

SEMI-ANNUAL REPORT 2011

# INTELLIGENT SOLUTIONS FOR HIGH PRODUCTIVITY

**BOSSARD**

03 SEMI-ANNUAL REPORT 2011  
 05 RESULTS IN FIGURES  
 06 CONSOLIDATED BALANCE SHEET  
 07 CONSOLIDATED INCOME STATEMENT  
 08 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 09 CONSOLIDATED CASH FLOW STATEMENT  
 10 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 16 DATES TO NOTE

STILL ON COURSE FOR FURTHER GROWTH:  
 BOSSARD INCREASES SALES AND EARNINGS

- \_ DOUBLE-DIGIT SALES GROWTH IN LOCAL CURRENCIES IN ALL THREE SALES REGIONS
- \_ MORE THAN PROPORTIONAL INCREASE IN OPERATING PROFIT AND CONSOLIDATED NET INCOME
- \_ CONTINUING HEALTHY FINANCIAL SITUATION

Ladies and Gentlemen,

In a very challenging business environment, Bossard Group reached the best six-month result in the company's history. In local currencies sales were up noticeably by 14.6 percent. The Group's three sales regions all reported double-digit growth rates, which reflects the successful continuation of its growth strategy. Compared to the prior year, however, the steep rise of the Swiss franc against most currencies impacted negatively on sales development expressed in Bossard's reporting currency. Sales revenues in Swiss francs rose year-on-year by CHF 8.4 million or 3.4 percent to CHF 252.4 million. Primarily on account of strong sales growth, consolidated net income increased more than proportionally by 12.1 percent (in local currencies by 18.2 percent) to CHF 25.1 million. Although the main share of expenses and earnings occur in the individual currency areas, Bossard – like many others – was unable to entirely offset the impact of the steep rise of the Swiss franc.

**STILL ON COURSE FOR FURTHER GROWTH IN ALL THREE SALES REGIONS**

Exchange-rate adjusted, the positive trend in sales growth continued in the first six months of 2011. The company's three sales regions all reported double-digit sales growth. Thus Bossard was able to strengthen its position further in all its main markets.

GROSS SALES IN CHF MILLION	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010	CHANGE	
			IN CHF	IN LOCAL CURRENCY
Europe	143.5	133.9	7.2 %	13.7 %
America	66.8	68.4	-2.3 %	16.6 %
Asia	42.1	41.7	1.0 %	14.6 %
<b>Group</b>	<b>252.4</b>	<b>244.0</b>	<b>3.4 %</b>	<b>14.6 %</b>

**EUROPE**

In Europe sales in local currencies rose by 13.7 percent to CHF 143.5 million. Very satisfying double-digit sales growth was reported in almost all the countries in this region. Expressed in Swiss francs, sales revenues were up 7.2 percent.

**AMERICA**

In America sales amounted to CHF 66.8 million in the reporting period, 2.3 percent down on the prior year. Expressed in local currency, however, sales rose by 16.6 percent, a higher increase than in either of Bossard's other two sales regions. In Mexico sales rose more than proportionally by 24.6 percent.

**ASIA**

In Asia sales in local currencies rose by 14.6 percent to CHF 42.1 million. China, India and Taiwan reported particularly high growth rates. Because of the steep rise of the Swiss franc, however, sales growth in the Group's reporting currency only reached a low 1 percent.

**LOWER GROSS PROFIT MARGIN**

Year-on-year, gross profit rose from CHF 95 million to CHF 97.5 million, and the gross profit margin fell slightly from 38.9 percent to 38.6 percent. Compared to the second half of 2010, the margin decreased by 1.4 percentage points. In particular, the increase in the cost of raw materials – which could not be fully passed on to the market – put pressure on the gross profit margin. The highly volatile foreign exchange situation and the development of raw material prices will present a major challenge in the second half of the year, and thus pressure on the gross profit margin will probably continue.

**COST INCREASES LOWER THAN SALES GROWTH**

Unlike its effect on sales development, the steep rise of the Swiss franc impacted positively on expenses. Operating expenses without depreciation and amortization rose year-on-year from CHF 63.9 million to CHF 64.1 million, whereas exchange adjusted they were up 9.9 percent. This rise can primarily be put down to higher personnel expenses, mainly due to the 7.8 percent increase in the number of employees which rose from 1,419 to 1,529. With this increase in personnel, Bossard confirmed its intention – announced at an earlier date – of undertaking the necessary investments to successfully implement its growth strategy by focusing on enhancing distribution and engineering. Overall, compared to sales

## RESULTS IN FIGURES

growth, costs rose less than proportionally, so that the slightly lower gross profit margin was offset on the expenses side.

### MORE THAN PROPORTIONAL INCREASE OF OPERATING PROFIT AND CONSOLIDATED NET INCOME

As a result of strong sales growth, consolidated operating profit (EBIT) rose year-on-year by 10.6 percent from CHF 25.6 million to CHF 28.3 million (in local currencies by 21.2 percent). Thus the operating margin improved from 10.9 percent to 11.6 percent. Year-on-year, profitability in all three sales regions increased slightly.

For the first half of 2011, Bossard Group's consolidated net income amounted to CHF 25.1 million, the best six-month result in the company's history. Year-on-year, consolidated net income in Swiss francs compared to sales increased more than proportionally by 12.1 percent (in local currencies by 18.2 percent). Thus return on sales improved further from 9.5 percent to 10.3 percent.

### CONTINUING HEALTHY FINANCIAL SITUATION

The balance sheet total rose in the first six months of 2011 by CHF 22 million or 7.5 percent to CHF 314.8 million. This increase is primarily attributable to higher operating net working capital because of the Group's positive business development. At June 30, 2011, the equity ratio was a robust 56.4 percent. The gearing (net debt/equity) remained at a very low 0.2 points. Year-on-year the return on equity (ROE) rose noticeably from 19.2 percent to 27 percent and the return on capital employed (ROCE) from 15.2 percent to a high 23.1 percent.

The net debt at June 30, 2011, totaled CHF 39.4 million, CHF 13.7 million higher than at end 2010. The reasons for this are twofold: the increase in operating net working capital and a dividend payout of CHF 17.8 million in April 2011. Year-on-year the cash flow from operating activities rose slightly by CHF 1.3 million to CHF 10.6 million.

### PROSPECTS BLURRED IN A CLIMATE OF UNCERTAINTY

In view of the recent turbulences on the financial markets and particularly because of the unsolved problems related to the national debt both in Europe and in the United States, there is considerable uncertainty about the future development of the world economy. This also impacts on the exchange rate development of the Swiss franc which, in turn, is a major factor for the prospects of Bossard's Swiss export-oriented customers. Current forecasts and the development over the past few months of the Purchasing Managers Indices (PMI) rele-

vant for Bossard Group indicate slower growth in the second half of the year. To what extent the economy in general and Bossard's business development in particular will be affected is very hard to determine at this moment in time, particularly as Bossard's business is of a short-term nature.

Irrespective of this we will continue to pursue our defined growth strategy through steady strengthening of our market position and even better utilization of current and future market opportunities. Despite a more uncertain market we will still strive to confirm our excellent 2010 result on an exchange adjusted basis in the current 2011 business year.



Dr. Thomas Schmuckli  
Chairman



David Dean  
CEO

Zug, August 30, 2011

IN CHF MILLION	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010	FULL YEAR 2010
Gross sales	252.4	244.0	477.6
Net sales	243.0	235.0	458.7
Gross profit	97.5	95.0	188.4
Operating expenses, depreciation and amortization	69.2	69.4	141.1
EBIT	28.3	25.6	47.3
in % of net sales	11.6	10.9	10.3
Net income	25.1	22.4	44.9
in % of net sales	10.3	9.5	9.8
Cash flow from operations	10.6	9.3	28.4
<b>Current assets</b>	<b>252.9</b>	<b>249.5</b>	<b>230.6</b>
Long-term assets	61.9	65.3	62.1
<b>Current liabilities</b>	<b>133.4</b>	<b>132.2</b>	<b>109.4</b>
Long-term liabilities	3.7	7.3	4.0
Shareholders' equity	177.7	175.3	179.3
in % of total assets	56.4	55.7	61.3
Total assets	314.8	314.8	292.7
<b>Net debt</b>	<b>39.4</b>	<b>36.5</b>	<b>25.7</b>
<b>Headcount at end of reporting period</b>	<b>1,529</b>	<b>1,419</b>	<b>1,478</b>
<b>Share capital</b>			
Number of shares entitled to dividend			
Registered shares at CHF 2 par	2,700,000	2,700,000	2,700,000
Bearer shares at CHF 10 par	2,431,899	2,464,862	2,426,952
Bearer shares equivalents at CHF 10 par entitled to dividend	2,971,899	3,004,862	2,966,952
<b>Market price</b> (Ticker symbol: BOS)			
Closing price bearer share at end of reporting period	CHF 156.9	75.9	109.5
Bearer share high during reporting period	CHF 177.7	78.8	110.0
Bearer share low during reporting period	CHF 105.1	56.6	56.6
<b>Key figures</b>			
Consolidated net income per bearer share <sup>1) 2)</sup>	CHF 16.7	14.7	14.8
Net worth per bearer share	CHF 59.8	58.3	60.5
Price/earnings ratio (Basis: 30.06./31.12.)	9.4	5.2	7.4
Price/book value (Basis: 30.06./31.12.)	2.6	1.3	1.8

1) 6 months extrapolated to 12 months  
2) Basis: Net income of Shareholders of Bossard Holding AG

The unaudited, consolidated interim financial statements for the first six months of 2011 were prepared in accordance with Swiss GAAP FER "Interim Financial Reporting Swiss GAAP FER 12".

## CONSOLIDATED BALANCE SHEET

IN CHF 1,000	30.06.2011	30.06.2010	31.12.2010
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	20,331	32,041	18,980
Financial assets held for trading	–	112	–
Accounts receivable, trade	87,869	83,451	74,268
Other receivables	2,316	3,063	2,024
Prepaid expenses	10,703	11,098	9,363
Inventories	131,625	119,699	126,018
	<b>252,844</b>	<b>249,464</b>	<b>230,653</b>
<b>Long-term assets</b>			
Property, plant and equipment	55,190	57,851	54,993
Intangible assets	2,989	3,337	3,429
Financial assets	1,626	1,641	1,548
Deferred tax assets	2,112	2,530	2,120
	<b>61,917</b>	<b>65,359</b>	<b>62,090</b>
<b>Total assets</b>	<b>314,761</b>	<b>314,823</b>	<b>292,743</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable, trade	34,143	27,066	27,727
Other liabilities	6,635	6,174	8,947
Accrued expenses	29,111	26,856	24,154
Tax liabilities	2,973	2,976	2,975
Provisions	729	550	846
Short-term debts	59,774	68,558	44,727
	<b>133,365</b>	<b>132,180</b>	<b>109,376</b>
<b>Long-term liabilities</b>			
Other liabilities	–	269	–
Provisions	1,137	1,596	1,518
Deferred tax liabilities	2,546	5,499	2,495
	<b>3,683</b>	<b>7,364</b>	<b>4,013</b>
<b>Total liabilities</b>	<b>137,048</b>	<b>139,544</b>	<b>113,389</b>
<b>Shareholders' equity</b>			
Share capital	32,000	32,000	32,000
Treasury shares	–4,725	–3,433	–5,507
Capital reserves	54,007	52,969	52,975
Retained earnings	92,865	89,891	96,283
	<b>174,147</b>	<b>171,427</b>	<b>175,751</b>
Minority interest	3,566	3,852	3,603
<b>Total shareholders' equity</b>	<b>177,713</b>	<b>175,279</b>	<b>179,354</b>
<b>Total liabilities and shareholders' equity</b>	<b>314,761</b>	<b>314,823</b>	<b>292,743</b>

## CONSOLIDATED INCOME STATEMENT

IN CHF 1,000	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010
Sales	252,428	244,034
Sales deductions	9,452	9,023
<b>Net sales</b>	<b>242,976</b>	<b>235,011</b>
Cost of goods sold	145,520	140,000
<b>Gross profit</b>	<b>97,456</b>	<b>95,011</b>
Personnel expenses	49,558	47,889
Administrative expenses	7,575	8,339
Other operating expenses	6,974	7,632
<b>EBITDA</b>	<b>33,349</b>	<b>31,151</b>
Depreciation	4,162	4,607
Amortization	867	933
<b>EBIT</b>	<b>28,320</b>	<b>25,611</b>
Financial result	1,427	522
<b>Ordinary result</b>	<b>26,893</b>	<b>25,089</b>
Non-operating result	–	810
<b>Income before taxes</b>	<b>26,893</b>	<b>24,279</b>
Taxes	1,773	1,874
<b>Net income</b>	<b>25,120</b>	<b>22,405</b>
<b>Attributable to:</b>		
Shareholders of Bossard Holding AG	24,805	22,009
Minority interest	315	396
<b>IN CHF</b>	<b>2011</b>	<b>2010</b>
Earnings per bearer share <sup>1)</sup>	16.69	14.65
Earnings per registered share <sup>1)</sup>	3.34	2.93

<sup>1)</sup> Earnings per share, extrapolated to 12 months, is based on the net income of Shareholders of Bossard Holding AG and the number of outstanding shares entitled to dividend. There is no dilution effect.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

IN CHF 1,000	ISSUED SHARE CAPITAL	TREASURY SHARES	CAPITAL RESERVES	RETAINED EARNINGS		SHARE- HOLDERS BOSSARD	MINORITY INTEREST	SHARE- HOLDERS' EQUITY
				RETAINED EARNINGS	TRANSLATION DIFFERENCES			
Balance at January 1, 2010	32,000	-1,984	52,946	129,882	-54,125	158,719	3,296	162,015
Dividend				-4,470		-4,470		-4,470
Net income for the period				22,009		22,009	396	22,405
Change in treasury shares		-1,449	23			-1,426		-1,426
Translation differences					-3,405	-3,405	160	-3,245
<b>Balance at June 30, 2010</b>	<b>32,000</b>	<b>-3,433</b>	<b>52,969</b>	<b>147,421</b>	<b>-57,530</b>	<b>171,427</b>	<b>3,852</b>	<b>175,279</b>
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				24,805		24,805	315	25,120
Change in treasury shares		782	1,032			1,814		1,814
Translation differences					-10,421	-10,421	-352	-10,773
<b>Balance at June 30, 2011</b>	<b>32,000</b>	<b>-4,725</b>	<b>54,007</b>	<b>176,679</b>	<b>-83,814</b>	<b>174,147</b>	<b>3,566</b>	<b>177,713</b>

## CONSOLIDATED CASH FLOW STATEMENT

IN CHF 1,000	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010
Net income	25,120	22,405
Taxes	1,773	1,874
Financial income	-4,987	-1,173
Financial expenses	6,414	1,695
Depreciation and amortization	5,029	5,540
(Decrease)/Increase provisions	-477	740
Gain from disposals of property, plant and equipment	-47	-59
Gain from divestments of financial assets	-	-1,140
Interest received	630	251
Interest paid	-673	-1,155
Taxes paid	-2,197	-1,834
Other non cash expenses/(income)	2,271	-545
<b>Cash flow from operating activities before changes in net working capital</b>	<b>32,856</b>	<b>26,599</b>
Increase accounts receivable, trade	-17,944	-23,657
Increase other receivables	-2,220	-3,040
Increase inventories	-12,606	-2,210
Increase accounts payable, trade	7,876	2,211
Increase other liabilities	2,640	9,423
<b>Cash flow from operating activities</b>	<b>10,602</b>	<b>9,326</b>
Investments in property, plant and equipment	-6,006	-2,304
Proceeds from sales of property, plant and equipment	243	204
Investments in intangible assets	-445	-445
Investments in financial assets	-230	-58
Divestments of financial assets	79	1,693
<b>Cash flow from investing activities</b>	<b>-6,359</b>	<b>-910</b>
Borrowing short-term debts	15,466	7,092
Repayment long-term debts	-	-17
Decrease/(Increase) treasury shares	782	-1,449
Dividends paid	-17,802	-4,470
<b>Cash flow from financing activities</b>	<b>-1,554</b>	<b>1,156</b>
Translation differences	-1,338	30
<b>Change in cash and cash equivalents</b>	<b>1,351</b>	<b>9,602</b>
Cash and cash equivalents at January 1	18,980	22,439
Cash and cash equivalents at June 30	20,331	32,041

## SCOPE OF OPERATIONS (1)

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

## ACCOUNTING PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS (2)

The unaudited, consolidated interim financial statements for the first six months of 2011 were prepared in accordance with Swiss GAAP FER "Interim Financial Reporting Swiss GAAP FER 12".

The consolidated financial statements of Bossard are based on the financial statements of the individual Group companies at June 30, 2011 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with Swiss GAAP FER. They are consistent with Swiss law and the listing rules of the SIX Swiss Exchange.

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

In accordance with Swiss GAAP FER 11 deferred tax assets from tax loss carryforwards may be capitalized provided that it is likely that future profits will arise to counterbalance them. So far, Bossard has waived the right to capitalize such deferred tax assets because it is difficult to estimate whether they can be offset in the future, and has thus only recognized them at the time of recovery. This practice is to continue unchanged. Consequently, a clarifying statement is being made in the accounting principles. As sanctioned by Swiss GAAP FER, the right to capitalize offsetable tax loss carryforwards is waived and only recognized when realized. This clarification of the accounting principles does not lead to any changes in the consolidated financial statements as at June 30, 2010.

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. June 30 represents the uniform closing date for all companies included in the consolidated financial statements.

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

### INVESTMENT IN SUBSIDIARIES

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

### MINORITY INTEREST

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

## FOREIGN CURRENCY TRANSLATION (2.2)

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

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

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

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

## ACCOUNTING AND VALUATION PRINCIPLES (2.3)

### CASH AND CASH EQUIVALENTS

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

### FINANCIAL ASSETS HELD FOR TRADING

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

### ACCOUNTS RECEIVABLE, TRADE

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

### INVENTORIES

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

### PROPERTY, PLANT AND EQUIPMENT

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

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

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

#### LEASING

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

#### INTANGIBLE ASSETS

##### SOFTWARE

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

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

##### OTHERS

This item includes rights.

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

#### FINANCIAL ASSETS

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

#### IMPAIRMENT

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

#### FINANCIAL INSTRUMENTS

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

#### LIABILITIES

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

#### PROVISIONS

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

#### CONTINGENT LIABILITIES

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

#### FINANCIAL DEBTS

Financial debts are recognized at nominal value.

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

#### TREASURY SHARES

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

#### PENSION BENEFIT OBLIGATIONS

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

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

#### REVENUE RECOGNITION

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

#### SALES DEDUCTIONS

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

#### NON-OPERATING RESULT

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

#### TAXES

All taxes are accrued irrespective of when such taxes are due. Deferred income tax is recognized according 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.

## CHANGES IN THE SCOPE OF CONSOLIDATION (3)

In the first six months of 2011 the business activity of Bossard Hungary, Kft. was integrated in Bossard Austria, Ges.m.b.H.

As per 1.1.2010 Bossard Michigan & Merrick, Inc. was merged with Bossard North America, Inc. Besides, 2010 the business activity of Bossard Slovakia, spol. s r.o. was integrated in Bossard Czech Republic s.r.o.

## SEGMENT INFORMATION (4)

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

IN CHF MILLION FIRST 6 MONTHS	EUROPE		AMERICA		ASIA		ELIMINATIONS		CONSOLIDATED	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales to third parties	143.5	133.9	66.8	68.4	42.1	41.7			252.4	244.0
Sales inter-segment	2.8	2.6	0.1	0.2	0.1	0.2	-3.0	-3.0	-	-
<b>Total sales</b>	<b>146.3</b>	<b>136.5</b>	<b>66.9</b>	<b>68.6</b>	<b>42.2</b>	<b>41.9</b>	<b>-3.0</b>	<b>-3.0</b>	<b>252.4</b>	<b>244.0</b>
Sales deductions	7.0	6.6	1.1	1.3	1.3	1.1			9.4	9.0
<b>Total net sales</b>	<b>139.3</b>	<b>129.9</b>	<b>65.8</b>	<b>67.3</b>	<b>40.9</b>	<b>40.8</b>	<b>-3.0</b>	<b>-3.0</b>	<b>243.0</b>	<b>235.0</b>

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

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

## FINANCIAL RESULT (5)

IN CHF 1,000	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010
Financial income	-4,987	-1,173
Financial expenses	6,414	1,695
<b>Total Financial result</b>	<b>1,427</b>	<b>522</b>

## NON-OPERATING RESULT (6)

IN CHF 1,000	FIRST 6 MONTHS 2011	FIRST 6 MONTHS 2010
Income from the sale of part of its minority interest of Bossard & Staerkle	-	-1,140
Expenses from non-capitalizable marketing costs for the BOSSARD Arena	-	1,800
Other non-operating expenses	-	150
<b>Total Non-operating result</b>	<b>-</b>	<b>810</b>

## EXCHANGE RATES (7)

	30.06.2011 EXCHANGE RATE	01.01.2011- 30.06.2011 AVERAGE EXCHANGE RATE	31.12.2010 EXCHANGE RATE	30.06.2010 EXCHANGE RATE	01.01.2010 - 30.06.2010 AVERAGE EXCHANGE RATE
1 EUR	1.22	1.27	1.25	1.32	1.44
1 USD	0.84	0.91	0.93	1.08	1.08
1 GBP	1.35	1.46	1.46	1.61	1.65
100 DKK	16.37	17.04	16.79	17.73	19.31
100 SEK	13.35	14.22	13.87	13.86	14.67
100 CZK	5.02	5.22	4.99	5.14	5.59
100 HUF	0.46	0.47	0.45	0.46	0.53
100 PLN	30.66	32.14	31.56	31.93	35.95
100 SGD	68.53	71.99	72.72	77.12	77.46
100 TWD	2.93	3.12	3.20	3.36	3.39
100 RMB	13.03	13.86	14.15	15.90	15.86
100 MYR	27.88	29.88	30.42	33.32	32.74
100 THB	2.74	2.98	3.11	3.33	3.32
100 INR	1.88	2.00	2.08	2.31	2.36
100 KRW	0.08	0.08	0.08	0.09	0.09

## EVENTS OCCURRING AFTER BALANCE SHEET DATE (8)

Since June 30, 2011 no major events occurred which would require additional disclosures or changes in the semi-annual report 2011.



## A PROFILE OF THE BOSSARD GROUP

Bossard is a fastening technology and logistics company operating globally. Its full-service package focuses on fasteners and includes worldwide sales, technical and engineering support, and inventory management. Its customer base is made up of local and multinational industrial companies. The Group has 1,500 employees in more than 50 locations worldwide and reported sales of 478 million Swiss francs in the year 2010. Bossard is listed on the SIX Swiss Exchange.

## DATES TO NOTE

October 18, 2011  
Publication of Sales Results 3rd Quarter 2011

January 11, 2012  
Publication of Sales Results 2011

March 7, 2012  
Meeting for Financial Analysts and Press Conference  
Hotel Widder, Zurich  
Publication of Results 2011

April 2, 2012  
Annual General Meeting  
Theater Casino, Zug  
Publication of Sales Results 1st Quarter 2012

The semi-annual report is also available in German. The German version is the governing text.

The semi-annual report contains forecasts. They reflect the company's present assessment of market conditions and future events and are thus subject to certain risks, uncertainties and assumptions. Through unforeseeable events the actual results could deviate from the forecasts made and the information published in this report. Thus all the forecasts made in this report are subject to this reservation.

Bossard Holding AG  
Steinhauserstrasse 70  
6301 Zug  
Switzerland

Phone +41 41 749 66 11  
Fax +41 41 749 66 22  
investor@bossard.com  
www.bossard.com