Burckhardt Compression

ANNUAL REPORT 2007

Burckhardt Compression is one of the market leaders in the field of reciprocating compressor technology and the only manufacturer that offers a complete range of Laby® (labyrinth piston), process gas and hyper compressors. These compressors are used in a wide range of applications in the chemical and petrochemical industry, in refineries, in air separation systems, and for gas transport and storage. Burckhardt Compression products are required to compress, cool or liquefy gas, for example hydrocarbon or industrial gases.
Its customers include multinational companies in the oil, gas, petrochemicals and chemicals industries. In addition to its thriving new installation business, a major driver of the company's success is its global service network, which generates a substantial share of company revenues. This global network enables Burckhardt Compression to offer comprehensive customer support services, such as delivery of top-quality components, servicing of compressor valves, complete system overhauls, engineering services and the fulfillment of comprehensive maintenance contracts.

Content

To Our Shareholders

Dear Shareholders

The fiscal year 2007 represents the 164th year of Burckhardt Compression being in business and, as in preceding years, our company continued to flourish. We were successful in translating the high order intake from previous years into substantial and profitable sales growth.

The general environment in our major sales markets remained positive in 2007. Demand for products that are processed with reciprocating compressors continued to grow. A further increase in worldwide consumption of polyolefins, fossil fuels and industrial gases underlined the strong demand for our products. These developments were accentuated by structural changes, for instance, by a shift from liquid to gaseous energy sources, the build-up of production capacity in resource-rich countries as well as in local sales markets and by the tighter supplies of top-quality crude oil.

Order intake in 2007 rose by 4.5% over the prior-year figure to a total of CHF 426.7 million, which marked a new record high. The general environment in our new machinery markets and for our service activities remains positive. Unfortunately, we were unable to build up our engineering capacity fast enough to keep pace with the growth in the markets. After an exceptionally strong first half year with a record high order intake of CHF 250.7 million, we decided to take a deliberately slower pace in the new machines business in order not to jeopardize our high standards with regard to quality and delivery times. As a consequence, order intake in the second half of the year was well below the level reported in the first half. Also in retrospect, this decision was correct and necessary.

Orders for new machines amounted to CHF 326.5 million for the year as a whole. This is quite remarkable, considering that new machine orders totaled CHF 136.6 million as recently as in 2004. Of particular interest are the orders for compressors for another four LNG (liquefied natural gas) off-loading terminals and for two high-pressure polyethylene production units, the high order volumes for industrial gas applications and several significant orders in the refinery market. The initial orders for a new series of process gas compressors represent a significant step forward in the development of our machine manufacturing activities. The sale of the first Laby®-GI compressor marks another major breakthrough. A significant milestone was achieved in the development of this new application with the first order for a compressor that will be used in a floating LNG storage facility with a regasification system.

Order intake of the service business (CSS) surpassed the one hundred million mark for the first time ever, coming in at CHF 100.2 million. This corresponds to a 45% growth rate over the past three years. Demand for the products and services offered through our four service modules remained strong in 2007. Particularly noteworthy are the high order volumes from Asian countries and the growing number of spare parts orders for other brand compressors, which we consider a promising element of our future service activities.

Group sales were up by CH F 101.4 million or 38.0% to CHF 368.0 million. Higher gross profit combined with only slightly higher selling and administrative expenses resulted in another significant improvement in the Group's already impressive profitability. Additionally gross profit and operating income benefited from a non- recurring effect of CH F 7.1 million. Operating profit amounted to CH F 89.8 million. The corresponding EBIT margin of 24.4% including and excluding the non-recurring effect is well above the average margins achieved by industrial and competing companies. Bottom line results were very good with net profit of CH F 68.0 million and earnings per share of CH F 20.00, representing an increase of 69.5% over the previous year's figure. The net profit margin widened to 18.5% from 15.0% in the previous year.

In 2006 we decided to expand our capacity in Winterthur and Pune (India) and the ensuing projects were completed by the end of 2007. During the past year the decision was made to further expand capacity in Winterthur; this project is now underway.

The pivotal aspect of our company's growth, both past and future, is our workforce. The total headcount increased by 107, or 15%, to 819 during the period under review, which included 28 employees who joined us as part of the acquisition of MT Sealing Technology Inc.

We expect a continued positive development of our business activities in 2008. In view of the order backlog of new machines, sales should remain strong and surpass the figure reported in the 2007 financial year by 10-15%. Due to the large projects with accessories/auxiliaries, gross profit from the new machines business is expected to decline as a percent of sales but should show a renewed increase in absolute terms. The anticipated sales growth is not expected to produce additional significant economies of scale with regard to administrative, selling and R&D expenses, as we intend to continue investing in the future expansion of our company. From today's standpoint, we are expecting operating profit (EBIT) and profit for the period to be held at the respective prior-year levels in absolute terms.

The investment activity of our customers remains high across all of our market segments. We currently see no sign of a downturn in project activities, be it in the new machine or the CSS business. Whether and to what extent the turmoil on financial markets will have an impact on our markets and our order intake is difficult to assess at the current time.

The Board of Directors will propose a dividend of CHF 6.00 per share to the shareholders at the General Meeting. This is double the amount paid out in the previous year (CHF 3.00 per share) and raises the payout ratio from 25% to 30%.

We would like to take this opportunity to thank everyone who has contributed to Burckhardt Compression's remarkable development during the past several years. We are proud of our more than 800 employees worldwide and appreciate the enthusiasm and staunch commitment they show for our company day after day. It is because of them that we have been able to transform the positive market environment into such strong and profitable growth. Special thanks go to our customers. We are honored by the trust they have in our products and services. Their understanding and acceptance of longer delivery times, which have been caused by the bottlenecks on the sourcing front and our own expansion projects, are not taken for granted.

Our worldwide network of suppliers has proven its mettle. The sharp increase in sales would not have been possible without highly efficient logistics, which have earned widespread respect for our suppliers and our internal logistics units.

Our shareholders underpin the stable ownership structure of our company and demonstrated circumspection in the face of the recent market turbulence during the past several months. Their commitment to our company gives us strength as we implement our sustainable and long-term strategy.

Yours sincerely,

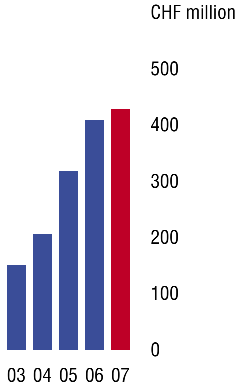
Hans Hess
Chairman of the
Board of Directors

Valentin Vogt
CEO & Executive Member
of the Board of Directors

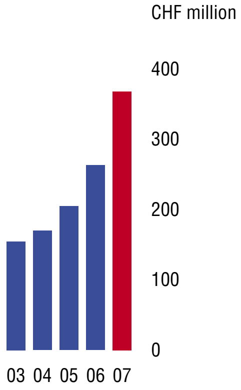
Winterthur, June 2, 2008

Figures at a Glance

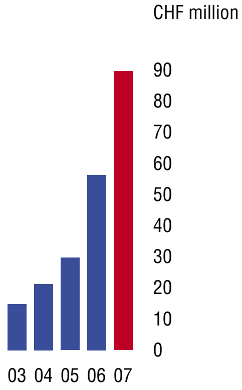
Order intake



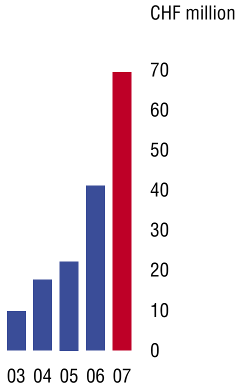
Sales



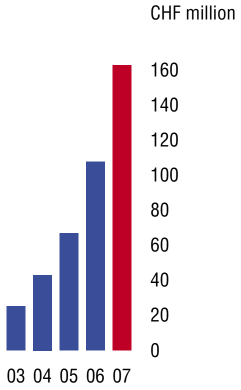
Operating income EBIT



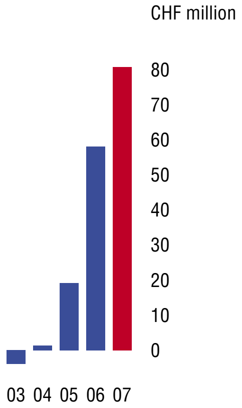
Profit for the period



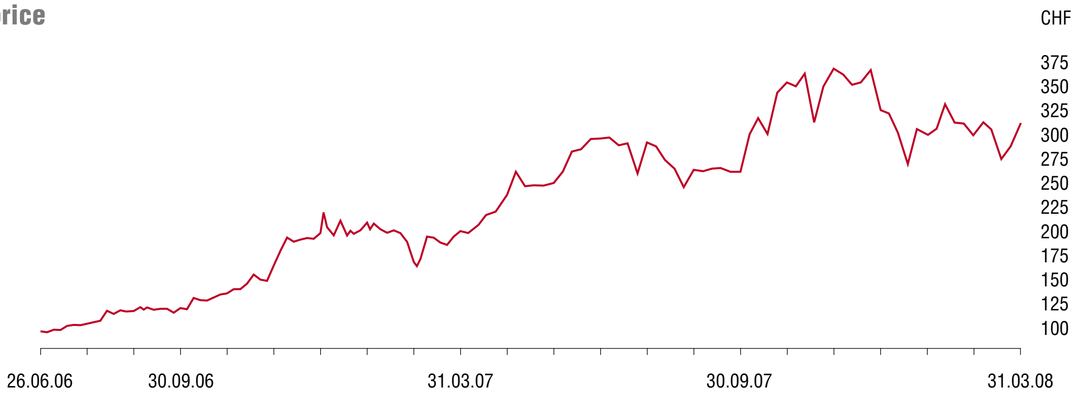
Shareholders' equity



Net financial position



Share price



in million CHF		2005	2006	2007	Change 2006/2007
Order intake:					
- New machines		242.8	311.3	326.5	+ 4.9%
- CSS (Customer Support Service)		80.7	96.9	100.2	+ 3.4%
Total		323.5	408.2	426.7	+ 4.5%
Sales and gross profit:					
- New machines	Sales	131.6	173.6	275.0	+ 58.4%
	Gross profit	27.6	52.7	94.6	+ 79.5%
	in % of sales	20.9%	30.4%	34.4%	
- CSS	Sales	78.8	93.1	93.0	- 0.1%
	Gross profit	38.4	46.5	42.0	- 9.7%
	in % of sales	48.8%	49.9%	45.2%	
Total	Sales	210.4	266.7	368.0	+ 38.0%
	Gross profit	66.0	99.2	136.6	+ 37.7%
	in % of sales	31.4%	37.2%	37.1%	
Operating income (EBIT)		29.6	55.6	89.8	+ 61.6%
in % of sales		14.1%	20.8%	24.4%	
Profit for the period (after minority interests)		22.1	40.1	68.0	+ 69.5%
in % of sales		10.5%	15.0%	18.5%	
Depreciation and amortization		4.7	5.2	5.4	+ 3.8%
Cash flow:					
- from operating activities		33.8	47.7	66.9	+ 40.3%
- from investing activities		-6.6	-11.5	-57.7	- 401.7%
- from financing activities (incl. translation differencies)		-16.9	-10.7	-5.3	+ 50.5%
Total		10.3	25.4	3.9	- 84.6%
Balance sheet total		181.0	270.1	357.7	+ 32.4%
Non-current assets		48.3	50.7	69.2	+ 36.5%
Current assets		132.7	219.3	288.5	+ 31.6%
Shareholders’ equity		66.1	108.3	163.9	+ 51.3%
in % of balance sheet total		36.5%	40.1%	45.8%	
Net financial position		19.4	58.2	83.7	+ 43.8%
Headcount as per 31.3.		638	712	819	+ 15.0%
Share price as per 31.3. (in CHF)		-	199.50	317.00	
Market capitalization (in mio. CHF)			678.3	1’077.8	
Earnings per share (in CHF)		6.50	11.80	20.00	+ 69.5%

Pages 8-17: People and Values

Marcel Würsch, Module & Fitter Shop, Switzerland

Silvan Wey, Apprentice, Switzerland
Ekrem Besic, Large Parts Manufacturing, Switzerland

Michael Nienhoff, Customer Support Service, Switzerland

Muhamed Besic, Large Parts Manufacturing, Switzerland

Olivier Menotto, Contracting, Italy

Arjun Kharabe, Manufacturing Engineering, India
Madhukar Kalamkar, Machine Shop, India

Ning Cui, Sales, China

Ivo Brülisauer, Small Parts Manufacturing, Switzerland

COMMITMENT


GRESSEL


DEMAG
Burckhardt Compression
Burckhardt Compression


Burckhardt Compression
Norton


Burckhardt
Compression


OKUMA
SPACE CENTER
MA-400HA
Burckhardt Compression

Review of the Fiscal Year 2007

Robust markets

The general environment in our major sales markets remained positive in 2007. Demand for products that are processed or ultimately produced with reciprocating compressors continued to grow. A further increase in worldwide consumption of polyolefins, fossil fuels and industrial gases underlined the strong demand for our products. These developments were accentuated by structural change, for instance, by a shift from liquid to gaseous energy sources, the build-up of production capacity in resource-rich countries as well as in local sales markets and by the tighter supplies of top-quality crude oil.

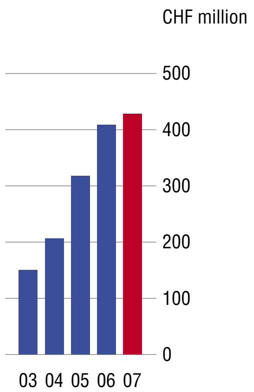
Another sharp increase in sales and profits, stable order intake

Group sales in the year under review increased by CH F 101.4 million or 38.0% to CH F 368.0 million. Gross profit rose 37.7% to CH F 13 6.6 million, driven by high volume growth, high capacity utilization rates and a non-recurring effect of CH F 7.1 million due to the release of project-specific accruals. Selling and administrative expenses were only slightly higher last year thanks to economies of scale and the absence of the expenses incurred in connection with our listing on the stock market in the previous year. Higher gross profit combined with minimal higher selling and administrative expenses led to a significant improvement in the Group's already high operating profitability. Operating profit amounted to CH F 89.8 million and the corresponding EBIT margin of 24.4% is well above the average margins achieved in industrial sectors and by competing companies. Bottom-line results were very good with profit for the period of CHF 68.0 million and earnings per share of CH F 20.00, representing an increase of 69.5% over the previous year's figure. The net profit margin widened to 18.5% from 15.0% in the previous year.

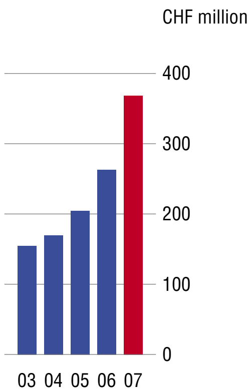
Solid equity base

The surge in business volumes during the year under review led to another increase of the balance sheet, which likewise rose to a new record high of CHF 357.7 million. Last year's high profits further strengthened our company's equity base. Group equity at the end of the fiscal year amounted to CHF 163.9 million and the equity ratio rose to 45.8%, bringing us to the lower end of our targeted 45-50% range.

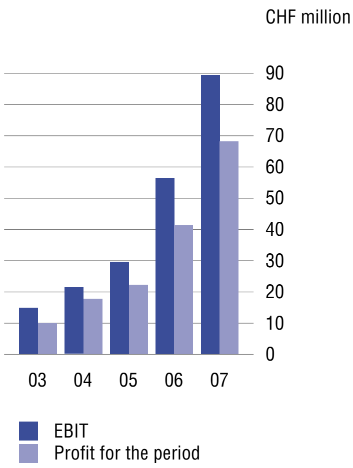
Order intake



Sales



EBIT and profit for the period

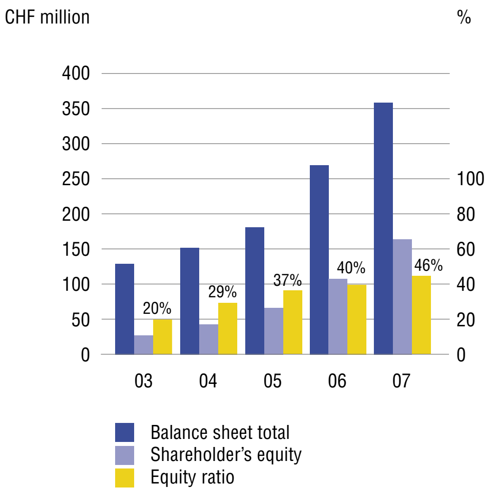


New machine business at high levels

Investment spending by Burckhardt Compression's customers in its various markets was again higher than expected and resulted in a significant order intake of CHF 326.5 million thanks to the corresponding increase in our production capacity. We redefined the split of our markets for our new machine activities. It now consists of four main market segments instead of three as the former HPI (Hydrocarbon Processing Industry)/chemical industry application was divided into the two separate areas of refining and petrochemical/chemical industry. The refining industry and the petrochemical industry are both sub-markets of the HPI. This redefinition conforms to our medium-term objective of strengthening our presence in the refining market segment. Therefore, Burckhardt Compression is now active in the following main application areas:

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

Equity ratio



Gas transport and storage

The long-term uptrend in demand for fossil fuels and the rapidly growing consumption of natural gas worldwide are reflected in the dynamic growth of the gas transportation and storage application area. The market for natural gas – more environmentally friendly compared to other fossil fuels – has undergone a transformation from a buyers to a sellers market. Long-term delivery contracts are increasingly being replaced by spot-market transactions. Suppliers and buyers are investing in new, and more flexible, infrastructure for liquefying, transporting and regasifying natural gas in anticipation of future market trends.

The highlights of the past financial year included the first order for a Laby®-GI compressor for a floating LNG terminal with a regasification system, two orders in Chile and a follow-up order in England and Mexico for Laby® compressors used in LNG storage facilities. Various orders for Laby® Ethylene BOG (boil-off gas) compressors from England, Thailand, Egypt, Singapore and China also deserve special mention. Our subsidiary in India reported very brisk business with CNG/NGV compressors (Compressed Natural Gas/Natural Gas for Vehicles).

Refinery

Refineries process crude oil into combustible gas and liquids such as gasoline, diesel, kerosene, liquefied petroleum gas, solvents and lubricants. Project and investment activity in the refining sector has been at sustained high levels due to growing demand for refinery products, more stringent environmental regulations, demand for greater flexibility to process lower grades of crude oil, high oil prices, years of underinvestment, the need for greater efficiency and the construction of new, strategic production locations. Compressed hydrogen is required in various refining processes, or excess gases are recovered using compressors instead of being flared. In the refining application area we received several significant orders from Russia, Romania and other countries.

Petrochemical/Chemical industry

The petrochemical industry processes oil, natural gas and coal, its three main raw input materials, into petrochemical products. Olefins, aromatic hydrocarbons and methanol are processed into plastics, paints, varnishes, lacquers, synthetic rubbers, fertilizer, detergents, adhesives, dyes, textiles and solvents. Demand for polyolefins is steadily increasing worldwide. New, large-scale production plants that will set the benchmark for the entire industry worldwide are being built in oil-producing countries seeking to broaden their economic base and move up the value added chain. Older and smaller production facilities in Europe and the US cannot compete with these modern plants and are therefore being shut down.

The highlights of the past financial year in this application area were orders for Hyper compressors for high pressure polyethylene plants in Saudi Arabia and Thailand. Additional orders for polypropylene, polyethylene and ethylene oxide/ethylene glycol applications were placed in China, further strengthening our position in that market. Other orders from Germany, Saudi Arabia, and the United Arab Emirates deserve special mention.

Industrial gases

Industrial gas manufacturers produce industrial gases in air separation and hydrogen generation systems which they sell through a dense sales network. Typical industrial gases are argon, helium, carbon dioxide, oxygen, nitrogen and hydrogen. Ever increasing steel production, coal gasification, oxidation processes in the environmental technology sector, growing demand worldwide for hydrogen to produce “cleaner fuels” and other production processes are the sustained growth drivers in this industry.

During the period under review we took in high profile orders from the USA and Indonesia for Laby® oxygen compressors, from Saudi Arabia for nitrogen compressors and from Hungary for carbon dioxide compressors. We received an order from China for four of our largest Laby® compressors that will be used to produce carbon monoxide.

Service business going strong

Last year order intake surpassed the CHF 100 million mark for the first time ever, underscoring the importance of the service business (Customer Support Service CSS). The uninterrupted availability of reciprocating compressors is crucial in most production processes, even though many production departments are confronted with tremendous cost pressure. Therefore, offering the full range of maintenance and repair services for reciprocating compressors as a competent and reliable partner gives us a competitive advantage. Burckhardt Compression has created various complementary service modules that can be tailored to individual customer needs that allow to perform service and maintenance work on any type of reciprocating compressor. Original spare parts with Burckhardt Compression’s manufacturing guarantee stand for superior quality and ensure low life cycle costs as well as the optimal operation of compressor systems. These factors are, in addition to attractive delivery schedules, the key elements of our successful and steadily growing spare parts business.

The “Field Service” module enjoyed particularly strong growth throughout the reporting period. Other service modules that were popular among our customers last year were “Valve Service”, “Component Repair”, “Revamp” and “Engineering Services”. In order to offer extensive, integrated service packages from a single source, Burckhardt Compression has set up strategic partnerships with selected service companies. We are also delivering an increasing number of complete turnkey compressor systems.

Being geographically near our customers is one of the key factors for success in the service business and, therefore, we started planning and construction work on additional service centers during the reporting period. We expanded our service activities for other brand compressors. Professional training of customer staff is also vital to ensure the smooth operation of reciprocating compressors. Therefore, Burckhardt Compression opened a renewed and extended training center in Winterthur.

Growth in the component business

Operation safety, longer service intervals, early diagnosis and the prevention of machine damage and related production losses as well as the optimization of operating parameters are examples of customer requirements that can be addressed through the use of condition monitoring and diagnostic systems. The diagnostic systems for reciprocating compressors made by PROGNOST Systems GmbH are equipped with cutting edge technology and boast an impressive list of references containing international names in the oil, gas and chemicals industries. Accordingly, PROGNOST Systems took in a large number of new orders during the reporting period.

Business for the high-quality metallic and non-metallic sealing components for reciprocating compressors and marine diesel engines made by MT Sealing Technology Inc developed positive, particularly for its sealing components used in reciprocating compressors.

Tight sourcing and procurement markets

The situation in our sourcing and procurement markets remains tight due to the strong demand worldwide for industrial products. Although prices for raw materials we buy have retreated considerably in some cases, this has not helped to reduce our procurement costs. Capacity utilization at most of our suppliers is high and they have shown little pricing flexibility. However, thanks to our production planning system, we have been able to place orders for key components sufficiently in advance, thereby giving us a relative advantage over other buyers in our sourcing and procurement markets.

The procurement strategy developed in 2005 entailing the systematic monitoring of sourcing and procurement markets, a predefined supplier strategy and process optimization has delivered the intended benefits and become a factor of success in its own right.

Employer of distinction

Burckhardt Compression first participated in the "Cash Employer Award", a national survey of employee satisfaction at companies throughout Switzerland, in 2005 and was proud to be recognized as one of the 25 best employers in the country. After various suggestions for improvement based on the evaluation of the findings of the survey had been implemented, we decided to participate in the survey once again in 2007. The outcome is again worthy of note: Based on the results of this survey of more than 50,000 employees from 92 firms, Burckhardt Compression was ranked 19th. This was better than any other Swiss listed company. We reached particularly high scores with regard to employee commitment and identification with the company. These results strengthened our belief that a high customer satisfaction can only be achieved with a highly motivated workforce.

Focused strategy and clearly defined targets

Burckhardt Compression is one of the world's leading providers of reciprocating compressors. It has the following business lines: new machines, Customer Support Service (CSS) and compressor components. Its stated goal is to strengthen its strategic position in all these business lines during the coming years and to maintain a better-than-average profitability compared to other industrial companies, thereby ensuring its entrepreneurial independence in the long term.

Expansion of compressor component business

Expansion of the compressor component business is one element of our growth strategy. The acquisition of MT Sealing Technology Inc in the 2007 financial year marked another step in this direction. MT Sealing Technology Inc develops and manufactures high-quality metallic and non-metallic sealing components for reciprocating compressors and marine diesel engines. The unique combination of Burckhardt Compression's compressor know-how and MT Sealing Technology's expertise in sealing systems heralds another step forward in the implementation of our strategy of offering customers technologically superior compressor components that increase the meantime between overhaul while lowering the total life cycle costs.

High organic growth rates in the compressor valves business are another objective in the expansion of our compressor component activities. Burckhardt Compression combined all of its business activities involving compressor valves into one organizational unit during the past fiscal year and optimized internal processes, thereby creating ideal conditions for future organic growth. This also allows us to better meet specific market needs in the valve business.

Strategic partnership with MAN Diesel

A strategic partnership was established with MAN Diesel, the world's leading manufacturer of large-bore diesel engines, in October 2007. ME-GI, the diesel propulsion system developed by MAN Diesel for LNG vessels, can be operated with either environmentally friendly natural gas or heavy fuel oil. Burckhardt Compression's Laby®-GI fuel gas injection compressors compress boil-off gas from LNG tanks and then inject the compressed gas directly into diesel engines. MAN Diesel and Burckhardt Compression are jointly marketing this environmentally and economically attractive dual fuel propulsion system. The market reaction has been positive and we have already received a first order for a floating LNG storage unit with a regasification system. The cooperation with MAN Diesel creates significant market opportunities for Burckhardt Compression.

Continual product development and innovation

While managing the high order intake we also pursued projects to develop new compressors and to improve existing products, underscoring our commitment to strengthen our competitive position and to optimally address market needs with regard to new applications. The basic aim here is to develop compressors and components that offer the lowest life cycle costs. Quality, technology, materials used and construction specifications are all designed to provide high operational reliability, long service intervals and uncomplicated post-sales services, which ultimately translates into low operating costs. Customers are increasingly tracking costs across the entire life cycle and this trend confirms that we are on the right track with our development strategy. During the reporting period a reengineered process gas compressor, the BX_01 model series, was introduced to the market, the first BY process gas compressor in India was successfully manufactured and tested and the development of the Laby®-GI fuel gas compressor was completed successfully.

Management positions filled with internal candidates

Burckhardt Compression believes that company management should be recruited internally whenever possible and viable. It was with this objective in mind that our company established a methodical internal evaluation and personnel development process that identifies and fosters employees with management potential. Burckhardt Compression considers the in-house availability of qualified candidates for management positions who are abide by our corporate culture a key factor for the successful achievement of our medium-term targets. Of the 13 management positions that became vacant during the year under review, 12 were filled with internal candidates.

Continued capacity expansion

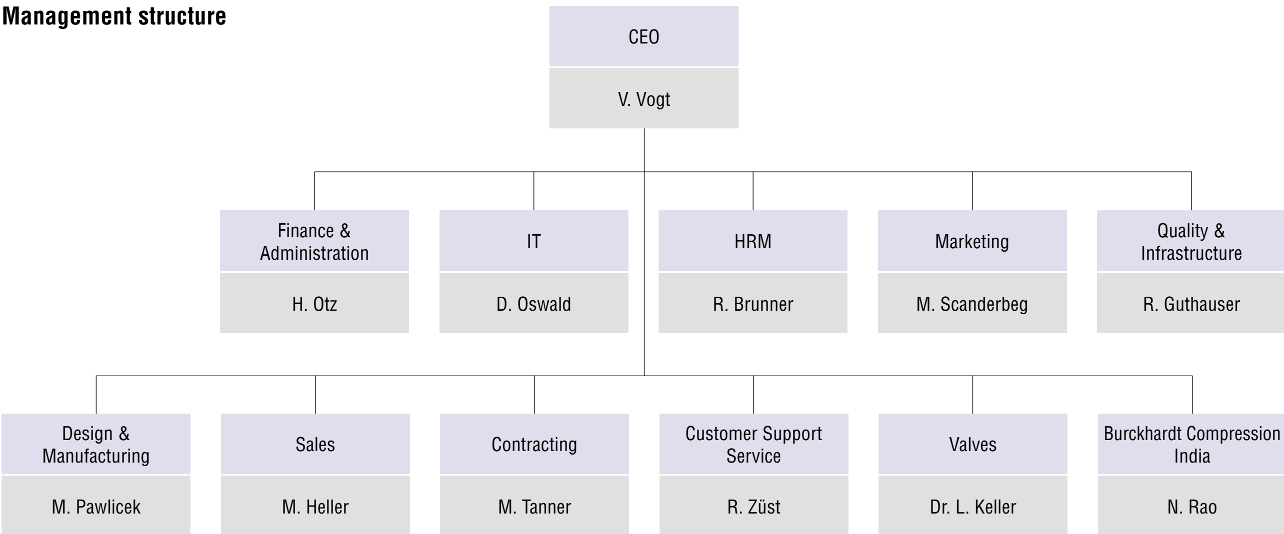
The expansion of capacity at our plants in Winterthur and Pune (India) initiated in the fiscal year 2006 was concluded at the end of 2007. Without these investments in machine tools, test beds and buildings, we would have been unable to manage the significant sales growth in the past fiscal year. Further expansion of our capacity in Winterthur was planned and approved during the past year. In order to assemble the four Hyper compressors that will be delivered during the current 2008 fiscal year, we could lease additional space near our corporate headquarters that is already equipped with the necessary infrastructure.

Corporate Governance

1. Group structure and shareholders

Group structure
Burckhardt Compression Holding AG is a corporation organized under the laws of Switzerland with legal domicile in Winterthur.

Management structure



Burckhardt Compression registered shares (BCHN) are listed on the SWX Swiss Stock Exchange in Zurich (ISIN: CH0025536027; security no. 002553602). The market capitalization as per March 31, 2008 amounted to CHF 1'077.8 million.

Information of the companies included in the consolidation scope of Burckhardt Compression Holding AG can be found in the financial report, section investments as per March 31, 2008.

Important shareholders
As per March 31, 2008 the following groups of shareholders were registered:

Shareholders	Number of shares	%
Individuals	912'357	27
Corporate entities	945'933	28
Shares in the process of transfer	1'232'683	36
Others	309'027	9
Treasury shares	0	0
Total	**3'400'000**	**100**

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, 2008:

Name	Country	% of shares
Members of the Executive Board incl. executive member of the Board of Directors	Switzerland	19.6 a)
Deutsche Bank AG	Germany	5.1 b)
Bank of America	USA	4.8
Allianz Global Investors	Germany	4.1

a) Detailed in the note 27 Transactions with the Board of Directors, the Executive Board and related parties.
b) According to the articles of incorporation of the Burckhardt Compression Holding AG the voting rights of those shareholders are limited to 5%.

Cross-shareholdings

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

2. Capital structure

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.

Authorized and conditional capital

Burckhardt Compression Holding AG has no authorized and/or conditional capital.

Changes of capital

There has been no movement in the share capital since 2002. There was a 1:4 share split before the IPO in June 2006.

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 that 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 the company or its subsidiaries are suspended.

The company has not issued any participation certificates (Partizipationsscheine) or dividend right certificates (Genussscheine).

Limitations on transferability and nominee registrations

No person will be registered as a shareholder 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 option, conversion or pre-emptive 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.

Convertible loans and options

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

3. Board of Directors

Members

The articles of incorporation stipulate that the Board of Directors consists of a minimum of one 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	2006	2010
Heinz Bachmann	Swiss	Deputy Chairman, non-executive	2002	2010
Urs Fankhauser	Swiss	Non-executive member	2006	2010
Urs Leinhäuser	Swiss	Non-executive member	2007	2010
Valentin Vogt	Swiss	Chief Executive Officer (CEO) and executive member	2002	2010

None of the non-executive board members was a member of the Executive Board of a Burckhardt Compression Group company. None of the non-executive members of the Board has important business connections with a Burckhardt group company.

Election and term of office

The members of the Board of Directors are elected for a period of three years. Re-election is possible; there is no statutory age limit.

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: CEO, Leica Geosystems AG, Switzerland

1993-1996: President, Leica Optronics Group, Switzerland

1989-1993: Vice President, Leica Microscopy Group, Switzerland

1983-1988: Manager of Polyurethane Division, Huber & Suhner AG, Switzerland

1981-1983: Development Engineer, Sulzer AG, Switzerland

Other important activities and interests:

- Chairman of the board COMET Holding AG, Switzerland
- Chairman of the board Reichle & De-Massari AG, Switzerland
- Board member Geberit AG, Switzerland
- Board member Schaffner Holding AG, Switzerland
- Vice-Chairman of Swissmem
- Member of the executive committee of Swiss Employer's Association
- Vice-Chairman of Swiss Armament Committee
- 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:

Since 2000: 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 important activities and interests:

- Board member of StarragHeckert Holding AG, Switzerland
- Member of executive management committee of Swissmem

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

199-1997: 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

Other important activities and interests:
–

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 important activities and interests:

- Board member of Bossard AG, Switzerland
- Board member of Buss 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 important activities and interests:

- Chairman of Santex Group, Switzerland
- Board member of Grob AG, Switzerland
- Board member of Hunziker AG, Switzerland
- Board member of Swisslog AG, Switzerland
- Board member of AUTO-i-DAT AG, Switzerland
- Chairman of Swiss-Turkish Business Council
- Member of the executive committee of Swissmem, section textile machines

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 the day-to-day business 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 required by the business situation, but at least four times per year. In the reporting period 2007 the Board of Directors held seven meetings, with each meeting lasting half a day to one day. 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. A quorum is required if the meeting is held solely in order to take note of the fact that a capital increase has taken place and to decide on the subsequent amendments of the articles of incorporation.

The heads of Sales, Customer Support Service (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 2007, the Audit Committee has held two half-day meetings. The CEO, the CFO and two members of the auditors participated in those meetings.

The members are:
- Urs Leinhäuser, chairman since July 8, 2007
- Hans Hess, chairman until July 7, 2007
- 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 2007. The meetings lasted half a day. The CEO participated in those meetings.

The members are:
- Hans Hess, chairman
- Heinz Bachmann, member

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 annual budget, 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
- Election of the Chairman, the Deputy Chairman and of the Chairmen of the Audit Committee and the Nomination and Compensation Committee
- Decisions on new subsidiaries, 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 managements of the group companies are listed in detail in the delegation of authority.

Information and control instruments
Order intake, income statement, balance sheet, cash flow, headcount, personnel costs and capital expenditures are reported and consolidated on a monthly basis. Liquidity is reported and consolidated weekly. The annual budget is prepared and approved between January and March. Year-end projections are prepared as and when required, but always together with the annual budget. The monthly financial report is 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 and the Executive Board members report on the course of business and on all issues of relevance to the Group.

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

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

4. Executive Board

Members

Name	Nationality	Function
Valentin Vogt	Swiss	CEO and executive member of the Board of Directors
Regula Brunner	Swiss	VP Human Resources
Peter Ernst	Swiss	VP Business Development until 30.11.2007
René Guthauser	Swiss	VP Quality & Infrastructure
Martin Heller	German	VP Sales
Dr. Leonhard Keller	Swiss	VP Design & Manufacturing until 29.2.2008 VP Valves since 1.3.2008
Daniel Oswald	Swiss	VP IT
Harry Otz	Swiss	CFO
Marcel Pawlicek	Swiss	VP Customer Support Services until 29.2.2008 VP Design & Manufacturing since 1.3.2008
Narasimha Rao	Indian	Managing Director Burckhardt Compression (India) Pvt. Ltd. since 1.3.2008 Member of the Executive Board
Marco Scanderbeg	Swiss	VP Marketing
Matthias Tanner	Swiss	VP Contracting
Robert Züst	Swiss	VP Customer Support Service since 1.3.2008

None of the members of the Executive Board is member of a management or supervisory body of a major Swiss or foreign organization outside of Burckhardt Compression with the exception of Valentin Vogt who is a member of the Board of Directors of StarragHeckert Holding AG, Switzerland. None of the members performs permanent management or consultant duties for major Swiss or foreign lobby groups. Daniel Oswald has been member of parliament in the canton of Zurich since November 26, 2007.

Valentin Vogt (1960)

Education:

Lic. oec. HSG St. Gallen, Switzerland

Professional background:

Since 2000: 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 important activities and interests:

- Board member of StarragHeckert Holding AG, Switzerland
- Member of executive management committee of Swissmem

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

Marco Scanderbeg (1966)

Education:

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

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

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

Harry Otz (1955)

Education:

Degree in Business Administration HWV Zurich, Switzerland

Professional background:

Since 2000: CFO, Burckhardt Compression AG, Switzerland

1997-2000: Managing Director, Sulzer Pumps, Mexico

1992-1996: CFO, Sulzer Bingham Pumps Inc., USA

1989-1991: Head of an audit group, Sulzer AG, Switzerland

1985-1988: Assistant to the CEO, Eternit-Eureka S.A., Mexico

1981-1984: Assistant Controller, BBC International, Brown Boveri AG, Switzerland

Marcel Pawlicek (1963)

Education:

Degree in Mechanical Engineering, HTL Winterthur, Switzerland

Professional background:

Since 1.3.2008: Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland

2001-2008: Head of CSS, Burckhardt Compression AG, Switzerland

1999-2001: Head 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

Matthias Tanner (1964)

Education:

Degree in Mechanical Engineering, HTL Muttenz, Switzerland

Professional background:

Since 1.4.2007: Head of Contracting, Burckhardt Compression AG, Switzerland

2002-2007: Head of Sizing, Burckhardt Compression AG, Switzerland

1998-2002: Head of Technology Process and Hyper compressors, Sulzer-Burckhardt AG, Switzerland

1995-1998: Sales Engineer, Sulzer-Burckhardt AG, 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

Robert Züst (1963)

Education:

Federal Diploma in Logistics, Switzerland

Professional background:

Since 1.3.2008: 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

Daniel Oswald (1965)

Education:

Degree in Mechanical Engineering, HTL St. Gallen, 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 the 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 important activities and interests:

- Member of parliament in the canton of Zurich

Dr. Leonhard Keller (1953)

Education:

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

Professional background:

Since 1.3.2008: 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/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 at Sulzer Inc., USA

5. Compensation, shareholdings and loans

The explanations below follow para 5.1 of the Corporate Governance Directive of the SWX 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 2007 are listed in the financial report, note 26 Remuneration of the Board of Directors and Executive Board.

Non-executive Directors
Non-executive Board members receive remuneration in the form of a fixed director's fee.

This remuneration is paid in cash. Non-executive members of the Board of Directors do not receive bonuses. The directors' emoluments are set by the Board of Directors as a whole in response to a proposal from the Nomination and Compensation Committee.

Executive Board including Executive Member of the Board of Directors
The Executive Board (and all executives of the Burckhardt Compression Group) and the Executive Member of the Board of Directors receive a performance and result-based bonus in addition to their base salaries. Total pay consisting of the base salary plus target bonus reflects the median market valuation of the relevant position, individual qualifications, and the prevailing local labor market conditions. The latter are regularly assessed and salary ranges adjusted accordingly. The target bonus corresponds to a percentage of the base annual salary; the actual bonus paid depends on the achievement of individual targets, 60-70% are of a financial nature, e.g. EBIT, order intake, project margin, net finance position; 30-40% are of a non-financial nature. A percentage weighting is defined for each target. The minimum bonus amounts to 50% of the target bonus. The maximum bonus amounts to 250% of the target bonus, while no bonus at all is paid if the minimum target level is not achieved. Executive Board members and the Executive Member of the Board of Directors receive neither shares nor option plans or other similar incentives.

The entire remuneration system is regularly reviewed by the Nomination and Compensation Committee, which submits a proposal to the Board of Directors as a whole regarding the annual bonus criteria and the total remuneration of the Executive Board and the Executive Member of the Board of Directors. Changes to the system of remuneration are subject to a decision by the Board of Directors as a whole.

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, 2008.

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 out 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 does not include any restrictions. The second allocation of 1'765 shares is locked-up for 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. Nobody had received shares in the reporting period 2007.

The share-holdings of the member of the Board of Directors and the Executive Board in the Burckhardt Compression Holding AG are detailed in the financial report, section 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 2007.

6. Shareholders' participation rights

Voting rights restrictions and representation of voting rights
No person or company will be registered as a shareholder 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 option, conversion or pre-emptive rights. This restriction on voting rights does not apply to shareholders that 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 a legal representative, another shareholder with the right to vote, a corporate proxy, an independent proxy, or a custody account representative. All shares held by a shareholder may be represented by only one person.

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.

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

Agenda
Shareholders who together represent at least 10% of the share capital or shares with a nominal value of at least CHF 1'000'000 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.

Entries in the share register
The closing date for registered shareholders to be entered in the share register is six working days prior to the General Meeting of Shareholders.

7. Changes of control and defense measures

Obligation to make an offer
Once shareholders acquire $33^1/_3$% of the capital and voting rights they will be under an obligation to submit a public tender offer. The Articles of Incorporation contain neither an opting-out nor an opting-in clause.

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

Mandate and term of office of the lead auditor
PricewaterhouseCoopers AG (PwC) has been the statutory auditor of the Burckhardt Compression Holding AG and the Burckhardt Compression group auditor pursuant to Art. 731a of the Swiss Code of Obligations since 2002. The statutory and group auditors are elected by the General Meeting of Shareholders for one year at a time. Mr. Urs Honegger has been lead auditor since 2002.

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 group 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 group auditor a summary of the audit findings and suggested improvements. The Audit Committee held two meetings during the reporting period 2007 in which the lead auditor and another representative of the auditor took part.

Auditor's fees
The total fees for auditing services performed by PwC amounted to CHF 349'600.

Fees for other advisory services, performed by PwC amounted to CHF 43'400 for the fiscal year 2007.

9. Information policy

Burckhardt Compression Holding AG reports order intake, sales, result, balance sheet, cash flow and changes in shareholder's 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 SWX Swiss Exchange. Burckhardt Compression Holding AG will send via e-mail distribution potentially share price-sensitive information to all interested parties. Financial reports will be delivered on request.

Key dates for 2008 and 2009:

July 4, 2008	Annual General Meeting of Shareholders
November 11, 2008	Results of the first half of fiscal year 2008 (as per September 30, 2008)
June 9, 2009	Results of fiscal year 2008 (as per March 31, 2009)
July 4, 2009	Annual General Meeting of Shareholders

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

Pages 38-49: Company and Products

View of a process gas compressor cylinder before compressor testing

Assembly hall in Oberwinterthur, Switzerland

Close up view of a Laby® compressor

Flexible test bed for Laby® compressors

Close up view of a Hyper compressor

Raw casting on the surface plate

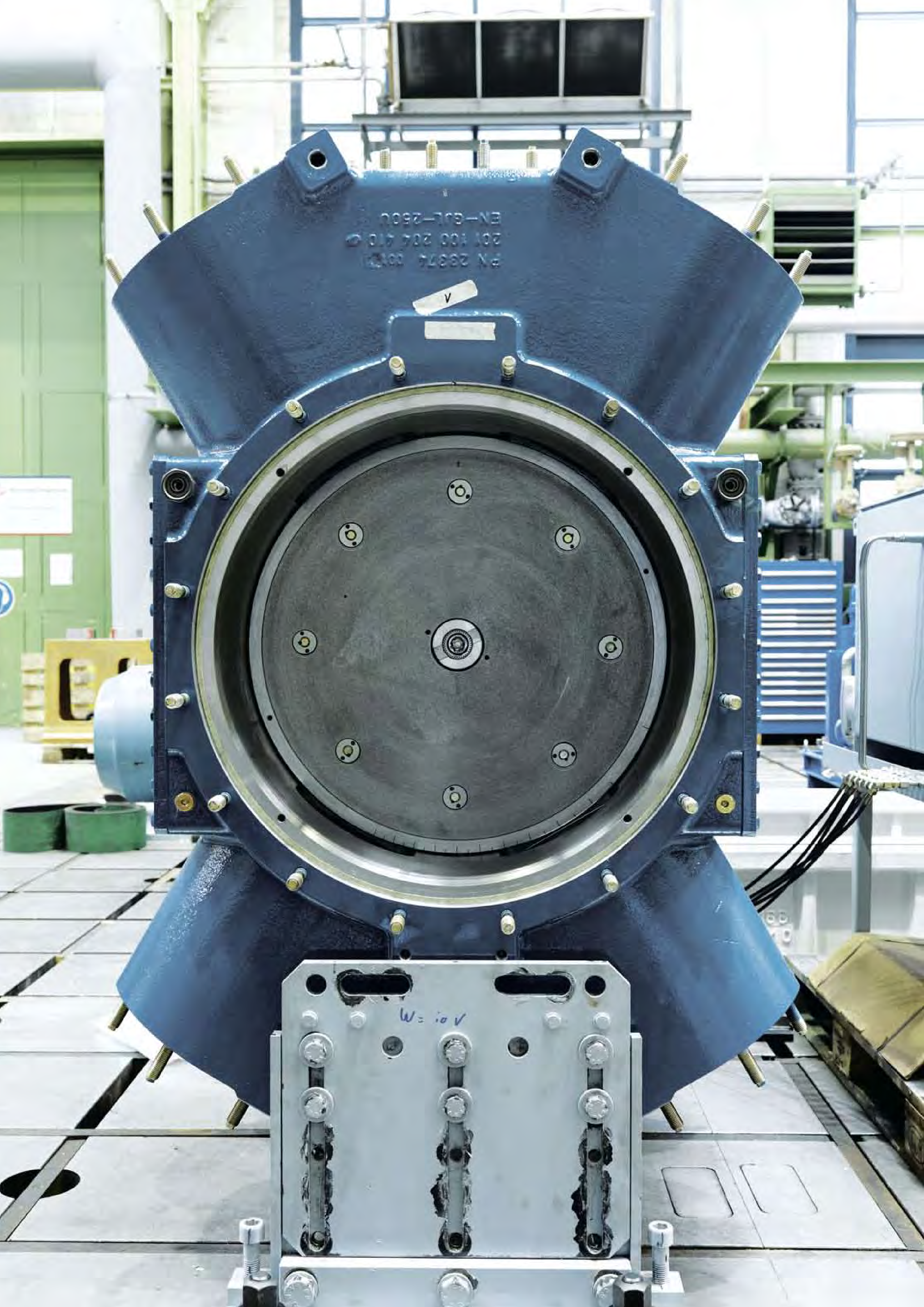
Quality inspection in the Pune workshop, India

Assembly hall in Pune, India

Equipping and preparation of one
of the cutting-edge machining centers

Start of the fully automated machining process

QUALITY AT HIGHEST LEVEL



Traglast 30t/5t
Obj 2207
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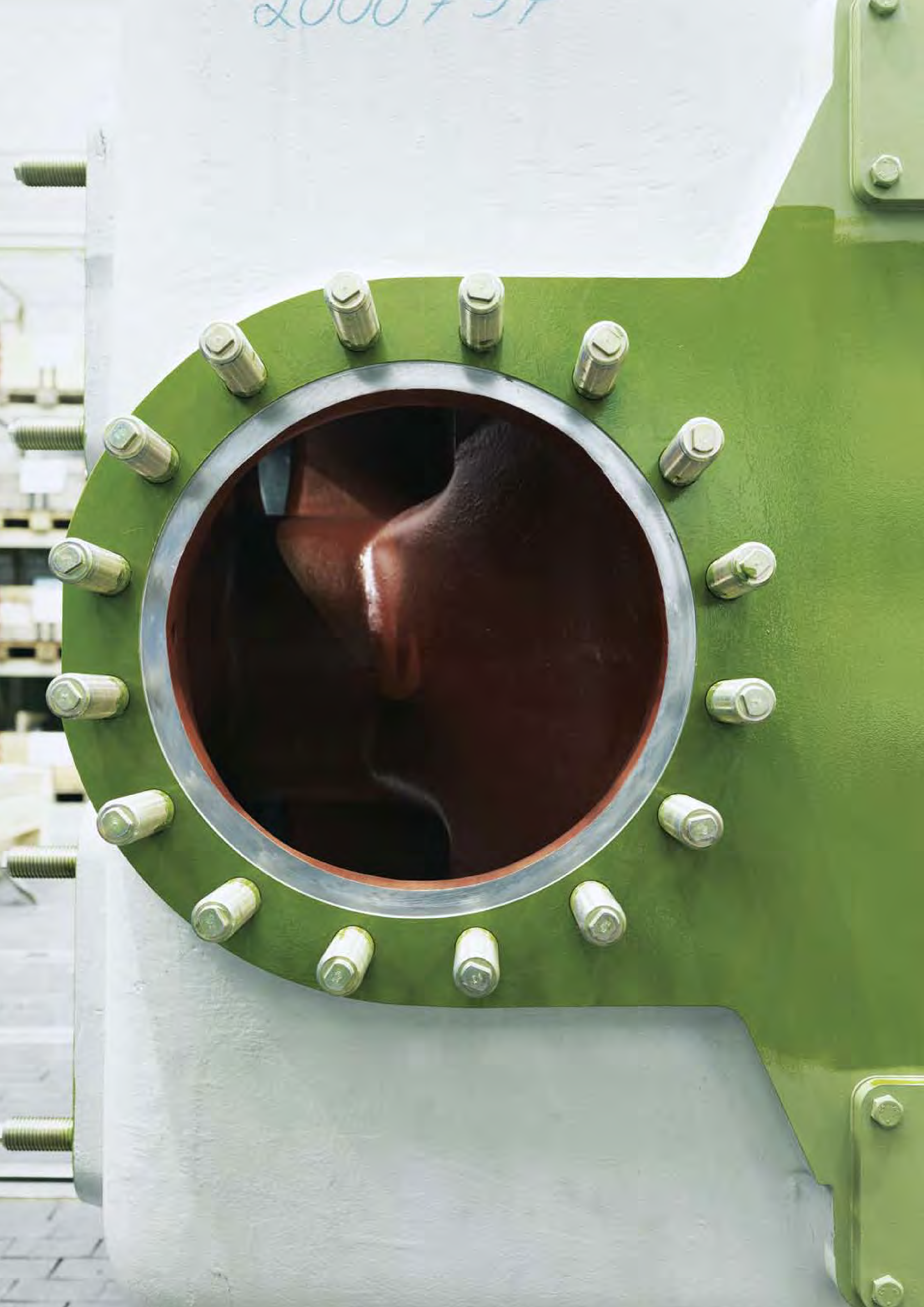

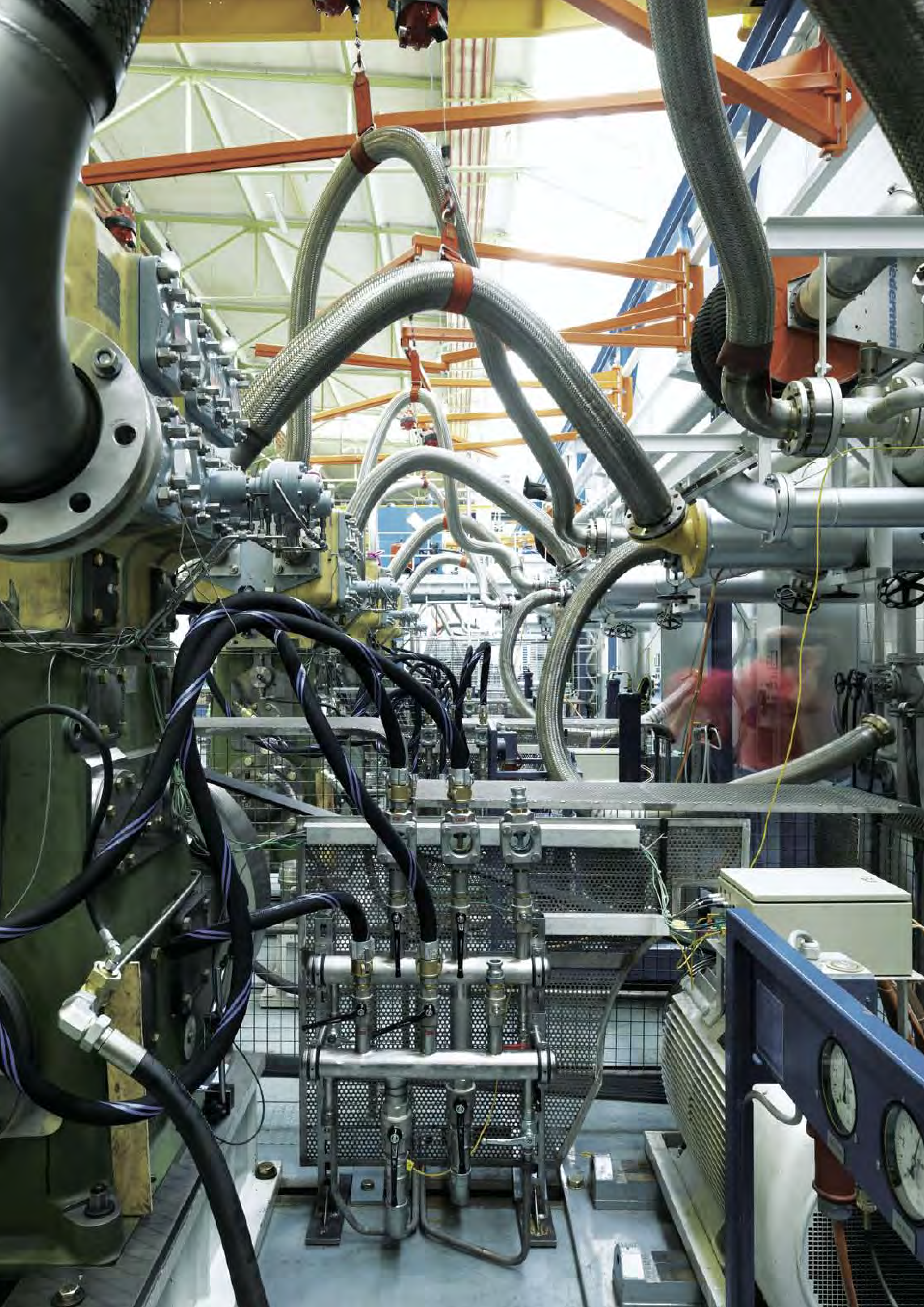

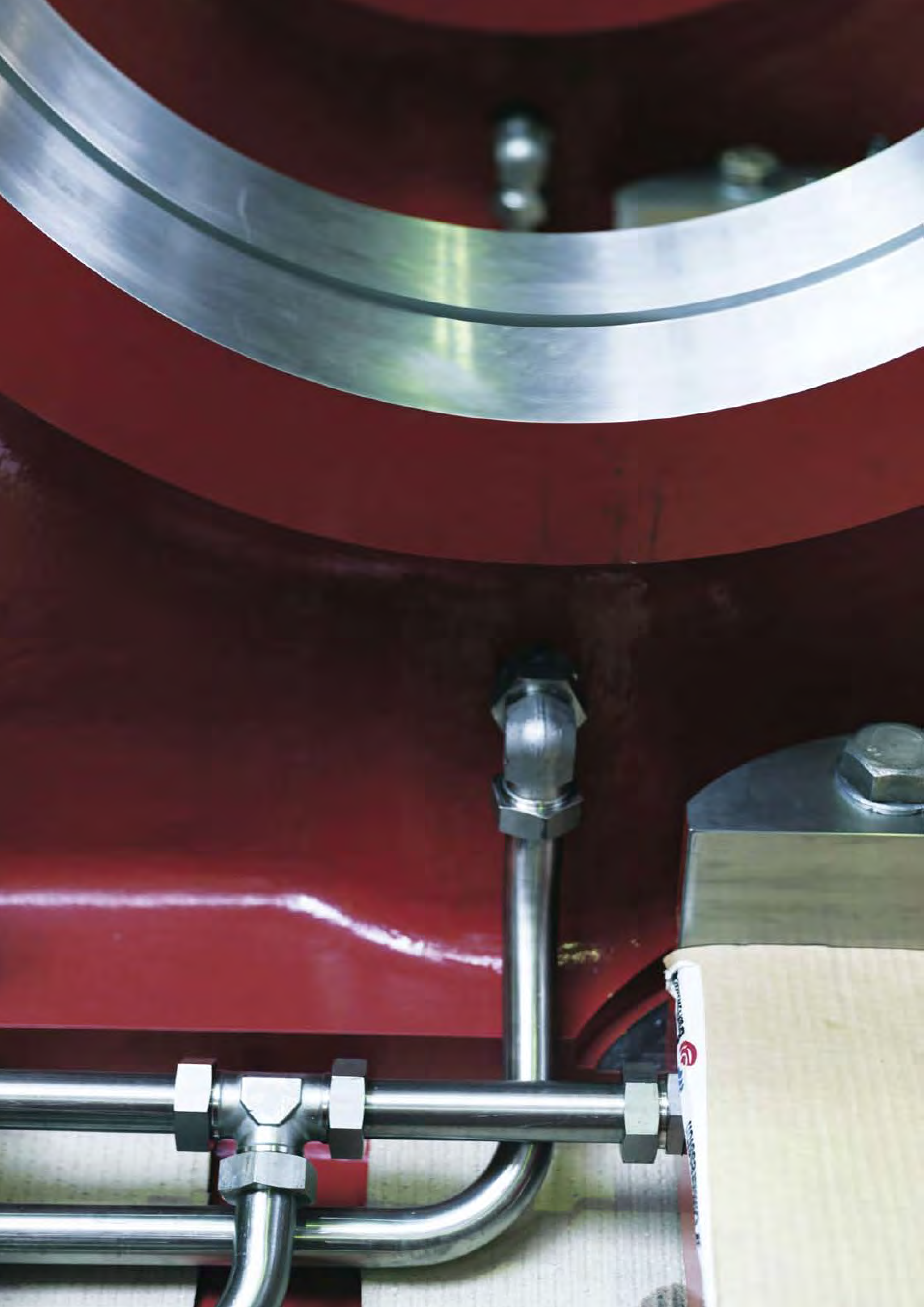

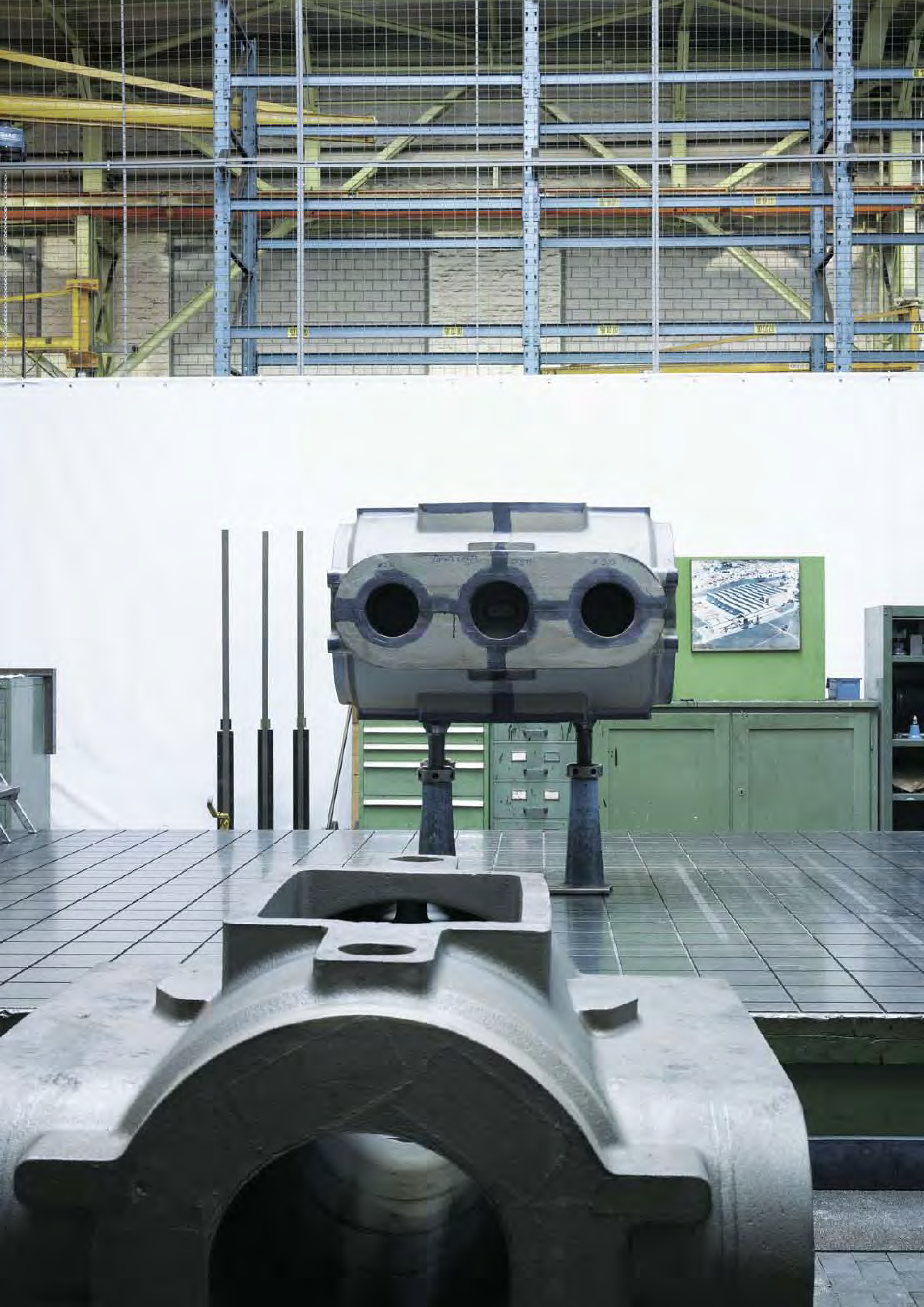


Burckhardt Compression


Obj.4380
250 kg
OKUMA


Obj.4252
0.5 t
DEMAG

Financial Report

Comments on financial report

Summary

in 1'000 CHF	2007	2006
Order intake	426'736	408'222
Sales	368'043	266'677
Gross profit	136'561	99'160
Operating income	89'838	55'586
Profit for the period after minority interests	67'989	40'126
Balance sheet total	357'739	270'085
Shareholders' equity	163'913	108'269
Basic earnings per share in CHF	20.00	11.80
Headcount	819	712

Sales

Burckhardt Compression increased sales significantly by CHF 101.4 mio. to CHF 368.0 mio. in the fiscal year 2007, which represents an increase of 38.0% compared to the previous year. After adjustments for currency fluctuations and acquisitions sales grew by 36.1%. The sales growth results from the new machine business; the CSS activities show sales at the level of the previous year. CSS received and invoiced some major orders in the fiscal year 2006 which are value-wise not typical for their activities. With the exception of Africa all geographical regions show higher sales compared to the previous fiscal year.

In line with the sales growth Burckhardt Compression increased gross profit by 37.7% to CHF 136.6 mio. The higher gross profit results from the new machine business, which benefitted from a balanced product mix, effective project management and high capacity utilization. Additionally the gross profit of the new machine business benefited from a nonrecurring effect of CHF 7.1 mio. due to the release of project-specific accruals. The gross profit margin of 37.1% equals the gross profit margin of the previous year (37.2%).

Operating income

Whereas sales grew by 38.0% compared to the previous fiscal year, Burckhardt Compression was able to increase the operating income (EBIT) by 61.6% or CHF 34.3 mio. The operating income of CHF 89.8 mio. yields a return-on-sales of 24.4%; in the previous fiscal year Burckhardt Compression achieved a return-on-sales of 20.8%. The increase of the operating income in 2007 is the result of the combination of a higher gross profit with slightly higher selling, administrative and other operating expenses. Burckhardt Compression spent CHF 6.9 mio. for research and development activities, which represent 1.9% of sales and an increase of CHF 1.6 mio. The operating expenses increased mainly because of foreign currency exchange losses.

Financial income and tax expense

Finance costs have slightly increased mainly due to the higher local borrowings by the Indian Burckhardt Compression entity. However other financial expenses were reduced through the investment of the increased liquidity.

Income tax expenses have increased by CHF 7.2 mio. to CHF 21.1 mio. due to the higher profit. This yields a tax rate of 23.7% compared with 25.4% in the previous year. Due to the positive results Burckhardt Compression does not possess major tax loss carry forward credits as per the end of the fiscal year 2007.

Profit for the period after minority interests

Burckhardt Compression achieved in the fiscal year 2007 a profit for the period (after minority interests) of CHF 68.0 mio., which amounts to 18.5% of sales. Profit for the period (after minority interests) has increased by CHF 27.9 mio. due to the higher operating income. Previous year's profit for the period (after minority interests) equaled 15.0% of sales. Basic earnings of the fiscal year 2007 total CHF 20.00 per share in comparison with CHF 11.80 per share in the previous year.

Balance sheet

The higher business volume resulted in a further growth of the balance sheet. Compared with the previous year the balance sheet total has growth by CHF 87.7 mio. to CHF 357.7 mio. Assets with the biggest increase comprise intangible assets, property, plant and equipment, which are CHF 15.1 mio. above the previous year. The higher intangible assets, property, plant and equipment result from the acquisition of MT Sealing Technology Inc and the investments for expanding capacity in the plants of Winterthur and Pune/India. Inventories and receivables are higher by CHF 32.4 mio. Despite higher receivables the age profile of the outstanding receivables has improved: As per March 31, 2008 72.5% of the receivables were not due for payment and only 6.8% were more than 61days overdue. A year ago 55.7% of the outstanding receivables were not due and 15.0% were more than 61 days overdue for payment. Marketable securities, cash and cash equivalents have increased by CHF 28.9 mio. to CHF 89.6 mio.

The following liabilities show the biggest increases compared with the previous year: Equity has increased by CHF 55.6 mio. mainly because of the profit for the period 2007. The equity amounts to 45.8% of the balance sheet total as per March 31, 2008 compared with 40.1% as per the end of the previous fiscal year. Non-current liabilities have risen by CHF 11.1 mio. due to the higher volume of forward foreign currency contracts and increased deferred tax liabilities. Current liabilities have also expanded by CHF 20.9 mio. mainly because of higher trade accounts payable, customers' advance payments and income tax liabilities.

The average working capital of the fiscal year 2007 was maintained at the level of the previous year: It amounted to 6.3% of sales compared with 6.4% for the fiscal year 2006.

Cash Flow

The operating activities generated a cash flow of CHF 66.9 mio. In comparison with the previous year this represents an increase of CHF 19.2 mio. resulting mainly from the operating income as inventories, receivables, provisions and other net current assets have risen because of the expanded business volume. The various investments required higher funds in the amount of CHF 46.3 mio. Those funds were mainly used for the acquisitions of MT Sealing Technology Inc and the remaining 40% of the shares of PROGNOST Systems GmbH as well as for the investments in the capacity expansions in Winterthur and Pune/India. The most important capacity projects in the fiscal year 2007 included for the Swiss plant the purchase of 3 turning centers and the expansion of the compressor test-bed, while the plant expansion represented the biggest investment for the Indian Burckhardt entity. The purchase of marketable securities for CHF 26.0 mio. does not represent a cash out flow of Burckhardt Compression, but a transfer into other financial investment instruments.

Consolidated income statement

in 1'000 CHF	Notes	2007	2006
Sales	3	**368'043**	**266'677**
Cost of goods sold		-231'482	-167'517
Gross profit	4	**136'561**	**99'160**
Selling and marketing expenses		-26'532	-24'914
General and administrative expenses		-12'972	-13'891
Research and development expenses	6	-6'930	-5'325
Other operating income / expenses	7	-289	556
Operating income		**89'838**	**55'586**
Finance costs		-818	-713
Other financial income / expenses	8	38	-270
Profit before income taxes		**89'058**	**54'603**
Income tax expense	9	-21'082	-13'867
Profit for the period		**67'976**	**40'736**
Profit for the period attributable to			
- Shareholders of Burckhardt Compression Holding AG		67'989	40'126
- Minority interests		-13	610
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF):			
- Basic	17	20.00	11.80
- Diluted	17	20.00	11.80

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

Consolidated balance sheet

in 1'000 CHF	Notes	31.03.08	31.03.07
Non-current assets			
Intangible assets	10	31'811	27'452
Property, plant and equipment	11	32'853	22'068
Derivative financial instruments	21	3'297	117
Trade and other receivables	13	667	494
Deferred tax assets	9	638	610
Total		**69'266**	**50'741**
Current assets			
Inventories	12	112'135	94'700
Trade and other receivables	13	78'368	63'375
Marketable securities	14	30'589	5'562
Derivative financial instruments	21	8'386	569
Cash and cash equivalents	15	58'995	55'138
Total		**288'473**	**219'344**
Total assets		**357'739**	**270'085**
Equity			
Share capital	17	8'500	8'500
Other reserves		5'379	-688
Retained earnings		149'994	97'661
Total before minority interests		**163'873**	**105'473**
Minority interests		40	2'796
Total		**163'913**	**108'269**
Liabilities			
Non-current liabilities			
Borrowings	18	1'613	1
Derivative financial instruments	21	260	401
Deferred tax liabilities	9	11'103	6'106
Provisions	19	13'152	8'502
Total		**26'128**	**15'010**
Current liabilities			
Borrowings	18	4'442	2'490
Trade accounts payable		23'761	19'460
Current income tax liabilities		15'014	6'415
Customers' advance payments		92'408	84'842
Derivative financial instruments	21	529	887
Other current and accrued liabilities	20	27'011	29'127
Provisions	19	4'533	3'585
Total		**167'698**	**146'806**
Total		**193'826**	**161'816**
Total equity and liabilities		**357'739**	**270'085**

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

Consolidated statement of changes in equity

in 1'000 CHF	Notes	Share capital	Other reserves	Retained earnings	Total	Minority interests	Total
		Attributable to equity holders of Burckhardt Compression Holding AG					
Balance at 1.04.06	17	**8'500**	**-2'012**	**57'532**	**64'020**	**2'097**	**66'117**
Cash flow hedges, net of tax			1'286		1'286		1'286
Share based payments	27			853	853		853
Currency translation differences			38		38	89	127
Expenses for the period recognized directly in equity			**1'324**	**853**	**2'177**	**89**	**2'266**
Profit for the period 2006				40'126	40'126	610	40'736
Total recognized income for 2006			**1'324**	**40'979**	**42'303**	**699**	**43'002**
Dividends				-850	-850		-850
Balance at 31.03.07		**8'500**	**-688**	**97'661**	**105'473**	**2'796**	**108'269**

Balance at 1.04.07	17	**8'500**	**-688**	**97'661**	**105'473**	**2'796**	**108'269**
Cash flow hedges, net of tax			8'852		8'852		8'852
Share based payments	27			89	89		89
Purchase of minorities	1			-5'545	-5'545	-2'585	-8'130
Currency translation differences			-2'785		-2'785	16	-2'769
Expenses for the period recognized directly in equity			**6'067**	**-5'456**	**611**	**-2'569**	**-1'958**
Profit for the period 2007				67'989	67'989	-13	67'976
Total recognized income for 2007			**6'067**	**62'533**	**68'600**	**-2'582**	**66'018**
Dividends				-10'200	-10'200	-174	-10'374
Balance at 31.03.08		**8'500**	**5'379**	**149'994**	**163'873**	**40**	**163'913**

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

Consolidated cash flow statement

in 1'000 CHF	Notes	2007	2006
Cash flow from operating activities			
Operating income		89'838	55'586
Depreciation	11	4'448	4'286
Amortization	10	997	876
Change in inventories		-19'086	-39'181
Change in accounts receivable		-16'990	-18'874
Change in other net current assets		7'320	51'756
Change in provisions		14'382	3'021
Changes in non-monetary items		-1'644	718
Interest received		460	453
Interest paid		-456	-313
Income tax paid		-12'397	-10'671
Total		**66'872**	**47'657**
Cash flow from investing activities			
Purchase of property, plant and equipment		-15'650	-6'993
Sale of property, plant and equipment		272	47
Acquisition of intangible assets		-1'401	-1'340
Acquisition of subsidiaries, net of cash acquired		-15'079	0
Sale of marketable securities	14	0	2'309
Purchase of marketable securities	14	-26'014	-5'506
Sale of financial assets		146	31
Total		**-57'726**	**-11'452**
Cash flow from financing activities			
Increase of borrowings		5'834	0
Repayment of borrowings		0	-9'862
Dividends paid	17	-10'374	-850
Total		**-4'540**	**-10'712**
Currency translation differences on cash and cash equivalents		-749	-45
Net change in cash and cash equivalents		**3'857**	**25'448**
Cash and cash equivalents at 1.04.07 / 1.04.06	15	55'138	29'690
Cash and cash equivalents at 31.03.08 / 31.03.07	15	58'995	55'138
Net change in cash and cash equivalents		**3'857**	**25'448**

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

1. General information

Burckhardt Compression is one of the market leaders in the field of reciprocating compressor technology and the only manufacturer that offers a complete range of Laby® (labyrinth piston), process gas and hyper compressors. These compressors are used in a wide range of applications in the chemical and petrochemical industry, in refineries, in air separation systems and for gas transport and storage. Burckhardt Compression products are required to compress, cool or liquefy gas, for example hydrocarbon or industrial gases. Its customers include multinational companies in the oil, gas, petrochemicals and chemicals industries. In addition to its thriving new installation business, a major driver of the company's success is its global service network, which generates a substantial share of company revenues. This global network enables Burckhardt Compression to offer a comprehensive services, such as delivery of top quality components, servicing of compressor valves, complete system overhauls, engineering services and the fulfillment of comprehensive maintenance contracts.

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 registered shares (BCHN) are listed on SWX Swiss Exchange (ISN: CH0025536027; Security Nr. 2553602).

Burckhardt Compression Holding AG's fiscal year 2007 comprises the period April 1, 2007 through March 31, 2008. These consolidated financial statements were authorized for issue by the Board of Directors on June 2, 2008 and are subject to approval of the annual general meeting scheduled for July 4, 2008.

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 2007 consolidated financial statements of Burckhardt Compression Holding AG were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of International Accounting Standards Board (IASB). 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 critical accounting estimates and judgments.

2.2. Changes in accounting policies

As per closing date March 31, 2008 the following new or revised IFRS standards and interpretations have become effective:

IFRS 7 "Financial instruments: Disclosures", and the complementary amendment to IAS 1, "Presentation of financial statements - Capital disclosures", introduces new and extended disclosures relating to financial instruments and financial risk management and does not have any impact on the classification and valuation of the group's financial instruments.

IFRIC 7 "Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies" (effective from 1 March 2006). IFRIC 7 provides guidance on how to apply the requirements of IAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period.

IFRIC 8 "Scope of IFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of IFRS 2.

IFRIC 9 "Re-assessment of embedded derivatives" (effective for annual periods beginning on or after June 1, 2006). IFRIC 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent re-assessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case re-assessment is required.

IFRIC 10 “Interim financial reporting and impairment“, prohibits the impairment losses recognized in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date.

IFRIC 11 “IFRS 2 - Group and treasury share transactions“ (effective for periods beginning on or after March 1, 2007). IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example options over parent shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the financial statements of the group.

The management had assessed the new standards and interpretations and concluded that none of those standards and interpretations – with the exception of IFRS 7 and IAS – has any material effect on the financial reporting of Burckhardt Compression.

By the disclosure of financial instruments according to IFRS 7 the consolidated financial statements of the fiscal year 2007 include qualitative and quantitative information about the extension of risks from financial instruments including credit, liquidity and market risks as well as sensitivity analysis regarding market risks. The consolidated financial statements 2007 disclose qualitative information about objectives, methods and processes of the management of capital.

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

IAS 1 (amended) “Presentation of financial statements“ (effective from January 1, 2009). It primarily affects the presentation of owner changes in equity and of comprehensive income. It does not change the recognition, measurement or disclosures of specific transactions and other events required by other IFRS standards.

IAS 23 (amended) “Borrowing costs“ (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

IAS 27 (amended) (effective for accounting periods beginning on or after July 1, 2009) 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 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 (amended) “Financial Instruments: Presentation” (effective from January, 1 2009)

IFRS 2 (amended) (effective for accounting periods beginning on or after January 1, 2009) deals with two matters. It clarifies that vesting conditions can be service conditions and performance conditions only. 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 (revised) “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, with some contingent payments subsequently re-measured at fair value through profit or loss. 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. The standard is applicable to business combinations occurring in accounting periods beginning on or after July 1, 2009, with earlier application permitted. The change may have a significant impact on the accounting for future business combinations.

IFRS 8 “Operating segments” (effective from January 1, 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131 “Disclosures about segments of an enterprise and related information”. The new standard requires a “management approach“, under which segment information is presented on the same basis as that used for internal reporting purposes. This new standard may impact the way in which the segments are reported, such as the number of segments and contents to be reported. The change may also require management to reallocate goodwill to the newly identified operating segments.

IFRIC 12 “Service concession arrangements” (effective from January 1, 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.

IFRIC 13 “Customer loyalty programmes” (effective from July 1, 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement.

We assume that IFRIC 14 will have an impact on entities with a Swiss pension plan in surplus in accordance with IAS 19. Several issues of IFRIC 14 are still under discussion and a working group of the Swiss audit profession currently is assessing the major impacts.

The management is currently assessing these new standards and interpretations regarding the effects 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 the 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. The full consolidation method is applied to all consolidated entities. Assets and liabilities, 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, 2008.

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 Holding AG as the main part 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 over their expected useful lives, but 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 over their useful life (3 to 5 years). Internal costs associated with developing or maintaining computer software programs are recognized as an expense as occurred.

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. 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 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

Assets that have an indefinite useful life are not depreciated or amortized, but instead tested annually for impairment. Assets that are depreciated or amortized are reviewed 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 and net realizable value, as are finished products and work in progress. 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 fair value.

2.10. Financial assets

Financial assets are divided into the following categories:

- <u>Financial assets "at fair value through profit or loss"</u>: 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.

- <u>Loans and receivables</u>: 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.

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

- <u>Available-for-sale financial assets</u>: 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 recognized directly in equity. Changes in the fair value of non-monetary assets classified as available-for-sale are recognized directly in equity. If available-for-sale assets are sold or impaired, the accumulated fair value changes recognized directly in equity 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 futer 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. Provisions are not discounted, as the majority of the payments usually occur within the next 24 months or the interest portion of the individual provisions is immaterial.

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 Burckhardt Compression AG and Burckhardt Compression Holding AG, 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). Burckhardt Compression has no legal or constructive obligation to make additional contributions where the pension plan does not hold sufficient assets to pay all employees pension benefits relating to employee service in the current or prior periods.

The provision recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation 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.

- Bonus plans: The Group recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the achievement of financial and personal 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: Share based payments with compensation through equity instruments which had been issued or allocated after November 7, 2002 (when IFRS 2 standard became effective) are charged at fair value to the income statement. The expenses are distributed proportionally at exercise or lock-up periods. Such instruments which have been issued or allocated before that date do not constitute expenses in the income statement according to IFRS 2. The company utilized share based payments only in the run-up to and released by the IPO on June 26, 2006. Burckhardt Compression does not have share based payments with settlement in cash.

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. 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. The Group recognizes provisions for anticipated losses on contracts.

2.17. Research and development expenses

Costs incurred on major development projects are capitalized and amortized on a straight-line basis over a period of 5 years if it is highly probable that the project will generate future positive cash flows. 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. Operating Leases

Payments under operating leases are debited to the income statement on a straight-line basis and recognized as operating expense.

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.

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 established by the Board of Directors and the Executive Board. 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 risk: 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. With the exception of the group company in India, group companies are not permitted to enter into local borrowings or investments of excess cash on hand. Local borrowings and investments of excess cash on hand by the Indian group company are restricted to limits approved by the group management. 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 couple of 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.

As per the balance sheet date Burckhardt Compression disposes of the following liquidity:

in 1'000 CHF	**31.03.08**	**31.03.07**
Cash and cash equivalents	58'995	55'138
Marketable securities	30'589	5'562
Free credit facilities	20'000	20'000
Total	**109'584**	**80'700**

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

Financial liabilities as per March 31, 2008	**Total balance sheet**	**Cashflow**				
in 1'000 CHF		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total cashflow**
Current and non-current financial borrowings	6'055	4'442	240	1'691		6'373
Liabilities from supply and services	23'761	23'761				23'761
Other liabilities	854	854				854
Total	**30'670**	**29'057**	**240**	**1'691**	**0**	**30'988**

Financial liabilities as per March 31, 2007	**Total balance sheet**	**Cashflow**				
in 1'000 CHF		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total cashflow**
Current and non-current financial borrowings	2'491	2'490	1			2'491
Liabilities from supply and services	19'460	19'460				19'460
Other liabilities	1'104	1'104				1'104
Total	**23'055**	**23'054**	**1**	**0**	**0**	**23'055**

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

Forward foreign exchange contracts as per March 31, 2008			**Cashflow**		
in 1'000 CHF	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cashflow Hedge outflow	76'251	37'619			113'870
Cashflow Hedge inflow	84'309	40'890			125'199

Forward foreign exchange contracts as per March 31, 2007			**Cashflow**		
in 1'000 CHF	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	Total
Cashflow Hedge outflow	58'671	35'057	9'886		103'614
Cashflow Hedge inflow	57'782	33'724	9'320		100'826

- Currency risk: Burckhardt Compression hedges all the US dollar-denominated sales transactions of its Swiss entity. The Swiss entity's major euro-denominated sales and purchase transactions are hedged on a case-by-case basis. For this, the group treasury normally uses forward exchange contracts. The group treasury also enters into forward exchange contracts to hedge the currency risk resulting from the sales and purchase transactions of the other Burckhardt Compression group companies. The Executive Board regularly monitors the changes in the most important currencies and may adjust the 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 income statements and balance sheets of the foreign group companies. Based on income and invested capital, the following currencies are primarily relevant: EUR, USD, INR, NOK. Burckhardt Compression Holding AG does not hedge these translation risks. The translation risks have a minor impact on consolidated income, as the Swiss entity contributes still the major part of the income and invested capital.

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

March 31, 2008				
Exchange rate	EUR / CHF	INR / CHF	NOK / CHF	USD / CHF
Change of exchange rate	5%	15%	10%	10%
in 1'000 CHF				
Effect on result				
- with increase of exchange rate against CHF	-1'469	483	201	-620
- with decrease of exchange rate against CHF	1'469	-483	-201	620
Effect on equity				
- with increase of exchange rate against CHF	0	0	639	7'597
- with decrease of exchange rate against CHF	0	0	-639	-7'597

March 31, 2007				
Exchange rate	EUR / CHF	INR / CHF	NOK / CHF	USD / CHF
Change of exchange rate	5%	15%	10%	10%
in 1'000 CHF				
Effect on result				
- with increase of exchange rate against CHF	-366	424	-118	11
- with decrease of exchange rate against CHF	366	-424	118	-11
Effect on equity				
- with increase of exchange rate against CHF	-156	0	2'516	4'536
- with decrease of exchange rate against CHF	156	0	-2'516	-4'536

- Risk 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 risk: 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 – based on the project business in which Burckhardt Compression is active to an important extent of its overall business – are different year by year. In the past years Burckhardt Compression had no major impairments of receivables due to customer risks.

  Financial instruments are exclusively concluded with first-class banks (mainly two institutes with ratings AAA respectively B). 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 which shows a lower interest risk.

- Interest risk: Burckhardt Compression does not have major borrowings as per March 31, 2008. The operational not required funds are mainly invested in the short-term money market and therefore are not exposed to the fluctuations of the short-term interest rates. As per March 31, 2008 all money market investments are placed at fixed interest rates, and therefore are not exposed to interest risks. For this reason Burckhardt Compression has not performed a sensitivity analysis.

- Capital risk: Burckhardt Compression focuses the capital management to secure the continuation of the operation, 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 capital and capital return based on the following ratios:

Ratio	Definition	Objective
Shareholders' equity	Stated shareholders' equity	No specific objectives
Equity base	Equity as percentage of balance sheet total	45% - 50%
Net finance position	Marketable securities, cash and cash equivalents less short and long-term borrowings	No specific objectives

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

	31.03.08	**31.03.07**
Shareholders' equity (in 1'000 CHF)	163'913	108'269
Equity base	45.8%	40.1%
Net finance position (in 1'000 CHF)	83'749	58'209

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

in 1'000 CHF	Note	31.03.08	31.03.07
Financial assets at fair value through profit or loss (designated)			
Marketable securities	14	4'455	5'562
Cash, marketable securities and receivables			
Cash and cash equivalents	15	58'995	55'138
Marketable securities	14	26'134	0
Trade receivables	13	68'941	56'264
Other receivables	13	9'572	7'081
Total		163'642	118'483
Derivative financial instruments from hedge accounting	21	11'683	686
Total financial assets and derivatives		**179'780**	**124'731**
Financial liabilities			
Current financial liabilities	18	4'442	2'490
Non-current financial liabilities	18	1'613	1
Derivative financial instruments from hedge accounting	21	789	1'288
Total financial liabilities and derivatives		**6'844**	**3'779**

4. Critical accounting estimates and judgments

All estimates and judgments are reassessed on an ongoing basis and based on historical experience and other factors, such as expectations of future events, that are believed to be reasonable under the given circumstances.

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 financial 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. 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 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

In the fiscal year 2007 Compressor Tech Holding AG – a fully owned subsidiary of Burckhardt Compression Holding AG – acquired 100% of the shares of MT Sealing Technology Inc in Winterthur/Switzerland. MT Sealing Technology Inc develops and manufactures sealing elements for compressors and diesel engines. MT Sealing Technolgy Inc acquired the plastics division of SUBA AG in Berg/Switzerland in August 2007.

Compressor Tech Holding AG acquired the remaining 40% of the capital of PROGNOST Systems GmbH in October 2007.

In the fiscal year 2006 Burckhardt Compression Holding AG incorporated Compressor Tech Holding AG by bringing in the participation in PROGNOST Systems GmbH. Compressor Tech Holding AG held 60% of the capital of PROGNOST Systems GmbH as per March 31, 2007.

02 Currency exchange rates

	Average rates		Year-end rates	
	2007	2006	**31.03.08**	31.03.07
1 EUR	**1.64**	1.59	**1.57**	1.63
1 GBP	**2.33**	2.34	**1.97**	2.39
1 USD	**1.16**	1.24	**0.99**	1.22
1 CAD	**1.12**	1.09	**0.97**	1.06
100 BRL	**62.50**	57.24	**56.80**	59.30
100 JPY	**1.01**	1.06	**1.00**	1.03
100 CNY	**15.50**	15.70	**14.16**	15.80
100 INR	**2.88**	2.77	**2.48**	2.80
100 KRW	**0.12**	0.13	**0.10**	0.13

03 Segment information

Primary reporting format: by business segment

The Burckhardt Compression Group operates solely in the segment of reciprocating compressor systems and is therefore involved in one business segment only. The information for the primary segment is identical to the consolidated financial statements.

Secondary reporting format: by geographical segment

Sales by customer location in 1'000 CHF	**2007**	**2006**
Europe:		
- EU	190'000	121'871
- Switzerland	2'292	5'078
- Other European countries	38'912	23'979
Total Europe	231'204	150'928
North America	20'282	14'426
South America	12'443	11'308
Asia, Australia, Middle East	101'590	86'494
Africa	2'524	3'521
Total	**368'043**	**266'677**

Carrying amount of assets by location of assets in 1'000 CHF	**2007**	**2006**
Europe:		
- EU	31'716	24'148
- Switzerland	275'822	199'091
- Other European countries	0	0
Total Europe	307'538	223'239
North America	13'523	13'885
South America	4'196	5'065
Asia, Australia, Middle East	32'482	27'896
Total	**357'739**	**270'085**

Capital expenditure in 1'000 CHF	**2007**	**2006**
Europe:		
- EU	699	379
- Switzerland	12'344	5'587
- Other European countries	0	0
Total Europe	13'043	5'966
North America	224	205
South America	16	100
Asia, Australia, Middle East	2'555	909
Total	**15'838**	**7'180**

04 Additional information regarding the income statement

Sales and gross profit in 1'000 CHF		2007	2006
New machines	Sales	274'982	173'568
	Gross profit	94'553	52'694
Customer Support Service	Sales	93'061	93'109
	Gross profit	42'008	46'466
Total	**Sales**	**368'043**	**266'677**
	Gross profit	**136'561**	**99'160**

Expenses by nature in 1'000 CHF		2007	2006
Raw materials and consumables		-204'836	-115'019
Personnel expenses:	Salaries and wages	-62'628	-54'025
	Defined benefit plans	-4'038	-3'257
	Other social benefits	-6'722	-8'037
	Other personnel costs	-8'237	-5'986
Total		-81'625	-71'305
Depreciation		-4'448	-4'286
Amortization		-997	-876

The higher expenses for raw materials and consumables in the fiscal year 2007 explain on one side in the increased new machine deliveries and on the other side in a higher number of new machine projects delivered with a significant scope of accessories. The higher personnel expenses result from an increase in the headcount from 712 employees as per March 31, 2007 to 819 as per March 31, 2008. The decrease in other social benefits is explained in note 27.

05 Employee benefit plans

The defined benefit obligation of pension plans is the present value of accrued pension obligations at 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 1'000 CHF	Funded plans	Unfunded plans	2007	2006
Reconciliation of the amount recognized in the balance sheet				
Fair value of plan assets	94'076	0	94'076	97'146
Present value of defined benefit obligations	-101'992	-2'433	-104'425	-97'869
Overfund (+) / underfund (-)	**-7'916**	**-2'433**	**-10'349**	**-723**
Unrecognized actuarial gains (-) / losses (+)	7'328	-100	7'228	124
Amounts not recognized because of limitation	-113	0	-113	-1'980
Asset (+) / Liability (-) recognized in balance sheet	**-701**	**-2'533**	**-3'234**	**-2'579**
thereof as non-current provision	-701	-2'533	-3'234	-2'579

in 1'000 CHF	2007	2006
Pension expenses recognized in profit or loss		
Current service costs (employer)	4'538	4'046
Interest costs	3'038	2'987
Expected return on plan assets	-4'417	-4'020
Actuarial gain (+) / loss (-) recognized in current year	2'746	-441
Effect of overfund not recognized	-1'867	685
Expenses recognized in profit or loss	**4'038**	**3'257**

Actual return on plan assets	**-4'358**	**6'985**

Reconciliation of defined benefit obligation		
Defined benefit obligation as per 1.04.07 /1.04.06	97'869	89'851
Interest cost	3'038	2'987
Current service cost (employer)	4'538	4'046
Contributions by plan participants	2'604	2'110
Benefits paid/deposited	-8'936	-3'638
Changes in the consolidation scope	4'325	0
Actuarial gain (-) / loss (+) on obligation	1'070	2'439
Currency translation differences	-83	74
Defined benefit obligation as per 31.03.08 / 31.03.07	**104'425**	**97'869**

Reconciliation of the fair value of plan assets		
Fair value of plan assets as per 1.04.07 / 1.04.06	97'146	88'492
Expected return on plan assets	4'417	4'020
Contributions by the employer / benefits paid directly by employer	3'917	3'199
Contributions by plan participants	2'604	2'110
Benefits paid/deposited	-8'936	-3'638
Changes in the consolidation scope	3'702	0
Actuarial gain (+) / loss (-) on plan assets	-8'774	2'963
Fair value of plan assets as per 31.03.08 / 31.03.07	**94'076**	**97'146**
thereof equity instruments Burckhardt Compression Ltd	40	244
thereof equity instruments - third party	30'614	28'172
thereof debt instruments - third party	39'143	40'556
thereof properties occupied by or used by third party	19'592	19'255
thereof others	4'687	8'919

Movement in the net amount recognized in the balance sheet		
Opening net liability (-) / asset (+)	-2'579	-2'449
Expense recognized in profit or loss	-4'038	-3'257
Contributions by the employer / benefits paid directly by employer	3'917	3'199
Changes in the consolidation scope	-623	0
Currency translation differences	89	-72
Closing net liability (-) / asset (+)	**-3'234**	**-2'579**

in 1'000 CHF	2007	2006
Best estimate of contributions for upcoming financial year		
Contributions by the employer (only Swiss plans)	4'025	3'280
Contributions by plan participants	2'682	2'240

Information over several years	2007	2006	2005
Fair value of plan assets	94'076	97'146	88'492
Present value of funded defined benefit obligation	-104'425	-95'166	-87'197
Overfund (+) / underfund (-)	**-10'349**	**1'980**	**-1295**
Present value of unfunded defined benefit obligation	-2'433	-2'703	-2'654
Experience adjustments on defined benefit obligation	63	-1'338	13'293
Experience adjustments on plan assets	-8'774	2'965	1'193

Principal actuarial assumptions as per	31.03.08	31.03.07
Discount rate	3.25%	3.00%
Expected rate of return on plan assets	4.50%	4.50%
Future salary increases	2.00%	1.00%
Future pension increases	0.50%	0.50%
Workforce fluctuation rate	8.20%	7.80%
Expected average remaining working lives in years	9.00	9.30
Age of retirement	60-65	65 (♂)
		64 (♀)

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: 3.0% for bonds, 6.8% for equities, 4.6% for properties and 3.5% for others.

06 Research and development expenses

During fiscal year 2007, research and development activities focused on improving and updating certain types of compressors, further developing valve technology and extending the monitoring and diagnostic systems. No research and development expenses were capitalized in fiscal year 2007 and 2006.

07 Other operating income and expenses

in 1'000 CHF	2007	2006
Currency exchange losses / gains	-228	789
Other operating expenses / income	-61	-233
Total	**-289**	**556**

The currency exchange losses in the fiscal year 2007 resulted mainly from new machine projects which were sold in foreign currencies.

08 Other financial income / expenses

in 1'000 CHF	2007	2006
Interest income	1'846	433
Other financial income and expenses	-1'808	-703
Total	**38**	**-270**

The higher interest income in the fiscal year 2007 resulted from the investment of the increased liquidity. The other financial expenses increased mainly because of the foreign currency valuation of Swiss Franc loans some of the Burckhardt Compression companies hold.

09 Taxes

Income taxes

in 1'000 CHF	2007	2006
Current income taxes	-19'467	-12'081
Deferred taxes	-1'615	-1'786
Total	**-21'082**	**-13'867**

Reconciliation of income tax expense

in 1'000 CHF	2007	2006
Profit before income taxes	89'058	54'603
Income tax expenses at the local tax rates in the respective countries	-21'659	-13'475
Utilisation of tax loss carry forwards	256	52
Non-deductible expenses	0	-188
Unrecogized losses for the current year	0	-256
Effect of changes in tax rates on deferred tax provisions	321	0
Total income tax expense	**-21'082**	**-13'867**
as % of profit before income taxes	23.67%	25.40%

Deferred taxes

in 1'000 CHF	2007	2006
Deferred tax assets:		
- which can be used within 12 months	-638	-288
- which can be used after 12 months	0	-322
Subtotal	-638	-610
Deferred tax liabilities:		
- which can be used within 12 months	5'547	2'696
- which can be used after 12 months	5'556	3'410
Subtotal	11'103	6'106
Total	**10'465**	**5'496**
Total changes in deferred taxes:		
Balance as per 31.3.08 / 31.3.07	5'496	3'345
Changes in the consolidation scope	910	0
Charged to the income statement	1'615	1'786
Taxes charged to equity for hedging reserves	2'444	365
Total	**10'465**	**5'496**

Breakdown of deferred taxes in the balance sheet

in 1'000 CHF	31.03.08 Assets	31.03.08 Liabilities	31.03.07 Assets	31.03.07 Liabilities
Intangible assets	5	1'662	153	1'484
Property, plant and equipment		4'140		2'591
Financial assets		725		26
Inventories		1'851		1'299
Customers' advance payments		27		38
Accounts receivable	78	2'021	21	1'686
Derivative financial instruments		1'805		123
Non-current borrowings	194		128	
Provisions for retirement plan obligations	304		185	
Other non-current liabilities	42		88	
Other non-current provisions	490	66	459	
Trade accounts payable	305	12	315	
Current provisions	326		402	
Tax loss carry forward	100			
Total deferred taxes (gross)	**1'844**	**12'309**	**1'751**	**7'247**
Offset	-1'206	-1'206	-1'141	-1'141
Total deferred taxes (net)	**638**	**11'103**	**610**	**6'106**

Temporary differences related to investments in subsidiaries, on which no deferred tax liabilities were provided, amounted on March 31, 2008 to CHF 57.4 mio (previous year CHF 15.5 mio)

Tax loss carryforwards

in 1'000 CHF	2007	2006
Expiring in the next 3 years	0	657
Expiring in 4 to 7 years	523	0
Total tax loss carryforwards	**523**	**657**
Potential tax assets calculated	100	256
Valuation allowance	0	-256
Deferred tax assets	**100**	**0**

10 Intangible assets

Acquisition value

in 1'000 CHF	Goodwill	Trademarks incl. IT licenses	Customer lists	R&D	2007 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	R&D	2006 Total
Cost as per 1.04.07 / 1.04.06	21'951	2'533	4'254		28'738	22'390	1'098	4'137	80	27'705
Changes in the consolidation scope	2'693	146	3'275		6'114					
Additions		1'455			1'455		1'395			1'395
Disposals									-80	-80
Reclassifications		96			96					
Currency translation differences	-1'633	-101	-144		-1'878	-439	40	117		-282
Balance as per 31.03.08 / 31.03.07	**23'011**	**4'129**	**7'385**	**0**	**34'525**	**21'951**	**2'533**	**4'254**	**0**	**28'738**

Accumulated amortization

in 1'000 CHF	Goodwill	Trademarks incl. IT licenses	Customer lists	R&D	2007 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	R&D	2006 Total
Balance as per 1.04.07 / 1.04.06		-547	-739		-1'286		-75	-305	-80	-460
Changes in the consolidation scope		-146			-146					
Additions		-347	-650		-997		-460	-416		-876
Disposals		-54			-54				80	80
Reclassifications		-316			-316					
Currency translation differences		42	43		85		-12	-18		-30
Balance as per 31.03.08 / 31.03.07		**-1'368**	**-1'346**	**0**	**-2'714**		**-547**	**-739**	**0**	**-1'286**

Net book value

as as per 1.04.07 / 1.04.06	21'951	1'986	3'515	0	27'452	22'390	1'023	3'832	0	27'245
as per 31.03.08 / 31.03.07	**23'011**	**2'761**	**6'039**	**0**	**31'811**	**21'951**	**1'986**	**3'515**	**0**	**27'452**

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 over the next 5 years, which, in turn, are based on the mid-term plans approved by management. Historical data are 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 2007 and 2006.

in 1'000 CHF	Crosshead piston compressors	Standard high-pressure compressors	Total
Goodwill as per 31.03.08	17'231	5'780	23'011
Goodwill as per 31.03.07	15'433	6'518	21'951
The test is based on the following assumptions:			
- Growth rate for sales	0%	0%	
- Gross margin as % of sales	30%	25%	
- 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 amounted to 8.5%.

11 Property, plant and equipment

in 1'000 CHF	Land and buildings	Machinery and equipment	Other assets	Assets under construction	**2007 Total**	Land and buildings	Machinery and equipment	Other assets	Assets under construction	**2006 Total**
Acquisition costs										
Balance as per 1.04.07 / 1.04.06	9'485	41'681	17'292	2'096	70'554	9'025	38'133	16'450	1'375	64'983
Changes in the consolidation scope		501	260		761					
Additions	1'309	8'208	2'374	3'947	15'838	535	4'449	1'281	915	7'180
Disposals	-6'423	-4'948	-3'906	-94	-15'371		-835	-389		-1'224
Reclassifications	21	1'669	192	-1'978	-96				-184	-184
Currency translation differences	-368	-412	-441	-11	-1'232	-75	-66	-50	-10	-201
Balance as per 31.03.08 / 31.03.07	**4'024**	**46'699**	**15'771**	**3'960**	**70'454**	**9'485**	**41'681**	**17'292**	**2'096**	**70'554**
Accumulated depreciation										
Balance as per 1.04.07 / 1.04.06	-7'000	-29'129	-12'357		-48'486	-6'656	-27'348	-11'380		-45'384
Changes in the consolidation scope		-226	-170		-396					
Additions	-215	-2'521	-1'712		-4'448	-347	-2'616	-1'323		-4'286
Disposals	6'423	4'923	3'753		15'099		828	349		1'177
Reclassifications			316		316					
Currency translation differences	27	127	160		314	3	7	-3		7
Balance as per 31.03.08 / 31.03.07	**-765**	**-26'826**	**-10'010**	**0**	**-37'601**	**-7'000**	**-29'129**	**-12'357**		**-48'486**
Net book value										
as per 1.04.07 / 1.04.06	2'485	12'552	4'935	2'096	22'068	2'369	10'785	5'070	1'375	19'599
as per 31.03.08 / 31.03.07	**3'259**	**19'873**	**5'761**	**3'960**	**32'853**	**2'485**	**12'552**	**4'935**	**2'096**	**22'068**

The "Other assets" category includes IT hardware, patterns, tools, fixtures, instruments, vehicles and other operating equipment. In the fiscal years 2007 and 2006 no leased assets were capitalized.

12 Inventories

in 1'000 CHF	**31.03.08**	**31.03.07**
Acquisition costs		
Raw materials, supplies and consumables	11'799	7'750
Work in progress	67'191	61'002
Finished products and trade merchandise	24'209	19'786
Advance payments to suppliers	13'736	10'078
Valuation allowances	-4'800	-3'916
Total	**112'135**	**94'700**

in 1'000 CHF	**2007**	**2006**
Valuation allowances		
Balance as per 01.04.07/01.04.06	-3'916	-4'405
Utilized due to disposals	140	530
Additions	-1'024	-41
Balance as per 31.03.08/31.03.07	**-4'800**	**-3'916**

The increased inventories are the consequence of the higher business volume; work in progress as per March 31, 2008 and as per March 31, 2007 are financed by customers' advance payments in the amounts of TCHF 92'408, respectively of TCHF 84'842.

13 Trade and other receivables

in 1'000 CHF	31.03.08	31.03.07
Trade receivables	68'941	56'264
Allowance for bad debts	-708	-510
Other receivables	8'905	6'587
Prepaid expenses	1'230	1'034
Total current receivables	**78'368**	**63'375**
Other receivables	667	494
Total non-current receivables	667	494
Total	**79'035**	**63'869**

in 1'000 CHF	31.03.08	31.03.07
Allowance for bad debts		
Balance as per 1.04.07 / 1.04.06	-510	-653
Changes in the consolidation scope	-65	0
Additions	-253	-5
Disposals	60	28
Utilizations	20	118
Currency translation differences	40	2
Balance as per 31.03.08 / 31.03.07	**-708**	**-510**

in 1'000 CHF	31.03.08		31.03.07	
Age profile of trade receivables				
Not due	50'021	72.5%	31'345	55.7%
Overdue 1-30 days	10'038	14.5%	13'317	23.7%
Overdue 31-60 days	4'249	6.2%	3'170	5.6%
Overdue 61-90 days	2'313	3.4%	4'665	8.3%
Overdue more than 90 days	2'320	3.4%	3'767	6.7%
Balance as per 31.03.08 / 31.03.07	**68'941**	**100.0%**	**56'264**	**100.0%**

in 1'000 CHF	31.03.08	31.03.07
Trade receivables broken down into currencies		
CHF	35'211	23'901
EUR	13'959	14'069
USD	9'301	10'302
GBP	682	1'133
NOK	2'950	2'275
JPY	330	876
INR	3'618	2'829
BRL	1'677	0
CAD	306	201
CNY	199	168
Total (after allowance for bad debts)	**68'233**	**55'754**

Burckhardt Compression is not exposed to major credit risks as it has a large and globally diverse customer base. The single biggest trade receivable represents less than 10% of the total trade receivables. The risk of default of the customers of Burckhardt Compression is small; a high share of the accounts receivables are secured by letters of credit.

14 Marketable securities

Marketable securities are invested in time deposits with maturities between 3 to 12 months and in an institutional portfolio module with a first class Swiss financial institution. The time deposits totaled TCHF 26'134 (fiscal year 2006 TCHF 0) and the investment in the institutional portfolio module amounted to TCHF 4'455 as per March 31, 2008 (fiscal year 2006 TCHF 5'562). The institutional portfolio module was opened in the fiscal year 2006 in the amount of TCHF 5'000; the asset allocation comprises 30% shares, 60% bonds and 10% European real estate funds.

15 Cash and cash equivalents

Cash has been invested in short-term bank deposits. The majority of those investments have been made in Swiss Francs because of the currency exchange risks. Short-term bank deposits were invested for an average period of 19 days in the fiscal year 2007 compared with an average period of 18 days in the previous fiscal year.

in 1'000 CHF	31.03.08	31.03.07
Cash	526	127
Bank deposits	20'404	15'011
Short-term deposits	38'065	40'000
Total cash and cash equivalents	**58'995**	**55'138**

16 Pledged assets

The Indian Burckhardt Compression company has pledged property, inventories and receivables in the amount of TCHF 5'786 as collateral for the credit lines and guarantee facilities provided by local banks. No further assets were pledged as collateral in the fiscal year 2007. In the previous fiscal year, assets were pledged in the amount of TCHF 7'380.

17 Share capital

	31.03.08	31.03.07
Number of shares issued	3'400'000	3'400'000

A four-for-one share split was implemented prior to the IPO on June 26, 2006, increasing the number of shares from 850'000 to 3'400'000 and reducing the nominal value per share from CHF 10.00 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.

As per March 31, 2008 and as per March 31, 2007 Burckhardt Compression Holding AG did not hold any treasury shares.

Earnings per share

	31.03.08	31.03.07
Profit for the period attributable to shareholders of Burckhardt Compression Holding AG (in TCHF)	67'989	40'126
Average number of outstanding shares	3'400'000	3'400'000
Earnings per share in CHF	20.00	11.80
Diluted earnings per share in CHF	20.00	11.80
Dividend per share in CHF [1]	6.00	3.00

There are no conversion or option rights outstanding; therefore there is no dilution of earnings per share.

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 6.00 per share. This will be paid in July 2008.

18 Borrowings

in 1'000 CHF	Current	Non-current	Total 31.03.08	Total 31.03.07
Bank loans	4'442	1'393	5'835	2'070
Others	0	220	220	421
Total	**4'442**	**1'613**	**6'055**	**2'491**
Thereof due in less than 1 year	4'442	0	4'442	2'490
Thereof due in 1 to 5 years	0	1'613	1'613	1

Burckhardt Compression AG has bank and guarantee facilities totaling TCHF 140'000, thereof TCHF 20'000 credit limits as per March 31, 2008 (previous year total bank and guaranty facilities amounted to TCHF 105'000). The bank loans as per March 31, 2008 are denominated largely in Indian Rupies and in Swiss Francs for a minor amount. The average effective interest rate amounted to 6.8% in the fiscal year 2007 compared with 12.0% in the previous fiscal year.

19 Provisions

in 1'000 CHF	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	Total 2007	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	Total 2006
Balance as per 1.04.07 / 1.04.06	4'818	988	5'510	771	12'087	4'339	556	5'069	668	10'632
Changes in the consolidation scope	623				623					
Additions	286	1'009	6'966	1'048	9'309	401	557	1'752	300	3'010
Released as no longer required	-77	-117	-999	-61	-1'254		-75	-1'223	-204	-1'502
Released for utilization	-13	-748	-1'767	-104	-2'632		-48	-82		-130
Currency translation differences	-126	-66	-138	-117	-448	78	-2	-6	7	77
Total as per 31.03.08 / 31.03.07	**5'511**	**1'065**	**9'572**	**1'537**	**17'685**	**4'818**	**988**	**5'510**	**771**	**12'087**
Thereof current		968	2'300	1'265	4'533		898	1'916	771	3'585
Thereof non-current	5'511	97	7'272	272	13'152	4'818	90	3'594		8'502

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 of the Burckhardt Compression company in Switzerland. The other personnel expenses category mainly includes provisions for early retirements of the Burckhardt Compression company in Germany.

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

20 Other current and accrued liabilities

in 1'000 CHF	31.03.08	31.03.07
Other current liabilities		
Social security institutions	210	328
Tax liabilities (excl. income taxes)	587	511
Miscellaneous	854	1'104
Total	**1'651**	**1'943**
Accrued liabilities		
Vacation and overtime	1'360	2'252
Salaries, wages and bonus payments	4'357	4'771
Contract related liabilities	18'169	19'400
Notes payable	2	15
Miscellaneous	1'472	746
Total	**25'360**	**27'184**
Total other current and accrued liabilities	**27'011**	**29'127**

Contract related liabilities include amounts for materials and services that have been supplied or rendered but not yet billed. The accrued liabilities have increased compared to the previous fiscal year because of the higher business volume.

21 Derivative financial instruments

	31.03.08		31.03.07	
in 1'000 CHF	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Forward foreign currency contracts				
- Cash flow hedges	11'683	742	686	1'147
- Others		47		141
Total	**11'683**	**789**	**686**	**1'288**
Thereof current	8'386	529	569	887
Thereof non-current	3'297	260	117	401

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, 2008 the contract value of the open derivative financial instruments amounted to TCHF 128'942; as per March 31, 2007 it totaled TCHF 100'493. The increase in the fiscal year 2007 resulted from the higher business volume.

In the fiscal year 2007 TCHF 350 (previous year TCHF 110) have been transferred from equity into the income statement (other operating income).

22 Outstanding guarantees

in 1'000 CHF	Limited maturity	Unlimited maturity	Total 31.03.08	Total 31.03.07
Total pending guarantees	133'862	907	134'769	109'897
Thereof from Swiss banks	112'569	367	112'936	80'063
Thereof from foreign banks	2'833	0	2'833	3'424
Thereof from Burckhardt Compression Holding AG	18'460	540	19'000	26'410

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. The outstanding guarantees as per March 31, 2008 have increased compared to the previous fiscal year due to the higher business volume.

23 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2008 and as per March 31, 2007.

24 Other financial commitments

Liabilities from operating leases

in 1'000 CHF	Buildings	Cars	Other	31.03.08	31.03.07
Total commitments	26'442	760	948	28'150	8'219
Thereof due in less than 1 year	3'720	184	208	4'112	4'350
Thereof due in 1 to 5 years	15'207	576	740	16'523	3'364
Thereof due in more than 5 years	7'515			7'515	505

The most significant lease agreement covers the office and factory buildings of the Burckhardt Compression company in Switzerland. The lease is fixed until June 30, 2014. The notice period is 24 months with the first opportunity to give notice occurring as per June 30, 2012. After that date the lease may be terminated by giving 24 months notice effective at the end of a calendar month. The income statement includes leasing expenses for buildings of TCHF 4'458 for the fiscal year 2007.

Other financial obligations

The most significant capital expenditure projects approved during the fiscal year 2007 and for which there are purchase commitments as per March 31, 2008 comprise for Burckhardt Compression AG 3 turning centers for TCHF 4'770, a new measurement room including installations for TCHF 1'150, various IT hardware and software applications for TCHF 505. Burckhardt Compression (India) Pvt. Ltd. has signed a purchase commitment as per March 31, 2008 in the amount of TCHF 74 for a new ERP software application.

25 Business combinations

The Burckhardt Compression companies made the following acquisitions during the fiscal year 2007:

MT Sealing Technology Inc

	2007	
in 1'000 CHF	**Fair value**	**Acquiree's carrying amount**
Intangible assets	2'308	0
Property, plant and equipment	265	265
Inventories	1'257	1'257
Accounts receivable	1'512	1'512
Cash and cash equivalents	106	106
Total assets	**5'448**	**3'140**
Deferred tax liabilities	702	337
Non-current liabilities	464	0
Current liabilities	787	787
Total liabilities	**1'953**	**1'124**
Net assets	3'495	2'016
Acquired goodwill	1'903	
Purchase price	**5'398**	
Purchase consideration settled in cash	5'398	
Cash and cash equivalents in subsidiary acquired	106	
Cash outflow on acquisition	5'292	

Compresssor Tech Holding AG acquired 100% of the shares of MT Sealing Technology Inc on July 1, 2007. Because of this acquisition sales of Burckhardt Compression increased by TCHF 4'406 and profit for the period decreased by TCHF 71. The integration of the acquired plastics division of SUBA AG in MT Sealing Technology Inc entailed non-recurring expenses of TCHF 143, those expenses are included in the income statement of the fiscal year 2007.

If the acquisition of MT Sealing Technology Inc had occurred as per April 1, 2007 instead as per July 1, 2007, sales and profit for the period of Burckhardt Compression would have amounted to TCHF 369'537 and to TCHF 68'163 respectively.

Plastics division of SUBA AG, Berg / Switzerland

	2007	
in 1'000 CHF	**Fair value**	**Acquiree's carrying amount**
Intangible assets	967	0
Property, plant and equipment	100	100
Inventories	110	110
Accounts receivable	0	0
Total assets	**1'177**	**210**
Deferred tax liabilities	208	0
Non-current liabilities	159	0
Current liabilities	0	0
Total liabilities	**367**	**0**
Net assets	**810**	**210**
Acquired goodwill	790	
Purchase price	**1'600**	
Purchase consideration settled in cash	1'600	
Cash and cash equivalents in subsidiary acquired	0	
Cash outflow on acquisition	1'600	

The existing customer lists of the acquired companies have been accounted for as intangible assets. In the fiscal year 2006 no Burckhardt Compression company made any acquisition.

26 Remuneration of the Board of Directors and the Executive Board

The Executive Board, all executives of the Burckhardt Compression Group and the executive member of the Board of Directors receive a performance and result-based bonus in addition to their base salaries. Total pay consisting of the base salary plus target bonus reflects the median market valuation of the relevant position, individual qualifications, and the prevailing local labor market conditions. The latter are regularly assessed and salary ranges adjusted accordingly. The target bonus corresponds to a percentage of the base annual salary; the actual bonus paid depends on the achievement of individual targets, 60% to 70% are of a financial nature, e.g. EBIT, order intake, project margin, net financial position; 30% to 40% are of a non-financial nature. A weighted percentage is defined for each target. The minimum bonus amounts to 50% of the target bonus. The maximum bonus amounts to 250% of the target bonus, while no bonus at all is paid if the minimum target level is not achieved. With the exception described in note 27, there are no share-based payments (shares, option plans ore other incentives).

Non-executive members of the Board of the Directors receive fixed remuneration. This is paid in cash. Non-executive members of the Board of Directors do not receive a bonus.

The following remunerations were paid to the members of the Board of Directors and the Executive Board for the fiscal years 2007 and 2006:

in 1'000 CHF							2007
Name	Position	Fees and remuneration	Salary fix in cash	Salary variable in cash	Share based payments (1)	Post employment and social benefits	Total
Non-executive members of Board of Directors							
Hans Hess	Chairman	90					90
Heinz Bachmann	Deputy Chairman	50				1	51
Urs Fankhauser	Member	50					50
Urs Leinhäuser	Member	37				2	39
Total		227				3	**230**
Executive Board							
Valentin Vogt	CEO & Executive Member		320	203		106	629
Members of the Executive Board (11 persons)			1'640	550	30	382	2'602
Total			1'960	753	30	488	**3'231**

in 1'000 CHF							2006
Name	Position	Fees and remuneration	Salary fix in cash	Salary variable in cash	Share based payments (1)	Post employment and social benefits	Total
Non-executive members of the Board of Directors							
Hans Hess	Chairman	75					75
Heinz Bachmann	Deputy Chairman	47				2	49
Urs Fankhauser	Member	42				1	43
Total		164				3	**167**
Executive Board							
Valentin Vogt	CEO & Executive Member		300	167		609	1'076
Members of the Executive Board (11 persons)			1'497	414	185	1'419	3'515
Total			1'797	581	185	2'028	**4'591**
(1) Allocated shares							
- 1. Step CHF 0.25 per share							1'920
- 2. Step CHF 0.25 per share							1'765

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 further 5 years (lock-up period) in the company. In case a recipient leaves the company before that period 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 issue price of CHF 85.00 and 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.

In the fiscal year 2007 the share of the second allocation amounted to TCHF 89 and was charged to personnel expenses in the income statement 2007. The corresponding credit was made directly in the shareholders' equity.

There are no other share-based payments or plans.

No other payments or fees for additional services were paid to the members of the Board of Directors and Executive Board during the fiscal year 2007. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2008.

As per March 31, 2008 the members of the Executive Board including the executive member and the non-executive members of the Board of Directors (including their closely related persons) owned the following numbers of shares of Burckhardt Compression Holding AG:

		31.03.08				31.03.07
Name	Position	Total shares	Share disponible	Shares locked until 31.12.08	Shares locked until 30.06.11(A)	Total shares
Non-executive members of the Board of Directors						
Hans Hess	Chairman	5'600	5'600			8'400
Heinz Bachmann	Deputy Chairman	600	600			1'200
Urs Fankhauser	Member	750	750			0
Urs Leinhäuser	Member	150	150			8
Total		**7'100**	**7'100**			**9'608**
Executive Board						
Valentin Vogt	CEO & Executive Member	222'633	24'666	80'000	117'967	237'967
Regula Brunner	VP Human Resources	660	560		100	660
René Guthauser	VP Quality & Infrastructure	510	460		50	510
Martin Heller	VP Sales	112'300	11'267	40'000	61'033	121'033
Dr. Leonhard Keller	VP Valves	107'600	11'167	40'000	56'433	116'433
Daniel Oswald	VP IT	1'200	920		280	1'200
Harry Otz	CFO	109'353	11'520	40'000	57'833	117'833
Marcel Pawlicek	VP Design & Manufacturing	103'434	7'001	40'000	56'433	116'434
Narsimha Rao	Managing Director BCP	360	360			–
Marco Scanderbeg	VP Marketing	1'305	990		315	1'305
Matthias Tanner	VP Contracting	420	400		20	420
Robert Züst	VP CSS	735	610		125	733
Total		**660'510**	**69'921**	**240'000**	**350'589**	**714'528**
Total		**667'610**	**77'021**	**240'000**	**350'589**	**724'136**
in % of total shares		19.6%				21.3%

(A) No shares are locked as from July 1, 2011

28 Events after the balance sheet date

When the consolidated financial statements were approved on June 2, 2008, the Board of Directors and the Executive Board were not aware of any significant events which have occurred after the balance sheet date.

Investments as per March 31, 2008

Group companies of
Burckhardt Compression Holding AG
Winterthur, Switzerland
Listed on SWX Swiss Exchange
Security no. 002553602
Share capital CHF 8'500'000
Market capitalization CHF 1'077'800'000

	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 Harry Otz	1	CTH						CHF 200'000 100%
MT Sealing Technology Inc Ohringen/Winterthur, Switzerland Managing Director Urs Müller until 30.09.08 As from 1.10.08 Dr. Georg Samland	3	MTS	•	•		•	•	CHF 100'000 100%
Burckhardt Compression (Deutschland) GmbH Ravensburg, Deutschland Managing Director Christian Henninger	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, Italiy Managing Director Tullio Buonocore	2	BCI			•	•	•	EUR 400'000 100%
Burckhardt Compression (France) S.A.S. Mantes la Jolie Cedex, France Managing Director Gerard Fraboulet	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 83%
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 Mamoru Tanaka	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) Private Ltd. Pune, India Managing Director Narasimha Rao	2	BCP	•	•	•	•	•	INR 109'342'000 100%
Burckhardt Compression (Brasil) Ltda. São Paulo, Brazil Managing Director Fabio Santos	2, 1	BCB			•	•	•	BRL 900'000 100%
Burckhardt Compression (Korea) Seoul, South Korea Managing Director Seun Kweon Lee		BCK				•		100%

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

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Report of the group auditors
to the general meeting of
Burckhardt Compression Holding AG
Winterthur

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of changes in equity and notes / pages 52 to 85) of Burckhardt Compression Holding AG for the year ended 31 March 2008.

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

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

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

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

PricewaterhouseCoopers AG

Urs Honegger
Auditor in charge

James Goffi

Winterthur, 2 June 2008

Financial Statements of Burckhardt Compression Holding AG

Balance sheet

in 1'000 CHF	Notes	31.03.08	31.03.07
Non-current assets			
Investments in subsidiaries	102	14'276	14'276
Loans to subsidiaries		15'175	0
Total		**29'451**	**14'276**
Current assets			
Trade and other receivables	103	813	564
Marketable securities		25'000	0
Cash and cash equivalents		9'715	10'721
Total		**35'528**	**11'285**
Total assets		**64'979**	**25'561**
Equity			
Share capital	104	8'500	8'500
General reserve		850	140
Prior year retained earnings		5'082	1'804
Net income		49'853	14'188
Total		**64'285**	**24'632**
Liabilities			
Current liabilities			
Trade and other payables against third parties		16	31
Group companies		2	639
Accrued liabilities		676	259
Total		**694**	**929**
Total equity and liabilities		**64'979**	**25'561**

Income statement

in 1'000 CHF	Notes	2007	2006
Income	105		
Income from investments		50'008	15'000
Financial income		713	222
Other income		367	409
Total		**51'088**	**15'631**
Expenses	106		
General and administrative expenses		-877	-1'174
Financial expenses		-13	-142
Tax expenses		-345	-53
Amortization of organizational cost		0	-74
Total		**-1'235**	**-1'443**
Net profit		**49'853**	**14'188**

Notes to the financial statements of Burckhardt Compression Holding AG

101 Accounting policies

The financial statements as per March 31, 2008 are in compliance with the requirements of the Swiss Corporation 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, 2008.

103 Receivables

in 1'000 CHF	**31.03.08**	**31.03.07**
Trade receivables against Group companies	248	451
Other receivables	156	99
Accrued income against third parties	83	14
Group companies	326	0
Total	**813**	**564**

104 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. A four-for-one share split was implemented prior to the IPO on June 26, 2006, increasing the number of shares from 850’000 to 3’400’000 and reducing the nominal value per share from CHF 10.00 to CHF 2.50. As per March 31, 2008, Burckhardt Compression Holding AG did not hold any treasury shares.

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 option or convertible rights.

Legal entities and partnerships which are linked by equity or voting rights’ by sharing the same management or are linked in some other way will be 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 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 shareholdings of the persons on whose account they hold 2% or more of the registered share capital.

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 5% of the share capital and voting rights:

Shareholders as per		**31.03.08**	**31.03.07**
	Country	in %	in %
Members of the Executive Board incl. Executive member of the Board of Directors	CH	19.6 a)	21.1 a)
Deutsche Bank AG	D	5.1 b)	5.6 b)
Bank of America	USA	4.8	6.2 b)
Allianz Global Investors	D	4.1	0
Other shareholders		66.4	67.1
Total shares outstanding		**100.0**	**100.0**

a) Details are listed in the financial report, in note 27 Transactions with the Board of Directors, the Executive Board and related parties.

b) According to the articles of incorporation of Burckhardt Compression Holding AG the voting rights of those shareholders are limited to 5%.

105 Income

in 1’000 CHF	**2007**	**2006**
Income from investments		
Dividends	50’008	15’000
Financial income		
Interest income	713	187
Other income		
Income from services provided to group companies	192	192
Other	175	252
Total	**51’088**	**15’631**

106 Expenses

in 1'000 CHF	2007	2006
General and administrative expenses	-877	-1'174
Interest expense	-13	-142
Income tax expense	-230	-10
Amortization of organizational cost	0	-74
Capital tax expense	-115	-43
Total	**-1'235**	**-1'443**

109 Disclosures required by Article 663b of the Swiss Code of Obligations

in 1'000 CHF	31.03.08	31.03.07
Guarantees	19'000	26'410
Total	**19'000**	**26'410**

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. As per March 31, 2008 and as per March 31, 2007 the limit for these guarantees amounted to TCHF 30'000.

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.

Disclosures to Articles 663b^bis and 663c Para 3 of the Swiss Code of Obligations

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, 2008 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.

Appropriation of earnings

in 1'000 CHF	2007	2006
Prior year retained earnings	5'082	1'804
Net income of the year	49'853	14'188
Retained earnings at the disposal of the annual general meeting	**54'935**	**15'992**
The Board of Directors proposes the following appropriation		
- Appropriation to general reserve	-850	-710
- Gross dividend	-20'400	-10'200
Retained earnings carried forward	**33'685**	**5'082**

The Board of Directors proposes to the Annual General Meeting of Shareholders on July 4, 2008 payment of a gross dividend of CHF 6.00 per registered share.

in Swiss Francs (CH F)	2007	2006
Gross dividend	6.00	3.00
less 35% withholding tax	-2.10	-1.05
Net dividend	**3.90**	**1.95**

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 4:00 pm on Friday July 4, 2008 at the Park Arena, Barbara Reinhard-Strasse 24, 8404 Winterthur, Switzerland.

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

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 88 to 91) of Burckhardt Compression Holding AG for the year ended 31 March 2008.

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

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

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG

Urs Honegger Auditor in charge	James Goffi

Winterthur, 2 June 2008

Pages 94-103: Customers and Solutions

Hydrogen production plant that operates a process gas compressor in France

Impressions of an industrial gas plant

Piping in an industrial gas plant

Petrochemical plant in Germany

Laby® compressor in a polypropylene plant in Germany

Impressions of a chemical plant

Compressor type CU in a hydrogen plant in Dhahej, Gujarat, India

Transport of compressed hydrogen by truck in India

MEETING EXPECTATIONS


D-6401XA


V-6331X
-6330X
V-6335X


H2
BOTTLING
COMPRESSOR


NATIONAL
PERMIT
DAMAN + D.N.H.
CARRIAGE
TATA
कोटा

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 as an online version. The printed German version is binding.

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