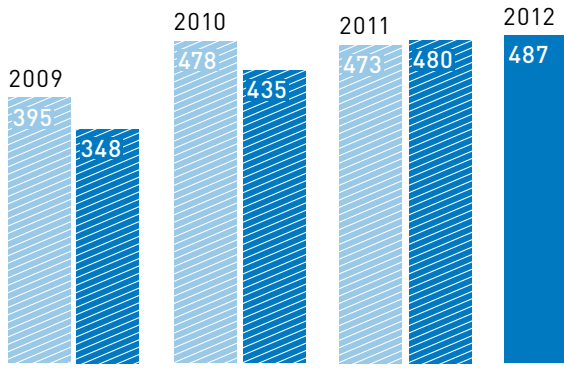


Annual Report 2012

INTELLIGENT
SOLUTIONS
FOR HIGH
PRODUCTIVITY

SALES

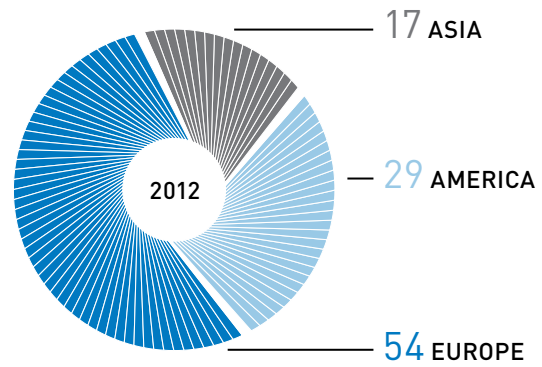
IN CHF MILLION



Actual
On a currency-adjusted basis

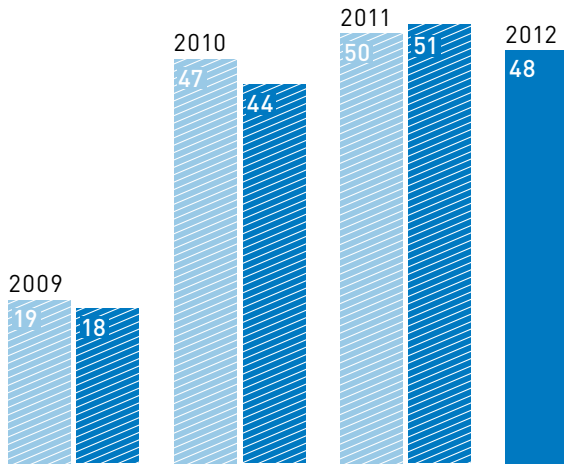
GEOGRAPHIC SALES DISTRIBUTION

IN %



OPERATING PROFIT

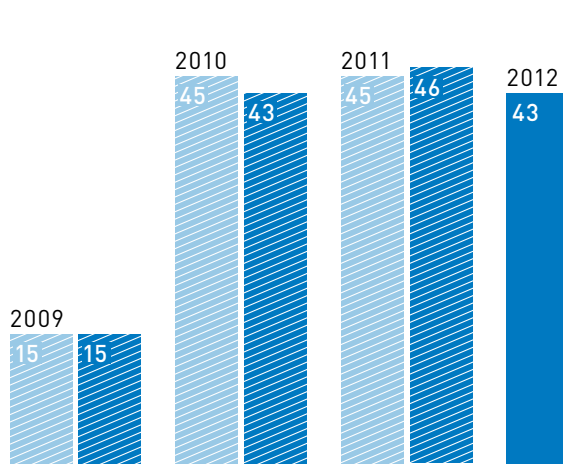
IN CHF MILLION



Actual
On a currency-adjusted basis

NET INCOME

IN CHF MILLION



Actual
On a currency-adjusted basis

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

Its customers include local and multinational industrial companies **who use Bossard's solutions to improve their productivity.** Employing more than 1,800 people in over 60 locations around the world, the Group generated CHF 487.1 million in sales in 2012. Bossard is listed on the SIX Swiss Exchange.

HISTORIC KEY FIGURES

IN 1,000 CHF	2012	2011	2010	2009	2008
Gross sales	487,094	473,484	477,609	395,109	565,701
Change to prior year in %	2.9	-0.9	20.9	-30.2	-5.8
Net sales	471,173	457,717	458,724	379,861	542,843
Gross profit	187,478	185,552	188,417	146,347	202,761
Personnel expenses	99,627	96,986	99,393	86,012	107,076
in % of gross profit	53.1	52.3	52.8	58.8	52.8
EBIT	47,631	50,260	47,266	18,813	45,121
in % of net sales	10.1	11.0	10.3	5.0	8.3
Net income	42,907	44,813	44,928	15,298	32,382
in % of net sales	9.1	9.8	9.8	4.0	6.0
Cash flow ¹⁾	53,354	54,649	55,413	26,972	44,238
in % of net sales	11.3	11.9	12.1	7.1	8.1
Capital expenditures	24,983	19,986	8,367	4,810	11,830
Operating net working capital ²⁾	202,225	202,563	172,559	155,596	214,337
in % of net sales	42.9	44.3	37.6	41.0	39.5
Net debt	202,185	29,607	25,747	38,640	98,577
Shareholders' equity	50,108	206,240	179,354	162,015	159,727
in % of total assets	13.3	62.3	61.3	56.9	45.6
Total assets	376,303	331,031	292,743	284,507	350,358
Return on equity	19.8 ³⁾	23.2	26.3	9.5	20.8
Return on average capital employed (ROCE)	18.2 ⁴⁾	21.2	23.1	7.5	15.4
Dividend yield (Basis: price at Dec. 31)	4.3	5.9	5.5	2.6	7.0
Earnings per share ^{5) 6)}					
Bearer share in CHF	14.38	14.89	14.81	4.97	10.68
Registered share in CHF	2.88	2.98	2.96	0.99	2.14
Price/earnings ratio (Basis: price at Dec. 31)	9.3	6.9	7.4	11.8	4.3
Price/book value per share	3.1 ⁷⁾	1.5	1.8	1.1	0.9
Annual weighted average number of employees ⁸⁾	1,551	1,493	1,393	1,355	1,666
Net sales per employee ⁹⁾	303.7	306.7	329.3	280.3	325.8

1) Net income + depreciation and amortization

2) Accounts receivable, inventories, less accounts payable

3) Adjusted for the goodwill offset

4) Adjusted for the net assets KVT-Fastening

5) Basis: Average capital entitled to dividend

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

7) On the supposition that the capital increase will be realized

8) Average full time equivalent

9) Basis: Annual weighted average number of employees

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

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REPORT TO THE SHAREHOLDERS

BOSSARD – SET THE COURSE FOR THE FUTURE



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

LADIES AND GENTLEMEN,

Fiscal 2012 was a challenging year for our company, one in which we achieved the third-best result in our history despite the difficulties in the global economy. During this challenging year, we invested resolutely in our future development and we set an important strategic course for the future with divestments and the acquisition of the KVT-Fastening. In doing so, we built a firmer foundation for securing our highly ambitious long-term goals. We will reap our success once the economy begins to pick up again.

2012 BEGAN STRONG AND ENDED MODERATELY

We were correct in our assessment that 2012 would be a difficult year due to global uncertainty. The global downturn, which had set in as early as the second half of 2011, did not bode well. Nevertheless, we remained cautiously optimistic that, despite the greater economic pressure, we would successfully increase sales with new business thanks to our well stocked pipeline. The first half of the year got off to a promising start as we managed to increase our average daily sales by a total of 14.2 percent compared to the second half of 2011. North America demonstrated the best performance. Unfortunately, this strong growth was offset by a significant slowdown in sales dynamics and a 6.3 percent reduction in average daily sales during the second half of the year, leaving only minimal growth in net terms.

We were very satisfied with the strong two-digit growth rate that North America sustained over the entire year while Europe and Asia reported a slight sales decline in local currency. Despite these difficult market conditions, we invested as planned in employee training and education as well as in new product development, and we pressed ahead with our projects to expand the logistics infrastructure in several countries. In doing so, we established the conditions to achieve and manage our long-term growth and profit targets even if these efforts slightly reduced our profit margins over the short term compared to the record results achieved in previous years.

TRIED AND TESTED SUCCESS FACTORS

Three factors were responsible for our good overall result, which was above average for the industry: successful market cultivation, continuous pursuit of innovations and continuous improvements of our internal processes and workflows. These factors enabled us to absorb the weaker demand from our existing customers. We had the strong backing of our over 1,800 employees whose great dedication earned the confidence of our customers day after day – confidence that consolidates our partnership with them and forms the basis for successful collaboration in both good and challenging economic times. We are also proud of the many awards for best supplier or innovation partner that our customers gave us in 2012 as a sign of their appreciation. These distinctions motivate us and drive us to do our best over and over again.

STRATEGIC DECISIONS

Fiscal 2012 will be forever known as a strategic milestone in Bossard's history due to the purchase of KVT-Fastening. This acquisition meets our strategic objective of expanding our range of high-end and specialized fastening technology. KVT-Fastening is an ideal addition to our range of products and services. The company's dedicated approach to attracting customers through engineering and offering them economical solutions is entirely in keeping with Bossard's business model and corporate culture. KVT-Fastening is active primarily in Germany, Austria and Switzerland, and it has expanded its business activities to Central Eastern Europe in recent years.

We will replicate and utilize the expertise we have gained in the area of self-clinching fasteners, rivet technology and other niche segments worldwide throughout the entire Bossard Group. We see synergies primarily in the great potential that exists on the sales side. KVT-Fastening has an enormous portfolio of customers whom we hope to gain for our own business thanks to our universal line of Bossard fastening technology combined with our sophisticated logistics services. In addition, KVT-Fastening's long-term customer relationships give us easier and faster access to the key German sales market, which we have not yet cultivated to any large extent. We therefore believe that this acquisition will greatly strengthen Bossard's market position and generate additional growth over the medium term, even outside KVT's current market segments.

Along with this major acquisition, we streamlined our business portfolio. We sold a small distributor oriented business division in the United States to a long-term partner. Bossard North America can now focus entirely on its core business with OEMs, which will avoid the previous channel conflict with competing distributor customers.

In fiscal 2012, we also divested ourselves of a financial minority holding in Bossard & Staerkle AG in Zug, Switzerland, which is active in the steel business, earning us a book profit.

BOSSARD SHARES – A PROVEN CHOICE

Ladies and gentlemen, your company has earned a positive result even in the difficult 2012 fiscal year. In accordance with our dividend policy, we will pay out 40 percent of our consolidated net income to you in the form of dividends. This is a return of 4.6 percent, based on the average share price of CHF 124.80 in 2012. The stock market rewarded our strong business growth as Bossard's shares rose 31.4 percent in the reporting year, from CHF 102 to CHF 134.

Even at the higher price at the beginning of February 2013, Bossard shares remain an attractive investment since the board of directors plans to continue paying out 40 percent of the growing company's net income in the future.

Another leap forward for strategic success.

CAPITAL INCREASE FOR TARGETED INTERNAL FINANCING

To finance the major acquisition of KVT-Fastening, the board of directors submitted a capital increase proposal to the annual general meeting in order to cover approximately 40 percent of the financing with equity capital, as required by our long-term finance policy. With the capital increase, we will increase the amount of equity financing, which was greatly reduced by the goodwill offset, from 13.3 percent to roughly 35 percent, and thus again return to the range of our targeted minimum amount of 40 percent equity ratio. The capital increase will be structured as rights issue on the part of the current shareholders. In exercising their subscription right, the shareholders will therefore secure their acquired rights, and their shareholdings will not be diluted.

Kolin Holding AG – our largest shareholder, which is owned by the Bossard families – has expressed its intention to invest the full extent of its holding in the capital increase because it firmly believes in the strategic importance of the acquisition for the Group's long-term development and because it fully supports the wish of the board of directors and the executive committee to

finance such a long-term investment with appropriate equity. These steps meet the requirements for ensuring a tried and tested financing structure that will remain balanced over the long term. We greatly value this enormous show of confidence on the part of our main shareholder, and we would be delighted if you would also reaffirm your confidence in us by participating in the capital increase.

Bossard is and plans to remain a strong company: for our customers around the world, for our employees and especially for you, our valued shareholders. Thank you for your loyalty to and trust in our company.



Dr. Thomas Schmuckli
Chairman



David Dean
CEO

Zug, February 6, 2013

_ Our factors of success

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

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

VALUES

BASIS FOR SUSTAINABLE COMPANY GROWTH

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

WE KNOW OUR CUSTOMERS' NEEDS

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

WE SELECT OUR PARTNERS WITH A VIEW TO THE FUTURE

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

WE BELIEVE IN SUSTAINABLE CORPORATE MANAGEMENT

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

WE FOSTER CONTINUOUS AND PROFITABLE GROWTH

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

WE SUPPORT AND PROMOTE OUR EMPLOYEES

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

WE ARE COMMITTED TO THE PUBLIC AND THE ENVIRONMENT

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

PUTTING VALUES INTO PRACTICE

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

_ History – from a local hardware store to a global group of companies

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

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

STRATEGY

RESOLUTELY TARGET-ORIENTED

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

VISION – GLOBAL AMBITION

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

Sustainable, qualitative growth is our priority.

PROFITABLE, QUALITATIVE GROWTH IN SIGHT

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

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

GREATER FOCUS ON HIGH-END PRODUCTS AND SOLUTIONS

In addition to the in-house developments, Bossard also relies on worldwide sales agreements with established manufacturers of attractive solutions. As part of our research and development, we plan to continue developing new proprietary products and customized application solutions.

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

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

MARKET DEVELOPMENT SHOWS THAT WE ARE ON THE RIGHT TRACK

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

BUSINESS MODEL STRONG PERFORMANCE

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

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

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

Bossard's global business model covers three strategic areas:

1. Product Solutions
2. Application Engineering
3. Customer Logistics

1. PRODUCT SOLUTIONS

Bossard has access to a unique global procurement network based on highly qualified manufacturers and efficient processes. More than 800,000 different fastening parts are available in our warehouses. Billions of fasteners and fastening elements leave our warehouses all over the world each year. Our product line covers standard parts, components developed in-house, branded products as well as special parts made to customer specifications.

TOP QUALITY AT FAIR PRICES

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

CONTINUOUSLY UPDATED INFORMATION

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

Manufacturing products more safely, more efficiently and therefore more economically.

GUARANTEED SUPPLY SECURITY

As a consequence of our enormous product variety, we do not manufacture products ourselves but work closely with over 3,200 specialized manufacturers whom we select according to strict quality criteria. We rely on multiple sources for every single fastener. As a result, we guarantee the highest possible supply security so that production can keep rolling.

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

2. APPLICATION ENGINEERING

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

A PARTNER FOR COMPLEX REQUIREMENTS

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

Our services go far beyond fasteners.

PROVEN POWER OF INNOVATION

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

GLOBAL PRESENCE FOR GLOBAL CUSTOMERS

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

3. CUSTOMER LOGISTICS

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

SMARTBIN – AUTOMATIC INTELLIGENCE

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

BOSSARD INVENTORY MANAGEMENT (BIM) – FASTENERS AND MORE

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

EMPLOYEES KEY TO SUCCESS

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

AN ATTRACTIVE EMPLOYER GROUP-WIDE

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

FROM EMPLOYEE SELECTION...

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

... TO CONTINUING EDUCATION AS AN INVESTMENT

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

LEADERSHIP AND ENCOURAGEMENT

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

MARKET-ORIENTED COMPENSATION SYSTEM

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

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

DIRECT AND OPEN COMMUNICATION

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

DIVERSITY UNDER ONE ROOF

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

KVT-FASTENING PROFILE



KVT-Fastening is a leading international company specializing in fastening technology. It supplies high-quality advanced components and customized solutions for applications in a wide range of industries and sectors.

A SUCCESS STORY

Dr. Ing. Max Koenig laid the groundwork for today's KVT-Fastening over 85 years ago in Zurich. Dr. Ing. Koenig began offering light construction engineering services in 1927 with a focus on "custom sheet metal." Thanks to innovations and a clear emphasis on its core areas of expertise, the small light construction company grew into a global group. After an extremely successful start in Switzerland and the subsequent addition of new locations in Germany and Austria, the company continuously expanded its international presence and entered additional attractive markets.

LEADING EXPERTISE

Today, KVT-Fastening is a renowned international company specializing in high-quality specialty fastening and sealing applications. KVT-Fastening is a leading supplier of high-end fastening solutions throughout Europe, especially on the German, Swiss and Austrian markets. High-performance solutions from KVT-Fastening are in use wherever absolutely reliable fasteners are needed, with applications ranging from electronics and energy technology, automobiles and transportation to aerospace engineering, mechanical engineering, plant

construction, precision engineering and medical technology. These small but extremely strong parts play a crucial role.

FOCUS ON THE EMPLOYEES

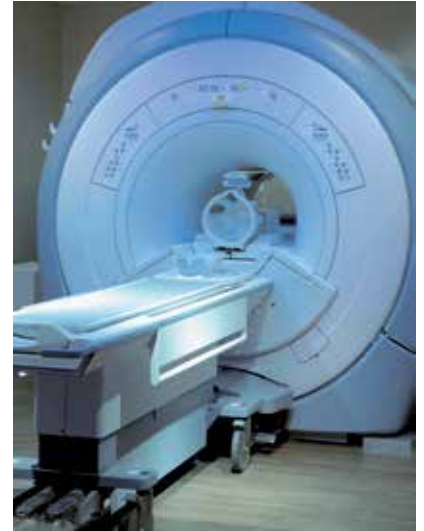
The expertise of KVT-Fastening rests on the shoulders of people: highly trained employees with many years of experience. At KVT-Fastening, employees form the heart of the company. KVT-Fastening currently employs 230 people, all of whom dedicate themselves day after day to excellence in fastening technology, guarantee maximum reliability and make KVT-Fastening a reliable partner throughout the world. KVT-Fastening currently serves a steadily growing base of around 25,000 customers.

EUROPEAN PRESENCE

KVT-Fastening has three main logistics centers in Dietikon (Switzerland), Illerrieden/Ulm (Germany) and Asten/Linz (Austria) as well as other sales offices in Poland, Romania, Slovakia, Slovenia, the Czech Republic and Hungary.

SOLUTIONEERING – ONLY THE BEST SOLUTION IS GOOD ENOUGH

In both areas – fastening and sealing applications – KVT-Fastening provides high-quality engineering services based on a portfolio that includes over 70,000 products from leading manufacturers. However, KVT-



Fastening offers more than standard products and individual elements. It actively assists customers in finding the right solution, especially when it comes to individual requirements. KVT-Fastening specializes in customized and tailor-made systems and solutions. With over 85 years of experience, innovative knowledge and development and consulting expertise, KVT-Fastening delivers maximum reliability.

A PROMISING FUTURE

KVT-Fastening has long enjoyed a successful partnership with the Bossard Group. The company has been a member of the Bossard Group since November 30, 2012, and it makes an outstanding addition to Bossard's product and service portfolio. KVT-Fastening will continue to focus on its core area of high-end fastening solutions. Combined with the Bossard Group's expertise in materials management, C parts logistics, specialty parts procurement and process consulting, new attractive options will be found on the market. The future belongs to high-performance fastening and sealing technologies, and it is KVT-Fastening's expertise in these areas that make the company so strong and unique – both today and in the future.

KVT-FASTENING AT A GLANCE

- _Leading supplier** of high-end industrial fastening solutions
- _Market focus:** Germany, Austria, Switzerland, Central Eastern Europe
- _230 employees**
- _Three main logistics centers:** Dietikon (Switzerland), Illerrieden (Germany) and Asten/Linz (Austria)
- _25,000 active customers**
- _70,000 products**
- _More than 50 third-party brands**
- _CHF 120 million in sales in 2012**
- _More than 85 years of experience**

QUALITY AND PROCESSES

RELIABILITY WITHOUT COMPROMISE

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

QUALITY BEGINS WITH PROCUREMENT

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

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

Total Quality Management is our answer to quality challenges.

ADVANCED GLOBAL TESTING SYSTEM

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

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

ENGINEERING MAKES THE DIFFERENCE

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

QUALITY LOWERS COSTS

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

QUALITY FOR THE ENVIRONMENT

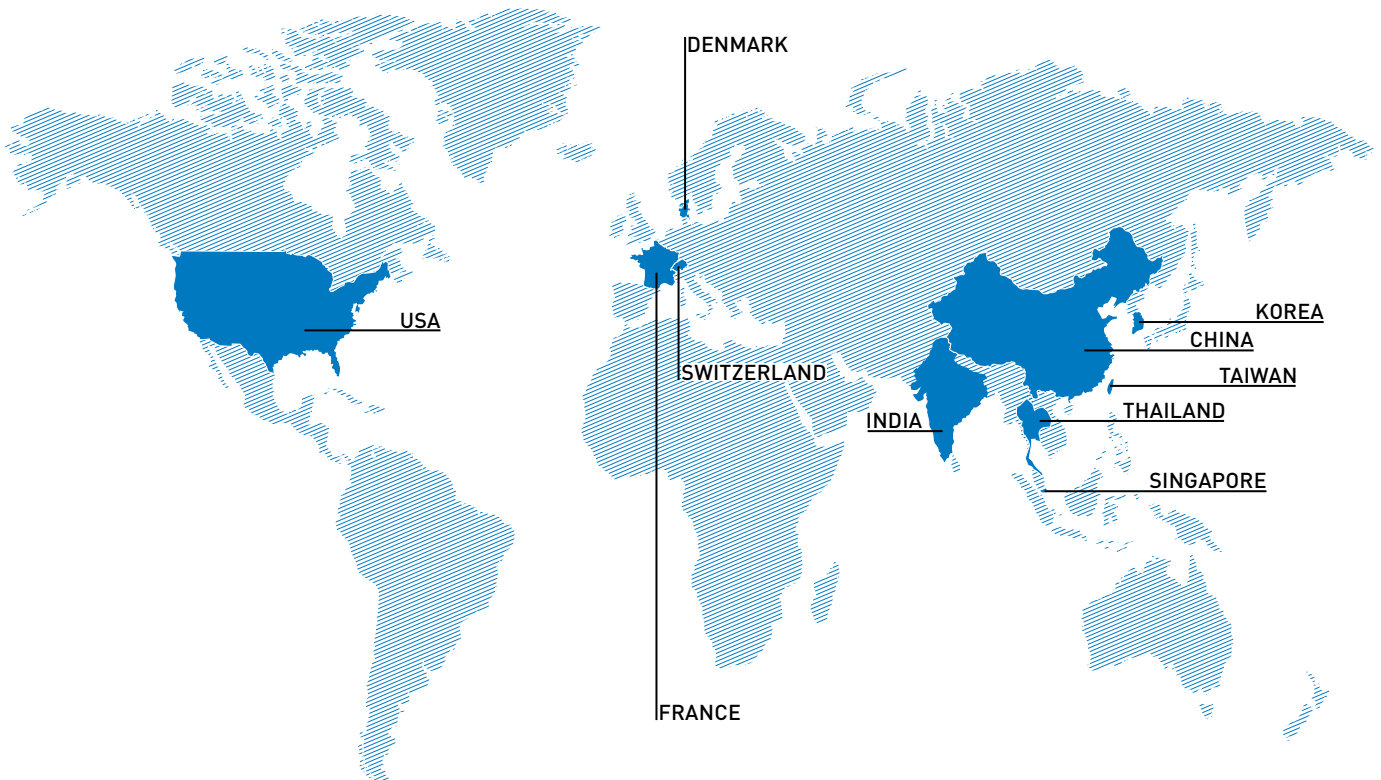
As a responsible company eager to make a contribution to a sustainable future, Bossard pays special attention to environmental aspects when selecting the products and manufacturers. In addition, we protect the environment with our own processes and technologies under the ISO 14001 standard. Ultimately,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

QUALITY AND TEST LABORATORIES PROVEN EXPERTISE AROUND THE GLOBE

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

Our wide range of tests include:

- _ Tensile and proof load testing
- _ Drive and torsional strength testing
- _ Hardness measurement
- _ Measurement of coating thickness
- _ Environment simulation test (corrosion test)
- _ Chemical analysis



RISK MANAGEMENT

SYSTEMATIC RISK MONITORING AND REDUCTION

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

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

Our extensive supplier network minimizes supply bottlenecks.

LOW SUPPLY RISK AS A RESULT OF LARGE NETWORK

Supply bottlenecks can occur when our suppliers are working close to capacity during times of above-average demand. Risks can also arise from working with suppliers and when the price of raw materials increases. We counter these risks with tactical and preventive measures in our procurement activities by continuously assessing the market situation and by maintaining a sufficient level of stock. In taking these steps, we ensure that the required volume and quality of fastening parts are available in order to avoid production shutdowns on the part of our customers. Steel, chromium, nickel and different alloys are the most important raw materials for fasteners. Because we purchase finished products, we cannot hedge against price increases. We have an extensive supply portfolio of more than 3,200 manufac-

turers worldwide and rely on long-term relationships with various suppliers in Europe, America and Asia. Our large network of suppliers enables us to minimize supply risks. Diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

SYSTEMATIC QUALITY MONITORING

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

RESPONDING TO SALES RISKS THROUGH DIVERSIFICATION

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

IT PROTECTION IS A HIGH PRIORITY

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

MINIMIZING FINANCIAL RISKS

Given its international operations, Bossard Group is exposed to various financial risks. These comprise exchange rate, interest rate, credit, liquidity and capital risks. The individual risks are minimized through stringent controls and monitoring. One of the central tasks to

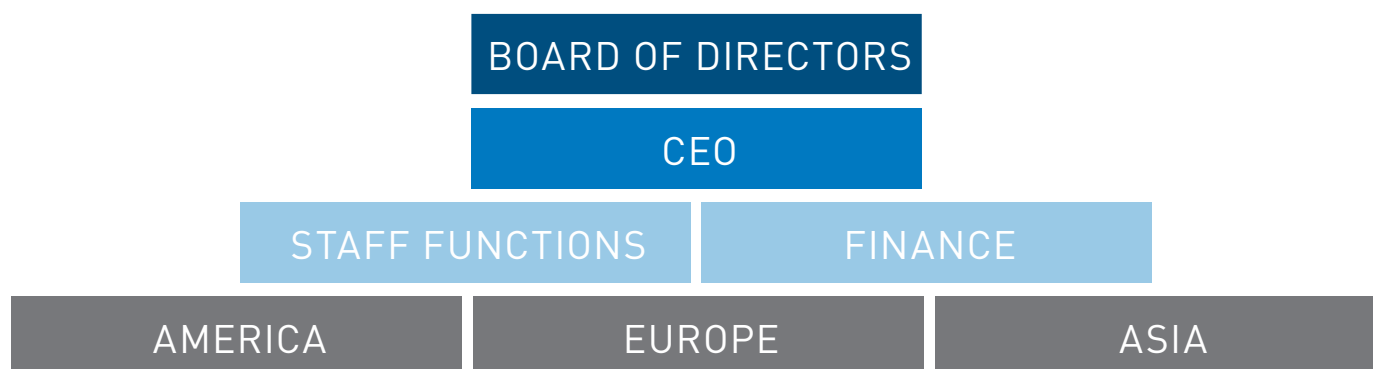
reduce financial risk within the Group is coordinating and managing financial requirements as well as ensuring financial independence. The aim is optimal capital procurement and liquidity management via cash pooling in order to meet payment liabilities.

Financial risk management is described in detail on page 45.

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

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

CORPORATE GOVERNANCE



There is a detailed overview of both group and associated companies on page 64.

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

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

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

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE

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

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

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

SIGNIFICANT SHAREHOLDERS

At December 31, 2012, the following shareholders owned more than 3 percent of the total voting rights in Bossard Holding AG:

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung (company trust), Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.5 percent (2011: 56.5 percent) of total voting rights or 29.0 percent (2011: 29.1 percent) of the capital entitled to dividend. These numbers do not include shares without voting commitment which are held by various members of the Bossard families outside this shareholder group. Kolin Holding AG is wholly owned by the Bossard families.

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

CROSS-SHAREHOLDINGS

There are no cross-shareholdings with other companies.

CAPITAL STRUCTURE

CAPITAL / AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

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

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

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

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

CHANGES IN CAPITAL IN THE PAST THREE YEARS

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

At the time this annual report went to press, the board of directors was planning to ask the annual general meeting of the company to approve a regular capital increase, which is intended to generate around CHF 80,000,000 in revenue for the company through the issue of bearer and registered shares under the current capital and voting conditions.

SHARES

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

PARTICIPATION AND PROFIT-SHARING CERTIFICATES

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

LIMITATIONS ON TRANSFERABILITY

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

The listed bearer shares are fully transferable.

BONDS AND WARRANTS/OPTIONS

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

BOARD OF DIRECTORS

MEMBERS OF THE BOARD OF DIRECTORS

At December 31, 2012, the board of directors of Bossard Holding AG had seven non-executive members.

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

OTHER ACTIVITIES AND VESTED INTERESTS

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

ELECTIONS AND TERMS OF OFFICE

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

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

CORPORATE GOVERNANCE BOARD OF DIRECTORS



The board of directors, from left:
Urs Fankhauser, Erica Jakober-Tremp, Anton Lauber,
Dr. Thomas Schmuckli, Prof. Dr. Stefan Michel,
Helen Wetter-Bossard, Dr. Beat E. Lüthi

DR. THOMAS SCHMUCKLI

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

ANTON LAUBER

Anton Lauber was elected to the board in 2006. Since 2012 he works as an independent Board Professional and Management Consultant. From 2008 to 2011 he headed as delegate of the board of Schurter AG the Schurter Group's Division Electronic Components in Lucerne, with 15 international group companies. From 1993 to 2008 he was CEO of Schurter AG and from 1996 he officiated as delegate of the board of Schurter AG. Between 1988 and 1992, he headed the production and R & D division of Schurter AG. Prior to that, he managed the Generator Plant of ABB Switzerland. He is a member of the board of directors of LEM Holding SA, Fribourg; Landert Motoren AG, Bülach; Fr. Sauter AG, Basel; Beutler Nova AG, Gettnau; CTC Analytics AG, Zwingen and Voegtlin – Meyer AG, Brugg and is chairman of the board of HighTech Aargau AG, Brugg. Furthermore, in Central Switzerland, he serves as chairman of the Council of Lucerne University of Applied Sciences and Arts. Background: Degree in Mechanical Engineering and various postdegree diplomas awarded by the University of St. Gallen, by IMD

in Lausanne and Lucerne University. Anton Lauber was born on July 26, 1951, and is Swiss citizen.

URS FANKHAUSER

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

ERICA JAKOBER-TREMP

Erica Jakober-Trempp was elected to the board in 2006 where, as the Bossard employee representative, she represents their interests. Erica Jakober-Trempp 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 parttime business management courses (SKU). Erica Jakober-Trempp was born on December 16, 1955, and is a Swiss citizen.

DR. BEAT E. LÜTHI

Dr. Beat E. Lüthi was elected to the board in 2002. He is CEO of CTC Analytics AG, Zwingen, a leading Swiss SME in the field of chromatography automation. From 2003 until 2007 he headed the Laboratory Division of Mettler-Toledo, Greifensee. Between 1998 and 2002 he was CEO of Feintool, Lyss. From 1990 to 1998 he held various management positions at Mettler-

Toledo. Background: Electrical engineering and Ph. D. from Swiss Federal Institute of Technology (ETH) in Zurich; Senior Management Program at INSEAD, Paris. He is a member of the board of directors of Straumann, Basel and chairman of the board of INFICON, Balzers. Beat Lüthi was born on January 12, 1962, and is a Swiss citizen.

PROF. DR. STEFAN MICHEL

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

HELEN WETTER-BOSSARD

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

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 Bossard Group.

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

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

INTERNAL ORGANIZATIONAL STRUCTURE

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

The board of directors has the following main duties:

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

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

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

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

WORKING METHODS OF THE BOARD OF DIRECTORS

As a rule, ordinary meetings of the board of directors are held seven to eight times a year. The board of directors is available at short notice should this be required. The length of board and committee meetings depends on the agenda. In 2012 a total of six board meetings were held as well as one retreat and one extraordinary teleconference.

Moreover, the board of directors holds a retreat once a year; this meeting, which lasts for several days, is used to review and develop the Group strategy. In 2012, a four-day retreat took place at the domicile of Bossard Poland Sp. z o.o. in Radom. Apart from its scheduled meetings, the board of directors is supplied with monthly information on the Group's financial development.

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

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

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

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

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

COMPOSITION AND WORKING METHODS OF THE BOARD'S COMMITTEES

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

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

AUDIT COMMITTEE

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

In 2012 the AC held five meetings.

The AC has the following main duties:

- _ reviewing the annual report, the annual and interim financial statements, the notes to the statements and the report of the statutory auditors for both Bossard Group and for Bossard Holding AG; proposals are addressed to the board of directors
- _ assessing whether the corporate accounting standards have been abided by
- _ selecting the statutory auditors to be proposed to the annual general meeting of shareholders; proposals are addressed to the board of directors
- _ discussing the auditing plan

- _ evaluating the performance, independence and compensation of the statutory auditors
- _ periodically examining the company's risk management and internal control system

NOMINATION AND COMPENSATION COMMITTEE

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

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

In 2012 the NCC held four meetings and one brief teleconference.

The NCC has the following duties:

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

COMPLIANCE

The board of directors is continually informed on all major matters that touch on the principles of compliance. Additionally, the statutory auditors inform the board of directors on reports received on matters of a legal nature that require attention. An evaluation of such reports received in 2012 brought nothing new to light but, instead, confirmed what was already known to the board members. The ultimate supervision and control of compliance is vested in the board of directors. The board of directors has delegated the necessary activities to the chairman of the board of directors, who also serves as Group compliance officer.

DEFINITION OF RESPONSIBILITY

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

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

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

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

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

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

At each board meeting, this written report is supplemented by a personal report on current business developments presented by a member of the executive com-

mittee. In special cases the CEO directly informs the board of directors in writing and/or verbally on specific issue. Additionally, the chairman of the board of directors regularly meets with the CEO, who informs him on business operations and issues of fundamental importance.

EXECUTIVE COMMITTEE

MEMBERS OF THE EXECUTIVE COMMITTEE

The board of directors has delegated the company's overall management to the CEO. He is responsible for the company's operations. The CEO has further delegated individual tasks to members of the executive committee. The CEO is responsible for the supervision and governance of the executive committee. The executive committee handles matters that are relevant to managing the Bossard Group at the appropriate level and is the body responsible for systematically sharing information. The CEO, in consultation with the executive committee, is responsible for further developing corporate strategies and implementing corporate targets.

At December 31, 2012, the executive committee had the following members:

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

OTHER ACTIVITIES AND VESTED INTERESTS

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

MANAGEMENT CONTRACTS

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

_Corporate governance

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

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

CORPORATE GOVERNANCE EXECUTIVE COMMITTEE



The executive committee, from left:
Robert Ang, Beat Grob, Stephan Zehnder, David Dean,
Dr. Daniel Bossard, Steen Hansen

DAVID DEAN

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

STEPHAN ZEHNDER

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

BEAT GROB

Beat Grob has been CEO of Bossard's Central Europe region and a member of the executive committee since May 1, 2006. He had already been appointed managing director of Bossard Switzerland as of January 1, 2005. Beat Grob joined Bossard in 1995 as project manager logistics; the following year, he became head of logistics for Bossard Group. Before joining Bossard he worked as a practicing lawyer and banker. He is chairman of the board of directors of Kolin Holding AG, Zug, a member of the board of directors of Bossard Unternehmensstiftung AG, Zug, and a member of the board of directors of Röntgeninstitut Holding AG, Zug. 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.

DR. DANIEL BOSSARD

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

STEEN HANSEN

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

ROBERT ANG

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

CORPORATE GOVERNANCE

COMPENSATION, SHAREHOLDINGS AND LOANS

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

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

COMPENSATION FOR BOARD MEMBERS

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

for the employee representative and the chairman of the board. The chairman is not present when the board determines his compensation. The fixed compensation component is CHF 185,000. The chairman's profit-linked compensation and the share plan is in line with the regulations applicable for all board members. The employee representative receives a maximum of CHF 15,000 in fixed compensation and a profit-linked component with a ceiling of CHF 30,000. In 2011, the chairman's variable compensation component was 40 percent (2011: 40 percent) of the fixed component. For the other board members the variable compensation component ranged from 136 percent to 200 percent (2011: 136 – 200 percent). Detailed information on the compensation paid in the reporting and the prior year is set out on page 59 in note 26 of the notes to the consolidated financial statements.

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

COMPENSATION FOR THE CEO

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

first component is linked to the operating results in the European, American and Asian market regions. It corresponds to a fraction of the EBIT results of all the regions. The second component is linked to meeting the strategic targets, which the board defines and monitors annually. In 2012 the variable part amounted to 77 percent (2011: 70 percent) of fixed compensation. Detailed information on the compensation paid to the CEO in the reporting and the prior year is set out on page 59 in note 26 of the notes to the consolidated financial statements.

COMPENSATION FOR THE EXECUTIVE COMMITTEE

The regulations governing compensation for the members of the executive committee are similar to those for the CEO. The compensation is made up of a fixed basic sum and a performance-linked variable component determined at the discretion of the employer. For members of the executive committee the variable part is linked to three components: (i) profitability reached in their own area of responsibility, (ii) consolidated net income, (iii) meeting the strategic targets set. In line with the Group's compensation mechanism the NCC at the CEO's request lays down the total compensation range for the members of the executive committee. In accordance with the CEO's proposals the NCC annually approves the total compensation for the various members of the executive committee. At the subsequent board meeting, the NCC informs the members about the approved total compensation. The variable part of the compensation was 63 percent (2011: 68 percent) of the fixed basic compensation. Detailed information on the compensation paid in the reporting and the prior year is set out on page 59 in note 26 of the notes to the consolidated financial statements.

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

MANAGEMENT PARTICIPATION PLAN (RESTRICTED STOCK UNIT PLAN – RSU)

This management participation plan with its long-term orientation is offered by Bossard Group to specified middle and top management personnel. Members of the board of directors may not participate in this plan. At the board's discretion and in addition to his/her total compensation and for services he/she rendered, the manager annually receives a defined sum which is converted into RSUs on Bossard Group bearer shares. The conversion is undertaken at market prices and is based on the average share price over the prior ten trading days in November. The additional compensation converted into RSUs is locked up for three years. The RSUs can not be traded nor used as collateral. After three years, one third of the allocated RSUs is passed on to the manager provided that at the time of delivery he/she has not left the company or been given notice. At that point the shares are no longer subject to any restrictions with the exception of the rules governing management transactions. At its retreat in 2011, the board commissioned a detailed plan to be drawn up and, at the request of the NCC, approved the plan on December 2, 2011. It has been applied for the first time for the business year 2011. The expenses for the management participation plan charged to operating earnings totaled CHF 1.1 million in 2012 (2011: 1.0 Mio. CHF). Although the allocated values of the RSUs are fixed, they are recognized as variable components.

REVIEWING

The principles, the components and the target values of the compensation system for the board and the executive committee as well as for the management participation plan are approved by the board of directors and reviewed annually by the NCC. In order to assess the compensation level, the NCC periodically notes the published compensation reports of Swiss industrial enterprises comparable in size to Bossard Group. The NCC does not employ external consultants for this. The NCC meets at least twice a year. At the following board meeting, the chairman of the NCC gives an oral account of the business dealt with at the last NCC meeting. Where necessary, and on the basis of the recommendations made by the NCC, the entire board approves the target values and the components of the compensation system. During the last review, which took place on November 30, 2012, the NCC decided to grant the board of directors an adjustment to the parameters for calculating the 2013

compensation for board members (in the future, this will be: (i) 0.1 percent of the consolidated net income as a basis for the profit-linked component of compensation with (ii) at least an 8 percent return on capital employed). The board of directors agreed to this adjustment in its meeting on December 14, 2012.

SHAREHOLDERS' PARTICIPATION RIGHTS

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

VOTING-RIGHTS AND REPRESENTATION RESTRICTIONS – ARTICLES OF ASSOCIATION 14

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

STATUTORY QUORUM – ARTICLES OF ASSOCIATION 15

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

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

1. a change of the corporate purpose,
2. an increase of the voting power of existing voting shares as well as the issue of new shares with more voting privileges than those of existing voting shares,
3. the introduction of more stringent transferability restrictions,
4. an approved or conditional capital increase,

5. a capital increase out of equity, subscribed in kind or to acquire assets and giving special privileges,
6. the restriction or withdrawal of option exercise rights,
7. the relocation of the company domicile,
8. dissolving the company without liquidation.

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

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

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

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

INSCRIPTION IN THE SHARE REGISTER – ARTICLES OF ASSOCIATION 5

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

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

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

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

CHANGES OF CONTROL AND DEFENSE MEASURES

DUTY TO MAKE AN OFFER

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

CLAUSES ON CHANGES OF CONTROL

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

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

AUDITORS

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

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

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

AUDITING FEES

In 2012, PricewaterhouseCoopers AG as statutory auditors received audit fees for their services in the amount of CHF 446,242 (2011: CHF 481,010), for tax consulting in 2012 CHF 59,986 (2011: CHF 10,162), for legal consulting in 2012 CHF 47,660 (2011: CHF 41,008) and for services in connection with the acquisition of KVT-Fastening Group CHF 225,266.

INFORMATION AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

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

CORPORATE GOVERNANCE INFORMATION POLICY

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

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

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

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

Dates to note in 2013:

Meeting for financial analysts & media conference	February 19, 2013
Publication of results 2012	
Annual general meeting of shareholders	March 12, 2013
Publication of sales results 1st quarter 2013	April 15, 2013
Publication of first Results Sales / Net Income first Half of 2013	July 12, 2013
Publication semi-annual report 2013	August 27, 2013
Publication of sales results 3rd quarter 2013	October 15, 2013
Publication of sales results 2013	January 14, 2014

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

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

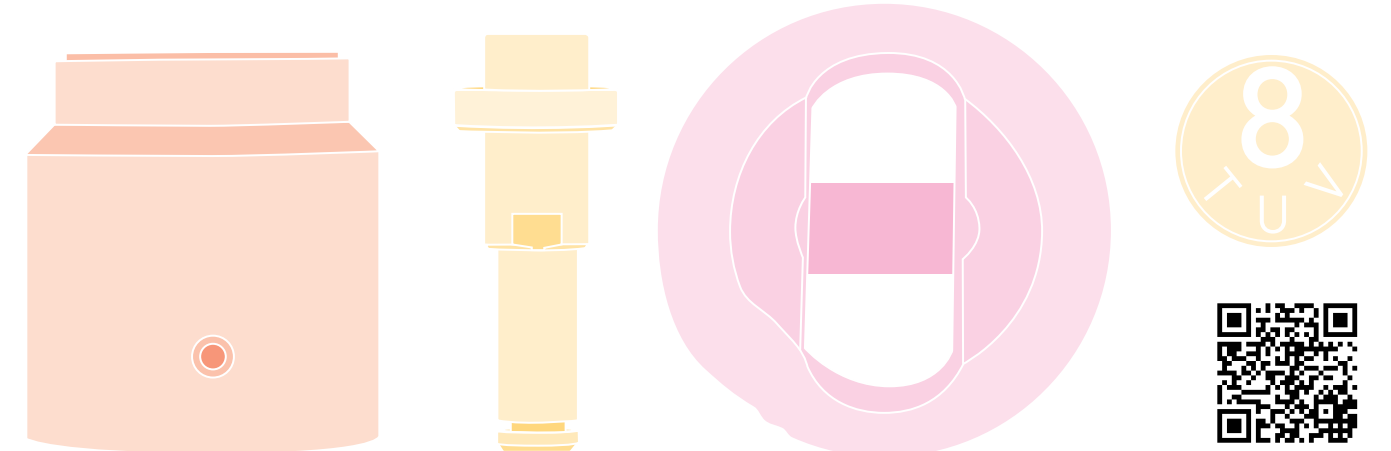
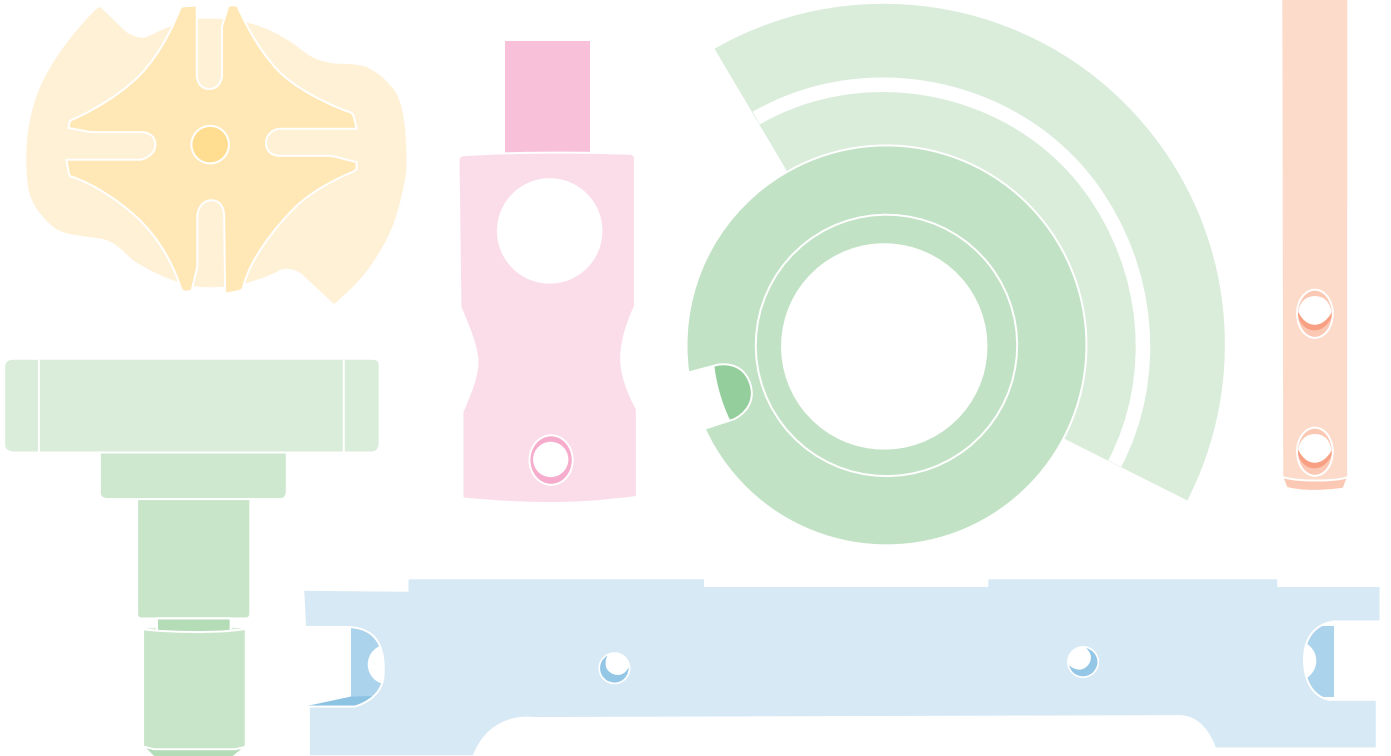
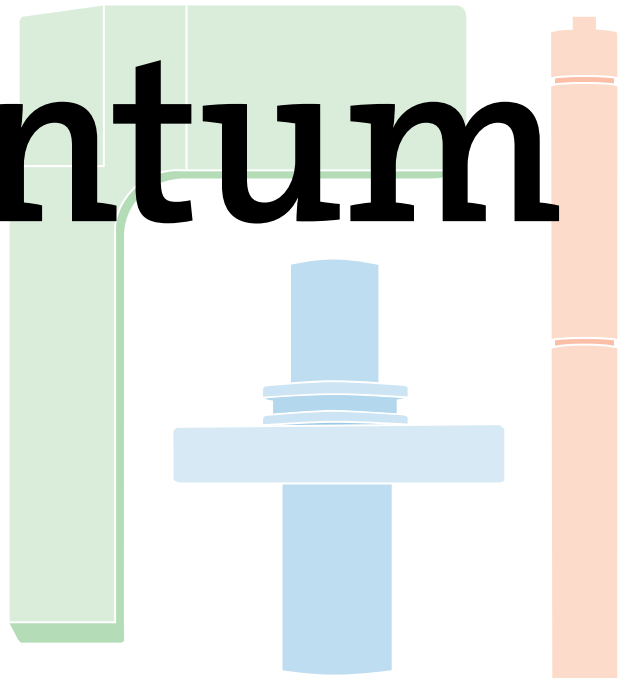
All publications can be ordered via e-mail at investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6301 Zug.

SPRING 2013

Momentum

THE BOSSARD MAGAZINE

BEYOND
CATALOG



ENGINEERED PRODUCTS

BEYOND CATALOG



Tee Bin Ong

The Bossard catalogs, also known as the “Blue Bible,” are legendary in the fastening industry. They combine more than 70,000 types of standard fasteners with detailed data and application do-how. As we continue to create success with our standard products, we are also an expert in providing engineered products that are beyond catalog. What does this mean?

Our customers want to make their products best-in-class in their industries. Product designers and engineers are expected to come up with designs and technologies that provide better features and stand out. When it comes to assembling the components, standard fasteners may not exist or they may not meet the technical requirements.

For example, a world leader in children's safety required specially designed spindles and lock nuts that met the European standard for child safety barriers for a safety gate. Bossard did it, and this is just one among 600,000 customized solutions that we provide.

In this edition of Momentum, we would like to demonstrate how Bossard's technical expertise and supply chain network come together to create engineered solutions that are beyond catalog.

A handwritten signature in black ink, appearing to read 'Tee Bin Ong', written in a cursive style.

Tee Bin Ong
Vice President Sales & Marketing

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Daniel Stutz, Head of Purchasing Engineered Products Central Europe, talks about an exciting challenge

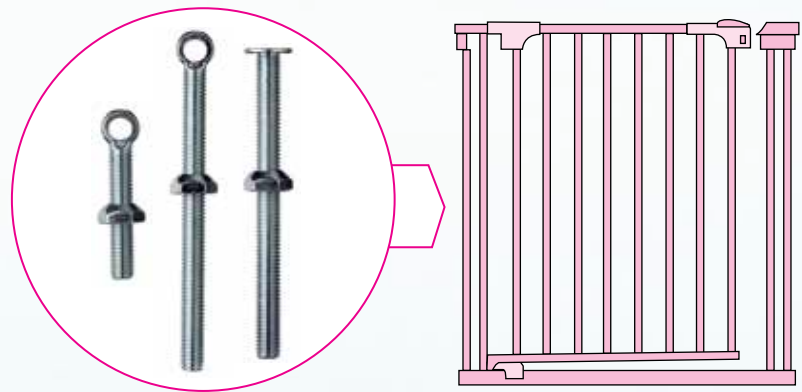
THE RATTLE TEST

BEYOND CATALOG

Toddler-proof products are in demand. Babies have a firm grip that places extreme stress on even the smallest parts, such as the fasteners of child safety gates.

THE ENGINEERED PRODUCT

Baby Dan (DK) develops and produces textiles and baby furniture as well as baby gates. As a world leader in child safety, Baby Dan has a seat on the European Committee that deals with the development of new standards. Bossard Denmark supplied different types of spindles and lock nuts for installing the gate at home. Important details, such as geometric tolerances and material and surface treatment specifications, were added to the technical drawings for this purpose. Baby Dan has already placed a new order for another engineered product.



The spindles and lock nuts (left) for tightening the gate (right) are made of steel in the property classes 4.6/4.8, with a zinc-plated surface. In compliance with the Restriction of the Use of Certain Hazardous Substances 2002/95/EC (RoHS), the product contains no chromium trioxide.

“Our customers expect our products to meet the strictest safety standards. With Bossard as our supplier, we are on the safe side.”

Henriette Haugan
Purchase Manager Baby Dan A/S,
Låsby, Denmark



EN1930:2011

This new European standard specifies the safety requirements and methods for testing child safety gates in the home. The gates must be fastened to openings in a way that prevents children up to two years old from getting past them. Bossard conducted the required rattle test for the fasteners, using a special test device in which a basketball simulates the load.



ON GOOD TERMS WITH THE CARETAKER

BEYOND CATALOG

School caretakers don't have it easy. Bossard and Embru-Werke AG, a long-established and leading Swiss manufacturer of school furniture, are making life easier for them.

30,000

This is the number of chairs of the relevant models that Embru-Werke AG (CH) produces each year. The new screws make it unnecessary to manually adjust the five rubber feet.

THE CHALLENGE

Chairs that permit a lot of movement are in vogue. Even in schools. And yet teachers are not the only ones who would prefer that students focus more on intellectual pursuits. Caretakers

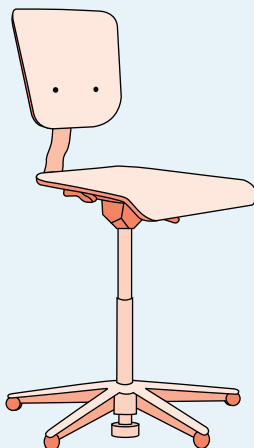
were faced with the problem that the rubber feet on Embru chairs became loose when students rocked their chairs back and forth, and these feet in some cases had to be tightened. Quite often, the entire base of the chair had to be replaced because the threads were stripped. The screws used as fasteners were unreliable and less than optimal. With these screws, the rubber could not always be snugly fitted during assembly. Working together with Embru's production manager and design engineer, Bossard came up with a solution that did not require changing the chair's design.



The finished product delivered by Bossard is a specially made screw that has a thread diameter of 4.5 mm. It cuts the thread the first time it is inserted and it comes with a special supporting shank. The Torx® drive prevents damage to the screw head at high torques. The underlying round flange holds the chair parts together securely.

BOSSARD ANALYTICS

Bossard tested the new fastening elements for the rubber feet in its test lab. The lab is a recognized ISO/IEC-accredited test lab, equipped with cutting-edge instruments. The test results demonstrated the reliability of the new screws.



“Thanks to Bossard, we can give our customers the option of having the new screws already fitted in delivered products.”

Michèle Steiner
Purchasing, Embru-Werke AG, Rütli,
Switzerland

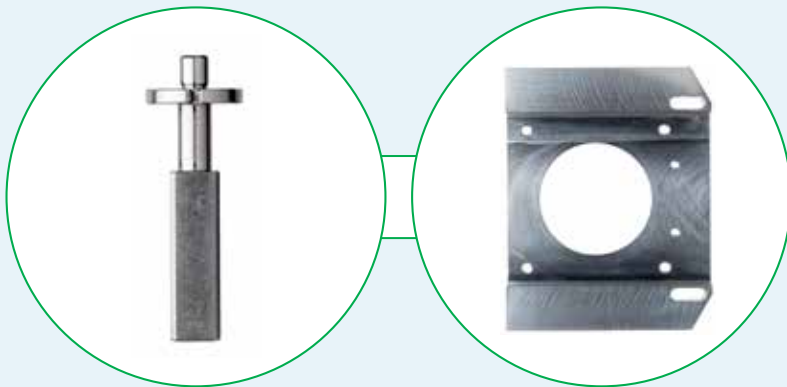
embru
möbel ein leben lang



NO MARGIN FOR ERROR IN BLOOD ANALYSIS

BEYOND CATALOG

A leading medtech company must be able to count on Bossard. Devices for medical diagnostics require mechanical components that operate with the utmost precision.



Two of the many parts that Bossard procures for its client. To the left, the initial bolt. To the right, the part that secures the position of the motor on the analysis module. Due to high temperatures in the analysis module, these parts are made of high-precision steel.

THE BENEFITS

The customer has taken advantage of Bossard's C-parts management service for several of its devices. Bossard coordinates about 120 suppliers of engineered products and saves the diagnostic solution provider the need to process 4,000 to 5,000 orders per year, including incoming goods inspections.

Because of its experience with C-parts management, Bossard has become this customer's preferred partner. The customer indicated that choosing Bossard had been the best decision it could have made. It is already considering expanding its collaboration, says the managing buyer.

THE ENGINEERED PRODUCT

The initial bolt procured through Bossard ensures ultra-precise centering of the needle for pipetting reagents from the various cartridges. Reagents are agents that can identify a substance in the blood. The bolt is used to configure the position of the draw-off needle before the analysis run.

THE END PRODUCT

The engineered product is part of a blood analyzer for clinical chemistry and immunology in labs. The machine is used to analyze just a few specimens or to perform several hundred tests per hour, depending on the model.

0.03^{mm}

The bolt height should not exceed this tolerance. The perpendicularity of the square head and the slot size are also important. The bolt is made of high-precision steel.



FACTS AND FIGURES

BEYOND CATALOG

Ten interesting facts about engineered products

>600,000
units

The number of engineered products processed and requested globally in 2012. Engineered products inquiries and orders are processed in close cooperation with sales and the regional companies that benefit from the service.

0.5
millimeters

The minimum diameter of custom-turned parts that Bossard can deliver is not much thicker than a razor blade. Bossard can process all machinable steels, including non-ferrous metals, plastics and special steels.

20
percent

The chromium content of nimonic, a specialty material with an extremely high thermal stability, which is why it is used for components such as aircraft parts.

-90
percent

The amount by which production waste is reduced thanks to the use of reliable screws; for example, in hearing aid micro-production.

23,110,000

units

The number of blind rivets specifically produced for a Danish client in 2012.

+/- 1

µm tolerance

100 times smaller than human hair: that is the accuracy of the Micro-Vu Vertex Multisensor Measuring Center that Bossard lab technicians use to measure parts with complex shapes.

3,000

metric tons

Quantity of specialty parts that Bossard delivered to customers in Switzerland alone in 2012. Many of these parts are used in mechanical engineering, equipment manufacturing and the medical industry. The lightest specialty part weighs about 0.05 grams and the heaviest about 18 kilograms.

500,000

units

Bossard can supply custom hot/cold-forged parts in volumes of 50,000 to 500,000 or more. In addition to screws and nuts, this includes more complex parts that are produced cost-efficiently in a multi-stage extrusion process.

1st

place

Bossard has earned recognition as a Partner-level supplier for 2012 in the John Deere Achieving Excellence Program. Partner-level status is Deere & Company's highest supplier rating in recognition of the provision of quality products, service, and commitment to continuous improvement.

10

accredited test laboratories

In Europe, America, and Asia, Bossard runs ten laboratories that have been accredited by the regional authorities and which ensure reliable quality assurance and flawless product quality.

PRODUCT HIGHLIGHTS

BEYOND CATALOG

Bossard not only procures C-parts, but each part is manufactured according to the customer's individual specifications.



Turned/milled part made of aluminum
→ \varnothing 80 mm



Milled part made of aluminum,
with anodizing
→ \varnothing 40 mm × 11 mm × 44 mm



Turned part with inner bore made
of stainless steel
→ \varnothing 100 mm × 25 mm



Plastic milled part, POM, black
→ 35 mm × 24 mm



Turned/milled part made of
stainless steel
→ \varnothing 32 mm



Turned/milled part made of high-quality stainless steel
→ Ø 15 mm × 68 mm



Turned part with laser engraving
→ Ø 10 mm × 15 mm



Stainless steel bushing
→ Ø 62 mm / 47 mm × 66 mm



Turned/milled part made of brass
→ Ø 35 mm × 40 mm



Turned part made of stainless steel with 6 holes
→ Ø 70 mm



Extruded part made of a high-temperature material
→ Ø 10 mm × 30 mm



Turned parts made of PMMA plastic
→ Ø 30 mm × 31 mm



Turned/milled part made of brass, nickel-plated
→ Ø 60 mm × 72 mm



Spindle made of stainless steel
→ Ø 8 mm × 150 mm



Turned/milled part made of free cutting steel with square head
→ Ø 25 mm × 65 mm



Milled part made of aluminum
→ 170 mm × 25 mm



Milled part made of aluminum with colorless anodizing
→ 33 mm × 50 mm

*ZNÜNI WITH...

BEYOND CATALOG



Daniel Stutz (43) heads the engineered products purchasing department for Bossard Central Europe. Having joined Bossard in 2001, Mr. Stutz has a background in industrial business and a degree in purchasing management. He leads a team of 14 specialists who procure hundreds of customized solutions for our customers each year.

We have heard success stories about how your team provides customized parts that sometime don't look like a normal nut or bolt. Could you share with us a typical workday?

I'm at the office by 7:30 a.m. and look at my e-mail. Our suppliers in the Far East are up to seven time zones away and a lot of messages arrive overnight. After that, I have a look at our open and due supplier orders. It is absolutely crucial for our industrial clients that we keep up with delivery times: Bossard is on time, every time. Then I will analyze the business development trend based on open inquiries from customers, orders placed with suppliers and procurement costing. This helps to identify potential areas for optimization. Like our customers, Bossard has set itself the goal of minimizing stock on hand while remaining ready to deliver at any time. Communication is the alpha and the omega of our job. That is why plenty of meetings and conferences are part of my daily routine.

What are the main challenges you and your team encounter? In providing individual solutions, understanding our customer's technical requirement is very important. This enables us to find the right supplier that can meet the quality and functionality we expect. And also the production capacity; for example, the technical design may come from Germany, the production is in Asia, and the finishing process is in Eastern Europe. Dealing with this is an enormous challenge. There is no "one size fits all" solution.

What is the most complex part you and your team have ever produced?

Complexity often derives from unpredictable incidents. I remember one customer, who specialized in medical devices,

was looking for a special part made of aluminium. Some kind of spots started to appear after surface treatment. These spots were unacceptable for the application since the aluminum surface was visible in the assembled device. After investigation, we resolved the problem by applying additional grinding and brushing in the manufacturing process.

What do you value in a supplier?

We evaluate suppliers from the process capability, quality control, technical support and cost competitiveness. There are times when a tool in the press breaks, for example, and the shipment is delayed. When this happens, we expect the supplier to discuss such issues openly and help us come up with solutions. In principle, we cultivate firm but fair business relationships with our partners.

Many players in the fastening industry now provide non-standard screws or parts. What differentiates Bossard from its competitors?

Our solid expertise combined with our vast experience makes sure that the right manufacturing capability matches the right job. Our corporate culture shapes our understanding of quality and our purchasing policy. We cultivate relationships with our suppliers and aim for long-term cooperation. This also means that we have to work together with the suppliers to find solutions in order to quote the best market prices. For that reason, all our buyers must have a technical background. In the end, it is about achieving the optimum total cost of ownership.

Last but not the least, what gives you most the satisfaction in what you do?

My team and I always find great joy when the solution we provide demonstrates outstanding performance and is accepted by our customer. For us, every day is different, which is why we enjoy our work with Bossard.

* Znüni is a Swiss expression for a morning snack break



Top: Judit Paczona, expert for engineered products, discussing a customer project with Markus Baumann, Head of the technical inspection department
Center: Peter Kűng, Application Engineering, testing fastener assembly
Bottom: Multisensor measuring of complex shapes

MORE THAN NUTS AND BOLTS

BEYOND CATALOG

When unique parts are wanted, industrial clients can count on Bossard. Experienced procurement experts around the globe can find the right manufacturing capability from a huge supplier base. The range of additional services for engineered products leaves nothing to be desired.

B

ossard defines engineered products as components designed and procured specifically for customers. They are not listed in Bossard's catalogue since the sizes and shapes are unique. They are usually manufactured according to the customer's specifications and drawings. The production process of a special part can involve precision turning or milling,

stamping or bending, and hot or cold forging. In short, engineered products are more than just nuts and bolts. As the examples on page 4 show, ranging from child safety to medical technology industries, Bossard often receives requests for engineering services for designing and creating customized solutions.

SUPPLIER BASE INTELLIGENCE

Bossard has access to a very large number of qualified suppliers throughout the world. "This gives our customers a kind of extended workbench," says Daniel Stutz, head of the engineered products purchasing department in Zug. The number of suppliers grows along with the number of customers and their projects. Bossard continuously identifies and develops potential manufacturers.

In the course of time, Bossard has developed an extraordinary supplier base intelligence. Manufacturers all over the world are entered into a database along with the relevant service details. Based on the type of manufacturing, they

are divided into three main groups: turned and milled parts, cold/hot-forged parts, and stamped/bent parts. Thanks to the continuous influx of new suppliers and research by the internal procurement market research department, the database is always up to date, and Bossard keeps up with the latest trends in the worldwide procurement markets.

"Bossard combines solid expertise with vast experience..."

Among other things, Bossard's code of conduct, technical expertise, quality assurance, and plant capacities play a role in evaluating suppliers. For security reasons, Bossard pursues a policy of ordering each product from two or more suppliers. This is more important than ever before, since risk management is becoming an ever higher priority in all companies.

SOLID EXPERTISE AND VAST EXPERIENCE

Thanks to their solid expertise and vast experience, Bossard's purchasers are able to match the right manufacturing with the right job. Certain materials are not always easy to obtain. Some brands of rust- and acid-resistant steel alloys are hard to find in a number of Asian countries. In these cases, Bossard encourages its suppliers to keep an eye out for sources of the relevant materials or to propose suitable alternatives. In rare instances, Bossard has even brokered materials. Purchasing faces a special challenge when appearance aspects unexpectedly come into play (see interview with Daniel Stutz on page 14).

THOROUGH QUALITY ASSURANCE

Bossard's quality assurance practices are particularly stringent when it comes to engineered products. A sample of each shipment is tested in one of the ten Bossard laboratories around the world. Specialists weigh the goods and test their mechanical and material-specific properties. Instruments for examining hardness, tensile strength, corrosion resistance and for determining the thread pitch of screws are available for this purpose. Test documents accompanying the delivery are examined by experts. A multi-sensor measuring device makes it possible to precisely inspect thin, elastic parts or those with variable dimensions. Bossard also conducts customer-specific spectral analyses, which involves irradiating materials in order to clearly identify them. When needed, experts also test the coefficient of friction of fastening elements. Shipments of parts intended for automatic processing remain unopened. In this case, the supplier guarantees the purity of the "bulk material" under ISO 16426 and ensures that the material contains no impurities that could cause malfunctions in the machinery.

A team of seven performs inspections in Zug. Two more employees handle application-specific tests. Bossard works with Sulzer Innotec to diagnose an item's functional reliability under load—for example, with the help of thermal shock tests.

The most important factor in the quality checks are the people involved. All team members have completed basic training in the industry. Their practical experience and customer knowledge enable them to evaluate the parts for the requirements to be met, even beyond the specifications in the technical drawings.

...to find the right manufacturing capability for any job at any time."

MORE VALUE ADDED WITH C-PARTS MANAGEMENT

The lion's share of costs (85 percent) goes to development, procurement, inspection, warehousing, and assembly logistics – and not to the materials of the C-parts. Bossard therefore focuses on lowering the total operating costs of its customers through assembly process improvement and C-parts management, which include engineered products. It is for this reason that Bossard introduced the Next Generation

service. Bossard Next Generation is a comprehensive service for design and process optimization focused on boosting manufacturing productivity and lowering total cost of ownership (TCO) using value stream analysis.

Bossard's C-parts management service provides a wide range of advantages for standardized products. And it also benefits customers who purchase non-catalog products from a single source. Bossard aims for close cooperations with customers who manufacture engineered products and fosters long-lasting partnerships. This approach creates synergies with other Bossard services, such as design and process optimization – in keeping with Bossard Next Generation. And it benefits Bossard as well.

NATIONALLY RECOGNIZED TESTING CENTER

The authoritative certification agencies have attested to Bossard's compliance with numerous standards. The most important one for Bossard is the company's status as a recognized testing center for mechanical fasteners under ISO/IEC 17025, according to Markus Baumann, who heads the technical inspection department. This certification is granted by the Swiss Accreditation Service (SAS).



Johnny Koh

Purchasing Engineered Products Asia-Pacific,
with Bossard for 4 years

“We offer an enormous range of C-parts from a single source.”

Engineered products are often needed in small quantities and yet must meet strict requirements. Finding the right supplier can therefore be quite a challenge. In China, many of them are fast and flexible, but less focused on consistency. In India, lead time and payment are the main criteria.



Curtis Brustkern

Purchasing Engineered Products North America,
with Bossard for 16 years

The first and most important step is to understand our customers' expectations: When do they want the product, what are the quality requirements, and what documentation is needed? With specials, you take away the commodity aspect of the fastener – you are actually providing an engineered solution.

“For me, the most desirable outcome is when a client no longer judges our product on its unit price but rather on the total value of the services Bossard provides.”



Pia Larsen

Purchasing Engineered Products Denmark,
with Bossard for 14 years

Many companies in our region buy engineered products on their own account. They will come to Bossard only if we can do this better than they can. To gain new customers, we continuously expand our supplier network and thus also our range of products for additional applications.

“Our database contains thousands of suppliers.”



We have many competitors in France. Fast response and a large service portfolio are determining factors in our success. We have to meet customer requirements by offering quality and competitive prices. That is why we buy mainly from France, particularly for our customers in the rail industry.

“Thanks to our expertise, we are competitive in purchasing complex parts.”



Joël Vogel

Purchasing Engineered Products France,
with Bossard for 17 years



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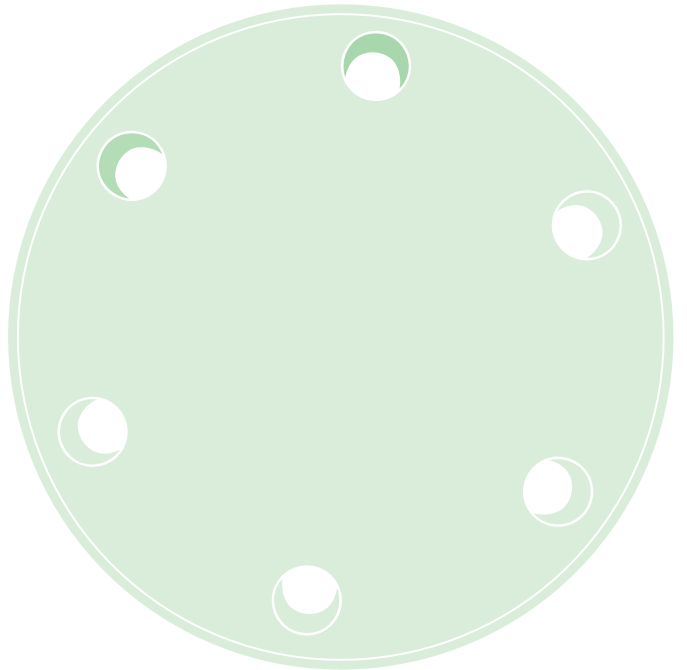
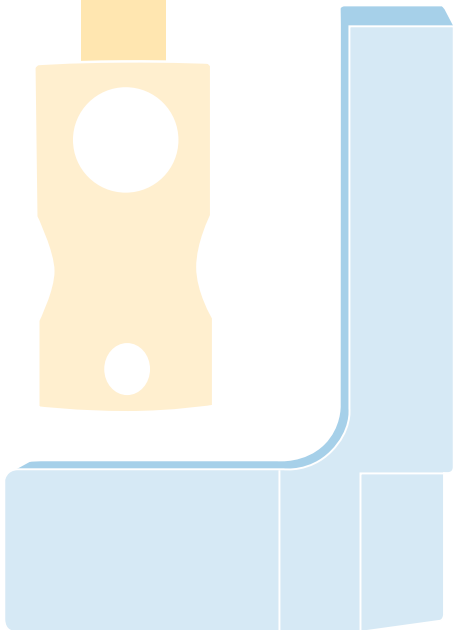
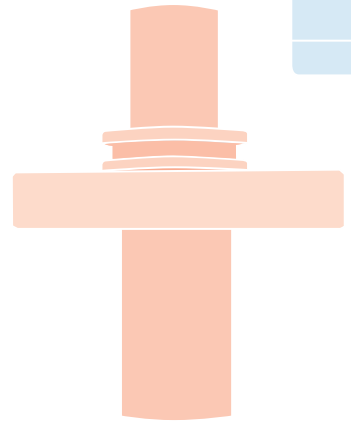
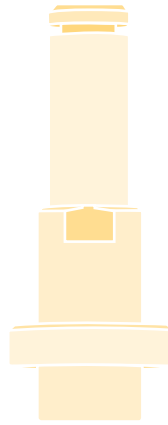
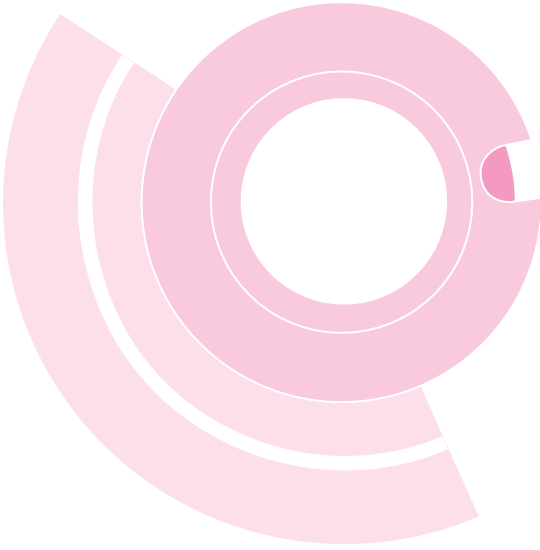
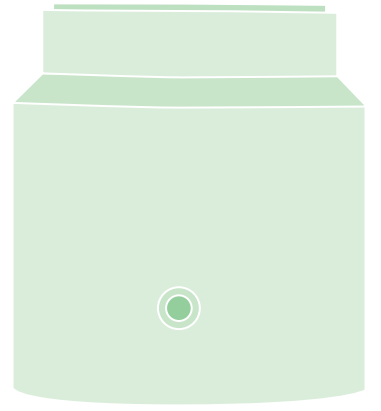
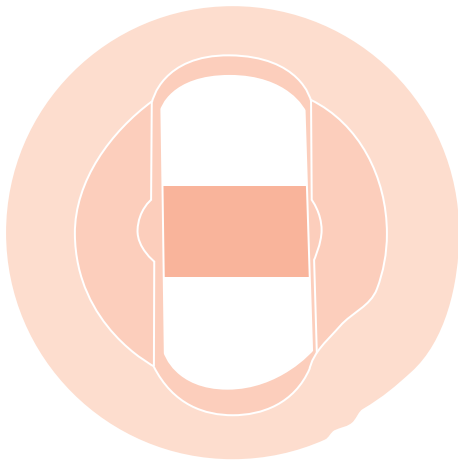
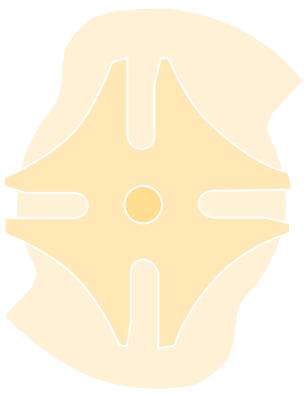
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HIGHLIGHTS

Sales grew 2.9 percent in a challenging market environment.

America reported **double-digit growth** for the third time in a row.

10.1 percent operating margin – **high earnings level maintained.**

Profitability again **exceeds the average** for the industry in 2012.

Acquisition financing partially recovered; a **capital increase** of CHF 80 million **planned** for 2013.

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FINANCIAL REVIEW 2012

SUCCESS IN A CHALLENGING ENVIRONMENT

The Bossard Group earned CHF 487.1 million in sales this past business year, 2.9 percent more than in the previous year. In local currency, the sales volume rose by 1.4 percent. The operating profit (EBIT) was CHF 47.6 million, corresponding to a margin of 10.1 percent. The consolidated net income dropped slightly to CHF 42.9 million, or 9.1 percent of sales. In a market environment that was difficult for the economy as a whole, the Group thus maintained steady sales and a high earnings level and ended the business year with the third best result in the company's history.

AN UNEVEN YEAR

Sales development varied enormously over the course of the business year. The first six months of 2012 showed surprisingly positive results compared to the second half of 2011, with a 13.7 percent increase in sales. In the second half of the year, a weak business cycle caused a slowdown in business activities in our key markets, especially in Europe and Asia. This resulted in a sales growth of only 2.9 percent for the year as a whole, instead of the 5 percent to 8 percent increase that had been targeted.

GROSS SALES IN CHF MILLION	2012	2011	CHANGE	
			IN CHF	IN LOCAL CURRENCY
Europe	263.0	268.1	-1.9 %	-0.7 %
America	142.7	124.6	14.5 %	8.4 %
Asia	81.4	80.8	0.7 %	-2.6 %
Group	487.1	473.5	2.9 %	1.4 %

WEAK BUSINESS IN EUROPE

The generally weaker business cycle in Europe was felt in all our regional business units. Sales declined 1.9 percent to CHF 263.0 million, 0.7 percent in local currency. Excluding the acquisition of KVT-Fastening in November, the sales decrease was 2.8 percent in local currency. Thanks to new business, the slump in sales revenues turned out to be much less pronounced than was to be expected due to the slowdown in industrial production. The higher sales volume enabled Denmark and Poland to substantially expand their market shares.

DOUBLE DIGIT GROWTH IN AMERICA

Bossard saw sales grow 14.5 percent to CHF 142.7 million in America, or 8.4 percent in local currency. Excluding the divestment of Bossard Metrics, Inc., this growth was 10.6 percent. This respectable increase reflects strong demand from our regular customers as well as an increase

in business with new customers. The American markets thus stand out for the third time in a row with double digit sales growth. In Mexico, sales revenues again rose a disproportionate 21.9 percent.

A MODERATE SHOWING IN ASIA

In Asia, we earned CHF 81.4 million in sales in 2012, a slight 0.7 percent increase. In local currency, sales revenues dropped 2.6 percent below the previous year's figure. Our export-oriented customers, in particular, suffered from the weaker international demand. Sales to customers in the wind and solar energy sectors as well as the semiconductor industry in China, India and Korea also experienced a sharp decrease. Profits from new business made up for at least a portion of this sales loss. The only two countries in the Asia-Pacific region where Bossard was able to decisively overcome the general growth slump were Thailand and Malaysia; there the company had high double digit growth rates.

GROSS PROFIT SLIGHTLY HIGHER THAN LAST YEAR

Compared to the prior year, gross profit rose from CHF 185.6 million to CHF 187.5 million. In contrast, the gross profit margin dropped slightly from 39.2 percent to 38.5 percent, largely due to the variable regional sales growth and associated changes to the margin mix.

SLIGHTLY HIGHER OPERATING COSTS

The operating costs without depreciation and amortization increased 3.1 percent, or CHF 3.9 million, from CHF 125.5 million to CHF 129.4 million. Higher labor costs account for CHF 2.6 million of this figure. Following the acquisition of KVT-Fastening, the workforce grew from 1,585 to 1,812 employees.

A LOWER BUT STILL ABOVE AVERAGE EBIT MARGIN

The operating profit (EBIT) was CHF 47.6 million, or 5.2 percent less than in the prior year. The operating margin declined from 11.0 percent to 10.1 percent. The main reasons for this slight decline are a lower gross profit margin and the variable earnings growth in the individual market regions. While the operating margin increased in Europe and the Americas, it fell below the prior year's level in Asia. Despite the difficult market conditions, profitability as a whole remained at a high level, exceeding the average for the industry. Bossard thus reported a double digit EBIT margin for the third time in a row.

LOWER FINANCIAL EXPENSES

Despite higher interest costs toward the end of the year resulting from the acquisition of KVT-Fastening, the total financial expenses decreased by CHF 0.3 million, a year-on-year decline from CHF 2.1 million to CHF 1.8 million. This decrease is largely attributable to currency gains and low interest rates.

POSITIVE NON-OPERATING RESULT

The CHF 3.3 million non-operating result is the profit from the sale of the minority stake in Bossard & Staerkle AG, Zug, and the divestment of the operational business of Bossard Metrics, Inc. in the United States.

HIGHER TAX EXPENDITURES

Tax expenditures rose year on year CHF 2.8 million to CHF 6.2 million, with the tax rate rising from 7.0 percent to 12.6 percent. However, this tax rate remained comparatively low due to deduction of tax loss carryforwards. Part of this increase is also attributable to rising tax rates in individual countries and to only partially deductible tax loss carryforwards.

CONSOLIDATED NET INCOME BARELY MAINTAINED IN AN UNFAVORABLE ENVIRONMENT

In the past business year, the Bossard Group earned CHF 42.9 million in consolidated net income, a slight decrease of CHF 1.9 million, or 4.3 percent. This yielded a 9.1 percent return on sales (prior year: 9.8 percent), which is once again an excellent result in light of the difficult market conditions in Europe and Asia. The board of directors will propose to the annual general meeting a dividend of CHF 5.75 per bearer share. At a closing price of CHF 134 on December 31, 2012, this equals a dividend yield of 4.3 percent.

LOWER EQUITY RATIO DUE TO ACQUISITION – PARTIALLY COMPENSATED BY CAPITAL INCREASE

Due to the purchase of KVT-Fastening, total assets rose from CHF 331.0 million to CHF 376.3 million. The CHF 179.6 million in goodwill generated by the acquisition was directly offset with the equity, which therefore declined from CHF 206.2 million to CHF 50.1 million. The equity ratio (equity to total assets) decreased from 62.3 percent to 13.3 percent. To strengthen the company's financial footing, the Bossard Group plans a CHF 80 million capital increase in mid-March 2013, which will raise the equity ratio back up to around 35 percent. Adjusted

for the goodwill offset, the return on equity amounted to 19.8 percent, compared to 23.2 percent last year. The return on capital employed adjusted for the net assets of KVT-Fastening was 18.2 percent (prior year: 21.2 percent).

SIGNIFICANTLY HIGHER INVESTMENTS

The cash flow from operating activities rose by CHF 30.4 million to CHF 56.3 million, more than double the prior year's figures. The cash flow from investment activities was CHF 210.8 million, attributable primarily to the acquisition of KVT-Fastening. Investments in tangible and intangible assets amounted to CHF 22.5 million in 2012, compared to CHF 13.1 million in the prior year. Roughly two-thirds of the investments went toward expanding warehouse capacities in Switzerland, Malaysia and Korea. The remaining investments are primarily replacement investments in infrastructure and software. The net debt rose from CHF 29.6 million to CHF 202.2 million as a result of the acquisition. As mentioned above, part of this external financing is to be recovered by CHF 80 million in equity capital as part of the planned capital increase.

READY FOR THE ECONOMIC UPSWING

The economic situation remains difficult and challenging as we enter the current fiscal 2013. Even if the most recent market assessments turn out to be somewhat less negative, we are left with uncertainty about the indebtedness of many countries, which continues to be unresolved. Regardless, we are adhering firmly to our market and growth strategy. Even in this uncertain environment, we want to seize opportunities and be prepared for the possibility that the global business cycle will indeed enter an expansion phase. The initial price increases announced by manufacturers could be an early sign of accelerating demand.

CONSOLIDATED BALANCE SHEET

IN CHF 1,000	NOTES	31.12.2012	31.12.2011
Assets			
Current assets			
Cash and cash equivalents	4	25,629	15,647
Accounts receivable, trade	5	85,299	79,962
Other receivables		5,773	2,080
Prepaid expenses		8,290	7,965
Inventories	6	155,583	153,585
		280,574	259,239
Long-term assets			
Property, plant and equipment	7	86,201	64,896
Intangible assets	8	3,277	2,813
Financial assets	9	1,247	1,611
Deferred tax assets	10	5,004	2,472
		95,729	71,792
Total assets		376,303	331,031
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	11	38,657	30,984
Other liabilities		18,102	16,914
Accrued expenses		23,853	24,481
Tax liabilities		6,207	2,215
Provisions	12	979	1,254
Short-term debts	13	107,814	45,254
Loans from shareholders	13	10,000	0
		205,612	121,102
Long-term liabilities			
Long-term debts	14	110,000	0
Provisions	12	6,870	1,251
Deferred tax liabilities	10	3,713	2,438
		120,583	3,689
Total liabilities		326,195	124,791
Shareholders' equity			
Share capital	15	32,000	32,000
Treasury shares	15	-4,900	-5,041
Capital reserves		54,415	53,995
Retained earnings		-34,834	121,737
		46,681	202,691
Minority interest		3,427	3,549
Total shareholders' equity		50,108	206,240
Total liabilities and shareholders' equity		376,303	331,031

The notes on pages 42 to 64 are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	NOTES	2012	2011
Sales	16	487,094	473,484
Sales deductions	16	15,921	15,767
Net sales		471,173	457,717
Cost of goods sold		283,695	272,165
Gross profit		187,478	185,552
Personnel expenses	17	99,627	96,986
Administrative expenses		15,911	14,983
Other operating expenses	18	13,862	13,487
EBITDA		58,078	60,096
Depreciation	7	9,309	8,412
Amortization	8	1,138	1,424
EBIT		47,631	50,260
Financial result	19	1,806	2,085
Ordinary result		45,825	48,175
Non-operating result	20	3,279	0
Income before taxes		49,104	48,175
Income Taxes	10	6,197	3,362
Net income		42,907	44,813
Attributable to:			
Shareholders of Bossard Holding AG		42,866	44,260
Minority interest		41	553

IN CHF	NOTES	2012	2011
Earnings per bearer share ¹⁾	21	14.38	14.89
Earnings per registered share ¹⁾	21	2.88	2.98

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 42 to 64 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1,000	RETAINED EARNINGS							
	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS	TRANSLATION DIFFERENCES	SHARE- HOLDERS BOSSARD	MINORITY INTEREST	SHARE- HOLDERS' EQUITY
Balance at January 1, 2011	32,000	-5,507	52,975	169,676	-73,393	175,751	3,603	179,354
Dividend				-17,802		-17,802		-17,802
Net income for the period				44,260		44,260	553	44,813
Change in treasury shares		466	1,020			1,486		1,486
Translation differences					-1,004	-1,004	-607	-1,611
Balance at December 31, 2011	32,000	-5,041	53,995	196,134	-74,397	202,691	3,549	206,240
Balance at January 1, 2012	32,000	-5,041	53,995	196,134	-74,397	202,691	3,549	206,240
Dividend				-17,861		-17,861		-17,861
Net income for the period				42,866		42,866	41	42,907
Change in treasury shares		141	420			561		561
Offset goodwill from acquisitions				-179,606		-179,606		-179,606
Translation differences					-1,970	-1,970	-163	-2,133
Balance at December 31, 2012	32,000	-4,900	54,415	41,533	-76,367	46,681	3,427	50,108

For details regarding share capital please refer to note 15 on page 53 and regarding the offset goodwill from acquisitions to note 24 on page 57.

The notes on pages 42 to 64 are an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	NOTES	2012	2011
Net income		42,907	44,813
Income taxes	10	6,197	3,362
Financial income	19	-1,617	-1,353
Financial expenses	19	3,423	3,438
Depreciation and amortization	7/8	10,447	9,836
Increase provisions	12	1,537	359
Loss/(Gain) from disposals of property, plant and equipment	7	182	-32
Loss from disposals of intangible assets	8	3	1
Gain from divestments of financial assets	9	-910	0
Gain from disinvestments of shareholdings and businesses	22	-2,369	0
Interest received		593	758
Interest paid		-2,258	-1,190
Taxes paid		-4,998	-4,508
Other non-cash expense/(income)		-240	4,032
Cash flow from operating activities before changes in net working capital		52,897	59,516
Decrease/(Increase) accounts receivable, trade		2,616	-7,470
(Increase)/Decrease other receivables		-231	1,228
Decrease/(Increase) inventories		8,326	-30,485
(Decrease)/Increase accounts payable, trade		-3,390	3,367
Decrease other liabilities		-3,899	-214
Cash flow from operating activities		56,319	25,942
Investments in property, plant and equipment	7	-21,482	-12,231
Proceeds from sales of property, plant and equipment	7	799	344
Investments in intangible assets	8	-1,045	-825
Proceeds from sales of intangible assets	8	59	0
Cash flow from purchases of companies	22	-198,264	0
Cash flow from sales of shareholdings and businesses	22	7,568	0
Investments in financial assets	9	-108	-225
Divestments of financial assets	9	1,666	127
Cash flow from investing activities		-210,807	-12,810
Borrowing short-term debts	13	72,367	710
Borrowing long-term debts	14	110,000	0
Decrease treasury shares		141	466
Dividends paid		-17,861	-17,802
Cash flow from financing activities		164,647	-16,626
Translation differences		-177	161
Change in cash and cash equivalents		9,982	-3,333
Cash and cash equivalents at January 1		15,647	18,980
Cash and cash equivalents at December 31	4	25,629	15,647

The notes on pages 42 to 64 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCOPE OF OPERATIONS (1)

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

ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS (2)

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at December 31, 2012 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with full Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

The consolidated financial statements were authorized for issue by the board of directors on February 6, 2013 and will be recommended for approval at the annual meeting of shareholders.

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

PRINCIPLES OF CONSOLIDATION (2.1)

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

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

INVESTMENT IN SUBSIDIARIES

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

MINORITY INTEREST

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

GOODWILL

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

FOREIGN CURRENCY TRANSLATION (2.2)

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

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

For the consolidated financial statements, the annual accounts of Bossard subsidiaries reporting in foreign currencies are translated into Swiss francs as follows:

balance sheet items at year-end rates, equity at historical rates, and items on the income statement at the average exchange rate for the year. The translation differences are netted directly with the Group's consolidated translation differences in shareholders' equity. Exchange differences arising from intercompany loans of an equity nature are booked to equity.

ACCOUNTING AND VALUATION PRINCIPLES (2.3)

CASH AND CASH EQUIVALENTS

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

ACCOUNTS RECEIVABLE, TRADE

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

LEASING

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

INTANGIBLE ASSETS

SOFTWARE

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

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

OTHERS

This item includes rights.

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

FINANCIAL ASSETS

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

IMPAIRMENT

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

LIABILITIES

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

PROVISIONS

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

CONTINGENT LIABILITIES

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

FINANCIAL DEBTS

Financial debts are recognized at nominal value.

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

TREASURY SHARES

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

PENSION BENEFIT OBLIGATIONS

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

Any actual economic impacts of pension plans on the company are calculated as at the balance sheet date. An economic benefit from a surplus is capitalized provided this is admissible and the surplus is to be used to decrease the company's future contributions to its pension plans. An economic liability is recognized if the

conditions for forming a provision are met. Contributions by subsidiaries to other pension plans are recognized in the income statement in the year they are made.

REVENUE RECOGNITION

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

SALES DEDUCTIONS

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

NON-OPERATING RESULT

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

INCOME TAXES

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

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

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

RELATED PARTIES

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

ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

RISK MANAGEMENT (2.4)

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

FINANCIAL RISK MANAGEMENT

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

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

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

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

FOREIGN CURRENCY RISK

Given its international operations, the Group is exposed to exchange rate fluctuations that impact on the Group's financial and income situation, because these are disclosed in Swiss francs. The Group continuously monitors

its currency risks and, if necessary, hedges against them. The Group's currency risks are essentially confined to the Euro and the U.S. dollar. Business transactions in the Group's individual companies are mainly performed in local currency. Consequently, the currency risks for the Group's ongoing operations can basically be considered as low. In some Group companies, however, there are foreign currency risks in connection with payments outside their local currency, mainly in regard to payments to suppliers. Where necessary, parts of these foreign currency risks are hedged through foreign exchange contracts.

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

INTEREST RATE RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

CAPITAL RISK

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

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

CHANGES IN THE SCOPE OF CONSOLIDATION (3)

In November 2012 the division KVT-Fastening of KVT Koenig Group was acquired (100%). This division comprises the following subsidiaries:

- _ KVT-Fastening Beteiligungs GmbH, Germany
- _ KVT-Fastening AG, Switzerland
- _ KVT-Fastening GmbH, Germany
- _ KVT-Fastening GmbH, Austria
- _ KVT-Fastening Sp.Z o.o., Poland
- _ KVT-Fastening S.R.L., Romania
- _ KVT-Fastening spol. s.r.o., Slovakia
- _ KVT-Fastening d.o.o., Slovenia
- _ KVT-Fastening s.r.o. Czech Republic
- _ KVT-Fastening Kft., Hungary

Furthermore the scope of consolidation changed in 2012 as follows:

- _ Bossard-KVT Beteiligungs GmbH (founding)
- _ Bossard Deutschland GmbH (founding)
- _ Bossard Australia Pty. Ltd. (founding)
- _ Bossard Hungary Kft. (liquidation)

There were no changes in the scope of consolidation in 2011.

CASH AND CASH EQUIVALENTS (4)

IN CHF 1,000	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Cash at banks and on hand	21,862	0.0 – 2.0	10,132	0.0 – 2.0
Short-term bank deposits	3,767	1.4 – 4.1	5,515	1.4 – 4.0
Total	25,629		15,647	

For details of movements in cash and cash equivalents please refer to the consolidated cash flow statement (page 41).

ACCOUNTS RECEIVABLE, TRADE (5)

IN CHF 1,000	2012	2011
Accounts receivable, trade gross	86,158	80,415
According to due date		
not due	79,176	75,038
30 days overdue	3,748	2,906
60 days overdue	1,228	770
90 days overdue	2,006	1,701
Notes receivable	2,191	2,081
Allowance for bad debts		
Balance at Jan. 1	-2,534	-2,169
(Additions)/Reversals	-212	-490
Changes scope of consolidation	-350	0
Translation differences	46	125
Balance at Dec. 31	-3,050	-2,534
Total	85,299	79,962

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

INVENTORIES (6)

Inventories that lack marketability or have low turnover are written down to the estimated market value less sales costs. Value adjustments amounted to CHF 25.6 million as per December 31, 2012 (2011: CHF 23.2 million), this is equivalent to 14.1 percent of gross inventory (2011: 13.1 percent).

PROPERTY, PLANT & EQUIPMENT (7)

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

The insurance value of property, plant and equipment is CHF 179.4 million (2011: CHF 161.4 million).

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

INTANGIBLE ASSETS (8)

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

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

No internally generated intangible assets were capitalized during the financial years 2012 and 2011.

FINANCIAL ASSETS (9)

IN CHF 1,000	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Loans and deposits to third parties	1,212	–	1,286	0.0 – 4.0
Available-for-sale financial assets				
Bossard & Staerkle AG, Zug, 0% (2011: 8%)	–		290	
Others	35		35	
Total	1,247		1,611	

INCOME TAXES (10)

The tax expenses are made up as follows:

IN CHF 1,000	2012	2011
Current taxes	4,775	3,592
Deferred taxes	1,422	–230
Total	6,197	3,362

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 %	2012	2011
Group's average tax rate	31.6	23.1
Non tax deductible expenses	0.1	1.4
Non-taxable income	–4.6	–3.1
Expenses taxed at special rate	0.4	0.4
Unrecognized current year tax losses	0.8	0.4
Utilization unrecognized prior year tax losses	–15.9	–14.9
Others	0.2	–0.3
Effective tax rate	12.6	7.0

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

The deferred taxes consist of the following:

IN CHF 1,000	ASSETS 2012	LIABILITIES 2012	ASSETS 2011	LIABILITIES 2011
Accounts receivable	293	–	166	2
Inventories	1,458	317	1,564	306
Property, plant and equipment	272	311	323	356
Intangible assets	2,706	24	59	47
Liabilities	275	3,061	360	1,727
Total deferred taxes	5,004	3,713	2,472	2,438
Net		–1,291		–34

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
2012	32,339	31,509	63,848
2011	1,187	101,937	103,124

This results in not capitalized deferred tax assets for unused tax loss carryforwards of CHF 16.7 million (2011: CHF 25.8 million).

ACCOUNTS PAYABLE, TRADE (11)

IN CHF 1,000	2012	2011
Accounts payable, trade	38,409	29,917
Notes payable	248	1,067
Total	38,657	30,984

PROVISIONS (12)

IN CHF 1,000	PENSION AND OTHER TERMINATION BENEFITS	MANAGEMENT PARTICIPATION PLAN	OTHERS	TOTAL
Balance at Jan. 1, 2012	1,207	1,045	253	2,505
Additions	512	1,097	148	1,757
Usage	-249	-	-	-249
Change scope of consolidation	748	-	3,176	3,924
Reversals	-23	-	-57	-80
Translation differences	-5	-	-3	-8
Balance at Dec. 31, 2012	2,190	2,142	3,517	7,849
Thereof short-term	242	-	737	979

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

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

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

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

SHORT-TERM DEBTS (13)

IN CHF 1,000	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Bank overdrafts	6,292	0.6 – 6.6	1,924	0.6 – 6.6
Bank loans	81,532	0.7 – 6.0	21,349	0.7 – 5.6
Personnel savings accounts	19,947	2.0	21,942	2.8
Other	43	0.0	39	0.0
Total	107,814		45,254	

The personnel savings accounts corresponds to savings of employees.

The effective weighted average interest rate on all borrowings was 1.7 percent (2011: 2.4 percent).

A capital increase of CHF 80 million is planned in March 2013. With the additional capital the bank loans will be re-financed.

IN CHF 1,000	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Loans from shareholders	10,000	1.2	0	0.0
Total	10,000		0	

In 2012 the Kolin Holding AG has granted Bossard Group an interest-bearing loan in the amount of CHF 10.0 million. The interest rate is 1.2%. If the planned capital increase proceeds, Kolin Holding AG will bear its right to utilize this loan for the capital increase.

LONG-TERM DEBTS (14)

IN CHF 1,000	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Bank loans	110,000	1.8	0	0.0
Total	110,000		0	

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

218,587 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 (2011: CHF 22 million).

DIVIDEND

The board of directors of Bossard Holding AG will propose a dividend of CHF 5.75 (2011: CHF 6.00) per bearer share and CHF 1.15 (2011: CHF 1.20) per registered share to the shareholders at the forthcoming annual general meeting of shareholders on March, 12th 2013.

TREASURY SHARES

IN CHF 1,000	2012	2011
Balance at Jan. 1 – 38,205 shares (2011: 48,048 shares)	3,191,338	3,657,401
Purchase: 2,493 bearer shares of CHF 10 par value (2011: 2,758 shares)	327,355	305,150
Sale: 0 bearer shares of CHF 10 par value (2011: 5,000 shares)	–	–311,454
Used for share option program: 7,111 bearer shares of CHF 10 par value (2011: 7,601 shares)	–468,958	–459,759
Balance at Dec. 31 – 33,587 shares, rate 134.00 (2011: 38,205 shares, rate 102.00)	3,049,735	3,191,338

20,851 bearer shares (2011: 11,251) are reserved for the management participation plan (RSU).

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	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales to third parties	263.0	268.1	142.7	124.6	81.4	80.8			487.1	473.5
Sales inter-segment	3.9	4.5	0.1	0.4	0.4	0.1	-4.4	-5.0	-	-
Total sales	266.9	272.6	142.8	125.0	81.8	80.9	-4.4	-5.0	487.1	473.5
Sales deductions	11.3	11.4	2.0	2.2	2.6	2.2			15.9	15.8
Total net sales	255.6	261.2	140.8	122.8	79.2	78.7	-4.4	-5.0	471.2	457.7

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

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

PERSONNEL EXPENSES (17)

IN CHF 1,000	2012	2011
Salaries and variable compensation	80,434	78,531
Social security expenses	11,766	11,144
Pension expenses	5,304	4,732
Other personnel expenses	2,123	2,579
Total	99,627	96,986

OTHER OPERATING EXPENSES (18)

IN CHF 1,000	2012	2011
Occupancy costs	7,094	6,791
Capital taxes, insurance and charges	2,388	2,191
Other operating expenses	4,380	4,505
Total	13,862	13,487

FINANCIAL RESULT (19)

IN CHF 1,000	2012	2011
Financial income		
Income from interests and securities	338	400
Income from non-consolidated investments	255	80
Exchange gains	1,024	873
Total	1,617	1,353
Financial expenses		
Interest expenses	2,258	1,920
Exchange losses	1,165	1,518
Total	3,423	3,438
Total Financial result	1,806	2,085

NON-OPERATING RESULT (20)

IN CHF 1,000	2012	2011
Income sale of minority interest of Bossard & Staerkle AG, Zug	-910	-
Income asset deal Bossard Metrics Inc. USA	-2,369	-
Total	-3,279	-

EARNINGS PER SHARE (21)

	2012	2011
Net income in CHF 1,000	42,866	44,260
Average number of shares entitled to dividend ¹⁾	2,980,866	2,972,446
Earnings per bearer share in CHF	14.38	14.89
Earnings per registered share in CHF	2.88	2.98

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

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

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND BUSINESSES (22)

ACQUISITIONS

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

IN CHF 1,000	PROVISIONAL MARKET VALUE AS PER ACQUISITION
Cash and cash equivalents	3,404
Accounts receivable, trade	10,261
Inventories	18,242
Other current assets	924
Long-term assets	11,193
Accounts payable, trade	10,555
Other current liabilities	7,351
Long-term liabilities	4,056
Net assets acquired	22,062
Goodwill	179,606
Total	201,668
Less acquired cash and cash equivalents	-3,404
Cash flow from acquisitions	198,264

In 2011 no subsidiaries were acquired.

DISPOSALS

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

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

In 2011 no subsidiaries were disposed.

DERIVATIVE FINANCIAL INSTRUMENTS (23)

Open forward contracts at December 31 were as follows:

IN CHF MILLION	2012	2011
Contract value	17.0	–
Fair value	0.0	–
Balance sheet value	–	–

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

In 2012 and 2011 no open forward exchange contracts were held to hedge the net investments in foreign subsidiaries at year end.

GOODWILL (24)

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

IN CHF 1,000	2012	2011
Equity incl. minority interest	50,108	206,240
Equity ratio	13.3 %	62.3 %
Addition goodwill	179,606	0
Amortisation over 5 years (2012: 01.12.2012 – 31.12.2012)	–2,993	0
Theoretical net book value goodwill as per 31.12.	176,613	0
Theoretical equity incl. minority interest and nbv goodwill	226,721	206,240
Theoretical equity ratio	41.0 %	62.3 %

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

Impact on income statement:

IN CHF 1,000	2012	2011
Operating result (EBIT) according to income statement	47 631	50 260
Theoretical amortisation goodwill	–2 993	0
Operating result (EBIT) incl. theoretical amortisation goodwill	44 638	50 260

PENSION BENEFIT OBLIGATIONS (25)

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

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

Economic benefit/economic obligation and pension plan expenses:

IN CHF 1,000	SURPLUS/DEFICIT ACCORDING TO PENSION PLANS		ECONOMIC SHARE OF THE COMPANY		CHANGE OR CAPITALIZED IN BUSINESS YEAR	CONTRI- BUTIONS ACCRUED	PENSION PLAN EXPENSES IN PERSONNEL EXPENSES	
	31.12.2012	31.12.2012	31.12.2011		2012	2012	2012	2011
Patronage funds/pension institutions	4,419					57	57	207
Pension institutions without surplus/deficit						3,410	3,410	2,936
Pension institutions with surplus								
Pension institutions with deficit								
Pension institutions abroad						1,837	1,837	1,589
Total	4,419	-	-	-	-	5,304	5,304	4,732

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

Items comprising the pension plan expenses:

IN CHF 1,000	2012	2011
Contributions to pension institutions charged to the company	5,304	4,732
Contributions to pension plans paid out of the employer contribution reserve (ECR)	-	-
Total contributions	5,304	4,732
Changes in ECR from asset development, value adjustments, discounting, interest, etc.	-	-
Contributions and changes in employer contribution reserve	5,304	4,732
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	5,304	4,732

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

COMPENSATION AND SHARE HOLDINGS (26)

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

COMPENSATION PAID TO CURRENT MEMBERS OF THE BOARD OF DIRECTORS

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC ¹⁾ , AC, ²⁾	185,000	75,000	–	260,000
Anton Lauber	Deputy chairman, NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	Representing holders of bearer shares, NCC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee Representative	15,000	30,000	–	45,000
Dr. Beat E. Lüthi	AC	55,000	75,000	15,000	145,000
Prof. Dr. Stefan Michel	AC	55,000	75,000	15,000	145,000
Helen Wetter-Bossard	NCC	55,000	75,000	15,000	145,000
2012		475,000	480,000	75,000	1,030,000

1) Nomination and compensation committee

2) Audit committee

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	75,000	–	260,000
Anton Lauber	Deputy chairman, NCC	55,000	75,000	15,000	145,000
Urs Fankhauser	Representing holders of bearer shares, NCC	55,000	75,000	15,000	145,000
Erica Jakober-Tremp	Employee Representative	15,000	30,000	–	45,000
Dr. Beat E. Lüthi	AC	55,000	75,000	15,000	145,000
Prof. Dr. Stefan Michel	AC	55,000	75,000	15,000	145,000
Helen Wetter-Bossard	NCC	55,000	75,000	15,000	145,000
2011		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 2012 business year and apply for the period of office from the annual general meeting of shareholders 2012 to the annual general meeting of shareholders 2013. Payment is made at the end of the period of office after the annual general meeting of shareholders. At least 20 percent must, at most 40 percent of the compensation may be drawn in bearer shares of Bossard Holding AG. Apart from the compensation shown, the company takes over the required employer's as well as the employee's Swiss social security contributions (AHV/IV).

COMPENSATION PAID TO FORMER MEMBERS OF THE BOARD OF DIRECTORS

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

In 2011 the deputy chairman, Rolf E. Thurnherr, received compensation of CHF 145,000 (CHF 70,000 fixed, CHF 75,000 variable) for 2010, his last year in office.

Purchase of shares for the 2011 and 2010 business years:

		NUMBER OF BEARER SHARES 2011	MARKET VALUE IN CHF 2011	NUMBER OF BEARER SHARES 2010	MARKET VALUE IN CHF 2010
Dr. Thomas Schmuckli	Chairman, NCC, AC	800	100,080	950	125,733
Anton Lauber	Deputy chairman, NCC	552	69,055	522	69,087
Urs Fankhauser	Representing holders of bearer shares, NCC	552	69,055	522	69,087
Erica Jakober-Tremp	Employee representative	171	21,392	104	13,764
Dr. Beat E. Lüthi	AC	552	69,055	486	64,322
Prof. Dr. Stefan Michel	AC	552	69,055	–	–
Helen Wetter-Bossard	NCC	552	69,055	522	69,087
Total		3,731	466,747	3,106	411,080

Shares are acquired in accordance with the company's share plan. Members of the board of directors must draw at least 20 percent but no more than 40 percent of their total compensation in bearer shares of Bossard Holding AG. Such shares are subject to a lock-up period of three years. The purchase price of the shares relates to the market value minus a tax-deductible discount of 16 percent for the three-year restriction period. The purchase price per share for the 2011 business year was CHF 105.05 (2010: CHF 111.15).

COMPENSATION PAID TO CURRENT MEMBERS OF THE EXECUTIVE COMMITTEE

IN CHF (GROSS)	EXECUTIVE COMMITTEE TOTAL		CEO ¹⁾	
	2012	2011	2012	2011
Fixed compensation	2,063,406	2,022,920	475,740	473,828
Variable compensation ²⁾	1,101,500	1,121,094	322,800	288,358
Other ³⁾	54,600	54,600	9,600	9,600
Total	3,219,506	3,198,614	808,140	771,786
Management participation plan (RSU)	300,000	300,000	50,000	50,000
Pension contributions	462,730	444,202	159,026	149,043
Members of the executive committee	6	6		

1) David Dean

2) The disclosed variable compensation is accrued for the reporting year. This may differ from the actual payment made in the following year. Any deviations between accruals and actual payments are recognized in the year following the reporting year for which the compensation was paid. The compensation disclosed for 2011 is the actual total payment made.

3) Private share in company vehicle

Number of restricted stock units (RSUs) allocated:

		2012	2011
David Dean	CEO	400	493
Stephan Zehnder	CFO	400	493
Beat Grob	CEO Central Europe	400	493
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	400	493
Steen Hansen	CEO America	400	493
Robert Ang	CEO Asia	400	493
Total		2,400	2,958

The market value of the RSUs allocated in the 2012 business year was CHF 125.00 (2011: CHF 101.40).

Purchase of shares for the 2011 and 2010 business years:

		NUMBER OF BEARER SHARES 2011	MARKET VALUE IN CHF 2011	NUMBER OF BEARER SHARES 2010	MARKET VALUE IN CHF 2010
David Dean	CEO	600	75,060	500	66,175
Stephan Zehnder	CFO	900	112,590	850	112,498
Beat Grob	CEO Central Europe	1,100	137,610	1,100	145,585
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	–	–	500	66,175
Steen Hansen	CEO America	–	–	–	–
Robert Ang	CEO Asia	–	–	900	119,115
Total		2,600	325,260	3,850	509,548

Shares are acquired in accordance with the company's share plan. Members of the executive committee may draw up to at most 20 percent of their total compensation in bearer shares of Bossard Holding AG. Such shares are subject to a lock-up period of three years. The purchase price of the shares relates to the market value minus a tax-deductible discount of 16 percent for the three-year restriction period. The purchase price per share for the 2011 business year was CHF 105.05 (2010: CHF 111.15).

COMPENSATION PAID TO FORMER MEMBERS OF THE EXECUTIVE COMMITTEE

In 2012 and 2011 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:

		2012	2011
Board of directors			
Dr. Thomas Schmuckli	Chairman, NCC, AC	4,800	4,000
Anton Lauber	Deputy chairman, NCC	3,516	2,964
Urs Fankhauser	Representing holders of bearer shares, NCC	4,017	3,465
Erica Jakober-Tremp	Employee representative	1,171	1,000
Dr. Beat E. Lüthi	AC	3,285	2,733
Prof. Dr. Stefan Michel	AC	1,112	560
Helen Wetter-Bossard	NCC	10,555	10,003
Total		28,456	24,725
Executive committee			
David Dean	CEO	8,600	8,000
Stephan Zehnder	CFO	5,148	4,248
Beat Grob	CEO Central Europe	10,038	8,938
Dr. Daniel Bossard	CEO Northern- & Eastern Europe	1,600	3,100
Steen Hansen	CEO America	1,543	1,543
Robert Ang	CEO Asia	2,350	2,350
Total		29,279	28,179

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, 2012, as well as at December 31, 2011, there were no loans outstanding to members of governing bodies currently in office.

RELATED PARTY TRANSACTIONS (27)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 56.5 percent (2011: 56.5 percent) of total voting rights or 29.0 percent (2011: 29.1 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were undertaken:

BALANCE SHEET POSITIONS AS PER YEAR END IN CHF MILLION	2012	INTEREST RATES IN %	2011	INTEREST RATES IN %
Deposits in the personnel savings accounts	3.0	2.0	5.0	2.8

Information on compensation for members of the board of directors and the executive committee is disclosed on page 59 in note 26 of the notes to the financial statements.

No other compensation was paid.

In 2012 the Kolin Holding AG has granted Bossard Group an interest-bearing loan in the amount of CHF 10.0 million. The interest rate is 1.2%.

LEASE AND RENTAL OBLIGATIONS (28)

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

OPERATING LEASE COMMITMENT IN CHF 1,000	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	TOTAL
2012	984	667	345	126	36	2,158
2011	206	53	6	—	—	265

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
2012	5,238	4,716	3,715	1,877	17,162	32,708
2011	3,249	2,557	2,267	1,864	1,556	11,493

ASSETS PLEDGED OR OTHERWISE RESTRICTED (29)

IN CHF 1,000	2012	2011
Inventories	3,700	3,712
Property, plant and equipment	1,119	1,209
Total	4,819	4,921

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 4.0 million (2011: CHF 3.8 million). The current borrowings amount to CHF 1.1 million (2011: CHF 0.5 million).

CONTINGENT LIABILITIES (30)

As per December 31, 2012 contingent liabilities about CHF 0.1 million exist (2011: 0 million). They result mainly from discounted notes given to third parties in the course of normal business operations. Investment commitments from signed contracts for warehouse construction at Bossard AG, Switzerland, not recognized in the balance sheet, amounted to CHF 0 million on December 31, 2012 (2011: CHF 10.9 million). For warehouse constructions in Malaysia and Korea investment commitments of CHF 4.5 million exist on December 31, 2012 (2011: CHF 0 million).

EVENTS OCCURRING AFTER BALANCE SHEET DATE (31)

Between December 31, 2012 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 2012.

EXCHANGE RATES (32)

	31.12.2012 YEAR-END EXCHANGE RATE	01.01.2012- 31.12.2012 AVERAGE EXCHANGE RATE	31.12.2011 YEAR-END EXCHANGE RATE	01.01.2011- 31.12.2011 AVERAGE EXCHANGE RATE
1 EUR	1.21	1.21	1.21	1.23
1 USD	0.92	0.94	0.94	0.89
1 GBP	1.49	1.49	1.45	1.42
1 AUD	0.95	0.97	n.a.	n.a.
1 RON	0.27	0.27	n.a.	n.a.
100 DKK	16.17	16.19	16.32	16.55
100 SEK	14.07	13.85	13.64	13.67
100 CZK	4.81	4.80	4.76	5.02
100 HUF	0.41	0.42	0.39	0.44
100 PLN	29.57	28.83	27.22	30.06
100 SGD	74.91	75.05	71.94	70.51
100 TWD	3.15	3.17	3.09	3.02
100 RMB	14.55	14.86	14.86	13.72
100 MYR	29.93	30.37	29.48	28.99
100 THB	2.99	3.02	2.96	2.91
100 INR	1.67	1.75	1.75	1.89
100 KRW	0.09	0.08	0.08	0.08

LIST OF GROUP COMPANIES (33)

COMPANIES AND BRANCHES		HEADQUARTERS	CURRENCY	CAPITAL IN 1,000	SHAREHOLDING	FASTENING TECHNOLOGY	FINANCE/OTHERS
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	32,000	100		■
Switzerland	Bossard Finance AG	Zug	CHF	100	100		■
Germany	Bossard-KVT Beteiligungs GmbH	Illerrieden	EUR	25	100		■
Germany	KVT-Fastening Beteiligungs GmbH	Illerrieden	EUR	25	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	Trimec AG	Zug	CHF	50	100	■	
	KVT-Fastening AG	Dietikon	CHF	1,000	100	■	
Germany	KVT-Fastening GmbH	Illerrieden	EUR	100	100	■	
	Bossard Deutschland GmbH	Illerrieden	EUR	25	100	■	
Italy	Bossard Italia S.r.l.	Legnano	EUR	100	100	■	
Austria	Bossard Austria Ges.m.b.H.	Vienna	EUR	1,017	100	■	
	KVT-Fastening GmbH	Asten	EUR	509	100	■	
Denmark	Bossard Denmark A/S	Skovlunde	DKK	9,000	100	■	
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■	
France	Bossard France SAS	Souffelweyersheim	EUR	26,000	100	■	
Spain	Bossard Spain SA	Sant Cugat del Vallès	EUR	745	100	■	
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100	■	
	KVT-Fastening Sp.Z o.o.	Warsaw	PLN	100	100	■	
Romania	KVT-Fastening S.R.L.	Bucharest	RON	0.2	100	■	
Slovakia	KVT-Fastening spol. s.r.o.	Bratislava	EUR	5	100	■	
Slovenia	KVT-Fastening d.o.o.	Ljubljana	EUR	8.2	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
	KVT-Fastening s.r.o.	Brno	CZK	200	100	■	
Hungary	KVT-Fastening Kft.	Budapest	HUF	500	100	■	
America							
U.S.A.	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard Metrics, Inc.*	Hampton, NH	USD	250	100	■	
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,005	100	■	
Mexico	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
Asia/Oceania							
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100	■	
India	LPS Bossard Pvt. Ltd	Rohtak	INR	48,000	51	■	
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	110,488	100	■	
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■	
Thailand	Bossard (Thailand) Ltd	Bangkok	THB	45,000	100	■	
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	–	100	■	
Japan	Bossard K.K.	Tokyo	JPY	98,000	2.3	○	
South Korea	Bossard (Korea) Ltd	Anseong-City	KRW	2,500,000	100	■	
Australia	Bossard Australia Pty. Ltd	Melbourne	AUD	0	100	■	

* Disposal of assets in October 2012

As per December 31, 2012

■ Fully consolidated

○ Minority investment

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS



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

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Bossard Holding AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 38 to 64), for the year ended December 31, 2012.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zurich, February 6, 2013

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BALANCE SHEET

IN CHF	NOTES	31.12.2012	31.12.2011
Assets			
Current assets			
Cash and cash equivalents		57,353	22,146
Marketable securities – treasury shares	3	3,049,735	3,191,338
Accounts receivable others		6,500	4,662
Accruals		152,094	–
Total current assets		3,265,682	3,218,146
Long-term assets			
Investments	2	118,023,215	118,313,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		119,873,215	120,163,215
Total assets		123,138,897	123,381,361
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable Group companies		18,588,422	16,224,341
Accounts payable others		182,044	53,030
Bank loans		–	4,500,000
Accrued expenses		863,378	852,404
Total current liabilities		19,633,844	21,629,775
Total liabilities		19,633,844	21,629,775
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	4,899,735	5,041,338
Other reserves		29,211,965	29,070,362
Retained earnings		21,393,353	19,639,886
Total shareholders' equity		103,505,053	101,751,586
Total liabilities and shareholders' equity		123,138,897	123,381,361

INCOME STATEMENT AND APPROPRIATION OF AVAILABLE EARNINGS

INCOME STATEMENT

IN CHF	2012	2011
Income		
Dividend income, income from marketable securities	21,231,847	14,697,326
Interest income	109	244
Service fees from Group companies	336,000	336,000
Total income	21,567,956	15,033,570
Expenses		
General and administrative expenses	1,532,319	1,357,502
Financial expenses	410,547	583,514
Total expenses	1,942,866	1,941,016
Income before taxes	19,625,090	13,092,554
Taxes	10,853	35,000
Net income	19,614,237	13,057,554

CHANGES IN RETAINED EARNINGS

IN CHF	2012	2011
Retained earnings at beginning of year	19,639,886	24,384,044
Net income	19,614,237	13,057,554
Appropriation of available profit determined by the annual general meeting of shareholders		
Dividends for 2011 and 2010 respectively	-17,860,770	-17,801,712
Retained earnings at end of year	21,393,353	19,639,886

THE BOARD OF DIRECTORS PROPOSES TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS THE FOLLOWING APPROPRIATION OF AVAILABLE EARNINGS AS AT DECEMBER 31, 2012

IN CHF	2012
Available retained earnings before distribution	21,393,353
Dividend of 57.5 percent on the share capital of max. CHF 30,150,000 eligible for dividends	-17,336,250
To be carried forward	4,057,103

NOTES TO THE FINANCIAL STATEMENTS

IN CHF	2012	2011
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	303,544,519	111,635,138
thereof used	196,420,571	21,754,836
Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.		
2. Investments contain:		
Bossard Finance AG, Zug, wholly owned		
Bossard AG, Zug, 0 percent (2011: 100 percent)		
Bossard & Staerkle AG, Zug, 0 percent (2011: 8 percent)		
3. Balance of own shares		
a) Treasury shares		
Balance at Jan. 1 – 38,205 shares (2011: 48,048 shares)	3,191,338	3,657,401
Purchase: 2,493 bearer shares of CHF 10 par value (2011: 2,758 shares)	327,355	305,150
Sale: 0 bearer shares of CHF 10 par value (2011: 5,000 shares)	–	–311,454
Used for share option program: 7,111 bearer shares of CHF 10 par value (2011: 7,601 shares)	–468,958	–459,759
Balance at Dec. 31 – 33,587 shares, rate 134.00 (2011: 38,205 shares, rate 102.00)	3,049,735	3,191,338
b) Own shares		
Balance of own shares 185,000 bearer shares of CHF 10 par value (no voting rights and dividend entitlement – never issued)	1,850,000	1,850,000
c) Reserve for own shares		
Cost of treasury shares	3,049,735	3,191,338
Own shares – never issued	1,850,000	1,850,000
Reserve for own shares	4,899,735	5,041,338
4. Compensation and share holdings		
The disclosure of compensation and share holdings of the board and the executive committee as per Swiss Code of Obligations article 663b ^{bis} and article 663c can be found in the notes of the consolidated financial statements (note 26 on page 59).		
5. Other information required by law		
Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 56.5 percent (2011: 56.5 percent) of the voting rights. Kolin Holding AG, Zug, is wholly owned by the Bossard families.		
6. Risk management		
The risk management of Bossard Holding AG is continually documented and its effectiveness tested. At meetings held annually a standardized procedure is used to examine all business activities and balance sheet items for potential risks. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred; targets and countermeasures are then drawn up on this basis. The results of the risk evaluation procedure are defined in a report submitted to the board of directors and the executive committee. Overall, hazards that could negatively impact on the future development of Bossard Holding AG can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.		

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS



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

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Bossard Holding AG, which comprise the balance sheet, income statement and notes (pages 66 to 68), for the year ended December 31, 2012.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Roger Leu
Audit expert

Zurich, February 6, 2013

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INVESTOR INFORMATION

	2012	2011	2010	2009	2008
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	2,441,413	2,436,795	2,426,952	2,472,593	2,470,206
Registered shares at CHF 2 par					
Capital stock in CHF 1,000	5,400	5,400	5,400	5,400	5,400
Number of shares issued	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Number of shares entitled to dividend	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Bearer share equivalents, entitled to dividend at Dec. 31					
	2,981,413	2,976,795	2,966,952	3,012,593	3,010,206
Market price					
Ticker symbol (BOS)					
Volume traded (daily average)	4,080	6,441	4,258	2,836	3,328
Closing price at Dec. 31	134.0	102.0	109.5	58.5	45.6
Bearer share high in CHF	146.0	177.7	110.0	65.6	87.0
Bearer share low in CHF	101.8	95.1	56.6	29.5	42.0
Dividend per share					
Bearer share in CHF	5.75 ¹⁾	6.0	6.0	1.5	3.2
Registered share in CHF	1.15 ¹⁾	1.20	1.20	0.30	0.64
In % of share capital	57.5	60.0	60.0	15.0	32.0
Dividend yield (Basis: price at Dec. 31)					
	4.3%	5.9%	5.5%	2.6%	7.0%
Earnings per share ^{2) 5)}					
Bearer share in CHF	14.38	14.89	14.81	4.97	10.68
Registered share in CHF	2.88	2.98	2.96	0.99	2.14
Cash flow per share ^{2) 4)}					
Bearer share in CHF	17.95	18.39	18.55	8.96	14.70
Registered share in CHF	3.59	3.68	3.71	1.79	2.94
Price/Earnings ratio (Basis: price at Dec. 31)					
	9.3	6.9	7.4	11.8	4.3
Net worth per share ³⁾					
Bearer share in CHF	16.8	69.3	60.5	53.8	53.1
Registered share in CHF	3.4	13.9	12.1	10.8	10.6
Market capitalization (Basis: price at Dec. 31)					
In CHF million ³⁾	399.5	303.6	324.9	176.2	137.3
In % of shareholders' equity	307.1 ⁶⁾	147.2	181.1	108.8	85.9

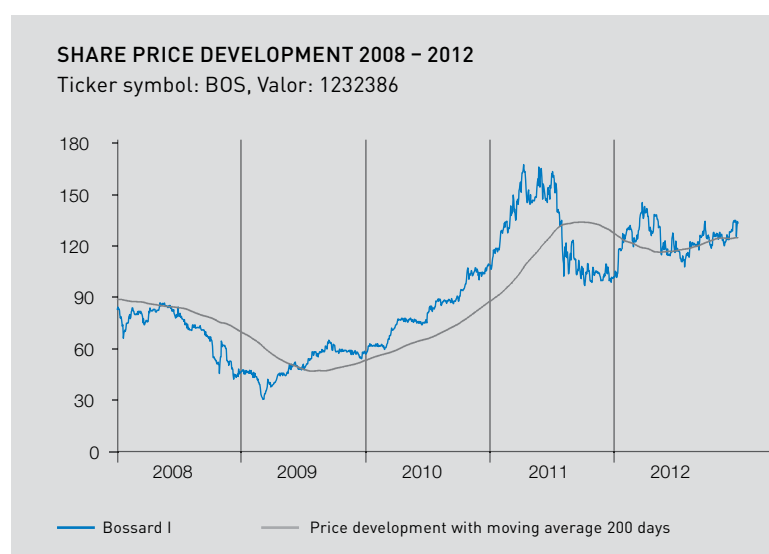
IN CHF MILLION	2012	2011	2010	2009	2008
Economic value added analysis					
Gross sales	487.1	473.5	477.6	395.1	565.7
Earnings before interest and taxes (EBIT)	47.6	50.3	47.3	18.8	45.1
Effective tax rate in %	12.6	7.0	1.0	8.1	11.1
Net operating profit after tax (NOPAT)	41.6	46.8	46.8	17.3	40.1
Equity	130.1 ⁶⁾	206.2	179.4	162.0	159.7
Gross financial debt	137.8 ⁶⁾	45.3	44.7	61.1	110.8
Less cash and cash equivalents	25.6	15.6	19.0	22.4	12.2
Capital employed (year end)	242.3	235.9	205.1	200.7	258.3
Average annual capital employed (A)	239.1	220.5	202.9	229.5	261.0
Return on average capital employed (ROCE) in %	18.2 ⁷⁾	21.2	23.1	7.5	15.4
Cost of financial debt in %					
Average cost of financial debt	1.7	2.4	2.8	2.4	3.8
Less effective tax	12.6	7.0	1.0	8.1	11.1
Cost of financial debt after tax	1.5	2.2	2.7	2.2	3.4
Cost of equity in %					
Risk free rate (Basis: yearly average of yield Swiss government bond)	0.7	1.5	1.6	2.2	2.9
Risk premium	5.5	5.5	5.5	5.5	5.5
Cost of equity	6.2	7.0	7.1	7.7	8.4
Equity ratio	34.6 ⁶⁾	62.3	61.3	56.9	45.6
Weighted average cost of capital (WACC) in %	3.1	5.2	5.4	5.3	5.7
Economic profit in % (ROCE – WACC) (B)	15.1	16.0	17.7	2.2	9.7
Economic profit in CHF million (A) * (B)	36.1	35.3	35.9	5.0	25.3

- 1) Proposal to annual general meeting of shareholders
- 2) Basis: Average number of outstanding shares entitled to dividend
- 3) Basis: Number of outstanding shares entitled to dividend at year end
- 4) Net income + depreciation and amortization
- 5) Share attributable to shareholders of Bossard Holding AG
- 6) On the supposition that the capital increase will be realized in March 2013
- 7) Adjusted for the net assets KVT-Fastening
- 8) Adjusted for the goodwill offset

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

IN CHF MILLION	2012	2011	2010	2009	2008
Economic book value (EBV)					
Market value added (economic profit/WACC)	1,157.9	677.9	664.8	94.1	446.6
Capital employed	242.3	235.9	205.1	200.7	258.3
Implied enterprise value	1,400.2	913.8	869.9	294.8	704.9
Less gross financial debt	137.8	45.3	44.7	61.1	110.8
Plus cash and cash equivalents	25.6	15.6	19.0	22.4	12.2
Economic book value at Dec. 31	1,288.0	884.1	844.2	256.1	606.3
Market valuation and key ratios					
Share price at Dec. 31 in CHF	134.0	102.0	109.5	58.5	45.6
Market capitalization	399.5	303.6	324.9	176.2	137.3
Net financial debt	112.2	29.7	25.7	38.7	98.6
Enterprise value (EV)	511.7	333.3	350.6	214.9	235.9
EV in % of gross sales	105.1	70.4	73.4	54.4	41.7
EV/EBITDA	8.8	5.6	6.1	7.0	4.1
EV/EBIT	10.7	6.6	7.4	11.4	5.2
EV/NOPAT	12.3	7.1	7.5	12.4	5.9
Price/book value per share	3.1 ⁶⁾	1.5	1.8	1.1	0.9
Return on equity in %	19.8 ⁸⁾	23.2	26.3	9.5	20.8

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





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This summary report and the annual report are also available in English and German on www.bossard.com > About us > Investor Relations.



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