Financial contents

Group financial review 2013

Pleasing growth in order intake Order intake was 9.1% up on the previous year at CHF 2 718.2 million. Adjusted for currency, acquisition and disposal effects, the increase was 6.6%. Net sales rose by 3.1% to CHF 2 690.8 million, equivalent to a 0.8% rise after adjustment for currency, acquisition and disposal effects. The net acquisition and disposal effect was 2.2%. The currency effect on sales was negligible. This trend reflects the positive business performance turned in by all divisions. Kuhn Group benefitted from the continuing high level of demand in its main markets in Europe, North America and Brazil. Despite a decline, agricultural commodity prices remained at a healthy level. Demand for municipal vehicles and winter maintenance equipment rose thanks to the strong market position and a follow-up order from the city of Moscow. With the exception of the construction machinery and the industrial hydraulics segments, the hydraulic components business developed well. The market for machinery used in the manufacture of glass containers remained volatile. Business in China suffered a real slump as a result of the sharp decrease in economic growth. As part of the realignment of Bucher Emhart Glass, measures to leverage the division’s global presence are well advanced and expansion of the production facility in Malaysia is already completed. In this challenging environment, Bucher Emhart Glass succeeded in increasing its order intake. The increase in incoming orders at Bucher Specials was based primarily on the buoyant business with equipment and technology for the production of fruit juice. The business with equipment for dewatering sewage developped positive as well. Bucher Vaslin’s business with winemaking equipment also picked up in the second half of the year, while the Swiss distributorship for tractors and agricultural machinery remained on a growth trajectory. The order book at CHF 850.4 million was 6.9% above the solid level of the previous year, which made for a good start to the current year. Adjusted for currency, acquisition and disposal effects, the increase was 3.3%. The Group’s order backlog at the end of the reporting year was equivalent to about 3.8 months’ work based on full-year sales in 2013 (2012: 3.7 months). The average exchange rates used for the income statement increased by 1.8% for the EUR/CHF and by 2.2% for the SEK/CHF. The USD/CHF and GBP/CHF rates fell by 1.0% and by 2.2% respectively. The rates used to translate the balance sheet increased by 1.7% for the EUR/CHF, while the SEK/CHF fell by 1.5%, the USD/CHF by 2.7% and the GBP/CHF by 0.5%.

Acquisitions and disposals On 6 February 2013, Bucher Industries acquired a 100% interest in Filtrox Engineering AG, Switzerland, thereby strengthening the drinks technologies of Bucher Unipektin. Filtrox Engineering is a specialist in beer filtration and a leading supplier in certain areas of microfiltration for the food and drinks industry. On 12 February 2013, Bucher Industries acquired all the shares in Ölhydraulik Altenerding Dechamps & Kretz GmbH & Co. KG, Germany, for the Bucher Hydraulics division. The company specialises in advanced hydraulic cylinder technology for high-pressure applications. With the acquisition of a 100% interest in Eco Sistemas Indústria de Máquinas Ltda., Brazil, as of 1 July 2013, Bucher Hydraulics secured market access for mobile and industrial applications. At the end of September 2013, the public tender document for the acquisition of publicly listed company Jetter AG, Ludwigsburg, Germany, was published. At 31 December 2013, Bucher Industries held 77.35% of the share capital of Jetter AG. As of 1 November 2013, the company was consolidated as an additional business segment of the Bucher Specials division. Until the takeover, Jetter was shown under associates. Bucher Municipal sold the profitable ancillary business with hand-driers in Australia on behalf of MacDonald Johnston Ltd on 1 May 2013.

Net sales

CHF million	2013	2012	% change
Net sales	2 690.8	2 609.0	3.1%
Net sales adjusted for currencies	2 688.1	2 609.0	3.0%
Net sales adjusted for acquisitions and disposals	2 624.4	2 600.5	0.9%
Net sales adjusted for currencies, acquisitions and disposals	2 621.9	2 600.5	0.8%

Strong operating performance Thanks to measures implemented in previous years to optimise structures, as well as systematic cost control and lower material costs, the Group achieved a further marked increase in profitability. The Group posted a very healthy EBIT margin of 10.7% (2012: 8.9%). Adjusted for the disposal effect of CHF 4.1 million from the sale of the ancillary hand-drier business, the EBIT margin was 10.5%. Operating profit rose by 23.9% to CHF 287.1 million. Group EBITDA rose by 20.9% to CHF 371.1 million, corresponding to an EBITDA margin of 13.8% (11.8%). Other operating expenses amounted to 13.2% (12.5%) of sales. Thanks once more to the deployment of temporary staff, it was possible to adapt employment costs flexibly to the level of capacity utilisation. These rose to 24.3% (23.9%) of sales, an increase that is largely attributable to the acquisitions made in the reporting year.

Improved net financial items Net financial items amounted to negative CHF 11.4 million, compared with negative CHF 12.6 million in 2012. Net interest expense improved to negative CHF 12.2 million thanks to more favourable lending terms and reduction of bank loans. The net gain on financial instruments rose to CHF 6.7 million, an increase of CHF 5.4 million on the previous year's level, largely thanks to the sale of bonds. The changes in the fair value of financial instruments recognised in the fair value reserve in equity decreased for the same reason by CHF 3.5 million to CHF 3.1 million. Foreign exchange gains and losses netted to a loss of CHF 6.9 million (2012: loss of CHF 0.8 million). Net financial items included foreign exchange gains and losses on financial transactions, whereas foreign exchange losses of CHF 9.6 million (foreign exchange gains of CHF 4.0 million) were recognised in operating profit (EBIT). The Group's share of profit of associates amounted to CHF 2.0 million (CHF 0.6 million).

Net financial items

CHF million

	2013	2012
Interest expense on financial liabilities	– 16.7	– 16.9
Interest income on financial assets	4.5	4.1
Net interest expense	**– 12.2**	**– 12.8**
Net gain on financial instruments	6.7	1.3
Financial foreign exchange gains and losses	– 6.9	– 0.8
Share of profit/(loss) of associates	2.0	0.6
Other financial items	– 1.0	– 0.9
Net financial items	**– 11.4**	**– 12.6**

Tax rate and profit for the year Income tax expense rose to CHF 79.5 million (2012: CHF 63.1 million) because of the improved pre-tax result. The tax rate was 28.8%, on a par with the figure for 2012. Group profit for the year reached CHF 196.2 million, an increase of 25.8% over the previous year. The return on sales was 7.3% (6.0%). Based on the higher profit for the year and despite the slightly higher average number of shares compared with the previous year, earnings per share rose by 26.5% to CHF 19.64 (CHF 15.52).

Financial situation strengthened Net operating assets amounted to CHF 1 080.8 million, against CHF 900.6 million a year earlier. The 20.0% increase is mainly attributable to acquisitions and investments. In addition, the healthy order intake in the second half of the year led to an increase in receivables and inventories. At the end of the year, net operating assets as a percentage of net sales were 40.2% (2012: 34.5%). The return on net operating assets (RONOA) after tax was 19.3%, once again exceeding the high target of 16% set by the Group and creating added value. As part of sustainable corporate development, capital expenditure increased to CHF 136.6 million. The most important single investments involved expansion projects at Kuhn Group in France and the Netherlands, as well as the merger of the production plants of Johnston Sweepers in Great Britain. Operating free cash flow was CHF 91.7 million (CHF 105.4 million). Taking into account the higher dividend compared with the previous year of CHF 51.6 million, the free cash flow generated amounted to CHF 61.5 million (CHF 61.8 million). Net liquidity was negative CHF 0.1 million (negative CHF 19.4 million). The decrease in net debt by CHF 165.3 million since 30 June 2013 was mainly due to seasonal factors.

At the end of 2013, intangible assets amounted to CHF 181.5 million (2012: CHF 159.3 million). The increase is primarily due to the acquisitions made. Goodwill changed to CHF 80.3 million (CHF 73.3 million) because of the acquisition effect and the conversion rates applied. The annual impairment tests of intangible assets were based on the cash flow projections of the individual cash-generating units. Based on the ongoing assessment of the outlook for the years ahead, the impairment test did not indicate any need for an impairment charge. The ratio of intangible assets to equity was 16.9%, while that of goodwill to equity was 7.5% (17.9% and 8.2% respectively).

Equity increased by CHF 183.8 million to CHF 1 074.1 million at 31 December 2013. The profit for the year of CHF 196.2 million was countered by foreign exchange losses of CHF 7.9 million (2012: losses of CHF 10.8 million) on translation of foreign subsidiaries' equity and the dividends of CHF 51.6 million. The equity ratio rose by 4.7 percentage points to 44.1% (39.4%) and the return on equity was 20.0% (18.3%). At the end of the year, the Group had cash and liquid assets of CHF 455.7 million and financial liabilities of CHF 455.8 million. A total of CHF 265.0 million was available in unused committed credit facilities.

Return on net operating assets (RONOA) after tax

CHF million	2013	2012[1)]
Trade receivables	437.5	410.7
Inventories	632.9	582.1
Property, plant and equipment	569.7	478.0
Intangible assets	181.5	159.3
Other receivables	55.6	48.0
Trade payables	– 261.2	– 238.4
Advances from customers	– 190.4	– 212.5
Provisions	– 71.5	– 71.5
Other liabilities	– 273.3	– 255.1
Net operating assets (NOA)	**1 080.8**	**900.6**
Net operating assets (NOA), average	1 061.3	969.6
Operating profit (EBIT)	**287.1**	**231.7**
Return on net operating assets after tax (RONOA)	**19.3%**	**17.0%**

1) 2012: retrospective restatement owing to first application of IAS 19 "Employee benefits (revised)".

Cash flow/free cash flow

CHF million	2013	2012
Net cash flow from operating activities	**223.5**	**199.9**
Purchases of property, plant and equipment	–132.6	–93.8
Proceeds from sale of property, plant and equipment	4.8	2.0
Purchases of intangible assets	–4.0	–2.7
Operating free cash flow	**91.7**	**105.4**
Purchases of short-term investments and financial assets	–2.9	–8.2
Proceeds from sale of short-term investments and financial assets	30.5	13.7
Acquisition	–54.9	–2.5
Disposal	4.8	0.9
Acquisition of associates	–	–0.9
Purchases of treasury shares	–	–6.4
Proceeds from sale of treasury shares	43.6	3.8
Dividend received	0.3	0.2
Dividend paid	–51.6	–44.2
Free cash flow	**61.5**	**61.8**

Employee numbers The number of employees rose by 7.4% year on year to 10 916 full-time equivalents at the reporting date. The average for the year was 3.9% higher. Adjusted for acquisition and disposal effects, the number of employees rose by 2.1%. Thanks to the deployment of temporary staff, it was possible to adapt employment numbers with a high degree of flexibility to seasonal fluctuations and local economic trends. Group sales increased by 3.1%, while net sales per employee were CHF 250 000, on a par with 2012. Adjusted for currencies, acquisitions and disposals, net sales per employee amounted to CHF 251 000.

Selected financial data

CHF million

	2013	2012[1)]
Net tangible worth (equity less goodwill)	993.8	817.0
Gearing ratio (net debt to equity)	–	2.2%
Return on equity (ROE)	20.0%	18.3%
Interest coverage ratio (EBITDA to net interest expense)	30.5	24.1
Debt payback period (net debt to EBITDA)	–	0.1

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Shareholder value In a generally buoyant stock market, Bucher’s share price performed exceptionally well. The year-end price was CHF 259.00 (2012: CHF 180.00). The 52-week high was CHF 259.00, with a 52-week low of CHF 182.20. The company’s market capitalisation reached CHF 2.7 billion at the year-end, representing a price/book ratio of 2.6. Earnings per share were CHF 19.64, against CHF 15.52 a year earlier.

Dividend In view of the Group’s profit for the year, the outlook for 2014 and a consistent dividend policy, the board of directors proposes that the annual general meeting on 10 April 2014 approves payment of a higher dividend of CHF 6.50 per registered share (2012: CHF 5.00). Based on the average share price of CHF 226.00 for 2013, the board’s proposal represents a dividend yield of 2.9% (2.9%).

Consolidated balance sheet at 31 December 2013

CHF million	Note	31 December 2013	31 December 2012[1)]	1 January 2012[1)]
Cash and cash equivalents		423.1	424.6	402.8
Short-term investments	3	32.6	55.7	64.3
Trade receivables	4	437.5	410.7	419.7
Current income tax assets		10.4	5.7	5.2
Other receivables	4	50.6	42.3	51.1
Inventories	5	632.9	582.1	587.9
Current assets		**1 587.1**	**1 521.1**	**1 531.0**
Long-term receivables	4	3.3	6.5	10.4
Property, plant and equipment	6	569.7	478.0	449.2
Intangible assets	7	181.5	159.3	174.0
Other financial assets	8	33.0	34.4	30.0
Investments in associates	9	11.5	16.1	14.6
Deferred income tax assets	19	50.2	44.0	40.4
Non-current assets		**849.2**	**738.3**	**718.6**
Assets		**2 436.3**	**2 259.4**	**2 249.6**
Financial liabilities	10	283.4	152.6	76.0
Trade payables		261.2	238.4	272.8
Advances from customers		190.4	212.5	235.3
Provisions	11	60.3	60.6	52.0
Other liabilities	12	214.3	200.2	208.0
Current income tax liabilities		49.5	42.2	33.3
Current liabilities		**1 059.1**	**906.5**	**877.4**
Financial liabilities	10	172.4	347.1	462.6
Provisions	11	11.2	10.9	12.0
Other liabilities	12	12.6	14.7	18.6
Deferred income tax liabilities	19	54.5	43.9	46.5
Retirement benefit obligations	20	52.4	46.0	36.6
Non-current liabilities		**303.1**	**462.6**	**576.3**
Attributable to owners of Bucher Industries AG		1 030.2	854.9	762.3
Attributable to non-controlling interests		43.9	35.4	33.6
Equity		**1 074.1**	**890.3**	**795.9**
Liabilities and equity		**2 436.3**	**2 259.4**	**2 249.6**

[1)] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Consolidated income statement for the year ended 31 December 2013

CHF million	Note	2013	%	2012[1)]	%
Net sales	1	**2 690.8**	**100.0**	**2 609.0**	**100.0**
Changes in inventories of finished goods and work in progress		22.1		– 8.5	
Raw materials and consumables used		– 1 361.9		– 1 363.5	
Employment costs	14	– 652.9		– 624.2	
Other operating income	15	28.2		21.4	
Other operating expenses	16	– 355.2		– 327.3	
Operating profit before depreciation and amortisation (EBITDA)		**371.1**	**13.8**	**306.9**	**11.8**
Depreciation	6	– 66.7		– 59.2	
Amortisation	7	– 17.3		– 16.0	
Operating profit (EBIT)		**287.1**	**10.7**	**231.7**	**8.9**
Share of profit/(loss) of associates		2.0		0.6	
Finance costs	18	– 18.1		– 18.2	
Finance income	18	4.7		5.0	
Profit before tax		**275.7**	**10.2**	**219.1**	**8.4**
Income tax expense	19	– 79.5		– 63.1	
Profit/(loss) for the year		**196.2**	**7.3**	**156.0**	**6.0**
Attributable to owners of Bucher Industries AG		194.5		151.7	
Attributable to non-controlling interests		1.7		4.3	
Basic earnings per share in CHF	13	19.64		15.52	
Diluted earnings per share in CHF	13	19.53		15.45	

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Consolidated statement of comprehensive income for the year ended 31 December 2013

CHF million

	2013	2012[1]
Profit/(loss) for the year	**196.2**	**156.0**
Change in actuarial gains/(losses) on defined benefit pension plans	3.3	– 11.6
Change in actuarial gains/(losses) on defined benefit pension plans of associates	–	– 0.1
Income tax	– 1.1	2.9
Change in actuarial gains/(losses) on defined benefit pension plans, net of tax	**2.2**	**– 8.8**
Items that will not be transferred subsequently to income statement	**2.2**	**– 8.8**
Change in fair value reserve	1.8	1.7
Transfer to income statement	– 6.5	– 1.1
Income tax	1.2	– 0.2
Change in fair value reserve, net of tax	**– 3.5**	**0.4**
Change in cash flow hedge reserve	4.0	2.3
Transfer to income statement	– 5.5	– 1.6
Income tax	0.7	– 1.3
Change in cash flow hedge reserve, net of tax	**– 0.8**	**– 0.6**
Change in currency translation reserve	– 9.5	– 11.3
Transfer to income statement	1.6	0.5
Net change in currency translation reserve	**– 7.9**	**– 10.8**
Items that may be transferred subsequently to income statement	**– 12.2**	**– 11.0**
Other comprehensive income	**– 10.0**	**– 19.8**
Comprehensive income	**186.2**	**136.2**
Attributable to owners of Bucher Industries AG	184.3	132.6
Attributable to non-controlling interests	1.9	3.6

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Consolidated cash flow statement for the year ended 31 December 2013

CHF million	Note	2013	2012[1]
Profit/(loss) for the year		**196.2**	**156.0**
Income tax expense	19	79.5	63.1
Net interest expense	18	12.2	12.8
Share of profit/(loss) of associates		−2.0	−0.6
Depreciation and amortisation	6, 7	84.0	75.2
Other operating cash flow items		3.4	4.1
Gain on sale of non-current assets and subsidiaries		−7.5	−0.7
Gain on sale of short-term investments and financial assets		−6.5	−1.1
Interest received		4.0	4.1
Interest paid		−15.0	−16.0
Income tax paid		−63.9	−58.9
Change in provisions and retirement benefit obligations		1.2	7.2
Change in receivables		−12.2	14.7
Change in inventories		−38.6	4.1
Change in advances from customers		−25.3	−20.8
Change in payables		27.0	−42.4
Other changes in working capital		−13.0	−0.9
Net cash flow from operating activities		**223.5**	**199.9**
Purchases of property, plant and equipment	6	−132.6	−93.8
Proceeds from sale of property, plant and equipment		4.8	2.0
Purchases of intangible assets	7	−4.0	−2.7
Purchases of short-term investments and financial assets		−2.9	−8.2
Proceeds from sale of short-term investments and financial assets		30.5	13.7
Acquisition	2	−54.9	−2.5
Disposal	2	4.8	0.9
Acquisition of associates	9	–	−0.9
Dividend received	9	0.3	0.2
Net cash flow from investing activities		**−154.0**	**−91.3**
Purchases of treasury shares		–	−6.4
Proceeds from sale of treasury shares		43.6	3.8
Proceeds from long-term financial liabilities		54.0	22.3
Repayment of long-term financial liabilities		−5.6	−3.0
Proceeds from short-term financial liabilities		79.7	8.3
Repayment of short-term financial liabilities		−191.7	−65.5
Dividend paid		−51.6	−44.2
Net cash flow from financing activities		**−71.6**	**−84.7**
Effect of exchange rate changes		0.6	−2.1
Net change in cash and cash equivalents		**−1.5**	**21.8**
Cash and cash equivalents at 1 January		424.6	402.8
Cash and cash equivalents at 31 December		**423.1**	**424.6**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Consolidated statement of changes in equity for the year ended 31 December 2013

CHF million	Share capital	Retained earnings	Treasury shares	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Attributable to owners of Bucher Industries AG	Non-controlling interests	Total equity
Balance at 31 December 2011	**2.1**	**1 091.0**	**–69.4**	**–251.6**	**6.2**	**2.5**	**780.8**	**33.6**	**814.4**
Restatement[1), 2)]		–18.2		–0.3			–18.5	–	**–18.5**
Balance at 1 January 2012[1)]	**2.1**	**1 072.8**	**–69.4**	**–251.9**	**6.2**	**2.5**	**762.3**	**33.6**	**795.9**
Profit/(loss) for the year[1)]		151.7					151.7	4.3	**156.0**
Other comprehensive income[1)]		–8.8		–10.1	0.4	–0.6	–19.1	–0.7	**–19.8**
Total comprehensive income for the year[1)]		**142.9**		**–10.1**	**0.4**	**–0.6**	**132.6**	**3.6**	**136.2**
Change in treasury shares		0.9	–3.7				–2.8		**–2.8**
Share-based payments		4.2	1.7				5.9		**5.9**
Reduction in share capital	–	–50.2	50.2				–		**–**
Change in non-controlling interests		–4.0					–4.0	3.3	**–0.7**
Dividend		–39.1					–39.1	–5.1	**–44.2**
Balance at 31 December 2012[1)]	**2.1**	**1 127.5**	**–21.2**	**–262.0**	**6.6**	**1.9**	**854.9**	**35.4**	**890.3**
Profit/(loss) for the year		194.5					194.5	1.7	**196.2**
Other comprehensive income		2.2		–8.1	–3.5	–0.8	–10.2	0.2	**–10.0**
Total comprehensive income for the year		**196.7**		**–8.1**	**–3.5**	**–0.8**	**184.3**	**1.9**	**186.2**
Change in treasury shares		26.5	7.4				33.9		**33.9**
Share-based payments		6.5	3.4				9.9		**9.9**
Change in non-controlling interests		–3.2					–3.2	8.6	**5.4**
Dividend		–49.6					–49.6	–2.0	**–51.6**
Balance at 31 December 2013	**2.1**	**1 304.4**	**–10.4**	**–270.1**	**3.1**	**1.1**	**1 030.2**	**43.9**	**1 074.1**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.
2) Employee benefits of CHF 24.8 million less deferred tax of CHF 6.3 million.

Notes to the consolidated financial statements

Group accounting policies

Organisation Bucher Industries AG is a public limited company incorporated in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. Its registered office is in Niederweningen, Switzerland. The Bucher Industries Group comprises five specialised divisions. The Group's operations are organised as follows: specialised agricultural machinery (Kuhn Group); municipal vehicles (Bucher Municipal); hydraulic components (Bucher Hydraulics); manufacturing equipment for the glass container industry (Bucher Emhart Glass); systems and technologies for the production of wine, fruit juice and instant products, and for dewatering sewage sludge, a Swiss distributorship for tractors and specialised agricultural machinery, and control systems for automation technology (Bucher Specials).

Basis of preparation The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss law under the historical cost convention, except for certain assets and liabilities which are measured at fair value. The consolidated financial statements are presented in Swiss francs (CHF) and are based on the group entities' separate financial statements made up to 31 December using uniform classification and measurement criteria (IFRS). All amounts are stated in millions of Swiss francs (CHF million) unless otherwise indicated. The policies set out below have been consistently applied to all the periods presented, unless otherwise stated. Where necessary, prior-year comparative information has been reclassified or extended from the previously reported consolidated financial statements to take into account any presentational changes.

Changes in accounting policies Bucher Industries has implemented the following changes to the existing standards and presentations. Apart from IAS 19 ("revised"), there was no significant impact on the result or the financial situation of the Group. The effects of applying IAS 19 ("revised") are disclosed on pages 80 to 81.

Standard/Interpretation		Effective date
New standards		
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of involvement with other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
Revised standards		
IAS 1	Presentation of financial statements	1 July 2012
IAS 19	Improvements to the accounting for post-employment benefits	1 January 2013
IAS 28	Investments in associates and joint ventures	1 January 2013
IAS 36	Removement of disclosure of recoverable amount	1 January 2014
Div.	Various amendments and annual improvements to IFRSs	

Future standards not yet adopted Bucher Industries continually assesses the possible impact of the new and revised standards and interpretations not adopted early in the present consolidated financial statements. These changes are not expected to have a significant impact on the result or the financial situation.

Management's assumptions and estimates The preparation of consolidated 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. All estimates and judgements are reviewed regularly. They are based on historical experience and expectations of future events. Actual outcomes may differ from these estimates. The consolidated financial statements will be modified as appropriate in the reporting year in which the circumstances change. More information about the areas described below is disclosed in the notes to the consolidated financial statements.

Impairment of assets Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually, while other assets are reviewed for impairment whenever there is an indication that they may be impaired. To determine whether assets are impaired, various assumptions and estimates of future cash flows expected from their use and eventual disposal are made and discounted. Group management bases its assessments on past performance and on estimated future performance for at least the next three years based on its expectations of market development. The discount rate used is a pre-tax interest rate that reflects specific risks relating to the individual operating segments. Actual cash flows may differ from those expected. Any impairment losses are recognised as an expense in the income statement. The carrying amount of goodwill and details of the valuation parameters and sensitivity analyses used are set out in note 7.

Provisions Provisions are formed for a number of events where it is probable that an outflow of resources will be required. The provision for warranty claims is measured on the basis of historical data for the last two years, which are applied to current sales and weighted by warranty period. Management estimates the other provisions realistically based on information currently available. However, actual cash outflows and their timing may differ significantly depending on the outcome of events. The carrying amounts of provisions are set out in note 11.

Income tax expense Assumptions and estimates are required to determine the amount of current and deferred income tax assets and liabilities. Deferred tax assets are recognised for temporary differences and for tax losses carried forward to the extent that the realisation of the related tax benefit is probable. Their measurement is based on forecasts by the entities concerned and on assessments of tax legislation and regulations. If these forecasts and assessments prove to be incorrect, then impairment may result. More details are given in note 19.

Pension plans Most of the pension plans operated by the Group are of the defined contribution type, but defined benefit plans are provided in some countries. Actuarial calculations of defined benefit obligations are based on statistical and actuarial assumptions, such as expected inflation rates, future salary increases, probable turnover rates and life expectancies of plan members, as well as discount rates. The assumptions are reviewed at the end of each year based on observable market data. If any of these factors differs from the underlying assumptions, this may have a significant impact on the amount of benefit obligations and assets of the pension plans. More details are given in note 20.

Basis of consolidation The consolidated financial statements incorporate the financial statements of Bucher Industries AG and all its Swiss and foreign group entities (subsidiaries) where the company exercises control by directly or indirectly holding more than 50% of the voting rights or has acquired control through contractual arrangements. Using the full consolidation method, all assets, liabilities, income and expenses of the consolidated entities are included in the consolidated financial statements. Subsidiaries acquired during the year are consolidated from the date on which control is transferred to the Group and those disposed of are deconsolidated from the date that control ceases. Equity and profit or loss attributable to non-controlling interests are presented as separate line items in the consolidated balance sheet and income statement. All intercompany balances, transactions, cash flows, realised and unrealised profits are eliminated in the consolidated financial statements. The acquisition method is used to account for business combinations. Under this method, the acquiree's assets, liabilities and contingent liabilities are measured at their fair values using uniform group accounting policies. Any excess of the cost of acquisition over the fair value of the net assets acquired is recorded as goodwill. Any negative difference is recognised directly in the income statement in the reporting period. For each merger, the non-controlling interests are either carried at fair value or according to the proportion of net assets. Upon acquisition of non-controlling interests in a fully consolidated entity, any difference between the purchase price and the carrying amount of such non-controlling interests is recognised directly in retained earnings. Transaction costs are booked as expenses in the income statement. Any reduction in ownership interest that does not result in a loss of control is also recognised in equity.

Associates Associates are those entities in which Bucher Industries has significant influence, but not control, over the financial and operating policy decisions. A significant influence can generally be assumed with voting rights of 20% to 50%. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Cost comprises the proportionate net asset and any goodwill. As part of the subsequent valuation, the equity method is used to adjust the carrying amount of the interest for proportionate earnings, less the proportionate profit disbursement. Adjustments are made if there is any objective evidence of a permanent impairment in value.

Foreign currency translation The individual financial statements of each of the Group's foreign entities are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Within Bucher Industries, the functional currency is generally the local currency of the respective country. The consolidated financial statements are presented in Swiss francs, which is both the functional and presentation currency of Bucher Industries AG. For group entities that have a functional currency different from the Group's presentation currency, assets and liabilities are translated into Swiss francs at closing (middle) exchange rates at the date of the balance sheet, while items in the income statement and cash flow statement are translated at average exchange rates for the year (average of the twelve month-end middle exchange rates). Translation differences arising on consolidation are carried under other comprehensive income and are transferred to the income statement as profit or loss when a foreign operation is sold or liquidated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Realised and unrealised foreign currency translation gains and losses relating to operating activities are presented within operating profit, while those relating to financing transactions are presented within net financial items. Derivative financial instruments used to hedge foreign currency risk exposures associated with assets and liabilities and with expected future cash flows are measured at fair value, with changes in the fair value recognised in the income statement. Exceptions are transactions designated for hedge accounting where gains and losses are recognised in other comprehensive income.

Segment reporting Segments are defined using the management approach. Each of the segments is distinct from the others, providing different products and services for different customer groups. Assets, liabilities, income and expenses can be clearly allocated to the segments. Sales between segments are set on an arm's length basis.

Financial assets Financial assets are classified into the categories "held at fair value through profit or loss", "loans and receivables at amortised cost", "available-for-sale" and "held-to-maturity". The classification depends on the purpose for which the financial assets were acquired. All financial assets are initially recognised at fair value, plus transaction costs in the case of financial instruments not recognised in income at fair value. Purchases and sales are recognised on the date of payment and delivery (settlement date). Management assesses at each reporting date whether there is any indication that an asset may be permanently impaired. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Held at fair value through profit or loss Subsequent to initial recognition, money market instruments included in cash and cash equivalents, and derivative financial instruments are measured at fair value, with changes in fair value recognised in the income statement. Derivative financial instruments are recorded as other receivables or other payables as applicable.

Loans and receivables at amortised cost These include non-derivative financial assets such as loans and receivables with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest method. If they become impaired or uncollectible, they are provided for in the income statement.

Available-for-sale Available-for-sale financial assets are non-derivatives that are either designated in this category or cannot be classified in any of the other categories. These assets are generally carried at fair value. If their fair value cannot be reliably determined, they are recognised at cost. Unrealised gains or losses are recognised in other comprehensive income as the "net change in fair value reserve" until they are realised. Interest is calculated using the effective interest method and recognised in the income statement. When an asset is disposed of or determined to be permanently impaired, the cumulative gains or losses recognised in other comprehensive income are taken to the income statement for the period.

Held-to-maturity Held-to-maturity investments comprise assets with fixed maturity and fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. These financial assets are measured at amortised cost using the effective interest method. Gains or losses on disposal, permanent impairment losses or amortisation are recognised in the income statement.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, at banks and in postal accounts, and fixed term deposits with original maturities of three months or less. There are no restrictions on cash and cash equivalents.

Short-term investments Short-term investments comprise marketable, readily realisable investments (equities, bonds, money market instruments) classified as "available-for-sale". Fair value is determined by reference to quoted market prices.

Receivables Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, net of specific provisions for known credit and country transfer risks. Allowances based on historical experience are made for risks associated with receivables not specifically identified as impaired. Provisions for impairment are included in other operating expenses.

Other financial assets These assets include long-term investments (of less than 20%), long-term loans and other miscellaneous financial assets. Long-term loans are carried as "loans and receivables" and valued at amortised cost. The other financial assets can additionally be classified as "available-for-sale" and correspondingly measured at fair value. Charges and credits to the income statement are recorded in finance income.

Derivative financial instruments and hedging activities Derivative financial instruments, such as forward contracts and options, are used to hedge exposure to interest rate and foreign currency fluctuations. They are initially recognised in the balance sheet and subsequently remeasured at fair value based on quoted market prices at the reporting date. Changes in fair value are recorded in the income statement. Unrealised gains and losses on contracts to hedge operating cash flows are taken to operating profit, while those on contracts to hedge financing activities are taken to finance income and finance costs. Derivative financial instruments are recorded in the balance sheet as other receivables or other payables as applicable.

Hedge accounting The Group uses hedge accounting to hedge selected transactions within the meaning of IAS 39. In so doing, future cash flows with a high probability of occurrence are hedged using cash flow hedges. Fair value hedges and net investment hedges were not used. At the inception of the hedge, group treasury identifies and documents transactions which are designated as a hedged item for hedge accounting purposes. The effectiveness of a hedge instrument in terms of the cash flow hedged is checked and documented both on the date it is concluded and also during the entire term of the hedge. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. The non-effective portion is recorded in the income statement. Amounts accumulated in other comprehensive income are transferred to the income statement when the underlying transaction has been booked or the conditions for hedge accounting no longer apply.

Inventories Inventories are stated at the lower of cost and net realisable value. Cost is determined using either the weighted average or first-in, first-out method. The same method is used for inventories having a similar nature and use to the company. Where necessary, provision is made for all foreseeable losses on inventories of work in progress, goods and slow-moving items, with write-downs recognised in changes in inventories of finished goods and work in progress.

Property, plant and equipment Property, plant and equipment are stated at historical cost less accumulated depreciation. The different components are accounted for as separate items. Expenditure on improvements is capitalised. The costs of repairs, maintenance and replacements are charged to the income statement as they are incurred. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. Land is stated at cost and is not depreciated. The residual useful lives of property, plant and equipment are reviewed periodically. When there are indications of permanent impairment, the asset's recoverable amount is determined and compared with its current carrying amount. If the carrying amount exceeds the recoverable amount, the carrying amount is written down accordingly. Such impairment losses are recognised in the income statement. Write-ups are performed if, in subsequent periods, the recoverable amount is higher than the book value. Assets are written up at most to the amount that would have resulted if the impairment had not been performed. The Group has determined the following useful lives:

	Years
Office machinery, computer equipment, vehicles	2 – 7
Temporary structures	5 – 10
Plant and machinery	5 – 12
Furniture, fixtures and equipment	5 – 15
Infrastructure	10 – 30
Buildings	15 – 50

Low value assets are expensed directly to the income statement.

Leases A finance lease is defined as a lease that transfers substantially all the risks and rewards of ownership of an asset. Ownership may or may not eventually be transferred. On initial recognition, assets held under finance leases are capitalised at the lower of their fair value and the present value of the future minimum lease payments and are then depreciated over the shorter of their estimated useful lives and the lease term. The related lease obligations are recorded as liabilities. An operating lease is a lease other than a finance lease. The lease payments are charged to the income statement on a straight-line basis over the lease term.

Intangible assets Goodwill, licences, patents, trademarks, customer lists, supplier relationships, software and similar rights are recognised as purchased intangible assets. Intangible assets are capitalised only if they will generate sustainable economic benefits. They are generally measured using the cost model. Intangible assets with finite useful lives are amortised on a straight-line basis over their expected residual lives, ranging from five to twenty years depending on the asset. Goodwill on acquisitions and intangible assets with indefinite useful lives are not amortised, but are capitalised and tested for impairment annually or whenever there are indications of possible impairment. Intangible assets that are subject to amortisation are reviewed for impairment only when there is an indication that the carrying amount may not be recoverable. Impairment losses are recognised directly through the income statement. Expenditure on research activities is recorded as an expense in the period in which it is incurred. Development costs are capitalised and amortised over their useful lives only if the future economic benefits will be sufficient to recover the development costs and if the other criteria required by IAS 38 are met. Development costs that do not meet these criteria are expensed directly through the income statement.

Borrowing costs Borrowing costs for assets that require a substantial period of preparation until ready for their intended use are capitalised from the start of the construction phase until commissioning. The amount of borrowing costs to be capitalised depends on the actual costs incurred in connection with the borrowing of funds for the specific asset. All other borrowing costs are expensed on an accrual basis directly in the period they occur.

Discontinued operations and non-current assets held for sale Non-current assets or groups of non-current assets are reclassified as being held for sale if the associated carrying amount is mostly to be realised by the sale and not from continued use. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and any impairment losses are recognised in the income statement.

Financial liabilities Financial liabilities include short-term and long-term borrowings, trade payables and other payables. Financial liabilities are initially recognised at fair value plus any directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation underlying this liability has been fulfilled, terminated or has expired.

Provisions A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required in the future to settle the obligation, and the amount can be reliably estimated. Restructuring provisions are recognised only when the Group has a detailed formal plan for restructuring and has announced or already started to implement the restructuring plan. Future losses are not provided for. Provisions are valued at the cash value of the anticipated costs.

Equity/treasury shares Retained earnings include amounts paid in by shareholders in excess of the par value of shares (share premium). Treasury shares are recorded as a deduction from equity. Realised gains or losses on the sale of treasury shares are also recognised in equity as a component of retained earnings. The same applies to the cost of share-based payments (share plans). Dividends are charged to equity in the period in which they are approved by the general meeting of shareholders.

Net sales/revenue recognition Revenues are measured at the fair value of the consideration received, net of value-added tax and sales deductions such as sales incentives, commissions, rebates and trade discounts. Bucher Industries books revenues when the amount can be reliably assessed and the likelihood of a future economic benefit is clear. The sale of goods and services is recognised when the service is rendered or when the risks and rewards of ownership have been transferred. The timing of the transfer depends, amongst other things, on specific contract criteria or the agreed international commercial terms (Incoterms). The rendering of services is based on agreements with the customer. Revenue from services rendered is recognised by reference to the stage of completion.

Interest income/dividend Interest income is recorded over the anticipated term, so that it reflects the effective income on an asset. Dividends are recorded if shareholders are able to assert a legal claim.

Income tax The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement, except where it relates to items recognised directly in other comprehensive income or in equity. In this case, the tax is also recognised in the corresponding account.

Current income tax Current income tax is calculated on the basis of the local tax laws enacted at the reporting date in the countries where the group entities operate and generate taxable income. Provision is made for all current tax liabilities. Taxes that are not based on taxable profit are charged to other operating expenses.

Deferred income tax In measuring deferred income tax assets and liabilities, the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements are determined at individual group entity level (balance sheet liability method). Deferred income tax assets and liabilities are measured and recognised using tax rates and laws that have been enacted or substantially enacted in the respective countries by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Potential tax benefits arising from tax losses carried forward and temporary differences are reviewed annually and recognised only to the extent that it is probable that they will be realised through future taxable profits against which the losses can be utilised. Deferred tax liabilities connected with non-distributed profits for group companies and associated companies are taken into account unless the Group can fully determine the disbursement policy for the corresponding companies and if dividend payments are to be expected in the foreseeable future, and also for the initial recognition of goodwill or of assets and liabilities that do not affect taxable profit.

Retirement benefits Bucher Industries operates a number of defined benefit and defined contribution pension plans. In the case of defined contribution plans, contributions are paid in on the basis of a statutory or contractual obligation, or on a voluntary basis. Apart from these contributions, there are no other payment obligations. Defined benefit obligations are calculated by independent actuaries using the projected unit credit method every one to three years, depending on the materiality of the pension plan. Actuarial gains and losses are recognised to the full amount in other comprehensive income in the period in which they occur. The Group's contributions to defined contribution pension plans as well as past service costs and benefit entitlements arising from changes in the plans are charged directly to the income statement. In application of IAS 19, employer contribution reserves and assets of voluntary employer-sponsored funds are recognised as assets. Surpluses in pension schemes are only recognised when they are actually available to the Group in the form of future contributions or reductions in future contributions to the plan.

Share-based payments In 2010, the share-based payment schemes were replaced by new share plans. Share options granted in earlier years under the previous share option plans remain valid. More information is given in note 21.

Bucher Executive Share Plan The Bucher Executive Share Plan is a share-based, performance-related component of remuneration for the members of group management. The shares awarded are calculated using the average share price for the reporting year. The shares awarded are valued using the average share price during the first three weeks of January in the financial year following the reporting year. The costs are recognised in the income statement on an accrual basis.

Bucher Share Plan The Bucher Share Plan is a share-based, performance-related component of remuneration for the members of group management, division management and selected specialists. The shares awarded are calculated and valued using the average share price during the first three weeks of January in the financial year following the reporting year. The costs are recognised in the income statement on an accrual basis.

Share option plans In 2009 (last award), share options were valued using the so-called Enhanced American model (EA model). Employment costs associated with the outstanding share options are recognised pro rata over the periods to vesting.

Government grants Grants from the government are recognised only where there is a reasonable assurance that all attached conditions will be complied with and the grant will be received. They are recognised at their fair value. The grants are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Application of IAS 19 – "Employee benefits (revised)" With the elimination of the corridor approach, all actuarial gains and losses will be recognised in the statement of comprehensive income. Under the revised standard, the interest return on plan assets is calculated at the discount rate applied in the calculation of present value of defined benefit obligations. Previously, the expected return on plan assets was based on a value which was higher than the discount rate. The revised standard was applied retrospectively as per 1 January 2012. The effect on equity is shown in the consolidated statement of changes in equity. Corresponding adjustments were made to the previous year's positions.

Effects on the consolidated balance sheet

CHF million	Restated	Adjustment	Reported
	2012		**2012**
Other financial assets	34.4	– 5.0	39.4
Investments in associates	16.1	– 0.3	16.4
Deferred income tax assets	44.0	8.4	35.6
Deferred income tax liabilities	43.9	– 0.2	43.7
Retirement benefit obligations	46.0	– 28.3	17.7
Equity	**890.3**	**– 25.4**	**915.7**
Attributable to owners of Bucher Industries AG	854.9	– 25.4	880.3
Attributable to non-controlling interests	35.4	–	35.4

Effects on the consolidated income statement

CHF million	Restated	Adjustment	Reported
	2012		**2012**
Employment costs	– 624.2	2.6	– 626.8
Operating profit (EBIT)	**231.7**	**2.6**	**229.1**
Income tax expense	– 63.1	– 0.8	– 62.3
Profit/(loss) for the year	**156.0**	**1.8**	**154.2**
Attributable to owners of Bucher Industries AG	151.7	1.8	149.9
Attributable to non-controlling interests	4.3	–	4.3
Basic earnings per share in CHF	15.52	0.18	15.34
Diluted earnings per share in CHF	15.45	0.18	15.27

Effects on the consolidated statement of comprehensive income

CHF million	Restated	Adjustment	Reported
	2012		**2012**
Profit/(loss) for the year	**156.0**	**1.8**	**154.2**
Change in actuarial gains/(losses) on defined benefit pension plans	− 11.6	− 11.6	–
Change in actuarial gains/(losses) on defined benefit pension plans of associates	− 0.1	− 0.1	–
Income tax	2.9	2.9	–
Change in currency translation reserve	− 11.3	0.1	− 11.4
Other comprehensive income	**− 19.8**	**− 8.7**	**− 11.1**
Total comprehensive income	**136.2**	**− 6.9**	**143.1**
Attributable to owners of Bucher Industries AG	132.6	− 6.9	139.5
Attributable to non-controlling interests	3.6	–	3.6

Effects on the consolidated cash flow statement

CHF million	Restated	Adjustment	Reported
	2012		**2012**
Profit/(loss) for the year	**156.0**	**1.8**	**154.2**
Income tax expense	63.1	0.8	62.3
Change in provisions and retirement benefit obligations	7.2	− 2.6	9.8
Net cash flow from operating activities	**199.9**	**–**	**199.9**

Notes to the consolidated financial statements

1 Segment information

The Group comprises five specialised divisions in related areas of mechanical and vehicle engineering. 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 specialised agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, livestock bedding and feeding.

Bucher Municipal is the European and Australian market leader in municipal vehicles for cleaning and clearing snow from public and private spaces, offering a wide range of compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles.

Bucher Hydraulics is a leading international manufacturer of advanced hydraulic systems. The wide range of products includes pumps, motors, valves, power units, cylinders, elevator drives and control systems with integrated electronics.

Bucher Emhart Glass is the world’s leading supplier of advanced technologies for manufacturing and inspecting glass containers. Its portfolio consists of glass forming and inspection machinery, systems, components, spare parts, advice and services for the glass container industry.

Bucher Specials comprises machinery and equipment for winemaking (Bucher Vaslin), equipment and technologies for processing fruit juice and instant products and for dewatering sewage sludge (Bucher Unipektin), a Swiss distributorship for tractors and specialised agricultural machinery (Bucher Landtechnik), and control systems for automation technology (Jetter).

CHF million	Net sales		Depreciation		Amortisation		Operating profit (EBIT)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012[1)]**
Kuhn Group	1 285.8	1 222.4	28.3	24.7	10.2	9.9	191.2	153.0
Bucher Municipal	383.2	424.2	6.2	5.8	0.8	0.7	33.1	39.3
Bucher Hydraulics	453.3	406.8	17.0	14.6	2.2	2.8	42.4	36.5
Bucher Emhart Glass	346.6	366.5	9.8	9.5	2.0	1.9	16.7	1.0
Bucher Specials	244.0	205.8	2.5	2.4	2.1	0.7	24.4	16.6
Reportable segments	**2 712.9**	**2 625.7**	**63.8**	**57.0**	**17.3**	**16.0**	**307.8**	**246.4**
Other/consolidation	– 22.1	– 16.7	2.9	2.2	–	–	– 20.7	– 14.7
Group	**2 690.8**	**2 609.0**	**66.7**	**59.2**	**17.3**	**16.0**	**287.1**	**231.7**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Kuhn Group	60.2	38.5	28.8	29.2	763.4	727.7	454.0	466.4
Bucher Municipal	22.5	12.0	4.9	4.9	241.6	227.0	95.5	97.9
Bucher Hydraulics	31.1	24.9	4.6	–	315.7	248.5	58.5	49.8
Bucher Emhart Glass	14.0	15.0	21.8	21.7	352.3	341.2	110.3	97.6
Bucher Specials	4.6	3.0	4.3	1.2	173.1	105.1	71.0	57.8
Reportable segments	**132.4**	**93.4**	**64.4**	**57.0**	**1 846.1**	**1 649.5**	**789.3**	**769.5**
Other/consolidation	4.2	3.1	15.9	16.3	31.1	28.6	7.1	8.0
Group	**136.6**	**96.5**	**80.3**	**73.3**	**1 877.2**	**1 678.1**	**796.4**	**777.5**

The performance of each of the divisions is evaluated based on operating profit or loss, which is measured consistently for management reporting and in the consolidated financial statements. The figures reported as “other/consolidation” comprise the results of the holding, finance and management companies as well as consolidation adjustments for intersegment transactions. Intersegment sales amounted to CHF 12.7 million (2012: CHF 12.3 million) for Kuhn Group, CHF 4.3 million (CHF 4.1 million) for Bucher Hydraulics and CHF 4.8 million (none) for Bucher Specials. The other divisions had only marginal intersegment sales. Internal sales were carried out at arm’s length on normal commercial terms.

Operating assets include short- and long-term receivables, inventories, property, plant and equipment, and intangible assets. Operating liabilities comprise trade payables, advances from customers, other payables and provisions.

Reconciliation of segment profit

CHF million

	2013	2012[1)]
Segment operating profit (EBIT)	307.8	246.4
Other/consolidation	– 20.7	– 14.7
Group operating profit (EBIT)	**287.1**	**231.7**
Share of profit/(loss) of associates	2.0	0.6
Finance costs	– 18.1	– 18.2
Finance income	4.7	5.0
Profit before tax	**275.7**	**219.1**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Reconciliation of segment assets

CHF million

	2013	2012[1)]
Segment operating assets	**1 846.1**	**1 649.5**
Other/consolidation	31.1	28.6
Group operating assets	**1 877.2**	**1 678.1**
Cash, cash equivalents and short-term investments	455.7	480.3
Other financial assets	33.0	34.4
Other assets	8.7	6.5
Investments in associates	11.5	16.1
Deferred income tax assets	50.2	44.0
Group assets	**2 436.3**	**2 259.4**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Reconciliation of segment liabilities

CHF million	2013	2012[1)]
Segment operating liabilities	**789.3**	**769.5**
Other/consolidation	7.1	8.0
Group operating liabilities	**796.4**	**777.5**
Short-term financial liabilities	283.4	152.6
Long-term financial liabilities	172.4	347.1
Other payables	3.1	2.0
Deferred income tax liabilities	54.5	43.9
Retirement benefit obligations	52.4	46.0
Group liabilities	**1 362.2**	**1 369.1**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Geographical information

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2013	**2012**	**2013**	**2012**
Switzerland	131.0	120.5	105.8	91.7
Germany	377.2	348.6	101.5	44.5
France	439.5	418.7	137.3	117.2
Rest of Europe	721.3	743.2	175.0	159.2
North America	532.1	467.3	124.0	128.1
Central and South America	100.0	100.4	17.9	10.4
Asia	237.4	246.9	75.9	69.4
Other	152.3	163.4	13.8	16.8
Total	**2 690.8**	**2 609.0**	**751.2**	**637.3**

Net sales have been allocated to the countries of destination.

2 Acquisitions and disposals

Bucher Filtrox Systems AG On 6 February 2013, Bucher Industries acquired a 100% interest in Filtrox Engineering AG in St.Gallen, Switzerland. With a wide range of modern filtration technologies, Filtrox Engineering is engaged in the area of beer filtration and certain areas of microfiltration for the food and drinks industry. The acquisition strengthens the drinks technologies of Bucher Unipektin and provides the company with an entry into the worldwide beer market. The company was renamed Bucher Filtrox Systems AG.

Bucher Hydraulics Erding GmbH On 12 February 2013, Bucher Industries acquired all shares in Ölhydraulic Altenerding Dechamps & Kretz GmbH & Co. KG, Erding, Germany, for the Bucher Hydraulics division. This medium-sized company specialises in advanced hydraulic cylinder technology in high-pressure applications, complementing Bucher Hydraulics existing product portfolio in hydraulic systems. The company was renamed Bucher Hydraulics Erding.

Bucher Hidráulica Ltda. On 1 July 2013, Bucher Industries acquired a 100% interest in Eco Sistemas Indústria de Máquinas Ltda., Porto Alegre, Brazil, for the Bucher Hydraulics division. Eco Sistemas manufactures hydraulic power units for mobile and industrial applications and acts as a system integrator of valves and other hydraulic products in the Brazilian market. Important factors in the decision to acquire the company were Eco Sistemas' know-how as a recognised integrator of hydraulic systems and the well-established client base. The company was renamed Bucher Hidráulica Ltda.

Jetter AG At the end of September, Bucher Industries presented a voluntary public tender offer to the shareholders of Jetter AG, Ludwigsburg, Germany, for the purchase of all shares at a price of EUR 7.00 per share. Together with the stake of 29.98% already held, Bucher Industries newly had a 77.35% interest in Jetter AG. Until 31 October 2013, the stake in Jetter AG as an associate company was valued using the equity method. Jetter AG has been fully consolidated since 1 November 2013. After taking into account foreign exchange differences, the revaluation resulted in an insignificant gain. See note 9 for further information. Jetter has been an important partner of Bucher Industries since 2002. In addition to developing and manufacturing electronic control units used by Bucher Emhart Glass in its systems for forming and inspecting glass containers, the company supplies Bucher Municipal with electronics for new municipal vehicles. Jetter has been consolidated under the Bucher Specials division and will continue to be listed on the Frankfurt Xetra exchange until further notice.

The total costs for the acquisitions, including acquisition of liabilities, were CHF 62.5 million. These acquisition cost, except for the conditional payment, were settled in full from cash and cash equivalents. CHF 1.3 million from the acquisition of Bucher Hidráulica was recognised as a conditional consideration in other liabilities. To determine the contingent purchase price liability, the future payments were discounted at the time of the acquisition. The payments totalling up to a maximum of CHF 3.2 million will be made over the next five years and are dependent on the annual sales and operating profit targets (EBIT). The value of receivables acquired represented fair value. At the reporting date, the process to determine the fair values of identifiable assets, goodwill, liabilities and contingent liabilities arising from the acquisition of Bucher Filtrox Systems and Bucher Hydraulics Erding was completed. In the case of Bucher Hidráulica and Jetter, the determination of fair values is not yet finalised. Both goodwill and the volume and amounts of identifiable assets, goodwill, liabilities and contingent liabilities can therefore still change. Based on the preliminary purchase price allocations, the goodwill from the acquisitions was at CHF 8.4 million. This represents the entry into the markets and the synergy potential from the merger as well as the employees' expertise.

Taking account of interdivisional dealings, the acquired companies generated sales of CHF 64.1 million and a loss of CHF 2.8 million since the date of the acquisition. If the acquisitions had been completed on 1 January 2013, the adjusted sales of the acquisitions would have totalled CHF 90.8 million and loss CHF 5.6 million. The acquisition costs of CHF 1.3 million were recognised proportionally in 2012 and 2013 under other operating expenses.

MacDonald Johnston Ltd On 1 May 2013, Bucher Municipal sold the ancillary hand-drier business of MacDonald Johnston Ltd The sale generated a gain of CHF 4.1 million, which was recognised in other operating income.

Cash flow from acquisitions and disposals

CHF million	Fair value on acquisition	Disposal	Fair value on acquisition	Disposal
		2013		**2012**
Cash and cash equivalents	9.0	–	–	– 0.6
Trade receivables	17.4	–	–	– 0.8
Other receivables	3.4	–	–	–
Long-term receivables	0.1	–	–	–
Inventories	24.1	– 0.8	2.7	– 0.8
Property, plant and equipment	31.6	– 0.1	0.6	– 0.9
Intangible assets	28.7	–	1.3	–
Other financial assets	0.1	–	–	–
Deferred income tax assets	2.7	–	0.1	– 0.1
Financial liabilities – current	– 5.7	–	–	0.8
Trade payables	– 8.4	–	–	0.6
Advances from customers	– 2.3	–	–	0.1
Current income tax liabilities	– 0.4	–	–	–
Provisions – short-term	– 1.5	0.1	–	–
Other payables	– 6.2	0.1	–	0.1
Financial liabilities – non-current	– 13.0	–	–	–
Deferred income tax liabilities	– 5.0	–	– 0.1	–
Retirement benefit obligations	– 6.7	–	–	0.1
Net assets	**67.9**	**– 0.7**	**4.6**	**– 1.5**
Shares previously held	– 8.4	–	–	–
Non-controlling interests	– 5.4	–	–	0.7
Goodwill	8.4	–	–	–
Currency translation reserve	–	–	–	– 0.5
Gain on disposal	–	– 4.1	–	– 0.2
Total purchase consideration	**62.5**	**– 4.8**	**4.6**	**– 1.5**
Cash and cash equivalents	– 9.0	–	–	0.6
Contingent consideration	– 1.3	–	–	–
Deferred consideration	–	–	– 2.3	–
Contingent consideration relating to previous years	0.4	–	0.2	–
Deferred consideration relating to previous years	2.3	–	–	–
Net cash flow on acquisition/disposal	**54.9**	**– 4.8**	**2.5**	**– 0.9**

Payments of deferred consideration relating to previous years arose in connection with last year's acquisition of Assaloni.com. The contingent considerations relating to previous years arose in connection with the 2011 acquisition of Kuhn Krause. For further information on the conditional purchase price liabilities see note 23.

Giletta S.p.A. Giletta is a leading Italian manufacturer of winter maintenance equipment and is integrated in the Bucher Municipal division. To strengthen the winter maintenance activities, they were consolidated within Bucher Municipal under a single management. As of 1 November 2013, the equity holding in Giletta was increased from 50% to 60% through a capital increase of CHF 11.6 million. At the same time, the holding in Gmeiner GmbH was incorporated. The increase in the controlling interest led to a change in non-controlling interests in the statement of equity amounting to CHF 3.2 million. The reporting period also saw the integration of Assaloni.com, which was acquired in 2012, in Giletta S.p.A., and the building of a new Giletta LLC production site in Kaluga, Russia, with a local partner.

3 Short-term investments

CHF million	2013	2012
Money market investment	4.9	2.3
Bonds	27.7	53.4
Short-term investments	**32.6**	**55.7**

Changes in fair value recognised in other comprehensive income, net of tax, amounted to CHF 1.0 million (2012: CHF 1.1 million).

4 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2013			**2012**
Trade receivables	421.2	1.9	423.1	397.0	4.1	401.1
Notes receivable	16.3	–	16.3	13.7	–	13.7
Trade receivables, net	**437.5**	**1.9**	**439.4**	**410.7**	**4.1**	**414.8**
Other receivables	29.5	1.2	30.7	25.1	1.3	26.4
Prepayments to suppliers	5.2	–	5.2	3.5	–	3.5
Derivative financial instruments	8.5	0.2	8.7	5.5	1.1	6.6
Accrued income	7.4	–	7.4	8.2	–	8.2
Other receivables	**50.6**	**1.4**	**52.0**	**42.3**	**2.4**	**44.7**
Receivables	**488.1**	**3.3**	**491.4**	**453.0**	**6.5**	**459.5**

Ageing analysis of trade receivables

CHF million

	2013	2012
Trade receivables, gross	456.3	431.4
Amount provided for	– 16.9	– 16.6
Receivables, net	**439.4**	**414.8**
Not due	337.7	323.8
Not due, amount provided for	– 5.5	– 5.7
Past due, within 30 days	54.3	50.3
Past due, from 31 to 90 days	23.7	26.8
Past due, more than 91 days	40.6	30.5
Past due, amount provided for	– 11.4	– 10.9

The due dates of trade receivables are constantly monitored. The sum overdue relates to trade receivables whose agreed payment deadline has been exceeded.

Movements in the provision for impairment of trade receivables

CHF million

	2013	2012
Balance at 1 January	16.6	16.4
Exchange differences	–	– 0.2
Acquisition/disposal of subsidiaries	0.2	–
Provision for receivables impairment	4.3	5.0
Unused amounts reversed	– 2.5	– 3.1
Receivables written-off during the year as uncollectible	– 1.7	– 1.5
Balance at 31 December	**16.9**	**16.6**

5 Inventories

CHF million

	2013	2012
Raw materials and consumables	138.5	139.9
Work in progress	142.9	120.7
Finished goods and goods for resale	351.5	321.5
Inventories	**632.9**	**582.1**
Change of write-downs	6.7	11.1

In the reporting period, CHF 0.3 million was written off directly via the income statement (2012: CHF 0.1 million).

6 Property, plant and equipment

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
					2013
Cost at 1 January	459.9	429.1	182.0	39.5	1 110.5
Exchange differences	– 2.1	– 1.5	– 0.7	– 0.2	– 4.5
Acquisition/disposal of subsidiaries	21.6	18.4	16.7	0.9	57.6
Additions	40.2	31.1	20.4	40.9	132.6
Disposals	– 5.1	– 12.6	– 17.1	–	– 34.8
Transfers	42.1	8.2	4.9	– 55.2	–
Cost at 31 December	**556.6**	**472.7**	**206.2**	**25.9**	**1 261.4**
Accumulated depreciation at 1 January	193.0	300.1	139.4	–	632.5
Exchange differences	0.3	– 0.2	– 0.3	–	– 0.2
Acquisition/disposal of subsidiaries	1.8	11.2	13.1	–	26.1
Disposals	– 4.9	– 12.1	– 16.4	–	– 33.4
Depreciation for the year	20.6	31.2	14.9	–	66.7
Accumulated depreciation at 31 December	**210.8**	**330.2**	**150.7**	**–**	**691.7**
Net book value at 31 December	**345.8**	**142.5**	**55.5**	**25.9**	**569.7**
Of which leased:					
Cost	34.8	10.5	0.6	–	45.9
Accumulated depreciation	9.8	6.2	0.2	–	16.2
Net book value	25.0	4.3	0.4	–	29.7
Lease obligations (present value)	23.1	4.5	0.6	–	28.2
Insurance value	780.5	668.1	260.2	–	1 708.8

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
					2012
Cost at 1 January	437.2	409.2	171.9	29.2	1 047.5
Exchange differences	−2.7	−2.6	−0.9	−0.3	−6.5
Acquisition/disposal of subsidiaries	−1.3	−0.6	−0.2	–	−2.1
Additions	11.8	23.4	15.6	43.0	93.8
Disposals	−1.9	−11.6	−8.5	−0.2	−22.2
Transfers	16.8	11.3	4.1	−32.2	–
Cost at 31 December	**459.9**	**429.1**	**182.0**	**39.5**	**1 110.5**
Accumulated depreciation at 1 January	181.9	283.6	132.8	–	598.3
Exchange differences	−0.9	−1.2	−0.4	–	−2.5
Acquisition/disposal of subsidiaries	−0.8	−0.6	−0.4	–	−1.8
Disposals	−1.5	−11.3	−7.9	–	−20.7
Depreciation for the year	14.3	29.6	15.3	–	59.2
Accumulated depreciation at 31 December	**193.0**	**300.1**	**139.4**	**–**	**632.5**
Net book value at 31 December	**266.9**	**129.0**	**42.6**	**39.5**	**478.0**
Of which leased:					
Cost	27.4	0.6	0.2	–	28.2
Accumulated depreciation	8.4	0.3	–	–	8.7
Net book value	19.0	0.3	0.2	–	19.5
Lease obligations (present value)	17.1	0.2	0.2	–	17.5
Insurance value	713.0	659.4	218.5	–	1 590.9

7 Intangible assets

CHF million	Goodwill	Trademarks	Customer relation	Licences/ Patents	Other	Total intangible asssets
						2013
Cost at 1 January	168.9	20.6	39.9	172.0	9.3	410.6
Exchange differences	−4.1	−0.2	−0.9	0.3	−0.1	−4.9
Acquisition/disposal of subsidiaries	8.4	6.7	12.7	8.3	12.8	48.9
Additions	–	–	–	3.7	0.3	4.0
Disposals	–	–	–	−0.8	–	−0.8
Cost at 31 December	**173.2**	**27.1**	**51.7**	**183.5**	**22.3**	**457.8**
Accumulated amortisation at 1 January	95.6	12.0	7.2	128.7	7.9	251.3
Exchange differences	−2.7	−0.1	−0.3	−0.2	−0.1	−3.3
Acquisition/disposal of subsidiaries	–	–	–	3.3	8.5	11.8
Disposals	–	–	–	−0.8	–	−0.8
Amortisation for the year	–	2.2	3.2	11.0	0.9	17.3
Impairment charge	–	–	–	–	–	–
Accumulated amortisation at 31 December	**92.9**	**14.1**	**10.1**	**142.0**	**17.2**	**276.3**
Net book value at 31 December	**80.3**	**13.0**	**41.6**	**41.5**	**5.1**	**181.5**
						2012
Cost at 1 January	173.5	20.6	40.8	171.2	9.5	415.5
Exchange differences	−4.6	−0.4	−0.9	−2.3	–	−8.2
Acquisition/disposal of subsidiaries	–	0.4	–	0.9	–	1.3
Additions	–	–	–	2.4	0.3	2.7
Disposals	–	–	–	−0.2	−0.5	−0.7
Cost at 31 December	**168.9**	**20.6**	**39.9**	**172.0**	**9.3**	**410.6**
Accumulated amortisation at 1 January	98.8	9.5	4.7	120.8	7.8	241.5
Exchange differences	−3.2	−0.2	−0.1	−1.9	−0.1	−5.5
Acquisition/disposal of subsidiaries	–	–	–	–	–	–
Disposals	–	–	–	−0.2	−0.5	−0.7
Amortisation for the year	–	2.7	2.6	10.0	0.7	16.0
Impairment charge	–	–	–	–	–	–
Accumulated amortisation at 31 December	**95.6**	**12.0**	**7.2**	**128.7**	**7.9**	**251.3**
Net book value at 31 December	**73.3**	**8.6**	**32.7**	**43.3**	**1.4**	**159.3**

Goodwill and other intangible assets with indefinite useful lives are allocated to the cash-generating units that are expected to benefit from the respective business combination. At 31 December 2013, Bucher Industries held no other intangible assets with indefinite useful lives. Goodwill is tested for impairment annually or whenever there is an indication of possible impairment. Bucher Industries uses the discounted cash flow (DCF) method to assess the recoverability of goodwill and other intangible assets with indefinite useful lives, based on value in use.

The calculations used projections based on financial budgets approved by management for at least the next three years. Cash flows beyond the budget period were determined using a sales growth rate generally based on the current inflation rate in each country. The discount rates were determined based on the Group's weighted cost of capital adjusted to reflect specific country and currency risks. The cost of equity was determined using the capital asset pricing model (CAPM). The following parameters were used to test significant amounts of goodwill for impairment:

Allocation of goodwill to cash-generating units

CHF million	Growth rates	WACC	Goodwill	Growth rates	WACC	Goodwill
			2013			**2012**
Kuhn North America, Inc., USA	1.2%	10.3%	16.7	2.2%	8.9%	17.2
Kuhn-Geldrop B.V., Netherlands	1.6%	7.9%	8.2	2.9%	7.4%	8.0
Kuhn Krause, Inc., USA	1.2%	10.3%	3.9	2.2%	8.9%	4.0
Kuhn Group			**28.8**			**29.2**
Gmeiner GmbH, Germany	1.2%	8.5%	3.2	2.0%	8.2%	3.2
Giletta S.p.A., Italy	0.8%	11.5%	1.7	2.6%	12.4%	1.7
Bucher Municipal			**4.9**			**4.9**
Bucher Hidráulica Ltda., Brazil	5.7%	23.5%	4.6			–
Bucher Hydraulics			**4.6**			**–**
Emhart Glass SA, Switzerland	0.7%	8.5%	4.5	2.5%	8.1%	4.4
Shandong Sanjin Glass Machinery Co. Ltd, China	3.2%	13.1%	17.3	1.7%	9.5%	17.3
Bucher Emhart Glass			**21.8**			**21.7**
Bucher Landtechnik AG, Switzerland	1.0%	6.3%	1.2	0.0%	5.7%	1.2
Jetter AG, Germany	1.2%	8.5%	3.1			–
Bucher Specials			**4.3**			**1.2**
Bucher Industries US Inc., USA	1.2%	10.9%	15.9	2.2%	9.5%	16.3
Other			**15.9**			**16.3**
Goodwill			**80.3**			**73.3**

Due to the favourable business performance and the cautiously optimistic outlook, the annual impairment tests of intangible assets, as in the previous year, did not indicate any need for impairment charges on capitalised goodwill for 2013. A reduction in the growth rate of 2.6 percentage points at Sanjin, China, and Bucher Hydráulica, Brazil, would result in the values in use just covering the carrying amounts. For the other positions, neither an increase of 0.5 percentage points in the weighted cost of capital nor a reduction in the residual value growth rate to 0% would give rise to impairment of a cash-generating unit.

8 Other financial assets

CHF million

	2013	2012[1]
Pension asset	15.3	15.0
Long-term loans	16.4	18.1
Other	1.3	1.3
Other financial assets	**33.0**	**34.4**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

As in 2012, employer contribution reserves totalling CHF 13.5 million were capitalised in pension fund assets as a result of applying IAS 19.

9 Investments in associates

CHF million

	2013	2012[1]
Balance at 1 January	16.1	14.6
Exchange differences	0.2	– 0.1
Additions	–	1.3
Disposals	– 8.4	–
Share of profit/(loss)	1.2	0.6
Share of other comprehensive income	–	– 0.1
Revaluation	2.7	–
Dividends received	– 0.3	– 0.2
Balance at 31 December	**11.5**	**16.1**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

At the end of September, Bucher Industries presented a voluntary public tender offer to all shareholders of Jetter AG, Ludwigsburg, Germany, at a price of EUR 7.00 per share. Together with the 29.98% interest already held, Bucher Industries now owns 77.35% of the share capital of Jetter AG. Until 31 October 2013, Jetter AG was classified as an associate and valued using the equity method. Since 1 November 2013, Jetter AG has been fully consolidated. After consideration of accumulated foreign exchange differences, a gain of CHF 0.2 million resulted, which was recognised under share of profit/(loss) of associates. For further information see note 2.

Aggregated financial information – associates

CHF million	2013	2012
Profit/(loss) for the year	5.0	4.6
Other comprehensive income	–	– 0.3
Total comprehensive income	**5.0**	**4.3**

10 Financial liabilities

CHF million	2013	2012
Bond and private placements	219.7	252.6
Other bank borrowings	182.8	203.4
Finance lease liabilities	28.2	17.5
Loans and other financial liabilities	25.1	26.2
Financial liabilities	**455.8**	**499.7**
Current portion	283.4	152.6
Non-current portion	172.4	347.1

Finance lease liabilities

CHF million	Within 1 year	From 1 to 5 years	More than 5 years	2013	2012
Minimum lease payments, within 1 year	5.5	16.8	9.2	31.5	19.5
Finance charge	0.8	1.9	0.6	3.3	2.0
Lease liabilities	**4.7**	**14.9**	**8.6**	**28.2**	**17.5**

Terms of significant financial liabilities

CHF million	Currency	Interest rate	Term	Volume	Used/ Nominal amount	Volume	Used/ Nominal amount
					2013		**2012**
Fixed-rate US private placement	CHF	4.08%	2003 – 2013	–	–	33.3	33.3
Fixed-rate US private placement	CHF	4.29%	2003 – 2015	20.0	20.0	20.0	20.0
Bond	CHF	3.13%	2009 – 2014	200.0	200.0	200.0	200.0
Syndicated loan	CHF	Libor + 0.80%	2011 – 2016	200.0	–	200.0	–
Committed credit lines	CHF	div.	div.	215.0	150.0	260.0	190.0
Total				**635.0**	**370.0**	**713.3**	**443.3**

In the reporting year, the Group had committed credit facilities totalling CHF 415.0 million (2012: CHF 460.0 million), arranged with twelve different financial institutions. The bilateral loans bear interest at rates of between 0.65% and 3.09% and are due for repayment from 2014 to 2018. The syndicated loan carries an interest rate of Libor plus an interest margin based on predefined levels of the debt payback period ratio (net debt to EBITDA). The financial covenants are reviewed every six months. As of the reporting date on 31 December 2013, all the credit conditions had been fulfilled.

11 Provisions

CHF million	Warranties	Legal claims	Other	Total	Total
				2013	2012
Balance at 1 January	39.3	13.4	18.8	71.5	64.0
Additional provisions	33.2	4.5	4.1	41.8	49.5
Unused amounts reversed	−3.3	−3.4	−2.0	−8.7	−9.5
Used during year	−28.1	−1.9	−4.6	−34.6	−32.1
Acquisition/disposal of subsidiaries	0.8	–	0.6	1.4	–
Exchange differences	–	–	0.1	0.1	−0.4
Balance at 31 December	**41.9**	**12.6**	**17.0**	**71.5**	**71.5**
Current portion	40.7	11.4	8.2	60.3	60.6
Non-current portion	1.2	1.2	8.8	11.2	10.9

A provision for product warranties is recognised when the products are sold, based on estimated claims. The timing of cash outflows depends on the dates when warranty claims are filed and/or the relevant cases settled. Warranty costs incurred are charged against the provision when paid.

The provision for legal claims covers risks associated with accidents, distribution rights and patents or other legal disputes. The resources required and timing of any cash outflows are difficult to predict and are usually recognised as short-term if a decision can be expected within a one-year period. However, depending on the course of the proceedings, it may be several years before an outflow of resources actually occurs.

Other provisions concern risks associated with the Group's industrial operations, including environmental protection measures. Of the provisions of CHF 5.2 million set aside in 2012 for the restructuring of Bucher Emhart Glass, all but CHF 1.7 million was used in the reporting year. Cash outflows to cover the remaining amount are expected in the next reporting period.

12 Other payables

CHF million	2013	2012
Accruals and deferred income	147.9	138.3
Social security and pensions	26.1	25.5
Sales and capital tax liabilities	20.6	21.4
Derivative financial instruments	2.4	1.4
Other liabilities	29.9	28.3
Other payables	**226.9**	**214.9**
Current portion	214.3	200.2
Non-current portion	12.6	14.7

Accruals and deferred income mainly includes accruals for employment costs such as accrued holiday and overtime pay and variable remuneration, as well as accruals for commissions and contract-related liabilities.

13 Share capital

		2013	2012
Par value	CHF	0.20	0.20
Outstanding shares	number	10 022 093	9 784 927
Treasury shares	number	227 907	465 073
In issue and ranking for dividend	**number**	**10 250 000**	**10 250 000**
Authorised but unissued	number	1 184 100	1 184 100
Issued share capital	CHF million	2.1	2.1

The share capital of Bucher Industries AG consists of one class of voting rights.

Treasury shares

CHF million	Number of shares	2013	Number of shares	2012
Balance at 1 January	465 073	21.2	798 494	69.4
Share buy-back	–	–	22 730	4.0
Cancellation of shares	–	–	– 315 900	– 50.2
Sales of treasury shares	– 164 536	– 7.4	– 5 555	– 0.3
Reissued for share-based payment schemes	– 72 630	– 3.4	– 34 696	– 1.7
Balance at 31 December	**227 907**	**10.4**	**465 073**	**21.2**
Reserved for written call options	20 000		55 000	

Earnings and dividend per share

	2013	2012[1]
Profit/(loss) attributable to owners of Bucher Industries (CHF million)	194.5	151.7
Average number of shares outstanding (undiluted)	9 904 173	9 770 235
Average number of shares outstanding (diluted)	9 957 904	9 816 312
Basic earnings per share (CHF)	19.64	15.52
Diluted earnings per share (CHF)	19.53	15.45
Dividend per registered share (CHF)[2]	6.50	5.00
Total dividend (CHF million)[2]	66.6	51.3

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.
[2] 2013: proposed by the board of directors.

The average number of shares outstanding is calculated on the basis of the number of shares issued, less the weighted average number of treasury shares held. The inclusion of outstanding share options diluted earnings per share by CHF 0.11 (2012: CHF 0.07).

14 Employment costs

CHF million

	2013	2012[1]
Wages and salaries	463.4	441.2
Share awards	2.5	2.3
Share option plan	0.4	1.0
Social security costs	82.0	79.1
Defined contribution costs	26.2	23.6
Defined benefit costs	10.6	8.1
Other employment costs	67.8	68.9
Employment costs	**652.9**	**624.2**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

The revision of the remuneration package in 2010 resulted in the replacement of the stock option plans by the Bucher share plans. Accordingly, no more options have been awarded since then. The costs of share option plans were recognised as employment costs pro rata over the periods to vesting, based on options granted in previous periods. In October 2013, the periods to vesting expired on the last share options issued. Other employment costs comprise incidental costs of staff recruitment, training and development as well as external staff costs.

15 Other operating income

CHF million

	2013	2012
Own work capitalised	1.7	0.8
Gain on sale of non-current assets and disposals	7.5	0.7
Interest income from operating lease receivables	0.1	0.7
Other income	18.9	19.2
Other operating income	**28.2**	**21.4**

Other operating income comprises revenue from sales of goods and services that are outside the normal course of the Group's business. The gain on sale of non-current assets and disposals essentially comprises the gain on the sale of the ancillary business with hand-driers and the gain on the sale of land to the pension fund foundation in Switzerland.

16 Other operating expenses

CHF million

	2013	2012
Energy, maintenance and repairs	103.4	91.9
Charges, taxes, levies and consulting fees	36.2	34.9
Marketing and distribution costs	121.1	120.4
Insurance expenses	6.8	6.4
Operating leasing expenses	10.5	10.2
Miscellaneous operating expenses	77.2	63.5
Other operating expenses	**355.2**	**327.3**

Charges, taxes, levies and consulting fees include CHF 18.4 million (2012: CHF 17.7 million) in capital tax. Other operating expenses include, inter alia, operating foreign exchange items and changes in necessary provisions for operating liabilities that cannot be charged to an appropriate expense account.

17 Development costs

Development costs of CHF 90.5 million (2012: CHF 80.8 million) were charged to the income statement for 2013. In the reporting year, development costs of CHF 0.1 million (none) were capitalised. Development costs mainly comprised expenditure to update and extend the divisions' product and service offerings and are included in raw materials and consumables used, employment costs, other operating expenses and depreciation of property, plant and equipment.

18 Net financial items

CHF million	2013	2012
Interest expense on financial liabilities	–16.7	–16.9
Other finance costs	–1.4	–1.3
Finance costs	**–18.1**	**–18.2**
Interest income on financial assets	4.5	4.1
Net gain on financial instruments	6.7	1.3
Financial foreign exchange gains and losses	–6.9	–0.8
Other finance income	0.4	0.4
Finance income	**4.7**	**5.0**
Share of profit/(loss) of associates	2.0	0.6
Net financial items	**–11.4**	**–12.6**
Of which financial items relating to:		
Financial instruments; at amortised cost	–26.4	–20.3
Financial instruments; fair value through profit or loss	6.5	6.0
Financial instruments; available-for-sale	6.5	1.1

In the reporting year, a realisation on the sale of “available-for-sale” securities amounting to CHF 6.5 million was transferred from other comprehensive income to the income statement (2012: CHF 1.1 million). As in the previous year, no other borrowing costs were capitalised.

19 Income tax expense

Ordinary income tax comprises tax paid or to be paid on the individual companies’ taxable profits, calculated in accordance with legislation in the various countries. The reconciliation is based on the tax rates applicable in the respective tax jurisdictions. The applicable tax rate represents the weighted average of the tax rates. As the Group operates in various countries, the weighted average tax rate may vary from period to period to reflect the profits in the respective countries and the impact of any changes in tax rates.

Current income tax

CHF million	2013	2012[1]
Current income tax	76.8	68.4
Deferred income tax	2.7	−5.3
Income tax expense	**79.5**	**63.1**
Reconciliation:		
Profit before tax	275.7	219.1
Weighted average tax rate	33.2%	33.5%
Theoretical income tax charge	**91.5**	**73.3**
Utilisation of unrecognised tax loss carryforwards	−1.2	−4.1
Reassessment of tax loss carryforwards with tax asset adjustment	−0.9	2.4
Changes in valuation allowances on losses and on deferred tax assets	2.2	0.5
Expenses not deductible for tax purposes/income not subject to tax	−3.1	−3.7
Under/(over) provided in prior years	−4.9	−1.9
Other differences	−4.1	−3.4
Effective income tax expense	**79.5**	**63.1**
Effective tax rate	28.8%	28.8%

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
		2013		**2012[1]**
Property, plant and equipment	0.6	24.7	0.5	22.6
Other financial and non-current assets	5.0	25.7	3.4	20.9
Inventories	31.6	6.9	30.6	3.4
Other current assets	2.4	12.6	1.9	10.3
Provisions	5.1	5.9	3.6	3.3
Other liabilities	21.7	2.4	18.5	2.5
Tax loss carryforwards	7.5	–	4.6	–
Deferred income tax assets and liabilities	**73.9**	**78.2**	**63.1**	**63.0**
Offset amounts	−23.7	−23.7	−19.1	−19.1
Deferred income tax assets	**50.2**		**44.0**	
Deferred income tax liabilities		**54.5**		**43.9**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

In the reporting period, current income tax of CHF 2.7 million arising from the sale of treasury shares was recognised directly in equity. Deferred income tax amounting to CHF 6.3 million arising from the retrospective application of IAS 19 "Employee benefits (revised)" was recognised in the 2012 opening balance of consolidated equity. The tax expenses in other comprehensive amounted to CHF 0.8 million and were allocated to "Change in actuarial gains/(losses) on defined benefit pension plans", "Change in fair value reserve" and "Hedge accounting". In accordance with the exemption in IAS 12, the Group does not provide for deferred income tax on investments in group entities.

Movements in deferred income tax balances

CHF million	Assets	Liabilities	Assets	Liabilities
		2013		**2012[1)]**
Balance at 1 January	44.0	43.9	40.4	46.5
Charged/credited to income statement	4.1	6.8	2.0	−3.3
Charged/credited to other comprehensive income	−0.3	−1.1	2.3	0.9
Acquisition/disposal of subsidiaries	2.7	5.0	–	0.1
Exchange differences	−0.3	−0.1	−0.7	−0.3
Balance at 31 December	**50.2**	**54.5**	**44.0**	**43.9**

1) 2012: retrospective restatement owing to first application of IAS 19 "Employee benefits (revised)".

Tax loss carryforwards

CHF million		
	2013	**2012**
Total tax loss carryforwards	123.6	99.8
Of which recognised in deferred income tax	49.0	38.2
Unrecognised tax loss carryforwards	**74.6**	**61.6**
Of which expiring:		
Within 1 year	–	2.4
From 1 to 5 years	38.5	26.0
More than 5 years	8.6	5.9
Available indefinitely for offset	27.5	27.3
Tax effect on unrecognised tax loss carryforwards	13.1	12.2

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. This also includes deferred tax assets arising from tax loss carryforwards and expected tax credits.

20 Retirement benefits

Most employees are covered by pension schemes in accordance with the relevant national regulations. The majority of these pension schemes are defined contribution plans. The Group also operates a number of defined benefit plans. The largest pension schemes are those in Switzerland, covering 80% of the retirement benefit obligations and 88% of the plan assets. The “international plans” category mainly comprises the plans in North America (7% of the retirement benefit obligations, 6% of the plan assets) and France (6% of the retirement benefit obligations, 6% of the plan assets).

Swiss plans The minimum legal requirements for pension schemes are governed by the Federal Law on Occupational Retirement, Survivors’ and Disability Pension Plans (BVG). Among its stipulations are that pension plans must be managed by independent, legally separate units and must be subject to state supervision. The supreme governing body is the foundation board. It comprises equal numbers of employee and employer representatives. Under the terms of statutory provisions and pension plan regulations, the foundation board is under obligation to act in the interests of the foundation and the beneficiaries. Plan participants are insured against the economic consequences of old age, invalidity and death. Contributions to the pension scheme are funded by employee and employer contributions, the latter bearing at least 50% of the necessary contribution. In the event of a deficit, additional contributions can be levied from both employer and employee to make up the shortfall. Other measures may include adjustment of the pension commitment by means of changes to the conversion rates. The joint liability of employer and employee in contributing to any restructuring measures is specified by the BVG.

“Bucher-Guyer”, the largest Swiss pension plan, has the legal form of a semi-autonomous foundation. The foundation covers all underwriting risks except death and invalidity, which are separately reinsured. The risks covered are chiefly demographic (life expectancy) and financial (discount rate, future salary increases and rates of return on plan assets) in nature. These risks are regularly reassessed by the foundation board. It is also responsible for the investment of assets. The investment strategy is reviewed at least once a year by the foundation board, taking account of targets for returns, benefit obligations and the risk capacity of the foundation. Decisions take account of significant market trends and changes in the composition of the plan participants. Responsibility for implementing and monitoring the investment strategy and investment guidelines is delegated to an investment committee. Plan assets are managed as part of a long-term investment strategy by a number of external fund managers.

International plans

North America The pension scheme is governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), which set minimum standards. The provisions were updated by the Pension Protection Act of 2006. This requires that the annual contributions ensure plan assets sufficient to meet the expected obligations. Plan members are insured against the economic consequences of old age, invalidity and death. Contributions are funded entirely by the employer. The plan was closed to new members as of 31 July 2004. Employee pension entitlements were frozen as of 31 July 2005. In addition, there is a defined benefit plan for healthcare provision during retirement for employees who are at least 55 years old and have been employed by the company for more than ten years when they reach the age of 65. Funding is provided principally by the employer. Employees pay part of the premium, based on their length of service with the company.

France The occupational pension scheme is based on various regulations and company agreements. The plan provides a basic entitlement to benefit payments at the onset of the insured event old age. The plans are funded internally by the employer and do not hold assets separately from the company. The Group also has schemes for employee anniversaries, which qualify as a further long-term benefit for employees.

Funding of defined benefit plans

CHF million	Swiss	International	Total	Swiss	International	Total
			2013			**2012[1)]**
Fair value of plan assets	295.7	41.4	337.1	271.2	38.0	309.2
Present value of funded obligations	– 296.9	– 53.1	– 350.0	– 269.3	– 49.2	– 318.5
Funding surplus/(deficit)	**– 1.2**	**– 11.7**	**– 12.9**	**1.9**	**– 11.2**	**– 9.3**
Present value of unfunded obligations	–	– 21.1	– 21.1	–	– 20.4	– 20.4
Impact of minimum funding requirement/asset ceiling	– 4.6	–	– 4.6	– 2.8	–	– 2.8
Surplus/(deficit)	**– 5.8**	**– 32.8**	**– 38.6**	**– 0.9**	**– 31.6**	**– 32.5**
Other financial assets	13.5	0.3	13.8	13.5	–	13.5
Retirement benefit obligations	– 19.3	– 33.1	– 52.4	– 14.4	– 31.6	– 46.0

[1)] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Movements in defined benefit obligations and plan assets

CHF million	Fair value of plan assets	Present value of retirement obligation	Impact of minimum funding requirement/ asset ceiling	Total defined benefit obligations and plan assets
				2013
Balance at 1 January	**309.2**	**−338.9**	**−2.8**	**−32.5**
Current service cost		−9.0		−9.0
Interest income/(expense)	6.2	−7.2	−0.1	−1.1
Administration expenses, taxes and premium paid	−0.5			−0.5
Defined benefit expense recognised in profit or loss	**5.7**	**−16.2**	**−0.1**	**−10.6**
Return on plan assets (excluding interest based on discount rate)	13.8			13.8
Actuarial (gains)/losses arising from changes in demographic assumptions		−19.0		−19.0
Actuarial (gains)/losses arising from changes in financial assumptions		18.2		18.2
Other actuarial (gains)/losses		−8.0		−8.0
Change in asset ceiling excluding amounts included in interest expenses			−1.7	−1.7
Defined benefit expense recognised in other comprehensive income	**13.8**	**−8.8**	**−1.7**	**3.3**
Employer contributions	7.3			7.3
Employee contributions	4.5	−4.5		–
Benefits paid	−9.2	10.2		1.0
Plan curtailments/settlements	–	−0.4		−0.4
Acquisitions and disposals	5.9	−12.6		−6.7
Exchange differences	−0.1	0.1		–
Balance at 31 December	**337.1**	**−371.1**	**−4.6**	**−38.6**

For the 2014 business year, contributions for defined benefit pension plans are expected to total CHF 11.1 million (2013: CHF 10.2 million).

CHF million	Fair value of plan assets	Present value of retirement obligation	Impact of minimum funding requirement/ asset ceiling	Total defined benefit obligations and plan assets
				2012[1]
Balance at 1 January	**290.2**	**−307.4**	**−4.6**	**−21.8**
Current service cost		−6.6		−6.6
Interest income/(expense)	7.3	−8.3	−0.1	−1.1
Administration expenses, taxes and premium paid	−0.4			−0.4
Defined benefit expense recognised in profit or loss	**6.9**	**−14.9**	**−0.1**	**−8.1**
Return on plan assets (excluding interest based on discount rate)	12.0			12.0
Actuarial (gains)/losses arising from changes in demographic assumptions		−0.8		−0.8
Actuarial (gains)/losses arising from changes in financial assumptions		−30.7		−30.7
Other actuarial (gains)/losses		6.0		6.0
Change in asset ceiling excluding amounts included in interest expenses			1.9	1.9
Defined benefit expense recognised in other comprehensive income	**12.0**	**−25.5**	**1.9**	**−11.6**
Employer contributions	9.4			9.4
Employee contributions	4.4	−4.4		–
Benefits paid	−11.0	11.8		0.8
Plan curtailments/settlements	−2.4	1.1		−1.3
Exchange differences	−0.3	0.4		0.1
Balance at 31 December	**309.2**	**−338.9**	**−2.8**	**−32.5**

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Categories of plan assets

CHF million	Swiss	International	Total	%	Swiss	International	Total	%
				2013				2012[1)]
Equities	71.1	14.2	85.3	25.3	66.3	12.1	78.4	25.4
Bonds	82.9	4.5	87.4	25.9	73.1	6.1	79.2	25.6
Assurances	62.0	21.1	83.1	24.7	54.8	17.2	72.0	23.3
Property	60.3	0.5	60.8	18.0	57.5	0.4	57.9	18.7
Cash	3.8	1.0	4.8	1.4	4.9	2.1	7.0	2.3
Other financial assets	15.6	0.1	15.7	4.7	14.6	0.1	14.7	4.7
Plan assets	**295.7**	**41.4**	**337.1**	**100.0**	**271.2**	**38.0**	**309.2**	**100.0**

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

Breakdown of defined benefit obligations by category

CHF million	Swiss	International	Total	Swiss	International	Total
			2013			2012
Obligation active insured members	200.6	44.1	244.7	199.4	42.3	241.7
Obligation former members with vested benefits	–	14.5	14.5	–	13.7	13.7
Obligation members receiving pensions	97.9	15.5	113.4	74.6	13.6	88.2
Obligation taxes and risk sharing	–1.6	0.1	–1.5	–4.7	–	–4.7
Total	**296.9**	**74.2**	**371.1**	**269.3**	**69.6**	**338.9**
Term of obligations in years (duration)	16.2	13.4	15.6	14.1	13.3	13.9

Actuarial assumptions

Weighted averages in %	Swiss	International		Swiss	International	
			2013			2012
Discount rate	2.1	3.8	2.4	1.8	3.4	2.1
Future salary increases	1.0	2.4	1.1	1.0	1.1	1.1
Future pension increases	–	2.2	2.2	–	2.2	2.2
Inflation rate	1.0	2.3	1.3	1.0	2.3	1.3

Mortality tables

	Mortality table	Currently age 65	Currently age 45	Currently age 65	Currently age 45
			2013		**2012**
Life expectancy at age 65 for a male member					
Switzerland	BVG 2010 G/P	21.3	23.1	19.8	21.6
France	TF00-02	18.1	20.2	18.1	20.2
North America	RP2000	19.1	19.1	19.1	19.1
Life expectancy at age 65 for a female member					
Switzerland	BVG 2010 G/P	23.8	25.5	22.1	23.9
France	TF00-02	22.6	24.4	22.6	24.4
North America	RP2000	21.0	21.0	21.0	21.0

Sensitivity analysis A change in the parameters, under the same conditions, would otherwise result in the following increases/(decreases) in pension liabilities.

CHF million	Swiss	International	Total
			2013
Discount rate			
Increase by 25 basis points	–10.7	–1.7	–12.4
Decrease by 25 basis points	10.9	1.9	12.8
Future salary increases			
Increase by 25 basis points	0.8	0.1	0.9
Decrease by 25 basis points	–0.8	–0.1	–0.9
Life expectancy			
Increase in longevity by one additional year	8.8	1.1	9.9

21 Share-based payments/share option plan

Shares awarded under the Bucher share plans are subject to a vesting period of three years. The costs are recognised in the income statement on an accrual basis, with a corresponding entry in equity. The shares required for awards under the share plans are purchased in the open market and held by Bucher Beteiligungs-Stiftung, a consolidated employee share ownership trust.

Bucher Executive Share Plan The Bucher Executive Share Plan is a share-based, performance-related component of remuneration for the members of group management. The financial targets for awarding shares are set by the board of directors at the beginning of each reporting year based on the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Awards are based on a percentage of base salary and on the achievement of the Group's annual financial "earnings per share" target. The number of shares to be awarded is calculated using the average share price for the reporting year and valued at the average share price during the first three weeks of January in the financial year following the reporting year.

Bucher Share Plan The Bucher Share Plan is a share-based, performance-related component of remuneration for the members of group management, division managements and selected specialists. The amount of the company's investment depends on the amount of the personal investments that eligible employees make in the company's shares and on the achievement of the Group's annual financial "earnings per share" target set by the board of directors for the Bucher share plans. The relevant number of shares is calculated and valued using the average share price during the first three weeks of January in the financial year following the reporting year.

Eligible employees were awarded a total of 9 494 shares for the reporting year (2012: 11 261 shares). Shares under the Bucher share plans were valued at a share price of CHF 266.00 (CHF 189.00) and represented a total value of CHF 2.5 million (CHF 2.1 million). The number of shares awarded under the Bucher Executive Share Plan was calculated using a share price of CHF 226.00 (CHF 173.50) and those under the Bucher Share Plan using a share price of CHF 266.00 (CHF 189.00).

Share option plans No share options have been granted since 2010. Share options granted in respect of previous periods remain valid as originally provided. One option entitles the holder to purchase one registered share of Bucher Industries AG. The options are not negotiable and have a life of ten years. In October 2013, the periods to vesting expired on the last share options issued.

Movements in the number of share options outstanding

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2013		**2012**
Outstanding at 1 January	202 240	148.7	228 780	147.2
Exercised	– 59 285	131.9	– 22 040	121.9
Expired	– 150	115.0	– 4 500	202.1
Outstanding at 31 December	**142 805**	**155.7**	**202 240**	**148.7**
Exercisable	142 805		188 290	

The expense recognised as employment costs in the reporting period was CHF 0.4 million (2012: CHF 1.0 million). The average share price for options exercised was CHF 226.00 (CHF 173.50).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2013		**2012**
2015	9 000	108.0	22 330	108.0
2016	17 000	116.0	33 300	116.0
2017	44 405	221.0	49 800	221.0
2018	34 050	149.0	48 960	149.0
2019	38 350	115.0	47 850	115.0
Outstanding at 31 December	**142 805**	**155.7**	**202 240**	**148.7**

22 Related party transactions

Key management remuneration

CHF million	2013	2012
Salaries	5.6	5.4
Post-employment benefits	1.5	1.4
Share awards	1.9	1.7
Share option plan	0.1	0.3
Key management remuneration	**9.1**	**8.8**

Salaries include variable remuneration, fees and expense allowances paid in cash. For the reporting year, group management members were awarded 5 911 registered shares with a par value of CHF 0.20 each in Bucher Industries AG (2012: 7 174 registered shares) under the share plans. The costs of the previous share option plan are based on the fair value for the staggered exercise periods. No new options were granted in the reporting year. No directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year. At the year end, there were no loans outstanding to the company's governing bodies. Directors' fees were paid in the form of cash and shares.

Remuneration to former directors and group management members No former directors and group management members or persons connected with them received any remuneration or fees during the year.

Year-end balances with related parties

CHF million	2013	2012[1]
Receivables from pension funds	15.3	15.0
Receivables from associates	0.3	0.2
Payables to pension funds	2.9	4.3
Payables to associates	1.3	3.2
Payables to other related parties	1.1	–

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

In 2013, products worth CHF 61.7 million (2012: CHF 66.3 million) were purchased from associates. The sales generated with associates amounted to CHF 2.1 million (CHF 1.5 million). Cost of materials and consumables used with associated companies amounted to CHF 1.4 million. Sale of land to the pension fund foundation in Switzerland resulted in a gain of CHF 3.4 million.

23 Financial risk management

Risk policy and organisation The Group's international operations expose it to a variety of financial risks, such as credit risk, liquidity risk and price or market risk. Bucher Industries has a functional and effective risk management system in place, employing clearly defined procedures for efficient risk management and mitigation. Risk management is an integral part of the planning and implementation of the business strategy. Responsibilities for risk management are clearly assigned and regulated. The board of directors establishes the risk management policy guidelines and sets the risk limits for the Group. In addition, it monitors compliance with the defined risk management mechanisms and their application. Group management is responsible for ensuring that the risk management policy approved by the board of directors is implemented operationally within the Group and delegates the necessary duties. It monitors compliance with the risk limits and decides what risk transfer instruments are used. In addition, group management ensures the soundness of the risk management process and adequate technical resources to keep the risk management system functioning at all times. Group treasury qualifies and quantifies all financial risks in the Group using modern risk analysis systems and methods, and manages them in accordance with the criteria set out in the risk policy. The divisions and their respective operational units are responsible for managing operational risks.

Directors' risk report Bucher Industries applies a risk management and control system that identifies the Group's risks and allows the board of directors and group management to realistically assess, monitor and manage the risks. Identifiable risks are classified according to their likelihood and impact and are covered in the risk report prepared annually. The board of directors analyses the risk report from group management in detail, discusses the proposed measures and adapts them where necessary. The directors and group management receive monthly and/or quarterly information from the management information system (MIS), giving them an overview of the status of performance and financial results as well as information and assessments concerning aspects of risk and capital management. Within the framework of the internal control system, the control activities for the Group have been defined within financial reporting to allow the financial risks to be identified, monitored and avoided. In the case of financial risks, the Group differentiates between credit, liquidity and market risks.

Carrying amounts/fair values of financial assets and liabilities by category

CHF million	Available-for-sale	At fair value through profit or loss	At amortised cost	Held for hedge accounting	Carrying amount	Fair value
						2013
Cash and cash equivalents	–	423.1	–		**423.1**	423.1
Short-term investments	27.7	4.9	–		**32.6**	32.6
Trade receivables	–	–	439.4		**439.4**	439.4
Other receivables	–	–	30.7		**30.7**	30.7
Other financial assets	0.2	–	17.5		**17.7**	17.7
Trade payables		–	– 261.2		**– 261.2**	– 261.2
Other liabilities		–	– 29.9		**– 29.9**	– 29.9
Financial liabilities		–	– 455.8		**– 455.8**	– 466.1
Non-derivative financial instruments	**27.9**	**428.0**	**– 259.3**		**196.6**	**186.3**
Forward currency contract (asset)		6.7		1.6	**8.3**	8.3
Forward currency contract (liability)		– 1.9		– 0.4	**– 2.3**	– 2.3
Interest rate contract (asset)		0.4		–	**0.4**	0.4
Interest rate contract (liability)		– 0.1		–	**– 0.1**	– 0.1
Derivative financial instruments		**5.1**		**1.2**	**6.3**	**6.3**
						2012
Cash and cash equivalents	–	278.7	145.9		**424.6**	424.6
Short-term investments	53.4	2.3	–		**55.7**	55.7
Trade receivables	–	–	414.8		**414.8**	414.8
Other receivables	–	–	26.4		**26.4**	26.4
Other financial assets	0.2	–	19.2		**19.4**	19.4
Trade payables		–	– 238.4		**– 238.4**	– 238.4
Other liabilities		–	– 28.3		**– 28.3**	– 28.3
Financial liabilities		–	– 499.7		**– 499.7**	– 517.6
Non-derivative financial instruments	**53.6**	**281.0**	**– 160.1**		**174.5**	**156.6**
Forward currency contract (asset)		3.8		2.8	**6.6**	6.6
Forward currency contract (liability)		– 1.3		– 0.1	**– 1.4**	– 1.4
Derivative financial instruments		**2.5**		**2.7**	**5.2**	**5.2**

Fair Values With the exception of contingent considerations of CHF 6.5 million, the fair values disclosed are based on observable market data at the end of the reporting period (level 2). The short-term investments were similarly classified as level 2 (2012: level 1). There is no observable market data available regarding the contingent considerations classified as other liabilities. The valuation is primarily based on specific data from the Kuhn Krause, USA, and Bucher Hidráulica, Brazil, acquisitions (level 3).

To determine the fair values, future payments are discounted at the balance sheet date, using projections based on financial budgets approved by management. Dependent on the achievement of targets, payments are budgeted for Kuhn Krause, USA, until 2014, and for Bucher Hidráulica, Brazil, until 2016. In the case of Bucher Hidráulica, the payments have an upper limit and the maximum amount that can be paid out is CHF 3.2 million. Revaluation of the payment obligations led to a decrease of CHF 1.3 million, which was recognised under other operating expenses.

Contingent considerations

CHF million	2013	2012
Balance at 1 January	7.2	4.7
Acquisition/disposal of subsidiaries	1.3	–
Revaluation	−1.3	2.6
Paid during year	−0.4	−0.2
Exchange differences	−0.3	0.1
Balance at 31 December	6.5	7.2

Credit risk Credit risk arises from the possibility of partial or total default on contractual payments and/or performance obligations. It also includes exposure to losses in the value of financial items due to deterioration in credit quality or counterparty risks under financial contracts.

Each of the individual businesses is responsible for operational credit risk as part of their receivables management. They determine the credit terms and monitor payment from customers, taking into account their past payment history (for existing customers) and an analysis of their credit quality (for new and existing customers). In the reporting year, the credit risk on trade receivables was limited due to the Group's diversified customer base. Its customers operate in different industries spread across diverse geographical areas worldwide as shown in the segment analysis in note 1. As a result, the Group had no cluster risk. In addition, credit risk was minimised by security in the form of credit insurance, advance payment schemes, letters of credit and bank guarantees. Further details of receivables, the calculation of the provision for impairment and movements in the provision are set out in note 4.

Bucher Industries invested its free cash and cash equivalents in the form of short-term money-market investments with banking institutions that have a first-class international risk rating. The Group had no concentration of credit risk associated with receivables from banks. Its banking relationships included relationships with local banks so they were widely spread geographically. In addition, it also made short-term financial investments in marketable securities with high credit ratings. The maximum credit risk is stated in the consolidated balance sheet through the carrying amounts of financial assets.

Liquidity risk Bucher Industries defines liquidity risk as the risk that the Group and/or any of its subsidiaries may not have sufficient financial resources available to meet all of the payment obligations at any time. Group treasury is responsible for liquidity management. In its function as an in-house bank, its role is to provide the Group with sufficient liquidity at all times and in the currency required. The necessary funds are raised as and when required in the money and capital markets. In order to anticipate and manage liquidity requirements, Group treasury conducts short- to medium-term liquidity planning in coordination with the businesses' finance departments to forecast future cash flows and financial commitments in each currency. The calculated liquidity requirements are always matched with existing credit facilities so that appropriate measures can be taken in good time to ensure the ability to meet current and future financial obligations.

Maturity analysis shows the contractual cash flows, including interest and redemption payments. The contractual payments are measured from the earliest possible date on which Bucher Industries could be required to pay. Future variable interest payments are calculated at the rates valid on 31 December.

Liquidity analysis

CHF million	Within 1 year	From 1 to 5 years	More than 5 years	Total	Carrying amount
					2013
Trade payables	−261.2	–	–	**−261.2**	−261.2
Other liabilities	−21.4	−2.5	−6.5	**−30.4**	−29.9
Financial liabilities	−292.2	−171.6	−10.9	**−474.7**	−455.8
Non-derivative financial instruments	**−574.8**	**−174.1**	**−17.4**	**−766.3**	**−746.9**
Forward currency contract (asset)	582.9	53.4	–	**636.3**	
Forward currency contract (liability)	−577.0	−53.3	–	**−630.3**	
Interest rate contract (asset)	0.4	–	–	**0.4**	
Interest rate contract (liability)	−0.1	–	–	**−0.1**	
Derivative financial instruments	**6.2**	**0.1**	**–**	**6.3**	**6.3**
					2012
Trade payables	−238.4	–	–	**−238.4**	−238.4
Other liabilities	−17.9	−4.7	−5.9	**−28.5**	−28.3
Financial liabilities	−165.7	−355.8	−5.5	**−527.0**	−499.7
Non-derivative financial instruments	**−422.0**	**−360.5**	**−11.4**	**−793.9**	**−766.4**
Forward currency contract (asset)	499.3	57.9	–	**557.2**	
Forward currency contract (liability)	−495.2	−56.8	–	**−552.0**	
Derivative financial instruments	**4.1**	**1.1**	**–**	**5.2**	**5.2**

Market risk Market risk comprises three types of risk: price risk, interest rate risk and foreign currency risk. Market risk may reduce the fair value of assets and liabilities and/or profit and loss items because of changes in risk factors, such as foreign exchange rates and interest rates. Interest rate and exchange rate risk exposures are regularly quantified using a value-at-risk approach, analysed by means of risk simulations and then reported to group management.

Foreign currency risk Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency other than the local entity's functional currency. As the Group operates internationally, Bucher Industries is mainly exposed to the risk of changes in the exchange rates of the euro, US dollar, British pound and Swedish krona in its most important sales and procurement markets. Individual subsidiaries' cash inflows and outflows denominated in foreign currencies are hedged by group treasury using appropriate financial instruments based on the respective underlying transactions. Hedging transactions are entered into only with financial institutions that have first-class credit ratings. Outstanding derivative financial instruments are recorded as current or non-current other receivables or payables as applicable. Derivative financial instruments are measured at fair value. Where hedge accounting is applied, value fluctuations are recognised in other comprehensive income and otherwise in the income statement. When the underlying transaction has been booked or the conditions for hedge accounting no longer apply, the corresponding amounts accumulated in other comprehensive income are transferred to the income statement. In the course of the reporting year, CHF 5.5 million (2012: CHF 1.6 million) was transferred from other comprehensive income to the income statement.

The Group has investments in foreign operations, whose assets and liabilities are exposed to foreign currency translation risk arising on translation into the Group's presentation currency (Swiss francs). This translation risk is not hedged. The following exchange rates were used to translate the principal currencies in the Group into Swiss francs:

	Income statement average rates		Balance sheet closing rates	
	2013	**2012**	**2013**	**2012**
1 EUR	1.2274	1.2052	1.2276	1.2072
1 GBP	1.4486	1.4818	1.4725	1.4792
1 USD	0.9233	0.9326	0.8901	0.9150
1 BRL	0.4289	0.4793	0.3768	0.4465
1 AUD	0.8913	0.9672	0.7960	0.9497
1 CNY	0.1501	0.1480	0.1470	0.1468
100 SEK	14.1700	13.8600	13.8600	14.0700

Interest and price risk The Group invested in money market instruments and bonds in compliance with the Group's investment guidelines. The interest and price risk associated with these positions was monitored on an ongoing basis.

Value at risk Value at risk (VaR) is a measure used to quantify likely future changes in the value of financial items. VaR shows the maximum loss in value of a risk factor portfolio that could arise with a given probability (confidence level) over a specific holding period. The potential loss reported is assessed and analysed in the context of the Group's defined risk capacity. Based on this analysis, financial items are either restructured or hedged using financial derivatives where necessary.

The following VaR figures are based on a confidence level of 90% and a holding period of 30 days.

CHF million

	2013	2012
Foreign currency risk	– 9.8	– 6.4
Interest risk	– 0.9	– 0.7
Correlation	4.9	5.7
Total VaR	**– 5.8**	**– 1.4**

The significant increase in the overall VaR measures is essentially due to the marked increase in interest rate and currency volatility compared with the previous year. The lower correlation effects led in the reporting period to a significantly higher risk contribution from foreign currency positions. Moreover, the interest risk was increased by long-term follow-up financing contracts.

24 Capital management

The capital managed by Bucher Industries represents consolidated equity. The Group's objectives when managing its capital structure are to:

- ensure that the Group will have sufficient liquidity to meet its financial obligations at all times, while maintaining a healthy and solid balance sheet structure;
- secure adequate credit facilities and maintain its high credit rating;
- ensure the necessary financial flexibility to fund organic growth, as well as future capital expenditure and acquisitions;
- provide an adequate return to capital providers commensurate with the level of risk.

The Group may manage its capital structure either by adjusting the amount of dividends or by initiating share buy-back programmes, issuing new shares and raising or repaying debt.

By continuously monitoring the ratios set out below, Bucher Industries ensures that the appropriate and necessary action to adjust equity will be taken in a timely manner if required.

	2013	2012[1)]
Interest coverage ratio (EBITDA to net interest expense)	30.5	24.1
Debt payback period (net debt to EBITDA)	–	0.1
Gearing ratio (net debt to equity)	–	2.2%
Equity ratio (equity to total assets)	44.1%	39.4%
Quick ratio (current assets less inventory to current liabilities)	90.1%	103.6%

1) 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.

25 Contingent liabilities

Contingent liabilities amounting to CHF 3.2 million (2012: CHF 2.0 million) consist of guarantees given in respect of goods sold and services provided. The amount represents the maximum amount of the obligations assumed. It is not anticipated that any outflows of funds will arise from these contingent liabilities.

26 Pledged assets

The Group had no assets pledged in the reporting year (2012: CHF 0.5 million).

27 Commitments

Fixed-term operating leases

CHF million

	2013	2012
Minimum lease payments, within 1 year	7.7	7.2
Minimum lease payments, from 1 to 5 years	14.3	14.4
Minimum lease payments, more than 5 years	12.8	13.2
Minimum lease payments	**34.8**	**34.8**

The Group has entered into operating leases for the use of buildings, items of machinery and vehicles.

Other commitments As in the previous year, the Group did not enter into any commitments to purchase plant and equipment.

28 Events after the reporting period

On 28 February 2014, the board of directors approved the consolidated financial statements for publication, subject to formal approval by the annual general meeting on 10 April 2014.

When the consolidated financial statements were finalised on 28 February 2014, neither the board of directors nor group management was aware of any events that would have a material impact on the consolidated financial statements presented.

29 Group companies

Company, place of incorporation	Country	Currency	Share capital	Division	Activities			Group interest % 2013	2012
Bucher Industries Ltd, Niederweningen	CH	CHF	2 050 000	O			S		
Bucher-Guyer Ltd, Niederweningen	CH	CHF	10 000 000	O			S	100	100
Bucher Industries France SAS, Entzheim	FR	EUR	311 210 000	O			S	100	100
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4 500 000	O			S	100	100
Bucher Beteiligungsverwaltung AG, Munich	DE	EUR	50 000	O			S	100	–
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250 000	O			S	100	100
Bucher BG Finanz Ltd, Steinhausen	CH	CHF	26 505 000	O			S	100	100
Bucher Finance Ltd, St. Helier, Jersey	GB	EUR	51 000	O			S	100	100
Kuhn Germany GmbH, Freiburg	DE	EUR	4 000 000	O			S	100	100
Bucher Immobilien AG, Langendorf	CH	CHF	200 000	O			S	100	100
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3 380 000	O			S	100	100
Bucher Industries US Inc., Enfield CT	US	USD	10 000 000	O			S	100	100
Bucher Investment GmbH, Steinhausen	CH	CHF	100 000	O			S	100	100
Bucher Management Ltd, Kloten	CH	CHF	6 600 000	O			S	100	100
Bucher Sudamerica Participações Ltda., São Paulo	BR	BRL	1 000	O			S	100	–
Kuhn Group SAS, Saverne	FR	EUR	300 100 000	O			S	100	100
Kuhn SA, Saverne	FR	EUR	19 488 000	KG	P	D		100	100
Kuhn-Blanchard SAS, Chéméré	FR	EUR	2 000 000	KG	P	D		100	100
Kuhn-Geldrop B.V., Geldrop	NL	EUR	15 000 000	KG	P	D		100	100
Contifonte SA, Saverne	FR	EUR	48 000	KG	P	D		98	98
Kuhn North America, Inc., Brodhead WI	US	USD	10 000	KG	P	D		100	100
Kuhn Krause, Inc., Hutchinson KS	US	USD	4 462 000	KG	P	D		100	100
Kuhn do Brasil S/A, Passo Fundo	BR	BRL	11 181 000	KG	P	D		100	100
Kuhn MGM SAS, Monswiller	FR	EUR	2 000 000	KG	P	D		99	99
Kuhn-Audureau SA, La Copechagnière	FR	EUR	4 070 000	KG	P	D		100	100
Kuhn-Huard SA, Châteaubriant	FR	EUR	4 800 000	KG	P	D		100	100
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150 000	KG		D		100	100
Kuhn Farm Machinery Ltd, Telford	GB	GBP	100 000	KG		D		100	100
Kuhn Farm Machinery Pty Ltd, Warragul VIC	AU	AUD	100 000	KG		D		100	100
Kuhn Farm Machinery Sarl, Kiev	UA	UAH	650 000	KG		D		100	100
Kuhn Ibérica SA, Daganzo	ES	EUR	100 000	KG		D		100	100
Kuhn Italia Srl., Melegnano	IT	EUR	520 000	KG		D		100	100
Kuhn Maschinen-Vertrieb GmbH, Schopsdorf	DE	EUR	300 000	KG		D		100	100
Kuhn Maszyny Rolnicze Sp.z.o.o., Suchy Las	PL	PLN	3 536 000	KG		D		100	100
Kuhn Vostok LLC, Moscow	RU	RUB	10 000 000	KG		D		100	100
Kuhn Parts SAS, Saverne	FR	EUR	5 000 000	KG		D		100	100
Kuhn Argentina, Buenos Aires	AR	ARS	500 000	KG		D		100	–
Kuhn Tianjin Farm Machinery Ltd, Tianjin	CN	CNY	5 045 000	KG		D		100	–

Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities			Group interest % 2013	2012
Bucher Schörling Ltd, Niederweningen	CH	CHF	10 000 000	BM	P	D	S	100	100
Bucher Schörling GmbH, Hanover	DE	EUR	3 000 000	BM		D		100	100
Bucher Schörling Korea Ltd, Seoul	KR	KRW	350 000 000	BM	P	D		100	100
SIA Bucher Schoerling Baltic, Ventspils	LV	LVL	2 551 500	BM	P	D		100	100
Giletta S.p.A., Revello	IT	EUR	1 250 000	BM	P	D		60	50[1]
Arvel Industries Sàrl, Coudes	FR	EUR	200 000	BM	P	D		60	50[1]
Tecvia Eurl, Lyon	FR	EUR	38 112	BM		D		60	50[1]
Maquiasfalt SL, Madrid	ES	EUR	30 000	BM		D		60	50[1]
Giletta LLC, Kaluga	RU	RUB	420 000	BM	P			60	–
Gmeiner GmbH, Kümmersbruck	DE	EUR	26 000	BM	P	D		60	100
Johnston Sweepers Ltd, Dorking	GB	GBP	8 000	BM	P	D		100	100
Beam A/S, Them	DK	DKK	5 000 000	BM	P	D		100	100
Johnston North America Inc., Mooresville NC	US	USD	500 000	BM		D		100	100
MacDonald Johnston Ltd, Clayton North	AU	AUD	5 901 000	BM	P	D		100	100
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4 000 000	BH	P	D		100	100
Bucher Hydraulics Dachau GmbH, Dachau	DE	EUR	30 000	BH	P	D		100	100
Bucher Hydraulics SAS, Rixheim	FR	EUR	200 000	BH		D		100	100
Bucher Hydraulics Ltd, Nuneaton	GB	GBP	10 000	BH		D		100	100
Bucher Hydraulics AG, Neuheim	CH	CHF	1 200 000	BH	P	D		100	100
Suzhou Bucher Hydraulics Co. Ltd, Wujiang	CN	CNY	13 640 000	BH	P	D		100	100
Bucher Hydraulics Remscheid GmbH, Remscheid	DE	EUR	25 000	BH	P	D		100	100
Bucher Hidrolik Sistemleri Tic. Ltd Sti., Istanbul	TR	TRY	26 000	BH		D		100	100
Bucher Hydraulics KK, Tokyo	JP	JPY	10 000 000	BH		D		85	85
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300 000	BH	P	D		100	100
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	BH	P	D		100	100
Bucher Hydraulics Ltd, New Delhi	IN	INR	26 200 000	BH	P	D		100	100
Bucher Hydraulics Inc., Grand Rapids	US	USD	12 150 000	BH	P	D		100	100
Bucher Hydraulics Corp., London	CA	CAD	75 000	BH	P	D		100	100
Bucher Hydraulics Erding GmbH, Erding	DE	EUR	25 000	BH	P	D		100	–
Bucher Hidráulica Ltda., Porto Alegre	BR	BRL	6 830 000	BH	P	D		100	–

1) Control obtained because of the power to cast the majority of votes at meetings of Board of Directors.
2) Jetter's shares are traded on the Xetra exchange in Frankfurt (ISIN: DE0006264005). Market capitalisation at 31 December 2013: EUR 22.7 Mio.
Divisions: KG Kuhn Group, BM Bucher Municipal, BH Bucher Hydraulics, BEG Bucher Emhart Glass, BSp Bucher Specials, O Other
Activities: P Production, D Distribution, S Services

Company, place of incorporation	Country	Currency	Share capital	Division	Activities	Group interest % 2013	Group interest % 2012
Emhart Glass SA, Steinhausen	CH	CHF	10 000 000	BEG	D S	100	100
Emhart Glass Manufacturing Inc., Elmira NY	US	USD	1 000	BEG	P	100	100
Emhart Glass Sdn Bhd., Ulu Tiram Johor	MY	MYR	500 000	BEG	P	100	100
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30 000 000	BEG	P	100	100
Emhart Glass GmbH, Neuss	DE	EUR	50 000	BEG	S	100	100
Emhart Glass Inc., Windsor CT	US	USD	2	BEG	S	100	100
Emhart Glass International SA, Steinhausen	CH	CHF	100 000	BEG	S	100	100
Emhart Glass Japan Pte. Ltd, Singapore	SG	JPY	100	BEG	S	100	100
Emhart Glass Japan Co Ltd, Kawasaki	JP	JPY	10 000 000	BEG	S	100	100
Emhart Glass Ltd, Manchester	GB	GBP	38 000	BEG	S	100	100
Emhart Glass OOO, Moscow	RU	RUB	10 000	BEG	S	100	100
Emhart Glass Pte. Ltd, Singapore	SG	SGD	2	BEG	S	100	100
Emhart Glass S.r.l., Savona	IT	EUR	320 000	BEG	S	100	100
Shandong Sanjin Glass Machinery Co. Ltd, Zibo	CN	CNY	72 000 000	BEG	P D	63	63
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	BSp	P D	100	100
Bucher Vaslin S.r.l., Romans d'Isonzo	IT	EUR	100 000	BSp	D	100	100
Bucher Vaslin North America, Inc., Sebastopol CA	US	USD	88 000	BSp	D	100	100
Bucher Vaslin Sudamérica, Santiago de Chile	CL	CLP	92 400 000	BSp	P D	100	100
Bucher Unipektin Ltd, Niederweningen	CH	CHF	600 000	BSp	P D	100	100
Beijing, Bucher Unipektin Equipment Co. Ltd, China	CN	CNY	3 098 895	BSp	D	100	100
Bucher-Alimentech Ltd, Auckland	NZ	NZD	2 503 000	BSp	D	100	100
Bucher-Zédrys SA, Chalonnes-sur-Loire	FR	EUR	250 000	BSp	S	100	100
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36 336	BSp	D	100	100
Bucher Filtrox Systems AG, St. Gallen	CH	CHF	500 000	BSp	P D	100	–
Bucher Landtechnik AG, Niederweningen	CH	CHF	4 000 000	BSp	D	100	100
Jetter AG, Ludwigsburg[2)]	DE	EUR	3 241 061	BSp	P D	77	29
futronic GmbH, Tettnang	DE	EUR	260 000	BSp	P D	77	29

Report of the statutory auditor

pwc

To the general meeting of Bucher Industries AG, Niederweningen

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Bucher Industries AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 66 to 123), for the year ended 31 December 2013.

Board of directors' responsibility The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

PricewaterhouseCoopers AG

Christian Kessler Audit expert Auditor in charge	Ralf Zwick Audit expert

Zurich, 28 February 2014

Balance sheet of Bucher Industries AG at 31 December 2013

CHF 1 000	Note	2013	2012
Cash and cash equivalents		68 056	47 703
Receivables from group companies		55 704	74 409
Other receivables		10 437	6 839
Current assets		**134 197**	**128 951**
Loans to group companies	1	677 861	554 198
Investments	2	698 633	689 594
Intangible assets		412	576
Non-current assets		**1 376 906**	**1 244 368**
Assets		**1 511 103**	**1 373 319**
Bond	3	200 000	–
Private placements	3	–	33 305
Short-term bank borrowings		64 719	95 000
Current payables to group companies		455 831	289 736
Other current liabilities		7 517	8 003
Current liabilities		**728 067**	**426 044**
Bond	3	–	200 000
Private placements	3	19 983	19 983
Long-term bank borrowings		105 000	94 355
Provisions	4	4 526	3 010
Non-current liabilities		**129 509**	**317 348**
Share capital	5	2 050	2 050
Statutory reserve		70 610	70 610
Distributable reserve		476 834	476 834
Retained earnings		29 183	39 007
Profit/(loss) for the year		74 850	41 426
Equity		**653 527**	**629 927**
Liabilities and equity		**1 511 103**	**1 373 319**

Income statement of Bucher Industries AG for the year ended 31 December 2013

CHF 1 000	Note	2013	2012
Income from investments	7	70 546	48 075
Finance income	8	92 357	94 088
Royalty income from group companies	9	13 182	12 455
Gain on sale of non-current assets	2	2 012	–
Income		**178 097**	**154 618**
Administrative expenses		4 727	4 715
Finance costs	10	96 897	96 025
Amortisation of intangible assets		–	13 723
Income tax expense		1 623	– 1 271
Expenses		**103 247**	**113 192**
Profit/(loss) for the year		**74 850**	**41 426**

Notes to the financial statements of Bucher Industries AG

Applying the transitional provisions of the new accounting law, these financial statements have been prepared in accordance with the provisions on accounting and financial reporting of the Swiss Code of Obligations effective until 31 December 2012.

1 Loans to group companies

Serving as the central source of financing for the Group, Bucher Industries AG provides adequate equity funding and grants loans to group companies.

2 Investments

End of September, Bucher Industries presented a voluntary public tender offer to the shareholders of Jetter AG, Ludwigsburg, Germany, at a price of EUR 7.00 per share. In connection with the acquisition, Bucher Industries AG sold the 29.98% interest it already owned to Bucher Beteiligungsverwaltung AG, Munich, Germany. The sale resulted in a gain of CHF 2.0 million, which was disclosed under "gain on sale of non-current assets". Further information about Bucher Industries AG's direct and indirect investments in subsidiaries and associates is presented in the list of group companies on pages 121 to 123 of the annual report.

3 Bonds

The bond with a par value of CHF 200.0 million issued in 2009 matures on 2 October 2014 and was reclassified under current liabilities. Further information on the bond and private placements is disclosed on page 96 of the annual report.

4 Provisions

Provisions have been formed for business risks and taxes.

5 Share capital

Bucher Industries AG has authorised but unissued capital representing a maximum of 1 184 100 registered shares of CHF 0.20 each, which is reserved for the exercise of warrants or conversion rights attached to bonds and of options under rights issued to shareholders. The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement and represented by Rudolf Hauser, Zurich, holds a total of 35.16% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005 and subsequent to the capital reduction in June 2012. The essence of the shareholders' agreement and the number of shares held by individual group members have not been published. At the reporting date, Bucher Beteiligungs-Stiftung held 2.22% of the issued share capital, the voting rights attached to such shares being suspended in accordance with article 659a paragraph 1 of the Swiss Code of Obligations. According to disclosure notifications submitted to Bucher Industries AG and SIX Swiss Exchange, Norges Bank, Oslo, Norway, and BlackRock Inc., New York, USA, hold, directly or indirectly via various subsidiaries, a stake in the registered share capital of Bucher Industries AG of more than 3% each. Up to the date of approval of the company's financial statements, the board of Bucher Industries AG was not aware of any other shareholders, or groups of shareholders subject to voting agreements, who held more than 3% of the total voting rights.

6 Contingent liabilities

The company has incurred contingent liabilities to cover group companies' obligations to banks in respect of credit and cash pool agreements. The maximum exposure was CHF 89.0 million (2012: CHF 84.8 million). The amount claimed at the reporting date was CHF 22.4 million (CHF 36.3 million).

7 Income from investments

Income from investments comprised dividends received from directly related group companies.

8 Finance income

Finance income consisted of interest on loans granted to group companies, foreign exchange gains and income from cash and liquid assets.

9 Royalty income

Royalty income consisted of fees charged to group companies for the use of brand names.

10 Finance costs

Finance costs represented interest expense on outstanding bonds, bank borrowings and payables to group companies as well as foreign exchange losses.

11 Impairment charges

For the reporting period, management saw no need for any impairment charges.

12 Risk assessment procedure

Bucher Industries AG is the parent company of the Bucher Industries Group. A risk assessment process covering all the Group's operations takes place at group level (see the risk report in the notes to the consolidated financial statements). The risk exposures of Bucher Industries AG have therefore been assessed from the perspective of the Group as a whole and the required measures adopted where considered necessary.

Disclosure of remuneration and interests

Directors’ remuneration

CHF 1 000	Base salary	Share awards		Social security and pension benefits	Other remuneration	Total	Paid in cash
		Number	Value				
							2013
Rolf Broglie, chairman	225.0	332	75.0	24.1	14.0	**338.1**	239.0
Anita Hauser, deputy chairman	52.5	233	52.5	11.6	12.0	**128.6**	64.5
Ernst Bärtschi	45.0	200	45.0	10.1	12.0	**112.1**	57.0
Claude R. Cornaz	45.0	200	45.0	10.1	12.0	**112.1**	57.0
Michael Hauser	45.0	200	45.0	10.1	12.0	**112.1**	57.0
Heinrich Spoerry	45.0	200	45.0	10.1	12.0	**112.1**	57.0
Directors	**457.5**	**1 365**	**307.5**	**76.1**	**74.0**	**915.1**	**531.5**
							2012
Rolf Broglie, chairman	210.0	346	60.0	21.1	14.0	**305.1**	224.0
Anita Hauser, deputy chairman	52.5	303	52.5	11.6	12.0	**128.6**	64.5
Ernst Bärtschi	45.0	260	45.0	10.1	12.0	**112.1**	57.0
Thomas W. Bechtler	45.0	260	45.0	10.1	12.0	**112.1**	57.0
Claude R. Cornaz	45.0	260	45.0	9.1	2.0	**101.1**	47.0
Michael Hauser	45.0	260	45.0	10.1	12.0	**112.1**	57.0
Heinrich Spoerry	45.0	260	45.0	10.1	12.0	**112.1**	57.0
Directors	**487.5**	**1 949**	**337.5**	**82.2**	**76.0**	**983.2**	**563.5**

Share awards to directors comprised directors’ fees. Share awards were granted and valued at the average share price of CHF 226.00 (2012: CHF 173.50) for the year. Other remuneration included expenses and fees for service on the board committees.

Remuneration to former directors and group management members No former directors and group management members or persons connected with them received any remuneration or fees during the year.

Group management remuneration

CHF 1 000	Base salary	Cash bonus	Share awards under share plans			Social security and pension benefits	Other remuneration	Total	Paid in cash
			BEPP Number	BPP Number	Value				
									2013
Philip Mosimann, CEO	860.0	494.5	2 360	401	734.4	439.1	19.2	**2 547.2**	1 373.7
Other members	2 718.4	906.1	1 958	1 192	837.9	1 017.5	30.0	**5 509.9**	3 654.5
Group management	**3 578.4**	**1 400.6**	**4 318**	**1 593**	**1 572.3**	**1 456.6**	**49.2**	**8 057.1**	**5 028.2**
									2012
Philip Mosimann, CEO	860.0	473.0	2 801	515	626.7	370.7	19.2	**2 349.6**	1 352.2
Other members	2 662.6	806.5	2 338	1 520	729.2	905.5	30.0	**5 133.8**	3 499.1
Group management	**3 522.6**	**1 279.5**	**5 139**	**2 035**	**1 355.9**	**1 276.2**	**49.2**	**7 483.4**	**4 851.3**

The shares awarded to group management members for the reporting year are based on the Bucher share plans. The shares awarded represent a fixed percentage of base salary and the level of target achievement during the year. The number of shares awarded under the Bucher Executive Share Plan (BEPP) was calculated using the average share price of CHF 226.00 (2012: CHF 173.50) for the year and those under the Bucher Share Plan (BPP) using a share price of CHF 266.00 (CHF 189.00), representing the average share price during the first three weeks of January 2014. All shares awarded were valued at CHF 266.00 (CHF 189.00).

Further details are set out in the remuneration report on pages 52 to 57 of this annual report.

Directors' interests in shares

	Number of shares	
	2013	**2012**
Rolf Broglie, chairman	13 444	13 008
Anita Hauser, deputy chairman	439 082	438 779
Ernst Bärtschi	2 628	4 368
Claude R. Cornaz	5 498	5 238
Michael Hauser	604 268	604 008
Heinrich Spoerry	3 036	2 776
Directors	**1 067 956**	**1 068 177**

The directors did not hold any share options on 31 December 2013.

Group management's interests in shares and share options

		Number of shares		Number of options	
		2013	**2012**	**2013**	**2012**
Philip Mosimann	CEO	55 642	52 478	10 800	15 300
Roger Baillod	CFO	11 135	13 072	5 400	6 600
Jean-Pierre Bernheim	Bucher Vaslin	5 112	8 960	8 400	10 480
Michael Häusermann	Bucher Municipal	6 894	7 006	5 400	12 000
Martin Jetter	Bucher Emhart Glass	2 121	1 652	3 000	6 000
Michel Siebert	Kuhn Group	12 088	7 145	2 000	10 200
Daniel Waller	Bucher Hydraulics	7 116	6 419	11 400	11 400
Group management		**100 108**	**96 732**	**46 400**	**71 980**

		Number of options					
Grant year		**2009**	**2008**	**2007**	**2006**	**2005**	**Total**
Exercise price (CHF)		115.00	149.00	221.00	116.00	108.00	
Staggered vesting over 4 years		2010 – 2013	2009 – 2012	2008 – 2011	2007 – 2010	2006 – 2009	
Life (years)		10	10	10	10	10	
Philip Mosimann	CEO	3 600	3 600	3 600	–	–	**10 800**
Roger Baillod	CFO	2 400	1 800	1 200	–	–	**5 400**
Jean-Pierre Bernheim	Bucher Vaslin	1 800	1 800	2 400	2 400	–	**8 400**
Michael Häusermann	Bucher Municipal	600	2 400	2 400	–	–	**5 400**
Martin Jetter	Bucher Emhart Glass	600	–	2 400	–	–	**3 000**
Michel Siebert	Kuhn Group	–	–	2 000	–	–	**2 000**
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	2 400	1 800	**11 400**
Group management		**11 400**	**12 000**	**16 400**	**4 800**	**1 800**	**46 400**

No share options have been granted since the 2010 financial year. Share options granted in respect of previous reporting years remain valid as originally provided. Each option entitles the holder to purchase one share.

Board of directors’ proposal

Appropriation of retained earnings

CHF	
Profit for 2013	74 850 194
Retained earnings brought forward	29 182 505
Retained earnings available for distribution	**104 032 699**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 6.50 per dividend-bearing share of CHF 0.20 each	66 625 000
Transfer to distributable reserve	–
Balance to be carried forward	37 407 699
Total	**104 032 699**

Report of the statutory auditor

To the general meeting of Bucher Industries AG, Niederweningen

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Bucher Industries AG, which comprise the balance sheet, income statement and notes (pages 126 to 133), for the year ended 31 December 2013.

Board of directors' responsibility The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Christian Kessler	Ralf Zwick
Audit expert	Audit expert
Auditor in charge	

Zurich, 28 February 2014

Five-year summary

Group

CHF million		2013	2012[1]	2011	2010	2009
Order intake		2 718.2	2 490.4	2 587.5	2 216.5	1 797.4
Net sales		2 690.8	2 609.0	2 336.0	2 033.7	2 142.1
Order book		850.4	795.3	923.0	663.0	507.3
Operating profit before depreciation and amortisation (EBITDA)		371.1	306.9	259.9	223.9	189.7
As % of net sales		13.8%	11.8%	11.1%	11.0%	8.9%
Operating profit (EBIT) before impairment		287.1	231.7	190.2	151.4	111.7
As % of net sales		10.7%	8.9%	8.1%	7.4%	5.2%
Operating profit (EBIT)		287.1	231.7	190.2	151.4	25.8
As % of net sales		10.7%	8.9%	8.1%	7.4%	1.2%
Net financial items		– 11.4	– 12.6	– 18.4	– 10.8	– 18.8
Income tax expense		– 79.5	– 63.1	– 44.4	– 42.9	– 31.4
As % of profit before tax[2]		28.8%	28.8%	25.8%	30.5%	33.8%
Profit/(loss) for the year		196.2	156.0	127.4	97.7	– 24.4
As % of net sales		7.3%	6.0%	5.5%	4.8%	– 1.2%
Capital expenditure		136.6	96.5	118.3	65.8	58.5
Operating free cash flow		91.7	105.4	54.8	201.9	182.5
Development costs		90.5	80.8	74.4	73.2	75.9
Total assets		2 436.3	2 259.4	2 247.7	1 984.9	2 124.5
Cash, cash equivalents and short-term investments		455.7	480.3	467.1	548.4	505.2
Receivables		498.5	458.7	476.0	401.8	468.9
Inventories		632.9	582.1	587.9	451.3	485.2
Investments and other financial assets		44.5	50.5	49.0	46.8	51.0
Property, plant and equipment		569.7	478.0	449.2	366.1	408.5
Intangible assets		181.5	159.3	174.0	135.4	164.7
Current liabilities		1 059.1	906.5	877.4	646.0	711.2
Non-current liabilities		303.1	462.6	555.9	591.2	620.8
Total liabilities		1 362.2	1 369.1	1 433.3	1 237.2	1 332.0
Of which interest-bearing		455.8	499.7	538.6	529.4	623.3
Net cash/debt		– 0.1	– 19.4	– 71.5	19.0	– 118.1
Equity		1 074.1	890.3	814.4	747.7	792.5
Equity ratio		44.1%	39.4%	36.2%	37.7%	37.3%
Return on equity (ROE)		20.0%	18.3%	16.3%	12.7%	– 3.0%
Working capital		416.0	347.5	314.5	271.1	400.1
Net operating assets (NOA), average		1 061.3	969.6	827.8	849.2	1 114.1
Return on net operating assets (RONOA), after tax		19.3%	17.0%	17.0%	12.4%	1.5%
Number of employees at 31 December[3]		10 916	10 166	10 136	7 899	7 183
Average number of employees during year[3]		10 788	10 383	9 380	7 639	7 618
Net sales per employee	CHF 1 000	250	251	249	266	281

[1] 2012: retrospective restatement owing to first application of IAS 19 “Employee benefits (revised)”.
[2] 2009 tax rate before impairment. The effective tax rate after impairment was 448.6%.
[3] Expressed as full-time equivalents.

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