

Annual Report 2011

INTELLIGENT
SOLUTIONS
FOR HIGH
PRODUCTIVITY

Bossard is a leading supplier of intelligent solutions for industrial fastening technology. The company's complete portfolio for fasteners includes worldwide sales, technical consulting (engineering) and inventory management (logistics).

Its customers include local and multinational industrial companies **who use Bossard's solutions to improve their productivity.** Employing 1,585 people in over 50 locations around the world, the Group generated CHF 473.5 million in sales in 2011. Bossard is listed on the SIX Swiss Exchange.

HISTORIC KEY FIGURES

IN 1,000 CHF	2011	2010	2009	2008	2007
Gross sales	473,484	477,609	395,109	565,701	600,821
Change to prior year in %	-0.9	20.9	-30.2	-5.8	7.4
Net sales	457,717	458,724	379,861	542,843	578,256
Gross profit	185,552	188,417	146,347	202,761	211,782
Personnel expenses	96,986	99,393	86,012	107,076	111,267
in % of gross profit	52.3	52.8	58.8	52.8	52.5
EBIT	50,260	47,266	18,813	45,121	41,164
in % of net sales	11.0	10.3	5.0	8.3	7.1
Net income	44,813	44,928	15,298	32,382	30,548
in % of net sales	9.8	9.8	4.0	6.0	5.3
Cash flow ¹⁾	54,649	55,413	26,972	44,238	43,277
in % of net sales	11.9	12.1	7.1	8.1	7.5
Capital expenditures	19,986	8,367	4,810	11,830	10,687
Operating net working capital ²⁾	202,563	172,559	155,596	214,337	229,337
in % of net sales	44.3	37.6	41.0	39.5	39.7
Net debt	29,607	25,747	38,640	98,577	112,330
Shareholders' equity	206,240	179,354	162,015	159,727	151,399
in % of total assets	62.3	61.3	56.9	45.6	40.8
Total assets	331,031	292,743	284,507	350,358	370,819
Return on equity	23.2	26.3	9.5	20.8	21.8
Return on average capital employed (ROCE)	21.2	23.1	7.5	15.4	13.2
Dividend yield (Basis: price at Dec. 31)	5.9	5.5	2.6	7.0	3.4
Earnings per share ^{3) 4)}					
Bearer share in CHF	14.89	14.81	4.97	10.68	10.03
Registered share in CHF	2.98	2.96	0.99	2.14	2.01
Price/earnings ratio (Basis: price at Dec. 31)	6.9	7.4	11.8	4.3	8.7
Price/book value per share	1.5	1.8	1.1	0.9	1.7
Annual weighted average number of employees ⁵⁾	1,493	1,393	1,355	1,666	1,754
Net sales per employee ⁶⁾	306.7	329.3	280.3	325.8	329.7

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Basis: Average capital entitled to dividend

4) Basis: Share attributable to shareholders of Bossard Holding AG

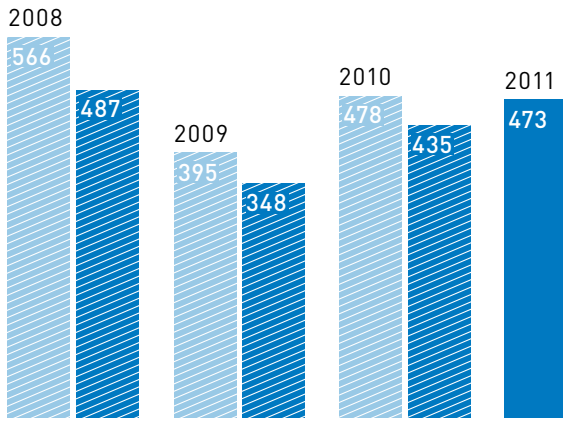
5) Average full time equivalent

6) Basis: Annual weighted average number of employees

For comparison, the figures of the years 2007 and 2008 were adjusted to meet Swiss GAAP FER requirements.

SALES

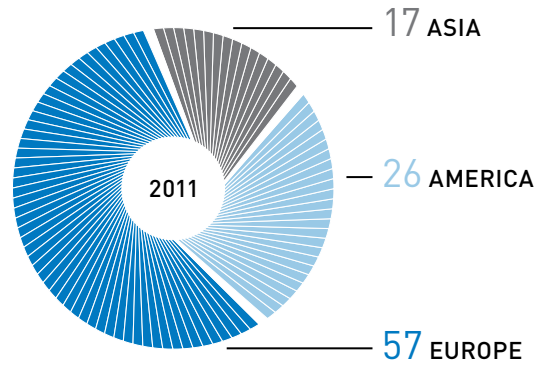
IN CHF MILLION



Actual
On a currency-adjusted basis

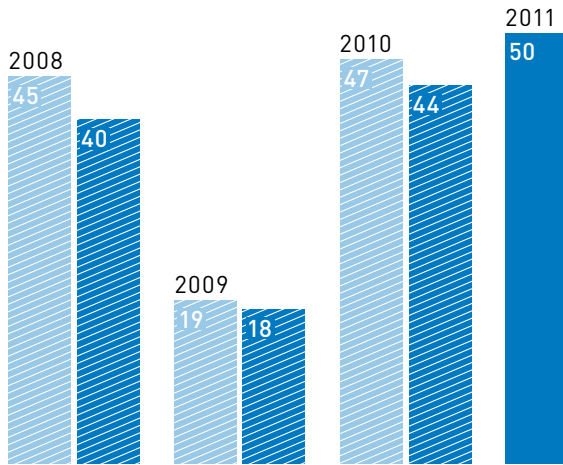
GEOGRAPHIC SALES DISTRIBUTION

IN %



OPERATING PROFIT

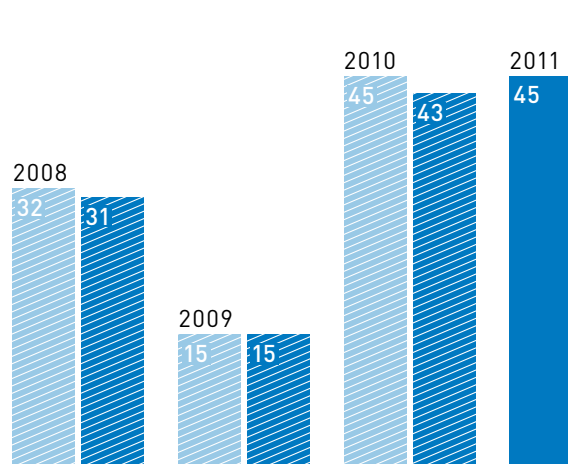
IN CHF MILLION



Actual
On a currency-adjusted basis

NET INCOME

IN CHF MILLION



Actual
On a currency-adjusted basis

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REPORT TO THE SHAREHOLDERS

BOSSARD – SEIZING OPPORTUNITIES AND TAKING ADVANTAGE OF ITS STRENGTHS



David Dean, CEO, and Dr. Thomas Schmuckli, Chairman

LADIES AND GENTLEMEN,

2011 was a special year in many respects. First of all, our company celebrated its 180th anniversary. We crowned this happy event with an excellent result, and we did this in a year characterized by enormous uncertainty and political change. These developments were reflected in the global business cycle and currency developments, which directly impacted our business.

While excessive indebtedness in the key economic blocks of Europe, the United States and Japan did not begin in 2011, it became the central focus of the capital markets. This created a climate of uncertainty under massive media attention. The rising and simultaneously utopian

expectations that the problem could be quickly solved with some creative political maneuvering were continuously dashed. The greater uncertainty that ensued very rapidly led to slower growth in key markets and high exchange rate volatility. New limits to competitiveness were set practically overnight. Our home market of Switzerland took a direct hit. In 2011, the Swiss franc rose an average of 11 percent against the euro and 15 percent against the U.S. dollar; on top of the 9 percent and 5 percent respectively we had to absorb in the prior year. This left its mark not only on our company but also on our primarily export-oriented customers in Switzerland.

Our 2011 year-end financial statements are therefore greatly characterized by the enormous currency fluctuations. Consequently, a year-on-year comparison in Swiss francs, the Group's reporting currency, would paint an inaccurate picture of our company's actual development and effective performance. For this reason, we primarily base our assessments and analyses as well as our strategic objectives on local currencies because they are the only factors that we can directly influence in our operations. In this year's report, we therefore present key figures not only in Swiss francs but also show you the real performance in local currencies for comparison.

Despite the difficult situation, we have seized our opportunities and taken advantage of our strengths in 2011. The results are clear: 9 percent purely organic sales growth in local currency and a record-breaking operating profit, thereby setting another milestone in our company's history.

2011 – SETTING A SUCCESSFUL STRATEGIC COURSE

In 2009, we set ourselves the target of doubling sales revenue by 2015 through expanding our product and service portfolio as well as seizing the opportunities presented by our strong global presence. To reach this target, we need to achieve double-digit growth each year. A strong growth spurt of 25 percent in 2010 gave us a comfortable head start.

Although we expected this growth rate to level out over the reporting year, we nevertheless aimed for double-digit growth, albeit at a slightly lower level. We managed to achieve this target with an outstanding sales increase of 14.6 percent in local currency by mid-year. At that time, however, the first harbingers of a slowdown were

apparent, specifically on the Asian sales market. This situation intensified in the third quarter in which our customers in Europe also felt clear signs of slower growth. The North American market, where we were able to continue strong growth during the first half of the year, was a bright spot during this phase, along with strong demand from our existing customers, contrary to the general trend in America, and through gaining market share with acquiring new customers.

INVESTING IN THE FUTURE

Our aim is to continue focusing on accelerated growth over the next few years. Over the last twelve months, we specifically invested in further expanding our workforce and training our employees. We created 107 new jobs in 2011 and, by greatly expanding our logistics centers in Zug and Denmark, we took appropriate measures on the infrastructure side. Additional investments in logistics centers will follow over the next three years, primarily in Asia. However, Bossard has never viewed growth as an end in itself. We deliberately aim for qualitative, i.e. profitable, sales growth. In our market and customer segmentation, therefore, we focus on the fields where we can position our products and services to create true added value for our customers. With this solution-oriented approach and the expansion of our service portfolio, it is our aim to show industrial customers how to manufacture their products more safely, more efficiently and therefore more economically.

By taking this approach, we again helped thousands of customers secure a competitive edge in 2011. Thanks to the appreciation of our customers, we have been able to increase sales not solely on the basis of purely market-driven changes in demand but also because they entrust us with additional special and C-parts that go beyond classic fastening elements. Our strategy in recent years to expand our product and service portfolio has fully paid off, as demonstrated by the ongoing improvement in our business results over the last few years.

Our entrepreneurial-minded employees, who run our operations with both a high level of professionalism and absolute dedication, have implemented this strategy very successfully. We are proud of our management team and the employees who take on responsibility day after day, thus contributing actively to our long-term success.

Even though the general market environment appeared to be a difficult one, we approached 2011 with a healthy dose of optimism. In addition to double-digit sales growth, we also wanted to confirm the record profits of the prior year. In terms of the 9 percent sales growth in local currency, we came close to meeting our target. With regards to the operational result, however, we managed to set a new record. Once again, this result is broad-based in geographic terms and arises from both an increase in sales volume and internal productivity improvements. The consolidated net income of CHF 44.8 million is also only slightly lower than the record figure of the prior year. The burden imposed by the currency turbulences only just prevented us from exceeding 2010's record-breaking success. On the whole, we achieved an excellent result which confirmed that our profitability is sustainable.

Our customers, suppliers and employees are the source of our success.

CAUTIOUSLY OPTIMISTIC FOR 2012 – SETTING A COURSE FOR FURTHER GROWTH

We are cautiously optimistic for the current 2012 business year and expect to see weaker demand due to the global uncertainties that are unlikely to be resolved in the short term. This means that we need to generate more sales through new customers or new business with existing customers. As a consequence of our well-stocked pipeline for new business, we are aiming for similar growth, even in this challenging environment characterized by increased economic pressure. If we reach our sales targets, this achievement will go hand in hand with positive earnings growth. We are in an excellent position today to take advantage of global opportunities even if there is little economic momentum.

Along with everything we will be doing in 2012, our attention will be on long-term development. Apart from short-term result considerations, we will therefore continue to invest in employee training and education as well as new product development, along with pursuing our projects to expand our logistics infrastructure in order to lay the foundation for achieving the high targets we are aiming for over the next few years.

OUR SINCERE THANKS

Our sincere thanks and admiration go to all employees of our Group. With impressive dedication and entrepreneurial thought and action, they turned plans into deeds, inspired customers, tackled new opportunities and, not least, set another milestone in our company's 180-year history by achieving record profits.

Our customers and suppliers around the world are an equally important source of success. Our successful business growth would not have been possible without their valuable suggestions, their ongoing trust and outstanding partnership. We would like to thank each and every one of them. We look forward to continuing our fair and productive cooperation, to the benefit of all of us.

BOSSARD SHARES – A WORTHWHILE CAPITAL INVESTMENT

Dear shareholders, your company proved in 2011 that the progress achieved over the last few years was sustainable even under difficult conditions. By mid-year, this performance was also reflected in the price of our shares, which rose by more than 43 percent from the beginning of the year. Due to uncertainties on the capital markets starting in the middle of the year, our share price experienced a sharp drop, like most companies in the Small and Mid Caps segment of the Swiss Stock Exchange. As a result, our share price was stagnant when viewed over the business year as a whole. In the meantime, our share price has begun to recover. Since in 2011 the dividend payout ratio was increased to 40 percent of consolidated net income, an attractive dividend yield of 4.6 percent can nevertheless be achieved, based on a share price of CHF 130 in mid-February 2012. Bossard's shares thus remain a worthwhile capital investment.

Thank you for your loyalty to our company.



Dr. Thomas Schmuckli
Chairman



David Dean
CEO

Zug, February 24, 2012

_ Our factors of success

Our customers benefit from our **global position and continuous development of our services** in our capacity as a leading global supplier of intelligent solutions for the industrial fastening technology sector.

Our long-term success, based on responsible action, establishes the necessary **trust** that our investors, customers, suppliers, employees and the general public place in us.

VALUES

BASIS FOR SUSTAINABLE COMPANY GROWTH

Successful, long-term business activity depends on a certain value system. As constants, these values shape our daily thinking and actions. The result is a sustainable corporate culture that is practiced by all employees. Our corporate responsibility is reflected in responsible company management, compliance with ethical values and responsibility toward our stakeholders and the environment.

WE KNOW OUR CUSTOMERS' NEEDS

Our customers benefit from our global position and continuous development of our services in our capacity as a leading global supplier of intelligent solutions for industrial fastening technology. With innovative solutions, top quality standards, customer proximity and a global presence, we are a powerful and competent partner for our customers' diverse and constantly changing needs, which we meet effectively and in a timely manner.

WE SELECT OUR PARTNERS WITH A VIEW TO THE FUTURE

Top performance is expected from our manufacturers. We consider them to be partners and demand superior attention to quality and a fair price policy. Our worldwide procurement network is continuously optimized, thereby securing global access to innovative solutions. We require our suppliers to meet the same standards that we offer our customers: competence, quality and reliability at the highest level.

WE BELIEVE IN SUSTAINABLE CORPORATE MANAGEMENT

Our long-term success, based on responsible action, establishes the necessary trust that our investors, customers, suppliers, employees and the general public place in us. Over the course of 180 years of sustainable corporate management, we have earned an excellent reputation which we view as a central prerequisite for achieving our long-term corporate targets. This reputation is based on integrity, transparency and professionalism. Our shared values are laid down in our code of conduct.

WE FOSTER CONTINUOUS AND PROFITABLE GROWTH

We rely on long-term, healthy and profitable growth rather than quick profits over the short term. Our financial resources are handled with care and professionalism. Moreover, our target is sustainable value growth and reasonable returns for our investors. In doing so, we gain the necessary entrepreneurial freedom of action and secure the company's independence.

WE SUPPORT AND PROMOTE OUR EMPLOYEES

We thrive on the dedication, knowledge and creativity of our employees. We provide a working environment that offers them fair opportunities and flexibility in order to support and foster entrepreneurial thinking. We expect our employees to utilize their knowledge and abilities effectively and with dedication. To this end, they must be able to participate actively and be given the opportunity for personal development. We specifically foster the skills and independence of our employees at all levels and allow them to participate in the company's success.

WE ARE COMMITTED TO THE PUBLIC AND THE ENVIRONMENT

We are aware that business success is always achieved in a social environment, and we view this as our responsibility. As a business enterprise, we can make a difference in our social environment and with a view to ecological development.

GROUP-WIDE CODE OF CONDUCT

The company's success depends on the trust that all stakeholders place in Bossard: customers, employees, suppliers, shareholders, public authorities and society as a whole. We therefore have laid down our basic ethical values in a code of conduct that is binding throughout the Group, one to which we feel obligated and to which we owe our long-standing reputation. Integrity, sense of responsibility, fairness, professionalism, compliance and transparency are the ethical constants on which we base our philosophy and actions.

_History – from a local hardware store to a global group of companies

Bossard was founded in Zug, Switzerland in 1831. The hardware store gradually grew from a local specialty business to a regional one and then to Switzerland's leading fastener retail company. In the 1980s, Bossard ventured abroad. Bossard's successful progress is now being shaped by the seventh generation of the founding family.

Today, Bossard figures among the market leaders in the fastening technology sector in the three major economic regions: Europe, America and Asia. More than 12,000 customers place their trust in Bossard.

STRATEGY

RESOLUTELY TARGET-ORIENTED

In recent years, Bossard Group has grown into a global company with a uniform business system, a successful business model and a clearly structured and competitive performance profile, once again proving its competitive strength. Our strategy for the next few years is focused on systematic market development. Although we can count ourselves among the leading suppliers, the market nevertheless continues offering substantial growth opportunities due to its high degree of fragmentation. We plan to turn these opportunities into measurable business success, based on our many years of experience and expertise.

VISION – GLOBAL AMBITION

“We want to be the trusted expert brand providing assembly technology solutions for our customers globally.” To turn this vision into reality, Bossard concentrates on OEM (original equipment manufacturer) customer groups with the aim of helping them strengthen their competitive position. Bossard Group relies on outstanding services, technical consulting and efficient processes along the entire supply chain. Paired with trust and fairness, this approach has helped build long-term customer relationships.

Sustainable, qualitative growth is our priority.

PROFITABLE, QUALITATIVE GROWTH IN SIGHT

As part of our strategic objectives for the 2010–2015 period, we are striving for sustainable, qualitative growth. We want to substantially increase our sales revenue in the coming years to further strengthen and expand our market position. However, volume growth should never come at the expense of profit, which must at least keep pace with revenue. Moreover, the invested capital must yield a reasonable return for our investors.

Profitable growth is driven largely by accelerating sales and engineering. In addition to standard parts and customer-specific drawing parts, a greater range of intelligent fastening solutions is planned. Successful examples are ecosyn®-lubric (tribological dry coating for fastening elements subject to mechanical loads) and ecosyn®-grip (multifunctional reinforced fastener offering anti-loosening protection).

GREATER FOCUS ON HIGH-END PRODUCTS AND SOLUTIONS

In addition to the in-house developments, Bossard also relies on worldwide sales agreements with established manufacturers of attractive solutions. Furthermore, the company plans to continue developing new proprietary products and customized application solutions in its recently opened research and development center.

On the whole, our strategy increasingly targets products and solutions that are proven to give customers added value and offer us attractive profit margins. The main focus is on engineering and the development of functional modules that intelligently combine multiple fastening parts in a single unit.

Primarily, Bossard aims to achieve this growth organically. Acquisitions are an option to augment this approach. However, this requires clearly defined requirements with a view toward products and markets.

MARKET DEVELOPMENT SHOWS THAT WE ARE ON THE RIGHT TRACK

Bossard's confidence that it can successfully implement this strategy is well justified. We are starting out in a strong position in both developed and emerging markets. Although highly fragmented markets mean intense competition, they also offer considerable room for growth. Moreover, we are seeing continued industrial consolidation as well as procurement-related concentration in our customer sectors. Due to our size and international presence, we are likely to derive better-than-average benefits from these trends in the coming years.

BUSINESS MODEL STRONG PERFORMANCE

Fasteners may not be everything, but almost nothing works without fasteners. From razors, lawnmowers and tractors to trains, computers and printers, few industrial products today can do without fasteners. Most of these elements are not visible at first glance, which does not make them any less important. Fasteners are key products, and modern industrial manufacturing would be unthinkable without them.

Thus the key to success is not just the product itself but also logistics and engineering. Bossard's advanced logistics systems promote smooth, reliable supply and lower warehousing costs. Our solution-oriented engineering services save our customers money early on during the design phase.

Bossard's portfolio thus covers the entire value chain for industrial fastening technology. Bossard successfully focuses on OEM customers in the machine building, transportation, medical technology, energy and electronics industries.

Bossard's global business model covers three strategic areas:

1. Products
2. Logistics
3. Engineering

1. PRODUCTS

Bossard has access to a unique global procurement network based on highly qualified manufacturers and efficient processes. Approximately 200,000 different fastening parts are available in our warehouses. Each year, over 20 billion fasteners and fastening elements leave our warehouses all over the world. Our product line covers standard parts, components developed in-house, branded products as well as special parts made to customer specifications.

TOP QUALITY AT FAIR PRICES

Bossard not only meets the ISO 9000 standard worldwide but also numerous country-specific certifications, which save customers the need for costly testing and inspections. Due to our global quality management system, multinational corporations around the globe rely on us because we provide the reliability and quality they require.

CONTINUOUSLY UPDATED INFORMATION

Our customers know they can rely on us anytime and anywhere in the world. We continuously up-date our product documentation in a number of different languages and make it available on the Internet. In addition, printed and continuously revised brochures and product data sheets provide customers and interested parties with the latest information.

Manufacturing products more safely, more efficiently and therefore more economically

GUARANTEED SUPPLY SECURITY

As a consequence of our enormous product variety, we do not manufacture products ourselves but work closely with over 2,600 specialized manufacturers whom we select according to strict quality criteria. We rely on multiple sources for every single fastener. As a result, we guarantee the highest possible supply security so that production can keep rolling.

On average the fastener itself only accounts for 15 percent of the customer's total fastening costs. The remaining 85 percent of the costs come from development, procurement, testing, inventories, and assembly logistics. A correct understanding of cost efficiency therefore does not begin with the fastener itself but rather with the disproportionately larger costs for procurement, manufacturing and logistics (reflecting the principle of "total cost of ownership").

2. LOGISTICS

Bossard helps its customers substantially to reduce or even eliminate procurement costs along the entire supply chain. Our logistics systems simplify their procurement processes, lower their warehousing costs and prevent supply bottlenecks. Modern systems trigger orders automatically at the right time and in the right quantity. One solution that Bossard's customers around the world depend on is known as SmartBin.

SMARTBIN – AUTOMATIC INTELLIGENCE

This fully automatic warehousing and ordering system guarantees the lowest possible warehousing costs as well as the right time for placing an order, and it prevents bottlenecks caused by forgotten or late orders. Customers can thus save up to 50 percent of their process costs. The fact that we have installed no fewer than 200,000 SmartBins at our customers speaks for itself.

PROVEN POWER OF INNOVATION

Our passion for innovation is legendary and that spurs us to continue generating new logistics and engineering solutions that are equally valuable and cost-effective. Our solutions are a cornerstone of our success story and continue attracting the praise and appreciation of our customers. Various best-supplier and excellent-supplier awards encourage us to keep raising the bar on our own performance targets.

Our services go far beyond fasteners.

BOSSARD INVENTORY MANAGEMENT (BIM) – FASTENERS AND MORE

Bossard's services go far beyond fasteners. BIM is the company's intelligent logistics system for all management-intensive C-parts. C-parts are high-volume, low-cost products (not only fastening parts). BIM helps to minimize the procurement cost of all C-parts.

GLOBAL PRESENCE FOR GLOBAL CUSTOMERS

As one of the leading global players in the industry, Bossard transcends time zones and overcomes language barriers while always respecting the local environment. Our objective is to offer global companies a uniform standard of quality and maximum service locally; in Europe, America and Asia.

3. ENGINEERING

Bossard specialists support customers right from the early stages of planning and designing a new product. With their profound expertise and well-developed process thinking skills, our specialists not only find the most fitting fastening solution but contribute toward a systematic reduction in the customer's production and assembly costs.

A PARTNER FOR COMPLEX REQUIREMENTS

Our experienced specialists are experts in all matters pertaining to innovative, productive and high-quality fastening solutions, including all associated processes. Multifunctional fasteners can simplify production and assembly, increase corrosion resistance and security as well as improve assembly conditions or entire manufacturing processes. This means greater quality, efficiency and security as well as lower costs.

EMPLOYEES KEY TO SUCCESS

First and foremost, Bossard has the dedication, knowledge and creativity of its approximately 1,600 employees to thank for its success. This is why Bossard has always pursued a long-term human resources policy in which it fosters professional and personal development and allows its employees to participate in the company's success.

AN ATTRACTIVE EMPLOYER GROUP-WIDE

Bossard has always set great store in its social responsibility. Its Group-wide corporate culture is based on mutual trust as a prerequisite for necessary loyalty. Employees participate in the company's success at all levels. Bossard believes in the importance of employees knowing the Group's long-term targets and strategy. Conversely, managers know the expectations and targets of employees and help empower them to achieve success.

FROM EMPLOYEE SELECTION...

Careful selection and integration of employees is the basis for long-term retention. During recruitment, duties, requirements and processes are communicated clearly and transparently. Furthermore, employment conditions must always be fair. The careful integration of new employees is a key factor in working together successfully over the long term.

... TO CONTINUING EDUCATION AS AN INVESTMENT

We value well trained employees and foster line, specialist and project careers as well as the exchange of knowledge throughout the Group. Whenever possible, we recruit new managers from within our own ranks. In particular, we emphasize cross-divisional training because in-depth knowledge of our extensive product range and internal workflows promotes understanding and tolerance and forms the basis for intelligent cooperation. Developed in-house, our interactive online learning program contains more than 230 individual chapters and approximately 3,000 illustrations and provides relevant training in the fastening technology of today.

LEADERSHIP AND ENCOURAGEMENT

Frank interpersonal communication fosters dedication, creativity and efficiency. Our managers help their employees to achieve ambitious targets by encouraging initiative, performance and quality. In Bossard's view, leadership means respect, honesty, fairness and consistency, and cooperation is characterized by openness, trust and mutual appreciation.

MARKET-ORIENTED COMPENSATION SYSTEM

Performance is the key component in determining compensation. We encourage entrepreneurial thinking and action through a compensation system that is in line with the market and based on targets and individual performance. In addition to a fixed pay component, we offer different success-oriented compensation systems that support our winning spirit.

We thrive on the dedication, knowledge and creativity of our employees.

DIRECT AND OPEN COMMUNICATION

Both internally and externally, we communicate directly, clearly, transparently and in a timely manner. In doing so, we promote understanding for and acceptance of business decisions. We practice an open door policy. Constructive criticism is not only allowed, it is encouraged. Using regular employee surveys, we identify the strengths and weaknesses of our company and learn about the wishes and suggestions of our employees. This feedback is a valuable source of information for improvements.

DIVERSITY UNDER ONE ROOF

As a global company, we try to establish a working environment that is completely free of discrimination. We view gender equality as a matter of course and strictly comply with local laws. We are aware of its responsibility toward all internal and external contacts, which requires responsible thought and action. Our employees are required to meet the standards laid down in our code of conduct, which is binding throughout the Group. Moreover, we have committed ourselves to abiding by the ten sustainability principles of the U.N. Global Compact Initiative to underscore our acceptance of social and environmental responsibilities as a global company.

QUALITY AND PROCESSES

RELIABILITY WITHOUT COMPROMISE

It is our aim to go beyond the needs of our customers and give them maximum added value. Bossard is therefore committed to superior quality management and ongoing process improvement.

QUALITY BEGINS WITH PROCUREMENT

We know and use the global procurement market first hand. Qualified, innovative and flexible manufacturers are key to our business success. We therefore maintain close relationships with our manufacturers who are subject to strict inspection procedures based on the ISO 3269 standard. We perform regular on-site audits to ensure that our partners meet our high quality standards. We focus on production methods, process safety and quality management.

Bossard's quality management practices are aimed at avoiding errors or detecting and eliminating them at an early stage. We are able to distinguish between random and systematic errors. Due to error analyses, our manufacturers receive detailed information that enables them to quickly and permanently improve the quality of their products without red tape and thus save money.

Quality monitoring is our answer to quality challenges.

ADVANCED GLOBAL TESTING SYSTEM

Our advanced, systematically documented testing system ensures that the products of our manufacturers meet our customers' requirements. Incoming goods are tested simultaneously in ten different quality and test laboratories worldwide. In doing this, we use standard test plans and methods all over the world. We also record and evaluate the results in the same system worldwide, which makes it possible to consolidate and exchange all measurements. The testing process begins with testing of parts and ends with complaint management; consistent, transparent, global. This saves customers the need for expensive inspections and controls.

Our employees can retrieve and implement test plans worldwide with just one mouse click. Our database contains over 800,000 catalog and special items as well as the same number of test plans for checking these articles. All inspection plans are based on the ISO 3269 quality standard which is also Bossard's own standard.

ENGINEERING MAKES THE DIFFERENCE

Every delivered fastener is intended to meet or exceed our customer's expectations. Bossard's engineering team makes this possible. Our experts develop the best solution in collaboration with the customer. We analyze whether and how to optimize the product range and explore ways of reducing the number of parts. The aim is to lower the customer's production costs on a sustainable basis while improving quality at the same time, for instance through the use of new materials, corrosion prevention, reliable locking systems for nuts and bolts, or improvement of production processes.

QUALITY LOWERS COSTS

Bossard was one of the first companies in the industry to meet the quality assurance criteria of the ISO 9001 standard worldwide. In addition, country-specific certifications offer customers the security they need. Our state-of-the-art testing methods and laboratories guarantee flawless quality and reduce the risk for our customers that their products have defective fasteners. Hence, they not only avoid high follow-up costs but they also maintain their reputation for quality products.

QUALITY FOR THE ENVIRONMENT

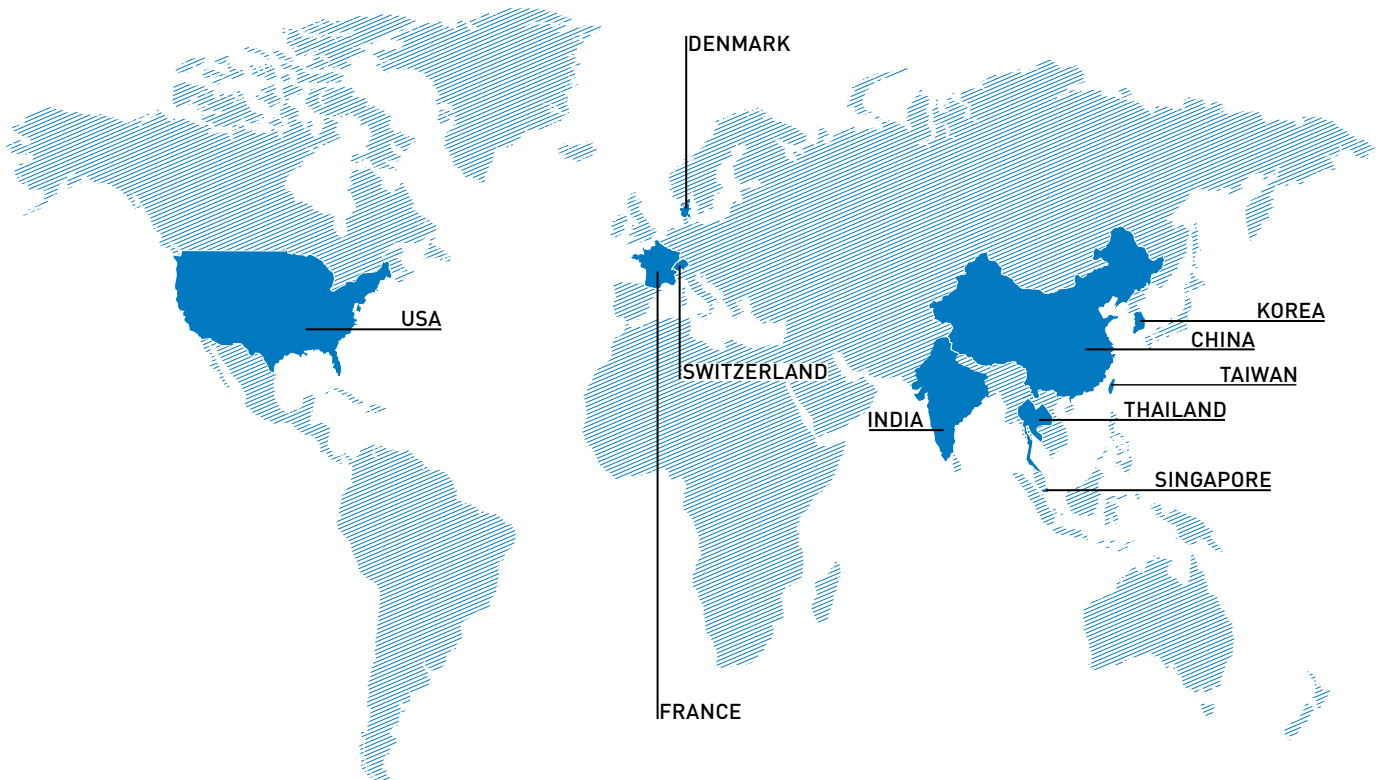
As a responsible company eager to make a contribution to a sustainable future, Bossard pays special attention to environmental aspects when selecting the products and manufacturers. In addition, we protect the environment with our own processes and technologies under the ISO 14001 standard. Ultimately, Bossard's environmental commitment is the driver behind its search for the fastening solutions of tomorrow which must achieve a holistic balance between cost-effectiveness, quality and the environment.

QUALITY AND TEST LABORATORIES PROVEN EXPERTISE AROUND THE GLOBE

Bossard's ten accredited test laboratories in Europe, America and Asia, along with their cutting-edge measuring and testing equipment, ensure reliable quality assurance and flawless product quality. Our customers benefit from certified processes, documented safety and proven testing competence.

Our wide range of tests include:

- _ Tensile and proof load testing
- _ Drive and torsional strength testing
- _ Hardness measurement
- _ Measurement of coating thickness
- _ Salt spray testing
- _ Spectral analysis



RISK MANAGEMENT

SYSTEMATIC RISK MONITORING AND REDUCTION

The aim of risk management is to identify potential risks at an early stage and avoid or substantially limit them through suitable measures. Bossard's risk management approach is an integral part of its Group-wide planning, control and monitoring system and is regularly reviewed by the executive committee. Each year, the board of directors and executive committee reassess the situation with a view toward strategic and operational risks.

In annual meetings, we examine all business activities and balance sheet items for potential risks, using a standardized process. Each identified risk is assessed in terms of the possible loss that would be incurred should the damaging event occur. From the results, we then derive targets and effective steps to be taken to mitigate the risks. The results of the risk process are summarized in a report to the board of directors and executive committee. The Group's risk management process is continuously documented and checked for effectiveness. The Group financial management department coordinates the revision of the risk documentation from a central location.

Our extensive supplier network helps us minimize supply bottlenecks.

LOW SUPPLY RISK AS A RESULT OF LARGE NETWORK

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials increases. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products,

we cannot hedge against price increases. We have an extensive supply portfolio of more than 2,600 manufacturers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

SYSTEMATIC QUALITY MONITORING

Quality assurance constantly faces new challenges as our customers' requirements continue rising and ever stricter regulations apply, which is why we have developed appropriate systems and testing standards. Quality assurance measures are performed in close cooperation with our procurement team and suppliers. We also check our suppliers' technical and economic performance. Deviations and defects identified during quality testing are continuously analyzed, documented and discussed with our suppliers, thereby minimizing quality-relevant risks from the very beginning.

RESPONDING TO SALES RISKS THROUGH DIVERSIFICATION

Regional and global economic developments impact our business environment and can lead to high price and volume fluctuations in the sales markets. We therefore closely monitor economic developments in the individual countries in order to minimize sales risks. We counter this risk with a wide range of products and a customer portfolio that covers a broad spectrum of industrial sectors and regions of the world.

IT PROTECTION IS A HIGH PRIORITY

Unauthorized data access, data abuse and system failure can seriously disrupt operating processes. To prevent this, we use technical measures such as access authorization, virus scanners, firewalls and backup systems. Our IT systems are continuously monitored and updated in order to meet the latest requirements. We have an emergency concept that includes daily backups and data mirroring. Detailed internal policies govern how we use hardware and software.

MINIMIZING FINANCIAL RISKS

Given its international operations, Bossard Group is exposed to various financial risks. These comprise exchange rate, interest rate, credit, liquidity and capital

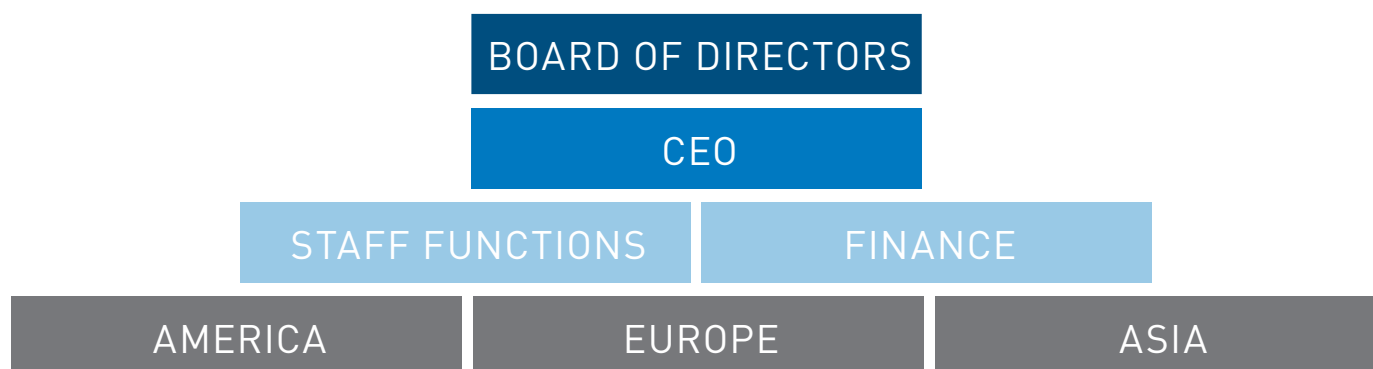
risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.

Financial risk management is described in detail on page 43.

Bossard Group's risk policy also includes a comprehensive and efficient insurance scheme to protect against risks. This is achieved with the help of an international insurance program against third-party liability, property damage and business interruption. On the whole, risks that could negatively impact the Group's further development cannot be entirely ruled out. Such risks include war, terrorist attacks, natural disasters and pandemics.

We perform quality assurance measures in close cooperation with our suppliers.

CORPORATE GOVERNANCE



There is a detailed overview of both group and associated companies on page 60.

Bossard's organizational structure meets international standards in regard to corporate management. Its corporate bodies and management are based on the guidelines defined in the leading codes of best practice.

Bossard Group's organizational structure clearly defines the duties, competencies and responsibilities of the board of directors and of the executive committee. To ensure separation of power, the functions of chairman of the board of directors and chief executive officer are vested in two different persons.

This report is drawn up in accordance with the directive of the SIX Swiss Exchange on information relating to corporate governance. Bossard's principles and rules relating to corporate governance are laid down in the company's articles of association, the organization regulations, the rules of the board's committees and in the resolutions of the board of directors. The principles and the rules are regularly reviewed by the board of directors and updated as required.

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

Bossard Holding AG is the only listed company of Bossard Group. It is headquartered in Zug, Switzerland, and its shares (BOS, Swiss security number 1232386, ISIN CH0012323868) are listed on the SIX Swiss Exchange. Bossard's Group structure is intended to optimally and efficiently support business operations, in compliance

with legal, taxation and financial requirements. The structure was designed to be as straightforward as possible and thus also transparent for anyone outside the Group.

Bossard generates the entire sales revenues in the industrial fastening sector. Its business operations cover the three major industrial centers, Europe, America and Asia. Thus the Group's management structure and reporting are geographically oriented.

SIGNIFICANT SHAREHOLDERS

At December 31, 2011, the following shareholders owned more than 3 percent of the total voting rights in Bossard Holding AG:

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung (company trust), Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.5 percent (2010: 55.8 percent) of total voting rights or 29.1 percent (2010: 28.1 percent) of the capital entitled to dividend. These numbers do not include shares without voting commitment which are held by various members of the Bossard families outside this shareholder group. Kolin Holding AG is wholly owned by the Bossard families.

Sarasin Investmentfonds AG, Basel, holds 267,737 bearer shares or 4.995 percent of the total voting rights in Bossard Holding AG (announced on June 9, 2011) via the Sarasin Selects Fund and the SaraPro Institutional Fund – Swiss Equities, both of which it manages.

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies.

CAPITAL STRUCTURE

CAPITAL /AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Bossard Holding AG holds ordinary share capital in the amount of CHF 32,000,000, divided into CHF 26,600,000 in the form of bearer shares and CHF 5,400,000 as registered shares. The share capital is fully paid up.

Since the increase in share capital undertaken in 1989, 185,000 bearer shares have been held in treasury. These shares carry no voting rights and are not entitled to dividend.

Only Bossard's bearer shares are listed on the Domestic Standard of SIX Swiss Exchange. The registered shares are wholly owned by Kolin Holding AG.

Apart from the above, Bossard Holding AG holds no authorized or conditional capital.

CHANGES IN CAPITAL IN THE PAST THREE YEARS

The company's capital structure has not changed in the past three years.

SHARES

The share capital is divided into 2,700,000 registered shares with a par value of CHF 2, and 2,660,000 bearer shares with a par value of CHF 10.

PARTICIPATION AND PROFIT-SHARING CERTIFICATES

The company has issued no participation or profit-sharing certificates.

LIMITATIONS ON TRANSFERABILITY

According to article 6 of the articles of association, the board of directors must always approve the transfer of registered shares. For substantial reasons (such as acquisition by a competitor or fiduciary purchase), the board of directors may reject such transfer requests, primarily to protect the purpose of the company and to maintain its economic independence.

The listed bearer shares are fully transferable.

BONDS AND WARRANTS/OPTIONS

Currently, the Group has no convertible bonds or bonds outstanding.

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2011, the board of directors of Bossard Holding AG had seven non-executive members.

NAME	FUNCTION	APPOINTED
Dr. Thomas Schmuckli	Chairman	2007
Anton Lauber	Deputy chairman	2011
Urs Fankhauser	Representing holders of bearer shares	2011
Erica Jakober-Tremp	Employee representative	2006
Dr. Beat E. Lüthi		2002
Prof. Dr. Stefan Michel		2011
Helen Wetter-Bossard		2002

OTHER ACTIVITIES AND VESTED INTERESTS

Dr. Thomas Schmuckli, Anton Lauber and Helen Wetter-Bossard were proposed for election to the board of Bossard Holding AG by the majority shareholder, Kolin Holding AG, Zug.

ELECTIONS AND TERMS OF OFFICE

According to the articles of association, the board of directors has at least five members. The annual general meeting of shareholders elects each member of the board of directors for a three-year term of office. The board of directors shall hold elections by rotation in such a way that the term of office of about one-third of its members shall expire every year. The board of directors can accordingly determine by resolution that the term of office for individual members shall be less than three years. On first being elected to the board of directors, the new members complete the terms of their predecessors. There are no other statutory limits to the term of office of board members.

Holders of bearer shares as a group have the right to one seat on the board of directors. In 2011, Urs Fankhauser was elected as the representative of the holders of bearer shares; holders of registered shares with voting rights did not participate in this election. In general, an employee representative should also sit on the board of directors. In 2006 Erica Jakober-Tremp was elected as the employee representative.

CORPORATE GOVERNANCE BOARD OF DIRECTORS



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DR. THOMAS SCHMUCKLI

Dr. Thomas Schmuckli was appointed chairman of the board in 2007. He was elected to the board in 2000, after having served as secretary to the board between 1997 and 2000. Since 1993 Thomas Schmuckli has been held management positions in the General Counsel division of Credit Suisse Group. Currently, within Credit Suisse Asset Management, he is Head of Legal and Compliance Services, appointed as Managing Director. He serves as member on the board of directors of various Credit Suisse subsidiaries. Between 2000 and 2005 he was head of process and product management at Zuger Kantonalbank, Zug. Background: Studied law (LLB and LL.D) at the University of Fribourg, is an accredited lawyer and notary, and later undertook management studies at the University of Zurich. He was born on February 4, 1963, and is a Swiss citizen.

_02

ANTON LAUBER

Anton Lauber was elected to the board in 2006. Until the end of 2011, as chairman and CEO, he had headed the Electronic Components Division of the Schurter Group, which comprises 15 international companies. From 1993 to 2008, he served as CEO and delegate of the board of Schurter AG. Prior to that he managed the generator factory of ABB Switzerland. Anton Lauber sits also on the boards of LEM Holding SA, Aquametro AG, Beutler Nova AG, CTC Analytics AG and Voegtlin-Meyer AG. He is active in central Switzerland as chairman of council of Lucerne University of Applied Sciences and Arts. Furthermore he is a member of IAQ (International Academy for Quality). Background: Degree in mechanical engineering and various postdegree diplomas awarded by the University of St. Gallen, by IMD in Lausanne and by Lucerne University. Anton Lauber was born on July 26, 1951, and is a Swiss citizen.

_03

URS FANKHAUSER

Urs Fankhauser, dipl. masch. Ing. FH, was elected to the board in 2007. Since 2002 he has been a member of Sulzer Group's senior management and head of Sulzer's Chemtech division. From 2000 to 2002 he was president of Sulzer Chemtech Inc., Houston, and from 1993 to 2000 of Sulzer Chemtech Pte Ltd, Singapore. Background: Studied mechanical engineering at FH Burgdorf (technical college), awarded an MBA by Henley Management College, U.K., and completed the Advanced Management Program (AMP) at Harvard University, Boston. He is a member of the board of directors of Burckhardt Compression AG, Winterthur. Urs Fankhauser was born on January 24, 1960, and is a Swiss citizen.

_04

ERICA JAKOBER-TREMP

Erica Jakober-Tremp was elected to the board in 2006 where, as the Bossard employee representative, she represents their interests. Erica Jakober-Tremp joined Bossard Switzerland as head of human resources in 1995. In 2006 she took over the management of the employee pension trust of Bossard Group. Before joining Bossard she held management positions in various international companies in the field of human resources. Background: Diploma in human resources management and part-time business management courses (SKU). Erica Jakober-Tremp was born on December 16, 1955, and is a Swiss citizen.

_05

DR. BEAT E. LÜTHI

Dr. Beat E. Lüthi was elected to the board in 2002. He is CEO of CTC Analytics AG, Zwingen, a leading Swiss SME in the field of chromatography automation. From 2003 until 2007 he headed the Laboratory Division of Mettler-Toledo, Greifensee. Between 1998 and 2002 he was CEO of Feintool, Lyss. From 1990 to 1998 he held various management positions at Mettler-Toledo. Background: Electrical engineering and Ph. D. from Swiss Federal Institute of Technology (ETH) in Zurich; Senior Management Program at INSEAD, Paris. He is a member of the board of directors of Straumann, Basel. Dr. Beat E. Lüthi was born on January 12, 1962, and is a Swiss citizen.

_06

PROF. DR. STEFAN MICHEL

Dr Stefan Michel was elected as a member of the board in 2011. He is a professor for marketing and service management at the IMD Business School in Lausanne, Switzerland. Stefan Michel studied economics at Zurich University and took his doctorate in marketing. From 1998 to 2003 he taught marketing at Lucerne University of Applied Sciences and Arts and was a visiting professor at the universities of Zurich and Bern. Between 2003 and 2008 he taught at the prestigious Thunderbird School of Global Management in Arizona, U.S.A. He also heads his own consulting company, which he has built up alongside his academic activities. Dr. Stefan Michel was born on May 18, 1967, and is a Swiss citizen.

_07

HELEN WETTER-BOSSARD

Helen Wetter-Bossard, lic. iur., was elected to the board in 2002 after she had served as secretary to the board for eighteen months. She is responsible for the operational management of her own family business and, since 2009, a member of the board of Wetter Gipsergeschäft AG. From 1996 to 1999 she worked as clerk to Canton Lucerne's administrative court. Between 2005 and 2011 she was a member of the auditing committee of the Corporation of Zug, which she has chaired since 2009. Since January 2012, she has been a member of the board of the Corporation of Zug. Background: Studied law (LLB) at the University of Zurich; further studies in board management. Helen Wetter-Bossard was born on April 15, 1968, and is a Swiss citizen.

The majority of the board members should be external members with no executive function in the Group. In the reporting year, no members of the board of directors had an executive function in Bossard Group.

The following table shows the year of first election to the board of directors:

NAME	FUNCTION	FIRST ELECTED TO THE BOARD
Dr. Thomas Schmuckli	Chairman	2000
Anton Lauber	Deputy chairman	2006
Urs Fankhauser	Representing holders of bearer shares	2007
Erica Jakober-Tremp	Employee representative	2006
Dr. Beat E. Lüthi		2002
Prof. Dr. Stefan Michel		2011
Helen Wetter-Bossard		2002

INTERNAL ORGANIZATIONAL STRUCTURE

In the last instance the board of directors is responsible for Bossard's business policy and its business management. It is the company's highest management body. It has the right to take decisions in all matters which, by law or through the articles of association, are not the responsibility of the annual general meeting of shareholders or which, through directives or decisions, have been passed on to other bodies.

The board of directors has the following main duties:

- _ defining the strategic thrust and policies of Bossard Group
- _ determining the organizational structure
- _ establishing the accounting system and financial controls
- _ ultimate supervision of business activities and of persons entrusted with the management of the company
- _ appointing and dismissing members of the executive committee
- _ drawing up the annual report, preparing the annual general meeting of shareholders and implementing its decisions

For its support, the board of directors has established two committees, the audit committee and the nomination and compensation committee. These serve to relieve the board of directors from dealing with the details of specific issues and to prepare information for decision making. The activities of the committees

and any delegation of tasks do not touch on the board's integral overall responsibility. Ad hoc committees can be formed to deal with specific projects or issues, or those where a certain time limit applies. Moreover, the board of directors has delegated operational management to the executive committee under the chairmanship of the CEO.

Board meetings are chaired by the chairman. In case of absence, the deputy chairman takes over these duties.

WORKING METHODS OF THE BOARD OF DIRECTORS

As a rule, ordinary meetings of the board of directors are held seven to eight times a year. The board of directors is available at short notice should this be required. The length of board and committee meetings depends on the agenda. In 2011 a total of six meetings was held.

Moreover, the board of directors holds a retreat once a year; this meeting, which lasts for several days, is used to review and develop the Group strategy. In 2011, a four-day retreat took place at the domicile of LPS Bossard India in Rohtak. Apart from its scheduled meetings, the board of directors is supplied with monthly information on the Group's financial development.

The chairman dispatches written invitations to board meetings to each of the members, enclosing the agenda and any relevant information. Invitations must be dispatched at least seven days before the scheduled meeting. Each board member may request that the chairman add further items to the agenda. The board of directors constitutes a quorum if the majority of its members is present. In the event of a tie, the chairman has the casting vote.

In exceptionally urgent cases, the chairman may require a decision to be taken via conference call. Such decisions must be included in the minutes of the next board meeting.

To ensure that the board of directors receives adequate information to take a decision and depending on the agenda, the board invites the CEO, the CFO and, if necessary, other members of the executive committee, other employees or third parties to attend the meeting.

The chairman, the CEO and other members of the executive committee meet on a regular basis to discuss fundamental corporate issues such as corporate strategy and medium-term financial, operational and succession planning.

Should there be a conflict of interest, the board or executive committee members concerned abstain from voting.

COMPOSITION AND WORKING METHODS OF THE BOARD'S COMMITTEES

The duties and rights of the two permanent board committees are defined in the organization regulations (www.bossard.com > Investor Relations > Corporate Governance) of Bossard Holding AG. Primarily, they have analyzing, advisory and controlling functions. In specific cases they also have decision-making functions.

These committees meet periodically or as required. Minutes are taken at the meetings. At the following board meeting the chairmen of the committees report on the business dealt with at their earlier meetings and, where necessary, make the relevant proposals to the entire board of directors.

AUDIT COMMITTEE

The audit committee (AC) has at least two members elected by the board of directors from among its members for a period of four years, reelection is possible. Currently the members of the AC are Prof. Dr. Stefan Michel, chairman, Dr. Thomas Schmuckli, and Dr. Beat E. Lüthi. As a rule, the members of the AC meet at least three times a year. The meetings are attended by the CFO, the Group controller and a representative of the external auditors. Depending on the agenda, the CEO may be invited to attend the meetings. The minutes taken at the meetings are dispatched to all board members and the CEO as well as to the participants of the meeting.

In 2011 the AC held three meetings.

The AC has the following main duties:

- _ reviewing the annual report, the annual and interim financial statements, the notes to the statements and the report of the statutory auditors for both Bossard Group and for Bossard Holding AG; proposals are addressed to the board of directors
- _ assessing whether the corporate accounting standards have been abided by
- _ selecting the statutory auditors to be proposed to the annual general meeting of shareholders; proposals are addressed to the board of directors
- _ discussing the auditing plan
- _ evaluating the performance, independence and compensation of the statutory auditors
- _ periodically examining the company's risk management and internal control system

NOMINATION AND COMPENSATION COMMITTEE

The board of directors forms a nomination and compensation committee (NCC) from among its members to prepare the necessary proposals for issues pertaining to membership and compensation at board of directors and executive committee level. The committee meets as required, but at least twice a year.

The NCC is made up of four members of the board of directors and is elected for a period of four years. The current members of the committee are Dr. Thomas Schmuckli, chairman, Anton Lauber, Urs Fankhauser, and Helen Wetter-Bossard. Generally the CEO is invited to attend the meetings.

In 2011 the NCC held two meetings.

The NCC has the following duties:

- _ identifying suitable candidates to sit on the board; proposals are addressed to the board of directors
- _ identifying suitable candidates for the executive committee; proposals are addressed to the board of directors
- _ periodically examining the compensation system and overall compensation paid to the board of directors
- _ determining total annual compensation payable to the CEO
- _ approving total annual compensation payable to the other members of the executive committee

COMPLIANCE

The board of directors is continually informed on all major matters that touch on the principles of compliance. Additionally, the statutory auditors inform the board of directors on reports received on matters of a legal nature that require attention. An evaluation of such reports received in 2011 brought nothing new to light but, instead, confirmed what was already known to the board members. The ultimate supervision and control of compliance is vested in the board of directors. The board of directors has delegated the necessary activities to the chairman of the board of directors, who also serves as Group compliance officer.

DEFINITION OF RESPONSIBILITY

The powers and responsibilities vested in the board of directors and the executive committee are defined in the organization regulations as laid down in article 19 paragraph 2 of the articles of association of Bossard Holding AG (www.bossard.com > Investor Relations > Corporate

Governance). It describes the duties and rights which are permanently vested in the board of directors and which cannot be delegated; it also describes the rights and duties of the executive committee. The organization regulations define the duties and responsibilities of the chairman of the board of directors and of the CEO.

The organization regulations also lay down procedures in the case of a conflict of interest. A member of the board of directors is required to abstain from voting should the business under review touch on that member's personal interests or on the interests of natural or legal persons closely associated with that member.

The board of directors regularly reviews the organization's regulations and modifies them to meet new or changed requirements.

INFORMATION AND CONTROL INSTRUMENTS

VIS-À-VIS THE EXECUTIVE COMMITTEE

The board of directors ensures that the executive committee establishes and maintains an internal control system suitable for the size of the Group and for the risk involved in pursuing its business activities. As part of the annual audit, the external auditors check the existence of such an internal control system and evaluate its efficiency and effectiveness; they submit a report to the board of directors once a year. So far Bossard has not constituted its own internal audit center.

The board of directors is informed on the company's financial development once a month. A written report is submitted each month comprising the income statement, various balance sheet items, the cash flow statement and the main key figures. The information is derived from an internal management information system. It includes the current and budget data, as well as regular projections based on current developments and expectations.

At each board meeting, this written report is supplemented by a personal report on current business developments presented by a member of the executive committee. In special cases the CEO directly informs the board of directors in writing and/or verbally on specific issue. Additionally, the chairman of the board of directors regularly meets with the CEO, who informs him on business operations and issues of fundamental importance.

EXECUTIVE COMMITTEE

MEMBERS OF THE EXECUTIVE COMMITTEE

The executive committee has the ultimate responsibility for the company's operations. Together with the other members of the executive committee, the CEO is responsible for operational management. The executive committee is responsible for the development of corporate strategy and the implementation of corporate targets.

At December 31, 2011, the executive committee had the following members:

NAME	FUNCTION	JOINED COMPANY	APPOINTED
David Dean	CEO	1992	2005
Stephan Zehnder	CFO	1996	2005
Beat Grob	CEO Central Europe	1995	2006
Dr. Daniel Bossard	CEO Northern & Eastern Europe	2000	2009
Steen Hansen	CEO America	2001	2008
Robert Ang	CEO Asia	1997	2009

OTHER ACTIVITIES AND VESTED INTERESTS

No members of the executive committee have other functions outside Bossard Group.

MANAGEMENT CONTRACTS

There are no management contracts between the Group and companies or persons entrusted with management tasks.

_Corporate governance

Our global business is built on **ethical principles and on our well-established reputation** for integrity, trust, fairness and professionalism.

Corporate governance principles have always been an **integral part of our corporate policy** and are reflected in our responsible corporate management.

CORPORATE GOVERNANCE EXECUTIVE COMMITTEE



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DAVID DEAN

David Dean, CEO, has been serving in this function since 2005. From 1998 to 2004 he served as CFO. Between 1992 and 1997 he was corporate controller of Bossard Group. Prior to this, from 1990 to 1992, he was corporate controller and a member of the executive committee of an international logistics group. From 1980 to 1990 he worked for PricewaterhouseCoopers AG in various auditing and business consulting functions. He is a member of the regional advisory board of the Swiss National Bank. Background: Swiss certified accountant/controller, Swiss certified public accountant, PMD Harvard Business School and PMD IMD, Lausanne. David Dean was born on April 5, 1959, and is a Swiss citizen.

_02

STEPHAN ZEHNDER

Stephan Zehnder has been serving as CFO since 2005. From 1996 to 1997 he was a controller in Bossard's corporate finance. In 1998 he took over the function of corporate controller of Bossard Group, remaining in this position until the end of 2004. Prior to joining Bossard he was employed by various international enterprises in functions concerned with finance and controlling. Background: MBA Finance from the Graduate School of Business Administration in Zurich and the University of Wales. Stephan Zehnder was born on October 20, 1965, and is a Swiss citizen.

_03

BEAT GROB

Beat Grob has been CEO of Bossard's Central Europe region and a member of the executive committee since May 1, 2006. He had already been appointed managing director of Bossard Switzerland as of January 1, 2005. Beat Grob joined Bossard in 1995 as project manager logistics; the following year, he became head of logistics for Bossard Group. Before joining Bossard he worked as a practicing lawyer and banker. He is chairman of the board of directors of Kolin Holding AG, Zug, and a member of the board of directors of Röntgeninstitut Holding AG, Cham. Background: Studied law at the University of Zurich, postgraduate MBA from the University of San Diego. Beat Grob was born on May 1, 1962, and is a Swiss citizen.

_04

DR. DANIEL BOSSARD

Dr. Daniel Bossard has been a member of the executive committee and CEO of the Northern and Eastern Europe region as of January 1, 2009. From 2006 to 2008 he served as sales & marketing manager of Bossard Group and was responsible for the reorientation of Bossard's sales strategy as well as the development of international customer relations. Between 2003 and 2006 he was CEO of Bossard Denmark. Dr. Daniel Bossard joined Bossard in 2000 as e-business manager, after having worked for two and a half years as a consultant for Andersen Consulting (Accenture). He is a member of the board of directors of Kolin Holding AG, Zug. Background: Studied business administration at the University of St. Gallen, with postgraduate studies there leading to a doctorate in technology management (Dr. oec. HSG). Dr. Daniel Bossard was born on January 11, 1970, and is a Swiss citizen.

_05

STEEN HANSEN

Steen Hansen has been CEO of Bossard America since February 2008. From 2006 to 2008 he served as president of Bossard IIP, Cedar Falls, Iowa. He was responsible for the Group's logistics between 2004 and 2006, having joined Bossard in 2001 as head of logistics Bossard Denmark. Prior to joining Bossard he filled various management positions, the last being supply chain manager at Nomeco Denmark, a leading wholesaler for pharmaceuticals. Background: Received a Bachelor degree in technology management and marine engineering at the Technical University of Denmark, and was awarded an MBA by the Swiss Federal Institute of Technology. He is member of the board of National Fastener Distribution Association in the US. He was born on April 11, 1959, and is a Danish citizen.

_06

ROBERT ANG

Robert Ang has been CEO of Bossard Asia since June 1, 2009. From 2005 until 2009 he was responsible for Bossard Greater China (China, Taiwan). Prior to that, he was General Manager of Bossard Southeast Asia. From 1997 until 1999 he was CEO of Bossard Singapore. Robert Ang managed his own company from 1994 until it was acquired by Bossard in 1997. He spent the previous four years as product manager for Conner Peripherals and Optics Storage Pte Ltd. in Singapore. Between 1986 and 1989 he worked as a strategic buyer at Printronix AG. Background: Diploma from Thames Business School and a diploma in mechanical engineering from Singapore Polytechnic. Robert Ang was born on August 26, 1963, and is a citizen of Singapore.

CORPORATE GOVERNANCE

COMPENSATION, SHAREHOLDINGS AND LOANS

Bossard attaches great importance to recruiting, retaining, motivating and fostering well-qualified employees at all levels. This is crucial where positions impacting strongly on company management and performance are to be filled. Compensation should generate incentives that will enhance the company's long-term development.

According to the level of responsibility, individual performance evaluation is based on the results of the entire group and/or of a specific business segment. The performance evaluation of managers and employees at all levels is based on quantitative and qualitative assessment criteria. The quantitative criteria derive from the current business results as well as from the longer-term value added drivers, which are decisive for Bossard's future results and profitability. This evaluation is closely linked with Bossard's management approach of sustainability and of generating economic value added. The qualitative criteria used to assess individual performance derive from Bossard's strategic targets. Thus, compensation is intended to reflect the sustainable success of the company; however, it also depends on the contribution made by each individual. The board introduced a management participation plan in the form of a Restricted Stock Unit Plan (RSU) in order to gain long-term middle and top management support for the company's sustainable development and to allow them to participate in this development.

COMPENSATION FOR BOARD MEMBERS

The board lays down the form of compensation, the target value and the components included in total compensation. In an average year, total compensation for a member of the board of directors should be in the region of CHF 100,000 and, apart from a fixed component of some 60 percent, should also include a variable component. The fixed basic payment of CHF 55,000 is intended to adequately compensate the members of the board for the time invested; serving on one of the board committees is compensated separately to a maximum of CHF 15,000. The profit-linked component corresponds to 0.2 percent of consolidated net income and, in addition, is linked to a factor based on the return on capital employed (ROCE). No variable component is paid out if the return on capital employed is below 6 percent. With a return on capital of more than 10.9 percent, the upper limit of this variable compensation is CHF 75,000. Special regulations apply

for the employee representative and the chairman of the board. The chairman is not present when the board determines his compensation. The fixed compensation component is CHF 185,000. The chairman's profit-linked compensation and the share plan is in line with the regulations applicable for all board members. The employee representative receives a maximum of CHF 15,000 in fixed compensation and a profit-linked component with a ceiling of CHF 30,000. In 2011, the chairman's variable compensation component was 40 percent (2010: 40 percent) of the fixed component. For the other board members the variable compensation component ranged from 136 percent to 200 percent. Detailed information on the compensation paid in the reporting and the prior year is set out on page 55 in note 25 of the notes to the consolidated financial statements.

All members of the board must accept at least 20 percent and may draw up to 40 percent of their total compensation in the form of bearer shares in Bossard Holding AG. These shares are subject to a restriction period of three years, which also applies if a member resigns from the board during this period. The shares are made available at market price less a reduction of roughly 16 percent for the three-year lockup period as provided for in Swiss tax legislation. The market value is determined in February of each year and is based on the average share price over the prior ten trading days. The shares required for the share plan are bought on the market. They may not be sold, used as collateral or transferred before the end of the lockup period.

COMPENSATION FOR THE CEO

The mechanism governing the CEO's compensation is laid down by the board on the recommendation of the board's nomination and compensation committee (NCC). The board defines (i) the range of total compensation for the CEO and (ii) the strategic targets. The NCC evaluates the CEO's work and, within given parameters, determines the amounts for individual variable compensation. The chairman of the board is responsible for preparing this issue. The CEO's compensation is made up of a basic fixed component (approximately 65 percent of total compensation) and a performance-linked variable component (roughly 35 percent) at the discretion of the employer. The target value of the CEO's compensation is within a range that is monitored by the board annually and is set at the board's discretion. The variable compensation comprises two components. The first component

is linked to the operating results in the European, American and Asian market regions. It corresponds to a fraction of the EBIT results of all the regions. The second component is linked to meeting the strategic targets, which the board defines and monitors annually. In 2011, the variable part amounted to 54 percent (2010: 56 percent) of fixed compensation. Detailed information on the compensation paid to the CEO in the reporting and the prior year is set out on page 55 in note 25 of the notes to the consolidated financial statements.

COMPENSATION FOR THE EXECUTIVE COMMITTEE

The regulations governing compensation for the members of the executive committee are similar to those for the CEO. The compensation is made up of a fixed basic sum and a performance-linked variable component determined at the discretion of the employer. For members of the executive committee the variable part is linked to three components: (i) profitability reached in their own area of responsibility, (ii) consolidated net income, (iii) meeting the strategic targets set. In line with the Group's compensation mechanism the NCC at the CEO's request lays down the total compensation range for the members of the executive committee. In accordance with the CEO's proposals the NCC annually approves the total compensation for the various members of the executive committee. At the subsequent board meeting, the NCC informs the members about the approved total compensation. The variable part of the compensation was 66 percent (2010: 58 percent) of the fixed basic compensation. Detailed information on the compensation paid in the reporting and the prior year is set out on page 55 in note 25 of the notes to the consolidated financial statements.

The CEO as well as the other members of the executive committee may draw up to 20 percent of their total compensation in the form of bearer shares in Bossard Holding AG. These shares are subject to a restriction period of three years. This also applies if a member should withdraw from the executive committee during the lockup period. The shares are made available at market price less a reduction of roughly 16 percent for the three-year lockup period as provided for in Swiss tax legislation. The market value is determined in February of each year and is based on the average share price over the prior ten trading days. The shares required for the share plan are bought on the market. The shares may not be sold, used as collateral or transferred before the end of the lockup period.

MANAGEMENT PARTICIPATION PLAN (RESTRICTED STOCK UNIT PLAN – RSU)

This management participation plan with its long-term orientation is offered by Bossard Group to specified middle and top management personnel. Members of the board of directors may not participate in this plan. At the board's discretion and in addition to his/her total compensation, the manager annually receives a defined sum which is converted into RSUs on Bossard Group bearer shares. The conversion is undertaken at market prices and is based on the average share price over the prior ten trading days in November. The additional compensation converted into RSUs is locked up for three years. The RSUs can not be traded nor used as collateral. After three years, one third of the allocated RSUs is passed on to the manager provided that at the time of delivery he/she has not left the company or been given notice. At that point the shares are no longer subject to any restrictions with the exception of the rules governing management transactions. At its retreat in 2011, the board commissioned a detailed plan to be drawn up and, at the request of the NCC, approved the plan on December 2, 2011. It will be applied for the first time for the 2011 business year. The expenses for the management participation plan charged to operating earnings totaled CHF 1.0 million. Although the allocated values of the RSUs are fixed, they are recognized as variable components.

REVIEWING

The principles, the components and the target values of the compensation system for the board and the executive committee as well as for the management participation plan are approved by the board of directors and reviewed annually by the NCC. In order to assess the compensation level, the NCC periodically notes the published compensation reports of Swiss industrial enterprises comparable in size to Bossard Group. The NCC does not employ external consultants for this. The NCC meets at least twice a year. At the following board meeting, the chairman of the NCC gives an oral account of the business dealt with at the last NCC meeting. Where necessary, and on the basis of the recommendations made by the NCC, the entire board approves the target values and the components of the compensation system. The last review was held on November 25, 2011.

SHAREHOLDERS' PARTICIPATION RIGHTS

Shareholders' participation rights are defined in detail in the articles of association of Bossard Holding AG. The articles of association are available on the Internet (www.bossard.com > Investor Relations > Corporate Governance).

VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS – ARTICLES OF ASSOCIATION 14

At the annual general meeting of shareholders each share carries one vote. A person entered in the share register as the owner or beneficiary of registered shares may exercise these voting rights. A shareholder can request to be represented at the annual general meeting of shareholders by another shareholder, by a bank, by the company as the representative of the various bodies or by an independent proxy.

STATUTORY QUORUM – ARTICLES OF ASSOCIATION 15

Provided there are no mandatory legal or statutory provisions to the contrary, the annual general meeting of shareholders takes its decisions and holds elections with an absolute majority of the valid votes cast. In a second ballot a relative majority is required.

At least two-thirds of the votes represented together with an absolute majority of the represented total share value are required for decisions on:

1. a change of the corporate purpose,
2. an increase of the voting power of existing voting shares as well as the issue of new shares with more voting privileges than those of existing voting shares,
3. the introduction of more stringent transferability restrictions,
4. an approved or conditional capital increase,
5. a capital increase out of equity, subscribed in kind or to acquire assets and giving special privileges,
6. the restriction or withdrawal of option exercise rights,
7. the relocation of the company domicile,
8. dissolving the company without liquidation.

As a general rule, an open ballot is used for decision making and elections. A secret ballot is held if this is re-

quired by the chairman, or if one or more shareholders representing a total of at least 10 percent of the voting shares request this.

CONVOCATION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS – ARTICLES OF ASSOCIATION 11 AND 12

The annual general meeting of shareholders is held annually, at the latest six months after the end of the fiscal year. It is convened by the board of directors. The invitation, together with the agenda and the motions, must be published at least twenty days before the meeting is to be held.

Shareholders representing shares with a total par value of at least CHF 1 million may request an item for discussion to be placed on the agenda. One or more shareholders who, together, represent at least 10 percent of the share capital may ask the board of directors to call a general meeting and/or request an item for discussion to be put on the agenda.

INSCRIPTION IN THE SHARE REGISTER – ARTICLES OF ASSOCIATION 5

The company keeps a share register, in which owners and usufructuaries of the registered shares are inscribed together with their names and addresses. The company must be notified of any changes of address. Until such notification is received, all information to holders of registered shares is sent to the address entered in the share register as the legally valid address. Inscription in the share register requires prior proof that the registered shares were acquired or the reasons for granting usufructuary rights.

No entries into the share register are undertaken in the period between dispatching the invitations to the annual general meeting of shareholders, or, in case of publication, the publishing of same, and the day of the annual general meeting of shareholders itself.

Should inscriptions in the share register have been made on the basis of false information on how the shares were acquired, the board of directors may – within twelve months of certain knowledge of the error and after hearing those concerned – delete the entry back-dated to the original date of inscription. The owner of the shares must be informed immediately.

The company only recognizes holders of registered shares or usufructuaries of registered shares if they are entered in the share register.

CHANGES OF CONTROL AND DEFENSE MEASURES

DUTY TO MAKE AN OFFER

In accordance with the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA), an investor who acquires one third of all voting rights must make a takeover offer for all the shares outstanding. Bossard Holding AG has not availed itself of the possibility of modifying this regulation (“opting out” or “opting up”).

CLAUSES ON CHANGES OF CONTROL

The employment agreement for members of the executive committee contains no clauses on changes of control. The Group does not provide for golden parachutes for the members of its senior management. The term of notice for executive committee members is between six and twelve months. During this period they are entitled to compensation and bonus payments.

Should the company change hands or go into liquidation, all share options (RSUs) held in the management participation plan fall due immediately.

AUDITORS

DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

PricewaterhouseCoopers AG, Zurich, has been the statutory auditors for Bossard Holding AG and Bossard Group since 1986. The statutory auditors are elected by the annual general meeting of shareholders for a period of one year.

The lead auditor is Norbert Kühnis, Swiss certified public accountant. He has been responsible for this auditing mandate since 2010. A new lead auditor is appointed every seven years; the next change will be in 2017.

AUDITING FEES

In 2011, PricewaterhouseCoopers AG as statutory auditors received audit fees for their services in the amount of CHF 481,010 (2010: CHF 547,554), for tax consulting in 2011 CHF 10,162 (2010: CHF 6,485) and for legal consulting in 2011 CHF 41,008 (2010: CHF 22,665).

INFORMATION AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The audit committee meets at least three times a year. Apart from other business, the committee discusses plans for the statutory and group audit, the results of the interim audit and the year-end financial statements. The management letter from the auditors forms the basis for discussion of the interim audit and of the year-end financial statements. The audit committee supports the board of directors in its supervision of the statutory auditors. The committee's main responsibility is to propose the auditors annually review qualifications, independence and performance, approve the auditing fees and review the accounting principles as well as the annual financial report and notes. The audit committee annually examines the scope of the audit, the auditing plans and related procedures, and discusses the results of the audit with the auditors.

CORPORATE GOVERNANCE INFORMATION POLICY

With its disclosure policy, Bossard creates transparency for investors and financial markets and ensures a fair market price for Bossard shares.

Bossard is convinced that in the long term the market will respond to a clear, consistent and informative disclosure policy with a fair valuation of the company's shares. That is why Bossard applies the following principles in its financial reporting and disclosure practices:

- Transparency:** The objective of disclosure is to make the economic drivers that impact on the Group as well as the detailed results of operations more readily comprehensible.
- Consistency:** Disclosure within each reporting period and between the various reporting periods is consistent and comparable.
- Clarity:** Information is presented as clearly as possible to allow the reader to form a true picture of business development based on facts and figures.
- Relevance:** In order to avoid an endless flood of information, the content and timing of Bossard's information focuses on data relevant for Bossard's target groups or required by law.

The Group publishes relevant information on its business operations in its annual report, interim report and press releases. It also provides information at press conferences, meetings for financial analysts, and at the annual general meeting of shareholders. The consolidated financial statements are drawn up in accordance with Swiss GAAP FER.

Dates to note in 2012:

Meeting for financial analysts & media conference Publication of results 2011	March 7, 2012
Annual general meeting of shareholders Publication of sales results 1st quarter 2012	April 2, 2012
Publication of first Results Sales / Net Income first Half of 2012	July 13, 2012
Publication semi-annual report 2012	August 28, 2012
Publication of sales results 3rd quarter 2012	October 16, 2012
Publication of sales results 2012	January 15, 2013

Bossard stays in contact with the capital market via press conferences, meetings for financial analysts and road shows. We also regularly meet institutional investors and financial analysts either individually or as groups.

All publications on business results and press releases are available in German and English on the Bossard website www.bossard.com > Investor Relations.

All publications can be ordered via e-mail at investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6301 Zug.

Momentum

THE BOSSARD MAGAZINE

The Magic
of Turning
Moments
– When
Precision
and
Aesthetics
Come
Together.

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Peace of Mind
for Our Clients

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The Magic of Turning Moments



SmartBin: A Win-Win Solution

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www.bossard.com > Investor Relations.

LADIES AND GENTLEMEN,

We are proud to present to you: Momentum – The Bossard Magazine.

The theme of this first edition is “The Magic of Turning Moments,” connecting the beautiful artistic movement in dance to the world of fastening.

No one knows exactly when dance was first invented, but we can be sure that it is deeply connected to the values, beliefs and traditions of every human race. When a piece of dance touches us, it is a perfect blend of creativity and fine skills that gives us the experience of the magical movement. Martha Graham, an influential American modern dancer and choreographer, once said: “Dance is the hidden language of the soul.”

When I first joined Bossard, I thought that in order to obtain a securely fastened joint, all you needed to do was select the right fastening solutions and tighten them with the right technique. I soon learned that this wasn't everything.

For example, coefficient friction will greatly influence the preload torque. The friction coefficient is the value which describes the ratio of the force of friction between two bodies and the force pressing them together. For example, skating shoes on ice have a low coefficient of friction, while a tyre on a road has a high coefficient. It is an empirical measurement: it has to be

measured experimentally and cannot be found through calculations. When I first learned about the friction coefficient, I asked myself: “Is this the hidden language of fastening?”

Whatever the case may be, the editorial team and I hope you will enjoy “The Magic of Turning Moments” in this first edition of Momentum.

TEE BIN ONG
Vice President Sales & Marketing

APPLICATION ENGINEERING

06 PEACE OF MIND FOR OUR CLIENTS

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RELIABLE PRODUCTS

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18 A BLUEPRINT OF LEAN SUPPLY

Perfection is a goal for many companies – that's just **where we begin.**

DAVID DEAN
CEO

STEPHAN ZEHNDER
CFO



STEEN HANSEN
CEO America

ROBERT ANG
CEO Asia

DR. DANIEL BOSSARD
CEO Northern and Eastern Europe

BEAT GROB
CEO Central Europe



For some, perfection is a goal, while for others, it is a journey. For us, perfection is about our customers' success.

We provide assembly technology solutions which enhance their competitiveness. With our proven innovative engineering and logistics solutions, we make it possible.



Our Goal is Peace of Mind for Our Clients

Peter Witzke is in charge of the Engineering and Quality department at the Bossard Group. As engineers, he and his team give high priority to safety and security.

Everybody is talking about the importance of safety and security in manufacturing. Is it also an issue for our customers?

It is true that safety and security is a hot topic these days. For all types of industries and within all individual companies, it is something which needs to be assessed. Different companies have different approaches to accommodate safety and security, but the goal is always to minimize risks and protect the end-user as well as the company from any kind of damage.

How does Bossard support our customers to reach that goal?

Safety and security have many different aspects. In our field, they are mainly related to technical know-how, product testing, quality management systems, and processes. We are critical thinkers. Risk prevention is high on our agenda.

Which aspect of safe and secure manufacturing do you consider most important?

It goes without saying that an excellent infrastructure as well as smooth internal processes need to be in place. But the single most important resource is our technical knowledge. Even the best IT systems and most sophisticated processes cannot take all eventualities into account, so human labor is still needed. At Bossard, we make sure that our staff is well trained in the principles of fastening, the process of how fasteners are produced as well as their application.

How does this technical understanding help to prevent risk, as you have mentioned before?

This knowledge in particular enables us to focus on what is essential to the quality of fasteners during inspections and how they should be used in customer applications. Sound technical knowledge plus a good understanding of the customer's application requirements is critical. No matter what you work with, there will always be risks. They just have to be analyzed, understood, minimized, and managed.

What are the actual processes Bossard put in place to support their customers in achieving a safer and more secure assembly process and product?

We have an excellent technical infrastructure, advanced testing facilities, and well-defined processes. Globally, we have ten Centers of Excellence which run

on a single platform of Bossard's Quality System. This enables consistency in quality throughout Bossard. From our experience, however, what is equally important is to be present on-site at our manufacturers and customers.

In your opinion, how does Bossard distinguish itself from other companies in the field?

We set ourselves apart from many of our competitors in a number of ways. Our goal is peace of mind for our clients. By making quality- and process-based audits, we select the right suppliers from the start instead of applying the more common reactive approach. Websites, printed material, and even certificates often don't suffice. Being at our customers' enables us to fully understand the fastener requirements, especially when they are not formalized in specifications. It happens frequently that details in the design of the customer application and the fastener type are improved due to knowledge sharing.

Can you give our readers a real-life example of a customer case where that happened?

There is one example that comes to my mind immediately. As you perhaps still remember, there were disastrous fires in the Mont Blanc Road Tunnel in 1999, in the Gotthard Road Tunnel in 2001, and again in Fréjus in 2005. Many people died and many more were injured. A serious problem is that fire can cause the tunnel ceiling to collapse which prevents people from escaping.

For this reason the French government decided to work on a fire-proof solution for the ceiling of the tunnel. We helped define solutions for the different fasteners and identified screws that are resistant to heat for at least six hours. Actual burning tests were performed to verify conformity and our solutions were officially approved. Furthermore, we were also involved in improving the assembly design of the ceiling.

The new solution is much more secure. In addition, its assembly is faster, which resulted in savings of up to 12% of the primary costs. We are very proud to have been involved in this project where our expertise helped increase safety and security for the general public.

Interview by **SABRINA BURKARD**
Group Marketing Communications

The Magic of Turning Moments

It takes dedication and hard work to reach perfection. This is the case with research and development at Bossard, and it is also beautifully evident in dance.



The "one hand freeze" is a popular breakdance move. The momentum created by the twirling motion of his legs gives the breaker his spinning power.

ecosyn®-lubric is an innovative Bossard fastener. The dry coating forms a thin and smooth layer on the surface to optimize friction even under extreme loads.

EXTREME
LOADS NEED
A **POWERFUL**
MOMENTUM.





A TIGHT GRIP WITH SPEED AND ACCURACY.

In modern dance, anything is possible – but without utmost precision and blind reliance on one's counterpart, it all falls to pieces.

Bossard's speed rivet is a rapid and cost-effective fastening solution. The semi-automatic system allows for continuous fastening of up to 70 rivets per minute with maximum grip and accuracy.

DANCING AND DRILLING IS ALL ABOUT **PRECISION.**



The classic ballet pirouette is a controlled turn on one leg. Spotting helps the dancer control the direction while keeping balanced at all times.

Bossard's ecosyn®-MRX self-drilling screw is simple and efficient in use: without pre-drilling, it can drill its own tapping hole through diverse materials and forms its mating thread.



PRODUCT SOLUTIONS

INTELLIGENT SOLUTIONS FOR RELIABLE PRODUCTS

Bossard boasts a range of 200,000 products. With such an extensive array, it is not so much the individual nuts, bolts, and screws that matter, but the actual fastening solution Bossard provides to its clients. If we just sold items out of a catalogue and expected our clients to be able to apply them correctly to the task at hand, we would not be where we are today.

We provide intelligent solutions for reliable products. We evaluate the exact needs and requirements and help our customers choose the right combination of products to ensure reliability, safety, and security.

Composed by **REMO MIBUS**
Product Solutions Manager

1.



2.



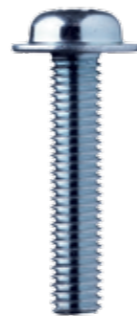
3.



4.



5.



6.



1. **HEXAGON HEAD SCREW** Fully threaded and ribbed lock washer, coated with ecosyn[®]-lubric Silver.
2. **ANGLE JOINT STUD** Type B, with short rivet stud.
3. **TOOTHED LOCK WASHER** Type A, external toothed.
4. **ECOSYN[®]-PLAST** Hexalobular socket pan head screw.
5. **ECOSYN[®]-FIX** Cross recessed pan washer head screw Phillips H.
6. **HANDLE** with threaded stud, steel zinc-plated.

7.



8.



9.



10.



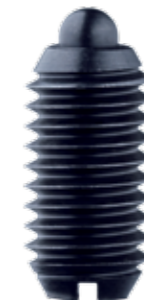
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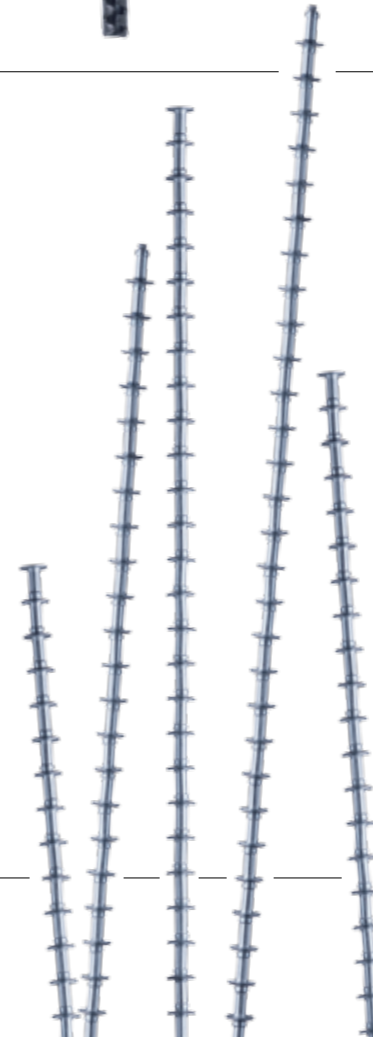
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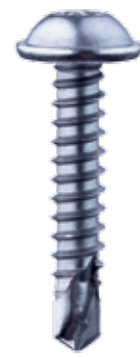
15.



16.



17.



7. **HEXALOBULAR SOCKET** Flat head screw with special low head.
8. **SERRATED LOCK WASHER** Type V, for countersunk head screws.
9. **SPACER SCREW WITH HEXAGON SOCKET**, case hardened.
10. **METRIC RING TERMINAL**, vinyl insulated.
11. **HEAVY-DUTY SPRING PIN** with serrated slot, heat-treated.
12. **HEXAGON SOCKET HEAD SHOULDER SCREW**.
13. **SPRING PLUNGER** with bolt and slot, standard spring pressure.
14. **LARGE FLANGE HEAD BLIND RIVET**.
15. **RIV-ELIT[®]** Speed blind rivet.
16. **WING SCREW**, Polyamide 6.6.
17. **ECOSYN[®]-MRX** Octagon socket pan head self-drilling screw.

CUSTOMER LOGISTICS A WIN-WIN SOLUTION

A WIN FOR FRITZ STUDER AG

A Studer cylindrical grinding machine has 7,500 individual parts, 600 of which we classify as C-parts. The management costs for these parts are many times higher than their value; they create a great deal of overhead for the entire value chain. This is where we saw a major potential for streamlining.

Previously, we managed approximately 2,000 different C-parts ourselves using a barcode system. Supply security and product quality are our foremost priority. As part of our company optimization project named "PuLs" (precision and passion), we were looking for a better solution to eliminate waste in our supply chain and in our assembly processes. Bossard had exactly what we needed.

Today we are using SmartBin. The system uses conventional containers and weight sensors and sends continuously recorded data to Bossard on a daily basis. When the minimum stock level is reached, the predefined order quantity is delivered automatically to the place of consumption. This allows us to minimize errors, administrative costs, high stock levels and tied-up capital. Overall, our process costs are now up to 25% lower than before.

Before, incorrect, defective or missing C-parts meant extra work and stress in production. Now Bossard is in charge of managing all our C-parts. Since we don't have to be involved, we are able to focus on our core tasks. C-parts almost manage themselves.



From left: **Thomas Wüthrich**, assembly project manager; **Konrad Hosmann**, assembly department head; **Thambaiyah Suntheralingam**, assembly worker



A WIN FOR BOSSARD AG

It was a great experience for me seeing how we were able to meet the requirements of Fritz Studer AG and create true added value for them. During the year and a half we worked on this project, we formed a close partnership with Studer.

Since we have the right solution for every requirement, we were able to offer the most efficient logistics system available for each of their more than ten assembly locations. Over half of the parts we manage are from third-party vendors.

A third of my 1,600 colleagues at Bossard are directly involved in logistics tasks. Through constructive teamwork we have successfully completed more than 1,000 projects, making sure that the right parts are available at the assembly location when they're needed – day in, day out.

Our recipe for success: Having great systems isn't enough. You also need a motivated team, colleagues with the right expertise and the matching infrastructure.

Beat Achermann, project manager



Reported by **BERNARDO EGLI**
Group Marketing Communications

CUSTOMER LOGISTICS A BLUEPRINT OF LEAN SUPPLY

One of the most important aspects of a lean supply chain in production is delivering material efficiently to the production floor, without wasting time and manual process. However, the complexity of implementing lean concepts especially for C-parts can be a challenge and more often than not, the cost saving potential is underestimated.

Industry research shows that the cost of managing C-parts is around 50% of the total procurement costs. The actual value of these parts, on the other hand, only represents 5% of the procurement volume. This is an

area that offers enormous cost savings potential. Bossard logistics systems reduce the amount of work involved in procuring C-parts. This enables our customers to concentrate on their own core activities.

Since Bossard SmartBin was first introduced in 1998, it has helped many of our customers to achieve greater efficiency in procurement. Today, with over 200,000 bins installed worldwide, Bossard SmartBin is used in many different ways, as shown in the illustration.

Composed by RAFFAEL WILD
Group Marketing Communications

Supermarket Concept with SmartBin

The supermarket concept is modeled after workers picking stock from the shelves of a shop. The stock used must be replaced "just-in-time." SmartBin is a perfect solution as it enables automatic stock replenishment.

Mobile SmartBin

An ideal solution when assembly processes involve the integration of large objects such as a high speed train or wind turbine.

Smart Palette

When production involves bulky items or high volumes, Smart Palette is designed to support a load of up to 1,000 kg.

Ship-to-Line with SmartBin

Bossard SmartBin is designed to support wireless connections, which allows stock to be supplied directly to point of use.

SmartBin for Work Cells

SmartBin can be installed at a production work cell. This eliminates waiting times and goods movements as the material is supplied directly to the work cell.

“ecosyn®” – the Tradition of Innovation

When faced with a challenge, there are usually two ways you can react to it: You can take it on or let it be. However, we at Bossard opted for a third way: **We turn the challenge into an opportunity.**



With the “ecosyn” line of products we developed innovative fastening solutions. These high-quality fastening elements are economical and in sync with the needs of our customers. Smart, safe and efficient high-quality products borne from innovative engineering – our “ecosyn” line of fastening solutions will make it simple for you to turn challenges into opportunities.

This is what we call simplicity at work.
This is what we call “ecosyn”.

HIGHLIGHTS

9 percent sales increase in local currency; continued growth in all three regions

Operating profit of CHF 50.3 million as well as operating margin of 11.0 percent climbed to a new record

Prior year's record result matched; yet exceeded by 5.2 percent on a currency-adjusted basis

Achieved profitability again above average in 2011

Solid financial basis for continued market growth

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CONTINUED GROWTH: 9 PERCENT SALES INCREASE IN LOCAL CURRENCY

For the past business year, Bossard Group reported gross sales of CHF 473.5 million, an increase of 9 percent in local currency. The operating profit (EBIT) rose by CHF 3.0 million to CHF 50.3 million, an increase of 14.6 percent on a currency-adjusted basis. The EBIT margin rose to a record 11.0 percent from 10.3 percent in the prior year. The consolidated net income was CHF 44.8 million, matching the previous year's record result. Adjusted for exchange rate fluctuations, the net income was even 5.2 percent higher. This was an impressive confirmation of the prior year's result; in spite of significantly more challenging economic conditions, especially during the second half of the year.

Bossard Group continued its growth in all three sales regions even though the result varied from region to region. While the first six months of the year saw double-digit increases in all three regions, demand declined in the second half due to market uncertainty, particularly in Europe and Asia.

GROSS SALES IN CHF MILLION	2011	2010	CHANGE	
			IN CHF	IN LOCAL CURRENCY
Europe	268.1	261.3	2.6 %	8.3 %
America	124.6	128.8	-3.3 %	13.7 %
Asia	80.8	87.5	-7.7 %	4.6 %
Group	473.5	477.6	-0.9 %	9.0 %

EUROPE THOROUGHLY POSITIVE

In the past year, Europe recorded sales of CHF 268.1 million, a rise of 8.3 percent in local currency. France and Denmark were standouts, experiencing double-digit growth. Sales growth in Switzerland was impressive as well, in spite of the currency fluctuations which directly affected our customers' competitive edge. Bossard was able to further strengthen its market position in these three key markets. The Group also reported growth in all other European countries.

AMERICA REPORTS LARGEST SALES INCREASE

Bossard recorded its largest sales increase in the America region. 2011 annual sales rose from USD 123.5 million in the previous year to USD 140.4 million, an increase of 13.7 percent. In contrast to Europe and Asia, the America region experienced strong growth in the second half of the year as well. Business with new customers was particularly positive. In Mexico sales rose more than proportionally by 24.7 percent.

ASIA MORE SUBDUED IN THE SECOND HALF OF THE YEAR

Sales in Asia were CHF 80.8 million in the past business year. After double-digit growth in the first half of the year, demand weakened in the second half. This particularly affected China and Korea where the largest drop in demand came from our export-oriented customers in the electronics industry. Across the region, sales in local currency increased by 4.6 percent. The markets with the highest growth were Taiwan with 23 percent and India with 16 percent.

GROSS PROFIT KEEPING STEADY

Compared to the prior year, gross profit decreased slightly from CHF 188.4 million to CHF 185.6 million. The gross profit margin declined marginally from 39.5 percent to 39.2 percent. The margin was pressured by the extremely volatile currency situation and by an increase in raw material prices at the beginning of the year which we could not pass on entirely to the customers. On the other hand, an increased focus on special and customer-specific drawing parts provided a certain degree of compensation.

DISPROPORTIONATELY LOWER INCREASE IN OPERATING COSTS

While negatively affecting sales, the Swiss franc's renewed strength against most other currencies had a positive effect on costs. Operating costs without depreciation and amortization declined year-on-year by CHF 5.2 million to CHF 125.5 million. However, on a currency-adjusted basis, they rose by 4.5 percent. The cost increase can be attributed largely to the higher number of employees, an increase of 107 from 1,478 in the previous year to 1,585. The rise in hiring is explained by higher sales volumes, the focused expansion of distribution as well as investments in engineering. Overall, compared to sales revenues operating costs increased less steeply, so that the lower gross profit was offset on the expenses side.

HIGHEST OPERATING PROFIT EVER REPORTED

Adjusted for exchange rate fluctuations, the operating profit rose year-on-year by 14.6 percent to CHF 50.3 million; the best operational result in the Group's history. At 11.0 percent, the EBIT margin also climbed to a new record (prior year: 10.3 percent). Once again, this very positive result is broad-based. While Europe and Asia were

able to maintain their high level of profitability, the America region actually improved on it. The optimization of processes and systems begun in recent years as well as the acquisition of new customers had a positive impact on the operating margin in 2011.

OPERATING PROFIT ON A CURRENCY-ADJUSTED BASIS IN CHF MILLION



HIGHER FINANCIAL EXPENSES DUE TO CURRENCY EFFECTS

Financial expenses rose year-on-year by CHF 1.0 million to CHF 2.1 million. This increase is largely due to the development of foreign currency exchange rates. On a positive note, very low interest rates had a beneficial effect on the financial result.

TAX RATE STILL LOW

In 2011, taxes rose year-on-year from CHF 0.5 million to CHF 3.4 million. The comparatively low tax rate of 7.0 percent can be attributed largely to the deduction of tax loss carryforwards.

CONSOLIDATED NET INCOME AGAIN AT RECORD LEVEL

The consolidated net income in the 2011 business year was CHF 44.8 million, matching the previous year's record result. Adjusted for exchange rate fluctuations, the consolidated net income was yet 5.2 percent higher; the best result in the Group's history. With a return on sales of 9.8 percent, the consolidated net income reached the previous year's level in spite of higher financial expenses and taxes. Because of this excellent result, the board of directors will again propose to the annual general meeting of shareholders a dividend of CHF 6 per bearer share. At a closing price of CHF 102 on December 31, 2011, this corresponds to a dividend yield of 5.9 percent.

NET INCOME ON A CURRENCY-ADJUSTED BASIS IN CHF MILLION



ABOVE-AVERAGE RETURN ON CAPITAL

Compared to the previous year, total assets rose from CHF 292.7 million to CHF 331.0 million. This increase is attributable to the higher capital expenditure and the rise in net working capital, particularly inventories. Nonetheless, the equity ratio climbed from 61.3 percent to 62.3 percent, further strengthening Bossard Group's capital structure. Return on capital was once again above average in the past business year. Return on equity was 23.2 percent and return on capital employed (ROCE) was 21.2 percent. Both figures are not only significantly above the long-term targets of 12 percent and 15 percent respectively but also noticeably higher than the industry's average returns.

SOLID BASIS FOR CONTINUED MARKET GROWTH

In spite of the significant increase in net working capital, cash flow from operating activities declined marginally from CHF 28.4 million in the prior year to CHF 25.9 million. Cash flow from investing activities rose from CHF 5.9 million in 2010 to CHF 12.8 million in 2011. Investments included the costs for the expansion of warehouse facilities in Switzerland, to be completed in 2012, as well as replacement investments in infrastructure and software.

Despite the increase in investment volume and net working capital, a free cash flow of CHF 13.1 million was achieved. Due to the positive cash flow, net debt increased only slightly from CHF 25.7 million to CHF 29.6 million. With undrawn lines of credit and an equity ratio of 62.3 percent, Bossard Group is in a solid position to invest in continued market growth. The gearing (ratio of net debt to equity) was 0.14, the same level as in the previous year.

CONSOLIDATED BALANCE SHEET

IN CHF 1,000	NOTES	31.12.2011	31.12.2010
Assets			
Current assets			
Cash and cash equivalents	4	15,647	18,980
Accounts receivable, trade	5	79,962	74,268
Other receivables		2,080	2,024
Prepaid expenses		7,965	9,363
Inventories	6	153,585	126,018
		259,239	230,653
Long-term assets			
Property, plant and equipment	7	64,896	54,993
Intangible assets	8	2,813	3,429
Financial assets	9	1,611	1,548
Deferred tax assets	10	2,472	2,120
		71,792	62,090
Total assets		331,031	292,743
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	30,984	27,727
Other liabilities		16,914	8,947
Accrued expenses		24,481	24,154
Tax liabilities		2,215	2,975
Provisions	12	1,254	846
Short-term debts	13	45,254	44,727
		121,102	109,376
Long-term liabilities			
Provisions	12	1,251	1,518
Deferred tax liabilities	10	2,438	2,495
		3,689	4,013
Total liabilities		124,791	113,389
Shareholders' equity			
Share capital	14	32,000	32,000
Treasury shares		-5,041	-5,507
Capital reserves		53,995	52,975
Retained earnings		121,737	96,283
		202,691	175,751
Minority interest		3,549	3,603
Total shareholders' equity		206,240	179,354
Total liabilities and shareholders' equity		331,031	292,743

The notes on pages 40 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	NOTES	2011	2010
Sales	15	473,484	477,609
Sales deductions	15	15,767	18,885
Net sales		457,717	458,724
Cost of goods sold		272,165	270,307
Gross profit		185,552	188,417
Personnel expenses	16	96,986	99,393
Administrative expenses		14,983	15,980
Other operating expenses	17	13,487	15,293
EBITDA		60,096	57,751
Depreciation	7	8,412	8,898
Amortization	8	1,424	1,587
EBIT		50,260	47,266
Financial result	18	2,085	1,068
Ordinary result		48,175	46,198
Non-operating result	19	0	810
Income before taxes		48,175	45,388
Income Taxes	10	3,362	460
Net income		44,813	44,928
Attributable to:			
Shareholders of Bossard Holding AG		44,260	44,264
Minority interest		553	664

IN CHF	NOTES	2011	2010
Earnings per bearer share ¹⁾	20	14.89	14.81
Earnings per registered share ¹⁾	20	2.98	2.96

1) Earnings per share is based on the net income of the shareholders of Bossard Holding AG and the annual average number of outstanding shares entitled to dividend. There is no dilution effect.

The notes on pages 40 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1,000	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS		SHARE- HOLDERS BOSSARD	MINORITY INTEREST	SHARE- HOLDERS' EQUITY
				RETAINED EARNINGS	TRANSLATION DIFFERENCES			
Balance at January 1, 2010	32,000	-1,984	52,946	129,882	-54,125	158,719	3,296	162,015
Dividend				-4,470		-4,470	-104	-4,574
Net income for the period				44,264		44,264	664	44,928
Change in treasury shares		-3,523	29			-3,494		-3,494
Translation differences					-19,268	-19,268	-253	-19,521
Balance at December 31, 2010	32,000	-5,507	52,975	169,676	-73,393	175,751	3,603	179,354
Balance at January 1, 2011	32,000	-5,507	52,975	169,676	-73,393	175,751	3,603	179,354
Dividend				-17,802		-17,802		-17,802
Net income for the period				44,260		44,260	553	44,813
Change in treasury shares		466	1,020			1,486		1,486
Translation differences					-1,004	-1,004	-607	-1,611
Balance at December 31, 2011	32,000	-5,041	53,995	196,134	-74,397	202,691	3,549	206,240

For details regarding share capital please refer to note 14 on page 51.

The notes on pages 40 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	NOTES	2011	2010
Net income		44,813	44,928
Income taxes	10	3,362	460
Financial income	18	-1,353	-7,200
Financial expenses	18	3,438	8,268
Depreciation and amortization	7/8	9,836	10,485
Increase provisions	12	359	249
(Gain)/Loss from disposals of property, plant and equipment	7	-32	406
Loss from disposals of intangible assets	8	1	7
Gain from divestments of financial assets	9	0	-1,140
Interest received		758	454
Interest paid		-1,190	-1,841
Taxes paid		-4,508	-3,936
Other non-cash expense/(income)		4,032	-399
Cash flow from operating activities before changes in net working capital		59,516	50,741
Increase accounts receivable, trade		-7,470	-18,008
Decrease/(Increase) other receivables		1,228	-912
Increase inventories		-30,485	-18,947
Increase accounts payable, trade		3,367	4,715
Increase other liabilities		-214	10,777
Cash flow from operating activities		25,942	28,366
Investments in property, plant and equipment	7	-12,231	-7,122
Proceeds from sales of property, plant and equipment	7	344	718
Investments in intangible assets	8	-825	-1,245
Investments in financial assets	9	-225	-75
Divestments of financial assets	9	127	1,826
Cash flow from investing activities		-12,810	-5,898
Borrowing/(Repayment) short-term debts		710	-16,112
Decrease/(Increase) treasury shares		466	-3,523
Dividends paid		-17,802	-4,470
Dividends paid to minorities		0	-104
Cash flow from financing activities		-16,626	-24,209
Translation differences		161	-1,718
Change in cash and cash equivalents		-3,333	-3,459
Cash and cash equivalents at January 1		18,980	22,439
Cash and cash equivalents at December 31	4	15,647	18,980

The notes on pages 40 to 60 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF OPERATIONS (1)

Bossard Holding AG, Zug, a limited company subject to Swiss law, is the parent company of all entities within Bossard Group (hereinafter "Bossard"). Bossard is a leading distributor of fasteners of every kind and a provider of related engineering and logistics services including inventory management solutions. The Group operates in three geographic regions, Europe, America and Asia, and is one of the market leaders in its sector of industry.

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS (2)

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2011 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

The consolidated financial statements were authorized for issue by the board of directors on January 27, 2012 and will be recommended for approval at the annual meeting of shareholders.

The main principles of consolidation and valuation are detailed in the following chapters.

PRINCIPLES OF CONSOLIDATION (2.1)

The consolidated financial statements include the financial statements of Bossard Holding AG as well as the domestic and foreign subsidiaries over which Bossard Holding AG exercises control. Group companies acquired during the year are included in the consolidation from the date on which control over the company is transferred to Bossard. Group companies are excluded from the consolidation as of the date Bossard ceases to have control over the company. December 31 represents the uniform closing date for all companies included in the consolidated financial statements.

The purchase method of accounting is used for capital consolidation. Intercompany receivables and liabilities as well as transactions and intercompany profits not yet realized through sales to third parties are eliminated.

INVESTMENT IN SUBSIDIARIES

Investments in subsidiaries are fully consolidated. These are entities over which Bossard Holding AG directly or indirectly exercises control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent directly or indirectly holds more than one half of the voting rights of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Under the full consolidation method, 100 percent of assets, liabilities, income and expenses are included. The interests of minority shareholders in equity and net income or loss are shown separately in the balance sheet and income statement.

MINORITY INTEREST

Minority interest of less than 20 percent is recognized at acquisition cost less any economically necessary impairment.

FOREIGN CURRENCY TRANSLATION (2.2)

The consolidated financial statements are presented in Swiss francs (CHF). The financial statements of the Group companies are drawn up in the applicable local currency.

Transactions in foreign currencies are translated at the time of the transaction at the daily rate applicable on that date. Exchange differences from adjustments of foreign exchange portfolios at the balance sheet date are recognized in the income statements of the Group companies as exchange gains or losses.

For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as follows: balance sheet items at year-end rates, equity at historical rates, and items on the income statement at the average exchange rate for the year. The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity.

Exchange differences arising from intercompany loans of an equity nature are booked to equity.

ACCOUNTING AND VALUATION PRINCIPLES (2.3)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and at banks, time deposits, and other short-term highly liquid investments with original maturities of up to three months. Cash and cash equivalents are recognized at nominal value.

ACCOUNTS RECEIVABLE, TRADE

Accounts receivable are carried at the invoiced amount less allowances. The allowance for bad debts is based on the aging of accounts receivable and recognized credit risks. Apart from specific allowances for known credit risks, Bossard also makes a provision based on statistical calculations on the historical loss experience.

INVENTORIES

Goods for trading are recognized at average acquisition cost, own products at manufacturing cost. Should the net realizable value be lower, the necessary value adjustments are made. Acquisition cost comprises product price and delivery cost (freight, customs duties, etc.). Cash discounts are treated as reductions of the acquisition value. Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs.

PROPERTY, PLANT AND EQUIPMENT

Land is stated at cost, whereas buildings, machinery and equipment, office machines and furniture as well as vehicles are stated at cost less economically necessary depreciation. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The general applicable useful lives are as follows:

Buildings	30–40 years
Machinery and equipment	5–20 years
Office machines and furniture	3–10 years
Vehicles	4–10 years

Leasehold improvements are depreciated over the shorter of useful life or lease term. Repair and maintenance costs, which do not increase the value or useful life of an asset, are charged directly as an expense. Replacement work to increase the useful life of assets is capitalized. Fixed assets no longer in use or sold are taken out of the assets at acquisition cost minus the related accumulated depreciation. Any gains or losses arising are recognized in the income statement.

LEASING

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases, and payments are recognized as an expense on a straight-line basis over the lease term.

INTANGIBLE ASSETS

SOFTWARE

Costs arising from the development of computer software are recognized as intangible assets provided such costs are clearly associated with an identifiable and business-related computer program, can be reliably determined, and lead to measurable benefits over a number of years.

Computer software is depreciated using the straight-line method over its estimated useful life, up to a maximum of ten years.

OTHERS

This item includes rights.

Rights are depreciated using the straight-line method over their estimated useful life, up to a maximum of ten years.

FINANCIAL ASSETS

Financial assets comprise both non-consolidated investments and long-term loans. They are recognized at acquisition cost less economically necessary value adjustments. Changes in fair value are recognized in the income statement for the period in which they arise.

IMPAIRMENT

The recoverability of long-term assets is monitored annually. Impairment is treated adequately in the financial statements.

FINANCIAL INSTRUMENTS

Financial instruments are recognized in the balance sheet at fair value. Positive replacement values are recognized under financial assets and negative replacement values under current liabilities. Financial instruments held for hedging purposes are carried at the same value as the underlying transactions.

LIABILITIES

All liabilities of Bossard vis-à-vis third parties are recognized at nominal value.

PROVISIONS

A provision is recognized if, on the basis of past events, Bossard has reason to assume that it will need to meet an obligation for which the amount and due date are still uncertain but can be reliably estimated.

CONTINGENT LIABILITIES

Contingent liabilities are valued as at the balance sheet date. A provision is made if an outflow of funds without a utilizable inflow is both probable and assessable.

FINANCIAL DEBTS

Financial debts are recognized at nominal value.

They are classified as current liabilities unless Bossard can defer the settlement of the liability for at least twelve months after the balance sheet date.

TREASURY SHARES

Treasury shares are recognized in equity at acquisition cost. Any gains and losses from transactions with treasury shares are included in capital reserves and recognized in equity.

PENSION BENEFIT OBLIGATIONS

Bossard operates a number of pension plans in accordance with the legal requirements in the individual countries. Their assets are generally held in autonomous pension institutions or in statutory occupational pension plans. The pension plans are funded by employee and employer contributions. Pension plans from autonomous pension institutions are dealt in accordance with Swiss GAAP FER 16.

Any actual economic impacts of pension plans on the company are calculated as at the balance sheet date. An economic benefit from a surplus is capitalized provided this is admissible and the surplus is to be used to decrease the company's future contributions to its pension plans. An economic liability is recognized if the conditions for forming a provision are met. Contributions by subsidiaries to other pension plans are recognized in the income statement in the year they are made.

REVENUE RECOGNITION

Revenue is recognized at fair value and represents the amount receivable for goods supplied and services rendered, net of sales-related taxes. Sales revenues are recognized when the goods and services have been supplied or rendered.

SALES DEDUCTIONS

Sales deductions consist of items which relate directly to sales revenue, such as cash discounts and year-end rebates.

NON-OPERATING RESULT

Non-operating results are expenses and income arising from events or transactions which clearly differ from the ordinary operations of Bossard.

INCOME TAXES

All taxes are accrued irrespective of when such taxes are due. Deferred income taxes are recognized according to the "liability method" for temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets on temporary differences can only be capitalized if recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates. Bossard will not capitalize tax savings from tax loss carryforwards. The value of such tax assets is recognized only when realized.

Taxes payable on the distribution of profits of subsidiaries and associates are accrued only for profits that are to be distributed the following year.

RELATED PARTIES

A party is related to Bossard if the party directly or indirectly controls, is controlled by, or is under common control with Bossard, has an interest in Bossard that gives it significant influence over Bossard, has joint control over Bossard (board of directors and executive committee) or is an associate or a joint venture of Bossard. In addition, members of the key management personnel of Bossard as well as pension plans are also considered related parties.

ACCOUNTING ESTIMATES AND ASSUMPTIONS

Preparing the financial statements in accordance with Swiss GAAP FER requires the board of directors and the executive committee to make estimates and assumptions which can impact on the recognized assets, liabilities, contingent liabilities and contingent assets at the time of preparation as well as income and expenses for the reporting period. These assessments are based on the board of directors' and the executive committee's best knowledge and belief of current and future Bossard activities. The actual results may deviate from these estimates.

RISK MANAGEMENT (2.4)

Risk management is a tool to analyze and evaluate all the processes for identifying and assessing risks in Bossard Group. The results are defined in a report submitted to the board of directors and the executive committee.

FINANCIAL RISK MANAGEMENT

Within the scope of its international operations, Bossard is exposed to various financial risks arising from its business activities, but also from the Group's financial activities. The Group's main financial risks include foreign exchange and interest rate fluctuations as well as the credit worthiness and solvency of the Group's counter parties.

The board of directors and the executive committee lay down the principles governing the Group's financial risk management with regard to exchange rate, interest rate, credit, liquidity and capital risks. The aim is, where necessary, to hedge against the financial risks listed above and thus to minimize any negative impact on the

consolidated result as well as on the Group's performance.

Where this is considered advisable, the Group may hedge individual financial risks using financial instruments such as derivatives. However, these must be linked with the Group's business operations.

The Group has comprehensive insurance cover to safeguard itself against other risks.

FOREIGN CURRENCY RISK

Given its international operations, the Group is exposed to exchange rate fluctuations that impact on the Group's financial and income situation, because these are disclosed in Swiss francs. The Group continuously monitors its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially confined to the Euro and the U.S. dollar. Business transactions in the Group's individual companies are mainly performed in local currency. Consequently, the currency risks for the Group's ongoing operations can basically be considered as low. In some Group companies, however, there are foreign currency risks in connection with payments outside their local currency, mainly in regard to payments to suppliers. Where necessary, parts of these foreign currency risks are hedged through foreign exchange contracts.

The net assets of foreign subsidiaries are exposed to exchange rate risk. Such risks are partly hedged through taking up loans in the currency concerned and, where necessary, through foreign exchange contracts of up to a maximum of twelve months.

INTEREST RATE RISK

Changes in interest rates can negatively affect the Group's financial and income situation and thus lead to changes in interest income and expense. Financing and related interest rate conditions are invariably handled centrally by corporate treasury. In certain market situations the Group employs interest hedge transactions to safeguard itself against interest rate fluctuations, or it converts a part of the loan requirements into fixed-interest loans.

CREDIT RISK

Credit risks can arise if, in a transaction, the counter party is either not prepared or not in a position to meet its obligations. The credit loss risk for accounts receivable trade can be confined through setting credit limits, undertaking credit investigations where possible, and by running an efficient system for managing receivables. Given the Group's monthly reporting system, continual monitoring of overdue payments is ensured. Accounts receivable trade are recognized after deducting allowances for bad debts. The danger of risk concentration is limited through the fact that the Group's customer base is composed of numerous customers and is widely spread in geographic terms. Short-term bank deposits are placed in banks with high credit rating.

LIQUIDITY RISK

One aspect of judicious risk management is ensuring that an adequate sum can be drawn on through approved credit limits and that there is a possibility of refinancing. To ensure that the company is invariably solvent and financially flexible, a liquidity reserve has been established in the form of credit limits and cash in hand. Optimal liquidity control is conducted by means of cash pooling.

CAPITAL RISK

To minimize its capital risk, Bossard Group ensures that the company's operations can run smoothly and that the shareholders will receive an adequate yield. To achieve this, the company may, if necessary, adjust dividend payments, pay back capital to shareholders, issue new shares or sell assets.

Bossard Group monitors its capital structure on the basis of its equity ratio. The equity ratio is equity as a percentage of total assets.

No covenants have been drawn on equity.

CHANGES IN THE SCOPE OF CONSOLIDATION (3)

There were no changes in the scope of consolidation in 2011. As per January 1, 2010 Bossard Michigan & Merrick, Inc. was merged with Bossard North America, Inc. Besides, 2010 the business activity of Bossard Slovakia, spol. s r.o. was integrated in Bossard Czech Republic s.r.o.

CASH AND CASH EQUIVALENTS (4)

IN CHF 1,000	2011	INTEREST RATES IN %	2010	INTEREST RATES IN %
Cash at banks and on hand	10,132	0.0 – 2.0	13,730	0.0 – 1.3
Short-term bank deposits	5,515	1.4 – 4.0	5,250	1.4 – 8.6
Total	15,647		18,980	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 39).

ACCOUNTS RECEIVABLE, TRADE (5)

IN CHF 1,000	2011	2010
Accounts receivable, trade gross	80,415	74,010
According to due date		
not due	75,038	68,967
30 days overdue	2,906	2,759
60 days overdue	770	1,125
90 days overdue	1,701	1,159
Notes receivable	2,081	2,427
Allowance for bad debts		
Balance at Jan. 1	-2,169	-2,261
(Additions)/Reversals	-490	-159
Translation differences	125	251
Balance at Dec. 31	-2,534	-2,169
Total	79,962	74,268

The book value of receivables is based on fair value and represents the maximal credit risk.

INVENTORIES (6)

Inventories that either lack or have low marketability are value adjusted to the net market value less sales costs. Value adjustments amounted to CHF 23.2 million as per December 31, 2011 (2010: CHF 21.9 million), this is equivalent to 13.1 percent of gross inventory (2010: 14.8 percent).

PROPERTY, PLANT & EQUIPMENT (7)

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2011	–	74,815	83,555	5,112	163,482
Additions	6,960	797	8,947	2,457	19,161
Disposals	–	–232	–5,154	–880	–6,266
Translation differences	–	–287	–664	–109	–1,060
Balance at Dec. 31, 2011	6,960	75,093	86,684	6,580	175,317
Accumulated depreciation					
Balance at Jan. 1, 2011	–	37,042	68,895	2,552	108,489
Depreciation	–	2,026	5,256	1,130	8,412
Disposals	–	–226	–5,015	–712	–5,953
Translation differences	–	–125	–361	–41	–527
Balance at Dec. 31, 2011	–	38,717	68,775	2,929	110,421
Net book amount	6,960	36,376	17,909	3,651	64,896

The insurance value of property, plant and equipment is CHF 161.4 million (2010: CHF 151.3 million).

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2010	–	78,498	84,592	4,901	167,991
Additions	–	605	5,138	1,379	7,122
Disposals	–	–1,216	–2,364	–813	–4,393
Translation differences	–	–3,072	–3,811	–355	–7,238
Balance at Dec. 31, 2010	–	74,815	83,555	5,112	163,482
Accumulated depreciation					
Balance at Jan. 1, 2010	–	36,624	68,172	2,415	107,211
Depreciation	–	2,132	5,892	874	8,898
Disposals	–	–488	–2,216	–565	–3,269
Translation differences	–	–1,226	–2,953	–172	–4,351
Balance at Dec. 31, 2010	–	37,042	68,895	2,552	108,489
Net book amount	–	37,773	14,660	2,560	54,993

INTANGIBLE ASSETS (8)

IN CHF 1,000	SOFTWARE	OTHERS	TOTAL
Cost			
Balance at Jan. 1, 2011	28,211	427	28,638
Additions	825	–	825
Disposals	–1,306	–	–1,306
Translation differences	–189	–	–189
Balance at Dec. 31, 2011	27,541	427	27,968
Accumulated amortization			
Balance at Jan. 1, 2011	25,195	14	25,209
Amortization	1,381	43	1,424
Disposals	–1,305	–	–1,305
Translation differences	–173	–	–173
Balance at Dec. 31, 2011	25,098	57	25,155
Net book amount	2,443	370	2,813

IN CHF 1,000	SOFTWARE	OTHERS	TOTAL
Cost			
Balance at Jan. 1, 2010	30,487	–	30,487
Additions	818	427	1,245
Disposals	–1,692	–	–1,692
Translation differences	–1,402	–	–1,402
Balance at Dec. 31, 2010	28,211	427	28,638
Accumulated amortization			
Balance at Jan. 1, 2010	26,549	–	26,549
Amortization	1,573	14	1,587
Disposals	–1,685	–	–1,685
Translation differences	–1,242	–	–1,242
Balance at Dec. 31, 2010	25,195	14	25,209
Net book amount	3,016	413	3,429

No internally generated intangible assets were capitalized during the financial years 2011 and 2010.

FINANCIAL ASSETS (9)

IN CHF 1,000	2011	INTEREST RATES IN %	2010	INTEREST RATES IN %
Loans and deposits to third parties	1,286	0.0 – 4.0	1,223	0.0 – 4.0
Available-for-sale financial assets				
Bossard + Staerkle AG, Zug, 8 % (2010: 8 %)	290		290	
Others	35		35	
Total	1,611		1,548	

INCOME TAXES (10)

The tax expenses are made up as follows:

IN CHF 1,000	2011	2010
Current taxes	3,592	3,263
Deferred taxes	-230	-2,803
Total	3,362	460

The effective tax rate on the Group's profit differs from the average basic tax rate of the various countries in which Bossard operates as follows:

IN %	2011	2010
Group's average tax rate	23.1	23.3
Non tax deductible expenses	1.4	0.2
Non-taxable income	-3.1	-3.7
Expenses taxed at special rate	0.4	0.3
Utilization of previously unrecognized tax losses	0.4	-4.6
Non-effective tax losses	-14.9	-13.3
Others	-0.3	-1.2
Effective tax rate	7.0	1.0

The Group's average tax rate is the weighted average based on the various individual results and the local tax rates.

The deferred taxes consist of the following:

IN CHF 1,000	ASSETS 2011	LIABILITIES 2011	ASSETS 2010	LIABILITIES 2010
Accounts receivable	166	2	152	12
Inventories	1,564	306	1,384	214
Property, plant and equipment	323	356	411	338
Intangible assets	59	47	114	27
Liabilities	360	1,727	59	1,904
Total deferred taxes	2,472	2,438	2,120	2,495
Net		-34		375

The gross values of unused tax loss carryforwards which have not been capitalized expire as follows:

EXPIRY OF UNUSED TAX LOSS CARRYFORWARDS IN CHF 1,000	WITHIN 5 YEARS	OVER 5 YEARS	TOTAL
2011	1,187	101,937	103,124
2010	2,483	134,916	137,399

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 25.8 million (2010: CHF 34.2 million).

ACCOUNTS PAYABLE, TRADE (11)

IN CHF 1,000	2011	2010
Accounts payable, trade	29,917	26,528
Notes payable	1,067	1,199
Total	30,984	27,727

PROVISIONS (12)

IN CHF 1,000	RESTRUCTURING	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2011	–	1,856	–	508	2,364
Additions	–	590	1,045	172	1,807
Usage	–	–908	–	–219	–1,127
Reversals	–	–289	–	–197	–486
Translation differences	–	–42	–	–11	–53
Balance at Dec. 31, 2011	–	1,207	1,045	253	2,505
Thereof short-term	–	122	–	87	209

IN CHF 1,000	RESTRUCTURING	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2010	186	1,606	–	439	2,231
Additions	–	607	–	512	1,119
Usage	–188	–37	–	–152	–377
Reversals	–	–48	–	–208	–256
Translation differences	2	–272	–	–83	–353
Balance at Dec. 31, 2010	–	1,856	–	508	2,364
Thereof short-term	–	386	–	460	846

The provisions for restructuring in 2010 included expenses for restructuring Bossard's operations in North America. These were provisions for maintenance and rental commitments which expired in 2010.

Pension and other termination benefits include liabilities for pension and granted legal benefits based on affiliation to the company.

SHORT-TERM DEBTS (13)

IN CHF 1,000	2011	INTEREST RATES IN %	2010	INTEREST RATES IN %
Bank overdrafts	1,924	0.6 – 6.6	1,729	1.0 – 11.3
Bank loans	21,349	0.7 – 5.6	22,079	0.8 – 5.9
Personnel savings accounts	21,942	2.8	20,852	2.8
Other	39	0.0	67	0.0 – 0.1
Total	45,254		44,727	

The personnel savings accounts corresponds to savings of employees.

All interest bearing bank loans are at floating interest rates. The effective weighted average interest rate on all borrowings was 2.4 percent (2010: 2.8 percent).

SHARE CAPITAL (14)

DETAILS OF SHARE CAPITAL	PAR VALUE IN CHF	NUMBER OF SHARES	TOTAL IN CHF 1,000
Registered shares	2	2,700,000	5,400
Bearer shares	10	2,660,000	26,600
Total			32,000

223,205 bearer shares of CHF 10 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement. 185,000 of these shares have been held by the company since the capital increase.

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 22 million (2010: CHF 22 million).

DIVIDEND

The board of directors of Bossard Holding AG will propose a dividend of CHF 6.00 (2010: CHF 6.00) per bearer share and CHF 1.20 (2010: CHF 1.20) per registered share to the shareholders at the forthcoming annual general meeting of shareholders.

SEGMENT INFORMATION (15)

Bossard is engaged in the distribution of fasteners. Its business operations are spread over three geographical regions: Europe, America and Asia.

IN CHF MILLION	EUROPE		AMERICA		ASIA		ELIMINATIONS		CONSOLIDATED	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales to third parties	268.1	261.3	124.6	128.8	80.8	87.5			473.5	477.6
Sales inter-segment	4.5	5.1	0.4	0.3	0.1	0.3	-5.0	-5.7	-	-
Total sales	272.6	266.4	125.0	129.1	80.9	87.8	-5.0	-5.7	473.5	477.6
Sales deductions	11.4	14.1	2.2	2.1	2.2	2.7			15.8	18.9
Total net sales	261.2	252.3	122.8	127.0	78.7	85.1	-5.0	-5.7	457.7	458.7

These regions comprise the following countries in which Bossard operates with its own subsidiaries:

Europe:	Austria, Czech Republic, Denmark, France, Hungary, Italy, Poland, Spain, Sweden, Switzerland
America:	Mexico, USA
Asia:	China, India, Malaysia, Singapore, South Korea, Taiwan, Thailand

PERSONNEL EXPENSES (16)

IN CHF 1,000	2011	2010
Salaries and variable compensation	78,531	80,764
Social security expenses	11,144	10,962
Pension expenses	4,732	5,487
Other personnel expenses	2,579	2,180
Total	96,986	99,393

OTHER OPERATING EXPENSES (17)

IN CHF 1,000	2011	2010
Occupancy costs	6,791	7,284
Insurance and charges	2,191	1,979
Other operating expenses	4,505	6,030
Total	13,487	15,293

FINANCIAL RESULT (18)

IN CHF 1,000	2011	2010
Financial income		
Income from interests and securities	400	533
Income from non-consolidated investments	80	240
Exchange gains	873	6,427
Total	1,353	7,200
Financial expenses		
Interest expenses	1,920	2,392
Exchange losses	1,518	5,876
Total	3,438	8,268

NON-OPERATING RESULT (19)

IN CHF 1,000	2011	2010
Income from the sale of part of its minority interest of Bossard & Staerkle AG, Zug	–	–1,140
Expenses from non-capitalizable marketing costs for the BOSSARD Arena	–	1,800
Other non-operating expenses	–	150
Total	–	810

EARNINGS PER SHARE (20)

	2011	2010
Net income in CHF 1,000	44,260	44,264
Average number of shares entitled to dividend ¹⁾	2,972,446	2,987,929
Earnings per bearer share in CHF	14.89	14.81
Earnings per registered share in CHF	2.98	2.96

1) Registered shares adjusted to the nominal value of the bearer shares.

Earnings per share are calculated by dividing the net income attributable to "Shareholders of Bossard Holding AG" by the weighted average number of shares entitled to dividend during the year.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES (21)

In 2011 and 2010 no acquisitions nor disposals were undertaken.

FINANCIAL INSTRUMENTS (22)

Open forward contracts at December 31 were as follows:

IN CHF MILLION	2011	2010
Contract value	–	0.7
Balance sheet value	–	0.0

The contract value shows the volume of open forward exchange contracts at the balance sheet date.

In 2011 and 2010 no open forward exchange contracts were held to hedge the net investments in foreign subsidiaries at year end.

GOODWILL (23)

Assuming that the parts of the acquired goodwill which were eligible for capitalization had been capitalized and written down over a period of five years, this would have had an impact on consolidated net income and consolidated equity of CHF 0.44 million in the years 2005 to 2009 and CHF 0.3 million in the year 2010. The goodwill would have been fully amortized in 2010.

PENSION BENEFIT OBLIGATIONS (24)

The Group has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland, the pension institution is responsible for providing coverage for retirement, survivors' and disability benefits.

The pension plan institution for the Swiss companies is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG).

Economic benefit/economic obligation and pension plan expenses:

IN CHF 1,000	SURPLUS/DEFICIT ACCORDING TO PENSION PLANS		ECONOMIC SHARE OF THE COMPANY		CHANGE OR CAPITALIZED IN BUSINESS YEAR	CONTRI- BUTIONS ACCRUED	PENSION PLAN EXPENSES IN PERSONNEL EXPENSES	
	31.12.2011	31.12.2011	31.12.2010		2011	2011	2011	2010
Patronage funds/pension institutions	4,438					207	207	615
Pension institutions without surplus/deficit	–					2,936	2,936	3,087
Pension institutions with surplus	–							
Pension institutions with deficit	–							
Total	4,438	–	–	–	–	3,143	3,143	3,702

In accordance with Swiss GAAP FER 26, the provisional financial statements of the pension plan institution serve as a basis for calculation. The surplus in the patronage fund corresponds to the non-committed funds. The patronage fund may, at its own discretion, make contributions to the pension plan institution.

Items comprising the pension plan expenses:

IN CHF 1,000	2011	2010
Contributions to pension institutions charged to the company	3,143	3,702
Contributions to pension plans paid out of the employer contribution reserve (ECR)	–	–
Total contributions	3,143	3,702
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	–	–
Contributions and changes in employer contribution reserve	3,143	3,702
Changes in economic benefit of the company from surplus	–	–
Changes in economic obligations of the company from deficit	–	–
Total changes of economic impact through surplus/deficit	–	–
Pension plan expenses in personnel expenses	3,143	3,702

Financing is through employer and employee contributions. The contributions are calculated as a percentage of the insured compensation.

COMPENSATION AND SHARE HOLDINGS (25)

The following information about compensation and shareholdings of the board of directors and the executive committee are in line with article 663b^{bis} and article 663c of the Swiss Code of Obligations.

COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC ¹⁾ , AC, ²⁾	185,000	75,000	–	260,000
Anton Lauber	Deputy chairman, NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	Representing holders of bearer shares, NCC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee Representative	15,000	30,000	–	45,000
Dr. Beat E. Lüthi	AC	55,000	75,000	15,000	145,000
Prof. Dr. Stefan Michel	AC (since April 2011)	55,000	75,000	15,000	145,000
Helen Wetter-Bossard	NCC, minutes	55,000	75,000	15,000	145,000
Rolf E. Thurnherr	Deputy chairman (until April 2011)	–	–	–	–
2011		475,000	480,000	75,000	1,030,000

1) Nomination and compensation committee
2) Audit committee

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	75,000	–	260,000
Anton Lauber	NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	AC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee Representative	15,000	30,000	–	45,000
Dr. Beat E. Lüthi		55,000	75,000	5,000	135,000
Helen Wetter-Bossard	NCC, minutes	55,000	75,000	15,000	145,000
Rolf E. Thurnherr	Deputy chairman (Representing holders of bearer shares), NCC	55,000	75,000	20,000	150,000
2010		475,000	480,000	70,000	1,025,000

The compensation paid to current members of the board of directors are payments due for the 2011 business year and apply for the period of office from the annual general meeting of shareholders 2011 to the annual general meeting of shareholders 2012. Payment is made at the end of the period of office after the annual general meeting of shareholders. At least 20 percent must, at most 40 percent of the compensation may be drawn in bearer shares of Bossard Holding AG. Apart from the compensation shown, the company takes over the required employer's as well as the employee's Swiss social security contributions (AHV/IV).

COMPENSATION PAID TO FORMER MEMBERS OF THE BOARD OF DIRECTORS

In the reporting year the deputy chairman, Rolf E. Thurnherr, received compensation of CHF 145,000 (CHF 70,000 fixed, CHF 75,000 variable) for 2010, his last year in office.

In 2010 no payments were made to former members of the board of directors.

Purchase of shares for the 2010 and 2009 business years:

		NUMBER OF BEARER SHARES 2010	MARKET VALUE IN CHF 2010	NUMBER OF BEARER SHARES 2009	MARKET VALUE IN CHF 2009
Dr. Thomas Schmuckli	Chairman, NCC, AC	950	125,733	850	52,309
Anton Lauber	Deputy chairman, NCC	522	69,087	732	45,047
Urs Fankhauser	Representing holders of bearer shares, NCC	522	69,087	732	45,047
Erica Jakober-Tremp	Employee representative	104	13,764	306	18,832
Dr. Beat E. Lüthi	AC	486	64,322	654	40,247
Prof. Dr. Stefan Michel	AC (since April 2011)	–	–	–	–
Helen Wetter-Bossard	NCC, minutes	522	69,087	732	45,047
Rolf E. Thurnherr	Deputy chairman (until April 2011)	–	–	700	43,078
Total		3,106	411,080	4,706	289,607

Shares are acquired in accordance with the company's share plan. Members of the board of directors must draw at least 20 percent but no more than 40 percent of their total compensation in bearer shares of Bossard Holding AG. Such shares are subject to a lock-up period of three years. The purchase price of the shares relates to the market value minus a tax-deductible discount of 16 percent for the three-year restriction period. The purchase price per share for the 2010 business year was CHF 111.15 (2009: CHF 51.65).

COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

IN CHF (GROSS)	EXECUTIVE COMMITTEE TOTAL		CEO ¹⁾	
	2011	2010	2011	2010
Fixed compensation	2,022,920	2,106,083	473,828	497,700
Variable compensation ²⁾	1,094,000	1,268,549	288,000	335,000
Other ³⁾	54,600	54,600	9,600	9,600
Total	3,171,520	3,429,232	771,428	842,300
Management participation plan (RSU)	300,000	–	50,000	–
Pension contributions	444,202	381,951	149,043	132,411
Members of the executive committee	6	6		

1) David Dean

2) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the year following the reporting year for which the compensation was paid. The compensation disclosed for 2010 is the actual total payment made.

3) Private share in company vehicle

Number of restricted stock units (RSUs) allocated:

		2011	2010
David Dean	CEO	493	–
Stephan Zehnder	CFO	493	–
Beat Grob	CEO Central Europe	493	–
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	493	–
Steen Hansen	CEO America	493	–
Robert Ang	CEO Asia	493	–
Total		2,958	–

The market value of the RSUs allocated in the 2011 business year was CHF 101.40.

Purchase of shares for the 2010 and 2009 business years:

		NUMBER OF BEARER SHARES 2010	MARKET VALUE IN CHF 2010	NUMBER OF BEARER SHARES 2009	MARKET VALUE IN CHF 2009
David Dean	CEO	500	66,175	2,600	160,004
Stephan Zehnder	CFO	850	112,498	1,450	89,233
Beat Grob	CEO Central Europe	1,100	145,585	2,000	123,080
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	500	66,175	500	30,770
Steen Hansen	CEO America	–	–	400	24,616
Robert Ang	CEO Asia	900	119,115	1,450	89,233
Total		3,850	509,548	8,400	516,936

Shares are acquired in accordance with the company's share plan. Members of the executive committee may draw up to at most 20 percent of their total compensation in bearer shares of Bossard Holding AG. Such shares are subject to a lock-up period of three years. The purchase price of the shares relates to the market value minus a tax-deductible discount of 16 percent for the three-year restriction period. The purchase price per share for the 2010 business year was CHF 111.15 (2009: CHF 51.65).

COMPENSATION PAID TO FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

In 2011 and 2010 no compensation was paid to former members of the executive committee.

SHARE HOLDINGS

At December 31, the individual members of the board of directors and of the executive committee (including persons closely associated with them) held the following shares in the company:

		2011	2010
Board of directors			
Dr. Thomas Schmuckli	Chairman, NCC, AC	4,000	3,050
Anton Lauber	Deputy chairman, NCC	2,964	2,380
Urs Fankhauser	Representing holders of bearer shares, NCC	3,465	2,693
Erica Jakober-Tremp	Employee representative	1,000	896
Dr. Beat E. Lüthi	AC	2,733	2,442
Prof. Dr. Stefan Michel	AC (since April 2011)	560	2,747
Helen Wetter-Bossard	NCC, minutes	10,003	10,173
Rolf E. Thurnherr	Deputy chairman (until April 2011)	–	–
Total		24,725	24,381
Executive committee			
David Dean	CEO	8,000	7,505
Stephan Zehnder	CFO	4,248	3,698
Beat Grob	CEO Central Europe	8,938	7,195
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	3,100	4,600
Steen Hansen	CEO America	1,543	1,543
Robert Ang	CEO Asia	2,350	1,450
Total		28,179	25,991

ADDITIONAL HONORARIUMS AND REMUNERATIONS

In the reporting year no further honorariums or other remunerations were paid to members of the board of directors, the executive committee or to persons closely associated with them.

LOANS TO GOVERNING BODIES

At December 31, 2011, as well as at December 31, 2010, there were no loans outstanding to members of governing bodies currently in office.

RELATED PARTY TRANSACTIONS (26)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of Sesta (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.5 percent (2010: 55.8 percent) of total voting rights or 29.1 percent (2010: 28.1 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were undertaken:

BALANCE SHEET POSITIONS AS PER YEAR END IN CHF MILLION	2011	INTEREST RATES IN %	2010	INTEREST RATES IN %
Deposits in the personnel savings accounts	5.0	2.8	3.6	2.8

Information on compensation for members of the board of directors and the executive committee is disclosed on page 55 in note 25 of the notes to the financial statements.

No other compensation was paid.

LEASE AND RENTAL OBLIGATIONS (27)

At December 31 future operating lease payments not recorded in the balance sheet amounted to:

OPERATING LEASE COMMITMENT IN CHF 1,000	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	TOTAL
2011	206	53	6	–	–	265
2010	408	136	31	5	–	580

At December 31 future rental liabilities for office and warehouse premises amounted to:

LONG-TERM RENTAL LIABILITIES IN CHF 1,000	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	TOTAL
2011	3,249	2,557	2,267	1,864	1,556	11,493
2010	3,065	2,401	1,924	1,751	2,949	12,090

ASSETS PLEDGED OR OTHERWISE RESTRICTED (28)

IN CHF 1,000	2011	2010
Inventories	3,712	3,243
Property, plant and equipment	1,209	1,263
Total	4,921	4,506

The pledged or restricted assets are used as collateral for outstanding bank loans which are not encumbered with any special conditions. The assets are after the repayment of the credits freely available again. The total credit lines amount to CHF 3.8 million (2010: CHF 3.8 million). The current borrowings amount to CHF 0.5 million (2010: CHF 0.2 million).

CONTINGENT LIABILITIES (29)

As per December 31, 2011 no contingent liabilities exist. The contingent liabilities in the amount of CHF 0.1 million which existed in 2010 resulted mainly from discounted notes given to third parties in the course of normal business operations. Investment commitments from signed contracts for warehouse construction at Bossard AG, Switzerland, not recognized in the balance sheet, amounted to CHF 10.9 million on December 31, 2011.

EVENTS OCCURRING AFTER BALANCE SHEET DATE (30)

Between December 31, 2011 and the approval of the consolidated financial statements by the board of directors, no major events occurred which would require additional disclosures or changes in the consolidated financial statements for 2011.

EXCHANGE RATES (31)

	31.12.2011 YEAR-END EXCHANGE RATE	01.01.2011- 31.12.2011 AVERAGE EXCHANGE RATE	31.12.2010 YEAR-END EXCHANGE RATE	01.01.2010- 31.12.2010 AVERAGE EXCHANGE RATE
1 EUR	1.21	1.23	1.25	1.38
1 USD	0.94	0.89	0.93	1.04
1 GBP	1.45	1.42	1.46	1.61
100 DKK	16.32	16.55	16.79	18.57
100 SEK	13.64	13.67	13.87	14.48
100 CZK	4.76	5.02	4.99	5.47
100 HUF	0.39	0.44	0.45	0.50
100 PLN	27.22	30.06	31.56	34.64
100 SGD	71.94	70.51	72.72	76.46
100 TWD	3.09	3.02	3.20	3.31
100 RMB	14.86	13.72	14.15	15.40
100 MYR	29.48	28.99	30.42	32.38
100 THB	2.96	2.91	3.11	3.29
100 INR	1.75	1.89	2.08	2.28
100 KRW	0.08	0.08	0.08	0.09

LIST OF GROUP COMPANIES (32)

	COMPANIES AND BRANCHES	HEADQUARTERS	CURRENCY	CAPITAL IN 1,000	SHAREHOLDING	FASTENING TECHNOLOGY	FINANCE/OTHERS
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	32,000	100		■
Switzerland	Bossard Finance AG	Zug (hitherto St. Helier)	CHF	100	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	Trimec AG	Zug	CHF	50	100	■	
	Bossard + Staerkle AG	Zug	CHF	3,600	8		○
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100	■	
Austria	Bossard Austria Ges.m.b.H.	Vienna	EUR	1,017	100	■	
Denmark	Bossard Denmark A/S	Skovlunde	DKK	9,000	100	■	
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■	
France	Bossard France SAS	Souffelweyersheim	EUR	26,000	100	■	
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100	■	
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
Hungary	Bossard Hungary Kft.	Törökbálint	HUF	3,000	100	■	
America							
U.S.A.	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard Metrics, Inc.	Hampton, NH	USD	250	100	■	
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,005	100	■	
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
Asia							
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100	■	
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51	■	
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	110,488	100	■	
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■	
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100	■	
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	–	100	■	
Japan	Bossard K.K.	Tokyo	JPY	98,000	2.3	○	
South Korea	Bossard (Korea) Ltd	Anseong-City	KRW	2,500,000	100	■	

- Fully consolidated
- Minority investment

Status: December 31, 2011

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Bossard Holding AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 36 to 60), for the year ended 31 December 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER 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. 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 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Simon Schlumpf
Audit expert

Zurich, February 24, 2012

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BALANCE SHEET

IN CHF	NOTES	31.12.2011	31.12.2010
Assets			
Current assets			
Cash and cash equivalents		22,146	51,925
Marketable securities – treasury shares	3	3,191,338	3,657,401
Accounts receivable others		4,662	57,681
Total current assets		3,218,146	3,767,007
Long-term assets			
Investments	2	118,313,215	118,312,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		120,163,215	120,162,215
Total assets		123,381,361	123,929,222
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable Group companies		16,224,341	11,476,037
Accounts payable others		53,030	15,858
Bank loans		4,500,000	5,000,000
Accrued expenses		852,404	941,583
Total current liabilities		21,629,775	17,433,478
Total liabilities		21,629,775	17,433,478
Shareholders' equity			
Share capital		32,000,000	32,000,000
Legal reserve			
General reserve		16,000,000	16,000,000
Reserve for own shares	3	5,041,338	5,507,401
Other reserves		29,070,362	28,604,299
Retained earnings		19,639,886	24,384,044
Total shareholders' equity		101,751,586	106,495,744
Total liabilities and shareholders' equity		123,381,361	123,929,222

INCOME STATEMENT AND APPROPRIATION OF AVAILABLE PROFIT

INCOME STATEMENT

IN CHF	2011	2010
Income		
Dividend income, income from marketable securities	14,697,326	18,183,038
Gain from divestments of financial assets	–	1,139,685
Interest income	244	411
Service fees from Group companies	336,000	336,000
Total income	15,033,570	19,659,134
Expenses		
General and administrative expenses	1,357,502	1,295,662
Financial expenses	583,514	784,048
Total expenses	1,941,016	2,079,710
Income before taxes	13,092,554	17,579,424
Taxes	35,000	106,000
Net income	13,057,554	17,473,424

CHANGES IN RETAINED EARNINGS

IN CHF	2011	2010
Retained earnings at beginning of year	24,384,044	11,380,263
Net income	13,057,554	17,473,424
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2010 and 2009 respectively	–17,801,712	–4,469,643
Retained earnings at end of year	19,639,886	24,384,044

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS THE FOLLOWING APPROPRIATION OF RETAINED EARNINGS AS AT DECEMBER 31, 2011

IN CHF	2011
Available retained earnings before distribution	19,639,886
Dividend of 60 percent on the share capital of max. CHF 30,150,000 eligible for dividends	–18,090,000
To be carried forward	1,549,886

NOTES TO THE FINANCIAL STATEMENTS

IN CHF	2011	2010
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	111,635,138	112,101,005
thereof used	21,754,836	21,015,473
Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.		
2. Investments contain:		
Bossard AG, Zug, wholly owned		
Bossard Finance AG, Zug (hitherto St. Helier), wholly owned		
Bossard + Staerkle AG, Zug, 8 percent (2010: 8 percent)		
3. Balance of own shares		
a) Treasury shares		
Balance at Jan. 1 – 48,048 shares (2010: 2,407 shares)	3,657,401	134,471
Purchase: 2,758 bearer shares of CHF 10 par value (2010: 60,402 shares)	305,150	4,391,971
Sale: 5,000 bearer shares of CHF 10 par value (2010: 0 shares)	–311,454	–
Used for share option program: 7,601 bearer shares of CHF 10 par value (2010: 14,761 shares)	–459,759	–869,041
Balance at Dec. 31 – 38,205 shares, rate 102.00 (2010: 48,048 shares, rate 109.50)	3,191,338	3,657,401
b) Own shares		
Balance of own shares 185,000 bearer shares of CHF 10 par value (no voting rights and dividend entitlement – never issued)	1,850,000	1,850,000
c) Reserve for own shares		
Cost of treasury shares	3,191,338	3,657,401
Own shares – never issued	1,850,000	1,850,000
Reserve for own shares	5,041,338	5,507,401
4. Compensation and share holdings		
The disclosure of compensation and share holdings of the board and the executive committee as per Swiss Code of Obligations article 663b ^{bis} and article 663c can be found in the notes of the consolidated financial statements (note 25 on page 55).		
5. Other information required by law		
Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 56.5 percent (2010: 55.8 percent) of the voting rights. Kolin Holding AG, Zug, is wholly owned by the Bossard families.		
6. Risk management		
The risk management of Bossard Holding AG is continually documented and its effectiveness tested. At meetings held annually a standardized procedure is used to examine all business activities and balance sheet items for potential risks. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred; targets and countermeasures are then drawn up on this basis. The results of the risk evaluation procedure are defined in a report submitted to the board of directors and the executive committee. Overall, hazards that could negatively impact on the future development of Bossard Holding AG can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.		

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



Report of the statutory auditor
to the general meeting of
Bossard Holding AG
Zug

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Bossard Holding AG, which comprise the balance sheet, income statement and notes (pages 62 to 64), for the year ended 31 December 2011.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Simon Schlumpf
Audit expert

Zurich, February 24, 2012

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INVESTOR INFORMATION

	2011	2010	2009	2008	2007
Share capital					
Bearer shares at CHF 10 par					
Capital stock in CHF 1,000	26,600	26,600	26,600	26,600	26,600
Number of shares issued	2,660,000	2,660,000	2,660,000	2,660,000	2,660,000
Number of shares entitled to dividend	2,436,795	2,426,952	2,472,593	2,470,206	2,470,206
Registered shares at CHF 2 par					
Capital stock in CHF 1,000	5,400	5,400	5,400	5,400	5,400
Number of shares issued	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Number of shares entitled to dividend	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Bearer share equivalents, entitled to dividend at Dec. 31					
	2,976,795	2,966,952	3,012,593	3,010,206	3,010,206
Market price					
Ticker symbol (BOS)					
Volume traded (daily average)	6,441	4,258	2,836	3,328	4,905
Closing price at Dec. 31	102.0	109.5	58.5	45.6	87.0
Bearer share high in CHF	177.7	110.0	65.6	87.0	98.5
Bearer share low in CHF	95.1	56.6	29.5	42.0	76.1
Dividend per share					
Bearer share in CHF	6.0 ¹⁾	6.0	1.5	3.2	3.0
Registered share in CHF	1.20 ¹⁾	1.20	0.30	0.64	0.60
In % of share capital	60.0	60.0	15.0	32.0	30.0
Dividend yield (Basis: price at Dec. 31)					
	5.9 %	5.5 %	2.6 %	7.0 %	3.4 %
Earnings per share ^{2) 5)}					
Bearer share in CHF	14.89	14.81	4.97	10.68	10.03
Registered share in CHF	2.98	2.96	0.99	2.14	2.01
Cash flow per share ^{2) 4)}					
Bearer share in CHF	18.39	18.55	8.96	14.70	14.38
Registered share in CHF	3.68	3.71	1.79	2.94	2.88
Price/Earnings ratio (Basis: price at Dec. 31)					
	6.9	7.4	11.8	4.3	8.7
Net worth per share ³⁾					
Bearer share in CHF	69.3	60.5	53.8	53.1	50.3
Registered share in CHF	13.9	12.1	10.8	10.6	10.1
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	303.6	324.9	176.2	137.3	261.9
In % of shareholders' equity	147.2	181.1	108.8	85.9	173.0

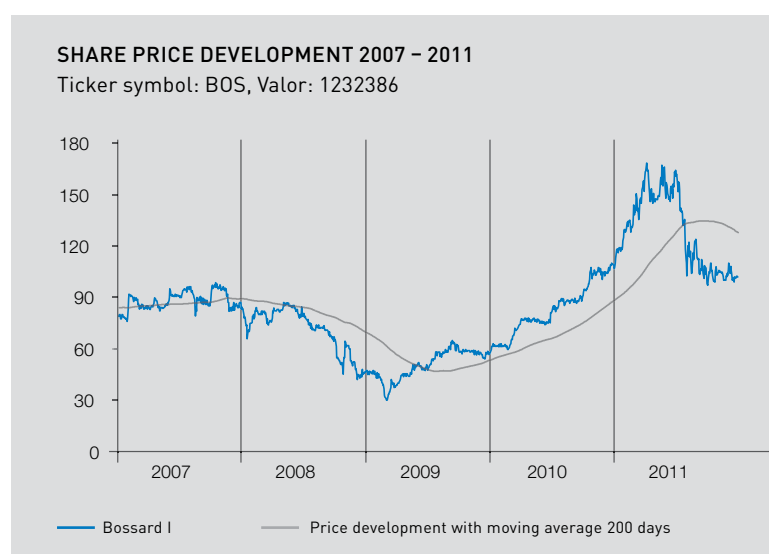
IN CHF MILLION	2011	2010	2009	2008	2007
Economic value added analysis					
Gross sales	473.5	477.6	395.1	565.7	600.8
Earnings before interest and taxes (EBIT)	50.3	47.3	18.8	45.1	41.2
Effective tax rate in %	7.0	1.0	8.1	11.1	18.7
Net operating profit after tax (NOPAT)	46.8	46.8	17.3	40.1	33.5
Equity	206.2	179.4	162.0	159.7	151.4
Gross financial debt	45.3	44.7	61.1	110.8	123.2
Less cash and cash equivalents	15.6	19.0	22.4	12.2	10.9
Capital employed (year end)	235.9	205.1	200.7	258.3	263.7
Average annual capital employed (A)	220.5	202.9	229.5	261.0	252.9
Return on average capital employed (ROCE) in %	21.2	23.1	7.5	15.4	13.2
Cost of financial debt in %					
Average cost of financial debt	2.4	2.8	2.4	3.8	4.7
Less effective tax	7.0	1.0	8.1	11.1	18.7
Cost of financial debt after tax	2.2	2.7	2.2	3.4	3.8
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	1.5	1.6	2.2	2.9	2.9
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	7.0	7.1	7.7	8.4	8.4
Equity ratio	62.3	61.3	56.9	45.6	40.8
Weighted average cost of capital (WACC) in %	5.2	5.4	5.3	5.7	5.7
Economic profit in % (ROCE – WACC) (B)	16.0	17.7	2.2	9.7	7.5
Economic profit in CHF million (A) * (B)	35.3	35.9	5.0	25.3	19.0

- 1) Proposal to annual general meeting of shareholders
- 2) Basis: Average number of outstanding shares entitled to dividend
- 3) Basis: Number of outstanding shares entitled to dividend at year end
- 4) Net income + depreciation and amortization
- 5) Share attributable to shareholders of Bossard Holding AG

The articles of association do not include any provisions for opting out or opting up.
For comparison, the figures of the years 2007 and 2008 were adjusted to meet Swiss GAAP FER requirements.

IN CHF MILLION	2011	2010	2009	2008	2007
Economic book value (EBV)					
Market value added (economic profit/WACC)	677.9	664.8	94.1	446.6	333.7
Capital employed	235.9	205.1	200.7	258.3	263.7
Implied enterprise value	913.8	869.9	294.8	704.9	597.4
Less gross financial debt	45.3	44.7	61.1	110.8	123.2
Plus cash and cash equivalents	15.6	19.0	22.4	12.2	10.9
Economic book value at Dec. 31	884.1	844.2	256.1	606.3	485.1
Market valuation and key ratios					
Share price at Dec. 31 in CHF	102.0	109.5	58.5	45.6	87.0
Market capitalization	303.6	324.9	176.2	137.3	261.9
Net financial debt	29.7	25.7	38.7	98.6	112.3
Enterprise value (EV)	333.3	350.6	214.9	235.9	374.2
EV in % of gross sales	70.4	73.4	54.4	41.7	62.3
EV/EBITDA	5.6	6.1	7.0	4.1	6.9
EV/EBIT	6.6	7.4	11.4	5.2	9.1
EV/NOPAT	7.1	7.5	12.4	5.9	11.2
Price/book value per share	1.5	1.8	1.1	0.9	1.7
Return on equity in %	23.2	26.3	9.5	20.8	21.8

EBIT	Earnings Before Interest and Taxes
NOPAT	Net Operating Profit After Taxes
ROCE	Return On Capital Employed
WACC	Weighted Average Cost of Capital
EV	Enterprise Value
EVA	Economic Value Added
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization



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The German version is binding.
Dieser Jahresbericht ist auch in deutscher Sprache
erhältlich. Massgebend ist die deutsche Version.

This annual report is also available in English and
German on www.bossard.com > Investor Relations.

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