Burckhardt Compression

ANNUAL REPORT 2012

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 effort to minimize the life cycle costs of their reciprocating compressor systems.

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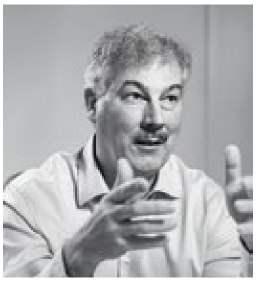

Pages 14–23
More than 1'000 employees worldwide give their best every day to meet the needs of our customers. The company owes much of its success to their outstanding support and dedication.

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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.

TO OUR SHAREHOLDERS

DEAR SHAREHOLDERS

Burckhardt Compression increased its order intake and sales and achieved solid financial results in fiscal year 2012 amid a challenging business environment. Our markets continued to develop positively during the past year. Further progress was made at both the Compressor Systems (CS) and the Components, Services & Support (CSS) business area.

Higher order intake New orders amounted to CHF 427.8 mn, an increase of 5.7% (5.0% at constant exchange rates) over the previous year and a new record high for the company. Both business areas contributed to this achievement. Order growth was also supported by a calmer currency market. The minimum exchange rate to the euro gave us better planning certainty. The US dollar recovered slightly against the Swiss franc, which improved our commercial competitiveness.

In the compressor systems business, incoming orders rose by 5.2% to CHF 272.7 mn, primarily thanks to orders from customers in the petrochemicals and gas transport and storage markets. The CSS business area reported a 6.5% increase in orders received to CHF 155.1 mn.

Higher sales and stable earnings Sales amounted to CHF 366.7 mn (plus 11.5%, at constant exchange rates plus 10.9%). As in the previous year, sales were higher in the second half than in the first half due to the compressor systems delivery schedules set by our customers. Gross profit grew 11.2% to CHF 136.0 mn. The resulting gross profit margin was at the same level as in the prior year and reached 37.1%. Operating profit increased 14.5% to CHF 74.2 mn and the corresponding operating profit margin was virtually unchanged at 20.2% (19.7% in the previous year). Net income rose by 9.9% to CHF 55.5 mn (previous year CHF 50.5 mn) and reached an impressive 15.1% of sales. Net income per share amounted to CHF 16.62 (previous year CHF 15.22).

Further strengthening of balance sheet Total balance sheet assets grew to CHF 596.7 mn (previous year CHF 530.7 mn). The equity ratio rose to 56.8% (previous year 53.3%). The net financial position increased by CHF 15.4 mn and stood at CHF 150.8 mn as of March 31, 2013.

Start of Burckhardt Components AG On January 1, 2013 MT Sealing Technology Inc and the Valves department were merged into the new Group subsidiary Burckhardt Components AG. All compressor valves and sealing elements activities are now concentrated at a separate production site within the Oberwinterthur location. Hans Keist was appointed Managing Director of the new subsidiary and a member of the Group's Executive Board. Leonhard Keller, the former head of the Valves department and also a member of the Executive Board, retired from the company.

Further expansion of market presence Being close to where the customers are, addressing their needs competently, and offering them first-class service and maintenance are crucial factors for the continued growth of our company, which is why we have systematically expanded our network of subsidiaries in recent years. During the year under review the subsidiary in South Korea was enlarged and a new subsidiary with a Service Center was established in Turkey.

Breakthrough in maritime dual fuel engine systems We scored a major success in dual fuel technology with the receipt of an order for a Laby®-GI fuel gas compressor system for two LNG carriers. This order marks a major milestone in our efforts to position our compressors as a viable solution for an energy-efficient and environmentally friendly ship propulsion system with gas-driven diesel engines. This order can be viewed as a breakthrough in a market where significant investments will be made in order to comply with more stringent environmental standards.

Valentin Vogt

Positive outlook for the fiscal year 2013 The global debt crisis – in our view – has not yet been overcome, especially in Europe, and the associated turmoil, particularly in foreign exchange markets, will also have an impact on our business. Nevertheless, we look to the current fiscal year with confidence. Most of the markets continue to grow, especially the petrochemicals and gas transport and storage markets. Shale gas activities will be expanded in the USA and in other countries, creating new opportunities for Burckhardt Compression in the application areas of gas transport and storage, petrochemicals and in the new application area of upstream oil & gas. From today's standpoint, we expect an increase in order intake for both the Compressor Systems and the Components, Services & Support business area. We assume that sales will be substantially higher in fiscal year 2013 than in the year under review. The operating profit margin is expected to be near the middle of the long-term target range of 15% to 20%.

Marcel Pawlicek

Further increase in the dividend The Board of Directors will propose a dividend of CHF 9.00 (previous year CHF 7.00) per share at the upcoming annual general meeting, which corresponds to a payout ratio of 54% (previous year 46%) of net income per share. In view of the company's sound finances and ample cash holdings, the Board of Directors has increased the targeted payout range from 40%–60% to 50%–70%.

A word of thanks We thank our shareholders for their trust. It strengthens our resolve to steadfastly pursue our long-term strategy. We are also very grateful to the more than 1'000 Burckhardt Compression employees worldwide who once again showed unfaltering dedication and drive throughout the fiscal year. Last but not least, we thank our customers and suppliers for the longstanding partnerships we have built on the basis of mutual trust.

Yours sincerely,

Valentin Vogt
Chairman of the Board of Directors

Marcel Pawlicek
CEO

Winterthur, May 21, 2013

MILESTONES 2012

Record order intake
Although the general business environment was still challenging during the year under review, Burckhardt Compression's order intake rose by 5.7% to a new record high and sales grew by 11.5% to the third-highest level in the history of the company. This growth was fueled by both Compressor Systems and the Components, Services & Support business area.

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Breakthrough in maritime dual fuel engine systems
One highlight of the past year was the receipt of the first order for a Laby®-GI fuel gas compressor system to be installed on two LNG tankers. This marks a major milestone in the positioning of the company's compressors as a viable solution for an energy-efficient and environmentally friendly ship propulsion system with gas-driven diesel engines. The compressor system is used to inject boil-off gas as fuel into ME-GI dual fuel two-stroke diesel engines made by MAN Diesel & Turbo.

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LDPE activities remain strong
In the LDPE business Burckhardt Compression extended its market leadership with new orders from China and Slovakia. One highlight was the transport of a fully assembled Hyper Compressor to Daesan, Korea in February. Weighing more than 200 tonnes with a length of approximately 10 meters, the compressor was first transported to Basel on the back of a heavy load truck and then taken by barge to Antwerp. From there it was shipped to its destination in Korea, where it will be installed at a petrochemicals plant.

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Cooperation agreement between LEWA GmbH and Burckhardt Compression AG

A cooperation agreement signed on August 27, 2012 establishes closer ties between two leading manufacturers of pumps and compressors. Together they will create systems that enhance crude oil production levels while reducing emissions of harmful gases. Enhanced oil recovery (EOR) methods have been used for years to increase the extraction of oil from mature oil fields. The partnership between LEWA and Burckhardt Compression will combine enhanced oil recovery with Carbon Capture & Storage technology (CCS) in an optimized way for tertiary recovery methods.

Start of Burckhardt Components AG

January 1, 2013 marked the official start of operations for our new subsidiary Burckhardt Components AG. By bringing together the former MT Sealing Technology Inc and the former Valves department, all valves and sealing elements activities are now concentrated at a separate production site within the Oberwinterthur location. During a simple ceremony to mark the occasion Leonhard Keller, the manager who had successfully orchestrated the expansion of the Valves department since 2008, handed Hans Keist, the Managing Director of the new company who has now taken a seat on the Group's Executive Board, a symbolic key to Burckhardt Components AG.

New Service Center in Turkey

In our business you can't be successful without being close to where your customers are. Therefore, and in keeping with our Mid Range Plan, Burckhardt Compression is steadily expanding its geographic reach, first and foremost in the service and components business. During the year under review a new subsidiary with a Service Center was established in Turkey, an emerging market.

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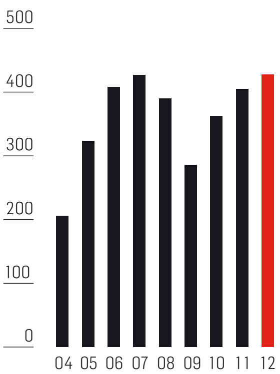
FIGURES AT A GLANCE

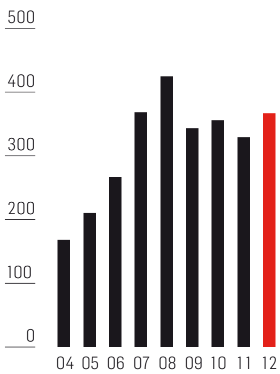
ORDER INTAKE

CHF mn



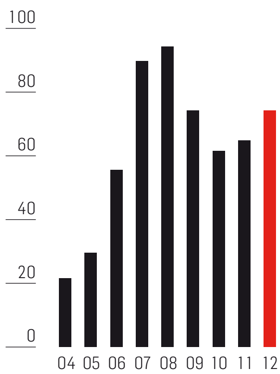
SALES

CHF mn



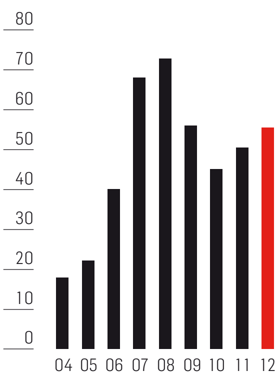
OPERATING INCOME (EBIT)

CHF mn



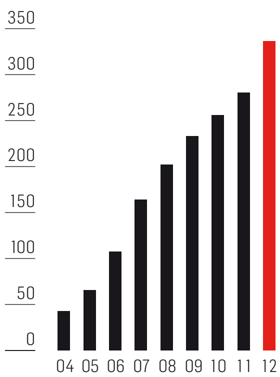
NET INCOME

CHF mn



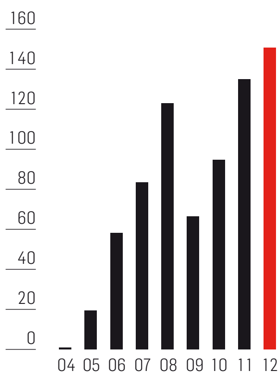
SHAREHOLDERS' EQUITY

CHF mn



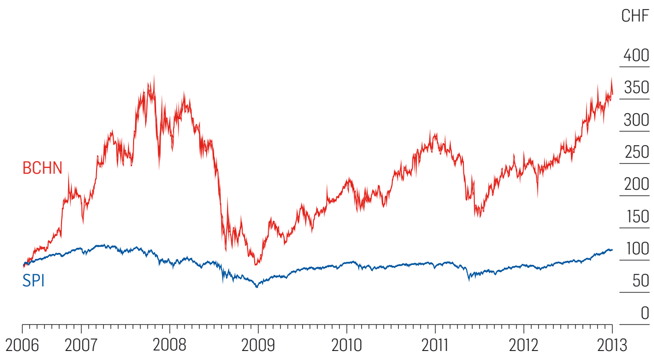
NET FINANCIAL POSITION

CHF mn

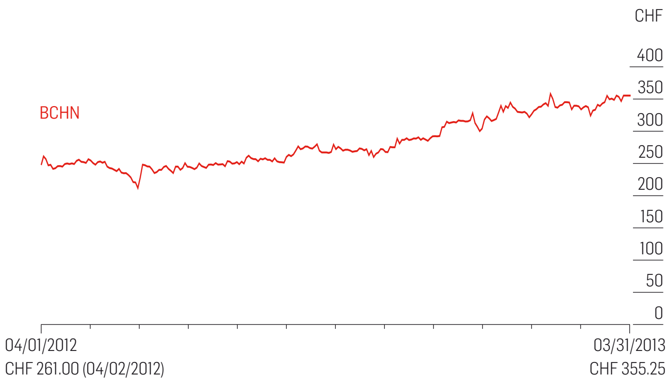


SHARE PRICE

SINCE IPO



FISCAL YEAR 2012



in CHF mn		2010	2011	2012	Change 2011/2012
Order intake:					
– Compressor Systems (CS)		235.9	259.3	272.7	+5.2%
– Components, Services & Support (CSS)		126.6	145.6	155.1	+6.5%
Total		362.5	404.9	427.8	+5.7%
Sales and gross profit:					
– Compressor Systems	Sales	222.5	206.0	215.7	+4.7%
	Gross profit	51.9	59.2	57.6	–2.7%
	in % of sales	23.3%	28.7%	26.7%	
– Components, Services & Support	Sales	133.1	122.9	151.0	+22.9%
	Gross profit	63.7	63.1	78.4	+24.2%
	in % of sales	47.9%	51.3%	51.9%	
Total	Sales	355.6	328.9	366.7	+11.5%
	Gross profit	115.6	122.3	136.0	+11.2%
	in % of sales	32.5%	37.2%	37.1%	
Operating income (EBIT)		61.5	64.8	74.2	+14.5%
in % of sales		17.3%	19.7%	20.2%	
Net income		45.1	50.5	55.5	+9.9%
in % of sales		12.7%	15.4%	15.1%	
Depreciation and amortization		9.9	10.6	11.1	+4.7%
Cash flow:					
– from operating activities		61.6	74.5	36.3	–51.3%
– from investing activities		–12.9	–9.2	–19.3	
– from financing activities (incl. translation differences)		–18.6	–24.2	–12.0	
Total		30.1	41.1	5.0	–87.8%
Balance sheet total		502.4	530.7	596.7	+12.4%
Non-current assets		156.2	156.6	164.5	+5.0%
Current assets		346.2	374.1	432.2	+15.5%
Shareholders' equity		258.0	282.8	339.1	+19.9%
in % of balance sheet total		51.3%	53.3%	56.8%	
Net financial position		95.0	135.4	150.8	+11.4%
Headcount as per end of fiscal year (full-time equivalents)		917	983	1'078	+9.7%
Total remuneration non-executive members of the Board of Directors (5 persons) (in TCHF)		435.0	422.0	520.1	+23.2%
Total remuneration Executive Board (11 persons in FY 2010 and FY 2011; 12 persons in FY 2012) (in TCHF)		3'949.0	3'466.0	4'629.0	+33.6%
Share price as per end of fiscal year (in CHF)		289.25	247.50	355.25	
Market capitalization (in CHF mn)		983.5	841.5	1'207.9	
Market capitalization/shareholders' equity (ratio)		3.8	3.0	3.6	
Net income per share (in CHF)		13.56	15.22	16.62	+9.2%
Dividend per share (in CHF)		5.00	7.00	9.00	+28.6%

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 70 largest listed companies in Switzerland.

VISION

We are committed to becoming the first choice manufacturer of reciprocating compressors. Through our global organization we provide all of the components and services that are needed throughout the life cycle of a reciprocating compressor.

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 are 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 and related services.

During the past fiscal year we began to implement the revised strategy and Mid Range Plan announced in 2011. 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. The targeted, purely organic growth rate for sales and order intake is 5% to 8% p.a. over the coming years and the targeted range for the EBIT margin is 15% to 20%.

One of management's tasks in the coming years will be the ongoing roll-out of the parent company's smoothly functioning processes throughout the group. Burckhardt Compression will strengthen its geographic reach, particularly in the service and components business, giving it even closer contact with its customers. In the compressor system business we will expand our activities with 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

Gas transport 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%. That fact and more stringent emissions regulations, especially in the maritime shipping sector, are additional triggers for the switch to natural gas as fuel supply. Moreover, coal and nuclear energy are increasingly being substituted by natural gas amid widespread efforts to decarbonize growing economies and to diversify energy supply in many regions of the world. The extraction of new sources of natural gas such as shale gas deposits combined with a certain resulting price pressure are increasing international trade in natural gas, so transport and storage volumes are likewise rising.

Well over 40% of total natural gas transport volumes traded worldwide is liquefied (LNG for Liquified Natural Gas), which reduces transport volumes by a factor of 600. The LNG process chain consists of natural gas production, purification and liquefaction, ship loading, transportation and subsequent off-loading, storage, and re-gasification and, ultimately, injection into a gas distribution grid. Burckhardt Compression offers unique, economical solutions for compressing and reliquefying boil-off gas (BOG) from liquid gases, for gas injection systems for two- or four-stroke marine diesel engines, 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 and most of the growth in demand will stem from non-OECD countries. Additional factors encouraging investment in the refining industry are more stringent environmental regulations, cost reduction considerations, plant expansion trends and the need to process both lower-quality grades of crude oil and, in technologically more advanced processes, heavy petroleum by-products. New refineries are being built in areas where new reserves of crude oil as well as tar sands and shale gas are being developed, requiring additional processing facilities. 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 that require 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 application area, too, companies will continue their efforts to reduce costs by replacing smaller scale plants with larger ones, establishing strategic production sites, and extending value-added chains. In China, a country with vast coal reserves, advanced techniques are being used to produce various polyolefins from coal and new production facilities must therefore be built to meet the fast growing local demand. Additional growth is expected over the medium term as the extraction of natural gas from shale formations increases worldwide. In terms of potential, the USA is the leading market in this area. Burckhardt Compression offers 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 healthcare. Growth drivers are regional and industry-specific growth. Companies that supply the energy sector (refineries) with hydrogen are expected to be a particularly strong growth driver. This is another example of an application area where Burckhardt Compression is likely to benefit in the years ahead from the increased extraction of shale gas deposits, especially in the USA. 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 general engineering companies that design and construct plants and industrial complexes for our end customers.

COMPRESSOR SYSTEMS

Burckhardt Compression's reciprocating compressors are the key part of the compressor systems that are installed as subsystems within large-scale processing plants.

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 minus –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 off-shore vessels and installations. Strict guidelines for off-shore applications regarding maximum allowable vibration levels on deck structures must be 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 sealing 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 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. Optimal sizing and the use of top quality compressor components ensure low operating and maintenance costs. The design, the Swiss technology and 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 (LDPE) plants with a discharge pressure of up to 3'500 bar. Burckhardt Compression has established an outstanding track record with more than 55 years of experience in building Hyper Compressors. These compressors are distinguished by a long operational life and high safety standards, which can be traced to their unique construction design and Burckhardt Compression's global one-stop service.

The most powerful compressor in the world, driven by a 27'500 kW (36'900 HP) electric motor and compressing 160 tons (51'000 psi) 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 the latest technology.

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.

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

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

BURCKHARDT COMPRESSION BRAND

Burckhardt Compression and its umbrella brand Burckhardt stand for quality and worldwide leadership in innovative 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 new compressor systems, compressor components or service and maintenance. 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 product solutions and services.

The umbrella brand Burckhardt and corresponding graphic mark in the form of the red-blue, stylized compressor valve plate have been internationally registered for many years. 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.

INNOVATION

RESEARCH & DEVELOPMENT, SWITZERLAND

Sealing elements such as packing rings or piston rings are decisive for reciprocating compressors' uptime and service intervals. Dr. Norbert Feistel has been setting new standards within this area for decades. Patented designs developed in-house and exhaustive material research are the perfect recipe for unique, high-performance compressor components.


Burckhardt
Compression

RELIABILITY
MANUFACTURING, SWITZERLAND

Marcel Nocke works in the assembly hall at the Winterthur site. He is always impressed by the dimensions of reciprocating compressors. Careful workmanship is a must also in the pre-delivery stages.

EXPERIENCE

CONTRACTING, CHINA

Burckhardt Compression wants to be near wherever its customers are. That is why subsidiaries also offer local engineering and project management activities for entire compressor systems. Hanny Dong heads the project management team in China. Extensive experience is needed to successfully build customer-specific compressor systems.

PROBLEM SOLVER
COMPONENTS, SERVICES & SUPPORT, UK

Valves are critical for reciprocating compressor performance and efficiency. All maintenance work must be performed quickly and proficiently. Mark Harrison works at the Bicester Service Center in England. Our Service Centers worldwide have the know-how to service compressor valves for any brand of reciprocating compressor.


DYTAN 500kg
OKUMA
SPACE TURN


F
MARTI - DYTAN 10t
ELBARON
Blaser.
SWISSLUBE

FINANCIAL REPORT

FINANCIAL PERFORMANCE

Market environment remains challenging

The Burckhardt Compression Group increased its order intake and sales and achieved solid financial results during fiscal year 2012 in the face of an ongoing challenging business environment. Both Compressor Systems (CS) and Components, Services & Support (CSS) performed well. Despite the tense currency situation and the slow pace of the global economy, our company grew thanks to its well diversified range of business activities.

Higher order intake

New orders amounted to CHF 427.8 mn, an increase of 5.7% (5.0% at constant exchange rates) over the previous year and a new record high for the company. Both business areas contributed to this achievement.

Order growth was also supported by a calmer currency market. The minimum exchange rate to the euro gave us better planning certainty. The US dollar recovered slightly against the Swiss franc, which improved our competitiveness.

New orders amounted to CHF 427.8 mn, a new record high for the company.

In the compressor systems business, incoming orders rose by 5.2% to CHF 272.7 mn, primarily thanks to orders from customers in the petrochemicals and gas transport and storage markets. The CSS business area reported a 6.5% increase in orders received to CHF 155.1 mn.

Higher sales and stable earnings

Sales amounted to CHF 366.7 mn (plus 11.5%, at constant exchange rates plus 10.9%), the third-highest level on record in the history of Burckhardt Compression. As in the previous year, sales were higher in the second half than in the first half due to the compressor systems delivery schedules set by our customers. Gross profit grew 11.2% to CHF 136.0 mn. The resulting gross profit margin was on the same level as in the prior year and reached 37.1%.

Administrative and selling expenses rose by CHF 8.2 mn or 16.3% versus the previous year to CHF 58.2 mn. This is attributable to the expansion of both business areas as we strive to better meet customer needs through a stronger market presence.

Operating profit increased 14.5% to CHF 74.2 mn and the corresponding operating profit margin was virtually unchanged at 20.2% (19.7% in the previous year). Net income rose by 9.9% to CHF 55.5 mn (previous year CHF 50.5 mn) and reached an impressive 15.1% of sales. Net income per share amounted to CHF 16.62 (previous year CHF 15.22).

Currency situation still tense

The minimum exchange rate to the euro set by the Swiss National Bank and the still low rate of inflation in Switzerland compared to neighboring European countries have played an important role in easing competitive pressure. Setting a floor reduced exchange-rate volatility and increased the accuracy of our planning and forecasting. Due to persisting margin pressure, especially in the compressor systems business, the measures initiated in prior years will be steadfastly maintained. They are focused on further increasing procurement and value creation activities in foreign countries, raising efficiency, developing new products and addressing new application areas.

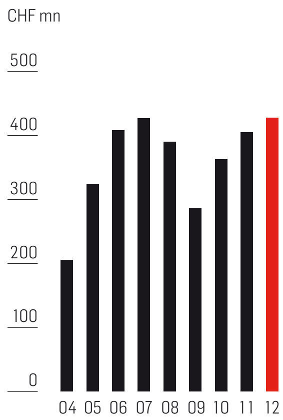
Further strengthening of balance sheet

Total balance sheet assets grew to CHF 596.7 mn (previous year CHF 530.7 mn). The equity ratio rose to 56.8% (previous year 53.3%). Total balance sheet assets increased primarily because of the increase in current assets. The high order backlog at the end of the fiscal year led to an increase in work in progress. Moreover, accounts receivable were also higher due to the increase in sales in the fourth quarter of the year.

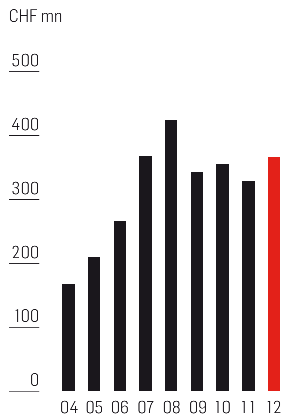
Headcount reflects organic growth strategy

The number of employees rose by 95 or 9.7% to 1'078 full-time equivalents during the reporting year. About half of the new jobs were created in Winterthur while the increase in staff in other countries reflects the ongoing international expansion of our service and components business. At the end of March 2013, 557 employees (52%) were based in Switzerland, 310 (29%) in BRIC countries and 211 (19%) in other countries.

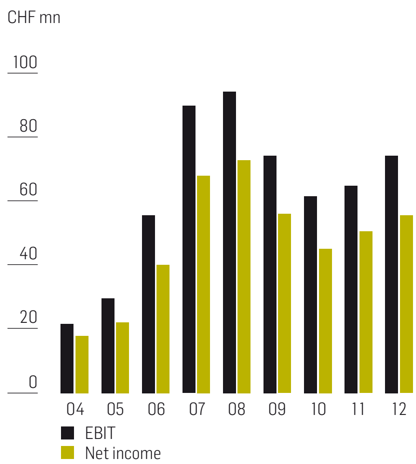
ORDER INTAKE



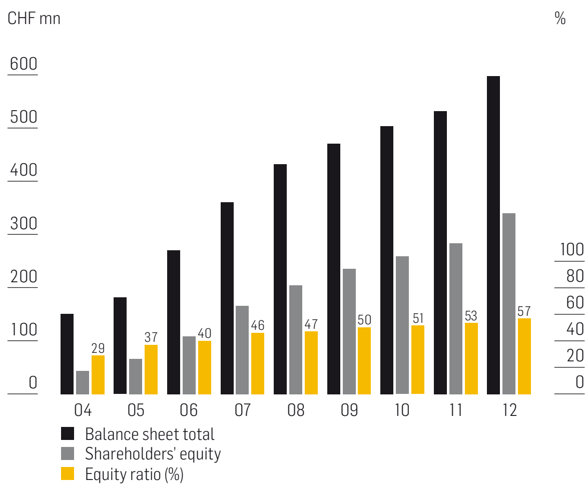
SALES



EBIT AND NET INCOME



EQUITY RATIO



MARKETS

Increase in orders received for compressor systems

The pleasing growth in orders received from the preceding years was sustained despite the still challenging business environment. In contrast to the preceding two fiscal years, exchange rate movements during the past year did not have an overall negative effect on our competitiveness. Order intake rose by 5.2% from the previous year and amounted to CHF 272.7 mn, which is pleasing considering the currency situation, the subdued growth of the world economy and the resulting competitive pressure.

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
– Extraction of unconventional sources of gas such as shale gas, which is having a significant impact on regional gas markets and prices
– Demand for natural gas as a raw material for further processing in the petrochemical industry.

Demand for natural gas will increase twice as fast compared to oil during the coming years. 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. Liquefied natural gas (LNG) now accounts for more than 40% of the natural gas traded worldwide. 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.

One highlight of the past year was the receipt of the first order for the Laby®-GI fuel gas compressor system, which will be installed in two LNG tankers. This marked a major milestone in Burckhardt Compression's efforts to profile its compressors as a viable solution for a more energy-efficient and environmentally friendly ship propulsion system with gas-driven diesel engines. This order can be viewed as a breakthrough in a market where significant investments will likely be made in order to comply with more stringent environmental standards. Other highlights were orders for Laby® Compressors for LNG import terminals in France, Spain, Sweden and China and for ethylene or propylene BOG applications in Qatar, China, Norway and Turkey. Business with Laby® Compressors for liquefied natural gas tankers was likewise very good with several new orders received.

Refinery

During the year under review global demand in the refinery application area rebounded faster than refineries were able to expand capacity. Utilization rates of refineries therefore stabilized at a high level and profitability increased. Prices for crude oil remained stable at a high level compared to the previous year, which led to an upturn in investment activity in this application area. Most of the new refining capacity that was built from scratch or added to existing facilities was concentrated in regions with rapidly growing energy needs or in countries that are processing their own oil resources into intermediate or finished petroleum products, be it to extend their value chains or as a result of the discovery of new oil deposits. Other business drivers were projects to replace or expand existing installations to produce end products that meet stricter environmental standards.

Refinery capacity is being expanded in non-OECD countries, with China, India and Saudi Arabia taking the lead. Capacity enlarging investments can be expected in South America, too (Brazil's subsalt deposits, Columbia). Extraction of unconventional oil deposits is triggering investment spending in Canada and the USA. Russia will continue to modernize and expand its refinery assets in an effort to increase its exports of refined products. Investment spending in Western Europe was weak and will remain so.

In the refinery application area Burckhardt Compression was unable to match the record-high order intake from the previous year. Highlights were orders for various refineries in Jordan, Iraq, Russia and the Netherlands.

Petrochemical/Chemical industry

Despite the much slower pace of world economic growth during the year under review, the petrochemical/chemical industry displayed divergent developments with regard to demand and supply. The chemical industry experienced a downturn in demand and higher input prices, which put a damper on utilization rates as well as capital expenditure activity. Demand for polyolefins is correlated with global economic activity but displays greater volatility.

In major markets such as China, Europe and Japan, growth subsided, which had a negative impact on demand for chemical and petrochemical products. Demand drivers for polyolefins were the well performing automobile industry, rapidly expanding economic regions and their growing need for packaging and construction materials and agricultural production inputs, and also by new developments in specialty photovoltaic and cable insulation. With demand is forecast to grow an average of 3% p.a. over a long-term horizon, capacity is being added in Southeast Asia, the Middle East, Mexico and South America. China is a special situation. It accounts for much of the global increase in demand and it has enormous reserves of coal that can be used as a raw material for producing polyolefins. Work is now underway on many government investment projects initiated to address growing domestic demand. In the USA various new production plant projects were launched given the abundance of inexpensive domestic shale gas as a raw material.

Order intake in the petrochemical/chemical application area was very strong and Burckhardt Compression was pleased to take in significantly more orders in this application area compared to the already good performance from the previous year. The large number of orders from China for polypropylene and polyethylene plants deserves special mention and in the LDPE business Burckhardt Compression extended its market leadership by winning new orders from China and Slovakia.

Industrial gases

Developments in the international markets for industrial gases remained positive during the year under review, although demand growth varied considerably among the various industrial sectors and regions. The overall positive business trend increased project activity and sustained investments in new production capacity. Business with hydrogen production systems for refineries continued to grow. Business with oxygen gas systems was buoyed by the recovery in the steel industry. Worldwide demand for air separation systems was roughly unchanged from the previous year with a focus on Asia. In some cases reciprocating compressors are not required depending on the system type or capacity. Air separation systems are highly standardized systems, delivery times are relatively short. Prices for entire systems are sometimes under such intense pressure that lower quality compressor equipment is being used.

Order intake in the industrial gases application area showed pleasing growth. Highlights during the year under review were a major order for a hydrogen production plant in Canada and several orders from Germany. We were pleased to receive orders for Laby® Compressors for carbon monoxide, carbon dioxide, oxygen and nitrogen applications from China, Saudi Arabia, Germany and Korea. Orders received by our Indian subsidiary for locally produced Standard High Pressure Compressors were well below the prior-year level because these systems are mainly sold in the domestic market, which is currently facing some headwinds.

Further expansion of the service and components business

The service and components business was further expanded amid a generally soft economy, having received total new orders of CHF 155.1 mn during the year under review, which marks a new record high in the history of Burckhardt Compression. Compared to the likewise strong previous year, new orders were up CHF 9.5 mn or 6.5%. Large orders for replacement parts were received and engineering as well as extensive retrofit projects were carried out in England, the Czech Republic, Oman, Mexico and Russia. In the service business, proximity to customers, response times and quality are the crucial factors. With this in mind, a new subsidiary with a Service Center was established in Turkey, and the representative office in South Korea was converted into a subsidiary and local operations expanded significantly.

Business with monitoring and diagnostic systems performed very well during the past year. More and more reciprocating compressor operators are discovering the advantages of comprehensive condition monitoring and diagnostics and therefore equipping even less critical applications with these tools. In addition to the early detection of any changes in compressor conditions during operation, service intervals can be maximized and an optimal performance from expendable parts achieved. Orders received by PROGNOST Systems GmbH were once again well above the high prior-year level.

CAPACITY

The construction work begun in Winterthur during fiscal year 2011 was completed in 2012 and the company's various locations in the city were all transferred to Oberwinterthur. In Rheine (DE), PROGNOST Systems GmbH moved into its new building. Production lines in Winterthur and Pune were modernized and expanded with top-of-the-line manufacturing equipment.

RESEARCH & DEVELOPMENT

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

The development project for a stepless flow control system for reciprocating compressors passed further milestones in the year under review. This system offers various process control advantages and significant energy savings compared to conventional control systems. Field tests were broadened during the year under review, the results of which have confirmed the technical specification as well as expectations with regard to function and reliability. The stepless flow control system offers clearly superior levels of controllability and energy consumption. It also received ATEX certification (safety in explosive atmospheres) and was subsequently field tested in an explosive environment. The ongoing field tests and long-term tests across a range of different applications will lay the basis for the planned market launch.

Development of moderate-speed Process Gas Compressors API 618

Moderate-speed Process Gas Compressors API 618 are used in industrial gas as well as in gas transport and storage applications instead of the traditional and low-speed API 618 compressors. During the past year Burckhardt Compression conducted market and technical studies to provide a basis for the ongoing development of these moderate-speed compressors.

BRAND MANAGEMENT

The worldwide implementation of the new corporate design was concluded during the year under review. The presence and positioning of the Burckhardt Compression brand in the various markets was further expanded and strengthened. Various new communications tools were created. A new portrait brochure profiles Burckhardt Compression's unique status as a committed long-term partner.

SUSTAINABILITY REPORT

COMMITMENT AND LEADERSHIP

Burckhardt Compression has made a long-term commitment to the economy, society and the environment. Our aim is to create the framework for continuing the company's 169-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 can appropriate goals 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. Burckhardt Compression's sustainability credentials are evaluated by an external specialist on a regular basis. Our goal is to exceed the average rating for a selected group of comparable Swiss companies and we achieved that goal based on the latest assessment conducted in 2011.

ECONOMIC SUSTAINABILITY

Objective
Our company's primary objective is to achieve our financial goals, since 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 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 2012 survey conducted by zCapital, an independent asset manager, our company's Corporate Governance ranked 51 (previous year 43) out of the 130 Swiss 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 2011 fiscal year 41 (previous year 45) out of the more than 200 annual reports evaluated. Our ranking for Value Reporting improved significantly, from 84 to 40.

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.

Burckhardt Compression ranked an impressive 14th in the list of the Obermatt index.

The so-called Obermatt Index measures the performance of listed companies on an annual basis. Stock performance serves as a measure of shareholder returns and it is measured relative to comparable peers, which largely excludes the impact of general trends in the economy or affecting only one particular sector. Burckhardt Compression ranked an impressive 14th among approximately 200 companies in the Swiss Performance Index SPI (excl. banks/financial stocks) for the period from 2009–2011 (latest data).

Customers
Burckhardt Compression is geared towards long-term customer relations. Our compressors are in operation on average for 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 compressors ever built by our company.

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

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 manufacture of our products. Burckhardt Compression buys its products from various global and regional suppliers. We cooperate closely with them 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 foundations on which the company is based. Operational progress, which is reflected in above-average profitability, is fostered on the one hand by a structured improvement process for employees and executives and, on the other, through systematic application of operating methods and procedures. We consider our successful, constructive approach to interfaces, where the greatest potential for improvement can usually be found, as one of our company's core capabilities.

The quest for continuous improvement forms the foundations on which the company is based.

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 147.6 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:

- Costs for consolidating the compressor valves and seals components at our building in Oberwinterthur
- Improving the productivity of the manufacturing activities in Winterthur
- Construction of a new building in Rheine (DE) for PROGNOST Systems GmbH

Annual 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 three areas:

- Build up local compressor manufacturing in China
- Further expansion of the global service network
- Modernization and staggered replacement of machining tools

Value-oriented management

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

- Market capitalization as a percentage of equity
- Change in earnings per share

Market cap as a percentage of equity amounted to a factor of 3.6 at the end of the reporting year (previous year 3.0). This clearly indicates that we generated substantial value for our shareholders with the capital employed (equity). Net income per share amounted to CHF 16.62 (previous year CHF 15.22), an increase of 9.2%.

Burckhardt Compression did not make any acquisitions in the past fiscal year. Various candidates were 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.

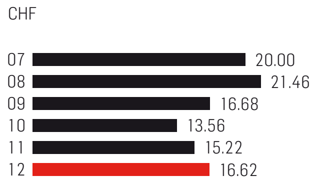
Risk management

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 planning and management processes, 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 regard to gender and age. Loyalty and the ability to identify with the company are confirmed by the fact that the typical employee has been with the company for 11 years.

The main goal for participating in the employee survey is to obtain suggestions for further improvement and to check the success of previously introduced measures.

Every other year, we participate in the largest national survey of employees in Switzerland, the latest being in 2011. Unlike in the 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 goal for participating in the employee survey is to obtain suggestions for further improvement and to check the success of previously introduced measures. We will participate in the 2013 survey.

We have a responsibility to ensure the expertise of our employees and promote knowledge transfer. Our systematic employee induction 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. We have developed a Corporate Training Program with various focus areas to enhance employee skills and abilities and to ensure that we maintain our technology leadership. Training courses are organized for the entire Burckhardt Compression Group twice a year.

Burckhardt Compression conducts an annual appraisal and performance review of each employee suited to the particular level of hierarchy, comprising personal development goals and suggestions for continuous improvement. Part of this system involves reviews as to the status of individual objectives and corresponding measures. 12.9% of our employees worldwide are women (11.3% in 2011). We aim to steadily raise this percentage to 15%. Since the last annual general meeting, for the first time in the history of the company, a female, Dr. Monika Krüsi, is a member of the Board.

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 magazine 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 as low as 5.23% (7.49% 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 training. 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. Apprentices with a good performance record are generally retained by Burckhardt Compression after their apprenticeship. Burckhardt Compression's annual spending on apprenticeship training programs (cash out) amounts to about CHF 0.8 mn. All new vacancies at all levels are also advertised internally. 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 fill various management vacancies with internal candidates, as in previous years. 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 & 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.

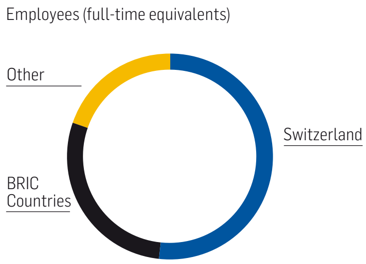
After recording an increase in the number of working days lost due to work-related accidents in Winterthur to 378 during the period from 2008 to 2010 we launched an initiative comprising various measures at the beginning of 2011 with the objective of at least halving the number of lost working days due to workplace accidents. We are pleased to have almost reached that goal – the number of working days lost in 2012 dropped to 192.

The health and general well-being of our employees are important to us. Physical and mental health are closely linked to performance. An extensive range of physical activities, preventative measures and measures on specific topics help 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 we reached an average of 7.6 days off (7.4 in the previous year). Our aim is to bring this down to less than 6.0 days. Measures have been introduced to help us achieve this goal.

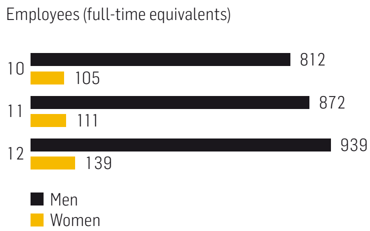
Social environment

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. One of the members of our Executive Board is the president of a political party and a member of the Winterthur City Council. Our Board Chairman presides over the Swiss Employers' Association (honorary office). To strengthen local social networks, we run programs in Switzerland and India that support local social and cultural projects. In doing so, we specifically encourage our employees to become personally involved in such projects.

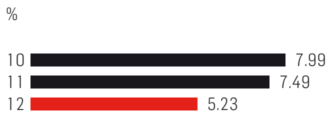
GEOGRAPHIC BREAKDOWN OF THE WORKFORCE, 2012
100% = 1'078



GLOBAL WORKFORCE BY GENDER



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.

Lower life cycle costs distinguish Burckhardt Compression from the competition in its markets. We make a conscious effort to lengthen service 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 a 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:

The ME-GI diesel propulsion system for LNG carriers produces significantly lower CO_2 und SO_X emissions.

- Laby®-GI Compressors: Designed by MAN Diesel, the ME-GI diesel propulsion system for LNG tankers can also run on environmentally friendly natural gas. The Laby®-GI fuel gas compressors by Burckhardt Compression compress the boil-off gas from the natural gas tanks, which is then injected directly into a diesel engine. This economical and environmentally friendly propulsion system produces significantly lower CO_2 and SO_X emissions when vessels are running on natural gas. The first two orders for this application were received during the year under review.
- Process Gas Compressors API 618: In recent years Burckhardt Compression expanded its range of compressors to include Process Gas Compressors, which now cover applications with rod loads of up to 1'500 kN. These compressors are used specifically in industrial processes for the desulphurization of fuels. In fiscal year 2012 several more orders for compressors in the extended product range were received.
- 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 Systems launched PROGNOST®-SILver onto the market. The world's first SIL-certified industrial machine protection tool has a hardware-based safety shutdown feature for reciprocating compressors. The products from PROGNOST are continually refined and optimized to cover all customer needs with regard to monitoring and diagnosis.

Procurement
We draw on the experience of our suppliers to help us continuously improve our products. Much of the value creation is performed by them. Therefore, 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
In our efforts to transfer 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@BCAG”, 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 heat generated by a neighboring waste incineration plant. During conversions of the company premises acquired in 2009 in Winterthur, we put great emphasis on environmental protection and energy efficiency.

Over the last few years our machine tool equipment has been gradually renewed. The new machinery is much more powerful yet uses much less energy. We have been optimizing the lighting installations of the Winterthur buildings since 2012, which will eventually lead to a significant reduction in our energy consumption. We aim to keep our electricity consumption at the current level despite the targeted growth of the business. Electricity consumption in 2012 amounted to 4'136 MWh and increased due to the higher work load by 11.6% compared to the previous year.

After the departure of the largest tenant of company property in Oberwinterthur, alterations were made to the previously occupied workshop floor space that enabled the assembly operations for Hyper Compressors to be transferred from Winterthur to Oberwinterthur during the first half of 2012. This consolidation produced both economic (efficiency gains) and environmental benefits. Complex and expensive transport runs between the two factories are no longer necessary. Due to a new efficient cooling system the water consumption was reduced significantly. We aim to keep our water consumption at the current level despite the higher output.

The company deliberately decided to install a highly efficient heating and cooling system in the new building for PROGNOST Systems GmbH in Rheine (DE). Electric heat pumps are used to provide heating. Heat is extracted from the surrounding environment, raised to a higher temperature level and then used for heating purposes. The same principle works in reverse to cool the building during warm weather. Powered by electricity (25%) and renewable energy (75%), air-source heat pump system meets all of the building's heating needs.

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. Internal collection points ensure that employees sort and dispose of 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. Waste management practices were further improved. The amount of non-disposable waste was reduced by 20% to 197 tonnes due to a better waste management at our subsidiaries with local production. We aim to keep the amount of waste at the current level despite the higher output.

ELECTRICITY CONSUMPTION

WATER CONSUMPTION

WASTE

SWISS QUALITY
QUALITY ASSURANCE

Modern 3D-CNC measuring machines are used at the production sites in Winterthur, Switzerland and Pune, India for quality assurance. These machines excel in terms of measurement speed and accuracy. Work pieces are measured with utmost precision, quickly and efficiently.

RESPONSIBILITY

TRANSPORT OF A HYPER COMPRESSOR

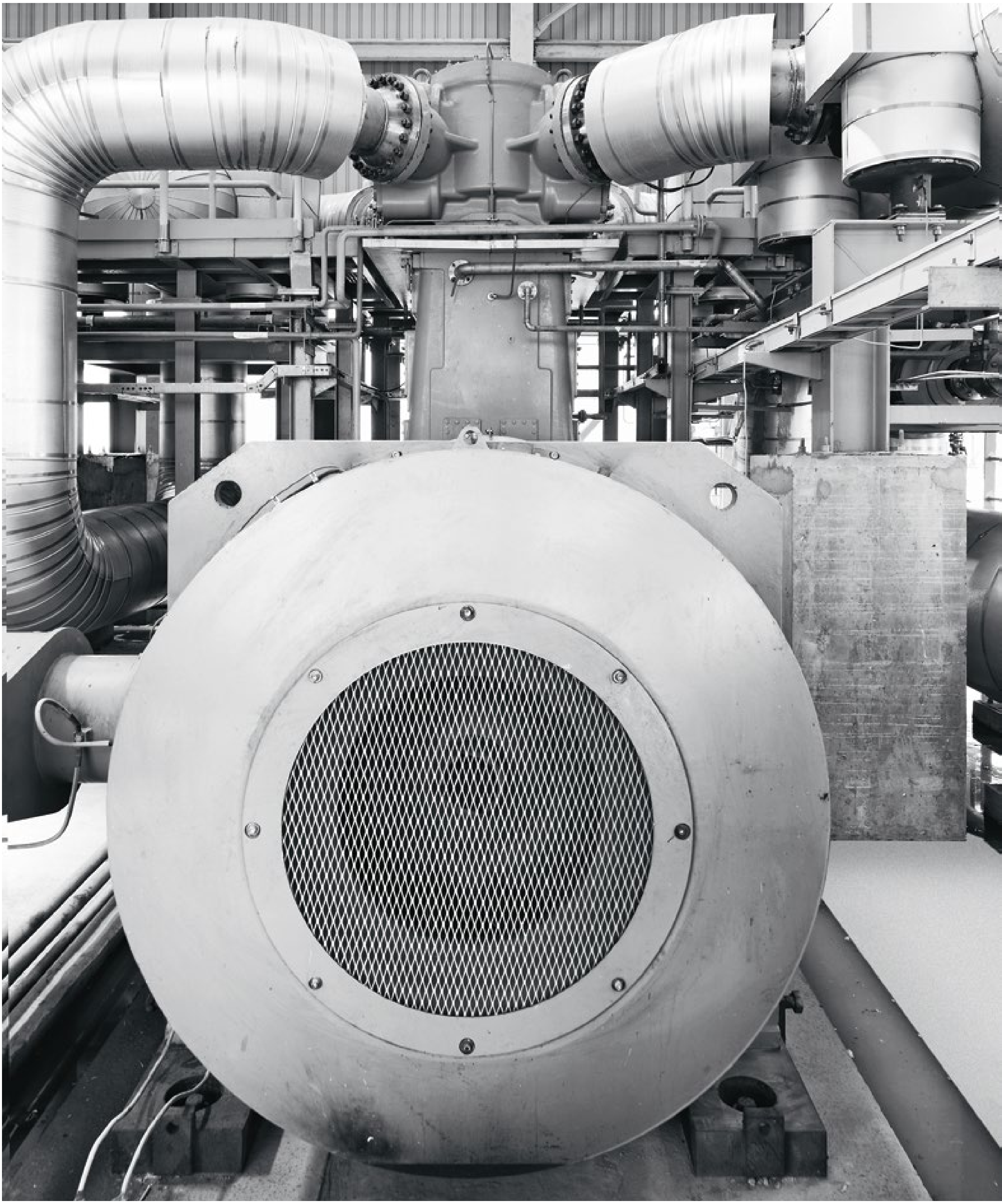
A team of professionals handles the delivery of Hyper Compressors. With a transport weight of more than 200 metric tons and a shipping destination on the other side of the world, challenging demands are placed on heavy-load specialists. Exact planning and reliable logistics partners guarantee that the compressors are always delivered safely and on time.


welti-furrer
welti-furrer
MARTI - DYTAN 32t/5t
lti-furrer

SAFETY

LABY® COMPRESSORS INSTALLED IN A LNG TERMINAL, CHINA

Labyrinth piston compressors are used in a variety of applications, for example to compress LNG boil-off gas at LNG terminals. Suction temperatures of as low as –170 °C (–250 °F) represent the greatest challenge here. Thanks to its unique technology, the Laby® Compressor performs its mission to the highest degree of safety and availability.



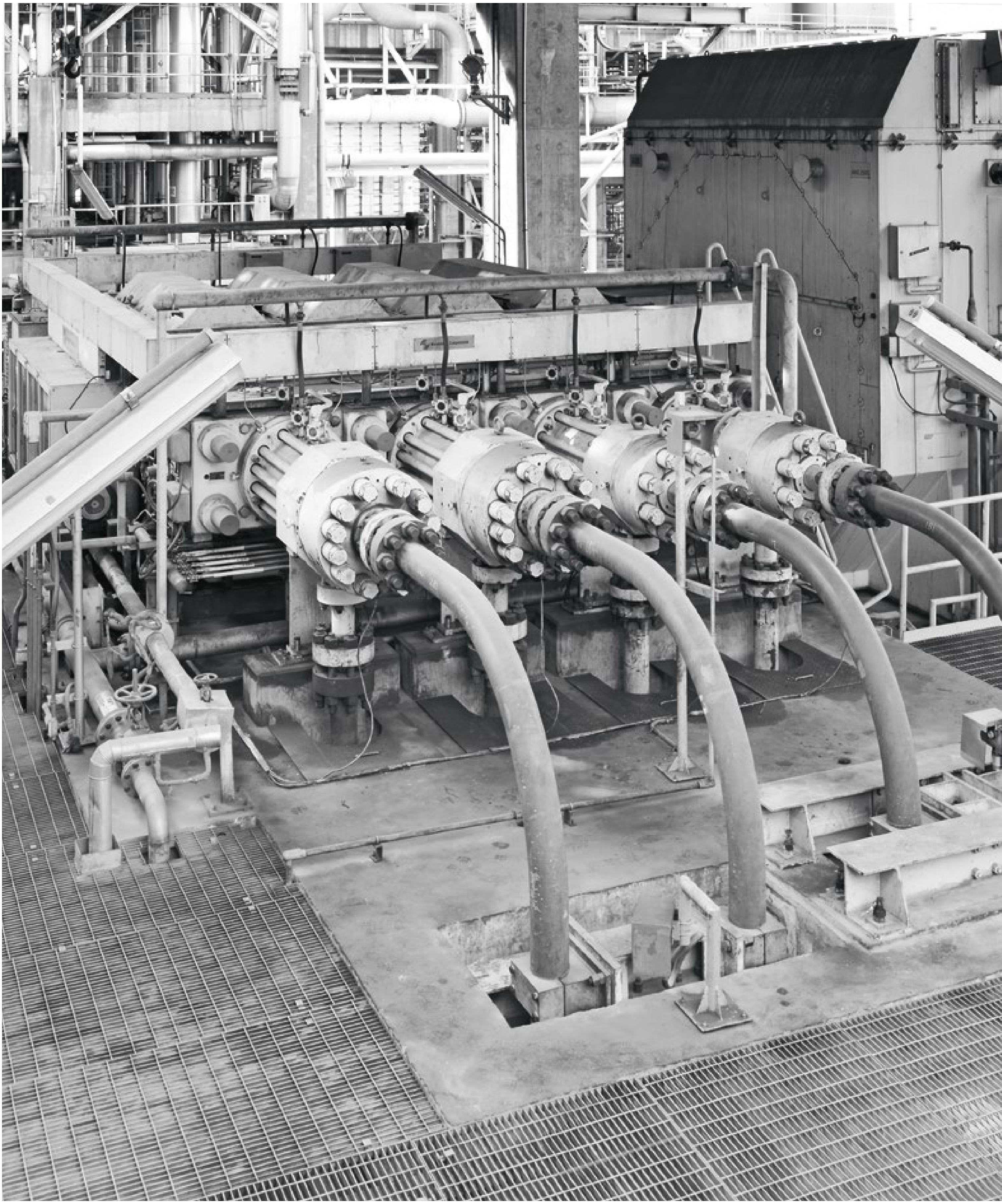

中海浙江LNG
TK-T-0201A


BOG压缩厂房
LP BOG Compressor Workshop

RELIABILITY AND ENDURANCE

HYPER COMPRESSOR IN OPERATION, CHINA

More than 230 Burckhardt Compression Hyper Compressors have been installed worldwide since 1951, when the first left the factory gates. More than 70% of these compressors are still in operation, testimony to their long operational lives, unique construction and superior safety profiles.

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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.

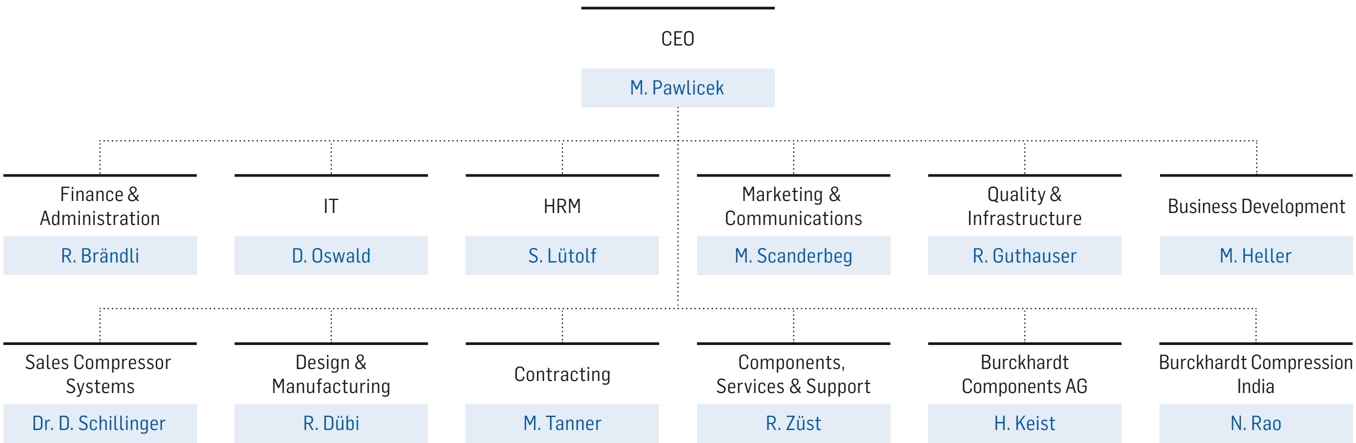
This following section is set out using the according sequence and numbering of the DCG. Unless otherwise noted, the information presented reflects the situation on March 31, 2013.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. Group structure

1.1.1. Management structure

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



1.1.2. Listed Group companies

Burckhardt Compression Holding AG, a corporation organized under the laws of Switzerland with legal domicile in Winterthur, is the only listed Group company. Burckhardt Compression registered shares (BCHN) are listed on the SIX Swiss Stock Exchange in Zurich (ISIN: CH0025536027; security number 002553602). Its market capitalization as per March 31, 2013 amounted to CHF 1'207'850'000.

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, 2013".

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, 2013 the following groups of shareholders were registered:

Shareholders	Number of shares	%
Individuals	551'405	16
Legal entities	1'083'925	32
Shares in the process of transfer	1'128'508	33
Other	626'360	19
Treasury shares	9'802	0
Total	**3'400'000**	**100**

According to information available to the company from the disclosure notifications of the SIX Swiss Exchange Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2013 (according to the statutory bylaws the voting right of ING Groep N.V, TIAA-CREF Investment Management und Allianz Global Invetors is limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Name	Country	% of shares
MBO Shareholders	CH	12.6
ING Groep N.V.	NL	7.1
TIAA-CREF Investment Management	US	5.2
Allianz Global Investors	DE	5.0
Ameriprise Financial Inc.	US	3.2
BlackRock Inc.[1]	US	3.1
UBS Fund Management (Switzerland) AG	CH	3.0

[1] additionally owns 2'251 CFD's (contract for difference) corresponding to 0.06% of the total recorded share capital.

More detailed information on the according disclosure notifications is available on the website of the Disclosure Office of the is 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 2, 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, 2013, one nominee holding 71'757 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, Dr. Monika Krüsi, Valentin Vogt, Hans Hess, 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
Hans Hess	CH	Deputy Chairman, non-executive; member NCC	2006	2013
Urs Fankhauser	CH	Member, non-executive; Chairman NCC and member AC	2006	2015
Dr. Monika Krüsi	CH/IT	Member, non-executive; member SC	2012	2014
Urs Leinhäuser	CH	Member, non-executive; Chairman AC	2007	2015

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 March 31, 2011. 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' Confederation, Switzerland
– Member of executive committee of economiesuisse, Switzerland
– Member of the Economic Advisory Board, Swiss National Bank

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:
– Deputy Chairman of the Board of Directors
– Member 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, Kaba AG, Switzerland
– Board member, Rysearch, Switzerland
– Chairman Swissmem, Switzerland
– Vice President economiesuisse, Switzerland
– Trustee of Vontobel Foundation, Switzerland
– Trustee of Swisscontact, Switzerland
– Trustee of Technorama, 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
– Chairman of the Nomination and Compensation Committee
– Member of the Audit Committee

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

DR. MONIKA KRÜSI (1962)

Education:
Dr. inform., lic. oec. publ., University Zurich, Switzerland

Professional background:
Since 2003 MKP Consulting AG, Partner, Switzerland
2001–2003 Venture Incubator Partners AG, Partner, Switzerland
1991–2001 McKinsey & Co., Inc., Associated Partner, Switzerland
1986–1990 Credit Suisse, Switzerland

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

Other activities and commitments:
– Chairwoman of ACP, Switzerland
– Board member of Gastros AG, Switzerland
– Board member of Emch AG, Switzerland
– Board member of CP Pumpen AG, Switzerland
– Member of the Board Technopark Luzern, 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

Other activities and commitments:
– Board member of Ammann Group Holding AG, Switzerland

3.3. Election and term of office

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

3.4. Internal organization

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

The Board of Directors meets as often as business requires, but at least four times per year. In fiscal year 2012 the Board of Directors held five meetings, with each meeting lasting half a day to one day. Furthermore the Board of Directors has held two telephone conferences during fiscal year 2012, 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, Burckhardt Components AG 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 2012, the Audit Committee held two half-day meetings and one full-day meeting. The CEO, the CFO and – during the two half-day meetings – 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 three meetings in fiscal year 2012. The meetings lasted half a day each. The CEO and the Head of Human Resources Management participated in those meetings as well. Members are Urs Frankhauser (Chairman) and Hans Hess.

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 two meetings in fiscal year 2012. The meetings lasted half a day each. These meetings were also attended by several members of the Executive Board. Members are Valentin Vogt (Chairman) and Dr. Monika Krüsi.

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. Five internal audits were carried out in fiscal year 2012. 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 and 4.2. Other activities and vested interests

Name	Nationality	Function
Marcel Pawlicek	CH	CEO
Rolf Brändli	CH	CFO
Rainer Dübi	CH	VP Design & Manufacturing
René Guthauser	CH	VP Quality & Infrastructure
Martin Heller	DE	VP Business Development
Hans Keist	CH	MD Burckhardt Components AG
Dr. Leonhard Keller	CH	VP Valves[1]
Susan Lütolf	CH	VP Human Resources Management
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
Matthias Tanner	CH	VP Contracting
Robert Züst	CH	VP Components, Services & Support

[1] until Dec. 31, 2012

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

RAINER DÜBI (1969)

Education:
Degree in Mechanical Engineering, HTL Winterthur, Switzerland, MASBA, School of Management, Switzerland

Professional background:
Since 2012 Head of Design & Manufacturing, Burckhardt Compression AG, Switzerland
2010–2012 Senior Sales Manager, Burckhardt Compression AG, Switzerland
2007–2010 Manager Sizing, Burckhardt Compression AG, Switzerland
2003–2007 Sizing Project Engineer, Burckhardt Compression AG, Switzerland
2001–2003 Commissioning Lead Engineer, Alstom, Switzerland
1999–2001 Commissioning Engineer, ABB, 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:
Since 2012 Head of Business Development, Burckhardt Compression AG, Switzerland
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:
2008–Dec. 31, 2012 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

HANS KEIST (1970)

Education:
Degree in Mechanical Engineering, HTL Luzern, Switzerland, EMBA, Strathclyde University Glasgow, UK

Professional background:
Since 1.1.2013 Managing Director, Burckhardt Components AG, Switzerland (former MT Sealing Technology Inc)
1.12–31.12.2012 Managing Director, MT Sealing Technology Inc, Switzerland
2011–2012 Head of Management Buy-Out, Sulzer Chemtech AG, Switzerland
2010–2011 Global Head of "Mixing and Reaction", Sulzer Chemtech AG, Switzerland
2009–2010 Global Head of "Polymer Production Technology", Sulzer Chemtech AG, Switzerland
2008–2009 Head of Sales "Mixing and Reaction", Sulzer Chemtech AG, Switzerland
2005–2007 Regional Manager Asia "Mixing and Reaction", Sulzer Chemtech Ltd Pte, Singapore
2000–2004 Global Head of "Polymer Production Technology", Sulzer Chemtech AG, Switzerland
1998–2000 Sales Engineer, Sulzer Chemtech AG, Switzerland

SUSAN LÜTOLF (1957)

Education:
Diploma in Commerce and Human Resources (SKP), Switzerland

Professional background:
Since 2012 Head of Human Resources Management, Burckhardt Compression AG, Switzerland
1998–2012 Head of Human Resources Management, Sulzer Management AG, Switzerland
1990–1998 Area Personnel Manager/ HR Assistant, Sulzer International 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:
Degree in Electrical Engineering Ph.D., Federal Institute of Technology Zurich, Switzerland

Professional background:
Since 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 2012 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/she 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 2012 amounted to TCHF 313 (previous year TCHF 299).

8.3. Additional fees

The total fees for tax consulting services provided by PwC worldwide during fiscal year 2012 amounted to TCHF 31 (previous year TCHF 22). 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 2012, 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 2013 and 2014

June 29, 2013
Annual General Meeting

November 5, 2013
Results for the first half of fiscal year 2013
(as per September 30, 2013)

June 10, 2014
Results for fiscal year 2013
(as per March 31, 2014)

July 4, 2014
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 2012 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 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 fiscal year. If a minimum financial target with regard to EBIT margin is not achieved, entitlement to the variable compensation for the corresponding fiscal year will lapse. If the financial target is at least reached and the EBIT margin 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 fiscal years 2011 and 2012 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 2012 and 2011:

in CHF 1'000					2012
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	43	10	163
Hans Hess	Deputy Chairman[2]	60	21	0	81
Heinz Bachmann[3]	Deputy Chairman	15	15	2	32
Urs Fankhauser	Member	70	21	5	96
Dr. Monika Kürsi[4]	Member	45	14	4	63
Urs Leinhäuser	Member	60	21	4	85
Total		**360**	**135**	**25**	**520**

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**

[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 an accumulation of personal expense portions from previous periods in the course of the award period.
[2] as of June 29, 2012, until then member
[3] until June 29, 2012
[4] as of June 29, 2012

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 generated by the Burckhardt Compression Group and is contingent on the attainment of minimum financial targets. If the minimum financial target with regard to EBIT margin is not achieved, entitlement to variable pay for the corresponding business year will lapse. If the financial target is at least reached and the EBIT margin 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%. In line with the variable compensation of the Board of Directors the benchmark thereby 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 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 fiscal year. If a minimum financial target with regard to EBIT margin is not achieved, entitlement to the long-term incentive for the corresponding fiscal year will lapse. If the financial target is at least reached and the EBIT margin 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%. In line with the variable pay the benchmark thereby consists of one direct competitor and two companies selling products in the same market as Burckhardt Compression Group.

The free shares for the fiscal years 2011 and 2012 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 2012 and 2011:

in CHF 1'000						2012
Name	Position	Salary fix in cash	Salary variable in cash	Share-based payments	Social benefits and other compensation	Total
Executive Board						
Marcel Pawlicek	CEO	350	129	0	110	589
Members of the Executive Board (12 persons)		2'328	493	599	620	4'040
Total		**2'678**	**622**	**599**	**730**	**4'629**

in CHF 1'000						2011
Name	Position	Salary fix in cash	Salary variable in cash	Share-based payments	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**

The total compensation for the Executive Board increased during the period under review by TCHF 1'163. Thereby, it must be noted that 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 an accumulation of personnel expense portions from previous periods in the course of the award period. The increase in fixed and variable salary in cash by total TCHF 575 is attributable on the one hand to the fact that the Executive Board was enlarged for the period under review by one additional member and on the other hand to the overlap of personnel expenses by four months each during the transition of the functions of the VP Design & Manufacturing and the MD Burckhardt Components AG.

SHARE ALLOCATION AND DISTRIBUTION

In the fiscal year 2012 overall 80 shares allocated in the 2011 and pro rata 2012 fiscal years were distributed to one member of the Board of Directors who retired for age reasons. In the same reporting period overall 306 shares allocated in the 2011 and 2012 fiscal years were distributed to one member of the Executive Board who resigned at the end of fiscal year 2012. The vesting period for this specific case was shortened by two months. An additional overall 301 shares were allocated to the six eligible members of the Board of Directors for the 2012 fiscal year and overall 1'575 shares were allocated to eleven eligible members of the Executive Board.

Detailed overview of the numbers of shares allocated and distributed

Name	Position	Allocated shares 2011	Allocated shares 2012	Shares vested during FY 2012	**Shares blocked until June 30, 2013**
Non-executive members of the Board of Directors					
Valentin Vogt	Chairman	122	94	–	216
Hans Hess	Deputy Chairman[1]	61	47	–	108
Heinz Bachmann[2]	Deputy Chairman	61	19	80	–
Urs Fankhauser	Member	61	47	–	108
Dr. Monika Krüsi[3]	Member	0	47	0	47
Urs Leinhäuser	Member	61	47	–	108
Total		**366**	**301**	**80**	**587**
Executive Board					
Members of the Executive Board[4]		1'239	1'575	306	2'508
Total		**1'605**	**1'876**	**386**	**3'095**

[1] as of June 29, 2012; until then member
[2] until June 29, 2012
[3] as of June 29, 2012
[4] FY 2011: 8 persons; FY 2012: 11 persons

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 2012. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2013.

As per March 31, 2013 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	03/31/2013 Total shares	03/31/2012 Total shares
Non-executive members of the Board of Directors			
Valentin Vogt	Chairman	202'633	202'633
Hans Hess	Deputy Chairman[1]	10'267	10'267
Urs Fankhauser	Member	284	1'284
Dr. Monika Krüsi[2]	Member	530	n.a.
Urs Leinhäuser	Member	484	484
Total		**214'198**	**214'668**
Executive Board			
Marcel Pawlicek	CEO	47'045	52'045
Rolf Brändli	CFO	894	1'044
Rainer Dübi	VP Design & Manufacturing	53	n.a.
René Guthauser	VP Quality & Infrastructure	485	635
Martin Heller	VP Business Development	57'500	57'500
Hans Keist	MD Burckhardt Components AG	0	n.a.
Dr. Leonhard Keller[3]	VP Valves	53'669	71'563
Susan Lütolf	VP Human Resources Management	0	n.a.
Daniel Oswald	VP Information Technology	1'200	1'600
Narasimha Rao	MD Burckhardt Compression (India) Pvt. Ltd.	225	333
Marco Scanderbeg	VP Marketing & Communications	1'300	1'700
Dr. Daniel Schillinger	VP Sales Compressor Systems	0	n.a.
Matthias Tanner	VP Contracting	447	697
Robert Züst	VP Components, Services & Support	1'112	1'862
Total		**163'930**	**190'273**
Total		**378'128**	**406'075**
In % of total shares		11.1%	11.9%

[1] as of June 29, 2012; until then member
[2] as of June 29, 2012
[3] until March 31, 2013 (retirement date)

SEVERANCE PAYMENTS

No severance payments were made to former directors or members of the Executive Board in fiscal year 2012.

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, 2013.

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 has been awarded as best-in-class of the participating companies, followed by Nestlé, Straumann, SIKA and Hilti. Burckhardt Compression was also rated among the top 35 of 130 analyzed companies for its compensation and participation model by zCapital, an independent asset management firm, in a corporate governance study performed in 2012. 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	2012	2011
Order intake	427'785	404'939
Sales	366'677	328'926
Gross profit	135'981	122'340
Operating income	74'193	64'789
Net income	55'527	50'527
Balance sheet total	596'721	530'700
Shareholders' equity	339'069	282'799
Net income per share (in CHF)	16.62	15.22
Headcount as per end of fiscal year	1'078	983

SALES AND GROSS PROFIT

Burckhardt Compression recorded a sales increase of CHF 37.8 mn or 11.5% to CHF 366.7 mn. Excluding currency translation effects, sales were 10.9% above the comparable prior year figure. Sales of Compressor Systems (CS) increased by 4.7% or CHF 9.7 mn while Components, Services & Support (CSS) registered a growth of 22.9% or 28.1 mn to a record high of CHF 151.0 mn. The geographic sales mix shifted mainly in favor of the regions "Asia, Australia, Middle East" and "North America" as well as the area of non-EU countries within the region "Europe".

Gross profit margin reached 37.1% during the period under review (prior year level: 37.2%). In the CS business, profitability at the gross margin level declined by two percentage points to 26.7%, which partly reflects the effect of some invoiced orders that were received during times when our competitiveness was temporarily under pressure in an unfavorable currency environment. Main reasons for the still high overall CS gross profit margins were the high capacity utilization, margin optimization in project management and procurement and partly also the product mix. Gross profit margin in the CSS business slightly increased by 0.6 percentage points to 51.9%.

OPERATING INCOME

Burckhardt Compression increased its operating income (EBIT) generated in fiscal year 2012 by 14.5% to CHF 74.2 mn, yielding an EBIT margin of 20.2% (FY 2011: 19.7%). Selling, marketing and general administrative expenses correspond to 15.9% of sales compared to 15.2% in the year-ago period. Research and development expenses ended the reporting year at CHF 7.7 mn, marginally below the prior year level. Other operating income significantly increased to CHF 4.1 mn (FY 2011: CHF 0.6 mn) comprising mainly the operating result of Burckhardt Compression Immobilien AG, income from the adjustment of employee benefit plans in line with IAS 19, as well as realized and unrealized exchange losses.

FINANCIAL INCOME AND TAX EXPENSES

Due to the ongoing amortization of mortgage loans and the reduction in local borrowings at some subsidiaries, financial expenses in fiscal year 2012 closed CHF 0.8 mn below the previous year's figure at CHF –1.3 mn.

Income tax expenses in the period under review amounted to CHF 17.4 mn, leading to a tax rate of 23.9% (previous year: 19.4%). Whereas the prior year rate was positively impacted by a non-recurring reversal of tax provisions, the current tax rate is on a par with the multi-year average tax rate.

NET INCOME

The net income generated by Burckhardt Compression in fiscal year 2012 increased by CHF 5.0 mn to CHF 55.5 mn, corresponding to 15.1% of sales (FY 2011: 15.4%). The slight decrease on a net margin basis compared to the prior-year period is attributable to the non-recurring tax effect referred to in the preceding paragraph. Net income per share for the reported fiscal year increased by CHF 1.40 to CHF 16.62.

BALANCE SHEET

The balance sheet total grew by CHF 66.0 mn to CHF 596.7 mn, mainly as a result of increased inventories and trade and other receivables. The balance of customers' advance payments versus work in progress and advance payments to suppliers was still positive, but not to the same extent as per the end of last fiscal year. No material losses on accounts receivable had to be recognized in fiscal year 2012. Cash and cash equivalents rose by CHF 5.0 mn. Shareholders' equity increased by 19.9% to CHF 339.1 mn leading to an equity ratio of 56.8% (prior year 53.3%).

CASH FLOW

The net change in cash and cash equivalents was at CHF 5.0 mn (prior year period 41.1 mn). Cash flow from operating activities amounted to CHF 36.3 mn, which is CHF 38.2 mn less than in the comparable prior year period, mainly due to the high amount of accounts receivable as per the closing date as well as a significant increase in inventories resulting from the high workload. Cash outflow from investing activities increased by CHF 10.0 mn compared to the prior fiscal year. The construction of a new manufacturing and administration building for Prognost Systems GmbH in Germany was the largest single CAPEX item. The sale and purchase of treasury shares generated a net cash inflow of CHF 21.6 mn.

CONSOLIDATED INCOME STATEMENT

in CHF 1'000	Notes	2012	2011
Sales	3	**366'677**	**328'926**
Cost of goods sold		–230'696	–206'586
Gross Profit	4	**135'981**	**122'340**
Selling and marketing expenses		–39'448	–33'665
General and administrative expenses		–18'740	–16'358
Research and development expenses	6	–7'731	–8'078
Other operating income/expenses	7	4'131	550
Operating income		**74'193**	**64'789**
Finance costs	8	–1'419	–2'356
Other financial income/expenses	8	157	290
Profit before income tax		**72'931**	**62'723**
Income tax expenses	9	–17'404	–12'196
Net income		**55'527**	**50'527**
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
– Basic	17	16.62	15.22
– Diluted	17	16.62	15.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1'000	2012	2011
Net income	**55'527**	**50'527**
Adjustments of financial instruments	560	–5'886
Tax effect on adjustments of financial instruments	–143	1'338
Currency translation differences	274	–2'425
Total comprehensive income for the period	**56'218**	**43'554**

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

CONSOLIDATED BALANCE SHEET

in CHF 1'000	Notes	03/31/2013	03/31/2012
Non-current assets			
Intangible assets	10	28'218	27'620
Property, plant and equipment	11	134'296	126'908
Derivative financial instruments	21	13	100
Other receivables	13	848	850
Deferred tax assets	9	1'119	1'145
Total		**164'494**	**156'623**
Current assets			
Inventories	12	118'189	93'590
Trade and other receivables	13	123'954	94'726
Derivative financial instruments	21	90	796
Cash and cash equivalents	15	189'994	184'965
Total		**432'227**	**374'077**
Total assets		**596'721**	**530'700**
Equity			
Share capital	17	8'500	8'500
Retained earnings and other reserves		346'884	302'205
Treasury shares		–3'230	–14'130
Financial instruments		–1'820	–2'237
Currency translation differences		–11'265	–11'539
Total		**339'069**	**282'799**
Liabilities			
Non-current liabilities			
Borrowings	18	34'971	35'947
Derivative financial instruments	21	814	1'044
Deferred tax liabilities	9	13'876	11'221
Provisions	19	13'138	12'335
Total		**62'799**	**60'547**
Current liabilities			
Borrowings	18	4'186	13'616
Trade accounts payable		24'302	16'937
Current income tax liabilities		14'570	18'012
Customers' advance payments		96'009	90'563
Derivative financial instruments	21	3'277	2'475
Other current and accrued liabilities	20	38'833	35'781
Provisions	19	13'676	9'970
Total		**194'853**	**187'354**
Total		**257'652**	**247'901**
Total equity and liabilities		**596'721**	**530'700**

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	Retained earings and other reserves	Treasury shares	Financial instruments	Currency translation differences	Net income	**Total**
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**
Balance at 04/01/2012	17	**8'500**	**251'678**	**–14'130**	**–2'237**	**–11'539**	**50'527**	**282'799**
Total comprehensive income for the period					417	274	55'527	56'218
Changes in treasury shares			10'704	10'900				21'604
Share-based payments	26/27		1'714					1'714
Dividends							–23'266	–23'266
Allocation of net income			27'261				– 27'261	
Balance at 03/31/2013		**8'500**	**291'357**	**–3'230**	**–1'820**	**–11'265**	**55'527**	**339'069**

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	2012	2011
Cash flow from operating activities			
Net income		**55'527**	**50'527**
Income tax expenses		17'404	12'196
Other financial income/expenses		–157	–290
Finance costs		1'419	2'356
Operating income		**74'193**	**64'789**
Depreciation	11	8'960	8'021
Amortization	10	2'115	2'569
Change in inventories		–26'322	2'212
Change in trade receivables		–25'795	398
Change in other net current assets		17'919	7'440
Change in provisions		1'031	1'551
Other non-monetary items		586	2'580
Interest received		171	157
Interest paid		–1'316	–2'356
Income tax paid		–15'255	–12'845
Total		**36'287**	**74'516**
Cash flow from investing activities			
Purchase of property, plant and equipment		–16'474	–13'082
Sale of property plant and equipment		0	2
Purchase of intangible assets		–2'820	–1'348
Purchase of marketable securities		0	–136
Sale of marketable securities		27	5'335
Total		**–19'267**	**–9'229**
Cash flow from financing activities			
Increase in borrowings		1'832	386
Repayment of borrowings		–12'479	–3'319
Sales/purchase of treasury shares		21'605	–3'937
Dividends paid	17	–23'266	–16'619
Total		**–12'308**	**–23'489**
Currency translation differences on cash and cash equivalents		317	–671
Net change in cash and cash equivalents		**5'029**	**41'127**
Cash and cash equivalents at 04/01/2011 / 04/01/2010	15	184'965	143'838
Cash and cash equivalents at 03/31/2012 / 03/31/2011	15	189'994	184'965
Net change in cash and cash equivalents		**5'029**	**41'127**

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 2012 comprises the period from April 1, 2012 to March 31, 2013. These consolidated financial statements were authorized for issue by the Board of Directors on May 21, 2013 and will be submitted to shareholders for approval at the annual general meeting scheduled for June 29, 2013.

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 2012 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, 2013. 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, 2013, the following standards, interpretations and amendments to issued standards were applied by Burckhardt Compression for the first time:

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.

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.

Management assessed the effects of these standards, interpretations and amendments and has concluded that they are not relevant or do not have a material impact on Burckhardt Compression Group's financial statements.

The following new standards, interpretations and amendments to already issued standards will be applicable for annual reporting periods commencing on or after April 1, 2013:

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 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" (effective for annual periods beginning on or after January 1, 2013) 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.

IAS 32 (amended) "Offsetting financial assets and financial liabilities" (effective for annual periods beginning on or after 1 January 2014, earlier application permitted, retrospective application). The amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and liabilities. Offsetting financial assets and liabilities in the statement of financial position still is only required, when the entity has a legally enforceable right to set-off and intends either to settle the asset and liability on a net bases or to realize the asset and settle the liability simultaneously. Clarification, that the right to set-off must be available today (and not contingent on a future event). Further, the right to set-off must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

IFRS 7 (amended) "Disclosures – offsetting financial assets and financial liabilities" (effective for annual periods beginning on or after 1 January 2013, retrospective application). The amendment will require more extensive disclosures. The disclosures focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

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, 2013". As per March 31, 2013, 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

Comprises cash, demand deposits, other short-term highly liquid financial assets with original maturities of three months or less and bank overdrafts. These 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 dampers 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 agreed 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. Some of the group subsidiaries may secure loans from local creditors within the limits approved by the group management. The group treasury provides the local group companies with the necessary funds or invests their excess liquidity. The group treasury maintains sufficient liquidity reserves and open credit and guarantee lines to fulfill the financial obligations at all times.

  Burckhardt Compression follows the principle of security before return in the investment of financial resources. The liquidity is invested mainly on current accounts and occasionally 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.

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

in CHF 1'000	03/31/2013	03/31/2012
Cash and cash equivalents	189'994	184'965
Free credit facilities	25'000	30'000
Total	**214'994**	**214'965**

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

Financial liabilities as per 03/31/2013	**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	39'157	4'186	9'920	14'970	10'081	39'157
Liabilities from supply and services	24'302	24'302				24'302
Other current liabilities	7'494	7'494				7'494
Total	**70'953**	**35'982**	**9'920**	**14'970**	**10'081**	**70'953**

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**

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, 2013			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	115'013	34'796	1'535	0	**151'344**
Cash flow Hedge inflow	111'402	33'646	1'455	0	**146'503**

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**

– **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, CNY and INR. Burckhardt Compression Holding AG does not hedge these translation risks.

– **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 mainly on current accounts with institutions with a high credit rating and occasionally in the money market, which shows a lower interest risk.

– **Interest rate risks** Burckhardt Compression had mortgage loans of CHF 35.0 mn as per March 31, 2013. The mortgage loans have fixed terms of 1 to 10 years and fixed interest rates. The funds borrowed from local banks by the Indian subsidiary amounted to CHF 3.6 mn as of March 31, 2013. These bank loans have variable interest rates and averaged 10.8% during the period under review (previous year 13.4%). 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.

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

03/31/2013

Exchange rate	EUR/ CHF	INR/ CHF	USD/ CHF	CNY/ CHF
Change of exchange rate (hypothetical)[1]	20%	20%	20%	10%

in CHF 1'000				
Effect on result				
– with increase of exchange rate against CHF	5'096	353	5'289	29
– with decrease of exchange rate against CHF	– 5'096	– 353	– 5'289	–29
Effect on equity[2]				
– with increase of exchange rate against CHF	0	0	20'573	0
– with decrease of exchange rate against CHF	0	0	–20'573	0

03/31/2012

Exchange rate	EUR/ CHF	INR/ CHF	USD/ CHF	CNY/ CHF
Change of exchange rate (hypothetical)[1]	15%	20%	20%	10%

in CHF 1'000				
Effect on result				
– with increase of exchange rate against CHF	–2'678	71	1'060	30
– with decrease of exchange rate against CHF	2'678	–71	–1'060	–30
Effect on equity[2]				
– with increase of exchange rate against CHF	0	0	12'055	0
– with decrease of exchange rate against CHF	0	0	–12'055	0

[1] The hypothetical fluctuations in exchange rates expressed in percent were based on the rounded-off maximum fluctuations of the respective foreign currencies against the Swiss franc during the past reporting period. The percentage fixed for EUR/CHF is purely hypothetical.
[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.

– **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 short- and long-term 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:

	03/31/2013	03/31/2012
Equity base	56.8%	53.3%
Net financial position (CHF 1'000)	150'837	135'405

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	03/31/2013	03/31/2012
Cash and cash equivalents	n.a.	15	**189'994**	**184'965**
Loans and receivables				
Trade receivables	n.a.	13	108'890	83'925
Other receivables	n.a.	13	14'824	12'049
Total			**123'714**	**95'974**
Derivative financial instruments from hedge accounting (assets)	2	21	**103**	**896**
Liabilities at amortized cost				
Trade accounts payables	n.a.		24'302	16'937
Other current liabilities	n.a.	20	7'494	3'171
Current financial liabilities	n.a.	18	4'186	13'616
Non-current financial liabilities	n.a.	18	34'971	35'947
Total			**70'953**	**69'671**
Derivative financial instruments from hedge accounting (liabilities)	2	21	**4'091**	**3'519**

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 Three Valuation methods use inputs that are not based on observable market data.

As per the end of fiscal years 2012 and 2011, 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

In January 2013 Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Kompresör San. ve Tic. Ltd. in Turkey by means of a contribution in cash. This new company employed 3 employees at the end of the fiscal year 2012.

In November 2012 Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Compression (Korea) Ltd. by means of contribution in cash. At the same time Burckhardt Compression (Korea), a branch office of Burckhardt Compression AG, wholly owned by Burckhardt Compression Holding AG, was put into a dormant state. Burckhardt Compression (Korea) Ltd. employed 5 employees at the end of the fiscal year 2012.

02 Currency exchange rates

	Average rates		Year-end rates	
	2012	2011	**03/31/2013**	03/31/2012
1 EUR	1.21	1.21	1.22	1.20
1 GBP	1.49	1.41	1.44	1.44
1 USD	0.94	0.88	0.95	0.90
1 CAD	0.94	0.89	0.93	0.91
1 AED	0.26	0.24	0.26	0.25
100 BRL	46.80	52.00	47.25	49.55
100 JPY	1.14	1.12	1.01	1.10
100 CNY	14.95	13.80	15.30	14.34
100 INR	1.73	1.84	1.75	1.77
100 KRW	0.09	0.08	0.09	0.08
1 TRY	0.52	–	0.52	–

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	2012	2011
Europe:		
– EU	57'796	57'268
– Switzerland	4'436	3'369
– Other European countries	52'733	35'960
Total Europe	**114'965**	**96'597**
North America	24'854	24'234
South America	8'908	9'863
Asia, Australia, Middle East	214'073	196'305
Africa	3'877	1'927
Total	**366'677**	**328'926**

Sales by customer location in CHF 1'000	2012	2011
Europe:		
– EU	73'836	113'189
– Switzerland	8'026	11'421
– Other European countries	56'847	22'229
Total Europe	**138'709**	**146'839**
North America	43'935	20'144
South America	6'034	8'471
Asia, Australia, Middle East	174'138	151'577
Africa	3'861	1'895
Total	**366'677**	**328'926**

Carrying amount of assets by location of assets in CHF 1'000	03/31/2013	03/31/2012
Europe:		
– EU	26'107	34'097
– Switzerland	510'638	434'440
Total Europe	**536'745**	**468'537**
North America	15'224	12'927
South America	2'271	4'059
Asia, Australia, Middle East	42'481	45'177
Total	**596'721**	**530'700**

Capital expenditure in CHF 1'000	2012	2011
Europe:		
– EU	4'828	1'459
– Switzerland	11'611	9'271
Total Europe	**16'439**	**10'730**
North America	546	168
South America	11	41
Asia, Australia, Middle East	889	2'751
Total	**17'885**	**13'690**

04 Additional information regarding the income statement

Sales and gross profit in CHF 1'000		**2012**	**2011**
Compressor Systems	Sales	215'684	205'965
	Gross profit	57'627	59'202
Components, Services & Support	Sales	150'993	122'961
	Gross profit	78'354	63'138
Total	**Sales**	**366'677**	**328'926**
	Gross profit	**135'981**	**122'340**

Expenses by nature in CHF 1'000		**2012**	**2011**
Raw materials and consumables		**–169'729**	**–161'273**
Personnel expenses	Salaries and wages	–84'948	–70'846
	Defined benefit plans	–2'385	–2'960
	Defined contribution plans	–579	–3'905
	Other social benefits	–7'950	–4'006
	Other personnel costs	–5'314	–6'572
Total personnel expenses		**–101'176**	**–88'289**
Depreciation		–8'960	–8'021
Amortization		–2'115	–2'569

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 1'078 as per March 31, 2013 compared to 983 as per March 31, 2012.

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	2012	2011
Reconciliation of the amount recognized in the balance sheet				
Fair value of plan assets	107'719	0	107'719	100'359
Present value of defined benefit obligations	–120'857	–2'269	–123'126	–114'081
Overfund (+) / underfund (–)	**–13'138**	**–2'269**	**–15'407**	**–13'722**
Unrecognized actuarial gains (–) / losses (+)	18'081	451	18'532	13'980
Asset (+) / Liability (–) recognized in balance sheet	**4'943**	**–1'818**	**3'125**	**258**
thereof as current assets	4'943	0	4'943	2'094
thereof as non-current provision	0	–1'818	-1'818	–1'836
Pension expenses recognized in profit or loss				
Current service costs (employer)			5'380	4'958
Interest costs			2'716	2'813
Expected return on plan assets			–3'564	–3'808
Actuarial gain (+) / loss (–) recognized in current year			363	6
Past service cost[1]			–2'510	–1'009
Expenses recognized in profit or loss			**2'385**	**2'960**
Reconciliation of defined benefit obligation				
Defined benefit obligation as per 04/01/2012 / 04/01/2011			114'081	95'535
Interest cost			2'716	2'813
Current service cost (employer)			5'380	4'958
Contributions by plan participants			3'218	2'881
Past service cost			–2'510	–1'009
Benefits paid/deposited			–5'544	–761
Actuarial gain (–) / loss (+) on obligation			5'750	9'833
Currency translation differences			35	–169
Defined benefit obligation as per 03/31/2013 / 03/31/2012			**123'126**	**114'081**
Reconciliation of the fair value of plan assets				
Fair value of plan assets as per 04/01/2012 / 04/01/2011			100'359	91'767
Expected return on plan assets			3'564	3'808
Contributions by the employer/benefits paid directly by employer			5'282	4'764
Contributions by plan participants			3'218	2'881
Benefits paid/deposited			–5'544	–761
Actuarial gain (+) / loss (–) on plan assets			840	–2'100
Fair value of plan assets as per 03/31/2013 / 03/31/2012			**107'719**	**100'359**
thereof equity instruments Burckhardt Compression Ltd.			86	114
thereof equity instruments – third party			22'589	22'382
thereof debt instruments – third party			48'034	45'140
thereof properties occupied by or used by third party			24'643	**22'283**
thereof others			12'387	**10'440**
Actual return on plan assets			**4'403**	**1'708**

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

in CHF 1'000	2012	2011
Movement in the net amount recognized in the balance sheet		
Opening net liability (–) / asset (+)	258	–1'703
Expense recognized in profit or loss	–2'385	–2'960
Contributions by the employer/benefits paid directly by employer	5'282	4'764
Currency translation differences	–30	157
Closing net liability (–) / asset (+)	**3'125**	**258**
Best estimate of contributions for upcoming fiscal year		
Contributions by the employer (only Swiss plans)	5'357	4'834
Contributions by plan participants	3'646	3'175

Information over several years	2012	2011	2010	2009	2008
Fair value of plan assets	107'719	100'359	91'767	85'933	84'687
Present value of funded defined benefit obligation	–123'126	–114'081	–95'535	–94'944	–103'541
Overfund (+) / underfund (–)	**–15'407**	**–13'722**	**–3'768**	**–9'011**	**–18'854**
Present value of unfunded defined benefit obligation	–2'269	–2'026	–2'216	–2'482	–2'490
Experience adjustments on defined benefit obligation	179	–831	–4'067	–7'446	–1'540
Experience adjustments on plan assets	840	–2'100	–2'102	2'323	–15'579

Principal actuarial assumptions	03/31/2013	03/31/2012
Discount rate	1.9%	2.3%
Expected rate of return on plan assets	2.5%	3.5%
Future salary increases	1.5%	1.5%
Future pension increases	0.0%	0.0%
Workforce fluctuation rate	7.5%	7.7%
Expected average remaining working lives in years	9.6	9.6
Life expectance at retirement age (male/female) in years	21/24	20/23

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: 1.5% for bonds, 5.2% for equities, 3.0% for properties and 3.5% for other investment categories.

As stated in the accounting principles, IAS 19 "Employee benefits" was amended (June 2011). These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The amendment will become mandatory for Burckhardt Compression in its 2013 financial statements. The liability to be considered as of April 1, 2013, would amount to CHF 14.2 mn (as of April 1, 2012, CHF 12.3 mn). Adaption of the amended IAS 19 would decrease consolidated shareholders' equity as per March 31, 2013 by CHF 17.3 mn (before taxes). The impact on defined benefit costs in fiscal year 2012 would be CHF –0.8 mn.

06 Research and development expenses

Research and development activities in the fiscal year 2012 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 2012 and 2011.

07 Other operating income and expenses

in CHF 1'000	2012	2011
Currency exchange losses (–)/gains (+)	–1'152	–3'882
Other operating expenses (–)/income (+)	5'283	4'432
Total	**4'131**	**550**

As a result of the more stable currency environment during the period under review, the currency exchange losses were significantly reduced compared to last year.

The two largest single items under Other operating income were the operating income generated by Burckhardt Compression Immobilien AG, which contributed CHF 2.1 mn to group operating income in fiscal year 2012 (previous year: CHF 3.4 mn) and the positive effect of CHF 2.8 mn from the adjustment to the Swiss pension scheme in accordance with IAS 19.

08 Financial result

Finance costs Most of the finance costs are attributable to the mortgage for the commercial real estate in Winterthur and the local bank funding secured by the Indian subsidiary. The decrease in finance costs in fiscal year 2012 is mainly achieved through the reduction of local bank borrowings by the Indian subsidiary and to a smaller extent by the partial repayment of the mortgage for the real estate in Winterthur.

Miscellaneous financial income:

in CHF 1'000	2012	2011
Interest income	181	242
Other financial income (+) and expenses (–)	–24	48
Total	**157**	**290**

09 Taxes

Income taxes

in CHF 1'000	2012	2011
Current income taxes	–14'866	–11'187
Deferred taxes	–2'538	–1'009
Total	**–17'404**	**–12'196**

Reconciliation of income tax expense

in CHF 1'000	2012	2011
Profit before income taxes	72'931	62'723
Income tax expenses at the local tax rates in the respective countries	–17'613	–14'027
Tax losses for which no deferred income tax was recognized	–609	0
Adjustment previous year	669	1'789
Others	149	42
Total income tax expenses	**–17'404**	**–12'196**
as % of profit before income taxes	23.9%	19.4%

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 tax rate in the period under review rose to 23.9% which is 4.5 percentage points above the prior year level but similar to the tax rates in fiscal years 2010 (24.0%) and 2009 (24.2%). The tax rate in fiscal year 2011 was exceptionally low due to the reversal of tax provisions at the Swiss entity that were no longer deemed necessary.

Deferred taxes

in CHF 1'000	03/31/2013	03/31/2012
Deferred tax assets:		
– which can be used within 12 months	–243	–121
– which can be used after 12 months	–876	–1'024
Subtotal	–1'119	–1'145
Deferred tax liabilities:		
– which can be used within 12 months	5'605	3'329
– which can be used after 12 months	8'271	7'892
Subtotal	13'876	11'221
Total	**12'757**	**10'076**
	2012	**2011**
Total changes in deferred taxes:		
Balance as per 04/01/2012 / 04/01/2011	10'076	10'405
Charged to the income statement	2'538	1'009
Taxes charged to equity for hedging reserves	143	–1'338
Balance as per 03/31/2013 / 03/31/2012	**12'757**	**10'076**

Breakdown of deferred taxes in the balance sheet

	03/31/2013		03/31/2012	
in CHF 1'000	Assets	Liabilities	Assets	Liabilities
Intangible assets		2'203		1'325
Property, plant and equipment	3	5'362		5'645
Inventories	31	2'026	57	1'529
Trade and other receivables	50	3'337	224	2'811
Financial assets	29	1'043		
Derivative financial instruments (assets)	19			
Derivative financial instruments (liabilities)	179		230	
Non-current provisions	626	1'044	516	864
Trade accounts payable	233	640	258	12
Other current and accrued liabilities	303		157	
Tax loss carry forward	1'425		668	
Total deferred taxes (gross)	**2'898**	**15'655**	**2'110**	**12'186**
Offset	–1'779	–1'779	–965	–965
Total deferred taxes (net)	**1'119**	**13'876**	**1'145**	**11'221**

In accordance with the exemption in IAS 12 the Group does not provide for deferred income tax on investments in group companies.

Tax loss carry forwards

in CHF 1'000	03/31/2013	03/31/2012
Expiring in the next 3 years	601	984
Expiring in 4 to 7 years	7'407	2'561
Total tax loss carry forwards	**8'008**	**3'545**
Potential tax assets calculated	2'029	1'038
Valuation allowance	–604	–370
Deferred tax assets	**1'425**	**668**

Deferred tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which they can be utilized.

10 Intangible assets

Acquisition costs

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2012 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2011 Total
Balance as per 04/01/2012 / 04/01/2011	21'303	8'297	7'622	37'222	22'389	7'136	7'912	37'437
Additions		1'409		1'409		1'123		1'123
Disposals		–267		-267				
Reclassifications		1'411		1'411		225		225
Currency translation differences	–140	14	120	–6	–1'086	–187	–290	–1'563
Balance as per 03/31/2013 / 03/31/2012	**21'163**	**10'864**	**7'742**	**39'769**	**21'303**	**8'297**	**7'622**	**37'222**

Accumulated amortization

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2012 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2011 Total
Balance as per 04/01/2012 / 04/01/2011		–5'150	–4'452	–9'602		–3'938	–3'362	–7'300
Additions		–1'446	–669	–2'115		–1'333	–1'236	–2'569
Disposals		267		267				
Reclassifications								
Currency translation differences		–14	–87	–101		121	146	267
Balance as per 03/31/2013 / 03/31/2012	**0**	**–6'343**	**–5'208**	**–11'551**	**0**	**–5'150**	**–4'452**	**–9'602**

Net book value

As per 04/01/2012 / 04/01/2011	21'303	3'147	3'170	27'620	22'389	3'198	4'550	30'137
As per 03/31/2013 / 03/31/2012	**21'163**	**4'521**	**2'534**	**28'218**	**21'303**	**3'147**	**3'170**	**27'620**

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 range 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 2012 and 2011.

in CHF 1'000	Crosshead piston compressors	Standard high-pressure compressors	Total
Goodwill as per 03/31/2012	17'085	4'078	21'163
Goodwill as per 03/31/2011	17'178	4'125	21'303
The test is based on the following assumptions:			
– Growth rate for sales	6.7%	4.8%	
– Gross margin as % of sales	32.1%	20.7%	
– 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 8.0%.

11 Property, plant and equipment

in CHF 1'000	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2012 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2011 Total
Acquisition costs										
Balance as per 04/01/2012 / 04/01/2011	86'155	69'304	16'550	5'656	177'665	84'227	63'951	19'360	5'465	173'003
Additions	5'758	4'207	3'525	4'395	17'885	1'610	4'969	1'318	5'793	13'690
Disposals	–20	–543	–2'473	–70	–3'106	–149	–2'180	–3'937	–813	–7'079
Reclassifications	2'743	2'126	459	–6'739	–1'411	919	3'252	362	–4'758	–225
Currency translation differences	–1	79	77	11	166	–452	–688	–553	–31	–1'724
Balance as per 03/31/2013 / 03/31/2012	**94'635**	**75'173**	**18'138**	**3'253**	**191'199**	**86'155**	**69'304**	**16'550**	**5'656**	**177'665**
Accumulated depreciation										
Balance as per 04/01/2012 / 04/01/2011	–5'851	–34'353	–10'553		–50'757	–4'317	–31'981	–13'079		–49'377
Additions	–2'051	–5'120	–1'789		–8'960	–1'744	–4'711	–1'566		–8'021
Disposals	14	453	2'437		2'904	145	2'165	3'894		6'204
Reclassifications										
Currency translation differences	5	–42	–53		–90	65	174	198		437
Balance as per 03/31/2013 / 03/31/2012	**–7'883**	**–39'062**	**–9'958**	**0**	**–56'903**	**–5'851**	**–34'353**	**–10'553**	**0**	**–50'757**
Net book value										
As per 04/01/2012 / 04/01/2011	80'304	34'951	5'997	5'656	126'908	79'910	31'970	6'281	5'465	123'626
As per 03/31/2013 / 03/31/2012	**86'752**	**36'111**	**8'180**	**3'253**	**134'296**	**80'304**	**34'951**	**5'997**	**5'656**	**126'908**
Fire insurance values	**157'816**	**89'538**	**13'229**	**4'025**	**264'608**	**151'900**	**82'715**	**16'900**	**6'880**	**258'365**

The additions recorded in category "Land and buildings" during fiscal year 2012 contains as a largest single item the costs for the construction of a new manufacturing and administration building of Prognost Systems GmbH in Rheine, Germany. Included under the same category are several modifications of the building in Winterthur by Burckhardt Components AG and Burckhardt Compression AG. The additions recorded during fiscal year 2012 in the categories "Machinery and equipment" and "Assets under construction" can primarily be traced to the modernization of the stock of machinery mainly in the manufacturing center in Winterthur, whereas the latter category contains some building modifications by Burckhardt Compression Immobilien AG as well. The "Other assets" category includes IT hardware, patterns, tools, fixtures, instruments, vehicles and other operating equipment. In the fiscal years 2012 and 2011 no leased assets were capitalized.

12 Inventories

in CHF 1'000	03/31/2013	03/31/2012
Acquisition costs		
Raw materials, supplies and consumables	14'855	13'980
Work in progress	68'891	50'082
Finished products and trade merchandise	30'197	23'008
Advance payments to suppliers	13'209	13'764
Valuation allowances	–8'963	–7'244
Total	**118'189**	**93'590**

in CHF 1'000	2012	2011
Valuation allowances		
Balance as per 04/01/2012 / 04/01/2011	–7'244	–6'527
Utilized due to disposals	80	16
Additions	–1'796	–792
Currency translation differences	–3	59
Balance as per 03/31/2013 / 03/31/2012	**–8'963**	**–7'244**

Due to the higher order intake for compressor systems, work in progress at the end of fiscal year 2012 was CHF 18.8 mn higher than in the previous year. Work in progress and advance payments to suppliers reported for the 2012 and 2011 fiscal years were financed by customers' advance payments in the amount of CHF 96.0 mn and CHF 90.6 mn, respectively.

13 Trade and other receivables

in CHF 1'000	03/31/2013	03/31/2012
Trade receivables	108'890	83'925
Allowance for bad debts	–660	–1'874
Other receivables	13'976	11'199
Prepaid expenses	1'748	1'476
Total current receivables	**123'954**	**94'726**
Other receivables	848	850
Total non-current receivables	**848**	**850**
Total	**124'802**	**95'576**

in CHF 1'000	2012	2011
Allowance for bad debts		
Balance as per 04/01/2012 / 04/01/2011	–1'874	–920
Additions	–220	–1'100
Disposals	615	16
Utilization	797	–
Currency translation differences	22	130
Balance as per 03/31/2013 / 03/31/2012	**–660**	**–1'874**

The allowance for bad debts at the end of the 2012 and 2011 fiscal years was entirely related to accounts receivable which were more than 90 days overdue as per the closing date.

in CHF 1'000	03/31/2013		03/31/2012	
Age profile of trade receivables				
Not due	69'393	63.7%	51'260	61.1%
Overdue 1–30 days	8'908	8.2%	9'927	11.8%
Overdue 31–60 day	3'107	2.9%	6'954	8.3%
Overdue 61–90 days	1'064	1.0%	1'971	2.3%
Overdue more than 90 days	26'418	24.3%	13'813	16.5%
Balance as per 03/31/2013 / 03/31/2012	**108'890**	**100.0%**	**83'925**	**100.0%**

in CHF 1'000	03/31/2013	03/31/2012
Trade receivables broken down into currencies		
CHF	25'684	25'876
EUR	39'489	17'732
USD	29'466	16'573
GBP	1'335	1'557
JPY	414	319
INR	3'438	7'069
BRL	380	705
CAD	136	322
CNY	5'570	2'825
Other	2'318	9'073
Total (after allowance for bad debts)	**108'230**	**82'051**

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 16% (prior year: 11%) of total trade and other receivables. The risk of default among Burckhardt Compression customers is limited; a high share of the accounts receivable are secured by letters of credit. The position trade receivables "overdue more than 90 days" contains a single position in the amount of TCHF 14'368 with a renowned European contracting company with whom a twelve month payment plan in installments was agreed.

14 Marketable securities

There were no holdings of marketable securities as of the balance sheet date.

15 Cash and cash equivalents

Cash was primarily held in current accounts. Most of the cash and cash equivalents was held in Swiss francs to reduce currency exchange risk.

in CHF 1'000	03/31/2013	03/31/2012
Cash	477	840
Bank deposits	186'045	178'903
Short-term deposits	3'472	5'222
Total cash and cash equivalents	**189'994**	**184'965**

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 74.4 mn in the balance sheet at the end of the reporting period.

Burckhardt Compression (India) Private Ltd. has pledged property, inventories and receivables in the amount of CHF 9.0 mn as collateral for the credit lines and guarantee facilities provided by local banks and PROGNOST Systems GmbH, Germany, has pledged TCHF 610 of current financial assets as collateral for guarantees provided by a local bank. No other assets were pledged as collateral in the fiscal year 2012. In the previous fiscal year the pledged assets in India amounted to CHF 10.2 mn, the current financial assets pledged by PROGNOST were TCHF 600 and the amount pledged by the real estate company was CHF 74.7 mn.

17 Share capital

	03/31/2013	03/31/2012
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

	03/31/2013	03/31/2012
Treasury shares	9'802	76'255

In December 2008, the Board of Directors of Burckhardt Compression Holding AG decided to repurchase up to 170'000 BCHN shares or up to 5% of all outstanding shares of the company over a 12-month period and to hold these shares as an acquisition currency. A second line of trading was not opened for the share buyback program. Shares were repurchased at market prices. In December 2009 the share buyback program was extended for one year to December 16, 2010 and has since expired. Burckhardt Compression Holding AG repurchased 75'317 shares under this share buyback program. In January 2013 Burckhardt Compression announced a change in purpose of the share buyback program and placed all 75'317 treasury shares with institutional investors. The reported 9'802 treasury shares were purchased for a long-term incentive pay plan.

Earnings per share

in CHF 1'000	2012	2011
Net income attributable to shareholders of Burckhardt Compression Holding AG	55'527	50'527
Average number of outstanding shares	3'341'766	3'319'617
Average number of outstanding shares for the calculation of earnings per share	3'341'766	3'319'617
Earnings per share (in CHF)	16.62	15.22
Diluted earnings per share (in CHF)	16.62	15.22
Dividend per share (in CHF)[1]	9.00	7.00

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 9.00 per share, to be paid in July 2013.

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 03/31/2013	Total 03/31/2012
Bank loans and leasing commitments	4'186	34'967	39'153	49'560
Others	0	4	4	3
Total	**4'186**	**34'971**	**39'157**	**49'563**
Thereof due in less than 1 year	4'186	0	4'186	13'616
Thereof due in 1 to 5 years	0	34'971	34'971	35'947

Burckhardt Compression AG has bank and guarantee facilities totaling CHF 177 mn, thereof CHF 25 mn in credit limits as per March 31, 2013 (previous year total bank and guarantee facilities amounted to CHF 177 mn). The bank loans as per March 31, 2013 included mortgage loans of CHF 35 mn, of which CHF 2.1 mn is due in less than 12 months. The rest is primarily in Indian rupees. The average effective interest rate amounted to 3.2% in fiscal year 2012 and 4.6% in the previous fiscal year.

19 Provisions

in CHF 1'000	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2012 Total	Employee benefits	Other personnel expenses	Warranties, penalties, unprofitable contracts	Other	2011 Total
Balance as per 04/01/2012 / 04/01/2011	5'264	1'216	14'853	972	22'305	5'186	1'717	10'296	1'646	18'845
Additions	1'607	1'239	11'068	1'190	15'104	1'336	1'048	10'523	617	13'524
Released as no longer required		–351	–1'822	–79	–2'252	–30	–228	–2'259	–671	–3'188
Released for utilization	–1'165	–653	–6'059	–512	–8'389	–957	–1'190	–3'496	–508	–6'151
Currency translation differences	52	–13	–15	22	46	–271	–131	–211	–112	–725
Total as per 03/31/2013 / 03/31/2012	**5'758**	**1'438**	**18'025**	**1'593**	**26'814**	**5'264**	**1'216**	**14'853**	**972**	**22'305**
Thereof current	1'017	1'282	9'784	1'593	13'676	993	1'043	7'076	858	9'970
Thereof non-current	4'741	156	8'241	0	13'138	4'271	173	7'777	114	12'335

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	03/31/2013	03/31/2012
Other current liabilities		
Social security institutions	1'078	365
Tax liabilities (excl. Income taxes)	5'344	1'313
Miscellaneous	1'072	1'493
Total	**7'494**	**3'171**
Accrued liabilities		
Vacation and overtime	2'950	2'134
Salaries, wages and bonus payments	4'917	4'275
Contract related liabilities	21'711	24'158
Miscellaneous	1'761	2'043
Total	**31'339**	**32'610**
Total other current and accrued liabilities	**38'833**	**35'781**

The accrued contract-related liabilities slightly decreased 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

in CHF 1'000	03/31/2013		03/31/2012	
	Positive fair values	Negative fair values	Positive fair values	Negative fair values
Foreign exchange contracts (Cashflow Hedges)	**103**	**4'091**	**896**	**3'519**
Thereof current	90	3'277	796	2'475
Thereof non-current	13	814	100	1'044

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, 2013 the contract value of the open derivative financial instruments amounted to TCHF 150'815; as per March 31, 2012 it totaled TCHF 102'673. The increase in the fiscal year 2012 resulted from the slightly higher volume of business transactions to be hedged as of the closing date.

In the fiscal years 2012 and 2011 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 03/31/2013**	**Total 03/31/2012**
Total pending guarantees	180'188	19'301	199'489	199'048
Thereof from Swiss banks	139'502	1'184	140'686	133'511
Thereof from foreign banks	3'846	0	3'846	4'553
Thereof from Burckhardt Compression Holding AG	36'840	18'117	54'957	60'984

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. Outstanding bank guarantees as of March 31, 2013 slightly 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, 2013 and as per March 31, 2012.

24 Other financial commitments
Liabilities from operating leases

in CHF 1'000	Buildings	Cars	Other	**Total 03/31/2013**	**Total 03/31/2012**
Total commitments	2'451	739	1'023	4'213	3'187
Thereof due in less than 1 year	1'113	328	265	1'706	1'031
Thereof due in 1 to 5 years	1'204	411	758	2'373	2'070
Thereof due in more than 5 years	134	–	–	134	86

The consolidated income statement includes leasing expenses for buildings of TCHF 3'624 for the fiscal year 2012. These expenses amounted to TCHF 2'649 in the previous year. The capacity expansion of Burckhardt Compression AG resulted in slightly higher rental expenses.

Other financial obligations The most significant capital expenditure projects approved during the fiscal year 2012 and for which there are purchase commitments as per March 31, 2013 comprise for Burckhardt Compression AG a building conversion project for assembly operations in the amount of TCHF 799, a test compressor for TCHF 491 and contracting software modules totaling TCHF 1'473.

25 Business combinations

Burckhardt Compression did not acquire any companies in the 2012 and 2011 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 2012 and 2011 fiscal years:

in CHF 1'000							2012
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			43	10	163
Hans Hess	Deputy Chairman[2]	60			21	0	81
Heinz Bachmann[3]	Deputy Chairman	15			15	2	32
Urs Fankhauser	Member	70			21	5	96
Dr. Monika Krüsi[4]	Member	45			14	4	63
Urs Leinhäuser	Member	60			21	4	85
Total		**360**			**135**	**25**	**520**
Executive Board							
Marcel Pawlicek	CEO		350	129	0	110	589
Members of the Executive Board (12 persons)			2'328	493	599	620	4'040
Total			**2'678**	**622**	**599**	**730**	**4'629**

[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).
[2] as of June 29, 2012, until then member
[3] until June 29, 2012
[4] as of June 29, 2012

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
Hans Hess	Member	60			7	0	67
Heinz Bachmann	Deputy Chairman	60			7	3	70
Urs Fankhauser	Member	70			7	4	81
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**

[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 total compensation for the Executive Board increased during the period under review by TCHF 1'163. Thereby, it must be noted that 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 an accumulation of personnel expense portions from previous periods in the course of the award period. The increase in fixed and variable salary in cash is attributable on the one hand to the fact that the Executive Board was enlarged for the period under review by one additional member and on the other hand with the overlap of personnel expenses during the transition of the functions of the VP Design & Manufacturing and the MD Burckhardt Components AG.

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 2012:

Name	Position	Allocated shares 2011	Allocated shares 2012	Shares vested during FY 2012	Shares locked until June 30, 2013
Non-executive members of the Board of Directors					
Valentin Vogt	Chairman	122	94	0	216
Hans Hess	Deputy Chairman[1]	61	47	0	108
Heinz Bachmann[2]	Deputy Chairman	61	19	80	0
Urs Fankhauser	Member	61	47	0	108
Dr. Monika Krüsi[3]	Member	0	47	0	47
Urs Leinhäuser	Member	61	47	0	108
Total		**366**	**301**	**80**	**587**
Executive Board					
Members of the Executive Board[4]		1'239	1'575	306	2'508
Total		**1'605**	**1'876**	**386**	**3'095**

[1] as of June 29, 2012; until then member
[2] until June 29, 2012
[3] as of June 29, 2012
[4] FY 2011: 8 persons; FY 2012: 11 persons

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 2012. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2013.

As per March 31, 2013 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:

		03/31/2013	03/31/2012
Name	Position	Total shares	Total shares
Non-executive members of the Board of Directors			
Valentin Vogt	Chairman	202'633	202'633
Hans Hess	Deputy Chairman[1]	10'267	10'267
Urs Fankhauser	Member	284	1'284
Dr. Monika Krüsi[2]	Member	530	n.a.
Urs Leinhäuser	Member	484	484
Total		**214'198**	**214'668**
Executive Board			
Marcel Pawlicek	CEO	47'045	52'045
Rolf Brändli	CFO	894	1'044
Rainer Dübi	VP Design & Manufacturing	53	n.a.
René Guthauser	VP Quality & Infrastructure	485	635
Martin Heller	VP Business Development	57'500	57'500
Hans Keist	MD Burckhardt Components AG	0	n.a.
Dr. Leonhard Keller[3]	VP Valves	53'669	71'563
Susan Lütolf	VP Human Resources Management	0	n.a.
Daniel Oswald	VP Information Technology	1'200	1'600
Narasimha Rao	MD Burckhardt Compression (India) Pvt. Ltd.	225	333
Marco Scanderbeg	VP Marketing & Communications	1'300	1'700
Dr. Daniel Schillinger	VP Sales Compressor Systems	0	n.a.
Matthias Tanner	VP Contracting	447	697
Robert Züst	VP Components, Services & Support	1'112	1'862
Total		**163'930**	**190'273**
Total		**378'128**	**406'075**
In % of total shares		11.1%	11.9%

[1] as of June 29, 2012; until then member
[2] as of June 29, 2012
[3] until March 31, 2013 (retirement date)

28 Risk management

Burckhardt Compression has an integrated risk management policy. In a two steps process, 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 spring and fall meeting 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 same overview is presented twice a year to the Audit Committee of the Board of Directors.

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, 2013.

Investments as per March 31, 2013

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 1'207'850'000

	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%
Burckhardt Components AG (formerly MT Sealing Technology Inc.) Winterthur, Switzerland Managing Director Hans Keist	3	BCCO	•	•		•	•	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%

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

	Subsidiary of	Abbreviation	Research & development	Engineering & manufacturing	Contracting	Sales	Service	Share capital Participation
Burckhardt Compression (US) Inc. Houston, USA Managing Director Dave Curtin	2	BCUS			•	•	•	USD 250'000 100%
PROGNOST Systems Inc. Houston, USA Managing Director Edward D. Morrison Jr.	4	PSI				•	•	USD 240'000 100%
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 14'198'000 100%
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 Dave Curtin	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 Ltd. Seoul, South Korea Managing Director Min-Sung Yoo	2	BCKR				•	•	KRW 250'000 100%
Burckhardt Kompresör San. ve Tic. Ltd. Istanbul, Turkey Managing Director Tolga Saygi	2	BCTR				•	•	TRY 800'000 100%

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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 March 31, 2013.

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 March 31, 2013 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	Christoph Wittwer
Audit expert	Audit expert
Auditor in charge	

Winterthur, May 21, 2013

FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

BALANCE SHEET

in CHF 1'000	Notes	03/31/2013	03/31/2012
Non-current assets			
Investments in subsidiaries	102	36'876	36'876
Loans to subsidiaries		151'425	107'425
Total		**188'301**	**144'301**
Current assets			
Trade receivables against group companies	104	0	246
Other receivables against third parties	104	22	46
Marketable securities	103	3'230	14'130
Cash and cash equivalents		43'462	45'249
Total		**46'715**	**59'671**
Total assets		**235'016**	**203'972**
Equity			
Share capital	105	8'500	8'500
General reserve		1'700	1'700
Treasury shares		3'230	14'130
Retained earnings		166'292	145'829
Net income		53'089	32'829
Total		**232'811**	**202'988**
Liabilities			
Current liabilities			
Trade and other payables		28	48
Accrued liabilities		2'177	936
Total		**2'205**	**984**
Total equity and liabilities		**235'016**	**203'972**

INCOME STATEMENT

in CHF 1'000	Notes	2012	2011
Income	106		
Income from investments		40'000	30'000
Financial income		15'263	4'030
Other income		192	201
Total		**55'455**	**34'231**
Expenses			
Personnel expenses		–155	–141
Tax expenses		–1'251	–3
Other operating expenses		–960	–1'258
Total		**–2'366**	**–1'402**
Net income		**53'089**	**32'829**

NOTES TO THE FINANCIAL STATEMENTS OF BURCKHARDT COMPRESSION HOLDING AG

101 Accounting policies

The financial statements as per March 31, 2013 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, 2013".

103 Marketable securities

As per March 31, 2013 Burckhardt Compression Holding AG held the following number of treasury shares:

	03/31/2013	03/31/2012
Number of treasury shares[1]	9'802	76'255

[1] Of which 75,317 were purchased under the share buyback program during the period from December 2008 to December 2010. On January 18, 2013 Burchkardt Compression Holding AG placed 75'317 shares with institutional investors after announcing in a media release that the purpose of the share buyback program had been amended accordingly. All remaining shares as of March 31, 2013 are held for a long-term incentive pay plan.

104 Receivables

in CHF 1'000	03/31/2013	03/31/2012
Trade receivables against group companies	0	246
Other receivables against third parties	22	46
Total	**22**	**292**

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, 2013, one nominee holding 71'757 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 from the disclosure notifications of the SIX Swiss Exchange Ltd., the following shareholders reported shareholdings of at least 3% of the share capital and voting rights as of March 31, 2013 (according to the statutory bylaws the voting right of ING Groep N.V., TIAA-CREF Investment Management und Allianz Global Investors is limited to 5% of the total number of the registered BCHN shares recorded in the commercial register):

Shareholders		03/31/2013	03/31/2012
	Country	in %	in %
MBO Shareholders	CH	12.6	13.2
ING Groep N.V.	NL	7.1	7.1
TIAA-CREF Investment Management	US	5.2	4.9
Allianz Global Investors	DE	5.0	3.4
Ameriprise Financial Inc.	US	3.2	3.2
Black Rock Inc.[1]	US	3.1	3.2
UBS Fund Management (Switzerland) AG	CH	3.0	3.0

[1] additionally owns 2'251 CFD's (contract for difference) corresponding to 0.06% of the total recorded share capital.

106 Income

in CHF 1'000	2012	2011
Income from investments		
Dividends	40'000	30'000
Financial income		
Interest income	4'558	2'446
Securities' income	10'705	1'584
Other income		
Income from services provided to group companies	192	201
Total	**55'455**	**34'231**

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	03/31/2013	03/31/2012
Guarantees	54'957	60'984
Total	**54'957**	**60'984**

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 CHF 70 mn as of March 31, 2013.

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, 2013 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	2012	2011
Prior year retained earnings	154'858	145'769
Undistributed dividend on treasury shares	534	381
Appropriation to reserves for treasury shares	10'900	–321
Net income of the year	53'089	32'829
Retained earnings at the disposal of the Annual General Meeting	**219'381**	**178'658**
The Board of Directors proposes the following appropriation		
– Gross dividend	–30'600	–23'800
Retained earnings carried forward	**188'781**	**154'858**

The Board of Directors will propose payment of a gross dividend of CHF 9.00 per registered share at the Annual General Meeting of Shareholders on June 29, 2013.

in CHF 1'000	2012	2011
Gross dividend	9.00	7.00
Less 35% withholding tax	–3.15	–2.45
Net dividend	5.85	4.55

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders will take place at 09:30 a.m. on Saturday, June 29, 2013 at the Park Arena, Barbara-Reinhart-Strasse 24, 8404 Winterthur, Switzerland.

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 March 31, 2013.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended March 31, 2013 comply with Swiss law and the company's articles of incorporation.

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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 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 Auditor in charge	Audit expert

Winterthur, May 21, 2013

IMPRINT

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. The financial report is available in English only.

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OVERVIEW KEY FIGURES

in CHF mn	2012	2011	2010	2009	2008	2007	2006	2005
Order intake:								
– Compressor Systems (CS)	272.7	259.3	235.9	171.3	296.8	326.5	311.3	242.8
– Components, Services & Support (CSS)	155.1	145.6	126.6	114.6	93.1	100.2	96.9	80.7
Total	427.8	404.9	362.5	285.9	389.9	426.7	408.2	323.5
Sales and gross profit:								
– Compressor Systems								
Sales	215.7	206.0	222.5	241.5	308.7	260.8	173.6	131.6
Gross profit	57.6	59.2	51.9	80.7	87.6	85.9	52.7	27.6
in % of sales	26.7%	28.7%	23.3%	33.4%	28.4%	32.9%	30.4%	21.0%
– Components, Services & Support								
Sales	151.0	122.9	133.1	101.7	115.8	107.2	93.1	78.8
Gross profit	78.4	63.1	63.7	46.2	58.6	50.7	46.5	38.4
in % of sales	51.9%	51.3%	47.9%	45.4%	50.6%	47.3%	49.9%	48.7%
Total								
Sales	366.7	328.9	355.6	343.2	424.5	368.0	266.7	210.4
Gross profit	136.0	122.3	115.6	126.9	146.2	136.6	99.2	66.0
in % of sales	37.1%	37.2%	32.5%	37.0%	34.4%	37.1%	37.2%	31.4%
Operating income (EBIT)	74.2	64.8	61.5	74.2	94.3	89.8	55.6	29.6
in % of sales	20.2%	19.7%	17.3%	21.6%	22.2%	24.4%	20.8%	14.1%
Net income	55.5	50.5	45.1	56.0	72.8	68.0	40.1	22.1
in % of sales	15.1%	15.4%	12.7%	16.3%	17.1%	18.5%	15.0%	10.5%
Depreciation and amortization	11.1	10.6	9.9	9.5	6.9	5.4	5.2	4.7
Cash flow:								
– from operating activities	36.3	74.5	61.6	58.8	82.5	66.9	47.7	33.8
– from investing activities	–19.3	–9.2	–12.9	–88.8	6.5	–57.7	–11.5	–6.6
– from financing activities (incl. translation differences)	–12.0	–24.2	–18.6	18.1	–22.4	–5.3	–10.7	–16.9
Total	5.0	41.1	30.1	–11.8	66.6	3.9	25.5	10.3
Balance sheet total	596.7	530.7	502.4	470.0	431.0	359.7	270.1	181.0
Non-current assets	164.5	156.6	156.2	157.3	79.1	71.3	50.7	48.3
Current assets	432.2	374.1	346.2	312.7	351.9	288.5	219.3	132.7
Shareholders' equity	339.1	282.8	258.0	234.9	203.9	165.5	108.3	66.1
in % of balance sheet total	56.8%	53.3%	51.3%	50.0%	47.3%	46.0%	40.1%	36.5%
Net financial position	150.8	135.4	95.0	66.5	123.3	83.7	58.2	19.4
Headcount as per end of fiscal year (full-time equivalents)	1'078	983	917	891	916	819	712	638
Total remuneration non-executive members of the Board of Directors (in TCHF)	520.1	422.0	435.0	373.0	306.0	230.0	167.0	89.0
Total remuneration Executive Board (in TCHF)	4'629	3'466.0	3'949.0	3'345.0	3'696.0	3'231.0	4'591.0	2'789.0
Share price as per end of fiscal year (in CHF)	355.25	247.50	289.25	208.00	106.00	317.00	199.50	n.a.
Market capitalization (in CHF mn)	1'207.9	841.5	983.5	707.2	360.4	1'077.8	678.3	n.a.
Market capitalization/shareholders' equity (ratio)	3.6	3.0	3.8	3.0	1.8	6.5	6.3	n.a.
Net income per share (in CHF)	16.62	15.22	13.56	16.68	21.46	20.00	11.80	6.50
Dividend per share (in CHF)	9.00	7.00	5.00	5.00	6.00	6.00	3.00	0.25

Burckhardt Compression

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