Mid-Year Report 2012

GEORG FISCHER

Key figures as per 30 June

	Corporation		GF Piping Systems		GF Automotive		GF AgieCharmilles	
million CHF	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Order intake	**1 865**	1 953	**645**	607	**795**	884	**425**	462
Orders on hand	**660**	648	**70**	70	**392**	400	**198**	178
Sales	**1 867**	1 861	**645**	607	**824**	865	**398**	389
EBITDA	**179**	195	**89**	102	**72**	81	**22**	17
EBIT	**113**	130	**65**	80	**37**	44	**17**	12
Net profit	**80**	92						
Investments[1]	**58**	42	**14**	17	**39**	20	**5**	3
Free cash flow	**–139**	–54						
Return on sales (EBIT margin) %	**6.1**	7.0	**10.1**	13.2	**4.5**	5.1	**4.3**	3.1
Return on invested capital (ROIC) %	**11.5**	14.6	**13.3**	19.7	**12.3**	13.4	**10.6**	8.9
Number of employees	**13 839**	13 220	**5 300**	4 937	**5 616**	5 516	**2 783**	2 626

1 Investments equal the purchase cost of property, plant and equipment and intangible assets acquired.

Mid-Year Report of Georg Fischer Ltd as per 30 June 2012

Global footprint compensates European slowdown

– Growth in America and Asia – Europe sluggish
– Sales of CHF 1.87 billion, on previous-year level
– EBIT at CHF 113 million, corresponding to a 6.1 percent ROS
– Strategy implementation on track

During the first half of 2012, Georg Fischer faced uneven economic conditions. Whereas the Corporation increased its sales in Asia and even more in North America, the eurozone woes had a dampening effect on customer demand in that region. Overall sales reached CHF 1.87 billion, equal to the first half of 2011. Adjusted for currency effects and acquisitions, sales remained at previous year's first-half level.

Despite the tough conditions in the European market, which affected the load of several plants, the operating result reached CHF 113 million, lower than the very strong first half of 2011 (CHF 130 million), but higher than the second six months of 2011 (CHF 105 million).

The return on sales (ROS) reached 6.1 percent and the return on invested capital (ROIC) came to 11.5 percent. All three Corporate Groups reached double-digit ROIC, clearly exceeding their cost of capital. Net profit amounted to CHF 80 million, below the 2011 first-half year figure of CHF 92 million.

Due to seasonal effects as well as the financing of two acquisitions for CHF 77 million, free cash flow for the period was negative at CHF 139 million. In the second half, a substantially positive cash flow is expected. The balance sheet remains very solid with an equity ratio of 41 percent.

Headcount came to 13,839 against 13,600 at year-end 2011, mainly due to the consolidation of two acquisitions in the US and the ramping-up of new plants in Asia.

Thanks to higher purchases in euros and the production increases in Asia and the US, the net foreign currency exposure has been clearly reduced.

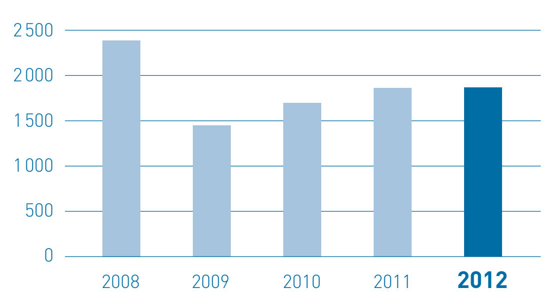
Strategy implementation on track

In line with its strategy, Georg Fischer acquired two leading piping systems companies in the US during the first semester. Harvel Plastics, the US leader for industrial pipes, allows GF Piping Systems to offer nationwide the most comprehensive package for water treatment and chemical applications in North America. IPP is a top US manufacturer of large size polyethylene fittings and pipes for the promising water distribution market, a very good fit for GF Piping Systems' water infrastructure business in the US.

The two acquired companies together add more than USD 130 million of yearly turnover to GF Piping Systems and will contribute significantly to its leadership in the industrial and utility applications worldwide.

Sales at **GF Piping Systems** went up 6 percent to CHF 645 million compared to the first half year 2011. Organically the top line remained at the same level. Despite double-digit growth in North America, sales were affected by the sluggish demand

Sales January to June
million CHF



in Europe and by the very cold winter conditions at the beginning of the year across the continent. Newly developed market segments such as cooling, shipbuilding, and mining showed a promising high growth rate and helped to compensate the downturn in semi-conductors and solar panels production.

The operating result (EBIT) at CHF 65 million remained below the record figure of CHF 80 million achieved during the first half of 2011 due to lower loads at the European plants of GF Piping Systems.

During the first half year of 2012, plants in China and Malaysia were enlarged and the two companies Harvel Plastics and IPP were acquired in the US. They will all add to the top and bottom lines during the second semester.

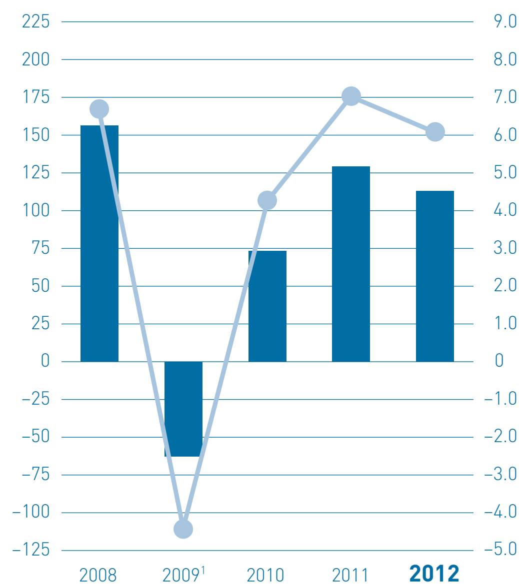
GF Automotive was affected by the difficult economic conditions in Europe during the first half year. Whereas sales to premium car manufacturers remained at a high level, sales to truck makers and compact car manufacturers slowed down, affecting the load of several plants in Europe. Sales in China increased again but did not compensate the reduction in Europe. As a result, compared to the first half of 2011, the top line went down 1 percent in local currencies and 5 percent in Swiss francs to CHF 824 million.

The operating result decreased to CHF 37 million from CHF 44 million during the first half of 2011. Raw material prices remained overall stable during the period but wages and electricity prices in Germany and Austria increased substantially. The working-time flexibility has been used to adjust actual costs to revenues. This has already resulted in a significant reduction of temporary staff as well as overtime at several plants in Europe.

In order to boost productivity and ensure competitiveness going forward, GF Automotive is investing in a state-of-the-art, fully automated molding line at its iron foundry in Mettmann (Germany). The facility, which will start operations during the fourth quarter of 2012, aims at offering customers the best quality and delivery performance.

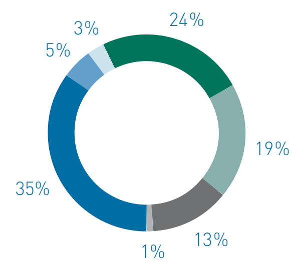
GF AgieCharmilles increased its top line to CHF 398 million, up 2 percent compared to the first half of 2011, and 4 percent in local currencies. The adaptation of the product range to the key market segments of electronics, mobile phones, aerospace, and medtech is paying off and led to the increase in sales. As a result, operational profit (EBIT) increased significantly to CHF 17 million from CHF 12 million during the first half of 2011. Thanks to a steady order stream during the period, the backlog at mid-year stands at an even higher level than at the end of December 2011, thus ensuring a good load for the upcoming months.

EBIT / ROS January to June
million CHF %



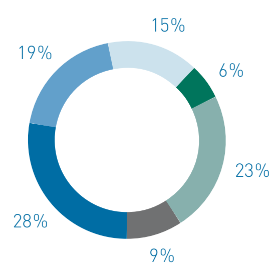
EBIT
ROS (EBIT margin)
1 2009 EBIT before special charges

Sales 2012 by region (in %)
(100 % = CHF 1 867 million)



Germany Switzerland Austria Rest of Europe
Asia America Other countries

Employees 2012 by region (in %)
(100 % = 13 839)



Germany Switzerland Austria Rest of Europe
Asia America

In order to cope with customer demand, GF AgieCharmilles has increased its production capacity for high-speed milling machines and in parallel opened a new demo center in Nidau (CH) to optimize its consulting and testing services.

Also, thanks to the increase of the purchase volume in euros and the ramping-up of its two Chinese plants, GF AgieCharmilles has further adapted its footprint and increased its competitiveness. Today, a majority of the machines are being produced in China.

Outlook for 2012

Despite difficult economic conditions especially in Europe, the management of Georg Fischer is convinced that a result similar to the first half year can be achieved in the second half. All three Corporate Groups are well positioned to profit from the growth markets of Asia and America. Cost reduction measures were taken during the first half at GF Automotive and GF Piping Systems in Europe which will have their full effect in the second half. In addition, the new acquisitions in the US will bring additional volume and profit and so will the launch of several new products at all three Corporate Groups.

In the coming months and years, Georg Fischer will continue to implement its strategy, which is to foster innovation and productivity at all three groups, increase its overall presence in growth markets and add further acquisitions at GF Piping Systems. The mid-term objectives of 15 percent ROIC and 8 to 9 percent ROS remain valid.

Andreas Koopmann
Chairman of the Board of Directors

Yves Serra
President and CEO

Statement of financial position

million CHF	Notes	30 June 2012	%	31 Dec. 2011	%
Cash and cash equivalents		201		412	
Marketable securities		2		2	
Trade accounts receivable		653		525	
Inventories		681		622	
Income taxes receivable		4		8	
Other accounts receivable		100		82	
Current assets	(2.1)	**1 641**	**55**	1 651	56
Property, plant and equipment for own use		955		940	
Investment properties		32		32	
Intangible assets		282		239	
Investments in associates		1			
Deferred tax assets		57		56	
Other financial assets		6		7	
Non-current assets	(2.2)	**1 333**	**45**	1 274	44
Assets		**2 974**	**100**	2 925	100
Trade accounts payable		380		379	
Bank liabilities	(2.4)	133		130	
Employee benefits		31		32	
Provisions		33		36	
Current tax liabilities		77		66	
Other current liabilities		276		261	
Current liabilities		**930**	**31**	904	31
Bank liabilities	(2.4)	47		46	
Bonds	(2.4)	497		496	
Employee benefits		147		143	
Provisions		50		49	
Deferred tax liabilities		63		54	
Other non-current liabilities		10		10	
Non-current liabilities		**814**	**28**	798	27
Liabilities	(2.3)	**1 744**	**59**	1 702	58
Share capital		41		41	
Share premium		112		176	
Retained earnings		1 035		961	
Equity attributable to shareholders of Georg Fischer Ltd		**1 188**	**40**	1 178	40
Non-controlling interests		42	1	45	2
Equity	(2.5)	**1 230**	**41**	1 223	42
Liabilities and equity		**2 974**	**100**	2 925	100

Income statement

million CHF	Notes	Jan. – June 2012	%	Jan. – June 2011	%	Jan. – Dec. 2011	%
Gross sales		**1 904**		1 899		3 704	
Sales deductions		–37		–38		–66	
Sales	(3.1)	**1 867**	**100**	1 861	100	3 638	100
Other operating income		19		14		40	
Income		**1 886**	**101**	1 875	101	3 678	101
Cost of materials and products		–935		–933		–1 818	
Changes in inventory		23		25		11	
Operating expenses		–325		–316		–615	
Gross value added		**649**	**35**	651	35	1 256	35
Personnel expenses		–470		–456		–886	
EBITDA		**179**	**10**	195	10	370	10
Depreciation		–62		–62		–121	
Amortization / impairment		–4		–3		–14	
EBIT	(3.2)	**113**	**6**	130	7	235	6
Interest income	(3.3)	1		1		3	
Interest expense	(3.3)	–17		–18		–35	
Other financial result	(3.3)	–1		–2			
Result of investment properties		1		1		1	
Share of results of associates		1					
Profit before taxes		**98**	**5**	112	6	204	6
Income taxes	(3.3)	–18		–20		–36	
Net profit	(3.4)	**80**	**4**	92	5	168	5
Thereof attributable to shareholders of Georg Fischer Ltd		77		87		160	
Thereof attributable to non-controlling interests		3		5		8	
Basic earnings per share in CHF	(3.4)	19		21		39	
Diluted earnings per share in CHF	(3.4)	19		21		39	

Statement of comprehensive income

million CHF	Jan. – June 2012	Jan. – June 2011	Jan. – Dec. 2011
Net profit	**80**	92	168
Other comprehensive income:			
Translation adjustments recognized in the reporting period	–3	–56	–12
Cumulated translation adjustments transferred to the income statement			–1
Changes in fair value of cash flow hedges recognized in the reporting period	–1	1	–3
Changes in fair value of cash flow hedges transferred to the income statement	1	–6	–3
Income taxes on changes in fair value of cash flow hedges		1	1
Other comprehensive income, net of taxes	**–3**	–60	–18
Total comprehensive income	**77**	32	150
Thereof attributable to shareholders of Georg Fischer Ltd	74	29	142
Thereof attributable to non-controlling interests	3	3	8

Statement of changes in equity

million CHF	**Share capital**	**Share premium**	Cumulative translation adjustments	Cash flow hedging	Other retained earnings	**Retained earnings**	**Equity shareholders Georg Fischer Ltd**	Non-controlling interests	**Equity**
Balance as per 31 December 2010	**82**	**179**	**–276**	**4**	**1 091**	**819**	**1 080**	**44**	**1 124**
Net profit					**87**	**87**	**87**	**5**	**92**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–54			–54	–54	–2	–56
Changes in fair value of cash flow hedges recognized in the reporting period				1		1	1		1
Changes in fair value of cash flow hedges transferred to the income statement				–6		–6	–6		–6
Income taxes on changes in fair value of cash flow hedges				1		1	1		1
Other comprehensive income, net of taxes			**–54**	**–4**		**–58**	**–58**	**–2**	**–60**
Total comprehensive income			**–54**	**–4**	**87**	**29**	**29**	**3**	**32**
Purchase of treasury shares		–1					–1		–1
Share-related compensation		5					5		5
Reduction in par value/dividends	–41						–41	–6	–47
Balance as per 30 June 2011	**41**	**183**	**–330**		**1 178**	**848**	**1 072**	**41**	**1 113**
Balance as per 31 December 2011	**41**	**176**	**–289**	**–1**	**1 251**	**961**	**1 178**	**45**	**1 223**
Net profit					**77**	**77**	**77**	**3**	**80**
Other comprehensive income:									
Translation adjustments recognized in the reporting period			–3			–3	–3		–3
Changes in fair value of cash flow hedges recognized in the reporting period				–1		–1	–1		–1
Changes in fair value of cash flow hedges transferred to the income statement				1		1	1		1
Other comprehensive income, net of taxes			**–3**			**–3**	**–3**		**–3**
Total comprehensive income			**–3**		**77**	**74**	**74**	**3**	**77**
Purchase of treasury shares		–14					–14		–14
Disposal of treasury shares		9					9		9
Share-related compensation		3					3		3
Dividends		–62					–62	–6	–68
Balance as per 30 June 2012	**41**	**112**	**–292**	**–1**	**1 328**	**1 035**	**1 188**	**42**	**1 230**

Statement of cash flows

million CHF	Notes	Jan. – June 2012	Jan. – June 2011	Jan. – Dec. 2011
Net profit		80	92	168
Income taxes		18	20	36
Financial result		17	19	32
Depreciation		62	62	121
Amortization / impairment		4	3	14
Other non-cash income and expenses		13	18	27
Increase in provisions, net		10	5	–7
Use of provisions		–12	–16	–25
Changes in				
Inventories		–49	–78	–41
Trade accounts receivable		–119	–143	–47
Other accounts receivable		–18	–13	–6
Trade accounts payable[1]		–5	11	11
Other non-interest-bearing liabilities[1]		19	47	39
Interest paid		–11	–13	–33
Income taxes paid		–15	–27	–39
Cash flow from operating activities		**–6**	–13	250
Additions to				
Property, plant and equipment		–56	–41	–147
Intangible assets		–2	–1	–3
Other financial assets			–1	
Disposals of				
Property, plant and equipment		1	1	1
Other financial assets		1		
Acquisitions of subsidiaries, net of cash acquired		–77		
Interest received			1	2
Cash flow from investing activities		**–133**	–41	–147
Free cash flow	(4)	**–139**	–54	103
Purchase of treasury shares		–14	–1	–20
Disposal of treasury shares		9		12
Par value reduction / dividends paid	(2.5)	–68	–47	–48
Increase of bank loans		2	4	2
Repayment of bank loans		–12	–1	–9
Changes in other interest-bearing liabilities (mainly current bank accounts)		11	42	–20
Cash flow from financing activities		**–72**	–3	–83
Translation adjustment on cash and cash equivalents			–9	2
Net cash flow		**–211**	–66	22
Cash and cash equivalents at beginning of year		412	390	390
Cash and cash equivalents at end of period[2]		**201**	324	412

1 The figures reported previously for the period January – June 2011 were adjusted to conform with the current period's presentation.
2 Cash, postal and bank accounts: CHF 190 million (as of 31 December 2011: CHF 392 million), fixed-term deposits: CHF 11 million (as of 31 December 2011: CHF 20 million).

Corporate accounting principles

Basis of preparation of the consolidated interim financial statements

The consolidated interim financial statements are those of Georg Fischer Ltd and all Swiss and foreign subsidiaries in which it holds – either directly or indirectly – more than 50 % of the voting rights or for which it has operational and financial management responsibility. Those entities are fully consolidated. Joint ventures in which Georg Fischer Ltd has a direct or indirect participation of 50 %, or where the Georg Fischer Corporation exercises joint control, are included in the consolidated financial statements using the proportionate consolidation method. Investments in associates in which the Georg Fischer Corporation has a non-controlling interest of at least 20 % but less than 50 % or over which it otherwise has significant influence, are included in the consolidated financial statements using the equity method of accounting. The consolidated interim financial statements cover the six-month period ended 30 June 2012 (hereafter "the interim period") and are prepared in accordance with IAS 34 "Interim Financial Reporting." These consolidated interim financial statements do not include all the notes contained in the consolidated annual financial statements, and for that reason should be read in conjunction with the consolidated financial statements for the year ended 31 December 2011.

The consolidated interim statements were approved by the Board of Directors on 12 July 2012.

The accounting principles applied in the interim financial statements are consistent with those used in the 2011 Annual Report, except where noted in the following paragraph:

Effective 1 January 2012 Georg Fischer adopted the revised IFRS 7 "Financial Instruments: Disclosures (Transfer of Financial Assets)" as well as the revised IAS 12 "Deferred Tax (Recovery of Underlying Assets)". The adoption of the revised standards had no effect on the consolidated interim financial statements.

Standards that have been approved but not yet applied

The following new and revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. Their impact on the consolidated financial statements of Georg Fischer has not yet been systematically analyzed. However, a preliminary assessment has been conducted by management and the expected impact of each standard and interpretation is presented in the following table.

Standard / Interpretation		Effective date	Date planned for adoption by Georg Fischer
New Standards and Interpretations			
IFRS 9 Financial Instruments	*	1 January 2015	Financial year 2015
IFRS 10 Consolidated Financial Statements	*	1 January 2013	Financial year 2013
IFRS 11 Joint Arrangements	***	1 January 2013	Financial year 2013
IFRS 12 Disclosure of Interests in Other Entities	**	1 January 2013	Financial year 2013
IFRS 13 Fair Value Measurement	*	1 January 2013	Financial year 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	*	1 January 2013	Financial year 2013
Revised Standards and Interpretations			
Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)	**	1 July 2012	Financial year 2013
IAS 19 Employee Benefits (amended 2011)	****	1 January 2013	Financial year 2013
IAS 27 Separate Financial Statements (2011)	*	1 January 2013	Financial year 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	***	1 January 2013	Financial year 2013
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment to IFRS 7)	**	1 January 2013	Financial year 2013
Offsetting Financial Assets and Financial Liabilities (Amendment to IAS 32)	**	1 January 2014	Financial year 2014
Annual Improvements Project 2011	*	1 January 2013	Financial year 2013

* No impact or no significant impact is expected on the consolidated financial statements.

** The impact on the consolidated financial statements is expected to result in additional disclosures or changes in presentation.

*** The impact on the consolidated financial statements can not yet be determined with sufficient reliability.

**** The effect of unrecognized actuarial losses to the equity is estimated to approximately CHF 100 million. The employee benefit costs will be presumably increased by a low single-digit million amount.

The preparation of the consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the consolidated interim financial statements. If in future such estimates and assumptions, which are based on management's best judgment at the date of the consolidated interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the reporting period in which the circumstances change. Estimates and assumptions made by the management in the consolidated interim financial statements are not different from those made in the consolidated financial statements for the year ended 31 December 2011.

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

Notes to the consolidated interim financial statements

Segment information as per 30 June

	GF Piping Systems			GF Automotive			GF AgieCharmilles			Total segments		
million CHF	**2012**	2011	2010	**2012**	2011	2010	**2012**	2011	2010	**2012**	2011	2010
Order intake	645	607	584	795	884	839	425	462	388	1 865	1 953	1 811
Orders on hand	70	70	70	392	400	349	198	178	137	660	648	556
Sales[1]	**645**	607	584	**824**	865	781	**398**	389	326	**1 867**	1 861	1 691
EBITDA	89	102	87	72	81	65	22	17	0	183	200	152
Depreciation	20	19	19	35	37	44	5	5	6	60	61	69
Amortization	4	3	3			1			1	4	3	5
EBIT	**65**	80	65	**37**	44	20	**17**	12	–7	**119**	136	78

In accordance with IFRS 8 the operative segments consist of the three Corporate Groups GF Piping Systems, GF Automotive and GF AgieCharmilles.

1 Sales between segments are insignificant.

Reconciliation to the segment information as per 30 June

million CHF	**2012**	2011	2010
Sales			
Total sales for reportable segments	1 867	1 861	1 691
Other sales			
Elimination of intercompany sales			
Consolidated sales	**1 867**	1 861	1 691
EBIT			
Total EBIT for reportable segments	119	136	78
Other EBIT	–6	–6	–5
Elimination of intercompany profits			
Other unallocated amounts			
Consolidated EBIT	**113**	130	73
Interest income	1	1	1
Interest expense	–17	–18	–20
Other financial result	–1	–2	
Result of investment properties	1	1	
Share of results of associates	1		
Profit before taxes	**98**	112	54

1 Changes in scope of consolidation

In the period under review the scope of consolidation changed as follows:

Additions (Acquisitions)

- As of 6 January 2012
  Harvel Plastics Inc, Easton, USA
  Pro rata sales first half year 2012: CHF 37 million
  GF Piping Systems

- As of 31 May 2012
  Independent Pipe Products Inc, Dallas, USA
  Pro rata sales first half year 2012: CHF 4 million
  GF Piping Systems

Overview of acquired assets and liabilities

The table below shows the carrying amounts of the assets and liabilities acquired in connection with the acquisition of Harvel Plastics Inc und Independent Pipe Products Inc 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. The provisional amounts are as follows:

million CHF	Carrying amount of the acquired assets and liabilities	Valuation differences from purchase price allocation	**Acquired assets and liabilities**
Cash and cash equivalents	2		2
Trade accounts receivable	11		11
Inventories	18	1	19
Other accounts receivable	1		1
Property, plant and equipment	19	8	27
Intangible assets:			
Customer relationships		18	18
Brand name		7	7
Product technology		1	1
Total assets	**51**	**35**	**86**
Deferred tax liabilities		11	11
Other non-interest bearing liabilities	8		8
Interest-bearing liabilities	2		2
Net assets	**41**	**24**	**65**
Goodwill			19
Purchase price			**84**

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.

At the closing date, Harvel Plastics Inc (Harvel), which was founded in 1964, employed 148 people. In addition to its headquarters in Easton, the company has another production site in Bakersfield, California (USA) as well as a logistics center in Coppel, Texas (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 provisional purchase price was CHF 47 million. The definitive purchase price will be determined on the basis of the final net current assets, net debt, and pension fund liabilities, the calculation of which must be accepted by all contractual parties. There are no further variable purchase price components.

Since the time of the acquisition, Harvel has generated sales of CHF 37 million and operating profit of CHF 2 million, corresponding to an EBIT margin of 5.4 %. After the effects of the purchase price allocation, EBIT comes to CHF 0.4 million and net profit to CHF 0.2 million. Had control been obtained on 1 January 2012, management estimates that sales and profit would have been the same in the first half of 2012 as it has been since control was obtained.

The provisional fair value of the identifiable assets and liabilities of Harvel, and hence of goodwill, at the time of the acquisition was determined by independent consultants.

The identified intangible assets are Harvel's customer relationships and the brand name Harvel. The value of the customer relationships includes both contractual and non-contractual relations and was determined and valued by means of the multiperiod excess earnings method (MPEM). The brand name includes the name of the company, the company logo and related slogans and is based on comparable royalties and license fees of third parties. Deferred taxes at a tax rate of 40 % were calculated on the valuation differences arising out of the purchase price allocation.

The goodwill of CHF 13 million from the acquisition corresponds to 27 % of the purchase price. It reflects primarily the value of the anticipated buyer-specific synergies, the growth in market share, and the employees gained as part of the acquisition. The goodwill cannot be deducted from taxes.

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, generates sales of over USD 50 million with 94 employees. In addition to its headquarters in Dallas, Texas (USA), the company has another production site in Abbeville, South Carolina (USA). IPP manufactures and sells large-diameter polyethylene fittings and pipes for water utilities.

The provisional cost of 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. The fair values of the acquired assets and liabilities used to calculate the goodwill of CHF 6 million are provisional.

Since the time of the acquisition, IPP has generated sales of CHF 4 million and operating profit of CHF 0.3 million, corresponding to an EBIT margin of 7.5 %. After the effects of the purchase price allocation, EBIT comes to CHF 0.1 million and net profit breaks even. Had control been obtained on 1 January 2012, management estimates that sales would have been CHF 24 million in the first half of 2012, and operating profit would have been CHF 1.4 million.

2 Statement of financial position

Total assets increased by only CHF 49 million to CHF 2.97 billion compared with year-end 2011. The markedly higher accounts receivable and the higher inventories plus the effect of the two acquisitions were largely offset by the reduction in cash. The effect of foreign exchange on the balance sheet items was relatively small since the exchange rate of the euro versus the Swiss franc was stable at CHF 1.20 during the period under review.

2.1 Current assets

Current assets declined by CHF 10 million to CHF 1.64 billion. Inventories rose by CHF 59 million to CHF 681 million. Accounts receivable rose by CHF 128 million to CHF 653 million in particular owing to seasonal effects. Cash fell by CHF 211 million in the reporting period. Of this amount, CHF 77 million was used for acquisitions and CHF 62 million for the dividend payment made at the end of March.

2.2 Non-current assets

Non-current assets increased by CHF 59 million, mainly because of the two acquisitions made in this period which generated additional intangible assets in the amount of CHF 44 million.

2.3 Liabilities

Liabilities rose to CHF 1.74 billion, a slight increase of only CHF 42 million. On the whole, there were only minor changes in liabilities. Short-term bank debt rose by CHF 3 million, whereas long-term bank debt remained virtually stable. Accounts payable stayed at CHF 380 million, which was the level at the end of the previous year.

2.4 Financing

No significant financing transactions were conducted in the period under review. The syndicated loan of CHF 250 million concluded in the previous year has still not been used. This gives Georg Fischer the necessary freedom of action so that it can act rapidly in the event of any future acquisition projects. The maturity profile of our debt is very sound. The next major maturity is the repayment of the CHF 300 million bond in September 2014.

Net debt

million CHF	**30 June 2012**	31 Dec. 2011
Bank liabilities	180	176
Bonds	497	496
Employee benefits	32	32
Other interest-bearing liabilities	5	4
Interest-bearing liabilities	**714**	708
Marketable securities	2	2
Cash and cash equivalents	201	412
Net debt	**511**	294

Net debt as at 30 June 2012 came to CHF 511 million. Compared to year-end 2011 this corresponds to an increase of CHF 217 million. The increase can be explained mainly by the seasonally weak cash flow from operations, the acquisitions and the dividend payment.

2.5 Equity

Equity increased marginally by only CHF 7 million compared with the end of 2011. The increase from the net profit of CHF 80 million was largely offset by the CHF 68 million dividend payments. The impact of foreign exchange on equity in corporate subsidiaries located outside Switzerland was slight compared to the previous year. The effect in the first half of 2012 is with CHF –3 million negative.

As a result of the marginal increase in total assets, the equity ratio fell by one percentage point. It is now 41% compared with 42% at the end of 2011.

3 Income statement

3.1 Sales

Sales before acquisitions and currency impact showed a slight uptrend in the first half of the year. After deduction of the sales volume of CHF 41 million contributed by the acquisitions from the total sales of CHF 1.87 billion, a decline of 2% results. The negative foreign exchange impact came to CHF 46 million compared with the previous year's period. Sales in local currencies and adjusted for acquisitions increased by CHF 11 million or 1%.

3.2 EBIT

Operating profit (EBIT) fell by CHF 17 million to CHF 113 million. This corresponds to an EBIT margin of 6.1% (previous year: 7.0%). The EBIT margin is thus slightly higher than in the second half of 2011 (6.0%). GF Piping Systems and GF Automotive were unable to repeat the previous year's good performance. GF Piping Systems saw its margins eroded as a result of deterioration in its product mix. GF Automotive felt the weaker demand for trucks in Europe, which impacted negatively on capacity utilization of its iron foundries. GF AgieCharmilles, by contrast, significantly improved its result.

Compared to the same period the previous year, exchange rate fluctuations had a negligible negative effect totaling CHF 0.5 million.

3.3 Financial result and taxes

Despite higher net debt, interest expense fell slightly by CHF 1 million to CHF 17 million owing to lower interest rates.

Taxes declined in parallel with the result. The tax rate remains at 18%.

3.4 Net profit and earnings per share

The net profit for the period came to CHF 80 million, a decline of CHF 12 million compared with the same period the previous year. Earnings per share fell slightly from CHF 21 in the first half of 2011 to CHF 19.

4 Free cash flow

Free cash flow in the first half was CHF –139 million, which was significantly lower than in the same period a year ago. The main reasons for this are the acquisitions, which cost CHF 77 million, and the increase in both accounts receivable and inventories. It should be remembered that the demand for funds is subject to strong seasonal fluctuations. The use of funds is in the first half of the year always considerably higher than in the second, with the corresponding negative impact on free cash flow.

Investments in property, plant and equipment came to CHF 56 million, a CHF 15 million increase compared with the same period the previous year. Nevertheless, this capital expenditure was lower than the depreciation in this period, which came to CHF 62 million.

5 Events after the reporting period

There were no events between 30 June 2012 and 12 July 2012 that would require an adjustment to the carrying amounts of assets and liabilities or need to be disclosed under this heading.

6 Foreign exchange rates

		Average rates		Spot rates	
CHF		**Jan. – June 2012**	Jan. – June 2011	**30 June 2012**	31 December 2011
1	CNY	0.147	0.139	0.150	0.149
1	EUR	1.205	1.269	1.202	1.217
1	GBP	1.463	1.464	1.493	1.452
1	USD	0.927	0.907	0.955	0.940
100	JPY	1.165	1.106	1.200	1.212
100	SEK	13.572	14.195	13.695	13.610

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