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Group financial review 2012

High sales growth despite variable markets Order intake was 3.8% down on the previous year at CHF 2 490.4 million. Adjusted for currency, acquisition and disposal effects, the decrease was 6.9%. Rising demand for specialised agricultural machinery and systems for wine production could not fully compensate for the slowdown in municipal vehicles, hydraulic systems and equipment for the glass container industry. Another significant factor was the absence of major orders at Bucher Municipal and Emhart Glass, whose order intake in 2011 included contracts of around CHF 62 million and CHF 40 million respectively. Sales of CHF 2 609.0 million in the reporting year were 11.7% higher than in 2011. Adjusted for currency, acquisition and disposal effects, the increase in sales compared with the previous year was 8.6%. The net acquisition and disposal effect was 3.3%. The currency effect on sales was negligible. Rising prices for agricultural produce underpinned strong demand for agricultural machinery. The market for municipal vehicles remained stable as expected, but Bucher Municipal sales received a boost of CHF 50 million from the smooth handling of the major order from the city of Moscow. Sales at Bucher Hydraulics were slightly higher than the previous year, despite the general weakening in the European market for hydraulic systems. Demand for new machines for the manufacture and inspection of glass containers picked up noticeably from mid-year, but the project business of Emhart Glass remained very volatile. Thanks to the full-year consolidation of Shandong Sanjin Glass Machinery Co., Ltd, Emhart Glass was able to increase sales over the previous year. Adjusted for the acquisition effect, sales were lower than the 2011 level. The development of the independent businesses consolidated under Bucher Specials showed a varied picture. The markets for winemaking equipment and equipment for processing fruit juice remained stable overall. The Swiss distributorship for tractors and agricultural machinery improved further on an already high level. As a result of the stability measures adopted by the Swiss National Bank, the negative currency influence on the consolidation in Swiss francs remained very low in the reporting year. Despite the difficult environment in some markets and economic uncertainties, the Group achieved a further improvement in sales, results and profitability. The order book at CHF 795.3 million was 13.8% below the exceptionally high value of the previous year, but at a satisfactory level, which made for a good start to the new year. Adjusted for currency, acquisition and disposal effects, the decrease was 14.6%. The Group's order backlog at the end of the reporting year was equivalent to 3.7 months' work based on full-year sales in 2012 (2011: 4.7 months).

The average exchange rates used for the income statement fell by 2.3% for the EUR/CHF, and rose by 5.3% for the USD/CHF, 1.1% for the SEK/CHF and 4.5% for the GBP/CHF. The rates used to translate the balance sheet were lower by 0.7% for the EUR/CHF and 2.6% for the USD/CHF, while the SEK/CHF was 3.2% and the GBP/CHF 1.6% higher.

Changes within the Group On 2 May 2012, Bucher Industries sold its 55% interest in Bucher Hydraulics Co., Ltd, Taiwan. At the beginning of June, the third and final tranche of the capital increase at Shandong Sanjin Glass Machinery Co., Ltd, China, was paid. The Group now holds 63% of Sanjin. On 13 September 2012, Giletta S.p.A. (Bucher Municipal) purchased specific assets from the Italian company Assaloni.com S.p.A., Lizzano in Belvedere.

Net sales

CHF million	2012	2011	% change
Net sales	2 609.0	2 336.0	11.7%
Net sales adjusted for currencies	2 609.9	2 336.0	11.7%
Net sales adjusted for acquisitions and disposals	2 529.4	2 334.2	8.4%
Net sales adjusted for currencies, acquisitions and disposals	2 535.9	2 334.2	8.6%

Improved profitability The Group benefitted from measures to cut costs and optimise structures that were implemented in previous years and continued in the reporting year. The Group also continued to attach importance to a balanced investment policy in the reporting year. As a result, Group profitability rose and the EBIT margin improved to 8.8% (2011: 8.1%). Operating profit rose by 20.5% to CHF 229.1 million, against which total restructuring costs of CHF 11.1 million were charged, mainly incurred for the Emhart Glass division, the rest related to Bucher Municipal and Bucher Specials. Group EBITDA rose by 17.1% to CHF 304.3 million. The EBITDA margin of 11.7% was held at the previous year's level, despite the recognition of special charges. Other operating expenses amounted to 12.5% (13.3%) of sales. Thanks to the deployment of temporary staff, it was possible to adapt employment costs flexibly to the level of capacity utilisation, and these decreased to 24.0% (25.0%) of sales.

Net financial items Net financial items amounted to negative CHF 12.6 million, compared with negative CHF 18.4 million in 2011. Net interest expense improved by CHF 2.2 million to negative CHF 12.8 million thanks to more favourable lending terms and reduction of bank loans. The net gain on financial instruments was CHF 1.3 million, slightly lower than the previous year's level of CHF 1.6 million. Changes in the fair value of financial instruments recognised in the fair value reserve in equity increased by CHF 0.4 million to CHF 6.6 million. Foreign exchange gains and losses netted to a loss of CHF 0.8 million (2011: loss of CHF 2.8 million). Realised foreign exchange gains from hedging transactions largely offset the unrealised foreign exchange losses on loans to Group entities. Net financial items include foreign exchange gains and losses on financial transactions, whereas foreign exchange gains of CHF 4.0 million (foreign exchange losses of CHF 1.7 million) have been recognised in operating profit (EBIT). The Group's share of profit/(loss) of associates was a profit of CHF 0.6 million (CHF 0.7 million).

Net financial items

CHF million	2012	2011
Interest expense on financial liabilities	− 16.9	− 17.7
Interest income on financial assets	4.1	2.7
Net interest expense	**− 12.8**	**− 15.0**
Net gain on financial instruments	1.3	1.6
Financial foreign exchange gains and losses	− 0.8	− 2.8
Share of profit/(loss) of associates	0.6	0.7
Other financial items	− 0.9	− 2.9
Net financial items	**− 12.6**	**− 18.4**

Tax rate and profit for the year Income tax expense increased to CHF 62.3 million (2011: CHF 44.4 million) because of the improved pre-tax result. The tax rate was 28.8% (25.8%). The increase is attributable, on the one hand, to increased realisation of profits in countries with higher tax rates and, on the other, to the fact that losses related to restructuring could not be capitalised. Group profit for the year reached CHF 154.2 million, an increase of 21.0% over the previous year. The return on sales was 5.9% (5.5%). Based on the higher profit for the year and the slightly lower average number of shares compared with the previous year, earnings per share rose by 22.5% to CHF 15.34 (CHF 12.52).

Solid balance sheet structure The varying market developments required a high degree of flexibility on the part of the divisions and independent businesses regarding the management of net operating assets. These amounted to CHF 900.6 million, against CHF 866.8 million a year earlier. The 3.9% increase is mainly attributable to the high production volume. However, it was possible to reduce net operating assets as a percentage of net sales from 37.1% to 34.5%, which was a satisfactory level. The return on net operating assets (RONOA) after tax was 16.8%, just exceeding the high target set by the Group and once again creating added value. Capital expenditure amounted to CHF 96.5 million, which is around the average level. The most important single projects were construction of the training and service centre in Saverne, the continuing expansion of the production plants of Kuhn Krause in the USA, Bucher Hydraulics in Klettgau, Germany, and MacDonald Johnston in Australia. Additional investments included the new CNC-machines at Sanjin in China and machinery at various Group companies. Thanks to the higher profit for the year and lower capital spending, Bucher Industries achieved a high operating free cash flow of CHF 105.4 million. In 2011, operating free cash flow was CHF 54.8 million. Taking into account the final payments of CHF 6.4 million relating to the share buy-back programme concluded in February 2012, as well as the higher dividend compared with the previous year of CHF 44.2 million, free cash flow was CHF 61.8 million (2011: negative CHF 74.5 million). The improvement is attributable to the lower expenditure on acquisitions and on the share buy-back programme. Net liquidity was negative CHF 19.4 million (negative CHF 71.5 million). The decrease in net debt by CHF 189.6 million since 30 June 2012 is mainly due to seasonal factors.

At the end of 2012, intangible assets amounted to CHF 159.3 million (2011: CHF 174.0 million). Goodwill changed to CHF 73.3 million (CHF 74.7 million) because of 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 17.4%, while that of goodwill to equity was 8.0% (21.4% and 9.2% respectively).

Equity increased by CHF 101.3 million to CHF 915.7 million at 31 December 2012. The profit for the year of CHF 154.2 million was countered by foreign exchange losses of CHF 10.9 million (2011: losses of CHF 12.0 million) on translation of foreign subsidiaries' equity, the dividends of CHF 44.2 million and charges arising from the share buy-back programme of CHF 4.0 million. The equity ratio rose by 4.4 percentage points to 40.6% (36.2%) and the return on equity was 17.8% (16.3%). At the end of the year, the Group had cash and liquid assets of CHF 480.3 million and financial liabilities of CHF 499.7 million. A total of CHF 270.0 million was available in unused committed credit facilities.

Return on net operating assets (RONOA) after tax

CHF million	2012	2011
Trade receivables	410.7	419.7
Inventories	582.1	587.9
Property, plant and equipment	478.0	449.2
Intangible assets	159.3	174.0
Other receivables	48.0	63.0
Trade payables	−238.4	−272.8
Advances from customers	−212.5	−235.3
Provisions	−71.5	−64.0
Other liabilities	−255.1	−254.9
Net operating assets (NOA)	**900.6**	**866.8**
Net operating assets (NOA), average	969.6	827.8
Operating profit (EBIT)	**229.1**	**190.2**
Return on net operating assets (RONOA) after tax	**16.8%**	**17.0%**

Cash flow/free cash flow

CHF million

	2012	2011
Net cash flow from operating activities	**199.9**	**171.5**
Purchases of property, plant and equipment	– 93.8	– 116.6
Proceeds from sale of property, plant and equipment	2.0	1.6
Purchases of intangible assets	– 2.7	– 1.7
Operating free cash flow	**105.4**	**54.8**
Purchases of short-term investments and financial assets	– 8.2	–
Proceeds from sale of short-term investments and financial assets	13.7	2.2
Acquisition	– 2.5	– 51.8
Disposal	0.9	0.7
Acquisition of associates	– 0.9	– 8.2
Purchases of treasury shares	– 6.4	– 43.8
Proceeds from sale of treasury shares	3.8	2.4
Dividend received	0.2	–
Dividend paid	– 44.2	– 30.8
Free cash flow	**61.8**	**– 74.5**

Employee numbers The number of employees rose by 0.3% year on year to 10 166 full-time equivalents at the reporting date. The average for the year was 10.7% higher. The influence of acquisitions and disposals was negligible. Thanks to the increased deployment of temporary staff, it was possible to adapt employment numbers with a high degree of flexibility to seasonal fluctuations and local economic trends. With Group sales increasing by 11.7%, net sales per employee increased slightly by 0.9% to CHF 251 000. Adjusted for currencies, acquisitions and disposals, net sales per employee amounted to CHF 244 000, a decrease of 2.0%.

Selected financial data

CHF million

	2012	2011
Net tangible worth (equity less goodwill)	842.4	739.7
Gearing ratio (net debt to equity)	2.1%	8.8%
Return on equity (ROE)	17.8%	16.3%
Interest coverage ratio (EBITDA to net interest expense)	23.8	17.3
Debt payback period (net debt to EBITDA)	0.1	0.3

Registered shares In a volatile stock market, Bucher's share price made steady progress until the end of April 2012. After that, it fell until mid-year, but then recovered steadily until the end of 2012 and closed above the previous year's level. The year-end price was CHF 180.00 (2011: CHF 164.20). The 52-week high was CHF 200.30, with a 52-week low of CHF 144.20. The company's market capitalisation reached CHF 1.8 billion at the year-end, representing a price/book ratio of 2.0. Earnings per share reached CHF 15.34, against CHF 12.52 a year earlier.

On 3 February 2012, Bucher Industries completed the share buy-back programme it had launched at the end of May 2011. Altogether, 315 900 registered shares, corresponding to 2.99% of the company's equity and with a total value of CHF 50.2 million, were repurchased. The average price per share was CHF 159.00. The reduction of the share capital approved by the annual general meeting on 12 April 2012 was duly carried out on 27 June 2012. The company's share capital following the capital reduction stands at CHF 2 050 000 (10 250 000 registered shares with a par value of CHF 0.20 each). Treasury shares and retained earnings were reduced by CHF 50.2 million.

Dividend In view of the Group's profit for the year, the outlook for 2013 and a consistent dividend policy, the board of directors proposes that the annual general meeting on 11 April 2013 approve payment of a higher dividend of CHF 5.00 per registered share (CHF 4.00). Based on the average share price of CHF 173.50 for 2012, the board's proposal represents a dividend yield of 2.9% (2.3%).

Consolidated balance sheet at 31 December 2012

CHF million	Note	2012	%	2011	%
Cash and cash equivalents		424.6	18.8	402.8	17.9
Short-term investments	3	55.7	2.5	64.3	2.9
Trade receivables	4	410.7	18.2	419.7	18.6
Current income tax assets		5.7	0.2	5.2	0.2
Other receivables	4	42.3	1.9	51.1	2.3
Inventories	5	582.1	25.8	587.9	26.2
Current assets		**1 521.1**	**67.4**	**1 531.0**	**68.1**
Long-term receivables	4	6.5	0.3	10.4	0.5
Property, plant and equipment	6	478.0	21.2	449.2	20.0
Intangible assets	7	159.3	7.1	174.0	7.7
Other financial assets	8	39.4	1.7	34.2	1.5
Investments in associates	9	16.4	0.7	14.8	0.7
Deferred income tax assets	19	35.6	1.6	34.1	1.5
Non-current assets		**735.2**	**32.6**	**716.7**	**31.9**
Assets		**2 256.3**	**100.0**	**2 247.7**	**100.0**
Financial liabilities	10	152.6	6.7	76.0	3.4
Trade payables		238.4	10.6	272.8	12.1
Advances from customers		212.5	9.4	235.3	10.5
Provisions	11	60.6	2.7	52.0	2.3
Other liabilities	12	200.2	8.9	208.0	9.3
Current income tax liabilities		42.2	1.9	33.3	1.5
Current liabilities		**906.5**	**40.2**	**877.4**	**39.1**
Financial liabilities	10	347.1	15.4	462.6	20.6
Provisions	11	10.9	0.5	12.0	0.5
Other liabilities	12	14.7	0.6	18.6	0.8
Deferred income tax liabilities	19	43.7	1.9	46.5	2.1
Retirement benefit obligations	20	17.7	0.8	16.2	0.7
Non-current liabilities		**434.1**	**19.2**	**555.9**	**24.7**
Attributable to owners of Bucher Industries AG		880.3	39.0	780.8	34.7
Attributable to non-controlling interests		35.4	1.6	33.6	1.5
Equity		**915.7**	**40.6**	**814.4**	**36.2**
Liabilities and equity		**2 256.3**	**100.0**	**2 247.7**	**100.0**

Consolidated income statement for the year ended 31 December 2012

CHF million	Note	2012	%	2011	%
Net sales	1	**2 609.0**	**100.0**	**2 336.0**	**100.0**
Changes in inventories of finished goods and work in progress		– 8.5	– 0.3	70.2	3.0
Raw materials and consumables used		– 1 363.5	– 52.3	– 1 277.1	– 54.7
Employment costs	14	– 626.8	– 24.0	– 583.0	– 25.0
Other operating income	15	21.4	0.8	25.4	1.1
Other operating expenses	16	– 327.3	– 12.5	– 311.6	– 13.3
Operating profit before depreciation and amortisation (EBITDA)		**304.3**	**11.7**	**259.9**	**11.1**
Depreciation	6	– 59.2	– 2.3	– 54.0	– 2.3
Amortisation	7	– 16.0	– 0.6	– 15.7	– 0.7
Operating profit (EBIT)		**229.1**	**8.8**	**190.2**	**8.1**
Share of profit/(loss) of associates	9	0.6	–	0.7	–
Finance costs	18	– 18.2	– 0.7	– 20.8	– 0.8
Finance income	18	5.0	0.2	1.7	0.1
Profit before tax		**216.5**	**8.3**	**171.8**	**7.4**
Income tax expense	19	– 62.3	– 2.4	– 44.4	– 1.9
Profit/(loss) for the year		**154.2**	**5.9**	**127.4**	**5.5**
Attributable to owners of Bucher Industries AG		149.9		124.7	
Attributable to non-controlling interests		4.3		2.7	
Basic earnings per share in CHF	13	15.34		12.52	
Diluted earnings per share in CHF	13	15.27		12.47	

Consolidated statement of comprehensive income for the year ended 31 December 2012

CHF million

	2012	2011
Profit/(loss) for the year	**154.2**	**127.4**
Net change in fair value reserve	1.7	2.0
Transfer to income statement	−1.1	–
Income tax	−0.2	−0.8
Net change in fair value reserve, net of tax	**0.4**	**1.2**
Net change in cash flow hedge reserve	2.3	4.5
Transfer to income statement	−1.6	−2.5
Income tax	−1.3	0.5
Net change in cash flow hedge reserve, net of tax	**−0.6**	**2.5**
Net change in currency translation reserve	−11.4	−12.0
Transfer to income statement	0.5	–
Net change in currency translation reserve	**−10.9**	**−12.0**
Other comprehensive income for the year, net of tax	**−11.1**	**−8.3**
Total comprehensive income for the year	**143.1**	**119.1**
Attributable to owners of Bucher Industries AG	139.5	114.3
Attributable to non-controlling interests	3.6	4.8

Consolidated cash flow statement for the year ended 31 December 2012

CHF million	Note	2012	2011
Profit/(loss) for the year		**154.2**	**127.4**
Income tax expense	19	62.3	44.4
Net interest expense	18	12.8	15.0
Share of profit/(loss) of associates	9	– 0.6	– 0.7
Depreciation and amortisation	6, 7	75.2	69.7
Other operating cash flow items		4.1	9.8
Gain on sale of non-current assets and subsidiaries		– 0.7	– 0.2
Gain on sale of short-term investments and financial assets		– 1.1	–
Interest received		4.1	2.5
Interest paid		– 16.0	– 16.7
Income tax paid		– 58.9	– 47.7
Change in provisions and retirement benefit obligations		9.8	– 4.5
Change in receivables		14.7	– 54.3
Change in inventories		4.1	– 107.6
Change in advances from customers		– 20.8	53.6
Change in payables		– 42.4	83.9
Other changes in working capital		– 0.9	– 3.1
Net cash flow from operating activities		**199.9**	**171.5**
Purchases of property, plant and equipment	6	– 93.8	– 116.6
Proceeds from sale of property, plant and equipment		2.0	1.6
Purchases of intangible assets	7	– 2.7	– 1.7
Purchases of short-term investments and financial assets		– 8.2	–
Proceeds from sale of short-term investments and financial assets		13.7	2.2
Acquisition	2	– 2.5	– 51.8
Disposal	2	0.9	0.7
Acquisition of associates	9	– 0.9	– 8.2
Dividend received	9	0.2	–
Net cash flow from investing activities		**– 91.3**	**– 173.8**
Purchases of treasury shares		– 6.4	– 43.8
Proceeds from sale of treasury shares		3.8	2.4
Proceeds from long-term financial liabilities		22.3	3.8
Repayment of long-term financial liabilities		– 3.0	– 3.3
Proceeds from short-term financial liabilities		8.3	1.9
Repayment of short-term financial liabilities		– 65.5	– 1.7
Dividend paid		– 44.2	– 30.8
Net cash flow from financing activities		**– 84.7**	**– 71.5**
Effect of exchange rate changes		– 2.1	– 7.7
Net change in cash and cash equivalents		**21.8**	**– 81.5**
Cash and cash equivalents at 1 January		402.8	484.3
Cash and cash equivalents at 31 December		**424.6**	**402.8**

Consolidated statement of changes in equity for the year ended 31 December 2012

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 1 January 2011	**2.1**	**992.0**	**– 25.0**	**– 237.5**	**5.0**	**–**	**736.6**	**11.1**	**747.7**
Profit/(loss) for the year		124.7					124.7	2.7	**127.4**
Other comprehensive income for the year				– 14.1	1.2	2.5	– 10.4	2.1	**– 8.3**
Total comprehensive income for the year		**124.7**		**– 14.1**	**1.2**	**2.5**	**114.3**	**4.8**	**119.1**
Change in treasury shares		0.6	– 46.0				– 45.4		**– 45.4**
Share based payments		5.8	1.6				7.4		**7.4**
Change in non-controlling interests		– 1.9					– 1.9	18.3	**16.4**
Dividend		– 30.2					– 30.2	– 0.6	**– 30.8**
Balance at 31 December 2011	**2.1**	**1 091.0**	**– 69.4**	**– 251.6**	**6.2**	**2.5**	**780.8**	**33.6**	**814.4**
Profit/(loss) for the year		149.9					149.9	4.3	**154.2**
Other comprehensive income for the year				– 10.2	0.4	– 0.6	– 10.4	– 0.7	**– 11.1**
Total comprehensive income for the year		**149.9**		**– 10.2**	**0.4**	**– 0.6**	**139.5**	**3.6**	**143.1**
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	**2.1**	**1 152.7**	**– 21.2**	**– 261.8**	**6.6**	**1.9**	**880.3**	**35.4**	**915.7**

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 located in Niederweningen, Switzerland. The Bucher Industries Group comprises four specialised divisions and one segment consisting of independent businesses. 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 (Emhart Glass); systems and technologies for the production of wine, fruit juice and instant products, and for dewatering sewage sludge, as well as a distributorship for tractors and agricultural machinery in Switzerland (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 various changes to the existing standards and presentations. These have no significant impact on the result or the financial situation of the Group.

Future standards not yet adopted The IASB has published the following new and revised standards and interpretations that will be mandatory for the financial years beginning in 2013 or later.

Standard/Interpretation		Effective date	Planned application
New standards			
IFRS 9	Financial instruments: classification and measurement	1 January 2015	2015
IFRS 10	Consolidated financial statements	1 January 2013	2013
IFRS 11	Joint arrangements	1 January 2013	2013
IFRS 12	Disclosure of involvement with other entities	1 January 2013	2013
IFRS 13	Fair value measurement	1 January 2013	2013
Revised standards			
IAS 1	Presentation of financial statements	1 July 2012	2013
IAS 19	Employee benefits: improvements to the accounting for post-employment benefits	1 January 2013	2013
IAS 28	Investments in associates and joint ventures	1 January 2013	2013
	Various amendments and annual improvements to IFRSs		2013

Bucher Industries is currently assessing the possible impact of the new and revised standards and interpretations which have not been adopted early in the present consolidated financial statements. With the exception of IAS 19, these changes are not expected to have a significant impact on the result or the financial situation.

IAS 19 "Employee benefits" With the elimination of the corridor approach, all actuarial gains and losses will be recognised in the statement of comprehensive income. The revised standard will be applied retrospectively. The effect on equity of actuarial losses not yet recognised is estimated at CHF 24 million in January 2012. The standard further proposes that the interest return on plan assets should be calculated at the discount rate applied in the calculation of present value of defined benefit obligations. Up to now, the expected return on plan assets has been based on a value which was higher than the discount rate. The pension costs are expected to decrease by an amount in the low single-digit million range. The revised standard also requires more comprehensive disclosures.

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, discount rates and expected rates of return on plan assets. 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 inter-company 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 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. Transfer prices 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, non-competition agreements, 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 to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is also recognised in other comprehensive income.

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 Most employees are covered by pension schemes in accordance with the relevant national regulations. The Group operates a number of defined benefit and defined contribution pension plans. The majority of these pension schemes are defined contribution plans. The assets of the pension schemes in Switzerland are held in separate trustee-administered funds, mostly classified as defined benefit plans. The schemes are generally funded by employee and employer contributions. The Group's contributions to defined contribution pension 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. Future 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 arise mainly from changes in actuarial assumptions and from differences between actuarial assumptions and what has actually occurred. Effects of plan amendments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of the plan assets or 10% of the defined benefit obligation are charged or credited to pension costs over the average remaining service lives of the plan participants.

Share-based payments In 2010, the share-based payment schemes were replaced by new share plans. Share options granted in earlier years and not yet exercisable 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 that were not yet exercisable 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.

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. 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. Financial derivatives are used to selectively hedge foreign exchange and interest rate risks at the level of both subsidiaries and the holding company. Hedging transactions are entered into only to hedge corresponding underlying operating transactions. The finance departments of the businesses are responsible for managing credit and commodity price risk.

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 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). The risk of default is usually mitigated by advances from customers, letters of credit and other instruments to secure payment. Credit risk associated with financial products is minimised by selectively diversifying the financial institutions used. It is the Group's policy to enter into contracts only with domestic and foreign financial institutions that have first-class credit ratings.

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 their 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.

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. Each of the operating segments hedges its identified exchange rate exposure with group treasury, using approved financial derivatives. Group treasury, in turn, selectively enters into external hedging transactions with banks.

More information about financial risk management is given in note 23.

Notes to the consolidated financial statements

1 Segment information

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

Kuhn Group is the world's leading supplier of 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.

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 independent businesses with machinery and equipment for winemaking (Bucher Vaslin), equipment and technologies for processing fruit juice and instant products and for dewatering sewage sludge (Bucher Unipektin), as well as a Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik).

CHF million	Net sales		Depreciation		Amortisation		Operating profit (EBIT)	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Kuhn Group	1 222.4	1 026.4	24.7	22.4	9.9	10.0	151.8	115.7
Bucher Municipal	424.2	379.9	5.8	6.8	0.7	1.1	39.3	26.6
Bucher Hydraulics	406.8	399.2	14.6	14.5	2.8	2.8	36.3	34.8
Emhart Glass	366.5	345.2	9.5	8.0	1.9	1.0	0.7	15.4
Bucher Specials	205.8	200.6	2.4	1.9	0.7	0.8	16.6	12.3
Reportable segments	**2 625.7**	**2 351.3**	**57.0**	**53.6**	**16.0**	**15.7**	**244.7**	**204.8**
Other/consolidation	– 16.7	– 15.3	2.2	0.4	–	–	– 15.6	– 14.6
Group	**2 609.0**	**2 336.0**	**59.2**	**54.0**	**16.0**	**15.7**	**229.1**	**190.2**

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Kuhn Group	38.5	71.2	29.2	29.8	727.7	711.2	466.4	459.6
Bucher Municipal	12.0	15.2	4.9	4.9	227.0	241.8	97.9	116.5
Bucher Hydraulics	24.9	19.6	–	–	248.5	255.1	49.8	59.5
Emhart Glass	15.0	9.5	21.7	22.0	341.2	375.0	97.6	135.9
Bucher Specials	3.0	2.8	1.2	1.2	105.1	105.5	57.8	55.1
Reportable segments	**93.4**	**118.3**	**57.0**	**57.9**	**1 649.5**	**1 688.6**	**769.5**	**826.6**
Other/consolidation	3.1	–	16.3	16.8	28.6	5.2	8.0	0.4
Group	**96.5**	**118.3**	**73.3**	**74.7**	**1 678.1**	**1 693.8**	**777.5**	**827.0**

The performance of each of the divisions and the Bucher Specials segment 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. In the reporting year, the properties in Niederweningen were consolidated in a holding company. The significant associated companies are not allocated to any of the segments. Intersegment sales amounted to CHF 12.3 million (2011: CHF 10.5 million) for Kuhn Group and CHF 4.1 million (CHF 4.6 million) for Bucher Hydraulics. The other divisions and the Bucher Specials segment had only marginal intersegment sales. These internal transactions 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

	2012	2011
Segment operating profit	244.7	204.8
Other/consolidation	– 15.6	– 14.6
Group operating profit	**229.1**	**190.2**
Share of profit/(loss) of associates	0.6	0.7
Finance costs	– 18.2	– 20.8
Finance income	5.0	1.7
Profit before tax	**216.5**	**171.8**

Reconciliation of segment assets

CHF million

	2012	2011
Segment operating assets	**1 649.5**	**1 688.6**
Other/consolidation	28.6	5.2
Group operating assets	**1 678.1**	**1 693.8**
Cash, cash equivalents and short-term investments	480.3	467.1
Other financial assets	39.4	34.2
Other assets	6.5	3.7
Investments in associates	16.4	14.8
Deferred income tax assets	35.6	34.1
Group assets	**2 256.3**	**2 247.7**

Reconciliation of segment liabilities

CHF million	2012	2011
Segment operating liabilities	**769.5**	**826.6**
Other/consolidation	8.0	0.4
Group operating liabilities	**777.5**	**827.0**
Short-term financial liabilities	152.6	76.0
Long-term financial liabilities	347.1	462.6
Other payables	2.0	5.0
Deferred income tax liabilities	43.7	46.5
Retirement benefit obligations	17.7	16.2
Group liabilities	**1 340.6**	**1 433.3**

Geographical information

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2012	**2011**	**2012**	**2011**
Switzerland	120.5	112.4	91.7	92.9
Germany	348.6	311.3	44.5	36.1
France	418.7	365.8	117.2	109.8
Rest of Europe	743.2	698.7	159.2	159.8
North America	467.3	368.8	128.1	130.2
Central and South America	100.4	105.4	10.4	9.9
Asia	246.9	205.1	69.4	68.1
Other	163.4	168.5	16.8	16.4
Total	**2 609.0**	**2 336.0**	**637.3**	**623.2**

Net sales have been allocated to the countries of destination.

2 Acquisitions and disposals

Bucher Hydraulics Co., Ltd As of 2 May 2012, Bucher Hydraulics sold its (55%) interest in Bucher Hydraulics Co., Ltd, Taiwan. The transaction of CHF 1.5 million included a net cash flow from disposal of CHF 0.9 million. The sale generated a gain of CHF 0.2 million, which was recognised in other operating income. The net change in non-controlling interests was minus CHF 0.7 million.

Shandong Sanjin Glass Machinery Co., Ltd The third and final tranche of the capital increase at Sanjin was paid as of 8 June 2012. The increase in the controlling interest led to a change in non-controlling interests in the statement of equity in the amount of CHF 4.0 million. Bucher Industries holds 63% of the Sanjin equity.

Assaloni.com S.p.A. On 13 September 2012, Giletta S.p.A. (Bucher Municipal) acquired specific assets of Assaloni.com S.p.A., Lizzano in Belvedere, Italy. The company is recognised in Europe and North America for its snow-plough technology, particularly for the patented telescopic snow ploughs, which fully complement the existing winter maintenance product range. The purchase price amounted to CHF 4.6 million, of which CHF 2.3 million is not due for payment until 31 July 2013. The purchase price, less the deferred payment, was settled in full from cash and cash equivalents. No goodwill resulted from the acquisition. No receivables were taken over. The purchase price allocation was completed on 31 December 2012. The assets were incorporated in the newly established company Assaloni.com. From the purchase of the assets up to 31 December 2012, the company generated net profit of CHF 0.2 million on sales of CHF 3.5 million. The acquisition costs of CHF 0.2 million were recognised under other operating expenses.

In the reporting year, the purchase price allocations for Kuhn Krause Inc. and Sanjin were concluded without modification. The final values are fully disclosed in the 2011 annual report.

Cash flow from acquisitions and disposals

CHF million	Fair value on acquisition 2012	Disposal 2012	Fair value on acquisition 2011
Cash and cash equivalents	–	0.6	7.1
Trade receivables	–	0.8	31.0
Other receivables	–	–	1.2
Inventories	2.7	0.8	33.2
Property, plant and equipment	0.6	0.9	25.3
Intangible assets	1.3	–	29.8
Other financial assets	–	–	0.2
Deferred income tax assets	0.1	0.1	5.2
Financial liabilities - current	–	– 0.8	– 10.4
Trade payables	–	– 0.6	– 22.5
Advances from customers	–	– 0.1	– 9.8
Provisions - short-term	–	–	– 3.7
Other payables	–	– 0.1	– 17.5
Deferred income tax liabilities	– 0.1	–	– 8.4
Retirement benefit obligations	–	– 0.1	–
Net assets	**4.6**	**1.5**	**60.7**
Non-controlling interests	–	– 0.7	– 16.4
Goodwill	–	–	19.3
Currency translation reserve	–	0.5	–
Gain on disposal	–	0.2	–
Total purchase consideration	**4.6**	**1.5**	**63.6**
Cash and cash equivalents	–	– 0.6	– 7.1
Contingent consideration	–	–	– 4.7
Deferred consideration	– 2.3	–	–
Deferred consideration relating to previous years	0.2	–	–
Net cash flow on acquisition/disposal	**2.5**	**0.9**	**51.8**

The contingent consideration of CHF 0.2 million arose in connection with last year's acquisition of Maquiasfalt SL. The difference from the deferred payment of CHF 0.5 million was derecognised in other operating income. The payment of CHF 0.5 million due in 2013 was recognised in other payables (2011: CHF 1.0 million). The earn-out component from the Kuhn Krause acquisition was reassessed on 31 December 2012. On the basis of this assessment, the expected liability towards former shareholders is CHF 3.4 million (CHF 3.7 million).

3 Short-term investments

CHF million	2012	2011
Money market investment	2.3	–
Bonds	53.4	64.3
Short-term investments	**55.7**	**64.3**

Changes in fair value recognised in other comprehensive income, net of tax, amounted to CHF 1.1 million (2011: CHF 1.2 million).

4 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2012			2011
Trade receivables	397.0	4.1	401.1	398.9	9.1	408.0
Notes receivable	13.7	–	13.7	20.8	–	20.8
Trade receivables, net	**410.7**	**4.1**	**414.8**	**419.7**	**9.1**	**428.8**
Other receivables	25.1	1.3	26.4	34.2	1.3	35.5
Prepayments to suppliers	3.5	–	3.5	4.8	–	4.8
Derivative financial instruments	5.5	1.1	6.6	3.7	–	3.7
Accrued income	8.2	–	8.2	8.4	–	8.4
Other receivables	**42.3**	**2.4**	**44.7**	**51.1**	**1.3**	**52.4**
Receivables	**453.0**	**6.5**	**459.5**	**470.8**	**10.4**	**481.2**

Ageing analysis of trade receivables

CHF million

	2012	2011
Trade receivables, gross	431.4	445.2
Amount provided for	– 16.6	– 16.4
Receivables, net	**414.8**	**428.8**
Not due	323.8	330.3
Amount provided for	– 5.7	– 5.8
Past due, within 30 days	50.3	48.9
Past due, from 31 to 90 days	26.8	24.5
Past due, more than 91 days	30.5	41.5
Amount provided for	– 10.9	– 10.6

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

	2012	2011
Balance at 1 January	16.4	13.2
Exchange differences	– 0.2	– 0.4
Acquisition/disposal of subsidiaries	–	1.0
Provision for receivables impairment	5.0	5.7
Unused amounts reversed	– 3.1	– 2.6
Receivables written-off during the year as uncollectible	– 1.5	– 0.5
Balance at 31 December	**16.6**	**16.4**

5 Inventories

CHF million

	2012	2011
Raw materials and consumables	139.9	150.4
Work in progress	120.7	135.4
Finished goods and goods for resale	321.5	302.1
Inventories	**582.1**	**587.9**
Change of write-downs	11.1	3.6

In the reporting period, CHF 0.1 million was written off directly via the income statement (2011: none).

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
					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

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
					2011
Cost at 1 January	380.3	386.4	162.1	9.6	938.4
Exchange differences	−3.5	−7.2	−1.3	−0.1	−12.1
Acquisition/disposal of subsidiaries	23.5	8.7	10.1	0.2	42.5
Additions	37.7	32.6	14.4	31.9	116.6
Disposals	−2.9	−21.3	−13.6	−0.1	−37.9
Transfers	2.1	10.0	0.2	−12.3	–
Cost at 31 December	**437.2**	**409.2**	**171.9**	**29.2**	**1 047.5**
Accumulated depreciation at 1 January	169.1	274.0	129.2	–	572.3
Exchange differences	−2.4	−5.1	−1.2	–	−8.7
Acquisition/disposal of subsidiaries	5.0	6.8	5.4	–	17.2
Disposals	−2.7	−20.6	−13.2	–	−36.5
Depreciation for the year	12.9	28.5	12.6	–	54.0
Accumulated depreciation at 31 December	**181.9**	**283.6**	**132.8**	**–**	**598.3**
Net book value at 31 December	**255.3**	**125.6**	**39.1**	**29.2**	**449.2**
Of which leased:					
Cost	20.1	0.8	–	–	20.9
Accumulated depreciation	6.8	0.3	–	–	7.1
Net book value	13.3	0.5	–	–	13.8
Lease obligations (present value)	17.2	0.4	0.1	–	17.7
Insurance value	671.9	622.7	193.9	–	1 488.5

7 Intangible assets

CHF million	Goodwill	Trademarks	Customer relation	Licences / Patents	Other	Total intangible asssets
						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**
						2011
Cost at 1 January	155.1	13.4	19.6	171.5	9.2	368.8
Exchange differences	−0.9	0.6	2.3	−4.0	−0.3	−2.3
Acquisition/disposal of subsidiaries	19.3	6.6	18.9	4.2	0.1	49.1
Additions	–	–	–	1.3	0.4	1.7
Disposals	–	–	–	−1.8	–	−1.8
Cost at 31 December	**173.5**	**20.6**	**40.8**	**171.2**	**9.5**	**415.5**
Accumulated amortisation at 1 January	101.7	6.7	2.8	114.8	7.4	233.4
Exchange differences	−2.9	–	0.1	−2.9	−0.1	−5.8
Acquisition/disposal of subsidiaries	–	–	–	–	–	–
Disposals	–	–	–	−1.8	–	−1.8
Amortisation for the year	–	2.8	1.8	10.7	0.4	15.7
Impairment charge	–	–	–	–	–	–
Accumulated amortisation at 31 December	**98.8**	**9.5**	**4.7**	**120.8**	**7.8**	**241.5**
Net book value at 31 December	**74.7**	**11.1**	**36.1**	**50.4**	**1.7**	**174.0**

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 2012, 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
			2012			**2011**
Kuhn North America, Inc., USA	2.2%	8.9%	17.2	3.0%	9.1%	17.6
Kuhn-Geldrop B.V., Netherlands	2.9%	7.4%	8.0	2.4%	8.0%	8.1
Kuhn Krause, Inc., USA	2.2%	8.9%	4.0	3.0%	9.1%	4.1
Kuhn Group			**29.2**			**29.8**
Gmeiner GmbH, Germany	2.0%	8.2%	3.2	2.1%	8.7%	3.2
Giletta S.p.A., Italy	2.6%	12.4%	1.7	3.3%	15.3%	1.7
Bucher Municipal			**4.9**			**4.9**
Emhart Glass SA, Switzerland	2.5%	8.1%	4.4	2.7%	8.6%	4.5
Shandong Sanjin Glass Machinery Co. Ltd., China	1.7%	9.5%	17.3	4.1%	8.9%	17.5
Emhart Glass			**21.7**			**22.0**
Bucher Landtechnik AG, Switzerland	0.0%	5.7%	1.2	1.0%	6.0%	1.2
Bucher Specials			**1.2**			**1.2**
Bucher Industries US Inc., USA	2.2%	9.5%	16.3	3.0%	9.7%	16.8
Other			**16.3**			**16.8**
Goodwill			**73.3**			**74.7**

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 2012. 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

	2012	2011
Pension asset	20.0	18.6
Long-term loans	18.1	13.8
Other	1.3	1.8
Other financial assets	**39.4**	**34.2**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.6 million (2011: CHF 13.6 million) have been capitalised in pension fund assets.

9 Investments in associates

CHF million

	2012	2011
Balance at 1 January	14.8	8.2
Exchange differences	– 0.1	– 2.3
Additions	1.3	8.2
Disposals	–	–
Share of profit/(loss)	0.6	0.7
Dividends received	– 0.2	–
Balance at 31 December	**16.4**	**14.8**

On 16 November 2012, Bucher Industries acquired an additional interest amounting to 3.5% in Jetter AG, Ludwigsburg, Germany. The purchase price was CHF 0.7 million. Bucher Industries now holds a 29.98% stake. Jetter's shares are traded on the Xetra exchange in Frankfurt. The market value of the interest was EUR 4.5 million at 31 December 2012. The additions contain a transfer from other financial assets.

The second notable investment that Bucher Industries has a significant influence on is Rauch Landmaschinenfabrik GmbH, Sinzheim, Germany. The dividend of CHF 0.2 million received from Rauch is equivalent to a stake of 24.2%.

Aggregated financial information – significant associates

CHF million	2012	2011
Assets	101.4	90.4
Liabilities	41.1	35.5
Net assets	**60.3**	**54.9**
Net sales	148.7	138.1
Profit/(loss) for the year	4.6	4.7

10 Financial liabilities

CHF million	2012	2011
Bond and private placements	252.6	252.3
Other bank borrowings	203.4	244.5
Finance lease liabilities	17.5	17.7
Loans and other financial liabilities	26.2	24.1
Financial liabilities	**499.7**	**538.6**
Current portion	152.6	76.0
Non-current portion	347.1	462.6

Finance lease liabilities

CHF million	Within 1 year	From 1 to 5 years	More than 5 years	2012	2011
Minimum lease payments, within 1 year	3.1	11.5	4.9	19.5	20.0
Finance charge	0.5	1.3	0.2	2.0	2.3
Lease liabilities	**2.6**	**10.2**	**4.7**	**17.5**	**17.7**

There are no extension or purchase options for the lease liabilities.

Terms of significant financial liabilities

CHF million	Currency	Interest rate	Term	Volume	Used/ Nominal amount	Volume	Used/ Nominal amount
					2012		**2011**
Fixed-rate US private placement	CHF	4.08%	2003–2013	33.3	33.3	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	–
Bank loans	CHF	div.	div.	260.0	190.0	275.0	225.0
Total				**713.3**	**443.3**	**728.3**	**478.3**

In the reporting year, the Group had committed credit facilities totalling CHF 460.0 million (2011: CHF 475.0 million), arranged with thirteen different financial institutions. The bilateral loans bear interest at rates of between 1.30% and 3.09% and are due for repayment from 2013 to 2017. 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 2012, all the credit conditions had been fulfilled.

11 Provisions

CHF million	Warranties	Legal claims	Other	Total	Total
				2012	**2011**
Balance at 1 January	39.2	10.8	14.0	64.0	66.7
Additional provisions	34.4	6.6	8.5	49.5	38.0
Unused amounts reversed	–5.3	–2.8	–1.4	–9.5	–8.3
Used during year	–28.7	–1.2	–2.2	–32.1	–34.9
Acquisition/disposal of subsidiaries	–	–	–	–	3.7
Exchange differences	–0.3	–	–0.1	–0.4	–1.2
Balance at 31 December	**39.3**	**13.4**	**18.8**	**71.5**	**64.0**
Current portion	38.3	12.2	10.1	60.6	52.0
Non-current portion	1.0	1.2	8.7	10.9	12.0

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. In the reporting year, provisions of CHF 5.2 million were set aside for a comprehensive package of measures relating to the restructuring of Emhart Glass. The implementation of the planned measures led to a worldwide reduction of 210 workplaces in Europe and the USA, most of them at Sundsvall, Sweden. The provisions include estimated non-recurring costs for redundancy packages and other project costs. The provisions relating to last year's acquisition of Kuhn Krause, for remediation of inherited contaminated sites were used in full in the reporting period.

12 Other payables

CHF million	2012	2011
Accruals and deferred income	138.3	143.2
Social security and pensions	25.5	23.2
Sales and capital tax liabilities	21.4	24.3
Derivative financial instruments	1.4	4.6
Other liabilities	28.3	31.3
Other payables	**214.9**	**226.6**
Current portion	200.2	208.0
Non-current portion	14.7	18.6

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

		2012	2011
Par value	CHF	0.20	0.20
Outstanding shares	number	9 784 927	9 767 406
Treasury shares	number	465 073	798 494
In issue and ranking for dividend	**number**	**10 250 000**	**10 565 900**
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. On 3 February 2012, Bucher Industries AG completed the share buy-back programme it had launched at the end of May 2011. Altogether, 315 900 registered shares, corresponding to 2.99% of the company's equity and with a value of CHF 50.2 million, were repurchased. The average price per share was CHF 159.00. The reduction of the share capital approved by the annual general meeting on 12 April 2012 was duly carried out on 27 June 2012. The company's share capital following the capital reduction stands at CHF 2 050 000 (10 250 000 registered shares with a par value of CHF 0.20 each). Treasury shares and retained earnings were reduced by CHF 50.2 million.

Treasury shares

CHF million	number of shares	2012	number of shares	2011
Balance at 1 January	798 494	69.4	542 516	25.0
Share buy-back	22 730	4.0	293 170	46.2
Cancellation of shares	– 315 900	– 50.2	–	–
Sales of treasury shares	– 5 555	– 0.3	– 4 560	– 0.2
Reissued for share-based payment schemes	– 34 696	– 1.7	– 32 632	– 1.6
Balance at 31 December	**465 073**	**21.2**	**798 494**	**69.4**
Reserved for written call options	55 000		–	

Earnings and dividend per share

	2012	2011
Profit/(loss) attributable to owners of Bucher Industries (CHF million)	149.9	124.7
Average number of shares outstanding (undiluted)	9 770 235	9 959 645
Average number of shares outstanding (diluted)	9 816 312	10 004 425
Basic earnings per share (CHF)	15.34	12.52
Diluted earnings per share (CHF)	15.27	12.47
Dividend per registered share (CHF)[1]	5.00	4.00
Total dividend (CHF million)[1]	51.3	42.3

[1] 2012: proposed by the board of directors.

The average number of shares outstanding is calculated based on the number of shares in issue less the weighted average number of treasury shares held. The inclusion of outstanding share options diluted earnings per share by CHF 0.07 (2011: CHF 0.05).

14 Employment costs

CHF million

	2012	2011
Wages and salaries	441.2	408.9
Share awards	2.3	3.6
Share option plan	1.0	2.2
Social security and pension costs	88.8	78.9
Defined contribution pension costs	24.6	26.9
Other employment costs	68.9	62.5
Employment costs	**626.8**	**583.0**

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. Other employment costs comprise incidental costs of staff recruitment, training and development as well as external staff costs.

15 Other operating income

CHF million	2012	2011
Own work capitalised	0.8	0.8
Gain on sale of non-current assets and disposals	0.7	0.2
Interest income from operating lease receivables	0.7	0.5
Other income	19.2	23.9
Other operating income	**21.4**	**25.4**

Other operating income comprises revenue from sales of goods and services that are outside the normal course of the Group's business.

16 Other operating expenses

CHF million	2012	2011
Energy, maintenance and repairs	91.9	85.6
Charges, taxes, levies and consulting fees	34.9	33.3
Marketing and distribution costs	120.4	109.8
Insurance expenses	6.4	5.8
Operating leasing expenses	10.2	10.3
Miscellaneous operating expenses	63.5	66.8
Other operating expenses	**327.3**	**311.6**

Charges, taxes, levies and consulting fees include CHF 17.7 million (2011: CHF 16.4 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 80.8 million (2011: CHF 74.4 million) were charged to the income statement for 2012. They 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. As in the previous year, no development costs were capitalised.

18 Net financial items

CHF million	2012	2011
Interest expense on financial liabilities	– 16.9	– 17.7
Other finance costs	– 1.3	– 3.1
Finance costs	**– 18.2**	**– 20.8**
Interest income on financial assets	4.1	2.7
Net gain on financial instruments	1.3	1.6
Financial foreign exchange gains and losses	– 0.8	– 2.8
Other finance income	0.4	0.2
Finance income	**5.0**	**1.7**
Share of profit/(loss) of associates	0.6	0.7
Net financial items	**– 12.6**	**– 18.4**
Of which financial items relating to:		
Financial instruments; at amortised cost	– 20.3	– 21.5
Financial instruments; fair value trough profit or loss	6.0	2.3
Financial instruments; available-for-sale	1.1	–

In the reporting year, a realisation on the sale of “available-for-sale” securities amounting to CHF 1.1 million was transferred from other comprehensive income to the income statement (2011: none). 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	2012	2011
Current income tax	68.4	49.1
Deferred income tax	−6.1	−4.7
Income tax expense	**62.3**	**44.4**
Reconciliation:		
Profit before tax	216.5	171.8
Weighted average tax rate	33.5%	29.3%
Theoretical income tax charge	**72.5**	**50.4**
Utilisation of unrecognised tax loss carryforwards	−4.1	−2.8
Reassessment of tax loss carryforwards with tax asset adjustment	2.4	−1.2
Changes in valuation allowances on losses and on deferred tax assets	0.5	0.2
Expenses not deductible for tax purposes/income not subject to tax	−3.7	0.3
Under/(over) provided in prior years	−1.9	−0.5
Other differences	−3.4	−2.0
Effective income tax expense	**62.3**	**44.4**
Effective tax rate	28.8%	25.8%

Deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
		2012		**2011**
Property, plant and equipment	0.5	22.6	1.8	20.7
Other financial and non-current assets	2.4	20.8	2.5	22.4
Inventories	30.6	3.4	26.7	3.8
Other current assets	1.9	10.3	2.2	7.9
Provisions	3.6	3.3	4.0	10.0
Other liabilities	11.1	2.4	10.1	2.1
Tax loss carryforwards	4.6	–	7.2	–
Deferred income tax assets and liabilities	**54.7**	**62.8**	**54.5**	**66.9**
Offset amounts	−19.1	−19.1	−20.4	−20.4
Deferred income tax assets	**35.6**		**34.1**	
Deferred income tax liabilities		**43.7**		**46.5**

The deferred income tax liabilities recognised directly in other comprehensive income amounted to CHF 5.0 million (2011: CHF 3.5 million) and related to the “net change in the 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
		2012		2011
Balance at 1 January	34.1	46.5	25.6	38.7
Charged/credited to income statement	2.2	−3.9	4.1	−0.6
Charged/credited to other comprehensive income	−0.2	1.3	–	0.3
Acquisition/disposal of subsidiaries	–	0.1	5.2	8.4
Exchange differences	−0.5	−0.3	−0.8	−0.3
Balance at 31 December	**35.6**	**43.7**	**34.1**	**46.5**

Tax loss carryforwards

CHF million	2012	2011
Total tax loss carryforwards	99.8	114.7
Of which recognised in deferred income tax	38.2	40.0
Unrecognised tax loss carryforwards	**61.6**	**74.7**
Of which expiring:		
Within 1 year	2.4	–
From 1 to 5 years	26.0	31.4
More than 5 years	5.9	8.1
Available indefinitely for offset	27.3	35.2
Tax effect on unrecognised tax loss carryforwards	12.2	17.7

As in the previous year, no tax loss carryforwards expired in 2012. 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

Funding of defined benefit plans

CHF million	2012	2011
Fair value of plan assets	309.2	290.2
Present value of funded obligations	–323.1	–292.9
Funding surplus/(deficit)	**–13.9**	**–2.7**
Present value of unfunded obligations	–20.2	–16.7
Surplus/(deficit)	**–34.1**	**–19.4**
Cumulative unrecognised actuarial losses	49.8	40.7
Unrecognised surplus	–14.8	–18.9
Amounts recognised in the balance sheet	**0.9**	**2.4**
Retirement benefit obligations	–17.7	–16.2
Other financial assets	18.6	18.6

Pension plan assets do not include any shares of Bucher Industries AG.

Movements in defined benefit obligations

CHF million	2012	2011
Present value of obligations at 1 January	309.6	281.4
Current service cost	5.9	6.6
Interest cost	8.5	8.6
Employee contributions	4.4	4.4
Benefits paid	–11.8	–16.2
Actuarial (gains)/losses	28.7	25.4
Exchange differences	–2.0	–0.6
Present value of obligations at 31 December	**343.3**	**309.6**

Movements in fair value of plan assets

CHF million	2012	2011
Fair value of plan assets at 1 January	290.2	281.5
Expected return on plan assets	10.6	10.8
Employer contributions	9.4	9.7
Employee contributions	4.4	4.4
Benefits paid	– 11.0	– 15.4
Actuarial gains/(losses)	8.3	– 0.3
Exchange differences	– 2.7	– 0.5
Fair value of plan assets at 31 December	**309.2**	**290.2**

In 2012, the actual net return on plan assets was CHF 18.9 million (2011: CHF 10.5 million).

Categories of plan assets

CHF million	2012	%	2011	%
Equities	78.4	25.4	70.6	24.3
Bonds	79.2	25.6	80.8	27.8
Property	57.9	18.7	52.0	17.9
Cash and other financial assets	93.7	30.3	86.8	30.0
Plan assets	**309.2**	**100.0**	**290.2**	**100.0**

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Pension plan assets are allocated to the various asset categories with the strategic objective of generating an adequate investment return, together with the contributions paid.

Pension costs

CHF million

	2012	2011
Current service cost	– 5.9	– 6.6
Interest cost	– 8.5	– 8.6
Expected return on plan assets	10.6	10.8
Amortisation of actuarial (gains)/losses	– 10.9	– 17.1
Effects of unrecognised surplus	5.0	13.0
Defined benefit pension costs	**– 9.7**	**– 8.5**
Defined contribution pension costs	– 24.6	– 26.9
Pension costs	**– 34.3**	**– 35.4**

The Group expects to pay CHF 10.2 million in contributions to defined benefit plans in 2013 (2012: CHF 10.1 million).

Actuarial assumptions

Weighted averages in %

	2012	2011
Discount rate	2.1	2.7
Expected return on plan assets	3.6	3.7
Future salary increases	1.0	1.0
Future pension increases	0.1	0.1

Funding of defined benefit obligations

CHF million

	2012	2011	2010	2009	2008
Fair value of plan assets	309.2	290.2	281.5	263.9	252.3
Present value of defined benefit obligations	343.3	309.6	281.4	261.8	253.1
Surplus/(deficit)	**– 34.1**	**– 19.4**	**0.1**	**2.1**	**– 0.8**
Experience adjustments:					
Plan assets	8.3	– 0.3	5.2	4.5	– 26.2
Plan liabilities	2.8	0.3	– 2.1	3.5	– 8.2

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 11 261 shares for the reporting year (2011: 10 713 shares). Shares under the Bucher share plans were valued at a share price of CHF 189.00 (CHF 173.90) and represented a total value of CHF 2.1 million (CHF 1.9 million). For the first time, only those shares paid for by Bucher Industries were shown. The figures for the previous year were adjusted accordingly. The number of shares awarded under the Bucher Executive Share Plan was calculated using a share price of CHF 173.50 (CHF 173.80) and those under the Bucher Share Plan using a share price of CHF 189.00 (CHF 173.90).

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, have a life of ten years and the commencement of the one- to four-year exercise period is staggered.

Movements in the number of share options outstanding

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2012		**2011**
Outstanding at 1 January	228 780	147.2	248 280	145.7
Exercised	– 22 040	121.9	– 13 650	119.9
Expired	– 4 500	202.1	– 5 850	149.2
Outstanding at 31 December	**202 240**	**148.7**	**228 780**	**147.2**
Exercisable	188 290		186 780	

The expense recognised as employment costs in the reporting period was CHF 1.0 million (2011: CHF 2.2 million). The average share price for options exercised was CHF 173.50 (CHF 173.80).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2012		**2011**
2015	22 330	108.0	24 630	108.0
2016	33 300	116.0	40 650	116.0
2017	49 800	221.0	53 400	221.0
2018	48 960	149.0	54 000	149.0
2019	47 850	115.0	56 100	115.0
Outstanding at 31 December	**202 240**	**148.7**	**228 780**	**147.2**

22 Related party transactions

Key management remuneration

CHF million	2012	2011
Salaries	5.4	5.3
Post-employment benefits	1.4	1.4
Share awards	1.7	1.5
Share option plan	0.3	0.7
Key management remuneration	**8.8**	**8.9**

Salaries include variable remuneration, fees and expense allowances paid in cash. For the reporting year, group management members were awarded 7 174 registered shares with a par value of CHF 0.20 each in Bucher Industries AG (2011: 6 624 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	2012	2011
Receivables from pension funds	19.9	18.6
Receivables from associates	0.2	0.1
Payables to pension funds	4.3	4.2
Payables to associates	3.2	3.0

All related party transactions were entered into on normal commercial terms and conditions. In 2012, products worth CHF 66.3 million (2011: CHF 28.8 million) were purchased from associates. The sales generated with associates amounted to CHF 1.5 million (CHF 1.2 million). At the reporting date, there were no off-balance sheet contingent liabil-ities in respect of associates.

23 Financial risk management

Directors' risk report Bucher Industries has a centralised risk management system with defined risk control processes. Risk management is an integral part of the planning and implementation of the business strategy. The board of directors defines and approves the framework for risk management policy and annually monitors compliance with the risk control mechanisms. Furthermore, it sets the risk limits for financial management within the Group.

Within risk management, risks are categorised as strategic, operational, financial or organisational. Strategic risks are usually complex and difficult to quantify, but have a significant impact on the success of the business. Financial risks are controlled and monitored centrally. The board of directors and group management are responsible for assessing strategic, financial and organisational risks. Operational risks are assigned to the divisions and their operating units. 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 addition to the risk management disclosures on the following pages, more information about the Group's risk management can be found on pages 84 and 85 of the financial report.

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

CHF million	Available-for-sale	At fair value through profit or loss	At amor-tised cost	Held for hedge accounting	Carrying amount	Fair value
						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**
						2011
Cash and cash equivalents	–	254.3	148.5		**402.8**	**402.8**
Short-term investments	64.3	–	–		**64.3**	**64.3**
Trade receivables	–	–	428.8		**428.8**	**428.8**
Other receivables	–	–	35.5		**35.5**	**35.5**
Other financial assets	0.6	–	15.0		**15.6**	**15.6**
Trade payables		–	−272.8		**−272.8**	**−272.8**
Other liabilities		–	−31.3		**−31.3**	**−31.3**
Financial liabilities		–	−538.6		**−538.6**	**−577.6**
Non-derivative financial instruments	**64.9**	**254.3**	**−214.9**		**104.3**	**65.3**
Forward currency contract (asset)		1.5		2.2	**3.7**	**3.7**
Forward currency contract (liability)		−4.4		−0.2	**−4.6**	**−4.6**
Derivative financial instruments		**−2.9**		**2.0**	**−0.9**	**−0.9**

Fair value disclosures Fair value measurements of financial instruments carried at fair value in the balance sheet are classified using a three-level hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: fair value measurements are derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities.
- Level 2: fair value measurements are based on inputs other than quoted prices included within level 1 that are observable for similar assets or liabilities, either directly or indirectly.
- Level 3: inputs based on observable market data are not available for fair value measurement.

Fair value hierarchy

CHF million	Level 1	Level 2	Level 3	Carrying amount
				2012
Cash and cash equivalents	278.7	–	–	278.7
Short-term investments	55.7	–	–	55.7
Non-derivative financial instruments	**334.4**	**–**	**–**	**334.4**
Forward currency contract (asset)	–	6.6	–	6.6
Forward currency contract (liability)	–	−1.4	–	−1.4
Derivative financial instruments	**–**	**5.2**	**–**	**5.2**
				2011
Cash and cash equivalents	254.3	–	–	254.3
Short-term investments	64.3	–	–	64.3
Non-derivative financial instruments	**318.6**	**–**	**–**	**318.6**
Forward currency contract (asset)	–	3.7	–	3.7
Forward currency contract (liability)	–	−4.6	–	−4.6
Derivative financial instruments	**–**	**−0.9**	**–**	**−0.9**

There were no transfers between the various levels during the reporting period.

Credit risk 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 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. The maximum credit risk is stated in the consolidated balance sheet through the carrying amounts of financial assets.

Liquidity risk 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
					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**
					2011
Trade payables	– 272.8	–	–	**– 272.8**	– 272.8
Other liabilities	– 19.0	– 6.2	– 6.2	**– 31.4**	– 31.3
Financial liabilities	– 141.5	– 435.4	– 5.6	**– 582.5**	– 538.6
Non-derivative financial instruments	**– 433.2**	**– 441.6**	**– 11.8**	**– 886.6**	**– 842.7**
Forward currency contract (asset)	511.3	–	–	**511.3**	
Forward currency contract (liability)	– 512.2	–	–	**– 512.2**	
Derivative financial instruments	**– 0.9**	**–**	**–**	**– 0.9**	**– 0.9**

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 1.6 million (2011: CHF 2.5 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	
	2012	**2011**	**2012**	**2011**
1 EUR	1.2052	1.2333	1.2072	1.2156
1 GBP	1.4818	1.4175	1.4792	1.4553
1 USD	0.9326	0.8853	0.9150	0.9395
1 BRL	0.4793	0.5302	0.4465	0.5032
1 AUD	0.9672	0.9197	0.9497	0.9554
1 CNY	0.1480	0.1370	0.1468	0.1490
100 SEK	13.8600	13.7100	14.0700	13.6400

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	2012	2011
Foreign currency risk	−6.4	−13.1
Interest risk	−0.7	−1.7
Correlation	5.7	7.8
Total VaR	**−1.4**	**−7.0**

The decline in the overall VaR measures is essentially due to the marked decrease in interest rate and currency volatility compared with the previous year. The high correlation effects led in the reporting period to a significantly lower risk contribution from foreign currency positions. Moreover, the interest risk was reduced by the dwindling down of the residual terms.

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.

	2012	2011
Interest coverage ratio (EBITDA to net interest expense)	23.8	17.3
Debt payback period (net debt to EBITDA)	0.1	0.3
Gearing ratio (net debt to equity)	2.1%	8.8%
Equity ratio (equity to total assets)	40.6%	36.2%
Quick ratio (current assets less inventory to current liabilities)	103.6%	107.5%

25 Contingent liabilities

Contingent liabilities amounting to CHF 2.0 million (2011: CHF 1.7 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 carrying amount for assets pledged or assigned to secure the Group's obligations amounted to CHF 0.5 million (2011: CHF 9.5 million). Assets pledged in the amount of CHF 9.0 million were reversed through the repayment of bank loans at Sanjin as well as through the sale of the interest in Bucher Hydraulics Taiwan.

27 Commitments

Fixed-term operating leases

CHF million

	2012	2011
Minimum lease payments, within 1 year	7.2	6.7
Minimum lease payments, from 1 to 5 years	14.4	13.3
Minimum lease payments, more than 5 years	13.2	14.0
Minimum lease payments	**34.8**	**34.0**

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 6 February 2013, Bucher Industries acquired a 100% interest in Filtrox Engineering AG. Thanks to its wide range of modern filtration technologies, Filtrox Engineering is the world market and technology leader in the area of beer filtration and a leading supplier in 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. Filtrox Engineering has some 35 employees and in recent years generated average annual sales of CHF 30 million. The company was renamed Bucher Filtrox Systems AG.

On 12 February 2013, Bucher Industries acquired a 100% interest in Ölhydraulic Altenerding in 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, which has around 250 employees, generated sales of CHF 42 million for the fiscal year ended 30 April 2012. The company was renamed Bucher Hydraulics Erding.

The purchase price in both acquisitions, including acquisition of liabilities, was CHF 43 million, which was settled in full from cash and cash equivalents. At the time of approval of the consolidated financial statements, the process to determine the fair values of identifiable assets, goodwill, liabilties and contingent liabilties of the two acquisitions was not yet completed. On the basis of the preliminary purchase price allocations, the Group expects a goodwill of around CHF 5 million and identifiable intangible assets of around CHF 11 million. The goodwill represents the potential synergies from the integration of the companies, the know-how of the employees and the entry to the markets mentioned above.

On 1 March 2013, the board of directors approved the consolidated financial statements for publication, subject to formal approval by the annual general meeting on 11 April 2013.

When the consolidated financial statements were finalised on 1 March 2013, 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.

Group companies

Significant consolidated companies

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

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

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities		
Bucher Schörling Ltd, Niederweningen	CH	CHF	10 000 000	100	BM	P	D	S
Bucher Schörling GmbH, Hanover	DE	EUR	3 000 000	100	BM		D	
Gmeiner GmbH, Kümmersbruck	DE	EUR	26 000	100	BM	P	D	
Bucher Schörling Korea Ltd., Seoul	KR	KRW	350 000 000	100	BM	P	D	
SIA Bucher Schoerling Baltic, Ventspils	LV	LVL	2 551 500	100	BM	P	D	
Giletta S.p.A., Revello	IT	EUR	1 000 000	50[1]	BM	P	D	
Arvel Industries Sàrl, Coudes	FR	EUR	200 000	50[1]	BM	P	D	
Tecvia Eurl, Lyon	FR	EUR	38 112	50[1]	BM		D	
Maquiasfalt SL, Madrid	ES	EUR	30 000	50[1]	BM		D	
Assaloni.com S.p.A., Lizzano in Belvedere	IT	EUR	100 000	50[1]	BM	P	D	
Johnston Sweepers Ltd., Dorking	GB	GBP	8 000	100	BM	P	D	
Beam A/S, Them	DK	DKK	5 000 000	100	BM	P	D	
Johnston North America Inc., Delaware	US	USD	500 000	100	BM		D	
MacDonald Johnston Ltd., Clayton North	AU	AUD	5 901 000	100	BM	P	D	
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4 000 000	100	BH	P	D	
Bucher Hydraulics Dachau GmbH, Dachau	DE	EUR	30 000	100	BH	P	D	
Bucher Hydraulics SAS, Rixheim	FR	EUR	200 000	100	BH		D	
Bucher Hydraulics Ltd., Nuneaton	GB	GBP	10 000	100	BH		D	
Bucher Hydraulics AG, Neuheim	CH	CHF	1 200 000	100	BH	P	D	
Suzhou Bucher Hydraulics Co. Ltd., Wujiang	CN	CNY	13 640 000	100	BH	P	D	
Bucher Hydraulics Remscheid GmbH, Remscheid	DE	EUR	25 000	100	BH	P	D	
Bucher Hidrolik Sistemleri Tic. Ltd. Sti., Istanbul	TR	TRY	26 000	100	BH		D	
Bucher Hydraulics KK, Tokyo	JP	JPY	100 000	85	BH		D	
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300 000	100	BH	P	D	
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	100	BH	P	D	
Bucher Hydraulics Ltd., New Delhi	IN	INR	19 000 000	100	BH	P	D	
Bucher Hydraulics Inc., Grand Rapids	US	USD	12 150 000	100	BH	P	D	
Bucher Hydraulics Corp., London	CA	CAD	75 000	100	BH	P	D	

1) Control obtained because of the power to cast the majority of votes at meetings of Board of Directors.

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities		
Emhart Glass SA, Steinhausen	CH	CHF	10 000 000	100	EG		D	S
Emhart Glass Manufacturing Inc., Elmira NY	US	USD	1 000	100	EG	P		
Emhart Glass Sdn Bhd., Ulu Tiram Johor	MY	MYR	500 000	100	EG	P		
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30 000 000	100	EG	P		
Emhart Glass GmbH, Neuss	DE	EUR	50 000	100	EG			S
Emhart Glass Inc., Windsor CT	US	USD	2	100	EG			S
Emhart Glass International SA, Steinhausen	CH	CHF	100 000	100	EG			S
Emhart Glass Japan Pte. Ltd., Singapore	SG	JPY	100	100	EG			S
Emhart Glass Japan Co Ltd., Kawasaki	JP	JPY	10 000 000	100	EG			S
Emhart Glass Ltd., Manchester	GB	GBP	38 000	100	EG			S
Emhart Glass OOO, Moscow	RU	RUB	10 000	100	EG			S
Emhart Glass Pte. Ltd., Singapore	SG	SGD	2	100	EG			S
Emhart Glass S.r.l., Savona	IT	EUR	320 000	100	EG			S
Shandong Sanjin Glass Machinery Co. Ltd., Zibo	CN	CNY	72 000 000	63	EG	P	D	
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	100	BSp	P	D	
Bucher Vaslin S.r.l, Romans d'Isonzo	IT	EUR	100 000	100	BSp		D	
Bucher Vaslin North America, Inc., Sebastopol CA	US	USD	88 000	100	BSp		D	
Bucher Vaslin Sudamérica, Santiago de Chile	CL	CLP	924 000	100	BSp	P	D	
Bucher Unipektin Ltd., Niederweningen	CH	CHF	600 000	100	BSp	P	D	
Beijing, Bucher Unipektin Equipment Co. Ltd, China	CN	CNY	2 481 195	100	BSp		D	
Bucher-Alimentech Ltd., Auckland	NZ	NZD	2 503 000	100	BSp		D	
Bucher-Zédrys SA, Chalonnes-sur-Loire	FR	EUR	250 000	100	BSp			S
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36 336	100	BSp		D	
Bucher Landtechnik AG, Niederweningen	CH	CHF	4 000 000	100	BSp		D	

Significant associates

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities		
Jetter AG, Ludwigsburg	DE	EUR	3 241 061	29	O	P	D	
Rauch Landmaschinen GmbH, Sinzheim	DE	EUR	1 650 000	24	O	P	D	

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

Report of the statutory auditor

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 68 to 124), for the year ended 31 December 2012.

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 2012 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

Beat Inauen	Ralf Zwick
Audit expert	Audit expert
Auditor in charge	

Zurich, 1 March 2013

Balance sheet of Bucher Industries AG at 31 December 2012

CHF 1 000	Note	2012	2011
Cash and cash equivalents		47 703	33 288
Short-term investments	6	–	46 230
Receivables from group companies		74 409	51 817
Other receivables		6 839	2 154
Current assets		**128 951**	**133 489**
Loans to group companies	1	554 198	516 684
Investments	2	689 594	689 234
Intangible assets	3	576	14 464
Non-current assets		**1 244 368**	**1 220 382**
Assets		**1 373 319**	**1 353 871**
Short-term bank borrowings		95 000	55 000
Current payables to group companies		289 736	182 982
Private placements		33 305	–
Other current liabilities		8 003	9 397
Current liabilities		**426 044**	**247 379**
Private placements		19 983	53 288
Bond		200 000	200 000
Long-term bank borrowings		94 355	169 002
Provisions	4	3 010	4 472
Non-current liabilities		**317 348**	**426 762**
Share capital	5	2 050	2 113
Statutory reserve		70 610	70 610
Distributable reserve		476 834	455 770
Reserve for treasury shares	6	–	46 230
Retained earnings		39 007	62 340
Profit for the year		41 426	42 667
Equity		**629 927**	**679 730**
Liabilities and equity		**1 373 319**	**1 353 871**

Income statement of Bucher Industries AG for the year ended 31 December 2012

CHF 1 000	Note	2012	2011
Income from investments	8	48 075	48 391
Finance income	9	94 088	102 010
Royalty income from group companies	10	12 455	12 504
Income		**154 618**	**162 905**
Administrative expenses		4 715	4 107
Finance costs	11	96 025	102 717
Amortisation of intangible assets		13 723	13 723
Income tax expense		– 1 271	– 309
Expenses		**113 192**	**120 238**
Profit for the year		**41 426**	**42 667**

Notes to the financial statements of Bucher Industries AG

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

Bucher Industries AG's direct and indirect investments in subsidiaries and associates are presented in the list of group companies on pages 122 to 124 of the annual report.

3 Intangible assets

Intangible assets comprised primarily trademarks of group companies.

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 4.54% 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, BlackRock Inc., 40 East 52nd Street, New York, 10022, USA, holds, directly or indirectly via various subsidiaries, a stake in the registered share capital of Bucher Industries AG of more than 3%. 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 Treasury shares

On 3 February 2012, Bucher Industries AG completed its share buy-back programme. Altogether, 315 900 registered shares with a value of CHF 50.2 million were repurchased, of which 22 730 registered shares with a value CHF 4.0 million in the reporting year (2011: 293 170 shares; CHF 46.2 million). The average price per share was CHF 159.00. The reduction of the share capital approved by the annual general meeting on 12 April 2012 was duly carried out on 27 June 2012. The company’s share capital following the capital reduction stands at CHF 2 050 000 (10 250 000 registered shares with a par value of CHF 0.20 each). Treasury shares and retained earnings were reduced by CHF 50.2 million.

7 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 84.8 million (2011: CHF 65.9 million). The amount claimed at the reporting date was CHF 36.3 million (CHF 24.3 million).

8 Income from investments

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

9 Finance income

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

10 Royalty income

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

11 Finance costs

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

12 Impairment charges

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

13 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 Number	Share awards Value	Social security and pension benefits	Other remuneration	Total	Paid in cash
							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**
							2011
Rolf Broglie, chairman	210.0	345	60.0	21.1	14.0	**305.1**	224.0
Thomas W. Hauser, deputy chairman[1]	17.5	101	17.5	3.5	0.7	**39.2**	18.2
Anita Hauser, deputy chairman[2]	50.0	288	50.0	12.1	22.0	**134.1**	72.0
Ernst Bärtschi	45.0	259	45.0	10.1	12.0	**112.1**	57.0
Thomas W. Bechtler	45.0	259	45.0	10.1	12.0	**112.1**	57.0
Claude R. Cornaz	45.0	259	45.0	9.1	2.0	**101.1**	47.0
Michael Hauser[2]	30.0	173	30.0	6.1	1.3	**67.4**	31.3
Heinrich Spoerry	45.0	259	45.0	10.1	12.0	**112.1**	57.0
Directors	**487.5**	**1 943**	**337.5**	**82.2**	**76.0**	**983.2**	**563.5**

1) Until 14 April 2011
2) Since 14 April 2011

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 173.50 (2011: CHF 173.80) 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				
									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**
									2011
Philip Mosimann, CEO	860.0	528.9	2 647	529	552.3	402.4	19.2	**2 362.8**	1 408.1
Other members	2 439.3	827.3	2 120	1 328	599.6	948.5	30.0	**4 844.7**	3 296.6
Group management	**3 299.3**	**1 356.2**	**4 767**	**1 857**	**1 151.9**	**1 350.9**	**49.2**	**7 207.5**	**4 704.7**

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 173.50 (2011: CHF 173.80) for the year and those under the Bucher Share Plan (BPP) using a share price of CHF 189.00 (CHF 173.90), representing the average share price during the first three weeks of January 2013. All shares awarded were valued at CHF 189.00 (CHF 173.90). All the share awards were shown in separate categories for the BEPP and BPP for the first time, with the BPP category showing only those shares paid for by Bucher Industries. The share awards of the previous year were modified accordingly; the value of the awards was not affected by this higher degree of transparency.

Further details are set out in the remuneration report on pages 54 to 60 of this annual report.

Directors' interests in shares

	Number of shares	
	2012	**2011**
Rolf Broglie, chairman	13 008	12 752
Anita Hauser, deputy chairman	438 779	438 491
Ernst Bärtschi	4 368	3 109
Thomas W. Bechtler	3 185	2 491
Claude R. Cornaz	5 238	4 979
Michael Hauser	604 008	603 835
Heinrich Spoerry	2 776	2 517
Directors	**1 071 362**	**1 068 174**

The directors did not hold any share options on 31 December 2012.

Group management's interests in shares and share options

		Number of shares		Number of options	
		2012	**2011**	**2012**	**2011**
Philip Mosimann	CEO	52 478	48 806	15 300	15 300
Roger Baillod	CFO	13 072	11 806	6 600	7 800
Jean-Pierre Bernheim	Bucher Vaslin	8 960	8 611	10 480	11 680
Michael Häusermann	Bucher Municipal	7 006	6 227	12 000	12 000
Martin Jetter	Emhart Glass	1 652	1 693	6 000	8 400
Michel Siebert	Kuhn Group	7 145	5 674	10 200	10 200
Daniel Waller	Bucher Hydraulics	6 419	5 802	11 400	11 400
Group management		**96 732**	**88 619**	**71 980**	**76 780**

		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	2 700	1 800	**15 300**
Roger Baillod	CFO	2 400	1 800	2 400	–	–	**6 600**
Jean-Pierre Bernheim	Bucher Vaslin	1 800	1 800	2 400	2 400	2 080	**10 480**
Michael Häusermann	Bucher Municipal	2 400	2 400	2 400	2 400	2 400	**12 000**
Martin Jetter	Emhart Glass	1 200	2 400	2 400	–	–	**6 000**
Michel Siebert	Kuhn Group	2 400	2 400	2 400	1 800	1 200	**10 200**
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	2 400	1 800	**11 400**
Group management		**16 200**	**16 800**	**18 000**	**11 700**	**9 280**	**71 980**

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 2012	41 425 561
Retained earnings brought forward	39 006 944
Retained earnings available for distribution	**80 432 505**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 5.00 per dividend-bearing share of CHF 0.20 each	51 250 000
Balance to be carried forward	29 182 505
Total	**80 432 505**

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 128 to 136), for the year ended 31 December 2012.

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 2012 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

Beat Inauen	Ralf Zwick
Audit expert	Audit expert
Auditor in charge	

Zurich, 1 March 2013

Five-year summary

Group

CHF million

	2012	2011	2010	2009	2008
Order intake	2 490.4	2 587.5	2 216.5	1 797.4	2 791.9
Net sales	2 609.0	2 336.0	2 033.7	2 142.1	2 788.9
Order book	795.3	923.0	663.0	507.3	843.4
Operating profit before depreciation and amortisation (EBITDA)	304.3	259.9	223.9	189.7	341.6
As % of net sales	11.7%	11.1%	11.0%	8.9%	12.2%
Operating profit (EBIT) before impairment	229.1	190.2	151.4	111.7	276.1
As % of net sales	8.8%	8.1%	7.4%	5.2%	9.9%
Operating profit (EBIT)	229.1	190.2	151.4	25.8	246.2
As % of net sales	8.8%	8.1%	7.4%	1.2%	8.8%
Net financial items	– 12.6	– 18.4	– 10.8	– 18.8	– 29.1
Income tax expense	– 62.3	– 44.4	– 42.9	– 31.4	– 71.7
As % of profit before tax[1]	28.8%	25.8%	30.5%	33.8%	33.0%
Profit/(loss) for the year	154.2	127.4	97.7	– 24.4	145.4
As % of net sales	5.9%	5.5%	4.8%	– 1.2%	5.2%
Capital expenditure	96.5	118.3	65.8	58.5	130.9
Operating free cash flow	105.4	54.8	201.9	182.5	– 15.3
Development costs	80.8	74.4	73.2	75.9	78.1
Total assets	2 256.3	2 247.7	1 984.9	2 124.5	2 067.6
Cash, cash equivalents and short-term investments	480.3	467.1	548.4	505.2	234.2
Receivables	458.7	476.0	401.8	468.9	577.8
Inventories	582.1	587.9	451.3	485.2	609.0
Investments and other financial assets	55.8	49.0	46.8	51.0	51.5
Property, plant and equipment	478.0	449.2	366.1	408.5	399.2
Intangible assets	159.3	174.0	135.4	164.7	130.9
Current liabilities	906.5	877.4	646.0	711.2	897.1
Non-current liabilities	434.1	555.9	591.2	620.8	324.4
Total liabilities	1 340.6	1 433.3	1 237.2	1 332.0	1 221.5
Of which interest-bearing	499.7	538.6	529.4	623.3	320.2
Net cash/debt[2]	– 19.4	– 71.5	19.0	– 118.1	– 110.6
Equity	915.7	814.4	747.7	792.5	846.1
Equity ratio	40.6%	36.2%	37.7%	37.3%	40.9%
Return on equity (ROE)	17.8%	16.3%	12.7%	– 3.0%	16.9%
Working capital	347.5	314.5	271.1	400.1	438.7
Net operating assets (NOA), average	969.6	827.8	849.2	1 114.1	891.0
Return on net operating assets (RONOA)	16.8%	17.0%	12.4%	1.5%	18.5%
Number of employees at 31 December[3]	10 166	10 136	7 899	7 183	8 373
Average number of employees during year	10 383	9 380	7 639	7 618	8 176
Net sales per employee CHF 1 000	251.3	249.0	266.2	281.2	341.1

[1] 2009 tax rate before impairment. The effective tax rate after impairment was 448.6%.
[2] Excluding derivative financial liabilities since 1 January 2009.
[3] Expressed as full-time equivalents.

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