1807
2007
YEARS

BUCHER

Annual report 2006

Highlights

Group

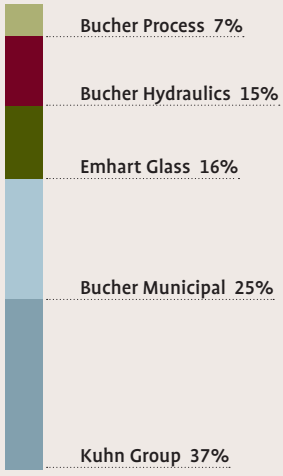
CHF million		2006	2005	% change
Order intake		2163.3	1946.6	+11.1
Net sales		2087.1	1948.3	+7.1
Order book		605.2	523.7	+15.6
Operating result before depreciation and amortization (EBITDA)		184.6	166.4	+10.9
As % of net sales		8.8%	8.5%	
Operating result (EBIT)		123.7	117.8	+5.0
As % of net sales		5.9%	6.0%	
Financial result		12.9	3.3	+290.9
Income tax		−41.1	−35.0	+17.4
As % of result before tax		30.1%	28.9%	
Net result for the year		95.5	86.1	+10.9
As % of net sales		4.6%	4.4%	
Earnings per share in CHF		9.55	8.70	+9.8
Capital expenditure		58.1	51.7	+12.4
Operating free cash flow		101.2	61.8	+63.8
Development expenses		65.3	63.4	+3.0
Net operating assets (NOA)		538.3	558.6	−3.6
Return on net operating assets (RONOA)		14.3%	14.8%	
Net liquidity		173.1	69.0	+150.9
Total assets		1839.7	1674.8	+9.8
Equity		724.5	638.5	+13.5
Equity ratio		39.4%	38.1%	
Return on equity (ROE)		14.0%	14.8%	
Number of employees at year end		6775	6874	−1.4
Average number of employees during year		6882	6836	+0.7
Net sales per employee	CHF 1000	303.3	285.0	+6.4

Divisions

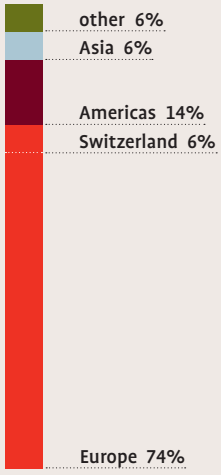
CHF million	Order intake		Net sales		Order book		Operating result (EBIT)		Number of employees at 31.12.	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Kuhn Group	805.5	757.0	778.7	777.8	210.7	180.6	41.6	65.0	2748	2846
Bucher Municipal	536.3	450.9	537.0	437.1	126.7	123.8	28.9	18.2	1482	1528
Bucher Process	151.6	148.4	140.0	142.4	39.4	28.0	10.7	8.4	506	529
Bucher Hydraulics	315.8	263.7	307.7	268.8	58.9	46.1	38.7	26.7	1164	1036
Emhart Glass	353.9	316.0	331.5	321.3	169.5	144.4	23.3	16.6	862	849
Other / consolidation	0.2	10.6	−7.8	0.9	–	0.8	−19.5	−17.1	13	86
Total	**2163.3**	**1946.6**	**2087.1**	**1948.3**	**605.2**	**523.7**	**123.7**	**117.8**	**6775**	**6874**

Net sales

Sales divisions

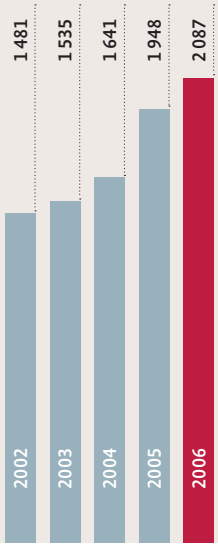


Sales regions

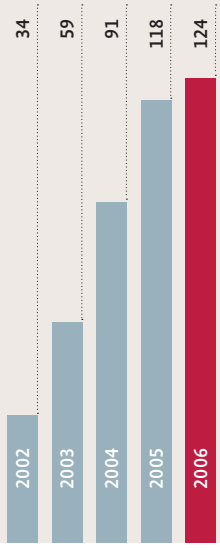


Five-year summary

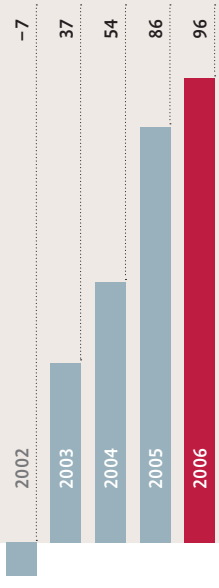
Net sales
CHF million



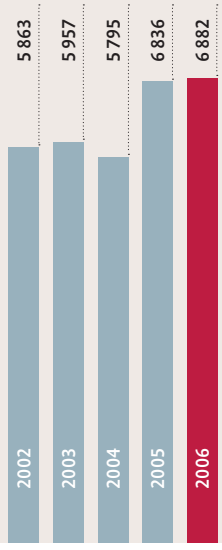
Operating result (EBIT)
CHF million



Net result
CHF million



Number of employees,
annual average



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Report to shareholders

Dear Shareholders

200 years after Heinrich Bucher-Weiss laid the cornerstone of Bucher Industries with his blacksmith's shop in Murzeln in Niederweningen, it is our pleasure to present a good annual report.

Bucher Industries continued to do well in the financial year 2006. With sales of CHF 2 087 million, the group exceeded the CHF 2 billion mark for the first time and achieved a 7% growth in sales. Adjusted for acquisition effects, sales improved by 5%. Order intake increased 11% year-on-year and amounted to CHF 2 163 million, with the result that the high restructuring costs and impairments of CHF 34 million in total could be more than compensated. The operating result was CHF 124 million, which represents a 5% increase year-on-year. The group's net result increased to CHF 96 million or by 11% due to the good financial result.

Friendly market environment The friendly market environment of the previous year continued into the year under review. Demand was partly restrained only in the agricultural machinery and wine and fruit juice production plant segments. Sales of municipal vehicles, hydraulic components and production plants for glass containers enjoyed an upswing. The group was in large part able to compensate for the continued increase in the prices of commodities and energy, and the positive effects of a strong euro made more than up for the weakness of the US dollar.

Sales of more than 2 billion Sales by Bucher Industries rose 7.1% to CHF 2 087.1 million in the year under review and exceeded the two-billion mark for the first time in its 200-year history. The increase adjusted for currency effects amounted to 5.6%, and 5.1% adjusted for acquisition and divestment effects. Order intake grew by 11.1% to CHF 2 163.3 million. At CHF 605.2 million, the order book was up 15.6% year-on-year. Although the costs for the restructuring of Kuhn Group and Emhart Glass of around CHF 25 million and impairments at Kuhn Metasa in Brazil of CHF 9 million burdened the operating result, the latter still improved by 5.0% to CHF 123.7 million. This satisfactory result was mainly due to an increase in volumes with high capacity utilization and the ongoing implementation of measures to increase efficiency. With a financial result of CHF 12.9 million and tax expenditures of CHF 41.1 million, Bucher Industries increased its net result by 10.9% to CHF 95.5 million.

Balance sheet even stronger The good group result led to an increase in equity of CHF 86.0 million to CHF 724.5 million, while the equity ratio improved further from 38.1% to 39.4%. Return on equity was 14.0% and remained below the previous year. Thanks to a consistent management policy, the net operating assets fell by CHF 20.3 million to CHF 538.3 million despite the increase in business volume. The resulting return on net operating assets

was 14.3%. Operating free cashflow increased by 63.8% year-on-year and amounted to CHF 101.2 million. At CHF 173.1 million at the end of the reporting period, net liquidity increased by CHF 104.1 million.

Development and capital expenditure Development expenditure to update and extend the product lines increased by CHF 1.9 million to CHF 65.3 million, while capital expenditure grew by CHF 6.4 million to CHF 58.1 million and was largely applied to replacements, investments in rationalizing and to some extent increasing capacity.

Personnel At year-end, Bucher Industries had 6 775 employees in 29 countries, 1.4% less than the previous year.

Kuhn Group In a market environment characterized by differences in regional development, Kuhn Group generated sales of CHF 778.7 million with specialized agricultural machinery, outperforming the previous year by 0.1% in Swiss francs. In local currencies, sales fell by 1.6% year-on-year. Demand remained buoyant in Central and Eastern Europe, but Western Europe with the exception of Germany suffered a lack of positive momentum. The agricultural crisis in Brazil bottomed out and business volume fell further. Order intake improved by 6.4% to CHF 805.5 million. The closing of the Kuhn Nodet plant in France and the relocation of the manufacture of seeders to other French plants resulted in one-off costs of approximately CHF 20 million. Patent and trademark rights in Brazil were impaired by CHF 9.2 million. These costs caused the operating result to fall by CHF 23.4 million to CHF 41.6 million.

Bucher Municipal The division increased its sales of municipal vehicles by 22.9%, or 11.4% adjusted for acquisition effects, to CHF 537.0 million. The pleasing organic growth was mainly based on a distinct market revival as well as several large orders for sweepers and airport equipment. Order intake grew 18.9% to CHF 536.3 million and the operating result increased by more than 50% from CHF 18.2 million to CHF 28.9 million. More flexible production structures enabled the division to strongly increase vehicle volumes and to gain additional market shares. In the year under review, Bucher Municipal sold its component manufacturing business in Niederweningen, Switzerland and in the current year the multi-purpose vehicle business of Bucher Schörling in Italy.

Bucher Process The market for wine production plants remained difficult in the past financial year. In France, the most important sales market, demand fell by 15%. Overall business volume in the wine and fruit juice plant sector remained more or less stable while sales of drying technology fell. On the whole sales of Bucher Process fell by 1.7% reaching CHF 140.0 million. Order intake, however, increased 2.2% year-on-year to CHF 151.6 million.

The division nevertheless improved its operating result by 27.4% to CHF 10.7 million.

Bucher Hydraulics Thanks to brisk demand in almost all market sectors, the division managed to continue the satisfactory trend of the previous years. Sales grew 14.5% to CHF 307.7 million, while order intake was up 19.8% to CHF 315.8 million. The operating result improved substantially by 44.9% to CHF 38.7 million, 2.8 Mio of the increase resulted from the disposal unconsolidated investments. The high volume of orders throughout the year meant that production facilities always worked to capacity, which contributed significantly to the good business development. The plants reached their capacity limits, and although Bucher Hydraulics met this challenge with a high degree of flexibility, it could not avoid a few longer-lasting delivery terms. The division once again demonstrated its strong position as a globally respected supplier of customized hydraulic solutions.

Emhart Glass The division generated sales of machinery and equipment for the manufacture of glass containers of CHF 331.5 million, thereby outperforming the previous year's high figure due to large orders by 3.2%. At CHF 353.9 million, order intake was up 12.0% year-on-year. All product groups contributed to this satisfactory development and the division was able to increase its market share. The operating result of Emhart Glass improved 40.4% to CHF 23.3 million despite the fact that the result was burdened by costs of around CHF 5 million for the relocation of production activities from Neuss in Germany to Sweden and the US.

Dividend In view of the good group result, the board of directors proposes to the annual general meeting of 12 April 2007 to approve payment of an increased dividend of CHF 2.50 per registered share. The previous year's dividend amounted to CHF 2.10. This proposal corresponds to a dividend payout ratio of 27.7%.

Kurt E. Siegenthaler

Board of directors and group management As Rudolf Hauser has reached the maximum age under the regulations, he will resign as member and chairman of the board of directors at the 2007 annual general meeting. The board of directors has appointed Kurt E. Siegenthaler, member of the board of directors since 2006 and head of the Emhart Glass division until the end of 2005, as his successor as the chairman of the board. The board of directors requests the annual general meeting to elect Anita Hauser as new board member for a term of office of three years. The term of office of the directors Thomas W. Bechtler and Rolf Broglie is expiring and the board of directors requests the annual general meeting to re-elect them to the board for another term of office of three years.

A thank you to our partners The good business result for 2006 would have been impossible without the performance, team work and commitment to success of all our employees. The loyalty and willingness to cooperate of all our business partners, customers and shareholders also contributed to the success of our business operations. We would like to thank all of them for their commitment, interest and trust in Bucher Industries.

Outlook for 2007 Bucher Industries is expecting the good economic climate to continue in the current year, with differences in the various business sectors. The agricultural machinery sector is expected to remain more or less stable in Europe and North America. The municipal vehicle sector is faced by uncertainty with regard to several large tenders and the impact of the mild winter on winter equipment. We expect growth in the wine and fruit juice plant sectors and continued strong demand for hydraulic components. Demand for production plants for top-quality glass containers is likely to remain high in Europe and the US, and will probably increase in Asia. Assuming that exchange rates will remain stable, Bucher Industries is expecting an increase in sales and an improvement in the operating and net results.

Niederweningen, 8 March 2007

Rudolf Hauser
Chairman of the board

Philip Mosimann
Chief executive officer

Bucher – profile

Our origin It is exactly 200 years since Heinrich Bucher-Weiss took over the running of the blacksmith's shop in the Swiss hamlet of Murzeln, Niederweningen, back in 1807, planting the economic roots of the Bucher group. In the course of its 200-year history, Bucher has become a global group, engaged in state-of-the-art machine and vehicle engineering.

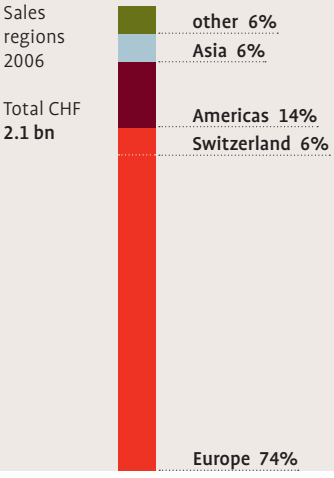
The present Today, we are a globally active technology group, manufacturing advanced machinery and vehicles, with production facilities all over the world. The Bucher group is headquartered in Switzerland and listed on the SWX Swiss Exchange.

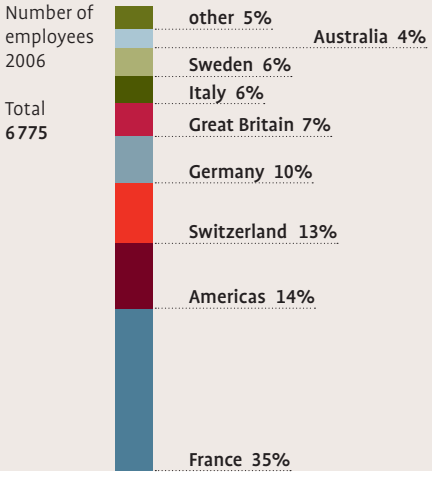
Our five business segments The group comprises five specialized divisions in industrially related areas of machine and vehicle construction. The business segments are mainly associated with mature user markets offering considerable growth and earnings potential worldwide thanks to innovative products and services and geographical diversification.

Market leadership Based on our position of global leadership in the markets in which we operate, we strive for optimum efficiency in our service and sales organization, maximum innovation and a superior cost/benefit ratio in our specialty fields.

Kuhn Group is the world's leading supplier of agricultural machinery for fodder harvesting and processing, soil preparation, seeding technology and plant cultivation.

Bucher Municipal holds the largest market share in sweeping vehicles in Europe. The product line includes compact and truck mounted sweepers,





airport cleaning and snow clearing equipment, spreaders and – for the Australian market – refuse collection vehicles.

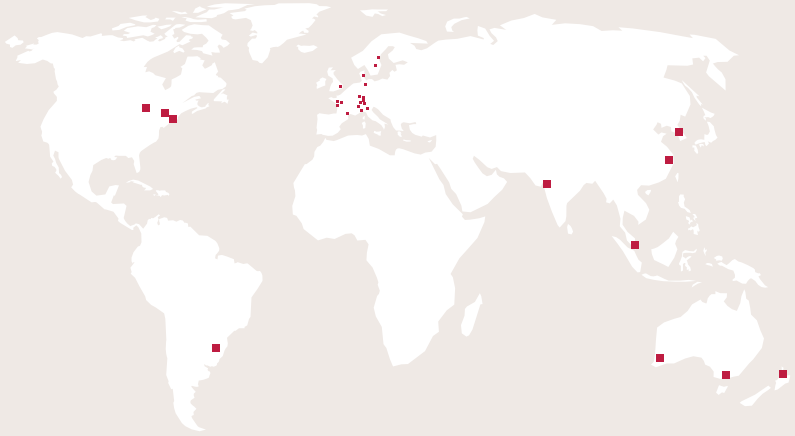
Bucher Process is the foremost international manufacturer of equipment for fruit juice and wine production. The product range also encompasses process technologies for the food and pharmaceutical industries as well as environmental technology.

Bucher Hydraulics has manufacturing facilities in Europe, Asia and the USA and plays a leading role as a supplier of customized drive and control systems for mobile and industrial hydraulics.

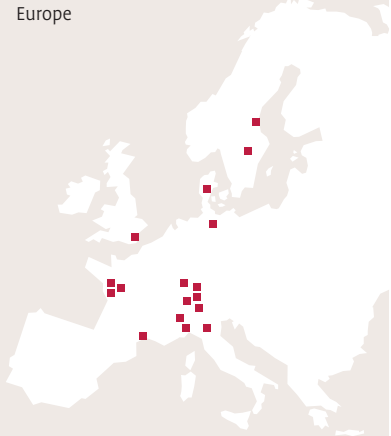
Emhart Glass is the global market leader in glass forming machines and inspection equipment, components, spare parts and support services for the glass container industry, with subsidiaries in Europe, North America and Asia.

The future Our mission is to strive for superior profitability and high cash flow based on technology leadership, market presence and systematic cost management. We are committed to providing our customers with high-spec, innovative products and excellent service. We will continue to work to develop the group by means of internal growth and the takeover of carefully selected complementary business activities. Through a clear divisional structure with decentralized managerial and performance-related responsibility combined with group-wide strategic and financial management, we aim to achieve the following exacting targets: For our operating results an EBITDA of 12% and an EBIT of 8% of sales, along with return on net operating assets (RONOA) above 14%.

Manufacturing sites



Europe



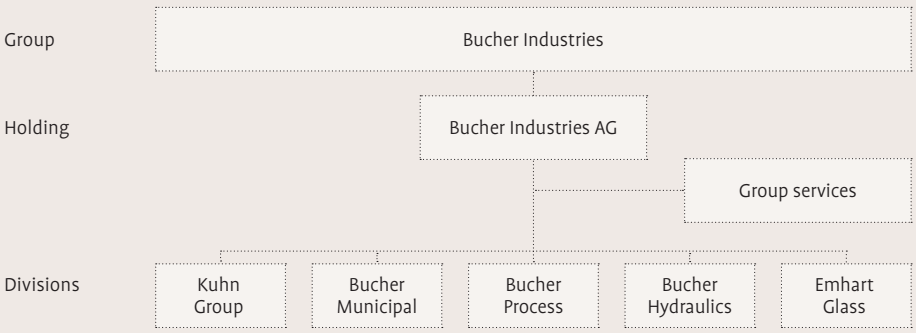
Corporate governance

This report complies with the SWX Swiss Exchange Corporate Governance Directive effective 1 July 2002 and related commentaries, where applicable to Bucher Industries. Unless otherwise stated, the information presented reflects the situation on 31 December 2006.

Group structure and shareholders

Operational group structure The Bucher Industries group is organized into five divisions operating in five business segments: specialized agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production plants (Bucher Process), hydraulic components (Bucher Hydraulics) and production equipment for the glass container industry (Emhart Glass). At holding level, a corporate center provides finance and controlling, corporate development, legal and communications functions to support the holding company and the 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 69 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, as detailed in the investor relations section on pages 22 and 23 of this annual report. The consolidation includes all group companies owned directly or indirectly by the holding company, as shown on pages 92 and 93 of this annual report. None of these group companies is listed on a stock exchange.



Shareholders Shareholder information is published under notes to the financial statements on page 98 of this annual report. 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 capital but no authorized capital and has not issued any participation certifications or profit-sharing certificates.

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. This increase 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 warrants, options or conversion rights are entitled to subscribe for new shares. No such rights are outstanding at present.

Warrant, option or conversion terms are determined by the board of directors. The board is authorized 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 warrant, option or conversion terms according to market conditions at the time of issue.

Changes in capital in the last three years

CHF 1000

	31.12.2006	31.12.2005	31.12.2004
Bearer share capital			1 416
Registered share capital	2 113	2 113	697
Statutory reserves	70 610	70 610	70 610
Distributable reserves	186 342	164 764	142 572
Reserves for treasury shares	32 659	35 237	37 429
Retained earnings	69 993	54 210	48 374
Total shareholders' equity	361 717	326 934	301 098

Shares All shares are fully paid-up and rank for dividend. Each share carries one vote at general meetings of shareholders.

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 scheme for directors and members of the group management and division managements are shown on pages 86 to 87 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

Rudolf Hauser Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich, MBA INSEAD Fontainebleau ▸ **1961** Bucher GmbH, Klettgau, managing director in **1964** ▸ **1967** Bucher-Guyer AG, delegate of the board ▸ **1984–2001** Bucher Industries AG, delegate of the board, chairman of the board since **2001** ▸ **Other activities C**hairman of the board of Kaba Holding AG, Rümlang ▸ Deputy chairman of the board of Rieter Holding AG, Winterthur, and AG für die Neue Zürcher Zeitung, Zurich.

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.

Name	Age	Position	Appointed	Term expires
Rudolf Hauser	70	Chairman, executive	1984	2009
Thomas W. Hauser	66	Deputy chairman, non-executive	1984	2008
Ernst Bärtschi	55	non-executive, independent	2005	2008
Thomas W. Bechtler	57	non-executive, independent	1987	2007
Rolf Broglie	60	non-executive, independent	1996	2007
Claude R. Cornaz	46	non-executive, independent	2002	2009
Kurt E. Siegenthaler	65	non-executive	2006	2009
Heinrich Spoerry	55	non-executive, independent	2006	2009
Erwin Stoller	59	non-executive, independent	1996	2008

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.

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** until end 2005 Emhart Glass division president ▸ **Other activities** Member of the board of Baumer Elektrik AG, Frauenfeld, and of Alu Menziken AG, Menziken.

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, 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** Rieter Automotive Systems, Winterthur, chief executive officer. No other activities or involvements.

Independence All the non-executive directors, with the exception of Thomas W. Hauser and Kurt E. Siegenthaler, are independent. They have never been members of the management of Bucher Industries, nor do they have a material business relationship with the group. Although Thomas W. Hauser and Kurt E. Siegenthaler were non-executive directors during the year, they are not considered to be independent because they held executive positions until the end of 2003 and 2005, respectively.

Cross-involvements There are no cross-involvements between the board of Bucher Industries AG and any other listed company. Three members of the board (Rudolf Hauser, Thomas W. Bechtler and Kurt E. Siegenthaler) also serve on the boards of other listed companies, as mentioned on pages 11 and 12 of this annual report.

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. Rudolf Hauser and Claude R. Cornaz were re-elected and Heinrich Spoerry and Kurt E. Siegenthaler were elected to the board for the first time during the year under review.

Internal organization 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 organization. It meets as often as business requires, holding at least five scheduled meetings each year. It met five times in 2006. The meetings are attended by the chief executive officer and other members of group management. 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 twice in 2006.

Compensation Committee The compensation committee is composed of Rudolf Hauser (chairman), Thomas W. Bechtler and Rolf Broglie. The majority of the three committee members are non-executive and 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 the his own compensation is being determined. The compensation committee holds at least one meeting each year. It met once in 2006.

Michael Häusermann | Jean-Pierre Bernheim | Martin Jetter | Philip Mosimann | Daniel Waller | Michel Siebert | Roger Baillod

Name	Age	Position	Joined the group in
Philip Mosimann	53	Chief executive officer	2001
Roger Baillod	48	Chief financial officer	1996
Jean-Pierre Bernheim	58	Division president Bucher Process	1980
Michael Häusermann	46	Division president Bucher Municipal	1988
Martin Jetter	51	Division president Emhart Glass	2005
Michel Siebert	58	Division president Kuhn Group	1979
Daniel Waller	46	Division president Bucher Hydraulics	1999

Nomination Committee The nomination committee is composed of Rudolf Hauser (chairman), Thomas W. Bechtler and Rolf Broglie. The majority of the three committee members are non-executive and independent. The role of the nomination committee is to set policy for electing and re-electing members of the board and to prepare for elections based on these criteria. It also performs functions relating to the selection and evaluation of candidates for senior management positions. No other people attend the meetings of this committee. The nomination committee holds at least one meeting each year. It met twice in 2006.

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 organization. A short version of the rules of organization 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 reports and consolidated financial statements, 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 analyzed 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, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ▸ **1980** Sulzer Innotec AG, Winterthur ▸ **1993** Sulzer Thermtec, Winterthur, division president ▸ **1997** Sulzer Textil, Rüti, division president ▸ **2001** Bucher Industries AG, chief executive officer since **2002**. No other activities or involvements.

Roger Baillod Swiss citizen, 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, mechanical engineer Ecole des Mines, Paris, doctorate in engineering University of Marseille ▸ **1977** Groupe Vallourec, Paris ▸ **1980** Vaslin-Bucher SA, managing director ▸ **1988** Bucher Process, division president. No other activities or involvements.

Michael Häusermann Swiss citizen, 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, engineer University of Cooperative Education Stuttgart ▸ **1978** Robert Bosch GmbH, Schwieberdingen ▸ **1980** Jetter AG, Ludwigsburg, chief executive officer ▸ **2005** Emhart Glass AG, Emhart Glass, division president since 2006. ▸ **Other activities** Jetter AG, Ludwigsburg, chief executive officer.

Michel Siebert French citizen, 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, 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.

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

Compensation, shareholdings and loans

Content and method of determining compensation Members of the board receive compensation that is proposed by the compensation committee and determined by the full board every year. With the exception of cash payments for committee work, this compensation is paid in shares of Bucher Industries AG, which vest after a three-year vesting period.

The compensation for group management members and the compensation systems for other executives in the group are determined annually by the compensation committee, as proposed by the chief executive officer. In addition to a fixed base salary commensurate with their responsibilities, they receive a variable performance-related component that can total up to 50% of base salary if targets are met and up to 100% of base salary if targets are exceeded. The variable performance-related compensation contains a cash component, which is based on agreed annual financial targets, and a share component, which is based on the financial targets of three-year medium-term planning.

Compensations for members of governing bodies The aggregate compensation paid to the executive member of the board and to group management members for the year under review was CHF 5 843 552. This also includes awards of registered shares in Bucher Industries AG valued at the year-end price, and all salaries, cash bonuses, fees, expense allowances, and supplementary pension plans.

During the year under review, the aggregate compensation paid to non-executive directors in the form of awards of registered shares with a three-year vesting period and a fee for committee meetings was CHF 1 011 300, of which CHF 62 000 was paid in cash. No compensation was paid to former members of governing bodies in the year under review.

Share awards For the business year 2006, the executive member of the board and the group management members were awarded a total of 10 355 registered shares of Bucher Industries AG. Non-executive members of the board received 6 812 registered shares as directors' compensation and as a compensation for former executive tasks.

Share ownership At 31 December 2006, the executive member of the board of directors, the group management members and parties closely linked to them held a total of 1 025 188 registered shares of Bucher Industries AG. Non-executive members of the board and parties closely linked to them owned 1 032 807 registered shares.

Share options Under the group's participation and share option plan described in the notes to the consolidated financial statements on pages 86 to 87 of this annual report, the executive member of the board, the group management members and parties closely linked to them held 60 675 share options on 31 December 2006. Each option entitles the holder to purchase one registered share of Bucher Industries AG at the respective exercise price during the exercise period (see table below). Non-executive members of the board did not hold any share options.

Additional compensations, fees and loans to members of governing bodies No members of the board or group management or parties closely linked to them received any additional compensation, fees or loans during the year under review. No members of the board and group management or parties closely linked to them received any additional compensation, fees or loans during the year under review.

Highest total compensation The highest total compensation paid to a member of the board during the year under review was CHF 849 652. This also included awards of 3 705 registered shares, valued at the year-end price, and grants of 3 600 share options, valued using the Black-Scholes model.

Options

Grant year	Exercise period, staggered	Exercise price	Number of options
2000	2001 – 2010	52.40	2 475
2002	2003 – 2007	28.40	2 550
2003	2004 – 2008	34.60	4 950
2004	2005 – 2009	46.80	7 500
2005	2006 – 2015	108.00	21 600
2006	2007 – 2016	116.00	21 600

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 art. 704, par. 1 of the Swiss Code of Obligations.

Convocation of the general meeting of shareholders 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 to 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, Zürich, or its predecessor companies has served as statutory and group auditors of Bucher Industries AG since 1984. The lead auditor, Frank Scharnagl, has been responsible for the audit engagement since 2000.

Auditing fees and additional fees For the year under review, Bucher Industries was charged CHF 1 402 000 by PricewaterhouseCoopers and approximately CHF 887 000 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 518 000 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 a mid-year 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 financial press conference and financial 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 23 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			2006		2005	2004	2003	2002
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	3 487 500	3 487 500	3 487 500
Authorized but unissued		number	1 184 100		1 184 100	137 500	137 500	137 500
Treasury shares		number	689 590		743 120			
Bearer shares								
Par value		CHF				1.00	1.00	1.00
In issue and ranking for dividend		number				1 415 680	1 415 680	1 415 680
Authorized but unissued		number				209 320	209 320	209 320
Treasury shares		number				160 874	168 205	173 595
Issued share capital		CHF million	2.1		2.1	2.1	2.1	2.1
Market capitalization and dividends								
Market capitalization		CHF million	1 397.9		1 107.3	534.6	350.8	278.9
As % of equity		%	195		175	103	73	64
Gross dividend:	per bearer share	CHF				7.00	5.00	5.00
	per registered share	CHF	2.50	2)	2.10	1.40	1.00	1.00
Total dividend		CHF million	26.4	2)	22.2	14.8	10.6	10.6
Payout ratio		%	27.7	2)	25.8	27.5	28.9	n.a.
Per share data [1]								
Net result for the year								
Earnings per share		CHF	9.6		8.7	5.5	3.8	–0.8
Diluted earnings per share		CHF	9.5		8.7	5.5	3.8	–0.8
Cash flow		CHF	15.7		11.6	15.8	9.5	6.2
Equity		CHF	67.8		59.8	49.2	45.6	41.2
Year's high		CHF	134.0		110.5	51.0	36.8	54.0
Year's low		CHF	94.0		50.2	33.4	19.4	25.0
Year-end price		CHF	132.3		104.8	50.6	33.2	26.4
Average price		CHF	115.7		86.4	44.4	29.0	41.0
Average yield		%	2.2	2)	2.4	3.1	3.4	2.4
Average daily trading volume		number	16 992		17 801	9 500	7 745	7 450
Price/earnings ratio (year-end price)			13.9		12.0	9.1	8.7	n.a.

[1] 2002 – 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.

Contact

Philip Mosimann, CEO
Roger Baillod, CFO

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CH-8166 Niederweningen
Phone +41 44 857 22 22
Fax +41 44 857 27 80
info@bucherind.com
www.bucherind.com

Agenda

Annual general meeting (Mövenpick Hotel, Regensdorf)	12.04.2007	4.00 pm
Dividend payment	17.04.2007	
Press release on group net sales 1st quarter 2007	24.04.2007	
Mid-year report 2007	09.08.2007	
Press release on group net sales 3rd quarter 2007	25.10.2007	
Press release on group net sales 2007	31.01.2008	
Financial press conference	18.03.2008	9.00 am
Presentation for financial analysts	18.03.2008	2.30 pm
Mailing of annual report 2007	25.03.2008	
Annual general meeting (Mövenpick Hotel, Regensdorf)	15.04.2008	4.00 pm
Dividend payment	18.04.2008	
Press release on group net sales 1st quarter 2008	25.04.2008	
Mid-year report 2008	07.08.2008	
Press release on group net sales 3rd quarter 2008	24.10.2008	

Development of share price CHF

Kuhn Group

Activities

Kuhn Group is the world's leading supplier of specialized agricultural machinery including forage harvesting, feed mixing, seeding, arable farming and plant cultivation machinery. The division's wide range of farm mechanization products offers the right solution for large-scale factory farms, private contractors and smaller specialized operations. The division has production facilities in France, the USA and Brazil.

Highlights

During the year under review – against the backdrop of a difficult market environment – Kuhn Group generated sales of almost the same level as last year at CHF 779 million. With demand up slightly in the last few months of the year, order intake rose 6% year-on-year to CHF 806 million. Following on from the extremely lacklustre performance in 2005, the business trend in South America continued in much the same vein, with another sharp fall. The closure of the Kuhn-Nodet plant in France, the losses in Brazil as well as the impairment of patent rights and trademarks of the Brazilian subsidiary Kuhn Metasa lay behind the drop in the operating result, which fell by CHF 23 million to CHF 42 million. The division contributed 37% to group sales (2005: 40%).

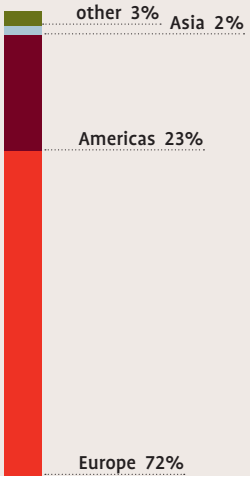
Key figures

CHF million

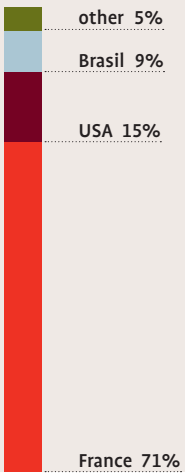
	2006	2005
Order intake	805.5	757.0
Net sales	778.7	777.8
Order book	210.7	180.6
Operating result (EBITDA)	68.2	81.7
Operating result (EBIT)	41.6	65.0
Number of employees at year end	2 748	2 846
Average number of employees during year	2 822	2 964

Geographic distribution

Net sales



Number of employees



A varied market environment During the year under review, the picture was different in each of the Kuhn Group's main markets in the various regions. In Central and Eastern Europe, demand remained brisk, while – with the exception of Germany – Western Europe was largely lacking any momentum. After several years of strong growth, demand in North America ebbed slightly towards the end of the year, which naturally caused farmers to think twice about new investment. In Brazil, the agricultural crisis hit rock bottom and, after an extremely lean year in 2005, the business trend was characterized by a further sharp downturn. The surprising strength of the real against the US dollar, combined with the high cost of fertilizer, seeds and other means of production, were the main reasons for the further decline in demand. With the exception of the strong Brazilian currency, however, the constraining factors began to change in the second half of the year, fuelling hopes of a new – if initially tentative – upturn.

Sales and operating result Against the backdrop of a muted market trend in Western Europe as a whole and a slight slowdown in North America, Kuhn Group achieved sales in line with the previous year at CHF 778.7 million, down 1.6% after adjustment for currency effects. Thanks to its broad and innovative range of products, the division was able to maintain its strong market position in Western Europe, despite the adverse conditions, and even strengthen its presence in North America. Order intake rose 6.4 % to CHF 805.5 million. At the end of the year under review, the order book was up 16.7% year on year. The closure of the Kuhn-Nodet plant in France, which had been running at a loss for some years, and the resultant shifting of the production of seeders to two other sites in France, gave rise to restructuring costs of approximatly CHF 20 million. The agricultural crisis in Brazil also took its toll on Kuhn Metasa, which suffered significant losses as a result. The difficult market environment, combined with the speeding up of the switch from the Metasa brand to the globally recognized Kuhn brand and the increasing pace of production innovation, prompted the CHF 9.2 million impairment of patent rights and trademarks in Brazil. These exceptional factors played a key role in the dip in the operating result by CHF 23.4 million to CHF 41.6 million.

Strategic focus on the production structure During the year under review, the division laid the foundations for an optimum, long-term production structure in France and the USA. In February 2007, around 20 hectares of prime industrial land close to the site in Saverne, France – home to the Kuhn Group's main plant, was successfully purchased. This strategic step will enable the group to bring its manufacturing and assembly operations into line with the trend towards larger machines and cutting-edge technology, as well as reducing the burden on the main plant at the site in Saverne. In addition to the integration of some of the seeder production activities of the former Kuhn-Nodet plant in Saverne, a number of smaller production locations will be amalgamated at the new assembly centre. The planned project in France will cost around CHF 44 million in investment, scheduled for 2007 and 2008. In the

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 Knight, Inc.

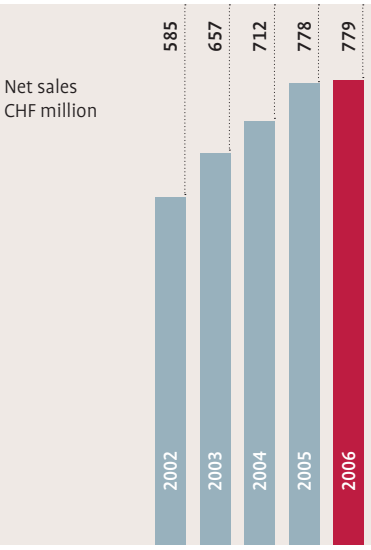
Mario Wagner,
Kuhn-Metasa S / A

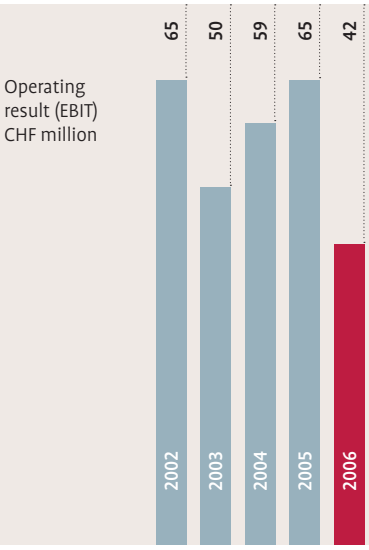
as of 8 March 2007

USA, Kuhn Knight has now invested in the expansion of its production facilities, with state-of-the-art machinery, twice since it joined the Kuhn Group.

Product innovation In the 2006 financial year, each plant launched numerous new machines. In the fodder harvesting machinery segment, the Kuhn Group launched far-and-away the largest mounted disc mower on the market, with a working width of 4.4 metres. The self-propelled feed mixer segment was enhanced with the addition of a class of products with a vertical mixing auger. Kuhn Metasa also launched a number of new products, and Kuhn Knight extended the group's offering in the feed mixer and fertilizer spreader segment. Meanwhile, the range of tilling and seeding products was also expanded, with new machines for minimum tillage and universal seeding. By constantly refining and expanding the functionality of the machines in its existing product range, Kuhn Group is able to satisfy the needs of the agricultural industry in all the various regions of the world. In addition to the cultivation of food for human consumption and animal fodder, the production of biomass as a source of energy now also plays an increasingly important role.

Global customer conference For the first time this year, the Kuhn Group's international dealers' and clients' conference – which takes place every five or six years – was held outside of Europe. Around 900 customers from 48 different countries took advantage of this opportunity to come and see for themselves the new-look, extended and updated Kuhn Knight plant near Chicago in the US state of Wisconsin. The presentations by the division's management, in which they outlined Kuhn Group's future plans, were well received, as were the exhibition and field demonstrations of the various products, the trip to the Kuhn Knight production facilities and the discussions with the owners of the agricultural businesses that they visited. All in all, the Kuhn



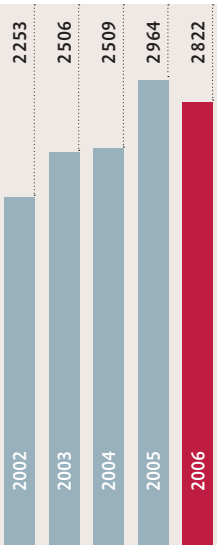


Group admirably demonstrated its credentials as the world's leading supplier of specialized agricultural machinery under a single brand.

Towards a stronger market presence During the year under review, the division used the opportunity presented by the newly formed distribution companies in the Ukraine to consolidate its market presence. The comprehensive product range of high-performance machines – presented at various trade fairs in the growth markets of Eastern Europe – met with tremendous customer interest. During the crisis in the Brazilian agricultural machinery market, the division made smart use of its strength, pushing ahead with the systematic expansion of the product range and the development of an extensive network of dealers in order to ensure that the Kuhn Group was better prepared for the anticipated upturn than its competitors.

Outlook 2007 In the current year, the division expects to see demand continue to rise in Eastern Europe, combined with a stable market environment overall in North America and Western Europe. In Brazil, having plumbed the depths, the market looks set to bounce back slowly. With the US dollar stable against the euro, the Kuhn Group expects to see a slight rise in sales in 2007 and a significant improvement in the operating result, particularly now that the costs of closing down Kuhn-Nodet are out of the way.

Number of employees, annual average



Bucher Municipal

Bucher Municipal

Activities

Bucher Municipal is the world's leading supplier of municipal vehicles for road and airport maintenance services. Its product range includes compact sweepers and truck-mounted sweepers, as well as snow clearing equipment and spreaders. The products are marketed under the Bucher Schörling, Johnston and Giletta brands. In Australia, the product range also extends to Johnston's refuse collection vehicles. The division also includes the Swiss trading business in tractors and agricultural machinery. Production facilities are located in Switzerland, Germany, Great Britain, Italy, Denmark, Latvia, Australia and South Korea.

Highlights

Bucher Municipal increased sales by 23% to CHF 537 million during the year under review, or 22% after currency- and 11% after acquisition effects. Organic growth was supported by the positive economic climate as well as by a number of large contracts. At CHF 536 million, order intake was up 19% year-on-year, or 6% after adjustment for acquisitions. The operating result increased by more than 50% to CHF 29 million. During the year under review, Bucher Municipal sold the component production business in Niederweningen, Switzerland and in the current year the Italian multi-purpose utility vehicle business. The division contributed 25% to group sales (2005: 22%).

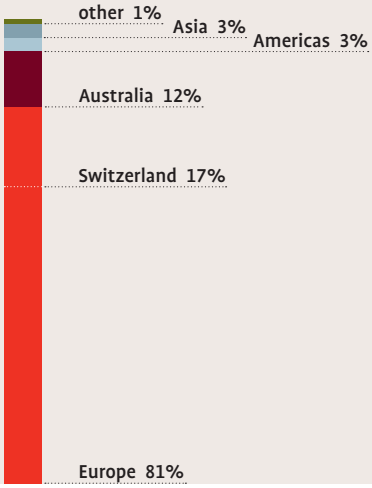
Key figures

CHF million

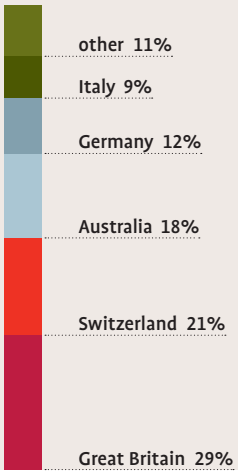
	2006	2005
Order intake	536.3	450.9
Net sales	537.0	437.1
Order book	126.7	123.8
Operating result (EBITDA)	37.7	25.8
Operating result (EBIT)	28.9	18.2
Number of employees at year end	1 482	1 528
Average number of employees during year	1 528	1 335

Geographic distribution

Net sales



Number of employees



Stimulated market environment After several difficult years, the market for municipal vehicles bounced back strongly in Western Europe. Business also looked good in Eastern Europe, Russia and Australia. Demand was brisk across all product segments of compact and truck-mounted sweepers, snow clearing equipment and spreaders. Thanks to its flexible production, the division was able to significantly increase its vehicle output and boost its market share. Steel prices – for stainless steel, in particular – continued to rise during the year under review, but these rises were largely offset.

Record operating result During the year under review, and in the second half of the year in particular, Bucher Municipal operated at full capacity. Sales rose by 22.9% or 21.5% after adjustment for currency factors, reaching CHF 537.0 million, bolstered by the acquisition of Johnston – which only influenced the first quarter and contributed CHF 49.9 million. This pleasing business trend was also triggered by the excellent results of Bucher Schörling and Johnston and a number of large orders for sweepers and airport equipment. Order intake performed strongly in the first three quarters before flattening off in the fourth quarter, reaching CHF 536.3 million. It was purely thanks to the hard work and dedication of all the staff concerned, along with the flexibility of production and logistics, that the division was able to meet these orders on time. The operating result rose by more than 50% to CHF 28.9 million, despite the impact of the sale of the multi-purpose utility vehicle business of Bucher Schörling in Italy. The EBIT margin of 5.4% achieved during the year under review was not far off the 6% target set by the group for the division. One particularly pleasing development is that, despite the relatively low EBIT margin, Bucher Municipal succeeded in outperforming the group's demanding capital yield target of 14%.

In pursuit of cost leadership Following on from the successful integration of Johnston, the division made further progress in the implementation of its long-term strategy. For both existing and new products, joint suppliers have been brought in to optimize economies of scale. The new organizational and project structure is a major step in terms of making the most of the synergies associated with the Johnston acquisition and achieving the goal of cost leadership.

Focus on core competencies Bucher Municipal continued to concentrate on its core competencies, namely sweepers and winter maintenance equipment. In the middle of the year, the division sold its component production business in Niederweningen, Switzerland – with its welding activities and processing of large and small components – to the Swiss company Emil Suter Maschinenfabrik AG. In 2005, the divested business generated sales of more than CHF 20 million. The new owners will continue operating from the same location with the same staff. As of 1 January 2007, the division also disposed of the Italian multi-purpose utility vehicles business of Bucher Schörling SpA in Arielli as this did not fit in with its core business activities.

Division management

Michael Häusermann,
division president

Jürg Hauser,
finance and controlling

Municipal vehicles
Alex Koch,
Bucher-Guyer AG

Klaus Petereit,
Bucher-Schörling GmbH

Niklaus Huser,
SIA Bucher-Schörling Baltic

Coen van Rosmalen,
Johnston Sweepers Ltd.

David Waldron,
MacDonald Johnston Ltd.

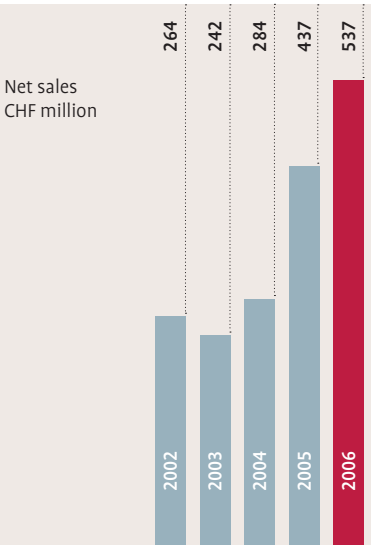
Guido Giletta,
Giletta SpA

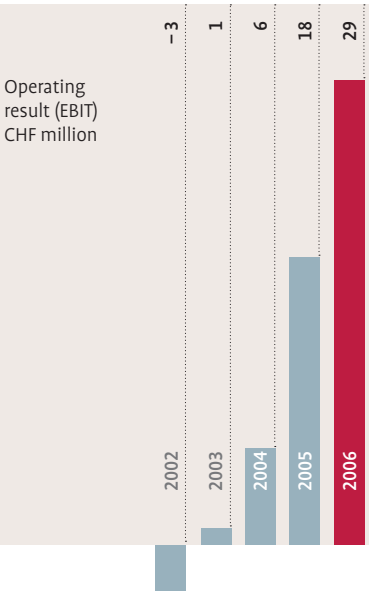
Other activities
Jürg Minger,
Bucher Landtechnik AG

as of 8 March 2007

During the year under review, this business generated around CHF 15 million in sales. In this case, too, the division was able to find a buyer that would continue operating out of the existing location in Arielli.

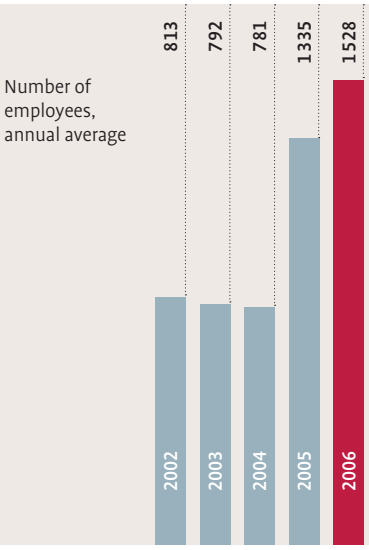
Product innovation In the course of the past year, Bucher Municipal launched a number of new and exciting products. The new-look C200 compact sweeper proved a great hit with European customers and received rave reviews in the trade press. After two years of product development, the 7.5 ton VT 550 truck-mounted sweeper was also launched on the UK market. This new, improved model can carry a 2-ton payload and can be driven on a normal driver's license. In Australia, a new, more advanced side-loader was brought out. The delivery of 65 runway sweepers of newest generation to the German armed forces also marked the successful launch of this particular product. Finally, a new, modular spreader was unveiled at the XII International Winter Road Congress in Turin in March 2006, where it attracted considerable interest from potential customers.





Expansion of distribution network During the year under review, the division continued with its systematic strategy of a separate market presence for the Bucher Schörling and Johnston brands, and went on to further develop both independent dealership and service networks in Eastern Europe and the CIS countries in particular.

Outlook 2007 The market environment is expected to be stable overall in 2007. The mild winter may dent demand for snow clearing equipment and spreaders. However, momentum for growth is expected to come from Eastern Europe and the CIS countries. The divestment of component production activities in Switzerland and the multi-purpose utility vehicle business in Italy means the loss of sales worth of around CHF 35 million in 2007. After allowing for disposals, Bucher Municipal expects sales and operating results for 2007 to come in at around the same level as last year.



BUCHER

BUCHER

Bucher Process

Activities

Bucher Process is the world's leading manufacturer of equipment for fruit juice and wine production, starting from fruit delivery and preparation equipment through to de-juicing, fermentation, filtration and adsorption systems. The product range also encompasses process technologies for the food and pharmaceutical industries as well as environmental technology. Bucher Process operates production facilities in Switzerland, France, Italy and New Zealand.

Highlights

During the year under review, Bucher Process generated sales of CHF 140 million, down 2% year-on-year. However, order intake was up 2% on the previous year at CHF 152 million. In the wine production plant segment, the environment remained difficult, with the main market – namely France – contracting by 15%. Overall, however, the volume of business for wine and fruit juice production plant remained stable overall, though sales of drying technology fell. Despite this, the division saw its operating result rise by 27% to CHF 11 million. Bucher Process accounted for 7% of group sales, unchanged on the previous year.

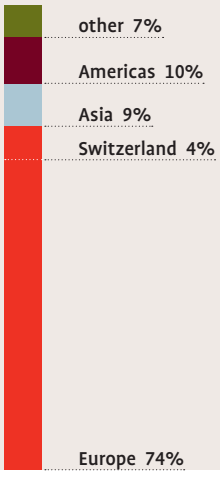
Key figures

CHF million

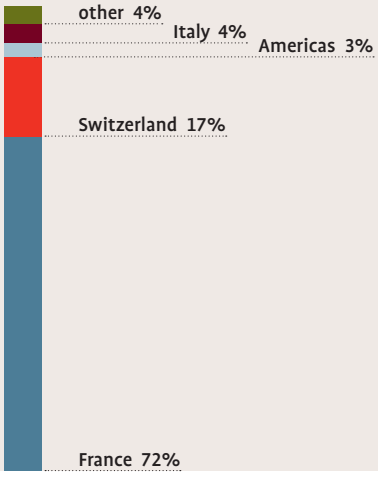
	2006	2005
Order intake	151.6	148.4
Net sales	140.0	142.4
Order book	39.4	28.0
Operating result (EBITDA)	12.9	10.8
Operating result (EBIT)	10.7	8.4
Number of employees at year end	506	529
Average number of employees during year	533	560

Geographic distribution

Net sales



Number of employees



Difficult market environment During the year under review, Bucher Process faced a persistently difficult market environment in its two main markets, namely wine production plant and equipment for the production of fruit juice concentrate. Demand for wine production plant in Italy, Eastern Europe, the USA and the southern hemisphere was pleasing. France, on the other hand – the division's biggest and most important market – remained beset by structural problems, with the market down 15%. The root of the problem lay in overcapacity in wine production and sales-related difficulties at home and abroad. Thanks to its successful focus on the world market as a whole, however, Bucher Process was more than able to compensate for the downturn in investment activity in France and further increase its high market share in the export markets in particular. In the wake of the extremely high volume of investment last year, in China in particular, the fruit juice production market softened, stabilizing at a lower level. With prices for apple juice concentrate still high on the world market, demand for new investments and modernization in Europe developed well. Nevertheless, this trend – in Germany and Poland, in particular – was not sufficient to compensate for the discernible decline in the market as a whole.

Further increase in earning power Against the backdrop of the tight situation on the market as a whole, Bucher Process was not able to completely match the volume of sales achieved last year. Sales for the year under review came in at CHF 140.0 million, down 1.7% or 2.8% after adjustment for currency effects. At CHF 151.6 million, order intake, however, increased 2.2% year-on-year. The positive performance in terms of wine production plant in the second half of the year was also boosted by the successful marketing of the new filtration systems. The strong demand for fruit juice production plant from Eastern Europe continued unabated. However, even this positive performance was not quite enough to make up for the fall in sales of drying technology or the decline in investment in fruit juice production plant in China following the record year in 2005. As such, the division's operating performance merits particular attention. Despite the rising price of steel and other raw materials, and coming on the heels of the significant gains made in 2005, the operating result again increased by 27.4% to CHF 10.7 million. As such, the EBIT margin of 7.6% achieved during the year under review came within a whisker of the group target of 8%.

The strengthening of distribution The division's worldwide sales conference of dealers for wine production plant, which takes place every three years, was held in the up-and-coming wine-producing nation of Hungary during the year under review. Here, various technical innovations – based on the market trends identified by industry experts – were presented, to great interest again this year. In addition to the professional sharing of know-how and the systematic training of dealers, the event focused particularly on customers' growing demands with regard to timely, expert service and support during the critical grape harvesting period. With a wealth of experience, specialist ex-

Division management

Jean-Pierre Bernheim,
division president

Wine production plant
Jean-Pierre Bernheim,
Vaslin-Bucher SA

Fruit juice and drying plant
Hartmut Haverland,
Bucher Processtech AG

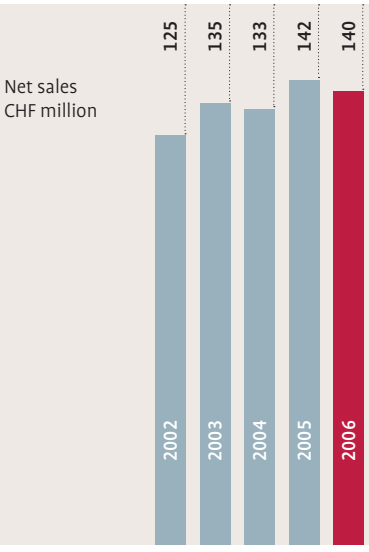
as of 8 March 2007

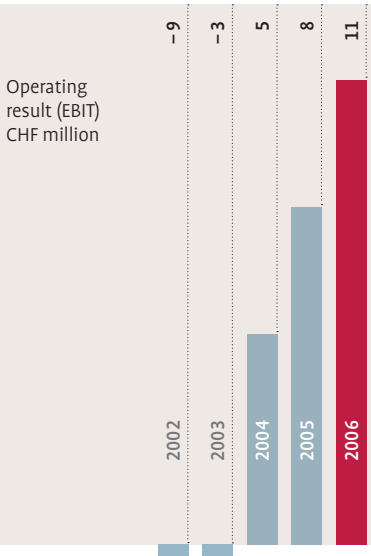
pertise and proximity to the customer, our extensive distribution and service organization is one of the keys to our success. At Bucher Process, however, we believe that customer service goes way beyond harvest time or the sale of products. As such, we support our customers every step of the way, right through to planning for new investment and modernization. In the demanding field of drying technology and sludge dewatering equipment, we have increased our distribution capacity in line with the growing number of projects in this area.

Increasing cost efficiency The various initiatives launched in previous years and continued during the year under review have helped to cut product costs and improve internal processes. Significant progress has been made with regard to wine filtration systems in particular.

Successful product innovation In the course of the year under review, the division expanded its already wide range of grape presses. The innovative, patented process for the oxidation-free pressing of grapes by the name of Inertys has been in great demand. This exciting new process preserves the aroma of the grape, making it ideal for the production of fine white wines in particular. A whole new generation of filtration systems based on cross-flow filtration technology have also been launched, with tremendous success. Equipped with innovative filter cartridges and superior operating software, the new generation of systems are helping to cut customers' operating costs and enhance the quality of the filtered wine.

In the fruit juice production segment, the division launched the new Multi product line, a pneumatic press with drainage elements in differing sizes. The highly versatile MultiPress can be used to extract the juice from a wide vari-

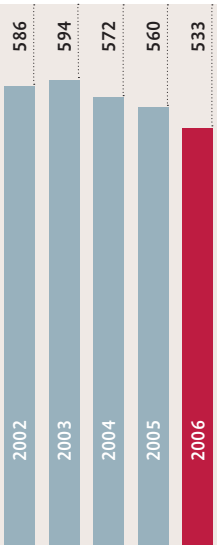




ety of fruits, and is already selling well. With this new product line, the division now boasts a range geared to small and medium-sized businesses, too. During the year under review, the drying technology product group developed a number of new vacuum systems, which were successfully used for the first time in drying the components of instant soup on an industrial scale. Following on from the sale of the first sludge dehydration system in the previous year, several more wastewater treatment plants in Germany and Switzerland opted for this promising technology during the year under review.

Outlook for 2007 The division is expecting to see varying trends from market to market in the coming year. In the wine production plant segment, the situation in France looks set to stabilize, while demand is expected to pick up in Spain, Italy and the southern hemisphere. In the case of fruit juice production plant, prices for concentrate are bolstering investment activity, while in China a number of large projects look set to get under way. In the market for sludge dewatering equipment, we expect the trend to be upwards. It should be possible to offset the significant rise in the price of steel and other raw materials. Consequently, Bucher Process expects to see an increase in sales and a higher operating result for the financial year 2007.

Number of employees, annual average



Bucher Hydraulics

Activities

Bucher Hydraulics is a leading international manufacturer developing and producing customized system solutions for both mobile and industrial hydraulics. The division's broad range of products comprises pumps, motors, valves, power units, elevator drive systems and control units integrating the requisite electronics. With its production facilities and additional distribution companies operating throughout Europe, India, Asia and the USA, Bucher Hydraulics ensures proximity to its customers.

Highlights

Bucher Hydraulics continued the highly satisfactory performance of previous years and increased sales by 15% to reach a total of CHF 308 million. Order intake grew by 20% to CHF 316 million. The division's operating result of CHF 39 million again was up significantly by 45% on the already-high figure of the previous year. This pleasing result was achieved in a positive market environment. The high order volume throughout the year resulted in production facilities always work to capacity which substantially contributed to the good development. The division contributed 15% to group sales (2005: 14%).

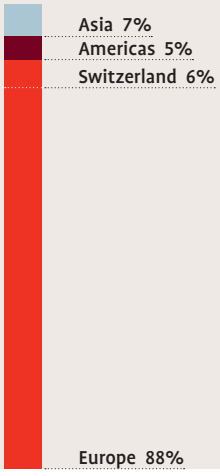
Key figures

CHF million

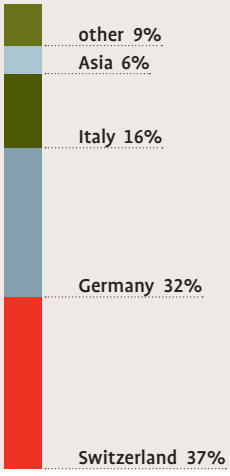
	2006	2005
Order intake	315.8	263.7
Net sales	307.7	268.8
Order book	58.9	46.1
Operating result (EBITDA)	49.9	36.9
Operating result (EBIT)	38.7	26.7
Number of employees at year end	1 164	1 036
Average number of employees during year	1 137	1 041

Geographic distribution

Net sales



Number of employees



Excellent market environment The markets of the supplying industry to which Bucher Hydraulics belongs continued on their upward trajectory during the reporting year, demonstrating strong growth. Within mobile hydraulics, the materials handling and agricultural engineering segments in particular were a major driver of growth. In Europe, the mechanical engineering segment in Germany – with a high proportion of client exports – fared equally well, leading to a high volume of orders for hydraulic systems. In North America, demand fell slightly, whilst in China sales in the energy technology segment benefited significantly from the expansion of the power supply.

Sustained sales and earnings power Bucher Hydraulics can look back on a very good year indeed. Thanks to broadening its product offer and customer base and the positive trend in almost every one of its buyer markets, the division went from strength to strength, once again surpassing the high figures of the previous year. Sales rose by 14.5% to CHF 307.7 million – equivalent to an increase of 13.3% after adjustment for currency effects. Order intake rose further still, up 19.8% to CHF 315.8 million, resulting in a very healthy order book, up 27.8% year-on-year. The operating result was up again at CHF 38.7 million, significantly surpassing the pleasing figure achieved in the previous reporting year by 44.9%, CHF 2.8 Mio. thereof resulted from disposal of unconsolidated investments. Despite this sharp rise in sales, the operating margin also increased by 2.7% to 12.6%. The high volume of orders throughout the whole of the year under review resulted in production facilities working to full capacity all year and made a major contribution to the division's solid performance. Demand from the Chinese market was also extremely pleasing. Sales of the products manufactured in the division's local production facilities grew strongly. In China, the energy technology market also underwent a strong upswing. The rapid growth in demand for the corresponding hydraulic products pushed production capacity at the various facilities to the limit. Thanks to a high degree of flexibility, the division was able to rise to the challenge, though not without the odd capacity bottleneck and occasional longer delivery times along the way. Order volumes also increased in the hydraulic elevator technology segment thanks to new products and the stepping up of sales activities. The division confirmed its strong position as a globally acclaimed supplier of customized hydraulic solutions.

Product innovation Bucher Hydraulics succeeded in further consolidating its high level of expertise in the development of customized hydraulic solutions in 2006. In the course of the year, a new directional control valve was introduced in the series, with sales for applications in agricultural machinery getting off to a promising start. In the construction machinery segment, a new safety valve was successfully launched, delivering better performance combined with a more compact design. Those new products developed in close collaboration with our customers and introduced into the series during the year under review played a major part in the division's pleasing sales fig-

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.

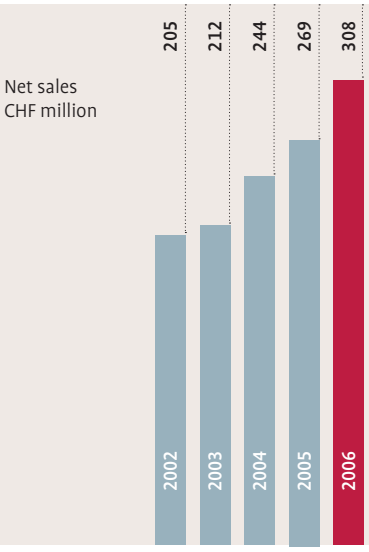
Christian-Erik Thöny,
Bucher Hydraulics AG

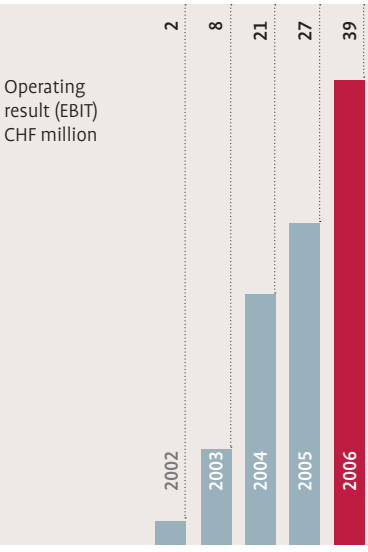
Aurelio Lemos,
Bucher Hydraulics AG Frutigen

as of 8 March 2007

ures. These include, for example, system solutions for energy technology or for road-building machinery.

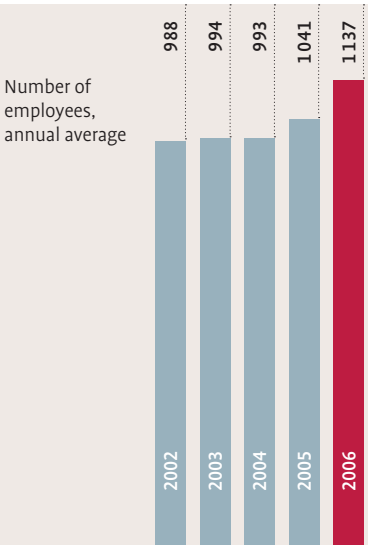
Stronger market position When it comes to product innovation of our customers, the development team at Bucher Hydraulics work closely with their counterparts within the customer's own organization to ensure the market success of the customer's product. This close working relationship, which begins several years before the product is ready to go to market, is one of the keys to the division's success. As a global supplier, Bucher Hydraulics therefore has a distribution network and specialist production facilities in Europe, North America and Asia. During the year under review, Bucher Hydraulics successfully concluded the acquisition of a distribution and production company in New Delhi, India. Purchased at the beginning of the year, the company in question – originally known as Sterling Fluid Technologies Ltd and subsequently renamed Bucher Hydraulics Ltd., India – has been selling the division's products on the Indian market since 2001. Bucher Hydraulics India employs some 40 staff and moved into new, larger premises in the second half of the year. The local, low-cost production of basic hydraulic components and valves for the Indian market is an aspect of the business that will be developed further. With the acquisition of this company, the division has laid the foundations for additional growth with existing and new customers and strengthened its market presence in India, one of the emerging domestic markets for hydraulic components.





Investment in highly specialized production During the year under review, Bucher Hydraulics invested more than CHF 12 million in expanding and upgrading its automated production facilities. Thanks to the highly skilled, well-trained workforce, these capital-intensive production centres are able to operate at maximum capacity and are ideally suited to production in high-cost, high-wage countries such as Germany or Switzerland in particular. In the light of the strong growth of recent years, Bucher Hydraulics decided to invest around CHF 7 million for capacity expansion of its specialist plant in Frutigen, Switzerland.

Outlook 2007 Bucher Hydraulics expects to see the market trend remain positive in all segments in 2007. Demand from Europe – Germany in particular – and Asia looks set to rise further still. Overall, the division anticipates that sales will increase further and the operating result will reach the level of the previous year.



Emhart Glass

Emhart Glass

Activities

Emhart Glass focuses on the machinery and plant for the manufacture of glass containers. Indeed, on the strength of its tremendous capacity for innovation, Emhart Glass is the global market and technology leader in equipping the glass container industry. Its range of products comprises glass forming and inspection machines, plants, components, and spare parts, plus advice and support services. Production facilities can be found in Sweden, the USA, Italy and Malaysia. Emhart Glass is headquartered in Switzerland; its research and development centre is located in the United States.

Highlights

Emhart Glass generated sales of CHF 332 million during the year under review, up 3% on the already-high figure of the previous year thanks to strong demand worldwide. Order intake rose by an even more impressive 12% to CHF 354 million. The CHF 5 million cost of shifting production from Germany to Sweden and the USA took its toll on the operating result. Nevertheless, the final figure still came in at CHF 23 million, up 40% on the previous year. The division again contributed 16% to group sales, the same as last year.

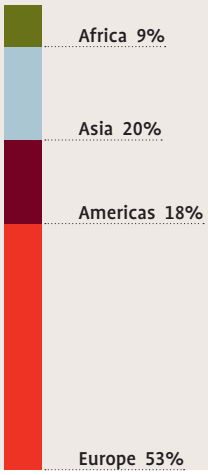
Key figures

CHF million

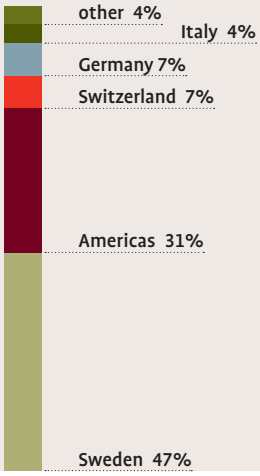
	2006	2005
Order intake	353.9	316.0
Net sales	331.5	321.3
Order book	169.5	144.4
Operating result (EBITDA)	30.0	22.7
Operating result (EBIT)	23.3	16.6
Number of employees at year end	862	849
Average number of employees during year	847	851

Geographic distribution

Net sales



Number of employees



Brisk investment activity The trend on the global market for plant for the manufacture of glass containers was better than expected during the year under review. As a result, there was considerable pent-up demand for investment in new capacity for the manufacture of glass containers. Likewise, the modernization of existing glass container production lines with more productive machines continued apace. Following the consolidation of the glass container industry over recent years, during the year under review customers were operating at full capacity and in some regions there were even occasional supply bottlenecks. The demand for high-quality packaging materials that are safe to health continued to grow, as did the requirement for top-grade drinks packaging. As the ideal packaging material, glass in particular has benefited from this trend and sales of Emhart Glass machinery have been pleasing. In the mid-price bracket, demand has picked up considerably in Eastern Europe, Russia, South America and Asia. In the drinks packaging market, glass containers have succeeded in maintaining their 30% share of the global market and have even gained ground in some regions.

Strong order intake Emhart Glass generated CHF 331.5 million from sales of machinery and plant for the manufacture of glass containers during the year under review. That equates to an increase of 3.2% on the already-high figure for the previous year, or 1.4% after adjustment for currency effects. The division had a very good year in terms of order intake, up 12.0% year-on-year at CHF 353.9 million. All the products in the range – from glass forming and inspection machines to spare parts and services – played a part in this pleasing result. Thanks to its status as the technology leader and its strong global market presence, Emhart Glass benefited more than most from the positive market environment. Thanks to a product strategy specifically geared to the growth markets, with cost savings and specially tailored product specifications, the division was able to gain additional market share in the mid-market segment in particular. In order to further boost its competitiveness, Emhart Glass shifted production from Germany to Sweden and the USA. Despite the associated one-time costs of around CHF 5 million, the operating result rose 40.4% to CHF 23.3 million.

Technologies of the future Thanks to its considerable innovative capacity, Emhart Glass is the global technology and market leader for machines and plant in the glass container industry. The division plans to extend on this leading position, building a new US research and development centre in Windsor, Connecticut for around CHF 22 million in 2007. The Emhart Glass Research Center, as it will be known, will bring a number of key advantages for the division in terms of the testing of new glass forming and vision based inspection systems. As such, the development times for new technologies will be reduced.The only one of its kind in the world, the new centre will also enable the division to develop and refine the glass forming process under production conditions for the first time. The project to develop tempered glass containers will also benefit enormously from the new research

Division management

Martin Jetter,
division president

Bertil Bjugård,
logistic and manufacturing

William Grüninger,
customer service and projects

Joachim Knauer,
Emhart Glass GmbH, Neuss

Joseph F. Laundry,
inspection machines

Edward Munz,
business development

Steven J. Pinkerton,
research and development

Franco Venturelli,
sales

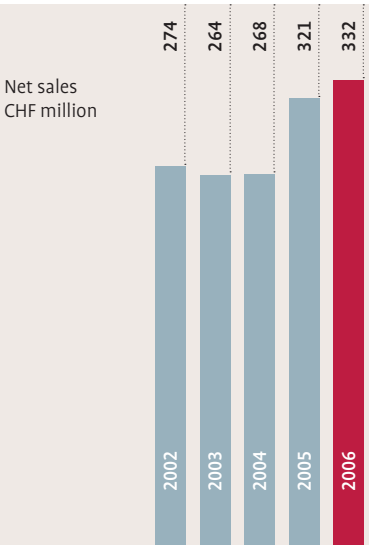
Ngiap Lin Wong,
finance and controlling

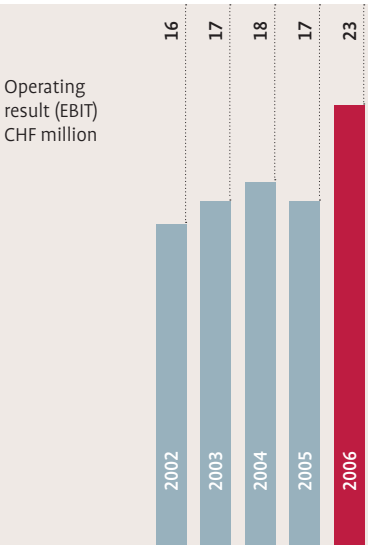
as of 8 March 2007

centre. With a dedicated pilot production line, this new process for the manufacture of lighter, more durable glass containers will make it onto the market even quicker. The Emhart Glass Research Center is scheduled to come on stream by mid-2007.

Product innovation Emhart Glass has been able to consolidate its position as technology leader and even extend that lead in some areas. The servo-electric NIS glass container-forming machine, for example – which remains unrivalled in its field – has been further refined and improved. New ware handling products have been successfully launched, in response to the demand for ever-faster production speeds. With the internet-based FlexIS process control system, glass container forming machines can now be managed, maintained and optimized worldwide and online, 24 hours a day, from only one service centre. This significantly improves plant uptime and boosts customer productivity. In the case of the Veritas inspection machines, new and improved camera-based inspection technologies have been brought out. As such, Emhart Glass is committed to meeting the demanding quality standards set by today's customers.

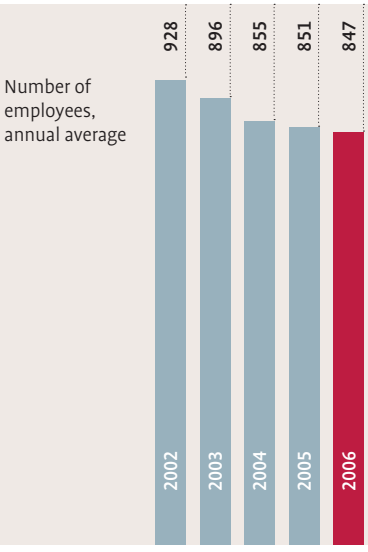
Expansion through acquisition In January 2007, Emhart Glass acquired the US manufacturer of glass inspection equipment ICS/Inex, thus successfully strengthening its market position in the glass container inspection business. With a workforce of approximately 75, ICS/Inex generated sales of USD 19 million in 2006. In order to improve the service that it offers customers in Asia, the division opened a new plant in Johor Bahru, Malaysia, and took over the assembly and service activities for glass forming equipment of its former supplier For-mach Asia.





Optimization of cost and production structures In response to the increasing shift in demand to the growth markets of Eastern Europe, Latin America and Asia, coupled with persistent price pressure, the division further intensified its focus on the production of glass forming and inspection machines. In the second half of the year under review, the assembly of glass forming machines was switched from the site at Neuss in Germany to the main assembly plant in Sundsvall, Sweden. In future, Veritas inspection machines will be finished off at the production facility in Elmira, USA. These measures will ensure that better use is made of internal capacity, as well as cutting structural costs. The expected economies of scale and the elimination of indirect costs from the Neuss production facility should start to feed through from the middle of 2007. These changes will not have any bearing on the service that we provide to our customers, which will remain of the very highest standard.

Outlook 2007 The high volume of orders on the books at the beginning of 2007 will continue to stretch capacity at Emhart Glass until well into the current year. Global demand for glass containers looks set to remain brisk, bolstering investment activity. Based on the strong market environment and the acquisition in the glass inspection equipment business, Emhart Glass expects to see growth in sales and a higher operating result in 2007.



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Comment on the consolidated financial statement 2006

Good economic conditions Seen overall, economic conditions in the sales markets of Bucher Industries were good. Currency effects on net sales were positive with 1.5%. The average EUR/CHF exchange rate contributed 1.8%, while the USD/CHF contributed 0.9%. As far as the balance sheet rates were concerned, the EUR/CHF change was + 3.3%, and the USD/CHF change amounted to – 7.4%.

Improved focus Several activities that no longer count as core activities were sold: LB Produktion GmbH and the component manufacturing business in Niederweningen during the year under review. With effect from 1 January 2007, Bucher-Schörling Italia S.p.A.'s activities relating to Bucher Municipal, for which provision was made in the 2006 financial statements, were sold. The unconsolidated investments in FIS S.r.l., Bucher Hidraulika Kft. and the associated company Gedevelop AB were sold at a total profit of CHF 3.2 million. The restructuring costs for Kuhn Group of approximately CHF 20 million and for Emhart Glass of approximately CHF 5 million were charged in full to the 2006 financial statements. The patent and trademark rights acquired with Kuhn Metasa were impaired by CHF 9.2 million in the year under review, as the product range was updated faster than planned and the switch to the internationally-known trademark Kuhn was implemented earlier. The remaining useful life of these patents was also redefined as at 31 December 2006, which will reduce the amortization costs by approximately CHF 1 million in 2007.

Pleasing operating performance The group's net sales grew by 7.1%, attributable to organic growth + 3.6%, the effect of acquisitions + 2.6%, the effect of divestments – 0.6%, and currency effects + 1.5%. At CHF 595.7 million, net sales in the fourth quarter in particular were significantly higher than in previous years. This growth was mostly driven by the divisions Bucher Municipal, Bucher Hydraulics and Emhart Glass. Order intake also improved substantially by 11.1%, with organic growth accounting for 7.4% of the increase. The other factors that influenced order intake included acquisitions + 2.8%, divestments – 0.7%, and currencies + 1.6%. The order book stood at CHF 605.2 million at the end of the year, equalling 3.5 months' net sales in 2006 (previous year: 3.2 months).

Profitability increased despite extraordinary effects The group's EBITDA rose by 10.9% to CHF 184.6 million and the EBITDA margin increased to 8.8% (previous year 8.5%) in spite of the abovementioned restructuring costs of CHF 25 million and the massive increase in the cost of raw materials, in particular industrial steel. This good result is primarily due to increases in efficiency and a few price increases. Although the extraordinary impairment of the patent and trademark rights of CHF 9.2 million put an additional burden on the EBIT, the latter increased by 5.0% to CHF 123.7 million, while the EBIT margin was 5.9% compared to the previous year's 6.0%.

Very strong financial result The net interest expense was on a par with the previous year, but income from securities rose by CHF 14.3 million to CHF 18.8 million. A large portion of the valuation reserves was realized because of the reduction of the proportion in shares. Despite that fact the valuation reserves reported under fair value adjustments on financial instruments under shareholders' equity only fell by CHF 3.6 million to CHF 25.0 million because of the achieved appreciation. This year, the foreign exchange result was more balanced with a positive effect of CHF 4.9 million (previous year CHF 10.1 million). The financial result improved by CHF 9.6 million to CHF 12.9 million.

Tax rate and group result The income tax burden increased by CHF 6.1 million to CHF 41.1 million. The tax rate thus increased by 1.2% to 30.1%, because tax expenses for prior periods are included. The group result improved by CHF 9.4 million to CHF 95.5 million, and return on sales improved from 4.4% to 4.6%. The good group result and slightly smaller portfolio of treasury shares led to an increase in the earnings per share of 9.8% from CHF 8.70 to CHF 9.55.

Balance sheet improved further Thanks to the good group result, shareholders' equity increased by CHF 86.0 million to CHF 724.5 million, which equals an equity ratio of 39.4% (previous year: 38.1%). Return on equity fell slightly from 14.8% to 14.0%. Intangible assets fell by CHF 16.8 million to CHF 61.9 million. Intangible assets represented 8.5% of equity (12.3%). At 51% to 49%, the ratio of current to non-current financial liabilities was more or less balanced at the end of the year. Non-current liabilities accounted for 84% of liabilities in the previous year. This change can be attributed to the reclassification of the 4 ¼ % bond for CHF 100 million due in 2007 to current liabilities. The increase in current provisions of CHF 29.9 million was caused by the above mentioned restructuring measures. Thanks to a consistent management, the net operating assets fell by CHF 20.3 million to CHF 538.3 56million despite the increase in business volume. The higher turnover of goods and the increase in customer advances contributed to this result. The resulting return on net operating assets was 14.3% (14.8%). Operating free cash flow increased by 63.8% year-on-year and amounted to CHF 101.2 million, primarily as a result of the improved group result, higher amortization, the increase in provisions and smaller growth in working capital. Free cash flow increased from CHF 1.7 million to CHF 103.6 million due to the lack of acquisitions and net proceeds from the sale of financial assets and securities of CHF 22.4 million. Net liquidity rose by CHF 104.1 million to CHF 173.1 million.

Constant number of employees Despite the increase in business volume, the average number of employees was more or less the same as for the previous year, which caused a 6.4% increase to CHF 303 300 in the net sales per employee.

Shareholder value The price of the Bucher share climbed by 26.2% in 2006 to CHF 132.30. During the past three years, the share price increased by almost 300%, bringing market capitalization to CHF 1.4 billion at the end of 2006. Earnings per share rose 9.8% to CHF 9.55. The proposed dividend increased by 19.0% to CHF 2.50 per registered share, which equals a dividend yield of 2.2% on the 2006 average price (previous year 2.4%).

Consolidated balance sheet at 31 December 2006

	CHF million	Note	2006	%	2005	%
Assets	**Current assets**					
	Cash and cash equivalents		317.0	17.2	216.1	12.9
	Securities	4	128.5	7.0	131.9	7.9
	Trade receivables	5	446.8	24.3	400.9	23.9
	Other receivables	5	71.7	3.9	50.3	3.0
	Inventories	6	460.7	25.0	454.0	27.1
	Total current assets		**1424.7**	**77.4**	**1253.2**	**74.8**
	Non-current assets					
	Non-current receivables	7	15.2	0.8	14.6	0.9
	Deferred tax assets	8	27.8	1.5	32.7	2.0
	Financial assets	9	17.5	1.0	16.8	1.0
	Investments in associates	10	13.0	0.7	12.3	0.7
	Property, plant and equipment	11	279.6	15.2	266.5	15.9
	Intangible assets	12	61.9	3.4	78.7	4.7
	Total non-current assets		**415.0**	**22.6**	**421.6**	**25.2**
	Total assets		**1839.7**	**100.0**	**1674.8**	**100.0**
Liabilities and equity	**Current liabilities**					
	Financial liabilities	14	139.3	7.6	44.8	2.7
	Trade payables		254.4	13.8	231.4	13.8
	Customer advances		191.1	10.4	169.1	10.1
	Income tax liabilities		25.0	1.4	22.3	1.3
	Provisions	13	100.2	5.4	70.3	4.2
	Other liabilities	15	186.4	10.1	180.2	10.8
	Total current liabilities		**896.4**	**48.7**	**718.1**	**42.9**
	Non-current liabilities					
	Financial liabilities	14	133.1	7.2	234.2	14.0
	Deferred tax liabilities	8	28.6	1.6	30.0	1.8
	Retirement benefit obligations	25	27.7	1.5	27.0	1.6
	Provisions	13	15.4	0.8	14.1	0.8
	Other liabilities	15	14.0	0.8	12.9	0.8
	Total non-current liabilities		**218.8**	**11.9**	**318.2**	**19.0**
	Equity					
	Attributable to shareholders of Bucher Industries AG		716.7	39.0	631.9	37.7
	Attributable to minority interests		7.8	0.4	6.6	0.4
	Total equity		**724.5**	**39.4**	**638.5**	**38.1**
	Total liabilities and equity		**1839.7**	**100.0**	**1674.8**	**100.0**

Consolidated income statement 2006

CHF million	Note		%		%
		2006		**2005**	
Net sales	1	**2 087.1**	**100.0**	**1 948.3**	**100.0**
Changes in inventories		14.2	0.7	16.5	0.8
Material expenses	16	−1086.7	−52.1	−1036.3	−53.2
Personnel expenses	17	−510.5	−24.5	−488.9	−25.1
Other operating revenues	18	22.2	1.1	19.4	1.0
Other operating expenses	19	−341.7	−16.4	−292.6	−15.0
Operating result before depreciation and amortization (EBITDA)		**184.6**	**8.8**	**166.4**	**8.5**
Depreciation	11	−42.8	−2.0	−40.1	−2.1
Amortization	12	−18.1	−0.9	−8.5	−0.4
Operating result (EBIT)		**123.7**	**5.9**	**117.8**	**6.0**
Result from associated companies	10, 20	1.5	0.1	0.6	0.1
Interest expense	20	−16.4	−0.8	−15.9	−0.8
Other financial result	20	27.8	1.4	18.6	0.9
Result before tax		**136.6**	**6.6**	**121.1**	**6.2**
Income tax	21	−41.1	−2.0	−35.0	−1.8
Net result for the year		**95.5**	**4.6**	**86.1**	**4.4**
Attributable to shareholders of Bucher Industries AG		94.1		85.3	
Attributable to minority interests		1.4		0.8	
Earnings per share in CHF	22	9.55		8.70	
Diluted earnings per share in CHF	22	9.51		8.66	

Consolidated cash flow statement 2006

CHF million	Note	2006	2005
Net result for the year		**95.5**	**86.1**
Adjustments for:			
Income tax		41.1	35.0
Depreciation and amortization		60.9	48.6
Acquisitions and proceeds from disposal of subsidiaries		–0.9	–4.0
Result from associated companies		–1.5	–0.6
Gains on sale of non-current assets		–2.8	–0.7
Net interest expense		11.6	11.5
Interest received		3.9	4.4
Interest paid		–14.1	–15.5
Income tax paid		–45.3	–30.7
Other operating cash flow items		–1.8	0.6
Cash flow from operating activities before changes in net working capital and provisions		**146.6**	**134.7**
Change in provisions		29.7	9.7
Change in net working capital	23	–22.0	–31.2
Cash flow from operating activities		**154.3**	**113.2**
Purchases of property, plant and equipment		–58.1	–51.7
Proceeds from sale of property, plant and equipment		6.9	1.6
Purchases of intangible assets		–1.9	–1.3
Purchases of financial assets, investments and securities		–9.5	–12.2
Proceeds from sale of financial assets, investments and securities		31.9	2.0
Acquisition of subsidiaries	3	–0.4	–24.5
Acquisition of associates		–	–11.2
Disposal of subsidiaries	3	1.1	–
Cash flow from investing activities		**–30.0**	**–97.3**
Change in treasury shares		2.0	1.2
Proceeds from long-term financial liabilities		3.3	0.5
Repayment of long-term financial liabilities		–6.2	–3.7
Change in short-term financial liabilities		–9.4	–84.1
Dividend paid		–20.7	–14.2
Cash flow from financing activities		**–31.0**	**–100.3**
Effect of exchange rate changes		7.6	3.9
Net change in cash and cash equivalents		**100.9**	**–80.5**
Cash and cash equivalents at 1.1.		216.1	296.6
Cash and cash equivalents at 31.12.		**317.0**	**216.1**

Consolidated statement of changes in equity 2006

CHF million	Share capital	Share premium reserves	Retained earnings	Currency translation reserves	Treasury shares	Fair value adjustments on financial instruments	Attributable to share-holders of Bucher Industries AG	Attributable to minority interests	Total Equity
Balance at 1.1.05	**2.1**	**70.6**	**513.6**	**–49.5**	**–37.4**	**20.1**	**519.5**	**5.9**	**525.4**
Change in currency translation reserves				29.8			29.8		**29.8**
Change in fair value of financial instruments						8.5	8.5		**8.5**
Net income/expense recognized directly in equity				**29.8**		**8.5**	**38.3**		**38.3**
Net result for the year			85.3				85.3	0.8	**86.1**
Total recognized income for the year			**85.3**	**29.8**		**8.5**	**123.6**	**0.8**	**124.4**
Change in treasury shares			0.7		2.2		2.9		**2.9**
Dividend			–14.1				–14.1	–0.1	**–14.2**
Balance at 31.12.05	**2.1**	**70.6**	**585.5**	**–19.7**	**–35.2**	**28.6**	**631.9**	**6.6**	**638.5**
Change in currency translation reserves				10.6			10.6		**10.6**
Change in fair value of financial instruments						–3.6	–3.6		**–3.6**
Net income/expense recognized directly in equity				**10.6**		**–3.6**	**7.0**		**7.0**
Net result for the year			94.1				94.1	1.4	**95.5**
Total recognized income 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 31.12.06	**2.1**	**70.6**	**660.7**	**–9.1**	**–32.6**	**25.0**	**716.7**	**7.8**	**724.5**

Share capital

		2006	2005
Registered shares			
Par value	CHF	0.20	0.20
In issue and ranking for dividend	number	10 565 900	10 565 900
Authorized but unissued	number	1 184 100	1 184 100
Treasury shares	number	689 590	743 120
Issued share capital	CHF million	2.1	2.1

Reserves for treasury shares

	Number of shares	CHF 1 000
Balance at 1.1.2006	**743 120**	**35 237**
Sale or re-issue for share-based payment schemes	–53 530	–2 578
Balance at 31.12.2006	**689 590**	**32 659**

Notes to the consolidated financial statements

Group accounting principles

General Bucher Industries AG is a company established under Swiss law and listed on the SWX Swiss Stock Exchange. The registered office is in Niederweningen. The Bucher Industries group is organized into five divisions operating in the following different segments: specialized agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production plants (Bucher Process), hydraulic components (Bucher Hydraulics) and production equipment for the glass container industry (Emhart Glass).

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

A number of revised standards of the International Accounting Standards Board (IASB) came into force in 2006, including IAS 19 “Employee Benefits”, IAS 21 “The Effects of Changes in Foreign Exchange Rates”, IAS 39 “Financial Instruments: Recognition and Measurement”, and IFRIC 4 “Determining whether an Arrangement contains a Lease”. The group introduced these changes on 1 January 2006, although Bucher Industries already applied the changes to IAS 21 in 2005. With reference to IAS 19 “Employee Benefits”, actuarial gains and losses below a certain amount were previously not recognized, while actuarial gains and losses above this amount were only recognized on a pro rata basis. Companies now also have the option to recognize all actuarial gains and losses in equity, which Bucher Industries does not apply. The most important additional disclosure requirements concern the classification of pension plan assets and the obligation to compare the pension obligations and the pension plan assets for comparative periods.

New and revised IFRS standards took effect on 1 January 2007. The relevant changes mostly refer to additional disclosure requirements regarding IFRS 7 “Financial Instruments: Disclosures”, but the current view of group management is that these changes will not have any significant impact on the consolidated financial statements.

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities and disclosure of contingent liabilities and contingent claims as at the balance sheet date. 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 Intangible assets are tested for impairment annually, while other assets are tested only 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 such future cash flow estimates. Assumptions and estimates are required to calculate current and deferred income tax assets and liabilities. Deferred tax assets are recognized primarily for temporary timing differences and, in specific cases, also for tax loss carry-forwards, provided that tax liabilities exist and realization 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 should prove to be incorrect, impairment may result.

Provisions are raised for a number of events that are likely to lead to outflows of funds. 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 funds operated by the Group are defined contribution plans, but in some countries defined benefit plans are in use. 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 based in Niederweningen, Switzerland, and all the 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 secured control through contractual arrangements. Under the full consolidation method, the assets, liabilities, income and expenses of the companies included in the group of consolidated companies are reported in full in the consolidated financial statements. Minority shareholders' 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 prepared as at 31 December using uniformly applied accounting policies. These financial statements are prepared in compliance with national legislation and customs and are presented for the consolidation in accordance with consistent classification and measurement principles. Intercompany receivables, liabilities, transactions, cash flows and unrealized gains are eliminated. Intercompany transactions are conducted on normal commercial terms and conditions. The purchase method of accounting is used to account for acquisitions. Under this method, the fair value of the identifiable assets and liabilities of acquired companies is determined at the date when they are consolidated for the first time, and the fair value is then compared to the cost of acquisition. The resulting goodwill is capitalized and, until the end of 2004, was amortized on a straight-line basis over its estimated useful life, generally not more than 5 years. Starting in 2005, goodwill is no longer amortized on a straight-line basis but is tested for impairment annually or immediately if there is an indication that it may be impaired. Goodwill is capitalized in the company acquired and thus recorded in its local currency. 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 is transferred to the buyer. 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 recognizes its share of the associate's net profit in the result from associated companies and its share of equity as investments in associates. The financial year ends on 31 December for all group companies included in the consolidation.

Foreign currency translation In the group companies, transactions in foreign currencies are translated at the exchange rates prevailing at the transaction date, while foreign currency assets and liabilities are translated at year-end exchange rates. Resulting foreign exchange gains or losses are recognized in the financial result in the income statement. Exchange rate differences arising from the translation of intergroup foreign currency loans forming part of the group's investment in foreign operations are either charged or credited to equity. On

realization, the accumulated exchange rate differences are recognized in the income statement. For consolidation purposes, balance sheets prepared in foreign currencies are translated into Swiss francs at the exchange rates ruling at that date. 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 12 month-end middle exchange rates). Resulting differences are taken to translation reserves as a component of equity.

Financial risk management / financial instruments

Risk policy The group is exposed to a variety of financial risks relating primarily to changes in foreign exchange and interest rates and to movements in the market values of securities, financial assets and investments. Management monitors these risks on an ongoing basis. Derivative financial instruments are used, where appropriate, to manage exposure to risks associated with such fluctuations. The group has policies and regulations in place for managing liquid assets, financial assets and investments, for raising short-and long-term loans and for managing exposure to foreign currency, interest rate, market, credit and liquidity risks. It does not engage in any financial transactions that involve an unpredictable risk at the time when the transactions are entered into. As the group only hedges recognized assets and liabilities and highly probable forecast transactions, it expects declines in the value of these instruments to be largely offset by increases in the value of the hedged transactions.

Foreign currency risk The group reports in Swiss francs and operates in markets where it is primarily affected by fluctuations in the exchange rate against the euro, pound sterling and US dollar. Most revenues and expenses are denominated in the group companies' local currencies, which means that foreign currency risk only arises on the remaining portion of their cash flows. In addition, these cash flows are netted out wherever possible at group level in order to further minimize the foreign currency risk. Foreign currency risk on cash inflows and outflows is partially hedged using forward exchange contracts, currency swaps and options, as appropriate to the risk assessment. Net investments in foreign group companies are not hedged.

Interest rate risk Long-term funding and associated interest rate management activities are carried out centrally by the group. The group manages interest rate risk through the ratio of fixed to floating rate debt and ensures a good balance between current and non-current liabilities. In order to optimize this mix, the group may use interest rate derivatives, such as interest rate swaps and interest rate options.

Price risk The group's investments in securities are placed in money market investments, bonds and shares (largely through investment funds) in compliance with the group's investment guidelines. The price risk on these positions is managed very selectively and monitored on an ongoing basis using performance analyses.

Credit risk All contracts are with highly rated domestic and foreign banks. The group invests short-term funds with institutions that have a good international risk rating. Other financial investments are made in marketable securities with a strong credit rating.

Given the group's diversified customer base, the credit risk on trade receivables is limited. Its customers operate in different industries spread across diverse geographical areas worldwide. Furthermore, risk is usually minimized through insurance cover, advance payment schemes, letters of credit or other instruments. The group has no concentrations of credit risk.

Liquidity risk Group treasury ensures an optimum level of liquidity within the group. Funds in Swiss francs and other currencies are invested and raised with highly rated domestic and foreign banks.

Financial instruments / measurement All financial assets are initially reported in the balance sheet at acquisition cost. Purchases and sales are accounted for at the transaction date (value date). As required by IAS 39, available-for-sale financial assets are subsequently stated at fair value or, if the fair value cannot be calculated reliably, at acquisition cost. Unrealized gains or losses are recognized in equity as fair value adjustments on financial instruments and are not included in the income statement until they are realized. When these securities are sold or permanently impaired, the associated gains or losses previously recognized in equity are recognized in the income statement. Current receivables and current liabilities are stated at acquisition cost and non-current receivables and non-current liabilities are stated at amortized cost using the effective interest rate method. If these items are impaired, they are written off. All derivative financial instruments are subsequently stated at fair value, with changes in fair value recognized in the income statement (fair value through profit and loss). Hedge accounting (as defined in IAS 39) is not applied. Derivative financial instruments are reported under other receivables respectively short-term financial liabilities.

Cash and cash equivalents Cash and cash equivalents comprise cash in hand, funds in postal and bank accounts, and fixed deposits maturing within 3 months. Cash, cash equivalents and fixed deposits are stated at fair value.

Securities Securities comprise marketable, readily realizable investments classified as available-for-sale. They are subsequently stated at fair value based on traded market prices.

Receivables Receivables are stated at their fair value, net of specific allowances for known credit risks and country-specific transfer risks. Allowances based on historical experience are made for risks associated with estimated irrecoverable amounts. Non-current receivables are discounted where appropriate.

Inventories Inventories are stated at the lower of cost and net realizable value. Cost is generally determined using the weighted average method or on a first-in, first-out basis. The same method is applied to inventories of a similar nature and benefit for the company. Long-term contracts are valued using the percentage-of-completion method. Where necessary, provision is made for all foreseeable losses on work in progress and obsolete or slow moving items.

Financial assets These include long-term investments (less than 20%), non-current loans and other financial assets. Non-current loans are stated at amortized cost and other financial assets are stated at amortized cost or at market value.

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. Depreciation is based on the following useful lives:

	Years
Buildings	15 – 50
Temporary structures	5 – 10
Infrastructure	10 – 30
Installations and machines	5 – 12
Furniture, fixtures and equipment	5 – 15
Office equipment, IT equipment, vehicles	2 – 7

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

Financing costs Financing costs are expensed directly to the income statement.

Leasing Finance leasing is defined as a lease relationship under which all risks and opportunities associated with ownership of an asset are transferred. In the end the right of ownership may be transferred or not. Assets held under finance leases are capitalized at the lower of their fair value and the present value of the future minimum lease payments and are depreciated over the shorter of their estimated useful lives and the lease term. The related lease obligations are shown as liabilities. An operative lease relationship is a lease relationship which is not defined as a finance lease. The lease payments are expensed to the income statement on a straight-line basis over the lease term.

Investment properties Properties not used for operating purposes are stated at cost and are 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 capitalized and depreciated on a straight-line basis over their expected remaining useful lives. Goodwill on acquisitions is capitalized and tested for impairment annually. Goodwill on investments in associated companies is reported under the appropriate heading. Research expenditure is recognized in the income statement as an expense as incurred. Development costs for major projects are capitalized only if the future economic benefits will be sufficient to recover the amount capitalized and if the other IFRS criteria are met.

Provisions Provisions are raised when the group has a legal or factual 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 reserves comprises payments by shareholders that exceed the par value (paid-up surplus). Realized gains and losses on own shares are booked to retained earnings. The same applies to the fair value of the share-based payment schemes (share option plans). Dividends are charged to equity in the period during which the payment of a dividend was approved by the general meeting of shareholders.

Net sales/revenue recognition Revenue from the sale of goods and services is recognized when the goods are delivered or services performed. Sales under long-term contracts are recognized 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 accruals for sales deductions, such as sales incentives, commissions, rebates and trade discounts.

Operating free cash flow / free cash flow As defined within the group, operating free cash flow represents cash flow from operating activities less net capital expenditure on operating assets. Operating free cash flow shows the cash flow surplus or shortfall remaining after the group's financial operating needs have been met. Operating free cash flow after cash flow from financial activities, dividend payments to third parties, acquisitions and disposals represents free cash flow. Free cash flow shows how much of the cash generated during the year is available to repay debt and to take advantage of strategic investment opportunities.

Taxes Provision is made for all current and future tax liabilities. Current income tax is calculated on taxable profit for the year. Taxes that are not based on taxable profit, e.g. property and capital taxes, are charged to operating expenses according to the category of tax. Deferred income tax is calculated using the liability method for temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts for accounting 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 timing differences are recognized in the balance sheet only to the extent that it is probable that they will be realized through future taxable profits against which the losses can be utilized. 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 schemes. The majority of these pension schemes are defined contribution plans. The assets of the pension schemes in Switzerland, the US 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 recognized as assets. The available assets in Swiss pension schemes are not recognized 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 usually calculated every three years by actuaries using the projected unit credit method. 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 or actuarial adjustments 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 employee benefit expenses over the average remaining service lives of employees participating in the plan. Other surpluses in pension schemes are recognized 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 (IFRS 2) Every year the group determines share-based payment schemes for the executive member of the board of directors, members of the group management and division managements. These share-based payment schemes take the form of share option plans. The fair value of outstanding options granted to employees under share option plans is determined, charged to personnel expenses and booked to equity. Their fair value is recognized 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 fully 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, expenses and income can be clearly allocated to a specific division. The analysis by geographical area is based on the group's main locations and primary markets. Net sales are allocated according to invoice origin, 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 recognized in the income statement in the period in which the applicable expense was charged.

Fair value The fair value is the amount for which skilled, willing and independent business partners can exchange an asset or pay a debt. The fair value is determined on the basis of traded 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 result (EBITDA)		Depreciation		Amortization		Operating result (EBIT)	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Kuhn Group	778.7	777.8	68.2	81.7	14.8	14.4	11.8	2.3	41.6	65.0
Bucher Municipal	537.0	437.1	37.7	25.8	8.1	6.8	0.7	0.8	28.9	18.2
Bucher Process	140.0	142.4	12.9	10.8	1.8	2.1	0.4	0.3	10.7	8.4
Bucher Hydraulics	307.7	268.8	49.9	36.9	10.8	10.0	0.4	0.2	38.7	26.7
Emhart Glass	331.5	321.3	30.0	22.7	6.6	6.0	0.1	0.1	23.3	16.6
Other / consolidation	–7.8	0.9	–14.1	–11.5	0.7	0.8	4.7	4.8	–19.5	–17.1
Total	**2087.1**	**1948.3**	**184.6**	**166.4**	**42.8**	**40.1**	**18.1**	**8.5**	**123.7**	**117.8**

CHF million	Additions to property, plant and equipment		Additions to intangible assets		Total assets		Total liabilities		Number of employees at 31.12.	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Kuhn Group	24.2	28.1	0.6	0.5	533.2	541.2	215.5	205.6	2748	2846
Bucher Municipal	8.3	4.7	0.8	0.2	290.4	262.5	110.4	119.3	1482	1528
Bucher Process	2.0	2.0	0.2	0.2	104.6	95.5	34.4	32.1	506	529
Bucher Hydraulics	13.6	11.5	0.2	0.4	183.6	167.1	49.0	39.8	1164	1036
Emhart Glass	10.0	5.3	–	–	214.2	198.4	64.6	59.4	862	849
Other / consolidation	–	0.1	0.1	–	513.7	410.1	641.3	580.1	13	86
Total	**58.1**	**51.7**	**1.9**	**1.3**	**1839.7**	**1674.8**	**1115.2**	**1036.3**	**6775**	**6874**

The range of products offered by the group comprises specialized agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production plant (Bucher Process), hydraulic components (Bucher Hydraulics) and production 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 the amortization of intangible assets not attributable to a specific division, effects of non-operating transactions, the results of the holding and finance companies and the sold activities of LB Produktion GmbH as of 1 January 2006. For the Kuhn Group division, the amortization of intangible assets include impairments of Kuhn Metasa patents and trademark rights, totalling CHF 9.2 million. Impairment was based on the faster update of the product range than planned and the earlier switch to the internationally known trademark Kuhn.

The divisions’ total assets comprise intangible assets acquired by the divisions together with property, plant, equipment, inventories and receivables. Financial assets, 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 consist of all liabilities except provisions and financial liabilities, which are included in “other”.

2 Analysis by geographical area

CHF million	Net sales		Operating assets		Capital expenditure		Number of employees at 31.12.	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
EU	1301.1	1227.3	715.2	665.7	37.5	41.1	4472	4569
Switzerland	121.7	121.3	308.4	281.0	9.6	6.8	896	897
Rest of Europe	116.3	92.9	0.3	0.2	0.1	-	10	6
Europe	**1539.1**	**1441.5**	**1023.9**	**946.9**	**47.2**	**47.9**	**5378**	**5472**
Americas	288.1	294.0	258.9	282.4	9.8	4.1	958	1016
Asia	127.0	124.2	11.0	9.5	0.7	0.6	110	101
Rest of world	132.9	88.6	42.8	39.5	2.3	0.4	329	285
Total	**2087.1**	**1948.3**	**1336.6**	**1278.3**	**60.0**	**53.0**	**6775**	**6874**

3 Acquisitions and disposals

The group took over Sterling Fluids Pty in New Delhi on 1 January 2006. The name of the acquired company was changed to Bucher Hydraulics Ltd. and it will bolster Bucher Hydraulics' sales and manufacturing activities in India. The acquired business contributed revenues of CHF 0.8 million to the group in 2006. The purchase price was CHF 0.4 million with no goodwill being incurred.

The group sold LB Produktion GmbH in Trier as of 1 January 2006. LB production generated sales of CHF 10.1 million during the 2005 financial year.

Cash flow from acquisitions and disposals

CHF million	Acquisition	Acquisition	Disposals	Acquisition
	2006	**2006**	**2006**	**2005**
	Fair value	Acquiree's carrying amount		Fair value
Cash and cash equivalents	–	–	–0.9	2.9
Trade receivables	0.1	0.1	–2.3	43.3
Other receivables	–	–	–	0.6
Inventories	0.3	0.3	–	36.1
Deferred tax assets	–	–	–	8.9
Property, plant and equipment	0.2	0.2	–0.3	28.5
Intangible assets	0.5	–	–	12.5
Financial liabilities	–0.4	–0.4	–	–16.8
Trade payables	–0.3	–0.3	0.5	–25.8
Provisions	–	–	0.5	–7.8
Other liabilities	–	–	1.4	–20.1
Net assets	**0.4**	**–0.1**	**–1.1**	**62.3**
Cash and cash equivalents			0.9	–2.9
Refinancing of financial liabilities acquired				–33.2
Deferred consideration				–12.9
Goodwill				15.2
Negative goodwill				–4.0
Loss on disposals			–0.9	
Net cash outflow/inflow	**0.4**		**–1.1**	**24.5**

4 Securities

CHF million		
	2006	**2005**
Shares	26.6	42.8
Bonds	101.9	89.1
Securities	**128.5**	**131.9**

5 Receivables

CHF million	2006	2005
Trade receivables	400.7	367.6
Notes receivable	46.1	33.3
Trade receivables	**446.8**	**400.9**
Other receivables	58.0	41.9
Receivables from associates	1.3	0.9
Accrued income	8.7	5.6
Prepayments to suppliers	3.7	1.9
Other receivables	**71.7**	**50.3**
Receivables	**518.5**	**451.2**

Trade and notes receivable represent amounts receivable for goods supplied and services provided. The amounts are stated net of allowances of CHF 20.0 million.

6 Inventories

CHF million	2006	2005
Raw materials, supplies and consumable stores	125.6	126.6
Semi-finished goods and work in progress	116.6	112.6
Finished goods and goods for resale	218.5	214.8
Inventories	**460.7**	**454.0**

Inventories have been written down by CHF 83.7 million (2005: CHF 86.1 million). Work in progress does not include any inventories recognized using the percentage-of-completion method.

7 Non-current receivables

CHF million	2006	2005
Long-term trade receivables	0.9	0.5
Receivables from voluntary employer-sponsored funds	3.7	3.7
Other long-term receivables	10.6	10.4
Non-current receivables	**15.2**	**14.6**

8 Deferred tax

CHF million	Assets	Liabilities	Assets	Liabilities
	2006	**2006**	**2005**	**2005**
Property, plant and equipment	1.3	11.0	1.7	10.9
Financial assets and other non-current assets	7.1	5.3	5.3	9.6
Inventories	13.7	5.3	12.6	6.1
Other current assets	1.7	7.7	6.7	4.4
Provisions	5.4	6.9	5.7	5.7
Other liabilities	6.6	1.4	7.0	4.7
Tax loss carryforwards	1.0		5.1	
Deferred tax assets and liabilities	**36.8**	**37.6**	**44.1**	**41.4**
Offset amounts	– 9.0	– 9.0	– 11.4	– 11.4
Deferred tax assets	**27.8**		**32.7**	
Deferred tax liabilities		**28.6**		**30.0**

The deferred tax liabilities for intercompany items have not been recognized. These amounted to CHF 21.0 million (2005: CHF 19.8 million) in the reporting year.

Tax loss carryforwards

CHF million		
	2006	**2005**
Expiring within 1 year	74.3	6.1
Expiring in 1 to 5 years	52.4	129.9
Expiring after 5 years	4.2	3.7
Available indefinitely for offset	120.2	114.1
Tax loss carryforwards	**251.1**	**253.8**
Tax benefits calculated	59.4	58.7
Utilizable tax benefits	1.0	5.1

No tax loss carryforwards expired in 2006.

9 Financial assets

CHF million	2006	2005
Loans to associates	2.2	2.3
Long-term loans	1.0	0.4
Other financial assets	14.3	14.1
Financial assets	**17.5**	**16.8**

As a result of applying IAS 19, employer contribution reserves totalling CHF 13.4 million (2005: CHF 13.1 million) have been capitalized as other financial assets.

10 Investments in associates

CHF million	2006	2005
Balance at 1.1.	**12.3**	**0.6**
Acquisitions	–	11.2
Disposals	–0.8	–
Share of profit/(loss)	1.5	0.6
Exchange differences	–	–0.1
Balance at 31.12.	**13.0**	**12.3**

The investments in associates relate to Jetter AG, Ludwigsburg, Germany. Jetter AG makes up its financial statement to 31 March. The most recently published financial statement for the 2005/2006 financial year showed sales of EUR 25.1 million and a result of EUR 2.2 million for the year; Jetter AG had total assets of EUR 26.1 million and equity of EUR 16.1 million. Jetter AG's shares are traded on the XETRA exchange in Frankfurt. At year end the market value of the investment was EUR 7.7 million. The 2006 disposal involves the sale of the shares of Gedevelop AB, Helsingborg, Sweden.

At 31.12.06, investments in associates included as in the previous year CHF 6.9 million in goodwill.

11 Property, plant and equipment

CHF million	Land and buildings		Plant and machinery		Furnitures, fixtures and equipment		Prepayments and assets unter construction		Total property, plant and equipment	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Cost at 1.1.	319.3	289.8	329.0	300.8	166.4	138.0	17.5	3.4	**832.2**	732.0
Exchange differences	6.7	5.0	9.0	2.7	3.0	2.6	0.2	0.1	**18.9**	10.4
Acquisition / disposal of subsidiaries	–	19.6	– 11.0	15.6	– 2.6	20.9	-	0.5	**– 13.6**	56.6
Additions	8.0	5.0	17.4	18.0	18.1	12.0	14.6	16.7	**58.1**	51.7
Disposals	– 5.1	– 1.3	– 24.1	– 9.9	– 10.1	– 7.3	– 0.2	–	**– 39.5**	– 18.5
Reclassifications	2.6	1.2	9.9	1.8	1.7	0.2	– 14.2	– 3.2	**–**	–
Cost at 31.12.	**331.5**	**319.3**	**330.2**	**329.0**	**176.5**	**166.4**	**17.9**	**17.5**	**856.1**	**832.2**
Accumulated depreciation at 1.1.	163.3	149.8	265.1	246.5	137.3	113.4	–	–	**565.7**	509.7
Exchange differences	3.9	1.8	7.6	1.6	2.6	1.9	–	–	**14.1**	5.3
Acquisition / disposal of subsidiaries	–	2.5	– 11.0	8.9	– 2.5	16.7	–	–	**– 13.5**	28.1
Disposals	– 2.9	– 0.9	– 21.0	– 9.3	– 8.7	– 7.3	–	–	**– 32.6**	– 17.5
Depreciation	12.2	10.1	17.2	17.4	13.4	12.6	–	–	**42.8**	40.1
Accumulated depreciation at 31.12.	**176.5**	**163.3**	**257.9**	**265.1**	**142.1**	**137.3**	**–**	**–**	**576.5**	**565.7**
Net book value at 31.12.	**155.0**	**156.0**	**72.3**	**63.9**	**34.4**	**29.1**	**17.9**	**17.5**	**279.6**	**266.5**
Of which leased:										
Cost	1.4	1.4	1.6	3.2	–	–	–	–	3.0	4.6
Accumulated depreciation	0.6	0.5	0.3	2.5	–	–	–	–	0.9	3.0
Net book value	0.8	0.9	1.3	0.7	–	–	–	–	2.1	1.6
Lease obligations (present value)	0.7	0.7	1.6	0.5	–	–	–	–	2.3	1.2
Insurance value	612.8	584.8	513.6	495.0	244.4	236.3	–	–	1370.8	1316.1

12 Intangible assets

CHF million	Goodwill		Patents and licences		Total intangible assets	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
Cost at 1.1.	46.8	24.8	91.5	74.5	**138.3**	99.3
Exchange differences	–1.5	6.8	1.0	3.1	**–0.5**	9.9
Acquisition / disposal of subsidiaries	–	15.2	0.5	13.1	**0.5**	28.3
Additions	–	–	1.9	1.3	**1.9**	1.3
Disposals	–	–	–1.0	–0.5	**–1.0**	–0.5
Cost at 31.12.	**45.3**	**46.8**	**93.9**	**91.5**	**139.2**	**138.3**
Accumulated amortization at 1.1.	–	–	59.6	50.7	**59.6**	50.7
Exchange differences	–	–	0.6	0.3	**0.6**	0.3
Acquisition / disposal of subsidiaries	–	–	–	0.6	**–**	0.6
Disposals	–	–	–1.0	–0.5	**–1.0**	–0.5
Amortization	–	–	18.1	8.5	**18.1**	8.5
Accumulated amortization at 31.12.	**–**	**–**	**77.3**	**59.6**	**77.3**	**59.6**
Net book value at 31.12.	**45.3**	**46.8**	**16.6**	**31.9**	**61.9**	**78.7**

Patents and licenses mainly include patents that have been acquired. In the 2006 reporting year, Kuhn Metasa's patents and trademark rights were impaired by CHF 9.2 million to the newly calculated value in use. Impairment was based on the faster update of the product range than planned and the earlier switch to the internationally known trademark Kuhn. This impairment is shown in the income statement under amortizations. The remaining useful lives of these patents was also redefined to 31 December 2006. To that effect, Bucher Industries is anticipating the amortizations to decrease by approximately CHF 1 million for 2007.

Goodwill is tested for impairment annually or when there are indications that they may be impaired. Bucher Industries uses a uniform method of testing for impairment of goodwill and other intangible assets based on the value in use. The calculations are normally based on the business plans for at least the next 3 years using management's projections. Cash flows for periods beyond the planning horizon are determined using a sales growth rate which is generally based on the current country-specific inflation rate. The discount rates have been determined on the basis of the group's weighted cost of capital allowing for country- and currency-specific risks. The following parameters have been used for testing the significant amounts of goodwill for impairment: Kuhn Knight Inc., a 13.7% pre-tax weighted cost of capital and 3.3% growth rate and, for Kuhn Metasa, a 18.5% pre-tax weighted cost of capital and 10.0% growth rate.

Allocation of goodwill to divisions

CHF million	2006	2005
Kuhn Group	41.8	43.3
Bucher Municipal	3.5	3.5
Goodwill	**45.3**	**46.8**

13 Provisions

CHF million	Warranty provisions	Litigation provisions	Other provisions	Total provisions	
				2006	**2005**
Balance at 1.1.	**38.0**	**22.4**	**24.0**	**84.4**	**67.7**
Charged	33.4	3.5	32.2	**69.1**	**38.8**
Reversed	–1.5	–2.3	–1.3	**–5.1**	**–3.9**
Used	–27.4	–0.6	–6.8	**–34.8**	**–27.3**
Acquisition / disposal of subsidiaries	–	–	–0.5	**–0.5**	**7.8**
Exchange differences	1.0	0.6	0.9	**2.5**	**1.3**
Balance at of 31.12.	**43.5**	**23.6**	**48.5**	**115.6**	**84.4**
Current	40.9	21.2	38.1	**100.2**	**70.3**
Non-current	2.6	2.4	10.4	**15.4**	**14.1**

The litigation provisions primarily cover risks arising from larger court cases related to accidents, sales and patent rights or other legal disputes. The funds necessary and the actual timing of the cash outflow are difficult to project and are usually recognized as short-term if a decision can be expected within a one-year period. Depending on how the proceedings progress, however, it can take several years until funds are actually used.

Other provisions cover various risks arising in connection with the group's industrial business activities, including environmental protection measures. These provisions include, among other things, roughly CHF 20 million in restructuring costs stemming from the closure of Kuhn Nodet in France and around CHF 5 million for the Emhart Glass division.

14 Financial liabilities

CHF million	Less than 1 year	1–5 years	Over 5 years	Total financial liabilities 2006	Total financial liabilities 2005
Bonds and private placements	100.0	53.3	53.3	206.6	206.6
Bank borrowings	27.0	1.2	0.9	29.1	40.3
Loans and other financial liabilities	12.3	24.1	0.3	36.7	32.1
Financial liabilities	**139.3**	**78.6**	**54.5**	**272.4**	**279.0**

Bucher Industries AG had the following long-term financial liabilities outstanding at 31 December 2006:

Bond listed on SWX Swiss Exchange:
- CHF 100.0 million at 4.25%, 1999 – 2007, maturing on 14 September 2007, Fair value at 31 December 2006 CHF 101.2 million.

US-Private placements:
- CHF 53.3 million at 3.535%, 2003 – 2010, maturing on 10 December 2010, Fair value at 31 December 2006 CHF 52.3 million.
- CHF 33.3 million at 4.08%, 2003 – 2013, maturing on 10 December 2013, Fair value at 31 December 2006 CHF 33.6 million.
- CHF 20.0 million at 4.29%, 2003 – 2015, maturing on 10 December 2015, Fair value at 31 December 2006 CHF 20.4 million.

The fair value for the bonds is the same as the closing stock exchange price, those for private placements are based on the replacement value. Financial liabilities include 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. The other long-term financial liabilities were denominated in EUR and had an average interest rate of 3.6% (2005: 3.4%). The average interest rate on total long-term financial liabilities was 3.8% (4.0%).

Analysis by currency

CHF million	2006	2005
CHF	219.2	214.1
EUR	44.2	56.2
Other	9.0	8.7
Financial liabilities	**272.4**	**279.0**

Included in the various items are liabilities to associates totalling CHF 0.1 million (2005: CHF 0.1 million).

15 Other liabilities

CHF million	2006	2005
Accruals and deferred income	99.1	84.3
Employee benefits	24.7	25.0
Liabilities from sales and capital tax	16.3	19.5
Other liabilities	60.3	64.3
Total	**200.4**	**193.1**
Current	186.4	180.2
Non-current	14.0	12.9

The accruals and deferred income include, in particular, accumulated vacation and overtime hours and employee bonuses.

16 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).

17 Personnel expenses

CHF million	2006	2005
Wages and salaries	372.7	354.0
Share awards	2.3	1.5
Share-based payments (share option plan)	0.7	0.2
Social security and employee benefits	93.2	90.2
Other personnel costs	41.6	43.0
Personnel expenses	**510.5**	**488.9**

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

18 Other operating revenues

Other operating revenues include revenue from sales of goods and services that are outside the normal course of the group's business as well as CHF 0.6 million (2005: CHF 0.5 million) in capitalized costs. They also include CHF 0.8 million (CHF 0.5 million) in income from the recovery of receivables previously written off and from allowances and provisions reversed and in the previous year a CHF 4.0 million gain from negative goodwill.

The associated company Gedevelop AB, Helsingborg and the unconsolidated companies FIS S.r.l., Reggio Emilia and Bucher Hidraulika Kft., Budapest were also sold with earnings of CHF 3.2 million.

19 Other operating expenses

CHF million	2006	2005
Energy, maintenance and repairs	74.6	68.6
Rental, charges, taxes, levies and consulting fees	76.2	73.2
Marketing and distribution costs	106.8	102.2
Other miscellaneous operating expenses	84.1	48.6
Other operating expenses	**341.7**	**292.6**

Rental, charges, taxes, levies and consulting fees include CHF 15.0 million (2005: CHF 14.9 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 8.2 million (CHF 4.2 million).

20 Financial result

CHF million	2006	2005
Interest expense	–16.4	–15.9
Interest income	4.8	4.4
Net interest expense	–11.6	–11.5
Securities result	18.8	4.5
Foreign exchange result	4.9	10.1
Share of results of associates	1.5	0.6
Other financial result	–0.7	–0.4
Financial result	**12.9**	**3.3**

The securities result comprises the realized gains and losses in securities income. Unrealized gains and losses are recognized in equity as fair value adjustments on financial instruments.

21 Income tax

CHF million	2006	2005
Current income tax	38.3	33.9
Deferred tax	2.8	1.1
Total income tax	**41.1**	**35.0**
Reconciliation		
Result before tax	136.6	121.1
Applicable tax rate	34.7%	34.5%
Theoretical income tax charge	**47.4**	**41.8**
Use of unrecognized tax loss carryforwards	–7.7	–6.4
Effect on losses	4.2	2.7
Expenses not deductible for tax purposes/income not subject to tax	–2.2	–1.6
Under / (over) provided in prior years	2.6	–
Effect of different tax rates	–1.6	–
Other differences	–1.6	–1.5
Effective income tax	**41.1**	**35.0**
Effective tax rate	30.1%	28.9%

Ordinary income tax comprises tax paid or to be paid on the individual companies' assessable profits, calculated in accordance with legislation applying 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.

22 Earnings and dividend per share

	2006	2005
Net result attributable to Bucher Industries shareholders (CHF million)	94.1	85.3
Average number of outstanding shares (undiluted)	9 851 600	9 793 775
Average number of outstanding shares (diluted)	9 898 595	9 847 342
Earnings per share (CHF)	9.55	8.70
Diluted earnings per share (CHF)	9.51	8.66
Dividend per registered share (CHF) [1]	2.50	2.10
Total dividend (CHF million) [1]	26.4	22.2

[1] 2006: board of directors' proposal

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. As no conversion rights and only a few share options were outstanding, earnings per share were diluted by only CHF 0.04 as in the previous year.

23 Change in net working capital

CHF million

	2006	2005
Change in receivables	– 46.8	– 20.5
Change in inventories	3.2	– 14.5
Change in customer advances	25.0	2.5
Change in trade payables	17.6	– 5.3
Change in other non-interest bearing liabilities	– 12.2	0.3
Other changes in net working capital	– 8.8	6.3
Change in net working capital	**– 22.0**	**– 31.2**

24 Operating free cash flow / free cash flow

CHF million

	2006	2005
Cash flow from operating activities	**154.3**	**113.2**
Purchases of property, plant and equipment	–58.1	–51.7
Purchases of intangible assets	–1.9	–1.3
Proceeds from sale of property, plant and equipment	6.9	1.6
Operating free cash flow	**101.2**	**61.8**
Purchases of financial assets and securities	–9.5	–12.2
Proceeds from sale of financial assets and securities	31.9	2.0
Dividend paid	–20.7	–14.2
Acquisition of subsidiaries	–0.4	–24.5
Acquisition of associates	–	–11.2
Disposal of subsidiaries	1.1	–
Free cash flow	**103.6**	**1.7**

25 Retirement benefits

Change in defined benefit liabilities

CHF million

	2006	2005
Cash value of the liabilities at 1.1	241.6	224.1
Current service cost	6.6	4.7
Interest expense	8.4	9.2
Employee contributions paid	3.9	4.2
Pension payments	–7.9	–3.9
Acquisitions	–1.2	–
Planned reductions	–1.5	–
Actuarial gains / losses	3.5	–
Exchange differences	–0.3	3.3
Cash value of the liabilities at 31.12.	**253.1**	**241.6**

25 Retirement benefits (continued)

Change in plan assets

CHF million	2006	2005
Fair value of plan assets at 1.1.	236.0	212.0
Anticipated earnings from plan assets	9.3	8.7
Employer's contributions paid	5.2	4.7
Employee contributions paid	3.9	4.2
Pension payments	–5.6	–2.9
Planned reductions	–1.5	–
Actuarial gains / losses	14.0	7.2
Exchange differences	–0.5	2.1
Cash value of the plan assets at 31.12.	**260.8**	**236.0**

The effective net asset return were CHF 23.3 million (2005: CHF 15.9 million) in 2006.

Coverage for the defined benefit plans

CHF million	2006	2005
Present value of funded obligations	–224.6	–211.8
Fair value of plan assets	260.8	236.0
Financial surplus	**36.2**	**24.2**
Present value of unfunded obligations	–28.5	–29.8
Surplus / deficit	**7.7**	**–5.6**
Cumulative unrecognized actuarial losses	18.0	18.1
Unrecognized surplus	–36.3	–22.7
Liability recognized in the balance sheet	**–10.6**	**–10.2**
Included in retirement benefit provisions	–27.7	–27.0
Included in non-current receivables / financial assets	17.1	16.8

The assets of the pension schemes do not contain any shares of Bucher Industries AG. The group does not use any pension plan assets.

Employee benefit expense

CHF million		
	2006	**2005**
Increase in entitlements	– 6.6	– 4.7
Interest cost	– 8.4	– 9.2
Expected return on plan assets	9.3	8.7
Amortization of actuarial gains / losses	10.7	8.9
Effects of unrecognized surplus	– 13.2	– 11.3
Employee benefit expense for defined benefit plans	**– 8.2**	**– 7.6**
Employee benefit expense for defined contribution plans	– 18.8	– 17.5
Employee benefit expense	**– 27.0**	**– 25.1**

Expected contributions for defined benefit plans are around CHF 5 million for the 2007 financial year.

Actuarial assumptions

weighted averages in %		
	2006	**2005**
Discount rate	3.4	4.0
Expected return on plan assets	4.0	4.4
Future salary increases	1.0	1.3
Future pension increases	0.2	0.2

Coverage for the defined benefit plans

CHF million		
	2006	**2005**
Plan assets	260.8	236.0
Obligations from pension schemes	253.1	241.6
Surplus / deficit	**7.7**	**– 5.6**
Adjustments to the plan assets based on experience (gain)	14.0	7.2
Adjustments to the benefit obligations based on experience (gain)	19.1	0.1

25 Retirement benefits (continued)

Breakdown of plan assets by investment category

CHF million	2006	%	2005	%
Shares	43.9	16.8	41.6	17.6
Bonds	67.6	25.9	59.7	25.3
Real estate	49.2	18.9	43.9	18.6
Cash and other financial assets	100.1	38.4	90.8	38.5

For the pension schemes, the strategic goal of investment category allocation is to generate sufficient earnings along with the paid contributions so that the various financing risks of the plans are kept adequately under control. The weighted expected returns broken down by investment category are equivalent to, on average, 7% for shares, 4% for bonds, 4% for real estate and 3% for cash and other financial assets.

26 Employee share-based payments/options

A share-based payment scheme in the form of a share option plan has been established for the executive member of the board 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 20 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
	2006	2006	2005	2005
Outstanding at 1.1.	149 900	70.9	126 750	43.3
Amendment	–	–	1 350	48.2
Granted	61 200	116.0	66 600	108.0
Exercised	– 39 035	51.3	– 43 450	47.3
Expired	– 7 375	65.4	– 1 350	43.1
Outstanding at 31.12.	**164 690**	**92.5**	**149 900**	**70.9**
Exercisable	38 690		37 100	

Option expiry dates

	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2006	**2006**	**2005**	**2005**
2006			10 775	53.2
2 007	6 865	28.4	14 250	28.4
2 008	13 875	34.6	23 550	34.6
2 009	21 775	46.8	31 950	46.8
2 010	2 475	52.4	2 775	52.4
2 015	58 500	108.0	66 600	108.0
2 016	61 200	116.0		
Outstanding at 31.12.	**164 690**	**92.5**	**149 900**	**70.9**

The share option plans, calculated using the Black-Scholes model, had an impact of CHF 669 699 (2005: CHF 196 038) and CHF 967 012 (CHF 261 060) on personnel expenses and equity respectively. The significant inputs to calculate the fair value of share options were a share price of CHF 120.70 (CHF 107.10), volatility of 26.7% (25.6%), a risk-free interest rate of 2.5% (2.6%) and a continuous dividend of CHF 2.26 (CHF 1.40).

27 Related party transactions

Management remuneration

CHF million		
	2006	**2005**
Salaries	4.3	3.9
Post-employment benefits legal	0.7	0.6
Post-employment benefits supplementary	0.3	0.2
Termination benefits	–	–
Share awards	2.3	1.5
Share-based payments (share option plan)	0.3	0.1
Management remuneration	**7.9**	**6.3**

The salaries include all social benefits and bonuses and expense allowances paid out in cash. No directors, group management members or persons connected with them received any additional remuneration, fees or loans during the year. Furthermore, there were no loans outstanding to the company's governing bodies. Board of Director remunerations are paid in the form of shares. Information pertaining to 2005 has been adjusted in line with the current accounting standards.

27 Related party transactions (continued)

Year-end balances with related parties

CHF million

	2006	2005
Receivables from pension plans	17.1	16.8
Receivables from associates	3.4	3.3
Payables to associates	1.7	7.3

All related party transactions are entered into on normal commercial terms and conditions. In 2006, goods valued at CHF 17.9 million (2005: CHF 16.1 million) were purchased from associates.

28 Financial instruments

Hedges

CHF million

	2006	2005
Forward exchange contracts and currency options		
Contract value	264.5	354.0
Fair value loss	0.9	2.0
Fair value gain	3.0	2.3
Interest rate contracts		
Contract value	125.2	19.4
Fair value loss	0.5	0.4
Fair value gain	0.1	–

Derivative financial instruments are mainly used to hedge the group's exposure to fluctuations in interest and foreign exchange rates.

The contract value reflects the volume (notional amount) of hedging contracts outstanding at the balance sheet date. The fair value loss represents the amount the group would have to pay to settle outstanding contracts at the balance sheet date. The fair value gain corresponds to the unrealized 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 significant impact on the group's financial position at 31 December 2006 or its net result for 2006.

29 Development expenses

Development costs of CHF 65.3 million (2005: CHF 63.4 million) were expensed as incurred. They mainly comprised expenditures 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 costs were capitalized.

30 Contingent liabilities

CHF million	2006	2005
Notes payable	2.0	6.7
Bonds and guarantees in favour of third parties	44.3	61.2
Assets pledged as collateral for third parties	3.2	2.8
Total contingent liabilities	**49.5**	**70.7**

Contingent liabilities are stated at the full amount of liability, i.e. the maximum potential payout.

31 Pledged assets

The book value of assets pledged or assigned to secure the group's obligations was CHF 2.1 million (2005: CHF 2.2 million).

32 Commitments

Fixed-term operating leases

CHF million	Less than 1 year	1–5 years	Over 5 years	Total
At 31.12.2006	6.2	8.7	20.4	**35.3**
At 31.12.2005	7.4	9.6	19.0	**36.0**

Operating leases exist primarily for the use of buildings and vehicles.

Other commitments

The group entered into various commitments totalling CHF 5.4 million for the purchase of equipment and machinery. These are generally entered into at market prices in the ordinary course of business.

33 Foreign currency exchange rates

	Income statement average rate		Balance sheet year-end rate	
	2006	**2005**	**2006**	**2005**
1 EUR	1.5751	1.5475	1.6069	1.5551
1 GBP	2.3095	2.2602	2.3930	2.2692
1 USD	1.2548	1.2432	1.2201	1.3182
1 BRL	0.5727	0.5140	0.5703	0.5588
1 AUD	0.9469	0.9467	0.9627	0.9654
100 SEK	17.0100	16.6800	17.7700	16.5638

34 Events after the balance sheet date

The consolidated financial statement was approved by the board of directors on 8 March 2007.

Bucher Industries finalized a sale agreement with Italian manufacturers for the multi-purpose utility vehicle activity at Bucher Schörling Italia on 18 October 2006, with effect from 1 January 2007, as this activity did not fit in with its core business. Provision is made in the 2006 financial statement for expected risks arising from the sale.

As of 1 January 2007 Bucher Industries acquired business activities worth CHF 2.1 million from Formach Asia Sdn. Bhd. and incorporated them in the newly founded Emhart Glass Sdn. Bhd., Malaysia.

Bucher Industries purchased ICS/Inex Inspection Systems, the US manufacturer of glass container inspection machines, based in Clearwater, Florida, on 22 January 2007. Emhart Glass and ICS/Inex complement one another as regards market presence and product range. The agreement is expected to be finalized during the course of the first quarter of 2007. The final purchase price of the company depends on the further operating performance of ICS/Inex, but will amount to no more than CHF 18 million inclusive of assumed debts. Sales in 2006 amounted to around CHF 24 million and the EBIT margin was almost 7%.

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 Finance Ltd., Jersey	GB	EUR	51 000	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
Bucher Industries US Inc., Enfield CT	US	USD	10 000 000	100	O	S
Bucher BG Finanz AG, Steinhausen	CH	CHF	26 505 000	100	O	S
Bucher Beteiligungs-Stiftung, Niederweningen	CH	CHF	250 000	100	O	S
Bucher Industries Italia S.p.A., Reggio Emilia	IT	EUR	3 380 000	100	O	S
Bucher Immobilien GmbH, Trier	DE	EUR	4 000 000	100	O	S
Kuhn SA, Saverne	FR	EUR	19 488 000	100	KG	P D
Kuhn-Huard SA, Châteaubriant	FR	EUR	4 800 000	100	KG	P D
Kuhn-Audureau SA, La Copechagnière	FR	EUR	2 530 000	100	KG	P D
Kuhn-Nodet SA, Montereau	FR	EUR	4 800 000	100	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
Contifonte SA, Saverne	FR	EUR	48 000	98	KG	P D
Belrecolt SA, Marmoutier	FR	EUR	80 000	99	KG	P D
Kuhn Maschinen-Vertrieb GmbH, Schopsdorf	DE	EUR	300 000	100	KG	D
Kuhn Italia Srl., Melegnano	IT	EUR	520 000	100	KG	D
Kuhn Farm Machinery Ltd., Telford	GB	GBP	100 000	100	KG	D
Kuhn Farm Machinery Inc., Vernon NY	US	USD	100 000	100	KG	D
Kuhn Farm Machinery Inc., Sainte Madeleine	CA	CAD	150 000	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
Kuhn Farm Machinery Pty Ltd., Warragul VIC	AU	AUD	100 000	100	KG	D
Kuhn Iberica SA, Daganzo	ES	EUR	100 000	100	KG	D
Kuhn Farm Machinery Sarl, Kiev	UA	UAH	50 000	100	KG	D
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, Hanover	DE	EUR	3 000 000	100	BM	P D
Bucher-Schörling Italia S.p.A., Arielli	IT	EUR	800 000	100	BM	P D
Bucher-Schörling Korea Ltd., Seoul	KR	KRW	350 000 000	100	BM	P D
SIA Bucher-Schörling Baltic, Ventspils	LV	LVL	7 000	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
Johnston-Beam, Them	DK	DKK	–	100	BM	P
MacDonald Johnston 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 Others Activities: P Production, D Distribution, S Services

As of 31 December 2006

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 S.p.A., Romans d'Isonzo	IT	EUR	208 000	100	BP	P D
KLR Machines Inc., Sebastopol CA	US	USD	88 000	100	BP	D
Bucher Vaslin MS SA, Rivesaltes	FR	EUR	410 000	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
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-Zédrys SA, Chalonnes-sur-Loire	FR	EUR	250 000	100	BP	P D
Bucher Engineering Ges.m.b.H., Vösendorf	AT	EUR	36 336	100	BP	D
Bucher-Alimentech Ltd., Auckland	NZ	NZD	3 000	100	BP	P D
Bucher Hydraulics GmbH, Klettgau	DE	EUR	4 000 000	100	BH	P D
Bucher Hydraulics S.p.A., Reggio Emilia	IT	EUR	1 500 000	100	BH	P D
Bucher Hydraulics AG, Neuheim	CH	CHF	1 200 000	100	BH	P 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 Dachau GmbH, Dachau	DE	EUR	30 000	100	BH	P D
Bucher Hydraulics SAS, Rixheim	FR	EUR	122 000	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 Inc., Saddle Brook NJ	US	USD	300 000	100	BH	D
Bucher Hydraulics Co., Ltd., Taoyuan	TW	TWD	20 000 000	55	BH	P D
Bucher Hydraulics Ltd., New Delhi [1)]	IN	INR	6 500 000	85	BH	D
Bucher Hydraulics KK, Tokyo	JP	JPY	100 000	85	BH	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
Emhart Glass SA, Cham	CH	CHF	10 000 000	100	EG	D S
Emhart Glass International SA, Cham	CH	EUR	100 000	100	EG	S
Emhart Glass Manufacturing GmbH, Neuss	DE	EUR	50 000	100	EG	P
Emhart Glass GmbH, Neuss	DE	EUR	50 000	100	EG	D
Emhart Glass Ltd., Doncaster	GB	GBP	38 000	100	EG	D
Emhart Glass S.r.l., Dego	IT	EUR	320 000	100	EG	D
Emhart Glass Manufacturing Inc., Elmira NY	US	USD	1 000	100	EG	P
Emhart Glass Inc., Enfield CT	US	USD	2	100	EG	D
Emhart Glass Sweden AB, Sundsvall	SE	SEK	30 000 000	100	EG	P D S
Emhart Glass Pte.Ltd., Singapore	SG	SGD	2	100	EG	D
Emhart Glass Japan Pte. Ltd., Singapore	SG	JPY	100	100	EG	D
Emhart Glass Malaysia, Ulu Tiram Johor	MY	MYR	250 000	100	EG	P

[1)] Consolidated for the first time in 2006

Associates companies

Company, place of registration	Country	Currency	Share capital	Group interest %	Division	Activities
Jetter AG, Ludwigsburg	DE	EUR	3 223 000	23	O	P D

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

As of 31 December 2006

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 58 – 93) of Bucher Industries AG for the year ended December 31, 2006.

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

Frank Scharnagl
Auditor in charge

Beat Inauen

Zurich, 8 March 2007

Balance sheet of Bucher Industries AG at 31 December 2006

	CHF 1 000	Note	2006	2005
Assets	Cash and cash equivalents		33 610	8 118
	Securities	1	36 383	28 820
	Receivables from group companies		10 092	7 602
	Other receivables		4 048	3 659
	Total current assets		**84 133**	**48 199**
	Loans to group companies	2	272 248	279 483
	Loans to third parties		167	195
	Investments	3	364 739	377 710
	Intangible assets		101	–
	Total non-current assets		**637 255**	**657 388**
	Total assets		**721 388**	**705 587**
Liabilities and equity	Short-term bank borrowings	2	8 106	21 742
	4 1/4% bond issue 1999 – 2007	2	100 000	–
	Current payables to group companies		98 424	80 074
	Other current liabilities		12 160	30 685
	Total current liabilities		**218 690**	**132 501**
	4 1/4% bond issue 1999 – 2007	2	–	100 000
	Private placements	2	106 576	106 576
	Other non-current liabilities		2 105	7 276
	Provisions	4	32 300	32 300
	Total non-current liabilities		**140 981**	**246 152**
	Share capital	5	2 113	2 113
	Statutory reserves		70 610	70 610
	Distributable reserves		186 342	164 764
	Reserves for treasury shares	6	32 659	35 237
	Retained earnings		13 021	13 582
	Net result for the year		56 972	40 628
	Total equity		**361 717**	**326 934**
	Total liabilities and equity		**721 388**	**705 587**

Income statement 2006 of Bucher Industries AG

	CHF 1 000	Note	2006	2005
Income	Income from participations	8	52 897	27 872
	Financial income	9	63 880	35 334
	Other income	10	6 187	9 067
	Total income		**122 964**	**72 273**
Expenses	Administrative expenses		9 220	13 235
	Financial expenses	11	39 608	17 920
	Allowances	12	15 000	-
	Tax		2 164	490
	Total expenses		**65 992**	**31 645**
	Net result for the year		**56 972**	**40 628**

Notes to the financial statements of Bucher Industries AG

1 Securities

This item includes treasury shares totalling CHF 36.4 million, valued at the year-end 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. Loans to group companies decreased by approximately CHF 7.2 million to CHF 272.2 million and financial liabilities by approximately CHF 13.6 million to CHF 214.7 million.

3 Investments

Bucher Industries AG's direct and indirect investments in subsidiaries and associates are shown in the list of group companies on pages 92 and 93 of the annual report.

4 Provisions

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

5 Share capital

Bucher Industries AG has authorized 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 organized under a shareholders' agreement and represented by Thomas W. Hauser, Neerach, 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 6.53% 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 5% of the total voting rights.

6 Reserves for treasury shares

	Number of shares	Reserves in CHF 1 000
Balance at 1.1.2006	**743 120**	**35 237**
Sale or re-issue for share-based payment schemes	– 53 530	– 2 578
Balance at 31.12.2006	**689 590**	**32 659**

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.

7 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 150.3 million (2005: CHF 139.8 million). The amount claimed at the balance sheet date was CHF 26.1 million (CHF 39.5 million).

8 Investment income

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

9 Financial income

Financial income consists of interest on loans granted to group companies and income from cash and liquid assets.

10 Other income

Other income mainly comprises fees charged to group companies for services provided by the corporate centre.

11 Financial expenses

Financial expenses represent the interest paid on outstanding bonds, bank borrowings and payables to group companies.

12 Allowances

This item contains allowances on investments that were made on the basis of a careful assessment of the currency-specific, economic and political risks.

Board of directors' proposal

Appropriation of retained earnings

CHF	
Net result for 2006	56 971 561
Retained earnings brought forward	13 021 476
Retained earnings available for distribution	**69 993 037**
The directors propose that the Annual General Meeting approve the payment of a dividend of	
CHF 2.50 per dividend-bearing share of CHF 0.20 par value each	26 414 750
Transfer to distributable reserves	23 000 000
Balance to be carried forward	20 578 287
Total	**69 993 037**

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 96 – 100) of Bucher Industries AG for the year ended December 31, 2006.

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

Frank Scharnagl
Auditor in charge

Beat Inauen

Zurich, 8 March 2007

Five-year summary

Group

CHF million		2006	2005	2004	2003	2002
Order intake		2163.3	1946.6	1793.2	1485.8	1411.8
Net sales		2087.1	1948.3	1640.9	1535.2	1480.5
Order book		605.2	523.7	480.3	328.3	376.0
Operating result before depreciation and amortization (EBITDA)		184.6	166.4	147.8	123.8	109.1
As % of net sales	%	8.8	8.5	9.0	8.1	7.4
Operating result (EBIT)		123.7	117.8	91.2	58.9	34.0
As % of net sales	%	5.9	6.0	5.6	3.8	2.3
Financial result		12.9	3.3	−9.5	−3.4	−13.0
Income tax		−41.1	−35.0	−27.3	−18.7	−28.2
As % of result before tax	%	30.1	28.9	33.4	33.7	134.3
Net result for the year		95.5	86.1	54.4	36.8	−7.2
As % of net sales	%	4.6	4.4	3.3	2.4	−0.5
Capital expenditure		58.1	51.7	36.6	38.8	39.0
Operating free cash flow		101.2	61.8	119.6	53.7	26.9[2]
Development expenses		65.3	63.4	54.1	50.5	56.7
Total assets		1839.7	1674.8	1493.7	1401.4	1600.5
Cash, cash equivalents and securities		445.5	348.0	404.7	310.7	440.6
Receivables		518.5	449.3	368.8	338.5	377.4
Inventories		460.7	455.9	397.8	396.3	404.1
Financial assets and investments		30.5	29.1	16.8	16.7	22.4
Property, plant and equipment		279.6	266.5	222.3	229.5	224.8
Intangible assets		61.9	78.7	48.6	67.6	90.6
Current liabilities		896.4	718.1	656.9	613.5	914.1
Non-current liabilities		218.8	318.2	311.4	300.3	245.8
Total liabilities		1115.2	1036.3	968.3	913.8	1159.9
Of which interest-bearing		272.4	279.0	312.9	339.9	535.6
Net liquidity		173.1	69.0	91.8	−29.2	−95.0
Equity		724.5	638.5	525.4	487.6	440.6
As % of total assets	%	39.4	38.1	35.2	34.8	27.5
Return on equity (ROE)	%	14.0	14.8	10.7	7.9	−1.5
Net working capital		528.3	535.1	514.4	432.0	308.0
Net operating assets (NOA) [3]		538.3	558.6	439.5	518.8	534.3
Return on net operating assets (RONOA) [3]	%	14.3	14.8	12.1	6.9	4.5[1]
Number of employees at year end [4]		6775	6874	5782	5852	5994
Average number of employees during year [4]		6882	6836	5795	5957	5863
Net sales per employee	CHF 1000	303.3	285.0	283.2	257.7	252.5

[1] with standard tax rate of 35% [2] old definition [3] years of 2001–2002 adjusted to new definition [4] numbers of employees in full-time-equivalents

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