arising from litigation.

23 Leases

million CHF	**2013**	2012
Liabilities under leases up to 1 year	17	16
Liabilities under leases 1 to 5 years	42	35
Liabilities under leases over 5 years	19	13
Operating leases (nominal values)	**78**	64

Liabilities under financial lease contracts amount to CHF 8 million (previous year: CHF 0 million) and mainly relate to the machinery leases of the Hakan Plastik A.S. acquisition of GF Piping Systems. The liabilities under financial lease are included in the position “Other financial liabilities” and are disclosed in note 15 “Interest-bearing financial liabilities”.

24 Pledged assets

Assets pledged or restricted on title in part or whole amount to CHF 22 million (previous year: CHF 5 million). In the year under review CHF 14 million relate to land and buildings, CHF 7 million to accounts receivable, and CHF 1 million to inventories. In previous years the pledged assets in the amount of CHF 5 million fully related to accounts receivable. The assets are pledged or restricted on title to secure bank loans.

25 Other operating income

million CHF	**2013**	2012
Sales of material, waste, and scrap	10	14
Income from insurance contracts	6	6
Income from services	10	9
Gains on disposal of property, plant and equipment		1
Foreign exchange gains/losses	–8	–4
Remaining other operating income	10	12
Total	**28**	38

26 Operating expenses

million CHF	2013	2012
External services[1]	141	159
Rent, leases	47	47
Utility services third parties	118	114
Selling costs, commissions	127	125
Advertisements, communication	93	87
Repair, maintenance	95	94
Other expenses[2]	37	28
Total	**658**	654

1 External services include e.g. temporary employees, IT costs, R&D, insurance costs as well as consulting.
2 Other expenses include compensation to the members of the Board of Directors of CHF 2.2 million.

27 Personnel expenses

million CHF	2013	2012
Salaries and wages	739	747
Employee benefits	26	29
Social security	149	139
Total	**914**	915

According to a plan established by the Board of Directors, a fixed number of registered shares of Georg Fischer Ltd are distributed to the members of the Executive Committee and the members of senior management as a long-term incentive. For the year under review 6 398 shares (previous year: 6 171) were issued and recognized as personnel expenses at their market value of CHF 4.0 million (previous year: CHF 2.3 million).

28 Other financial result

million CHF	2013	2012
Interest income	3	2
Net gains on financial instruments at fair value through profit or loss		1
Financial income	**3**	3
Interest expenses	36	35
Net losses on financial instruments at fair value through profit or loss	9	
Other financial expenses	3	3
Financial expenses	**48**	38

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

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

29 Non-operating result

The non-operating result amounts to CHF 1 million (previous year: CHF 1 million). The income reflects the result of the investment properties.

30 Extraordinary result

An extraordinary loss of CHF 26 million arose owing to the divestiture of the gravity die-casting foundry in Herzogenburg (Austria), by GF Automotive; the divestiture was planned at the end of 2013. The sum consists of an impairment charge on property, plant and equipment amounting to CHF 7 million plus incurred liability of CHF 19 million. The transaction was completed on 30 January 2014 retroactive to 1 January 2014.

Gravity die-casting is an independent technology that is significantly different from other casting techniques. The gravity die-casting foundry in Herzogenburg was the only unit to operate this form of casting, which was therefore run as a separate technology unit and a detached business area within GF Automotive. With the divestment of the gravity die-casting foundry in Herzogenburg, GF is withdrawing completely from this technology and is focusing on the two casting technologies iron casting and aluminum die-casting. The divestiture is therefore treated as a discontinued operation and is reported in "Extraordinary result".

Further information on the assets and liabilities involved can be found in note 7, "Assets held for sale", and note 34, "Events after the balance sheet date".

The table below shows the results of the gravity die-casting foundry as a discontinued operation:

million CHF	**2013**	2012
Sales	**75**	75
Operating result (EBIT)	**–9**	–6
Cash flow from operating activities	**1**	–4

Another discontinued operation was divested in the previous year. It was the aluminium sand casting which was also an independent technology. The loss of CHF 16 million was due to the disposal of the GF Automotive foundries in Garching and Friedrichshafen (Germany). The loss was reported in the income statement for 2012 as "Extraordinary result". The table below shows the results of aluminum sand casting as a discontinued operation:

million CHF	**2013**	2012
Sales	**0**	118
Operating result (EBIT)	**0**	–1
Cash flow from operating activities	**0**	4

31 Income taxes

The difference between the expected income tax expense and the effective income tax expense reflected in the financial statements can be explained as follows:

million CHF	2013			2012		
Tax rate reconciliation	Total	Thereof current taxes	Thereof deferred taxes	Total	Thereof current taxes	Thereof deferred taxes
Profit before taxes	181			173		
Expected income tax rate	20%			23%		
Expected income tax expense	**36**	**43**	**–7**	40	46	–6
Non-tax deductible expenses/ tax exempted income	2	2		–1	–1	
Use of unrecognized tax loss carryforwards	–4	–5	1	–10	–12	2
Effect of non-recognition of tax losses in current year	6	6		4	4	
Recognition of previously unrecognized tax loss carryforwards				–9		–9
Depreciation of recognized tax loss carryforwards				10		10
Tax charges and credits related to prior periods, net	–1	–1		2	2	
Effect of change in tax rates	–1		–1			
Other effects	–2	2	–4	–1	–1	
Effective income tax expense	**36**	**47**	**–11**	35	38	–3
Effective income tax rate	20%			20%		

The expected income tax expense of the Corporation corresponds to the weighted average tax rate which is based on the profit/loss before taxes and the income tax rate of each individual Corporate Company. The change of the expected income tax rate is due to the variation in profitability and the change of the tax rate of different Corporate Companies.

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

million CHF	2013	2012
Expiry unlimited	250	250
After 2016	41	38
2016	5	6
2015	13	9
2014	2	2
2013		2
Total unrecognized tax loss carryforwards	**311**	307
Potential tax relief effect	85	84

The recognition of tax loss carryforwards is assessed on an annual basis and is based on current assumptions and estimates of the management. Tax loss carryforwards are recognized only to the extent that, within the next two to three years, sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilized. In countries or Corporate Companies where such utilization is not probable, tax loss carryforwards are not recognized. The potential tax relief effect from the unrecognized tax loss carryforwards amounts to CHF 85 million.

As per 31 December 2013, based on the aforementioned estimates, tax loss carryforwards of CHF 51 million (previous year: CHF 54 million) were activated resulting in a deferred tax asset of CHF 13 million (previous year: CHF 13 million). Country-specific tax-relevant regulations and opportunities were hereby respected.

32 Related parties

Related parties include members of the Executive Committee, the Board of Directors and their close family members. Also employee benefit plans or important shareholders as well as companies under their control belong to this group. Transactions with related persons and companies are generally conducted at arm's length.

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

The members of the Board of Directors received cash compensation of CHF 1.0 million in the year under review (previous year: CHF 0.9 million). Of this amount, Board members drew on a voluntary basis 377 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.2 million in 2013. In the previous year, this draw had been 524 Georg Fischer registered shares with a par value of CHF 10, equivalent to a market value of CHF 0.2 million. In addition, a total of 1 600 Georg Fischer registered shares with a market value of CHF 1.0 million were allocated as share-related compensation (previous year: 1 603 Georg Fischer registered shares, equivalent to a market value of CHF 0.6 million). Together with other benefits, the total compensation paid to the Board of Directors in the year under review amounted to CHF 2.2 million (previous year: CHF 1.6 million). This compensation is recognized in operating expenses (see note 26).

The members of the Executive Committee received 1 750 Georg Fischer registered shares (par value of CHF 10) with a market value of CHF 1.1 million in the year under review (previous year: 1 750 Georg Fischer registered shares with a market value of CHF 0.6 million). In addition, the members of the Executive Committee received a cash compensation and social security and pension contributions of CHF 5.2 million for the year under review (previous year: CHF 4.8 million). The total compensation of the Executive Committee is included in personnel expenses (see note 27).

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

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

1 000 CHF	**2013**	2012
Compensation	5 376	4 771
Employee benefit contributions	712	594
Social security	400	507
Share-related compensation	2 102	1 234
Total compensation	**8 590**	7 106

Additional fees and remuneration // No member of the Executive Committee or the Board of Directors or any person closely associated with them received any fees or other payments for additional services to Georg Fischer Ltd or its Corporate Companies in the fiscal year 2013.

Loans to members of governing bodies // Neither Georg Fischer Ltd nor its Corporate Companies granted any guarantees, loans, advances, or credit facilities to members of the Executive Committee or the Board of Directors or to any person closely associated with them.

The detailed disclosure of compensation and participation of the Board of Directors and the Executive Committee in accordance with Swiss law can be found in the financial statements of Georg Fischer Ltd on pages 114 to 116.

33 Foreign exchange rates

CHF		Average rates 2013	Average rates 2012	Spot rates 2013	Spot rates 2012
1	AED	0.252	0.255	0.242	0.249
1	ARS	0.171	0.206	0.136	0.186
1	AUD	0.898	0.971	0.793	0.951
1	BRL	0.432	0.481	0.376	0.446
1	CAD	0.901	0.938	0.835	0.921
1	CNY	0.151	0.149	0.147	0.147
1	EUR	1.231	1.205	1.226	1.207
1	GBP	1.450	1.485	1.468	1.479
1	HKD	0.120	0.121	0.115	0.118
1	INR	0.016	0.018	0.014	0.017
1	MXN	0.073	0.071	0.068	0.070
1	MYR	0.295	0.304	0.271	0.299
1	NZD	0.760	0.760	0.731	0.754
1	SGD	0.741	0.750	0.703	0.749
1	TRY	0.488	0.521	0.421	0.512
1	USD	0.927	0.937	0.889	0.916
100	CZK	4.743	4.800	4.475	4.806
100	DKK	16.503	16.189	16.432	16.184
100	JPY	0.952	1.176	0.847	1.064
100	KRW	0.085	0.083	0.085	0.086
100	NOK	15.802	16.131	14.615	16.365
100	PLN	29.356	28.867	29.560	29.594
100	SEK	14.241	13.859	13.845	14.030
100	THB	3.021	3.016	2.705	2.995
100	TWD	3.123	3.169	2.981	3.159

34 Events after the balance sheet date

The consolidated financial statements were approved and released for publication by the Board of Directors on 14 February 2014. They must also be approved at the Annual Shareholders' Meeting.

GF announced in the media release of 31 January 2014 that the division GF Automotive is divesting its non-core gravity die-casting business in Herzogenburg (Austria). The signing took place on 30 January 2014 with retroactive effect as per 1 January 2014. The balance sheet positions have been reclassified as of 31 December 2013 into the positions assets held for sale respectively corresponding liabilities (see notes 7 and 30 to the consolidated financial statements). Further information can be taken out of the media release of 31 January 2014.

In addition there were no other events between 31 December 2013 and 14 February 2014 that would require an adjustment to the carrying amounts of assets and liabilities and equity or would need to be disclosed under this heading.

35 Affiliated companies

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Europe							
Austria	PS	Georg Fischer Fittings GmbH, Traisen	EUR	3,7	51	C	P
	PS	Georg Fischer Rohrleitungssysteme GmbH, Herzogenburg	EUR	0,2	100	C	S
	AU	Georg Fischer Automobilguss GmbH, Herzogenburg[1]	EUR	4,6	100	C	H
	AU	Georg Fischer Druckguss GmbH & Co KG, Herzogenburg	EUR	0,1	100	C	P
	AU	Georg Fischer Eisenguss GmbH, Herzogenburg	EUR	0,1	100	C	P
	AU	Georg Fischer GmbH & Co KG, Altenmarkt	EUR	2,4	100	C	P
	AU	Georg Fischer Kokillenguss GmbH, Herzogenburg	EUR	0,1	100	C	P
Belgium	PS	Georg Fischer NV-SA, Bruxelles	EUR	0,5	100	C	S
Czech Republic	MS	Agie Charmilles s.r.o., Brno[1]	CZK	12,3	100	C	S
	MS	System 3R Czech s.r.o., Praha[1]	CZK	0,1	100	C	S
Denmark	PS	Georg Fischer A/S, Taastrup[1]	DKK	0,5	100	C	S
France	CM	Georg Fischer Holding SAS, Palaiseau[1]	EUR	6,4	100	C	H
	PS	Georg Fischer SAS, Villepinte	EUR	1,1	100	C	S
	MS	Agie Chamilles SAS, Palaiseau	EUR	4,0	100	C	S
Germany	CM	Georg Fischer AG & Co OHG, Singen[1]	EUR	25,6	100	C	H
	CM	Georg Fischer Geschäftsführungs-GmbH, Singen [1]	EUR	0,1	100	C	M
	CM	Georg Fischer Giessereitechnologie GmbH, Singen	EUR	0,5	100	C	M
	PS	Georg Fischer DEKA GmbH, Dautphetal-Mornshausen	EUR	2,6	100	C	P
	PS	Georg Fischer GmbH, Albershausen	EUR	2,6	100	C	S
	PS	Georg Fischer Fluorpolymer Products GmbH, Ettenheim	EUR	4,0	100	C	P
	AU	Georg Fischer Automobilguss GmbH, Singen	EUR	12,8	100	C	P
	AU	Georg Fischer GmbH, Mettmann	EUR	0,1	100	C	P
	AU	Georg Fischer GmbH, Leipzig	EUR	0,9	100	C	P
	AU	Georg Fischer GmbH, Werdohl	EUR	0,3	100	C	P
	AU	Georg Fischer Dienstleistungen GmbH, Mettmann	EUR	0,1	100	C	M
	MS	Agie Charmilles GmbH, Schorndorf	EUR	2,6	100	C	S
	MS	System 3R Europe GmbH, Gross-Gerau	EUR	0,3	100	C	S
Great Britain	PS	George Fischer Sales Ltd, Coventry[1]	GBP	4,0	100	C	S
	MS	Agie Charmilles Ltd, Coventry[1]	GBP	2,0	100	C	S
Italy	CM	Georg Fischer Holding Srl, Caselle di Selvazzano	EUR	0,5	100	C	H
	PS	Georg Fischer TPA Srl, Busalla	EUR	0,7	100	C	P
	PS	Georg Fischer Omicron Srl, Caselle di Selvazzano	EUR	0,1	100	C	P
	PS	Georg Fischer Pfci Srl, Valeggio sul Mincio	EUR	0,5	100	C	P
	PS	Georg Fischer SpA, Cernusco sul Naviglio	EUR	1,3	100	C	S
	MS	Agie Charmilles SpA, Cusano Milanino	EUR	3,0	100	C	S
Netherlands	CM	Georg Fischer Holding NV, Epe[1]	EUR	0,9	100	C	H
	CM	Georg Fischer Management BV, Epe[1]	EUR	0,1	100	C	M
	PS	Georg Fischer NV, Epe	EUR	0,9	100	C	S
	PS	Georg Fischer WAGA NV, Epe	EUR	0,4	100	C	P
Norway	PS	Georg Fischer AS, Rud[1]	NOK	1,0	100	C	S
Poland	PS	Georg Fischer Sp.z.o.o., Warszawa[1]	PLN	18,5	100	C	S
	MS	Agie Charmilles Sp.z.o.o., Warszawa[1]	PLN	1,3	100	C	S
Spain	PS	Georg Fischer SA, Madrid[1]	EUR	1,5	100	C	S
	MS	Agie Charmilles S.A.U., Barcelona[1]	EUR	2,7	100	C	S

1 Directly held by Georg Fischer Ltd.

Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Sweden	PS	Georg Fischer AB, Stockholm[1]	SEK	1,6	100	C	S
	MS	Järfälla Härdverkstad AB, Järfälla	SEK	0,1	100	C	P
	MS	System 3R International AB, Vällingby[1]	SEK	17,1	100	C	P
Switzerland	CM	WIBILEA AG, Neuhausen[1]	CHF	1,0	43	E	M
	CM	Eisenbergwerk Gonzen AG, Sargans[1]	CHF	0,5	49	F	M
	CM	Georg Fischer AG, Schaffhausen	CHF	41,0		C	H
	CM	Georg Fischer Liegenschaften AG, Schaffhausen[1]	CHF	4,0	100	C	M
	CM	Georg Fischer Finanz AG, Schaffhausen[1]	CHF	10,0	100	C	M
	PS	Georg Fischer Kunststoffarmaturen AG, Seewis[1]	CHF	2,5	100	C	P
	PS	Georg Fischer Rohrleitungssysteme AG, Schaffhausen[1]	CHF	20,0	100	C	P
	PS	Georg Fischer Rohrleitungssysteme (Schweiz) AG, Schaffhausen[1]	CHF	0,5	100	C	S
	PS	Georg Fischer Wavin AG, Schaffhausen[1]	CHF	17,8	60	C	P
	PS	Georg Fischer JRG AG, Sissach[1]	CHF	1,8	100	C	P
	AU	Georg Fischer Automotive AG, Schaffhausen[1]	CHF	1,0	100	C	M
	MS	Agie Charmilles SA, Losone[1]	CHF	10,0	100	C	P
	MS	Agie Charmilles Services SA, Meyrin[1]	CHF	3,6	100	C	S
	MS	Agie Charmilles Management SA, Meyrin[1]	CHF	0,5	100	C	M
	MS	Agie Charmilles Sales SA, Losone[1]	CHF	2,6	100	C	S
	MS	Agie Charmilles New Technologies SA, Meyrin[1]	CHF	10,0	100	C	P
	MS	Mecartex SA, Losone	CHF	0,4	30	E	P
	MS	System 3R Schweiz AG, Flawil[1]	CHF	1,0	100	C	P
	MS	Mikron Agie Charmilles AG, Nidau[1]	CHF	3,5	100	C	P
	MS	Step-Tec AG, Luterbach[1]	CHF	1,3	98	C	P
Near East							
UAE	PS	Georg Fischer Corys LLC, Dubai[1]	AED	0,3	49	E	P
	PS	Georg Fischer Hakan Plastik AS, Cerkezköy[1]	TRY	20,0	90	C	P
Turkey	MS	System 3R Hassas Baglama Ekipmanlari Tic Ltd Sti, Istanbul[1]	TRY	0,1	100	C	S
America							
Argentina	PS	Georg Fischer Central Plastics Sudamerica SRL, Buenos Aires[1]	ARS	1,4	100	C	S
	PS	Polytherm Central Sudamericana SA, Buenos Aires	ARS	0,1	49	E	S
Bermuda	CM	Munot Reinsurance Ltd, Hamilton[1]	EUR	0,1	100	C	M
Brazil	PS	Georg Fischer Sistemas de Tubulacoes Ltda, São Paulo[1]	BRL	4,1	100	C	S
	MS	Agie Charmilles Ltda, São Paulo[1]	BRL	60,9	100	C	S
Canada	PS	Georg Fischer Piping Systems Ltd, Mississauga[1]	CAD	0,1	100	C	S
Mexico	PS	Georg Fischer SA de CV Mexico, Monterrey[1]	MXN	0,1	100	C	S
USA	CM	George Fischer Corporation, El Monte, CA[1]	USD	0,1	100	C	H
	PS	Georg Fischer LLC, Tustin, CA	USD	3,8	100	C	S
	PS	Georg Fischer Signet LLC, El Monte, CA	USD	0,1	100	C	P
	PS	Georg Fischer Central Plastics LLC, Shawnee, OK	USD	1,1	100	C	P
	PS	Georg Fischer Harvel LLC, Easton, PA	USD	0,1	100	C	P
	MS	Agie Charmilles LLC, Lincolnshire, IL	USD	0,1	100	C	S
	MS	System 3R USA LLC, Chicago, IL	USD	0,1	100	C	S

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Country	Division	Company	Functional currency	Share capital million	Participation %	Consolidation	Function
Asia/Australia							
Australia	CM	George Fischer IPS Pty Ltd, Riverwood[1]	AUD	7,1	100	C	H
	PS	George Fischer Pty Ltd, Riverwood[1]	AUD	3,8	100	C	S
China	CM	Georg Fischer Business Services (Shanghai) Co Ltd, Shanghai[1]	CNY	1,1	100	C	M
	PS	Changchun Chinaust Automobile Parts Corp Ltd, Changchun	CNY	10,0	50	P	P
	PS	Chinaust Plastics Corp Ltd, Zhuozhou	CNY	53,6	50	P	P
	PS	Chinaust Plastics (Shenzhen) Co Ltd, Shenzhen[1]	CNY	45,0	50	P	P
	PS	Chinaust Plastics (Sichuan) Corp Ltd, Dujiangyan[1]	CNY	50,0	50	P	P
	PS	Hebei Chinaust Automotive Plastics Corp Ltd, Zhuozhou[1]	CNY	58,2	50	P	P
	PS	Shanghai Chinaust Automotive Plastics Corp Ltd, Shanghai[1]	CNY	40,3	50	P	P
	PS	Shanghai Chinaust Plastics Corp Ltd, Shanghai	CNY	58,3	50	P	P
	PS	Shanghai Georg Fischer Chinaust Plastics Fittings Corp Ltd, Shanghai[1]	CNY	52,0	51	C	P
	PS	Georg Fischer Piping Systems Ltd, Shanghai[1]	CNY	41,4	100	C	P
	PS	Georg Fischer Piping Systems (Trading) Ltd, Shanghai[1]	CNY	1,7	100	C	S
	PS	Georg Fischer Piping Systems Ltd, Beijing[1]	CNY	36,7	100	C	P
	AU	Georg Fischer Automotive (Suzhou) Co Ltd, Suzhou[1]	CNY	199,6	100	C	P
	AU	Georg Fischer Automotive (Kunshan) Co Ltd, Kunshan[1]	CNY	149,5	100	C	P
	MS	ACM East China (HK) Ltd, Hongkong[1]	HKD	3,0	100	C	S
	MS	ACM North China (HK) Ltd, Hongkong[1]	HKD	0,1	100	C	S
	MS	Agie Charmilles China (HK) Ltd, Hongkong[1]	HKD	0,5	100	C	S
	MS	Agie Charmilles machine tools (Shanghai) Co Ltd, Shanghai	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Shenzhen) Ltd, Shenzhen	CNY	2,5	100	C	S
	MS	Agie Charmilles China (Tianjin) Ltd, Tianjin	CNY	1,7	100	C	S
	MS	Beijing Agie Charmilles Industrial Electronics Co Ltd, Beijing[1]	CNY	80,3	78	C	P
	MS	Beijing Agie Charmilles Technology & Service Ltd, Beijing	CNY	4,5	78	C	S
	MS	Changzhou Agie Charmilles Machine Tool Co Ltd, Changzhou[1]	CNY	55,4	100	C	P
	MS	System 3R Shanghai Co Ltd, Shanghai	CNY	1,5	100	C	S
India	PS	Georg Fischer Piping Systems PVT Ltd, Mumbai[1]	INR	215,4	100	C	P
Japan	PS	Georg Fischer Ltd, Osaka[1]	JPY	480,0	81	C	S
	MS	Agie Charmilles Japan Ltd, Yokohama[1]	JPY	440,0	100	C	S
	MS	System 3R Japan Co Ltd, Tokyo[1]	JPY	94,0	100	C	S
Korea	PS	Georg Fischer Piping Systems Ltd, Seongnam[1]	KRW	600,0	100	C	S
	MS	Agie Charmilles Korea Co Ltd, Seoul[1]	KRW	975,0	100	C	S
Malaysia	PS	George Fischer (M) SDN BHD, Shah alam[1]	MYR	10,0	100	C	P
New Zealand	PS	Georg Fischer Ltd, Wellington[1]	NZD	0,1	100	C	S
Singapore	PS	George Fischer Pte Ltd, Singapore[1]	SGD	1,0	100	C	S
	MS	Agie Charmilles (South East Asia) Pte Ltd, Singapore[1]	SGD	2,1	100	C	S
	MS	System 3R Far East Pte Ltd, Singapore[1]	SGD	0,8	100	C	S
Taiwan	PS	Georg Fischer Co Ltd, New Taipei City[1]	TWD	1,0	100	C	S
	MS	Agie Charmilles Taiwan Ltd, San Chung, Taipei Hsien[1]	TWD	10,0	100	C	S
Thailand	MS	Agie Charmilles Thailand Co Ltd, Bangkok[1]	THB	12,0	100	C	S

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Division

CM = Corporate Management
PS = GF Piping Systems
AU = GF Automotive
MS = GF Machining Solutions

Consolidation

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

Function

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

Status as of 31 December 2013