BOSSARD

Proven Productivity

ANNUAL REPORT

2013

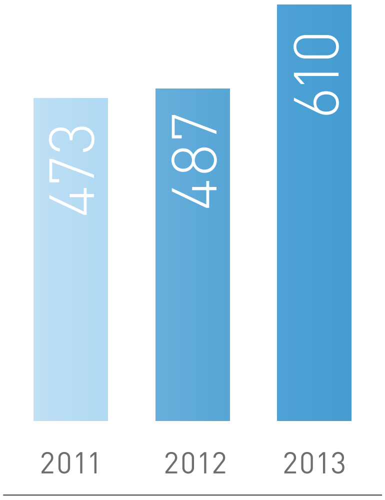
BOSSARD GROUP'S PROFILE

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

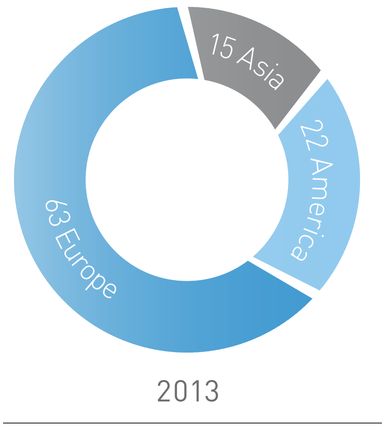
Its customers include local and multinational industrial companies **who use Bossard's solutions to improve their productivity.** Employing more than 1,800 people in over 60 locations around the world, the Group generated CHF 610 million in sales in 2013. Bossard is listed on the SIX Swiss Exchange.

At a Glance

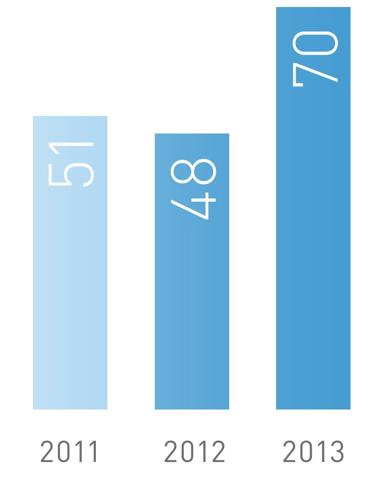
Sales
in CHF million



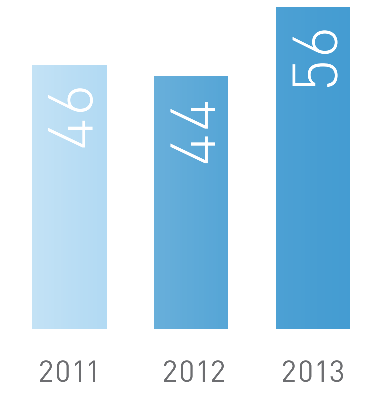
Geographic
Sales Distribution
in %



Operating Profit
in CHF million



Net Income
in CHF million



HISTORIC KEY FIGURES

IN CHF 1,000	2013	2012	2011	2010	2009
Gross sales	609,714	487,094	473,484	477,609	395,109
Change to prior year in %	25.2	2.9	–0.9	20.9	–30.2
Net sales	590,159	471,173	457,717	458,724	379,861
Gross profit	242,035	187,478	185,552	188,417	146,347
Personnel expenses	123,388	98,885	95,969	99,393	86,012
in % of gross profit	51.0	52.7	51.7	52.8	58.8
EBIT	69,783	48,373	51,277	47,266	18,813
in % of net sales	11.8	10.3	11.2	10.3	5.0
Net income	56,001	43,505	45,621	44,928	15,298
in % of net sales	9.5	9.2	10.0	9.8	4.0
Cash flow [1)]	68,316	53,952	55,457	55,413	26,972
in % of net sales	11.6	11.5	12.1	12.1	7.1
Capital expenditures	14,901	24,983	19,986	8,367	4,810
Operating net working capital [2)]	211,472	202,225	202,563	172,559	155,596
in % of net sales	35.8	42.9	44.3	37.6	41.0
Net debt	101,163	202,185	29,607	25,747	38,640
Shareholders' equity	167,298	51,861	207,073	179,354	162,015
in % of total assets	43.2	13.8	62.6	61.3	56.9
Total assets	386,951	376,217	330,822	292,743	284,507
Return on equity	51.1	33.6	23.6	26.3	9.5
Return on average capital employed (ROCE)	22.8	17.2	21.5	23.1	7.5
Dividend yield (Basis: price at Dec. 31)	2.9 %	4.3 %	5.9 %	5.5 %	2.6 %
Earnings per share [3) 4)]					
Bearer share in CHF	14.79	14.58	15.16	14.81	4.97
Registered share in CHF	2.96	2.92	3.03	2.96	0.99
Price/earnings ratio (Basis: price at Dec. 31)	14.0	9.2	6.7	7.4	11.8
Price/book value per share	4.7	7.7	1.5	1.8	1.1
Annual weighted average number of employees [5)]	1,767	1,551	1,493	1,393	1,355
Net sales per employee [6)]	334.0	303.7	306.7	329.3	280.3

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

CONTENTS

REPORT TO THE SHAREHOLDERS
BOSSARD – RECORD TURNOVER AND RECORD PROFIT

Dr. Thomas Schmuckli, Chairman of the Board of Directors, and David Dean, CEO

DEAR SHAREHOLDERS,

Our company set new records in the financial year 2013 and in doing so attained goals which only a few years ago appeared a long way off. Thanks to the acquisition of KVT-Fastening, Bossard has grown to a new level. Yet, as you know, Bossard never strives for growth for growth's sake. It therefore gives us particular satisfaction that the company has also made further progress in areas of profitability; despite the strains which every acquisition brings with it.

FURTHER IMPROVED PROFITABILITY

The increased performance of Bossard is remarkable in various respects: At CHF 609.7 million we achieved a turnover which is 25.2 percent over the previous year's level. Also profit at CHF 56.0 million (+28.7 percent) has attained a previously unreached height. Thus, the company has again improved its performance in an impressive manner and seamlessly continued the development of the previous years. This perception is shared outside the company: In mid-2013, we were awarded with the gold pin for the best three-year investment performance for medium-sized companies by the Swiss newspaper "Handelszeitung". During this period, our company substantially improved operational profitability. In 2013, we have taken a further significant step in this direction, and the acquisition of KVT-Fastening has been instrumental to the performance of the company as a whole; as we had announced that it would.

However, Bossard's encouraging development was not only due to this major acquisition. The established business too was characterized in 2013 by growth and improved margins thanks to the targeted development work in previous years, although we did not feel a strong tailwind in our sales markets which would have boosted our business. At any rate we detected in Europe, still our most important market, a certain stabilization of the economy from the second half of the year. In Asia Bossard benefited from a slight revival in business activity from the second quarter. In America, although economic development is still running at a satisfactorily high level, we occasionally had to notice a slight slowdown of demand in the second half of the year.

SUBSTANTIAL INVESTMENTS

Despite the overall challenging conditions, we made investments in different countries in order to expand and modernize our infrastructure. For the first time in our history we opened offices in Australia, and particularly in Germany, where we see further market potential alongside KVT-Fastening and intend to exploit it accordingly. In Korea and Malaysia we finished our new distribution centers. In China too we have initiated structural investment in order to better tap into this huge market. With the acquisition of the Intrado AG domiciled in Hünenberg, Switzerland, Bossard also strengthened its product range in the area of fasteners for electro-technical applications.

The most operationally significant changes however were brought by KVT-Fastening, which specializes in industrial fastening technology and was acquired at the end of November 2012. We raised great expectations in the takeover of KVT-Fastening, and today we can proudly say that the company fully meets these expectations, both in operational and financial terms. KVT is an ideal complement to Bossard; the overlaps in terms of assortment are only of marginal nature. Through the acquisition we have consolidated our position on the various markets and laid a solid foundation for the future development of the group as a whole. KVT-Fastening is the exclusive representative for certain product solutions in Germany, Austria and Switzerland. We are currently making great efforts to take advantage of this business base and wherever possible to expand. Accordingly, we have implemented several promising rounds of talks to extend the aforementioned representative product solutions to all Bossard's sales markets in Europe, America and Asia.

SHAREHOLDER CONFIDENCE

The CHF 200 million KVT acquisition was an important stage in our corporate history, which also made a capital increase of CHF 80 million necessary. Thereby the shareholders provided a big vote of confidence in us by voting 99.9 percent in March 2013 for the raising of this capital. We greatly value this enormous show of confidence on the part of our shareholders. All the more, we are very pleased that their commitment has already paid off: From March 25, when the new shares were first traded, the exchange value of the bearer shares increased by the end of the year by no less than 42 percent. This development also reflects confidence in the strategy, namely that the growth associated with KVT will pay off. The results for the first semester brought provisional confirmation of this, which again stimulated the interest of investors in Bossard. Last but not least, the now high market capitalization around CHF 780 million at year end moves us more into the focus of large investors. We are thereby aware that we have to meet the expectations of demanding investors.

Financial analysts also have acknowledged our acquisition policy with overwhelmingly positive vote although thus involved a considerable strain on our finances. After the takeover of KVT-Fastening the equity ratio at the end of the year 2012 had fallen to 13.8 percent, as goodwill was fully offset against equity. The capital base no longer met our conservative philosophy, according to which the long-term investments should be financed by a healthy mix of debt and equity. Self-financing rose again to 35 percent due to the capital increase and then improved thanks to the positive business development until year end to 43.2 percent; it thus once again exceeded the fixed target of over 40 percent. Also the net debt was able to be significantly reduced in the course of the year. It fills us with satisfaction that the balance sheet structure developed according to the specification made at the beginning of the year and we were able to redeem a promise we had made to shareholders and investors.

BASIS FOR LONG-TERM DIVIDEND POLICY

Dear Shareholders, ultimately the normalization of the balance sheet forms the basis on which we can continue our long-term dividend policy. Then we will distribute approximately 40 percent of the profit to you. Even after the price rises since the start of 2013, the Bossard share remains interesting from the dividend aspect; measured against the year-end share price of CHF 206.50 a return of 2.9 percent can be calculated.

It remains to be noted at this point that the annual general meeting (AGM) of April 7, 2014 will decide on the conversion of publicly traded bearer shares into new registered class A shares. With this exchange shareholders will be entered in future in the share register, thus intensifying mutual communication. In addition, the Board of Directors is proposing to the AGM a share split in the ratio 1:2 after the encouraging increase of the share price. This modification to the Articles of Association will be completed at the AGM with the introduction of new Articles of Association on the system of remuneration as a result of mandatory changes in the Swiss law.

In summary, our company has provided a remarkably solid track record in the financial year 2013. We are convinced that we must continue along this path by convincing more and more customers of our high quality products and services. Ultimately, all stakeholders will benefit from this: Our customers, our employees and especially you, dear shareholders. We would like to heartily thank you at this point for your loyalty and trust in our company.

Dr. Thomas Schmuckli	David Dean
Chairman of the Board of Directors	CEO

Zug, February 28, 2014

VALUES
BASIS FOR SUSTAINABLE COMPANY GROWTH

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

WE KNOW OUR CUSTOMERS' NEEDS

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

WE SELECT OUR PARTNERS WITH A VIEW TO THE FUTURE

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

WE BELIEVE IN SUSTAINABLE CORPORATE MANAGEMENT

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

WE FOSTER CONTINUOUS AND PROFITABLE GROWTH

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

WE SUPPORT AND PROMOTE OUR EMPLOYEES

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

WE ARE COMMITTED TO THE PUBLIC AND THE ENVIRONMENT

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

PUTTING VALUES INTO PRACTICE

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

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

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

Today, Bossard figures among **the market leaders in the fastening technology** sector in the three major economic regions: Europe, America and Asia. More than 37,000 customers place their trust in Bossard.

STRATEGY

In line with its strategy, the Bossard Group has evolved into a global company over the last several years. A consistent business system combined with a successful business model and a clearly defined performance profile, form a solid foundation for further growth.

PROVEN PRODUCTIVITY – OUR PROMISE...

The strategy for the coming years continues to focus on targeted market development. The core of this strategy is our company's long-time philosophy of "Proven Productivity" – our market-oriented promise to boost the competitiveness of our customers in a sustainable and measurable way. This philosophy strengthens the bridge of trust between us and our customers day in and day out.

...FOR A GLOBALLY FRAGMENTED MARKET.

The global market in which Bossard is growing is heavily fragmented. As opposed to other sectors and industries, there are no globally dominant players in fastening technology. This high level of fragmentation creates significant opportunities for organic growth. We will exploit these opportunities by continuing to be as close to our customers as possible.

CUSTOMER PROXIMITY CREATES GROWTH OPPORTUNITIES...

For us, proximity goes beyond geography. It also encompasses the primary challenge that keeps our customers awake at night – boosting their competitiveness. The better we understand our customers' perspective on this core challenge and the more in-depth we go in analyzing the issues associated with it, the better we can bring our extensive experience and expertise to bear when responding to this challenge.

...AND DRIVES OUR STRATEGIC AMBITION:

"We want to be the trusted expert brand providing assembly technology solutions for our customers globally." To turn this vision into reality, we focus on OEM (original equipment manufacturer) customer groups with the aim of supporting them to boost their competitiveness. Thereby, we rely on outstanding services, technical consulting and efficient processes along the entire supply chain.

OUR STRATEGY FOR STRONG HIGH-QUALITY GROWTH

Within the context of our strategic goals, which remain unchanged for 2010–2015, we are aiming to achieve sustainable high-quality growth. We want to substantially increase our sales revenue in the coming years to further strengthen and expand our market position. However, volume growth should not come at the expense of profit, which must at least keep pace with revenue. In addition, the invested capital must yield a reasonable return for our investors.

GREATER FOCUS ON HIGHER-END PRODUCTS AND SOLUTIONS

In addition to in-house developments, we continue to rely on worldwide sales agreements with established manufacturers of attractive solutions. Our R&D is advancing the development of new proprietary products and customer-specific application solutions.

On the whole, our "Proven Productivity" philosophy increasingly targets products and solutions that are proven to give customers lasting added value. This will offer us attractive profit margins. The main focus is on our engineering services and on the development of functional modules that intelligently combine multiple fastening components in a single unit.

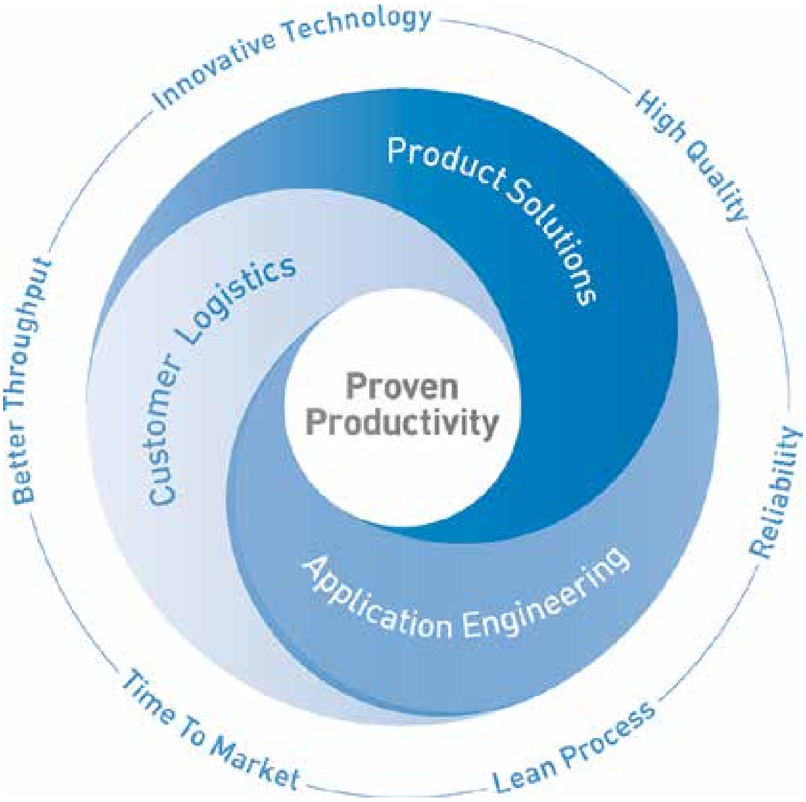
Overall, we aim to achieve this growth organically. Acquisitions are an option to augment this approach. However, this requires clearly defined requirements with a view toward products and markets.

MARKET DEVELOPMENT SHOWS THAT BOSSARD IS ON THE RIGHT TRACK

Our confidence that we can successfully implement this strategy is well justified. We are starting out in a strong position in both developed and emerging markets. Although highly fragmented markets mean intense competition, they also offer considerable room for growth.

In addition, we are seeing continued industrial consolidation as well as procurement-related concentration in our customer sectors. Thanks to our size and international presence, we are likely to derive better-than-average benefits from these trends in the coming years.

BUSINESS MODEL
MAKING OUR CUSTOMERS MORE COMPETITIVE



We live in a fascinating world. The products that surround us make our lives and work easier than ever before. From small everyday devices like smartphones or computers to large, industrially manufactured equipment like trains or tractors – today's products symbolize progress.

When you take a closer look at these products, you will discover an equally fascinating world consisting of thousands of parts, components and screws. Everything is in its place, in the right spot, and optimally connected to other parts.

HIDDEN POTENTIAL

At first glance, you will see things like screws, nuts or bolts. However, some things remain hidden to the eye and do not become obvious until you take a closer look. At Bossard, that is what we call the "hidden potential" of fastening technology. "Hidden" because at first glance they are invisible. "Potential" because they have the power to permanently boost the competitiveness of our customers. These "hidden" aspects account for approximately 85 % of the total cost of ownership of fastening elements (TCO).

GETTING AHEAD TOGETHER

For this reason, we work with our customers to uncover this potential along the entire value chain of industrial engineering. We analyze ways and means to optimize costs, to shorten lead times, and to constantly exceed the quality standards of the products used.

This process, this mindset, this targeted analysis and implementation approach has a name: We call it "Proven Productivity".

As a promise to our customers, "Proven Productivity" has two elements: One, it has been proven to work. And two, it sustainably improves the productivity of our customers.

STRONG PERFORMANCE

By working with our customers over the years, we have gained an ever clearer picture of what has proven to be effective over the long term. We have come to recognize what it takes to boost our customers' competitive position. As a result, we support our customers in three core areas of strategic importance.

First, finding optimal product solutions – evaluating and using the "best" fastening element for the intended application in our customers' products.

Second, from the moment our customer start designing a new product, our application engineering provides the most "intelligent" solution for any given fastening challenge.

And third, the "leanest" customer logistics – reducing or even eliminating procurement costs along the entire supply chain of our customers.

KEY BENEFITS

From the perspective of our customers, the interplay of product solutions, application engineering and customer logistics has six core benefits:

1. Time to market: This means that our customers' products are brought to market faster – a crucial competitive advantage in a global environment where speed counts.
2. Lean process: For our customers, this means saving time, money and resources, being able to better calculate total costs – and above all, achieving higher margins.
3. Better throughput: This is one of the central cost aspects for our customers when it comes to boosting effectiveness – and especially improving efficiency.
4. High quality: For our customers, this means absolute reliability in terms of product, process and production safety – and hence, less waste and fewer complaints.
5. Innovative technology: From a customer's perspective this is crucial. Only companies open to new developments are ready to successfully forge new paths and go where no other competitor has gone before.
6. Maximum reliability: For our loyal customers, this means knowing that they can rely on us and our long-time employees with the utmost confidence – not just now, but decades down the line.

"Proven Productivity" is rooted in the traditions of our corporate history and today, in an increasingly competitive market environment, permeates every fiber of our global organization.

"Proven Productivity" is our contribution to boosting the competitiveness of our customers – sustainably and measurably. It is also a philosophy that motivates us on a daily basis to give our utmost and to further strengthen the foundation for the sustainable growth of our group.

EMPLOYEES
KEY TO SUCCESS

First and foremost, Bossard has the dedication, knowledge and creativity of its more than 1,800 employees to thank for its success. This is why Bossard has always pursued a long-term human resources policy in which it fosters professional and personal development and allows its employees to participate in the company's success.

AN ATTRACTIVE EMPLOYER GROUP-WIDE

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

FROM EMPLOYEE SELECTION …

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

… TO CONTINUING EDUCATION AS AN INVESTMENT

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

LEADERSHIP AND ENCOURAGEMENT

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

MARKET-ORIENTED COMPENSATION SYSTEM

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

DIRECT AND OPEN COMMUNICATION

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

DIVERSITY UNDER ONE ROOF

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

QUALITY AND PROCESSES
RELIABILITY WITHOUT COMPROMISE

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

QUALITY BEGINS WITH PROCUREMENT

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

Bossard's quality management practices are aimed at avoiding errors by detecting and eliminating them at an early stage. We are able to distinguish between random and systematic errors. Due to error analyses, our manufacturers receive detailed information that enables them to quickly and permanently improve the quality of their products and thus save money.

ADVANCED GLOBAL TESTING SYSTEM

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

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

ENGINEERING MAKES THE DIFFERENCE

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

QUALITY LOWERS COSTS

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

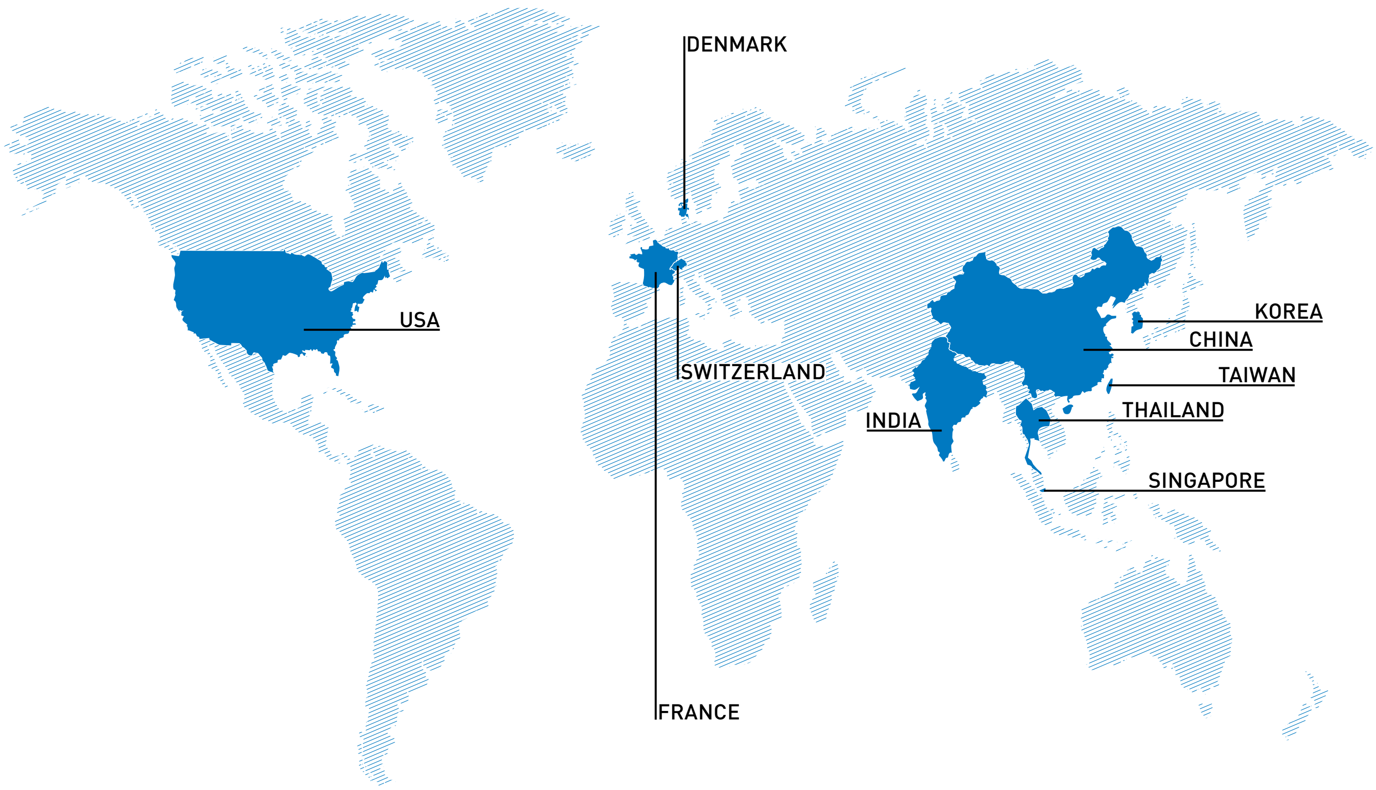
QUALITY FOR THE ENVIRONMENT

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

QUALITY AND TEST LABORATORIES
PROVEN EXPERTISE AROUND THE GLOBE

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

Our wide range of tests include:
_ Tensile and proof load testing
_ Drive and torsional strength testing
_ Friction coefficient testing
_ Hardness measurement
_ Measurement of coating thickness
_ Environment simulation test (corrosion test)
_ Chemical analysis



RISK MANAGEMENT
SYSTEMATIC RISK MONITORING AND REDUCTION

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

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

LOW SUPPLY RISK AS A RESULT OF LARGE NETWORK

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials increases. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we cannot hedge against price increases. We have an extensive supply portfolio of more than 3,200 manufacturers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

SYSTEMATIC QUALITY MONITORING

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

RESPONDING TO SALES RISKS THROUGH DIVERSIFICATION

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

IT PROTECTION IS A HIGH PRIORITY

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

MINIMIZING FINANCIAL RISKS

Given its international operations, Bossard Group is exposed to various financial risks. These comprise exchange rate, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.

Financial risk management is described in detail on page 42.

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

CORPORATE GOVERNANCE

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

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

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

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

Bossard Holding AG is the only listed company of Bossard Group. It is headquartered in Zug, Switzerland, and its shares (BOS, Swiss security number 1232386, ISIN CH0012323868) are listed on the SIX Swiss Exchange. Bossard's Group structure is intended to optimally and efficiently support business operations, in compliance with legal, taxation and financial requirements. The structure was designed to be as straightforward as possible and thus also transparent for anyone outside the Group. Bossard is active exclusively in the industrial fastening technology business and generates its total revenue in industrial fastening technology in this one segment.

SIGNIFICANT SHAREHOLDERS

As of December 31, 2013, the following shareholders own more than 3 percent of the total voting rights in Bossard Holding AG:

The Kolin Group, a shareholder group per Article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading), consisting of Kolin Holding AG, Zug, and the Bossard Unternehmensstiftung (company trust), Zug, holds 56.2 percent (2012: 56.5 percent) of the total voting rights and 28.1 percent (2012: 29.0 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families. The shares without voting commitment held by individual members of the Bossard families outside this shareholder group are not included.

Sarasin Investmentfonds AG, Basel, holds 267,737 bearer shares or 4.9 percent of the total voting rights in Bossard Holding AG (announced on June 9, 2011) via the Sarasin Selects Fund and the SaraPro Institutional Fund – Swiss Equities, both of which it manages.

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies.

CAPITAL STRUCTURE

SHARE CAPITAL

Bossard Holding AG holds ordinary share capital in the amount of CHF 40,000,000, divided into 3,325,000 bearer shares with a nominal value of CHF 10 per share, and 3,375,000 registered shares with a nominal value of CHF 2 per share. The share capital is fully paid up.

Since the increase in share capital in 1989, Bossard Holding AG has held 185,000 bearer shares in reserve. 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

In March 2013, Bossard Holding increased the share capital by a nominal CHF 8,000,000 from CHF 32,000,000 to CHF 40,000,000 through the issue of 675,000 new registered shares (voting shares) and 665,000 new bearer shares. The subscription right of the shareholders was thereby ensured. The revenue from the capital market transaction amounted to CHF 79,988,000.

At the time this annual report went to press, the board of directors was planning to propose to the general meeting a 1:2 stock split and the conversion of bearer shares to registered A shares and current registered shares to registered B shares.

PLANNED SHARE CAPITAL STRUCTURE

Pending approval by the annual general meeting 2014, share capital will then be divided into 6,650,000 registered A shares with a nominal value of CHF 5 per share and 6,750,000 registered B shares with a nominal value of CHF 1 per share.

PARTICIPATION AND PROFIT-SHARING CERTIFICATES

The company has issued no participation or profitsharing certificates.

LIMITATIONS ON TRANSFERABILITY

According to article 6 of the articles of association (status March 2013), the board of directors must always approve the transfer of registered shares. For substantial reasons (such as acquisition by a competitor or fiduciary purchase), the board of directors may reject such transfer requests, primarily to protect the purpose of the company and to maintain its economic independence.

The listed bearer shares are fully transferable.

BONDS AND WARRANTS / OPTIONS

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

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2013, the board of directors of Bossard Holding AG had six non-executive members.

NAME	FUNCTION	APPOINTED
Dr. Thomas Schmuckli	Chairman	2007
Anton Lauber	Deputy chairman	2011
Urs Fankhauser	Representing holders of bearer shares	2011
Prof. Dr. Stefan Michel		2011
Maria Teresa Vacalli		2013
Helen Wetter-Bossard		2002

OTHER ACTIVITIES AND VESTED INTERESTS

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

ELECTIONS AND TERMS OF OFFICE

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

Holders of bearer shares as a group have the right to one seat on the board of directors. In 2011, Urs Fankhauser was elected as the representative of the holders of bearer shares; holders of registered shares with voting rights did not participate in this election. In general, an employee representative should also sit on the board of directors. This position is currently vacant. The maturity of board members should be external members with no executive function in the Group.

In the reporting year, no members of the board of directors had an executive function in Bossard Group.

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

NAME	FUNCTION	FIRST ELECTED TO THE BOARD
Dr. Thomas Schmuckli	Chairman	2000
Anton Lauber	Deputy chairman	2006
Urs Fankhauser	Representing holders of bearer shares	2007
Prof. Dr. Stefan Michel		2011
Maria Teresa Vacalli		2013
Helen Wetter-Bossard		2002

In light of the majority acceptance of the Minder-Initiative in the spring of 2013, the board of directors intends to ask the 2014 general meeting to modify the statutes to comply with the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV) and to implement a one-year term for the board of directors.

INTERNAL ORGANIZATIONAL STRUCTURE

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

CORPORATE GOVERNANCE
BOARD OF DIRECTORS

Dr. Thomas Schmuckli

Urs Fankhauser

Maria Teresa Vacalli

Prof. Dr. Stefan Michel

Anton Lauber

Helen Wetter-Bossard

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. Today, Dr. Thomas Schmuckli works as an independent businessman. Since 1993 he held management positions in the General Counsel division of Credit Suisse Group. In between he was head of process and product management at Zuger Kantonalbank, Zug, from 2000 to 2005. From 2005 to 2013 he headed different legal and compliance departments of Credit Suisse in Zurich, most recently LCD Credit Suisse Asset Management Zurich as Managing Director. He serves as Chairman of Credit Suisse Funds AG and its Real Estate Committee. Background: Studied law (LLB and LLD) 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.

URS FANKHAUSER

Urs Fankhauser was elected to the board in 2007. Today, he works as an independent businessman. From 2002 to November 2013 he was 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 and of EMS-CHEMIE AG. Urs Fankhauser was born on January 24, 1960, and is a Swiss citizen.

MARIA TERESA VACALLI

Maria Teresa Vacalli was elected to the board in 2013. Since 2008 she has been working at Sunrise Communications AG in Zurich, where she leads as executive director the wholesale unit. Between 2002 and 2008 she held various executive positions at UPC Cablecom GmbH in Zurich. Prior to 2002 she worked in management positions in different companies. Background: Graduate degree in plant and production engineering, Swiss Federal Institute of Technology (ETH), Zurich. Maria Teresa Vacalli was born on August 11, 1971, and is a Swiss citizen.

PROF. DR. STEFAN MICHEL

Prof. Dr. Stefan Michel was elected as a member of the board in 2011. He is a professor for marketing and service management at the prestigious IMD Business School in Lausanne, Switzerland. Prof. Dr. Stefan Michel studied economics at Zurich University and took his doctorate in marketing. From 1998 to 2003 he taught marketing at Lucerne University of Applied Sciences and Arts and was a visiting professor at the universities of Zurich and Bern. Between 2003 and 2008 he taught at the Thunderbird School of Global Management in Arizona, U.S.A. He is the author of several books and professional articles and advises international and national companies concerning corporate strategy. Dr. Stefan Michel was born on May 18, 1967, and is a Swiss citizen.

ANTON LAUBER

Anton Lauber was elected to the board in 2006. Today, he works as an independent businessman. From 2008 to 2011 he headed as delegate of the board of Schurter AG the Schurter Group's Division Electronic Components in Lucerne, with 15 international group companies. From 1993 to 2008 he was CEO of Schurter AG and from 1996 he officiated as delegate of the board of Schurter AG. Between 1988 and 1992, he headed the production and R & D division of Schurter AG. Prior to that, he managed the Generator Plant of ABB Switzerland. He is a member of the board of directors of Landert Motoren AG, Bülach; Fr. Sauter AG, Basel; Beutler Nova AG, Gettnau and CTC Analytics AG, Zwingen and is chairman of the board of Hightech Zentrum Aargau AG, Brugg and Voegtlin-Meyer AG, Brugg. Furthermore, in Central Switzerland, he serves as chairman of the Council of Lucerne University of Applied Sciences and Arts. Background: Degree in Mechanical Engineering and various postdegree diplomas awarded by the University of St. Gallen, by IMD in Lausanne and Lucerne University. Anton Lauber was born on July 26, 1951, and is Swiss citizen.

HELEN WETTER-BOSSARD

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

The board of directors has the following main duties:
- _Defining the strategic thrust and policies of Bossard Group
- _Determining the organizational structure
- _Establishing the accounting system and financial controls
- _Ultimate supervision of business activities and of persons entrusted with the management of the company
- _Appointing and dismissing members of the executive committee
- _Drawing up the annual report, preparing the annual general meeting of shareholders and implementing its decisions

For its support, the board of directors has established two committees, the audit committee and the nomination and compensation committee. These serve to relieve the board of directors from dealing with the details of specific issues and to prepare information for decision making. The activities of the committees and any delegation of tasks do not touch on the board's integral overall responsibility. Ad hoc committees can be formed to deal with specific projects or issues, or those where a certain time limit applies. Moreover, the board of directors has delegated operational management to the executive committee under the chairmanship of the CEO.

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

WORKING METHODS OF THE BOARD OF DIRECTORS

As a rule, ordinary meetings of the board of directors are held seven to eight times a year. The board of directors is available at short notice should this be required. The length of board and committee meetings depends on the agenda. In 2013 a total of six board meetings were held as well as one retreat and two extraordinary teleconferences.

Moreover, the board of directors holds a retreat once a year; this meeting, which lasts for several days, is used to review and develop the Group strategy. In 2013, a threeday retreat took place at the domicile of KVT-Fastening Germany in Illerrieden and at the domicile of Bossard France in Strasbourg. Apart from its scheduled meetings, the board of directors is supplied with monthly informationon the Group's financial development.

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

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

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

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

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

COMPOSITION AND WORKING METHODS OF THE BOARD'S COMMITTEES

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

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

AUDIT COMMITTEE

The audit committee (AC) has at least two members elected by the board of directors from among its members for a period of four years, reelection is possible. Currently the members of the AC are Urs Fankhauser, chairman, Maria Teresa Vacalli and Dr. Thomas Schmuckli. As a rule, the members of the AC meet at least three times a year. The meetings are attended by the CFO, the Group controller and a representative of the external auditors.

Depending on the agenda, the CEO may be invited to attend the meetings. The minutes taken at the meetings are dispatched to all board members and the CEO as well as to the participants of the meeting.

In 2013 the AC held four meetings.

The AC has the following main duties:

_Reviewing the annual report, the annual and interim financial statements, the notes to the statements and the report of the statutory auditors for both Bossard Group and for Bossard Holding AG; proposals are addressed to the board of directors
_Assessing whether the corporate accounting standards have been abided by
_Selecting the statutory auditors to be proposed to the annual general meeting of shareholders; proposals are addressed to the board of directors
_Discussing the auditing plan
_Evaluating the performance, independence and compensation of the statutory auditors
_Periodically examining the company's risk management and internal control system

NOMINATION AND COMPENSATION COMMITTEE

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

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

In 2013 the NCC held two meetings.

The NCC has the following duties:

_Identifying suitable candidates to sit on the board; proposals are addressed to the board of directors
_Identifying suitable candidates for the executive committee; proposals are addressed to the board of directors
_Periodically examining the compensation system and overall compensation paid to the board of directors
_Periodic review of the compensation system and total remuneration of managers
_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 2013 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.

DEFINITION OF RESPONSIBILITY

The powers and responsibilities vested in the board of directors and the executive committee are defined in the organization regulations as laid down in article 19 paragraph 2 of the articles of association of Bossard Holding AG (www.bossard.com > About us > Investor Relations > Corporate Governance). It describes the duties and rights which are permanently vested in the board of directors and which cannot be delegated; it also describes the rights and duties of the executive committee. The organization regulations define the duties and responsibilities of the chairman of the board of directors and of the CEO.

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

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

INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE COMMITTEE

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

The board of directors is informed on the company's financial development once a month. A written monthly report is submitted 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 board of directors has delegated the company's overall management to the CEO. He is responsible for the company's operations. The CEO has further delegated individual tasks to members of the executive committee. The CEO is responsible for the supervision and governance of the executive committee. The executive committee handles matters that are relevant to managing the Bossard Group at the appropriate level and is the body responsible for systematically sharing information. After consultation with the executive committee, the CEO develops the strategic initiatives of the Group to attain the Group's business goals.

At December 31, 2013, the executive committee had the following members:

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

OTHER ACTIVITIES AND VESTED INTERESTS

The members of the Group Executive Board do not perform any other essential activities outside of the Bossard Group than the directorships listed on page 23 and they have no other significant external interests. Individual members of the Group Executive Board carry out executive functions at subsidiaries of Bossard Holding AG.

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


David Dean


Stephan Zehnder


Beat Grob


Dr. Daniel Bossard


Steen Hansen


Robert Ang

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 board of directors of Agta Record AG, Fehraltorf and Trumpf AG, Baar. Background: Swiss certified accountant / controller, Swiss certified public accountant, PMD Harvard Business School and PED IMD, Lausanne. David Dean was born on April 5, 1959, and is a Swiss citizen.

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.

BEAT GROB

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

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 as a consultant for Andersen Consulting (Accenture). He is chairman of the board of trustees of Bossard Unternehmensstiftung, Zug, and 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.

STEEN HANSEN

Steen Hansen has been CEO of Bossard America since March 1, 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 Hectronic USA Corp. He was born on April 11, 1959, and is a Danish citizen.

ROBERT ANG

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

CORPORATE GOVERNANCE
COMPENSATION, SHAREHOLDINGS AND LOANS

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

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

COMPENSATION FOR BOARD MEMBERS

The board lays down the form of compensation, the target value and the components included in total compensation. In an average year, total compensation for a member of the board of directors should be in the region of CHF 100,000 and, apart from a fixed component of some 60 percent, should also include a variable component. The fixed basic payment of CHF 55,000 is intended to adequately compensate the members of the board for the time invested; serving on one of the board committees is compensated separately to a maximum of CHF 15,000. The profit-linked component corresponds to 0.1 percent of consolidated net income and, in addition, is linked to a factor based on the return on capital employed (ROCE). No variable component is paid out if the return on capital employed is below 8 percent. With a return on capital of more than 21 percent, the upper limit of this variable compensation is CHF 75,000. Special regulations apply for the chairman of the board. The chairman is not present when the board determines his compensation. The fixed compensation component is CHF 185,000. The chairman's profit-linked compensation and the share plan is in line with the regulations applicable for all board members. In April of 2013, the Nomination and Compensation Committee (NCC) awarded the president a one-time compensation of CHF 30,000 for his exceptional performance in the KVT-Fastening acquisition project. In 2013, the chairman's variable compensation component was 41 percent (2012: 41 percent) of the fixed component. For the other board members the variable compensation component amounted to 136 percent (2012: 136 – 200 percent). Detailed information on the compensation paid in the reporting and the prior year is set out on page 55 in note 27 of the notes to the consolidated financial statements.

All members of the board must accept at least 20 percent and may draw up to 50 percent of their total compensation in the form of bearer shares in Bossard Holding AG. These shares are subject to a restriction period of three years, which also applies if a member resigns from the board during this period. The shares are made available at market price less a reduction of roughly 16 percent for the three-year lockup period as provided for in Swiss tax legislation. The market value is determined in February of each year and is based on the average share price over the prior ten trading days. The shares required for the share plan are bought on the market. They may not be sold, used as collateral or transferred before the end of the lockup period.

COMPENSATION FOR THE CEO

The mechanism governing the CEO's compensation is laid down by the board on the recommendation of the board's nomination and compensation committee (NCC). The board defines (i) the range of total compensation for the CEO and (ii) the strategic targets. The NCC evaluates the CEO's work and, within given parameters, determines the amounts for individual variable compensation. The chairman of the board is responsible for preparing this issue. The CEO's compensation is made up of a basic fixed component (approximately 65 percent of total compensation) and a performance-linked variable component (roughly 35 percent of the total compensation, respectively 54 percent of the fixed compensation) at the discretion of the employer. The variable compensation of the CEO cannot exceed his or her base salary. The target value of the CEO's compensation is within a range that is monitored by the board annually and is set at the board's discretion. The variable compensation comprises two components. The first component is tied to the operational result of the operational business units. The second component is linked to meeting the strategic targets, which the board defines and monitors annually. In 2013 the variable part amounted to 76 percent (2012: 79 percent) of fixed compensation. Detailed information on the compensation paid to the CEO in the reporting and the prior year is set out on page 56 in note 27 of the notes to the consolidated financial statements.

COMPENSATION FOR THE EXECUTIVE COMMITTEE

The regulations governing compensation for the members of the executive committee are similar to those for the CEO. The compensation is made up of a fixed basic sum and a performance-linked variable component determined at the discretion of the employer. The variable compensation of the executive committee is tied to three components: (i) operational profitability achieved in the specific management area, (ii) consolidated net income, (iii) meeting the strategic targets set. The variable compensation of a member of the executive committee cannot exceed his or her base salary. In line with the Group's compensation mechanism the NCC at the CEO's request lays down the total compensation range for the members of the executive committee. In accordance with the CEO's proposals the NCC annually approves the total compensation for the various members of the executive committee. At the subsequent board meeting, the NCC informs the members about the approved total compensation. The variable part of the compensation was 70 percent (2012: 61 percent) of the fixed basic compensation. Detailed information on the compensation paid in the reporting and the prior year is set out on page 56 in note 27 of the notes to the consolidated financial statements.

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

MANAGEMENT PARTICIPATION PLAN (RESTRICTED STOCK UNIT PLAN – RSU)

This management participation plan with its long-term orientation is offered by Bossard Group to specified middle and top management personnel. Members of the board of directors may not participate in this plan. At the board's discretion and in addition to his / her total compensation and for services he / she rendered, the manager annually receives a defined sum which is converted into RSUs on Bossard Group bearer shares. Conversion is performed at the market value and is based on the closing share price on the first trading day in December. The additional compensation converted into RSUs is locked up for three years. The RSUs can not be traded nor used as collateral. After three years, yearly one third of the allocated RSUs is passed on to the manager provided that at the time of delivery he / she has not left the company or been given notice. In certain cases, settlement can also be made in cash. At that point the shares are no longer subject to any restrictions with the exception of the rules governing management transactions. The expenses for the management participation plan charged to operating earnings totaled CHF 0.7 million in 2013 (2012: CHF 0.4 million). Although the allocated values of the RSUs are fixed, they are recognized as variable components.

REVIEWING

The principles, the components and the target values of the compensation system for the board and the executive committee as well as for the management participation plan are approved by the board of directors and reviewed annually by the NCC. In order to assess the compensation level, the NCC periodically notes the published compensation reports of Swiss industrial enterprises comparable in size to Bossard Group. The NCC does not employ external consultants for this. The NCC meets at least twice a year. At the following board meeting, the chairman of the NCC gives an oral account of the business dealt with at the last NCC meeting. Where necessary, and on the basis of the recommendations made by the NCC, the entire board approves the target values and the components of the compensation system. During the last review, held on December 6, 2013, the NCC discussed at length the ramifications on the compensation policies of the Bossard Group of the Minder-Initiative that was adopted by the Swiss electorate. The NCC subsequently decided to adhere to the compensation concept, cap the variable compensation for executive committee members at their respective base salaries, and retain the current parameters for calculating the 2014 compensation for board members: (i) 0.1 percent of the consolidated net income as a basis for the profit-linked component of compensation with (ii) at least 8 percent return on capital employed. The NCC also discussed the details for implementing the Minder-Initiative (VegüV), specifically new corporate governance for issues of compensation with new competencies for the general meeting, and the related statutory terms. The board of directors agreed to the NCC proposals in its meetings of December 13, 2013 and January 24, 2014.

SHAREHOLDERS' PARTICIPATION RIGHTS

Shareholders' participation rights are defined in detail in the articles of association of Bossard Holding AG. The articles of association are available on the Internet (www.bossard.com > About us > Investor Relations > Corporate Governance). The board of directors plans to submit a comprehensive revision of the statutes (capital structure / Minder-Initiative) to the shareholders at the 2014 general meeting for approval.

VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS – ARTICLES OF ASSOCIATION 14

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

STATUTORY QUORUM – ARTICLES OF ASSOCIATION 15

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

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

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

As a general rule, an open ballot is used for decision making and elections. A secret ballot is held if this is required by the chairman, or if one or more shareholders representing a total of at least 10 percent of the voting shares request this.

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

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

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

INSCRIPTION IN THE SHARE REGISTER – ARTICLES OF ASSOCIATION 5

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

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

Should inscriptions in the share register have been made on the basis of false information on how the shares were acquired, the board of directors may – within twelve months of certain knowledge of the error and after hearing those concerned – delete the entry 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. Bossard Holding AG has not availed itself of the possibility of modifying this regulation ("opting out" or "opting up").

CLAUSES ON CHANGES OF CONTROL

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

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

COMPREHENSIVE STATUTE REVISION

The board of directors intends to submit a proposal for a comprehensive revision of the statutes to the 2014 general meeting. In particular, the board of directors will request conversion of bearer shares to a new category of registered shares, a stock split of one old share into two new registered shares, and modification of the statutes according to the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV).

AUDITORS

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

PricewaterhouseCoopers AG, Zurich, has been the statutory auditors for Bossard Holding AG and audits the financial statements and the consolidated financial statements 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 the 2010 business year. A new lead auditor is appointed every seven years; the next change will be in 2017.

AUDITING FEES

In 2013, PricewaterhouseCoopers AG as statutory auditors received audit fees for their services in the amount of CHF 586,734 (2012: CHF 446,242), for tax consulting CHF 19,845 (2012: CHF 59,986), for legal consulting CHF 52,456 (2012: CHF 47,660) and for services related to the capital increase of CHF 70,040.

INFORMATION AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

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

CORPORATE GOVERNANCE
INFORMATION POLICY

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

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

_Transparency: The objective of disclosure is to make the economic drivers that impact on the Group as well as the detailed results of operations more readily comprehensible.

_Consistency: Disclosure within each reporting period and between the various reporting periods is consistent and comparable.

_Clarity: Information is presented as clearly as possible to allow the reader to form a true picture of business development based on facts and figures.

_Relevance: In order to avoid an endless flood of information, the content and timing of Bossard's information focuses on data relevant for Bossard's target groups or required by law.

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

Dates to note in 2014:

Meeting for financial analysts & media conference, Publication of results 2013	March 6, 2014
Annual general meeting of shareholders	April 7, 2014
Publication of sales results 1st quarter 2014	April 7, 2014
Publication of first results Sales / Net Income first half of 2014	July 11, 2014
Publication semi-annual report 2014	August 26, 2014
Publication of sales results 3rd quarter 2014	October 14, 2014
Publication of sales results 2014	January 13, 2015

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

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

HIGHLIGHTS

Market position in Europe **strengthened, acquisition** of KVT-Fastening fully **meets expectations**

Sales increased by 25.2 % to a **record high** of CHF 610 million

Operating margin increased from 10.3% to a n**ew all-time high** of 11.8 %

Operating profit of CHF 69.8 million and net profit of CHF 56.0 million reached **new heights**

Profit and operating margin also in the **established** Bossard business **over the previous year**

Net debt **halved,** equity ratio **increased** from 13.8 % to 43.2 %

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FINANCIAL REPORT

FINANCIAL REVIEW 2013
RECORD SALES AND PROFIT

The Bossard Group distinguished itself in the financial year 2013 by record results. Thus, we increased sales compared to the previous year by 25.2 percent to CHF 609.7 million. We were also able to raise the operating result (EBIT) to a new level with a striking increase of 44.3 percent to CHF 69.8 million. A clearly improved profitability is also reflected in this performance. Compared to the previous year, the operating margin increased from 10.3 percent to 11.8 percent. At CHF 56 million the net income was up by CHF 12.5 million or 28.7 percent over the previous year, although financing costs and taxes increased.

The acquisition of KVT-Fastening by the end of 2012, a company specializing in industrial fastening technology, substantially contributed to these record numbers. However, it should be noted that the established business also played an important role in this above average performance, with growing volumes and higher margins.

CONSOLIDATED MARKET POSITION IN EUROPE

In Europe, Bossard was able to crucially expand its market position through the acquisition of KVT-Fastening. This is expressed in the growth of sales, which year-on-year increased by not less than 46.3 percent (in local currency 44.9 percent) to CHF 384.7 million. Excluding this acquisition, revenues in a market that was hardly moving fell slightly (–0.2 percent). Fortunately, demand in the second half of the year tightened slightly and compensated the losses from the first months of the financial year 2013. After the first quarter, sales had still been 5.8 percent below the previous year's level. It fills us with optimism that our European business grew in almost all markets in 2013. In the Czech Republic and Poland, we even recorded double-digit growth rates.

AMERICA MAINTAINS A HIGH LEVEL

In America, sales in the preceding financial year amounted to CHF 134.6 million, which – adjusted for the divestment of Bossard Metrics, Inc. – corresponds to a modest decline of 0.9 percent (in local currency +0.3 percent). After a good start into the year, demand in the second half of the year developed more cautiously, which was due above all to the depressed market of a major customer. It is gratifying that this decrease was balanced by additional business with existing and new customers and thus seamlessly tied Bossard to the positive trend of the past few years.

GROWTH DYNAMICS IN CHINA, MALAYSIA AND KOREA

Our Asian business benefited from a revival in demand in the second quarter. In this environment, we were able to increase sales by 11.1 percent to CHF 90.4 million. In local currency, revenue increased by as much as 13.1 percent. The growth is attributable not only to the market recovery but also new customers. It is encouraging that in China, Malaysia and Korea we grew in the double-digit range.

SIGNIFICANTLY INCREASED GROSS PROFIT

Gross profit increased compared with the previous year by 29.1 percent to CHF 242.0 million. Thereby, it increased proportionately from 38.5 percent to 39.7 percent of gross sales. On the procurement market, prices were stable and tended sideways. The lead time and therefore the availability was relatively short due to the fairly static market environment, although they tightened slightly in the second half of the year at a low level. The improvement in gross profit margin is mainly due to the change in product mix.

OPERATING COSTS ARE UNDER CONTROL

Due to the acquisition of KVT-Fastening, operating costs before depreciation and amortization increased over the previous year from CHF 128.7 million to CHF 159.9 million. The costs in percent of sales, however, were with 26.2 percent slightly below the prior year's level. The number of employees rose from 1,812 to 1,842 people in the course of the year.

RECORD OPERATING PROFIT

Bossard boosted operating profit (EBIT) in the past financial year by 44.3 percent to a record of CHF 69.8 million. At the same time, the operating margin increased from 10.3 percent to 11.8 percent, which also corresponds to a new record high. Thus, the integration of KVT-Fastening had a beneficial impact on the profitability of the company as a whole, as we had announced during the takeover that it would. Remarkably, we also increased profit and operating margin in the established business, and this applies to all three market regions. This development is encouraging above all with regard to Europe, where Bossard was faced with a difficult market environment. In America, the growth of positive margins and profit of the last few years continued, although sales volumes trended sideways. In Asia, Bossard improved on the result of the previous year, mainly thanks to demand rising from the second half of the year.

HIGHER FINANCIAL EXPENSES DUE TO ACQUISITION

Financial expenses increased as a result of the additional financing costs for the acquisition of KVT-Fastening from CHF 1.8 million to CHF 4.1 million.

HIGHER TAX RATE

Tax expenses increased year-on-year from CHF 6.3 million to CHF 9.7 million. The tax rate increased from 12.7 percent to 14.8 percent. The increase is in this case primarily due to the acquisition of the KVT-Fastening.

A SIGNIFICANTLY HIGHER CONSOLIDATED PROFIT

Thanks to the overall positive business development, Bossard increased its consolidated net income, despite higher financial and tax expenses, from CHF 43.5 million to CHF 56 million, which represents an increase of 28.7 percent. The return on sales, which rose from 9.2 to 9.5 percent, also increased. The shareholders too will benefit from the positive development of the company, as the Board of Directors is proposing to the Annual General Meeting a dividend of CHF 6.00 (previous year CHF 5.75) per bearer share and CHF 1.20 (previous year CHF 1.15) per registered share for the financial year 2013. At the closing price of CHF 206.50 as at December 31, 2013 this represents a dividend yield of 2.9 percent.

NET DEBT HALVED

Compared to the prior year, the balance sheet total increased by 2.9 percent to CHF 387.0 million. This increase is substantially attributable to the increase of the net working capital. The balance sheet ratios consistently improved thanks to the successful capital increase and the positive business trend, which was provided for in the financial planning. At the end of the year, the equity ratio amounted to 43.2 percent; at the start of the year it had been an insufficient 13.8 percent, this because the goodwill from the acquisition of KVT-Fastening had been completely offset against equity. Net debt was CHF 101.2 million at year-end and thus halved compared with the previous year. The significant reduction was due to the aforementioned capital increase of about CHF 80 million and the positive cash flow. The return on capital employed increased over the previous year from 17.2 percent to 22.8 percent.

HIGH FREE CASH FLOW

Cash flow from operating activities increased slightly compared to the previous year from CHF 56.3 million to CHF 57 million, which is primarily due to the increase in net working capital. The cash flow from investing activities amounted to CHF 18.6 million after the distinctly high volume of CHF 210.8 million in the previous year, which was essentially based on the acquisition of KVT-Fastening. The investments in tangible and intangible fixed assets in 2013 amounted to CHF 14.9 million compared to CHF 22.5 million in the previous year. Included in this are expenditures for the final construction works on the new distribution centers in Korea and Malaysia, which led to investments of a total of CHF 8.2 million. For 2013, the Group reported a free cash flow of CHF 38.4 million.

THE EUROPEAN BUSINESS IS REVIVING

Our key leading indicators such as the purchasing manager indices were trending upwards in recent months and were all above 50, suggesting rising industrial production. We are slowly also detecting the business recovery in Europe which has been observed in Asia. The latest figures and statements offer hope that European business will benefit in the year 2014 from a little tail wind and thus a slight upturn in demand. Further growth can be also expected in America. However, it would be premature to speak of a totally broad-based economic recovery.

S. Zehnder

Stephan Zehnder
CFO

Zug, February 28, 2014

CONSOLIDATED BALANCE SHEET

IN CHF 1,000	NOTES	31.12.2013	31.12.2012 ADJUSTED
Assets			
Current assets			
Cash and cash equivalents	4	25,446	25,629
Accounts receivable, trade	5	89,435	85,299
Other receivables		5,397	5,773
Prepaid expenses		8,050	8,290
Inventories	6	160,748	155,583
		289,076	**280,574**
Long-term assets			
Property, plant and equipment	7	87,400	86,201
Intangible assets	8	3,364	3,277
Financial assets	9	1,651	1,247
Deferred tax assets	10	5,460	4,918
		97,875	**95,643**
Total assets		**386,951**	**376,217**

IN CHF 1,000	NOTES	31.12.2013	31.12.2012 ADJUSTED
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	38,711	38,657
Other liabilities		12,691	18,102
Accrued expenses		24,569	23,853
Tax liabilities		6,577	6,207
Provisions	12	705	979
Short-term debts	13	46,609	107,814
Loans from shareholders	13		10,000
		129,862	**205,612**
Long-term liabilities			
Long-term debts	14	80,000	110,000
Provisions	12	4,417	4,765
Deferred tax liabilities	10	5,374	3,979
		89,791	**118,744**
Total liabilities		**219,653**	**324,356**
Shareholders' equity			
Share capital	15	40,000	32,000
Treasury shares	15	–5,430	–4,900
Capital reserves		127,708	54,762
Retained earnings		2,034	–33,428
		164,312	**48,434**
Minority interest		2,986	3,427
Total shareholders' equity		**167,298**	**51,861**
Total liabilities and shareholders' equity		**386,951**	**376,217**

The notes on pages 38 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	NOTES	2013	2012 ADJUSTED
Sales	16/17	609,714	487,094
Sales deductions	16/17	19,555	15,921
Net sales		**590,159**	**471,173**
Cost of goods sold		348,124	283,695
Gross profit		**242,035**	**187,478**
Personnel expenses	18	123,388	98,885
Administrative expenses		19,478	15,911
Other operating expenses	19	17,071	13,862
EBITDA		**82,098**	**58,820**
Depreciation	7	10,863	9,309
Amortization	8	1,452	1,138
EBIT		**69,783**	**48,373**
Financial result	20	4,083	1,806
Ordinary result		**65,700**	**46,567**
Non-operating result	21		3,279
Income before taxes		**65,700**	**49,846**
Income taxes	10	9,699	6,341
Net income		**56,001**	**43,505**
Attributable to:			
Shareholders of Bossard Holding AG		55,960	43,464
Minority interest		41	41

IN CHF	NOTES	2013	2012
Earnings per bearer share [1)]	22	14.79	14.58
Earnings per registered share [1)]	22	2.96	2.92

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 38 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1,000	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS: RETAINED EARNINGS	RETAINED EARNINGS: TRANSLATION DIFFERENCES	SHARE-HOLDERS BOSSARD	MINORITY INTEREST	SHARE-HOLDERS' EQUITY
Balance at January 1, 2012	32,000	–5,041	53,995	196,134	–74,397	202,691	3,549	206,240
Adjustment			25	808		833		833
Balance at January 1, 2012 adjusted	32,000	–5,041	54,020	196,942	–74,397	203,524	3,549	207,073
Dividend				–17,861		–17,861		–17,861
Net income for the period				43,464		43,464	41	43,505
Management participation plan			322			322		322
Change in treasury shares		141	420			561		561
Offset goodwill from acquisitions				–179,606		–179,606		–179,606
Translation differences					–1,970	–1,970	–163	–2,133
Balance at December 31, 2012	**32,000**	**–4,900**	**54,762**	**42,939**	**–76,367**	**48,434**	**3,427**	**51,861**

IN CHF 1,000	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS: RETAINED EARNINGS	RETAINED EARNINGS: TRANSLATION DIFFERENCES	SHARE-HOLDERS BOSSARD	MINORITY INTEREST	SHARE-HOLDERS' EQUITY
Balance at January 1, 2013	32,000	–4,900	54,762	42,939	–76,367	48,434	3,427	51,861
Dividend				–17,143		–17,143		–17,143
Net income for the period				55,960		55,960	41	56,001
Management participation plan			582			582		582
Change in treasury shares		–530	376			–154		–154
Capital increase	8,000		71,988			79,988		79,988
Offset goodwill from acquisitions				–1,605		–1,605		–1,605
Translation differences					–1,750	–1,750	–482	–2,232
Balance at December 31, 2013	**40,000**	**–5,430**	**127,708**	**80,151**	**–78,117**	**164,312**	**2,986**	**167,298**

For details regarding share capital please refer to note 15 on page 49 and regarding the offset goodwill from acquisitions to note 25 on page 53.

The notes on pages 38 to 60 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	NOTES	2013	2012 ADJUSTED
Net income		56,001	43,505
Income taxes	10	9,699	6,341
Financial income	20	–1,248	–1,617
Financial expenses	20	5,331	3,423
Depreciation and amortization	7/8	12,315	10,447
(Decrease)/Increase provisions	12	–652	473
Loss from disposals of property, plant and equipment	7	375	182
Loss from disposals of intangible assets	8	65	3
Gain from divestments of financial assets	9	0	–910
Gain from sales of shareholdings and businesses	23	0	–2,369
Interest received		644	593
Interest paid		–4,505	–2,258
Taxes paid		–8,727	–4,998
Management participation plan expenses		582	322
Other non-cash expense/(income)		4,353	–240
Cash flow from operating activities before changes in net working capital		74,233	52,897
(Increase)/Decrease accounts receivable, trade		–5,782	2,616
Decrease/(Increase) other receivables		559	–231
(Increase)/Decrease inventories		–7,586	8,326
Increase/(Decrease) accounts payable, trade		434	–3,390
Decrease other liabilities		–4,851	–3,899
Cash flow from operating activities		**57,007**	**56,319**
Investments in property, plant and equipment	7	–13,292	–21,482
Proceeds from sales of property, plant and equipment	7	253	799
Investments in intangible assets	8	–1,609	–1,045
Proceeds from sales of intangible assets	8	0	59
Cash flow from purchases of companies	23	–3,484	–198,264
Cash flow from sales of shareholdings and businesses	23	0	7,568
Investments in financial assets	9	–550	–108
Divestments of financial assets	9	111	1,666
Cash flow from investing activities		**–18,571**	**–210,807**
(Repayment of)/Proceeds from short-term debts	13	–70,665	72,367
(Repayment of)/Proceeds from long-term debts	14	–30,000	110,000
(Increase)/Decrease treasury shares		–530	141
Proceeds from capital increase		79,988	0
Dividends paid		–17,143	–17,861
Cash flow from financing activities		**–38,350**	**164,647**
Translation differences		–269	–177
Change in cash and cash equivalents		**–183**	**9,982**
Cash and cash equivalents at January 1		25,629	15,647
Cash and cash equivalents at December 31	4	25,446	25,629

The notes on pages 38 to 60 are an integral part of the consolidated financial statements.

SCOPE OF OPERATIONS (1)

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

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS (2)

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2013 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 full 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 28, 2014 and will be recommended for approval at the annual meeting of shareholders.

FIRST-TIME ADOPTION OF SWISS GAAP FER 31

SWISS GAAP FER 31

The Swiss Foundation for Accounting and Recommendations (Swiss GAAP FER) approved the supplemental recommendation for publicly owned and listed companies on January 24, 2013. Swiss GAAP FER 31 will take effect January 1, 2015, and advance adoption is permitted.

The Bossard Group has adopted Swiss GAAP FER 31 entirely and retrospectively for the 2013 fiscal year. The new rules of Swiss GAAP FER 31 impact essentially the following areas of corporate accounting for the Bossard Group:

SHARE-BASED COMPENSATION

With the initial application of Swiss GAAP FER 31, share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel costs and as equity (instruments with equity compensation) or liabilities (instruments with cash compensation).

Previously, the restricted stock unit (RSU) plan had been reported under provisions, in line with the accounting principles of the Group.

COMPARABLE PREVIOUS PERIOD

The initial application of Swiss GAAP FER 31 has an effect on the consolidated balance sheet and income statement only in relation to share-based compensation. For purposes of comparison, the previous periods of the current fiscal year were adjusted:

IN CHF 1,000	01.01.2012
Total equity before adjustment	206,240
Provision management participation plan - RSU	1,042
Deferred tax assets / liabilities	–209
Total equity after adjustment	207,073

IN CHF 1,000	01.01.2013
Total equity before adjustment	50,108
Provision management participation plan - RSU	2,106
Deferred tax assets / liabilities	–353
Total equity after adjustment	51,861

IN CHF 1,000	2012
Net income before adjustment	42,907
Management participation plan expenses - RSU	742
Deferred income tax expenses	–144
Net income after adjustment	43,505

OTHER ADJUSTMENTS FOR SWISS GAAP FER 31

The other new aspects of Swiss GAAP FER 31 have no influence on the consolidated balance sheet and income statements of the Group. However, additional disclosures to comply with Swiss GAAP FER 31 is included in the notes to the consolidated financial statements.

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.

GOODWILL

In accordance to Swiss GAAP FER 30 "Consolidated financial statement" goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date and is fully offset against equity at the date of acquisition.

FOREIGN CURRENCY TRANSLATION (2.2)

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

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

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

The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity. Exchange differences arising from intercompany loans of an equity nature are booked to equity.

ACCOUNTING AND VALUATION PRINCIPLES (2.3)

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE, TRADE

Accounts receivable are carried at the invoiced amount less allowances. The allowance for bad debts is based on the aging of accounts receivable and recognized credit risks.

INVENTORIES

Goods for trading are recognized at average acquisition 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.

DERIVATIVE 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. Derivative 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 as deduction in the equity at acquisition cost. Any gains and losses from transactions with treasury shares are included in capital reserves and recognized in equity.

SHARE-BASED COMPENSATION

There is a share purchase plan for the Board of Directors and the Group executive committee, and they are required, or may elect, to draw part of their total compensation in shares. The shares are made available at market price, less the allowable tax discount of approximately 16 percent for the three-year lockup period. The market value is always determined in February and is based on the average share price for the previous ten trading days.

There is a restricted stock unit plan (RSU) in place for the members of the management. The eligible participants annually receive a defined sum which is converted into RSU's on Bossard Group bearer shares. The conversion is performed at market value and is based on the closing price for the share on the first day of trading in December. The stock options (RSU) are subject to a three-year vesting period. After three years, yearly one-third of the allocated RSUs is passed on to the manager provided as long as he or she has not left the company or been given notice. The share-based compensation is valued at present value when granted and is recognized over the vesting period as personnel costs and as equity (instruments with equity compensation) or liabilities (instruments with cash compensation). If no cash settlement is planned, no subsequent valuation is made unless the terms of exercise and purchase are amended. The subsequent valuation is based on the closing price for the share of the last trading day of the business year.

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 are dealt in accordance with Swiss GAAP FER 16.

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

REVENUE RECOGNITION

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

SALES DEDUCTIONS

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

NON-OPERATING RESULT

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

INCOME TAXES

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

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

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

RELATED PARTIES

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

ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

RISK MANAGEMENT (2.4)

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

FINANCIAL RISK MANAGEMENT

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

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

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

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

FOREIGN CURRENCY RISK

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

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

INTEREST RATE RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

CAPITAL RISK

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

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

CHANGES IN THE SCOPE OF CONSOLIDATION (3)

In May 2013 Intrado AG, Switzerland was acquired (100 percent).

In November 2012 the division KVT-Fastening of KVT Koenig Group was acquired (100 %). This division comprises the following subsidaries:
_KVT-Fastening Beteiligungs GmbH, Germany
_KVT-Fastening AG, Switzerland
_KVT-Fastening GmbH, Germany
_KVT-Fastening GmbH, Austria
_KVT-Fastening Sp.Z o.o., Poland
_KVT-Fastening S.R.L., Romania
_KVT-Fastening spol. s.r.o., Slovakia
_KVT-Fastening d.o.o., Slovenia
_KVT-Fastening s.r.o., Czech Republic
_KVT-Fastening Kft., Hungary

Furthermore the scope of consolidation changed in 2012 as follows:
_Bossard-KVT Beteiligungs GmbH (founding)
_Bossard Deutschland GmbH (founding)
_Bossard Australia Pty. Ltd (founding)
_Bossard Hungary Kft. (liquidation)

CASH AND CASH EQUIVALENTS (4)

IN CHF 1,000	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Cash at banks and on hand	25,136	0.0 - 1.0	21,862	0.0 - 2.0
Short-term bank deposits	310	1.5 - 4.0	3,767	1.4 - 4.1
Total	**25,446**		**25,629**	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 37).

ACCOUNTS RECEIVABLE, TRADE (5)

IN CHF 1,000		2013	2012
Accounts receivable, trade gross		90,431	86,158
According to due date	not due	82,656	79,176
	30 days overdue	4,118	3,748
	60 days overdue	1,276	1,228
	90 days overdue	2,381	2,006
Notes receivable		2,420	2,191
Allowance for bad debts			
Balance at Jan. 1		–3,050	–2,534
(Additions)/Reversals		–489	–212
Changes scope of consolidation		–17	–350
Translation differences		140	46
Balance at Dec. 31		–3,416	–3,050
Total		**89,435**	**85,299**

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

INVENTORIES (6)

Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs. Value adjustments amounted to CHF 26.2 million as per December 31, 2013 (2012: CHF 25.6 million), this is equivalent to 14.0 percent of gross inventory (2012: 14.1 percent).

PROPERTY, PLANT & EQUIPMENT (7)

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2013	1,528	95,162	97,560	7,449	201,699
Additions	-	4,711	7,363	1,218	13,292
Disposals	-	–19	–8,564	–1,446	–10,029
Reclass	–1,504	1,504	-	-	-
Translation differences	–24	–308	–681	–49	–1,062
Balance at Dec. 31, 2013	**0**	**101,050**	**95,678**	**7,172**	**203,900**
Accumulated depreciation					
Balance at Jan. 1, 2013	-	40,687	70,971	3,840	115,498
Depreciation	-	2,646	6,839	1,378	10,863
Disposals	-	–14	–8,171	–1,216	–9,401
Translation differences	-	–39	–396	–25	–460
Balance at Dec. 31, 2013	-	**43,280**	**69,243**	**3,977**	**116,500**
Net book amount	**0**	**57,770**	**26,435**	**3,195**	**87,400**

The insurance value of property, plant and equipment is CHF 182.1 million (2012: CHF 179.4 million).

IN CHF 1,000	FACILITIES UNDER CONSTRUCTION	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	OTHERS	TOTAL
Cost					
Balance at Jan. 1, 2012	6,960	75,093	86,684	6,580	175,317
Additions	1,502	8,498	12,521	1,417	23,938
Changes scope of consolidation	-	5,187	2,607	-	7,794
Disposals	-	–394	–4,074	–551	–5,019
Reclass	–6,960	6,960	-	-	-
Translation differences	26	–182	–178	3	–331
Balance at Dec. 31, 2012	**1,528**	**95,162**	**97,560**	**7,449**	**201,699**
Accumulated depreciation					
Balance at Jan. 1, 2012	-	38,717	68,775	2,929	110,421
Depreciation	-	2,319	5,706	1,284	9,309
Disposals	-	–276	–3,387	–375	–4,038
Translation differences	-	–73	–123	2	–194
Balance at Dec. 31, 2012	-	**40,687**	**70,971**	**3,840**	**115,498**
Net book amount	**1,528**	**54,475**	**26,589**	**3,609**	**86,201**

INTANGIBLE ASSETS (8)

IN CHF 1,000	SOFTWARE	OTHERS	TOTAL
Cost			
Balance at Jan. 1, 2013	26,253	427	26,680
Additions	1,609	-	1,609
Disposals	–1,671	-	–1,671
Translation differences	57	-	57
Balance at Dec. 31, 2013	**26,248**	**427**	**26,675**
Accumulated amortization			
Balance at Jan. 1, 2013	23,303	100	23,403
Amortization	1,409	43	1,452
Disposals	–1,606	-	–1,606
Translation differences	62	-	62
Balance at Dec. 31, 2013	**23,168**	**143**	**23,311**
Net book amount	**3,080**	**284**	**3,364**

IN CHF 1,000	SOFTWARE	OTHERS	TOTAL
Cost			
Balance at Jan. 1, 2012	27,541	427	27,968
Additions	1,045	-	1,045
Changes scope of consolidation	615	-	615
Disposals	–2,906	-	–2,906
Translation differences	–42	-	–42
Balance at Dec. 31, 2012	**26,253**	**427**	**26,680**
Accumulated amortization			
Balance at Jan. 1, 2012	25,098	57	25,155
Amortization	1,095	43	1,138
Disposals	–2,850	-	–2,850
Translation differences	–40	-	–40
Balance at Dec. 31, 2012	**23,303**	**100**	**23,403**
Net book amount	**2,950**	**327**	**3,277**

No internally generated intangible assets were capitalized during the financial years 2013 and 2012.

FINANCIAL ASSETS (9)

IN CHF 1,000	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Loans and deposits to third parties	1,616	0.0 - 3.0	1,212	-
Available-for-sale financial assets	35		35	
Total	**1,651**		**1,247**	

INCOME TAXES (10)

The tax expenses are made up as follows:

IN CHF 1,000	2013	2012 ADJUSTED
Current taxes	9,316	4,775
Deferred taxes	383	1,566
Total	**9,699**	**6,341**

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 %	2013	2012 ADJUSTED
Group's average tax rate	**30.1**	**31.7**
Non tax deductible expenses	0.4	0.1
Non-taxable income	–6.6	–4.6
Expenses taxed at special rate	0.1	0.4
Unrecognized current year tax losses	0.6	0.8
Utilization unrecognized prior year tax losses	–9.9	–15.9
Others	0.1	0.2
Effective tax rate	**14.8**	**12.7**

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 2013	LIABILITIES 2013	ASSETS 2012 ADJUSTED	LIABILITIES 2012 ADJUSTED
Accounts receivable	416	5	293	-
Inventories	1,763	256	1,458	317
Property, plant and equipment	245	341	272	311
Intangible assets	2,566	25	2,706	24
Liabilities	470	4,747	189	3,327
Total deferred taxes	**5,460**	**5,374**	**4,918**	**3,979**
Net		–86		–939

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
2013	8,799	34,168	**42,967**
2012	32,339	31,509	**63,848**

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 12.1 million (2012: CHF 16.7 million).

ACCOUNTS PAYABLE, TRADE (11)

IN CHF 1,000	2013	2012
Accounts payable, trade	38,363	38,409
Notes payable	348	248
Total	**38,711**	**38,657**

PROVISIONS (12)

IN CHF 1,000	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2013	2,190	37	3,517	5,744
Additions	224	141	419	784
Usage	–449	-	–422	–871
Reversals	–58	-	–519	–577
Translation differences	29	-	13	42
Balance at Dec. 31, 2013	**1,936**	**178**	**3,008**	**5,122**
Thereof short-term	-	-	705	705

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

The provision management participation plan pertains a long-term orientated program which is offered by Bossard Group to specified middle and top management personnel. The manager annually receives a defined sum which is converted into Restricted Stock Units on Bossard Group bearer shares. The additional compensation is locked up for three years.

Other provisions include CHF 2.5 million for assumed obligations for renovations related to the acquisition of KVT-Fastening.

IN CHF 1,000	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2012 adjusted	1,207	3	253	1,463
Additions	512	34	148	694
Usage	–249	-	-	–249
Change scope of consolidation	748	-	3,176	3,924
Reversals	–23	-	–57	–80
Translation differences	–5	-	–3	–8
Balance at Dec. 31, 2012	**2,190**	**37**	**3,517**	**5,744**
Thereof short-term	242	-	737	979

SHORT-TERM DEBTS (13)

IN CHF 1,000	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Bank overdrafts	6,828	0.6 - 5.0	6,292	0.6 - 6.6
Bank loans	19,527	1.1 - 6.0	81,532	0.7 - 6.0
Personnel savings accounts	20,211	2.0	19,947	2.0
Other	43	0.0	43	0.0
Total	**46,609**		**107,814**	

The personnel savings accounts corresponds to savings of employees.
The effective weighted average interest rate on all borrowings was 2.0 percent (2012: 1.7 percent).

IN CHF 1,000	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Loans from shareholders	-	-	10,000	1.2
Total	**-**		**10,000**	

In 2012 the Kolin Holding AG granted Bossard Group an interest-bearing loan in the amount of CHF 10.0 million, which was repaid after the capital increase was carried out.

LONG-TERM DEBTS (14)

IN CHF 1,000	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Bank loans	80,000	1.1 - 1.8	110,000	1.8
Total	**80,000**		**110,000**	

The loan provided is a credit facility with a maturity date of November 2017 and running amortization payments.

SHARE CAPITAL (15)

DETAILS OF SHARE CAPITAL	PAR VALUE IN CHF	NUMBER OF SHARES	TOTAL IN CHF 1,000
Registered shares	2	3,375,000	6,750
Bearer shares	10	3,325,000	33,250
Total			**40,000**

218,604 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 (2012: CHF 22 million).

DIVIDEND / DISTRIBUTION FROM RESERVES FROM CAPITAL CONTRIBUTIONS

At the upcoming Annual General Meeting on April 7, 2014, the Board of Directors of Bossard Holding AG will propose a distribution for the 2013 fiscal year from reserves of capital contributions in the amount of CHF 6.00 (2012: dividend of CHF 5.75) per bearer share or CHF 1.20 (2012: dividend of CHF 1.15) per registered share.

TREASURY SHARES

IN CHF	2013	2012
Balance at Jan. 1: 33,587 shares (2012: 38,205 shares)	3,049,735	3,191,338
Purchase: 4,554 bearer shares of CHF 10 par value (2012: 2,493 shares)	864,866	327,355
Used for share option program: 4,537 bearer shares of CHF 10 par value (2012: 7,111 shares)	–334,414	–468,958
Balance at Dec. 31: 33,604 shares, rate 206.50 (2012: 33,587 shares, rate 134.00)	3,580,187	3,049,735

29,556 bearer shares (2012: 20,851) are reserved for the management participation plan (RSU).

SEGMENT INFORMATION (16)

The Bossard Group, with all of its Group companies, operates globally in the industrial fastening technology segment. All the Group companies are managed according to a consistent business strategy with a centralized decision-making structure. Key elements of Bossard's strategy include a consistent business model with uniform customer and product focus in the world's most important industrial regions. Bossard provides industrial companies with fastening technology products at their different production sites around the world and offers associated services with consistently high standards of quality, as well as standardized systems and processes. The Board of Directors and CEO manage the Bossard Group on the basis of the financial statements of the individual Group companies as well as the Group's consolidated financial statements. Due to their economic similarity, uniform strategy and similar product and service solutions for all Bossard customers, as well as the central management of the Group by the CEO, Bossard reports its business together in one segment in compliance with Swiss GAAP FER 31.

SALES BY REGIONS (17)

	EUROPE		AMERICA		ASIA		GROUP	
IN CHF MILLION	2013	2012	2013	2012	2013	2012	2013	2012
Sales	384.7	263.0	134.6	142.7	90.4	81.4	609.7	487.1
Sales deductions	15.4	11.3	1.6	2.0	2.5	2.6	19.5	15.9
Net sales	**369.3**	**251.7**	**133.0**	**140.7**	**87.9**	**78.8**	**590.2**	**471.2**

PERSONNEL EXPENSES (18)

IN CHF 1,000	2013	2012 ADJUSTED
Salaries and variable compensation	98,829	79,692
Social security expenses	13,752	11,766
Pension expenses	7,764	5,304
Other personnel expenses	3,043	2,123
Total	**123,388**	**98,885**

The expense recognized for share-based compensation in the results for the period is CHF 723,189 (2012: CHF 354,936).

OTHER OPERATING EXPENSES (19)

IN CHF 1,000	2013	2012
Occupancy costs	9,347	7,094
Capital taxes, insurance and charges	2,439	2,388
Other operating expenses	5,285	4,380
Total	**17,071**	**13,862**

FINANCIAL RESULT (20)

IN CHF 1,000	2013	2012
Financial income		
Income from interests and securities	303	338
Income from non-consolidated investments	40	255
Exchange gains	905	1,024
Total	**1,248**	**1,617**
Financial expenses		
Interest expenses	4,528	2,258
Exchange losses	803	1,165
Total	**5,331**	**3,423**
Total Financial result	**4,083**	**1,806**

NON-OPERATING RESULT (21)

IN CHF 1,000	2013	2012
Income sale of minority interest of Bossard & Staerkle AG, Zug	-	–910
Income asset deal Bossard Metrics Inc., USA	-	–2,369
Total	**-**	**–3,279**

EARNINGS PER SHARE (22)

	2013	2012 ADJUSTED
Net income in CHF 1,000	55,960	43,464
Average number of shares entitled to dividend[1)]	3,783,923	2,980,866
Earnings per bearer share in CHF	14.79	14.58
Earnings per registered share in CHF	2.96	2.92

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 AND BUSINESSES (23)

ACQUISITIONS 2013

In May 2013, Intrado AG was acquired. Intrado serves Swiss industry with a wide range of electro-technical products.

IN CHF 1,000	MARKET VALUE AS PER ACQUISITION
Cash and cash equivalents	399
Accounts receivable, trade	253
Inventories	515
Other current assets	64
Accounts payable, trade	113
Other current liabilities	119
Net assets acquired	**999**
Goodwill	1,001
Total	2,000
Less acquired cash and cash equivalents	–399
Cash flow from acquisitions	**1,601**

ACQUISITIONS 2012

In November 2012 the KVT-Fastening was acquired. KVT-Fastening is a renowned specialist for high-quality, special fastening and sealing applications with market focus in German-speaking countries.

In conjunction with the acquisition of KVT-Fastening, there was a subsequent purchase price payment (CHF 1.9 million) in 2013, as well a minor adjustment to the purchase price allocation, which resulted in a goodwill increase of CHF 0.6 million.

IN CHF 1,000	MARKET VALUE AS PER ACQUISITION
Cash and cash equivalents	3,404
Accounts receivable, trade	10,261
Inventories	18,242
Other current assets	924
Long-term assets	11,193
Accounts payable, trade	10,555
Other current liabilities	6,072
Long-term liabilities	4,056
Net assets acquired	**23,341**
Goodwill	180,210
Total	203,551
Less acquired cash and cash equivalents	–3,404
Cash flow from acquisitions	**200,147**

DISPOSALS 2013

In 2013 no subsidaries were disposed.

DISPOSALS 2012

In October 2012 the assets of Bossard Metrics Inc., USA, were disposed. The generated income is composed as follows:

IN CHF 1,000	
Sales price	7,568
Disposed assets incl. sales costs	5,199
Income	**2,369**

DERIVATIVE FINANCIAL INSTRUMENTS (24)

Open forward contracts at December 31 were as follows:

IN CHF MILLION	2013	2012
Contract value	19.6	17.0
Fair value	0.0	0.0
Balance sheet value	-	-

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

In 2013 and 2012 no open forward exchange contracts were held to hedge the net investments in foreign subsidiaries at year end.

GOODWILL (25)

Goodwill from acquisitions is fully offset against equity at the date of acquisition. The impact of the theoretical capitalization and amortisation of goodwill is disclosed below:

IN CHF 1,000	2013	2012 ADJUSTED
Equity incl. minority interest	**167,298**	**51,861**
Equity ratio	43.2 %	13.8 %
Cost		
Balance at Jan. 1	179,606	0
Additions	1,605	179,606
Balance at Dec. 31	**181,211**	**179,606**
Amortization over 5 years		
Balance at Jan. 1	2,993	0
Additions	36,122	2,993
Balance at Dec. 31	**39,115**	**2,993**
Theoretical net book value goodwill as per 31.12.	**142,096**	**176,613**
Theoretical equity incl. minority interest and nbv goodwill	**309,394**	**228,474**
Theoretical equity ratio	58.5 %	41.3 %

Goodwill is theoretically amortised on a straight-line basis usually over 5 years. Goodwill from new acquisitions is converted once to Swiss francs using the closing rate as at acquisition date. With this procedure no exchange differences result in the movement schedule.

Impact on income statement:

IN CHF 1,000	2013	2012 ADJUSTED
Operating result (EBIT) according to income statement	69,783	48,373
Theoretical amortisation goodwill	–36,122	–2,993
Operating result (EBIT) incl. theoretical amortisation goodwill	**33,661**	**45,380**

PENSION BENEFIT OBLIGATIONS (26)

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:

	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	
IN CHF 1,000	31.12.2013	31.12.2013	31.12.2012	2013	2013	2013	2012
Patronage funds/pension institutions	2,906				500	500	57
Pension institutions without surplus/deficit					4,820	4,820	3,410
Pension institutions with surplus							
Pension institutions with deficit							
Pension institutions abroad					2,444	2,444	1,837
Total	**2,906**	**-**	**-**	**-**	**7,764**	**7,764**	**5,304**

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	2013	2012
Contributions to pension institutions charged to the company	7,764	5,304
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
Total contributions	**7,764**	**5,304**
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
Contributions and changes in employer contribution reserve	**7,764**	**5,304**
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	**7,764**	**5,304**

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

COMPENSATION AND SHARE HOLDINGS (27)

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

COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC [1], AC [2]	185,000	75,000	-	260,000
Anton Lauber	Deputy chairman, NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	Representing holders of bearer shares, NCC	55,000	75,000	30,000	160,000
Prof. Dr. Stefan Michel		55,000	75,000	-	130,000
Helen Wetter-Bossard	NCC	55,000	75,000	15,000	145,000
Maria Teresa Vacalli	AC	55,000	75,000	15,000	145,000
2013		**460,000**	**450,000**	**75,000**	**985,000**
Expenditures for AHV/ALV/IV/EO					125,415

1) Nomination and compensation committee
2) Audit committee

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	75,000	-	260,000
Anton Lauber	Deputy chairman, NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	Representing holders of bearer shares, NCC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee Representative	15,000	30,000	-	45,000
Dr. Beat E. Lüthi	AC	55,000	75,000	15,000	145,000
Prof. Dr. Stefan Michel	AC	55,000	75,000	15,000	145,000
Helen Wetter-Bossard	NCC	55,000	75,000	15,000	145,000
2012		**475,000**	**480,000**	**75,000**	**1,030,000**
Expenditures for AHV/ALV/IV/EO					131,040

The compensation paid to current members of the board of directors are payments due for the 2013 business year and apply for the period of office from the annual general meeting of shareholders 2013 to the annual general meeting of shareholders 2014. Payment is made at the end of the period of office after the annual general meeting of shareholders. At least 20 percent must, at most 40 percent (from 2013: 50 percent) of the compensation may be drawn in bearer shares of Bossard Holding AG.

COMPENSATION PAID TO FORMER MEMBERS OF THE BOARD OF DIRECTORS

In 2013 Dr. Beat E. Lüthi received compensation of CHF 145,000 (CHF 70,000 fixed, CHF 75,000 variable) and Erica Jakober-Tremp CHF 45,000 (CHF 15,000 fixed, CHF 30,000 variable) for the last year in office. In 2012 no payments were made to former members of the board of directors.

Purchase of shares for the 2012 and 2011 business years:

		NUMBER OF BEARER SHARES 2012	MARKET VALUE IN CHF 2012	NUMBER OF BEARER SHARES 2011	MARKET VALUE IN CHF 2011
Dr. Thomas Schmuckli	Chairman, NCC, AC	869	136,085	800	100,080
Anton Lauber	Deputy chairman, NCC	242	37,897	552	69,055
Urs Fankhauser	Representing holders of bearer shares, NCC	485	75,951	552	69,055
Erica Jakober-Tremp	Employee representative	74	11,588	171	21,392
Dr. Beat E. Lüthi	AC	485	75,951	552	69,055
Prof. Dr. Stefan Michel	AC	242	37,897	552	69,055
Helen Wetter-Bossard	NCC	242	37,897	552	69,055
Total		**2,639**	**413,266**	**3,731**	**466,747**

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 (from 2013: 50 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. Taking into account the subscription rights of CHF 12.05, the purchase price per share for the 2012 business year was CHF 119.50 (2011: CHF 105.05).

COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

	EXECUTIVE COMMITTEE TOTAL		CEO[1]	
IN CHF (GROSS)	2013	2012	2013	2012
Fixed compensation	2,136,571	2,063,406	491,908	475,740
Variable compensation [2]	1,288,544	1,095,413	329,600	332,800
Management participation plan (RSU)	300,000	300,000	50,000	50,000
Other [3]	85,025	76,200	9,600	9,600
Total	**3,810,140**	**3,535,019**	**881,108**	**868,140**
Members of the executive committee	6	6		
Expenditures for employee benefits:				
Employee benefits	494,733	462,730	165,295	159,026
Employer contribution for AHV/ALV/IV/EO	128,803	121,549	43,866	43,198

1) David Dean
2) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the year following the reporting year for which the compensation was paid. The compensation disclosed for 2012 is the actual total payment made.
3) Private share in company vehicle, child allowances, anniversary bonus

Number of restricted stock units (RSU) allocated:

		2013	2012
David Dean	CEO	259	432
Stephan Zehnder	CFO	259	432
Beat Grob	CEO Central Europe	259	432
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	259	432
Steen Hansen	CEO America	259	432
Robert Ang	CEO Asia	259	432
Total		**1,554**	**2,592**

The market value of the RSUs allocated in the 2013 business year was CHF 192.90 (2012: CHF 125.00). The RSUs allocated in 2012 were adjusted in 2013 to the equivalent value of the subscription right after a successful capital increase.

Purchase of shares for the 2012 and 2011 business years:

		NUMBER OF BEARER SHARES 2012	MARKET VALUE IN CHF 2012	NUMBER OF BEARER SHARES 2011	MARKET VALUE IN CHF 2011
David Dean	CEO	-	-	600	75,060
Stephan Zehnder	CFO	440	68,904	900	112,590
Beat Grob	CEO Central Europe	825	129,195	1,100	137,610
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	550	86,130	-	-
Steen Hansen	CEO America	-	-	-	-
Robert Ang	CEO Asia	-	-	-	-
Total		**1,815**	**284,229**	**2,600**	**325,260**

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. Taking into account the subscription rights of CHF 12.05, the purchase price per share for the 2012 business year was CHF 119.50 (2011: CHF 105.05).

COMPENSATION PAID TO FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

In 2013 and 2012 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:

		2013	2012
Board of directors			
Dr. Thomas Schmuckli	Chairman, NCC, AC	6,300	4,800
Anton Lauber	Deputy chairman, NCC	3,287	3,516
Urs Fankhauser	Representing holders of bearer shares, NCC, AC	5,505	4,017
Prof. Dr. Stefan Michel		932	1,112
Helen Wetter-Bossard	NCC	11,279	10,555
Maria Teresa Vacalli	AC	-	-
Total		**27,303**	**24,000**

		2013	2012
Executive committee			
David Dean	CEO	10,750	8,600
Stephan Zehnder	CFO	6,763	5,148
Beat Grob	CEO Central Europe	13,373	10,038
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	2,550	1,600
Steen Hansen	CEO America	1,793	1,543
Robert Ang	CEO Asia	2,937	2,350
Total		**38,166**	**29,279**

ADDITIONAL HONORARIUMS AND REMUNERATIONS

On behalf of the Board of Directors, Dr. Thomas Schmuckli, chairman, worked on the acquisition of KVT-Fastening. For this exceptional performance, he received a one-time compensation of CHF 30,000 in the reporting year. Prof. Dr. Stefan Michel, Board Member, provided consulting on behalf of the Board of Directors of Bossard Group for the project "Branding @ Bossard." For this work, he received a compensation of CHF 15,000. In 2012, no further fees or payments were paid to the Board of Directors, Group management or related parties. In 2012 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, 2013, as well as at December 31, 2012, there were no loans outstanding to members of governing bodies currently in office.

RELATED PARTY TRANSACTIONS (28)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.2 percent (2012: 56.5 percent) of total voting rights or 28.1 percent (2012: 29.0 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	2013	INTEREST RATES IN %	2012	INTEREST RATES IN %
Deposits in the personnel savings accounts	3.5	2.0	3.0	2.0

Information on compensation for members of the board of directors and the executive committee is disclosed on page 55 in note 27 of the notes to the financial statements. No other compensation was paid.
In 2012 the Kolin Holding AG has granted Bossard Group an interest-bearing loan in the amount of CHF 10.0 million. This loan had an interest rate of 1.2 percent and was repaid in 2013.

LEASE AND RENTAL OBLIGATIONS (29)

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
2013	793	432	197	49	2	**1,473**
2012	984	667	345	126	36	**2,158**

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
2013	5,466	4,592	2,505	1,920	15,717	**30,200**
2012	5,238	4,716	3,715	1,877	17,162	**32,708**

ASSETS PLEDGED OR OTHERWISE RESTRICTED (30)

IN CHF 1,000	2013	2012
Inventories	3,329	3,700
Property, plant and equipment	1,158	1,119
Total	**4,487**	**4,819**

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 3.3 million (2012: CHF 4.0 million). The current borrowings amount to CHF 0.9 million (2012: CHF 1.1 million).

CONTINGENT LIABILITIES (31)

As per December 31, 2013 contingent liabilities of CHF 0.1 million exist (2012: 0.1 million). They result mainly from discounted notes given to third parties in the course of normal business operations. For new warehouse buildings in Malaysia and Korea, investment obligations in the amount of CHF 4.5 million existed as of December 31, 2012. There are no other contingent liabilities or capital commitments.

EVENTS OCCURING AFTER BALANCE SHEET DATE (32)

Between December 31, 2013 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 2013.

EXCHANGE RATES (33)

	31.12.2013 YEAR-END EXCHANGE RATE	01.01.2013–31.12.2013 AVERAGE EXCHANGE RATE	31.12.2012 YEAR-END EXCHANGE RATE	01.01.2012–31.12.2012 AVERAGE EXCHANGE RATE
1 EUR	1.23	1.23	1.21	1.21
1 USD	0.89	0.93	0.92	0.94
1 GBP	1.47	1.45	1.49	1.49
1 AUD	0.80	0.90	0.95	0.97
1 RON	0.27	0.28	0.27	0.27
100 DKK	16.43	16.50	16.17	16.19
100 SEK	13.85	14.23	14.07	13.85
100 CZK	4.48	4.74	4.81	4.80
100 HUF	0.41	0.41	0.41	0.42
100 PLN	29.48	29.34	29.57	28.83
100 SGD	70.30	74.10	74.91	75.05
100 TWD	2.98	3.12	3.15	3.17
100 RMB	14.59	14.96	14.55	14.86
100 MYR	27.12	29.46	29.93	30.37
100 THB	2.71	3.02	2.99	3.02
100 INR	1.44	1.59	1.67	1.75
100 KRW	0.09	0.08	0.09	0.08

LIST OF GROUP COMPANIES (34)

	COMPANIES AND BRANCHES	HEADQUARTERS	CURRENCY	CAPITAL IN 1,000	SHAREHOLDING	FASTENING TECHNOLOGY	FINANCE/OTHERS
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	40,000	100		■
	Bossard Finance AG	Zug	CHF	100	100		■
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100		■
	KVT-Fastening Beteiligungs GmbH	Illerrieden	EUR	25	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	Trimec AG	Zug	CHF	50	100	■	
	Intrado AG	Hünenberg	CHF	300	100	■	
	KVT-Fastening AG	Dietikon	CHF	1,000	100	■	
Germany	KVT-Fastening GmbH	Illerrieden	EUR	100	100	■	
	Bossard Deutschland GmbH	Illerrieden	EUR	25	100	■	
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100	■	
Austria	Bossard Austria Ges.m.b.H.	Schwechat	EUR	1,017	100	■	
	KVT-Fastening GmbH	Asten	EUR	509	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	■	
	KVT-Fastening Sp.Z o.o.	Warsaw	PLN	100	100	■	
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100	■	
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100	■	
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.2	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
	KVT-Fastening s.r.o.	Brno	CZK	200	100	■	
Hungary	KVT-Fastening Kft.	Budapest	HUF	500	100	■	
America							
U.S.A.	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard Metrics, Inc.*	Hampton, NH	USD	250	100	■	
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,005	100	■	
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
Asia/Oceania							
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	Cheonan	KRW	2,500,000	100	■	
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	500	100	■	

* Disposal of assets in October 2012

As per December 31, 2013

■ Fully consolidated ○ Minority investment

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

pwc

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 34 to 60), for the year ended December 31, 2013.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2013 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	Roger Leu Audit expert

Zürich, February 28, 2014

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BALANCE SHEET

IN CHF	NOTES	31.12.2013	31.12.2012
Assets			
Current assets			
Cash and cash equivalents		245,630	57,353
Marketable securities – treasury shares	3	3,580,187	3,049,735
Accounts receivable others			6,500
Accruals		7,703	152,094
Total current assets		**3,833,520**	**3,265,682**
Long-term assets			
Loans to Group companies		63,212,371	
Investments	2	118,023,215	118,023,215
Costs of capital increase		1,718,747	
Own shares	3	1,850,000	1,850,000
Total long-term assets		**184,804,333**	**119,873,215**
Total assets		**188,637,853**	**123,138,897**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable Group companies			18,588,422
Accounts payable others		33,375	182,044
Accrued expenses		811,340	863,378
Total current liabilities		**844,715**	**19,633,844**
Total liabilities		**844,715**	**19,633,844**
Shareholders' equity			
Share capital		40,000,000	32,000,000
Legal reserve			
General reserve		16,000,000	16,000,000
Reserves from capital contributions		72,198,142	
Capital reserves		2,049,686	
Reserve for own shares	3	5,430,187	4,899,735
Other reserves		28,681,513	29,211,965
Retained earnings		23,433,610	21,393,353
Total shareholders' equity		**187,793,138**	**103,505,053**
Total liabilities and shareholders' equity		**188,637,853**	**123,138,897**

INCOME STATEMENT AND APPROPRIATION OF AVAILABLE EARNINGS

INCOME STATEMENT

IN CHF	2013	2012
Income		
Dividend income, income from marketable securities	20,536,453	21,231,847
Interest income	994,254	109
Service fees from Group companies	336,000	336,000
Total income	**21,866,707**	**21,567,956**
Expenses		
General and administrative expenses	1,560,200	1,532,319
Depreciation	859,373	
Financial expenses	235,792	410,547
Total expenses	**2,655,365**	**1,942,866**
Income before taxes	**19,211,342**	**19,625,090**
Taxes	28,247	10,853
Net income	**19,183,095**	**19,614,237**

CHANGES IN RETAINED EARNINGS

IN CHF	2013	2012
Retained earnings at beginning of year	21,393,353	19,639,886
Net income	19,183,095	19,614,237
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2012 and 2011 respectively	–17,142,838	–17,860,770
Retained earnings at end of year	**23,433,610**	**21,393,353**

CHANGES IN CAPITAL CONTRIBUTION RESERVE

IN CHF	2013	2012
Capital contribution reserve at beginning of year	0	0
Capital surplus from capital increase	72,198,142 [1)]	0
Capital contribution reserve at end of year	**72,198,142**	**0**

1) The capital contribution reserve of CHF 72,198,142 has been reported to the swiss tax authorities. Until confirmation has been received from them, this position may be subject to modification.

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING THE FOLLOWING APPROPRIATION OF AVAILABLE RETAINED EARNINGS AND CAPITAL CONTRIBUTION RESERVES

IN CHF	2013
Available retained earnings before distribution	23,433,610
Transfer from capital contribution reserve	22,688,376 [2)]
Total available for distribution	**46,121,986**
Distribution from capital contribution reserve, exempt from withholding tax	–22,688,376 [2)]
60.0 percent on the share capital of max. CHF 37,813,960 eligible for dividends	
To be carried forward	**23,433,610**

2) The figure is based on the issued share capital as of December 31, 2013 eligible for dividends. It may change due to movements on treasury shares after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

IN CHF		2013	2012
1.	**Guarantees, contingent liabilities, assets pledged in favour of third parties**	199,281,424	303,544,519
	thereof used	104,637,131	196,420,571
	Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.		
2.	**Investments contain:**		
	Bossard Finance AG, Zug, wholly owned (2012: wholly owned)		
3.	**Balance of own shares**		
	a) Treasury shares		
	Balance at Jan. 1: 33,587 shares (2012: 38,205 shares)	3,049,735	3,191,338
	Purchase: 4,554 bearer shares of CHF 10 par value (2012: 2,493 shares)	864,866	327,355
	Used for share option program: 4,537 bearer shares of CHF 10 par value (2012: 7,111 shares)	–334,414	–468,958
	Balance at Dec. 31: 33,604 shares, rate 206.50 (2012: 33,587 shares, rate 134.00)	3,580,187	3,049,735
	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	3,580,187	3,049,735
	Own shares – never issued	1,850,000	1,850,000
	Reserve for own shares	5,430,187	4,899,735

4. Compensation and share holdings

The disclosure of compensation and share holdings of the board and the executive committee as per Swiss Code of Obligations article 663b^{bis} and article 663c can be found in the notes of the consolidated financial statements (note 27 on page 55).

5. Other information required by law

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 56.2 percent (2012: 56.5 percent) of the voting rights.
Kolin Holding AG, Zug, is wholly owned by the Bossard families.

6. Risk management

The risk management of Bossard Holding AG is continually documented and its effectiveness tested. At meetings held annually a standardized procedure is used to examine all business activities and balance sheet items for potential risks. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred; targets and countermeasures are then drawn up on this basis. The results of the risk evaluation procedure are defined in a report submitted to the board of directors and the executive committee.
Overall, hazards that could negatively impact on the future development of Bossard Holding AG can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

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

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Bossard Holding AG, which comprise the balance sheet, income statement and notes (pages 62 to 64), for the year ended December 31, 2013.

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

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

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

Opinion
In our opinion, the financial statements for the year ended December 31, 2013 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 and reserves comply 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	Roger Leu Audit expert

Zürich, February 28, 2014

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich
Phone: +41 58 792 44 00, Fax: +41 58 792 44 10, www.pwc.ch

INVESTOR INFORMATION

	2013	2012	2011	2010	2009
Share capital					
Bearer shares at CHF 10 par					
Capital stock in CHF 1,000	33,250	26,600	26,600	26,600	26,600
Number of shares issued	3,325,000	2,660,000	2,660,000	2,660,000	2,660,000
Number of shares entitled to dividend	3,106,396	2,441,413	2,436,795	2,426,952	2,472,593
Registered shares at CHF 2 par					
Capital stock in CHF 1,000	6,750	5,400	5,400	5,400	5,400
Number of shares issued	3,375,000	2,700,000	2,700,000	2,700,000	2,700,000
Number of shares entitled to dividend	3,375,000	2,700,000	2,700,000	2,700,000	2,700,000
Bearer share equivalents, entitled to dividend at Dec. 31	3,781,396	2,981,413	2,976,795	2,966,952	3,012,593
Market price					
Ticker symbol (BOS)					
Volume traded (daily average)	5,982	4,080	6,441	4,258	2,836
Closing price at Dec. 31	206.5	134.0	102.0	109.5	58.5
Bearer share high in CHF	208.5	146.0	177.7	110.0	65.6
Bearer share low in CHF	118.1	101.8	95.1	56.6	29.5
Dividend per share					
Bearer share in CHF	6.00 [1)]	5.75	6.00	6.00	1.50
Registered share in CHF	1.20 [1)]	1.15	1.20	1.20	0.30
In % of share capital	60.0	57.5	60.0	60.0	15.0
Dividend yield (Basis: price at Dec. 31)	2.9 %	4.3 %	5.9 %	5.5 %	2.6 %
Earnings per share [2) 5)]					
Bearer share in CHF	14.79	14.58	15.16	14.81	4.97
Registered share in CHF	2.96	2.92	3.03	2.96	0.99
Cash flow per share [2) 4)]					
Bearer share in CHF	18.05	18.10	18.66	18.55	8.96
Registered share in CHF	3.61	3.62	3.73	3.71	1.79
Price/Earnings ratio (Basis: price at Dec. 31)	14.0	9.2	6.7	7.4	11.8
Net worth per share [3)]					
Bearer share in CHF	44.2	17.4	69.6	60.5	53.8
Registered share in CHF	8.8	3.5	13.9	12.1	10.8
Market capitalization (Basis: price at Dec. 31)					
In CHF million [3)]	780.9	399.5	303.6	324.9	176.2
In % of shareholders' equity	466.7	770.3	146.6	181.1	108.8

IN CHF MILLION	2013	2012	2011	2010	2009
Economic value added analysis					
Gross sales	609.7	487.1	473.5	477.6	395.1
Earnings before interest and taxes (EBIT)	69.8	48.4	51.3	47.3	18.8
Effective tax rate in %	14.8	12.7	7.3	1.0	8.1
Net operating profit after tax (NOPAT)	**59.5**	**42.2**	**47.6**	**46.8**	**17.3**
Equity	167.3	51.9	207.1	179.4	162.0
Gross financial debt	126.6	227.8	45.3	44.7	61.1
Less cash and cash equivalents	25.4	25.6	15.6	19.0	22.4
Capital employed (year end)	268.5	254.1	236.8	205.1	200.7
Average annual capital employed (A)	**261.3**	**245.5**	**221.0**	**202.9**	**229.5**
Return on average capital employed (ROCE) in %	**22.8**	**17.2**	**21.5**	**23.1**	**7.5**
Cost of financial debt in %					
Average cost of financial debt	2.0	1.7	2.4	2.8	2.4
Less effective tax	14.8	12.7	7.3	1.0	8.1
Cost of financial debt after tax	1.7	1.5	2.2	2.7	2.2
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	0.9	0.7	1.5	1.6	2.2
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	6.4	6.2	7.0	7.1	7.7
Equity ratio	43.2	13.8	62.6	61.3	56.9
Weighted average cost of capital (WACC) in %	**3.7**	**2.1**	**5.2**	**5.4**	**5.3**
Economic profit in % (ROCE – WACC) (B)	19.1	15.1	16.3	17.7	2.2
Economic profit in CHF million (A) * (B)	**49.8**	**37.0**	**36.0**	**35.9**	**5.0**

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

The articles of association do not include any provisions for opting out or opting up.

IN CHF MILLION	2013	2012	2011	2010	2009
Economic book value (EBV)					
Market value added (economic profit/WACC)	1,333.8	1,733.2	690.3	664.8	94.1
Capital employed	268.5	254.1	236.8	205.1	200.7
Implied enterprise value	1,602.3	1,987.3	927.1	869.9	294.8
Less gross financial debt	126.6	227.8	45.3	44.7	61.1
Plus cash and cash equivalents	25.4	25.6	15.6	19.0	22.4
Economic book value at Dec. 31	**1,501.1**	**1,785.1**	**897.4**	**844.2**	**256.1**

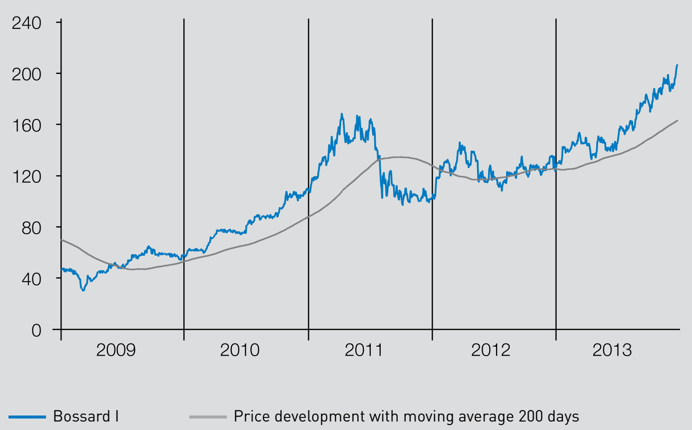
Market valuation and key ratios					
Share price at Dec. 31 in CHF	206.5	134.0	102.0	109.5	58.5
Market capitalization	780.9	399.5	303.6	324.9	176.2
Net financial debt	101.2	202.2	29.7	25.7	38.7
Enterprise value (EV)	**882.1**	**601.7**	**333.3**	**350.6**	**214.9**

EV in % of gross sales	144.7	123.5	70.4	73.4	54.4
EV/ EBITDA	10.7	10.2	5.5	6.1	7.0
EV/ EBIT	12.6	12.4	6.5	7.4	11.4
EV/ NOPAT	14.8	14.3	7.0	7.5	12.4
Price/ book value per share	4.7	7.7	1.5	1.8	1.1
Return on equity in %	51.1	33.6	23.6	26.3	9.5

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

SHARE PRICE DEVELOPMENT 2009 – 2013

Ticker symbol: BOS, Valor: 1232386



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CONCEPT AND DESIGN
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This annual report is also available in German and English on www.bossard.com > About us > Investor Relations. The German version is binding.
Dieser Jahresbericht ist auch in deutscher Sprache erhältlich. Massgebend ist die deutsche Version.