

ANNUAL REPORT 2010

INTELLIGENT SOLUTIONS FOR HIGH PRODUCTIVITY

BOSSARD

A PROFILE OF THE BOSSARD GROUP

BOSSARD IS A FASTENING TECHNOLOGY AND LOGISTICS COMPANY OPERATING GLOBALLY. ITS FULL-SERVICE PACKAGE FOCUSES ON FASTENERS AND INCLUDES WORLDWIDE SALES, TECHNICAL AND ENGINEERING SUPPORT, AND INVENTORY MANAGEMENT.

ITS CUSTOMER BASE IS MADE UP OF LOCAL AND MULTINATIONAL INDUSTRIAL COMPANIES. THE GROUP HAS 1,500 EMPLOYEES IN MORE THAN 50 LOCATIONS WORLDWIDE AND REPORTED SALES OF 478 MILLION SWISS FRANCS IN THE YEAR 2010. BOSSARD IS LISTED ON THE SIX SWISS EXCHANGE.

KEY FIGURES

IN CHF 1,000	2010	2009	2008	2007	2006
Gross sales	477,609	395,109	565,701	600,821	559,541
Change to prior year in %	20.9	-30.2	-5.8	7.4	8.7
Net sales	458,724	379,861	542,843	578,256	536,830
Gross profit	188,417	146,347	202,761	211,782	197,438
Personnel expenses	99,393	86,012	107,076	111,267	109,710
in % of gross profit	52.8	58.8	52.8	52.5	55.6
EBIT	47,266	18,813	45,121	41,164	22,687
in % of net sales	10.3	5.0	8.3	7.1	4.2
Net income	44,928	15,298	32,382	30,548	12,205
in % of net sales	9.8	4.0	6.0	5.3	2.3
Cash flow ¹⁾	55,413	26,972	44,238	43,277	24,333
in % of net sales	12.1	7.1	8.1	7.5	4.5
Capital expenditures	8,367	4,810	11,830	10,687	12,799
Operating net working capital ²⁾	172,559	155,596	214,337	229,337	203,211
in % of net sales	37.6	41.0	39.5	39.7	37.9
Net debt	25,747	38,640	98,577	112,330	113,620
Shareholders' equity	179,354	162,015	159,727	151,399	128,387
in % of total assets	61.3	56.9	45.6	40.8	36.3
Total assets	292,743	284,507	350,358	370,819	353,754
Return on equity	26.3	9.5	20.8	21.8	9.6
Return on capital employed (ROCE)	23.1	7.5	15.4	13.2	6.0
Dividend yield (Basis: price at Dec. 31)	5.5	2.6	7.0	3.4	2.1
Earnings per share ^{3) 4)}					
Bearer share in CHF	14.81	4.97	10.68	10.03	3.98
Registered share in CHF	2.96	0.99	2.14	2.01	0.80
Price/earnings ratio (Basis: price at Dec. 31)	7.4	11.8	4.3	8.7	20.5
Price/book value per share	1.8	1.1	0.9	1.7	1.9
Annual weighted average number of employees ⁵⁾	1,393	1,355	1,666	1,754	1,695
Net sales per employee ⁶⁾	329.3	280.3	325.8	329.7	316.7

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

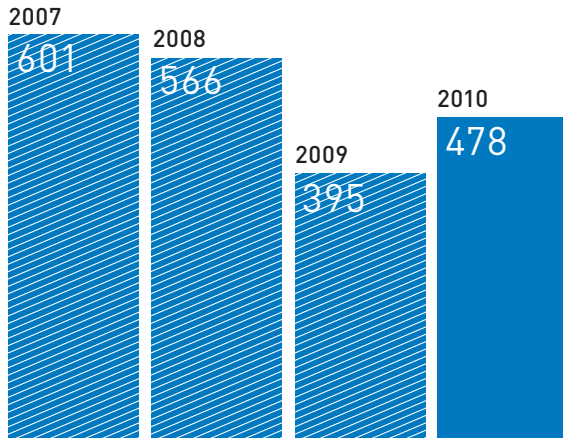
5) Average full time equivalent

6) Basis: Annual weighted average number of employees

For comparison, the figures of the years 2006 to 2008 were adjusted to meet Swiss GAAP FER requirements.

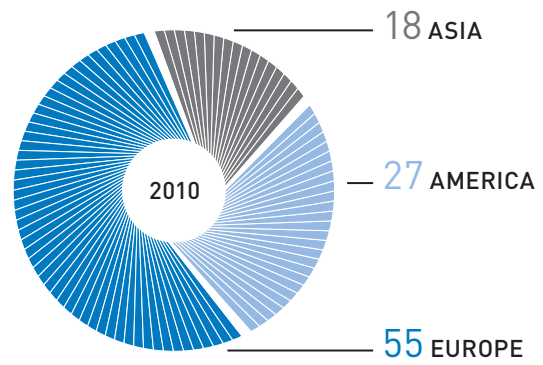
SALES

IN CHF MILLION



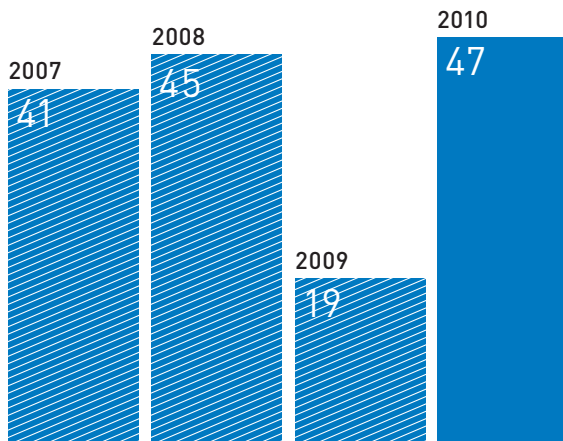
GEOGRAPHIC SALES DISTRIBUTION

IN %



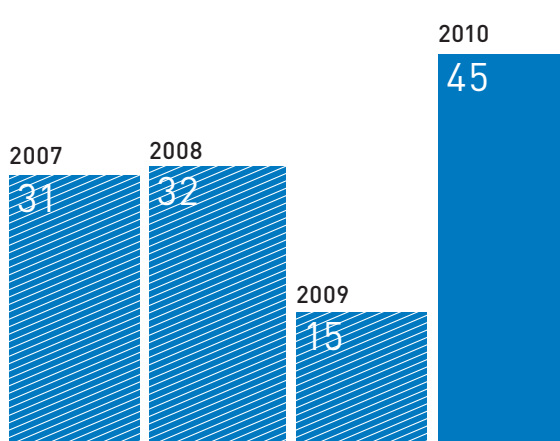
OPERATING PROFIT

IN CHF MILLION



NET INCOME

IN CHF MILLION



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REPORT TO THE SHAREHOLDERS

BOSSARD – IMPRESSIVELY EFFECTIVE PERFORMANCE



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

LADIES AND GENTLEMEN

After the financial crisis in 2009, probably the hardest endurance test in the past few decades, 2010 brought an unexpectedly rapid economic recovery which we were poised to exploit. Despite necessary and stringent measures in the demanding 2009 business year, our main target at all times was to be ready when the upswing came. The financial statements for 2010 confirm that we were ready and are proof of excellent performance. A record profit, the best return on equity, a positive free cash flow despite strong growth, the highest equity ratio and the lowest net debt, all these facts demonstrate clearly that we have come out of the 2009 crisis sustainably strengthened. We stated in our annual report twelve months ago that this was what we wanted to achieve. We are proud that we managed it so impressively and that mere words were turned into action and results.

SUCCESS THROUGH PROFESSIONALISM, RELIABILITY, QUALITY, AND COMMITMENT

The unexpected and rapid downturn in 2009 took everyone by surprise, and the recovery in 2010 was almost as surprising and rapid. Despite signs of improvement in the fourth quarter of 2009 the forecasts at the beginning of 2010 were still extremely skeptical. They were all based on the assumption that the slight recovery was mainly a

result of building up inventories and of state stimulus programs, and that as soon as these were terminated, the economy would decline again. Yet once again things turned out quite differently.

In view of the unexpected turnaround it was essential to react very rapidly, to be flexible enough to shake off the mood of crisis, to reverse short-time work, and to adapt to the new situation. For us the main challenge was to assure customer supply despite rising demand and longer lead-times. All this in a procurement market which already showed major and serious bottlenecks resulting from capacity reductions undertaken during the crisis and from anti-dumping duties imposed through politically motivated protectionism. But it is just in such situations that our customers benefit from our global, broad based procurement network carefully built up with a view to sustainability. Our customers appreciated this fully, because the many serious and expensive problems in the procurement of other components revealed risks which they had underestimated when selecting their suppliers. We are all the more pleased that we were able to demonstrate our professionalism, reliability, quality and passionate commitment in an extremely challenging market, and thus make our contribution to our customers' success. In the final analysis it was this customer appreciation which allowed us to increase our sales volume by one quarter in the past business year. Thanks to their confidence and their loyalty we reached the best result in the company's 180 years of operations. We are particularly pleased that this excellent result is broad based, in other words that all our business units contributed positively to the result. Asia and America were major players in the past business year.

NOW A LEADING GLOBAL PLAYER

Up to 2005 Bossard Group was still an association of acquired or self-established business units organized on a highly decentralized basis. From 2005 to 2008 we molded them into a global group of companies with a harmonized business system, a successful business model, and a clear and competitive corporate profile. Consistent adherence to our strategic focus and the targets set, as well as the efforts made in this direction have paid off in the past two years. The very severe economic crisis in 2009 demonstrated that the foundations on which we built are strong and firm. A first sign of the strength we had gained came when we still managed to reach a result that companies in our sector report in

normal years – despite a 30 percent drop in sales. Then, in 2010, we proved that we were fit, productive, and effective. Even if good is never good enough for us and we are always working at being even better, we can claim that we have evolved to a global company with a uniformly high performance level. We have clearly positioned ourselves as the specialist for fastening technology for industrial production requirements and have grown to being the leading company in this sector. This is also reflected in the current financial statements. Investors have also become aware of how robust our Group is. This is shown in the share price which rose so rapidly to an all-time high in February 2011.

With our new strategic targets for the period from 2010 to 2015 we will increasingly be focusing on market development. Qualitative growth will continue to be a major issue. In 2010 we already invested in enhancing distribution and engineering, and this will be continued in the next few years. Alongside the sale of standard parts and the production of customer-specific special parts, we will be offering our customers further intelligent fastening technology solutions as we did so successfully in 2010 with the launch of eco-lubric®, BOSgrip®, and other own brands. We will continue to make every effort to develop new fastening technology solutions and in that way help our customers to produce their machines and equipment more rationally and thus more profitably. Apart from our own developments, we try to conclude distribution agreements worldwide with manufacturers of interesting solutions. First successful agreements with producers of excellent branded products were signed in 2010. Moreover, in November we opened the Bossard Technical Center in Taiwan, our first research & development center. It will be in charge of research and development for new own-brand products on the one hand and, on the other hand, of developing customer-specific application solutions. Close proximity to specialized manufacturers and exceptional local technical know-how in the field of fastening technology were decisive for locating our new center in Taiwan.

Through new intelligent product solutions, competent engineering support – which already starts during the customer's design and development phase, and with innovative logistics concepts we want to make our products and services even more attractive and thus amaze our customers again and again. We have created a good starting environment and have employees who can ful-

fill our promises with their commitment, their enthusiasm, and their creative ideas. For our customers we want to remain the market leader and partner of choice in the industrial fastening technology sector.

OPTIMISTIC OUTLOOK WITH SOME RISKS

A year of recovery is usually followed by a consolidation phase with little economic momentum. Foreign exchange parities, which have been highly volatile since 2010, harbor a very real risk – particularly in our home market where our customers are so strongly dependent on exports. At the present time any predictions on whether and to what extent these factors will impact on our business would be mere conjecture. However, despite the risks there are some positive forecasts on economic development worldwide. Most of our customers are confident regarding their business development in 2011.

BOSSARD – A GLOBAL COMPANY WITH A SUCCESSFUL BUSINESS MODEL.

We want to grasp our opportunities and continue to grow profitably despite an uncertain market environment that is difficult to evaluate. Our target for 2011 is double-digit sales growth in the various local currencies. In the current business year we want to confirm our excellent 2010 result. However, we are ready to make the necessary investments in personnel and training to secure longer-term growth – even at the expense of net income.

We have always been guided by our long-term targets. And that is one of the reasons why we firmly believe that we are moving into a strong development phase. Business cycles can lead to fluctuations for us, too, but they are a natural part of business development. They will not stop us from doing what we consider correct in the long-term. In 2011, in order to be able to fulfill the high expectations we have for our future, we will be investing in Switzerland, China and Malaysia. The CHF 22 million earmarked for Switzerland will not only double our warehouse capacities, but through a higher degree of

automation these funds will also further enhance productivity. During the course of 2012 we will be able to take into operation our expanded, state-of-the-art logistics center with enough capacity for 530,000 different small-parts stock items and some 18,000 pallets. Equipped with cutting-edge technology, our logistics center also takes ecological considerations into account. Instead of using fossil fuels, a geothermal heat pump is being installed to provide heating for the warehouse and adjacent office building.

OUR GRATEFUL THANKS

Our very sincere thanks go to all the employees of Bossard Group. Once again they gave impressive proof that our customers can rely on Bossard – even under the most challenging conditions. Especially in 2010 we depended on their exceptional commitment, tremendous flexibility and their creativity to allow us to meet our demanding promises day in, day out. Their outstanding efforts contributed substantially to our excellent result.

Our customers and suppliers around the world are an equally important source for success. Our record breaking result would hardly have been possible without their valuable suggestions, their loyalty, and their partnership approach. We would like to thank each and every one of them. We are looking forward to continuing our fair and productive cooperation – to the benefit of all of us. Together we will certainly be able to meet the new challenges successfully.

And you, the shareholders of our company, will be aware that we kept our promises and that last year's words were followed by deeds. Our investors recognize and welcome our impressive performance record. Their appreciation is reflected in the striking price increase of Bossard shares of more than 87 percent in 2010. With this development we have reached a top rank in the position table of the highest increase in share value of companies listed on the Swiss stock exchange. Our sustainable and robust results coupled with an extremely healthy balance sheet have prompted us to modify our dividend

policy in favor of our shareholders. Thus, at this year's annual general meeting, the board of directors will propose that the former dividend payout ratio of 30 percent of net income be raised to 40 percent. For you this means that your dividend will be four times higher than in 2009 and will amount to CHF 6.00 per bearer share. Bossard shares are and will always be a long-term, profitable investment.

Thank you for your loyalty to our company.



Dr. Thomas Schmuckli
Chairman



David Dean
CEO

IN ORDER TO BE SUCCESSFUL
AND GROW PROFITABLY WE NEED
**FOUNDATIONS MADE OF VALUES,
SKILLS AND EXPERIENCE.**

WE HAVE BUILT SUCH FOUNDATIONS
AND THEY GIVE **1,500 EMPLOYEES**
A BASIS FROM WHICH TO USE THEIR
SKILLS AND ABILITIES EVERY DAY
AND **SUCCESSFULLY MASTER THE
CHALLENGES OF OUR TIME.**

THESE FOUNDATIONS CENTERED
AROUND SUSTAINABILITY HAVE ARISEN
OUT OF **180 YEARS OF BOSSARD
COMPANY HISTORY** IN THE SERVICE
OF CUSTOMERS, SUPPLIERS, AND
SHAREHOLDERS.



PREMIUM LUBRICATION

ALPINE SEA HOLLY

Alpine sea holly (*Eryngium alpinum*) is native to the Alps and thrives in chalky soil at higher altitudes. It can be used to make thistle oil, which has a very high content of polyunsaturated linoleic acid and of vitamin E. Linoleic acid is also found in the human skin and is thus successfully utilized in the cosmetics industry, for example in creams to prevent early aging of the skin.





eco-lubric

ECO-LUBRIC

eco-lubric® is an innovative Bossard product solution. This dry coating, which contains high quality solid lubricant particles and synthetic resins, forms a thin and smooth layer on the fastener to optimize friction even under extreme loads. At the same time it avoids greasy hands during assembly and, as it provides effective protection against corrosion, it lengthens the life span of constructions.



ABOUT US

Bossard is a fastening technology and logistics company operating globally. Our customer base comprises both local and multinational industrial companies. The Bossard Group is still molded by members of the founding family, now represented by the seventh generation. Bossard Holding AG is headquartered in Zug, Switzerland; its shares are listed on SIX Swiss Exchange.

Bossard has some 1,500 employees in more than 50 locations worldwide and figures among the market leaders in the fastening technology sector in the three major economic regions: Europe, America and Asia-Pacific. In those markets where we do not have our own companies we work together with our authorized alliance partners.

OPTIMIZING THE VALUE CHAIN

Our fastening technology full-service package applies along the entire value chain. We optimize our clients' processes through our core competencies – products, logistics and engineering.

PRODUCT

We can guarantee supply because we have a global procurement network of highly qualified manufacturers – all with a clear focus on quality. This extensive distribution network with locations right across the globe ensures that the customer receives the best price quality ratio and assured availability.

LOGISTICS

Bossard helps to reduce or eliminate costs along the entire procurement and supply chain. The logistics systems are developed to meet customer requirements. They simplify procurement, reduce inventories and prevent supply bottlenecks.

ENGINEERING

When developing a new product, we recommend that our customers call in fastening technology specialists at an early stage. This will help to save substantial production and assembly costs. Bossard engineers analyze where optimization can reduce the number of parts and where the use of multifunctional parts can simplify production and assembly.

OUR HISTORY

The company was founded 1831 in Zug, Switzerland. Over the years Bossard grew from a local hardware store to a regional and then a national trading company with a

global procurement network specializing in fasteners, tools, and fittings. In the 1980s Bossard expanded its business out of Switzerland and established Business Units in Europe and the United States. As the company became more international, Bossard redefined its strategy to focus clearly on its core competencies – products, logistics and engineering – and on providing its services to international and multinational customers in Europe, America and Asia.

OUR STRATEGIC FOCUS

More and more companies are asking for support with the administration of their international supply programs. Bossard's involvement with these challenges is not only operational. Our strategy is designed to allow us to offer local and multinational industrial customers comprehensive on-site services and innovative solutions for their fastening needs.

VISION AND CORE TARGETS

We want to be perceived as the trusted expert brand for cost-effective fastening solutions. We focus primarily on OEM customers. Our aim is to noticeably enhance their competitiveness through exceptional performance, innovative engineering, and highly productive processes along the entire supply chain. We strengthen our long-term customer relations by relying on trust and fairness and by striving to reach high value added for our customers, too.

As an employer, Bossard Group fosters target-oriented and responsible action. Everyone is expected to live the "winning spirit" in their daily working environment. Bossard's employees must feel empowered to act successfully. Holistic entrepreneurial thought and action takes priority in Bossard companies. We want to be innovative and achieve positive results. That is why all our solutions are invariably adjusted to the dynamic markets and the needs of our customers.

In order to grow profitably we make every effort to multiply our lean processes and our product and services know-how internally and vis-à-vis our target customers. This strengthens our partners' loyalty, increases our shareholder value, and allows us to look to the future with confidence.

_OUR PRODUCTS

GUARANTEED SUPPLY OF OUR PRODUCTS THROUGH A GLOBAL PROCUREMENT NETWORK OF HIGHLY QUALIFIED MANUFACTURERS – **ALL WITH A KEEN EYE FOR QUALITY.**

_OUR STRATEGY

WE WANT TO BUILD LONG TERM RELATIONSHIPS WITH OUR GLOBAL CUSTOMERS BY RAISING THEIR COMPETITIVENESS THROUGH EXCELLENT PERFORMANCE, INNOVATIVE APPLICATION ENGINEERING AND LEAN MANAGEMENT OF THE ENTIRE SUPPLY CHAIN.

BOSSARD – YOUR BEST PARTNER

SERVICES PACKAGE

Bossard, with 1,500 employees and sales of CHF 478 million, is one of the world's leading suppliers of industrial fasteners. In its warehouse in Zug, Switzerland, Bossard AG has some 50,000 different fastener parts in stock, and worldwide it can supply more than 100,000. Every year, 20 billion fasteners leave our warehouses throughout the world.

Fasteners may not be everything, but almost nothing works without fasteners: electric razors, lawn mowers, tractors, trains, computers and printers – all of them products which we take for granted in our everyday lives. They work as well as their fasteners allow them to. Fasteners usually work in the background so that one hardly notices them – and yet, despite that, they are a key product. One might almost say that they are a natural resource like electric power or water. If they flow erratically production slows down, if they don't flow at all production breaks down. The most expensive fastener is the one that's missing.

Only a steady flow of high-quality fasteners that never dries up guarantees efficient production and maintenance. Thus it is not only a question of the product's quality, logistics and engineering are also imperative for success. High-quality fasteners ensure that products last longer. Our sophisticated logistics systems allow efficient, reliable supply and lowers warehousing costs. And our solution-oriented engineering means that our customers can already count on cost savings during the planning, design, and development phases.

Bossard's worldwide business model comprises the following areas:

1. Product
2. Logistics
3. Engineering

1. PRODUCT

TOP-QUALITY FASTENERS AT A FAIR PRICE

Bossard not only fulfills the quality criteria of the ISO 9000 standard worldwide; Bossard also meets country-specific certification criteria. This releases the Bossard's customers from cost-intensive testing and controls. Our global quality management ensures that multinational corporations in particular can rely on Bossard to deliver the quality they expect at a time they specify – around the globe.

UP-TO-THE-MINUTE INFORMATION – AROUND THE CLOCK

Our customers know where they stand at any time and anywhere in the world. We continually update our product documentation and makes it available in various languages on the Internet. Additionally, brochures and product information are revised regularly, so that customers and other interested parties are always kept up to date.

GUARANTEED SUPPLY – A PROMISE WE KNOW WE CAN KEEP

We can draw on a team of more than 2,600 reliable suppliers. They are selected according to stringent quality criteria. There are several sources of supply for each and every fastener. The high quality of our global procurement network ensures guaranteed supply – 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. This shows that cost efficiency is not primarily a question of the fastener, but of a much larger cost factor: perfect logistics and innovative engineering.

2. LOGISTICS

GUARANTEED SUPPLY ALSO GUARANTEES FEWER WORRIES

Modern logistics solutions automatically trigger orders for the customer at the right time in the required quantity. SmartBin is just such a solution, and Bossard customers throughout the world rely on it.

SMARTBIN

This fully automatic inventory and ordering system guarantees minimal inventory costs, perfect timing for placing orders and avoids bottlenecks due to orders that were forgotten or delayed. SmartBin allows savings of up to 50 percent of the process costs.

BOSSARD INVENTORY MANAGEMENT (BIM)

Bossard's smart logistics system for all management-intensive C-parts – high volume and low value products (not just fasteners) helps to cut procurement costs to a minimum.

3. ENGINEERING

SMART SOLUTIONS – FOR SOPHISTICATED REQUIREMENTS

While Bossard's logistics systems save time, cut costs, and reduce inventories, Bossard's highly professional engineering ensures that during the planning and design stage all requirements and conditions have been taken into account in order to identify the best possible solution.

Our engineering specialists are experts in all matters pertaining to the development, design, production, and assembly of innovative, productive, and high quality fastening solutions – together with the necessary processes. Our specialists support customers in their search for efficient fasteners and processes. Multifunctional fasteners can simplify production and assembly, enhance fastening and corrosion protection, improve assembly conditions and even entire manufacturing processes.

In brief: Bossard's fastening technology enhances quality, efficiency and supply security while, at the same time, cutting costs.

OUR CUSTOMERS LOVE OUR PASSION FOR INNOVATION

Our innovative spirit is legendary. Ingenious top quality and low cost logistics and engineering solutions are a major driver of our success and have invariably earned appreciation and praise from our customers. Various awards for best or excellent service provider bear witness to our efforts to supply our customers with innovative and suitable solutions. In fact, the figures speak for themselves: So far our customers have installed almost 160,000 SmartBins.

identical top quality products and services both locally and throughout the world. In Europe, America and Asia this is primarily undertaken by our subsidiaries. In other markets highly qualified alliance partners provide strong support.

BOSSARD: MORE THAN «JUST» FASTENERS...

A RELIABLE PARTNER AROUND THE GLOBE

Operating globally is no longer anything out of the ordinary, but becoming a global player in a specific sector of industry certainly is. It means coping with different time zones and foreign languages, and it also means respecting both cultural and regional differences as well as social and political institutions. Especially for companies with global operations, Bossard is committed to supplying

CORPORATE POLICY

THE STRENGTH OF SUSTAINABLE CORPORATE CULTURE

Our corporate responsibility is reflected in our daily work – in responsible corporate management, by upholding ethical values and through our respect for the environment and for all our partners.

WE KNOW THE NEEDS OF OUR CUSTOMERS

We figure among the world's leading suppliers of industrial fasteners. Our customers benefit from our international presence but also because we are committed to continually enhancing our service package. Because of the innovative solutions we offer and our customer-oriented approach around the globe, they see us as a strong, reliable partner ready to address their varying and changing needs. We are aware that our products and services must meet increasingly sophisticated needs and that we can rapidly deliver intelligent and effective solutions.

WE SELECT OUR PARTNERS WITH A VIEW TO THE FUTURE

We expect top quality service from our suppliers. We invariably opt for a climate of partnership, exceptionally high quality awareness and a fair price policy. The selection of each supplier contributes towards further optimizing our global procurement network and worldwide access to innovative engineering solutions. Our suppliers offer us exactly what we offer our customers: know-how, quality and reliability at the very highest level.

WE BELIEVE IN SUSTAINABLE CORPORATE MANAGEMENT

Our long-term success guarantees that we can carry out our responsibilities today and tomorrow. By working together responsibly this success enhances the confidence that our investors, customers, suppliers, employees and the public have in us. Over 180 years we have built up an excellent reputation as a result of our sustainable corporate management. It is based on integrity, transparency and consistent professionalism. Our common values have grown out of our code of conduct. They are not only part of our corporate culture, but a major factor for achieving our long-term targets.

WE FOSTER CONTINUAL AND PROFITABLE GROWTH

Our policy is to aim for long-term, healthy growth rather than quick profits. For 180 years sustainability has guided our thoughts and actions. It has become a major component of Bossard's corporate culture, as is the judicious and professional handling of our assets. With this ap-

proach we have generated sustainable value added and can guarantee our investors a fair return on their investment. It is a business policy that gives us the necessary entrepreneurial freedom of action and strengthens the company's independence.

WE INVEST IN EMPLOYEE DEVELOPMENT

We thrive on the creativity, commitment and skills of our employees. We offer a working environment which provides the opportunity – and the necessary freedom – to develop entrepreneurial qualities. We foster such qualities and, in return, we expect our employees to use their knowledge and skills effectively in the best interests of the company. In order to remain motivated in the longer term, they must be able to participate actively and be given the opportunity for personal development. Bossard fosters and supports such efforts. One of the basic pillars of our corporate culture is fostering the skills and independence of our personnel at all levels and ensuring that they participate in the company's success.

WE ARE COMMITTED TO THE PUBLIC AND TO THE ENVIRONMENT

We accept our responsibility vis-à-vis the general public. We are well aware that as a company we can make a difference within our social environment and in regard to ecological development. We see it as a major task to provide targeted future support sharing some of our successes to help the environment and society in general.

EMPLOYEES

OUR KEY TO SUCCESS

Bossard's employees provide a major factor for success – through their commitment, their skills and their creativity. Bossard will continue to foster their professional and personal development and let them participate in the company's success.

AN ATTRACTIVE EMPLOYER – REGIONALLY AND GLOBALLY

Bossard has always set great store by social responsibility. Its corporate culture is based on mutual trust. Today this has almost become an economic principle since companies depend on employee commitment and skills for continued success. Economic success starts at the employee level, so that it is only fair to give Bossard's employees a share in this success. Where employees are content and motivated they give the company a competitive edge. Bossard wants them to be aware of management's long-term targets and strategy. Conversely, our managers know the expectations and targets of our employees and hence pursue an active policy of empowerment.

LONG-TERM PLANNING – FOR BOSSARD'S HUMAN RESOURCES, TOO

Employees must be carefully selected and integrated in order to retain them for the long-term. During the recruitment process the candidate's future duties, desired background, and expected work processes are clearly communicated. Employment conditions must invariably be fair. Induction and integration must be undertaken with great care as this is a central factor for success. It is the basis for mutually satisfying long-term employer/employee relations. Bossard supports its employees in their personal and professional development. Bossard wants its personnel to be well trained and hence fosters line, technical, and project-related careers as well as the exchange of employees group-wide. Wherever possible Bossard recruits management trainees out of its own ranks.

CONTINUING TRAINING IS AN INVESTMENT, NOT AN EXPENSE

Our approach remains the same, whether in our business operations or in our human resources development: We focus on judiciously planned, overall solutions. We particularly favor cross-divisional training, because a good grounding in our internal processes leads to tolerance and a better understanding of our business. In fact, it leads to intelligent working habits. Knowing about our comprehensive service package gives our employees a holistic view of their jobs. Our interactive online training

program gives a step-by-step overview of state-of-the-art fastening technology. In more than 230 chapters, this specially designed training program describes modern fastening technology and, with some 3,000 illustrations, demonstrates the fascination of fasteners.

FAIR, FRANK AND TRANSPARENT MANAGEMENT

A frank approach boosts individual motivation, creativity, and efficiency. Our managers empower and support employees reaching for ambitious targets. From our personnel they expect initiative, performance, and quality. In an atmosphere of openness, trust and mutual respect our managers are guided by honesty, fairness, and consistency.

OUR EMPLOYEES AND THEIR LOYALTY PROVIDE THE BASIS FOR OUR ECONOMIC SUCCESS.

MARKET-RELATED COMPENSATION TOGETHER WITH PERFORMANCE-RELATED COMPONENTS

Performance is a central component of compensation. Bossard fosters entrepreneurial thought and action through paying compensation that is not only in line with the market but also target and performance oriented. Apart from fixed compensation, there are various performance-oriented compensation systems to support Bossard's "Winning Spirit" approach.

COMMUNICATION

Internally and externally we communicate directly, clearly, transparently and at the right time. This helps to make business decisions understood and accepted. We pursue an open door and open communication policy. Constructive criticism is not only allowed but encouraged. Through regular employee surveys we identify the strengths and weaknesses of our company and learn about the wishes and proposals of our employees. These results and proposals made are an important source for continuous improvements.

DIVERSITY, FAIRNESS AND EQUALITY OF OPPORTUNITY

As a global corporation we try to establish a working environment free of discrimination. We respect the laws of the various countries in which we operate. Gender equality is a matter of course. We are aware of our responsibilities towards all our partners, which means we are guided by responsible thought and action. Our employees are required to meet the high standards laid down in our code of conduct, which is binding for all our personnel worldwide. Moreover, we have committed ourselves to abiding by the ten principles set out in the U.N. Global Compact Initiative and thus, as a global corporation, we have underscored our acceptance of social and ecological responsibilities.

OUR MANAGEMENT
APPROACH IS GUIDED
BY MUTUAL RESPECT,
HONESTY AND
FAIRNESS.

QUALITY AND PROCESS MANAGEMENT

RELIABLE FASTENERS — WORLDWIDE

Wherever possible, our aim is not only to meet but to exceed the needs of our customers. That is why we rely on stringent quality management. One of our central tasks is to generate maximal value added for our customers. Consequently, we continually strive to enhance our quality and our processes.

QUALITY STARTS WITH PROCUREMENT

One of our strategic targets is to have first-hand knowledge of the global procurement market and then to use it selectively. We see highly qualified, innovative and flexible manufacturers as a major factor for our business success. That is why our business relations with our suppliers take the form of a partnership. This assures quality products and guarantees supply.

Our suppliers are subject to stringent testing procedures, based on the ISO 3269 standard. By undertaking regular local audits we can be sure that our high quality standards are always met. The main focus is on production processes, process safety and quality management. Our sophisticated testing system ensures that the products from our suppliers meet the requirements of our customers. Additionally, the entire quality testing procedure is systematically documented.

With today's global competition and changing market conditions it is essential that we continually enhance the quality of products and processes. This applies equally to our own service package and to that of our suppliers. The finished products can only be top quality and highly functional if the fasteners are designed with a view to avoiding rejects and defective products. Both parties benefit from this: Reliable products and efficient processes foster customer relations and, additionally, they allow substantial cost savings.

QUALITY CONTROL TO MEET THE HIGHEST STANDARDS

Be it quality standards, manufacturing processes or demanding customer requirements: Our quality management ensures the highest standards. It is designed to identify any faults early on and then to remedy them. Moreover, this quality control system allows us to differentiate between random and systemic faults. This is an extremely useful feature – not least for our suppliers. The fault analysis is useful for their own companies as it gives the information necessary to allow them to improve the quality of their product rapidly, easily, and permanently. And here again, it helps to keep costs down.

In order to undertake tests efficiently, we have a unique quality control system. Testing on receipt of goods

is undertaken simultaneously in ten different quality and test laboratories. Uniform testing plans and methods are used around the globe. The results are entered worldwide into the same IT system and analyzed. Thus data can be consolidated and exchanged worldwide. The stringent testing process starts with testing the parts and ends with complaints management – consistent, transparent and worldwide. And because we undertake such tests for our customers, they can save themselves cost-intensive controls and tests.

With just one mouse click, Bossard employees can access and implement testing plans at any time throughout the world. Our database holds more than 800,000 catalogue and special articles in our range and the same number of testing plans is available to test these articles. This allows uniform and comprehensive quality testing worldwide. All the testing plans are based on the ISO 3269 quality standard, which is also Bossard's standard. Moreover, this standard forms the basis for assessing suppliers.

WE CONSIDER HIGHLY QUALIFIED, INNOVATIVE AND FLEXIBLE MANUFACTURERS TO BE A MAJOR QUALITY FACTOR.

SMALL DIFFERENCES MAKE A HUGE DIFFERENCE

We all know that small differences can make a huge difference. That is why we go one step further in our quality control process. The objective is to ensure that every fastener meets the customer's expectations, or even, exceeds them. Our engineering is responsible for ensuring that this differentiation is consistently and comprehensively implemented in our daily business operations. Together with the customer, our specialists develop the best possible solution for each individual case.

This procedure starts with an analysis of whether and how the range of products can be optimized and the number of parts reduced. This leads to the most productive solutions. The objective is to reduce the customer's production costs in the long-term and at the same time, to enhance the quality of the products; for example by

using new materials that add value, eliminating corrosion, ensuring that the fastener is reliably secured, or improving production processes.

MORE QUALITY AT A LOWER COST

It is obvious that the quality of a fastener can have a significant impact on the result. Hence one of our core tasks is to ensure that each and every fastener has the necessary quality. We believe that action is better than words: For example we were one of the first companies in our sector of industry to realize the quality assurance standards according to ISO 9000 worldwide. And with additional country specific certification our customers can rest assured that we will deliver the quality requested – today and tomorrow.

A STRINGENT TESTING PROCESS STARTS WITH TESTING THE PARTS – CONSISTENTLY, TRANSPARENTLY, WORLDWIDE.

State-of-the-art testing procedures and laboratories around the globe ensure that product quality is impeccable. For our customers this helps to reduce the risk of producing faulty products because of defective fasteners. Hence, they not only avoid high follow-up costs but they also maintain their reputation for quality products.

QUALITY AND THE ENVIRONMENT

Environmental protection plays an increasingly important role for every organization. We are committed to taking responsibility and contributing towards creating a sustainable future. We therefore carefully select both our products and our suppliers. With regard to our own processes and technology we make every effort to respect the environment, in the spirit of the ISO 14001 standard. Our ecological awareness impacts on our actions, not least in our search for future-oriented fastenings. Because these must be holistic and thus foster not only ecological, but also economic and qualitative sustainability.

_ OUR COMMITMENT

**AT BOSSARD WE ARE COMMITTED
TO ENSURING THAT EACH PRODUCT
WE DELIVER TO OUR CUSTOMERS
IS OF SUPERIOR QUALITY.**

WE BELIEVE THAT QUALITY BEGINS
WITH SELECTING THE RIGHT RAW
MATERIALS.

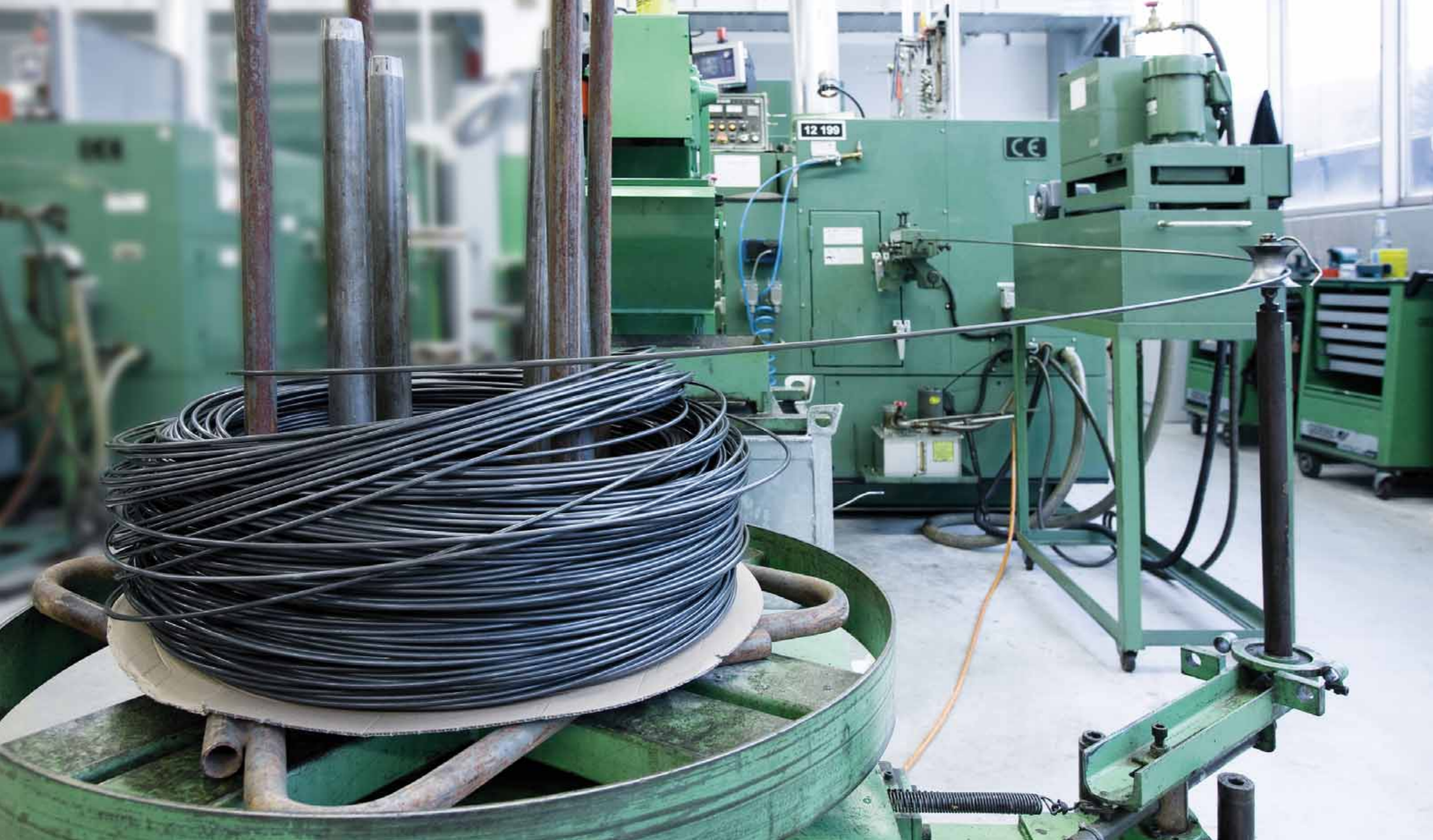


WHERE IT STARTS...

SELECTING THE CORRECT RAW MATERIAL IS VERY CRITICAL. IT CAN INFLUENCE MOST PRODUCTION STEPS, ESPECIALLY THOSE THAT ADD STRENGTH TO THE PRODUCT, SUCH AS HEAT TREATMENT, WHICH CREATES THE BASIS FOR THE CORRECT MECHANICAL PROPERTIES WHEN THE PARTS ARE MANUFACTURED.

Why's that? In theory nuts and bolts could be manufactured from pure iron. However, pure iron would be far too soft for many fasteners. In order to increase the strength of pure iron, carbon is added to the molten iron at the steel works. The carbon content is a critical factor for the strength of the resulting steel. For example, a bolt of property class 12.9 needs a certain strength, and it is the carbon which gives the steel its strength after having been quenched in oil from close to 900°C.

That is why we carefully select the material for our products to ensure that it is strong enough for its application.





DO THE RIGHT THING AND DO IT RIGHT...

THERE ARE MANY METHODS AND TECHNOLOGIES FOR PRODUCING A FASTENER. FOR EXAMPLE COLD FORMING, HOT FORGING, MACHINING OF COLD DRAWN BARS, ZINC DIE CASTING AND INJECTION MOLDING. **EACH OF THE METHODS HAS ITS OWN UNIQUE ADVANTAGES AND APPLICATIONS.**

For example, cold forming is a common technique for bolts and screws in sizes M1 to M24 in diameter. This methodology is also used in producing nuts sized from M3 to M16. Other factors such as the end application of a fastener, economic order volume, and cost need to be considered when selecting a production method.

No matter which production method is selected, it involves a series of production steps which have significant impact on the quality and performance of a fastener. At Bossard we have strict manufacturing selection criteria and in-process control.

In-process control is the most efficient way to ensure that product quality is in accordance with the requirements. Every production step is monitored throughout the production process and deviations are identified and corrected almost instantly. The result is less risk, higher quality, and timely delivery.



Control panel with a digital display and keypad. The display shows two line graphs with data points. The keypad includes numbers 1-9, 0, and function keys C, M, and E. Below the keypad are four buttons: MAX (yellow), AUTO1 (green), AUTO2 (green), and STOP (red). A yellow logo is visible on the right side of the panel.

Control panel with a digital display and keypad, similar to the one in the foreground. The display shows a grid of data points. The keypad includes numbers 1-9, 0, and function keys C, M, and E. Below the keypad are four buttons: MAX (yellow), AUTO1 (green), AUTO2 (green), and STOP (red). A yellow logo is visible on the right side of the panel.

Control panel with a digital display and keypad, similar to the ones in the foreground. The display shows a grid of data points. The keypad includes numbers 1-9, 0, and function keys C, M, and E. Below the keypad are four buttons: MAX (yellow), AUTO1 (green), AUTO2 (green), and STOP (red). A yellow logo is visible on the right side of the panel.



IT`S ABOUT SAFETY...

HEAT TREATMENT IS ONE OF THE CRITICAL PROCESSES IN MAKING A FASTENER. IT IS A PROCESS WHERE THE PHYSICAL PROPERTIES OF A MATERIAL ARE CHANGED BY HEATING AND COOLING.

Metallic materials consist of crystals. Heating and cooling can manipulate the properties of the crystals and the overall mechanical behavior of the fastener. For many products heat treatment is the only way to obtain the required mechanical properties.

Another important aspect concerning safety in fastener applications is corrosion protection, which means preventing fastener failures due to corrosion over the useful life of fastened products. Protection against corrosion can be achieved in several ways such as a good protective design, surface coatings, or selecting a corrosion resistant material. While there are many different approaches to corrosion prevention, choosing the optimum protection requires special expertise.

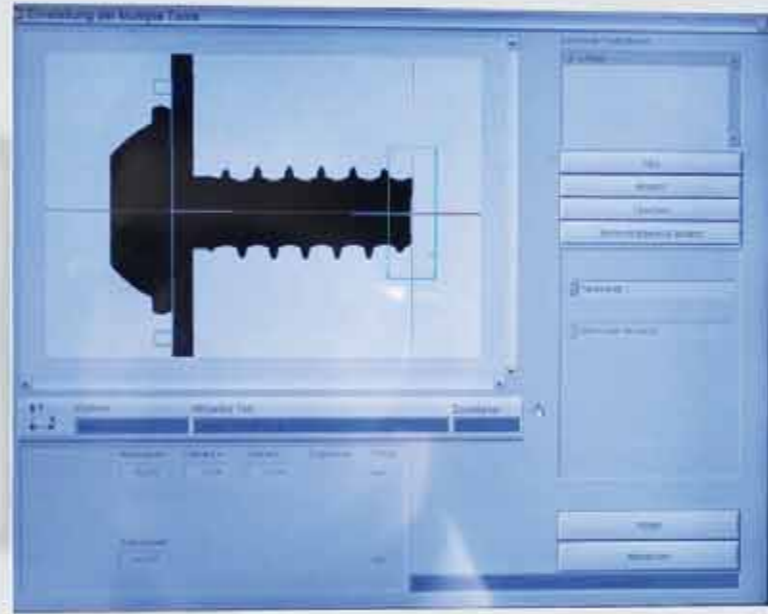
CEPRA GmbH
TECHNICAL SUPPORT SYSTEM
Type: OPTISORT OTS
Serial No: OTS 823 10 07
Date: 04/07
Construction No: 104 07

Maschine **52933**
Gruppe
K00028

ABSAUGUNG
EINSCHALTEN
!!!



Always Turned On
Always Forward

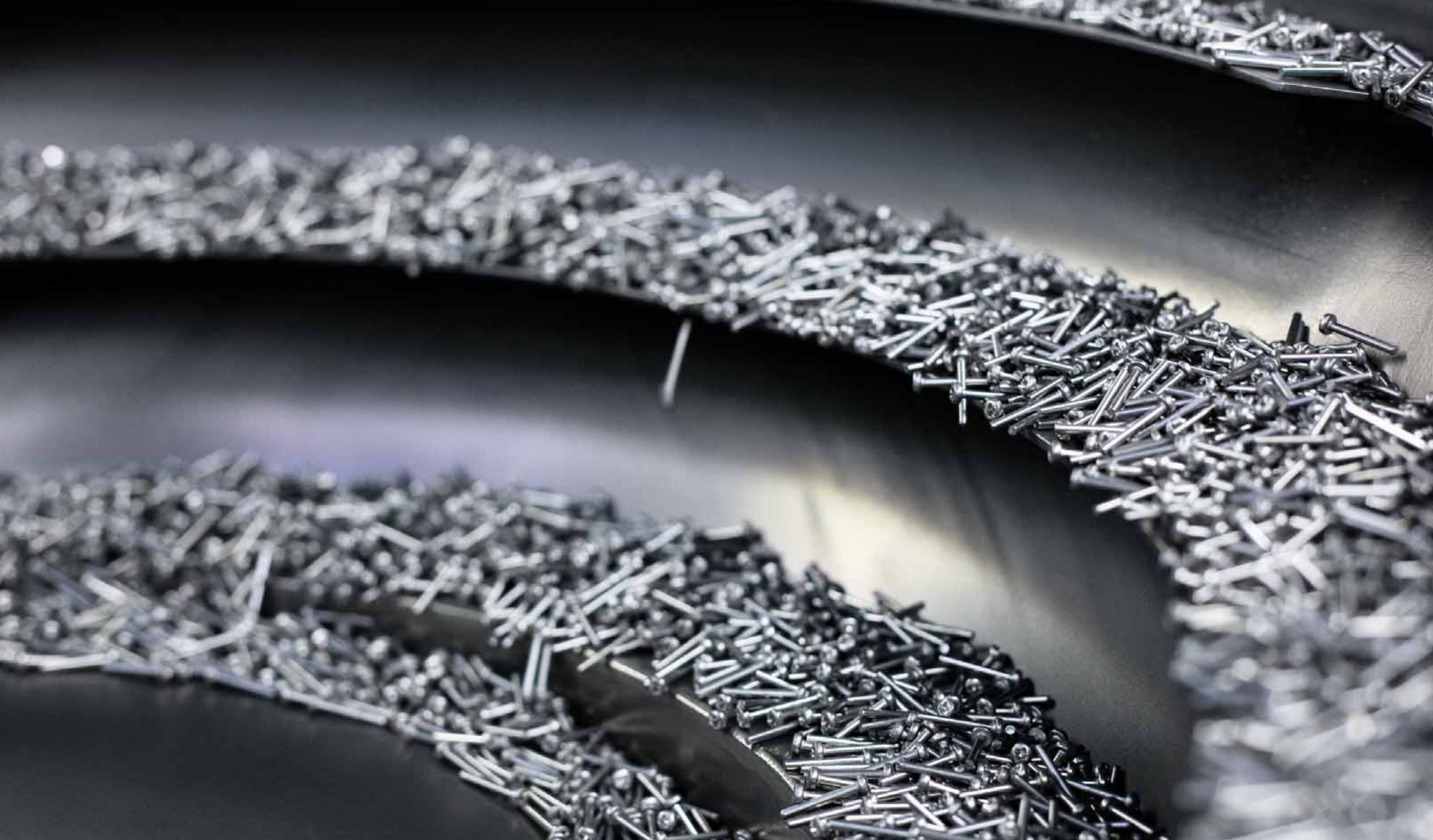




CUSTOMERS FIND TRUE EXPERTS AT BOSSARD

BOSSARD HAS MORE THAN 80 TECHNICAL EXPERTS IN THE FIELD WORLDWIDE. THEY ENSURE THAT PRODUCTION PROCESSES ARE ADHERED TO.

Our team of experts comprises product, process and assembly specialists. They know everything there is to know about production processes – which is why they can offer exceptional customer support. Their aim invariably is to identify the most efficient and highest-quality fastening solutions. These can be standard products or special new parts developed together with the customer in order to optimize production and the end product. Such comprehensive support not only leads to Bossard's success on the market, but also to the customer's.



OUR OBJECTIVE IS TOTAL
CUSTOMER SATISFACTION
— **WE WANT TO CONTRIBUTE
TO YOUR SUCCESS!**

QUALITY AND TEST LABORATORIES

BOSSARD – SPECIALISTS FOR TESTING TECHNOLOGY

Bossard has accredited test laboratories in all the three regions in which it operates. The latest in measuring and testing technology forms the basis for reliable quality assurance and impeccable product quality.

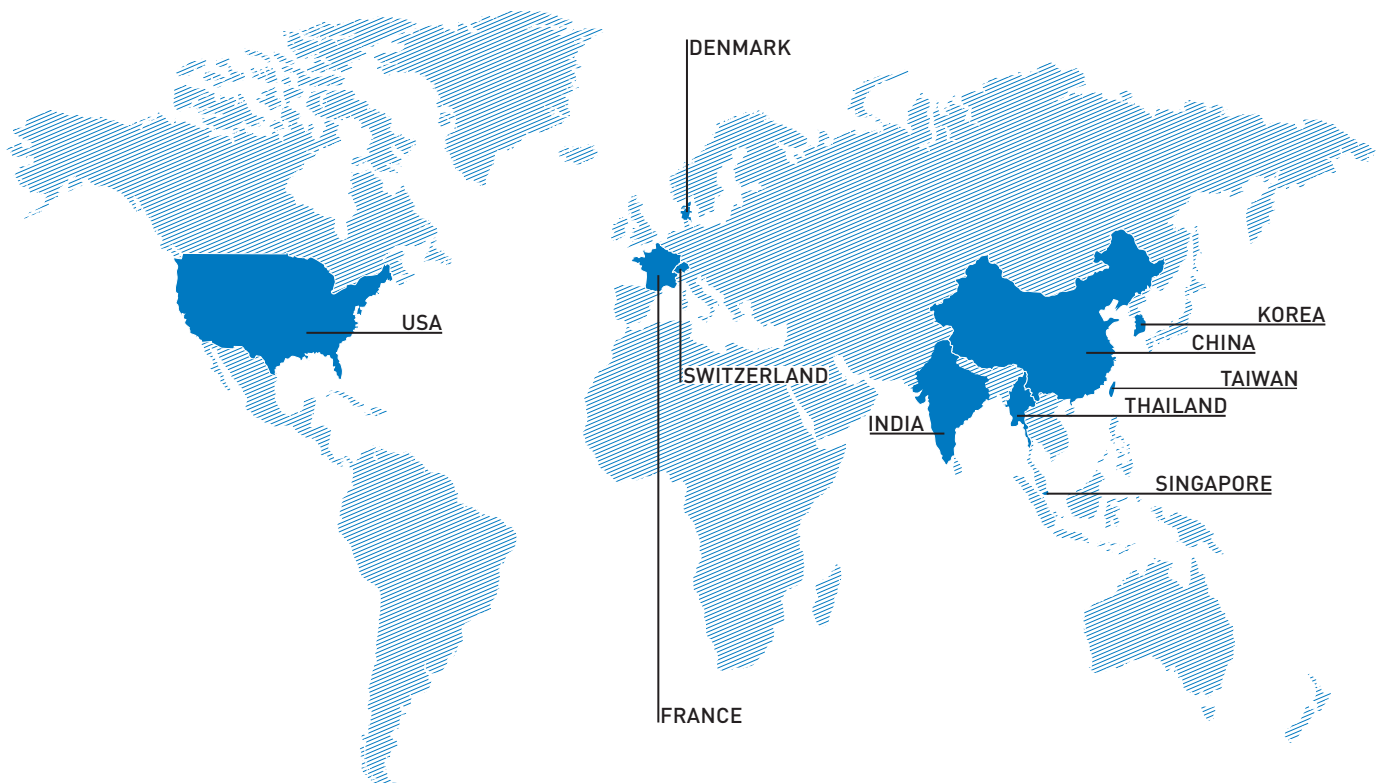
- _ Certified processes
- _ Documented safety
- _ Proven testing competence

These are only some of the ways in which Bossard's customers benefit.

In Bossard's quality and test laboratories worldwide numerous tests are undertaken to ensure top product functionality and quality:

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

Here Bossard relies fully on the know-how of its employees, because that guarantees safe and reliable results.



RISK MANAGEMENT

RISK — A PART OF CORPORATE STRATEGY

Our risk policy reflects our efforts to ensure sustainable and profitable growth. Suitable measures are in place to avoid or substantially minimize high risks for Bossard Group.

The aim of the Group's risk management is to recognize potential risks at an early stage. Then suitable measures can be implemented to avoid or lessen any negative impact on the company. Our efficient risk management system gives early warning of potential risks, allows us to evaluate them and to implement the necessary countermeasures. Risk management is an integral part of our group-wide planning, control and monitoring system and is regularly examined by management. Each year the board of directors and the executive committee reassess the situation with special focus on strategic and operational risks that could endanger the Group.

WE CONFRONT BUSINESS RISKS WITH TACTICAL OR PREVENTIVE MEASURES AND CONTROLS.

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. The results of the risk evaluation procedure are set out in a report submitted to the board of directors and the executive committee.

The Group's risk management is continually documented and its effectiveness tested. All revision of its risk management documentation is coordinated centrally by Group controlling.

LARGE PROCUREMENT NETWORK MEANS LOW SUPPLY RISK

Bottlenecks in supply can occur whenever our suppliers are working close to capacity while there is above-average demand. Risks can also arise when working with suppliers or when there is an increase in the cost of raw materials. We forestall these risks with tactical or preventive measures in our procurement activities by closely observing the market situation and through increasing our stocks. This helps to ensure that the necessary quantity and quality of fastening parts are available to avoid a breakdown in production at our customers' facilities. Steel, chromium, nickel, and various alloys are the most important raw materials for fastening parts. We cannot hedge against price increases because we buy in finished parts. However, we have a supplier portfolio of more than 2,600 manufacturers worldwide and have worked with suppliers in Europe, Asia, and America for many years. Such a widespread supplier network helps us to keep supply risk to a minimum. This diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

WE COUNTER QUALITY RISKS WITH QUALITY MONITORING

Quality assurance is increasingly confronted with new challenges as our clients' requirements become more sophisticated and regulatory specifications multiply. We have developed systems and testing standards to meet these growing quality demands. Quality assurance is undertaken in close cooperation with our procurement departments and our suppliers. Among other things, the technical and economic performance of our suppliers is examined. Deviations and defects identified by our quality assurance are analyzed, documented, and discussed with our suppliers. In this way we can minimize quality-relevant risks from the very start.

RISKS CAN BE MINIMIZED – BUT NEVER RULED OUT

Regional and worldwide economic developments impact on our business environment and can lead to extreme fluctuations in price and demand. Hence, we closely monitor and analyze economic development in all countries where we operate. The aim is to keep sales risks as low as possible. Moreover, we have an extensive product range and a portfolio of customers operating in the most varied industrial sectors in many regions of the world, so this also minimizes sales risks.

**DATA MANAGEMENT –
HIGH PRIORITY FOR DATA PROTECTION**

With IT systems there is always the risk that unauthorized access to data, data abuse, or system failure can entirely disrupt daily business operations. To avoid this, we have implemented protective measures such as access authorization, virus scanners, firewall and backup systems. Our existing IT systems are continually monitored and updated. Additionally there is an emergency system, which generates daily backup copies and backup data. Naturally there are also detailed internal instructions on how to use Bossard's hard- and software.

**THERE ARE MANY FINANCIAL RISKS –
AND MOST OF THEM CAN BE MINIMIZED**

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 50.

Overall, risks that could negatively impact on the Group's future development can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.

**WE CLOSELY MONITOR
AND ANALYZE ECO-
NOMIC DEVELOPMENT
IN EVERY ONE OF
THE COUNTRIES IN
WHICH WE OPERATE.**

The Group's risk policy also includes a comprehensive and efficient insurance policy. Here an international insurance program offers third-party liability, property, and business interruption insurance.



PERMANENTLY TAUT

SNAKE PLANT
The snake plant or mother-in-law's tongue (*Sansevieria trifasciata*) is at home in tropical and subtropical areas. There are thought to be more than 90 varieties. In Europe the plant is a very popular and easy care indoor plant. The fibers won from its leaves are extremely robust and long lasting; among other things they were used to make bowstring.





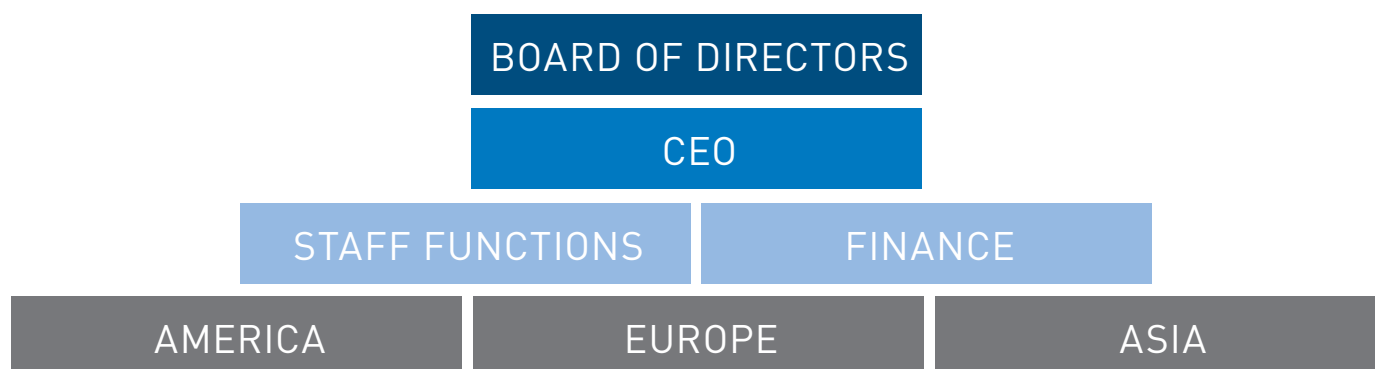
Cable Ties

CABLE TIES

Bossard's stainless steel cable ties feature exceptional stability, very strong tensile force and high resistance to UV rays and corrosion. Unlike the usual metal cable ties, they do not have sharp edges so that the risk of injury during assembly is minimal. Bossard's cable ties are particularly suited for areas which are difficult to access after installation is complete.



CORPORATE GOVERNANCE



There is a detailed overview of both group and associated companies on page 68.

Bossard's organizational structure has been designed to meet international standards in regard to corporate management. Its corporate bodies and management are based on the guidelines set out 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 incorporation, 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, and its shares (BOS, Swiss security number 1232386, ISIN CH0012323868) is 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 its entire sales revenues in the industrial fastening sector. Its business operations cover the three major industrial centers, Europe, America and Asia. Thus Bossard Group's management structure and reporting are geographically oriented.

SIGNIFICANT SHAREHOLDERS

At December 31, 2010, 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 55.8 percent (2009: 55.6 percent) of total voting rights or 28.1 percent (2009: 27.3 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 270,740 bearer shares or 5.05 percent of the total voting rights in Bossard Holding AG (announced on August 7, 2009) 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 incorporation, the board of directors must 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, 2010, the board of directors of Bossard Holding AG had seven non-executive members.

NAME	FUNCTION	APPOINTED
Dr. Thomas Schmuckli	Chairman	2007
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares)	2003
Urs Fankhauser		2007
Erica Jakober-Tremp	Employee representative	2006
Anton Lauber		2006
Dr. Beat E. Lüthi		2002
Helen Wetter-Bossard		2002

OTHER ACTIVITIES AND VESTED INTERESTS

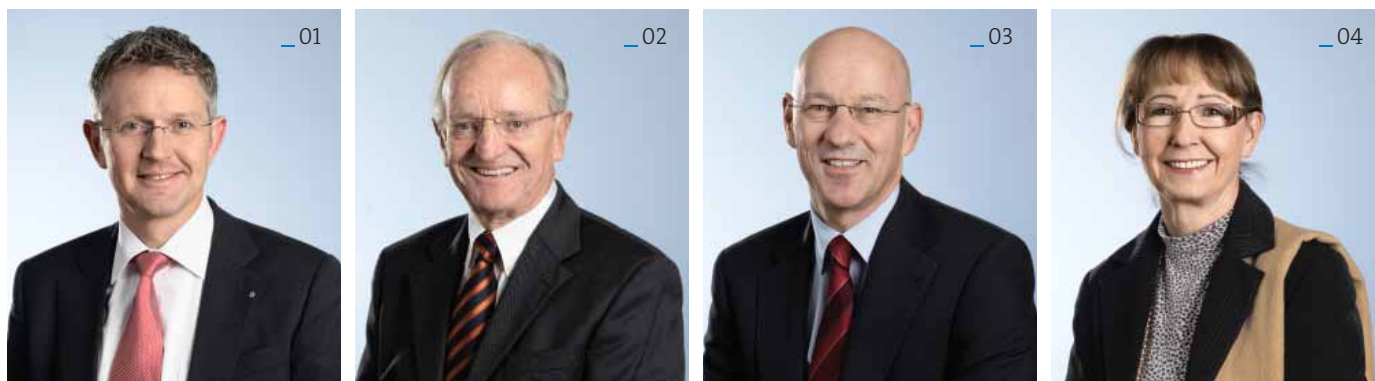
Dr. Thomas Schmuckli, Helen Wetter-Bossard and Anton Lauber were proposed for election to the board of Bossard Holding AG by the majority shareholder, Kolin Holding AG, Zug.

ELECTIONS AND TERMS OF OFFICE

According to the articles of incorporation, the board of directors has at least five members. The shareholders elect each member of the board of directors. The general meeting of shareholders elects each member of the board of directors for a four-year term of office. The election procedure is based on the principle of total renewal. On first being elected to the board of directors, a member's term of office is limited to the period up to the next total renewal. There are no other statutory limits to the term of office of board members. A proposal will be made at the 2011 annual general meeting to change the election procedures and subsequently to modify the articles of incorporation in order to bring them in line with modern corporate governance principles.

Holders of bearer shares as a group have the right to one seat on the board of directors. After being elected deputy chairman of the board in 2003, Rolf E. Thurnherr was elected as the representative of the holders of bearer shares in the following year; 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



_01

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: First at Bank Leu AG, subsequently in the commercial sector of Credit Suisse, and then in its Corporate Banking Legal Service. Currently, within Credit Suisse Asset Management, he is head of Legal Services Investment Products & Management. He serves as a trustee and on the board 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

ROLF E. THURNHERR

Rolf E. Thurnherr, dipl. el. Ing. ETH, has been a member of the board since 1992 and deputy chairman since 2003. He is also a member of the board of Agta Record AG, Fehrltorf. Since 2004 he has been an independent management consultant. From 1996 until his retirement in 2003 Rolf E. Thurnherr was a member of the executive committee of Cerberus and, after it was taken over by Siemens, he was a member of the executive committee of Siemens Building Technologies AG and head of the Fire & Security Products Division. Prior to this he served for five years as CEO of the Eurodis Group in Regensdorf and, between 1989 and 1991 as chairman of the executive committee of Digitron in Bienne. Background: Studied electrical engi-

neering at the Swiss Federal Institute of Technology (ETH) in Zurich. During his professional career he attended courses on business economics and management. He was born on September 16, 1941, 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

ANTON LAUBER

Anton Lauber was elected to the board in 2006. Since 2009, as chairman and CEO, he has headed the Electronic Components Division of the Schurter Group, which comprises 15 companies. He has been a member of the executive committee since 1998. 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 on the boards of Schurter Holding AG and its international Group companies, of LEM Holding SA, and of various SMEs. 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 post-degree 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.

_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. Since January 2005, she has been a member of the auditing committee of the Corporation of Zug, which she has chaired since 2009. 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.

_06

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. From 1998 to 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 Stadler Rail in Bussnang, Straumann in Basel, and Addex Pharma in Geneva. Dr. Beat E. Lüthi was born on January 12, 1962, 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 the 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	2007
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares)	1992
Urs Fankhauser		2007
Erica Jakober-Tremp	Employee representative	2006
Anton Lauber		2006
Dr. Beat E. Lüthi		2002
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 incorporation, 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 the 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 mak-

ing. 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 2010 a total of seven 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 Group strategy. In 2010 a four-day retreat took place at the domicile of Bossard North America Inc. in Cedar Falls (IA). Apart from its scheduled meetings, the board of directors is supplied with monthly information on the Group's financial development.

The chairman sends out 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 set out in the organization regulations (www.bossard.com – Investor Relations – Corporate Governance) of Bossard Group. 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 audit committee are Urs Fankhauser, chairman, and Dr. Thomas Schmuckli. As a rule, the members of the audit committee 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 sent to all board members and the CEO as well as to the participants of the meeting.

In 2010 the audit committee held four meetings.

The audit committee 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 the 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 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, Rolf E. Thurnherr, Anton Lauber and Helen Wetter-Bossard. Generally the CEO is invited to attend the meetings.

In 2010 the nomination and compensation committee held four meetings.

The nomination and compensation committee 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 2010 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 set out in the organization regulations as laid down in article 19 paragraph 2 of the articles of incorporation 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.

Similarly, 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 set up 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

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

strategy and the implementation of corporate targets.

At December 31, 2010, the executive committee had the following members:

OTHER ACTIVITIES AND VESTED INTERESTS

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

MANAGEMENT CONTRACTS

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

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



_01

DAVID DEAN

David Dean, CEO, has been serving in this function since 2005. From 1998 to 2004 he served as CFO. From 1992 to 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. In 1996 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. From 2003 until 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 are being filled that impact strongly on company management and performance. Compensation should generate incentives that will enhance the long-term development of the company.

According to 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 on 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 and include such aspects as customer service, human resources management, opening up markets, procurement, engineering and similar.

Consequently, the level of compensation depends noticeably on performance assessment and varies from year to year according to the targets met. The compensation agreed is intended to reflect the sustainable success of the company and thus depends on the individual contribution made. Employment contracts with top management must be market-oriented including practices governing termination of contract, but they must also protect the interests of the company.

The CEO's compensation is made up of a fixed basic salary and performance-related variable compensation at the discretion of the employer. The variable compensation is split into two components: the first is linked to the operational result in the markets in Europe, Asia, and America; the second depends on whether strategic targets have been met. In the reporting year the variable compensation amounted to 36 percent (2009: 24 percent) of the total compensation. At the request of the nomination and compensation committee the board determines the compensation mechanism and approves the variable compensation for the CEO. The committee assesses the CEO's performance and determines the level of the individual compensation components.

Compensation for the executive committee is determined along similar lines. It is made up of a fixed basic

salary and performance-related variable compensation at the discretion of the employer. The variable compensation is linked to three components: (i) profitability achieved in the management sector, (ii) consolidated net income, (iii) reaching the strategic targets set. In the reporting year the variable compensation for the members of the executive committee ranged between 35 and 38 percent (2009: between 15 and 25 percent) of the total compensation.

The board defines the general outlines for compensating the members of the executive committee. The implementation of these outlines is monitored by the committee of the board of directors. At the request of the CEO, the committee approves the individual compensation packages of the members of the executive committee.

Compensation for the board of directors is also made up of a fixed and a variable component. The fixed basic payment is intended to adequately compensate the members of the board for the time invested. When business is going well, the board members participate through a profit-linked, variable payment. This profit-linked component depends on the consolidated net income, as related to the return on capital employed (ROCE).

At least 20 percent, at most 40 percent of the compensation is paid in the form of bearer shares of Bossard Holding AG to all members of the board of directors. Members of the executive committee may draw up to 20 percent of their total compensation in the form of bearer shares of Bossard Holding AG. All these shares are subject to a lock-up period of three years. This restriction also applies if members should resign from the board of directors or executive committee. In line with tax regulations, the purchase price of the shares relates to the market value minus a 16 percent discount for the three-year restriction period. The market value is set in February. The shares required for the share plan are acquired on the market. During the entire lock-up period the shares may not be sold, used as collateral or transferred.

The principles and elements of the compensation system for the board of directors and the executive committee are approved by the board and periodically reviewed by the nomination and compensation committee and defined at its own discretion, most recently on November 29, 2010. This committee determines the annual compensation for the board of directors.

For details on compensation and shareholdings of members of the board of directors and of the executive

committee please refer to the notes to the consolidated financial statements (note 26 on page 63).

SHAREHOLDERS' PARTICIPATION RIGHTS

Shareholders' participation rights are set out in detail in the articles of incorporation of Bossard Holding AG. The articles of incorporation can be examined on the Internet (www.bossard.com – Investor Relations – Corporate Governance – in German only).

VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS – ARTICLES OF INCORPORATION 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 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 INCORPORATION 15

Provided there are no mandatory legal or statutory provisions to the contrary, the 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 required by the chairman, or if one or more shareholders representing a total of at least 10 percent of the voting shares request this.

CONVOCAATION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS – ARTICLES OF INCORPORATION 11 AND 12

The 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 INCORPORATION 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 general meeting of shareholders and the day of the annual general meeting 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 backdated 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. The Group 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.

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.

AUDITORS

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

PricewaterhouseCoopers AG, Zurich, have been the statutory auditors for Bossard Holding AG and the 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 2010, PricewaterhouseCoopers AG as statutory auditors received audit fees for their services in the amount of CHF 547,554 (2009: CHF 502,255), for tax consulting in 2010 CHF 6,485 (2009: CHF 10,132) and for legal consulting in 2010 CHF 22,665 (2009: CHF 42,936).

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.

CORPORATE GOVERNANCE INFORMATION POLICY

With its disclosure policy based on open and transparent communication, Bossard wants to create transparency for investors and financial markets in order to ensure 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. To achieve this goal, Bossard abides by the following principles in its financial reporting and disclosure practices:

- _ **Transparency:** The purpose of disclosure is to make the economic drivers that impact on the Group more readily comprehensible and to present detailed results of operations.
- _ **Consistency:** Disclosure within each reporting period and between the various reporting periods must be consistent and comparable.
- _ **Clarity:** Information must be presented as clearly as possible to give the reader a true view of business development.
- _ **Relevance:** In order to avoid an endless flood of information, data is disclosed when it is relevant for Bossard's target groups or is required for legal reasons.

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 2011:

Meeting for financial analysts & media conference	March 9, 2011
Publication of results 2010	
Annual general meeting of shareholders and publication of sales results 1st quarter 2011	April 12, 2011
Publication semi-annual report 2011	August 30, 2011
Publication of sales results 3rd quarter 2011	October 18, 2011
Publication of sales results 2011	January 11, 2012

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 all 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.



FIRMLY ANCHORED

CHICORY

Common chicory (*Cichorium intybus*) belongs to the aster or sunflower family (Asteraceae) and enjoys wide cultivation in meadows and fields in Central Europe. Its delicate petals are a prized addition to winter salads as they are particularly rich in vitamins. Chicory has a strong taproot, which drills its way deep into the soil in order to access nutrients in the lower soil layers.





eco-drill

ECO-DRILL

Bossard's eco-drill™ self-drilling screw was specifically developed for working aluminum and galvanized steel sheet. Self-drilling screws are simple and efficient in use. Without pre-drilling they can drill their own tapping hole through diverse materials and form their mating thread themselves. And they save time because only one operation is required.



**GROUP-WIDE SALES GROWTH
OF 25,2 PERCENT, CONSOLIDATED
NET INCOME TRIPLED**

**SUCCESS IN ALL BUSINESS UNITS
AROUND THE GLOBE**

**POSITIVE FREE CASH FLOW DESPITE
STRONG GROWTH**

**RECORD HIGH EQUITY RATIO
OF 61.3 PERCENT AND RETURN
ON EQUITY OF 26.3 PERCENT**

**NET DEBT AT LOWEST LEVEL
SINCE GOING PUBLIC**

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EXCELLENT YEAR-END RESULTS

For the past business year Bossard Group reported sales of CHF 477.6 million. Compared to the prior year, this is an increase of 25.2 percent in local currency. As a result of the strong Swiss franc, sales growth in the Group's reporting currency was 4.3 percentage points lower. Apart from the acquisition of new customers, the main reason for the marked increase in sales and strong profit growth was a clearly more rapid recovery of the market and thus of the demand for fastening elements. The net profit of CHF 44.9 million is the highest in the Group's history. It has tripled year on year.

GROWTH ACROSS THE BOARD

Bossard Group strengthened its position substantially in all its major strategic markets. All three sales regions reported sales growth in local currency in excess of 20 percent.

GROSS SALES IN CHF MILLION	2010	2009	CHANGE	
			IN CHF	IN LOCAL CURRENCY
Europe	261.3	224.5	16.4 %	21.4 %
America	128.8	110.7	16.4 %	21.1 %
Asia	87.5	59.9	46.1 %	46.2 %
Group	477.6	395.1	20.9 %	25.2 %

EUROPE

In Europe sales rose by 21.4 percent in local currency year-on-year. However, the weak Euro impacted on sales growth in Swiss francs, which was thus 5 percentage points lower. There were double-digit growth rates in all the countries served by the Group.

AMERICA

In America, too, demand continued to improve throughout the year. Sales in local currency were up 21.1 percent to CHF 128.8 million year-on-year. As the Swiss franc was also strong against the U.S. dollar, sales growth expressed in the reporting currency was 4.7 percentage points lower.

ASIA

Bossard achieved its highest growth rate in Asia. Demand had already improved steadily in 2009 and this trend became even more apparent in 2010. Sales rose by more than 46 percent to CHF 87.5 million. In all Bossard's Asian markets sales increased in excess of 30 percent.

GROSS PROFIT SUBSTANTIALLY INCREASED

On account of noticeably higher demand, gross profit rose by CHF 42.1 million to CHF 188.4 million. The gross profit margin was up from 37 percent to 39.5 percent. This positive margin development is primarily attributable to changes in the product mix to allow for more special parts and customer-specific special designs. The Group's farsighted procurement policy and the optimization of its logistics impacted positively on the development of gross profit. The measures implemented in the past few years to expedite the standardization and harmonization of the IT system also proved very effective. This allows even more targeted implementation and successful multiplication of the Group's business model. Moreover, day to day business around the globe can be handled still more efficiently.

Volatile currencies proved to be a major challenge during the reporting period. They led to price increases in various procurement markets and put greater pressure on margins. Foreign exchange fluctuations and the ensuing uncertainties with regard to purchase prices are likely to continue in 2011.

COSTS ROSE LESS THAN PROPORTIONALLY AGAINST SALES GROWTH

Operating costs without depreciation and amortization rose year-on-year by 12.8 percent to CHF 130.7 million. Compared to sales revenues, overall expenses increased less steeply. Personnel expenses accounted for the Group's highest cost increase, particularly through the reversal of short-time work, wage increases, and higher variable performance-related compensation. Moreover, the number of employees worldwide increased by 5.3 percent to 1,478. The productivity improvements, especially in America and Asia, and further savings measures from the prior year helped to keep costs down.

NOTICEABLY IMPROVED PROFITABILITY IN ALL THREE SALES REGIONS

The operating profit (EBIT) increased from CHF 18.8 million to CHF 47.3 million and has thus more than doubled. The EBIT margin rose to a record 10.3 percent. This result is broad based with positive earnings contributions from all business units. Compared to the so far best result in 2008, the over proportional increase in the reporting

year is primarily due to the fact that the America and Asia regions could take full advantage of their profitability. The policy over the past few years of optimizing processes and harmonizing systems across the entire Group is now showing results.

FINANCIAL EXPENSES DOWN FURTHER

Compared to the prior year the financial result improved further. Financial expenses fell from CHF 2.2 million to CHF 1.1 million. Thanks to stringent credit and inventory management net working capital grew less strongly in relation to sales. This impacted positively on the free cash flow and thus reduced the need for bank loans. Moreover, the very low interest level affected earnings favorably. Although the Swiss franc grew noticeably stronger against the main foreign currencies, the financial result additionally improved through foreign exchange hedging.

NON-OPERATING COSTS

The result was burdened by a non-operating amount of CHF 0.8 million. On the one hand, this sum includes those payments, which can not be capitalized, for the name and marketing rights acquired in connection with the new ice hockey stadium in Zug, the BOSSARD Arena and, on the other, the profit from the sale of a minority interest.

TAX RATE STILL LOW

Despite substantially higher earnings taxes fell from CHF 1.3 million to CHF 0.5 million. These lower taxes are attributable to the deduction of tax loss carryforwards and to tax optimization within the Group.

BEST RESULT IN THE COMPANY'S HISTORY

In the past business year Bossard Group reached the best result in the company's history. Compared to the prior year consolidated net income tripled, rising from CHF 15.3 million to CHF 44.9 million. This means that earnings per bearer share were CHF 14.8 as opposed to CHF 5 in the previous year. At the same time return on sales was up from 4 percent to a record high of 9.8 percent year-on-year.

Thanks to the robust equity base, the board of directors will propose to the annual general meeting an increase of the dividend payout ratio from 30 percent to

40 percent of the consolidated net income. The dividend of CHF 6.00 per share is four times that of the prior year. At December 31, 2010, the closing price was CHF 109.50 per share, which corresponds to a dividend yield of 5.5 percent.

VERY HEALTHY BALANCE SHEET

Despite high sales growth total assets only rose by CHF 8.2 million to CHF 292.7 million. This is primarily attributable to the fact that, compared to sales, the increase in net working capital – particularly inventories – was lower. Whereas in the previous year net working capital still accounted for 41 percent of net sales, this share fell to 37.6 percent in 2010. The equity ratio rose from 56.9 percent to 61.3 percent. This strengthened Bossard Group's capital structure further. Compared to 2009, return on equity rose from 9.5 percent to 26.3 percent. The return on capital employed increased by 15.6 percentage points to 23.1 percent. Both these percentages are records for the Group.

NET DEBT REDUCED DESPITE HIGH GROWTH

The excellent result for the year impacted positively on both cash flow and net debt. The latter was reduced again year-on-year by CHF 12.9 million to CHF 25.7 million. This corresponds to a gearing (net debt/equity) of 0.14 as against 0.24 in 2009. In the past, in periods of strong growth and thus higher net working capital, this invariably led to a need for additional funding. In 2010 the higher financial requirements were more than covered by the higher cash flow from operating activities. Compared to the prior year, cash flow from operating activities before changes in net working capital rose by CHF 30.6 million to CHF 50.7 million. After a more restrictive spending policy in 2009, cash flow from investing activities was up from CHF 3.5 million to CHF 5.9 million. The investments were primarily replacement investments in infrastructure and software. Despite high growth, a free cash flow of CHF 22.5 million was reached, so that the very robust financial situation of the Group improved even further.

CONSOLIDATED BALANCE SHEET

IN CHF 1,000	NOTES	31.12.2010	31.12.2009
Assets			
Current assets			
Cash and cash equivalents	4	18,980	22,439
Financial assets held for trading		–	126
Accounts receivable, trade	5	74,268	63,087
Other receivables		2,024	920
Prepaid expenses		9,363	10,251
Inventories	6	126,018	117,692
		230,653	214,515
Long-term assets			
Property, plant and equipment	7	54,993	60,780
Intangible assets	8	3,429	3,938
Financial assets	9	1,548	2,173
Deferred tax assets	10	2,120	3,101
		62,090	69,992
Total assets		292,743	284,507
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	27,727	25,183
Other liabilities		8,947	3,924
Accrued expenses		24,154	20,531
Tax liabilities		2,975	3,702
Provisions	12	846	567
Short-term debts	13	44,727	21,079
		109,376	74,986
Long-term liabilities			
Long-term debts	14	–	40,000
Other liabilities		–	269
Provisions	12	1,518	1,664
Deferred tax liabilities	10	2,495	5,573
		4,013	47,506
Total liabilities		113,389	122,492
Shareholders' equity			
Share capital	15	32,000	32,000
Treasury shares		–5,507	–1,984
Capital reserves		52,975	52,946
Retained earnings		96,283	75,757
		175,751	158,719
Minority interest		3,603	3,296
Total shareholders' equity		179,354	162,015
Total liabilities and shareholders' equity		292,743	284,507

The notes on pages 47 to 68 are an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	NOTES	2010	2009
Sales	16	477,609	395,109
Sales deductions	16	18,885	15,248
Net sales		458,724	379,861
Cost of goods sold		270,307	233,514
Gross profit		188,417	146,347
Personnel expenses	17	99,393	86,012
Administrative expenses		15,980	14,115
Other operating expenses	18	15,293	15,733
EBITDA		57,751	30 487
Depreciation	7	8,898	9,657
Amortization	8	1,587	2,017
EBIT		47,266	18,813
Financial result	19	1,068	2,172
Ordinary result		46,198	16,641
Non-operating result	20	810	–
Income before taxes		45,388	16,641
Taxes	10	460	1,343
Net income		44,928	15,298
Attributable to:			
Shareholders of Bossard Holding AG		44,264	14,973
Minority interest		664	325
IN CHF	NOTES	2010	2009
Earnings per bearer share ¹⁾	21	14.81	4.97
Earnings per registered share ¹⁾	21	2.96	0.99

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 47 to 68 are an integral part of the 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, 2009	32,000	-2,065	53,258	124,542	-50,979	156,756	2,971	159,727
Dividend				-9,633		-9,633		-9,633
Net income for the period				14,973		14,973	325	15,298
Change in treasury shares		81	-312			-231		-231
Translation differences					-3,146	-3,146		-3,146
Balance at December 31, 2009	32,000	-1,984	52,946	129,882	-54,125	158,719	3,296	162,015
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

For details regarding share capital please refer to note 15 on page 58.

The notes on pages 47 to 68 are an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	NOTES	2010	2009
Net income		44,928	15,298
Taxes	10	460	1,343
Financial income	19	-7,200	-2,734
Financial expenses	19	8,268	4,906
Depreciation and amortization	7/8	10,485	11,674
Increase provisions	12	249	313
Loss/(Gain) from disposals of property, plant and equipment	7	406	-145
Loss from disposals of intangible assets	8	7	-
Gain from divestments of financial assets	9	-1,140	-
Interest received		454	436
Interest paid		-1,841	-2,820
Taxes paid		-3,936	-5,419
Other non cash income		-399	-2,739
Cash flow from operating activities before changes in net working capital		50,741	20,113
(Increase)/Decrease accounts receivable, trade		-18,008	15,781
Increase other receivables		-912	-590
(Increase)/Decrease inventories		-18,947	51,593
Increase/(Decrease) accounts payable, trade		4,715	-8,433
Increase/(Decrease) other liabilities		10,777	-4,958
Cash flow from operating activities		28,366	73,506
Purchase of property, plant and equipment	7	-7,122	-3,911
Proceeds from sales of property, plant and equipment	7	718	615
Purchase of intangible assets	8	-1,245	-899
Investments in financial assets	9	-75	-272
Divestments of financial assets	9	1,826	1,004
Cash flow from investing activities		-5,898	-3,463
Repayment short-term debts		-16,112	-48,765
Repayment long-term debts		-	-1,185
(Increase)/Decrease treasury shares		-3,523	81
Dividends paid		-4,470	-9,633
Dividends paid to minorities		-104	-
Cash flow from financing activities		-24,209	-59,502
Translation differences		-1,718	-325
Change in cash and cash equivalents		-3,459	10,216
Cash and cash equivalents at January 1		22,439	12,223
Cash and cash equivalents at December 31	4	18,980	22,439

The notes on pages 47 to 68 are an integral part of the 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 the 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, 2010 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 February 3, 2011 and will be recommended for approval at the annual meeting of shareholders.

CHANGE IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS – DEFERRED INCOME TAXES

In accordance with Swiss GAAP FER 11 deferred tax assets from tax loss carryforwards may be capitalized provided that it is likely that future profits will arise to counterbalance them. So far, Bossard has waived the right to capitalize such deferred tax assets because it is difficult to estimate whether they can be offset in the future, and has thus only recognized them at the time of recovery. This practice is to continue unchanged. Consequently, a clarifying statement is being made in the accounting principles. As sanctioned by Swiss GAAP FER, the right to capitalize offsetable tax loss carryforwards is waived and only recognized when realized. This clarification of the accounting principles does not lead to any changes in the consolidated financial statements as at December 31, 2009.

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.

FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading are all marketable securities that can be converted into cash at short notice. They are recognized at their fair value. For listed securities, this corresponds to the stock market price on the balance sheet reporting date. Non-listed financial assets held for trading are presented at acquisition cost less any value adjustments. Changes in the fair value are recognized in the income statement for the period in which they arise.

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 with 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 which arise from events or transactions which clearly differ from the ordinary operations of Bossard.

TAXES

All taxes are accrued irrespective of when such taxes are due. Deferred income tax is 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 set out 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 that arise 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 and thus 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 carried out 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 counterparty 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 allow-

ances for bad debts. The danger of risk concentration is limited through the fact that the Group's customer base is made up 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 carried out 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)

As per 1.1.2010 Bossard Michigan & Merrick, Inc. was merged with Bossard North America, Inc. Besides, in the reporting year the business activity of Bossard Slovakia, spol. s r.o. was integrated in Bossard Czech Republic s.r.o.

During the year 2009 Trimec Italia Srl. was liquidated.

CASH AND CASH EQUIVALENTS (4)

IN CHF 1,000	2010	INTEREST RATES IN %	2009	INTEREST RATES IN %
Cash at banks and on hand	13,730	0.0 – 1.3	19,198	0.0 – 4.1
Short-term bank deposits	5,250	1.4 – 8.6	3,241	0.0 – 10.5
Total	18,980		22,439	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 46).

ACCOUNTS RECEIVABLE, TRADE (5)

IN CHF 1,000	2010	2009
Accounts receivable, trade gross	74,010	63,162
According to due date	68,967	59,468
not due		
30 days overdue	2,759	2,001
60 days overdue	1,125	377
90 days overdue	1,159	1,316
Notes receivable	2,427	2,186
Allowance for bad debts		
Balance at Jan. 1	-2,261	-2,683
(Additions)/Reversals	-159	252
Translation differences	251	170
Balance at Dec. 31	-2,169	-2,261
Total	74,268	63,087

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 21.9 million as per December 31, 2010 (2009: CHF 32.4 million). During the year 2010 unsalable goods of CHF 9.6 million were scrapped (2009: CHF 5.7 million).

PROPERTY, PLANT & EQUIPMENT (7)

IN CHF 1,000	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

The insurance value of property, plant and equipment is CHF 151.3 million (2009: CHF 162 million).

IN CHF 1,000	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost				
Balance at Jan. 1, 2009	78,631	83,285	5,220	167,136
Additions	437	3,091	383	3,911
Disposals	-72	-1,304	-697	-2,073
Translation differences	-498	-480	-5	-983
Balance at Dec. 31, 2009	78,498	84,592	4,901	167,991
Accumulated depreciation				
Balance at Jan. 1, 2009	34,450	63,152	2,059	99,661
Depreciation	2,374	6,469	814	9,657
Disposals	-61	-1,085	-457	-1,603
Translation differences	-139	-364	-1	-504
Balance at Dec. 31, 2009	36,624	68,172	2,415	107,211
Net book amount	41,874	16,420	2,486	60,780

INTANGIBLE ASSETS (8)

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

IN CHF 1,000	SOFTWARE	OTHERS	TOTAL
Cost			
Balance at Jan. 1, 2009	36,363	–	36,363
Additions	899	–	899
Disposals	–6,662	–	–6,662
Translation differences	–113	–	–113
Balance at Dec. 31, 2009	30,487	–	30,487
Accumulated amortization			
Balance at Jan. 1, 2009	31,310	–	31,310
Amortization	2,017	–	2,017
Disposals	–6,662	–	–6,662
Translation differences	–116	–	–116
Balance at Dec. 31, 2009	26,549	–	26,549
Net book amount	3,938	–	3,938

No internally generated intangible assets were capitalized during the financial years 2010 and 2009.

FINANCIAL ASSETS (9)

IN CHF 1,000	2010	INTEREST RATES IN %	2009	INTEREST RATES IN %
Loans and deposits to third parties	1,223	0.0 – 4.0	1,778	0.0 – 4.6
Available-for-sale financial assets				
Bossard + Staerle AG, Zug, 8 % (2009: 10 %)	290		360	
Others	35		35	
Total	1,548		2,173	

TAXES (10)

The tax expenses are made up as follows:

IN CHF 1,000	2010	2009
Current taxes	3,263	1,785
Deferred taxes	-2,803	-442
Total	460	1,343

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 %	2010	2009
Group's average tax rate	23.3	15.5
Non tax deductible expenses	0.2	0.8
Non-taxable income	-3.7	-7.6
Expenses taxed at special rate	0.3	0.6
Utilization of previously unrecognized tax losses	-4.6	2.4
Non-effective tax losses	-13.3	-3.4
Tax expenses from prior years	0.0	0.7
Others	-1.2	-0.9
Effective tax rate	1.0	8.1

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 2010	LIABILITIES 2010	ASSETS 2009	LIABILITIES 2009
Accounts receivable	152	12	167	100
Inventories	1,384	214	1,995	2,166
Property, plant and equipment	411	338	554	1,108
Intangible assets	114	27	192	57
Liabilities	59	1,904	193	2,142
Total deferred taxes	2,120	2,495	3,101	5,573
Net		375		2,472

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
2010	2,483	134,916	137,399
2009	2,836	65,497	68,333

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 34.2 million (2009: CHF 23.8 million).

ACCOUNTS PAYABLE, TRADE (11)

IN CHF 1,000	2010	2009
Accounts payable, trade	26,528	24,492
Notes payable	1,199	691
Total	27,727	25,183

PROVISIONS (12)

IN CHF 1,000	RESTRUCTURING	PENSION AND OTHER TERMINATION BENEFITS	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

IN CHF 1,000	RESTRUCTURING	PENSION AND OTHER TERMINATION BENEFITS	OTHERS	TOTAL
Balance at Jan. 1, 2009	847	1,838	65	2,750
Additions	–	131	429	560
Usage	–662	–150	–11	–823
Reversals	–	–211	–37	–248
Translation differences	1	–2	–7	–8
Balance at Dec. 31, 2009	186	1,606	439	2,231
thereof short-term	186	105	276	567

The provisions for restructuring 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	2010	INTEREST RATES IN %	2009	INTEREST RATES IN %
Bank overdrafts	1,729	1.0 – 11.3	1,530	0.8 – 7.6
Bank loans	22,079	0.8 – 5.9	–	–
Personnel savings accounts	20,852	2.8	19,530	2.8 – 3.3
Other	67	0.0 – 0.1	19	0.1 – 3.4
Total	44,727		21,079	

The personnel savings accounts corresponds to savings of employees.

LONG-TERM DEBTS (14)

IN CHF 1,000	2010	INTEREST RATES IN %	2009	INTEREST RATES IN %
Bank loans	–		40,000	1.9 – 2.3
Total	–		40,000	

All interest bearing bank loans are at floating interest rates. The effective weighted average interest rate on all borrowings was 2.8 percent (2009: 2.4 percent).

SHARE CAPITAL (15)

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

233,048 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 (2009: CHF 22 million).

DIVIDEND

The board of directors of Bossard Holding AG will propose a dividend of CHF 6.00 (2009: CHF 1.50) per bearer share and CHF 1.20 (2009: CHF 0.30) per registered share to the shareholders at the forthcoming annual general meeting.

SEGMENT INFORMATION (16)

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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales to third parties	261.3	224.5	128.8	110.7	87.5	59.9			477.6	395.1
Sales inter-segment	5.1	3.6	0.3	0.2	0.3	0.0	-5.7	-3.8	-	-
Total sales	266.4	228.1	129.1	110.9	87.8	59.9	-5.7	-3.8	477.6	395.1
Sales deductions	14.1	11.7	2.1	1.9	2.7	1.6			18.9	15.2
Total net sales	252.3	216.4	127.0	109.0	85.1	58.3	-5.7	-3.8	458.7	379.9

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 (17)

IN CHF 1,000	2010	2009
Salaries	80,764	68,088
Social security expenses	10,962	10,790
Pension expenses	5,487	3,829
Other personnel expenses	2,180	3,305
Total	99,393	86,012

OTHER OPERATING EXPENSES (18)

IN CHF 1,000	2010	2009
Occupancy costs	7,284	7,596
Insurance and charges	1,979	2,766
Other operating expenses	6,030	5,371
Total	15,293	15,733

FINANCIAL RESULT (19)

IN CHF 1,000	2010	2009
Financial income		
Income from interests and securities	533	221
Income from non-consolidated investments	240	215
Exchange gains	6,427	2,298
Total	7,200	2,734
Financial expenses		
Interest expenses	2,392	2,820
Exchange losses	5,876	2,086
Total	8,268	4,906

NON-OPERATING RESULT (20)

IN CHF 1,000	2010	2009
Income from the sale of part of its minority interest of Bossard & Staerkle	-1,140	-
Expenses from non-capitalizable marketing costs for the BOSSARD Arena	1,800	-
Other non-operating expenses	150	-
Total	810	-

EARNINGS PER SHARE (21)

	2010	2009
Net income in CHF 1,000	44,264	14,973
Average number of shares entitled to dividend ¹⁾	2,987,929	3,009,920
Earnings per bearer share in CHF	14.81	4.97
Earnings per registered share in CHF	2.96	0.99

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 (22)

In 2010 and 2009 no acquisitions nor disposals were undertaken.

FINANCIAL INSTRUMENTS (23)

Open forward contracts at December 31 were as follows:

IN CHF MILLION	2010	2009
Contract value	0.7	0.7
Balance sheet value	0.0	0.0

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

In 2010 and 2009 no open forward exchange contracts were held to hedge the net investments in foreign subsidiaries at year end.

GOODWILL (24)

Assuming that those parts of that goodwill which could be capitalized had been capitalized and written down over a period of five years, this would have had an annual impact of CHF 0.44 million respectively CHF 0.3 million in the last year of amortization on consolidated net income and consolidated equity. In 2010 consolidated net income would have been CHF 44.6 million (2009: CHF 14.9 million) and consolidated equity CHF 179.4 million (2009: CHF 162.3 million). In 2010 the goodwill had been fully amortized (2009: remaining balance of CHF 0.3 million).

PENSION BENEFIT OBLIGATIONS (25)

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	
	31.12.2010	31.12.2010	31.12.2009		2010	2010	2010	2009
Patronage funds/pension institutions	3,786					615	615	124
Pension institutions without surplus/deficit	–					3,087	3,087	2,441
Pension institutions with surplus	–							
Pension institutions with deficit	–							
Total	3,786	–	–	–	–	3,702	3,702	2,565

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	2010	2009
Contributions to pension institutions charged to the company	3,702	2,565
Contributions to pension plans paid out of the employer contribution reserve (ECR)	–	–
Total contributions	3,702	2,565
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	–	–
Contributions and changes in employer contribution reserve	3,702	2,565
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	3,702	2,565

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

COMPENSATION AND SHARE HOLDINGS (26)

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, AC	185,000	75,000	–	260,000
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares), NCC	55,000	75,000	20,000	150,000
Urs Fankhauser	AC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee representative	15,000	30,000	–	45,000
Anton Lauber	NCC	55,000	75,000	15,000	145,000
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
2010		475,000	480,000	70,000	1,025,000

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	24,500	–	209,500
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares), NCC	55,000	24,500	20,000	99,500
Urs Fankhauser	AC	55,000	24,500	15,000	94,500
Erica Jakober-Tremp	Employee representative	15,000	24,500	–	39,500
Anton Lauber	NCC	55,000	24,500	15,000	94,500
Dr. Beat E. Lüthi		55,000	24,500	5,000	84,500
Helen Wetter-Bossard	NCC, minutes	55,000	24,500	15,000	94,500
2009		475,000	171,500	70,000	716,500

The compensation paid to current members of the board of directors are payments due for the 2010 business year and apply for the period of office from the annual general meeting 2010 to the annual general meeting 2011. Payment is made at the end of the period of office after the annual general meeting. 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, Swiss social security contributions of 10.1 percent are payable for each member of the board of directors.

Purchase of shares for the 2009 and 2008 business years:

		NUMBER OF BEARER SHARES 2009	MARKET VALUE IN CHF 2009	NUMBER OF BEARER SHARES 2008	MARKET VALUE IN CHF 2008
Dr. Thomas Schmuckli	Chairman, NCC, AC	850	52,309	2,200	88,770
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares), NCC	700	43,078	1,330	53,665
Urs Fankhauser	AC	732	45,047	1,711	69,039
Erica Jakober-Tremp	Employee representative	306	18,832	590	23,807
Anton Lauber	NCC	732	45,047	1,710	68,998
Dr. Beat E. Lüthi		654	40,247	1,593	64,278
Helen Wetter-Bossard	NCC, minutes	732	45,047	1,283	51,769
Total		4,706	289,607	10,417	420,326

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.

COMPENSATION PAID TO FORMER MEMBERS OF THE BOARD OF DIRECTORS

In 2010 and 2009 no compensation was paid to former members of the board of directors.

COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

IN CHF	EXECUTIVE COMMITTEE TOTAL		CEO ¹⁾	
	2010	2009	2010	2009
Salary fixed (gross)	2,106,083	2,479,800	497,700	493,800
Salary variable (gross)	1,248,549	705,200	285,000	155,000
Payments in kind	54,600	59,300	9,600	8,000
Total	3,409,232	3,244,300	792,300	656,800
Pension contributions	381,951	378,058	132,411	115,807
Members of the executive committee	6	8		

1) David Dean

The pension contributions correspond to the legal requirements for employers' Swiss social security contributions.

Purchase of shares for the 2009 and 2008 business years:

		NUMBER OF BEARER SHARES 2009	MARKET VALUE IN CHF 2009	NUMBER OF BEARER SHARES 2008	MARKET VALUE IN CHF 2008
David Dean	CEO	2,600	160,004	4,400	177,540
Stephan Zehnder	CFO	1,450	89,233	1,500	60,525
Julius Brun	Chief of Staff (to January 2010)	–	–	–	–
Beat Grob	CEO Central Europe	2,000	123,080	3,000	121,050
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	500	30,770	500	20,175
Steen Hansen	CEO America	400	24,616	1,143	46,120
Robert Ang	CEO Asia (since June 2009)	1,450	89,233	–	–
Total		8,400	516,936	10,543	425,410

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.

COMPENSATION PAID TO FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

In 2010 and 2009 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:

		SHARES	
		2010	2009
Board of directors			
Dr. Thomas Schmuckli	Chairman, NCC, AC	3,050	7,495
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares), NCC	2,380	2,930
Urs Fankhauser	AC	2,693	1,961
Erica Jakober-Tremp	Employee representative	896	590
Anton Lauber	NCC	2,442	2,210
Dr. Beat E. Lüthi		2,747	2,093
Helen Wetter-Bossard	NCC, minutes	10,173	13,728
Total		24,381	31,007
Executive committee			
David Dean	CEO	7,505	4,901
Stephan Zehnder	CFO	3,698	1,800
Julius Brun	Chief of Staff (to January 2010)		20
Beat Grob	CEO Central Europe	7,195	3,157
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	4,600	7,355
Steen Hansen	CEO America	1,543	1,143
Robert Ang	CEO Asia (since June 2009)	1,450	–
Total		25,991	18,380

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, 2010, as well as at December 31, 2009, there were no loans outstanding to members of governing bodies currently in office.

RELATED PARTY TRANSACTIONS (27)

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 55.8 percent (2009: 55.6 percent) of total voting rights or 28.1 percent (2009: 27.3 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	2010	INTEREST RATES IN %	2009	INTEREST RATES IN %
Deposits in the personnel savings accounts	3.6	2.8	4.1	2.8 – 3.3

The compensation to the board of directors and the executive committee consists of salaries and bonuses of CHF 4.4 million (2009: CHF 4 million).

LEASE AND RENTAL OBLIGATIONS (28)

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
2010	408	136	31	5	–	580
2009	911	370	159	32	1	1,473

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
2010	3,065	2,401	1,924	1,751	2,949	12,090
2009	3,646	2,899	2,353	1,925	5,258	16,081

ASSETS PLEDGED OR OTHERWISE RESTRICTED (29)

IN CHF 1,000	2010	2009
Accounts receivable, notes receivable	–	24
Inventories	3,243	2,114
Property, plant and equipment	1,263	1,457
Total	4,506	3,595

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 (2009: CHF 3.8 million). The current borrowings amount to CHF 0.2 million (2009: CHF 0.4 million).

CONTINGENT LIABILITIES (30)

Contingent liabilities in the amount of CHF 0.1 million (2009: CHF 0.8 million) result mainly from discounted notes given to third parties in the course of normal business operations.

EVENTS OCCURRING AFTER BALANCE SHEET DATE (31)

Between December 31, 2010 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 2010.

EXCHANGE RATES (32)

	31.12.2010 YEAR-END EXCHANGE RATE	01.01.2010- 31.12.2010 AVERAGE EXCHANGE RATE	31.12.2009 YEAR-END EXCHANGE RATE	01.01.2009- 31.12.2009 AVERAGE EXCHANGE RATE
1 EUR	1.25	1.38	1.48	1.51
1 USD	0.93	1.04	1.03	1.09
1 GBP	1.46	1.61	1.67	1.70
100 DKK	16.79	18.57	19.93	20.28
100 SEK	13.87	14.48	14.48	14.22
100 CZK	4.99	5.47	5.62	5.72
100 HUF	0.45	0.50	0.55	0.54
100 PLN	31.56	34.64	36.12	34.93
100 SGD	72.72	76.46	73.77	74.55
100 TWD	3.20	3.31	3.24	3.28
100 RMB	14.15	15.40	15.14	15.91
100 MYR	30.42	32.38	30.17	30.81
100 THB	3.11	3.29	3.10	3.17
100 INR	2.08	2.28	2.22	2.24
100 KRW	0.08	0.09	0.09	0.09

LIST OF GROUP COMPANIES (33)

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		■
Jersey	Bossard Finance Ltd	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	■	
México	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, 2010

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS



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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 42 to 68), for the year ended December 31, 2010.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 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 December 31, 2010 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

Zürich, February 16, 2011

BALANCE SHEET

IN CHF	NOTES	31.12.2010	31.12.2009
Assets			
Current assets			
Cash and cash equivalents		51,925	179,311
Marketable securities – treasury shares	3	3,657,401	134,471
Accounts receivable others		57,681	18,288
Total current assets		3,767,007	332,070
Long-term assets			
Investments	2	118,312,215	118,379,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		120,162,215	120,229,215
Total assets		123,929,222	120,561,285
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable Group companies		11,476,037	16,434,328
Accounts payable others		15,858	10,847
Bank loans		5,000,000	–
Accrued expenses		941,583	624,147
Total current liabilities		17,433,478	17,069,322
Long-term liabilities			
Bank loans		–	10,000,000
Total long-term liabilities		–	10,000,000
Total liabilities		17,433,478	27,069,322
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	5,507,401	1,984,471
Other reserves		28,604,299	32,127,229
Retained earnings		24,384,044	11,380,263
Total shareholders' equity		106,495,744	93,491,963
Total liabilities and shareholders' equity		123,929,222	120,561,285

INCOME STATEMENT AND APPROPRIATION OF AVAILABLE PROFIT

INCOME STATEMENT

IN CHF	2010	2009
Income		
Dividend income, income from marketable securities	18,183,038	8,198,000
Gain from divestments of financial assets	1,139,685	–
Interest income	411	48,238
Service fees from Group companies	336,000	336,000
Total income	19,659,134	8,582,238
Expenses		
General and administrative expenses	1,295,662	1,045,893
Financial expenses	784,048	677,458
Total expenses	2,079,710	1,723,351
Income before taxes	17,579,424	6,858,887
Taxes	106,000	–246,580
Net income	17,473,424	7,105,467

CHANGES IN RETAINED EARNINGS

IN CHF	2010	2009
Retained earnings at beginning of year	11,380,263	13,907,455
Net income	17,473,424	7,105,467
Appropriation of available profit determined by the annual general meeting		
Dividends for 2009 and 2008 respectively	–4,469,643	–9,632,659
Retained earnings at end of year	24,384,044	11,380,263

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING THE FOLLOWING APPROPRIATION OF RETAINED EARNINGS AS AT DECEMBER 31, 2010

IN CHF	2010
Available retained earnings before distribution	24,384,044
Dividend of 60 percent on the share capital of max. CHF 30,150,000 eligible for dividends	–18,090,000
To be carried forward	6,294,044

NOTES TO THE FINANCIAL STATEMENTS

IN CHF	2010	2009
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	112,101,005	114,996,701
thereof used	21,015,473	31,105,226
<p>The 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.</p>		
2. Investments contain:		
Bossard AG, Zug, wholly owned		
Bossard Finance Ltd, St. Helier, wholly owned		
Bossard + Staerkle AG, Zug, 8 percent (2009: 10 percent)		
3. Balance of own shares		
a) Treasury shares		
Balance at Jan. 1 – 2,407 shares (2009: 4,794 shares)	134,471	215,109
Purchase: 60,402 bearer shares of CHF 10 par value (2009: 18,573 shares)	4,391,971	1,077,155
Used for share option program: 14,761 bearer shares of CHF 10 par value (2009: 20,960 shares)	–869,041	–1,157,793
Balance at Dec. 31 – 48,048 shares, rate 109.50 (2009: 2,407 shares, rate 58.50)	3,657,401	134,471
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	3,657,401	134,471
Own shares – never issued	1,850,000	1,850,000
Reserve for own shares	5,507,401	1,984,471
4. Compensation and share holdings		
<p>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 26 on page 63).</p>		
5. Other information required by law		
<p>Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 55.8 percent (2009: 55.6 percent) of the voting rights. Kolin Holding AG, Zug, is wholly owned by the Bossard families.</p>		
6. Risk management		
<p>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 set out 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.</p>		

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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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 70 to 72), for the year ended December 31, 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2010 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

Zürich, February 16, 2011

INVESTOR INFORMATION

	2010	2009	2008	2007	2006
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	2,426,952	2,472,593	2,470,206	2,470,206	2,460,206
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					
	2,966,952	3,012,593	3,010,206	3,010,206	3,000,206
Market price					
Ticker symbol (BOS)					
Volume traded (daily average)	4,258	2,836	3,328	4,905	3,922
Closing price at Dec. 31	109.5	58.5	45.6	87.0	81.5
Bearer share high in CHF	110.0	65.6	87.0	98.5	93.0
Bearer share low in CHF	56.6	29.5	42.0	76.1	73.5
Dividend per share					
Bearer share in CHF	6.0 ¹⁾	1.5	3.2	3.0	1.7
Registered share in CHF	1.20 ¹⁾	0.30	0.64	0.60	0.34
In % of share capital	60.0	15.0	32.0	30.0	17.0
Dividend yield (Basis: price at Dec. 31)					
	5.5 %	2.6 %	7.0 %	3.4 %	2.1 %
Earnings per share^{2) 5)}					
Bearer share in CHF	14.81	4.97	10.68	10.03	3.98
Registered share in CHF	2.96	0.99	2.14	2.01	0.80
Cash flow per share^{2) 4)}					
Bearer share in CHF	18.55	8.96	14.70	14.38	8.12
Registered share in CHF	3.71	1.79	2.94	2.88	1.62
Price/Earnings ratio (Basis: price at Dec. 31)					
	7.4	11.8	4.3	8.7	20.5
Net worth per share³⁾					
Bearer share in CHF	60.5	53.8	53.1	50.3	42.8
Registered share in CHF	12.1	10.8	10.6	10.1	8.6
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	324.9	176.2	137.3	261.9	244.5
In % of shareholders' equity	181.1	108.8	85.9	173.0	190.4

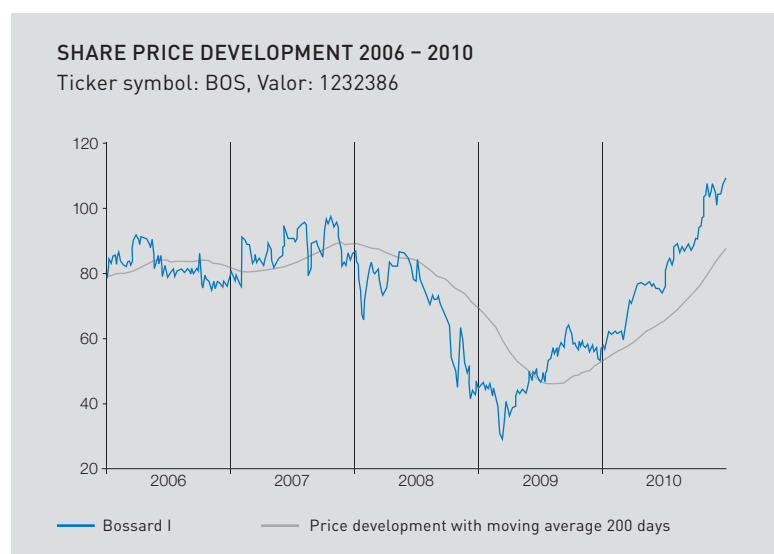
IN CHF MILLION	2010	2009	2008	2007	2006
Economic value added analysis					
Gross sales	477.6	395.1	565.7	600.8	559.5
Earnings before interest and taxes (EBIT)	47.3	18.8	45.1	41.2	22.7
Effective tax rate in %	1.0	8.1	11.1	18.7	35.0
Net operating profit after tax (NOPAT)	46.8	17.3	40.1	33.5	14.7
Equity	179.4	162.0	159.7	151.4	128.4
Gross financial debt	44.7	61.1	110.8	123.2	122.4
Less cash and cash equivalents	19.0	22.4	12.2	10.9	8.8
Capital employed (year end)	205.1	200.7	258.3	263.7	242.0
Average annual capital employed (A)	202.9	229.5	261.0	252.9	245.1
Return on average capital employed (ROCE) in %	23.1	7.5	15.4	13.2	6.0
Cost of financial debt in %					
Average cost of financial debt	2.8	2.4	3.8	4.7	3.7
Less effective tax	1.0	8.1	11.1	18.7	35.0
Cost of financial debt after tax	2.7	2.2	3.4	3.8	2.4
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	1.6	2.2	2.9	2.9	2.5
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	7.1	7.7	8.4	8.4	8.0
Equity ratio	61.3	56.9	45.6	40.8	36.3
Weighted average cost of capital (WACC) in %	5.4	5.3	5.7	5.7	4.4
Economic profit in % (ROCE – WACC) (B)	17.7	2.2	9.7	7.5	1.6
Economic profit in CHF million (A) * (B)	35.9	5.0	25.3	19.0	3.9

- 1) Proposal to annual general meeting
- 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 incorporation do not include any provisions for opting out or opting up.
For comparison, the figures of the years 2006 to 2008 were adjusted to meet Swiss GAAP FER requirements.

IN CHF MILLION	2010	2009	2008	2007	2006
Economic book value (EBV)					
Market value added (economic profit/WACC)	664.8	94.1	446.6	333.7	88.7
Capital employed	205.1	200.7	258.3	263.7	242.0
Implied enterprise value	869.9	294.8	704.9	597.4	330.7
Less gross financial debt	44.7	61.1	110.8	123.2	122.4
Plus cash and cash equivalents	19.0	22.4	12.2	10.9	8.8
Economic book value at Dec. 31	844.2	256.1	606.3	485.1	217.1
Market valuation and key ratios					
Share price at Dec. 31 in CHF	109.5	58.5	45.6	87.0	81.5
Market capitalization	324.9	176.2	137.3	261.9	244.5
Net financial debt	25.7	38.7	98.6	112.3	113.6
Enterprise value (EV)	350.6	214.9	235.9	374.2	358.1
EV in % of gross sales	73.4	54.4	41.7	62.3	64.0
EV/EBITDA	6.1	7.0	4.1	6.9	10.3
EV/EBIT	7.4	11.4	5.2	9.1	15.8
EV/NOPAT	7.5	12.4	5.9	11.2	24.4
Price/book value per share	1.8	1.1	0.9	1.7	1.9
Return on equity in %	26.3	9.5	20.8	21.8	9.6

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



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