

BUCHER

Annual report 2008

A man with short brown hair, wearing a white t-shirt, is looking intently at a large, dark, cylindrical industrial component. The component has a complex internal structure with a central circular opening and several smaller holes. A long, thin, dark tool is positioned vertically, touching the inner surface of the component. The background is a blurred industrial setting with red vertical lines.

One company,
many innovations

Key figures >

Key figures

Group

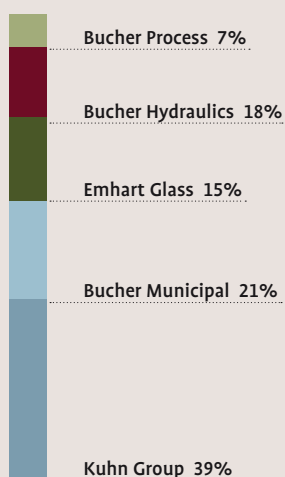
CHF million			% change	
	2008	2007		
Order intake	2 791.9	2 704.3	+ 3.2	
Net sales	2 788.9	2 458.8	+13.4	
Order book	843.4	871.3	– 3.2	
Operating profit before depreciation and amortisation (EBITDA)	341.6	285.9	+19.5	
As % of net sales	12.2 %	11.6 %		
Operating profit (EBIT) before impairment	276.1	229.4	+20.4	
As % of net sales	9.9 %	9.3 %		
Operating profit (EBIT)	246.2	229.4	+ 7.3	
As % of net sales	8.8 %	9.3 %		
Net financial result	–29.1	10.6		
Income tax expense	–71.7	–69.0	+ 3.9	
As % of profit before tax	33.0 %	28.8 %		
Profit for the year	145.4	171.0	–15.0	
As % of net sales	5.2 %	7.0 %		
Earnings per share in CHF	14.39	17.07	–15.7	
Capital expenditure	130.9	131.2	– 0.2	
Operating free cash flow	–15.3	42.7		
Development expenses	78.1	71.1	+ 9.8	
Net operating assets (NOA) average	891.0	687.1	+29.7	
Return on net operating assets (RONOA)	18.5 %	23.8 %		
Net liquidity	–110.6	164.2		
Total assets	2 067.6	2 130.3	– 2.9	
Equity	846.1	872.8	– 3.1	
Equity ratio	40.9 %	41.0 %		
Return on equity (ROE)	16.9 %	21.4 %		
Number of employees at 31 December	8 373	7 484	+11.9	
Average number of employees during year	8 176	7 261	+12.6	
Net sales per employee	CHF 1 000	341.1	338.6	+ 0.7

Divisions

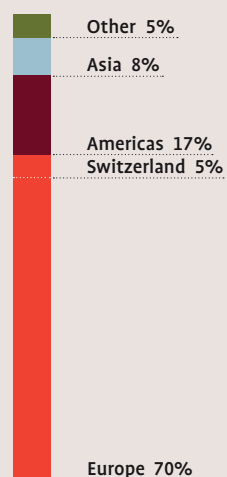
CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31 December	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Kuhn Group	1 224.0	1 045.3	1 105.6	929.2	432.2	333.1	136.9	107.7	3 563	3 077
Bucher Municipal	528.4	602.9	579.1	556.5	114.5	178.1	38.0	36.9	1 543	1 535
Bucher Process	167.7	201.6	195.2	173.8	40.1	68.7	24.1	19.0	520	490
Bucher Hydraulics	472.9	414.0	497.0	386.6	85.4	93.7	31.2	58.5	1 664	1 303
Emhart Glass	398.9	440.5	418.3	419.6	171.2	197.7	35.0	33.2	1 064	1 063
Other / consolidation	–	–	– 6.3	– 6.9	–	–	–19.0	–25.9	19	16
Total	2 791.9	2 704.3	2 788.9	2 458.8	843.4	871.3	246.2	229.4	8 373	7 484

Net sales

By division

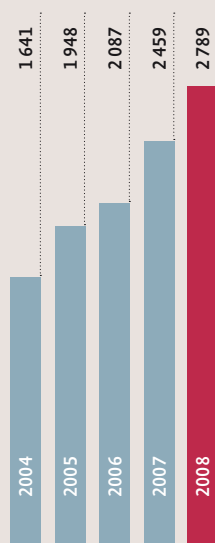


By region

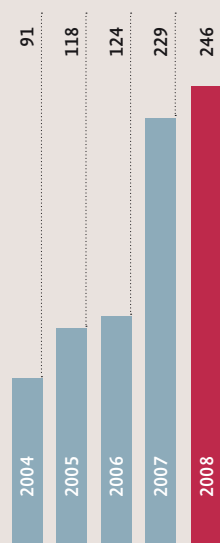


Five-year summary

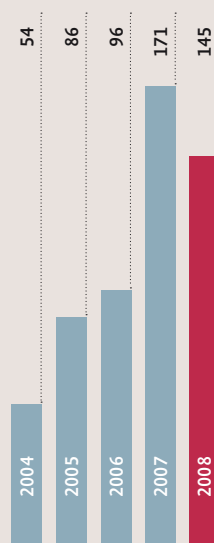
Net sales
CHF million



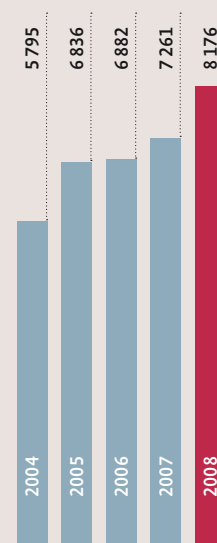
Operating profit (EBIT)
CHF million



Profit for the year
CHF million



Average number of
employees during year



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Report to shareholders

Dear Shareholders,

2008 was characterised by very good conditions until the financial and economic crisis brought a sharp cyclical downturn in the fourth quarter.

During 2008, Bucher Industries grew sales by 13% or currency-adjusted 20% to CHF 2 789 million, with organic growth of 16%. Operating profit before exceptional impairment charges improved by 20% to CHF 276 million, raising the Group's operating profit margin to 10%. In view of the economic slowdown triggered by the financial crisis and the bleak outlook, exceptional impairment charges totalling CHF 30 million were necessary to write down goodwill of the Bucher Municipal and Bucher Hydraulics divisions. Despite these charges, operating profit increased by 7% to CHF 246 million. Order intake was up 3% to CHF 2 792 million and the order book down by under 3% to CHF 843 million compared with the high year-earlier figure. The net financial result of negative CHF 29 million reflected the adverse impact of massive currency fluctuations and the impairment charge on the investment in Jetter AG. As a result, the Group's profit for the year came in 15% lower year on year at CHF 145 million.

Severe economic slump The market environment was characterised by very good general conditions fuelling strong demand during the first nine months of the year, followed by a sudden economic slump in the fourth quarter. All divisions of Bucher Industries except Kuhn Group's agricultural machinery operations saw a sharp slowdown in order intake during the fourth quarter of the year. The downturn was exacerbated by the restrictive lending policies adopted by banks and by the uncertainty among customers. This not only affected the main markets of Western Europe and North America, but especially Eastern Europe and some Asian countries.

High organic growth Despite the adverse impacts of the financial and economic crisis, Bucher Industries grew sales by 13.4% to CHF 2 788.9 million, up 19.5% excluding currency effects. Acquisitions contributed 3.5%, while organic growth accounted for 16.0%. All the divisions were affected by the onset of the downturn, although the agricultural machinery sector proved to be encouragingly robust. Operating profit before exceptional impairment charges improved by 20.4% to CHF 276.1 million, raising the Group's operating profit margin to 9.9%. Due to the bleak economic outlook, exceptional impairment charges totalling CHF 29.9 million were necessary to write down goodwill of Bucher Hydraulics in the USA and Bucher Municipal in Germany. Despite these exceptional charges, the Group increased operating profit by 7.3% to CHF 246.2 million. Order intake rose by 3.2% to CHF 2 791.9 million, up 5.7% excluding the impact of currency movements and acquisitions. The order book stood at CHF 843.4 million, down 3.2% on last year's figure, but up 2.1% in local currencies. The backlog of orders at the beginning of the year represented about three and a half months' work.

The net financial result of negative CHF 29.1 million reflected the adverse impact of the massive currency fluctuations in the euro, US and Australian dollars, Swedish krona and British pound, as well as the impairment charge of CHF 8.9 million for the investment in Jetter AG. As a result, the Group's profit for the year came in 15.0% lower year on year at CHF 145.4 million.

Robust financial position Due to the marked upturn in sales and the acquisitions, working capital increased by CHF 118.2 million to CHF 463.3 million last year, driven especially by inventories and receivables. Together with the high CHF 129.5 million in capital expenditure on property, plant and equipment, operating free cash flow was negative CHF 15.3 million, compared with positive CHF 42.7 million a year earlier, and net operating assets rose by CHF 230.5 million to CHF 922.5 million. This growth in net assets and the CHF 152.1 million in acquisitions reduced the net cash position by CHF 274.8 million to negative CHF 110.6 million. With short- and long-term bank loans, combined with committed credit facilities of more than CHF 600 million, the Group retains a solid financing base even in these uncertain times of the financial crisis. As a result of the massive currency movements, in particular the abrupt late-year decline in the principal currencies against the Swiss franc, a charge of CHF 23.3 million was recognised in the income statement. Translation of foreign currency denominated balance sheets had a negative impact of CHF 122.7 million on equity. Despite the profit of CHF 145.4 million for the year, equity decreased by CHF 26.7 million to CHF 846.1 million, while the equity ratio remained virtually constant at 40.9%.

Investments in the future The Group continued its long-term strategy last year, spending CHF 129.5 million on plant and equipment and CHF 152.1 million on selective acquisitions. The most important projects were a new assembly plant for large agricultural machinery near Saverne in France and for glass forming machines in Malaysia as well as factory extensions for Bucher Hydraulics in Switzerland and Bucher Municipal in Denmark. Bucher Hydraulics expanded its presence in North America by purchasing Monarch Hydraulics Inc. and Command Controls Corp. Kuhn Group extended its product portfolio by acquiring Blanchard SAS, a French company specialised in sprayers, and announced the purchase of Kverneland's baler operations towards the end of the year.

Human resources Bucher Industries created 646 new jobs on average last year and increased the workforce by another 3.7% through acquisitions. At the year end, the Group employed 8 373 people in 28 countries.

Kuhn Group Operating in a very good market environment, the division grew sales of specialised agricultural machinery by 19.0% or currency-adjusted 26.0% to CHF 1 105.6 million. Blanchard SAS, the French sprayer manufacturer acquired towards the end of last year, contributed 1.3%

to the sales growth. Operating profit improved by 27.1% on the very high year-earlier level to CHF 136.9 million. Order intake reached CHF 1 224.0 million, up 17.1% or currency-adjusted 23.9% year on year. As a result, the order book expanded by 29.8% to CHF 432.2 million. All the regions, but especially the main markets of Western Europe and North America, contributed to the solid performance. The Brazilian market continued to recover at a fast pace. Full capacity utilisation and further process optimisation had a positive impact on the division's operating margin. The acquisition of the Kverneland Group's baler plant in Holland, which was announced towards the end of last year, was completed on 19 February 2009 and has enabled Kuhn Group to fill a significant gap in its range of hay and forage harvesting machinery.

Bucher Municipal In 2008, Bucher Municipal's sales of municipal vehicles and winter maintenance equipment increased by 4.1% or currency-adjusted 12.0% to CHF 579.1 million. Operating profit, before an exceptional impairment charge of CHF 4.7 million to write down goodwill of Gmeiner GmbH, reached CHF 42.7 million, topping the previous year's figure by 15.7% despite the considerable negative effects of currency movements. The good performance was driven by the strong order book at the beginning of the year, work on some large orders and the brisk demand for refuse collection vehicles and sweepers in Australia. Order intake was CHF 528.4 million, falling by 12.4% or currency-adjusted 5.7% from the record year-earlier level due to the sharp economic slowdown in the fourth quarter. Project delays and a few cancellations could not be prevented. The order book decreased by 35.7% to CHF 114.5 million. Bucher Municipal responded to the lower volume of business at the beginning of this year by reducing temporary jobs, overtime, flexitime balances and untaken holidays. A few job cuts were unavoidable.

Bucher Process The division generated sales of CHF 195.2 million last year, up by 12.3% or currency-adjusted 15.7% on the previous year's high figure. Operating profit increased by 26.8 % to CHF 24.1 million, with a solid operating profit margin of 12.4%. This growth was driven in particular by the excellent handling of the two major orders to supply fruit juice equipment to China and the UK. The absence of equivalent follow-up orders for fruit juice processing equipment led to a decline of 16.8% or currency-adjusted 13.8% in order intake to CHF 167.7 million. For the same reasons, the order book decreased by CHF 28.6 million to CHF 40.1 million.

Bucher Hydraulics Sales of custom hydraulic system solutions at Bucher Hydraulics rose by 28.6% to CHF 497.0 million. Excluding currency effects, this was an increase of 33.5%, with organic growth accounting for 14.8%. The US companies acquired during the year, Monarch Hydraulics Inc. and Command Controls Corp., contributed CHF 65.2 million or 13.1% to sales. Operating profit before exceptional impairment charges was CHF 56.4 mil-

lion, down 3.6% on the high year-earlier level. With the bleak market outlook for the USA, an impairment charge of CHF 25.2 million had to be recognised for goodwill. Order intake increased by 14.2%, or 2.6% excluding the impact of currency movements and acquisitions, to CHF 472.9 million. Only the supply markets for agricultural and power engineering equipment worldwide and for construction equipment in China remained unaffected by the economic downturn during the latter months of the year.

Emhart Glass Buoyed by consistently high capacity utilisation throughout 2008, Emhart Glass generated sales of CHF 418.3 million, nearly reaching the all-time high posted a year earlier. Excluding currency movements, sales were up 3.4% year on year. Operating profit rose by 5.4% to CHF 35.0 million. By expanding the sales activities in Eastern Europe, Latin America and India, the division further reinforced its strong global market position. The Malaysian assembly plant was completed and started operating at the beginning of 2009. In the latter months of 2008, economic activity slowed down noticeably across all regions. Order intake fell by 9.4% or currency-adjusted 6.1% year on year to CHF 398.9 million. The order book was 13.4% or currency-adjusted 10.2% down on the year-earlier figure.

Dividend In view of the Group's solid results and a steady dividend policy, the board of directors proposes that the annual general meeting on 16 April 2009 approve payment of a dividend of CHF 4.50 per registered share. The dividend paid last year was CHF 5.00. This proposed dividend represents a payout ratio of 32.7%.

Board of directors and group management The terms of directors Claude R. Cornaz, Kurt E. Siegenthaler and Heinrich Spoerry are expiring. The board of directors proposes that the annual general meeting re-elect them for another term of three years.

Many thanks to our employees and partners During the very high pressures brought about by the large volume of business, our employees once again demonstrated all their skills and tremendous commitment. With the rapid economic slump seen in the fourth quarter and the ensuing uncertainty in the outlook for 2009, even more flexibility, adaptability and perseverance will be required from our employees and business partners. We would like to extend our thanks to all our partners and employees, for their excellent performance last year, knowing that we can count on their support for our company even in more difficult times.

Outlook for 2009 Forecasts for this year are extremely uncertain in view of the financial crisis. Bucher Industries is watching the market developments very closely and is ready to take appropriate measures early. Customers' difficulties obtaining financing and further currency fluctuations could weigh on performance. The agricultural machinery sector, a market of importance

to the Group, should be least affected by this. Lower government tax revenues and private contractors' problems raising financing are weakening the demand for municipal vehicles. We expect fewer large projects for fruit juice equipment and anticipate that some wine producers will face financing problems. The supply operations of Bucher Hydraulics are likely to be affected by the reduction in customers' inventory levels in addition to a decline in demand. Emhart Glass expects considerable delays in project business for glass forming machines, but significantly more stability in spare parts business. The solid order book at the beginning of the year and the acquisitions should support this year's sales performance. Overall, we expect the Group's sales to be down year on year, with lower operating and net profit for 2009.

Niederweningen, 12 March 2009



Kurt E. Siegenthaler
Chairman of the board



Philip Mosimann
Chief executive officer



Kurt E. Siegenthaler

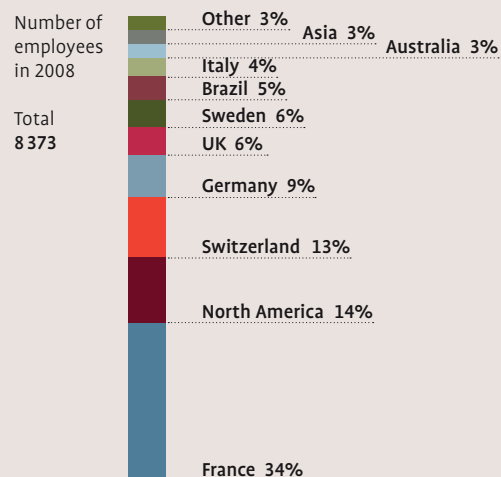
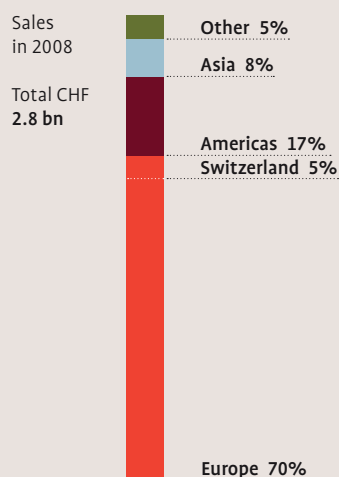
Philip Mosimann

Bucher – today

Our mission We manufacture cutting-edge machinery and equipment for efficient harvesting and production of healthy foods and for keeping cities clean and roads safe, along with a range of hydraulic systems for high performance machinery. We see ourselves as a long-term industry-focused business and are committed to being a fair partner to our customers, employees, shareholders and business partners. We combine economic and ecological considerations for sustainable use of our natural resources. Our contribution is to make machines and components with a long service life and high energy efficiency, environmentally friendly vehicles, and glass container manufacturing equipment to promote recyclable glass.

Our targets We seek to achieve superior profitability and high cash flow based on technology leadership, market presence and consistent cost management. We are committed to providing our customers with effective, innovative products and excellent service. We offer attractive jobs and development opportunities to our employees. We will continue to develop the Group through organic growth, supplemented by selective complementary acquisitions. By maintaining a clear divisional structure with decentralised management and profit responsibility, combined with group-wide strategic and financial management, we will remain flexible and adaptable. Our ambitious financial targets formulated as an average over an economic cycle are: an operating margin of 12% EBITDA and 9% EBIT on net sales and an after-tax return on capital employed of over 16%.

Our businesses The Group comprises five divisions specialising in industrially related areas of mechanical and vehicle engineering. Their businesses are based on fundamental human needs and have substantial worldwide growth and earnings potential to be realised through innovative products and services, coupled with geographical market development.



Market leadership As global market leaders, we strive to maintain the most efficient sales and service organisation, the strongest innovative capabilities and the best price/ performance ratio in our areas of expertise.

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.

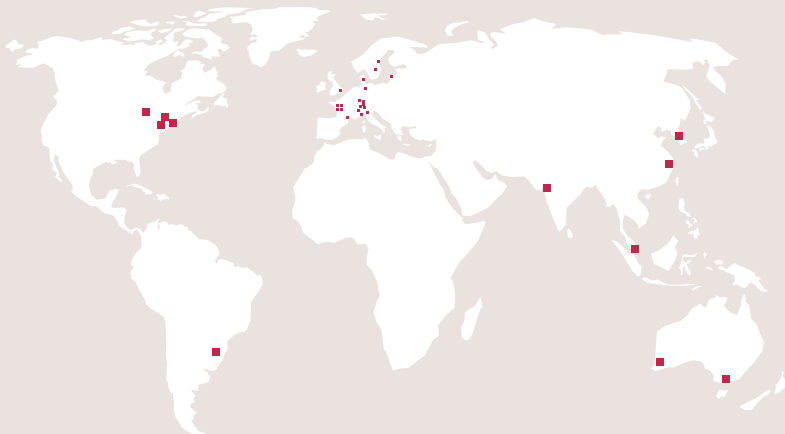
Bucher Municipal holds the largest share of the European municipal vehicle market, offering a whole range of compact and truck mounted sweepers, airport cleaning and snow removal equipment, spreaders and refuse collection vehicles.

Bucher Process is the leading international manufacturer of equipment for wine and fruit juice producer, 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.

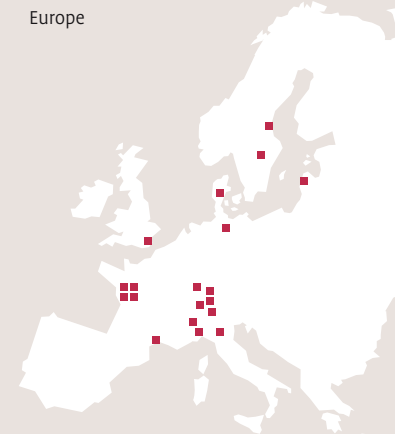
Bucher Hydraulics has manufacturing facilities in Europe, Asia and the USA and a leading position as a provider of custom mobile and industrial hydraulic system solutions.

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.

Manufacturing sites



Europe



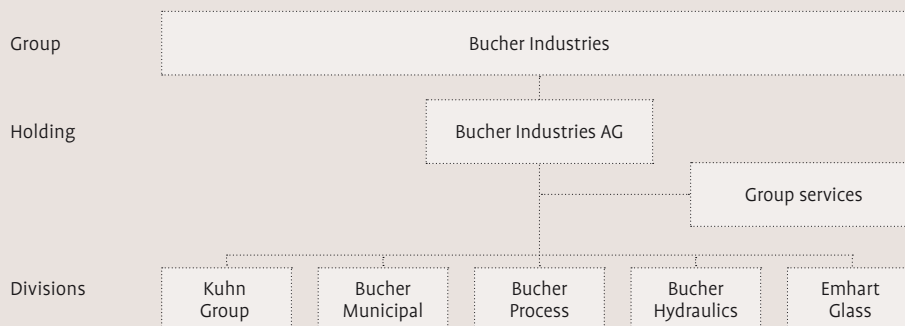
Corporate Governance

This report complies with the SIX Swiss Exchange Corporate Governance Directive effective since 1 July 2002 and related commentaries, including updates up to 20 September 2007, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2008.

Group structure and shareholders

Operational group structure The Bucher Industries Group is organised into five divisions operating in five 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). At group level, a corporate centre provides finance and controlling, group development, legal and communications functions to support the Group and its five divisions in their activities. The Group's operational structure is shown in the chart below. Detailed segment information is presented in the notes to the consolidated financial statements on page 83 of this annual report.

Group companies and consolidation Bucher Industries AG incorporated in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on the main board of the SIX Swiss Exchange and also traded on the over-the counter markets of the Frankfurt, Stuttgart, Berlin and XETRA exchanges. Details are given in the investor relations section on pages 30 and 31 of this annual report. The consolidation includes all group companies owned directly or indirectly



by the holding company, as shown on pages 115 to 117 of this annual report. None of these companies is listed on a stock exchange.

Shareholders The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement 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 shareholders' agreements has not been published. Bucher Industries AG and Bucher Beteiligungs-Stiftung hold a total of 5.65% of the issued share capital, the voting rights attached to such shares being suspended in accordance with art. 659a par. 1 of the Swiss Code of Obligations. Deutsche Bank, Frankfurt, held 3.09% of the voting rights. The board of Bucher Industries AG is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold more than 3% of the total voting rights.

There are no cross-shareholdings between Bucher Industries AG and other companies.

Capital structure

Capital The issued share capital of Bucher Industries AG is CHF 2 113 180, divided into 10 565 900 registered shares of CHF 0.20 each. Bucher Industries AG has conditional, authorised but unissued capital up to a maximum of CHF 236 820. There is no additional authorised capital.

Conditional authorised but unissued capital The share capital of Bucher Industries AG may be increased by a maximum of CHF 236 820 through the issuance of up to 1 184 100 registered shares of CHF 0.20 each. The conditional authorised but unissued capital is reserved for the exercise of warrants or conversion rights attached to bonds and of rights issued to shareholders. Shareholders have no pre-emption rights. Holders of warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present.

Warrant or conversion terms are determined by the board of directors. The Board is authorised to disapply shareholders' pre-emption rights for good cause, as provided in art. 653c par. 2 of the Swiss Code of Obligations, when issuing bonds with warrants or conversion rights. In such cases, the board is responsible for specifying the structure, life and amount of the issue as well as the warrant or conversion terms according to market conditions at the time of issue.

Changes in capital There were no changes in capital in the last three reporting years.

Shares Bucher Industries AG has an issued share capital of CHF 2 113 180, divided into 10 565 900 registered shares of CHF 0.20 each. All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders. Bucher Industries AG has not issued any participation or profit-sharing certificates.

Restrictions on transferability The company's registered shares are not subject to any restrictions on ownership or transferability. Pursuant to the articles of association of Bucher Industries, the board has established principles for the registration of nominees. Persons who do not expressly state in the application for registration that the shares are held for their own account (hereinafter "nominees") will be recorded in the share register as shareholders with voting rights up to a maximum of 2% of the share capital then outstanding, provided that such persons have previously entered into a nominee agreement with Bucher Industries AG. If the 2% threshold is exceeded, registered shares held by nominees will be entered with voting rights only if the nominee agrees in writing to disclose the names, addresses and shareholdings of the persons for whose account the nominee holds 0.5% or more of the share capital then outstanding. The 2% threshold also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options Bucher Industries has no outstanding convertible bonds. Share options granted to members of the group management and division managements under the share option plan are shown on pages 27 to 29 of this annual report. The shares required to meet awards are purchased in the open market and held by Bucher Beteiligungs-Stiftung.

Board of directors

Members

Kurt E. Siegenthaler Swiss citizen, doctorate in biochemistry II University of Zurich, graduate in economics University of Basel ▶ 1969 Sandoz AG, Basel ▶ 1974 Mc Kinsey & Co., Zurich ▶ 1976 Bühler AG, Uzwil, head of finance and controlling ▶ 1985 SIG, Neuhausen, head of packaging machinery division ▶ 1993–1998 Black&Decker, Towson, USA, corporate vice president and managing director of Emhart Glass ▶ 1998–2005 Bucher Industries AG, division president of Emhart Glass ▶ **Other appointment** Director of Vittrashop Holding AG, Birsfelden.

Thomas W. Hauser Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD Fontainebleau ▶ 1968 Boeing, Seattle ▶ 1970–2003 Bucher Hydraulics GmbH, Klettgau, managing director ▶ 1984–2003 Bucher Hydraulics, division president. No other appointments or commitments.

Ernst Bärtschi Swiss citizen, lic. oec. HSG University of St. Gallen ▶ 1980 Schindler Management AG ▶ 1994 Schindler Aufzüge AG, managing director ▶ 1997 Schindler Group, chief financial officer ▶ 2002 Sika AG, Baar, chief financial officer, since 2005 chief executive officer. No other appointments or commitments.

Thomas W. Bechtler Swiss citizen, doctorate in law, University of Zurich, L.L.M. Harvard University ▶ 1977 Luwa AG, Zurich, division head ▶ 1982 Hesta AG and Hesta Tex AG, Zug, executive director and chief executive officer ▶ **Other appointments** Deputy chairman of Sika AG, Baar ▶ Director of Credit Suisse Group, Zurich, Swiss Re, Zurich, and Conzzeta AG, Zurich ▶ Chairman of Human Rights Watch Committee Zurich.

Rolf Broglie Swiss citizen, industrialist ▶ 1972 Chromos AG, Glattbrugg, managing director since 1985 ▶ 1995 Prografica AG, Glattbrugg, executive director and chief executive officer. No other appointments or commitments.

Claude R. Cornaz Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ▶ 1987 Contraves AG, Zurich ▶ 1989 Nestec SA, Vevey ▶ 1993 Vetropack Holding AG, Bülach, executive officer and chief executive officer since 2000 ▶ **Other appointments** Member of the board of the European Container Glass Federation ▶ Deputy chairman of H. Goessler AG, Zurich.

Anita Hauser Swiss citizen, lic. rer. publ. HSG University of St. Gallen, MBA INSEAD, Fontainebleau ▶ 1993–1998 Unilever, Zug and Milan, European brand manager ▶ 2000–2004 Lindt & Sprüngli (International), Kilchberg, international marketing manager, ▶ 2005 EF Education (Switzerland) AG, managing director. No other appointments or commitments.

Heinrich Spoerry Swiss citizen, lic. oec. HSG University of St. Gallen
 ► **1979** Boston Consulting Group, Munich ► **1981** SFS Group, Heerbrugg, head of management services ► **1987** Stäfa Control System AG, Cerberus AG, Männedorf, member of the management ► **1998** SFS Group, Heerbrugg, chairman of the board and chief executive officer ► **Other appointment** Director of Mikron AG, Biel.

Erwin Stoller Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ► **1992** Rieter Holding AG, Winterthur, head of spinning systems ► **1996** Rieter Textile Systems, Winterthur, chief executive officer ► **2002–2007** Rieter Automotive Systems, Winterthur, chief executive officer ► **2008** Chairman of Rieter Holding AG, Winterthur. No other appointments or commitments.

Name	Age	Position	Appointed	Term expires	Committees		
Board of directors					Audit	Compensation	Nomination
Kurt E. Siegenthaler	67	chairman, non-executive	2006	2009		x	x
Thomas W. Hauser	68	deputy chairman, non-executive, independent	1984	2011		x	x
Ernst Bärtschi	57	non-executive, independent	2005	2011	x		
Thomas W. Bechtler	59	non-executive, independent	1987	2010		x	x
Rolf Broglie	62	non-executive, independent	1996	2010	x		
Claude R. Cornaz	48	non-executive, independent	2002	2009			
Anita Hauser	40	non-executive, independent	2007	2010			
Heinrich Spoerry	57	non-executive, independent	2006	2009			
Erwin Stoller	61	non-executive, independent	1996	2011	x		

Independence All directors, with the exception of Kurt E. Siegenthaler, are independent, i.e. they have not been members of the management of Bucher Industries within the last three years and have no material business relationship with the Group. Kurt E. Siegenthaler served as non-executive chairman of the board in the reporting year, but is not considered to be independent because he held an executive position as division president of Emhart Glass until the end of 2005. From 2009, all directors are independent.

Elections and terms of office Directors are elected individually for staggered three-year terms. They are required to retire at the first annual general meeting of shareholders after reaching the age of 70. The articles of association place no other restrictions on tenure. Thomas W. Hauser, Ernst Bärtschi and Erwin Stoller were re-elected to the board last year.

Internal organisation The board determines the strategic direction and oversees the management of the company as provided in the Swiss Code of Obligations, in the articles of association and internal rules of organisation, available at [www.bucherind.com/Investor Relations/Corporate Governance](http://www.bucherind.com/Investor%20Relations/Corporate%20Governance). It meets as often as business requires, holding at least six scheduled meetings each year, which generally take place every two months. It met six times last year. The meetings are usually attended by the chief executive officer, chief financial officer and other members of group management, depending on the items on the agenda. The secretary to the board takes minutes of the proceedings and resolutions. Each meeting lasts at least half a day, and the annual strategy meeting two days.

Committees To assist in its duties, the board has appointed an audit committee, a compensation committee and a nomination committee from among its members. The roles and responsibilities of the committees are described on pages 16 and 17 of this annual report. The committees report to the full board on their activities, results and proposals. The board has overall responsibility for the duties assigned to the committees. Committee members hold office from one annual general meeting until the next annual general meeting. Proceedings and resolutions of committee meetings are recorded in minutes.

Audit Committee The audit committee is composed of Rolf Broglie (chairman), Ernst Bärtschi and Erwin Stoller. Claude Cornaz served on the committee until 15 April 2008, when he was succeeded by Ernst Bärtschi. All the committee members are non-executive and independent. The role of the audit committee is to ensure a comprehensive and effective audit programme for the Group, receive reports from the statutory and group auditors, evaluate their independence and performance, determine their remuneration and recommend their appointment. It approves the audit priorities each year, reviews the audit plan and discusses the audit findings with the auditors. In addition, the audit committee submits proposals to the board for appropriate financial control systems. Last year, these related to the establishment of the internal control system and financial management policy, the improvement of monthly internal reporting and the introduction of an internal audit function from the 2009 financial year. The chairman of the board, chief executive officer, chief financial officer and representatives of the auditors attend the meetings in an advisory capacity. The audit committee holds at least three meetings each year. Each meeting usually lasts half a day. The committee met four times last year.

Compensation Committee The compensation committee is composed of Kurt E. Siegenthaler (chairman), Thomas W. Bechtler and Thomas W. Hauser. The three committee members are non-executive. Two of them were independent last year and all of them have been independent since 2009. The compensation committee is responsible for determining the remuneration of group management, setting policy on senior executive remuneration and recommending the remuneration paid to directors. The chief executive officer attends the meetings in an advisory capacity, except when his own remuneration is being determined. The compensation committee holds at least one meeting each year. The meeting usually lasts half a day. The committee met once last year.

Nomination Committee The nomination committee is composed of Kurt E. Siegenthaler (chairman), Thomas W. Bechtler and Thomas W. Hauser. The three committee members are non-executive. Two of them were independent last year and all of them have been independent since 2009. The nomination committee determines the selection policy for directors and the chief executive officer, carries out the selection procedure, and nominates and recommends candidates to the full board of directors. No other persons attend the meetings of this committee. For the appointment of other group management members, the nomination committee delegates the selection procedure to the chief executive officer and, at his request, makes recommendations to the board for appointments to group management. The nomination committee holds at least one meeting each year. The meeting usually lasts half a day. The committee met once last year.

Authority and responsibility The board has delegated the Group's operational management to the chief executive officer and group management. Their authority and responsibilities are set out in the internal rules of organisation. An abridged version of the rules of organisation is available as a PDF document on the Bucher Industries website at [www.bucherind.com/Investor Relations/Corporate Governance](http://www.bucherind.com/Investor%20Relations/Corporate%20Governance). The Board's role is to monitor and control the operational management.

Information and control systems relating to group management As part of the management reporting system, the board receives monthly key figures, quarterly consolidated financial statements and management comments from group management, providing information on operational performance and key performance indicators within the Group, divisions and major group companies. Variances from the budget and the three-year medium-term financial plan are analysed based on overall market conditions, and action taken by management is evaluated. At each meeting, the board is also informed about the course of business, important projects and risks. Once a year it conducts an in-depth assessment of the Group's risk situation on the basis of a risk report. Written proposals are prepared for any major projects requiring a board decision. In 2008, the board decided at the request of the audit committee to establish a group-wide internal control system and to introduce an internal audit function to start operating in 2009. Last year was the first time that the external auditors verified the existence of an internal control system. They will report on this to the audit committee and board of directors once a year, starting in March 2009.

Group management

Members

Philip Mosimann Swiss citizen, age 54, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ► **1980** Sulzer Innotec AG, Winterthur
 ► **1993** Sulzer AG, Winterthur, division president of Sulzer Thermtec
 ► **1997** Sulzer AG, Winterthur, division president of Sulzer Textil
 ► **2001** Bucher Industries AG, chief executive officer since 2002
 ► **Other appointment** Director of Conzzeta AG, Zurich.

Roger Baillod Swiss citizen, age 49, graduate in business economics FH Olten, certified public accountant Kammerschule Zurich ► **1984** ATAG Ernst & Young AG, Zurich ► **1993** Dietsche Holding AG, Zug, head of finance and accounting ► **1995** Benninger AG, Uzwil, head of corporate services
 ► **1996** Bucher Industries AG, chief financial officer ► **Other appointment** Member of the board of Migros-Genossenschafts-Bund, Zurich.

Jean-Pierre Bernheim French citizen, age 59, mechanical engineer Ecole des Mines, Paris, doctorate in engineering University of Marseille
 ► **1977** Groupe Vallourec, Paris ► **1980** Bucher Vaslin SA, managing director
 ► **1998** Bucher Process, division president. No other appointments or commitments.

Michael Häusermann Swiss citizen, age 47, graduate of Business School Zurich ► **1983** Kran + Hydraulik AG, Tagelswangen ► **1988** Bucher-Guyer AG, head of Bucher Transport Technology, Rolba Kommunaltechnik AG and Bucher-Guyer AG Municipal Vehicles ► **2000** Bucher Municipal, division president. No other appointments or commitments.



Daniel Waller



Philip Mosimann



Roger Baillod



Jean-Pierre Bernheim



Michel Siebert

Michael Häusermann



Martin Jetter

Martin Jetter German citizen, age 52, engineer University of Cooperative Education Stuttgart ► **1978** Robert Bosch GmbH, Schwieberdingen ► **1980** Jetter AG, Ludwigsburg, chief executive officer ► **2005** Emhart Glass AG, division president since **2006** ► **Other appointment** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert French citizen, age 59, graduate of Institute of Business Administration Nancy ► **1976** Charbonnages de France, Nancy ► **1979** Kuhn SA, head of sales and member of division management ► **1999** Kuhn Group, division president. No other appointments or commitments.

Daniel Waller Swiss citizen, age 47, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ► **1987** Rittmeyer AG, Zug ► **1996** Carlo Gavazzi AG, Steinhausen ► **1999** Bucher Hydraulics AG Frutigen, managing director ► **2004** Bucher Hydraulics, division president. No other appointments or commitments.

Group services **Vanessa Ölz** Swiss citizen, graduate in law University of Zurich ► **1989** Sulzer AG, Winterthur, legal counsel ► **1997** Sulzer Medica, Winterthur, secretary to the board ► **2002** Bucher Industries AG, head of legal and communications, secretary to the board.

Stefan Düring Swiss citizen, lic. oec. HSG University of St. Gallen, certified public accountant Board of Accountancy, New Hampshire, chartered financial analyst Association for Investment Management and Research, Charlottesville ► **1998** PricewaterhouseCoopers, Zurich ► **2006** Bucher Industries AG, head of group development.

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

Remuneration, shareholdings and loans

These disclosures are presented in the remuneration report on pages 23 to 29 of this annual report.

Shareholders' participation rights

Voting rights and representation restrictions There are no restrictions on voting rights or proxy voting.

Required quorums Resolutions at general meetings of shareholders are passed by an absolute majority of the votes of the shares represented. At least two-thirds of the votes represented and an absolute majority of the par value of the shares represented are required for special resolutions as prescribed in art. 704, par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders There are no rules that differ from the law for the convocation of general meetings of shareholders. As provided in the articles of association, notice of a meeting is given to shareholders at least 20 days before the meeting. The notice convening the meeting sets out the agenda and resolutions to be proposed by the board and by shareholders who have requested an item to be added to the agenda. To be entitled to vote at a general meeting, shareholders must be registered in the share register three working days before the date of the meeting. Extraordinary general meetings are called as and when required, in particular in the cases provided by law. Shareholders representing at least one tenth of the share capital may at any time request that a meeting be convened, stating the business to be transacted and resolutions proposed.

Requests for additions to the agenda Shareholders representing shares with a combined par value of CHF 20 000 may request that an item be added to the agenda. Requests for additions to the agenda must be submitted at least six weeks before a general meeting of shareholders.

Obligation to make an offer and clauses on changes of control The annual general meeting of shareholders held on 26 April 2005 adopted an opting-up clause in the articles of association, requiring a purchaser of shares to make a public tender offer when reaching or crossing the threshold of 40% of the voting rights in accordance with art. 32 and 52 of the Federal Stock Exchange and Securities Trading Act. There are no change of control clauses benefiting directors or group management members.

Auditors

Duration of the engagement and lead auditor's tenure PricewaterhouseCoopers AG, Zurich, or its predecessor companies, has served as statutory and group auditors of Bucher Industries AG since 1984. The lead auditor, Beat Inauen, has been responsible for the audit engagement since 2007.

Audit fees and non-audit fees For last year, Bucher Industries was charged CHF 1 598 000 by PricewaterhouseCoopers and approximately CHF 841 000 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and its group companies and the audit of the consolidated financial statements of Bucher Industries. In addition, PricewaterhouseCoopers charged Bucher Industries a fee of approximately CHF 678 000 for non-audit services, comprising financial, tax and due diligence services.

Supervisory and control instruments pertaining to the audit The audit committee reviews the auditing concept, audit priorities and audit plan every year and discusses the audit findings with the auditors. Every year, the audit committee subsequently assesses the performance, fees and independence of the auditors.

Information policy

Bucher Industries publishes the results of operations in an annual report (including a financial, corporate governance and remuneration report) and an interim report. These publications and the notice of the general meeting of shareholders are made available at the appropriate time on the company's website at [www.bucherind.com/investor-relations/Bucher Group publications and investor relations/annual general meeting](http://www.bucherind.com/investor-relations/Bucher-Group-publications-and-investor-relations/annual-general-meeting). The Group issues press releases announcing its full year, first quarter and third quarter sales. It holds an annual press conference and annual analyst conference to present full year results and hosts a conference call to discuss first half results. Significant events are announced in compliance with the directive on ad hoc publicity issued by the SIX Swiss Exchange. A calendar of forthcoming release dates scheduled for the current and next financial year is set out in the investor relations section on page 31 of this annual report. All news releases published over the past two years as well as contact addresses can be found at [www.bucherind.com/investor-relations/archive and contact](http://www.bucherind.com/investor-relations/archive-and-contact). The company's website at www.bucherind.com also provides a facility to subscribe free of charge to an e-mail service to receive press releases published by Bucher Industries.

Remuneration report

Remuneration, shareholdings and loans

Remuneration system Bucher Industries operates a remuneration system designed to align the interests of the directors and management with those of the Group, shareholders and other stakeholders. The individual remuneration components take account of the Group's sustainable short- and long-term business development. Directors are generally not remunerated on a performance basis, the chairman of the board being the only director who additionally participates in the performance-related long-term bonus plan. Group management and senior management are rewarded for a healthy focus on performance with performance-related remuneration. As the objective is also to attract and retain highly qualified executives and professionals, the remuneration system is focused on providing competitive remuneration with a moderate fixed component and performance-related components paid in cash and in the form of interests in the company. The contractual remuneration components include a base salary, the bonus plan, the long-term bonus plan and the share option plan. Performance-related components are paid out in the spring of the next year after the board of directors has approved the financial statements for the reporting year. The remuneration of directors and group management is reported on an accrual basis.

Base salary The base salary of group management members is determined by reference to market benchmarks for the specific position in the country concerned, based on the level of individual responsibility and experience of the person concerned. In addition, the base salary is compared to an internationally accepted grading system every three to five years and adjusted by the compensation committee, if necessary, at the request of the chief executive officer.

Bonus plan The annual bonus is a performance-related component of remuneration paid in cash to the members of group management and the Group's senior management. The amount of the bonus depends on the achievement of the annual financial targets set for the Group and divisions by the compensation committee. In addition, personal annual targets are agreed between the chairman of the board and the chief executive officer and between the chief executive officer and each group management member. The annual bonus ranges from 0% to 75% of base salary for the chief executive officer and from 0% to 60% of base salary for all other members of group management, depending on the level of target achievement. The financial criteria used to determine the annual bonuses for the chief executive officer and chief financial officer are the Group's "profit for the year" and its "net assets as a percentage of sales". For the other group management members, the financial criteria are "operating profit EBIT" and "net operating assets as a percentage of sales" for their respective divisions.

Long-term bonus plan The long-term bonus is a share-based component of remuneration linked to performance over a three-year period for the

chairman of the board and members of group management. The financial targets are based on the Group's three-year medium-term plan, and the financial criteria are "earnings per share" and "return on net operating assets RONO". The number of shares to be awarded on achievement of targets and the financial targets themselves are determined annually by the compensation committee at the request of the chief executive officer before the beginning of the next three-year assessment period. The long-term bonus plan ranges from 0% to 150% of the shares allotted, depending on the level of target achievement. The value of shares awarded may not exceed a ceiling of CHF 400 000 for the chairman of the board, CHF 900 000 for the chief executive officer and CHF 120 000 for all other group management members. The shares acquired are subject to a three-year vesting period. The board of directors revised the award criteria in 2007 without changing the above ceilings. The system of awarding a fixed number of shares in place at the time was replaced by a system where the number of shares to be awarded is calculated on the basis of an annually determined percentage of base salary and the average share price during the financial year preceding the assessment period. If the targets are reached, the applicable percentage is 50% of base salary for the chairman of the board, 80% for the chief executive officer and 10% to 20% for the other group management members. This system will be used from the 2008 to 2010 assessment period. The old system of awarding a fixed number of shares still applies for the assessment periods 2006 to 2008 and 2007 to 2009.

Share option plan Options are granted under the share option plan. In addition to the members of group management, the Group's and divisions' senior management also participate in the share option plan. The compensation committee determines the participants and the number of options annually at the request of the chief executive officer. The price of options granted is determined based on the average closing share price over the 20 trading days preceding the annual grant date. Once determined, the grant price cannot be changed. The options have a life of ten years and vest in equal instalments annually over a staggered four-year period. A fixed number of options are granted according to the position and level of responsibility of the participant. Each option entitles the holder to purchase one share.

Termination benefits There are no systems for termination benefits, and none were paid during the reporting year. If employment is terminated for any reason other than termination by the employee or employer, the annual bonus and long-term bonus will be paid on a pro rata basis in the year in which the board of directors has approved the achievement of targets. Options granted under the share option plan may be exercised until the expiration of the option term. If employment is terminated by the employee or employer, all rights under the long-term bonus plan and all unvested options will lapse. Exercisable options must be exercised within six months after termination of employment.

Responsibility The compensation committee periodically reviews the remuneration system and individual components and submits proposals to the board of directors for any adjustments that may be necessary. Each year, the compensation committee submits a proposal for the remuneration of the chairman and other directors to the board of directors. Under the remuneration system, the compensation committee annually determines the individual components, their criteria and the level of remuneration for the chief executive officer. At the request of the chief executive officer, the compensation committee annually specifies the individual components, their criteria and the levels of remuneration for the members of group management and, at the request of the chief executive officer, decides which members of senior management will participate in the share option plan and the number of options to be granted.

Directors' remuneration Directors receive a non-performance-related fee, which is proposed by the compensation committee and determined by the full board every year. The fee comprises a base amount in the form of share awards plus cash allowances for service on committees and for expenses. In addition to the base amount, the chairman also receives a base salary plus share awards under the performance-related long-term bonus plan. The base amount is determined annually and remained unchanged last year at CHF 120 000 for the chairman, CHF 105 000 for the deputy chairman and CHF 90 000 for each of the other directors. The respective share awards were based on the average share price of CHF 213.96 during the reporting year and were valued at the year-end price of CHF 105.00. The shares awarded are subject to a three-year vesting period. The remuneration paid to directors last year and their interests in shares at the end of the year are shown on pages 27 and 28 of this annual report. The cash allowances paid to directors remained unchanged last year. However, due to the 8% higher average share price in 2008, 8% fewer shares were awarded than in 2007 and their cash value decreased by 63% because the year-end share price was lower. The base salary of the chairman of the board remained unchanged at CHF 120 000. Under the long-term bonus plan, he was awarded 726 shares (2007: 815 shares). Together with the lower year-end share price, the cash value of the shares awarded under the long-term bonus plan decreased by 64% to CHF 76 230.

Group management's remuneration Group management members receive a base salary commensurate with their responsibilities and experience, an annual performance-related cash bonus, shares under the long-term bonus plan and options under the share option plan. Other benefits include a representation expense allowance, a middle class company car for division presidents and contributions to a voluntary pension plan. Shares awarded under the long-term bonus plan were valued at the year-end price of CHF 105.00. The fair value of options, determined using the Black-Scholes method, was CHF 41.77 per option in 2008 compared to CHF 100.24 in 2007.

Last year, the level of target achievement for the performance-related components was between 86% and 131%. The chief executive officer's performance-related bonus decreased by 31% and equalled 181% of his base salary, while the other group management members received a bonus of 84% of their base salary, which was 44% less than a year earlier. The total remuneration paid last year and the interests held by the chief executive officer, other group management members and the total for the group management at the end of 2008 are set out on pages 28 and 29 of this annual report. In 2008 the chief executive officer's base salary was increased by 5% to CHF 700 200 for the first time since he assumed this position in January 2002. The base salaries of the other group management members remained unchanged due to currency movements. Their individual salary adjustments in local currencies were less than the average pay increases of employees. As the targets were more challenging and higher, the levels of target achievement for the performance-related annual bonus were below the high year-earlier levels. As a result, the annual cash bonuses paid to the chief executive officer and other group management members decreased by 36% and 22% respectively. The number of shares awarded to the chief executive officer under the long-term bonus plan for the period 2006 to 2008 increased by 211% to 7 264, while their cash value decreased by 15% to CHF 762 720. In the previous year, the number of shares awarded to the chief executive officer had been limited to 3 448 shares as the monetary ceiling of CHF 900 000 was reached. The other group management members were awarded 2 178 shares with a cash value of CHF 228 690 under the long-term bonus plan. This represents a 5% increase in the number of shares awarded, but a 58% reduction in their cash value. The number of share options granted remained the same as in the previous year and their cash value, calculated using the Black-Scholes method, was 58% lower at CHF 41.77 per option.

Additional remuneration, fees and loans to members of governing bodies

Due to his previous services as executive chairman of the board until April 2007, Rudolf Hauser was awarded 1 808 shares (2007: 1 532) worth CHF 189 840 (2007: CHF 399 852), valued at the year-end price of CHF 105.00 (2007: CHF 261.00), on a pro rata basis under the long-term bonus plan. No current or other former directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year.

Remuneration and interests of directors and group management members

Directors' remuneration

CHF 1000	Year	Base salary	Share awards		Share awards under long-term bonus plan		Social security and pension benefits	Other remuneration	Total	Paid in cash
			Number	Value	Number	Value				
Kurt E. Siegenthaler, chairman	2008	120.0	561	58.9	726	76.2	21.0	13.6	289.7	133.6
	2007	90.0	606	158.2	815	212.7	43.2	13.6	517.7	103.6
Thomas W. Hauser, deputy chairman	2008	–	491	51.6	–	–	6.2	11.8	69.6	11.8
	2007	–	530	138.3	–	–	15.0	11.8	165.1	11.8
Ernst Bärtschi	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Thomas W. Bechtler	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Rolf Broglie	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Claude R. Cornaz	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Anita Hauser	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Heinrich Spoerry	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Erwin Stoller	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Total for directors	2008	120.0	3 999	419.9	726	76.2	65.7	78.0	759.8	198.0
	2007	90.0	4 321	1 128.1	815	212.7	146.2	78.0	1 655.0	168.0

Share awards to directors comprise directors' fees. The shares awarded to the chairman of the board under the long-term bonus plan are based on the achievement of targets in the period 2006 to 2008 (2007: 2005 to 2007). All share awards have been valued at the year-end share price of CHF 105.00 (2007: CHF 261.00). Other remuneration includes expenses and fees for service on the board committees.

Group management remuneration

CHF 1 000	Year	Base salary	Bonus	Share awards under long-term bonus plan		Share options under option plan		Social security and pension benefits	Other remuneration	Total	Paid in cash
				Number	Value	Number	Value				
Philip Mosimann, CEO	2008	700.2	392.1	7 264	762.7	3 600	150.4	275.1	19.2	2 299.7	1 111.5
	2007	665.0	616.8	3 448	899.9	3 600	360.9	229.7	19.2	2 791.5	1 301.0
Other members	2008	2 148.3	998.3	2 178	228.7	14 400	601.5	839.1	30.0	4 845.9	3 176.6
	2007	2 144.4	1 276.1	2 076	541.9	14 400	1 443.4	785.5	30.0	6 221.3	3 450.5
Total for group management	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
	2007	2 809.4	1 892.9	5 524	1 441.8	18 000	1 804.3	1 015.2	49.2	9 012.8	4 751.5

The shares awarded to the group management under the long-term bonus plan are based on the achievement of targets in the period 2006 to 2008 (2007: 2005 to 2007). All share awards have been valued at the year-end share price of CHF 105.00 (2007: CHF 261.00). The share options had a fair value of CHF 41.77 (2007: CHF 100.24) at the grant date, measured using the Black-Scholes valuation model.

Directors' interests in shares at 31 December

	Number of shares	
	2008	2007
Kurt E. Siegenthaler, chairman	15 168	12 943
Thomas W. Hauser, deputy chairman	1 069 569	979 039
Ernst Bärtschi	2 073	1 618
Thomas W. Bechtler	2 278	4 273
Rolf Broglie	11 618	11 163
Claude R. Cornaz	7 393	7 713
Anita Hauser	100 455	130 000
Heinrich Spoerry	1 147	692
Erwin Stoller	10 568	10 113
Total for directors	1 220 269	1 157 554

The directors did not hold any share options on 31 December 2008.

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

		Number of shares		Number of options	
		2008	2007	2008	2007
Philip Mosimann	CEO	30 676	26 778	11 700	8 550
Roger Baillod	CFO	10 291	9 865	6 600	7 200
Jean-Pierre Bernheim	Bucher Process	7 631	7 455	11 475	10 275
Michael Häusermann	Bucher Municipal	3 596	2 950	10 500	8 700
Martin Jetter	Emhart Glass	596	250	7 800	5 400
Michel Siebert	Kuhn Group	1 221	875	8 250	5 850
Daniel Waller	Bucher Hydraulics	4 236	3 590	10 500	8 400
Total for group management		58 247	51 763	66 825	54 375

		Number of options						
Grant year		2008	2007	2006	2005	2004	2000	Total
Exercise price (CHF)		149.00	221.00	116.00	108.00	46.80	52.40	
Staggered vesting over 4 years		2009–2012	2008–2011	2007–2010	2006–2009	2005–2008	2001–2004	
Life (years)		10	10	10	10	5	10	
Philip Mosimann	CEO	3 600	3 600	2 700	1 800	–	–	11 700
Roger Baillod	CFO	2 400	2 400	1 200	600	–	–	6 600
Jean-Pierre Bernheim	Bucher Process	2 400	2 400	2 400	2 400	1 200	675	11 475
Michael Häusermann	Bucher Municipal	2 400	2 400	2 400	2 400	900	–	10 500
Martin Jetter	Emhart Glass	2 400	2 400	1 800	1 200	–	–	7 800
Michel Siebert	Kuhn Group	2 400	2 400	1 800	1 200	450	–	8 250
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	2 400	900	–	10 500
Total for group management		18 000	18 000	14 700	12 000	3 450	675	66 825

Each option entitles the holder to purchase one share.

Investor relations

At 31 December			2008	2007	2006	2005	2004
Share capital							
Registered shares							
Par value	CHF		0.20	0.20	0.20	0.20	0.20
In issue and ranking for dividend	number		10 565 900	10 565 900	10 565 900	10 565 900	3 487 500
Authorised but unissued	number		1 184 100	1 184 100	1 184 100	1 184 100	137 500
Treasury shares	number		597 315	630 057	689 590	743 120	
Bearer shares							
Par value	CHF						1.00
In issue and ranking for dividend	number						1 415 680
Authorised but unissued	number						209 320
Treasury shares	number						160 874
Issued share capital	CHF million		2.1	2.1	2.1	2.1	2.1
Market capitalisation and dividends							
Market capitalisation	CHF million		1 109.4	2 757.7	1 397.9	1 107.3	534.6
As % of equity	%		133	320	195	175	103
Gross dividend:							
per bearer share	CHF						7.00
per registered share	CHF		4.50 ²⁾	5.00	2.50	2.10	1.40
Total dividend	CHF million		47.5 ²⁾	52.8	26.4	22.2	14.8
Payout ratio	%		32.7 ²⁾	30.9	27.7	25.8	27.50
Per share data ¹⁾							
Profit for the year							
Basic earnings per share	CHF		14.4	17.1	9.6	8.7	5.5
Diluted earnings per share	CHF		14.3	16.9	9.5	8.7	5.5
Cash flow	CHF		10.3	16.8	15.7	11.6	15.8
Equity	CHF		79.1	81.7	67.8	59.8	49.2
Year high	CHF		305.5	287.0	134.0	110.5	51.0
Year low	CHF		88.9	134.0	94.0	50.2	33.4
Year-end price	CHF		105.0	261.0	132.3	104.8	50.6
Average price	CHF		214.0	198.1	115.7	86.4	44.4
Average yield	%		2.1 ²⁾	2.5	2.2	2.4	3.1
Average daily trading volume	number		23 166	19 731	16 992	17 801	9 500
Price/earnings ratio (year-end price)			7.3	15.3	13.9	12.0	9.1

¹⁾ 2004 restated per single class registered share based on 5-for-1 share split on 26 April 2005

²⁾ Proposal by the board of directors

Stock exchange listing

The registered shares of CHF 0.20 each are listed on the main board of the SIX Swiss Exchange:

Security No.	243217
ISIN	CH0002432174
Telekurs	BUCN
Reuters	BUCN.S
Bloomberg	BUCN SW

The registered shares are also traded on the over-the counter markets of the following stock exchanges: Frankfurt, Stuttgart, Berlin, XETRA.

Contact

Philip Mosimann, CEO
Roger Baillod, CFO

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Murzlenstrasse 80
CH-8166 Niederweningen
Phone +41 43 815 80 80
Fax +41 43 815 80 81
info@bucherind.com
www.bucherind.com

Financial calendar

Annual general meeting (Mövenpick Hotel, Regensdorf)	16 April 2009	4.00 pm
Dividend payment	21 April 2009	
Release of first quarter 2009 group sales	28 April 2009	
Interim report 2009	11 August 2009	
Release of third quarter 2009 group sales	29 October 2009	
Release of 2009 group sales	1 February 2010	
Annual press conference	16 March 2010	9.00 am
Annual analyst conference	16 March 2010	2.30 pm
Mailing of annual report 2009	24 March 2010	
Annual general meeting (Mövenpick Hotel, Regensdorf)	15 April 2010	4.00 pm
Dividend payment	20 April 2010	
Release of first quarter 2010 group sales	27 April 2010	
Interim report 2010	10 August 2010	
Release of third quarter 2009 group sales	27 October 2010	

Share price performance CHF



Tedders have a wide working width to cover as much ground as possible in one pass. But at the same time, their overall dimensions need to be small for transport on narrow roads and tracks.

A double fold-over frame provides a working width of 17 metres, yet folds down to just 2.40 metres wide. Our new tedder series has been designed to combine more compact dimensions with higher work output.



Compact size, enormous output.



Project information

Development

2004 to 2005
A feasibility study was carried out for a tedder with a wide working width.

2005 to 2006
A prototype was designed, tested and optimised.

2006 to 2007
Manufacturing began on the first 32 GF 17002 tedders with a 17-metre working width.

2009
Series production up and running.

Technical details

The chassis has been redesigned. A working width of 17 metres had to be combined with a transport width narrower than the prescribed 2.55 metres, while complying with a multitude of safety and vehicle regulations.

The rotors flexibly follow the ground contours and are designed for a long service life.

This development resulted in three new patent applications.

Kuhn Group

Activities

Kuhn Group is the world's leading manufacturer of specialised agricultural machinery for tillage, seeding, fertilisation, spraying, landscape maintenance, hay and forage harvesting, livestock bedding and feeding. Its wide range of products is tailored to suit the needs of all farming operations worldwide, including contractors and the largest farms. The division has production facilities located in France, the Netherlands, the USA and Brazil.

Highlights

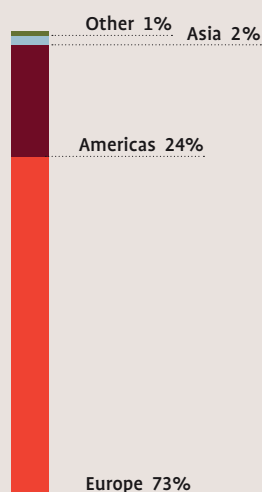
In 2008, Kuhn Group increased sales by 19% to CHF 1 106 million, passing the billion franc mark for the first time. Operating profit improved by 27% to CHF 137 million. With farmers' income at a good level, the division recorded high growth rates in all its main markets. Order intake rose by 17% to CHF 1 224 million, bringing the order book to a record level of CHF 432 million, up 30% year on year. Kuhn Group accounted for 39% of group sales compared with 38% in 2007.

Key figures

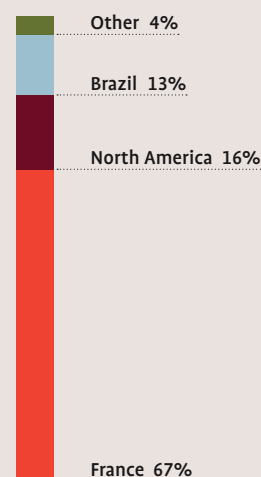
CHF million	2008	2007
Order intake	1 224.0	1 045.3
Net sales	1 105.6	929.2
Order book	432.2	333.1
Operating profit (EBITDA)	157.0	126.8
Operating profit (EBIT)	136.9	107.7
Number of employees at 31 December	3 563	3 077
Average number of employees during year	3 384	2 956

Geographical analysis

Net sales



Number of employees



Favourable market environment Kuhn Group's customers are primarily engaged in meat and dairy production. Despite some volatility, prices in these segments remained stable at a high level overall, although milk prices started to drop noticeably towards the end of the year. Prices of corn, soya beans and maize, which had been highly inflated by speculation, returned to normal in the second half of the year. Steel costs rose steeply during the first six months, making it necessary to increase prices. The weakening US dollar and massive devaluation of the British pound against the relatively strong euro weighed on exports from the euro zone. During the fourth quarter, the banks' stricter practices in lending to dealers and importers added to costs and brought a decline in orders. This affected the market climate, especially in Eastern Europe and Russia and, albeit to a lesser extent, in Western Europe and North America. The world's growing population with increasing consumption of meat and dairy products, high prices of fodder and agricultural products, and the substitution of biomass for fossil fuels helped to boost confidence in the future of farming.

Good performance During 2008, Kuhn Group increased sales by 19.0% or currency-adjusted 26.0% to CHF 1 105.6 million in a very good market environment. Blanchard SAS, the French sprayer manufacturer acquired in November last year, contributed 1.3% to the sales growth. Operating profit improved by another 27.1% on the very high year-earlier level to CHF 136.9 million. Order intake remained strong throughout the year, rising by 17.1% or currency-adjusted 23.9% year on year to reach CHF 1 224.0 million. As a result, the order book expanded by 29.8% to CHF 432.2 million. Machinery for hay and forage harvesting, feed mixing and delivery, tillage and seeding sold particularly well in Western Europe. Demand in North America was not only good for hay and forage harvesting, feed mixing and feed delivery machines, but also increased for manure spreaders. With the market recovery in Brazil, the division's sales there beat the previous all-time high recorded in 2004. This success was also fuelled by the drive to broaden the product line during the difficult years. Full capacity utilisation and further process optimisation had a positive impact on the division's operating margin.

New production facility In 2007, the division started building an assembly plant for large agricultural machinery in the French town of Monswiller near Saverne. The last CHF 21 million of the capital expenditure, totalling CHF 44 million, was spent during the first half of 2008. Commissioned ahead of schedule in May last year, the facility was a significant help in handling the high capacity utilisation. This specialised assembly plant is setting new standards with its logistics processes, environmentally compatible painting system and energy consumption.

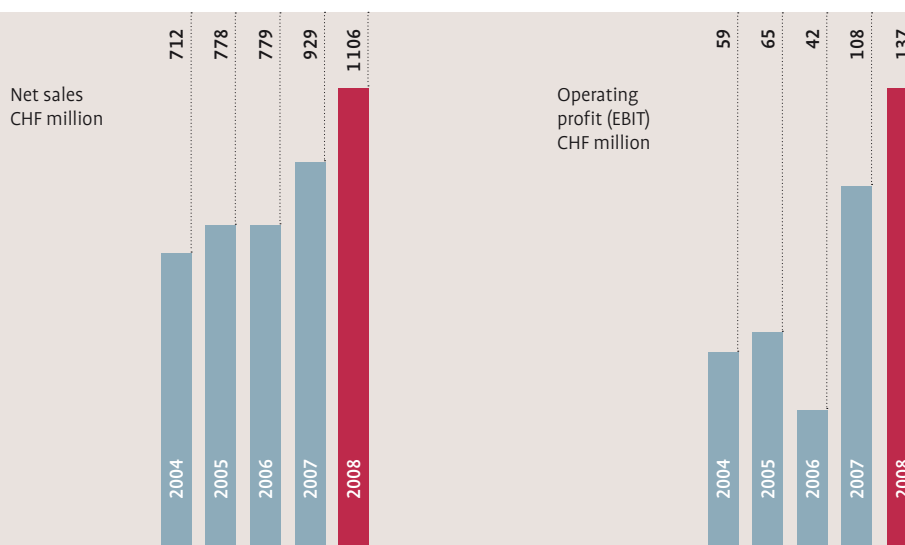
Product line expansion In November last year, the division purchased Blanchard SAS, a French company based in Chéméré. Blanchard is a renowned specialist for sprayers and boasts great expertise in research,

Division management

Michel Siebert,
division president
Jean-Luc Collin,
production
Jeannot Hironimus,
research and development
Dominique Schneider,
finance and controlling
Roland Rieger,
sales
Hervé Arlot,
Kuhn-Huard SA
Didier Vallat,
Kuhn-Audureau SA
Dominique Devillers,
Kuhn-Blanchard SAS
Anthony van der Ley,
Kuhn-Geldrop BV
Thierry Krier,
Kuhn North America, Inc.
Mario Wagner,
Kuhn-Metasa S/A

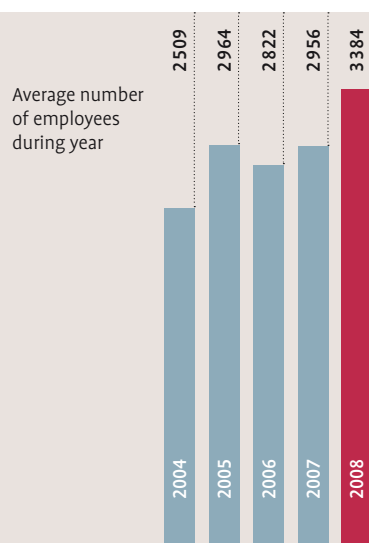
At 12 March 2009

development and manufacturing in this sector. As yet, Blanchard's operations have been more or less confined to France. Through Kuhn's professional network of dealers worldwide, sales of sprayers should be able to be doubled over the next five years. Last December, the division signed an agreement with the Norwegian Kverneland Group to purchase its baler plant in Geldrop, Holland. The deal was completed on 19 February 2009. The purchase price for the company and assumption of its debts was EUR 115 million. In addition to balers, the Geldrop facility also manufactures bale wrappers, drum mowers, universal tedders and maize choppers. Sales invoiced ex works for 2008 amounted to EUR 117 million, of which some 90% was generated with balers and wrappers. The products fully complement those of Kuhn Group and fill a significant gap in its range of hay and forage harvesting machinery. Distribution of the products acquired is starting immediately under the Kuhn brand through Kuhn's network of dealers and will continue through the previous sales channels for a transitional period until the end of August 2010. With the balers, the division now offers a complete spectrum of hay and forage harvesting equipment. Both the additions to the product line will enhance Kuhn Group's attractiveness to dealers.



Product innovations Kuhn Group kept moving forward with product innovation during the year. The projects to update and expand the series across all of its product families were continued, with particular emphasis on quality and functionality. This innovation work led to 13 new patent applications and focused on equipment for tillage and seeding. For these operations, new products designed for conventional tillage, such as mechanical seed drills, and for minimum tillage were launched on the market. Kuhn Group also continued to work on electronics, joining a pool of European agricultural machinery manufacturers collaborating in the ISOBUS project with the aim of developing a common new ISOBUS platform.

Outlook for 2009 The generally unsettled global economy and sluggish lending is especially affecting the growth regions of Eastern Europe and Russia, as well as Brazil. Due to the uncertainty among customers, demand is also likely to decline in the main markets of Western Europe and North America. At the same time, the prospects for agriculture should remain bright. Kuhn's strong market position and high order book at the beginning of the year, coupled with its flexible cost structures, will help the division to maintain a reasonable level of capacity utilisation. Supported by the sprayer and baler acquisitions, Kuhn Group expects sales about level with last year and slightly lower EBIT margin for 2009.

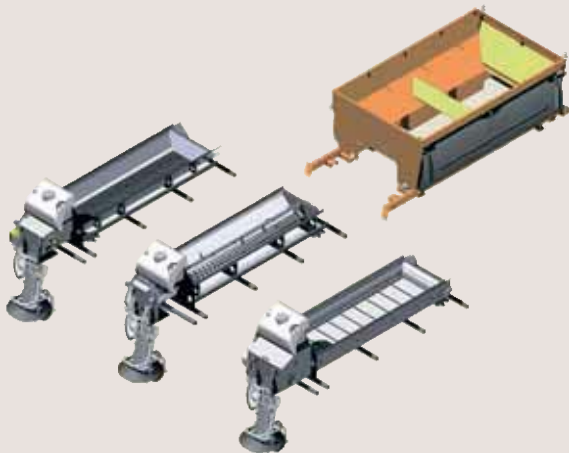


Salt, sand or grit – a spreader needs to be versatile. The feed system varies depending on the material to be spread. Different spreading machines used to be required for each need, making operations more complicated.

Standardising the spreading system has reduced production costs and enhanced quality. Each customer can choose between an auger, belt or chain feed and receives a built-to-order spreader at a good price.



One solution, many benefits.



Project information

Development

2005
Development started on the UniQa spreader model.

2006
The first prototypes were ready for testing.

2007
Series production began with the auger and belt feed systems, while the first prototype for a chain feed was tested.

2008
The new UniQa spreader went into series production and was launched on the market.

Technical details

One spreader with three different feed systems designed as slide-in modules:
– rubber belt feed with roller crusher
– metal chain feed with roller crusher
– auger feed with variable pitch steel flighting

The innovative, modular spreading system with a zero-pressure mechanism for distributing the material has been patented across Europe and achieves superb spreading results – either using dry materials or combining dry and liquid materials.

Bucher Municipal

Activities

Bucher Municipal is a world leading supplier of municipal vehicles for cleaning and removing snow from public and private areas. Its range of products encompasses compact and truck mounted sweepers, airport cleaning and snow removal equipment and spreaders. In Australia, the array of products is complemented by refuse collection vehicles. The division's activities also include a Swiss distributorship for tractors and agricultural machinery. It has production facilities located in Switzerland, Germany, the UK, Italy, Denmark, Latvia, Australia and South Korea.

Highlights

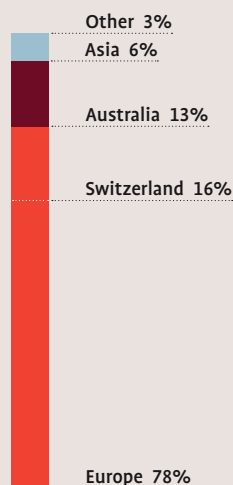
In 2008, Bucher Municipal grew sales by 4% or currency-adjusted 12% to CHF 579 million, benefiting from the strong order book at the beginning of the year and from some large orders. Operating profit before exceptional impairment charges for goodwill rose by 16% to CHF 43 million. Order intake was CHF 528 million, falling by 12% or currency-adjusted 6% from the record year-earlier level due to the sharp economic slowdown in the fourth quarter. The division accounted for 21% of group sales compared with 22% in 2007.

Key figures

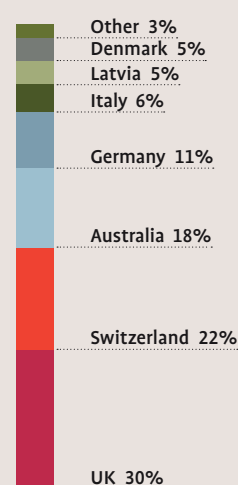
CHF million	2008	2007
Order intake	528.4	602.9
Net sales	579.1	556.5
Order book	114.5	178.1
Operating profit (EBITDA)	50.9	45.7
Operating profit (EBIT) before impairment	42.7	36.9
Operating profit (EBIT)	38.0	36.9
Number of employees at 31 December	1 543	1 535
Average number of employees during year	1 569	1 508

Geographical analysis

Net sales



Number of employees



Downturn in the fourth quarter The good economic conditions seen in the previous year continued at a similarly high level during the first nine months of 2008. However, order intake in the fourth quarter was well below the year-earlier figure. With the financial crisis causing uncertainty among private and public customers, projects were delayed. Above all, private contractors were particularly hard hit by the severe economic slump in their countries. In some East European markets, such as the Ukraine and Russia, demand came to a virtual standstill. Business in winter maintenance equipment was buoyed by the early onset of winter 2008/2009 across Europe. However, the historic plunge in the British pound had a negative impact on the performance figures in Swiss francs. While the UK business grew at a double-digit rate in local currency, the weakness of the euro against the Swiss franc also raised the prices of exports from Switzerland.

Continued improvement in operating performance Last year, Bucher Municipal increased sales of municipal vehicles and winter maintenance equipment by 4.1% or currency-adjusted 12.0% to CHF 579.1 million. Operating profit, before the exceptional impairment charge for goodwill of Gmeiner GmbH, reached CHF 42.7 million, topping the previous year's figure by 15.7% despite the considerable negative effects of currency movements. The impairment of CHF 4.7 million was due to the weak economic outlook for Germany. The brisk performance during the first nine months of 2008 helped the division to beat the record year-earlier levels. Bucher Municipal benefited not only from the high order book at the beginning of the year, but also from large orders. The division's Johnston unit won a major contract to supply 104 truck mounted sweepers to the City of Bangkok, thus strengthening its position in the Asian market. High sales were recorded in Australia, fuelled by the brisk demand for refuse collection vehicles. Coupled with efficiency enhancements, the full capacity utilisation during the first three quarters had a positive impact on the EBIT margin, which reached 7.4% before the impairment charge. Due to the economic slowdown in the fourth quarter, order intake was below the previous year's record level, falling by 12.4% or currency-adjusted 5.7% to CHF 528.4 million. The credit crunch was mainly felt in Eastern Europe. Project delays and a few cancellations could not be prevented. Demand for winter maintenance equipment was boosted by the harsh winter in Europe and Canada, but this was not sufficient to compensate for the decline in municipal vehicles. At the year end, the order book stood at CHF 114.5 million, a decrease of 35.7% compared with the very high year-earlier level.

Bucher Municipal took immediate action to maximise capacity utilisation. The main municipal vehicle production facilities in Switzerland, the UK and Latvia brought operations back in-house where expedient and possible. On the human resources side, the temporary workforce was reduced and employees took holidays and time off to compensate for overtime and flexi-time balances. A few job cuts were unavoidable.

Division management

Michael Häusermann,
division president

Jürg Hauser,
finance and controlling

Michael Häusermann (ad interim),
Bucher Schörling

Coen van Rosmalen,
Johnston Sweepers Ltd.

David Waldron,
MacDonald Johnston Ltd.

Guido Giletta,
Giletta S.p.A.

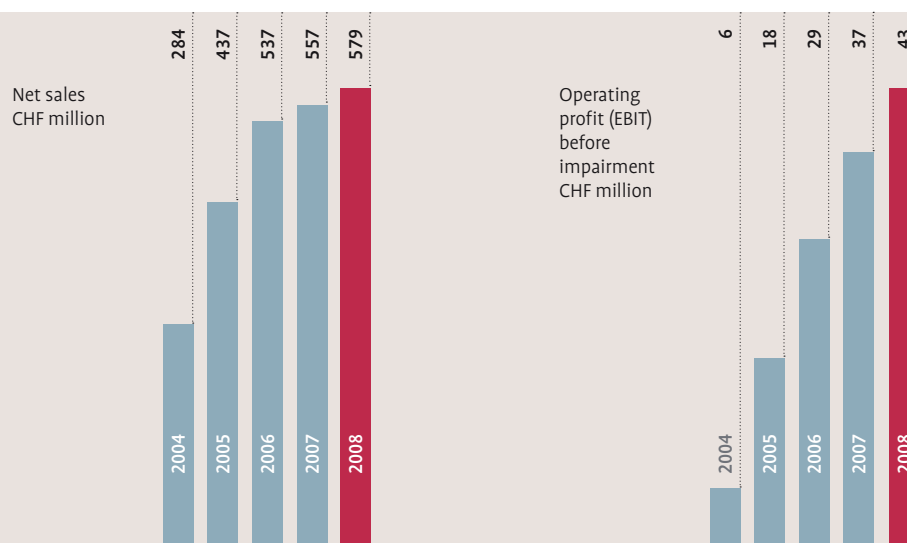
Other activities

Jürg Minger,
Bucher Landtechnik AG

At 12 March 2009

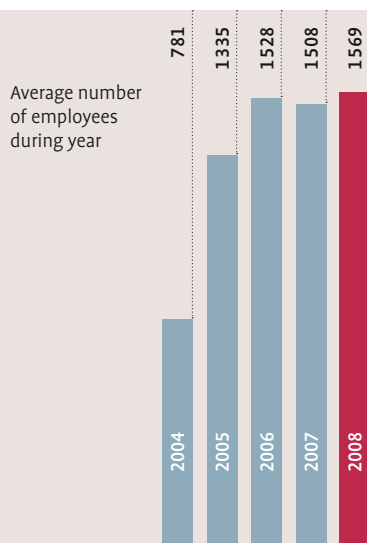
Expansion in Latvia On its strategic path to cost leadership, the division continued to expand its capacities in Latvia, constructing another production shop for making important components used in municipal vehicles to complement the previous assembly operations. The expansion of this low-cost Latvian production facility has provided greater flexibility and independence from component suppliers, ensuring the availability of high-quality components. Due to the economic situation, the plans for further expansion in Latvia have been postponed for the time being.

Efficiency enhancements In 2008, Bucher Municipal took several steps to further enhance profitability. Having decided a year earlier to concentrate manufacturing of specialist sweepers in Denmark, it successfully completed this structural move by commissioning the new production shop. In addition, it energetically pressed ahead with implementing the modular configuration of compact and truck mounted sweepers and the division-wide best practice for purchasing, manufacturing and assembly processes. The installation of a common IT system for all sweeper operations is supporting these efforts and facilitating know-how transfer within the division.



Product innovation and sustainability Following the successful 2007 debut of the modular UniQa spreader system for winter maintenance, commercial deliveries started in winter 2008/2009. UniQa is presented on pages 38 and 39 of this annual report. Working in collaboration with the Swiss Federal Laboratories for Materials Testing and Research and other partners, the division is developing a fuel cell driven compact sweeper. The high performance requirements and extremely tight space available in the vehicle make the project very challenging. The first prototype of this energy-efficient and low-emission compact sweeper is scheduled to be handed over to the City of Basel towards the middle of this year. In 2008, Johnston Sweepers in the UK achieved ISO 14001 environmental certification in recognition of its process excellence.

Outlook for 2009 The economic slowdown seen in the fourth quarter of 2008 is likely to continue through the current year, with competitive pressure mounting considerably. This makes it very difficult to give a forecast for this year. With the banks' reluctance to extend credit, private sweeper fleet operators will probably continue to hold back on capital spending. Lower government tax revenues will increase the pressure on local authorities' budgets. However, this dampening effect could be mitigated, at least in part, if the projects planned are in fact implemented under government programmes to boost economic activity. For these reasons, Bucher Municipal expects considerably lower sales and a reduction in profitability for 2009.

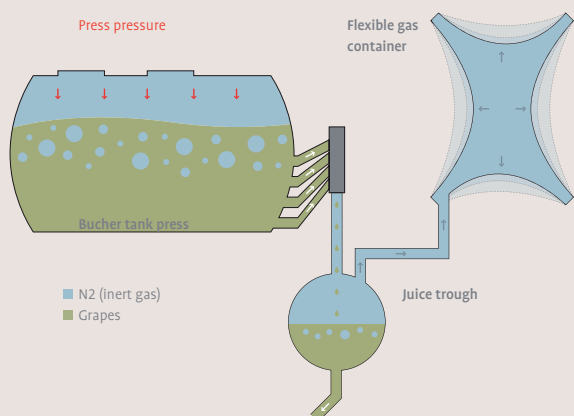


When conventional methods are used to produce white and rosé wines, the grapes come into contact with oxygen during pressing. This changes the natural flavours in the juice.

Our optimised pressing method under inert gas prevents oxygen coming into contact with the grapes, thereby preserving their natural flavour. This enhances the aromatic quality of the wine and improves its flavour.



No oxygen, full flavour.



Project information

Development

2004
Experiments showed that the patented Inertys process for pressing wine without oxygen could be used industrially. The innovation won an award at Vinitech in Bordeaux.

2005 to 2006
A prototype system featuring a flexible gas container was developed and the process optimised for market rollout.

2007
Series production started, followed by a successful market launch.

Technical details

The Bucher tank press is connected to a flexible, gas-tight PVC container via a closable juice drain. After each pressing operation, an oxygen-free inert gas, such as nitrogen, is fed to the press tank and then recycled back to the PVC container during pressing.

With this process, the grape must does not come into contact with oxygen during pressing, thereby preventing oxidation of the must. This retains the clear colour and fruity flavour of white and rosé wines.

Bucher Process

Activities

Bucher Process is the leading international manufacturer of equipment for wine and fruit juice producers. Its products range 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 Process operates production facilities in Switzerland, France, Italy, New Zealand and Chile.

Highlights

In 2008, Bucher Process increased sales by 12% to CHF 195 million. Operating profit improved by 27% year on year to CHF 24 million. A highlight of the financial year was the smooth handling of the major orders to supply fruit juice equipment to China and the UK. Demand for winemaking equipment remained high. Order intake declined by 17% to CHF 168 million because the exceptionally large orders secured for fruit juice equipment a year earlier could not be repeated and wine producers in the southern hemisphere were very cautious in the wake of the financial crisis. As in the previous year, Bucher Process contributed 7% to group sales.

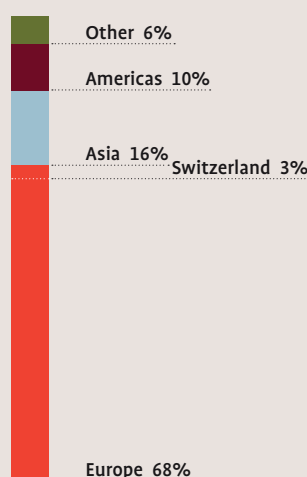
Key figures

CHF million

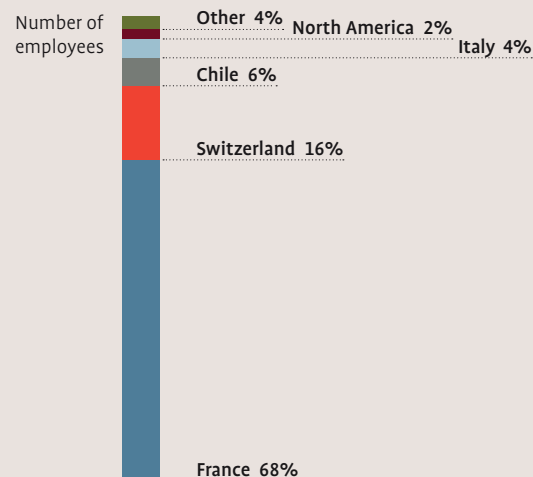
	2008	2007
Order intake	167.7	201.6
Net sales	195.2	173.8
Order book	40.1	68.7
Operating profit (EBITDA)	26.1	21.0
Operating profit (EBIT)	24.1	19.0
Number of employees at 31 December	520	490
Average number of employees during year	533	514

Geographical analysis

Net sales



Number of employees



Changing market environment Last year, the division benefited from the good demand for winemaking equipment. The solid performance was driven especially by Europe's main wine producing countries, France and Italy, as well as New Zealand and South Africa. The economic downturn in Spain and the onset of the financial crisis during the fourth quarter weighed on demand for winemaking equipment in Australia and South America. Worldwide, the long-term trend towards quality wine production continued, spurring sales of innovative products. Demand in the market for fruit juice equipment was brisk across Western and Eastern Europe and in China. Inflated prices of apples and apple juice concentrate, fuelled by speculation, resulted in seasonal overproduction and stockpiling of apple juice concentrate in the world market during the first half of the year. Then the turmoil in the financial markets triggered a collapse in the price of apple juice concentrate and led to a long delayed rundown of stocks that had been produced at excessive cost. The follow-up order for fruit juice equipment worth CHF 9 million from the world's largest apple juice producer in China was deferred to 2010.

Record result In 2008, Bucher Process increased sales by 12.3% over the previous year's high figure to CHF 195.2 million. Adjusted for currency translation, this was an advance of 15.7%. Despite the very high year-earlier level, operating profit rose by 26.8% to CHF 24.1 million. This growth was driven in particular by the excellent handling of the two major orders to supply fruit juice equipment worth some CHF 40 million to China and the UK. Due to the absence of equivalent follow-up orders for fruit juice production equipment, order intake declined by 16.8% or currency-adjusted 13.8% to CHF 167.7 million and the order book decreased by CHF 28.6 million to CHF 40.1 million.

Major orders from the UK and China The division fitted out a new facility built for producing raw juice for cider making in the UK. In addition to the complete process engineering for the factory, the contract included the supply of all machinery from fruit reception, grinding and juice extraction to filtration and concentration. The large order received from China covered the supply of mills, fruit juice presses and filtration systems for the modernisation of six different plants. The customers' high satisfaction led to a follow-up order for equipment to modernise two more plants. However, delivery of the follow-up order was deferred until 2010 due to the turn of events in the global markets.

Successful product innovations The division owes its strong position in the world markets for winemaking equipment to its great innovative strength. Among the initiatives to continuously enhance the product range, its largest wine press with a capacity of 750 hectolitres was successfully brought into operation in Australia. Bucher Process now offers grape presses ranging from 5 to 750 hectolitres. In addition, the division developed

Division management

Jean-Pierre Bernheim,
division president

Wine production equipment

Jean-Pierre Bernheim,
Bucher Vaslin SA

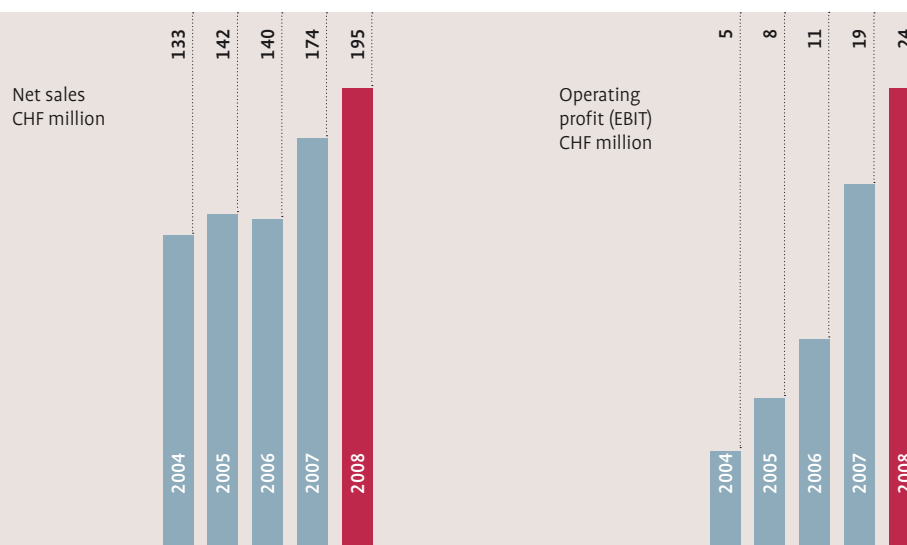
Fruit juice and drying equipment

Hartmut Haverland,
Bucher Processtech AG

At 12 March 2009

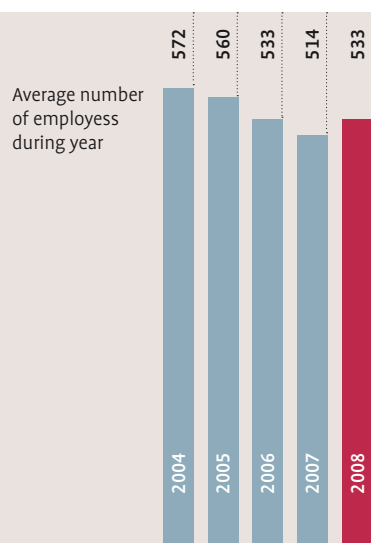
new machines with focus on improving wine quality. Bucher Process has repeatedly won the highest awards for these efforts, including one last year for its newly developed optical grape sorting machine, which was unveiled to the public for the first time at Vinitech in Bordeaux. The high-speed machine uses specially developed optical systems to separate berries from leaves, stems and other foreign matter. This system is adaptive and intelligent, and can even distinguish good grapes from the bad. The new Inertys pressing process crushes grapes without oxygen, preventing oxidation of the grape must and bringing out the full natural flavour, especially of white and rosé wines. The Inertys process is presented on pages 44 and 45 of this annual report. The division continued to enhance the presses for dewatering sludge to optimise process control and filtration technology. This new product segment captured greater attention following new orders from customers in Sweden.

Increased market presence in South America In 2008, the division further expanded its presence in South America through its operation in Chile. Neptuno Ltd., acquired last year, was successfully integrated, then merged with the local distribution subsidiary and renamed Bucher Vaslin Sudamérica. The company completed the know-how transfer to tailor components of the winemaking equipment to local needs and continued to press on with extending its service offering.



Sustainable investments Bucher Process developed new technologies to protect the environment. Typical examples are the Cascade Twin process to break down chemical components in waste water from winemaking equipment and the technology to produce natural fertilisers by dewatering sludge. OHSAS 18 000 certification of the Bucher Process production facility in France is setting high standards in measures to protect employees' occupational health and safety. While modernising the production shop and office building in Switzerland, the division devoted particular attention to energy-saving construction including an energy recovery ventilation system.

Outlook for 2009 As the economic downturn has caused uncertainty among the division's customers, Bucher Process anticipates that they will hold back on capital investment decisions. With the tight and restrictive lending practices, major projects are likely to be deferred or cut back. Innovations to increase wine quality, coupled with European subsidy policies, could have a positive impact on demand for winemaking equipment. Since the business unit specialised in fruit juice equipment handled the exceptionally large projects entirely with flexible capacities, it should be adequately geared to the reduced volume anticipated. Overall, Bucher Process expects sales and operating profit to be substantially lower for 2009.

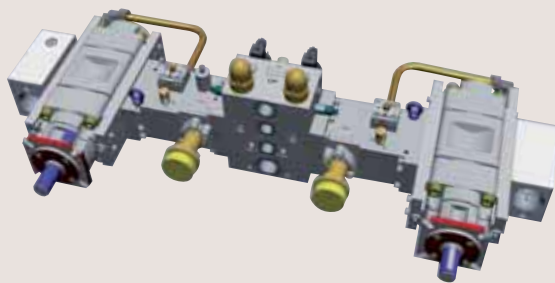


Flight simulators need to move extremely fast. Their hydraulic systems used to take up a lot of space, be very loud and consume a great deal of energy so they were installed in a separate soundproof room away from the flight simulator.

Our new hydraulic drive is compact, quiet and energy-saving. Using internal gear pump technology, the system we have developed can be kept together with the flight simulator, freeing up more space.



Less noise, more space.



Project information

Development

2006
Development started on a custom-designed compact hydraulic drive for a flight simulator. A sample drive was delivered to the customer towards the end of the year.

2007
Series production of the drive began. The new drive boasts low energy consumption, noise levels and heat build-up, coupled with a compact design.

Technical details

The simulator controller uses an internal gear pump to charge the accumulator, frequency-controlled QXM motors to control simulator motion and various valves mounted on manifolds for the other functions.

One advantage of this new system is its low energy consumption. Due to its very quiet noise level, the entire hydraulic system can be placed directly beneath the simulator, eliminating the need for a separate soundproof room.

Bucher Hydraulics

Activities

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

Highlights

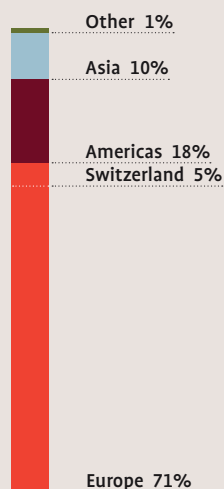
In 2008, Bucher Hydraulics increased sales of custom system solutions by 29% to CHF 497 million. Organic growth accounted for 15%. Operating profit before impairment charges of CHF 25 million came in at CHF 56 million, falling by 4% year on year. Despite the sharp slowdown in the fourth quarter, order intake reached CHF 473 million, up 14% on the high year-earlier level or 3% excluding the impact of currency movements and acquisitions. The division contributed 18% to group sales compared with 16% in 2007.

Key figures

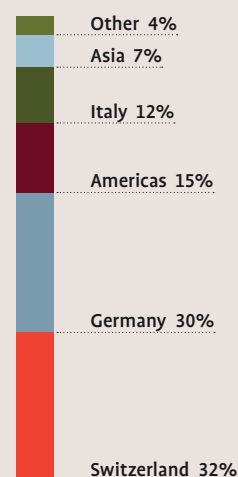
CHF million	2008	2007
Order intake	472.9	414.0
Net sales	497.0	386.6
Order book	85.4	93.7
Operating profit (EBITDA)	76.3	70.8
Operating profit (EBIT) before impairment	56.4	58.5
Operating profit (EBIT)	31.2	58.5
Number of employees at 31 December	1 664	1 303
Average number of employees during year	1 614	1 259

Geographical analysis

Net sales



Number of employees



Weak fourth quarter The excellent economic conditions continued during the first nine months of the year in the various supply markets served by Bucher Hydraulics. Demand in the agricultural machinery, construction equipment and power engineering segments was exceedingly good in the main sales markets of Europe, China and, in some areas, the USA. However, the financial crisis triggered a real slump in many customers' orders, and a marked economic downturn set in. This particularly hit the market segments for construction equipment and general mechanical engineering. No slowdown in demand was felt in the agricultural machinery and power engineering sectors through to the end of the year. A sharp drop in demand was seen in the USA and affected all the important customer segments other than agricultural machinery, hitting the transport and materials handling segments especially hard. In China, the good momentum in construction equipment and power engineering continued, but even there the first signs of a slowdown began to show. In addition, exports from Switzerland were weighed down by the strong Swiss franc against the euro.

High sales growth In 2008, Bucher Hydraulics grew sales of custom hydraulic system solutions by 28.6% to CHF 497.0 million. This was an increase of 33.5% excluding currency effects, with organic growth remaining high at 14.8%. During the year, Bucher Hydraulics acquired two US companies, Monarch Hydraulics Inc. and Command Controls Corp. These two acquisitions together contributed CHF 65.2 million to sales. As expected, the extremely high operating profit margin achieved in 2007 could not be matched because the product mix changed and the acquired companies operated at lower margins, added to which the downturn arrived in the fourth quarter. Operating profit before impairment charges came in at CHF 56.4 million, falling by CHF 2.1 million or 3.6% year on year. With the bleak market outlook for the USA, an impairment charge of CHF 25.2 million had to be recognised for goodwill. Order intake rose by 14.2%, or 2.6% excluding the impact of currency movements and acquisitions, to CHF 472.9 million. The order book remained at a very high level into the fourth quarter. Hydraulic applications for materials handling, agricultural and power engineering equipment worldwide and for construction equipment in China were largely unaffected by the economic downturn.

Early in the new financial year, the division took several measures to counter the economic slowdown, including a speedy reduction in the temporary workforce. To improve capacity utilisation at its own facilities, the division brought previously outsourced manufacturing operations back in-house where expedient and feasible. The manufacturing facilities in Germany, Italy and Switzerland started working short time, while weekly hours were reduced and some people were laid off in the USA. A few job cuts were unavoidable.

Sustainable capacity expansion The Swiss factory in Frutigen benefited significantly from the additional capacities brought on stream at the end of

Division management

Daniel Waller,
division president

Matthias Vorbeck,
sales

Uwe Kronmüller,
Bucher Hydraulics GmbH

Luca Bergonzini,
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Christian-Erik Thöny,
Bucher Hydraulics AG

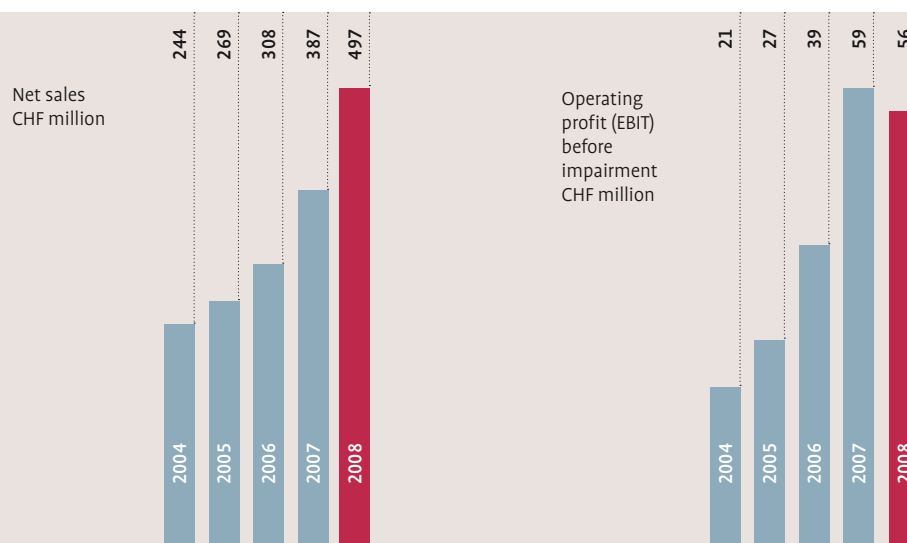
Aurelio Lemos,
Bucher Hydraulics AG Frutigen

Dan Vaughan,
Bucher Hydraulics North America

At 12 March 2009

2007, which helped to handle last year's high order volume and largely avoid delivery bottlenecks. The Neuheim factory in Switzerland began planning to expand manufacturing capacities for hydraulic solutions for elevator and mobile applications. The permit to build this new production shop was granted towards the end of the year, and the local authorities started on infrastructure schemes associated with the project. In view of the economic conditions, the capital investments in plant and equipment are currently being reviewed. However, the production unit, including logistics infrastructure, is to be constructed as planned. Scheduled for commissioning in 2010, this unit will bring substantial savings and improvements in operational processes. Both these expansion projects meet long-term sustainability criteria. In planning both buildings, Bucher Hydraulics has attached great importance to energy-saving construction following the requirements of the Swiss "Minergie" standard and to counteracting the loss of green spaces by planting roofs.

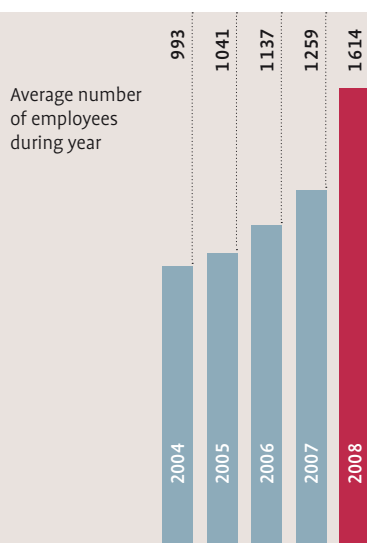
Market position reinforced in North America Monarch Hydraulics Inc., acquired in the USA at the beginning of the year, was combined organisationally with the already established Bucher Hydraulics operations and renamed Bucher Hydraulics Inc. Bucher Hydraulics continued to expand its presence in North America by purchasing Command Controls Corp., a US family-owned company based in Elgin, in November 2008. Command Controls generated sales of CHF 13.3 million for 2008, with 83 employees. The company is specialised in manufacturing cartridge valves for hydraulic system solutions to US standards and ideally complements the engineering, manufacturing and development expertise of Bucher Hydraulics Inc. These moves allow the division to offer a broad spectrum of hydraulic system solutions to local and global customers in North America. The process of



combining and integrating all the Bucher Hydraulics operations in the USA under one management is well advanced, laying the cornerstone for further efficiency enhancements in manufacturing, purchasing and distribution.

Product innovation Bucher Hydraulics started manufacturing a new generation directional valve in the second half of the year. Several customers have already started to use this product successfully in mass production of materials handling machinery.

Outlook for 2009 As a component supplier, Bucher Hydraulics is directly dependent on the performance and inventory cycles of end users. A reduction in customers' inventory levels will have an increased impact on the component suppliers' order volume during the first half of the year. Due to the drop and, in some cases, massive slump in order intake during the fourth quarter of 2008, forecasts of anticipated volume involve a high degree of uncertainty. Even demand in the agricultural machinery and power engineering sectors, which has remained stable so far, is unlikely to escape a slowdown. The division does not expect a quick recovery in the other market segments, and demand in the USA will probably keep falling. For these reasons, Bucher Hydraulics expects a marked decrease in sales for the full year. Due to the impairment charge of CHF 25.2 million recognised in 2008, operating profit should be about level with last year.

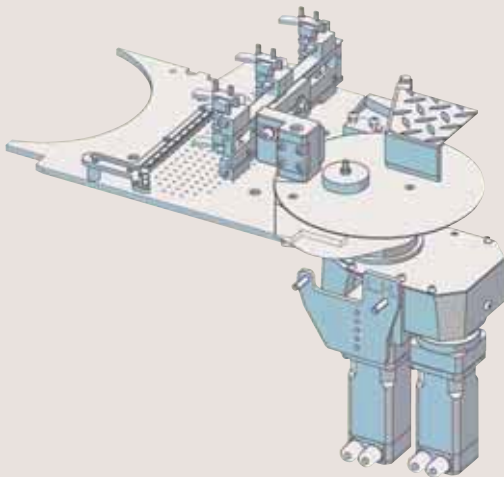


Glass bottle production can only be as fast as the mechanism that pushes the bottles onto the conveyor transporting them to the lehr. The maximum processing rate used to be 500 bottles per minute.

A unique electronic control system synchronises a new two-axis servo design. Our FlexPusher provides greater flexibility, increasing production speed to up to 750 bottles per minute.



Little motion, large numbers.



Project information

Development

2005
The project started with the aim of developing a two-axis servo pusher that could also be used with competitors' machines.

2006
The first prototypes were finished and successfully tested in the spring. The new generation of two-axis servo pushers was launched in the autumn.

2007
FlexPusher sales tripled.

Technical details

The new FlexPusher uses a two-axis servo mechanism, providing large kinematic degrees of freedom with a high level of reproducibility.

With the high-performance electronics of the Flexis process control system, the FlexPusher can push up to four hot glass bottles at a time, sweeping them out 90° onto the conveyor that carries them away at speeds up to 1 metre per second.

Emhart Glass

Activities

Emhart Glass is the world's leading supplier of advanced technologies for manufacturing and inspecting glass containers. Its portfolio encompasses glass forming and inspection machinery, systems, components, spare parts, advice and services for the glass container industry. The division's manufacturing facilities are located in Sweden, the USA, in Italy and Malaysia. Emhart Glass is headquartered in Switzerland and has a research and development centre in the USA.

Highlights

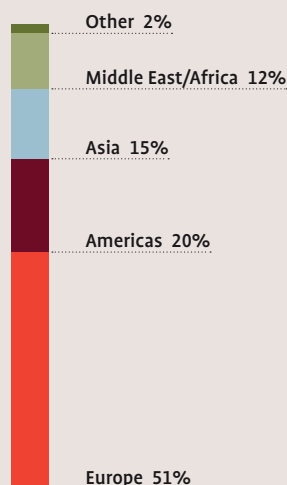
In 2008, Emhart Glass generated sales of CHF 418 million, almost level with the record figure posted a year earlier, but up 3% excluding currency effects. Operating profit rose by 5% to CHF 35 million. Glass container manufacturers enjoyed high capacity utilisation and invested heavily in expanding their capacities. Benefiting from this, Emhart Glass operated at fully capacity. Due to the financial and economic crisis, glass container manufacturers cut back on capital spending during the fourth quarter and postponed some orders. Order intake dropped by 9% to CHF 399 million and the order book was down 13% from the previous year's record high level. Emhart Glass contributed 15% to group sales compared with 17% in 2007.

Key figures

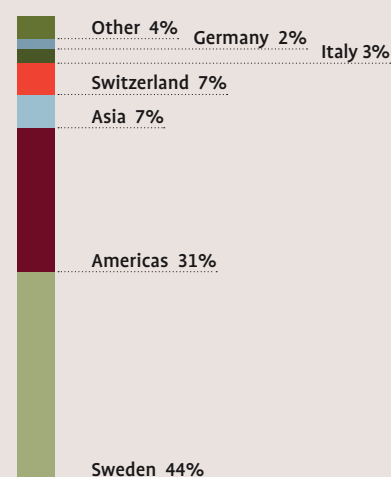
CHF million	2008	2007
Order intake	398.9	440.5
Net sales	418.3	419.6
Order book	171.2	197.7
Operating profit (EBITDA)	44.4	41.7
Operating profit (EBIT)	35.0	33.2
Number of employees at 31 December	1 064	1 063
Average number of employees during year	1 058	1 009

Geographical analysis

Net sales



Number of employees



Changing market conditions The economic tailwind in the glass container industry continued in all regions through the first nine months of the year, driven by the increasing worldwide consumption of beer, wine, other alcoholic beverages and fruit juices. This spurred demand for high-quality glass containers. In this dynamic market environment, the prices of glass containers rose substantially, and capital spending to expand capacities lifted the demand for glass container manufacturing machinery. With the onset of the financial and economic crisis, the market conditions changed abruptly and some projects were deferred, scaled back or, in isolated cases, cancelled. This affected all regions, but especially hit East European countries with weak currencies.

Performance driven by high capacity utilisation Emhart Glass experienced consistently high capacity utilisation during the year and generated sales of CHF 418.3 million, nearly reaching the previous all-time high posted the year before. Excluding the impact of currency movements, sales were up 3.4%. Operating profit improved by 5.4% to CHF 35.0 million. By expanding the sales organisations in Eastern Europe and Latin America, the division further reinforced its strong global market position. The previous year's switch-over of subassembly operations to an assembly-to-order system proved to be a success, even under the high pressure of tight delivery schedules. By reducing assembly times by up to 44%, this delivered the expected cost savings. In the latter months of 2008, economic activity slowed down noticeably across all regions. Order intake dropped by 9.4% or currency-adjusted 6.1% year on year to CHF 398.9 million. The order book was 13.4% or currency-adjusted 10.2% down on the year-earlier level.

The division has already taken several measures to counter the slowdown, including a reduction in the number of temporary employees at various manufacturing facilities. In Sweden it is also planning to cut up to 60 jobs.

New assembly plant in Malaysia In a bid to move closer to customers in Asia and the Middle East, while substantially reducing product costs, Emhart Glass continued the construction of the new Malaysian assembly plant in Johor Bahru. An important criterion for choosing this location was its proximity to the division's Asian base in Singapore. The assembly shop was completed at the end of last year and already came into operation in the first quarter of 2009. This new low-cost facility will help Emhart Glass continue to improve its cost structures and competitiveness. Initially, it will mainly manufacture the standard glass forming machines preferred by Asian customers. The next stages of expansion will involve setting up the assembly operations for the entire portfolio of glass forming machines and strengthening local purchasing.

Research centre In its first year of full operation, the new research centre built in Windsor/CT, USA, came up to all expectations during 2008. Besides

Division management

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division president

Bertil Bjugård,
logistics and manufacturing

William Grüniger,
customer service and projects

Joseph F. Laundry,
inspection machines

Edward Munz,
business development

Steven J. Pinkerton,
research and development

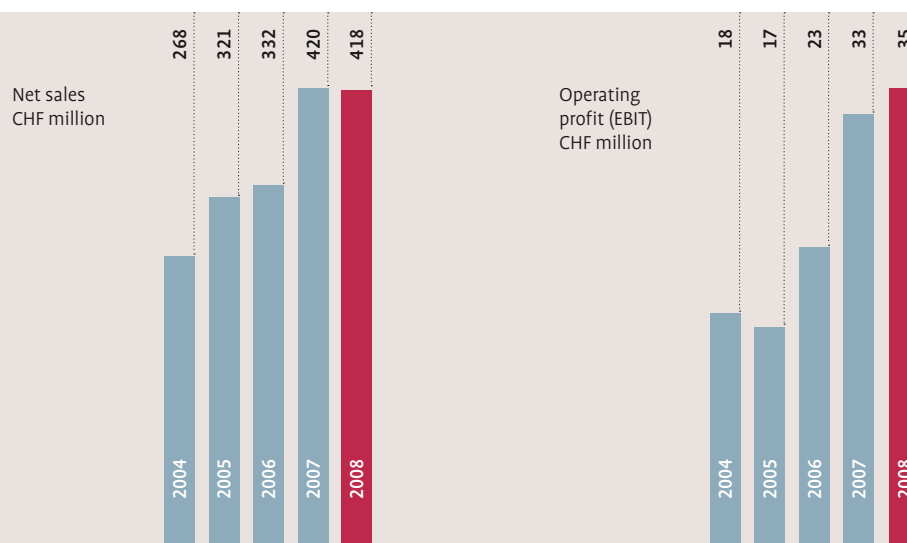
Franco Venturelli,
sales

Ngiep Lin Wong,
finance and controlling

At 12 March 2009

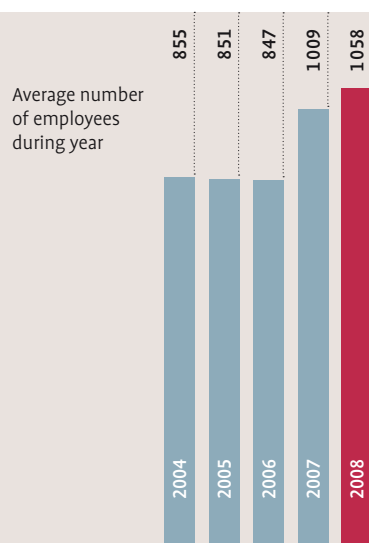
working on the important long-term development projects for tempered glass and process optimisation in glass forming, the research centre is also used to enhance existing glass forming and inspection machinery. Initial tests of new developments have shown that the production speed of glass forming machines can be increased significantly. More improvements in speed and handling have been achieved in transferring hot bottles, with a temperature of up to 600 degrees, to the conveyor belt. The tempered glass project is progressing well, and solutions have been found to resolve the essential problems of the cooling process and the new methods for inspecting tempered glass containers. That said, some optimisation is still needed for viability in an industrial environment.

Product innovation and sustainability Innovation continued at a high pace last year, with 19 patent applications filed. The new inspection machine unveiled at Glastech in Düsseldorf not only offers superior clarity and inspection capabilities, but also combines three previous inspection machines in one. Hence it attracted very great interest among customers. By developing a tempered glass inspection machine, the division achieved a breakthrough in unprecedented technologies, now patented by Emhart Glass, for inspecting tempered glass containers. This unique inspection machine for tempered glass uses non-contact and non-destructive inspection technologies capable of measuring the tension and compression profile over the entire glass container, even inside thin-walled glass containers.



In its capital spending programmes, the division is voluntarily committed to sustainable development and conserving energy resources wherever possible. The main manufacturing facility in Sundsvall, Sweden, modernised its power supply, cutting energy consumption by 43%. At the research centre in Windsor, a very high reduction in NOx and SOx emissions has been achieved by using glass-melting furnaces with the latest oxygen-gas technology, lowering the emissions of these pollutants to below the US authorities' approval threshold. State-of-the-art waste water filtration systems also brought a significant reduction of harmful substances in effluents.

Outlook for 2009 The capital-intensive glass container industry expects demand to drop in the face of the economic situation. Prices of glass containers are likely to go on falling. The difficulty in financing major projects will probably translate into delays or even abandonment of planned projects. As a result, Emhart Glass expects glass container manufacturers to cut back considerably on their capital spending. Some regions, such as Eastern Europe, Russia, the USA and South America, could be hit harder by the decline than Western Europe, the Middle East or Asia. Given the large installed base, sales generated with spare parts and service should remain firm and have a stabilising effect. For 2009, Emhart Glass expects lower sales and slightly reduced profitability.



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Holding company

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Group financial review 2008

Unsettled economic conditions Momentum in the markets served by Bucher Industries was extremely strong during the first nine months of 2008 despite sharply rising energy and raw material prices. However, a rapid economic downturn was felt in the last three months of the year. The massive fluctuations in the main currencies, the EUR, USD, SEK, GBP and AUD, against the Swiss franc weighed significantly on sales, operating profit and the net financial result. For example, the average EUR/CHF exchange rate used for the income statement fell by 3.6% and that of the USD/CHF by 9.8%. The rates used in translating the balance sheet showed changes of negative 10.3% for the EUR/CHF and of negative 5.1% for the USD/CHF.

Selective acquisitions Bucher Hydraulics selectively expanded its position in North America by acquiring Monarch Hydraulics Inc., Grand Rapids, Michigan, USA, and Command Controls Corp., Elgin, Illinois, USA. Monarch Hydraulics Inc. was included in the consolidated financial statements from 1 January 2008 and contributed CHF 65.2 million or about half of the division's sales growth. Command Controls Corp. was acquired on 21 November 2008. The purchase of Blanchard SAS, Chéméré, France, on 7 November 2008 broadened the range of sprayers offered by the Kuhn Group division. The Bucher Process division's operations in South America were expanded with the acquisition of the net assets of Chile-based Industrial y Comercial Neptuno S.A.

Continued high sales growth Despite the adverse effects of the financial and economic crisis during the fourth quarter of the year, the Group increased net sales by 13.4% (2007: 17.8%) to CHF 2 788.9 million, with high capacity utilisation overall. Organic growth was 16.0%, while acquisitions contributed 3.5%. Currency translation had a negative impact of 6.1%. All the divisions were affected by the rapid economic downturn in the fourth quarter of 2008, although the agricultural machinery sector proved to be encouragingly robust. Order intake rose by 3.2% to CHF 2 791.9 million, with organic growth of 5.7%. Other impacts on order intake were 3.1% from acquisitions and negative 5.6% from currency translation. The year-end order book stood at CHF 843.4 million (CHF 871.3 million), a backlog representing about 3.6 months of 2008 full year sales (4.3 months).

Net sales

CHF million	% change		
	2008	2007	
Net sales	2 788.9	2 458.8	13.4 %
Net sales adjusted for currencies	2 937.9	2 458.8	19.5 %
Net sales adjusted for acquisitions	2 710.6	2 458.8	10.2 %
Net sales adjusted for currencies and acquisitions	2 851.9	2 458.8	16.0 %

Strong operating performance The Group's EBITDA was up 19.5% to CHF 341.6 million, lifting the EBITDA margin to 12.2% (2007: 11.6%). The continued rise in raw material and outsourcing costs was more than offset by the favourable impact of volume growth and targeted price increases. In particular, the higher sales volume had the positive effect of reducing the proportion of personnel and other operating expenses. EBIT before one-off impairment charges climbed by 20.4% to CHF 276.1 million, resulting in an EBIT margin of 9.9% compared to 9.3% a year earlier. EBIT after impairment charges of CHF 29.9 million came in at CHF 246.2 million, representing a year-on-year increase of 7.3% and an EBIT margin of 8.8%. As a result of the economic downturn and bleak outlook, the impairment testing of intangible assets which is required at least annually indicated that impairment charges of CHF 29.9 million were necessary for goodwill.

Negative currency impact Despite increased financing requirements, net interest expense remained at the previous year's level. The net gain on securities was CHF 9.2 million lower year-on-year at CHF 11.2 million because fewer securities were sold. Valuation reserves recorded in the fair value reserve in equity decreased by CHF 5.4 million to CHF 11.2 million. In particular, the abrupt decline in the main currencies towards the end of the year had a negative impact on foreign exchange gains and losses, resulting in largely unrealised exchange losses of CHF 23.3 million. Due to the falling market valuation, an impairment charge of CHF 8.9 million was necessary for investments in associates. Overall, the net financial result declined by CHF 39.7 million to negative CHF 29.1 million.

Net financial result

CHF million		
	2008	2007
Interest expense	-16.6	-14.8
Interest income	8.0	6.4
Net interest expense	-8.6	-8.4
Net gain on securities	11.2	20.4
Foreign exchange gains and losses	-23.3	-2.3
Share of profit of associates	1.1	1.7
Impairment on associates	-8.9	-
Other financial items	-0.6	-0.8
Net financial result	-29.1	10.6

Tax rate and profit for the year Income tax expense rose by CHF 2.7 million to CHF 71.7 million, with the tax rate increasing from 28.8% to 33.0%. This was due to the non-tax-deductible impairment charges of CHF 38.8 million. Without this effect, the tax rate would have been 28.0%. Profit for the year before one-off impairment charges grew by 7.8% to CHF 184.2 million (2007: CHF 171.0 million). The return on sales was 6.6% (7.0%). Including the impairment charges, profit for the year came in at CHF 145.4 million, with a 5.2% return on sales. As a result of the lower profit for the year and the slight reduction in average holdings of treasury shares, earnings per share decreased by 15.7% from CHF 17.07 to CHF 14.39.

Robust financial position Despite the economic and financial crisis, Bucher Industries still has a robust balance sheet structure. With the high organic sales growth of 16.0% and the acquisitions, inventories increased by CHF 64.1 million. This was partly due to the rapid economic downturn in the fourth quarter and a few project deferrals. As a result, net operating assets rose disproportionately to sales, growing by 33.3% to CHF 922.5 million at the balance sheet date. The average increase in net operating assets for the year was 29.7%. Together with the exceptional impairment charges, this affected the return on net operating assets after tax, which fell to 18.5% from the previous year's record level of 23.8%.

During 2008, capital expenditure on property, plant and equipment totalled CHF 129.5 million (2007: CHF 128.4 million). The most important projects were new assembly plants for large agricultural machinery near Saverne in France and for glass forming machines in Malaysia as well as factory extensions for Bucher Hydraulics in Switzerland and Bucher Municipal in Denmark.

As a result of the acquisitions, intangible assets before impairment charges grew by CHF 82.1 million to CHF 160.8 million, including an increase from CHF 61.0 million in goodwill to CHF 118.3 million. In view of the rapid economic downturn, 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 25.2 million for Bucher Hydraulics Inc. and of CHF 4.7 million for Gmeiner GmbH in the Bucher Municipal division. After exceptional impairment charges, intangible assets amounted to CHF 130.9 million and goodwill amounted to CHF 88.9 million at the balance sheet date. The ratio of intangible assets to equity was 15.5% (2007: 9.0%). An impairment charge was also recognised on investments in associates. The investment in Jetter AG, which is traded on the Frankfurt stock exchange, is valued based on the share price. The market value of the 26.5% interest was EUR 5.9 million at 31 December 2008 (CHF 8.9 million). To provide for short-term risks, management decided to recognise an impairment charge of CHF 8.9 million for the investment. The CHF 7.6 million in purchased goodwill has therefore been fully written off.

Unrealised exchange differences of CHF 122.7 million weighed on equity. This negative foreign currency impact resulted from the translation of foreign currency denominated balance sheets into Swiss francs. Despite the profit of CHF 145.4 million for the year, equity decreased by CHF 26.7 million to CHF 846.1 million at 31 December 2008. The above-mentioned impact of currency translation and the dividend payment of CHF 50.3 million contributed to this. The equity ratio was 40.9% compared to 41.0% a year earlier, and the return on equity was 16.9% (2007: 21.4%). Excluding the impact of the exceptional impairment charges, the return on equity was 21.0%. Due to the marked upturn in sales and the acquisitions, working capital increased by CHF 118.2 million to CHF 463.3 million last year, driven especially by inventories and receivables. Together with the high CHF 129.5 million in capital expenditure on property, plant and equipment, operating free cash flow was negative CHF 15.3 million, compared with positive CHF 42.7 million a year earlier, and net operating assets rose by CHF 230.5 million to CHF 922.5 million. This growth in net assets and the CHF 149.7 million in acquisitions resulted in free cash flow of negative CHF 222.8 million, compared with positive CHF 0.9 million a year earlier, and reduced net liquidity by CHF 274.8 million to negative CHF 110.6 million. Through a mix of short- and long-term bank loans, combined with committed credit facilities of more than CHF 600 million, the Group retains a solid financing base even in these uncertain times of the financial crisis.

Return on net operating assets after tax (RONOA)

CHF million	2008	2007
Trade receivables	479.3	480.9
Inventories	609.0	544.9
Property, plant and equipment	399.2	355.2
Intangible assets	130.9	78.7
Other receivables	110.4	88.2
Trade payables	-288.3	-282.4
Customer advances	-201.1	-217.7
Other liabilities	-238.8	-265.8
Provisions	-78.1	-90.0
Net operating assets (NOA)	922.5	692.0
Net operating assets (NOA) average	891.0	687.1
Operating profit (EBIT)	246.2	229.4
Return on net operating assets after tax (RONOA)	18.5 %	23.8 %

Cash flow / free cash flow

CHF million

	2008	2007
Net cash flow from operating activities	102.5	166.0
Purchases of property, plant and equipment	-129.5	-128.4
Proceeds from sale of property, plant and equipment	13.1	7.9
Purchases of intangible assets	-1.4	-2.8
Operating free cash flow	-15.3	42.7
Purchases of securities and financial assets	-31.4	-19.1
Proceeds from sale of securities and financial assets	25.3	28.8
Dividend paid	-50.3	-24.8
Acquisition of subsidiaries	-149.7	-26.1
Acquisition of associates	-1.4	-1.6
Disposal of subsidiaries	-	1.0
Free cash flow	-222.8	0.9

Employee numbers The average number of employees rose by 12.6% during the year (2007: 5.5%), an increase of 8.9% excluding acquisitions. With the sales growth of 13.4%, net sales per employee were up by a marginal 0.7% (11.6%) to CHF 341 110 (CHF 338 600). Excluding the impact of acquisitions, net sales per employee increased by 1.2% to CHF 342 816.

Selected financial data

	2008	2007
Net tangible worth (equity less goodwill) in CHF million	757.2	811.8
Gearing ratio (net debt to equity)	13.1 %	-18.8 %
Return on equity (ROE)	16.9 %	21.4 %
Interest coverage ratio (EBITDA to net interest expense)	39.7	34.0
Net debt repayment period in years (net debt to EBITDA)	0.3	-0.6

Shares In the wake of the financial crisis, the price of Bucher shares fell from CHF 261.00 at the beginning of the year to CHF 105.00 at 31 December 2008, having reached a 52-week high of CHF 305.50 and a 52-week low of CHF 88.90. The company's market capitalisation stood at CHF 1.1 billion at the year end, representing a price/book ratio of 1.3. Earnings per share before one-off impairment charges increased by 7.2% to CHF 18.30. Earnings per share after impairment charges were CHF 14.39, down 15.7% year-on-year. In view of the Group's solid results and steady dividend policy, the board of directors proposes that the annual general meeting on 16 April 2009 approve payment of a dividend of CHF 4.50 per registered share (2007: CHF 5.00). Based on the average share price during 2008 of CHF 213.96, the board's proposal represents a dividend yield of 2.1% (2007: 2.5%).

Consolidated balance sheet at 31 December 2008

CHF million	Note		%		%
		2008		2007	
Assets	Current assets				
	Cash and cash equivalents	132.6	6.4	377.5	17.7
	Securities	4 101.6	4.9	114.8	5.4
	Trade receivables	5 479.3	23.2	480.9	22.6
	Other receivables	5 98.5	4.7	79.0	3.7
	Inventories	6 609.0	29.5	544.9	25.6
	Total current assets	1 421.0	68.7	1 597.1	75.0
	Non-current assets				
	Long-term receivables	5 34.3	1.7	16.5	0.8
	Deferred tax assets	7 34.4	1.7	36.1	1.7
	Investments in associates	8 8.9	0.4	16.3	0.8
	Other financial assets	9 38.9	1.9	30.4	1.4
	Property, plant and equipment	10 399.2	19.3	355.2	16.6
	Intangible assets	11 130.9	6.3	78.7	3.7
	Total non-current assets	646.6	31.3	533.2	25.0
	Total assets	2 067.6	100.0	2 130.3	100.0
Liabilities and equity	Current liabilities				
	Financial liabilities	13 110.5	5.4	178.1	8.4
	Trade payables	288.3	13.9	282.4	13.3
	Customer advances	201.1	9.7	217.7	10.2
	Income tax liabilities	25.1	1.2	42.0	2.0
	Provisions	12 63.1	3.1	73.7	3.4
	Other liabilities	14 209.0	10.1	217.6	10.2
	Total current liabilities	897.1	43.4	1 011.5	47.5
	Non-current liabilities				
	Financial liabilities	13 234.3	11.4	150.0	7.0
	Deferred tax liabilities	7 47.8	2.3	44.7	2.1
	Retirement benefit obligations	26 21.5	1.0	27.8	1.3
	Provisions	12 15.0	0.7	16.3	0.8
	Other liabilities	14 5.8	0.3	7.2	0.3
	Total non-current liabilities	324.4	15.7	246.0	11.5
	Equity				
	Attributable to shareholders of Bucher Industries AG	835.8	40.4	863.1	40.5
	Attributable to minority interests	10.3	0.5	9.7	0.5
	Total equity	846.1	40.9	872.8	41.0
	Total liabilities and equity	2 067.6	100.0	2 130.3	100.0

Consolidated income statement for the year ended 31 December 2008

CHF million	Note	2008		2007	
			%		%
Net sales	1	2 788.9	100.0	2 458.8	100.0
Changes in inventories of finished goods and work in progress		78.4	2.8	70.9	2.9
Material expenses	17	-1 574.6	-56.5	-1 359.5	-55.3
Personnel expenses	18	-623.7	-22.4	-577.8	-23.5
Other operating income	19	30.1	1.1	30.3	1.2
Other operating expenses	20	-357.5	-12.8	-336.8	-13.7
Operating profit before depreciation and amortisation (EBITDA)		341.6	12.2	285.9	11.6
Depreciation	10	-55.0	-2.0	-46.2	-1.9
Amortisation	11	-10.5	-0.3	-10.3	-0.4
Impairment	11	-29.9	-1.1	-	-
Operating profit (EBIT)		246.2	8.8	229.4	9.3
Share of profit of associates	8	1.1	0.0	1.7	0.1
Impairment on associates	8	-8.9	-0.3	-	-
Finance expense	21	-15.4	-0.6	-15.4	-0.6
Finance income	22	-5.9	-0.1	24.3	1.0
Profit before tax		217.1	7.8	240.0	9.8
Income tax expense	23	-71.7	-2.6	-69.0	-2.8
Profit for the year		145.4	5.2	171.0	7.0
Attributable to shareholders of Bucher Industries AG		143.3		169.1	
Attributable to minority interests		2.1		1.9	
Basic earnings per share in CHF	24	14.39		17.07	
Diluted earnings per share in CHF	24	14.31		16.94	

Consolidated cash flow statement for the year ended 31 December 2008

CHF million	Note	2008	2007
Profit for the year		145.4	171.0
Adjustments for:			
Income tax expense	23	71.7	69.0
Depreciation and amortisation	10, 11	65.5	56.5
Impairment	11	29.9	–
Share of profit of associates	8	–1.1	–1.7
Impairment on associates	8	8.9	–
Gains on sale of non-current assets		–0.2	–3.1
Gains on sale of securities and financial assets		–10.5	–18.1
Net interest expense		8.6	8.4
Interest received		5.9	4.8
Interest paid		–15.0	–12.7
Income tax paid		–95.9	–33.6
Other operating cash flow items		6.7	6.9
Cash flow from operating activities before changes in working capital and provisions		219.9	247.4
Change in provisions and retirement benefit obligations		–7.0	–28.5
Change in working capital	25	–110.4	–52.9
Net cash flow from operating activities		102.5	166.0
Purchases of property, plant and equipment	10	–129.5	–128.4
Proceeds from sale of property, plant and equipment		13.1	7.9
Purchases of intangible assets	11	–1.4	–2.8
Purchases of securities and financial assets		–31.4	–19.1
Proceeds from sale of securities and financial assets		25.3	28.8
Acquisition of subsidiaries	3	–149.7	–26.1
Acquisition of associates	8	–1.4	–1.6
Disposal of subsidiaries	3	–	1.0
Net cash flow from investing activities		–275.0	–140.3
Change in treasury shares		1.4	3.1
Proceeds from long-term financial liabilities		91.8	22.4
Repayment of long-term financial liabilities		–6.9	–4.5
Proceeds from short-term financial liabilities		11.1	154.8
Repayment of short-term financial liabilities		–99.3	–120.8
Dividend paid		–50.3	–24.8
Net cash flow from financing activities		–52.2	30.2
Effect of exchange rate changes		–20.2	4.6
Net change in cash and cash equivalents		–244.9	60.5
Cash and cash equivalents at 1 January		377.5	317.0
Cash and cash equivalents at 31 December		132.6	377.5

Consolidated statement of changes in equity for the year ended 31 December 2008

CHF million	Share capital	Share premium reserve	Retained earnings	Currency translation reserve	Treasury shares	Fair value reserve	Attributable to shareholders of Bucher Industries AG	Attributable to minority interests	Total Equity
Balance at 1 January 2007	2.1	70.6	660.7	-9.1	-32.6	25.0	716.7	7.8	724.5
Change in currency translation reserve				3.1			3.1		3.1
Change in fair value of financial instruments						-8.4	-8.4		-8.4
Net income and expense recognised directly in equity				3.1		-8.4	-5.3		-5.3
Profit for the year			169.1				169.1	1.9	171.0
Total recognised income and expense for the year			169.1	3.1		-8.4	163.8	1.9	165.7
Change in treasury shares			4.4		3.0		7.4		7.4
Dividend			-24.8				-24.8		-24.8
Balance at 31 December 2007	2.1	70.6	809.4	-6.0	-29.6	16.6	863.1	9.7	872.8
Change in currency translation reserve				-122.7			-122.7	-1.0	-123.7
Change in fair value of financial instruments						-5.4	-5.4		-5.4
Net income and expense recognised directly in equity				-122.7		-5.4	-128.1	-1.0	-129.1
Profit for the year			143.3				143.3	2.1	145.4
Total recognised income and expense 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

Notes to the consolidated financial statements

Group accounting policies

General information Bucher Industries AG is a limited company incorporated in Switzerland whose shares are publicly traded on the SIX Swiss Exchange. Its registered office is in Niederweningen. 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).

The consolidated financial statements have been prepared in Swiss francs (CHF) in accordance with International Financial Reporting Standards (IFRS) and Swiss law under the historical cost convention, except for certain assets and liabilities that are measured at fair value.

Changes in accounting policies The following amendments issued by the International Accounting Standards Board (IASB) became effective in 2008. From 1 January 2008, the Group has applied the interpretation IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.” This interpretation essentially provides guidance on assessing the amount of surplus in a defined benefit plan that becomes available in the form of refunds from the plan or reductions in future contributions. The adoption of this interpretation has no impact on these financial statements. IFRIC 11 “IFRS 2 - Group and Treasury Share Transactions” was already adopted in the reporting year 2007. IFRIC 11 requires that a share-based payment transaction in which a group company receives goods or services as consideration for its own equity instruments be accounted for as an equity-settled transaction, regardless of how the equity instruments are obtained. The adoption of these interpretations does not have a significant impact on the consolidated financial position or results of operations of Bucher Industries. Interpretations IFRIC 12 “Service Concession Arrangements” and IFRIC 13 “Customer Loyalty Programmes” are not relevant to Bucher Industries. In January 2008, the IASB published revisions to IFRS 3 “Business Combinations” and IAS 27 “Consolidated and Separate Financial Statements”. Bucher Industries has early adopted the revised standards IFRS 3R and IAS 27R prospectively. The adoption of these standards results in significant changes in the accounting treatment and disclosure of business combinations and transactions with non-controlling (minority) interests. These consolidated financial statements are mainly affected by the more detailed disclosure requirements and the expensing of acquisition costs.

Future standards not yet adopted The IASB has published a number of new and amended standards and interpretations that will be applicable for financial years beginning on or after 1 January 2009 and have not been adopted early in these consolidated financial statements. The following standards will be effective from 1 January 2009. IAS 1 “Presentation of Financial Statements” requires that all items of income and expense previously recognised directly in equity, other than those resulting from transactions with owners, be presented in a statement of comprehensive Income. IFRS 2 “Share-based Payment - Vesting Conditions and Cancellations” clarifies the definitions of vesting conditions and cancellations. IFRS 8 “Operating Segments” will replace IAS 14 “Segment Reporting”. Under IFRS 8, operating segments must be identified and their operating performance presented in the financial statements on the basis of the information used by the Group’s chief operat-

ing decision-maker in carrying out his duties. This new requirement is not expected to impact the segments and items presented for Bucher Industries or their measurement. The amendment to IAS 23 "Borrowing Costs" requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The change must be applied prospectively. IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation" cover the balance sheet classification of puttable financial instruments and obligations arising only on liquidation. Due to the amendments, some financial instruments that currently meet the definition of a financial liability will be classified as equity because they represent the most subordinated claim to the entity's net assets. The amendment to IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance" concerns the accounting for government loans granted with no interest or below-market interest rates. In future, these must be accounted for in accordance with IAS 39 "Financial Instruments: Recognition and Measurement." IFRIC 15 "Agreements for the Construction of Real Estate" provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue". In addition, several standards are being amended as part of the annual improvement project.

The effects of the new and revised standards and interpretations are being investigated. However, group management currently does not expect these changes to have a material impact on the financial position or results of operations of Bucher Industries.

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. Actual results may differ from these estimates. The consolidated financial statements will be adjusted in the reporting year in which the circumstances change.

Impairment of assets Goodwill and intangible assets that have indefinite useful lives are tested for impairment at least annually, while other assets are tested for impairment when circumstances indicate that their carrying amount may not be recoverable. 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 forecasts. Such impairment losses are recognised as an expense in the income statement. The carrying amount of goodwill and more 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 companies 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 members, 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 domiciled in Niederweningen, Switzerland, and all its Swiss and foreign group companies where Bucher Industries AG 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 companies in the consolidated Group are included in the consolidated financial statements. Minority interests in equity and results are reported separately in the consolidated balance sheet and income statement. The consolidated financial statements are based on the group companies' financial statements made up to 31 December using uniform accounting policies (IFRS). These financial statements are prepared in compliance with national legislation and are then presented applying uniform classification and valuation criteria for the consolidation. Where necessary, prior year comparative information is reclassified or expanded from the previously reported consolidated financial statements to take into account any presentational changes. All inter-company balances, transactions, cash flows, realised and unrealised profits are eliminated. Inter-company transactions are conducted on normal commercial terms and conditions. The purchase method of accounting is used to account for acquisitions. Under this method, the cost of acquiring a company is offset against its net assets measured at fair value using uniform group policies at the time of acquisition. Group companies acquired during the year are consolidated from the date on which control is transferred to the Group and companies sold are deconsolidated from the date that control ceases. Associated companies where Bucher Industries owns between 20% and 50% of the equity and has a significant influence are accounted for using the equity method. Under this method, the Group recognises its share of the company's net profit as the share of profit of associates and its share of equity as investments in associates.

Foreign currency translation In the group companies, foreign currency transactions are translated at the exchange rates prevailing at the transaction dates, while assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. Resulting foreign exchange gains or losses are recognised in the income statement. Derivative financial instruments used to hedge foreign exchange exposures on balance sheet items are measured at fair value, with changes in fair value also being recognised in the

income statement. Exchange differences arising from the translation of intra-group foreign currency loans forming part of the Group's investment in foreign operations are either charged or credited to equity. On realisation, cumulative exchange differences are taken to the income statement. For the purpose of the consolidated financial statements, balance sheets prepared in foreign currencies are translated into Swiss francs at the closing (middle) exchange rates ruling at the year end. Expenses, income and cash flows presented in income and cash flow statements denominated in foreign currencies are translated at average exchange rates for the year (average of the twelve month-end middle exchange rates). Resulting differences are taken to the currency translation reserve as a component of equity.

Financial risk management

Risk policy and organisation The use of financial instruments exposes the Group to the following risks: credit risk, liquidity risk and price or market risk. The Group 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 as a whole. 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, including adequate technical resources to keep the risk management system functioning at all times. Group treasury evaluates all financial risk factors for the entire Group using modern risk analysis techniques (value-at-risk and stress tests). It uses financial derivatives to selectively control financial exposure at the level of subsidiaries and the holding company with the objective of achieving high levels of hedge effectiveness. It is the Group's policy not to enter into any foreign currency or interest rate transactions for speculative purposes, e.g. hedging transactions without a corresponding underlying 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 of value of financial instruments due to deterioration in credit quality because of an adverse change in the financial circumstances of business partners. The finance departments are 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). 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 within the framework of an in-house banking concept. 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.

Price risk Price risk arises from changes in market 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 hedge 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 instruments/measurement 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).

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. Hedge accounting (as defined in IAS 39) is not applied. Derivative financial instruments are recorded as other receivables or current financial liabilities as applicable.

Loans and receivables Bank balances and receivables are measured at amortised cost using the effective interest method and written down or written off in the income statement if they are impaired or uncollectible.

Available-for-sale Available-for-sale financial assets are generally measured at fair value or, if their fair value cannot be reliably determined, recognised at cost. Unrealised gains or losses are recognised in the fair value reserve in equity and are not included in the income statement until they are realised. Interest is calculated using the effective interest method and is recognised in the income statement. When the assets are sold or permanently impaired, the associated gains or losses previously recorded in equity are recognised in the income statement.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, balances in postal and bank accounts, and fixed term deposits with original maturities of three months or less. There are no restrictions on cash and cash equivalents.

Securities Securities comprise marketable, readily realisable investments (shares, bonds, money market instruments) classified as available-for-sale. Fair value is determined by reference to quoted market prices.

Receivables Receivables are measured at amortised cost, 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.

Inventories Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method or on a first-in, first-out basis. The same method is used for inventories having a similar nature and use to the company. Where necessary, inventories are written down to provide for all foreseeable losses on work in progress, goods and slow-moving items.

Other financial assets These 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 carried at amortised cost or fair value and are classified as loans and receivables or available-for-sale.

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. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The remaining useful lives are reviewed periodically. If there are indications of impairment, the recoverable amount of the asset is determined and compared with its current carrying amount. When the carrying amount exceeds the recoverable amount, the asset is written down accordingly. Such impairment losses are recognised in the income statement. Depreciation is based on the following useful lives:

	Years
Buildings	15 – 50
Temporary structures	5 – 10
Infrastructure	10 – 30
Plant and machinery	5 – 12
Furniture, fixtures and equipment	5 – 15
Office machinery, computer equipment, vehicles	2 – 7

Assets of low value are expensed directly to the income statement.

Borrowing costs Borrowing costs are charged directly to the income statement.

Leases A finance lease is defined as a lease that transfers substantially all the risks and rewards of ownership. 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 Purchased intangible assets, such as licences, patents and similar rights, that will generate sustainable economic benefits are capitalised and amortised on a straight-line basis over their expected remaining useful lives. The useful lives range from 5 to 20 years depending on the type of asset. Goodwill on acquisitions and intangible assets with indefinite useful lives are not amortised, but are capitalised and tested for impairment annually or whenever circumstances indicate that they may be impaired. Impairment losses are recognised in the income statement when there is an indication that the carrying amount may not be recoverable. Goodwill on investments in associates is included in the carrying amount of the investment. Research expenditure is recognised in the income statement as an expense as incurred. Development costs are capitalised only if the future economic benefits will be sufficient to recover the amount capitalised and if the other IFRS criteria are met.

Discontinued operations and non-current assets held for sale Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified 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.

Liabilities Liabilities are measured at amortised cost using the effective interest method.

Provisions Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Equity The share premium reserve comprises amounts paid in by shareholders in excess of the par value of shares (paid-in surplus). Treasury shares are recognised as a deduction from equity. Realised gains and losses on treasury shares are recorded in 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 as income in proportion to the services performed. Sales are recorded net of sales deductions, such as sales incentives, commissions, rebates and trade discounts recognised on an accrual basis.

Income tax expense Provision is made for all current tax liabilities. Current income tax is calculated on taxable profit for the year. Taxes that are not based on taxable profit are charged to operating expenses. Deferred income tax is provided using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is determined using the local tax rates that apply or are expected to apply to the respective group companies. Potential tax benefits arising from tax losses carried forward and temporary differences are 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 companies if such distributions are currently planned.

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 plans 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 employees participating in the plan. 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 and division managements. The fair value of outstanding options granted to employees under share option plans is determined, charged to personnel expenses and recorded 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.

Segment reporting The segment information presented reflects the operational and management structure of Bucher Industries. 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. The analysis by geographical area is based on the geographical location of the Group's operations and customers. Net sales are allocated based on the location where the customer is invoiced. Operating assets and liabilities, capital expenditure and the number of employees are broken down by company locations.

Government grants The grants are deferred and recognised in the income statement over the period necessary to match them with the related costs.

Fair value Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is determined by reference to quoted market prices or using model calculations and estimated discounted cash flows.

Notes to the consolidated financial statements

1 Analysis by division

CHF million	Net sales		Operating profit (EBITDA)		Depreciation		Amortisation		Operating profit (EBIT)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Kuhn Group	1 105.6	929.2	157.0	126.8	19.3	16.3	0.8	2.8	136.9	107.7
Bucher Municipal	579.1	556.5	50.9	45.7	7.0	7.6	1.2	1.2	38.0	36.9
Bucher Process	195.2	173.8	26.1	21.0	1.8	1.8	0.2	0.2	24.1	19.0
Bucher Hydraulics	497.0	386.6	76.3	70.8	17.0	11.6	2.9	0.7	31.2	58.5
Emhart Glass	418.3	419.6	44.4	41.7	9.0	8.1	0.4	0.4	35.0	33.2
Other/ consolidation	- 6.3	- 6.9	-13.1	-20.1	0.9	0.8	5.0	5.0	-19.0	-25.9
Total	2 788.9	2 458.8	341.6	285.9	55.0	46.2	10.5	10.3	246.2	229.4

CHF million	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets		Total assets		Total liabilities		Number of employees at 31 December	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Kuhn Group	59.0	44.7	0.2	0.4	683.1	569.6	308.4	283.7	3 563	3 077
Bucher Municipal	16.7	14.4	0.3	0.4	295.4	326.6	112.1	129.7	1 543	1 535
Bucher Process	3.0	2.0	0.4	0.8	107.7	102.1	40.5	47.8	520	490
Bucher Hydraulics	33.7	26.3	0.3	1.0	326.7	223.7	68.7	67.0	1 664	1 303
Emhart Glass	17.1	40.7	-	-	310.2	313.0	87.4	92.3	1 064	1 063
Other/ consolidation	-	0.3	0.2	0.2	344.5	595.3	604.4	637.0	19	16
Total	129.5	128.4	1.4	2.8	2 067.6	2 130.3	1 221.5	1 257.5	8 373	7 484

The range of products offered by the Group comprises 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). Inter-segment transactions between the divisions were not significant and were conducted on normal commercial terms and conditions. Unallocated EBIT and EBITDA reported as "other" include amortisation of intangible assets not attributable to a specific division and the results of the holding, finance and management companies.

Impairment testing of intangible and financial assets resulted in a goodwill impairment charge of CHF 25.2 million for the Bucher Hydraulics division (Bucher Hydraulics Inc.) and of CHF 4.7 million for the Bucher Municipal division (Gmeiner GmbH). The divisions' total assets consist of intangible assets acquired by the divisions together with property, plant, equipment, inventories and receivables. Financial assets, income tax receivables, securities, cash and cash equivalents are reported as "other". This presentation of total assets for the divisions reflects their operating assets. The divisions' total liabilities comprise all liabilities except financial liabilities and income tax and deferred tax liabilities, which are included in "other".

2 Analysis by geographical area

CHF million	Net sales		Operating assets		Capital expenditure on property, plant and equipment and intangible assets		Number of employees at 31 December	
	2008	2007	2008	2007	2008	2007	2008	2007
EU	1 629.5	1 500.6	790.1	825.7	84.3	71.3	5 119	4 785
Switzerland	131.4	128.8	395.5	343.3	22.4	14.3	1 043	980
Rest of Europe	184.1	138.4	7.0	1.5	0.7	0.2	45	24
Europe	1 945.0	1 767.8	1 192.6	1 170.5	107.4	85.8	6 207	5 789
Americas	469.2	386.9	451.9	304.1	17.0	37.1	1 666	1 211
Asia	216.5	182.2	17.2	13.5	6.2	1.1	210	210
Rest of world	158.2	121.9	43.6	50.2	0.3	7.2	290	274
Total	2 788.9	2 458.8	1 705.3	1 538.3	130.9	131.2	8 373	7 484

3 Acquisitions and disposals

On 1 January 2008, Bucher Industries acquired the net assets of Monarch Hydraulics Inc., Grand Rapids, Michigan, USA, which were contributed to the newly established company Bucher Hydraulics Inc. Bucher Hydraulics Inc. is a leading manufacturer of sophisticated hydraulic drive solutions and has been integrated into the Bucher Hydraulics division. The acquisition was an important strategic move to strengthen competitiveness in engineering, manufacturing, sales and service in the USA. The entire purchase consideration was paid in cash. The gross amount of receivables acquired of CHF 10.2 million represented fair value. All receivables were considered fully collectible. The goodwill acquired in this acquisition amounted to CHF 58.7 million and is tax-deductible. The purchase price allocation has been completed. The acquisition costs of CHF 1.1 million have been recognised in other operating expenses. In the period from 1 January to 31 December 2008, Bucher Hydraulics Inc. generated EBITDA of CHF 5.2 million and EBIT of negative CHF 0.4 million, before impairment charges, on sales of CHF 65.2 million. Amortisation of the capitalised intangible assets resulting from the purchase price allocation had an adverse impact of CHF 2.5 million on operating profit.

On 29 May 2008, Bucher Industries acquired the net assets of Industrial y Comercial Neptuno S.A., Chile. Its operations have been integrated into the Bucher Process division. The acquisition of Neptuno S.A. includes a manufacturing plant to reinforce operations in the local market. The entire purchase consideration was paid in cash. The gross amount of receivables acquired of CHF 0.3 million represented fair value and was considered fully collectible. There was no goodwill on this acquisition. The purchase price allocation has been completed. The marginal acquisition costs have been recognised in other operating expenses.

On 7 November 2008, Bucher Industries acquired all the shares in Blanchard SAS, Chéméré, France. The company was renamed Kuhn Blanchard SAS. Kuhn Blanchard SAS is specialised in manufacturing sprayers and has broad expertise in research, development and manufacturing. Its product line comprises technologically advanced sprayers in various capacities for agriculture and grounds maintenance. Kuhn Blanchard SAS is being integrated into the Kuhn Group division. The entire purchase consideration was paid in cash, with a deferred payment of CHF 2.4 million due in November 2009. The gross amount of receivables acquired of CHF 7.3 million represented fair value. All receivables were considered fully collectible. Kuhn Blanchard SAS has been included in the consolidated financial statements of Bucher Industries at provisional values at the date of acquisition because the fair values of Kuhn Blanchard SAS's identifiable assets, liabilities and contingent liabilities have not yet been finally determined. Based on the provisional purchase price allocation, there was no goodwill. Both goodwill and the amount and valuations of identifiable assets, liabilities and contingent liabilities are therefore subject to change.

On 21 November 2008, Bucher Industries acquired all the shares in Command Controls Corp., Elgin, Illinois, USA. Command Controls Corp. is being integrated into the Bucher Hydraulics division and is specialised in manufacturing cartridge valves for hydraulic system solutions. Command Controls Corp.'s cartridge valve technology for hydraulic system solutions complements the range of Bucher Hydraulics products in the USA and, combined with the existing product range, provides the opportunity to offer a broader spectrum of hydraulic system solutions to local and global customers. The entire purchase consideration was paid in cash. The gross amount of receivables acquired of CHF 1.5 million represented fair value. All receivables were considered fully collectible. The acquisition costs of CHF 0.3 million have been recognised in other operating expenses. Command Controls Corp. has been included in the consolidated financial statements of Bucher Industries at provisional values at the date of acquisition because the fair values of identifiable assets, liabilities and contingent liabilities have not yet been finally determined. Based on the provisional purchase price allocation, goodwill amounted to CHF 11.4 million. Both goodwill and the amount and valuations of identifiable assets, liabilities and contingent liabilities are therefore subject to change.

The acquisitions of Industrial y Comercial Neptuno S.A., Kuhn Blanchard SAS and Command Controls Corp. contributed CHF 11.7 million to consolidated sales for the financial year. If the acquisitions had occurred on 1 January 2008, they would have contributed CHF 44.4 million to group sales and CHF 1.1 million to EBIT.

3 Acquisitions and disposals (continued)**Goodwill**

CHF million	Bucher Hydraulics Inc.	Other	Total	
			2008	2007
Cash paid	126.4	23.3	149.7	25.6
Direct costs relating to the acquisition	–	–	–	0.8
Deferred consideration	–	2.4	2.4	3.3
Total purchase consideration	126.4	25.7	152.1	29.7
Less fair value of net identifiable assets acquired	– 67.7	– 14.3	– 82.0	– 14.3
Goodwill	58.7	11.4	70.1	15.4

The goodwill arising on the acquisitions is mainly attributable to the expected tax benefits and potential for synergies arising from the business combination, expertise of the workforce and other intangible assets that cannot be separately identified and measured individually. Since 1 January 2008, costs directly attributable to an acquisition have no longer been capitalised, but are charged directly to the income statement.

The deferred consideration of CHF 2.4 million relates to the acquisition of Kuhn Blanchard SAS. This sum will fall due for payment in November 2009.

Further details of intangible assets can be found on pages 94 and 95.

Cash flow from acquisitions and disposals

CHF million	Acquisitions	Acquisitions	Disposals
	2008	2007	2007
	Fair value	Fair value	
Cash and cash equivalents	0.7	0.3	–
Trade receivables	18.0	8.5	–1.6
Other receivables	1.1	1.5	–
Inventories	21.1	8.2	–3.9
Deferred tax assets	0.7	0.8	–
Property, plant and equipment	24.6	0.7	–2.4
Intangible assets	37.9	8.0	–
Financial liabilities – current	–1.0	–	–
Trade payables	–8.8	–1.5	4.7
Other liabilities	–3.9	–5.0	–
Provisions	–0.6	–0.4	–
Deferred tax liabilities	–3.0	–	–
Financial liabilities – non-current	–4.8	–6.8	0.9
Net assets	82.0	14.3	–2.3
Cash and cash equivalents	–0.7	–0.3	
Deferred consideration	–2.4	–3.3	
Goodwill	70.1	15.4	
Use of provisions made in 2006 for risks			1.3
Deferred consideration paid	0.7		
Net cash outflow/inflow on acquisitions and disposals	149.7	26.1	–1.0

4 Securities

CHF million

	2008	2007
Shares	3.3	6.7
Bonds	95.8	102.2
Money market instruments	2.5	5.9
Securities	101.6	114.8

Shares, bonds and money market instruments are classified as available-for-sale. The after-tax change in fair value recorded in equity were CHF 0.7 million (2007: CHF 1.8 million).

5 Receivables

CHF million

	2008	2007
Trade receivables	469.6	449.9
Notes receivable	29.4	33.9
Trade receivables	499.0	483.8
Other receivables	62.0	62.8
Receivables from associates	–	0.5
Income tax receivables	18.1	7.6
Accrued income	7.3	9.9
Derivative financial instruments	18.7	3.6
Receivables from voluntary employer-sponsored funds	3.7	3.7
Prepayments to suppliers	3.3	4.5
Other receivables	113.1	92.6
Receivables	612.1	576.4
Current portion	577.8	559.9
Non-current portion	34.3	16.5

Trade receivables and notes receivable represent amounts receivable for goods supplied and services provided. The amounts are stated net of provisions of CHF 17.8 million (2007: CHF 19.0 million) for impairment. Collateral with a value of CHF 72.2 million (CHF 78.6 million) was held as security for receivables. Derivative financial instruments are classified as held for trading.

Derivative financial instruments – hedges

CHF million		
	2008	2007
Forward currency contracts and options		
Contractual amounts	748.4	652.7
Negative fair value	24.4	2.5
Positive fair value	18.7	3.6
Interest rate contracts		
Contractual amounts	3.9	5.4
Negative fair value	0.2	0.1
Positive fair value	–	–
Current portion with negative fair values	24.6	2.6
Current portion of positive fair values	18.7	3.6

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 2008 or its results of operations for the 2008 reporting period.

6 Inventories

CHF million		
	2008	2007
Raw materials and consumables	157.1	138.0
Work in progress	145.0	142.6
Finished goods and goods for resale	306.9	264.3
Inventories	609.0	544.9

Inventories have been written down by CHF 85.3 million (2007: CHF 83.0 million). Inventories valued at CHF 0.2 million (CHF 3.1 million) that were not previously written down were written off.

Inventory write-downs

CHF million

	2008	2007
Balance at 1 January	83.0	83.7
Additional write-downs	10.0	7.2
Amounts reversed	-2.1	-2.2
Amounts written-off	-0.4	-6.1
Acquisition / disposal of subsidiaries	2.3	0.4
Exchange differences	-7.5	-
Balance at 31 December	85.3	83.0

7 Deferred tax

CHF million

	Assets	Liabilities	Assets	Liabilities
	2008	2008	2007	2007
Property, plant and equipment	2.1	16.6	1.5	14.2
Other financial and non-current assets	1.0	11.3	19.0	12.7
Inventories	17.2	7.1	16.4	5.0
Other current assets	2.3	13.9	2.3	7.5
Provisions	1.9	3.2	2.8	7.6
Other liabilities	12.8	7.3	13.1	25.3
Tax loss carryforwards	8.7	-	8.6	-
Deferred tax assets and liabilities	46.0	59.4	63.7	72.3
Offset amounts	-11.6	-11.6	-27.6	-27.6
Deferred tax assets	34.4		36.1	
Deferred tax liabilities		47.8		44.7

In accordance with the exemption allowed under IAS 12, the Group does not provide for deferred tax on investments in group companies.

Movements in deferred tax balances

CHF million	Assets	Liabilities	Assets	Liabilities
	2008	2008	2007	2007
Balance at 1 January	36.1	44.7	27.8	28.6
Transfer from income tax liabilities	–	–	0.5	9.2
Charged/ credited to income statement	1.7	5.9	6.0	7.7
Charged/ credited to equity	–	–2.9	0.7	–1.1
Acquisition/ disposal of subsidiaries	0.7	3.0	0.8	–
Exchange differences	–4.1	–2.9	0.3	0.3
Balance at 31 December	34.4	47.8	36.1	44.7

Tax loss carryforwards

CHF million	2008	2007
Total tax loss carryforwards	140.7	148.5
Of which recognised in deferred income tax	46.9	28.9
Total unrecognised tax loss carryforwards	93.8	119.6
Of which expiring:		
Within 12 months	–	–
In 1 to 5 years	2.4	2.9
After 5 years	38.9	18.5
Available indefinitely for offset	52.5	98.2
Tax effect on unrecognised tax loss carryforwards	18.2	32.8

Tax loss carryforwards of to CHF 0.4 million expired in 2008 (2007: CHF 73.6 million).

Deferred tax assets, including those arising from tax loss carryforwards and expected tax credits, are recognised only if it is probable that future taxable profits will be available against which the asset can be utilised.

8 Investments in associates

CHF million

	2008	2007
Balance at 1 January	16.3	13.0
Acquisition	1.4	1.6
Disposal	-1.0	-
Share of profit	1.1	1.7
Impairment charge	-8.9	-
Balance at 31 December	8.9	16.3

This item comprised the investment in Jetter AG, Ludwigsburg, Germany. Jetter AG makes up its financial statements to 31 March and reported sales of EUR 40.9 million and a profit of EUR 3.4 million for the year in its most recently published financial statements for the 2007/2008 financial year; Jetter AG had total assets of EUR 36.8 million and equity of EUR 23.8 million. Jetter AG's shares are traded on the XETRA exchange in Frankfurt. The annual valuation of the investment is based on the quoted market price of Jetter AG's shares. The market value of the 26.5% interest was EUR 5.9 million at 31 December 2008. To provide for short-term risks, management has decided to recognise an impairment charge of CHF 8.9 million for the investment. The CHF 7.6 million in purchased goodwill has therefore been fully written off.

9 Other financial assets

CHF million

	2008	2007
Loans to associates	2.0	2.1
Long-term loans	21.9	13.1
Other	15.0	15.2
Other financial assets	38.9	30.4

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.7 million (2007: CHF 13.7 million) have been capitalised under the heading "other." The loans are secured by liens on real property. Other financial assets are classified as loans and receivables and as available-for-sale.

10 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	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Cost at 1 January	350.6	331.5	351.0	330.2	173.9	176.5	61.8	17.9	937.3	856.1
Exchange differences	-37.3	3.0	-43.1	4.7	-18.5	0.7	-6.0	-1.6	-104.9	6.8
Acquisition/disposal of subsidiaries	11.2	-3.2	14.5	-0.3	4.8	-0.8	0.5	-	31.0	-4.3
Additions	21.9	18.8	44.1	30.9	18.9	17.5	44.6	61.2	129.5	128.4
Disposals	-25.0	-9.7	-8.4	-18.3	-10.5	-21.7	-	-	-43.9	-49.7
Transfers	51.9	10.2	23.9	3.8	-0.2	1.7	-75.6	-15.7	-	-
Cost at 31 December	373.3	350.6	382.0	351.0	168.4	173.9	25.3	61.8	949.0	937.3
Accumulated depreciation at 1 January	181.8	176.5	264.2	257.9	136.1	142.1	-	-	582.1	576.5
Exchange differences	-17.3	2.3	-31.1	4.1	-14.5	0.5	-	-	-62.9	6.9
Acquisition/disposal of subsidiaries	2.0	-1.2	2.7	-0.3	1.7	-1.1	-	-	6.4	-2.6
Disposals	-14.6	-7.7	-6.0	-17.1	-10.2	-20.1	-	-	-30.8	-44.9
Depreciation for the year	13.3	11.9	26.1	19.6	15.6	14.7	-	-	55.0	46.2
Accumulated depreciation at 31 December	165.2	181.8	255.9	264.2	128.7	136.1	-	-	549.8	582.1
Net book value at 31 December	208.1	168.8	126.1	86.8	39.7	37.8	25.3	61.8	399.2	355.2
Of which leased:										
Cost	29.7	17.9	1.8	1.8	0.6	0.1	-	-	32.1	19.8
Accumulated depreciation	1.6	0.7	1.2	0.8	0.3	-	-	-	3.1	1.5
Net book value	28.1	17.2	0.6	1.0	0.3	0.1	-	-	29.0	18.3
Lease obligations (present value)	27.6	18.8	1.0	1.2	0.2	-	-	-	28.8	20.0
Insurance value	644.8	634.6	595.7	549.4	187.6	239.2	-	-	1428.1	1423.2

11 Intangible assets

CHF million	Goodwill		Other		Total intangible assets	
	2008	2007	2008	2007	2008	2007
Cost at 1 January	61.0	45.3	106.9	93.9	167.9	139.2
Exchange differences	-12.8	0.3	-10.3	2.6	-23.1	2.9
Acquisition / disposal of subsidiaries	70.1	15.4	38.2	8.0	108.3	23.4
Additions	-	-	1.4	2.8	1.4	2.8
Disposals	-	-	-1.3	-0.4	-1.3	-0.4
Cost at 31 December	118.3	61.0	134.9	106.9	253.2	167.9
Accumulated amortisation at 1 January	-	-	89.2	77.3	89.2	77.3
Exchange differences	-0.5	-	-6.5	2.0	-7.0	2.0
Acquisition / disposal of subsidiaries	-	-	0.3	-	0.3	-
Disposals	-	-	-0.6	-0.4	-0.6	-0.4
Amortisation for the year	-	-	10.5	10.3	10.5	10.3
Impairment charge	29.9	-	-	-	29.9	-
Accumulated amortisation at 31 December	29.4	-	92.9	89.2	122.3	89.2
Net book value at 31 December	88.9	61.0	42.0	17.7	130.9	78.7

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

Goodwill and other intangible assets with indefinite useful lives are allocated to the cash-generating units (CGUs) that are expected to benefit from the respective business combination. At 31 December 2008 Bucher Industries did not hold any 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 have been 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 have been used to test significant amounts of goodwill for impairment: a weighted cost of capital of 10.3% (2007: 13.4%) and a growth rate of 2.0% (2.0%) for Kuhn North America Inc.; a weighted cost of capital of 21.0% (18.4%) and a growth rate of 10.0% (10.0%) for Kuhn Metasa; and a weighted cost of capital of 9.7% (13.9%) and a growth rate of 2.0% (2.0%) for Gmeiner GmbH. The goodwill arising on the acquisition of Bucher Hydraulics Inc. has been allocated to the CGUs of Bucher Hydraulics Inc. and to Bucher Industries US Inc. as the national holding company (reported as "other"). The parameters used for Bucher Hydraulics Inc. and Bucher Industries US Inc. are a weighted cost of capital of 10.3% and a growth rate of 4%.

Due to the rapid economic slowdown, the business plans used for impairment testing were revised. This led to a reduction in the cash flow projections of the individual CGUs. The analysis resulted in an exceptional goodwill impairment loss of CHF 25.2 million for Bucher Hydraulics Inc. and of CHF 4.7 million for Gmeiner GmbH (Bucher Municipal division). 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 5.3 million for Bucher Hydraulics Inc. and of CHF 0.6 million for Gmeiner GmbH. A reduction in the growth rate of the residual value to 0% would increase the required impairment charge by CHF 3.2 million for Bucher Hydraulics Inc. and by CHF 0.2 million for Gmeiner GmbH.

Allocation of goodwill to divisions

CHF million		
	2008	2007
Kuhn Group	35.2	42.2
Bucher Municipal	7.3	12.7
Bucher Hydraulics	21.9	–
Emhart Glass	5.5	6.1
Other	19.0	–
Goodwill	88.9	61.0

12 Provisions

CHF million	Warranty provisions	Litigation provisions	Other provisions	Total provisions	
				2008	2007
Balance at 1 January	48.2	15.1	26.7	90.0	115.6
Additional provisions	36.6	3.1	3.0	42.7	37.3
Unused amounts reversed	-1.7	-2.5	-5.8	-10.0	-12.2
Used during year	-31.0	-1.0	-4.1	-36.1	-53.6
Acquisition / disposal of subsidiaries	0.3	0.3	-	0.6	0.4
Exchange differences	-5.6	-1.6	-1.9	-9.1	2.5
Balance at 31 December	46.8	13.4	17.9	78.1	90.0
Current portion	43.3	11.0	8.8	63.1	73.7
Non-current portion	3.5	2.4	9.1	15.0	16.3

Litigation provisions primarily cover risks arising from litigation relating to accidents, distribution rights and patents or other legal disputes. The funds required and timing of any outflow 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 funds actually occurs.

Other provisions cover various risks associated with the Group's industrial operations, including environmental protection measures.

13 Financial liabilities

CHF million	Less than 1 year	1 – 5 years	Over 5 years	Total financial liabilities	
				2008	2007
Private placements	–	86.6	20.0	106.6	106.6
Bank borrowings	79.5	44.7	40.0	164.2	170.9
Loans and other financial liabilities	31.0	28.6	14.4	74.0	50.6
Financial liabilities	110.5	159.9	74.4	344.8	328.1

Bucher Industries AG had the following long-term financial liabilities outstanding at 31 December 2008:

US private placements:

- ▶ CHF 53.3 million at a fixed interest rate of 3.535%, 2003 to 10 December 2010, with a fair value of CHF 49.3 million at 31 December 2008.
- ▶ CHF 33.3 million at a fixed interest rate of 4.08%, 2003 to 10 December 2013, with a fair value of CHF 29.1 million at 31 December 2008.
- ▶ CHF 20.0 million at a fixed interest rate of 4.29%, 2003 to 10 December 2015, with a fair value of CHF 17.2 million at 31 December 2008.

The fair value of private placements represented the replacement cost.

At the end of December 2008, the following bank loans were raised:

- ▶ CHF 40.0 million at a fixed interest rate of 2.55%, 2008 to 19 December 2013
- ▶ CHF 40.0 million at a fixed interest rate of 3.09%, 2008 to 19 December 2015

At the year-end on 31 December 2008, the fair value approximated the carrying amount of the loans.

Of the other long-term financial liabilities of CHF 47.7 million, CHF 26.2 million bear interest at fixed rates and CHF 21.5 million bear interest at variable rates.

Financial liabilities are subject to general debt covenants. Private placements also contained financial covenants that require Bucher Industries to maintain certain agreed financial ratios. The Group was in compliance with these covenants. Likewise, there were no defaults or breaches of contract in respect of the other financial liabilities. Short-term other financial liabilities included CHF 24.6 million (2007: CHF 2.6 million) of derivative financial instruments classified as held for trading.

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

Analysis by currency

CHF million

	2008	2007
USD	0.7	154.2
CHF	278.5	111.2
EUR	57.1	55.5
Other	8.5	7.2
Financial liabilities	344.8	328.1

14 Other liabilities

CHF million

	2008	2007
Accruals and deferred income	117.5	123.5
Social security and pensions	24.1	25.9
Sales and capital tax liabilities	18.6	25.6
Other	54.6	49.8
Other liabilities	214.8	224.8
Current portion	209.0	217.6
Non-current portion	5.8	7.2

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

15 Share capital

Registered shares		2008	2007
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	597 315	630 057
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	630 057	29 654
Sold or reissued for share-based payment schemes	- 32 742	- 1 788
Balance at 31 December	597 315	27 866

17 Material expenses

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

18 Personnel expenses

CHF million	2008	2007
Wages and salaries	443.1	415.1
Share awards	3.1	2.7
Share option plan	2.7	1.5
Social security and pension costs	111.9	101.9
Other personnel expenses	62.9	56.6
Personnel expenses	623.7	577.8

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

Other operating income comprises revenue of CHF 22.3 million (2007: CHF 15.2 million) from sales of goods and services that are outside the normal course of the Group's business as well as CHF 1.2 million (CHF 1.3 million) in capitalised costs. In addition, other operating income includes CHF 4.8 million (CHF 10.3 million) from the reversal of provisions.

20 Other operating expenses

CHF million		
	2008	2007
Energy, maintenance and repairs	91.7	84.4
Charges, taxes, levies and consulting fees	48.9	48.1
Marketing and distribution costs	127.2	122.5
Other	89.7	81.8
Other operating expenses	357.5	336.8

Charges, taxes, levies and consulting fees include CHF 17.9 million (2007: CHF 18.0 million) in capital tax. Other operating expenses under the heading "other" also include necessary provisions for operating liabilities that cannot be charged to a more appropriate expense account. Costs under operating leases amounted to CHF 8.9 million (CHF 9.2 million).

21 Finance expense

CHF million		
	2008	2007
Interest expense on financial liabilities	15.9	13.3
Net gain/loss on interest derivatives	-1.1	0.2
Other finance expense	0.6	1.9
Finance expense	15.4	15.4

22 Finance income

CHF million		
	2008	2007
Interest income on financial assets	6.2	5.1
Net gain on financial instruments held for trading	1.0	2.7
Net gain on sale of available-for-sale financial instruments	10.2	17.7
Net gain on financial instruments	11.2	20.4
Foreign exchange gains and losses	-23.3	-2.3
Other finance income	-	1.1
Finance income	-5.9	24.3

The amount realised on the sale of available-for-sale securities and transferred from equity to the income statement was CHF 9.3 million (2007: CHF 15.5 million).

23 Income tax expense

CHF million		
	2008	2007
Current income tax	67.5	67.3
Deferred tax	4.2	1.7
Income tax expense	71.7	69.0
Reconciliation		
Profit before tax	217.1	240.0
Applicable tax rate	32.4 %	33.3 %
Theoretical income tax charge	70.3	80.0
Utilisation of unrecognised tax loss carryforwards	-4.4	-12.3
Reassessment of tax loss carryforwards with tax asset adjustment	-8.7	-8.6
Effect of adjustments to losses	5.1	3.6
Expenses not deductible for tax purposes/ income not subject to tax	11.7	-1.4
Under/(over) provided in prior years	-1.8	6.6
Effect of changes in tax rates	-0.1	-0.1
Other differences	-0.4	1.2
Effective income tax expense	71.7	69.0
Effective tax rate	33.0 %	28.8 %

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.

24 Earnings and dividend per share

	2008	2007
Profit attributable to Bucher Industries shareholders (CHF million)	143.3	169.1
Average number of shares outstanding (undiluted)	9 955 501	9 903 564
Average number of shares outstanding (diluted)	10 017 277	9 979 929
Basic earnings per share (CHF)	14.39	17.07
Diluted earnings per share (CHF)	14.31	16.94
Dividend per registered share (CHF) ¹⁾	4.50	5.00
Total dividend (CHF million) ¹⁾	47.5	52.8

¹⁾ 2008: 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 diluted earnings per share by CHF 0.08 (2007: CHF 0.13).

25 Change in working capital

CHF million		
	2008	2007
Change in receivables	-66.2	-42.3
Change in inventories	-119.1	-80.0
Change in customer advances	6.2	11.7
Change in trade payables	33.1	32.1
Change in other non-interest bearing liabilities	32.3	22.6
Other changes in working capital	3.3	3.0
Change in working capital	-110.4	-52.9

26 Retirement benefits

Movements in defined benefit obligations

CHF million		
	2008	2007
Present value of obligations at 1 January	245.9	253.1
Current service cost	6.0	4.7
Interest cost	9.3	8.4
Employee contributions	4.5	4.0
Benefits paid	-9.6	-10.8
Acquisitions and disposals	0.4	-0.8
Plan curtailments	-2.1	-0.6
Actuarial gains / losses	4.8	-11.8
Exchange differences	-6.1	-0.3
Present value of obligations at 31 December	253.1	245.9

Movements in fair value of plan assets

CHF million		
	2008	2007
Fair value of plan assets at 1 January	265.2	260.8
Expected return on plan assets	10.7	9.4
Employer contributions	8.9	5.9
Employee contributions	4.5	4.0
Benefits paid	-7.8	-8.3
Plan curtailments	0.4	-1.4
Actuarial gains / losses	-26.2	-4.5
Exchange differences	-3.4	-0.7
Fair value of plan assets at 31 December	252.3	265.2

In 2008, the actual net return on plan assets was negative CHF 15.5 million (2007: positive CHF 4.9 million).

26 Retirement benefits (continued)**Funding of defined benefit plans**

CHF million	2008	2007
Present value of funded obligations	-233.2	-220.7
Fair value of plan assets	252.3	265.2
Funding surplus/ deficit	19.1	44.5
Present value of unfunded obligations	-19.9	-25.2
Surplus/ deficit	-0.8	19.3
Cumulative unrecognised actuarial losses	21.8	10.2
Unrecognised surplus	-25.1	-39.9
Amounts recognised in the balance sheet	-4.1	-10.4
Retirement benefit obligations	-21.5	-27.8
Long-term receivables/ other financial assets	17.4	17.4

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

Pension costs

CHF million	2008	2007
Current service cost	-4.6	-5.7
Interest cost	-9.3	-8.4
Expected return on plan assets	10.7	9.4
Plan improvements/ curtailments	2.1	0.6
Amortisation of actuarial gains/ losses	-19.6	-0.3
Effects of unrecognised surplus	15.9	1.7
Defined benefit pension costs	-4.8	-2.7
Defined contribution pension costs	-24.5	-22.0
Pension costs	-29.3	-24.7

The Group expects to pay CHF 8.9 million (2007: CHF 6.0 million) in contributions to defined benefit plans in 2009.

Actuarial assumptions

Weighted averages in %

	2008	2007
Discount rate	3.9	3.8
Expected return on plan assets	4.0	4.0
Future salary increases	1.1	1.2
Future pension increases	0.1	0.2

Funding of defined benefit obligations

CHF million

	2008	2007	2006	2005
Fair value of plan assets	252.3	265.2	260.8	236.0
Present value of defined benefit obligations	253.1	245.9	253.1	241.6
Surplus/ deficit	-0.8	19.3	7.7	-5.6
Experience adjustments on plan assets	-26.2	-4.5	14.0	7.2
Experience adjustments on plan liabilities	-8.2	3.2	19.1	0.1

Categories of plan assets

CHF million

	2008	%	2007	%
Shares	45.4	18.0	46.4	17.5
Bonds	70.6	28.0	91.6	34.5
Property	54.3	21.5	53.6	20.2
Cash and other financial assets	82.0	32.5	73.6	27.8

The strategic objective of asset allocation for the pension plans is to achieve an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the pension plans.

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 and division managements. 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 five to 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
	2008	2008	2007	2007
Outstanding at 1 January	177 750	138.4	164 690	92.5
Granted	60 600	149.0	57 600	221.0
Exercised	-20 550	69.5	-42 365	75.0
Expired	-4 800	162.6	-2 175	94.0
Outstanding at 31 December	213 000	147.5	177 750	138.4
Exercisable	74 400		44 175	

In 2008, the fair value of share option plans, determined using the Black-Scholes model, had an impact of CHF 2.7 million (2007: CHF 1.5 million) on personnel expenses and of CHF 5.2 million (CHF 2.5 million) on equity. The share options had a fair value of CHF 41.77 (CHF 100.24) at the grant date, measured using the Black-Scholes valuation model. The significant inputs to calculate the fair value of share options were a share price of CHF 135.00 (CHF 247.00), volatility of 40.6% (28.1%), a risk-free interest rate of 3.0% (3.1%) and a dividend of CHF 5.50 (CHF 2.57). The average share price for options exercised was CHF 213.96 (CHF 198.10).

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2008	2008	2007	2007
2008	–	–	8 175	34.6
2 009	11 025	46.8	14 700	46.8
2 010	675	52.4	675	52.4
2 015	37 800	108.0	42 900	108.0
2 016	48 300	116.0	53 700	116.0
2 017	55 800	221.0	57 600	221.0
2 018	59 400	149.0	–	–
Outstanding at 31 December	213 000	147.5	177 750	138.4

28 Related party transactions

Key management remuneration

CHF million		
	2008	2007
Salaries	4.5	5.0
Post-employment benefits	1.2	1.2
Share awards	1.6	3.2
Share option plan	1.0	0.5
Key management remuneration	8.3	9.9

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. Furthermore, there were no loans outstanding to the company's governing bodies. Directors' fees are paid in the form of shares.

Remuneration to former directors and group management members

Due to his previous services as executive chairman of the board until 12 April 2007, Rudolf Hauser was awarded 1 808 shares (2007: 1 532) worth CHF 189 840 (CHF 399 852), valued at the year-end price of CHF 105.00 (CHF 261.00), on a pro rata basis under the long-term bonus 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

	2008	2007
Receivables from pension funds	17.4	17.4
Receivables from associates	2.0	2.6
Payables to associates	0.8	2.5

All related party transactions are entered into on normal commercial terms and conditions. In 2008, goods worth CHF 21.2 million (2007: CHF 25.7 million) were purchased from associates.

29 Development expenses

Development costs of CHF 78.1 million (2007: CHF 71.1 million) were charged to the income statement for 2008. They mainly comprised expenditure to update and extend the divisions' product and service offerings and are included in material expenses, personnel expenses, other operating expenses and depreciation of property, plant and equipment. No development costs were capitalised.

30 Contingent liabilities

CHF million

	2008	2007
Notes payable	2.3	1.4
Bonds and guarantees in favour of third parties	12.7	10.4
Contingent liabilities	15.0	11.8

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.

31 Pledged assets

The book value of assets pledged or assigned to secure the Group's obligations was CHF 3.1 million (2007: CHF 2.9 million).

32 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1 – 5 years	Over 5 years	Total
At 31 December 2008	6.3	10.9	19.9	37.1
At 31 December 2007	7.2	12.4	18.2	37.8

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

Other commitments

The Group did not enter into any commitments to purchase plant and equipment (2007: CHF 21.8 million).

33 Foreign currency exchange rates

	Income statement average rates		Balance sheet closing rates	
	2008	2007	2008	2007
1 EUR	1.5845	1.6429	1.4850	1.6547
1 GBP	1.9971	2.3960	1.5591	2.2564
1 USD	1.0795	1.1965	1.0670	1.1240
1 BRL	0.5976	0.6145	0.4578	0.6333
1 AUD	0.9157	1.0030	0.7325	0.9875
100 SEK	16.4400	17.7700	13.6600	17.5300

34 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 as a whole.

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

34 Risk management (continued)

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 as a whole have been defined within financial reporting to allow the financial risks to be identified, monitored and avoided.

Further information about the Group's risk management can be found on page 77 of the financial report.

Carrying amounts / fair values of financial instruments by category in 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
Securities	–	–	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	24.6	–	–	85.9	110.5	110.5
Trade payables	–	–	–	288.3	288.3	288.3
Other liabilities	–	–	–	97.3	97.3	97.3
Financial liabilities – non-current	–	–	–	234.3	234.3	223.3

Carrying amounts / fair values of financial instruments by category in 2007

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	107.4	270.1	–	–	377.5	377.5
Securities	–	–	114.8	–	114.8	114.8
Trade receivables	–	483.8	–	–	483.8	483.8
Other receivables	3.6	63.3	–	–	66.9	66.9
Other financial assets	–	16.3	0.4	–	16.7	16.7
Financial liabilities – current	2.6	–	–	175.5	178.1	178.1
Trade payables	–	–	–	282.4	282.4	282.4
Other liabilities	–	–	–	101.3	101.3	101.3
Financial liabilities – non-current	–	–	–	150.0	150.0	151.3

Credit risk

The Group placed short-term investments 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 insignificant. The Group's maximum credit risk exposure to third parties, excluding the value of any collateral, was CHF 839.1 million (2007: CHF 1 059.7 million). The maximum exposure to credit risk, taking account of the value of collateral, was CHF 745.6 million (CHF 968.7 million).

The credit risk on trade receivables was limited due to the Group's diversified customer base. Its customers operate in different industries spread across diverse geographical areas worldwide as shown in the segment analysis in note 1. The Group therefore had no concentration of credit risk. In addition, credit risk was minimised by security in the form of credit insurance, advance payment schemes, letters of credit and bank guarantees.

34 Risk management (continued)**Ageing analysis of receivables and impairment**

CHF million	2008	2007
Total receivables, gross	578.8	531.1
Amount provided for	-17.8	-19.0
Total receivables, net	561.0	512.1
Long-term receivables	30.6	12.8
Receivables due in more than 3 months	54.3	62.4
Receivables due within 3 months	428.2	395.0
Receivables past due more than 60 days and less than 1 year, gross	55.0	45.0
Amount provided for	-0.5	-1.7
Receivables past due more than 1 year, gross	10.4	15.8
Amount provided for	-4.7	-6.3

Receivables consisted of trade receivables, other receivables and receivables from associates. 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 otherwise be past due but whose terms had been renegotiated. In the reporting year, 0.1% (2007: 0.2%) of receivables not provided for in the previous period had to be written off. No other financial assets were impaired or past due.

Provision for impairment of receivables

CHF million	2008	2007
Balance at 1 January	19.0	20.0
Provision for receivables impairment	8.8	5.5
Unused amounts reversed	-4.1	-3.9
Receivables written-off during the year as uncollectible	-3.4	-3.4
Acquisition / disposal of subsidiaries	0.2	-
Exchange differences	-2.7	0.8
Balance at 31 December	17.8	19.0

Liquidity risk

The expected cash flows arising from liabilities represent the values presented in note 13 plus the cash flows for interest which can be inferred from the narrative. Cash flows to settle trade payables of CHF 288.3 million (2007: CHF 282.4 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 97.3 million (CHF 101.3 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. In order to ensure financial flexibility at all times, the Group was funded with a mix of short-term and long-term bank loans as well as committed credit facilities of more than CHF 600 million towards the end of the year. The quick ratio was 90.5% at the year end (104.0%).

Price risk

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

Value-at-risk

CHF million	VaR at 31 December	
	2008	2007
Foreign currency risk	-3.8	-4.3
Interest rate risk	-5.6	-4.3
Covariance	0.3	1.3
Total	-9.1	-7.3

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 is assessed in relation to the current market price level of our financial instruments. Based on this analysis, financial instruments are either replaced or hedged using financial derivatives where necessary.

34 Risk management (continued)

The indicated value-at-risk 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 value-at-risk 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.

35 Capital management

The capital managed by Bucher Industries consists of the consolidated equity. The Group's objectives when managing its capital structure are to:

- maintain a healthy and solid balance sheet structure;
- ensure the necessary financial flexibility for future organic growth as well as capital expenditure and acquisitions.

Bucher Industries monitors equity and operating capital employed on the basis of the following ratios:

	2008	2007
Interest coverage ratio (EBITDA to net interest expense)	39.7	34.0
Debt to equity ratio	144.4 %	144.1 %
Gearing ratio (net debt to equity)	13.1 %	– 18.8 %
Equity ratio (equity to total assets)	40.9 %	41.0 %
Quick ratio (current assets less inventory / current liabilities)	90.5 %	104.0 %

36 Events after the balance sheet date

The consolidated financial statements were authorised for issue by the board of directors on 12 March 2009.

With effect from 1 January 2009, Bucher Industries acquired the Kverneland Group's baler operations and Dutch plant in Geldrop. The company manufactures balers, bale wrappers, drum mowers and maize choppers. Bucher Industries is acquiring 100% of the shares. The company, Kverneland Group Geldrop BV, will be integrated into the Kuhn Group division and renamed Kuhn-Geldrop BV. The purchase consideration, including liabilities assumed, is EUR 115 million. In 2008, the company generated ex works sales of approximately EUR 117 million and EBITDA operating profit of EUR 15 million. This acquisition was completed on 19 February 2009.

Group companies

Consolidated companies

Company, place of registration	Country	Currency	Share capital	Group interest %	Division	Activities
Bucher Industries AG, Niederweningen	CH	CHF	2 113 180		S	S
Bucher Industries France SAS, Entzheim ¹⁾	FR	EUR	300 000	100	S	S
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4 500 000	100	S	S
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250 000	100	S	S
Bucher BG Finanz AG, Steinhausen	CH	CHF	26 505 000	100	S	S
Bucher Finance Ltd., Jersey	GB	EUR	51 000	100	S	S
Bucher Immobilien GmbH, Trier	DE	EUR	4 000 000	100	S	S
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3 380 000	100	S	S
Bucher Industries US Inc., Enfield CT	US	USD	10 000 000	100	S	S
Bucher Invest Holding SA, Luxembourg	LU	EUR	31 000	100	S	S
Bucher Investment GmbH, Steinhausen ¹⁾	CH	CHF	100 000	100	S	S
Bucher Management AG, Kloten ¹⁾	CH	CHF	6 600 000	100	S	S
Bucher Participations Sàrl., Luxembourg	LU	EUR	12 000	100	S	S
Kuhn Group SAS, Saverne ¹⁾	FR	EUR	100 000	100	S	S
Kuhn SA, Saverne	FR	EUR	19 488 000	100	KG	P D
Kuhn Blanchard SAS, Chéméré ¹⁾	FR	EUR	2 000 000	100	KG	P D
Contifonte SA, Saverne	FR	EUR	48 000	98	KG	P D
Kuhn Knight Inc., Brodhead WI	US	USD	10 000	100	KG	P D
Kuhn Metasa 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, Schoppsdorf	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 ¹⁾	RU	RUB	10 000	100	KG	D
Kuhn Parts SAS, Saverne	FR	EUR	5 000 000	100	KG	S
Kuhn-Nodet SA, Montereau	FR	EUR	4 800 000	100	KG	S
Bucher-Guyer AG, Niederweningen	CH	CHF	10 000 000	100	BM	P V S
Bucher Landtechnik AG, Niederweningen	CH	CHF	4 000 000	100	BM	D

¹⁾ Consolidated for the first time in 2008

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 registration	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	100 000	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 Vendée SAS, Le Château d'Olonne	FR	EUR	40 356	100	BP	P
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 Súdamerica, 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	3 000	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	USD	1 550 000	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 registration	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 ¹⁾	US	USD	12 150 000	100	BH	P D
Bucher Hydraulics Corp., London ¹⁾	CA	CAD	75 000	100	BH	S
Bucher Hydraulics Co., Zhaoqing ¹⁾	CN	CNY	21 409 000	100	BH	S
Command Controls Corp., Elgin ¹⁾	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	99	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 registration	Country	Currency	Share capital	Group interest %	Division	Activities
Jetter AG, Ludwigsburg	DE	EUR	3 241 061	27	S	P D

¹⁾ Consolidated for the first time in 2008

At 31 December 2008

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



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, cash flow statement, statement of changes in equity and notes (pages 70 to 117), for the year ended 31 December 2008.

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 judgement, 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 2008, 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, 12 March 2009

Balance sheet of Bucher Industries AG at 31 December 2008

CHF 1 000		Note	2008	2007
Assets	Cash and cash equivalents		4 431	158 998
	Securities	1	12 417	12 417
	Receivables from group companies		139 035	40 442
	Other receivables		19 083	6 954
	Current assets		174 966	218 811
	Loans to group companies	2	368 539	410 644
	Loans to third parties		92	120
	Investments	3	496 295	313 245
	Intangible assets	4	54 894	36 000
	Non-current assets		919 820	760 009
	Total assets		1 094 786	978 820
Liabilities and equity	Short-term bank borrowings		67 535	153 988
	Current payables to group companies		307 781	263 420
	Other current liabilities		26 908	14 333
	Current liabilities		402 224	431 741
	Private placements		106 576	106 576
	Long-term bank borrowings		80 000	–
	Other non-current liabilities		2 023	2 033
	Provisions	5	5 755	2 000
	Non-current liabilities		194 354	110 609
	Share capital	6	2 113	2 113
	Statutory reserve		70 610	70 610
	Distributable reserve		237 135	212 347
	Reserve for treasury shares	7	27 866	29 654
	Retained earnings		47 291	20 578
	Profit for the year		113 193	101 168
	Equity		498 208	436 470
	Total liabilities and equity		1 094 786	978 820

Income statement of Bucher Industries AG for the year ended 31 December 2008

CHF 1 000		Note		
			2008	2007
Income	Income from investments	9	102 087	75 258
	Finance income	10	153 214	52 423
	Royalty income from group companies	11	10 292	–
	Gain on sale of non-current assets		–	5 339
	Other income	12	29 426	68 775
	Total income		295 019	201 795
Expenses	Administrative expenses		3 956	18 165
	Finance expense	13	157 382	79 969
	Impairment charges	14	4 426	–
	Amortisation of intangible assets		13 723	–
	Income tax expense		2 339	2 493
	Total expenses		181 826	100 627
Profit for the year			113 193	101 168

Notes to the financial statements of Bucher Industries AG

1 Securities

This item only included treasury shares, which were valued at cost.

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 115 and 117 of the annual report.

4 Intangible assets

In 2008, Bucher Industries AG acquired various trademarks from group companies for CHF 32.6 million (2007: CHF 36.0 million).

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 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 shareholders' agreement essentially governs unity in voting at general meetings of shareholders. Bucher Industries AG and Bucher Beteiligungs-Stiftung hold a total of 5.65% 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. The board of Bucher Industries AG is not aware of any other shareholders, or groups of shareholders subject to voting agreements, who hold more than 3% of the total voting rights.

7 Reserve for treasury shares

	Number of shares	Reserve in CHF 1 000
Balance at 1 January	630 057	29 654
Sold or reissued for share-based payment schemes	– 32 742	– 1 788
Balance at 31 December	597 315	27 866

Treasury shares are held by Bucher Industries AG and Bucher Beteiligungs-Stiftung, an employee share ownership trust. The reserve for treasury shares represented the purchase cost.

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 120.9 million (2007: CHF 156.1 million). The amount claimed at the balance sheet date was CHF 28.9 million (CHF 26.6 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 Other income

Other income comprised fees charged to group companies for services provided by the corporate centre. In addition this item included the reversal of an impairment charge of CHF 20.0 million that was no longer required for an investment.

13 Finance expense

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

14 Impairment charges

This item comprised an impairment charge for investments in associates.

15 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 1000	Year	Base salary	Share awards		Share awards under long-term bonus plan		Social security and pension benefits	Other remuneration	Total	Paid in cash
			Number	Value	Number	Value				
Kurt E. Siegenthaler, chairman	2008	120.0	561	58.9	726	76.2	21.0	13.6	289.7	133.6
	2007	90.0	606	158.2	815	212.7	43.2	13.6	517.7	103.6
Thomas W. Hauser, deputy chairman	2008	–	491	51.6	–	–	6.2	11.8	69.6	11.8
	2007	–	530	138.3	–	–	15.0	11.8	165.1	11.8
Ernst Bärtschi	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Thomas W. Bechtler	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Rolf Broglie	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Claude R. Cornaz	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Anita Hauser	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Heinrich Spoerry	2008	–	421	44.2	–	–	5.5	1.8	51.5	1.8
	2007	–	455	118.8	–	–	12.0	1.8	132.6	1.8
Erwin Stoller	2008	–	421	44.2	–	–	5.5	11.8	61.5	11.8
	2007	–	455	118.8	–	–	13.0	11.8	143.6	11.8
Total for directors	2008	120.0	3 999	419.9	726	76.2	65.7	78.0	759.8	198.0
	2007	90.0	4 321	1 128.1	815	212.7	146.2	78.0	1 655.0	168.0

Share awards to directors comprise directors' fees. The shares awarded to the chairman of the board under the long-term bonus plan are based on the achievement of targets in the period 2006 to 2008 (2007: 2005 to 2007). All share awards have been valued at the year-end share price of CHF 105.00 (CHF 261.00). Other remuneration includes expenses and fees for service on the board committees.

Remuneration to former directors and group management members

Due to his previous services as executive chairman of the board until 12 April 2007, Rudolf Hauser was awarded 1 808 shares (2007: 1 532) worth CHF 189 840 (CHF 399 852), valued at the year-end price of CHF 105.00 (CHF 261.00), on a pro rata basis under the long-term bonus 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 bonus plan		Share options under option plan		Social security and pension benefits	Other remuneration	Total	Paid in cash
				Number	Value	Number	Value				
Philip Mosimann, CEO	2008	700.2	392.1	7 264	762.7	3 600	150.4	275.1	19.2	2 299.7	1 111.5
	2007	665.0	616.8	3 448	899.9	3 600	360.9	229.7	19.2	2 791.5	1 301.0
Other members	2008	2 148.3	998.3	2 178	228.7	14 400	601.5	839.1	30.0	4 845.9	3 176.6
	2007	2 144.4	1 276.1	2 076	541.9	14 400	1 443.4	785.5	30.0	6 221.3	3 450.5
Total for group management	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
	2007	2 809.4	1 892.9	5 524	1 441.8	18 000	1 804.3	1 015.2	49.2	9 012.8	4 751.5

The shares awarded to the group management under the long-term bonus plan are based on the achievement of targets in the period 2006 to 2008 (2007: 2005 to 2007). All share awards have been valued at the year-end share price of CHF 105.00 (CHF 261.00). The share options had a fair value of CHF 41.77 (CHF 100.24) at the grant date, measured using the Black-Scholes valuation model.

Directors' interests in shares at 31 December

	Number of shares	
	2008	2007
Kurt E. Siegenthaler, chairman	15 168	12 943
Thomas W. Hauser, deputy chairman	1 069 569	979 039
Ernst Bärtschi	2 073	1 618
Thomas W. Bechtler	2 278	4 273
Rolf Broglie	11 618	11 163
Claude R. Cornaz	7 393	7 713
Anita Hauser	100 455	130 000
Heinrich Spoerry	1 147	692
Erwin Stoller	10 568	10 113
Total for directors	1 220 269	1 157 554

The directors did not hold any share options on 31 December 2008.

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

		Number of shares		Number of options	
		2008	2007	2008	2007
Philip Mosimann	CEO	30 676	26 778	11 700	8 550
Roger Baillod	CFO	10 291	9 865	6 600	7 200
Jean-Pierre Bernheim	Bucher Process	7 631	7 455	11 475	10 275
Michael Häusermann	Bucher Municipal	3 596	2 950	10 500	8 700
Martin Jetter	Emhart Glass	596	250	7 800	5 400
Michel Siebert	Kuhn Group	1 221	875	8 250	5 850
Daniel Waller	Bucher Hydraulics	4 236	3 590	10 500	8 400
Total for group management		58 247	51 763	66 825	54 375

		Number of options						
Grant year		2008	2007	2006	2005	2004	2000	Total
Exercise price (CHF)		149.00	221.00	116.00	108.00	46.80	52.40	
Staggered vesting over 4 years		2009–2012	2008–2011	2007–2010	2006–2009	2005–2008	2001–2004	
Life (years)		10	10	10	10	5	10	
Philip Mosimann	CEO	3 600	3 600	2 700	1 800	–	–	11 700
Roger Baillod	CFO	2 400	2 400	1 200	600	–	–	6 600
Jean-Pierre Bernheim	Bucher Process	2 400	2 400	2 400	2 400	1 200	675	11 475
Michael Häusermann	Bucher Municipal	2 400	2 400	2 400	2 400	900	–	10 500
Martin Jetter	Emhart Glass	2 400	2 400	1 800	1 200	–	–	7 800
Michel Siebert	Kuhn Group	2 400	2 400	1 800	1 200	450	–	8 250
Daniel Waller	Bucher Hydraulics	2 400	2 400	2 400	2 400	900	–	10 500
Total for group management		18 000	18 000	14 700	12 000	3 450	675	66 825

Each option entitles the holder to purchase one share.

Board of directors' proposal

Appropriation of retained earnings

CHF	
Profit for 2008	113 193 163
Retained earnings brought forward	47 291 490
Retained earnings available for distribution	160 484 653
The directors propose that the annual general meeting approve the payment of a dividend of	
CHF 4.50 per dividend-bearing share of CHF 0.20 each	46 309 050
Transfer to distributable reserve	61 000 000
Balance to be carried forward	53 175 603
Total	160 484 653

Report of the statutory auditors



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 120 to 128), for the year ended 31 December 2008.

Board of Directors' Responsibility The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 2008 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, 12 March 2009

Five-year summary

Group

CHF million

	2008	2007	2006	2005	2004
Order intake	2 791.9	2 704.3	2 163.3	1 946.6	1 793.2
Net sales	2 788.9	2 458.8	2 087.1	1 948.3	1 640.9
Order book	843.4	871.3	605.2	523.7	480.3
Operating profit before depreciation and amortisation (EBITDA)	341.6	285.9	184.6	166.4	147.8
As % of net sales	% 12.2	11.6	8.8	8.5	9.0
Operating profit (EBIT)	246.2	229.4	123.7	117.8	91.2
As % of net sales	% 8.8	9.3	5.9	6.0	5.6
Net financial result	-29.1	10.6	12.9	3.3	-9.5
Income tax expense	-71.7	-69.0	-41.1	-35.0	-27.3
As % of profit before tax	% 33.0	28.8	30.1	28.9	33.4
Profit for the year	145.4	171.0	95.5	86.1	54.4
As % of net sales	% 5.2	7.0	4.6	4.4	3.3
Capital expenditure	130.9	131.2	60.0	53.0	37.6
Operating free cash flow	-15.3	42.7	101.2	61.8	119.6
Development expense	78.1	71.1	65.3	63.4	54.1
Total assets	2 067.6	2 130.3	1 839.7	1 674.8	1 493.7
Cash, cash equivalents and securities	234.2	492.3	445.5	348.0	404.7
Receivables	577.8	559.9	518.5	449.3	368.8
Inventories	609.0	544.9	460.7	455.9	397.8
Financial assets and investments	47.8	46.7	30.5	29.1	16.8
Property, plant and equipment	399.2	355.2	279.6	266.5	222.3
Intangible assets	130.9	78.7	61.9	78.7	48.6
Current liabilities	897.1	1 011.5	896.4	718.1	656.9
Non-current liabilities	324.4	246.0	218.8	318.2	311.4
Total liabilities	1 221.5	1 257.5	1 115.2	1 036.3	968.3
Of which interest-bearing	344.8	328.1	272.4	279.0	312.9
Net liquidity	-110.6	164.2	173.1	69.0	91.8
Equity	846.1	872.8	724.5	638.5	525.4
Equity ratio	% 40.9	41.0	39.4	38.1	35.2
Return on equity (ROE)	% 16.9	21.4	14.0	14.8	10.7
Working capital	463.3	345.1	322.3	302.2	239.1
Net operating assets (NOA) average	891.0	687.1	604.8	566.5	502.5
Return on net operating assets (RONOA)	% 18.5	23.8	14.3	14.8	12.1
Number of employees at 31 December ¹⁾	8 373	7 484	6 775	6 874	5 782
Average number of employees during year ¹⁾	8 176	7 261	6 882	6 836	5 795
Net sales per employee	CHF 1 000 341.1	338.6	303.3	285.0	283.2

¹⁾ Numbers of employees in full-time-equivalents

Addresses

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