

INTELLIGENT SOLUTIONS FOR HIGH PRODUCTIVITY

ANNUAL REPORT 2009

BOSSARD

Contents

<u>Report to the Shareholders</u>	<u>1</u>
<u>Financial Review</u>	<u>6</u>
<u>Corporate Policy</u>	<u>14</u>
<u>Bossard – Your best Partner</u>	<u>15</u>
<u>Quality and Process Management</u>	<u>19</u>
<u>Employees</u>	<u>23</u>
<u>Risk Management</u>	<u>25</u>
<u>Corporate Governance</u>	<u>29</u>
<u>Financial Report</u>	<u>47</u>

A PROFILE OF THE BOSSARD GROUP

Bossard is a fastening technology and logistics company operating globally. Its full-service package focuses on fasteners and includes worldwide sales, technical and engineering support, and inventory management.

Its customer base is made up of local and multinational industrial companies. The Group has 1,400 employees in more than 50 locations worldwide and reports sales of 395 million Swiss francs. Bossard is listed on the Swiss Exchange.

Key Figures

IN CHF 1,000	2009	2008	2007	2006	2005
Gross sales	395,109	565,701	600,821	559,541	514,943
Change to prior year in %	-30.2	-5.8	7.4	8.7	3.5
Net sales	379,861	542,843	578,256	536,830	497,084
Gross profit	146,347	202,761	211,782	197,438	182,561
Personnel expenses	86,012	107,076	111,267	109,710	100,438
in % of gross profit	58.8	52.8	52.5	55.6	55.0
EBIT	18,813	45,121	41,164	22,687	31,131
in % of net sales	5.0	8.3	7.1	4.2	6.3
Net income	15,298	32,382	30,548	12,205	20,851
in % of net sales	4.0	6.0	5.3	2.3	4.2
Cash flow ¹⁾	26,972	44,238	43,277	24,333	31,508
in % of net sales	7.1	8.1	7.5	4.5	6.3
Capital expenditures	4,810	11,830	10,687	12,799	20,385
Operating net working capital ²⁾	155,596	214,337	229,337	203,211	190,950
in % of gross sales	39.4	37.9	38.2	36.3	37.1
Net debt	38,640	98,577	112,330	113,620	123,226
Shareholders' equity	162,015	159,727	151,399	128,387	124,985
in % of total assets	56.9	45.6	40.8	36.3	36.5
Total assets	284,507	350,358	370,819	353,754	342,683
Return on equity	9.5	20.8	21.8	9.6	17.8
Return on average capital employed (ROCE)	7.5	15.4	13.2	6.0	10.7
Dividend yield (Basis: price at Dec. 31)	2.6	7.0	3.4	2.1	2.9
Earnings per share ^{3) 4)}					
Bearer share in CHF	4.97	10.68	10.03	3.98	6.57
Registered share in CHF	0.99	2.14	2.01	0.80	1.31
Price/earnings ratio (Basis: price at Dec. 31)	11.8	4.3	8.7	20.5	12.2
Price/book value per share	1.1	0.9	1.7	1.9	1.9
Annual weighted average number of employees ⁵⁾	1,355	1,666	1,754	1,695	1,607
Net sales per employee ⁶⁾	280.3	325.8	329.7	316.7	309.3

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

For comparison, the figures of the prior year were adjusted to meet Swiss GAAP FER requirements.

Entrepreneurial Strength Defies Worldwide Economic Crisis

Ladies and Gentlemen

After the 2008 record year – with the best company result of all time – Bossard Group was confronted with the hardest endurance test in the company's history which, after all, goes back almost 180 years. As never since the 1930s the financial markets were thrown into turmoil, which plunged the world economy into a deep recession. It is still uncertain when the world markets will begin to prosper again and when our thousands of customers will feel an upturn. However, there are signs that the worst of this global recession is now behind us.

In view of the adverse economic climate we can look back on a successful year. A decisive factor for this was the fact that as early as the fourth quarter of 2008 we rapidly and consistently adjusted to the negative developments. Management implemented timely and targeted measures at all levels, with the result that we were able to counteract the unprecedented collapse of demand.

A balancing act between cost saving and securing the future

The targets were clear: First and foremost, the Group must not be allowed to drift into the loss zone because of the recession and the collapse of demand. Secondly, it was essential to maintain financial stability despite the crisis. And thirdly, we wanted to keep our employees and their huge reservoir of skills and know-how. The result of the efforts made was clearly visible at the end of the year: We achieved the best cash flow in the company's history. Moreover, we surpassed our minimum targets for operating profit and net income quite substantially. We even cut our net debt to a record low. The Group reached a very comfortable equity ratio and has an extremely healthy and robust balance sheet. Despite stringent cost saving measures we maintained our strategic focus and continued working on our main projects. Redundancies were to be kept to a minimum. Where this was possible we rapidly and specifically introduced short time work; where it was not, we mutually agreed to cut compensation at all levels. Throughout the Group we

ensured that our sales activities were not weakened – after all, they are the motor for future development. Instead, we achieved further increases in productivity in both administration and logistics.

Our business policy proved its worth during the crisis. We abided by our principle of continually making improvements along the entire value added chain. In the past few years, alongside "operational excellence" we made every effort to harmonize our business processes. Past investments, including investments in our IT architecture, now paid off. Central processes were fine-tuned further and costs at all levels were reduced. "A company's strength is most clearly apparent in a crisis". For many companies this truism proved distressing. Only very few companies in our sector of industry managed to operate successfully and profitably in an environment of collapsed demand. Yet we demonstrated that we have noteworthy strength – even in a climate of crisis. But that alone does not guarantee future success. We will have to continue working for that each and every day. Yet Bossard's performance in the past year demonstrates that the company has earned the confidence it enjoys: confidence shown by employees and shareholders, by suppliers, customers and banks, in the communities in which we are active. Particularly in times of uncertainty and instability, suppliers and service providers are assessed less on the price of their products and services than on their reliability and consistency, and on their future-oriented and judicious actions. As in previous years, Bossard's customers and suppliers awarded our company top ratings. We were particularly pleased about the rationale behind the Swiss Federal Railways (SBB) award: "Bossard responds directly to SBB's individual requests; the company provides consistently good quality and a high service level at competitive prices."

After the recession the market players will call for strong partners. Precisely when the upturn commences companies which can guarantee supply will be in demand – highly competitive companies with enough financial strength and

liquidity. We are convinced that we can meet these requirements. This gives us a competitive edge, which will be decisive as soon as the world economy begins to grow again.

Strengthened after the crisis

It is as important in day-to-day business as it is in top competitive sport to know and to foster one's strengths. But it is also important to be aware of any weaknesses early on and to critically analyze the company's development. With a decline in sales of almost one third, which is what we suffered in the past year, it is essential to find out whether we lost customers or market shares. After a meticulous analysis we can answer this question with a clear "no". On the contrary: We actually won market shares. Then why did our sales fall so steeply all the same? Bossard by tradition focuses strongly on the industrial OEM sector, which primarily serves the industrial machinery sector and electrical and electronic equipment manufacturers. The majority of our customers manufacture capital goods and products. This sector was hit by the collapse of the world economy both faster and harder than companies in other industrial sectors. As our customers tend to be export oriented, they suffered most in this recession. Moreover, with only a few exceptions such as the energy and rolling stock sectors, they did not benefit from the comprehensive governmental support measures launched around the globe.

Thus, for once, our clear focus on the capital goods sector was not to our advantage. Even our geographic diversification was of little help since this was a worldwide crisis. Our sales revenues only increased in India, where we even reached double-digit growth. The reason for such lively demand was India's good domestic economy. Unlike other emerging markets India is not really export oriented and was therefore hardly touched by the global decline in demand.

Yet despite all these negative factors Bossard Group again managed to acquire many new customers in 2009. For us this indicates that we are on the right road strategically.

Focus on innovative products and customer value

It is at times of strong economic pressure that our products and services are especially appreciated. For all our customers the order of the day was: cut costs. There would have been an easy short term solution for them, of course: to pass the pressure on to their suppliers. And possibly some cost savings could have been made through lower purchasing prices. However, such measures are hardly ever long-term solutions. By the time a new supplier has been identified and appointed, the market situation has generally already changed and the anticipated cost savings cannot be realized after all. Moreover, it must be noted that the share of fastening technology rarely accounts for more than 0.5 percent of the market price of a customer product. In other words, lower purchasing prices do not noticeably lower the cost of the customer's product. In order to make products really competitive Bossard's business model pursues a more effective strategy: We offer our customers highly intelligent processes and logistics solutions with which they can noticeably reduce the cost of their product. Manufacturing and assembly costs can then often be cut by 10 to 30 percent. This makes our customers and their products considerably more competitive. And, of course, it makes our business model even more attractive.

In 2009 we again enhanced our range with a number of new products. Solutions which offer our customers greater security and help them to substantially reduce production times and process costs. One example is the Bossard eco-lubric® product line. The special coating ensures that time-consuming manual lubrication processes as used for bolts in trains, are no longer necessary. This Bossard innovation aroused considerable interest on the market. We also served as a development partner for Nexus One, Google's first smartphone launched in January 2010. A new type of fastening solution was developed specifically for this product. These are only two examples of the many intelligent and cost-effective solutions newly developed each and every day by our specialists around the globe.

The fact that we do not simply rest on our laurels with regard to existing products can be illustrated by our proven and unique SmartBin inventory management system. We enhanced and developed it further during the course of 2009. Today our customers can access our wireless mobile SmartBin system at any time. This solution is particularly interesting for customers who require flexible and decentralized inventory management that can be accessed from their assembly sites. This new wireless application is fully automated, has already been tried and tested by numerous customers, and is unique on the market.

During the crisis we further strengthened our market position through high quality, closeness to the market, and intelligent solutions for our customers. We are convinced that we will come out of these challenging times even stronger than before.

Exceptional employee loyalty

In 2009 Bossard employees at all levels contributed substantially towards coming to grips with the crisis. They made financial sacrifices and were even prepared to carry a heavier workload. This tremendous loyalty is totally exceptional. But it is also a result of Bossard's long-term corporate culture based on respect and mutual fairness. The teamwork throughout the year was outstanding and the spirit of solidarity incomparable; this fills us with pride. We are delighted that – after an extremely difficult first six months and the surprisingly better second half of the year – we were able to pass on a financial thank you to our personnel at the beginning of 2010.

Moderately optimistic forecast

In 2010 we only expect a slow recovery of the world economy. Growth in the sectors of industry relevant for our operations will probably be restrained. The reason for our very moderate optimism is the fact that demand picked up slightly in the third and particularly in the fourth quarter of 2009.

We anticipate the strongest market recovery in Asia. In North America and in Europe we only expect a slight upturn. We are convinced that 2010 will again be a very challenging year. Demand will probably continue to fluctuate and will remain volatile in many parts of the world. It is relatively unlikely that our key markets will recover rapidly, noticeably and across a broad front. Nevertheless, we believe that the recession has bottomed out.

On the one hand we see our opportunities for growth in 2010 in an economic upturn and, on the other, we are stepping up specific marketing activities. Additionally, for 2010 we again have interesting new product solutions in the pipeline. We will stay on the ball and give our minds to innovations.

At the present time it is impossible to make a reliable forecast on business development in 2010, especially as our customers are only passing on very vague sales forecasts. Should the world economy pick up earlier than expected we are well positioned to grasp any opportunities that offer.

Well prepared for the challenges ahead

We started the new business year resolutely and with considerable self-confidence. We are convinced that we are fully equipped for success in the market: We have committed and highly motivated employees, innovative and intelligent products, solutions and services that our customers want, an incomparable local presence in the world's main markets, and the financial strength that builds confidence and makes us a reliable partner for all our associates both in good times and in bad.

We want to operate successfully despite the ongoing adverse market conditions. In future, too, we will take up every challenge consistently, resolutely and farsightedly. We are convinced that such entrepreneurial qualities will bring us the long-term success we are striving for. As a company which primarily operates in early cyclical markets we were inevitably hit by the effects of the crisis early on. Conversely, however, we expect to be among the very first to benefit

from an upturn. In 2010 we will undertake everything to be really prepared for a recovery. Given our crisis management and other measures to strengthen our Group, we are very well positioned to reap the fruits as soon as the upswing sets in.

A vote of thanks

First of all, our grateful thanks to all Bossard Group employees. Theirs was a remarkable demonstration of solidarity in a time of extreme crisis. Their exceptional commitment gave the company support. The board and management were deeply impressed by this, as well as by their fighting spirit and staying power. Their outstanding efforts are reflected in a result that underscores Bossard's inner strength. Our customers and suppliers around the globe have also contributed substantially to our success. Their valuable suggestions, their confidence in us and their excellent collaboration motivated and strengthened us. We are more than grateful to them – particularly for their unswerving loyalty in the past year of crisis. We are looking forward to working together with them in future and are convinced that we will jointly master the challenges facing us.

And you, the shareholders of this company, are well aware that we have a very difficult year behind us. The year ahead will be no less demanding. We are confident, however, that we will successfully master the difficulties facing us. We are heading in the right direction. Our customers and the capital markets recognize and approve our efforts. We hope that with this report you will be convinced that Bossard stock will continue to be a profitable, long-term investment.



Dr. Thomas Schmuckli
Chairman



David Dean
CEO

Chairman and CEO



David Dean, CEO



Dr. Thomas Schmuckli, Chairman

2009 – Difficult Market Environment Well Mastered

Noticeable drop in sales with slight recovery
at year end

—

Measures to reduce costs and capital employed
implemented successfully

—

Acceptable profit despite worldwide recession

—

Free cash flow at record high,
even greater financial strength

The economic climate in 2009 was exceptionally challenging and the economic forecasts more than pessimistic. In this demanding environment with misgivings and uncertainty very much to the fore, we wanted to keep our productivity high, to maintain the skills and know-how of our employees as best we could, and to achieve at least a minimum of profitability. We met these targets, even surpassed them.

Sales down in all markets

The worldwide decline of industrial production inevitably also impacted on Bossard's operations. In 2009 the economic crisis hit us on a broad front. Bossard Group's sales were down 30.2 percent from CHF 565.7 million to CHF 395.1 million. The marked drop in customer demand, the reduction of inventories, forced downward adjustment of prices, and the declining cost of raw materials led to this substantial decrease in sales revenues in the amount of CHF 170.6 million. In local currencies the percentage drop in sales was a little lower at 28.6 percent.

Slight recovery in Europe, North America more stable

Sales revenues in Europe fell by 32.7 percent to CHF 224.5 million. In local currencies the decrease was 30.5 percent. The decline in sales was noticeable in all

the countries in which we operate. However, there are a few early signs of a reversal of this trend. The negative sales dynamics slowed down in the last quarter of 2009. Compared to the prior year sales were down 20.7 percent, but compared to the third quarter of the reporting year sales even increased somewhat.

In North America sales fell by 29.4 percent to USD 102 million. In Swiss francs this decrease was only minimally lower at 29.2 percent. In the second half of the year demand fell again – partially for seasonal reasons – and has now stabilized at a low level.

Growth in the second half of the year in Asia

In the Far East sales revenues in the past business year amounted to CHF 59.9 million. This is a decline of 20.9 percent in Swiss francs and 18.4 percent in local currencies. With a year-on-year plus of 22 percent, India was the only country in the Group to report an increase in sales. Some of the other countries in Asia reported a drop in sales in excess of 30 percent. Our companies in Asia felt the full force of the drop in demand of their exporting customers. Fortunately, demand improved steadily in Asia throughout the second half of the year. In the fourth quarter of 2009 sales in local currencies rose by 10.2 percent year on year and compared to the prior quarter they were up by just under 15 percent.

In CHF million	2009	2008	Change	
			in CHF	in local currency
Europe	224.5	333.7	-32.7 %	-30.5 %
America	110.7	156.3	-29.2 %	-29.4 %
Asia	59.9	75.7	-20.9 %	-18.4 %
Group	395.1	565.7	-30.2 %	-28.6 %

Enhanced market share

That was not the only ray of hope in the past business year. Despite the ongoing recession, we focused fully on further

marketing efforts and on enhancing our market position. This policy paid off. Although the economic climate was anything but friendly, we acquired new customers and improved our market share further.

Gross profit pulled down by declining sales

Given the steep drop in sales, gross profit fell by CHF 56.5 from CHF 202.8 million to CHF 146.3 million. Even though the worldwide recession led to a collapse of sales, we managed to marginally increase the gross profit margin to 37 percent. The reasons for this were our timely and effective cutting of procurement costs and favorable foreign exchange developments. However, the slightly more optimistic prospects for industrial markets have already led to increased procurement prices and longer delivery times. Thus the pressure on product prices remains unchanged. Additionally, protectionist punitive duties may well be levied in all three regions in which we operate. Should they be implemented prices will rise again.

Operating costs cut noticeably

Compared to the prior year, operating expenses before depreciation and amortization were reduced by CHF 29.9 million or more than 20 percent. The first measures towards reducing costs substantially were already introduced in 2008, when there were the very first signs of an economic downturn. Cost savings measures were implemented rapidly and effectively. As is generally the case in service companies, personnel costs of more than 70 percent of total operating costs form the largest expense item. In order to keep as many jobs as possible, we increased short time work and utilized natural fluctuations. At the end of 2009 Bossard Group had 1,403 employees, 12.3 percent fewer than in the prior year. The remaining operating costs were continually adjusted to current business development. Overall they were down by 23 percent.

Positive operating result in all three regions

Year-on-year, consolidated operating profit (EBIT) fell from CHF 45.1 million to CHF 18.8 million and the EBIT margin from 8.3 percent to 5 percent. Despite noticeably lower sales in some cases, we managed to achieve a positive operating result in all the three regions – though admittedly at a much lower level than in the prior year. In this extremely challenging market environment it has paid off that in the past few years we consistently harmonized processes and systems throughout the Group, multiplied our successful business model, and focused on continually improving productivity.

The highest operating profit in 2009 was achieved in Europe, and this despite a clear drop in sales. In North America the decline in sales slowed down somewhat in the second half of the year – partially for seasonal reasons – but that region, too, reported a positive result. And in Asia the weak start of the year was more than compensated by later developments and the year closed on a positive note.

Financial expenses substantially reduced

Whereas financial expenses in 2008 were still more than proportionally high – partially attributable to the strong foreign exchange fluctuations in the last quarter of the year – they were clearly reduced in 2009. The high free cash flow and low interest rates impacted positively on this result. Net financial expenses in the past business year amounted to CHF 2.2 million, a reduction of CHF 6.5 million or 75 percent.

Lower taxes after lower earnings

As a result of lower earnings taxes decreased from CHF 2.7 million to CHF 1.3 million. The tax rate dropped from 11.1 percent to 8.1 percent. The low tax rate is attributable to tax loss carryforwards on the one hand and to differing regional earnings development on the other.

HEAR THE GRASS GROW

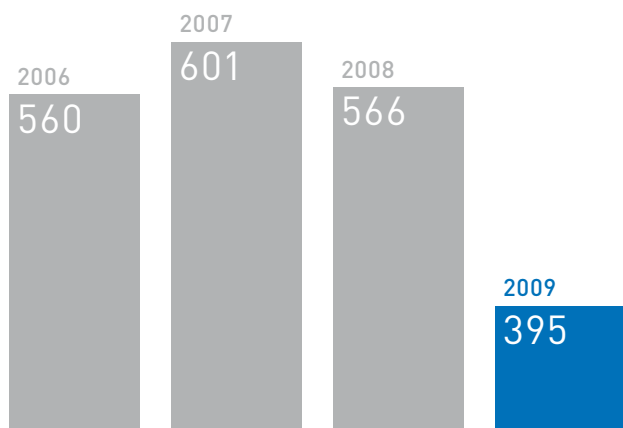


The situation: In the micro assembly of hearing aids, screwdrivers can easily slip and scratch the expensive hearing aid. **The Bossard solution:** Bossard developed special cross-head screws to increase process reliability and to lower assembly costs. **The benefits:** The price of fasteners was cut by more than 60 percent and manufacturing waste by 90 percent.



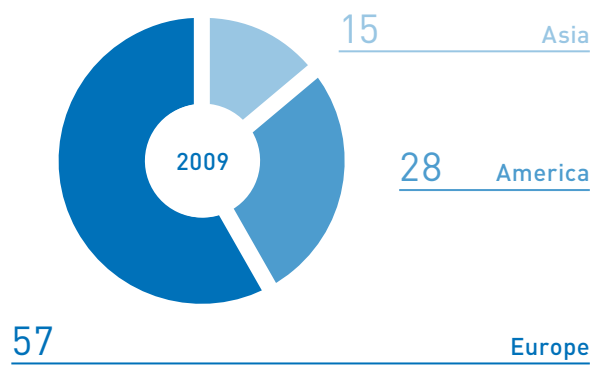
Sales

in CHF million



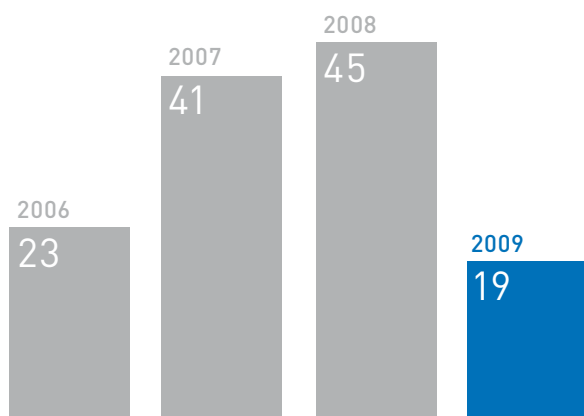
Geographic sales distribution

in %



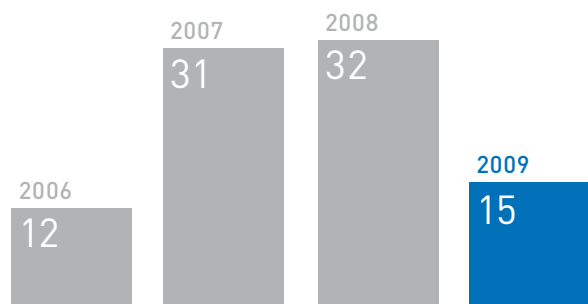
Operating profit

in CHF million



Net income

in CHF million



Consolidated result better than expected

Despite all the measures implemented, the worldwide economic crisis left its mark on the consolidated net income. This was down by more than 52 percent from CHF 32.4 million to CHF 15.3 million. Thus the return on sales fell from 6 percent to 4 percent. Although sales revenue fell by more than 30 percent, consolidated net income reached an acceptable level. Thus our targets have been met: Profitability has been established, our financial standing secured, and our know-how maintained.

Very sound balance sheet

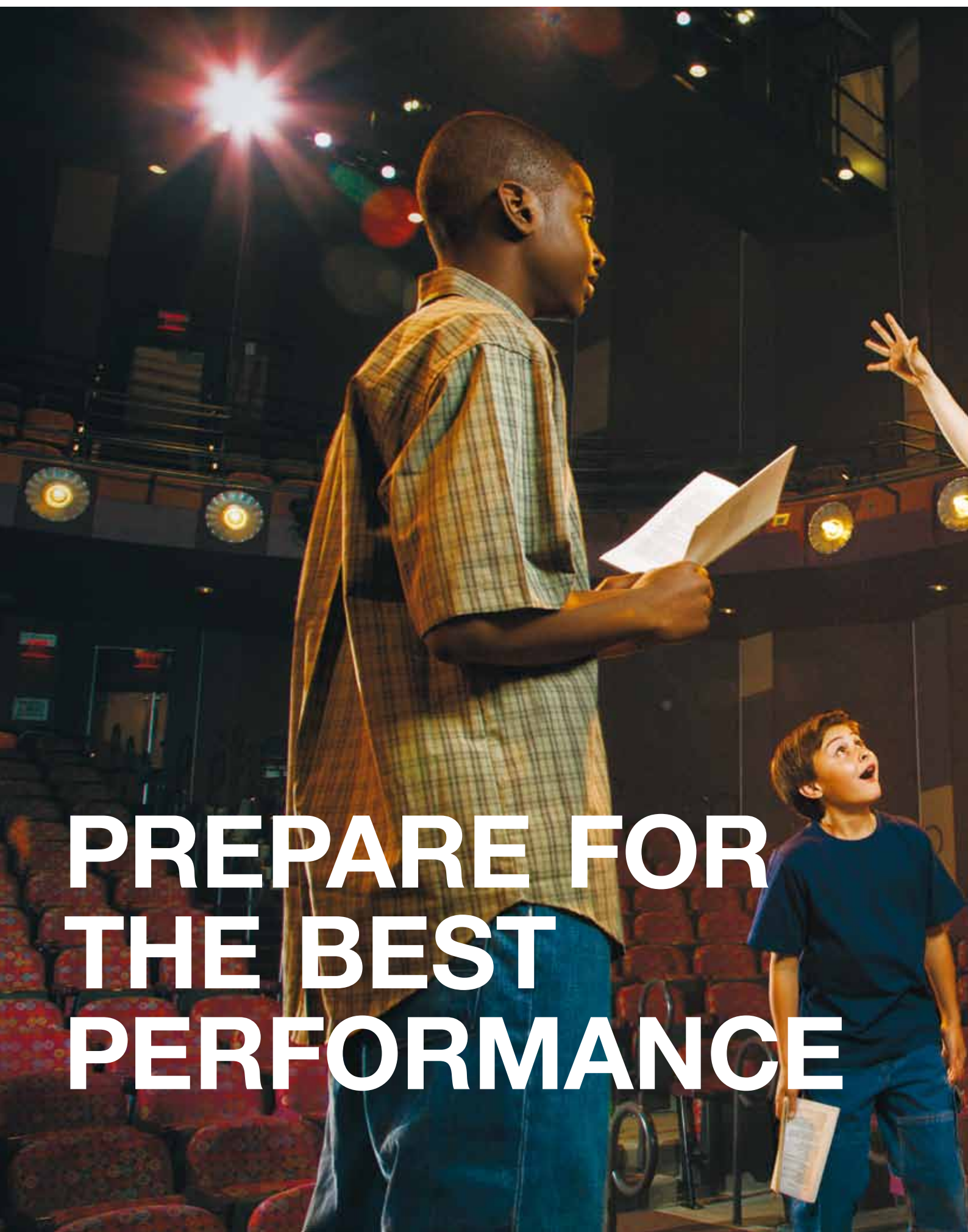
The timely measures implemented to reduce the capital employed were also effective. The clear decrease in capital employed is attributable to the reduction of net working capital, particularly of inventories. Thus the balance sheet total compared to 2008 fell by 18.8 percent to CHF 284.5 million. Compared to the prior year equity increased marginally from CHF 159.7 million to CHF 162 million. Consequently the capital ratio rose from 45.6 percent to 56.9 percent, and this in spite of a dividend payout of CHF 9.6 million for the past business year. The gearing (net debt/equity) also improved and fell from 0.6 to 0.2. With 7.5 percent, the return on capital employed (ROCE) was clearly below the 2008 record of 15.4 percent. The return on equity (ROE) was down from 20.8 percent to 9.5 percent.

Free cash flow at record high

The measures to reduce operating costs as well as net working capital impacted positively and more than proportionally on the cash flow. The cash flow from operating activities rose from CHF 34.4 million in the prior year to CHF 73.5 million and has thus more than doubled. The cash flow from investing activities decreased from CHF 11.5 million to CHF 3.5 million. The investments were primarily replacement investments in infrastructure and software. In the past business year the free cash flow climbed to a record high of CHF 70 million and has tripled compared to 2008. This impacted positively on the Group's net debt. Compared to the prior year it was cut by CHF 59.9 million to CHF 38.6 million. Thus even in a difficult business environment Bossard Group has yet again strengthened its financial position.

Changeover from IFRS to Swiss GAAP FER

As announced in spring, Bossard Group no longer draws up its financial statement in accordance with IFRS (International Financial Reporting Standards) but, as of January 1, 2009, applies the Swiss GAAP FER accounting and reporting recommendations. These recommendations were first used for the 2009 financial statements. The current figures can be compared with those for prior years. The few changes that only impacted on the balance sheet are detailed in the financial report.



**PREPARE FOR
THE BEST
PERFORMANCE**

The situation: Several types of rivets are used in the assembly of metal sheeting for ventilation systems, which leads to high overall costs and high assembly costs. **The Bossard solution:** Bossard designed special rivets to cut the number of individual parts. **The benefits:** The range was reduced from 13 rivets to 4 multifunctional rivets. This simplifies the assembly process and cuts overall costs by 60 percent.



The Strength of Sustainable Corporate Culture

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

We know the needs of our customers

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

We select our partners with a view to the future

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

We believe in sustainable corporate management

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

We foster continual and profitable growth

Our policy is to aim for long-term, healthy growth rather than quick profits. For almost 180 years sustainability has guided our thoughts and actions. It has become a major component of Bossard's corporate culture, as is the judicious and professional handling of our assets. With this approach we have generated sustainable value added and can guarantee our investors a fair return on their investment. It is a business policy that gives us the necessary entrepreneurial freedom of action and strengthens the company's independence.

We invest in employee development

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

We are committed to the public and to the environment

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

Services Package

Bossard, with 1,400 employees and sales of CHF 395 million, is one of the world's leading suppliers of fasteners. In its warehouse in Zug, Switzerland, Bossard AG has some 50,000 different fastener parts in stock, and worldwide it can supply more than 100,000. Every year, 20 billion fasteners leave our warehouses throughout the world.

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

Bossard: More than "just" fasteners ...

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

Bossard's worldwide business model comprises the following areas:

1. Product
2. Logistics
3. Engineering

1. Product

Top-quality fasteners at a fair price

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

Up-to-the-minute information – around the clock

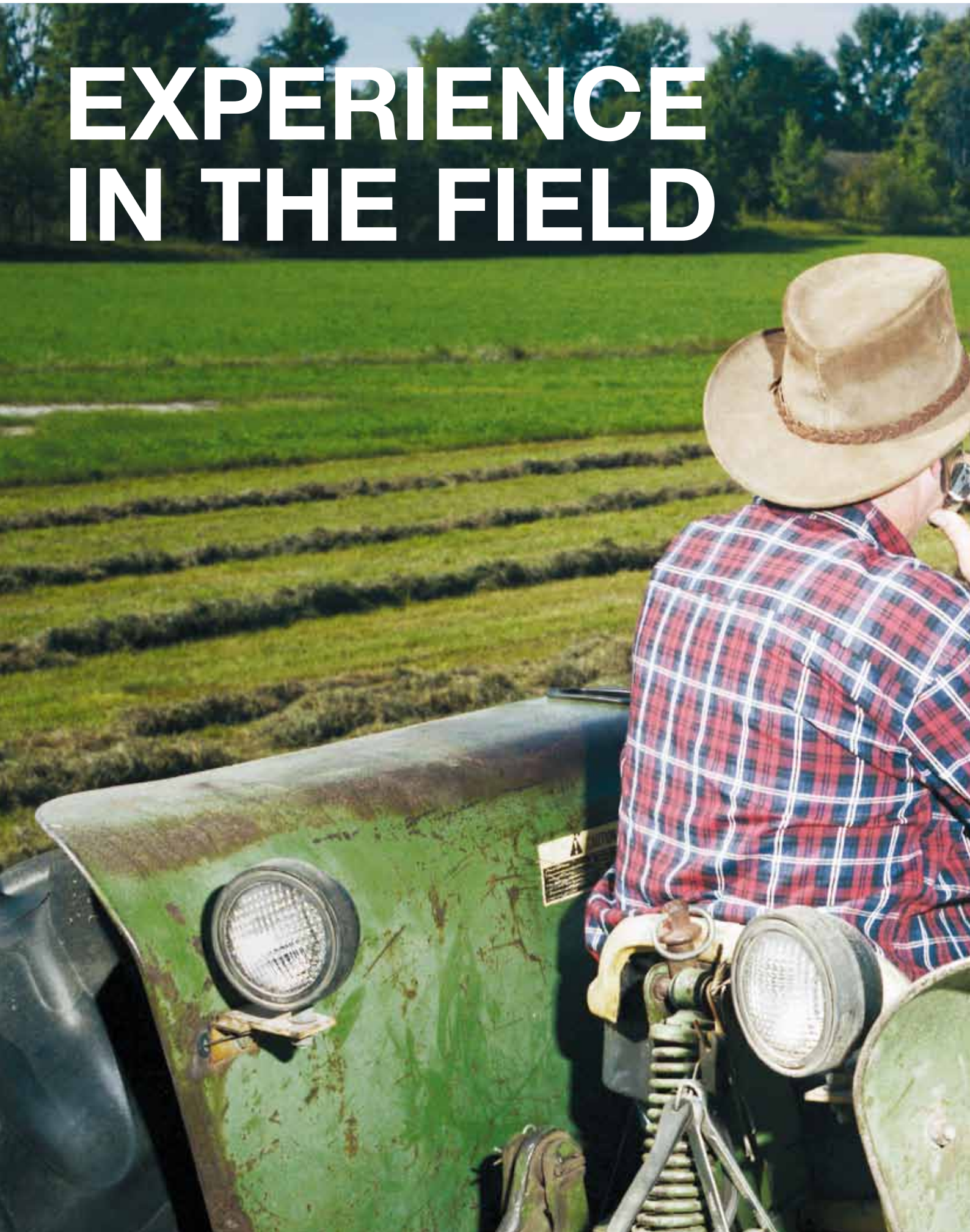
Our customers know where they stand at any time and anywhere in the world. We continually update our product documentation and makes it available in various languages on the Internet around the clock. Additionally, brochures and product information are revised regularly, so that customers and other interested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

Guaranteed supply – a promise we know we can keep

We can draw on a team of more than 2,600 reliable suppliers. They are selected according to stringent quality criteria. There are several sources of supply for each and every fastener. The high quality of our global procurement network ensures guaranteed supply – so that production can keep rolling.

On average the fastener itself only accounts for 15 percent of the customer's total fastening costs. The remaining 85 percent of the costs come from development, procurement, testing, inventories, and assembly logistics. This shows that cost efficiency is not primarily a question of the fastener, but of a much larger cost factor: perfect logistics and innovative engineering.

EXPERIENCE IN THE FIELD



The situation: Tractor engines are subject to great strains. Standard fastener solutions often do not meet the specific requirements and this leads to more maintenance work. **The Bossard solution:** Bossard developed a special spring tension bolt to ensure the right pressure on the rocker cover. **The benefits:** The engine is easier to assemble and the cover sits tight.



2. Logistics

Guaranteed supply also guarantees fewer worries

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

SmartBin

This fully automatic inventory and ordering system guarantees perfect timing for placing orders, minimal inventory costs, and no bottlenecks due to orders that were forgotten or delayed. SmartBin allows savings of up to 50 percent of the process costs.

Bossard Inventory Management (BIM)

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

3. Engineering

Smart solutions – for sophisticated requirements

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

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

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

Our customers love our passion for innovation

Our innovative spirit is legendary. Ingenious top quality and low cost logistics and engineering solutions are a major driver of our success and have invariably earned appreciation and praise from our customers. Various awards for best or excellent service provider bear witness to our efforts to supply our customers with innovative and suitable solutions. In fact, the figures speak for themselves: So far our customers have installed almost 140,000 SmartBins.

A reliable partner around the globe

Operating globally is no longer anything out of the ordinary, but becoming a global player in a specific sector of industry certainly is. It means coping with different time zones and foreign languages, and it also means respecting both cultural and regional differences as well as social and political institutions. Especially for companies with global operations, Bossard is committed to supplying identical top quality products and services both locally and throughout the world. In Europe, America and Asia this is primarily undertaken by our subsidiaries. In other markets highly qualified alliance partners provide strong support.

Reliable Fasteners – Worldwide

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

Quality starts with procurement

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

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

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

Quality control to meet the highest standards

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

rapidly, easily, and permanently. And here again, it helps to keep costs down.

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

With just one mouse click, Bossard employees can access and implement testing plans at any time throughout the world. Our database holds roughly 500,000 catalogue and special articles in our range. More than 90,000 control plans are stored to test these articles. This allows uniform and comprehensive quality testing worldwide. All the testing plans are based on the ISO 3269 quality standard, which is also Bossard's standard. Moreover, this standard forms the basis for assessing suppliers.

Small differences make a huge difference

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

This procedure starts with an analysis of whether and how the range of products can be optimized and the number of parts reduced. This leads to the most productive solutions. The objective is to reduce the customer's production costs in the long term and, (continued on page 22)

Quality and Test Laboratories

Bossard – Specialists for Testing Technology

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

- Certified processes
- Documented safety
- Proven testing competence

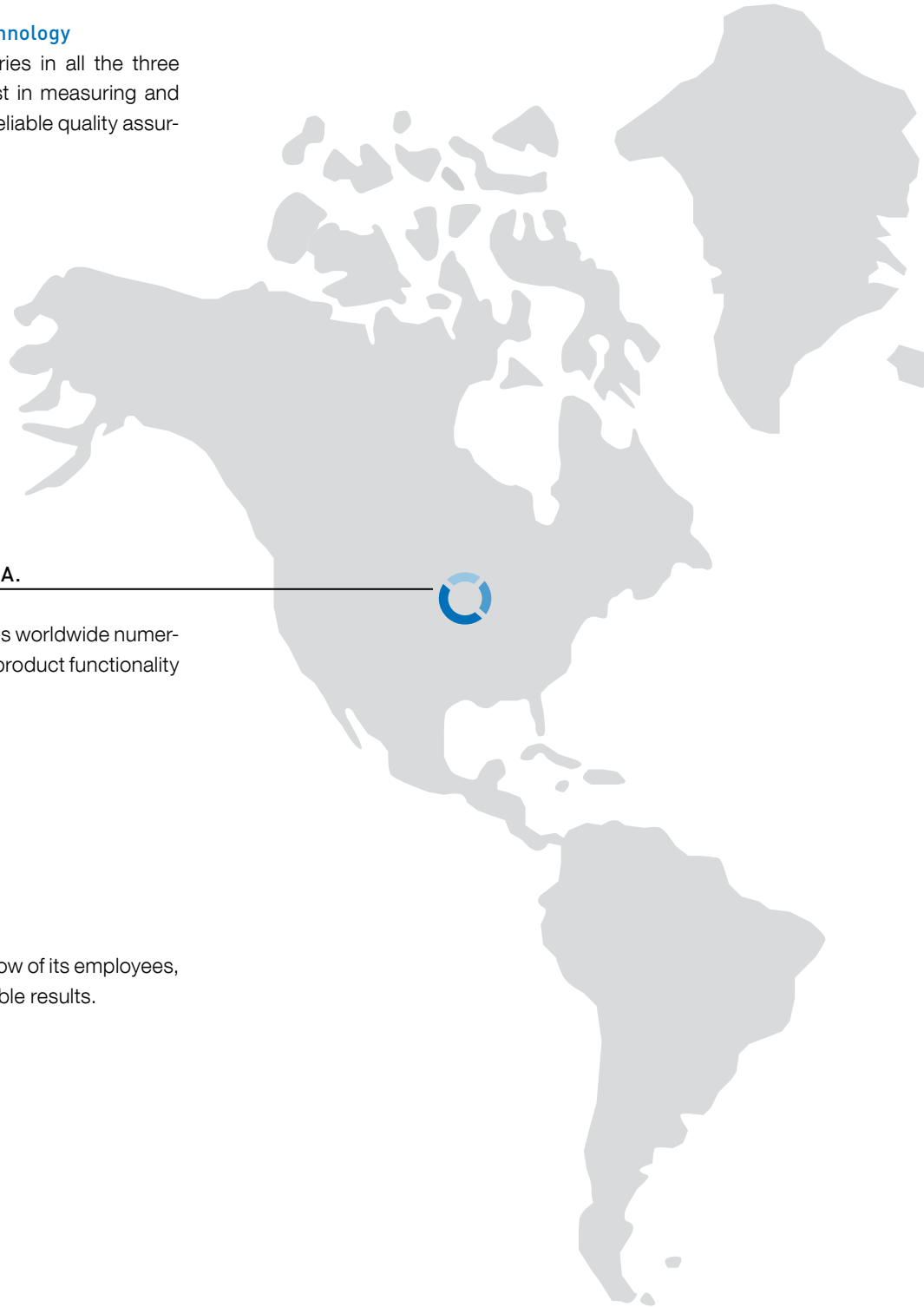
These are only some of the ways in which Bossard's customers benefit.

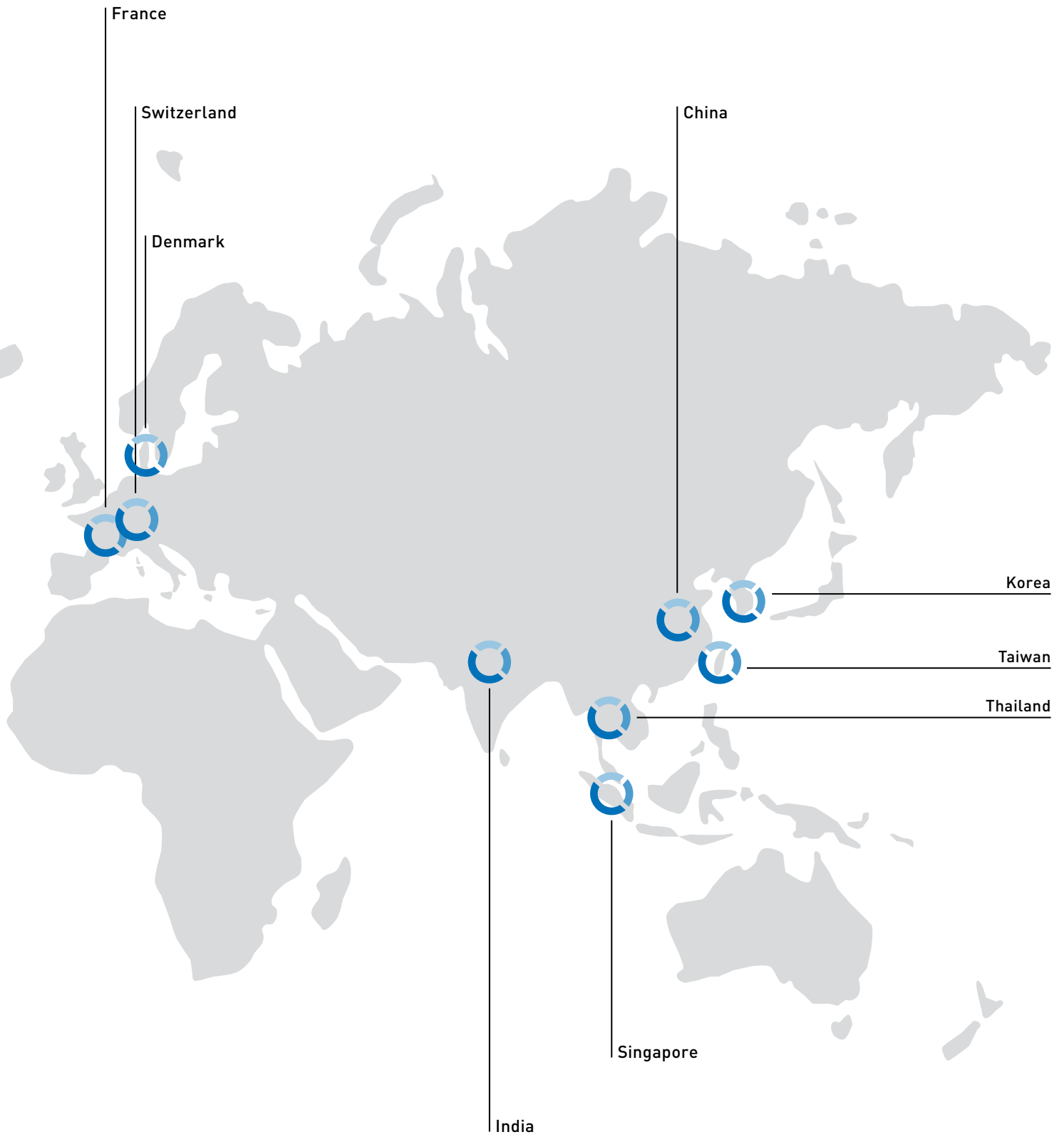
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In Bossard's quality and test laboratories worldwide numerous tests are undertaken to ensure top product functionality and quality:

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

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





at the same time, to enhance the quality of the products; for example by using new materials that add value, eliminating corrosion, ensuring that the fastener is reliably secured, or improving production processes.

More quality at a lower cost

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

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

Quality and the environment

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

Our Key to Success

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

An attractive employer – regionally and globally

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

Long-term planning – for Bossard's human resources, too

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

Continuing training is an investment, not an expense

Our approach remains the same, whether in our business operations or in our human resources development: We focus on judiciously planned, overall solutions. We particularly favor cross-divisional training, because a good grounding in our internal processes leads to tolerance and a better understanding of our business. In fact, it leads to intelligent

working habits. Knowing about our comprehensive service package gives our employees a holistic view of their jobs. Our interactive online training program gives a step-by-step overview of state-of-the-art fastening technology. In more than 230 chapters, this specially designed training program describes modern fastening technology and, with some 3,000 illustrations, demonstrates the fascination of fasteners.

Fair, frank and transparent management

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

Market-related compensation together with performance-related components

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

Communication

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

Diversity, fairness and equality of opportunity

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

Risk – A Part of Corporate Strategy

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

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

At meetings held annually a standardized procedure is used to examine all business activities and balance sheet items for potential risks and to evaluate any risks identified. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred. Targets and countermeasures are then drawn up. The results of the risk evaluation procedure are set out in a report submitted to the board of directors and the executive committee.

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

Large procurement network means low supply risk

Bottlenecks in supply can occur whenever our suppliers are working close to capacity while there is above-average demand. Risks can also arise when working with suppliers or when there is an increase in the cost of raw materials. We forestall these risks with tactical or preventive measures in our procurement activities by closely observing the market situation and through increasing our stocks. This helps to ensure that the necessary quantity and quality of fastening parts are available to avoid a breakdown in production at our customers' facilities. Steel, chromium, nickel, and various alloys are the most important raw materials for fastening

parts. We cannot hedge against price increases because we buy in finished parts. However, we have a supplier portfolio of more than 2,600 manufacturers worldwide and have worked with suppliers in Europe, Asia, and America for many years. Such a widespread supplier network helps us to keep supply risk to a minimum. This diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

We counter quality risks with quality monitoring

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

Risks can be minimized – but never ruled out

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

SOLUTIONS FOR BRIGHT MOMENTS



The situation: The 556 different fasteners used in a power transformer led to high costs. **The Bossard solution:** In close collaboration with the customer, Bossard implemented a rationalization project to decrease the number of different fasteners. **The benefits:** The number of different fasteners was reduced to 395, bringing costs down by 26 percent.



Data management – high priority for data protection

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

There are many financial risks – and most of them can be minimized

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

Financial risk management is described in detail on page 57.

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

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

Corporate Governance

Bossard’s organizational structure has been designed to meet international standards in regard to corporate management. Its corporate bodies and management are based on the guidelines set out in the leading codes of best practice.

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

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

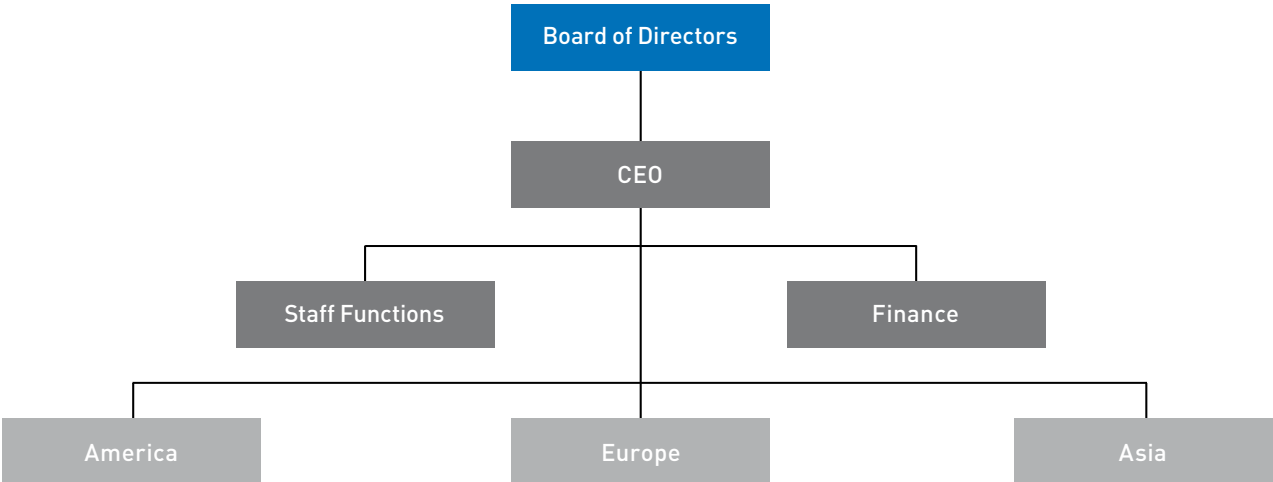
Group Structure and Shareholders

Group structure

Bossard Holding AG is the only listed company of Bossard Group. It is headquartered in Zug, and its shares (BOS, Swiss security number 1232386, ISIN CH0012323868) is listed on the SIX Swiss Exchange. Bossard’s Group structure is intended to optimally and efficiently support business operations, in compliance with legal, taxation and financial requirements. The structure was designed to be as straightforward as possible and thus also transparent for anyone outside the Group.

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

Operational Group Structure



There is a detailed overview of both group and associated companies on page 76.

Significant shareholders

At December 31, 2009, the following shareholders owned more than 3 percent of the total voting rights in Bossard Holding AG:

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung (company trust), Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 55.6 percent (2008: 54.7 percent) of total voting rights or 27.3 percent (2008: 25.7 percent) of the capital entitled to dividend. These numbers do not include shares without voting commitment which are held by various members of the Bossard families outside this shareholder group. Kolin Holding AG is wholly owned by the Bossard families.

Sarasin Investmentfonds AG, Basel, holds 270,740 bearer shares or 5.05 percent of the total voting rights in Bossard Holding AG (announced on August 7, 2009) via the Sarasin Selects Fund and the SaraPro Institutional Fund – Swiss Equities, both of which it manages.

Cross-shareholdings

There are no cross-shareholdings with other companies.

Capital Structure

Capital/authorized and conditional capital in particular

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

Since the increase in share capital undertaken in 1989, 185,000 bearer shares have been held in treasury. These shares carry no voting rights and are not entitled to dividend. Only Bossard's bearer shares are listed on the Domestic Standard of SIX Swiss Exchange. The registered shares are wholly owned by Kolin Holding AG. Apart from the above, Bossard Holding AG holds no authorized or conditional capital.

Changes in capital in the past three years

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

Shares

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

Participation and profit-sharing certificates

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

Limitations on transferability

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

The listed bearer shares are fully transferable.

Bonds and warrants/options

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

Board of Directors

Members of the board of directors

At December 31, 2009, the board of directors of Bossard Holding AG had seven non-executive members.

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

⁰¹ **Dr. Thomas Schmuckli** was appointed chairman of the board in 2007. He was elected to the board in 2000, after having served as secretary to the board between 1997 and 2000. Since 1993 Dr. Thomas Schmuckli has held management positions in the General Counsel division of Credit Suisse Group: First at Bank Leu AG, subsequently in the commercial sector of Credit Suisse, and then in its Corporate Banking Legal Service. Currently he is head of Legal Services at Credit Suisse Asset Management Funds AG, Zurich, and serves on the board of various Credit Suisse subsidiaries. Between 2000 and 2005 he was head of process and product management at Zuger Kantonalbank, Zug. Background: Studied law (LLB and LLD) at the University of Fribourg, is an accredited lawyer, and later undertook management studies at the University of Zurich. He was born on February 4, 1963, and is a Swiss citizen.

⁰² **Rolf E. Thurnherr**, dipl. el. Ing. ETH, has been a member of the board since 1992 and deputy chairman since 2003. He is also a member of the board of Agta Record AG,

Fehraltorf. Since 2004 he has been an independent management consultant. From 1996 until his retirement in 2003 Rolf E. Thurnherr was a member of the executive committee of Cerberus and, after it was taken over by Siemens, he was a member of the executive committee of Siemens Building Technologies AG and head of the Fire & Security Products Division. Prior to this he served for five years as CEO of the Eurodis Group in Regensdorf and, between 1989 and 1991 as chairman of the executive committee of Digitron in Bienne. Background: Studied electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich. During his professional career he attended courses on business economics and management. He was born on September 16, 1941, and is a Swiss citizen.

⁰³ **Urs Fankhauser**, dipl. masch. Ing. FH, was elected to the board in 2007. Since 2002 he has been a member of Sulzer Group's senior management and head of Sulzer's Chemtech division. From 2000 to 2002 he was president of Sulzer Chemtech Inc., Houston, and from 1993 to 2000 of Sulzer Chemtech Pte Ltd, Singapore. Background: Studied mechanical engineering at FH Burgdorf (technical college), awarded an MBA by Henley Management College, U.K., and completed the Advanced Management Program (AMP) at Harvard University, Boston. He is a member of the board of directors of Burckhardt Compression AG, Winterthur. Urs Fankhauser was born on January 24, 1960, and is a Swiss citizen.

⁰⁴ **Erica Jakober-Tremp** was elected to the board in 2006 where, as the Bossard employee representative, she represents their interests. Erica Jakober-Tremp joined Bossard Switzerland as head of human resources in 1995. In 2006 she took over the management of the employee pension trust of Bossard Group. Before joining Bossard she held management positions in various international companies in the field of human resources. Background: Diploma in human resources management and part-time business

The Board of Directors



management courses (SKU). Erica Jakober-Tremp was born on December 16, 1955, and is a Swiss citizen.

⁰⁵ **Anton Lauber** was elected to the board in 2006. Since 2009, as chairman and CEO, he has headed the Electronic Components Division of the Schurter Group, which comprises 15 companies. He has been a member of the executive committee since 1998. From 1993 to 2008, he served as CEO and delegate of the board of Schurter AG. Prior to that he managed the generator factory of ABB Switzerland. Anton Lauber sits on the boards of Schurter Holding AG and its international Group companies, of LEM Holding SA, and of various SMEs. He is active in central Switzerland as chairman of council of Lucerne University of Applied Sciences and Arts and as a board member of Lucerne's Industry Association. Furthermore he is a member of IAQ (International Academy for Quality). Background: Degree in mechanical engineering and various post-degree diplomas awarded by the University of St. Gallen, by IMD in Lausanne and by Lucerne University. Anton Lauber was born on July 26, 1951, and is a Swiss citizen.

⁰⁶ **Dr. Beat E. Lüthi** was elected to the board in 2002. He is CEO of CTC Analytics AG, Zwingen, a leading Swiss SME in the field of chromatography automation. From 2003 until 2007 he headed the Laboratory Division of Mettler-Toledo, Greifensee. From 1998 to 2002 he was CEO of Feintool, Lyss. From 1990 to 1998 he held various management positions at Mettler-Toledo. Background: Electrical engineering and Ph.D. from Swiss Federal Institute of Technology (ETH) in Zurich; Senior Management Program at INSEAD, Paris. He is a member of the board of directors of Stadler Rail in Bussnang, Uster Technologie in Uster, and Addex Pharma in Geneva. Dr. Beat E. Lüthi was born on January 12, 1962, and is a Swiss citizen.

⁰⁷ **Helen Wetter-Bossard**, lic. iur., was elected to the board in 2002 after she had served as secretary to the board for

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

Other activities and vested interests

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

Cross-involvement

There is no cross-involvement of members of the board of directors and members of other boards of listed companies.

Elections and terms of office

According to the articles of incorporation, the board of directors has at least five members. The shareholders elect each member of the board of directors. The general meeting of shareholders elects each member of the board of directors for a four-year term of office. The election procedure is based on the principle of total renewal. On first being elected to the board of directors, a member's term of office is limited to the period up to the next total renewal. There are no other statutory limits to the term of office of board members.

Holders of bearer shares as a group have the right to one seat on the board of directors. After being elected deputy chairman of the board in 2003, Rolf E. Thurnherr was elected as the representative of the holders of bearer shares in the following year; holders of registered shares with voting rights did not participate in this election. In gen-

eral, an employee representative should also sit on the board of directors. In 2006 Erica Jakober-Tremp was elected as the employee representative. The majority of the board members should be external members with no executive function in the Group. In the reporting year, no members of the board of directors had an executive function in the Bossard Group.

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

Name	Function	First elected to the board
Dr. Thomas Schmuckli	Chairman	2000
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares)	1992
Urs Fankhauser		2007
Erica Jakober-Tremp	Employee representative	2006
Anton Lauber		2006
Dr. Beat E. Lüthi		2002
Helen Wetter-Bossard		2002

The term of office for all members of the board ends in 2012.

Internal organizational structure

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

The board of directors has the following main duties:

- defining the strategic thrust and policies of the Bossard Group
- determining the organizational structure

- establishing the accounting system and financial controls
- ultimate supervision of business activities and of persons entrusted with the management of the company
- appointing and dismissing members of the executive committee
- drawing up the annual report, preparing the annual general meeting of shareholders and implementing its decisions

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

Board meetings

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 2009 a total of six meetings was held.

Moreover, the board of directors holds a retreat once a year; this meeting, which lasts for several days, is used to review and develop Group strategy. Apart from its scheduled meetings, the board of directors is supplied with monthly information on the Group's financial development.

The chairman sends out written invitations to board meetings to each of the members, enclosing the agenda and any relevant information. Invitations must be dispatched

at least seven days before the scheduled meeting. Each board member may request that the chairman add further items to the agenda. The board of directors constitutes a quorum if the majority of its members is present. In the event of a tie, the chairman has the casting vote.

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

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

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

Composition and working methods of the board's committees

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

These committees meet periodically or as required. The minutes taken at the meetings are sent to all board members as well as to other participants of the meeting. Moreover, 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 one year, reelection is possible. Currently the members of the audit committee are Urs Fankhauser, chairman, and Dr. Thomas Schmuckli. As a rule, the members of the audit committee meet at least three times a year. The meetings are attended by the CFO, the Group controller and a representative of the external auditors; depending on the agenda, the CEO may also participate.

In 2009 the audit committee held three meetings.

The audit committee has the following main duties:

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

Nomination and compensation committee

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

The NCC is made up of four members of the board of directors and is elected for a period of four years. The current members of the committee are Dr. Thomas Schmuckli, chairman, Rolf E. Thurnherr, Anton Lauber and Helen Wetter-Bossard. Depending on the agenda, the CEO may

be invited to attend the meetings.

In 2009 the nomination and compensation committee held two meetings.

The nomination and compensation committee has the following duties:

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

Compliance

The board of directors is continually informed on all major matters that touch on the principles of compliance. Additionally, the statutory auditors inform the board of directors on reports received on matters of a legal nature that require attention. An evaluation of such reports received in 2009 brought nothing new to light but, instead, confirmed what was already known. The ultimate supervision and control of compliance is vested in the board of directors. The reports received in 2009 referred to issues which the board of directors and the executive committee were already dealing with.

Definition of responsibility

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

committee. The organization regulations define the duties and responsibilities of the chairman of the board of directors and of the CEO.

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

Information and control instruments vis-à-vis the executive committee

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

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

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

Executive Committee

Members of the executive committee

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

At December 31, 2009, the executive committee had the following members:

Name	Function	Joined company	Appointed
David Dean	CEO	1992	2005
Stephan Zehnder	CFO	1996	2005
Julius Brun	Chief of Staff	1990	1998
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

⁰¹ **David Dean**, CEO, has served in this function since 2005. From 1998 to 2004 he served as CFO. From 1992 to 1997 he was corporate controller of Bossard Group. Prior to this, from 1990 to 1992, he was corporate controller and a member of the executive committee of an international logistics group. From 1980 to 1990 he worked for PricewaterhouseCoopers AG in various auditing and business consulting functions. He is a member of the regional advisory board of the Swiss National Bank. Background: Swiss certified accountant/controller, Swiss certified public accountant, PMD Harvard Business School and PMD IMD, Lausanne. David Dean was born on April 5, 1959, and is a Swiss citizen.

⁰² **Stephan Zehnder** has served as CFO since 2005. From 1996 to 1997 he was a controller in Bossard's corporate finance. In 1998 he took over the function of corporate controller of Bossard Group, remaining in this position until the end of 2004. Prior to joining Bossard he was employed by various international enterprises in functions concerned with finance and controlling. Background: MBA Finance from the Graduate School of Business Administration in Zurich and the University of Wales. Stephan Zehnder was born on October 20, 1965, and is a Swiss citizen.

⁰³ **Julius Brun**, Chief of Staff, has been responsible for the Group's service functions since 1998; these include sales, procurement, IT, technical support and quality assurance. From 1992 to 1998 he was head of the fastening technology business segment. He served as corporate controller of Bossard Group between 1990 and 1992. During the previous five years he was corporate controller and a member of the executive committee of an international logistics group. Background: Swiss certified accountant/controller; PED IMD, Lausanne. He was born on February 9, 1948, and is a Swiss citizen.

⁰⁴ **Beat Grob** has been CEO of Bossard's Central Europe region and a member of the executive committee since May 1, 2006. He had already been appointed managing director of Bossard Switzerland as of January 1, 2005. Beat Grob joined Bossard in 1995 as project manager logistics. In 1996 he became head of logistics for Bossard Group. Before joining Bossard he worked as a practicing lawyer and banker. He is chairman of the board of directors of Kolin Holding AG, Zug, and a member of the board of directors of Röntgeninstitut Holding AG, Cham. Background: Studied law at the University of Zurich, postgraduate MBA from the University of San Diego. Beat Grob was born on May 1, 1962, and is a Swiss citizen.

Executive Committee



⁰⁵ **Dr. Daniel Bossard** has been a member of the executive committee of Bossard Group and CEO of the Northern and Eastern Europe region as of January 1, 2009. From 2006 to 2008 he served as sales & marketing manager of Bossard Group and was responsible for the reorientation of Bossard's sales strategy as well as the development of international customer relations. From 2003 until 2006 he was CEO of Bossard Denmark. Dr. Daniel Bossard joined Bossard in 2000 as e-business manager, after having worked for two and a half years as a consultant for Andersen Consulting (Accenture). He is a member of the board of directors of Kolin Holding AG, Zug. Background: Studied business administration at the University of St. Gallen, with post-graduate 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.

⁰⁶ **Steen Hansen** has been CEO of Bossard America since February 2008. From 2006 to 2008 he served as president of Bossard IIP, Cedar Falls, Iowa. He was responsible for the Group's logistics between 2004 and 2006, having joined Bossard in 2001 as head of logistics Bossard Denmark. Prior to joining Bossard he filled various management positions, the last being supply chain manager at Nomeco Denmark, a leading wholesaler for pharmaceuticals. Background: Studied technology management and marine engineering at the Technical University of Denmark, and was awarded an MBA by the Swiss Federal Institute of Technology. He was born on April 11, 1959, and is a Danish citizen.

⁰⁷ **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.

Other activities and vested interests

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

Management contracts

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

Compensation, Shareholdings and Loans

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

According to responsibility, individual performance evaluation is based on the results of the entire group and/or of a specific business segment. The performance evaluation of managers and employees at all levels is based on quantitative and on qualitative assessment criteria. The quantitative criteria derive from the current business results as well as from the longer-term value added drivers which are decisive for Bossard's future results and profitability. This evaluation is closely linked with Bossard's management approach of sustainability and of generating economic value added. The qualitative criteria used to assess individual performance derive from Bossard's strategic targets and include such aspects as customer service, human resources management, opening up markets, procurement, engineering and similar.

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

In the reporting year compensation at top management level is made up of a basic salary and a performance-linked component determined at the employer's discretion. The performance-linked component is based on:

- profitability reached in the management sector and
- implementation of strategic targets.

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

All members of the board receive 20 percent of their compensation in the form of bearer shares in Bossard Holding AG. Members of the executive committee may draw up to 10 percent of their total compensation in the form of bearer shares in Bossard Holding AG. Moreover, members of the board and of the executive committee are entitled to draw the same number of shares again as already allocated. All these shares are subject to a lock-up period of three years. This restriction also applies if members should resign from the board or executive committee. In line with tax regulations, the allocation is made at market value with a 16 percent discount for the three-year restriction period. The shares required for the share option plan are acquired on the market. During the entire lock-up period the shares may not be sold, used as collateral or transferred.

The principles and elements of the compensation system for the board of directors and the executive committee are reviewed by the board and, periodically, by the nomination and compensation committee (NCC), most recently in the fourth quarter of 2009. The NCC determines the annual compensation for the board of directors and the CEO. The total annual compensation for the other members of the executive committee is approved by the NCC.

For details on compensation and shareholdings of members of the board of directors and of the executive committee please refer to the notes to the consolidated financial statements (note 25).

Shareholders' Participation Rights

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

Voting-rights and representation restrictions – articles of incorporation 14

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

Statutory quorum – articles of incorporation 15

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

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

1. a change of the corporate purpose,
2. an increase of the voting power of existing voting shares as well as the issue of new shares with more voting privileges than those of existing voting shares,
3. the introduction of more stringent transferability restrictions,
4. an approved or conditional capital increase,
5. a capital increase out of equity, subscribed in kind or to acquire assets and giving special privileges,
6. the restriction or withdrawal of option exercise rights,

7. the relocation of the company domicile,
8. dissolving the company without liquidation.

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

Convocation of the annual general meeting of shareholders – articles of incorporation 11 and 12

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

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

Inscription in the share register – articles of incorporation 5

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

No entries into the share register are undertaken in the period between dispatching the invitations to the general meeting of shareholders and the day of the annual general meeting itself.

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

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

Changes of Control and Defense Measures

Duty to make an offer

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

Clauses on changes of control

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

Auditors

Duration of the mandate and term of office of the lead auditor

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

The lead auditor is Bruno Häfliger, Swiss certified public accountant. He has been responsible for this auditing mandate since 2003. A new lead auditor is appointed every seven years; the next change will be in 2010.

Auditing fees

In 2009, PricewaterhouseCoopers AG as statutory auditors received audit fees for their services in the amount of CHF 502,255 (2008: CHF 533,603), for tax consulting in 2009 CHF 10,132 (2008: CHF 4,737) and for legal consulting in 2009 CHF 42,936 (2008: CHF 72,386).

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.

Information Policy

With its disclosure policy based on open and transparent communication, Bossard wants to create transparency for investors and financial markets in order to ensure a fair market price for Bossard shares.

Bossard is convinced that in the long-term the market will respond to a clear, consistent and informative disclosure policy with a fair valuation of the company's shares. To achieve this goal, Bossard abides by the following principles in its financial reporting and disclosure practices:

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

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

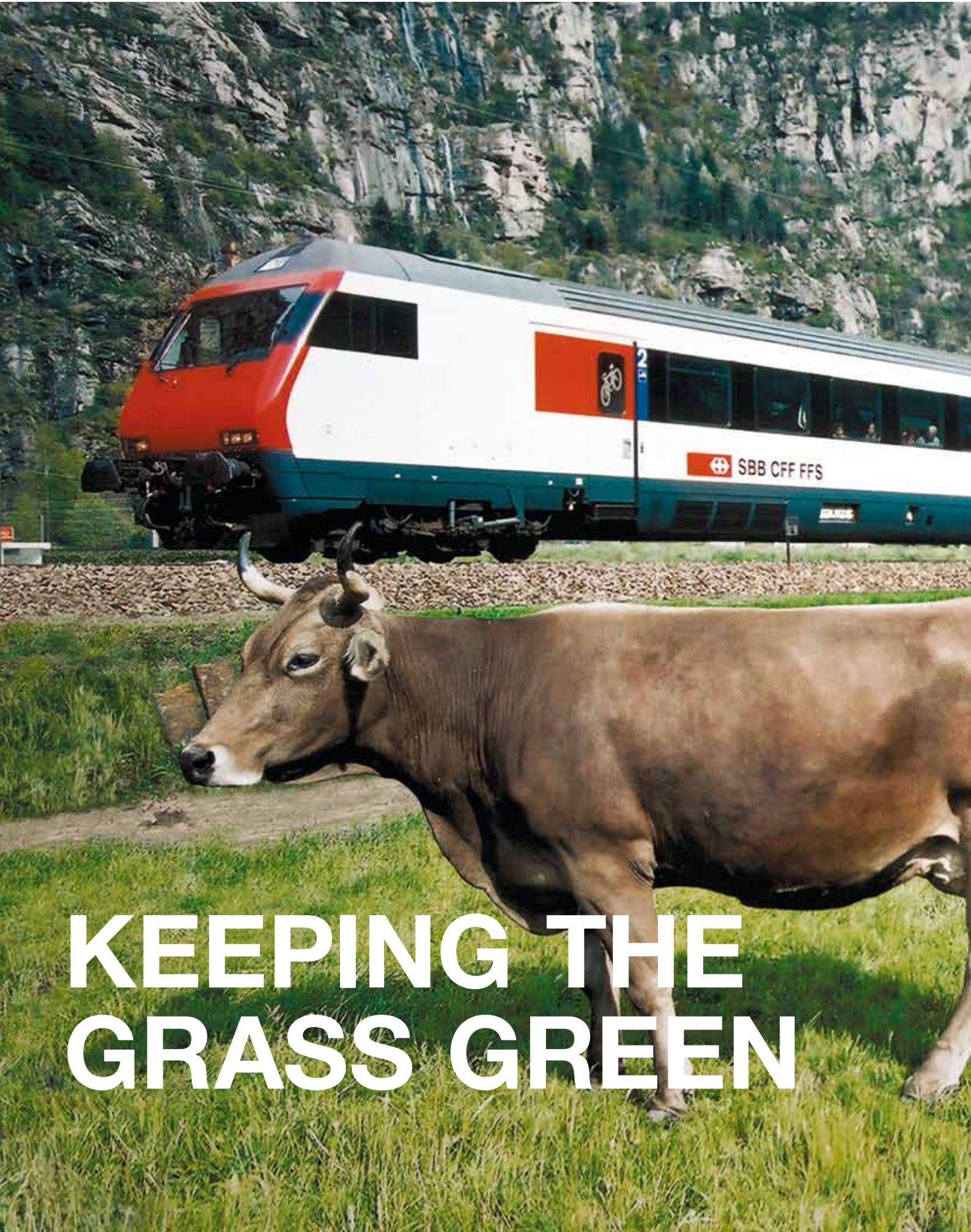
Dates to note in 2010:

Meeting for financial analysts	March 10, 2010
Annual general meeting of shareholders and publication of sales results 1st quarter 2010	April 13, 2010
Publication semi-annual report 2010	August 31, 2010
Publication of sales results 3rd quarter 2010	October 19, 2010
Publication of sales results 2010	January 12, 2011

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

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

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



**KEEPING THE
GRASS GREEN**

The situation: To work smoothly and safely, bolts in trains are lubricated manually, which is an expensive and time-consuming procedure. **The Bossard solution:** Bossard introduced bolts dry-coated with Bossard eco-lubric®, a special anti-friction coating. **The benefits:** Clean and environmentally friendly coating, cost savings on the assembly line, greater process safety and a less complex supply chain.





Contents

<u>Consolidated Balance Sheet</u>	48
<u>Consolidated Income Statement</u>	50
<u>Consolidated Statement of Changes in Equity</u>	51
<u>Consolidated Cash Flow Statement</u>	52
<u>Notes to the Consolidated Financial Statements</u>	53
<u>Report of the Statutory Auditors on the Consolidated Financial Statements</u>	77
<u>Bossard Holding AG: Balance Sheet</u>	78
<u>Bossard Holding AG: Income Statement</u>	79
<u>Bossard Holding AG: Notes to the Financial Statements</u>	80
<u>Bossard Holding AG: Report of the Statutory Auditors on the Financial Statements</u>	81
<u>Investor Information</u>	82

Consolidated Balance Sheet

In CHF 1,000	Notes	31.12.2009	31.12.2008
Assets			
Current assets			
Cash and cash equivalents	4	22,439	12,223
Financial assets held for trading		126	127
Accounts receivable, trade	5	63,087	78,987
Other receivables		920	1,152
Prepaid expenses		10,251	9,475
Inventories	6	117,692	169,270
		214,515	271,234
Long-term assets			
Property, plant and equipment	7	60,780	67,475
Intangible assets	8	3,938	5,053
Financial assets	9	2,173	2,914
Deferred tax assets	10	3,101	3,682
		69,992	79,124
Total assets		284,507	350,358

The notes on pages 53 to 76 are an integral part of the financial statements.

For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements.

In CHF 1,000	Notes	31.12.2009	31.12.2008
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	25,183	33,920
Other liabilities		3,924	5,174
Accrued expenses		20,531	23,851
Tax liabilities		3,702	5,442
Provisions	12	567	1,064
Short-term debts	13	21,079	69,755
		74,986	139,206
Long-term liabilities			
Long-term debts	14	40,000	41,045
Other liabilities		269	2,130
Provisions	12	1,664	1,686
Deferred tax liabilities	10	5,573	6,564
		47,506	51,425
Total liabilities		122,492	190,631
Shareholders' equity			
Share capital	15	32,000	32,000
Treasury shares		-1,984	-2,065
Capital reserves		52,946	53,258
Retained earnings		75,757	73,563
		158,719	156,756
Minority interest		3,296	2,971
Total shareholders' equity		162,015	159,727
Total liabilities and shareholders' equity		284,507	350,358

The notes on pages 53 to 76 are an integral part of the financial statements.

For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements.

Consolidated Income Statement

In CHF 1,000	Notes	2009	2008
Sales	16	395,109	565,701
Sales deductions	16	15,248	22,858
Net sales		379,861	542,843
Cost of goods sold		233,514	340,082
Gross profit		146,347	202,761
Personnel expenses	17	86,012	107,076
Sales, marketing and administration expenses		14,115	21,602
Other operating expenses	18	15,733	17,106
EBITDA		30,487	56,977
Depreciation	7	9,657	9,759
Amortization	8	2,017	2,097
EBIT		18,813	45,121
Financial income	19	2,734	3,202
Financial expenses	19	4,906	11,901
Income before taxes		16,641	36,422
Taxes	10	1,343	4,040
Net income		15,298	32,382
Attributable to:			
Shareholders of Bossard Holding AG		5,479	32,137
Minority interest		160	245
In CHF	Notes	2009	2008
Earnings per bearer share ¹⁾	20	4.97	10.68
Earnings per registered share ¹⁾	20	0.99	2.14

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 53 to 76 are an integral part of the financial statements.

For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements.

Consolidated Statement of Changes in Equity

In CHF 1,000	Issued share capital	Treasury shares	Capital reserves	Retained earnings		Share- holders Bossard	Minority interest	Share- holders' equity
				Retained earnings	Translation differences			
Balance at January 1, 2008 IFRS	32,000	-1,899		192,759	-32,762	190,098	4,028	194,126
Split capital reserves and retained earnings			53,258	-53,258				
Goodwill offset, less deferred taxes				-38,231		-38,231		-38,231
Treasury shares		-166		166				
Balance at January 1, 2008 Swiss GAAP FER	32,000	-2,065	53,258	101,436	-32,762	151,867	4,028	155,895
Translation differences					-18,217	-18,217	-1,302	-19,519
Net income for the period				32,137		32,137	245	32,382
Dividend				-9,031		-9,031		-9,031
Balance at December 31, 2008	32,000	-2,065	53,258	124,542	-50,979	156,756	2,971	159,727
Balance at January 1, 2009	32,000	-2,065	53,258	124,542	-50,979	156,756	2,971	159,727
Translation differences					-3,146	-3,146		-3,146
Net income for the period				14,973		14,973	325	15,298
Dividend				-9,633		-9,633		-9,633
Change in treasury shares		81	-312			-231		-231
Balance at December 31, 2009	32,000	-1,984	52,946	129,882	-54,125	158,719	3,296	162,015

For details regarding share capital please refer to note 15 on page 66 and for goodwill to note 23 on page 69.

The notes on pages 53 to 76 are an integral part of the financial statements.

For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements.

Consolidated Cash Flow Statement

In CHF 1,000	Notes	2009	2008
Net income		15,298	32,382
Taxes	10	1,343	4,040
Financial income	19	-2,734	-3,202
Financial expenses	19	4,906	11,901
Depreciation and amortization	7/8	11,674	11,856
Increase/(Decrease) provisions	12	313	-374
Gain from sales of property, plant and equipment	7	-145	-39
Gain from divestments of financial assets	9	-	-159
Interest received		436	2,212
Interest paid		-2,820	-10,206
Taxes paid		-5,419	-6,193
Other non cash (income)/expenses		-2,739	859
Cash flow from operating activities before changes in net working capital		20,113	43,077
Decrease receivables		15,191	12,233
Decrease/(Increase) inventories		51,593	-12,276
Decrease payables		-13,391	-8,597
Cash flow from operating activities		73,506	34,437
Purchase of property, plant and equipment	7	-3,911	-10,319
Proceeds from sales of property, plant and equipment	7	615	617
Purchase of intangible assets	8	-899	-1,511
Investments in financial assets	9	-272	-727
Divestments of financial assets	9	1,004	422
Cash flow from investing activities		-3,463	-11,518
(Decrease)/Increase of short-term debts		-48,765	3,986
Decrease of long-term debts		-1,185	-15,615
Decrease of treasury shares		81	-
Dividends paid		-9,633	-9,031
Cash flow from financing activities		-59,502	-20,660
Translation differences		-325	-942
Change in cash and cash equivalents		10,216	1,317
Cash and cash equivalents at January 1		12,223	10,906
Cash and cash equivalents at December 31	4	22,439	12,223

The notes on pages 53 to 76 are an integral part of the financial statements.

For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements.

Notes to the Consolidated Financial Statements

Scope of Operations (1)

Bossard Holding AG, Zug, a Swiss company limited by shares, is the ultimate parent company of all entities within the Bossard Group (hereinafter "Bossard") of companies. Bossard is a leading distributor of fasteners and small component parts and a provider of related engineering and inventory management solutions to original equipment manufacturers in three geographic regions: Europe, America and Asia.

Basis for the Preparation of the Consolidated Financial Statements (2)

The consolidated financial statements of the Bossard Group are based on the financial statements of the individual Group companies at December 31, 2009 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the Swiss Exchange SIX.

The consolidated financial statements have been authorized for issue by the board of directors on February 24, 2010 and will be recommended for approval at the annual meeting of shareholders.

Change from IFRS to Swiss GAAP FER

Formerly the consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS). The change to Swiss GAAP FER was implemented as per January 1, 2009. For comparison, the figures and structure of the prior year were adjusted to meet Swiss GAAP FER requirements. The change in accounting standards impacted as follows:

Impact on profitability

The change to Swiss GAAP FER had no impact on the disclosure of the income statement.

Impact on the financial situation

With respect to goodwill formerly recognized according to IFRS, Bossard opted for the right under Swiss GAAP FER to net goodwill with equity.

The retained earnings and reserves according to IFRS were reassigned according to Swiss GAAP FER requirements. The premium from the Initial Public Offering (IPO)

and a capital increase is now recognized as capital reserves. In accordance with Swiss GAAP FER, retained earnings comprises retained earnings and cumulated translation differences on equity.

Treasury shares held are recognized in equity as a minus item at acquisition cost.

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. Goodwill is the excess of the purchase price over fair value of the net assets acquired at the time of acquisition. 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. Profits on intercompany sales not yet realized through sales to third parties as at the balance sheet date are eliminated in the consolidation.

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. Intercompany balances (incl. unrealized profit on intercompany inventories) and transactions are eliminated in full.

Investments in associates

Investments in associates are accounted for using the equity method of accounting. These are entities in which Bossard Holding AG has significant influence and which are neither subsidiaries nor joint ventures of Bossard. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these decisions (usually 20–50 percent of voting rights). Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize Bossard's share of profit or loss of the investee after the acquisition date. Bossard did not own any investment in associates during the period under review.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting. These are contractual arrangements whereby two or more parties undertake an economic activity that is subject of joint control. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Under the equity method, the investment in a joint venture is initially recognized at cost and the carrying amount is increased or decreased to recognize Bossard's share of profit or loss of the jointly controlled entity after the acquisition date.

Minority interest

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

Foreign Currency Translation (2.2)

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

Transactions in foreign currencies are accounted for at the rates prevailing at the dates of the transactions. Items which are hedged against exchange rate exposures are translated at the hedged rate of exchange. The resulting exchange differences are recounted in the local income statements of the Bossard companies and included in net income.

Bossard companies translate monetary assets and liabilities denominated in foreign currencies to the reporting currency using balance sheet date exchange rates.

For the purposes of consolidation, assets and liabilities of Bossard companies reporting in currencies other than Swiss francs are translated to Swiss francs at balance sheet date exchange rates, income and expense items are translated at the average exchange rate for the period, and the translation differences are adjusted directly against the translation differences in shareholders' equity.

Exchange differences arising on intercompany loans that are considered part of the net investment in a foreign entity are recorded in equity.

Accounting and Valuation Principles (2.3)**Cash and cash equivalents**

Cash and cash equivalents are readily convertible into a known amount of cash with original maturities of three months or less. Cash and cash equivalents comprise cash at banks and on hand, deposits held at call with banks and other short-term highly liquid investments.

Accounts receivable, trade

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

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by using the average purchase price method for purchased goods which consists of product price and delivery cost (freight, customs duties, etc.) or production cost for manufactured goods. Cash discounts are treated as reduction in purchase value. Inventories that lack marketability or have a 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, vehicles and equipment are stated at cost less accumulated 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
Computer systems	3–6 years
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 accrued 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

Generally, costs associated with developing computer software are recognized as an expense as incurred. However, costs are recognized as an intangible asset if they are clearly associated with an identifiable and unique computer program. Expenditure, which enhances and extends the benefits of computer software beyond their original specifications, is recognized as a capital improvement and added to the original cost of the software. Associated costs include personnel costs of the development team and an appropriate portion of relevant overheads.

Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of ten years.

Impairment

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

Financial assets

Bossard classifies its financial assets in the following categories: Financial assets held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose

for which the investments were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever their intention or purpose changes.

Financial assets held for trading

Financial assets held for trading are all marketable securities that can be converted into cash at short notice. Derivatives are also classified as “held for trading” unless they serve as hedging instruments. Financial assets held for trading are recognized at their fair value plus initial transaction costs. Changes in the fair value of financial assets held for trading are recognized in the income statement for the period in which they arise. Where it exists, fair value corresponds to market value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Bossard provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities more than twelve months after the balance sheet date. These are classified as long-term assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the intention and ability to hold to maturity. They are recognized at the lower of nominal or market value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories. They are included in long-term assets unless management intends to dispose of the investment within twelve months after the balance sheet date. Available-for-sale financial assets are recognized at the lower of nominal or market value.

Derivative financial instruments

Derivative 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.

Other liabilities

Other liabilities include liabilities for insurances, taxes and other creditors not related to the supply of goods.

Accrued expenses

Accrued expenses refer to expenses and revenues that occur in a specific accounting period and are recognized according to the accruals principle. These include profit-sharing premiums and bonuses payable to employees, social security contributions, and accruals and deferrals for vacation and overtime compensation.

Financial debts

Borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently recognized at nominal value.

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

Employee benefits

Pension benefit obligations

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

Other long-term benefits

Other long-term benefits are mainly length of service compensation benefits which certain Bossard companies are required to provide in accordance with legal requirements in the respective countries. These benefits are accrued and calculated using the "Projected Unit Credit Method". The corresponding liabilities are included under provisions for pension and other termination benefits.

Profit sharing and bonus plans

Various Bossard companies have profit sharing programs and bonus plans for their employees. Such payments when made are recognized under personnel expenses in the income statement or otherwise recognised under accrued expenses in the balance sheet.

Provisions

A provision is recognized if, on the basis of past events, the Group 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.

Taxes

All taxes are accrued irrespective of when such taxes are due.

Deferred income tax is provided, using 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 as well as potential savings related to tax loss carry forwards are only capitalized if recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates.

Taxes payable on distribution of the undistributed profits of subsidiaries and associates are accrued only if those profits are to be distributed the following year.

Share capital

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

Accounting estimates and assumptions

Preparing the financial statements in accordance with Swiss GAAP FER requires the board and the executive committee to make estimates and assumptions which can impact on the recognized assets, liabilities, contingent liabilities and claims 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.

Segment reporting

Bossard operates in one business segment only. Segment reporting is undertaken according to the three geographic Bossard regions: Europe, America, and Asia.

Related parties

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

Net debt

Net debt comprises the total of short-term and long-term debts less cash and cash equivalents.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Sales of goods are recognized when goods are delivered and title has passed. Interest income is accrued on a time basis.

Sales deductions

Sales deductions consist of items which relate directly to sales revenue, such as cash discounts, year-end rebates, third-party sales commissions and outward freight costs.

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.

Risk management

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

Financial risk management

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

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

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

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

Foreign currency risk

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

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

Interest rate risk

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

Credit risk

Credit risks can arise if, in a transaction, the 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 made up of numerous customers and is widely spread in geographic terms. Short-term bank deposits are placed in banks with high credit rating.

Liquidity risk

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

Capital risk

To minimize its capital risk, Bossard Group ensures that the company's operations can run smoothly and that the shareholders will receive an adequate yield. To achieve this, the company may, if necessary, adjust dividend payments,

pay back capital to shareholders, issue new shares or sell assets.

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

No covenants have been drawn on equity.

Changes in the Scope of Consolidation (3)

During the year 2009 Trimec Italia Srl. was liquidated.

As at August 31, 2008, the joint venture 2-B-Global Fastenings Ltd, Willenhall, Great Britain, was divested.

Cash and Cash Equivalents (4)

In CHF 1,000	2009	Interest rates%	2008	Interest rates%
Cash at banks and on hand	19,198	0.0 – 4.1	11,413	0.0 – 12.0
Short-term bank deposits	3,241	0.0 – 10.5	810	0.0 – 10.5
Total	22,439		12,223	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 52).

Accounts Receivable, Trade (5)

In CHF 1,000	2009	2008
Accounts receivable, trade gross	63,162	77,226
According to due date		
not due	59,468	71,122
30 days overdue	2,001	3,464
60 days overdue	377	916
90 days overdue	1,316	1,724
Notes receivable	2,186	4,444
Allowance for bad debts		
Balance at Jan. 1	-2,683	-3,669
Release	252	652
Translation differences	170	334
Balance at Dec. 31	-2,261	-2,683
Total	63,087	78,987

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

Inventories (6)

Inventories that either lack or have low marketability are value adjusted to the net market value less sales costs. Value adjustments amounted to 21.6 percent (2008: 16.8 percent) of the gross inventory value. The methodology for determining the necessary value adjustment was further enhanced and improved in 2009. The focus has now shifted from methods for recognizing inventory risk via an inventory turnover ratio analysis based on historical consumption patterns to the actual marketability with related progressive value adjustment rates as the period of non-marketability lengthens. With this change of methodology the inventory value adjustment was reduced by CHF 0.3 million.

Property, Plant & Equipment (7)

In CHF 1,000	Land and buildings	Machinery and equipment	Others	Total
Cost				
Balance at Jan. 1, 2009	78,631	83,285	5,220	167,136
Translation differences	-498	-480	-5	-983
Additions	437	3,091	383	3,911
Disposals	-72	-1,304	-697	-2,073
Balance at Dec. 31, 2009	78,498	84,592	4,901	167,991
Accumulated depreciation				
Balance at Jan. 1, 2008	34,450	63,152	2,059	99,661
Translation differences	-139	-364	-1	-504
Depreciation	2,374	6,469	814	9,657
Disposals	-61	-1,085	-457	-1,603
Balance at Dec. 31, 2009	36,624	68,172	2,415	107,211
Net book amount	41,874	16,420	2,486	60,780

The insurance value of property, plant and equipment is CHF 162 million (2008: CHF 165.9 million).

In CHF 1,000	Land and buildings	Machinery and equipment	Others	Total
Cost				
Balance at Jan. 1, 2008	79,179	84,810	4,109	168,098
Translation differences	-1,893	-3,624	-401	-5,918
Additions	1,735	6,452	2,132	10,319
Disposals	-390	-4,353	-620	-5,363
Balance at Dec. 31, 2008	78,631	83,285	5,220	167,136
Accumulated depreciation				
Balance at Jan. 1, 2008	33,191	62,451	2,002	97,644
Translation differences	-709	-2,222	-198	-3,129
Depreciation	2,198	6,848	713	9,759
Disposals	-230	-3,925	-458	-4,613
Balance at Dec. 31, 2008	34,450	63,152	2,059	99,661
Net book amount	44,181	20,133	3,161	67,475

Intangible Assets (8)

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

In CHF 1,000	Software
Cost	
Balance at Jan. 1, 2008	36,544
Translation differences	-1,037
Additions	1,511
Disposals	-655
Balance at Dec. 31, 2008	36,363
Accumulated amortization	
Balance at Jan. 1, 2008	30,616
Translation differences	-750
Amortization	2,097
Disposals	-653
Balance at Dec. 31, 2008	31,310
Net book amount	5,053

No internally generated intangible assets were capitalized during the financial years 2009 and 2008.

Financial Assets (9)

In CHF 1,000	2009	Interest rates %	2008	Interest rates %
Loans and deposits to third parties	1,778	0.0 – 4.6	2,519	0.0 – 5.5
Available-for-sale financial assets				
Bossard + Staerkle AG, Zug, 10 %	360		360	
Others	35		35	
Total	2,173		2,914	

Taxes (10)

The tax expenses are made up as follows:

In CHF 1,000	2009	2008
Current taxes	1,785	4,744
Deferred taxes	-442	-704
Total	1,343	4,040

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 %	2009	2008
Average basic tax rate	15.5	15.1
Non tax deductible expenses	0.8	1.9
Non-taxable income	-7.6	-4.4
Expenses taxed at special rate	0.6	0.4
Utilization of previously unrecognized tax losses	2.4	1.0
Non-effective tax losses	-3.4	-2.6
Tax expenses from prior years	0.7	-0.1
Others	-0.9	-0.2
Effective tax rate	8.1	11.1

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

The deferred taxes consist of the following:

In CHF 1,000	Assets 2009	Liabilities 2009	Assets 2008	Liabilities 2008
Accounts receivable	167	100	453	121
Inventories	1,995	2,166	2,393	2,745
Property, plant and equipment	554	1,108	205	1,193
Intangible assets	192	57	239	41
Liabilities	193	2,142	392	2,464
Total deferred taxes	3,101	5,573	3,682	6,564
Net		2,472		2,882

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
2009	2,836	65,497	68,333
2008	6,982	62,106	69,088

Deferred tax assets from tax loss carryforwards not yet used are recognized when it is likely that the tax advantage will be used in the foreseeable future. The existing corporate and financing structure severely limit or make impossible the use of existing tax loss carryforwards in the future. This fact and taking into consideration possible tax-relevant earnings developments of individual subsidiaries have led to the conclusion that utilization of tax loss carryforwards is unlikely in the foreseeable future and that thus the conditions for capitalizing any deferred tax assets are not given. In addition to tax loss carry-forwards there are temporary differences in companies with tax loss carryforwards in the amount of CHF 18.5 million (2008: CHF 18 million). For these differences a possible deferred tax asset that can be capitalized will only arise if there seems to be a likelihood that the existing tax loss carryforwards can be used.

Accounts Payable, Trade (11)

In CHF 1,000	2009	2008
Accounts payable, trade	24,492	32,484
Notes payable	691	1,436
Total	25,183	33,920

Provisions (12)

In CHF 1,000	Restruc- turing	Pension and other termination benefits	Others	Total provisions	./ Short-term provisions	Total long-term provisions
Balance at Jan. 1, 2009	847	1,838	65	2,750	-1,064	1,686
Additions	-	131	429	560	-305	255
Usage	-662	-150	-11	-823	717	-106
Reversals	-	-211	-37	-248	82	-166
Translation differences	1	-2	-7	-8	3	-5
Balance at Dec. 31, 2009	186	1,606	439	2,231	-567	1,664

In CHF 1,000	Restruc- turing	Pension and other termination benefits	Others	Total provisions	./ Short-term provisions	Total long-term provisions
Balance at Jan. 1, 2008	2,804	2,777	240	5,821	-3,026	2,795
Additions	-	519	6	525	-214	311
Usage	-1,842	-478	-17	-2,337	1,867	-470
Reversals	-	-747	-151	-898	171	-727
Translation differences	-115	-233	-13	-361	138	-223
Balance at Dec. 31, 2008	847	1,838	65	2,750	-1,064	1,686

The provisions for restructuring include expenses for restructuring Bossard's operations in North America. These are provisions for maintenance and rental commitments which expire in 2010.

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

Short-term Debts (13)

In CHF 1,000	2009	Interest rates %	2008	Interest rates %
Bank overdrafts	1,530	0.8 – 7.6	2,969	1.2 – 9.2
Bank loans	-		46,541	1.0 – 7.5
Personnel savings accounts	19,530	2.8 – 3.3	20,219	3.3
Other	19	0.1 – 3.4	26	0.1 – 3.4
Total	21,079		69,755	

The personnel savings accounts corresponds to savings of employees.

Long-term Debts (14)

In CHF 1,000	2009	Interest rates %	2008	Interest rates %
Bank loans	40,000	1.9 – 2.3	41,045	1.9 – 3.8
Total	40,000		41,045	

All interest bearing bank loans are at floating interest rates. The effective weighted average interest rate on all borrowings was 2.4 percent (2008: 3.8 percent).

Bank loans are due in Swiss francs. The fair value is equal to the book value. The loans are repayable by end of December 2010. The Group has general credit agreements that allow renewal of the loans at any time. At the present time there are no indications on the part of the banks that these agreements will be terminated. As the loans are not to be repaid at the present time, they are considered as long-term from an economic perspective. Accordingly, from this perspective, the loans are recognized under long-term financial liabilities.

Share Capital (15)

Details of share capital	Par value in CHF	Number of shares	Total in CHF 1,000
Registered shares	2	2,700,000	5,400
Bearer shares	10	2,660,000	26,600
Total			32,000

187,407 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 (2008: CHF 22 million).

Dividend

The board of directors of Bossard Holding AG will propose a dividend of CHF 1.50 (2008: CHF 3.20) per bearer share and CHF 0.30 (2008: CHF 0.64) per registered share to the shareholders at the forthcoming annual general meeting.

Segment Information (16)

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

In CHF million	Europe		America		Asia		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sales to third parties	224.5	333.7	110.7	156.3	59.9	75.7			395.1	565.7
Sales inter-segment	3.6	5.9	0.2	0.4	0.0	0.2	-3.8	-6.5	-	-
Total sales	228.1	339.6	110.9	156.7	59.9	75.9	-3.8	-6.5	395.1	565.7
Sales deductions	11.7	17.2	1.9	3.5	1.6	2.2			15.2	22.9
Total net sales	216.4	322.4	109.0	153.2	58.3	73.7	-3.8	-6.5	379.9	542.8

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

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

Personnel Expenses (17)

In CHF 1,000	2009	2008
Salaries	68,088	84,632
Social security expenses	10,790	13,097
Pension expenses	3,829	4,632
Other personnel expenses	3,305	4,715
Total	86,012	107,076

Other Operating Expenses (18)

In CHF 1,000	2009	2008
Occupancy costs	7,596	8,561
Insurance and charges	2,766	2,919
Other operating expenses	5,371	5,626
Total	15,733	17,106

Financial Income/Financial Expenses (19)

In 1,000 CHF	2009	2008
Financial income		
Income from interests and securities	221	1,890
Income from non-consolidated investments	215	321
Exchange gains	2,298	991
Total	2,734	3,202
Financial expenses		
Interest expenses	2,820	7,091
Exchange losses	2,086	4,707
Share of loss from joint venture	–	103
Total	4,906	11,901

Earnings per Share (20)

	2009	2008
Net income in CHF 1,000	14,973	32,137
Average number of shares entitled to dividend *)	3,009,920	3,010,206
Basic earnings per bearer share in CHF	4.97	10.68
Basic earnings per registered share in CHF	0.99	2.14

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

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

Acquisition and Disposal of Subsidiaries (21)

In 2009 and 2008 no acquisitions nor disposals were undertaken.

Financial Instruments (22)

Cash flows are hedged with forward contracts. The following table summarizes the trading volume by major currency:

In CHF million	2009	2008
USD	28	42
EUR	22	34
Other	15	45
Total	65	121

Open forward contracts at December 31, 2009 were as follows:

In CHF million	2009	2008
Contract value	0.7	0.8
Balance sheet value	0.0	0.0

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

In 2009 and 2008 no open forward exchange contracts were designated to hedge the net investments in foreign subsidiaries at year end.

Goodwill (23)

With its first implementation of Swiss GAAP FER accounting and reporting recommendations the company opted for the right to net acquired goodwill with equity. As the majority of the netted goodwill dates back to acquisitions made between 1998 and 2002, this has already been amortized. There is one smaller remaining acquisition dating back to 2005 with goodwill in the amount of CHF 2.2 million. Assuming that those parts of that goodwill which could be capitalized had been capitalized and written down over a period of five years, this would have had an annual impact of CHF 0.44 million on consolidated net income and consolidated equity. In 2009 consolidated net income would have been CHF 14.9 million (2008: CHF 31.9 million) and consolidated equity CHF 162.3 million (2008: CHF 160.5 million). As at December 31, 2009 the remaining balance of the goodwill would have been CHF 0.3 million.

Pension Benefit Obligations [24]

The Group has various pension plans to which most of its employees contribute. With the exception of companies in Switzerland, the pension institution is responsible for providing coverage for retirement, survivors' and disability benefits. The pension plan institution for the Swiss companies is an independent pension plan in accordance with the Swiss federal law on occupational retirement, survivors' and disability pension plans (BVG).

Economic benefit/economic obligation and pension plan expenses:

In CHF 1,000	Surplus/deficit according to pension plans		Economic share of the company		Change or capitalized in business year	Contributions accrued		Pension plan expenses in personnel expenses	
	31.12.2009	31.12.2009	31.12.2008		2009	2009	2009	2008	
Patronage funds/pension institutions	2,850					124	124		117
Pension institutions without surplus/deficit	-					2,441	2,441		2,695
Pension institutions with surplus	-								
Pension institutions with deficit	-								
Total	2,850	-	-	-	-	2,565	2,565	2,565	2,812

In accordance with Swiss GAAP FER 26, the 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	2009	2008
Contributions to pension institutions charged to the company	2,565	2,812
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
Total contributions	2,565	2,812
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
Contributions and changes in employer contribution reserve	2,565	2,812
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	2,565	2,812

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

Compensation and Share Holdings (25)

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

Compensation paid to current members of the board of directors

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

In CHF		Fixed	Variable	Committee work	Total
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	75,000	–	260,000
Rolf E. Thurnherr	Deputy chairman, NCC (representing holders of bearer shares)	55,000	75,000	20,000	150,000
Urs Fankhauser	AC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee representative	15,000	30,000	5,000	50,000
Anton Lauber	NCC	55,000	75,000	15,000	145,000
Dr. Beat E. Lüthi		55,000	75,000	5,000	135,000
Helen Wetter-Bossard	NCC, minutes	55,000	75,000	15,000	145,000
2008		475,000	480,000	75,000	1,030,000

The compensation paid to current members of the board of directors are payments due for the 2009 business year and apply for the period of office from the annual general meeting 2009 to the annual general meeting 2010. Payment is made at the end of the period of office after the annual general meeting. At least 20 percent, at most 40 percent of the compensation is paid in the form of bearer shares of Bossard Holding AG. The allocation of shares is undertaken at market value and is set in February 2010. Apart from the compensation shown, employers' Swiss social security contributions of 10.1 percent are payable for each member of the board.

Compensation in shares for the 2008 business year:

		Number of bearer shares	Market value in CHF
Dr. Thomas Schmuckli	Chairman, NCC, AC	2,200	88,770
Rolf E. Thurnherr	Deputy chairman, NCC (representing holders of bearer shares)	1,330	53,665
Urs Fankhauser	AC	1,711	69,039
Erica Jakober-Tremp	Employee representative	590	23,807
Anton Lauber	NCC	1,710	68,998
Dr. Beat E. Lüthi		1,593	64,278
Helen Wetter-Bossard	NCC, minutes	1,283	51,769
Total		10,417	420,326

The compensation in shares is part of the total compensation paid for 2008 to the members of the board of directors. At least 20 percent, at most 40 percent of the compensation is paid in the form of bearer shares of Bossard Holding AG.

Compensation paid to former members of the board of directors

In 2009 and 2008 no compensation was paid to former members of the board of directors.

Compensation paid to current members of the executive committee

In CHF	Executive committee Total		CEO ¹⁾	
	2009	2008	2009	2008
Cash				
Salary fixed (gross)	2,479,800	2,543,300	493,800	485,000
Salary variable (gross)	705,200	1,149,000	155,000	263,000
Payments in kind	59,300	60,700	8,000	8,000
Total	3,244,300	3,753,000	656,800	756,000
Pension contributions	378,058	464,083	115,807	130,737
Members of the executive committee	8	7		

¹⁾ David Dean

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

Compensation in shares for the 2008 business year:

		Number of bearer shares	Market value in CHF
David Dean	CEO	4,400	177,540
Stephan Zehnder	CFO	1,500	60,525
Julius Brun	Chief of Staff	–	–
Beat Grob	CEO Central Europe	3,000	121,050
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	500	20,175
Steen Hansen	CEO America	1,143	46,120
Robert Ang	CEO Asia	–	–
Total		10,543	425,410

The compensation in shares is part of the total compensation paid for 2008 to the members of the executive committee. Members of the executive committee can draw up to 20 percent of their compensation in the form of bearer shares of Bossard Holding AG.

Compensation paid to former members of the executive committee

In 2009 and 2008 no compensation was paid to former members of the executive committee.

Share Holdings

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

		Shares	
		2009	2008
Board of directors			
Dr. Thomas Schmuckli	Chairman, NCC, AC	7,495	5,295
Rolf E. Thurnherr	Deputy chairman, NCC (representing holders of bearer shares)	2,930	1,600
Urs Fankhauser	AC	1,961	250
Erica Jakober-Tremp	Employee representative	590	–
Anton Lauber	NCC	2,210	500
Dr. Beat E. Lüthi		2,093	500
Helen Wetter-Bossard	NCC, minutes	13,728	14,407
Total		31,007	22,552
Executive committee			
David Dean	CEO	4,901	501
Stephan Zehnder	CFO	1,800	800
Julius Brun	Chief of Staff	20	20
Beat Grob	CEO Central Europe	3,157	153
Dr. Daniel Bossard	CEO Northern- & Eastern Europe (since 2009)	7,355	
Peter Erlangsen	CEO Rest of Europe (to 2008)		10
Steen Hansen	CEO America	1,143	–
Robert Ang	CEO Asia (since June 2009)	–	
Scott W. Mac Meekin	CEO Asia (to May 2009)		–
Total		18,376	1,484

Additional honorariums and remunerations

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

Loans to governing bodies

At December 31, 2009, as well as at December 31, 2008, there were no loans outstanding to members of governing bodies currently in office.

Related Party Transactions (26)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 55.6 percent (2008: 54.7 percent) of total voting rights or 27.3 percent (2008: 25.7 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	2009	Interest rates in %	2008	Interest rates in %
Deposits in the personnel savings accounts	4.1	2.8 – 3.3	3.9	3.3

The compensation to the board of directors and the executive committee consists of salaries and bonuses of CHF 4 million (2008: CHF 4.8 million).

Lease and Rental Obligations (27)

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

Operating lease commitment in CHF 1,000	Due within 1 year	Due within 2 years	Due within 3 years	Due within 4 years	Due after 4 years	Total
2009	911	370	159	32	1	1,473
2008	1,268	846	345	135	7	2,601

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
2009	3,646	2,899	2,353	1,925	5,258	16,081
2008	4,245	1,393	1,124	634	2,613	10,009

Assets Pledged or Otherwise Restricted (28)

In CHF 1,000	2009	2008
Accounts receivable, notes receivable	24	57
Inventories	2,114	1,908
Property, plant and equipment	1,457	1,545
Total	3,595	3,510

The pledged or restricted assets are used as collateral for outstanding bank loans which are not encumbered with any special conditions. The assets are after the repayment of the credits freely available again. The total credit lines amount to CHF 3.8 million (2008: CHF 3.8 million). The current borrowings amount to CHF 0.4 million (2008: CHF 0.2 million).

Contingent Liabilities (29)

Contingent liabilities in the amount of CHF 0.8 million (2008: CHF 2.7 million) result mainly from discounted notes given to third parties in the course of normal business operations.

Events Occuring after Balance Sheet Date (30)

Between December 31, 2009 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 2009.

Exchange Rates (31)

	31.12.2009 Year-end exchange rate	01.01.2009- 31.12.2009 Average exchange rate	31.12.2008 Year-end exchange rate	01.01.2008- 31.12.2008 Average exchange rate
1 EUR	1.48	1.51	1.49	1.59
1 USD	1.03	1.09	1.07	1.08
1 GBP	1.67	1.7	1.56	2.00
100 DKK	19.93	20.28	19.99	21.26
100 SEK	14.48	14.22	13.73	16.50
100 CZK	5.62	5.72	5.55	6.36
100 SKK	-	-	4.94	5.09
100 HUF	0.55	0.54	0.56	0.63
100 PLN	36.12	34.93	35.90	45.08
100 SGD	73.77	74.55	74.39	76.40
100 TWD	3.24	3.28	3.27	3.43
100 RMB	15.14	15.91	15.71	15.49
100 MYR	30.17	30.81	31.05	32.32
100 THB	3.1	3.17	3.07	3.24
100 INR	2.22	2.24	2.21	2.48
100 KRW	0.09	0.09	0.09	0.10

List of Group Companies (32)

Companies and branches		Headquarters	Currency	Capital in 1,000	Shareholding	Fastening Technology	Finance/other
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	32,000	100		■
Jersey	Bossard Finance Ltd	St. Helier	CHF	97	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	Trimec AG	Zug	CHF	50	100	■	
	Bossard + Staerke AG	Zug	CHF	3,600	10		○
Italy	Bossard Italia S.r.l.	Milan	EUR	100	100	■	
Austria	Bossard Austria Ges.m.b.H.	Vienna	EUR	1,017	100	■	
Denmark	Bossard Denmark A/S	Skovlunde	DKK	9,000	100	■	
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■	
France	Bossard France SAS	Souffelweyersheim	EUR	26,000	100	■	
Spain	Bossard Spain SA	Barcelona	EUR	745	100	■	
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
Slovakia	Bossard SK, spol. s r.o.	Bratislava	EUR	7	100	■	
Hungary	Bossard Hungary Kft.	Törökbálint	HUF	3,000	100	■	
America							
U.S.A.	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard Metrics, Inc.	Portsmouth, NH	USD	250	100	■	
	Bossard Michigan & Merrick, Inc.	Maspeth, NY	USD	5	100	■	
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,000	100	■	
México	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
Asia							
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100	■	
India	LPS Bossard Pvt. Ltd	Haryana	INR	48,000	51	■	
China	Bossard Industrial Fasteners International					■	
	Trading (Shanghai) Co. Ltd	Shanghai	RMB	103,796	100	■	
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■	
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	-	100	■	
Japan	Bossard K.K.	Tokyo	JPY	60,000	2.3	○	
South Korea	Bossard (Korea) Ltd	Anseong-City	KRW	2,500,000	100	■	

■ Fully consolidated

○ Minority investment

Status: December 31, 2009

Report of the Statutory Auditors



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

Report of the statutory auditors 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 48 to 76), for the year ended December 31, 2009

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2009 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

Bruno Häfliger
 Audit expert
 Auditor in charge

Stefan Bosshard
 Audit expert

Zürich, February 24, 2010

Balance Sheet

In CHF	Notes	31.12.2009	31.12.2008
Assets			
Current assets			
Cash and cash equivalents		179,311	–
Marketable securities – treasury shares	3	134,471	215,109
Accounts receivable Group companies		–	739,572
Accounts receivable others		18,288	18,495
Total current assets		332,070	973,176
Long-term assets			
Investments	2	118,379,215	118,379,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		120,229,215	120,229,215
Total assets		120,561,285	121,202,391
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable Group companies		16,434,328	–
Accounts payable others		10,847	56,187
Bank loans		–	13,934,000
Accrued expenses		624,147	1,193,049
Total current liabilities		17,069,322	15,183,236
Long-term liabilities			
Bank loans		10,000,000	10,000,000
Total long-term liabilities		10,000,000	10,000,000
Total liabilities		27,069,322	25,183,236
Shareholders' equity			
Share capital		32,000,000	32,000,000
Legal reserve			
General reserve		16,000,000	16,000,000
Reserve for own shares	3	1,984,471	2,065,109
Other reserves		32,127,229	32,046,591
Retained earnings		11,380,263	13,907,455
Total shareholders' equity		93,491,963	96,019,155
Total liabilities and shareholders' equity		120,561,285	121,202,391

Income Statement and Appropriation of Available Profit

Income Statement

In CHF	2009	2008
Income		
Dividend income, income from marketable securities	8,198,000	8,198,000
Interest income	48,238	287,221
Service fees from Group companies	336,000	336,000
Total income	8,582,238	8,821,221
Expenses		
General and administrative expenses	1,045,893	1,522,114
Financial expenses	677,458	895,969
Total expenses	1,723,351	2,418,083
Income before taxes	6,858,887	6,403,138
Taxes	246,580	–
Net income	7,105,467	6,403,138

Changes in Retained Earnings

In CHF	2009	2008
Retained earnings at beginning of year	13,907,455	16,534,935
Net income	7,105,467	6,403,138
Appropriation of available profit determined by the annual general meeting		
Dividends for 2008 and 2007 respectively	–9,632,659	–9,030,618
Retained earnings at end of year	11,380,263	13,907,455

The board of directors proposes to the annual general meeting the following appropriation of retained earnings as at December 31, 2009

In CHF	2009
Available retained earnings before distribution	11,380,263
Dividend of 15 percent on the share capital of max. CHF 30,150,000 eligible for dividends	–4,522,500
To be carried forward	6,857,763

Notes to the Financial Statements

In CHF	2009	2008
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	114,996,701	130,760,800
thereof used	31,105,226	66,046,235
The Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.		
2. Investments contain:		
Bossard AG, Zug, wholly owned		
Bossard Finance Ltd, St. Helier, wholly owned		
Bossard + Staerkle AG, Zug, 10 percent		
3. Balance of own shares		
a) Treasury shares		
Balance at Jan. 1 – 4,794 shares (2008: 4,794 shares)	215,109	215,109
Purchase: 18,573 bearer shares of CHF 10 par value (2008: 0 shares)	1,077,155	–
Used for share option program: 20,960 bearer shares of CHF 10 par value (2008: 0 shares)	–1,157,793	–
Balance at Dec. 31 – 2,407 shares, rate 58.50 (2008: 4,794 shares, rate 45.60)	134,471	215,109
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	134,471	215,109
Own shares – never issued	1,850,000	1,850,000
Reserve for own shares	1,984,471	2,065,109
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 663bbis and article 663c can be found in the notes of the consolidated financial statements (note 25).		
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 55.6 percent (2008: 54.7 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 and to evaluate any risks identified. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred; targets and countermeasures are then drawn up on this basis. The results of the risk evaluation procedure are set out in a report submitted to the board of directors and the executive committee. Overall, hazards that could negatively impact on the future development of Bossard Holding AG can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.		

Report of the Statutory Auditors on the Financial Statements



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

Report of the statutory auditors 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 78 to 80), for the year ended December 31, 2009.

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, 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Bruno Häfliger
 Audit expert
 Auditor in charge

Stefan Bosshard
 Audit expert

Zürich, February 24, 2010

Investor Information

	2009	2008	2007	2006	2005
Share capital					
Bearer shares at CHF 10 par					
Capital stock in CHF 1,000	26,600	26,600	26,600	26,600	26,600
Number of shares issued	2,660,000	2,660,000	2,660,000	2,660,000	2,660,000
Number of shares entitled to dividend	2,472,593	2,470,206	2,470,206	2,460,206	2,451,761
Registered shares at CHF 2 par					
Capital stock in CHF 1,000	5,400	5,400	5,400	5,400	5,400
Number of shares issued	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Number of shares entitled to dividend	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Bearer share equivalents, entitled to dividend at Dec. 31					
	3,012,593	3,010,206	3,010,206	3,000,206	2,991,761
Market price					
Ticker symbol (BOS)					
Volume traded (daily average)	2,836	3,328	4,905	3,922	2,275
Closing price at Dec. 31	58.5	45.6	87.0	81.5	80.0
Bearer share high in CHF	65.6	87.0	98.5	93.0	86.3
Bearer share low in CHF	29.5	42.0	76.1	73.5	66.9
Dividend per share					
Bearer share in CHF	1.5 ¹⁾	3.2	3.0	1.7	2.3
Registered share in CHF	0.30 ¹⁾	0.64	0.60	0.34	0.46
In % of share capital	15.0	32.0	30.0	17.0	4) 23.0
Dividend yield (Basis: price at Dec. 31)					
	2.6 %	7.0 %	3.4 %	2.1 %	2.9 %
Earnings per share^{2) 6)}					
Bearer share in CHF	4.97	10.68	10.03	3.98	6.57
Registered share in CHF	0.99	2.14	2.01	0.80	1.31
Cash flow per share^{2) 5)}					
Bearer share in CHF	8.96	14.70	14.38	8.12	10.54
Registered share in CHF	1.79	2.94	2.88	1.62	2.11
Price/Earnings ratio (Basis: price at Dec. 31)					
	11.8	4.3	8.7	20.5	12.2
Net worth per share³⁾					
Bearer share in CHF	53.8	53.1	50.3	42.8	41.8
Registered share in CHF	10.8	10.6	10.1	8.6	8.4
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	176.2	137.3	261.9	244.5	239.3
In % of shareholders' equity	108.8	85.9	173.0	190.4	191.5

In CHF million	2009	2008	2007	2006	2005
Economic value added analysis					
Gross sales	395.1	565.7	600.8	559.5	514.9
Earnings before interest and taxes (EBIT)	18.8	45.1	41.2	22.7	31.1
Effective tax rate in %	8.1	11.1	18.7	35.0	21.0
Net operating profit after tax (NOPAT)	17.3	40.1	33.5	14.7	24.6
Equity	162.0	159.7	151.4	128.4	125.0
Gross financial debt	61.1	110.8	123.2	122.4	133.2
Less cash and cash equivalents	22.4	12.2	10.9	8.8	10.0
Capital employed (year end)	200.7	258.3	263.7	242.0	248.2
Average annual capital employed (A)	229.5	261.0	252.9	245.1	230.7
Return on average capital employed (ROCE) in %	7.5	15.4	13.2	6.0	10.7
Cost of financial debt in %					
Average cost of financial debt	2.4	3.8	4.7	3.7	3.7
Less effective tax	8.1	11.1	18.7	35.0	21.0
Cost of financial debt after tax	2.2	3.4	3.8	2.4	2.9
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	2.2	2.9	2.9	2.5	2.0
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	7.7	8.4	8.4	8.0	7.5
Equity ratio	56.9	45.6	40.8	36.3	36.5
Weighted average cost of capital (WACC) in %	5.3	5.7	5.7	4.4	4.6
Economic profit in % (ROCE – WACC) (B)	2.2	9.7	7.5	1.6	6.1
Economic profit in CHF million (A) * (B)	5.0	25.3	19.0	3.9	14.1

¹⁾ Proposal to annual general meeting

²⁾ Basis: Average number of outstanding shares entitled to dividend

³⁾ Basis: Number of outstanding shares entitled to dividend at year end

⁴⁾ 19% dividend + 4% jubilee dividend on share capital

⁵⁾ Net income + depreciation and amortization

⁶⁾ Share attributable to shareholders of Bossard Holding AG

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

For comparison, the figures of the prior year were adjusted to meet Swiss GAAP FER requirements.

In CHF million	2009	2008	2007	2006	2005
Economic book value (EBV)					
Market value added (economic profit / WACC)	94.1	446.6	333.7	88.7	306.9
Capital employed	200.7	258.3	263.7	242.0	248.2
Implied enterprise value	294.8	704.9	597.4	330.7	555.1
Less gross financial debt	61.1	110.8	123.2	122.4	133.2
Plus cash and cash equivalents	22.4	12.2	10.9	8.8	10.0
Economic book value at Dec. 31	256.1	606.3	485.1	217.1	431.9

Market valuation and key ratios

Share price at Dec. 31 in CHF	58.5	45.6	87.0	81.5	80.0
Market capitalization	176.2	137.3	261.9	244.5	239.3
Net financial debt	38.7	98.6	112.3	113.6	123.2
Enterprise value (EV)	214.9	235.9	374.2	358.1	362.5
EV in % of gross sales	54.4	41.7	62.3	64.0	70.4
EV/EBITDA	7.0	4.1	6.9	10.3	8.7
EV/EBIT	11.4	5.2	9.1	15.8	11.7
EV/NOPAT	12.4	5.9	11.2	24.4	14.7
Price/book value per share	1.1	0.9	1.7	1.9	1.9
Return on equity in %	9.5	20.8	21.8	9.6	17.8

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

SHARE PRICE DEVELOPMENT 2005 – 2009

Ticker symbol: BOS, Valor: 1232386



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