BUCHER

Bucher Industries on course for growth

Dear Shareholders,

In the first half of 2011, Bucher Industries returned to growth, underpinned by a broad-based, positive market trend. Despite the strength of the Swiss franc, the Group was able to demonstrate its competitiveness and further increase profitability.

CHF million			Change in		
January – June	**2011**	**2010**	**%**	**% 1)**	**% 2)**
Order intake	1 189.4	1 010.0	17.8	31.6	28.1
Net sales	1 145.6	1 040.7	10.1	23.3	20.7
Order book	726.7	462.2	57.2	77.0	54.8
Operating profit (EBITDA)	123.4	107.8	14.5		
As % of net sales	10.8%	10.4%			
Operating profit (EBIT)	88.9	71.2	24.9		
As % of net sales	7.8%	6.8%			
Profit for the period	55.1	43.3	27.3		
As % of net sales	4.8%	4.2%			
Earnings per share in CHF	5.46	4.30	27.0		
Operating free cash flow	– 94.4	1.1			
Net operating assets	879.1	897.5	– 2.1		
Net cash/debt	– 185.0	– 155.7	– 18.8		
Total assets	2 006.7	2 019.8	– 0.6		
Equity	723.1	761.6	– 5.1		
Equity ratio	36.0%	37.7%			
Number of employees at 30 June	10 033	7 687	30.5		12.0

1) Adjusted for currency effects   2) Adjusted for currency and acquisition effects

Powerful economic momentum The first half of 2011 was marked by a strong business dynamic across the regions and in most of the principal markets in which Bucher Industries operates. This positive trend was overshadowed by geopolitical events in the Arab world, the high levels of national debt faced by European countries and the USA, and massive exchange-rate fluctuations affecting the Group's operating currencies. Compared with the same period of 2010, the Swiss franc strengthened against the euro by 12% and also rose strongly against the US dollar, sterling and other key currencies. The Swedish crown also strengthened. This trend put pressure on margins at our production plants in Switzerland and Sweden and the currency translation effects had a strong negative impact on the sales and results of foreign subsidiaries.

Strong business performance Bucher Industries was able to maintain its strong market positions in the first half of 2011. All the divisions contributed to a significant increase in the order intake. In addition to the upsurge in the markets of Western and Eastern Europe as well as North America, there was also welcome growth in demand for specialised agricultural machinery, hydraulic components and machinery for the glass container industry. Demand for sweeper vehicles was subdued owing to the high level of indebtedness in the public sector. The acquisition of the business of Unipektin Engineering AG in August 2010 and the US-based Krause Corporation boosted sales by CHF 24.9 million, or 2.2%. The Sanjin joint venture in China was consolidated as of 27 June 2011, so its effects were limited to the balance sheet. Strong growth in the order book led to full capacity utilisation at production plants, in some cases operating at the limits of their capacity. The vigorous upswing was clearly reflected in pressure on the entire supply chain. Supply bottlenecks were overcome for the most part by means of forward-looking production management, but in some cases longer delivery deadlines were unavoidable. Broad international diversification of purchasing as well as currency hedges helped to mitigate the huge impact of currency translation. In this challenging and complex environment, the Group achieved a marked improvement in the operating margin and profit for the period. The number of employees increased by 2 346 to 10 033 full-time equivalents, of whom 1 168 were accounted for by the Sanjin joint venture and 259 by the acquisition of Krause Corporation. The remaining growth in the number of employees was due largely to employees on temporary contracts.

Balance sheet In addition to seasonal factors payments relating to the acquisition of Krause Corporation and Sanjin, led to a decline in cash and cash equivalents and a net debt position in the first half of 2011. Inventories rose strongly in response to the marked recovery in business activity. Equity and the equity ratio decreased, despite the positive half-year result, because of the effects of translating the equity of foreign subsidiaries into Swiss francs. The first-time consolidation of Kuhn Krause and the Sanjin joint venture is provisional in view of the very short time scale.

Share buy-back In the reporting period, the board of directors of Bucher Industries AG decided to launch a share buy-back programme covering up to 3% of the company's share capital, with subsequent cancellation of the shares through a reduction in the share capital. The buy-back programme will be handled by a second trading line at the SIX Swiss Exchange. Up to the end of June, the volume of buy-back was 49 600 shares, or 0.5% of the share capital, with a total value of CHF 9.5 million, equivalent to an average price per share of CHF 191.23.

Kuhn Group

CHF million			Change in		
January – June	**2011**	**2010**	**%**	**% 1)**	**% 2)**
Order intake	450.2	376.6	19.5	36.7	29.7
Net sales	578.6	497.2	16.4	33.1	29.7
Order book	242.2	116.2	108.4	140.6	91.3
Operating profit (EBITDA)	85.9	62.8	36.8		
As % of net sales	14.8%	12.6%			
Operating profit (EBIT)	69.3	44.9	54.3		
As % of net sales	12.0%	9.0%			
Number of employees at 30 June	4 302	3 434	25.3		17.7

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects

Rising demand worldwide and higher prices for agricultural produce ensured a mood of confidence among farmers, stimulating investment. The key markets of Western Europe and the USA grew strongly and demand improved significantly in Eastern Europe. Growth was less pronounced in Brazil owing to the strength of the real. Kuhn Group was able to take full advantage of this market trend thanks to its strong market presence as well as a broad and innovative product range. Order intake increased in local currencies by more than a third and the sales trend indicated a return to healthy growth. However, the widespread drought in the first half gave cause for concern. Despite the negative currency effects owing to the strength of the Swiss franc, sales and operating profit showed a marked improvement and the operating margin was again in double figures. In the first half of 2011, the division expanded its market presence by means of an acquisition and two partnerships. Through the purchase of Krause Corporation in Kansas, USA, Kuhn Group gained a foothold in arable farming in North America and rounded out its product range with tillage and seed-drilling machinery designed for high-performance tractors. The division also took a minority holding in agricultural machinery manufacturer Rauch Landmaschinenfabrik GmbH in Germany, strengthening its long-term partnership in the areas of seeding and fertiliser technology. The strategic alliance between Kuhn Group and John Deere includes a manufacturing and licensing agreement in the area of large square balers. The Kuhn Geldrop plant in the Netherlands is expecting the first orders from John Deere in autumn 2011, with delivery scheduled for 2012. Kuhn Group continued the rapid integration of business segments acquired in previous years.

Bucher Municipal

CHF million			Change in	
January – June	**2011**	**2010**	**%**	**% 1)**
Order intake	189.9	186.1	2.0	10.7
Net sales	163.3	171.6	– 4.8	3.2
Order book	110.1	97.1	13.4	23.3
Operating profit (EBITDA)	10.1	13.3	– 24.1	
As % of net sales	6.2%	7.7%		
Operating profit (EBIT)	6.4	9.5	– 32.6	
As % of net sales	3.9%	5.5%		
Number of employees at 30 June	1 341	1 319	1.7	

1) Adjusted for currency effects

As expected, the market for municipal vehicles failed to recover in the reporting period owing to high public-sector indebtedness. There was strong competition for projects coming up for tender and increasingly competitive pricing. Bucher Municipal, with a major plant in Niederweningen, was also particularly hard hit by the strength of the Swiss franc. In Latvia, whose currency is pegged to the euro, the development and expansion of production capacity, initiated in 2004, was commissioned in May of the reporting period. This enabled the division to transfer further production activities to Latvia. The market launch of new sweepers and a marketing drive in new business, as well as service and spare parts, helped counteract the downward trend. Despite rapid implementation of these measures, it proved impossible to offset the currency effects. Sales remained slightly below the same period of last year and both operating profit and operating profit mar-gin declined. In order to ensure distribution of Johnston truck-mounted sweepers in North America, following the bankruptcy of the previous importer, the division established its own distribution and assembly plant in Mooresville, North Carolina, USA. The existing local dealer network was taken over almost in its entirety. Apart from the start-up costs for the new company, the bankruptcy of the previous importer had no financial repercussions, thanks to far-sighted and prudent business practice.

Bucher Hydraulics

CHF million			Change in	
January – June	**2011**	**2010**	**%**	**% [1)]**
Order intake	223.6	206.8	8.1	20.0
Net sales	208.1	193.1	7.8	19.3
Order book	75.6	60.2	25.6	40.8
Operating profit (EBITDA)	29.2	33.5	– 12.8	
As % of net sales	14.0%	17.3%		
Operating profit (EBIT)	20.7	24.1	– 14.1	
As % of net sales	9.9%	12.5%		
Number of employees at 30 June	1 687	1 468	14.9	

1) Adjusted for currency effects

The strong upswing in the key markets served by Bucher Hydraulics, beginning in 2010, continued in the first half of 2011. Demand for hydraulic system solutions in Western Europe, North America, China and India continued to recover, particularly in the construction equipment and agricultural machinery segments, as well as in industrial hydraulics. This highly dynamic development is not reflected in the figures because of the strong negative impact of currency translation. Despite this influence, order intake and sales showed a further significant year-on-year rise. The marked recovery was partly attributable to a certain rebound effect in the aftermath of the crisis. However, market proximity, a high degree of flexibility and long-term projects at key customers also contributed significantly to the success. Investments of EUR 9.5 million in capacity expansion at the major production plant in Klettgau, Germany, are planned for 2011 and 2012. The division has two important production sites in Switzerland which export about 90% of their production volume, so it was particularly hard hit by the strength of the Swiss franc. This effect could only partly be offset by the pronounced international orientation of the business activities and a purchasing volume of well above 60% from the euro zone. As a result, the operating profit margin in the first half of 2011 was below the high level of the previous period. The operating profit margin improved compared with the second half of 2010 thanks to an all-round effort.

Emhart Glass

CHF million			Change in		
January – June	**2011**	**2010**	**%**	**% 1)**	**% 2)**
Order intake	217.1	139.1	56.1	76.9	76.9
Net sales	123.1	104.3	18.0	33.7	33.7
Order book	229.0	121.8	88.0	113.5	81.0
Operating profit (EBITDA)	7.1	−3.8	n.a.		
As % of net sales	5.7%	−3.6%			
Operating profit (EBIT)	3.0	−7.8	n.a.		
As % of net sales	2.5%	−7.5%			
Number of employees at 30 June	2095	864	142.5		7.3

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects

The capital-intensive, late-cycle glass container industry overcame a ten-year low at the end of 2010. The sharp upturn in the reporting period was underpinned by high demand in Europe, Asia, the Middle East and South America. Emhart Glass experienced a steep rise in order intake, mainly for new machinery used in glass container manufacture, and sales began to grow strongly in the second quarter. The spare parts and service business benefitted in turn from this dynamic development. With the order book also growing strongly, production plants were operating at the limits of their capacity. Following the closure of the plant in Italy in 2010, components manufacture was increasingly relocated to Sweden and Malaysia, leading to a significant extension of production capacity in Malaysia. Purchasing in Asian markets was intensified. The production plant for new machinery and spare parts in Sweden, which exports its entire output, was particularly affected by the strength of the Swedish crown. In spite of this, the division returned to profit. In the reporting period, Emhart Glass took an important strategic step, purchasing a 63% stake in Shandong Sanjin Glass Machinery Co., Ltd, Zibo, China, to establish a foothold in the Chinese market. Sanjin is the market leader in China, manufacturing low-cost glass-forming machinery and annealing lehrs geared to the Chinese market. The company generated sales of CNY 371 million in 2010, achieving an EBITDA margin of around 12%. The transaction was completed on 27 June 2011.

Bucher Specials

CHF million			Change in		
January – June	**2011**	**2010**	**%**	**% 1)**	**% 2)**
Order intake	108.6	101.4	7.1	12.2	3.1
Net sales	82.1	76.5	7.3	11.9	– 2.5
Order book	69.8	66.9	4.3	10.6	2.0
Operating profit (EBITDA)	0.6	– 0.5	n.a.		
As % of net sales	0.7%	– 0.6%			
Operating profit (EBIT)	– 0.8	– 1.6	– 50.0		
As % of net sales	– 1.0%	– 2.1%			
Number of employees at 30 June	589	583	1.0		– 2.1

1) Adjusted for currency effects 2) Adjusted for currency and acquisition effects

The performance of the independent businesses consolidated under Bucher Specials presented a varied picture. Winemaking systems experienced a decline, while fruit juice processing equipment largely recovered from the cyclical low of the previous year. The Swiss distributorship for tractors and agricultural machinery held its position well during the reporting period. Overall, Bucher Specials was able to increase both order intake and sales. Operating profit was negative due to seasonal effects. The fall in order intake for winemaking equipment compared with the same period last year can be attributed to two factors: France interrupted its subsidies to winegrowers for four to five months for financial and administrative reasons. In addition, unusual climatic conditions in the first half of the year meant that grape ripening was expected three to four weeks early, with a corresponding narrowing of the window for capital spending. The combination of these two factors led to a marked decline in investment in France, while in Italy, particularly, competitors adopted a very aggressive approach, exerting enormous pressure on margins. Bucher Vaslin participated only to a limited degree in the ruinous price war, forgoing a small number of unprofitable orders. At the end of January 2011, Bucher Vaslin purchased the wine presses of the Sutter brand and took over the corresponding spare parts and service business. Towards the end of July 2011, Bucher Unipektin succeeded in establishing an international distribution partnership to market municipal sludge dewatering systems with the French company Degrémont SA, a subsidiary of Suez Environnement. Degrémont is one of the world’s leading suppliers and operators of municipal drinking water and wastewater treatment plants.

Outlook for 2011 The favourable business climate is expected to continue in most markets during the second half. This positive trend will be overshadowed by uncertainties surrounding the unforeseeable consequences of the huge debt burden facing the economies of Europe and the USA. The impact of the accompanying turmoil in the currency markets is being felt above all by the production sites in Switzerland and Sweden, which are having to contend with a surge in the value of their currencies. The consolidated financial statements are likewise heavily affected by currency translation. Accordingly, the outlook is clouded by considerable uncertainty. Kuhn Group anticipates good basic conditions for the agricultural business during the second half of the year, with sales and operating profit expected to rise for the year as a whole. The sole cause for concern is the widespread drought prevailing in the first half and its likely impact on harvests in the following periods. Bucher Hydraulics and Emhart Glass are also expecting the positive market trend to be sustained, though at a lower level, and an increase in sales and operating profit. Bucher Municipal on the other hand is expecting business to remain subdued, with a decline in sales and operating profit, owing to the uncertain financial situation affecting public-sector budgets. Bucher Specials is anticipating a rise in sales and operating profit thanks to the pick-up in the fruit juice processing segment, despite persistent weakness in capital spending for winemaking equipment. The Group expects a continuation of overall sales and profit growth for 2011.

Niederweningen, August 2011

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Consolidated financial statements

Consolidated balance sheet

	CHF million	30 June 2011	%	30 June 2010	%	31 December 2010	%
Assets	Cash and cash equivalents	295.6	14.7	373.1	18.5	484.3	24.4
	Short-term investments	61.9	3.1	60.6	3.0	64.1	3.2
	Trade receivables	408.5	20.4	395.8	19.5	343.2	17.3
	Current income tax assets	16.0	0.8	18.4	0.9	9.0	0.5
	Other receivables	60.8	3.0	70.2	3.5	49.6	2.5
	Inventories	547.1	27.3	472.2	23.4	451.3	22.7
	Current assets	**1 389.9**	**69.3**	**1 390.3**	**68.8**	**1 401.5**	**70.6**
	Long-term receivables	11.9	0.6	11.7	0.6	9.5	0.5
	Property, plant and equipment	369.6	18.4	388.5	19.2	366.1	18.4
	Intangible assets	158.3	7.9	150.8	7.5	135.4	6.8
	Other financial assets	36.3	1.8	41.5	2.1	38.6	2.0
	Investments in associates	13.8	0.7	8.2	0.4	8.2	0.4
	Deferred income tax assets	26.9	1.3	28.8	1.4	25.6	1.3
	Non-current assets	**616.8**	**30.7**	**629.5**	**31.2**	**583.4**	**29.4**
	Assets	**2 006.7**	**100.0**	**2 019.8**	**100.0**	**1 984.9**	**100.0**
Liabilites and equity	Financial liabilities	79.2	4.0	70.0	3.5	10.2	0.5
	Trade payables	241.7	12.0	211.9	10.5	203.1	10.2
	Advances from customers	103.0	5.1	80.3	4.0	175.9	8.9
	Current income tax liabilities	49.2	2.5	34.5	1.7	34.4	1.7
	Provisions	48.5	2.4	61.2	3.0	53.8	2.7
	Other payables	207.5	10.3	202.4	10.0	168.6	8.5
	Current liabilities	**729.1**	**36.3**	**660.3**	**32.7**	**646.0**	**32.5**
	Financial liabilities	463.3	23.1	519.4	25.7	519.2	26.2
	Provisions	12.3	0.6	13.9	0.7	12.9	0.7
	Other liabilities	19.0	1.0	2.5	0.1	4.3	0.2
	Deferred income tax liabilities	44.5	2.2	44.9	2.2	38.7	1.9
	Retirement benefit obligations	15.4	0.8	17.2	0.9	16.1	0.8
	Non-current liabilities	**554.5**	**27.7**	**597.9**	**29.6**	**591.2**	**29.8**
	Attributable to owners of Bucher Industries AG	703.0	35.0	751.7	37.2	736.6	37.1
	Attributable to non-controlling interests	20.1	1.0	9.9	0.5	11.1	0.6
	Equity	**723.1**	**36.0**	**761.6**	**37.7**	**747.7**	**37.7**
	Liabilities and equity	**2 006.7**	**100.0**	**2 019.8**	**100.0**	**1 984.9**	**100.0**

Consolidated income statement

CHF million		%		%
January – June	**2011**		**2010**	
Net sales	**1 145.6**	**100.0**	**1 040.7**	**100.0**
Changes in inventories of finished goods and work in progress	67.4	5.9	14.8	1.4
Raw materials and consumables used	– 643.5	– 56.2	– 535.4	– 51.4
Employment costs	– 302.0	– 26.3	– 284.9	– 27.4
Other operating income	9.3	0.8	7.0	0.7
Other operating expenses	– 153.4	– 13.4	– 134.4	– 12.9
Operating profit (EBITDA)	**123.4**	**10.8**	**107.8**	**10.4**
Depreciation	– 26.8	– 2.3	– 28.9	– 2.8
Amortisation	– 7.7	– 0.7	– 7.7	– 0.8
Operating profit (EBIT)	**88.9**	**7.8**	**71.2**	**6.8**
Share of (loss)/profit of associates	– 0.2	–	0.5	–
Finance costs	– 9.9	– 0.9	– 12.4	– 1.1
Finance income	– 0.1	–	1.6	0.2
Profit before tax	**78.7**	**6.9**	**60.9**	**5.9**
Income tax expense	– 23.6	– 2.1	– 17.6	– 1.7
Profit for the period	**55.1**	**4.8**	**43.3**	**4.2**
Attributable to owners of Bucher Industries AG	54.7		43.1	
Attributable to non-controlling interests	0.4		0.2	
Basic earnings per share in CHF	5.46		4.30	
Diluted earnings per share in CHF	5.42		4.30	

Consolidated statement of comprehensive income

CHF million

January – June	2011	2010
Profit for the period	**55.1**	**43.3**
Net change in fair value reserve	–	0.7
Income tax	–	– 0.3
Transfer to income statement	–	– 5.4
Income tax	–	1.6
Net change in fair value reserve, net of tax	**–**	**– 3.4**
Net change in cash flow hedge reserve	– 3.3	– 0.8
Income tax	– 0.8	1.3
Transfer to income statement	1.7	–
Net change in cash flow hedge reserve, net of tax	**– 2.4**	**0.5**
Net change in currency translation reserve	– 54.9	– 53.7
Other comprehensive income for the period, net of tax	**– 57.3**	**– 56.6**
Total comprehensive income for the period	**– 2.2**	**– 13.3**
Attributable to owners of Bucher Industries AG	– 1.8	– 12.4
Attributable to non-controlling interests	– 0.4	– 0.9

Consolidated cash flow statement

CHF million

January – June	2011	2010
Cash flow from operating activities before changes in working capital and provisions	**104.2**	**92.5**
Change in provisions and retirement benefit obligations	– 3.6	– 1.4
Change in working capital	– 172.0	– 63.4
Net cash flow from operating activities	**– 71.4**	**27.7**
Purchases of property, plant and equipment	– 22.6	– 27.7
Proceeds from sale of property, plant and equipment	0.4	1.3
Purchases of intangible assets	– 0.8	– 0.2
Purchases of short-term investments and financial assets	–	– 2.2
Proceeds from sale of short-term investments and financial assets	0.9	2.5
Acquisition of subsidiaries	– 48.2	–
Acquisition of associates	– 8.2	–
Disposal of subsidiaries	0.7	3.5
Net cash flow from investing activities	**– 77.8**	**– 22.8**
Change in treasury shares	0.9	0.2
Proceeds from long-term financial liabilities	2.8	1.2
Repayment of long-term financial liabilities	– 2.6	– 11.8
Proceeds from short-term financial liabilities	6.0	3.8
Repayment of short-term financial liabilities	– 0.9	– 21.0
Repurchase of treasury shares	– 5.1	–
Dividend paid	– 30.2	– 20.8
Net cash flow from financing activities	**– 29.1**	**– 48.4**
Effect of exchange rate changes	– 10.4	– 20.6
Net change in cash and cash equivalents	**– 188.7**	**– 64.1**
Cash and cash equivalents at 1 January	484.3	437.2
Cash and cash equivalents at 30 June	**295.6**	**373.1**

Operating free cash flow/free cash flow

CHF million

January – June	2011	2010
Net cash flow from operating activities	**– 71.4**	**27.7**
Purchases of property, plant and equipment	– 22.6	– 27.7
Proceeds from sale of property, plant and equipment	0.4	1.3
Purchases of intangible assets	– 0.8	– 0.2
Operating free cash flow	**– 94.4**	**1.1**
Purchases of short-term investments and financial assets	–	– 2.2
Proceeds from sale of short-term investments and financial assets	0.9	2.5
Dividend paid	– 30.2	– 20.8
Acquisition of subsidiaries	– 48.2	–
Acquisition of associates	– 8.2	–
Disposal of subsidiaries	0.7	3.5
Free cash flow	**– 179.4**	**– 15.9**

Consolidated statement of changes in equity

CHF million	Share capital	Retained earnings	Treasury shares	Currency trans- lation reserve	Fair value reserve	Cash flow hedge reserve	Attribut- able to owners of Bucher Industries AG	Non-con- trolling interests	Total equity
1 January 2010	**2.1**	**912.2**	**– 26.5**	**– 116.7**	**9.8**		**780.9**	**11.6**	**792.5**
Profit for the period		43.1					43.1	0.2	**43.3**
Other comprehensive income for the period				– 52.6	– 3.4	0.5	– 55.5	– 1.1	**– 56.6**
Total comprehensive income for the period		**43.1**		**– 52.6**	**– 3.4**	**0.5**	**– 12.4**	**– 0.9**	**– 13.3**
Change in treasury shares		2.2	1.0				3.2		**3.2**
Dividend		– 20.0					– 20.0	– 0.8	**– 20.8**
30 June 2010	**2.1**	**937.5**	**– 25.5**	**– 169.3**	**6.4**	**0.5**	**751.7**	**9.9**	**761.6**
1 January 2011	**2.1**	**992.0**	**– 25.0**	**– 237.5**	**5.0**		**736.6**	**11.1**	**747.7**
Profit for the period		54.7					54.7	0.4	**55.1**
Other comprehensive income for the period				– 54.1		– 2.4	– 56.5	– 0.8	**– 57.3**
Total comprehensive income for the period		**54.7**		**– 54.1**		**– 2.4**	**– 1.8**	**– 0.4**	**– 2.2**
Change in treasury shares		4.8	– 6.4				– 1.6		**– 1.6**
Change in non-controlling interests								9.4	**9.4**
Dividend		– 30.2					– 30.2		**– 30.2**
30 June 2011	**2.1**	**1 021.3**	**– 31.4**	**– 291.6**	**5.0**	**– 2.4**	**703.0**	**20.1**	**723.1**

Foreign currency exchange rates

	Income statement average rates January – June		Balance sheet closing rates 30 June	
	2011	**2010**	**2011**	**2010**
1 EUR	1.2636	1.4324	1.2071	1.3283
1 GBP	1.4451	1.6509	1.3374	1.6249
1 USD	0.8965	1.0762	0.8352	1.0825
1 BRL	0.5530	0.6005	0.5341	0.6015
1 AUD	0.9332	0.9565	0.8951	0.9222
100 SEK	14.1600	14.6000	13.1600	13.9400

Notes to the consolidated financial statements

Financial position and results of operations In most of the main markets in which Bucher Industries operates, the encouraging growth in demand continued in a highly dynamic development during the first half of 2011. The strong order book at the start of the year contributed to the growth in group sales. The marked fluctuations in exchange rates continued, with a drastic weakening of the euro and the US dollar against the Swiss franc. This had a significant impact on the consolidated half-year statement. Nevertheless, group sales, operating profit, profit for the period and profitability improved compared with the same period of 2010. Order intake amounted to CHF 1 189.4 million, 17.8% higher than the same period of last year, 28.1% when adjusted for currency and acquisition effects. Sales amounted to CHF 1 145.6 million, a year-on-year increase of 10.1%, or 20.7% when adjusted for currency and acquisition effects. The negative impact of currency translation on sales, amounting to 13.2%, was due to changes in average exchange rates of the following currencies against the Swiss franc: EUR (down 11.8%), USD (down 16.7%), GBP (down 12.5%) and SEK (down 3.0%). EBITDA improved by 14.5% to CHF 123.4 million (six months ended 30 June 2010: CHF 107.8 million). The EBITDA margin was 10.8% (10.4%). EBIT rose by CHF 17.7 million to CHF 88.9 million, equivalent to an EBIT margin of 7.8% (6.8%). Finance income showed a negative figure of CHF 0.1 million (CHF 1.6 million), resulting largely from unrealised foreign exchange losses on valuations and hedges, as well as from interest income. Finance costs consisted mainly of interest expense on the bond issue, the US private placements and drawn credit facilities. As a result of lower demands, it was possible to reduce the finance costs by CHF 2.5 million to CHF 9.9 million. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 23.6 million for the first half of 2011 (CHF 17.6 million). The tax rate was 30.0% (28.9%), which approximately corresponds to the Group's structural tax rate. The slight year-on-year increase can be ascribed to improved results in countries with higher tax rates. The Group's profit of CHF 55.1 million for the period (CHF 43.3 million) represented 4.8% (4.2%) of net sales. Net operating assets decreased to CHF 879.1 million, CHF 18.4 million lower than for the same period of 2010. This was CHF 170.6 million higher than the year-end figure, although approximately CHF 82 million of that was due to the acquisition effect. The order-related increase in trade accounts receivable and inventories, as well as the seasonal reduction in customer prepayments, also contributed to this development. Net debt on 30 June 2011 was CHF 185.0 million (CHF 155.7 million). The change in net liquidity compared with the year-end figure of CHF 19.0 million was attributable to the above-mentioned increase in net assets, acquisitions in the reporting period, the share buy-back programme and the dividend of CHF 30.2 million. Equity decreased by CHF 24.6 million to CHF 723.1 million in the first half of 2011. The net profit for the period of CHF 55.1 million was offset by negative currency effects of CHF 54.1 million arising from translation of the equity of foreign subsidiaries, as well as by dividends. The equity ratio was at 36.0%, slightly lower than at the end of 2010. The ratio of long-term debt to total debt was 85.4% (30 June 2010: 88.1%; 31 December 2010: 98.1%). Intangible assets amounted to CHF 158.3 million, of which goodwill accounted for CHF 65.9 million. Goodwill represented 9.1% of equity (30 June 2010: 7.9%). Capital expenditure totalled CHF 23.4 million, remaining at the low level of the same period last year, while operating free cash flow was negative for the period at minus CHF 94.4 million, mainly because of higher working capital.

Group accounting policies The unaudited financial statements for the six months ended 30 June 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) in general and with IAS 34 "Interim Financial Reporting" in particular.

The group accounting policies set out in the annual report 2010 (page 73 ff.) have been applied consistently in preparing the interim report, except new or revised standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by Bucher Industries for the 2011 financial year.

The table below gives an overview of the impact of the standards and interpretations on the consolidated financial statements of Bucher Industries.

Standard/Interpretation		Effective date	Impact
Revised standards			
IFRS 1	First-time Adoption of IFRS: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010	1
IAS 24	Related Party Disclosures: State-controlled Entities	1 January 2011	1
IAS 32	Financial Instruments: Presentation – Amendments relating to the Classification of Rights Issues	1 February 2010	1
Various	Annual improvements to IFRS	1 January 2011	2
New interpretations			
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	1
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	1

1 Adoption has no significant impact on the consolidated financial statements.
2 Adoption requires additional disclosures or changes in the presentation of consolidated financial statements.

The IASB has published the following new and revised standards and interpretations that will be mandatory for financial years beginning 2012 or later and have not yet been adopted in these consolidated financial statements. The table below gives an overview of the expected impact of the standards and interpretations on the consolidated financial statements.

Standard/Interpretation		Effective date	Planned application	Estimated impact
New standards				
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015	2015	3
IFRS 10	Consolidated Financial Statements	1 January 2013	2013	1
IFRS 11	Joint Arrangements	1 January 2013	2013	3
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013	2013	2
IFRS 13	Fair Value Measurement	1 January 2013	2012	1
Revised standards				
IFRS 7	Financial Instruments: Disclosures – Transfer of Financial Assets	1 January 2012	2012	2
IAS 1	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	1 July 2012	2013	2
IAS12	Income Taxes: Deferred Tax – Recovery of Underlying Assets	1 January 2012	2012	1
IAS 19	Employee Benefits: Improvements to the Accounting for Post-Employment Benefits	1 January 2013	2012	3
IAS 27	Separate Financial Statements	1 January 2013	2013	1
IAS 28	Investments in Associates and Joint Ventures	1 January 2013	2013	2
Various	Annual Improvements to IFRS	1 January 2012	2012	2

1 Not expected to have an impact or a significant impact on the consolidated financial statements.
2 Expected to require additional disclosures or changes in the presentation of the consolidated financial statements.
3 The impact on the consolidated financial statements cannot yet be determined with sufficient reliability.

Management's assumptions and estimates The preparation of consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions deviate from the actual circumstances, reported amounts will be restated as appropriate in the year in which the circumstances change. Any assumptions and estimates made by management in the consolidated interim financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2010. Income tax expense is accrued using the average effective tax rates for the current financial year.

Segment information The Group comprises four specialised divisions in industrially related areas of mechanical and vehicle engineering, and one segment consisting of several independent businesses. Although they are technologically related, the segments are quite distinct from each other in terms of products and sales markets. Responsibility for the management and performance of the segments is therefore decentralised. The following summary describes the operations of each of the reportable segments:

Kuhn Group is the world's leading supplier of agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, livestock bedding and feeding.

Bucher Municipal is the market leader in municipal sweepers in Europe and Australia, offering a wide range of compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles.

Bucher Hydraulics occupies a leading position as a provider of custom mobile and industrial hydraulic system solutions, with manufacturing facilities in Europe, Asia and the USA.

Emhart Glass is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers, with a portfolio encompassing glass container forming and inspection machinery, systems, components, spare parts, advice and services for the glass container industry.

Bucher Specials consists of several independent businesses: machinery and equipment for winemaking (Bucher Vaslin); systems and machinery for processing fruit juice, dewatering municipal and industrial sludge and drying food (Bucher Unipektin); as well as the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik).

CHF million	Net sales January – June		Operating profit (EBIT) January – June		Operating assets at 30 June	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Kuhn Group	578.6	497.2	69.3	44.9	659.5	651.1
Bucher Municipal	163.3	171.6	6.4	9.5	218.6	217.6
Bucher Hydraulics	208.1	193.1	20.7	24.1	246.1	254.4
Emhart Glass	123.1	104.3	3.0	– 7.8	296.7	220.9
Bucher Specials	82.1	76.5	– 0.8	– 1.6	124.8	116.4
Reportable segments	**1 155.2**	**1 042.7**	**98.6**	**69.1**	**1 545.7**	**1 460.4**
Other/consolidation	– 9.6	– 2.0	– 9.7	2.1	12.6	31.1
Group	**1 145.6**	**1 040.7**	**88.9**	**71.2**	**1 558.3**	**1 491.5**

The basis of segmentation and valuation of the divisional results is unchanged since the last annual financial statements. The performance of each of the divisions and the Bucher Specials segment is evaluated based on operating profit or loss. The figures reported as “other/consolidation” comprise the results of the holding, finance and management companies, as well as consolidation adjustments for inter-segment transactions. The associates are held by the holding company and not allocated to any segment. Inter-segment sales amounted to CHF 7.4 million for Kuhn Group and CHF 2.0 million for Bucher Hydraulics. The other divisions and the Bucher Specials segment had no or only insignificant inter-segment sales. These internal transactions were carried out at arm’s length, on normal commercial terms. Operating assets include actual and accrued receivables, inventories, property, plant and equipment, and intangible assets.

Reconciliation of segment results

CHF million

January – June	2011	2010
Segment operating profit	98.6	69.1
Other/consolidation	– 9.7	2.1
Group operating profit	**88.9**	**71.2**
Share of (loss)/profit of associates	– 0.2	0.5
Finance costs	– 9.9	– 12.4
Finance income	– 0.1	1.6
Profit before tax	**78.7**	**60.9**

Acquisitions The acquisitions of Krause Corporation und Shandong Sanjin Glass Machinery Co., Ltd were included in the consolidated financial statements as of the date of acquisition, based on provisional figures. Calculation of the fair values of identifiable assets, goodwill, debts and contingent liabilities was still ongoing at the reporting date of 30 June 2011. Accordingly, these values could be subject to adjustment. Any changes will be reflected in the purchase price allocations. The evaluations are expected to be concluded by the end of the year.

On 2 May 2011, Bucher Industries acquired 100% of the share capital of Krause Corporation, Hutchinson, Kansas, USA. The company specialises in the development, manufacture and marketing of agricultural machinery for the cultivation of grain crops such as corn, soybeans, wheat and other commodities. Krause’s tillage machinery and grain drills are a perfect fit with Kuhn Group’s range of products. Krause Corporation was renamed Kuhn Krause, Inc. and incorporated in the Kuhn Group division as a subsidiary of Kuhn North America, Inc. The purchase price consists of two price components, a cash settlement and an earn-out component. Both components are subject to any post closing indemnification obligations of the former shareholders of Krause Corporation. The cash settlement component, including assumption of debts, was CHF 30.6 million. This amount is subject to the outcome of the currently ongoing closing audit. The first portion of the cash settlement component of CHF 21.1 million was paid in its entirety from available liquid funds.

The earn-out component is dependent upon future sales over the next three years and according to the most recent estimate amounts to CHF 3.9 million. This amount was recorded as a liability of Kuhn North America, Inc. at a discounted value. The provisional purchase price was allocated to assets and liabilities as follows: trade receivables CHF 13.8 million; inventories CHF 12.5 million; property, plant and equipment CHF 3.4 million; intangible assets CHF 10.5 million; other assets CHF 1.3 million; and payables CHF 14.6 million. Acquired liquid assets amounted to CHF 0.8 million. The value of the assumed liabilities represented fair value. All receivables were considered fully collectible. On the basis of the provisional purchase price allocation, the goodwill amounted to CHF 2.9 million, representing synergies from the merger, the know-how of the employees and the entry into the arable farming market in North America. In the period from 2 May to 30 June 2011, Kuhn Krause, Inc. generated sales of CHF 13.8 million, EBITDA of CHF 2.8 million and net profit of CHF 1.4 million. If the acquisition had been completed on 1 January 2011, Kuhn Krause, Inc. would have posted sales of CHF 37.9 million, EBITDA of CHF 7.2 million and a net profit of CHF 2.1 million. The total acquisition costs of CHF 0.7 million were booked in equal parts in 2010 and 2011 under other operating expenses.

On 27 June 2011, Bucher Industries acquired a majority stake of 63.02% in Shandong Sanjin Glass Machinery Co., Ltd, Zibo, China, 51.59% through purchase of equity interest and 11.43% by way of a capital increase in stages. Sanjin manufactures machinery and equipment for the Chinese glass container industry and is the market leader for glass forming machinery in China. With some 1 200 employees, the company generated sales of around CHF 57 million in 2010. The company will be integrated into the Emhart Glass division. Sanjin and Emhart Glass are a good fit, both regionally and in terms of their product ranges. The purchase price for the investment, including assumption of debts, amounted to CHF 33.0 million, which was met in its entirety from liquid funds. It was allocated to assets and liabilities as follows: trade receivables CHF 10.3 million; inventories CHF 24.4 million; property, plant and equipment CHF 20.9 million; intangible assets CHF 11.4 million; other assets CHF 2.4 million; and payables CHF 46.8 million. Acquired liquid assets amounted to CHF 5.5 million. On the basis of the provisional purchase price allocation, the goodwill amounted to CHF 14.3 million, representing synergies from the merger, the know-how of the employees and the entry into the Chinese market for standard glass forming machinery and annealing lehrs. In view of the lack of audited financial statements at the closing date for the reporting period, the financial data adopted are based on unaudited financial statements under local GAAP rules, with a reporting date of 30 June 2011. The value of the assumed receivables is still being assessed. The total acquisition costs of CHF 0.7 million were booked in equal parts in 2010 and 2011 under other operating expenses.

The capital increase amounting to CHF 19.5 million is payable in three tranches. The first prepayment of CHF 4.9 million was paid on 24 May 2011. The second tranche of CHF 4.9 million is due in September 2011, and the final tranche of CHF 9.7 million in June 2012. Bucher Industries also has a call option on the outstanding equity rights for the purpose of acquiring total ownership of the company. The option can be exercised between the sixth and tenth year of business following the date of acquisition. The strike price is determined in relation to the fair value. Valuation of the option has yet to be completed.

Acquisition of associates With effect from 24 February 2011, the Kuhn Group division acquired a non-controlling interest of 24.24% in Rauch Landmaschinenfabrik GmbH, Sinzheim, Germany. The investment was realised as part of a capital increase. The equity holding will be accounted for as an associate of Bucher Beteiligungen GmbH, Klettgau, Germany. This strategic investment is a consolidation of the long-standing partnership between the Kuhn Group division and Rauch, which is a family-owned company. Rauch specialises in fertiliser and winter maintenance spreaders as well as pneumatic seed drills. The purchase price for this minority holding was EUR 6.4 million (CHF 8.2 million). The goodwill was EUR 1.8 million. In the 2009/2010 business year, ending 31 July 2010, the company generated earnings of EUR 1.2 million on sales totalling EUR 41.9 million. The balance sheet total amounted to EUR 27.6 million and equity EUR 11.1 million.

Purchase of assets On 27 January 2011, the Group announced the purchase of the wine presses and corresponding spare parts and service business of the Sutter brand. No employees or production facilities were taken over. The assets were acquired at fair value and no goodwill was paid. This acquisition represents a strengthening of the Bucher Vaslin wine press business.

Interest-bearing financial liabilities The Group took advantage of the generally good financial position in the first half of 2011 to reduce credit lines arranged last year and existing financial liabilities. The committed syndicated loan was decreased to CHF 200.0 million (end of 2010: CHF 280.0 million). The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 30 June 2011.

Share buy-back On 12 May 2011, the board of directors announced a share buy-back programme. Up to 3% of the company's share capital will be repurchased in 2011 and 2012, equivalent to a buy-back volume of CHF 60 to 70 million. It is intended to cancel the repurchased shares through capital reduction. A corresponding proposal will be submitted to the 2012 or 2013 annual general meeting. Up to 30 June 2011, the volume of buy-back was 49 600 shares, at an average share price of CHF 191.23, with a total value of CHF 9.5 million.

Events after the reporting date No events have occurred since the reporting date that are significant to an understanding of this interim report.

Approval of the consolidated interim financial statements The consolidated interim financial statements were authorised for issue by the board of directors on 3 August 2011.

Financial calender

Release of third quarter 2011 group sales	27 October 2011	
Release of 2011 group sales	2 February 2012	
Annual press conference	15 March 2012	9.00 am
Annual analyst conference	15 March 2012	2.00 pm
Publication of annual report 2011	15 March 2012	
Annual general meeting	12 April 2012	4.00 pm
First traiding date ex-dividend	16 April 2012	
Dividend payment	19 April 2012	
Release of first quarter 2012 group sales	27 April 2012	
Interim report 2012	9 August 2012	
Release of third quarter 2012 group sales	26 October 2012	

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