BUCHER

Interim report 2010

Key figures

Group

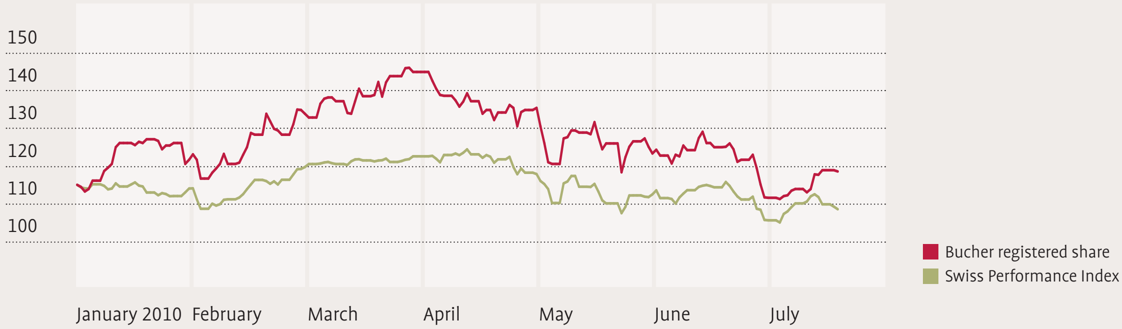
CHF million	January – June 2010	January – June 2009	% change
Order intake	1 010.0	819.0	+ 23.3
Net sales	1 040.7	1 178.9	– 11.7
Order book	462.2	492.5	– 6.2
Operating profit before depreciation and amortisation (EBITDA)	107.8	97.2	+ 10.9
As % of net sales	10.4%	8.2%	
Operating profit (EBIT)	71.2	58.7	+ 21.3
As % of net sales	6.8%	5.0%	
Profit for the period	43.3	41.8	+ 3.6
As % of net sales	4.2%	3.5%	
Earnings per share in CHF	4.30	4.20	+ 2.4
Operating free cash flow	1.1	– 71.4	+ 57.7
Net operating assets (NOA), average	987.3	1 047.5	– 5.7
Net cash/debt	– 155.7	– 367.8	
Total assets	2 019.8	2 206.1	– 8.4
Equity	761.6	878.1	– 13.3
Equity ratio	37.7%	39.8%	
Average number of employees[1]	7 450	8 113	– 8.2

Divisions/Segments

CHF million	Order intake January – June		Net sales January – June		Order book at 30 June		Operating profit (EBIT) January – June		Number of employees[1] at 30 June	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Kuhn Group	376.6	276.7	497.2	600.8	116.2	137.0	44.9	41.3	3 434	3 480
Bucher Municipal	186.1	178.2	171.6	178.1	97.1	95.6	9.5	6.6	1 319	1 367
Bucher Hydraulics	206.8	134.4	193.1	170.9	60.2	50.5	24.1	10.4	1 468	1 280
Emhart Glass	139.1	135.0	104.3	147.9	121.8	149.3	– 7.8	5.6	864	935
Bucher Specials	101.4	94.7	76.5	83.0	66.9	60.1	– 1.6	0.3	583	565
Other/consolidation	–	–	– 2.0	– 1.8	–	–	2.1	– 5.5	19	19
Total	**1 010.0**	**819.0**	**1 040.7**	**1 178.9**	**462.2**	**492.5**	**71.2**	**58.7**	**7 687**	**7 646**

[1] Expressed as full-time equivalents.

Share price performance CHF



Noticeable first half recovery

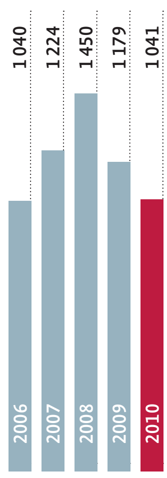
Dear Shareholder,

Demand started to recover noticeably in the first half of 2010, with order intake increasing by 23% to CHF 1 010 million. Sales came in at CHF 1 041 million, down 12% or currency-adjusted 10% from the year-ago period. While the decline was still 23% for the first three months of 2010, second quarter sales already reached last year's level. Operating profit grew by 21% to CHF 71 million. Profit for the period improved only slightly by 4% to CHF 43 million due to the adverse effect of foreign exchange losses on finance income. Overall, the Group confirms the outlook for 2010.

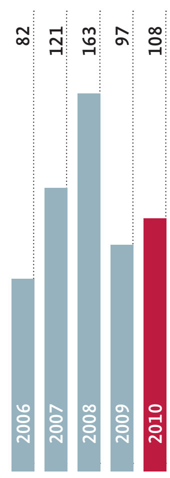
Sustainability of recovery uncertain Following last year's dramatic economic slump, the markets in which Bucher Industries operates stabilised at a low level in late 2009. However, most business segments started to see a noticeable improvement in demand at the beginning of the first half of 2010. Nevertheless, the general economic climate remained uncertain and unstable. The high levels of debt in industrial countries, together with the anticipated lower tax revenues and planned austerity programmes, raised some doubts about the still fragile economic recovery. The massive weakness of the euro and other main currencies against the Swiss franc weighed on the Group's key operating figures. Its strong presence with manufacturing facilities in the euro zone and the USA, coupled with systematic hedging of exchange rates at the start of the year, mitigated the adverse effects of the currency fluctuations.

Business rebound In the first half of 2010, demand recovered from last year's very low levels in the main markets in which Bucher Industries operates. In particular, this translated into an increase of 23.3% or currency-adjusted 26.1% in order intake to CHF 1 010.0 million. Sales typically did not reflect the positive trend in order intake immediately and came in at CHF 1 040.7 million, down 11.7% or currency-adjusted 9.7% from the year-ago period, which had still been buoyed by a strong first quarter. Furthermore, the Group's order book going into the current year had been CHF 336.1 million lower. Operating profit improved by 21.3%

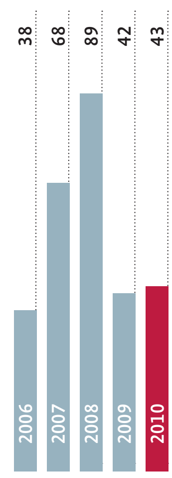
Net sales
CHF million



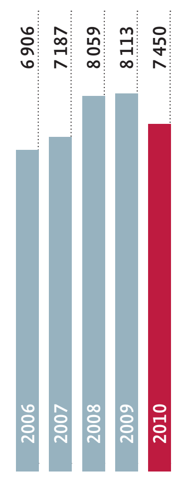
Operating profit (EBITDA)
CHF million



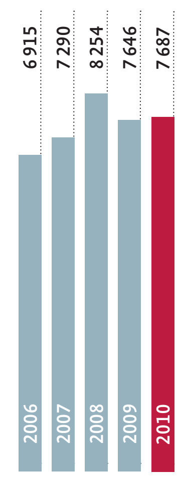
Profit for the period
CHF million



Average number
of employees



Number of employees
at 30 June



to CHF 71.2 million as a result of the cost-reduction measures implemented last year. Finance income was weighed down by foreign exchange losses and amounted to CHF 1.6 million, a decrease of CHF 9.4 million from the year-ago figure. With tax expense remaining virtually unchanged at CHF 17.6 million, profit for the period improved by 3.6% to CHF 43.3 million. In mid-year, the Group employed 7 687 people, an increase of 41 full-time equivalents over the same period last year. 26 full-time equivalents were still on short-time working, which was reduced by almost 90%.

Strong balance sheet Equity decreased by CHF 30.9 million to CHF 761.6 million in the first half of 2010, primarily due to the consolidation of foreign subsidiaries in Swiss francs. The equity ratio improved slightly from the year-end level to 37.7%. Cash and cash equivalents showed far less of a seasonal decline versus the end of 2009 than in previous years. Net debt improved significantly by CHF 212.1 million compared with the year-ago period and increased slightly by CHF 37.6 million compared with the year end to CHF 155.7 million, representing a gearing ratio of 20.4%.

Kuhn Group During the first half of 2010, the main markets for specialised agricultural machinery showed regional variations. In Europe, farmers' income continued to decline due to persistently low prices of agricultural produce, especially for milk. The discussions about government austerity measures compounded the farmers' uncertainty. This environment severely dampened capital spending. The East European markets remained weak, except in Poland. In contrast, the North American market bottomed out at the beginning of the year, and Kuhn mostly worked to capacity again in North America. Competition became fiercer due to aggressive sales campaigns by some competitors trying to reduce excessive inventories. Despite this difficult environment, Kuhn Group's order intake reached CHF 376.6 million, an increase of 36.1% or currency-adjusted 39.7% over the low year-ago level impacted by cancellations. Sales were down 17.2% or currency-adjusted 14.7% year on year to CHF 497.2 million, mainly because of the still strong first quarter of last year. Operating profit reached CHF 44.9 million, up 8.7% from the year-ago figure despite the unfavourable movements of the euro against the Swiss franc. The EBIT margin improved from 6.9% to 9.0% as a result of the cost-cutting measures implemented last year and continued prudent operational management. The transition from parallel distribution of balers and bale wrappers, as agreed with Kverneland, to Kuhn's worldwide network of dealers is well advanced and can take place from 1 September 2010 as planned.

Bucher Municipal In a market that contracted by around 20% since the beginning of the year, the division held its ground well in the first half of 2010, underpinned by its strong position in the main markets. Winning market share in some large European countries, it increased order intake by 4.4% or currency-adjusted 3.3% to CHF 186.1 million. Sales declined by 3.6%, or 2.7% excluding the disposal, to CHF 171.6 million. With last year's cost savings now taking hold, operating profit grew by 43.9% to CHF 9.5 million, lifting the EBIT margin from 3.7% to 5.5%. The very high levels of national debt in European countries and the extensive austerity measures announced by governments did not yet have a negative impact on business performance. The harsh and long 2009/2010 winter season boosted business with winter maintenance equipment. The division won a major contract to supply 88 salt spreaders and snow ploughs for the city of St. Petersburg, which is also a landmark for future success. Expansion of the manufacturing and assembly plant in Latvia, calling for total capital expenditure of around CHF 6 million, proceeded as planned. In the first half of the year, the welding shop for hoppers and chassis, previously procured mostly from local suppliers, was successfully put into operation. The turbulent currency markets had mixed impacts. While exports at the UK plant benefited from the favourable sterling exchange rate, profitability was weighed down by the high Swiss franc. However, the high proportion of purchases made in the euro zone mitigated this negative effect. On 1 May 2010, Bucher Municipal sold its project business for airport snow sweepers and Rolba snow blowers to Swiss-based Zaugg AG, allowing the division to focus its winter maintenance business on series-produced spreaders and snow ploughs, increasing its operational efficiency.

Bucher Hydraulics Last year's massive and abrupt slump in the component supply business for custom hydraulic system solutions was followed by an unexpectedly strong rebound in the first half of 2010 in the main markets of Europe and the USA, as well as Asia. With its ability to respond flexibly, the division capitalised on this turnabout. Order intake increased by 53.9% over the same period last year to CHF 206.8 million. Sales were up 13.0% or currency-adjusted 16.2% to CHF 193.1 million. Driven by the high capacity utilisation following the heavy downsizing last year and the volume growth, operating profit improved from CHF 10.4 million to CHF 24.1 million. Compared with a year ago, the EBIT margin doubled from 6.1% to a very healthy 12.5%. High growth rates were seen in most market segments, with particularly strong demand in the construction equipment and materials handling segments. The rapid and exceedingly vigorous upswing is probably connected, at least in part, with last year's destocking by customers. The strong demand had a disproportionately high impact on component suppliers and already led to the first shortages in the supply chain once again. With the sharp rise in orders, the division was able to stop short-time working except in Italy and Canada. Because of the uncertainty about real growth in demand without the necessary inventory rebuilding, Bucher Hydraulics primarily employed temporary manpower to cope with the increased volume.

Emhart Glass During the first half of 2010, the capital-intensive and late-cycle business with machinery for glass container manufacturing was still greatly affected by the downturn. Project activity remained weak as customers continued to defer capital spending decisions. Demand only picked up again somewhat towards the end of the first half of 2010, especially in Asia and China. Despite this difficult environment, Emhart Glass increased order intake by 3.0% or currency-adjusted 8.1% to CHF 139.1 million. Given the low order book at the start of the year, sales fell sharply by 29.5% to CHF 104.3 million. This decline was higher than expected and due both to the weak project activity and to customers' requests for deliveries to be postponed to the third quarter. At the same time, the restrained capital spending on new equipment had a positive impact on spare parts and service business. Operating performance was adversely affected by the very low capacity utilisation and provisions of

CHF 5.3 million for structural adjustments, resulting in an operating loss of CHF 7.8 million. The provisions were made to cover costs of relocating production of glass forming machines from Italy to the new assembly plant in Malaysia. The Italian manufacturing facility will be closed down at the end of the reporting year. In addition, purchasing of select components will be transferred from Europe to the Far East and also be based at the Malaysian facility. The plant in Malaysia is going to be extended in stages over the next two years. The state-of-the-art facility in Sweden for manufacturing complex and critical components will remain in Sweden and is going to be further modernised and expanded. These forward-looking measures will improve the division's competitiveness sustainably by enhancing cost structures and market proximity.

Bucher Specials Bucher Specials consists of the independent businesses for winemaking equipment, fruit juice processing equipment and sludge dewatering systems, as well as the Swiss distributorship for tractors and specialised agricultural machinery. The three businesses showed a mixed performance in the reporting period. The good performance in winemaking equipment and the Swiss distributorship for agricultural machinery more than compensated for the sharp slowdown in fruit juice equipment. Overall, Bucher Specials increased order intake by 7.1% or currency-adjusted 9.1% to CHF 101.4 million. Sales were down 7.8% on the same period last year at CHF 76.5 million. For seasonal reasons, an operating loss of CHF 1.6 million was posted. While winemaking equipment benefited greatly from the EU's subsidy programme and recorded high growth in order intake and sales, sales of fruit juice equipment remained well below the same period last year due to the elevated inventories of fruit juice concentrate worldwide and the customers' difficulties in obtaining financing. At the beginning of July, the acquisition of the operations of Eschenz-based Unipektin Engineering AG, a Swiss company specialised in fruit juice processing, was announced. The sludge dewatering unit secured an initial order, making a successful entry into industrial sludge dewatering applications, in addition to the previous municipal systems. The Swiss distributorship for agricultural machinery continued to enjoy strong demand. Preparations to take over the distribution of the Kuhn Group division's entire range of specialised agricultural machinery on 1 September 2010 have nearly been completed, and the Swiss network of dealers was specifically strengthened.

Outlook for 2010 The general economic climate remains unstable. Uncertainty surrounding the effects of high levels of national debt, turbulent currency exchange rates and rising raw material prices, whether driven by real demand or speculation, greatly limits the forecasting horizon and makes it difficult to predict business performance. Kuhn Group anticipates a rather difficult second half of the year with high competitive pressure and therefore expects this year's sales to be almost flat but with somewhat better operating profit, excluding the 2009 impairment charges. Bucher Municipal anticipates a slight slowdown in demand in the second half of the year and sales at approximately last year's level, with operating profit up year on year due to the elimination of the 2009 restructuring costs and excluding the Swiss distributorship for agricultural machinery. Without the 2009 impairment charges, Bucher Hydraulics expects a very significant increase in sales and operating profit. Emhart Glass should almost match last year's sales and still generate an operating profit despite restructuring costs. Bucher Specials anticipates that sales and operating profit will be at last year's level. Overall, the Group confirms the outlook for 2010 and expects sales, operating profit and net profit for the year to be in the region of last year, excluding the 2009 impairment charges of CHF 86 million.

Niederweningen, August 2010

Rolf Broglie
Chairman of the board

Philip Mosimann
Chief executive officer

Consolidated financial statements

Consolidated balance sheet at 30 June 2010

	CHF million		%		%		%
		30 June 2010		30 June 2009		31 December 2009	
Assets	**Current assets**						
	Cash and cash equivalents	373.1	18.5	150.6	6.8	437.2	20.6
	Short-term investments	60.6	3.0	68.3	3.1	68.0	3.2
	Trade receivables	395.8	19.5	500.4	22.7	405.2	19.1
	Current income tax assets	18.4	0.9	12.3	0.5	21.7	1.0
	Other receivables	70.2	3.5	66.0	3.0	42.0	2.0
	Inventories	472.2	23.4	621.1	28.2	485.2	22.8
	Total current assets	**1 390.3**	**68.8**	**1 418.7**	**64.3**	**1 459.3**	**68.7**
	Non-current assets						
	Long-term receivables	11.7	0.6	11.4	0.5	11.6	0.6
	Property, plant and equipment	388.5	19.2	418.9	19.0	408.5	19.2
	Intangible assets	150.8	7.5	267.9	12.1	164.7	7.7
	Other financial assets	41.5	2.1	45.3	2.1	43.3	2.0
	Investments in associates	8.2	0.4	8.3	0.4	7.7	0.4
	Deferred tax assets	28.8	1.4	35.6	1.6	29.4	1.4
	Total non-current assets	**629.5**	**31.2**	**787.4**	**35.7**	**665.2**	**31.3**
	Total assets	**2 019.8**	**100.0**	**2 206.1**	**100.0**	**2 124.5**	**100.0**
Liabilities	**Current liabilities**						
and equity	Financial liabilities	70.0	3.5	194.8	8.8	88.7	4.2
	Trade payables	211.9	10.5	232.2	10.5	189.6	8.9
	Advances from customers	80.3	4.0	98.8	4.5	165.0	7.8
	Current income tax liabilities	34.5	1.7	19.2	0.9	25.8	1.2
	Provisions	61.2	3.0	67.0	3.1	68.5	3.2
	Other payables	202.4	10.0	223.9	10.1	173.6	8.2
	Total current liabilities	**660.3**	**32.7**	**835.9**	**37.9**	**711.2**	**33.5**
	Non-current liabilities						
	Financial liabilities	519.4	25.7	391.9	17.7	534.6	25.1
	Provisions	13.9	0.7	17.1	0.8	14.9	0.7
	Other liabilities	2.5	0.1	4.3	0.2	4.4	0.2
	Deferred tax liabilities	44.9	2.2	57.1	2.6	48.5	2.3
	Retirement benefit obligations	17.2	0.9	21.7	1.0	18.4	0.9
	Total non-current liabilities	**597.9**	**29.6**	**492.1**	**22.3**	**620.8**	**29.2**
	Equity						
	Attributable to equity holders of Bucher Industries AG	751.7	37.2	868.0	39.3	780.9	36.8
	Attributable to minority interests	9.9	0.5	10.1	0.5	11.6	0.5
	Total equity	**761.6**	**37.7**	**878.1**	**39.8**	**792.5**	**37.3**
	Total liabilities and equity	**2 019.8**	**100.0**	**2 206.1**	**100.0**	**2 124.5**	**100.0**

Consolidated income statement for the six months ended 30 June 2010

CHF million	January – June 2010	%	January – June 2009	%
Net sales	**1 040.7**	**100.0**	**1 178.9**	**100.0**
Changes in inventories of finished goods and work in progress	14.8	1.4	– 31.5	– 2.7
Raw materials and consumables used	– 535.4	– 51.4	– 607.6	– 51.5
Employment costs	– 284.9	– 27.4	– 295.7	– 25.1
Other operating income	7.0	0.7	6.6	0.5
Other operating expenses	– 134.4	– 12.9	– 153.5	– 13.0
Operating profit before depreciation and amortisation (EBITDA)	**107.8**	**10.4**	**97.2**	**8.2**
Depreciation	– 28.9	– 2.8	– 30.3	– 2.6
Amortisation	– 7.7	– 0.8	– 8.2	– 0.6
Operating profit (EBIT)	**71.2**	**6.8**	**58.7**	**5.0**
Share of profit/(loss) of associates	0.5	–	– 0.5	–
Finance costs	– 12.4	– 1.1	– 9.5	– 0.8
Finance income	1.6	0.2	11.0	0.9
Profit before tax	**60.9**	**5.9**	**59.7**	**5.1**
Income tax expense	– 17.6	– 1.7	– 17.9	– 1.6
Profit for the period	**43.3**	**4.2**	**41.8**	**3.5**
Attributable to equity holders of Bucher Industries AG	43.1		41.9	
Attributable to minority interests	0.2		– 0.1	
Basic earnings per share in CHF	4.30		4.20	
Diluted earnings per share in CHF	4.30		4.20	

Consolidated statement of comprehensive income for the six months ended 30 June 2010

CHF million	January – June 2010	January – June 2009
Profit for the period	**43.3**	**41.8**
Net change in fair value reserve	0.7	0.1
Income tax	– 0.3	–
Transfer to income statement	– 5.4	– 5.0
Income tax	1.6	1.7
Net change in fair value reserve, net of tax	**– 3.4**	**– 3.2**
Net change in cash flow hedge reserve	– 0.8	–
Income tax	1.3	–
Net change in cash flow hedge reserve, net of tax	**0.5**	**–**
Net change in currency translation reserve	– 53.7	35.6
Other comprehensive income for the period, net of tax	**– 56.6**	**32.4**
Total comprehensive income for the period	**– 13.3**	**74.2**
Attributable to equity holders of Bucher Industries AG	– 12.4	74.1
Attributable to minority interests	– 0.9	0.1

Consolidated cash flow statement for the six months ended 30 June 2010

CHF million

	January – June 2010	January – June 2009
Cash flow from operating activities before changes in working capital and provisions	**92.5**	**74.2**
Change in provisions and retirement benefit obligations	– 1.4	– 2.2
Change in working capital	– 63.4	– 117.0
Net cash flow from operating activities	**27.7**	**– 45.0**
Purchases of property, plant and equipment	– 27.7	– 26.6
Proceeds from sale of property, plant and equipment	1.3	0.6
Purchases of intangible assets	– 0.2	– 0.5
Proceeds from sale of intangible assets	–	0.1
Purchases of short-term investments and financial assets	– 2.2	– 3.0
Proceeds from sale of short-term investments and financial assets	2.5	37.6
Acquisition of subsidiaries	–	– 170.9
Disposals	3.5	–
Net cash flow from investing activities	**– 22.8**	**– 162.7**
Change in treasury shares	0.2	0.3
Proceeds from long-term financial liabilities	1.2	208.1
Repayment of long-term financial liabilities	– 11.8	– 49.6
Proceeds from short-term financial liabilities	3.8	112.7
Repayment of short-term financial liabilities	– 21.0	– 4.7
Dividend paid	– 20.8	– 45.2
Net cash flow from financing activities	**– 48.4**	**221.6**
Effect of exchange rate changes	– 20.6	4.1
Net change in cash and cash equivalents	**– 64.1**	**18.0**
Cash and cash equivalents at 1 January	437.2	132.6
Cash and cash equivalents at 30 June	**373.1**	**150.6**

Operating free cash flow/free cash flow

CHF million

	January – June 2010	January – June 2009
Net cash flow from operating activities	**27.7**	**– 45.0**
Purchases of property, plant and equipment	– 27.7	– 26.6
Proceeds from sale of property, plant and equipment	1.3	0.6
Purchases of intangible assets	– 0.2	– 0.5
Proceeds from sale of intangible assets	–	0.1
Operating free cash flow	**1.1**	**– 71.4**
Purchases of short-term investments and financial assets	– 2.2	– 3.0
Proceeds from sale of short-term investments and financial assets	2.5	37.6
Dividend paid	– 20.8	– 45.2
Acquisition of subsidiaries	–	– 170.9
Disposals	3.5	–
Free cash flow	**– 15.9**	**– 252.9**

Consolidated statement of changes in equity for the six months ended 30 June 2010

CHF million	Share capital	Retained earnings	Treasury shares	Currency translation reserve	Fair value reserve	Cash flow hedge reserve	Attributable to equity holders of Bucher Industries AG	Minority interests	Total equity
Balance at 1 January 2009	**2.1**	**979.0**	**–27.8**	**–128.7**	**11.2**		**835.8**	**10.3**	**846.1**
Profit for the period		41.9					41.9	–0.1	**41.8**
Other comprehensive income for the period				35.4	–3.2		32.2	0.2	**32.4**
Total comprehensive income for the period		**41.9**		**35.4**	**–3.2**		**74.1**	**0.1**	**74.2**
Change in treasury shares		2.3	0.7				3.0		**3.0**
Dividend		–44.9					–44.9	–0.3	**–45.2**
Balance at 30 June 2009	**2.1**	**978.3**	**–27.1**	**–93.3**	**8.0**		**868.0**	**10.1**	**878.1**
Balance at 1 January 2010	**2.1**	**912.2**	**–26.5**	**–116.7**	**9.8**		**780.9**	**11.6**	**792.5**
Profit for the period		43.1					43.1	0.2	**43.3**
Other comprehensive income for the period				–52.6	–3.4	0.5	–55.5	–1.1	**–56.6**
Total comprehensive income for the period		**43.1**		**–52.6**	**–3.4**	**0.5**	**–12.4**	**–0.9**	**–13.3**
Change in treasury shares		2.2	1.0				3.2		**3.2**
Dividend		–20.0					–20.0	–0.8	**–20.8**
Balance at 30 June 2010	**2.1**	**937.5**	**–25.5**	**–169.3**	**6.4**	**0.5**	**751.7**	**9.9**	**761.6**

Foreign currency exchange rates

	Income statement average rates		Balance sheet closing rates	
	January – June 2010	**January – June 2009**	**30 June 2010**	**30 June 2009**
1 EUR	1.4324	1.5025	1.3283	1.5265
1 GBP	1.6509	1.6737	1.6249	1.7915
1 USD	1.0762	1.1182	1.0825	1.0800
1 BRL	0.6005	0.5082	0.6015	0.5557
1 AUD	0.9565	0.7960	0.9222	0.8794
100 SEK	14.6000	13.8400	13.9400	14.1200

Notes to the consolidated financial statements

Financial position and results of operations The first half of 2010 saw encouraging growth in demand in all the main sectors in which Bucher Industries operates. Order intake reached CHF 1 010.0 million, up 23.3% or currency-adjusted 26.1% over the low level in the same six months last year. As expected, this good trend was not yet reflected in sales. Sales came in at CHF 1 040.7 million, down 11.7% from the year-ago period or 9.6% excluding the effect of currency movements and the slight 0.1% impact of the disposal. Much of this decrease was due to the low order book going into the current year. The negative currency impact of 2.0% on sales was attributable to the various changes in the average exchange rates of the EUR (down 4.7%), USD (down 3.8%) and GBP (down 1.4%) against the Swiss franc. EBITDA improved by 10.9% to CHF 107.8 million (six months ended 30 June 2009: CHF 97.2 million), raising the EBITDA margin by 2.2 percentage points to 10.4%. EBIT grew by CHF 12.5 million to CHF 71.2 million to represent an EBIT margin of 6.8% (5.0%). This can mainly be ascribed to last year's cost-reduction measures, which were largely completed, and the rebound in order volume. Finance income of CHF 1.6 million (CHF 11.0 million) primarily resulted from gains realised on securities and mostly unrealised foreign exchange losses on valuations and hedges. Finance costs of CHF 12.4 million (CHF 9.5 million) largely consisted of interest expense on the bond issue, US private placements and drawn credit facilities. Income tax expense was accrued using the average effective tax rates for the current financial year and amounted to CHF 17.6 million for the first half of 2010 (CHF 17.9 million). The tax rate was 28.9% (30.0%). The Group's profit of CHF 43.3 million for the period (CHF 41.8 million) represented 4.2% (3.5%) of net sales. Net operating assets decreased by CHF 334.8 million compared with the year-ago period and were only negligibly higher than at the year end (CHF 897.1 million) at CHF 897.5 million. This positive trend since the beginning of the year was mainly driven by successful receivables and inventory management, coupled with the low translation rates for the main currencies. Net debt improved by CHF 212.1 million compared with the same period last year and increased only slightly by CHF 37.6 million compared with the year end to CHF 155.7 million despite the adverse seasonal factors. Equity decreased by CHF 30.9 million to CHF 761.6 million in the first half of 2010. At CHF 43.3 million, net profit generated for the period was exceeded by foreign exchange losses of CHF 52.6 million on translation of foreign subsidiaries' equity. The equity ratio was slightly up on the end of 2009 at 37.7%. The ratio of long-term debt to total debt was 88.1% (30 June 2009: 66.8%, 31 December 2009: 85.8%). The first CHF 53.3 million tranche of the US private placements will fall due for repayment in December 2010. Intangible assets amounted to CHF 150.8 million, of which goodwill accounted for CHF 59.9 million. Goodwill represented 7.9% of equity (30 June 2009: 16.5%). Capital expenditure totalled CHF 27.9 million, remaining at the low year-ago level, while operating free cash flow improved by CHF 72.5 million to positive CHF 1.1 million.

Group accounting policies The unaudited financial statements for the six months ended 30 June 2010 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 2009 (page 76 ff.) have been applied consistently in preparing the interim report, except for the adoption of the policy described below and new or revised standards and interpretations published by the International Accounting Standards Board (IASB) and adopted by Bucher Industries for the 2010 financial year.

Derivative financial instruments Bucher Industries has applied hedge accounting to some transactions for the first time at 30 June 2010 to hedge future cash flows in accordance with IAS 39. At the inception of the hedge, group treasury designates and documents the transactions classified as hedge accounting and for which hedging is undertaken. The documentation includes the risk management objectives and strategy, the nature of the hedging relationship, the risk being hedged, identification of the hedging instrument and hedged transaction and a description of the method used to measure effectiveness. Hedging relationships are assessed on a regular basis to determine that they have been effective throughout the financial reporting periods for which they are designated. The effective portion of these instruments is recognised in equity, while the ineffective portion is recognised in the income statement. Amounts accumulated in equity are transferred to the income statement when the underlying transaction occurs or is no longer expected to occur.

The table below gives an overview of the impact of the standards and interpretations on the consolidated financial statements of Bucher Industries.

Standard/Interpretation		Impact
Revised standards		
IFRS 1	First-time Adoption of IFRS: revised and restructured	1
IFRS 2	Share-based Payment: amendments relating to group cash-settled share-based payment transactions	1
Various	Annual Improvements to IFRSs	1
New interpretations		
IFRIC 17	Distributions of Non-cash Assets to Owners	1
IFRIC 18	Transfers of Assets from Customers	1

[1] Adoption has not had a significant impact on the consolidated financial statements.

The IASB has published the following new and revised standards and interpretations that will be mandatory for financial years beginning in 2011 or later and have not yet been adopted 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.

Standard / Interpretation		Estimated impact
New standards		
IFRS 9	Financial Instruments: Classification and Measurement	2
Revised standards		
IAS 24	Related Party Disclosures: State-controlled Entities	1
IAS 32	Financial Instruments, Presentation: amendments relating to the classification of rights issues	1
Various	Annual Improvements to IFRSs	2
New interpretations		
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1

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.

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 2009. Income tax expense is accrued using the average effective tax rates for the current financial year.

Segment information The Group put a new management structure in place from 1 January 2010. The Group now comprises four specialised divisions and one segment consisting of several independent businesses. All businesses operate in industrially related areas of mechanical and vehicle engineering. Although they are technologically related, the segments are quite distinct from each other in terms of products and sales markets. Responsibility for the management and performance of the segments is therefore decentralised. The following summary describes the operations of each of the reportable segments:

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

Bucher Municipal holds the largest share of the European sweeper market, 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 for winemaking equipment, fruit juice processing equipment and sludge dewatering systems, as well as the Swiss distributorship for tractors and specialised agricultural machinery.

CHF million	Net sales January–June		Operating profit (EBIT) January–June		Operating assets at 30 June	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Kuhn Group	497.2	600.8	44.9	41.3	651.1	888.2
Bucher Municipal	171.6	178.1	9.5	6.6	217.6	240.8
Bucher Hydraulics	193.1	170.9	24.1	10.4	254.4	308.0
Emhart Glass	104.3	147.9	–7.8	5.6	220.9	279.5
Bucher Specials	76.5	83.0	–1.6	0.3	116.4	148.8
Total for reportable segments	**1 042.7**	**1 180.7**	**69.1**	**64.2**	**1 460.4**	**1 865.3**
Other/consolidation	–2.0	–1.8	2.1	–5.5	31.1	22.0
Group total	**1 040.7**	**1 178.9**	**71.2**	**58.7**	**1 491.5**	**1 887.3**

Due to the new management structure, the Swiss distributorship for tractors and agricultural machinery is now reported in the Bucher Specials segment and no longer included in the Bucher Municipal division. Prior year figures have been reclassified for comparability. The performance of each of the divisions and the Bucher Specials segment is evaluated based on 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-company transactions. The associate is held by the holding company and not allocated to any segment. Inter-segment sales amounted to CHF 0.1 million for Bucher Municipal and CHF 1.9 million for Bucher Hydraulics. 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.

On 1 May 2010, Bucher Municipal sold its project business for airport snow sweepers and Rolba snow blowers. The transaction covered inventories and the rights to use customer data, the Rolba brand name and engineering drawings. No other assets or liabilities were transferred to the purchaser. Projects commenced before the date of the transaction are being continued by Bucher Municipal until their completion.

A reconciliation of segment results to group profit before tax is provided below:

CHF million	Profit for the period	
	January – June 2010	**January – June 2009**
Segment operating profit	69.1	64.2
Profit/(loss) of holding and finance companies	2.1	– 5.5
Group operating profit	**71.2**	**58.7**
Share of profit/(loss) of associates	0.5	– 0.5
Finance costs	– 12.4	– 9.5
Finance income	1.6	11.0
Profit before tax	**60.9**	**59.7**

Interest-bearing financial liabilities The Group capitalised on the good financial position in the first half of 2010 to reduce credit facilities arranged last year and financial liabilities. The committed syndicated loan was decreased to CHF 325 million (2009: CHF 375 million), and bank loans of CHF 25.9 million were repaid. The financial covenants are reviewed every six months. All terms of credit were complied with at the reporting date on 30 June 2010.

Events after the reporting period On 2 July 2010, the Group announced the planned acquisition of the net assets of the engineering business of Eschenz-based Unipektin AG (Switzerland) and 100% of the shares of its Chinese sales and assembly company, Unipektin Equipment Co. Ltd., Beijing. The transaction was completed on 2 August 2010. The engineering business is engaged in planning, supply and assembly of evaporation, adsorption and filtration machinery for fruit and vegetable juice, fruit purées and milk. Sales for 2009, generated with 26 employees, were well below the long-time average at CHF 7 million because of the financial and economic crisis and the ensuing absence of major projects. After completion of the acquisition, these operations were integrated into Bucher Processtech AG, Niederweningen (Bucher Specials). Bucher Processtech AG will be renamed Bucher Unipektin AG.

No other 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 2010.

Financial calendar

Release of third quarter 2010 group sales	27 October 2010	
Release of 2010 group sales	2 February 2011	
Annual press conference	16 March 2011	9.00 am
Annual analyst conference	16 March 2011	2.30 pm
Mailing of annual report 2010	25 March 2011	
Annual general meeting (Mövenpick Hotel, Regensdorf)	14 April 2011	4.00 pm
First trading date ex-dividend	18 April 2011	
Dividend payment	21 April 2011	
Release of first quarter 2011 group sales	28 April 2011	
Interim report 2011	9 August 2011	
Release of third quarter 2011 group sales	27 October 2011	

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