FINANCIAL REPORT

Burckhardt Compression Holding AG's fiscal year 2014 comprises the period from April 1, 2014 to March 31, 2015.

COMMENTS ON FINANCIAL REPORT

Summary

in CHF 1'000	2014	2013
Order intake	514'140	517'081
Sales	473'644	444'962
Gross profit	152'819	139'242
Operating income	74'592	70'186
Net income	57'555	53'926
Balance sheet total	681'359	645'942
Shareholders' equity	338'554	358'485
Net income per share (in CHF)	16.93	15.87
Headcount as per end of fiscal year	1'385	1'232

SALES AND GROSS PROFIT

Total sales in fiscal year 2014 increased by CHF 28.6 mn (+6.4%) compared to last year to CHF 473.6 mn. Adjusted for currency translation and consolidation effects, the increase amounted to CHF 30.2 mn (+6.8%). Invoiced sales of Compressor Systems (CS) rose by CHF 34.2 mn (+11.7%) year-over-year to CHF 327.1 mn, somewhat less than expected earlier this fiscal year since a handful of CS projects did not qualify for revenue recognition within the reporting period as originally scheduled and had to be carried over in the order backlog (Burckhardt Compression does not apply the percentage of completion method). Sales in Components, Services & Support (CSS) ended up CHF 5.6 mn (–3.7%) below the year-ago level mainly due to the lower sales volume in engineering, revamp and repair, which contained a larger single project back in fiscal year 2013. Increased sales were reported in the spare parts and service business, including a further increasing share in other brand compressor (OBC) Services. Region-wise the strongest growth was achieved in Europe, followed by North America. Asia, Australia, Middle East could not reach the very high previous year level but still remained the strongest region in fiscal year 2014.

Total gross profit margin for fiscal year 2014 amounted to 32.3%, 1.0 percentage point above fiscal year 2013. The CS business generated a gross margin of 23.9%, 0.6 percentage points above the prior-year level, while CSS performed with a gross margin of 50.9%, which is 4.2 percentage points ahead of the year-ago figure.

OPERATING INCOME

Fiscal year 2014 closed with an EBIT of CHF 74.6 mn, CHF 4.4 mn or 6.3% above the prior-year period, yielding an EBIT margin 15.7%, which almost equals last year's performance. On the one hand operating income was negatively affected by significant foreign exchange losses mainly on balance sheet positions in EUR (net CHF –6.4 mn, reported under other operating income/expenses). These exchange rate losses were mainly a consequence of the significant appreciation of the Swiss Franc after the Swiss National Bank abandoned the minimum exchange rate to the EUR on January 15, 2015. On the other hand an amount of CHF 5.9 mn was charged to other operating income at the end of the period under review as a result of pension funds adjustments (in line with IAS 19 accounting rules), mainly as a consequence of the decision of the independent board of trustees to further gradually reduce the conversion rate for new retirees. Also reported under other operating income is a profit of CHF 3.2 mn (same amount as in the prior year) from the real estate company (Burckhardt Compression Immobilien AG). Selling, marketing and general administrative expenses increased by CHF 5.5 mn and corresponded to 14.6% of sales (prior year 14.3%). This position included for the first time the expenses of the newly incorporated assembly subsidiary in South Korea and three months of expenses of Société Anonyme Metal Rouge (SAMR), which was acquired in December 2014. The expenses for research and development during the period under review amounted to to CHF 10.8 mn compared to CHF 8.8 mn in the prior fiscal year.

FINANCIAL INCOME AND TAX EXPENSES

The further reduction of mortgage loans on the real estate in Winterthur led to slightly lower financial expenses of CHF –0.8 mn compared to the previous fiscal year (CHF –1.0 mn). Income tax expenses increased by CHF 1.0 mn to CHF 16.2 mn and represented a tax rate of 22.0%, same as in fiscal year 2013.

NET INCOME

The net income of the Burckhardt Group increased by CHF 3.6 mn to CHF 57.6 mn in the period under review and represented a profit margin of 12.2%, which is marginally above FY 2013 (12.1%). The resulting net income per share for fiscal year 2014 stood at CHF 16.94, 6.7% above the previous year figure.

BALANCE SHEET

The total balance sheet assets as per March 31, 2015 rose by CHF 35.4 mn to CHF 681.4 mn. Property, plant and equipment increased by CHF 4.3 mn compared to prior-year, including CHF 3.8 mn assets under construction for the building expansion in Winterthur and new assets from the acquisition of SAMR. The increase in intangible assets by CHF 5.4 mn is attributable to goodwill, customer lists and IT licenses mainly in the context with two smaller acquisitions (SAMR and Espresso). Inventories (mainly work in progress) increased by CHF 26.5 mn compared to last year – in line with the high workload and order backlog. Trade accounts receivable increased by 8.1% compared to year-end 2013 following a very high invoicing volume towards the end of the reported fiscal year. The maturity profile of trade receivables improved in terms of long term overdue positions (overdue more than 90 days), which amounted to 10.3% of total accounts receivable (last year 17.8%). The percentage of accounts receivable not due decreased by 4.2 percentage points to 64.3%.

Work in progress and advance payments to suppliers as per fiscal year end 2014 were fully financed by advance payments from customers, leaving a positive balance of CHF 10.0 mn (prior year –1.3 mn). Shareholders' equity declined by CHF 19.9 mn to CHF 338.6 mn, mainly as a result of the defined benefit costs for the Swiss and German pension funds in the amount of CHF 36.5 mn (net of taxes) that had to be charged to the other comprehensive income under IAS 19 accounting rules. This significant amount is a consequence of the very low discount rates applied for actuarial calculation of defined benefit plans as a consequence of the interest environment in Switzerland (negative prime interest rate). The resulting equity ratio subsided to 49.7% (FY 2013: 55.5%), whereby the aforementioned IAS 19 impact alone accounted for 5.4 percentage points in the reduction of the equity ratio.

CASH FLOW

Cash and cash equivalents decreased by CHF 23.5 mn and short- and long-term borrowings were reduced by CHF 9.1 mn. The resulting net financial position per end of FY 2014 amounted to CHF 151.3 mn (FY 2013: CHF 165.8 mn). Cash flow from operating activities decreased in FY 2014 by CHF 11.4 mn to CHF 46.8 mn, mainly due to the change in other net current assets as a result of the high production workload. The cash outflow from investing activities during the period under review amounted to CHF –26.6 mn (prior year –14.2 mn) and included the cash-out for the addition of intangible and tangible assets in the context with two smaller acquisitions (SAMR and Espresso). Financing activities generated a cash-out of CHF –43.0 mn (FY 2013: –30.5 mn) mainly comprising 8.0 mn repayment of mortgage loans on the building in Winterthur and CHF 34.0 mn dividend payment (last year CHF 30.6 mn).

CONSOLIDATED INCOME STATEMENT

in CHF 1'000	Notes	2014	2013
Sales	3	**473'644**	**444'962**
Cost of goods sold		–320'825	–305'720
Gross Profit	4	**152'819**	**139'242**
Selling and marketing expenses		–48'602	–43'947
General and administrative expenses		–20'678	–19'835
Research and development expenses	6	–10'752	–8'809
Other operating income	7	26'540	21'133
Other operating expenses	7	–24'735	–17'598
Operating income		**74'592**	**70'186**
Finance costs	8	–866	–1'088
Other financial income/expenses	8	61	72
Profit before income tax		**73'787**	**69'170**
Income tax expenses	9	–16'232	–15'244
Net income		**57'555**	**53'926**
Earnings per share for profit attributable to shareholders of Burckhardt Compression Holding AG (in CHF)			
– Basic	17	16.93	15.87
– Diluted	17	16.93	15.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in CHF 1'000	2014	2013
Net income	**57'555**	**53'926**
Adjustments for cash flow hedges	–8'688	5'935
Tax effect on adjustments of cash flow hedges	1'955	–1'250
Currency translation differences	–1'475	–4'301
Total of items that may be reclassified to the income statement	**–8'208**	**384**
Defined benefit cost recognized in other comprehensive income	–46'187	9'050
Tax effect on defined benefit cost recognized in other comprehensive income	9'699	–1'900
Total of items that will not be reclassified to the income statement	**–36'488**	**7'150**
Total comprehensive income for the period	**12'859**	**61'460**

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

CONSOLIDATED BALANCE SHEET

in CHF 1'000	Notes	03/31/2015	03/31/2014
Non-current assets			
Intangible assets	10	32'825	27'472
Property, plant and equipment	11	138'343	134'015
Derivative financial instruments	21	12	1'135
Other receivables	13	1'233	1'156
Deferred tax assets	9	11'401	2'157
Total		**183'814**	**165'935**
Current assets			
Inventories	12	175'034	148'570
Trade and other receivables	13	140'039	126'106
Derivative financial instruments	21	3'993	3'344
Cash and cash equivalents	15	178'479	201'987
Total		**497'545**	**480'007**
Total assets		**681'359**	**645'942**
Equity			
Share capital	17	8'500	8'500
Retained earnings and other reserves		351'124	362'899
Treasury shares		–161	–213
Cash flow hedging reserve		–3'868	2'865
Currency translation differences		–17'041	–15'566
Total		**338'554**	**358'485**
Liabilities			
Non-current liabilities			
Borrowings	18	23'500	24'891
Derivative financial instruments	21	878	1
Deferred tax liabilities	9	13'378	14'533
Retirement benefit obligations	5	45'915	5'834
Provisions	19	11'010	8'939
Total		**94'681**	**54'198**
Current liabilities			
Borrowings	18	3'661	11'321
Trade accounts payable		35'043	52'453
Current income tax liabilities		14'113	14'035
Customers' advance payments		135'886	102'071
Derivative financial instruments	21	9'093	468
Other current and accrued liabilities	20	42'759	44'990
Provisions	19	7'569	7'921
Total		**248'124**	**233'259**
Total		**342'805**	**287'457**
Total equity and liabilities		**681'359**	**645'942**

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	Cash flow hedging reserve	Currency translation differences	IAS 19 revaluation	Net income	Total
Balance at 04/01/2013	17	**8'500**	**281'310**	**–3'230**	**–1'820**	**–11'265**	**–2'925**	**54'856**	**325'426**
Total comprehensive income					4'685	–4'301	7'150	53'926	61'460
Changes in treasury shares			–435	3'017					2'582
Share-based payments	26 / 27		–390						–390
Dividends								–30'593	–30'593
Allocation of net income			24'263					–24'263	0
Balance at 03/31/2014		**8'500**	**304'748**	**–213**	**2'865**	**–15'566**	**4'225**	**53'926**	**358'485**
Balance at 04/01/2014	17	**8'500**	**304'748**	**–213**	**2'865**	**–15'566**	**4'225**	**53'926**	**358'485**
Total comprehensive income					–6'733	–1'475	–36'488	57'555	12'859
Changes in treasury shares			–269	52					–217
Share-based payments	26 / 27		1'421						1'421
Dividends								–33'994	–33'994
Allocation of net income			19'932					–19'932	0
Balance at 03/31/2015		**8'500**	**325'832**	**–161**	**–3'868**	**–17'041**	**–32'263**	**57'555**	**338'554**

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	2014	2013
Cash flow from operating activities			
Net income		**57'555**	**53'926**
Income tax expenses		16'232	15'244
Other financial income/expenses		–61	–72
Finance costs		866	1'088
Operating income		**74'592**	**70'186**
Depreciation	11	10'808	9'507
Amortization	10	3'577	2'290
Change in inventories		–27'086	–32'011
Change in trade receivables		–11'172	–9'281
Change in other net current assets		13'503	37'487
Change in retirement benefit obligations		–5'947	–680
Change in provisions		2'612	–7'521
Other non-monetary items		2'990	706
Interest received		129	80
Interest paid		–872	–907
Income tax paid		–16'292	–11'606
Total		**46'842**	**58'250**
Cash flow from investing activities			
Purchase of property, plant and equipment	11	–17'176	–12'370
Sale of property plant and equipment		–272	0
Purchase of intangible assets	10	–6'207	–1'863
Acquistion of subsidiaries net of cash acquired	25	–2'934	0
Sale of marketable securities	14	0	0
Purchase of marketable securities		0	0
Total		**–26'589**	**–14'233**
Cash flow from financing activities			
Increase in borrowings		0	298
Repayment of borrowings	18	–9'051	–3'239
Sales of treasury shares		52	3'017
Dividends paid	17	–33'994	–30'593
Total		**–42'993**	**–30'517**
Currency translation differences on cash and cash equivalents		–768	–1'507
Net change in cash and cash equivalents		**–23'508**	**11'993**
Cash and cash equivalents at 04/01/2014 / 04/01/2013	15	201'987	189'994
Cash and cash equivalents at 03/31/2015 / 03/31/2014	15	178'479	201'987
Net change in cash and cash equivalents		**–23'508**	**11'993**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

1. GENERAL INFORMATION

Burckhardt Compression is one of the market leaders 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 2014 comprises the period from April 1, 2014 to March 31, 2015. These consolidated financial statements were authorized for issue by the Board of Directors on May 19, 2015 and will be submitted to shareholders for approval at the annual general meeting scheduled for July 4, 2015.

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 2014 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, 2015. 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, 2015, the following standards, interpretations and amendments to issued standards were applied by Burckhardt Compression for the first time:

IAS 32 (amended) "Offsetting financial assets and financial liabilities". 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.

IAS 36 (amended) "Recoverable Amount Disclosures for Non-Financial Assets". This limited scope amendment corrects an amendment to IAS 36 when IFRS 13 was issued and introduced additional disclosures for measurements based on fair value less costs of disposal in case of an impairment or reversal of an impairment. The IASB has subsequently amended IAS 36 as follows:

- No requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible if there was no impairment
- Disclosure of the recoverable amount when an impairment loss has been recognized or reversed
- Detailed disclosure of how fair value less costs of disposal has been measured when impairment loss is recognized or reversed

IAS 39 (amended) "Novation of Derivatives and Continuation of Hedge Accounting". These narrow-scope amendments to IAS 39, "Financial instruments: Recognition and measurement", will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

IFRSs 10, 12 and IAS 27 (amended) "Investment entities". The amendment provides an exception to the consolidation requirement for entities that meet the specific requirements of an investment entity as defined in the amendment. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss in accordance

with IFRS 9 "Financial Instruments" or IAS 39 "Financial Instruments". The exception is not available on consolidation level unless the parent company also meets the definition of an investment entity.

IFRIC 21 "Levies". This IFRIC focuses on accounting for an obligation to pay a levy that is not income tax. In scope are liabilities to pay a levy recognized in accordance with IAS 37 "Provisions" and liabilities to pay a levy whose timing and amount is certain. The obligating event to recognize a liability is the event identified by the legislation that triggers the obligation to pay a levy. The liability might be recognized at a point in time or progressively over time. An obligation to pay a levy that is triggered by a minimum threshold is not recognized before the threshold is met, even if it is certain it will be met. The same recognition principles apply in interim and annual financial statements.

The adaption of these amended standards had no material impact on the consolidated 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, 2015:

IAS 1 (amended) "Presentation of Financial Statements" (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier application permitted). The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

IAS 16 and IAS 38 (amended) "Clarification of Acceptable Methods of Depreciation and Amortisation" (effective for annual periods beginning on or after 1 January 2016, prospective application, earlier application permitted). IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The objective of the amendments is to ensure that preparers do not use revenue-based methods to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. This is because a revenue-based method reflects a pattern of economic benefits being generated from the asset, rather than the expected pattern of consumption of the future economic benefits embodied in the asset.

IAS 19 (amended) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014, retrospective application, early application permitted). The amendment clarifies the application of IAS 19R to post-employment benefit plans that require employees or third parties to contribute towards the cost of benefits. The amendment allows (but does not require) contributions that are linked to service, and do not vary with length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided; e. g. contributions dependent on the employee's age or contributions that are a fixed percentage of the employee's salary. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the gross benefits. The amendment allows many entities to continue accounting for employee contributions using their accounting policy prior to IAS 19R.

IFRS 9 (amended) "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018, retrospective application, earlier application permitted). The complete version of IFRS 9 "Financial Instruments" includes requirements on the classification and measurement of financial assets and liabilities; it defines three classification categories for debt instruments: amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). Classification for investments in debt instruments is driven by the entity's business model for managing financial assets and their contractual cash flows. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. No changes were introduced for the classification and measurement of financial liabilities, except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 also contains a new impairment model which will result in earlier recognition of losses. The expected credit losses (ECL) model is a "three-stage" model for impairment based on changes in credit quality since initial recognition. In addition, the new standard contains amendments to general hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

IFRS 10 and IAS 28 (amended) "Consolidated financial statements" respectively "Investments in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a "business". Full gain or loss will be recognized by the investor where the nonmonetary assets constitute a "business". If the assets do not meet the definition of a business, the gain or loss is recognized by the investor to the extent of the other investors' interests, even if these assets are housed in a subsidiary. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation. These amendments shall be applied prospectively, earlier application is permitted.

IFRS 15 (new) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017, retrospective application, earlier application permitted). The new standard on the recognition of revenue from contracts with customers applies to all contracts with customers except those that are financial instruments, leases or insurance contracts. IFRS 15 is based on a five step approach:

1) Identify the contract with the customer
2) Identify the separate performance obligations in the contract
3) Determine the transaction price
4) Allocate the transaction price to separate performance obligations
5) Recognize revenue when a performance obligation is satisfied

The new standard will require entities to redefine their revenue recognition, and consider adjustments to the invoicing and accounting systems and consider renegotiating contracts with their clients. Entities currently using industry-specific guidance may be more significantly affected. In addition, the amount of revenue-related disclosures will increase.

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

2.3. Principles in 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, 2015". As per March 31, 2015, 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 Holding AG 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. Also foreign currency exchange gains/losses can arise on settlement of transactions and is recognized in the income statement. Only foreign currency exchange gains/losses on monetary assets and liabilities affect the income statement, except if they refer to cash flow hedges and qualifying net investment hedges.

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 other comprehensive income (OCI) 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 and equipment

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

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

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

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

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

2.10. Financial assets
Financial assets are divided into the following categories:

– **Financial assets "at fair value through profit or loss"** This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is assigned to this category if acquired principally for the purpose of selling in the short-term or if designated as such by management. Derivatives are also assigned to this category unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realized within 12 months after the balance sheet date. As per March 31, 2015 Burckhardt Compression Group did not hold any investments in this category.

– **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. As per March 31, 2015 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. As per March 31, 2015 Burckhardt Compression Group did not hold any investments in this category.

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 (fair value hierachy 1) 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 hierachy 2) 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 reporting 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 qualifying as cash flow hedges is recognized in other comprehensive income. The ineffective portion of such fair value changes is recognized in the income statement net, within other operating income/expenses. Amounts recognized directly in equity are reclassified into profit or loss and recognized as income or expense in the same period in which the hedged item affects profit or loss (e.g. on the date on which a hedged future sale takes place).

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

2.11. Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in 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 financial debt, using the effective interest method. Liabilities under financial debts 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect on the asset ceiling, are recognized immediately in OCI. The corporation determines the net interest expense (income on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The corporation recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs. 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 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 share-based compensation plans that are 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 cost of goods sold 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. With the exception of Burckhardt Compression Holding AG, none of the companies included in the scope of consolidation hold any BCHN shares.

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 and free credit facilities as per the balance sheet date were as follows:

in CHF 1'000	03/31/2015	03/31/2014
Cash and cash equivalents	178'479	201'987
Free credit facilities	95'000	20'000
Total	**273'479**	**221'987**

The increase in free cash facilities resulted from the renegotiation of free-of-charge umbrella credit lines and includes the facilities from a third house bank that was taken on board in fiscal year 2014.

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

Financial liabilities as per 03/31/2015	**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	27'161	3'961	10'560	14'845	0	29'366
Liabilities from supply and services	35'043	35'043				35'043
Other current liabilities	8'252	8'252				8'252
Total	**70'456**	**47'256**	**10'560**	**14'845**	**0**	**72'661**

Financial liabilities as per 03/31/2014	**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	36'212	11'662	2'618	15'504	9'120	38'904
Trade accounts payable	52'453	52'453				52'453
Other current liabilities	3'877	3'877				3'877
Total	**92'542**	**67'992**	**2'618**	**15'504**	**9'120**	**95'234**

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, 2015			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	127'262	35'322	11'662	0	**174'246**
Cash flow hedge inflow	130'417	35'293	11'373	0	**177'083**

Forward foreign exchange contracts as per March 31, 2014			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	118'509	55'675	712	0	**174'896**
Cash flow hedge inflow	121'016	56'289	694	0	**177'999**

– **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 decision of the Swiss national bank announced on January 15, 2015 to abandon the minimum exchange rate EUR/CHF effective immediately, had a significant negative one-time impact on EUR-denominated positions on the group's balance sheet that could not be avoided by the existing natural hedge policy. Given the unique character of this historic decision there is no need to adapt the existing policy. 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.

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

03/31/2015

Exchange rate	EUR/ CHF	INR/ CHF	USD/ CHF	CNY/ CHF
Change of exchange rate (hypothetical)[1]	20%	20%	20%	20%
in CHF 1'000				
Effect on result				
– with increase of exchange rate against CHF	3'032	170	885	122
– with decrease of exchange rate against CHF	–3'032	–170	–885	–122
Effect on equity[2]				
– with increase of exchange rate against CHF	0	0	26'625	0
– with decrease of exchange rate against CHF	0	0	–26'625	0

03/31/2014

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	1'942	224	6'263	42
– with decrease of exchange rate against CHF	–1'942	–224	–6'263	–42
Effect on equity[2]				
– with increase of exchange rate against CHF	0	0	25'410	0
– with decrease of exchange rate against CHF	0	0	–25'410	0

[1] The hypothetical fluctuations in exchange rates expressed in percent were based on fluctuation scenarios of the respective foreign currencies against the Swiss franc as observed during recent reporting periods.
[2] The hypothetical effect on equity is a result of fair value changes of derivative financial instruments designated as hedges of future cash flow in foreign currency.

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

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

  Financial instruments are exclusively concluded with first-class banks (mainly four institutes with short-term credit ratings of AAA, AA-, A and A respectively, from S&P). The maximum credit risk is the market value of the available financial assets as per the balance sheet date. Burckhardt Compression invests its cash 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 risk** Burckhardt Compression had mortgage loans of CHF 23.5 mn as per March 31, 2015. The mortgage loans have fixed terms of 1 to 7 years and fixed interest rates. The funds borrowed from local banks, mainly by the Indian subsidiary, amounted to total CHF 2.3 mn as of March 31, 2015. These bank loans have variable interest rates and averaged 12.25% during the period under review (previous year 6.0% for the Indian subsidiary only). The lower prior-year interest rate was a result of the higher utilization of incentivized export related loans. Burckhardt Compression does not have any other major borrowings. Liquid assets not required for operational purposes are deposited in current accounts or occasionally in 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.

  On December 18, 2014 the Swiss National Bank (SNB) imposed negative interest rates on sight deposit account balances at the SNB. Following that decision by the SNB, Burckhardt Compressions' house banks started to set maximum limits for interest free cash deposits. As of March 31, 2015 there are no cash deposits bearing negative interest rates.

– **Capital risk** 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:

	03/31/2015	03/31/2014
Equity ratio	49.7%	55.5%
Net financial position (CHF 1'000)	151'318	165'775

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 hierarchy	Notes	03/31/2015	03/31/2014
Cash and cash equivalents	N/A	15	**178'479**	**201'987**
Loans and receivables				
Trade receivables	N/A	13	124'906	115'989
Other receivables	N/A	13	12'654	10'003
Total			**137'560**	**125'992**
Derivative financial instruments from hedge accounting (assets)	2	21	**4'005**	**4'479**
Liabilities stated at amortised cost				
Trade accounts payables	N/A		35'043	52'453
Other current liabilities	N/A	20	8'252	3'877
Current financial liabilities	N/A	18	3'661	11'321
Non-current financial liabilities	2	18	23'500	24'891
Total			**70'456**	**92'542**
Derivative financial instruments from hedge accounting (liabilities)	2	21	**9'971**	**469**

Fair value hierarchy:

Level 1 Quoted prices (unadjusted) and active markets for this instrument.

Level 2 Quoted prices for comparable assets or liabilities in active markets, or the instrument can be valued using other methods based on observable market data.

Level 3 Valuation methods use inputs that are not based on observable market data.

The general valuation method is outlined in point 2.10. Accounting Principles.

As per the end of fiscal years 2014 and 2013, 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 non-financial 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. Further details to the impairment test are stated in the note 10.

– **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 March 2015 Burckhardt Compression AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, established Burckhardt Compression (Saudi Arabia) LLC by means of a contribution in cash. This new company employed 1 full time employee at the end of the fiscal year 2014.

In December 2014 Compressor Tech Holding AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, acquired SAMR Société d'Application du Métal Rouge SAS, located in France. SAMR is a specialist enterprise that has designed and manufactured high-end, durable sliding bearings for rotating machinery such as reciprocating compressors, turbo compressors, turbines, combustion engines, gears and pumps since 1947. Its products are used in the chemicals and petrochemicals, power generation, shipping, railroad, steel and cement industries.

In June 2014, PROGNOST Systems GmbH (PSG), a subsidiary of Burckhardt Compression Holding AG, and Monitoring Technology LLC (Fairfax, VA) agreed on the acquisition of certain assets related to the Espresso vibration monitoring business and technology from the company's monitoring portfolio. The Espresso monitoring system is applied by users in the petrochemical, cement and paper industries and offers a wide range of specialized frequency analysis and automatic diagnostic features.

02 Currency exchange rates

	Average rates		Year-end rates	
	2014	2013	**03/31/2015**	03/31/2014
1 EUR	1.18	1.23	1.04	1.22
1 GBP	1.50	1.46	1.42	1.48
1 USD	0.93	0.92	0.96	0.89
1 CAD	0.82	0.87	0.76	0.80
1 AED	0.25	0.25	0.26	0.24
100 BRL	37.90	40.93	29.40	39.20
100 JPY	0.85	0.92	0.80	0.86
100 CNY	15.00	15.02	15.50	14.27
100 INR	1.52	1.52	1.54	1.48
100 KRW	0.09	0.08	0.08	0.08
1 TRY	0.41	0.46	0.37	0.41
1 SGD	0.72	0.73	0.70	0.70
1 ZAR	0.08	0.09	0.08	0.08

03 Segment reporting

Burckhardt Compression is one of the market leaders worldwide in reciprocating compressors and has only one reportable segment (compressor business). The information for this segment is identical to the data in the consolidated financial statements. 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	2014	2013
Europe:		
– EU	132'418	88'584
– Switzerland	4'051	4'398
– Other European countries	73'453	63'846
Total Europe	**209'922**	**156'828**
North America	33'842	24'972
South America	18'951	20'327
Asia, Australia, Middle East	207'891	239'332
Africa	3'038	3'503
Total	**473'644**	**444'962**

Sales by customer location in CHF 1'000	2014	2013
Europe:		
– EU	146'336	104'518
– Switzerland	24'438	13'531
– Other European countries	59'611	59'306
Total Europe	**230'385**	**177'355**
North America	22'552	24'983
South America	17'888	14'714
Asia, Australia, Middle East	199'760	223'879
Africa	3'059	4'031
Total	**473'644**	**444'962**

Carrying amount of assets by location of assets in CHF 1'000	03/31/2015	03/31/2014
Europe:		
– EU	29'222	28'306
– Switzerland	565'073	553'727
Total Europe	**594'295**	**582'033**
North America	33'824	16'039
South America	1'266	1'536
Asia, Australia, Middle East	51'974	46'334
Total	**681'359**	**645'942**

Capital expenditure for property, plant and equipment in CHF 1'000	2014	2013
Europe:		
– EU	398	357
– Switzerland	13'093	10'193
Total Europe	**13'491**	**10'550**
North America	1'898	257
South America	4	38
Asia, Australia, Middle East	1'783	1'525
Total	**17'176**	**12'370**

04 Additional information regarding the income statement

Sales and gross profit in CHF 1'000		2014	2013
Compressor Systems	Sales	327'194	292'861
	Gross profit	78'219	68'222
Components, Service & Support	Sales	146'450	152'101
	Gross profit	74'600	71'020
Total	**Sales**	**473'644**	**444'962**
	Gross profit	**152'819**	**139'242**

Expenses by nature[1] in CHF 1'000		2014	2013
Raw materials and consumables		**–242'789**	**–218'049**
Personnel expenses	Salaries and wages	–104'739	–92'523
	Defined benefit plans	–1'485	–6'678
	Defined contribution plans	–10'344	–4'267
	Other social benefits	–6'828	–5'378
	Other personnel costs	–15'574	–12'694
Total personnel expenses		**–138'970**	**–121'540**
Depreciation		–10'808	–9'507
Amortization		–3'577	–2'290

[1] 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 higher level in raw materials and consumables is in line with the increase in workload. The increase in salaries and wages is attributable to the increase in the headcount to 1'385 as per March 31, 2015 compared to 1'232 as per March 31, 2014.

05 Employee benefit plans

Burckhardt Compression operates defined benefit pension plans in Switzerland and Germany.

The plans in Switzerland consist of two independent pension funds ("Sulzer Vorsorgeeinrichtung", a base plan for all employees and "Johann Jakob Sulzer Stiftung" a plan for employees with salaries exceeding a certain limit). The majority of the active participants in the two pension funds are employed at companies not belonging to Burckhardt Compression. The board of trustees for the base plan comprises ten employee and ten employer representatives of the contributing companies and is responsible for the investment of the assets and the risk management. The insurance plans of the "Sulzer Vorsorgeeinrichtung" and of the "Johann Jakob Sulzer Stiftung" are contribution-based and are classified as defined benefit plans according to IAS 19. The plans contain a cash balance benefit formula. Under Swiss law, the pension funds guarantee the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the board of trustees. At retirement date, members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the rules of the pension funds. These plans are funded through a legally separate trustee administered pension fund ("Sulzer Vorsorgeeinrichtung" and "Johann Jakob Sulzer Stiftung"). The pension funds are able to adapt the contribution and benefits at any time. In case of underfunding, this may involve special payments from the employer. In the course of reporting period the pension Board decided to gradually reduce the conversion rate for new retirees.

The disclosed sensitivities have been determined by changing the discount rate and the rate of salary increase by +/–0.25% resp. making an adjustment to the mortality rates so that the longevity increased/decreased by one year. The cash funding of these plans is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Employer and employee contributions are defined in terms of an age related sliding scale of percentages of the insured salary.

The financing of pension plans in Germany is made by means of provisions accrued in the accounting records of the companies affected.

in CHF 1'000	Funded plans	Unfunded plans	2014	2013
Reconciliation of the amount recognized in the balance sheet				
Present value of funded defined benefit obligation	–269'722	0	–269'722	–208'589
Fair value of plan assets	226'094	0	226'094	206'105
Overfunding (+) / underfunding (–)	**–43'628**	**0**	**–43'628**	**–2'484**
Present value of unfunded defined benefit obligation	0	–2'287	–2'287	–2'227
Adjustment to asset ceiling[1]	0	0	0	–1'123
Asset (+) / liability (–) recognized in the balance sheet	**–43'628**	**–2'287**	**–45'915**	**–5'834**
– thereof as liabilities under non-current provisions	–43'628	–2'287	–45'915	–5'834
– thereof as prepaid expenses	0	0	0	0
– thereof as liabilities held for sale	0	0	0	0
Reconciliation of effect of asset ceiling				
Adjustment to asset ceiling at April 1			1'123	602
Interest expense/(income) on effect of asset ceiling			26	11
Change in effect of asset ceiling excl. interest expense/(income)			–1'149	510
Adjustment to asset ceiling at March 31			**0**	**1'123**
Reconciliation of asset (+) / liability (–) recognized in the balance sheet				
Asset (+) / liability (–) recognized at April 1			–5'834	–14'206
Defined Benefit cost recognized in profit or loss			–1'485	–6'678
Defined Benefit cost recognized in OCI			–46'187	9'051
Contributions by the employer/benefits paid directly by the employer			7'052	5'998
Currency translation differences			539	1
Asset (+) / liability (–) recognized at March 31			**–45'915**	**–5'834**
Components of defined benefit cost in profit or loss				
Current service cost (employer)			–6'737	–6'366
Interest cost			–4'977	–3'544
Interest income on plan assets			4'884	3'267
Past service cost			5'397	0
Interest expense/(income) on effect of asset ceiling			–26	–12
Other administrative cost			–26	–23
Expense recognized in profit or loss			**–1'485**	**–6'678**
– thereof charged to personnel expenses			–1'366	–6'389
– thereof charged to financial income			–119	–289
Components of defined benefit cost in OCI				
Actuarial (loss) / gain on defined benefit obligation			–49'807	1'917
Return on plan assets excl. interest income			2'630	6'099
Change in effect of asset ceiling excl. interest expense/income			1'149	–510
Other			0	1'545
Cost recognized in OCI			**–46'028**	**9'051**

[1] Legal requirements, particularly those in Switzerland, restrict the utilization of overfunded amounts in separate legal benefit plans. Only amounts for which the future economic benefit to the employer is imminent are capitalized in the consolidated balance sheet.

in CHF 1'000	2014	2013
Reconciliation of defined benefit obligation		
Defined benefit obligation as of April 1	210'816	121'323
Interest cost	4'977	3'544
Current service cost (employer)	6'737	6'366
Contributions by plan participants	4'878	4'117
Past service cost	–5'397	0
Benefits paid (deposited)	545	–25
Change in consolidation scope (2013: first inclusion of retirees)	0	77'385
Other administrative cost	26	23
Actuarial loss (–) / gain (+) on obligation	49'807	–1'917
Currency translation differences	–380	0
Defined benefit obligation as of March 31	**272'009**	**210'816**
Reconciliation of the fair value of plan assets		
Fair value of plan assets as of April 1	206'105	107'719
Interest income on plan assets	4'884	3'267
Contributions by the employer/benefits paid directly by the employer	7'052	5'998
Contributions by plan participants	4'878	4'117
Benefits paid (deposited)	545	–25
Change in consolidation scope (2013: first inclusion of retirees)	0	78'930
Return on plan assets excl. interest income	2'630	6'099
Fair value of plan assets as of March 31	**226'094**	**206'105**
Total plan assets at fair value – Quoted market price		
Cash and cash equivalents	19'748	9'585
Equity instruments third parties	49'265	47'168
Debt instruments third parties	96'274	92'750
Real Estate funds	3'732	5'170
Other	4'287	3'625
Total assets at fair value – Quoted market price as of March 31	**173'306**	**158'298**
Total plan assets at fair value – Non-quoted market price		
Properties occupied by or used by third-parties (Real Estate)	46'595	42'187
Other	6'193	5'620
Total assets at fair value – Non-quoted market price as of March 31	**52'788**	**47'807**

in CHF 1'000	2014	2013
Best estimate of contributions for upcoming financial year		
Contributions by the employer/benefits paid directly by the employer	7'149	6'176
Contributions by plan participants	4'977	4'248
Components of Defined Benefit Obligation, split (§137)		
Defined Benefit Obligation at March 31 for active members	162'376	125'571
Defined Benefit Obligation at March 31 for pensioners	109'633	85'245
Total Defined Benefit Obligation at March 31	**272'009**	**210'816**
Components of actuarial (gain) / losses on obligations (§141 lit. c)		
Actuarial (gain) / loss arising from changes in financial assumptions	57'108	–9'810
Actuarial (gain) / loss arising from changes in demogr. assumptions	–5'435	–
Actuarial (gain) / loss arising from experience adjustments	–1'866	7'893
Actuarial (gain) / loss on defined benefit obligation	**49'807**	**–1'917**
Maturity profile of defined benefit obligation (§147 lit. c)		
Weighted average duration of defined benefit obligation in years	16.0	14.3
Sensitivity analysis of Defined Benefit Obligation		
Discount rate (decrease 0.25%)	283'652	218'517
Discount rate (increase 0.25%)	261'423	203'594
Future salary growth (decrease 0.25%)	270'808	210'042
Future salary growth (increase 0.25%)	273'264	211'586
Life expectance (decrease 1 year)	264'936	205'862
Life expectance (increase 1 year)	278'960	215'530
Principal actuarial assumptions as of March 31		
Discount rate	0.72%	2.31%
Future salary increases	1.00%	1.51%
Future pension increases	0.00%	0.01%
Expected average remaining working lives in years	9.8	9.8
Life expectance at retirement age (male/female) in years	21.5 / 24.0	21.4 / 23.9

Changes in assets (+) / liabilities (–) recognized in balance sheet (Retirement benefit obligations)

in CHF 1'000	2014	2013
Balance as per per 04/01/2014 / 04/01/2013	5'834	14'206
Defined benefit cost in other comprehensive income (OCI)	46'028	–9051
Other operating income (–) / expenses (+)[1]	–5'947	679
Total as per 03/31/2015 / 03/31/2014	**45'915**	**5'834**

[1] Employer contribution incl. currency differences

The change in net retirement benefit obligations through the other comprehensive income (OCI) was mainly caused by the very low discount rates applied for actuarial calculation of defined benefit plans as a consequence of the low interest environment. The change in net retirement benefit obligations through other operating income was mainly a result of the reduced conversion rate.

06 Research and development expenses

Research and development activities in the fiscal year 2014 centered on enhancing certain types of compressors, developing mechatronic and non-metallic 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 2014 and 2013.

07 Other operating income and expenses

in CHF 1'000	2014	2013
Currency exchange gains	13'561	12'365
Other operating income	12'979	8'768
Total other operating income	26'540	21'133
Currency exchange losses	–19'917	–13'141
Other operating expenses	–4'818	–4'457
Total other operating expenses	–24'735	–17'598
Total	**1'805**	**3'535**

Other operating income was negatively affected by significant foreign exchange losses mainly on balance sheet positions in EUR (net CHF –6.4 mn). These exchange rate losses were mainly a consequence of the heavy valuation of the Swiss Franc after the Swiss National Bank abandoned the minimum exchange rate to the EUR on January 15, 2015. Other essential positions contained in other operating income and expenses is a positive amount of CHF 5.9 mn resulting from pension funds adjustments (as disclosed in note 05) and an operating profit of CHF 3.2 mn (same amount as in the prior year) from the real estate company (Burckhardt Compression Immobilien AG).

08 Financial result

Miscellaneous financial income

in CHF 1'000	2014	2013
Finance costs	–866	–1'088
Interest income	75	84
Other financial income (+) and expenses (–)	–14	–12
Total	**–805**	**–1'016**

Finance costs Most of the finance costs are attributable to mortgage for the commercial real estate in Winterthur and in Rheine (PROGNOST) and to a minor extent the local bank funding secured by the Indian subsidiary. The decrease in finance costs in fiscal year 2014 is mainly achieved through the further reduction of local bank borrowings by the Indian subsidiary and the partial repayment of the mortgage for the real estate in Winterthur.

As a result of the persisting low level of interest rates, interest income basically remained at the low prior year level.

09 Taxes

Income taxes

in CHF 1'000	2014	2013
Current income taxes	–14'977	–15'089
Deferred taxes	–1'255	–155
Total	**–16'232**	**–15'244**

Reconciliation of income tax expense

in CHF 1'000	2014	2013
Profit before income taxes	73'787	69'170
Income tax expenses at the local tax rates in the respective countries	–15'496	–15'212
Tax losses for which no deferred income tax was recognized	–354	–443
Adjustment in respect of prior years	–382	0
Other	0	411
Total income tax expenses	**–16'232**	**–15'244**
as % of profit before income taxes	22.0%	22.0%

The expected tax rate of Burckhardt Compression Group corresponds to the weighted average tax rate based on the income (loss) before taxes and the tax rate of each Group company. The tax rate in the period under review is at 22.0%, same level as in the prior year and in line with the average of the last four years (21.9%).

Deferred taxes

in CHF 1'000	03/31/2015	03/31/2014
Deferred tax assets:		
– which can be used within 12 months	–483	–279
– which can be used after 12 months	–10'918	–1'878
Subtotal	–11'401	–2'157
Deferred tax liabilities:		
– which can be used within 12 months	6'170	7'084
– which can be used after 12 months	7'208	7'449
Subtotal	13'378	14'533
Total	**1'977**	**12'376**

	2014	2013
Total changes in deferred taxes:		
Balance as per 04/01/2014 / 04/01/2013	12'376	9'071
Charged to the income statement	1'255	155
Deferred taxes recognised in equity	–9'699	1'900
Taxes charged to equity for hedging reserves	–1'955	1'250
Balance as per 03/31/2015 / 03/31/2014	**1'977**	**12'376**

The deferred tax liabilities (net) decreased by CHF 10.4 mn mainly due to the corresponding recognition of the liability for the retirement benefit obligations from the defined pension plans in Switzerland and Germany.

Breakdown of deferred taxes in the balance sheet

in CHF 1'000	03/31/2015		03/31/2014	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	0	1'357	0	1'522
Property, plant and equipment	4	5'889	4	5'772
Inventories	34	2'753	21	2'667
Trade and other receivables	0	3'973	150	4'287
Financial assets	0	11	0	258
Derivative financial instruments (assets)	0	0	0	0
Derivative financial instruments (liabilities)	201	0	0	0
Non-current provisions	9'950	1'560	1'454	1'280
Trade accounts payable	646	0	361	616
Other current and accrued liabilities	359	0	231	0
Tax loss carry forward	2'372	0	1'805	0
Total deferred taxes (gross)	**13'566**	**15'543**	**4'026**	**16'402**
Offset	–2'165	–2'165	–1'869	–1'869
Total deferred taxes (net)	**11'401**	**13'378**	**2'157**	**14'533**

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	03/31/2015	03/31/2014
Expiring in the next 3 years	646	848
Expiring in 4 to 7 years	13'826	10'284
Total tax loss carry forwards	**14'472**	**11'132**
Potential tax assets calculated	3'035	2'844
Valuation allowance	–663	–1'039
Deferred tax assets	**2'372**	**1'805**

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	2014 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2013 Total
Balance as per 04/01/2014 / 04/01/2013	19'785	13'728	7'661	41'174	21'163	10'864	7'742	39'769
Changes in the consolidation scope	1'932	50		1'982				
Additions		5'691	516	6'207		1'863		1'863
Disposals		–1'219		–1'219				
Reclassifications		1'870		1'870		1'100		1'100
Currency translation differences	–723	–529	–438	–1'690	–1'378	–99	–81	–1'558
Balance as per 03/31/2015 / 03/31/2014	**20'994**	**19'591**	**7'739**	**48'324**	**19'785**	**13'728**	**7'661**	**41'174**

Accumulated amortisation

in CHF 1'000	Goodwill	Trademarks incl. IT licenses	Customer lists	2014 Total	Goodwill	Trademarks incl. IT licenses	Customer lists	2013 Total
Balance as per 04/01/2014 / 04/01/2013	0	–7'885	–5'817	–13'702	0	–6'343	–5'208	–11'551
Changes in the consolidation scope		–38		–38				
Additions		–2'562	–1'015	–3'577		–1'616	–674	–2'290
Disposals		1'218		1'218				
Reclassifications								
Currency translation differences		222	378	600		74	65	139
Balance as per 03/31/2015 / 03/31/2014	**0**	**–9'045**	**–6'454**	**–15'499**	**0**	**–7'885**	**–5'817**	**–13'702**

Net book value

As per 04/01/2014 / 04/01/2013	19'785	5'843	1'844	27'472	21'163	4'521	2'534	28'218
As per 03/31/2015 / 03/31/2014	**20'994**	**10'546**	**1'285**	**32'825**	**19'785**	**5'843**	**1'844**	**27'472**

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 projection. 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. Growth rates were adjusted where necessary. 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 2014 and 2013. Sensitivity analyses were done using parameters such as growth rate and pre-tax discount rate.

For the cash-generating unit "Crosshead piston compressors" the sensitivity analysis indicated that an impairment can be reasonably considered unlikely. For the cash-generating unit "Standard High Pressure Compressors" an increase of the pre-tax discount rate from 9.9% to 11.3% or a reduction of the growth rate from 3.2% to –1.7% would result in a value in use that would be equal to the goodwill amount.

in CHF 1'000	Crosshead piston compressors	Standard High Pressure Compressors	Total
Goodwill as per 03/31/2015	17'405	3'589	20'994
The test is based on the following assumptions:			
– Growth rate for sales	3.2%	1.5%	
– Gross margin as % of sales	30.5%	26.9%	
– Pre-tax discount rate	9.9%	9.9%	
Goodwill as per 03/31/2014	16'336	3'449	19'785
The test is based on the following assumptions:			
– Growth rate for sales	5.8%	4.8%	
– Gross margin as % of sales	30.0%	23.5%	
– Pre-tax discount rate	9.5%	9.5%	

The discount rate for discounting projected cash flows equals the rate which is used for similar purposes in the day-to-day business. The discount rate applied in the previous fiscal year for discounting projected cash flows was 9.5%.

11 Property, plant and equipment

in CHF 1'000	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2014 Total	Land and buildings	Machinery and equipment	Other assets	Assets under construction	2013 Total
Acquisition costs										
Balance as per 04/01/2014 / 04/01/2013	96'796	76'373	18'491	5'746	197'406	94'635	75'173	18'138	3'253	191'199
Changes in the consolidation scope	300	1'627	144		2'071					
Additions	48	5'545	2'070	9'513	17'176	1'544	3'391	1'407	6'028	12'370
Disposals	–61	–5'719	–2'048		–7'828	–325	–1'966	–373	–273	–2'937
Reclassifications	735	2'952	109	–5'666	–1'870	1'454	577	88	–3'219	–1'100
Currency translation differences	–655	–184	–263	39	–1'063	–512	–802	–769	–43	–2'126
Balance as per 03/31/2015 / 03/31/2014	**97'163**	**80'594**	**18'503**	**9'632**	**205'892**	**96'796**	**76'373**	**18'491**	**5'746**	**197'406**
Accumulated depreciation										
Balance as per 04/01/2014 / 04/01/2013	–9'626	–42'271	–11'494		–63'391	–7'883	–39'062	–9'958		–56'903
Changes in the consolidation scope	–228	–1'212	–97		–1'537					
Additions	–2'388	–5'945	–2'475		–10'808	–2'086	–5'416	–2'005		–9'507
Disposals		5'704	2'029		7'733	254	1'913	150		2'317
Reclassifications		–11	11							
Currency translation differences	54	188	212		454	89	294	319		702
Balance as per 03/31/2015 / 03/31/2014	**–12'188**	**–43'547**	**11'814**	**0**	**–67'549**	**–9'626**	**–42'271**	**–11'494**	**0**	**–63'391**
Net book value										
As per 04/01/2014 / 04/01/2013	87'170	34'102	6'997	5'746	134'015	86'752	36'111	8'180	3'253	134'296
As per 03/31/2015 / 03/31/2014	**84'975**	**37'047**	**6'689**	**9'632**	**138'343**	**87'170**	**34'102**	**6'997**	**5'746**	**134'015**
Fire insurance values	**160'589**	**91'684**	**12'467**	**10'790**	**275'530**	**160'870**	**90'036**	**7'145**	**13'233**	**271'284**

The additions recorded in category "Assets under construction" during fiscal year 2014 contains the building extension in Winterthur, the ongoing construction of assembly plants in the USA and in South Korea as well as software investments and the replacement of machining tools. The additions recorded during fiscal year 2014 in the categories "Machinery and equipment" can primarily be traced to the modernization and replacement of machining tools both for compressor equipment and components production capacity. In the fiscal years 2014 and 2013 no traded assets are capitalized.

12 Inventories

in CHF 1'000	03/31/2015	03/31/2014
Acquisition costs		
Raw materials, supplies and consumables	17'408	16'374
Work in progress	115'150	84'990
Finished products and trade merchandise	40'976	37'953
Advance payments to suppliers	10'696	18'357
Valuation allowances	–9'196	–9'104
Total	**175'034**	**148'570**

in CHF 1'000	2014	2013
Valuation allowances		
Balance as per 04/01/2014 / 04/01/2013	–9'104	–8'963
Utilized due to disposals	875	41
Additions	–970	–312
Currency translation differences	3	130
Balance as per 03/31/2015 / 03/31/2014	**–9'196**	**–9'104**

The high order backlog as of March 31, 2015, led to an increase in work in progress of CHF 30.2 mn compared to the prior year. The capital invested in work in progress and advance payments to suppliers is fully financed by advance payments from customers, leaving a positive balance as of March 31, 2015 of CHF 10.0 mn (previous year CHF –1.3 mn).

13 Trade and other receivables

in CHF 1'000	03/31/2015	03/31/2014
Trade receivables	125'376	115'989
Allowance for bad debts	–470	–416
Other receivables	11'421	8'847
Prepaid expenses	3'712	1'686
Total current receivables	**140'039**	**126'106**
Other receivables	1'233	1'156
Total non-current receivables	**1'233**	**1'156**
Total	**141'272**	**127'262**

in CHF 1'000	2014	2013
Allowance for bad debts		
Balance as per 04/01/2014 / 04/01/2013	–416	–660
Additions	–302	–38
Released	28	263
Utilization	220	0
Currency translation differences	0	19
Balance as per 03/31/2015 / 03/31/2014	**–470**	**–416**

The allowance for bad debts at the end of the 2014 and 2013 fiscal years was entirely related to accounts receivable which were more than 90 days overdue as per the closing date.

in CHF 1'000	03/31/2015		03/31/2014	
Age profile of trade receivables				
Not due	80'294	64.3%	79'167	68.5%
Overdue 1–30 days	18'985	15.2%	7'272	6.3%
Overdue 31–60 day	11'282	9.0%	7'244	6.3%
Overdue 61–90 days	1'461	1.2%	1'301	1.1%
Overdue more than 90 days	12'884	10.3%	20'589	17.8%
Balance as per 03/31/2015 / 03/31/2014	**124'906**	**100.0%**	**115'573**	**100.0%**

in CHF 1'000	03/31/2015	03/31/2014
Trade receivables broken down into currencies		
CHF	46'699	27'000
EUR	19'346	29'547
USD	44'299	44'077
GBP	1'066	1'490
JPY	360	808
INR	5'875	2'908
BRL	208	453
KRW	7	52
CAD	696	853
CNY	4'742	6'469
Other	1'608	1'916
Total (after allowance for bad debts)	**124'906**	**115'573**

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 10% (prior year 13%) 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. Trade account receivables increased by 8.1% compared to year-end 2013 following a very high invoicing volume towards the end of the reported fiscal year. Long term overdue positions (overdue more than 90 days) were amounting to 10.3% of total account receivables (last year 17.8%). The percentage of accounts receivables not due decreased by 4.2 percentage points to 64.3%.

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 were held in Swiss francs to reduce currency exchange risk.

in CHF 1'000	03/31/2015	03/31/2014
Cash	991	600
Bank deposits	177'210	198'097
Short-term deposits	278	3'290
Total cash and cash equivalents	**178'479**	**201'987**

16 Pledged assets

Burckhardt Compression Immobilien AG granted a Swiss bank a senior mortgage lien on the commercial property in Winterthur, which was valued at CHF 72.4 mn (prior year CHF 73.3 mn) in the balance sheet at the end of the reporting period. PROGNOST System GmbH, granted a German bank a senior mortgage lien on the commercial property in Rheine, Germany, which was valued at CHF 3.7 mn (prior year CHF 4.3 mn) in the balance sheet at the end of the reporting period. Furthermore PROGNOST has pledged cash in the amount of CHF 0.5 mn as collateral for guarantees provided by a local bank. Burckhardt Compression (India) Private Ltd. has pledged property, inventories and receivables in the amount of CHF 4.1 mn (previous year CHF 5.4 mn) as collateral for the credit lines and guarantee facilities provided by local banks. No other assets were pledged as collateral in the fiscal year 2014.

17 Share capital

	03/31/2015	03/31/2014
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, 2015 by issuing a maximum of 510'000 fully paid registered shares with a nominal value of CHF 2.50 each (authorized capital).

	03/31/2015	03/31/2014
Number of treasury shares	490	648

All treasury shares held at the end of fiscal year 2014 were used for the share based long-term incentive program within the Burckhardt Compression Group.

Earnings per share

in CHF 1'000	2014	2013
Net income attributable to shareholders of Burckhardt Compression Holding AG[1]	57'555	53'926
Average number of outstanding shares	3'399'396	3'397'851
Average number of outstanding shares for the calculation of earnings per share	3'399'396	3'397'851
Earnings per share (in CHF)	16.93	15.87
Diluted earnings per share (in CHF)	16.93	15.87
Dividend per share (in CHF)[1]	10.00	10.00

[1] The Board of Directors will propose to the Annual General Meeting a dividend of CHF 10.00 per share, to be paid in July 2015.

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 03/31/2015	Total 03/31/2014
Bank Loans and leasing commitments	3'661	23'500	27'161	36'212
Other	0	0	0	0
Total	**3'661**	**23'500**	**27'161**	**36'212**
Thereof due in less than 1 year	3'661	0	3'661	11'321
Thereof due in 1 to 5 years	0	23'500	23'500	24'891

The bank loans as per March 31, 2015 included mortgage loans of CHF 24.5 mn, of which CHF 0.2 mn is due in less than 12 months. The rest is primarily in Indian rupees. The average effective interest rate amounted to 3.3% in fiscal year 2014 and 2.9% in the previous fiscal year.

As per March 31, 2015, Burckhardt Compression AG has committed bank facilities totaling CHF 227.6 mn (excluding mortgage loans), thereof CHF 107.6 mn in cash credit lines (previous year total bank facilities amounted to CHF 212.0 mn, thereof CHF 23.0 mn in cash credit lines).

Operating leases are disclosed in note 24 (Other financial commitments).

19 Provisions

in CHF 1'000	Employee benefits	Warranties, penalties, unprofitable contracts	Other	2014 Total	Employee benefits	Warranties, penalties, unprofitable contracts	Other	2013 Total
Balance as per 04/01/2014 / 04/01/2013	5'331	10'452	1'077	16'860	5'377	18'025	1'593	24'995
Additions	2'724	6'255	1'076	10'055	1'912	1'414	800	4'126
Released as not longer required	–615	–943	–84	–1'642	–750	–3'267	–702	–4'719
Released for utilization	–3'204	–2'046	–800	–6'050	–1'083	–5'567	–470	–7'120
Currency translation differences	–531	–47	–66	–644	–125	–153	–144	–422
Total as per 03/31/2015 / 03/31/2014	**3'705**	**13'671**	**1'203**	**18'579**	**5'331**	**10'452**	**1'077**	**16'860**
Thereof current	1'011	5'355	1'203	7'569	2'385	4'459	1'077	7'921
Thereof non-current	2'694	8'316	0	11'010	2'946	5'993	0	8'939

The employee benefits category includes mainly provisions for loan service awards for employees at Burckhardt Compression Switzerland and ordinary termination benefits. Retirement benefit obligations are no longer reported under provisions, but on a separate line "Retirement benefit obligations" on the balance sheet (see note 05). 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. The amount reported under "additions" is related to a number of unprofitable strategic projects.

20 Other current and accrued liabilities

in CHF 1'000	03/31/2015	03/31/2014
Other current liabilities		
Social security institutions	1'896	1'005
Tax liabilities (excl. income taxes)	4'890	2'091
Miscellaneous	1'466	781
Total	8'252	3'877
Accrued liabilities		
Vacation and overtime	3'785	3'324
Salaries, wages and bonus payments	7'994	5'854
Contract related liabilities	20'918	30'257
Miscellaneous	1'810	1'678
Total	34'507	41'113
Total other current and accrued liabilities	**42'759**	**44'990**

The accrued contract-related liabilities decreased by CHF 9.3 mn compared to the previous year, mainly as a result of the lower volume of pending invoices from suppliers on invoiced compressor systems projects.

21 Derivative financial instruments

in CHF 1'000	03/31/2015 Positive fair values	03/31/2015 Negative fair values	03/31/2014 Positive fair values	03/31/2014 Negative fair values
Forward foreign exchange contracts (Cash flow hedges)	**4'005**	**9'971**	**4'479**	**469**
Thereof current	3'993	9'093	3'344	468
Thereof non-current	12	878	1'135	1

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

As per March 31, 2015 the contract value of the open derivative financial instruments amounted to TCHF 183'062; as per March 31, 2014 it totaled TCHF 177'999. The increase in the fiscal year 2014 resulted from the higher volume of business transactions to be hedged as of the closing date.

In the fiscal years 2014 and 2013 no significant ineffective portions of cash flow hedges were recognized in the income statement.

22 Outstanding guarantees

in CHF 1'000	Limited maturity	Unlimited maturity	Total 03/31/2015	Total 03/31/2014
Total pending guarantees	116'104	978	117'082	138'355
Thereof from Swiss banks	106'081	978	107'059	136'916
Thereof from foreign banks	10'023	0	10'023	1'439

Burckhardt Compression issues guarantees essentially for securing customer advance payments and for eventual warranty claims from customers. Outstanding bank guarantees as of March 31, 2015 decreased from the previous year mainly due to the increased amount in advance customer payments secured by Holding guarantees.

23 Contingent liabilities

Burckhardt Compression did not have any contingent liabilities as per March 31, 2015 and as per March 31, 2014.

24 Other financial commitments

Liabilities from operating leases

in CHF 1'000	Thereof due in less than 1 year	Thereof due in 1 to 5 years	Thereof due in more than 5 years	Total 03/31/2015	Total 03/31/2014
Buildings	810	1'222	274	2'306	2'430
Cars	275	526	0	801	804
Other	25	34	0	59	258
Total	1'110	1'782	274	3'166	3'492

The consolidated income statement includes leasing expenses for buildings of TCHF 2'306 for the fiscal year 2014. These expenses amounted to TCHF 2'430 in the previous year. The company has no financial leases.

Other financial obligations The most significant capital expenditure projects approved during the fiscal year 2014 and for which there are purchase commitments as per March 31, 2015 comprise in the US TCHF 9'512 for a new assembly plant, in South Korea TCHF 7'696 for a new assembly plant, in Switzerland TCHF 5'700 for a building expansion in Winterthur, TCHF 4'136 for a machining center, TCHF 1'667 for multifunction painting cabins and TCHF 1'272 for IT infrastructure.

25 Business combinations

During the fiscal year 2014, Burckhardt Compression companies made the following acquisitions:

Société d'Application du Metal Rouge SAS (SAMR)

in CHF 1'000	2014
	Fair value of aquired net assets
Intangible assets	12
Property, plant and equipment	549
Inventories	653
Account receivables	662
Cash and cash equivalents	635
Total Assets	**2'511**
Non-current liabilities	430
Current liabilities	492
Total liabilities	**922**
Net assets	1'588
Goodwill	1'981
Purchase price	**3'569**
Purchase considerations in cash	3'569
Cash and cash equivalents in subsidiary acquired	635
Cash outflow on acquisition	2'934

On December 19, 2014 Compressor Tech Holding AG, a wholly owned subsidiary of Burckhardt Compression Holding AG, acquired 100% of the shares of the French sliding bearing manufacturer SAMR Société d'Application du Métal Rouge SAS. SAMR is located southeast of Paris and is internationally active as a developer and manufacturer of premium sliding bearings for reciprocating compressors, turbo compressors, turbines, combustion engines, gears and pumps.

Because of this acquisition sales of Burckhardt Compression in fiscal year 2014 increased by TCHF 951 and profit for the period increased by TCHF 155.

If the acquisition of SAMR, Société d'Application du Métal Rouge SAS, had occurred as per April 1, 2014 instead of as per December 19, 2014, sales and profit for the period of Burckhardt Compression would have amounted to TCHF 2'703 and to TCHF 211 respectively.

Espresso vibration monitoring business and technology from Monitoring Technology LLC (Fairfax, VA)

in CHF 1'000	2014
	Fair value of aquired net assets
Intangible assets	3'395
Property, plant and equipment	6
Inventories	141
Account receivables	0
Cash and cash equivalents	0
Total Assets	**3'542**
Non-current liabilities	0
Current liabilities	86
Total liabilities	**86**
Net assets	3'456
Goodwill	0
Purchase price	**3'456**
Purchase considerations in cash	3'456
Cash and cash equivalents in subsidiary acquired	0
Cash outflow on acquisition	3'456

On June 26, 2014, Prognost Systems GmbH (PSG), a subsidiary of Burckhardt Compression Holding AG, and Monitoring Technology LLC (Fairfax, VA) agreed on the acquisition of certain assets related to the Espresso vibration monitoring business and technology from the company's monitoring portfolio. The Espresso monitoring system is applied by users in the petrochemical, cement and paper industries and offers a wide range of specialized frequency analysis and automatic diagnostic features.

Espresso's four employees as well as the acquired technology have been integrated into PROGNOST Systems GmbH, the center of competence for condition monitoring and diagnostic systems of Burckhardt Compression Holding AG.

Burckhardt Compression did not acquire any companies in the 2013 reporting period.

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 65 to 73.

The following remuneration was paid to the members of the Board of Directors and the Executive Board for the 2014 and 2013 fiscal years:

in CHF 1'000										**2014**
Name	Function	Fees	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Annual bonus variable in cash	Share-based payments[1]	Social insurance contributions and other benefits	Total variable compensation (gross)	**Total**
Members of the Board of Directors										
Valentin Vogt	Chairman	120		8	128		31	4	35	163
Hans Hess	Deputy Chairman	65		0	65		20	0	20	85
Dr. Stephan Bross[2]	Member	44		3	47		14	2	16	63
Dr. Monika Krüsi	Member	75		5	80		20	2	22	102
Urs Leinhäuser	Member	65		4	69		20	2	22	91
Total		**369**		**20**	**389**		**105**	**10**	**115**	**504**
Executive Board										
Marcel Pawlicek	CEO		414	99	513	182	85	54	321	834
Members of the Executive Board (12 persons)			2'206	455	2'661	749	468	199	1'416	4'077
Total			**2'620**	**554**	**3'174**	**931**	**553**	**253**	**1'737**	**4'911**

[1] Long-term bonus pay to the eligible members of the Executive Board and variable pay for the members of the Board of Directors (free shares)
[2] As of July 4, 2014

in CHF 1'000										**2013**
Name	Function	Fees	Fixed base salary, cash	Social insurance contributions and other benefits	Total fixed compensation (gross)	Annual bonus variable in cash	Share-based payments[1]	Social insurance contributions and other benefits	Total variable compensation (gross)	**Total**
Members of the Board of Directors										
Valentin Vogt	Chairman	120		8	128		26	3	29	157
Hans Hess	Deputy Chairman	65		0	65		18	0	18	83
Urs Fankhauser[2]	Member	75		5	80		0	0	0	80
Dr. Monika Krüsi	Member	65		4	69		18	2	20	89
Urs Leinhäuser	Member	65		4	69		18	2	20	89
Total		**390**		**21**	**411**		**80**	**7**	**87**	**498**
Executive Board										
Marcel Pawlicek	CEO		379	90	469	155	120	52	327	796
Members of the Executive Board (13 persons)			2'235	459	2'694	598	603	198	1'399	4'093
Total			**2'614**	**549**	**3'163**	**753**	**723**	**250**	**1'726**	**4'889**

[1] Long-term bonus pay to the eligible members of the Executive Board and variable pay for the members of the Board of Directors (free shares)
[2] Until February 27, 2014

The total fix compensation for the Board of Directors in fiscal year 2014 was TCHF 22 below prior year, as the election of the new Board member Dr. Stephan Bross took place on July 4, 2014, only with an according pro-rata remuneration.

The fix compensation in fiscal year 2014 for the CEO increased 9.4% compared to last year following a salary revision.

The total fix compensation for the other members of the Executive Board was 1.2% below prior year, whereas the executive Board was reduced by one member (VP Burckhardt Components AG) in the course of fiscal year 2014.

Allocated and distributed free shares In the fiscal year 2014 no shares were vested or allocated. In fiscal year 2013 a total of 587 shares were vested to five eligible members of the Board of Directors and a total of 2'508 shares to eleven eligible members of the Executive Board.

Name	Function	Allocated shares FY 2013	Shares vested during FY 2013	Allocated shares FY 2014	Shares vested during FY 2014
Members of the Board of Directors					
Valentin Vogt	Chairman	0	216	0	0
Hans Hess	Deputy Chairman	0	108	0	0
Dr. Stephan Bross[1]	Member	0	0	0	0
Urs Fankhauser[2]	Member	0	108	0	0
Dr. Monika Krüsi	Member	0	47	0	0
Urs Leinhäuser	Member	0	108	0	0
Total		**0**	**587**	**0**	**0**
Executive Board					
Members of the Executive Board[3]		0	2'508	0	0
Total		**0**	**3'095**	**0**	**0**

[1] As of July 4, 2014
[2] Until February 27, 2014
[3] FY 2014: 12 persons; FY 2013: 13 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 2014. There are no pending loans in favor of the members of the Board of Directors and Executive Board as per March 31, 2015.

As per March 31, 2015 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:

		03/31/2015	03/31/2014
Name	Function	Total shares	Total shares
Members of the Board of Directors			
Valentin Vogt	Chairman	202'849	202'849
Hans Hess	Deputy Chairman	10'375	10'375
Dr. Stephan Bross	Member	0	N/A
Dr. Monika Krüsi	Member	697	577
Urs Leinhäuser	Member	592	592
Total		**214'513**	**214'393**
Executive Board			
Marcel Pawlicek	CEO	44'045	44'045
Rolf Brändli	CFO	1'054	1'054
Rainer Dübi	VP Design & Manufacturing	202	202
René Guthauser	VP Quality & Infrastructure	603	603
Martin Heller	VP Business Development	54'500	54'500
Hans Keist[1]	MD Burckhardt Components AG	N/A	0
Keven Li	MD Burckhardt Compression (Shanghai) Co., Ltd.	765	765
Susan Lütolf	VP Human Resources Management	78	78
Narasimha Rao	MD Burckhardt Compression (India) Pvt. Ltd.	150	150
Marco Scanderbeg	VP Marketing & Communications	700	1'000
Dr. Daniel Schillinger	VP Sales Compressor Systems	157	157
Matthias Tanner	VP Contracting	637	637
Robert Züst	VP Components, Services & Support	872	872
Total		**103'763**	**104'063**
Total		**318'276**	**318'456**
In % of total shares		9.4%	9.4%

[1] until December 31, 2014 member of the Executive Board

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 semi-annual meeting of the Audit Committee of the Board of Directors. For this purpose the CEO prepares an overview of the key risks the Burckhardt Compression Group is exposed to and presents an assessment of the probability of such risks actually occurring and the impact they could have on the Group. The presentation is given to the Audit Committee of the Board of Directors together with recommended measures and the designated persons responsible for implementing them by a given deadline. The Audit Committee then informs the full Board about the findings of the risk management review.

29 Events after the balance sheet date

The Board of Directors and the Executive Board were not aware of any significant events occurring after the balance sheet date when the consolidated financial statements were approved on May 19, 2015.

Investments as per March 31, 2015

Group companies of
Burckhardt Compression Holding AG
Winterthur, Switzerland

Listed on SIX Swiss Exchange
Security no. 0025536027
Share capital CHF 8'500'000
Market capitalization CHF 1'276'700'000

	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 a.i. Claudio Nold	2	BCCO	•	•		•	•	CHF 100'000 100%
Burckhardt Compression (Deutschland) GmbH Neuss, Germany Managing Director Holger Korn	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 Emiliano Maianti	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 Cuevas Martin	2	BCES				•	•	EUR 550'000 100%
Burckhardt Compression (UK) Ltd. Bicester, United Kingdom Managing Director Colin Webb	2	BCGB				•	•	GBP 250'000 100%
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%

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 (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 a.i. Martin Valentin	2	BCBR			•	•	•	BRL 5'818'000 100%
Burckhardt Compression (US/Ca) 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 Sakir Cakin	2	BCTR				•	•	TRY 800'000 100%
Burckhardt Compression Singapore Pte Ltd. Singapore, Singapore Managing Director Patrick Chong	2	BCSG				•	•	SGD 700'000 100%
Burckhardt Compression South Africa (Pty) Ltd. Sunnyrock, South Africa Managing Director René Müller	2	BCZA				•	•	ZAR 3'000'000 100%
Burckhardt Compression Korea Busan Ltd. Busan, South Korea Managing Director Alexandros Pirounakis	2	BCKB		•	•			KRW 4'500'000 100%
Burckhardt Compression (Saudi Arabia) LLC Dammam, Saudi Arabia Managing Director Beat Jäggi	2	BCSA				•	•	SAR 1'000'000 100%
Société d'Application du Metal Rouge SAS Pont Sainte Marie Cedex, France Managing Director Lionel Pellevoisin	3	SAMR	•	•		•	•	EUR 501'000 100%

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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 balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 76 to 113), for the year ended 31 March 2015.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 March 2015 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

Beat Inauen

Audit expert
Auditor in charge

Andreas Fontanive

Audit expert

Winterthur, 19 May 2015