Burckhardt Compression

ANNUAL REPORT 2009

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

Content

To Our Shareholders

Dear Shareholders

The 2009 annual report marks the fourth set of full-year results we have published since our initial public offering (IPO) in June 2006. Fiscal 2009 was a particularly difficult year for our employees and executives. Order intake and sales revenues declined but profitability remained high.

Challenging market environment
The weakness in the markets relevant to Burckhardt Compression that became apparent towards the end of 2008 persisted throughout the 2009 fiscal year. Customers continued to defer spending on new machinery while in the service business they reduced their inventory of spare parts and extended service intervals in the first half of the fiscal year. Visibility and the general environment began to improve in the service and compressor components business during the second half of the year but not in the new machine business.

Sharp decline in order intake
Order intake was sharply lower compared to the previous year. Orders received amounted to CHF 285.9 million, a decline of CHF 104.0 million or 26.7% from the prior-year level. Exchange-rate movements had a minimal impact on reported order intake. At CHF 114.6 million, total combined orders received in the service and compressor components business slightly increased compared to the year-ago level but orders in the new machine business plunged by CHF 106.3 million or 38.3% to CHF 171.3 million.

High margins maintained despite lower sales
Sales showed a proportionately smaller decline of CHF 81.3 million or 19.2% to CHF 343.2 million thanks to the high order intake during the past fiscal years. Gross profit declined by CHF 19.3 million or 13.2% to CHF 126.9 million. The higher gross profit margin of 37.0% (previous year 34.4%) is attributable to the greater contribution to consolidated sales from the Customer Support Service (CSS) and the compressor component businesses compared to the year-ago period as well as to a clearly higher margin in the new machine business. Administrative and selling expenses remained closely (+0.3%) to previous year level. Sales and marketing capacity was strengthened so as to intensify sales activities in an effort to offset the challenging market environment. Operating profit amounted to CHF 74.2 million, a decline of CHF 20.1 million or 21.2% from the prior-year level. This resulted in a slightly lower operating profit margin of 21.6% (22.2% in the year-ago period), which, however, was again above the 20% mark. Burckhardt Compression maintained a better-than-average net profit margin of 16.3% (previous year 17.1%) with profit for the period coming in at CHF 56.0 million. Earnings per share were down 22.3% to CHF 16.68. In view of the challenging economic environment, the company's operating performance in 2009 is considerable, especially in comparison with the industry as well as individual competitors.

Negative market developments necessitated a package of measures
The downturn in Burckhardt Compression's markets worldwide beginning in the final quarter of fiscal 2008 necessitated the implementation of a package of measures in June 2009 that reduced both capacity and operating expenses. Besides various measures leading to lower material, services-related and personnel expenses, this package of measures also included proactive initiatives on the sales and product development fronts. Unfortunately, 54 of the 494 jobs in Winterthur had to be cut, 24 of which through dismissals and 14 as a result of natural fluctuation while 16 employees opted for early retirement. These measures were implemented in consultation with employee representatives and our social partners. A social plan was drawn up for all employees affected by these measures. In response to the sharply lower order intake compared to the previous years, short-time work was introduced in various stages in Winterthur beginning on October 1, 2009 and subsequently expanded in the following months.

Extension of share buyback program
With the publication of the 2008 interim report the Board of Directors announced that up to 170'000 of the outstanding BCHN shares, or 5.0% of the company's share capital, would be repurchased in the open market between December 2008 and December 2009. On December 16, 2009 the ongoing share buyback program was extended by one year. The shares held by the company may be used by the Board of Directors to finance acquisitions. Shareholders at the general meeting on July 4, 2009 approved an increase in authorized capital of up to CHF 1.275 million, which corresponds to 15% of share capital. This addi-

tional share capital gives the Board of Directors greater freedom in the current economic environment to quickly leverage the company's financial strength through the use of company shares to make acquisitions.

Outlook for fiscal 2010
It is still too early to say just how and when the global economic crisis will end. Despite indications of a recovery, especially in the BRIC countries, there is still considerable uncertainty regarding economic activity in the OECD countries. From today's standpoint, we anticipate order intake to pick up in all business activities during the current fiscal year. The strongest rebound in order intake is expected in the new machine business. In view of the still high order backlog, we expect higher sales. Despite of higher sales, lower profit and specifically lower profit margins are estimated

Our company's strategic and operational strength will enable us to master the challenges that the future undoubtedly has in store. We are ready to benefit from an anticipated economic upswing or, if necessary, to make appropriate adjustments in the event of a prolonged economic downturn.

Dividend payout
The Board of Directors will propose a dividend to CHF 5.00 per share at the General Meeting of shareholders (previous year CHF 6.00). This corresponds to a payout ratio of 30%, in line with our long-term dividend policy.

Reelection to the Board of Directors
The term of all current Board members ends with the upcoming Annual General Meeting. All Board members are available for reelection. The Board of Directors proposes to the Annual General Meeting the reelection of all Board members, however with different terms.

A word of thanks
Transitioning from the rapid growth of preceding years to an abrupt collapse in economic activity was an extremely challenging process and Burckhardt Compression was forced to take far-reaching measures that demanded understanding, flexibility and perseverance on the part of the entire workforce and company management. We thank all employees for their untiring efforts and strong commitment and we also value the trust and confidence our customers have shown in our products and services. Our shareholders have displayed a strong sense of loyalty and trust in our company during the preceding 18 months of turbulence on the stock market. The stability of our company's ownership structure strengthens our resolve as we continue to execute our sustainable, long-term-oriented strategy.

Yours sincerely,

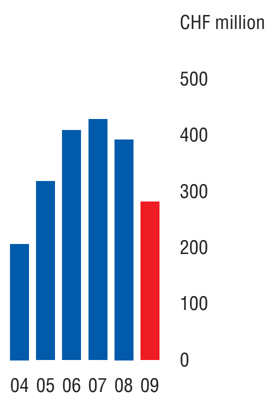
Hans Hess
Chairman of the
Board of Directors

Valentin Vogt
CEO and Executive Member
of the Board of Directors

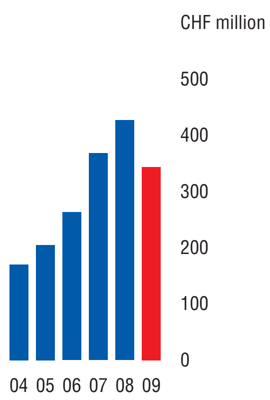
Winterthur, May 25, 2010

Figures at a Glance

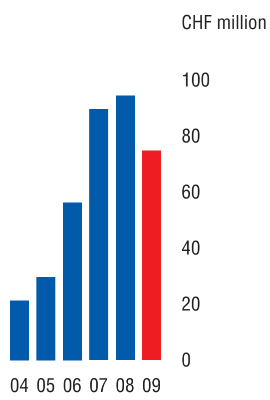
Order intake



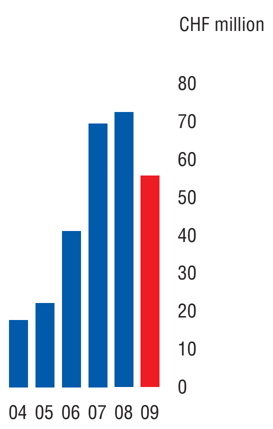
Sales



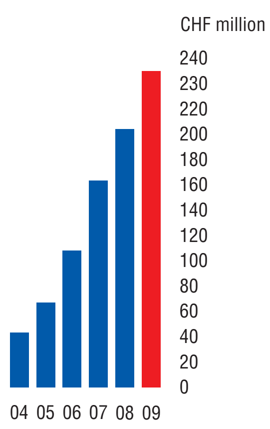
Operating income EBIT



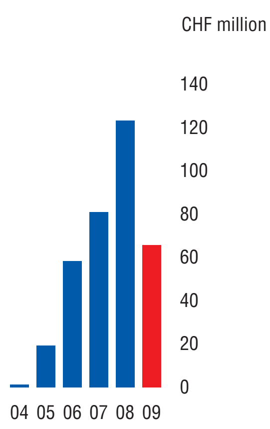
Profit for the period



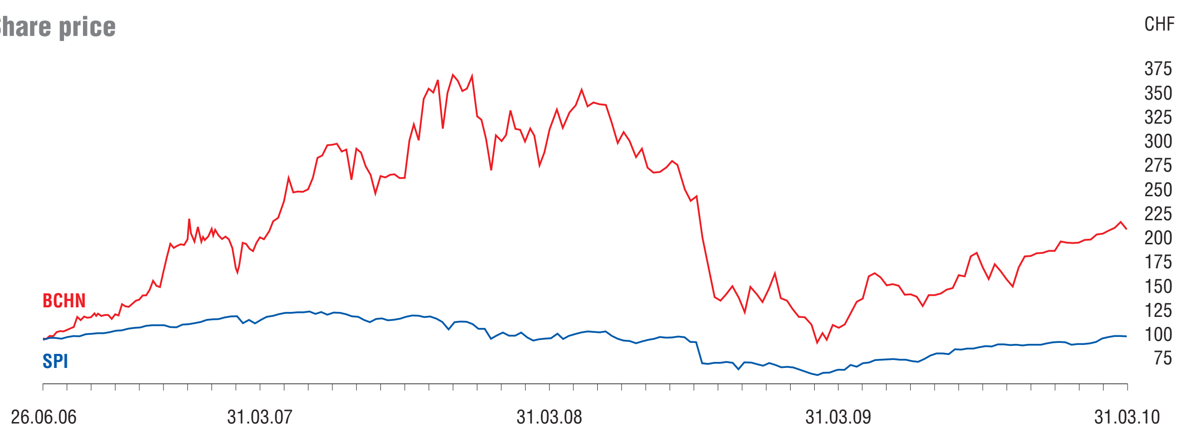
Shareholders' equity



Net financial position



Share price



in CHF mn		2007	2008	2009	Change 2008/2009
Order intake:					
- New machines		309.1 [1]	277.6 [1]	171.3	- 38.3%
- CSS (Customer Support Service)		95.1 [1]	88.0 [1]	90.9	+ 3.3%
- Compressor components		22.5 [1]	24.3 [1]	23.7	- 2.5%
Total		426.7	389.9	285.9	- 26.7%
Sales and gross profit:					
- New machines	Sales	260.8 [1]	308.7 [1]	241.5	- 21.8%
	Gross profit	85.9 [1]	87.6 [1]	80.7	- 7.9%
	in % of sales	32.9% [1]	28.4% [1]	33.4%	
- CSS	Sales	87.9 [1]	92.1 [1]	80.8	- 12.3%
	Gross profit	40.9 [1]	46.4 [1]	36.7	- 20.9%
	in % of sales	46.5% [1]	50.4% [1]	45.4%	
- Compressor components	Sales	19.3 [1]	23.7 [1]	20.9	- 11.8%
	Gross profit	9.8 [1]	12.2 [1]	9.5	- 22.1%
	in % of sales	50.8 [1]	51.5% [1]	45.5%	
Total	Sales	368.0	424.5	343.2	- 19.2%
	Gross profit	136.6	146.2	126.9	- 13.2%
	in % of sales	37.1%	34.4%	37.0%	
Operating income (EBIT)		89.8	94.3	74.2	- 21.2%
in % of sales		24.4%	22.2%	21.6%	
Net income (after minority interests)		68.0	72.8	56.0	- 23.1%
in % of sales		18.5%	17.1%	16.3%	
Depreciation and amortization		5.4	6.9	9.5	+ 38.6%
Cash flow:					
- from operating activities		66.9	82.5	58.8	- 28.8%
- from investing activities		-57.7	6.5	-88.8	
- from financing activities (incl. translation differences)		-5.3	-22.4	18.1	
Total		3.9	66.6	-11.8	- 117.8%
Balance sheet total		359.7	431.0	470.0	+ 9.0%
Non-current assets		71.3	79.1	157.3	+ 99.0%
Current assets		288.5	351.9	312.7	- 11.2%
Shareholders' equity		165.5	203.9	234.9	+ 15.2%
in % of balance sheet total		46.0%	47.3%	50.0%	
Net financial position		83.7	123.3	66.5	- 46.0%
Headcount as per end of fiscal year		819	916	891	- 2.7%
Share price as per end of fiscal year (in CHF)		317.00	106.00	208.0	
Market capitalization (in CHF mn)		1'077.8	360.4	707.2	
Earnings per share (in CHF)		20.00	21.46	16.68	- 22.3%

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

Pages 8-19: People and Values

Antonio Alcaide, Customer Support Service, Switzerland

Johann Scherer-Brown, Sales, Canada

Xu Yin Zi, Human Resources, China
Liu Feng Hui, Accounting and Administration, China
Dai Hui Qin, Administration, China

Chinmay Upadhyay, Sales, India
Aniket Kulkarni, Sales, India

Peter Merz, Testbed, Switzerland

Alan Worster, Projekt-Management and
Engineering, USA

Peter Ruwoldt, Large Parts Manufacturing, Switzerland

Josef Signer, Quality Control, Switzerland

Lars Tiebe, Service Center, Germany

Nadine Disch, Apprentice, Switzerland

COMMITMENT


Etiketten
SBB


Scharmann
HEAVYSPEED


4


Burckhardt
Compression

Review of the Fiscal Year 2009

Challenging market environment

The weakness in the markets relevant to Burckhardt Compression that became apparent towards the end of 2008 persisted throughout the 2009 fiscal year. The rampant uncertainty among our customers regarding the potential sales of their products to their own customers prompted them to defer spending on new machines. Furthermore, our customers saw no need to move ahead with these investment decisions as long as purchase costs for new machines were on the decline. On the service side of the business, our customers reduced their inventory of spare parts and extended service intervals in the first half of the fiscal year. Visibility and the general environment began to improve in the services and compressor components businesses during the second half of the year but not in the new machine business.

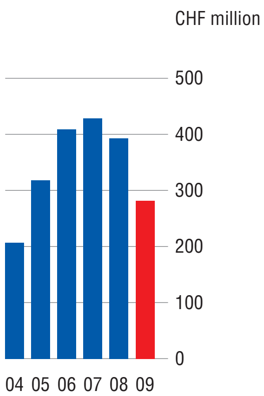
Sharp decline in order intake

Order intake was sharply lower compared to the previous year. Orders received amounted to CHF 285.9 mn, a decline of CHF 104.0 mn or 26.7% from the prior-year level. Exchange-rate movements had a minimal impact on reported order intake. At CHF 114.6 mn, total combined orders received in the services and compressor components business slightly increased (+2.4%) compared to the year-ago level but orders for new machines plunged by CHF 106.3 mn or 38.3% to CHF 171.3 mn. We believe the steep drop in orders for new machines in the second half of the year does not provide any conclusive evidence as to the developments in the following quarters. Order intake for new machines was affected most by the postponements forward of LDPE projects LDPE projects (LDPE = Low Density Polyethylene).

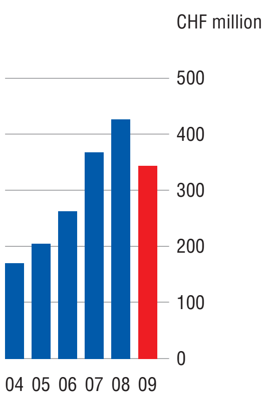
High margins maintained despite lower sales

Sales showed a proportionately smaller decline of CHF 81.3 mn or 19.2% to CHF 343.2 mn thanks to the high order intake during the past fiscal years. Gross profit declined by CHF 19.3 mn or 13.2% to CHF 126.9 mn. The higher gross profit margin of 37.0% (previous year 34.4%) is attributable to the greater contribution of the CSS and the compressor component businesses to consolidated sales compared to the year-ago period as well as to a clearly higher margin in the new machine business. Administrative and selling expenses remained closely (+0.3%) to previous year level. Sales capacity was strengthened so as to intensify sales activities in an effort to offset the challenging market environment. Operating profit amounted to CHF 74.2 mn, a decline

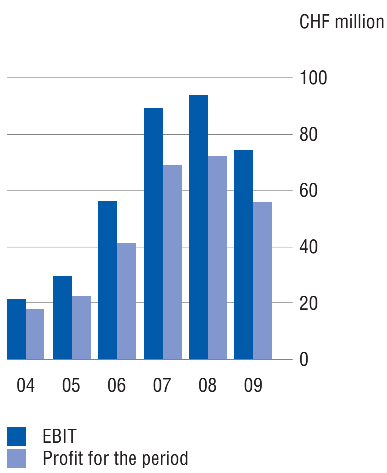
Order intake



Sales



EBIT and profit for the period

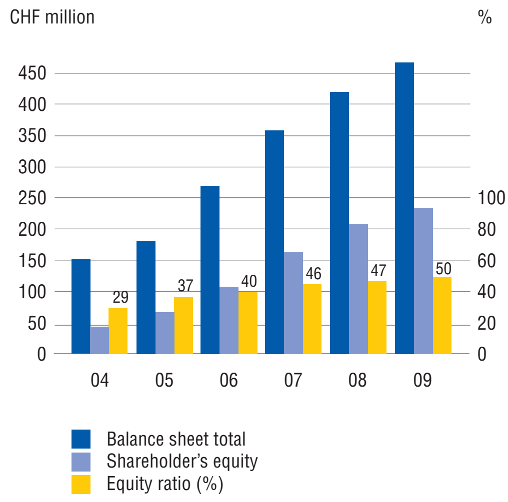


of CHF 20.1 mn or 21.2% from the prior-year level. This resulted in a slightly lower operating profit margin of 21.6% (22.2% in the year-ago period), which, however, was again above the 20% mark. Burckhardt Compression maintained a better-than-average net profit margin of 16.3% (previous year 17.1%) with profit for the period coming in at CHF 56.0 mn. Earnings per share were down 22.3% to CHF 16.68. In view of the challenging economic environment, the company's operating performance in 2009 is considerable, especially in comparison with the industry and individual competitors.

Sound financial base

Total assets increased by CHF 77.0 mn as a result of the purchase of commercial property in Winterthur. Deducting this sum from total assets of CHF 470.0 mn reveals an operating-induced decline in total assets of CHF 38.0 mn or 8.8% from the previous year. Thanks to the company's good profitability, its capital base was further strengthened. The equity ratio is a solid 50%. Liquidity decreased by CHF 11.6 mn despite the cash outflow of CHF 30.8 mn for the purchase of the commercial property and the CHF 6.2 mn spent on repurchasing own shares and amounted to CHF 119.3 at the end of fiscal 2009.

Equity ratio



Negative market developments necessitated a package of measures in Winterthur

The downturn in Burckhardt Compression's markets worldwide beginning in the final quarter of the fiscal 2008 necessitated in June 2009 the implementation of a package of measures that reduced both capacity and operating expenses. Besides measures to reduce material, services-related and personnel expenses, this package of measures included proactive initiatives on the sales and product development fronts. Unfortunately, 54 of the 494 jobs in Winterthur had to be cut, 24 of which through dismissals and 14 as a result of natural fluctuation while 16 employees opted for early retirement. These measures were implemented in consultation with employee representatives and our social partners. A social plan was drawn up for all employees affected by these measures. In response to the sharply lower order intake compared to the previous years, short-time work was introduced in various stages in Winterthur beginning on October 1, 2009 and subsequently expanded in the following months.

Situation in procurement markets eases

The situation in procurement markets relevant to Burckhardt Compression continued to ease during the year under review. Utilization rates among our suppliers dropped to much lower levels, leading to more flexible delivery schedules and prices in procurement markets. The lower capacity utilization rates among our suppliers have enabled us to shorten the lead times for our products significantly while the decline in purchase costs for sourced materials and supplies has allowed us to lower the prices of our compressors and spare parts. Integration of procurement activities into the management cycle of our company has reaped tangible rewards and allows us to react promptly and flexibly to changing developments in procurement markets.

Extension of share buyback program

With the publication of the 2008 interim report the Board of Directors announced that up to 170,000 of the outstanding BCHN shares, or 5.0% of the company's share capital, would be repurchased in the open market between December 2008 and December 2009. On December 16, 2009 the ongoing share buyback program was extended by one year. The shares held by the company may be used by the Board of Directors to finance acquisitions. As of the end of the fiscal year Burckhardt Compression Holding AG held 66'351 BCHN shares with a market value of CHF 13.8 mn.

Shareholders at the general meeting on July 4, 2009 approved an increase in authorized capital of up to CHF 1.275 mn, which corresponds up to 15% of share capital. This additional share capital gives the Board of Directors greater freedom to quickly leverage the company's financial strength through the use of company shares to take advantage of attractive acquisition opportunities in the current economic environment.

Sharp decline in new machine orders

The market environment for new machines deteriorated considerably during the reporting period. Decisions on whether to build new processing plants were postponed and various international projects were delayed. The negative trend in orders for new machines already visible towards the end of the 2008 fiscal therefore continued in the year under review. There were considerable swings in quarterly order intake.

Orders for new machines amounted to CHF 171.3 mn in the year under review, which corresponds to a decline of 38.3% from the previous year. The main application areas addressed by Burckhardt Compression are:

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

Gas transport and storage

Demand for environmentally friendly natural gas as a fossil fuel will continue to increase over the long term. Approximately 27% of total natural gas transport volumes traded worldwide is liquefied (abbreviated as LNG or Liquefied Natural Gas) to economize on transportation costs as liquefaction reduces gas volume by a factor of 600. The LNG process chain consists of natural gas production and purification, liquefaction, ship loading, transportation and subsequent off-loading, storage, re-gasification and, ultimately, injection into a gas distribution grid.

The natural gas industry was likewise buffeted by the global economic crisis. From the end of 2008 and throughout 2009 the market witnessed a shift from tight supply and high prices to a slack demand situation, which led to an oversupply and a subsequently sharp drop in prices. On the other hand, security of gas supply became a more pressing issue in various regions of the world. Europe serves as an example here, having seen its gas supply jeopardized by a dispute between Russia and the Ukraine. The market situation during the reporting period, characterized by subdued demand and lower prices as well as the ongoing global financial crisis, had a negative impact on capital-intensive investment projects.

The need for a secure energy supply in the long term and the desire to respond flexibly to changing market situations can be addressed by investing in land-based LNG facilities as well as flexible off-shore solutions. With its Laby® and Laby®-GI product lines, Burckhardt Compression offers attractive solutions for these applications.

Among the highlights in the past fiscal year were orders for LNG import terminals in Sweden and China, where Burckhardt Compression has established a good position in this application. Chinese customers also placed orders for liquid ethylene applications. During the second half of the reporting period orders were also received for liquid petroleum gas, or LPG, applications on natural gas tankers. The new machine business at our India-based subsidiary devoted to compressed natural gas and natural gas for vehicles (CNG/NGV) applications experienced a high order inflow throughout the reporting period.

Refinery

Refineries process crude oil into products such as gasoline, kerosene, diesel, liquefied petroleum gas as well as solvents and lubricants. Worldwide demand for these products will continue to grow over the long term. Additional factors having a positive impact on investment spending in the refining industry are more stringent environmental regulations, cost degression, plant expansion trends and the need to process both lower-quality grades of crude oil and, in technologically more enhanced processes, heavy petroleum by-products. For state-owned refineries, strategic issues regarding location and supply security are also of considerable importance.

The consumption of refined products that meet European environmental standards is growing fast in non-OECD countries. Moreover, oil producing countries in the Middle East and South America are increasingly exporting refined intermediate or end petroleum products instead of crude oil. This trend moderated as demand for refinery products in OECD countries weakened in the wake of the recession, leading to lower utilization rates at refineries, which, in turn, caused in these countries a rapid decline in capital expenditure.

Burckhardt Compression managed to increase its order intake during the reporting period. Highlights here were orders for refineries in the Middle East and Far East.

Petrochemical / Chemical industry

The production of a vast range of petrochemical and chemical products such as polyolefins (polymers), lacquers, synthetic rubbers, adhesives and dyes, solvents, paints, fertilizers, detergents or textiles entails, among other things, the processing of oil, natural gas and even coal as the primary input materials. The long-term trend in demand for petrochemical and chemical products, especially for polyolefins, will steadily increase worldwide. In this segment, too, the same factors are at play: achieving cost degression by replacing smaller scale plants with larger ones, establishing strategic production sites, and extending value-added chains in traditional oil-exporting countries.

The petrochemical/chemical market was a difficult market during the past fiscal year. Declining demand due to the recession and pressure on market prices were among the challenges faced by the petrochemical/chemical industry. Longer-term capital expenditure projects were not terminated but they did encounter delays. Several major companies active in this sector initiated cost-cutting programs and temporarily mothballed entire production lines. These shutdowns ultimately had a positive impact on LDPE prices.

Burckhardt Compression did not receive any orders for LDPE production systems during the past year due to the aforementioned project postponements. Highlights in this market segment were orders for LLDPE and PP production plants (LLDPE = Linear Low Density Polyethylene, PP= Polypropylene) and for chemical production plants in China. In addition, in India an order was received for the world's largest PP production plant utilizing Novolene process technology.

Industrial gases

Industrial gases such as argon, helium, carbon dioxide, oxygen, nitrogen and hydrogen are produced in air separation or hydrogen generation plants. The end market for industrial gases is quite broad, encompassing industries as diverse as metalworking and metallurgy, chemical companies, energy technology, food manufacturing, green technology, glass manufacturing, electronics, construction, rubber and plastics processing, and pharmaceutical companies.

In this market segment our large multinational customers initiated extensive cost-cutting programs during the past year to cushion the recession-induced decline in demand, especially evident in Europe and the USA. Business activities geared to the construction of new air separation systems were clearly affected by the downturn in the markets addressed by industrial consumers.

Among last year's highlights in this business for Burckhardt Compression were various orders from India, China and Brazil for Laby® compressors for oxygen applications and another compressor order for a polysilicon production line, a basic material required to produce solar cells for photovoltaic plants.

Stable service business

Burckhardt Compression's Customer Support Service (CSS) business is a one-stop provider of comprehensive services for reciprocating compressors. It offers complementary service modules that can be combined in various ways to meet specific customer needs in connection with any type of reciprocating compressor in the marketplace today. Original spare parts backed by Burckhardt Compression's manufacturing guarantees stand for superior quality and ensure both low life cycle costs as well as the optimal operation of compressor systems.

Being close to where the customers are and thereby ensuring rapid response times is a key factor companies take into consideration when seeking maintenance or repair services. With this in mind, Burckhardt Compression established a new subsidiary with a service center in Dubai last year so as to better serve its customers in the Middle East and to further expand its service and compressor components business in this key market. The service center in Shanghai was also enlarged as we continued to expand the activities of our Chinese subsidiary. Subsidiaries in the UK and France were moved to new and more spacious locations and their service centers were likewise enlarged.

The realignment of our service organization in the previous year, enabling us to competently and efficiently handle highly complex customer projects involving reciprocating compressor engineering, repair, overhaul and performance enhancement – and not only our own but also those built by other companies – already paid off during the year under review. Several engineering and revamp orders requiring a high degree of expertise were received.

During the reporting period some customers sought to realize short-term cost savings in response to the economic slowdown and the ensuing cost pressure by ordering a minimum of spare parts, depleting their inventory of spare parts and postponing maintenance work. This trend was reversed in the second half of the year. Despite the overall difficult market environment, service volumes were stable during the reporting period. Order intake amounted to CHF 90.9 mn, which represents a slight increase of 3.3%, compared to the previous year figure.

Expansion of compressor components business

Reliability, availability and cost-effectiveness are crucial for companies operating reciprocating compressors. Preventive maintenance and service using state-of-the-art diagnostic systems is necessary to optimize these three factors. Top-quality reciprocating compressor components that are optimally engineered to fulfill customers' specific requirements are important in this regard. These components are often subject to wear and tear, which means service intervals, and hence the operational availability and ultimately the overall life cycle costs of reciprocating compressors, are largely determined by these parts. Burckhardt Compression is steadfastly expanding its components activities. Together with its full range of services, this strategy offers promising potential for repeat orders from operators of reciprocating compressors.

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

The market launch of PROGNOST®-SILver was a success. PROGNOST®-SILver is the industry's first equipment safety protection system worldwide to receive SIL certification. During the year under review PROGNOST enlarged its business volumes despite the difficult market environment.

MT Sealing Technology Inc, a subsidiary located near Winterthur, develops and manufactures high-quality metallic and non-metallic sealing components for reciprocating compressors and marine diesel engines. During the reporting period MT Sealing Technology achieved several production process improvements at its Winterthur factory. Given the difficult market environment, sales of the company's sealing components were lower during the first nine months of the year under review but a strong recovery set in during the final quarter of the fiscal year.

Compressor valves, a business area where strong organic growth is targeted, are another focus of priority in the expansion of our reciprocating compressor components business. This organizationally independent unit performed well during the year under review and laid the groundwork for future growth. Strategically important orders were received and order inflow rose well above the level from the previous year.

Focused strategy and clearly defined targets

Burckhardt Compression is one of the world's leading suppliers of reciprocating compressors and operates in the three business areas of new machines, CSS and compressor components. According to our own market research, we have grown from the fourth to the second-largest industry player in recent years. Our stated goal is to strengthen our strategic position in all three business activities during the coming years through organic growth as well as acquisitions while also maintaining our better-than-average profitability compared to the sector, thereby ensuring our financial independence. We are striving to be our customers' preferred supplier for crosshead piston compressor systems and services and build up a position as a recognized partner for compressor competence for original equipment manufacturers (OEM) as well as end users.

This strategy, laid out in 2006 by Burckhardt Compression, is being steadfastly pursued. The integration of the four acquisitions made during the past several years and their subsequent business performance have been positive and they continue to perform well in the currently difficult market environment. We were unable to conclude any new acquisitions during the 2009 fiscal year but we assume there will be some opportunities to acquire companies or divisions of corporations that will fit well with our stated strategy during the coming 12 to 24 months. During the past fiscal year we reviewed our strategy for two centers of excellence within the Group and developed a roadmap for growth along with corresponding action plans for both of them.

Continual product development and innovation

Product development and product management are important elements in our efforts to strengthen our competitive position and optimally address new applications for reciprocating compressors with customer-oriented solutions. Our overriding objective is to develop reciprocating compressors and components with the lowest life cycle costs and to extend Burckhardt Compression's technology leadership in the market for reciprocating compressors. Quality, technology, materials and design specifications are all geared to provide high operational reliability, long service intervals and easy maintenance – the overall aim is to achieve a very high level of operational reliability and the lowest possible operating costs.

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

During the year under review the product management and continuing development project for Laby® Compressors was largely completed. In collaboration with two customers, we added two BOG reliquefaction options for LNG tankers to the range of Laby®-GI Compressor applications tailored specifically to LNG and offshore applications. A compact low-pressure direct-injection system was also introduced for LNG tankers powered by diesel-electric engines using Laby® Compressors already in the market, extending Burckhardt Compression's expertise to all compressor applications in the floating storage and regasification segment (FLNG).

Expansion of presence in China

In early January 2010 we inaugurated our new and much larger site in Shanghai. The new location in the Pudong district also houses manufacturing operations, unlike at the old site. In the autumn of 2009 initial steps were taken to establish our own sales and service company in Dubai, which will serve the entire Middle East region. This new location will commence operations in the first quarter of fiscal 2010. During the reporting period our subsidiaries in the UK and France moved into new and enlarged facilities. The continued expansion of the factory in Pune, India, the second-largest within the Group, is proceeding according to schedule.

Commercial property purchased in Winterthur

The purchase of the commercial property in Winterthur from Sulzer was concluded on May 6, 2009. Burckhardt Compression bought roughly 68'000 m^2 of land and 43'000 m^2 of floor area from Sulzer. Having terminated the rental contract with a major tenant as of the end of 2011, Burckhardt Compression can now meet its additional space requirements within the existing building shell and will still have sufficient reserve area for future expansion. A new manufacturing concept for this location was elaborated during the reporting period and includes plans for the future use of the workshop floor space. This concept will be gradually implemented in the coming years as the building is vacated by the existing tenant.

Satisfied employees a key factor for success

Burckhardt Compression participated again in the 2009 "Cash Employer Award", a national survey of employee satisfaction at companies throughout Switzerland, and again ranked among the 25 best employers in the country based on the responses of its own employees. We can rightfully be proud of the results of this survey. As the 14th best employer among the 89 participating in this survey, we were among the top-ranked companies once again and, as in the previous survey in 2007, we occupied first place among the listed companies participating in this survey. Burckhardt Compression boasted high absolute and relative scores with regard to company management, company strategy, job tasks and responsibilities, and customer commitment.

Various suggestions for improvement have been addressed and corresponding measures will be implemented during the next 24 months. We will participate in future surveys as a means of evaluating the effectiveness of these measures and potentially discovering areas where we can become even better. The results of this survey strengthened our conviction that employee satisfaction is a basic prerequisite for customer satisfaction.

Systematic evaluation and training of tomorrow's executives

The systematic evaluation and development of the company's future managers, which we have practiced internally with success for many years, enabled us to fill various management vacancies with internal candidates, as in previous years. In the event that there is no appropriate internal candidate to fill a vacant or new management position, we are well positioned to recruit highly skilled and competent executives in the open market, thanks not least to our increasingly distinctive profile and positive image. The former managing directors of the subsidiaries in Germany and Brazil will retire and the successors were nominated during the year under review. A managing director for our recently established subsidiary in Dubai was also recruited internally.

Customer feedback as a source of potential improvement

Burckhardt Compression has steadfastly applied the integrated concept of the European Foundation for Quality Management (EFQM) as a leadership model since 2000. The indicators measured by this model – employee satisfaction, customer satisfaction and financial results – are the same benchmarks of sustainable long-term corporate development that Burckhardt Compression refers to.

Different yardsticks must be used to measure customer satisfaction at the differing business activities pursued by Burckhardt Compression. A distinction is made between direct and indirect key performance indicators, which are measured and evaluated. The analysis of customer satisfaction is discussed in the customer satisfaction/operations meeting, which is integrated in the management cycle, and corresponding action plans are subsequently introduced and implemented.

Basis of our continued success

The continual pursuit of improvements by Burckhardt Compression's executives and employees represents a cornerstone of the company's existence. Continuous operational improvements, which results in higher-than-average profitability, is promoted through a structured process for improvement at employee and management levels and by the methodology applied. Successful and constructive handling of business interfaces, which offers the greatest potential for improvement, is one of our company's core strengths.

The focus of productivity improvements in recent years was on machining technology. It will be broadened to include other sections of the value chain such as assembly and logistics processes in coming years.

New company management model pays off

The Group introduced a new management model in 2007. The key aspects of this management model are forecasts, the use of relative targets and a new methodology for calculating the bonuses paid to company executives and employees. The one-year budgets used to draw up were replaced with a rolling forecast that is rolled forward on a quarterly basis. Most targets are set as relative targets, based wherever possible on external benchmarks. Until 2007 the bonuses paid to company executives used to be based on the attainment of individual targets. With the new management model the variable salary paid to executives and employees is dependent on the annual net profit generated by the Group, as is the case with the other stakeholders of the company.

The new process for setting the individual annual objectives of company executives has served us well. The assessment of the achievement of the individual objectives is now part of the annual performance appraisals and is not, in contrast to previous practice, coupled with the annual bonus plan. These new management instruments are a valuable tool for guiding the company towards a successful future, particularly in circumstances when business conditions suddenly change.

Sustainability an integral part of company management

Responsible and sustainable company management and business practices are embedded in Burckhardt Compression's corporate culture and constitute key elements of its day-to-day business. Embracing our social responsibility as well as environmentally sustainable business practices is important to us. Corresponding guidelines are set out in the BC Code of Conduct. The challenging economic environment throughout the past year demonstrated just how important a sustainable model is for our company.

The past fiscal year marked the company's 165th year in business since its foundation in 1844. Responsible and sustainable business practices are and will be an integral part of Burckhardt Compression's long history. The Board of Directors and Executive Board are committed to these practices to ensure the company's future growth and independence.

Burckhardt Compression strongly believes that addressing urgent social problems and challenges are essential to the company's long-term business success. Therefore, we support the engagement of our executives and employees in political and charitable aspirations with the aim of helping to resolve the problems society faces today and tomorrow. We have programs in place at the locations of our largest companies in Switzerland and India that allow us to support local community projects and thereby strengthen local social networks. In doing so, we specifically encourage our employees to become personally involved in such projects.

We are a company that cares about the environment and that strongly supports responsible and prudent consumption of energy and our planet's finite natural resources. By exercising foresight in the development and production of our products we contribute to efficient utilization of energy, water and chemicals while minimizing the amount of harmful emissions. We refuse to maximize profits and optimize costs at the expense of mankind and the environment. Instead, we seek to achieve sustainability by maintaining a judicious balance between commercial, environmental and social aspects. It was with this in mind that we again conducted various environmental management projects during the past fiscal year.

Consistent brand management

Burckhardt Compression and its umbrella brand Burckhardt stand for innovation and leading reciprocating compressor technology. The brand image is supported by technology which is distinguished by lowest life cycle costs, Burckhardt Compression's globally recognized specialists in the various technical fields with outstanding problem-solving competencies and an unyielding commitment to premium Swiss quality – be it in new machines, compressor components or customer support services. The umbrella brand Burckhardt and corresponding graphic mark in the form of the red-blue, stylized compressor valve plate have been internationally registered for many years. In our industry the compressor valve is viewed as the heart, or the heart valve, of a reciprocating compressor and it is often the critical part that determines the operating life of the entire compressor system. The graphic mark is a symbol of the commitment of every Burckhardt Compression employee to keeping this heart beating strongly for as long as possible. Burckhardt Compression's brand and patent attorneys will vigorously and steadfastly defend the company against any imitations, counterfeiting or patent infringements. There are clear rules governing the use of Burckhardt Compression brands and their perception is developed and promoted through active usage in our corporate and marketing communication activities.

Corporate Governance

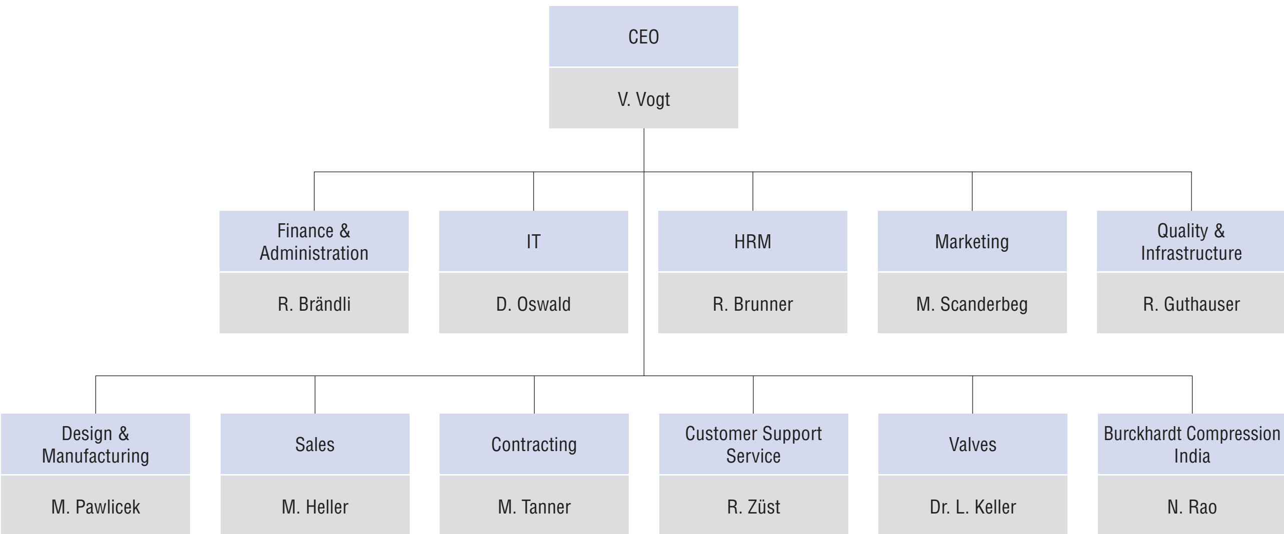
This report complies with the Directive on Corporate Governance (DCG) of the SIX Swiss Exchange, where applicable to Burckhardt Compression, and is set out using the according sequence and numbering. Unless otherwise noted, the information presented reflects the situation on March 31, 2010.

1. Group structure and shareholders

1.1. Group structure

1.1.1. Management structure

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



1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with legal domicile in Winterthur, is the only listed Group Company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2010 amounted to CHF 707.2 mn.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report under the section Investments as per March 31, 2010.

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

1.2. Significant shareholders

As per March 31, 2010 the following groups of shareholders were registered:

Shareholders	Number of shares	%
Individuals	919’274	27
Legal entities	677’328	20
Shares in the process of transfer	1’238’735	36
Other	498’312	15
Treasury shares	66’351	2
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, 2010:

Name	Country	% of shares
MBO Management Shareholders	Switzerland	15.6
Bank of America	USA	4.8
Deutsche Bank AG	Germany	4.1
Allianz Global Investors	Germany	3.5
TIAA-CREF Investment Management	USA	3.3
Royce & Associates	USA	3.1
UBS Fund Management (Switzerland) AG	Switzerland	3.0

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

2. Capital structure

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

2.2. Authorized and conditional capital in particular
The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 4, 2011 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital). The date and amount of the issuance, the time of dividend entitlement and, if applicable, the type of contribution will be determined by the Board of Directors. Partial increases in capital are permitted.
The Board of Directors is authorized to exclude shareholders' subscription rights, in part or whole, in favor of third parties if the new shares are used to i) acquire companies through an exchange of shares or ii) to finance the purchase of companies in whole or part. The Board of Directors is also authorized to exclude subscription rights of shareholders if the newly created shares are issued by means of a public offering. Shares for which subscription rights have been granted but not exercised will be allotted by the Board of Directors at its own discretion.

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

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

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

2.5. Dividend-right certificates
The company has not issued any dividend right certificates.

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

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

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that they are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status, and that the number of shares held by the nominee does not exceed 2% of the registered share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and holdings of the persons on whose account they hold 2% or more of the registered share capital. As of March 31, 2010, one nominee holding 13'075 shares had signed such a declaration; all shares held by this nominee have been entered in the share register with full voting rights.

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

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

3. Board of Directors

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

The articles of incorporation stipulate that the Board of Directors consists of a minimum of 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	Member, non-executive	2006	2010
Urs Leinhäuser	Swiss	Member, non-executive	2007	2010
Valentin Vogt	Swiss	CEO, 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 material business relationships with a Burckhardt Compression Group company.

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

Hans Hess (1955)

Education:

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

Professional background:

Since 2006: self-employed, Hanesco AG, Switzerland

1996-2005: CEO Leica Geosystems AG, Switzerland

1993-1996: President, Leica Optronics Group, Switzerland

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

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

1981-1983: Development Engineer, Sulzer AG, Switzerland

Other activities and commitments:

- Chairman of the Board COMET Holding AG, Switzerland
- Chairman of the Board Reichle & De Massari AG, Switzerland
- Board member Geberit AG, Switzerland
- Board member Schaffner Holding AG, Switzerland
- Member of the ETH Board
- Vice-Chairman 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 of Burckhardt Compression Group, Switzerland

1992-2000: President, Sulzer Metco AG, Switzerland

1989-1992: CFO, Sulzer Metco Division, Switzerland

1986-1989: CFO, Alloy Metals, USA

1985-1986: Controller, Sulzer AG, Switzerland

Other activities and commitments:

- Vice-Chairman of the Board StarragHeckert Holding AG, Switzerland
- Member of executive management committee of Swissmem

Urs Leinhäuser (1959)

Education:

Degree in Business Administration, University of Applied Sciences, Zürich

Professional background:

Since 2004: CFO and Head Corporate Center, Member of the Group Executive Committee, Rieter Holding Ltd., Switzerland

2003-2004: Head Group Controlling, Member of the Group Executive Committee, Rieter Holding Ltd., Switzerland

1999-2003: CFO Mövenpick Holding, Member of the Group Executive Committee, Switzerland

1997-1999: Head of Finance and Controlling, Piping Systems Division, Georg Fischer AG, Switzerland

1995-1997: Head of Corporate Controlling, Georg Fischer AG, Switzerland

1994-1995: Head Controlling, Deputy Chief Financial Officer, Gretag AG, Switzerland

1988-1993: Group Controller, Cerberus Ltd., Switzerland

1992: Managing Director, Cerberus, Denmark

1986-1988: Tax Consultant, Deputy Head, Tax Consultancy Department, Refidar Moore Stephens, Switzerland

1983-1986: Tax Inspector, Cantonal Tax Department SH, Switzerland

Urs Fankhauser (1960)

Education:

Degree in Engineering FH Burgdorf, Switzerland

MBA, Henley Management College, UK

Professional background:

Since 2002: Division President Sulzer Chemtech Ltd., Switzerland and member of Sulzer Executive Committee, Switzerland

2000-2002: President North and South America, Sulzer Chemtech Ltd., USA

1993-2000: President East Asia Pacific, Sulzer Chemtech Ltd., Singapore

1990-1993: Engineering Manager, Sulzer Chemtech Ltd., Singapore

1989-1990: Production Engineer, Sulzer Pumps Ltd., UK

Other activities and commitments:

- Board member of Bossard AG, Switzerland

Heinz Bachmann (1942)

Education:

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

Professional background:

1990-2003: CEO, Saurer Textile Systems, Switzerland

1981-1989: Chief Representative, Schubert & Salzer Maschinenfabrik AG, Germany, Director and Member of Group Management, Rieter Ltd., Switzerland

1975-1980: Managing Director, Lauffenmühle Group, Germany

1967-1974: Member of Group Management and Technical Manager, Wellington Industries Ltd, South Africa

Other activities and commitments:

- Chairman of Santex Group, Switzerland
- Board member of Grob AG, Switzerland
- Board member of Hunziker AG, Switzerland
- Board member of Swisslog AG, Switzerland
- Board member of AUTO-i-DAT AG, Switzerland

3.3. Election and term of office

The members of the Board of Directors are elected for a term of three years. Members of the board are eligible for reelection; there is no mandatory retirement age for board members.

3.4. Internal organization

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

The Board of Directors meets as often as business requires, but at least four times per year. In the reporting period 2009 the Board of Directors held five 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.

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

Audit Committee

The Audit Committee advises and supports the Board in all matters related to external and internal audits, risk management, accounting policies and practices and compliance with accounting standards issued. In the reporting period 2009, the Audit Committee held two half-day meetings. The CEO, the CFO and representatives of the auditors participated in those meetings.

The members are:
- Urs Leinhäuser, chairman
- Urs Fankhauser, member

Nomination and Compensation Committee

This committee advises and assists the Board of Directors on appointments and dismissals to and from the Executive Board and draws up proposals for the appointment, assessment or dismissal of members of the Board of Directors. Furthermore the Nomination and Compensation Committee advises and assists the Board of Directors on questions relating to the compensation of the Board members and the Executive Board. The Nomination and Compensation Committee held two meetings in the reporting period 2009. The meetings lasted half a day. The CEO and the Head of Human Resources Department participated in those meetings as well.

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

3.5. Definition of areas of responsibility

The Board of Directors has delegated the executive management of the company and the group to the CEO, with the exception of the following matters:

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

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

3.6. Information and control instruments relating to the Executive Board

Order intake, income statement, balance sheet, cash flow, headcount, personnel costs and capital expenditures are reported and consolidated on a monthly basis. Liquidity is reported and consolidated weekly. A forecast for the coming twelve months is prepared and approved at least four times a year (April, July, September and January). 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, the CFO and other Executive Board members report on the course of business and on all issues of relevance to the Group.
The statutory auditor assesses and reports on the effectiveness of the internal control system (ICS) to the Audit Committee and to the Board of Directors once a year.
The management of risks is integrated in the existing planning and management processes. The CEO reports on the assessment of the operational and financial risks to the Audit Committee and the Board of Directors twice a year. The Board of Directors regularly assesses the strategic risks.

4. Executive Board

4.1. Members and
4.2. Other activities and vested interests

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

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.

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

Valentin Vogt (1960)

Education:

Lic. oec., HSG St. Gallen, Switzerland

Professional background:

Since 2000: CEO of Burckhardt Compression Group, Switzerland

1992-2000: President, Sulzer Metco AG, Switzerland

1989-1992: CFO, Sulzer Metco Division, Switzerland

1986-1989: CFO, Alloy Metals, USA

1985-1986: Controller, Sulzer AG, Switzerland

Other activities and commitments:

- Vice-Chairman of the board StarragHeckert Holding AG, Switzerland
- Member of executive management committee of Swissmem

Regula Brunner (1957)

Education:

Federal Diploma in Human Resources, Switzerland

Professional background:

Since 2002: Head of Human Resources Department, Burckhardt Compression AG, Switzerland

2000-2002: Human Resources Assistant, Sulzer-Burckhardt AG, Switzerland

1977-2000: Assistant to the management of various departments, Sulzer AG, Switzerland

Narasimha Rao (1962)

Education:

Degree in Mechanical Engineering, Jawaharlal Nehru Technological University, Hyderabad, India, Master 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

Daniel Oswald (1965)

Education:

Degree in Mechanical Engineering, HTL St. Gallen, Switzerland, EMBA

Professional background:

Since 2002: Head of IT, Burckhardt Compression AG, Switzerland

2000-2002: Head of Controlling, Sulzer-Burckhardt AG, Switzerland

1996-2000: Assistant to Plant Manager, Sulzer-Burckhardt AG, Switzerland

1992-1996: Head of CNC Programming, Sulzer Rüti AG, Switzerland

1987-1992: Machinist and CNC Programmer, Sulzer Rüti AG, Switzerland

Other activities and commitments:

- Member of parliament in the canton of Zurich

René Guthauser (1965)

Education:

Engineer TS, Switzerland

Professional background:

Since 2005: Head of Quality and Infrastructure, Burckhardt Compression AG, Switzerland

2002-2005: Team Leader Contracting, Burckhardt Compression AG, Switzerland

1998-2002: Sales Engineer, Sulzer-Burckhardt AG, Switzerland

1989-1998: Project and Construction Engineer, Sulzer-Burckhardt AG, Switzerland, and Sulzer Inc., USA

Other activities and commitments:

- Vice President Chamber of Commerce and Employer's Federation Winterthur HAW

Marco Scanderbeg (1966)

Education:

Degree in Mechanical Engineering, HTL Winterthur, Switzerland

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

Robert Züst (1963)

Education:

Federal Diploma in Logistics, Switzerland

Professional background:

Since 2008: Head of CSS, Burckhardt Compression AG, Switzerland

2001-2008: Head of Production-Logistics, Burckhardt Compression AG, Switzerland

1996-2001: Head of Planning, Ferag AG, Switzerland

1993-1995: Team Leader Logistics, ABB Verkehrssysteme AG, Switzerland

1991-1993: Team Leader Production Control, ABB Verkehrssysteme AG, Switzerland

1986-1991: Material Planning and Subcontracting, Ascom Zelcom AG, Switzerland

1983-1986: Assembly Mechanic, G&W Maschinen AG, Switzerland

Rolf Brändli (1968)

Education:

Degree in Business Administration, HWV Zurich, Switzerland

Professional background:

Since 2008: CFO, Burckhardt Compression AG, Switzerland

2001-2008: Head of Finance & Administration, Sulzer Brasil S.A., São Paulo, Brazil; Regional Controller Sulzer Pumps South America & South Africa

1997-2001: Regional Controller Asia / Pacific, Sulzer International Ltd.; General Manager, Sulzer Hong Kong Ltd., Hong Kong - SAR China

1994-1997: Management Consultant, OBT Treuhand AG Zurich, Switzerland

Matthias Tanner (1964)

Education:

Degree in Mechanical Engineering, HTL Muttenz, Switzerland

Professional background:

Since 2007: Head of Contracting, Burckhardt Compression AG, Switzerland

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

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

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

Marcel Pawlicek (1963)

Education:

Degree in Mechanical Engineering, HTL Winterthur, Switzerland

Professional background:

Since 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

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 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

4.3. Management contracts

There are no management contracts with third parties.

5. Compensation, shareholdings and loans

The explanations below follow para 5.1 of the Corporate Governance Directive of the SIX Swiss Exchange. In this section we present the compensation policy. In accordance with the provisions of the Swiss Code of Obligations Art. 663b^{bis} and Art. 663c para. 3 OR the remunerations paid in the fiscal year 2009 are listed in the financial report, note 26 "Remuneration of the Board of Directors and Executive Board".

Non-executive Directors

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

Executive Board including executive member of the Board of Directors

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

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

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

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

No severance payments were made to former directors or members of the Executive Board. The contracts of the Executive Board members may be cancelled with a notice period of six months and make no provision for severance payments. The members of the Board of Directors and the Executive Board and related parties have received neither loans nor advances as per March 31, 2010.

Share allocation

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

In the reporting period 404 shares were allocated to the members of the Board of Directors and 1'110 shares were allocated to the members of the Executive Board. No persons received any shares during the 2009 reporting period. The shareholdings of the members of the Board of Directors and the Executive Board in the Burckhardt Compression Holding AG are detailed in the financial report, note 27 "Transactions with the Board of Directors, the Executive Board and related parties".

Advisory mandates

No member of the Board of Directors received or performed any advisory mandates for a company of Burckhardt Compression Holding AG during the reporting period 2009.

6. Shareholders' participation rights

6.1. 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 subscription, option or conversion rights. This restriction on voting rights does not apply to shareholders who were in possession of more than 5% of the shares of Burckhardt Compression Holding AG before the IPO. There is no provision for measures to remove restrictions.

A shareholder may be represented at the Annual General Meeting of Shareholders by 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.

6.2. Statutory quorums

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

6.3. Convocation of the General Meeting of Shareholders

None of the applicable regulations deviate from the law.

6.4. Inclusion of an item on the agenda

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

6.5. Entries in the share register

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

7. Change of control and defense measures

7.1. Obligation to make an offer

Once a shareholder acquires 33⅓% of the capital and voting rights 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.

7.2. Clauses on changes of control

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

8. Auditors

8.1. Duration of the mandate and term of office of the lead auditor

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

8.2. Auditor's fees

The total fees for auditing services performed by PwC during the 2009 reporting period amounted to TCHF 309.

8.3. Additional fees

The total fees for other services performed by PwC during the 2009 reporting period amounted to TCHF 76 and was all related to tax consulting services. The services rendered by PwC beyond the auditing tasks are compatible with its auditing responsibilities.

8.4. Information tools of the external auditors

The Audit Committee assists the Board of Directors in monitoring the company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The 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 half-day meetings during the 2009 reporting period, in which the lead auditor and another representative of the auditor took part.

9. Information policy

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

Key dates for 2010 and 2011

July 2, 2010	Ordinary general meeting
November 9, 2010	Results for the first half of fiscal 2010 (as per September 30, 2010)
June 7, 2011	Results for fiscal 2010 (as per March 31, 2011)
July 2, 2011	Annual General Meeting

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 42-51: Company and Products

Process Gas Compressor before test run

View through a crankgear during assembly stage

Piston rod after machining in a CNC cylindrical grinder

Impression of the assembly hall in Oberwinterthur, Switzerland

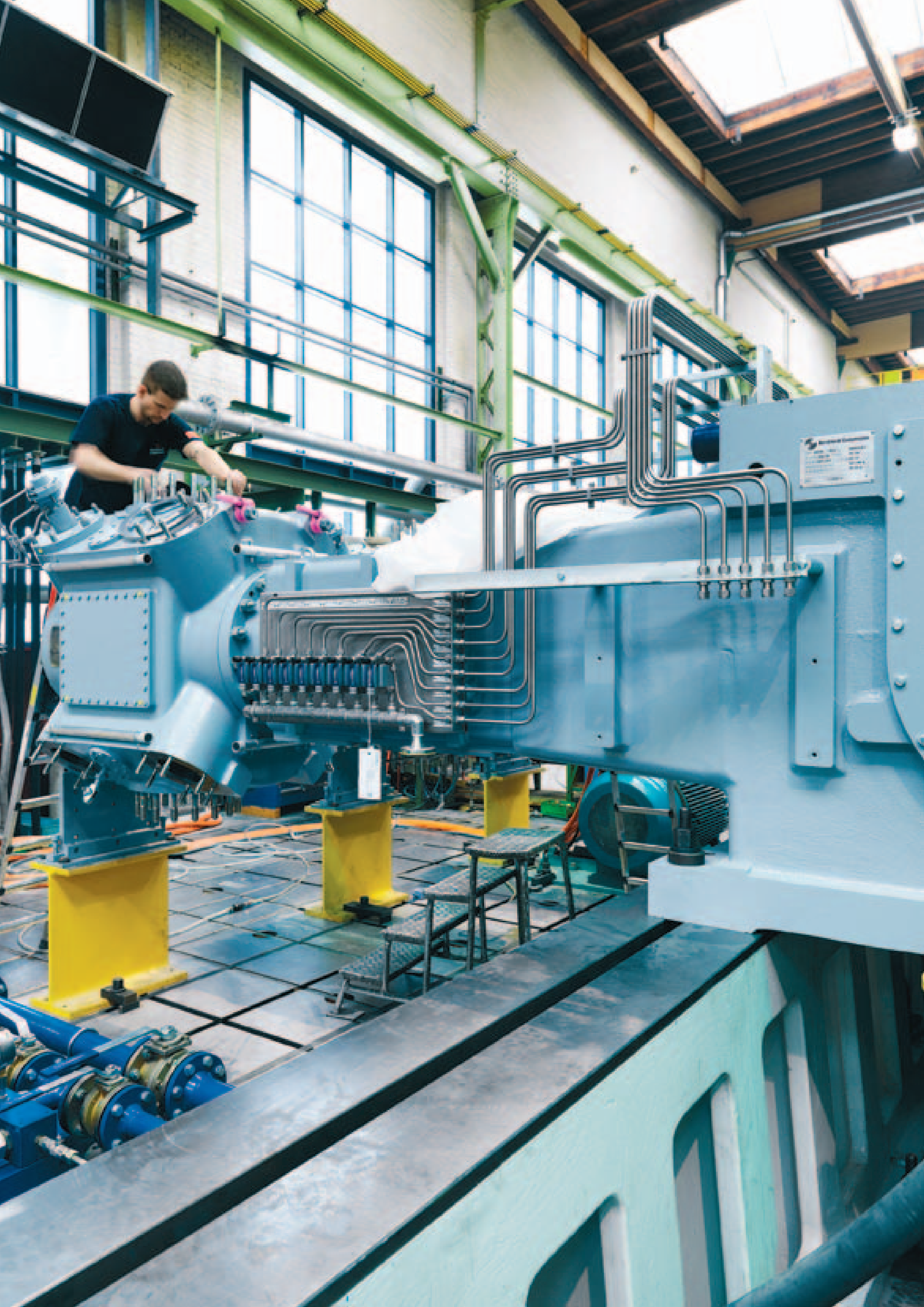
Compressor valve assembly in Shanghai, China

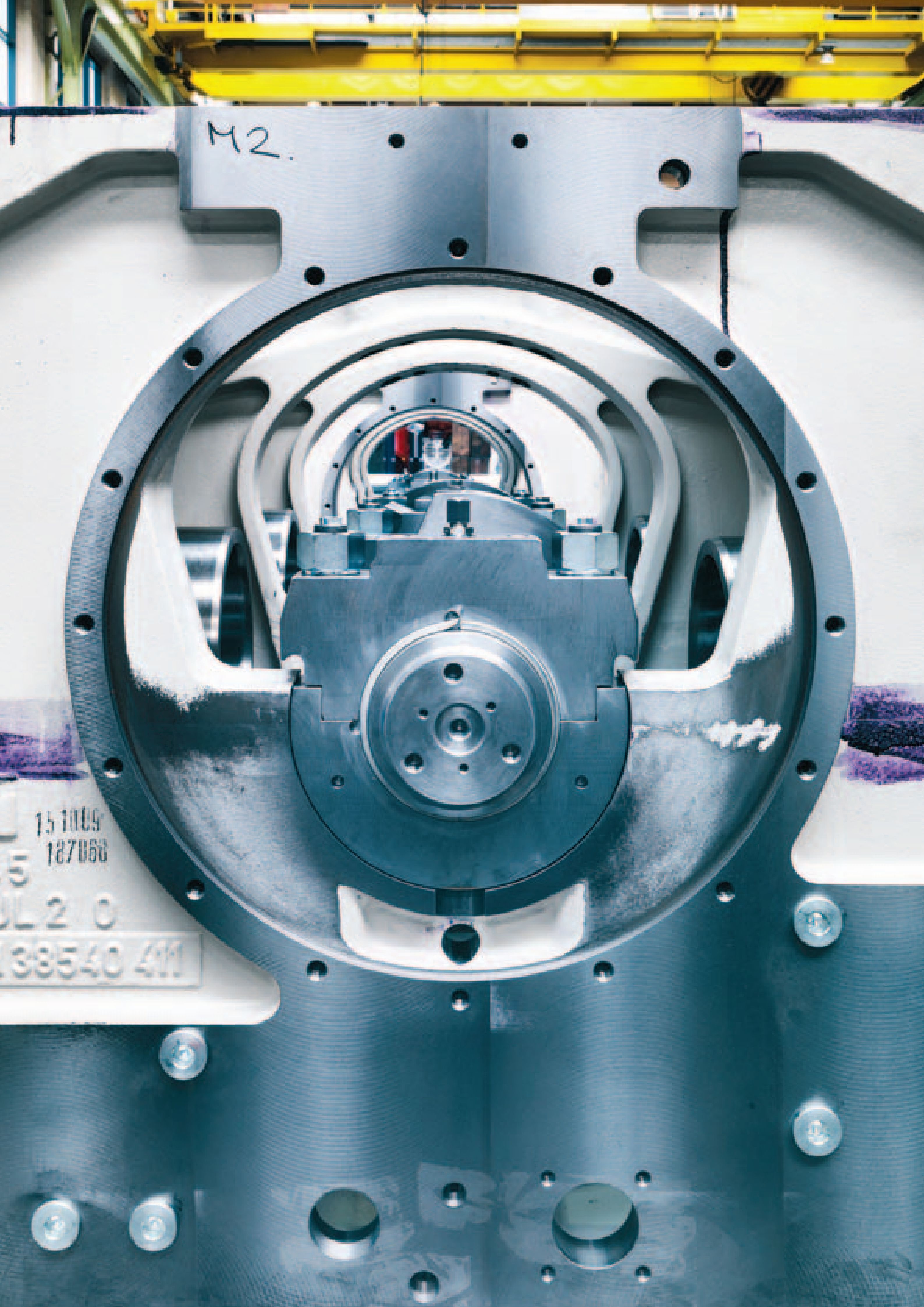
Compressor valve parts in the sand blasting machine of our new service center in Germany

Cutting-edge, high accuracy boring mill during large part machining

Office building of Burckhardt Compression in Oberwinterthur, Switzerland

QUALITY AT HIGHEST LEVEL

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Burckhardt
Compression

Financial Report

Comments on financial report

Summary

in 1'000 CHF	2009	2008
Order intake	285'870	389'894
Sales	343'190	424'507
Gross profit	126'864	146'167
Operating income	74'241	94'258
Net income after minority interests	55'956	72'802
Balance sheet total	469'979	431'015
Shareholders' equity	234'854	203'932
Basic earnings per share in CHF	16.68	21.46
Headcount	891	916

Sales

Burckhardt Compression's sales declined by CHF 81.3 mn to CHF 343.2 mn in the fiscal year 2009, which represents a decline of 19.2% compared to the record-high sales reported in 2008. Thanks to the high order backlog from previous years, sales did not decline as much as the order intake. Excluding the effects of currency movements and acquisitions, sales were 18.5% lower than in the previous fiscal year. Sales in the new machines business retreated the most, falling by 21.8% compared to the 2008 fiscal year. Sales in the compressor components business, reported separately for the first time, and the CSS business were also lower, falling by -11.8% and -12.3%, respectively, despite the recovery observed during the final quarter of the 2009 fiscal year. Mirroring the preceding pattern of growth seen in fiscal 2008, sales volumes declined the most in the "Middle East, Asia, Australia" region. Sales were also lower in all other regions.

The gross profit margin for fiscal 2009 was 37.0%, 2.6 percentage points above the level from the previous fiscal year. This increase in the gross profit margin is attributable to the slightly higher contribution from the CSS and compressor component business to consolidated sales compared to the 2008 fiscal year. Furthermore, margins in the new machines business were temporarily widened as the formerly tight conditions in procurement markets eased.

Operating income

Operating income (EBIT) for fiscal 2009 amounted to CHF 74.2 mn, a decline of CHF 20.1 mn or 21.2% from the prior-year level, mainly attributable to the lower sales. Operating income corresponded to 21.6% of sales, which is only slightly more than half a percentage point below the EBIT margin from the previous year. Selling and marketing and general administrative expenses were virtually unchanged compared to the previous year; a reduction in general administrative expenses was offset by an increase in selling and marketing expenses associated with proactive measures. Selling and marketing and general administrative expenses corresponded to 13.4% of sales, a good 2.5 percentage points higher than in the previous year. Spending on research and development in fiscal 2009 amounted to CHF 6.7 mn, somewhat more than in the previous year as certain product development plans were brought forward and development teams were strengthened to shorten the scheduled development times for projects in progress. Other operating expenses were at TCHF 45 and included social plan expenses associated with the reduction in headcount at the Winterthur site and the first-time consolidation of Burckhardt Compression Immobilien AG's operating results.

Financial income and tax expenses

Interest income was significantly lower than in the previous fiscal year as interest rates remained low. In addition, the 2009 accounts include interest expense from the mortgage on the recently acquired commercial property in Winterthur for the first time. Other financial income was higher compared to the previous fiscal year, primarily because of the increase in the (fair value) carrying amount of financial assets.

Given the lower level of income, income tax expenses decreased by CHF 4.3 mn to CHF 17.9 mn. The tax rate amounted to 24.2%, slightly above the prior-year tax rate of 23.3%. Having generated positive operating results Burckhardt Compression did not have any major tax loss carryforwards as per the end of the fiscal year 2009.

Net income after minority interests

Burckhardt Compression achieved a net income (after minority interests) of CHF 56.0 mn in the fiscal year 2009, which corresponds to 16.3% of sales. The decline in profit of CHF 16.8 mn compared to the previous year resulted from the lower operating income and higher net financial expense. In the previous year net income corresponded to 17.1% of sales. The slight decline in the net profit margin is attributable to the slightly lower EBIT margin and the higher net financial expense. Basic earnings per share for fiscal year 2009 amounted to CHF 16.68 compared to CHF 21.46 in the previous year.

Balance sheet

Total assets increased by CHF 39.0 mn to CHF 470.0 mn. This increase in total assets is attributable to the purchase of commercial property in Winterthur for CHF 77.0 mn, which resulted in a corresponding increase in the item “Property, plant and equipment”. Other notable movements in the balance sheet concerned the item “Trade and other receivables” on the asset side of the balance sheet, which declined by CHF 28.7 mn. The maturity profile of trade and other receivables improved slightly compared to the previous fiscal year. Burckhardt Compression did not incur any significant losses on accounts receivable in fiscal 2009. The CHF 11.8 mn decrease in the item “Cash and cash equivalents” is attributable to the purchase of the commercial real estate, part of which (CHF 30.8 mn) was paid for in cash.

On the liability side of the balance sheet the greatest change was the CHF 46.4 mn increase in long-term borrowings, which resulted primarily from the mortgage used to finance part of the commercial real estate purchase. Trade accounts payable receded by CHF 11.2 mn and customers’ advance payments declined by CHF 9.1 mn and also accrued expenses and deferred income declined considerably. Total current liabilities were CHF 37.8 mn below the prior-year figure.

Cash flow

Cash flow from operating activities declined by CHF 23.7 mn due to the reduction in profit for the period. The notable cash-out from investing activities is in particular related to the purchase of the commercial property in Winterthur at a total investment amount of CHF 77.0 mn. In addition to the commercial property, CHF 10.9 mn was expended on new equipment in fiscal 2009, primarily to modernize the machine park at the Winterthur location and to invest in processing machines at the company’s sites in Shanghai and Dubai. Cash flow from financing activities includes CHF 44.2 mn from mortgage loans for the financing of the commercial property in Winterthur. The purchase of own shares during the fiscal year 2009 resulted in a cash-out of CHF 6.2 mn.

Consolidated income statement

in 1'000 CHF	Notes	2009	2008
Sales	3	**343'190**	**424'507**
Cost of goods sold		-216'326	-278'340
Gross profit	**4**	**126'864**	**146'167**
Selling and marketing expenses		-32'173	-31'094
General and administrative expenses		-13'744	-14'691
Research and development expenses	6	-6'661	-6'246
Other operating income / expenses	7	-45	122
Operating income		**74'241**	**94'258**
Finance costs	8	-1'818	-804
Other financial income / expenses	8	1'419	1'499
Profit before income taxes		**73'842**	**94'953**
Income tax expenses	9	-17'886	-22'151
Net income		**55'956**	**72'802**
Net income attributable to			
- Shareholders of Burckhardt Compression Holding AG		55'956	72'802
- Minority interests		0	0
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
- Basic	17	16.68	21.46
- Diluted	17	16.68	21.46

Consolidated statement of comprehensive income

in 1'000 CHF	31.03.2010	31.03.2009
Net income	**55'956**	**72'802**
Adjustments of financial instruments	1'519	-11'418
Tax effect on other results	-326	2'450
Currency translation differences	-390	-1'267
Total comprehensive income for the period	**56'759**	**62'567**

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

Consolidated balance sheet

in 1'000 CHF	Notes	31.03.2010	31.03.2009
Non-current assets			
Intangible assets	10	32'780	33'878
Property, plant and equipment	11	121'767	41'486
Derivative financial instruments	21	0	140
Trade and other receivables	13	1'776	2'950
Deferred tax assets	9	992	608
Total		**157'315**	**79'062**
Current assets			
Inventories	12	120'662	120'271
Trade and other receivables	13	71'118	99'867
Marketable securities	14	5'519	5'271
Derivative financial instruments	21	1'601	948
Cash and cash equivalents	15	113'764	125'596
Total		**312'664**	**351'953**
Total assets		**469'979**	**431'015**
Equity			
Share capital	17	8'500	8'500
Retained earnings and other reserves		240'569	204'209
Treasury shares		-10'162	-3'921
Financial instruments		701	-492
Currency translation differences		-4'754	-4'364
Total before minority interests		**234'854**	**203'932**
Minority interests		0	0
Total		**234'854**	**203'932**
Liabilities			
Non-current liabilities			
Borrowings	18	47'710	1'345
Derivative financial instruments	21	30	57
Deferred tax liabilities	9	10'978	11'989
Provisions	19	12'856	12'332
Total		**71'574**	**25'723**
Current liabilities			
Borrowings	18	5'399	6'201
Trade accounts payable		16'129	27'363
Current income tax liabilities		20'226	19'224
Cutsomers' advance payments		82'169	91'276
Derivative financial instruments	21	583	1'323
Other current and accrued liabilities	20	31'809	50'954
Provisions	19	7'236	5'019
Total		**163'551**	**201'360**
Total		**235'125**	**227'083**
Total equity and liabilities		**469'979**	**431'015**

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

Consolidated statement of changes in equity

		Attributable to shareholders of Burckhardt Compression Holding AG							Minority interests	
in 1'000 CHF	Notes	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total		Total
Balance at 01.04.08	**17**	**8'500**	**83'565**	**0**	**8'476**	**-3'097**	**67'989**	**165'433**	**40**	**165'473**
Total comprehensive income					-8'968	-1'267	72'802	62'567		62'567
Purchase of minorities	1								-40	-40
Purchase of treasury shares				-3'921				-3'921		-3'921
Share based payments	26 / 27		253					253		253
Dividends							-20'400	-20'400		-20'400
Allocation of net income			47'589				-47'589			
Balance at 31.03.09		**8'500**	**131'407**	**-3'921**	**-492**	**-4'364**	**72'802**	**203'932**	**0**	**203'932**
Balance at 01.04.09	**17**	**8'500**	**131'407**	**-3'921**	**-492**	**-4'364**	**72'802**	**203'932**	**0**	**203'932**
Total comprehensive income for the period					1'193	-390	55'956	56'759		56'759
Purchase of treasury shares				-6'241				-6'241		-6'241
Share based payments	26 / 27		612					612		612
Dividends							-20'208	-20'208		-20'208
Allocation of net income			52'594				-52'594			
Balance at 31.03.10		**8'500**	**184'613**	**-10'162**	**701**	**-4'754**	**55'956**	**234'854**	**0**	**234'854**

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	2009	2008
Cash flow from operating activities			
Net income		**55'956**	**72'802**
Income tax expenses		17'886	22'151
Other financial income / expenses		-1'419	-1'499
Finance costs		1'818	804
Operating income		**74'241**	**94'258**
Depreciation	11	7'659	5'334
Amortization	10	1'854	1'530
Change in inventories		-2'074	-8'198
Change in accounts receivable		22'108	-14'523
Change in other net current assets		-38'728	6'249
Change in provisions		3'857	4'249
Changes in non-monetary items		3'333	3'488
Interest received		206	1'248
interest paid		-1'672	-712
Income tax paid		-11'969	-10'375
Total		**58'815**	**82'548**
Cash flow from investing activities			
Purchase of property, plant and equipment		-87'885	-14'907
Sale of property plant and equipment		104	161
Acquisition of intangible assets		-980	-1'172
Acquistion of subsidiaries net of cash acquired	25	0	-2'834
Sale of marketable securities	14	0	25'315
Purchase of marketable securities	14	-109	-106
Sale of financial assets		87	0
Total		**-88'783**	**6'457**
Cash flow from financing activities			
Increase in borrowings		44'763	2'259
Repayment of borrowings		-22	-360
Purchase of treasury shares		-6'241	-3'921
Dividends paid	17	-20'208	-20'400
Total		**18'292**	**-22'422**
Currency translation differences on cash and cash equivalents		-156	18
Net change in cash and cash equivalents		**-11'832**	**66'601**
Cash and cash equivalents at 01.04.09 / 01.04.08	15	125'596	58'995
Cash and cash equivalents at 31.03.10 / 31.03.09	15	113'764	125'596
Net change in cash and cash equivalents		**-11'832**	**66'601**

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

Notes to the consolidated financial statements

1. General information

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

Burckhardt Compression Holding AG is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is: Im Link 5, 8404 Winterthur / Switzerland. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISN: CH0025536027; Security Nr. 2553602).

Burckhardt Compression Holding AG's fiscal year 2009 comprises the period April 1, 2009 through March 31, 2010. These consolidated financial statements were authorized for issue by the Board of Directors on May 25, 2010 and are subject to approval of the annual general meeting scheduled for July 2, 2010.

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 2009 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) and are based on the individual financial statements of the group companies as per March 31, 2010. The consolidated financial statements are prepared on a historical cost basis with the exception of available-for-sale financial assets measured at fair value and financial assets and financial liabilities including derivative financial instruments measured at fair value through profit or loss.

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

2.2. Changes in accounting policies
As per closing date March 31, 2010, the following new or revised IFRS standards and interpretations were applied by Burckhardt Compression for the first time:

IAS 1 (amended) "Presentation of financial statements" (effective as of fiscal year 2009) prohibits presenting expenses and income in the statement of changes in equity for the period unless such items pertain to transactions with the entity's owners. All non-owner changes in equity are to be presented in a separate income statement. The standard policies regarding disclosure and measurement are unchanged. The amended IAS 1 (Presentation of financial statements) resulted in the presentation of the income and expenses previously recognized under changes in equity (non-owner changes in equity) in a separate statement of comprehensive income.

IAS 23 (amended) "Borrowing costs" (effective as of fiscal year 2009) requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to prepare for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs was removed.

IAS 32 (amended) "Financial instruments: Presentation" (effective as of fiscal year 2009) introduces two exceptions in IAS 32 which permit that shares where the shareholder has the right to tender the shares of the company are classified as equity where strict criteria are met.

IFRS 2 (amended) "Share-based payment" (effective as of fiscal year 2009) involves two aspects. The amendment clarifies that vesting conditions can only be service conditions, stipulating a specific time of service, or performance conditions, which require specific performance targets to be met. Other features of share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 7 (amended) "Improving disclosures about financial instruments" (effective as of fiscal year 2009) requires additional disclosures of financial assets measured at fair value. Such disclosures must now be based on a three-level fair value hierarchy. Additional disclosures of liquidity risk are also required.

IFRS 8 "Operating segments" (effective as of fiscal year 2009) replaces IAS 14 and aligns segment reporting with the requirements of the US GAAP (SFAS 131). The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The application of IFRS 8 did not result in any changes to the presentation of financial accounts because company management identified only one single reportable segment (compressor business).

IFRIC 13 “Customer loyalty programs“ (effective as of fiscal year 2009) 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 15 “Agreements for the construction of real estate” (effective as of fiscal year 2009) provides guidance on how and when revenue from the construction of real estate should follow IAS 11 “Construction contracts” or IAS 18 “Revenue”.

IFRIC 16 “Hedges of a net investment in a foreign operation” (effective as of fiscal year 2009) clarifies that net investment hedging relates to differences in functional, rather than presentation currency, that hedging instruments can be held anywhere in the group and that IAS 21 requirements apply to the hedged item.

IFRIC 18 “Transfers of assets from customers” (effective for annual accounting periods beginning on or after July 1, 2009) clarifies the accounting for arrangements where an item of property, plant and equipment which is provided by the customer is used to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services.

Management has assessed the new standards and interpretations and concluded that none of these standards and interpretations has any material effect on the financial reporting of Burckhardt Compression Group.

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

IAS 27 (amended) “Consolidated and separate financial statements” (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 39 (amended) “Eligible hedge items” (effective for annual accounting periods beginning on or after July 1, 2009) refers to complex hedging relationships. Inflation qualifies for hedge accounting only under certain circumstances. In instances of one-sided risks, it is no longer allowed to designate the time value of hypothetical derivates as a hedging relationship. Amendment will apply retrospectively.

IFRS 3 (amended) “Business combinations” (effective for annual accounting periods beginning on or after July 1, 2009) 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 change may have a significant impact on the accounting for future business combinations.

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

IFRIC 17 “Distributions of non-cash assets to owners” (effective for annual accounting periods beginning on or after July 1, 2009) clarifies how an entity should measure distributions of assets, other than cash, when it pays dividends to its owners.

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

A number of amendments which are part of the IASB’s annual improvement project were published in April 2009. These amendments will become effective on or after January 1, 2010 at the earliest and are unlikely to have an impact, or then only a minor one, on Burckhardt Compression’s financial statements.

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. 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, 2010”.

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

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

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

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

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

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

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

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

2.8. Inventories
Raw materials, supplies and consumables are stated at the lower of cost 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 an approximation of fair value.

2.10. Financial assets

Financial assets are divided into the following categories:

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

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

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

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

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

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

In the event of changes in the fair value of monetary items that are classified as available for sale, currency translation differences resulting from changes in amortized cost are recognized in the income statement and other changes in carrying amount are 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 future transaction (cash flow hedges). At inception of the hedge, Burckhardt Compression documents the hedging relationship between the hedging instrument and the hedged item, its risk management objective and the underlying strategy for undertaking the hedge. At inception of the hedge and on an ongoing basis, it also documents its assessment of whether the derivatives used in the hedging relationship are highly effective in offsetting changes in the fair value or cash flows of the hedged item. The fair values of the various derivative financial instruments used for hedging purposes are listed in note 21 "Derivative financial instruments". The full fair value of derivative financial instruments designated as hedging instruments is presented as a non-current asset or non-current liability if, as of the balance sheet date, the remaining term of the hedged item exceeds 12 months and as a current asset or current liability if the remaining term is shorter. Derivative financial instruments held for trading are presented as current assets or current liabilities.

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

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

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

2.12. Trade accounts payable, customers' advance payments and other liabilities
These are stated at face value.

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

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

2.15. Employee benefits

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

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

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

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

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

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

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

  The company utilized share-based payments in the run-up to and released by the IPO on June 26, 2006. Effective from the fiscal year 2008 Burckhardt Compression introduced a share based compensation plan (see note 26, section "Explanatory notes to the consolidated financial statements", and section 5 of "Corporate Governance" for further details).

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

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

2.18. Deferred taxes

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

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

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

2.19. Leasing

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

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

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

3. Financial risk management

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

- Liquidity risks: Each Burckhardt Compression group company is responsible for managing its liquidity so that day-to-day business can be handled smoothly, while the group treasury is responsible for maintaining the group's overall liquidity. With the exception of the group company in India and Prognost Systems GmbH, Germany, 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 and Prognost Systems GmbH 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.

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

in 1'000 CHF	31.03.2010	31.03.2009
Cash and cash equivalents	113'764	125'596
Marketable securities	5'519	5'271
Free credit facilities	16'267	20'000
Total	**135'550**	**150'867**

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

Financial liabilities as per 31.03.10	Total balance sheet	Cash flow				
in 1'000 CHF		less than 1 year	in 2nd year	in 3rd to 5th Year	more than 5 years	Total cash flow
Current and non-current financial borrowings	53'109	5'702	13'380	24'354	15'560	58'996
Liabilities from supply and services	16'129	16'129				16'129
Other liabilities	382	382				382
Total	**69'620**	**22'213**	**13'380**	**24'354**	**15'560**	**75'507**

Financial liabilities as per 31.03.09	Total balance sheet	Cash flow				
in 1'000 CHF		less than 1 year	in 2nd year	in 3rd to 5th Year	more than 5 years	Total cash flow
Current and non-current financial borrowings	7'546	6'325	320	1'220	0	7'865
Liabilities from supply and services	27'363	27'363				27'363
Other liabilities	622	622				622
Total	**35'531**	**34'310**	**320**	**1'220**	**0**	**35'850**

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

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

Forward foreign exchange contracts as per March 31, 2009			Cash flow		
in 1'000 CHF	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cashflow Hedge outflow	77'592	29'826			**107'418**
Cashflow Hedge inflow	76'934	29'602			**106'536**

- Currency risks: 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 on a case-by-case basis to hedge the currency risk resulting from the sales and purchase transactions of the other Burckhardt Compression group companies. The group management 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 and, in fiscal year 2008, NOK. Burckhardt Compression Holding AG does not hedge these translation risks.

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

31.03.2010				
Exchange rate	EUR / CHF	INR / CHF	NOK / CHF	USD / CHF
Change of exchange rate (hypothetical)	5%	15%	10%	10%
in 1'000 CHF				
Effect on result				
- with increase of exchange rate against CHF	-1'051	19	1	-783
- with decrease of exchange rate against CHF	1'051	-19	-1	783
Effect on equity				
- with increase of exchange rate against CHF	89	0	0	2'779
- with decrease of exchange rate against CHF	-89	0	0	-2'779

31.03.2009				
Exchange rate	EUR / CHF	INR / CHF	NOK / CHF	USD / CHF
Change of exchange rate (hypothetical)	5%	15%	10%	10%
in 1'000 CHF				
Effect on result				
- with increase of exchange rate against CHF	182	372	-111	-886
- with decrease of exchange rate against CHF	-182	-372	111	886
Effect on equity				
- with increase of exchange rate against CHF	0	0	233	5'619
- with decrease of exchange rate against CHF	0	0	-233	-5'619

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

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

  Burckhardt Compression does not have a concentration of customer risks as the most important customers, 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 short-term credit ratings of AAA and A-, respectively, from S&P). The maximum credit risk is the market value of the available financial assets as per the balance sheet date. Burckhardt Compression invests its cash with institutions with a high credit rating and mostly in the money market, which shows a lower interest risk.

- Interest risks: Burckhardt Compression had mortgage loans of CHF 44.2 mn as per March 31, 2010. The mortgage loans have fixed terms of 2 to 9 years and fixed interest rates. Burckhardt Compression does not have any other major borrowings. Liquid assets not required for operational purposes are deposited in current accounts or short-term money market instruments and therefore are only exposed to the fluctuations of short-term interest rates. For this reason Burckhardt Compression has not performed a sensitivity analysis.

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

Burckhardt Compression monitors and manages its capital and capital returns based on the following ratios:

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

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

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

	31.3.2010	**31.3.2009**
Equity base	50.0%	47.3%
Net financial position (TCHF)	66’547	123’321

Overview of financial assets and liabilities

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

in CHF 1'000	Fair value category	Notes	31.03.2010	31.03.2009
Financial assets at fair value through profit and loss (designated)				
Marketable securities	1	14	4'454	4'140
Cash, marketable securities and receivables				
Cash and cash equivalents	n.a.	15	113'764	125'596
Marketable securities	1	14	1'065	1'131
Trade receivables	n.a.	13	62'763	86'909
Other receivables	n.a.	13	9'005	9'215
Total			186'597	222'851
Derivative financial instruments from hedge accounting	2	21	1'601	1'088
Total financial assets and derivatives			**192'652**	**228'079**
Trade accounts payables			16'129	27'363
Financial liabilities				
Current financial liabilities	n.a.	18	5'399	6'201
Non-current financial liabilities	n.a.	18	47'710	1'345
Total			53'109	7'546
Derivative financial instruments from hedge accounting	2	21	613	1'380
Total liabilities and derivatives			**69'851**	**36'289**

Fair value categories:

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

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

4. Critical accounting estimates and judgments

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

- 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 and potential liquidated damages on contracts already billed. As the actual work involved is difficult to estimate, actual costs may differ from the accrued liabilities recognized for the work.

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

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

5. Explanatory notes to the consolidated financial statements

01 Significant changes in the scope of consolidation

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

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

In March 2009 Prognost Systems GmbH in Rheine (Germany) acquired the remaining 17% of the capital of Prognost Systems Inc. in Houston (USA).

In February 2009 Burckhardt Compression (US), Inc. in Houston, Texas (USA) acquired 100% of the shares of Selltech - Compressor Pumps & Engine Products, Inc. in Valencia, California (USA). Selltech is servicing the oil and gas industry compressor components such as cylinders, valves, pistons, rods, packing cases and complete compressors.

02 Currency exchange rates

	Average rates		Year-end rates	
	2009	2008	**31.03.10**	31.03.09
1 EUR	**1.50**	1.56	**1.43**	1.52
1 GBP	**1.70**	1.88	**1.61**	1.63
1 USD	**1.06**	1.10	**1.06**	1.14
1 CAD	**0.98**	0.98	**1.05**	0.91
1 AED	**0.29**	n.a.	**0.29**	n.a.
100 BRL	**57.00**	56.90	**59.20**	49.00
100 JPY	**1.15**	1.11	**1.14**	1.16
100 CNY	**15.60**	16.00	**15.60**	16.70
100 INR	**2.24**	2.40	**2.36**	2.25
100 KRW	**0.09**	0.09	**0.09**	0.08

03 Segment information

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

Geographic information:

Sales by customer location in 1'000 CHF	**2009**	**2008**
Europe:		
- EU	156'330	177'409
- Switzerland	5'327	2'917
- Other European countries	29'653	47'848
Total Europe	**191'310**	**228'174**
North America	20'262	25'462
South America	15'585	19'161
Asia, Australia, Middle East	114'426	147'226
Africa	1'607	4'484
Total	**343'190**	**424'507**

Carrying amount of assets by location of assets in 1'000 CHF	2009	2008
Europe:		
- EU	27'366	31'662
- Switzerland	385'455	338'865
- Other European countries	0	0
Total Europe	**412'821**	**370'527**
North America	13'642	20'218
South America	3'251	2'598
Asia, Australia, Middle East	40'265	37'672
Total	**469'979**	**431'015**

Capital expenditure in 1'000 CHF	2009	2008
Europe:		
- EU	516	3'122
- Switzerland	84'792	11'685
- Other European countries	0	0
Total Europe	**85'308**	**14'807**
North America	87	95
South America	53	83
Asia, Australia, Middle East	2'600	745
Total	**88'048**	**15'730**

04 Additional information regarding the income statement

Sales and gross profit in 1'000 CHF		2009	2008 (restated)
New machines	Sales	241'531	308'710
	Gross profit	80'694	87'547
CSS	Sales	80'776	92'098
	Gross profit	36'712	46'485
Compressor components	Sales	20'883	23'699
	Gross profit	9'458	12'135
Total	**Sales**	**343'190**	**424'507**
	Gross profit	**126'864**	**146'167**

Expenses by nature in 1'000 CHF		2009	2008
Raw materials and consumables		**-183'137**	**-178'339**
Personnel expenses:	Salaries and wages	-65'596	-72'378
	Defined benefit plans	-6'172	-3'653
	Defined contribution plans	-4'368	-4'442
	Other social benefits	-3'643	-4'566
	Other personnel costs	-5'112	-6'991
Total		**-84'891**	**-92'030**
Depreciation		-7'659	-5'334
Amortization		-1'854	-1'530

The amounts shown under expenses by nature are related to the costs of goods manufactured during the respective fiscal year. The decline in personnel expenses is attributable to the reduction in the headcount to 891 employees as per March 31, 2010 from 916 employees as per March 31, 2009. The number of employees at the Winterthur (Switzerland) location declined by 52 (net) while more employees were recruited at the other operating sites, particularly in China and India, during the period under review.

05 Employee benefit plans

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

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

in 1'000 CHF	Funded Plans	Unfunded Plans	**2009**	**2008**
Reconciliation of the amount recognised in the balance sheet				
Fair value of plan assets	85'933	0	85'933	84'687
Present value of defined benefit Obligations	-92'462	-2'482	-94'944	-103'541
Overfund (+) / underfund (-)	**-6'529**	**-2'482**	**-9'011**	**-18'854**
Unrecognised actuarial gains (-) / losses (+)	7'539	192	7'731	18'580
Amounts not recognised because of limitation	0	0	0	0
Asset (+) / Liability (-) recognised in balance sheet	**1'010**	**-2'290**	**-1'280**	**-274**
thereof current provision	1'010	0	1'010	2'199
thereof as non-current provision	0	-2'290	-2'290	-2'473
Pension expenses recognized in profit or loss				
Current service costs (employer)			5'177	5'211
Interest costs			3'361	3'490
Expected return on plan assets			-3'297	-4'276
Actuarial gain (+) / loss (-) recognised in current year			931	253
Past service cost			0	-1'025
Effect of overfund not recognised			0	0
Expenses recognised in profit or loss			**6'172**	**3'653**
Reconciliation of defined benefit obligation				
Defined benefit obligation as per 01.04.09 / 01.04.08			103'541	104'425
Interest cost			3'361	3'490
Current service cost (employer)			5'177	5'211
Contributions by plan participants			3'335	2'996
Past service cost			0	-1'025
Benefits paid/deposited			-12'737	-5'627
Changes in the consolidation scope			0	0
Actuarial gain (-) / loss (+) on obligation			-7'585	-5'842
Currency translation differences			-148	-87
Defined benefit obligation as per 31.03.10 / 31.03.09			**94'944**	**103'541**
Reconciliation of the fair value of plan assets				
Fair value of plan assets as per 01.04.09 / 01.04.08			84'687	94'076
Expected return on plan assets			3'297	4'276
Contributions by the employer / benefits paid directly by employer			5'028	4'546
Contributions by plan participants			3'335	2'996
Benefits paid/deposited			-12'737	-5'627
Changes in the consolidation scope			0	0
Actuarial gain (+) / loss (-) on plan assets			2'323	-15'580
Fair value of plan assets as per 31.03.10 / 31.03.09			**85'933**	**84'687**
thereof equity instruments Burckhardt Compression Ltd			107	116
thereof equity instruments - third party			19'429	18'316
thereof debt instruments - third party			39'448	35'714
thereof properties occupied by or used by third party			18'736	21'264
thereof others			8'213	9'277
Actual return on plan assets			**5'620**	**-11'304**

in 1'000 CHF	2009	2008
Movement in the net amount recognised in the balance sheet		
Opening net liability (-) / asset (+)	-274	-1'254
Expense recognised in profit or loss	-6'172	-3'653
Contributions by the employer / benefits paid directly by employer	5'028	4'546
Changes in the consolidation scope	0	0
Currency translation differences	138	87
Closing net liability (-) / asset (+)	**-1'280**	**-274**
Best estimate of contributions for upcoming financial year		
Contributions by the employer (only Swiss plans)	4'704	4'721
Contributions by plan participants	3'062	3'071

Information over several years	2009	2008	2007	2006	2005
Fair value of plan assets	85'933	84'687	94'076	97'146	88'492
Present value of funded defined benefit obligation	-94'944	-103'541	-104'425	-95'166	-87'197
Overfund (+) / underfund (-)	**-9'011**	**-18'854**	**-10'349**	**1'980**	**1'295**
Present value of unfunded defined benefit obligation	-2'482	-2'490	-2'433	-2'703	-2'654
Experience adjustments on defined benefit obligation	-7'446	-1'540	63	-1'338	13'293
Experience adjustments on plan assets	2'323	-15'579	-8'774	2'965	1'193

Principal actuarial assumptions as per 31.03.10 / 31.03.09	2009	2008
Discount rate	3.10%	3.25%
Expected rate of return on plan assets	4.00%	4.00%
Future salary increases	1.50%	2.00%
Future pension increases	0.25%	0.25%
Workforce fluctuation rate	8.01%	8.34%
Expected average remaining working lives in years	9.3	9.1
Life expectance at retirement age (male / female) in years	18 / 22	18 / 22

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

06 Research and development expenses

During fiscal year 2009, research and development activities focused on improving and upgrading certain types of compressors and components, research in the fields of tribology and mechatronic and on the further development of calculation and construction tools. No research and development expenses could be capitalized in fiscal year 2009 and 2008.

07 Other operating income and expenses

in 1'000 CHF	2009	2008
Currency exchange losses (-) / gains (+)	96	-980
Other operating expenses (-) / income (+)	-141	1'102
Total	**-45**	**122**

The currency exchange gains in the fiscal year 2009 resulted mainly from new machine projects which were sold in foreign currencies. The decline in other operating expenses / income compared to the previous year includes the costs for the social plan (CHF -1.8 mn) incurred in fiscal 2009 as a result of the reduction in headcount at the Winterthur (Switzerland) location. This position also includes rental income and operating expenses from Burckhardt Compression Immobilien AG, as well as the costs incurred to establish this new Group company. Total contribution to the operating income in the fiscal year 2009 by Burckhardt Compression Immobilien AG was amounting to CHF 2.9 mn.

08 Financial result

Financial expenses

The significant increase in financial expenses in the fiscal year 2009 is attributable to the interest expenses from the mortgage loan on the newly acquired real estate in Winterthur. Furthermore this line item contains the financial expenses of the Indian Group company.

Miscellaneous financial income

in 1'000 CHF	2009	2008
Interest income	258	1'557
Other financial income (+) and expenses (-)	1'161	-58
Total	**1'419**	**1'499**

Interest income was significantly lower than in the previous fiscal year as interest rates remained low. Other financial income is primarily attributable to the fair value measurement of financial assets and the reimbursement of commissions under a global credit agreement with a Swiss bank.

09 Taxes

Income taxes

in 1'000 CHF	2009	2008
Current income taxes	-19'604	-19'725
Deferred taxes	1'718	-2'426
Total	**-17'886**	**-22'151**

Reconciliation of income tax expense

in 1'000 CHF	2009	2008
Profit before income taxes	73'842	94'953
Income tax expenses at the local tax rates in the respective countries	-18'176	-22'151
New assessment of valuation differences	290	0
Total income tax expenses	**-17'886**	**-22'151**
as % of profit before income taxes	24.22%	23.33%

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

Deferred taxes

in 1'000 CHF	2009	2008
Deferred tax assets:		
- which can be used within 12 months	-307	-377
- which can be used after 12 months	-685	-231
Subtotal	-992	-608
Deferred tax liabilities:		
- which can be used within 12 months	3'456	4'744
- which can be used after 12 months	7'524	7'245
Subtotal	10'978	11'989
Total	**9'986**	**11'381**
Total changes in deferred taxes::		
Balance as per 01.04.09 / 01.04.08	11'381	10'905
Changes in the consolidation scope	0	502
Charged to the income statement	-1'718	2'426
Taxes charged to equity for hedging reserves	323	-2'452
Total	**9'986**	**11'381**

Breakdown of deferred taxes in the balance sheet

	31.03.2010		31.03.2009	
in 1'000 CHF	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Intangible assets		1'914	6	2'310
Property, plant and equipment		5'578		4'557
Financial assets		216		484
Inventories	96	1'788	57	2'010
Customers' advance payments		38		33
Accounts receivable	98	1'548	203	3'234
Derivative financial instruments		324		151
Non-current borrowings				
Provisions for retirement plan obligations	196		187	
Other non-current liabilities	7		12	
Other non-current provisions	432	297	493	363
Trade accounts payable	135	154	214	6
Accruals		3	41	
Current provisions	385		489	
Tax loss carry forward	525		65	
Total deferred taxes (gross)	**1'874**	**11'860**	**1'767**	**13'148**
Offset	-882	-882	-1'159	-1'159
Total deferred taxes (net)	**992**	**10'978**	**608**	**11'989**

Temporary differences related to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to CHF 58.2 mn (previous year CHF 58.4 mn).

Tax loss carry forwards

in 1'000 CHF	2009	2008
Expiring in the next 3 years	249	0
Expiring in 4 to 7 years	1'693	253
Total tax loss carry forwards	**1'942**	**253**
Potential tax assets calculated	525	65
Valuation allowance	0	0
Deferred tax assets	**525**	**65**

10 Intangible assets

Acquisition costs

				2009				2008
in 1'000 CHF	Goodwill	Trademarks incl. IT licenses	Customer lists	Total	Goodwill	Trademarks incl. IT licenses	Customer lists	Total
Balance as per 01.04.09 / 01.04.08	24'043	5'210	8'773	38'026	23'011	4'129	7'385	34'525
Changes in the consolidation scope					1'502		1'475	2'977
Additions		819		819		294		294
Disposals		-97		-97				
Reclassifications		163		163		878		878
Currency translation differences	39	-62	-333	-356	-470	-91	-87	-648
Balance as per 31.03.10 / 31.03.09	**24'082**	**6'033**	**8'440**	**38'555**	**24'043**	**5'210**	**8'773**	**38'026**

Accumulated amortization

				2009				2008
in 1'000 CHF	Goodwill	Trademarks incl. IT licenses	Customer lists	Total	Goodwill	Trademarks incl. IT licenses	Customer lists	Total
Balance as per 01.04.09 / 01.04.08		-2'120	-2'028	-4'148		-1'368	-1'346	-2'714
Changes in the consolidation scope								
Additions		-1'010	-844	-1'854		-799	-731	-1'530
Disposals		95		95				
Reclassifications								
Currency translation differences		28	104	132		47	49	96
Balance as per 31.03.10 / 31.03.09		**-3'007**	**-2'768**	**-5'775**		**-2'120**	**-2'028**	**-4'148**

Net book value

As per 01.04.09 / 01.04.08	24'043	3'090	6'745	33'878	23'011	2'761	6'039	31'811
As per 31.03.10 / 31.03.09	**24'082**	**3'026**	**5'672**	**32'780**	**24'043**	**3'090**	**6'745**	**33'878**

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 flow projections over the next 6 years, which, in turn, are based on the mid-range plans approved by management. Management estimated the planned gross profit margin based on past developments and the expectations regarding future market developments. Historical data were used to make cautious assumptions. The assumptions listed below were used in the analysis of each cash-generating unit. No impairment losses were recognized for fiscal years 2009 and 2008.

in 1'000 CHF	**Crosshead piston compressors**	**Standard high-pressure compressors**	**Total**
Goodwill as per 31.03.10	18'582	5'500	24'082
Goodwill as per 31.03.09	18'799	5'244	24'043
The test is based on the following assumptions:			
- Growth rate for sales	4.7%	3.1%	
- Gross margin as % of sales	31.4%	22.2%	
- 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	2009 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2008 Total
Acquisition costs										
Balance as per 01.04.09 / 01.04.08	5'823	54'967	17'439	5'233	83'462	4'024	46'699	15'771	3'960	70'454
Changes in the consolidation scope								29		29
Additions	77'204	7'338	1'649	1'857	88'048	2'315	941	1'011	11'463	15'730
Disposals		-3'623	-1'432	-27	-5'082		-859	-167	-66	-1'092
Revaluations							93	55		148
Reclassifications	5	4'585	24	-4'777	-163		8'341	887	-10'106	-878
Currency translation differences	92	65	-21	13	149	-516	-248	-147	-18	-929
Balance as per 31.03.10 / 31.03.09	**83'124**	**63'332**	**17'659**	**2'299**	**166'414**	**5'823**	**54'967**	**17'439**	**5'233**	**83'462**
Accumulated depreciation										
Balance as per 01.04.09 / 01.04.08	-1'016	-29'424	-11'536		-41'976	-765	-26'826	-10'010		-37'601
Changes in the consolidation scope										
Additions	-1'666	-4'278	-1'715		-7'659	-283	-3'468	-1'583		-5'334
Disposals		3'601	1'377		4'978		859	72		931
Revaluations						6	-51	-48		-93
Reclassifications										
Currency translation differences	-17	-28	55		10	26	62	33		121
Balance as per 31.03.10 / 31.03.09	**-2'699**	**-30'129**	**-11'819**	**0**	**-44'647**	**-1'016**	**-29'424**	**-11'536**	**0**	**-41'976**
Net book value										
As per 01.04.09 / 01.04.08	4'807	25'543	5'903	5'233	41'486	3'259	19'873	5'761	3'960	32'853
As per 31.03.10 / 31.03.09	**80'425**	**33'203**	**5'840**	**2'299**	**121'767**	**4'807**	**25'543**	**5'903**	**5'233**	**41'486**
Fire insurance values	**147'097**	**79'333**	**22'120**	**2'293**	**250'843**	**6'786**	**66'180**	**18'494**	**5'233**	**96'693**

The substantial increase in the category "Land and buildings" during the fiscal year 2009 is attributable to the purchase of the commercial property in Winterthur at a cost of CHF 77 mn. The "Other assets" category includes IT hardware, patterns, tools, fixtures, instruments, vehicles and other operating equipment. In the fiscal years 2009 and 2008 no leased assets were capitalized.

12 Inventories

in 1'000 CHF	31.03.2010	31.03.2009
Acquisition costs		
Raw materials, supplies and consumables	15'148	16'148
Work in progress	62'880	61'528
Finished products and trade merchandise	23'042	24'955
Advance payments to suppliers	24'772	22'506
Valuation allowances	-5'180	-4'866
Total	**120'662**	**120'271**

in 1'000 CHF	2009	2008
Valuation allowances		
Balance	-4'866	-4'800
Utilized due to disposals	1'386	266
Additions	-1'702	-332
Balance	**-5'180**	**-4'866**

Inventories were stable at the prior-year levels as business volumes remained high. Work in progress as per March 31, 2010 and as per March 31, 2009 was financed by customers' advance payments in the amount of TCHF 82'169 and TCHF 91'276, respectively.

13 Trade and other receivables

in 1'000 CHF	31.03.2010	31.03.2009
Trade receivables	62'763	86'909
Allowance for bad debts	-508	-1'115
Other receivables	7'229	6'265
Prepaid expenses	1'634	7'808
Total current receivables	**71'118**	**99'867**
Other receivables	1'776	2'950
Total non-current receivables	**1'776**	**2'950**
Total	**72'894**	**102'817**

in 1'000 CHF	31.03.2010	31.03.2009
Allowance for bad debts		
Balance as per 01.04.09 / 01.04.08	-1'115	-708
Change in the consolidation scope	0	0
Additions	-272	-435
Disposals	301	0
Utilization	561	9
Currency translation differences	17	19
Balance as per 31.03.10 / 31.03.09	**-508**	**-1'115**

in 1'000 CHF	31.03.2010		31.03.2009	
Age profile of trade receivables				
Not due	43'093	68.7%	49'012	56.3%
Overdue 1 - 30 days	7'197	11.5%	13'524	15.5%
Overdue 31 - 60 day	3'725	5.9%	8'803	10.1%
Overdue 61 - 90 days	1'991	3.2%	5'888	6.8%
Overdue more than 90 days	6'757	10.8%	9'682	11.1%
Balance as per 31.03.10 / 31.03.09	**62'763**	**100.0%**	**86'909**	**100.0%**

The allowance for bad debts as per the end of the fiscal years 2009 and 2008 was all related to accounts receivables which were overdue for more than 90 days as per closing date.

in 1'000 CHF	31.03.2010	31.03.2009
Trade receivables broken down into currencies		
CHF	20'087	24'861
EUR	27'281	35'508
USD	7'999	15'674
GBP	802	491
NOK	0	0
JPY	559	1'148
INR	3'429	5'238
BRL	341	1'516
CAD	456	543
CNY	1'301	815
Total (after allowance for bad debts)	**62'255**	**85'794**

Burckhardt Compression is not exposed to major credit risks as it has a large and globally diverse customer base. The single largest account receivable represents less than 13% of total trade and other receivables. The risk of default among Burckhardt Compression customers is very small; a high share of the accounts receivable are secured by letters of credit.

14 Marketable securities

Of the total marketable securities of TCHF 5’519 (fiscal year 2008 TCHF 5’271), TCHF 1’065 (fiscal year 2008 TCHF 1’131) comprised shares of money-market-like funds and TCHF 4’454 (fiscal year 2008 TCHF 4’140) was invested in an institutional portfolio module. The institutional portfolio module was opened in the fiscal year 2006 in the amount of TCHF 5’000; the asset allocation comprises 10% shares, 80% bonds and 10% European real estate funds.

15 Cash and cash equivalents

Cash was held in current accounts or invested in short-term money market instruments. Most of the cash and cash equivalents was held in Swiss francs for reasons of currency exchange risk. These short-term investments were held for an average period of 44 days in the fiscal year 2009 compared with an average investment period of 21 days in the previous fiscal year.

in 1’000 CHF	31.03.2010	31.03.2009
Cash	230	395
Bank deposits	112’322	124’899
Short-term deposits	1’212	302
Total cash and cash equivalents	**113’764**	**125’596**

16 Pledged assets

Burckhardt Compression Immobilien AG granted a Swiss banking institute a senior mortgage lien on the commercial property in Winterthur, stated at a net book value of CHF 75.7 mn as per the end of fiscal year 2009, as collateral for a mortgage loan. The Burckhardt Compression company in India has pledged property, inventories and receivables in the amount of TCHF 18’075 as collateral for the credit lines and guarantee facilities provided by local banks. No further assets were pledged as collateral in the fiscal year 2009. In the previous fiscal year, assets were pledged in the amount of TCHF 13’452.

17 Share capital

	31.03.2010	31.03.2009
Number of shares issued	3’400’000	3’400’000

The nominal value per share amounts to CHF 2.50. All shares are registered shares and are paid in full. The breakdown of equity into its individual components is shown in the statement of changes in equity.

Treasury shares:

Treasury shares	31.03.2010	31.03.2009
Treasury shares	66’351	29’724

In December 2008, the Board of Directors of Burckhardt Compression Holding AG decided to repurchase up to 170’000 BCHN shares or up to 5% of all outstanding shares of the company over the next 12 months. A second line of trading was not opened for the share buyback program. Shares were repurchased at market prices. In December 2009 the share buyback program was extended for one year to December 16, 2010.

Earnings per share

	31.03.2010	31.03.2009
Net income attributable to shareholders of Burckhardt Compression Holding AG (in TCHF)	55’956	72’802
Average number of outstanding shares	3’355’232	3’392’038
Average number of outstanding shares for the calculation of earnings per share	3’355’232	3’392’038
Earnings per share (in CHF)	16.68	21.46
Diluted earnings per share (in CHF)	16.68	21.46
Dividend per share (in CHF) [1]	5.00	6.00

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 5.00 per share , to be paid in July 2010.

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

18 Borrowings

in 1’000 CHF	Current	Non-current	Total 31.03.2010	Total 31.03.2009
Bank loans and leasing commitments	5’399	47’337	52’736	7’321
Others	0	373	373	225
Total	**5’399**	**47’710**	**53’109**	**7’546**
Thereof due in less than 1 year	5’399	0	5’399	6’201
Thereof due in 1 to 5 years	0	47’710	47’710	1’345

Burckhardt Compression AG has bank and guarantee facilities totaling TCHF 170’000, thereof TCHF 20’000 in credit limits as per March 31, 2010 (previous year total bank and guarantee facilities amounted to TCHF 160’000). The bank loans as per March 31, 2010 included mortgage loans of CHF 44.2 mn. The rest is primarily in Indian rupees. The average effective interest rate amounted to 3.4% in fiscal year 2009 compared with 11.9% in the previous fiscal year.

19 Provisions

in 1’000 CHF	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2009 Total	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2008 Total
Balance as per 01.04.09 / 01.04.08	5’003	1’234	9’296	1’818	17’351	5’511	1’065	9’572	1’537	17’685
Changes in the consolidation scope										
Additions	203	1’345	4’039	535	6’122	534	1’044	1’867	825	4’270
Released as not longer required	-438	-302	-485	-448	-1’673	-922	-262	-727	-30	-1’941
Released for utilization	-20	-737	-798	-56	-1’611		-594	-1’380	-410	-2’384
Currency translation differences	-149	-26	13	65	-97	-120	-19	-36	-104	-279
Total as per 31.03.10 / 31.03.09	**4’599**	**1’514**	**12’065**	**1’914**	**20’092**	**5’003**	**1’234**	**9’296**	**1’818**	**17’351**
Thereof current	45	1’166	4’483	1’542	7’236	380	1’073	2’035	1’531	5’019
Thereof non-current	4’554	348	7’582	372	12’856	4’623	161	7’261	287	12’332

The employee benefits category includes provisions for the employee benefit plans of the Burckhardt Compression company in Germany, provisions for long-service awards for employees at the Burckhardt Compression company in Switzerland.
The “Warranties, penalties, unprofitable contracts” category comprises provisions based on historical experience for work performed under warranties, penalties and losses arising from new machine projects at the expense of Burckhardt Compression.

20 Other current and accrued liabilities

in 1'000 CHF	31.03.2010	31.03.2009
Other current liabilities		
Social security institutions	818	722
Tax liabilities (excl. income taxes)	862	588
Miscellaneous	382	622
Total	**2'062**	**1'932**
Accrued liabilities		
Vacation and overtime	2'064	2'816
Salaries, wages and bonus payments	3'173	6'038
Contract related liabilities	22'616	38'903
Miscellaneous	1'894	1'265
Total	**29'747**	**49'022**
Total other current and non-current liabilities	**31'809**	**50'954**

The accrued contract-related liabilities declined by CHF 16.3 mn compared to the previous year, mainly as a result of the lower volume of pending invoices from suppliers on invoiced new machine projects and the lower accruals for variable compensation.

21 Derivative financial instruments

	31.03.2010		31.03.2009	
in 1'000 CHF	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Forward foreign exchange contracts				
- Cash flow hedges	1'601	583	1'088	1'138
- Others		30		242
Total	**1'601**	**613**	**1'088**	**1'380**
Thereof current	1'601	583	948	1'323
Thereof non-current	0	30	140	57

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, 2010 the contract value of the open derivative financial instruments amounted to TCHF 55'333; as per March 31, 2009 it totaled TCHF 106'251. The reduction in the fiscal year 2009 resulted from the slightly lower volume of business transactions to be hedged as of the closing date.

In the fiscal years 2009 and 2008 no ineffective portions of cash flow hedges were recognized in the income statement.

22 Outstanding guarantees

in 1'000 CHF	Limited maturity	Unlimited maturity	Total 31.03.10	Total 31.03.09
Total pending guarantees	186'173	14'319	200'492	155'209
Thereof from Swiss banks	149'684	362	150'046	127'453
Thereof from foreign banks	9'513	0	9'513	4'553
Thereof from Burckhardt Compression Holding AG	26'976	13'957	40'933	23'203

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. The outstanding guarantees as per March 31, 2010 increased compared to the previous fiscal year due to the continued higher business volume and the increase in guarantees issued by Burckhardt Compression Holding AG as collateral for the mortgage on the commercial property in Winterthur as well as to secure the credit lines of the group's India-based company with foreign banks. The guarantees with unlimited maturity issued by Burckhardt Compression Holding AG serve to secure the credit lines with foreign banks of the group companies in India and Germany.

23 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2010 and as per March 31, 2009.

24 Other financial commitments

Liabilities from operating leases

in 1'000 CHF	Buildings	Cars	Other	**31.03.2010**	31.03.2009
Total commitments	3'290	701	615	4'606	4'836
Thereof due in less than 1 year	459	230	224	913	1'045
Thereof due in 1 to 5 years	2'532	471	391	3'394	3'350
Thereof due in more than 5 years	299			299	441

The consolidated income statement includes leasing expenses for buildings of TCHF 3'007 for the fiscal year 2009.

Other financial obligations

The most significant capital expenditure projects approved during the fiscal year 2009 and for which there are purchase commitments as per March 31, 2010 comprise for Burckhardt Compression AG one vertical lathe for TCHF 4'600, TCHF 1'565 in investments for structural alterations to a building and one lathe for TCHF 450. Burckhardt Compression (India) Pvt. Ltd. has signed a purchase commitment for TCHF 1'787 for a machining centre as per March 31, 2010.

25 Business combinations

Burckhardt Compression did not make any acquisitions in the fiscal year 2009.

During the fiscal year 2008, Burckhardt Compression companies made the following acquisitions:

Selltech - Compressor Pumps & Engine Products, Inc. in Valencia, California / USA	2008	
in 1'000 CHF	**Fair value**	**Acquiree's carrying amount**
Intangible assets	1'475	0
Property, plant and equipment	29	29
Inventories	234	234
Accounts receivable	693	693
Cash and cash equivalents	0	0
Total assets	**2'431**	**956**
Deferred tax liabilities	502	0
Non-current liabilities	0	0
Current liabilities	681	681
Total liabilities	**1'183**	**681**
Net assets	1'248	**275**
Acquired goodwill	1'502	
Purchase price	**2'750**	
Purchase considerations in cash	2'750	
Cash and cash equivalents in subsidiary acquired	0	
Cash outflow on acquisition	2'750	

The existing customer lists of the acquired companies have been accounted for as intangible assets.

Burckhardt Compression (US) Inc. in Houston, Texas (USA) acquired 100% of the shares of Selltech - Compressor Pumps & Engine Products, Inc. in Valencia, California (USA) on February 28, 2009. Because of this acquisition sales of Burckhardt Compression in fiscal year 2008 increased by TCHF 354 and profit for the period increased by TCHF 155.

If the acquisition of Selltech - Compressor Pumps & Engine Products, Inc. had occurred as per April 1, 2008 instead of as per February 28, 2009, sales and profit for the period of Burckhardt Compression would have amounted to TCHF 428'762 and to TCHF 74'662 respectively.

26 Remuneration of the Board of Directors and the Executive Board

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

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

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

The following remuneration was paid to the members of the Board of Directors and the Executive Board for the fiscal years 2009 and 2008:

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

in 1'000 CHF							2008
Name	Position	Fees and remuneration	Salary fix in cash	Salary variable in cash	Share based payments [1]	Social benefits and other compensation	Total
Non-executive members of the Board of Directors							
Hans Hess	Chairman	100			14		114
Heinz Bachmann	Deputy Chairman	55			7	2	64
Urs Fankhauser	Member	53			7	2	62
Urs Leinhäuser	Member	55			7	4	66
Total		**263**			**35**	**8**	**306**
Executive Board							
Valentin Vogt	CEO and Executive Member		385	161	0	119	665
Members of the Executive Board (11 persons)			1'843	556	140	492	3'031
Total			**2'228**	**717**	**140**	**611**	**3'696**

[1] Long-term incentive to the eligible members of the Executive Board and variable pay to the non-executive members of the Board of Directors (free shares)

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

						31.03.2010
Name	Position	Allocated shares 2009	Allocated shares 2008	Vested Shares	Shares locked until June 30, 2011	Total Shares
Non-executive members of the Board of Directors						
Hans Hess	Chairman	161	412	0	573	573
Heinz Bachmann	Deputy Chairman	81	206	0	287	287
Urs Fankhauser	Member	81	206	0	287	287
Urs Leinhäuser	Member	81	206	0	287	287
Total		**404**	**1'030**	**0**	**1'434**	**1'434**
Executive Board						
Members of the Executive Board (8 persons)		1'110	4'190		5'300	5'300
Total		**1'514**	**5'220**		**6'734**	**6'734**

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.

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

No other payments or fees for additional services were paid to the members of the Board of Directors and Executive Board during the fiscal year 2009. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2010.

As per March 31, 2010 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:

		31.03.10			**31.03.09**
Name	Position	Total shares	Vested Shares	Shares locked until 30.06.11 [1]	Total shares
Non-executive members of the Board of Directors					
Hans Hess	Chairman	9'600	9'600		5'600
Heinz Bachmann	Deputy Chairman	600	600		600
Urs Fankhauser	Member	150	150		150
Urs Leinhäuser	Member	150	150		150
Total		**10'500**	**10'500**		**6'500**
Executive Board					
Valentin Vogt	CEO and Executive Member	222'633	104'666	117'967	222'633
Rolf Brändli	CFO	150	150	0	0
Regula Brunner	VP Human Resources	660	560	100	660
René Guthauser	VP Quality & Infrastructure	310	260	50	510
Martin Heller	VP Sales	87'530	26'497	61'033	112'300
Dr. Leonhard Keller	VP Valves	96'563	40'130	56'433	96'563
Daniel Oswald	VP IT	1'200	920	280	1'200
Marcel Pawlicek	VP Design & Manufacturing	57'545	1'112	56'433	85'424
Narsimha Rao	MD BCP	0	0		360
Marco Scanderbeg	VP Marketing	1'305	990	315	1'305
Matthias Tanner	VP Contracting	420	400	20	420
Robert Züst	VP CSS	885	760	125	885
Total		**469'201**	**176'445**	**292'756**	**522'260**
Total		**479'701**	**186'945**	**292'756**	**528'760**
In % of total shares		14.1%			15.6%

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

28 Risk management

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

29 Events after the balance sheet date

The Board of Directors and the Executive Board were not aware of any significant events occurring after the balance sheet date when the consolidated financial statements were approved on May 25, 2010.

Investments as per March 31, 2010

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 TCHF 707’200

	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 Geschäftsleiter Rolf Brändli	1	CTH						CHF 200’000 100%
Burckhardt Compression Immobilien AG Winterthur, Switzerland Managing Director Rolf Brändli	1	BCO						CHF 5’000’000 100%
MT Sealing Technology Inc Ohringen/Winterthur, Switzerland Managing Director Dr. Georg Samland	3	MTS	•	•		•	•	CHF 100’000 100%
Burckhardt Compression (Deutschland) GmbH Ravensburg, Germany 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, Italy Managing Director Tullio Buonocore	2	BCI			•	•	•	EUR 400’000 100%
Burckhardt Compression (France) S.A.S. Mantes la Jolie Cedex, France Managing Director François Bouziguet	2	BCF			•	•	•	EUR 300’000 100%
Burckhardt Compression (España) S.A. Madrid, Spain Managing Director Javier Gamboa	2	BCE				•	•	EUR 550’000 100%
Burckhardt Compression (UK) Ltd. Bicester, United Kingdom Managing Director Colin Webb	2	BCG				•	•	GBP 250’000 100%

	Subsidiary of	Abbreviation	Research & development	Engineering & manufacturing	Contracting	Sales	Service	Share capital Participation
Burckhardt Compression (US) Inc Houston, USA Managing Director Rudolf Buschauer	2	BCU			•	•	•	USD 250'000 100%
PROGNOST Systems Inc. Houston, USA Managing Director Edward D. Morrison Jr.	4	PSI				•		USD 200'000 100%
Burckhardt Compression (Canada) Inc. Brampton, Canada Managing Director Peter J. Thuerig	2	BCC				•	•	CAD 200'000 100%
Burckhardt Compression (Japan) Ltd. Tokyo, Japan Managing Director 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) Pvt. Ltd. Pune, India Managing Director Narasimha Rao	2	BCP	•	•	•	•	•	INR 223'080'000 100%
Burckhardt Compression (Brasil) Ltda. São Paulo, Brazil Managing Director Fabio Santos	2	BCB			•	•	•	BRL 900'000 100%
Selltech - Compressor Pumps & Engine Products Inc. Valencia, USA Managing Director Rudolf Buschauer	5	SET				•	•	USD 10'000 100%
Burckhardt Compression (Middle East) FZE Dubai, United Arab Emirates Managing Director Beat Jäggi	2	BCM				•	•	AED 1'000'000
Burckhardt Compression (Korea) Seoul, South Korea Managing Director Seunkweon Lee		BCK				•		

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

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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Burckhardt Compression Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes (pages 54 to 89) for the year ended 31 March 2010.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 March 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Christian Kessler	James Goffi
Audit expert	Audit expert
Auditor in charge	

Winterthur, 25 May 2010

Financial Statements of Burckhardt Compression Holding AG

Balance sheet

in 1'000 CHF	Notes	31.03.2010	31.03.2009
Non-current assets			
Investments in subsidiaries	102	36'876	14'276
Loans to subsidiaries		26'725	15'175
Total		**63'601**	**29'451**
Current assets			
Trade and other receivables	104	354	567
Marketable securities	103	10'162	3'151
Cash and cash equivalents		70'521	71'217
Total		**81'037**	**74'935**
Total assets		**144'638**	**104'386**
Equity			
Share capital	105	8'500	8'500
General reserve		1'700	1'700
Treasury shares		10'162	3'921
Retained earnings		62'483	29'764
Net income		60'833	59'169
Total		**143'678**	**103'054**
Liabilities			
Current liabilities trade and other payables against third parties		30	21
Accrued liabilities		930	1'311
Total		**960**	**1'332**
Total equity and liabilities		**144'638**	**104'386**

Income statement

in 1'000 CHF	Notes	2009	2008
Income	106		
Income from investments		60'000	60'012
Financial income		1'562	1'086
Other income		267	302
Total		**61'829**	**61'400**
Expenses			
Personnel expenses		-91	-114
Financial expenses		0	-770
Tax expenses		-370	-377
Other operating expenses		-535	-970
Total		**-996**	**-2'231**
Net Profit		**60'833**	**59'169**

Notes to the financial statements of Burckhardt Compression Holding AG

101 Accounting policies
The financial statements as per March 31, 2010 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, 2010". The substantial increase of investments in subsidiaries is attributable to the newly incorporated Burckhardt Compression Immobilien AG.

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

	31.03.2010	31.03.2009
Number of treasury shares	66'351	29'724

The average acquisition cost was TCHF 10'162, which represents a price of CHF 153 per share.

104 Receivables

in 1'000 CHF	31.03.2010	31.03.2009
Trade receivables against group companies	208	0
Other receivables	16	228
Accrued income against		
- Third parties	0	13
- Group companies	130	326
Total	**354**	**567**

105 Share capital and shareholders
The share capital amounts to CHF 8'500'000 and is composed of 3'400'000 shares each with a nominal value of CHF 2.50. All shares are registered shares and are paid in full.

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

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

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that said nominees are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status. The total number of shares held by the nominee must not exceed 2% of the company's outstanding share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and shareholdings of the persons on whose account they hold 2% or more of the registered share capital. As per March 31, 2010, there was one nominee holding 13'075 BCHN shares who had signed such a disclosure agreement. All shares of this nominee are stated in the share register.

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

According to information available to the company, the the following shareholders reported shareholdings above 3% of the share capital and voting rights as per March 31, 2010:

Shareholders		**31.03.2010**	**31.03.2009**
	Country	in %	in %
MBO Management Shareholders	CH	15.6	18.1
Bank of America	USA	4.8	4.8
Deutsche Bank AG	D	4.1	5.6 [1)]
Allianz Global Investors	D	3.5	4.0
TIAA-CREF Investment Management	USA	3.3	
Royce & Associates, LLC	USA	3.1	
UBS Fund Management (Switzerland) AG	CH	3.0	
Other shareholders		62.6	67.5
Total issued shares		**100.0**	**100.0**

[1)] According to the articles of incorporation of Burckhardt Compression Holding AG the voting rights of these shareholders is limited to 5%.

106 Income

in 1'000 CHF	2009	2008
Income from investments		
Dividends	60'000	60'012
Financial income		
Interest income	1'562	1'086
Other income		
Income from services provided to group companies	192	192
Other	75	110
Total	**61'829**	**61'400**

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

Risk management

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

Guarantees

in 1'000 CHF	31.03.10	31.03.09
Guarantees	40'933	23'203
Total	**40'933**	**23'303**

Burckhardt Compression Holding AG issues advance payment guarantees and performance bonds in the name of Burckhardt Compression AG and in favor of a small number of selected customers. In fiscal 2009 Burckhardt Compression Holding AG also issued a guarantee in the amount of CHF 11.2 mn in favor of a Swiss bank as collateral for a second mortgage on commercial property in Winterthur. The limit for these guarantees amounted to TCHF 50'000 as per March 31, 2010 and TCHF 30'000 as per March 31, 2009.

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

Remuneration of the Board of Directors and the Executive Board

Type and amount of remuneration of the members of the Board of Directors and the Executive Board as well as the number of shares of Burckhardt Compression Holding AG which the members of the Board of Directors and the Executive Board owned as per March 31, 2010 are disclosed in Note 26 "Remuneration of the Board of Directors and the Executive Board" and in Note 27 "Transactions with the Board of Directors, the Executive Board and related parties".

Carry-forward and appropriation of earnings

in 1'000 CHF	2009	2008
Prior year retained earnings	68'533	33'685
Undistributed dividend on treasury shares	191	0
Appropriation to reserves for treasury shares	-6'241	-3'921
Net income of the year	60'833	59'169
Retained earnings at the disposal of the Annual General Meeting	**123'316**	**88'933**
The Board of Directors proposes the following appropriation		
- Appropriation to general reserve	0	0
- Gross dividend	-17'000	-20'400
Retained Earnings carried forward	**106'316**	**68'533**

The Board of Directors proposes to the Annual General Meeting of Shareholders on July 2, 2010 payment of a gross dividend of CHF 5.00 per registered share.

in Swiss Francs (CHF)	2009	2008
Gross dividend	5.00	6.00
Less 35% withholding tax	-1.75	-2.10
Net dividend	**3.25**	**3.90**

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 4:00 pm on Friday, July 2, 2010 at the Park Arena, Barbara-Reinhartstrasse 24, 8404 Winterthur, Switzerland.

PRICEWATERHOUSECOOPERS

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet, income statement and notes (pages 92 to 96), for the year ended 31 March 2010.

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 March 2010 comply with Swiss law and the company's articles of incorporation.

PRICEWATERHOUSECOOPERS

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Christian Kessler	James Goffi
Audit expert	Audit expert
Auditor in charge	

Winterthur, 25 May 2010

Pages 100-109: Customers and Solutions

One of Burckhardt Compression's service customers: refinery in Collombey, Switzerland

Delivery of a revamped Laby® Compressor

Commissioning of a Laby® Compressor by one of our field service engineers

Petrochemical plant operating Laby® Compressors in Moerdijk, The Netherlands

FSRU (Floating Storage and Regasification Unit)

First Laby®-GI Compressor package installed between the first two spherical LNG tank

EXCEEDING EXPECTATIONS


C-301


GOLAR FREEZE

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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