Burckhardt Compression

ANNUAL REPORT 2011

Compressors for a Lifetime™

ABOUT US

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

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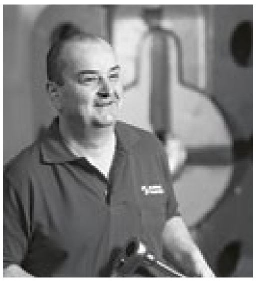

Pages 14–23
Nearly 1'000 employees worldwide give their best every day to meet the needs of our customers. The company owes much of its success to their outstanding support and dedication.

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We continuously optimize our products and services in order to exceed the expectations of our customers. Through decades of experience and the expertise of our specialists in compressor technology we are able to offer products with lowest life cycle costs.

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TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

The growing optimism observed during the course of the fiscal year 2010 was tempered in the year under review by the sovereign debt crisis in Europe and the nuclear catastrophe in Japan. The weakness of the euro and US dollar, our two most important reference currencies, against the Swiss franc had a material impact on our business. The markets relevant to Burckhardt Compression showed divergent developments during the past year.

Significantly higher order intake Despite these strong headwinds, order inflow from the markets of relevance to Burckhardt Compression was positive. Full-year order intake amounted to CHF 404.9 mn, which represents an increase of 11.7% over the previous year. The strong appreciation in the value of the Swiss franc versus most other currencies had a negative impact on reported order intake and its gross profit margin.

Improved profitability on slightly lower sales Sales of CHF 328.9 mn were CHF 26.7 mn or 7.5% lower than in the previous year but gross profit increased by CHF 6.7 mn to CHF 122.3 mn, resulting in a gross profit margin of 37.2%. Operating profit rose by CHF 3.3 mn or 5.4% from the prior-year level, which lifted the operating profit margin to 19.7% (17.3% in the previous year). Net income was up by 12.0% and amounted to CHF 50.5 mn (CHF 45.1 mn in the previous year) or 15.4% of sales, a respectable achievement considering how challenging the market was last year.

Difficult exchange rate situation Thanks to the company's high rate of innovation, productivity gains and increased sourcing from foreign countries (natural hedging), we have maintained our sharp competitive edge even though much of the added value we offer our customers is created in Switzerland and despite the unrelenting headwinds on the forex front. The minimum exchange rate to the euro imposed by the Swiss National Bank lowered exchange rate volatility and enhanced planning certainty.

Strong balance sheet Burckhardt Compression strengthened its capital base during the year under review. Equity increased to CHF 282.8 mn or a solid 53.3% of the balance sheet total as of March 31, 2012. Holdings of cash and cash equivalents grew as well and amounted to CHF 185.0 mn at the end of the reporting year (CHF 149.1 mn in the previous year).

Mid Range Plan reviewed and redefined The Executive Board and the Board of Directors thoroughly evaluated the company's medium-term development during the year under review. This ultimately resulted in a new Mid Range Plan that affirms the company's independence and internal growth ambitions. Expanding the service and components business, entering new application areas and broadening the company's geographic footprint are the operational priorities. Our overall objective is to grow faster than the market and maintain our status as the compressor industry benchmark.

Our business activities revolve around two different sales processes: Selling new machines (building new plants and upgrading existing plants) and providing services, compressor components and technical support. The latter activities target the same compressor operators. Consequently, we are regrouping our activities into two business areas instead of the former three: Compressor Systems (CS) and Components, Services & Support (CSS).

Valentin Vogt

Marcel Pawlicek

Change in the Board of Directors Heinz Bachmann, a Director on the Board of Burckhardt Compression Holding since 2002, will not be available for re-election at the upcoming annual general meeting, because he reached the statutory age limit. The Board of Directors is proposing the election of Dr. Monika Krüsi as successor. With this nomination for election the Board of Directors is enhancing its competencies in the areas of strategic development and implementation, innovation, growth, and process management. Mr. Heinz Bachmann has accompanied the company since the management buy-out in 2002 and contributed to its successful development in many ways.

Outlook for fiscal year 2012 Business in the current year will be shaped in part by the imponderables relating to Europe's debt problem, the threat of a slowdown in the global economy, and exchange rate movements. Nevertheless, from today's perspective, we expect another increase in order inflow at both business areas in the current fiscal year. Thanks to the current high order backlog, sales will be substantially higher than in the year under review. We expect a somewhat lower operating profit margin compared to the previous year. This is because of the lower average margin on orders for compressor systems that will be delivered during the current year. As a result of the price concessions that were granted when these orders were placed – because of the strength of the Swiss franc at that time – margins will be lower.

Increase of dividend As part of the review and revision of the Mid Range Plan, an increase of the dividend payout ratio is foreseen. Burckhardt Compression now intends to pay out 40% to 60% of its net profit to its shareholders. The Board of Directors is therefore proposing a dividend of CHF 7.00 (CHF 5.00 in the previous year) per share at the annual general meeting, which corresponds to a payout ratio of 46% (37% in the previous year) of basic earnings.

A word of thanks On behalf of the Board of Directors and the Executive Board, we thank our shareholders for the loyalty and the trust they have placed in our company. The stability of our shareholder structure is encouraging and inspiring as we execute our sustainable, long-term-oriented strategy. We also thank our 983 employees for their untiring efforts and extraordinary commitment. The trust and confidence our customers have shown in our products and services are, of course, also highly appreciated.

Yours sincerely,

Valentin Vogt
Chairman of the Board of Directors

Marcel Pawlicek
CEO

Winterthur, May 21, 2012

MILESTONES IN 2011

Ten years of entrepreneurial independence
The close of the fiscal year 2011 year already marks Burckhardt Compression's first ten years as an independent company. Formerly part of Sulzer Group, the company gained its entrepreneurial independence through a management buy-out (MBO) in April 2002, with retroactive effect from January 1, 2002.

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Significant increase in order intake in the service and components business
Burckhardt Compression has expanded its service and components business in recent years. The stability of this business area stands out, even during periods of economic weakness. Order intake at the Components, Services & Support business area rose by 15.0% year-on-year to CHF 145.6 mn in fiscal year 2011.

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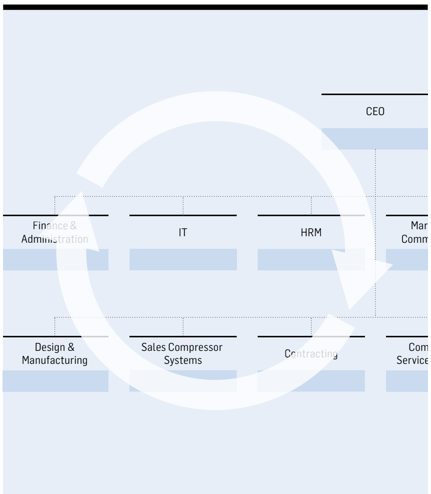

New appointments and expansion of Executive Board
On July 1, 2011 Lukas Betschon assumed responsibility for Design & Manufacturing from Marcel Pawlicek. Burckhardt Compression enlarged its Executive Board to strengthen its sales activities. Daniel Schillinger assumed responsibility for Sales Compressor Systems on April 1, 2012 and Martin Heller was appointed the new Head of Business Development. With his many years of experience he will promote the development of business growth projects. Regula Brunner, the Head of Human Resources Management (HRM) since 2002, is reducing her working hours at her own request and relinquishing her management responsibilities as Head of HRM. Effective June 1, 2012, Susan Lütolf will assume responsibility for global Human Resources Management and join the Executive Board.

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Successful inauguration of a new large-scale machining center
Burckhardt Compression commissioned a new vertical turning center in Oberwinterthur in October 2011. With a table diameter of up to 2.5 meters, this is the largest machining center of its kind in Switzerland. This investment enables large parts to be machined even more efficiently at the Winterthur location.

Review and revision of Mid Range Plan
The Executive Board and the Board of Directors thoroughly evaluated the company's medium-term development during the year under review. This ultimately resulted in a new Mid Range Plan centered on corporate independence and internally driven growth.

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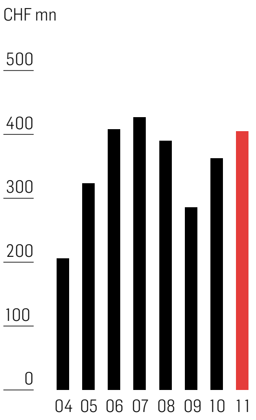
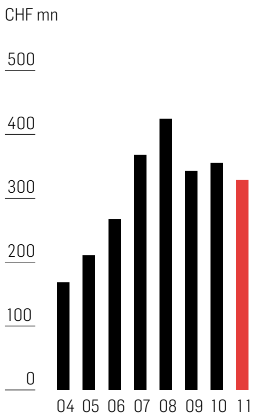
Visit by Federal Councilor Johann Schneider-Ammann in India
In early April 2011 Federal Councilor Johann Schneider-Ammann toured our plant in Pune while on an official visit to India. Burckhardt Compression and other Swiss companies are involved in a pilot project launched in 2009 with the Federal Office for Professional Education and Technology (OPET) to set up a dual education system in India patterned after the Swiss model.

FIGURES AT A GLANCE

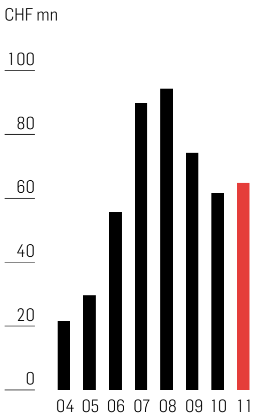
ORDER INTAKE



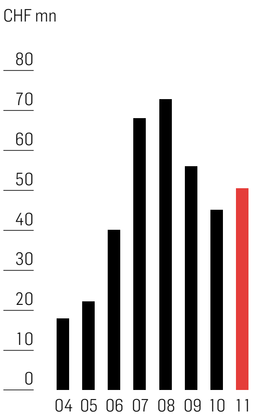
SALES



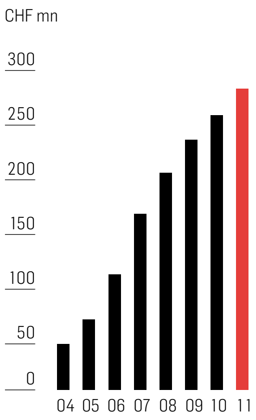
OPERATING INCOME (EBIT)



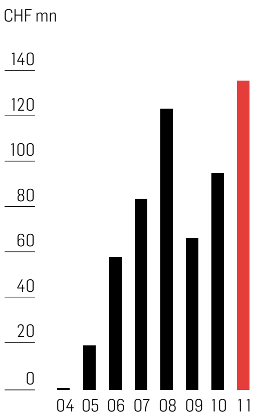
NET INCOME



SHAREHOLDERS' EQUITY



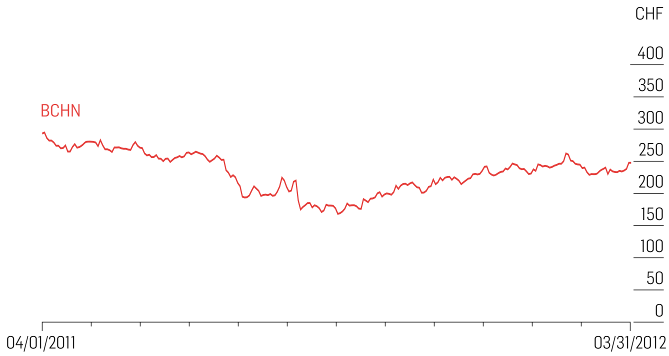
NET FINANCIAL POSITION



SHARE PRICE

DEVELOPMENT SINCE IPO

DEVELOPMENT FISCAL YEAR 2011



in CHF mn		2009	2010	2011	Change 2010/2011
Order intake:					
– Compressor Systems (CS)[1]		171.3	235.9	259.3	+9.9%
– Components, Services & Support (CSS)[2]		114.6[2]	126.6[2]	145.6	+15.0%
Total		285.9	362.5	404.9	+11.7%
Sales and gross profit:					
– Compressor Systems[1]	Sales	241.5	222.5	206.0	–7.4%
	Gross profit	80.7	51.9	59.2	+14.1%
	in % of sales	33.4%	23.3%	28.7%	
– Components, Services & Support[2]	Sales	101.7[2]	133.1[2]	122.9	–7.7%
	Gross profit	46.2[2]	63.7[2]	63.1	–0.9%
	in % of sales	45.4%[2]	47.9%[2]	51.3%	
Total	Sales	343.2	355.6	328.9	–7.5%
	Gross profit	126.9	115.6	122.3	+5.8%
	in % of sales	37.0%	32.5%	37.2%	
Operating income (EBIT)		74.2	61.5	64.8	+5.4%
in % of sales		21.6%	17.3%	19.7%	
Net income (after minority interests)		56.0	45.1	50.5	+12.0%
in % of sales		16.3%	12.7%	15.4%	
Depreciation and amortization		9.5	9.9	10.6	+7.1%
Cash flow:					
– from operating activities		58.8	61.6	74.5	+20.9%
– from investing activities		–88.8	–12.9	–9.2	
– from financing activities (incl. translation differences)		18.1	–18.6	–24.2	
Total		–11.8	30.1	41.1	+36.5%
Balance sheet total		470.0	502.4	530.7	+5.6%
Non-current assets		157.3	156.2	158.7	+1.6%
Current assets		312.7	346.2	372.0	+7.5%
Shareholders' equity		234.9	258.0	282.8	+9.6%
in % of balance sheet total		50.0%	51.3%	53.3%	
Net financial position		66.5	95.0	135.4	+42.5%
Headcount as per end of fiscal year (full-time equivalents)		891	917	983	+7.2%
Total remuneration non-executive members of the Board of Directors (5 persons) (in TCHF)		373.0	435.0	422.0	–3.0%
Total remuneration Executive Board (11 persons) (in CHF)		3'345.9	3'949.0	3'466.0	–12.2%
Share price as per end of fiscal year (in CHF)		208.00	289.25	247.50	
Market capitalization (in CHF mn)		707.2	983.5	841.5	
Market capitalization/shareholders' equity (ratio)		3.0	3.8	3.0	
Net income (basic) per share (in CHF)		16.68	13.56	15.22	+12.2%
Dividend per share (in CHF)		5.00	5.00	7.00	+40.0%

[1] Renamed – formerly “New machines”

[2] Renamed – formerly separately stated as “Customer Support Service” and “Compressor components”

OUR COMPANY

HISTORY

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

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

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

VISION

We are committed to becoming the first choice manufacturer of reciprocating compressors. Throughout a worldwide network we provide all products and services required during a reciprocating compressor's life cycle.

MISSION

Our mission centers on the sustainable growth of Burckhardt Compression's business. Sustainable means setting up and conducting our business activities in such a way that sustainable and balanced growth is achieved for all stakeholders. Continual development of the reciprocating compressor business and a constant quest for improvement is at the heart of everything we do. Particular attention is being devoted to the expansion of the service and components business, the development of promising new applications and the extension of our geographic reach.

GUIDING PRINCIPLES

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

STRATEGY AND MID RANGE PLAN

Burckhardt Compression is one of the world's leading providers of reciprocating compressors, operating in the two business areas of Compressor Systems (CS) and Components, Services & Support (CSS). According to our own market research, our company has grown in recent years from the fourth to the second-largest supplier of reciprocating compressors.

In fiscal year 2011 we reviewed and revised the strategy and Mid Range Plan of our company and set new medium-term goals. Our basic intention is to strengthen our strategic position in both business areas during the coming years, primarily through organic growth, while also maintaining our better-than-average profitability compared to the sector, thereby ensuring our financial independence. The anticipated growth of the company may also be supported by selective acquisitions.

Management is tasked with introducing the smoothly functioning processes at the parent company to all group subsidiaries in the coming years. Marketing MT Sealing Technology's compressor components under the Burckhardt brand will help to expand the components business worldwide. Burckhardt Compression will strengthen its geographic reach, particularly in the service and components business, giving it even closer contact with its customers. Business activities will be expanded to include selective new applications. Uncompromising quality and lowest life cycle costs will remain one of the overriding aims of Burckhardt Compression. Because we cover all aspects of reciprocating compressor technology in-house, we consistently offer our customers competent advisory services and support they can rely on.

MAIN APPLICATION AREAS

Natural gas transportation and storage

Demand for environmentally friendly natural gas as a fossil fuel will continue to increase over the long term. Replacing the liquid fossil fuels of diesel, gasoline and oil with natural gas would reduce global carbon dioxide emissions by about 30%. Well over 40% 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 the volume of gas by a factor of 600. The LNG process chain consists of natural gas production and purification, liquefaction, ship loading, transportation and subsequent off-loading, storage, regasification and, ultimately, injection into a gas distribution grid. Burckhardt Compression offers unique, economical solutions for compressing and reliquifying boil-off gas and for recovering or storing natural gas and other hydrocarbons at land or offshore installations.

Refining

Refineries process crude oil into products such as gasoline, kerosene, diesel, liquefied petroleum gas as well as solvents and lubricants. Worldwide demand for these products will continue to grow over the long term. Additional factors having a positive impact on investment spending in the refining industry are more stringent environmental regulations, cost reduction, 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. New refineries are built in areas where new crude oil reserves get developed and therefore further processing capacities are needed. For state-owned refineries, strategic issues regarding location and supply security are also of considerable importance. Burckhardt Compression offers Process Gas Compressors with the highest possible availability and lowest life cycle costs for all relevant oil refining processes using gas (mostly hydrocarbon gas/mixtures).

Petrochemical/Chemical industry

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

Industrial gases

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

CUSTOMERS

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

COMPRESSORS

Laby®-Labyrinth Piston Compressors

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

Laby®-GI Compressors

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

Process Gas Compressors API 618

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

Hyper Compressors

The Hyper Compressor is a high-pressure reciprocating compressor for low density polyethylene plants with a discharge pressure of up to 3'500 bar (50'750 psi). Burckhardt Compression has established an outstanding track record with more than 55 years of experience in building Hyper Compressors. These compressors are distinguished by a long operational life and high safety standards, which can be traced to their unique construction design and Burckhardt Compression's global one-stop service.

The most powerful compressor in the world, driven by a 27'500 kW (36'900 hp) electric motor and compressing 160 tons of ethylene per hour was built by Burckhardt Compression in 2007. Burckhardt Compression is the world market leader for Hyper Compressors.

SERVICE AND COMPONENTS BUSINESS

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

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. High quality compressor components tailored to the system-specific requirements are equally important.

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

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

PRODUCT DEVELOPMENT AND INNOVATION

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

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

BURCKHARDT COMPRESSION BRAND

Burckhardt Compression and its umbrella brand Burckhardt stand for quality, 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 quality – be it in compressor systems, compressor components or services. Our collaboration with external and internal customers is dedicated, solutions-oriented and distinguished by genuine enthusiasm for our reciprocating compressors, which is plain to see in the execution of all our products solutions and services.

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

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


Burckhardt
Compression
for a Lifetime™

SWISS QUALITY

AZW CENTER OF EDUCATION AND TRAINING IN WINTERTHUR, SWITZERLAND

Pico Mähönen is enrolled in a polymechanics apprenticeship program at Burckhardt Compression. He obtained thorough basic training at the azw center in Winterthur. Burckhardt Compression is also a founding member of the joint Swiss-Indian vocational education and training initiative and employs a total of 38 apprentices in the two countries.


Burckhardt
Compression

RESPONSIBILITY

MANUFACTURING, SWITZERLAND

Efficient and precise machining of large parts using the new vertical turning center is an important element of our production process. Jens Dietze works as a CNC mechanic in our large parts manufacturing department and he plays a crucial role in ensuring the timely delivery of the compressors built to customer specifications.

EXPERIENCE

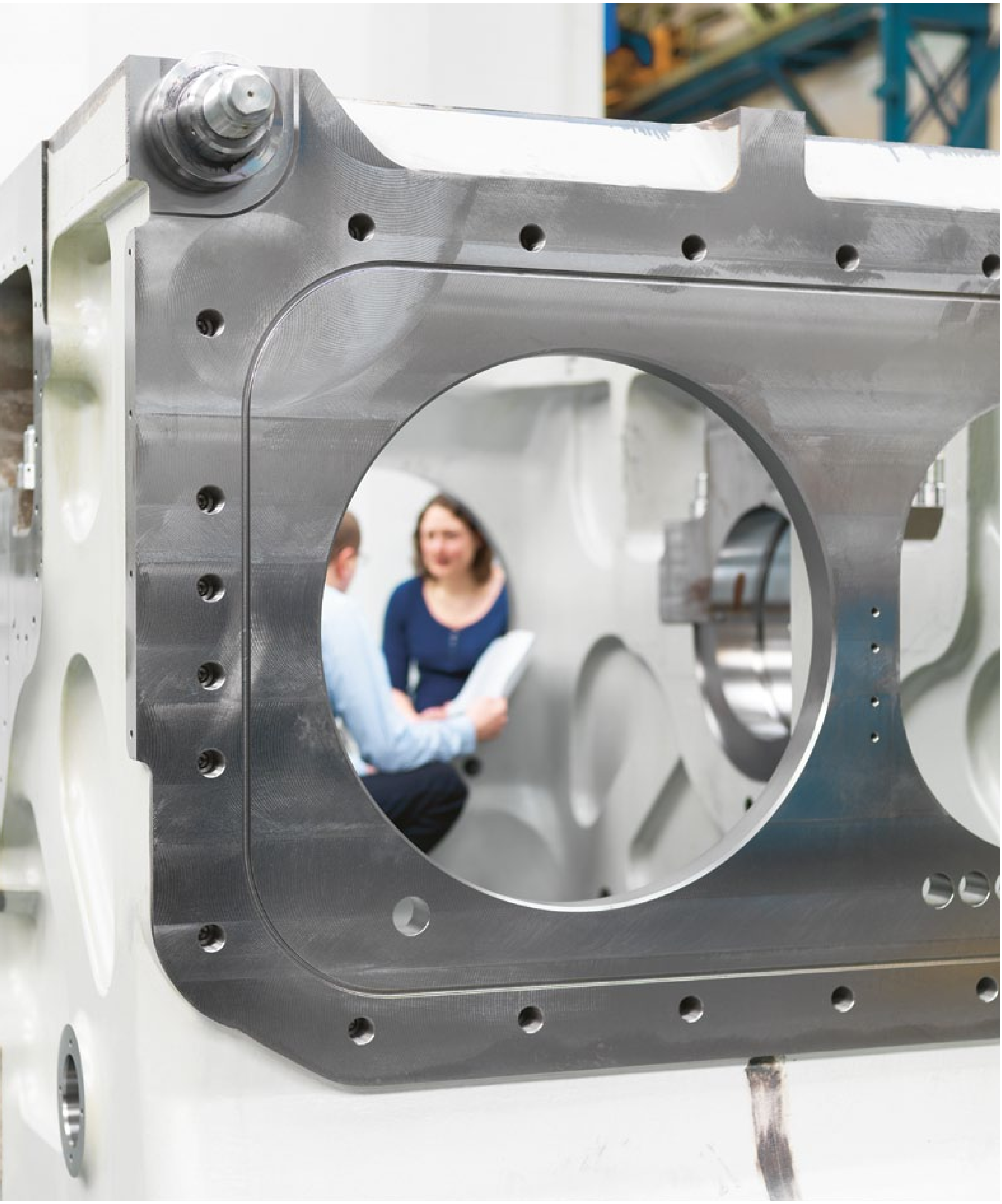
SALES COMPRESSOR SYSTEMS, SWITZERLAND

As a Compressor Systems Sales Manager, Kurt Schmalz maintains and values close relationships with customers. They appreciate his extensive experience and sound advice in developing technically and commercially sound solutions for their compressor projects.

PROBLEM SOLVER

DESIGN & MANUFACTURING, SWITZERLAND

Jennifer Hofstetter was a design engineer on the interdisciplinary team that enhanced our line of Process Gas Compressors in the top performance category. In-house expertise in a variety of fields was used to develop compressors that offer superb reliability and the lowest possible life cycle costs.




Burckhardt
Compression

REVIEW OF THE FISCAL YEAR

FINANCIALS

Demanding market environment

The growing optimism observed during the course of the fiscal year 2010 was tempered during the year under review by the sovereign debt crisis in Europe and the nuclear catastrophe in Japan. The weakness of the euro and the US dollar, our two most important reference currencies, against the Swiss franc had a material impact on our business results. The markets relevant to Burckhardt Compression showed divergent developments during the past year.

Sharply higher oil prices boost demand for our products. While market demand in Asia and the former CIS countries was firm, it weakened in Europe. In the USA we benefited from the stronger economy. Demand for the products made by our customers and the prices they could charge for their products were stable in most of the markets we target. The recent rise in geopolitical tension has not improved the visibility of our business.

Significantly higher order intake

Despite these headwinds, order inflow during the year under review showed positive trends in the markets addressed by Burckhardt Compression. The pleasing new order momentum from the first half (closing September 30, 2011) continued into the second half of the year. Full-year order intake amounted to CHF 404.9 mn, which represents an increase of 11.7% over the previous year. At constant exchange rates, order intake rose by 14.8%. The strong appreciation in the value of the Swiss franc against most other currencies had a negative impact on reported order intake and its gross profit margin. Nevertheless, order intake has grown steadily since reaching a low point in the second half of the fiscal year 2009.

Despite headwinds, order intake during the year under review showed positive trends in the markets addressed by Burckhardt Compression.

Orders for compressor systems rose by 9.9%. The positive order intake in the Components, Services & Support business area (CSS) over the past three years gained further momentum in the year under review, surpassing our expectations with a growth of 15.0%.

Improved profitability on slightly lower sales

Sales declined by CHF 26.7 mn or 7.5% from the previous year to CHF 328.9 mn. At constant exchange rates, sales declined by CHF 4.1 mn or 4.0%. Gross profit increased, however, up CHF 6.7 mn to CHF 122.3 mn, which corresponds to a gross profit margin of 37.2%. Both business areas, Compressor Systems and Components, Services & Support, contributed to the increase in profitability (32.5%).

Administrative and selling expenses rose only slightly by CHF 1.3 mn or 2.7% versus the previous year. Operating profit increased by CHF 3.3 mn or 5.4% from the prior-year level, lifting the operating profit margin to 19.7% (17.3% in the previous year). Net income was up by 12.0% and amounted to CHF 50.5 mn (CHF 45.1 mn in the previous year) or 15.4% of sales, a respectable achievement considering the challenging market environment. Net income (basic) per share amounted to CHF 15.22 (previous year CHF 13.56).

Difficult exchange rate situation

Burckhardt Compression has decades of experience in coping with an ever-stronger Swiss franc versus the US dollar or the euro. Thanks to the company's high innovation rate, productivity gains and increased sourcing in foreign countries (natural hedge), we have managed to maintain a sharp competitive edge even though much of the added value we offer our customers is created in Switzerland and despite the unrelenting headwinds on the forex front. Nevertheless, the sudden and sharp movements on the currency front during the past fiscal year did leave a mark on our financial statements for the year. Despite our extensive efforts to mitigate the situation, we were unable to completely offset the impact of the tremendous appreciation in the value of the Swiss franc versus the euro and the US dollar. The minimum exchange rate to the euro set by the Swiss National Bank alleviated the situation somewhat. Setting a floor reduced exchange rate volatility and increased the accuracy of our planning and forecasting.

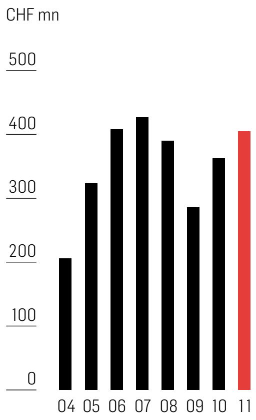
Strong balance sheet

Total balance sheet assets at the end of the reporting year amounted to CHF 530.7 mn, an increase of 5.6% from the previous fiscal year. The company strengthened its capital base during the year under review. Equity rose to CHF 282.8 mn or a solid 53.3% of the balance sheet total as of March 31, 2012. Holdings of cash and cash equivalents grew as well and amounted to CHF 185.0 mn at the end of the reporting year (previous year: CHF 149.1 mn). In addition to the cash holdings, the company has 75'317 treasury shares that were acquired through a share buyback program, with an aggregate market value of CHF 18.6 mn at year-end. The repurchased shares held by the company may be used by the Board of Directors to finance acquisitions.

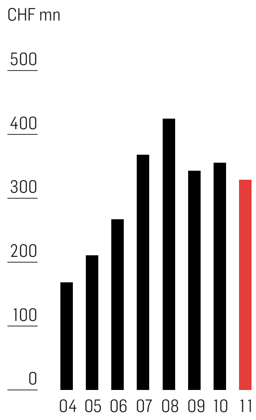
Recruiting personnel where markets are growing

The number of employees rose by 66 to 983 full-time equivalents during the reporting year. Most of these jobs were created as part of our continuing efforts to expand the service and components business. At the end of March 2012, 493 employees (50.2%) were based in Switzerland, 312 (31.7%) in BRIC countries and 178 (18.1%) in other countries.

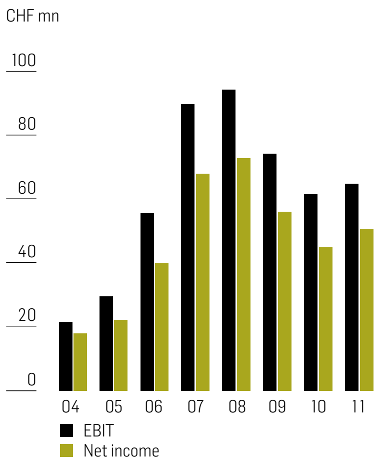
ORDER INTAKE



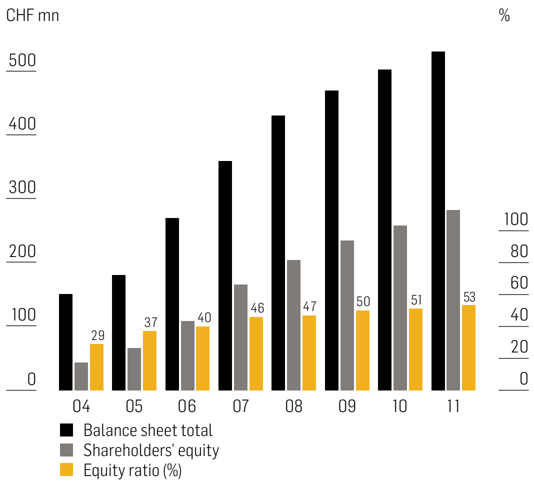
SALES



EBIT AND NET INCOME



EQUITY RATIO



MARKETS

Increase in orders for compressor systems

After the substantial recovery in order intake for compressor systems in the previous year, demand in the markets addressed by Burckhardt Compression remained positive. The weakness of major reference currencies hurt our competitiveness in the marketplace and squeezed our margins. Order intake rose by 9.9% from the previous year and amounted to CHF 259.3 mn, which is very pleasing considering the general business environment and the situation on the currency front. This serves as further testimony to the strength of our product offering.

Burckhardt Compression is active in the following application areas:

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

Gas transport and storage

Natural gas is becoming an increasingly important fossil fuel worldwide for various reasons: A lower CO_2 impact than other fossil fuels, substitution of nuclear and coal-burning power plants and the fact that the earth's reserves of natural gas will last far longer than its oil reserves. Drivers of this trend are:

- Huge energy needs in emerging market countries such as India and China
- Efforts to change the energy mix in industrialized countries
- Demand for natural gas as a raw material for further processing in the petrochemical industry.

Unlike crude oil, the price of natural gas is subject to regional market dynamics (spot markets), except in the case of long-term delivery agreements. During the past year 40% of the natural gas traded worldwide was in liquefied form (LNG). This percentage will continue to increase. Long-term projects being pursued by state enterprises and global oil and gas companies are spurring the development of new gas fields as well as offshore drilling and production platforms.

Highlights of the reporting year included orders for Laby® Compressors for LNG import terminals in Poland, Canada and China and for ethylene BOG applications in China. We were pleased to receive several more orders for Laby® Compressors for liquid gas carriers, several of which were for a customized system configuration developed by the ordering customer. Another highlight was the first order for a Laby®-GI Compressor system simulating LNG reliquefaction. It was placed by a South Korean shipyard and if the results from the tests are positive, it is likely to send a strong signal to other companies interested in this kind of offshore application.

Refinery

The refinery segment faced difficult conditions in the year under review. Weak economic activity in OECD countries lowered global daily demand for crude oil by 0.8 mn barrels. Political instability in oil-exporting countries and the resulting uncertainty caused oil prices to fluctuate; the average cost of a barrel of oil in 2011 was over USD 95. High prices for crude oil encourage greater investment spending on less economically extractable oil reserves such as oil sands or deep sea oil. Investments in new refineries and the expansion of existing capacity were largely concentrated in regions where demand for energy is growing rapidly as well as in oil-producing countries that are now processing crude oil into intermediate or end products in an effort to enhance their own value chains or that have developed new sources of oil. Other drivers in this business are projects to replace, upgrade or expand existing installations to produce end products that meet stricter environmental standards. These regions include Asia, the Middle East and South America and, to a lesser extent, Eastern Europe and Russia. Investment activity in Western Europe and North America remained weak. Burckhardt Compression received significantly more new orders in the refinery segment in the year under review compared to the preceding year. Highlights were orders for various refineries in Russia and the Middle East.

Petrochemical/Chemical industry

Despite the volatile economic environment, global production of chemicals and polyolefins increased by an average of about 5% during the reporting year, which is somewhat less than in the previous year. High prices for certain raw materials put the margins of some companies under pressure while consumption in key markets such as China was slightly lower, which in turn reduced demand for chemical and petrochemical products. Demand for polyolefins is being fueled by the recovery in the automobile industry, by rapidly expanding economic regions and their growing need for packaging and construction materials as well as agricultural production inputs, and also by new developments in specialty photovoltaic and cable insulation. Since demand is projected to grow over a long-term horizon, capacity is being added in Southeast Asia, the Middle East, Mexico and South America. In the USA new production plant projects were launched given the abundance of inexpensive domestic shale gas as a raw material.

Burckhardt Compression was very pleased with its sales to the petrochemical/chemical industry, which nearly matched the high year-ago figure. Highlights included several more orders for various polypropylene and polyethylene plants in China. Our leading position in the LDPE business was further strengthened with orders received for new systems in Saudi Arabia and South Korea.

Industrial gases

Developments in the international markets for industrial gases were generally positive during the reporting year although demand growth varied considerably among the various industrial sectors and regions. The overall positive business trend increased project activity and capital expenditure on new production capacity picked up again. Hydrogen production systems experienced growth in the international refinery segment. Uncertainty and weakness among steelmakers had an impact on sales of oxygen gas systems. Worldwide demand for air separation systems was roughly unchanged from the previous year with China being a major buyer. In some cases reciprocating compressors are not required depending on the system type or capacity. Air separation systems are highly standardized systems expected, delivery times are relatively short. Prices for entire systems are sometimes under such intense pressure that lower quality compressor equipment is being used.

Burckhardt Compression's order intake in the industrial gases segment was well above the figure from the previous year but still at a low level overall. We were pleased to receive orders for Laby® Compressors for carbon monoxide and nitrogen applications in China, Russia, Germany and South Africa. Our Indian subsidiary received various orders for their local produced standard high-pressure compressors.

Expansion of the "Components, Services & Support" (CSS) business area

Order intake at the service and components business, now grouped under the new business area of "Components, Services & Support" (CSS), totaled CHF 145.6 mn, a new record high and CHF 19.0 mn or 15.0% more than in the previous fiscal year.

Customers had been hesitant to order spare parts in the wake of the financial crisis but the currently good capacity utilization rates have alleviated their worries. When capacity is fully utilized maintaining production output becomes more important and customers even start thinking about expanding capacity, which has positive implications for the replacement and components business as well as for service operations in general. In the previous year large orders for spare parts were being placed again and major conversion and renovation projects were initiated. Burckhardt Compression has set up a special service team for these often highly complex projects that provides customers with technical support and consulting services or can even carry out the entire project. This team quickly and competently executes engineering, repair, overhaul and performance enhancement projects for compressors made by Burckhardt Compression and other manufacturers. Burckhardt Compression again received several large orders in this segment.

The project to consolidate the valve and sealing components activities at the plant in Oberwinterthur to improve efficiency and simplify our operating processes is proceeding as planned and should be completed in the third quarter of fiscal year 2012. PROGNOST Systems GmbH continued to grow its business with condition monitoring and diagnostic systems for reciprocating compressors. Order intake was well above the figure from the previous year.

CAPACITY

In January 2012 we moved into a new office building in Pune (IN). In Winterthur construction work began in the workshop and office areas vacated by a tenant during the fourth quarter of the reporting year. This new space will allow us to consolidate the various locations in Winterthur at the one location in Oberwinterthur by the end of fiscal year 2012. In Rheine (DE) planning commenced for the construction of a new building needed to support the future growth of PROGNOST Systems GmbH. Production lines in Winterthur and Pune were modernized and expanded with top-of-the-line manufacturing equipment.

RESEARCH AND DEVELOPMENT

Extended Process Gas Compressor product line a market success

As expected, the extension of the successful line of Process Gas Compressors API 618 at the upper end of the performance range was met with considerable interest in the marketplace. Powered by up to 31 MW, this most recent addition to Burckhardt Compression's line of Process Gas Compressors enables it to meet all current and foreseeable specifications for large-scale plants. The order of the first system during the past year marks an important reference in expanding our position in refinery and petrochemical applications.

Further milestones reached in the development of a stepless flow control system for reciprocating compressors

The project for developing and launching a stepless flow control system for reciprocating compressors passed further milestones in the reporting year. This system offers various process control advantages and significant energy savings compared to conventional control systems. Initial field tests confirmed the clearly superior levels of the two key variables of controllability and energy consumption. The successful conclusion of further field tests as well as long-term tests across a range of different applications will lay the basis for a broad market launch.

BRAND MANAGEMENT

Burckhardt Compression's corporate design was updated and aligned with the company's long-term branding strategy during the year under review. New basic visual elements and communication tools provide a modern platform for projecting company values and will also support our efforts to strengthen the brand and raise its international profile.

SUSTAINABILITY

COMMITMENT AND LEADERSHIP

Burckhardt Compression's industrial commitment to the economy, society and the environment is long-term. Our aim is to create the framework for continuing the company's 168-year history of success on all levels. This can only be achieved if a balance is found between the different and sometimes opposing interests of the individual stakeholders.

We are committed to transparency. Only by knowing exactly where things stand appropriate goals can be set and the right measures initiated to achieve them. Appropriate controlling instruments and practices are in use to make sure we achieve the goals we set. During the past year an external evaluation of sustainability at Burckhardt Compression was performed for the third time. In this assessment Burckhardt Compression's overall corporate sustainability was better than the average score of a selected peer group of Swiss companies. We also improved our ranking from the previous assessment conducted in 2009.

ECONOMIC SUSTAINABILITY

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

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

Our Investor Relations are evaluated by independent firms and, perhaps somewhat surprisingly considering the size of our company, we regularly receive very good ratings. In the 2011 survey conducted by zCapital, an independent asset manager, our company's Corporate Governance ranked 43 (previous year 37) out of the 130 companies assessed. Given the fact that we do not intend to remove the restrictions on shareholder voting rights, a further improvement in this ranking is not likely. The leading Swiss business newspaper "Finanz und Wirtschaft" gives us an A– rating (A being the highest rating) for Investor Relations and transparency. The Harbour Club, which in cooperation with the business magazine "Bilanz" evaluates the annual reports of Swiss companies, ranked the design of our annual report for the 2010 financial year 45 (previous year 100) out of the 247 (231) annual reports evaluated.

We have taken measures to further improve our value reporting. In an analysis of 176 companies based on the value they generated in 2011 for shareholders conducted by "Bilanz", Burckhardt Compression was ranked 47. This ranking was based on the performance of company shares and the SPI as well as on volatility.

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

Our longest customer relationship, which still exists today, dates back to 1885.

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

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

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

Suppliers
A well-functioning supply chain ensures the development and manufacturing of our products. Burckhardt Compression buys its products from various global and regional suppliers. We cooperate closely with our suppliers as early as the development stage and aspire to establish long-lasting partnerships. We continuously apply the principles set out in the "BC Code" (Burckhardt Compression's Code of Conduct) in our dealings with our suppliers. We systematically test their suitability and

annually assess their performance by means of visits and audits, and by measuring key performance indicators. The topic of procurement is an integral part of Burckhardt Compression's management cycle. Those responsible for procurement report regularly on key changes. Decisions are made together with management to ensure a smooth-running supply chain. Every year, we reward the best suppliers in the various categories to encourage them to achieve even more.

Process improvement

The quest for continuous improvement through Burckhardt Compression's executives and employees forms the foundation on which the company is based. Operational progress, which is reflected in above-average profitability, is fostered on the one hand by a structured improvement process for employees and executives and, on the other, through the systematic application of operating methods and procedures. We consider our successful, constructive approach to interfaces, where the greatest potential for improvement can usually be found, as one of our company's core capabilities. Every year, the personal objectives of our executives and employees include implementing continuous improvement projects. These projects are implemented using methods developed by Burckhardt Compression and evaluated by its executives. Burckhardt Compression also works with suppliers, universities, institutions and advisors worldwide to develop and improve products or processes in areas where we do not have the necessary expertise. Collaboration with external experts and specialists fosters new ideas and maximizes creative potential, also within the company.

Future investment spending

In the past five years Burckhardt Compression has invested CHF 146.0 mn on plant, property and equipment, mainly at its European sites and the factory in India. The largest single investment with a cost of CHF 77.0 mn was the purchase of commercial property in Winterthur. The remaining investments can be grouped into three categories:

– Improving the productivity of the manufacturing activities in Winterthur
– Expanding the factory in Pune (IN)
– Expanding service activities at the European locations

Investments in property, plant and equipment for the current plan period will be lower than in the preceding five-year period and they will be concentrated in the following four areas:

– Integration of MT Sealing Technology Inc activities at our site in Oberwinterthur
– Building a compressor manufacturing factory in China
– Construction of a new building at PROGNOST Systems GmbH in Rheine (DE) to handle the significantly higher business volume
– Further expansion of the global service network

Value-oriented management

We measure the value added we generate for shareholders in two ways:

– Market cap as a percentage of equity
– Change in earnings per share

Market cap as a percentage of equity amounted to a factor of 3.0 at the end of the reporting year (previous year 3.8). This clearly indicates that we generated substantial value for our shareholders with the capital employed (equity). Net income (basic) per share for the period under review amounted to CHF 15.22 (previous year CHF 13.56), a considerable increase of 12.2% after a year of weakness in 2010 caused by the difficult economic environment.

We measure the value added we generate for shareholders in two ways.

Burckhardt Compression has not made any acquisitions in the past three fiscal years. Various candidates have been screened but none of the potential transactions met our three specific criteria: 1) The acquired activities must be a good strategic fit for our company; 2) the price must be in accord with our expectations; 3) the corporate culture of the target company must be compatible with our own.

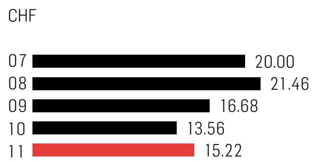
Risk management

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

– systematically identifying particular risks,
– establishing processes to monitor, reduce and, at best, prevent risks and
– striking a good balance between risks and opportunities.

EFFECTIVE WARRANTY COSTS AS A PERCENTAGE OF TURNOVER

NET INCOME PER SHARE



SOCIAL SUSTAINABILITY

Corporate culture

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

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

Sustainable HR policy

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

Only satisfied employees are willing to go that extra mile to meet the needs of our customers.

Every other year, we participate in the largest national survey of employees in Switzerland, the latest being in 2011. Unlike in previous years we did not rank among the top 25 Swiss employers in this survey but we achieved very good marks in the areas of job content, customer focus, company management, and team work. The main reason for participating in the employee survey is to obtain suggestions for further improvements and to check the success of the measures introduced earlier.

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

Burckhardt Compression annually conducts an appraisal and performance review of each employee suited to the particular level of hierarchy, comprising personal development goals and suggestions for continuous improvements. Part of this system involves periodical reviews as to the status of the individual objectives and corresponding measures. 11.3% of our employees worldwide are women (11.5% in 2010). We aim to steadily raise this percentage to 15%.

Our employees are regularly informed by their superiors – at Burckhardt Compression in Switzerland quarterly by the CEO – about the course of business and other corporate developments. Additional information is provided through the employee newsletter BC-Xpress, which is written by employees for employees and distributed worldwide. These efforts are part of the reason why Burckhardt Compression's employee turnover ratio is low 7.49% (7.99% in the previous year).

Promoting new talent and career development

We actively promote and support new talent at all levels. We are committed to the Swiss system of apprentice education. There are currently 38 apprentices at Burckhardt Compression receiving vocational training in six different trades in Switzerland and India. We are a founding member of the initiative launched under the auspices of the Swiss Federal Office for Professional Education and Technology and the Swiss-Indian Chamber of Commerce to establish an apprenticeship system of learning in India patterned after the Swiss model. In November 2011 the first class of six apprentices successfully completed their apprenticeship programs at our factory in Pune (IN). Apprentices with a good performance record are generally retained after their apprenticeship. Burckhardt Compression's annual spending on apprenticeship training programs (cash out) amounts to about CHF 0.8 mn. Notices of vacant positions at all levels are also published through internal channels. External and internal candidates go through a proprietary screening process. The systematic evaluation and development of the company's future managers, which we have practiced internally with success for many years, enabled us to again fill various management vacancies during the past year with internal candidates. If there are no suitable candidates available in-house to succeed or replace an executive, we are in a position to recruit very good external candidates, not least due to our company profile and image.

Occupational health and safety

Safety at work is very important to Burckhardt Compression. We believe it is important that all employees are informed of the risks involved in their work and aware of the accident prevention measures. Regular training is provided on the topic of safety at work. Work safety audits and safety inspections are carried out annually by external professionals and the findings are implemented accordingly. Among last year's highlights were a training course for the company's occupational safety officers on the application of the OHSAS 18001 Standard and a refresher course on first-aid training for 40 employees.

After recording an increase in the number of working days lost due to work-related accidents in Winterthur to 378 during the period from 2008 to 2010 we launched an initiative comprising various measures at the beginning of 2011 with the objective of at least halving the number of lost working days due to workplace accidents. We are pleased to have clearly surpassed that goal – the number of working days lost in 2011 dropped to 49.

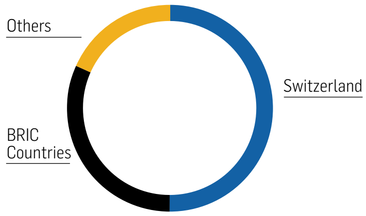
The health and general well-being of our employees are important to us. Physical and mental health is closely linked to performance. An extensive range of physical activities, preventative measures and measures on specific topics help to improve employee satisfaction, health and motivation, and reduce absences. We have systematically reduced the average number of working days lost because of illness in recent years. In the year under review employees took an average of 7.4 days off due to illness (7.8 in the previous year). Our aim is to lower this to less than 6.0 days. Measures have been introduced to help us achieve this goal.

Social environment

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

GEOGRAPHIC BREAKDOWN OF THE WORKFORCE, 2011
100% = 983

Employees (full-time equivalents)



MEN AND WOMEN WORLDWIDE

Employees (full-time equivalents)

EMPLOYEE TURNOVER RATIO

%

ENVIRONMENTAL SUSTAINABILITY

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

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

Around 75% of the compressors we have manufactured since 1883 are still in use.

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

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

- Laby®-GI: The ME-GI diesel propulsion system for LNG tankers, designed by MAN Diesel can also run on environmentally friendly natural gas. The Laby®-GI fuel gas compressors by Burckhardt Compression compress the boil-off gas from the tanks before injecting it directly into the diesel engine. This economical and environmentally friendly type of propulsion significantly reduces CO_2 and SO_x emissions when vessels run on natural gas. Due to the difficult environment facing shipbuilders in the gas tanker industry, no orders for the originally conceived application have been received as yet but we have received several orders for Laby®-GI Compressors in other applications.
- Process Gas Compressors: In fiscal year 2010, Burckhardt Compression expanded its range of compressors to include Process Gas Compressors, which cover applications with rod loads of up to 1'500 kN (335'000 lbs). These compressors are used specifically for the desulphurization of fuels. We booked the first order for a compressor from this extended product line in fiscal year 2011.
- PROGNOST®-SILver: Systems for monitoring and diagnosing the condition of reciprocating compressors are key tools for increasing operational safety, lengthening service intervals and preventing damage. In 2008, PROGNOST launched PROGNOST®-SILver onto the market. The world's first SIL-certified industrial machine protection has a hardware-based safety shutdown feature for reciprocating compressors. Our new product was well received by the market, underpinning the positive development of PROGNOST Systems.

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

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

Buildings and fixtures
The energy needed to heat the offices and production areas in Winterthur comes from the heating generated by a neighboring waste incineration plant. In converting the company premises acquired in 2009 in Winterthur, we put great emphasis to aspects of environmental protection and energy efficiency. For example when replacing the compressed air station in 2010 for the whole complex, we were able to considerably reduce energy consumption while increasing performance. The outdated compressed air supply network will be renovated in 2012, thereby reducing transport losses significantly.

Over the last few years, our machine tool equipment has been almost completely renewed. The new machinery is much more powerful yet uses much less energy. The next step, optimizing the lighting installations of the buildings in Winterthur, will be taken starting in 2012 and electricity consumption will be significantly lowered as a result. Despite of the expected growth we intend to stabilize the electricity consumption at the current level.

After the departure of the largest tenant of company property in Oberwinterthur a considerable section of the existing workshop floor space will be renovated and upgraded. Assembly operations for our Hyper Compressors can then be transferred to Oberwinterthur from Winterthur in the first half of fiscal year 2012, which will allow us to benefit from the ensuing cost (greater efficiency) and environmental advantages. This will eliminate the need for complex and expensive transport runs between the two factories.

Recycling and waste disposal

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

ELECTRICITY CONSUMPTION

WATER CONSUMPTION

WASTE

INNOVATION

ADVANCED PLANNING SYSTEM “WAY”

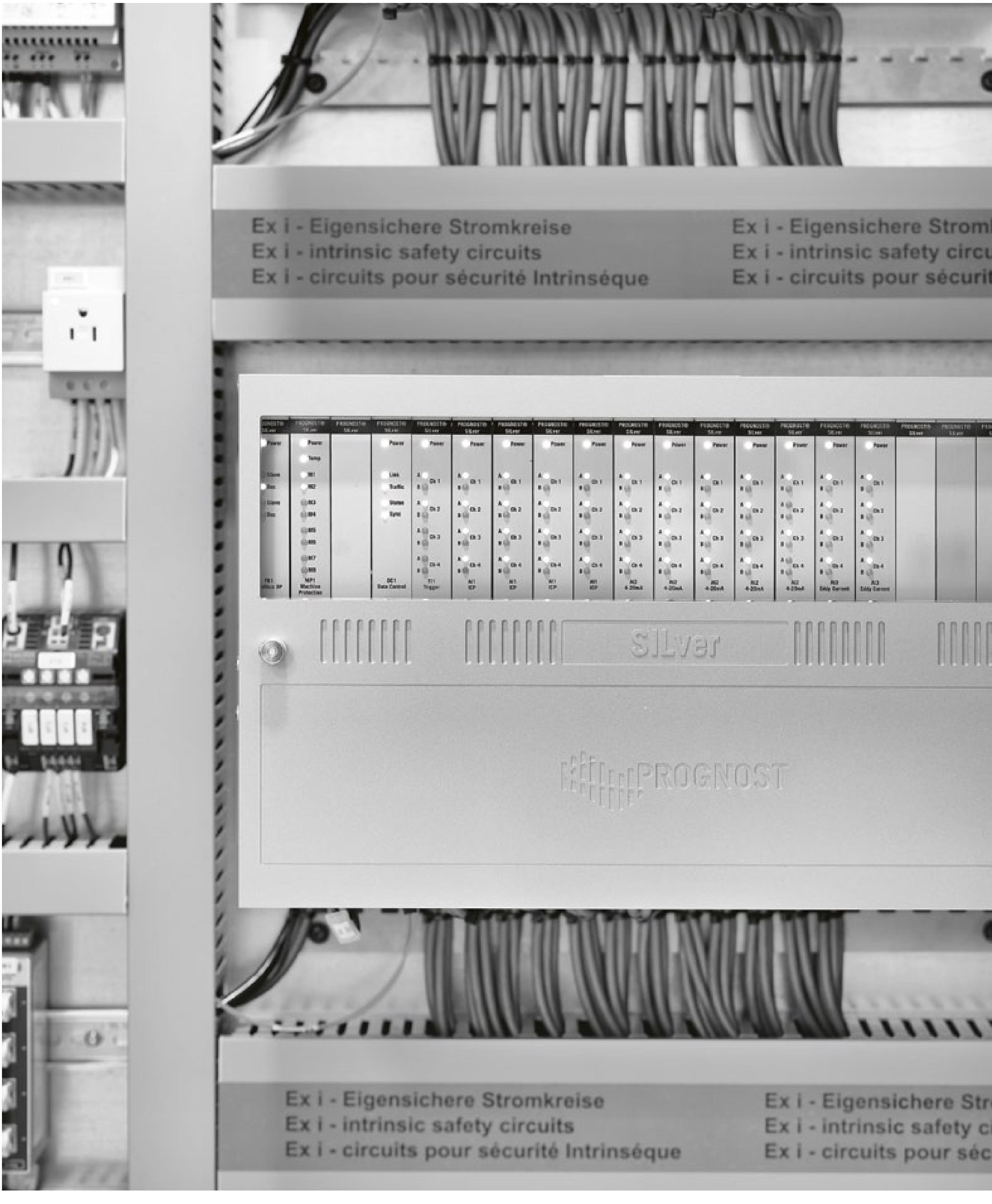
Burckhardt Compression was one of the first in Switzerland to introduce the Advanced Planning System “Way” for better process control. Work-in-progress and the key dates for every order can now be easily referenced at any time by planning and production staff. This provides full transparency throughout the entire value chain and ensures optimal sequence planning.


FAVRETTO

RELIABILITY

CONDITION MONITORING AND DIAGNOSTIC SYSTEMS

PROGNOST Systems GmbH, a member of Burckhardt Compression Group, has more than 15 years of specialist experience in building systems that record and evaluate high-resolution reciprocating compressor data. Downtimes and the ensuing costs are avoided with its state-of-the-art monitoring technology.




PROGNOST

SAFETY

Laby® COMPRESSOR ON BOARD A LPG TANKER

Most of the compressors that have been installed on LPG tankers during the past 50 years were made by Burckhardt Compression. High demands are placed on the reliability and operating safety of the equipment used on gas carriers. A lifespan of more than 20 years of operation attests to the unique technology built into Laby® Compressors.

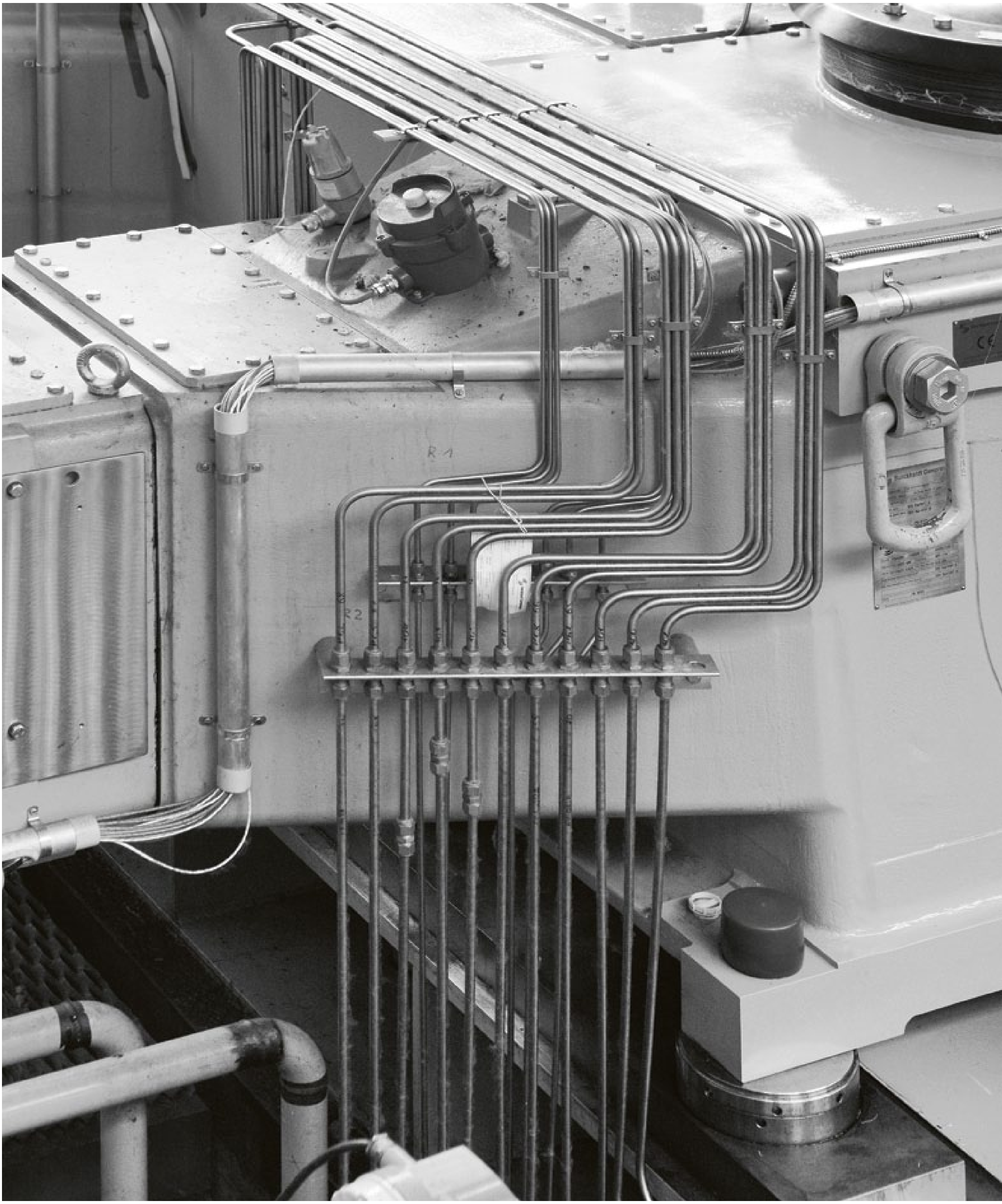

VENT TO MAST
LIQUID LINE
VAPOUR LINE
CONDENSATE LINE
MIN. TEMP. -50°C


IMO NO. 9237747
GRT 22902
NRT 6870

RELIABILITY AND ENDURANCE

REFINERY PLANT, RUSSIA

Process Gas Compressors made by Burckhardt Compression are used at refineries to compress hydrogen, among other applications. Optimal compressor reliability and longevity are achieved by focusing on serviceability as well as the technology and quality of all key components already during the design and development stages.




БЕВ-1А
Рег.№ 31686
Р разр. 20,4 кг/см²
Дата следующего
НО, ВО. 29.10.2015
ГИ. 30.10.2021

CORPORATE GOVERNANCE

Burckhardt Compression is committed to responsible Corporate Governance. The company adheres to the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange, where applicable to Burckhardt Compression, and the "Swiss Code of Best Practice for Corporate Governance" issued by economiesuisse.

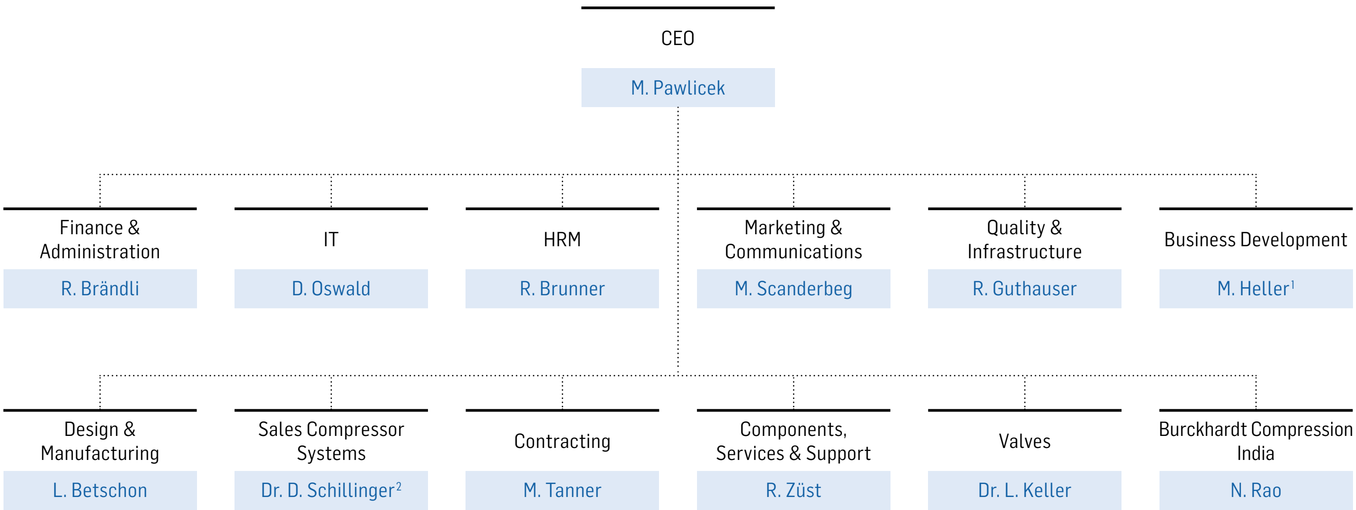
This following section is set out using the according sequence and numbering of the DCG. Unless otherwise noted, the information presented reflects the situation on March 31, 2012.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Management structure

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



[1] As of April 1, 2012 Head of newly created Business Development; until March 31, 2012 Head of Sales Compressor Systems
[2] As of April 1, 2012; until March 31, 2012 M. Heller

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, 2012 amounted to CHF 841.5 mn.

1.1.3. Unlisted Group companies

Information on the unlisted companies included in the scope of consolidation of Burckhardt Compression Holding AG is given in the financial report under the section Investments as per March 31, 2012.

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, 2012 the following groups of shareholders were registered:

Shareholders	Number of shares	%
Individuals	763'480	22
Legal entities	916'243	27
Shares in the process of transfer	1'084'457	33
Other	559'565	16
Treasury shares	76'255	2
Total	**3'400'000**	**100**

According to information available to the company, the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2012:

Name	Country	% of shares
MBO Management Shareholders	CH	13.2
ING Groep N.V.	NL	7.1
TIAA-CREF Investment Management	US	4.9
Allianz Global Investors	DE	3.4
Deutsche Bank AG	DE	3.3
BlackRock Inc.	US	3.2
Ameriprise Financial Inc.	US	3.2
Harris Associates L.P.	US	3.1
UBS Fund Management (Switzerland) AG	CH	3.0

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

1.3. Cross-shareholdings

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

2. CAPITAL STRUCTURE

2.1. Capital

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

2.2. Authorized and conditional capital in particular

The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 4, 2013 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 transferability of the shares shall be subject to the registration requirements set forth in the Bylaws. The Board of Directors is authorized to exclude shareholders' subscription rights, in part or whole, in favor of third parties if the new shares are used to i) acquire companies through an exchange of shares or ii) to finance the purchase of companies in whole or part. The Board of Directors is also authorized to exclude subscription rights of shareholders if the newly created shares are issued by means of a public offering. Shares for which subscription rights have been granted but not exercised will be allotted by the Board of Directors at its own discretion.

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

2.3. Changes in capital

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

2.4. Shares and participation certificates

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

2.5. Dividend-right certificates

The company has not issued any dividend-right certificates.

2.6. Limitations on transferability and nominee registrations

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

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

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that they are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status, and that the number of shares held by the nominee does not exceed 2% of the registered share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and holdings of the persons on whose account they hold 2% or more of the registered share capital. As of March 31, 2012, one nominee holding 69'409 shares had signed such a declaration; 68'000 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, Hans Hess, Valentin Vogt, 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 Bylaws stipulate that the Board of Directors consists of a minimum of three and a maximum of seven members. At present, the composition of the Board of Directors is as follows:

Name	Nationality	Position	Year of first appointment	Elected until
Valentin Vogt	CH	Chairman, non-executive; Chairman SC	2002	2013
Heinz Bachmann	CH	Deputy Chairman, non-executive; member NCC	2002	2012
Urs Fankhauser	CH	Member, non-executive; member AC and SC	2006	2012
Hans Hess	CH	Member, non-executive; Chairman NCC	2006	2013
Urs Leinhäuser	CH	Member, non-executive; member AC	2007	2012

AC = Audit Committee
NCC = Nomination and Compensation Committee
SC = Strategy Committee

Valentin Vogt was in charge as CEO of the Burckhardt Compression Group from the year 2000 until the end of fiscal year 2010. None of the other Board members was a member of the Executive Board of a Burckhardt Compression Group company. None of the members of the Board has material business relationships with a Burckhardt Compression Group company.

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

VALENTIN VOGT (1960)

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

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

Duties and responsibilities as a director of Burckhardt Compression Holding AG:
– Chairman of the Board of Directors
– Chairman of the Strategy Committee

Other activities and commitments:
– Vice Chairman of the Board, StarragHeckert Holding AG, Switzerland
– Board member, Kistler Holding AG, Switzerland
– Board member, Ernst Göhner Foundation Investment AG, Switzerland
– Chairman of the Swiss Employers' Association, Switzerland
– Member of executive committee of economiesuisse, Switzerland
– Member of the Economic Advisory Board, Swiss National Bank

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

Duties and responsibilities as a director of Burckhardt Compression Holding AG:
– Vice Chairman of the Board of Directors
– Member of the Nomination and Compensation Committee

Other activities and commitments:
– Board member of Grob AG, Switzerland
– Board member of Hunziker AG, Switzerland
– Board member of Swisslog AG, 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

Duties and responsibilities as a director of Burckhardt Compression Holding AG:
– Member of the Board of Directors
– Member of the Audit Committee
– Member of the Strategy Committee

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

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 President and CEO, Leica Geosystems AG, Switzerland
1993–1996 President, Leica Optronics Group, Switzerland
1989–1993 Vice President, Leica Microscopy Group, Switzerland
1983–1988 Head of Polyurethane Division, Huber & Suhner AG, Switzerland
1981–1983 Development Engineer, Sulzer AG, Switzerland

Duties and responsibilities as a director of Burckhardt Compression Holding AG:
– Member of the Board of Directors
– Chairman of the Nomination and
– Compensation Committee

Other activities and commitments:
– Chairman of the Board, COMET Holding AG, Switzerland
– Chairman of the Board, Reichle & DeMassari AG, Switzerland
– Board member, Schaffner Holding AG, Switzerland
– Chairman Swissmem, Switzerland
– Vice President economiesuisse, Switzerland
– Trustee of Vontobel Foundation, Switzerland
– Trustee of Swisscontact, Switzerland
– Trustee of Technorama, Switzerland

URS LEINHÄUSER (1959)

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

Professional background:
Since 2011 CFO and Deputy CEO, Member of the Group Executive Board, Autoneum Holding Ltd., Switzerland
2003–2011 CFO and Head Corporate Center, 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

Duties and responsibilities as a director of Burckhardt Compression Holding AG:
– Member of the Board of Directors
– Chairman of the Audit Committee

3.3. Election and term of office

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

3.4. Internal organization

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

The Board of Directors meets as often as business requires, but at least four times per year. In fiscal year 2011 the Board of Directors held six meetings, with each meeting lasting half a day to one day. Furthermore the Board of Directors has held three telephone conferences during fiscal year 2011, each one lasting one to two hours. The Board of Directors has a quorum when the majority of the members is present. Decisions are passed by a simple majority. In the event of a tie, the Chairman has the casting vote.

The VPs of Sales Compressor Systems, Components Services & Support, 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 fiscal year 2011, the Audit Committee held two half-day meetings. The CEO, the CFO and representatives of the auditors participated in those meetings. Members are Urs Leinhäuser (Chairman) and Urs Fankhauser.

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 fiscal year 2011. The meetings lasted half a day. The CEO and the Head of Human Resources Management participated in those meetings as well. Members are Hans Hess (Chairman) and Heinz Bachmann.

Strategy Committee The Strategy Committee supports the CEO in developing corporate strategy and advises the Board of Directors in strategic matters such as acquisitions and divestments. It evaluates the implementation of company strategy on a regular basis and submits proposals to the Board of Directors if adjustments or other measures are deemed necessary. The Strategy Committee held three meetings in fiscal year 2011. These meetings were also attended by several members of the Executive Board and external consultants. Members are Valentin Vogt (Chairman) and Urs Fankhauser.

3.5. Definition of areas of responsibility

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

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

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

3.6. Information and control instruments relating to the Executive Board

Order intake, income statement, balance sheet, cash flow, headcount, personnel costs and capital expenditures are consolidated and commented nine times a year. Liquidity is reported and consolidated weekly. A rolling forecast for the coming 12 months is prepared and commented four times a year (April, July, September and January). These rolling forecasts are part of a management model based on the principles of the so-called "beyond budgeting" model. Instead of an annual budget with fixed targets, this model sets relative targets. The financial reports as well as the forecasts are distributed to all members of the Board of Directors, as well as to the members of the Executive Board and the Managing Directors of the Burckhardt Compression subsidiaries. At every board meeting, the CEO, the CFO and other Executive Board members report on the course of business and on all issues of relevance to the Group.

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

The internal audit is under the authority of the Chairman of the Audit Committee of the Board of Directors. Technical responsibility has been delegated to the CFO, who is also responsible for coordination and practical performance of the audits.

The internal audit team consists of qualified staff from the finance and controlling departments of Burckhardt Compression AG and selected financial specialists from the larger subsidiaries. These employees perform the internal audit duties assigned to them in addition to their regular duties in the area of finance and controlling and they report directly to the Chairman of the Audit Committee of the Board of Directors in their capacity as internal auditors. This efficient organization is tailored to the needs and size of the Burckhardt Compression Group and fosters an active exchange of information and best practices with the objective of creating sustained value added for the Burckhardt Compression Group by means of continual process improvement. The internal auditors receive training for the performance of their tasks at least once a year. The schedule for internal audits is determined by the Audit Committee of the Board of Directors on an annual basis and may be changed or expanded by the Audit Committee as and when required. Four internal audits were carried out in fiscal year 2011. The internal auditors' reports were distributed to the members of the Audit Committee of the Board of Directors, the management of the audited company, the Executive Board member responsible for the group company and to the external company auditors.

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 of the Executive Board
4.2. Other activities and vested interests

Name	Nationality	Function
Marcel Pawlicek	CH	CEO
Rolf Brändli	CH	CFO
Lukas Betschon	CH	VP Design & Manufacturing
Regula Brunner	CH	VP Human Resources Management
René Guthauser	CH	VP Quality & Infrastructure
Martin Heller	DE	VP Business Development[1]
Dr. Leonhard Keller	CH	VP Valves
Daniel Oswald	CH	VP Information Technology
Narasimha Rao	IN	MD Burckhardt Compression (India) Pvt. Ltd.
Marco Scanderbeg	CH	VP Marketing & Communications
Dr. Daniel Schillinger	CH	VP Sales Compressor Systems[2]
Matthias Tanner	CH	VP Contracting
Robert Züst	CH	VP Components, Services & Support

[1] As of April 1, 2012 Head of newly created Business Development; until March 31, 2012 Head of Sales Compressor Systems
[2] As of April 1, 2012; until March 31, 2012 M. Heller

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

MARCEL PAWLICEK (1963)

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

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

ROLF BRÄNDLI (1968)

Education:
Degree in Business Administration, HWV Zurich, Switzerland

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

LUKAS BETSCHON (1972)

Education:
Degree in Mechanical Engineering, ETH Zurich, Executive Diploma HSG, St. Gallen, Switzerland

Professional background:
Since July 7, 2011 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2008–2011 Managing Director, PSA – Parts & Systems AG, Switzerland
2005–2008 Head of Research & Development, StarragHeckert AG, Switzerland
2001–2004 Project Manager Research & Development, StarragHeckert AG, Switzerland
1998–2001 Design Engineer R&D, ABB Turbo Systems AG, Switzerland

REGULA BRUNNER (1957)

Education:
Federal Diploma in Human Resources, Switzerland

Professional background:
2002–May 31, 2012 Head of Human Resources Management, 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

RENÉ GUTHAUSER (1965)

Education:
Engineer TS, Switzerland
Quality System Manager SAQ, 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

MARTIN HELLER (1954)

Education:
Degree in Mechanical Engineering, HTL Winterthur, Switzerland

Professional background:
As of April 1, 2012 Head of Business Development
2000–March 31, 2012 Head of Sales Compressor Systems, Burckhardt Compression AG, Switzerland
1997–2000 Head of Sales and Contracting, Petrochemical Division, Sulzer-Burckhardt AG, Switzerland
1989–1997 Sales Manager, Industrial Gas Division, Sulzer-Burckhardt AG, Switzerland
1985–1988 Sales Engineer, Sulzer-Burckhardt AG, Switzerland
1981–1984 Design and Project Engineer, Georg Fischer AG, Sulzer-Burckhardt AG and Sulzer Inc., USA

DR. LEONHARD KELLER (1953)

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

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

DANIEL OSWALD (1965)

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

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

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

NARASIMHA RAO (1962)

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

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

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

MARCO SCANDERBEG (1966)

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

Professional background:
Since 2006 Head of Marketing & Communications, 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

DR. DANIEL SCHILLINGER (1959)

Education:
Electrical Engineer Ph.D., Federal Institute of Technology Zurich

Professional background:
As of April 1, 2012 Head of Sales Compressor Systems, Burckhardt Compression AG, Switzerland
2009–2012 Head of Sales and Marketing, EAO AG, Switzerland
2002–2009 Head of Marketing, Business Area Direct Fastening, Hilti AG, Liechtenstein
2000–2002 Head of Laboratory Division, Mettler Toledo, Switzerland
1995–1999 General Manager, Sales Germany/Region Central Europe, Grundfos, Germany
1993–1995 General Manager, Energy Management Germany, Landis & Gyr, Germany
1991–1993 General Manager, Building Control Systems Denmark, Landis & Gyr, Denmark
1987–1990 R&D Manager, Process Control Systems, ABB, Switzerland

MATTHIAS TANNER (1964)

Education:
Degree in Mechanical Engineering, HTL Muttenz, Switzerland

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

ROBERT ZÜST (1963)

Education:
Federal Diploma in Logistics, Switzerland

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

4.3. Management contracts

There are no management contracts with third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

The principles and elements of compensation paid to members of the Board of Directors and the Executive Board as well as the authority and the mechanisms used to determine such compensation are explained in the compensation report on pages 62 to 65. 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 2011 are also disclosed in the financial report, note 26 (page 98 et seqq.) "Remuneration of the Board of Directors and Executive Board".

The shareholdings of the members of the Board of Directors and the Executive Board in Burckhardt Compression Holding AG are listed in the compensation report on pages 62 to 65 and in the financial report, note 27 "Transactions with the Board of Directors, the Executive Board and related parties" on page 100.

Burckhardt Compression Group did not grant any loans, credit or collateral to any of the members of the Board of Directors or the Executive Board in fiscal year 2011 and there are no arrangements of this nature outstanding.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1. Voting rights restrictions and representation of voting rights

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

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

6.2. Statutory quorums

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

6.3. Convocation of the General Meeting of Shareholders

None of the applicable regulations deviate from the law.

6.4. Inclusion of an item on the agenda

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

6.5. Entries in the share register

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

7. CHANGE OF CONTROL AND DEFENSE MEASURES

7.1. Obligation to make an offer

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

7.2. Clauses on changes of control

There are no provisions for special severance payments for members of the Board of Directors or members of the Executive Board 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 auditor in charge

PricewaterhouseCoopers AG (PwC) has been the statutory auditor of the Burckhardt Compression Holding AG since 2002 and is also in charge of 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 auditor in charge will be changed after a maximum period of seven years. Christian Kessler has served as auditor in charge since the 2009 reporting period.

8.2. Auditor's fees

The total fees for auditing services provided by PwC worldwide during fiscal year 2011 amounted to TCHF 299 (previous year TCHF 307).

8.3. Additional fees
The total fees for tax consulting services provided by PwC worldwide during fiscal year 2011 amounted to TCHF 22 (previous year TCHF 167). The services rendered by PwC beyond the auditing tasks are compatible with its auditing responsibilities.

8.4. Information tools of the external auditors
The Audit Committee assists the Board of Directors in monitoring the company's accounting and financial reporting. It assesses the internal control procedures, the management of business risks, the audit plan and scope, the conduct of the audits and their results. The Audit Committee also reviews the auditor's fees. The statutory auditor is present during the examination of the consolidated annual and semi-annual financial statements. Once a year, the members of the Audit Committee receive from the statutory auditor a summary of the audit findings and suggested improvements. The Audit Committee held two half-day meetings during fiscal year 2011, in which the auditor in charge 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 2012 and 2013
June 29, 2012
Annual General Meeting
November 6, 2012
Results for the first half of fiscal year 2012
(as per September 30, 2012)
June 4, 2013
Results for fiscal year 2012
(as per March 31, 2013)
June 29, 2013
Annual General Meeting

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

COMPENSATION REPORT

GUIDELINES

Burckhardt Compression has a transparent and long-term oriented compensation system, the objective of which is to ensure that the compensation paid to company executives is market competitive and that shareholder interests are aligned with management interests. Market competitive pay is a basic prerequisite for attracting qualified business managers and ensuring that company executives remain with the company for the long run.

The explanations below follow para. 5.1 of the Corporate Governance Directive (CGD) of the SIX Swiss Exchange. 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 2011 are also disclosed in the financial report, note 26 (page 98 et seqq.) "Remuneration of the Board of Directors and Executive Board".

BOARD OF DIRECTORS

The Nomination and Compensation Committee (NCC) determines director compensation guidelines. The compensation paid to the directors and adjustments thereto are determined by the full Board of Directors pursuant to the proposals of the NCC.

Compensation paid comprises a fixed cash component, an additional cash payment for the directors serving on a formal Board committee, and a variable performance- and profit-related component distributed as shares (free shares). The variable compensation is based on a percentage of the net income after minorities generated by the Burckhardt Compression Group and converted into a specific number of shares using the closing price of BCHN shares at the end of the respective business year. If a minimum financial target with regard to return on sales is not achieved, entitlement to the variable compensation for the corresponding business year will lapse. If the financial target is at least reached and the return on sales is equal to or higher than the returns achieved by the benchmark, entitlement to the full variable compensation component will be granted; if not, the variable component will be reduced by 50%. The benchmark consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group. The free shares for the 2008, 2009 and 2010 fiscal years were distributed at the end of June 2011. The free shares for fiscal year 2011 will be distributed at the end of June 2013. All shares received will not be subject to any restrictions upon the date of transfer. The following total remuneration was paid to the members of the Board of Directors in the fiscal years 2011 and 2010:

in CHF 1'000					2011
Name	Position	Fees and remuneration	Share based payments[1]	Social benefits and other compensation	Total
Non-executive members of the Board of Directors					
Valentin Vogt	Chairman	110	14	10	134
Heinz Bachmann	Deputy Chairman	60	7	3	70
Urs Fankhauser	Member	70	7	4	81
Hans Hess	Member	60	7	0	67
Urs Leinhäuser	Member	60	7	3	70
Total		**360**	**42**	**20**	**422**

in CHF 1'000					2010
Name	Position	Fees and remuneration	Share based payments[1]	Social benefits and other compensation	Total
Non-executive members of the Board of Directors					
Hans Hess	Chairman	110	53	0	163
Heinz Bachmann	Deputy Chairman	60	26	4	90
Urs Fankhauser	Member	60	26	5	91
Urs Leinhäuser	Member	60	26	5	91
Total		**290**	**131**	**14**	**435**

[1] Variable pay to the eligible members of the Board of Directors (free shares). The personnel expense for the variable pay is accounted for on a pro rata basis over the entire award period. The accounting on a pro rata basis causes a cumulation of personal expense portions from previous periods in the course of the award period.

EXECUTIVE BOARD

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

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

The free shares for the 2008, 2009 and 2010 fiscal years were distributed at the end of 2011. The free shares for fiscal year 2011 will be eligible for distribution at the end of June 2013, provided the employment contract for the respective Executive Board members has not been terminated at this time. All shares received will not be subject to any restrictions upon the date of transfer.

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 following remuneration was paid to the members of the Executive Board in the fiscal years 2011 and 2010:

in CHF 1'000						**2011**
Name	Position	Salary fix in cash	Salary variable in cash	Share based payments [1]	Social benefits and other compensation	**Total**
Executive Board						
Marcel Pawlicek	CEO	330	129	0	107	566
Members of the Executive Board (11 persons)		1'864	402	142	492	2'900
Total		**2'194**	**531**	**142**	**599**	**3'466**

in CHF 1'000						**2010**
Name	Position	Salary fix in cash	Salary variable in cash	Share based payments [1]	Social benefits and other compensation	**Total**
Executive Board						
Valentin Vogt	CEO and Executive Member	390	122	0	116	628
Members of the Executive Board (11 persons)		1'918	421	483	499	3'321
Total		**2'308**	**543**	**483**	**615**	**3'949**

[1] Long-term incentive pay to the eligible members of the Executive Board (free shares). The personnel expense for the long-term incentive pay is accounted for on a pro rata basis over the entire award period. The accounting on a pro rata basis causes a cumulation of personal expense portions from previous periods in the course of the award period.

SHARE ALLOCATION AND DISTRIBUTION

In the fiscal year 2011 overall 1'669 shares allocated in the 2008, 2009 and 2010 fiscal years were distributed to the four eligible members of the Board of Directors and overall 6'251 such shares were distributed to the eight eligible members of the Executive Board. An additional overall 244 shares were allocated to the four eligible members of the Board of Directors for the 2011 fiscal year and overall 1'239 shares were allocated to the eight eligible members of the Executive Board.

Detailed overview of the numbers of shares allocated and distributed

Name	Position	Allocated shares 2010	Allocated shares 2009	Allocated shares 2008	Shares vested on July 1, 2011	Allocated shares 2011	**Shares blocked until June 30, 2013**
Non-executive Members of the Board of Directors							
Valentin Vogt	Chairman	–	–	–	–	122	122
Hans Hess	Member[1]	94	161	412	667	61	61
Heinz Bachmann	Deputy Chairman	47	81	206	334	61	61
Urs Fankhauser	Member	47	81	206	334	61	61
Urs Leinhäuser	Member	47	81	206	334	61	61
Total		**234**	**404**	**1'030**	**1'669**	**366**	**366**
Executive Board							
Members oft he Executive Board (8 persons)		951	1'110	4'190	6'251	1'239	1'239
Total		**1'185**	**1'514**	**5'220**	**7'920**	**1'605**	**1'605**

[1] Chairman until fiscal year 2010

TRANSACTIONS WITH THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND RELATED PARTIES

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Board or to related parties during the fiscal year 2011. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2012.

As per March 31, 2012 the members of the Executive Board, and the non-executive members of the Board of Directors (and related persons), owned the following numbers of shares of Burckhardt Compression Holding AG:

Name	Position	03/31/2012 Total shares	03/31/2011 Total shares
Non-executive members of the Board of Directors			
Valentin Vogt	Chairman	202'633	212'633
Heinz Bachmann	Deputy Chairman	1'134	600
Urs Fankhauser	Member	1'284	150
Hans Hess	Member	10'267	9'600
Urs Leinhäuser	Member	484	150
Total		**215'802**	**223'133**
Executive Board			
Marcel Pawlicek	CEO	52'045	57'545
Rolf Brändli	CFO	1'044	150
Lukas Betschon	VP Design & Manufacturing	0	0
Regula Brunner	VP Human Resources Management	1'294	660
René Guthauser	VP Quality & Infrastructure	635	310
Martin Heller	VP Sales Compressor Systems	57'500	85'460
Dr. Leonhard Keller	VP Valves	71'563	81'563
Daniel Oswald	VP Information Technology	1'600	1'100
Narsimha Rao	Managing Director BCP	333	0
Marco Scanderbeg	VP Marketing & Communications	1'700	1'305
Matthias Tanner	VP Contracting	697	220
Robert Züst	VP Components, Services & Support	1'862	885
Total		**190'273**	**229'198**
Total		**406'075**	**452'331**
In % of total shares		11.9%	13.3%

SEVERANCE PAYMENTS

No severance payments were made to former directors or members of the Executive Board in fiscal year 2011.

ADVISORY VOTE

Since 2011 Burckhardt Compression carries out advisory votes on the compensation report. Shareholders will be asked again to cast an advisory vote on this compensation report at the general meeting on June 29, 2012.

COMPARISON WITH OTHER COMPANIES

In 2010 Burckhardt Compression took part in a survey performed by the University of St. Gallen. Several remuneration systems were compared under the direction of Prof. Dr. Martin Hilb. The compensation system of Burckhardt Compression received very good marks and has been awarded as best-in-class of the participating companies, followed by Nestlé, Straumann, SIKA and Hilti. Burckhardt Compression together with Züblin Immobilien and Autoneum were given the highest rating for its compensation and participation model by zCapital, an independent asset management firm, in a corporate governance study performed in 2011. These awards confirm that Burckhardt Compression had introduced a simple, transparent, fair and integrated compensation system in 2008.

FINANCIAL REPORT

COMMENTS ON FINANCIAL REPORT

Summary

in CHF 1'000	2011	2010
Order intake	404'939	362'543
Sales	328'926	355'646
Gross profit	122'340	115'565
Operating income	64'789	61'522
Net income	50'527	45'084
Balance sheet total	530'700	502'399
Shareholders' equity	282'799	257'975
Basic earnings per share in CHF	15.22	13.56
Headcount	983	917

SALES AND GROSS PROFIT

Burckhardt Compression achieved sales of CHF 328.9 mn in fiscal year 2011, 7.5% or CHF 26.7 mn less than in the previous fiscal year. Adjusted for currency translation effects in the consolidation of Burckhardt Compression Group results into Swiss francs, sales declined by 4%. Sales at Compressor Systems (CS) were 7.5% or CHF 16.6 mn less than in the previous year, which is partially attributable to the negative effect on sales from naturally hedged projects in euro. Sales from Components, Services & Support (CSS) amounted to CHF 123 mn, which is CHF 10.1 mn less than the record high achieved in the previous fiscal year. In percentage terms, this corresponds to a decline of 7.6%. From a regional perspective, there were no major changes in the geographic sales mix. As in the previous year, the "Middle East, Asia, Australia" region was the largest with sales of CHF 196.3 mn followed by Europe and North America.

The gross profit margin amounted to 37.2% in fiscal year 2011, which is 4.7 percentage points above the year-ago margin. A gross margin of 28.7% was achieved in the compressor systems business (previous year 23.3%). This increase of 5.4 percentage points is attributable to much higher workshop capacity utilization as well as to the fact that most of the orders for compressor systems delivered during the reporting period had been received before the Swiss franc gained significantly in value against the euro and US dollar and were thus fulfilled without granting any particular price concessions. The Components, Services & Support business area achieved a gross margin of 51.3% (previous year 47.9%).

OPERATING INCOME

Operating income (EBIT) for the period under review amounted to CHF 64.8 mn, an increase of CHF 3.3 mn or 5.4% from the previous year. This resulted in an EBIT margin of 19.7% (17.3% in the previous year). Selling, marketing and general administrative expense totaled CHF 50.0 mn in fiscal year 2011, up to 2.7%. Research and development expense was increased by CHF 1.5 mn. Other operating income amounted to CHF 0.6 mn and largely consists of the operating results of Burckhardt Compression Immobilien AG, as well as realized and unrealized exchange losses and expenses from the adjustment of employee benefit plans in accordance with IAS 19.

FINANCIAL INCOME AND TAX EXPENSES

Financial expenses in fiscal year 2011 were marginally above the previous year's figure. This item primarily consists of the servicing costs for the mortgage loan on the company property in Winterthur and the financing costs incurred by our subsidiary in India.

Income tax expenses were significantly lower than expected at CHF 12.2 mn (previous year CHF 14.2 mn). Tax expenses were proportionately lower due to the reversal of tax provisions no longer deemed necessary after completion of a tax audit and receiving final assessments from the tax authorities for previous fiscal years. This resulted in a temporarily low tax rate of 19.4% (previous year 24.0%).

NET INCOME

Burckhardt Compression generated a net income of CHF 50.5 mn for fiscal year 2011, which corresponds to 15.4% of sales. In the previous year the net margin was 12.7%. The main reason for the disproportionate increase in net income compared to operating income is the reversal of tax provisions referred to in the preceding paragraph. Undiluted earnings per share for fiscal year 2011 amounted to CHF 15.22 compared to CHF 13.56 in the previous year.

BALANCE SHEET

Total assets increased by CHF 28.3 mn y-o-y, mainly because of the increase in cash and cash equivalents of CHF 41.1 mn. Inventories and work in progress were CHF 4.7 mn lower on the reporting date. There were no other notable movements in the balance sheet. Trade receivables by due date continue to show a well-balanced profile. Burckhardt Compression did not incur any significant losses on accounts receivable in fiscal year 2011. Shareholders' equity rose by 9.6% to CHF 282.8 mn in fiscal year 2011 and the equity ratio rose to 53.3% (previous year 51.3%).

CASH FLOW

Cash flow from operating activities during the year under review amounted to CHF 75.0 mn, an increase of CHF 12.9 mn over the previous year. Cash outflow from investing activities declined by CHF 3.7 mn y-o-y. Further modernization of the machine park in Winterthur and the purchase of machine tools for the Indian subsidiary accounted for most of the investments in new plant and equipment made during fiscal year 2011. Furthermore the sale of securities generated a cash inflow.

CONSOLIDATED INCOME STATEMENT

in CHF 1'000	Notes	2011	2010
Sales	3	**328'926**	**355'646**
Cost of goods sold		–206'586	–240'081
Gross Profit	4	**122'340**	**115'565**
Selling and marketing expenses		–33'665	–33'414
General and administrative expenses		–16'358	–15'283
Research and development expenses	6	–8'078	–6'633
Other operating income/expenses	7	550	1'287
Operating income		**64'789**	**61'522**
Finance costs	8	–2'356	–2'090
Other financial income/expenses	8	290	–117
Profit before income taxes		**62'723**	**59'315**
Income tax expenses	9	–12'196	–14'231
Net income		**50'527**	**45'084**
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
– Basic	17	15.22	13.56
– Diluted	17	15.22	13.56

STATEMENT OF COMPREHENSIVE INCOME

in CHF 1'000	2011	2010
Net income	**50'527**	**45'084**
Adjustments of financial instruments	–5'886	2'091
Tax effect on other results	1'338	–481
Currency translation differences	–2'425	–4'360
Total comprehensive income for the period	**43'554**	**42'334**

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

CONSOLIDATED BALANCE SHEET

in CHF 1'000	Notes	03/31/2012	03/31/2011
Non-current assets			
Intangible assets	10	27'620	30'137
Property, plant and equipment	11	126'908	123'626
Derivative financial instruments	21	100	375
Other receivables	13	850	788
Deferred tax assets	9	1'145	940
Total		**156'623**	**155'866**
Current assets			
Inventories	12	93'590	98'266
Trade and other receivables	13	94'726	95'907
Marketable securities	14	0	5'265
Derivative financial instruments	21	796	3'257
Cash and cash equivalents	15	184'965	143'838
Total		**374'077**	**346'533**
Total assets		**530'700**	**502'399**
Equity			
Share capital	17	8'500	8'500
Retained earnings and other reserves		302'205	270'087
Treasury shares		–14'130	–13'809
Financial instruments		–2'237	2'311
Currency translation differences		–11'539	–9'114
Total		**282'799**	**257'975**
Liabilities			
Non-current liabilities			
Borrowings	18	35'947	44'353
Derivative financial instruments	21	1'044	0
Deferred tax liabilities	9	11'221	11'345
Provisions	19	12'335	11'529
Total		**60'547**	**67'227**
Current liabilities			
Borrowings	18	13'616	9'806
Trade accounts payable		16'937	24'591
Current income tax liabilities		18'012	20'773
Customers' advance payments		90'563	62'010
Derivative financial instruments	21	2'475	1'177
Other current and accrued liabilities	20	35'781	51'524
Provisions	19	9'970	7'316
Total		**187'354**	**177'197**
Total		**247'901**	**244'424**
Total equity and liabilities		**530'700**	**502'399**

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						
in CHF 1'000	Notes	Share capital	Other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	Total
Balance at 04/01/2010	17	**8'500**	**184'613**	**–10'162**	**701**	**–4'754**	**55'956**	**234'854**
Total comprehensive income for the period					1'610	–4'360	45'084	42'334
Changes in treasury shares				–3'647				–3'647
Share based payments	26/27		1'084					1'084
Dividends							–16'650	–16'650
Allocation of net income			39'306				–39'306	
Balance at 03/31/2011		**8'500**	**225'003**	**–13'809**	**2'311**	**–9'114**	**45'084**	**257'975**
Balance at 04/01/2011	17	**8'500**	**225'003**	**–13'809**	**2'311**	**–9'114**	**45'084**	**257'975**
Total comprehensive income for the period					–4'548	–2'425	50'527	43'554
Changes in treasury shares			–2'183	–321				–2'504
Share based payments	26/27		393					393
Dividends							–16'619	–16'619
Allocation of net income			28'465				–28'465	
Balance at 03/31/2012		**8'500**	**251'678**	**–14'130**	**–2'237**	**–11'539**	**50'527**	**282'799**

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

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1'000	Notes	2011	2010
Cash flow from operating activities			
Net income		**50'527**	**45'084**
Income tax expenses		12'196	14'231
Other financial income/expenses		–290	117
Finance costs		2'356	2'090
Operating income		**64'789**	**61'522**
Depreciation	11	8'021	7'948
Amortization	10	2'569	1'903
Change in inventories		2'212	18'952
Change in accounts receivable		398	–27'112
Change in other net current assets		7'440	9'856
Change in provisions		1'551	292
Change in non-monetary items		2'580	4'232
Interest received		157	75
Interest paid		–2'356	–1'896
Income tax paid		–12'845	–14'187
Total		**74'516**	**61'585**
Cash flow from investing activities			
Purchase of property, plant and equipment		–13'082	–12'148
Sale of property plant and equipment		2	618
Purchase of intangible assets		–1'348	–1'365
Sale of marketable securities	14	5'335	64
Purchase of marketable securities		–136	–108
Total		**–9'229**	**–12'939**
Cash flow from financing activities			
Increase in borrowings		386	4'825
Repayment of borrowings		–3'319	–2'033
Purchase of treasury shares		–3'937	–3'739
Dividends paid	17	–16'619	–16'650
Total		**–23'489**	**–17'597**
Currency translation differences on cash and cash equivalents		–671	–975
Net change in cash and cash equivalents		**41'127**	**30'074**
Cash and cash equivalents at 04/01/2011 / 04/01/2010	15	143'838	113'764
Cash and cash equivalents at 03/31/2012 / 03/31/2011	15	184'965	143'838
Net change in cash and cash equivalents		**41'127**	**30'074**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Burckhardt Compression is one of the market leaders worldwide in the field of reciprocating compressors and the only manufacturer that offers a complete range of Laby® (labyrinth piston), Process Gas, and Hyper Compressors. The compressors are used to compress, cool or liquefy gases. Burckhardt Compression's customers include multinational companies active in the chemical, petrochemical, refinery, industrial gas and gas transport and storage industries. With 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 No. 2553602).

Burckhardt Compression Holding AG's fiscal year 2011 comprises the period from April 1, 2011 to March 31, 2012. These consolidated financial statements were authorized for issue by the Board of Directors on May 21, 2012 and will be submitted to shareholders for approval at the annual general meeting scheduled for June 29, 2012.

2. ACCOUNTING PRINCIPLES

2.1. Basis of presentation

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 2011 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, 2012. 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 the closing date of March 31, 2012, the following standards, interpretations and amendments to issued standards were applied by Burckhardt Compression for the first time:

IAS 24 (amended) "Related party disclosures" (effective for annual accounting periods beginning on or after January 1, 2011) exempts government-related entities from full related-party disclosure requirements in transactions with other government or government-related entities. The definition of related parties was also amended, which may lead to changes in the scope of application.

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

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual accounting periods beginning 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.

Management assessed the effects of these standards and interpretations and amendments in 2010 within the scope of the IASB's annual improvement project and has concluded that they are not relevant or will not have a material impact on Burckhardt Compression Group's financial statements.

The following new standards and interpretations and amendments to already issued standards will be applicable for annual reporting periods commencing on or after April 1, 2012:

IAS 1 (amended) "Presentation of items of other comprehensive income" (effective for annual periods beginning on or after July 1, 2012, retrospective application) requires that the items listed under other comprehensive income be split into two categories, according to whether or not they will be recognized in the income statement in future periods (recycling).

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

IAS 19 (amended) "Employee Benefits" (effective for annual periods beginning on or after January 1, 2013) requires recognition of the annual cost of defined benefit plans as net interest expense (income), based on the funded status and applying the discount rate used for defined benefit obligations. Furthermore, future actuarial gains and losses (renamed "remeasurements") must be recognized in other comprehensive income when they occur; the corridor method or immediate recognition in profit and loss are no longer allowed. The new presentation standards are designed to show the characteristics and risks of defined-benefit plans and the impact they have on the current financial statements as well as on future cash flows. The definition of termination benefits was also amended: Termination benefits are now recognized when an entity no longer has the ability to withdraw an offer of such benefits or when such costs in connection with restructuring are booked. The impact of these amendments to IAS 19 on the consolidated balance sheet is explained in note 5 of the consolidated financial statements.

IAS 27 (amended) "Separate Financial Statements" (effective for annual periods beginning on or after January 1, 2013) sets new guidelines in accounting for investments in subsidiaries, joint ventures and associated companies for which separate financial statements that comply with IFRS are prepared.

IAS 28 (amended) "Investments in Associates and Joint Ventures" contains standards on accounting for investments in associated companies and defines the application of the equity method in accounting for investments in associated companies and joint ventures.

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

IFRS 9 (amended) "Financial Instruments" (effective for annual periods beginning on or after January 1, 2015) divides all financial assets into two measurement categories: amortized cost and fair value. Equity instruments are to be measured at fair value. Entities have a choice of disclosing realized equity instruments in other comprehensive income. A financial asset is measured at amortized cost if the objective of an entity's business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that solely represent payments of principal and interest on the principal amount outstanding. Otherwise the financial instrument must be measured at fair value and a gain or loss recognized in profit or loss. The current guidelines of IAS 39 were followed in accounting for and presenting the financial liabilities and the de-recognition of financial instruments. This does not include financial liabilities that are designated as at fair value through profit or loss at the date of initial recognition. For these liabilities, any changes in value caused by a change in an entity's own credit risk are recognized in other comprehensive income. These changes are subsequently carried to retained earnings in shareholders' equity (no recycling).

IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after January 1, 2013) replaced the consideration requirements in IAS 27 and SIC-12. IAS 27 was renamed and now only pertains to separate financial statements. The key changes concern the definition of "control", explicit guidelines regarding de facto control, additional factors for assessing the principal-agent relationships and guidance on potential voting rights.

IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after January 1, 2013) introduces new guidance under the definition of joint control and makes a distinction between "joint operations" and "joint venture". Regardless of the legal setup, the classification is to be made based on the rights and obligations of the parties to the arrangement. The right to select the proportional consolidation method when accounting for jointly controlled entities was eliminated; now only the equity method may be used. The accounting rules for joint arrangements are comparable to the currently applicable disclosure standards for jointly controlled assets or joint operations.

IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after January 1, 2013) provides disclosure rules for companies that have adopted the new IFRS 10 and IFRS 11 standards and replaces the disclosure requirements in IAS 28 "Investments in associates." IFRS 12 requires that entities provide information on the nature, risk and financial effects of their interests in subsidiaries, associated companies, joint arrangements and unconsolidated structured entities.

IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after January 1, 2013) contains guidelines for reporting and disclosing fair value but does not establish new requirements for when fair value is required. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an "exit price"). The fair value of a liability thus includes default risk (i.e., an entity's own credit risk).

Burckhardt Compression has not opted for early adoption of these new standards, interpretations and amendments. Management will adopt them at the specified time provided they are relevant to the Burckhardt Compression Group.

2.3. Principles of consolidation

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 the section "Investments as per March 31, 2012". As per March 31, 2012, there are no minority interests.

2.4. Foreign currency translation

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

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

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

2.5. Intangible fixed 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 (three to five 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 & 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
Mechanical engineering	5 to 15 years
Equipment	5 to 10 years
Tools, patterns and IT hardware	max. 5 years

2.7. Impairment of assets

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

2.8. Inventories

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

2.9. Trade and other accounts receivables

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

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

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

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

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

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

2.11. Cash

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

- **Employee 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 recognized at fair value as of the allocation date in 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.

  Since the 2008 fiscal year Burckhardt Compression has maintained a share-based compensation plan that is settled with equity instruments. Further information is given in "Remuneration of the Board of Directors and Executive Board" and in the compensation report.

2.16. Revenue recognition

Burckhardt Compression supplies compressor systems that are built into large, complex installations and provides compressor components and spare parts as well as services that are essential for consistent compressor performance. The compressor 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 compressor systems accrue during the last four to six months prior to delivery to the customer.

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

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

The Group recognizes provisions for anticipated losses on contracts.

2.17. Research and development expenses

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

2.18. Deferred taxes

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

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

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

2.19. Leasing

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

2.20. Dividend distribution

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

2.21. Treasury shares

If a Group company acquires treasury shares, the value of the paid consideration, including directly attributable additional costs (net of taxes) is subtracted from 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

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

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

Burckhardt Compression follows the principle of security before return in the investment of financial resources. The liquidity is invested mainly in the money market (time deposits with first class financial institutions).

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.

in CHF 1'000	03/31/2012	03/31/2011
Cash and cash equivalents	184'965	143'838
Marketable securities	0	5'265
Free credit facilities	30'000	20'000
Total	**214'965**	**169'103**

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

Financial liabilities as per 03/31/2012	**Total balance sheet**			**Maturity**		
in CHF 1'000		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total cash flow**
Current and non-current financial borrowings	49'563	13'616	2'623	12'682	20'642	49'563
Liabilities from supply and services	16'937	16'937				16'937
Other current liabilities	3'171	3'171				3'171
Total	**69'671**	**33'724**	**2'623**	**12'682**	**20'642**	**69'671**

Financial liabilities as per 03/31/2011	**Total balance sheet**			**Maturity**		
in CHF 1'000		less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total cash flow**
Current and non-current financial borrowings	54'159	9'806	8'803	20'665	14'885	54'159
Liabilities from supply and services	24'591	24'591				24'591
Other liabilities	2'695	2'695				2'695
Total	**81'445**	**37'092**	**8'803**	**20'665**	**14'885**	**81'445**

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, 2012			Cash flow		
in CHF 1'000	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cash flow Hedge outflow	68'510	32'363	458	0	**101'331**
Cash flow Hedge inflow	66'859	31'341	456	0	**98'656**

Forward foreign exchange contracts as per March 31, 2011			Cash flow		
in CHF 1'000	less than 1 year	in 2nd year	in 3rd to 5th year	more than 5 years	**Total**
Cash flow Hedge outflow	51'596	7'758	949	0	**60'303**
Cash flow Hedge inflow	54'207	8'047	963	0	**63'217**

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

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

03/31/2012

Exchange rate	EUR/CHF	INR/CHF	USD/CHF
Change of exchange rate (hypothetical)[1]	20%	20%	20%
in CHF 1'000			
Effect on result			
– with increase of exchange rate against CHF	–2'678	71	1'060
– with decrease of exchange rate against CHF	2'678	–71	–1'060
Effect on equity[2]			
– with increase of exchange rate against CHF	0	0	12'055
– with decrease of exchange rate against CHF	0	0	–12'055

03/31/2011

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

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

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

– **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 risk** Credit risk in respect of trade receivables is limited due to the diverse nature and quality of the customer base. Such risk is minimized by means of regular credit checks, advance payments, letters of credit and other tools. There is no concentration of customer-related risks within Burckhardt Compression Group as the most important customers in the project business, which accounts for a large share of Burckhardt Compression's overall business, vary from one year to the next. In past years Burckhardt Compression experienced no major impairments of receivables due to customer risks.

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

– **Interest rate risks** Burckhardt Compression had mortgage loans of CHF 40.2 mn as per March 31, 2012. The mortgage loans have fixed terms of 1 to 7 years and fixed interest rates. The funds borrowed from local banks by the Indian subsidiary amounted to CHF 8.9 mn as of March 31, 2012. These bank loans have variable interest rates and averaged 13.4% during the period under review (previous year 11.5%). 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** The capital managed by Burckhardt Compression is its consolidated equity. 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:

	03/31/2012	03/31/2011
Equity base	53.3%	51.3%
Net financial position (TCHF)	135'405	95'003

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

in CHF 1'000	Fair value category	Notes	03/31/12	03/31/2011
Cash and cash equivalents	n.a.	15	**184'965**	**143'838**
Financial assets at market value through profit and loss	1	14	**0**	**4'289**
Financial assets and receivables at amortized cost				
Financial assets	1	14	0	976
Trade receivables	n.a.	13	83'925	84'855
Other receivables	n.a.	13	12'049	11'066
Total			**95'974**	**96'897**
Derivative financial instruments from hedge accounting (assets)	2	21	**896**	**3'632**
Liabilities at amortized cost				
Trade accounts payables	n.a.		16'937	24'591
Other current liabilities	n.a.	20	3'171	2'695
Current financial liabilities	n.a.	18	13'616	9'806
Non-current financial liabilities	n.a.	18	35'947	44'353
Total			**69'671**	**81'445**
Derivative financial instruments from hedge accounting (liabilities)	2	21	**3'519**	**1'177**

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 2011 and 2010, Burckhardt Compression had no financial assets in the fair value category 3.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

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

5. EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 Significant changes in the scope of consolidation

There were no changes in the scope of consolidation during the period under review or in fiscal year 2010.

02 Currency exchange rates

	Average rates		Year-end rates	
	2011	2010	**03/31/2012**	03/31/2011
1 EUR	1.21	1.34	1.20	1.30
1 GBP	1.41	1.57	1.44	1.48
1 USD	0.88	1.01	0.90	0.92
1 CAD	0.89	1.00	0.91	0.94
1 AED	0.24	0.28	0.25	0.25
100 BRL	52.00	58.69	49.55	56.27
100 JPY	1.12	1.18	1.10	1.11
100 CNY	13.80	15.10	14.34	13.98
100 INR	1.84	2.22	1.77	2.06
100 KRW	0.08	0.09	0.08	0.08

03 Segment reporting

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

Geographic information

Sales by country of installation in CHF 1'000	2011	2010
Europe:		
– EU	57'268	67'525
– Switzerland	3'369	2'609
– Other European countries	35'960	19'559
Total Europe	**96'597**	**89'693**
North America	24'234	17'479
South America	9'863	45'940
Asia, Australia, Middle East	196'305	201'216
Africa	1'927	1'318
Total	**328'926**	**355'646**

Sales by customer location in CHF 1'000	2011	2010
Europe:		
– EU	113'189	108'977
– Switzerland	11'421	3'615
– Other European countries	22'229	14'354
Total Europe	**146'839**	**126'946**
North America	20'144	17'621
South America	8'471	10'434
Asia, Australia, Middle East	151'577	199'359
Africa	1'895	1'286
Total	**328'926**	**355'646**

Carrying amount of assets by location of assets in CHF 1'000	03/31/2012	03/31/2011
Europe:		
– EU	34'097	32'145
– Switzerland	434'440	406'156
– Other European countries	0	0
Total Europe	**468'537**	**438'301**
North America	12'927	11'910
South America	4'059	5'200
Asia, Australia, Middle East	45'177	46'988
Total	**530'700**	**502'399**

Capital expenditure in CHF 1'000	2011	2010
Europe:		
– EU	1'459	783
– Switzerland	9'271	7'380
– Other European countries	0	0
Total Europe	**10'730**	**8'163**
North America	168	79
South America	41	299
Asia, Australia, Middle East	2'751	3'737
Total	**13'690**	**12'278**

04 Additional information regarding the income statement

Sales and gross profit in CHF 1'000		**2011**	**2010** (regrouped)
Compressor Systems[1]	Sales	205'965	222'542
	Gross profit	59'202	51'870
Components, Services & Support[1]	Sales	122'961	133'104
	Gross profit	63'138	63'695
Total	**Sales**	**328'926**	**355'646**
	Gross profit	**122'340**	**115'565**

Expenses by nature in CHF 1'000		**2011**	**2010**
Raw materials and consumables		**–161'273**	**–141'072**
Personnel expenses	Salaries and wages	–70'846	–66'032
	Defined benefit plans	–2'960	–5'226
		–3'905	–2'871
	Other social benefits	–4'006	–4'057
	Other personnel costs	–6'572	–4'047
Total personnel expenses		**–88'289**	**–82'233**
Depreciation		–8'021	–7'948
Amortization		–2'569	–1'903

[1] Sales revenues are now grouped in two (previously three) business areas: Compressor Systems (CS) and Components, Services & Support (CSS).

The amounts shown under expenses by nature are related to the costs of goods **manufactured** (not cost of goods sold) during the respective fiscal year. The increase in salaries and wages is attributable to the increase in the headcount to 983 as per March 31, 2012 compared to 917 as per March 31, 2011.

05 Employee benefit plans

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

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

in CHF 1'000	Funded Plans	Unfunded Plans	**2011**	**2010**
Reconciliation of the amount recognized in the balance sheet				
Fair value of plan assets	100'359	0	100'359	91'767
Present value of defined benefit Obligations	–112'055	–2'026	–114'081	–95'535
Overfund (+)/underfund (–)	**–11'696**	**–2'026**	**–13'722**	**–3'768**
Unrecognized actuarial gains (–)/losses (+)	13'790	190	13'980	2'065
Amounts not recognized because of limitation	0	0	0	0
Asset (+)/Liability (–) recognized in balance sheet	**2'094**	**–1'836**	**258**	**–1'703**
thereof as current assets	2'094	0	2'094	346
thereof as non-current provision	0	–1'836	–1'836	–2'049
Pension expenses recognized in profit or loss				
Current service costs (employer)			4'958	5'672
Interest costs			2'813	3'072
Expected return on plan assets			–3'808	–3'526
Actuarial gain (+)/loss (–) recognized in current year			6	8
Past service cost[1]			–1'009	0
Effect of overfund not recognized			0	0
Expenses recognized in profit or loss			**2'960**	**5'226**
Reconciliation of defined benefit obligation				
Defined benefit obligation as per 04/01/2011 / 04/01/2010			95'535	94'944
Interest cost			2'813	3'072
Current service cost (employer)			4'958	5'672
Contributions by plan participants			2'881	3'001
Past service cost			–1'009	0
Benefits paid/deposited			–761	–3'186
Changes in the consolidation scope			0	0
Actuarial gain (–)/loss (+) on obligation			9'833	–7'743
Currency translation differences			–169	–225
Defined benefit obligation as per 03/31/2012 / 03/31/2011			**114'081**	**95'535**
Reconciliation of the fair value of plan assets				
Fair value of plan assets as per 04/01/2011 / 04/01/2010			91'767	85'933
Expected return on plan assets			3'808	3'526
Contributions by the employer/benefits paid directly by employer			4'764	4'595
Contributions by plan participants			2'881	3'001
Benefits paid/deposited			–761	–3'186
Changes in the consolidation scope			0	0
Actuarial gain (+)/loss (–) on plan assets			–2'100	–2'102
Fair value of plan assets as per 03/31/2012 / 03/31/2011			**100'359**	**91'767**
thereof equity instruments Burckhardt Compression Ltd.			114	126
thereof equity instruments – third party			22'382	20'415
thereof debt instruments – third party			45'140	38'864
thereof properties occupied by or used by third party			22'283	19'464
thereof others			10'440	12'898
Actual return on plan assets			**1'708**	**1'424**

[1] Effect of the reduction in the stipulated conversion rate for Swiss pension plan providers.

in CHF 1'000	2011	2010
Movement in the net amount recognized in the balance sheet		
Opening net liability (–) / asset (+)	–1'703	–1'280
Expense recognized in profit or loss	–2'960	–5'226
Contributions by the employer/benefits paid directly by employer	4'764	4'595
Changes in the consolidation scope	0	0
Currency translation differences	157	208
Closing net liability (–) / asset (+)	**258**	**–1'703**
Best estimate of contributions for upcoming fiscal year		
Contributions by the employer (only Swiss plans)	4'834	4'523
Contributions by plan participants	3'175	2'945

Information over several years	2011	2010	2009	2008	2007
Fair value of plan assets	100'359	91'767	85'933	84'687	94'076
Present value of funded defined benefit obligation	–114'081	–95'535	–94'944	–103'541	–104'425
Overfund (+) / underfund (–)	**–13'722**	**–3'768**	**–9'011**	**–18'854**	**–10'349**
Present value of unfunded defined benefit obligation	–2'026	–2'216	–2'482	–2'490	–2'433
Experience adjustments on defined benefit obligation	–831	–4'067	–7'446	–1'540	63
Experience adjustments on plan assets	–2'100	–2'102	2'323	–15'579	–8'774

Principal actuarial assumptions	03/31/2012	03/31/2011
Discount rate	2.30%	2.80%
Expected rate of return on plan assets	3.50%	4.00%
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Workforce fluctuation rate	7.70%	7.39%
Expected average remaining working lives in years	9.6	9.8
Life expectance at retirement age (male/female) in years	20/23	18/22

The expected return on plan assets is determined by considering the attainable returns available on the assets underlying the current investment policy. The expected long-term return for investment categories is as follows: 2.0% for bonds, 5.8% for equities, 3.6% for properties and 3.0% for other investment categories.

As stated in the accounting principles, Burckhardt Compression will adopt the amendments to IAS 19 in 2012 or 2013. Due to the amendments to IAS 19, the consolidated equity disclosed by Burckhardt Compression will show greater fluctuations in future periods. The disclosable assets in accordance with IAS 19 as per April 1, 2012 would amount to TCHF 179 (TCHF 115 as per April 1, 2011) and the disclosable liabilities as per April 1, 2012 would amount to TCHF –13'900 (TCHF –3'883 as per April 1, 2011). Adoption of the amended IAS 19 would decrease consolidated shareholders' equity as per March 31, 2012 by TCHF 13'980 (before taxes).

06 Research and development expenses

Research and development activities in the fiscal year 2011 centered on enhancing certain types of compressors, developing mechatronic products, product standardization and the standardization of operational procedures as well as research in the field of tribology. No research and development expenses were capitalized in the fiscal years 2011 and 2010.

07 Other operating income and expenses

in CHF 1'000	2011	2010
Currency exchange losses (–) / gains (+)	–3'882	–347
Other operating expenses (–) / income (+)	4'432	1'634
Total	**550**	**1'287**

The currency exchange losses in fiscal year 2011 were largely attributable to negative exchange rate differences on accounts receivables, advance supplier payments in EUR and cash holdings of EUR and USD at the Swiss entity. Positive effects on the position "Currency exchange losses/gains" were largely attributable to exchange rate differences associated with advance customer payments in EUR.

The largest single item under Other operating income was the operating income generated by Burckhardt Compression Immobilien AG, which contributed CHF 3.4 mn to group operating income in fiscal year 2011 (previous year: CHF 3.1 mn). Other operating income also included a positive effect from the adjustment to the Swiss pension scheme in accordance with IAS 19.

08 Financial result

Financial expenses Financial expenses mainly arose from the local bank funding secured by the Indian subsidiary and the mortgage loan for the commercial real estate in Winterthur. The slight increase in financial expenses in fiscal year 2011 is attributable to the increase in the interest rates charged to the Indian subsidiary on its local borrowing.

Miscellaneous financial income:

in CHF 1'000	2011	2010
Interest income	242	255
Other financial income (+) and expenses (–)	48	–372
Total	**290**	**–117**

Interest income was at practically the same low level as in the previous year due to the persisting low level of interest rates. Other financial income increased from the previous year due to the positive contribution from the fair value measurement of financial assets.

09 Taxes

Income taxes

in CHF 1'000	2011	2010
Current income taxes	–11'187	–14'293
Deferred taxes	–1'009	62
Total	**–12'196**	**–14'231**

Reconciliation of income tax expense

in CHF 1'000	2011	2010
Profit before income taxes	62'723	59'315
Income tax expenses at the local tax rates in the respective countries	–14'027	–14'255
Adjustment previous year	1'789	0
Non-deductible expenses	42	24
Total income tax expenses	**–12'196**	**–14'231**
as % of profit before income taxes	19.4%	24.0%

The expected tax rate of Burckhardt Compression Group corresponds to the weighted average tax rate based on the income (loss) before taxes and the tax rate of each Group company. The change of the expected income tax rate is the result of the changes in the earnings of the various subsidiaries at their respective local tax rates. The reversal of tax provisions at the Swiss entity that were no longer deemed necessary resulted in a temporarily much lower tax rate of 19.4% for the period under review (previous year 24.0%).

Deferred taxes

in CHF 1'000	03/31/2012	03/31/2011
Deferred tax assets:		
– which can be used within 12 months	–121	–424
– which can be used after 12 months	–1'024	–516
Subtotal	–1'145	–940
Deferred tax liabilities:		
– which can be used within 12 months	3'329	4'383
– which can be used after 12 months	7'892	6'962
Subtotal	11'221	11'345
Total	**10'076**	**10'405**
	2011	**2010**
Total changes in deferred taxes:		
Balance as per 04/01/2011 / 04/01/2010	10'405	9'986
Charged to the income statement	1'009	–62
Taxes charged to equity for hedging reserves	–1'338	481
Balance as per 03/31/2012 / 03/31/2011	**10'076**	**10'405**

Breakdown of deferred taxes in the balance sheet

	03/31/2012		03/31/2011	
in CHF 1'000	Assets	Liabilities	Assets	Liabilities
Intangible assets		1'325		1'651
Property, plant and equipment		5'645	2	5'056
Inventories	57	1'529	44	1'468
Derivative financial instruments (assets)				631
Trade and other receivables	224	2'811	184	2'498
Non-current borrowings				30
Derivative financial instruments (liabilities)	230			
Non-current provisions	516	864	533	585
Trade accounts payable	258	12	274	406
Other current and accrued liabilities	157		377	
Tax loss carry forward	668		506	
Total deferred taxes (gross)	**2'110**	**12'186**	**1'920**	**12'325**
Offset	–965	–965	–980	–980
Total deferred taxes (net)	**1'145**	**11'221**	**940**	**11'345**

[1] Restatement (IFRIC 14)

Temporary differences related to investments in subsidiaries, for which no deferred tax liabilities were recognized, amounted to CHF 76.9 mn (previous year CHF 65.8 mn).

Tax loss carry forwards

in CHF 1'000	03/31/2012	03/31/2011
Expiring in the next 3 years	**984**	**762**
Expiring in 4 to 7 years	2'561	1'366
Total tax loss carry forwards	**3'545**	**2'128**
Potential tax assets calculated	1'038	506
Valuation allowance	–370	0
Deferred tax assets	**668**	**506**

10 Intangible assets
Acquisition costs

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2011 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2010 Total
Balance as per 04/01/2011 / 04/01/2010	22'389	7'136	7'912	37'437	24'082	6'033	8'440	38'555
Additions		1'123		1'123		1'235		1'235
Disposals						–54		–54
Reclassifications		225		225		130		130
Currency translation differences	–1'086	–187	–290	–1'563	–1'693	–208	–528	–2'429
Balance as per 03/31/2012 / 03/31/2011	**21'303**	**8'297**	**7'622**	**37'222**	**22'389**	**7'136**	**7'912**	**37'437**

Accumulated amortization

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2011 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2010 Total
Balance as per 04/01/2011 / 04/01/2010		–3'938	–3'362	–7'300		–3'007	–2'768	–5'775
Additions		–1'333	–1'236	–2'569		–1'106	–797	–1'903
Disposals						54		54
Reclassifications								
Currency translation differences		121	146	267		121	203	324
Balance as per 03/31/2012 / 03/31/2011	**0**	**–5'150**	**–4'452**	**–9'602**	**0**	**–3'938**	**–3'362**	**–7'300**

Net book value

As per 04/01/2011 / 04/01/2010	22'389	3'198	4'550	30'137	24'082	3'026	5'672	32'780
As per 03/31/2012 / 03/31/2011	**21'303**	**3'147**	**3'170**	**27'620**	**22'389**	**3'198**	**4'550**	**30'137**

Impairment tests for goodwill Goodwill is allocated to the identifiable cash-generating units of the Burckhardt Compression Group (crosshead piston compressors and standard high-pressure compressors). The recoverable amount of a cash-generating unit is determined by calculating its value in use. These calculations are based on cash flows projections, which, in turn, are based on the mid-term plans approved by management. For this purpose five planning years are taken into consideration, applying the parameters listed below as well as a terminal value with no growth at all. Management estimated the planned gross profit margin based on past developments and the expectations regarding future market developments. Historical data were used to make cautious assumptions. The assumptions listed below were used in the analysis of each cash-generating unit. No impairment losses were recognized for fiscal years 2011 and 2010.

in CHF 1'000	**Crosshead piston compressors**	**Standard high-pressure compressors**	**Total**
Goodwill as per 03/31/2012	17'178	4'125	21'303
Goodwill as per 03/31/2011	17'588	4'801	22'389
The test is based on the following assumptions:			
– Growth rate for sales	6.6%	4.8%	
– Gross margin as % of sales	32.7%	19.7%	
– Pre-tax discount rate	8.0%	8.0%	

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 applied in the previous fiscal year for discounting projected cash flows was 8.5%.

11 Property, plant and equipment

in CHF 1'000	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2011 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2010 Total
Acquisition costs										
Balance as per 04/01/2011 / 04/01/2010	84'227	63'951	19'360	5'465	173'003	83'124	63'332	17'659	2'299	166'414
Additions	1'610	4'969	1'318	5'793	13'690	394	3'571	2'218	6'095	12'278
Disposals	–149	–2'180	–3'937	–813	–7'079		–3'336	–65	–102	–3'503
Reclassifications	919	3'252	362	–4'758	–225	1'209	1'149	301	–2'789	–130
Currency translation differences	–452	–688	–553	–31	–1'724	–500	–765	–753	–38	–2'056
Balance as per 03/31/2012 / 03/31/2011	**86'155**	**69'304**	**16'550**	**5'656**	**177'665**	**84'227**	**63'951**	**19'360**	**5'465**	**173'003**
Accumulated depreciation										
Balance as per 04/01/2011 / 04/01/2010	–4'317	–31'981	–13'079		–49'377	–2'699	–30'129	–11'819		–44'647
Additions	–1'744	–4'711	–1'566		–8'021	–1'681	–4'653	–1'614		–7'948
Disposals	145	2'165	3'894		6'204		2'580	55		2'635
Reclassifications										
Currency translation differences	65	174	198		437	63	221	299		583
Balance as per 03/31/2012 / 03/31/2011	**–5'851**	**–34'353**	**–10'553**	**0**	**–50'757**	**–4'317**	**–31'981**	**–13'079**	**0**	**–49'377**
Net book value										
As per 04/01/2011 / 04/01/2010	79'910	31'970	6'281	5'465	123'626	80'425	33'203	5'840	2'299	121'767
As per 03/31/2012 / 03/31/2011	**80'304**	**34'951**	**5'997**	**5'656**	**126'908**	**79'910**	**31'970**	**6'281**	**5'465**	**123'626**
Fire insurance values	**151'900**	**82'715**	**16'900**	**6'880**	**258'365**	**149'700**	**79'875**	**18'700**	**5'400**	**253'675**

The additions recorded in the "Land and buildings" category during the period under review reflect the purchase and expansion of commercial property in India. The additions recorded in fiscal year 2011 under the "Machinery & equipment" and the "Assets under construction" categories can primarily be traced to investments made to modernize the stock of machinery at the main manufacturing center in Winterthur as well as at the Indian group company. The "Other assets" category includes IT hardware, patterns, tools, fixtures, instruments, vehicles and other operating equipment. In the fiscal years 2011 and 2010 no leased assets were capitalized.

12 Inventories

in CHF 1'000	03/31/2012	03/31/2011
Acquisition costs		
Raw materials, supplies and consumables	13'980	15'790
Work in progress	50'082	43'727
Finished products and trade merchandise	23'008	21'204
Advance payments to suppliers	13'764	24'072
Valuation allowances	–7'244	–6'527
Total	**93'590**	**98'266**

in CHF 1'000	2011	2010
Valuation allowances		
Balance as per 04/01/2011 / 04/01/2010	–6'527	–5'180
Utilized due to disposals	16	124
Additions	–792	–1'539
Currency translation differences	59	68
Balance as per 03/31/2012 / 03/31/2011	**–7'244**	**–6'527**

Due to the higher order intake for compressor systems, work in progress at the end of fiscal year 2011 was CHF 6.3 mn higher than in the previous year. Work in progress reported for the 2011 and 2010 fiscal years was financed by customers' advance payments in the amount of TCHF 90'563 and TCHF 62'010, respectively.

13 Trade and other receivables

in CHF 1'000	03/31/2012	03/31/2011
Trade receivables	83'925	84'855
Allowance for bad debts	–1'874	–920
Other receivables	11'199	10'278
Prepaid expenses	1'476	1'694
Total current receivables	**94'726**	**95'907**
Other receivables	850	788
Total non-current receivables	**850**	**788**
Total	**95'576**	**96'695**

in CHF 1'000	2011	2010
Allowance for bad debts		
Balance as per 04/01/2011 / 04/01/2010	–920	–508
Additions	–1'100	–830
Disposals	16	275
Utilization		64
Currency translation differences	130	79
Balance as per 03/31/2012 / 03/31/2011	**–1'874**	**–920**

The allowance for bad debts at the end of the 2011 and 2010 fiscal years was entirely related to accounts receivable which were more than 90 days overdue as per the closing date.

in CHF 1'000	03/31/2012		03/31/2011	
Age profile of trade receivables				
Not due	51'260	61.1%	55'860	65.8%
Overdue 1–30 days	9'927	11.8%	11'901	14.0%
Overdue 31–60 day	6'954	8.3%	5'672	6.7%
Overdue 61–90 days	1'971	2.3%	3'931	4.6%
Overdue more than 90 days	13'813	16.5%	7'491	8.8%
Balance as per 03/31/2012 / 03/31/2011	**83'925**	**100.0%**	**84'855**	**100.0%**

in CHF 1'000	03/31/2012	03/31/2011
Trade receivables broken down into currencies		
CHF	25'876	17'763
EUR	17'732	40'856
USD	16'573	14'884
GBP	1'557	722
JPY	319	599
INR	7'069	4'663
BRL	705	2'412
CAD	322	324
CNY	2'825	1'547
Other	9'073	165
Total (after allowance for bad debts)	**82'051**	**83'935**

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 11% 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

There were no holdings of marketable securities as of the balance sheet date. The shares of a money-market-like fund were sold and the management mandate was terminated; the resulting proceeds were transferred to cash and cash equivalents.

15 Cash and cash equivalents

Cash was primarily held in current accounts and, to a limited extent, invested in short-term money market instruments. The term of investment for the short-term investments on the balance sheet date of the year under review was less than 90 days. Most of the cash and cash equivalents was held in Swiss francs to reduce currency exchange risk.

in CHF 1'000	03/31/2012	03/31/2011
Cash	840	338
Bank deposits	178'903	142'367
Short-term deposits	5'222	1'133
Total cash and cash equivalents	**184'965**	**143'838**

16 Pledged assets

Burckhardt Compression Immobilien AG granted a Swiss bank a senior mortgage lien on the commercial property in Oberwinterthur, which was valued at CHF 74.7 mn in the balance sheet at the end of the reporting period.

The Burckhardt Compression company in India has pledged property, inventories and receivables in the amount of TCHF 10'203 as collateral for the credit lines and guarantee facilities provided by local banks and PROGNOST Systems GmbH, Germany, has pledged TCHF 600 of current financial assets as collateral for guarantees provided by a local bank. No other assets were pledged as collateral in the fiscal year 2011. In the previous fiscal year the pledged assets in India amounted to TCHF 24'791 and the amount pledged by the real estate company was CHF 75.5 mn.

17 Share capital

	03/31/2012	03/31/2011
Number of shares issued	3'400'000	3'400'000

The nominal value per share amounts to CHF 2.50. All shares are registered shares and are paid in full. The breakdown of equity into its individual components is shown in the statement of changes in equity. The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 2, 2013 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

Treasury shares

	03/31/2012	03/31/2011
Treasury shares	76'255	81'438

In December 2008, the Board of Directors of Burckhardt Compression Holding AG decided to repurchase up to 170'000 BCHN shares or up to 5% of all outstanding shares of the company over a 12-month period and to hold these shares as an acquisition currency. A second line of trading was not opened for the share buyback program. Shares were repurchased at market prices. In December 2009 the share buyback program was extended for one year to December 16, 2010 and is has since expired. Burckhardt Compression Holding AG repurchased 75'317 shares under this share buyback program. The remaining 938 treasury shares were purchased for a long-term incentive pay plan.

Earnings per share

in CHF 1'000	2011	2010
Net income attributable to shareholders of Burckhardt Compression Holding AG (in TCHF)	50'527	45'084
Average number of outstanding shares	3'319'617	3'325'915
Average number of outstanding shares for the calculation of earnings per share	3'319'617	3'325'915
Earnings per share (in CHF)	15.22	13.56
Diluted earnings per share (in CHF)	15.22	13.56
Dividend per share (in CHF)[1]	7.00	5.00

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 7.00 per share, to be paid in July 2012.

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

18 Borrowings

in CHF 1'000	Current	Non-current	Total 03/31/2012	Total 03/31/2011
Bank Loans and leasing commitments	13'616	35'944	49'560	54'100
Others	0	3	3	59
Total	**13'616**	**35'947**	**49'563**	**54'159**
Thereof due in less than 1 year	13'616	0	13'616	9'806
Thereof due in 1 to 5 years	0	35'947	35'947	44'353

Burckhardt Compression AG has bank and guarantee facilities totaling TCHF 160'000, thereof TCHF 20'000 in credit limits as per March 31, 2012 (previous year total bank and guarantee facilities amounted to TCHF 160'000). The bank loans as per March 31, 2012 included mortgage loans of CHF 40.2 mn, of which CHF 7 mn due in less than 12 months. The rest is primarily in Indian rupees. The average effective interest rate amounted to 4.6% in fiscal year 2011 and 3.7% in the previous fiscal year.

19 Provisions

in CHF 1'000	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2011 Total	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2010 Total
Balance as per 04/01/2011 / 04/01/2010	5'186	1'717	10'296	1'646	18'845	4'599	1'514	12'065	1'914	20'092
Changes in the consolidation scope										
Additions	1'336	1'048	10'523	617	13'524	1'012	1'500	5'503	1'134	9'149
Released as no longer required	–30	–228	–2'259	–671	–3'188	–67	–622	–4'136	–114	–4'939
Released for utilization	–957	–1'190	–3'496	–508	–6'151	–39	–534	–2'966	–1'128	–4'667
Currency translation differences	–271	–131	–211	–112	–725	–319	–141	–170	–160	–790
Total as per 03/31/2012 / 03/31/2011	**5'264**	**1'216**	**14'853**	**972**	**22'305**	**5'186**	**1'717**	**10'296**	**1'646**	**18'845**
Thereof current	993	1'043	7'076	858	9'970	675	1'365	3'984	1'292	7'316
Thereof non-current	4'271	173	7'777	114	12'335	4'511	352	6'312	354	11'529

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

20 Other current and accrued liabilities

in CHF 1'000	03/31/2012	03/31/2011
Other current liabilities		
Social security institutions	365	783
Tax liabilities (excl. Income taxes)	1'313	724
Miscellaneous	1'493	1'188
Total	**3'171**	**2'695**
Accrued liabilities		
Interest	0	22
Vacation and overtime	2'134	1'401
Salaries, wages and bonus payments	4'275	4'152
Contract related liabilities	24'158	42'063
Miscellaneous	2'043	1'191
Total	**32'610**	**48'829**
Total other current and accrued liabilities	**35'781**	**51'524**

The accrued contract-related liabilities decreased by CHF 17.9 mn compared to the previous year, mainly as a result of the decline in pending invoices from suppliers on invoiced new machine projects.

21 Derivative financial instruments

	03/31/2012		03/31/2011	
in CHF 1'000	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Foreign exchange futures (Cash flow Hedges)	**896**	**3'519**	**3'632**	**1'177**
Thereof current	796	2'475	3'257	1'177
Thereof non-current	100	1'044	375	0

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, 2012 the contract value of the open derivative financial instruments amounted to TCHF 102'673; as per March 31, 2011 it totaled TCHF 64'717. The increase in the fiscal year 2011 resulted from the slightly higher volume of business transactions to be hedged as of the closing date.

In the fiscal years 2011 and 2010 no ineffective portions of cash flow hedges were recognized in the income statement.

22 Outstanding guarantees

in CHF 1'000	Limited maturity	Unlimited maturity	Total 03/31/2012	Total 03/31/2011
Total pending guarantees	179'510	19'538	199'048	148'960
Thereof from Swiss banks	131'793	1'718	133'511	100'357
Thereof from foreign banks	4'553	0	4'553	4'553
Thereof from Burckhardt Compression Holding AG	43'164	17'820	60'984	44'050

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. Outstanding bank guarantees as of March 31, 2012 increased from the previous year mainly due to the increase in advance customer payments on the increased order inflow. The Holding's guarantees with a specific term serve as collateral for the mortgages on the commercial property in Winterthur and as advance payment guarantees and performance guarantees on behalf of a limited number of select customers. The guarantees with an unlimited term issued by Burckhardt Compression Holding AG serve to secure the credit lines extended by foreign banks.

23 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2012 and as per March 31, 2011.

24 Other financial commitments

Liabilities from operating leases

in CHF 1'000	Buildings	Cars	Other	Total 03/31/2012	Total 03/31/2011
Total commitments	2'092	756	339	3'187	4'325
Thereof due in less than 1 year	502	210	319	1'031	1'809
Thereof due in 1 to 5 years	1'504	546	20	2'070	2'335
Thereof due in more than 5 years	86			86	181

The consolidated income statement includes leasing expenses for buildings of TCHF 2'649 for the fiscal year 2011. These expenses amounted to TCHF 2'818 in the previous year. The slight decline is attributable to currency translation effects.

Other financial obligations The most significant capital expenditure projects approved during the fiscal year 2011 and for which there are purchase commitments as per March 31, 2012 comprise for Burckhardt Compression AG one machining center for TCHF 920, a building conversion project for assembly operations in the amount of TCHF 660, a lapping machine for TCHF 380 and a brushing machine for TCHF 260. Purchase commitments at PROGNOST Systems GmbH, Germany, as per March 31, 2012 amounted to TCHF 3'750 for the construction of a new production and office building.

25 Business combinations

Burckhardt Compression did not acquire any companies in the 2011 and 2010 reporting periods.

26 Remuneration of the Board of Directors and the Executive Board

The principles and basic elements of the compensation policy for members of the Board of Directors and Executive Board are explained in the compensation report on pages 62 to 65.

The following remuneration was paid to the members of the Board of Directors and the Executive Board for the 2011 and 2010 fiscal years:

in CHF 1'000							**2011**
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							
Valentin Vogt	Chairman	110			14	10	134
Heinz Bachmann	Deputy Chairman	60			7	3	70
Urs Fankhauser	Member	70			7	4	81
Hans Hess	Member	60			7	0	67
Urs Leinhäuser	Member	60			7	3	70
Total		**360**			**42**	**20**	**422**
Executive Board							
Marcel Pawlicek	CEO		330	129	0	107	566
Members of the Executive Board (11 persons)			1'864	402	142	492	2'900
Total			**2'194**	**531**	**142**	**599**	**3'466**

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

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

Allocated and distributed free shares The following free shares were allocated or distributed 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 during the fiscal year 2011:

Name	Position	Allocated shares 2010	Allocated shares 2009	Allocated shares 2008	Total shares distributed on July 01, 2011	Allocated shares 2011	Shares locked until June 30, 2013
Non-executive members of the Board of Directors							
Valentin Vogt	Chairman	–	–	–	–	122	122
Hans Hess	Member[1]	94	161	412	667	61	61
Heinz Bachmann	Deputy Chairman	47	81	206	334	61	61
Urs Fankhauser	Member	47	81	206	334	61	61
Urs Leinhäuser	Member	47	81	206	334	61	61
Total		**235**	**404**	**1'030**	**1'669**	**366**	**366**
Executive Board							
Members of the Executive Board (8 persons)		951	1'110	4'190	6'251	1'239	1'239
Total		**1'186**	**1'514**	**5'220**	**7'920**	**1'605**	**1'605**

[1] Chairman until fiscal year 2010

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

No other payments or fees for additional services were paid to the members of the Board of Directors or the Executive Board or to related parties during the fiscal year 2011. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2012.

As per March 31, 2012 the members of the Executive Board, and the non-executive members of the Board of Directors (and related persons), owned the following numbers of shares of Burckhardt Compression Holding AG:

		03/31/2012	03/31/2011
Name	Position	Total shares	Total shares
Non-executive members of the Board of Directors			
Valentin Vogt	Chairman	202'633	212'633
Heinz Bachmann	Deputy Chairman	1'134	600
Urs Fankhauser	Member	1'284	150
Hans Hess	Member	10'267	9'600
Urs Leinhäuser	Member	484	150
Total		**215'802**	**223'133**
Executive Board			
Marcel Pawlicek	CEO	52'045	57'545
Rolf Brändli	CFO	1'044	150
Lukas Betschon	VP Design & Manufacturing	0	0
Regula Brunner	VP Human Resources Management	1'294	660
René Guthauser	VP Quality & Infrastructure	635	310
Martin Heller	VP Sales Compressor Systems	57'500	85'460
Dr. Leonhard Keller	VP Valves	71'563	81'563
Daniel Oswald	VP Information Technology	1'600	1'100
Narsimha Rao	Managing Director BCP	333	0
Marco Scanderbeg	VP Marketing & Communications	1'700	1'305
Matthias Tanner	VP Contracting	697	220
Robert Züst	VP Components, Services & Support	1'862	885
Total		**190'273**	**229'198**
Total		**406'075**	**452'331**
In % of total shares		11.9%	13.3%

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 21, 2012.

Investments as per March 31, 2012

Group companies of Burckhardt Compression Holding AG

Winterthur, Switzerland
Listed on SIX Swiss Exchange
Security no. 002553602
Share capital CHF 8'500'000
Market capitalization TCHF 841'500

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

	Subsidiary of	Abbreviation	Research and development	Engineering & manufacturing	Contracting	Sales	Service	Share capital participation
Burckhardt Compression AG Winterthur, Switzerland CEO Marcel Pawlicek	1	BCAG	•	•	•	•	•	CHF 2'000'000 100%
Compressor Tech Holding AG Zug, Switzerland Managing Director Rolf Brändli	1	CTH						CHF 200'000 100%
Burckhardt Compression Immobilien AG Winterthur, Switzerland Managing Director Rolf Brändli	1	BCOW						CHF 5'000'000 100%
MT Sealing Technology Inc Ohringen/Winterthur, Switzerland Managing Director Dr. Georg Samland	3	MTS	•	•		•	•	CHF 100'000 100%
Burckhardt Compression (Deutschland) GmbH Neuss, Germany Managing Director Olaf Görres	2	BCDE				•	•	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	BCIT			•	•	•	EUR 400'000 100%
Burckhardt Compression (France) S.A.S. Cergy Saint Christophe, France Managing Director François Bouziguet	2	BCFR			•	•	•	EUR 300'000 100%
Burckhardt Compression (España) S.A. Madrid, Spain Managing Director Javier Gamboa	2	BCES				•	•	EUR 550'000 100%
Burckhardt Compression (UK) Ltd. Bicester, United Kingdom Managing Director Colin Webb	2	BCGB				•	•	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	BCUS			•	•	•	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 Tim Lillak	2	BCCA				•	•	CAD 200'000 100%
Burckhardt Compression (Japan) Ltd. Tokyo, Japan Managing Director Kazuki Suzuki	2	BCJP			•	•	•	JPY 50'000'000 100%
Burckhardt Compression (Shanghai) Co. Ltd. Shanghai, People's Republic of China Managing Director Keven Li	2	BCCN		•	•	•	•	CNY 2'731'000 100%
Burckhardt Compression (India) Private Ltd. Pune, India Managing Director Narasimha Rao	2	BCIN	•	•	•	•	•	INR 331'140'000 100%
Burckhardt Compression (Brasil) Ltda. São Paulo, Brazil Managing Director Vinicius de Mattos	2	BCBR			•	•	•	BRL 2'132'000 100%
Selltech Inc. Valencia, USA Managing Director a.i. Rudolf Buschauer	5	SET				•	•	USD 10'000 100%
Burckhardt Compression (Middle East) FZE Dubai, United Arab Emirates Managing Director Beat Jäggi	2	BCAE				•	•	AED 2'000'000 100%
Burckhardt Compression (Korea) Seoul, South Korea Managing Director Min Sung Yoo		BCKR				•		

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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 68 to 103), for the year ended 31 March 2012.

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 2012 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.

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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 Audit expert Auditor in charge	Christoph Wittwer Audit expert

Winterthur, 21 May 2012

FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

BALANCE SHEET

in CHF 1'000	Notes	03/31/2012	03/31/2011
Non-current assets			
Investments in subsidiaries	102	36'876	36'876
Loans to subsidiaries		107'425	27'025
Total		**144'301**	**63'901**
Current assets			
Trade receivables against group companies	104	246	0
Other receivables against third parties	104	46	13
Marketable securities	103	14'130	13'809
Cash and cash equivalents		45'249	110'150
Total		**59'671**	**123'972**
Total assets		**203'972**	**187'873**
Equity			
Share capital	105	8'500	8'500
General reserve		1'700	1'700
Treasury shares		14'130	13'809
Retained earnings		145'829	103'021
Net income		32'829	59'748
Total		**202'988**	**186'778**
Liabilities			
Current liabilities			
Trade and other payables		48	13
Accrued liabilities		936	1'082
Total		**984**	**1'095**
Total equity and liabilities		**203'972**	**187'873**

INCOME STATEMENT

in CHF 1'000	Notes	2011	2010
Income	106		
Income from investments		30'000	60'000
Financial income		4'030	761
Other income		201	192
Total		**34'231**	**60'953**
Expenses			
Personnel expenses		–141	–80
Tax expenses		–3	–276
Other operating expenses		–1'258	–849
Total		**–1'402**	**–1'205**
Net Profit		**32'829**	**59'748**

NOTES TO THE FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

101 Accounting policies

The financial statements as per March 31, 2012 are in compliance with the requirements of Swiss corporate law. For the purpose of including Burckhardt Compression Holding AG in the consolidated financial statements, the corporate accounting principles remain fully applicable.

102 Investments in subsidiaries

The equity interests held directly and indirectly by Burckhardt Compression Holding AG are shown in the section "Investments as per March 31, 2012".

103 Marketable securities

As per March 31, 2012 Burckhardt Compression Holding AG held the following number of treasury shares:

	03/31/2012	03/31/2011
Number of treasury shares[1]	76'255	81'438

[1] Of which 75'317 were purchased under the share buyback program during the period from December 2008 to December 2010. The remaining 938 treasury shares were bought for a long-term incentive pay plan.

The average acquisition cost was TCHF 14'130, which represents an average price per share of CHF 185.

104 Receivables

in CHF 1'000	03/31/2012	03/31/2011
Trade receivables against group companies	246	0
Other receivables against third parties	46	13
Total	**292**	**13**

105 Share capital and shareholders

The share capital amounts to CHF 8'500'000 and is composed of 3'400'000 shares, each with a nominal value of CHF 2.50. All shares are registered shares and are paid in full. The Board of Directors is empowered to increase the company's share capital by a maximum of CHF 1'275'000 at any time until July 2, 2013 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

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

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

Individual shareholders whose entry applications do not expressly declare that they hold their shares for their own account (nominees) will be entered in the share register with voting rights, provided that said nominees are subject to supervision by a recognized banking and financial market regulator, and have signed an agreement with the Board of Directors concerning their status. The total number of shares held by the nominee must not exceed 2% of the company's outstanding share capital. Beyond this registration limit, the Board of Directors may register nominees in the share register with voting rights provided that such nominees disclose the names, addresses, nationalities and shareholdings of the persons on whose account they hold 2% or more of the registered share capital. As of March 31, 2012, one nominee holding 69'409 shares had signed such a declaration; the voting rights of this nominee are limited by the Bylaws to two percent of outstanding share capital.

Shareholder groups which had existed before June 23, 2006 are excluded from the voting rights restrictions. According to information available to the company, the following shareholders reported shareholdings above 3% of the share capital and voting rights as per March 31, 2012:

Shareholders		**03/31/2012**	**03/31/2011**
	Country	in %	in %
MBO Management Aktionärsgruppe	CH	13.2	14.8
ING Groep N.V.	NL	7.1	n/a
TIAA-CREF Investment Management	US	4.9	5.0
Allianz Global Investors	DE	3.4	3.4
Deutsche Bank AG	DE	3.3	n/a
Ameriprise Financial Inc.	US	3.2	n/a
Black Rock Inc.	US	3.2	n/a
Harris Associates L.P.	US	3.1	n/a
UBS Fund Management (Switzerland) AG	CH	3.0	3.0
Other shareholders		55.6	73.8
Total issued shares		**100.0**	**100.0**

106 Income

in CHF 1'000	2011	2010
Income from investments		
Dividends	30'000	60'000
Financial income		
Interest income	2'446	701
Securities' income	1'584	60
Other income		
Income from services provided to group companies	201	192
Total	**34'231**	**60'953**

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

Risk management

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

Guarantees

in CHF 1'000	03/31/2012	03/31/2011
Guarantees	60'984	44'050
Total	**60'984**	**44'050**

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 year 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. In addition, standing guarantees have been given to secure credit lines and guarantee limits granted by foreign banks. The total limit for all guarantees amounted to TCHF 70'000 as of March 31, 2012.

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, 2012 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". The principles and basic elements of the company's compensation policy are explained in the compensation report on pages 62 to 65.

Carry-forward and appropriation of earnings

in CHF 1'000	2011	2010
Prior year retained earnings	145'769	106'316
Undistributed Dividend on treasury shares	381	352
Appropriation to reserves for treasury shares	–321	–3'647
Net income of the year	32'829	59'748
Retained earnings at the disposal of the Annual General Meeting	**178'658**	**162'769**
The Board of Directors proposes the following appropriation		
– Appropriation to general reserve	0	0
– Gross dividend	–23'800	–17'000
Retained Earnings carried forward	**154'858**	**145'769**

The Board of Directors will propose payment of a gross dividend of CHF 7.00 per registered share at the Annual General Meeting of Shareholders on June 29, 2012.

in CHF 1'000	2011	2010
Gross dividend	7.00	5.00
Less 35% withholding tax	–2.45	–1.75
Net dividend	**4.55**	**3.25**

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 4.00 p.m. on Friday, June 29, 2012 at the Park Arena, Barbara-Reinhart-Strasse 24, 8404 Winterthur, Switzerland.

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Burckhardt Compression Holding AG, which comprise the balance sheet, income statement and notes (pages 106 to 110), for the year ended 31 March 2012.

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 2012 comply with Swiss law and the company's articles of incorporation.

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.

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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	Christoph Wittwer
Audit expert	Audit expert
Auditor in charge	

Winterthur, 21 May 2012

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

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

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DEVELOPMENT KEY FIGURES

in CHF mn	2011	2010	2009	2008	2007	2006	2005	2004
Order intake:								
– Compressor Systems (CS)[1]	259.3	235.9	171.3	296.8	326.5	311.3	242.8	136.6
– Components, Services & Support (CSS)[2]	145.6	126.6[2]	114.6[2]	93.1[2]	100.2[2]	96.9[2]	80.7[2]	69.1[2]
Total	404.9	362.5	285.9	389.9	426.7	408.2	323.5	205.7
Sales and gross profit:								
– Compressor Systems[1]								
Sales	206.0	222.5	241.5	308.7	260.8	173.6	131.6	103.5
Gross profit	59.2	51.9	80.7	87.6	85.9	52.7	27.6	19.3
in % of sales	28.7%	23.3%	33.4%	28.4%	32.9%	30.4%	21.0%	18.6%
– Components, Services & Support[2]								
Sales	122.9	133.1[2]	101.7[2]	115.8[2]	107.2[2]	93.1[2]	78.8[2]	64.7[2]
Gross profit	63.1	63.7[2]	46.2[2]	58.6[2]	50.7[2]	46.5[2]	38.4[2]	30.8[2]
in % of sales	51.3%	47.9%[2]	45.4%[2]	50.6%[2]	47.3%[2]	49.9%[2]	48.7%[2]	47.6%[2]
Total								
Sales	328.9	355.6	343.2	424.5	368.0	266.7	210.4	168.2
Gross profit	122.3	115.6	126.9	146.2	136.6	99.2	66.0	50.1
in % of sales	37.2%	32.5%	37.0%	34.4%	37.1%	37.2%	31.4%	29.8%
Operating income (EBIT)	64.8	61.5	74.2	94.3	89.8	55.6	29.6	21.6
in % of sales	19.7%	17.3%	21.6%	22.2%	24.4%	20.8%	14.1%	12.8%
Net income (after minority interests)	50.5	45.1	56.0	72.8	68.0	40.1	22.1	17.9
in % of sales	15.4%	12.7%	16.3%	17.1%	18.5%	15.0%	10.5%	10.6%
Depreciation and amortization	10.6	9.9	9.5	6.9	5.4	5.2	4.7	4.0
Cash flow:								
– from operating activities	74.5	61.6	58.8	82.5	66.9	47.7	33.8	16.3
– from investing activities	–9.2	–12.9	–88.8	6.5	–57.7	–11.5	–6.6	–20.5
– from financing activities (incl. translation differences)	–24.2	–18.6	18.1	–22.4	–5.3	–10.7	–16.9	–18.2
Total	41.1	30.1	–11.8	66.6	3.9	25.5	10.3	–22.4
Balance sheet total	530.7	502.4	470.0	431.0	359.7	270.1	181.0	150.7
Non-current assets	158.7	156.2	157.3	79.1	71.3	50.7	48.3	36.9
Current assets	373.0	346.2	312.7	351.9	288.5	219.3	132.7	113.8
Shareholders' equity	282.8	258.0	234.9	203.9	165.5	108.3	66.1	43.2
in % of balance sheet total	53.3%	51.3%	50.0%	47.3%	46.0%	40.1%	36.5%	28.7%
Net financial position	135.4	95.0	66.5	123.3	83.7	58.2	19.4	0.8
Headcount as per end of fiscal year (full-time equivalents)	983	917	891	916	819	712	638	542
Total remuneration non-executive members of the Board of Directors (5 persons) (in TCHF)	422.0	435.0	373.0	306.0	230.0	167.0	89.0	n.a.
Total remuneration Executive Board (11 persons) (in CHF)	3'466.0	3'949.0	3'345.0	3'696.0	3'231.0	4'591.0	2'789.0	n.a.
Share price as per end of fiscal year (in CHF)	247.50	289.25	208.00	106.00	317.00	199.50	n.a.	n.a.
Market capitalization (in CHF mn)	841.5	983.5	707.2	360.4	1'077.8	678.3	n.a.	n.a.
Market capitalization/shareholders' equity (ratio)	3.0	3.8	3.0	1.8	6.5	6.3	n.a.	n.a.
Net income (basic) per share (in CHF)	15.22	13.56	16.68	21.46	20.00	11.80	6.50	5.28
Dividend per share (in CHF)	7.00	5.00	5.00	6.00	6.00	3.00	0.25	n.a.

[1] Renamed – formerly "New machines"

[2] Renamed – formerly separately stated as "Customer Support Service" and "Compressor components"

Burckhardt Compression

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