Financial contents

Group financial review 2010

Recovery in the markets Following the severe economic downturn a year earlier, most of the main markets in which Bucher Industries operates took a turn for the better in 2010. While the North American and Asian markets already picked up at the beginning of the financial year, the recovery was slower to take hold in Europe and the southern hemisphere. The sharp currency fluctuations with the extreme weakness of the euro and US dollar against the Swiss franc and Swedish krona significantly weighed on the Group's results in Swiss francs. Supported by the action plans put in place to cut costs and maintain liquidity, coupled with a balanced capital investment policy, the Group succeeded in weathering the financial crisis well. Bucher Industries achieved a marked improvement in profitability and posted a net cash position for the reporting year. Sales were only slightly down year on year.

The negative movements in the main currencies, the euro, US dollar and British pound, against the Swiss franc weighed significantly on sales and operating profit. The average EUR/CHF, USD/CHF and GBP/CHF exchange rates used for the income statement fell by 8.4%, 4.0% and 4.7% respectively, while the SEK/CHF rate rose slightly by 1.5%. The rates used to translate the balance sheet were lower by 15.7% for the EUR/CHF, 9.1% for the USD/CHF, 13.0% for the GBP/CHF and 3.6% for the SEK/CHF.

Changes within the Group Bucher Industries continued to attach high priority to developing its businesses last year. On 1 May 2010, the Bucher Municipal division sold the project business for airport snow sweepers and Rolba snow blowers. On 2 August 2010, the operations of Unipektin Engineering AG based in Eschenz, Switzerland, a company specialised in fruit juice processing, were acquired and combined with the Swiss fruit juice extraction equipment business. The company is continuing to operate under the new name of Bucher Unipektin AG as one of the independent businesses grouped in Bucher Specials. January 2011 brought the announcements of the acquisition of a 24.24% interest in Rauch Landmaschinenfabrik GmbH, Sinzheim, Germany, by the Kuhn Group division and the purchase of Sutter wine presses, together with the global spare parts and service business, from the Swiss-based Filtrox Group, St. Gallen, within Bucher Specials.

Order intake up by 23% Order intake rose by 23.3% to CHF 2 216.5 million, an increase of 30.4% excluding the effect of foreign currency translation. All operations recorded an improvement in order intake. Sales for 2010 were down 5.1% to CHF 2 033.7 million from the previous year's figure of CHF 2 142.1 million, but improved slightly year on year excluding the impact of foreign currency translation and adjusted for the acquisition and disposal. The acquisition and disposal had a marginal effect of 0.3%, whereas adverse currency movements had a negative impact of 5.2% on sales. Compared with the previous year's very low level, the order book grew by 30.7% from CHF 507.3 million to CHF 663.0 million, up 38.4% excluding the impact of foreign currency translation and adjusted for the acquisition and disposal. The Group's order backlog represented 3.9 months's work based on 2010 full-year sales (2009: 2.8 months).

Net sales

CHF million	2010	2009	% change
Net sales	2 033.7	2 142.1	– 5.1%
Net sales adjusted for currencies	2 145.0	2 142.1	0.1%
Net sales adjusted for acquisitions and disposals	2 030.1	2 132.2	– 4.8%
Net sales adjusted for currencies, acquisitions and disposals	2 141.4	2 132.2	0.4%

Higher profitability As a result of the measures to cut costs and optimise structures put in place in the previous year and early in the reporting year, the EBIT margin improved to 7.4%, compared to 5.2% before impairment charges a year earlier. Operating profit was adversely affected by restructuring costs of approximately CHF 5 million for structural optimisation in the Emhart Glass division. The Group's EBITDA rose by 18.0% to CHF 223.9 million, representing an EBITDA margin of 11.0% (2009: 8.9%). Foreign currency movements had different impacts on the various businesses and their cost structures. While companies in the euro zone saw their exports benefit, the companies based in Switzerland and Sweden were only able to pass on a portion of the higher costs to sales prices. The measures already taken a year earlier significantly helped to improve the cost structure. In addition, other operating expenses were reduced further and represented 13.0% (13.2%) of sales. Compared with the year-earlier figure before one-off impairment charges, EBIT increased by 35.6% to CHF 151.4 million. The annual impairment testing of intangible assets did not indicate any need for an impairment charge in 2010 (CHF 85.9 million).

Improvement in net financial items Net financial items improved by CHF 8.0 million to negative CHF 10.8 million. Net interest expense changed from negative CHF 16.4 million to negative CHF 17.5 million due to higher financing costs for the CHF 200 million bond. The net gain on short-term investments was CHF 3.7 million higher year on year at CHF 10.9 million. Changes in the fair value of financial instruments recognised in the fair value reserve in equity decreased by CHF 4.8 million to CHF 5.0 million. Foreign exchange gains and losses netted to a loss of CHF 1.5 million (2009: loss of CHF 6.5 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 11.7 million have been recognised in operating profit (EBIT). The Group's share of profit/(loss) of associates was a profit of CHF 0.5 million (loss of CHF 1.2 million).

Net financial items

CHF million	2010	2009
Interest expense	– 19.9	– 18.4
Interest income	2.4	2.0
Net interest expense	**– 17.5**	**– 16.4**
Net gain on short-term investments	10.9	7.2
Foreign exchange gains and losses	– 1.5	– 6.5
Share of profit/(loss) of associates	0.5	– 1.2
Other financial items	– 3.2	– 1.9
Net financial items	**– 10.8**	**– 18.8**

Tax rate and profit for the year Income tax expense rose from CHF 31.4 million to CHF 42.9 million due to the improvement in profit before tax. The tax rate was 30.5% compared to 33.8% a year earlier (excluding the non-tax-deductible goodwill impairment charges of CHF 85.9 million recognised in 2009). Group profit for the year reached CHF 97.7 million, an increase of 58.9% over the previous year's profit before one-off impairment charges. The return on sales was 4.8% (2009: 2.9%). Based on the higher profit for the year and a slightly higher average number of shares outstanding, earnings per share amounted to CHF 9.53, compared with a loss per share of CHF 2.60 in the previous year.

Streamlined balance sheet structure Even during the economic rebound, great emphasis was placed on highly disciplined spending and on reducing net operating assets and, in particular, working capital. Strict receivables management and consistent inventory management, along with lower foreign exchange rates, led to a decrease of CHF 106.2 million in receivables and inventories. Net operating assets amounted to CHF 708.5 million against CHF 897.1 million a year earlier. Given the uncertainty still surrounding the economic recovery, the volume of capital expenditure was only increased slightly year on year to CHF 65.8 million (2009: CHF 58.5 million). The most important single projects were the completion of the new Bucher Hydraulics production unit in Neuheim, Switzerland, the purchase of building land to further expand Johnston Sweepers, UK, and capital investments to enlarge the capacities of Kuhn-Huard, France, and Kuhn Farm Machinery, Australia.

Due to the Group's good financial position, borrowings were reduced by CHF 27.8 million, and the first CHF 53.3 million tranche of the US private placement was repaid on 10 December 2010. Once again, the Group achieved a high operating free cash flow of CHF 201.9 million against CHF 182.5 million a year earlier. Including the acquisition and disposal as well as the dividend of CHF 20.9 million, free cash flow reached a very high level of CHF 180.8 million (2009: CHF 0.7 million). At the end of the reporting year, the Group posted net cash of CHF 19.0 million, compared with net debt of CHF 118.1 million in the previous year. Mainly for seasonal reasons, it had still reported net debt of CHF 155.7 million at 30 June 2010. In view of the Group's high liquidity, undrawn committed credit facilities were reduced from CHF 440 million to CHF 365 million.

Intangible assets amounted to CHF 135.4 million at the end of 2010 (2009: CHF 164.7 million). Goodwill decreased from CHF 60.2 million to CHF 53.4 million due to the impact of foreign currency translation. The annual impairment tests of intangible assets were based on the cash flow projections of the individual cash-generating units (CGUs). Given the cautiously optimistic outlook for the years ahead, the impairment test did not indicate any need for an impairment charge in 2010 (CHF 85.9 million). The ratio of intangible assets to equity was 18.1%, while that of goodwill to equity was 7.1% (20.8% and 7.6% respectively).

Equity declined by CHF 44.8 million to CHF 747.7 million at 31 December 2010. The profit of CHF 97.7 million for the year was exceeded by foreign exchange losses of CHF 122.7 million (2009: gains of CHF 12.0 million) on translation of foreign subsidiaries' equity. The dividend amounted to CHF 20.9 million. The equity ratio rose slightly from 37.3% to 37.7%, and the return on equity was 12.7% (negative 3.0%). At the year end, the Group had cash and liquid assets of CHF 548.4 million and financial liabilities of CHF 529.4 million. If cash and liquid assets were used to repay financial liabilities of CHF 330 million, thus reducing the balance sheet total, the equity ratio would be about 45%.

Return on net operating assets (RONOA) after tax

CHF million

	2010	2009
Trade receivables	343.2	405.2
Inventories	451.3	485.2
Property, plant and equipment	366.1	408.5
Intangible assets	135.4	164.7
Other receivables	64.1	74.4
Trade payables	– 203.1	– 189.6
Advances from customers	– 175.9	– 165.0
Other payables	– 205.9	– 202.9
Provisions	– 66.7	– 83.4
Net operating assets (NOA)	**708.5**	**897.1**
Net operating assets (NOA), average	849.2	1 114.1
Operating profit (EBIT)	**151.4**	**25.8**
Return on net operating assets after tax (RONOA)	**12.4%**	**1.5%**

Cash flow/free cash flow

CHF million

	2010	2009
Net cash flow from operating activities	**260.3**	**238.9**
Purchases of property, plant and equipment	– 61.1	– 57.0
Proceeds from sale of property, plant and equipment	7.4	2.1
Purchases of intangible assets	– 4.7	– 1.5
Operating free cash flow	**201.9**	**182.5**
Purchases of short-term investments and financial assets	– 52.9	– 4.0
Proceeds from sale of short-term investments and financial assets	48.4	40.3
Dividend paid	– 20.9	– 45.2
Acquisition of subsidiaries	– 0.6	– 172.9
Disposal of subsidiaries	4.9	–
Free cash flow	**180.8**	**0.7**

Employee numbers The number of employees grew by 10.0% year on year to 7 899 full-time equivalents at the reporting date. Excluding the acquisition, this was an increase of 695 full-time equivalents or 9.7%. The average for the year was 0.3% higher, up 0.2% excluding the acquisition. Most of the growth in the workforce consisted of temporary employees in order to cope with seasonal fluctuations and maintain the necessary flexibility should the business volume change. With the 5.1% decline in group sales, net sales per employee dropped by 5.3% to CHF 266 200. In local currencies, net sales per employee remained unchanged.

Selected financial data

	2010	2009
Net tangible worth (equity less goodwill) in CHF million	694.3	732.3
Gearing ratio (net debt to equity)	–2.5%	14.9%
Return on equity (ROE)	12.7%	–3.0%
Interest coverage ratio (EBITDA to net interest expense)	12.8	11.6
Debt payback period (net debt to EBITDA)	–0.1	0.6

Registered shares In a volatile stock market, Bucher's share price performed well, especially since mid-2010, and improved from CHF 112.30 to CHF 174.70 during the reporting year. Its 52-week high was CHF 175.00 with a 52-week low of CHF 111.60. The company's market capitalisation stood at CHF 1.8 billion at the year end, representing a price/book ratio of 2.5. Earnings per share reached CHF 9.53 against a loss per share of CHF 2.60 a year earlier. Compared with the previous year's earnings per share of CHF 5.99 before one-off impairment charges, the increase was 59.1%. In view of the Group's profit for the year, the outlook for 2011 and a consistent dividend policy, the board of directors proposes that the annual general meeting on 14 April 2011 approve payment of a dividend of CHF 3.00 per registered share (2009: CHF 2.00). Based on the average share price of CHF 136.00 for 2010, the board's proposal represents a dividend yield of 2.2% (1.9%).

Consolidated balance sheet at 31 December 2010

	CHF million	Note	2010	%	2009	%
Assets	Cash and cash equivalents		484.3	24.4	437.2	20.6
	Short-term investments	3	64.1	3.2	68.0	3.2
	Trade receivables	4	343.2	17.3	405.2	19.1
	Current income tax assets		9.0	0.5	21.7	1.0
	Other receivables	4	49.6	2.5	42.0	2.0
	Inventories	5	451.3	22.7	485.2	22.8
	Current assets		**1 401.5**	**70.6**	**1 459.3**	**68.7**
	Long-term receivables	4	9.5	0.5	11.6	0.6
	Property, plant and equipment	6	366.1	18.4	408.5	19.2
	Intangible assets	7	135.4	6.8	164.7	7.7
	Other financial assets	8	38.6	2.0	43.3	2.0
	Investments in associates	9	8.2	0.4	7.7	0.4
	Deferred income tax assets	24	25.6	1.3	29.4	1.4
	Non-current assets		**583.4**	**29.4**	**665.2**	**31.3**
	Assets		**1 984.9**	**100.0**	**2 124.5**	**100.0**
Liabilities and equity	Financial liabilities	10	10.2	0.5	88.7	4.2
	Trade payables		203.1	10.2	189.6	8.9
	Advances from customers		175.9	8.9	165.0	7.8
	Current income tax liabilities		34.4	1.7	25.8	1.2
	Provisions	11	53.8	2.7	68.5	3.2
	Other payables	12	168.6	8.5	173.6	8.2
	Current liabilities		**646.0**	**32.5**	**711.2**	**33.5**
	Financial liabilities	10	519.2	26.2	534.6	25.1
	Provisions	11	12.9	0.7	14.9	0.7
	Other liabilities	12	4.3	0.2	4.4	0.2
	Deferred income tax liabilities	24	38.7	1.9	48.5	2.3
	Retirement benefit obligations	26	16.1	0.8	18.4	0.9
	Non-current liabilities		**591.2**	**29.8**	**620.8**	**29.2**
	Attributable to owners of Bucher Industries AG		736.6	37.1	780.9	36.8
	Attributable to non-controlling interests		11.1	0.6	11.6	0.5
	Equity		**747.7**	**37.7**	**792.5**	**37.3**
	Liabilities and equity		**1 984.9**	**100.0**	**2 124.5**	**100.0**

Consolidated income statement for the year ended 31 December 2010

CHF million	Note	2010	%	2009	%
Net sales	1	**2 033.7**	**100.0**	**2 142.1**	**100.0**
Changes in inventories of finished goods and work in progress		10.1	0.5	−120.9	−5.6
Raw materials and consumables used	17	−1 039.5	−51.1	−1 038.1	−48.4
Employment costs	18	−542.1	−26.7	−536.0	−25.0
Other operating income	19	26.6	1.3	25.4	1.1
Other operating expenses	20	−264.9	−13.0	−282.8	−13.2
Operating profit before depreciation and amortisation (EBITDA)		**223.9**	**11.0**	**189.7**	**8.9**
Depreciation	6	−56.8	−2.8	−61.1	−2.9
Amortisation	7	−15.7	−0.8	−16.9	−0.8
Impairment	7	–	–	−85.9	−4.0
Operating profit (EBIT)		**151.4**	**7.4**	**25.8**	**1.2**
Share of profit/(loss) of associates	9	0.5	–	−1.2	−0.1
Finance costs	22	−23.3	−1.1	−20.6	−1.0
Finance income	23	12.0	0.6	3.0	0.2
Profit before tax		**140.6**	**6.9**	**7.0**	**0.3**
Income tax expense	24	−42.9	−2.1	−31.4	−1.5
Profit/(loss) for the year		**97.7**	**4.8**	**−24.4**	**−1.2**
Attributable to owners of Bucher Industries AG		95.4		−26.0	
Attributable to non-controlling interests		2.3		1.6	
Basic earnings per share in CHF	25	9.53		−2.60	
Diluted earnings per share in CHF	25	9.51		−2.60	

Consolidated statement of comprehensive income for the year ended 31 December 2010

CHF million	2010	2009
Profit/(loss) for the year	**97.7**	**–24.4**
Net change in fair value reserve	3.0	3.0
Income tax	–1.1	–1.0
Transfer to income statement	–9.8	–5.1
Income tax	3.1	1.7
Net change in fair value reserve, net of tax	**–4.8**	**–1.4**
Net change in cash flow hedge reserve	1.1	–
Income tax	–	–
Transfer to income statement	–1.1	–
Net change in cash flow hedge reserve, net of tax	**–**	**–**
Net change in currency translation reserve	–122.7	12.0
Other comprehensive income for the year, net of tax	**–127.5**	**10.6**
Total comprehensive income for the year	**–29.8**	**–13.8**
Attributable to owners of Bucher Industries AG	–30.2	–15.4
Attributable to non-controlling interests	0.4	1.6

Consolidated cash flow statement for the year ended 31 December 2010

CHF million	Note	2010	2009
Profit/(loss) for the year		**97.7**	**–24.4**
Adjustments for:			
Income tax expense	24	42.9	31.4
Depreciation and amortisation	6, 7	72.5	78.0
Impairment	7	–	85.9
Proceeds from disposal of subsidiaries	2	–0.5	–
Share of profit/(loss) of associates	9	–0.5	1.2
Gain on sale of non-current assets		–0.4	–0.5
Gain on sale of short-term investments and financial assets		–9.8	–6.3
Net interest expense		17.5	16.4
Interest received		2.2	1.8
Interest paid		–18.9	–15.4
Income tax paid		–24.7	–36.2
Other operating cash flow items		6.5	6.4
Cash flow from operating activities before changes in working capital and provisions		**184.5**	**138.3**
Change in provisions and retirement benefit obligations		–5.7	–3.9
Change in working capital	14	81.5	104.5
Net cash flow from operating activities		**260.3**	**238.9**
Purchases of property, plant and equipment	6	–61.1	–57.0
Proceeds from sale of property, plant and equipment		7.4	2.1
Purchases of intangible assets	7	–4.7	–1.5
Purchases of short-term investments and financial assets		–52.9	–4.0
Proceeds from sale of short-term investments and financial assets		48.4	40.3
Acquisition of subsidiaries	2	–0.6	–172.9
Disposal of subsidiaries	2	4.9	–
Net cash flow from investing activities		**–58.6**	**–193.0**
Change in treasury shares		1.3	0.8
Proceeds from long-term financial liabilities		4.6	356.2
Repayment of long-term financial liabilities		–13.5	–3.3
Proceeds from short-term financial liabilities		2.4	4.5
Repayment of short-term financial liabilities		–78.8	–55.2
Dividend paid		–20.9	–45.2
Net cash flow from financing activities		**–104.9**	**257.8**
Effect of exchange rate changes		–49.7	0.9
Net change in cash and cash equivalents		**47.1**	**304.6**
Cash and cash equivalents at 1 January		437.2	132.6
Cash and cash equivalents at 31 December		**484.3**	**437.2**

Consolidated statement of changes in equity for the year ended 31 December 2010

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 2009	**2.1**	**979.0**	**−27.8**	**−128.7**	**11.2**	**–**	**835.8**	**10.3**	**846.1**
Profit/(loss) for the year		−26.0					−26.0	1.6	**−24.4**
Other comprehensive income for the year				12.0	−1.4	–	10.6		**10.6**
Total comprehensive income for the year		**−26.0**		**12.0**	**−1.4**	**–**	**−15.4**	**1.6**	**−13.8**
Change in treasury shares		4.1	1.3				5.4		**5.4**
Dividend		−44.9					−44.9	−0.3	**−45.2**
Balance at 31 December 2009	**2.1**	**912.2**	**−26.5**	**−116.7**	**9.8**	**–**	**780.9**	**11.6**	**792.5**
Profit 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**
Change in treasury shares		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**

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); winemaking equipment, systems and equipment for processing fruit juice, drying food and dewatering municipal and industrial sludge, as well as the Swiss distributorship for tractors and specialised agricultural machinery (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 2010 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: revised and restructured	1 January 2010	1
IFRS 2	Share-based Payment: amendments relating to group cash-settled share-based payment transactions	1 January 2010	1
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009	1
	Various Annual Improvements to IFRSs	1 January 2010	1
New interpretations			
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	1
IFRIC 18	Transfers of Assets from Customers	1 January 2010	1

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

IAS 39 provides clarification on hedge accounting issues relating to the treatment of inflation in a financial hedged item and a one-sided risk in a hedged item.

Future standards not yet adopted 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 been early 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 of Bucher Industries.

Standard/Interpretation		Effective date	Planned application	Estimated impact
New standard				
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013	2013	3
Revised standards				
IFRS 1	First-time Adoption of IFRS: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010	n.a.	1
IAS 24	Related Party Disclosures: State-controlled Entities	1 January 2011	2011	2
IAS 32/IAS 1	Financial Instruments, Presentation: amendments relating to the classification of rights issues	1 February 2011	2011	1
	Various Annual Improvements to IFRSs	1 January 2011	2011	2
New interpretations				
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	2011	1
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	2011	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.
3 The impact on the consolidated financial statements will be presented in the annual report 2011.

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 forecasted. 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.

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 primarily for temporary differences and, in specific cases, also for tax losses carried forward to the extent that the realisation of the related tax benefit is probable. This means that 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 24.

Provisions Provisions are made 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.

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 26.

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 purchase method of accounting is used to account for the acquisition of businesses. 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. Where non-controlling interests in a fully consolidated subsidiary are acquired, the difference between the consideration paid and the carrying amount of the non-controlling interests is recorded directly in retained earnings. 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. Significant influence is presumed to exist when Bucher Industries holds between 20% and 50% of the voting rights, directly or indirectly. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Under this method, the Group recognises its share of the entity's net profit as the share of profit or loss of associates and its share of the entity's net assets as investments in associates. Any goodwill on investments in associates is included in the carrying amount of the associate. An impairment loss is recognised if there is evidence of permanent impairment.

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). Exchange differences arising on consolidation are recognised in equity (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 fair value gains and losses recognised in the income statement. Exceptions are transactions designated for hedge accounting where gains and losses are recognised in equity (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 for trading 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 held for trading. 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.

Held for trading 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 equity (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 equity (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, fixed term deposits with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within financial liabilities under liabilities. 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 applied hedge accounting in accordance with IAS 39 for the first time at 30 June 2010 as a measure to hedge expected future cash flows. Cash flow hedges were used to hedge selected transactions. 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 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, together with the method used to measure effectiveness. Hedging relationships are assessed on a regular basis to determine that they have been effective throughout the entire period for which they have been designated. The effective portion of changes in the fair value of hedging instruments is recognised in equity (other comprehensive income), while any ineffective portion is recognised in the income statement. Amounts accumulated in other comprehensive income are transferred to the income statement when the hedged transaction is recognised or is no longer expected to occur.

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. 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 take more than one year to complete are capitalised. 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. Borrowing costs related to non-qualifying assets are expensed directly in the period they occur.

Discontinued operations and non-current assets held for sale Classification as a discontinued operation occurs when the sale of an operation is highly probable or when the operation meets the criteria in IFRS 5 for classification as held for sale, if earlier. 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.

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.

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.

Income tax expense 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 equity (other comprehensive income). In this case, the tax is also recognised in equity (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. Furthermore, provision is made for additional income taxes that arise from the distribution of retained profits by foreign entities if such distributions are currently planned or the dividends are subject to tax. Under the exemption in IAS 12, temporary differences are not provided for the initial recognition of goodwill, the initial recognition of assets and liabilities that do not affect taxable profit, and differences relating to investments in group entities.

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, the USA and the UK 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 reporting year, the previous 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 27.

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 managements 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). Until 2008, share option plans had been valued using the Black-Scholes 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 stress tests). It uses financial derivatives to selectively hedge foreign exchange and interest rate risks at the level of both subsidiaries and the holding company with the objective of achieving high levels of hedge effectiveness. 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. In addition, there is exposure to losses in the value of financial items due to deterioration in credit quality or increased 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 demand 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, interest rates and commodity prices. Interest rate and exchange rate risk exposures are regularly quantified and analysed using a value-at-risk approach combined with defined stress tests and are reported to group management. Each of the businesses 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 29.

Notes to the consolidated financial statements

1 Segment information

The Group put a new management structure in place on 1 January 2010. The Group now comprises four divisions specialising in industrially related areas of mechanical and vehicle engineering as well as a segment encompassing 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 machinery for processing fruit juice, drying food and dewatering municipal and industrial sludge (Bucher Unipektin), as well as the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik).

CHF million	Net sales		Depreciation		Amortisation and impairment		Operating profit (EBIT)	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Kuhn Group	851.2	948.4	24.5	26.8	10.4	75.2	78.2	7.4
Bucher Municipal	373.0	386.6	6.8	6.7	1.1	1.1	27.3	15.0
Bucher Hydraulics	371.4	319.8	15.4	16.6	3.3	25.8	36.9	– 8.5
Emhart Glass	259.3	303.7	7.7	8.7	0.4	0.4	3.0	12.2
Bucher Specials	187.0	187.7	1.9	2.1	0.5	0.3	8.6	10.0
Reportable segments	**2 041.9**	**2 146.2**	**56.3**	**60.9**	**15.7**	**102.8**	**154.0**	**36.1**
Other/consolidation	– 8.2	– 4.1	0.5	0.2	–	–	– 2.6	– 10.3
Group total	**2 033.7**	**2 142.1**	**56.8**	**61.1**	**15.7**	**102.8**	**151.4**	**25.8**

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Kuhn Group	22.3	26.5	25.8	29.2	556.7	660.1	360.6	346.3
Bucher Municipal	19.2	5.9	5.2	5.9	225.5	228.5	102.8	110.3
Bucher Hydraulics	14.1	20.8	–	–	233.0	244.1	50.4	46.8
Emhart Glass	7.0	3.9	4.6	5.5	226.5	260.0	80.7	77.2
Bucher Specials	3.2	1.4	1.2	1.2	102.1	120.7	48.5	48.5
Reportable segments	**65.8**	**58.5**	**36.8**	**41.8**	**1 343.8**	**1 513.4**	**643.0**	**629.1**
Other/consolidation	–	–	16.6	18.4	16.2	24.6	8.5	11.8
Group	**65.8**	**58.5**	**53.4**	**60.2**	**1 360.0**	**1 538.0**	**651.5**	**640.9**

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, 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 inter-segment transactions. The associate is held by the holding company and not allocated to any segment. Inter-segment sales amounted to CHF 3.8 million for Kuhn Group and CHF 4.2 million for Bucher Hydraulics. The other divisions and the Bucher Specials segment had only insignificant inter-segment 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.

Impairment testing of intangible and financial assets did not indicate any need for an impairment charge in 2010. In the previous year, goodwill impairment charges of CHF 63.7 million were necessary for the Kuhn Group division and of CHF 22.2 million for the Bucher Hydraulics division.

Reconciliation of segment profit

CHF million	2010	2009
Segment operating profit	154.0	36.1
Other/consolidation	–2.6	–10.3
Group operating profit	**151.4**	**25.8**
Share of profit/(loss) of associates	0.5	–1.2
Finance costs	–23.3	–20.6
Finance income	12.0	3.0
Profit before tax	**140.6**	**7.0**

Reconciliation of segment assets

CHF million	2010	2009
Segment operating assets	**1 343.8**	**1 513.4**
Other/consolidation	16.2	24.6
Group operating assets	**1 360.0**	**1 538.0**
Cash, cash equivalents and short-term investments	548.4	505.2
Other financial assets	38.6	43.3
Investments in associates	8.2	7.7
Deferred income tax assets	25.6	29.4
Other assets	4.1	0.9
Group assets	**1 984.9**	**2 124.5**

Reconciliation of segment liabilities

CHF million	2010	2009
Segment operating liabilities	**643.0**	**629.1**
Other/consolidation	8.5	11.8
Group operating liabilities	**651.5**	**640.9**
Short-term financial liabilities	10.2	88.7
Long-term financial liabilities	519.2	534.6
Other payables	1.5	0.9
Deferred income tax liabilities	38.7	48.5
Retirement benefit obligations	16.1	18.4
Group liabilities	**1 237.2**	**1 332.0**

Geographical information

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2010	**2009**	**2010**	**2009**
Switzerland	118.1	127.3	95.8	93.4
Germany	305.5	333.9	27.2	38.4
France	354.4	433.2	103.2	126.4
Rest of Europe	636.3	631.9	130.7	155.0
North America	278.8	266.1	108.8	127.2
Central and South America	60.4	54.3	10.7	11.4
Asia	147.4	161.9	9.0	7.8
Other	132.8	133.5	16.1	13.6
Total	**2 033.7**	**2 142.1**	**501.5**	**573.2**

Net sales have been allocated to the countries of destination.

2 Acquisitions and disposals

On 1 May 2010, Bucher Municipal sold the project business for airport snow sweepers and Rolba snow blowers. The CHF 5.6 million deal 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 were continued by Bucher Municipal until their completion. Sales of CHF 5.1 million were recognised in 2010 (2009: CHF 17.7 million). CHF 0.7 million of the sales proceeds were still outstanding at 31 December 2010 and will be payable on 31 March 2011.

On 2 August 2010, Bucher Industries acquired the net assets of the engineering business of Eschenz-based Unipektin AG, Switzerland, and 100% of the share capital of its Chinese sales and assembly company, Unipektin Equipment Co. Ltd., Beijing. The operations of Unipektin AG were integrated into Bucher Processtech AG, Niederweningen (Bucher Specials). Bucher Processtech AG was renamed Bucher Unipektin AG. 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. The applications and technologies of Bucher Processtech AG and Unipektin Engineering AG are largely complementary. While Bucher Processtech concentrated primarily on juice extraction, Unipektin Engineering AG mainly engaged in juice processing and production of fruit purées. The worldwide customer relationships and complementary sales partners are strengthening their combined market presence. The purchase agreement, including debt assumed, was CHF 1.6 million. In addition to this cash consideration, the purchase consideration includes an earn-out component of up to CHF 1.5 million, which will be payable on 30 April 2011 and is contingent on a number of performance criteria in respect of the business acquired. It is not believed that an additional payment will be required under the earn-out arrangement, which is why no amount was recorded as a liability in the purchase price allocation. The gross amount of receivables acquired was CHF 1.0 million and represented fair value. All receivables were considered fully collectible. The purchase price allocation was finalised on 31 December 2010. No goodwill arose on the acquisition. The acquisition costs of CHF 0.1 million have been recognised in other operating expenses. In the period from 2 August to 31 December 2010, the acquired business contributed CHF 3.5 million in additional sales and reduced EBIT by CHF 2.3 million. Had the acquisition been completed on 1 January 2010, the additional sales would have amounted to CHF 12.0 million and the EBIT contribution would have been negative CHF 1.7 million.

Goodwill

CHF million	Bucher Unipektin AG	Total	Total
		2010	**2009**
Cash paid	1.6	1.6	172.1
Contingent consideration	–	–	–
Total purchase consideration	**1.6**	**1.6**	**172.1**
Less fair value of net identifiable assets acquired	1.6	1.6	116.8
Goodwill	**–**	**–**	**55.3**

No goodwill arose on the acquisition of Unipektin Engineering AG. The purchase price was fully allocated to assets, liabilities and trademarks acquired.

Cash flow from acquisitions and disposals

CHF million	Fair value on acquisition	Disposal	Fair value on acquisition
	2010		2009
Cash and cash equivalents	1.9	–	2.8
Trade receivables	1.0	–	23.5
Other receivables	1.8	–	0.9
Inventories	2.2	5.1	37.7
Deferred income tax assets	–	–	0.8
Property, plant and equipment	0.1	–	10.8
Intangible assets	1.8	–	78.7
Trade payables	−2.2	–	−18.7
Other payables	−5.0	–	−5.8
Provisions	–	–	−4.3
Deferred income tax liabilities	–	–	−9.6
Net assets	**1.6**	**5.1**	**116.8**
Cash and cash equivalents	−1.9	–	−2.8
Contingent consideration	–	−0.7	–
Goodwill	–	–	55.3
Gain on disposal	–	0.5	–
Deferred consideration relating to previous years	0.9	–	3.6
Net cash outflow/inflow on acquisition/disposal	**0.6**	**4.9**	**172.9**

3 Short-term investments

CHF million	2010	2009
Bonds	64.1	66.5
Money market instruments	–	1.5
Short-term investments	**64.1**	**68.0**

Changes in fair value recognised in equity (other comprehensive income), net of tax, amounted to CHF 1.9 million (2009: CHF 2.0 million).

4 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2010			**2009**
Trade receivables, gross	328.7	9.0	337.7	390.4	0.5	390.9
Notes receivable	14.5	–	14.5	14.8	–	14.8
Trade receivables, net	**343.2**	**9.0**	**352.2**	**405.2**	**0.5**	**405.7**
Other receivables	35.9	0.5	36.4	30.2	11.1	41.3
Prepayments to suppliers	1.6	–	1.6	1.7	–	1.7
Derivative financial instruments	3.9	–	3.9	0.8	–	0.8
Accrued income	8.2	–	8.2	9.3	–	9.3
Other receivables	**49.6**	**0.5**	**50.1**	**42.0**	**11.1**	**53.1**
Receivables	**392.8**	**9.5**	**402.3**	**447.2**	**11.6**	**458.8**

Trade receivables and notes receivable represent amounts receivable 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 reporting date, there were no receivables that would have been past due but whose terms were renegotiated. As in the previous year, 0.1% of receivables not provided for in the previous period had to be written off.

CHF million	2010	2009
Trade receivables, gross	365.0	423.5
Amount provided for	– 12.8	– 17.8
Other receivables, gross	36.8	41.5
Amount provided for	– 0.4	– 0.2
Receivables, net	**388.6**	**447.0**
Long-term receivables	9.5	11.6
Receivables due in more than 3 months	24.3	43.3
Receivables due within 3 months	325.1	353.9
Receivables past due more than 60 days and less than 1 year, gross	24.7	41.9
Amount provided for	– 0.3	– 0.6
Receivables past due more than 1 year, gross	18.2	14.3
Amount provided for	– 2.1	– 2.5
Provision for impaired receivables not past due	– 10.8	– 14.9

Movements in the provision for impairment of receivables

CHF million

	2010	2009
Balance at 1 January	18.0	17.8
Provision for receivables impairment	1.6	4.5
Unused amounts reversed	–3.9	–3.2
Receivables written-off during the year as uncollectible	–0.8	–1.7
Exchange differences	–1.7	0.6
Balance at 31 December	**13.2**	**18.0**

5 Inventories

CHF million

	2010	2009
Raw materials and consumables	113.8	126.4
Work in progress	89.7	90.5
Finished goods and goods for resale	247.8	268.3
Inventories	**451.3**	**485.2**

Inventory write-downs

CHF million

	2010	2009
Balance at 1 January	104.0	85.3
Additional write-downs	2.4	19.5
Amounts reversed	–11.4	–3.8
Amounts written off	–1.1	–0.2
Acquisition/disposal of subsidiaries	–	3.1
Exchange differences	–11.3	0.1
Balance at 31 December	**82.6**	**104.0**

Inventories valued at CHF 0.1 million (2009: none) that had not previously been written down were written off in 2010.

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
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

CHF million	Land and buildings	Plant and machinery	Furniture, fixtures and equipment	Prepayments and assets under construction	Total property, plant and equipment
2009					
Cost at 1 January	373.3	382.0	168.4	25.3	949.0
Exchange differences	3.0	3.2	1.8	0.8	8.8
Acquisition/disposal of subsidiaries	1.6	20.6	3.9	–	26.1
Additions	6.0	21.2	11.3	18.5	57.0
Disposals	−1.6	−11.6	−10.7	–	−23.9
Transfers	15.5	9.4	2.6	−27.5	–
Cost at 31 December	**397.8**	**424.8**	**177.3**	**17.1**	**1 017.0**
Accumulated depreciation at 1 January	165.2	255.9	128.7	–	549.8
Exchange differences	0.8	2.5	1.3	–	4.6
Acquisition/disposal of subsidiaries	0.8	12.2	2.3	–	15.3
Disposals	−1.3	−10.9	−10.1	–	−22.3
Depreciation for the year	14.7	30.6	15.8	–	61.1
Accumulated depreciation at 31 December	**180.2**	**290.3**	**138.0**	**–**	**608.5**
Net book value at 31 December	**217.6**	**134.5**	**39.3**	**17.1**	**408.5**
Of which leased:					
Cost	28.8	1.8	0.6	–	31.2
Accumulated depreciation	3.9	1.5	0.2	–	5.6
Net book value	24.9	0.3	0.4	–	25.6
Lease obligations (present value)	26.3	0.5	0.2	–	27.0
Insurance value	625.1	647.4	188.2	–	1 460.7

7 Intangible assets

CHF million	Goodwill	Other	Total intangible assets
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**
2009			
Cost at 1 January	118.3	134.9	253.2
Exchange differences	1.1	2.0	3.1
Acquisition/disposal of subsidiaries	55.3	92.8	148.1
Additions	–	1.5	1.5
Disposals	–	–0.4	–0.4
Cost at 31 December	**174.7**	**230.8**	**405.5**
Accumulated amortisation at 1 January	29.4	92.9	122.3
Exchange differences	–0.8	2.8	2.0
Acquisition/disposal of subsidiaries	–	14.1	14.1
Disposals	–	–0.4	–0.4
Amortisation for the year	–	16.9	16.9
Impairment charge	85.9	–	85.9
Accumulated amortisation at 31 December	**114.5**	**126.3**	**240.8**
Net book value at 31 December	**60.2**	**104.5**	**164.7**

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 (CGUs) that are expected to benefit from the respective business combination. At 31 December 2010, 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. Various growth rates and cost of capital rates were used in the calculations for sensitivity analysis. 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
	2010			**2009**		
Kuhn North America Inc., USA	1.5%	11.2%	17.5	2.7%	10.7%	19.3
Kuhn do Brasil S/A, Brasilien			–	4.0%	21.5%	–
Kuhn-Geldrop B.V., Netherlands	2.2%	8.8%	8.3	1.0%	8.6%	9.9
Kuhn Group			**25.8**			**29.2**
Gmeiner GmbH, Germany	2.2%	10.0%	3.3	1.0%	9.5%	3.9
Giletta S.p.A., Italy	2.2%	10.0%	1.9	1.0%	9.6%	2.0
Bucher Municipal			**5.2**			**5.9**
Bucher Hydraulics, Inc., USA			–	3.7%	10.6%	–
Command Controls Corporation, USA			–	3.7%	9.0%	–
Bucher Hydraulics			**–**			**–**
Emhart Glass AG, Switzerland	2.2%	10.0%	4.6	1.0%	9.6%	5.5
Emhart Glass			**4.6**			**5.5**
Bucher Landtechnik AG, Switzerland	1.0%	7.2%	1.2	1.0%	6.8%	1.2
Bucher Specials			**1.2**			**1.2**
Bucher Industries US Inc., USA	1.5%	11.6%	16.6	2.7%	8.9%	18.4
Other			**16.6**			**18.4**
Goodwill			**53.4**			**60.2**

Due to the favourable business performance and the cautiously optimistic outlook, the annual impairment tests of intangible assets did not indicate any need for impairment charges on capitalised goodwill for 2010 (2009: CHF 85.9 million). 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 CGU.

8 Other financial assets

CHF million

	2010	2009
Long-term loans	17.5	20.7
Other	21.1	22.6
Other financial assets	**38.6**	**43.3**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.7 million have been capitalised under the heading “other” as in the previous year.

9 Investments in associates

CHF million

	2010	2009
Balance at 1 January	7.7	8.9
Acquisitions	–	–
Disposals	–	–
Share of profit/(loss)	0.5	–1.2
Balance at 31 December	**8.2**	**7.7**

This item comprises the investment in Jetter AG, Ludwigsburg, Germany. Jetter AG makes up its financial statements to 31 March and reported sales of EUR 28.6 million and a loss of EUR 1.3 million for the year in its most recently published financial statements for the 2009/2010 financial year; Jetter AG had total assets of EUR 33.8 million and equity of EUR 23.6 million. Jetter AG’s shares are traded on the Xetra exchange in Frankfurt. The annual valuation of the investment is based on the quoted market price of Jetter AG’s shares. The market value of the 26.5% interest was EUR 6.4 million at 31 December 2010.

Management is of the opinion that the investment is correctly valued at its current carrying amount. Due to Jetter AG’s positive business performance in the first two quarters of the 2010/2011 financial year and the still volatile stock market movements, management sees no sustained loss in value and therefore no need for any further impairment charge.

10 Financial liabilities

CHF million	Less than 1 year	1–5 years	Over 5 years	Total financial liabilities			
				Carrying amount	Fair value	Carrying amount	Fair value
				2010		**2009**	
Private placements	–	53.3	–	53.3	57.6	106.6	110.0
Bond	–	198.7	–	198.7	207.8	198.3	203.1
Other bank borrowings	4.5	228.6	–	233.1	240.9	267.6	278.1
Finance lease liabilities	2.4	9.1	9.1	20.6	20.6	27.0	27.0
Loans and other financial liabilities	3.3	20.4	–	23.7	23.7	23.8	23.8
Financial liabilities	**10.2**	**510.1**	**9.1**	**529.4**	**550.6**	**623.3**	**642.0**

Analysis by currency

CHF million	2010	2009
CHF	480.1	540.0
EUR	45.4	77.9
Other	3.9	5.4
Financial liabilities	**529.4**	**623.3**

Finance lease liabilities

CHF million	Less than 1 year	Over 1 year	Total	Total
			2010	**2009**
Future minimum lease payments	3.0	20.6	23.6	35.8
Future finance charges	0.6	2.4	3.0	8.8
Present value of minimum lease payments	2.4	18.2	20.6	27.0

Terms of significant financial liabilities

CHF million	Currency	Interest rate	Term	Volume	Used	Volume	Used
				2010		2009	
Fixed-rate US private placement	CHF	3.54%	2003 – 10.12.2010	–	–	53.3	53.3
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 + 1.4%	2009 – 30.06.2012	280.0	–	375.0	–
Bank loans	CHF	div.	div.	310.0	225.0	310.0	235.0
Fixed-term bank facilities	div.	div.	div.	–	–	17.8	17.8
Total				**843.3**	**478.3**	**1 009.4**	**559.4**

In the reporting year, the Group had bilateral committed credit facilities totalling 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. Long-term bank loans were reduced by CHF 10.0 million during the reporting year. Furthermore, the CHF 53.3 million fixed-rate US private placement that matured in 2010 and the short-term fixed bank facilities of CHF 17.8 million were repaid in full. Optimisation of credit facilities allowed the syndicated loan to be reduced by CHF 95.0 million to CHF 280.0 million. 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. All terms of credit were complied with at the reporting date on 31 December 2010.

11 Provisions

CHF million	Warranties	Legal claims	Other	Total	Total
				2010	**2009**
Balance at 1 January	45.3	15.1	23.0	83.4	78.1
Additional provisions	28.9	4.6	8.2	41.7	49.8
Unused amounts reversed	−5.2	−3.1	−2.4	−10.7	−14.2
Used during year	−27.6	−0.7	−8.9	−37.2	−35.4
Acquisition/disposal of subsidiaries	–	–	–	–	4.3
Exchange differences	−5.2	−2.2	−3.1	−10.5	0.8
Balance at 31 December	**36.2**	**13.7**	**16.8**	**66.7**	**83.4**
Current portion	34.0	12.0	7.8	53.8	68.5
Non-current portion	2.2	1.7	9.0	12.9	14.9

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 cover various risks associated with the Group's industrial operations, including environmental protection measures. In the reporting year, a provision of CHF 5.0 million was recognised for restructuring at Emhart Glass. This provision was made to cover costs associated with relocating production of glass forming machines from Italy to Malaysia and closing down the Italian manufacturing facility. In addition, purchasing of select components will be transferred from Europe to Malaysia. In the reporting year, an amount of CHF 7.6 million in provisions was used for the closure of the Hanover manufacturing facility (Bucher Municipal).

12 Other payables

CHF million	2010	2009
Accruals and deferred income	101.2	92.0
Social security and pensions	18.8	23.4
Sales and capital tax liabilities	16.6	16.2
Derivative financial instruments	1.1	0.1
Other	35.2	46.3
Other payables	**172.9**	**178.0**
Current portion	168.6	173.6
Non-current portion	4.3	4.4

Accruals and deferred income mainly include accrued holiday and overtime pay as well as variable remuneration.

13 Derivative financial instruments

	Fair value		Contractual amount	Fair value		Contractual amount
CHF million	Positive	Negative		Positive	Negative	
	2010		2010	2009		2009
Forward currency contracts and options	3.9	1.1	247.2	0.8	–	218.8
Interest rate contracts	–	0.0	1.9	–	0.1	2.5
Outstanding derivative financial instruments	**3.9**	**1.1**	**249.1**	**0.8**	**0.1**	**221.3**
Current portion	3.9	1.1		0.8	0.1	
Non-current portion	–	–		–	–	

Derivative financial instruments are used to manage exposure to interest rate and 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 2010, the Group had no outstanding hedges designated for hedge accounting. During the reporting year, an amount of CHF 1.1 million was transferred from the cash flow hedge reserve in equity to the income statement.

14 Change in working capital (recognised in the cash flow statement)

CHF million	2010	2009
Change in receivables	10.2	158.5
Change in inventories	– 17.2	172.7
Change in advances from customers	40.6	– 37.3
Change in trade payables	34.9	– 123.2
Change in other non-interest-bearing liabilities	13.2	– 65.5
Other changes in working capital	– 0.2	– 0.7
Change in working capital	**81.5**	**104.5**

15 Share capital

Registered shares		2010	2009
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	542 516	564 765
Issued share capital	CHF million	2.1	2.1

The share capital of Bucher Industries AG consists of only one class of voting rights.

16 Treasury shares

	Number of shares	CHF 1 000
Balance at 1 January	564 765	26 561
Purchase of treasury shares	300	39
Sales of treasury shares	– 800	– 64
Reissued for share-based payment schemes	– 21 749	– 1 447
Balance at 31 December	**542 516**	**25 089**

17 Raw materials and consumables used

Raw materials and consumables used include all costs of raw materials and consumables, goods purchased and third-party manufacturing, processing or conversion of the Group's products (services purchased).

18 Employment costs

CHF million	2010	2009
Wages and salaries	395.9	396.2
Share awards	1.5	1.5
Share option plan	3.1	3.0
Social security and pension costs	103.6	105.2
Other employment costs	38.0	30.1
Employment costs	**542.1**	**536.0**

As the remuneration package was revised, no share options were granted during the year. The costs of share options plans were recognised as employment costs pro rata over the periods to vesting based on options granted in previous periods. Social security and pension costs include all statutory and voluntary employee pension costs. Other employment costs comprise incidental costs of staff recruitment, training and development as well as external staff costs.

19 Other operating income

CHF million	2010	2009
Own work capitalised	1.1	0.7
Income from reversal of provisions	5.1	5.8
Gain on disposal	0.5	–
Gain on sale of non-current assets	0.4	0.7
Interest income from operating lease receivables	0.6	1.3
Other income	18.9	16.9
Other operating income	**26.6**	**25.4**

Other operating income comprises revenue from sales of goods and services that are outside the normal course of the Group's business. A gain was realised on the sale of the project business for airport snow sweepers and Rolba snow blowers (Bucher Municipal).

20 Other operating expenses

CHF million	2010	2009
Energy, maintenance and repairs	71.1	73.3
Charges, taxes, levies and consulting fees	34.8	42.3
Marketing and distribution costs	97.0	95.6
Miscellaneous operating expenses	62.0	71.6
Other operating expenses	**264.9**	**282.8**

Charges, taxes, levies and consulting fees include CHF 15.0 million (2009: CHF 18.3 million) in capital tax. Miscellaneous operating expenses include operating foreign exchange items and necessary provisions for operating liabilities that cannot be charged to a more appropriate expense account. Costs under operating leases amounted to CHF 10.5 million (CHF 10.7 million).

21 Development costs

Development costs of CHF 73.2 million (2009: CHF 75.9 million) were charged to the income statement for 2010. 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.

22 Finance costs

CHF million	2010	2009
Interest expense on financial liabilities	19.9	18.4
Other finance costs	3.4	2.2
Finance costs	**23.3**	**20.6**

23 Finance income

CHF million	2010	2009
Net gain on financial instruments held for trading	1.1	0.9
Net gain on sale of available-for-sale financial instruments	9.8	6.3
Net gain on financial instruments	**10.9**	**7.2**
Interest income on financial assets	2.4	2.0
Financial foreign exchange gains and losses	−1.5	−6.5
Other finance income	0.2	0.3
Finance income	**12.0**	**3.0**

The amount realised on the sale of "available-for-sale" securities and transferred from equity (other comprehensive income) to the income statement was CHF 9.8 million (2009: CHF 5.1 million).

24 Income tax expense

Current income tax

CHF million	2010	2009
Current income tax	46.3	31.0
Deferred income tax	−3.4	0.4
Income tax expense	**42.9**	**31.4**
Reconciliation:		
Profit before tax	140.6	7.0
Weighted average tax rate	32.7%	34.5%
Theoretical income tax charge	**46.0**	**2.4**
Utilisation of unrecognised tax loss carryforwards	−10.1	−3.6
Reassessment of tax loss carryforwards with tax asset adjustment	−0.2	2.4
Adjustments in respect of losses and deferred tax assets	4.9	7.7
Expenses not deductible for tax purposes/income not subject to tax	−1.1	24.0
Under/(over) provided in prior years	1.7	−0.8
Other differences	1.7	−0.7
Effective income tax expense	**42.9**	**31.4**
Effective tax rate	30.5%	448.6%

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. In the previous year, the tax rate was significantly impacted by non-tax-deductible goodwill impairment charges. Contrary to expectations, some of the tax losses suffered by several subsidiaries in the previous year were already able to be offset against profits in the 2010 reporting year.

Deferred income tax

CHF million	Assets	Liabilities	Assets	Liabilities
	2010		**2009**	
Property, plant and equipment	1.8	18.1	1.8	19.1
Other financial and non-current assets	1.9	13.9	1.3	15.6
Inventories	19.1	3.4	20.0	3.1
Other current assets	1.0	6.7	1.0	13.3
Provisions	3.3	10.1	3.6	9.3
Other liabilities	7.6	1.7	8.7	1.8
Tax loss carryforwards	6.1	–	6.7	–
Deferred income tax assets and liabilities	**40.8**	**53.9**	**43.1**	**62.2**
Offset amounts	–15.2	–15.2	–13.7	–13.7
Deferred income tax assets	**25.6**		**29.4**	
Deferred income tax liabilities		**38.7**		**48.5**

The deferred income tax liabilities recognised directly in equity (other comprehensive income) amounted to CHF 3.2 million (2009: CHF 5.2 million) and related entirely to the net change in the fair value reserve. 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
	2010		**2009**	
Balance at 1 January	29.4	48.5	34.4	47.8
Transfer from income tax liabilities	–	–	–	–2.6
Charged/credited to income statement	0.7	–2.7	–5.8	–5.4
Charged/credited to equity (other comprehensive income)	–	–2.0	–	–0.7
Acquisition/disposal of subsidiaries	–	–	0.8	9.6
Exchange differences	–4.5	–5.1	–	–0.2
Balance at 31 December	**25.6**	**38.7**	**29.4**	**48.5**

Tax loss carryforwards

CHF million	2010	2009
Total tax loss carryforwards	133.6	150.8
Of which recognised in deferred income tax	34.3	35.9
Unrecognised tax loss carryforwards	**99.3**	**114.9**
Of which expiring:		
Within 12 months	0.1	–
In 1 to 5 years	23.9	20.3
After 5 years	31.4	35.9
Available indefinitely for offset	43.9	58.6
Tax effect on unrecognised tax loss carryforwards	21.5	25.7

As in the previous year, no tax loss carryforwards expired in 2010. 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.

25 Earnings and dividend per share

	2010	2009
Profit/(loss) attributable to owners of Bucher Industries AG (CHF million)	95.4	–26.0
Average number of shares outstanding (undiluted)	10 012 755	9 986 736
Average number of shares outstanding (diluted)	10 036 328	9 990 853
Basic earnings per share (CHF)	9.53	–2.60
Diluted earnings per share (CHF)	9.51	–2.60
Dividend per registered share (CHF)[1]	3.00	2.00
Total dividend (CHF million)[1]	31.7	21.1

[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 0.02 (2009: no dilution).

26 Retirement benefits

Funding of defined benefit plans

CHF million	2010	2009
Fair value of plan assets	281.5	263.9
Present value of funded obligations	– 264.8	– 243.8
Funding surplus/(deficit)	**16.7**	**20.1**
Present value of unfunded obligations	– 16.6	– 18.0
Surplus/(deficit)	**0.1**	**2.1**
Cumulative unrecognised actuarial losses	31.9	27.8
Unrecognised surplus	– 29.8	– 29.7
Amounts recognised in the balance sheet	**2.2**	**0.3**
Retirement benefit obligations	– 16.1	– 18.4
Other financial assets	18.3	18.7

Pension plan assets do not include any shares of Bucher Industries AG. No pension plan assets are used by the Group.

Movements in defined benefit obligations

CHF million	2010	2009
Present value of obligations at 1 January	261.8	253.1
Current service cost	8.5	5.7
Interest cost	9.3	9.8
Employee contributions	4.4	4.3
Benefits paid	– 8.7	– 19.7
Acquisitions and disposals	5.3	0.7
Plan curtailments/settlements	– 5.2	0.7
Actuarial (gains)/losses	14.4	7.7
Exchange differences	– 8.4	– 0.5
Present value of obligations at 31 December	**281.4**	**261.8**

Movements in fair value of plan assets

CHF million

	2010	2009
Fair value of plan assets at 1 January	263.9	252.3
Expected return on plan assets	10.5	10.1
Employer contributions	9.6	7.0
Employee contributions	4.4	4.3
Benefits paid	−7.5	−13.4
Acquisitions and disposals	4.3	–
Plan curtailments/settlements	−4.1	−0.5
Actuarial gains/(losses)	5.2	4.5
Exchange differences	−4.8	−0.4
Fair value of plan assets at 31 December	**281.5**	**263.9**

In 2010, the actual net return on plan assets was CHF 15.7 million (2009: CHF 14.6 million).

Categories of plan assets

CHF million

	2010	%	2009	%
Equities	73.5	26.1	45.7	17.3
Bonds	78.5	27.9	73.5	27.9
Property	56.8	20.2	60.8	23.0
Cash and other financial assets	72.7	25.8	83.9	31.8
Plan assets	**281.5**	**100.0**	**263.9**	**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

	2010	2009
Current service cost	– 5.6	– 5.7
Past service cost	– 2.9	– 0.3
Interest cost	– 9.3	– 9.8
Expected return on plan assets	10.5	10.1
Plan settlements/curtailments	0.6	– 1.0
Amortisation of actuarial (gains)/losses	– 4.0	3.0
Effects of unrecognised surplus	1.5	– 4.4
Defined benefit pension costs	**– 9.2**	**– 8.1**
Defined contribution pension costs	– 28.5	– 29.2
Pension costs	**– 37.7**	**– 37.3**

The Group expects to pay CHF 8.6 million in contributions to defined benefit plans in 2011 (2010: CHF 8.7 million).

Actuarial assumptions

Weighted average in %

	2010	2009
Discount rate	3.1	3.6
Expected return on plan assets	3.9	4.0
Future salary increases	1.0	1.1
Future pension increases	0.1	0.1

Funding of defined benefit obligations

CHF million

	2010	2009	2008	2007	2006
Fair value of plan assets	281.5	263.9	252.3	265.2	260.8
Present value of defined benefit obligations	281.4	261.8	253.1	245.9	253.1
Surplus/(deficit)	**0.1**	**2.1**	**– 0.8**	**19.3**	**7.7**
Experience adjustments on plan assets	5.2	4.5	– 26.2	– 4.5	14.0
Experience adjustments on plan liabilities	– 2.1	3.5	– 8.2	3.2	19.1

27 Share-based payments/share option plan

The remuneration package was revised last 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. It was adopted last year to replace the previous long-term incentive plan. 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.

Bucher Share Plan The Bucher Share Plan was adopted last year to replace the previous share option plan, which provided for the grant of a fixed number of share options. The new 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 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 19 782 shares for the reporting year. Shares under the Bucher share plans were valued at a share price of CHF 185.00 and represented a total value of CHF 3.7 million. The number of shares awarded under the Bucher Executive Share Plan was calculated using a share price of CHF 136.00 and those under the Bucher Share Plan using a share price of CHF 185.00.

Share option plans No new share options were granted in 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
	2010		2009	
Outstanding at 1 January	261 500	144.3	213 000	147.5
Granted	–	–	64 200	115.0
Exercised	– 10 970	113.4	– 14 500	59.2
Expired	– 2 250	140.5	– 1 200	166.5
Outstanding at 31 December	**248 280**	**145.7**	**261 500**	**144.3**
Exercisable	158 430		111 650	

The expense recognised as employment costs in the reporting period was CHF 3.1 million (2009: CHF 3.0 million). The cumulative amount recognised in equity was CHF 11.3 million (CHF 8.2 million). The average share price for options exercised was CHF 136.00 (CHF 105.90).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2010		2009	
2015	28 830	108.0	35 300	108.0
2016	44 700	116.0	47 400	116.0
2017	54 900	221.0	55 200	221.0
2018	57 900	149.0	59 400	149.0
2019	61 950	115.0	64 200	115.0
Outstanding at 31 December	**248 280**	**145.7**	**261 500**	**144.3**

28 Related party transactions

Key management remuneration

CHF million	2010	2009
Salaries	5.5	4.3
Post-employment benefits	1.4	1.1
Share awards	2.3	1.3
Share option plan	1.0	1.0
Key management remuneration	**10.2**	**7.7**

Salaries include variable remuneration, fees and expense allowances paid in cash. For the reporting year, group management members were awarded 11 703 registered shares of CHF 0.20 each in Bucher Industries AG for the first time under the new 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	2010	2009
Receivables from pension funds	18.3	18.7
Payables to associates	1.4	0.9

All related party transactions were entered into on normal commercial terms and conditions. In 2010, goods worth CHF 16.8 million (2009: CHF 18.9 million) were purchased from associates. At the reporting date, there were no receivables or off-balance sheet contingent liabilities in respect of associates.

29 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 annually 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 in detail, discusses the proposed measures and adapts them where necessary. The directors and group management receive monthly and/or quarterly information from the management information system (MIS), giving them an overview of the status of performance and financial results as well as information and assessments concerning aspects of risk and capital management. Within the framework of the internal control system, the control activities for the Group have been defined within financial reporting to allow the financial risks to be identified, monitored and avoided. In addition to the risk management disclosures on the following pages, more information about the Group's risk management can be found on pages 84 and 85 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
2010				
Money market instruments	227.9	–	–	**227.9**
Short-term investments	64.1	–	–	**64.1**
Derivative financial instruments	–	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**
2009				
Money market instruments	157.9	–	–	**157.9**
Derivative financial instruments	68.0	–	–	**68.0**
Short-term investments	–	0.8	–	**0.8**
Assets measured at fair value	**225.9**	**0.8**	**–**	**226.7**
Derivative financial liabilities	–	0.1	–	**0.1**
Liabilities measured at fair value	**–**	**0.1**	**–**	**0.1**

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

CHF million	Held for trading at fair value through profit or loss	Loans and receivables	Available-for-sale	Financial liabilities at amortised cost	Carrying amount	Fair value
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**
2009						
Cash and cash equivalents	157.9	279.3	–	–	**437.2**	**437.2**
Short-term investments	–	–	68.0	–	**68.0**	**68.0**
Trade receivables	–	405.7	–	–	**405.7**	**405.7**
Other receivables	0.8	41.3	–	–	**42.1**	**42.1**
Other financial assets	–	23.5	1.1	–	**24.6**	**24.6**
Financial liabilities – current	–	–	–	88.7	**88.7**	**89.3**
Trade payables	–	–	–	189.6	**189.6**	**189.6**
Other payables	0.1	–	–	85.9	**86.0**	**86.0**
Financial liabilities – non-current	–	–	–	534.6	**534.6**	**552.7**

Credit risk

The Group placed short-term deposits 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. Other short-term financial investments comprised marketable securities of high credit quality. The repayment of loans receivable in the short term, with a carrying amount of CHF 1.3 million, was renegotiated and postponed until 2012. The loans concerned were reclassified to the long-term assets within other financial assets.

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. The Group therefore had no concentration of credit 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
	2010		2009	
Cash and cash equivalents	484.3	–	437.2	–
Short-term investments	64.1	–	68.0	–
Trade receivables	352.2	59.2	405.7	52.3
Other receivables	40.3	19.4	42.1	15.8
Other financial assets	20.3	14.8	24.6	19.4
Maximum credit risk exposure	**961.2**	**93.4**	**977.6**	**87.5**

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 203.1 million (2009: CHF 189.6 million) are expected to occur within 70 days on average, while cash flows to settle other non-interest-bearing liabilities of CHF 70.6 million (CHF 85.9 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. The quick ratio was 147.1% at the year end (137.0%).

Price risk

The Group invested in money market instruments and bonds in compliance with the Group's investment guidelines. The 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 to group treasury, which uses appropriate derivative hedging instruments to hedge the internally aggregated 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	
	2010	**2009**	**2010**	**2009**
1 EUR	1.3787	1.5059	1.2504	1.4836
1 GBP	1.6056	1.6847	1.4527	1.6705
1 USD	1.0378	1.0814	0.9358	1.0298
1 BRL	0.5900	0.5408	0.5638	0.5908
1 AUD	0.9501	0.8491	0.9519	0.9268
100 SEK	14.4300	14.2100	13.9500	14.4700

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 amount of the reported potential loss is compared with the valuation of the financial items at current market prices and analysed. Based on this analysis, financial items are either restructured or hedged using financial derivatives where necessary.

CHF million	VaR at 31 December	
	2010	**2009**
Foreign currency risk	–20.6	–1.1
Interest rate risk	–7.7	–12.1
Covariance	4.6	0.3
Total	**–23.7**	**–12.9**

The indicated VaR measures were calibrated to a 90% confidence level and a 30-day holding period. They were calculated with a Monte Carlo simulation using scenarios for interest rate and forward exchange curves for all relevant currencies, maintaining the average historical risk factor correlations. The model took into account both linear and non-linear influences of the risk factors. The statistical parameters required for the VaR calculation were determined on the basis of an observation time series covering the last 251 trading days (representing one calendar year), with each observation equally weighted.

30 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 future organic growth, 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.

	2010	2009
Interest coverage ratio (EBITDA to net interest expense)	12.8	11.6
Debt payback period (net debt to EBITDA)	–0.1	0.6
Gearing ratio (net debt to equity)	–2.5%	14.9%
Equity ratio (equity to total assets)	37.7%	37.3%
Quick ratio (current assets less inventory/current liabilities)	147.1%	137.0%

31 Contingent liabilities

Contingent liabilities amounting to CHF 1.8 million (2009: CHF 11.0 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.

32 Pledged assets

Assets with a carrying amount of CHF 1.7 million (2009: CHF 2.3 million) were pledged or assigned to secure the Group's obligations.

33 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1–5 years	Over 5 years	Total
At 31 December 2010	8.1	19.0	17.0	**44.1**
At 31 December 2009	7.4	18.3	19.3	**45.0**

The Group has entered into operating leases for the use of buildings, items of machinery and vehicles.

Other commitments

As in the previous year, the Group did not enter into any commitments to purchase plant and equipment.

34 Events after the reporting period

On 26 January 2011, Bucher Industries announced the acquisition of a 24.24% interest in German-based Rauch Landmaschinenfabrik GmbH, Sinzheim. The deal is expected to be completed in the first half of 2011. With this strategic investment, the Kuhn Group division is reinforcing the long-standing working partnership with the family-owned company. Rauch is a specialist in fertiliser and winter maintenance spreaders as well as pneumatic seed drills. The company generated sales of approximately EUR 42 million for the 2009/2010 financial year with 300 employees. The investment will be in the form of newly issued capital and be reported as an associate.

On 27 January 2011, the purchase was announced of Sutter brand wine presses and the related spare parts and service business from the Swiss-based Filtrox Group, St. Gallen. No employees or production facilities will be taken over. This acquisition will strengthen Bucher Vaslin's wine press operations.

The consolidated financial statements were authorised for issue by the board of directors on 8 March 2011. They are subject to formal approval by the annual general meeting on 14 April 2011.

When the consolidated financial statements were finalised on 8 March 2011, neither the board of directors nor the 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 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 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	BM	P	D	
Arvel Industries Sàrl, Coudes	FR	EUR	200 000	50	BM	P	D	
Tecvia Eurl, Lyon	FR	EUR	38 112	50	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	
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 Produktions AG, Langendorf	CH	CHF	200 000	100	BH	P		
Bucher Hydraulics SAS, Rixheim	FR	EUR	200 000	100	BH	P	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 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	12 000 000	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			S
Command Controls Corp., Elgin	US	USD	23 000	100	BH	P	D	

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities
Emhart Glass SA, Cham	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	250 000	100	EG	P
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30 000 000	100	EG	P S
Emhart Glass GmbH, Neuss	DE	EUR	50 000	100	EG	S
Emhart Glass Inc., Enfield CT	US	USD	2	100	EG	S
Emhart Glass International SA, Cham	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., Doncaster	GB	GBP	38 000	100	EG	S
Emhart Glass OOO, Moscow	RU	RUB	10 000	100	EG	D S
Emhart Glass Pte. Ltd., Singapore	SG	SGD	2	100	EG	S
Emhart Glass S.r.l., Dego	IT	EUR	320 000	100	EG	S
Emhart Glass Spain SA, Madrid	ES	EUR	65 016	100	EG	S
Bucher Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	100	BSp	P D
Bucher Vaslin MS SA, Rivesaltes	FR	EUR	410 000	100	BSp	P D
Bucher Vaslin S.p.A., Romans d'Isonzo	IT	EUR	208 000	100	BSp	D
Bucher Vaslin Australia Pty Ltd, Mawson Lakes	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 Ltd., Niederweningen	CH	CHF	600 000	100	BSp	P D
Bucher Unipektin Equipment Co. Ltd, China[1)]	CN	CNY	2 481 195	100	BSp	D
Bucher-Alimentech Ltd., Auckland	NZ	NZD	2 503 000	100	BSp	P D
Bucher-Zédrys SA, Croissy Beaubourg	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

1) Consolidated for the first time in 2010.
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

PRICEWATERHOUSECOOPERS

To the general meeting of Bucher Industries AG, Niederweningen

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Bucher Industries AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 68 to 125), for the year ended 31 December 2010.

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 effective-ness 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 2010 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, 8 March 2011

Balance sheet of Bucher Industries AG at 31 December 2010

	CHF 1 000	Note	2010	2009
Assets	Cash and cash equivalents		152 484	117 724
	Receivables from group companies		24 133	19 593
	Other receivables		4 223	1 164
	Current assets		**180 840**	**138 481**
	Loans to group companies	1	491 112	611 439
	Loans to third parties		13	46
	Investments	2	691 058	637 112
	Intangible assets	3	28 750	43 341
	Non-current assets		**1 210 933**	**1 291 938**
	Assets		**1 391 773**	**1 430 419**
Liabilities and equity	Short-term bank borrowings		–	23 696
	Current payables to group companies		233 360	212 715
	Private placements		–	53 288
	Other current liabilities		7 709	4 034
	Current liabilities		**241 069**	**293 733**
	Private placements		53 288	53 288
	3 $^{1}/_{8}$% bond 2009 to 2014		200 000	200 000
	Long-term bank borrowings		223 661	233 331
	Other non-current liabilities		–	2 048
	Provisions	4	4 994	4 912
	Non-current liabilities		**481 943**	**493 579**
	Share capital	5	2 113	2 113
	Statutory reserve		70 610	70 610
	Distributable reserve		482 000	326 000
	Retained earnings		67 252	53 176
	Profit for the year		46 786	191 208
	Equity		**668 761**	**643 107**
	Liabilities and equity		**1 391 773**	**1 430 419**

Income statement of Bucher Industries AG for the year ended 31 December 2010

	CHF 1 000	Note	2010	2009
Income	Income from investments	7	49 005	193 696
	Finance income	8	225 573	242 945
	Royalty income from group companies	9	11 662	10 322
	Reversal of impairment charges	11	15 000	–
	Gain on sale of non-current assets		495	6
	Other income		2 274	–
	Income		**304 009**	**446 969**
Expenses	Administrative expenses		2 819	3 159
	Finance costs	10	236 303	221 294
	Impairment charges	11	4 223	17 585
	Amortisation of intangible assets		13 723	13 723
	Income tax expense		155	–
	Expenses		**257 223**	**255 761**
	Profit for the year		**46 786**	**191 208**

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 123 to 125 of the annual report.

3 Intangible assets

Intangible assets comprised primarily trademarks of group companies.

4 Provisions

Provisions have been made for business risks, guarantee obligations 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 has not been published. At the reporting date Bucher Beteiligungs-Stiftung held 5.13% 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. 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 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 94.9 million (2009: CHF 113.7 million). The amount claimed at the reporting date was CHF 14.9 million (CHF 37.1 million).

7 Income from investments

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

8 Finance income

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

9 Royalty income

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

10 Finance costs

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

11 Impairment charges

This item comprised impairment charges on investments.

12 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		Share awards under share plans		Social security and pension benefits	Other remu-neration	Total	Paid in cash
		Number	Value	Number	Value				
2010									
Rolf Broglie, chairman[1]	191.5	423	57.5	–	–	19.7	13.3	**282.0**	204.8
Thomas W. Hauser, deputy chairman[1]	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**
2009									
Thomas W. Hauser, chairman[2]	47.3	347	36.7	–	–	9.0	12.7	**105.7**	60.0
Rolf Broglie, deputy chairman[2]	54.3	300	31.8	–	–	8.6	12.7	**107.4**	67.0
Ernst Bärtschi	30.0	284	30.1	–	–	7.1	12.0	**79.2**	42.0
Thomas W. Bechtler	30.0	284	30.1	–	–	7.1	12.0	**79.2**	42.0
Claude R. Cornaz	30.0	284	30.1	–	–	6.1	2.0	**68.2**	32.0
Anita Hauser	30.0	284	30.1	–	–	6.1	2.0	**68.2**	32.0
Heinrich Spoerry	30.0	284	30.1	–	–	6.6	7.0	**73.7**	37.0
Kurt E. Siegenthaler[3]	110.0	800	84.7	675	71.5	22.6	11.8	**300.6**	121.8
Erwin Stoller[3]	–	600	63.5	–	–	7.4	11.2	**82.1**	11.2
Directors	**361.6**	**3 467**	**367.2**	**675**	**71.5**	**80.6**	**83.4**	**964.3**	**445.0**

1) Since 15 April 2010.
2) Since 1 September 2009.
3) Until 31 August 2009.

Share awards to directors comprised directors' fees. Share awards were granted and valued at the average share price of CHF 136.00 for the year (2009: CHF 105.90). 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		Share options under option plan		Social security and pension benefits	Other remu-neration	Total	Paid in cash
			Number	Value	Number	Value				
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**
2009										
Philip Mosimann, CEO	700.2	267.6	4 960	525.3	3 600	131.2	256.6	19.2	**1 900.1**	987.0
Other members	2 129.8	676.7	3 476	368.1	14 400	524.7	811.8	30.0	**4 541.1**	2 836.5
Group management	**2 830.0**	**944.3**	**8 436**	**893.4**	**18 000**	**655.9**	**1 068.4**	**49.2**	**6 441.2**	**3 823.5**

The shares awarded to group management members for the reporting year are based on the new 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 136.00 for the year and those under the Bucher Share Plan using a share price of CHF 185.00, representing the average share price during the first three weeks of January 2011. All Shares awarded were valued at CHF 185.00.

Further details are set out in the remuneration report on pages 22 to 28 of this annual report.

Directors' interests in shares at 31 December

	Number of shares	
	2010	**2009**
Rolf Broglie, chairman	12 239	12 039
Thomas W. Hauser, deputy chairman	1 070 407	1 070 060
Ernst Bärtschi	2 778	2 494
Thomas W. Bechtler	2 160	4 061
Claude R. Cornaz	4 648	7 814
Anita Hauser	101 160	100 876
Heinrich Spoerry	1 852	1 568
Directors	**1 195 244**	**1 198 912**

The directors did not hold any share options on 31 December 2010.

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

		Number of shares		Number of options	
		2010	**2009**	**2010**	**2009**
Philip Mosimann	CEO	42 900	37 940	15 300	15 300
Roger Baillod	CFO	10 964	10 054	7 800	9 000
Jean-Pierre Bernheim	Bucher Vaslin	8 018	7 994	11 680	12 000
Michael Häusermann	Bucher Municipal	5 169	4 859	12 000	12 000
Martin Jetter	Emhart Glass	1 019	959	8 400	10 200
Michel Siebert	Kuhn Group	3 576	1 844	10 200	10 200
Daniel Waller	Bucher Hydraulics	4 909	4 599	11 400	12 000
Group management		**76 555**	**68 249**	**76 780**	**80 700**

		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**

The previous share option plans were replaced by the new Bucher share plans last year so no share options were granted for 2010. 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 2010	46 785 719
Retained earnings brought forward	67 252 006
Retained earnings available for distribution	**114 037 725**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 3.00 per dividend-bearing share of CHF 0.20 each	31 697 700
Transfer to distributable reserve	20 000 000
Balance to be carried forward	62 340 025
Total	**114 037 725**

Report of the statutory auditor

PRICEWATERHOUSECOOPERS

To the general meeting of Bucher Industries AG, Niederweningen

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Bucher Industries AG, which comprise the balance sheet, income statement and notes (pages 128 to 136), for the year ended 31 December 2010.

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 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen
Audit expert
Auditor in charge

Ralf Zwick
Audit expert

Zurich, 8 March 2011

Five-year summary

Group

CHF million

		2010	2009	2008	2007	2006
Order intake		2 216.5	1 797.4	2 791.9	2 704.3	2 163.3
Net sales		2 033.7	2 142.1	2 788.9	2 458.8	2 087.1
Order book		663.0	507.3	843.4	871.3	605.2
Operating profit before depreciation and amortisation (EBITDA)		223.9	189.7	341.6	285.9	184.6
As % of net sales	%	11.0	8.9	12.2	11.6	8.8
Operating profit (EBIT)		151.4	25.8	246.2	229.4	123.7
As % of net sales	%	7.4	1.2	8.8	9.3	5.9
Net financial items		–10.8	–18.8	–29.1	10.6	12.9
Income tax expense		–42.9	–31.4	–71.7	–69.0	–41.1
As % of profit before tax[1]	%	30.5	33.8	33.0	28.8	30.1
Profit/(loss) for the year		97.7	–24.4	145.4	171.0	95.5
As % of net sales	%	4.8	–1.2	5.2	7.0	4.6
Capital expenditure		65.8	58.5	130.9	131.2	60.0
Operating free cash flow		201.9	182.5	–15.3	42.7	101.2
Development costs		73.2	75.9	78.1	71.1	65.3
Total assets		1 984.9	2 124.5	2 067.6	2 130.3	1 839.7
Cash, cash equivalents and short-term investments		548.4	505.2	234.2	492.3	445.5
Receivables		401.8	468.9	577.8	559.9	518.5
Inventories		451.3	485.2	609.0	544.9	460.7
Investments and other financial assets		46.8	51.0	51.5	50.5	34.3
Property, plant and equipment		366.1	408.5	399.2	355.2	279.6
Intangible assets		135.4	164.7	130.9	78.7	61.9
Current liabilities		646.0	711.2	897.1	1 011.5	896.4
Non-current liabilities		591.2	620.8	324.4	246.0	218.8
Total liabilities		1 237.2	1 332.0	1 221.5	1 257.5	1 115.2
Of which interest-bearing		529.4	623.3	320.2	325.6	266.8
Net cash/debt[2]		19.0	–118.1	–110.6	164.2	173.1
Equity		747.7	792.5	846.1	872.8	724.5
Equity ratio	%	37.7	37.3	40.9	41.0	39.4
Return on equity (ROE)	%	12.7	–3.0	16.9	21.4	14.0
Working capital		271.1	400.1	438.7	342.6	316.5
Net operating assets (NOA), average		849.2	1 114.1	891.0	687.1	604.8
Return on net operating assets (RONOA)	%	12.4	1.5	18.5	23.8	14.3
Number of employees at 31 December[3]		7 899	7 183	8 373	7 484	6 775
Average number of employees during year[3]		7 639	7 618	8 176	7 261	6 882
Net sales per employee	CHF 1 000	266.2	281.2	341.1	338.6	303.3

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

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