BUCHER

Interim report 2012

Marked rise in sales and profit

Dear Shareholders,

In the first half of 2012, Bucher Industries increased sales by 21% to CHF 1 381 million, operating profit rose by 50% to CHF 133 million and the profit for the period by 64% to CHF 90 million. Order intake decreased by 9% to CHF 1 081 million as a result of the economic conditions. The Group is not expecting an imminent recovery, and the second half of the year is likely to see a weaker performance. The Group can confirm the projection for the 2012 business year as a whole and anticipates a year-on-year improvement in sales, operating profit and profit for the year.

CHF million			Change in		
January – June	**2012**	**2011**	**%**	**%[1]**	**%[2]**
Order intake	1 080.5	1 189.4	– 9.2	– 7.4	– 14.1
Net sales	1 380.7	1 145.6	20.5	23.2	16.9
Order book	611.7	726.7	– 15.8	– 14.1	– 24.2
Operating profit before depreciation and amortisation (EBITDA)	169.8	123.4	37.6		
As % of net sales	12.3%	10.8%			
Operating profit (EBIT)	133.0	88.9	49.6		
As % of net sales	9.6%	7.8%			
Profit/(loss) for the period	90.2	55.1	63.7		
As % of net sales	6.5%	4.8%			
Earnings per share in CHF	9.12	5.46	67.0		
Operating free cash flow	– 90.4	– 94.4	– 4.2		
Net operating assets (NOA), average	908.7	796.1	14.1		
Return on net operating assets (RONOA), after tax	20.9%	15.6%			
Net cash/debt	– 209.0	– 185.0	– 13.0		
Total assets	2 217.8	2 006.7	10.5		
Equity	859.3	723.1	18.8		
Equity ratio	38.7%	36.0%			
Number of employees at 30 June	10 531	10 033	5.0		4.8

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

Economic downturn In the first half of 2012, there were clear signs of a slowdown in Europe resulting from the debt crisis in the EU countries and related government austerity measures. The effect on economic development was particularly marked in the highly indebted economies of Southern Europe. The Group faced a low level of risk in this region, with less than 5% of overall sales and low exposure in terms of trade receivables. The risk exposure to Southern European banks was minimal and subject to constant monitoring. The continuing strength of the Swiss franc against the euro and the US dollar had a negative impact on sales as well as operating profit margins at the Swiss plants.

Good business performance Bucher Industries generated strong sales growth and a marked increase in operating profit and profit for the period. This success was due not only to the well-filled order book at the start of the year and to acquisitions in the first half of 2011, but also to the strong positions held by the operating segments in their principal markets. In addition to the high level of capacity utilisation, factors contributing to the good result for the first six months of 2012 included efficient and flexible structures, widely sourced, international purchasing and rigorous cost management. The Group could not escape the effects of the general economic downturn, reflected in a lower order intake across all operating segments.

Solid balance sheet and healthy profitability Seasonal effects and the payment of a higher dividend resulted in a negative free cash flow in the first half of the year. The increase in net debt will fall again significantly in the second half of 2012. With high liquid assets and an equity ratio of 39%, Bucher Industries continues to maintain its financial independence and the necessary strategic room for manoeuvre. Although the volume of net operating assets (NOA) was higher, the 21% return on net operating assets (RONOA) after tax was significantly higher than the cost of capital and well above the long-range target of 16%.

Capital reduction In February 2012, Bucher Industries completed its share buy-back programme, which was launched at the end of May 2011. A total of 315 900 registered shares were repurchased, corresponding to 2.99% of the company's equity and with a value of CHF 50 million, were repurchased. The annual general meeting of shareholders on 12 April 2012 approved a reduction in the company's share capital through cancellation of the repurchased registered shares. The capital reduction was duly carried out on 27 June 2012. The share capital of Bucher Industries AG now totals CHF 2 050 000, divided into 10 250 000 registered shares with a par value of CHF 0.20 each.

Kuhn Group

CHF million			Change in		
January – June	**2012**	**2011**	**%**	**%[1]**	**%[2]**
Order intake	439.3	450.2	– 2.4	0.2	– 10.1
Net sales	696.5	578.6	20.4	24.2	17.8
Order book	253.2	242.2	4.5	7.0	– 14.3
Operating profit (EBITDA)	104.5	85.9	21.7		
As % of net sales	15.0%	14.8%			
Operating profit (EBIT)	87.6	69.3	26.4		
As % of net sales	12.6%	12.0%			
Number of employees at 30 June	4 637	4 302	7.8		

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

Good earnings situation for farmers Demand for agricultural machinery in Europe followed a varied pattern. While the investment climate in most economies was favourable, the Southern European countries of Italy, Spain, Portugal and Greece experienced a downturn. Farm incomes benefitted from high prices for agricultural produce, offsetting the rising cost of operating resources. In Eastern Europe, there were first signs of a more restrictive lending climate for both dealers and farmers. Demand remained buoyant in North America. Kuhn Group performed well in this market environment, posting a significant increase in sales and operating profit. The acquisition effect of Kuhn Krause amounted to CHF 39 million. Factors contributing to this success were the high level of capacity utilisation, newly launched products and a transparent pricing policy based on continuity. Thanks to intensive collaboration with distribution partners it was possible to maintain inventories at a normal level. Kuhn Krause, the manufacturer of tillage equipment and grain drills, developed very satisfactorily, performing at the limits of production capacity. As a consequence, more than CHF 3 million will be invested in expansion of the production facilities at Kuhn Krause during the current financial year. The newly expanded production plant will provide a secure foundation for continued rapid growth and is scheduled to start operations in October 2012.

Bucher Municipal

CHF million			Change in		
January – June	**2012**	**2011**	**%**	**%[1]**	**%[2]**
Order intake	164.2	189.9	– 13.5	– 13.1	– 13.5
Net sales	203.6	163.3	24.7	24.8	24.6
Order book	115.3	110.1	4.7	6.0	4.5
Operating profit (EBITDA)	23.1	10.1	128.7		
As % of net sales	11.4%	6.2%			
Operating profit (EBIT)	20.0	6.4	212.5		
As % of net sales	9.8%	3.9%			
Number of employees at 30 June	1 464	1 341	9.2		8.0

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

Excellent first half Bucher Municipal generated strong sales growth in the reporting period, with operating profit significantly higher compared with the same period last year. The operating profit margin reached a record high of 9.8%. This outstanding performance is attributable to the smooth roll-out of the major order from Moscow, the biggest-ever for municipal sweepers and spreaders. The entire capacity of the division was fully utilised, and it needed a concerted effort by the production plants in Great Britain, Latvia, Italy and Switzerland to deliver this major order to an extremely short deadline. In view of the high level of indebtedness of the public sector and the spending cuts in towns and cities, demand for municipal vehicles in the European Union, particularly Spain and Italy, showed a marked decline in the reporting period. Bucher Municipal was not immune to this trend and the order intake was below the same period of 2011. Thanks to firmly established positions in its markets and the high quality and reliability of its product range, which are greatly appreciated by customers, the division held up well in a difficult market environment. In order to counter the slowdown in the key market of Europe and the strength of the Swiss franc, the division continued its efforts to reduce product costs. In addition to insourcing at the Latvian plant, consultations with the workforce in Great Britain were initiated in June 2012. The proposal under discussion is a merger of the three plants in Dorking, Sittingbourne and Ashvale to create a single production centre in Dorking. On successful completion of the consultative process, CHF 16 million will be invested in expansion of the Dorking plant. The ultimate aim of the proposed measures is to maintain the competitiveness of the British plants, where productivity has been outstanding up to now. A decision on the proposal is expected in the second half of the year.

Bucher Hydraulics

CHF million			Change in		
January – June	**2012**	**2011**	**%**	**%[1]**	**%[2]**
Order intake	208.5	223.6	– 6.8	– 5.5	– 5.3
Net sales	220.8	208.1	6.1	7.7	7.9
Order book	58.5	75.6	– 22.6	– 21.6	– 21.6
Operating profit (EBITDA)	30.6	29.2	4.9		
As % of net sales	13.9%	14.0%			
Operating profit (EBIT)	21.9	20.7	6.1		
As % of net sales	9.9%	9.9%			
Number of employees at 30 June	1 727	1 687	2.4		4.0

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

Weakening market dynamics From the start of 2012, the market for hydraulic systems showed signs of weakening, though to a varying degree. While there was an upturn in business in the USA, it flattened out in Western Europe and Asia, in particular as a result of the decline in the industrial hydraulics and construction machinery segments. The demand for agricultural machinery and materials handling equipment remained at a good level. Underpinned by the strong order book at the turn of the year as well as new and innovative customer projects, the division still generated sales growth compared with the same period of 2011. However, order intake and the order book were below the high levels recorded in the same period of last year. Operating profit improved slightly as a result of the increase in volume sales of pumps and valves as well as the higher year-on-year sales. The operating profit margin remained stable. On the basis of the good experience gained in the USA, the division launched a new organisation in Europe in the first half of the year. The two plants in Frutigen and Neuheim in Switzerland were combined into a single competence centre under the leadership of Aurelio Lemos, while the three German plants in Klettgau, Remscheid and Dachau were combined into a competence centre for Germany, headed by Uwe Kronmüller. This measure will help to optimise capacity utilisation and ensure closer customer relations. The expansion of the production building in Klettgau was largely completed in the first half of 2012.

Emhart Glass

CHF million			Change in		
January – June	**2012**	**2011**	**%**	**%1)**	**%2)**
Order intake	161.0	217.1	– 25.8	– 24.1	– 39.2
Net sales	174.3	123.1	41.6	45.1	17.5
Order book	123.5	229.0	– 46.1	– 44.5	– 53.5
Operating profit (EBITDA)	9.6	7.1	35.2		
As % of net sales	5.5%	5.7%			
Operating profit (EBIT)	4.1	3.0	36.7		
As % of net sales	2.4%	2.5%			
Number of employees at 30 June	2 073	2 095	– 1.1		

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

Variable project business The business with glass forming machinery presented a varied picture in the first half of 2012. New machinery for glass container manufacture experienced low demand in the first quarter, but recovered well by mid-year. The market for inspection machinery also rose in the reporting period. The spare parts business remained stable at a high level. In China, growth in the glass container industry flattened out because of government measures to slow down economic development. Despite a business climate characterised by fluctuations in project business, the division generated a significant increase in sales. Roll-out of a major order from India, secured in the first half of 2011, contributed CHF 19 million of this growth, while the joint venture with Sanjin, formed at the end of June 2011, accounted for CHF 36 million. The order intake, which had been boosted by the large contract from India in the first half of 2011, showed a marked downward trend, with a weak first quarter of 2012 playing a particular role. Despite fluctuating demand during the reporting period, the challenge of production planning with lower capacity utilisation, and the impact of the strong Swedish crown on the new machinery and spare parts plants in Sweden, the division slightly increased operating profit in absolute terms. The collaboration with the Sanjin joint venture, in which the Group has a 63% stake, progressed very well. Measures to increase internal efficiencies and improve parts quality were supported by the introduction of an ERP system and the start-up of ten new CNC machine tools. In addition, a glass forming machine designed specifically for the Chinese market was jointly developed with a short lead-time and successfully launched onto the market. At the same time, a first inspection machine based on Emhart Glass technology was adapted to meet the requirements of local customers. This is due for launch in the second half of the year 2012.

Bucher Specials

CHF million			Change in	
January – June	**2012**	**2011**	**%**	**%[1]**
Order intake	107.4	108.6	– 1.1	–
Net sales	96.1	82.1	17.1	17.9
Order book	61.2	69.8	– 12.3	– 10.7
Operating profit (EBITDA)	7.6	0.6	n.a.	
As % of net sales	7.9%	0.7%		
Operating profit (EBIT)	6.1	– 0.8	n.a.	
As % of net sales	6.3%	– 1.0%		
Number of employees at 30 June	565	589	– 4.1	

[1] Adjusted for currency effects

Individual businesses increase profitability Bucher Specials achieved a substantial increase in sales and operating profit in the reporting period. Order intake was stable at the high level recorded in the same period of 2011. The chief contributors to this positive sales trend were fruit juice processing equipment, drying systems for instant products and the Swiss distributorship for tractors and agricultural machinery. The business with winemaking equipment was adversely affected by the cautious approach of winegrowers to investment in wine presses, particularly in the main markets of France and Spain. The brisk demand for grape reception and wine filtration machinery in Central and Eastern Europe and the USA was not sufficient to offset the decline. Project work in dewatering municipal and industrial sludge benefitted from the sales partnership with Degrémont. The Swiss distributorship scored notable successes in sales of tractors and Kuhn agricultural machinery. In this market environment, all the individual business contributed to the overall improvement in operating profit.

Outlook for 2012 The Group expects the general economic slowdown to persist in the second half of the year and does not reckon with a world economic recovery in the short term. Of the specialised divisions, agricultural machinery is the most likely to benefit from a positive market environment, although the serious drought in North America could undermine this optimistic outlook. In the municipal vehicles segment, demand is likely to remain stable at a low level. The business with hydraulic systems is expected to face a slowdown in order intake. Emhart Glass, by contrast, anticipates a marked recovery in the second half. The individual businesses consolidated under Bucher Specials should grow at the same rate as in the first half of the year. The Group is able to confirm the projection for the 2012 business year as a whole and anticipates a year-on-year improvement in sales, operating profit and profit for the year.

Niederweningen, 9 August 2012

Rolf Broglie
Chairman of the Board

Philip Mosimann
Chief Executive Officer

Consolidated financial statements

Consolidated balance sheet

CHF million	30 June 2012	%	30 June 2011	%	31 December 2011	%
Cash and cash equivalents	289.3	13.0	295.6	14.7	402.8	17.9
Short-term investments	64.4	2.9	61.9	3.1	64.3	2.9
Trade receivables	458.9	20.7	408.5	20.4	419.7	18.6
Current income tax assets	26.0	1.2	16.0	0.8	5.2	0.2
Other receivables	55.8	2.5	60.8	3.0	51.1	2.3
Inventories	610.3	27.5	547.1	27.3	587.9	26.2
Current assets	**1 504.7**	**67.8**	**1 389.9**	**69.3**	**1 531.0**	**68.1**
Long-term receivables	8.6	0.4	11.9	0.6	10.4	0.5
Property, plant and equipment	454.7	20.5	369.6	18.4	449.2	20.0
Intangible assets	168.4	7.6	158.3	7.9	174.0	7.7
Other financial assets	33.0	1.5	36.3	1.8	34.2	1.5
Investments in associates	15.2	0.7	13.8	0.7	14.8	0.7
Deferred income tax assets	33.2	1.5	26.9	1.3	34.1	1.5
Non-current assets	**713.1**	**32.2**	**616.8**	**30.7**	**716.7**	**31.9**
Assets	**2 217.8**	**100.0**	**2 006.7**	**100.0**	**2 247.7**	**100.0**
Financial liabilities	134.6	6.1	79.2	4.0	76.0	3.4
Trade payables	272.1	12.3	241.7	12.0	272.8	12.1
Advances from customers	81.1	3.7	103.0	5.1	235.3	10.5
Current income tax liabilities	60.4	2.7	49.2	2.5	33.3	1.5
Provisions	53.5	2.4	48.5	2.4	52.0	2.3
Other payables	237.3	10.7	207.5	10.3	208.0	9.3
Current liabilities	**839.0**	**37.9**	**729.1**	**36.3**	**877.4**	**39.1**
Financial liabilities	428.1	19.3	463.3	23.1	462.6	20.6
Provisions	11.2	0.5	12.3	0.6	12.0	0.5
Other liabilities	18.6	0.8	19.0	1.0	18.6	0.8
Deferred income tax liabilities	45.4	2.1	44.5	2.2	46.5	2.1
Retirement benefit obligations	16.2	0.7	15.4	0.8	16.2	0.7
Non-current liabilities	**519.5**	**23.4**	**554.5**	**27.7**	**555.9**	**24.7**
Attributable to owners of Bucher Industries AG	828.0	37.3	703.0	35.0	780.8	34.7
Attributable to non-controlling interests	31.3	1.4	20.1	1.0	33.6	1.5
Equity	**859.3**	**38.7**	**723.1**	**36.0**	**814.4**	**36.2**
Liabilities and equity	**2 217.8**	**100.0**	**2 006.7**	**100.0**	**2 247.7**	**100.0**

Consolidated income statement

CHF million		%		%
January – June	**2012**		**2011**	
Net sales	**1 380.7**	**100.0**	**1 145.6**	**100.0**
Changes in inventories of finished goods and work in progress	20.6	1.5	67.4	5.9
Raw materials and consumables used	– 745.4	– 54.0	– 643.5	– 56.2
Employment costs	– 330.8	– 24.0	– 302.0	– 26.3
Other operating income	6.7	0.5	9.3	0.8
Other operating expenses	– 162.0	– 11.7	– 153.4	– 13.4
Operating profit (EBITDA)	**169.8**	**12.3**	**123.4**	**10.8**
Depreciation	– 28.8	– 2.1	– 26.8	– 2.3
Amortisation	– 8.0	– 0.6	– 7.7	– 0.7
Operating profit (EBIT)	**133.0**	**9.6**	**88.9**	**7.8**
Share of profit/(loss) of associates	0.6	–	– 0.2	–
Finance costs	– 9.2	– 0.7	– 9.9	– 0.9
Finance income	1.8	0.2	– 0.1	–
Profit before tax	**126.2**	**9.1**	**78.7**	**6.9**
Income tax expense	– 36.0	– 2.6	– 23.6	– 2.1
Profit/(loss) for the period	**90.2**	**6.5**	**55.1**	**4.8**
Attributable to owners of Bucher Industries AG	89.1		54.7	
Attributable to non-controlling interests	1.1		0.4	
Basic earnings per share in CHF	9.12		5.46	
Diluted earnings per share in CHF	9.07		5.42	

Consolidated statement of comprehensive income

CHF million

January – June	2012	2011
Profit/(loss) for the period	**90.2**	**55.1**
Net change in cash flow hedge reserve	– 2.2	– 3.3
Income tax	0.6	– 0.8
Transfer to income statement	–	1.7
Net change in cash flow hedge reserve, net of tax	**– 1.6**	**– 2.4**
Net change in currency translation reserve	– 1.4	– 54.9
Transfer to income statement	0.6	–
Net change in currency translation reserve	**– 0.8**	**– 54.9**
Other comprehensive income for the period, net of tax	**– 2.4**	**– 57.3**
Total comprehensive income for the period	**87.8**	**– 2.2**
Attributable to owners of Bucher Industries AG	87.0	– 1.8
Attributable to non-controlling interests	0.8	– 0.4

Consolidated cash flow statement

CHF million

January – June	2012	2011
Profit/(loss) for the period	**90.2**	**55.1**
Income tax expense	36.0	23.6
Net interest expense	7.6	7.2
Share of profit/(loss) of associates	– 0.6	– 0.2
Depreciation and amortisation	36.8	34.5
Other non-cash items	3.6	4.7
Gain on sale of non-current assets and subsidiaries	– 0.7	– 0.1
Interest received	0.9	1.0
Interest paid	– 5.0	– 4.8
Income tax paid	– 29.5	– 16.9
Change in provisions and retirement benefit obligations	1.4	– 3.6
Change in receivables	– 45.9	– 79.7
Change in inventories	– 22.2	– 86.3
Change in advances from customers	– 152.6	– 68.1
Change in payables	26.7	61.9
Other changes in working capital	– 0.2	0.3
Net cash flow from operating activities	**– 53.5**	**– 71.4**
Purchases of property, plant and equipment	– 35.8	– 22.6
Proceeds from sale of property, plant and equipment	0.5	0.4
Purchases of intangible assets	– 1.6	– 0.8
Purchases of short-term investments and financial assets	– 0.8	–
Proceeds from sale of short-term investments and financial assets	0.8	0.9
Acquisition	–	– 48.2
Disposal	0.9	0.7
Acquisition of associates	– 0.2	– 8.2
Dividend received	0.2	–
Net cash flow from investing activities	**– 36.0**	**– 77.8**
Purchases of treasury shares	– 6.4	– 5.1
Proceeds from sale of treasury shares	2.5	0.9
Proceeds from long-term financial liabilities	21.8	2.8
Repayment of long-term financial liabilities	– 1.3	– 2.6
Proceeds from short-term financial liabilities	63.1	6.0
Repayment of short-term financial liabilities	– 58.7	– 0.9
Dividend paid	– 43.5	– 30.2
Net cash flow from financing activities	**– 22.5**	**– 29.1**
Effect of exchange rate changes	– 1.5	– 10.4
Net change in cash and cash equivalents	**– 113.5**	**– 188.7**
Cash and cash equivalents at 1 January	402.8	484.3
Cash and cash equivalents at 30 June	**289.3**	**295.6**

Consolidated statement of changes in equity

CHF million	Share capital	Retained earnings	Treasury shares	Currency trans-lation reserve	Fair value reserve	Cash flow hedge reserve	Attribut-able to owners of Bucher Industries AG	Non-con-trolling interests	Total equity
Balance at 1 January 2011	**2.1**	**992.0**	**−25.0**	**−237.5**	**5.0**	**–**	**736.6**	**11.1**	**747.7**
Profit/(loss) for the period		54.7					54.7	0.4	**55.1**
Other comprehensive income for the period				−54.1	–	−2.4	−56.5	−0.8	**−57.3**
Total comprehensive income for the period		**54.7**		**−54.1**	**–**	**−2.4**	**−1.8**	**−0.4**	**−2.2**
Change in treasury shares		0.5	−7.6				−7.1		**−7.1**
Share based payments		4.3	1.2				5.5	–	**5.5**
Change in non-controlling interests		–					–	9.4	**9.4**
Dividend		−30.2					−30.2	–	**−30.2**
Balance at 30 June 2011	**2.1**	**1 021.3**	**−31.4**	**−291.6**	**5.0**	**−2.4**	**703.0**	**20.1**	**723.1**
Balance at 1 January 2012	**2.1**	**1 091.0**	**−69.4**	**−251.6**	**6.2**	**2.5**	**780.8**	**33.6**	**814.4**
Profit/(loss) for the period		89.1					89.1	1.1	**90.2**
Other comprehensive income for the period				−0.5	–	−1.6	−2.1	−0.3	**−2.4**
Total comprehensive income for the period		**89.1**	**–**	**−0.5**	**–**	**−1.6**	**87.0**	**0.8**	**87.8**
Change in treasury shares		0.7	−3.7				−3.0		**−3.0**
Share based payments		3.0	1.3				4.3		**4.3**
Reduction in share capital	–	−50.2	50.2				–		**–**
Change in non-controlling interests		−2.0					−2.0	1.3	**−0.7**
Dividend		−39.1					−39.1	−4.4	**−43.5**
Balance at 30 June 2012	**2.1**	**1 092.5**	**−21.6**	**−252.1**	**6.2**	**0.9**	**828.0**	**31.3**	**859.3**

Notes to the consolidated financial statements

Financial position and results of operations The strong order book at the beginning of the year and the acquisitions made in the previous year were important factors in the very positive sales trend in the first half of 2012. With good overall capacity utilisation, the Group generated high sales growth of 20.5% compared with the same period of 2011. In addition to the high level of utilisation, factors contributing to the 49.6% increase in EBIT were efficient and flexible structures, widely sourced international purchasing and rigorous cost management.

Order intake slowed because of the economic downturn, coming in at CHF 1 080.5 million on 30 June 2012, which equates to a fall of 9.2%, or 14.1% when adjusted for currency, acquisition and disposal effects. Sales amounted to CHF 1 380.7 million, a year-on-year increase of 20.5%, or 16.9% when adjusted for currency, acquisition and disposal effects. The exchange rates of the Group's main currencies to the Swiss franc had a negative impact on sales amounting to 2.7%. Compared with the same period of 2011, the changes in average exchange rates of the currencies against the Swiss franc were as follows: EUR down 4.6%, USD up 3.3%, GBP up 1.2% and SEK down 4.1%.

EBITDA improved by 37.6% to CHF 169.8 million (six months ended 30 June 2011: CHF 123.4 million). The EBITDA margin reached 12.3% (10.8%). EBIT was CHF 133.0 million (CHF 88.9 million), equivalent to a good EBIT margin of 9.6% (7.8%). Finance income was CHF 1.8 million (minus CHF 0.1 million), resulting largely from unrealised foreign exchange losses on valuations and hedges, as well as from interest income. Finance costs consisted mainly of interest expense on the bond issue, the US private placements and drawn credit facilities. As a result of improved lending conditions, it was possible to further reduce the finance costs by CHF 0.7 million to CHF 9.2 million. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 36.0 million for the first half of 2012 (CHF 23.6 million). The tax rate was 28.5% (30.0%). The Group's profit for the period of CHF 90.2 million (CHF 55.1 million) represented 6.5% (4.8%) of net sales.

Net operating assets increased to CHF 1 055.0 million, CHF 175.9 million higher than for the same period of 2011 and CHF 188.2 million higher than the year-end figure. This development since the beginning of the year is mainly due to the volume-related increase in trade receivables and inventories, as well as the seasonal reduction in advances from customers. The healthy profitability resulted in a return on net operating assets (RONOA) after tax of 20.9%, significantly higher than the cost of capital and well above the long-range target of 16.0%.

Operating free cash flow was minus CHF 90.4 million, mainly because of higher working capital and increased investments of CHF 37.4 million, up CHF 14.0 million on the same period of 2011. Free cash flow was minus CHF 139.4 million. Contributing factors were the repurchase of shares in connection with the share buy-back programme, which was concluded in February 2012, as well as the increased dividends totalling CHF 43.5 million.

Cash flow/free cash flow

CHF million

January – June	**2012**	**2011**
Net cash flow from operating activities	**– 53.5**	**– 71.4**
Purchases of property, plant and equipment	– 35.8	– 22.6
Proceeds from sale of property, plant and equipment	0.5	0.4
Purchases of intangible assets	– 1.6	– 0.8
Operating free cash flow	**– 90.4**	**– 94.4**
Purchases of short-term investments and financial assets	– 0.8	–
Proceeds from sale of short-term investments and financial assets	0.8	0.9
Acquisition	–	– 48.2
Disposal	0.9	0.7
Acquisition of associates	– 0.2	– 8.2
Dividend received	0.2	–
Purchases of treasury shares	– 6.4	– 5.1
Dividend paid	– 43.5	– 30.2
Free cash flow	**– 139.4**	**– 184.5**

Bank loans totalling CHF 55.0 million became due for repayment in the first half of 2012. Bucher Industries repaid CHF 35.0 million and renegotiated the terms for CHF 20.0 million. As part of the process of interest rate management, the Group took advantage of favourable short-term financing facilities. This resulted in a temporary increase in short-term financial liabilities. The undrawn committed credit facilities amounted to CHF 270.0 million (CHF 285.0 million). Net debt on 30 June 2012 was CHF 209.0 million (CHF 185.0 million). This will fall again significantly in the second half of the year. The financial covenants are reviewed every six months. All terms of credit were complied with on the reporting date of 30 June 2012.

Equity increased by CHF 44.9 million to CHF 859.3 million in the first half of 2012. The equity ratio was 38.7%, an improvement of 2.5 percentage points on the end of 2011. The share buy-back programme was completed on 3 February 2012. The ratio of long-term debt to total debt was 76.1% (30 June 2011: 85.4%; 31 December 2011: 85.9%). Intangible assets amounted to CHF 168.4 million, of which goodwill accounted for CHF 75.3 million. Goodwill represented 8.8% of equity (30 June 2011: 9.1%).

CHF million

	30 June 2012	30 June 2011
Net tangible worth (equity less goodwill) in CHF million	784.0	657.2
Gearing ratio (net debt to equity)	24.3%	25.6%
Return on equity (ROE)[1]	18.9%	15.1%
Interest coverage ratio (EBITDA to net interest expense)[1]	20.1	15.7
Debt payback period (net debt to EBITDA)[1]	0.7	0.8

[1] Rolling calculation from 1 July to 30 June

Group accounting policies The unaudited financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) in general and with IAS 34 "Interim Financial Reporting" in particular.

The group accounting policies set out in the annual report 2011 have been applied consistently in preparing the interim report, except for the new or revised standards and interpretations published by the International Accounting Standards Board (IASB). For the 2012 financial year, Bucher Industries adopted revised IFRS 7 "Financial Instruments: Disclosures – Transfer of Financial Assets" and IAS 12 "Income Taxes: Recovery of Underlying Assets". Application of the revised standards had no effect on the present consolidated half-year financial statements.

The following new and revised standards and interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. The table below gives an overview of the impact of the standards and interpretations on the consolidated financial statements of Bucher Industries.

Standard/Interpretation		Effective date	Planned application	Estimated impact
New standards				
IFRS 9	Financial instruments: classification and measurement	1 January 2015	2015	3
IFRS 10	Consolidated financial statements	1 January 2013	2013	1
IFRS 11	Joint arrangements	1 January 2013	2013	3
IFRS 12	Disclosure of 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	2013	2
IAS 19	Employee benefits: improvements to the accounting for post-employment benefits	1 January 2013	2013	4
IAS 28	Investments in associates and joint ventures	1 January 2013	2013	2
	Various amendments and annual improvements to IFRSs		2013	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.
4 It is estimated that the effect on equity of actuarial losses that have not yet been recognised will be around CHF 30 million. Pension costs are likely to be reduced by an amount in the low single-digit million range.

Management's assumptions and estimates The preparation of consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions deviate from the actual circumstances, reported amounts will be restated as appropriate in the year in which the circumstances change. Any assumptions and estimates made by management in the consolidated interim financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2011. Income tax expense is accrued using the average effective tax rates for the current financial year.

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

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

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

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

Emhart Glass is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers, with a portfolio encompassing glass container forming and inspection machinery, and systems and components 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 January - June		Operating profit (EBIT) January - June		Operating assets at 30 June	
	2012	2011	2012	2011	2012	2011
Kuhn Group	696.5	578.6	87.6	69.3	787.9	659.5
Bucher Municipal	203.6	163.3	20.0	6.4	212.1	218.6
Bucher Hydraulics	220.8	208.1	21.9	20.7	271.0	246.1
Emhart Glass	174.3	123.1	4.1	3.0	347.1	296.7
Bucher Specials	96.1	82.1	6.1	−0.8	127.1	124.8
Reportable segments	**1391.3**	**1155.2**	**139.7**	**98.6**	**1745.2**	**1545.7**
Other/consolidation	−10.6	−9.6	−6.7	−9.7	35.1	12.6
Group	**1380.7**	**1145.6**	**133.0**	**88.9**	**1780.4**	**1558.3**

The basis of segmentation and valuation of the divisional results is unchanged since the last annual financial statements. The performance of each of the divisions and the Bucher Specials segment is evaluated on the basis of operating profit or loss. The figures reported as "other/consolidation" comprise the results of the holding, finance and management companies, as well as consolidation adjustments for inter segment transactions. The principal associates are not allocated to any segment. Inter segment sales amounted to CHF 8.5 million for Kuhn Group and CHF 2.0 million for Bucher Hydraulics. Inter segment sales in the other divisions and the Bucher Specials segment were zero or only marginal. These internal transactions were carried out at arm's length, on normal commercial terms. Operating assets include actual and accrued receivables, inventories, property, plant and equipment and intangible assets.

Reconciliation of segment results

CHF million

January – June	**2012**	**2011**
Segment operating profit	139.7	98.6
Other/consolidation	−6.7	−9.7
Group operating profit	**133.0**	**88.9**
Share of profit/(loss) of associates	0.6	−0.2
Finance costs	−9.2	−9.9
Finance income	1.8	−0.1
Profit before tax	**126.2**	**78.7**

Acquisitions and disposals On 2 May 2012, Bucher Hydraulics sold its stake (55%) in Bucher Hydraulics Co. Ltd, Taiwan. The transaction in the amount of CHF 1.5 million included a net cash flow on the disposal of CHF 0.9 million. The sale of the shareholding resulted in an immaterial gain, which was recognised under other operating income. Net assets comprised mainly inventories, property, plant and equipment and liabilities. The net change in non-controlling interests amounted to minus CHF 0.7 million. For Kuhn Krause, Inc. and the majority interest in Shandong Sanjin Glass Machinery Co., Ltd, both acquired in 2011, the process to determine the fair values of identifiable assets, goodwill, liabilities and contingent liabilities is now concluded. No adjustments have been made since the end of the year, the definitive values are fully disclosed in the 2011 annual report. The third and final tranche of the capital increase at Sanjin was paid in June 2012. The increase in the majority interest led to a change in non-controlling interests in the statement of equity in the amount of CHF 2.0 million.

Reduction in share capital On 3 February 2012, Bucher Industries completed its share buy-back programme. A total of 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. The capital reduction approved by the annual general meeting of shareholders on 12 April 2012 was duly carried out on 27 June 2012. Following the capital reduction, the company's equity now totals CHF 2.1 million (10 250 000 registered shares with a par value of CHF 0.20 each). Treasury shares and retained earnings were reduced in the amount of CHF 50.2 million.

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

Approval of the consolidated interim financial statements The consolidated interim financial statements were authorised for issue by the board of directors on 2 August 2012.

Foreign exchange rates

	Income statement average rates January – June		Balance sheet closing rates 30 June	
	2012	**2011**	**2012**	**2011**
1 EUR	1.2051	1.2636	1.2030	1.2071
1 GBP	1.4630	1.4451	1.4911	1.3374
1 USD	0.9265	0.8965	0.9555	0.8352
1 BRL	0.4974	0.5530	0.4665	0.5341
1 AUD	0.9578	0.9332	0.9750	0.8951
1 CNY	0.1467	0.1371	0.1504	0.1292
100 SEK	13.5800	14.1600	13.7100	13.1600

Financial calender

Contact

Philip Mosimann, CEO
Roger Baillod, CFO

Bucher Industries AG
Murzlenstrasse 80
8166 Niederweningen
Switzerland

Phone +41 43 815 80 80
Fax +41 43 815 80 81
info@bucherind.com
www.bucherind.com

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 traiding date ex-dividend	15 April 2013	
Dividend payment	18 April 2013	
Release of first quarter 2013 group sales	26 April 2013	
Conference call on interim results 2013	31 July 2013	
Publication of interim report 2013	31 July 2013	
Release of third quarter 2013 group sales	25 October 2013	

Cover: Emhart Glass machine for manufacturing glass containers
9 August 2012 Publisher: Bucher Industries AG Design: MetaDesign, Zurich
This interim report is also published in German. In case of any discrepancy, the German version shall prevail.