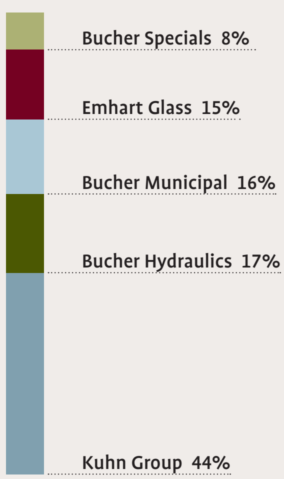
BUCHER

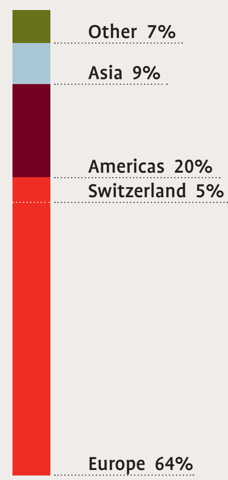
Annual report 2011

Net sales

By division

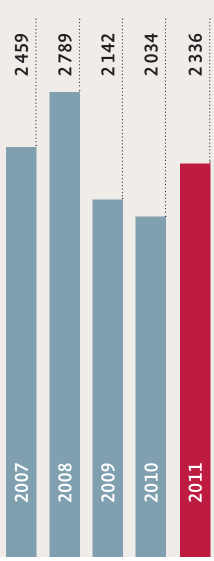


By region

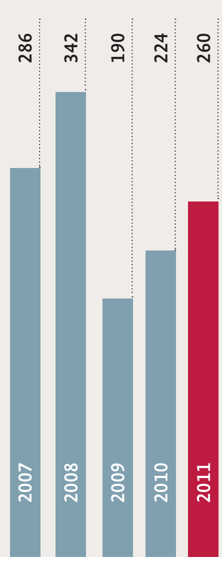


Five-year summary

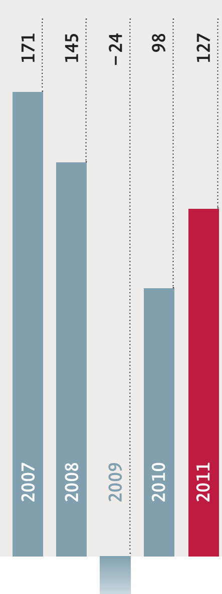
Net sales
CHF million



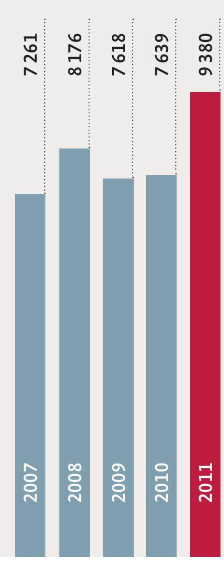
Operating profit (EBITDA)
CHF million



Net profit
CHF million



Average number of
employees during year



Key figures

Group

CHF million				% change	
	2011	**2010**	**%**	**%[1]**	**%[2]**
Order intake	2 587.5	2 216.5	16.7	29.3	24.7
Net sales	2 336.0	2 033.7	14.9	27.2	22.0
Order book	923.0	663.0	39.2	55.0	41.6
Operating profit before depreciation and amortisation (EBITDA)	259.9	223.9	16.1		
As % of net sales	11.1%	11.0%			
Operating profit (EBIT)	190.2	151.4	25.6		
As % of net sales	8.1%	7.4%			
Net financial items	– 18.4	– 10.8	70.4		
Income tax expense	– 44.4	– 42.9	3.5		
As % of profit before tax	25.8%	30.5%			
Profit/(loss) for the year	127.4	97.7	30.4		
As % of net sales	5.5%	4.8%			
Earnings per share in CHF	12.52	9.53	31.4		
Capital expenditure	118.3	65.8	79.8		
Operating free cash flow	54.8	201.9	– 72.9		
Development costs	74.4	73.2	1.6		
Net operating assets (NOA), average	827.8	849.2	– 2.5		
Return on net operating assets (RONOA)	17.0%	12.4%			
Net cash/debt	– 71.5	19.0	n.a.		
Total assets	2 247.7	1 984.9	13.2		
Equity	814.4	747.7	8.9		
Equity ratio	36.2%	37.7%			
Return on equity (ROE)	16.3%	12.7%			
Number of employees at 31 December	10 136	7 899	28.3		9.5
Average number of employees during year	9 380	7 639	22.8		11.4
Net sales per employee CHF 1 000	249.0	266.2	– 6.5		9.5

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

Divisions/Segments

CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31 December	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Kuhn Group	1 166.3	976.1	1 026.4	851.2	506.0	356.8	115.7	78.2	4 230	3 593
Bucher Municipal	449.3	380.6	379.9	373.0	153.2	88.6	26.6	27.3	1 530	1 334
Bucher Hydraulics	406.3	386.7	399.2	371.4	68.9	62.9	34.8	36.9	1 712	1 544
Emhart Glass	357.7	285.2	345.2	259.3	145.0	109.7	15.4	3.0	2 134	874
Bucher Specials	207.9	187.9	200.6	187.0	49.9	45.0	12.3	8.6	511	535
Other/consolidation	–	–	– 15.3	– 8.2	–	–	– 14.6	– 2.6	19	19
Total	**2 587.5**	**2 216.5**	**2 336.0**	**2 033.7**	**923.0**	**663.0**	**190.2**	**151.4**	**10 136**	**7 899**

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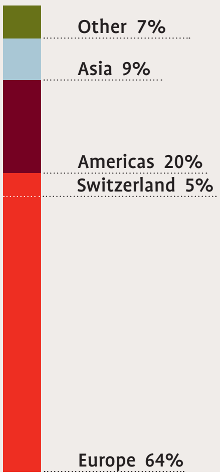
Bucher at a glance

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.

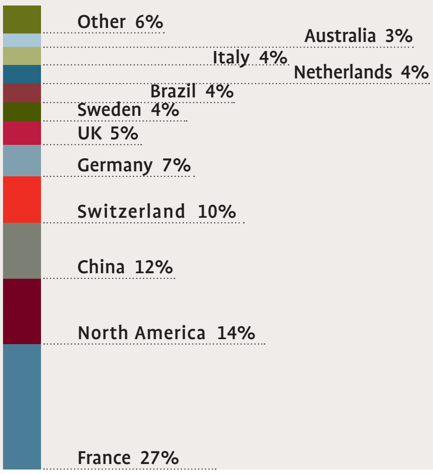
Net sales 2011

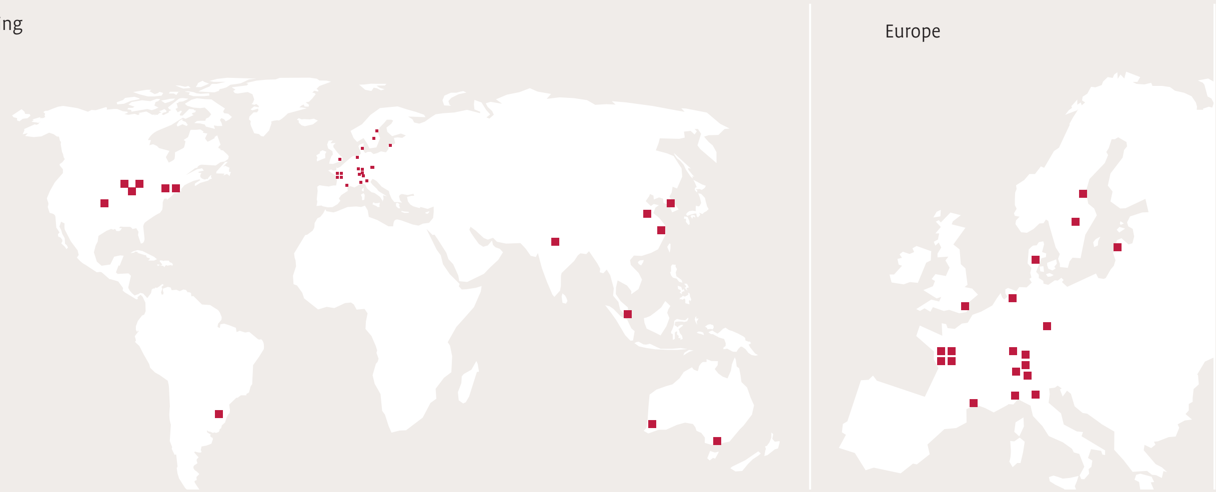
Total CHF **2.3 bn**



Number of employees in 2011

Total **10 136**





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 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 offering a whole range of compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles.

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

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

Bucher Specials consists of 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 the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik).

Report to shareholders

Dear Shareholders,

In the 2011 financial year, we achieved a substantial increase in sales and order intake in local currencies and further improved our earnings power in a generally favourable market environment. The performance was notable, given the significant negative currency effects.

Bucher Industries achieved a substantial increase in sales and order intake in the reporting year. Sales growth amounted to 27% in local currencies, and the Group entered the current year with the order book at a high level. The Group further increased profitability through rigorous cost discipline and lean processes. Operating profit rose by 26% and Group profit for the year was 30% higher than in 2010.

Favourable market environment The upturn in most of the main markets served by Bucher Industries was sustained in the reporting year. The very positive development of the markets for agricultural machinery and for equipment for the glass container industry was especially prominent. Demand for hydraulic systems, particularly in the construction and agricultural machinery segments, was highly dynamic up to the third quarter, but subsequently flattened out. The market for municipal vehicles was surprisingly stable because public sector budgets for cleaning and snow clearing remained largely unchanged. Winemaking equipment was the only market to register a downturn. The massive rise in the value of the Swiss franc against all the Group's main currencies had a significant negative effect on the reporting in Swiss francs and on the Swiss production facilities.

High organic growth Bucher Industries was able to take advantage of the positive market environment thanks to its closeness to customers and a product and service offering that is aligned with market requirements. In local currencies, the Group generated internal growth of 22%. The acquisition and disposal effect represented a further 5%, which contributed to the healthy sales growth of 27% in local currencies. In view of the strength of the Swiss franc, the negative impact of currency translation on sales was 12%. Nearly all the Group's production plants operated at a high level of capacity utilisation, some of them beyond their limits. The increase in the number of units manufactured and supplied was in some cases on a par with the record year of 2008. In spite of the currency-related disadvantages, Group operating profit rose by 26% and the operating profit margin reached 8.1%. Lower net gains on short-term investments resulted in a decline in net financial items year on year. Taxes remained practically unchanged on the previous year's level, despite the higher pre-tax result. The 30% improvement in Group profit for the year to CHF 127 million reflected a solid performance in the 2011 financial year.

Sound financial position Bucher Industries remains very solidly financed. Following the crisis years of 2009 and 2010, the Group invested CHF 178 million in internal and external growth in the reporting year. The main priorities were targeted expansion of the production infrastructure, modernisation and automation of the manufacturing equipment and selective acquisitions to strengthen the existing business activities. Despite the vigorous sales growth, the long-term investments and the share buy-back programme, the Group ended the year with high liquid funds of CHF 467 million, with lower net debt of CHF 72 million and an equity ratio of 36.2%.

Strengthening of market position In the reporting year, the Group continued its strategy of strengthening the market positions of its divisions worldwide. The focus was not only on organic growth of the existing businesses, but also selected acquisitions and partnerships. Kuhn Group gained entry to the North American grain farming market through the acquisition of Krause Corporation in Kansas, USA. Krause's tillage equipment and grain drills enjoy an excellent reputation, above all in the US Corn Belt. Kuhn Group consolidated its long-term partnership in the area of seeding and fertiliser technology through the purchase of a minority interest of 24% in Rauch Landmaschinenfabrik GmbH in Germany. The division's strategic partnership with John Deere in the area of large square balers represents a strengthening of the successful cooperation between the two companies dating back to the 1970s. With the takeover of a majority stake of 63% in Shandong Sanjin Glass Machinery Co., Ltd, headquartered in Zibo, Shandong Province, Emhart Glass reinforced its position in China and the Asian market region. Sanjin is the rapidly expanding and undisputed market leader in glass forming machinery in China. The purchase of Sutter wine presses by the winemaking equipment business represented an ideal match for Bucher Vaslin's product portfolio in a high-end market niche. Bucher Unipektin agreed a distribution partnership with Degrémont, a member of the Suez Environnement group, providing access to a worldwide distribution network in 33 countries for its technology for dewatering sewage sludge.

Kuhn Group In the reporting year, Kuhn Group was able to take advantage of the favourable conditions and rising demand in the principal markets of Western, Central and Eastern Europe, North America and Brazil. In local currencies, sales and order intake were significantly higher than the previous year, with sales actually rising by more than a third. The acquisition of the Krause Corporation in Kansas, USA, also contributed to the increase with CHF 55 million. This very pleasing business performance is only partly reflected in the results expressed in Swiss francs because of the significant negative currency effects. The division was able to cope with the strong rise in volumes thanks to the great flexibility of its plants, which were utilised to the limits of their capacity in Western Europe and beyond that in North America. Kuhn Group succeeded in generating a more than 40% rise in operating profit, accompanied by another marked improvement in the operating profit margin, from 9.2% to 11.3%. The basis for this very pleasing performance was once again clear customer focus, the great commitment and cost-consciousness of all employees, as well as rigorous innovation and process management.

Bucher Municipal In the reporting year, the market for municipal vehicles in Western Europe was surprisingly stable, though at a low level. Competition for some tenders was fierce, while competitive and pricing pressure remained high. The market for winter maintenance vehicles was slightly up on the previous year. Demand was strong in the markets for refuse collection vehicles in Australia and for specialist truck-mounted sweepers. The division performed well in this market environment, achieving a significant increase in sales in local currencies. The award of a major order worth CHF 62 million from the city of Moscow was another success story. Around CHF 12 million of this order had an impact on sales in the reporting year. The division, which operates one of its main plants in Switzerland, was especially hard hit by the strength of the Swiss franc. The Swiss plant transferred further activities to Latvia, whose currency is tied to the euro. In an additional measure to reduce the cost disadvantage, working hours at the Swiss plant were increased by 5% to 42.5 hours per week with effect from 1 September 2011. The employees were understanding about the need for this measure and gave their support. The swift introduction of cost reduction measures and the division's good business performance contributed to maintaining profitability. However, operating profit remained marginally below the previous year due to currency effects.

Bucher Hydraulics In Bucher Hydraulics' principal markets, the strong upward trend seen in 2010 continued during the first half of the year. Demand was particularly strong in the construction equipment and agricultural machinery segments. This dynamic development lost some of its momentum in the second semester. Bucher Hydraulics further increased sales and order intake in the reporting year. The start-up of serial production of components for some major customers made a significant contribution to this pleasing progress in the fourth quarter. The two main plants in Switzerland, with a very high export ratio of around 90%, were particularly hard hit by the strength of the Swiss franc. In view of the unfavourable currency situation, the working hours of Swiss employees were increased by 5% to 42.5 hours per week, a measure which lasted from August until the end of December 2011. The workforce acknowledged the special situation, thereby making an additional contribution to the competitiveness of the Swiss plants. This extraordinary measure was lifted at the beginning of 2012, once the Swiss National Bank had succeeded in achieving and defending the target exchange rate. Despite all the measures taken, it was not possible to cancel out the negative currency effects completely. As a result, the division's operating profit and operating profit margin were slightly down on the good result achieved the previous year.

Emhart Glass After overcoming a ten-year low at the end of 2010, the glass container industry experienced a real boom in demand for machinery and spare parts for the manufacture of glass containers in the reporting year. It was only towards the end of the year that the first signs of a normalisation were seen, above all in Western Europe. Emhart Glass took full advantage of the upturn and achieved a strong increase in order intake and sales compared with the previous year. There was almost a twofold rise in sales of new glass forming machinery. In addition to the general rise in demand, the good performance was underpinned by the Sanjin joint venture in China, which contributed CHF 27 million, a major order worth CHF 40 million from the Hindustan National Glass & Industries Ltd, India, almost half of which had an impact on sales in the reporting year, as well as the positive development of the business for spare parts and services. The two production plants in Sweden, which bear a significant part of the division's personnel costs, were hit by the strength of the Swedish krona against the euro. It was not possible to counteract the currency effects by adjusting prices, however, because of the competitive pressure affecting standard machines for glass container manufacture. Expansion of the plant in Malaysia was an important factor in reducing costs. Despite the difficult foreign exchange situation, Emhart Glass almost doubled operating profit and strongly increased profitability, excluding restructuring costs of CHF 5 million the previous year.

Bucher Specials The independent businesses consolidated under Bucher Specials are active in diverse markets and their performance in the reporting year presented a varied picture. Demand for winemaking equipment declined because of a suspension of subsidies lasting several months in France, the main market. By contrast, the business with machinery and equipment for the production of fruit juice and instant products developed well, benefitting from higher prices for fruit juice concentrate and strong demand for equipment for instant drinks and powdered milk, as well as some backlog in demand from previous years. The Swiss distributorship for tractors and agricultural machinery remained stable at a high level. Despite the difficult conditions in winemaking equipment, Bucher Specials achieved a substantial increase in sales, order intake and operating profit year on year.

Dividends In view of the healthy profit for the year and the stable outlook for the current business year, and in line with a consistent dividend policy, the board of directors is proposing a dividend of CHF 4.00 per registered share to the annual general meeting of 12 April 2012. The dividend paid last year was CHF 3.00.

Board of directors and group management The terms of office of board members Claude R. Cornaz and Heinrich Spoerry will expire at the 2012 general meeting of shareholders. The board of directors proposes their re-election for a further three-year term.

Share buy-back In May 2011, the board of directors of Bucher Industries decided to launch a share buy-back programme whereby up to 3% of the share capital was to be bought back in financial years 2011 and 2012. On 3 February 2012, Bucher Industries closed the buy-back programme. Up to that date, 2.99% of the shares had been repurchased, corresponding to 315 900 shares at an average price per share of CHF 159.00 and an overall repurchase volume of CHF 50.2 million. The board of directors will propose to the annual general meeting on 12 April 2012 to cancel the repurchased shares, thereby reducing the share capital of Bucher Industries AG by CHF 63 180 to CHF 2 050 000.

Many thanks to our employees and partners The 2011 business year proved once again the great dedication, commitment and professionalism of our employees in their efforts on behalf of the company. Through their international teamwork, they built bridges between peoples and enhanced cultural understanding, making a vital contribution to the success of our company. The employees in the Swiss plants were willing to put in extra work, unpaid, to increase efficiency in order to alleviate the disadvantages of the foreign exchange situation. The collaboration with our customers, business partners and shareholders was also characterised by a high level of competence, mutual respect and fairness. We are very grateful to all of them. From this position of strength, we look forward to meeting the demands and challenges of the future together.

Outlook for 2012 The outlook for the current business year is surrounded by considerable uncertainties. The massive indebtedness of the European and US economies, the instability of the euro zone and the prognoses for global economic development are all reasons for caution. On the other hand, we anticipate quite positive trends in our markets. The earnings situation for farmers is good and the demand for agricultural products remains high, so we expect Kuhn Group to turn in a positive performance. Bucher Municipal is set to benefit from the unfolding of the major order for the city of Moscow and should be able to increase sales in a market that remains stable overall, though at a low level of activity. The hydraulic systems provided by Bucher Hydraulics are highly dependent on the dynamics of the individual market segments. With the agricultural machinery, materials handling and wind power segments expected to show a positive development, the division should achieve a further increase in sales and operating profit. Following the boom in demand during the previous year, Emhart Glass is anticipating growth in the Asian markets and stabilisation of demand at a high level in the other regions. The division therefore expects a further rise in sales and improved profitability. Bucher Specials is reckoning on growth in sales and operating profit, underpinned by the expected recovery in the winemaking equipment segment and stable conditions in the other two businesses. We are cautiously optimistic about the prospects for the current year and expect an improvement in sales, operating profit and Group profit for the year.

Niederweningen, 15 March 2012

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		2011	2010	2009	2008	2007
Share capital						
Registered shares						
Par value	CHF	0.20	0.20	0.20	0.20	0.20
In issue and ranking for dividend	number	10 565 900	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	798 494	542 516	564 765	597 315	630 057
Issued share capital	CHF million	2.1	2.1	2.1	2.1	2.1
Market capitalisation and dividends						
Market capitalisation	CHF million	1 734.9	1 845.9	1 186.6	1 109.4	2 757.7
As % of equity	%	222	251	152	133	320
Gross dividend per registered share	CHF	4.00 [1)]	3.00	2.00	4.50	5.00
Total dividend	CHF million	42.3 [1)]	31.7	21.1	47.5	52.8
Payout ratio	%	33.9 [1)]	33.2	n.a.	32.7	30.9
Per share data						
Profit for the year						
Basic earnings per share	CHF	12.5	9.5	−2.6	14.4	17.1
Diluted earnings per share	CHF	12.5	9.5	−2.6	14.3	16.9
Cash flow	CHF	17.6	26.0	23.9	10.3	16.8
Equity	CHF	73.9	69.7	73.9	79.1	81.7
Year high	CHF	215.0	175.0	126.9	305.5	287.0
Year low	CHF	128.7	111.6	69.0	88.9	134.0
Year-end price	CHF	164.2	174.7	112.3	105.0	261.0
Average price	CHF	173.8	136.0	105.9	214.0	198.1
Average yield	%	2.3 [1)]	2.2	1.9	2.1	2.5
Average daily trading volume	number	20 001	16 697	18 331	23 166	19 731
Price/earnings ratio (year-end price)		13.1	18.3	−43.1	7.3	15.3

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

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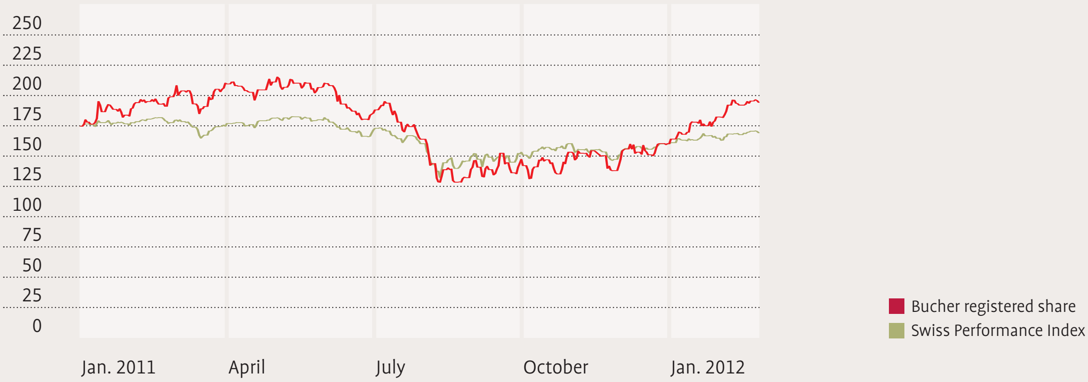
Financial calendar

Annual general meeting (Mövenpick Hotel, Regensdorf)	12 April 2012	4.00 pm
First trading date ex-dividend	16 April 2012	
Dividend payment	19 April 2012	
Release of first quarter 2012 group sales	27 April 2012	
Interim report 2012	9 August 2012	
Release of third quarter 2012 group sales	26 October 2012	
Release of 2012 group sales	31 January 2013	
Annual press conference	14 March 2013	9.00 am
Annual analyst conference	14 March 2013	2.00 pm
Publication of annual report 2012	14 March 2013	
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	
Interim report 2013	8 August 2013	
Release of third quarter 2013 group sales	25 October 2013	

Share price performance CHF



Kuhn do Brasil staff showed an admirable openness and willingness to learn during the exchange of expertise with Kuhn in Saverne. That was the basis for the modern, independent production unit in Passo Fundo.

Mario Wagner, Head of Kuhn do Brasil, Brazil

“We visited our colleagues in France and they came over to us. Today, we’re using lean industrial processes to manufacture direct seed drills which are finding fertile ground in the Brazilian market.”

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. Its wide range of products is tailored to suit the needs of all agricultural operations worldwide, including large farms and contractors. The division has production facilities located in France, the Netherlands, the USA and Brazil.

Highlights

In the reporting year, Kuhn Group took advantage of rising demand in its principal markets. In local currencies, sales and order intake were significantly higher that the previous year. The acquisition of the Krause Corporation in Kansas, USA, also contributed to the increase with CHF 55 million. Krause specialises in tillage equipment and grain drills, giving Kuhn Group an entry into the North American grain farming market. The division was able to cope with the strong rise in volumes thanks to the great flexibility of its plants and achieved an almost 50% rise in operating profit, accompanied by another marked improvement in the operating profit margin, from 9.2% to 11.3%. Kuhn Group accounted for 44% of Group sales (2010: 42%).

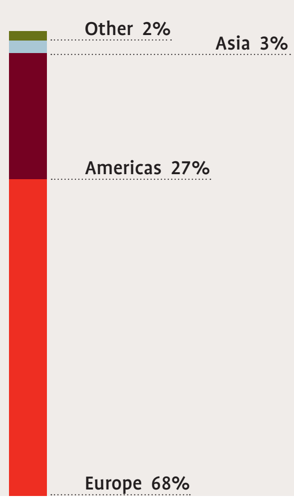
Key figures

CHF million			Change in		
	2011	**2010**	**%**	**%[1]**	**%[2]**
Order intake	1 166.3	976.1	19.5	35.0	28.1
Net sales	1 026.4	851.2	20.6	36.3	28.8
Order book	506.0	356.8	41.8	60.3	46.5
Operating profit (EBITDA)	148.1	113.1	30.9		
As % of net sales	14.4%	13.3%			
Operating profit (EBIT)	115.7	78.2	48.0		
As % of net sales	11.3%	9.2%			
Number of employees at 31 December	4 230	3 593	17.7		9.7
Average number of employees during year	4 109	3 401	20.8		15.5

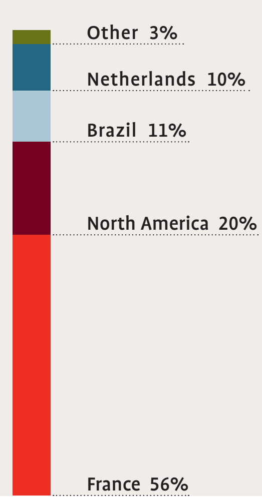
1) Adjusted for currency effects.
2) Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Market development The main markets of Western, Central and Eastern Europe, North America and Brazil developed very positively in the reporting year. Climatic conditions were good overall and excellent in the northern part of the USA. The dry spell which lasted throughout the months of March to May in Western Europe eased, with rainfall recorded from mid-year onwards. Only the southern regions of the USA and Brazil suffered serious drought throughout the reporting year. The brisk demand for agricultural products and the fact that prices for milk, meat, cereals, maize and soy continued to hold up at a high level had a positive impact on farmers' incomes, bringing a fresh incentive to invest. There was also a marked recovery in Central and Eastern European markets. The ongoing process of consolidation among competitors, in which Kuhn Group is also active, continued to varying degrees during the reporting year.

Business performance Thanks to its strong market positions and its broad and innovative range of specialised agricultural machinery, Kuhn Group was able to take full advantage of the favourable conditions for farming and the rising demand. In local currencies, sales and order intake were significantly higher than the previous year, with sales rising by more than a third. The order book also continued to grow. Production capacities were well utilised as a result. This very gratifying performance is only partly reflected in the results expressed in Swiss francs because of the significant negative currency effects. The division was able to cope with the strong rise in volumes thanks to the great flexibility of its plants, which were utilised to the limits of their capacity in Western Europe and beyond that in North America. Kuhn Group succeeded in generating an almost 50% rise in operating profit, accompanied by another marked improvement in the operating profit margin, from 9.2% to 11.3%. The basis for this very pleasing business performance was once again clear customer focus, the great commitment and cost-consciousness of all employees, as well as rigorous innovation and process management. Kuhn Group also continued to make rapid progress with the very successful integration of companies acquired in previous years.

Reinforcing the division's market presence In the first half of 2011, Kuhn Group entered the North American grain farming market through its acquisition of the American family-owned company, Krause Corporation in Hutchinson, Kansas. Krause specialises in tillage equipment and grain drills. These enjoy an excellent reputation above all in the US Corn Belt, and are used for cultivation of maize, soy beans, wheat and other cereal crops. Krause's product range is also well suited to the large-scale farms and agroholdings of Eastern Europe, and fully complements Kuhn Group's product portfolio. Krause Corporation was renamed Kuhn Krause, Inc. With 290 employees, Kuhn Krause generated sales of CHF 74 million in 2011 and growth of 21%. This strategically important expansion reinforces Kuhn Group's leading position in the world markets and creates an excellent platform for further growth. Kuhn Group consolidated its long-term partnership in the area of seeding and fertiliser technology by purchasing a minority interest of 24% in Rauch Landmaschinenfabrik GmbH, Germany. The division benefits from Rauch's expertise in the areas of fertiliser spreaders and pneumatic seed drills, while Rauch can take advantage of Kuhn Group's expertise in tillage and seeding, as well as its strong global distribution network. The division's strategic partnership with John Deere in the area of large square balers includes a manufacturing and licensing agreement. John Deere acquired a licence for the existing intellectual property rights in Kuhn large square balers, permitting unlimited use and independent further development. Kuhn Group will produce large square balers for John Deere for sale in Europe and the CIS under the John Deere brand. Large square balers under the Kuhn brand will continue to be offered by Kuhn Group on a worldwide basis.

Division management

Michel Siebert,
division president

Dominique Schneider,
finance and controlling

Jeannot Hironimus,
development

Jean-Luc Collin,
production and research development

Roland Rieger,
sales

Guy Rostoucher,
Kuhn-Audureau SA

Dominique Devillers,
Kuhn-Blanchard SAS

Didier Vallat,
Kuhn-Geldrop B.V.

Hervé Arlot,
Kuhn-Huard SA

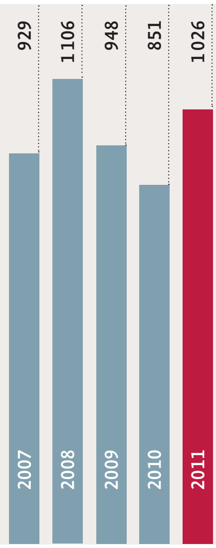
Thierry Krier,
Kuhn North America, Inc.

Mario Wagner,
Kuhn do Brasil S/A

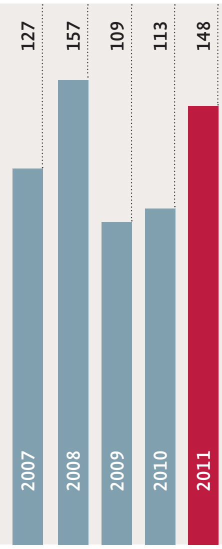
At 9 March 2012

Product innovations and important trade shows The world's two biggest agricultural machinery shows took place in Paris and Hanover during the reporting year, with Kuhn Group unveiling numerous new products in all segments. There was a particular focus on innovations in the areas of tillage and seeding. Kuhn Group has been engaged in pioneering work in the area of strip-till technology in particular. This is a tillage system for crops grown in rows, for example maize, which allows fertiliser to be applied during tilling. The technique is environmentally compatible and also saves time and money: compared with conventional tillage, it only disturbs the soil in narrow strips, representing a reduction of around 80% in the area tilled. More intensive use was made of synergies in product development among the various Kuhn Group plants. One good example was the international and inter-plant collaboration on product development which was taken up quickly and smoothly by the production facilities of Kuhn Krause in the USA and Kuhn-Huard in France, both specialists in tillage technology. Kuhn Group reinforced its electronics segment and expanded its modern lines of machinery equipped with the ISOBUS system.

Net sales
CHF million

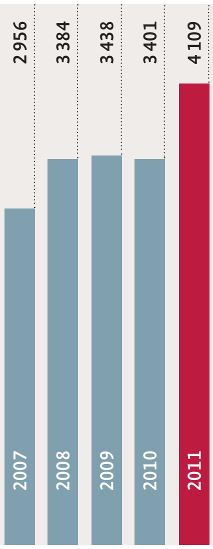


Operating
profit (EBITDA)
CHF million



Outlook for 2012 The positive long-term outlook for the agricultural sector remains unchanged. The visible short-term trends are still favourable, and the inventories of Kuhn Group dealers are at a normal level, giving good grounds for confidence about the prospects for 2012. On the other hand, the global economic problems and the stricter conditions applying to the financial markets make it increasingly difficult to deliver a reliable prognosis for 2012. The extreme drought in the south of the USA and in parts of Brazil, and the diverse climatic conditions during the reporting year could lead to somewhat lower crop yields, with a subsequent fall in farming revenues. Nevertheless, with stable currency rates Kuhn Group is expecting a further improvement in sales and operating profit for 2012, albeit with a much lower growth rate than in 2011.

Average number of employees during year



The know-how transfer from England and Switzerland was conducted in Latvian, Russian, English and German. It has enabled Bucher Municipal to mass-produce kits for truck-mounted sweepers in Latvia.

Niklaus Huser, Head of Bucher Schoerling Baltic, Latvia

"Using four languages, colleagues from three countries attained two goals at the same time. We benefit from the shared international expertise and are now able to manufacture complete kits in Latvia."

Bucher Municipal

Activities

Bucher Municipal is a world-leading supplier of municipal vehicles for cleaning and removing snow from public and private areas. Its range of products encompasses compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles. The division has production facilities located in Switzerland, Germany, the UK, Italy, Denmark, Latvia, Australia and South Korea.

Highlights

Bucher Municipal held up well in a market environment that was stable, though characterised by strong competitive pressure. Contrary to expectations, sales and order intake were significantly higher in local currencies. Even after conversion into Swiss francs, these key figures were slightly better year on year. The city of Moscow awarded the biggest-ever contract for municipal sweepers CHF 62 million, giving good grounds for confidence for 2012. In spite of strong cost pressure and the rise of the Swiss franc, Bucher Municipal almost succeeded in maintaining profitability. Accordingly, operating profit came in only marginally below the previous year's level. Bucher Municipal accounted for 16% of Group sales (2010: 18%).

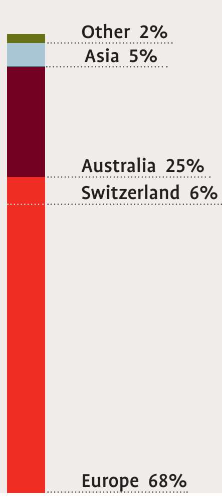
Key figures

CHF million			Change in		
	2011	**2010**	**%**	**%[1]**	**%[2]**
Order intake	449.3	380.6	18.1	27.4	27.1
Net sales	379.9	373.0	1.9	9.9	9.5
Order book	153.2	88.6	72.9	86.7	85.2
Operating profit (EBITDA)	34.5	35.2	−2.0		
As % of net sales	9.1%	9.4%			
Operating profit (EBIT)	26.6	27.3	−2.6		
As % of net sales	7.0%	7.3%			
Number of employees at 31 December	1 530	1 334	14.7		13.5
Average number of employees during year	1 391	1 346	3.3		3.0

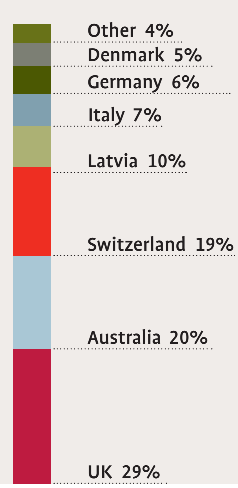
[1] Adjusted for currency effects.
[2] Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Stable market environment In the reporting year, demand for sweepers in the main markets of Western Europe stayed surprisingly stable at a low level. Although the debt burden increased in European countries during the reporting year, public-sector budgets for cleaning and clearing snow from public roads were not significantly down on the previous year. Neither municipalities nor private operators of sweeper fleets significantly changed their investment patterns in the reporting year. However, competition for some tenders was fierce, while competitive and pricing pressure remained high. With one of its main sweeper plants in Switzerland, the division had to contend with the cost disadvantages arising from the strength of the Swiss franc and was also very exposed to the additional competitive pressure. The market for winter maintenance equipment rose only slightly following the strong performance of the preceding year. On the other hand, there was a positive mood in the market for specialist truck-mounted sweepers and for refuse collection vehicles in Australia.

Business performance Bucher Municipal held up well in a competitive and difficult market environment, actually achieving a significant increase in sales and order intake in local currencies. Even in Swiss francs these key figures were slightly up on the previous year. The award of a major contract worth CHF 62 million from the city of Moscow contributed CHF 12 million to the positive sales trend. The plant at Niederweningen, which was particularly hard hit by the strong Swiss franc, transferred further activities to Latvia, whose currency is tied to the euro. The construction and expansion of the plant there, which began some years ago, made it possible to complete this step in a short time frame and reaffirmed the division's strategic approach. In an additional measure to reduce the cost disadvantage, a 5% increase in working hours at the Swiss plant to 42.5 hours per week was agreed, with effect from 1 September 2011, in consultation with employees' representatives. The workforce were understanding about the need for this measure and contributed to the competitiveness of the plant through their support. The successful introduction of new sweepers, along with targeted sales activities in new business, service and spare parts, helped to counteract the downtrend in the market. The strong position in the Australian market for refuse collection vehicles was further reinforced and there was also strong demand for specialised truck-mounted sweepers from the Danish plant. These positive achievements and the swift introduction of cost-reduction measures all contributed to sustain profitability. In spite of the negative currency effects, operating profit came in only marginally below the previous year's level.

Major order from the city of Moscow In an international bidding process in November 2011, the city of Moscow awarded Bucher Municipal a major contract worth CHF 62 million. The order comprises over 400 compact and 245 truck-mounted sweepers as well as 230 spreaders for winter maintenance. Key factors in the decision by the city authorities were the attractive cost-performance ratio and their positive experience over many years with Bucher Municipal products. Their reliability, ease of use and manoeuvrability, the efficient service and the capacity to deliver the large-scale order in the short period up to the end of May 2012 were particular plus points. Half the total of 400 compact sweepers are fitted with an articulated steering system specially developed by Bucher Municipal to give the vehicles an exceptional degree of manoeuvrability. For environmental reasons, the spreaders for winter maintenance are designed to achieve a very accurate distribution of the gritting material, which can be provided with a wide range of characteristics. This major order will ensure a high level of capacity utilisation at the Bucher Municipal plants in Switzerland, the UK, Latvia and Italy in the first half of the current year.

Division management

Michael Häusermann,
division president

Jürg Hauser,
finances and controlling

Michael Häusermann (ad interim),
Bucher Schörling

Coen van Rosmalen,
Johnston Sweepers Ltd.

Peter Rhodes,
Beam A/S

David Waldron,
MacDonald Johnston Ltd.

Guido Giletta,
Winter maintenance

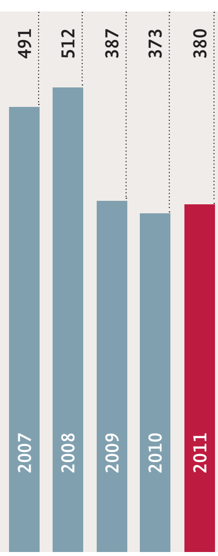
At 9 March 2012

Successful insourcing at the Latvian plant In the first half of the reporting year, the Latvian plant began full-scale hopper and chassis production using sheet metal machining processes, including laser cutting, bending and rolling. It also commissioned the new paint shop. Thanks to the great commitment of the entire workforce in Latvia and the outstanding teamwork and dedicated support of specialists from the plants in Switzerland and the UK, it was possible to complete a rapid introduction and implementation of manufacturing processes, production technologies and extensive product expertise in Latvia. This new plant may well be the most up-to-date municipal vehicles factory in the world. The quick start-up of production at the Latvian plant went a long way towards reducing the negative currency effects arising from the strength of the Swiss franc.

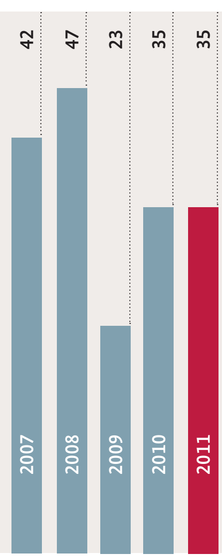
Presence in the US market Johnston has been supplying entire kits for truck-mounted sweepers to the USA and Canada since 1970. Following the bankruptcy of the previous importer, which thanks to the very prudent terms of payment had no financial repercussions, the division founded its own sales, assembly and service company, Johnston North America, in Mooresville, North Carolina, USA, in the first half of the year. Work with the existing local dealership network continued almost entirely without disruption. Johnston North America imports kits for truck-mounted sweepers from the UK and mounts them on site, using the chassis requested by the customer. This ensures that sales and service are close to the customers in North America. The start-up costs were kept low thanks to the support of the Bucher subsidiaries already established in the region.

Innovative drive technologies Urban expansion and the rise in population density mean that sweepers are being used increasingly at night or in the pedestrianised zones of town and city centres. Sweeper fleet operators in the public and private sectors are demanding ever higher standards of noise and emission control, without compromising on efficiency. As the market leader, Bucher Municipal is at the forefront in developing alternative and innovative drive systems. The focus is on new, fully electric or hybrid drive systems for

Net sales
CHF million



Operating
profit (EBITDA)
CHF million

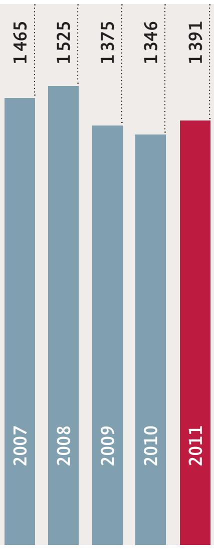


sweepers. These use technologies based on fuel cells or natural gas. A CityCat H_2 sweeper equipped with a hydrogen and fuel-cell drive is undergoing trials in Basel. There are test runs planned for other Swiss cities during the current year.

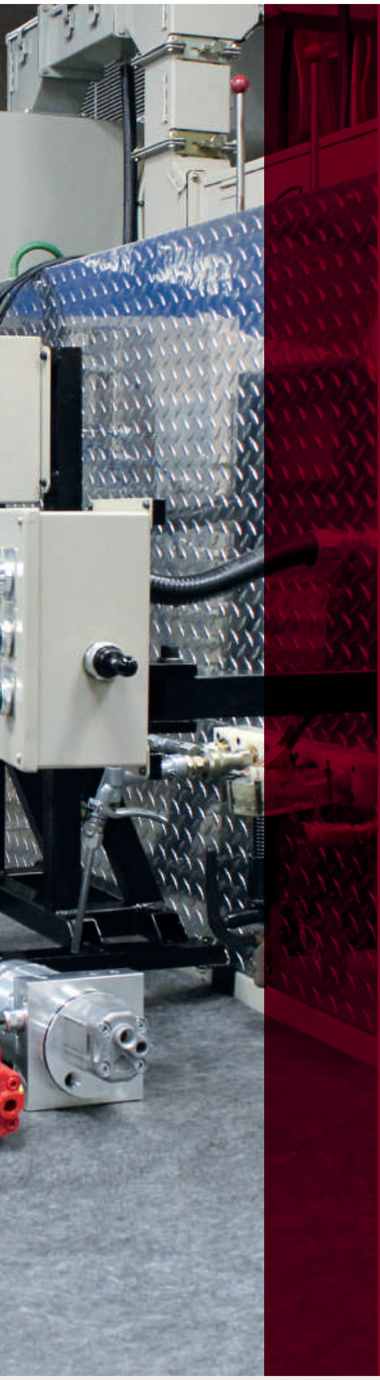
The division set up a joint project to develop an electric/natural gas hybrid drive system, involving research partners from the Swiss Federal Institute of Technology Zurich (ETH), the Swiss Federal Laboratories for Materials Testing and Research (Empa) and universities of applied sciences, as well as partners in industry. The project draws on Empa's experience in optimising a commercial small-sized engine for use in hybrid systems. The ETH is applying its expertise in transferring hybrid simulation onto complex drive systems, and Bucher Municipal is responsible for integrating a hybrid drive system geared to the requirements of sweeper operation. The development project receives support from the Swiss government in the form of a contribution from the Commission for Technology and Innovation. It is estimated that it will take three to five years before a new generation of sweepers equipped with an alternative drive system is ready for the market.

Outlook for 2012 After the record year of 2008, demand for municipal vehicles declined significantly. For 2012, the division is expecting a further stabilisation of the market at the 2011 level. The major order from Moscow will ensure that plant capacity is well utilised in the first half year and will result in increased sales. In the current year, the division is also likely to reap further benefits from the introduction of the new generation of sweepers. For 2012 as a whole, Bucher Municipal therefore anticipates increased sales, higher operating profit, and a further improvement in profitability.

Average number of employees during year



Know-how transfer has enabled customers in the USA to benefit from local access to new and innovative hydraulic solutions. No currency exchange is involved and a flexible customer and product service package is included.



Dan Vaughan, Head of Bucher Hydraulics Inc., USA

“We appreciated and made the most of every opportunity to gain from the know-how of our Italian colleagues – both in Italy and here in the United States.”

Bucher Hydraulics

Activities

Bucher Hydraulics is an international leader in the design and manufacture of custom mobile and industrial hydraulic system solutions. Its wide array of products encompasses pumps, motors, valves, power units, elevator drives and control systems with integrated electronics. With manufacturing facilities in Europe, the USA, China and India, Bucher Hydraulics is never far from customers around the world.

Highlights

Bucher Hydraulics performed well in a generally buoyant business climate, with sales and order intake increasing significantly in local currencies. Due to the strength of the Swiss franc, profitability fell at both the Swiss plants, which have a very high export ratio. The swift countermeasures taken were not enough to compensate fully for the negative currency effects. As a result, operating profit and the operating profit margin were down on the previous year. The division accounted for 17% of Group sales (2010: 18%).

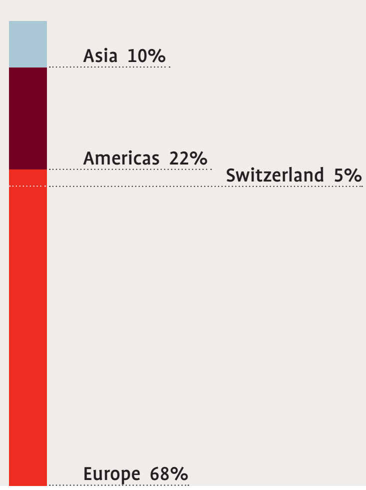
Key figures

CHF million			Change in	
	2011	2010	%	%[1]
Order intake	406.3	386.7	5.1	15.2
Net sales	399.2	371.4	7.5	17.7
Order book	68.9	62.9	9.5	21.0
Operating profit (EBITDA)	52.1	55.7	−6.5	
As % of net sales	13.1%	15.0%		
Operating profit (EBIT)	34.8	36.9	−5.7	
As % of net sales	8.7%	9.9%		
Number of employees at 31 December	1 712	1 544	10.9	
Average number of employees during year	1 661	1 451	14.5	

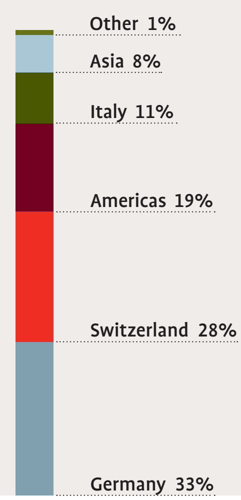
[1] Adjusted for currency effects.

Geographical analysis

Net sales



Number of employees



Pleasing market dynamics In Bucher Hydraulics' principal markets, the strong upward trend seen in 2010 continued during the first half of the year. This dynamic development was partly the result of a certain backlog of demand from previous years and led to high capacity utilisation throughout the supply chain. The second half saw a weakening of this dynamic trend, but growth still remained in the high single-digit percentage range. With two of its main plants in Switzerland, the division was particularly hard hit by the strength of the Swiss franc.

Good business performance Bucher Hydraulics held up well in the reporting year, despite the negative currency effects, and further increased both sales and order intake, with a quite significant increase in terms of local currencies. The number of components, valves and pumps delivered exceeded even that of 2008, the previous record year. The construction equipment and agricultural machinery segments in particular registered lively demand, though the trend in material handling and industrial hydraulics was somewhat weaker in the second half of the year. The fourth quarter also saw the start-up of serial production for a number of major customers. With their very high export ratio of about 90%, the two main Swiss plants were especially vulnerable to the strong Swiss franc. With 60% of its purchasing volume in the euro and US dollar areas, the division has achieved a certain natural balance after years of effort. In August, when the Swiss franc almost reached parity with the euro, the working hours of Swiss employees were raised by 5% to 42.5 hours per week until the end of December 2011. Showing great understanding, the workforce made an additional contribution to the competitiveness of the Swiss plants. The extraordinary measure was lifted at the beginning of 2012, once the Swiss National Bank had succeeded in achieving and defending the target exchange rate. Despite all the measures taken, it was not possible to cancel out the negative currency effects completely. As a result, the division's operating profit and operating profit margin were below the previous year's level.

Expansion of capacity in Germany Klettgau, Germany, is home to the parent company of Bucher Hydraulics and one of its main plants. A wide range of products for industrial hydraulics and for construction equipment and agricultural machinery is manufactured there. Following the record year of 2008, production volume at Klettgau continued to increase. In the coming years, a number of newly developed products will be ready for series production and integration into the manufacturing process. In order to pre-empt any capacity constraints, construction work began in the reporting year on a 9 000-m^2 expansion of the production facility. The extension provides an opportunity to optimise the organisational processes of the whole plant, as well as its structural layout, which has evolved gradually over the years, and to incorporate new product cells. The aim is a significant improvement in efficiency that will enhance the competitiveness of the products manufactured in Klettgau. The investment in the factory extension, which is based on sustainability principles, will amount to a total of around EUR 10 million in 2011 and 2012, of which EUR 4 million was invested in the reporting year. The basic structure of the new building was completed towards the end of 2011.

Division management

Daniel Waller,
division president

Uwe Kronmüller,
Bucher Hydraulics GmbH

Luca Bergonzini,
Bucher Hydraulics S.p.A.

Christian-Erik Thöny,
Bucher Hydraulics AG

Aurelio Lemos,
Bucher Hydraulics AG Frutigen

Dan Vaughan,
Bucher Hydraulics North America

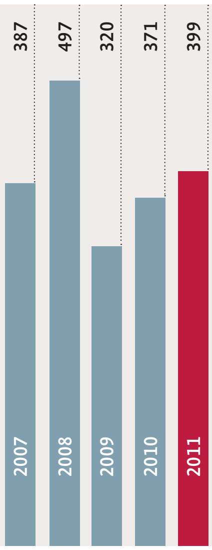
Jason Lin,
Bucher Hydraulics China

At 9 March 2012

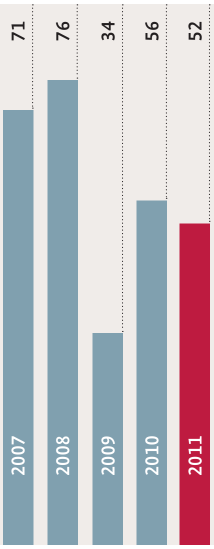
Globalisation of Bucher Hydraulics The reporting year saw a continuing trend for customers with global activities to seek suppliers with an equally global reach. Such customers manufacture their products locally in key regions, and choose suppliers who also have engineering services and production plants based in those regions. One important step taken by Bucher Hydraulics in recognition of this trend was to establish a presence in North America. The strategy has proved a success, with orders being placed by major customers. In the reporting year, there was a rise in demand from major international customers with a local presence in Brazil, India and China who also want to source their supplies at a local level. With its two plants in India and China, the division is well situated to meet the requirements of its customers, and to expand its local presence in these countries.

Innovation in wind power Bucher Hydraulics is an innovative supplier and development partner for green energy from wind power. Man has been using wind energy for his own purposes for thousands of years. However, the wind turbines of today are ultra-modern, high-tech power plants – and the demands placed on their hydraulic systems are extremely challenging. Bucher Hydraulics, one of the leading manufacturers of high-quality components for pumps and valves, as well as power units, supplies its products worldwide to manufacturers of hydraulic systems for wind turbines. The division provides customers with complete functional modules in the form of control blocks.

Net sales
CHF million



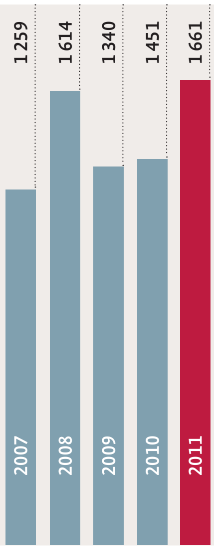
Operating
profit (EBITDA)
CHF million



These can be used in various hydraulic functions, including adjustment of the rotor blades, the rotor brakes and the supply of hydraulic power from generator units. Wind turbines need to achieve 98% technical availability, which means that only the best hydraulic components and control units can be used. The technical sophistication and great reliability of all Bucher Hydraulics components have been tried and tested in wind turbines all over the world.

Outlook for 2012 In 2012, Bucher Hydraulics anticipates a continuation of the slowdown in market growth which set in during the second half of 2011. In particular, the construction equipment segment in China will experience a noticeable decline. Additional impetus is expected from projects already launched, as well as collaboration with global customers. For the current year, Bucher Hydraulics is therefore projecting sales growth on a par with that of the previous year and a small rise in profitability.

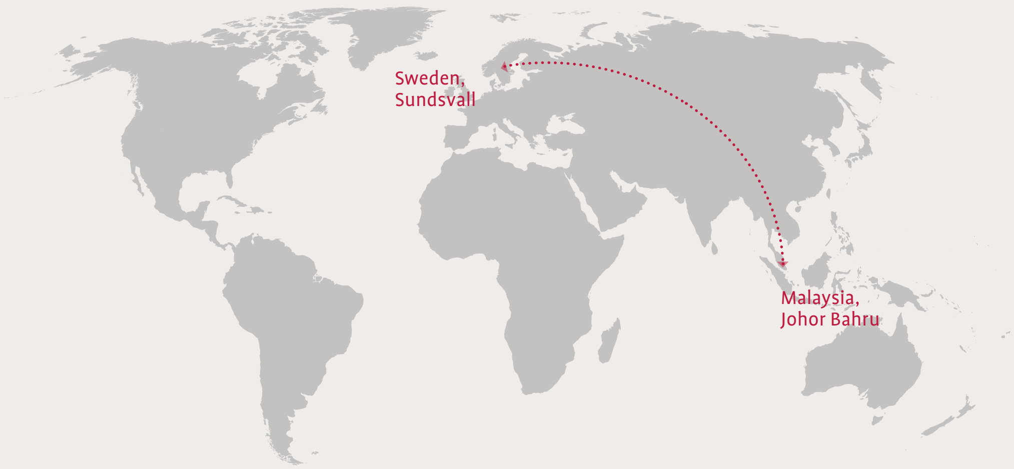
Average number of employees during year



The new gob forming system from the Emhart Glass plant in Malaysia makes it possible to supply customers in the Asian market and beyond promptly and to the same high quality standard as in Sweden.

KK Wong, Head of Emhart Glass Sdn Bhd, Malaysia

“The demanding exchange of expertise was quite a cultural balancing act. Together with our Swedish colleagues, we managed to pull it off with great agility at both locations. Today, we assemble every gob forming system in Malaysia according to the Swedish model.”



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. The division's manufacturing facilities are located in Sweden, the USA, China and Malaysia. Emhart Glass is headquartered in Switzerland and has a research and development centre in the USA.

Highlights

In a highly dynamic market Emhart Glass recorded a marked increase in order intake and sales. The joint venture with Sanjin accounted for 10% of the growth in sales. With two of its main plants in Sweden, the division was exposed to the effects of the strong Swedish krona. Nevertheless, it overcame the resulting increase in competitive pressure from the euro area and, excluding the restructuring costs of CHF 5 million the previous year, almost doubled operating profit. Emhart Glass accounted for 15% of Group sales (2010: 13%).

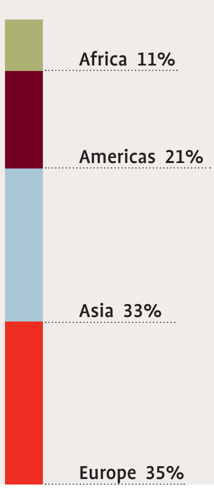
Key figures

CHF million			Change in		
	2011	**2010**	**%**	**%1)**	**%2)**
Order intake	357.7	285.2	25.4	40.2	32.0
Net sales	345.2	259.3	33.1	48.8	37.4
Order book	145.0	109.7	32.2	47.8	18.5
Operating profit (EBITDA) before restructuring	24.4	16.1	51.6		
Operating profit (EBITDA)	24.4	11.1	119.8		
As % of net sales	7.1%	4.3%			
Operating profit (EBIT)	15.4	3.0	413.3		
As % of net sales	4.5%	1.2%			
Number of employees at 31 December	2 134	874	144.2		9.2
Average number of employees during year	1 647	869	89.5		11.0

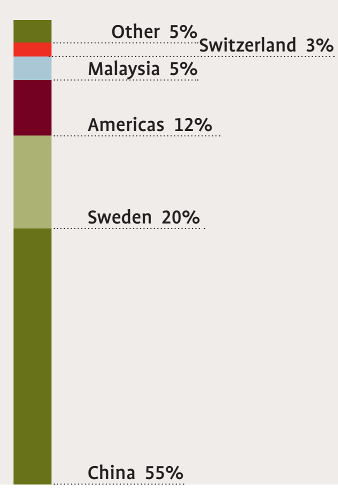
1) Adjusted for currency effects.
2) Adjusted for currency and acquisition effects.

Geographical analysis

Net sales



Number of employees



Positive market dynamics The glass industry had overcome a ten-year low by the end of 2010, and the reporting year saw the start of a strong global upturn. This led to a real boom in demand for machinery and spare parts for glass container manufacture. Demand stabilised at a high level up to the third quarter, after which the first signs of a slowdown emerged towards the end of the reporting year, especially in Western Europe. With two major plants in Sweden, the division faced additional challenges on the foreign exchange front.

Vibrant performance As market leader, Emhart Glass took full advantage of the upturn and achieved a marked increase in order intake and sales compared with the previous year. There was almost a twofold rise in volume sales of new glass forming machinery. As well as the high level of demand, the division's good performance was also due to a major order from Hindustan National Glass & Industries Ltd, India, worth CHF 40 million, a positive trend in the spare parts and services business, and the joint venture with Sanjin in China, which contributed 10%. From the second quarter of the reporting year, capacities at Emhart Glass were fully utilised. The two production plants in Sweden, which bear a significant part of the division's personnel costs, were hit by the strength of the Swedish krona against the euro, but it was impossible to counteract the currency effects by adjusting prices because of the competitive pressure affecting standard machines for glass container manufacture. During the reporting year, the division adopted further measures to minimise the impact of the strong Swedish krona. Purchasing in the euro area and Asia was stepped up. An important factor in reducing the adverse effects of the strong krona was the expansion of the plant in Malaysia, where the same high quality standards are applied as at the Swedish plants. The relocation began well and should be completed in the first half of the current year. Despite the adverse currency situation, Emhart Glass succeeded in almost doubling operating profit and increasing profitability, excluding restructuring costs of CHF 5 million the previous year.

Joint venture with Sanjin Emhart Glass made an important strategic move during the reporting year. The division gained a foothold in the important and extensive Chinese market for glass forming machines, acquiring a 63% majority holding in Shandong Sanjin Glass Machinery Co. Ltd, with headquarters in Zibo, Shandong province. Sanjin is the rapidly expanding and undisputed market leader in glass forming machinery in China. The product ranges of Emhart Glass and Sanjin are a good fit: Sanjin manufactures cost-effective standard glass forming machines and lehrs customised for the Chinese market, while Emhart Glass exports technically advanced western glass forming and inspection machinery to China. The transaction was completed on 27 June 2011. Emhart Glass and Sanjin intend to harness the strengths of both companies. Sanjin is benefiting from the leading technology, expertise and worldwide market presence of Emhart Glass. For its part, Emhart Glass is gaining access to the Chinese market, a cost-efficient plant and technical know-how relating to Sanjin's basic machines. This puts the joint venture in a good position to meet the demands for higher performance and quality placed on glass container manufacture in China. Emhart Glass and Sanjin began their close collaboration as soon as the acquisition of the shareholding was completed. The initial focus was on introducing Emhart Glass management systems, transferring know-how in the optimisation of manufacturing processes, establishing quality assurance and investing in CNC equipment. A logistics chain was set up for S-class spares, so that, for the first time, Sanjin is now able to supply its customers with the most important spare parts within 48 hours. This partnership was made

Division management

Martin Jetter,
division president

William Grüninger,
customer service and projects

Jeffrey D. Hartung,
inspection machines

Christer Hermansson,
logistics and manufacturing

Matthias Kümmerle,
technology

Edward Munz,
business development

Franco Venturelli,
sales

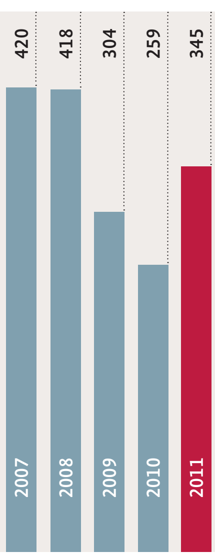
Ngiap Lin Wong,
finance and controlling

At 9 March 2012

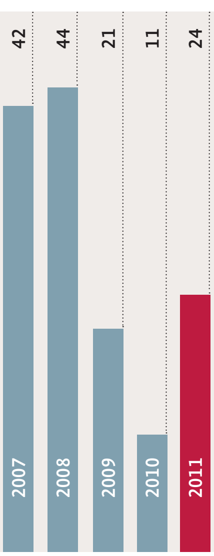
possible by the open, professional and extremely constructive approach adopted by the teams from both companies.

Commercialisation of tempered glass containers Emhart Glass invested heavily in becoming the world's first manufacturer of a technology for producing thermally tempered glass containers. With this revolutionary new process it is possible to achieve a significant increase in the glass container's strength, or a reduction in its weight – or a balanced combination of the two. In a drop test from a height of 1.5 metres onto a hard surface, there is little or no breakage of filled containers made with the tempered glass. Until now, development work on the process has been carried out at the Emhart Glass Research Centre's own glass container production facility. The division has selected Vetropack AG, which is headquartered in Bülach, Switzerland, as its industry partner for the commercialisation of the new technology. Vetropack is a leading manufacturer of glass packaging in Europe. The equipment for the thermal tempering of glass containers will be installed at the Vetropack plant in Pöchlarn, Austria, towards the end of 2012, and then deployed for the first time as part of an industrial manufacturing process. In collaboration with Vetropack, the process is to be scaled up for industrial manufacture and optimised in readiness for a broad market launch. However, Emhart Glass envisages a cautious process of introduction lasting several years and therefore expects to see a moderate increase in sales resulting from the new technology in the next few years.

Net sales
CHF million



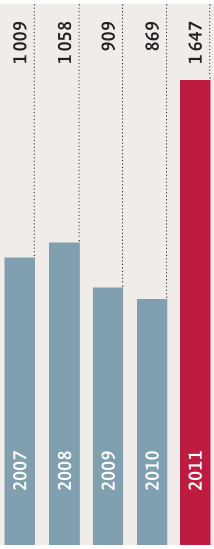
Operating
profit (EBITDA)
CHF million



Research Centre During the reporting year, work went into developing other innovations, some of them coming as spin-offs from the results of the tempered glass project. The new generation of servo-electric BIS machines, first presented to customers in late 2010, underwent successful testing under realistic production conditions at the Research Centre and were subsequently launched onto the market. The machine sets new standards of safety, speed and ease of operation. The Research Centre's work on closed-loop solutions was continued and tests were carried out with the aim of increasing the stability and efficiency of the glass forming process. The new Flexinspect T inspection machine, which for the first time combines all the tests required for inspecting container glass in a single machine, was optimised with collaboration from pilot customers in Europe, and then launched successfully onto the market.

Outlook for 2012 Emhart Glass expects the dynamic development in the glass container industry to continue in 2012, albeit at a rather more subdued level than in the strong reporting year. Demand in Asia is likely to remain high, while delivery of the remaing part of the major order in India will also have a positive influence. In Western Europe and the USA, the market is expected to weaken. With its plants in Sweden, the USA, China and Malaysia, the division is well equipped to meet the global challenges ahead. Emhart Glass therefore expects a further improvement in sales and operating profit in 2012.

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 the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik).

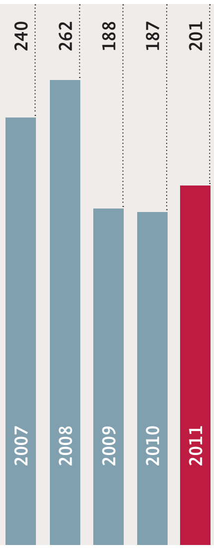
Highlights

The independent businesses consolidated under Bucher Specials are active in diverse markets and their performance in the reporting year presented a varied picture. Demand for winemaking equipment declined. In France, the main market, subsidies were suspended for several months, causing wine producers to delay investment decisions. At the same time, unusually mild climatic conditions in Western Europe led to the grapes being harvested weeks early, considerably narrowing the window for investment. By contrast, the business with processing equipment for fruit juice and instant products developed well, benefitting from higher prices for fruit juice concentrate and to some backlog in demand from previous years. The Swiss distributorship for tractors and agricultural machinery remained stable on a high level. Despite the difficult conditions in winemaking equipment, Bucher Specials achieved a significant increase in sales, order intake and operating profit year on year. Bucher Specials accounted for 8% of Group sales (2010: 9%).

Outlook 2012

The winemaking equipment business is looking forward to an improved performance in 2012, underpinned by a recovery in France and healthy demand in the USA, Asia and the southern hemisphere. In processing equipment for fruit juice and instant products, the division expects good prices for apple juice concentrate and an upward market trend. The Swiss distributorship for tractors and agricultural machinery is anticipating stable market conditions. All in all, Bucher Specials expects sales and operating profit in 2012 to come in slightly above the previous year's level.

Net sales
CHF million



Key figures

CHF million	2011	2010	Change in %	% 1)	% 2)
Order intake	207.9	187.9	10.6	15.3	10.3
Net sales	200.6	187.0	7.3	12.4	6.4
Order book	49.9	45.0	10.9	15.0	2.3
Operating profit (EBITDA)	15.0	11.0	36.4		
As % of net sales	7.5%	5.9%			
Operating profit (EBIT)	12.3	8.6	43.0		
As % of net sales	6.1%	4.6%			
Number of employees at 31 December	511	535	−4.5		n.a.
Average number of employees during year	553	553	–		−1.8

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

Bucher Vaslin

Winemaking equipment

Jean-Pierre Bernheim

Difficult market conditions In the reporting year, the government in France, Bucher Vaslin's main market, suspended subsidies to winegrowers for four to five months for financial and administrative reasons, causing producers to hold back on investments. In addition, unusually mild climatic conditions meant that the grape harvest was about three weeks early. In Western Europe, the combination of these two factors led to a considerable narrowing of the window for capital spending, facing producers with difficult decisions. By contrast, demand in the southern hemisphere continued to grow well.

Performance Bucher Vaslin stood firm in this difficult environment thanks to its strong market position and innovative range of products, though it could not escape the effects of the general weakness of its main markets in France and Italy. The decline in demand led to aggressive competition and pressure on margins. In a few cases, Bucher Vaslin decided to forgo unprofitable orders. Positive demand in the southern hemisphere could not compensate for the decline in Western Europe. To some extent, sales, order intake and operating profit were therefore well down on the previous year.

Purchase of Sutter wine presses At the end of January 2011, Bucher Vaslin strengthened its wine press business by taking over selected assets and know-how of Sutter wine presses in a transaction with the Swiss Filtrox Group. The acquisition included Sutter-branded wine presses, as well as the spare parts and service business. Sutter wine presses are sold to smaller, specialised wineries in the upper market segment and represent a good fit with the Bucher Vaslin portfolio. The activities were integrated into Bucher Vaslin's parent plant in Chalonnes-sur-Loire, France, during the reporting year.

Bucher Unipektin

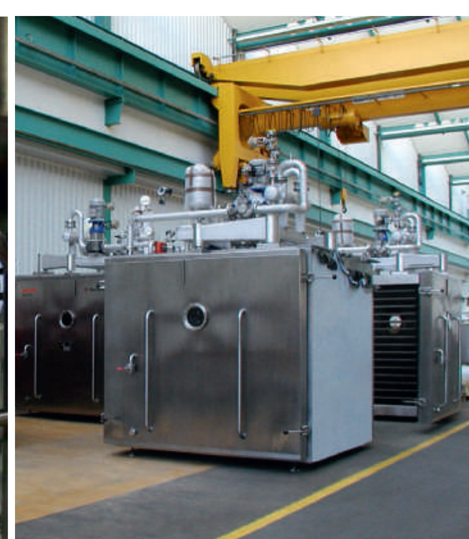
Technologies for fruit juice, instant products and dewatering sewage sludge

Hartmut Haverland

Strong recovery in the market In the reporting year, the fruit juice and instant products processing business recovered from the downturn in the cycle experienced the previous year. High prices on the world markets for apple juice concentrate, and a certain backlog of demand which had built up from the weak preceding years, led to a positive worldwide market trend in processing equipment for fruit juice and instant products. With two main plants in Switzerland and an export share of over 90%, Bucher Unipektin could not escape the effects of the strong Swiss franc. However, the high purchasing ratio within the euro area went a long way towards compensating for the currency disadvantages.

Pleasing business performance As market leader in the fruit juice sector, Bucher Unipektin was able to take full advantage of the increased demand for drinks technologies and achieved good capacity utilisation at both its plants. Compared with the previous year, sales increased by 60% and the order intake doubled. This upturn was driven primarily by the fruit juice business. However, demand from the Asian and African regions for equipment for instant products and the expansion of our market position in technologies for dewatering municipal and industrial sludge were also factors contributing to the positive business performance. Thanks to measures to reduce costs in previous years, Bucher Unipektin was able to increase its profitability, despite the disadvantage caused by the strength of the Swiss franc.

Sales partnership with Degrémont In the reporting year Bucher Unipektin and Degrémont agreed a partnership for the distribution of the innovative Bucher Unipektin technology for dewatering sewage sludge. Degrémont is a member of the Suez Environnement group, a global leader in water treatment systems for municipal and industrial applications, and has its own sales network covering 33 countries around the world. This sales network will be of great benefit to Bucher Unipektin, and the privileged access Degrémont will have to innovative press technology for sludge dewatering will be very advantageous to them.



Bucher Landtechnik

Swiss distributorship of tractors and agricultural machinery

Jürg Minger

Favourable market environment The Swiss distributorship for tractors and agricultural machinery operated in generally favourable market conditions during the reporting year. Price levels for agricultural products were good and revived investments among farmers. The currency-related benefits of tractors and agricultural machinery imported from the euro area were passed on to customers during the course of the year and prices in Swiss francs were adjusted in the second half of the year.

Business performance Bucher Landtechnik was able to continue to build on its healthy market position in the reporting year. Although the distributorship offered higher discounts and price reductions on products, it was able to maintain sales at the level of the previous year and even increase order intake slightly. There was a significant increase in the number of tractors and Kuhn agricultural machinery sold. Bucher Landtechnik's high order book compared with the previous year was the result of delivery problems caused by capacity bottlenecks at the tractor manufacturers.

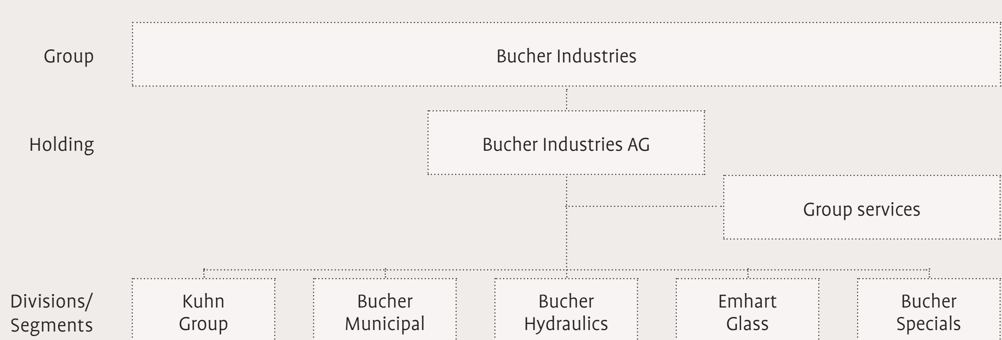
New showroom In the reporting year, Bucher Landtechnik invested in a new training centre and showroom for Case IH and Steyr tractors, which is due to be inaugurated in spring of the current business year. The new centre is designed to meet the most demanding requirements of dealers and customers, with state-of-the-art facilities. It will strengthen Bucher Landtechnik's position in the highly competitive agricultural machinery market in Switzerland. Other investments consisted of a new online shop for ordering spare parts and a new logistics system, offering dealers rapid delivery of spare parts with competitive prices around the clock. The integration of Kuhn agricultural machinery, acquired a year ago for the distribution network in Switzerland, was successfully concluded.

Corporate governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive effective on 31 December 2011, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2011.

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 88 to 91 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 124 to 126 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 34.14% of the voting rights, as published in the Swiss Official Gazette of Commerce (SOGC) on 10 May 2005. 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 4.78% 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 disclosure notifications submitted to Bucher Industries AG and SIX Swiss Exchange, 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 3.21%. 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. The disclosures reported in the year under review can be viewed via the following link: www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=2413.

End of May 2011, Bucher Industries AG launched a share buy-back programme covering up to 3% of the issued shares. Up to the balance sheet date, 293 170 shares had been bought back at an average price of CHF 157.70 via a second trading line at the SIX Swiss Exchange. On 3 February 2012, Bucher Industries concluded the buy-back programme with the repurchase of a total of 315 900 shares. This corresponded to 2.99% of the issued shares, with a total repurchase value of CHF 50.2 million and an average price per share of CHF 159.00. The board of directors is proposing to the annual general meeting on 12 April 2012 to cancel 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 CHF 2 113 180, divided into 10 565 900 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 There were no changes in capital in the last three reporting years.

Shares Bucher Industries AG has an issued share capital of CHF 2 113 180, divided into 10 565 900 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 115 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   Swiss citizen, age 64, industrialist ▸ **1972** Chromos AG, Glattbrugg, managing director since **1985**, chairman of the board since **2009** ▸ **1995** Prografica AG, Glattbrugg, executive director and chief executive officer, since **2011** chairman of the board. No other appointments or commitments.

Anita Hauser   Swiss citizen, age 42, degree in public affairs (lic. rer. publ.) from HSG University of St. Gallen, MBA INSEAD, Fontainebleau ▸ **1993 – 1998** Unilever, Zug and Milan, European brand manager ▸ **2000** Lindt & Sprüngli (International) AG, Kilchberg, international marketing manager ▸ **2005** EF Education AG, Zurich, country manager ▸ Since **2010** EF Education First AG, Lucerne, marketing director. No other appointments or commitments.

Ernst Bärtschi   Swiss citizen, age 59, degree in economics (lic. oec.) from HSG University of St. Gallen ▸ **1980** Schindler Management AG ▸ **1994** Schindler Aufzüge AG, managing director ▸ **1997** Schindler Group, chief financial officer ▸ **2002** Sika AG, Baar, chief financial officer, **2005 – 2011** chief executive officer ▸ **Other appointment** Member of the board of CRH Plc., Dublin, Irland.

Thomas W. Bechtler   Swiss citizen, age 62, doctorate in law (Dr. iur.) from University of Zurich, L.L.M. Harvard University ▸ **1977** Luwa AG, Zurich, division head ▸ Since **1982** Hesta AG and Hesta Tex AG, Zug, executive director and chief executive officer ▸ **Other appointments** Deputy chairman of Sika AG, Baar, and director of Conzzeta AG, Zurich ▸ Chairman of Human Rights Watch Committee Zurich.

Claude R. Cornaz   Swiss citizen, age 50, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▸ **1987** Contraves AG, Zurich ▸ **1989** Nestec SA, Vevey ▸ **1993** Vetropack Holding AG, Bülach, since **2000** delegate of the board and chief executive officer ▸ **Other appointments** ▸ Deputy chairman of H. Goessler AG, Zurich ▸ Member of the board of Glas Trösch Holding AG, Bützberg.

Name	Age	Position	Appointed	Term expires	Committees	
Board of directors					Audit	Human resources
Rolf Broglie	64	chairman	1996	2013		x
Anita Hauser	42	deputy chairman	2007	2013	x	x
Ernst Bärtschi	59		2005	2014	x	
Thomas W. Bechtler	62		1987	2013		x
Claude R. Cornaz	50		2002	2012		
Michael Hauser	39		2011	2014		
Heinrich Spoerry	60		2006	2012	x	

All directors are non-executive and independent.

Michael Hauser Swiss citizen, age 39, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD, Singapore/Fontainebleau ▸ **1998** Alstom/ABB, commissioning of gas turbines, **2003** head of commissioning gas turbine power stations ▸ **2006** hs energieanlagen, Germany, member of the management ▸ **2009 – 2011** Strabag Energietechnik, managing director. No other appointments or commitments.

Heinrich Spoerry Swiss citizen, age 60, degree in economics (lic. oec.) from HSG University of St. Gallen ▸ **1979** Boston Consulting Group, Munich ▸ **1981** SFS Group, Heerbrugg, head of management services ▸ **1987** Stäfa Control System AG, Cerberus AG, Männedorf, member of the management ▸ Since **1998** SFS Group, Heerbrugg, chairman and chief executive officer ▸ **Other appointments** Chairman of Mikron AG, Biel ▸ Member of the board of Fritiger 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. Ernst Bärtschi was re-elected to the board last year and Michael Hauser was newly elected. The board elected Rolf Broglie as chairman and Anita Hauser as deputy chairman to serve from the annual general meeting on 14 April 2011.

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.bucherind.com/html/en/296.html. 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. Six board meetings and two conference calls were held in the reporting year. With the exception of the partial absence of one member from one meeting owing to illness, 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.bucherind.com/html/en/296.html. 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 Since the annual general meeting held on 14 April 2011, the audit committee comprised Ernst Bärtschi, chairman, Anita 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 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 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.bucherind.com/html/en/296.html. 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. The board of directors is 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 and the group directive on transfer prices, as well as on analyses of cost calculations.

Group management

Members

Philip Mosimann Swiss citizen, age 57, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▸ **1980** Sulzer Innotec AG, Winterthur ▸ **1993** Sulzer AG, Winterthur, division president of Sulzer Thermtec ▸ **1997** Sulzer AG, Winterthur, division president of Sulzer Textil ▸ **2001** Bucher Industries AG, chief executive officer since **2002** ▸ **Other appointment** Member of the board of Conzzeta AG, Zurich.

Roger Baillod Swiss citizen, age 53, degree in business economics from FH Olten, certified public accountant Kammerschule Zurich ▸ **1984** ATAG Ernst & Young AG, Zurich ▸ **1993** Dietsche Holding AG, Zug, head of finance and accounting ▸ **1995** Benninger AG, Uzwil, head of corporate services ▸ Since **1996** Bucher Industries AG, chief financial officer ▸ **Other appointment** Member of the board of Migros-Genossenschafts-Bund, Zurich.

Jean-Pierre Bernheim French citizen, age 63, degree in mechanical engineering (dipl. Ing.) from Ecole des Mines, Paris, doctorate in engineering University of Marseille ▸ **1977** Groupe Vallourec, Paris ▸ **1980** Bucher Vaslin SA, managing director ▸ **1998** Bucher Process, division president ▸ Since **2010** Bucher Vaslin SA, managing director. No other appointments or commitments.

Michael Häusermann Swiss citizen, age 51, graduate of Business School, Zurich ▸ **1983** Kran + Hydraulik AG, Tagelswangen ▸ **1988** Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ▸ Since **2000** Bucher Municipal, division president. No other appointments or commitments.

Martin Jetter German citizen, age 55, degree in engineering (dipl. Ing.) from University of Cooperative Education Stuttgart ▸ **1978** Robert Bosch GmbH, Schwieberdingen ▸ **1980** Jetter AG, Ludwigsburg, chief executive officer ▸ **2005** Emhart Glass SA, division president since **2006** ▸ **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert French citizen, age 62, degree from Institute of Business Administration Nancy ▸ **1976** Charbonnages de France, Nancy ▸ **1979** Kuhn SA, head of sales and member of division management ▸ Since **1999** Kuhn Group, division president. No other appointments or commitments.

Daniel Waller Swiss citizen, age 51, degree in mechanical engineering (dipl. Ing.) from Swiss Federal Institute of Technology (ETH) Zurich ▸ **1987** Rittmeyer AG, Zug ▸ **1996** Carlo Gavazzi AG, Steinhausen ▸ **1999** Bucher Hydraulics AG Frutigen, managing director ▸ Since **2004** Bucher Hydraulics, division president. No other appointments or commitments.

Group services

Vanessa Ölz Swiss citizen, age 58, degree in law (lic. iur.) from University of Zurich ▸ **1989** Sulzer AG, Winterthur, legal counsel ▸ **1997** Sulzer Medica, Winterthur, secretary to the board ▸ Since **2002** Bucher Industries AG, head of legal and communications, secretary to the board. No other appointments or commitments.

Stefan Düring Swiss citizen, age 39, 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 ▸ **1998** PricewaterhouseCoopers, Zurich ▸ Since **2006** Bucher Industries AG, head of group development and since **2010** responsible for Bucher Unipektin and Bucher Landtechnik. No other appointments or commitments.

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

Daniel Waller
Bucher Hydraulics

Martin Jetter
Emhart Glass

Jean-Pierre Bernheim
Bucher Vaslin

Roger Baillod
Chief Financial Officer

Philip Mosimann
Chief Executive Officer

Michel Siebert
Kuhn Group

Michael Häusermann
Bucher Municipal

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.

Audit fees and non-audit fees For last year, Bucher Industries was charged CHF 1 600 000 by PricewaterhouseCoopers and approximately CHF 376 000 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 638 000 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 group-level controls, financial closing and reporting as well as 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. These publications and the notice of the general meeting of shareholders are made available at the appropriate time on the company's website at http://www.bucherind.com/html/en/188.html and http://www.bucherind.com/html/en/854.html. 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, as well as contact addresses can be found at http://www.bucherind.com/html/en/1201.html and http://www.bucherind.com/html/en/kontakt.html. The company's website at www.bucherind.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 is the same as in 2010 and structured as follows:

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.

Variable annual remuneration Variable annual remuneration is a performance-related component of remuneration paid in cash 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 range of the variable annual remuneration varies from 0% to a maximum of 75% of base salary for the CEO and from 0% to a maximum of 45% of base salary for all other members of group management, depending on the level of target achievement. The financial criteria used to determine the variable annual remuneration 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 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 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. Upon full 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 150%. The shares awarded are restricted for three years.

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. 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 full target achievement, the company matches the employees’ investments in company shares. The level of target achievement ranges from 0% to a maximum of 150%. 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 115 of this annual report.

Termination benefits There are no systems for termination benefits, and none were paid during 2011. 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.

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 succession planning for senior management and the regular duties described above. No external consultants were used.

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 173.80 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. For the comparison with the previous period, it must be borne in mind that from January 2010 to the end of April 2010, the chairman's base salary of CHF 150 000 was split on a pro rata basis in the proportion of CHF 48 000 for Thomas W. Hauser (chairman until the 2010 annual general meeting) and CHF 102 000 for Rolf Broglie (chairman since the 2010 annual general meeting). 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 variable annual cash remuneration 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 173.80 for the year and those under the Bucher Share Plan using the average share price of CHF 173.90 during the first three weeks of January 2012. The shares awarded under the Bucher share plans were valued at a share price of CHF 173.90. The base salary of the CEO remained unchanged, that of other group management members was increased in line with general rises customary in the country. Last year, the level of target achievement the performance-related variable annual remuneration was between 38% and 130% and the level of target achievement for the Bucher share plans was 107%. In view of the significantly higher performance targets in the reporting year, the level of target achievement was in some cases well below the previous year's levels, despite the 30% increase in the Group's profit for the year. The number of shares awarded to the CEO under the Bucher share plans decreased from 5 906 to 3 671 and the aggregate awarded to the other group management members from 5 797 to 4 688. The decrease in the number of shares awarded is due to the higher average share price and the lower level of target achievement. Accordingly, there was a marked year-on-year reduction in the cash value of the shares awarded. 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 2011 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				
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**
2010							
Rolf Broglie, chairman[3)]	191.5	423	57.5	19.7	13.3	**282.0**	204.8
Thomas W. Hauser, deputy chairman[3)]	71.0	404	55.0	13.0	12.7	**151.7**	83.7
Ernst Bärtschi	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Thomas W. Bechtler	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Claude R. Cornaz	45.0	331	45.0	9.1	2.0	**101.1**	47.0
Anita Hauser	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Heinrich Spoerry	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Directors	**487.5**	**2 482**	**337.5**	**82.2**	**76.0**	**983.2**	**563.5**

1) Until 14 April 2011
2) Since 14 April 2011
3) Since 15 April 2010

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 173.80 for the year (2010: CHF 136.00). Other remuneration included expenses and fees for service on the board committees.

Group management remuneration

CHF 1 000	Base salary	Bonus	Share awards under share plans		Social security and pension benefits	Other remu-neration	Total	Paid in cash
			Number	Value				
2011								
Philip Mosimann, CEO	860.0	528.9	3 671	552.3	402.4	19.2	**2 362.8**	1 408.1
Other members	2 439.3	827.3	4 688	599.6	948.5	30.0	**4 844.7**	3 296.6
Group management	**3 299.3**	**1 356.2**	**8 359**	**1 151.9**	**1 350.9**	**49.2**	**7 207.5**	**4 704.7**
2010								
Philip Mosimann, CEO	860.0	561.6	5 906	1 006.6	373.1	19.2	**2 820.5**	1 440.8
Other members	2 554.8	948.5	5 797	914.1	896.9	30.0	**5 344.3**	3 533.3
Group management	**3 414.8**	**1 510.1**	**11 703**	**1 920.7**	**1 270.0**	**49.2**	**8 164.8**	**4 974.1**

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 was calculated using the average share price of CHF 173.80 for the year and those under the Bucher Share Plan using a share price of CHF 173.90 representing the average share price during the first three weeks of January 2012. All shares awarded were valued at CHF 173.90.

Directors' interests in shares at 31 December 2011

	Number of shares	
	2011	**2010**
Rolf Broglie, chairman	12 752	12 239
Anita Hauser, deputy chairman	438 491	101 160
Ernst Bärtschi	3 109	2 778
Thomas W. Bechtler	2 491	2 160
Claude R. Cornaz	4 979	4 648
Michael Hauser	603 835	–
Heinrich Spoerry	2 517	1 852
Directors	**1 068 174**	**124 837**

The directors did not hold any share options on 31 December 2011.

Group management's interests in shares and share options at 31 December

		Number of shares		Number of options	
		2011	**2010**	**2011**	**2010**
Philip Mosimann	CEO	48 806	42 900	15 300	15 300
Roger Baillod	CFO	11 806	10 964	7 800	7 800
Jean-Pierre Bernheim	Bucher Vaslin	8 611	8 018	11 680	11 680
Michael Häusermann	Bucher Municipal	6 227	5 169	12 000	12 000
Martin Jetter	Emhart Glass	1 693	1 019	8 400	8 400
Michel Siebert	Kuhn Group	5 674	3 576	10 200	10 200
Daniel Waller	Bucher Hydraulics	5 802	4 909	11 400	11 400
Group management		**88 619**	**76 555**	**76 780**	**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	2 400	2 400	600	–	**7 800**
Jean-Pierre Bernheim	Bucher Vaslin	2 400	2 400	2 400	2 400	2 080	**11 680**
Michael Häusermann	Bucher Municipal	2 400	2 400	2 400	2 400	2 400	**12 000**
Martin Jetter	Emhart Glass	2 400	2 400	2 400	1 200	–	**8 400**
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		**18 000**	**18 000**	**18 000**	**13 500**	**9 280**	**76 780**

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.

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Group financial review 2011

Favourable market environment The upturn in most of the main markets served by Bucher Industries was sustained in the reporting year. Strong demand for agricultural machinery and equipment for the glass container industry underpinned the positive development of the Group's businesses. Demand for hydraulic systems flattened out after a highly dynamic first half. Given the uncertain financial situation prevailing in the public sector, the market for municipal vehicles was surprisingly stable. Thanks to the successful bid for a major contract awarded in Russia, Bucher Municipal was able to maintain capacity utilisation at a high level in the otherwise weaker fourth quarter. The development of the independent businesses consolidated under Bucher Specials presented a varied picture. The decline in the market for winemaking equipment was offset by robust demand in the business with processing equipment for fruit juice and instant products. The Swiss distributorship for tractors and agricultural machinery turned in a stable performance, maintaining a high level. Overall, the consolidated financial statements were influenced by the strength of the Swiss franc, with negative currency effects of over 12% on sales. In a generally favourable market environment, the Group achieved significant improvements in sales and order intake, as well as in profitability.

The strongly negative movements in the Group's main currencies, the euro, US dollar, Swedish krona and British pound, against the Swiss franc adversely affected both sales and operating profit. The situation was alleviated after the Swiss National Bank set CHF 1.20 to the euro as the minimum exchange rate at the beginning of September 2011. The average exchange rates used for the income statement fell by 10.5% for the EUR/CHF, 14.7% for the USD/CHF, 5.0% for the SEK/CHF and 11.7% for the GBP/CHF. The rates used to translate the balance sheet were lower by 2.8% for the EUR/CHF and 2.2% for the SEK/CHF; the USD/CHF and GBP/CHF rates remained stable.

Changes within the Group In January 2011, the acquisition of a 24% stake in Rauch Landmaschinenfabrik GmbH, Sinzheim, Germany, by the Kuhn Group division was announced. In the same month, Bucher Specials purchased Sutter wine presses, along with the worldwide spare parts and service business, from the Swiss-based Filtrox Group, St. Gallen. On 2 May 2011, Kuhn Group took over the American Krause Corporation, Hutchinson, Kansas, thereby securing entry into the North American grain farming market. On 27 June 2011, the Emhart Glass division purchased a majority interest of 63% in the Chinese Shandong Sanjin Glass Machinery Co., Ltd, Zibo, the market leader for glass forming machinery in China. On 1 October 2011, Giletta (Bucher Municipal) took over the Spanish sales company for winter maintenance equipment Maquiasfalt SL, Madrid.

Increase in order intake Order intake rose by 16.7% to CHF 2 587.5 million, an increase of 24.9% excluding the effects of currency translation, acquisitions and disposals. All operations recorded an improvement in order intake. Sales for 2011 rose to CHF 2 336.0 million, 14.9% up on the previous year's figure of CHF 2 033.7 million. Adjusted for currency effects, acquisitions and disposals, sales were 22.3% higher year on year. The acquisition and disposal effect on sales was 4.4%. The adverse effect of currency translation on sales amounted to 12.3%. The order book grew by 39.2%, from CHF 663.0 million to CHF 923.0 million, a rise of 41.6% excluding the impact of currency translation and adjusted for acquisitions and disposals. The Group's order backlog was equivalent to 4.7 months' work based on full-year sales in 2011 (2010: 3.9 months).

Net sales

CHF million	2011	2010	% change
Net sales	2 336.0	2 033.7	14.9%
Net sales adjusted for currencies	2 586.5	2 033.7	27.2%
Net sales adjusted for acquisitions and disposals	2 242.4	2 028.6	10.5%
Net sales adjusted for currencies, acquisitions and disposals	2 480.2	2 028.6	22.3%

Higher profitability As a result of the measures to cut costs and optimise structures put in place during the previous years, as well as a balanced investment policy, Group profitability increased and the EBIT margin improved to 8.1% (2010: 7.4%). Group EBITDA rose by 16.1% to CHF 259.9 million. The EBITDA margin of 11.1% was held at the previous year's level, despite adverse currency effects and the higher prices for raw materials. Foreign currency movements had differing impacts on the various businesses and their cost structures. Companies in the eurozone received a boost to their export business, while those in Switzerland and Sweden were able to pass on only a part of the cost disadvantages through increases in sales prices. Other operating expenses amounted to 13.3% (13.0%) of sales. Thanks to a higher proportion of temporary staff, employment costs could be flexibly adapted in line with the level of capacity utilisation. They decreased to 25.0% (26.7%) of sales. EBIT improved by 25.6% to CHF 190.2 million.

Net financial items Net financial items changed from negative CHF 10.8 million to negative CHF 18.4 million. Net interest expense improved by CHF 2.5 million to negative CHF 15.0 million thanks to lower credit financing costs. The net gain on financial instruments was CHF 1.6 million, CHF 9.3 million lower than the previous year. Changes in the fair value of financial instruments recognised in the fair value reserve in equity increased by CHF 1.2 million to CHF 6.2 million. Foreign exchange gains and losses netted to a loss of CHF 2.8 million (2010: loss of CHF 1.5 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 1.7 million (gains of CHF 11.7 million) have been recognised in operating profit (EBIT). The Group's share of profit/(loss) of associates was a profit of CHF 0.7 million (CHF 0.5 million).

Net financial items

CHF million

	2011	2010
Interest expense	– 17.7	– 19.9
Interest income	2.7	2.4
Net interest expense	**– 15.0**	**– 17.5**
Net gain on financial instruments	1.6	10.9
Foreign exchange gains and losses	– 2.8	– 1.5
Share of profit/(loss) of associates	0.7	0.5
Other financial items	– 2.9	– 3.2
Net financial items	**– 18.4**	**– 10.8**

Tax rate and profit for the year Income tax expense was almost unchanged on the previous year's level at CHF 44.4 million, despite the higher pre-tax result, which led to a fall in the tax rate from 30.5% to 25.8%. The reduction is attributable, on the one hand, to the good performance which resulted in a well-balanced profit situation and, on the other, to the fact that, compared with the previous year, profits were increasingly realised in countries with lower tax rates. Group profit for the year reached CHF 127.4 million, an increase of 30.4% over the previous year. The return on sales was 5.5% (2010: 4.8%). Based on the higher profit for the year and the slightly lower average number of shares outstanding as a result of the share buy-back programme, earnings per share amounted to CHF 12.52 (CHF 9.53).

Solid balance sheet structure Even during the economic rebound, great emphasis was placed on the management of net operating assets and, in particular, working capital. Net operating assets amounted to CHF 866.8 million, against CHF 708.5 million a year earlier, with the acquisition-related increase accounting for CHF 88 million. Organic growth of 9.9% in net operating assets reflects the high level of capacity utilisation at the Group's production plants. The return on net operating assets (RONOA) after tax was 17.0%, higher than the target set by the Group. Against the background of the positive economic trend, the volume of capital expenditure increased again, after two years of restraint, to CHF 118.3 million. The most important single projects were the construction of the service centre in Niederweningen, the further expansion of the production plants of Bucher Schörling Baltic in Latvia, Bucher Hydraulics in Klettgau, and Bucher Vaslin in France, and the purchase of land and buildings for the expansion of Kuhn Geldrop in the Netherlands. In spite of the increase in capital spending, the Group achieved a high operating free cash flow of CHF 54.8 million. In 2010, operating free cash flow was CHF 201.9 million due to the liquidity-generating measures adopted. Including the acquisitions of CHF 60.0 million, the share buy-back programme to the value of CHF 43.8 million, as well as the higher dividend of CHF 30.8 million, free cash flow was negative CHF 76.9 million (2010: positive CHF 180.8 million). Net cash was negative CHF 71.5 million, compared with positive CHF 19.0 million the previous year. The change was due to the increase in net assets, the acquisitions, the dividend and the share buy-back programme. The decrease in net debt by CHF 113.5 million since 30 June 2011 is mainly for seasonal reasons. In view of the Group's sound liquidity and the good business performance, undrawn committed credit facilities were reduced from CHF 365 million to CHF 250 million.

At the end of 2011, intangible assets rose by CHF 38.6 million to CHF 174.0 million. Goodwill increased from CHF 53.4 million to CHF 74.7 million. The annual impairment tests of intangible assets were based on the cash flow projections of the individual cash-generating units. Given the cautiously optimistic outlook for the years ahead, the impairment test did not indicate any need for an impairment charge, as was the case in 2010. The ratio of intangible assets to equity was 21.4%, while that of goodwill to equity was 9.2% (18.1% and 7.1% respectively).

Equity increased by CHF 66.7 million to CHF 814.4 at 31 December 2011. The profit for the year of CHF 127.4 million was countered by foreign exchange losses of CHF 12.0 million (2010: losses of CHF 122.7 million) on translation of foreign subsidiaries' equity, the dividend of CHF 30.8 million and charges arising from the share buy-back programme of CHF 46.2 million. The equity ratio was 36.2% (37.7%) and the return on equity was 16.3% (12.7%). At the year end, the Group had cash and liquid assets of CHF 467.1 million and financial liabilities of CHF 538.6 million. If cash and liquid assets were used to repay financial liabilities of CHF 250 million, thus reducing the balance sheet total, the equity ratio would be about 40%.

Return on net operating assets (RONOA) after tax

CHF million	2011	2010
Trade receivables	419.7	343.2
Inventories	587.9	451.3
Property, plant and equipment	449.2	366.1
Intangible assets	174.0	135.4
Other receivables	63.0	64.1
Trade payables	– 272.8	– 203.1
Advances from customers	– 235.3	– 175.9
Other payables	– 254.9	– 205.9
Provisions	– 64.0	– 66.7
Net operating assets (NOA)	**866.8**	**708.5**
Net operating assets (NOA), average	827.8	849.2
Operating profit (EBIT)	**190.2**	**151.4**
Return on net operating assets after tax (RONOA)	**17.0%**	**12.4%**

Cash flow/free cash flow

CHF million	2011	2010
Net cash flow from operating activities	**171.5**	**260.3**
Purchases of property, plant and equipment	– 116.6	– 61.1
Proceeds from sale of property, plant and equipment	1.6	7.4
Purchases of intangible assets	– 1.7	– 4.7
Operating free cash flow	**54.8**	**201.9**
Purchases of short-term investments and financial assets	–	– 52.9
Proceeds from sale of short-term investments and financial assets	2.2	48.4
Acquisition	– 51.8	– 0.6
Disposal	0.7	4.9
Acquisition of associates	– 8.2	–
Purchases of treasury shares	– 43.8	–
Dividend paid	– 30.8	– 20.9
Free cash flow	**– 76.9**	**180.8**

Employee numbers The number of employees grew by 28.3% year on year to 10 136 full-time equivalents at the reporting date. Excluding acquisitions, this was an increase of 751 full-time equivalents or 9.5%. The average for the year was 22.8% higher, up 11.4% excluding acquisitions. Most of the growth in the workforce consisted of temporary employees taken on in order to cope with seasonal fluctuations and maintain the necessary flexibility should the business volume change. With Group sales increasing by 14.9%, net sales per employee dropped by 6.5% to CHF 249 000. This development can be explained by the high number of personnel taken over in China. Adjusted for acquisitions, net sales per employee amounted to CHF 291 400, 9.5% higher than in the previous year.

Selected financial data

	2011	2010
Net tangible worth (equity less goodwill) in CHF million	739.7	694.3
Gearing ratio (net debt to equity)	8.8%	–2.5%
Return on equity (ROE)	16.3%	12.7%
Interest coverage ratio (EBITDA to net interest expense)	17.3	12.8
Debt payback period (net debt to EBITDA)	0.3	–0.1

Registered shares In a volatile stock market, Bucher's share price performed well up to mid-2011. With the sharp decline of the stock market in the face of the economic and political uncertainties, the share price stabilised at a low level, before recovering again towards the end of the year. The year-end price was CHF 164.20 (2010: CHF 174.70). The 52-week high was CHF 215.00, with a 52-week low of CHF 128.70. The company's market capitalisation stood at CHF 1.7 billion at the year end, representing a price/book ratio of 2.1. Earnings per share reached CHF 12.52 against CHF 9.53 a year earlier.

On 3 February 2012, Bucher Industries 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, were repurchased for a total consideration of CHF 50.2 million. The average price per share was CHF 159.00. Subject to approval by the annual general meeting of shareholders on 12 April 2012, the repurchased shares will be cancelled by reducing the share capital.

In view of the Group's profit for the year, the outlook for 2012 and a consistent dividend policy, the board of directors proposes that the annual general meeting on 12 April 2012 approve payment of a dividend of CHF 4.00 per registered share (CHF 3.00). Based on the average share price of CHF 173.80 for 2011, the board's proposal represents a dividend yield of 2.3% (2.2%).

Consolidated balance sheet at 31 December 2011

CHF million	Note	2011	%	2010	%
Cash and cash equivalents		402.8	17.9	484.3	24.4
Short-term investments	3	64.3	2.9	64.1	3.2
Trade receivables	4	419.7	18.6	343.2	17.3
Current income tax assets		5.2	0.2	9.0	0.5
Other receivables	4	51.1	2.3	49.6	2.5
Inventories	5	587.9	26.2	451.3	22.7
Current assets		**1 531.0**	**68.1**	**1 401.5**	**70.6**
Long-term receivables	4	10.4	0.5	9.5	0.5
Property, plant and equipment	6	449.2	20.0	366.1	18.4
Intangible assets	7	174.0	7.7	135.4	6.8
Other financial assets	8	34.2	1.5	38.6	2.0
Investments in associates	9	14.8	0.7	8.2	0.4
Deferred income tax assets	22	34.1	1.5	25.6	1.3
Non-current assets		**716.7**	**31.9**	**583.4**	**29.4**
Assets		**2 247.7**	**100.0**	**1 984.9**	**100.0**
Financial liabilities	10	76.0	3.4	10.2	0.5
Trade payables		272.8	12.1	203.1	10.2
Advances from customers		235.3	10.5	175.9	8.9
Current income tax liabilities		33.3	1.5	34.4	1.7
Provisions	11	52.0	2.3	53.8	2.7
Other payables	12	208.0	9.3	168.6	8.5
Current liabilities		**877.4**	**39.1**	**646.0**	**32.5**
Financial liabilities	10	462.6	20.6	519.2	26.2
Provisions	11	12.0	0.5	12.9	0.7
Other liabilities	12	18.6	0.8	4.3	0.2
Deferred income tax liabilities	22	46.5	2.1	38.7	1.9
Retirement benefit obligations	24	16.2	0.7	16.1	0.8
Non-current liabilities		**555.9**	**24.7**	**591.2**	**29.8**
Attributable to owners of Bucher Industries AG		780.8	34.7	736.6	37.1
Attributable to non-controlling interests		33.6	1.5	11.1	0.6
Equity		**814.4**	**36.2**	**747.7**	**37.7**
Liabilities and equity		**2 247.7**	**100.0**	**1 984.9**	**100.0**

Consolidated income statement for the year ended 31 December 2011

CHF million	Note	2011	%	2010	%
Net sales	1	**2 336.0**	**100.0**	**2 033.7**	**100.0**
Changes in inventories of finished goods and work in progress		70.2	3.0	10.1	0.5
Raw materials and consumables used		−1 277.1	−54.7	−1 039.5	−51.1
Employment costs	16	−583.0	−25.0	−542.1	−26.7
Other operating income	17	25.4	1.1	26.6	1.3
Other operating expenses	18	−311.6	−13.3	−264.9	−13.0
Operating profit before depreciation and amortisation (EBITDA)		**259.9**	**11.1**	**223.9**	**11.0**
Depreciation	6	−54.0	−2.3	−56.8	−2.8
Amortisation	7	−15.7	−0.7	−15.7	−0.8
Operating profit (EBIT)		**190.2**	**8.1**	**151.4**	**7.4**
Share of profit/(loss) of associates	9	0.7	–	0.5	–
Finance costs	20	−20.8	−0.8	−23.3	−1.1
Finance income	21	1.7	0.1	12.0	0.6
Profit before tax		**171.8**	**7.4**	**140.6**	**6.9**
Income tax expense	22	−44.4	−1.9	−42.9	−2.1
Profit/(loss) for the year		**127.4**	**5.5**	**97.7**	**4.8**
Attributable to owners of Bucher Industries AG		124.7		95.4	
Attributable to non-controlling interests		2.7		2.3	
Basic earnings per share in CHF	23	12.52		9.53	
Diluted earnings per share in CHF	23	12.47		9.51	

Consolidated statement of comprehensive income for the year ended 31 December 2011

CHF million

	2011	2010
Profit/(loss) for the year	**127.4**	**97.7**
Net change in fair value reserve	2.0	3.0
Income tax	−0.8	−1.1
Transfer to income statement	–	−9.8
Income tax	–	3.1
Net change in fair value reserve, net of tax	**1.2**	**−4.8**
Net change in cash flow hedge reserve	4.5	1.1
Income tax	0.5	–
Transfer to income statement	−2.5	−1.1
Net change in cash flow hedge reserve, net of tax	**2.5**	**–**
Net change in currency translation reserve	−12.0	−122.7
Other comprehensive income for the year, net of tax	**−8.3**	**−127.5**
Total comprehensive income for the year	**119.1**	**−29.8**
Attributable to owners of Bucher Industries AG	114.3	−30.2
Attributable to non-controlling interests	4.8	0.4

Consolidated cash flow statement for the year ended 31 December 2011

CHF million	Note	2011	2010
Profit/(loss) for the year		**127.4**	**97.7**
Income tax expense	22	44.4	42.9
Net interest expense		15.0	17.5
Share of profit/(loss) of associates	9	– 0.7	– 0.5
Depreciation and amortisation	6,7	69.7	72.5
Other operating cash flow items		9.8	6.5
Gain on sale of non-current assets and subsidiaries		– 0.2	– 0.9
Gain on sale of short-term investments and financial assets		–	– 9.8
Interest received		2.5	2.2
Interest paid		– 16.7	– 18.9
Income tax paid		– 47.7	– 24.7
Change in provisions and retirement benefit obligations		– 4.5	– 5.7
Change in receivables		– 54.3	10.2
Change in inventories		– 107.6	– 17.2
Change in advances from customers		53.6	40.6
Change in payables		83.9	48.1
Other changes in working capital		– 3.1	– 0.2
Net cash flow from operating activities		**171.5**	**260.3**
Purchases of property, plant and equipment	6	– 116.6	– 61.1
Proceeds from sale of property, plant and equipment		1.6	7.4
Purchases of intangible assets	7	– 1.7	– 4.7
Purchases of short-term investments and financial assets		–	– 52.9
Proceeds from sale of short-term investments and financial assets		2.2	48.4
Acquisition	2	– 51.8	– 0.6
Disposal	2	0.7	4.9
Acquisition of associates	9	– 8.2	–
Net cash flow from investing activities		**– 173.8**	**– 58.6**
Purchases of treasury shares		– 43.8	–
Proceeds from sale of treasury shares		2.4	1.3
Proceeds from long-term financial liabilities		3.8	4.6
Repayment of long-term financial liabilities		– 3.3	– 13.5
Proceeds from short-term financial liabilities		1.9	2.4
Repayment of short-term financial liabilities		– 1.7	– 78.8
Dividend paid		– 30.8	– 20.9
Net cash flow from financing activities		**– 71.5**	**– 104.9**
Effect of exchange rate changes		– 7.7	– 49.7
Net change in cash and cash equivalents		**– 81.5**	**47.1**
Cash and cash equivalents at 1 January		484.3	437.2
Cash and cash equivalents at 31 December		**402.8**	**484.3**

Consolidated statement of changes in equity for the year ended 31 December 2011

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 2010	**2.1**	**912.2**	**−26.5**	**−116.7**	**9.8**	**–**	**780.9**	**11.6**	**792.5**
Profit/(loss) for the year		95.4					95.4	2.3	**97.7**
Other comprehensive income for the year				−120.8	−4.8	–	−125.6	−1.9	**−127.5**
Total comprehensive income for the year		**95.4**		**−120.8**	**−4.8**	**–**	**−30.2**	**0.4**	**−29.8**
Share based payments		4.4	1.5				5.9		**5.9**
Dividend		−20.0					−20.0	−0.9	**−20.9**
Balance at 31 December 2010	**2.1**	**992.0**	**−25.0**	**−237.5**	**5.0**	**–**	**736.6**	**11.1**	**747.7**
Profit 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**

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 the 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 The following new and revised standards and interpretations published by the International Accounting Standards Board (IASB) have been adopted by Bucher Industries for the 2011 financial year. The table below gives an overview of the impact of these standards and interpretations on the consolidated financial statements of Bucher Industries.

Standard/Interpretation		Effective date	Impact
Revised standards and interpretations			
IFRS 1	First-time adoption of IFRS: Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010	1
IAS 24	Related party disclosures: Amendments relating to the definition of a related party	1 January 2011	1
IAS 32	Financial instruments, presentation: Amendments relating to the classification of rights issues	1 February 2010	1
	Various annual improvements to IFRSs	1 January 2011	2
New interpretations			
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2011	1
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010	1

1 Adoption has not had a significant impact on the consolidated financial statements.
2 Adoption required additional disclosures or changes in the presentation of consolidated financial statements.

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 2012 or later and have not been adopted early in these consolidated financial statements. The table below gives an overview of the expected impact of the standards and interpretations on the consolidated financial statements of Bucher Industries.

Standard/Interpretation		Effective date	Planned application	Estimated impact
New standard				
IFRS 9	Financial Instruments: classification and measurement	1 January 2015	2015	3
IFRS 10	Consolidated financial statements	1 January 2013	2013	1
IFRS 11	Joint arrangements	1 January 2013	2013	3
IFRS 12	Disclosure of involvement with other entities	1 January 2013	2013	2
IFRS 13	Fair value measurement	1 January 2013	2013	2
Revised standards				
IAS 1	Presentation of Financial Statements	1 July 2012	2012	2
IAS 19	Employee benefits: Improvements to the accounting for post-employment benefits	1 January 2013	2013	3
IAS 28	Investments in Associates and Joint Ventures	1 January 2013	2013	2
	Various amendments and annual improvements to IFRSs		2012	2

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

In the revised IAS 19 "Employee benefits", the corridor approach is eliminated. In future, all actuarial gains and losses will be recognised in the statement of comprehensive income. IAS 19(R) 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 an estimated value. The revised standard also requires more comprehensive disclosures. For Bucher Industries, the changes will have an impact on the income statement and the statement of comprehensive income as well as on the notes. The company is currently examining what effects the revised standard will have on the consolidated financial statements. According to the standard, application will become effective retrospectively as of 1 January 2013.

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 relevant 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 22.

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 24.

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 between 20% and 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 for any 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 finance costs. 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", "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 settlement date (date of payment and delivery). 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.

Recognised in income at fair value 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 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 as finance income.

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 at amortised cost, while the other financial assets are recorded at amortised cost or fair value and are classified as "loans and receivables" or "available-for-sale". 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 the transactions designated as a hedged item and therefore qualifying for hedge accounting. 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. Valuation fluctuations from the hedges are booked in other comprehensive income when they become effective. 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 the reasons for the impairment no longer apply in future periods. 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.

Investment property Property that is not held for operating purposes is recorded at cost and depreciated on a straight-line basis.

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 Revenue from the sale of goods and services is recognised when the risks and rewards of ownership have been transferred or the services rendered. Revenue from services rendered is recognised by reference to the stage of completion. Sales are recorded net of sales deductions, such as sales incentives, commissions, rebates and trade discounts recognised on an accrual basis.

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. The available assets in Swiss pension schemes are not recognised as assets because it is not believed that the surplus can be used to generate future economic benefits as defined in IFRS. 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. Other surpluses in pension schemes are recognised as an asset only to the extent that economic benefits will actually be available to the Group in the form of refunds or reductions in future contributions to the plan.

Share-based payments In the previous year, 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 25.

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 costs are recognised in the income statement on an accrual basis. 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.

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 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, 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 techniques (value-at-risk and scenario analysis). It uses financial derivatives 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 and analysed using a value-at-risk approach combined with scenario analysis and are 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 27.

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 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, offering a whole range of compact and truck-mounted sweepers, winter maintenance equipment and refuse collection vehicles.

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

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

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

CHF million	Net sales		Depreciation		Amortisation		Operating profit (EBIT)	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Kuhn Group	1026.4	851.2	22.4	24.5	10.0	10.4	115.7	78.2
Bucher Municipal	379.9	373.0	6.8	6.8	1.1	1.1	26.6	27.3
Bucher Hydraulics	399.2	371.4	14.5	15.4	2.8	3.3	34.8	36.9
Emhart Glass	345.2	259.3	8.0	7.7	1.0	0.4	15.4	3.0
Bucher Specials	200.6	187.0	1.9	1.9	0.8	0.5	12.3	8.6
Reportable segments	**2351.3**	**2041.9**	**53.6**	**56.3**	**15.7**	**15.7**	**204.8**	**154.0**
Other/consolidation	−15.3	−8.2	0.4	0.5	–	–	−14.6	−2.6
Group	**2336.0**	**2033.7**	**54.0**	**56.8**	**15.7**	**15.7**	**190.2**	**151.4**

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Kuhn Group	71.2	22.3	29.8	25.8	711.2	556.7	459.6	360.6
Bucher Municipal	15.2	19.2	4.9	5.2	241.8	225.5	116.5	102.8
Bucher Hydraulics	19.6	14.1	–	–	255.1	233.0	59.5	50.4
Emhart Glass	9.5	7.0	22.0	4.6	375.0	226.5	135.9	80.7
Bucher Specials	2.8	3.2	1.2	1.2	105.5	102.1	55.1	48.5
Reportable segments	**118.3**	**65.8**	**57.9**	**36.8**	**1688.6**	**1343.8**	**826.6**	**643.0**
Other/consolidation	–	–	16.8	16.6	5.2	16.2	0.4	8.5
Group	**118.3**	**65.8**	**74.7**	**53.4**	**1693.8**	**1360.0**	**827.0**	**651.5**

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. The associated companies are not allocated to any of the segments. Intersegment sales amounted to CHF 10.5 million (2010: CHF 3.8 million) for Kuhn Group and CHF 4.6 million (2010: CHF 4.2 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	2011	2010
Segment operating profit	204.8	154.0
Other/consolidation	– 14.6	– 2.6
Group operating profit	**190.2**	**151.4**
Share of profit/(loss) of associates	0.7	0.5
Finance costs	– 20.8	– 23.3
Finance income	1.7	12.0
Profit before tax	**171.8**	**140.6**

Reconciliation of segment assets

CHF million	2011	2010
Segment operating assets	**1 688.6**	**1 343.8**
Other/consolidation	5.2	16.2
Group operating assets	**1 693.8**	**1 360.0**
Cash, cash equivalents and short-term investments	467.1	548.4
Other financial assets	34.2	38.6
Investments in associates	14.8	8.2
Deferred income tax assets	34.1	25.6
Other assets	3.7	4.1
Group assets	**2 247.7**	**1 984.9**

Reconciliation of segment liabilities

CHF million	2011	2010
Segment operating liabilities	**826.6**	**643.0**
Other/consolidation	0.4	8.5
Group operating liabilities	**827.0**	**651.5**
Short-term financial liabilities	76.0	10.2
Long-term financial liabilities	462.6	519.2
Other payables	5.0	1.5
Deferred income tax liabilities	46.5	38.7
Retirement benefit obligations	16.2	16.1
Group liabilities	**1 433.3**	**1 237.2**

Geographical information

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2011	**2010**	**2011**	**2010**
Switzerland	112.4	118.1	92.9	95.8
Germany	311.3	305.5	36.1	27.2
France	365.8	354.4	109.8	103.2
Rest of Europe	698.7	636.3	159.8	130.7
North America	368.8	278.8	130.2	108.8
Central and South America	105.4	60.4	9.9	10.7
Asia	205.1	147.4	68.1	9.0
Other	168.5	132.8	16.4	16.1
Total	**2 336.0**	**2 033.7**	**623.2**	**501.5**

Net sales have been allocated to the countries of destination.

2 Acquisitions and disposals

Kuhn Krause Inc. As of 2 May 2011, Bucher Industries acquired a 100% interest in Krause Corporation, Hutchinson, Kansas, USA. The company specialises in developing, producing and selling agricultural machinery for the crop production such as maize, soya beans, wheat and other agricultural products. The tillage machinery and seed drills made by Krause are an ideal complement to Kuhn Group's product range. Krause Corporation was renamed Kuhn Krause, Inc., and is integrated in the Kuhn Group division as a Kuhn North America, Inc. group company. The purchase price consists of two price components, a cash component and an earn-out component. Possible obligations on former shareholders of Krause Corporation can be deducted from the two components. The purchase price, including the acquisition of liabilities, totalled CHF 28.0 million. The earn-out component depends on revenues over the coming three years, according to present estimates an amount of CHF 3.7 million. The purchase price, less the contingent consideration, was settled in full from cash and cash equivalents. The cash and cash equivalents taken over amounted to CHF 0.8 million. The amount of receivables acquired reflected their fair value. On the balance sheet date, the process to determine the fair values of identifiable assets, goodwill, liabilities and contingent liabilities was not yet completed. Both goodwill and the amount and valuations of identifiable assets, liabilities and contingent liabilities are therefore subject to change. In the period from 2 May 2011 to 31 December 2011, Kuhn Krause recorded sales of CHF 54.5 million and net profit of CHF 4.6 million. If the acquisition had been completed on 1 January 2011, Kuhn Krause's sales would have totalled CHF 74.1 million and net profit CHF 4.9 million. Bucher Industries expects for Kuhn Krause a sustainable EBITDA margin above 12%. The total acquisition costs of CHF 0.7 million were recognised under other operating expenses in equal amounts in 2010 and 2011.

Shandong Sanjin Glass Machinery Co., Ltd As of 27 June 2011, Bucher Industries acquired a majority interest in Shandong Sanjin Glass Machinery Co., Ltd, Zibo, China, with 51.59% being acquired via a share purchase and 11.43% via a staggered capital increase. This company is the rapidly expanding, undisputed market leader for glass forming machinery in China. This participating interest is integrated in the Emhart Glass division. Sanjin and Emhart Glass complement each other both regionally and in terms of their products. The purchase price for the shares, including the acquisition of liabilities, totalled CHF 32.9 million, and was settled in full from cash and cash equivalents. The cash and cash equivalents taken over amounted to CHF 5.5 million. The amount of receivables included an impairment of CHF 0.6 million. On the balance sheet date, the process to determine the fair values of identifiable assets, goodwill, liabilities and contingent liabilities was not yet completed. Both goodwill and the amount and valuations of identifiable assets, liabilities and contingent liabilities are therefore subject to change. In the period from 27 June 2011 to 31 December 2011, the company recorded sales of CHF 26.7 million and net profit of CHF 1.5 million. If the acquisition had been completed on 1 January 2011, Sanjin's sales would have totalled CHF 55.7 million and net profit CHF 3.3 million. Bucher Industries expects for Kuhn Krause a sustainable EBITDA margin above 13%. The acquisition costs of CHF 0.7 million were recognised under other operating expenses in equal amounts in 2010 and 2011.

The capital increase in the amount of CHF 19.5 million is taking place in three tranches. The first two partial payments of each CHF 4.9 million were made in 2011. The last tranche of CHF 9.7 million is due for payment in June 2012. The increase in the controlling interest led to a change in non-controlling interests in the statement of equity. In addition, Bucher Industries holds a call option for the outstanding participation rights for a 100% acquisition of the company. This option can be exercised between the sixth and tenth fiscal year after the date of the takeover. In accordance with IAS 39, the valuation of the call option is based on fair value. The strike price has been set on the basis of the fair value of the underlying shares, whereby the call option had no value at year end.

Maquiasfalt SL As of 1 October 2011, Giletta S.p.A. (Bucher Municipal) acquired a 100% interest in the Spanish company Maquiasfalt SL, Madrid. Prior to the takeover, Maquiasfalt was Bucher Municipal division's local distributor for winter maintenance products. The purchase price for the shares, including the acquisition of liabilities, amounted to CHF 2.7 million. Of this, two instalments of CHF 0.5 million will become due in 2012 and 2013. The two part-payments are dependent on the defined profit targets. The purchase price, excluding the contingent consideration, was settled in full from cash and cash equivalents. The cash and cash equivalents taken over amounted to CHF 0.8 million. The amount of receivables included an impairment of CHF 0.4 million. The purchase price allocation was completed on 31 December 2011. In the period from 1 October 2011 to 31 December 2011, the company recorded sales of CHF 4.5 million and net profit CHF 0.4 million. If the acquisition had been completed on 1 January 2011, Maquiasfalt's sales would have totalled CHF 9.3 million and net profit CHF 0.6 million.

Goodwill Based on the preliminary purchase price allocations, the goodwill from the acquisitions of Kuhn Krause and Sanjin was at CHF 3.8 million and CHF 15.5 million respectively. This represents the entry into the markets and the synergy potential from the business merger, the employees' expertise and the other intangible assets that cannot be separated and thus individually valued. No goodwill resulted from the acquisition of Maquiasfalt.

Further details of intangible assets are set out in note 7.

Cash flow from acquisitions and disposals

CHF million

	Kuhn Krause, Inc.	Shandong Sanjin Glass Machinery Co. Ltd	Maquias-falt SL	Fair value on acquisition	Fair value on acquisition	Disposal
				2011	**2010**	**2010**
Cash and cash equivalents	0.8	5.5	0.8	7.1	1.9	–
Trade receivables	14.0	13.5	3.5	31.0	1.0	–
Other receivables	–	1.2	–	1.2	1.8	–
Inventories	12.1	19.5	1.6	33.2	2.2	−5.1
Deferred income tax assets	4.2	0.6	0.4	5.2	–	–
Property, plant and equipment	3.4	20.9	1.0	25.3	0.1	–
Intangible assets	13.3	16.5	–	29.8	1.8	–
Other financial assets	0.2	–	–	0.2	–	–
Financial liabilities – current	−3.7	−6.7	–	−10.4	–	–
Trade payables	−4.5	−14.2	−3.8	−22.5	−2.2	–
Advances from customers	−1.0	−8.8	–	−9.8	–	–
Other payables	−5.8	−11.1	−0.6	−17.5	−5.0	–
Provisions	−3.6	–	−0.1	−3.7	–	–
Deferred income tax liabilities	−5.2	−3.1	−0.1	−8.4	–	–
Net assets	**24.2**	**33.8**	**2.7**	**60.7**	**1.6**	**−5.1**
Goodwill	3.8	15.5	–	19.3	–	–
Non-controlling interests	–	−16.4	–	−16.4	–	–
Total purchase consideration	**28.0**	**32.9**	**2.7**	**63.6**	**1.6**	**−5.1**
Cash and cash equivalents	−0.8	−5.5	−0.8	−7.1	−1.9	–
Contingent consideration	−3.7	–	−1.0	−4.7	–	–
Deferred consideration	–	–	–	–	0.9	0.7
Gain on disposal	–	–	–	–	–	−0.5
Net cash outflow/inflow on acquisition/disposal	**23.5**	**27.4**	**0.9**	**51.8**	**0.6**	**−4.9**

3 Short-term investments

CHF million	2011	2010
Bonds	64.3	64.1
Short-term investments	**64.3**	**64.1**

Changes in fair value recognised in other comprehensive income, net of tax, amounted to CHF 1.2 million (2010: CHF 1.9 million).

4 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2011			**2010**
Trade receivables	398.9	9.1	408.0	328.7	9.0	337.7
Notes receivable	20.8	–	20.8	14.5	–	14.5
Trade receivables, net	**419.7**	**9.1**	**428.8**	**343.2**	**9.0**	**352.2**
Other receivables	34.2	1.3	35.5	35.9	0.5	36.4
Prepayments to suppliers	4.8	–	4.8	1.6	–	1.6
Derivative financial instruments	3.7	–	3.7	3.9	–	3.9
Accrued income	8.4	–	8.4	8.2	–	8.2
Other receivables	**51.1**	**1.3**	**52.4**	**49.6**	**0.5**	**50.1**
Receivables	**470.8**	**10.4**	**481.2**	**392.8**	**9.5**	**402.3**

Trade receivables and notes receivable include credit balances for goods supplied and services provided.

Ageing analysis of receivables and impairment Provision for impairment was made applying ageing criteria, on the one hand, and as needed to reflect risks associated with the specific customer and region, on the other. At the balance sheet date, there were no receivables whose terms were renegotiated.

CHF million	2011	2010
Trade receivables, gross	445.2	365.0
Amount provided for	−16.4	−12.8
Other receivables, gross	35.5	36.8
Amount provided for	–	−0.4
Receivables, net	**464.3**	**388.6**
Receivables due, within 90 days	380.8	325.1
Receivables due, from 91 to 360 days	57.2	24.3
Receivables due, more than 360 days	10.4	9.5
Amount provided for	−11.4	−10.8
Receivables past due, within 360 days	20.6	24.7
Receivables past due, more than 360 days	11.7	18.2
Amount provided for	−5.0	−2.4

Movements in the provision for impairment of receivables

CHF million	2011	2010
Balance at 1 January	13.2	18.0
Exchange differences	−0.4	−1.7
Acquisition/disposal of subsidiaries	1.0	–
Provision for receivables impairment	5.7	1.6
Unused amounts reversed	−2.6	−3.9
Receivables written-off during the year as uncollectible	−0.5	−0.8
Balance at 31 December	**16.4**	**13.2**

5 Inventories

CHF million	2011	2010
Raw materials and consumables	150.4	113.8
Work in progress	135.4	89.7
Finished goods and goods for resale	302.1	247.8
Inventories	**587.9**	**451.3**
Change of write downs	3.6	−9.0

There were no direct write-offs in the reporting period (2010: CHF 0.1 million).

6 Property, plant and equipment

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
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

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
2010					
Cost at 1 January	397.8	424.8	177.3	17.1	1 017.0
Exchange differences	−41.6	−48.4	−16.6	−1.0	−107.6
Acquisition/disposal of subsidiaries	–	–	0.1	–	0.1
Additions	17.5	15.8	11.4	16.4	61.1
Disposals	−10.1	−10.1	−12.0	–	−32.2
Transfers	16.7	4.3	1.9	−22.9	–
Cost at 31 December	**380.3**	**386.4**	**162.1**	**9.6**	**938.4**
Accumulated depreciation at 1 January	180.2	290.3	138.0	–	608.5
Exchange differences	−19.9	−34.6	−13.3	–	−67.8
Acquisition/disposal of subsidiaries	–	–	–	–	–
Disposals	−4.7	−9.7	−10.8	–	−25.2
Depreciation for the year	13.5	28.0	15.3	–	56.8
Accumulated depreciation at 31 December	**169.1**	**274.0**	**129.2**	**–**	**572.3**
Net book value at 31 December	**211.2**	**112.4**	**32.9**	**9.6**	**366.1**
Of which leased:					
Cost	22.5	2.5	–	–	25.0
Accumulated depreciation	5.6	1.7	–	–	7.3
Net book value	16.9	0.8	–	–	17.7
Lease obligations (present value)	19.9	0.7	–	–	20.6
Insurance value	604.1	614.9	178.7	–	1 397.7

7 Intangible assets

CHF million	Goodwill	Other	Total intangible assets
2011			
Cost at 1 January	155.1	213.7	368.8
Exchange differences	−0.9	−1.4	−2.3
Acquisition/disposal of subsidiaries	19.3	29.8	49.1
Additions	–	1.7	1.7
Disposals	–	−1.8	−1.8
Cost at 31 December	**173.5**	**242.0**	**415.5**
Accumulated amortisation at 1 January	101.7	131.7	233.4
Exchange differences	−2.9	−2.9	−5.8
Acquisition/disposal of subsidiaries	–	–	–
Disposals	–	−1.8	−1.8
Amortisation for the year	–	15.7	15.7
Impairment charge	–	–	–
Accumulated amortisation at 31 December	**98.8**	**142.7**	**241.5**
Net book value at 31 December	**74.7**	**99.3**	**174.0**
2010			
Cost at 1 January	174.7	230.8	405.5
Exchange differences	−19.6	−23.2	−42.8
Acquisition/disposal of subsidiaries	–	1.8	1.8
Additions	–	4.7	4.7
Disposals	–	−0.4	−0.4
Cost at 31 December	**155.1**	**213.7**	**368.8**
Accumulated amortisation at 1 January	114.5	126.3	240.8
Exchange differences	−12.8	−9.9	−22.7
Acquisition/disposal of subsidiaries	–	–	–
Disposals	–	−0.4	−0.4
Amortisation for the year	–	15.7	15.7
Impairment charge	–	–	–
Accumulated amortisation at 31 December	**101.7**	**131.7**	**233.4**
Net book value at 31 December	**53.4**	**82.0**	**135.4**

Other intangible assets mainly include acquired patents, trademarks and customer lists.

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 2011, 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 test 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
			2011			**2010**
Kuhn North America, Inc., USA	3.0%	9.1%	17.6	1.5%	11.2%	17.5
Kuhn-Geldrop B.V., Netherlands	2.4%	8.0%	8.1	2.2%	8.8%	8.3
Kuhn Krause, Inc., USA	3.0%	9.1%	4.1			–
Kuhn Group			**29.8**			**25.8**
Gmeiner GmbH, Germany	2.1%	8.7%	3.2	2.2%	10.0%	3.3
Giletta S.p.A., Italy	3.3%	15.3%	1.7	2.2%	10.0%	1.9
Bucher Municipal			**4.9**			**5.2**
Emhart Glass SA, Switzerland	2.7%	8.6%	4.5	2.2%	10.0%	4.6
Shandong Sanjin Glass Machinery Co. Ltd, China	4.1%	8.9%	17.5			–
Emhart Glass			**22.0**			**4.6**
Bucher Landtechnik AG, Switzerland	1.0%	6.0%	1.2	1.0%	7.2%	1.2
Bucher Specials			**1.2**			**1.2**
Bucher Industries US Inc., USA	3.0%	9.7%	16.8	1.5%	11.6%	16.6
Other			**16.8**			**16.6**
Goodwill			**74.7**			**53.4**

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 2011. 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

	2011	2010
Long-term loans	13.8	17.5
Other	20.4	21.1
Other financial assets	**34.2**	**38.6**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.6 million (2010: CHF 13.7 million) have been capitalised under the heading “other”.

9 Investments in associates

CHF million

	2011	2010
Balance at 1 January	8.2	7.7
Exchange differences	– 2.3	–
Acquisitions	8.2	–
Disposals	–	–
Share of profit/(loss)	0.7	0.5
Balance at 31 December	**14.8**	**8.2**

With effect from 24 February 2011, Bucher Industries acquired a minority interest of 24.2% in the German company Rauch Landmaschinenfabrik GmbH, Sinzheim. Rauch specialises in fertilizer and winter maintenance spreaders as well as pneumatic seed drills. This stake was acquired in the form of a capital increase totalling EUR 6.4 million (CHF 8.2 million).

The second notable investment Bucher Industries has a significant impact on is Jetter AG. Jetter’s shares are traded on the Xetra exchange in Frankfurt. The market value of the 26.5% interest was EUR 4.2 million (CHF 5.1 million) at 31 December 2011. In view of Jetter’s positive business performance in the second half of the year and the still volatile stock market movements, management sees no sustained loss in value and therefore no need for any impairment charges.

Aggregated financial information – associates

CHF million	2011	2010
Assets	90.4	42.2
Liabilities	35.5	12.4
Net assets	**54.9**	**29.8**
Net sales	138.1	39.4
Profit/(loss) for the year	4.7	–1.8

10 Financial liabilities

CHF million	Less than 1 year	1–5 years	Over 5 years	Total 2011	Total 2010
Private placements	–	53.3	–	53.3	53.3
Bond	–	199.0	–	199.0	198.7
Other bank borrowings	70.6	173.9	–	244.5	233.1
Finance lease liabilities	2.4	8.6	6.7	17.7	20.6
Loans and other financial liabilities	3.0	21.1	–	24.1	23.7
Financial liabilities	**76.0**	**455.9**	**6.7**	**538.6**	**529.4**

Analysis by currency

CHF million	2011	2010
CHF	481.9	480.1
EUR	43.9	45.4
CNY	7.4	–
Other	5.4	3.9
Financial liabilities	**538.6**	**529.4**

Finance lease liabilities

CHF million	Less than 1 year	Over 1 year	Total	Total
			2011	2010
Future minimum lease payments	2.9	17.1	20.0	23.6
Future finance charges	0.5	1.8	2.3	3.0
Present value of minimum lease payments	2.4	15.3	17.7	20.6

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

Terms of significant financial liabilities

CHF million	Currency	Interest rate	Term	Volume	Used	Volume	Used
					2011		2010
Fixed-rate US private placement	CHF	4.08%	2003 – 10.12.2013	33.3	33.3	33.3	33.3
Fixed-rate US private placement	CHF	4.29%	2003 – 10.12.2015	20.0	20.0	20.0	20.0
Bond	CHF	3.13%	2009 – 02.10.2014	200.0	200.0	200.0	200.0
Syndicated loan	CHF	Libor + 0.8%	2011 – 30.06.2016	200.0	–	280.0	–
Bank loans	CHF	div.	div.	275.0	225.0	310.0	225.0
Total				**728.3**	**478.3**	**843.3**	**478.3**

In the reporting year, the Group had bilateral committed credit facilities totalling CHF 475.0 million (2010: CHF 590.0 million), arranged with ten different financial institutions. The loans bear interest at rates of between 2.10% and 3.09% and are due for repayment from 2012 to 2015. 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 2011, all the credit conditions had been fulfilled.

11 Provisions

CHF million	Warranties	Legal claims	Other	Total	Total
				2011	**2010**
Balance at 1 January	36.2	13.7	16.8	66.7	83.4
Additional provisions	30.6	3.8	3.6	38.0	41.7
Unused amounts reversed	– 2.1	– 4.7	– 1.5	– 8.3	– 10.7
Used during year	– 25.3	– 1.6	– 8.0	– 34.9	– 37.2
Acquisition/disposal of subsidiaries	0.5	–	3.2	3.7	–
Exchange differences	– 0.7	– 0.4	– 0.1	– 1.2	– 10.5
Balance at 31 December	**39.2**	**10.8**	**14.0**	**64.0**	**66.7**
Current portion	37.2	9.6	5.2	52.0	53.8
Non-current portion	2.0	1.2	8.8	12.0	12.9

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

The provision for legal claims primarily 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. The provisions stemming from the acquisition of Kuhn Krause related primarily to the remediation of inherited contaminated sites. At the end of the reporting period, approximately 50% of the provisions had been used.
The provision of CHF 5.0 million recognised in the previous year for restructuring at Emhart Glass was used in the reporting period.

12 Other payables

CHF million	2011	2010
Accruals and deferred income	143.2	101.2
Social security and pensions	23.2	18.8
Sales and capital tax liabilities	24.3	16.6
Derivative financial instruments	4.6	1.1
Other	31.3	35.2
Other payables	**226.6**	**172.9**
Current portion	208.0	168.6
Non-current portion	18.6	4.3

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

13 Derivative financial instruments

	Fair value		Contractual amount	Fair value		Contractual amount
CHF million	Positive	Negative		Positive	Negative	
	2011			2010		
Forward currency contracts and options	3.7	4.6	513.8	3.9	1.1	247.2
Interest rate contracts	–	–	–	–	–	1.9
Outstanding derivative financial instruments	**3.7**	**4.6**	**513.8**	**3.9**	**1.1**	**249.1**
Current portion	3.7	4.6		3.9	1.1	
Non-current portion	–	–		–	–	

Derivative financial instruments are used to manage exposure to foreign currency risks within the Group. The contractual amounts reflect the volume (notional amount) of hedging contracts outstanding at the reporting date. The negative fair value is the amount the Group would have to pay to settle outstanding contracts at the reporting date. The positive fair value represents the unrealised gain on hedges at the reporting date. 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.

At 31 December 2011, the Group had fair values of CHF 2.0 million (2010: none) in outstanding hedges designated for hedge accounting. During the reporting year, an amount of CHF 2.5 million (CHF 1.1 million) was transferred from the cash flow hedge reserve in other comprehensive income to the income statement.

14 Share capital

Registered shares		2011	2010
Par value	CHF	0.20	0.20
In issue and ranking for dividend	number	10 565 900	10 565 900
Authorised but unissued	number	1 184 100	1 184 100
Treasury shares	number	798 494	542 516
Issued share capital	CHF million	2.1	2.1

The share capital of Bucher Industries AG consists of only one class of voting rights. End of May 2011, Bucher Industries launched a share buy-back programme whereby up to 3% of the share capital was to be repurchased. As of 31 December 2011, 293 170 shares had been bought back via a second trading line on the SIX Swiss Exchange at an average share price of CHF 157.70 and for a total consideration of CHF 46.2 million.

15 Treasury shares

	Number of shares	CHF 1 000
Balance at 1 January	542 516	25 089
Share buy back	293 170	46 230
Sales of treasury shares	– 4 560	– 237
Reissued for share-based payment schemes	– 32 632	– 1 662
Balance at 31 December	**798 494**	**69 420**

16 Employment costs

CHF million

	2011	2010
Wages and salaries	408.9	395.9
Share awards	3.6	1.5
Share option plan	2.2	3.1
Social security and pension costs	78.9	75.1
Defined contribution pension costs	26.9	28.5
Other employment costs	62.5	38.0
Employment costs	**583.0**	**542.1**

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.

17 Other operating income

CHF million

	2011	2010
Own work capitalised	0.8	1.1
Income from reversal of provisions	4.6	5.1
Gain on disposal	–	0.5
Gain on sale of non-current assets	0.2	0.4
Interest income from operating lease receivables	0.5	0.6
Other income	19.3	18.9
Other operating income	**25.4**	**26.6**

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

18 Other operating expenses

CHF million

	2011	2010
Energy, maintenance and repairs	85.6	71.1
Charges, taxes, levies and consulting fees	33.3	34.8
Marketing and distribution costs	109.8	97.0
Insurance expenses	5.8	6.4
Operating leasing expenses	10.3	10.5
Miscellaneous operating expenses	66.8	45.1
Other operating expenses	**311.6**	**264.9**

Charges, taxes, levies and consulting fees include CHF 16.4 million (2010: CHF 15.0 million) in capital tax. Other operating expenses include operating foreign exchange items and necessary provisions for operating liabilities that cannot be charged to an appropriate expense account.

19 Development costs

Development costs of CHF 74.4 million (2010: CHF 73.2 million) were charged to the income statement for 2011. 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.

20 Finance costs

CHF million

	2011	2010
Interest expense on financial liabilities	17.7	19.9
Other finance costs	3.1	3.4
Finance costs	**20.8**	**23.3**

Finance costs mainly includes interest expenses. No finance costs were capitalised.

21 Finance income

CHF million

	2011	2010
Net gain on financial instruments at fair value trough profit or loss	1.6	1.1
Net gain on sale of available-for-sale financial instruments	–	9.8
Net gain on financial instruments	**1.6**	**10.9**
Interest income on financial assets	2.7	2.4
Financial foreign exchange gains and losses	– 2.8	– 1.5
Other finance income	0.2	0.2
Finance income	**1.7**	**12.0**

In the reporting year, nothing was realised on the sale of "available-for-sale" securities for transfer from other comprehensive income to the income statement (2010: CHF 9.8 million).

22 Income tax expense

Current income tax

CHF million

	2011	2010
Current income tax	49.1	46.3
Deferred income tax	– 4.7	– 3.4
Income tax expense	**44.4**	**42.9**
Reconciliation:		
Profit before tax	171.8	140.6
Weighted average tax rate	29.3%	32.7%
Theoretical income tax charge	**50.4**	**46.0**
Utilisation of unrecognised tax loss carryforwards	– 2.8	– 10.1
Reassessment of tax loss carryforwards with tax asset adjustment	– 1.2	– 0.2
Changes in valuation allowances on losses and other not capitalised tax assets	0.2	4.9
Expenses not deductible for tax purposes/income not subject to tax	0.3	– 1.1
Under/(over) provided in prior years	– 0.5	1.7
Other differences	– 2.0	1.7
Effective income tax expense	**44.4**	**42.9**
Effective tax rate	25.8%	30.5%

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.

Deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
		2011		**2010**
Property, plant and equipment	1.8	20.7	1.8	18.1
Other financial and non-current assets	2.5	22.4	1.9	13.9
Inventories	26.7	3.8	19.1	3.4
Other current assets	2.2	7.9	1.0	6.7
Provisions	4.0	10.0	3.3	10.1
Other liabilities	10.1	2.1	7.6	1.7
Tax loss carryforwards	7.2	–	6.1	–
Deferred income tax assets and liabilities	**54.5**	**66.9**	**40.8**	**53.9**
Offset amounts	–20.4	–20.4	–15.2	–15.2
Deferred income tax assets	**34.1**		**25.6**	
Deferred income tax liabilities		**46.5**		**38.7**

The deferred income tax liabilities recognised directly in other comprehensive income amounted to CHF 3.5 million (2010: CHF 3.2 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
		2011		**2010**
Balance at 1 January	25.6	38.7	29.4	48.5
Charged/credited to income statement	4.1	–0.6	0.7	–2.7
Charged/credited to other comprehensive income	–	0.3	–	–2.0
Acquisition/disposal of subsidiaries	5.2	8.4	–	–
Exchange differences	–0.8	–0.3	–4.5	–5.1
Balance at 31 December	**34.1**	**46.5**	**25.6**	**38.7**

Tax loss carryforwards

CHF million	2011	2010
Total tax loss carryforwards	114.7	133.6
Of which recognised in deferred income tax	40.0	34.3
Unrecognised tax loss carryforwards	**74.7**	**99.3**
Of which expiring:		
Within 12 months	–	0.1
In 1 to 5 years	31.4	23.9
After 5 years	8.1	31.4
Available indefinitely for offset	35.2	43.9
Tax effect on unrecognised tax loss carryforwards	17.7	21.5

As in the previous year, no tax loss carryforwards expired in 2011. 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.

23 Earnings and dividend per share

	2011	2010
Profit/(loss) attributable to owners of Bucher Industries (CHF million)	124.7	95.4
Average number of shares outstanding (undiluted)	9 959 645	10 012 755
Average number of shares outstanding (diluted)	10 004 425	10 036 328
Basic earnings per share (CHF)	12.52	9.53
Diluted earnings per share (CHF)	12.47	9.51
Dividend per registered share (CHF)[1)]	4.00	3.00
Total dividend (CHF million)[1)]	42.3	31.7

[1)] 2011: 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 0.05 (2010: CHF 0.02).

24 Retirement benefits

Funding of defined benefit plans

CHF million	2011	2010
Fair value of plan assets	290.2	281.5
Present value of funded obligations	– 292.9	– 264.8
Funding surplus/(deficit)	**– 2.7**	**16.7**
Present value of unfunded obligations	– 16.7	– 16.6
Surplus/(deficit)	**– 19.4**	**0.1**
Cumulative unrecognised actuarial losses	40.7	31.9
Unrecognised surplus	– 18.9	– 29.8
Amounts recognised in the balance sheet	**2.4**	**2.2**
Retirement benefit obligations	– 16.2	– 16.1
Other financial assets	18.6	18.3

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

Movements in defined benefit obligations

CHF million	2011	2010
Present value of obligations at 1 January	281.4	261.8
Current service cost	6.6	5.6
Past service cost	–	2.9
Interest cost	8.6	9.3
Employee contributions	4.4	4.4
Benefits paid	– 16.2	– 8.7
Acquisitions and disposals	–	5.3
Plan curtailments/settlements	–	– 5.2
Actuarial (gains)/losses	25.4	14.4
Exchange differences	– 0.6	– 8.4
Present value of obligations at 31 December	**309.6**	**281.4**

Movements in fair value of plan assets

CHF million	2011	2010
Fair value of plan assets at 1 January	281.5	263.9
Expected return on plan assets	10.8	10.5
Employer contributions	9.7	9.6
Employee contributions	4.4	4.4
Benefits paid	−15.4	−7.5
Acquisitions and disposals	–	4.3
Plan curtailments/settlements	–	−4.1
Actuarial gains/(losses)	−0.3	5.2
Exchange differences	−0.5	−4.8
Fair value of plan assets at 31 December	**290.2**	**281.5**

In 2011, the actual net return on plan assets was CHF 10.5 million (2010: CHF 15.7 million).

Categories of plan assets

CHF million	2011	%	2010	%
Equities	70.6	24.3	73.5	26.1
Bonds	80.8	27.8	78.5	27.9
Property	52.0	17.9	56.8	20.2
Cash and other financial assets	86.8	30.0	72.7	25.8
Plan assets	**290.2**	**100.0**	**281.5**	**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	2011	2010
Current service cost	– 6.6	– 5.6
Past service cost	–	– 2.9
Interest cost	– 8.6	– 9.3
Expected return on plan assets	10.8	10.5
Plan settlements/curtailments	–	0.6
Amortisation of actuarial (gains)/losses	– 17.1	– 4.0
Effects of unrecognised surplus	13.0	1.5
Defined benefit pension costs	**– 8.5**	**– 9.2**
Defined contribution pension costs	– 26.9	– 28.5
Pension costs	**– 35.4**	**– 37.7**

The Group expects to pay CHF 10.1 million in contributions to defined benefit plans in 2012 (2011: CHF 8.6 million).

Actuarial assumptions

Weighted averages in %	2011	2010
Discount rate	2.7	3.1
Expected return on plan assets	3.7	3.9
Future salary increases	1.0	1.0
Future pension increases	0.1	0.1

Funding of defined benefit obligations

CHF million	2011	2010	2009	2008	2007
Fair value of plan assets	290.2	281.5	263.9	252.3	265.2
Present value of defined benefit obligations	309.6	281.4	261.8	253.1	245.9
Surplus/(deficit)	**– 19.4**	**0.1**	**2.1**	**– 0.8**	**19.3**
Experience adjustments on plan assets	– 0.3	5.2	4.5	– 26.2	– 4.5
Experience adjustments on plan liabilities	0.3	– 2.1	3.5	– 8.2	3.2

25 Share-based payments/share option plan

The remuneration package was revised in the previous year with the introduction of new share plans. 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 16 268 shares for the reporting year (2010: 19 782 shares). Shares under the Bucher share plans were valued at a share price of CHF 173.90 (CHF 185.00) and represented a total value of CHF 2.8 million (CHF 3.7 million). The number of shares awarded under the Bucher Executive Share Plan was calculated using a share price of CHF 173.80 (CHF 136.00) and those under the Bucher Share Plan using a share price of CHF 173.90 (CHF 185.00).

Share option plans No share options have been granted since 2010. Share options granted in respect of previous periods remain valid as originally provided. One option entitles the holder to purchase one registered share of Bucher Industries AG. The options are not negotiable, 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
		2011		**2010**
Outstanding at 1 January	248 280	145.7	261 500	144.3
Granted	–	–	–	–
Exercised	– 13 650	119.9	– 10 970	113.4
Expired	– 5 850	149.2	– 2 250	140.5
Outstanding at 31 December	**228 780**	**147.2**	**248 280**	**145.7**
Exercisable	186 780		158 430	

The expense recognised as employment costs in the reporting period was CHF 2.2 million (2010: CHF 3.1 million). The average share price for options exercised was CHF 173.80 (CHF 136.00).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
		2011		**2010**
2015	24 630	108.0	28 830	108.0
2016	40 650	116.0	44 700	116.0
2017	53 400	221.0	54 900	221.0
2018	54 000	149.0	57 900	149.0
2019	56 100	115.0	61 950	115.0
Outstanding at 31 December	**228 780**	**147.2**	**248 280**	**145.7**

26 Related party transactions

Key management remuneration

CHF million

	2011	2010
Salaries	5.3	5.5
Post-employment benefits	1.4	1.4
Share awards	1.5	2.3
Share option plan	0.7	1.0
Key management remuneration	**8.9**	**10.2**

Salaries include variable remuneration, fees and expense allowances paid in cash. For the reporting year, group management members were awarded 8 359 registered shares with a par value of CHF 0.20 each in Bucher Industries AG (2010: 11 703 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

	2011	2010
Receivables from pension funds	18.6	18.3
Receivables from associates	0.1	–
Payables to pension funds	4.2	–
Payables to associates	3.0	1.4

All related party transactions were entered into on normal commercial terms and conditions. In 2011, products worth CHF 28.8 million (2010: CHF 16.8 million) were purchased from associates. The sales generated with associates amounted to CHF 1.2 million (2010: CHF 0.0 million). At the reporting date, there were no off-balance sheet contingent liabilities in respect of associates.

27 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 86 and 87 of the financial report.

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.

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

Fair value hierarchy

CHF million	Level 1	Level 2	Level 3	Carrying amount
2011				
Money market instruments	254.3	–	–	**254.3**
Short-term investments	64.3	–	–	**64.3**
Derivative financial instruments	–	3.7	–	**3.7**
Assets measured at fair value	**318.6**	**3.7**	**–**	**322.3**
Derivative financial liabilities	–	4.6	–	**4.6**
Liabilities measured at fair value	**–**	**4.6**	**–**	**4.6**
2010				
Money market instruments	227.9	–	–	**227.9**
Derivative financial instruments	64.1	–	–	**64.1**
Short-term investments	–	3.9	–	**3.9**
Assets measured at fair value	**292.0**	**3.9**	**–**	**295.9**
Derivative financial liabilities	–	1.1	–	**1.1**
Liabilities measured at fair value	**–**	**1.1**	**–**	**1.1**

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

CHF million	At fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
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	1.5	35.5	–	–	**37.0**	**37.0**
Other financial assets	–	15.0	0.6	–	**15.6**	**15.6**
Financial liabilities – current	–	–	–	76.0	**76.0**	**76.0**
Trade payables	–	–	–	272.8	**272.8**	**272.8**
Other payables	4.4	–	–	78.8	**83.2**	**83.2**
Financial liabilities – non-current	–	–	–	462.6	**462.6**	**501.6**
2010						
Cash and cash equivalents	227.9	256.4	–	–	**484.3**	**484.3**
Short-term investments	–	–	64.1	–	**64.1**	**64.1**
Trade receivables	–	352.2	–	–	**352.2**	**352.2**
Other receivables	3.9	36.4	–	–	**40.3**	**40.3**
Other financial assets	–	19.3	1.0	–	**20.3**	**20.3**
Financial liabilities – current	–	–	–	10.2	**10.2**	**10.2**
Trade payables	–	–	–	203.1	**203.1**	**203.1**
Other payables	1.1	–	–	70.6	**71.7**	**71.7**
Financial liabilities – non-current	–	–	–	519.2	**519.2**	**540.4**

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 Group's maximum exposure to credit risk was as follows:

CHF million	Carrying amount	Secured	Carrying amount	Secured
		2011		2010
Cash and cash equivalents	402.8	–	484.3	–
Short-term investments	64.3	–	64.1	–
Trade receivables	428.8	58.4	352.2	59.2
Other receivables	39.2	28.2	40.3	19.4
Other financial assets	15.6	12.8	20.3	14.8
Maximum credit risk exposure	**950.7**	**99.4**	**961.2**	**93.4**

Liquidity risk Expected cash flows arising from liabilities are equal to the repayment obligations, including any interest payments, as set out in note 10. Cash flows to settle trade payables of CHF 272.8 million (2010: CHF 203.1 million) are expected to occur within 70 days on average, while cash flows to settle other non-interest-bearing liabilities of CHF 78.8 million (CHF 70.6 million) are expected to occur within 35 days on average. As financial derivatives consist almost exclusively of forward currency contracts, the expected net cash flows are immaterial.

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.

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 using appropriate financial instruments based on the respective underlying transactions. The group entities report their forecasted cash flows for each currency to group treasury, which uses appropriate derivative hedging instruments to hedge the group-wide exchange rate exposures with banks.

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	
	2011	2010	2011	2010
1 EUR	1.2333	1.3787	1.2156	1.2504
1 GBP	1.4175	1.6056	1.4553	1.4527
1 USD	0.8853	1.0378	0.9395	0.9358
1 BRL	0.5302	0.5900	0.5032	0.5638
1 AUD	0.9197	0.9501	0.9554	0.9519
1 CNY	0.1370	0.1533	0.1490	0.1417
100 SEK	13.7100	14.4300	13.6400	13.9500

Value at risk Value at risk (VaR) is a measure used to quantify how much the value of financial items could change. 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 in relation to the aggregated market value of the financial items and analysed. Based on this analysis, financial items are either restructured or hedged using financial derivatives where necessary.

In 2011, the previously applied method for calculation of the VaR indicators (Monte Carlo simulation) was replaced by the variance/covariance method. The parameters required to measure risk, such as volatility and correlations, were calculated on the basis of historical market prices. In addition to increased transparency, this change of model further improved the efficiency and stability of the risk management processes. In order to ensure comparability, the previous year's figures were calculated and reported using the new method. As a rule, the VaR figures stated are based on a confidence level of 90% and a holding period of 30 days.

CHF million	VaR	
	2011	2010
Foreign currency risk	−13.1	−20.3
Interest risk	−1.7	−3.6
Correlation	7.8	2.6
Total VaR	**−7.0**	**−21.3**

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. The CHF 14.3 million decrease in total VaR to minus CHF 7.0 million points to a considerable decrease in the level of risk.

28 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.

	2011	2010
Interest coverage ratio (EBITDA to net interest expense)	17.3	12.8
Debt payback period (net debt to EBITDA)	0.3	−0.1
Gearing ratio (net debt to equity)	8.8%	−2.5%
Equity ratio (equity to total assets)	36.2%	37.7%
Quick ratio (current assets less inventory/current liabilities)	107.5%	147.1%

29 Contingent liabilities

Contingent liabilities amounting to CHF 1.7 million (2010: CHF 1.8 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.

30 Pledged assets

The carrying amount for assets pledged or assigned to secure the Group's obligations increased with the acquisition of Sanjin to CHF 9.5 million (2010: CHF 1.7 million).

31 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1 – 5 years	Over 5 years	Total
At 31 December 2011	6.7	13.3	14.0	**34.0**
At 31 December 2010	8.1	19.0	17.0	**44.1**

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.

32 Events after the reporting period

On 3 February 2012, Bucher Industries 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, were repurchased for a total consideration of CHF 50.2 million. The average price per share was CHF 159.00. Subject to approval by the annual general meeting of shareholders on 12 April 2012, the repurchased shares will be cancelled by reducing the share capital.

On 9 March 2012, the board of directors approved the consolidated financial statements for publication, subject to formal approval by the annual general meeting on 12 April 2012.

When the consolidated financial statements were finalised on 9 March 2012, 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 AG, Niederweningen	CH	CHF	2 113 180		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 AG, 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 AG, 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			S

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-Guyer AG, 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	
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	
Bucher Hydraulics Co., Ltd., Taoyuan	TW	TWD	20 000 000	55	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	
Bucher Hydraulics-Illinois, Inc., Elgin	US	USD	23 000	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
Emhart Glass Spain SA, Madrid	ES	EUR	65 016	100	EG	S
Shandong Sanjin Glass Machinery Co. Ltd., Zibo	CN	CNY	63 500 000	58	EG	P D
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	100	BSp	P D
Bucher Vaslin MS SASU, Rivesaltes	FR	EUR	410 000	100	BSp	P D
Bucher Vaslin S.r.l, Romans d'Isonzo	IT	EUR	208 000	100	BSp	D
Bucher Vaslin Australia Pty Ltd, Glen Waverley – VIC	AU	AUD	10	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 AG, 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

Associates

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities
Jetter AG, Ludwigsburg	DE	EUR	3 241 061	27	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 70 to 126), for the year ended 31 December 2011.

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 2011 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, 9 March 2012

Balance sheet of Bucher Industries AG at 31 December 2011

CHF 1 000	Note	2011	2010
Cash and cash equivalents		33 288	152 484
Short-term investments	6	46 230	–
Receivables from group companies		51 817	24 133
Other receivables		2 154	4 223
Current assets		**133 489**	**180 840**
Loans to group companies	1	516 684	491 112
Loans to third parties		–	13
Investments	2	689 234	691 058
Intangible assets	3	14 464	28 750
Non-current assets		**1 220 382**	**1 210 933**
Assets		**1 353 871**	**1 391 773**
Short-term bank borrowings		55 000	–
Current payables to group companies		182 982	233 360
Other current liabilities		9 397	7 709
Current liabilities		**247 379**	**241 069**
Private placements		53 288	53 288
3 1/8% bond 2009 to 2014		200 000	200 000
Long-term bank borrowings		169 002	223 661
Provisions	4	4 472	4 994
Non-current liabilities		**426 762**	**481 943**
Share capital	5	2 113	2 113
Statutory reserve		70 610	70 610
Distributable reserve		455 770	482 000
Reserve for treasury shares	6	46 230	–
Retained earnings		62 340	67 252
Profit for the year		42 667	46 786
Equity		**679 730**	**668 761**
Liabilities and equity		**1 353 871**	**1 391 773**

Income statement of Bucher Industries AG for the year ended 31 December 2011

CHF 1 000	Note	2011	2010
Income from investments	8	48 391	49 005
Finance income	9	102 010	225 573
Royalty income from group companies	10	12 504	11 662
Reversal of impairment charges	12	–	15 000
Gain on sale of non-current assets		–	495
Other income		–	2 274
Income		**162 905**	**304 009**
Administrative expenses		4 107	2 819
Finance costs	11	102 717	236 303
Impairment charges	12	–	4 223
Amortisation of intangible assets		13 723	13 723
Income tax expense		– 309	155
Expenses		**120 238**	**257 223**
Profit for the year		**42 667**	**46 786**

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 124 to 126 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 34.14% of the voting rights, as published in the Swiss Official Gazette of Commerce (SHAB) on 10 May 2005. 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 4.78% 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, 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 3.21%. 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

End of May 2011, Bucher Industries AG launched a share buy-back programme whereby up to 3% of the share capital was to be repurchased. As of 31 December 2011, 293 170 shares had been bought back via second trading line on the SIX Swiss Exchange at an average share price of CHF 157.70 and for a total consideration of CHF 46.2 million. The treasury shares are carried under securities at their acquisition costs. A reserve for treasury shares was formed under equity in line with the acquisition costs.

On 3 February 2012, Bucher Industries AG completed its share buy-back programme. Altogether, 315 900 registered shares, corresponding to 2.99% of the company's equity, were repurchased for a total consideration of CHF 50.2 million. The average price per share was CHF 159.00. Subject to approval by the annual general meeting of shareholders on 12 April 2012, the repurchased shares will be cancelled by reducing the share capital.

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 65.9 million (2010: CHF 94.9 million). The amount claimed at the reporting date was CHF 24.3 million (CHF 14.9 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. In 2010, this item comprised impairment charges on investments.

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 remu-neration	Total	Paid in cash
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**
2010							
Rolf Broglie, chairman[3)]	191.5	423	57.5	19.7	13.3	**282.0**	204.8
Thomas W. Hauser, deputy chairman[3)]	71.0	404	55.0	13.0	12.7	**151.7**	83.7
Ernst Bärtschi	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Thomas W. Bechtler	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Claude R. Cornaz	45.0	331	45.0	9.1	2.0	**101.1**	47.0
Anita Hauser	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Heinrich Spoerry	45.0	331	45.0	10.1	12.0	**112.1**	57.0
Directors	**487.5**	**2 482**	**337.5**	**82.2**	**76.0**	**983.2**	**563.5**

1) Until 14 April 2011
2) Since 14 April 2011
3) Since 15 April 2010

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 173.80 for the year (2010: CHF 136.00). 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	Bonus	Share awards under share plans		Social security and pension benefits	Other remu-neration	Total	Paid in cash
			Number	Value				
2011								
Philip Mosimann, CEO	860.0	528.9	3 671	552.3	402.4	19.2	**2 362.8**	1 408.1
Other members	2 439.3	827.3	4 688	599.6	948.5	30.0	**4 844.7**	3 296.6
Group management	**3 299.3**	**1 356.2**	**8 359**	**1 151.9**	**1 350.9**	**49.2**	**7 207.5**	**4 704.7**
2010								
Philip Mosimann, CEO	860.0	561.6	5 906	1 006.6	373.1	19.2	**2 820.5**	1 440.8
Other members	2 554.8	948.5	5 797	914.1	896.9	30.0	**5 344.3**	3 533.3
Group management	**3 414.8**	**1 510.1**	**11 703**	**1 920.7**	**1 270.0**	**49.2**	**8 164.8**	**4 974.1**

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 was calculated using the average share price of CHF 173.80 for the year and those under the Bucher Share Plan using a share price of CHF 173.90, representing the average share price during the first three weeks of January 2012. All shares awarded were valued at CHF 173.90.

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

Directors' interests in shares at 31 December 2011

	Number of shares	
	2011	**2010**
Rolf Broglie, chairman	12 752	12 239
Anita Hauser, deputy chairman	438 491	101 160
Ernst Bärtschi	3 109	2 778
Thomas W. Bechtler	2 491	2 160
Claude R. Cornaz	4 979	4 648
Michael Hauser	603 835	–
Heinrich Spoerry	2 517	1 852
Directors	**1 068 174**	**124 837**

The directors did not hold any share options on 31 December 2011.

Group management's interests in shares and share options at 31 December

		Number of shares		Number of options	
		2011	2010	2011	2010
Philip Mosimann	CEO	48 806	42 900	15 300	15 300
Roger Baillod	CFO	11 806	10 964	7 800	7 800
Jean-Pierre Bernheim	Bucher Vaslin	8 611	8 018	11 680	11 680
Michael Häusermann	Bucher Municipal	6 227	5 169	12 000	12 000
Martin Jetter	Emhart Glass	1 693	1 019	8 400	8 400
Michel Siebert	Kuhn Group	5 674	3 576	10 200	10 200
Daniel Waller	Bucher Hydraulics	5 802	4 909	11 400	11 400
Group management		**88 619**	**76 555**	**76 780**	**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	2 400	2 400	600	–	**7 800**
Jean-Pierre Bernheim	Bucher Vaslin	2 400	2 400	2 400	2 400	2 080	**11 680**
Michael Häusermann	Bucher Municipal	2 400	2 400	2 400	2 400	2 400	**12 000**
Martin Jetter	Emhart Glass	2 400	2 400	2 400	1 200	–	**8 400**
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		**18 000**	**18 000**	**18 000**	**13 500**	**9 280**	**76 780**

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 2011	42 666 918
Retained earnings brought forward	62 340 025
Retained earnings available for distribution	**105 006 943**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 4.00 per dividend-bearing share of CHF 0.20 each[1)]	42 263 600
Transfer to distributable reserve	25 000 000
Balance to be carried forward	37 743 343
Total	**105 006 943**

[1)] There is no payout on treasury shares held by Bucher Industries AG. On 31 December 2011 treasury holdings amounted to 293 170 registered shares.

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 130 to 138), for the year ended 31 December 2011.

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 2011 comply with Swiss law and the company's articles of incorporation.

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, 9 March 2012

Five-year summary

Group

CHF million

		2011	2010	2009	2008	2007
Order intake		2 587.5	2 216.5	1 797.4	2 791.9	2 704.3
Net sales		2 336.0	2 033.7	2 142.1	2 788.9	2 458.8
Order book		923.0	663.0	507.3	843.4	871.3
Operating profit before depreciation and amortisation (EBITDA)		259.9	223.9	189.7	341.6	285.9
As % of net sales	%	11.1	11.0	8.9	12.2	11.6
Operating profit (EBIT) before impairment		190.2	151.4	111.7	276.1	229.4
As % of net sales	%	8.1	7.4	5.2	9.9	9.3
Operating profit (EBIT)		190.2	151.4	25.8	246.2	229.4
As % of net sales	%	8.1	7.4	1.2	8.8	9.3
Net financial items		– 18.4	– 10.8	– 18.8	– 29.1	10.6
Income tax expense		– 44.4	– 42.9	– 31.4	– 71.7	– 69.0
As % of profit before tax[1]	%	25.8	30.5	33.8	33.0	28.8
Profit/(loss) for the year		127.4	97.7	– 24.4	145.4	171.0
As % of net sales	%	5.5	4.8	– 1.2	5.2	7.0
Capital expenditure		118.3	65.8	58.5	130.9	131.2
Operating free cash flow		54.8	201.9	182.5	– 15.3	42.7
Development costs		74.4	73.2	75.9	78.1	71.1
Total assets		2 247.7	1 984.9	2 124.5	2 067.6	2 130.3
Cash, cash equivalents and short-term investments		467.1	548.4	505.2	234.2	492.3
Receivables		476.0	401.8	468.9	577.8	559.9
Inventories		587.9	451.3	485.2	609.0	544.9
Investments and other financial assets		49.0	46.8	51.0	51.5	50.5
Property, plant and equipment		449.2	366.1	408.5	399.2	355.2
Intangible assets		174.0	135.4	164.7	130.9	78.7
Current liabilities		877.4	646.0	711.2	897.1	1 011.5
Non-current liabilities		555.9	591.2	620.8	324.4	246.0
Total liabilities		1 433.3	1 237.2	1 332.0	1 221.5	1 257.5
Of which interest-bearing		538.6	529.4	623.3	320.2	325.6
Net cash/debt[2]		– 71.5	19.0	– 118.1	– 110.6	164.2
Equity		814.4	747.7	792.5	846.1	872.8
Equity ratio	%	36.2	37.7	37.3	40.9	41.0
Return on equity (ROE)	%	16.3	12.7	– 3.0	16.9	21.4
Working capital		314.5	271.1	400.1	438.7	342.6
Net operating assets (NOA), average		827.8	849.2	1 114.1	891.0	687.1
Return on net operating assets (RONOA)	%	17.0	12.4	1.5	18.5	23.8
Number of employees at 31 December		10 136	7 899	7 183	8 373	7 484
Average number of employees during year		9 380	7 639	7 618	8 176	7 261
Net sales per employee	CHF 1 000	249.0	266.2	281.2	341.1	338.6

[1] 2009 tax rate before impairment. The effective tax rate after impairment was 448.6%.
[2] Excluding derivative financial liabilities since 1 January 2009.

Addresses

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