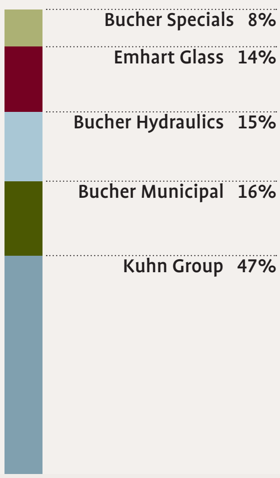
BUCHER

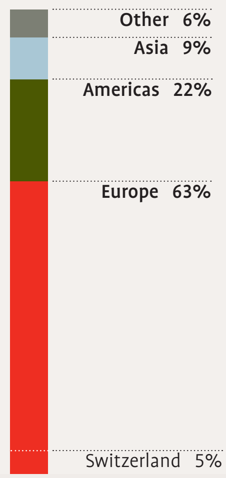
Annual report 2012

Net sales

By division

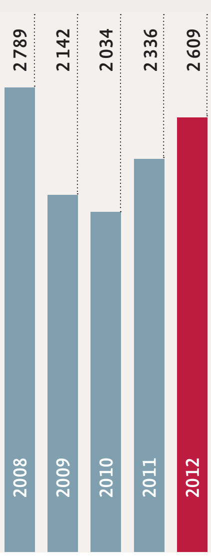


By region

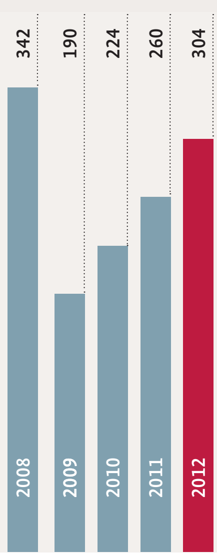


Five-year summary

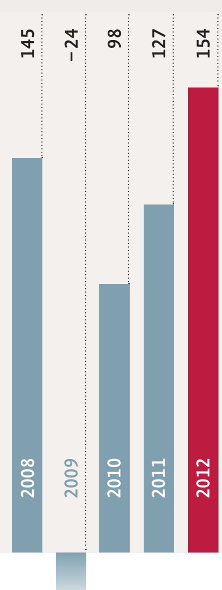
Net sales
CHF million



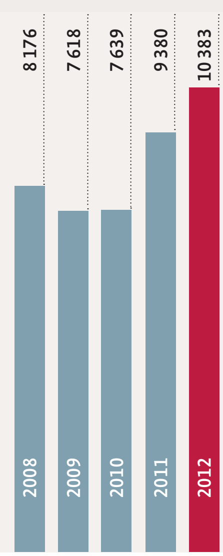
Operating profit (EBITDA)
CHF million



Net profit
CHF million



Average number of
employees during year



Key figures

Group

CHF million	2012	2011	% change %	% change %[1]	% change %[2]
Order intake	2 490.4	2 587.5	– 3.8	– 3.7	– 6.9
Net sales	2 609.0	2 336.0	11.7	11.7	8.6
Order book	795.3	923.0	– 13.8	– 13.6	– 14.6
Operating profit before depreciation and amortisation (EBITDA)	304.3	259.9	17.1		
As % of net sales	11.7%	11.1%			
Operating profit (EBIT)	229.1	190.2	20.5		
As % of net sales	8.8%	8.1%			
Net financial items	– 12.6	– 18.4	31.5		
Income tax expense	– 62.3	– 44.4	– 40.3		
As % of profit before tax	28.8%	25.8%			
Profit/(loss) for the year	154.2	127.4	21.0		
As % of net sales	5.9%	5.5%			
Earnings per share in CHF	15.34	12.52	22.5		
Capital expenditure	96.5	118.3	– 18.4		
Operating free cash flow	105.4	54.8	92.3		
Development costs	80.8	74.4	8.6		
Net cash/debt	– 19.4	– 71.5	72.9		
Total assets	2 256.3	2 247.7	0.4		
Equity	915.7	814.4	12.4		
Equity ratio	40.6%	36.2%			
Return on equity (ROE)	17.8%	16.3%			
Net operating assets (NOA), average	969.6	827.8	17.1		
Return on net operating assets (RONOA)	16.8%	17.0%			
Number of employees at 31 December	10 166	10 136	0.3		0.2
Average number of employees during year	10 383	9 380	10.7		10.8
Net sales per employee in CHF 1 000	251.3	249.0	0.9	0.9	– 2.0

1) Adjusted for currency effects.
2) Adjusted for currency, acquisition and disposal effects.

Divisions/Segments

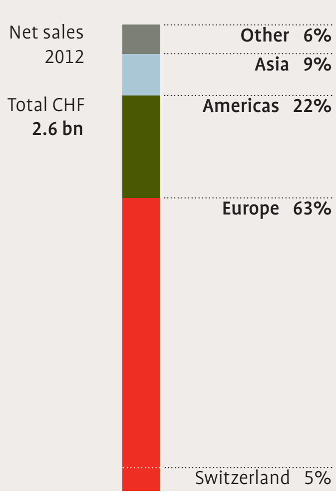
CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31 December	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Kuhn Group	1 199.0	1 166.3	1 222.4	1 026.4	491.5	506.0	151.8	115.7	4 495	4 230
Bucher Municipal	364.3	449.3	424.2	379.9	95.7	153.2	39.3	26.6	1 429	1 530
Bucher Hydraulics	386.4	406.3	406.8	399.2	52.8	68.9	36.3	34.8	1 647	1 712
Emhart Glass	338.7	357.7	366.5	345.2	109.3	145.0	0.7	15.4	2 027	2 134
Bucher Specials	202.0	207.9	205.8	200.6	46.0	49.9	16.6	12.3	506	511
Other/consolidation	–	–	– 16.7	– 15.3	–	–	– 15.6	– 14.6	62	19
Group	**2 490.4**	**2 587.5**	**2 609.0**	**2 336.0**	**795.3**	**923.0**	**229.1**	**190.2**	**10 166**	**10 136**

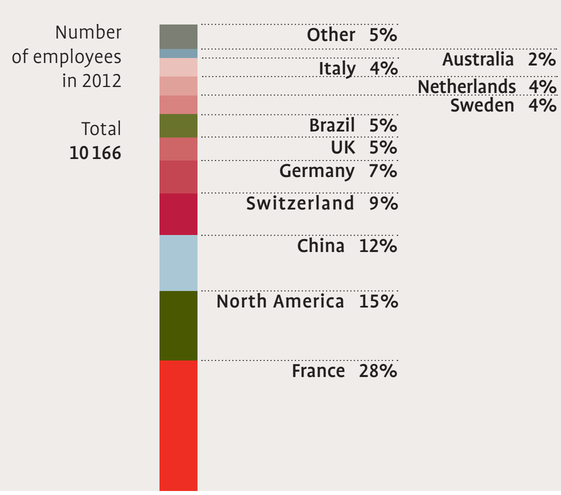
Contents

Bucher at a glance

Our mission We develop and manufacture economical, state-of-the-art machinery and equipment used for a variety of purposes, such as harvesting, producing and packaging healthy foods, keeping cities clean and roads safe, or hydraulic systems for high-performance machinery. Our products have a long service life and are highly energy efficient. We see ourselves as a long-term industry-focused business and are committed to being a fair partner to our customers, employees, shareholders and business partners. We make an active contribution towards ensuring that our natural resources are used responsibly. Consequently, our work is shaped by economic, ecological and social criteria.

Our targets We seek to achieve superior profitability and a sound balance sheet based on technology leadership, a strong market position and systematic cost management. We provide our customers with effective, innovative products and outstanding service. We offer attractive jobs and development opportunities to our employees. We will continue to build the Group, primarily through organic growth and innovation, but also by acquiring and integrating selected, complementary businesses. The divisions consistently focus their product and service portfolios on customers' needs. By maintaining a clear structure with decentralised management and profit responsibility, combined with group-wide strategic and financial management, we will remain flexible and adaptable. Our financial targets are ambitious: an operating profit of 12% EBITDA and 9% EBIT on net sales and a 16% aftertax return on capital employed. These targets apply to the average results achieved throughout an economic cycle. Our healthy balance sheet and strong equity base make us independent and put us in a position to react quickly.





Our businesses The Group comprises four divisions specialising in industrially related areas of mechanical and vehicle engineering as well as a segment encompassing independent businesses. Their operations are geared toward fundamental human needs and have substantial worldwide growth and earnings potential.

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 specialised agricultural machinery (Bucher Landtechnik).

Report to shareholders

Dear Shareholders,

The 2012 financial year brought a marked increase in sales and operating profit, despite the difficult market environment.

The performance of the various market segments of Bucher Industries presented a mixed picture. Specialised agricultural machinery benefitted from rising prices for agricultural produce. The markets for municipal vehicles and equipment for the glass container industry remained stable, while demand for hydraulic components fell off, particularly in the second half of the year. At Bucher Specials, differing market trends offset each other, resulting in overall levels in line with those of 2011. In this market environment, Bucher Industries was able to increase sales by 12%, posting an operating profit margin (EBIT) of 8.8% of net sales. Group profit for the year was CHF 154 million, equivalent to earnings per share of CHF 15.34.

Market development In the reporting year, specialised agricultural machinery profited from the general increase in farm incomes. The European market for municipal vehicles remained at a low level due to continuing spending cutbacks in cities and municipalities. Demand for machinery for the glass container industry also remained at the previous year's level. At Bucher Hydraulics, the market environment weakened further, above all in the second half of the year. The construction machinery and industrial hydraulics segments were particularly affected by this trend. After the marked currency effects in previous years, the influence of exchange rates in the reporting year was marginal, not least thanks to the measures adopted by the Swiss National Bank to maintain the stability of the Swiss franc against the euro.

High sales growth Bucher Industries achieved sales growth of 12%. All areas of activity contributed to this success, particularly Kuhn Group and Bucher Municipal. Order intake was below the high level of 2011 owing to the absence of major orders and the weaker market environment in hydraulic components. A high degree of flexibility enabled Kuhn Group and Bucher Municipal to profit from regional increases in demand, while keeping costs well under control in the divisions where volumes were showing a tendency to stagnate. This led to a 21% rise in operating profit and an operating profit margin of 8.8%. Net financial items improved thanks to interest savings and positive currency effects. Increased realisation of profits in countries with higher tax rates led to a slightly higher tax rate of 28.8%. Group profit for the year increased by 21% to CHF 154 million, corresponding to earnings per share of CHF 15.34.

Solid financial situation Bucher Industries invested CHF 96 million in the reporting year, mainly in internal growth. Major projects included capacity expansion and the renewal and modernisation of capital equipment. Net operating assets increased in absolute figures, improving by 2 percentage points to 35% of net sales. The return on net operating assets amounted to 16.8%. Together with the higher profit for the year, operating free cash flow also showed a marked increase. As a result of lower expenditure on acquisitions and on the share buy-back programme, free cash flow and net liquidity both increased substantially. The Group ended the year with liquid funds of CHF 480 million, net debt of CHF 19 million and a healthy equity ratio of 41%.

Sustainability The Group published its first sustainability report in 2012. It was based on the internationally recognised guidelines of the Global Reporting Initiative (GRI) and received Application Level C certification. The environmental key figures, based on data first gathered in 2011, provide added transparency and follow in a long tradition at Bucher Industries of careful management of resources and environmental integrity. The findings of the report will flow directly into the operations of Group companies. The 2012 sustainability report will be published at the end of June 2013. The sustainability reports from Bucher Industries are available on the Group's website.

Extension of the product range In the reporting year, Bucher Hydraulics closed a gap in its product portfolio by the addition of advanced hydraulic cylinder technologies. The division agreed to acquire Ölhydraulik Altenerding Dechamps & Kretz & Co. KG in Erding, Germany. The company has 250 employees and in the last business year generated sales of CHF 42 million. Bucher Unipektin, the independent business with equipment for fruit juice processing, acquired the engineering business of Filtrox Group, a world leader in the field of beer filtration. The company has 35 employees and average annual sales of around CHF 30 million in recent years. Both acquisitions were completed in February 2013. Bucher Municipal strengthened its product range in the winter maintenance business by purchasing assets from the Italian company Assaloni.com S.p.A., whose telescopic snow ploughs are highly regarded in Europe and North America.

Kuhn Group Kuhn Group's main markets developed well overall in the reporting year, although certain cereal-producing regions, particularly southern and mid-western parts of the USA, suffered severe drought. The dry conditions and crop shortfalls led to a sharp rise in maize and wheat prices on the world markets. Farmers profited from this situation, particularly in Western Europe and Brazil. Milk and meat prices also rose on strong demand. In this market environment, Kuhn Group achieved marked growth in sales. Order intake came in slightly above the high level recorded the previous year. Operating profit and the operating profit margin both showed substantial increases. In North America, Kuhn Krause, which specialises in tillage equipment and was acquired in May 2011, achieved particularly high growth rates and operated at the limits of its capacity in the reporting year. This led to the construction of a new assembly shop and warehouse. Kuhn Group also invested in expansion of its European logistics centre for spare parts and service and began construction work on the Kuhn Centre for Progress in France, a technology, demonstration and training centre for agricultural methods, techniques and future trends.

Bucher Municipal In Europe, Bucher Municipal's main market, cities and municipalities are continuing their austerity programmes and no major contracts were offered for tender. Overall market volume remained at the same low level as in the previous years. However, Bucher Municipal still produced a record performance in the reporting year. The division achieved marked sales growth. The major order from the city of Moscow, received in 2011 and worth CHF 62 million, contributed CHF 50 million to the sales figures in the reporting year. Fulfilling such a huge order pushed capacity utilisation to the limits in Switzerland, Italy, Latvia and Great Britain in the first half of 2012. Order intake was lower than the high level of the previous year, which was boosted by the major order. The division achieved a marked improvement in operating profit and the operating profit margin was 9.3%, an all-time high. In the second half of the year, the division readjusted to the normal, lower level of the market and announced the merger of its three plants in Great Britain at the main site in Dorking. Operations at the single site in Dorking are set to start up in 2014.

A plant was also closed in Australia and its activities were transferred to the main site in Melbourne. Bucher Municipal is now operating its winter maintenance business under a single management and plans to increase its interest in Giletta S.p.A., Italy, from 50% to 60% by incorporating Gmeiner GmbH, Germany, in spring 2013.

Bucher Hydraulics Bucher Hydraulics faced a progressive weakening of the market environment during the reporting year. In Western Europe and China, the construction machinery and industrial hydraulics segments were particularly affected by the slowdown, whereas agricultural machinery, materials handling and special applications developed positively. The US market experienced a marked increase in demand. The division benefitted from the high level of the order book at the beginning of the reporting year, as well as from innovative projects for major customers which entered series production. Nevertheless, sales were only slightly higher than the previous year's level and order intake declined. Operating profit and the operating profit margin improved compared with 2011. The division created two centres of expertise in the reporting year, one in Switzerland and one in Germany, each under a single management. The new set-up will facilitate optimisation of efficiency, productivity and capacity utilisation in both countries. Bucher Hydraulics also completed construction of a new factory building in Klettgau, including state-of-the-art production cells.

Emhart Glass After a weak first quarter, demand recovered to around the level of the previous year. There were considerable regional variations in the demand trend. Europe experienced slight growth, while demand in the US market remained at the previous year's level. Growth also levelled off in China due to the more subdued business climate. The shift of emphasis towards growth markets in the emerging economies of Asia, the Middle East and South America increased cost pressure and accelerated the trend towards simpler machines. In this environment, Emhart Glass achieved sales growth. Order intake fell, although the previous year's level had been influenced by a major order worth CHF 40 million from India. Owing to marked quarterly fluctuations in the project business, production planning was difficult. In addition, capacity was not fully utilised in the first quarter. In November 2012, Emhart Glass announced plans to gear its production to market changes and transfer a significant part of its production capacity from Europe to Asia. In future the division will produce high-end machines in Europe and simpler, standard machines in Asia. These measures will result in nonrecurring restructuring costs of up to CHF 13 million, of which CHF 9 million was recognised in the reporting year. Contrary to initial assessments, this led to a marginally positive operating profit.

Bucher Specials In the reporting year, developments in the various market segments presented a varied picture. While demand for winemaking equipment in the main market of France declined further because of the premature announcement of subsidies for 2013, demand in Western Europe generally remained subdued. By contrast, the market recovered in the USA. Bucher Unipektin's business with equipment for processing fruit juice developed well, thanks to attractive prices for apple juice concentrate, though there were no major orders such as those secured the previous year. By acquiring Filtrox Engineering, Bucher Unipektin gained entry to the worldwide beer filtration market. The Swiss distributorship for tractors and agricultural machinery took advantage of the favourable market environment. Overall, sales at Bucher Specials were marginally higher than the previous year's level and order intake declined slightly because of the absence of major orders. However, thanks to effective cost-cutting measures, it was possible to achieve a significant rise in operating profit.

Dividend In view of the Group profit for the year, the stable outlook for the current business year 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. The dividend in 2012 was CHF 4.00.

Board of directors and group management The terms of office of board members Rolf Broglie and Anita Hauser will expire at the 2013 annual general meeting of shareholders. The board of directors proposes their re-election for a further three-year term. The term of office of Thomas W. Bechtler will also expire in April 2013. After 25 successful years on the Group's board, Thomas W. Bechtler will not stand for re-election. On behalf of all the employees and business partners of Bucher Industries, we would like to thank Thomas W. Bechtler for his outstanding contribution to the Group's development.

Reduction of the share capital In the course of the share-buy back programme, which was concluded in February 2012, Bucher Industries repurchased a total of 315 900 registered shares. The annual general meeting of 12 April 2012 approved the reduction of the share capital of Bucher Industries through cancellation of the repurchased registered shares. The capital reduction was duly carried out on 27 June 2012. The share capital of Bucher Industries AG now stands at CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each.

Many thanks to our employees and partners In an economic environment characterised by many uncertainties and wide seasonal variations, the Group produced a good result. This was achieved thanks to the outstanding efforts of all our employees and business partners. Our down-to-earth corporate culture, combining tenacity and building for the long term, with professionalism, commitment and the identification of staff with our products and services, is the soundest reason we have for taking a confident view of our present position and future prospects. Fairness in all our dealings with customers, suppliers, business partners and shareholders is another important principle. To you all, and especially to our employees, we owe a great debt of gratitude. You have our respect and the trust necessary to stand together in meeting whatever challenges the future holds.

Outlook for 2013 The macroeconomic environment is unlikely to undergo any fundamental changes in the current business year. The Western industrial economies, above all Europe and the USA, should continue to tackle the high levels of indebtedness and adopt measures to stimulate economic growth. On the other hand, the economies of Asia and South America should continue to grow. Looking at Bucher Industries' markets, we expect the upward trend in the agricultural machinery segment to be sustained, although with lower growth rates than in the previous year. In the other business areas, we are cautiously anticipating that demand will attain roughly the same level as in the previous year. At Bucher Municipal, it will not be possible to compensate for the effect of the major order from the city of Moscow, which boosted sales by CHF 50 million in the reporting year. At Bucher Hydraulics and Bucher Specials, the acquisitions will make a significant contribution to sales growth. The ongoing efforts to improve profitability, particularly at Emhart Glass, will have a positive impact. Overall, the Group expects a marginal increase in sales and somewhat higher profitability.

Niederweningen, 14 March 2013

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Information for investors

At 31 December		2012	2011	2010	2009	2008
Share capital						
Registered shares						
Par value	CHF	0.20	0.20	0.20	0.20	0.20
In issue and ranking for dividend	number	10 250 000	10 565 900	10 565 900	10 565 900	10 565 900
Authorised but unissued	number	1 184 100	1 184 100	1 184 100	1 184 100	1 184 100
Treasury shares	number	465 073	798 494	542 516	564 765	597 315
Issued share capital	CHF million	2 050 000	2 113 180	2 113 180	2 113 180	2 113 180
Market capitalisation and dividends						
Market capitalisation	CHF million	1 845.0	1 734.9	1 845.9	1 186.6	1 109.4
as % of equity	%	209.6	222.2	251.0	151.9	132.7
Gross dividend per registered share	CHF	5.0 [1]	4.0	3.0	2.0	4.5
Total dividend	CHF million	51.3 [1]	42.3	31.7	21.1	47.5
Payout ratio	%	34.2 [1]	33.9	33.2	n.a.	32.7
Per share data						
Profit for the year						
Basic earnings per share	CHF	15.3	12.5	9.5	– 2.6	14.4
Diluted earnings per share	CHF	15.3	12.5	9.5	– 2.6	14.3
Net cash flow from operating activities	CHF	20.4	17.6	26.0	23.9	10.3
Equity	CHF	85.9	73.9	69.7	73.9	79.1
Year high	CHF	200.3	215.0	175.0	126.9	305.5
Year low	CHF	144.2	128.7	111.6	69.0	88.9
Year-end price	CHF	180.0	164.2	174.7	112.3	105.0
Average price	CHF	173.5	173.8	136.0	105.9	214.0
Average yield	%	2.9 [1]	2.3	2.2	1.9	2.1
Average daily trading volume	number	16 674	20 001	16 697	18 331	23 166
Price/earnings ratio (year-end price)		11.7	13.1	18.3	– 43.1	7.3

[1] Proposal by the board of directors.

Stock exchange listing

The registered shares of CHF 0.20 each are listed on the main board of the SIX Swiss Exchange:

Security No.	243217
ISIN	CH0002432174
SIX Swiss Exchange	BUCN
Reuters	BUCN.S
Bloomberg	BUCN SW

The registered shares are also traded on the over-the counter markets of the following stock exchanges: Frankfurt, Stuttgart, Berlin, Xetra.

Contact

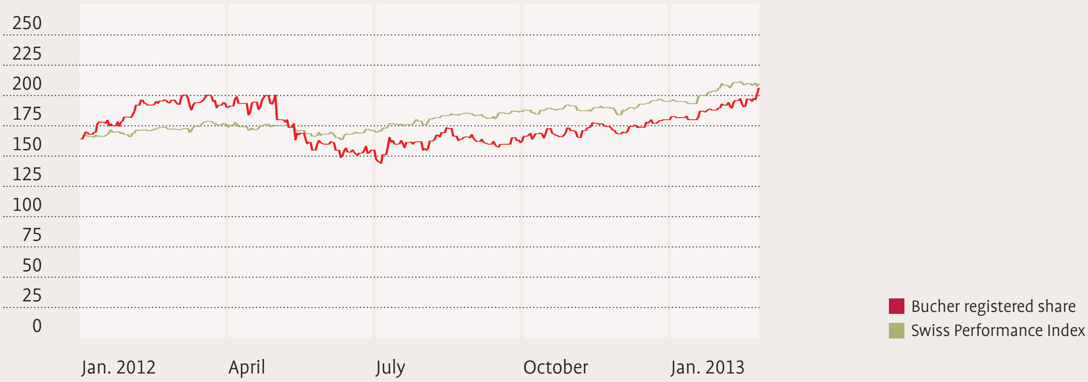
Philip Mosimann, CEO
Roger Baillod, CFO

Bucher Industries AG
Murzlenstrasse 80
CH-8166 Niederweningen
Phone +41 43 815 80 80
Fax +41 43 815 80 81
info@bucherindustries.com
www.bucherindustries.com

Financial calendar

Annual general meeting (Mövenpick Hotel, Regensdorf)	11 April 2013	4.00 pm
First trading date ex-dividend	15 April 2013	
Dividend payment	18 April 2013	
Release of first quarter 2013 group sales	26 April 2013	
Sustainability report	June/July 2013	
Interim report 2013	30 July 2013	
Release of third quarter 2013 group sales	25 October 2013	
Release of 2013 group sales	30 January 2014	
Annual press conference	6 March 2014 2013	9.00 am
Annual analyst conference	6 March 2014	2.00 pm
Publication of annual report 2013	6 March 2014	
Annual general meeting (Mövenpick Hotel, Regensdorf)	10 April 2014	4.00 pm
First trading date ex-dividend	14 April 2014	
Dividend payment	17 April 2014	
Release of first quarter 2014 group sales	29 April 2014	
Interim report 2014	30 July 2014	
Release of third quarter 2014 group sales	27 October 2014	

Share price performance CHF



Kuhn Group

Strip tillage – low-input cultivation process

Combining farming and sustainability is one of the challenges of the 21st century. The strip-tilling process is equal to the task. The method involves tilling and fertilising only the strip of soil that will subsequently be seeded. Up to 80% of the field is left untouched. Compared with traditional ploughing, the number of passes required can be reduced from as many as five to two. The process not only saves farmers time and fuel, it also has less impact on soil life and soil structure.

Kuhn Group is a pioneer of the strip-tilling process in Europe. After simultaneous tilling and fertilisation, the strips of soil are allowed to dry out and warm up. They are then seeded in a second – and now final – pass. When the soil is loosened and seeded at the same time, the expenditure of energy and time is lower. In some cases, crop yields are also higher. Crop residues between the seeded strips are preserved intact, significantly reducing soil erosion as well as the growth of weeds. Last but not least, the process reduces the need for herbicides and fungicides, which is good for the environment and lowers costs. All these features make strip tilling a cultivation process that benefits farmers and the environment in equal measure.

The precision of the Kuhn Striger makes sustainable soil cultivation possible, benefitting people and the environment.

Kuhn Group

Activities

Kuhn Group is the world's leading manufacturer of specialised agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, livestock bedding and feeding. It has an exceptionally wide range of products, tailored to suit the needs of all kinds of agricultural operations worldwide, including large farms and contractors. The division has production facilities in France, the Netherlands, the USA and Brazil.

Highlights

In the reporting year, the principal markets for agricultural machinery in Europe and the Americas developed positively on the whole, and farmers benefitted from the high level of prices for agricultural produce, despite the rising cost of equipment and supplies. In this positive environment, Kuhn Group posted a substantial increase in sales, while the order intake was slightly above the high level of 2011. Thanks to its great versatility, efficiency and cost-consciousness, as well as the high level of capacity utilisation, the division increased operating profit by 31% to CHF 152 million. The operating profit margin also surpassed the high level of the previous year, rising from 11.3% to 12.4%. Kuhn Group accounted for 47% of Group sales (2011: 44%).

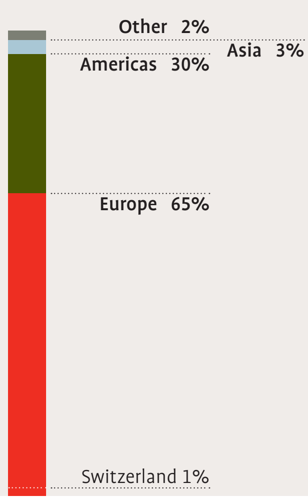
Key figures

CHF million			% change		
	2012	2011	%	%[1]	%[2]
Order intake	1 199.0	1 166.3	2.8	3.3	– 0.7
Net sales	1 222.4	1 026.4	19.1	19.7	16.1
Order book	491.5	506.0	– 2.9	– 2.3	– 5.0
Operating profit (EBITDA)	186.5	148.1	25.9		
As % of net sales	15.3%	14.4%			
Operating profit (EBIT)	151.8	115.7	31.2		
As % of net sales	12.4%	11.3%			
Number of employees at 31 December	4 495	4 230	6.3		
Average number of employees during year	4 558	4 109	10.9		

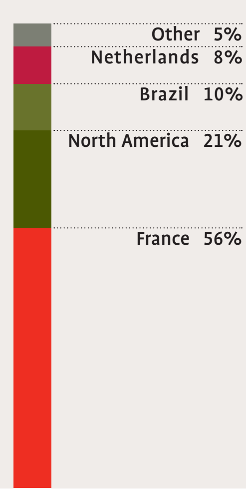
1) Adjusted for currency effects.
2) Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Positive market environment, despite drought Although Kuhn Group's main markets developed positively overall in 2011, parts of some of the principal cereal-growing regions suffered very dry conditions. The Corn Belt in America's Midwest was particularly hard hit by extreme drought. The shortfalls in the grain harvest were considerable, leading to a steep rise in the world market prices of maize and wheat. However, 85% of the crop shortfalls were covered by insurance, keeping farmers' financial losses within limits. Farmers benefitted from the steep rise in cereal prices especially in western Europe and Brazil. Agricultural businesses in the dairy and meat industries were adversely affected by higher production costs as they were forced to buy in expensive feedstuffs. The good level of milk and meat prices in the USA and western Europe partly offset the rising costs, resulting in a generally favourable income situation for farmers. The markets in southern Europe were slow-moving because of the drought and the adverse economic conditions. Russia and the Ukraine also suffered lower crop yields owing to high temperatures.

Business performance Thanks to its global set-up and wide range of products, Kuhn Group was able to take full advantage of the positive environment in the reporting year, generating a marked growth in sales. Order intake surpassed the high level recorded the previous year, while operating profit and the operating profit margin both showed substantial increases. The positive business performance was underpinned by buoyant demand in the division's main markets, especially western Europe and North America. Kuhn-Krause, which was acquired in the USA in 2011, returned particularly strong growth rates owing to heavy demand for tillage equipment and seed drills for grain farming, and operated at the limits of its capacity. The Kuhn-Krause acquisition effect was CHF 39 million in the reporting year. Demand in South America was also lively. Thanks to the sustained drive to improve processes at all Kuhn operations, the great cost-awareness, the high level of capacity utilisation and the close collaboration with the worldwide dealership network, Kuhn Group succeeded in further improving profitability. Dealer inventories were at a normal level.

Collaboration with partners Following Kuhn Group's purchase of a 24% interest in the German company Rauch Landmaschinenfabrik GmbH in February 2011, Kuhn and Rauch were able to raise their decades-long partnership to a new level. This not only applied to Rauch's traditionally close collaboration with Kuhn's headquarters in Saverne, France, but also with Kuhn do Brasil, in the area of seed drills and fertiliser spreaders. In the reporting year, Kuhn and Italian company Nobili S.p.A. celebrated the 25th anniversary of their successful strategic cooperation in the area of crop-spraying equipment.

Product development Product development is increasingly focused on reducing the weight of equipment, lowering energy consumption and optimising processes. The division continued to refine pioneering techniques during the reporting year, for example: combined cultivation processes, reduction of tillage to the minimum area required and smart farming using electronic aids. The strip-till concept, which was developed in Europe, epitomises such methods. A Striger soil preparation tool is combined with a front tank, enabling simultaneous tillage of the strip of soil and electronically controlled application of fertiliser. Alternatively, the Striger can be combined with a slurry tank for environmentally friendly, very precise application of the liquid manure on the tilled strips. The use of new, more eco-friendly energy sources is likewise in line with this megatrend in the agricultural machinery industry. Kuhn Group is also active in this area, as shown by the electrically powered fertiliser spreader.

Division management

Michel Siebert,
Division president

Dominique Schneider,
Finance and controlling

Jeannot Hironimus,
Business development

Jean-Luc Collin,
Production and research

Roland Rieger,
Sales

Guy Rostoucher,
Kuhn-Audureau SA

Dominique Devillers,
Kuhn-Blanchard SAS

Didier Vallat,
Kuhn-Geldrop B.V.

Hervé Arlot,
Kuhn-Huard SA

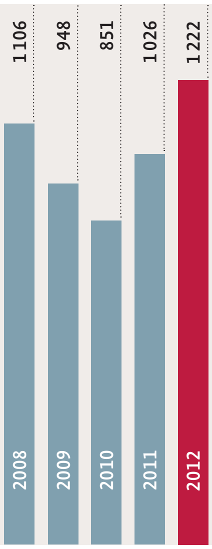
Thierry Krier,
Kuhn North America, Inc.

Mario Wagner,
Kuhn do Brasil S/A

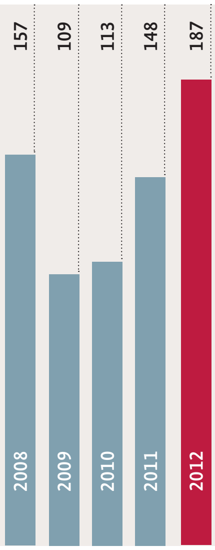
At 1 March 2013

Investment in expansion In the reporting year, Kuhn Krause expanded its capacity in North America, adding a new assembly shop and warehouse. Both buildings began operations in October 2012. The expansion was necessary because production volumes have almost doubled since 2010, and the existing capacity was stretched to the limit. This expansion allowed the company to optimise the entire material flow process and further increase the efficiency of the plant. In Europe, Kuhn Group started construction of the Kuhn Centre for Progress. This modern technology, demonstration and training centre is being built in Monswiller, near the headquarters of Kuhn Group in Saverne, France. It will serve as a meeting place for customers, farmers and specialists from all over the world, providing a forum for discussion about the development of future farming methods, techniques and machinery, as well as offering training and development opportunities. The new centre will house a large showroom where Kuhn agricultural machinery can be presented. An intensive dialogue with users and specialists ensures that Kuhn Group remains in close touch with its customers and provides impetus for future developments and specialisations in agriculture. Also in Monswiller, Kuhn Group began work on the extension of its European logistics centre for spare parts and service. The expansion was necessary because of the Group's rapid growth and the extension of the product portfolio. It will ensure that all the products manufactured and sold in Europe can be supplied with spare parts within 24 hours. These investments are enabling expansion and modernisation of the existing industrial base and will provide a platform for the further development of Kuhn Group.

Net sales
CHF million

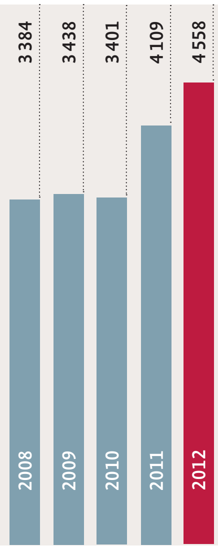


Operating
profit (EBITDA)
CHF million



Outlook for 2013 Kuhn Group expects the market environment to remain positive and stable at a high level in the current business year. The favourable income situation enjoyed by farmers in recent years and the positive assessment of future revenue trends should ensure a continuing willingness on the part of farmers to invest, particularly in the first half of the year. On the other hand, the cost of equipment and supplies in the dairy and meat industries has risen. Dealers are maintaining inventories at a normal level, giving grounds for confidence. Overall, Kuhn Group expects the positive trend to be sustained in North America and Europe, as well as in South America. For 2013, the division anticipates a further increase in sales and operating profit, in spite of significantly lower growth rates.

Average number of employees during year



Bucher Municipal

CityCat H_2 – hydrogen drive to clean cities

Switzerland enjoys a high quality of life. The prototype CityCat H_2 sweeper being developed in Bucher Municipal's ongoing hy.muve project measures up to this high standard. Thanks to its hydrogen fuel cell and electrically controlled drive units, the CityCat H_2 operates almost silently and without gas emissions, as it has proved in field tests in several city centres. Compared with equivalent diesel-powered models, it also cuts energy usage by up to 70%.

Bucher Municipal is collaborating with the Swiss Federal Laboratories for Materials Testing and Research (EMPA) and several industry partners in the hy.muve (hydrogen-driven municipal vehicle) project to develop the CityCat H_2 sweeper. The prototype, which combines hydrogen with fuel cells and electric drives, aims to bring low-emission fuel-cell technology from lab bench to city streets via series production. The CityCat H_2 came through 18 months of field testing in Basel, St. Gallen and Bern with convincing results, not least because of its much lower energy consumption, achieved despite its greater weight. Sweepers are particularly well suited to fuel-cell technology because they are in constant use. That makes the CityCat H_2 a door opener for the market launch of hydrogen-powered vehicles.

The CityCat H_2 cleans towns and cities using quiet, non-polluting technology, so it can be seamlessly integrated into even the busiest settings.

Bucher Municipal

Activities

Bucher Municipal is the European and Australian market leader in municipal vehicles for cleaning and clearing snow from public and private spaces. It offers a wide range of compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles. The division has production facilities in Switzerland, Germany, Great Britain, Italy, Denmark, Latvia, the USA, Australia and South Korea.

Highlights

The European market for municipal vehicles remained stable at a low level in the reporting year. Thanks to winning an order from the city of Moscow for municipal vehicles in November 2011, the industry's biggest-ever, Bucher Municipal recorded a marked rise in sales in the reporting year. This major contract contributed CHF 50 million to the sales performance and resulted in full capacity utilisation during the first half of 2012. As a result, the division reported record figures for operating profit and operating profit margin. Bucher Municipal accounted for 16% of Group sales (2011: 16%).

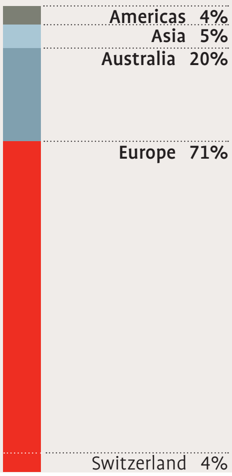
Key figures

CHF million			% change		
	2012	2011	%	%[1]	%[2]
Order intake	364.3	449.3	−18.9	−20.3	−21.3
Net sales	424.2	379.9	11.7	9.9	9.1
Order book	95.7	153.2	−37.5	−38.7	−39.0
Operating profit (EBITDA)	45.8	34.5	32.8		
As % of net sales	10.8%	9.1%			
Operating profit (EBIT)	39.3	26.6	47.7		
As % of net sales	9.3%	7.0%			
Number of employees at 31 December	1 429	1 530	−6.6		−8.8
Average number of employees during year	1 478	1 391	6.3		5.6

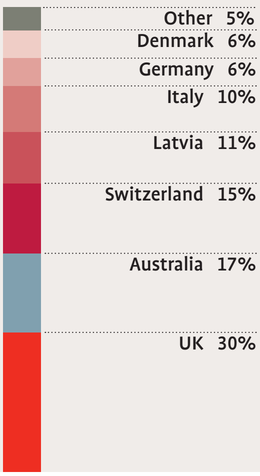
[1] Adjusted for currency effects.
[2] Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Market environment stable at a low level In the reporting year, cities and towns in Europe, which is Bucher Municipal's main market, continued to rein in spending. No major contracts were offered for tender and the overall market volume remained at the same low level as in the previous years. Southern Europe, particularly Spain and Italy, were particularly badly hit by government austerity measures. Competitive pressure remained high as a result. The mild start to the 2011/2012 winter season led to reduced demand for winter maintenance equipment in the Alpine region.

Business performance In the first half of 2012, the handling of the one-off major contract worth CHF 62 million from the city of Moscow had a big influence on the division's performance. Thanks to its great professionalism and versatility, and the total commitment of the whole workforce, including temporary staff, Bucher Municipal was able to complete and deliver the order on time, while maintaining high quality standards. The high volume kept the plants in Switzerland, Great Britain, Latvia and Italy working at full capacity during the first six months of the year. The division achieved a marked increase in sales in the reporting year, with the major order contributing around CHF 50 million to the total. Order intake was lower than the high level of the previous year, which was boosted by the order from Moscow. Thanks to the high level of capacity utilisation, the division achieved a substantial increase in operating profit; the operating profit margin was at an all-time high. In the second half of the year, the division adjusted to the normal lower level of market activity, and took further measures to increase efficiency and lower costs. For example, the activities in Latvia were further expanded, the winter maintenance business was integrated under a single management, and plant consolidations were completed in Australia and initiated in Great Britain.

Consolidation of plants In 2012, Bucher Municipal announced the merger of the three Johnston Sweepers production plants in Great Britain. Previously, Johnston Sweepers had manufactured truck-mounted sweepers in Dorking, compact sweepers in Sittingbourne and hoppers in Ash Vale. This legacy structure resulted in complex processes and limited use of synergies and economies of scale. After a consultative process involving representatives of the workforce, the division decided to consolidate the three plants at the main site in Dorking and close the plants in Sittingbourne and Ash Vale. All the affected employees at the two sites concerned will be offered jobs in Dorking. To prepare for consolidation of the activities in Dorking, measures to expand capacity have been introduced with the aim of creating a highly efficient, state-of-the-art sweeper plant and ensure optimal production processes. In all, CHF 16 million is being invested in the new 6500-square-metre assembly and production building, and in machinery and technical equipment for the integration of the new paint shop and welding plant. Work on the major order from the city of Moscow and the consultation process with employee representatives delayed the start of construction on the new assembly and production building. As a result, only a small part of the investment, around CHF 2 million, was expended in the reporting year. The integrated plant is due to come on stream at the beginning of 2014. Increased insourcing necessitated further expansion of the plant in Latvia that specialises in the manufacture of kits for sweepers. In Australia, Bucher Municipal concentrated the manufacture of refuse collection vehicles at a single plant near Melbourne. The plant in Perth was closed and the site remains as a service centre.

Division management

Michael Häusermann,
Division president

Jürg Hauser,
Finance and controlling

Thomas Dubach,
Bucher Schörling

Coen van Rosmalen,
Johnston

Peter Rhodes,
Beam

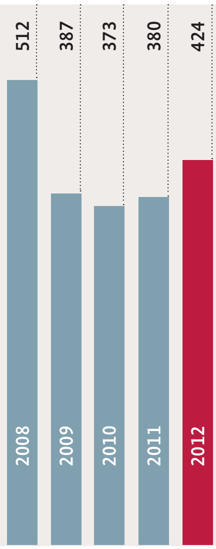
David Waldron,
MacDonald Johnston

Guido Giletta,
Winter maintenance

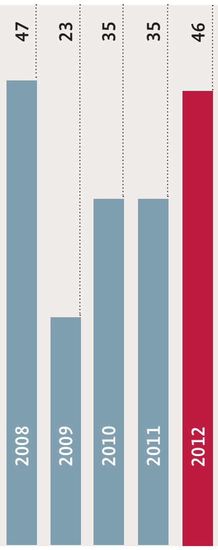
At 1 March 2013

Strengthening the winter maintenance business The division's winter maintenance business is made up of the Italian company Giletta S.p.A., in which Bucher Municipal holds a 50% interest, and Gmeiner GmbH in Germany. Both companies develop, manufacture and market spreaders and snowploughs, and have achieved strong growth rates in recent years. To strengthen the winter maintenance business and create optimal conditions for harnessing synergies, the legal structure was modified and the activities were reorganised under one management. In the spring of 2013, Bucher Municipal's equity holding in Giletta is due to be increased from 50% to 60% and Gmeiner to be incorporated into Giletta. Guido Giletta is president of the new management of the winter maintenance business; the other members are Enzo Giletta and Wilfried Müller. The joint approach will strengthen the existing market positions in the main markets of Germany, Italy and France. The optimised product range will improve the competitiveness of the winter maintenance business and enable it to increase its market share in Europe, North America and emerging markets. Customers will benefit from the combined know-how, the product portfolio tailored to specific local requirements and efficient customer service. In the second half of the year, Giletta acquired the assets of the Italian company Assaloni, whose snowplough technology, including the patented telescopic ploughs, is well established in Europe and North America and fully complements the existing product range. The basis for the building of a local production plant with Bucher Municipal's partner of many years' standing in Russia was laid, and in the current year a new plant for the manufacture of winter maintenance products is due to be opened in Kaluga, Russia. As a result, Bucher Municipal will gain recognition as a local producer, a significant advantage when it comes to tendering for new contracts and a further strengthening of its market position in the region.

Net sales
CHF million



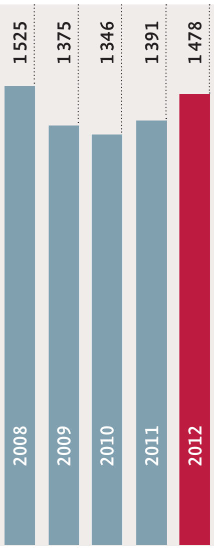
Operating
profit (EBITDA)
CHF million



Product innovation After intensive development work over several years, the prototype for a virtually emission-free compact sweeper was tested for the first time in a number of Swiss towns in the reporting year. The drive concept of the hy.muve compact sweeper comprises a hydrogen fuel cell and electric motors for both the transmission drive and the cleaning functions. Through the field trials, the developers gained valuable experience about the performance of the new components and the innovative system as a whole. Some of what they learned has already been implemented in modifications to existing sweepers. As a possible intermediate step to the ambitious, long-term goals of the hy.muve project, work is continuing on an alternative low-emission electric/gas hybrid drive system. This is being developed as part of a project supported by the Commission for Technology and Innovation, in which the Swiss Federal Institute of Technology Zurich (ETH) and the Swiss Federal Laboratories for Materials Testing and Research (EMPA) are also collaborating.

Outlook for 2013 Despite the heavy debt burden facing European countries, municipalities and cities, Bucher Municipal is expecting demand to remain stable at the low level of 2012, without taking the one-off major order from the city of Moscow into account. Demand in southern Europe is unlikely to recover and will remain at the present very low level. The division adjusted to the stable, low market volume and is set to benefit from the streamlining measures introduced. After a reporting year that was marked by the major order from the city of Moscow, Bucher Municipal therefore anticipates sales and operating profit for the current year to be on a par with the levels seen in 2011.

Average number of employees during year



Bucher Hydraulics

System components – the key to long product life

Sustainable use of natural resources is an issue of public concern. Bucher Hydraulics lives up to its responsibility by way of hydraulic components and systems which are manufactured in sustainable processes and designed to ensure a long and highly effective useful life for customers' equipment and machinery. That helps save resources.

Bucher Hydraulics' components and systems keep high-performance equipment and machinery, including wind power plants, running past their normal maximum service life. The high level of functionality reduces the need for maintenance, saving material and energy resources. Bucher Hydraulics calls this responsible use of resources ECOdraulics. Products, manufacturing processes and services bearing the ECOdraulics label help customers develop innovative, efficient and sustainable products of their own. The key criterion for ECOdraulics is energy conservation. Other relevant factors are sustainable use of natural resources and lower emissions.

Internal gear pumps from Bucher Hydraulics ensure prolonged service life for wind power plants.

Bucher Hydraulics

Activities

Bucher Hydraulics is a leading international manufacturer of customised hydraulic systems, which customers all over the world integrate into their products. The systems are designed to meet state-of-the-art standards of engineering, safety and quality. The wide range of products includes pumps, motors, valves, cylinders, power units, elevator drives and control systems with integrated electronics. With manufacturing facilities and distribution companies in Europe, India, China and the USA, Bucher Hydraulics is close to its markets and customers around the world.

Highlights

In a weakening market environment, Bucher Hydraulics generated modest sales growth and was able to increase the level of operating profit. The strong order book at the beginning of the reporting year, as well as new, innovative projects for major customers, contributed to this performance. Order intake fell compared with the high level of the previous year owing to the slowdown in the second half. The division accounted for 15% of Group sales (2011: 17%).

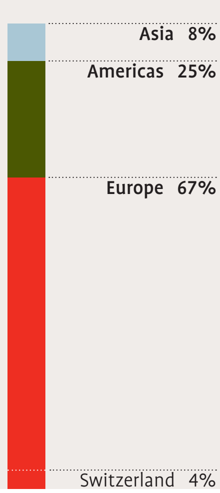
Key figures

CHF million			% change		
	2012	**2011**	**%**	**%[1]**	**%[2]**
Order intake	386.4	406.3	− 4.9	− 5.2	− 4.8
Net sales	406.8	399.2	1.9	1.6	2.1
Order book	52.8	68.9	− 23.4	− 23.8	− 23.9
Operating profit (EBITDA)	53.7	52.1	3.1		
As % of net sales	13.2%	13.1%			
Operating profit (EBIT)	36.3	34.8	4.3		
As % of net sales	8.9%	8.7%			
Number of employees at 31 December	1 647	1 712	− 3.8		− 2.4
Average number of employees during year	1 700	1 661	2.3		3.5

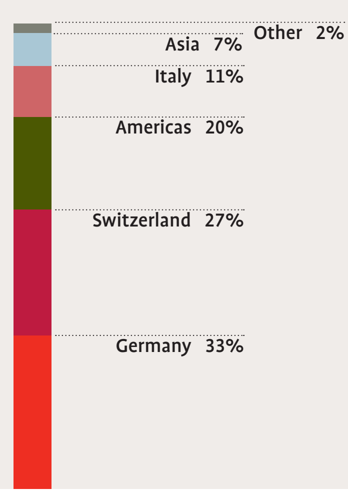
[1] Adjusted for currency effects.
[2] Adjusted for currency and disposal effects.

Geographical analysis

Net sales



Number of employees



Weaker market environment Bucher Hydraulics experienced a progressive weakening of the market environment during the reporting year, though there were regional variations to the trend. In western Europe, the industrial hydraulics and construction machinery segments were particularly affected by the slowdown, while agricultural machinery, materials handling and special applications developed positively. Following the introduction of government measures to slow down construction activity in China, demand in this segment also declined. In the USA, by contrast, the market environment developed positively and there was a marked increase in demand.

Business performance Although Bucher Hydraulics felt the impact of the slowdown in the market, the division was lifted by the solid order book at the beginning of the reporting year, as well as new, innovative projects for major customers which entered series production. Thanks to these factors, sales were slightly above the previous year's level, but the order intake was marginally down. The high production volume of pumps and valves led to a high level of capacity utilisation and the division was able to increase operating profit and the operating profit margin.

Optimised management structure in Europe The division reorganised in Europe, creating a centre of expertise in Switzerland and Germany respectively. The Swiss centre is led by Aurelio Lemos and includes the plants in Frutigen and Neuheim. The centre in Germany, headed by Uwe Kronmüller, encompasses the Klettgau, Remscheid and Dachau sites. The new management structure will facilitate improvements in the efficiency, productivity and utilisation of capacities. Suppliers as well as internal processes will benefit from synergies. The concentrated know-how of each centre of expertise is deployed to full effect in the development and manufacture of special hydraulic systems tailored to customers' specific requirements, mainly to the benefit of customers in Europe. These national centres of expertise are based on Bucher Hydraulics' very positive experience with similar set-ups in North America, India and China. Sales activities are also organised in integrated, regional centres in Europe, North America, India and China. In this way, Bucher Hydraulics is able to maintain the close contacts with customers that are essential to developing customer-specific drive systems and meet the demands of the trend to offer globally active major customers locally based engineering, production, testing and service facilities.

Expansion of the German site In response to the steady expansion of production volumes at the site in Klettgau, Germany, in recent years, as well as the scale-up of various product developments to series production, construction of a new factory building with a total floor space of 9000 square metres was begun in 2011 and completed in the reporting year. This new building will be brought on stream in stages beginning in early 2013. The division invested more than CHF 15 million in the new facility and related production cells in 2012. It will provide a platform for the introduction of modern, efficient processes and increase the competitiveness of the products manufactured in Klettgau.

Extension of the product portfolio At the end of the reporting year, the division signed an agreement to acquire Ölhydraulik Altenerding Dechamps & Kretz GmbH & Co. KG in Erding, Germany. The company produces advanced hydraulic cylinder technology for a broad customer base in Europe. The systems are used mainly in mobile hydraulics, but also in industrial and special-purpose hydraulics. The company has extensive application know-how and, like Bucher Hydraulics, is close to its customers thanks to a commitment to developing

Division management

Daniel Waller,
Division president

Peter Minder,
Finance and controlling

Uwe Kronmüller,
Bucher Hydraulics Germany

Aurelio Lemos,
Bucher Hydraulics Switzerland

Luca Bergonzini,
Bucher Hydraulics Italy

Dan Vaughan,
Bucher Hydraulics North America

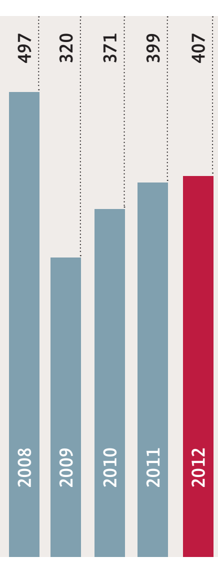
Michael Leung,
Bucher Hydraulics China

At 1 March 2013

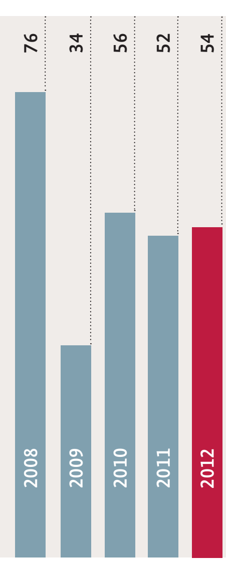
customer-specific drive solutions. The acquisition closes a significant gap in Bucher Hydraulics' product portfolio. High-end cylinder technologies, combined with pumps and valves in customised systems, offer customers modern drive solutions that meet today's requirements for greater energy and cost efficiency, as well as enhanced functionality.

Sustainability For Bucher Hydraulics, the theme of sustainability has two aspects. On the one hand, many of its newly developed components and systems provide customers with the means to make their own products significantly more sustainable. On the other hand, when developing its own products, Bucher Hydraulics always ensures the production processes it uses to manufacture its hydraulic components and systems maintain a high degree of sustainability. In this respect, economy and ecology usually go hand in hand. For example, customers enjoy the advantages of a new hydraulic motor which is used for cooling ventilation of efficient and therefore heat-generating motors. Thanks to the new hydraulic cooling-fan drive, these motors comply with the latest emission standards. Another interesting example of enhanced sustainability among Bucher Hydraulics' own products is provided by the new surface and anti-corrosion coatings used on a large proportion of the range of cartridge valves. The new process offers a significantly longer useful life and enhanced operational safety of the products, despite their being subject to tough, all-weather conditions and environmental influences. This cuts down on the use of material resources and also saves energy.

Net sales
CHF million

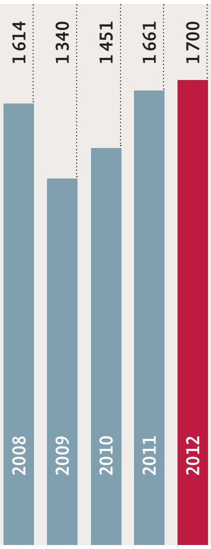


Operating
profit (EBITDA)
CHF million



Outlook for 2013 For the current business year, Bucher Hydraulics expects a further weakening of the market in Europe. The only exception is likely to be the agricultural machinery segment, which should show an upward trend. The division expects to be able to offset the slowdown in Europe through ongoing series production projects for major customers. The favourable business environment should continue in the USA, while demand in India and China could also recover. For 2013 as a whole, Bucher Hydraulics expects a marked increase in sales, due in part to the effect of the Ölhydraulik Altenerding acquisition, and an improvement in operating profit thanks to internal efficiency measures.

Average number of employees during year



Emhart Glass

Tempered glass bottles – thanks to a new process

The time is ripe for completely eco-friendly, healthy packaging. Emhart Glass has just delivered a world first: harnessing the properties of tempered plate glass for glass packaging. The patent-protected process makes glass bottles significantly tougher, yet up to 20 % lighter. That means bottles stay in circulation longer, lowering energy consumption for recycling. The lower weight also makes handling even easier, reduces the amount of raw materials required for glass forming and cuts CO_2 emissions for all types of transport.

The new, patented glass tempering process revolutionises glass as a packaging material. It involves heating glass containers to the required temperature of nearly 700°C. They are then placed in a special apparatus for rapid and even cooling, inside and outside. This produces glass with specific mechanical stress characteristics, giving the container greater breaking strength and making it possible to decrease the weight. A classic one-litre returnable bottle can be reduced in weight from 500 grams to 420 grams, nearly 20% lower. Extrapolated to one million glass bottles that is equivalent to a saving of 80 tonnes in the glass required, resulting in a significant reduction in CO_2 emissions. The patented forming process has been successfully tested at the Emhart Glass Research Center in the USA. Bucher Hydraulics’ cooperation partner Vetropack is due to start commercial production at its plant in Pöchlarn, Austria, in mid-2013.

The innovative tempering process can be used immediately after glass forming or applied separately.

Emhart Glass

Activities

Emhart Glass is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers. Its portfolio encompasses glass forming and inspection machinery, systems, components, spare parts, advice and services for the glass container industry. Emhart Glass is headquartered in Switzerland; its manufacturing facilities are located in Sweden, the USA, China and Malaysia. The research and development centre is in the USA.

Highlights

The project business of Emhart Glass was again subject to marked volatility in the reporting year, although the market environment as a whole remained stable. After a slow start, business continued to improve as the year went on and Emhart Glass was able to increase sales. However, order intake remained below that of the previous year, which was influenced by a major order from India. Provisions and non-current costs to the tune of CHF 9 million had an impact on the results and led to a barely positive operating profit. Emhart Glass accounted for 14% of Group sales (2011: 15%).

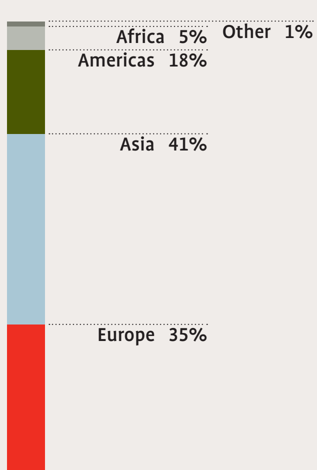
Key figures

CHF million			% change		
	2012	**2011**	**%**	**%[1]**	**%[2]**
Order intake	338.7	357.7	−5.3	−4.7	−13.9
Net sales	366.5	345.2	6.2	6.6	−3.2
Order book	109.3	145.0	−24.6	−23.8	−18.6
Operating profit (EBITDA) before restructuring costs	20.7	24.4	−15.2		
As % of net sales	5.6%	7.1%			
Operating profit (EBITDA)	12.1	24.4	−50.4		
As % of net sales	3.3%	7.1%			
Operating profit (EBIT)	0.7	15.4	−95.5		
As % of net sales	0.2%	4.5%			
Number of employees at 31 December	2 027	2 134	−5.0		
Average number of employees during year	2 074	1 647	25.9		

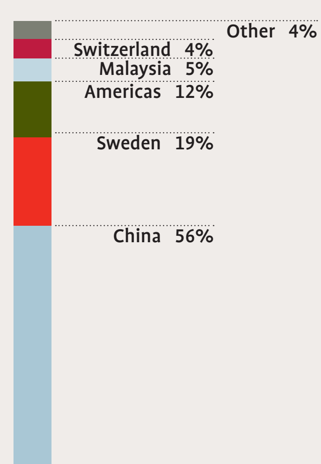
1) Adjusted for currency effects.
2) Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Stable market environment In the reporting year, the market for glass forming machinery remained stable overall, but with regional variations. While demand in Europe rose slightly, it remained at the previous year's level in the USA. In China demand also levelled off because of the constricted business climate. The increasing shift of emphasis towards growth markets in the emerging economies of Asia, the Middle East and South America increased cost pressure and accelerated the trend towards simpler machines. This led to pressure on European manufacturers of glass forming systems. The biggest impact was on the division's main plants in Sweden.

Business performance The performance of Emhart Glass in 2012 was characterised by uncertainties and strong fluctuations in customer projects. Demand was low in the first quarter, but picked up considerably by the middle of the year and then remained at a healthy level. Capacity was well utilised at customer plants, benefitting the spare parts business. In this market environment, Emhart Glass succeeded in further improving sales. The positive trend particularly favoured Chinese joint-venture partner Sanjin. Despite the subdued economic climate in China, Sanjin was able to increase sales thanks to joint development of new machines. Order intake fell off slightly, however, although the previous year's record figure was boosted by a major order worth CHF 40 million from India. Production planning and stable capacity utilisation are difficult to achieve since many customers delay confirming orders until the last minute and request ever-shorter lead times for delivery. In November of the reporting year, the division announced plans to gear its production more to the global trend for simpler, standardised machines. While high-end machines will continue to be made in Europe, simpler, standardised machines will in future be produced in Asia for the most part, closer to the target market. This necessitates the transfer of a significant part of the production capacity from Europe to Asia. Implementation of these measures calls for non-recurring restructuring costs of up to CHF 13 million of which CHF 9 million was charged in the reporting year. Despite these one-off costs Emhart Glass posted a barely positive operating profit.

Increased leverage of global presence For some years the glass container industry has seen a shift in the pattern of demand towards simpler, standardised machines and systems in the lower-cost, middle segment of the market. At the same time, demand is rising in the emerging markets of the Middle East and Asia, while western Europe and the USA are increasingly mature markets. Emhart Glass announced a comprehensive package of measures in November 2012 intended to address this trend. The global presence of Emhart Glass represented a unique opportunity to adapt production, engineering and the supply chain to the new market conditions, and further improve competitiveness while at the same time reducing fixed costs. In future, production and engineering capacities in the technically advanced market segment will focus on Europe and the USA, and those serving the middle market segment will be concentrated mainly in Asia. The plant in Sundsvall, Sweden, will manufacture high-end machinery, as well as standardised units for customers who prefer machines made in Sweden. These changes will be accompanied by a capacity reduction of about 50% in machine and components assembly in Sundsvall. Capacity at the works in Örebro, Sweden, which specialises in the production of critical components, will remain unchanged. The centre for worldwide distribution of spare parts in Sundsvall will be outsourced to a logistics company with a global presence. It will run spare parts centres on behalf of the division in Central Europe, the USA and Asia. The production of non-critical parts will be transferred from Sweden to Malaysia and to the division's own plant in Sanjin, China. Malaysia will see expansion of the production and engineering capacities for complete glass container forming and inspection machinery in the middle market segment.

Division management

Martin Jetter,
Division president

William Grüninger,
After sales

Jeffrey D. Hartung,
Inspection business

Christer Hermansson,
Logistics and manufacturing

Matthias Kümmerle,
Technology

Edward Munz,
Business development

Franco Venturelli,
Sales

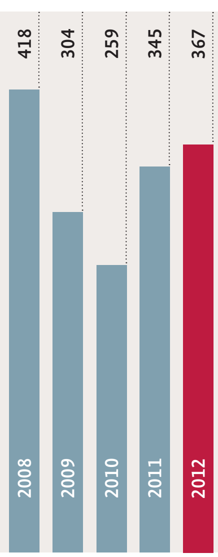
Ngiap Lin Wong,
Finance and controlling

At 1 March 2013

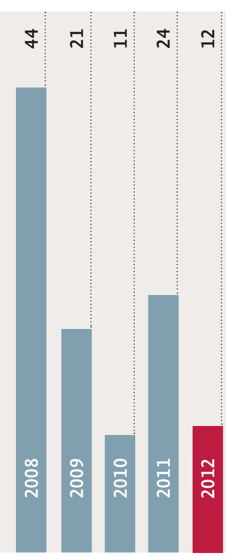
The corresponding functions in Europe and the USA will be adapted. Implementation of the planned measures will result in a reduction of about 200 workplaces in Europe and the USA, most of them in Sundsvall. However, at least 50 new jobs will be created at Emhart Glass Malaysia. The new set-up will allow annual savings of around CHF 30 million. The cost savings will take effect in stages, as the corresponding measures are implemented, and will be fully effective in 2015. The measures entail restructuring costs of up to CHF 13 million, of which CHF 9 million had an impact in the reporting year. A further sum of about CHF 5 million is required for expansion of the capacities in Malaysia and investment in the necessary modifications at Sundsvall. The consultation process with employee representatives ended in January 2013 when a constructive agreement was reached with the employee organisations, and implementation of the measures commenced without delay.

Product development At Glasstech 2012, Emhart Glass presented new developments such as innovative closed-loop systems, efficient bottle handling systems and a simplified inspection machine of the Flex-M type, which is especially suitable for the lower requirements of the emerging markets. The first commercial production line for the manufacture of tempered glass bottles, which will make it possible to produce much stronger and/or lighter glass containers, was successfully tested towards the end of 2012 at the research centre in Windsor/CT, USA. Production of the first commercial tempered glass bottles is due to start up in mid-2013 at cooperation partner Vetropack's site in Pöchlarn, Austria.

Net sales
CHF million



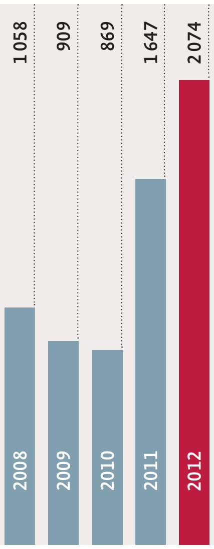
Operating
profit (EBITDA)
CHF million



Joint venture in China Many joint projects were realised in the reporting year with the division's joint venture partner Sanjin in China. The quality of the components and parts for glass forming machinery improved significantly when twenty new CNC machines were added to Sanjin's stock of equipment. A new CIS-type glass forming machine was developed with Sanjin. In terms of quality and price, this is situated between machines locally made in China and imported glass forming machinery. In addition to new orders, customers are already placing repet orders. An inspection machine designed for the Chinese market was another joint project developed with a very short lead time.

Outlook for 2013 Overall, Emhart Glass expects a market environment in the current business year on the same level as in 2012. In the emerging economies, demand for simpler machines in the middle market segment is likely to increase further. The expected good level of capacity utilisation at customer plants and the greatly expanded installed equipment base will underpin the spare parts and service business. In addition to intensive market development, Emhart Glass will concern itself in the current year with implementing the measures for concentrating the manufacture of technically high-end glass forming machines in Europe and the USA, and of standardised machinery in Asia. The initial cost savings should exceed the restructuring costs, for which no provisions were set aside. For the 2013 business year as a whole, Emhart Glass expects sales to reach a level similar to that of the previous year and anticipates a clear improvement in operating profit.

Average number of employees during year



Bucher Specials

Activities

Bucher Specials consists of several independent businesses: machinery and equipment for winemaking (Bucher Vaslin), systems and machinery for processing fruit juice, instant products and dewatering sewage sludge (Bucher Unipektin), as well as a Swiss distributorship for tractors and specialised agricultural machinery (Bucher Landtechnik).

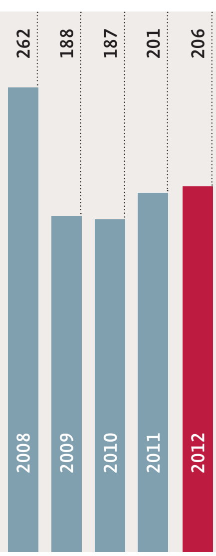
Highlights

In the reporting year, the market environment of the three independent businesses consolidated under Bucher Specials was stable overall. The market for winemaking equipment in Western Europe remained subdued. In France, the main market, demand actually declined further because of the government’s premature announcement of subsidies for 2013. In the USA, by contrast, demand picked up strongly again. Bucher Vaslin implemented further measures to reduce costs. Bucher Unipektin’s business with equipment for processing fruit juice performed well, benefitting from attractive world-market prices for apple juice concentrate. However, there was an absence of major orders such as those received the previous year. The acquisition of Filtrox Engineering enabled Bucher Unipektin to close a gap in its product range by adding complementary know-how in the area of beer filtration. The Swiss distributorship for tractors and agricultural machinery was able to take advantage of the favourable market environment. Overall, sales were marginally up on the previous year and order intake was slightly down owing to the absence of major orders at Bucher Unipektin. Nonetheless, Bucher Specials was able to post a marked rise in operating profit, an improvement which can be attributed to the effectiveness of the cost-reduction measures introduced. Bucher Specials accounted for 8% of Group sales (2011: 8%).

Outlook for 2013

The winemaking equipment business expects demand to recover, particularly in France, its main market, driven by the backlog of investments deferred in previous years. Bucher Unipektin is expecting a solid performance in equipment for fruit juice processing and dewatering sewage sludge, while the acquisition of the Filtrox Engineering business should make a significant contribution to the positive development. Following the very good performance in 2012, Bucher Landtechnik is expecting stable market conditions in the current year. For 2013 as a whole, Bucher Specials expects a clear rise in sales and improved operating profit.

Net sales
CHF million



Key figures

CHF million	2012	2011	% change %	% change %[1]
Order intake	202.0	207.9	−2.8	−2.5
Net sales	205.8	200.6	2.6	2.9
Order book	46.0	49.9	−7.8	−7.6
Operating profit (EBITDA)	19.8	15.0	32.0	
As % of net sales	9.6%	7.5%		
Operating profit (EBIT)	16.6	12.3	35.0	
As % of net sales	8.1%	6.1%		
Number of employees at 31 December	506	511	−1.0	
Average number of employees during year	510	553	−7.8	

[1] Adjusted for currency effects.

Bucher Vaslin

Winemaking equipment

Jean-Pierre Bernheim

Market conditions The market for winemaking equipment in Western Europe remained subdued. France, the main market, declined further because the government had announced subsidies for 2013, prompting producers to delay essential investments. Very strong competitive pressure persisted in all the European regional markets. By contrast, the USA saw a surge in demand. There was also a favourable market environment in the southern hemisphere. Owing to the drought in some major wine-producing regions, the annual global production of wine was lower than consumption levels, which led to a worldwide reduction in inventories. This constellation was last seen 21 years ago.

Performance In this demanding market environment, Bucher Vaslin performed well thanks to its strong market position and innovative product portfolio, particularly in North and South America, where it was able to take full advantage of the marked upswing. Sales were on a par with the previous year and the order intake surpassed the 2011 level by about 9%. Thanks to the implementation of measures to increase efficiency and optimise cost structures, Bucher Vaslin achieved a significant increase in operating profit, despite stagnating sales.

Improved profitability In this tight competitive environment, improving cost structures was a particular priority for Bucher Vaslin. The previously independent company at Rivesaltes, France, was downgraded to become a unit of the main plant in Chalonnes and a new manager was taken on. The other functions, product development and buying, were consolidated at the main plant. This move was accompanied by the introduction of optimised processes. Bucher Vaslin also closed its distribution company in Australia. Sales activities will be carried on by several independent dealerships.


Sorting table
Delta Trio

Bucher Unipektin

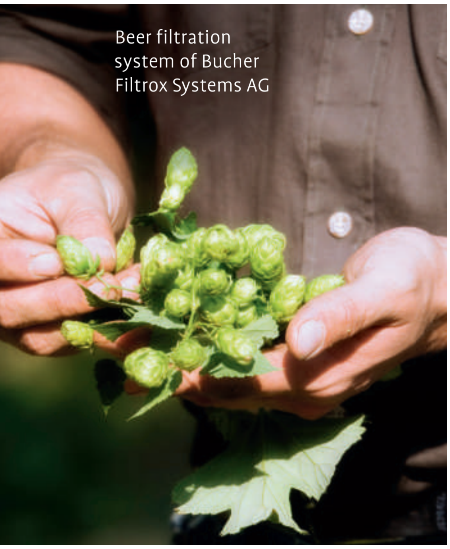
Technologies for fruit juice, instant products and dewatering sewage sludge

Hartmut Haverland

Stable market environment In the reporting year, prices for fruit juice concentrates remained at an attractive level, boosting demand for machinery and systems for processing fruit juice. However, major projects for new fruit juice production plants in the double-digit million range were lacking. In the market for instant products made using vacuum drying, demand in Asia and Africa continued to rise. Despite intensive market development activities, demand in the conservative market for equipment for dewatering sewage sludge was slow-moving.

Business performance Compared with the previous year, which was characterised by very high growth and a major order from Chile, Bucher Unipektin's order intake showed a marked decline and returned to an average level. Sales were at the previous year's level, having benefitted from the high level of the order book in the instant drinks segment. Thanks to a further reduction in manufacturing costs, Bucher Unipektin achieved a marked increase in profitability compared with the previous year. In the business with sludge dewatering equipment, Bucher Unipektin successfully responded to customer demands for larger machine capacities. In addition to the existing presses with capacities of 5 and 10 m^3/h, the company developed two new machine types with capacities of 12.5 and 20 m^3/h respectively. Customers successfully started operations with the first new machines in the reporting year.

Acquisition of Filtrox Engineering Bucher Unipektin strengthened its product portfolio in the area of beer filtration, signing an agreement to acquire the engineering business of the world-leading Filtrox Group. With a broad range of advanced filtration technology, Filtrox Engineering is a world leader in the area of beer filtration and a competitive supplier in the area of microfiltration for the food and drinks industry. The acquisition gives Bucher Unipektin entry to the growing worldwide beer market. With 35 employees in Switzerland and China, Filtrox Engineering generated average sales of around CHF 30 million over the last few years. The transaction was completed on 6 February 2013.


Beer filtration system of Bucher Filtrox Systems AG

Bucher Landtechnik

Swiss distributorship of tractors and agricultural machinery

Jürg Minger

Favourable market environment The Swiss distributorship for tractors and agricultural machinery enjoyed favourable market conditions. A slight rise in prices for agricultural produce had a positive influence on farmers' investment activity. However, farmers remain unsettled by the general economic situation and the adoption of the new Swiss agricultural policy for 2014 – 2017.

Strong business performance The independent company Bucher Landtechnik generated a marked increase in sales in the reporting year and further strengthened its good market position. In Switzerland, 2 683 tractors were registered, the highest rate since 2000. In its business with imported makes, New Holland, Case IH and Steyr, Bucher Landtechnik further increased its market share and maintained its market leadership with a 27.2% share. Since taking over the importer role for Kuhn agricultural machinery in 2010, the company has achieved a significant rise in the number of units sold. Market development activities were intensified through sales and technical training for dealers. The new Kuhn "Seedliner" seed drill, the new CNH tractors and Weidemann telescopic loaders were shown to farmers with great success at field demonstrations in twelve different regions of Switzerland. Order intake remained high, wile the order book was back to a normal level.

Spare parts management In the reporting year, Bucher Landtechnik focused on the management and logistics of the spare parts service, with the aim of achieving a substantial improvement in customer service quality. The company successfully launched a clear and simple, user-friendly web shop for online orders and electronic processing and monitoring of spare parts for its entire range of agricultural machinery and tractors. Since it opened for business in March of the reporting year, over 90% of orders for spare parts have been processed through the online shop. The introduction of electronic data processing made it possible to further improve delivery times and reduce operating costs by transferring the logistics of the spare parts service to an external logistics specialist.

Steyr tractor
and Weidemann Tele
wheel loader

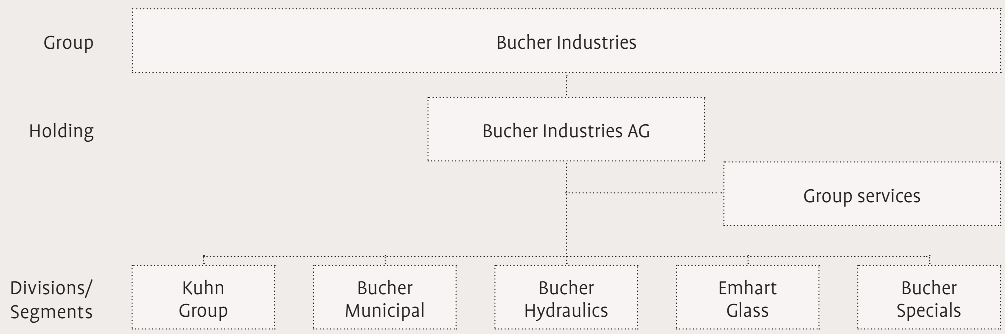
Corporate Governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive effective on 31 December 2012, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2012.

Group structure and shareholders

Operational group structure The Bucher Industries Group is organised into four divisions operating in four business segments and one segment with three independent businesses. The four divisions comprise: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), hydraulic components (Bucher Hydraulics) and manufacturing equipment for the glass container industry (Emhart Glass). Bucher Specials consists of: winemaking equipment (Bucher Vaslin), processing equipment for fruit juice, instant products, and dewatering sewage sludge (Bucher Unipektin) and the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik). At Group level, a corporate centre provides finance and controlling, group development, legal and communications functions to support the Group and its companies in their activities. The Group's operational structure is shown in the chart below and detailed segment information is presented in the notes to the consolidated financial statements on pages 86 to 89 of this annual report.

Group companies and consolidation Bucher Industries AG incorporated in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on the main board of the SIX Swiss Exchange and also traded on the over-the-counter markets of the Frankfurt, Stuttgart, Berlin and Xetra exchanges. Details are given in the information for investors section on pages 10 and 11 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company. The principal Group companies are listed on pages 122 to 124 of this annual report. None of these companies is listed on a stock exchange.



Shareholders The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement, 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 share 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 a total of 4.54% of the issued share capital, the voting rights attached to such shares being suspended in accordance with art. 659a par. 1 of the Swiss Code of Obligations. According to the information available to Bucher Industries AG and disclosure notifications submitted to the SIX Swiss Exchange platform on 5 July 2011, Black Rock 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%. At the reporting date, the board of Bucher Industries AG is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold more than 3% of the total voting rights. There were no disclosures reported in the year under review. Earlier notifications can be viewed via the following link: www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=2413.

On 3 February 2012, Bucher Industries AG completed its share buy-back programme, which was 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 annual general meeting on 12 April 2012 approved cancellation of the shares, with a corresponding reduction in share capital.

There are no cross-shareholdings between Bucher Industries AG and other companies.

Capital structure

Capital The issued share capital of Bucher Industries AG is now CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each. Bucher Industries AG has conditional, authorised but unissued capital up to a maximum of CHF 236 820. There is no additional authorised capital.

Conditional authorised but unissued capital The share capital of Bucher Industries AG may be increased by a maximum of CHF 236 820 through the issuance of up to 1 184 100 registered shares with a par value of CHF 0.20 each. The conditional authorised but unissued capital is reserved for the exercise of warrants or conversion rights attached to bonds and of rights issued to shareholders. Shareholders have no pre-emption rights. Holders of warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present. Warrant or conversion terms are determined by the board of directors. The board is authorised to disapply shareholders' pre-emption rights for good cause, as provided in art. 653c par. 2 of the Swiss Code of Obligations. In such cases, the board is responsible for specifying the structure, life and amount of the issue as well as the warrant or conversion terms according to market conditions at the time of issue.

Changes in capital Until 26 June 2012, the issued share capital of Bucher Industries AG was CHF 2 113 180. The capital reduction by CHF 63 180, approved by the annual general meeting on 12 April 2012, was duly carried out on 27 June 2012 by means of the cancellation of 315 900 shares, corresponding to 2.99% of the share capital. The share capital of Bucher Industries AG now stands at CHF 2 050 000. Apart from that, there were no changes in capital in the last three reporting years.

Shares Bucher Industries AG has an issued share capital of CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each. All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders. Bucher Industries AG has not issued any participation or profit-sharing certificates.

Restrictions on transferability The company's registered shares are not subject to any restrictions on ownership or transferability. Pursuant to the articles of association of Bucher Industries, the board has established principles for the registration of nominees. Persons who do not expressly state in the application for registration that the shares are held for their own account (hereinafter "nominees") will be recorded in the share register as shareholders with voting rights up to a maximum of 2% of the share capital then outstanding, provided that such persons have previously entered into a nominee agreement with Bucher Industries AG. If the 2% threshold is exceeded, registered shares held by nominees will be entered with voting rights only if the nominee agrees in writing to disclose the names, addresses and shareholdings of the persons for whose account the nominee holds 0.5% or more of the share capital then outstanding. The 2% threshold also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options Bucher Industries AG has no outstanding convertible bonds. Share options granted to members of the group management, division and segment management and selected specialists under the share option plan are shown on page 112 of this annual report. The shares required to meet awards are purchased in the open market and held by Bucher Beteiligungs-Stiftung.

Board of directors

Members

Rolf Broglie **1947**, Swiss citizen, industrialist; member of the board since **1996** and chairman since **2011** ‣ Since **2011** Prografica AG, Glattbrugg, chairman of the board ‣ since **2009** Chromos AG, Glattbrugg, chairman of the board ‣ **1995** Prografica AG, executive director and chief executive officer ‣ **1985** Chromos AG, Glattbrugg, managing director ‣ **1972** Chromos AG, Glattbrugg ‣ No other appointments or commitments.

Anita Hauser **1969,** Swiss citizen, degree in public affairs (lic. rer. publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau; member of the board since **2007** ‣ Since **2012** Magenta Management AG, Zurich, managing director ‣ **2010** EF Education First AG, Lucerne, marketing director ‣ **2005** EF Education AG, Zurich, country manager ‣ **2000** Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager ‣ **1993–1998** Unilever, Zug and Milan, European brand manager ‣ No other appointments or commitments.

Ernst Bärtschi **1952,** Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen; member of the board since **2005** ‣ **2005–2011** Sika AG, Baar, chief executive officer ‣ **2002** Sika AG, Baar, chief financial officer ‣ **1997** Schindler Group, chief financial officer ‣ **1994** Schindler Aufzüge AG, managing director ‣ **1980** Schindler Management AG ‣ **Other appointment** Member of the board of CRH plc, Dublin, Ireland.

Thomas W. Bechtler **1949**, Swiss citizen, doctorate in law (Dr. iur.) from University of Zurich, L.L.M. Harvard University; member of the board since **1987** ‣ Since **1982** Hesta AG and Hesta Tex AG, Zug, executive director and chief executive officer ‣ **1977** Luwa AG, Zurich, division head ‣ **Other appointments** Deputy chairman of Sika AG, Baar ‣ Director of Conzzeta AG, Zurich ‣ Chairman of Human Rights Watch Committee, Zurich.

Claude R. Cornaz **1961,** Swiss citizen, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; member of the board since **2002** ‣ Since **2000** Vetropack Holding AG, Bülach, delegate of the board and chief executive officer ‣ **1993** Vetropack Holding AG, Bülach ‣ **1989** Nestec SA, Vevey ‣ **1987** Contraves AG, Zurich ‣ **Other appointments** Deputy chairman of H. Goessler AG, Zurich ‣ Member of the board of Glas Trösch Holding AG, Bützberg.

Name	Year	Position	Appointed	Term expires	Committees	
Board of directors					Audit	Human resources
Rolf Broglie	1947	chairman	1996	2013		x
Anita Hauser	1969	deputy chairman	2007	2013		x
Ernst Bärtschi	1952		2005	2014	x	
Thomas W. Bechtler	1949		1987	2013		x
Claude R. Cornaz	1961		2002	2015		
Michael Hauser	1972		2011	2014	x	
Heinrich Spoerry	1951		2006	2015	x	

All directors are non-executive and independent.

Michael Hauser **1972,** Swiss citizen, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Singapore/Fontainebleau; member of the board since **2011** ▸ **2009–2011** Strabag Energietechnik, managing director ▸ **2006** hs energieanlagen, Germany, member of management ▸ **2003** Alstom/ABB, head of commissioning gas turbine power stations ▸ **1998** Alstom/ABB, commissioning of gas turbines ▸ No other appointments or commitments.

Heinrich Spoerry **1951,** Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen; member of the board since **2006** ▸ Since 1998 SFS Group, Heerbrugg, chairman and chief executive officer ▸ **1987** Stäfa Control System AG, Cerberus AG, Männedorf, member of the management ▸ **1981** SFS Group, Heerbrugg, head of management services ▸ **1979** Boston Consulting Group, Munich ▸ **Other appointments** Chairman of Mikron AG, Biel ▸ Member of the board of Frutiger AG, Thun.

Independence All directors are non-executive and independent, i. e. they do not perform any operational functions, have not been members of the management of Bucher Industries within the last three years and have no material business relationship with the Group.

Elections and terms of office Directors are elected individually for staggered three-year terms. They are required to retire no later than at the first annual general meeting of shareholders after reaching the age of 70. The articles of association place no other restrictions on tenure. Claude Cornaz and Heinrich Spoerry were re-elected to the board last year. The board elected Rolf Broglie as chairman and Anita Hauser as deputy chairman to serve from the annual general meeting on 12 April 2012.

Internal organisation The board determines the strategic direction and oversees the management of the company as provided in the Swiss Code of Obligations, in the articles of association and internal rules of organisation, an abridged version of which is available at http://www.bucherindustries.com/en/node/6621. It meets as often as business requires, holding at least six scheduled meetings each year, which generally take place every two months. The meetings are usually attended by the CEO, the CFO and by other members of group management, members of division and segment management or specialists, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. The meetings usually last one day; the annual strategy meeting lasts two days. Seven board meetings and one conference call were held in the reporting year. One member was absent at each of three meetings: in one case due to illness, in another for family reasons, and on a third occasion for professional reasons. On the occasion of the conference call, two members were excused because of inadequate telecommunications links. Otherwise, all the meetings in the reporting year were attended by all board members, the CEO and the CFO.

Committees To assist with its responsibilities, the board of directors had an audit committee and a human resources committee appointed from among its members. The roles and responsibilities of the audit and human resources committees are described below and are published in the condensed version of the rules of organisation on the company's website at http://www.bucherindustries.com/en/node/6621. The committees report to the board of directors on their activities, results and proposals. The board has overall responsibility for the duties assigned to the committees. Committee members hold office on an annual basis from one annual general meeting until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes.

Audit committee On 12 April 2012, the composition of the audit committee was confirmed as follows: Ernst Bärtschi, chairman, Michael Hauser and Heinrich Spoerry. All of its members are non-executive and independent. The audit committee holds at least three meetings a year, each usually lasting half a day. The chairman of the board, CEO and CFO attend the meetings in an advisory capacity. Depending on the items on the agenda, the internal or external auditors, members of group management, members of division and segment managements or specialists are consulted. The committee met three times last year. The meetings focused on the following scheduled duties. The audit committee prepares a comprehensive and effective audit programme for the Group and oversees its implementation. It determines key areas of the audit plan for the external and internal audits, receives reports from the auditors and appoints the head of the internal audit function, who reports to the chairman of the audit committee. For a preliminary decision, the audit committee evaluates the independence and performance of the auditors and finally determines the level of their remuneration. The audit committee's role includes preparing the board's proposal for the appointment of the auditors, reviewing the organisation of the accounting system, ensuring the Group's financial controls and financial planning and reviewing the plans, budgets and financial statements of the Group and its group companies, including individual projects involving significant commitment of capital.

Human resources committee On 12 April 2012, the composition of the human resources committee was confirmed as follows: Since the annual general meeting held on 14 April 2011, the human resources committee has been composed of Rolf Broglie, chairman, Thomas W. Bechtler and Anita Hauser. It holds at least one meeting each year, usually lasting half a day. The CEO attends the meetings in an advisory capacity, except when his own remuneration is being determined. Three meetings were held last year. These focused on reviewing the remuneration of the members of group management, succession planning for senior management, as well as the following scheduled duties. The human resources committee makes proposals to the board regarding the Group's remuneration policy for directors and members of the group management. It submits a proposal to the board for the annual remuneration of directors and the CEO, determines the remuneration of the other group management members and takes note of the remuneration of division and segment management members. In addition, it prepares the medium- and long-term succession planning for directors and group management members. It proposes a policy to the board concerning for the selection of candidates for appointment as directors and members of the group management and prepares the selection applying these criteria.

Authority and responsibility The board has delegated the Group's operational management to the CEO and group management members. Their authority and responsibilities are set out in the internal rules of organisation. An abridged version of the rules of organisation is available as a PDF document on the Bucher Industries website a http://www.bucherindustries.com/en/node/6621. The board oversees the operational management.

Information and control systems relating to group management As part of the management information system, the board receives monthly key figures, consolidated financial statements and management comments from group management, providing information on operational performance and performance indicators within the Group, divisions, segments and major group companies. At each meeting, the board is also informed about the course of business, important projects and risks. Once a year, it conducts an indepth assessment of the Group's risk situation on the basis of a risk report prepared under the direction of the CEO, with the participation of members of group management and group services. Written proposals are prepared under the direction of the CEO for any major projects requiring a board decision. In addition to the chairman, one member of the board can attend each of the annual divisional strategy reviews in order to gain greater insight into the business. In the reporting year, the chairman of the board took part in all four strategy meetings, accompanied by a further member of the board on each occasion. The board of directors is also supported in its supervisory and control function by internal audit and the external auditors. Internal audit carries out audits in the Group in accordance with the audit concept proposed by the audit committee and determined by the board. The chairman of the audit committee agrees the audit programme with the chairman of the board. Responsibility for coordinating and implementing audits is delegated to the CFO. The internal audit work is contracted out externally. The head of internal audit function reports to the chairman of the audit committee. The internal audit function reports the results of its audits to the audit committee at a minimum of one meeting each year. In the year under review, one meeting took place with the internal audit. The audits focused on processes and controls within the framework of the internal control system, on compliance with the Code of Conduct, as well as on reviews of cost calculations.

Group management

Members

Philip Mosimann **1954,** Swiss citizen, master degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; since **2002** chief executive officer and **2001** chief executive officer designate ▸ **1997** Sulzer AG, Winterthur, division president of Sulzer Textil ▸ **1993** Sulzer AG, Winterthur, division president of Sulzer Thermtec ▸ **1980** Sulzer Innotec AG, Winterthur ▸ **Other appointments** Member of the board of Conzzeta AG, Zurich ▸ Member of the board of Uster Technologies AG, Uster.

Roger Baillod **1958,** Swiss citizen, degree in business economics from FH Olten, certified public accountant Kammerschule Zurich; since **1996** chief financial officer ▸ **1995** Benninger AG, Uzwil, head of corporate services ▸ **1993** Dietsche Holding AG, Zug, head of finance and accounting ▸ **1984** ATAG Ernst & Young AG, Zurich ▸ **Other appointment** Member of the board of Migros-Genossenschafts-Bund, Zurich.

Jean-Pierre Bernheim **1948,** French citizen, degree in mechanical engineering (dipl. Ing.) from Ecole des Mines, Paris, doctorate in engineering University of Marseille; since **2010** Bucher Vaslin SA, managing director ▸ **1998** Bucher Process, division president ▸ **1980** Bucher Vaslin SA, managing director ▸ **1977** Groupe Vallourec, Paris ▸ No other appointments or commitments.

Michael Häusermann **1960,** Swiss citizen, graduate of Business School, Zurich; since **2000** Bucher Municipal, division president ▸ **1988** Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ▸ **1983** Kran + Hydraulik AG, Tagelswangen ▸ No other appointments or commitments.

Martin Jetter **1956,** German citizen, degree in engineering (dipl. Ing.) from University of Cooperative Education Stuttgart; since **2006** Emhart Glass SA, division president ▸ **2005** Emhart Glass SA ▸ **1980** Jetter AG, Ludwigsburg, chief executive officer ▸ **1978** Robert Bosch GmbH, Schwieberdingen ▸ **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert **1949,** French citizen, degree from Institute of Business Administration Nancy; since **1999** Kuhn Group, division president ▸ **1979** Kuhn SA, head of sales and member of division management ▸ **1976** Charbonnages de France, Nancy ▸ No other appointments or commitments.

Daniel Waller **1960,** Swiss citizen, master degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich; since **2004** Bucher Hydraulics division president ▸ **1999** Bucher Hydraulics AG Frutigen, managing director ▸ **1996** Carlo Gavazzi AG, Steinhausen ▸ **1987** Rittmeyer AG, Zug ▸ No other appointments or commitments.

Group services

Vanessa Ölz **1953,** Swiss citizen, degree in law (lic. iur.) from University of Zurich; since **2002** Bucher Industries AG, head of legal and communications, secretary to the board ▸ **1997** Sulzer Medica, Winterthur, secretary to the board ▸ **1989** Sulzer AG, Winterthur, legal counsel ▸ No other appointments or commitments.

Stefan Düring **1972,** Swiss citizen, degree in economics (lic. oec.) from HSG University of St. Gallen, certified public accountant Board of Accountancy, New Hampshire, chartered financial analyst Association for Investment Management and Research, Charlottesville; since **2006** Bucher Industries AG, head of group development and since **2010** responsible for Bucher Unipektin and Bucher Landtechnik ▸ **1998** PricewaterhouseCoopers, Zurich ▸ No other appointments or commitments.

Management contracts Bucher Industries AG has not entered into any management contracts with third parties.

Group management

Michel Siebert Kuhn Group	Martin Jetter Emhart Glass	Roger Baillod Chief Financial Officer	Philip Mosimann Chief Executive Officer

Michael Häusermann
Bucher Municipal

Daniel Waller
Bucher Hydraulics

Jean-Pierre Bernheim
Bucher Vaslin

Remuneration, shareholdings and loans

These disclosures are presented in the remuneration report on pages 54 to 60 of this annual report.

Shareholders' participation rights

Voting rights and representation restrictions There are no restrictions on voting rights or proxy voting.

Required quorums Resolutions at general meetings of shareholders are passed by an absolute majority of the votes of the shares represented. At least two-thirds of the votes represented and an absolute majority of the par value of the shares represented are required for special resolutions as prescribed in art. 704 par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders There are no rules that differ from the law for the convocation of general meetings of shareholders. As provided in the articles of association, notice of a meeting is given to shareholders at least 20 days before the meeting. The notice convening the meeting sets out the agenda and resolutions to be proposed by the board and by shareholders who have requested an item to be added to the agenda. To be entitled to vote at a general meeting, shareholders must be registered in the share register three working days before the date of the meeting. Extraordinary general meetings are called as and when required, in particular in the cases provided by law. Shareholders representing at least one tenth of the share capital may at any time request that a meeting be convened, stating the business to be transacted and resolutions proposed.

Requests for additions to the agenda Shareholders representing shares with a combined par value of CHF 20 000 may request that an item be added to the agenda. Requests for additions to the agenda must be submitted at least six weeks before a general meeting of shareholders.

Obligation to make an offer and clauses on changes of control The annual general meeting of shareholders held on 26 April 2005 adopted an opting-up clause in the articles of association, requiring a purchaser of shares to make a public tender offer when reaching or crossing the threshold of 40% of the voting rights in accordance with art. 32 and 52 of the Federal Stock Exchange and Securities Trading Act. There are no change of control clauses benefiting directors or group management members.

Auditors

Duration of the engagement and lead audit partner's tenure PricewaterhouseCoopers AG, Zurich, or its predecessor companies, has served as statutory auditors of Bucher Industries AG since 1984. The lead audit partner, Beat Inauen, has been responsible for the audit engagement since 2007. According to the rotation schedule, he will be superseded by Christian Kessler in the 2013 business year.

Audit fees and non-audit fees For last year, Bucher Industries was charged CHF 1 663 400 by PricewaterhouseCoopers and approximately CHF 479 500 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and its group companies and the audit of the consolidated financial statements of Bucher Industries. In addition, PricewaterhouseCoopers charged Bucher Industries a fee of approximately CHF 677 500 for nonaudit services, comprising financial, tax and due diligence services.

Supervisory and control instruments pertaining to the audit The audit committee reviews the audit programme, key audit areas and audit plan every year and discusses the interim and closing audit findings and respective reports with the auditors. Every year, the audit committee subsequently assesses the performance, fees and independence of the auditors. In the year under review, the auditing priorities of larger group companies were production, inventories, general IT controls and sales. The audit committee held two meetings with the external auditors. The internal auditors attended one of these meetings in an advisory capacity.

Information policy

Bucher Industries publishes the results of operations in an annual report (including a financial, corporate governance and remuneration report) and an interim report. For the first time in December last year, the Group published a sustainability report in accordance with GRI principles and based on data covering 2011. These publications are made available at the appropriate time on the company's website at http://www.bucherindustries.com/en/node/6622, the notice of the general meeting of shareholders can be found under http://www.bucherindustries.com/en/node/6636. Annual sales including order intake, order book and number of employees at the end of the first and third quarters of a financial year are published in press releases. The company holds an annual press conference and annual analyst conference to present full-year results and hosts a conference call to discuss first-half results. Significant events are announced in compliance with the directive on ad hoc publicity issued by the SIX Swiss Exchange. A calendar of forthcoming release dates scheduled for the current and next financial year is set out in the information for investors section on page 11 of this annual report. All news releases published over the past two years, can be found at http://www.bucherindustries.com/en/media_messages_page and http://www.bucherindustries.com/en/download_center/publication, the contact address at http://www.bucherindustries.com/en/contact. The company's website at www.bucherindustries.com also provides a facility to subscribe free of charge to an e-mail service to receive press releases published by Bucher Industries.

Remuneration report

Remuneration, shareholdings and loans

Remuneration package Bucher Industries provides a remuneration package designed to align the interests of the directors and management with those of the Group, shareholders and other stakeholders. The individual remuneration components take account of the Group's sustainable short- and long-term business development. Directors are remunerated on a non-performance-related basis. Group management and senior management are rewarded for driving performance with performance-related remuneration. All performance-related remuneration components have a ceiling. As the objective is to attract and retain highly qualified executives and professionals, the remuneration package is focused on providing competitive remuneration with a fixed base salary and performance-related components paid in cash and in the form of interests in the company.

The contractual remuneration components for group management and senior management comprise a fixed base salary and variable performance-related remuneration paid both in cash and in shares under the Bucher share plans.

The annual financial targets for the variable performance-related components are set by the board of directors at the beginning of each financial year, taking into account the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Variable remuneration is paid in the spring following the board's approval of the financial statements for the reporting year. The remuneration of directors and group management is reported on an accrual basis. The remuneration packages for directors, group management and senior management, which are laid down in rules established by the board, are additionally benchmarked against available market data of similar listed companies within the European mechanical engineering industry every three to five years and revised by the board, if necessary, at the request of the CEO or human resources committee.

The remuneration package for members of group management did not change and is structured as follows:

	fix remuneration	variable remuneration					
	base salary	cash bonus		BEPP in shares		BPP in shares	
		target [1]	range	target [1]	range	target [1]	range
CEO	100%	50%	0–75%	50%	0–75%	10%	0–15%
Other members	100%	30%	0–45%	10%	0–15%	10%	0–15%

[1] 100% target achievement.

All percentage numbers are based on base salary.

Base salary The fixed base salary of group management members is determined by reference to market benchmarks for the specific position in the country concerned, based on the level of individual responsibility and experience of the person concerned.

Cash bonus The cash bonus is a performance-related component of remuneration paid to the members of group management and the Group's senior management. Its amount depends on their base salary, the achievement of the annual financial targets set for the Group and divisions by the board of directors and the achievement of individual non-financial annual targets. The financial targets are weighted at 80% and individual targets at 20%. The individual annual targets are agreed between the chairman of the board and the CEO and between the CEO and each group management member. The cash bonus for full target achievement is 50% of base salary for the CEO and 30% of base salary for all other members of group management. The range of the cash bonus varies from 0 to a maximum of 1.5 times the value for full target achievement. The financial criteria used to determine the cash bonus of the CEO and CFO are the Group's "profit for the year" and its "net operating assets as a percentage of sales". For the other members of group management, the financial criteria are "operating profit (EBIT)" and "net operating assets as a percentage of sales" for their respective divisions.

Bucher Executive Share Plan The Bucher Executive Share Plan (BEPP) is a share-based, performance-related component of remuneration for the members of group management. The financial target for awarding shares is "earnings per share" and is set by the board of directors at the beginning of each financial year, taking into account the Group's long-term targets, results for the past year, budget for the current year and the general economic conditions. Awards of shares are based on a percentage of base salary and depend on the achievement of the "earnings per share" financial target. The number of shares to be awarded is calculated using the average share price for the reporting year. Upon 100% target achievement, the applicable percentage is 50% of base salary for the CEO and 10% for the other group management members. The level of target achievement ranges from 0 to a maximum of 1.5 times the value for 100% target achievement. The shares awarded are restricted for three years.

Bucher Share Plan The Bucher Share Plan (BPP) is a share-based, performance-related component of remuneration for the members of group management, senior managers in the divisions and selected specialists. Employees may elect at the beginning of February each year to invest an amount equivalent to between 0 and a maximum of 10% of their base salary in the company's shares. If they choose to make an investment, it will be supplemented by the company. The amount of the company's investment depends on the achievement of the Group's annual financial "earnings per share" target set by the board of directors. Upon 100% target achievement, the company matches the employees' investments in company shares. The level of target achievement ranges from 0 to a maximum of 1.5 times the sum invested by the employee. The relevant number of shares is calculated using the average share price during the first three weeks of January in the financial year following the reporting year. The number of shares representing the employees' and company's investments are restricted for three years. Share options granted in respect of previous reporting years remain valid as originally provided and are shown in the table on page 112 of this annual report.

Termination benefits There are no systems for termination benefits, and none were paid during 2012. If employment is terminated for any reason other than termination by the employee or employer, the variable annual remuneration and awards under the Bucher Executive Share Plan will be paid on a pro rata basis after the board of directors has approved the financial statements for the year. Options granted under the share option plan may be exercised until the expiration of the option term. If employment is terminated by the employee or employer, all rights under the Bucher share plans and all unvested options will lapse. Exercisable options must be exercised within six months after termination of employment, after which they will be forfeited. For the CEO, the period of notice is twelve months; for the other members of group management, six to twelve months.

Responsibility The human resources committee prepares the Group's remuneration policy for directors and group managements members. It makes recommendations to the board for the annual remuneration of directors and the CEO, as well as the annual financial targets for the variable performance-related remuneration components for group management and senior management, determines the remuneration of the other group management members and takes note of the remuneration of division management members and specialists. In the reporting year, the human resources committee held three meetings, which focused on reviewing the remuneration of the members of group management, succession planning for senior management and the regular duties described above. Specialist management consultants with international experience were engaged to determine the remuneration benchmarks.

Directors' remuneration Directors receive non-performance-related remuneration, which is proposed by the human resources committee and determined by the board of directors every year. Their remuneration consists of a base fee, a base salary for the chairman and cash allowances for service on committees and expenses. Half of the base fee is paid in cash and half in shares.

The remuneration components are determined annually. The base fee remained unchanged during the year at CHF 120 000 for the chairman, CHF 105 000 for the deputy chairman and CHF 90 000 for each of the other directors. The respective share awards were granted and valued at the average share price of CHF 173.50 (2011: CHF 173.80) for the reporting period. The shares awarded are subject to a three-year vesting period. The cash allowances paid to directors for service on committees and expenses remained unchanged during the year, as did the chairman's base salary of CHF 150 000. The remuneration paid to directors last year and their interests in shares at the end of the year are shown on pages 58 and 59 of this annual report.

Group management's remuneration Group management members receive a base salary commensurate with their responsibilities and experience, a performance-related cash bonus and shares under the Bucher share plans. Other benefits comprise a representation expense allowance and contributions to a voluntary pension plan. In addition, division presidents are provided with a middle class company car. The number of shares awarded under the Bucher Executive Share Plan 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 using the average share price of CHF 189.00 (CHF 173.90) during the first three weeks of January 2013. The shares awarded under the Bucher share plans were valued at a share price of CHF 189.00 (CHF 173.90). Since 2010 the base salary of the CEO has remained unchanged. The base salary of other group management members was increased in line with general rises customary in the country as well as the performance against external benchmarking. Last year, the level of target achievement for the performance-related cash bonus was between 43% and 130% and the level of target achievement for the Bucher share plans was 113% (107%). The level of target achievement was in the same range as the previous year's levels, despite the marked increase in the Group's profit for the year and sales figures, as well as improved profitability. The number of shares awarded to the CEO under the Bucher share plans was virtually on a par with the previous year's level and the number awarded to the other group management members increased by 410 owing to the rise in base salary. In keeping with the 8.7% rise in the share price, which affected the valuation of the allocated shares, the cash value of the shares awarded was 21.6% higher than the previous year. The total remuneration paid last year and the interests held by the CEO, other group management members and the total for group management at the end of 2012 are set out on pages 59 and 60 of this annual report.

Additional remuneration, fees and loans to members of governing bodies No current or former directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year.

Remuneration and interests of directors and group management members

Directors' remuneration

CHF 1 000	Base salary	Share awards		Social security and pension benefits	Other remuneration	Total	Paid in cash
		Number	Value				
							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 for the year (2011: CHF 173.80). Other remuneration included expenses and fees for service on the board committees.

Group management remuneration

CHF 1 000	Base salary	Cash bonus	Share awards under share plans BEPP Number	BPP Number	Value	Social security and pension benefits	Other remuneration	Total	Paid in cash
									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.

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.

Financial contents

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 amortised 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 Audit expert Auditor in charge	Ralf Zwick Audit expert

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.

Addresses

Bucher Group

Bucher Industries AG
Murzlenstrasse 80   8166 Niederweningen   Switzerland   Phone +41 43 815 80 80   Fax +41 43 815 80 81
info@bucherindustries.com   www.bucherindustries.com

Bucher Management AG
Flughafenstrasse 90   8058 Zurich   Switzerland   Phone +41 43 815 80 80   Fax +41 43 815 80 81
info@bucherindustries.com   www.bucherindustries.com

Kuhn Group, specialised agricultural machinery – www.kuhn.com

Kuhn SA
4, Impasse des Fabriques   67706 Saverne   France   Phone +33 388 01 81 00   Fax +33 388 01 81 01

Kuhn-Huard SA
Rue du Québec   44142 Châteaubriant   France   Phone +33 240 55 77 00   Fax +33 240 55 77 10

Kuhn-Audureau SA
Rue Quanquèse   85260 La Copechagnière   France   Phone +33 251 41 47 00   Fax +33 251 41 41 03

Kuhn-Blanchard SAS
24 rue de Nantes   44680 Chéméré   France   Phone +33 240 21 30 24   Fax +33 240 64 80 11

Kuhn-Geldrop B.V.
Nuenenseweg 165   5667 KP Geldrop   The Netherlands   Phone +31 40 28 93 300   Fax +31 40 28 53 215

Kuhn North America, Inc.
1501 West Seventh Avenue   Brodhead, WI 53520-0167   USA   Phone +1 608 897 21 31   Fax +1 608 897 25 61

Kuhn Krause, Inc.
305 S. Monroe St.   Hutchinson, KS 67504   USA   Phone +1 620 663 61 61   Fax +1 620 662 59 03

Kuhn do Brasil S/A
Rua Arno Pini 1380, Passo Fundo   RS 99050-130   Brazil   Phone +55 54 3316 6200   Fax +55 54 3316 6250

Bucher Municipal, municipal vehicles – www.buchermunicipal.com

Bucher Schörling AG
Murzlenstrasse 80   8166 Niederweningen   Switzerland   Phone +41 44 857 22 11   Fax +41 44 857 22 49

Bucher Schörling GmbH
Schörlingstrasse 3   30453 Hanover   Germany   Phone +49 511 21 49 0   Fax +49 511 21 49 115

Bucher Schoerling Baltic SIA
Ganibu iela 105   3601 Ventspils   Latvia   Phone +371 6 366 10 50   Fax +371 6 366 10 51

Bucher Schörling Korea Ltd
Sihwa Industrial Complex   3Ma 819Ho   Chungwang-Dong, Siheung-City   Kyunggi-Do   429-450 Korea
Phone +82 31 498 89 61   Fax +82 31 498 89 85

Johnston Sweepers Ltd
Curtis Road, Dorking   Surrey RH4 1XF   United Kingdom   Phone +44 1306 88 47 22   Fax +44 1306 88 41 51

Beam A/S
Salten Skovvej 4–6   8653 Them   Denmark   Phone +45 86 84 76 00   Fax +45 86 84 77 34

MacDonald Johnston Pty Ltd
65–73 Nantilla Road   Clayton North, 3168 Victoria   Australia   Phone +61 3 9271 64 00   Fax +61 3 9271 64 80

Giletta S.p.A.
Via A. De Gasperi, 1 12036 Revello Italy Phone +39 0175 258 800 Fax +39 0175 258 825

Gmeiner GmbH
Daimlerstrasse 18 92533 Wernberg-Köblitz Germany Phone +49 9604 93 26 70
Fax +49 9604 93 26 749

Bucher Hydraulics, hydraulic components – www.bucherhydraulics.com

Bucher Hydraulics GmbH
Industriestrasse 1 79771 Klettgau Germany Phone +49 7742 85 20 Fax +49 7742 71 16

Bucher Hydraulics Erding GmbH
Albert-Einstein-Strasse 10 - 12 85435 Erding Germany Phone +49 8122 9713-0 Fax + 49 8122 9713-27

Bucher Hydraulics AG
Industriestrasse 15 6345 Neuheim Switzerland Phone +41 41 757 03 33 Fax +41 41 755 16 49

Bucher Hydraulics AG Frutigen
Schwandistrasse 25 3714 Frutigen Switzerland Phone +41 33 672 61 11 Fax +41 33 672 61 03

Bucher Hydraulics S.p.A.
Via P. Colletta, n. 5 42124 Reggio Emilia Italy Phone +39 0522 9284 11 Fax +39 0522 5132 11

Bucher Hydraulics, Inc.
1363 Michigan Street, NE Grand Rapids, MI 49503-2003 USA Phone +1 616 458 13 06
Fax +1 616 458 16 16

Bucher Hydraulics Pvt. Ltd.
35 Pace City 1 Sector 37 Gurgaon 122001 India Phone +91 124 47 00 100 Fax +91 124 40 39 499

Suzhou Bucher Hydraulics Co. Ltd
168 Shexing Road Fenghu Developing Zone 215214 Wujiang City Jiangsu China
Phone +86 512 6322 1299 Fax +86 512 6322 1033

Emhart Glass, manufacturing equipment for the glass container industry – www.emhartglass.com

Emhart Glass SA
Hinterbergstrasse 22 6330 Cham Switzerland Phone +41 41 749 42 00 Fax +41 41 749 42 71

Emhart Glass Sweden AB
Universitetsallén 1 85121 Sundsvall Sweden Phone +46 60 199 100 Fax +46 60 199 261

Emhart Glass Inc.
Emhart Glass Research Center
123 Great Pond Drive Windsor, CT 06095 USA Phone +1 860 298 7340 Fax +1 860 298 7395

Emhart Glass Manufacturing Inc.
1140 Sullivan Street Elmira, NY 14901 USA Phone +1 607 734 3671 Fax +1 607 734 1245

Emhart Glass Sdn Bhd
20, Jalan Mahir 5 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor Malaysia
Phone +607 863 11 22 Fax +607 863 77 17

Shandong Sanjin Glass Machinery Co Ltd
577 Xinglu Road Zhoucun District 255300 Zibo Shandong China Phone +86 533 618 17 17
Fax +86 533 618 17 18

Bucher Specials, independent businesses

Bucher Vaslin SA
Rue Gaston Bernier 49290 Chalonnes-sur-Loire France Phone +33 241 74 50 50 Fax +33 241 74 50 52
www.buchervaslin.com

Bucher Unipektin AG
Murzlenstrasse 80 8166 Niederweningen Switzerland Phone +41 44 857 23 00 Fax +41 44 857 23 41
www.bucherunipektin.com

Bucher Filtrox Systems AG
Moosmühlestrasse 8 9000 St. Gallen Switzerland Phone +41 71 272 91 11 Fax +41 71 277 12 64

Bucher Landtechnik AG
Murzlenstrasse 80 8166 Niederweningen Switzerland Phone +41 44 857 26 00 Fax +41 44 857 24 12
www.bucherlandtechnik.ch

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