ANNUAL REPORT

2003

Bossard

A Profile of the Bossard Group

The Bossard Group is a global group of companies managed by members of the sixth and seventh generations of the founding family. Our focus is on fasteners and fastening technology. Thus, in addition to our broad range of quality products, we provide full engineering support for fastener applications and offer logistics services for fasteners and other C parts. Among our customers there are many industrial companies with international operations. Our holding company, Bossard Holding AG, is headquartered in Zug, Switzerland, and is listed on the Swiss Exchange. With some 1,400 employees, the group reports sales in the region of half a billion Swiss francs.

The most important key figures are set out on the reverse of this cover.

Key Figures

IN CHF 1,000	2003	2002	2001	2000	1999
Gross sales	433,404	449,737	507,585	536,217	339,682
Net sales	416,749	432,029	488,221	514,495	325,089
Change to prior year in %	–3.5	–11.5	–5.1	58.3	14.7
Gross profit	156,615	159,731	175,977	186,049	131,682
Personnel expenses	89,827	89,766	108,027	105,766	75,517
in % of gross profit	57.4	56.2	61.4	56.8	57.3
EBITDA	29,824	33,529	22,564	38,984	28,713
in % of net sales	7.2	7.8	4.6	7.6	8.8
EBIT	15,879	18,421	5,913	24,169	18,159
in % of net sales	3.8	4.3	1.2	4.7	5.6
Net income/(loss)	9,148	9,128	–11,477	14,514	19,526
in % of net sales	2.2	2.1	–2.4	2.8	6.0
in % of stockholders' equity at Dec. 31	6.7	6.8	–8.6	9.4	13.1
Cash flow [1]	23,093	24,236	5,174	29,329	30,080
in % of net sales	5.5	5.6	1.1	5.7	9.3
Capital expenditures	4,506	3,856	9,879	16,456	10,974
Current assets	210,446	208,421	226,985	253,815	175,313
Current liabilities	95,795	93,356	95,654	122,719	62,718
Operating net working capital [2]	154,115	151,269	178,980	185,503	113,831
in % of gross sales	35.6	33.6	35.3	34.6	33.5
Long-term assets	116,959	129,347	153,621	165,184	136,235
Long-term liabilities	92,632	109,169	150,037	141,612	99,672
Net debt	103,719	120,721	161,175	158,373	73,152
Stockholders' equity	137,071	133,935	133,733	153,966	148,895
in % of total assets	41.9	39.7	35.1	36.7	47.8
Total assets	327,405	337,768	380,606	418,999	311,548
Return on equity	6.8	6.8	–8.1	9.6	13.7
Return on average capital employed (ROCE)	4.9	5.8	1.9	7.7	6.6
Dividend yield (Basis: Price at Dec. 31)	1.5	2.6	–	2.5	2.3
Earnings per share [3]					
Bearer share in CHF	3.16	3.14	–3.89	4.91	6.62
Registered share in CHF	0.63	0.63	–0.78	0.98	1.32
Cash flow per share [3]					
Bearer share in CHF	7.98	8.35	1.75	9.91	10.19
Registered share in CHF	1.60	1.67	0.35	1.98	2.04
Price/earnings ratio (Basis: At Dec. 31)	17.4	9.9	–7.7	14.0	11.3
Enterprise value in % of gross sales [4]	61.1	46.8	49.1	67.3	86.5
Enterprise value/EBITDA [4]	8.9	6.3	11.0	9.3	10.2
Price/book value per share	1.2	0.7	0.7	1.3	1.5
Headcount at Dec. 31	1,350	1,316	1,366	1,530	1,015
Annual average number of employees [5]	1,277	1,254	1,440	1,417	959
Sales per employee [6]	339.4	358.6	352.4	378.4	354.2

1) Net income plus depreciation/amortization
2) Accounts receivable, inventories less accounts payable
3) Basis: Capital entitled to dividend
4) Enterprise value = market capitalization + net financial debt
5) Full time equivalent
6) Basis: Annual average number of employees

Content

"KWC's kitchen and bathroom faucets and fixtures are exceptional in their design, function and quality. However, to abide by our standard of excellence we must also meet our deadlines. We cannot afford a situation where products like our best-selling KWC DOMO are not available for immediate delivery. Bossard's SmartBin system for the procurement of fastening elements ensures that we can deliver on time. The fastening elements we need for assembly are always available, even in small quantities, and for many years."
Hans Müller, Procurement Marketing, KWC AG, Unterkulm, Switzerland

"availability always assured"

Report to the Shareholders

Profitability and Balance Sheet Strengthened Further – Nets Spread in the Right Markets to Land the Best Orders

Profit remained at the prior year's level despite a 3.6 percent decline in sales. Targeted marketing in promising segments and regions should lead to moderate growth and more than proportional profit development in 2004.

Once again, the board of directors and the executive committee were confronted with a poor business climate throughout the year. However, the implementation of a number of timely and consistent measures served to counteract this successfully. Although sales fell by just under 3.6 percent to CHF 433 million as a result of the continuing, and expected, difficult market environment and the unfavorable development of the U.S. dollar, the group kept the profit for 2003 at the prior year's level of CHF 9.1 million. This is all the more remarkable as two years earlier the group reported a loss of CHF 11 million despite noticeably higher sales (CHF 508 million) and unchanged scope of consolidation. It must also be noted that during the past few hectic years our sales activities have consistently remained at a high level. This led to increased market shares and strategically important new customer relations in all major economic regions.

As a result of this robust internal situation, the board has decided to propose to the shareholders an unchanged dividend of 8 percent or somewhat more than 26 percent of the profit. Seen in the context of our long-term dividend policy this proposal is at the lower end of the distribution range but, in view of the prevailing concern about economic development, it reflects our continuing cautious business policy.

Positive External Assessment

The generally positive evaluation of the past year is being increasingly shared by analysts and investors. Over the past twelve months the value of our shares has almost doubled. The reason they are still considered attractive by many observers is certainly related to the fact that there is growing confidence that, in time, the economy in the major industrial markets will pick up. However, it also shows recognition of our consistent strategic and operational approach to managing our business during the past difficult years.

Thus, according to a study carried out by SWX Swiss Exchange on the implementation of the corporate governance guidelines, we rank in the top group of all the 256 companies examined. Moreover, Bossard has recently been included in the Kempen SNS Smaller Europe SRI (Socially Responsible Investment) Index. Kempen, one of the top Dutch merchant banks, includes those European SMEs in this index which, apart from impeccable financial management, have proven high standards in sustainability and corporate governance.

U.S. Business Restructured and more Closely Oriented to Customer Needs

In the past business year we focused strongly on optimizing our American activities, the group's largest individual market by far. The measures necessary for the technical and operational integration of the various acquisitions made between 1998 and 2000 were rigorously implemented despite adverse market conditions and strong seasonal fluctuations. Our business with large multinational OEM customers was restructured to allow each customer to access the full range of products and services via one contact. From the customers' perspective this sometimes led to a formal change of suppliers – which called for new accreditation procedures, and also involved the relocation of inventories as well as short-term over or under capacities. Together with the successful acquisition of new customers, these measures will bring about step-by-step improvements in results.

Overall it has become clear that in the American market there is a real demand for Bossard's three level concept approach – with products, engineering and logistics as its three pillars. This is underscored by promising contracts, some with several

Heinrich Bossard, Edwin Huber, Dr. Beat E. Lüthi, Dr. Kurt Reichlin, Rolf E. Thurnherr, Helen Wetter-Bossard, Dr. Thomas Schmuckli (members of the board of directors, from the left to the right).

years duration, from major new customers. We are convinced that once the integration measures have been completed, our American business for industrial OEM customers will soon show positive results in terms of both volume and earnings.

In addition we have resolved the continuing conflict of running an organization serving both the OEM end user and the distributor market in parallel. We have restructured and repositioned the businesses to minimize future channel conflicts. As this segmentation has been successfully practiced for many years in Europe, the supply of American distributors will be managed and led by the dedicated organization in Europe that serves this market segment worldwide.

Increasing Expansion in Central Europe

Taken as a whole, the marginal decline of our European business is attributable to varying country results, which more or less reflect the state of the economy in the individual countries. There was an appreciable drop in sales because of the liquidation of one of our larger customers in Italy. Our activities strengthened noticeably in the Czech Republic, a country that Bossard regards as very promising. The relocation of the production capacities of West European industrial enterprises, which have already taken place or are at the planning stage, will make this a key market. Thus Bossard is planning other locations in central Europe where multinational industrial companies are establishing production plants.

This customer-oriented approach is reflected in the opening of our branch in Duisburg, Germany. This was not undertaken to open up the German market, but to ensure optimal handling of a long-term contract with a major customer with operations in this area.

The cost saving measures implemented in the prior year allowed us to largely offset the lower profit contribution resulting from the declining sales generated in Europe.

Very Satisfactory Growth in Asia

The business units located in Asia showed an extremely positive development: taken together sales grew by 30 percent, amounting to CHF 32 million and contributing more than 7 percent to the group's sales volume. Our Chinese subsidiary reported an exceptional result; it doubled its sales. The effort and care invested over the past few years to build up and expand our activities in this area are now gradually beginning to bear fruit. In this respect the so-called Electronics Manufacturing Services EMS are beginning to play a major role as customers. They are highly flexible contract partners handling manufacturing orders for multinational technology companies. In the reporting year, Bossard concluded an agreement with Flextronics as a strategic supplier of fasteners. Flextronics is the largest EMS company and is domiciled in Singapore. Sales growth resulting from this agreement is expected as early as 2004.

Careful Optimism for 2004

Given the existing agreements concluded with customers and the promising new contacts made in regions with above-average growth potential, we expect sales growth for the first time in three years. Now that the reorganization of our activities in the United States has been concluded and additional restructuring costs will not be required there, our profit for the year should increase more than proportionally. We are still convinced that a general economic recovery would impact rapidly and strongly on our result.

We have a modern range of products and services available worldwide, have established ourselves in good time in key regions and have actively and dynamically penetrated new customer segments. In addition, in the past two years we have also proved that, when necessary, we can quickly and decisively counteract adverse market conditions. Thus our stakeholders can look upon Bossard as an enterprise with a bright future. Our earnings engine is powerful, our keel reinforced with substantial capital resources and our nets have been spread in waters where the best orders can be landed.

In Conclusion

This healthy situation would not be possible without the motivation and commitment of our 1,400 employees who, at all levels, took their responsibilities very seriously even under extremely difficult conditions. The board, the executive committee and the shareholders would like to express their grateful thanks.

For the first time in five years this report has been given a new design. In terms of content it retains its high standards, but our reporting to the shareholders and our company brochure – formerly somewhat sales oriented, are now presented as one set. This change symbolizes our business principle of never – even in turbulent times – losing sight of our customers, that is of the present and the future of our company.

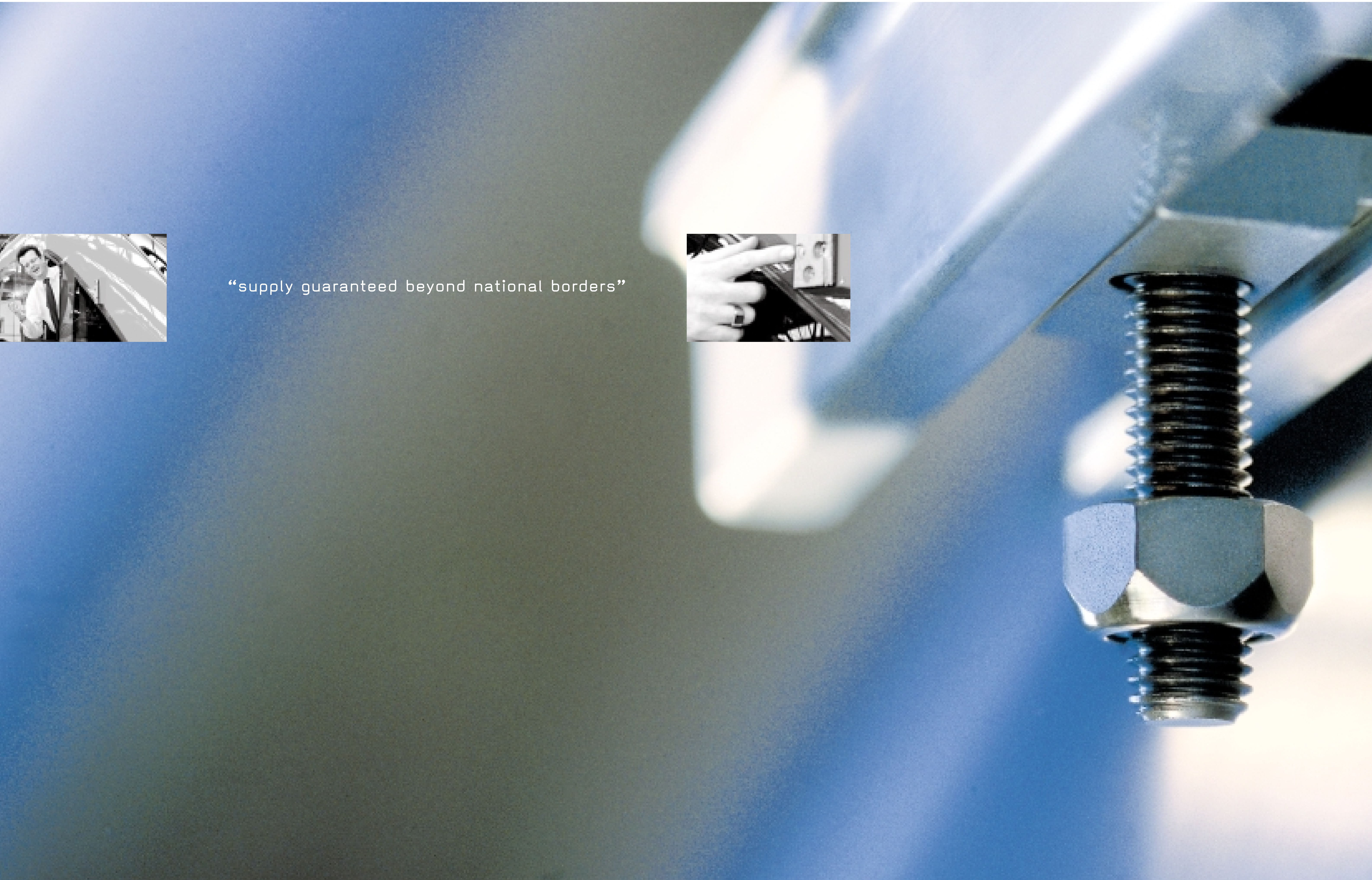
We are therefore looking forward to welcoming you to our annual general meeting on Tuesday, April 20, 2004. Apart from the items on the agenda that the general meeting is required to address every year, the four-year term of office for all members of the board expires this year and a new board must be appointed. All the present members are available for reelection.

Dr. Kurt Reichlin
Chairman of the Board

Heinrich Bossard
Chief Executive Officer

"Siemens Transportation Systems Trains appointed Bossard to undertake the procurement of the entire range of fastening elements used in the manufacture of the Romanian version of the Desiro platform. Desiro is a modular system for commuter and regional trains, which can be individually finished according to route and operating requirements. With Bossard's support we were able to make the entire delivery on time. Follow-up deliveries to Romania are planned and, thanks to Bossard, we can always rely on having the right C parts supplied at the right time. I would recommend Bossard to anyone looking for a partner to assure global procurement of fastening elements."

Hans-Joachim Duhm, Project leader know-how transfer logistics, Siemens Transportation Systems Trains, Krefeld Uerdingen, Germany



Review of 2003

– Profit maintained despite lower sales
– Sales increase in local currencies
– Cash flow used to reduce debt
– Balance sheet stability strengthened further

Profitability Safeguarded Successfully Despite Declining Sales

"We anticipate that the economic environment will remain unfavorable in 2003, and consequently we expect business volume to remain at the current level." This was our assessment for the reporting year as stated in our annual report for 2002 and, with hindsight, it was correct in every respect.

After a promising start to the year demand leveled off noticeably in the second four months and it was not until the last two months of the year that business picked up again perceptibly. Thus for the first time in two years sales in local currencies were up slightly by 1 percent. However, as the U.S. dollar accounts for almost 40 percent of sales, total sales translated into Swiss francs were down 3.6 percent to CHF 433 million. Despite the resulting lower contribution margin, we reached our target of maintaining the prior year's profit of CHF 9.1 million.

Apart from our efforts on the sales side, it was necessary to further strengthen the balance sheet stability. The cash flow of CHF 24.5 million entirely generated from operating activities was again used to reduce debt. Thus purely from its operations in the past two years the group has reduced its net debt amounting to more than CHF 190 million in June 2001 to a current CHF 103 million while at the same time increasing its equity ratio from 35 percent to 42 percent.

Focus on Market Penetration

In the reporting year we again focused on market penetration and increasing our market share. We concentrated on enhancing our own infrastructure and market presence in those markets (Central Europe and China) that are the main beneficiaries of the migration of western industries. At the same time our intensive efforts in existing markets continued unabated to offset consumption-related lower demand by acquiring new customers. There were some significant successes, but also disappointments. In Italy we lost a major customer because the business was discontinued and in the wind energy customer segment we have given up those sales where margins did not cover costs. The many necessary restructuring measures such as capacity reduction and relocation of operations implemented by our customers led to further loss of sales in various markets. On balance, however, our target of increasing our market share in a largely recessive environment was reached in most markets.

The group's consistent orientation over the past few years towards cost-optimized overall supply concepts for fasteners and other components required in the production process is paying off. With our products and services we are offering precisely what modern industrial customers need. Our support in technical matters and our fully automated usage-based supply systems contribute decisively to enhancing their efficiency and productivity. The market response to our concepts and systems is so good because they clearly rationalize processes and thus reduce total cost for procurement and management of C parts.

– Market share enhanced
– Products and services in line with demand
– Well positioned for economic upswing


Peter Erlangsen (left) and Peter Furrer


David Dean (left) and Heinrich Bossard

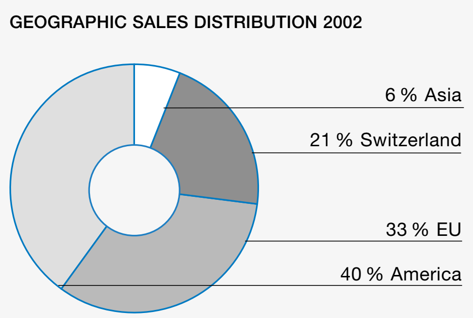

Peter Vogel


Fredy von Moos


Heinrich Bossard and Scott W. Mac Meekin


Julius Brun


David Dean



- Higher sales volume, better margins
- Operating costs under control
- Profit before taxes up 11.5 percent
- Equity ratio improved to 42 percent

In the past year, the results of our intensive market penetration efforts were not clearly reflected in our sales figures because, with the exception of Asia, the incremental growth was in effect balanced out through the decline in demand from our established customers who were also confronted with lower sales. If business picks up, however, as it did towards the end of the reporting year, this will soon be reflected in increased sales in the American and European markets.

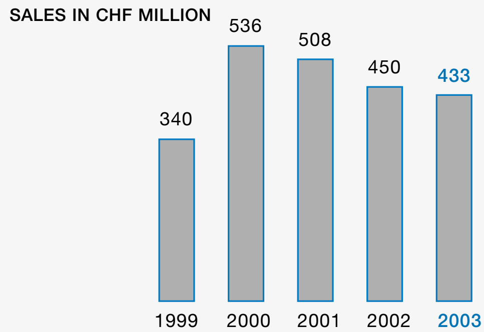
Financial Development in Detail

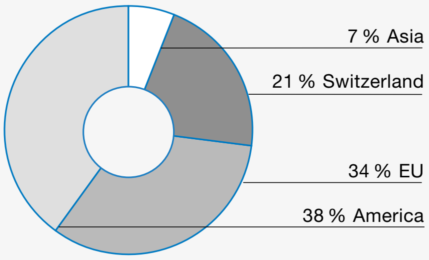
Development of sales and gross profit

Sales in Swiss francs fell by 3.6 percent to CHF 433 million. This decline in sales is attributable to the strong devaluation of the U.S. dollar against the Swiss franc. This not only affected sales in the United States but also those in Asia because, through their dependence on the U.S. dollar, Asian currencies were similarly affected. The higher euro only offset this effect slightly. Taken overall, the group increased sales by 1 percent in local currencies. There was marked growth in Asia of just under 30 percent. In the United States, too, growth was up 3 percent, whereas in Europe sales were down 3 percent year on year.

Sales distribution by region has changed little compared to 2002. Only the Asia region with its very good growth increased its share of total sales to more than 7 percent. The lower U.S. share is attributable to exchange rate differences and this benefited Europe's share of total sales.

Despite the unfavorable economic climate the gross profit margin improved from 35.5 percent in 2002 to 36.1 percent, which compensated somewhat for the lower contribution margin arising from lower sales.





Development of operating expenses and EBIT

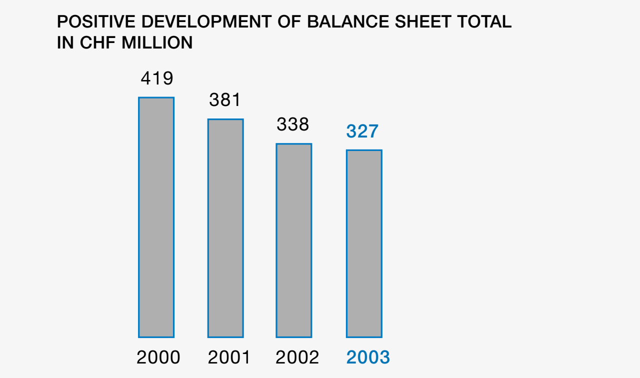
Operating expenses including depreciation and amortization were down 0.4 percent or CHF 0.6 million on the prior year. However, this only compensated for a small part of the sales-related decline of gross profit amounting to CHF 3.1 million. The direct result of this is that the operating result (EBIT) fell by CHF 2.5 million to CHF 15.9 million.

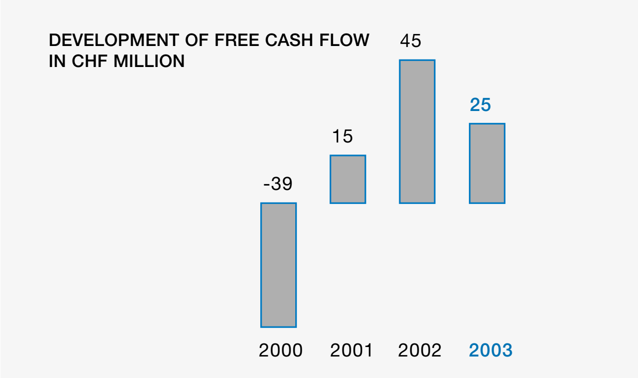
In 2003 the main focus was no longer on reducing costs but, instead, on better utilization of resources for proactive marketing efforts and on ensuring that the company is ready for an upturn in the economy. Thus permission was given in the second half of the year to open new business units in Asia even though this would burden the result in the short term. Within twelve months, the number of employees in this growth region has increase by 81 to a total of 266. Conversely, in both Europe and the United States personnel was reduced again, this time by roughly 3 and 6 percent respectively. Overall, the total number of employees rose by 34 to 1,350.

One of the main problems in 2003 was fluctuating capacity utilization in our 75 locations, which was particularly challenging in the United States. Although we acquired new customers there and further developed existing customer relations, most of the new business meant that we had to build up an infrastructure at new geographic locations. As a result sales increased, but so did costs. Conversely, at our established locations we were repeatedly confronted with production stops issued by our customers at very short notice. Given the high fixed-cost nature of our operating expenses, there is a limit to the effective measures that can be implemented to counteract such short-term fluctuations and the subsequent burden on our result is difficult to offset. Consequently, restructuring measures were introduced in 2003 in order to better accommodate our customers' need for a high level of flexibility and, at the same time, to improve the profitability of our U.S. business. The aim was to concentrate our activities and thus respond to the problematic situation described above.

In Europe we were burdened by the costs incurred for building up a location in Germany to supply Siemens Transportation, a newly acquired customer. Additionally, restructuring measures were required in Italy, where the business of a larger customer was discontinued. Apart from lower sales, these were the main reasons for the decrease of the EBIT margin in Europe from 7.8 percent to 7.2 percent.

Taking the group as a whole, the operating result (EBIT) with a margin of 3.7 percent was inadequate. In view of the largely unsatisfactory business development in 2003 of our main customers in the capital goods sector, this assessment must be put into perspective. Over the past three years the group was confronted with an economic downturn and reacted rapidly and decisively to this situation. The strong impact of sales on our result was apparent on the negative side during this period. We are now positioned to participate fully in an economic recovery. A reversal of the downtrend in sales will then lead to a more than proportional increase in profit.





Consolidated net income

The group concluded 2003 with a net profit of CHF 9.1 million, thus maintaining the prior year's level. Despite the lower operating result, this was made possible through substantially lower financial expenses. They were halved through lower interest rates and the reduction of net debt on the one hand, and through positive foreign exchange management on the other.

Thus profit before taxes was increased by 11.5 percent to CHF 12.4 million. As the tax burden, however, was almost twice that of the prior year, consolidated net income stagnated at the 2002 level. In that year we benefited from tax refunds and the use of tax loss carryovers. With a tax burden of 23.5 percent in 2003 on the pre-tax profit (2002: 14 percent), taxes are almost back to the normal average.

Balance sheet and cash flow statement

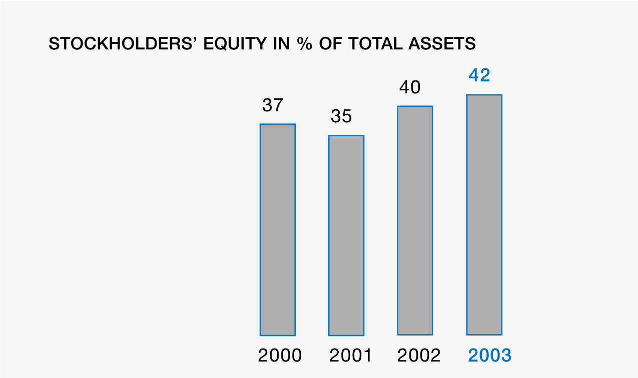
For the third time running we have been able to reduce tied-up capital. Favored by exchange influences, the balance sheet total has been cut by more than 21 percent since end of 2000.

Two factors before the end of the year resulted in the reduction being smaller than could have been expected in view of the sales figures. First, because of noticeably stronger sales, total receivables rose in the last two months of the reporting year to 15 percent or CHF 9 million above the prior year's level and, second, in view of an upturn in demand, we consciously and anti-cyclically increased stocks of certain articles to beyond normal requirements.

Given the high investments made in warehousing and IT infrastructure before the recession, we were able to keep capital expenditure well below the annual depreciation requirements in the past three years without building up an investment backlog. In 2003 capital expenditure again only amounted to CHF 4 million or 38 percent of the annual depreciation. Less tied-up capital and lower investment requirements in 2003 led to a substantial free cash flow of CHF 24.5 million. It was generated exclusively through operational activities and used to reduce net debt.

Net debt was cut by CHF 17 million to CHF 103 million so that the group has decreased its gearing (net debt/equity) further to 0.8. The cash flows generated over the past three years through operational activities have made it possible to reduce net debt by almost CHF 90 million since it peaked in mid 2001.

The stronger balance sheet structure through lower tied-up capital and the positive cash flow generation are reflected in a further increase in the equity ratio to 42 percent at end 2003. For a trading and services company this figure can be considered very comfortable and healthy.



Outlook for 2004

– Signs of economic recovery
– Asia and USA benefit more than Europe from upturn
– Timely investments in new markets begin to bear fruit

Growth with more than Proportional Increase in Profit Expected

With 2003 we have put the third difficult year behind us with fair success. What can we expect of 2004? The clear upturn towards the end of the year makes us rather more optimistic. Apart from fuller order books among many of our customers, other indicators such as increases in the price of raw materials and longer delivery times on the part of manufacturers point to an upswing. They are the typical precursors of economic recovery. Some reservations would seem appropriate with regard to the sustainability of an economic upturn and the timeframe in which this will begin to take effect on a broad base.

From a geographic viewpoint we see robust business development in Asia and increasingly also in the United States. The strong economic growth in the Far East is attributable to the huge expansion of the Chinese economy and the related migration of very substantial western industrial capacities. There is good overall economic growth in the United States, but this is partly in sectors (defense related, construction, consumers) form which we can only benefit to a limited degree because of our present customer segmentation. In Bossard's markets in Europe, too, there are some signs of growth, but these are modest compared to the Far East and the United States.

There was very considerable relocation of production capacities to low-wage countries (Mexico, Central Europe and the Far East) in the past three years. This migration effect, which must not be underestimated, has eliminated substantial market volume in the developed industrial countries. Bossard, in this respect a pioneer in the industry, took timely steps to position itself in the growing new industrial markets in order to benefit strategically from the relocated production capacities. Despite the recession, we have invested in building up these markets in the past few years and expect to benefit substantially from their dynamic development.

Our target for 2004 is to participate fully in the market recovery that is now beginning to set in, and to return to pre-recession profitability. There seems to be every likelihood of a noticeable upturn in the current year and thus we anticipate sales growth together with an over-proportional increase in profit.

“Agilent Technologies is a global leader in the manufacture of electronic and optical testing and measuring equipment for research and industry. For us, Bossard’s services have certainly added value. In the design phase, for example, we need easy access to sophisticated technical information. Bossard’s engineering website – specially designed for our needs – has details of the entire product range and, additionally, provides our engineers with technical advice. The SmartBin inventory system substantially reduces the effort and costs involved in procuring fastening elements.”

Ding Choo Haw, Engineering Manager, Agilent Technologies, Penang, Malaysia

“technical support for innovation”

Enchanted by Fastener Expertise

Reducing manufacturing costs, participating in developing technical innovations, improving service quality – Bossard's approach to fostering the success of their industrial customers varies, but the result is always the same: Their competitive position is strengthened and their service quality enhanced – worldwide.

Our customers know that Bossard will provide the most suitable fasteners and fastening elements irrespective of time or place. Professional technical support in matters of construction and assembly (engineering) and sophisticated process automation (logistics) make this full-service offer unique in the world of fastening technology. This creates something like a "magical aura" around the seemingly banal fastener. Bossard's customers have another expression for it: "Bossard services create value added".

Our three Level Concept: Products, Engineering and Logistics

Because our relations with our customers go back many years, we understand their technical and commercial needs. This allows us to propose products, services and custom-tailored solutions which are economic, reliable and practical, have development potential and reduce competitive and cost pressure. Bossard's three level concept approach is our customers' gain.

Products: Simple and Reliable Procurement Worldwide with Consistent Quality

We have been in the business of fasteners and fastening elements for more than 150 years and, with particular focus on high quality and guaranteed supply, we have built up a global procurement network of highly qualified manufacturers. This means that there are always a number of alternative suppliers for every item. Our close-knit distribution network with several interlinked locations ensures that the price, availability and quality ratio worldwide is exceptional. Bossard's product documentation is considered the benchmark in the industry. Not only is this documentation available in printed form in various languages, but also online at all times. Ours is the first company in this industry to meet the ISO 9000 quality assurance criteria worldwide. This, and other country-specific certifications create confidence and thus allow our customers to dispense with costly checks and tests. For corporations with multinational operations it is particularly important to know that they can rely on receiving the same consistent high quality.

PRODUCTS FASTENING ELEMENTS	ENGINEERING TECHNICAL SUPPORT	LOGISTICS PROCESS OPTIMIZATION
simple and reliable procurement, consistent quality worldwide	better products and lower production costs	higher productivity, lower inventories

Engineering: Better Products, Lower Costs

If there is timely consultation with fastening technology specialists when a new product is being developed, substantial costs can be eliminated during production and assembly. Our engineers analyze where the number of parts can be eliminated through optimizing the range, and where multifunctional parts can simplify production and assembly. We make recommendations on suitable materials and anticorrosion measures, provide guidance on protecting fastenings and give advice with regard to optimal assembly conditions. For our customers this leads to sustainable quality enhancement of their end products and, at the same time, optimizes costs.

Logistics: Higher Productivity, Lower Inventories

Studies have shown that the price of a fastening element only accounts for roughly 15 percent of the total cost of a fastening. The remaining 85 percent are invested in technology and logistics. All our products and services are based on this "15/85 rule". Bossard helps to reduce or eliminate costs along the entire supply and value-added chain. Our specially developed logistics systems simplify procurement, reduce inventories and the number of suppliers and provide an assured line of supply.

One of these development with considerable potential is our SmartBin system: Sensors continually monitor the level in the bins and, when required, automatically trigger a replenishment order. SmartBin is based on know-how acquired from proven systems used for more than ten years, such as our kanban two-bin system (Boss2bin), kanban barcode (BossCode) and kanban card (BossCard).

All these developments are ongoing; the latest is Bossard Inventory Management (BIM). It is our answer to the worldwide trend towards full C part management.

BOSSARD TERMINOLOGY

- 15/85 rule: Experience in industry has shown that from the customer's perspective only 15 percent of the total cost is attributable to a fastening element. The remaining 85 percent is generated through procurement, control, warehousing, pre-assembly and assembly preparation work, and assembly.
- SmartBin: Fully automatic system that uses sensors to continually monitor the inventory level and automatically triggers a replenishment order when the reorder level is reached.
- BIM: Bossard Inventory Management, the comprehensive management system for C parts.

"Security systems and emergency lighting must always be in working order – even during a power failure. SOCOMEC is the world leader in uninterruptible power systems (UPS). Reliability is what we promise our customers, and what we expect from our suppliers. For this reason our logistics department opted for Bossard's SmartBin system. Since then we have never had a breakdown in supply – even though we use a range of more than 200 different fastening elements. Order processing, inspection of incoming goods and inventory monitoring have become superfluous and, at the same time, the system has significantly reduced costs and enhanced service quality."
Olivier Morlot, Head of Production and Logistics, Socomec, Huttenheim, France

"costs reduced and service quality enhanced"

The Magic of a Sustainable Corporate Policy

Bossard nurtures its relationships. A corporate policy focusing on economic, social and ecological responsibility brings added value for all stakeholders.

Recognized as an Attractive Employer

As Heinrich Bossard, CEO of the Bossard Group, puts it, “For us, social responsibility goes back a long way”. Bossard’s corporate culture is based on mutual respect and trust: The employees are aware of management’s long-term targets and strategy – management at all levels understands the employees’ targets and expectations. Such transparent relations serve to foster creativity and efficiency. A policy of equality among genders is a matter of course and compensation is based only on performance – nothing else. We consider that economic success is primarily generated by our employees at all levels – in other words, we want to empower them to generate success and to participate in it.

Interdisciplinary further Training for our Employees

We set great store by interdisciplinary further training because a sound grasp of internal processes fosters mutual understanding, tolerance and an intelligent work ethic.

A clear grasp of Bossard’s full range of products and services is an absolute must for all our employees. Our interactive online training program, BossTrain, keeps pace with individual requirements and provides the latest information on modern fastening technology on a step-by-step basis.

Care in Selecting Business Partners and Investing Financial Resources

We expect sustainable top performance from our suppliers and believe that this can be achieved through good business relations, the same high quality standards and a fair price policy. The result is a unique global procurement network providing access to the very best solutions.

Our maxim is: Long-term sustainability takes precedence over quick profits. This means that we handle our resources professionally and with care, thus ensuring that our investors receive a fair yield. It is not the short-term result that counts but sustainable increase in value.

Contribution to Society and the Environment

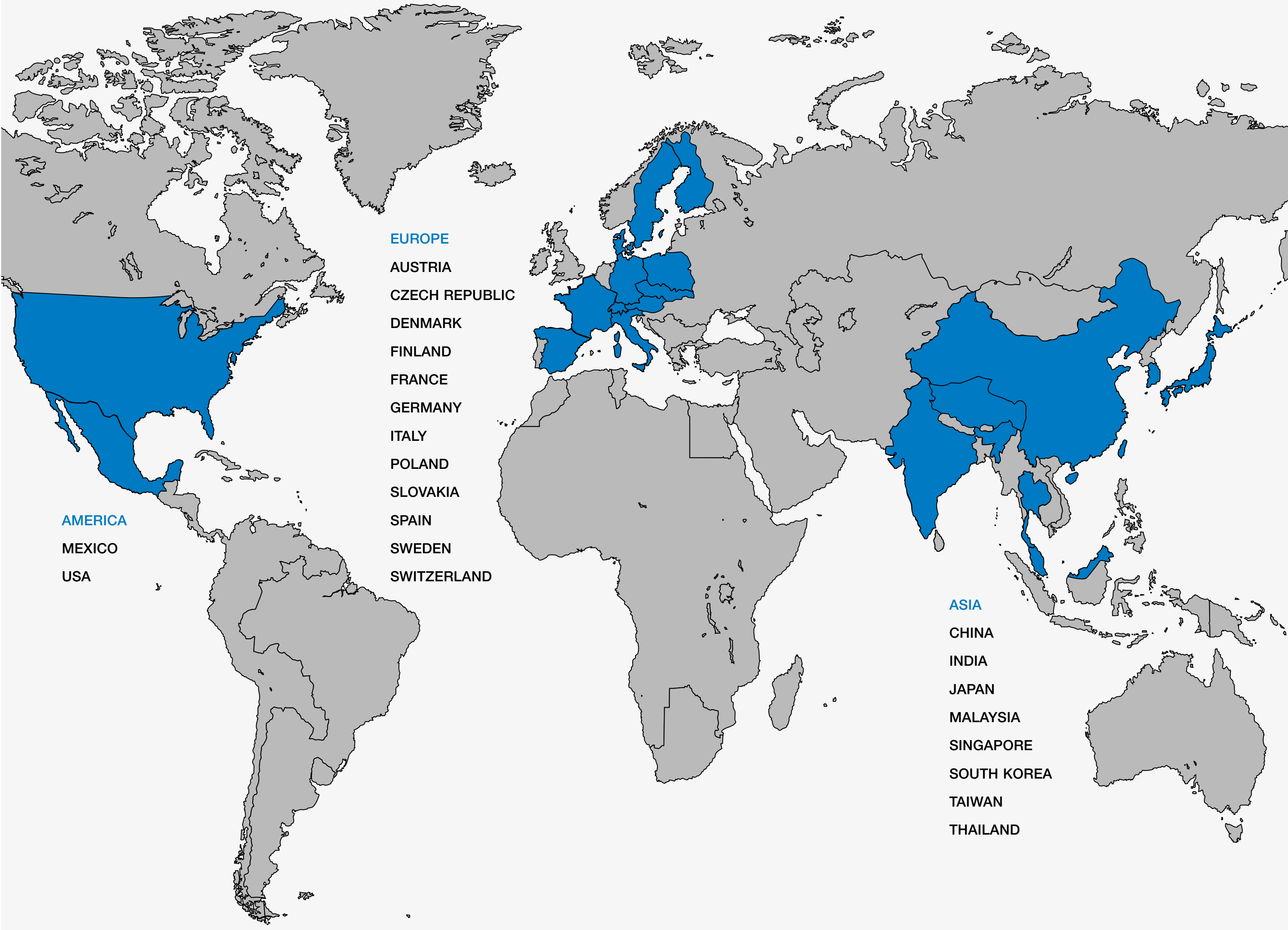
Like all companies we are dependent on favorable conditions in our business environment. We see ourselves as a company whose activities are designed to impact positively on our social and ecological environment.

BOSSARD’S E-TRAINING

Bossard’s BossTrain interactive training program gives our employees the opportunity to study the subject of fasteners and fastenings. The material is presented in three sections: Basic information, marketing, technology. There is a test after each section. All employees are required to complete the basic information section.

More than 75 Business Units in three Geographic Regions

Operationally independent business units use common principles and systems to provide services of consistent quality. Unlike our competitors, we have strong representation in Europe, in North America and in Asia. In markets where we have no companies of our own we serve our customers via alliance partners selected because their skills complement ours.



Current contact addresses from A like Afghanistan to Z like Zambia are available under www.bossard.com

"Bossard procures the entire range of fastening elements for Bombardier Transportation, including components made by other manufacturers. Not only does Bossard Inventory Management keep our procurement work to a minimum, we can also be sure that the 1,500 or so different elements used are always available. When we had to step up production frequency at short notice, Bossard's system automatically adjusted the supply rhythm, and Bombardier could still deliver its trains on time."

Hans Rechsteiner, Head of Inventory Management, Bombardier Transportation, Pratteln, Switzerland

"not just fasteners:
entire C part management optimized"

Sharing Know-how and Experience

Fastener Catalogue

- Bossard's catalogue, the standard work for fastening technology, is available in hard copy and online

e-solutions

- BossShop, an online portal available at all times
- BossCAD, an electronic CAD library for fastening technology
- BossCalc, calculating software to optimize fastenings (developed together with the Swiss Federal Institute of Technology, Zurich)

Bossard Internet Portal

- Information on products and services
- Online ordering of documentation
- Contact addresses for specialists at headquarters and locally
- Information on Bossard Group

Technical Information

- Thema B, technical information on special aspects of fastening technology; practice related, open, professional
  - Securely fastened joints
  - Corrosion resistant fastened joints
  - Multifunctional fastening technology
  - Cost saving potentials in logistics
- Product literature, technical documentation and product range overview of numerous products
- Technical seminars, platforms where experience and expertise in terms of assembly methods, material issues, cost saving potentials is exchanged with our partners

Technical Testing

- Testing and measuring laboratory, a laboratory with ISO/IEC 17025 accreditation to verify material, mechanical properties and product standard requirements
- Chemical analyses, to test the chemical composition of metallic materials using a spectrometer
- Torque evaluation, to assure assembly requirements; we apply torque measuring equipment specially developed for Bossard
- Mechanical property/material testing, to verify tensile strength, hardness, corrosion protection and plating thicknesses, etc.

For further information and to order printed matter:
www.bossard.com

FINANCIAL REPORT

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03

Bossard

Content

Summary of Accounting Policies

General

The consolidated financial statements of the Bossard Group are prepared in accordance with the International Financial Reporting Standards (IFRS).
The consolidation is based on audited annual accounts of the individual Group companies prepared in accordance with the Group's uniform accounting policies.

Principles of Consolidation

The consolidated financial statements include all active companies in which the Group directly or indirectly holds more than 50 percent of the voting rights of the share capital or which it controls in accordance with IAS 27. Associated companies in which the Group holds between 20 percent and 50 percent of the voting rights and over which the Group exercises significant influence are accounted for by the equity method. Other minority investments are carried at acquisition cost. Appropriate provisions are made for permanent impairment in the value of such investments.
Companies acquired during the year are consolidated from their date of acquisition and subsidiaries disposed of are included up to the effective date of their disposal.
December 31 represents the uniform closing date for all companies included in the consolidated financial statements.
All intercompany transactions and balances between companies included in the consolidation are eliminated.
The valuation of assets and liabilities is based on historical cost, except the financial assets and the derivatives.

Gross Sales and Revenue Recognition

Gross sales comprise all invoiced sales to third parties, net of sales or value-added taxes.
Revenue is recognized on delivery or on fulfillment of contract. Income from long-term contracts is recognized in accordance with the percentage of completion method.
Interest income is recognized on an effective yield basis.

Foreign Currency Translation

Group companies translate assets and liabilities denominated in foreign currencies to the reporting currency using year-end exchange rates. Items which are hedged against exchange rate exposures are translated at the hedged rate of exchange. Translation differences in individual Group company accounts are included in the statement of income as exchange gains or losses.
For the purposes of consolidation, assets and liabilities of foreign Group companies reporting in currencies other than Swiss francs are translated to Swiss francs at year-end exchange rates, income and expense items are translated at the average exchange rate for the year, and the resulting translation differences are adjusted directly against the translation differences in shareholders' equity.

Financial Risk Management

The Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates, interest rates and raw material prices. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. Group management provides principles of overall risk management, as well as policies covering specific areas, such as foreign exchange and interest rate risk, raw material price risk, use of derivative financial instruments and investing excess liquidity.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Subsidiaries are encouraged, but not required, to use forward contracts to hedge their exposure to foreign currency risk.
The net investment in foreign entities is exposed to currency exchange risk. The currency exposure is hedged through borrowings denominated in the relevant foreign currency and forward exchange contracts. These forward exchange contracts have terms up to 12 months.

Interest rate risk

To minimize the interest expenses the Group borrows substantially at variable interest rates. In certain market situations the Group uses derivative financial instruments to hedge against interest rate fluctuations or to effectively convert borrowings from floating rates to fixed rates. The Group has no significant interest-bearing assets.

Credit risk

The Group's cash equivalents and short-term deposits are placed with high credit quality financial institutions. Trade receivables are recognized net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited because of the large number of customers comprising the Group's customer base. The Group has no significant concentration of credit risk.

Fair values
The carrying amounts of the financial assets and liabilities approximate to their fair value.

Accounting for derivative financial instrument and hedging activities
All derivative financial instruments are recognized in the balance sheet at cost and are remeasured at their fair value. Changes in the fair value of derivatives that are designated to hedges of net investment in foreign entities are recognized in the translation differences in shareholders' equity. Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Any changes that do not qualify for hedge accounting under IAS 39 are recognized immediately in the income statement.

Financial Debts

Short-term borrowings
Borrowings are recognized initially at the proceeds received, net of transactions costs incurred. At the balance sheet date the short-term borrowings are recognized at their fair value.

Long-term borrowings
Borrowings are recognized initially at the proceeds received, net of transactions costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the income statement over the period of the borrowings. At the balance sheet date the long-term borrowings are recognized at their fair value.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are carried at nominal value. 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, the Group also makes a general provision based on statistical calculations on the historical loss experience.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the average purchase price (purchased goods) or production cost (manufactured goods). Work in progress for long-term contracts is accounted for in accordance with the percentage of completion method.
Profits on intercompany sales not yet realized through sales to third parties as at year end are eliminated in the consolidation.

Property, Plant and Equipment

Land is stated at cost, whereas buildings, plant, machinery, vehicles and equipment are stated at cost less cumulative depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The estimated useful lives of major classes of depreciable assets are as follows:

Buildings	30–40 years
Machinery and equipment	5–20 years
Computer systems	3– 6 years
Furniture	5–10 years

Repair and maintenance costs, which do not increase the value or useful life of an asset, are charged directly as an expense.

Intangible Assets

Generally, costs associated with developing computer software programs are recognized as an expense as incurred. However, costs are recognized as an intangible asset if they are clearly associated with an identifiable and unique computer program, which will be controlled by the Group and has a probable benefit exceeding the cost beyond one year. Associated costs include staff costs of the development team and an appropriate portion of relevant overheads.

Expenditure, which enhances and extends the benefits of computer software programs beyond their original specifications, is recognized as a capital improvement and added to the original cost of the software.
Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of 10 years.
Goodwill is defined as the excess of the cost of acquisition of a subsidiary or associated company over the fair value of the attributable net assets at the acquisition date (purchase method). The goodwill is recognized as an asset and amortized on a straight-line basis over its estimated useful life but not exceeding a maximum period of 20 years. The carrying amount of goodwill is reviewed annually and written down for permanent impairment where it is considered necessary.

Research and Development

Research and development costs are recognized as an expense in the period in which they are incurred. Development costs are recognized as an asset only if certain specific criteria are met and the asset can be recovered from related future economic benefits, after deducting further development, production, selling and administrative costs directly incurred in marketing the product.

Pension Obligations

The Group operates a number of defined contribution plans for most employees in accordance with the legal requirements in the individual countries. Their assets are generally held in separate trustee-administered funds or state-managed retirement benefit schemes. The pension plans are generally funded by payments from employees and by the relevant Group companies.
In addition the Group operates pension plans, which have the characteristics of defined benefit plans. The assets are also held in separate trustee-administered funds. The pension obligation is determined using the project unit credit method, with actuarial valuations being carried out every two to three years. Under this method, the projected benefit obligation is calculated on the basis of the completed and expected future service years of employees, the future salary development and changes in retirement benefits. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

The Group’s contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Taxes

All taxes are accrued irrespective of when such taxes are due.
Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.
Potential savings related to tax loss carry-forwards are generally only recognized if the recovery is assured beyond reasonable doubt. Deferred taxes are calculated using the expected applicable local tax rates.
Taxes payable on distribution of the undistributed profits of subsidiaries and associates are accrued only if those profits are to be distributed the following year.

Share Capital

Treasury shares are deducted from equity at cost price. Any gains and losses from transactions with treasury shares are included in retained earnings.

Consolidated Balance Sheet

IN CHF 1,000	NOTES	AT DECEMBER 31, 2003	%	AT DECEMBER 31, 2002	%
Assets					
Current assets					
Cash at banks and marketable securities	3	5,864	1.8	7,052	2.1
Accounts receivable, trade	4	67,177	20.5	58,291	17.2
Other receivables and prepaid expenses	5	7,710	2.4	12,417	3.7
Inventories	6	129,695	39.6	130,661	38.7
		210,446	**64.3**	**208,421**	**61.7**
Long-term assets					
Long-term loans and deposits	7	2,440	0.7	1,479	0.4
Investments in associated companies	8	507	0.2	849	0.3
Software	9	11,230	3.4	13,150	3.9
Goodwill	9	42,491	13.0	48,875	14.5
Property, plant and equipment	10	60,291	18.4	64,994	19.2
		116,959	**35.7**	**129,347**	**38.3**
Total assets		**327,405**	**100.0**	**337,768**	**100.0**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable, trade		42,757	13.0	37,683	11.2
Other liabilities and accrued expenses	11	16,642	5.1	16,949	5.0
Current tax liabilities		6,275	1.9	5,951	1.8
Short-term debt	12	30,121	9.2	32,773	9.7
		95,795	**29.2**	**93,356**	**27.7**
Long-term liabilities					
Long-term debt	13	79,462	24.3	95,000	28.1
Other liabilities	14	5,578	1.7	6,900	2.0
Provisions	15	1,981	0.6	2,112	0.6
Deferred taxes	16	5,611	1.7	5,157	1.5
		92,632	**28.3**	**109,169**	**32.2**
Total liabilities		**188,427**	**57.5**	**202,525**	**59.9**
Minority interest		**1,907**	**0.6**	**1,308**	**0.4**
Shareholders' equity					
Share capital	17	32,000	9.8	32,000	9.5
Retained earnings		105,071	32.1	101,935	30.2
Total shareholders' equity		**137,071**	**41.9**	**133,935**	**39.7**
Total liabilities and shareholders' equity		**327,405**	**100.0**	**337,768**	**100.0**

The board of directors approved the financial statements on February 27, 2004.

Consolidated Income Statement

IN CHF 1,000	NOTES	2003	2002
Gross sales	**22/31**	**433,404**	**449,737**
Sales deductions		16,655	17,708
Net sales		**416,749**	**432,029**
Cost of goods sold		260,134	272,298
Gross profit		**156,615**	**159,731**
Personnel expenses	23/24	89,827	89,766
Sales, marketing and administration expenses		18,764	17,681
Other operating expenses	25	18,200	18,755
EBITDA		**29,824**	**33,529**
Depreciation and amortization	26	13,945	15,108
EBIT		**15,879**	**18,421**
Financial expenses net	27	3,648	7,376
Income from associated companies	8	–197	–103
Profit before taxes		**12,428**	**11,148**
Taxes	28	2,926	1,573
Profit after taxes		**9,502**	**9,575**
Minority interest		–354	–447
Net profit		**9,148**	**9,128**

IN CHF	NOTES	2003	2002
Earnings per bearer share – basic	**29**	**3.16**	**3.14**
Earnings per bearer share – diluted		3.16	3.14
Earnings per registered share – basic	**29**	**0.63**	**0.63**
Earnings per registered share – diluted		0.63	0.63

Consolidated Statement of Changes in Equity

IN CHF 1,000	ISSUED SHARE CAPITAL	OWN SHARES	RETAINED EARNINGS AND RESERVES	CUMUL. TRANSLAT. DIFFERENCES	SHAREHOLDERS' EQUITY
Balance at Jan. 1, 2002	32,000	–2,551	114,741	–10,457	133,733
Net income for the year			9,128		9,128
Dividend			–		–
Treasury shares purchased for option scheme (note 18)		–553	–1,185		–1,738
Options issued/(exercised) (note 18)			262		262
Translation differences				–7,450	–7,450
Balance at Dec. 31, 2002	**32,000**	**–3,104**	**122,946**	**–17,907**	**133,935**

IN CHF 1,000	ISSUED SHARE CAPITAL	OWN SHARES	RETAINED EARNINGS AND RESERVES	CUMUL. TRANSLAT. DIFFERENCES	SHAREHOLDERS' EQUITY
Balance at Jan. 1, 2003	32,000	–3,104	122,946	–17,907	133,935
Net income for the year			9,148		9,148
Dividend			–2,315		–2,315
Treasury shares sold for option scheme (note 18)		421	1,506		1,927
Options issued/(exercised) (note 18)			–1,219		–1,219
Translation differences				–4,405	–4,405
Balance at Dec. 31, 2003	**32,000**	**–2,683**	**130,066**	**–22,312**	**137,071**

Consolidated Cash Flow Statement

IN CHF 1,000	2003	2002
Cash flows from operating activities		
Net profit before financial expenses and taxes	15,721	18,077
Taxes paid	–2,148	1,244
Depreciation and amortization	13,945	15,108
Other non cash expenses		
– Minority interest	354	447
Cash flows from operating activities before changes in working capital	**27,872**	**34,876**
Decrease/(increase) receivables	–4,010	3,284
Decrease inventories	1,486	18,025
Increase/(decrease) payables	3,210	–8,508
Cash flows from changes in working capital	**686**	**12,801**
Cash flow from operations	**28,558**	**47,677**
Cash flows from investing activities		
Purchase of property, plant, equipment and computer software	4,506	3,856
Proceeds from sale of property, plant and equipment	–473	–1,367
Net cash used for investing activities	**4,033**	**2,489**
Free cash flow	**24,525**	**45,188**
Cash flows from financing activities		
Decrease/(increase) of loans and deposits	–1,257	548
Sale/(purchase) of treasury shares/employee options	708	–1,476
Repayment of debts	–18,190	–37,709
Financial expenses net paid	–3,648	–7,376
Dividends paid	–2,315	–
Cash flows from financing activities	**–24,702**	**–46,013**
Translation differences	–1,011	3,570
Change in cash at banks and marketable securities	**–1,188**	**2,745**
Cash at banks and marketable securities at January 1	7,052	4,307
Cash at banks and marketable securities at December 31	5,864	7,052
Change in cash at banks and marketable securities	–1,188	2,745
Repayment of debts	18,190	37,709
Decrease net debt	**17,002**	**40,454**
Net debt at January 1	–120,721	–161,175
Net debt at December 31	**–103,719**	**–120,721**
Reconciliation of net debt		
Cash at banks and marketable securities	5,864	7,052
Debt	–109,583	–127,773
Net debt at December 31	**–103,719**	**–120,721**

Notes to the Consolidated Financial Statements

Scope of Operations (1)

Bossard Holding AG, Zug, is the ultimate parent company of all entities within the Bossard Group of companies. Bossard is a leading distributor of fasteners and small component parts and a provider of engineering and inventory management solutions to original equipment manufactures in three geographic regions: Europe, America and Asia.

Changes in the Scope of Consolidation (2)

Bossard (Korea) Ltd, an associated company previously accounted for under the equity method, is 100 percent consolidated as of 2003 as the Group is exercising control over the company's activities. The share of profit and equity not attributable to the Group's ownership is credited to minority interest. The impact of this change is an increase of net assets of CHF 0.8 million. Furthermore, a new company was established in Germany and has been included in the 2003 consolidation.

Cash at Banks and Marketable Securities (3)

IN CHF 1,000	2003	INTEREST RATES %	2002
Cash at banks and in hand	4,953	0.0–3.8	6,305
Short-term bank deposits	771	0.3–8.5	602
Marketable securities	140		145
Total	**5,864**		**7,052**

Accounts Receivable, Trade (4)

IN CHF 1,000	2003	2002
Accounts receivable, trade	66,743	57,399
Notes receivable	5,576	7,131
Allowance for bad debts	–5,142	–6,239
Total	**67,177**	**58,291**

The reduction of the allowance for bad debts was a result of the improved aging structure and the related bad debt risk.

Other Receivables and Prepaid Expenses (5)

IN CHF 1,000	2003	2002
Other receivables	1,708	1,228
Prepaid expenses	6,002	11,189
Total	**7,710**	**12,417**

Prepaid expenses include the revaluation of the open forward contracts in the amount of CHF 2.0 million (2002: CHF 7.9 million). See note 30.

Inventories (6)

IN CHF 1,000	2003	2002
Purchased goods	121,311	122,244
Work in progress	1,946	1,950
Compulsory inventories (pledged)	6,438	6,467
Total	**129,695**	**130,661**

Long-term Loans and Deposits (7)

IN CHF 1,000	2003	INTEREST RATES %	2002
Other loans and deposits	2,440	0.0–4.2	1,479
Total	**2,440**		**1,479**

Investments in Associates (8)

IN CHF 1,000	2003	2002
Investments in associates:		
Bossard (Korea) Ltd 40 % *)	–	347
Other investments:		
Bossard & Staerkle AG, Zug, 10 %	360	360
Others	147	142
Total	**507**	**849**
Income investments in associates	197	103

*) See note 2.

Intangible Assets (9)

IN CHF 1,000	GOODWILL	COMPUTER SOFTWARE	TOTAL
Cost			
Balance at Dec. 31, 2002	67,515	32,206	99,721
Exchange differences	–3,840	578	–3,262
Additions	–	836	836
Additions consolidation scope	–	58	58
Disposals	–	–517	–517
Balance at Dec. 31, 2003	**63,675**	**33,161**	**96,836**
Accumulated depreciation			
Balance at Dec. 31, 2002	18,640	19,056	37,696
Exchange differences	–783	356	–427
Amortization	3,327	2,949	6,276
Additions consolidation scope	–	19	19
Disposals	–	–449	–449
Balance at Dec. 31, 2003	**21,184**	**21,931**	**43,115**
Net book amount	**42,491**	**11,230**	**53,721**
2002	48,875	13,150	62,025

Property, Plant and Equipment (10)

IN CHF 1,000	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
Cost			
Balance at Dec. 31, 2002	74,750	79,672	154,422
Exchange differences	–296	–1,863	–2,159
Additions	125	3,545	3,670
Additions consolidation scope	–	523	523
Disposals	–96	–2,160	–2,256
Balance at Dec. 31, 2003	**74,483**	**79,717**	**154,200**
Accumulated depreciation			
Balance at Dec. 31, 2002	27,407	62,021	89,428
Exchange differences	–122	–1,475	–1,597
Depreciation	2,034	5,615	7,649
Additions consolidation scope	–	288	288
Disposals	–24	–1,835	–1,859
Balance at Dec. 31, 2003	**29,295**	**64,614**	**93,909**
Net book amount	**45,188**	**15,103**	**60,291**
2002	47,343	17,651	64,994

The insurance value of property, plant and equipment is CHF 157.2 million (2002: CHF 159.8 million).

Other Liabilities and Accrued Expenses (11)

Other payables and accrued expenses include liabilities for success participation, accruals for compensated absences, social security, sales taxes as well as short-term provisions (see note 15).

Short-term Debt (12)

IN CHF 1,000	2003	INTEREST RATES %	2002
Bank overdrafts	5,828	0.8–9.5	10,533
Bank loans	15,926	1.2–3.8	15,677
Notes payable	5,500	0.5–2.0	5,423
Other	2,671	0.9–3.8	923
Pension plans	196	–	217
Total	**30,121**		**32,773**

Long-term Debt (13)

IN CHF 1,000	2003	INTEREST RATES %	2002
Personnel savings accounts	18,748	3.3–3.5	17,425
Bank loans	60,591	3.5–5.3	77,319
Other borrowings	123	–	256
Total	**79,462**		**95,000**

CHF 50 million (2002: CHF 50 million) of the bank loans are borrowing facilities at fixed interest rates. All other borrowings are at floating rates. The weighted average effective interest rate on all borrowings was 3.9 % (2002: 4.3 %).

IN CHF 1,000	DUE FOR REPAYMENT 1–2 YEARS	3–5 YEARS	OVER 5 YEARS	TOTAL
Personnel savings accounts	2,000	4,000	12,748	18,748
Bank loans	25,591	35,000	–	60,591
Other borrowings	123	–	–	123
Total	**27,714**	**39,000**	**12,748**	**79,462**
2002	29,575	54,000	11,425	95,000

The personnel savings accounts include savings of employees which are in principle repayable short-term. As these accounts are generally long-term in nature, they are classified as such.

Other Liabilities (14)

Other liabilities include deferred acquisition cost related to the acquisitions made in 1999 and 2000, which will become due over the next few years.

Provisions (15)

IN CHF 1,000	2003	ADDITIONS	USED	EXCHANGE DIFFERENCES	2002
Provisions for restructuring	543	–	–946	9	1,480
Pension and other termination benefits	1,365	27	–95	92	1,341
Other provisions	906	41	–155	–	1,020
Total provisions	**2,814**	**68**	**–1,196**	**101**	**3,841**
./. Short-term provisions	–833				–1,729
Total long-term provisions	**1,981**				**2,112**

The provision for restructuring mainly includes the cost for merging operations.
Pension and other termination benefits include liabilities for pension and similar commitments.

Other provisions include provisions for warranties from sales of products and services.

Deferred Taxes (16)

IN CHF 1,000	2003	2002
Deferred income taxes attributable to timing differences:		
Property, plant, equipment and intangible assets	918	855
Inventory	3,236	3,236
Other liabilities	1,457	1,066
Total deferred taxes	**5,611**	**5,157**

Share Capital (17)

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**

268,242 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.
In connection with the option scheme introduced in 1998, the company has acquired own shares through purchases on the Swiss Exchange. These shares are being held as treasury shares to cover the underlying liability from the employee option scheme (see note 18).

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 23.5 million (2002: CHF 23.1 million).
The board of directors of Bossard Holding AG will propose a dividend of CHF 0.80 (2002: CHF 0.80) per bearer share and CHF 0.16 (2002: CHF 0.16) per registered share to the shareholders at the forthcoming annual general meeting.

Employee Options (18)

According to the employee option scheme introduced in 1998, share options are granted to managers of the Group and the board of directors for parts of their bonus entitlement and board compensation. The options are granted at market prices on the date of issue and the related expenses are accounted for as personnel cost. The options can be exercised within four years at a predetermined strike price.

The 2002 share options were issued at CHF 8.35 and a strike price of CHF 48.75 per share. The Bossard shares traded at CHF 38.75 on the issue date of the options. The liability resulting from this option scheme is hedged through purchases of own shares from the Swiss Exchange. In 2003 no share options were issued.

OUTSTANDING SHARE OPTIONS	NUMBER	AMOUNT IN CHF 1,000	MARKET VALUE*) IN CHF 1,000
Balance at Jan. 1, 2003	165,287	862	706
Issue of share options	–	–	–
Repurchased/exercised	–113,987	–494	–725
Expired/converted	–6,240	–42	–
Change option obligation	–	–	607
Balance at Dec. 31, 2003	**45,060**	**326**	**588**

*) The market value is determined by a bank and is based on the binominal model (Cox, Ross, Rubinstein)

TREASURY SHARES FOR OPTION SCHEME	NUMBER
Balance at Jan. 1, 2003	125,392
Purchased	170
Sold	–42,320
Balance at Dec. 31, 2003	**83,242**

For additional information see Corporate Governance, section: Compensation, shareholdings and loans.

Leasing and Rental Liabilities (19)

At December 31, 2003 future minimum lease payments under noncancellable operating leases amounted to:

OPERATING LEASE COMMITMENT	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	IN CHF 1,000 TOTAL
2003	**1,858**	**1,234**	**532**	**184**	**45**	**3,853**
2002	1,818	1,204	439	162	42	3,665

At December 31, 2003 future rental liabilities for office and warehouse premises amounted to:

LONG-TERM RENTAL LIABILITIES	DUE WITHIN 1 YEAR	DUE WITHIN 2 YEARS	DUE WITHIN 3 YEARS	DUE WITHIN 4 YEARS	DUE AFTER 4 YEARS	IN CHF 1,000 TOTAL
2003	**4,128**	**2,879**	**1,411**	**776**	**960**	**10,154**
2002	4,596	3,940	2,462	1,038	1,214	13,250

Contingent Liabilities (20)

Contingent liabilities in the amount of CHF 2.5 million (2002: CHF 3.8 million) result mainly from performance bonds and discounted drafts given to third parties in the course of normal business operations.

Assets Pledged or Otherwise Restricted (21)

IN CHF 1,000	2003	2002
Accounts receivable, drafts	9,506	8,703
Inventories	7,210	8,009
Goodwill	3,673	3,936
Land and buildings	10,749	12,158
Others	–	349
Total	**31,138**	**33,155**

The pledged or restricted assets are used as collateral for the outstanding bank loans and performance bonds.
The total credit lines account for CHF 35.6 million (2002: CHF 32.6 million). The current borrowings amount to CHF 25.6 million (2002: CHF 24.6 million).

Gross Sales (22)

Sales by geographic area are as follows:

	2003 IN CHF MILLION	IN %	2002 IN CHF MILLION	IN %
Switzerland	92.8	21.4	96.1	21.4
Rest of Europe	145.8	33.6	146.0	32.5
America	163.2	37.7	183.2	40.7
Asia	31.6	7.3	24.4	5.4
Total	**433.4**	**100.0**	**449.7**	**100.0**

Personnel Expenses (23)

IN CHF 1,000	2003	2002
Salaries	73,791	73,008
Social, cost	10,803	11,130
Pension, cost	2,841	3,047
Other, personnel, expenses	2,392	2,581
Total	**89,827**	**89,766**

In 2002 salaries included CHF 0.4 million of success participation to the management which was granted in the form of share options (see note 18). In 2003 no share options were issued.

Pension Obligations (24)

The Group has established a number of pension schemes around the world covering most employees. The assets of the funded plans are held independent of the Group's assets in separate trustee-administered funds or state-managed pension schemes. Those pension schemes which qualify as defined benefit plans under revised IAS 19 are subject to actuarial valuations every two to three years. The latest actuarial valuations were carried out as of January 1, 2003.

Status of the defined benefit plans (all amounts according to an actuarial valuation):

IN CHF 1,000	DEC. 31, 2003	DEC. 31, 2002
Present value of funded obligation	89,727	92,682
Fair value of plan assets	81,047	91,272
	–8,680	**–1,410**
Less accum. unrecognized net loss	10,153	9,877
Less unrecognizable part of benefit asset	–	–7,013
Asset	**1,473**	**1,454**

The amounts recognized in the income statement are as follows:

IN CHF 1,000	2003	2002
Current service cost	1,505	1,785
Interest cost	3,447	3,766
Expected return on plan assets	–4,001	–4,551
Actuarial losses recognized in year	272	117
Net periodic pension cost	**1,223**	**1,117**
Change of unrecognizable part of benefit asset	–	400
Adjustment prepaid	19	–271
Total included in personnel expenses	**1,242**	**1,246**

The movement of the asset was as follows:

IN CHF 1,000	2003	2002
Asset at January 1	1,454	1,725
Contributions	1,242	1,246
Net periodic pension cost	–1,223	–1,117
Change of unrecognizable part of asset	–	–400
Asset at December 31	**1,473**	**1,454**

The asset has been fully provided for because of the legal restrictions associated with any use for future reductions of contributions.

The principal actuarial assumptions used for accounting purposes were:

IN %	DEC. 31, 2003	DEC. 31, 2002
Discount rate	4.00	4.25
Expected return on plan assets	5.25	5.25
Future salary increases	1.75	1.75
Future pension increases	0.75	0.75

In addition, CHF 1.7 million (2002: CHF 1.8 million) in contributions to defined contribution pension plans were recognized in the income statement.

Other Operating Expenses (25)

IN CHF 1,000	2003	2002
Expenses for office and warehouse space	8,735	9,083
Insurance and charges	2,549	2,487
Other operating expenses	6,916	7,185
Total	**18,200**	**18,755**

Depreciation and Amortization (26)

IN CHF 1,000	2003	2002
Buildings	2,034	2,101
Machinery and equipment	5,615	6,309
Computer software	2,949	3,083
Goodwill	3,327	3,609
Other	20	6
Total	**13,945**	**15,108**

Financial Expenses Net (27)

IN CHF 1,000	2003	2002
Interest expense	5,198	6,968
Interest income	–445	–798
Exchange loss/(gain)	–1,105	1,206
Total	**3,648**	**7,376**

Taxes (28)

The effective tax rate on the Group's profit before tax differs from the weighted average basic tax rate of the various countries in which the Group operates as follows:

IN %	2003	2002
Average basic tax rate	25.0	22.1
Expenses not deductible	1.2	1.9
Utilization of previously unrecognized tax losses	–4.7	–1.4
Not recognized current tax losses	6.8	–3.8
Other	–4.8	–4.7
Effective tax rate on profit before tax	**23.5**	**14.1**

IN CHF 1,000	2003	2002
Current taxes	2,472	957
Deferred taxes	454	616
Total	**2,926**	**1,573**

Available unrecognized tax loss carry-forwards amounted to CHF 6.8 million at the end of 2003 (2002: CHF 5.6 million). The unrecognized tax loss expires as follows:

UNRECOGNIZED TAX LOSS CARRY-FORWARDS	1 YEAR	2 YEARS	3–5 YEARS	OVER 5 YEARS	IN CHF 1,000 TOTAL
2003	–	350	2,784	3,627	6,761

Earnings per Share (29)

	2003	2002
Net profit in CHF 1,000	9,148	9,128
Average number of shares entitled to dividend *)	2,895,290	2,902,916
Basic earnings per bearer share in CHF	3.16	3.14
Basic earnings per registered share in CHF	0.63	0.63

*) The Number of registered shares have been considered with the corresponding nominal value of the bearer shares.

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of shares entitled to dividend during the year.

Financial Instruments (30)

The Group adopted IAS 39 at January 1, 2001. The introduction of the standard did not have any impact on equity. Cash flows and net investments in foreign subsidiaries are hedged with forward contracts. The following table summarizes the trading volume by major currency:

IN CHF MILLION	2003	2002
USD	329	1,446
EUR	554	193
JPY	41	92
Other	139	54
Total	**1,063**	**1,785**

Open forward contracts at December 31, 2003 were as follows:

IN CHF MILLION	CONTRACT VALUE	MARKET VALUE
USD	–1.4	0.6
EUR	–37.6	–37.6
Total	**–39.0**	**–37.0**
2002	21.0	29.0

The contract value shows the volume of open forward exchange contracts at the contracted exchange rate. The market value of the open contracts is based on the exchange rate at December 31.
At year end the following open forward exchange contracts were designated to hedge the net investment in foreign subsidiaries:

IN CHF MILLION	CONTRACT VALUE	MARKET VALUE
USD	–1.4	0.6
EUR	–37.4	–37.4
Total	**–38.8**	**–36.8**
2002	–8.4	–0.5

Segment Information (31)

The Group is engaged in the distribution of fasteners and is managed through the three principal geographical areas Europe, America and Asia.

IN CHF MILLION	EUROPE		AMERICA		ASIA		ELIMINATIONS		CONSOLIDATED	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
External sales	238.6	242.1	163.2	183.2	31.6	24.4			433.4	449.7
Inter-segment sales	3.9	3.0	–	0.2	0.8	0.8	–4.7	–4.0		
Total revenue	**242.5**	**245.1**	**163.2**	**183.4**	**32.4**	**25.2**	–4.7	**–4.0**	**433.4**	**449.7**
Segment EBITDA	25.9	30.0	2.3	3.4	1.6	0.2			29.8	33.6
Segment EBIT	17.1	18.9	–1.7	–0.5	0.5	0.0			15.9	18.4
Finance cost									–3.5	–7.3
Share of net profits of associates									–0.4	–0.4
Taxes									–2.9	–1.6
Net profit for the period									**9.1**	**9.1**
Other information										
Segment assets	192.8	201.3	108.0	116.4	23.7	17.7			324.5	335.4
Unallocated corporate assets									2.9	2.4
Consolidated total assets									**327.4**	**337.8**
Segment liabilities	79.0	99.2	90.2	90.6	18.2	11.7			187.4	201.5
Unallocated corporate liabilities									1.0	1.0
Consolidated total liabilities									**188.4**	**202.5**
Capital expenditures										
– Property, equipment, software, plant	2.8	2.3	0.8	0.8	0.9	0.8			4.5	3.9
Depreciation and amortization										
– Property, equipment, software, goodwill, plant	9.0	9.5	3.9	4.7	1.0	0.9			13.9	15.1
Employees										
Headcount at December 31	678	700	406	431	266	185			1,350	1,316
Annual average number of employees	644	688	403	397	230	169			1,277	1,254

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

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

Research and Development (32)

The total amount incurred for research and development not qualifying for capitalization amounted to CHF 0.6 million (2002: CHF 0.5 million).

Events Occurring after Balance Sheet Date (33)

There were no events between December 31, 2003 and the date of approval of the consolidated financial statements by the board of directors which affect these statements negatively.

Future Capital Expenditure (34)

Capital expenditure for 2004 is estimated at approximately CHF 7.0 million (2003: CHF 4.5 million).

Related Party Transactions (35)

All transactions with related parties are conducted at arm's length according to the terms and conditions of ordinary business transactions.

The members of the board of directors and the management of the Bossard Group have deposits in the personnel savings accounts in the amount of CHF 2.6 million (2002: CHF 1.8 million). The interest rate on these deposits was 3.25 percent (2002: 3.5 percent), the same as the rate for all other employees.

Short-term debt includes a loan from Kolin Holding AG in the amount of CHF 1.6 million (2002: CHF 0.2 million). The interest rate was 1.5 percent (2002: 1.9 percent).

For additional information see Corporate Governance, section: Compensation, shareholdings and loans.

Exchange Rates (36)

		2003 YEAR-END EXCHANGE RATE	ANNUAL AVERAGE EXCHANGE RATE	2002 YEAR-END EXCHANGE RATE	ANNUAL AVERAGE EXCHANGE RATE
EUR	1	1.56	1.52	1.46	1.47
USD	1	1.24	1.34	1.39	1.55
DKK	100	20.95	20.46	19.61	19.73
SEK	100	17.19	16.68	15.91	16.00
SGD	100	73.16	77.06	79.94	86.74
TWD	100	3.66	3.99	4.00	4.48
CZK	100	4.90	4.78	4.68	4.76
RMB	100	16.00	16.35	17.73	18.84
MYR	100	32.68	35.62	37.46	40.99
INR	100	2.73	2.90	2.89	3.20

Report of the Group Auditors

PRICEWATERHOUSECOOPERS

Report of the Group auditors to the general meeting of Bossard Holding AG, Zug

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the consolidated financial statements / pages 2 to 21) of Bossard Holding AG for the year ended December 31, 2003.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

PricewaterhouseCoopers AG

Bruno Häfliger Béatrice Käppeli

Zurich, February 27, 2004

Balance Sheet

IN CHF	NOTES	AT DECEMBER 31, 2003	AT DECEMBER 31, 2002
Assets			
Current assets			
Marketable securities – treasury shares	3	3,735,093	3,887,152
Accounts receivable from Group companies		–	2,619,560
Accounts receivable others		98,199	55,393
Total current assets		**3,833,292**	**6,562,105**
Long-term assets			
Investments in Group and associated companies	2	118,879,215	118,879,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		**120,729,215**	**120,729,215**
Total assets		**124,562,507**	**127,291,320**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable to Group companies		136,960	–
Accounts payable others		15,371	36,541
Bank loans		5,000,000	5,000,000
Accrued expenses		376,957	384,310
Total current liabilities		**5,529,288**	**5,420,851**
Long-term liabilities			
Bank loans		30,000,000	35,000,000
Total long-term liabilities		**30,000,000**	**35,000,000**
Shareholders' equity			
Share capital		32,000,000	32,000,000
Legal reserves			
General reserves		16,000,000	16,000,000
Reserves for own shares	3	5,585,093	7,237,577
Other reserves		28,523,395	26,870,911
Retained earnings		6,924,731	4,761,981
Total shareholders' equity		**89,033,219**	**86,870,469**
Total liabilities and shareholders' equity		**124,562,507**	**127,291,320**

Income Statement

IN CHF	2003	2002
Income		
Dividend income, income from marketable securities	6,473,363	2,634,527
Interest income	91,018	121,020
Service fees from Group companies	336,000	336,000
Total income	**6,900,381**	**3,091,547**
Expenses		
General and administrative expenses	578,576	712,729
Financial expenses	1,809,831	1,909,248
Total expenses	**2,388,407**	**2,621,977**
Income before taxes	**4,511,974**	**469,570**
Taxes	34,700	10,000
Net income	**4,477,274**	**459,570**

Changes in Retained Earnings

IN CHF	2003	2002
Retained earnings at January 1	4,761,981	4,302,411
Net income	4,477,274	459,570
Appropriation of available profit determined by the annual general meeting		
Dividends for 2002 and 2001 respectively	–2,314,524	–
Retained earnings at December 31	**6,924,731**	**4,761,981**

The Board of Directors Proposes to the Annual General Meeting the Following Appropriation of Retained Earnings as at December 31, 2003

IN CHF	2003
Available retained earnings before distribution	6,924,731
Dividend of 8 % on the share capital of CHF 30,150,000 eligible for dividends	–2,412,000
To be carried forward	**4,512,731**

Notes to the Financial Statements

IN CHF	2003	2002
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	79,582,000	26,000,000
thereof used	26,918,688	25,000,000
In 2003, the Bossard Group simplified its borrowing structure. It now 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

Bossard AG, Zug, wholly owned		
Bossard International AG, Zug, wholly owned		
Bossard Finance Ltd, St. Helier, wholly owned		
Bossard & Staerkle AG, Zug, 10 % holding		
There was no change in the investments in 2003		

3. Balance of own shares

a) Treasury shares		
Balance at Jan. 1 – 125,392 shares (2002: 70,094 shares)	3,887,152	2,067,773
Purchases: 170 bearer shares of CHF 10 par value (2002: 75,321 shares)	5,826	2,380,287
Sales: 42,320 bearer shares of CHF 10 par value (2002: 20,023 shares)	–1,658,310	–642,693
Adjustment	1,500,425	81,785
Balance at Dec. 31 – 83,242 shares, rate 55.00 (2002: 125,392 shares, rate 31.00)	3,735,093	3,887,152
The treasury shares are held to hedge the liability resulting from the employee share option scheme. (No voting rights and dividend entitlement)		

b) 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) Reserves for own shares		
Cost of treasury shares	3,735,093	5,387,577
Own shares – never issued	1,850,000	1,850,000
Reserves for own shares	5,585,093	7,237,577

4. Other information required by law

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 BEHG. They hold 54.75 % (last year 55.05 %) of the voting rights. Kolin Holding AG, Zug, is wholly owned by the Bossard families.

Report of the Statutory Auditors

PRICEWATERHOUSECOOPERS

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

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 23 to 25) of Bossard Holding AG for the year ended December 31, 2003.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG

Bruno Häfliger

Béatrice Käppeli

Zurich, February 27, 2004

Corporate Governance

Organization and Management of the Group

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

The 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 of chief executive officer are vested in two different persons.

Organizational Principles, Election to Board of Directors and Terms of Office

The shareholders elect each member of the board. The general meeting of shareholders elects each member of the board of directors for a four-year term of office. The election procedure is based on the principle of total renewal. On first being elected to the board, a member's term of office is limited to the period up to the next total renewal. There are no other statutory limits to the term of office of board members.
The group of holders of bearer shares have the right to one seat on the board of directors and, in general, an employee representative should also sit on the board. The board of directors appoints a chairperson from among its elected members and determines the composition of its various committees. It also appoints the chief executive officer and the members of the executive committee.
The board of directors is the company's highest corporate body. It is responsible for the ultimate direction of the company, determines the strategic goals and oversees the executive committee. The majority of the members of the board should be independent members with no executive functions in the company.

Organization and Composition of Board of Directors

On December 31, 2003, the board of directors had seven members (see overview on page 28). Heinrich Bossard, delegate of the board and CEO, is the only executive member of the board of directors. Over the past three years, none of the non-executive members of the board of directors held any line management functions in the company nor did they have any appreciable business connections with the Group. Moreover, there was no cross-involvement of the board with the board of directors of other listed companies.
As a rule, ordinary half-day meetings of the board of directors are held seven to eight times a year. The board also holds a retreat once a year; this meeting, at which the Group's strategy is examined and developed, lasts for several days. The board is available at short notice should this be required. Apart from its scheduled meetings, the board is supplied with monthly information on the Group's financial development.
The chairman of the board meets the CEO and other members of the executive committee on a regular basis to discuss fundamental corporate issues such as corporate strategy and medium-term financial, operational and succession planning.
The board of directors appoints committees from among its members as required. Such committees serve to examine certain issues in depth and to make recommendations for action to be taken. The overall responsibility for duties delegated to the committees remains with the board of directors.
The board of directors appoints a committee of the board from among its members to prepare the necessary proposals for issues pertaining to membership and compensation at board and executive committee level. The committee meets two to five times a year.
The board of directors appoints an audit committee from among its independent non-executive members. This committee meets at least three times a year to monitor the work done by the group and statutory auditors. The audit committee itself does not undertake any audits, but supervises the work of the auditors. Its primary task is to review the organization and efficiency of internal control procedures and the financial reporting process.

The following were members of the board of directors at December 31, 2003:

NAME	FUNCTION	FIRST APPOINTED	CURRENT TERM OF OFFICE ENDS
Dr. Kurt Reichlin	Chairman Member of the Audit Committee Member of the Committee of the Board	2001	2004
Rolf E. Thurnherr	Deputy Chairman	2003	2004
Heinrich Bossard	Delegate of the Board Member of the Committee of the Board	1977	2004
Edwin Huber	Member (Employee Representative)	1979	2004
Dr. Beat E. Lüthi	Member	2002	2004
Dr. Thomas Schmuckli	Member Chairman of the Audit Committee Member of the Committee of the Board	2000	2004
Helen Wetter-Bossard	Member	2002	2004

Dr. Kurt Reichlin was appointed chairman of the board by the board of directors in 2001. He had been a member of the board of directors since 1978. Dr. Kurt Reichlin is a senior partner in the law firm Reichlin & Hess in Zug, Switzerland. Prior to that, from 1958, he served in the Swiss Society of Chemical Industries in the external economic relations sector and, from 1965 to 1975, was employed in a management capacity by Ciba-Geigy. Background: Studied law (LLB and LLD) at the universities of Zurich and Fribourg; practicing lawyer. He serves on the boards of SMEs and Swiss holdings of foreign enterprises (including mg technologies, RWE, BASF). He was born on August 14, 1932, and is a Swiss citizen.

Rolf E. Thurnherr has been a member of the board since 1992 and deputy chairman since 2003. From 1996 until his retirement in 2003 he was a member of the management of Siemens Building Technologies AG and head of the Fire & Security Products Division. Prior to this he served as CEO of the Eurodis Group in Regensdorf, Switzerland for five years and, between 1989 and 1991 as chairman of the executive committee of Digitron in Bienne, Switzerland. Background: Studied electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich. During his professional career he attended courses on business economics and management. He was born on September 16, 1941, and is a Swiss citizen.

Heinrich Bossard has served as delegate of the board and president of the executive committee (CEO) since 1977. In the 15 years prior to this he was responsible for various other functions within the Bossard Group. Background: Degrees in economics and business administration from various institutes in Switzerland, the UK and the USA. Among others, he serves on the board of Clariant AG in Muttenz, Switzerland, and Wasserwerke Zug AG in Zug, Switzerland. Heinrich Bossard was born on March 10, 1943, and is a Swiss citizen.

Edwin Huber has been a member of the board since 1979. As the elected employee representative, he represents employee interests on the board. Edwin Huber has worked for Bossard in various capacities for more than 40 years. Currently he manages the pension funds of Bossard AG. Background: Basic training in commerce and economics, with further on-the-job training both in Switzerland and abroad. He was born on January 2, 1941, and is a Swiss citizen.

Dr. Beat E. Lüthi was elected to the board at the general meeting of shareholders in 2002. Since March 1, 2003, he has been a Group Management Committee Member of the Mettler Toledo Group and heads its largest division, Laboratory Scales and Analytical Instruments. From 1998 to 2002 he was CEO and delegate of the board of the Feintool Group. From 1990 to 1998 he held a management position at

Mettler Toledo. Background: Studied electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich; subsequently PhD at the ETH Center for Enterprise Sciences (then BWI); Senior Management Program at INSEAD, Paris, France. He is a member of the board of directors of Soudronic AG, Bergdietikon, Switzerland. Dr. Beat E. Lüthi was born on January 12, 1962, and is a Swiss citizen.

Dr. Thomas Schmuckli was elected to the board at the general meeting of shareholders in 2000. He served as secretary to the board between 1997 and 2000. As a member of the executive board of the Cantonal Bank in Zug, Switzerland, he has been head of process, product and project management since October 2000. Prior to this, he was employed in various group companies of the Credit Suisse Group; first as a lawyer in Bank Leu and subsequently in the commercial sector of Credit Suisse in Zurich, Switzerland. Background: Studied law (LLB and LLD) at the University of Fribourg; accredited lawyer; management studies at the university of Zurich. He was born on February 4, 1963, and is a Swiss citizen.

Helen Wetter-Bossard was elected to the board at the general meeting of shareholders in 2002 after she had served as secretary to the board for eighteen months. She is responsible for the management of the own family business. From 1996 to 1999 she worked as a clerk to the court. Background: Studied law (LLB) at the university of Zurich. Helen Wetter-Bossard was born on April 15, 1968, and is a Swiss citizen.

Powers and Responsibilities

The powers and responsibilities vested in the board of directors and the executive committee are based on the principle that the board of directors is responsible for the core tasks of defining the strategic goals, of supervision and of control. These core tasks, as set out in article 19 of the articles of incorporation, are permanently vested in the board and cannot be delegated. Essentially, they cover the following points:

– defining corporate goals and policies
– defining the organizational structure
– establishing the accounting system and financial controls
– appointment and removal of the persons entrusted with the management and representation of the company
– the ultimate supervision of the persons entrusted with the management of the company
– preparation of the annual report, preparation of the general meeting of shareholders and the implementation of its resolutions

Information and Control Instruments vis-à-vis the Executive Committee

The board of directors ensures that the executive committee establishes an internal control system commensurate with the size, complexity and risk profile of the company. Within the scope of the annual audit, the external auditors examine the effectiveness and adequacy of the internal control system and report annually to the board of directors. There are no plans at present to set up an internal audit function.

The board of directors receives a report on the financial development of the company once a month. This information is based on the internal management information system and, apart from the current and budget data, contains regular forecasts on the basis of current developments and expectations.

Compliance

The board of directors is continually informed on all major matters that touch on the principles of compliance. Additionally, the 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 2003 brought nothing new to light but, instead, confirmed what was already known.

The ultimate supervision and control of compliance is vested in the board of directors. The board has delegated the necessary activities to the chairman of the board, who also serves as Bossard's compliance officer.

Other Activities and Functions

Dr. Kurt Reichlin is a senior partner in the law firm Reichlin & Hess in Zug, Switzerland. The company advises Bossard on various legal matters. In 2003, the fees for such services rendered by the company was amounted to CHF 104,000 (2002: CHF 84,000).

Cross-Involvement

There is no cross-involvement through members of the board of directors.

Executive Committee

The executive committee is responsible for the company's operations. The executive committee is responsible for the development and implementation of corporate strategy. Together with the other members of the executive committee, the CEO is accountable to the board of directors for the Group's performance.

As at December 31, 2003, the following were members of the executive committee:

NAME	FUNCTION	IN COMPANY SINCE	IN FUNCTION SINCE
Heinrich Bossard	Delegate of the Board and CEO Group	1962	1977
Julius Brun	Chief of Staff	1990	1998
David Dean	CFO	1992	1998
Peter Erlangsen	CEO North and West Europe	1994	1999
Peter Furrer	CEO South and East Europe	1963	1999
Scott W. Mac Meekin	CEO Asia	1995	1996
Peter Vogel	CEO America	1973	1998
Fredy von Moos	CEO Assembly Automation	2000	2002

Heinrich Bossard, delegate of the board and CEO Group, has been president of the executive committee since 1977. He has served the company in various management capacities since 1962. Background: Degrees in economics and business administration from various institutes in Switzerland, the UK and the USA. Heinrich Bossard was born on March 10, 1943, and is a Swiss citizen.

Julius Brun, chief of staff since 1998, is responsible for the group's service functions which include IT, logistics and quality assurance. From 1992 to 1998 he was head of the fastening technology business segment. He served as corporate controller of the Bossard Group between 1990 and 1992. During the previous 5 years he was corporate controller and member of the executive committee of an international logistics group. Background: Swiss certified accountant/controller; PED IMD, Lausanne, Switzerland. He was born on February 9, 1948, and is a Swiss citizen.

David Dean has served as chief financial officer since 1998. From 1992 to 1997 he was corporate controller of the Bossard Group. Between 1990 and 1992 he was corporate controller and member of the executive committee of an international logistics group. From 1980 to 1990 he worked for PricewaterhouseCoopers in various auditing and business consulting functions. Background: Swiss certified accountant/controller, Swiss certified public accountant, PMD Harvard Business School. David Dean was born on April 5, 1959, and is a Swiss citizen.

Peter Erlangsen has been CEO for the Europe area comprising northern Europe (Scandinavia) and western Europe (France, Spain, Portugal and the U.K.) since 1999. From 1996 to 1999 he was managing director of Bossard France. He joined Bossard in 1994 as head of market development. Between 1990 and 1994 he worked for Arvid Nilsson Boskin A/S, a Danish fastener trading company, where he became managing director. Background: Masters degree in economics and business administration, senior management program at IMEDE. He was born on May 24, 1956, and is a Danish citizen.

Peter Furrer has been CEO for the Europe area comprising Switzerland and the southern and eastern parts of Europe since 1998. From 1989 to 1993 he was managing director of Bossard Switzerland and, from 1993 onwards, was also responsible for Austria. Background: Swiss certified sales manager, systems marketing FAH and business administration SKU. Peter Furrer was born on May 23, 1944, and is a Swiss citizen.

Scott W. Mac Meekin has been CEO for Asia since 1996. Between 1995 and 1996 he was responsible for the Group's logistics. Prior to joining Bossard he filled various management positions, the last being vice president operations for the Porteous Fastener Company, Ca, USA Background: Graduate UCLA, MBA National University Singapore, TGMP Harvard Business School. He was born on January 17, 1958, and is a US citizen.

Peter Vogel has been CEO for America since 1998. Between 1980 and 1998 he was chief financial officer of the Bossard Group. From 1973 to 1980 he served in various capacities in Bossard's financial administration. Background: Swiss certified accountant/controller, APM Havard Business School. Peter Vogel was born on April 7, 1944, and is a Swiss citizen.

Fredy von Moos has been CEO for the assembly automation business segment since 2002. From 2000 to 2002 he was head of the organization and IT service functions in this segment. Prior to this he served in various management positions in assembly automation, the last being head of finance and administration for Sibos AG. Background: Degree in mechanical engineering and postgraduate business management studies. He was born on July 8, 1956, and is a Swiss citizen.

Management Contracts

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

Compensation, Shareholdings and Loans

Bossard attaches great importance to recruiting, retaining, motivating and fostering well qualified staff at all levels. This is particularly significant where positions are being filled that impact strongly on company management and performance. Compensation should not, however, be a false incentive as this could be damaging to company development in the long term.

According to responsibility, individual performance evaluation is based on the results of the entire group and/or of a specific business segment. Both quantitative and qualitative factors are taken into consideration. Apart from current business results, such evaluation also makes reference to those key figures which are decisive for providing long-term value added for Bossard's future results and growth. Thus this evaluation is closely linked with Bossard's management approach of sustainability and of generating economic value added.
Thus the level of compensation depends noticeably on performance assessment and can vary from year to year according to the targets met. The compensation agreed is intended to reflect the sustainable success of the company and consequently depends on the individual contribution made. Employment contracts with top management must also be market oriented with regard to termination of contract and severance payments while also protecting the interests of the company.
Compensation at top management level is made up of a basic salary and a performance-linked component determined at the employer’s discretion. One part of the variable compensation is paid out in the form of options on shares at market value at the time of payment. These options must not have a share dilution effect on existing shareholders; if necessary, any commitments arising must be covered by the company through the repurchase of shares on the stock market. Compensation in the form of share options is reported in the financial statements under personnel expenses.
Compensation for the board of directors is also made up of a fixed and a variable component. The fixed basic payment is intended to adequately compensate the members of the board for the time invested. When business is going well, the board members participate through a profit-linked, variable payment. This profit-linked component is tied to the economic profit reached (calculated according to the EVA method), i.e. to the profit after deducting the average weighted cost of capital (debts and equity) and dividends paid to the shareholders. One part of the compensation to board members is paid in options on shares using the same method as described above.

Total compensation to the board of directors and the executive committee members amounted to:

IN CHF	2003	NUMBER OF BENEFICIARIES	2002	NUMBER OF BENEFICIARIES
Non-executive members of the board of directors	406,400	6	240,000	4
Executive members of the board of directors and members of the executive committee	3,593,000	8	2,778,000	8
Total	**3,999,400**	**14**	**3,018,000**	**12**

No severance payments were made to members who resigned from the board or the executive committee.
The highest total compensation amounted to CHF 788,000 (2002: CHF 571,000).

Compensation to Former Members of the Board or Executive Committee

None

Additional Honorariums and Remunerations

There were no further honorariums or other remunerations billed by members of the board of directors or the executive committee or by persons closely associated with them for additional services rendered during the reporting year.

Share Allotment and Share Ownership of the Board and the Executive Committee

No shares were allotted to members of the board or the executive committee as part of their compensation or for other reasons. The registered shares are wholly owned by Kolin Holding AG which, in turn, is wholly owned by the Bossard families.

The members of the board of directors and the executive committee held the following listed bearer shares at December 31, 2003:

	SHARES
Non-executive members of the board of directors	33,575
Executive members of the board of directors and members of the executive committee	60,541
Total	**94,116**

Options

An overview of the options on shares in Bossard Holding AG held by members of the board and executive committee at December 31, 2003:

	2002	2001	2000
Non-executive members of the board of directors	3,594	500	3,080
Executive members of the board of directors and members of the executive committee	20,374	1,000	0
Total	**23,968**	**1,500**	**3,080**
Subscription ratio	1:1	1:1	1:1
Exercise price	48.75	35.00	93.00
Expiration	2006	2005	2004

The options on shares result from the allotment or purchase within the scope of the above-mentioned employee share option program. The allotment or purchase was undertaken at market (calculated according to the binominal model, Cox, Ross, Rubinstein) at the time of the transaction.

Loans to Members of the Board of Directors or the Executive Committee

One member of the executive committee has been granted an interest-free loan in the amount of CHF 300,000 to cover relocation costs arising from the business-related change of domicile.

Auditors

PricewaterhouseCoopers AG, Zurich, has been the statutory auditor for Bossard Holding AG since 1986 and also serves as Group auditor. The company has been elected up to the general meeting of shareholders in 2004, where it will be proposed that its mandate be renewed for a further year.

The lead audit partner is Bruno Häfliger, Swiss certified public accountant. He has been responsible for this auditing mandate since 2003.

Apart from its audit and support in tax issues, PricewaterhouseCoopers did not provide any major consulting or other services in the past year.

The total audit fees for 2003 amounted to CHF 550,200. Apart from these fees, additional services performed (primarily tax advice) were charged in the amount of CHF 49,500.

The audit committee of the board of directors annually evaluates the activities of the audit company. Its evaluation is based on experience of working together with the auditors and the auditing company's own quality assurance measures with regard to this mandate. It also ascertains that the lead audit partner meets the legal requirements concerning professional qualification and independence.

Principles of Disclosure and Information Policy

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

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

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

Information Policy

Our consolidated financial statements are drawn up in accordance with International Financial Reporting Standards (IFRS) and published together with a commentary every four months.

Bossard is committed to the principle of equal rights for all shareholders. All publications are made available to all our shareholders at the same time, so that all have the same access to Bossard information. All publications on business results and all press releases are available in German and English on our website www.bossard.com under investor relations.

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

All publications can be ordered at any time via e-mail at investor@bossard.com or from Bossard Holding AG, Investor Relations, Steinhauserstrasse 70, CH-6300 Zug.

Shareholders' Participation Rights

Bossard's aim is to make it easy for its shareholders to exercise their legal and statutory rights. Detailed information is available on the Internet under www.bossard.com.

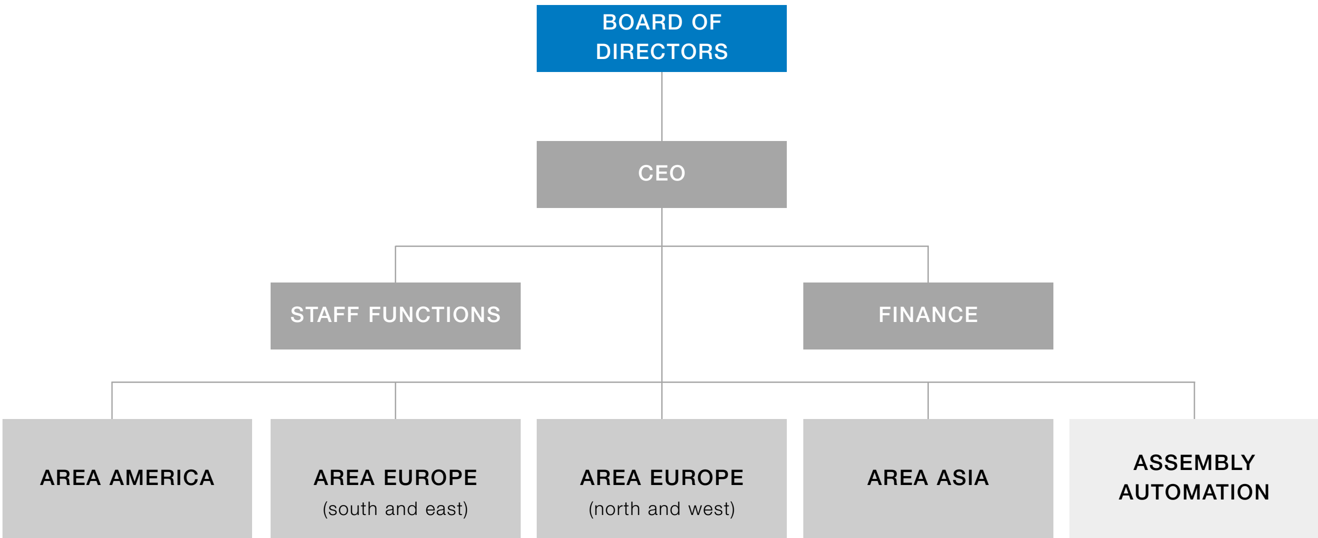
Group Structure and Shareholders

Bossard's Group structure had been designed to optimally support business operations efficiently, in compliance with legal, taxation and financial requirements. The aim was to make the structure as straightforward as possible and also transparent for anyone outside the Group.

Industrial fastening technology accounts for roughly 98 percent of Bossard's consolidated Group sales. Business operations are spread over some 75 locations in major industrial centers worldwide. Thus the group's management structure is oriented geographically.

The assembly automation business segment concentrates on the production of assembly and transfer systems and focuses on customers in the automotive and automotive supply sector. Production is located in Stans, Switzerland.

Operational Group Structure



Group and Associated Companies

	Companies and branches	Headquarters	Local currency	Capital in thousands	Shareholding	Fastening Technology	Assembly Automation	Finance/other
Holding and finance companies								
Switzerland	Bossard Holding AG	Zug	CHF	32,000	100			■
	Bossard International AG	Zug	CHF	10,000	100			■
Jersey	Bossard Finance Ltd	St. Helier	CHF	97	100			■
Area Europe (south and east)								
Switzerland	Bossard AG	Zug	CHF	12,000	100	■		
	Trimec AG	Zug	CHF	50	100	■		
	Sigma AG	Stans	CHF	250	100		■	
	Bossard & Staerkle AG	Zug	CHF	3,600	10			□
Italy	Bossard Italia S.p.A.	Milano	EUR	400	100	■		
Austria	Bossard Austria Ges.m.b.H.	Wien	EUR	1,017	100	■		
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■		
Area Europe (north and west)								
Denmark	Bossard Denmark A/S	Skovlunde	DKK	5,000	100	■		
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■		
France	Bossard France SAS	Souffelweyersheim	EUR	3,050	100	■		
Germany	Bossard Germany GmbH	Duisburg	EUR	25	100	■		
Spain	Bossard Spain SA	Barcelona	EUR	745	100	■		
Area America								
USA	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100			■
	Bossard Metrics, Inc.	Portsmouth, NH	USD	250	100	■		
	Material Management Group, Inc.	Appleton, WI	USD	2,000	100	■		
	Bossard Michigan & Merrick, Inc.	Maspeth, NY	USD	5	100	■		
	Bossard IIP, Inc.	Des Moines, IA	USD	4	100	■		
	Bossard Milwaukee, Inc.	Milwaukee, WI	USD	83	100	■		
Mexico	Bossard IIP de Monterrey, S.A. de C.V.	Monterrey	USD	755	100	■		
Area Asia								
Singapore	Bossard Pte. Ltd	Singapore	SGD	16,200	100	■		
India	LPS Bossard Pvt. Ltd	Haryana	INR	48,000	51	■		
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	18,210	100	■		
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■		
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	–	100	■		
Japan	Bossard K.K.	Tokyo	JPY	60,000	1.7			□
South Korea	Bossard (Korea) Ltd [1]	Yongin-City	KRW	1,000,000	40	■		

■ Fully consolidated □ Minority investment

Status: December 31, 2003

[1] As of January 1, 2003 fully consolidated as the Group is exercising control over the company's activities.

Major Shareholders

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in art. 20 of SESTA (Swiss Federal act on Stock Exchanges and Securities Trading). They hold 54.75 % (prior year: 55.05 %) of total voting rights or 26.43 % of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families. No further shareholders are subject to the obligation to notify as none hold more than 5 % of the voting rights.

Cross-shareholdings

There are no cross-shareholdings in other companies.

Capital Structure

Bossard Holding AG holds ordinary share capital in the amount of CHF 32 million; it breaks down as follows:

IN CHF MILLION	2003	2002
Bearer shares at CHF 10 par		
Capital stock	26.6	26.6
Registered shares at CHF 2 par		
Capital stock	5.4	5.4
Total share capital	**32.0**	**32.0**

NUMBER IN 1,000	2003	2002
Bearer shares issued	2,660	2,660
Registered shares issued	2,700	2,700
Total shares issued	**5,360**	**5,360**
Bearer shares entitled to dividend	2,392	2,350
Registered shares entitled to dividend	2,700	2,700
Bearer shares equivalents, entitled to dividend at Dec. 31	**2,932**	**2,890**

Only bearer shares are listed on the SWX Swiss Exchange. The registered shares are wholly owned by Kolin Holding AG. Of the ordinary share capital, 268,242 bearer shares at CHF 10 par are held by Bossard Holding AG. 185,000 of these have been held since the increase in the share capital in 1989 but were never listed and in effect can be viewed as authorized but not issued capital. The remaining own shares were repurchased from the stock exchange and serve to hedge commitments from the employee share option program.

Authorized and Unissued Share Capital

Apart from the 185,000 own shares as described above Bossard Holding AG does not hold any further authorized but unissued share capital.

Changes in Company Equity

IN CHF	SHARE CAPITAL	GENERAL RESERVES	RESERVES FOR OWN SHARES	OTHER RESERVES	RENTAINED EARNINGS	TOTAL
Balance at Jan. 1, 2001	32,000,000	16,000,000	4,541,528	29,566,960	10,821,821	92,930,309
Loss					–1,513,080	–1,513,080
Dividends					–5,006,330	–5,006,330
Changes in reserves			958,456	–958,456		–
Balance at Dec. 31, 2001	**32,000,000**	**16,000,000**	**5,499,984**	**28,608,504**	**4,302,411**	**86,410,899**
Profit					459,570	459,570
Dividends					–	–
Changes in reserves			1,737,593	–1,737,593		–
Balance at Dec. 31, 2002	**32,000,000**	**16,000,000**	**7,237,577**	**26,870,911**	**4,761,981**	**86,870,469**
Profit					4,477,274	4,477,274
Dividends					–2,314,524	–2,314,524
Changes in reserves			–1,652,484	1,652,484		–
Balance at Dec. 31, 2003	32,000,000	16,000,000	5,585,093	28,523,395	6,924,731	89,033,219

Bonus Certificates

The company has issued no bonus certificates.

Conditions Governing the Transferability of Shares

According to art. 6 of the articles of incorporation, the board of directors must approve the transfer of registered shares. For substantial reasons such as acquisition by a competitor or fiduciary purchase, the board of directors may reject such a transfer request, primarily to protect the purpose of the company and to maintain its economic independence. The listed bearer shares are fully transferable.

Convertible Bonds and Options

Currently, the Group has no convertible bonds outstanding. The following options on shares were issued by Bossard Holding AG within the scope of its employee share option program (see 18 in the notes to the consolidated financial statements). Status at December 31, 2003:

ALLOTMENT YEAR	EXPIRATION	NUMBER	EXERCISE PRICE	SUBSCRIPTION RATIO
2000	2004	7,700	93.00	1:1
2001	2005	7,200	35.00	1:1
2002	2006	30,160	48.75	1:1
Total		**45,060**		

To cover the option commitments, shares were repurchased from the Swiss Exchange to avoid dilution of shareholder investments and voting rights if the options are exercised.

Investor Information

	2003	2002	2001[1]	2000	1999
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	2,391,758	2,349,608	2,404,906	2,418,390	2,409,390
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 shares equivalents, entitled to dividend at Dec. 31	2,931,758	2,889,608	2,944,906	2,958,390	2,949,390
Market price					
Ticker-symbol (BOSZ/BOS)					
Volume traded (Daily average)	3,700	2,532	2,070	4,430	10,440
Closing price at Dec. 31	55.0	31.0	30.0	68.5	74.8
Bearer share high in CHF	55.5	43.8	75.0	89.5	74.8
Bearer share low in CHF	26.3	28.0	24.0	68.0	50.2
Dividend per share					
Bearer share in CHF	0.8 [2]	0.8	–	1.7	1.7
Registered share in CHF	0.16 [2]	0.16	–	0.34	0.34
In % of share capital	8.0	8.0	–	17.0	17.0
Dividend yield (Basis: Price at Dec. 31)	1.5 %	2.6 %	–	2.5 %	2.3 %
Earnings per share [3]					
Bearer share in CHF	3.16	3.14	–3.89	4.91	6.62
Registered share in CHF	0.63	0.63	–0.78	0.98	1.32
Cash flow per share [3]					
Bearer share in CHF	7.98	8.35	1.75	9.91	10.19
Registered share in CHF	1.60	1.67	0.35	1.98	2.04
Price/earnings ratio (Basis: At Dec. 31)	17.4	9.9	–7.7	14.0	11.3
Net worth per share [4]					
Bearer share in CHF	46.8	46.4	45.4	52.0	50.5
Registered share in CHF	9.4	9.3	9.1	10.4	10.1
Market capitalization (Basis: At Dec. 31)					
In CHF million [4]	161	90	88	203	221
In % of stockholders' equity	117.6	66.9	66.1	131.6	148.2

1) Share split 1:10 in 2001; prior years have been adjusted accordingly
2) Proposal to annual general meeting
3) Basis: Average number of outstanding shares entitled to dividend
4) Basis: Number of outstanding shares entitled to dividend at year end

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

Investor Information

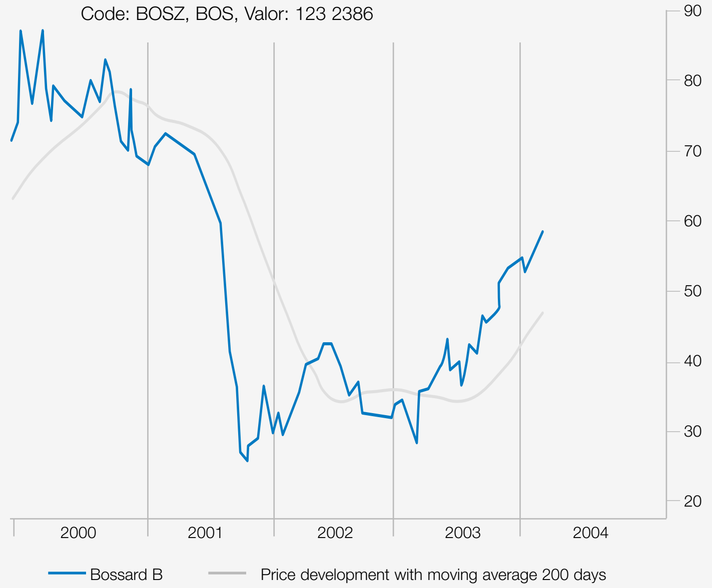
IN CHF MILLION		2003	2002	2001	2000	1999
Economic value added analysis						
Gross sales		433.4	449.7	507.6	536.2	339.7
Earnings before interest and taxes (EBIT)		15.9	18.4	5.9	24.2	18.2
Effective tax rate in %		23.5	14.1	–5.1	14.5	23.4
Net operating profit after tax (NOPAT)		**12.1**	**15.8**	**6.2**	**20.7**	**13.9**
Equity		137.1	133.9	133.7	154.0	148.9
Gross financial debt		109.6	127.8	165.2	163.4	97.0
Less cash at banks and marketable securities		5.9	7.1	4.3	5.0	23.8
Capital employed (Year end)		240.8	254.6	294.6	312.3	222.0
Average annual capital employed	**(1)**	**247.7**	**274.6**	**303.5**	**267.2**	**211.0**
Return on average capital employed (ROCE) in %		**4.9**	**5.8**	**1.9**	**7.7**	**6.6**
Cost of financial debt in %						
Average cost of financial debt		3.9	4.3	4.9	5.3	4.6
Less effective tax		23.5	14.1	–5.1	14.5	23.4
Cost of financial debt after tax		3.0	3.7	5.1	4.5	3.5
Cost of equity in %						
Risk free rate (Basis: Yearly average of yield Swiss government bond)		2.6	3.2	3.7	3.8	3.5
Risk premium		5.5	5.5	5.5	5.5	5.5
Cost of equity		8.1	8.7	9.2	9.3	9.0
Equity of total assets		41.9	39.7	35.1	36.7	47.8
Weighted average cost of capital (WACC) in %		**5.1**	**5.7**	**6.4**	**6.3**	**6.1**
Economic profit in % (ROCE–WACC)	(2)	–0.2	0.1	–4.5	1.4	0.5
Economic profit in CHF million	**(1) x (2)**	**–0.5**	**0.3**	**–13.7**	**3.7**	**1.1**

Investor Information

IN CHF MILLION	2003	2002	2001	2000	1999
Economic book value (EBV)					
Market value added (Economic profit/WACC)	–9.8	5.3	NA	58.7	18.0
Capital employed	240.8	254.6	NA	312.3	222.0
Implied enterprise value	231.0	259.9	NA	371.0	240.0
Less gross financial debt	109.6	127.8	NA	163.4	97.0
Add cash at banks and marketable securities	5.9	7.1	NA	5.0	23.8
Economic book value at Dec. 31	**127.3**	**139.2**	**NA**	**212.7**	**166.9**
Market valuation and key ratios					
Share price at Dec. 31 in CHF	55.0	31.0	30.0	68.5	74.8
Market capitalization	161.2	89.6	88.3	202.6	220.6
Net financial debt	103.7	120.7	160.9	158.4	73.2
Enterprise value (EV)	**264.9**	**210.3**	**249.2**	**361.0**	**293.8**
EV in % of gross sales	61.1	46.8	49.1	67.3	86.5
EV/EBITDA	8.9	6.3	11.0	9.3	10.2
EV/EBIT	16.7	11.4	42.2	14.9	16.1
EV/NOPAT	21.9	13.3	40.2	17.4	21.1
Price/book value per share	1.2	0.7	0.7	1.3	1.5
Return on equity in %	6.8	6.8	–8.1	9.6	13.7

EV Enterprise value
NOPAT Net operating profit after taxes
ROCE Return on capital employed
WACC Weighted average cost of capital

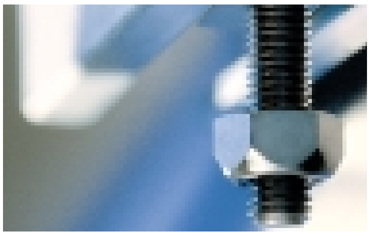
SHARE PRICE DEVELOPMENT 2000 – MARCH 2004
Code: BOSZ, BOS, Valor: 123 2386



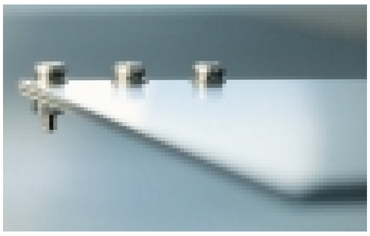
Important Dates

April 20, 2004	Annual General Meeting
June 15, 2004	Interim Report 1st four months 2004
October 6, 2004	Interim Report 2nd four months 2004
January 28, 2005	First Results 2004

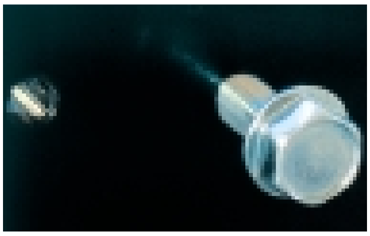
"availability always assured"
KWC makes kitchen and bathroom faucets and fixtures. Bossard's SmartBin system is used for the procurement of the necessary fastening elements. This guarantees availability at all times – even for small quantities and over many years.
KWC AG, Unterkulm, Switzerland



"supply guaranteed beyond national borders"
Romania is one of the countries Siemens Transportation Systems Trains supplies with modular commuter and regional trains on the Desiro platform. Delegating the entire procurement of fastening elements to Bossard ensures that the right components are available at the right time – and where they are needed: Internationally.
Siemens Transportation Systems Trains, Krefeld Uerdingen, Germany



"technical support for innovation"
Agilent Technologies is a global leader in the manufacture of electronic and optical testing and measuring equipment for research and industrial applications. Bossard provides engineering advice and support to the innovation process. Moreover, Bossard's logistics systems have noticeably reduced Agilent's procurement work.
Agilent Technologies, Penang, Malaysia



"costs reduced and service quality enhanced"
SOCOMEC is the world leader in uninterruptible power systems. Bossard's SmartBin system guarantees the company a continual supply of fastening elements, which has led to significant cost savings and enhanced service quality.
SOCOMEC, Huttenheim, France

"not just fasteners: Entire C part management optimized"
Bombardier Transportation uses Bossard Inventory Management (BIM) for all its fastening elements, including those made by other manufacturers. This minimizes procurement work and assures availability, even when production frequency is stepped up at short notice.
Bombardier Transportation, Pratteln, Switzerland

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Dieser Geschäftsbericht ist auch in deutscher Sprache erhältlich und im Internet unter www.bossard.com zu beziehen.

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