Financial contents

Group financial review 2009

Stabilisation at a low level Bucher Industries was greatly affected by the economic downturn during the reporting year, with performance in all divisions suffering severely from the economic crisis. The financial crisis and accompanying credit crunch hit all regions and brought capital spending to a virtual halt, especially in Eastern Europe. Producers' excess capacities and high inventories held by customers and in the distribution channels additionally exacerbated the sales situation. Only in the fourth quarter of the year did demand stabilise at a low level, with a few signs of a slight recovery appearing.

Added to the poor economic conditions, negative movements in the main currencies, the Euro, US dollar, Swedish krona, British pound and Australian dollar, against the Swiss franc weighed on sales, operating profit and net financial items. The average EUR/CHF, GBP/CHF and SEK/CHF exchange rates used for the income statement fell by 5.0%, 15.6% and 13.6% respectively, while the USD/CHF rate rose slightly by 0.2%. The rates used in translating the balance sheet showed less change.

Targeted acquisitions The Kuhn Group division expanded its specialised agricultural machinery business and acquired Kverneland Group's baler operations and Dutch plant in Geldrop. This business manufactures balers, bale wrappers, drum mowers and maize choppers sold under the Vicon and Kverneland Taarup brands. The products fully complement those of Kuhn Group and have filled a significant gap in its product portfolio. Kuhn-Geldrop B.V. was included in the consolidated financial statements from 1 January 2009 and contributed CHF 113.0 million, or 11.9%, to the division's sales.

Sharp decline in sales Due to the adverse effects of the financial and economic crisis, sales for the year were down 23.2% to CHF 2 142.1 million (2008: up 13.4% to CHF 2 788.9 million), a decrease of 24.8% excluding the impact of currency movements and acquisitions. Acquisitions contributed 5.9%. Currency translation had a negative impact of 4.3%. Order intake dropped by 35.6% to CHF 1 797.4 million, a negative change of 37.4% adjusted for currency effects and acquisitions. Acquisitions contributed a positive 5.4% and currencies a negative 3.6%. Order intake in all divisions only stabilised in the fourth quarter, with a few positive signs emerging. At the year end, the order book stood at CHF 507.3 million (CHF 843.4 million), a backlog representing about 2.8 months of 2009 full year sales (3.6 months).

Net sales

CHF million	2009	2008	% change
Net sales	2 142.1	2 788.9	– 23.2%
Net sales adjusted for currencies	2 260.5	2 788.9	– 18.9%
Net sales adjusted for acquisitions	1 985.8	2 788.9	– 28.8%
Net sales adjusted for currencies and acquisitions	2 096.3	2 788.9	– 24.8%

Operating performance As a result of the early measures to cut costs and optimise structures, the EBIT margin before impairment charges was 5.2%, which was a reasonable outcome considering the economic situation. The reported operating profit included one-off restructuring costs of approximately CHF 15 million, in particular for personnel measures and structural optimisation. About CHF 10 million of this amount was incurred for Bucher Municipal. The Group's EBITDA decreased by 44.5% to CHF 189.7 million, representing an EBITDA margin of 8.9% (2008: 12.2%). Savings in purchasing largely made up for the pressure on selling prices. The proportion of material costs dropped from 56.5% to 48.4%, not least as a result of insourcing previously outsourced activities. Due to the delayed impact of the downsizing measures, insourcing and low capacity utilisation, the share of employment costs rose from 22.4% to 25.0%. Other operating expenses were reduced by approximately CHF 75 million, but still increased from 12.8% to 13.2% as a percentage of sales. EBIT before one-off impairment charges declined by 59.5% to CHF 111.7 million, resulting in an EBIT margin of 5.2% compared to 9.9% a year earlier. Because of the economic downturn and the still subdued outlook, the annual impairment test of intangible assets indicated that impairment charges totalling CHF 85.9 million (CHF 29.9 million) were necessary for goodwill. EBIT after impairment charges came in at CHF 25.8 million, representing a year-on-year decrease of 89.5% and an EBIT margin of 1.2% (8.8%). A new financial management policy was put in place on 1 January 2009 with the objective of mitigating the negative impact of foreign currency movements. At the beginning of each financial year, a portion of the expected future foreign currency cash flows is hedged at the budgeted exchange rate. A gain of CHF 7.8 million from translating and hedging operating transactions denominated in foreign currencies has been recognised in operating profit for the first time.

Higher interest expense On 3 September 2009, Bucher Industries placed a CHF 200.0 million bond with a coupon of 3.125% and a term of five years at an issue price of 100.475%. The funds were used to refinance existing financial liabilities and for general financing purposes. Net interest expense changed from CHF 8.6 million to CHF 16.4 million, due to higher financing costs and reduced interest income. The net gain on short-term investments was CHF 4.0 million lower year on year at CHF 7.2 million. Valuation reserves recorded in the fair value reserve in equity decreased by CHF 1.4 million to CHF 9.8 million. Foreign exchange gains and losses showed a negative balance of CHF 6.5 million (2008: negative CHF 23.3 million), weighed down by largely unrealised exchange losses due to the weakness of the main currencies against the Swiss franc. In accordance with the new financial management policy, only the effects of financial transactions have been recognised in net financial items. The share of associates' results was a loss of CHF 1.2 million (profit of CHF 1.1 million). No impairment losses on associates were recognised in the reporting year (CHF 8.9 million). Overall, net financial items improved by CHF 10.3 million to negative CHF 18.8 million.

Net financial items

CHF million	2009	2008
Interest expense	−18.4	−16.6
Interest income	2.0	8.0
Net interest expense	**−16.4**	**−8.6**
Net gain on short-term investments	7.2	11.2
Foreign exchange gains and losses	−6.5	−23.3
Share of (loss)/profit of associates	−1.2	1.1
Impairment of associates	–	−8.9
Other financial items	−1.9	−0.6
Net financial items	**−18.8**	**−29.1**

Tax rate and profit/loss for the year Income tax expense decreased from CHF 71.7 million to CHF 31.4 million. The tax rate increased from 33.0% to 33.8%, excluding the non-tax-deductible goodwill impairment charges of CHF 85.9 million in 2009. This was primarily because some profits and losses were not able to be offset. Profit for the year before one-off impairment charges declined by 66.6% to CHF 61.5 million (2008: CHF 184.2 million), giving a return on sales of 2.9% (6.6%). Including the impairment charges, the Group posted a loss of CHF 24.4 million for the year (profit of CHF 145.4 million). Due to the loss reported for the year, Bucher Industries recorded a loss per share of CHF 2.60 (earnings per share of CHF 14.39).

Secure financial position Despite the economic and financial crisis, Bucher Industries still had a very sound balance sheet structure. In addition to adjusting production capacities and exercising strict discipline in spending, management concentrated on reducing net operating assets and, in particular, working capital during the reporting year. Inventory management was aligned early to the lower business volume, and receivables management was intensified. This enabled receivables and inventories to be reduced by CHF 232.8 million. Net operating assets amounted to CHF 897.1 million compared to CHF 922.5 million a year earlier. Excluding acquisitions, net operating assets decreased by CHF 145.9 million to CHF 776.6 million. Due to the very high level of capital spending in previous years, capital expenditure was reduced to the necessary minimum of CHF 58.5 million (2008: CHF 130.9 million) during the year. The most important single project was the new building and expansion at the Bucher Hydraulics plant in Neuheim, Switzerland. Operating free cash flow was CHF 182.5 million compared to negative CHF 15.3 million a year earlier. Taking into account the acquisitions of CHF 172.9 million and the dividend of CHF 45.2 million, free cash flow amounted to CHF 0.7 million. Net debt reached CHF 118.1 million, practically matching the previous year's level of CHF 110.6 million, having still stood at CHF 367.8 million at 30 June 2009. At the reporting date, the Group additionally had sufficient liquidity ensured by available undrawn committed credit facilities totalling approximately CHF 440 million.

Before impairment charges, intangible assets grew by CHF 119.7 million to CHF 250.6 million as a result of acquisitions. Goodwill increased from CHF 88.9 million to CHF 146.0 million. In view of the continuing economic downturn and subdued outlook for the years ahead, the business plans were revised. This led to a reduction in the cash flow projections of the individual cash-generating units (CGUs). Goodwill impairment testing resulted in a goodwill impairment charge of CHF 63.7 million for Kuhn Group (Kuhn do Brasil S/A, Brazil, and Kuhn-Geldrop B.V. Netherlands) and of CHF 22.2 million for Bucher Hydraulics (Bucher Hydraulics Inc., USA, and Command Controls Corporation, USA). After these impairment charges totalling CHF 85.9 million, intangible assets still amounted to CHF 164.7 million at the reporting date, of which goodwill accounted for CHF 60.2 million. The ratio of intangible assets to equity was 20.8% (2008: 15.5%).

Equity decreased by CHF 53.6 million to CHF 792.5 million at 31 December 2009, reduced by the loss for the year and dividend payment, but increased by the unrealised foreign exchange gain of CHF 12.0 million (2008: loss of CHF 122.7 million) arising on translation of subsidiaries' balance sheets into Swiss francs. The equity ratio fell from 40.9% to 37.3%, mainly because total assets were increased by some CHF 300 million to ensure liquidity. The return on equity was negative 3.0% (positive 16.9%). Excluding the impact of the goodwill impairment charges, the return on equity was 6.8% (21.0%).

Return on net operating assets after tax (RONOA)

CHF million

	2009	2008
Trade receivables	405.2	479.3
Inventories	485.2	609.0
Property, plant and equipment	408.5	399.2
Intangible assets	164.7	130.9
Other receivables	74.4	110.4
Trade payables	– 189.6	– 288.3
Advances from customers	– 165.0	– 201.1
Other payables	– 202.9	– 238.8
Provisions	– 83.4	– 78.1
Net operating assets (NOA)	**897.1**	**922.5**
Net operating assets (NOA), average	1 114.1	891.0
Operating profit (EBIT)	**25.8**	**246.2**
Return on net operating assets after tax (RONOA)	**1.5%**	**18.5%**

Cash flow/free cash flow

CHF million

	2009	2008
Net cash flow from operating activities	**238.9**	**102.5**
Purchases of property, plant and equipment	– 57.0	– 129.5
Proceeds from sale of property, plant and equipment	2.1	13.1
Purchases of intangible assets	– 1.5	– 1.4
Operating free cash flow	**182.5**	**– 15.3**
Purchases of short-term investments and financial assets	– 4.0	– 31.4
Proceeds from sale of short-term investments and financial assets	40.3	25.3
Dividend paid	– 45.2	– 50.3
Acquisition of subsidiaries	– 172.9	– 149.7
Acquisition of associates	–	– 1.4
Free cash flow	**0.7**	**– 222.8**

Employee numbers The number of employees fell by 14.2% to 7 183 full-time equivalents at the reporting date. Excluding acquisitions, this was a decrease of 1 444 full-time equivalents or 17.2%. The average for the year declined by 6.8% (2008: 12.6% increase), or by 10.6% excluding acquisitions. The large difference between the year-end and average numbers for the year shows the delayed impact of the downsizing measures. With the 23.2% decrease in sales (13.4% increase), net sales per employee were down 17.6% (up 0.7%) to CHF 281 200 (CHF 341 100). Excluding the impact of acquisitions, net sales per employee dropped by 20.4% to CHF 271 600.

Selected financial data

	2009	2008
Net tangible worth (equity less goodwill) in CHF million	732.3	757.2
Gearing ratio (net debt to equity)	14.9%	13.1%
Return on equity (ROE)	– 3.0%	16.9%
Interest coverage ratio (EBITDA to net interest expense)	11.6	39.7
Debt payback period (net debt to EBITDA)	0.6	0.3

Registered shares In a volatile stock market, the price of Bucher shares rose slightly from CHF 105.00 to CHF 112.30 during the reporting year, having reached a 52-week high of CHF 126.90 and a 52-week low of CHF 69.00. The company's market capitalisation stood at CHF 1.2 billion at the year end, representing a price/book ratio of 1.5. Earnings per share before one-off impairment charges decreased by 67.3% to CHF 5.99. The impairment charges resulted in a loss per share of CHF 2.60. Despite the difficult economic environment and the Group's lower profit for the year before impairment charges, the board of directors proposes a dividend of CHF 2.00 per registered share to maintain a steady dividend policy. Based on the average share price for 2009, the board's proposal represents a dividend yield of 1.9% (2008: 2.1%).

Consolidated balance sheet at 31 December 2009

	CHF million	Note	2009	%	2008	%
Assets	**Current assets**					
	Cash and cash equivalents		437.2	20.6	132.6	6.4
	Short-term investments	3	68.0	3.2	101.6	4.9
	Trade receivables	4	405.2	19.1	479.3	23.2
	Current income tax assets		21.7	1.0	18.1	0.8
	Other receivables	4	42.0	2.0	80.4	3.9
	Inventories	5	485.2	22.8	609.0	29.5
	Total current assets		**1 459.3**	**68.7**	**1 421.0**	**68.7**
	Non-current assets					
	Long-term receivables	4	11.6	0.6	30.6	1.5
	Deferred tax assets	24	29.4	1.4	34.4	1.7
	Investments in associates	6	7.7	0.4	8.9	0.4
	Other financial assets	7	43.3	2.0	42.6	2.1
	Property, plant and equipment	8	408.5	19.2	399.2	19.3
	Intangible assets	9	164.7	7.7	130.9	6.3
	Total non-current assets		**665.2**	**31.3**	**646.6**	**31.3**
	Total assets		**2 124.5**	**100.0**	**2 067.6**	**100.0**
Liabilities and equity	**Current liabilities**					
	Financial liabilities	10	88.7	4.2	85.9	4.2
	Trade payables		189.6	8.9	288.3	13.9
	Advances from customers		165.0	7.8	201.1	9.7
	Current income tax liabilities		25.8	1.2	25.1	1.2
	Provisions	11	68.5	3.2	63.1	3.1
	Other payables	12	173.6	8.2	233.6	11.3
	Total current liabilities		**711.2**	**33.5**	**897.1**	**43.4**
	Non-current liabilities					
	Financial liabilities	10	534.6	25.1	234.3	11.4
	Deferred tax liabilities	24	48.5	2.3	47.8	2.3
	Retirement benefit obligations	26	18.4	0.9	21.5	1.0
	Provisions	11	14.9	0.7	15.0	0.7
	Other liabilities	12	4.4	0.2	5.8	0.3
	Total non-current liabilities		**620.8**	**29.2**	**324.4**	**15.7**
	Equity					
	Attributable to equity holders of Bucher Industries AG		780.9	36.8	835.8	40.4
	Attributable to minority interests		11.6	0.5	10.3	0.5
	Total equity		**792.5**	**37.3**	**846.1**	**40.9**
	Total liabilities and equity		**2 124.5**	**100.0**	**2 067.6**	**100.0**

Consolidated income statement for the year ended 31 December 2009

CHF million	Note	2009	%	2008	%
Net sales	1	**2 142.1**	**100.0**	**2 788.9**	**100.0**
Changes in inventories of finished goods and work in progress		–120.9	–5.6	78.4	2.8
Raw materials and consumables used	17	–1 038.1	–48.4	–1 574.6	–56.5
Employment costs	18	–536.0	–25.0	–623.7	–22.4
Other operating income	19	25.4	1.1	30.1	1.1
Other operating expenses	20	–282.8	–13.2	–357.5	–12.8
Operating profit before depreciation and amortisation (EBITDA)		**189.7**	**8.9**	**341.6**	**12.2**
Depreciation	8	–61.1	–2.9	–55.0	–2.0
Amortisation	9	–16.9	–0.8	–10.5	–0.3
Impairment	9	–85.9	–4.0	–29.9	–1.1
Operating profit (EBIT)		**25.8**	**1.2**	**246.2**	**8.8**
Share of (loss)/profit of associates	6	–1.2	–0.1	1.1	0.0
Impairment of associates	6	–	–	–8.9	–0.3
Finance costs	22	–20.6	–1.0	–15.4	–0.6
Finance income	23	3.0	0.2	–5.9	–0.1
Profit before tax		**7.0**	**0.3**	**217.1**	**7.8**
Income tax expense	24	–31.4	–1.5	–71.7	–2.6
(Loss)/profit for the year		**–24.4**	**–1.2**	**145.4**	**5.2**
Attributable to equity holders of Bucher Industries AG		–26.0		143.3	
Attributable to minority interests		1.6		2.1	
Basic earnings per share in CHF	25	–2.60		14.39	
Diluted earnings per share in CHF	25	–2.60		14.31	

Consolidated statement of comprehensive income

CHF million	2009	2008
(Loss)/profit for the year	**–24.4**	**145.4**
Net change in fair value reserve	3.0	1.0
Income tax	–1.0	–0.3
Transfer to income statement	–5.1	–9.3
Income tax	1.7	3.2
Net change in fair value reserve, net of tax	**–1.4**	**–5.4**
Net change in currency translation reserve	12.0	–123.7
Other comprehensive income for the year, net of tax	**10.6**	**–129.1**
Total comprehensive income for the year	**–13.8**	**16.3**
Attributable to equity holders of Bucher Industries AG	–15.4	15.2
Attributable to minority interests	1.6	1.1

Consolidated cash flow statement for the year ended 31 December 2009

CHF million	Note	2009	2008
(Loss)/profit for the year		**–24.4**	**145.4**
Adjustments for:			
Income tax expense	24	31.4	71.7
Depreciation and amortisation	8, 9	78.0	65.5
Impairment	9	85.9	29.9
Share of (loss)/profit of associates	6	1.2	–1.1
Impairment of associates	6	–	8.9
Gains on sale of non-current assets		–0.5	–0.2
Gain on sale of short-term investments and financial assets		–6.3	–10.5
Net interest expense		16.4	8.6
Interest received		1.8	5.9
Interest paid		–15.4	–15.0
Income tax paid		–36.2	–95.9
Other operating cash flow items		6.4	6.7
Cash flow from operating activities before changes in working capital and provisions		**138.3**	**219.9**
Change in provisions and retirement benefit obligations		–3.9	–7.0
Change in working capital	14	104.5	–110.4
Net cash flow from operating activities		**238.9**	**102.5**
Purchases of property, plant and equipment	8	–57.0	–129.5
Proceeds from sale of property, plant and equipment		2.1	13.1
Purchases of intangible assets	9	–1.5	–1.4
Purchases of short-term investments and financial assets		–4.0	–31.4
Proceeds from sale of short-term investments and financial assets		40.3	25.3
Acquisition of subsidiaries	2	–172.9	–149.7
Acquisition of associates	6	–	–1.4
Net cash flow from investing activities		**–193.0**	**–275.0**
Change in treasury shares		0.8	1.4
Proceeds from long-term financial liabilities		356.2	91.8
Repayment of long-term financial liabilities		–3.3	–6.9
Proceeds from short-term financial liabilities		4.5	11.1
Repayment of short-term financial liabilities		–55.2	–99.3
Dividend paid		–45.2	–50.3
Net cash flow from financing activities		**257.8**	**–52.2**
Effect of exchange rate changes		0.9	–20.2
Net change in cash and cash equivalents		**304.6**	**–244.9**
Cash and cash equivalents at 1 January		132.6	377.5
Cash and cash equivalents at 31 December		**437.2**	**132.6**

Consolidated statement of changes in equity for the year ended 31 December 2009

CHF million	Share capital	Share premium reserve	Retained earnings	Currency translation reserve	Treasury shares	Fair value reserve	Attributable to equity holders of Bucher Industries AG	Minority interests	Total equity
Balance at 1 January 2008	**2.1**	**70.6**	**809.4**	**−6.0**	**−29.6**	**16.6**	**863.1**	**9.7**	**872.8**
(Loss)/profit for the year			143.3				143.3	2.1	**145.4**
Other comprehensive income for the year				−122.7		−5.4	−128.1	−1.0	**−129.1**
Total comprehensive income for the year			**143.3**	**−122.7**		**−5.4**	**15.2**	**1.1**	**16.3**
Change in treasury shares			5.5		1.8		7.3		**7.3**
Dividend			−49.8				−49.8	−0.5	**−50.3**
Balance at 31 December 2008	**2.1**	**70.6**	**908.4**	**−128.7**	**−27.8**	**11.2**	**835.8**	**10.3**	**846.1**
Profit 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**	**70.6**	**841.6**	**−116.7**	**−26.5**	**9.8**	**780.9**	**11.6**	**792.5**

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 is organised into five divisions operating in the following business segments: specialised agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production equipment (Bucher Process), hydraulic components (Bucher Hydraulics) and manufacturing equipment for the glass container industry (Emhart Glass).

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 2009 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
New standards			
IFRS 8	Operating Segments	1 January 2009	2
Revised standards			
IFRS 1/IAS 27	First-Time Adoption of IFRS, and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	1
IFRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2009	1
IFRS 7	Financial Instruments: Disclosures	1 January 2009	2
IAS 1	Presentation of Financial Statements	1 January 2009	2
IAS 23	Borrowing Costs	1 January 2009	1
IAS 32/IAS 1	Financial Instruments: Presentation and Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009	1
Various	Annual Improvements to IFRS	1 January 2009	1
New interpretation			
IFRIC 9	Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement	31 March 2009	1
IFRIC 13	Customer Loyalty Programmes	1 July 2008	1
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	1
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	1
IFRIC 18	Transfer of Assets from Customers	1 July 2009	1

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

IAS 1 requires that items of income and expense recognised in equity be presented in a statement of comprehensive income in addition to a statement of changes in equity. Bucher Industries has elected to retain the original income statement and to disclose the additional information in a separate table.

IFRS 8 “Operating Segments” replaces the previous IAS 14 “Segment Reporting”. The standard takes a management approach to identifying and measuring the results of reportable segments. The distinction between primary and secondary segments has been removed. Segment information is required to be presented on the basis of internal reporting. As the previous segment reporting reflects the operational and management structure of Bucher Industries, the first-time adoption of IFRS 8 has not resulted in any change in the identification of operating segments.

The amendment to IFRS 7 on disclosures about financial instruments requires fair value to be determined using a three-level hierarchy. More details can be found in the disclosures on fair value measurement in the notes to the consolidated financial statements.

Future standards not yet adopted IASB has published the following new and revised standards and interpretations that will not be mandatory until the 2010 financial year 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
Revised standards				
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009	2010	2
Various	Annual Improvements to IFRS	1 July 2009	2010	2
New interpretation				
IFRIC 17	Distribution of Non-cash Assets to Owners	1 July 2009	2010	1

[1] Not expected to have an impact or significant impact on the consolidated financial statements.
[2] Expected to require additional disclosures or changes in the presentation of the consolidated financial statements.

Management’s assumptions and estimates The preparation of consolidated 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 on an ongoing basis. 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. Actual cash flows may differ from those forecasted. Such impairment losses are recognised as an expense in the income statement. The carrying amount of goodwill and detailed information can be found in the notes to the consolidated financial statements.

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.

Provisions Provisions are made for a number of events where it is probable that an outflow of resources will be required. Warranty provisions are based on estimates made by applying historical data for the previous two years to current sales. Management estimates the other provisions realistically based on information currently available. Actual cash outflows and their timing may differ significantly depending on the outcome of events.

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. The calculation of defined benefit obligations is based on statistical and actuarial assumptions, such as the expected inflation rate, future salary increases, probable turnover rate, life expectancy of plan participants, discount rate and expected rate of return on plan assets. 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.

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. Minority interests in equity and results are reported separately 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 minority interests in a fully consolidated subsidiary are acquired, the difference between the consideration paid and the carrying amount of the minority 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.

Segment reporting Segments are defined using the management approach. Each of the divisions, or 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 divisions. Transfer prices between the divisions are determined at arm's length.

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 defined risk control procedures and risk limitations. Responsibilities for risk management are clearly assigned and regulated. The board of directors defines and approves the framework for risk management policy and also plays a monitoring role in respect of compliance with the risk control mechanisms. Furthermore, it sets risk limits for the Group. Group management is accountable for ensuring that the risk management policy approved by the board of directors is operationally embedded within the Group and delegates the necessary responsibilities. 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 also adequate technical resources to keep the risk management system functioning at all times. Group treasury evaluates all financial risk factors for the Group using modern risk analysis techniques (value-at-risk and stress tests). It uses financial derivatives to selectively manage financial exposure at the level of subsidiaries and the holding company with the objective of achieving high levels of hedge effectiveness. The Group does not enter into any hedging transactions without a corresponding underlying operating transaction. The divisions' finance departments 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 instruments due to deterioration in credit quality because of an adverse change in the financial circumstances of business partners. Each of the divisions 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 the default is usually mitigated by advances from customers, letters of credit and other instruments to secure payment. Credit risk associated with investments is diversified by being widely spread among the financial institutions used. It is the Group's policy to enter into contracts only with highly rated domestic and foreign financial institutions.

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 the company's liquidity management. Its role is to ensure liquidity for the Group at all times and in any currency required through its in-house banking system. The necessary funds are raised as and when required in the financial and banking markets. In order to manage liquidity requirements proactively, group treasury conducts liquidity planning in coordination with the divisions' finance departments to anticipate future payment flows and cash resources. Cash flows are matched with existing credit facilities so that appropriate measures can be taken in good time to ensure the ability to meet financial obligations.

Market risk Market risk comprises three types of risk: price risk, interest rate risk and currency risk. Market risk arises from changes in risk factors, such as foreign exchange rates, interest rates and commodity prices, that result in a decline in the market value and/or book value of the balance sheet or profit and loss items exposed to these risk factors. Interest rate and exchange rate risk exposures are regularly measured as value-at-risk, supplemented by stress test scenarios, and are reported to group management. The divisions manage the identified exchange rate exposure together with group treasury, using financial instruments defined for this purpose. Group treasury, in turn, selectively enters into hedging transactions with banks.

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 inancial 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 not 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 equity (in other comprehensive income) as the “net change in fair value reserve” until they are realised. Interest is calculated using the effective interest method and recognised in the income statement. When an asset is disposed of or determined to be permanently impaired, the cumulative gains or losses recognised equity (in other comprehensive income) are taken to the income statement for the period as finance income.

Held-to-maturity Held-to-maturity investments comprise assets with fixed maturity and fixed or determinable payments that the Group has the positive intention and ability to hold to maturity. These financial assets are measured at amortised cost using the effective interest method. Gains or losses on disposal, permanent impairment losses or amortisation are recognised in the income statement.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, at banks and in postal accounts, 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 Derivative financial instruments are recorded as other receivables or other payables as applicable. They are initially recognised in the balance sheet at fair value and are subsequently remeasured to fair value based on their current market value at the reporting date. Changes in fair value are recorded in the income statement. Hedge accounting (as defined in IAS 39) is not applied. Realised and 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 costs.

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 20 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 The share premium reserve comprises 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 fair value of share-based payments (share option 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 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 ncome. 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 Every year the Group adopts a share-based payment scheme in the form of a share option plan for the members of the group management, division managements and selected specialists. Until 2008, share option plans were valued using the Black-Scholes model. For the new share option plan from 2009, the so-called Enhanced American model (EA model) has been used for the valuation for the first time. In addition to the usual parameters (exercise price, maturity, volatility, share price, risk-free interest rate and expected dividend yield), the EA model requires other inputs such as vesting periods, expected option life, non-transferability of employee share options and the expected annual exit rate during and after the vesting period. The valuation is performed using a binomial model. The fair value of outstanding options granted to employees under share option plans is determined and charged to employment costs. A corresponding entry is made in equity. Their fair value is recognised pro rata over the periods to vesting. The shares to meet awards under these share-based payment schemes are purchased in the open market and held by Bucher Beteiligungs-Stiftung, a consolidated employee share ownership trust.

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.

Notes to the consolidated financial statements

1 Division information

Bucher Industries comprises five divisions (segments) specialising in industrially related areas of mechanical and vehicle engineering. Although they are technologically related, the divisions are quite distinct in terms of products and sales markets. The divisions' management and responsibility for performance are consequently decentralised as well. The following summary describes the operations in each of the reportable divisions:

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

Bucher Municipal holds the largest share of the European sweeper market, offering a whole range of compact and truck mounted sweepers, winter maintenance equipment and refuse collection vehicles.

Bucher Process is the leading international manufacturer of equipment for wine and fruit juice producers, with a portfolio ranging from machinery for fruit reception, mash preparation and juice extraction to fermentation, filtration and adsorption systems, as well as presses adapted for dewatering sludge.

Bucher Hydraulics occupies a leading position as a provider of costum mobile and industrial hydraulics systems 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.

CHF million	Net sales		Depreciation		Amortisation and impairment		Operating profit (EBIT)	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Kuhn Group	948.4	1 105.6	26.8	19.3	75.2	0.8	7.4	136.9
Bucher Municipal	452.1	579.1	7.0	7.0	1.2	5.9	20.4	38.0
Bucher Process	122.0	195.2	1.8	1.8	0.2	0.2	4.7	24.1
Bucher Hydraulics	319.8	497.0	16.6	17.0	25.8	28.1	– 8.5	31.2
Emhart Glass	303.7	418.3	8.7	9.0	0.4	0.4	12.2	35.0
Total for reportable divisions	**2 146.0**	**2 795.2**	**60.9**	**54.1**	**102.8**	**35.4**	**36.2**	**265.2**
Other/consolidation	– 3.9	– 6.3	0.2	0.9	–	5.0	– 10.4	– 19.0
Group total	**2 142.1**	**2 788.9**	**61.1**	**55.0**	**102.8**	**40.4**	**25.8**	**246.2**

CHF million	Capital expenditure		Goodwill		Operating assets		Operating liabilities	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Kuhn Group	26.5	59.2	29.2	35.2	660.1	680.2	346.3	467.4
Bucher Municipal	6.1	17.0	7.1	7.3	252.8	291.2	120.3	118.3
Bucher Process	1.2	3.4	–	–	95.9	107.2	37.9	49.7
Bucher Hydraulics	20.8	34.0	–	21.9	244.1	322.3	46.8	66.9
Emhart Glass	3.9	17.1	5.5	5.5	260.0	303.5	77.2	112.9
Total for reportable divisions	**58.5**	**130.7**	**41.8**	**69.9**	**1 512.9**	**1 704.4**	**628.5**	**815.2**
Other/consolidation	–	0.2	18.4	19.0	25.1	24.3	12.4	– 9.0
Group total	**58.5**	**130.9**	**60.2**	**88.9**	**1 538.0**	**1 728.7**	**640.9**	**806.2**

The performance of each of the divisions is determined 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 effects of intercompany 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 Bucher Hydraulics. The other divisions 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 resulted in a goodwill impairment charge of CHF 63.7 million for the Kuhn Group division and of CHF 22.2 million (2008: CHF 25.2 million) for the Bucher Hydraulics division. In the previous year, a goodwill impairment charge of CHF 4.7 million was recognised for Bucher Municipal.

Reconciliation of division profit

CHF million	**2009**	**2008**
Division operating profit	36.2	265.2
Other/consolidation	– 10.4	– 19.0
Group operating profit	**25.8**	**246.2**
Share of (loss)/profit of associates	– 1.2	1.1
Impairment of associates	–	– 8.9
Finance costs	– 20.6	– 15.4
Finance income	3.0	– 5.9
Profit before tax	**7.0**	**217.1**

Reconciliation of division assets and liabilities

CHF million	Assets	
	2009	**2008**
Division operating assets	**1 512.9**	**1 704.4**
Other/consolidation	25.1	24.3
Group operating assets	**1 538.0**	**1 728.7**
Cash, cash equivalents and short-term investments	505.2	234.2
Deferred tax assets	29.4	34.4
Investments in associates	7.7	8.9
Other financial assets	43.3	42.6
Other assets	0.9	18.8
Total group assets	**2 124.5**	**2 067.6**

CHF million	Liabilities	
	2009	**2008**
Division operating liabilities	**628.5**	**815.2**
Other/consolidation	12.4	– 9.0
Group operating liabilities	**640.9**	**806.2**
Short-term financial liabilities	88.7	85.9
Long-term financial liabilities	534.6	234.3
Deferred tax liabilities	48.5	47.8
Retirement benefit obligations	18.4	21.5
Other payables	0.9	25.8
Total group liabilities	**1 332.0**	**1 221.5**

Geographical information

CHF million	Net sales		Property, plant and equipment and intangible assets	
	2009	**2008**	**2009**	**2008**
Switzerland	127.3	131.4	93.4	86.1
Germany	333.9	403.9	38.4	41.3
France	433.2	459.1	126.4	128.8
Rest of Europe	631.9	950.6	155.0	80.6
North America	266.1	380.4	127.2	150.7
Central and South America	54.3	88.8	11.4	24.9
Asia	161.9	216.5	7.8	8.4
Other	133.5	158.2	13.6	9.3
Total	**2 142.1**	**2 788.9**	**573.2**	**530.1**

Net sales from external customers have been allocated to the countries of destination.

2 Acquisitions

Bucher Industries acquired the Kverneland Group's baler operations with effect from 1 January 2009. These operations comprise the manufacture of balers, bale wrappers, drum mowers and maize choppers. The company, Kverneland Group Geldrop B.V., was integrated into the Kuhn Group division and renamed Kuhn-Geldrop B.V. With this acquisition, Kuhn Group has filled the existing gap in its range of hay and forage harvesting equipment. The acquisition was completed and all the shares acquired on 19 February 2009. The purchase consideration, including assumption of debt, was CHF 172.1 million. The entire purchase consideration was paid in cash. The gross amount of receivables acquired of CHF 23.5 million represented fair value. All receivables were considered fully collectible. The goodwill acquired in this acquisition amounted to CHF 55.3 million. The purchase price allocation was completed at 31 December 2009. The acquisition costs of CHF 0.9 million have been recognised in other operating expenses. In the period from 1 January to 31 December 2009, Kuhn-Geldrop B.V. generated EBITDA of CHF 3.3 million and EBIT before impairment of negative CHF 11.0 million on sales of CHF 113.0 million. Amortisation of the capitalised intangible assets resulting from the purchase price allocation had an adverse impact of CHF 10.4 million on operating profit.

The purchase price allocations for the previous year's acquisitions of Kuhn-Blanchard SAS, Chéméré, France, and Command Controls Corporation, Elgin, Illinois, USA, were completed during the reporting year. The final purchase price allocation did not result in any adjustments to the amounts reported at 31 December 2008. There was therefore no goodwill on the acquisition of Kuhn-Blanchard. Goodwill of CHF 11.4 million has been recognised on the acquisition of Command Controls Corporation.

Goodwill

CHF million	Kuhn-Geldrop B.V.	Total	
		2009	**2008**
Cash paid	172.1	172.1	149.7
Deferred consideration	–	–	2.4
Total purchase consideration	**172.1**	**172.1**	**152.1**
Less fair value of net identifiable assets acquired	116.8	116.8	82.0
Goodwill	**55.3**	**55.3**	**70.1**

The goodwill arising on the acquisitions is attributable to the potential for synergies arising from the business combination, expertise of the workforce and other intangible assets that cannot be separately identified and measured individually. Detailed information concerning goodwill can be found in the notes to intangible assets.

Cash flow from acquisitions

CHF million	2009	2008
	Fair value	Fair value
Cash and cash equivalents	2.8	0.7
Trade receivables	23.5	18.0
Other receivables	0.9	1.1
Inventories	37.7	21.1
Deferred tax assets	0.8	0.7
Property, plant and equipment	10.8	24.6
Intangible assets	78.7	37.9
Financial liabilities – current	–	−1.0
Trade payables	−18.7	−8.8
Other payables	−5.8	−3.9
Provisions	−4.3	−0.6
Deferred tax liabilities	−9.6	−3.0
Financial liabilities – non-current	–	−4.8
Net assets	**116.8**	**82.0**
Cash and cash equivalents	−2.8	−0.7
Deferred consideration	–	−2.4
Goodwill	55.3	70.1
Deferred consideration paid	3.6	0.7
Net cash outflow on acquisitions	**172.9**	**149.7**

3 Short-term investments

CHF million	2009	2008
Equities	–	3.3
Bonds	66.5	95.8
Money market instruments	1.5	2.5
Short-term investments	**68.0**	**101.6**

Changes in fair value recognised in equity, net of tax, amounted to CHF 2.0 million (2008: CHF 0.7 million).

4 Receivables

CHF million	Current	Non-current	Total	Current	Non-current	Total
			2009			**2008**
Trade receivables, gross	390.4	0.5	390.9	449.9	19.7	469.6
Notes receivable	14.8	–	14.8	29.4	–	29.4
Trade receivables, net	**405.2**	**0.5**	**405.7**	**479.3**	**19.7**	**499.0**
Other receivables	30.2	11.1	41.3	51.1	10.9	62.0
Prepayments to suppliers	1.7	–	1.7	3.3	–	3.3
Derivative financial instruments	0.8	–	0.8	18.7	–	18.7
Accrued income	9.3	–	9.3	7.3	–	7.3
Other receivables	**42.0**	**11.1**	**53.1**	**80.4**	**10.9**	**91.3**
Receivables	**447.2**	**11.6**	**458.8**	**559.7**	**30.6**	**590.3**

Trade receivables and notes receivable represent amounts receivable for goods supplied and services provided. As in the previous year, trade and other receivables do not include any receivables from associates.

5 Inventories

CHF million	2009	2008
Raw materials and consumables	126.4	157.1
Work in progress	90.5	145.0
Finished goods and goods for resale	268.3	306.9
Inventories	**485.2**	**609.0**

Inventory write-downs

CHF million	2009	2008
Balance at 1 January	85.3	83.0
Additional write-downs	19.5	10.0
Amounts reversed	– 3.8	– 2.1
Amounts written off	– 0.2	– 0.4
Acquisition/disposal of subsidiaries	3.1	2.3
Exchange differences	0.1	– 7.5
Balance at 31 December	**104.0**	**85.3**

There were no write-offs of inventories that had not previously been written down (2008: CHF 0.2 million).

6 Investments in associates

CHF million

	2009	2008
Balance at 1 January	8.9	16.3
Acquisitions	–	1.4
Disposals	–	–1.0
Share of (loss)/profit	–1.2	1.1
Impairment charge	–	–8.9
Balance at 31 December	**7.7**	**8.9**

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 40.2 million and a profit of EUR 1.2 million for the year in its most recently published financial statements for the 2008/2009 financial year. Jetter AG had total assets of EUR 36.9 million and equity of EUR 24.9 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 CHF 7.4 million at 31 December 2009. Management is of the opinion that the investment is correctly valued at its current carrying amount. Due to the present, very volatile stock market movements, management sees no sustained loss in value and therefore no need for an impairment charge.

7 Other financial assets

CHF million

	2009	2008
Loans to associates	–	2.0
Long-term loans	20.7	21.9
Other	22.6	18.7
Other financial assets	**43.3**	**42.6**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.7 million (2008: CHF 13.7 million) have been capitalised under the heading "other".

8 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	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Cost at 1 January	373.3	350.6	382.0	351.0	168.4	173.9	25.3	61.8	949.0	937.3
Exchange differences	3.0	– 37.3	3.2	– 43.1	1.8	– 18.5	0.8	– 6.0	8.8	– 104.9
Acquisition/disposal of subsidiaries	1.6	11.2	20.6	14.5	3.9	4.8	–	0.5	26.1	31.0
Additions	6.0	21.9	21.2	44.1	11.3	18.9	18.5	44.6	57.0	129.5
Disposals	– 1.6	– 25.0	– 11.6	– 8.4	– 10.7	– 10.5	–	–	– 23.9	– 43.9
Transfers	15.5	51.9	9.4	23.9	2.6	– 0.2	– 27.5	– 75.6	–	–
Cost at 31 December	**397.8**	**373.3**	**424.8**	**382.0**	**177.3**	**168.4**	**17.1**	**25.3**	**1 017.0**	**949.0**
Accumulated depreciation at 1 January	165.2	181.8	255.9	264.2	128.7	136.1	–	–	549.8	582.1
Exchange differences	0.8	– 17.3	2.5	– 31.1	1.3	– 14.5	–	–	4.6	– 62.9
Acquisition/disposal of subsidiaries	0.8	2.0	12.2	2.7	2.3	1.7	–	–	15.3	6.4
Disposals	– 1.3	– 14.6	– 10.9	– 6.0	– 10.1	– 10.2	–	–	– 22.3	– 30.8
Depreciation for the year	14.7	13.3	30.6	26.1	15.8	15.6	–	–	61.1	55.0
Accumulated depreciation at 31 December	**180.2**	**165.2**	**290.3**	**255.9**	**138.0**	**128.7**	**–**	**–**	608.5	549.8
Net book value at 31 December	**217.6**	**208.1**	**134.5**	**126.1**	**39.3**	**39.7**	**17.1**	**25.3**	**408.5**	**399.2**
Of which leased:										
Cost	28.8	29.7	1.8	1.8	0.6	0.6	–	–	31.2	32.1
Accumulated depreciation	3.9	1.6	1.5	1.2	0.2	0.3	–	–	5.6	3.1
Net book value	24.9	28.1	0.3	0.6	0.4	0.3	–	–	25.6	29.0
Lease obligations (present value)	26.3	27.6	0.5	1.0	0.2	0.2	–	–	27.0	28.8
Insurance value	625.1	644.8	647.4	595.7	188.2	187.6	–	–	1 460.7	1 428.1

9 Intangible assets

CHF million	Goodwill		Other		Total intangible assets	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Cost at 1 January	118.3	61.0	134.9	106.9	**253.2**	**167.9**
Exchange differences	1.0	– 12.8	2.0	– 10.3	**3.0**	**– 23.1**
Acquisition/disposal of subsidiaries	55.3	70.1	92.8	38.2	**148.1**	**108.3**
Additions	–	–	1.5	1.4	**1.5**	**1.4**
Disposals	–	–	– 0.4	– 1.3	**– 0.4**	**– 1.3**
Cost at 31 December	**174.7**	**118.3**	**230.8**	**134.9**	**405.4**	**253.2**
Accumulated amortisation at 1 January	29.4	–	92.9	89.2	**122.3**	**89.2**
Exchange differences	– 0.8	– 0.5	2.8	– 6.5	**1.9**	**– 7.0**
Acquisition/disposal of subsidiaries	–	–	14.1	0.3	**14.1**	**0.3**
Disposals	–	–	– 0.4	– 0.6	**– 0.4**	**– 0.6**
Amortisation for the year	–	–	16.9	10.5	**16.9**	**10.5**
Impairment charge	85.9	29.9	–	–	**85.9**	**29.9**
Accumulated amortisation at 31 December	**114.5**	**29.4**	**126.3**	**92.9**	**240.7**	**122.3**
Net book value at 31 December	**60.2**	**88.9**	**104.5**	**42.0**	**164.7**	**130.9**

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, 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
			2009			**2008**
Kuhn Group			**29.2**			**35.2**
Kuhn North America Inc., USA	2.7%	10.7%	19.3	2.0%	10.3%	20.0
Kuhn do Brasil S/A, Brazil	4.0%	21.5%	0.0	10.0%	21.0%	15.2
Kuhn-Geldrop B.V., Netherlands	1.0%	8.6%	9.9	–	–	–
Bucher Municipal			**7.1**			**7.3**
Gmeiner GmbH, Germany	1.0%	9.5%	3.9	2.0%	9.7%	3.7
Other	1.0%	6.8 – 9.6%	3.2	1.0 – 2.0%	8.4 – 10.2%	3.6
Bucher Hydraulics			**0.0**			**21.9**
Bucher Hydraulics, Inc., USA	3.7%	10.6%	0.0	4.0%	10.3%	11.7
Command Controls Corporation, USA	3.7%	9.0%	0.0	4.0%	10.3%	10.2
Emhart Glass			**5.5**			**5.5**
Emhart Glass AG, Switzerland	1.0%	9.6%	5.5	2.0%	10.1%	5.5
Other			**18.4**			**19.0**
Bucher Industries US Inc., USA	2.7%	8.9%	18.4	4.0%	10.3%	19.0
Goodwill			**60.2**			**88.9**

Due to the continued economic downturn and the still very subdued outlook in the business plans, the annual impairment tests of intangible assets indicated that impairment charges were necessary on the capitalised goodwill of the following CGUs: CHF 11.9 million for Bucher Hydraulics Inc., USA; CHF 10.3 million for Command Controls Corporation, USA; CHF 45.8 million for Kuhn-Geldrop B.V., Netherlands; and CHF 17.9 million for Kuhn do Brasil S/A, Brazil. These impairment losses have been included in amortisation in the income statement for the reporting year.

An increase of 0.5 percentage points in the weighted cost of capital would result in an additional impairment loss of CHF 3.6 million for Bucher Hydraulics Inc., CHF 0.5 million for Command Controls Corporation, and CHF 8.9 million for Kuhn-Geldrop B.V. A reduction in the residual value growth rate to 0% would increase the required impairment charge by CHF 2.2 million for Bucher Hydraulics Inc., CHF 0.2 million for Command Controls Corporation, and CHF 1.4 million for Kuhn-Geldrop B.V. If the residual value growth rate were to improve by 2.0%, the required impairment charge would decrease by CHF 1.2 million for Bucher Hydraulics Inc., CHF 0.1 million for Command Controls Corporation, and CHF 2.7 million for Kuhn-Geldrop B.V.

10 Interest-bearing financial liabilities

CHF million	Less than 1 year	1–5 years	Over 5 years	Total interest-bearing financial liabilities			
				2009		2008	
				Carrying amount	Fair value	Carrying amount	Fair value
Private placements	53.3	53.3	–	106.6	110.0	106.6	95.6
Bond	–	198.3	–	198.3	203.1	–	–
Other bank borrowings	28.8	238.8	–	267.6	278.1	164.2	164.2
Finance lease liabilities	3.1	10.6	13.3	27.0	27.0	28.8	28.8
Loans and other financial liabilities	3.5	20.3	–	23.8	23.8	20.6	20.6
Financial liabilities	**88.7**	**521.3**	**13.3**	**623.3**	**642.0**	**320.2**	**309.2**

Analysis by currency

CHF million	2009	2008
USD	0.1	0.7
CHF	540.0	254.1
EUR	77.9	56.9
Other	5.3	8.5
Financial liabilities	**623.3**	**320.2**

Finance lease liabilities

CHF million	Less than 1 year	Over 1 year	Total	
			2009	2008
Future minimum lease payments	4.1	31.7	**35.8**	**40.0**
Future finance charges	1.0	7.8	**8.8**	**11.2**
Present value of minimum lease payments	3.1	23.9	**27.0**	**28.8**

Terms of significant interest-bearing financial liabilities

CHF million					2009		2008
	Currency	Interest rate	Term	Volume	Used	Volume	Used
Private placement, USA, fixed interest rate	CHF	3.54%	2003 – 10.12.2010	53.3	53.3	53.3	53.3
Private placement, USA, fixed interest rate	CHF	4.08%	2003 – 10.12.2013	33.3	33.3	33.3	33.3
Private placement, USA, fixed interest rate	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	–	–
Syndicated loan	CHF	Libor +1.4%	2009 – 30.06.2012	375.0	–	–	–
Bank loans	CHF	div.	div.	310.0	235.0	80.0	80.0
Fixed-term bank facilities	div.	div.	div.	17.8	17.8	67.5	67.5
Total				**1 009.4**	**559.4**	**254.1**	**254.1**

In the first half of the year, Bucher Industries AG, Niederweningen, arranged new credit facilities and signed a syndicated loan agreement for a total of CHF 375 million with five financial institutions. The total sum was spread among the various institutions with different credit volumes. The interest rate represents Libor plus an interest margin. The interest margin depends on predefined levels of the ratio of the debt payback period. The financial covenants are reviewed every six months. Other bilateral committed credit facilities totalling CHF 310 million were 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 the end of 2011 to 2015. All terms of credit were complied with at the reporting date on 31 December 2009. In the previous year, the Group arranged bilateral committed credit facilities in Swiss francs, maturing from 2013 to 2015, and short-term fixed bank facilities in Swiss francs, Euros and US dollars. The interest rates ranged from 1.35% to 3.20%.

As in the previous year, the items did not include any financial liabilities to associates.

11 Provisions

CHF million	Warranties	Legal claims	Other	Total provisions	
				2009	**2008**
Balance at 1 January	46.8	13.4	17.9	**78.1**	**90.0**
Additional provisions	31.6	6.2	12.0	**49.8**	**42.7**
Unused amounts reversed	−3.7	−3.1	−7.4	**−14.2**	**−10.0**
Used during year	−33.5	−1.4	−0.5	**−35.4**	**−36.1**
Acquisition/disposal of subsidiaries	3.2	–	1.1	**4.3**	**0.6**
Exchange differences	0.9	–	−0.1	**0.8**	**−9.1**
Balance at 31 December	**45.3**	**15.1**	**23.0**	**83.4**	**78.1**
Current portion	42.9	13.0	12.6	**68.5**	**63.1**
Non-current portion	2.4	2.1	10.4	**14.9**	**15.0**

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

The provision for legal claims 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 approximately CHF 10 million was made for the closure of the Hanover manufacturing plant (Bucher Municipal).

12 Other payables

CHF million	2009	2008
Accruals and deferred income	92.0	117.5
Social security and pensions	23.4	24.1
Sales and capital tax liabilities	16.2	18.6
Derivative financial instruments	0.1	24.6
Other	46.3	54.6
Other payables	**178.0**	**239.4**
Current portion	173.6	233.6
Non-current portion	4.4	5.8

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

In the previous year, the derivative financial instruments were included in financial liabilities.

13 Derivative financial instruments

	Fair value		Contractual amount	Fair value		Contractual amount
CHF million	Positive	Negative		Positive	Negative	
			2009			**2008**
Forward currency contracts and options	0.8	–	218.8	18.7	24.4	748.4
Interest rate contracts	–	0.1	2.5	–	0.2	3.9
Outstanding derivative financial instruments	**0.8**	**0.1**	**221.3**	**18.7**	**24.6**	**752.3**
Current portion	0.8	0.1		18.7	24.6	
Non-current portion	–	–		–	–	

Derivative financial instruments were used to hedge the Group’s exposure to fluctuations in interest and foreign exchange rates. The contractual amounts reflect the volume (notional amount) of hedging contracts outstanding at the balance sheet date. The negative fair value represents the amount the Group would have to pay to settle outstanding contracts at the balance sheet date. The positive fair value corresponds to the unrealised gain on a hedge at the balance sheet date. All hedging transactions are entered into with highly rated financial institutions. Use of the above financial instruments did not have a material impact on the Group’s financial position at 31 December 2009 or its results of operations for the reporting period. Outstanding derivative financial instruments are recorded as other current or non-current receivables or payables as applicable.

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

CHF million

	2009	2008
Change in receivables	158.5	– 66.2
Change in inventories	172.7	– 119.1
Change in advances from customers	– 37.3	6.2
Change in trade payables	– 123.2	33.1
Change in other non-interest-bearing liabilities	– 65.5	32.3
Other changes in working capital	– 0.7	3.3
Change in working capital	**104.5**	**– 110.4**

15 Share capital

Registered shares		**2009**	**2008**
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	564 765	597 315
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	597 315	27 866
Reissued for share-based payment schemes	– 32 550	– 1 305
Balance at 31 December	**564 765**	**26 561**

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

	2009	2008
Wages and salaries	396.2	443.1
Share awards	1.5	3.1
Share option plan	3.0	2.7
Social security and pension costs	105.2	111.9
Other employment costs	30.1	62.9
Employment costs	**536.0**	**623.7**

Social security and pension costs include all statutory and voluntary employee pension costs. Other personnel expenses comprise incidental costs of staff recruitment, training and development as well as external staff costs.

19 Other operating income

CHF million

	2009	2008
Own work capitalised	0.7	1.2
Income from reversal of provisions	5.8	4.8
Gain on sale of non-current assets	0.7	0.2
Interest income from operating lease receivables	1.3	1.2
Other income	16.9	22.7
Other operating income	**25.4**	**30.1**

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

20 Other operating expenses

CHF million

	2009	2008
Energy, maintenance and repairs	73.3	91.7
Charges, taxes, levies and consulting fees	42.3	48.9
Marketing and distribution costs	95.6	127.2
Miscellaneous operating expenses	71.6	89.7
Other operating expenses	**282.8**	**357.5**

Charges, taxes, levies and consulting fees include CHF 18.3 million (2008: CHF 17.9 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 10.7 million (CHF 8.9 million).

21 Development costs

Development costs of CHF 75.9 million (2008: CHF 78.1 million) were charged to the income statement for 2009. They mainly comprised expenditure to update and extend the divisions' product and service offerings and are included in raw material 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

	2009	2008
Interest expense on financial liabilities	18.4	15.9
Net loss/(gain) on interest derivatives	–	−1.1
Other finance costs	2.2	0.6
Finance costs	**20.6**	**15.4**

23 Finance income

CHF million	2009	2008
Interest income on financial assets	2.0	6.2
Net gain on financial instruments held for trading	0.9	1.0
Net gain on sale of available-for-sale financial instruments	6.3	10.2
Net gain on financial instruments	**7.2**	**11.2**
Financial foreign exchange gains and losses	– 6.5	– 23.3
Other finance income	0.3	–
Finance income	**3.0**	**– 5.9**

The amount realised on the sale of “available-for-sale” securities and transferred from equity to the income statement was CHF 5.1 million (2008: CHF 9.3 million).

24 Income tax expense

Current income taxes

CHF million	2009	2008
Current income tax	31.0	67.5
Deferred income tax	0.4	4.2
Income tax expense	**31.4**	**71.7**
Reconciliation		
Profit before tax	7.0	217.1
Applicable tax rate	34.5%	32.4%
Theoretical income tax charge	**2.4**	**70.3**
Utilisation of unrecognised tax loss carryforwards	– 3.6	– 4.4
Reassessment of tax loss carryforwards with tax asset adjustment	2.4	– 8.7
Adjustments in respect of losses and deferred tax assets	7.7	5.1
Expenses not deductible for tax purposes/income not subject to tax	24.0	11.7
Under/(over) provided in prior years	– 0.8	– 1.8
Other differences	– 0.7	– 0.5
Effective income tax expense	**31.4**	**71.7**
Effective tax rate	448.6%	33.0%

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.

Deferred income tax

CHF million	Assets 2009	Liabilities 2009	Assets 2008	Liabilities 2008
Property, plant and equipment	1.8	19.1	2.1	16.6
Other financial and non-current assets	1.3	15.6	1.0	11.3
Inventories	20.0	3.1	17.2	7.1
Other current assets	1.0	13.3	2.3	13.9
Provisions	3.6	9.3	1.9	9.6
Other liabilities	8.7	1.8	12.8	0.9
Tax loss carryforwards	6.7	–	8.7	–
Deferred income tax assets and liabilities	**43.1**	**62.2**	**46.0**	**59.4**
Offset amounts	–13.7	–13.7	–11.6	–11.6
Deferred income tax assets	**29.4**		**34.4**	
Deferred income tax liabilities		**48.5**		**47.8**

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 2009	Liabilities 2009	Assets 2008	Liabilities 2008
Balance at 1 January	34.4	47.8	36.1	44.7
Transfer to income tax liabilities	–	–2.6	–	–
Charged/credited to income statement	–5.8	–5.4	1.7	5.9
Charged/credited to equity (other comprehensive income)	–	–0.7	–	–2.9
Acquisition/disposal of subsidiaries	0.8	9.6	0.7	3.0
Exchange differences	–	–0.2	–4.1	–2.9
Balance at 31 December	**29.4**	**48.5**	**34.4**	**47.8**

Tax loss carryforwards

CHF million	2009	2008
Total tax loss carryforwards	150.8	140.7
Of which recognised in deferred income tax	35.9	46.9
Total unrecognised tax loss carryforwards	**114.9**	**93.8**
Of which expiring:		
Within 12 months	–	–
In 1 to 5 years	20.3	2.4
After 5 years	35.9	38.9
Available indefinitely for offset	58.6	52.5
Tax effect on unrecognised tax loss carryforwards	25.7	18.2

No tax loss carryforwards expired in 2009 (2008: CHF 0.4 million). 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

	2009	2008
(Loss)/profit attributable to Bucher Industries equity holders (CHF million)	–26.0	143.3
Average number of shares outstanding (undiluted)	9 986 736	9 955 501
Average number of shares outstanding (diluted)	9 990 853	10 017 277
Basic earnings per share (CHF)	–2.60	14.39
Diluted earnings per share (CHF)	–2.60	14.31
Dividend per registered share (CHF) [1]	2.00	4.50
Total dividend (CHF million) [1]	21.1	47.5

[1] 2009: 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 of shares held as treasury shares. The inclusion of outstanding share options did not have a dilutive effect on earnings per share (2008: dilution of CHF 0.08).

26 Retirement benefits

Funding of defined benefit plans

CHF million

	2009	2008
Fair value of plan assets	263.9	252.3
Present value of funded obligations	– 243.8	– 233.2
Funding surplus (+)/deficit (–)	**20.1**	**19.1**
Present value of unfunded obligations	– 18.0	– 19.9
Surplus (+)/deficit (–)	**2.1**	**– 0.8**
Cumulative unrecognised actuarial losses	27.8	21.8
Unrecognised surplus	– 29.7	– 25.1
Amounts recognised in the balance sheet	**0.3**	**– 4.1**
Retirement benefit obligations	– 18.4	– 21.5
Other financial assets	18.7	17.4

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

	2009	2008
Present value of obligations at 1 January	253.1	245.9
Current service cost	5.7	6.0
Interest cost	9.8	9.3
Employee contributions	4.3	4.5
Benefits paid	– 19.7	– 9.6
Acquisitions and disposals	0.7	0.4
Plan curtailments/settlements	0.7	– 2.1
Actuarial gains (–)/losses (+)	7.7	4.8
Exchange differences	– 0.5	– 6.1
Present value of obligations at 31 December	**261.8**	**253.1**

Movements in fair value of plan assets

CHF million

	2009	2008
Fair value of plan assets at 1 January	252.3	265.2
Expected return on plan assets	10.1	10.7
Employer contributions	7.0	8.9
Employee contributions	4.3	4.5
Benefits paid	– 13.4	– 7.8
Plan curtailments/settlements	– 0.5	0.4
Actuarial gains (+)/losses (–)	4.5	– 26.2
Exchange differences	– 0.4	– 3.4
Fair value of plan assets at 31 December	**263.9**	**252.3**

In 2009, the actual net return on plan assets was CHF 14.6 million (2008: negative CHF 15.5 million).

Categories of plan assets

CHF million

	2009	%	2008	%
Equities	45.7	17.3	45.4	18.0
Bonds	73.5	27.9	70.6	28.0
Property	60.8	23.0	54.3	21.5
Cash and other financial assets	83.9	31.8	82.0	32.5

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Strategic pension plan asset allocations are determined by the objective to achieve an investment return which, together with the contributions paid, is sufficient to meet the various obligations of the plans.

Pension costs

CHF million	2009	2008
Current service cost	−6.0	−4.6
Interest cost	−9.8	−9.3
Expected return on plan assets	10.1	10.7
Plan improvements/curtailments	−1.0	2.1
Amortisation of actuarial gains (–)/losses (+)	3.0	−19.6
Effects of unrecognised surplus	−4.4	15.9
Defined benefit pension costs	**−8.1**	**−4.8**
Defined contribution pension costs	−29.2	−24.5
Pension costs	**−37.3**	**−29.3**

The Group expects to pay CHF 8.7 million (2009: CHF 8.9 million) in contributions to defined benefit plans in 2010.

Actuarial assumptions

Weighted averages in %	2009	2008
Discount rate	3.6	3.9
Expected return on plan assets	4.0	4.0
Future salary increases	1.1	1.1
Future pension increases	0.1	0.1

Funding of defined benefit obligations

CHF million	2009	2008	2007	2006	2005
Fair value of plan assets	263.9	252.3	265.2	260.8	236.0
Present value of defined benefit obligations	261.8	253.1	245.9	253.1	241.6
Surplus (+)/deficit (–)	**2.1**	**−0.8**	**19.3**	**7.7**	**−5.6**
Experience adjustments on plan assets	4.5	−26.2	−4.5	14.0	7.2
Experience adjustments on plan liabilities	3.5	−8.2	3.2	19.1	0.1

27 Share-based payments/share option plan

A share-based payment scheme in the form of a share option plan has been established for the members of the group management, division managements and selected specialists. The exercise price of the share options is equal to the average market price of the shares over the 20 trading days preceding the date of grant. 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. The shares required to cover grants under this share-based payment scheme are purchased in the open market and held by Bucher Beteiligungs-Stiftung, a consolidated employee share ownership trust.

Movements in the number of share options outstanding

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2009	**2009**	**2008**	**2008**
Outstanding at 1 January	213 000	147.5	177 750	138.4
Granted	64 200	115.0	60 600	149.0
Exercised	– 14 500	59.2	– 20 550	69.5
Expired	– 1 200	166.5	– 4 800	162.6
Outstanding at 31 December	**261 500**	**144.3**	**213 000**	**147.5**
Exercisable	111 650		74 400	

The expense calculated and recognised as employment costs in the reporting period was CHF 3.0 million (2008: CHF 2.7 million). The cumulative amount recognised in equity was CHF 8.2 million (CHF 5.2 million). The fair values determined for the various tranches of options at the grant date were between CHF 34.20 for the first tranche and CHF 38.33 for the fourth tranche (CHF 41.77). The significant inputs used to calculate the fair value of share options were a share price of CHF 116.20 (CHF 135.00), volatility of 35.8% (40.6%), a risk-free interest rate ranging from 1.78% for the first tranche to 2.08% for the fourth tranche, an expected dividend yield of 1.49%, an expected option life of 5.5 to 7.0 years and an exit rate of 5%. Expected volatility is based on historical, long-term volatility.

The average share price for options exercised was CHF 105.90 (CHF 213.96).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2009	**2009**	**2008**	**2008**
2009	–	–	11 025	46.8
2010	–	–	675	52.4
2015	35 300	108.0	37 800	108.0
2016	47 400	116.0	48 300	116.0
2017	55 200	221.0	55 800	221.0
2018	59 400	149.0	59 400	149.0
2019	64 200	115.0	–	–
Outstanding at 31 December	**261 500**	**144.3**	**213 000**	**147.5**

28 Related party transactions

Key management remuneration

CHF million	**2009**	**2008**
Salaries	4.3	4.5
Post-employment benefits	1.1	1.2
Share awards	1.3	1.6
Share option plan	1.0	1.0
Key management remuneration	**7.7**	**8.3**

Salaries include variable remuneration, fees and expense allowances paid in cash. 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 are paid in the form of cash and shares.

Remuneration to former directors and group management members

Due to his previous service as executive chairman of the board until April 2007, Rudolf Hauser was awarded 276 shares (2008: 1 808) worth CHF 29 228, valued at the average share price of CHF 105.90 for the year, on a pro rata basis under the long-term incentive plan. No other 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	2009	2008
Receivables from pension funds	18.7	17.4
Receivables from associates	–	2.0
Payables to associates	0.9	0.8

All related party transactions are entered into on normal commercial terms and conditions. In 2009, goods worth CHF 18.9 million (2008: CHF 21.2 million) were purchased from 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 80 and 81 of the financial report.

Fair value disclosures

Fair value measurements of financial instruments carried at fair value in the balance sheet are initially classified using a three-level hierarchy that reflects the significance of the inputs used in making the measurements. In level 1, fair value is determined based on observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Group has the ability to access at the measurement date. For level 2, the valuation uses observable inputs for similar assets or liabilities in active markets or valuation techniques for which all significant inputs are based on observable market data. In level 3, the valuation uses inputs that are not based on observable market data but adjusted for entity information that is inconsistent with market expectations. During the reporting period, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements.

Fair value hierarchy

CHF million	Level 1	Level 2	Level 3	Carrying amount
Assets measured at fair value				
Money market instruments	157.9			**157.9**
Short-term investments	68.0	–	–	**68.0**
Derivative financial instruments	–	0.8	–	**0.8**
Liabilities measured at fair value				
Derivative financial liabilities	–	0.1	–	**0.1**

Carrying amounts/fair value financial assets and liabilities in categories 2009

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
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**

Carrying amounts/fair value financial assets and liabilities in categories 2008

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
Cash and cash equivalents	30.3	102.3	–	–	**132.6**	**132.6**
Short-term investments	–	–	101.6	–	**101.6**	**101.6**
Trade receivables	–	499.0	–	–	**499.0**	**499.0**
Other receivables	18.7	62.0	–	–	**80.7**	**80.7**
Other financial assets	–	24.8	0.4	–	**25.2**	**25.2**
Financial liabilities – current	–	–	–	85.9	**85.9**	**85.9**
Trade payables	–	–	–	288.3	**288.3**	**288.3**
Other payables	24.6	–	–	97.3	**121.9**	**121.9**
Financial liabilities – non-current	–	–	–	234.3	**234.3**	**223.3**

Credit risk

The Group placed short-term deposits with banking institutions that have a good 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. Other long-term receivables were immaterial.

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 world-wide 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.

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

CHF million	Carrying amount	Secured	Carrying amount	Secured
		2009		**2008**
Cash and cash equivalents	437.2	–	132.6	–
Short-term investments	68.0	–	101.6	–
Trade receivables	405.7	52.3	499.0	46.3
Other receivables	42.1	15.8	80.7	25.9
Other financial assets	24.6	19.4	25.2	21.3
Maximum credit risk exposure	**977.6**	**87.5**	**839.1**	**93.5**

Ageing analysis of receivables and impairment

Receivables consisted of trade and other receivables. Provision for impairment was made applying ageing criteria, on the one hand, and as needed to reflect risks associated with the specific customer and region, on the other. At the balance sheet date, there were no receivables that would have been past due but whose terms were renegotiated. In the reporting year, 0.1% (2008: 0.1%) of receivables not provided for in the previous period had to be written off. No other financial assets were impaired or past due.

CHF million	2009	2008
Trade receivables, gross	423.5	516.8
Amount provided for	− 17.8	− 17.8
Other receivables, gross	41.5	62.0
Amount provided for	− 0.2	–
Total receivables, net	**447.0**	**561.0**
Long-term receivables	11.6	30.6
Receivables due in more than 3 months	43.3	54.3
Receivables due within 3 months	353.9	428.2
Receivables past due more than 60 days and less than 1 year, gross	41.9	55.0
Amount provided for	− 0.6	− 0.5
Receivables past due more than 1 year, gross	14.3	10.4
Amount provided for	− 2.5	− 4.7
Provision for impaired receivables not past due	− 14.9	− 12.7

Provision for impairment of receivables

CHF million	2009	2008
Balance at 1 January	17.8	19.0
Provision for receivables impairment	4.5	8.8
Unused amounts reversed	− 3.2	− 4.1
Receivables written-off during the year as uncollectible	− 1.7	− 3.4
Acquisition/disposal of subsidiaries	–	0.2
Exchange differences	0.6	− 2.7
Balance at 31 December	**18.0**	**17.8**

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 189.6 million (2008: CHF 288.3 million) are expected to occur within 1 to 60 days as in the previous year, while cash flows to settle other non-interest-bearing liabilities of CHF 85.9 million (CHF 97.3 million) are mostly expected to occur within 1 to 150 days as in the previous year. As financial derivatives consist almost exclusively of forward currency contracts, the expected net cash flows are immaterial.

The quick ratio was 137.0% at the year end (90.5%).

Price risk

The Group's short-term investments were in money market instruments, bonds and equities, largely through investment funds, in compliance with the Group's investment guidelines. The price risk on the positions was monitored on an ongoing basis.

Foreign currency risk

Bucher Industries reports in Swiss francs. Exposure to exchange rate fluctuations arises from the translation of the subsidiaries' separate financial statements denominated in local currencies. Translation risk arising from local balance sheets and having an impact on the Group's equity is not hedged.

The Group's international operations expose it to foreign currency risk in its major sales and procurement markets, primarily with respect to the Euro, US dollar, British pound and Swedish krona. Where the individual subsidiaries have cash inflows and outflows denominated in different currencies, the foreign currency risk of the individual underlying transactions is hedged using appropriate financial instruments. The group entities report their forecasted future cash flows to group treasury, which manages the calculated exposure to exchange rate fluctuations using internal hedging instruments and, externally, with highly rated banks.

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	
	2009	**2008**	**2009**	**2008**
1 EUR	1.5059	1.5845	1.4836	1.4850
1 GBP	1.6847	1.9971	1.6705	1.5591
1 USD	1.0814	1.0795	1.0298	1.0670
1 BRL	0.5408	0.5976	0.5908	0.4578
1 AUD	0.8491	0.9157	0.9268	0.7325
100 SEK	14.2100	16.4400	14.4700	13.6600

Value at risk

Value at risk (VaR) is a measure used to quantify the extent of changes in the value of financial parameters. VaR measures the maximum potential loss of value of a risk factor portfolio that may occur with a given probability (confidence level) over a certain holding period. Given the whole distribution of changes in market value, the potential amount of losses in market value and their probability are compared with the current market price level of the financial instruments. Based on this analysis, financial instruments are either replaced or hedged using financial derivatives where necessary.

CHF million	VaR at 31 December	
	2009	**2008**
Foreign currency risk	–1.1	–3.8
Interest rate risk	–12.1	–5.6
Covariance	0.3	0.3
Total	**–12.9**	**–9.1**

The indicated VaR measures are calibrated to a 90% confidence level and a 30-day holding period. They are calculated with a Monte Carlo simulation using 10 000 scenarios for interest structure and forward exchange curves for all relevant currencies, maintaining the average historical risk factor correlations. The model takes into account both linear and non-linear influences of the risk factors. The statistical parameters required for the VaR calculation are determined on the basis of an observation time series covering the last 251 trading days (representing at least 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 always have sufficient liquidity to meet its financial obligations, while maintaining a healthy and solid balance sheet structure;
- secure adequate credit facilities and maintain its credit rating;
- ensure the necessary financial flexibility to fund future organic growth, capital expenditure and acquisitions;
- provide an adequate return to investors commensurate with the level of risk.

In order to adjust the capital structure, the Group may adjust the amount of dividends, initiate share buy-back programmes, issue new shares and raise or repay debt.

Through continuous ratio monitoring and reporting to management, the Group ensures that the required measures are taken as soon as necessary. Bucher Industries monitors equity and operating capital employed on the basis of the following ratios:

	2009	2008
Interest coverage ratio (EBITDA to net interest expense)	11.6	39.7
Debt payback period (net debt to EBITDA)	0.6	0.3
Gearing ratio (net debt to equity)	14.9%	13.1%
Equity ratio (equity to total assets)	37.3%	40.9%
Quick ratio (current assets less inventory/current liabilities)	137.0%	90.5%

Part of the profit generated is paid out to shareholders in the form of dividends. Bucher Industries pursues a consistent dividend policy. This policy is aligned with the Group's capital requirements to implement its strategy and is therefore focused on current financing needs and compliance with legal requirements. The Group is not subject to any externally imposed capital restrictions.

31 Contingent liabilities

CHF million	2009	2008
Notes payable	0.0	2.3
Bonds and guarantees in favour of third parties	11.0	12.7
Contingent liabilities	**11.0**	**15.0**

Contingent liabilities are stated at the full amount of liability, i.e. the maximum amount of the obligations assumed. It is not anticipated that any outflows of funds will arise from these contingent liabilities. The guarantees have been given in respect of goods sold and services provided.

32 Pledged assets

The book value of assets pledged or assigned to secure the Group's obligations was CHF 2.3 million (2008: CHF 3.1 million).

33 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1–5 years	Over 5 years	Total
At 31 December 2009	7.4	18.3	19.3	**45.0**
At 31 December 2008	6.3	10.9	19.9	**37.1**

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

Other commitments

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

34 Events after the reporting period

The Group put a new management structure in place from 1 January 2010. The independent businesses for winemaking equipment (Bucher Vaslin), fruit juice processing equipment (Bucher Foodtech), drying systems for the food industry and sludge dewatering systems (Bucher Drytech) have been grouped together with the Swiss distributorship for tractors and agricultural machinery (Bucher Landtechnik) in the newly established Bucher Specials segment. The Bucher Process division was dissolved. This change will have an impact on the disclosure of segment information in future periods.

The consolidated financial statements were authorised for issue by the board of directors on 8 March 2010. They are subject to formal approval by the annual general meeting on 15 April 2010.

When the consolidated financial statements were finalised on 8 March 2010, 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
Bucher Immobilien GmbH, Trier	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 Invest SA, Luxembourg	LU	EUR	31 000	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 [1]	NL	EUR	10 000 000	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
Bucher-Guyer AG, Niederweningen	CH	CHF	10 000 000	100	BM	P D S
Bucher Landtechnik AG, Niederweningen	CH	CHF	4 000 000	100	BM	D

[1] Consolidated for the first time in 2009.

Divisions: KG Kuhn Group, BM Bucher Municipal, BP Bucher Process, BH Bucher Hydraulics, EG Emhart Glass, O Other.
Activities: P Production, D Distribution, S Services.

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities		
Bucher Schörling GmbH, Hanover	DE	EUR	3 000 000	100	BM	P	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 Schörling 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 Vaslin SA, Chalonnes-sur-Loire	FR	EUR	2 400 000	100	BP	P	D	
Bucher Vaslin MS SA, Rivesaltes	FR	EUR	410 000	100	BP	P	D	
Bucher Vaslin S.p.A., Romans d'Isonzo	IT	EUR	208 000	100	BP	P	D	
Bucher Vaslin Australia Pty Ltd, Mawson Lakes	AU	AUD	10	100	BP		D	
KLR Machines Inc., Sebastopol CA	US	USD	88 000	100	BP		D	
Bucher Vaslin Sùdamerica, Santiago de Chile	CL	CLP	924 000	100	BP		D	
Bucher Processtech AG, Niederweningen	CH	CHF	600 000	100	BP	P	D	
Bucher-Alimentech Ltd., Auckland	NZ	NZD	2 503 000	100	BP	P	D	
Bucher-Zédrys SA, Croissy Beaubourg	FR	EUR	250 000	100	BP			S
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36 336	100	BP		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 Ges.m.b.H., Neumarkt	AT	EUR	40 000	100	BH		D	
Bucher Hydraulics Ltd., Nuneaton	GB	GBP	10 000	100	BH		D	
Bucher Hydrauliek B.V., Zoetermeer	NL	EUR	18 000	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	

Company, place of incorporation	Country	Currency	Share capital	Group interest %	Division	Activities
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	100	BH	P D
Bucher Hydraulics Ltd., New Delhi	IN	INR	10 000 000	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
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 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

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

Divisions: KG Kuhn Group, BM Bucher Municipal, BP Bucher Process, BH Bucher Hydraulics, EG Emhart Glass, O Other.
Activities: P Production, D Distribution, S Services.

Report of the statutory auditors

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 72 to 124), for the year ended 31 December 2009.

Board of directors' responsibility The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion In our opinion, the consolidated financial statements for the year ended 31 December 2009 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 2010

Balance sheet of Bucher Industries AG at 31 December 2009

	CHF 1 000	Note	2009	2008
Assets	Cash and cash equivalents		117 724	4 431
	Short-term investments	1	–	12 417
	Receivables from group companies		19 593	139 035
	Other receivables		1 164	19 083
	Current assets		**138 481**	**174 966**
	Loans to group companies	2	611 439	368 539
	Loans to third parties		46	92
	Investments	3	637 112	496 295
	Intangible assets	4	43 341	54 894
	Non-current assets		**1 291 938**	**919 820**
	Total assets		**1 430 419**	**1 094 786**
Liabilities and equity	Short-term bank borrowings		23 696	67 535
	Current payables to group companies		212 715	307 781
	Private placements		53 288	–
	Other current liabilities		4 034	26 908
	Current liabilities		**293 733**	**402 224**
	Private placements		53 288	106 576
	$3\,^1/_8$% bond 2009 to 2014		200 000	–
	Long-term bank borrowings		233 331	80 000
	Other non-current liabilities		2 048	2 023
	Provisions	5	4 912	5 755
	Non-current liabilities		**493 579**	**194 354**
	Share capital	6	2 113	2 113
	Statutory reserve		70 610	70 610
	Distributable reserve		326 000	237 135
	Reserve for treasury shares	7	–	27 866
	Retained earnings		53 176	47 291
	Profit for the year		191 208	113 193
	Equity		**643 107**	**498 208**
	Total liabilities and equity		**1 430 419**	**1 094 786**

Income statement of Bucher Industries AG for the year ended 31 December 2009

	CHF 1 000	Note	2009	2008
Income	Income from investments	9	193 696	102 087
	Finance income	10	242 945	153 214
	Royalty income from group companies	11	10 322	10 292
	Gain on sale of non-current assets		6	–
	Other income		–	29 426
	Total income		**446 969**	**295 019**
Expenses	Administrative expenses		3 159	3 956
	Finance costs	12	221 294	157 382
	Impairment charges	13	17 585	4 426
	Amortisation of intangible assets		13 723	13 723
	Income tax expense		–	2 339
	Total expenses		**255 761**	**181 826**
	Profit for the year		**191 208**	**113 193**

Notes to the financial statements of Bucher Industries AG

1 Short-term investments

In the previous year, this item comprised treasury shares only. These were sold during the reporting year.

2 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.

3 Investments

Bucher Industries AG's direct and indirect investments in subsidiaries and associates are presented in the list of group companies on pages 122 and 124 of the annual report.

4 Intangible assets

Intangible assets comprised primarily trademarks of group companies.

5 Provisions

Provisions have been made for business risks, guarantee obligations and taxes.

6 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. Bucher Beteiligungs-Stiftung held 5.35% of the issued share capital, the voting rights attached to such shares being suspended in accordance with article 659a par. 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.

7 Reserve for treasury shares

Bucher Industries AG sold its treasury shares to Bucher Beteiligungs-Stiftung, an employee share ownership trust. In 2009, a review showed that Bucher Industries AG cannot exercise control over Bucher Beteiligungs-Stiftung within the meaning of Art. 659b of the Swiss Code of Obligations. For this reason, the reserve for treasury shares was fully reversed.

8 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 113.7 million (2008: CHF 120.9 million). The amount claimed at the reporting date was CHF 37.1 million (CHF 28.9 million).

9 Income from investments

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

10 Finance income

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

11 Royalty income

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

12 Finance costs

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

13 Impairment charges

This item comprised impairment losses on investments.

14 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	Year	Base salary	Share awards		Share awards under long-term incentive plan		Social security and pension benefits	Other remuneration	**Total**	Paid in cash
			Number	Value	Number	Value				
Thomas W. Hauser, chairman [1]	2009	47.3	347	36.7	–	–	9.0	12.7	**105.7**	60.0
	2008	–	491	51.6	–	–	6.2	11.8	**69.6**	11.8
Rolf Broglie, deputy chairman [1]	2009	54.3	300	31.8	–	–	8.6	12.7	**107.4**	67.0
	2008	–	421	44.2	–	–	5.5	11.8	**61.5**	11.8
Ernst Bärtschi	2009	30.0	284	30.1	–	–	7.1	12.0	**79.2**	42.0
	2008	–	421	44.2	–	–	5.5	11.8	**61.5**	11.8
Thomas W. Bechtler	2009	30.0	284	30.1	–	–	7.1	12.0	**79.2**	42.0
	2008	–	421	44.2	–	–	5.5	11.8	**61.5**	11.8
Claude R. Cornaz	2009	30.0	284	30.1	–	–	6.1	2.0	**68.2**	32.0
	2008	–	421	44.2	–	–	5.5	1.8	**51.5**	1.8
Anita Hauser	2009	30.0	284	30.1	–	–	6.1	2.0	**68.2**	32.0
	2008	–	421	44.2	–	–	5.5	1.8	**51.5**	1.8
Heinrich Spoerry	2009	30.0	284	30.1	–	–	6.6	7.0	**73.7**	37.0
	2008	–	421	44.2	–	–	5.5	1.8	**51.5**	1.8
Kurt E. Siegenthaler [2]	2009	110.0	800	84.7	675	71.5	22.6	11.8	**300.6**	121.8
	2008	120.0	561	58.9	726	76.2	21.0	13.6	**289.7**	133.6
Erwin Stoller [2]	2009	–	600	63.5	–	–	7.4	11.2	**82.1**	11.2
	2008	–	421	44.2	–	–	5.5	11.8	**61.5**	11.8
Total for directors	**2009**	**361.6**	**3 467**	**367.2**	**675**	**71.5**	**80.6**	**83.4**	**964.3**	**445.0**
	2008	**120.0**	**3 999**	**419.9**	**726**	**76.2**	**65.7**	**78.0**	**759.8**	**198.0**

[1] Since 1 September 2009.
[2] Until 31 August 2009.

Under the remuneration regulations in force for 2008, the directors who resigned from the board on 31 August 2009 received a pro rata fee for 2009 and were not paid termination benefits.

Share awards to directors comprised directors' fees. The shares awarded under the long-term incentive plan to the chairman who resigned from the board during the year are based on the achievement of targets in the period 2007 to 2009 (2008: 2006 to 2008). In 2009, the share awards were based on and valued at the average share price of CHF 105.90 for the year. Until 2008, the shares were valued at the year-end share price. Other remuneration included expenses and fees for service on the board committees.

Remuneration to former directors and group management members

Due to his previous service as executive chairman of the board until April 2007, Rudolf Hauser was awarded 276 shares (2008: 1 808) worth CHF 29 228, valued at the average share price of CHF 105.90 for the year, on a pro rata basis under the long-term incentive plan.
No other 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	Year	Base salary	Bonus	Share awards under long-term incentive plan		Share options under option plan		Social security and pension benefits	Other remu-neration	**Total**	Paid in cash
				Number	Value	Number	Value				
Philip Mosimann, CEO	2009	700.2	267.6	4 960	525.3	3 600	131.2	256.6	19.2	**1 900.1**	987.0
	2008	700.2	392.1	7 264	762.7	3 600	150.4	275.1	19.2	**2 299.7**	1 111.5
Other members	2009	2 129.8	676.7	3 476	368.1	14 400	524.7	811.8	30.0	**4 541.1**	2 836.5
	2008	2 148.3	998.3	2 178	228.7	14 400	601.5	839.1	30.0	**4 845.9**	3 176.6
Total for group management	**2009**	**2 830.0**	**944.3**	**8 436**	**893.4**	**18 000**	**655.9**	**1 068.4**	**49.2**	**6 441.2**	**3 823.5**
	2008	**2 848.5**	**1 390.4**	**9 442**	**991.4**	**18 000**	**751.9**	**1 114.2**	**49.2**	**7 145.6**	**4 288.1**

The shares awarded to the group management under the long-term incentive plan are based on the achievement of targets in the period 2007 to 2009 (2008: 2006 to 2008). In 2009, the share awards were based on and valued at the average share price of CHF 105.90 for the year. Until 2008, the shares were valued at the year-end share price. In the reporting year, the share option plans were valued using the so-called Enhanced American model (EA model) for the first time. They were previously valued using the Black-Scholes model. The average fair value of all share options at the grant date was CHF 36.44 (CHF 41.77). As the exercise of options is staggered over a four-year period, their fair values range between CHF 34.20 for the first tranche and CHF 38.33 for the fourth tranche.

Detailed information can be found in the remuneration report.

Directors' interests in shares at 31 December

	Number of shares	
	2009	**2008**
Thomas W. Hauser, chairman	1 070 060	1 069 569
Rolf Broglie, deputy chairman	12 039	11 618
Ernst Bärtschi	2 494	2 073
Thomas W. Bechtler	4 061	2 278
Claude R. Cornaz	7 814	7 393
Anita Hauser	100 876	100 455
Heinrich Spoerry	1 568	1 147
Total for directors	**1 198 912**	**1 194 533**

The directors did not hold any share options on 31 December 2009.

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

		Number of shares		Number of options	
		2009	**2008**	**2009**	**2008**
Philip Mosimann	CEO	37 940	30 676	15 300	11 700
Roger Baillod	CFO	10 054	10 291	9 000	6 600
Jean-Pierre Bernheim	Bucher Process	7 994	7 631	12 000	11 475
Michael Häusermann	Bucher Municipal	4 859	3 596	12 000	10 500
Martin Jetter	Emhart Glass	959	596	10 200	7 800
Michel Siebert	Kuhn Group	1 844	1 221	10 200	8 250
Daniel Waller	Bucher Hydraulics	4 599	4 236	12 000	10 500
Total for group management		**68 249**	**58 247**	**80 700**	**66 825**

		Number of options					
Grant year		**2009**	**2008**	**2007**	**2006**	**2005**	**Total**
Exercise price (CHF) Staggered vesting over 4 years Life (years)		115.00 2010-2013 10	149.00 2009-2012 10	221.00 2008-2011 10	116.00 2007-2010 10	108.00 2006-2009 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	1 200	600	**9 000**
Jean-Pierre Bernheim	Bucher Process	2 400	2 400	2 400	2 400	2 400	**12 000**
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	1 800	1 200	**10 200**
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	2 400	**12 000**
Total for group management		**18 000**	**18 000**	**18 000**	**14 700**	**12 000**	**80 700**

Each option entitles the holder to purchase one share.

Board of directors’ proposal

Appropriation of retained earnings

CHF	
Profit for 2009	191 208 203
Retained earnings brought forward	53 175 603
Retained earnings available for distribution	**244 383 806**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 2.00 per dividend-bearing share of CHF 0.20 each	21 131 800
Transfer to distributable reserve	156 000 000
Balance to be carried forward	67 252 006
Total	**244 383 806**

Report of the statutory auditors

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 2009.

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.

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 2009 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 2010

Five-year summary

Group

CHF million

		2009	2008	2007	2006	2005
Order intake		1 797.4	2 791.9	2 704.3	2 163.3	1 946.6
Net sales		2 142.1	2 788.9	2 458.8	2 087.1	1 948.3
Order book		507.3	843.4	871.3	605.2	523.7
Operating profit before depreciation and amortisation (EBITDA)		189.7	341.6	285.9	184.6	166.4
As % of net sales	%	8.9	12.2	11.6	8.8	8.5
Operating profit (EBIT)		25.8	246.2	229.4	123.7	117.8
As % of net sales	%	1.2	8.8	9.3	5.9	6.0
Net financial items		– 18.8	– 29.1	10.6	12.9	3.3
Income tax expense		– 31.4	– 71.7	– 69.0	– 41.1	– 35.0
As % of profit before tax[1]	%	33.8	33.0	28.8	30.1	28.9
(Loss)/profit for the year		– 24.4	145.4	171.0	95.5	86.1
As % of net sales	%	– 1.2	5.2	7.0	4.6	4.4
Capital expenditure		58.5	130.9	131.2	60.0	53.0
Operating free cash flow		182.5	– 15.3	42.7	101.2	61.8
Development costs		75.9	78.1	71.1	65.3	63.4
Total assets		2 124.5	2 067.6	2 130.3	1 839.7	1 674.8
Cash, cash equivalents and short-term investments		505.2	234.2	492.3	445.5	348.0
Receivables		468.9	577.8	559.9	518.5	449.3
Inventories		485.2	609.0	544.9	460.7	455.9
Investments and other financial assets		51.0	51.5	50.5	34.3	32.8
Property, plant and equipment		408.5	399.2	355.2	279.6	266.5
Intangible assets		164.7	130.9	78.7	61.9	78.7
Current liabilities		711.2	897.1	1 011.5	896.4	718.1
Non-current liabilities		620.8	324.4	246.0	218.8	318.2
Total liabilities		1 332.0	1 221.5	1 257.5	1 115.2	1 036.3
Of which interest-bearing		623.3	320.2	325.6	266.8	276.0
Net cash / debt[2]		– 118.1	– 110.6	164.2	173.1	69.0
Equity		792.5	846.1	872.8	724.5	638.5
Equity ratio	%	37.3	40.9	41.0	39.4	38.1
Return on equity (ROE)	%	– 3.0	16.9	21.4	14.0	14.8
Working capital		400.1	438.7	342.6	316.5	298.5
Net operating assets (NOA), average		1 114.1	891.0	687.1	604.8	566.5
Return on net operating assets (RONOA)	%	1.5	18.5	23.8	14.3	14.8
Number of employees at 31 December[3]		7 183	8 373	7 484	6 775	6 874
Average number of employees during year[3]		7 618	8 176	7 261	6 882	6 836
Net sales per employee	CHF 1 000	281.2	341.1	338.6	303.3	285.0

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

Addresses

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