1807
2007
YEARS

BUCHER

Annual report 2007

Key figures >

Key figures

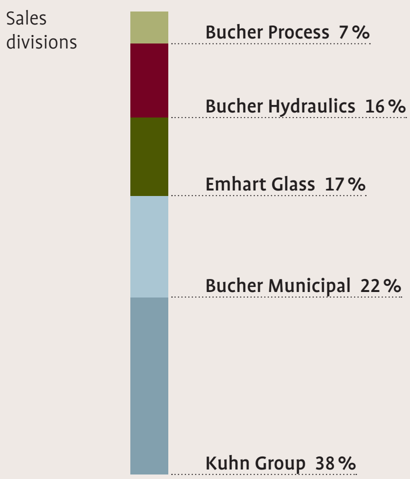
Group

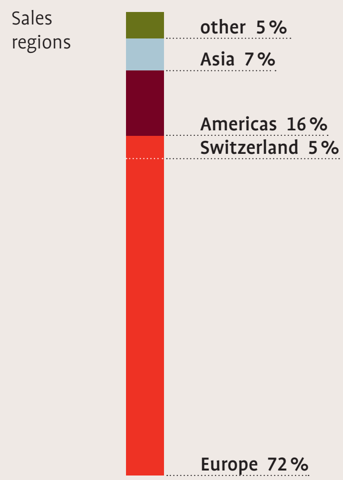
CHF million		2007	2006	% change
Order intake		2 704.3	2 163.3	+ 25.0
Net sales		2 458.8	2 087.1	+ 17.8
Order book		871.3	605.2	+ 44.0
Operating profit before depreciation and amortisation (EBITDA)		285.9	184.6	+ 54.9
As % of net sales		11.6 %	8.8 %	
Operating profit (EBIT)		229.4	123.7	+ 85.4
As % of net sales		9.3 %	5.9 %	
Net financial result		10.6	12.9	– 17.8
Income tax expense		– 69.0	– 41.1	+ 67.9
As % of profit before tax		28.8 %	30.1 %	
Profit for the year		171.0	95.5	+ 79.1
As % of net sales		7.0 %	4.6 %	
Earnings per share in CHF		17.07	9.55	+ 78.7
Capital expenditure		128.4	58.1	+ 121.0
Operating free cash flow		42.7	101.2	– 57.8
Development expenses		71.1	65.3	+ 8.9
Net operating assets (NOA) average		687.1	604.8	+ 13.6
Return on net operating assets (RONOA)		23.8 %	14.3 %	
Net liquidity		164.2	173.1	– 5.1
Total assets		2 130.3	1 839.7	+ 15.8
Equity		872.8	724.5	+ 20.5
Equity ratio		41.0 %	39.4 %	
Return on equity (ROE)		21.4 %	14.0 %	
Number of employees at year end		7 484	6 775	+ 10.5
Average number of employees during year		7 261	6 882	+ 5.5
Net sales per employee	CHF 1 000	338.6	303.3	+ 11.6

Divisions

CHF million	Order intake		Net sales		Order book		Operating profit (EBIT)		Number of employees at 31.12.	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Kuhn Group	1 045.3	805.5	929.2	778.7	333.1	210.7	107.7	41.6	3 077	2 748
Bucher Municipal	602.9	536.3	556.5	537.0	178.1	126.7	36.9	28.9	1 535	1 482
Bucher Process	201.6	151.6	173.8	140.0	68.7	39.4	19.0	10.7	490	506
Bucher Hydraulics	414.0	315.8	386.6	307.7	93.7	58.9	58.5	38.7	1 303	1 164
Emhart Glass	440.5	353.9	419.6	331.5	197.7	169.5	33.2	23.3	1 063	862
Other / consolidation	–	0.2	– 6.9	– 7.8	–	–	– 25.9	– 19.5	16	13
Total	**2 704.3**	**2 163.3**	**2 458.8**	**2 087.1**	**871.3**	**605.2**	**229.4**	**123.7**	**7 484**	**6 775**

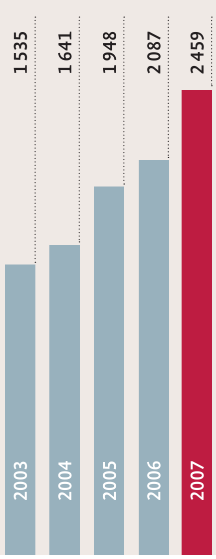
Net sales



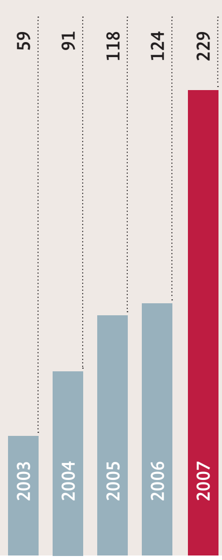


Five-year summary

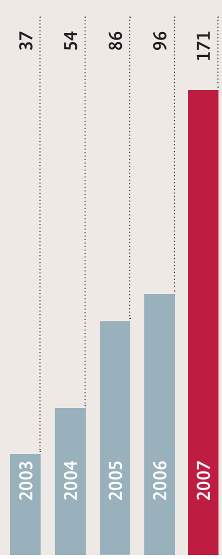
Net sales
CHF million



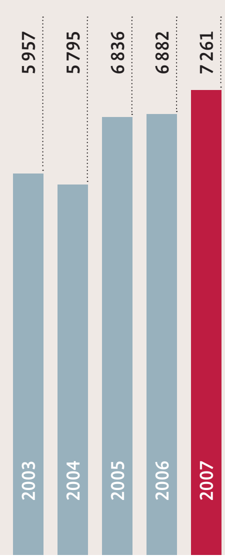
Operating profit (EBIT)
CHF million



Net profit
CHF million



Number of employees,
annual average



Contents

Report to shareholders

Dear Shareholders

We are very pleased to be able to report to you on the best business year ever in the 200-year history of Bucher Industries.

Bucher Industries increased sales by 18 % to CHF 2 459 million. Organic growth was again strong, reaching 15 %. The operating profit rose by 85 % to CHF 229 million, up from CHF 124 million, an increase that far outpaced the growth in sales. Order intake was CHF 2 704 million and surpassed the previous year's total by 25 %. The order book had reached a high of CHF 871 million at the beginning of 2008, exceeding the 2007 figure by CHF 266 million, which means that capacities will be fully utilised for several months in 2008. The Bucher Group's profit for the year increased by 79 %, reaching CHF 171 million.

Positive market environment The economic situation in all the markets in which Bucher Industries is active continued to be favourable throughout 2007. Specialised agricultural machinery benefited from a positive investment climate created by rising prices for agricultural products and favourable weather conditions. The willingness to invest in municipal vehicles was stimulated by high tax revenues on the part of many municipalities. The lively demand for wine and fruit juice production equipment was the result of rising prices for quality wines and apple juice concentrate. Bucher Hydraulics posted very high growth rates in its various markets, and Emhart Glass profited from the worldwide shortage of high-quality glass containers. The weakness of the US dollar against the euro and the Swiss franc reduced exports from Europe to the United States and to other countries tied to the dollar.

High organic growth Bucher Industries sales rose by 17.8 % over the previous year, or by 14.5 % after adjustment for currency effects, to CHF 2 458.8 million. The effects of acquisitions and disposals were offset. Organic growth was 14.6 %. The Group's operating profit totalled CHF 229.4 million, exceeding the 2006 figure by 85.4 %. Even after adjustment for the one-off costs of the previous year, the increase was still 45.3 %. The high production outputs of all divisions should be particularly emphasized since the divisions handled the increase in volume with existing infrastructures. Order intake increased by 25.0 %, or by 21.6 % when adjusted for currency effects, to CHF 2 704.3 million. All divisions contributed to this upward trend with double-digit growth rates. The order book totalling CHF 871.3 million will require full utilisation of capacities for several months in 2008. Gains from securities sales and lower interest rates had a positive impact on the financial result, which reached CHF 10.6 million. After deduction of tax expenses totalling CHF 69.0 million, the Bucher Group's profit for the year increased by 79.1 % to CHF 171.0 million.

Healthy balance sheet Boosted by the good profit for the year, equity rose by CHF 148.3 million to CHF 872.8 million. The equity ratio increased to 41.0 %, up from 39.4 %. The return on equity rose to 21.4 % from 14.0 %. At year end the net operating assets reached CHF 692.0 million, up from CHF 538.3 million. This disproportionate increase is mainly due to the high number of deliveries in the fourth quarter of 2007. Higher net operating assets and capital expenditure resulted in a decrease of operating free cash flow by CHF 58.5 million to CHF 42.7 million. Net liquidity remained more or less constant in spite of acquisitions and totalled CHF 164.2 million.

Development expenses and capital expenditures Development expenses increased by about 9 % to CHF 71.1 million. Existing products were improved and new ideas, which are important for the future market position, were developed. Bucher Industries invested a record CHF 128.4 million in infrastructure projects in 2007. It pushed ahead with several major projects focusing on long-term industrial development. The biggest single projects involved the production building for Kuhn Group near Saverne, France, the Emhart Glass R & D Center in the United States and the low-cost assembly plant in Malaysia and a new factory building for Bucher Hydraulics in Switzerland. Bucher Industries also invested in continuous modernisation and rationalisation of production facilities and in several selected capacity expansion projects.

Human resources The only way we were able to handle the increases in volume was by relying on our outstanding and motivated employees and hiring a higher proportion of temporary workers. As of the end of the year, Bucher Industries had 7 484 employees in 30 countries, a 10.5 % increase in headcount.

Kuhn Group In 2007 Kuhn Group generated CHF 929.2 million in sales, an increase of 19.3 % or 16.4 % when adjusted for currency effects. The division was able to boost the operating profit by CHF 66.1 million to CHF 107.7 million and generated an EBIT margin of 11.6 %. After adjustment for one-time effects from 2006, the increase was still CHF 37.2 million or 52.5 %. The order intake of CHF 1 045.3 million exceeded the previous year's level by 29.8 % and passing the billion mark for the first time. The order book grew by CHF 122.4 million to CHF 333.1 million. In addition to the main markets of Western Europe, North America and Eastern Europe, the other regions also contributed to the positive business trend.

Bucher Municipal Operating at full capacity, Bucher Municipal generated CHF 556.5 million in sales, an increase of 3.6 % over 2006. Organic growth was 3.7 %. The operating profit reached CHF 36.9 million, a year-on-year increase of 27.7 %. Order intake, which totalled CHF 602.9 million, was up by 12.4 % from the previous year, and Bucher Municipal started 2008 with a 40.6 % higher order book of CHF 178.1 million.

Bucher Process In 2007 Bucher Process raised sales by 24.1 % to CHF 173.8 million. The increase totalled 20.9 % after adjustment for currency effects. The operating profit improved by 77.6 % to CHF 19.0 million, a disproportionate increase when compared with sales. The EBIT margin rose to 10.9 %, up from 7.6 %. Order intake at Bucher Process was CHF 201.6 million, surpassing the 2006 total by 33.0 %. The division was able to profit greatly from the upswing in the French market for wine production equipment. Two major orders for fruit juice equipment from China and England were also significant factors in the increase in order intake.

Bucher Hydraulics The division posted a 25.6 % increase in sales of hydraulic system solutions, 22.9 % after adjustment for currency effects, to CHF 386.6 million. The operating profit of CHF 58.5 million surpassed the previous year's high level by 51.2 %. Order intake, which totalled CHF 414.0 million, increased by 31.1 % over the previous year. The division posted high growth rates in almost all application areas. The healthy profitability and the ability to handle the high volume were possible thanks to a high level of organisational flexibility, short decision-making channels and good cost management.

Emhart Glass The division generated CHF 419.6 million in sales of machinery for the manufacture and inspection of glass containers in 2007, an increase of 26.6 %. The increase amounted to 21.4 % after adjustment for currency effects and 21.7 % when adjusted for acquisitions. The operating profit rose by 42.5 % to CHF 33.2 million. Order intake reached CHF 440.5 million, outpacing the previous year by 24.5 %. The good economic environment and the global shortage of high-quality glass containers contributed significantly to the encouraging growth in business.

Dividend In view of the excellent profit for the year and the positive outlook for 2008, the board of directors proposes that the annual general meeting on 15 April 2008 approve payment of a dividend of CHF 5.00 per registered share. The previous year's dividend amounted to CHF 2.50. This proposal corresponds to a dividend payout ratio of 30.9 %.

Board of directors and group management The terms of directors Thomas W. Hauser, Ernst Bärtschi and Erwin Stoller 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 We are very proud of our company's 200-year history. The jubilee year 2007 was celebrated with appropriate festivities and ended with the best business results our company has ever achieved. Major challenges had to be met at all levels. The rapid increase in volume demanded a high level of flexibility and commitment from everyone involved, but especially from our employees. Success would not have been possible without their dedication and the effective cooperation of our customers, suppliers and other business partners. We are grateful to all of these groups, but especially to our employees, for their loyalty and support of Bucher Industries.

Outlook for 2008 Bucher Industries expects that business will continue to develop at this high level in 2008. The crisis in the financial markets, the resulting questions about the development of the global economy, a possible recession in the US and trends in exchange rates are significant sources of uncertainty. In the agricultural equipment sector, we anticipate that business will continue to grow in Europe and North America. In the municipal vehicle segment, we expect that the propensity to invest will remain at the previous year's level, while equipment for the production of wine and fruit juice should profit from large orders received and a demand that remains high. In the area of hydraulic components we expect a slowdown in the high pace of growth, but for Emhart Glass we foresee good demand continuing, requiring further expansion of capacities in the glass container industry. The Bucher Group therefore anticipates continued but less marked growth in sales, operating profit and profit for 2008.

Niederweningen, 13 March 2008

Kurt E. Siegenthaler Chairman of the board	Philip Mosimann Chief executive officer

Bucher – yesterday

Our roots In 1807, Heinrich Bucher (-Weiss) did run a small 15th century blacksmith's shop in Niederweningen. Around 1850, his son of the same name started to convert the blacksmith's shop into a mechanical workshop, making metal slurry pumps and other simple agricultural implements. Heinrich Bucher's grandson, Johann Bucher (-Manz), went on to develop the business into an engineering works for agricultural machinery and equipment.

Early innovations In 1904, Jean Bucher (-Guyer) was the fourth generation to take over the business. Alongside its growing agricultural machine distributorship selling imported products, Bucher made its mark as a leader with its own hydraulic fruit and grape presses. The first "Luna" centrifugal slurry pumps came out in 1921. With their patented design, these pumps sold extremely successfully in Switzerland and other countries. By the beginning of the 1920s, the company had a workforce of more than 150 people and generated approximately CHF 2.5 million in sales. In 1934, Jean Bucher-Guyer came out with an auxiliary engine to allow standard commercial horse-drawn mowers to be used by farms that owned only one draught animal.

Motorisation of agriculture From 1934, Walter Hauser (-Bucher) gradually took over the management of the business, then employing 215 people in Niederweningen and 40 at the German subsidiary established in Griessen in 1923. In 1946, the company added a third manufacturing business, acquiring a stake in Kuhn Frères & Cie., an agricultural machinery manufacturer in Alsace. During the 1950s, Bucher continued to grow rapidly with its four-wheel tractor, small one- and two-axle tractors and a range of harvesting and tillage equipment. Motorisation ushered in another phase in agricultural mechanisation across Switzerland. In the early 1960s, Bucher replaced its in-house tractor manufacturing with the "Fiat" tractor distributorship for Switzerland.

Johann Bucher (-Manz) (1843–1919)

Jean Bucher (-Guyer) (1875–1961)

Walter Hauser (-Bucher) (1904–1967)

Having almost tripled from CHF 15 million to CHF 44 million between 1950 and 1960, sales reached CHF 85 million in 1967.

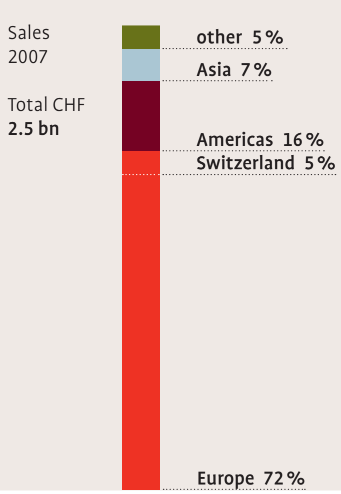
Core business development Walter Hauser's three sons, Hans, Rudolf and Thomas, took the helm in 1967, concentrating their activities over the next 40 years on developing core businesses with leading market positions. They vigorously expanded and internationalised the specialised agricultural machinery business by acquiring companies in France, the USA and in Brazil. Taking over Rolba Kommunaltechnik and Schörling's truck-mounted sweeper operations, the company laid the cornerstone for Bucher Municipal. Several acquisitions were also made in Switzerland and Italy to significantly reinforce the hydraulic component activities. In 1986, the family-owned company floated its bearer shares on the stock exchange and expanded its activities with fruit presses by purchasing the French company CMMC, today Bucher Vaslin. Then in 1998, Bucher acquired its fifth core business, Emhart Glass, the leading supplier of machinery for glass container manufacturing. Today, three out of the five divisions of Bucher Industries are world market leaders in their respective areas of expertise.

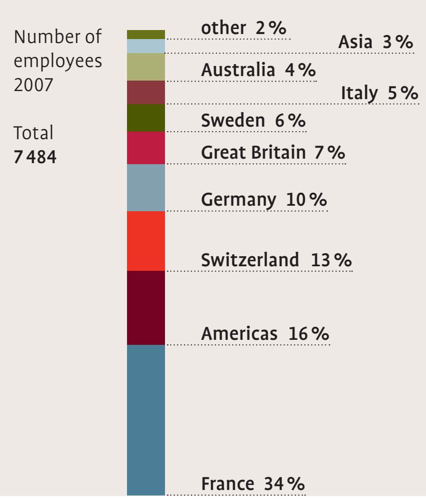
Bucher – today

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 as well as hydraulic systems for high performing 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 a 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 %.

Leading global positions 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, supported by geographical diversification.





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 hay and forage, livestock bedding and feeding, manure handling, tillage, planting and seeding.

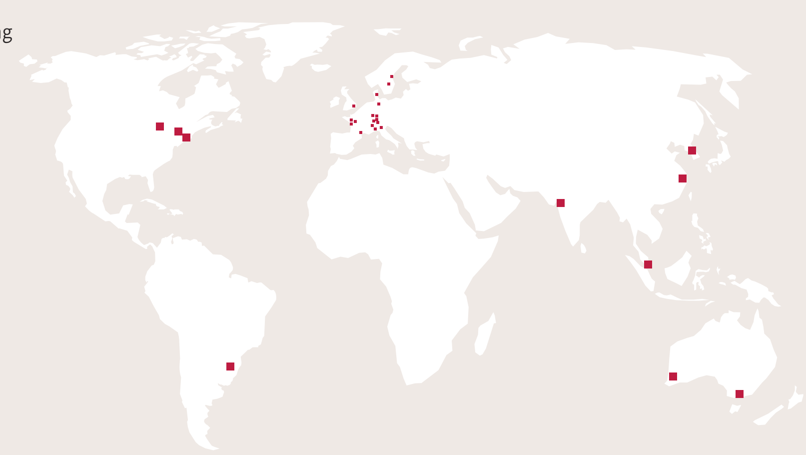
Bucher Municipal holds the largest share of the European sweeper market, offering a whole range of compact and truck-mounted sweepers, airport cleaning equipment, winter maintenance equipment and refuse collection vehicles.

Bucher Process is the foremost international manufacturer of wine and fruit juice production equipment, with a portfolio extending from fruit reception, preparation and juice extraction to fermentation, filtration and adsorption systems, complemented by process technologies for food engineering and dewatering of sewage sludge.

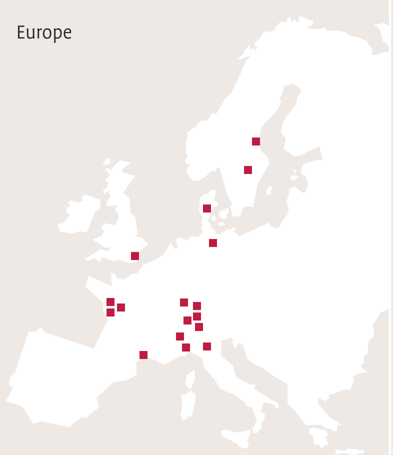
Bucher Hydraulics has manufacturing facilities in Europe, Asia and the USA and plays a leading role as a provider of custom hydraulic drive and control systems for mobile and industrial hydraulic applications.

Emhart Glass is the world's leading supplier of glass container forming and inspection machines, components, spare parts and support services for the glass container industry, with offices in Europe, Asia and North America.

Manufacturing sites



Europe



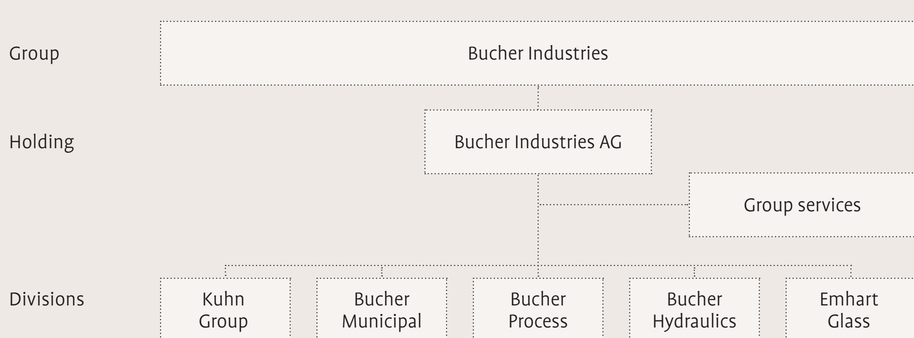
Corporate governance

This report complies with the SWX Swiss Exchange Corporate Governance Directive effective 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 2007.

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), equipment for wine and fruit juice production (Bucher Process), hydraulic components (Bucher Hydraulics) and production equipment for the glass container industry (Emhart Glass). At Group level, a corporate center 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 75 of this annual report.

Group companies and scope of consolidation Bucher Industries AG, which is based in Niederweningen, Switzerland, is the Group's holding company. Its registered shares are listed on SWX Swiss Exchange. The registerd shares are also listed on the over-the counter market of the following stock exchanges: Frankfurt, Stuttgart, Berlin, XETRA. The details are shown in the investor relations section on pages 26 and 27 of this annual report. The consolidation includes all group companies owned directly or indirectly by



the holding company, as shown on pages 100 and 101 of this annual report. None of these group 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 since February 2008 represented by Rudolf Hauser, Zürich, holds 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 6.0 % of the issued share capital, the voting rights attached so such shares being suspended in accordance with article 659a per. 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.

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

Capital structure

Capital Bucher Industries AG has an issued share capital of CHF 2 113 180, divided into 10 565 900 registered shares with a par value of CHF 0.20 each. Bucher Industries AG has conditional, unissued capital of a maximum of CHF 236 820. There is no authorised capital.

Conditional capital The share capital of Bucher Industries AG may be increased by issuing a maximum of 1 184 100 registered shares with a par value of CHF 0.20 each for a total of CHF 236 820. The conditional capital is reserved for the exercise of warrants or conversion rights attached to bonds and of options rights granted to shareholders. Shareholders have no subscription privilege. Holders of options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present.

Option or conversion terms are determined by the board of directors. The board is authorised to suspend shareholders' preemptive rights for good cause, as provided in article 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 option 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 with a par value 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 certificates or profit-sharing certificates.

Restrictions on transferability The 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 fail to expressly state in the application for registration that the shares are held for their own account (hereinafter nominees) will be registered as shareholders with voting rights in the share register up to a maximum of 2 % of the share capital then outstanding, provided that such persons entered into a nominee agreement with Bucher Industries AG prior to registration as a shareholder. If the 2 % limit is exceeded, registered shares of 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 % limit also applies to nominees who are affiliated by capital or votes, through common management or otherwise.

Convertible bonds and share options Bucher Industries AG does not have any outstanding convertible bonds. Share options granted under the share option plan for members of the group management and division managements are shown on pages 22 to 23 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 machines division ▸ **1993 – 1998** Black&Decker, Towson, USA, corporate vice-president and managing director Emhart Glass ▸ **1998 – 2005** Bucher Industries AG, division president Emhart Glass ▸ **Other activities** member of the board of Vitrashop 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 activities or involvements.

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 activities or involvements.

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, delegate of the board ▸ **Other activities** Deputy chairman of the board of Sika AG, Baar ▸ Member of the board of Credit Suisse Group, Zurich, Swiss Re, Zurich, and Conzzeta Holding, Zurich ▸ Chairman Human Rights Watch Committee Zurich.

Rolf Broglie Swiss citizen, industrialist ▸ **1972** Chromos AG, Glattbrugg, managing director in **1985** ▸ **1995** Prografica AG, Glattbrugg, delegate of the board. No other activities or involvements.

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, delegate of the board and chief executive officer since **2000** ▸ **Other activities** Member of the board of the European Container Glass Federation ▸ Deputy chairman of the board of H. Goessler AG, Zurich.

Anita Hauser Swiss citizen, lic. rer. publ. HSG University St. Gallen, MBA INSEAD, Fontainebleau ▸ **1993 – 1998** Unilever, Zug and Mailand, european brand manager ▸ **2000 – 2004** Lindt & Sprüngli (International), Kilchberg, international marketing manager, ▸ **since 2005** EF Education (Switzerland) AG, managing director. No other activities or involvements.

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, delegate of the board und chief executive officer ▸ **Other activities** Member of the board of Industrieholding Cham, Mikron AG, Biel, and Tegula AG, Zurich.

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. No other activities or involvements.

Independence All directors, with the exception of Kurt E. Siegenthaler, are also independent, i.e. they have not been members of the management of Bucher Industries for the last three years and also do not have a material business relationship with the group. Kurt E. Siegenthaler was the non-executive chairman of the board in the reporting year. He is not considered to be independent because he held an executive position as division president of Emhart Glass until the end of 2005.

Elections and terms of office Members of the board are elected individually for staggered three-year terms. They are required to retire at the next annual general meeting of shareholders after reaching the age of 70. There are no other statutory restrictions regarding the term of office. Rudolf Hauser, the former chairman of the board of directors, left the board at the annual general meeting of 12 April 2007 as he had reached the age limit. Kurt E. Siegenthaler, former member of the board, took over as chair-

Name	Age	Position	Appointed	Term expires	Committees		
Board of directors					Audit	Compensation	Nomination
Kurt E. Siegenthaler	66	Chairman, non-executive	2006	2009		x	x
Thomas W. Hauser	67	Deputy chairman, non-executive, independent	1984	2008		x	x
Ernst Bärtschi	56	non-executive, independent	2005	2008			
Thomas W. Bechtler	58	non-executive, independent	1987	2010		x	x
Rolf Broglie	61	non-executive, independent	1996	2010	x		
Claude R. Cornaz	47	non-executive, independent	2002	2009	x		
Anita Hauser	39	non-executive, independent	2007	2010			
Heinrich Spoerry	56	non-executive, independent	2006	2009			
Erwin Stoller	60	non-executive, independent	1996	2008	x		

man of the board as from this date. During the year under review, Thomas W. Bechtler and Rolf Broglie were re-elected and Anita Hauser was elected to the board for the first time.

Internal organisation The board determines the strategic direction of the company and supervises its management as provided in the Swiss Code of Obligations, the articles of association and the internal rules of organisation, available under www.bucherind.com. It meets as often as business requires, holding at least six scheduled meetings each year. It met six times in the reporting year. The meetings are usually attended by the chief executive officer, the chief financial officer and by other members of group management, depending on the items on the agenda. The secretary to the board records the discussions and resolutions in the minutes of the meeting. 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 committees report to the full board on their activities, results and proposals. The board has overall responsibility for the tasks assigned to the committees. The term of office of the committee members begins with the annual general meeting and lasts until the next annual general meeting. Minutes are kept of business conducted and resolutions passed at committee meetings.

Audit Committee The audit committee is composed of Rolf Broglie (chairman), Claude R. Cornaz and Erwin Stoller. All of its 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, review their independence and performance, fix their remuneration and recommend their appointment. It approves the audit priorities each year, evaluates the audit plan and discusses the audit findings with the auditors. The chairman of the board, chief executive officer, chief financial officer, and representatives of the auditors attend the meetings in a consultant capacity. The audit committee holds at least two meetings each year. It met three times in the reporting 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 and two of them are independent. The compensation committee is responsible for fixing the compensation of the group management, determining policy on senior executive compensation and recommending the compensation paid to members of the board. The chief executive officer attends the meetings in a consultant capacity, except for when his own compensation is being determined. The compensation committee holds at least one meeting each year. It met once in the reporting 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 and two of them are independent. The nomination committee determines the selection policy for members of the board and group management, carries out the selection procedure and nominates and recommends candidates to the board of directors. No other persons attend the meetings of this committee. The nomination committee holds at least one meeting each year. It met once in the reporting year.

Definition of areas of 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. A short version of the rules of organisation is available as a PDF document at the Bucher Industries website, www.bucherind.com, under Investor Relations/Corporate Governance. 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 and quarterly consolidated financial statements including management comments on key figures and other important business issues, all of which keep the directors informed about operational performance and key performance indicators within the Group, the divisions and important group companies. Deviations from the budget and three-year medium-term planning are analysed on the basis of overall market performance, and action taken by the management is evaluated. In addition, the board of directors is informed at each meeting about the course of business, important projects and risks. Once a year it undertakes 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.

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 Sulzer Thermtec **1997** Sulzer AG, Winterthur, division president Sulzer Textil **2001** Bucher Industries AG, **since 2002** chief executive officer. **Other activities** Member of the board of Conzzeta Holding AG, Zürich.

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 central services **1996** Bucher Industries AG, chief financial officer. No other activities or involvements.

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 **1988** Bucher Process, division president. No other activities or involvements.

Michael Häusermann Swiss citizen, age 47, graduate of Commercial College 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, divison president. No other activities or involvements.

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,

Roger Baillod | Daniel Waller | Michael Häusermann | Jean-Pierre Bernheim division president since **2006**. ▸ **Other activities** 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 activities or involvements.

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 activities or involvements.

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 of directors ▸ **2002** Bucher Industries AG, head of legal and communications, secretary to the board of directors.

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 ▸ **1989** PricewaterhouseCoopers, Zurich, audit and business advisory services ▸ **2000** transaction services ▸ **2005** senior manager transaction services ▸ **2006** Bucher Industries AG, head of group development.

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

Philip Mosimann

Michel Siebert Martin Jetter

Remuneration, shareholdings and loans

Remuneration system The remuneration system used by Bucher Industries has been designed to ensure that management focuses on the interests of the Group, the shareholders and other stakeholders. The individual remuneration components take account of the sustained short- and long-term development of the Group and support a healthy, performance-focused approach. As the objective is also to attract and retain highly qualified managers and specialists, the focus falls on competitive salaries with a moderate fixed component and performance-related components paid in cash as well as in the form of shares and options in the company. The remuneration components include a base salary, the bonus plan, the long-term bonus plan and the share option plan. The performance-related components are paid out in spring of the current year after the board of directors has approved the annual accounts for the year under review.

Base salary The base salary is determined in consideration of the country-specific market data for the position in question as well as the employee's level of individual responsibility and experience. The base salary is also compared to an international grading system every three to five years and adjusted by the compensation committee if necessary.

Bonus plan The bonus is a performance-related component of the remuneration of the members of group management and senior management which is paid out in cash. The bonus depends on the achievement of the annual financial objectives of the Group and the divisions as well as the attainment of the manager's personal objectives. The bonus bandwidth for the chief executive officer is 0 to 100 % and for all other members of group management 0–80 % of the base salary, depending on the degree of objective attainment. The bonuses for the chief executive officer and the chief financial officer are determined by the financial criteria "Group net profit" and the Group's "return on net operating

CHF 1 000	Base salary	Share awards		Share awards under long-term bonus plan		Social security and pension benefits	Other remuneration	**Total**	Paid in cash
Remuneration board of directors		Number	Value	Number	Value				
Kurt E. Siegenthaler, chairman since 12 April 2007	90.0	606	158.2	815	212.7	43.2	13.6	**517.7**	103.6
Rudolf Hauser, chairman until 12 April 2007	40.0	–	–	1 532	399.9	42.5	–	**482.4**	40.0
Thomas W. Hauser, deputy chairman	–	530	138.3	–	–	15.0	11.8	**165.1**	11.8
Ernst Bärtschi	–	455	118.8	–	–	12.0	1.8	**132.6**	1.8
Thomas W. Bechtler	–	455	118.8	–	–	13.0	11.8	**143.6**	11.8
Rolf Broglie	–	455	118.8	–	–	13.0	11.8	**143.6**	11.8
Claude R. Cornaz	–	455	118.8	–	–	13.0	11.8	**143.6**	11.8
Anita Hauser	–	455	118.8	–	–	12.0	1.8	**132.6**	1.8
Heinrich Spoerry	–	455	118.8	–	–	12.0	1.8	**132.6**	1.8
Erwin Stoller	–	455	118.8	–	–	13.0	11.8	**143.6**	11.8
Total board of directors	**130.0**	**4 321**	**1 128.1**	**2 347**	**612.6**	**188.7**	**78.0**	**2 137.4**	**208.0**

assets RONOA." The bonuses of the other group management members are determined by the financial criteria "operating profit EBIT" and "net operating assets as a percentage of sales" for their division.

Long-term bonus plan The long-term bonus is a long-term, share-based and performance-related component of the remuneration of the chairman of the board of directors and the members of group management. The financial objectives are determined by the three-year medium term planning of the Group and the financial criteria are "profit per share" and "return on net operating assets RONOA." The number of shares to be awarded and the financial targets are determined annually by the compensation committee on request of the chief executive officer before the beginning of the next three-year assessment period. The long-term bonus plan bandwidth is 0 to 150 % of shares awarded, depending on the degree of objective attainment, whereby the value of shares awared cannot exceed the limit 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 acquired shares are blocked for three years. The board of directors revised the allocation criteria during the year under review without changing the above mentioned limits. The previous system of allocating a fixed number of shares was replaced by a system where the number of shares to be awarded is calculated on the basis of an annually determined percentage of the base salary and the average share price during the financial year preceding the assessment period. If the objectives are reached, the applicable percentage is 50 % of the base salary for the chairman of the board of directors, 80 % for the chief executive officer, and 10–20 % for the other group management members. This system will apply for the first time to the 2008 to 2010 assessment period. The old system of allocating a fixed number of shares still applies to the assessment periods 2006 to 2008 and 2007 to 2009.

	Number of shares
at 31 December	**2007**
Shares held by board of directors	
Kurt E. Siegenthaler, chairman	12 943
Thomas W. Hauser, deputy chairman	979 039
Ernst Bärtschi	1 618
Thomas W. Bechtler	4 273
Rolf Broglie	11 163
Claude R. Cornaz	7 713
Anita Hauser	130 000
Heinrich Spoerry	692
Erwin Stoller	10 113
Total board of directors	**1 157 554**

Share option plan Options are issued under the share option plan. In addition to the members of group management, the Group's and division's senior management also benefit from the share option plan. The compensation committee appoints the participants on request of the chief executive officer. The issue price of the options is determined on the basis of the average day-end price of the share on the last 20 trading days before the annual date of allocation. The issue price determined in this manner cannot be changed. The option term is ten years. The options are released for exercise in equal tranches over a period of four years. The award of a fixed number of options depends on the position and level of responsibility of the participant. Each option entitles the holder to purchase one share.

Severance payments There are no systems regarding severance pay, and no severance payments were made in the reporting year. When the employment relationship is terminated for reasons other than notice of termination, the bonus and long-term bonus are paid out on a pro rata basis in the year in which the board of directors approved the attainment of objectives. If notice of termination of employment is given, all rights under the long-term bonus plan and all options that have not yet fallen due lapse. Options must be exercised within six months of the termination of employment.

Content and method of determining the remuneration The compensation committee periodically reviews the remuneration system and individual components and proposes any adjustments that may be needed to the board of directors. The compensation committee also submits an annual proposal regarding the remuneration for the chairman and board members to the board of directors every year. In compliance with the rules of the remuneration system, the compensation committee on request of the chief executive officer

CHF 1 000	Base salary	Bonus	Share awards long-term bonus plan		Share option plan		Social security and pension benefits	Other remuneration	**Total**	Paid in cash
Remuneration group management			Number	Value	Number	Value				
Total for group management	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
Philip Mosimann, chief executive officer	665.0	616.8	3 448	899.9	3 600	360.9	229.7	19.2	**2 791.5**	1 301.0

determines the individual salary components and salaries for the members of group management every year. On request of the chief executive officer the compensation committee also selects the members of senior management who will participate in the share option plan. The remuneration for the board of directors and group management is presented on an accrual basis.

Remuneration board of directors Members of the board receive a remuneration that is not performance-related and is proposed by the compensation committee and determined by the full board every year. The remuneration comprises a base amount in the form of share awards plus cash allowances for their work 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 revised annually. In the reporting year the chairman received CHF 120 000, the vice-chairman CHF 105 000, and the members of the board CHF 90 000 each. The share awards were made on the basis of the average share price in the reporting year of CHF 198.10 and were valued at the year-end price of CHF 261.00. These shares are blocked for three years. The compensation paid to the board members and the participation rights held by them at the end of the year under review are set out on pages 20 and 21 of this annual report.

Remuneration members of group management Members of group management receive a fixed base salary commensurate with their responsibilities and experience, an annual performance-related cash bonus, shares in accordance with the long-term bonus plan and options in accordance with the share option plan. Other payments include representation expenses allowances and a middle class company car as well as contributions to the extra-mandatory pension fund. Shares allocated under the long-term bonus plan were valued at the year-end price of CHF 261.00. The options were valued according to the Black-Scholes method, and the price was

	Number of options							Number of shares
Grant year	**2007**	**2006**	**2005**	**2004**	**2003**	**2000**	**Total**	
Exercise price (CHF)	221.00	116.00	108.00	46.80	34.60	52.40		
Staggered vesting over 4 years	2008–2011	2007–2010	2006–2009	2005–2008	2004–2007	2001–2004		
Life (years)	10	10	10	5	5	10		
Option and shares held by group management								
Philip Mosimann, chief executive officer	3 600	2 700	1 800	450	–	–	**8 550**	26 778
Roger Baillod, chief financial officer	2 400	2 400	1 800	300	300	–	**7 200**	9 865
Jean-Pierre Bernheim, Bucher Process	2 400	2 400	2 400	1 200	1 200	675	**10 275**	7 455
Michael Häusermann, Bucher Municipal	2 400	2 400	2 400	900	600	–	**8 700**	2 950
Martin Jetter, Emhart Glass	2 400	1 800	1 200	–	–	–	**5 400**	250
Michel Siebert, Kuhn Group	2 400	1 800	1 200	450	–	–	**5 850**	875
Daniel Waller, Bucher Hydraulics	2 400	2 400	2 400	900	300	–	**8 400**	3 590
Total group management	**18 000**	**15 900**	**13 200**	**4 200**	**2 400**	**675**	**54 375**	**51 763**

CHF 100.24 per option in 2007. In the year under review, objective attainment for the performance-related components was between 95 % and 180 %. The chief executive officer received a performance-related bonus equalling 228 % of his base salary, while the other group management members received a bonus of 118 %. The total amounts paid in the reporting year as well as the participation rights held at the end of 2007 by the chief executive officer and the members of group management are set out on pages 22 and 23 of this annual report.

Additional compensation, fees and loans to members of governing bodies
No member of the board of directors, group management or including connected persons received any additional remuneration, fees or loans during the year.

Shareholders' participation rights

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

Statutory 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 article 704, paragraph 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders There are no rules that deviate from the law as regards the convocation of the annual general meeting. As provided in the articles of association, invitations to a general meeting are sent to shareholders at least 20 days before the meeting. The notice convening the meeting states the agenda and resolutions to be proposed by the board and by shareholders who have requested an item to be added to the agenda. The deadline for registering shareholders in the share register in order for them to be entitled to vote at the general meeting is three working days before the date of the meeting. Extraordinary general meetings of shareholders are convoked as and when required, especially in the cases provided by law. Shareholders representing at least one tenth of the share capital may request at any time that a meeting be convoked by submitting a request 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.

Duty 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 full tender offer when reaching or crossing the threshold of 40 % of the voting rights in accordance with articles 32 and 52 of the Federal Stock Exchange and Securities Trading Act. There are no clauses on change of control benefiting members of the board and group management.

Auditors

Duration of the mandate and term of office of the lead auditor 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 mandate since 2007.

Auditing fees and additional fees For the year under review, Bucher Industries was charged CHF 1 569 000 by PricewaterhouseCoopers and approximately CHF 529 000 by other auditors for services rendered in connection with the audit of the financial statements of Bucher Industries AG and the group companies and the audit of the consolidated financial statements of Bucher Industries. In addition, PricewaterhouseCoopers charged Bucher Industries a fee of approximately CHF 1 010 000 for other services, comprising financial, tax and due diligence services.

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

Information policy

Bucher Industries publishes its business results in an annual report (including a financial report and a corporate governance report) and an interim report. These publications, along with the invitation to the general meeting of shareholders, are made available at the appropriate time on the company's website, www.bucherind.com. The Group issues press releases to announce 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 mid-year results. Significant events are announced in compliance with the directive on ad hoc publicity issued by SWX 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 27 of this annual report. In addition, all news releases published over the past two years as well as contact addresses are available at www.bucherind.com. The company website also provides the option of signing up for an e-mail service that enables subscribers to receive the media releases published by Bucher Industries free of charge.

Investor relations

At 31 December			2007		2006	2005	2004	2003
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	3 487 500	3 487 500
Authorised but unissued		number	1 184 100		1 184 100	1 184 100	137 500	137 500
Treasury shares		number	630 057		689 590	743 120		
Bearer shares								
Par value		CHF					1.00	1.00
In issue and ranking for dividend		number					1 415 680	1 415 680
Authorised but unissued		number					209 320	209 320
Treasury shares		number					160 874	168 205
Issued share capital		CHF million	2.1		2.1	2.1	2.1	2.1
Market capitalisation and dividends								
Market capitalisation		CHF million	2 757.7		1 397.9	1 107.3	534.6	350.8
As % of equity		%	320		195	175	103	73
Gross dividend:	per bearer share	CHF					7.00	5.00
	per registered share	CHF	5.00	[2]	2.50	2.10	1.40	1.00
Total dividend		CHF million	52.8	[2]	26.4	22.2	14.8	10.6
Payout ratio		%	30.9	[2]	27.7	25.8	27.5	28.9
Per share data [1]								
Profit for the year								
Basic earnings per share		CHF	17.1		9.6	8.7	5.5	3.8
Diluted earnings per share		CHF	16.9		9.5	8.7	5.5	3.8
Cash flow		CHF	16.8		15.7	11.6	15.8	9.5
Equity		CHF	81.7		67.8	59.8	49.2	45.6
Year high		CHF	287.0		134.0	110.5	51.0	36.8
Year low		CHF	134.0		94.0	50.2	33.4	19.4
Year – end price		CHF	261.0		132.3	104.8	50.6	33.2
Average price		CHF	198.1		115.7	86.4	44.4	29.0
Average yield		%	2.5	[2]	2.2	2.4	3.1	3.4
Average daily trading volume		number	19 731		16 992	17 801	9 500	7 745
Price / earnings ratio (year – end price)			15.3		13.9	12.0	9.1	8.7

[1] 2003–2004 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 nominal CHF 0.20 are listed on the primary segment of the SWX Swiss Exchange:

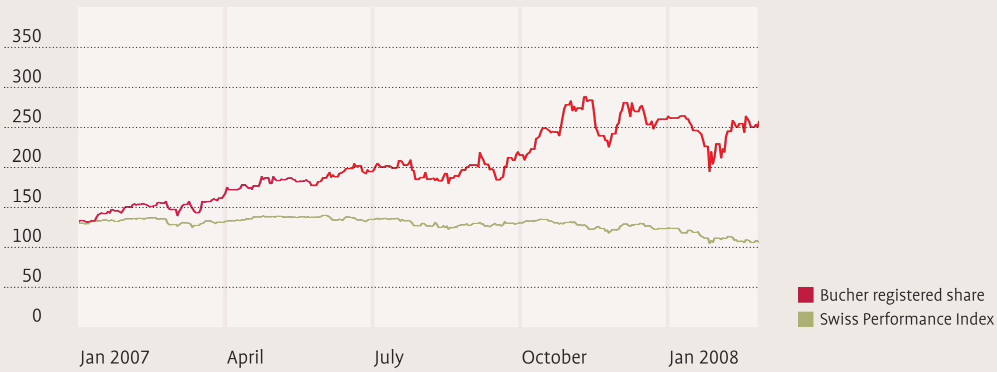
Security-No.	243217
ISIN	CH0002432174
Telekurs	BUCN
Reuters	BUCN.S
Bloomberg	BUCN SW

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

Calendar

Annual general meeting (Mövenpick Hotel, Regensdorf)	15 April 2008	4.00 pm
Dividend payment	18 April 2008	
Press release on group net sales first quarter 2008	25 April 2008	
Interim report 2008	7 August 2008	
Press release on group net sales third quarter 2008	24 October 2008	
Press release on group net sales 2008	2 February 2009	
Annual press conference	19 March 2009	9.00 am
Annual analysts conference	19 March 2009	2.30 pm
Mailing of annual report 2008	25 March 2009	
Annual general meeting (Mövenpick Hotel, Regensdorf)	16 April 2009	4.00 pm
Dividend payment	21 April 2009	
Press release on group net sales first quarter 2009	28 April 2009	
Interim report 2009	11 August 2009	
Press release on group net sales third quarter 2009	29 October 2009	

Share price performance CHF



Contact

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Roger Baillod, CFO

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Fax +41 44 857 27 80
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www.bucherind.com

Our productive, modern agricultural machinery helps to produce healthy food and animal feed efficiently. Finding just the right balance between economic and ecological needs is up to the farmers' experience.

Kuhn Group

Activities

Kuhn Group is the world's leading manufacturer of specialised agricultural machinery in areas such as hay and forage, livestock bedding and feeding, manure handling, tillage, planting and seeding. The division's wide product range offers solutions adapted to all farm operations worldwide, including contractors and the largest farms. The division has production facilities in France, the US and in Brazil.

Highlights

In 2007 Kuhn Group generated sales of CHF 929 million. Growth was very encouraging at 19 % and was supported by a positive environment in the agricultural sector. The rising demand for food and the growing trend towards renewable energy sources resulted in higher prices for agricultural products and made farmers more willing to invest. Order intake totalled CHF 1 045 million, surpassing the previous year by 30 %. The operating profit rose to CHF 108 million from CHF 42 million, a striking increase. Kuhn Group's share in group sales was 38 % up from 37 % in 2006.

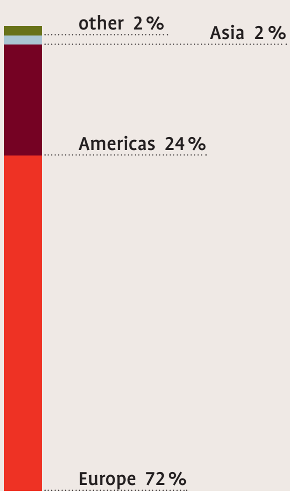
Key figures

CHF million

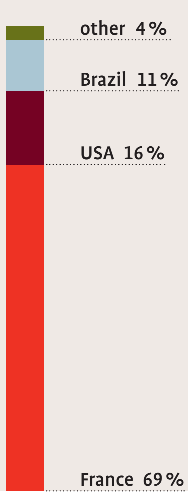
	2007	2006
Order intake	1 045.3	805.5
Net sales	929.2	778.7
Order book	333.1	210.7
Operating profit (EBITDA)	126.8	68.2
Operating profit (EBIT)	107.7	41.6
Number of employees at year end	3 077	2 748
Average number of employees during year	2 956	2 822

Geographic distribution

Net sales



Number of employees



Positive market environment The international agricultural markets enjoyed a positive environment due to the predicted growth in demand. The prices for agricultural products rose sharply due to the high demand for milk, meat, grain and soy. These effects led to a shortage in global food supplies, the lowest level in 25 years. Except for the continuing drought in Australia, the climatic conditions in most regions were favourable. North and South America but also Eastern Europe posted the highest growth rates. After several difficult years, Brazil recovered from its depression. The growing trend towards renewable energy sources also boosted farmers' readiness to invest. As a result of the increased global demand, the prices for animal feed and seeds increased significantly. Compared with the US dollar, the euro was at a historic high, which had a negative impact on exports from Europe.

Jump in operating profit Kuhn Group generated sales totalling CHF 929.2 million in 2007 and was able to increase the operating profit markedly to CHF 107.7 million, up from CHF 41.6 million. The encouraging growth in sales was 19.3 %–or 16.4 % after adjustment for currency effects. Contributing factors included not only sales in Western Europe and North America, which are the Kuhn Group's principle markets, but also sales in the fast-growing Eastern European countries as well as the favourable weather conditions. This excellent performance continued to strengthen Kuhn Group's strategically important position on all five continents. In Brazil, the sales volume increased significantly, in spite of the strong real compared with the US dollar. But sales revenues still did not come close to the previous peak reached in 2004. Order intake mounted to CHF 1 045.3 million, outpacing the previous year by 29.8 %. Kuhn Group posted a particularly high order intake in the fourth quarter of 2007 for deliveries the following spring. The order book improved substantially by 58.1 % to CHF 333.1 million. The division reached a high EBIT margin of 11.6 %, resulting from a number of factors including successful new product launches in the last few years; the relocation of seeding machine production to two other facilities in France, completed at the end of 2006; additional optimisation measures; and positive one-off effects of approximately CHF 9 million.

Production expansion At the beginning of 2007, the division purchased a 49-acre industrial site near its main plant in Saverne, France, for the construction of an assembly plant for large agricultural equipment. Completion of the new cutting-edge production facility is proceeding on schedule, and the plant will go into operation in the summer of 2008. This new location will further enhance the excellent efficiency of production in France. Other smaller plants near Saverne will be gradually integrated into the new assembly facility after it goes into operation. Around CHF 23 million of the total investment volume of CHF 44 million was spent in 2007, and the remaining CHF 21 million will be invested in the first half of 2008. The second expansion of the Kuhn Knight manufacturing facility in Brodhead,

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

Thierry Krier,
Kuhn North America, Inc.

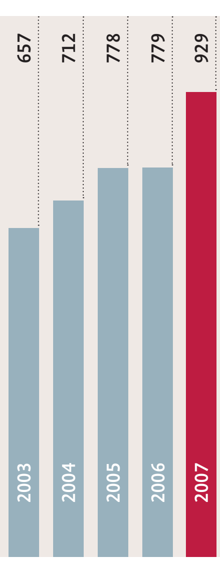
Mario Wagner,
Kuhn-Metasa S/A

as of 13 March 2008

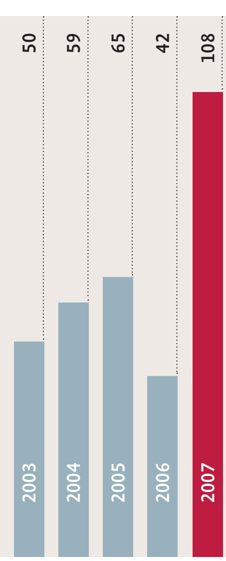
Wisconsin (USA), which produces mixers, fertiliser spreaders and other products, has been in operation since mid-2007. Kuhn Knight's sales have doubled since the plant was acquired in 2002, thanks to expanded capacity, a high-tech production infrastructure, and performance increases in the distribution network.

Product innovations The world's two largest exhibitions of agricultural machinery were held again in 2007: Sima in Paris and Agritechnica in Hanover. Kuhn Group exhibited nearly thirty new products at these future-oriented shows. The trend towards wider machines continued in all of Kuhn Group's product families, especially in the area of hay and fodder harvesting equipment. The range of ploughing, tilling and seeding equipment was further expanded, both for minimal soil preparation and for conventional cultivation methods. Kuhn-Audureau in France and Kuhn North America expanded their lines of livestock bedding and feeding equipment. The Kuhn Metasa plant in Brazil made considerable progress in developing a complete line of sprayers adapted to the South American market. After the successful introduction of the three-point machines, the first tractor-drawn machines were sold at the end of the year. The landscape maintenance product line was also expanded to include new mowers for banks and roadsides.

Net sales
CHF million



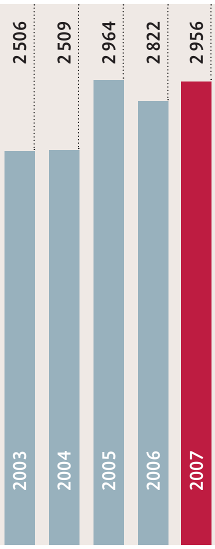
Operating
profit (EBIT)
CHF million

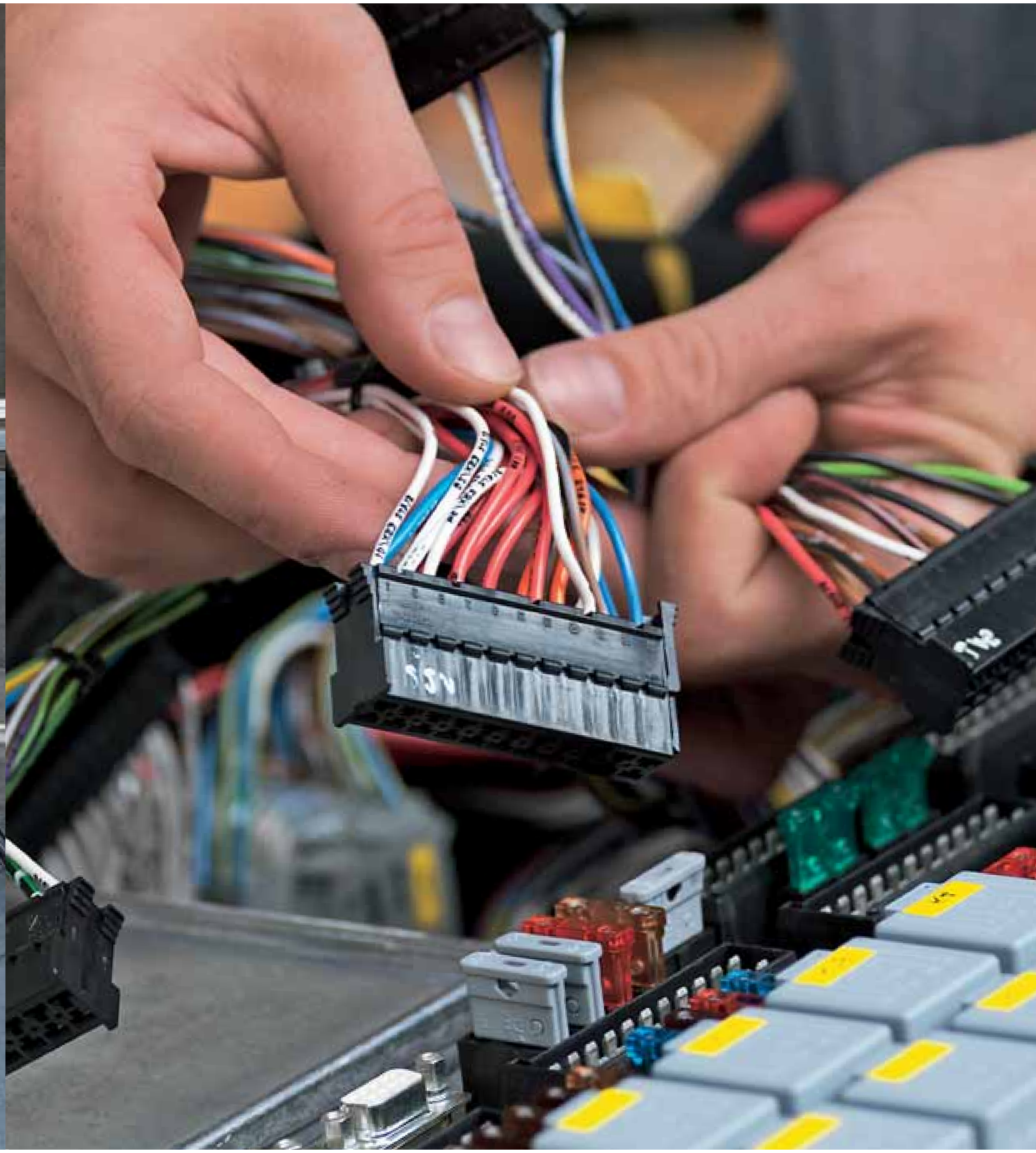


Expansion of the distribution network Kuhn Group strengthened its presence in the Eastern European market. An intensified effort was made in 2007 to serve the large Russian market for agricultural machinery. The division benefited from Russian farmers' preference for products from the West. In the United States, Kuhn Group consolidated its market presence by merging its US distribution company Kuhn Farm Machinery Inc. with Kuhn Knight Inc., which it had acquired five years earlier. The merged company with headquarters in Brodhead, Wisconsin, was renamed Kuhn North America Inc. Since the beginning of 2008, the division has operated in North America under one single name, Kuhn North America.

Outlook for 2008 Kuhn Group expects that the positive market development with high prices for agricultural products will continue in 2008. The trend towards bio fuels could stimulate cultivation of fallow land in order to meet worldwide demand. The positive trend in Brazil is likely to continue. However, the strength of the euro against the US dollar and the elimination of positive one-time effects will have an adverse impact on the operating profit. If the euro remains stable vis-à-vis the Swiss franc and the US dollar, the division expects higher sales in 2008 and an operating profit on the order of the previous year.

Number of employees, annual average





Our powerful sweepers keep roads and public spaces clean and safe. Our accomplished engineers are continuously enhancing machine performance, environmental compatibility and ease of operation.

Bucher Municipal

Activities

Bucher Municipal is a leading global supplier of municipal vehicles for cleaning and clearing snow from public and private traffic areas. Its product range includes compact and truck-mounted sweepers as well as snow-clearing equipment and spreaders. The division's products are marketed under the following brands: Bucher Schörling, Johnston, Beam, Giletta and Gmeiner. In Australia the product range also includes Johnston refuse collection vehicles, and in Switzerland the tractor and agricultural equipment business is part of this division. Production facilities are located in Switzerland, Germany, the UK, in Italy, Denmark, Latvia, Australia and South Korea.

Highlights

Sales of Bucher Municipal increased by 4 % to CHF 557 million in 2007 in a favourable economic environment. Adjusted for currency effects, sales grew by 1 %, and adjusted for acquisitions and disposals of business activities, the growth rate was 4 %. The increase was based on several major public-sector contracts and on the division's excellent performance in Western and Eastern Europe. Order intake totalled CHF 603 million, an increase of 12 % over the previous year. With an operating profit of CHF 37 million, the division achieved an EBIT margin of 7 %. Its share of Group sales was 22 % compared with 25 % in 2006.

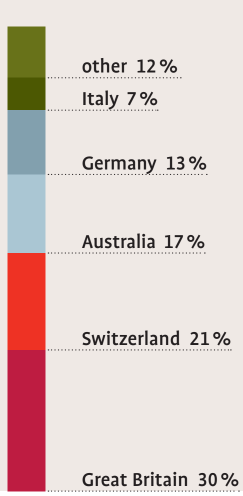
Key figures

CHF million	**2007**	**2006**
Order intake	602.9	536.3
Net sales	556.5	537.0
Order book	178.1	126.7
Operating profit (EBITDA)	45.7	37.7
Operating profit (EBIT)	36.9	28.9
Number of employees at year end	1 535	1 482
Average number of employees during year	1 508	1 528

Geographic distribution

Net sales

Number of employees



Friendly market environment Because of the good economic situation and high tax revenues, cities and municipalities invested in infrastructure in 2007. There was a particular demand in Europe for the modern, environmentally compatible, high-performance sweepers produced by Bucher Schörling and Johnston Sweepers and the reliable salt and gravel spreaders. Demand was also strong in Eastern Europe and in parts of Asia. In spite of the positive economic environment, competitive pressure was very high among suppliers of road sweepers, snow-removal equipment and spreaders. The strength of the euro against the Swiss franc and the high steel prices made it even more expensive to purchase semi-finished and finished goods. The generally high demand within the machine and vehicle construction sectors resulted in a very tight procurement market, and delays in delivery by some suppliers – especially suppliers of chassis and certain other components – increased considerably.

Internal growth Operating at full capacity, Bucher Municipal again generated sales of CHF 556.6 million in 2007, achieving an increase of 3.6 % over the very high level of the previous year. Adjusted for currency effects, the increase was 0.6 %. Excluding the disposal of the component production activities in Niederweningen, the disposal of Italian activities for multi-purpose vehicles, and the acquisition of the Gmeiner spreader business, internal sales growth totalled 3.7 % – a great achievement, given the very strong business trend of the previous year. The division was awarded several medium and large-scale tenders for sweepers involving the main brands Bucher Schörling and Johnston Sweepers. The division gained market share in Europe. In the UK, Johnston supplied a major customer with an additional 60 truck-mounted sweepers. Order intake rose by 12.4 % over the previous year to CHF 602.9 million, and Bucher Municipal started 2008 with an order book of CHF 178.1 million, an increase of 40.6 %. The operating profit reached CHF 36.9 million, a year-on-year increase of 27.7 %. The division surpassed its 6 % EBIT margin target, achieving an EBIT margin of 6.6 %.

Further increases in efficiency Public tenders are a characteristic feature of the municipal vehicle market. This means that in addition to an effective distribution network and market proximity, cost efficiency is especially important for maintaining sustainable competitiveness. Bucher Municipal improved its competitiveness at all production locations through rationalisation measures and programs to boost efficiency. In addition, capacities in Latvia were expanded. In 2007 the division decided to cease manufacturing special truck-mounted sweepers at its Hanover location and move production to Denmark. As a result, all of Bucher Municipal's special truck-mounted sweepers are manufactured only in Denmark under the well-known Beam brand. The Bucher Schörling plant in Hanover now focuses on distribution and assembly of standard truck-mounted sweepers.

Division management

Michael Häusermann,
division president

Jürg Hauser,
finance and controlling

Municipal vehicles
Alex Koch,
Bucher-Guyer AG

Klaus Petereit,
Bucher Schörling GmbH

Coen van Rosmalen,
Johnston Sweepers Ltd.

David Waldron,
MacDonald Johnston Ltd.

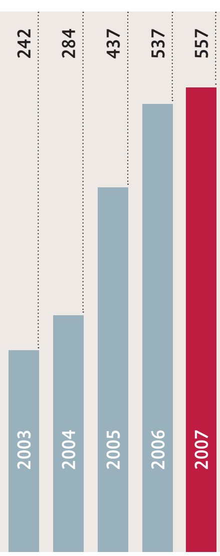
Guido Giletta,
Giletta S.p.A.

Other activities
Jürg Minger,
Bucher Landtechnik AG

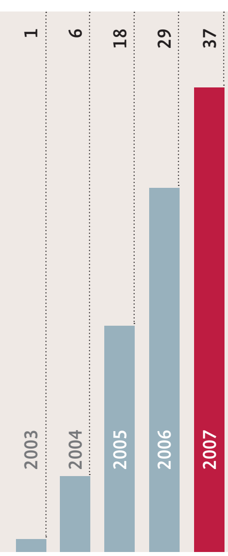
as of 13 March 2008

Product innovation In 2007 Johnston Sweepers successfully launched an innovative truck-mounted sweeper with an air recirculation system. It had been specially developed for the US and Australian markets. In addition, the division made a big commitment to switching all compact and truck-mounted sweepers to a new, more eco-friendly generation of engines, and its vehicles now meet the rigid EURO IV or Tier III standards. The engineering of some vehicle types had to be adapted for this purpose. In spite of these extensive changes in construction, the division was able to meet tight delivery deadlines. The new series of modularly designed UniQa spreaders introduced by Giletta in Italy was very well received by our customers. In Australia the division's efforts to upgrade refuse collection vehicles for the local market focused primarily on a uniform CAN bus control system for the entire product line.

Net sales
CHF million



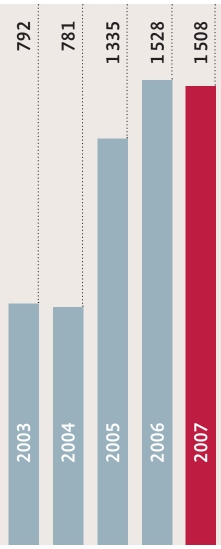
Operating profit (EBIT)
CHF million



Strengthening the winter maintenance business In May 2007 Bucher Municipal expanded its winter maintenance business by acquiring the German company Gmeiner GmbH. Gmeiner produces high-quality salt and gravel spreaders specifically for the German and North European markets and ideally complements Giletta's product and market position. Gmeiner generated sales of about CHF 14 million in 2007 with a total of 40 employees. At the end of 2007 the integration of Gmeiner was already far advanced.

Outlook for 2008 The positive climate for capital investment will probably continue in the current year. Bucher Municipal is expecting demand for compact and truck-mounted sweepers to remain high and stable. In the winter maintenance business, the division is also counting on good sales of snow clearing equipment and spreaders in 2008/2009. Bucher Municipal is therefore assuming that sales and operating profit will be slightly higher in 2008.

Number of employees, annual average



High wine quality begins with careful selection of the grapes. Then our opimised presses produce a wine that retains maximum flavour, colour and tannins.

Bucher Process

Activities

Bucher Process is the leading international manufacturer of equipment for wine and fruit juice producers. Its products range from fruit reception, mash preparation and juice extraction equipment to fermentation, filtration and adsorption systems. The division also supplies process technologies for the food industry and systems for dewatering sewage sludge. Bucher Process operates production facilities in Switzerland, France, Italy, New Zealand and Chile.

Highlights

In 2007 Bucher Process increased sales revenues by 24 % to CHF 174 million. When adjusted for currency effects, the increase was 21 %. Order intake at Bucher Process totalled CHF 202 million and exceeded the previous year by 33 %. The operating profit rose to CHF 19 million from CHF 11 million – an astonishing increase of 78 %, far greater than the growth in sales. This outstanding business activity was driven by both wine and apple juice production equipment.

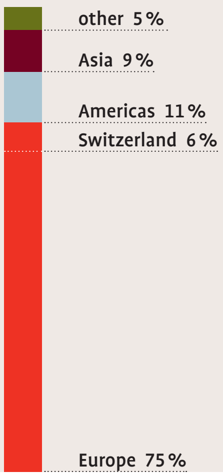
Key figures

CHF million

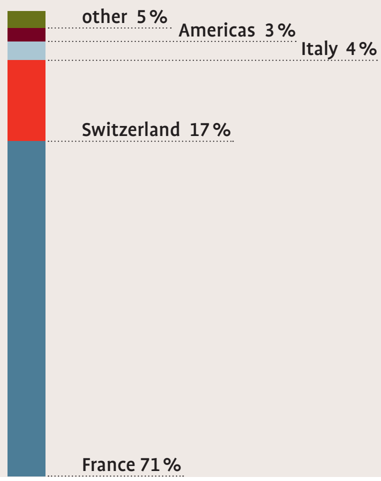
	2007	2006
Order intake	201.6	151.6
Net sales	173.8	140.0
Order book	68.7	39.4
Operating profit (EBITDA)	21.0	12.9
Operating profit (EBIT)	19.0	10.7
Number of employees at year end	490	506
Average number of employees during year	514	533

Geographic distribution

Net sales



Number of employees



Market environment on the upswing In 2007 demand for wine production systems picked up significantly. The French market for quality wines gained quite a bit of momentum thanks to the greater export volume and higher prices. This improved the investment climate in France markedly. With the exception of the United States, wine production in Europe and the Southern Hemisphere had remained behind global wine consumption. The fact that the European Union's decision to subsidise wine production in Italy and Spain was still pending weakened the willingness of producers in these two countries to make capital investments. The demand for fruit juices picked up throughout the world. In 2007 the prices for apple juice concentrate almost doubled compared to the 2006 price level. This positive environment favoured capital investment both in new plants and in modernisation projects, with preference given to machinery and equipment with the highest possible yield. In addition to China, the biggest producer of apple juice concentrate in the world, the Western and Eastern European countries also made major investments in upgrading and expanding plants for fruit juice production.

Convincing numbers Bucher Process boosted sales by 24.1 % or by 20.9 % after adjustment for currency effects to CHF 173.8 million in 2007. The operating profit rose to CHF 19.0 million from CHF 10.7 million – an astonishing 77.6 % increase that far outpaced the growth in sales. The excellent business performance was based solely on internal growth and was driven both by wine production and apple juice concentrate production equipment. Bucher Process was able to profit disproportionately from the upturn in the French market. In particular, sales of presses for oxidation-free grape pressing for aromatic white wines increased dramatically. The division set a new standard when it delivered a jumbo 750-hectoliter capacity wine press to a major industrial customer in Australia. The order intake at Bucher Process reached CHF 201.6 million, surpassing the 2006 total by a striking 33.0 %. Two major orders, one for retrofitting the production lines of the largest Chinese manufacturer of apple juice concentrate and the other for a complete production line for producing juice for English apple wine, contributed substantially to the increase in order intake. Bucher Process utilised the market upswing effectively and exercised strict cost management in order to achieve very good profitability. The EBIT margin rose to 10.9 %, up from 7.6 %.

Large-scale order from China In October 2007 the division obtained a major order worth about CHF 21 million from the world's largest apple juice producer, the Chinese company Shaanxi Hengxing Fruit Juice Co. Ltd. It includes delivery of state-of-the-art milling and pressing technology for the production of apple juice concentrate. Hengxing exports about 180 000 metric tons of concentrate per year and plans to modernise eight of its ten production facilities in the next two years. The key factor for the large contract award was the fact that the Bucher HPX press produces a substantially

Division management

Jean-Pierre Bernheim,
division president

Wine production plants
Jean-Pierre Bernheim,
Bucher Vaslin SA

Fruit juice and drying plants
Hartmut Haverland,
Bucher Processtech AG

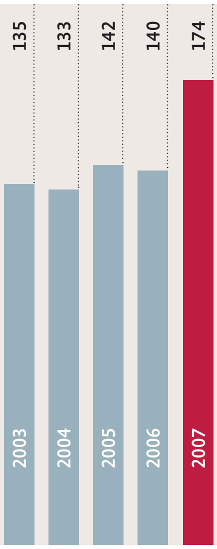
as of 13 March 2008

higher juice extraction yield than competing technologies. Prices for apples were also rising sharply in China, and therefore a high juice yield was crucial in terms of economic efficiency.

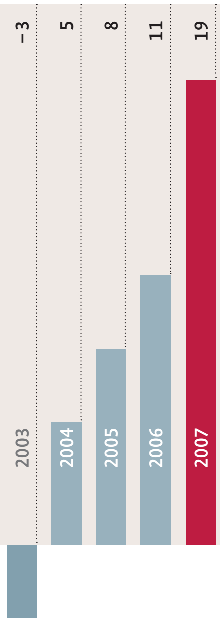
Success with product innovation In 2007 Bucher Process expanded its range of products to include new products for specific applications. A high-efficiency grape press suitable for cognac production and designed for smaller and medium-sized wineries was launched with great success. The division also offered an innovation in the area of filtration equipment, a double-filter system for cross-flow filtration. The development of an improved control system for vacuum belt dryers using continuous belt scanning enabled the division to regain market share in the malt beverage industry. In the product segment involving sewage sludge dewatering systems, sales slowed due to the complex tender processes used by municipalities. However, increasing demand confirms expectations in this new business field.

Modernising the production facility In Niederweningen, Switzerland, the division invested in the renovation and modernisation of its production facility for assembly and testing of fruit juice and drying systems. In addition to optimising production processes, changes were also made to meet the latest hygienic requirements in the food industry.

Net sales
CHF million



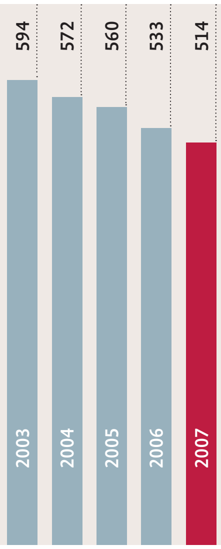
Operating
profit (EBIT)
CHF million



Marketing operation strengthened In the year under review, the division strengthened its presence in the wine production market in the southern hemisphere and purchased Neptuno Ltd. in Chile, a local manufacturer of winery equipment. In connection with the integration, the division's own distribution company in Chile was merged with the purchased company. The new company, Bucher Vaslin Chile Ltd., has the expertise and resources needed to adapt grape reception equipment to local market needs and assemble them on site.

Outlook for 2008 Bucher Process expects that the climate for capital investment will continue to be positive. Demand for high-quality wines should also continue throughout the world and stimulate the cultivation of additional grape production areas in the United States, Eastern Europe and the southern hemisphere. Large orders from China and England for equipment for fruit juice concentrate production will have a positive impact on 2008 sales and operating profit. For 2008 Bucher Process is therefore expecting another significant increase in sales and operating profit.

Number of employees, annual average



Our hydraulic systems are working behind the scenes wherever high forces need to be controlled safely and accurately. Precision adjustment of the components requires the deft touch of our professionals. Easy adjustment of the components requires utmost precision in manufacturing.

Bucher Hydraulics

Activities

Bucher Hydraulics is an international leader in the development and production of customised system solutions for both mobile and industrial hydraulics. The division's broad range of products includes pumps, motors, valves, power units, elevator drive systems and control units with integrated electronics. With production facilities and distributors in Europe, India, Asia and the United States, Bucher Hydraulics is never far from its customers.

Highlights

Bucher Hydraulics continued the positive business trend of recent years. In 2007 the division increased sales by 26 % to CHF 387 million. The operating profit rose disproportionately by 51 % to CHF 59 million. The order intake of CHF 414 million again surpassed the prior year's total, by 31 %. All the division's product segments posted high growth rates and contributed to the excellent result. By acquiring the US company Monarch Hydraulics in Michigan, the division strengthened its base in North America. The division accounted for 16 % of Group sales up from 15 % in the previous year.

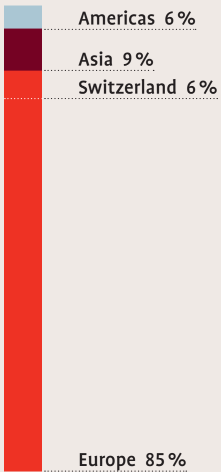
Key figures

CHF million

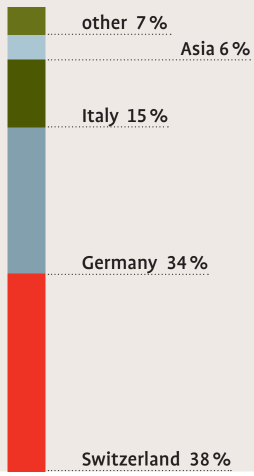
	2007	2006
Order intake	414.0	315.8
Net sales	386.6	307.7
Order book	93.7	58.9
Operating profit (EBITDA)	70.8	49.9
Operating profit (EBIT)	58.5	38.7
Number of employees at year end	1 303	1 164
Average number of employees during year	1 259	1 137

Geographic distribution

Net sales



Number of employees



Booming market environment The outstanding economic situation in the various markets that Bucher Hydraulics supplies continued in the year under review. Demand for hydraulic systems was so great that almost all market players had to extend their delivery deadlines. Market growth in Europe ranged from 10 to 20 %, depending on the country. In Asia it was 20 % and in the Americas about 3 %. The construction machinery, materials handling equipment and agricultural machinery sectors in Western Europe and especially in Germany saw excellent growth thanks to the increasing demand from manufacturers with large export volumes. In China there was very strong demand due to the rapid economic upturn, the resulting expansion in construction activity and the rapidly growing energy sector. Demand also began to grow in North America in 2007 after a weak 2006.

Outstanding business activity In 2007 Bucher Hydraulics posted a 25.6 % increase or a currency-adjusted increase of 22.9 % in sales of customised hydraulic system solutions, to CHF 386.6 million. The operating profit reached CHF 58.5 million and significantly surpassed the high level of the previous year by 51.2 %. Order intake, which totalled CHF 414.0 million, represented a 31.1 % increase over the previous year. Almost all application areas saw high growth rates, thanks to the economic tail wind, the division's own efforts and the continued development and expansion of the product range. In most cases, these increases were greater than market growth overall. In the construction machinery and energy technology sectors, demand from China almost doubled. Even elevator hydraulics, which had experienced a period of stagnation, grew in 2007 at a rate significantly higher than the market as a whole. Sales of hydraulic valves to the energy supply industry were also robust. The increase in the operating profit, which exceeded the growth in sales, is due to the high level of flexibility in handling the volume and to good cost management.

Expansion of production capacities Bucher Hydraulics has posted very strong growth in recent years, and this has sometimes resulted in capacity bottlenecks. The biggest challenge in 2007 was handling the very high order volume. Additional factors such as capacity overload and delays in the supply chain sometimes made it difficult to process orders efficiently. Short-term measures included increases in the number of temporary workers, relocation of certain production operations to temporary buildings, and maximum worker overtime. In spite of these measures, some delivery deadlines had to be extended. Many customers, however, expressed understanding for the tight delivery situation. The division expanded its production, assembly and inspection capacities so that it would be able to manage expected future growth efficiently. Although the cartridge valve factory in Frutigen, Switzerland, had been expanded in 2001, construction began in 2007 on another plant building. The total capital investment at this location, including the necessary machinery and equipment, was around CHF 10 million. Start-up is planned for the middle of 2008. The factory in

Division management

Daniel Waller,
division president

Dieter Polzin,
finance and controlling

Matthias Vorbeck,
sales

Thomas Hunziker,
Bucher Hydraulics GmbH

Luca Bergonzini,
Bucher Hydraulics S.p.A.

Christian-Erik Thöny,
Bucher Hydraulics AG

Aurelio Lemos,
Bucher Hydraulics AG Frutigen

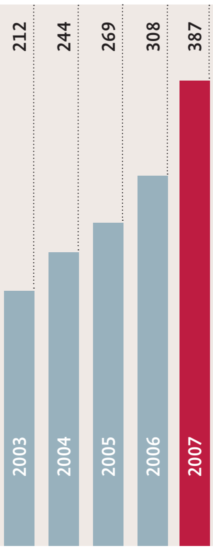
Dan Vaughan,
Bucher Hydraulics North America

as of 13 March 2008

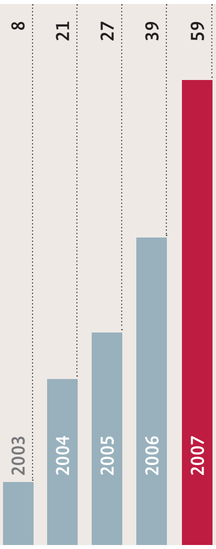
Neuheim, Switzerland, also exceeded its capacity limits. The division therefore plans to build a large new production building. The land for the building has already been purchased. Bucher Hydraulics is expecting that its additional aggregate investment will total about CHF 18 million over the next two years.

Acquisition in North America At the end of December 2007, the division acquired Monarch Hydraulics, Inc., a family-owned company in Michigan in the US that has been in business for over 150 years. Monarch is a leading manufacturer of hydraulic drive solutions in North America. The acquisition is an important step for Bucher Hydraulics. By establishing a strong base in the US, it enhances its global competitiveness. Bucher Hydraulics will have a much more significant presence in North America as the result of Monarch's superb customer orientation; its expertise in many areas such as organisation, development, production and service; and its attractive product range. Monarch Hydraulics posted sales of around USD 67 million in 2007 and had 240 employees.

Net sales
CHF million



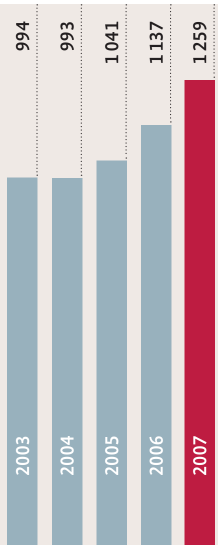
Operating
profit (EBIT)
CHF million



Product innovation Current development of new products focuses on a range of new hydraulic components that offer greater energy efficiency. The division has chalked up its first sales successes with safety valves. With these valves, our customers can considerably reduce machine fuel consumption. A new family of directional valves was developed this year and is now ready for the market. These valves will be used in materials handling machinery. The first customer orders have now been received. In addition, projects for the further development or redesign of numerous cus-tomised hydraulic solutions were completed. These improvements exemplify the unique solutions that the division is able to offer its customers.

Outlook for 2008 Bucher Hydraulics foresees sales on a high level in all segments in 2008. The rate of organic growth will probably be lower than in 2007, however. The customer base in North America will benefit from a broader range of products as the result of the acquisition of Monarch Hydraulics. Sales activities will be expanded and intensified for the entire product range. On the other hand, the expected recession in the United States may put a brake on growth. Capital investment in the expansion of the production infrastructure will clearly surpass the previous year's level. For 2008 the division is therefore expecting a further increase in sales and a higher operating profit.

Number of employees, annual average



Our machines make new and recycled glass into the perfect packaging. Skilled operators use ultra-sensitive inspection systems to monitor the manufacturing process and make sure the glass containers are absolutely safe for consumers.

Emhart Glass

Activities

Emhart Glass is the world's leading supplier of advanced technologies for the production and inspection of glass containers. The Emhart Glass product range includes glass forming and inspection machines, systems, components and spare parts, as well as advisory support and services for the glass container industry. The division's production facilities are located in Sweden, the United States, in Italy and Malaysia. Emhart Glass is headquartered in Switzerland, and its research and development centre is located in the US.

Highlights

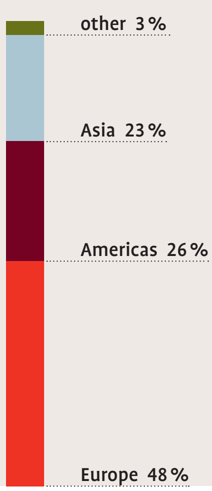
Emhart Glass increased sales by 27 % to CHF 420 million in 2007 in a very strong market environment. The increase was 22 % after adjustment for acquisitions. Order intake reached CHF 441 million, outpacing the previous year by 25 %. The economic tail wind and the global shortage of glass containers were the dominant factors in this encouraging sales development. The operating profit exceeded the previous year's result by 43 %, rising to CHF 33 million. High capacity utilisation, increased efficiency and higher absorption of fixed costs led to this improved result. The division accounted for 17 % of group sales up from 16 % in 2006.

Key figures

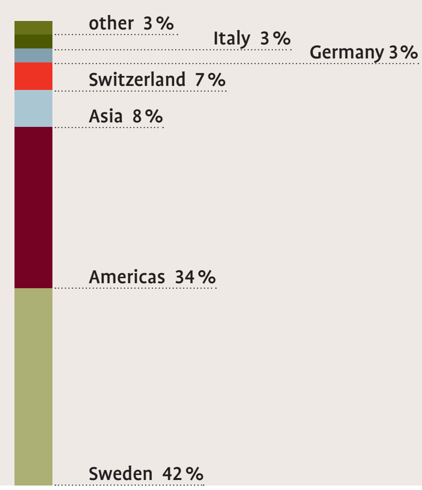
CHF million	2007	2006
Order intake	440.5	353.9
Net sales	419.6	331.5
Order book	197.7	169.5
Operating profit (EBITDA)	41.7	30.0
Operating profit (EBIT)	33.2	23.3
Number of employees at year end	1 063	862
Average number of employees during year	1 009	847

Geographic distribution

Net sales



Number of employees



Peak demand for glass containers In 2007 the cyclical glass container market experienced an absolute boom worldwide. In Western and Eastern Europe, the market environment was characterised by a glass container industry that was working at over full capacity. The prices for high-quality glass containers rose as a result of the shortage of supply but also due to the higher prices for energy and for recycled glass, the most important basic material for glass container production. The high demand for alcoholic and juice-based beverages and the sharp rise in beer consumption in Eastern Europe and Asia resulted in this unexpectedly strong demand. Customers were accordingly very eager to make capital investments, and the need to expand capacities and modernise glass plants was great. The other regions also contributed to this positive environment.

Striking increase in sales Emhart Glass generated CHF 419.6 million in sales of equipment for the manufacture and inspection of glass containers in 2007, an increase of 26.6 %. The increase amounted to 21.4 % after adjustment for currency effects and 21.7 % when adjusted for acquisitions. Order intake reached CHF 440.5 million, outpacing the previous year by 24.5 %. The operating profit increased by 42.5 % to CHF 33.2 million. This encouraging trend is explained by the good economic situation and the shortage of glass containers but also by the strong global position of Emhart Glass. The division was able to gain market share in the high and medium price segments due to its carefully coordinated range of products and services. In the upper price segment, it became clear that the division's servo-electric NIS glass forming machines had the competitive edge in terms of technology. In the middle price segment, the newly launched standard IS glass forming machine combines the reliability and quality of an Emhart Glass machine with an attractive price-performance ratio. Increased efficiency in assembly and production and very high capacity utilisation contributed to the higher operating profit. Additional costs associated with delays in delivery had a negative impact on profit.

Rationalisation in production The facilities manufacturing glass forming machines were operating at full capacity in 2007. As in previous years, Emhart Glass gave high priority to increases in efficiency and moderate increases in production capacity. The factory in Sundsvall, Sweden, switched section assembly to an assembly-to-order regime and instituted other measures for increasing production capacity by about 30 %. The capacity for production of complex components at the plant in Orebro, Sweden, was also expanded accordingly. Expansion of the assembly plant acquired in 2006 in Johor Bahru, Malaysia, into an important low-cost facility began. Plans are to gradually add assembly capacities until it can handle up to 50 % of the production of the main factory in Sundsvall. Total capital investment for this project, which involves constructing and equipping a new assembly building, will be about CHF 5 million. The new low-cost location will further improve the cost structures and competitiveness of Emhart Glass in the

Division management

Martin Jetter,
division president

Bertil Bjugård,
logistic and manufacturing

William Grüninger,
customer service and projects

Joseph F. Laundry,
inspection machines

Edward Munz,
business development

Steven J. Pinkerton,
research and development

Franco Venturelli,
sales

Ngiap Lin Wong,
finance and controlling

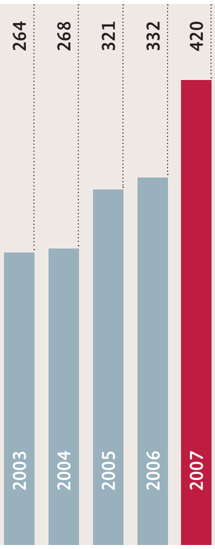
as of 13 March 2008

medium-range glass forming machine segment. The new assembly plant is scheduled to go into operation in January 2009.

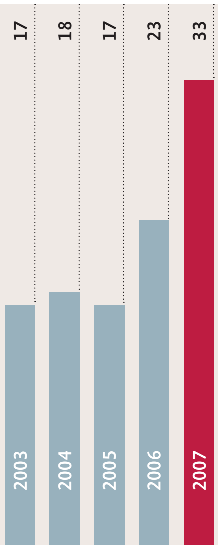
Enhancing inspection machine business By acquiring ICS / Inex at the beginning of 2007, the division also expanded its range of inspection machines and became a market leader in this segment as well. Emhart Glass consolidated the production and servicing of inspection machines at its long-time base of operations in Elmira, New York, in the US. The entire product development team as well as inspection machine sales management was relocated to Clearwater, Florida. Distribution will be handled by the Emhart Glass global sales organisation.

Product innovation The newly constructed research center in Windsor, Connecticut, in the US went into operation in the fall of 2007, representing a total investment of just under CHF 30 million. The glass-melting furnace, which has a capacity of 40 tons per day, makes it possible to test all conceivable types of glass container production machines and processes. Emhart Glass has thus created a base for future product innovations that is unique in its industry. The development of a machine for the production of tempered glass containers has high priority. Because they are lighter in weight and more durable, such containers have the potential to win back market share from PET containers. The current tempered glass production tests at the research center are proceeding as scheduled.

Net sales
CHF million



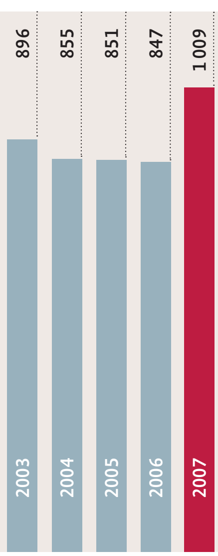
Operating
profit (EBIT)
CHF million



A number of product innovations were successfully launched in 2007. Sales of technical equipment for handling hot glass containers almost doubled, after the introduction of a new, more efficient design. Additional market potential is expected from the standard IS machine, a conventional glass container forming machine that was specifically designed for the needs of the fast-growing markets in Eastern Europe and Asia.

Outlook for 2008 The capacity build-up in the glass container industry will probably continue in 2008 given the spiralling prices for glass containers in industrialised countries. The long-term trend towards greater beer and fruit juice consumption should also continue. Higher oil prices have less of an impact on glass containers than PET, the competing material. The division expects 2008 sales to reach levels comparable to the record figures for 2007 with continued improvement in operating profit.

Number of employees, annual average



Financial contents

Group financial review 2007

Favourable economic conditions The economic environment was positive across all markets served by Bucher Industries. Movements in exchange rates had very mixed impacts. The average EUR / CHF exchange rate used for the income statement rose by 4.3 %, while that of the USD / CHF fell by 4.6 %. The rates used in translating the balance sheet showed a change of 3.0 % in the EUR/CHF, while the USD / CHF rate deteriorated by 7.9 %. All in all, the positive effect of the euro on sales and earnings far outweighed the weakness of the US dollar due to volume. Foreign currency translation had an impact of 3.3 % on net sales.

Focused pursuit of the Group strategy The operations of Bucher-Schörling Italia S.p.A., which no longer fitted with the core business of Bucher Municipal, were sold with effect from 1 January 2007. Provision was already made in the 2006 financial statements for anticipated risks associated with the disposal. Furthermore, Bucher Municipal acquired Gmeiner GmbH, Kümmersbruck, a German company specialising in high-quality winter maintenance equipment, with effect from 1 January 2007. The company with a strong market position in Germany and Northern Europe was purchased for a consideration of CHF 15.8 million. During the year, Gmeiner GmbH contributed CHF 14.3 million to net sales. On 1 January 2007, Bucher Industries acquired operations with a value of CHF 2.1 million from Formach Asia and incorporated them in Emhart Glass Sdn. Bhd., a new company established in Malaysia. The company serves as an internal supplier and is being expanded as a low-cost assembly facility. On 22 January 2007, the Group acquired ICS / Inex Inspection Systems, a US manufacturer of glass container inspection machines based in Clearwater, Florida. Emhart Glass and ICS / Inex complement each other in terms of market presence and product range. The final purchase price for the company is dependent on future performance, but will not exceed CHF 11.8 million. During the year, ICS / Inex contributed CHF 16.2 million to net sales.

High sales growth The Group expanded net sales by 17.8 % and enjoyed high capacity utilisation. Organic growth contributed + 14.6 %, acquisitions + 1.3 %, disposals – 1.4 % and currency translation + 3.3 %. Fourth-quarter net sales reached a new record of CHF 668.5 million, well ahead of previous years. This growth was driven in particular by the Kuhn division, followed by Bucher Hydraulics and Emhart Glass. Order intake showed an encouraging increase of 25.0 %, with organic growth of 21.7 %. Other impacts on order intake were + 1.4 % from acquisitions, – 1.5 % from disposals and + 3.4 % from currency translation. The year-end order book stood at CHF 871.3 million, which represents 4.3 months of full-year sales for 2007 (2006: 3.5 months).

CHF million			% change
	2007	**2006**	
Net sales	2 458.8	2 087.1	17.8 %
Net sales adjusted for currencies	2 390.3	2 087.1	14.5 %
Net sales adjusted for acquisitions / disposals	2 430.0	2 062.2	17.9 %

Strong operating performance The Group's EBITDA was up 54.9 % to CHF 285.9 million, raising the EBITDA margin to 11.6 % (2006: 8.8 %). 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 climbed by 85.4 % to CHF 229.4 million, resulting in an EBIT margin of 9.3 % compared to 5.9 % a year earlier. Even allowing for the CHF 25 million in restructuring costs charged in 2006 and the exceptional impairment charges of CHF 9.2 million for patents and trademarks, EBIT still improved by CHF 71.5 million or 45.3 %, which reflects the strong operating performance.

High net financial result Net interest expense improved by CHF 3.2 million to CHF – 8.4 million due to the repayment of the CHF 100 million 4 ¼ % bond on 14 September 2007, coupled with further measures to optimise interest within the Group. Another increase of CHF 1.6 million brought the net gain on securities up to CHF 20.4 million. All shares except residual holdings of CHF 6.7 million were sold, which resulted in the realisation of sizable valuation reserves. Valuation reserves recorded in the fair value reserve in equity decreased by CHF 8.4 million to CHF 16.6 million. Net foreign exchange gains and losses amounted to CHF – 2.3 million compared to CHF 4.9 million a year earlier, mainly due to the adverse impact of the USD. Overall, the net financial result declined from CHF 12.9 million to CHF 10.6 million.

Net financial result

CHF million

	2007	2006
Interest expense	– 14.8	– 16.4
Interest income	6.4	4.8
Net interest expense	**– 8.4**	**– 11.6**
Net gain on securities	20.4	18.8
Foreign exchange gains and losses	– 2.3	4.9
Share of profit of associates	1.7	1.5
Other financial items	– 0.8	– 0.7
Net financial result	**10.6**	**12.9**

Tax rate and profit for the year Income tax expense rose by CHF 27.9 million to CHF 69.0 million, while the tax rate fell from 30.1 % to 28.8 %. This was the result of offsets, on the one hand, and the recognition of tax loss carryforwards as well as tax optimisation measures, on the other. Profit for the year grew by CHF 75.5 million to CHF 171.0 million, bringing the return on sales up by 2.4 % year on year to 7.0 %. Higher profit for the year and the slight reduction in average holdings of treasury shares increased earnings per share by 78.7 % from CHF 9.55 to CHF 17.07.

Solid balance sheet structure Due to the excellent profit for the year, equity rose by CHF 148.3 million to CHF 872.8 million, representing an equity ratio of 41.0 % compared to 39.4 % a year earlier. The return on equity improved from 14.0 % to 21.4 %. Following the repayment of the CHF 100 million 4 ¼ % bond, financial liabilities had to be increased again by some CHF 130 million towards the end of the year to provide for the acquisition of Monarch Hydraulics Inc. During 2007, capital expenditure on property, plant and equipment totalled CHF 128.4 million (CHF 58.1 million). The largest single projects were the assembly shop for Kuhn in Saverne, the R&D centre in the USA , the low-cost Emhart Glass assembly facility in Malaysia and a new Bucher Hydraulics production shop in Switzerland. Due to the acquisitions, intangible assets grew by CHF 16.8 million to CHF 78.7 million, including an increase of CHF 45.3 million in goodwill to CHF 61.0 million. The ratio of intangible assets to equity remained stable at 9.0 %. The decline of CHF 26.5 million in short-term provisions is primarily due to provisions used for the restructuring of Kuhn-Nodet and the Emhart Glass operations in Germany. In addition, a court case was decided in favour of Kuhn, resulting in the reversal of CHF 6.4 million. During the fourth quarter of 2007, order intake and sales reached absolute record levels. This led to a sharp total increase of CHF 130.7 million in receivables and, in particular, inventories. As a result, net operating assets rose disproportionately to sales, growing by 28.6 % to CHF 692.0 million at the balance sheet date. Systematic management meant that average net operating assets for the year were up by only 13.6 %. The resulting return on net operating assets after tax improved to an outstanding 23.8 % (14.3 %). Operating free cash flow dropped by CHF 58.5 million to CHF 42.7 million. This was mainly due to the above-mentioned increase in working capital and the exceptionally high level of capital expenditure. Free cash flow was CHF 0.9 million, having stood at CHF 103.6 million in the previous year. Free cash flow was reduced by the acquisitions of CHF 26.1 million and purchases of financial assets and securities amounting to CHF 19.1 million. Net liquidity remained almost constant at CHF 164.2 million, as compared to CHF 173.1 million a year earlier.

Return on net operating assets (RONOA) after tax

CHF million

	2007	**2006**
Trade receivables	480.9	446.8
Inventories	544.9	460.7
Property, plant and equipment	355.2	279.6
Intangible assets	78.7	61.9
Other receivables	88.2	75.8
Trade payables	– 282.4	– 254.4
Customer advances	– 217.7	– 191.1
Other liabilities	– 265.8	– 225.4
Provisions	– 90.0	– 115.6
Net operating assets (NOA) at 31 December	**692.0**	**538.3**
Net operating assets (NOA) average	687.1	604.8
Operating profit (EBIT)	229.4	123.7
Return on net operating assets (RONOA) after tax	**23.8 %**	**14.3 %**

Cash flow / free cash flow

CHF million

	2007	2006
Net cash flow from operating activities	**166.0**	**154.3**
Purchases of property, plant and equipment	– 128.4	– 58.1
Purchases of intangible assets	– 2.8	– 1.9
Proceeds from sale of property, plant and equipment	7.9	6.9
Operating free cash flow	**42.7**	**101.2**
Purchases of financial assets and securities	– 19.1	– 9.5
Proceeds from sale of financial assets and securities	28.8	31.9
Dividend paid	– 24.8	– 20.7
Acquisition of subsidiaries	– 26.1	– 0.4
Acquisition of associates	– 1.6	–
Disposal of subsidiaries	1.0	1.1
Free cash flow	**0.9**	**103.6**

Employee numbers The average number of employees during the year rose by 5.5 %, remaining well below the sales growth of 17.8 %. As a result, net sales per employee increased by 11.6 % to CHF 338 600.

Shareholder value Bucher's share price nearly doubled during the year, climbing from CHF 132.30 to CHF 261.00. Overall, the price has risen almost tenfold over the past five years. At the year end, the company's market capitalisation reached CHF 2.8 billion. Earnings per share increased by 78.7 % to CHF 17.07. The proposed dividend for the year has been raised from CHF 2.50 to CHF 5.00 per registered share, giving a dividend yield of 2.5 % (2006: 2.2 %) based on the average share price for 2007.

Selected financial key figures

	2007	2006
Net tangible worth (equity less goodwill) in CHF Mio.	811.8	679.2
Gearing (net debt to equity)	– 18.8 %	– 23.9 %
Return on equity (ROE)	21.4 %	14.0 %
Interest coverage ratio (EBITDA to net interest expense)	34.0	15.9
Net debt repayment period in years (net debt to EBITDA)	– 0.6	– 0.9

Consolidated balance sheet at 31 December 2007

	CHF million	Note	2007	%	2006	%
Assets	**Current assets**					
	Cash and cash equivalents		377.5	17.7	317.0	17.2
	Securities	4	114.8	5.4	128.5	7.0
	Trade receivables	5	480.9	22.6	446.8	24.3
	Other receivables	5	79.0	3.7	71.7	3.9
	Inventories	6	544.9	25.6	460.7	25.0
	Total current assets		**1 597.1**	**75.0**	**1 424.7**	**77.4**
	Non-current assets					
	Long-term receivables	5	16.5	0.8	15.2	0.8
	Deferred tax assets	7	36.1	1.7	27.8	1.5
	Financial assets	8	30.4	1.4	17.5	1.0
	Investments in associates	9	16.3	0.8	13.0	0.7
	Property, plant and equipment	10	355.2	16.6	279.6	15.2
	Intangible assets	11	78.7	3.7	61.9	3.4
	Total non-current assets		**533.2**	**25.0**	**415.0**	**22.6**
	Total assets		**2 130.3**	**100.0**	**1 839.7**	**100.0**
Liabilities and equity	**Current liabilities**					
	Financial liabilities	13	178.1	8.4	139.3	7.6
	Trade payables		282.4	13.3	254.4	13.8
	Customer advances		217.7	10.2	191.1	10.4
	Income tax liabilities		42.0	2.0	25.0	1.4
	Provisions	12	73.7	3.4	100.2	5.4
	Other liabilities	14	217.6	10.2	186.4	10.1
	Total current liabilities		**1 011.5**	**47.5**	**896.4**	**48.7**
	Non-current liabilities					
	Financial liabilities	13	150.0	7.0	133.1	7.2
	Deferred tax liabilities	7	44.7	2.1	28.6	1.6
	Retirement benefit obligations	26	27.8	1.3	27.7	1.5
	Provisions	12	16.3	0.8	15.4	0.8
	Other liabilities	14	7.2	0.3	14.0	0.8
	Total non-current liabilities		**246.0**	**11.5**	**218.8**	**11.9**
	Equity					
	Attributable to shareholders of Bucher Industries AG		863.1	40.5	716.7	39.0
	Attributable to minority interests		9.7	0.5	7.8	0.4
	Total equity		**872.8**	**41.0**	**724.5**	**39.4**
	Total liabilities and equity		**2 130.3**	**100.0**	**1 839.7**	**100.0**

Consolidated income statement for the year ended 31 December 2007

CHF million	Note		%		%
		2007		**2006**	
Net sales	1	**2 458.8**	**100.0**	**2 087.1**	**100.0**
Changes in inventories of finished goods and work in progress		70.9	2.9	14.2	0.7
Material expenses	17	−1 359.5	−55.3	−1 086.7	−52.1
Personnel expenses	18	−577.8	−23.5	−510.5	−24.5
Other operating income	19	30.3	1.2	22.2	1.1
Other operating expenses	20	−336.8	−13.7	−341.7	−16.4
Operating profit before depreciation and amortisation (EBITDA)		**285.9**	**11.6**	**184.6**	**8.8**
Depreciation	10	−46.2	−1.9	−42.8	−2.0
Amortisation	11	−10.3	−0.4	−18.1	−0.9
Operating profit (EBIT)		**229.4**	**9.3**	**123.7**	**5.9**
Share of profit of associated companies	9	1.7	0.1	1.5	0.1
Interest expense	21	−14.8	−0.6	−16.4	−0.8
Finance income	22	23.7	1.0	27.8	1.4
Profit before tax		**240.0**	**9.8**	**136.6**	**6.6**
Income tax expense	23	−69.0	−2.8	−41.1	−2.0
Profit for the year		**171.0**	**7.0**	**95.5**	**4.6**
Attributable to shareholders of Bucher Industries AG		169.1		94.1	
Attributable to minority interests		1.9		1.4	
Basic earnings per share in CHF	24	17.07		9.55	
Diluted earnings per share in CHF	24	16.94		9.51	

Consolidated cash flow statement for the year ended 31 December 2007

CHF million	Note	2007	2006
Profit for the year		**171.0**	**95.5**
Adjustments for:			
Income tax expense		69.0	41.1
Depreciation and amortisation		56.5	60.9
Acquisitions and proceeds from disposal of subsidiaries		–	– 0.9
Share of profit of associated companies		– 1.7	– 1.5
Gains on sale of non-current assets		– 21.2	– 2.8
Net interest expense		8.4	11.6
Interest received		4.8	3.9
Interest paid		– 12.7	– 14.1
Income tax paid		– 33.6	– 45.3
Other operating cash flow items		6.9	– 1.8
Cash flow from operating activities before changes in net working capital and provisions		**247.4**	**146.6**
Change in provisions		– 28.5	29.7
Change in working capital	25	– 52.9	– 22.0
Net cash flow from operating activities		**166.0**	**154.3**
Purchases of property, plant and equipment		– 128.4	– 58.1
Proceeds from sale of property, plant and equipment		7.9	6.9
Purchases of intangible assets		– 2.8	– 1.9
Purchases of financial assets and securities		– 19.1	– 9.5
Proceeds from sale of financial assets and securities		28.8	31.9
Acquisition of subsidiaries	3	– 26.1	– 0.4
Acquisition of associates	9	– 1.6	–
Disposal of subsidiaries	3	1.0	1.1
Net cash flow from investing activities		**– 140.3**	**– 30.0**
Change in treasury shares		3.1	2.0
Proceeds from long-term financial liabilities		22.4	3.3
Repayment of long-term financial liabilities		– 4.5	– 6.2
Proceeds of short-term financial liabilities		154.8	6.6
Repayment of short-term financial liabilities		– 120.8	– 16.0
Dividend paid		– 24.8	– 20.7
Net cash flow from financing activities		**30.2**	**– 31.0**
Effect of exchange rate changes		4.6	7.6
Net change in cash and cash equivalents		**60.5**	**100.9**
Cash and cash equivalents at 1 January		317.0	216.1
Cash and cash equivalents at 31 December		**377.5**	**317.0**

Consolidated statement of changes in equity for the year ended 31 December 2007

CHF million	Share capital	Share premium reserve	Retained earnings	Currency translation reserve	Treasury shares	Fair value reserve	Attributable to share-holders of Bucher Industries AG	Attributable to minority interests	Total equity
Balance at 1 January 2006	**2.1**	**70.6**	**585.5**	**−19.7**	**−35.2**	**28.6**	**631.9**	**6.6**	**638.5**
Change in currency translation reserve				10.6			10.6		**10.6**
Change in fair value of financial instruments						−3.6	−3.6		**−3.6**
Net income and expense recognised directly in equity				**10.6**		**−3.6**	**7.0**		**7.0**
Profit for the year			94.1				94.1	1.4	**95.5**
Total recognised income and expense for the year			**94.1**	**10.6**		**−3.6**	**101.1**	**1.4**	**102.5**
Change in treasury shares			1.8		2.6		4.4		**4.4**
Dividend			−20.7				−20.7	−0.2	**−20.9**
Balance at 31 December 2006	**2.1**	**70.6**	**660.7**	**−9.1**	**−32.6**	**25.0**	**716.7**	**7.8**	**724.5**
Change in currency translation reserves				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**

Notes to the consolidated financial statements

Group accounting principles

General information Bucher Industries AG is a limited company incorporated in Switzerland whose shares are publicly traded on the SWX 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 Stand ards (IFRS) under the historical cost convention, except for certain assets and liabilities that are measured at fair value.

Some new and amended standards issued by the International Accounting Standards Board (IASB) became effective in 2007: the new standard IFRS 7 "Financial Instruments: Disclosures", the amendment to IAS 1 "Capital Disclosures", the applicable interpretations IFRIC 8 "Scope of IFRS 2", IFRIC 9 "Reassessment of Embedded Derivatives", IFRIC 10 "Interim Financial Reporting and Impairment" and IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" have been adopted and applied. The adoption of these standards has not had a material impact on the consolidated financial position or results of operations of Bucher Industries. The main changes related to the disclosure of information about risk management in accordance with IFRS 7.

A number of new and revised IFRS standards will be effective for accounting periods beginning on or after 1 January 2008. The effects of the new standard IFRS 8 "Operating Segments" on segment reporting, the amendment to IAS 23 "Borrowing Costs" requiring capitalisation of borrowing costs for qualifying assets, and IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" relating to minimum funding requirements and appropriate recognition as plan assets and also of amendments to IAS 1 "Presentation of Financial Statements", IAS 27 "Consolidated and Separate Financial Statements" and IFRS 2 "Share-based Payment – Vesting Conditions and Cancellations" 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.

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 liabilities and assets 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.

Most significant accounting estimates Goodwill is tested for impairment annually, while other assets are tested when there is an indication that they may be impaired. To determine whether assets are impaired, various assumptions and estimates of future cash flows expected from their use and eventual disposal are made and discounted. Actual cash flows may differ from those forecast.

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 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 carefully estimates the other provisions based on information currently available. Actual cash outflows and their timing may differ significantly depending on the outcome of events.

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 actuarial assumptions that may differ from actual results.

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. These financial statements are prepared in compliance with national legislation and are then presented applying uniform classification and valuation criteria for the consolidation. 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 identifiable assets and liabilities of acquired companies are measured at their fair values when they are initially recognised, and the difference between the fair value and the cost of acquisition is determined. Any positive goodwill arising is capitalised, while negative goodwill is recognised in the income statement in the year in which it arises. An impairment test is performed annually or whenever there is an indication of possible impairment. Goodwill is capitalised in the acquired company or, in the case of an asset swap, recorded in the currency of the expected cash flows. Group companies acquired 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 associate’s net profit as the share of profit of associates and its share of equity as investments in associates. The financial statements of all fully consolidated group companies are made up to 31 December.

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 as a component of finance income. 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 Bucher Industries 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. 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 a 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.

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 Subsequent to initial recognition, available-for-sale financial assets are carried at fair value, or at cost if their fair value cannot be reliably determined. 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. 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 maturing within three months.

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. Long-term contracts are valued using the percentage-of-completion method. Where necessary, inventories are written down to provide for all foreseeable losses on work in progress, goods and slow moving items.

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. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The remaining useful lives are reviewed periodically. 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. Goodwill on acquisitions is capitalised and tested for impairment annually or whenever there is an indication of possible impairment. 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.

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). Realised gains and losses on treasury shares are recorded in retained earnings. The same applies to the fair value of share-based payment. 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 under long-term contracts are recognised using the percentage-of-completion method, i.e. according to the stage of completion. Cost estimates are used to determine the stage of completion. Sales are recorded net of sales deductions, such as sales incentives, commissions, rebates and accrued trade discounts.

Taxes Provision is made for all current 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 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 tax rates applicable 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 which are funded by contributions from the group companies or state concerned and from the employees. 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. 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 obligations in respect of defined benefit pension plans are calculated using the projected unit credit actuarial valuation method every 1 to 3 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 segments. 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, while 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)	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Kuhn Group	929.2	778.7	126.8	68.2	16.3	14.8	2.8	11.8	107.7	41.6
Bucher Municipal	556.5	537.0	45.7	37.7	7.6	8.1	1.2	0.7	36.9	28.9
Bucher Process	173.8	140.0	21.0	12.9	1.8	1.8	0.2	0.4	19.0	10.7
Bucher Hydraulics	386.6	307.7	70.8	49.9	11.6	10.8	0.7	0.4	58.5	38.7
Emhart Glass	419.6	331.5	41.7	30.0	8.1	6.6	0.4	0.1	33.2	23.3
Other / consolidation	– 6.9	– 7.8	– 20.1	– 14.1	0.8	0.7	5.0	4.7	– 25.9	– 19.5
Total	**2 458.8**	**2 087.1**	**285.9**	**184.6**	**46.2**	**42.8**	**10.3**	**18.1**	**229.4**	**123.7**

CHF million	Capital expenditure on property, plant and equipment		Capital expenditure on intangible assets		Total assets		Total liabilities		Number of employees at 31 December	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Kuhn Group	44.7	24.2	0.4	0.6	569.6	513.8	283.7	283.6	3 077	2 748
Bucher Municipal	14.4	8.3	0.4	0.8	326.6	287.8	129.7	135.4	1 535	1 482
Bucher Process	2.0	2.0	0.8	0.2	102.1	102.1	47.8	40.3	490	506
Bucher Hydraulics	26.3	13.6	1.0	0.2	223.7	181.7	67.0	57.2	1 303	1 164
Emhart Glass	40.7	10.0	–	–	313.0	212.9	92.3	86.1	1 063	862
Other / consolidation	0.3	–	0.2	0.1	595.3	541.4	637.0	512.6	16	13
Total	**128.4**	**58.1**	**2.8**	**1.9**	**2 130.3**	**1 839.7**	**1 257.5**	**1 115.2**	**7 484**	**6 775**

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.

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		Property, plant and equipment		Number of employees at 31 December	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
EU	1 500.6	1 301.1	825.7	683.5	71.3	37.5	4 785	4 472
Switzerland	128.8	121.7	343.3	310.3	14.3	9.6	980	896
Rest of Europe	138.4	116.3	1.5	0.6	0.2	0.1	24	10
Europe	**1 767.8**	**1 539.1**	**1 170.5**	**994.4**	**85.8**	**47.2**	**5 789**	**5 378**
Americas	386.9	288.1	304.1	259.9	37.1	9.8	1 211	958
Asia	182.2	127.0	13.5	12.4	1.1	0.7	210	110
Rest of world	121.9	132.9	50.2	40.4	7.2	2.3	274	329
Total	**2 458.8**	**2 087.1**	**1 538.3**	**1 307.1**	**131.2**	**60.0**	**7 484**	**6 775**

3 Acquisitions and disposals

On 18 October 2006, Bucher Industries completed an agreement to sell the non-core operations of Bucher Schörling Italia S.p.A. to Italian industrialists with effect from 1 January 2007. During 2006, the company specialising in multi-purpose utility vehicles generated sales of CHF 14.8 million. Provision was already made in the 2006 financial statements for anticipated risks associated with the disposal.

On 1 January 2007, Bucher Industries acquired operations with a value of CHF 2.1 million from Formach Asia Sdn. Bhd. and incorporated them in Emhart Glass Sdn. Bhd., a new company established in Malaysia. The company serves as an internal supplier and will be expanded as another assembly facility.

In January 2007, Bucher Industries purchased ICS / Inex Inspection Systems, a US manufacturer of glass container inspection machines based in Clearwater, Florida. Emhart Glass and ICS / Inex complement each other in terms of market presence and product range. The final purchase price for the company is dependent on future performance, but will not exceed CHF 11.8 million. The acquired business contributed sales of CHF 16.2 million to the Group during the reported period.

Furthermore, Gmeiner GmbH, a German company based in Kümmersbruck and specialising in high-quality winter maintenance equipment, was acquired on 1 January 2007. The company with a strong market position in Germany and Northern Europe was purchased for a consideration of CHF 15.8 million. The acquired business contributed net sales of CHF 14.3 million to the Group.

Goodwill

CHF million	Gmeiner GmbH	ICS / Inex	Formach Asia
Cash paid	15.6	7.9	2.1
Direct costs relating to the acquisition	0.2	0.6	
Deferred consideration		3.3	
Total purchase consideration	**15.8**	**11.8**	**2.1**
Less fair value of net identifiable assets acquired	−6.5	−7.6	−0.2
Goodwill	**9.3**	**4.2**	**1.9**

Direct costs relating to the acquisitions include professional fees paid to accountants and consultants in connection with these acquisitions. The goodwill is attributable to the good market positions, entry into new markets and the expected synergies.

Cash flow from acquisitions and disposals

CHF million	Acquisitions	Acquisitions	Disposals	Acquisitions	Disposals
	2007	**2007**	**2007**	**2006**	**2006**
	Fair value	Acquiree's carrying amount		Fair value	
Cash and cash equivalents	0.3	0.3	–	–	−0.9
Trade receivables	8.5	8.5	−1.6	0.1	−2.3
Other receivables	1.5	1.5	–	–	–
Inventories	8.2	8.2	−3.9	0.3	–
Deferred tax assets	0.8	–	–	–	–
Property, plant and equipment	0.7	0.7	−2.4	0.2	−0.3
Intangible assets	8.0	–	–	0.5	–
Financial liabilities	−6.8	−6.8	–	−0.4	–
Trade payables	−1.5	−1.5	4.7	−0.3	0.5
Provisions	−0.4	−0.3	–	–	0.5
Other liabilities	−5.0	−5.0	0.9	–	1.4
Net assets	**14.3**	**5.6**	**−2.3**	**0.4**	**−1.1**
Cash and cash equivalents	−0.3				0.9
Deferred consideration	−3.3				
Goodwill	15.4				
Use of provisions made in 2006 for risks			1.3		
Gain on disposals					−0.9
Net cash outflow / inflow on acquisitions and disposals	**26.1**		**−1.0**	**0.4**	**−1.1**

4 Securities

CHF million	2007	2006
Shares	6.7	26.6
Bonds	102.2	101.9
Money market instruments	5.9	–
Securities	**114.8**	**128.5**

Shares, bonds and money market instruments are classified as available-for-sale. The after-tax change in fair value recorded in equity was CHF 1.8 million (2006: CHF 4.6 million).

5 Receivables

CHF million	2007	2006
Trade receivables	449.9	401.6
Notes receivable	33.9	46.1
Trade receivables	**483.8**	**447.7**
Other receivables	70.4	65.5
Receivables from associates	0.5	1.3
Accrued income	9.9	8.7
Derivative financial instruments	3.6	3.1
Receivables from voluntary employer – sponsored funds	3.7	3.7
Prepayments to suppliers	4.5	3.7
Other receivables	**92.6**	**86.0**
Receivables	**576.4**	**533.7**
Current portion portion	559.9	518.5
Non-current portion	16.5	15.2

Trade and notes receivable represent amounts receivable for goods supplied and services provided. The amounts are stated net of provisions of CHF 19.0 million (2006: CHF 20.0 million) for impairment. Receivables of CHF 3.4 million were written off during the year as uncollectible, unused provisions of CHF 3.9 million were reversed due to recoveries of amounts previously provided for, and new impairment provisions of CHF 5.5 million were recognised. Receivables of CHF 0.6 million that were not previously provided for were written off. Collateral with a value of CHF 44.7 million is held as security for receivables. Derivative financial instruments are classified as held for trading.

6 Inventories

CHF million	2007	2006
Raw materials and consumables	138.0	125.6
Work in progress	142.6	116.6
Finished goods and goods for resale	264.3	218.5
Inventories	**544.9**	**460.7**

Inventories have been written down by CHF 83.0 million (2006: CHF 83.7 million). Inventories of CHF 6.1 million were written off during the year, previous write-downs of CHF 2.2 million were reversed due to the use of the inventories, and new write-downs of CHF 7.2 million were recognised. Inventories valued at CHF 3.1 million that were not previously written down were written off. Work in progress does not include any inventories recognised using the percentage-of-completion method.

7 Deferred tax

CHF million	Assets 2007	Liabilities 2007	Assets 2006	Liabilities 2006
Property, plant and equipment	1.5	14.2	1.3	11.0
Other financial and non-current assets	20.0	4.4	8.9	5.3
Inventories	16.4	5.0	13.7	5.3
Other current assets	2.3	7.5	1.7	7.7
Provisions	2.8	7.6	5.4	6.9
Other liabilities	13.1	25.3	6.6	1.4
Tax loss carryforwards	8.6	–	1.0	–
Deferred tax assets and liabilities	**64.7**	**64.0**	**38.6**	**37.6**
Offset amounts	–26.0	–26.0	–9.0	–9.0
Adjustments to deferred tax	–1.5	–1.7	–	–
Deferred tax charged to equity	–1.1	8.4	–1.8	–
Deferred tax assets	**36.1**		**27.8**	
Deferred tax liabilities		**44.7**		**28.6**

Deferred tax liabilities arising on inter-company items have not been recognised. These amounted to CHF 41.4 million in the reporting year (2006: CHF 21.0 million).

Movement in deferred tax

CHF million	Assets	Liabilities
Balance at 1 January	27.8	28.6
Transfer from income tax liabilities	0.5	9.2
Charged / credited to income statement	6.0	7.7
Charged / credited to equity	0.7	– 1.1
Acquisitions / disposals	0.8	–
Exchange differences	0.3	0.3
Balance at 31 December	**36.1**	**44.7**

Tax loss carryforwards

CHF million	**2007**	**2006**
Expiring within 12 months	–	74.3
Expiring in 1 to 5 years	2.9	52.4
Expiring after 5 years	18.5	4.2
Available indefinitely for offset	127.1	120.2
Tax loss carryforwards	**148.5**	**251.1**
Tax benefits calculated	41.4	59.4
Utilisable tax benefits	8.6	1.0

Tax loss carryforwards amounting to CHF 73.6 million expired in 2007.

8 Financial assets

CHF million	**2007**	**2006**
Loans to associates	2.1	2.2
Long-term loans	13.1	1.0
Other	15.2	14.3
Financial assets	**30.4**	**17.5**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.7 million (2006: CHF 13.4 million) have been capitalised under the heading “other”. The loans are secured by liens on real property. The other financial assets are classified as loans and receivables.

9 Investments in associates

CHF million	2007	2006
Balance at 1 January	13.0	12.3
Acquisition	1.6	–
Disposal	–	–0.8
Share of profit	1.7	1.5
Balance at 31 December	**16.3**	**13.0**

This item comprises the investment in Jetter AG, Ludwigsburg, Germany. Jetter AG makes up its financial statements to 31 March and reported sales of EUR 36.6 million and a profit of EUR 4.2 million in its most recently published financial statements for the 2006/2007 financial year; Jetter AG had total assets of EUR 31.7 million and equity of EUR 20.5 million. Jetter AG's shares are traded on the XETRA exchange in Frankfurt. The investment had a market value of EUR 9.1 million at the year end.

At 31 December 2007, investments in associates included CHF 7.6 million in goodwill (2006: CHF 6.9 million).

10 Property, plant and equipment

CHF million	Land and buildings		Plant and machinery		Furniture, fixtures and equipment		Prepayments and assets unter construction		Total property, plant and equipment	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Cost at 1.1.	331.5	319.3	330.2	329.0	176.5	166.4	17.9	17.5	**856.1**	832.2
Exchange differences	3.0	6.7	4.7	9.0	0.7	3.0	−1.6	0.2	**6.8**	18.9
Acquisition / disposal of subsidiaries	−3.2	–	−0.3	−11.0	−0.8	−2.6	–	–	**−4.3**	−13.6
Additions	18.8	8.0	30.9	17.4	17.5	18.1	61.2	14.6	**128.4**	58.1
Disposals	−9.7	−5.1	−18.3	−24.1	−21.7	−10.1	–	−0.2	**−49.7**	−39.5
Transfers	10.2	2.6	3.8	9.9	1.7	1.7	−15.7	−14.2	**–**	–
Cost at 31.12.	**350.6**	**331.5**	**351.0**	**330.2**	**173.9**	**176.5**	**61.8**	**17.9**	**937.3**	**856.1**
Accumulated depreciation at 1.1.	176.5	163.3	257.9	265.1	142.1	137.3	–	–	**576.5**	565.7
Exchange differences	2.3	3.9	4.1	7.6	0.5	2.6	–	–	**6.9**	14.1
Acquisition / disposal of subsidiaries	−1.2	–	−0.3	−11.0	−1.1	−2.5	–	–	**−2.6**	−13.5
Disposals	−7.7	−2.9	−17.1	−21.0	−20.1	−8.7	–	–	**−44.9**	−32.6
Depreciation for the year	11.9	12.2	19.6	17.2	14.7	13.4	–	–	**46.2**	42.8
Accumulated depreciation at 31.12.	**181.8**	**176.5**	**264.2**	**257.9**	**136.1**	**142.1**	**–**	**–**	**582.1**	**576.5**
Net book value at 31.12.	**168.8**	**155.0**	**86.8**	**72.3**	**37.8**	**34.4**	**61.8**	**17.9**	**355.2**	**279.6**
Of which leased:										
Cost	17.9	1.4	1.8	1.6	0.1	–	–	–	**19.8**	3.0
Accumulated depreciation	0.7	0.6	0.8	0.3	–	–	–	–	**1.5**	0.9
Net book value	17.2	0.8	1.0	1.3	0.1	–	–	–	**18.3**	2.1
Lease obligations (present value)	18.8	0.7	1.2	1.6	–	–	–	–	**20.0**	2.3
Insurance value	634.6	612.8	549.4	513.6	239.2	244.4	–	–	**1 423.2**	1 370.8

11 Intangible assets

CHF million	Goodwill		Patents and licences		Total intangible assets	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**
Cost at 1 January	45.3	46.8	93.9	91.5	**139.2**	138.3
Exchange differences	0.3	−1.5	2.6	1.0	**2.9**	−0.5
Acquisition / disposal of subsidiaries	15.4	–	8.0	0.5	**23.4**	0.5
Additions	–	–	2.8	1.9	**2.8**	1.9
Disposals	–	–	−0.4	−1.0	**−0.4**	−1.0
Cost at 31 December	**61.0**	**45.3**	**106.9**	**93.9**	**167.9**	**139.2**
Accumulated amortisation at 1 January	–	–	77.3	59.6	**77.3**	59.6
Exchange differences	–	–	2.0	0.6	**2.0**	0.6
Acquisition / disposal of subsidiaries	–	–	–	–	**–**	–
Disposals	–	–	−0.4	−1.0	**−0.4**	−1.0
Amortisation for the year	–	–	10.3	18.1	**10.3**	18.1
Accumulated amortisation at 31 December	**–**	**–**	**89.2**	**77.3**	**89.2**	**77.3**
Net book value at 31 December	**61.0**	**45.3**	**17.7**	**16.6**	**78.7**	**61.9**

Patents and licences mainly include patents and trademarks acquired.

Goodwill is tested for impairment annually or whenever there is an indication of possible impairment. Bucher Industries uses a uniform method of testing for impairment of goodwill and other intangible assets based on the value in use. The calculations use projections based on financial budgets approved by management for at least the next three years. Cash flows beyond the budget period are determined using a sales growth rate which is generally based on the current inflation rate in each country. The discount rates have been determined based on the Group’s weighted cost of capital adjusted to reflect specific country and currency risks. The following parameters have been used to test significant amounts of goodwill for impairment: a 13.4 % weighted cost of capital (2006: 13.7 %) and a 2.0 % growth rate (3.3 %) for Kuhn Knight, an 18.4 % weighted cost of capital (18.5 %) and a 10.0 % growth rate, as in the previous year, for Kuhn Metasa and a 13.9 % weighted cost of capital and a 2.0 % growth rate for Gmeiner.

Allocation of goodwill to divisions

CHF million	2007	2006
Kuhn Group	42.2	41.8
Bucher Municipal	12.7	3.5
Emhart Glass	6.1	–
Goodwill	**61.0**	**45.3**

12 Provisions

CHF million	Warranty provisions	Litigation provisions	Other provisions	Total provisions 2007	Total provisions 2006
Balance at 1 January	43.5	23.6	48.5	**115.6**	84.4
Additional provisions	34.2	2.1	1.0	**37.3**	69.1
Unused amounts reversed	– 2.0	– 8.6	– 1.6	**– 12.2**	– 5.1
Used during year	– 28.6	– 2.6	– 22.4	**– 53.6**	– 34.8
Acquisition / disposal of subsidiaries	0.4	–	–	**0.4**	– 0.5
Exchange differences	0.7	0.6	1.2	**2.5**	2.5
Balance at 31 December	**48.2**	**15.1**	**26.7**	**90.0**	**115.6**
Current portion	45.2	12.4	16.1	**73.7**	100.2
Non-current portion	3.0	2.7	10.6	**16.3**	15.4

Litigation provisions primarily cover risks arising from major 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. In the reporting year, an amount of CHF 6.4 million was reversed after a court case relating to distribution operations was won.

Other provisions cover various risks associated with the Group's industrial operations, including environmental protection measures. The amounts used during the year relate to restructuring costs for Kuhn-Nodet and Emhart Glass operations in Germany.

13 Financial liabilities

CHF million	Less than 1 year	1–5 years	Over 5 years	Total financial liabilities 2007	2006
Private placements / bonds	–	53.3	53.3	106.6	206.6
Bank borrowings	169.3	1.0	0.6	170.9	29.1
Loans and other financial liabilities	8.8	31.2	10.6	50.6	36.7
Financial liabilities	**178.1**	**85.5**	**64.5**	**328.1**	**272.4**

Bucher Industries AG had the following long-term financial liabilities outstanding at 31 December 2007:

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 53.6 million at 31 December 2007.
- CHF 33.3 million at a fixed interest rate of 4.08 %, 2003 to 10 December 2013, with a fair value of CHF 33.9 million at 31 December 2007.
- CHF 20.0 million at a fixed interest rate of 4.29 %, 2003 to 10 December 2015, with a fair value of CHF 20.4 million at 31 December 2007.

CHF 17.6 million of the other long-term financial liabilities bear interest at fixed rates, while CHF 25.8 million of the other long-term financial liabilities bear interest at variable rates.

The CHF 100 million 4 ¼ % bond was repaid on 14 September 2007. To provide for the acquisition of Monarch Hydraulics Inc., a short-term US dollar bank loan equivalent to CHF 130 million was raised at year-end. The fair value of private placements represents the replacement cost. Financial liabilities are subject to general debt covenants. Private placements also contain financial covenants that require Bucher Industries to maintain certain agreed financial ratios. The Group was in compliance with these covenants. Likewise, there have been no defaults or breaches of contract in respect of the other financial liabilities. Short-term other financial liabilities include CHF 2.6 million (2006: CHF 1.4 million) of derivative financial instruments classified as held for trading.

The various items do not include any financial liabilities to associates (2006: CHF 0.1 million).

Analysis by currency

CHF million	2007	2006
USD	154.2	3.0
CHF	111.2	219.2
EUR	55.5	44.2
Other	7.2	6.0
Financial liabilities	**328.1**	**272.4**

14 Other liabilities

CHF million	2007	2006
Accruals and deferred income	123.5	99.1
Employee benefits	25.9	24.7
Sales and capital tax liabilities	25.6	16.3
Other liabilities	49.8	60.3
Other liabilities	**224.8**	**200.4**
Current portion	217.6	186.4
Non-current portion	7.2	14.0

In particular, accruals and deferred income include accrued holiday and overtime pay as well as employee bonuses.

15 Share capital

Registered shares		**2007**	**2006**
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	630 057	689 590
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 Holdings of treasury shares

	Number of shares	CHF 1 000
Balance at 1 January 2007	689 590	32 659
Sold or reissued for share-based payment schemes	– 59 533	– 3 005
Balance at 31 December 2007	**630 057**	**29 654**

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	2007	2006
Wages and salaries	415.1	372.7
Share awards	2.7	2.3
Share option plan	1.5	0.7
Social security and employee benefits	101.9	93.2
Other personnel expenses	56.6	41.6
Personnel expenses	**577.8**	**510.5**

Social security and employee benefits include all statutory and voluntary employee pension expenses. 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 from sales of goods and services of CHF 15.2 million. (2006: CHF 17.7 million) that are outside the normal course of the Group's business as well as CHF 1.3 million (CHF 0.6 million) in capitalised costs. It also includes CHF 10.3 million (CHF 0.8 million) from the reversal of provisions and the gain of CHF 3.1 million (CHF 3.1 Mio.) on the sale of property, plant and equipment.

20 Other operating expenses

CHF million	2007	2006
Energy, maintenance and repairs	84.4	74.6
Charges, taxes, levies and consulting fees	48.1	46.4
Marketing and distribution costs	122.5	106.8
Other miscellaneous operating expenses	81.8	113.9
Other operating expenses	**336.8**	**341.7**

Charges, taxes, levies and consulting fees include CHF 18.0 million (2006: CHF 15.0 million) in capital tax. Other miscellaneous operating expenses also include necessary provisions for operating liabilities that cannot be charged to a more appropriate expense account. Costs under operating leases amounted to CHF 9.2 million (CHF 8.2 million).

21 Interest expense

CHF million	2007	2006
Interest expense on financial liabilities	13.3	14.8
Interest expense on interest derivatives	1.5	1.6
Interest expense	**14.8**	**16.4**

22 Finance income

CHF million	2007	2006
Interest income on financial assets	5.1	4.0
Income from interest rate derivatives	1.3	0.8
Interest income	**6.4**	**4.8**
Net gain on financial instruments held for trading	2.7	6.2
Net gain on sale of financial instruments available-for-sale	17.7	12.6
Net gain on securities	**20.4**	**18.8**
Foreign exchange gains and losses	−2.3	4.9
Other financial items	−0.8	−0.7
Finance income	**23.7**	**27.8**

The amount realised on available-for-sale securities and transferred from equity to the income statement was CHF 15.5 million (2006: CHF 12.1 million).

23 Income tax

CHF million	2007	2006
Current income tax	67.3	38.3
Deferred tax	1.7	2.8
Total income tax expense	**69.0**	**41.1**
Reconciliation		
Profit before tax	240.0	136.6
Applicable tax rate	33.3 %	34.7 %
Theoretical income tax charge	**80.0**	**47.4**
Use of unrecognised tax loss carryforwards	– 12.3	– 7.7
Reassessment of tax loss carryforwards	– 8.6	–
Effect of adjustments to losses	3.6	4.2
Expenses not deductible for tax purposes / income not subject to tax	– 1.4	– 2.2
Under / (over) provided in prior years	6.6	2.6
Effect of changes in tax rates	– 0.1	– 1.6
Other differences	1.2	– 1.6
Effective income tax expense	**69.0**	**41.1**
Effective tax rate	28.8 %	30.1 %

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

	2007	2006
Profit attributable to Bucher Industries shareholders (CHF million)	169.1	94.1
Average number of shares outstanding (undiluted)	9 903 564	9 851 600
Average number of shares outstanding (diluted)	9 979 929	9 898 595
Basic earnings per share (CHF)	17.07	9.55
Diluted earnings per share (CHF)	16.94	9.51
Dividend per registered share (CHF) [1)]	5.00	2.50
Total dividend (CHF million) [1)]	52.8	26.4

[1)] 2007: 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 0.13 (2006: CHF 0.04).

25 Change in net working capital

CHF million	2007	2006
Change in receivables	–42.3	–46.8
Change in inventories	–80.0	3.2
Change in customer advances	11.7	25.0
Change in trade payables	32.1	17.6
Change in other non-interest bearing liabilities	22.6	–12.2
Other changes in working capital	3.0	–8.8
Change in working capital	**–52.9**	**–22.0**

26 Retirement benefits

Movements in defined benefit obligations

CHF million	2007	2006
Present value of obligations at 1 January	253.1	241.6
Current service cost	4.7	6.6
Interest expense	8.4	8.4
Employee contributions	4.0	3.9
Benefits paid	–10.8	–7.9
Acquisitions and disposals	–0.8	–1.2
Plan curtailments	–0.6	–1.5
Actuarial gains / losses	–11.8	3.5
Exchange differences	–0.3	–0.3
Present value of obligations at 31 December	**245.9**	**253.1**

Movements in fair value of plan assets

CHF million	2007	2006
Fair value of plan assets at 1 January	260.8	236.0
Expected return on plan assets	9.4	9.3
Employer contributions	5.9	5.2
Employee contributions	4.0	3.9
Benefits paid	–8.3	–5.6
Plan curtailments	–1.4	–1.5
Actuarial gains / losses	–4.5	14.0
Exchange differences	–0.7	–0.5
Fair value of plan assets at 31 December	**265.2**	**260.8**

In 2007, the actual net return on plan assets was CHF 4.9 million (2006: CHF 23.3 million).

Funding of defined benefit plans

CHF million	2007	2006
Present value of funded obligations	– 220.7	– 224.6
Fair value of plan assets	265.2	260.8
Funding surplus / deficit	**44.5**	**36.2**
Present value of unfunded obligations	– 25.2	– 28.5
Surplus / deficit	**19.3**	**7.7**
Cumulative unrecognised actuarial losses	10.2	18.0
Unrecognised surplus	– 39.9	– 36.3
Amounts recognised in the balance sheet	**– 10.4**	**– 10.6**
Included in retirement benefit obligations	– 27.8	– 27.7
Included in long-term receivables / other financial assets	17.4	17.1

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

Employee benefit expense

CHF million	2007	2006
Current service cost	– 5.7	– 6.6
Interest cost	– 8.4	– 8.4
Expected return on plan assets	9.4	9.3
Plan extensions / curtailments	0.6	–
Amortisation of actuarial gains / losses	– 0.3	10.7
Effects of unrecognised surplus	1.7	– 13.2
Employee benefit expense for defined benefit plans	**– 2.7**	**– 8.2**
Employee benefit expense for defined contribution plans	– 22.0	– 18.8
Employee benefit expense	**– 24.7**	**– 27.0**

The Group expects to pay CHF 6 million in contributions to defined benefit plans in 2008.

Actuarial assumptions

Weighted averages in %	2007	2006
Discount rate	3.8	3.4
Expected return on plan assets	4.0	4.0
Future salary increases	1.2	1.0
Future pension increases	0.2	0.2

Funding of defined benefit obligations

CHF million	2007	2006	2005
Fair value of plan assets	265.2	260.8	236.0
Present value of defined benefit obligations	245.9	253.1	241.6
Surplus / deficit	**19.3**	**7.7**	**–5.6**
Experience adjustments on plan assets (loss)	–4.5	14.0	7.2
Experience adjustments on plan liabilities (gain)	3.2	19.1	0.1

Categories of plan assets

CHF million	2007	%	2006	%
Equities	46.4	17.5	43.9	16.8
Bonds	91.6	34.5	67.6	25.9
Property	53.6	20.2	49.2	18.9
Cash and other financial assets	73.6	27.8	100.1	38.4

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 plans.

27 Employee share-based payments / options

A share-based payment scheme in the form of a share option plan has been established for the executive director and 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 twenty 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
	2007	**2007**	**2006**	**2006**
Outstanding at 1 January	164 690	92.5	149 900	70.9
Granted	57 600	221.0	61 200	116.0
Exercised	– 42 365	75.0	– 39 035	51.3
Expired	– 2 175	94.0	– 7 375	65.4
Outstanding at 31 December	**177 750**	**138.4**	**164 690**	**92.5**
Exercisable	44 175		38 690	

In 2007, the fair value of share option plans, determined using the Black-Scholes model, had an impact of CHF 1 468 929 (2006: CHF 669 699) on personnel expenses and of CHF 2 501 580 (CHF 967 012) on equity. The share options had a fair value of CHF 100.24 (CHF 36.22) 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 247.00 (CHF 120.70), volatility of 28.1 % (26.7 %), a risk-free interest rate of 3.1 % (2.5 %) and a dividend of CHF 2.57 (CHF 2.26).

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2007	**2007**	**2006**	**2006**
2007	–	–	6 865	28.4
2008	8 175	34.6	13 875	34.6
2009	14 700	46.8	21 775	46.8
2010	675	52.4	2 475	52.4
2015	42 900	108.0	58 500	108.0
2016	53 700	116.0	61 200	116.0
2017	57 600	221.0	–	–
Outstanding at 31 December	**177 750**	**138.4**	**164 690**	**92.5**

28 Related party transactions

Key management remuneration

CHF million	2007	2006
Salaries	5.0	4.3
Post-employment benefits	1.2	1.0
Share awards	3.2	2.3
Share option plan	0.5	0.3
Key management remuneration	**9.9**	**7.9**

Salaries include cash bonuses, fees and expense allowances. 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.

Year-end balances with related parties

CHF million	2007	2006
Receivables from pension funds	17.4	17.1
Receivables from associates	2.6	3.4
Payables to associates	2.5	1.7

All related party transactions are entered into on normal commercial terms and conditions. In 2007, goods valued at CHF 25.7 million (2006: CHF 17.9 million) were purchased from associates.

29 Derivative financial instruments

Hedges

CHF million

	2007	2006
Forward currency contracts and options		
Contractual amounts	652.7	264.5
Negative fair value	2.5	0.9
Positive fair value	3.6	3.0
Interest rate contracts		
Contractual amounts	5.4	125.2
Negative fair value	0.1	0.5
Positive fair value	–	0.1

Derivative financial instruments are mainly 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 2007 or its results of operations for the 2007 reporting period.

30 Development expenses

Development expenses of CHF 71.1 million (2006: CHF 65.3 million) were expensed as incurred. They mainly comprised expenditure to update and extend the divisions' product lines and are included in material expenses, personnel expenses, other operating expenses and depreciation of property, plant and equipment. No development expenses were capitalised.

31 Contingent liabilities

CHF million	2007	2006
Notes payable	1.4	2.0
Bonds and guarantees in favour of third parties	10.4	44.3
Assets pledged as collateral for third parties	–	3.2
Contingent liabilities	**11.8**	**49.5**

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

32 Pledged assets

The book value of assets pledged or assigned to secure the Group's obligations was CHF 2.9 million (2006: CHF 2.1 million).

33 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1–5 years	Over 5 years	**Total**
At 31 December 2007	7.2	12.4	18.2	**37.8**
At 31 December 2006	6.2	8.7	20.4	**35.3**

Operating leases have been entered into primarily for the use of buildings and vehicles.

Other commitments

The Group has entered into various commitments to purchase plant and equipment for CHF 21.8 million (2006: CHF 5.4 million). These are generally entered into at market prices in the ordinary course of business.

34 Foreign currency exchange rates

	Income statement average rates		Balance sheet closing rates	
	2007	**2006**	**2007**	**2006**
1 EUR	1.6429	1.5751	1.6547	1.6069
1 GBP	2.3960	2.3095	2.2564	2.3930
1 USD	1.1965	1.2548	1.1240	1.2201
1 BRL	0.6145	0.5727	0.6333	0.5703
1 AUD	1.0030	0.9469	0.9875	0.9627
100 SEK	17.7700	17.0100	17.5300	17.7700

35 Risk management

Credit risk

All contracts are with highly rated domestic and foreign banks. The Group places short-term investments with institutions that have a good international risk rating. The Group has no concentration of credit risk associated with receivables from banks. Its banking relationships include relationships with local banks so they are widely spread over the markets where its operations are located. Other short-term financial investments comprise marketable securities of high credit quality. Other long-term receivables are insignificant. The credit risk on trade receivables is limited due to the Group's diversified customer base. Its customers operate in different industries spread across diverse geographical areas worldwide (also see the segment analysis in note 1). The Group therefore has no concentration of credit risk. In addition, credit risk is minimised by security in the form of credit insurance, advance payment schemes, letters of credit and bank guarantees. The maximum exposure to credit risk on unsecured receivables was CHF 512.1 million (2006: CHF 477.8 million). The maximum exposure to credit risk on receivables, excluding the value of security, was CHF 467.4 million (2006: CHF 426.1 million).

Ageing analysis of receivables and impairment

CHF million	Receivables	
	2007	**2006**
Total receivables, gross	531.1	497.8
Amount provided for	– 19.0	– 20.0
Total receivables, net	**512.1**	**477.8**
Long-term receivables	12.8	11.5
Receivables due in more than 3 months	62.4	36.4
Receivables due within 3 months	395.0	409.2
Receivables past due more than 60 days and less than 1 year, gross	45.0	22.2
Amount provided for	– 1.7	– 1.1
Receivables past due more than 1 year, gross	15.8	17.7
Amount provided for	– 6.3	– 13.4

Receivables consist of trade receivables, other receivables and receivables from associates, but not tax receivables, derivative receivables, accrued income or prepayments to suppliers. Provision for impairment is 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 have been renegotiated. In 2007, 0.2 % (2006: 0.1 %) of receivables not provided for in the previous period had to be written off.

Liquidity risk

The expected cash flows arising from liabilities represent the values presented in note 13 (financial liabilities) plus the cash flows for interest which can be inferred from the narrative. Cash flows to settle trade payables are expected to occur within 1 to 60 days, while most of the other non-financial liabilities are expected to be settled von within 1 to 150 days.

Price risk

The Group’s investments in securities are 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 is monitored on an ongoing basis.

Value-at-risk

CHF million	VaR at 31 December	
	2007	**2006**
Foreign currency risk	−4.3	−3.9
Interest rate risk	−4.3	−4.3
Covariance	1.3	1.1
Total	**−7.3**	**−7.1**

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.

The indicated value-at-risk measures are calibrated to a 90 % confidence level and a 30-day holding period and are calculated using Monte Carlo simulations as part of capital and risk management.

36 Capital management

	2007	**2006**
Interest coverage ratio (EBITDA to net interest expense)	34.0	15.9
Debt to equity ratio	144.1 %	153.9 %
Gearing (net debt to equity)	−18.8 %	−23.9 %
Equity ratio (equity to total assets)	41.0 %	39.4 %
Quick ratio (current assets less inventory / current liabilities)	104.0 %	107.5 %

37 Events after the balance sheet date

The consolidated financial statements were authorised for issue by the Board of Directors on 13 March 2008.

Bucher Industries acquired Monarch Hydraulics Inc., a US company based in Grand Rapids, Michigan, with effect from 1 January 2008. The acquisition will be completed during the first quarter of 2008. Consolidated sales for 2007 amounted to around USD 67 million.

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		O	S
Bucher Beteiligungen GmbH, Klettgau	DE	EUR	4 500 000	100	O	S
Bucher Beteiligungs – Stiftung, Niederweningen	CH	CHF	250 000	100	O	S
Bucher BG Finanz AG, Steinhausen	CH	CHF	26 505 000	100	O	S
Bucher Finance Ltd., Jersey	GB	EUR	51 000	100	O	S
Bucher Immobilien GmbH, Trier	DE	EUR	4 000 000	100	O	S
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3 380 000	100	O	S
Bucher Industries US Inc., Enfield CT	US	USD	10 000 000	100	O	S
Bucher Invest Holding SA, Luxembourg	LU	EUR	31 000	100	O	S
Bucher Participations Sàrl., Luxembourg	LU	EUR	12 000	100	O	S
Kuhn SA, Saverne	FR	EUR	19 488 000	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-Nodet SA, Montereau	FR	EUR	4 800 000	100	KG	S
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150 000	100	KG	D
Kuhn Farm Machinery Inc., Vernon NY	US	USD	100 000	100	KG	D
Kuhn Farm Machinery Ltd., Telford	GB	GBP	100 000	100	KG	D
Kuhn Farm Machinery Pty Ltd., Warragul VIC	AU	AUD	100 000	100	KG	D
Kuhn Farm Machinery Sarl, Kiev	UA	UAH	650 000	100	KG	D
Kuhn Iberica SA, Daganzo	ES	EUR	100 000	100	KG	D
Kuhn Italia Srl., Melegnano	IT	EUR	520 000	100	KG	D
Kuhn Maschinen-Vertrieb GmbH, Schopsdorf	DE	EUR	300 000	100	KG	D
Kuhn Maszyny Rolnicze Sp.z.o.o., Suchy Las	PL	PLN	3 536 000	100	KG	D
Kuhn Parts SAS, Saverne	FR	EUR	5 000 000	100	KG	S
Bucher-Guyer AG, Niederweningen	CH	CHF	10 000 000	100	BM	P D S
Bucher-Landtechnik AG, Niederweningen	CH	CHF	4 000 000	100	BM	D
Bucher Schörling GmbH, Hannover	DE	EUR	3 000 000	100	BM	P D
Gmeiner GmbH, Kümmersbruck [1]	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, Dentspils	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	500 000	100	BM	P D
MacDonald Johnston Pty Ltd., Clayton North	AU	AUD	5 901 000	100	BM	P D
Johnston GmbH, Bad Rothenfelde	DE	EUR	30 000	100	BM	D

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

At 31 December 2007

Company, place of registration	Country	Currency	Share capital	Group interest %	Division	Activities
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
Zénith SA, Las Condes Santiago	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	P D
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 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 Hidrolik Sistemleri Tic. Ltd. Sti., Istanbul	TR	TRL	26 000 000 000	100	BH	D
Bucher Hydraulics Inc., Kenosha	US	USD	300 000	100	BH	D
Bucher Hydraulics KK, Tokio	JP	JPY	100 000	85	BH	D
Bucher Hydraulics AG Frutigen, Frutigen	CH	CHF	300 000	100	BH	P D
Bucher Hydraulics Produktions AG, Langendorf	CH	CHF	200 000	100	BH	P
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	100	BH	P D
Bucher Hydraulics GmbH, Remscheid	DE	EUR	25 000	100	BH	P D
Bucher Hydraulics Ltd., New Delhi	IN	INR	10 000 000	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

[1] Consolidated for the first time in 2007

Associates companies

Company, place of registration	Country	Currency	Share capital	Group interest %	Division	Activities
Jetter AG, Ludwigsburg	DE	EUR	3 241 061	26	O	P D

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

At 31 December 2007

Report of the group auditors

PRICEWATERHOUSECOOPERS

To the general meeting of Bucher Industries AG, Niederweningen

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes, pages 64 – 101) of Bucher Industries AG for the year ended 31 December 2007.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements 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.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Beat Inauen Auditor in charge	Ralf Zwick

Zurich, 13 March 2008

Balance sheet of Bucher Industries AG at 31 December 2007

	CHF 1 000	Note	2007	2006
Assets	Cash and cash equivalents		158 998	33 610
	Securities	1	12 417	36 383
	Receivables from group companies		40 442	10 092
	Other receivables		6 954	4 048
	Current assets		**218 811**	**84 133**
	Loans to group companies	2	410 644	272 248
	Loans to third parties		120	167
	Investments	3	313 245	364 739
	Intangible assets	4	36 000	101
	Non-current assets		**760 009**	**637 255**
	Total assets		**978 820**	**721 388**
Liabilities and equity	Short-term bank borrowings	2	153 988	8 106
	4 ¼ % bond issue 1999 – 2007	2	–	100 000
	Current payables to group companies		263 420	98 424
	Other current liabilities		14 333	12 160
	Current liabilities		**431 741**	**218 690**
	Private placements	2	106 576	106 576
	Other non-current liabilities		2 033	2 105
	Provisions	5	2 000	32 300
	Non-current liabilities		**110 609**	**140 981**
	Share capital	6	2 113	2 113
	Statutory reserve		70 610	70 610
	Distributable reserve		212 347	186 342
	Reserve for treasury shares	7	29 654	32 659
	Retained earnings		20 578	13 021
	Profit for the year		101 168	56 972
	Equity		**436 470**	**361 717**
	Total liabilities and equity		**978 820**	**721 388**

Income statement of Bucher Industries AG for the year ended 31 December 2007

	CHF 1 000	Note	2007	2006
Income	Income from investments	9	75 258	52 897
	Finance income	10	52 423	63 880
	Gains on sales of non-current assets		5 339	–
	Other income	11	68 775	6 187
	Total income		**201 795**	**122 964**
Expenses	Administrative expenses		18 165	9 220
	Finance expenses	12	79 969	39 608
	Impairment		–	15 000
	Tax		2 493	2 164
	Total expenses		**100 627**	**65 992**
	Profit for the year		**101 168**	**56 972**

Notes to the financial statements of Bucher Industries AG

1 Securities

This item only includes treasury shares, which are valued at cost. In the previous year, these holdings were stated at the year-end closing price.

2 Loans to group companies / financial liabilities

Serving as the central source of financing for the Group, Bucher Industries AG provides adequate equity funding and principally grants intra-group 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 100 and 101 of the annual report.

4 Intangible assets

In 2007, Bucher Industries AG acquired various trademarks from group companies for CHF 36.0 million.

5 Provisions

Provisions have been made for business risks and guarantee obligations.

6 Share capital

Bucher Industries AG has authorised but unissued capital representing a maximum of 1 184 100 registered shares of CHF 0.20 each, which is reserved for the exercise of warrants or conversion rights attached to bonds and of options under rights issues to shareholders. The registered shares are widely held by public shareholders. A group of shareholders organised under a shareholders' agreement and represented by Thomas W. Hauser, Neerach, 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 5.96 % 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 2007	689 590	32 659
Sold or reissued for share-based payment schemes	– 59 533	– 3 005
Balance at 31 December 2007	**630 057**	**29 654**

Treasury shares are held by Bucher Industries AG and Bucher Beteiligungs-Stiftung, an employee share ownership trust. The reserve for treasury shares represents 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 156.1 million (2006: CHF 150.3 million). The amount claimed at the balance sheet date was CHF 26.6 million (CHF 26.1 million).

9 Income from investments

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

10 Finance income

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

11 Other income

Other income mainly comprises fees charged to group companies for services provided by the corporate centre. In addition, provisions of CHF 60.0 million for impairment of investments were no longer required and were reversed.

12 Finance expense

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

Disclosure of remuneration and interests under Swiss law

Key management remuneration in 2007

CHF 1 000	Base salary	Bonus	Share awards		Share awards under long-term bonus plan		Share option plan		Social security and pension benefits	Other remu-neration	**Total**	Paid in cash
			Number	Value	Number	Value	Number	Value				
Board of directors												
Kurt E. Siegenthaler, chairman since 12 April 2007	90.0	–	606	158.2	815	212.7	–	–	43.2	13.6	**517.7**	103.6
Rudolf Hauser, chairman until 12 April 2007	40.0	–	–	–	1 532	399.9	–	–	42.5	–	**482.4**	40.0
Thomas W. Hauser, deputy chairman	–	–	530	138.3	–	–	–	–	15.0	11.8	**165.1**	11.8
Ernst Bärtschi	–	–	455	118.8	–	–	–	–	12.0	1.8	**132.6**	1.8
Thomas W. Bechtler	–	–	455	118.8	–	–	–	–	13.0	11.8	**143.6**	11.8
Rolf Broglie	–	–	455	118.8	–	–	–	–	13.0	11.8	**143.6**	11.8
Claude R. Cornaz	–	–	455	118.8	–	–	–	–	13.0	11.8	**143.6**	11.8
Anita Hauser	–	–	455	118.8	–	–	–	–	12.0	1.8	**132.6**	1.8
Heinrich Spoerry	–	–	455	118.8	–	–	–	–	12.0	1.8	**132.6**	1.8
Erwin Stoller	–	–	455	118.8	–	–	–	–	13.0	11.8	**143.6**	11.8
Total board of directors	**130.0**	**–**	**4 321**	**1 128.1**	**2 347**	**612.6**	**–**	**–**	**188.7**	**78.0**	**2 137.4**	**208.0**
Group management												
Total for group management	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
Philip Mosimann, chief executive officer	665.0	616.8	–	–	3 448	899.9	3 600	360.9	229.7	19.2	**2 791.5**	1 301.0

Share awards to directors comprise directors' fees. The shares awarded to the chairman of the board and group management under the long-term bonus plan are based on the achievement of goals in the period 2005–2007. All share awards have been valued at the year-end share price of CHF 261.00. The share options had a fair value of CHF 100.24 at the grant date, measured using the Black Scholes valuation model. Other remuneration includes expenses and fees for service on board committees.

Interests, share options held by directors and group management members, including connected persons and companies at 31 December 2007

	Number of shares
	2007
Board of directors	
Kurt E. Siegenthaler, chairman	12 943
Thomas W. Hauser, deputy chairman	979 039
Ernst Bärtschi	1 618
Thomas W. Bechtler	4 273
Rolf Broglie	11 163
Claude R. Cornaz	7 713
Anita Hauser	130 000
Heinrich Spoerry	692
Erwin Stoller	10 113
Total board of directors	**1 157 554**

The directors did not hold any share options on 31 December 2007.

	Number of options							Number of shares
Grant year	**2007**	**2006**	**2005**	**2004**	**2003**	**2000**	**Total**	
Exercise price (CHF) Staggered vesting over 4 years Life (years)	221.00 2008 – 2011 10	116.00 2007 – 2010 10	108.00 2006 – 2009 10	46.80 2005 – 2008 5	34.60 2004 – 2007 5	52.40 2001 – 2004 10		
Option and shares held by group management								
Philip Mosimann, executive officer	3 600	2 700	1 800	450	–	–	8 550	26 778
Roger Baillod, financial officer	2 400	2 400	1 800	300	300	–	7 200	9 865
Jean-Pierre Bernheim, Bucher Process	2 400	2 400	2 400	1 200	1 200	675	10 275	7 455
Michael Häusermann, Bucher Municipal	2 400	2 400	2 400	900	600	–	8 700	2 950
Martin Jetter, Emhart Glass	2 400	1 800	1 200	–	–	–	5 400	250
Michel Siebert, Kuhn Group	2 400	1 800	1 200	450	–	–	5 850	875
Daniel Waller, Bucher Hydraulics	2 400	2 400	2 400	900	300	–	8 400	3 590
Total group management	**18 000**	**15 900**	**13 200**	**4 200**	**2 400**	**675**	**54 375**	**51 763**

Each option entitles the holder to purchase one share.

Board of directors' proposal

Appropriation of retained earnings

CHF	
Profit for 2007	101 167 702
Retained earnings brought forward	20 578 287
Retained earnings available for distribution	**121 745 989**
The directors propose that the annual general meeting approve the payment of a dividend of CHF 5.00 per dividend-bearing share of CHF 0.20 par value each	52 829 500
Transfer to distributable reserve	23 000 000
Balance to be carried forward	45 916 489
Total	**121 745 989**

Report of the statutory auditors

PricewaterhouseCoopers

To the general meeting of Bucher Industries AG, Niederweningen

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, pages 104 – 110) of Bucher Industries AG for the year ended 31 December 2007.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply 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
Auditor in charge

Ralf Zwick

Zurich, 13 March 2008

Five-year summary

Group

CHF million

		2007	2006	2005	2004	2003
Order intake		2 704.3	2 163.3	1 946.6	1 793.2	1 485.8
Net sales		2 458.8	2 087.1	1 948.3	1 640.9	1 535.2
Order book		871.3	605.2	523.7	480.3	328.3
Operating profit before depreciation and amortisation (EBITDA)		285.9	184.6	166.4	147.8	123.8
As % of net sales	%	11.6	8.8	8.5	9.0	8.1
Operating profit (EBIT)		229.4	123.7	117.8	91.2	58.9
As % of net sales	%	9.3	5.9	6.0	5.6	3.8
Net financial result		10.6	12.9	3.3	−9.5	−3.4
Income tax		−69.0	−41.1	−35.0	−27.3	−18.7
As % of profit before tax	%	28.8	30.1	28.9	33.4	33.7
Net profit for the year		171.0	95.5	86.1	54.4	36.8
As % of net sales	%	7.0	4.6	4.4	3.3	2.4
Capital expenditure		128.4	58.1	51.7	36.6	38.8
Operating free cash flow		42.7	101.2	61.8	119.6	53.7
Development expenses		71.1	65.3	63.4	54.1	50.5
Total assets		2 130.3	1 839.7	1 674.8	1 493.7	1 401.4
Cash, cash equivalents and securities		492.3	445.5	348.0	404.7	310.7
Receivables		559.9	518.5	449.3	368.8	338.5
Inventories		544.9	460.7	455.9	397.8	396.3
Financial assets and investments		46.7	30.5	29.1	16.8	16.7
Property, plant and equipment		355.2	279.6	266.5	222.3	229.5
Intangible assets		78.7	61.9	78.7	48.6	67.6
Current liabilities		1 011.5	896.4	718.1	656.9	613.5
Non-current liabilities		246.0	218.8	318.2	311.4	300.3
Total liabilities		1 257.5	1 115.2	1 036.3	968.3	913.8
Of which interest-bearing		328.1	272.4	279.0	312.9	339.9
Net liquidity		164.2	173.1	69.0	91.8	−29.2
Equity		872.8	724.5	638.5	525.4	487.6
As % of total assets	%	41.0	39.4	38.1	35.2	34.8
Return on equity (ROE)	%	21.4	14.0	14.8	10.7	7.9
Net working capital		585.6	528.3	535.1	514.4	432.0
Net operating assets (NOA) average		687.1	604.8	566.5	502.5	568.4
Return on net operating assets (RONOA)	%	23.8	14.3	14.8	12.1	6.9
Number of employees at year end [1]		7 484	6 775	6 874	5 782	5 852
Average number of employees during year [1]		7 261	6 882	6 836	5 795	5 957
Net sales per employee	CHF 1 000	338.6	303.3	285.0	283.2	257.7

[1] Numbers of employees in full-time-equivalents

Addresses

Bucher Group

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