Burckhardt Compression

ANNUAL REPORT 2010

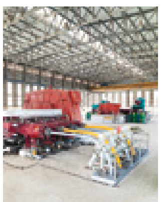
Compressors for a Lifetime

ABOUT US

Burckhardt Compression is one of the worldwide market leaders in the field of reciprocating compressors and the only manufacturer that offers a complete range of Laby® (labyrinth piston), Process Gas, and Hyper Compressors. The compressors are used to compress, cool or liquefy gases. Burckhardt Compression's customers include multinational companies active in the chemical, petrochemical, refinery, industrial gas and gas transport and storage industries. With the leading compressor technology, the high-quality compressor components and the comprehensive range of services Burckhardt Compression supports its customers in their efforts to minimize the life cycle costs of their reciprocating compressor systems.

CONTENTS

Seite 14–23 Over 900 employees give their best every day to meet the needs of our customers. The company owes much of its succes to their outstanding support and dedication.



Seite 34–45 We continuously optimize our products in order to exceed the expectations of our customers. Through decades of experience and our leading compressor technology we are able to offer products with lowest life cycle costs.

TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

In contrast to the 2009 fiscal year, which was still overshadowed by the economic downswing, signs of an economic recovery were clearly evident during the 2010 reporting year (ending March 31, 2011). Our order intake increased considerably during the course of the year but the preceding downtrend in order inflow from January 2009 until March 2010 nevertheless had a negative impact on the profitability of our late-cyclical business during the reporting year.

Improved market environment The general business climate in the markets relevant to Burckhardt Compression improved during the year under review. Looking back, it appears incoming orders passed their low point during the second half of fiscal 2009. We already reported an encouraging increase in new orders for the first half of the reporting year and order inflow gained further momentum during the second half of the year versus the first-half level. The vast uncertainty that prevailed throughout much of the previous year has given way to greater optimism.

Noticeable increase in order intake Incoming orders increased considerably compared to the previous fiscal year, rising to CHF 362.5 mn, which marks the fourth-highest order inflow in the history of our company. In a year-on-year comparison, new orders received rose by CHF 76.6 mn or 26.8%.

Orders in the new machine business were up a pleasing 37.7%. The strong inflow of orders in the services business (Customer Support Service CSS) recorded in the first half of the fiscal year normalized during the latter half of the year, bringing the full-year growth rate to a solid 5.7%. Order momentum in the compressor components business was very strong, resulting in a gratifying 28.7% increase in this segment's order backlog.

Higher sales, lower profitability Full-year sales increased by CHF 12.5 mn or 3.6%, to CHF 355.6 mn. At constant exchange rates, sales were higher, namely CHF 15.4 mn, an increase of 4.5%. Gross profit declined by CHF 11.3 mn during the year under review, bringing the gross profit margin to 32.5%. The lower margin (down from 37.0% in the previous fiscal year) can be traced to a considerably lower gross margin in the new machine business, for which there are three main reasons. First, unlike in the previous year, the actual purchase costs for sourced materials did not benefit to the same extent from favorable conditions on the supply markets. Second, utilization rates at our manufacturing plants were low over the year as a whole. And third, due to the large fluctuations in exchange rates during the course of the year, some of the gross profit generated got shifted into other operating income.

Because of the decline in gross profit, operating profit was likewise lower, declining by 17.1% or CHF 12.7 mn from the prior-year level. This lowered the operating profit margin to 17.3% (21.6% in the previous year). Profit for the period amounted to CHF 45.1 mn (previous year CHF 56.0 mn) but, considering the difficult market environment, Burckhardt Compression's profitability was still impressively high. Earnings per share amounted to CHF 13.56 (previous year CHF 16.68).

Adverse currency situation The sudden, turbulent movements on the currency front during the past fiscal year left their mark on our financial statements for the year. Despite extensive efforts to mitigate the situation, we were unable to completely offset the effect of the tremendous appreciation in the value of the Swiss franc versus the euro and the US dollar.

Strong balance sheet Burckhardt Compression's capital base has been further strengthened and the company's equity ratio rose to CHF 258.0 mn or a solid 51.3% of the balance sheet total as of March 31, 2011. Holdings of cash and cash equivalents grew as well and stood at CHF 149.1 mn at the end of the reporting year (previous year: CHF 119.3 mn).

Change in leadership After being elected President of Swissmem, Hans Hess has decided to step down as Chairman of the Board of Directors of Burckhardt Compression, effective March 31, 2011, but he will retain a seat on the Board of Directors. The Board of Directors has nominated former CEO Valentin Vogt as the new Chairman (effective April 1, 2011). The Board also appointed Marcel Pawlicek, Executive Board member and responsible for Design & Manufacturing, as the company's new CEO (effective April 1, 2011).

Hans Hess

Renewal of shareholder agreement The five shareholders who participated in the management buyout transaction in 2002 and who carried out the IPO of Burckhardt Compression in 2006 informed the company in February 2011 that they had decided to conclude a new shareholder agreement in July 2011 that would be in effect for another five years to 2016. This group of shareholders held 14.8% of the company's shares at the end of the past fiscal year.

Outlook for the 2011 fiscal year From today's perspective, we expect order inflow at all business segments to be further increasing in the current fiscal year. We are also anticipating an increase in full-year sales. Profit margins are expected to be comparable to the levels achieved during the reporting year, due to the further negative effect of the currency fluctuations.

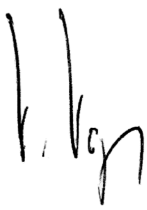
Our company is on the right track strategically and operationally to meet future challenges. We are well prepared to benefit from a (hopefully) continuing economic upswing yet we would also be capable of rapid retrenchment in the event of a renewed economic downturn.

Valentin Vogt

Dividend payment The Board of Directors will propose an unchanged (compared to the previous year) dividend of CHF 5.00 per share at the General Meeting. This corresponds to a payout ratio of 37% (previous year 30%).

A word of thanks The difficult economic environment placed extreme demands on all of us in the way of perseverance, flexibility and understanding, especially for the company's employees yet also for management. We thank the entire work force for their strong performance and loyalty throughout the year. We also thank our customers for the trust and confidence they have shown in our products and services. The stability of our broad and growing shareholder structure is remarkable and we deeply appreciate the loyalty of our shareholders. This stable ownership structure is an inspiration in our daily endeavors and strengthens our resolve as we execute our sustainable, long-term-oriented strategy.

Yours sincerely



Hans Hess[1]
Chairman of the
Board of Directors

Valentin Vogt[2]
CEO and Executive Member
of the Board of Directors

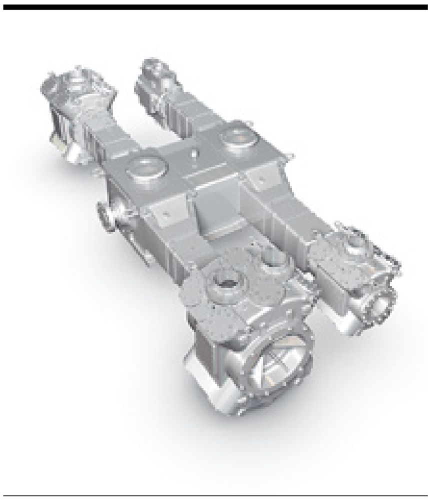
Winterthur, May 23, 2011

[1] as from April 1, 2011: Member of the Board of Directors
[2] as from April 1, 2011: Chairman of the Board of Directors

MILESTONES IN 2010

Successful presentation of R&D project to develop a step-less flow control system for reciprocating compressors
At the 7th annual conference of the Europe Forum of Reciprocating Compressors (EFRC) in Florence, Burckhardt Compression presented its project for developing a step-less flow control system for reciprocating compressors. Step-less flow control offers various process control advantages and significant energy savings compared to conventional flow control systems. Burckhardt Compression's approach in this project attracted considerable attention in the reciprocating compressor community.

→ Page 28



Market launch of extended Process Gas Compressor product line
The extended product line of Process Gas Compressors was rolled out in late September 2010. The improved performance capability of this line extension will help Burckhardt Compression to expand its market position in the refining and petrochemicals industries. Company activities associated with the market launch of these new products received a positive response from customers.

→ Page 28

Breakthrough in LDPE business
Burckhardt Compression is the world market leader for Hyper Compressors (high-pressure reciprocating compressors) for low density polyethylene plants. International Polymers Company (Sipchem) contracted Burckhardt Compression to build and install a Hyper Compressor for their new world-scale ethylene vinyl acetate (EVA) plant. Thanks to its many reference projects of a similar scale that have been operating for decades with an outstanding track record in terms of reliability, availability and safety, Burckhardt Compression was also entrusted for the first time with a project using process technology licensed through ExxonMobil Chemical Technology Licensing LLC.

→ Page 27

First Laby®-GI successfully commissioned

Burckhardt Compression successfully completed a mechanical test run with its first Laby®-GI. This new compressor system is installed on the "Golar Freeze", a floating gas storage and regasification unit (FSRU) that is now permanently moored off the coast of Dubai. Burckhardt Compression conducted this test run in the presence of DNV, an accredited classification and certification firm, which subsequently issued a certificate of verification and validation. The Laby®-GI Compressor is used as a BOG (boil-off gas)/minimum send-out compressor.

→ **Page 26**

Sharp increase in orders for new machines

After a decline of the order intake in the two preceding years, orders received for new machines during the reporting period bounced back as demand picked up again and surged 37.7% to CHF 235.9 mn. While this figure is still 24% below the record high set in fiscal 2007, this high growth is a clear sign that the market situation has certainly improved over the course of the past twelve months.

→ **Page 26**

Change in leadership and renewal of shareholder agreement

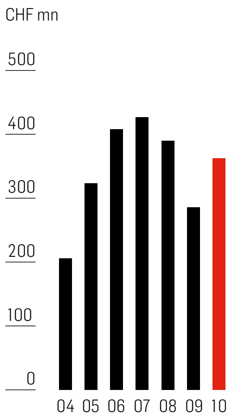
After being elected President of Swissmem, Hans Hess decided to step down as Chairman of the Board of Directors of Burckhardt Compression, effective March 31, 2011. Valentin Vogt will assume the office of Chairman of the Board and Marcel Pawlicek will succeed Mr. Vogt as CEO.

The group of shareholders who carried out the management buyout transaction in 2002 and the IPO of Burckhardt Compression in 2006 has signed a new shareholder agreement that will be in effect until 2016. This group of shareholders held 14.8% of the company's shares at the end of the reporting year.

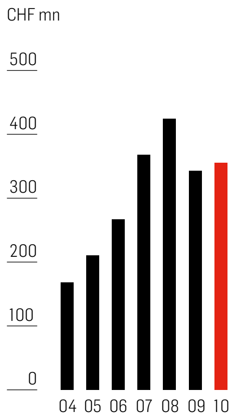
→ **Page 5**

FIGURES AT A GLANCE

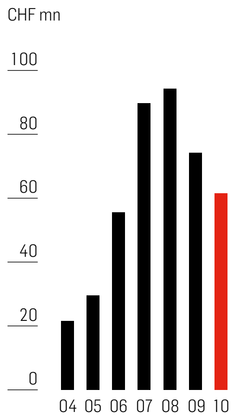
ORDER INTAKE



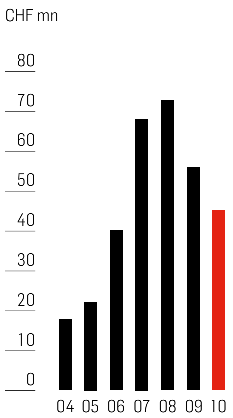
SALES



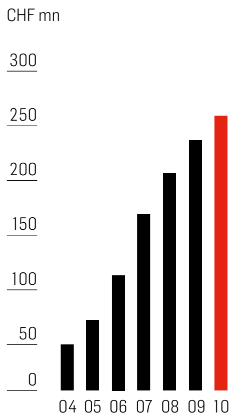
OPERATING INCOME (EBIT)



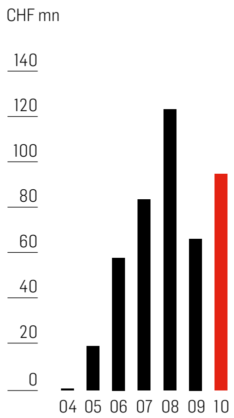
NET INCOME



SHAREHOLDERS' EQUITY



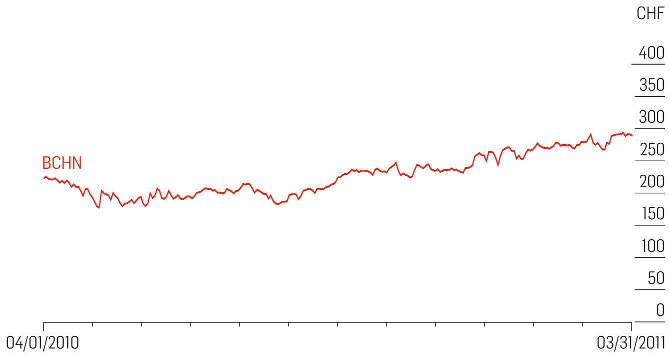
NET FINANCIAL POSITION



SHARE PRICE

DEVELOPMENT SINCE IPO

DEVELOPMENT FISCAL YEAR 2010



in CHF mn		2008	2009	2010	Change 2009/2010
Order intake:					
– New machines		277.6[1]	171.3	235.9	+37.7%
– CSS (Customer Support Service)		88.0[1]	90.9	96.1	+5.7%
– Compressor components		24.3[1]	23.7	30.5	+28.7%
Total		389.9	285.9	362.5	+26.8%
Sales and gross profit:					
– New machines	Sales	308.7[1]	241.5	222.5	–7.9%
	Gross profit	87.6[1]	80.7	51.9	–35.7%
	in % of sales	28.4%[1]	33.4%	23.3%	
– CSS	Sales	92.1[1]	80.8	105.0	+30.0%
	Gross profit	46.4[1]	36.7	50.0	+36.2%
	in % of sales	50.4%[1]	45.4%	47.6%	
– Compressor components	Sales	23.7[1]	20.9	28.1	+34.4%
	Gross profit	12.2[1]	9.5	13.7	+44.2%
	in % of sales	51.5%[1]	45.5%	48.8%	
Total	Sales	424.5	343.2	355.6	+3.6%
	Gross profit	146.2	126.9	115.6	–8.9%
	in % of sales	34.4%	37.0%	32.5%	
Operating income (EBIT)		94.3	74.2	61.5	–17.1%
in % of sales		22.2%	21.6%	17.3%	
Net income (after minority interests)		72.8	56.0	45.1	–19.5%
in % of sales		17.1%	16.3%	12.7%	
Depreciation and amortization		6.9	9.5	9.9	+4.2%
Cash flow:					
– from operating activities		82.5	58.8	61.6	+4.8%
– from investing activities		6.5	–88.8	–12.9	
– from financing activities (incl. translation differences)		–22.4	18.1	–18.6	
Total		66.6	–11.8	30.1	–117.8%
Balance sheet total		431.0	470.0	502.4	+6.9%
Non-current assets		79.1	157.3	156.2	–0.7%
Current assets		351.9	312.7	346.2	+10.7%
Shareholders' equity		203.9	234.9	258.0	+9.8%
in % of balance sheet total		47.3%	50.0%	51.3%	
Net financial position		123.3	66.5	95.0	+42.9%
Headcount as per end of fiscal year		916	891	917	+2.9%
Share price as per end of fiscal year (in CHF)		106.00	208.0	289.3	
Market capitalization (in CHF mn)		360.4	707.2	983.5	
Earnings per share (in CHF)		21.46	16.68	13.56	–18.7%

[1] Restated split of order intake, sales and gross profit.

OUR COMPANY

OUR HERITAGE

Our company history spans over more than 160 years. On January 9, 1844, founder Franz Burckhardt laid the foundation for success by purchasing the first company premises in Basle. In its early years, Burckhardt's mechanics workshop manufactured machines for the textile industry. Over the years, Burckhardt expanded his field of activity to general mechanical engineering. In 1856, the company started producing steam engines. In 1878, the first reciprocating compressor was developed. As additional funds were needed to finance the construction of the new factory on Dornacherstrasse in Basle, the "Engineering Works Burckhardt Ltd." was established in Basle in 1890 by August Burckhardt, who had taken over the company from his deceased father Franz.

Another milestone was achieved in 1913 with the delivery of the first ammonia synthesis compressor with an end pressure of 300 bar to BASF in Ludwigshafen, Germany. In 1935, Sulzer supplied the Hürlimann Brewery in Zurich with the first Sulzer Labyrinth Piston Compressor and in 1951, the company received an order from Imperial Chemical Industries (ICI) for 11 Hyper Compressors for the production of polyethylene with an end pressure of 1'500 bar. After several years' cooperation, the Engineering Works Burckhardt was taken over by Sulzer and became a subsidiary of the Sulzer Group on May 8, 1969. In 1982, as part of an intensified cooperation, the reciprocating compressor activities of the Sulzer Group were consolidated under one legal entity, the Sulzer-Burckhardt Engineering Works Ltd. In 1994, the company celebrated its 150th anniversary. In the process of restructuring the entire Group in 1999, Sulzer decided to consolidate the activities of Sulzer-Burckhardt Switzerland in Winterthur. Activities in Basle were relocated to Winterthur and the building on Dornacherstrasse in Basle was sold.

In 2000, Sulzer decided to concentrate its activities on four divisions. As Sulzer-Burckhardt did not fit in with this new strategy, the decision was made to divest Sulzer-Burckhardt. Together with the financial investor Zurmont Finanz AG, five members of management purchased Sulzer-Burckhardt Engineering Works Ltd. on April 30, 2002. In the course of separating from Sulzer, Sulzer-Burckhardt became Burckhardt Compression in May 2002. In 2006, Zurmont decided to divest its shares in Burckhardt Compression by means of an IPO. Our company has been listed on the SIX Swiss Exchange since June 26, 2006, and is now one of the 100 largest listed companies in Switzerland.

VISION

We are committed to be the first choice manufacturer of reciprocating compressors. We guarantee a worldwide service network offering everything needed during a reciprocating compressor's life cycle.

MISSION

Our mission is to promote and safeguard Burckhardt Compression's sustainable development and growth. Sustainable means establishing and conducting business activities in such a way that all stakeholders benefit. At the heart of everything we do is the desire for continuous improvements in the reciprocating compressor business. We are focusing in particular on our services segment, the further expansion of our business with Process Gas Compressors and on the continued strengthening of the company's third main business activity, the compressor component business.

GUIDING PRINCIPLES

The "BC Code" sums up the basic principles of our corporate culture. We believe that our well-established corporate culture is the source of our competitiveness. The reputation enjoyed by Burckhardt Compression, and the trust bestowed upon us, largely depend on the integrity and conduct of each and every one of us. A fair and careful balance in our dealings with others is key – be it with employees, customers, shareholders, suppliers or other business partners. The management of Burckhardt Compression exemplifies the corporate culture in day-to-day business.

STRATEGY AND MID RANGE PLAN

Burckhardt Compression is one of the world's leading providers of reciprocating compressors operating in the areas of new machines, services (CSS) and compressor components. According to our own market research, our company has grown in recent years from the fourth to the second-largest supplier of reciprocating compressors. Our stated goal is to strengthen our strategic position in all three business segments during the coming years through organic growth as well as acquisitions while also maintaining our better-than-average profitability compared to the sector, thereby ensuring our financial independence.

This strategy, laid out in 2006, is being steadfastly pursued. The integration of the four acquisitions made during the past several years has gone well and their business performance has been positive, also in the currently adverse market environment. We were unable to conclude any new acquisitions during the 2010 fiscal year but we assume there will be some opportunities to acquire companies, in whole or part, during the next 12 to 24 months. In fiscal year 2011 we will review and revise the strategy and medium-term plans of our company and determine new medium-term goals.

MAIN APPLICATION AREAS

Natural gas transportation and storage
Demand for environmentally friendly natural gas as a fossil fuel will continue to increase over the long term. Well over 20% of total natural gas transport volumes traded worldwide is liquefied (abbreviated as LNG or Liquified Natural Gas) to economize on transportation costs as liquefaction reduces the volume of gas by a factor of 600. The LNG process chain consists of natural gas production and purification, liquefaction, ship loading, transportation and subsequent off-loading, storage, re-gasification and, ultimately, injection into a gas distribution grid. Burckhardt Compression offers unique, economical solutions for compressing and reliquifying boil-off gas and for recovering or storing natural gas and other hydrocarbons at land or offshore installations.

Refining
Refineries process crude oil into products such as gasoline, kerosene, diesel, liquefied petroleum gas as well as solvents and lubricants. Worldwide demand for these products will continue to grow over the long term. Additional factors having a positive impact on investment spending in the refining industry are more stringent environmental regulations, cost digression, plant expansion trends and the need to process both lower-quality grades of crude oil and, in technologically more enhanced processes, heavy petroleum by-products. For state-owned refineries, strategic issues regarding location and supply security are also of considerable importance. Burckhardt Compression offers Process Gas Compressors with the highest possible availability and lowest life cycle costs for all relevant oil refining processes using gas (mostly hydrocarbon gas/mixtures).

Petrochemical/Chemical industry
The production of a vast range of petrochemical and chemical products such as polyolefins (polymers), lacquers, synthetic rubbers, adhesives and dyes, solvents, paints, fertilizer, detergents or textiles entails, among other things, the processing of oil, natural gas and even coal as the primary input materials. Demand for petrochemical and chemical products, especially for polyolefins, will steadily increase worldwide over the long term. In this segment, too, the same factors are at play: achieving cost digression by replacing smaller scale plants with larger ones, establishing strategic production sites, and extending value-added chains in traditional oil-exporting countries. Burckhardt Compression markets several product lines with individual, reliable and benchmark-setting reciprocating compressor solutions for a broad spectrum of applications.

Industrial gases
Industrial gases such as argon, helium, carbon dioxide, carbon monoxide, oxygen, nitrogen and hydrogen are produced in air separation or hydrogen generation plants. The end market for industrial gases is quite broad, encompassing industries as diverse as metalworking and metallurgy, chemical companies, energy technology, food manufacturing, green technology, glass manufacturing, electronics, construction, rubber and plastics processing, and pharmaceutical companies. Burckhardt Compression's dependable compressors are used in a wide variety of applications to process industrial gases.

CUSTOMERS

The customers we serve include some of the largest companies in the world active in the oil and gas industry and in the industrial gas sector as well as a considerable number of engineering contractors that design and construct plants and industrial complexes for our end customers.

COMPRESSORS

Laby®-Labyrinth Piston Compressors

The Labyrinth Piston Compressor offers unrivaled reliability and availability thanks to its unique labyrinth sealing system on piston and piston rod gland, which enables oil-free and contact-free compression. The result is an extended MTBO (mean time between overhaul), which has a positive impact on reliability and operating cost. This prevents piston ring debris from contaminating the gas as well as friction-induced hot spots. The Laby® is designed to compress bone-dry, dirty, abrasive and other gases. The gastight casing reduces gas emissions and losses to the environment to zero. The Laby® compressor easily manages the compression of LNG boil-off gas at suction temperatures down to –170 °C (–250 F).

Laby®-GI Compressors

The Laby®-GI Compressor has a fully balanced design that eliminates unbalanced moments and forces, so it can be used on offshore vessels and installations. Strict guidelines for offshore applications regarding maximum allowable vibration levels on deck structures are observed. The Laby®-GI Compressor is mostly used for compression of LNG boil-off gas and it features the proven labyrinth sealing system, widely acknowledged for its extremely high reliability and unexcelled availability. The unique combination of labyrinth seal design and tried-and-tested ring seal technology makes Laby®-GI Compressors the solution of choice for both low-temperature and high-pressure applications. The proven technology is a guarantee for maximum efficiency and lowest life cycle cost. Depending on the operating conditions, Laby®-GI compressors can feature either a lubricated or non-lubricated compression.

Process Gas Compressors API 618

Process Gas Compressors built by Burckhardt Compression are synonymous for unrivalled availability and long operating times. An optimal sizing and the use of top quality compressor components ensure low operating and maintenance costs. The design and superb Swiss quality together with the robust construction translate into unexcelled reliability and ultralow life cycle costs. The Process Gas Compressor is built according to individual application specifications in accordance with the API 618 guidelines (5th Edition). Burckhardt Compression offers non-lubricated and lubricated Process Gas Compressors, horizontal and vertical. They are especially suited for high-pressure compression of hydrogen, hydrocarbon and corrosive gases.

Hyper Compressors

The Hyper Compressor is a high-pressure reciprocating compressor for low density polyethylene plants with a discharge pressure of up to 3'500 bar. Burckhardt Compression has established an outstanding track record with more than 55 years of experience in building Hyper Compressors. These compressors are distinguished by a long operational life and high safety standards, which can be traced to their unique construction design and Burckhardt Compression's global one-stop service.

The most powerful compressor in the world, driven by a 27'500 kW (36'900 HP) electric motor and compressing 160 tons of ethylene per hour to a discharge pressure up to 3'100 bar (45'000 psi), was built by Burckhardt Compression in 2007.

CUSTOMER SUPPORT SERVICE

Burckhardt Compression's Customer Support Service (CSS) is a competent, comprehensive provider of a full range of services for reciprocating compressors. Various, complementary service modules are offered for all reciprocating compressors. Original spare parts backed by Burckhardt Compression's manufacturing guarantees stand for superior quality and ensure both low life cycle costs as well as the optimal operation of compressor systems. In the service arena, Burckhardt Compression differentiates itself from other manufacturers and service providers by offering comprehensive, in-house expertise. Internal specialists for every technical field supported by our own custom-built, cutting-edge software tools, with which reciprocating compressors of other manufacturers can be modeled, calculated and optimized, are very proficient in resolving even highly complex technical problems cost-effectively and efficiently. A highly motivated team implements retrofitting projects to the complete satisfaction of customers and can prolong the operating life of older compressors by retrofitting them with latest technology.

COMPRESSOR COMPONENTS

Reliability, availability and cost-effectiveness are crucial for companies operating reciprocating compressors. Predective maintenance and service using state-of-the-art diagnostic systems is necessary to optimize these three factors. High quality compressor components tailored to the system-specific requirements are equally important.

The compressor components are subject to wear and tear, which often means service intervals, and hence the operational availability and, ultimately, the overall life cycle costs of reciprocating compressors, are largely determined by these parts. Burckhardt Compression is steadfastly expanding its compressor components activities. Together with its full range of services, this strategy offers promising potential for repeat orders from operators of reciprocating compressors.

Condition monitoring and diagnostic systems for reciprocating compressors are valuable instruments for enhancing operating safety, prolonging servicing intervals, ensuring early diagnosis and avoiding equipment downtime and damage, as well as for optimizing operating parameters. Furthermore, these systems allow customers to monitor compressors at different sites simultaneously with fewer specialists. The diagnostic systems made by our subsidiary PROGNOST Systems GmbH are equipped with cutting-edge technology and boast an impressive list of reference projects commissioned by international leaders in the oil, gas and chemicals industries.

PRODUCT DEVELOPMENT AND INNOVATION

Systematic product development and management serves to strengthen our competitive position and optimally address new applications for reciprocating compressors by providing customer-oriented solutions. Burckhardt Compression's prime objective is to develop reciprocating compressors and components with the lowest life cycle costs and to extend its technology leadership in the market for reciprocating compressors. Quality, technology, materials and design specifications are all geared to provide high operational reliability, long service intervals and easy maintenance – the overall aim being to achieve the lowest possible operating costs.

Burckhardt Compression's product development activities have been guided by a stage-gate process for a number of years. This process is first applied in the idea generation and screening phase and continues during the initial evaluation of product viability and market attractiveness followed by the elaboration of product performance specifications, market analysis and then the actual development and subsequent launch of the product. After a product has been successfully developed and placed into operation, a concluding review of the development project is conducted. All milestones in the stage-gate process must be presented to and accepted by the "Innovation Review Team", which is headed by members of the Executive Board.

RELIABILITY

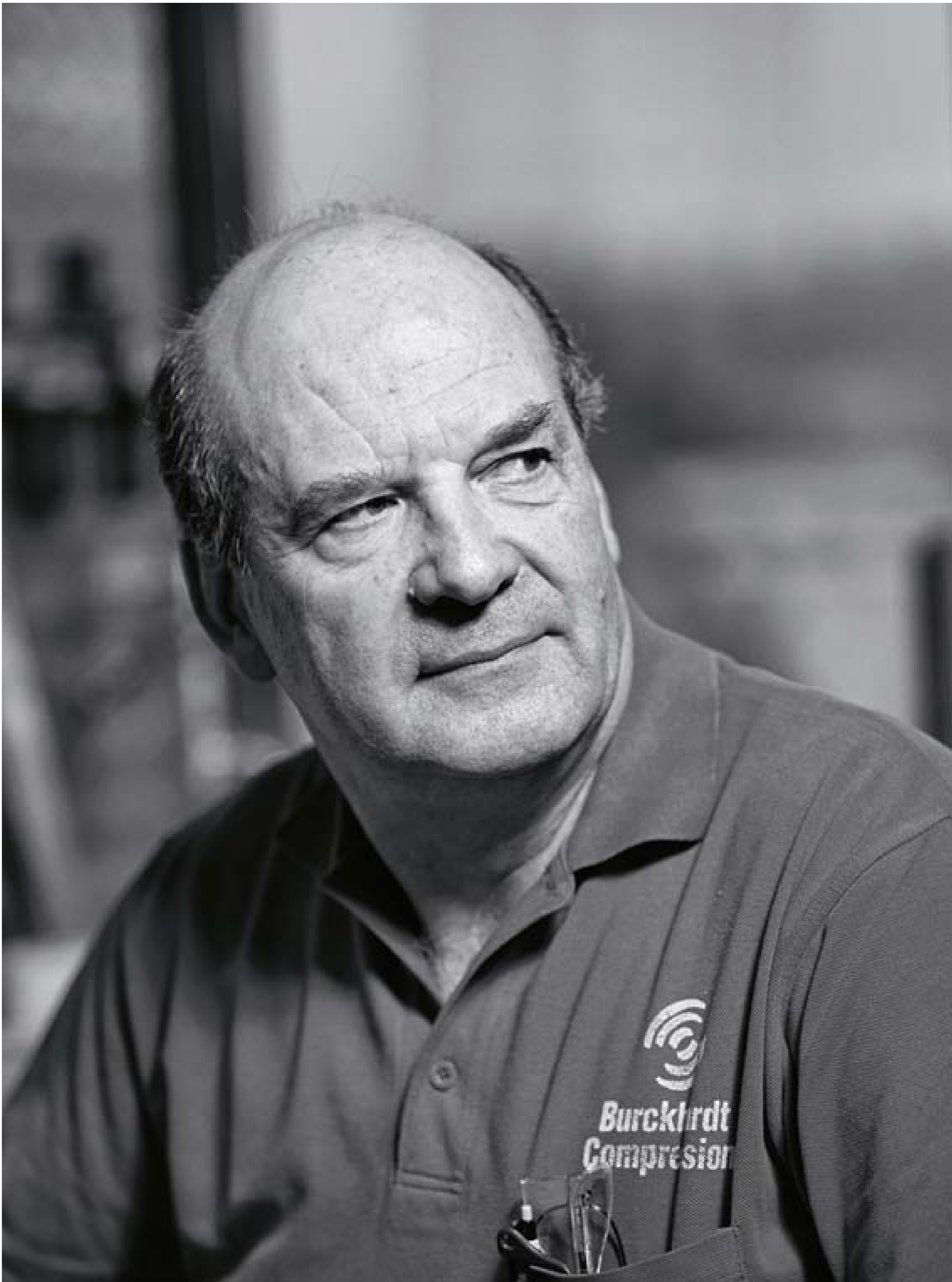
IT, SWITZERLAND

Michael Schultheiss is gaining insights into the vast complexity of company-wide IT projects during his apprenticeship. His dedication helps Burckhardt Compression provide highly reliable IT-driven business processes.

RESPONSIBILITY

CONTRACTING, SWITZERLAND

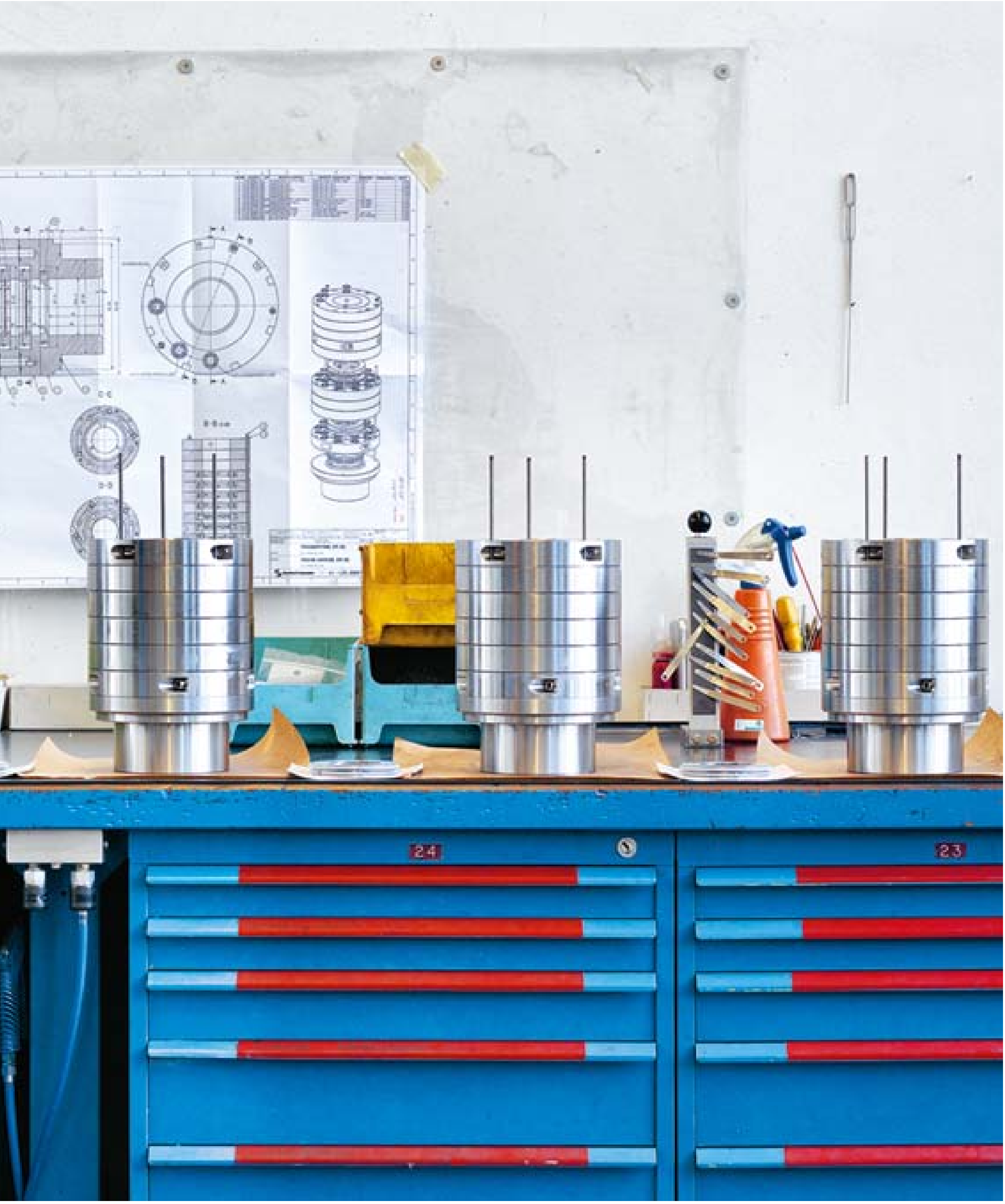
As a project manager, Rahel Schneider's job is to make sure everything runs smoothly. She works very closely with customers from the time an order is placed until everything is successfully installed, commissioned and accepted. Rahel Schneider ensures that compressor systems are installed as specified and within schedule.



EXPERIENCE

MANUFACTURING, SWITZERLAND

Armin Waltisperg is a module assembly & fitter specialist. The high reliability, availability and value-for-money of our reciprocating compressor systems would not be possible without precise and meticulous craftsmanship of every component. Armin Waltisperg's machining skills are one reason why the life cycle costs of our products can be kept low.



PROBLEM SOLVER

CUSTOMER SUPPORT SERVICE, UNITED ARAB EMIRATES

Beat Jäggi heads our new subsidiary in Dubai with its own service center to better serve our customers in the Middle East. With 23 years of experience at Burckhardt Compression, Beat Jäggi ensures that complex service projects are executed to the utmost satisfaction of our customers.

REVIEW OF THE FISCAL YEAR 2010

FINANCIALS

Improved market environment

The general business environment in the markets relevant to Burckhardt Compression improved during the reporting period. New orders received in the first half of the reporting year showed a pleasing uptrend and incoming orders continued to grow in the second half of the year, resulting in a 20.6% increase versus the first-half level. Looking back, it appears incoming orders passed the low point during the second half of fiscal 2009. The vast uncertainty that prevailed throughout much of the previous year has given way to greater optimism. Demand for the products our customers produce has increased substantially. This has resulted in a demand overhang in several areas of the market and in some cases driven up the prices of the products our customers offer. The sharp upturn in the price of crude oil had an additional stimulative effect on demand for our products. In contrast to previous years, visibility is still very limited. In the new machines business, it is about six months.

Noticeable increase in order intake

Order intake increased considerably compared to the year-ago level, rising to CHF 362.5 mn, which marks the fourth-highest order inflow in the history of our company. This number topped the prior-year figure by CHF 76.6 mn or 26.8%, which corresponds to a book-to-bill ratio of just over one. The significant appreciation in the value of the Swiss franc versus most other currencies had a clearly negative impact on reported order intake. Order inflow rose at all three business areas.

Orders received in the new machine business were up a gratifying 37.7%, clearly reflecting the trend reversal in our late-cyclical new machines business. The strong order momentum in the service business (CSS) in the first half of the year normalized in the following six months, resulting in solid growth of 5.7% for the year as a whole. New orders for compressor components were also strong, up by 28.7% from the year-ago level.

Higher sales, lower profitability

Full-year sales increased by CHF 12.5 mn or 3.6%, to CHF 355.6 mn. At constant exchange rates, sales were higher, namely CHF 15.4 mn, an increase of 4.5%. Gross profit declined by CHF 11.3 mn during the year under review, bringing the gross profit margin to 32.5%. The lower margin (down from 37.0% in the previous fiscal year) can be traced to a considerably lower gross margin in the new machine business, for which there are three main reasons. First, unlike in the previous year, the actual purchase costs for sourced materials did not benefit to the same extent from favorable conditions on the supply markets. Second, utilization rates at our production plants were low over the year as a whole. And third due to the large fluctuations in exchange rates during the course of the year, some of the gross profit generated got shifted into other operating income.

Administrative and selling expenses rose by CHF 2.8 mn or 6.1% year on year. The additional expenses were incurred in conjunction with our initiative to expand our service and compressor component activities.

Because of the decline in gross profit, operating profit was likewise lower, declining by 17.1% or CHF 12.7 mn from the prior-year level. This lowered the operating profit margin to 17.3% (21.6% in the previous year). Profit for the period amounted to CHF 45.1 mn (previous year CHF 56.0 mn), but considering the difficult market environment, Burckhardt Compression's profitability was still considerably high. Earnings per share amounted to CHF 13.56 (previous year CHF 16.68).

Adverse currency situation

Burckhardt Compression has decades of experience in coping with an ever-stronger Swiss franc or rather an ever-weaker US dollar or euro. Thanks to the company's high innovation rate, productivity gains and increased sourcing in foreign countries (natural hedge) as well as the generally low rate of inflation in Switzerland, we have managed to retain a sharp competitive edge even though a large percentage of our value added is generated in Switzerland and despite the unfavorable exchange rate movements. Nevertheless, the sudden and sharp movements on the currency front during the past fiscal year did leave a mark on our financial statements for the year. Despite our extensive efforts to mitigate the situation, we were unable to completely offset the impact of the tremendous appreciation in the value of the Swiss franc versus the euro and the US dollar.

The best protection against a sudden sharp appreciation of the Swiss franc is and remains above-average profitability.

The best protection against a sudden sharp appreciation of the Swiss franc is and remains above-average profitability. This is the only way of resisting the temptation of resorting to imprudent measures in response to short-term problems which could ultimately lead to more lasting damage in the long run.

Strong balance sheet

Total balance sheet assets at the end of the reporting year amounted to CHF 502.4 mn, an increase of 6.9% from the previous fiscal year. Burckhardt Compression's capital base has been further strengthened and the company's equity ratio rose to CHF 258.0 mn or a solid 51.3% of the balance sheet total as of March 31, 2011. Holdings of cash and cash equivalents grew as well and stood at CHF 149.1 mn at the end of the reporting year (previous year: CHF 119.3 mn). In addition to the cash holdings, the company has 75'317 treasury shares acquired through the share buyback program, which had an aggregate stock-market value at year-end of CHF 21.8 mn.

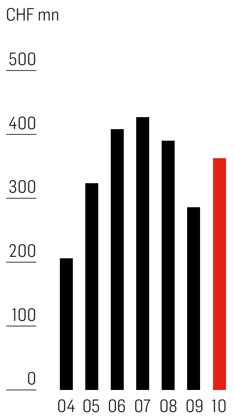
Recruiting personnel where markets are growing

The number of employees rose by 26 to 917 full-time equivalents during the reporting year. Most of these jobs were created in countries where market growth has been high. At the end of March 464 employees (50.6%) were based in Switzerland, 279 (30.4%) in BRIC countries and 174 (19.0%) in other countries.

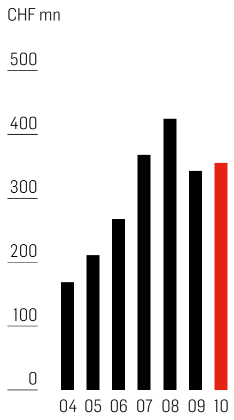
Completion of share buyback program

Burckhardt Compression concluded its share buyback program on December 16, 2010. It had begun on December 15, 2008 and was extended for one year in December 2009. A total of 75'317 shares were repurchased, which corresponds to 2.2% of the company's share capital. The original goal of the program – setting aside approximately CHF 20 mn for acquisitions in the form of shares – was thus achieved. The repurchased shares held by the company may be used by the Board of Directors to finance acquisitions.

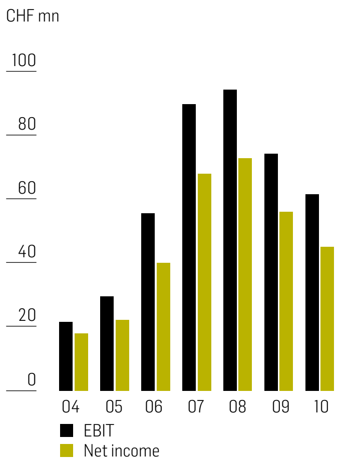
ORDER INTAKE



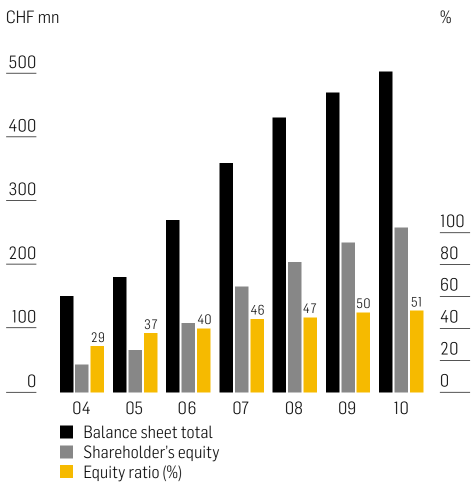
SALES



EBIT AND NET INCOME



EQUITY RATIO



MARKETS

Pleasing increase in orders received for new machines

After declining in each of the two preceding years, orders received for new machines during the reporting period were sharply higher as demand picked up again. Order intake rose by 37.7% to CHF 235.9 mn. While this figure is still 24% below the record high set in fiscal 2007, it is a clear sign that the market situation has certainly improved over the course of the past 12 months.

Burckhardt Compression addresses the following application areas:

– Gas transport and storage
– Refinery
– Petrochemical/Chemical industry
– Industrial gases

Gas transport and storage

Global demand for natural gas declined considerably in 2009 in the wake of the global economic crisis. Looking at the individual regions, however, there were some notable deviations to the global trend. Industry experts expect that the level of demand from OECD members recorded in 2008 will not be re-attained until 2012, albeit with regional variations as before. It is assumed that North America and the Pacific region will be able to partially offset the slack demand from Europe. On the other hand, the supply-side capacity for liquefying natural gas is projected to grow by approx. 50% between 2009 and 2013. Compounding this situation is an unexpectedly large supply of shale gas, which, for example, has drastically lowered North American demand for gas imports.

However, it is only a matter of time before demand exceeds supply again. This shift will be driven by newly industrialized countries with a large need for energy – India and China are two prime examples here – and by the intensified global discussion on the long-term substitution of nuclear power with alternative sources of energy. In the near-term future, the oversupply of natural gas is an inhibiting factor that will have a rippling effect within the value chain of interregional gas transport. Conversely, the longer-term plans of government-owned enterprises as well as of oil and gas multinationals are pointing towards the exploitation of new resources and the construction of new offshore drilling and production infrastructure.

Highlights of the reporting year after the somewhat uneventful previous year were several larger sized orders for Laby® Compressors for liquefied petroleum gas (LPG) carriers. We were pleased to take orders for Laby® Compressors for LNG import terminals from customers in China, Singapore and Holland. Furthermore, orders for ethylene BOG applications were placed by Chinese customers. Order volumes for new machines at our India-based subsidiary offering compressed natural gas and natural gas solutions for vehicles (CNG/NGV) were subdued during the reporting period.

The successful commissioning and certification of the first Laby®-GI compressor system marks another highlight of the past year. This system is installed on the "Golar Freeze", a floating gas storage vessel with an integrated regasification unit (FSRU or Floating Storage and Regasification Unit). "Golar Freeze" is a LNG tanker that has been converted into a floating LNG import terminal and the flexible compressor system required had to be engineered with a compact footprint and minimal vibration levels because of the limited deck space and sensitive deck structures. The Laby®-GI Compressor has a fully balanced design and can compress BOG at suction temperatures as low as –170 °C (–250 F). Its robust construction, flexible operation and high reliability make the Laby®-GI Compressor eminently suitable for this application. This initial reference project is likely to ripple across the offshore segment, with positive ramifications leading to further offshore applications.

Refinery

Business conditions in the refinery segment were generally favorable during the period under review. Global demand for crude oil increased by 2.5 mn barrels of oil a day compared to 2009 and oil prices stayed above the US dollar 70 mark. Investments in production facilities were largely concentrated in regions where energy needs are growing rapidly and in oil-producing areas where crude is processed into intermediate or end products in an effort to enhance their own value chains. These regions include Asia, the Middle East and South America and, to a lesser extent, Eastern Europe. Investment activity in Western Europe and North America remained weak. Other drivers in this business are new installations and expansions of existing installations with the objective of producing end products that meet stricter environmental standards.

Burckhardt Compression was pleased with the order inflow in this application area. Highlights were orders for various refineries in Eastern Europe, Asia and South America.

Petrochemical/Chemical industry

After experiencing a difficult market environment in the petrochemical/chemical industry in the previous year, worldwide demand for polyolefins increased by 6.8% during the reporting year. Although demand in Western Europe showed a positive development and a recovery was also discernible in North America, these regions were unable to match the growth in demand from Asia. This is contrasted by rapidly growing supply, primarily from the Middle East region, which could lead to an oversupply of standard products in the near to medium term. Having recognized this potential trend, large corporations are also investing in new facilities for producing specialties, which offer them higher margins as well as the possibility of establishing a foothold in interesting niche markets. Business activity in the chemicals industry varied considerably, depending on the state of the end markets targeted by the various end products.

During the past year this business area developed very positively for Burckhardt Compression. The top highlight of the year was the LDPE business (Low Density Polyethylene), where Burckhardt Compression was pleased to take in numerous orders and further strengthen its status as world market leader. Of particular mention is an order placed by IPC (Sipchem) in Saudi Arabia. Thanks to its cutting-edge technology and its many reference projects of a similar scale that have an outstanding track record in terms of reliability, availability and safety over many decades, Burckhardt Compression was also entrusted for the first time with a project using process technology licensed through ExxonMobil Chemical Technology Licensing LLC. This contract win can be viewed as a veritable breakthrough in this field. Also worth highlighting are the various orders for Laby® Compressors for polypropylene production plants in emerging markets.

Industrial gases

Although the markets for industrial gases recovered during the period under review, the industry was reluctant to invest in new production plants and equipment, or then the plants being built were not equipped with reciprocating compressors. To some extent, prices for air separation systems were under so much pressure that suppliers opted for lower quality equipment.

Among the highlights for Burckhardt Compression in this segment were Laby® Compressors for oxygen and carbon monoxide applications in China.

Further progress in expanding the service business (CSS)

Order intake in the service business added up to CHF 96.1 mn over the period under review, an increase of CHF 5.2 mn or 5.7% from the previous year. It was obvious that the installations of our customers were operating at higher utilization rates. This trend boosted the spare parts business in particular. In contrast to pre-crisis years, customers now tend to place many smaller orders for replacement parts, rather than submitting a fewer number of large orders at less frequent intervals like before, so they can respond more rapidly to any negative developments in market demand. The internal changes made to our service organization in 2009, thanks to which it can quickly and competently execute complex customer projects relating to compressor engineering, repair, overhaul and performance enhancement (for both our own and other brand compressors), have paid off. Burckhardt Compression was proud to again book a number of larger orders in this segment.

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Surge in business with compressor components

Order intake in the compressor components business staged a strong recovery during the year under review, climbing by CHF 6.8 mn or 28.7% to CHF 30.5 mn. All three activities (compressor monitoring and diagnostics, valves and sealing elements) experienced an improvement in business volumes.

The initial market success of PROGNOST®-SILver upon its launch in 2009 was confirmed during the past year. The world's first SIL-certified industrial machine protection has a hardware-based safety shutdown feature for reciprocating compressors. PROGNOST reported clearly higher business volumes in the wake of the improving market environment.

Growth in the compressor valve business continues unabated. Several strategically important contracts were placed and a large number of new customers were acquired.

Business with sealing elements was also brisk, indicating a solid recovery from the downturn in the previous year.

CAPACITY

In the autumn of 2009 initial steps were taken to establish our own sales and service company in Dubai, to serve the entire Middle East region. This new location commenced operations in the first quarter of the year under review. The move of our French and Italian service and compressor components businesses to larger sites was completed during the reporting period. Construction work on a new office building at our plant in Pune (India) that will help us expand its business flow began during the past year. Production lines in Winterthur and Pune were modernized and expanded with the installation of latest generation manufacturing equipment.

RESEARCH AND DEVELOPMENT

Market launch of extended Process Gas Compressor product line

Two Process Gas Compressors API 618 were launched at the end of September 2010 that significantly enhanced this successful product line in the top performance category. Powered by up to 31 MW (42'000 HP), this latest edition to Burckhardt Compression's line of Process Gas Compressors enables it to meet all current and foreseeable specifications for large-scale systems for processing hydrocarbons. As the global leader for Hyper Compressors for high-pressure applications and the manufacturer of the most powerful compressor system in the world, Burckhardt Compression has extensive experience in developing dependable and durable large-scale compressors with ultra-low life cycle costs. Customer interest in the extended line of products has been encouragingly high. The increase in the range of performance will help Burckhardt Compression to strengthen and expand its market position in the refinery and petrochemicals application areas.

Successful presentation of R&D project to develop a step-less flow control system for reciprocating compressors

At the 7th annual conference of the Europe Forum of Reciprocating Compressors (EFRC) in Florence, Burckhardt Compression presented its project for developing a step-less flow control system for reciprocating compressors. Step-less flow control offers various process control advantages and significant energy savings compared to conventional control systems.

In a presentation by Burckhardt Compression specialists, a new solution for step-less flow control was unveiled and compared to the standard methods and solutions in use today. This comparison produced convincing arguments in favor of Burckhardt Compression's approach with regard to controllability, energy consumption and reliability. This new initiative from Burckhardt Compression consequently attracted considerable attention from industry specialists and the operators of such compressor systems.

Expanded reciprocating compressor testing facility for R&D purposes

The new reciprocating compressor testing facility used by our research and development staff was inaugurated at the end of the fiscal year. It houses four compressors that compress air, nitrogen or hydrocarbons at pressures of up to 220 bar (3'200 psi). All compressors can be operated continuously and are ideal for comprehensive test runs with new products. Thanks to the wide array of instruments, physical processes can be analyzed in detail. This enables continual optimization of individual compressor components such as sealing elements in packings or valves and allows Burckhardt Compression to maintain and extend its technology leadership.

Energetic aspects were also taken into consideration. For example, the compressed air from the test compressors can be injected into the surrounding compressed air supply network and the waste heat from the compressors and gas coolers is used during winter months to heat the assembly hall.

THE BURCKHARDT COMPRESSION BRAND

Burckhardt Compression and its umbrella brand Burckhardt stand for innovation and leading reciprocating compressor technology. The brand image is supported by technology which is distinguished by lowest life cycle costs, Burckhardt Compression's globally recognized specialists in the various technical fields with outstanding problem-solving competencies and an unyielding commitment to premium Swiss quality – be it in new machines, compressor components or customer support services. Our collaboration with external and internal customers is dedicated, solutions-oriented and distinguished by genuine enthusiasm for our reciprocating compressors, which is plain to see in the execution of all our products solutions and services.

Burckhardt Compression and its umbrella brand Burckhardt stand for innovation and leading reciprocating compressor technology.

The umbrella brand Burckhardt and the corresponding graphic mark in the form of the red-blue, stylized compressor valve plate have been internationally registered for many years. Burckhardt Compression's brand and patent attorneys will vigorously and steadfastly defend the company against any imitations, counterfeiting or patent infringements. There are clear rules governing the use of Burckhardt Compression brands and their perception is developed and promoted through active usage in our corporate and marketing communication activities.

SUSTAINABILITY

COMMITMENT AND LEADERSHIP

Burckhardt Compression's industrial commitment to the economy, society and the environment is long-term. Our aim is to create the framework for continuing the company's 167-year history of success on all levels. This can only be achieved if a balance is found between the different and sometimes opposing interests of the individual stakeholders.

We are committed to transparency. Only by knowing exactly where things stand appropriate goals can be set and the right measures initiated to achieve them. A corresponding controlling ensures the achievement of these goals.

ECONOMIC SUSTAINABILITY

Objective
Our company's primary objective is to achieve our financial goals, failure to meet these goals could have a profound impact on the future of our company. The continued existence of Burckhardt Compression over the long term is ensured only if we manage to achieve financial results that at least average those of our direct competitors.

Investors
We maintain an open and transparent dialogue with our investors and interested parties. The aim of our Investor Relations is to accurately portray our company, in order to enable a fair valuation of the Burckhardt Compression stock.

Our Investor Relations are evaluated by independent bodies and regularly receive good ratings. In a 2010 survey carried out by zCapital, an independent asset manager, our company's Corporate Governance ranked 37 out of the 130 swiss companies assessed. The renowned Swiss business newspaper "Finanz und Wirtschaft" currently rates our Investor Relations and transparency at A– (with A being the highest value). The Harbour Club, who in cooperation with the business magazine "Bilanz" evaluates the annual reports of Swiss companies, ranked the design part of our annual report for the 2009 fiscal year 100 out of the 231 annual reports evaluated.

Customers
Burckhardt Compression is geared towards long-term customer relations. The average lifetime of our compressors averages 30–50 years. Following the project phase, we provide our customers with the necessary services and components they need throughout the entire life cycle of our compressors. Our longest customer relationship, which still exists today, dates back to 1885, when we supplied BASF in Ludwigshafen with one of the first compressor ever built by our company.

The various activities of Burckhardt Compression also call for a variety of tools for measuring customer satisfaction. Here a distinction is made between direct and indirect key performance indicators, which are measured and evaluated. The evaluation of customer satisfaction is discussed in customer satisfaction and operation meetings, which are integrated in the management process. Following the drawn conlusions appropriate measures are introduced and implemented.

Competition
Lower life cycle costs distinguish us from our competitors in our sales markets. The investment required for our products is offset against significantly lower operating expenses over the entire product life cycle.

We are committed to fair competition, in which there is no room for price fixing, cartels or other activities that distort competition. We value our corporate and business know-how, especially our technical and commercial know-how, and are constantly safeguarding it against loss or unauthorized access.

Suppliers
A well-functioning supply chain ensures the development and manufacturing of our products. Burckhardt Compression buys its products from various global and regional suppliers. We cooperate closely with our suppliers as early as the development stage and aspire to establish long-lasting partnerships. We continuously apply the principles set out in the "BC Code" (Burckhardt Compression's Code of Conduct) in our dealings with our suppliers. We systematically test their suitability and annually assess their performance by means of visits and audits, and by measuring key performance indicators. The topic of procurement is an integral part of Burckhardt Compression's management cycle. Those responsible for procurement report regularly on key changes. Decisions are made together with management to ensure a smooth-running supply chain. Every year, we reward the best suppliers in the various categories to encourage them to achieve even more.

Continuous improvement

The quest for continuous improvement through Burckhardt Compression's executives and employees forms the foundations on which the company is based. Operational progress, which is reflected in above-average profitability, is fostered on the one hand by a structured improvement process for employees and executives and, on the other, through systematic application of operating methods and procedures. We consider our successful, constructive approach to interfaces, where the greatest potential for improvement can usually be found, as one of our company's core capabilities. While the focus of productivity improvement efforts in recent years was on production, it has now been gradually expanded to include engineering, sales and administration. Every year, the personal objectives of our executives and employees include implementing continuous improvement projects. These projects are implemented using methods developed by Burckhardt Compression and evaluated by executives.

Risk management

As one of the world's leading manufacturers of reciprocating compressors, Burckhardt Compression is exposed to a number of risks. We have developed a comprehensive risk management system for our companies and integrated it into our existing management process, with the aim of

- systematically identifying particular risks,
- establishing processes to monitor, reduce and, at best, prevent risks and
- find a balance between business risks and opportunities.

SOCIAL SUSTAINABILITY

Corporate culture

"We believe that a well-founded and sound corporate culture is a key factor, if not the original source, of a company's competitiveness. The reputation that precedes our company, and the trust bestowed upon us, depend to a great extent on the integrity and conduct of each and every one of us. A fair and careful balance in our dealings with others – be it with customers, suppliers, co-workers, shareholders or other business partners – is just as important as the sustainable conduct of our business." (extract from the "BC Code")

All employees are taught the values set out in our global Code of Conduct, the "BC Code". This helps us ensure that all employees are familiar with our corporate culture and act in accordance with our beliefs and values. Our executives in particular are expected to set an example, also when it comes to corporate culture, in their daily work.

HR policy

Only satisfied employees are willing to go that extra mile to meet the needs of our customers. That's why we are committed to a sustainable HR policy. We actively promote the right balance of employees in regards to gender and age. Loyalty and the ability to identify with the company are confirmed by the fact that the average number of years spent working for the company is 11 years.

Every other year, we participate in the biggest national survey of employees in Switzerland: In 2009, our employees voted us as one of the top 25 Swiss employers for the third time in a row. Burckhardt Compression came out top in the areas of management, corporate strategy, work content and customer focus. The main reason for participating in the employee survey is to obtain suggestions for further improvements and to check the success of the measures introduced earlier.

We have a responsibility to ensure the expertise of our employees and promote knowledge transfer. Our systematic employee introduction programs ensure that new employees are familiarized with their area of work and the corporate culture. Personal development is part of our annual appraisal and performance review of each employee and it is also financed by Burckhardt Compression.

Burckhardt Compression annually conducts an appraisal and performance review of each employee suited to the particular level of hierarchy, comprising personal development goals and suggestions for continuous improvements. Part of this system involves periodical reviews as to the status of the individual objectives and corresponding measures.

Our employees are regularly informed by their superiors, and quarterly by the CEO, about business developments and other aspects of the business. Additional information is provided by the staff magazine BC Xpress, which is written by employees for employees and distributed worldwide.

Promoting new talent and career development

We actively promote and support new talent at all levels. We are committed to the Swiss system of apprentice education. We are currently training 43 apprentices in six different trades. Apprentices with a good performance record are generally retained after their apprenticeship. All new vacancies at all levels are also advertised internally. Both external and internal candidates go through selection processes developed in-house. The systematic evaluation and development of the company's future managers, which we have practiced internally with success for many years, enabled us also during the course of the reporting year to fill various management vacancies with internal candidates. If there are no suitable candidates available in-house to succeed or replace an executive, we are in a position to recruit very good external candidates, not least due to our company profile and image. Due to retirement, the management of the subsidiaries in Japan and Canada were replaced in the reporting year.

We are currently training 43 apprentices in six different trades.

Occupational health and safety

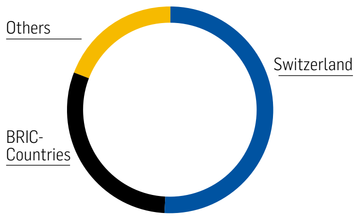
Safety at work is very important to Burckhardt Compression. We believe it is important that all employees are informed of the risks involved in their work and aware of the accident prevention measures. Regular training is provided on the topic of safety at work. Work safety audits and safety inspections are carried out annually by external professionals and the findings are implemented accordingly. The number of days' absent from work, caused by occupational accidents in Winterthur, have risen to 378 days over the past three years. We have therefore launched an initiative including various measures to at least halve the number of days' absent from work in 2011.

The health and general well-being of our employees are important to us. Physical and mental health is closely linked to performance. An extensive range of physical activities, preventative measures and measures on specific topics help to improve employee satisfaction, health and motivation, and reduce absences. We were able to systematically reduce the overall number of days' absent from work per employee in recent years to 7.8 days in the 2010 calendar year. Our aim is to bring this down below 6.0 days.

EMPLOYEES WORLDWIDE

GEOGRAPHIC BREAKDOWN OF THE WORKFORCE, 2010

100% = 917



Social environment

We are well-established in our social environment. We actively cooperate with citizens and the authorities at all locations. Our company supports employees who are committed to doing good for the community. Therefore, we support the engagement of our executives and employees in political and charitable aspirations with the aim of alleviating problems facing society. To strengthen local social networks, we run programs in Switzerland and India with which we support local, social and cultural projects. In doing so, we specifically encourage our employees to become personally involved in such projects.

ENVIRONMENTAL SUSTAINABILITY

"We are a company that cares about the environment and that strongly supports responsible and prudent consumption of energy and our planet's finite natural resources. By exercising foresight and prudence, we help to minimize the use of energy, water and chemicals of all kinds while addressing the issue of harmful emissions" ("BC Code").

Innovation

Environmental protection starts with product design and development. Here, the focus is on sustainable and efficient development, taking into account the entire life cycle of a product. Whenever it makes sense, our customers are included early on in the development stage of new products, in order to find joint innovative solutions and verify ideas.

Environmental protection starts with product design and development.

Lower life cycle costs distinguish Burckhardt Compression from the competition in its sales markets. We make a conscious effort to lengthen servicing intervals. We set great store by this when developing our compressors and use compressor components – wherever possible, from our own product portfolio – to optimize maintenance cycles. "Compressors for a Lifetime" is not just a saying but the philosophy we live by. Around 75% of the compressors we have manufactured since 1883 are still in use.

Products

Highly functional products enable our compressor systems to run optimally. The following newly developed products and solutions promise to offer customers greater benefits while improving our environmental footprint:

- Laby®-GI: The ME-GI diesel propulsion system for LNG tankers, designed by MAN Diesel can also run on environmentally friendly natural gas. The Laby®-GI fuel gas compressors by Burckhardt Compression compress the boil-off gas from the tanks before injecting it directly into the diesel engine. This economical and environmentally friendly type of propulsion significantly reduces CO_2 and SO_x emissions when vessels run on natural gas.
- Process Gas Compressors: In FY 2010, Burckhardt Compression expanded its range of compressors to include Process Gas Compressors, which cover applications with rod loads of up to 1'500 kN (335'000 lbs). These compressors are used specifically for the desulphurization of fuels.
- PROGNOST®-SILver: Systems for monitoring and diagnosing the condition of reciprocating compressors are key tools for increasing operational safety, lengthening service intervals and preventing damage. In 2008, PROGNOST launched PROGNOST®-SILver onto the market. The world's first SIL-certified industrial machine protection has a hardware-based safety shutdown feature for reciprocating compressors.

Procurement

We draw on the experience of our suppliers to help us continuously improve our products. As our suppliers are largely responsible for value creation, we place the same high demands on them as we do on ourselves. They are part of our environmental and quality policy. Checks are made on site or when goods arrive to ensure adherence to specifications and verified by checking the required audit reports.

Production and logistics

As part of transferring knowledge and production know-how between our various production and engineering centers, we are also transferring safe, efficient and environmentally friendly production and engineering processes. Thanks to our improvement project "PULL@BCA", we are able to optimize internal logistics processes and transportation. We are also able to cut transportation with consolidated transports to individual Group companies and container consolidations. Thanks to more local manufacturing operations, we are now closer to our customers and are therefore able to shorten transport routes.

Buildings and fixtures

The energy needed to heat the offices and production areas in Winterthur comes from the heating generated by a neighboring waste incineration plant. In converting the company premises acquired in 2009 in Winterthur, we put great emphasis to aspects of environmental protection and energy efficiency. For example when replacing the compressed air station in 2010 for the whole complex, we were able to considerably reduce energy consumption while increasing performance.

Over the last few years, our machine tool equipment has been almost completely renewed. The new machinery is much more powerful yet uses much less energy.

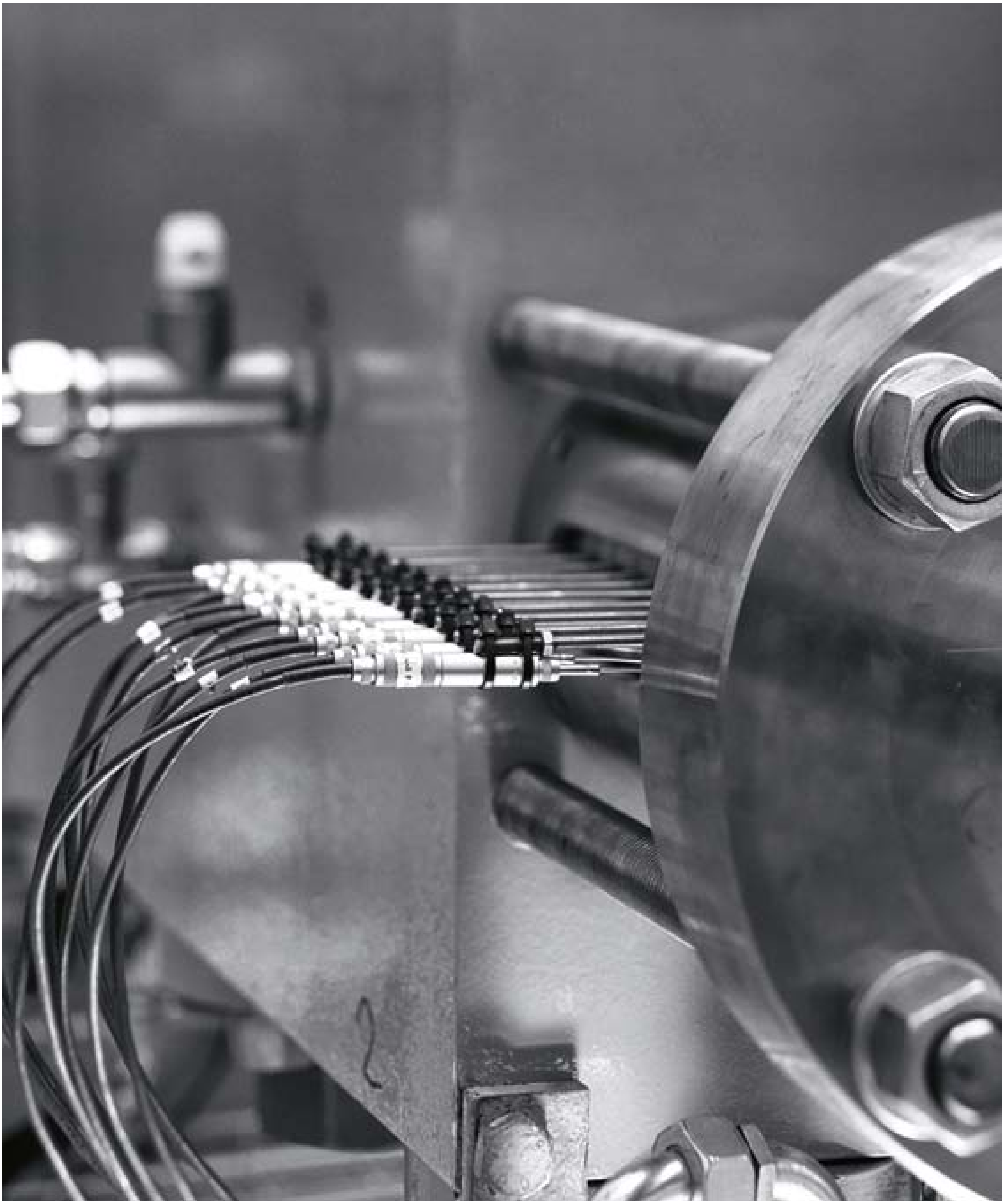
Recycling and waste disposal

We dispose of our waste in such a way that as much as possible is recycled and as little as possible is wasted. The aim of our internal collection points is to ensure that employees sort and dispose of their waste in the correct manner. By implementing such measures, most of our waste can be recycled. The rest is sent to the neighboring waste incineration plant, where district heating is generated for warm water and room heating. Specialized companies are hired to recycle certain materials (e.g. metals), in order to ensure the materials are recycled in the appropriate and environmentally friendliest manner.

INNOVATION

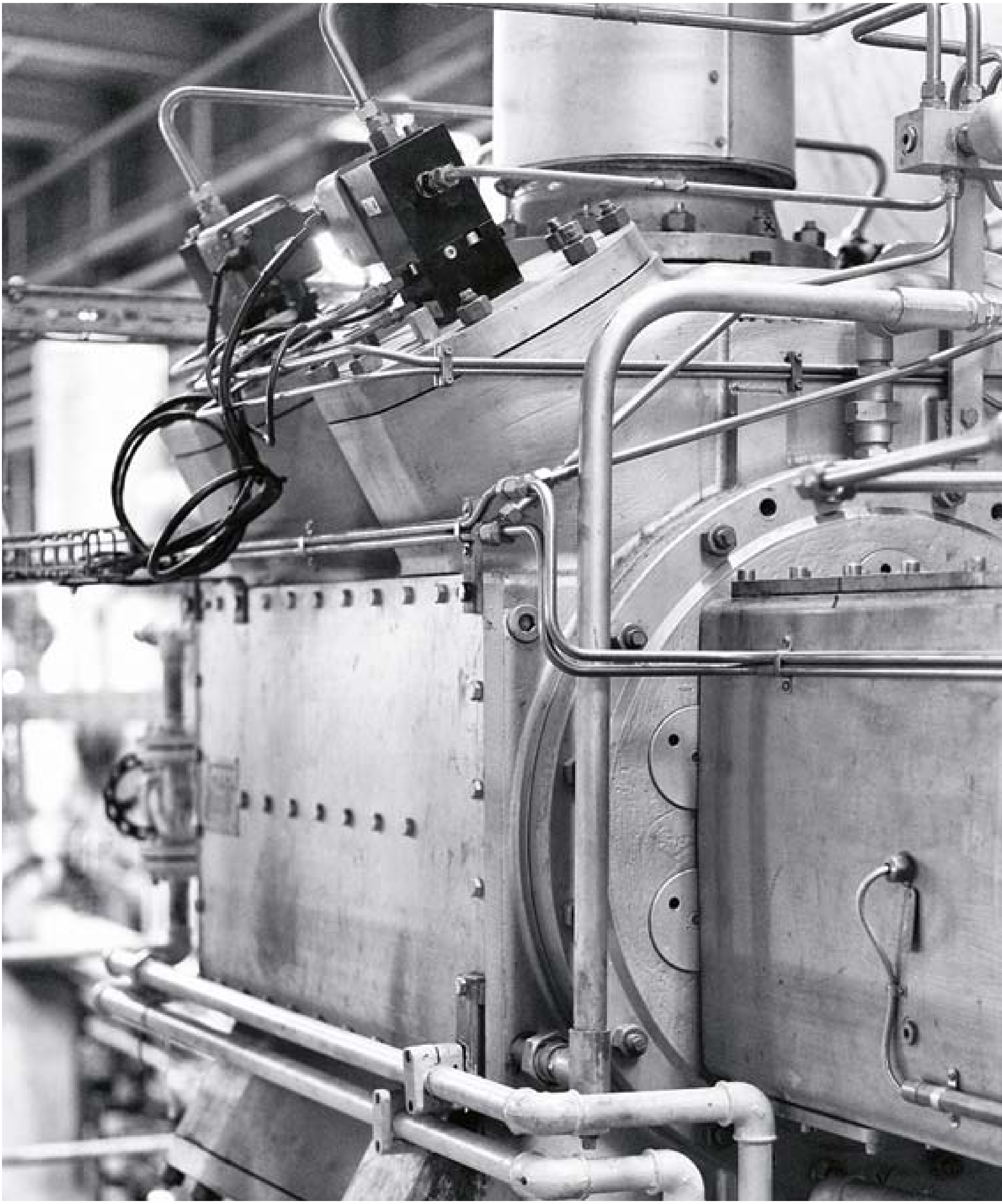
RESEARCH AND DEVELOPMENT, COMPRESSOR TESTING, SWITZERLAND

All new developed products undergo comprehensive testing at the reciprocating compressor testing facility in Winterthur. Compressor components and all component materials also undergo peak-performance endurance tests to continually optimize and improve compressor components and their performance.



SWISS QUALITY
INDUSTRIAL GAS FACILITY, GERMANY

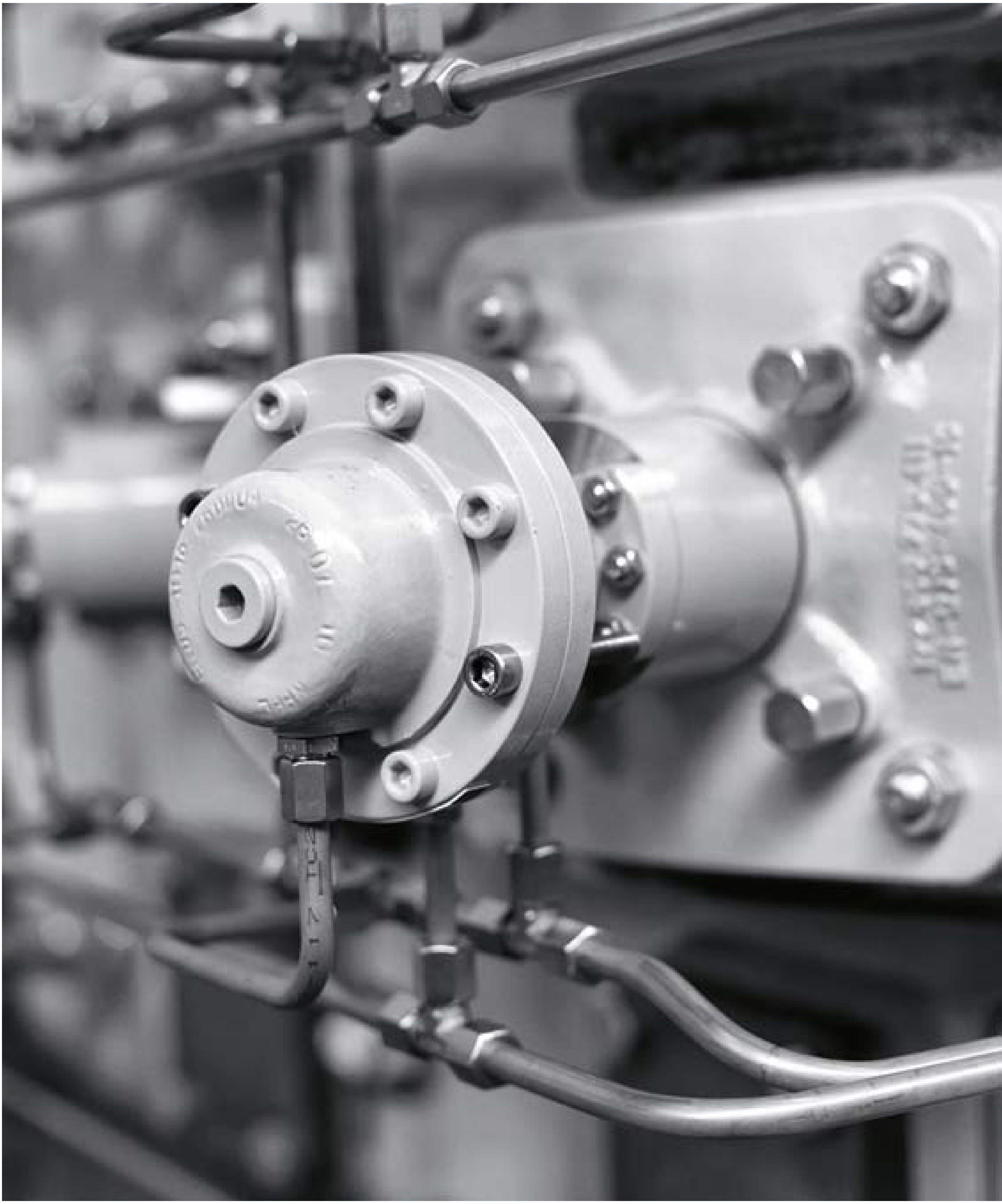
The smooth and efficient execution of every phase of every project, the use of top quality compressor components that are made in-house, and a comprehensive range of services are the reasons why Burckhardt Compression offers the lowest life cycle costs in the industry. Customers come to us to sharpen their competitive edge.



SAFETY

Laby® COMPRESSOR INSTALLATION, GERMANY

Safety is a top priority for operators of oxygen compression systems. The unique labyrinth sealing technology used in Burckhardt Compression's Laby® Compressors enables contact-less compression, which guarantees an outstanding safety standard. There are hundreds of Laby® Compressors in operation worldwide with an enviable safety record.



RELIABILITY AND ENDURANCE

LDPE PLANT, DOHA, QATAR

Burckhardt Compression is the world's leading manufacturer of Hyper Compressors. These high-pressure compressors are used to compress ethylene gas with a discharge pressure of up to 3'500 bar. Burckhardt Compression's Hyper Compressor represents the heart of this LPDE plant. Maximum safety, availability and reliability are guaranteed even after 15 years of operation.


١٠ كم/ساعة
10 Km/h

CORPORATE GOVERNANCE

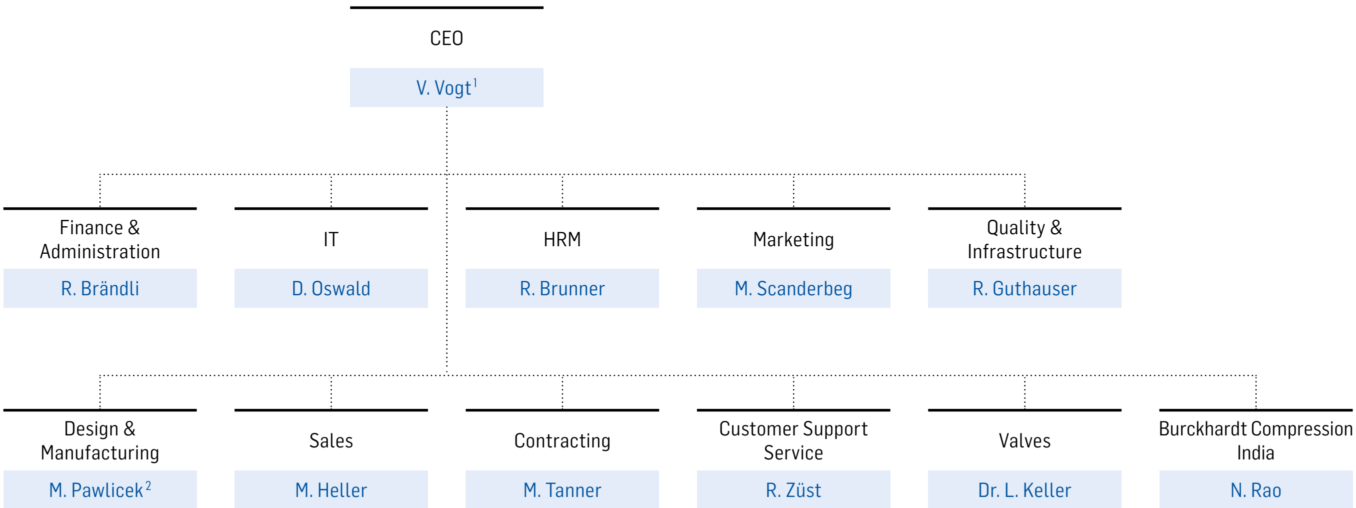
This report complies with the Directive on Corporate Governance (DCG) of the SIX Swiss Exchange, where applicable to Burckhardt Compression, and is set out using the according sequence and numbering. Unless otherwise noted, the information presented reflects the situation on March 31, 2011.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Management structure

The management structure of the Burckhardt Compression Group is given in the organizational chart below:



[1] as from April 1, 2011: Chairman of the Board of Directors of Burckhardt Compression Holding AG
[2] as from April 1, 2011: CEO of the Burckhardt Compression Group and ad interim Head of Design & Manufacturing

1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with legal domicile in Winterthur, is the only listed Group Company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2011 amounted to CHF 983.5 mn.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report under the section Investments as per March 31, 2011.

With the exception of Burckhardt Compression Holding AG, none of the companies included in the scope of consolidation hold any BCHN shares.

1.2. Significant shareholders

As per March 31, 2011 the following groups of shareholders were registered:

Shareholders	Number of shares	%
Individuals	847'373	25
Legal entities	683'822	20
Shares in the process of transfer	1'233'360	36
Other	554'007	17
Treasury shares	81'438	2
Total	**3'400'000**	**100**

According to information available to the company, the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2011:

Name	Country	% of shares
MBO Management Shareholders	Switzerland	14.8
TIAA-CREF Investment Management	USA	5.0
Allianz Global Investors	Germany	3.4
Royce & Associates, LLC	USA	3.1
UBS Fund Management (Switzerland) AG	Switzerland	3.0

More detailed information on the according disclosure notifications are available on the website of the Disclosure Office of the SIX Swiss Exchange Ltd. (http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html).

1.3. Cross-shareholdings

Burckhardt Compression Holding AG has no cross-shareholdings with any other company or group of companies.

2. CAPITAL STRUCTURE

2.1. Capital

The issued share capital of Burckhardt Compression Holding AG amounts to CHF 8'500'000, comprising 3'400'000 fully paid registered shares with a nominal value of CHF 2.50 each.

2.2. Authorized and conditional capital in particular

The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 4, 2011 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital). The date and amount of the issuance, the time of dividend entitlement and, if applicable, the type of contribution will be determined by the Board of Directors. Partial increases in capital are permitted.

The Board of Directors is authorized to exclude shareholders' subscription rights, in part or whole, in favor of third parties if the new shares are used to i) acquire companies through an exchange of shares or ii) to finance the purchase of companies in whole or part. The Board of Directors is also authorized to exclude subscription rights of shareholders if the newly created shares are issued by means of a public offering. Shares for which subscription rights have been granted but not exercised will be allotted by the Board of Directors at its own discretion.

Apart from that, Burckhardt Compression Holding AG has no further authorized capital and/or conditional capital.

2.3. Changes in capital

There has been no change in the share capital since 2002. There was a four-for-one share split before the IPO in June 2006.

2.4. Shares and participation certificates

Voting rights may only be exercised after the shareholder has been registered in the share register. All shares are entitled to full dividend rights. The voting right per shareholder is restricted to 5% of the total number of the registered shares recorded in the commercial register. This does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the Initial Public Offering (IPO). The voting rights of Burckhardt shares held by Burckhardt Compression Holding AG will be suspended. The company has not issued any participation certificates.

2.5. Dividend-right certificates

The company has not issued any dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

No person will be registered as a shareholder with voting rights in the share register for more than 5% of the registered share capital. This limitation applies also to persons who hold shares wholly or partly through nominee agreements. This limitation also applies if shares are acquired by exercising subscription, option or conversion rights.

Legal entities and partnerships which are linked by equity or voting rights, by sharing the same management or linked in some other way are counted as one entity. The same applies to individuals, legal entities or partnerships that combine their shareholdings for the purpose of circumventing registration limitations.

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that they are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status, and that the number of shares held by the nominee does not exceed 2% of the registered share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and holdings of the persons on whose account they hold 2% or more of the registered share capital. As of March 31, 2011, one nominee holding 17'921 shares had signed such a declaration; all shares held by this nominee have been entered in the share register with full voting rights.

2.7. Convertible bonds and options

The company does not have any outstanding convertible bonds and has not issued any option rights.

From left: Urs Fankhauser, Valentin Vogt, Hans Hess, Heinz Bachmann, Urs Leinhäuser

3. BOARD OF DIRECTORS

3.1. Members of the Board of Directors and
3.2. Other activities and vested interests

The articles of incorporation stipulate that the Board of Directors consists of a minimum of three and a maximum of seven members. At present, the composition of the Board of Directors is as follows:

Name	Nationality	Position	Year of first appointment	Elected until
Hans Hess	Swiss	Chairman, non-executive[1]	2006	2013
Heinz Bachmann	Swiss	Deputy Chairman, non-executive	2002	2012
Urs Fankhauser	Swiss	Member, non-executive	2006	2012
Urs Leinhäuser	Swiss	Member, non-executive	2007	2012
Valentin Vogt	Swiss	CEO, executive member[2]	2002	2013

[1] as from April 1, 2011: Member, non-executive
[2] as from April 1, 2011: Chairman, non-executive

None of the non-executive board members was a member of the Executive Board of a Burckhardt Compression Group company. V. Vogt, who has been nominated to serve as non-executive Chairman of the Board of Directors with effect from April 1, 2011, was in charge as CEO of the Burckhardt Compression Group from the year 2000 until the end of fiscal year 2010. None of the members of the Board has material business relationships with a Burckhardt Compression Group company.

Personal details and other activities and vested interests of the individual members of the Board of Directors are as follows:

HANS HESS (1955)

Education:
Masters degree in Materials Science & Engineering, ETH Zurich, Switzerland, MBA University of Southern California, USA

Professional background:
Since 2006 self-employed, Hanesco AG, Switzerland
1996–2005 Chairman of the Board and CEO, Leica Geosystems AG, Switzerland
1993–1996 President, Leica Optronics Group, Switzerland
1989–1993 Vice President, Leica Microscopy Group, Switzerland
1983–1988 Head of Polyurethane Division, Huber & Suhner AG, Switzerland
1981–1983 Development Engineer, Sulzer AG, Switzerland

Other activities and commitments:
- Chairman of the Board, COMET Holding AG, Switzerland
- Chairman of the Board, Reichle & DeMassari AG, Switzerland
- Board member, Schaffner Holding AG, Switzerland
- Chairman Swissmem, Switzerland
- Vice President economiesuisse, Switzerland
- Member of the ETH Board, Switzerland
- Trustee of Vontobel Foundation, Switzerland
- Trustee of Swisscontact, Switzerland
- Trustee of ISPRS Foundation, USA

VALENTIN VOGT (1960)

Education:
Lic. oec., HSG St. Gallen, Switzerland

Professional background:
2000–March 31, 2011 CEO, Burckhardt Compression Group, Switzerland
1992–2000 President, Sulzer Metco AG, Switzerland
1989–1992 CFO, Sulzer Metco Division, Switzerland
1986–1989 CFO, Alloy Metals, USA
1985–1986 Controller, Sulzer AG, Switzerland

Other activities and commitments:
- Vice Chairman of the Board, StarragHeckert Holding AG, Switzerland
- Board member, Kistler Holding AG, Switzerland
- Member of executive committee of Swissmem, Switzerland
- Member of executive committee of the Swiss Employers' Association, Switzerland

URS LEINHÄUSER (1959)

Education:
Degree in Business Administration, University of Applied Sciences, Zurich, Switzerland

Professional background:
Since 2004 CFO and Head Corporate Center, Member of the Group Executive Committee, Rieter Holding Ltd., Switzerland
2003–2004 Head Group Controlling, Member of the Group Executive Committee, Rieter Holding Ltd., Switzerland
1999–2003 CFO, Mövenpick Holding, Member of the Group Executive Committee, Switzerland
1997–1999 Head of Finance and Controlling, Piping Systems Division, Georg Fischer AG, Switzerland
1995–1997 Head of Corporate Controlling, Georg Fischer AG, Switzerland
1994–1995 Head Controlling, Deputy Chief Financial Officer, Gretag AG, Switzerland
1988–1993 Group Controller, Cerberus Ltd., Switzerland
1992 Managing Director, Cerberus, Denmark
1986–1988 Tax Consultant, Deputy Head, Tax Consultancy Department, Refidar Moore Stephens, Switzerland
1983–1986 Tax Inspector, Cantonal Tax Department SH, Switzerland

URS FANKHAUSER (1960)

Education:
Degree in Engineering FH Burgdorf, Switzerland
MBA, Henley Management College, UK

Professional background:
Since 2002 Division President, Sulzer Chemtech Ltd., Switzerland and member of Sulzer Executive Committee, Switzerland
2000–2002 President North and South America, Sulzer Chemtech Ltd., USA
1993–2000 President East Asia Pacific, Sulzer Chemtech Ltd., Singapore
1990–1993 Engineering Manager, Sulzer Chemtech Ltd., Singapore
1989–1990 Production Engineer, Sulzer Pumps Ltd., UK

Other activities and commitments:
- Board member of Bossard AG, Switzerland

HEINZ BACHMANN (1942)

Education:
Degree in Textile Engineering from Reutlingen College of Applied Sciences for the Textile Industry, Germany

Professional background:
1990–2003 CEO, Saurer Textile Systems, Switzerland
1981–1989 Chief Representative, Schubert & Salzer Maschinenfabrik AG, Germany, Director and Member of Group Management, Rieter Ltd., Switzerland
1975–1980 Managing Director, Lauffenmühle Group, Germany
1967–1974 Member of Group Management and Technical Manager, Wellington Industries Ltd., South Africa

Other activities and commitments:
- Chairman of Santex Group, Switzerland
- Board member of Grob AG, Switzerland
- Board member of Hunziker AG, Switzerland
- Board member of Swisslog AG, Switzerland

3.3. Election and term of office

The members of the Board of Directors are elected for a term of no more than three years. The General Meeting determines the term of office for each director – one, two or three years – at the time of election. The members of the Board of Directors shall be automatically retired from the Board of Directors during the year in which they reach the age of 70.

3.4. Internal organization

The Board of Directors has the final responsibility for the business strategy and the management of the Burckhardt Compression Group. It has final authority and defines the guidelines regarding strategy, organization, financial planning and accounting for the Burckhardt Compression Group. The Board of Directors has delegated executive management responsibility to the CEO. The Board of Directors appoints a secretary for the Board and for the company. The secretary does not need to be a member of the Board; currently the CFO of the company acts as secretary.

The Board of Directors meets as often as business requires, but at least four times per year. In the reporting period 2010 the Board of Directors held five meetings, with each meeting lasting half a day to one day. Furthermore the Board of Directors has held three telephone conferences during fiscal year 2010, each one lasting one to two hours. The Board of Directors has a quorum when the majority of the members is present. Decisions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote.

The heads of Sales, CSS, Design & Manufacturing, Contracting, Valves and the CFO, who also acts as secretary, are regularly invited to Board meetings to report on the activities in their fields. The Board of Directors has set up the following committees:

Audit Committee

The Audit Committee advises and supports the Board in all matters related to external and internal audits, risk management, accounting policies and practices and compliance with accounting standards issued. In the reporting period 2010, the Audit Committee held two half-day meetings. The CEO, the CFO and representatives of the auditors participated in those meetings. The members are:
– Urs Leinhäuser, Chairman
– Urs Fankhauser, member

Nomination and Compensation Committee

This committee advises and assists the Board of Directors on appointments and dismissals to and from the Executive Board and draws up proposals for the appointment, assessment or dismissal of members of the Board of Directors. Furthermore the Nomination and Compensation Committee advises and assists the Board of Directors on questions relating to the compensation of the Board members and the Executive Board. The Nomination and Compensation Committee held two meetings in the reporting period 2010. The meetings lasted half a day. The CEO and the Head of Human Resources Department participated in those meetings as well.
The members are:
– Hans Hess, Chairman
– Heinz Bachmann, member

3.5. Definition of areas of responsibility

The Board of Directors has delegated the executive management of the company and the group to the CEO, with the exception of the following matters:
– Definition of the business policies and strategy of the group
– Definition of the top-level organizational structure of the group
– Approval of the periodic forecasts, the annual report and of reporting and accounting policies
– Ensuring adequate internal control systems based on recommendations of the Audit Committee
– Determination of the appropriate capital structure
– Appointment and dismissal of members to and from the Executive Board
– Definition of salary guidelines and compensation of members of the Executive Board
– Decisions on new subsidiaries, major capital expenditure projects, acquisitions, financing transactions, insurance concepts and the provision of guarantees if such decisions exceed the powers conferred on the CEO.

The powers of the Executive Board and of the group company executives are listed in detail in the delegation of authority.

3.6. Information and control instruments relating to the Executive Board

Order intake, income statement, balance sheet, cash flow, headcount, personnel costs and capital expenditures are consolidated and commented at least nine times a year. Liquidity is reported and consolidated weekly. A rolling forecast for the coming twelve months is prepared and commented four times a year (April, July, September and January). The financial reports as well as the forecasts are distributed to all members of the Board of Directors, as well as to the members of the Executive Board and the Managing Directors of the Burckhardt Compression subsidiaries. At every board meeting, the CEO, the CFO and other Executive Board members report on the course of business and on all issues of relevance to the Group.

The statutory auditor assesses and reports on the effectiveness of the internal control system (ICS) to the Audit Committee and to the Board of Directors once a year.

The management of risks is integrated in the existing planning and management processes. The CEO reports on the assessment of the operational and financial risks to the Audit Committee and the Board of Directors twice a year. The Board of Directors regularly assesses the strategic risks.

4. EXECUTIVE BOARD

4.1. Members and
4.2. Other activities and vested interests

Name	Nationality	Function
Valentin Vogt	Swiss	CEO and Executive Member of the Board of Directors[1]
Rolf Brändli	Swiss	CFO
Regula Brunner	Swiss	VP Human Resources
René Guthauser	Swiss	VP Quality & Infrastructure
Martin Heller	German	VP Sales
Dr. Leonhard Keller	Swiss	VP Valves
Daniel Oswald	Swiss	VP IT
Marcel Pawlicek	Swiss	VP Design & Manufacturing[2]
Narasimha Rao	Indian	MD Burckhardt Compression (India) Pvt. Ltd.
Marco Scanderbeg	Swiss	VP Marketing
Matthias Tanner	Swiss	VP Contracting
Robert Züst	Swiss	VP Customer Support Service

[1] as from April 1, 2011: Chairman of the Board of Directors of Burckhardt Compression Holding AG
[2] as from April 1, 2011: CEO of the Burckhardt Compression Group and ad interim VP Design & Manufacturing

Personal details and other activities and vested interests of the individual members of the Executive Board are as follows:

VALENTIN VOGT (1960)

Education:
Lic. oec., HSG St. Gallen, Switzerland

Professional background:
2000–March 31, 2011 CEO, Burckhardt Compression Group, Switzerland
1992–2000 President, Sulzer Metco AG, Switzerland
1989–1992 CFO, Sulzer Metco Division, Switzerland
1986–1989 CFO, Alloy Metals, USA
1985–1986 Controller, Sulzer AG, Switzerland

Other activities and commitments:
- Vice Chairman of the Board, StarragHeckert Holding AG, Switzerland
- Board member, Kistler Holding AG, Switzerland
- Member of executive committee, Swissmem, Switzerland
- Member of executive committee of the Swiss Employers' Association, Switzerland

REGULA BRUNNER (1957)

Education:
Federal Diploma in Human Resources, Switzerland

Professional background:
Since 2002 Head of Human Resources Department, Burckhardt Compression AG, Switzerland
2000–2002 Human Resources Assistant, Sulzer-Burckhardt AG, Switzerland
1977–2000 Assistant to the management of various departments, Sulzer AG, Switzerland

NARASIMHA RAO (1962)

Education:
Degree in Mechanical Engineering, Jawaharlal Nehru Technological University, Hyderabad, India, Masters degree in Industrial Engineering, NITIE, Mumbai, India

Professional background:
Since 2005 Managing Director, Burckhardt Compression (India) Pvt. Ltd., India
1999–2004 General Manager Manufacturing and Vice President Compressor Division, Sulzer India Ltd., India
1995–1998 Assistant Director, Venture Capital, Pathfinder Investment Co. Ltd., India
1993–1995 Materials Manager, Marico Industries Ltd., India
1986–1993 Planning, Manufacturing and QA Manager, Sulzer India Ltd., India
1985–1986 Management Trainee, Ceat Tyres of India Ltd., India

Other activities and commitments:
- Member of the Board of Directors of Sulzer India Ltd., India

DANIEL OSWALD (1965)

Education:
Degree in Mechanical Engineering, HTL St. Gallen, Switzerland, EMBA, Winterthur, Switzerland

Professional background:
Since 2002 Head of IT, Burckhardt Compression AG, Switzerland
2000–2002 Head of Controlling, Sulzer-Burckhardt AG, Switzerland
1996–2000 Assistant to Plant Manager, Sulzer-Burckhardt AG, Switzerland
1992–1996 Head of CNC Programming, Sulzer Rüti AG, Switzerland
1987–1992 Machinist and CNC Programmer, Sulzer Rüti AG, Switzerland

Other activities and commitments:
– Member of the municipal council of the city of Winterthur, Switzerland

RENÉ GUTHAUSER (1965)

Education:
Engineer TS, Switzerland

Professional background:
Since 2005 Head of Quality and Infrastructure, Burckhardt Compression AG, Switzerland
2002–2005 Team Leader Contracting, Burckhardt Compression AG, Switzerland
1998–2002 Sales Engineer, Sulzer-Burckhardt AG, Switzerland
1989–1998 Project and Construction Engineer, Sulzer-Burckhardt AG, Switzerland and Sulzer Inc., USA

Other activities and commitments:
– Vice President Chamber of Commerce and Employer's Federation Winterthur HAW

MARCO SCANDERBEG (1966)

Education:
Degree in Mechanical Engineering, HTL Winterthur, Switzerland
Federal Diploma for Marketing Directors, Switzerland

Professional background:
Since 2006 Head of Marketing, Burckhardt Compression AG, Switzerland
2003–2006 Marketing Manager, Burckhardt Compression AG, Switzerland
2002–2003 Business Development Manager, Bühler AG, Switzerland
2000–2002 Market Segment Manager, Bühler AG, Switzerland
1999–2000 Executive Director Sales, Telsonic AG, Switzerland
1992–1999 Project and Sales Engineer, Sulzer Chemtech AG, Switzerland

ROBERT ZÜST (1963)

Education:
Federal Diploma in Logistics, Switzerland

Professional background:
Since 2008 Head of CSS, Burckhardt Compression AG, Switzerland
2001–2008 Head of Production Logistics, Burckhardt Compression AG, Switzerland
1996–2001 Head of Planning, Ferag AG, Switzerland
1993–1995 Team Leader Logistics, ABB Verkehrssysteme AG, Switzerland
1991–1993 Team Leader Production Control, Ascom Zelcom AG, Switzerland
1986–1991 Material Planning and Subcontracting, Ascom Zelcom AG, Switzerland
1983–1986 Assembly Mechanic, G&W Maschinen AG, Switzerland

ROLF BRÄNDLI (1968)

Education:
Degree in Business Administration, HWV Zurich, Switzerland

Professional background:
Since 2008 CFO, Burckhardt Compression AG, Switzerland
2001–2008 Head of Finance & Administration, Sulzer Brasil S.A., São Paulo, Brazil and Regional Controller Sulzer Pumps South America & South Africa
1997–2001 Regional Controller Asia/Pacific, Sulzer International Ltd. and General Manager, Sulzer Hong Kong Ltd., Hong Kong, SAR China
1994–1997 Management Consultant, OBT Treuhand AG Zurich, Switzerland

MATTHIAS TANNER (1964)

Education:
Degree in Mechanical Engineering, HTL Muttenz, Switzerland

Professional background:
Since 2007 Head of Contracting, Burckhardt Compression AG, Switzerland
2002–2007 Head of Sizing, Burckhardt Compression AG, Switzerland
1998–2002 Head of Technical Department for Process and Hyper Compressors, Sulzer-Burckhardt AG, Switzerland
1995–1998 Sales Engineer, Sulzer-Burckhardt AG, Switzerland

MARCEL PAWLICEK (1963)

Education:
Degree in Mechanical Engineering, HTL Winterthur, Switzerland, MBA Marketing and International Business, Fordham University, N.Y., USA

Professional background:
2008–March 31, 2011 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2001–2008 Head of CSS, Burckhardt Compression AG, Switzerland
1999–2001 Head of Sales and Contracting HPI, Sulzer-Burckhardt AG, Switzerland
1989–1999 Project Manager and Marketing & Sales Manager for Burckhardt compressors, Sulzer Inc., USA
1986–1989 Design Engineer, Sulzer-Burckhardt AG, Switzerland

DR. LEONHARD KELLER (1953)

Education:
Degree in Mechanical Engineering, Federal Institute of Technology Zurich, Switzerland, Ph.D. (Rensselaer Polytechnic Institute, Troy, N.Y.), USA

Professional background:
Since 2008 Head of Valves, Burckhardt Compression AG, Switzerland
1997–2008 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
1991–1997 Technical Manager, Sulzer-Burckhardt AG, Switzerland
1990–1991 Assistant to the Technical Manager, Sulzer-Burckhardt AG, Switzerland
1986–1989 Head of Engine Management Systems, Diesel Division, Sulzer AG, Switzerland
1982–1986 Research Engineer, Diesel Division, Sulzer AG, Switzerland

MARTIN HELLER (1954)

Education:
Degree in Mechanical Engineering, HTL Winterthur, Switzerland

Professional background:
Since 2000 Head of Sales, Burckhardt Compression AG, Switzerland
1997–2000 Head of Sales and Contracting, Petrochemical Division, Sulzer-Burckhardt AG, Switzerland
1989–1997 Sales Manager, Industrial Gas Division, Sulzer-Burckhardt AG, Switzerland
1985–1988 Sales Engineer, Sulzer-Burckhardt AG, Switzerland
1981–1984 Design and Project Engineer, Georg Fischer AG, Sulzer-Burckhardt AG and Sulzer Inc., USA

4.3. Management contracts

There are no management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

The explanations below follow para 5.1 of the Corporate Governance Directive of the SIX Swiss Exchange. In this section we present the compensation policy. In accordance with the provisions of the Swiss Code of Obligations Art. 663b^{bis} and Art. 663c para. 3 OR the remunerations paid in the fiscal year 2010 are listed in the financial report, note 26 (Page 92 et seqq.) "Remuneration of the Board of Directors and Executive Board".

Non-executive Directors

Compensation paid to the non-executive members of the Board of Directors comprises a fixed cash component, an additional cash payment for the directors serving on a formal Board committee, and a variable performance- and profit-related component distributed as shares (free shares). The variable compensation is based on a percentage of the net income after minorities generated by the Burckhardt Compression Group and converted into a specific number of shares using the closing price of BCHN shares at the end of the respective business year. If a minimum financial target with regard to return on sales is not achieved, entitlement to the variable compensation for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full variable compensation component will be granted; if not, the variable component will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group. The free shares for the 2008, 2009 and 2010 fiscal years will be eligible for distribution in June 2011. The shares received will not be subject to any restrictions upon the date of transfer. The compensation paid to the directors is determined by the full Board of Directors pursuant to the proposal submitted by the Nomination and Compensation Committee.

Executive Board including executive member of the Board of Directors

The Executive Board and the executive member of the Board of Directors receive variable performance- and profit-related pay in addition to their base salaries. The variable pay comprises a percentage of the net income after minorities generated by the Burckhardt Compression Group and is contingent on the attainment of minimum financial targets. If the minimum financial target with regard to return on sales is not achieved, entitlement to variable pay for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full variable pay will be granted; if not, the variable pay will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group.

Members of the Executive Board excluding the team that participated in the management buyout in 2002 additionally receive a long-term incentive in the form of shares (free shares). The long-term incentive is based on a percentage of the net income after minorities generated by the Burckhardt Compression Group and converted into a specific number of shares using the closing price of BCHN shares at the end of the respective business year. If a minimum financial target with regard to return on sales is not achieved, entitlement to the long-term incentive for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full long-term incentive will be granted; if not, the long-term incentive will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group.

The free shares for the 2008, 2009 and 2010 fiscal years will be eligible for distribution in June 2011, provided the employment contract for the respective Executive Board members has not been terminated. The shares received will not be subject to any restrictions upon the date of transfer.

The Nomination and Compensation Committee regularly reviews the remuneration system and submits a proposal to the full Board of Directors regarding the total remuneration of the Executive Board and the executive member of the Board of Directors. Changes to the compensation system must be adopted by resolution of the full Board of Directors.

No severance payments were made to former directors or members of the Executive Board. The contracts of the Executive Board members may be cancelled with a notice period of six months and make no provision for severance payments. The members of the Board of Directors and the Executive Board and related parties have received neither loans nor advances as per March 31, 2011.

Share allocation

The former major shareholder (Zurmont Capital I AG) had initiated immediately before the IPO according to the shareholders agreement of July 19, 2002 a transfer of 238'000 Burckhardt Compression Holding AG shares to the existing management shareholders. At the same time 3'685 of the 238'000 shares were transferred to the other members of the Executive Board. This allocation was staggered in two steps: The first allocation of 1'920 shares did not include any restrictions. The second allocation of 1'765 shares is subject to a lock-up period of five years. If a recipient should leave the company before the expiration of the lock-up period he/she must sell those shares at the original exercise price to the company.

In the reporting period 234 shares were allocated to the members of the Board of Directors and 951 shares were allocated to the members of the Executive Board. No persons received any shares during the 2010 reporting period. The shareholdings of the members of the Board of Directors and the Executive Board in the Burckhardt Compression Holding AG are detailed in the financial report, note 27 "Transactions with the Board of Directors, the Executive Board and related parties".

Advisory mandates
No member of the Board of Directors received or performed any advisory mandates for a company of Burckhardt Compression Holding AG during the reporting period 2010.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1. Voting rights restrictions and representation of voting rights
No person or company will be registered as a shareholder with voting rights in the share register for more than 5% of the registered share capital. This limitation applies also to persons who hold shares wholly or partly through nominee agreements. This limitation also applies if shares are acquired by exercising subscription, option or conversion rights. This restriction on voting rights does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the IPO. There is no provision for measures to remove restrictions.

A shareholder may be represented at the Annual General Meeting of Shareholders by his/her legal representative, another shareholder with the right to vote, the corporate proxy holder, the independent proxy holder, or a portfolio representative. All shares held by a shareholder may be represented by only one person.

6.2. Statutory quorums
A majority of at least two-thirds of the voting rights represented is required for changes to the company's Articles of Incorporation.

6.3. Convocation of the General Meeting of Shareholders
None of the applicable regulations deviate from the law.

6.4. Inclusion of an item on the agenda
Shareholders who together represent at least 10% of the share capital or shares with a nominal value of at least CHF 1.0 mn can ask for an item to be included on the agenda of the General Meeting. The Board of Directors must receive written proposals for items to be included on the agenda, specifying the issue to be discussed and the shareholders' proposals, at least 60 days before the date of the General Meeting.

6.5. Entries in the share register
The closing date before the Annual General Meeting for registered shareholders to be entered in the share register will be given each time in the invitation to the Annual General Meeting.

7. CHANGE OF CONTROL AND DEFENSE MEASURES

7.1. Obligation to make an offer
Once a shareholder acquires 33⅓% of the capital and voting rights he will be under an obligation to submit a public tender offer. The Articles of Incorporation contain neither an opting-out nor an opting-up clause.

7.2. Clauses on changes of control
There are no provisions for special severance payments for members of the Board of Directors or members of the Executive Board, including the executive member of the Board of Directors, in the event of a change of control over Burckhardt Compression Holding AG.

8. AUDITORS

8.1. Duration of the mandate and term of office of the lead auditor
PricewaterhouseCoopers AG (PwC) has been the statutory auditor of the Burckhardt Compression Holding AG since 2002 and is also in charge for the audit of the consolidated financial statements. The statutory auditor is elected by the General Meeting of Shareholders for one year at a time. The lead auditor will be changed after a maximum period of seven years. Christian Kessler has served as lead auditor since the 2009 reporting period.

8.2. Auditor's fees
The total fees for auditing services performed by PwC during the 2010 reporting period amounted to TCHF 307.

8.3. Additional fees
The total fees for other services performed by PwC during the 2010 reporting period amounted to TCHF 167 consisting of TCHF 138 for due diligence consulting and TCHF 29 for tax consulting. The services rendered by PwC beyond the auditing tasks are compatible with its auditing responsibilities.

8.4. Information tools of the external auditors
The Audit Committee assists the Board of Directors in monitoring the company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The statutory auditor is present during the examination of the consolidated annual and semi-annual financial statements. Once a year, the members of the Audit Committee receive from the statutory auditor a summary of the audit findings and suggested improvements. The Audit Committee held two half-day meetings during the 2010 reporting period, in which the lead auditor and another representative of the auditor took part.

9. INFORMATION POLICY

Burckhardt Compression Holding AG reports order intake, sales, operating results, balance sheet, cash flow and changes in shareholders' equity on a semi-annual basis, together with comments on the trend of business and the outlook for the future. Burckhardt Compression Holding AG provides share-price-sensitive information in accordance with the ad hoc disclosure requirements laid down in the Listing Rules of the SIX Swiss Exchange. Burckhardt Compression Holding AG will send potentially share price-sensitive information to all interested parties via an e-mail distribution list. Financial reports are available on our website (www.burckhardtcompression.com) and will be delivered to interested parties on request.

Key dates for 2011 and 2012
July 2, 2011
Annual General Meeting
November 8, 2011
Results for the first half of fiscal 2011
(as per September 30, 2011)
June 5, 2012
Results for fiscal 2011 (as per March 31, 2012)
June 29, 2012
Annual General Meeting

Details of these dates, possible changes, the company profile, current share prices and contact addresses can be found at www.burckhardtcompression.com, where interested parties can also subscribe to the e-mail distribution list.

FINANCIAL REPORT

COMMENTS ON FINANCIAL REPORT

Summary

in CHF 1'000	2010	2009
Order intake	362'543	285'870
Sales	355'646	343'190
Gross profit	115'565	126'864
Operating income	61'522	74'241
Net income	45'084	55'956
Balance sheet total	502'399	469'979
Shareholders' equity	257'975	234'854
Basic earnings per share in CHF	13.56	16.68
Headcount	917	891

SALES AND GROSS PROFIT

Burckhardt Compression recorded a slight increase in sales of CHF 12.5 mn or 3.6% to CHF 355.6 mn in fiscal year 2010. Excluding the effects of currency movements, sales were 4.5% higher than in the previous fiscal year. Sales in the late-cyclical new machines business declined for the second year in a row, falling by CHF 19.0 mn or 7.9% from the prior-year level, while the CSS business reported an increase of CHF 24.2 mn or 30.0%, passing the CHF 100 mn threshold for the first time. Sales in the compressor components business increased by 7.2 mn to CHF 28.1 mn (+34.4%), which likewise marked a new record high. From a regional perspective, sales growth was concentrated in the "Middle East, Asia, Australia" region. Sales were lower in Europe as well as the other regions.

The gross profit margin in fiscal year 2010 stood at 32.5%, 4.5 percentage points below the year-ago margin. While the gross profit margins were higher in both the CSS and the compressor components business (2.2 and 3.3 percentage points, respectively), the gross profit margin in the new machines business receded to 23.3%, well below the prior-year level of 33.4%. The margin in the new machines business contracted because actual purchase costs for sourced materials and supplies were no longer well below the estimated costs and average capacity utilization over the year was lower than in the previous year. Furthermore, revenues from sales in EUR were somewhat higher than EUR-based sourcing volumes during the reporting period, which had a negative effect on the gross profit margin, while the currency translation gains on advance payments in EUR from and to third parties were recognized in line with IFRS standards as other operating income.

OPERATING INCOME

Burckhardt Compression generated operating income (EBIT) of CHF 61.5 mn in fiscal year 2010, a decrease of CHF 12.7 mn or 17.1% from the previous year. Operating income was lower mainly because of the CHF 11.3 mn decline in gross profit. The EBIT margin amounted to 17.3%, 4.3 percentage points below the comparable year-ago figure. Selling, marketing and general administrative expenses corresponded to 13.7% of sales compared to 13.4% in the previous year. The increase in absolute terms is attributable to the company's expansion of the distribution network and above average personnel costs associated with succession planning at group companies.

Research and development outlays amounted to CHF 6.6 mn, which is almost the same as in the previous year. Other operating income amounted to CHF 1.3 mn and included the operating results of Burckhardt Compression Immobilien AG as well as realized and unrealized currency exchange losses and the expenses from the adjustment of the employee benefit plans in line with IAS 19.

FINANCIAL INCOME AND TAX EXPENSES

Financial expenses increased by CHF 0.3 mn during the period under review due to the increase in local financing costs at our subsidiary in India and the first-time inclusion of the expense of the mortgage on the company property in Winterthur for a full fiscal year. "Other financial income/expenses" showed a significant deterioration compared to the previous year because of a change in the fair value of financial assets.

Income tax expenses declined by CHF 3.7 mn to CHF 14.2 mn due to the lower level of taxable income. The tax rate amounted to 23.9%, slightly below the prior-year tax rate of 24.2%. Having generated consistently positive operating results, Burckhardt Compression did not have any major tax loss carry forwards as per the end of the fiscal year 2010.

NET INCOME

Burckhardt Compression's net income for fiscal year 2010 amounted to CHF 45.1 mn, which corresponds to 12.7% of sales. Compared to the previous year, net income declined by CHF 10.9 mn, which can be traced to the lower level of operating income and the increase in financial expenses. Compared to the previous year's net income margin of 16.3%, the net margin was 3.6 percentage points lower, which is somewhat less than the 4.3 percentage-point contraction at the EBIT margin level thanks to the positive tax-related effect. Undiluted earnings per share for fiscal year 2010 amounted to CHF 13.56 compared to CHF 16.68 per share in the previous year (–18.7%).

BALANCE SHEET

Total assets increased by CHF 32.4 mn y-o-y, mainly because of the CHF 30.1 mn increase in cash and cash equivalents. Other major movements on the asset side of the balance sheet were the decline in intangible assets, which was attributable to the negative currency translation differences (EUR), and the decline in inventories, due primarily to the lower backlog of work in progress on the reporting date. The increase in the item "Trade and other receivables" is attributable to a relatively high level of deliveries during the final quarter of the period under review. There was little overall change in the average due dates of outstanding receivables compared to the previous fiscal year – the percentage of receivables more than 90 days overdue has slightly improved. Burckhardt Compression did not incur any significant losses on accounts receivable in fiscal year 2010.

Shareholders' equity rose by CHF 23.1 mn, which reflects the increase in retained earnings from the net income for 2009, reduced by the further increase in treasury shares of CHF –3.6 mn as well as the change in currency translation differences of CHF –4.4 mn. As a result, the equity ratio increased slightly from 50.0% to 51.3% in fiscal year 2010. Long-term borrowings declined by CHF 4.3 mn, mainly because of the repayment of mortgage loans and the reduction in outstanding long-term bank loans at the Indian subsidiary. On the other hand, current borrowings increased due to the greater use of local short-term bank financing by the Indian subsidiary. The substantial reduction in advance payments from customers as of the end of the reporting period can be traced to the likewise significantly lower level of work in progress. The increase in accrued expenses and deferred income is attributable to the increase in outstanding project costs.

CASH FLOW

Burckhardt Compression generated a cash flow of CHF 61.6 mn in fiscal year 2010, an increase of CHF 2.8 mn compared to the previous year. A reduction in cash flow from operating activities was compensated for by a decline in inventories and other net working capital. Cash outflow from investing activities was significantly lower y-o-y at CHF 12.9 mn because the previous year's figure included the purchase of commercial real estate in Winterthur for CHF 77.0 mn. Further modernization of the machine park in Winterthur and the purchase of machine tools for the Indian subsidiary accounted for most of the investments in new plant and equipment during fiscal year 2010.

Cash flow from financing activities includes an inflow of CHF 3.4 mn from the increase in local bank loans at the Indian subsidiary. The purchase of own shares during the fiscal year 2010 resulted in a cash-out of CHF 3.7 mn.

CONSOLIDATED INCOME STATEMENT

in CHF 1'000	Notes	2010	2009
Sales	3	**355'646**	**343'190**
Cost of goods sold		–240'081	–216'326
Gross profit	4	**115'565**	**126'864**
Selling and marketing expenses		–33'414	–32'173
General and administrative expenses		–15'283	–13'744
Research and development expenses	6	–6'633	–6'661
Other operating income/expenses	7	1'287	–45
Operating income		**61'522**	**74'241**
Finance costs	8	–2'090	–1'818
Other financial income/expenses	8	–117	1'419
Profit before income taxes		**59'315**	**73'842**
Income tax expenses	9	–14'231	–17'886
Net income		**45'084**	**55'956**
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
– Basic	17	13.56	16.68
– Diluted	17	13.56	16.68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1'000	03/31/2011	03/31/2010
Net income	**45'084**	**55'956**
Adjustments of financial instruments	2'091	1'519
Tax effect on other results	–481	–326
Currency translation differences	–4'360	–390
Total comprehensive income for the period	**42'334**	**56'759**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

in CHF 1'000	Notes	03/31/2011	03/31/2010
Non-current assets			
Intangible assets	10	30'137	32'780
Property, plant and equipment	11	123'626	121'767
Derivative financial instruments	21	375	0
Trade and other receivables	13	1'134	1'776
Deferred tax assets	9	940	992
Total		**156'212**	**157'315**
Current assets			
Inventories	12	98'266	120'662
Trade and other receivables	13	95'561	71'118
Marketable securities	14	5'265	5'519
Derivative financial instruments	21	3'257	1'601
Cash and cash equivalents	15	143'838	113'764
Total		**346'187**	**312'664**
Total assets		**502'399**	**469'979**
Equity			
Share capital	17	8'500	8'500
Retained earnings and other reserves		270'087	240'569
Treasury shares		–13'809	–10'162
Financial instruments		2'311	701
Currency translation differences		–9'114	–4'754
Total		**257'975**	**234'854**
Liabilities			
Non-current liabilities			
Borrowings	18	44'353	47'710
Derivative financial instruments	21	0	30
Deferred tax liabilities	9	11'345	10'978
Provisions	19	11'529	12'856
Total		**67'227**	**71'574**
Current liabilities			
Borrowings	18	9'806	5'399
Trade accounts payable		24'591	16'129
Current income tax liabilities		20'773	20'226
Customers' advance payments		62'010	82'169
Derivative financial instruments	21	1'177	583
Other current and accrued liabilities	20	51'524	31'809
Provisions	19	7'316	7'236
Total		**177'197**	**163'551**
Total		**244'424**	**235'125**
Total equity and liabilities		**502'399**	**469'979**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1'000	Notes	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total
Balance at 04/01/2009	17	**8'500**	**131'407**	**–3'921**	**–492**	**–4'364**	**72'802**	**203'932**
Total comprehensive income					1'193	–390	55'956	56'759
Purchase of treasury shares				–6'241				–6'241
Share based payments	26/27		612					612
Dividends							–20'208	–20'208
Allocation of net income			52'594				–52'594	
Balance at 03/31/2010		**8'500**	**184'613**	**–10'162**	**701**	**–4'754**	**55'956**	**234'854**
Balance at 04/01/2010	17	**8'500**	**184'613**	**–10'162**	**701**	**–4'754**	**55'956**	**234'854**
Total comprehensive income for the period					1'610	–4360	45'084	42'334
Purchase of treasury shares				–3'647				–3'647
Share based payments	26/27		1'084					1'084
Dividends							–16'650	–16'650
Allocation of net income			39'306				–39'306	
Balance at 03/31/2011		**8'500**	**225'003**	**–13'809**	**2'311**	**–9'114**	**45'084**	**257'975**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1'000	Notes	2010	2009
Cash flow from operating activities			
Net income		**45'084**	**55'956**
Income tax expenses		14'231	17'886
Other financial income/expenses		117	–1'419
Finance costs		2'090	1'818
Operating income		**61'522**	**74'241**
Depreciation	11	7'948	7'659
Amortization	10	1'903	1'854
Change in inventories		18'952	–2'074
Change in accounts receivable		–27'112	22'108
Change in other net current assets		9'856	–38'728
Change in provisions		292	3'857
Changes in non-monetary items		4'232	3'333
Interest received		75	206
Interest paid		–1'896	–1'672
Income tax paid		–14'187	–11'969
Total		**61'585**	**58'815**
Cash flow from investing activities			
Purchase of property, plant and equipment		–12'148	–87'885
Sale of property plant and equipment		618	104
Acquisition of intangible assets		–1'365	–980
Purchase of marketable securities		–108	–109
Sale of financial assets		64	87
Total		**–12'939**	**–88'783**
Cash flow from financing activities			
Increase in borrowings		4'825	44'763
Repayment of borrowings		–2'033	–22
Purchase of treasury shares		–3'739	–6'241
Dividends paid	17	–16'650	–20'208
Total		**–17'597**	**18'292**
Currency translation differences on cash and cash equivalents		–975	–156
Net change in cash and cash equivalents		**30'074**	**–11'832**
Cash and cash equivalents at 04/01/2010 / 04/01/2009	15	113'764	125'596
Cash and cash equivalents at 03/31/2011 / 03/31/2010	15	143'838	113'764
Net change in cash and cash equivalents		**30'074**	**–11'832**

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Burckhardt Compression is one of the market leaders worldwide in the field of reciprocating compressors and the only manufacturer that offers a complete range of Laby® (labyrinth piston), Process Gas, and Hyper Compressors. The compressors are used to compress, cool or liquefy gases. Burckhardt Compression's customers include multinational companies active in the chemical, petrochemical, refinery, industrial gas and gas transport and storage industries. With its leading compressor technology, high-quality compressor components and a comprehensive range of services, Burckhardt Compression supports its customers in their effort to minimize the life cycle costs of their reciprocating compressor systems.

Burckhardt Compression Holding AG is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is: Im Link 5, 8404 Winterthur/Switzerland. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISN: CH0025536027; Security No. 2553602).

Burckhardt Compression Holding AG's fiscal year 2010 comprises the period April 1, 2010 to March 31, 2011. These consolidated financial statements were authorized for issue by the Board of Directors on May 23, 2011 and will be submitted to shareholders for approval at the annual general meeting scheduled for July 2, 2011.

2. ACCOUNTING PRINCIPLES

2.1. Basis of accounting

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, the policies described have been consistently applied to all the reporting periods presented.

The 2010 consolidated financial statements of Burckhardt Compression Holding AG were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Accounting Standards Board (IASB) and are based on the individual financial statements of the group companies as per March 31, 2011. The consolidated financial statements are prepared on a historical cost basis with the exception of available-for-sale financial assets measured at fair value and financial assets and financial liabilities including derivative financial instruments measured at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain estimates. It also requires management to exercise its judgment in the process of applying the company-wide accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in section 4, "Critical accounting estimates and judgments".

2.2. Changes in accounting policies

As per closing date March 31, 2011, the following IFRS standards and interpretations were applied by Burckhardt Compression for the first time:

IAS 27 (amended) "Consolidated and separate financial statements" requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting treatment when control is lost. Any remaining interests in the entity are re-measured to fair value and a gain or loss is recognized in profit or loss. In addition, total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. These changes will impact the accounting of future transactions with non-controlling interests, formerly minority interests.

IAS 32 (amendment), "Financial instruments: Presentation" (effective for annual accounting periods beginning on or after February 1, 2010) would require subscription rights to be classified as equity if those rights are exercisable for a fixed amount in cash. The exercise price may be fixed in any currency provided that subscription rights are issued to all current shareholders of the same share category in accordance with their respective holdings.

IAS 39 (amended) "Eligible hedge items" refers to complex hedging relationships. Inflation qualifies for hedge accounting only under certain circumstances. In instances of one-sided risks, it is no longer allowed to designate the time value of hypothetical derivatives as a hedging relationship. Amendment will apply retrospectively.

IFRS 2 (amended) "Share-based payment" involves two aspects. The amendment clarifies that vesting conditions can only be service conditions, stipulating a specific time of service, or performance conditions, which require specific performance targets to be met. Other features of share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 3 (amended) "Business combinations" requires significant changes in the application of the acquisition method regarding business combinations. All payments to purchase a business are to be recorded at fair value at the acquisition date, and any subsequent changes in the purchase price will be recognized in the income statement. Goodwill may be calculated based on the parent's share of net assets or it may also include goodwill related to the minority interests. All transaction costs will be expensed. These changes may have a significant impact on the accounting of future business combinations.

IFRIC 17 "Distributions of non-cash assets to owners" clarifies how an entity should measure distributions of assets, other than cash, when it pays dividends to its owners.

IFRIC 18 "Transfers of assets from customers" clarifies the accounting treatment of arrangements where an item of property, plant and equipment which is provided by the customer is used to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

Management has assessed the new standards and interpretations as well as the changes from the annual improvement project and concluded that none of these standards and interpretations has any material effect on the financial reporting of Burckhardt Compression Group.

The following new IFRS standards, interpretations and amendments will become effective with the next annual accounts:

IAS 12 (amended) "Deferred tax: Recovery of underlying assets" (effective for annual periods beginning on or after January 1, 2012) would assess deferred taxes on investment properties carried at fair value based on the tax consequences resulting from a sale.

IFRS 7 (amended) "Financial instruments": Recognition and measurement (effective for annual reporting periods beginning on or after July 1, 2011) provides further guidance on the transfer of financial assets.

IFRS 9 (amended) "Financial instruments" (effective for annual accounting periods beginning on or after January 1, 2013) divides all financial assets into two measurement categories: amortized cost and fair value. A financial asset is measured at amortized cost only if the objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that solely represent payments of principal and interest on the principal amount outstanding. Otherwise the financial instrument must be measured at fair value and a gain or loss recognized in profit or loss.

IFRIC 14 (amended) "The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective for annual reporting periods beginning on or after January 1, 2011) specifies that non-compulsory payments (in Switzerland, typically employer contribution reserves) to a pension scheme with a funding surplus shall give rise to an economic benefit.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual accounting periods beginning on or after July 1, 2010) addresses the accounting by a borrowing entity that issues equity instruments to a lender in order to settle, in full or in part, a financial liability. Any difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued must be included in the entity's profit or loss for the period. This interpretation also contains guidelines on calculating these gains or losses.

A number of amendments which are part of the IASB's annual improvement project were published in May 2010. These amendments will become effective on or after January 1, 2011 at the earliest and are unlikely to have an impact, or then only a minor one, on Burckhardt Compression's financial statements.

Management is currently assessing the effects of these new standards and interpretations on the future financial reporting of Burckhardt Compression.

2.3. Consolidation principles

The consolidated financial statements include all entities where Burckhardt Compression Holding AG has the power to control financial and operating policy, usually as a result of owning more than 50% of the voting rights. New group companies are fully consolidated from the date on which control passes to Burckhardt Compression and deconsolidated from the date on which control ceases. Assets and liabilities as well as income and expenses are recognized in full. Minority interests are presented separately in the balance sheet and income statement. All material intercompany transactions and balances, including unrealized gains and losses of transactions between group companies, are eliminated. The group companies are listed in section "Investments as per March 31, 2011". As per March 31, 2011 there are no minority interests.

2.4. Foreign currency translation

Items included in the financial statements of each group company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are prepared in Swiss francs (CHF), which is the functional and the reporting currency of Burckhardt Compression as most of the labor and material expenses arise in that currency.

In the single-entity financial statements of group companies, foreign-currency income and expenses are translated at the rates prevailing at the transaction date and foreign-currency assets and liabilities at year-end rates. The resulting foreign exchange gains or losses are recognized as profit or loss.

For consolidation purposes, items in the balance sheets of foreign group companies are translated at year-end rates, while income statement items are translated at average rates for the period. The resulting currency translation differences are recognized in equity and, in the event of an entity's deconsolidation, transferred to the income statement as part of the gain or loss on the entity's disposal or liquidation.

2.5. Intangible assets

Intangible assets include material customer lists, licenses, patents, trademarks and similar rights acquired from third parties. They are amortized on a straight-line basis over their expected useful lives, over a period not exceeding 10 years. Immaterial purchased patents, licenses or trademarks and any internally generated intangible assets are expensed as incurred. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful life (3 to 5 years). Internal costs associated with developing or maintaining computer software programs are recognized as an expense as incurred.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of the acquisition. Goodwill arising on acquisitions is recognized under intangible assets. Goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. If there is objective evidence of a possible impairment, an additional impairment test will be performed immediately. Gains and losses arising on an entity's disposal comprise the carrying amount of the goodwill allocated to the entity being disposed of. Goodwill is allocated to cash-generating units for the purpose of the impairment test. It is allocated to those cash-generating units that are expected to benefit from the business combination on which the goodwill arose. The goodwill resulting from purchasing minority interests is recognized directly in equity according to the Economic Entity Method.

2.6. Property, plant and equipment

Items of property, plant and equipment are stated at cost less depreciation and write-downs for impairment, if required. They are depreciated on a straight-line basis over their estimated useful lives. Plots of land are carried at cost and only written down when impaired. The estimated useful lives are as follows:

Buildings	20 to 50 years
Machinery	5 to 15 years
Equipment	5 to 10 years
Tools, patterns and IT hardware	max. 5 years

2.7. Impairment of assets

Goodwill and other intangible assets with an indefinite life are tested annually for impairment. Fixed assets and other non-current assets, including intangible assets with an identifiable useful life, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is calculated based on the estimated future cash flows, usually over a period of five years, and the projections for subsequent years. The results are discounted at an appropriate long-term interest rate. For the purpose of the impairment test, assets are grouped at the lowest level for which there are separately identifiable cash flows (so-called "cash-generating units").

2.8. Inventories

Raw materials, supplies and consumables are stated at the lower of cost or net realizable value. Finished products and work in progress are stated at the lower of manufacturing cost or net realizable value. The cost of finished products and work in progress comprises material costs, direct and indirect production costs and other order-related production costs. Inventories are stated at weighted average costs based on their type and use. Valuation allowances are recognized for slow-moving and excess inventory items.

2.9. Trade and other accounts receivable

Trade and other accounts receivable are non-interest-bearing and stated at their nominal amount less valuation allowances for doubtful amounts. Impairments are assessed case by case. An impairment loss is recognized when there is objective evidence that the Group will not be able to collect the full amount due. Impairment losses are recognized in the income statement. The carrying amounts thus determined correspond to an approximation of fair value.

2.10. Financial assets

Financial assets are divided into the following categories:

- **Financial assets "at fair value through profit or loss"** This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is assigned to this category if acquired principally for the purpose of selling in the short-term or if designated as such by management. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

- **Loans and receivables** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets unless the maturity date is more than 12 months after the balance sheet date, in which case they are presented as non-current assets. Loans and receivables are carried in the balance sheet under trade and other receivables.

- **Held-to-maturity investments** Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management intends to hold to maturity. During the fiscal year, Burckhardt Compression Group did not hold any investments in this category.

– **Available-for-sale financial assets** Available-for-sale financial assets are non-derivative financial assets that are either classified as such or not assigned to any of the other categories. They are included in non-current assets unless management intends to dispose them within 12 months after the balance sheet date.

Regular purchases and sales of financial assets are recognized on trade date, on which Burckhardt Compression commits to purchase or sell the asset. Financial assets not classified as at fair value through profit or loss are initially stated at fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially stated at fair value, with the related transaction costs recognized in the income statement. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or been transferred and Burckhardt Compression has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and assets classified as at fair value through profit or loss are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method.

Gains or losses arising on financial assets measured at fair value through profit or loss, including interest and dividend income, are presented in the income statement on a net basis within other financial income/expenses in the period in which they arise.

In the event of changes in the fair value of monetary items that are classified as available for sale, currency translation differences resulting from changes in amortized cost are recognized in the income statement and other changes in carrying amount are taken to the balance sheet.

Changes in the fair value of non-monetary assets classified as available-for-sale are taken to the balance sheet. If available-for-sale assets are sold or impaired, the accumulated fair value changes previously carried in the balance sheet are taken to the income statement. Dividends on available-for-sale equity instruments are recognized in the income statement when the right to receive payment is established.

The fair value of quoted investments is based on current bid prices. If there is no active market for a financial asset or if the asset is not quoted, fair value is determined using suitable valuation methods. These include the use of recent arm's length transactions, reference to other instruments that are essentially the same, discounted cash flow analysis and option pricing models based as far as possible on market data and as little as possible on company-specific data.

At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence that an available-for-sale asset is impaired, the cumulative loss (measured as the difference between the acquisition cost and current fair value less any impairment loss on that asset previously recognized in the income statement) is eliminated from equity and recognized in the income statement.

– **Derivative financial instruments** Burckhardt Compression uses derivative financial instruments exclusively as hedges of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable future transaction (cash flow hedges). At inception of the hedge, Burckhardt Compression documents the hedging relationship between the hedging instrument and the hedged item, its risk management objective and the underlying strategy for undertaking the hedge. At inception of the hedge and on an ongoing basis, it also documents its assessment of whether the derivatives used in the hedging relationship are highly effective in offsetting changes in the fair value or cash flows of the hedged item. The fair values of the various derivative financial instruments used for hedging purposes are listed in note 21 "Derivative financial instruments". The full fair value of derivative financial instruments designated as hedging instruments is presented as a non-current asset or non-current liability if, as of the balance sheet date, the remaining term of the hedged item exceeds 12 months and as a current asset or current liability if the remaining term is shorter. Derivative financial instruments held for trading are presented as current assets or current liabilities.

The effective portion of changes in the fair value of derivatives intended and qualifying as cash flow hedges is recognized directly in equity. The ineffective portion of such fair value changes is recognized in the income statement net, within other operating income/expenses. Amounts recognized directly in equity are reclassified into profit or loss and recognized as income or expense in the same period in which the hedged item affects profit or loss (e.g. on the date on which a hedged future sale takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity and is only taken to the income statement when the hedged future transaction occurs. When a future transaction is no longer expected to occur, the cumulative gain or loss recognized directly in equity is immediately transferred to the income statement.

2.11. Cash and cash equivalents

These comprise cash, demand deposits, other short-term highly liquid financial assets with original maturities of three months or less and bank overdrafts. Cash and cash equivalents are stated at fair value. Bank overdrafts are presented in the balance sheet as borrowings under current liabilities.

2.12. Trade accounts payable, customers' advance payments and other liabilities

These are stated at face value.

2.13. Borrowings

Bank and other financial debts are initially recognized at fair value, net of any transaction cost incurred. In subsequent periods, they are measured at amortized cost. Any difference between the amount borrowed (after deduction of transaction cost) and the repayment amount is reported in the income statement over the period of the loan, using the effective interest method. Liabilities under loans are classified as current liabilities unless Burckhardt Compression has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

2.14. Provisions

Provisions are recognized for warranty obligations, personnel expenses and various commercial risks where Burckhardt Compression has an obligation towards third parties arising from past events, the amount of the liability can be reliably measured and it is probable that the settlement will result in an outflow. The amount of the provisions is based on the expected cash outflow required to cover all obligations and liabilities. Provisions for which the expected outflow is not expected to take place within the next 24 months are discounted to their present value. No provisions are recognized for future operating losses.

2.15. Employee benefits

– **Post-employment benefits** The Burckhardt Compression Group operates various pension plans based on the local conditions in the respective countries. Burckhardt Compression operates defined benefit plans in Switzerland and Germany and defined contribution plans in the other countries. Whereas the Swiss pension plan's assets and liabilities are held by entities legally separate from the Burckhardt Compression Group, the pension plan of Burckhardt Compression (Deutschland) GmbH is unfunded. Defined benefit plans typically define the amount of the pension benefits an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation, while, under defined contribution plans, fixed amounts are paid to an entity not belonging to the Burckhardt Compression Group (insurance companies or funds).

The provision recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of the plan assets, adjusted for cumulative unrecognized actuarial gains or losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of the plan assets and 10% of the present value of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives (corridor rule).

In the case of the defined contribution plans, Burckhardt Compression contributes to public or private pension plans either due to a legal or contractual obligation or voluntarily. Above and beyond paying contributions, Burckhardt Compression does not have any further payment obligations. The contributions are recognized as employee benefit expense at the due date. Pre-paid contributions are recognized as assets to the extent that a right to receive a repayment or a reduction in future payments has been established.

– **Termination benefits** are paid if a group company terminates an employee's employment prior to the normal retirement date or if an employee accepts voluntary redundancy in exchange for termination benefits. Burckhardt Compression recognizes termination benefits if it is demonstrably committed to either terminate the employment of current employees in accordance with a detailed formal plan that cannot be withdrawn or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

– **Variable compensation plans** The Group recognizes a liability and an expense for variable compensation plans, based on a formula that takes into consideration the achievement of financial objectives. A provision is recognized in the consolidated financial statements in cases where the Group has a contractual obligation or where past practice has resulted in a constructive obligation.

– **Share-based payments with compensation through equity instruments (equity settled)** Share-based payments with compensation through equity instruments which had been issued or allocated after November 7, 2002 are charged at fair value as of the allocation date to the income statement. The expenses are distributed over the vesting periods. Such instruments which have been issued or allocated before that date do not constitute expenses in the income statement.

The company utilized share-based payments in the run-up to and released by the IPO. Since the 2008 fiscal year Burckhardt Compression has maintained a share-based compensation plan that is settled with equity instruments. See note 26, section "Remuneration of the Board of Directors and the Executive Board" and section 5 of "Corporate Governance" for further information.

2.16. Revenue recognition

Burckhardt Compression supplies compression systems that are built into large, complex installations and provides spare parts and services essential for the compressors' consistent performance. The compression systems consist of modular compressors, supplemented with drive units, gas compressors and control and monitoring systems tailored to the customer's specifications. The majority of the costs to design and manufacture such compression systems accrue during the last 4 to 6 months prior to delivery to the customer.

Burckhardt Compression recognizes revenue arising from the sale of goods and the rendering of services upon completion of the contract, net of sales or value-added taxes, credits, discounts and rebates and after elimination of intra-group sales. Under this method, revenue and the related gross margin are recognized in the accounts when the risks and rewards have passed to the customers subject to the conditions of sale and the flow of future revenues is probable. The following conditions must be met in this regard:

– A good has been delivered or a contractually agreement service rendered.
– The basic items of a delivery have been accepted by the customer.
– The amount of revenues, or the contractually agreed selling price, can be reliably measured.
– The costs (including those yet to be incurred) can be reliably measured.

The Group recognizes provisions for anticipated losses on contracts.

2.17. Research and development expenses

Research costs are recognized as expenses in the period in which they arise. Development costs are recognized as intangible assets if it is highly probable that the project in question will be commercially successful, is technically feasible and the related costs can be reliably measured. All other research and development costs are recognized as expenses as incurred.

2.18. Deferred taxes

Using the liability method, deferred tax is provided for all temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements prepared in accordance with IFRS. However, if the deferred tax arises from initial recognition of an asset or a liability in a transaction other than a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss), it is not accounted for. Deferred taxes are measured using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent of the probability that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred tax liabilities are recognized for temporary differences associated with investments in subsidiaries and associates, except where Burckhardt Compression is able to control the timing of the reversal of the temporary differences and when it is probable that the temporary differences will not reverse in the foreseeable future.

2.19. Leasing

Lease agreements in which a substantial portion of the risks and rewards associated with ownership of the leased asset remain with the lessor are classified as operating leases. Payments under operating leases are debited to the income statement on a straight-line basis over the duration of the lease.

2.20. Dividend distribution

Dividends distributed to the shareholders of Burckhardt Compression Holding AG are recognized as a liability in the period in which they are approved by the company's shareholders.

2.21. Treasury shares

If a Group company acquires treasury shares, the value of the paid consideration, including directly attributable additional costs (net of taxes) is subtracted from shareholders' equity until the shares are redeemed, reissued or sold. If such shares are subsequently reissued or sold, the consideration received, after subtracting directly attributable additional transaction costs and associated taxes, is recognized as shareholders' equity.

3. FINANCIAL RISK MANAGEMENT

– **Policy** The goal of the group-wide risk management policy is to minimize the negative impact of changes in the financing structure and financial markets, particularly with regard to currency fluctuations. Derivative financial instruments such as foreign exchange contracts may be used to address the respective risks. Burckhardt Compression pursues a conservative, risk averse financial policy. Financial risk management is based on the principles and regulations established by the Board of Directors. These govern Burckhardt Compression's financial policy and outline the conduct and powers of the group's treasury department, which is responsible for the group-wide management of financial risks. The financial principles and regulations govern areas such as financing policy, the management of foreign currency risk, the use of derivative financial instruments and the investment policy applicable to financial resources not required for operational purposes.

– **Liquidity risks** Each Burckhardt Compression group company is responsible for managing its liquidity so that day-to-day business can be handled smoothly, while the group treasury is responsible for maintaining the group's overall liquidity. The group subsidiaries in India, Brazil and the United Arab Emirates as well as Prognost Systems GmbH, Germany, may take a loan from local creditors within the limits approved by group management. No other group subsidiaries may do so. The group treasury provides the local group companies with the necessary funds or invests their excess liquidity. The group treasury maintains sufficient liquidity reserves and open credit and guarantee lines to fulfill the financial obligations at all times.

Burckhardt Compression follows the principle of security before return in the investment of financial resources. The liquidity is invested mainly in the money market (time deposits with first class financial institutions) and to a small extent in investment funds with first class financial institutions. The investment period ranges from a few weeks up to three years.

The actual and future cash flows and cash reserves are compiled monthly in a rolling liquidity forecast. The Executive Board and the Board of Directors are informed about the liquidity situation and outlook with the regular financial reporting.

Cash and cash equivalents held by Burckhardt Compression as per the balance sheet date were as follows:

in CHF 1'000	03/31/2011	03/31/2010
Cash and cash equivalents	143'838	113'764
Marketable securities	5'265	5'519
Free credit facilities	20'000	16'267
Total	**169'103**	**135'550**

The following table shows the open financial liabilities according to their due dates:

Financial liabilities as per 03/31/2011	Total balance sheet	Cash flow				
in CHF 1'000		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	Total cash flow
Current and non-current financial borrowings	54'159	10'439	9'563	24'167	16'385	60'554
Liabilities from supplies and services	24'591	24'591				24'591
Other liabilities	1'188	1'188				1'188
Total	**79'938**	**36'218**	**9'563**	**24'167**	**16'385**	**86'333**

Financial liabilities as per 03/31/2010	Total balance sheet	Cash flow				
in CHF 1'000		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	Total cash flow
Current and non-current financial borrowings	53'109	5'702	13'380	24'354	15'560	58'996
Liabilities from supplies and services	16'129	16'129				16'129
Other liabilities	382	382				382
Total	**69'620**	**22'213**	**13'380**	**24'354**	**15'560**	**75'507**

The table below discloses cash flows of the forward foreign exchange contracts as per the balance sheet date. The amounts disclosed correspond to the contractual non-discounted cash flows.

Forward foreign exchange contracts as per March 31, 2011			**Cash flow**		
in CHF 1'000	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cashflow Hedge outflow	51'596	7'758	949		**60'303**
Cashflow Hedge inflow	54'207	8'047	963		**63'217**

Forward foreign exchange contracts as per March 31, 2010			**Cash flow**		
in CHF 1'000	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cashflow Hedge outflow	50'201	1'107			**51'308**
Cashflow Hedge inflow	50'873	1'087			**51'960**

– **Currency risks** Burckhardt Compression hedges all major USD-denominated sales transactions of its Swiss entity. EUR-denominated sales and purchase transactions are fairly evenly balanced when viewed over a period of 1–2 years and are therefore naturally hedged at the net profit level over said period. These foreign-exchange flows are regularly monitored by the group treasury; if there is evidence of a sustained shift in these flows, major sales and purchase transactions will be hedged on a case-by-case basis. For this, the group treasury normally uses forward foreign exchange contracts. The group treasury also hedges the sales and purchase transactions of the other Burckhardt Compression group companies on a case-by-case basis through forward foreign exchange contracts, the objective of which is to optimize the net profit of each group company as reported in its functional local currency. The group management regularly monitors the changes in the most important currencies and may adjust hedging policy accordingly in the future.

As a globally active corporation, Burckhardt Compression is also exposed to currency risks resulting from the translation into Swiss francs of items in the balance sheets of the foreign group companies. Based on income and invested capital, the following currencies are primarily relevant: EUR, USD and INR. Burckhardt Compression Holding AG does not hedge these translation risks.

As per the balance sheet date the following hypothetical foreign currency exchange rate risks existed:

03/31/2011			
Exchange rate	EUR/CHF	INR/CHF	USD/CHF
Change of exchange rate (hypothetical) [1]	15%	20%	20%
in CHF 1'000			
Effect on result			
– with increase of exchange rate against CHF	1'769	226	746
– with decrease of exchange rate against CHF	–1'769	–226	–746
Effect on equity [2]			
– with increase of exchange rate against CHF	–116	0	7'919
– with decrease of exchange rate against CHF	116	0	–7'919

03/31/2010			
Exchange rate	EUR/CHF	INR/CHF	USD/CHF
Change of exchange rate (hypothetical) [1]	5%	15%	10%
in CHF 1'000			
Effect on result			
– with increase of exchange rate against CHF	–1'051	19	–783
– with decrease of exchange rate against CHF	1'051	–19	783
Effect on equity [2]			
– with increase of exchange rate against CHF	89	0	2'779
– with decrease of exchange rate against CHF	–89	0	–2'779

[1] The hypothetical fluctuations in exchange rates expressed in percent were based on the rounded-off maximum fluctuations of the respective foreign currencies against the Swiss franc during the past reporting period.

[2] The hypothetical effect on equity is mostly a result of fair value changes of derivative financial instruments designated as hedges of future cash flows in foreign currencies.

– **Risks from customer contracts** Financial risks due to the execution of major and critical customer contracts are minimized through the established project control tools and processes.

– **Credit risks** Credit risk in respect of trade receivables is limited due to the diverse nature and quality of the customer base. Such risk is minimized by means of regular credit checks, advance payments, letters of credit and other tools. There is no concentration of risk within the Burckhardt Compression Group.

Burckhardt Compression does not have a concentration of customer risks as the most important customers in the project business, which accounts for a large share of Burckhardt Compression's overall business, vary from one year to the next. In past years Burckhardt Compression experienced no major impairments of receivables due to customer risks.

Financial instruments are exclusively concluded with first-class banks (mainly two institutes with short-term credit ratings of AAA and A-1, respectively, from S&P). The maximum credit risk is the market value of the available financial assets as per the balance sheet date. Burckhardt Compression invests its cash with institutions with a high credit rating and mostly in the money market, where interest risk is low.

– **Interest risks:** Burckhardt Compression had mortgage loans of CHF 42.2 mn as per March 31, 2011. The mortgage loans have fixed terms of 1 to 8 years and fixed interest rates. The funds borrowed from local banks by the Indian subsidiary amounted to CHF 11.9 mn as of March 31, 2011. These bank loans have variable interest rates and averaged 11.5% during the period under review. Burckhardt Compression does not have any other major borrowings. Liquid assets not required for operational purposes are deposited in current accounts or short-term money market instruments and therefore are only exposed to the fluctuations of short-term interest rates. For this reason Burckhardt Compression has not performed a sensitivity analysis.

– **Capital risks** With regard to its capital management policies, Burckhardt Compression seeks to secure the continuation of its business activities, to achieve an acceptable return for the shareholders and to finance the growth of the business to a certain extent from own cash flow. In order to achieve these objectives Burckhardt Compression can adjust the dividend payments, repay share capital, issue new shares or divest parts of the assets.

Burckhardt Compression monitors and manages its capital and capital returns based on the following ratios: capital managed by Burckhardt Compression is identical with the consolidated equity.

Ratio	Definition
Equity base	Equity as percentage of balance sheet total (equity ratio)
Net financial position	Marketable securities, cash and cash equivalents less bank loans and leasing commitments

As a long-term oriented industrial company exposed to cyclical market developments, Burckhardt Compression aims to keep a strong equity base and a solid net financial position.

As per the balance sheet date those ratios showed the following values:

	03/31/2011	03/31/2010
Equity base	51.3%	50.0%
Net financial position (TCHF)	95'003	66'547

Overview of financial assets and liabilities
Carrying amount and fair value of financial assets and liabilities
(carrying amount corresponds mainly to fair value)

in CHF 1'000	Fair value category	Notes	03/31/2011	03/31/2010
Marketable securities at fair value through profit and loss (designated)	1	14	4'289	4'454
Cash, marketable securities and receivables				
Cash and cash equivalents	n.a.	15	143'838	113'764
Marketable securities	1	14	976	1'065
Trade receivables	n.a.	13	84'855	62'763
Other receivables	n.a.	13	11'066	9'005
Total			240'735	186'597
Derivative financial instruments from hedge accounting	2	21	3'632	1'601
Total financial assets and derivatives			**248'656**	**192'652**
Trade accounts payables	n.a.		24'591	16'129
Other current liabilities	n.a.	20	2'695	2'062
Financial liabilities				
Current financial liabilities	n.a.	18	9'806	5'399
Non-current financial liabilities	n.a.	18	44'353	47'710
Derivative financial instruments from hedge accounting	2	21	1'177	613
Total liabilities and derivatives			**82'622**	**71'913**

Fair value categories:
Level 1 Quoted prices (unadjusted) and active markets for this instrument.
Level 2 Quoted prices for comparable assets or liabilities in active markets, or the instrument can be valued using other methods based on observable market data.
Level 3 Valuation methods use inputs that are not based on observable market data.

As per the end of fiscal years 2010 and 2009, Burckhardt Compression had no financial assets in the fair value category 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Burckhardt Compression makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below:

– **Impairment of goodwill** Burckhardt Compression tests goodwill for impairment on an annual basis in accordance with the accounting policy outlined in section 2.7 "Impairment of assets". The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of assumptions. The group management defines budgeted gross margins based on developments in the past and on expectations for future market development. The weighted average growth rates correspond to the predictions contained in industry reports. The discount rates applied are pre-tax interest rates and reflect the specific risks of the respective segments.

– **Provisions** Provisions contain the anticipated cash outflows, at their present value at the balance sheet date, for warranty and other claims, onerous contracts and long-term employee benefits. Every year the provisions set aside for warranties and guarantees are compared with the actual guarantee-related expenses incurred during the reporting period and adjusted accordingly in the event of sustained deviation. Depending on the outcome of the respective transactions, actual payments may differ from these estimates.

– **Accruals** Income and expenses are accounted for on an accruals basis so that they are recognized in the periods to which they relate. Accruals include items for any additional expenses relating to outstanding commissioning costs and potential liquidated damages on contracts already billed. As the actual work involved is difficult to estimate, actual costs may differ from the accrued liabilities recognized for the work.

– **Income taxes** Burckhardt Compression is obliged to pay income taxes in various countries and is therefore required to make significant assumptions in order to calculate its worldwide tax provision. In the case of a number of transactions and calculations, the final tax liability cannot be ultimately determined during the normal course of business. Where the final tax liability arising from these transactions differs from the initial assumption, this will affect current and deferred taxes in the period in which the tax liability is ultimately determined.

– **Pension liabilities** Pension liabilities are calculated on the balance sheet date using an actuarial based procedure. For these projections assumptions must be made regarding interest rates, expected yields from assets, wage rises, staff fluctuations, etc. Changing the assumptions mentioned could lead to significant deviations because of the long-term nature of these calculations.

5. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 Significant changes in the scope of consolidation

There were no significant changes in the scope of consolidation during the period under review.

In December 2009 Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Compression (Middle East) FZE by means of a contribution in cash. This new company employed 9 employees at the end of the fiscal year 2009.

In April 2009 Burckhardt Compression Holding AG established Burckhardt Compression Immobilien AG by means of a non-cash contribution. The objective of the new company is to manage the company's commercial properties in Winterthur. It does not have any employees.

02 Currency exchange rates

	Average rates		Year-end rates	
	2010	2009	**03/31/2011**	03/31/2010
1 EUR	1.34	1.50	1.30	1.43
1 GBP	1.57	1.70	1.48	1.61
1 USD	1.01	1.06	0.92	1.06
1 CAD	1.00	0.98	0.94	1.05
1 AED	0.28	0.29	0.25	0.29
100 BRL	58.69	57.00	56.27	59.20
100 JPY	1.18	1.15	1.11	1.14
100 CNY	15.10	15.60	13.98	15.60
100 INR	2.22	2.24	2.06	2.36
100 KRW	0.09	0.09	0.08	0.09

03 Segment information

Burckhardt Compression is one of the market leaders worldwide in reciprocating compressors and has only one reportable segment (compressor business). The information for this segment is identical to the data in the consolidated financial statements. In implementing IFRS 8 management did not identify any other reportable segments to which specific risks and benefits could be allocated or for which there is regular and consistent internal reporting to facilitate management decision-making processes. Furthermore management believes that Group investments cannot be feasibly allocated to product lines, markets or geographic regions Management has therefore concluded that at the present time segment reporting by product line, market or geographic region would not improve the interpretation of Group results or the company's risks and profitability.

Geographic information

Sales by country of installation in CHF 1'000	2010	2009
Europe:		
– EU	67'525	115'192
– Switzerland	2'609	4'576
– Other European countries	19'559	26'275
Total Europe	**89'693**	**146'043**
North America	17'479	25'778
South America	45'940	21'257
Asia, Australia, Middle East	201'216	146'590
Africa	1'318	3'522
Total	**355'646**	**343'190**

Sales by customer location in CHF 1'000	2010	2009
Europe:		
– EU	108'977	156'330
– Switzerland	3'615	5'327
– Other European countries	14'354	29'653
Total Europe	**126'946**	**191'310**
North America	17'621	20'262
South America	10'434	15'585
Asia, Australia, Middle East	199'359	114'426
Africa	1'286	1'607
Total	**355'646**	**343'190**

Carrying amount of assets by location of assets in CHF 1'000	2010	2009
Europe:		
– EU	32'145	27'366
– Switzerland	406'156	385'455
– Other European countries	0	0
Total Europe	**438'301**	**412'821**
North America	11'910	13'642
South America	5'200	3'251
Asia, Australia, Middle East	46'988	40'265
Total	**502'399**	**469'979**

Capital expenditure in CHF 1'000	2010	2009
Europe:		
– EU	783	516
– Switzerland	7'380	84'792
– Other European countries	0	0
Total Europe	**8'163**	**85'308**
North America	79	87
South America	299	53
Asia, Australia, Middle East	3'737	2'600
Total	**12'278**	**88'048**

04 Additional information regarding the income statement

Sales and gross profit in CHF 1'000		**2010**	**2009**
New machines	Sales	222'542	241'531
	Gross profit	51'870	80'694
Customer Support Service	Sales	104'968	80'776
	Gross profit	50'032	36'712
Compressor components	Sales	28'136	20'883
	Gross profit	13'663	9'458
Total	**Sales**	**355'646**	**343'190**
	Gross profit	**115'565**	**126'864**

Expenses by nature in CHF 1'000		**2010**	**2009**
Raw materials and consumables		–141'072	–183'137
Personnel expenses	Salaries and wages	–66'032	–65'596
	Defined benefit plans	–5'226	–6'172
	Defined contribution plans	–2'871	–4'368
	Other social benefits	–4'057	–3'643
	Other personnel costs	–4'047	–5'112
Total		**–82'233**	**–84'891**
Depreciation		–7'948	–7'659
Amortization		–1'903	–1'854

The amounts shown under expenses by nature are related to the costs of goods **manufactured** (not cost of goods sold) during the respective fiscal year. The slight increase in salaries and wages is attributable to the increase in the headcount to 917 employees as per March 31, 2011 compared to 891 employees as per March 31, 2010.

05 Employee benefit plans

The defined benefit obligation of pension plans is the present value of accrued pension obligations at the balance sheet date considering future salary and pension increases and also turnover rates (using the Project Unit Credit Method).

In Switzerland (Sulzer pension funds) pension liabilities are covered by assets held by legally separate entities. The financing of pension benefit plans in Germany, however, is made by means of provisions accrued in the accounting records of the companies affected. The actuarial valuations for the defined benefit plans were performed at the balance sheet closing date. The Swiss pension plans are treated as defined benefit plans in accordance with IAS 19.

in CHF 1'000	Funded Plans	Unfunded Plans	2010	2009
Reconciliation of the amount recognized in the balance sheet				
Fair value of plan assets	91'767	0	91'767	85'933
Present value of defined benefit obligations	–93'319	–2'216	–95'535	–94'944
Overfund (+)/underfund (–)	**–1'552**	**–2'216**	**–3'768**	**–9'011**
Unrecognised actuarial gains (–)/losses (+)	1'898	167	2'065	7'731
Amounts not recognised because of limitation	0	0	0	0
Asset (+)/Liability (–) recognised in balance sheet	**346**	**–2'049**	**–1'703**	**–1'280**
thereof current provision	346	0	346	1'010
thereof as non-current provision	0	–2'049	–2'049	–2'290
Pension expenses recognised in profit or loss				
Current service costs (employer)			5'672	5'177
Interest costs			3'072	3'361
Expected return on plan assets			–3'526	–3'297
Actuarial gain (+)/loss (–) recognised in current year			8	931
Past service cost			0	0
Effect of overfund not recognised			0	0
Expenses recognised in profit or loss			**5'226**	**6'172**
Reconciliation of defined benefit obligation				
Defined benefit obligation as per 04/01/2010 / 04/01/2009			94'944	103'541
Interest cost			3'072	3'361
Current service cost (employer)			5'672	5'177
Contributions by plan participants			3'001	3'335
Past service cost			0	0
Benefits paid/deposited			–3'186	–12'737
Changes in the consolidation scope			0	0
Actuarial gain (–)/loss (+) on obligation			–7'743	–7'585
Currency translation differences			–225	–148
Defined benefit obligation as per 03/31/2011 / 03/31/2010			**95'535**	**94'944**
Reconciliation of the fair value of plan assets				
Fair value of plan assets as per 04/01/2010 / 04/01/2009			85'933	84'687
Expected return on plan assets			3'526	3'297
Contributions by the employer/benefits paid directly by employer			4'595	5'028
Contributions by plan participants			3'001	3'335
Benefits paid/deposited			–3'186	–12'737
Changes in the consolidation scope			0	0
Actuarial gain (+)/loss (–) on plan assets			–2'102	2'323
Fair value of plan assets as per 03/31/2011 / 03/31/2010			**91'767**	**85'933**
thereof equity instruments Burckhardt Compression Ltd.			126	107
thereof equity instruments – third party			20'415	19'429
thereof debt instruments – third party			38'864	39'448
thereof properties occupied by or used by third party			19'464	18'736
thereof others			12'898	8'213
Actual return on plan assets			**1'424**	**5'620**

in CHF 1'000	2010	2009
Movement in the net amount recognised in the balance sheet		
Opening net liability (–) / asset (+)	–1'280	–274
Expense recognised in profit or loss	–5'226	–6'172
Contributions by the employer/benefits paid directly by employer	4'595	5'028
Changes in the consolidation scope	0	0
Currency translation differences	208	138
Closing net liability (–) / asset (+)	**–1'703**	**–1'280**
Best estimate of contributions for upcoming fiscal year		
Contributions by the employer (only Swiss plans)	4'523	4'704
Contributions by plan participants	2'945	3'062

Information over several years	2010	2009	2008	2007	2006
Fair value of plan assets	91'767	85'933	84'687	94'076	97'146
Present value of funded defined benefit obligation	–95'535	–94'944	–103'541	–104'425	–95'166
Overfund (+) / underfund (–)	**–3'768**	**–9'011**	**–18'854**	**–10'349**	**1'980**
Present value of unfunded defined benefit obligation	–2'216	–2'482	–2'490	–2'433	–2'703
Experience adjustments on defined benefit obligation	–4'067	–7'446	–1'540	63	–1'338
Experience adjustments on plan assets	–2'102	2'323	–15'579	–8'774	2'965

Principal actuarial assumptions as per 03/31/2011 / 03/31/2010	2010	2009
Discount rate	2.80%	3.10%
Expected rate of return on plan assets	4.00%	4.00%
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.25%
Workforce fluctuation rate	7.39%	8.01%
Expected average remaining working lives in years	9.8	9.3
Life expectancy at retirement age (male/female) in years	18/22	18/22

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. The expected long-term return for investment categories is as follows: 2.5% for bonds, 6.3% for equities, 4.1% for properties and 3.0% for others.

06 Research and development expenses

During fiscal 2010, research and development activities focused on general product management and improving and upgrading process gas compressors, on research in the fields of tribology and mechatronic and on the further development of calculation and construction tools. No research and development expenses were capitalized in fiscal year 2010 and 2009.

07 Other operating income and expenses

in CHF 1'000	2010	2009
Currency exchange losses (–) / gains (+)	–347	96
Other operating expenses (–) / income (+)	1'634	–141
Total	**1'287**	**–45**

The currency exchange losses in fiscal 2010 were largely attributable to negative exchange-rate differences on positive bank balances in EUR, from the exchange-rate loss incurred after extending a USD hedge and from positive exchange-rate differences associated with advance customer payments in EUR. The largest single item under Other operating income was the operating income generated by Burckhardt Compression Immobilien AG, which contributed CHF 3.1 mn to group operating income in fiscal 2010 (previous year: CHF 2.9 mn). In the previous year Other operating expenses included CHF –1.8 mn in costs for the social plan drawn up as a result of the reduction in headcount at the Winterthur location.

08 Financial result

Financial expenses The increase in financial expenses in fiscal 2010 is attributable to the increased local bank borrowing of the group subsidiary in India and, to a lesser extent, to the first-time full-year inclusion of mortgage expense for the commercial real estate acquired in Winterthur in May 2009.

Miscellaneous financial income

in CHF 1'000	2010	2009
Interest income	255	258
Other financial income (+) and expenses (–)	–372	1'161
Total	**–117**	**1'419**

Interest income was virtually unchanged from the previous year due to the persisting low level of interest rates. Other financial income was significantly lower than in the previous year and includes a negative amount from the fair value measurement of financial assets. Other financial income in the previous year also included the reimbursement of commissions under a global credit agreement with a Swiss bank.

09 Taxes

Income taxes

in CHF 1'000	2010	2009
Current income taxes	–14'293	–19'604
Deferred taxes	62	1'718
Total	**–14'231**	**–17'886**

Reconciliation of income tax expense

in CHF 1'000	2010	2009
Profit before income taxes	59'315	73'842
Income tax expenses at the local tax rates in the respective countries	–14'255	–18'176
New assessment of valuation differences	0	290
Non-deductible espenses	24	0
Total income tax expenses	**–14'231**	**–17'886**
as % of profit before income taxes	23.99%	24.22%

The expected tax rate of Burckhardt Compression Group corresponds to the weighted average tax rate based on the income (loss) before taxes and the tax rate of each Group company. The change of the expected income tax rate is the result of the changed financial situation and the changed tax rates of the different subsidiaries.

Deferred taxes

in CHF 1'000	2010	2009
Deferred tax assets:		
– which can be used within 12 months	–424	–307
– which can be used after 12 months	–516	–685
Subtotal	–940	–992
Deferred tax liabilities:		
– which can be used within 12 months	4'383	3'454
– which can be used after 12 months	6'962	7'524
Subtotal	11'345	10'978
Total	**10'405**	**9'986**
Total changes in deferred taxes:		
Balance as per 04/01/2010 / 04/01/2009	9'986	11'381
Changes in the consolidation scope	0	0
Charged to the income statement	–62	–1'718
Taxes charged to equity for hedging reserves	481	323
Total	**10'405**	**9'986**

Breakdown of deferred taxes in the balance sheet

	03/31/2011		03/31/2010	
in CHF 1'000	Assets	Liabilities	Assets	Liabilities
Intangible assets		1'651		1'914
Property, plant and equipment	2	5'056		5'578
Financial assets		152		216
Inventories	44	1'438	96	1'788
Customers' advance payments		30		38
Accounts receivable	179	2'346	98	1'548
Derivative financial instruments		631		324
Non-current borrowings		30		
Provisions for retirement plan obligations	126		196	
Other non-current liabilities			7	
Other non-current provisions	407	585	432	297
Trade accounts payable	274	406	135	154
Accruals	5			3
Current provisions	377		385	
Tax loss carry forward	506		525	
Total deferred taxes (gross)	**1'920**	**12'325**	**1'874**	**11'860**
Offset	–980	–980	–882	–882
Total deferred taxes (net)	**940**	**11'345**	**992**	**10'978**

Temporary differences related to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to CHF 65.8 mn (previous year CHF 58.2 mn).

Tax loss carry forwards

in CHF 1'000	2010	2009
Expiring in the next 3 years	762	249
Expiring in 4 to 7 years	1'366	1'693
Total tax loss carry forwards	**2'128**	**1'942**
Potential tax assets calculated	506	525
Valuation allowance	0	0
Deferred tax assets	**506**	**525**

10 Intangible assets
Acquisition costs

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2010 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2009 Total
Balance as per 04/01/2010 / 04/01/2009	24'082	6'033	8'440	38'555	24'043	5'210	8'773	38'026
Additions		1'235		1'235		819		819
Disposals		–54		–54		–97		–97
Reclassifications		130		130		163		163
Currency translation differences	–1'693	–208	–528	–2'429	39	–62	–333	–356
Balance as per 03/31/2011 / 03/31/2010	**22'389**	**7'136**	**7'912**	**37'437**	**24'082**	**6'033**	**8'440**	**38'555**

Accumulated amortization

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2010 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2009 Total
Balance as per 04/01/2010 / 04/01/2009		–3'007	–2'768	–5'775		–2'120	–2'028	–4'148
Additions		–1'106	–797	–1'903		–1'010	–844	–1'854
Disposals		54		54		95		95
Reclassifications								
Currency translation differences		121	203	324		28	104	132
Balance as per 03/31/2011 / 03/31/2010		**–3'938**	**–3'362**	**–7'300**		**–3'007**	**–2'768**	**–5'775**

Net book value

As per 04/01/2010 / 04/01/2009	24'082	3'026	5'672	32'780	24'043	3'090	6'745	33'878
As per 03/31/2011 / 03/31/2010	**22'389**	**3'198**	**4'550**	**30'137**	**24'082**	**3'026**	**5'672**	**32'780**

Impairment tests for goodwill Goodwill is allocated to the identifiable cash-generating units of the Burckhardt Compression Group (crosshead piston compressors and standard high-pressure compressors). The recoverable amount of a cash-generating unit is determined by calculating its value in use. These calculations are based on cash flows projections, which, in turn, are based on the mid-term plans approved by management. For this purpose five planning years are taken into consideration applying the below listed parameter as well as a terminal value with no growth rate at all. Management estimated the planned gross profit margin based on past developments and the expectations regarding future market developments. Historical data were used to make cautious assumptions. The assumptions listed below were used in the analysis of each cash-generating unit. No impairment losses were recognized for fiscal years 2010 and 2009.

in CHF 1'000	Crosshead piston compressors	Standard high-pressure compressors	Total
Goodwill as per 03/31/2011	17'588	4'801	22'389
Goodwill as per 03/31/2010	18'582	5'500	24'082
The test is based on the following assumptions:			
– Growth rate for sales	5.6%	2.8%	
– Gross margin as % of sales	29.1%	20.3%	
– Pre-tax discount rate	**8.5%**	**8.5%**	

The discount rate for discounting projected cash flows equals the rate which is used for similar purposes in the day-to-day business. The discount rate of the previous fiscal year for discounting projected cash flows was likewise 8.5%.

11 Property, plant and equipment

in CHF 1'000	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2010 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2009 Total
Acquisition costs										
Balance as per 04/01/2010 / 04/01/2009	83'124	63'332	17'659	2'299	166'414	5'823	54'967	17'439	5'233	83'462
Additions	394	3'571	2'218	6'095	12'278	77'204	7'338	1'649	1'857	88'048
Disposals		–3'336	–65	–102	–3'503		–3'623	–1'432	–27	–5'082
Reclassifications	1'209	1'149	301	–2'789	–130	5	4'585	24	–4'777	–163
Currency translation differences	–500	–765	–753	–38	–2'056	92	65	–21	13	149
Balance as per 03/31/2011 / 03/31/2010	**84'227**	**63'951**	**19'360**	**5'465**	**173'003**	**83'124**	**63'332**	**17'659**	**2'299**	**166'414**
Accumulated depreciation										
Balance as per 04/01/2010 / 04/01/2009	–2'699	–30'129	–11'819		–44'647	–1'016	–29'424	–11'536		–41'976
Additions	–1'681	–4'653	–1'614		–7'948	–1'666	–4'278	–1'715		–7'659
Disposals		2'580	55		2'635		3'601	1'377		4'978
Reclassifications										
Currency translation differences	63	221	299		583	–17	–28	55		10
Balance as per 03/31/2011 / 03/31/2010	**–4'317**	**–31'981**	**–13'079**	**0**	**–49'377**	**–2'699**	**–30'129**	**–11'819**	**0**	**–44'647**
Net book value										
As per 04/01/2010 / 04/01/2009	80'425	33'203	5'840	2'299	121'767	4'807	25'543	5'903	5'233	41'486
As per 03/31/2011 / 03/31/2010	**79'910**	**31'970**	**6'281**	**5'465**	**123'626**	**80'425**	**33'203**	**5'840**	**2'299**	**121'767**
Fire insurance values	**149'700**	**79'875**	**18'700**	**5'400**	**253'675**	**147'097**	**79'333**	**22'120**	**2'293**	**250'843**

The additions recorded in fiscal 2010 under the Machinery & equipment and the Assets under construction categories can primarily be traced to investments made to modernize the stock of machinery at the company's main manufacturing center in Winterthur as well as at the Indian group company.

The substantial increase in the "Land and buildings" category during the fiscal year 2009 is attributable to the purchase of the commercial property in Winterthur at a cost of CHF 77 mn. The "Other assets" category includes IT hardware, patterns, tools, fixtures, instruments, vehicles and other operating equipment. In the fiscal years 2010 and 2009 no leased assets were capitalized.

12 Inventories

in CHF 1'000	03/31/2011	03/31/2010
Acquisition costs		
Raw materials, supplies and consumables	15'790	15'148
Work in progress	43'727	62'880
Finished products and trade merchandise	21'204	23'042
Advance payments to suppliers	24'072	24'772
Valuation allowances	–6'527	–5'180
Total	**98'266**	**120'662**

in CHF 1'000	2010	2009
Valuation allowances		
Balance	–5'180	–4'866
Utilized due to disposals	124	1'386
Additions	–1'539	–1'675
Currency translation differences	68	–25
Balance	**–6'527**	**–5'180**

Due to the increase in the number of projects at an early stage of the manufacturing cycle, work in progress at the end of fiscal 2010 was CHF 19.2 mn less than the year before. Work in progress reported for the 2010 and 2009 fiscal years was financed by customers' advance payments in the amount of TCHF 62'010 and TCHF 82'169, respectively.

13 Trade and other receivables

in CHF 1'000	03/31/2011	03/31/2010
Trade receivables	84'855	62'763
Allowance for bad debts	–920	–508
Other receivables	9'932	7'229
Prepaid expenses	1'694	1'634
Total current receivables	**95'561**	**71'118**
Other receivables	1'134	1'776
Total non-current receivables	**1'134**	**1'776**
Total	**96'695**	**72'894**

in CHF 1'000	03/31/2011	03/31/2010
Allowance for bad debts		
Balance as per 04/01/2010 / 04/01/2009	–508	–1'115
Additions	–830	–272
Disposals	275	301
Utilization	64	561
Currency translation differences	79	17
Balance as per 03/31/2011 / 03/31/2010	**–920**	**–508**

in CHF 1'000	03/31/2011		03/31/2010	
Age profile of trade receivables				
Not due	55'860	65.8%	43'093	68.7%
Overdue 1–30 days	11'901	14.0%	7'197	11.5%
Overdue 31–60 days	5'672	6.7%	3'725	5.9%
Overdue 61–90 days	3'931	4.6%	1'991	3.2%
Overdue more than 90 days	7'491	8.8%	6'757	10.8%
Balance as per 03/31/2011 / 03/31/2010	**84'855**	**100.0%**	**62'763**	**100.0%**

The allowance for bad debts at the end of 2010 and 2009 fiscal years was entirely related to accounts receivable which were more than 90 days overdue as per the closing date.

in CHF 1'000	03/31/2011	03/31/2010
Trade receivables broken down into currencies		
CHF	17'763	20'087
EUR	40'856	27'281
USD	14'884	7'999
GBP	722	802
JPY	599	559
INR	4'663	3'429
BRL	2'412	341
CAD	324	456
CNY	1'547	1'301
Other	165	0
Total (after allowance for bad debts)	**83'935**	**62'255**

Burckhardt Compression is not exposed to major credit risks as it has a large and globally diverse customer base. The single largest account receivable represents less than 17% of total trade and other receivables; the second largest individual position is amounting to less than half of the largest one. The risk of default among Burckhardt Compression customers is very small; a high share of the accounts receivable are secured by letters of credit.

14 Marketable securities

Of the total marketable securities of TCHF 5'265 (fiscal year 2009 TCHF 5'519), TCHF 976 (fiscal year 2009 TCHF 1'065) comprised shares of money-market-like funds and TCHF 4'289 (fiscal year 2009 TCHF 4'140) was invested in an institutional portfolio module. The mandate to manage a portfolio of TCHF 5'000 was awarded to a first-class Swiss financial institute in 2006. Of this sum, 10% is invested in equities, 80% in bonds and 10% in European real estate.

15 Cash and cash equivalents

Cash was held in current accounts and in the previous year partly invested in short-term money market instruments. The average investment period for short-term cash amounted to 44 days in the previous year. Most of the cash and cash equivalents was held in Swiss francs for reasons of currency exchange risk.

in CHF 1'000	03/31/2011	03/31/2010
Cash	338	230
Bank deposits	142'367	112'322
Short-term deposits	1'133	1'212
Total cash and cash equivalents	**143'838**	**113'764**

16 Pledged assets

Burckhardt Compression Immobilien AG granted a Swiss banking institute a senior mortgage lien on the commercial property in Winterthur as collateral for a mortgage loan.

The Burckhardt Compression company in India has pledged property, inventories and receivables in the amount of TCHF 24'791 as collateral for the credit lines and guarantee facilities provided by local banks. No further assets were pledged as collateral in the fiscal year 2010. In the previous fiscal year the pledged assets amounted to TCH 18'075 and the amount pledged by the real estate company was CHF 75.7 mn.

17 Share capital

	03/31/2011	03/31/2010
Number of shares issued	3'400'000	3'400'000

The nominal value per share amounts to CHF 2.50. All shares are registered shares and are paid in full. The breakdown of equity into its individual components is shown in the statement of changes in equity. The Board of Directors is authorized to increase the share capital anytime on or before July 4, 2011 in the maximum amount of CHF 1'275'000 by issuing up to 510'000 fully paid in registered shares with a nominal value of CHF 2.50 per share (authorized capital).

Treasury shares

	03/31/2011	03/31/2010
Treasury shares (number)	81'438	66'351

In December 2008, the Board of Directors of Burckhardt Compression Holding AG decided to repurchase up to 170'000 BCHN shares or up to 5% of all outstanding shares of the company over a 12-month period and to hold these shares as an acquisition currency. A second line of trading was not opened for the share buyback program. Shares were repurchased at market prices. In December 2009 the share buyback program was extended for one year to December 16, 2010 and has since expired. Burckhardt Compression Holding AG repurchased 75'317 shares under this share buyback program. The remaining 6'121 treasury shares were bought for the purpose of the long-term bonus program under which a first distribution of shares will take place in June 2011.

Earnings per share

in CHF 1'000	03/31/2011	03/31/2010
Net income attributable to shareholders of Burckhardt Compression Holding AG (in TCHF)	45'084	55'956
Average number of outstanding shares	3'325'915	3'355'232
Average number of outstanding shares for the calculation of earnings per share	3'325'915	3'355'232
Earnings per share (in CHF)	13.56	16.68
Diluted earnings per share (in CHF)	13.56	16.68
Dividend per share (in CHF)[1]	5.00	5.00

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 5.00 per share, to be paid in July 2011.

The average number of outstanding shares is calculated based on the issued shares minus the weighted average number of treasury shares. There are no conversion or option rights outstanding; therefore there is no potential dilution of earnings per share.

18 Borrowings

in CHF 1'000	Current	Non-current	Total 03/31/2011	Total 03/31/2010
Bank loans and leasing commitments	9'806	44'294	54'100	52'736
Others	0	59	59	373
Total	**9'806**	**44'353**	**54'159**	**53'109**
Thereof due in less than 1 year	9'806	0	9'806	5'399
Thereof due in 1 to 5 years	0	44'353	44'353	47'710

Burckhardt Compression AG has bank and guarantee facilities totaling TCHF 160'000, thereof TCHF 20'000 in credit limits as per March 31, 2011 (previous year total bank and guarantee facilities amounted to TCHF 170'000). The bank loans as per March 31, 2011 included mortgage loans of CHF 42.2 mn. The rest is primarily in Indian rupees. The average effective interest rate amounted to 3.7% in fiscal year 2010 and 3.4% in the previous fiscal year.

19 Provisions

in CHF 1'000	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2010 Total	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2009 Total
Balance as per 04/01/2010 / 04/01/2009	4'599	1'514	12'065	1'914	20'092	5'003	1'234	9'296	1'818	17'351
Changes in the consolidation scope										
Additions	1'012	1'500	5'503	1'134	9'149	203	1'345	4'039	535	6'122
Released as no longer required	–67	–622	–4'136	–114	–4'939	–438	–302	–485	–448	–1'673
Released for utilization	–39	–534	–2'966	–1'128	–4'667	–20	–737	–798	–56	–1'611
Currency translation differences	–319	–141	–170	–160	–790	–149	–26	13	65	–97
Total as per 03/31/2011 / 03/31/2010	**5'186**	**1'717**	**10'296**	**1'646**	**18'845**	**4'599**	**1'514**	**12'065**	**1'914**	**20'092**
Thereof current	675	1'365	3'984	1'292	7'316	45	1'166	4'483	1'542	7'236
Thereof non-current	4'511	352	6'312	354	11'529	4'554	348	7'582	372	12'856

The employee benefits category includes provisions for the employee benefit plans of the Burckhardt Compression company in Germany and provisions for long-service awards for employees at the Burckhardt Compression company in Switzerland.

The "Warranties, penalties, unprofitable contracts" category comprises provisions based on historical experience for work performed under warranties, as well as penalties and losses arising from new machine projects at the expense of Burckhardt Compression.

20 Other current and accrued liabilities

in CHF 1'000	03/31/2011	03/31/2010
Other current liabilities		
Social security institutions	783	818
Tax liabilities (excl. income taxes)	724	862
Miscellaneous	1'188	382
Total	**2'695**	**2'062**
Accrued liabilities		
Interest expenses	22	0
Vacation and overtime	1'401	2'064
Salaries, wages and bonus payments	4'152	3'173
Contract related liabilities	42'063	22'616
Miscellaneous	1'191	1'894
Total	**48'829**	**29'747**
Total other current and non-current liabilities	**51'524**	**31'809**

The accrued contract-related liabilities increased by CHF 19.4 mn compared to the previous year, mainly as a result of the higher volume of pending invoices from suppliers on invoiced new machine projects.

21 Derivative financial instruments

	03/31/2011		03/31/2010	
in CHF 1'000	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Forward foreign exchange contracts				
– Cash flow hedges	3'632	1'177	1'601	583
– Others	0	0	0	30
Total	**3'632**	**1'177**	**1'601**	**613**
Thereof current	3'257	1'177	1'601	583
Thereof non-current	375	0	0	30

The fair value of the derivative assets quantifies the maximum loss that would occur if the counterparties fail to meet their obligations. The counterparties consist solely of prime-rated financial institutions. There is no excessive concentration of risk.

As per March 31, 2011 the contract value of the open derivative financial instruments amounted to TCHF 64'717; as per March 31, 2010 it had totaled TCHF 55'333. The increase in the fiscal year 2010 resulted from the slightly higher volume of business transactions to be hedged as of the closing date.

In the fiscal years 2010 and 2009 no ineffective portions of cash flow hedges were recognized in the income statement.

22 Outstanding guarantees

in CHF 1'000	Limited maturity	Unlimited maturity	Total 03/31/2011	Total 03/31/2010
Total pending guarantees	132'667	16'293	148'960	200'492
Thereof from Swiss banks	99'996	361	100'357	150'046
Thereof from foreign banks	4'553	0	4'553	9'513
Thereof from Burckhardt Compression Holding AG	28'118	15'932	44'050	40'933

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. The outstanding bank guarantees as of March 31, 2011 declined somewhat y-o-y, primarily because of the reduction in customer payments, while the guarantees issued by Burckhardt Compression Holding AG showed a slight increase. The Holding's guarantees largely serve as collateral for the mortgages on the company property in Winterthur as well as for credit limits extended to the Indian group subsidiary. The guarantees with unlimited maturity issued by Burckhardt Compression Holding AG serve to secure the credit lines extended by foreign banks.

23 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2011 and as per March 31, 2010.

24 Other financial commitments

Liabilities from operating leases

in CHF 1'000	Buildings	Cars	Other	03/31/2011	03/31/2010
Total commitments	3'271	514	540	4'325	4'606
Thereof due in less than 1 year	1'250	190	369	1'809	913
Thereof due in 1 to 5 years	1'840	324	171	2'335	3'394
Thereof due in more than 5 years	181			181	299

The consolidated income statement includes leasing expenses for buildings of TCHF 2'818 for the fiscal year 2010. These expenses amounted to TCHF 3'007 in the previous year. The slight decline is attributable to currency translation effects.

Other financial obligations The most significant capital expenditure projects approved during the fiscal year 2010 and for which there are purchase commitments as per March 31, 2011 comprise for Burckhardt Compression AG one vertical lathe for TCHF 3'302 and TCHF 290 for one industrial cleaning and degreasing machine. Burckhardt Compression (India) Pvt. Ltd. had a purchase commitment of TCHF 886 for machining tools as per March 31, 2011.

25 Business combinations

Burckhardt Compression did not acquire any companies in the 2010 and 2009 reporting periods.

26 Remuneration of the Board of Directors and the Executive Board

Compensation paid to the non-executive members of the Board of Directors comprises a fixed cash component, an additional cash payment for the directors serving on a formal Board committee, and a variable profit- and performance-related component distributed as shares (free shares). The variable compensation is based on a percentage of net profit after minorities generated by the Burckhardt Compression Group and converted into a specific number of shares using the closing price of BCHN shares at the end of the respective business year. If a minimum financial target with regard to return on sales is not achieved, entitlement to the variable compensation for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full variable compensation component will be granted; if not, the variable component will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group. The free shares for the 2008, 2009 and 2010 fiscal years will be eligible for distribution in June 2011. The shares received will not be subject to any restrictions upon the date of transfer.

The Executive Board and the executive member of the Board of Directors receive variable performance and profit-related pay in addition to their base salaries. The variable pay comprises a percentage of net profit after minorities generated by the Burckhardt Compression Group and is contingent on the attainment of minimum financial targets. If the minimum financial target with regard to return on sales is not achieved, entitlement to variable pay for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full variable compensation component will be granted; if not, the variable component will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group.

Members of the Executive Board excluding the team that participated in the management buyout in 2002 additionally receive a long-term incentive in the form of shares (free shares). Retention pay is based on a percentage of net profit after minorities generated by Burckhardt Compression Group and calculated into a specific number of shares using the closing price of BCHN shares at the end of the respective business year. If a minimum financial target with regard to return on sales is not achieved, entitlement to the long-term incentive for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full long-term incentive will be granted; if not, the long-term incentive will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group. The free shares for the 2008, 2009 and 2010 fiscal years will be eligible for distribution in June 2011, provided the employment contract for the respective Executive Board members has not been terminated. The shares received will not be subject to any restrictions upon the date of transfer.

The following remuneration was paid to the members of the Board of Directors and the Executive Board for the 2010 and 2009 fiscal years:

in CHF 1'000							2010
Name	Position	Fees and remuneration	Salary fix in cash	Salary variable in cash	Share based payments[1]	Social benefits and other compensation	Total
Non-executive members of the Board of Directors							
Hans Hess	Chairman	110			53	0	163
Heinz Bachmann	Deputy Chairman	60			26	4	90
Urs Fankhauser	Member	60			26	5	91
Urs Leinhäuser	Member	60			26	5	91
Total		**290**			**131**	**14**	**435**
Executive Board							
Valentin Vogt	CEO and Executive Member		390	122	0	116	628
Members of the Executive Board (11 persons)			1'918	421	483	499	3'321
Total			**2'308**	**543**	**483**	**615**	**3'949**

in CHF 1'000							2009
Name	Position	Fees and remuneration	Salary fix in cash	Salary variable in cash	Share based payments[1]	Social benefits and other compensation	Total
Non-executive members of the Board of Directors							
Hans Hess	Chairman	110			29		139
Heinz Bachmann	Deputy Chairman	60			15	1	76
Urs Fankhauser	Member	60			15	4	79
Urs Leinhäuser	Member	60			15	4	79
Total		**290**			**74**	**9**	**373**
Executive Board							
Valentin Vogt	CEO and Executive Member		390	0	0	115	505
Members of the Executive Board (11 persons)			1'896	208	247	489	2'840
Total			**2'286**	**208**	**247**	**604**	**3'345**

[1] Long-term incentive pay to the eligible members of the Executive Board and variable pay for the non-executive members of the Board of Directors (free shares). The personnel expense for the long-term incentive pay is accounted for on a pro rata basis over the entire award period.

Allocated free shares The following free shares were allocated in fiscal 2010, 2009 and 2008 to the members of the Executive Board eligible for long-term incentive pay and to the non-executive members of the Board of Directors as share-based variable pay:

Name	Position	Allocated shares 2010	Allocated shares 2009	Allocated shares 2008	Vested Shares	Shares locked until June 30, 2011	03/31/2011 Total Shares
Non-executive members of the Board of Directors							
Hans Hess	Chairman	94	161	412	0	667	667
Heinz Bachmann	Deputy Chairman	47	81	206	0	334	334
Urs Fankhauser	Member	47	81	206	0	334	334
Urs Leinhäuser	Member	47	81	206	0	334	334
Total		**234**	**404**	**1'030**	**0**	**1'668**	**1'668**
Executive Board							
Members of the Executive Board (8 persons)		951	1'110	4'190	0	6'251	6'251
Total		**1'185**	**1'514**	**5'220**	**0**	**7'919**	**7'919**

27 Transactions with the Board of Directors, the Executive Board and related parties

The major shareholder (Zurmont Capital I AG) had initiated immediately before the IPO according to the shareholders agreement of July 19, 2002 a transfer of 238'000 Burckhardt Compression Holding AG shares to the then existing management shareholders. Zurmont Capital I AG transferred these shares (ratchet shares) at a price of CHF 0.25 per share to the existing management shareholders. The transfer did not require any accounting entry in the consolidated annual accounts 2006 of Burckhardt Compression Holding AG. The social security contributions of that transaction were paid by the company and are part of the personnel expenses of fiscal year 2006.

At the same time 14'545 out of the 238'000 shares were transferred to other managers at a price of CHF 0.25 per share. The two-step allocation is based on a plan which was established in June 2006. The first allocation of 9'280 shares did not include any restrictions. The second allocation of 5'265 shares is tied to the condition that the recipient continues to work for the company for an additional 5 years (lock-up period). If a recipient leaves the company before that period expires, he/she must sell those shares to the company at a price of CHF 0.25 per share. The corresponding value of the first allocation (resulting from the difference between the issue price of CHF 85.00 and the paid price of CHF 0.25 per share) and a pro rata share of the second allocation totaling TCHF 853 were charged to personnel expenses in the income statement 2006. The employer's and employee social security contributions, which were paid by Burckhardt Compression Holding AG, amounted to TCHF 1'574.

The pro rata share of the second allocation amounted to TCHF 89 for each of the fiscal years 2007, 2008, 2009 and 2010 and was charged to personnel expenses in the respective income statements. The corresponding credit was made directly in shareholders' equity.

No other payments or fees for additional services were paid to the members of the Board of Directors and the Executive Board during the fiscal year 2010. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2010.

As per March 31, 2011 the members of the Executive Board, including the executive member and the non-executive members of the Board of Directors (and related persons), owned the following numbers of shares of Burckhardt Compression Holding AG:

		03/31/2011			03/31/2010
Name	Position	Total shares	Vested Shares	Shares locked until June 30, 2011[1]	Total shares
Non-executive members of the Board of Directors					
Hans Hess	Chairman	9'600	9'600	0	9'600
Heinz Bachmann	Deputy Chairman	600	600	0	600
Urs Fankhauser	Member	150	150	0	150
Urs Leinhäuser	Member	150	150	0	150
Total		**10'500**	**10'500**	**0**	**10'500**
Executive Board					
Valentin Vogt	CEO and Executive	212'633	94'666	117'967	222'633
Rolf Brändli	CFO	150	150	0	150
Regula Brunner	VP Human Resources	660	560	100	660
René Guthauser	VP Quality & Infrastructure	310	260	50	310
Martin Heller	VP Sales	85'460	24'427	61'033	87'530
Dr. Leonhard Keller	VP Valves	81'563	25'130	56'433	96'563
Daniel Oswald	VP IT	1'100	820	280	1'200
Marcel Pawlicek	VP Design & Manufacturing	57'545	1'112	56'433	57'545
Narsimha Rao	Managing Director BCP	0	0	0	0
Marco Scanderbeg	VP Marketing	1'305	990	315	1'305
Matthias Tanner	VP Contracting	220	200	20	420
Robert Züst	VP CSS	885	760	125	885
Total		**441'831**	**149'075**	**292'756**	**469'201**
Total		**452'331**	**159'575**	**292'756**	**479'701**
In % of total shares		13.3%			14.1%

[1] No shares are locked as from July 1, 2011

28 Risk management

Burckhardt Compression has an integrated risk management policy. In a process consisting of two steps, the Board of Directors identifies key risks in an early stage and assigns them to categories of strategic, financial and operational risks. The risks are then assessed and processed and consistently monitored, avoided or reduced through adequate risk management measures. The first step consists of a continuous risk management process where risks are systematically identified and assessed in a periodic leadership cycle at the larger locations of the Burckhardt Compression Group in order to define and monitor the necessary measures with responsible people and deadlines for the according implementation. The second step consists of a periodic management review which takes place as part of the semi-annual meeting of the Audit Committee of the Board of Directors. For this purpose the CEO prepares an overview of the key risks the Burckhardt Compression Group is exposed to and presents an assessment of the probability of such risks to happen and the impact they could have on the Group. The presentation is given to the Audit Committee of the Board of Directors together with adequate measures and responsible people and deadlines to implement these measures. The Audit Committee of the Board of Directors then informs the full Board about the findings of the risk management review.

29 Events after the balance sheet date

The Board of Directors and the Executive Board were not aware of any significant events occurring after the balance sheet date when the consolidated financial statements were approved on May 23, 2011.

Investments as per March 31, 2011

Group companies of
Burckhardt Compression Holding AG
Winterthur, Switzerland
Listed on SIX Swiss Exchange
Security no. 002553602
Share capital CHF 8'500'000
Market capitalization TCHF 983'450

1 = subsidiary of Burckhardt Compression Holding AG
2 = subsidiary of Burckhardt Compression AG
3 = subsidiary of Compressor Tech Holding AG
4 = subsidiary of PROGNOST Systems GmbH
5 = subsidiary of Burckhardt Compression (US) Inc.

	Subsidiary of	Abbreviation	Research & development	Engineering & manufacturing	Contracting	Sales	Service	Share capital Participation
Burckhardt Compression AG Winterthur, Switzerland CEO Valentin Vogt	1	BCA	•	•	•	•	•	CHF 2'000'000 100%
Compressor Tech Holding AG Zug, Switzerland Managing Director Rolf Brändli	1	CTH						CHF 200'000 100%
Burckhardt Compression Immobilien AG Winterthur, Switzerland Managing Director Rolf Brändli	1	BCO						CHF 5'000'000 100%
MT Sealing Technology Inc. Ohringen/Winterthur, Switzerland Managing Director Dr. Georg Samland	3	MTS	•	•		•	•	CHF 100'000 100%
Burckhardt Compression (Deutschland) GmbH Neuss, Germany Managing Director Olaf Görres	2	BCD				•	•	EUR 30'000 100%
PROGNOST Systems GmbH Rheine, Germany Managing Director Eike Drewes	3	PSG	•	•	•	•	•	EUR 200'000 100%
Burckhardt Compression (Italia) S.r.l. Milan, Italy Managing Director Tullio Buonocore	2	BCI			•	•	•	EUR 400'000 100%
Burckhardt Compression (France) S.A.S. Mantes la Jolie Cedex, France Managing Director François Bouziguet	2	BCF			•	•	•	EUR 300'000 100%
Burckhardt Compression (España) S.A. Madrid, Spain Managing Director Javier Gamboa	2	BCE				•	•	EUR 550'000 100%
Burckhardt Compression (UK) Ltd. Farnborough, United Kingdom Managing Director Colin Webb	2	BCG				•	•	GBP 250'000 100%

	Subsidiary of	Abbreviation	Research & development	Engineering & manufacturing	Contracting	Sales	Service	Share capital Participation
Burckhardt Compression (US) Inc. Houston, USA Managing Director Rudolf Buschauer	2	BCU			•	•	•	USD 250'000 100%
PROGNOST Systems Inc. Houston, USA Managing Director Edward D. Morrison Jr.	4	PSI				•	•	USD 200'000 100%
Burckhardt Compression (Canada) Inc. Brampton, Canada Managing Director Peter J. Thuerig	2	BCC				•	•	CAD 200'000 100%
Burckhardt Compression (Japan) Ltd. Tokyo, Japan Managing Director Kazuki Suzuki	2	BCJ			•	•	•	JPY 50'000'000 100%
Burckhardt Compression (Shanghai) Co. Ltd. Shanghai, People's Republic of China Managing Director Keven Li	2	BCN		•	•	•	•	CNY 2'731'000 100%
Burckhardt Compression (India) Pvt. Ltd. Pune, India Managing Director Narasimha Rao	2	BCP	•	•	•	•	•	INR 223'080'000 100%
Burckhardt Compression (Brasil) Ltda. São Paulo, Brazil Managing Director Vinicius de Mattos	2	BCB			•	•	•	BRL 900'000 100%
Selltech Inc. Valencia, USA Managing Director a.i. Rudolf Buschauer	5	SET				•	•	USD 10'000 100%
Burckhardt Compression (Middle East) FZE Dubai, United Arab Emirates Managing Director Beat Jäggi	2	BCM				•	•	AED 2'000'000 100%
Burckhardt Compression (Korea) Seoul, South Korea Managing Director Seunkweon Lee		BCK				•		

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Report of the statutory auditor
to the general meeting of
Burckhardt Compression Holding AG
Winterthur

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Burckhardt Compression Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 62 to 97), for the year ended March 31, 2011.

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

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

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

PRICEWATERHOUSECOOPERS

Opinion

In our opinion, the consolidated financial statements for the year ended March 31, 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Christian Kessler	James Goffi
Audit expert	Audit expert
Auditor in charge	

Winterthur, 25 May 2011

FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

BALANCE SHEET

in CHF 1'000	Notes	03/31/2011	03/31/2010
Non-current assets			
Investments in subsidiaries	102	36'876	36'876
Loans to subsidiaries		27'025	26'725
Total		**63'901**	**63'601**
Current assets			
Trade and other receivables	104	13	354
Marketable securities	103	13'809	10'162
Cash and cash equivalents		110'150	70'521
Total		**123'972**	**81'037**
Total assets		**187'873**	**144'638**
Equity			
Share capital	105	8'500	8'500
General reserve		1'700	1'700
Treasury shares		13'809	10'162
Retained earnings		103'021	62'483
Net income		59'748	60'833
Total		**186'778**	**143'678**
Liabilities			
Current liabilities, trade and other payables against third parties		13	30
Accrued liabilities		1'082	930
Total		**1'095**	**960**
Total equity and liabilities		**187'873**	**144'638**

INCOME STATEMENT

in CHF 1'000	Notes	2010	2009
Income	106		
Income from investments		60'000	60'000
Financial income		761	1'562
Other income		192	267
Total		**60'953**	**61'829**
Expenses			
Personnel expenses		–80	–91
Tax expenses		–276	–370
Other operating expenses		–849	–535
Total		**–1'205**	**–996**
Net Profit		**59'748**	**60'833**

NOTES TO THE FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

101 Accounting policies

The financial statements as per March 31, 2011 are in compliance with the requirements of Swiss corporate law. For the purpose of including Burckhardt Compression Holding AG in the consolidated financial statements, the corporate accounting principles remain fully applicable.

102 Investments in subsidiaries

The equity interests held directly and indirectly by Burckhardt Compression Holding AG are shown in the section "Investments as per March 31, 2011".

103 Marketable securities

The Board of Directors decided in December 2008 to repurchase up to 170'000 of the outstanding BCHN shares or up to 5% of the company's share capital through the regular market over a period of 12 months. In December 2009 the share buyback program was extended for one year to December 16, 2010. As per March 31, 2011 Burckhardt Compression Holding AG held the following number of treasury shares:

	03/31/2011	03/31/2010
Number of treasury shares[1]	81'438	66'351

[1] Of which 75'317 were purchased under the share buyback program during the period from December 2008 to December 2010. The remaining 6'121 treasury shares were bought for the purpose of the long-term bonus program under which a first distribution of shares will take place in June 2011.

The average acquisition cost was TCHF 13'809, which represents a price per share of CHF 170.

104 Receivables

in CHF 1'000	03/31/2011	03/31/2010
Trade receivables against group companies	0	208
Other receivables	13	16
Accrued income against group companies	0	130
Total	**13**	**354**

105 Share capital and shareholders

The share capital amounts to CHF 8'500'000 and is composed of 3'400'000 shares, each with a nominal value of CHF 2.50. All shares are registered shares and are paid in full. The Board of Directors is authorized to increase the share capital anytime on or before July 4, 2011 in the maximum amount of CHF 1'275'000 by issuing up to 510'000 fully paid in registered shares with a nominal value of CHF 2.50 per share (authorized capital).

No person will be registered as a shareholder in the share register with a voting power of more than 5% of the registered share capital. This limitation applies also to persons who hold shares wholly or partly through nominee agreements. This limitation also applies if shares are acquired by exercising subscription, option or conversion rights. These limitations do not apply to the acquisition of shares through succession, division of an estate or marital property law (art. 685d paragraph 3 CO).

Legal entities and partnerships which are linked by equity or voting rights by sharing the same management or are linked in some other way are counted as one entity. The same applies to individuals, legal entities or partnerships that combine their shareholdings for the purpose of evading registration limitations.

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that said nominees are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status. The total number of shares held by the nominee must not exceed 2% of the company's outstanding share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and shareholdings of the persons on whose account they hold 2% or more of the registered share capital. As of March 31, 2011, one nominee holding 17'921 shares had signed such a declaration; all shares held by this nominee have been entered in the share register with full voting rights.

Shareholder groups which had existed before June 23, 2006 are excluded from the voting rights restrictions.

According to information available to the company, the following shareholders reported shareholdings above 3% of the share capital and voting rights as per March 31, 2011:

Shareholders		03/31/2011	03/31/2010
	Country	in %	in %
MBO Management Shareholders	CH	14.8	15.6
TIAA-CREF Investment Management	USA	5.0	3.3
Allianz Global Investors	D	3.4	3.5
Royce & Associates, LLC	USA	3.1	3.1
UBS Fund Management (Switzerland) AG	CH	3.0	3.0
Other shareholders		70.7	71.5
Total issued shares		**100.0**	**100.0**

106 Income

in CHF 1'000	2010	2009
Income from investments		
Dividends	60'000	60'000
Financial income		
Interest income	761	1'562
Other income		
Income from services provided to group companies	192	192
Other	0	75
Total	**60'953**	**61'829**

Further disclosures pursuant to Article 663b of the Swiss Code of Obligations:

Risk management

Burckhardt Compression Holding AG is the parent company of the Burckhardt Compression group. The key risks of the Burckhardt Compression Holding AG are identical to those of the group and they are covered by the risk management policy that is explained in note 28 of the Explanatory notes to the consolidated financial statements.

Guarantees

in CHF 1'000	03/31/2011	03/31/2010
Guarantees	44'050	40'933
Total	**44'050**	**40'933**

Burckhardt Compression Holding AG issues advance payment guarantees and performance bonds in the name of Burckhardt Compression AG and in favor of a small number of selected customers. In fiscal 2009 Burckhardt Compression Holding AG also issued a guarantee in the amount of CHF 11.2 mn in favor of a Swiss bank as collateral for a second mortgage on commercial property in Winterthur. The limit imposed on all guarantees did not change compared to the previous year and was TCHF 50'000 as of March 31, 2011.

The credit lines and guarantee facilities extended to Burckhardt Compression AG by financial institutions do not require any assets or shares of Burckhardt Compression Holding AG to be pledged as collateral.

Remuneration of the Board of Directors and the Executive Board

Type and amount of remuneration of the members of the Board of Directors and the Executive Board as well as the number of shares of Burckhardt Compression Holding AG which the members of the Board of Directors and the Executive Board owned as per March 31, 2011 are disclosed in Note 26 “Remuneration of the Board of Directors and the Executive Board” and in Note 27 “Transactions with the Board of Directors, the Executive Board and related parties”.

Carry-forward and appropriation of earnings

in CHF 1'000	2010	2009
Prior year retained earnings	106'316	68'533
Undistributed dividend on treasury shares	352	191
Appropriation to reserves for treasury shares	–3'647	–6'241
Net income of the year	59'748	60'833
Retained earnings at the disposal of the Annual General Meeting	**162'769**	**123'316**
The Board of Directors proposes the following appropriation		
– Appropriation to general reserve	0	0
– Gross dividend	–17'000	–17'000
Retained Earnings carried forward	**145'769**	**106'316**

The Board of Directors will propose payment of a gross dividend of CHF 5.00 per registered share at the Annual General Meeting of Shareholders on July 2, 2011.

in CHF 1'000	2010	2009
Gross dividend	5.00	5.00
Less 35% withholding tax	–1.75	–1.75
Net dividend	**3.25**	**3.25**

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 10.30 am on Friday, July 2, 2011 at the Park Arena, Barbara-Reinhart-Strasse 24, 8404 Winterthur, Switzerland.

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Report of the statutory auditor
to the general meeting of
Burckhardt Compression Holding AG
Winterthur

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet, income statement and notes (pages 100 to 104), for the year ended March 31, 2011.

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

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

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

Opinion
In our opinion, the financial statements for the year ended March 31, 2011 comply with Swiss law and the company's articles of incorporation.

PRICEWATERHOUSECOOPERS

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Christian Kessler	James Goffi
Audit expert	Audit expert
Auditor in charge	

Winterthur, 25 May 2011

IMPRESSUM

The statements in this review relating to matters that are not historical facts are forward-looking statements that are not guarantees of future performance and involve risks and uncertainties, including but not limited to: future global economic conditions, foreign exchange rates, regulatory rules, market conditions, the actions of competitors and other factors beyond the control of the company.

This annual report is published in German and English and is also available on the internet under www.burckhardtcompression.com/financial-reports as an online version. The printed German version is binding.

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