

BUCHER

Annual report 2004

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[Key figures >](#)

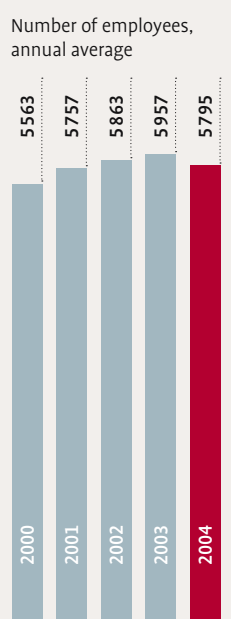
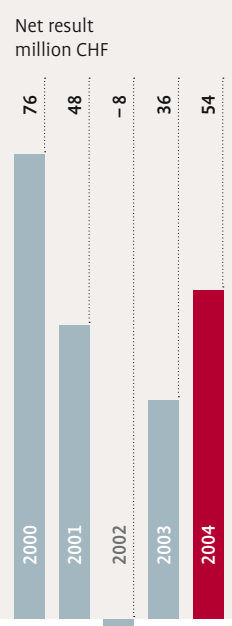
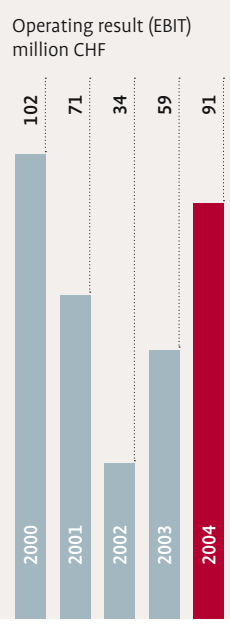
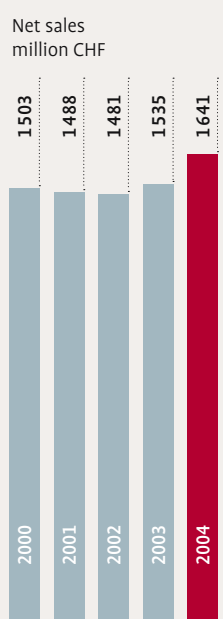
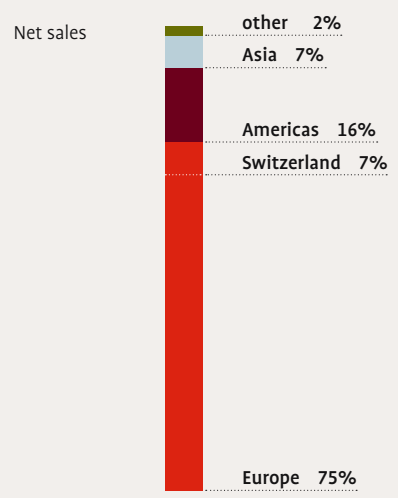
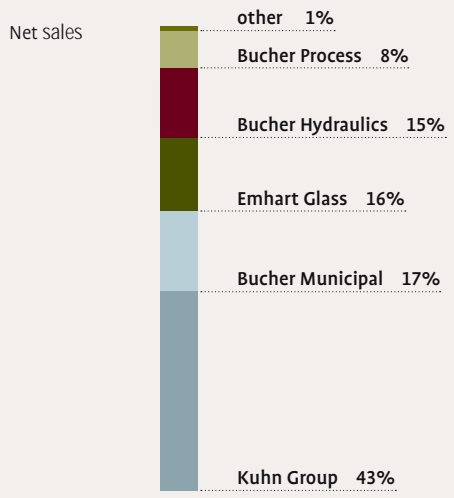
Key figures

Group

million CHF			changes in %	
	2004	2003		
Incoming orders	1793.2	1485.8	+ 20.7	
Net sales	1640.9	1535.2	+ 6.9	
Order book	480.3	328.3	+46.3	
Operating result before depreciation and amortization (EBITDA)	147.8	123.8	+ 19.4	
in % of net sales	9.0%	8.1%		
Operating result (EBIT)	91.2	58.9	+ 54.8	
in % of net sales	5.6%	3.8%		
Net result	53.7	36.5	+47.1	
in % of net sales	3.3%	2.4%		
Capital expenditure	36.6	38.8	- 5.7	
Operating free cash flow	119.6	53.7	+122.7	
Development expenses	54.1	50.5	+7.1	
Net operating assets (NOA)	439.5	518.8	- 15.3	
Return on net operating assets (RONOA)	12.1%	6.9%		
Net debt	-91.8	29.2	n.a.	
Total assets	1493.7	1401.4	+ 6.6	
Shareholders' equity	519.5	482.4	+ 7.7	
Equity ratio	34.8%	34.4%		
Return on equity (ROE)	10.7%	8.0%		
Number of employees at year end	5782	5852	- 1.2	
Number of employees (annual average)	5795	5957	- 2.7	
Net sales per employee	1 000 CHF	283.2	257.7	+ 9.9

Divisions

million CHF	Incoming orders		Net sales		Order book		Operating result (EBIT)		Number of employees 31.12.	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Kuhn Group	751.7	629.1	712.2	657.2	200.9	161.5	58.8	49.8	2 531	2 443
Bucher Municipal	285.8	241.8	283.6	242.0	60.0	53.0	6.1	1.1	799	781
Bucher Process	131.9	134.1	132.7	135.0	22.0	22.4	5.4	- 3.1	527	570
Bucher Hydraulics	251.9	209.9	243.7	211.8	47.4	35.6	20.9	8.2	990	987
Emhart Glass	362.0	242.8	268.1	263.9	149.7	55.8	18.4	16.5	845	891



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Report to shareholders

Bucher Industries secured a gratifying growth in sales and earnings in the business year of 2004. Sales increased to CHF 1 641 million, surpassing the prior-year figure by 7%. At CHF 1 793 million, incoming orders rose by 21% against 2003. Owing to the increase in business volume and determined implementation of cost-cutting measures, the group's operating result improved by 55% to CHF 91 million despite continued high pressure on margins. Incorporating a financial result of CHF –10 million and tax expenditures of CHF 27 million, Bucher Industries' net result improved by 47% to CHF 54 million.

Revival of demand In the year under review, economic conditions recovered in Bucher Industries' fields of business activity. Market trends took a favorable turn in Western Europe, North America, and China, with demand being revived in Eastern Europe and the Middle East as well. Together with our own market efforts, this development resulted in an increase in business volume and a good utilization rate. However, the pressure on prices persisted along with the competitive thrust, and massive scale-ups in raw material and energy prices increased manufacturing costs. These cost increases were impossible to pass on to customers fully and without delay. Margins were additionally pressured by the weakness of the U.S. dollar against the Euro and the Swiss franc.

Distinct increase in sales and earnings Bucher Industries increased 2004 sales by 6.9% (6.4% adjusted for currency effects, 8.3% adjusted for currency effects, acquisitions and divestments) to CHF 1 640.9 million. At CHF 1 793.2 million, incoming orders rose by 20.7% (21.6% adjusted for currency effects, acquisitions and divestments) against the previous year. The sales growth was generated by all divisions except Bucher Process. At the end of 2004, the group's order book reached CHF 480.3 million, surpassing the prior-year level by 46.3%. Bucher Industries' operating result improved by 54.8% to CHF 91.2 million. What translated into this outcome was not only the increased business volume, but also the group's operational cost discipline and the structure measures applied in previous years. Counting in the negative financial result of CHF 9.5 million and tax expenditures of CHF 27.3 million, the net result improved by 47.1% to CHF 53.7 million.

Solid balance sheet The group's positive net result and the decline in net operating assets resulted in an operating free cash flow of CHF 119.6 million. This enabled Bucher Industries to turn the prior year's net debt position of CHF 29.2 million into a net cash position of CHF 91.8 million. Shareholders' equity increased by CHF 37.1 million to CHF 519.5 million, with the equity ratio rising to 34.8% (2003: 34.4%). The return on net operating assets improved from 6.9% to 12.1% and the return on equity from 8.0% to 10.7%.

Strengthening the Bucher brand In the course of reviewing the brand strategy of Bucher Industries and its divisions, the Bucher corporate logo was

slightly modified, preparing it for coming into more prominence in the future. Furthermore, two divisions were renamed in order to reflect more precisely their business activities: Bucher Automotive changed its name to Bucher Municipal, and Bucher Foodtech changed its name to Bucher Process.

Kuhn Group In the year under review, Kuhn Group increased sales by 8.4% to CHF 712.2 million. The division posted a CHF 58.8 million operating result, surpassing the prior-year figure by 18.1%. While agricultural machinery markets stagnated in Europe, Kuhn Group's main sales territory, increased milk and meat prices stimulated customer investment activity in the U.S. and Canada. Product margins were affected by massive scale-ups in prices for raw materials and energy and there was no possibility to fully pass on such price increases to customers. However, due to both the business volume increasing above original expectations and practicing good cost management, Kuhn Group was able to improve its operating result nevertheless.

In February of the current year, Kuhn Group took over Companhia de implementos agrícolas MTS based in Passo Fundo (Brazil). The take over strengthens the division's presence in Latin America's growing markets. Renamed Kuhn Metasa, the company registered CHF 35 million in sales and had 440 employees in 2004.

Bucher Municipal Bucher Municipal increased 2004 sales by 17.2% to CHF 283.6 million. Compared to the previous year, the division was able to improve its operating result by CHF 5.0 million to CHF 6.1 million. This gratifying growth is essentially attributable to two factors: Bucher Municipal's successfully tendering for several large-scale public contracts to supply compact sweepers, truck-mounted sweepers, winter servicing equipment, or airfield cleaning equipment, and the strong sales organization which is based on a widespread dealer network.

In February 2005, Bucher Industries announced its intention to take over the European and Australian business of Johnston Sweepers Ltd. based in Dorking (U.K.), a specialist municipal vehicle supplier of compact and truck-mounted sweepers. Bucher Municipal and Johnston operate in largely complementary geographical markets. After completion of the transaction Bucher Municipal contributes around 25% to group sales. The transaction still needs to be approved by the competent antitrust authorities.

Bucher Process Despite difficult market conditions, Bucher Process returned to profitability in the year under review. While sales declined by 1.7% to CHF 132.7 million, the operating result increased by CHF 8.5 million to CHF 5.4 million. Demand for wine production plants receded worldwide, even though the decline varied considerably from region to region. The market for fruit juice production plants, however, stabilized on a high level. China and Poland in particular generated good demand.

Bucher Hydraulics Owing to the economic recovery of its markets, the extension of its product offer, and its initiating the serial production of new customized tractor hydraulic products, Bucher Hydraulics was able to increase sales to CHF 243.7 million. This corresponds to a 15.1% increase against the previous year. The division's operating result increased by CHF 12.7 million to CHF 20.9 million. It was above all the rebound of such important market segments as agricultural engineering, construction machinery, and materials handling that made this business year so good.

Emhart Glass In the year under review, Emhart Glass posted record incoming orders of CHF 362.0 million, surpassing the prior-year figure by 49.1%. Sales increased by 1.6% to CHF 268.1 million. At CHF 18.4 million, the division's operating result improved by 11.5% against 2003. Demand within the glass container industry took a favorable turn worldwide. In Europe the division could win several volume orders. A large percentage of these orders consisted in the division's latest and technological advanced machinery. Furthermore, Emhart Glass confirmed the process principle for the manufacture of thin-walled, thermally strengthened glass containers in the real-life environment of a European glass container production facility.

Development expenses and capital expenditure In 2004, Bucher Industries' divisions spent CHF 54.1 million (2003: CHF 50.5 million) to advance and renew their product lines. Effected for replacements and rationalizations capital expenditure in tangible fixed assets amounted to CHF 36.6 million (2003: CHF 38.8 million).

Personnel At year end, Bucher Industries had 5 782 employees in 21 countries around the world. Compared to 2003, the number of employees on annual average was reduced by 2.7% to 5 795 despite the increase in sales. Net sales per employee rose from CHF 257 700 to CHF 283 200 in the year under review.

Dividend Based on the group's net result, the board of directors will propose to the annual general meeting to declare an increased dividend of CHF 7.– per bearer share and CHF 1.40 per registered share. This proposal corresponds to a dividend payout ratio of 27.5%.

Board of directors and group management The terms of board members Thomas W. Hauser and Erwin Stoller are due to end on the date of the 2005 annual general meeting. The board of directors will propose to the annual general meeting to re-elect them both for another 3-year term. Moreover, the board will propose to elect Ernst Bärtschi to the board of directors for a 3-year term. Kurt Siegenthaler will resign from the divisional management of Emhart Glass by the end of 2005 to retire. His designated successor for the position of division president and member of the group management is Martin Jetter, graduate in electrical engineering and CEO of the automation and control systems specialist Jetter AG based in Ludwigsburg (Germany).

Shareholders In February 2005, the board of directors announced its intention to propose the introduction of a standard registered share at the 2005 annual general meeting. By simplifying the structure of voting and capital rights, Bucher Industries follows international and national standards as a modern and forward-looking public joint stock company. All Bucher Industries shareholders will enjoy equal status and the principle “one share – one vote” in the future. Furthermore the simplified share structure will increase the share liquidity and offers Bucher Industries a good foundation for future growth.

Thanks to our stakeholders Business success relies on the well-functioning cooperation of a company with its stakeholders, i. e. its customers, business partners, employees, and shareholders. That is why we would like to thank all of our stakeholders, and especially our customers and business partners, for their continued loyalty to Bucher Industries in the past year. We would also like to extend special thanks to our employees, whose untiring efforts and commitment resulted in a job exceedingly well done.

Prospects for 2005 With order books at the high level of CHF 480 million at the beginning of 2005, our production facilities will be working to capacity during the first months of the current year. On the whole, we expect the economic environment in 2005 to remain similar to 2004. However, forecasts are made difficult by uncertainties regarding exchange rates, particularly of the U.S. dollar against the Euro and the Swiss franc, as well as the announcement of further increases in raw material prices. Kuhn Group anticipates market trends to recede slightly compared to the favorable development registered in 2004, but will benefit from the integration of Kuhn Metasa. While Bucher Municipal expects a lower number of large-scale tenders by cities and airports, demand in Europe is likely to stay stable. The acquisition of Johnston Sweepers Ltd. will positively impact the division’s sales and operating result. Bucher Process anticipates the market for fruit juice production plants to remain constant, and the market for wine production plants to keep experiencing difficulties. Bucher Hydraulics and Emhart Glass estimate the gratifying demand of 2004 to continue into 2005. Adjusted for the takeover of Kuhn Metasa and Johnston, Bucher Industries anticipates sales to mirror the volume attained in 2004, and both the operating and the net result to improve in 2005. Taking into account the acquisitions sales are expected to increase significantly while the operating result will be positively influenced.

Niederweningen, 16 March 2005



Rudolf Hauser
Chairman of the board



Philip Mosimann
Chief executive officer



Bucher – profile

Our mission We are a manufacturer of technologically leading machines and systems designed to efficiently obtain and produce healthy food products and to maintain clean cities and safe roads. We view ourselves as a fair partner to our employees, customers and shareholders. We combine economic and ecological aspects to sustain our natural resources. Contributing factors in our efforts are superior service life and energy efficiency of our machines and components, environmentally compatible vehicles, and container glass production systems to promote recyclable glass.

Our goals We strive for leadership in technology, market presence and consistent cost management to achieve maximum profitability and cash flow. We provide high-performance, innovative products and excellent service to our customers. We continuously enhance our group through internal growth and by acquisition of selected complementary business activities. We expect to achieve the following challenging financial goals by means of clear divisional structures, decentralized management and profit responsibilities and group-wide strategic and financial control: An operating result before depreciation and amortization (EBITDA) of 12% of net sales, an operating result (EBIT) of 8% and a return on net operating assets after tax (RONOA) of 14%.

Worldwide leadership positions The group comprises five specialized divisions in industrially related fields of machine and vehicle construction. The business segments are primarily associated with mature user markets offering considerable growth and earnings potential worldwide due to innovative products and services and geographical diversification.



Leading market positions Based on our globally leading market positions, we strive for optimal efficiency in our service and sales organization, maximum innovation power and a superior price/performance 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.

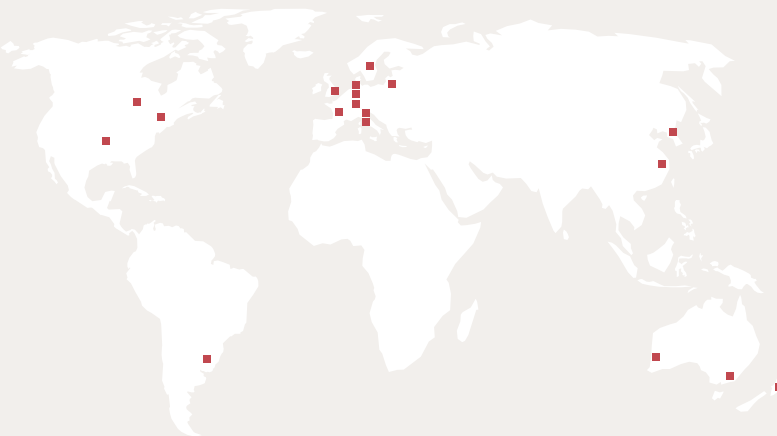
Bucher Municipal holds the largest market share in sweeping vehicles in Europe. The product line includes compact and truck mounted sweepers, airport cleaning and snow clearing equipment, spreaders, and multi purpose vehicles.

Bucher Process is the foremost international manufacturer of equipment for fruit juice and wine production, starting from fruit delivery equipment, de-juicing, fermentation, filtration and adsorption systems. The product offering is further enhanced by processtechnologies for the food and pharmaceutical industries as well as environmental technology.

Bucher Hydraulics maintains manufacturing facilities in Europe, Asia and in the United States and plays a leading role as a supplier of customer-specific drive and control systems for mobile and stationary hydraulics.

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

Manufacturing sites



Europe



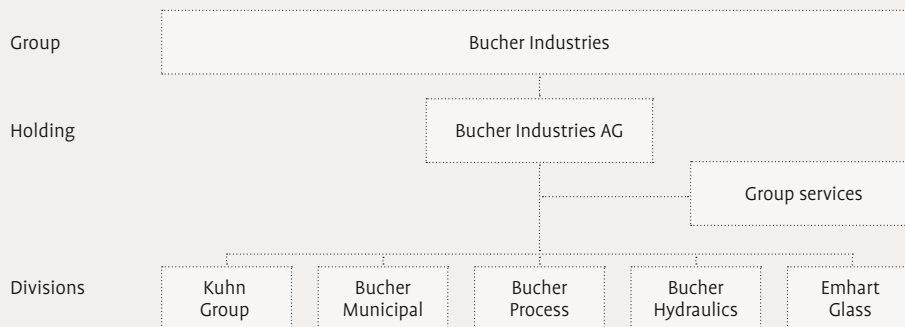
Corporate governance

The information disclosed in this chapter is governed by the Corporate Governance Directive as put into force by the SWX Swiss Exchange on July 1, 2002, and pertinent commentaries, insofar as they are applicable to and relevant for Bucher Industries. In the absence of a note to the contrary, all information reflect the group's situation on 31 December 2004.

Group structure and shareholders

Operational group structure The group known as Bucher Industries is divided into five divisions covering five areas of operation: specialized agricultural machinery (Kuhn Group), municipal vehicles (Bucher Automotive, since 2005 Bucher Municipal), wine and fruit juice production plants (Bucher Foodtech, since 2005 Bucher Process), hydraulic components (Bucher Hydraulics), and production equipment for the container glass industry (Emhart Glass). At holding level, the activities of both the group's holding company and its five divisions are supported by the corporate center which supplies functions such as finance and controlling, corporate development, and legal and communication. For a chart of the operational group structure, please see below. Also in this annual report, the notes to the consolidated financial statement on pages 83 and 84 include detailed segment reports.

Group companies and scope of consolidation Headquartered in Niederweningen (Switzerland), Bucher Industries AG is the group's holding company. Its bearer shares are listed on the SWX Swiss Exchange as detailed under investor relations on pages 22 and 23 of this annual report. The scope of consolidation encompasses all group companies held either directly or indirectly by the holding company as specified on pages 94 and 95 of this annual report.



None of the consolidated entities are listed on the stock exchange. There are no cross-shareholdings between Bucher Industries AG and other corporations.

Shareholders Bucher Industries' listed bearer shares are held by a wide range of public shareholders. As duly published in the Swiss Official Gazette of Commerce (SHAB) on 23 December 2004, the registered shares (voting shares) as well as a block of bearer shares are held by a group of shareholders organized in a shareholders' agreement and represented by Thomas W. Hauser, resident in Neerach (Switzerland). Altogether, the shares held by this group of shareholders equal 34.14% of the group's issued share capital and 71.62% of all voting rights. The agreement's key element stipulates the concerted exercising of voting rights at the general meeting of shareholders.

The board of directors of Bucher Industries has no knowledge of any further shareholders or groups of shareholders committed by shareholders' agreements whose shareholdings exceed 5% of all voting rights.

Capital structure

Ordinary capital The group's issued share capital is CHF 2 113 180 and is composed of 1 415 680 bearer shares at a par value of CHF 1.– and 3 487 500 registered shares (voting shares) at a par value of CHF 0.20. The bearer shares represent 66.99% of the issued share capital and 28.87% of all voting rights. The registered shares represent 33.01% of the issued share capital and 71.13% of all voting rights. All shares are fully paid up. At the general meeting of shareholders, each share entitles to one vote. All issued shares qualify for a dividend. Dividends are distributed in proportion to the shares' par value.

Bucher Industries has issued neither participation certificates nor bonus certificates. On occasion of the 2005 annual general meeting of shareholders, the board of directors will propose to create a standard registered share by splitting the existing bearer shares at a par value of CHF 1.–, reconverting them into registered shares at a par value of CHF 0.20.

Conditional capital Bucher Industries AG is endowed with a conditional capital of not more than 209 320 bearer shares at a par value of CHF 1.– and not more than 137 500 registered shares at a par value of CHF 0.20, which is reserved for exercising option or conversion rights arising from bonds issued by the group or for exercising option rights arising from options granted to shareholders. Shareholders' subscription privileges are precluded. Only the holders of such option or conversion rights will be entitled to subscribe to the new shares. There are no such rights outstanding at this time. On occasion of the 2005 annual general meeting of shareholders, the board of directors will propose to reconvert the bearer shares making up the conditional capital into standard registered shares as well.

Option and conversion terms are determined by the board of directors. When issuing option bonds or convertible bonds, the board of directors may suspend shareholders' preferential subscription rights on mandatory grounds as provided by article 653c subclause 2 of the Swiss law of contract (OR). In this case, the board of directors will define the structure, the maturity and the amount of the bond as well as the option or conversion terms in accordance with market conditions at the time of issue.

Changes of capital within the last three financial years

1 000 CHF	31.12.2004	31.12.2003	31.12.2002
Share capital bearer shares	1 416	1 416	1 416
Share capital registered shares	697	697	697
Statutory reserve	70 610	70 610	70 610
Available reserve	142 572	117 025	92 364
Reserve for treasury stock	37 429	42 975	44 636
Disposal profit	48 374	43 891	47 407
Shareholders' equity	301 098	276 614	257 130

Limitations on transferability There are no limitations placed on ownership or transferability of listed bearer shares. As stipulated by the articles of association, registered shares, which are not listed, may only be transferred with the consent of the board of directors. It is intended to drop this limitation upon creation of a standard registered share.

Convertible bonds and options Bucher Industries has no convertible bonds outstanding at this time. Existing option rights arising from the group's option plan for members of the board of directors, group management and members of divisional managements are itemized on page 18 of this annual report. Shares required to cover the option plan will be bought on the stock exchange 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 since 1964 ▶ 1967 Bucher-Guyer AG, delegate of the board of directors ▶ 1984–2001 Bucher Industries AG, delegate of the board of directors and head of group management, chairman of the board since 2001
 ▶ **Other activities** Chairman of the board of Kaba Holding AG, Rumlang
 ▶ Vice-chairman of the board of Rieter Holding AG, Winterthur, and of AG für die Neue Zürcher Zeitung, Zurich

Name	Age	Position	First elected in	Elected until
Rudolf Hauser	68	Chairman, executive	1984	2006
Thomas W. Hauser	64	Vice-chairman, non-executive	1984	2005
Thomas W. Bechtler	55	Member, non-executive, independent	1987	2007
Rolf Broglie	58	Member, non-executive, independent	1996	2007
Claude R. Cornaz	44	Member, non-executive, independent	2002	2006
Erwin Stoller	57	Member, non-executive, independent	1996	2005

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 functions.

Thomas W. Bechtler Swiss citizen, doctorate in law University of Zurich
► 1977 Luwa AG, Zurich, head of division ► 1982 Hesta AG and Hesta Tex AG, Zug, delegate of the board of directors ► **Other activities** Chairman of the board of Zellweger Luwa AG, Uster, and of Schiesser Group AG, Kusnacht ► Vice-chairman of the board of directors of Sika AG, Baar ► Member of the board of Credit Suisse Group, Zurich, Swiss Re, Zurich, and Conzzeta Holding, Zurich

Rolf Broglie Swiss citizen, entrepreneur ► 1972 Chromos AG, Glattbrugg, managing director since 1985 ► 1995 Prografica AG, Glattbrugg, delegate of the board of directors. No other activities or functions.

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, Bulach, delegate of the board of directors and head of group management since 2000 ► **Other activities** Chairman of the European Container Glass Federation ► Member of the board of H. Goessler 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 functions.

Independence Except for Thomas W. Hauser, the non-executive members of the board are also independent, i. e. none has ever been part of group management, nor do they entertain significant business relationships with the group. While Thomas W. Hauser has been a non-executive member of the board in the year under review, he is not considered to be independent because of his executive function until the end of 2003.

Cross-involvements There are no cross-involvements among the boards of directors of Bucher Industries and another listed company. As described on pages 11 and 12 of this annual report, two members of the board (Rudolf Hauser and Thomas W. Bechtler) are also members of the board of other listed companies.

Elections and terms of office Members of the board of directors are elected in a graduated manner, each time for a term of office of three years. After completing the 70th year of life, any member of the board will resign on the day of the next annual general meeting of shareholders following that date.

Internal organizational structure The board of directors determines the group's strategic orientation and is responsible for the group's ultimate management as stipulated by Swiss Law of Contract, the articles of association, and the internal rules of organization. It meets as often as required by business, but at least for five ordinary meetings a year. In the year under review, the board met five times. For support, the board of directors has appointed among its members an audit committee, a compensation committee, and a nomination committee. All three committees report to the complete board of directors which will decide on all fundamental issues.

The audit committee is composed of Rolf Broglie (chairman), Claude R. Cornaz and Erwin Stoller. All members are non-executive and independent. In fulfilling its duties, the audit committee will ensure the group's comprehensive and efficient auditing concept, accept the reports of the statutory auditors and the group auditors, assess their independence and performance, define their compensation and propose the auditors to be appointed. It will verify the auditing plan on an annual basis, discussing auditing results with the auditors. The audit committee meets at least twice a year. In the year under review, it met twice.

The compensation committee is composed of Rudolf Hauser (chairman), Thomas W. Bechtler and Rolf Broglie. The majority of its three members are non-executive and independent. In fulfilling its duties, the compensation committee will fix the compensations paid to the group management, define the compensation policy applicable to top-level management, and propose the compensation paid to members of the board of directors. The compensation committee meets at least once a year. In the year under review, it met once.

The nomination committee is composed of Rudolf Hauser (chairman), Thomas W. Bechtler and Rolf Broglie. The majority of its three members are non-executive and independent. In fulfilling its duties, the nomination committee will determine the selection principles applicable to candidates for the board of directors and prepare such selections according to these criteria. It may also participate in selecting and assessing candidates for top-level management positions. The nomination committee meets at least once a year. In the year under review, it met once.

Definition of areas of responsibility The board of directors has delegated the group's operational management to the chief executive officer and group management. The group management's duties and powers are defined by the rules of organization, a shortened version of which may be accessed on the website of Bucher Industries at www.bucherind.com. The board of directors supervises the operational management of the group.



Jean-Pierre Bernheim

Kurt E. Siegenthaler

Michel Siebert

Michael Häusermann

Roger Baillod

Philip Mosimann

Daniel Waller

Information and control instruments to supervise group management

Monthly and quarterly reports as part of the management reporting system will keep the board of directors informed of business trends and crucial key figures registered by the group and individual divisions. Figures are compared with the budget, prior-year results, and the overall market development. Consolidated statements are prepared each quarter. In addition, the board of directors will be updated on the course of business, major projects and risks on the occasion of each of its meetings. Insofar as the board of directors has to pass resolutions on major projects, relevant motions will be made in writing.

Group management

Members

Philip Mosimann Swiss citizen, mechanical engineer Swiss Federal Institute of Technology (ETH) Zurich ▶ 1980 Sulzer Innotec, Winterthur ▶ 1993 Sulzer Thermtec, Winterthur, division president ▶ 1997 Sulzer Textil, Ruti, division president ▶ 2001 Bucher Industries AG, chief executive officer since 2002. No other activities or functions.

Roger Baillod ▶ Swiss citizen, graduate in business economics, certified public accountant ▶ 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 functions.

Name	Age	Position	With the group since
Philip Mosimann	51	Chief executive officer	2001
Roger Baillod	46	Chief financial officer	1996
Jean-Pierre Bernheim	56	Division president of Bucher Process	1980
Michael Häusermann	44	Division president of Bucher Municipal	1988
Michel Siebert	56	Division president of Kuhn Group	1979
Kurt E. Siegenthaler	63	Division president of Emhart Glass	1993
Daniel Waller	44	Division president of Bucher Hydraulics	1999

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 Foodtech, division president. No other activities or functions.

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 Automotive, division president. No other activities and functions.

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 divisional management ► **1999** Kuhn Group, division president. No other activities or functions.

Kurt E. Siegenthaler Swiss citizen, doctorate in biochemistry 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** Emhart Glass, division president ► **Other activities** Member of the boards of directors of Schlatter AG, Schlieren, and Baumer Elektrik AG, Frauenfeld

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 functions.

Group services

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

Coen van Rosmalen Dutch citizen, mechanical engineer Technical University of Rotterdam, graduate in economics Erasmus University Rotterdam ► **1995** Hilti AG, U.K. and Liechtenstein ► **1998** Swissair Technics, head of department ► **2002** Bucher Industries AG, head of corporate development

Management contracts There are no management contracts between Bucher Industries AG and any third parties.

Compensations, shareholdings, and loans

Content and method of determining compensations Members of the board of directors draw a compensation that is determined on a yearly basis as proposed by the compensation committee and voted on by the board as a whole. Part or all of this compensation will be paid in shares that are subject to a three-year period of non-negotiability.

Compensations drawn by members of group management and compensation systems for other top-level executives within the group are determined by the compensation committee as proposed by the CEO. In addition to a basic component in line with the recipient's level of responsibility, such compensation systems contain a variable success-oriented component which may attain between 0% and 50% of the basic component depending on target achievement.

Compensations for members of governing bodies In the year under review, compensations that were paid to the executive member of the board and to members of group management totaled CHF 4 139 000. This sum includes bearer shares allotted to such members, valued at the market price at year end.

In the year under review, compensations conferred to non-executive members of the board totaled CHF 591 000. Thereof cash payment amounted to CHF 58 000. They were composed of bearer shares subject to a three-year period of non-negotiability, plus a fee for committee meetings. There were no compensations conferred to former members of governing bodies in the year under review.

Share allotment For the business year of 2004, the executive member of the board and members of group management have been allotted a total of 1 201 bearer shares at a par value of CHF 1.– for a subscription price of CHF 180.– and a total of 428 bearer shares at a par value of CHF 1.– free of charge. Non-executive members of the board have received a total of 1 823 bearer shares at a par value of CHF 1.– free of charge as directors' fees.

Share ownership On 31 December 2004, the executive member of the board and members of group management as well as parties closely linked to them owned a total of 40 587 bearer shares at a par value of CHF 1.– and 802 500 registered shares at a par value of CHF 0.20. Non-executive members of the board and parties closely linked to them owned 17 389 bearer shares at a par value of CHF 1.– and 922 000 registered shares at a par value of CHF 0.20.

Options Within the scope of the group's participation and option plan as described in the notes to the consolidated financial statement on pages 79 and 80 of this annual report, the executive member of the board and members of group management as well as parties closely linked to them held 10 080 options on 31 December 2004. Each of those options entitles its holder to purchase one bearer share at a par value of CHF 1.– for the exercise price listed below. Non-executive members of the board of directors did not hold any options.

Loans granted to governing bodies and additional remunerations With one exception, neither members of the board and members of group management nor parties closely linked to them have received any additional compensations and remunerations or loans in the year under review. The exception consists in payment of CHF 72 000 to a non-executive member of the board for advisory services.

Highest total compensation The highest total compensation conferred to any member of the board in the year under review was CHF 330 000. This sum includes allotted bearer shares, valued at the market price at year end, and allotted options, valued according to the Black Scholes method.

Options	Allotment year	Exercise period, staggered	Exercise price	Number of options
	2000	2001 – 2005	262.–	1 800
	2001	2002 – 2006	266.20	2 280
	2002	2003 – 2007	142.–	1 500
	2003	2004 – 2008	173.–	2 100
	2004	2005 – 2009	234.–	2 400

Shareholders' participation rights

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

Statutory quorums The general meeting of shareholders will pass its resolutions by the absolute majority of share votes represented. At least two thirds of the share votes represented and the absolute majority of par values represented are required to pass momentous resolutions as stipulated in article 704 subclause 1 of the Swiss Law of Contract.

Convocation of the general meeting of shareholders Pursuant to the articles of association, invitations to the annual general meeting of shareholders are mailed no later than 20 days before the day of the meeting. The convocation will inform shareholders of the meeting's agenda and of motions made by the board and by any shareholder who requested that a certain item be added to the agenda.

Extraordinary general meetings of shareholders will be convoked as needed, particularly in situations stipulated by law. Shareholders representing at least one tenth of the share capital are entitled to convoke an extraordinary general meeting at any time, provided they indicate the items and motions on the agenda.

Adding items to the agenda Shareholders representing shares at a par value of CHF 100 000 may request that a certain item be added to the agenda. The period allowed for submitting such requests will expire six weeks before the annual general meeting of shareholders. On occasion of the 2005 annual general meeting of shareholders, the board of directors will propose to lower the par value required for adding items to the agenda to CHF 20 000.

Duty to make an offer and clauses on changes of control On 4 June 1998, the annual general meeting of shareholders adopted an opting-out clause into the articles of association. Pursuant to this clause, a purchaser of the group's shares is not bound to make a public offer as provided in articles 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading. On occasion of the 2005 annual general meeting of shareholders, the board of directors will propose to abolish the present opting-out clause and to adopt into the articles of association a new opting-up clause stipulating the duty to make an offer starting at 40% of the voting rights. There are no clauses on changes of control benefiting members of the board of directors or members of group management.

Auditors

Duration of the mandate and term of office of the lead auditor PricewaterhouseCoopers AG, headquartered in Zurich (Switzerland), or its legal predecessors have been the statutory auditors and the group auditors of Bucher Industries since 1984. The lead auditor, Frank Scharnagl, has been in charge of this auditing assignment since 2000.

Auditing fees and additional fees In the year under review, Bucher Industries has been charged CHF 1 144 000 by PricewaterhouseCoopers and CHF 485 000 by third-party auditors for services rendered in connection with auditing the annual statements of Bucher Industries AG and the group companies as well as the consolidated financial statement of Bucher Industries.

In addition, PricewaterhouseCoopers charged Bucher Industries CHF 350 000 for other services in financial counseling, tax consulting, and due diligence investigations.

Instruments to supervise and control the auditors The audit committee will verify the auditing concept and the auditing plan on a yearly basis, discussing the auditing results with the auditors. Furthermore, the audit committee will assess the performance, the remuneration, and the independence of the statutory auditors and the group auditors on a yearly basis.

Information policy

Bucher Industries publishes its business results in an annual report and a half year report as well as by way of press releases. The group's annual sales as well as first-quarter and third-quarter sales are announced by way of press releases. In order to inform media representatives and financial analysts, the group organizes a conference on annual results and a phone conference on half year results. Important events are announced in compliance with the Ad hoc Publicity Directive of the SWX Swiss Exchange. For upcoming information events regarding the current and the next business year, please refer to the investor relations section on page 23 of this annual report. All information published during the last two years as well as contact addresses are also accessible on the web at www.bucherind.com. At our website interested parties can also order Bucher Industries' press releases which are distributed via e-mail free of charge and in time.

Investor relations

As of 31 December		2004	2003	2002	2001	2000
Share capital						
Bearer shares						
Nominal value	CHF	1.–	1.–	1.–	50.–	50.–
Total issued and ranking for dividends	number	1 415 680	1 415 680	1 415 680	283 136	283 136
Authorized but not issued	number	209 320	209 320	209 320	41 864	41 864
Treasury shares	number	160 874	168 205	173 595 ²⁾	11 000	11 000
Registered shares						
Nominal value	CHF	0.20	0.20	0.20	10.–	10.–
Total issued and ranking for dividends	number	3 487 500	3 487 500	3 487 500	697 500	697 500
Authorized but not issued	number	137 500	137 500	137 500	27 500	27 500
Issued share capital	million CHF	2.1	2.1	2.1	21.1	21.1
Market capitalization and dividends						
Market capitalization	million CHF	534.6	350.8	278.9	511.4	585.4
in % of shareholders' equity	%	103	73	64	98	120
Gross dividend:						
per bearer share	CHF	7.– ³⁾	5.–	5.–	–	45.–
per registered share	CHF	1.40 ³⁾	1.–	1.–	–	9.–
Total dividend	million CHF	14.8 ³⁾	10.6	10.6	–	19.0
Par value reimbursement:						
per bearer share	CHF	–	–	–	45.–	–
per registered share	CHF	–	–	–	9.–	–
Total par value reimbursement	million CHF	–	–	–	19.0	–
Pay-out ratio	%	27.5 ³⁾	28.9	n.a.	–	25.0
Pay-out ratio incl. par value reimbursement	%	27.5 ³⁾	28.9	n.a.	39.6	25.0
Key figures per bearer share entitled to dividend ¹⁾						
Shareholders' equity (all shares issued)	CHF	246	228	206	247	231
Operating result (EBIT)	CHF	43	28	16	33	48
Net result	CHF	28	19	–4	23	37
Year's high	CHF	255	184	270	320	297
Year's low	CHF	167	97	125	223	237
Year-end price	CHF	253	166	132	242	277
Average price	CHF	222	145	205	281	270
Average yield	%	3.1	3.4	2.4	3.2	3.3
Average daily transaction volume	number	1 900	1 549	1 490	2 440	3 510
Price/Earnings-ratio (year-end price)		9.1	8.7	n.a.	10.3	7.5

¹⁾ Based on share split 1:5 as of 15 May 2002

²⁾ Increase due to first time consolidation of Bucher Beteiligungs-Stiftung

³⁾ Proposal of the board of directors

Stock exchange listing The bearer shares of nominal CHF 1.– are listed on the primary segment of the SWX Swiss Exchange:

Security-No.	1 434 401
ISIN	CH0014344011
Telekurs	BUC
Reuters	BUC.S
Bloomberg	BUC SW

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

Contact addresses

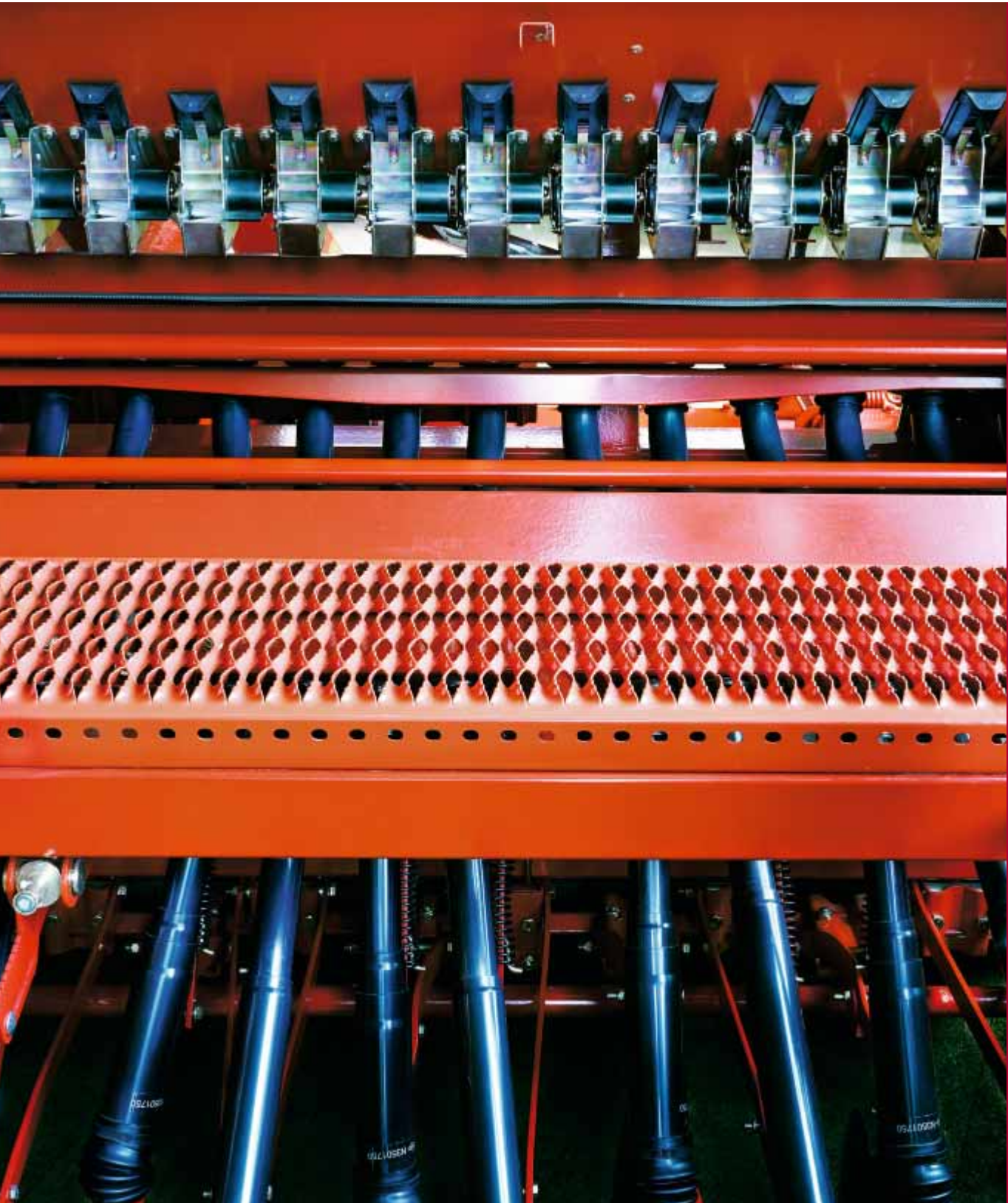
Philip Mosimann, CEO
Roger Bailod, CFO

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info@bucherind.com
www.bucherind.com

Agenda		
Press release on group net sales 1 st quarter 2005	26.04.2005	
Annual general meeting (Mövenpick Hotel, Regensdorf)	26.04.2005	4.00 pm
Half-year report 2005	16.08.2005	
Press release on group net sales 3 rd quarter 2005	27.10.2005	
Press release on group net sales 2005	02.02.2006	
Financial press conference	22.03.2006	8.30 am
Presentation for financial analysts	22.03.2006	2.30 pm
Mailing of annual report 2005	31.03.2006	
Press release on group net sales 1 st quarter 2006	24.04.2006	
Annual general meeting (Mövenpick Hotel, Regensdorf)	25.04.2006	4.00 pm
Half-year report 2006	16.08.2006	
Press release on group net sales 3 rd quarter 2006	26.10.2006	

Development of share price CHF





Activities

Owing to decades of experience and product advancement, Kuhn Group is the world's leading supplier of specialized agricultural machinery including fodder harvesting, feed mixing, seeding and arable farming machinery. The division's wide range of farm mechanization products offers the right solution for large-scale high-performance factory farms as well as private contractors or smaller specialized operations. Products carrying the Kuhn brand are distinguished by reliability and a long working life. The division's production facilities are located in France, the U.S. and Brazil.



Kuhn Group

Highlights

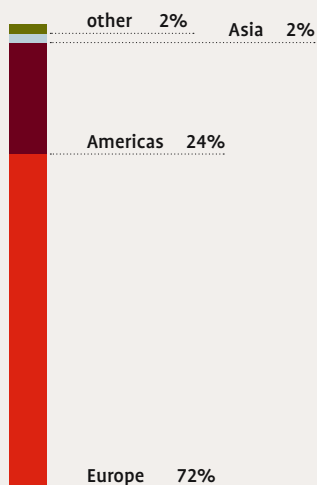
Kuhn Group increased 2004 sales by 8% to CHF 712 million. Incoming orders reached CHF 752 million, surpassing the prior-year figure by 20%. The division's sales trend took a particularly dynamic turn in the North American market. Despite a massive scale-up in steel prices and the weakness of the U.S. dollar against the Euro, Kuhn Group was able to improve its operating result by 18% to CHF 59 million. As in the prior year the division contributed 43% to group sales.

Key figures

million CHF

	2004	2003
Incoming orders	751.7	629.1
Net sales	712.2	657.2
Operating result (EBITDA)	82.9	74.4
Operating result (EBIT)	58.8	49.8
Number of employees at end of year	2 531	2 443

Net sales



Divergent market environments In the European Union – Kuhn Group’s main sales territory –, overall sales were stagnating. Nevertheless the division could increase sales in this region. In the U.S. and Canada, a favorable economic environment made markets grow markedly, with high meat and milk prices stimulating investment activity. In addition to the unfavorable exchange rate of the U.S. dollar against the Euro, margins were impacted by massive scale-ups in steel and energy prices.

Increased sales and operating result In the year under review, Kuhn Group registered CHF 712.2 million in sales, which corresponds to a 8.4% increase (8.7% adjusted for currency effects) against 2003. Incoming orders rose by 19.5% (20.0% adjusted for currency effects) to CHF 751.7 million. In spite of difficult production conditions, the division managed to improve its operating result by 18.1% to CHF 58.8 million. Making the most of the favorable market development and vivid demand in North America, Kuhn Group continued to extend and strengthen its market position overseas. The basis for the success consists in a comprehensive product offering, high service grade and widespread dealer network. The division was able to maintain large market shares in its major European markets even though it was faced with intense competition. Energy prices and even more so steel prices increased considerably in the course of the past year. As Kuhn Group’s products contain a relatively high proportion of steel, product margins were affected accordingly. There was no possibility to pass on price increases to customers on the same scale or even without delay. The operating margin was further reduced by the strength of the Euro whenever products were exported to countries tied to the U.S. dollar. However, the division was able to compensate for these negative factors by significantly increasing its business volume and by making considerable efforts to improve its productivity.

Increasing competitiveness Kuhn Group further strengthened its market presence in 2004. In the U.S., Kuhn and Kuhn Knight successfully merged their dealer and distribution networks. Sales organizations were enforced, particularly in Spain and in the Ukraine. Kuhn Knight’s production facilities in the U.S. were modernized and extended and became operational as planned. Because of good demand, they are already working to capacity.

Covering all production facilities division-wide, the “CAP 10” program – targeted to be finalized by 2010 – will further increase Kuhn Group’s competitiveness. Program objectives focus on innovation, quality and productivity, all to be harmonized with customer requirements. These objectives are meant to be reached by optimizing processes, lowering cost structures, and applying maximum flexibility. As of now, the division’s employees in R&D, production, distribution, service, and administration are working hard to implement the measures developed by the “CAP 10” team.

Division management

Michel Siebert,
division president

Jean-Luc Collin,
production

Jeannot Hironimus,
research and development

Marc Mertz,
finance and controlling

Roland Rieger,
sales

Hervé Arlot,
Kuhn-Huard SA

Didier Vallat,
Kuhn-Audureau SA

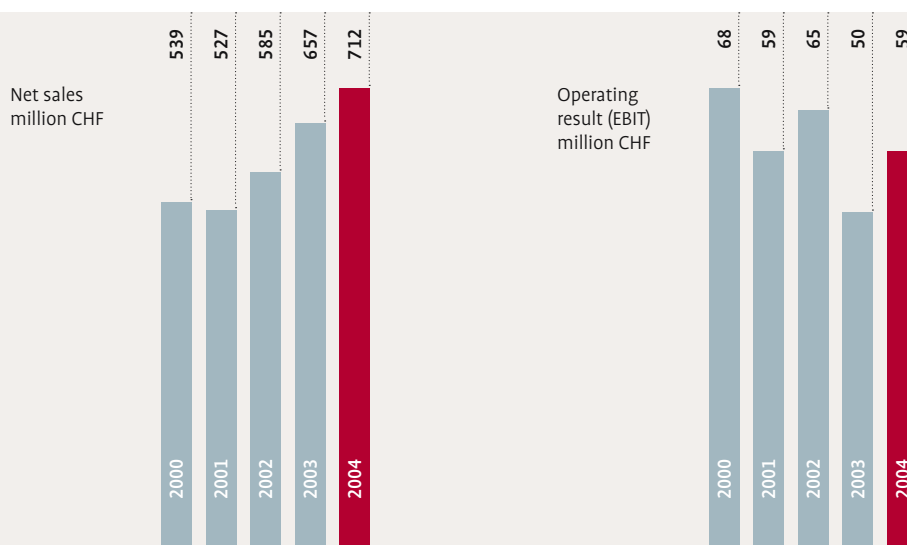
Alain Dommanget,
Kuhn-Nodet SA

Thierry Krier,
Kuhn Knight, Inc.

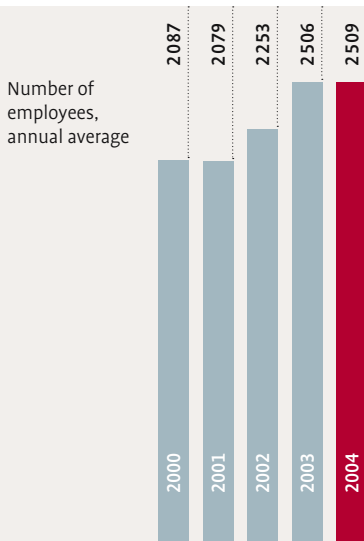
Mario Wagner,
Kuhn-Metasa S/A

As of 16 March 2005

Entering the South American market In February 2005, Kuhn Group took over Companhia de implementos agrícolas MTS, a company owned by the Brazilian Metasa Group in Passo Fundo (Brazil). Metasa is a major supplier of precision seeders for large-scale agricultural enterprises in Brazil and Latin America. Metasa produces a comprehensive range of no-till precision seeders featuring large working widths. Profitable and growing fast, the company realized roughly CHF 35 million in sales with 440 employees in 2004. Metasa's innovative product range, its new modern production infrastructure, and its well-established and efficient sales organization offer Kuhn Group an excellent platform to build up a strong market position in South America while promoting its largely complementary product program. Furthermore, the acquisition creates a good basis for exporting Metasa products through Kuhn Group's sales organization. The company will be renamed Kuhn Metasa. In Brazil, Kuhn Metasa's sales organization will also handle the distribution of Kuhn products.



Prospects for 2005 Kuhn group expects the market trend in the current business year to remain essentially stable compared to 2004. After sales experienced such a gratifying development in the year under review, demand will at best stay on this high level in 2005. Uncertainties about the development of steel and energy prices as well as the exchange rate of the U.S. dollar against the Euro make forecasts difficult. With the integration of Kuhn Metasa, Kuhn Group anticipates both sales and the operating result to increase in 2005.





Activities

Bucher Municipal is Europe's leading supplier of municipal vehicles for road and airport service. Its product offer includes a complete range of compact sweepers and truck chassis-mounted sweepers as well as snow clearing equipment and spreaders for road and airport use. The division also includes the Swiss trading business with tractors and agricultural machinery as well as the production and logistics services in Switzerland. The division operates production facilities in Switzerland, Germany, Italy, Latvia and South Korea.



BUCHER
municipal

Bucher Municipal

Highlights

Bucher Municipal increased both sales and earnings power in the year under review. Sales rose by 17% to CHF 284 million. At CHF 286 million, incoming orders surpassed the prior-year figure by a marked 18%. The operating result improved by CHF 5 million to CHF 6 million. In reflection of its industrial activities focusing on municipal vehicles, the division changed its name from Bucher Automotive to Bucher Municipal in early 2005. The division contributed 17% to group sales (prior year 16%).

Key figures

million CHF

	2004	2003
Incoming orders	285.8	241.8
Net sales	283.6	242.0
Operating result (EBITDA)	12.6	7.6
Operating result (EBIT)	6.1	1.1
Number of employees at end of year	799	781

Net sales



Market stimulation by large-scale tenders Large-scale tenders invited by a number of cities and airports stimulated an otherwise stagnant demand in Europe. As cities and communities continue to feel intense pressure to cut back on costs, their terms of tender are challenging on technical specifications, commercial conditions, and pricing. Excess capacities burdening all manufacturers resulted in continuing competitive thrust and first signs of consolidation efforts within the industry appeared. 2004 was characterized by a scale-up in steel prices and sporadic supply bottlenecks among the division's suppliers, especially regarding components needed in driving systems. All in all, Bucher Municipal was required to master an extremely competitive market environment.

Increased business volume and earnings power In the year under review, Bucher Municipal successfully tendered for several large-scale public contracts. Incoming orders rose markedly by 18.2% (17.3% adjusted for currency effects), reaching CHF 285.8 million. The division posted CHF 283.6 million in sales, which corresponds to a 17.2% increase (16.3% adjusted for currency effects) against the previous year. Allowing for discontinued activities, acquisitions contributed 7.6% to divisional sales. At CHF 6.1 million, Bucher Municipal's operating result surpassed last year's figure by CHF 5.0 million. The large-scale tenders awarded to the division involved supplying compact sweepers, truck-mounted sweepers, winter servicing equipment, and airfield cleaning equipment. Most importantly, the city of Berlin (Germany) has ordered 63 CityCat compact sweepers and 33 CityFant truck-mounted sweepers, and the city of Istanbul (Turkey) 50 vehicle-mounted spreaders.

Market presence and flexibility Bucher Municipal continued to gear its sales organization to the differing requirements of individual customer groups. In view of their large number, communities receive efficient professional customer care by a well-trained area-wide dealer network, with divisional management coordinating large-scale tenders directly. This well-developed international sales organization proved to be an essential success factor for Bucher Municipal in 2004.

Large-scale tenders and the resultant large order volume put the division's flexibility to the test. But owing to the willingness of its employees and the adaptability of its suppliers, Bucher Municipal was able to adjust its output to the increase in demand within a very short period of time, without neglecting its high standards of quality.

Assembly plant in the Baltic In response to strong competitive pressure, Bucher Municipal has established a component assembly plant in Ventspils (Latvia). Its first capacities became operational late in the year under review. Using Latvia as a base, the division intends to push the increase of supplies from Eastern Europe.

Division management

Michael Häusermann,
division president

Jürg Hauser,
finance and controlling

Municipal vehicles

Alex Koch,
Bucher-Guyer AG

Peter Gerkens,
Bucher-Schörling GmbH

Karl Nagel,
Bucher-Schörling GmbH

Pius Studer,
Bucher-Schörling Italia SpA

Niklaus Huser,
SIA Bucher-Schörling Baltic

Guido Giletta,
Giletta SpA

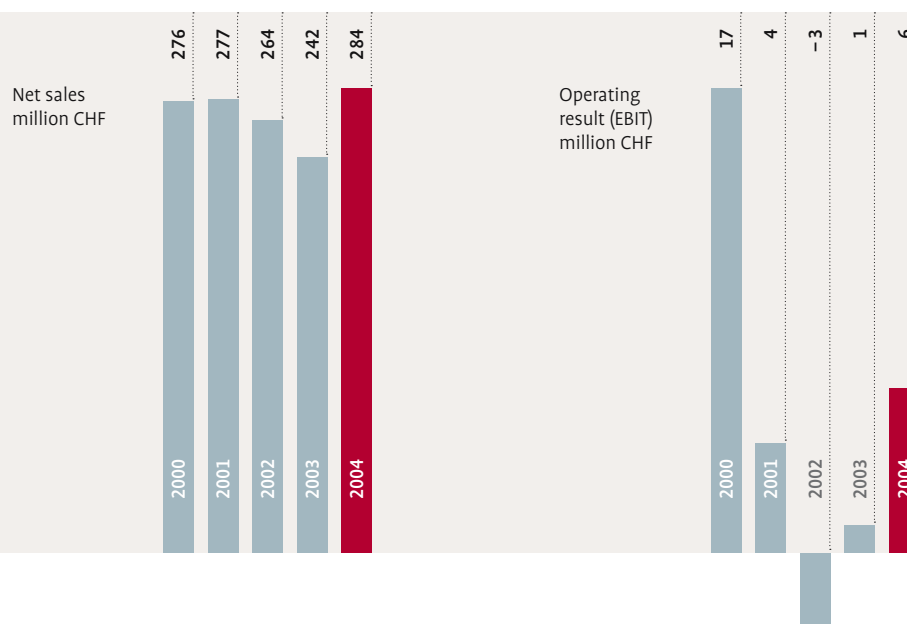
Other activities

Kurt Hauenstein,
Bucher Landtechnik AG

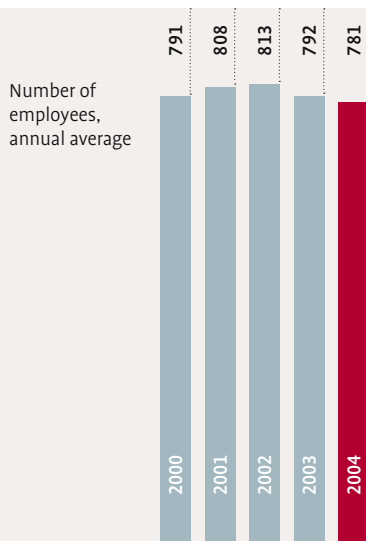
Lars Wiese,
production and logistics,
Bucher-Guyer AG

Bucher-Landtechnik Bucher-Landtechnik AG extended its leading market position. The specialist company within Bucher Municipal, successfully integrated the Case-IH and Steyr tractor trading business it had acquired in the previous year in Switzerland.

Taking over Johnston Sweeper Group Issuing a press release on 18 February 2005, Bucher Industries announced its intention to take over the Johnston Sweepers Group based in Dorking (U.K.) from Ennstone plc. The takeover will exclude business activities in North America, which will be continued by Johnston's Canadian company, Johnston Madvac, Inc. Bucher Municipal and Johnston Madvac, Inc. have entered into an exclusive agreement on the distribution and assembly of truck-mounted and compact sweepers in North America. With the business Bucher Industries plans to acquire, Johnston registered CHF 190 million in sales with 800 employees in 2004. Bucher Municipal and Johnston operate in largely complementary geographical markets. The takeover will give the division a strong market position in the U.K. and Australia. In addition, the Johnston Madvac agreement opens up interesting perspectives in North America. The consummation of the transaction is conditional upon the approval by the competent antitrust authorities and the shareholders of Ennstone plc.



Prospects for 2005 On the whole, Bucher Municipal expects demand in its main markets to remain stable. However, large-scale tenders are unlikely to reach the same high number as in 2004. Pressure on prices will continue to be intense. Due to the integration of Johnston's business activities, Bucher Municipal's business volume will increase considerably in 2005. At the same time, the division is aiming to increase its operating result.





Activities

Bucher Process specializes in process technologies for the food- and pharmaceutical industry. Its offer is targeted at wine and fruit juice production, covering a wide range of processes and products, from fruit reception, preparation and pressing systems to fermentation, filtration, and adsorption equipment as well as drying systems based on vacuum technologies for the gentle treatment of thermal sensitive products. Bucher Process operates production facilities in Switzerland, France, Italy and New Zealand.



BUCHER
process

Bucher Process

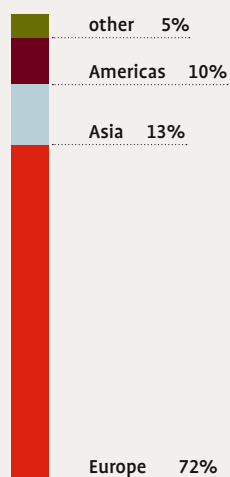
Highlights

Bucher Process achieved the turnaround mastering difficult market conditions in the wine production plant business. Against the previous year, the division's sales declined by 2% to CHF 133 million. Incoming orders decreased by 2% to CHF 132 million. The operating result improved to CHF 5 million. In early 2005, the division changed its name from Bucher Foodtech to Bucher Process in order to express its growing product and service offer outside the food-manufacturing industry. The division contributed 8% to group sales (previous year 9%).

Key figures

million CHF	2004	2003
Incoming orders	131.9	134.1
Net sales	132.7	135.0
Operating result (EBITDA)	7.9	1.1
Operating result (EBIT)	5.4	-3.1
Number of employees at end of year	527	570

Net sales



Challenging market environment Demand for wine production plants decreased worldwide. Even 2004 grape harvest exceeded quantities registered in the past, partly yielding higher-quality vintages as well, wine prices were under pressure. In France, the world's biggest wine producing country, investments dropped by 15 to 20%. Still, this distinct decline was opposed by stable markets in Italy, Spain, Eastern Europe, and the southern hemisphere. At the same time, the market for fruit juice production plants stabilized at the high level reached in 2003. China and Poland in particular remained the division's main customers regarding fruit juice production equipment. The weakness of the U.S. dollar against the Euro and the Swiss franc increased the pressure on margins in all countries tied to the U.S. dollar, above all China. Bucher Process was affected by the heavy scale-up in prices for stainless steel, which could only be partly passed on to customers, especially in the wine production plant business.

Increase in profitability In the year under review, Bucher Process effectively returned to profitability. Despite a slight sales decline, the division posted the positive operating result of CHF 5.4 million. Implementing cost-cutting measures and renouncing orders unlikely to generate a profit – particularly for wine production plants in the southern hemisphere – as well as orders for turn-key projects resulted in an increased operating margin. Sales slightly declined by 1.7% (– 2.6% adjusted for currency effects) to CHF 132.7 million. Incoming orders reached CHF 131.9 million, missing last year's figure by 1.6% (2.5% adjusted for currency effects). Promoting its prime products, i. e. mills, presses, and ultrafiltration systems, Bucher Process was able to win market shares in the fruit juice production market segment, expanded the business with fruit juice production plants especially in China and maintained its already strong market position in Poland. In drying technology, sales increased markedly. The lively demand from the U.S. and Asia for vacuum belt dryers was an important contribution to this success.

Regardless of the downturn in the wine production plant market, the division managed to extend its position with small scale wine presses. Faced with particularly intense competition for customers among large cooperatives, Bucher Process decided not to accept unprofitable orders and to face minor loss of market shares in order to maintain price quality.

After its successful turnaround, the division continues its efforts to improve profitability. Focusing on the wine production plant sector in particular, Bucher Process has implemented comprehensive cost-cutting measures in all areas, above all slimming down infrastructure and administrative activities. Products were modified in view of cost reduction as well. In the year under review, the combined force of this action plan started to take effect. For example, modifications in the design of fruit juice presses initiated in 2003 achieved to lower manufacturing costs and resulted in a significantly improved throughput while holding the same high level of yield.

Division management

Jean-Pierre Bernheim,
division president

Wine production plants

Jean-Pierre Bernheim,
Vaslin-Bucher SA

Fruit juice and drying plants

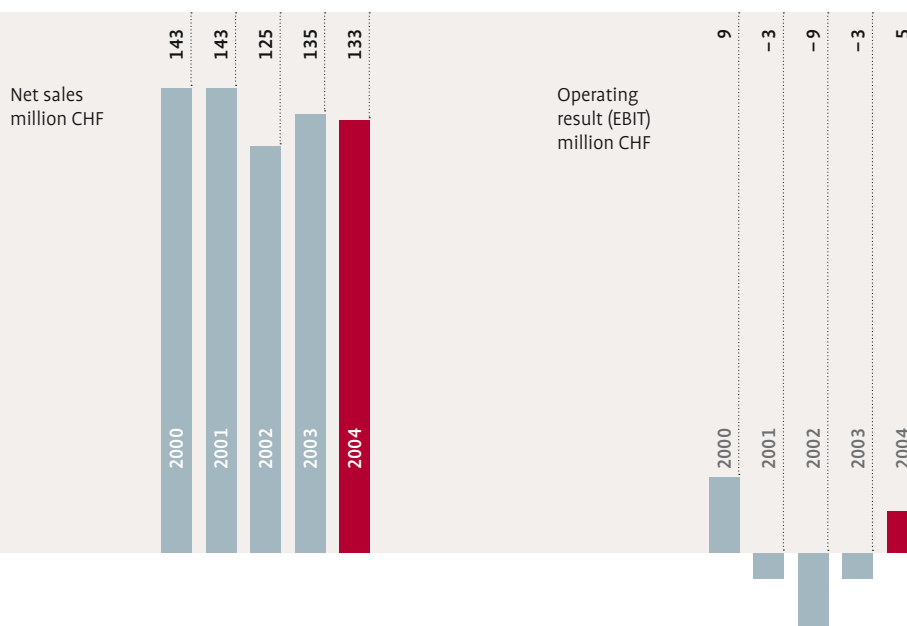
Hartmut Haverland,
Bucher-Guyer AG

As of 16 March 2005

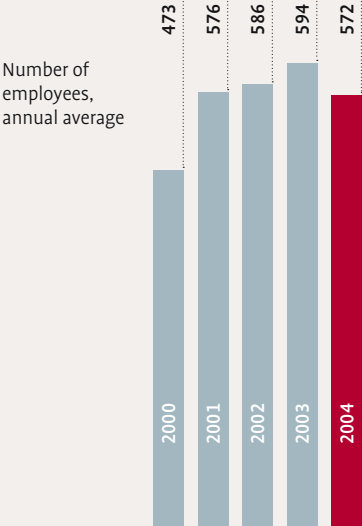
The division closed down Indagro-Gasquet's production plant in Bordeaux (France) and transferred Bucher Zédrys' business to the production facilities in Chalonnnes-sur-Loire (France).

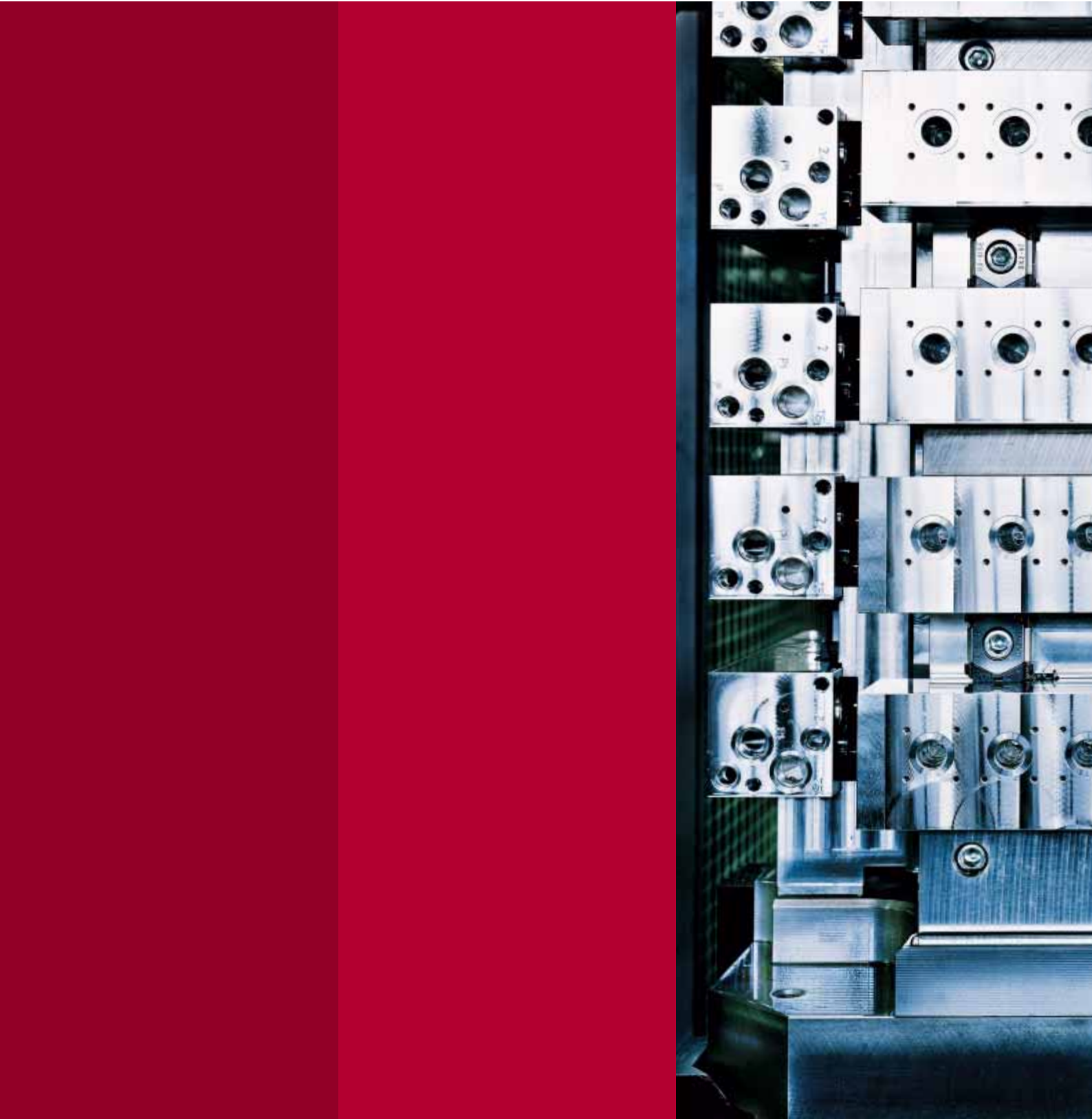
New applications In 2004, Bucher Process effectively entered new market segments outside the beverage industry. For example, drying systems for vitamin C, meat components for the production of salami and spices for the production of cheese were successfully put into operation. These applications utilize dependable vacuum belt dryers, drying cabinets approved for the pharmaceutical industry and innovative zeolite reactors made by Bucher Process. The Bucher press used for fruit juice production was specifically advanced and used for dewatering sewage sludge, a new area of application. Extensive tests with customer systems resulted in very high contents of dried substance in excess of 35% and therefore, several percentage points higher than conventional methods. By using a Bucher press, sewage sludge may be burned without additional drying. In this new area of application, which offers considerable potential, the division received its first order for draining domestic sewage at an industrial scale.

Increased market presence Key account management has been strengthened as regards cooperatives and large-scale customers in the wine production plant business. Moreover, Bucher Process intensified its customer care in Eastern Europe. In order to extend its market presence in the southern hemisphere, the division has founded its own marketing company in Chile, which started operating in April of the year under review.



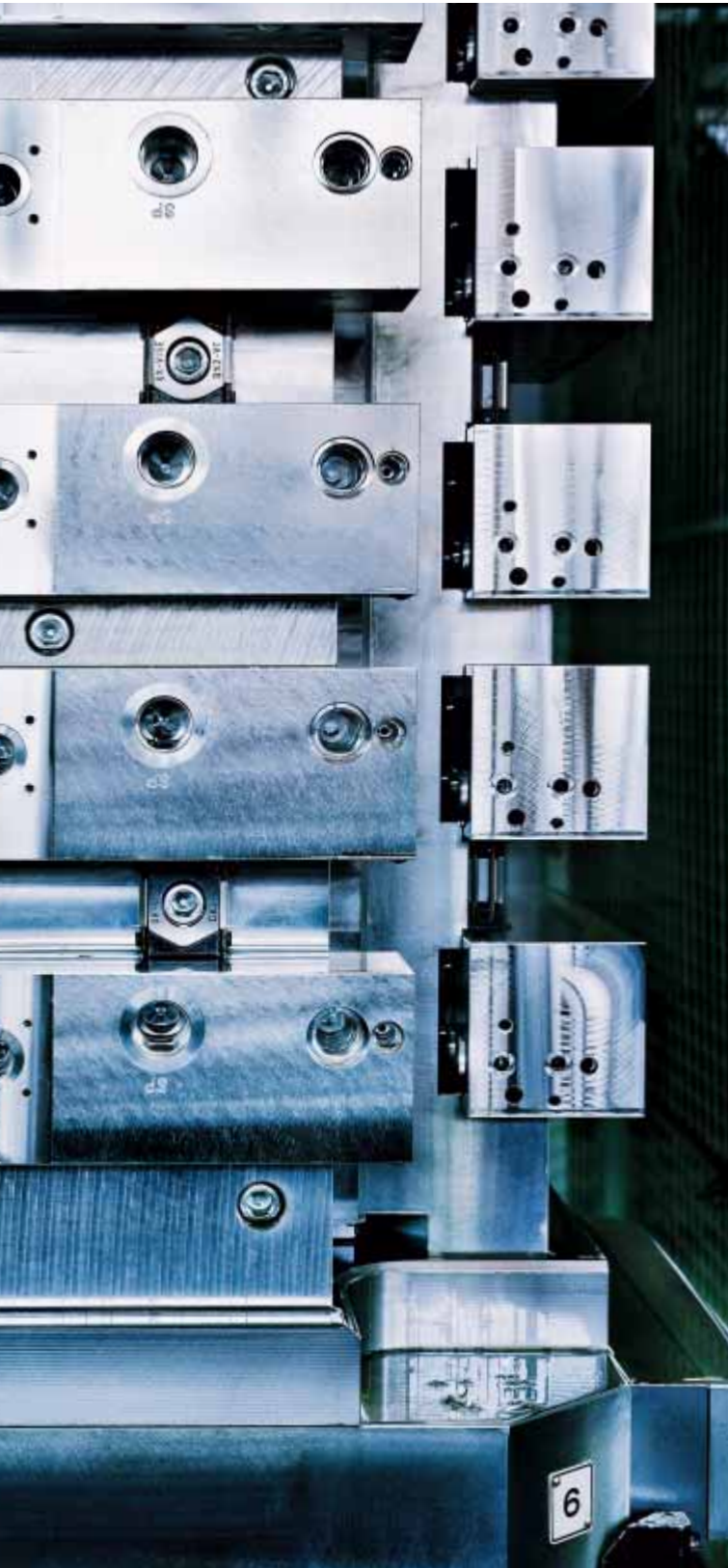
Prospects for 2005 Bucher Process reckons with differing market trends in 2005. Conditions in the market for wine production plants are anticipated to stay demanding and competition to remain highly intense. The market for fruit juice production plants is expected to remain stable, especially in China and Poland. As a result of the rich harvest in 2004, wine prices are likely to decrease, causing customers' readiness to invest to stagnate at best. Based on this environment, Bucher Process expects sales to stay at the 2004 level, intending to improve its operating result owing to measures already initiated.





Activities

Bucher Hydraulics is an international leader in developing and manufacturing customized hydraulics solutions for both mobile and industrial hydraulics. Its wide product range covers pumps, motors, valves, power units, and elevator drive systems as well as control units integrating the necessary electronics. Operating 11 production facilities and several marketing companies in Europe, Asia, and the U.S., the division ensures to be close to its customers.



BUCHER
hydraulics

Bucher Hydraulics

Highlights

Its high-quality hydraulic components and customized hydraulics solutions enabled Bucher Hydraulics to register a record in sales of CHF 244 million, surpassing the prior-year figure by 15%. At CHF 252 million, incoming orders increased by 20%. The division's operating result rose by CHF 13 million to CHF 21 million. The division contributed 15% to group sales (prior year 14%).

Key figures

million CHF	2004	2003
Incoming orders	251.9	209.9
Net sales	243.7	211.8
Operating result (EBITDA)	31.9	19.2
Operating result (EBIT)	20.9	8.2
Number of employees at end of year	990	987

Net sales



Market environment In the year under review, Bucher Hydraulics benefited not only from extending its product offer, but also from the economic rebound characterizing most of its markets, particularly such important segments as agricultural engineering, construction machinery, and materials handling. Demand for hydraulic products increased considerably in virtually all countries supplied by the division, particularly in Germany – with customers operating in international markets – as well as the U.S. and China. The weakness of the U.S. dollar against the Euro and the Swiss franc resulted in increased pressure on margins in the case of products exported to countries tied to the U.S. dollar. Steel and casting prices were subject to partly massive scale-ups, but Bucher Hydraulics only was partially able to pass them on to its customers. After a weak first semester, demand for hydraulic passenger elevators recovered in the second semester, reaching the prior-year level overall.

Increased operating result Compared to the previous year, Bucher Hydraulics improved its operating result by CHF 12.7 million to CHF 20.9 million in 2004. At CHF 243.7 million, sales surpassed the prior-year figure by 15.1% (14.3% adjusted for currency effects). Incoming orders increased markedly by 20.0% (19.3% adjusted for currency effects) to reach CHF 251.9 million. On the one hand, this gratifying development was based upon demand for products used in stationary and mobile hydraulic applications recovering in general. On the other hand, the increase was generated by high-quantity serial production of new customized hydraulic tractor products taking off in the year under review. Typically spanning several years, development efforts for customized hydraulic solutions were successfully applied in production in 2004. Due to high demand, production facilities were working to capacity all year.

The key to success: closeness to the customer Bucher Hydraulics bases its business on developing and manufacturing customized hydraulics solutions, which requires its R&D specialists to combine detailed knowledge of intended applications with utmost customer closeness in order to deliver successful results. The outcome consists in tailor-made hydraulics solutions that provide customers with distinct added value. In the year under review, Bucher Hydraulics' subsidiary in Eastern China was able to win China's biggest crane manufacturer as its customer. For this customer, the division's direct physical presence was a crucial decision-making factor. Our Chinese production facility assembles hydraulic drives for the local market and manufactures specialized hydraulic components. Likewise, successfully delivering and putting into operation the sophisticated driving hydraulics for goods elevators at London's Heathrow airport depended on very close cooperation with the elevator manufacturer in question.

Division management

Daniel Waller,
division president

Dieter Polzin,
finance and controlling

Matthias Vorbeck,
sales

Thomas Hunziker,
Bucher Hydraulics GmbH

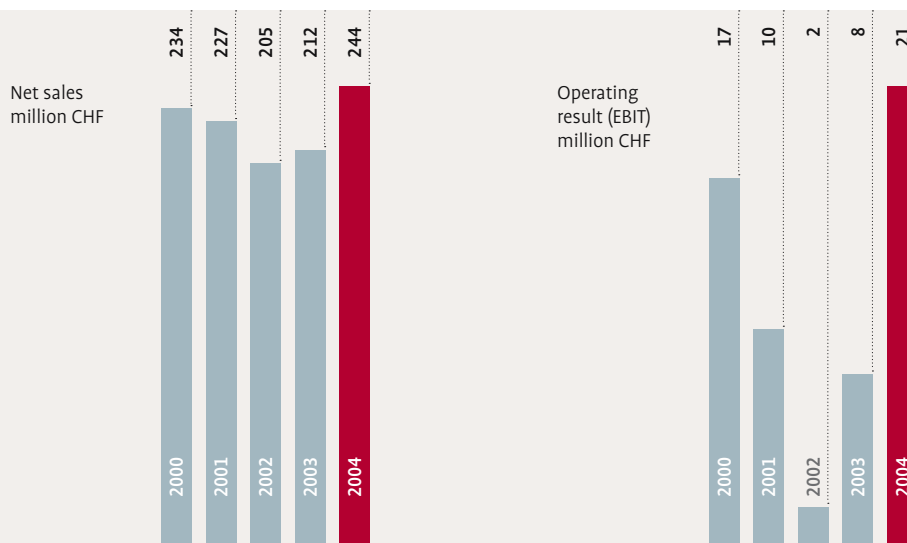
Luca Bergonzini,
Bucher Hydraulics S.p.A.

Christian-Erik Thöny,
Bucher Hydraulics AG

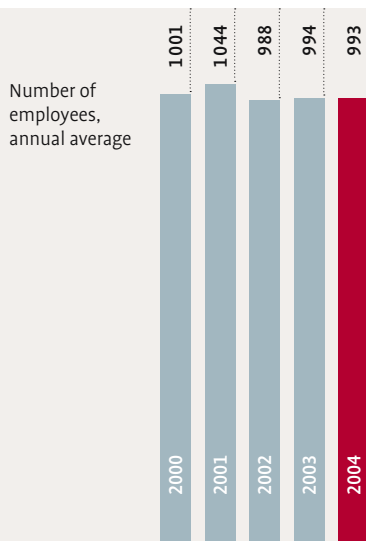
Aurelio Lemos,
Bucher Hydraulics AG Frutigen

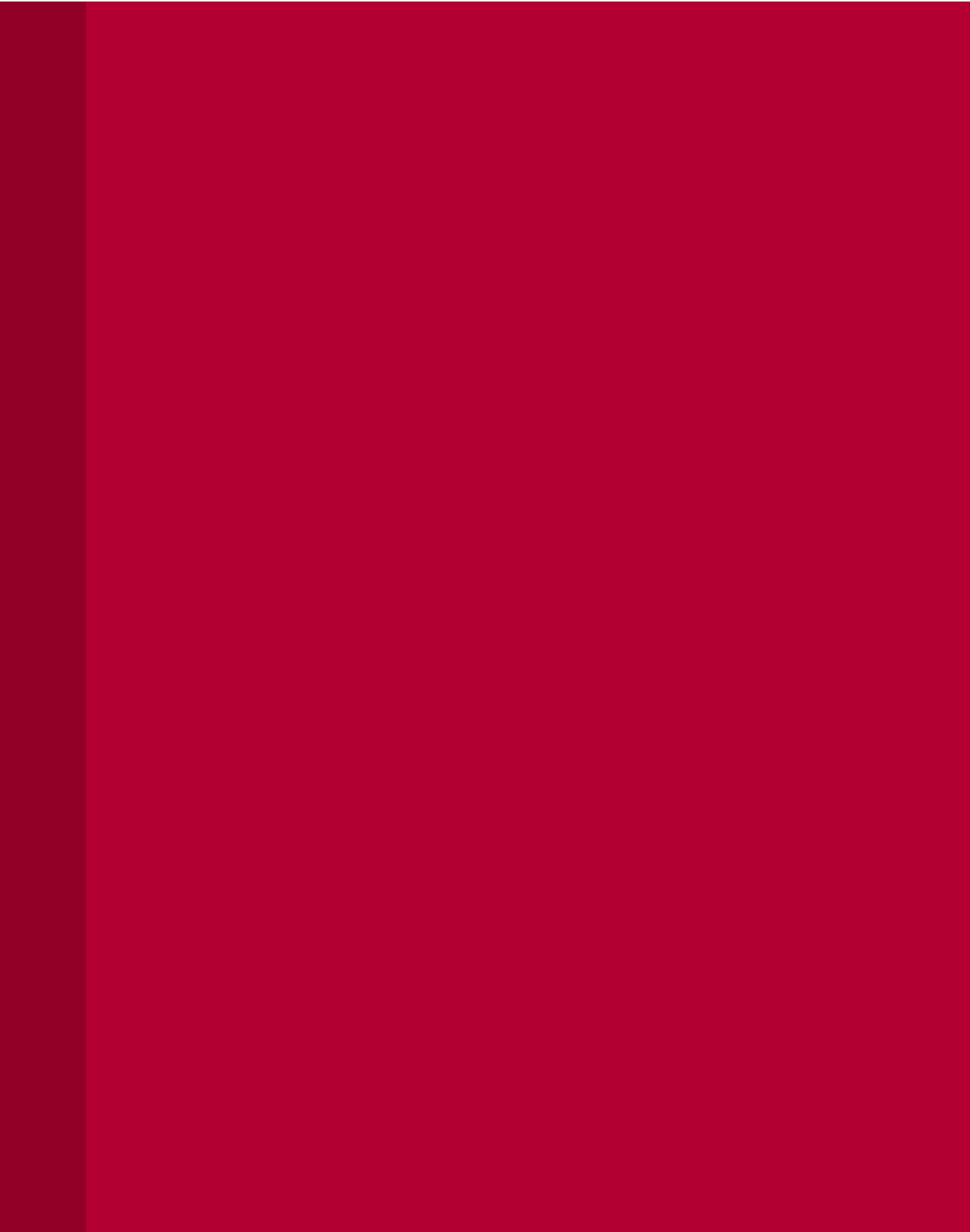
As of 16 March 2005

Operational improvements The division is in the process of introducing an IT-supported, divisionally standardized order and production planning system. Starting in 2005, the various sales and production centers can be gradually integrated into the system. During the reporting period, the shared data warehouse was successfully put into service. In addition to other benefits, the data warehouse allows Bucher Hydraulics to systematically manage its purchasing program and intensify the use of available synergies by incorporating all competence centers. The production network was optimized, and as a result, the division was able to utilize unused manufacturing capacities in the Klettgau plant in Germany to produce valve bodies for the plant in Reggio Emilia, Italy, which eased the strain on the supply situation. The know-how-intensive test technology is a core element of product development and product quality. In Switzerland, the division successfully put new, state-of-the-art electronic test systems into operation.



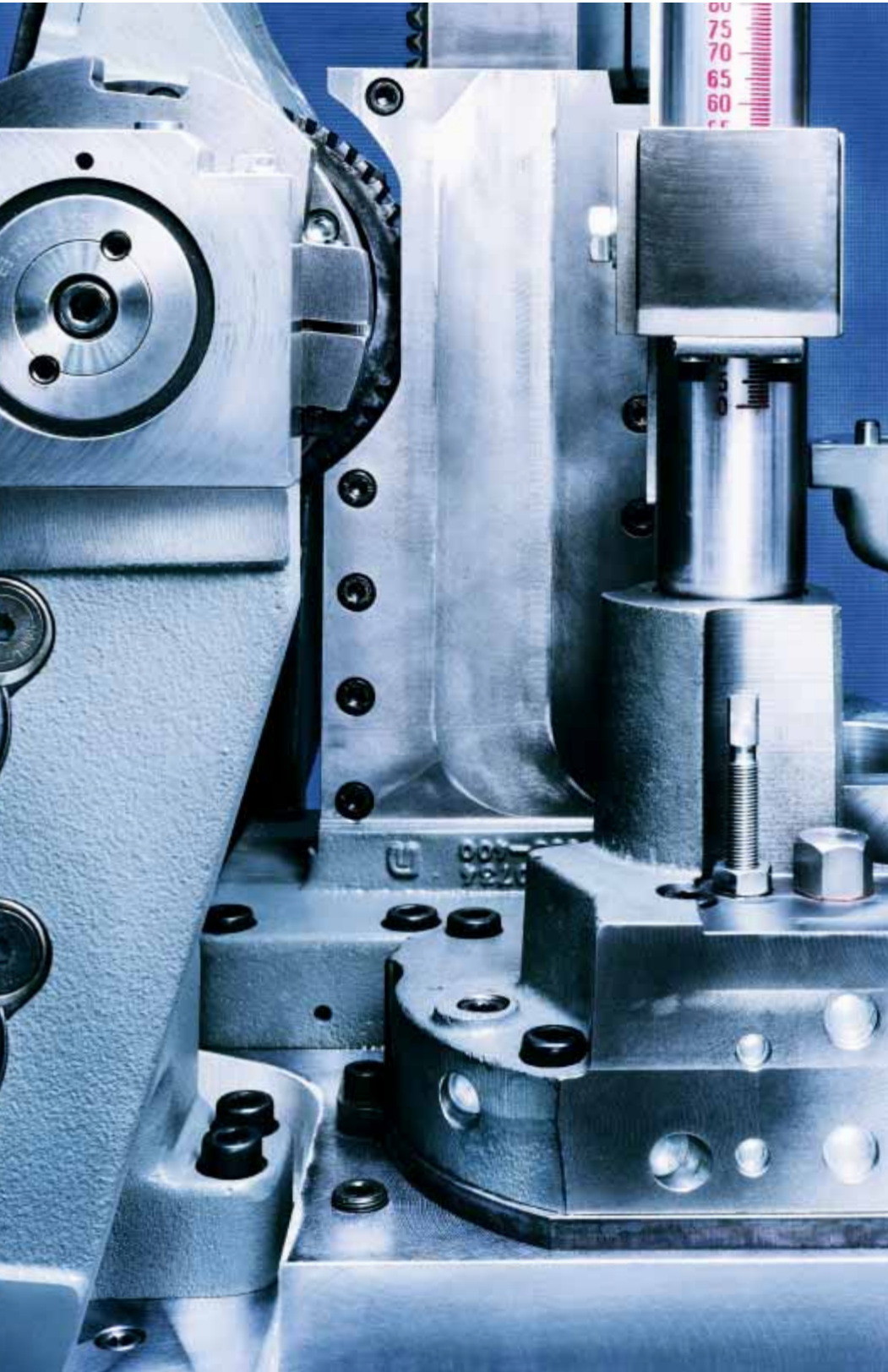
Prospects for 2005 Bucher Hydraulics expects demand for hydraulic products in Europe, the U.S., and China to stay on last year's high level in the first semester of 2005. The market segments of construction machinery, agricultural engineering, and materials handling are expected to continue their favorable development, while the other fields of application of mechanical engineering will probably stabilize on a high level. From today's perspective, the market trend is rather likely to weaken in the second semester of 2005. On the whole, the division anticipates sales to continue to increase slightly in 2005, with the operating result to remain at the level of 2004.





Activities

Emhart Glass focuses on developing and manufacturing container glass forming equipment and machinery. Owing to its high innovation power, the division is the container glass industry's worldwide market and technology leader. Its product offering covers glass forming and inspection machinery, systems, components and spare parts as well as consulting and after-sales services. Operating production facilities in Sweden, the U.S., Germany, and Italy, Emhart Glass is headquartered in Switzerland, with its R&D center located in the U.S. town of Enfield (CT).



EMHARTGLASS
a **BUCHER** company

Emhart Glass

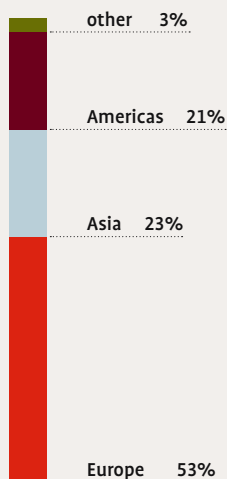
Highlights

In the year under review, Emhart Glass registered record incoming orders of CHF 362 million, surpassing the prior-year figure by 49%. Its sales increased by 2% to CHF 268 million. At CHF 18 million, the division's operating result improved by 12% against 2003. The division contributed 16% to group sales (prior year 17%).

Key figures

million CHF	2004	2003
Incoming orders	362.0	242.8
Net sales	268.1	263.9
Operating result (EBITDA)	24.5	22.0
Operating result (EBIT)	18.4	16.5
Number of employees at end of year	845	891

Net sales



Market environment Demand within the container glass industry took a gratifying turn worldwide. Europe, the Middle East, and Asia generated a particularly brisk demand. After several years of consolidation, customers increasingly returned to investing into equipment modernization. Some companies even established new glass production lines, raising capacities to state-of-the-art levels.

Record incoming orders Emhart Glass was able to enhance incoming orders by 49.1% (47.3% adjusted for currency effects) to CHF 362.0 million in 2004. Based on one-time volume orders from Europe totaling more than CHF 80 million, incoming orders reached a record level in the year under review. Orders by worldwide respected glass manufacturers provide impressive evidence for customer confidence in the division's innovative power and competence. Machinery equipped with servo-electrical drives accounting for a markedly growing share of orders signifies the market breakthrough for this exclusive Emhart Glass technology. At CHF 268.1 million, sales in the year under review increased by 1.6% (decreased by 0.1% adjusted for currency effects) compared to 2003. The high level of incoming orders has only partially come through into 2004 sales. After the first semester's low utilization rate, production facilities were working to maximum capacity in the second semester. Owing to the division's highly committed employees, it was able to master the 4th quarter's large business volume in time. The order book at year end exceeded the figure registered in early 2004 by CHF 93.9 million. Emhart Glass improved its operating result by 11.5% to CHF 18.4 million.

Customer symposia In the year under review, Emhart Glass decided to reduce its presence at trade fairs considerably. Instead, the division invited its customers to sophisticated engineering symposia. In 2004, such events took place in Munich and Düsseldorf (Germany); in 2005, they are scheduled to take place in Singapore, Central America, Cairo (Egypt), and Moscow (Russia). At these symposia, Emhart Glass experts present in detail the latest technological developments in the manufacture of container glass. Under the motto of "flexible production due to innovation", various technical presentations help participants get acquainted with technological trends, and possible solutions using Emhart Glass technologies. Subsequently, working groups deepen the matter they were introduced to. The number and know-how of participants, the high technical level of the discussions, and the topicality of the issues were met with a very high approval rate among all participants so far.

Division management

Kurt E. Siegenthaler,
division president

Bertil Bjugård,
logistics and manufacturing

Jann J. Hatz,
marketing

Joachim Knauer,
Emhart Glass GmbH, Neuss

Joseph F. Laundry,
customer service

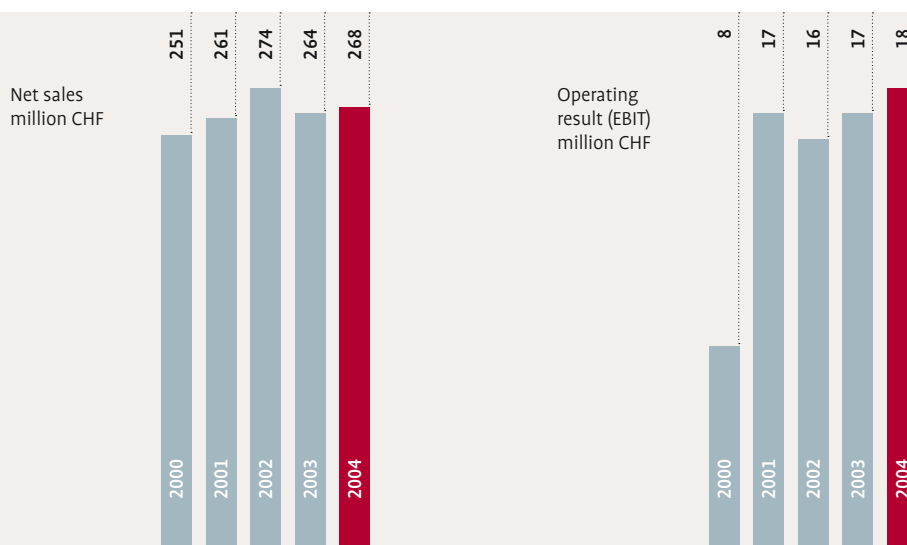
Carlo Mobayed,
sales

Steven J. Pinkerton,
research and development

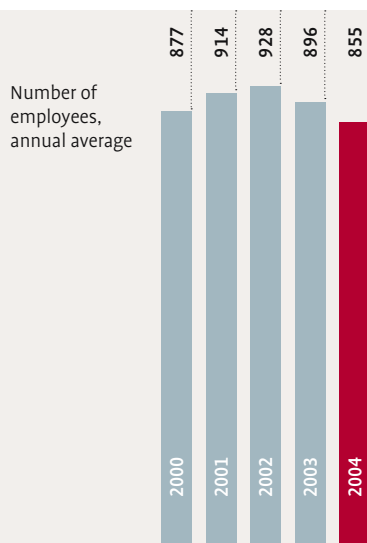
Ngiep Lin Wong,
finance and controlling

As of 16 March 2005

The future of container glass production For several years, Emhart Glass has been making intense efforts to develop thin-walled and – as a result – light-weight thermally strengthened glass containers. The division now intends to advance the process used to manufacture thermally strengthened flat glass, making it utilizable for the industrial production of glass containers. The degree of strengthening is determined by a closely controlled cooling process of hot formed glass containers. Emhart Glass's R&D department aims to integrate this manufacturing process directly into the glass forming machinery, i. e. foregoing additional equipment and process stages. Since the cooling process needs to be mastered with utmost precision, the only option available here is servo-electrical glass forming machinery – which Emhart Glass is the only one to offer. In the year under review, the division achieved a major breakthrough: It was able to corroborate the process principle underlying the manufacture of thermally strengthened glass containers in the real-life environment of a European container glass production facility. In the next two years, Emhart Glass will develop, build and serial test a pilot plant for the mass production of thermally strengthened glass containers. In view of the great future potential of thin-walled, light-weight thermally strengthened glass containers, the division will significantly increase its development spending for this innovative technology.



Prospects for 2005 With its high order book at the beginning of the current year, Emhart Glass has all the prerequisites to keep working to capacity well into 2005. While the division does not expect the favorable market situation to change in 2005, it does not anticipate volume orders to be repeated to the degree reached in 2004, either. Emhart Glass expects its 2005 sales to increase, striving to further improve its operating result.



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Comment on the consolidated financial statement 2004

Profit and loss statement

Significant internal growth and improved margins During the year under review, net sales increased by 6.9% to CHF 1 640.9 million. The acquisitions of the Case-IH and Steyr trading business (consolidated since October 2003) and the Snowtec activities (consolidated since April 2003) contributed 1.0% to sales. The divestitures of Laeis Bucher Technology GmbH as of the end of 2003 and the power mower activities of Bucher-Guyer AG as of the beginning of October 2003 represented 2.9% of sales. While foreign currencies had a net effect of only +0.5%, the positive impact of the stronger Euro compensated the negative effect caused by another substantial decline in the U.S. dollar. Adjusted for currency, acquisition and divestiture effects net sales were up 8.3%. Incoming orders rose by 20.7% to CHF 1 793.2 million, which was attributable to currencies +0.4%, acquisitions +1.1%, divestitures -2.4%, and internal growth +21.6%. As of year-end, the order backlog grew by CHF 152.0 million to CHF 480.3 million, representing 29.3% of net sales vs. 21.4% in the previous year.

EBITDA increased by 19.4% to CHF 147.8 million and the EBITDA margin improved from 8.1% to 9.0%. This was achieved in spite of higher raw material prices, primarily through continuous optimization of the workforce and higher capacity utilization. As a result, the annual average number of employees was reduced from 5 957 to 5 795. As of 31 December 2004, the number of employees was 5 782 (31.12.2003: 5 852). Depreciation on tangible fixed assets remained virtually unchanged. Primarily due to the discontinuance of goodwill amortization for Emhart Glass, amortization of intangible assets decreased by CHF 7.9 million to CHF 17.9 million. EBIT improved by 54.8% or CHF 32.3 million to CHF 91.2 million and an EBIT margin of 5.6% was achieved vs. 3.8% in the previous year.

Negative currency developments affecting financial result As a result of the continued low interest rates, net interest expenses of CHF 9.8 million remained at the level of last year. Due to the slight downturn in the international financial markets, realized income on securities was CHF 5.7 million, down CHF 2.3 million. To be added is the increase in fair value on financial instruments, reported in the equity statement, by CHF 3.1 million to CHF 20.1 million. The foreign currency exchange result of CHF -5.8 million (previous year: CHF -1.0 million) is primarily attributable to the considerable decline of the U.S. dollar in the last quarter of 2004. While income from other financial activities rose slightly by CHF 1.1 million, the financial result overall fell from CHF -3.4 million to CHF -9.5 million.

Tax rate unchanged Although tax expenditures rose by CHF 8.6 million to CHF 27.3 million, the effective consolidated tax rate remained constant at 33.4%.

Considerable improvement in net result Net result increased by 47.1% to CHF 53.7 million, representing 3.3% (previous year: 2.4%) of net sales. Earnings per bearer share rose from CHF 18.78 to CHF 27.55.

Balance sheet and cash flow statement

Increase in operating free cash flow The definition of operating free cash flow now includes cash flow from intangible assets. In addition to the higher net result, especially the reduction in net operating working capital contributed to the cash flow from operating activities of CHF 154.2 million vs. CHF 92.6 million in the previous year. Capital expenditures of CHF 36.6 million remained at the prior year level. They were used primarily to increase productivity, fill replacement needs, and expand the production plant of Kuhn Knight, Inc. This resulted in a considerably higher overall operating free cash flow of CHF 119.6 million compared to CHF 53.7 million a year ago. Including the cash flow generated by financial activities, acquisitions and divestitures, the free cash flow amounted to CHF 120.9 million vs. CHF 35.0 million last year.

Solid financing structure Financial liabilities decreased slightly to CHF 312.9 million (previous year: CHF 339.9 million). At year end, net liquidity was CHF 91.8 million compared to net debt of CHF 29.2 million a year ago, representing a CHF 121.0 million improvement in net liquidity. The ratio between short-term and long-term debt as of year-end 2004 was 24% to 76% (previous year: 30% to 70%).

Strengthened shareholders' equity and further improvement in return on equity Shareholders' equity rose from CHF 482.4 million to CHF 519.5 million, while the equity ratio improved from 34.4% to 34.8%. Due to conservative amortization practices intangible assets decreased from CHF 67.6 million to CHF 48.6 million, which includes goodwill from acquisitions of CHF 24.8 million (previous year: CHF 37.8 million). Intangible assets represent 9% (14%) of shareholders' equity, of which 5% (8%) goodwill. Return on equity increased by 34% from 8.0% to 10.7%.

Increase in the return on net operating assets As a result of the reduction in net operating assets and higher EBIT the return on net operating assets after taxes (RONOA) soared from 6.9% to 12.1%. This brings us a significant step closer to the goal of 14% set for the group.

Selected
financial
key figures

	2004	2003
Net tangible worth (shareholders' equity minus goodwill) in million CHF	494.7	444.6
Gearing (net debt in % of shareholders' equity)	-17.7%	6.1%
Return on equity (ROE)	10.7%	8.0%
Interest coverage ratio (EBITDA/net interest result)	15.1	12.8
Repayment term of net debt in years (net debt/EBITDA)	n.a.	0.2

Consolidated balance sheet as of 31 December 2004

million CHF	Notes	%		%	
		2004		2003	
Assets					
		Current assets			
		Cash and cash equivalents	296.6 19.9	197.0	14.0
	2	Securities	108.1 7.2	113.7	8.1
	3	Trade accounts receivable	322.1 21.6	295.6	21.1
	3	Other accounts receivable	46.7 3.1	42.9	3.1
	4	Inventories	397.8 26.6	396.3	28.3
		Total current assets	1171.3 78.4	1045.5	74.6
		Fixed assets			
	5	Long-term accounts receivable	14.4 1.0	24.1	1.7
	6	Deferred tax assets	20.3 1.4	18.0	1.3
	7	Financial assets	16.8 1.1	16.7	1.2
	8	Tangible fixed assets	222.3 14.8	229.5	16.4
	9	Intangible assets	48.6 3.3	67.6	4.8
		Total fixed assets	322.4 21.6	355.9	25.4
		Total assets	1493.7 100.0	1401.4	100.0
Liabilities and shareholders' equity					
		Short-term liabilities			
	11	Financial liabilities	76.1 5.1	103.4	7.4
		Trade accounts payable	209.5 14.0	193.7	13.8
		Advance payments from customers	156.9 10.5	115.6	8.3
		Taxes payable	15.5 1.0	10.0	0.7
		Social security payable	21.5 1.5	22.5	1.6
	10	Provisions	53.3 3.6	49.7	3.5
		Other liabilities	124.1 8.3	118.6	8.5
		Total short-term liabilities	656.9 44.0	613.5	43.8
		Long-term liabilities			
	11	Financial liabilities	236.8 15.8	236.5	16.9
	6	Provisions for deferred taxes	22.0 1.5	21.6	1.5
		Provisions for pension plan	25.5 1.7	23.5	1.7
	10	Provisions	14.4 1.0	14.4	1.0
		Other liabilities	12.7 0.8	4.3	0.3
		Total long-term liabilities	311.4 20.8	300.3	21.4
		Minority interests	5.9 0.4	5.2	0.4
		Shareholders' equity			
		Share capital	2.1 0.2	2.1	0.1
		Reserves	463.7 31.0	443.8	31.7
		Net result	53.7 3.6	36.5	2.6
		Total shareholders' equity	519.5 34.8	482.4	34.4
		Total liabilities and shareholders' equity	1493.7 100.0	1401.4	100.0

Consolidated income statement 2004

million CHF	Notes	%		%	
		2004		2003	
Net sales	12	1 640.9	100.0	1 535.2	100.0
Changes in inventories		3.0	0.2	-23.1	-1.5
Other operating revenues	13	14.3	0.9	20.6	1.4
Operating revenue		1 658.2	101.1	1 532.7	99.9
Material expenses	14	-830.4	-50.6	-754.7	-49.2
Personnel expenses	15	-407.7	-24.9	-399.5	-26.0
Other operating expenses	16	-272.3	-16.6	-254.7	-16.6
Operating result before depreciation and amortization (EBITDA)		147.8	9.0	123.8	8.1
Depreciation		-38.7	-2.3	-39.1	-2.6
Amortization		-17.9	-1.1	-25.8	-1.7
Operating result (EBIT)		91.2	5.6	58.9	3.8
Financial result	17	-9.5	-0.6	-3.4	-0.2
Result before taxes		81.7	5.0	55.5	3.6
Income taxes	18	-27.3	-1.7	-18.7	-1.2
Net result incl. minority interests		54.4	3.3	36.8	2.4
Minority interests		-0.7	-	-0.3	-
Net result		53.7	3.3	36.5	2.4
Earnings per bearer share in CHF	19	27.55		18.78	
Diluted earnings per bearer share in CHF	19	27.50		18.78	

Consolidated cash flow statement 2004

million CHF	Notes	2004	2003
Net result		53.7	36.5
Adjustments:			
Minority interests		0.7	0.3
Income taxes		27.3	18.7
Depreciation on fixed assets		56.6	64.9
Proceeds from divestments		2.7	1.3
Gains on disposal of fixed assets		-1.3	-2.4
Interest result		9.8	9.7
Interest receipts		2.7	5.2
Interest payments		-12.5	-15.6
Income taxes paid		-27.1	-21.1
Other operating cash flow items		2.0	-1.1
Cash flow from operating activities before working capital and provision changes		114.6	96.4
Change in provisions		8.2	-13.9
Change in net working capital from operating activities	20	31.4	10.1
Cash flow from operating activities		154.2	92.6
Investment in tangible fixed assets		-36.6	-38.8
Proceeds from disposals of tangible fixed assets		3.0	5.3
Investment in intangible assets		-1.0	-5.5
Proceeds from disposals of intangible assets		-	0.1
Investment in financial assets and securities		-1.0	-12.7
Proceeds from disposals of financial assets and securities		13.5	6.6
Acquisitions	21	-	-5.4
Divestments	21	-1.5	2.5
Cash flow from investing activities		-23.6	-47.9
Sale of treasury shares		0.9	0.8
Increase in long-term financial liabilities		6.4	106.6
Repayment of long-term financial liabilities		-5.4	-60.0
Change in short-term financial liabilities		-20.7	-248.0
Dividends paid		-9.7	-9.7
Cash flow from financial activities		-28.5	-210.3
Exchange rate differences		-2.5	12.2
Net change in cash and cash equivalents		99.6	-153.4
Cash and cash equivalents as of 1.1.		197.0	350.4
Cash and cash equivalents as of 31.12.		296.6	197.0

Consolidated equity statement 2004

million CHF	Share capital	Share premium reserves	Retained earnings	Currency conversion reserves	Treasury shares	Fair value adjustments on financial instruments	Total shareholders' equity	Minority interests
Position as of 1.1.2003	2.1	66.6	450.9	-52.8	-44.6	13.2	435.4	5.2
Dividend			-9.7				-9.7	
Net result			36.5				36.5	0.3
Change in treasury shares			-0.8		1.6		0.8	
Change in minority interests							-	-0.3
Change in currency conversion reserves				15.6			15.6	
Change in fair value of financial instruments						3.8	3.8	
Position as of 31.12.2003	2.1	66.6	476.9	-37.2	-43.0	17.0	482.4	5.2
Dividend			-9.7				-9.7	
Net result			53.7				53.7	0.7
Change in treasury shares			-3.3		5.6		2.3	
Change in currency conversion reserves				-12.3			-12.3	
Change in fair value of financial instruments						3.1	3.1	
Position as of 31.12.2004	2.1	66.6	517.6	-49.5	-37.4	20.1	519.5	5.9

In 2004, a total of CHF -9.2 million (previous year: CHF 19.4 million) in unrealized income was directly included under shareholders' equity.

million CHF		2004	2003
Share capital			
Bearer shares			
Nominal value	CHF	1.-	1.-
Total issued and ranking for dividends	number	1 415 680	1 415 680
Authorized but not issued	number	209 320	209 320
Treasury shares	number	160 874	168 205
Registered shares			
Nominal value	CHF	0.20	0.20
Total issued and ranking for dividends	number	3 487 500	3 487 500
Authorized but not issued	number	137 500	137 500
Issued share capital	million CHF	2.1	2.1

As regards treasury shares, please refer to "Notes to the financial statements of Bucher Industries AG" on page 88. For further information on the share capital and capital structure, please refer to "Corporate governance" on pages 9 and 10.

Notes to the consolidated financial statements

Corporate accounting principles

General remarks Consolidated financial statements are prepared in Swiss francs (CHF) in accordance with the International Financial Reporting Standards (IFRS) on a historical cost basis. Furthermore, they comply with Swiss law. In 2003 and 2004, the International Accounting Standards Board (IASB) published a number of revised and new standards. Comments on the standards that affect or are expected to affect the consolidated accounting of Bucher Industries are provided below:

Early applied standards: ► According to the revised requirements of SIC 12 “Consolidation – Special Purpose Entities”, consolidation of employee share-based programs is mandatory, effective 1 January 2005. Bucher Beteiligungs-Stiftung, in which Bucher shares are held for stock and option programs for the members of the board of directors, group management and division management, was consolidated effective 1 January 2002. ► With respect to share-based compensation, IFRS 2 “Share-based payments” requires that the market value of any share-based payment instruments issued for the benefit of employees or other parties must be reported as an expense. The costs of the share plans have in the previous years already been charged to personnel expense. Under the option programs, the fair value of the rights granted to the employees is calculated, charged to personnel expenses and booked under shareholders’ equity. This entry is allocated pro rata in accordance with expired blocking periods and adjusted for actual allotments. This standard has already been applied to the statements as of 31 December 2004. The effects on the consolidated statements are negligible.

Effective as of fiscal year 2005: ► According to IAS 1 “Presentation of Financial Statements” (revised), minority interests must be reported as a component of shareholder’s equity in the consolidated statements, not as a separate category. Minority interests will no longer be deducted for purposes of calculating consolidated net result. As a result, the consolidated shareholders’ equity will increase by CHF 5.9 million, effective 1 January 2005. Earnings per share will continue to be calculated based only on the portion of the consolidated income to which the shareholders are entitled. ► According to the requirements of IFRS 3 “Business Combinations”, effective 1 January 2005, scheduled amortization of goodwill will be replaced by an annual impairment test. The statement as of 31 December 2004 includes amortization of goodwill in the amount of CHF 11.0 million, which will be eliminated in fiscal year 2005.

Except for the discontinuance of goodwill amortization, the introduction of the new standards will not result in significant changes that would affect the ability to compare the consolidated financial statements for the years 2004 and 2005.

Consolidation principles Consolidated financial statements include Bucher Industries AG and all Swiss and foreign group companies insofar as Bucher Industries AG directly or indirectly holds more than 50% of their voting stock or is responsible for their operating management. Applying the method of full consolidation, assets and liabilities as well as incomes and expenditures of such consolidated companies are included in their entirety. Interests in equity and income held by minority shareholders are shown separately in the consolidated balance sheet and the consolidated income statement. Consolidated annual financial statements are based on the individual financial statements prepared by the group companies as of 31 December following uniform guidelines. Prepared in accordance with national regula-

tions and practices, individual financial statements are shown in accordance with uniform business classification and valuation criteria for the purpose of the consolidated financial statement. Receivables, payables, expenditures and earnings generated between consolidated companies are offset against one another. Intercompany profits arising in inventories from deliveries made within the group are eliminated. Any intercompany profits arising from sales of fixed assets within the group are eliminated as well. Transactions within the group are settled on fair market terms.

Capital consolidation is based on the purchase method. When first included in consolidated financial statements, net assets of acquired companies are revalued in accordance with uniform group principles and set against the purchase price. Any resulting goodwill will be recognized as an asset and amortized according to the straightline method over an estimated useful life, usually a maximum of 5 years, until the end of 2004. Goodwill is carried as an asset of the acquired company and therefore, it is reported in the local currency. Acquisitions are consolidated as of the time control is assumed, and divestitures are excluded as of the time control is transferred. Provided the group claims management responsibilities, associated companies in which Bucher Industries AG holds an interest of 20% to 50% are valued based on the equity method, the group registering its stake in the associated company's net result and shareholders' equity and posting it as part of its financial result or as nonconsolidated shareholdings respectively. The balance sheet date for all group companies included in the scope of consolidation is 31 December.

Conversion of foreign currencies Group companies convert transactions made in foreign currencies at the applicable daily exchange rates, while they convert assets and liabilities held in foreign currencies at year-end exchange rates. The resultant exchange gains or losses are posted affecting the financial result. Conversion differences caused by foreign-currency group loans having an equity character are debited or credited to shareholders' equity. When realized, cumulative exchange differences are posted affecting the financial result. For consolidation purposes, balance sheets prepared in foreign currencies are converted into Swiss francs at year-end exchange rates (medium rates of exchange). Expenditures and earnings as well as cash flows posted in income statements and cash flow statements prepared in foreign currencies are converted at annual average exchange rates (medium rates of exchange of 12 month-end rates). Resultant differences are attributed to the currency conversion reserves as part of shareholders' equity.

Financial risk management/Financial instruments

Risk policy The group is exposed to various financial risks, primarily in connection with exchange rates, interest rates, and changing prices of securities and financial assets. The group management is continuously monitoring these risks. In order to manage the risks associated with such fluctuations, the group uses derivatives wherever it seems appropriate to do so. Management of liquid assets, procurement of short-term and long-term loans, and foreign-currency transactions are subject to specific group guidelines. The group will not enter into financial transactions which, at the time of potential conclusion, harbor an undeterminable risk. Hedging is applied only to existing assets and liabilities as well as future business

events which occur with a very high probability. Therefore, the group anticipates any losses in value of such instruments to be for the most part offset by increases in value of the transactions they hedge.

Exchange-rate risks Owing to its reporting in Swiss francs and its markets, the group is above all exposed to exchange-rate fluctuations against the Euro and the U.S. dollar. Since expenditures and earnings are mostly registered in the local currency of each group company, the exchange-rate risk affects only the remaining payment flows. Moreover, the exchange-rate risk is further minimized by these payment flows being netted as comprehensively as possible at group level. Based on specific risk assessment, currency risks involved in outpayments and inpayments are partly hedged by forward exchange contracts, foreign exchange swaps, and options. Net investments in foreign group companies are not hedged.

Interest-rate risks Long-term financing and the interest-rate management it involves are centrally attended to by the corporate treasury. The group manages interest-rate risks by carefully choosing the ratio of fixed interest-rate debts to variable interest-rate debts, ensuring a well-balanced ratio of short-term to long-term liabilities at the same time. In order to optimize this mix, the group may use interest-rate derivatives such as interest-rate swaps and options.

Price risks The group invests its securities in accordance with the group's investment guidelines in money-market investments, bonds and shares, largely by way of investment funds. The price-change risks these positions are exposed to is managed very selectively and continuously monitored by means of performance analyses.

Credit-loss risks Contracts are entered into with high-grade banks exclusively, both in Switzerland and abroad. The group invests short-term deposits with institutions characterized by a high international credit rating. All other financial assets are invested in highly rated marketable securities.

Credit-loss risk on receivables resulting from supplied goods and services is limited due to the group's varied customer base. Customers operate in different industries and in a number of geographical regions all over the world. Furthermore, risks are generally minimized using insurance, advance payments, letters of credit or other instruments. There is no lump risk anywhere within the group.

Liquidity risks The corporate treasury ensures optimum liquidity within the group. Money is deposited with and borrowed from high-grade Swiss and foreign banks, both in Swiss francs and foreign currencies.

Financial instruments/valuation Pursuant to their definition as available for sale under IAS 39, all financial assets are carried at market value. As a result, cash and cash equivalents, securities, receivables from goods and services supplied, and short-term liabilities are posted at fair market value. Any unrealized profit or loss on securities and financial investments (available for sale) will be booked to shareholders' equity so as to have no effect on the operating result until such time as it is realized. All derivatives are valued at market values, and changes in valuation are entered affecting the result. Hedge accounting (as defined by IAS 39) is not applied. Derivatives are posted under accrued or deferred income respectively.

Cash and cash equivalents Cash and cash equivalents are composed of cash holdings, postal check accounts, bank holdings and fixed-term deposits with a term of not more than 3 months. Cash and cash equivalents are valued at nominal value.

Securities Securities are readily marketable assets, realizable at short notice and classified as available for sale. Securities are valued at market value, with unrealized gains and losses carried under fair value adjustments on financial instruments in shareholders' equity. If securities are sold or undergo a permanent change in value, the corresponding gains or losses are transferred to the financial result.

Accounts receivable Receivables are valued at realizable value clear of individual value adjustments due to actual credit risks and country-specific transfer risks. Risks resulting from receivables with no individual value adjustment are taken into account by making general value allowances based on experience.

Inventories Inventories are valued at no higher than manufacture or purchase cost or – if lower – at market price or realizable net value. Costs are normally determined using the weighted average method or, in some cases, using the first-in-first-out method. Long-term production orders are valued using the percentage-of-completion method. All discernible loss risks resulting from work in progress, non-current goods or slow-moving items are taken into account making economically appropriate value adjustments.

Financial assets This category includes non-consolidated shareholdings, long-term loans and other financial assets. Equity holdings of less than 20% are reported under non-consolidated holdings at fair market value. Unrealized profits or losses are included in retained earnings. In the event of a sale or value adjustment, the respective profits or losses will be transferred to the financial result. Long-term loans and other financial investments are reported at nominal value.

Tangible fixed assets Tangible fixed assets are carried at no higher than purchase or manufacture cost less the operationally appropriate depreciation. These items are subject to straight-line or reducing-fraction depreciation over their operationally estimated useful lives, with the continuity of the chosen method of depreciation being guaranteed. Tangible fixed assets are considered to have the following useful lives:

	Years
Buildings	10 – 50
Technical installations and machinery	5 – 12
Furniture and equipment	5 – 15
Office equipment, IT-systems, vehicles	2 – 7

Low-value goods are directly debited to the profit account. Items purchased by means of financial leasing are capitalized at market value or – if lower – cash value of future minimum payments and subject to depreciation over their estimated economic useful lives or – if shorter – the term of their leasing contracts. The corresponding leasing commitments are carried as liabilities.

Intangible assets Provided they generate sustained earnings, purchased intangible assets such as licenses, patents and similar rights are capitalized and amortized over their expected remaining term. Goodwill resulting from acquisitions is capitalized and generally amortized over a maximum of 5 years. Research costs are debited to the current operating result. Development costs for major projects are capitalized only if future earnings cover the capitalized amount and all other IFRS criteria are fulfilled.

Provisions Provisions are made for past events that have created a legal or actual liability if such liability is likely to cause an outflow of group's funds and if a reliable estimate of the obligation can be made.

Net sales/revenue recognition Sales from supplied goods and services are registered upon performance. Sales from long-term production orders are considered applying the percentage-of-completion method. The percentage of completion is determined based on cost estimates. Net sales are posted clear of reductions – such as sales bonuses, seller's commissions, rebates and discounts granted – relating to the period concerned.

Operating free cash flow/free cash flow According to the group-internal definition, operating free cash flow also includes net operating investments, in addition to cash flow from operating activities. Operating free cash flow is the remaining free surplus after the financial operating requirements have been satisfied, or the non-covered part of such requirements. Based on the operating free cash flow, the cash flow from financing activities, third party dividend payments, and acquisitions and divestitures are taken into account. The free cash flow represents the funds generated during the year, which are available to repay debt and for strategic investment opportunities.

Taxes All current and future tax demands are covered by provisions. Current income taxes are calculated based on the taxable result. Taxes which are not calculated based on the taxable result, e.g. taxes on capital and property, are charged either to operating or financial expense, depending on the type of tax. Deferred taxes are determined applying the liability method based on valuation divergences between consolidation and fiscal values. Valuations are effected at the taxation rates which are likely to be applied to individual group companies.

Potential tax savings resulting from deductible loss carryforwards and valuation differences are only carried in the balance sheet if their realization appears to be secured by future profits and losses can be used to lighten the tax load. Furthermore, provisions are made for profits taxes incurred on the distribution of retained earnings of foreign companies, insofar as such distributions are actually intended to be made at the time.

Pensions Most employees are insured through pension funds which are funded by individual group companies or relevant government institutions and the employees themselves. There is a number of pension plans within the group, based either on defined benefits or defined contributions. Most pension funds are based on defined contributions. The pension funds in Switzerland, the U.S. and the U.K. are independent separate trusts which are predominantly considered to offer benefit-oriented pension plans. Pursuant to IAS 19 regulations, employer contributions reserves and funds held by employer's trusts are capitalized. Surplus funds held by Swiss pension funds, however, are not capitalized, since they are not assessed to be utilizable as defined by the IFRS.

As a rule, future liabilities of benefit-oriented pension funds are actuarially calculated every three years applying the projected-unit-credit method. Actuarial profits and losses mainly result from changes in actuarial assumptions and from differences between actuarial assumptions and actual values. Actuarial adjustments or influences caused by pension plan changes, insofar as they surpass 10% of the fund's assets or provision obligations, whichever amount is higher, are debited or – provided capitalization criteria are met – credited to the expenditure of the occupational pension plan over the remaining average employment period of the insured employees. All other surplus pension plan funds are capitalized only if they are actually available to the group in the form of future contribution repayments or reductions.

Employee share-based programs (Share-based payments IFRS 2) The group annually offers employee share-based programs to the members of the board of directors, group management and division management. Such employee share-based programs include share and option programs. Under the share programs, the company's costs are booked directly to personnel expenses at the time the shares are allotted. Under the option programs, the fair value of the rights granted to the employees is calculated, charged to personnel expenses and booked under shareholders' equity. This entry is allocated pro rata in accordance with expired blocking periods. The shares covering such employee share-based programs are purchased at the stock market and held in the fully consolidated Bucher Beteiligungs-Stiftung.

Segment reporting Segment reporting reflects the operating and managerial structure of Bucher Industries. The group's individual divisions (segments) are clearly differentiated by the products and services they offer to the market and by the customers they serve. Reporting by geographical area is based on main locations and major markets. Net sales are allocated based on billing locations, while operating assets and liabilities, investments and employee numbers are allocated based on company locations.

Notes to the consolidated financial statements (continued)

1 Change to the scope of consolidation

Company, location	Type	Division	Date of transaction	Net sales 2003 million CHF
Laeis-Bucher Technology GmbH, Trier	sale	other	1.1.2004	34.6

For a list of all consolidated group companies, please refer to pages 94 and 95.

2 Securities

million CHF	2004	2003	+/-
Shares	32.4	35.0	-2.6
Bonds	75.7	78.7	-3.0
Total securities	108.1	113.7	-5.6

3 Accounts receivable

million CHF	2004	2003	+/-
Receivables from goods and services supplied	303.2	269.7	+33.5
Bills receivable	32.3	38.0	-5.7
General allowances	-13.4	-12.1	-1.3
Total trade accounts receivable	322.1	295.6	+26.5
Other receivables	40.9	35.7	+5.2
Receivable from associated companies	1.2	0.5	+0.7
Accrued income	4.6	6.7	-2.1
Total other accounts receivable	46.7	42.9	+3.8
Total accounts receivable	368.8	338.5	+30.3

Receivables from goods and services supplied and bills receivable include credits for supplied goods and provided services. Individual value adjustments have already been deducted from the overall amounts stated.

4 Inventories

million CHF	2004	2003	+/-
Raw materials, supplies and consumable stores	116.8	118.2	-1.4
Semi-finished products, merchandise and work in progress	93.6	90.1	+3.5
Finished goods and resale goods	184.3	184.3	-
Advance payments to suppliers	3.1	3.7	-0.6
Total inventories	397.8	396.3	+1.5

Inventories have been adjusted by CHF 75.0 million (previous year: CHF 64.6 million). Work in progress does not include any inventories (CHF 11.8 million) resulting from the application of the percentage-of-completion method.

5 Long-term accounts receivable

As a result of the application of IAS 19 CHF 3.7 million (previous year: CHF 3.7 million) in spare funds held by employer-owned trusts and CHF 0.1 million (CHF 2.8 million) in pension plan funds have been capitalized under long-term accounts receivable of a total of CHF 14.4 million (CHF 24.1 million).

6 Deferred taxes

Deferred taxes arise based on the following items:

million CHF	Assets	Liabilities	Assets	Liabilities
	2004	2004	2003	2003
Tangible fixed assets	1.7	9.7	1.2	8.2
Financial and other fixed assets	6.0	4.7	4.3	5.0
Inventories	9.2	6.3	8.4	6.7
Other current assets	2.3	2.1	1.2	0.7
Provisions	3.2	6.2	3.9	5.3
Other liabilities	5.8	1.6	3.1	0.5
Deferred taxes on loss carryforwards	45.5		47.1	
Allowances	-44.8		-46.4	
Total deferred tax assets/liabilities	28.9	30.6	22.8	26.4
Offsetting	-8.6	-8.6	-4.8	-4.8
Total deferred tax assets	20.3		18.0	
Total provisions for deferred taxes		22.0		21.6
Net		1.7		3.6

6 Deferred taxes (continued)**Loss carryforwards**

million CHF	2004	2003	+/-
Expiring in the next 3 years	111.1	80.6	+ 30.5
Expiring in 4 to 7 years	21.3	62.1	- 40.8
Expiring in more than 7 years	-	7.1	- 7.1
Unlimited	114.2	104.6	+ 9.6
Total loss carryforwards	246.6	254.4	- 7.8
Deferred taxes on loss carryforwards	45.5	47.1	- 1.6
Allowances	- 44.8	- 46.4	+ 1.6
Deferred taxes on loss carryforwards net	0.7	0.7	-

Tax loss carryforwards totaled CHF 246.6 million (previous year: CHF 254.4 million). The resulting positive impact amounted to CHF 45.5 million (CHF 47.1 million) and was almost fully adjusted, except for existing tax liabilities. No tax loss carryforwards expired in 2004.

7 Financial assets

million CHF	2004	2003	+/-
Nonconsolidated shareholdings	0.9	0.9	-
Loans to nonconsolidated shareholdings	2.0	2.3	- 0.3
Long-term loans	0.5	0.5	-
Other financial assets	13.4	13.0	+ 0.4
Total financial assets	16.8	16.7	+ 0.1

Nonconsolidated shareholdings have been listed separately in the list of group companies (see pages 94 and 95). The application of IAS 19 has resulted in the capitalization of CHF 12.8 million (previous year: CHF 12.3 million) in employer contribution reserves under other financial assets.

8 Tangible fixed assets

million CHF	Land and building		Machinery and plant		Operating equipment and furniture		Downpayments and plant under construction		Total tangible fixed assets	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Acquisition costs 1.1.	284.4	265.6	297.0	275.0	144.8	137.7	8.2	4.9	734.4	683.2
Currency differences	-3.1	10.4	-2.9	14.1	-1.6	4.2	-0.1	0.2	-7.7	28.9
Changes in consolidation scope	-	-	-2.1	0.3	-5.1	-	-	-	-7.2	0.3
Accruals	6.3	6.8	17.4	12.7	10.1	11.3	2.8	8.0	36.6	38.8
Disposals	-1.9	-1.8	-11.7	-6.5	-10.5	-8.3	-	-0.2	-24.1	-16.8
Reclassifications	4.1	3.4	3.1	1.4	0.3	-0.1	-7.5	-4.7	-	-
Acquisition costs 31.12.	289.8	284.4	300.8	297.0	138.0	144.8	3.4	8.2	732.0	734.4
Cumulative depreciation 1.1.	143.2	128.1	244.4	221.4	117.3	108.9	-	-	504.9	458.4
Currency differences	-1.4	5.8	-2.5	12.0	-1.2	3.4	-	-	-5.1	21.2
Changes in consolidation scope	-	-	-1.4	-	-4.9	-	-	-	-6.3	-
Disposals	-1.5	-0.3	-11.2	-6.0	-9.8	-7.5	-	-	-22.5	-13.8
Depreciation	9.5	9.6	17.2	17.0	12.0	12.5	-	-	38.7	39.1
Cumulative depreciation 31.12.	149.8	143.2	246.5	244.4	113.4	117.3	-	-	509.7	504.9
Net book value 31.12.	140.0	141.2	54.3	52.6	24.6	27.5	3.4	8.2	222.3	229.5
Thereof leased:										
Acquisition costs	1.7	1.7	1.4	2.8	1.9	1.7	-	-	5.0	6.2
Cumulative depreciation	0.6	0.5	1.3	2.6	1.3	0.8	-	-	3.2	3.9
Net book value	1.1	1.2	0.1	0.2	0.6	0.9	-	-	1.8	2.3
Leasing commitments (present value)	0.9	1.1	-	-	0.7	1.0	-	-	1.6	2.1
Insurance value	531.7	490.4	470.9	450.0	213.4	225.4	-	-	1216.0	1165.8

9 Intangible assets

million CHF	Goodwill		Other intangible assets		Total intangible assets	
	2004	2003	2004	2003	2004	2003
Acquisition costs 1.1.	195.7	197.8	76.6	73.2	272.3	271.0
Currency differences	-3.3	-4.2	-0.2	1.1	-3.5	-3.1
Changes in consolidation scope	-	1.7	-2.7	-	-2.7	1.7
Accruals	-	0.9	1.0	3.8	1.0	4.7
Disposals	-	-0.5	-0.2	-1.5	-0.2	-2.0
Acquisition costs 31.12.	192.4	195.7	74.5	76.6	266.9	272.3
Cumulative amortization 1.1.	157.9	140.0	46.8	40.4	204.7	180.4
Currency differences	-1.3	-0.9	-0.2	1.1	-1.5	0.2
Changes in consolidation scope	-	-	-2.6	-	-2.6	-
Disposals	-	-0.2	-0.2	-1.5	-0.2	-1.7
Amortization	11.0	19.0	6.9	6.8	17.9	25.8
Cumulative amortization 31.12.	167.6	157.9	50.7	46.8	218.3	204.7
Net book value 31.12.	24.8	37.8	23.8	29.8	48.6	67.6

Other intangible assets primarily include acquired patents.

10 Provisions

million CHF	Provisions for guarantee commitments	Provisions for litigations	Other provisions	Total provisions	
				2004	2003
Position as of 1.1.	31.3	14.5	16.9	62.7	78.3
Addition	19.0	5.1	4.8	28.9	12.1
Release	-0.9	-1.4	-0.8	-3.1	-7.6
Usage	-17.7	-0.8	-0.8	-19.3	-21.4
Changes in consolidation scope	-0.8	-	-0.2	-1.0	-
Currency differences	-0.4	-0.1	-	-0.5	2.7
Position as of 31.12.	30.5	17.3	19.9	67.7	64.1
Thereof short-term	28.5	15.0	9.8	53.3	49.7
Thereof long-term	2.0	2.3	10.1	14.4	14.4

Other provisions provide an adequate commercial cover for risks and contingent liabilities resulting from delivery agreements, projects and other industrial risks.

11 Financial liabilities

million CHF	less than 1 year	1 to 5 year	over 5 year	Total	of which secured	Total previous year
Bond issues/private placements	–	100.0	106.6	206.6	–	206.6
Bank liabilities	15.3	6.2	0.7	22.2	–	98.2
Loans and other financial liabilities	60.8	23.2	0.1	84.1	–	35.1
Total financial liabilities	76.1	129.4	107.4	312.9	–	339.9

As of 31 December 2004, Bucher Industries AG had the following long-term financial liabilities outstanding:

Bond quoted at the SWX Swiss Exchange:

- CHF 100.0 million at 4.25%, 1999 – 2007, maturing on 14 September 2007

US-Private placements:

- CHF 53.3 million at 3.535%, 2003 – 2010, maturing on 10 December 2010
- CHF 33.3 million at 4.08%, 2003 – 2013, maturing on 10 December 2013
- CHF 20.0 million at 4.29%, 2003 – 2015, maturing on 10 December 2015

Financial liabilities comprise general debt covenants. Private placements comprise, among others, financial covenants, i. e. conditions stipulating that certain agreed upon financial key figures be met. The group was in compliance with these covenants. The average interest rate of 4.2% on the remaining long-term financial liabilities (in EUR) was identical to last year. The total of long-term financial liabilities was subject to an average interest rate of roughly 4.1% (3.9%).

By currency, financial liabilities are divided up as follows:

million CHF	2004	2003	+/-
CHF	268.8	286.0	–17.2
EUR	42.0	52.2	–10.2
Other	2.1	1.7	+0.4
Total financial liabilities	312.9	339.9	–27.0

All items combined include CHF 6.1 million (previous year: CHF 0.8 million) in liabilities to associated companies.

12 Net sales

The group reported net sales of CHF 1 640.9 million, representing an increase of 6.9%, or 6.4% adjusted for currency effects. Adjusted for acquisitions, divestitures and currency effects, the growth rate is 8.3%. The 2004 figures include no net sales (previous year: CHF 6.3 million) based on the application of the percentage-of-completion method.

13 Other operating revenues

Other operating revenues include proceeds arising from sales of nontypical group products and services as well as CHF 0.3 million (previous year: CHF 0.3 million) in capitalized goods and services rendered for own account. Furthermore, other operating revenues also comprise payments received because of bad debts recovered and proceeds from the reversal of value adjustments and provisions.

14 Material expenses

Material expenses include the total cost of raw materials and supplies, goods purchased, and outside manufacture, processing or finishing of the group's proper products (outsourcing). In percent of the operating revenue, material expenses amounted to 50.1% as opposed to 49.2% in the prior-year period.

15 Personnel expenses

Personnel expenses have changed as follows against the prior-year period:

million CHF	2004	2003	+/-
Wages and salaries	309.0	304.1	+4.9
Social security	86.2	83.6	+2.6
Other personnel costs	12.5	11.8	+0.7
Total personnel expenses	407.7	399.5	+8.2

Social security payments also include all legal and voluntary expenditures for pension plans. Other personnel costs primarily comprise incidental personnel costs for recruitment activities, training and advanced training, canteen operation, etc., but exclude outside personnel costs. In percent of the operating revenue, personnel expenses amounted to 24.6% (previous year: 26.1%).

16 Other operating expenses

million CHF	2004	2003	+/-
Energy, maintenance, repairs	57.6	56.3	+1.3
Rent, charges, taxes and levies, consulting	61.0	55.7	+5.3
Selling costs, dispatch costs	87.0	89.0	-2.0
Other operating costs	66.7	53.7	+13.0
Other operating expenses	272.3	254.7	+17.6

Rent, charges, taxes and levies, consulting include CHF 14.8 million (previous year: CHF 12.2 million) tax on capital. Under other operating costs, the group also posts provisions for operationally necessary purposes, provided these can not be charged to a more appropriate expense account. Operating leasing costs amounted to CHF 3.9 million (CHF 2.7 million).

17 Financial result

million CHF	2004	2003	+/-
Interest expenses	-12.8	-15.9	+3.1
Interest income	3.0	6.2	-3.2
Interest result	-9.8	-9.7	-0.1
Security result	5.7	8.0	-2.3
Foreign exchange result	-5.8	-1.0	-4.8
Other financial result	0.4	-0.7	+1.1
Financial result	-9.5	-3.4	-6.1

The security result comprises realized capital gains and losses and realized income from securities. Unrealized gains and losses are reported in shareholders' equity under fair value adjustments on financial instruments. Applying the equity method to nonconsolidated shareholdings resulted in CHF 0.1 million (previous year: CHF 0.3 million) in earnings.

18 Income taxes

million CHF	2004	2003	+/-
Ordinary income taxes	30.3	21.9	+8.4
Deferred taxes	-3.0	-3.2	+0.2
Total income taxes	27.3	18.7	+8.6
Transitional accounts			
Result before taxes	81.7	55.5	+26.2
Applicable tax rate	35%	35%	
Theoretical income tax burden	28.6	19.4	+9.2
Taxes at different tax rates	-3.8	-	-3.8
Impact of losses and tax loss carryforwards	3.4	6.0	-2.6
Expenses not recognized for tax proposes/Income not taxed	0.4	-0.5	+0.9
Expenses unrelated to accounting period	0.3	-4.1	+4.4
Other differences	-1.6	-2.1	+0.5
Effective income taxes	27.3	18.7	+8.6
Effective tax rate	33.4%	33.7%	

18 Income taxes (continued)

Ordinary income taxes comprises taxes paid or still to be incurred on assessable profits made by individual companies, calculated on the basis of the legislation applicable in individual countries. Transitional accounts are established considering tax rates applicable in each individual fiscal jurisdiction. The applicable tax rate corresponds to the weighted average of the tax rates likely to be applied.

19 Earnings per bearer share

	2004	2003
Net result (million CHF)	53.7	36.5
Average number of outstanding bearer shares	1 252 365	1 243 198
Earnings per bearer share (CHF)	27.55	18.78
Diluted earnings per bearer share (CHF)	27.50	18.78

The average number of outstanding bearer shares is calculated based on the number of shares issued minus the weighted average of treasury shares. In the absence of conversion rights and due to the insignificance of outstanding option rights, the dilution of earnings per share was negligible.

20 Change in net working capital from operating activities

million CHF	2004	2003
Change in accounts receivable	-44.3	47.7
Change in inventories	-16.2	22.2
Change in advance payments from customers	62.4	-50.9
Change in trade accounts payable	23.7	-7.3
Change in other non-interest bearing liabilities	10.5	-4.7
Other changes in net working capital	-4.7	3.1
Total change in net working capital from operating activities	31.4	10.1

21 Cash flow from acquisitions/divestments

million CHF	Sale	Acquisition	Sale
	2004	2003	2003
Current assets	27.2	3.6	4.0
Intangible assets	0.1	–	–
Tangible fixed assets	0.9	0.3	–
Liabilities	27.0	0.1	0.2
Goodwill	–	1.6	–
Loss on divestments	2.7	–	1.3
Acquisition price	0.9	5.4	2.5
Thereof paid	0.9	5.4	2.5
Less acquired/divested cash and cash equivalents	0.6	–	–
Outflow of funds from acquisitions less cash and cash equivalents	–	5.4	–
In/outflow of funds from divestments plus cash and cash equivalents	1.5	–	2.5

22 Operating free cash flow/Free cash flow

million CHF	2004	2003	+/-
Cash flow from operating activities	154.2	92.6	+61.6
Investment in tangible fixed assets	–36.6	–38.8	+2.2
Investment in intangible assets	–1.0	–5.5	+4.5
Proceeds from disposals of tangible fixed assets	3.0	5.3	–2.3
Proceeds from disposals of intangible assets	–	0.1	–0.1
Operating free cash flow	119.6	53.7	+65.9
Investment in financial assets and securities	–1.0	–12.7	+11.7
Proceeds from disposals of financial assets and securities	13.5	6.6	+6.9
Dividends paid	–9.7	–9.7	–
Acquisitions	–	–5.4	+5.4
Divestments	–1.5	2.5	–4.0
Free cash flow	120.9	35.0	+85.9

The calculation of operating free cash flow was revised from last year. It now also includes cash flow from intangible assets. For additional comments on the cash flow statement, see page 57.

23 Pension plans

Underfunding of defined benefit plans in the balance sheet:

million CHF	2004	2003
Funded benefit obligations	-140.0	-136.7
Plan assets at market value	137.6	142.3
Financial surplus/shortfall	-2.4	5.6
Unfunded benefit obligations	-26.9	-26.0
Underfunding	-29.3	-20.4
Unrecognized actuarial loss	8.5	6.1
Overfunding not carried as assets	-1.1	-4.7
Underfunding not backed by provisions	0.2	2.0
Underfunding recorded in the balance sheet	-21.7	-17.0
thereof provisions for pension plan	-25.5	-23.5
thereof long-term accounts receivable	3.8	6.5

Changes in underfunding of defined benefit plans:

million CHF	2004	2003
Underfunding as of 1.1.	-17.0	-14.4
Currency differences	-1.0	-1.1
Pensions expenditure on defined benefit plans	-9.0	-6.6
Employer's contributions	4.9	5.1
Change in consolidation scope	0.4	-
Underfunding as of 31.12.	-21.7	-17.0

Pension fund assets include 7325 Bucher Industries AG bearer shares (previous year: 7325 bearer shares) valued at CHF 1.9 million (CHF 1.2 million). The group does not make use of assets (tangible fixed assets) owned by pension funds.

Pension fund expenditure is composed as follows:

million CHF	2004	2003
Increase in claims	-9.4	-8.3
Interest on claims	-6.5	-4.7
Expected return on plan assets	6.6	6.7
Amortization of actuarial losses	-0.3	-0.3
Amount not carried	0.6	-
Pensions expenditure on defined benefit plans	-9.0	-6.6
Pensions expenditure on defined contribution plans	-19.3	-17.0

Actuarial assumptions:

%	2004	2003
Discount rate	2.0-6.0	2.0-6.3
Return on fund assets	2.0-9.0	2.0-9.3
Rate of salary increase	1.0-3.5	1.0-3.5
Pension benefit increase	1.0-3.0	1.0-3.0

24 Employee share-based payments/Equity and option rights

There is a compensation plan for members of the board of directors, group management, and divisional management, consisting of a share plan and an option plan. The share plan provides for a reduced-price of 50% allotment of shares which remain locked-up for a period of three years. The exercise price of options granted as part of the options plan roughly corresponds to the market price at the time of issue. One option entitles its holder to purchase one Bucher Industries AG bearer share. Options are non-tradeable, have a maturity of five years and are subject to a graduated exercise period of one to four years. On 31 December 2004, a total of 13 308 shares were still locked-up, and a total of 25 350 options had not been exercised yet. In 2004 the average market price of the bearer shares was CHF 222.31. Shares required to cover this compensation plan are purchased on the market and are held by the Bucher Beteiligungs-Stiftung, which has been consolidated as from 1 January 2002.

24 Employee share-based payments/Equity and option rights (continued)

Movements in the number of options outstanding	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2004	2004	2003	2003
Outstanding as of 1.1.	26 535	212	26 760	229
Options granted	7 140	234	7 560	173
Options exercised	- 1 950	154	- 75	142
Options waived			- 1 020	149
Options expired	- 6 375	237	- 6 690	248
Outstanding as of 31.12.	25 350	216	26 535	212
Thereof exercisable	10 050		10 940	

Expiration year of options	Number of options	Average exercise price in CHF	Number of options	Average exercise price in CHF
	2004	2004	2003	2003
2004			3 450	252
2005	3 660	262	4 380	262
2006	4 920	266	5 820	266
2007	3 825	142	5 565	142
2008	5 865	173	7 320	173
2009	7 080	234		
Outstanding as of 31.12.	25 350	216	26 535	212

Effective as of 31 December 2004, the group introduced the new IFRS 2 standard (share-based payments). During the reporting period, the effect of the option programs on personnel expenses and shareholders' equity, which was calculated for the first time and after the Black-Scholes method, amounted to CHF 65 000. The primary parameters for the option valuation were a share price of CHF 231.-, respectively CHF 177.-, a volatility of 21%, a risk free interest rate of 2% as well as a continuous dividend of CHF 5.-.

25 Related parties

For detailed information on the group's governing bodies and their members as well as compensations, please refer to the corporate governance section on pages 17 and 18 of this annual report. There are no loans granted to group's governing bodies. Transactions involving related parties are settled in compliance with fair market terms only.

26 Financial instruments

The derivatives used mainly serve to hedge the group's interest rate and currency risks.

The following table lists hedging transaction amounts as of 31 December:

million CHF			
	2004	2003	+/-
Forward exchange transactions and options			
Contract value	144.5	86.6	+ 57.9
Negative market value	0.2	0.5	- 0.3
Positive market value	0.8	1.2	- 0.4
Interest rate contracts			
Contract value	26.7	10.0	+ 16.7
Negative market value	0.1	-	+ 0.1
Positive market value	0.1	-	+ 0.1

Contract value represents the scope (gross nominal value) of hedging transactions that were not settled on the balance sheet date. Negative market value corresponds to the potential costs of settling transactions not yet settled on the balance sheet date. Positive market value indicates gains on hedging transactions not realized on the balance sheet date and hence the maximum risk incurred in case the adverse party does not fulfill its obligations. Hedging transactions are made through high-grade financial institutions only. Using the above-mentioned derivatives had no material impact on either the group's financial situation on 31 December 2004 or the group's result in the year under review.

27 Development expenses

The 2004 income statement has been charged with CHF 54.1 million (previous year: CHF 50.5 million) in development expenses. These funds mainly served to complement and innovate the product ranges of the group's individual divisions. All costs are included in items such as material expenses, personnel expenses, other operating expenses, and depreciations on tangible fixed assets. No development expenses have been capitalized.

28 Contingent liabilities

million CHF			
	2004	2003	+/-
Notes payable	7.2	7.8	- 0.6
Guarantees and guarantee obligations in favour of third parties	50.7	42.9	+ 7.8
Collateral securities in favour of third parties	2.8	2.0	+ 0.8
Total contingent liabilities	60.7	52.7	+ 8.0

Contingent liabilities are posted disclosing the full amount covered, i. e. the maximum amount of the liabilities incurred.

29 Pledged assets

The book value of assets pledged or assigned for the purpose of securing the group's own liabilities is CHF 2.0 million (previous year: CHF 2.1 million).

30 Obligations

Obligations associated with fixed-term operating leasing agreements are as follows:

million CHF	less than 1 year	1 to 5 years	over 5 years	Total
As of 31.12.2004	4.2	7.1	2.1	13.4
As of 31.12.2003	3.9	8.8	1.3	14.0

Other obligations: The group made various commitments regarding the purchase of products and services, machines and equipment. These agreements are generally subject to market prices and reflect ordinary business activities.

31 Foreign currency exchange rates

Foreign currencies were converted using the following exchange rates:

		Income statement average yearly rate		Balance sheet year-end rate		
		2004	2003	2004	2003	
Euro	EUR	1	1.5438	1.5179	1.5429	1.5579
Great Britain	GBP	1	2.2681	2.2048	2.1884	2.2104
Sweden	SEK	100	16.9300	16.6300	17.1000	17.1600
USA	USD	1	1.2402	1.3428	1.1327	1.2335
Canada	CAD	1	0.9541	0.9572	0.9399	0.9597
New Zealand	NZD	1	0.8216	0.7794	0.8176	0.8096

32 Events after the balance-sheet date

With economic effect as of 1 January 2005, Bucher Industries takes over Companhia de Implementos Agrícolas MTS in Passo Fundo, Rio Grande do Sul, Brazil. In 2004, the profitable and rapidly growing company generated sales of approx. CHF 35 million with a workforce of 440 employees.

On 14 February 2005, Bucher Industries acquired a 20% interest in Jetter AG, Ludwigsburg/ Germany at a price of EUR 8.50 per share, resulting in a total amount of EUR 5.2 million. The investment is based on a 10% increase in the capital of Jetter AG against a cash contribution from authorized capital, in addition to share purchases from previous shareholders, making Bucher Industries the largest shareholder of Jetter AG.

In April 2005, Bucher Industries expects to take over at a price of CHF 45 million the European and Australian sweeper business of Johnston Sweepers Ltd., Dorking U.K. from Ennstone plc, U.K. In 2004, the business segments acquired by Bucher Industries reported sales of CHF 190 million, operating income before divestiture charges of CHF 5.1 million, and about 800 employees. As of year-end 2004, the acquired business reported net operating assets of approx. CHF 60 million.

The board of directors of Bucher Industries decided on 11 February 2005 to propose at the general shareholders' meeting of 26 April 2005, the introduction of a standard registered share. In addition, the board of directors will propose cancellation of the existing opting-out clause to be replaced by an opting-up clause. The threshold for the related obligation to make an offer is 40% of the voting rights. Each existing bearer share at a par value of CHF 1.– will be split and converted into five registered shares with a par value of CHF 0.20 each. The total nominal share capital will remain unchanged and consist in the future of 10 565 900 registered shares at a par value of CHF 0.20 each.

The consolidated financial statements were approved by the board of directors on 11 March 2005. No further events which would have to be recognized and disclosed occurred between 31 December 2004 and the above date.

33 Information by divisions

million CHF	Incoming orders		Net sales		Order book		Operating result (EBITDA)		Operating result (EBIT)	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Kuhn Group	751.7	629.1	712.2	657.2	200.9	161.5	82.9	74.4	58.8	49.8
Bucher Municipal	285.8	241.8	283.6	242.0	60.0	53.0	12.6	7.6	6.1	1.1
Bucher Process	131.9	134.1	132.7	135.0	22.0	22.4	7.9	1.1	5.4	-3.1
Bucher Hydraulics	251.9	209.9	243.7	211.8	47.4	35.6	31.9	19.2	20.9	8.2
Emhart Glass	362.0	242.8	268.1	263.9	149.7	55.8	24.5	22.0	18.4	16.5
Other/consolidation	9.9	28.1	0.6	25.3	0.3	-	-12.0	-0.5	-18.4	-13.6
Total	1793.2	1485.8	1640.9	1535.2	480.3	328.3	147.8	123.8	91.2	58.9

million CHF	Depreciation		Capital expenditure		Total assets		Total liabilities		Number of employees 31.12.	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Kuhn Group	15.3	15.4	16.8	17.2	401.9	390.0	196.2	177.4	2 531	2 443
Bucher Municipal	4.5	4.9	3.4	2.6	179.3	177.1	69.7	51.0	799	781
Bucher Process	2.2	2.3	1.2	1.8	100.1	109.0	25.4	30.9	527	570
Bucher Hydraulics	9.7	9.6	8.0	9.0	154.8	150.7	38.2	41.3	990	987
Emhart Glass	6.1	5.4	7.2	7.4	196.5	169.9	56.8	51.2	845	891
Other/consolidation	0.9	1.5	-	0.8	461.1	404.7	587.9	567.2	90	180
Total	38.7	39.1	36.6	38.8	1493.7	1401.4	974.2	919.0	5 782	5 852

33 Information by divisions (continued)

The products offered by the group include specialized agricultural machinery (Kuhn Group), municipal vehicles (Bucher Municipal), wine and fruit juice production plants (Bucher Process), hydraulics components (Bucher Hydraulics), and production equipment for the container glass industry (Emhart Glass). For additional details, please see the section entitled “Divisions” in the annual report. There was only a small number of interdivisional transactions, which were settled on fair market terms. Not allocated EBIT and EBITDA shown under other/consolidation include the business of Laeis Bucher no longer presented as division, the amortization of intangible assets not allocated to the division and the effects of nonoperating transactions and the results of holding and financial companies.

The divisions' total assets comprise intangible assets (insofar as they were purchased by the divisions), tangible fixed assets, inventories and receivables. Financial assets, securities and cash and cash equivalents are entered under other/consolidation. Consequently, the divisions' total assets equal their operating assets. The divisions' total liabilities include all liabilities except provisions and financial liabilities, which are included under other/consolidation.

34 Information by geographical area

million CHF	Net sales		Operating assets		Capital expenditure		Number of employees 31.12.	
	2004	2003	2004	2003	2004	2003	2004	2003
EU	1052.3	923.8	581.9	590.5	20.9	23.8	4138	4212
Switzerland	111.5	107.6	273.8	264.9	8.8	6.7	902	897
Other European countries	66.0	79.4	4.8	5.9	0.1	1.0	3	15
Total Europe	1229.8	1110.8	860.5	861.3	29.8	31.5	5043	5124
America	258.3	248.5	171.3	168.6	6.5	7.0	640	619
Asia	120.8	85.9	6.6	6.4	0.3	0.2	89	98
Rest of world	32.0	90.0	8.3	1.9	–	0.1	10	11
Total	1640.9	1535.2	1046.7	1038.2	36.6	38.8	5782	5852

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 – 84 and 94 – 95) of Bucher Industries AG for the year ended December 31, 2004.

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 auditing standards promulgated by the Swiss profession 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



Beat Inauen

Zurich, 16 March 2005

Balance sheet of Bucher Industries AG as of 31 December 2004

1 000 CHF		Notes	31.12.2004	31.12.2003
Assets	Liquid funds	1	38 654	9 623
	Accounts receivable, intercompany		8 772	24 644
	Other accounts receivable		2 285	2 525
	Total current assets		49 711	36 792
	Loans to group companies	2	177 947	290 912
	Loans to third parties		209	226
	Participations	3	329 901	320 456
	Total fixed assets		508 057	611 594
	Total assets		557 768	648 386
	Liabilities and shareholders' equity	Short-term bank liabilities	2	2 299
Short-term liabilities intercompany			11 029	47 165
Other short-term liabilities			4 466	3 684
Short-term liabilities			17 794	132 896
4 $\frac{3}{4}$ % bond issue 1999–2007		2	100 000	100 000
Private placements		2	106 576	106 576
Provisions		4	32 300	32 300
Long-term liabilities			238 876	238 876
Share capital		5	2 113	2 113
Legal reserves			70 610	70 610
Free reserves			142 572	117 025
Reserves for treasury shares		6	37 429	42 975
Profits carried forward			13 325	13 841
Net result		35 049	30 050	
Total shareholders' equity		301 098	276 614	
Total liabilities and shareholders' equity		557 768	648 386	

Income statement 2004 of Bucher Industries AG

	1 000 CHF	Notes	2004	2003
Income	Income from participations	8	23 470	57 462
	Financial income	9	70 811	32 645
	Other income	10	5 649	3 514
	Total income		99 930	93 621
Expenses	Administrative costs		8 196	5 863
	Financial expenses	11	26 388	28 978
	Value adjustments	12	30 000	28 440
	Taxes		297	290
	Total expenses		64 881	63 571
Net result			35 049	30 050

Notes to the financial statements of Bucher Industries AG

1 Liquid funds

In addition to bank holdings, liquid assets include the treasury shares and derivatives on treasury shares of CHF 13.3 million. Treasury shares are valued at their year-end price.

2 Loans to group companies

Acting as the group's central source of financing, Bucher Industries AG not only endows group companies with adequate equity, but also largely grants them group loans. Loans to group companies increased by roughly CHF 113 million to CHF 177.9 million, while financial liabilities decreased by roughly CHF 80 million to CHF 208.9 million.

3 Participations

For all direct and indirect subsidiaries of Bucher Industries AG, please refer to the list of group companies on pages 94 and 95 of this annual report.

4 Provisions

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

5 Share capital

Bucher Industries AG is endowed with a conditional capital of not more than 209 320 bearer shares at a par value of CHF 1.– and not more than 137 500 registered shares at a par value of CHF 0.20, which is reserved for exercising option or conversion rights arising from bonds issued by the group or for exercising option rights from options granted to shareholders. For more information on the capital structure and the shareholders, please refer to the corporate governance section on pages 9 to 11 and to the investor relations section on pages 22 and 23 of this annual report.

6 Reserve for treasury shares

Treasury shares and treasury share derivatives of equal rank are held by Bucher Industries AG and Bucher Beteiligungs-Stiftung. The reserve for treasury shares covers their average purchase value.

Position and changes in treasury shares	Number of shares	Value in 1000 CHF
As of 1.1.2004	168 205	42 975
Purchases	12 631	2 722
Purchases of derivatives of treasury shares	55 000	11 867
Sales	- 65 276	- 16 117
Sales or allocations as part of compensation plans	- 9 686	- 2 515
Valuation adjustments		- 1 503
As of 31.12.2004	160 874	37 429

7 Contingent liabilities

Contingent liabilities cover obligations entered into by group companies with banks in connection with credit agreements and cash-pool agreements. At CHF 174.9 million (previous year: CHF 101.7 million), the amount equals the maximum exposure. As of the balance-sheet date, CHF 90.7 million (CHF 27.8 million) have been claimed.

8 Income from participations

Income from participations comprises dividend income from directly affiliated group companies.

9 Financial income

Financial income includes interest from intercompany loans, income from cash and cash equivalents, and value adjustments of investments which are no longer required, as well as CHF 0.8 million (previous year: CHF 11.4 million) in unrealized currency exchange profits on group loans and CHF 1.3 million (CHF 1.9 million) in unrealized gains on treasury shares.

10 Other income

Other income mainly consists of corporate center services billed to group companies.

11 Financial expenses

Financial expenses cover interest paid for current loans, bank liabilities and liabilities to group companies as well as CHF 10.2 million (previous year: CHF 14.9 million) in unrealized currency exchange losses on group receivables.

12 Value adjustments

Based on conservative assessments of currency, economic and political risks, value adjustments have been made regarding group loans and shareholdings.

Proposal of the board of directors

Appropriation of profits

CHF	
Net result 2004	35 049 349
Profit brought forward from previous year	13 325 327
Available for appropriation by the general meeting	48 374 676
The board of directors proposes to the general meeting that the following dividend be paid:	
CHF 7.– per bearer share (par value CHF 1.–)	9 909 760
CHF 1.40 per registered share (par value CHF 0.20)	4 882 500
Allocation to free reserves	20 000 000
Profit to be carried forward to new account	13 582 416
Total	48 374 676

Report of the statutory auditors

PRICEWATERHOUSECOOPERS

To the general meeting on the financial statements 2004 As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 86 – 89) of Bucher Industries AG for the year ended December 31, 2004.

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 auditing standards promulgated by the Swiss profession, 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



Beat Inauen

Zurich, 16 March 2005

Bucher Industries

Divisions

▶ **Financial report**

Group

Holding companyen

▶ **Five-year summary**

Group companies

Addresses

Five-year summary

Group

million CHF					
	2004	2003	2002	2001	2000
Incoming orders	1793.2	1485.8	1411.8	1442.1	1636.8
Net sales	1640.9	1535.2	1480.5	1488.0	1502.8
Order book	480.3	328.3	376.0	449.1	504.2
Operating result before depreciation and amortization (EBITDA)	147.8	123.8	109.1	123.1	157.1
in % of net sales	% 9.0	8.1	7.4	8.3	10.5
Operating result (EBIT) before restructuring costs	91.2	58.9	51.4	70.6	102.2
in % of net sales	% 5.6	3.8	3.5	4.7	6.8
Operating result (EBIT)	91.2	58.9	34.0	70.6	102.2
in % of net sales	% 5.6	3.8	2.3	4.7	6.8
Financial result	-9.5	-3.4	-13.0	5.4	24.7
Income taxes	27.3	18.7	28.2	27.7	50.2
in % of result before taxes	% 33.4	33.7	134.3	36.4	39.6
Net result	53.7	36.5	-7.7	48.0	76.2
in % of net sales	% 3.3	2.4	-0.5	3.2	5.1
Capital expenditure	36.6	38.8	39.0	51.2	52.1
Operating free cash flow	119.6	53.7	26.9 ²⁾	36.8 ²⁾	-27.5 ²⁾
Development expenses	54.1	50.5	56.7	56.8	57.6
Total assets	1493.7	1401.4	1600.5	1542.1	1508.8
Intangible assets	48.6	67.6	90.6	55.8	64.4
Tangible fixed assets	222.3	229.5	224.8	225.3	219.0
Financial assets	16.8	16.7	22.4	158.6	141.0
Inventories	397.8	396.3	404.1	369.2	359.8
Total accounts receivable (short and long-term)	403.5	380.6	418.0	403.5	463.3
Cash and cash equivalents and securities	404.7	310.7	440.6	327.9	261.3
Shareholders' equity	519.5	482.4	435.4	521.0	488.3
in % of total assets	% 34.8	34.4	27.2	33.8	32.4
Return on equity (ROE)	% 10.7	8.0	-1.6	9.6	16.1
Long-term liabilities	311.4	300.3	245.8	284.8	302.2
Short-term liabilities	656.9	613.5	914.1	734.7	717.2
Total liabilities	974.2	919.0	1165.1	1021.1	1020.5
thereof bearing interest	312.9	339.9	535.6	414.9	353.1
Net debt	-91.8	29.2	95.0	-73.4	-49.2
Net working capital	514.4	432.0	308.0	325.6	333.1
Net operating assets (NOA) ³⁾	439.5	518.8	534.3	469.3	462.7
Return on net operating assets (RONOA) ³⁾	% 12.1	6.9	4.5 ¹⁾	8.7	16.0
Number of employees at year end ⁴⁾	5782	5852	5994	5762	5556
Number of employees (annual average) ⁴⁾	5795	5957	5863	5757	5563
Net sales per employee	1 000 CHF 283.2	257.7	252.5	258.5	270.1

¹⁾ with standard tax rate of 35% ²⁾ old definition ³⁾ years of 2000–2002 adjusted to new definition ⁴⁾ numbers of employees in full-time-equivalents

