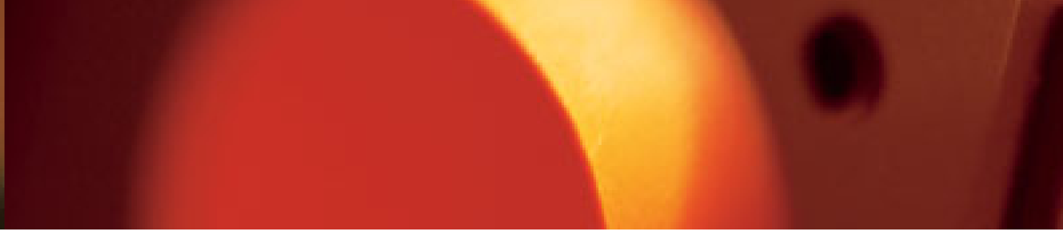
ANNUAL REPORT

2004

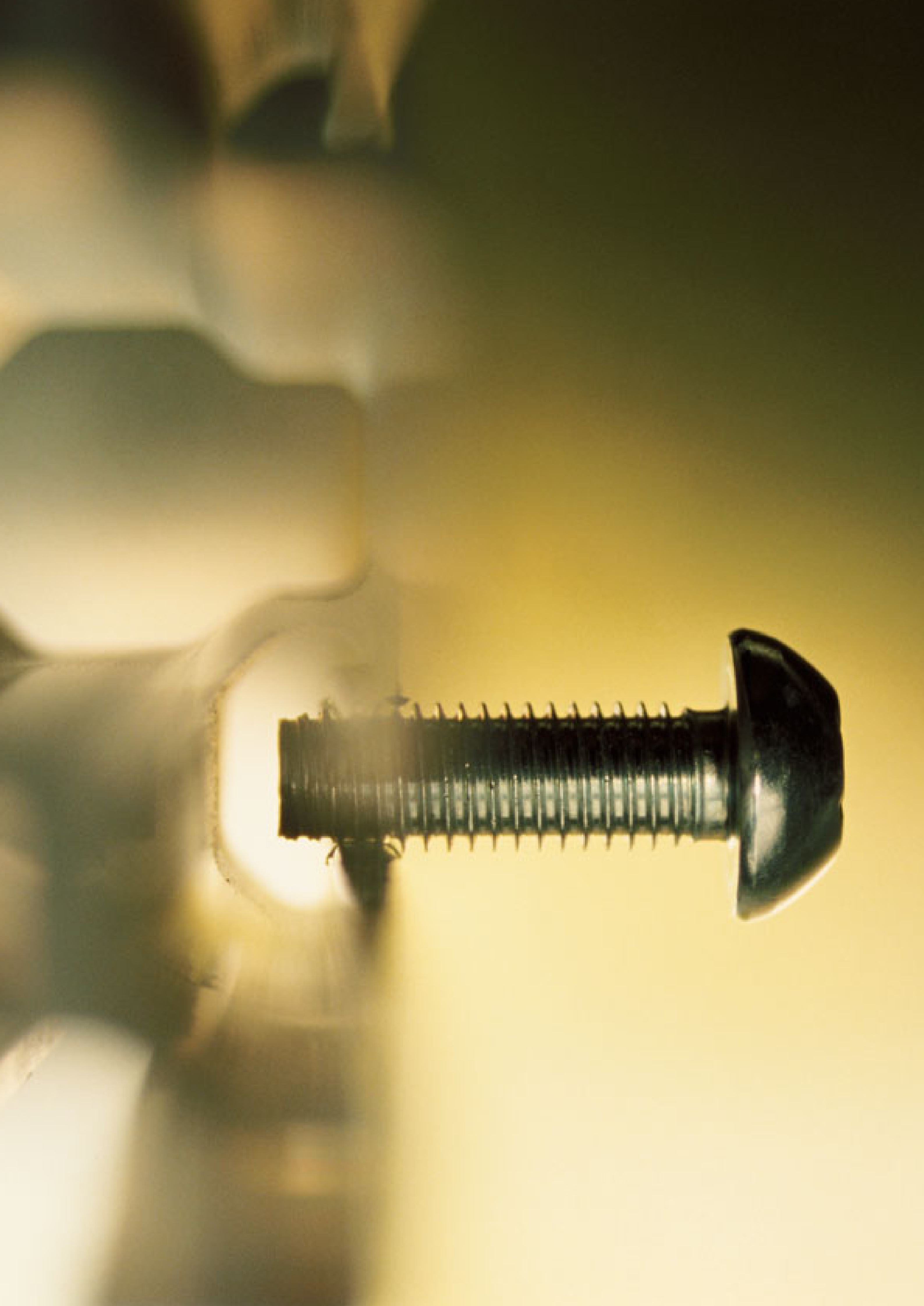
Bossard

Content

“With our engineering services we enhance the competitiveness of our customers”

Martin Rüedy, Engineering & Quality Management, Bossard (Switzerland)
“As competition grows fiercer and environmental requirements more stringent, it is increasingly important to maintain a competitive edge. The construction division of ’Schulthess Maschinen AG’ – a leading manufacturer of washing machines – relies on Bossard’s engineering services to provide targeted measures to ensure that the end products can continually be modernized and rationalized.”



Report to the Shareholders

Full Benefit from Dynamic Economic Development: Steep Sales Increase and Doubled Profit

Very strong sales increase of 15 percent to CHF 497 million and doubled profit of CHF 18.4 million as a result of a noticeable economic recovery and targeted early investments in attractive growth markets. The board of directors proposes a dividend increase from 8 percent to 18 percent. For 2005, a further increase in net income is anticipated but a somewhat weaker growth.

Both board and executive committee can look back on a year in which the positive signals clearly predominated. Our forecast made in this report a year ago, that we would increase sales for the first time in three years and, at the same time, improve net income more than proportionally proved correct, even if the budget targets were not reached in the last four months. Consequently, our sales amounting to CHF 497 million fell short of our target of half a billion, but it was still CHF 64 million or 15 percent higher than the CHF 433 million sales volume in 2003. It is gratifying that all three sales areas – Europe, America and Asia – contributed to this positive development. The total net income of CHF 18.4 for the reporting period was more than double the prior year's CHF 9.1 million. This improved profitability is primarily the result of the steep increase in sales with lower than proportional rise in operating costs. Additionally, the targeted investments in growth markets in central Europe and Asia undertaken in the past few years and in the reporting period have begun to bear fruit. The group has certainly spread its nets in the right markets.

This development as planned, together with good geographic diversification again reflect the group's regained robustness and health. The board of directors has therefore decided to propose to the shareholders that a higher dividend of CHF 1.80 be paid, an increase of CHF 1.00 compared to 2003. This proposal is in agreement with the group's long-term dividend policy to distribute 30 percent of the net income.

Positive Development in all Sales Regions

Sales development in Bossard Group's various sales regions again reflects the continuing worldwide relocation of production capacities, particularly to growth countries in the Asian region. In the past year, Bossard China doubled its sales volume and Bossard Korea increased sales by two thirds. Overall, sales in the Asia region expressed in Swiss francs grew by roughly one third and, with a total of CHF 42 million, contributed more than 8 percent to the group's consolidated sales. In 2000, sales volume in that region only reached CHF 21 million. We will continue our strategy of acquiring market shares in such growth regions and to establish ourselves as the preferred partner for industrial companies with international operations which are relocating their production facilities to these areas.

In 2004 a decisive growth surge came from America, the largest individual market in our group. In local currency sales increased by no less than 24 percent. However, given the strong decline of the U.S. dollar, this growth is not fully reflected in the corporate result in Swiss francs. Nevertheless, with a total of CHF 187 million, sales were up just under 15 percent. The shortages in the steel sector proved to be a particular stumbling block, and this applied to some extent in other markets, too. They arose as a result of the worldwide industrial upswing. Despite our global procurement network, supply bottlenecks and delays could not always be avoided, nor could the negative impact on margins resulting from increases in procurement costs which could not be passed on, or only passed on after a certain delay. This narrowed earnings opportunities from the sales increase, particularly in America. Particularly as such increases were substantially higher than in Europe, it was increasingly difficult to pass on the price increases to the customers in America above all in the second half of the year.

With growth of approximately 12 percent, which was only minimally influenced by foreign exchange fluctuations, the group's old-established European companies certainly reached

Dr. Thomas Schmuckli

Dr. Kurt Reichlin

Edwin Huber

Rolf E.Thurnherr

Helen Wetter-Bossard

Dr. Beat E.Lüthi

a satisfactory result and won substantial market shares. Particularly our important Swiss home market, with sales volume of some CHF 100 million, provided a highly satisfactory result; its reported growth of almost 10 percent was substantially above business development in general. The activities only recently commenced in the Czech Republic are very promising. It is becoming increasingly apparent that not only parts of the Far East but, because of their favorable cost structures, Eastern European countries are also becoming highly attractive for large industrial companies with multinational operations. Bossard will continue to strengthen its presence in these and similar regions and enhance its position with its own subsidiaries, thus focusing on migration markets with strong future potential.

2-B-global – The largest Network for Products and Services in the Fastening Technology Sector

2-B-global, the strategic alliance with the German Böllhoff Group announced in mid 2004, got off to a good start as scheduled. The aim of this alliance, which both groups entered into without any capital-related interlinking, is to provide the best possible service and support for industrial customers with multinational operations. With their differing focus, the structures of the two groups ideally complement each other not only geographically but also in terms of product range. The 2-B-global alliance has created the world's largest product and services network in the fastening technology sector and covers all the major industrial regions. It can meet practically all the fastening technology requirements of industrial companies with international operations. Unlike its strategy for the strongly developing new migration markets described above, Bossard will continue to extend the alliance network for selected mature markets in which it is not yet established.

Careful Optimism for 2005

Even though the economy is only expected to pick up slowly, we again anticipate good growth in 2005 – given the existing customer agreements and very promising new customer contacts in regions with above-average growth potential. In 2005 it will again be essential to maintain margins in an environment where further price increases threaten on the procurement side. Higher business volume should lead to profit growth as our infrastructural capacities are still largely adequate and our processes have been streamlined. With our three-level concept, product – engineering – logistics, we have a modern product and services profile on a worldwide basis and we will continue to actively and dynamically address key regions and customer segments.

Continuity assured

The unexpected death of our CEO, Heinrich Bossard, whose great services to the company will be acknowledged elsewhere in this report, has raised questions among investors and the public with regard to the continuity of the group's strategies. The board of directors and executive committee, who were fully involved in developing the strategies and supported them, see no reason to deviate from the course pursued so far. It is with satisfaction that we note that the principles which have guided the Bossard companies for decades can withstand such tragic events. These guiding principles, such as customer focus, adding value, quality, people and independence, will continue to apply in future. The various decisions which the shareholders, the board and the executive committee took over the past few years – whether policy or people related, have lent the group a strong institutional base. This is expressed in the high standard of corporate governance, a standard also recognized by third parties. It allowed the board to react rapidly after Heinrich Bossard's death and, without noticeably hindering day-to-day business, to ensure management continuity.

The board, with its majority of independent members, and the executive committee which, for the first time in the company's history, is not chaired by a member of the Bossard family, would like to take this opportunity to state explicitly that they will continue to abide by the company's business principles which are based on sustainability and fair relations with all target groups.

A particular vote of thanks is due to our employees, who now number some 1,500. They not only successfully mastered a sometimes difficult market environment but demonstrated – particularly after December 15, 2004 – that shock and grief could not shake their trust in the future.

We are looking forward to welcoming you to our annual general meeting on Tuesday, April 19, 2005. There will be no extraordinary items on the agenda.

Dr. Kurt Reichlin
Chairman of the Board

David Dean
Chief Executive Officer

Heinrich Bossard – an out-and-out Entrepreneur of a very special Caliber

On December 15, 2004, news reached us of Heinrich Bossard's fatal accident. While on holiday in New Zealand, our CEO and delegate of the board died in a plane crash. His wife Silvia was also on board of the light aircraft and survived with serious injuries. Just three years after his brother Peter Bossard, then chairman of our board, was killed during an attack on members of the Cantonal Council of Zug, the Bossard families have suffered a further tragic loss of an exceptional personality, who has left a decisive mark on the development of our group in the past few decades.

Very early on, Heinrich Bossard recognized the opportunities inherent in the globalization of the world economy. He focused the company on fastening technology, developed the three-level concept, product – engineering – logistics, and thus made Bossard Group a unique worldwide supplier of logistics products and services in the fastening technology sector.

As delegate of the board and CEO, Heinrich Bossard not only served as a far-sighted teacher in our company, he was also the "boss". He was committed to the company body and soul, motivating the employees and making their work meaningful. Even after the company went public in 1987, he repeatedly stated: "We may be a limited company, but we are not a société anonyme". All the employees will remember him as an exemplary boss, who ensured that the working climate throughout the group was always people-oriented, who himself lived the idea of teamwork and who introduced employee representatives up to the board of directors level – making Bossard one of the first companies to do so. With this approach he was more than entitled to expect top performance from the staff.

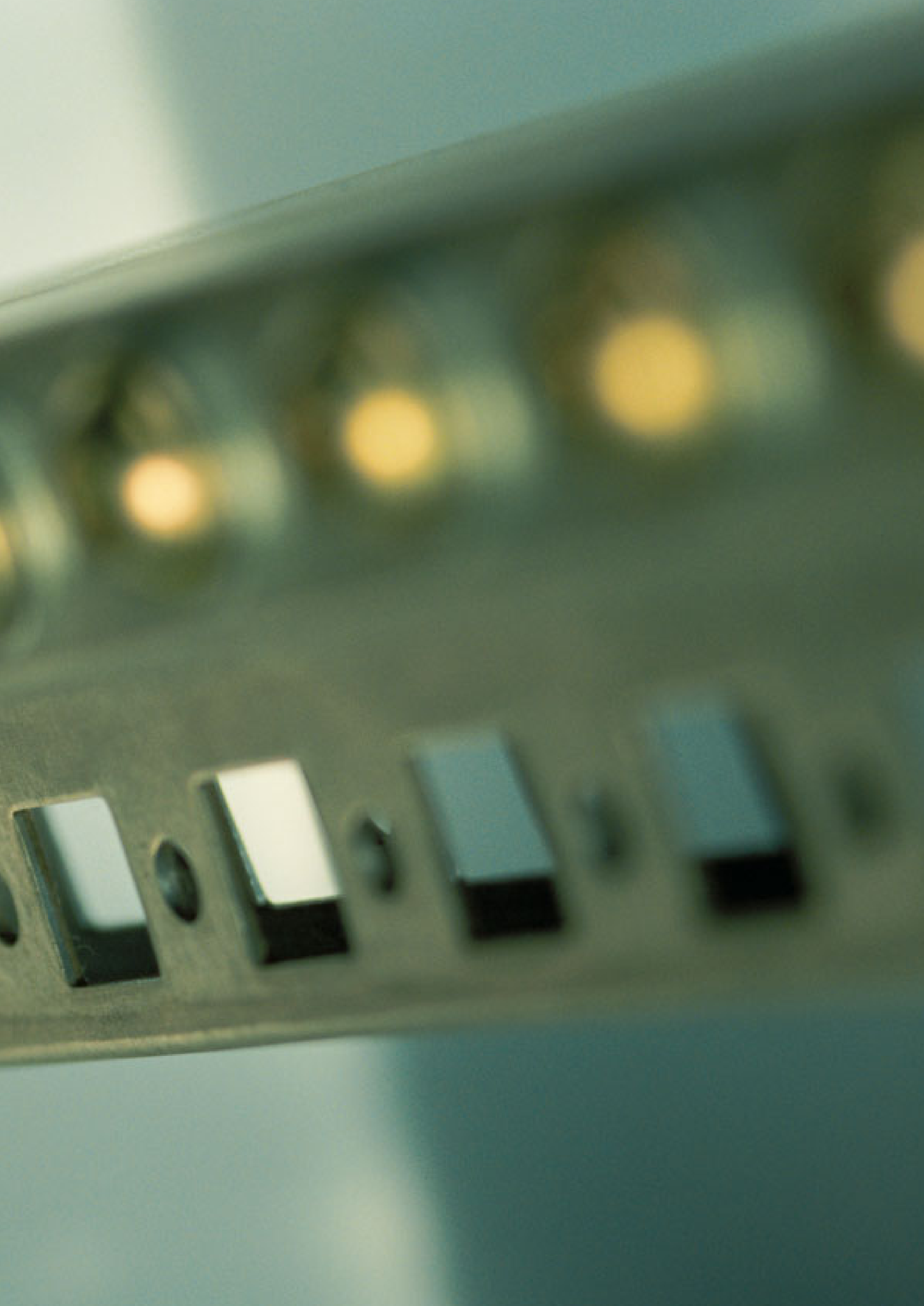
His social competence was especially to the fore in difficult times. The restructuring of the company meant that on several occasions certain established business segments had to be given up. Where others would simply have cut jobs, he made every effort to find companies where the activities sold off would be in really good hands. And if he did have to give some employees notice, the best possible social plan was prepared.

Family and staff, together with numerous friends and acquaintances, took their leave of Heinrich Bossard at an impressive funeral service on December 22, 2004. They paid their last respects to a personality who, with his pioneering ideas, has left his mark not only on the Bossard Group, but on the Swiss business environment as a whole.

Our deepest sympathy goes to the Bossard families. We know that you will honor Heinrich Bossard's memory and we would like to thank you all again for the many expressions of sympathy and regret we received.

“Quality is the first and main issue if you want to stay at the top of the class”

Vineet Talwar, Sales, Bossard (India)
“‘American Power Conversion’ (APC) – a leading supplier of network-critical physical infrastructure (NPCI) – has a worldwide reputation for reliability. Bossard’s three-level concept comprising products with consistent quality worldwide, cost-saving engineering services and innovative logistics systems provides rational support and is an important basis for long-term success.”



Review of 2004

– Market opportunities grasped in a good economic environment
– Dynamic sales development led to doubled profit
– Supply for customers assured despite shortage of steel

A challenging year mastered with success

As the economy had already begun to pick up towards the end of 2003, Bossard started the reporting year with confidence. Apart from fuller order books among our customers, other indicators at that time such as rising prices for raw materials and longer supply lead times on the part of the manufacturers suggested an upturn in the overall economy.

These expectations were confirmed at the very beginning of the year. Demand improved so strongly that, for the first four months, the company posted its best result ever. The second four months were no less successful and, compared to the prior year, profit rose threefold. The result for the last four months of the year were also up on the prior year, although the exceptional upturn in demand had slowed down somewhat.

Over the entire reporting year the group's sales grew strongly by 15 percent. With a less than proportional increase in operating costs net income more than doubled, reaching CHF 18.4 million.

For Bossard, the worldwide industrial upswing was also noticeable in its procurement activities. It led to shortages in the steel sector, which resulted in clearly longer supply lead times, supply bottlenecks and delays, as well as price increases. Our objective was to ensure that we could always supply our customers in time, despite the difficult conditions prevailing. With only a very few exceptions, our worldwide network of more than 2,000 suppliers on three continents allowed us to meet all our supply commitments. However, the shortages forced us to partly meet demand short term and via the local procurement markets, which led to higher procurement and processing costs.

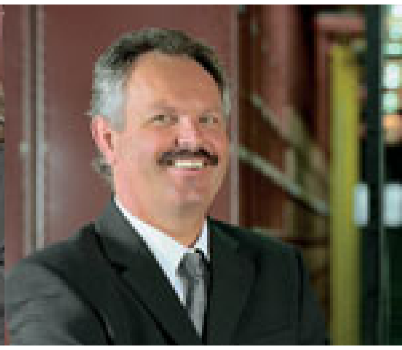
Despite the marked increase in customer demand, such challenges on the procurement side resulted in stronger pressures on margins, because not all the additional costs could be fully passed on to our customers.

The good result for the year 2004, however, is also attributable to careful internal planning and the measures implemented in the past few years. During the recessionary years we reduced our capacities with two objectives in view: To maintain earnings in line with the prevailing conditions and to be in a position to immediately benefit from an upturn when it set in – as it surely would. This strategy was an unqualified success: In all our markets our growth was higher than the growth rate of industrial production and consequently we increased our market share.

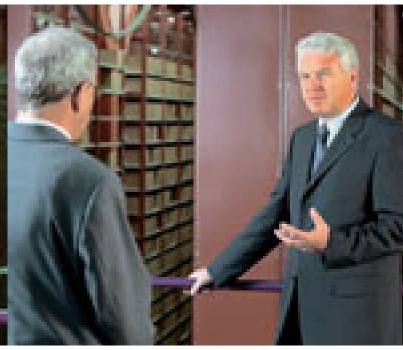
Our investments in the growth markets in Asia, which we stepped up further in the second half of 2004, also paid off. We participated more than proportionally in the increase in demand in these markets and, to strengthen our market position further, we shall continue to reinvest our earnings in order to further enhance our distribution network there.

Our success on the market has reinforced our belief that our products and services fully meet the needs of industrial customers with international operations. With our support in technical matters and our fully-automatic, consumption-based supply systems, we will continue to be in a position to lower our customers' total costs for the procurement and management of fastening components. This objective has become even more important, given the price increases resulting from higher costs for raw materials, which also affect our customers in areas unrelated to fasteners. With our three-part product, engineering and logistic services package we


David Dean


Freddy von Moos


Peter Erlangsen


Peter Vogel

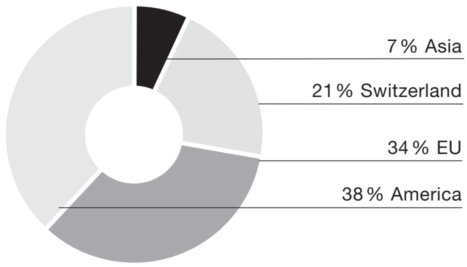

Julius Brun


Stephan Zehnder


Peter Furrer


Scott W. Mac Meekin

GEOGRAPHIC SALES DISTRIBUTION 2003



- Strong organic growth of sales of 15 percent
- Dynamic sales development and utilization of productivity reserves led to over-proportional growth of net income
- Equity ratio at a healthy 42 percent
- Return on equity improved from 7 percent to 13 percent

can even offer sustainable and thus better alternatives for those Bossard customers who are tempted to compensate for the pressure put on them by their own customers with concessions to quality. As specialists in fastening technology, we see it as our mission to primarily achieve lower costs for our customers by enhancing efficiency and productivity in the business processes.

Financial development in detail

Development of sales and gross profit

Sales for 2004 amounted to CHF 497 million, up by some 15 percent on the prior year. Adjusted for exchange differences sales even grew more than 18 percent. It is very gratifying indeed that all three sales regions – Europe, America, Asia – contributed to this growth.

			Changes	
in CHF million	2004	2003	in CHF	in local currency
Europe	267.9	238.6	12.3 %	11.4 %
America	187.3	163.2	14.8 %	24.3 %
Asia	42.1	31.6	33.2 %	42.3 %
	497.3	433.4	14.7 %	18.2 %

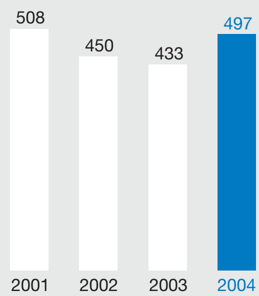
Growth in America and Asia was more pronounced, with sales increases in local currencies of 24.3 percent and 42.3 percent respectively. As the U.S. dollar was substantially weaker than in the prior year, growth rates expressed in Swiss francs were noticeably lower. The opposite effect applied in Europe where sales grew by 12.3 percent in Swiss francs whereas growth in local currencies only reached 11.4 percent. Overall, this growth was favored by our customers' rising production volume which, in turn, was triggered by the general economic recovery. However, it also reflects our greater efforts and investments in growth markets in Eastern Europe and in the Far East.

As a result of the exchange rate differences mentioned above, there were no major changes in sales distribution by region. However, with good growth in Asia its share of total sales rose more than 8 percent. Sales in China almost doubled compared to the prior year. Growth in Korea reached 74 percent and India reported a further strong increase in sales of 35 percent.

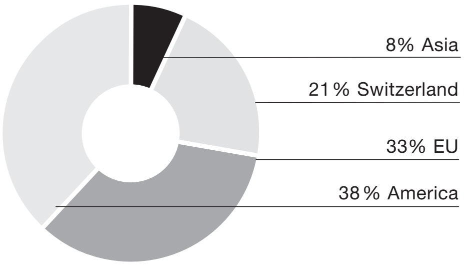
Development of operating expenses and EBIT

Operating expenses excluding depreciation and amortization increased 10 percent or CHF 12.7 million compared to the prior year. However, compared to sales growth this was less than proportional. The increase is primarily attributable to personnel expenses. This is the result of higher sales vol-

SALES IN CHF MILLION



GEOGRAPHIC SALES DISTRIBUTION 2004



ume, but also of the expansion of market activities in the Far East, in Eastern Europe and in Denmark. In latter accounted for some 45 percent of the cost increase. Market expansion efforts in China were stepped up, with the number of employees rising from 75 to some 140 during the course of the year. Overall, the annual average number of employees rose from 1,277 to 1,441. Around 18 percent of the increase in operating expenses is attributable to our profit sharing program. This program, which Bossard has applied for years, let employees participate in the company's success.

In the reporting year the group's operating result (EBIT) was CHF 27.9 million compared to CHF 15.9 million in 2003, an increase of more than 75 percent. This very satisfactory development also impacted positively on the operating margin, which rose from 3.8 percent in the prior year to 5.8 percent.

In terms of earnings, not all three sales regions benefited equally from the strong rise in sales. Earnings development in America was particularly disappointing; it did not improve adequately despite a sales increase of 24 percent. There were two reasons for this: First, the unexpectedly strong upsurge in demand led to distinctly higher process and procurement costs and secondly, in order to ensure guaranteed supply, some goods had to be procured on the noticeably more expensive American market. Additionally, as a result of the weaker dollar, price increases for imported goods impacted more strongly than in Europe and Asia.

The higher process and procurement costs could only be partially passed on to our customers and only after a certain delay, and thus they impacted directly on the operating result. Apart from market-related factors, however, the result was also affected by operational weaknesses in implementing necessary measures and the underestimation of requirements in a new customer engagement.

Financial result

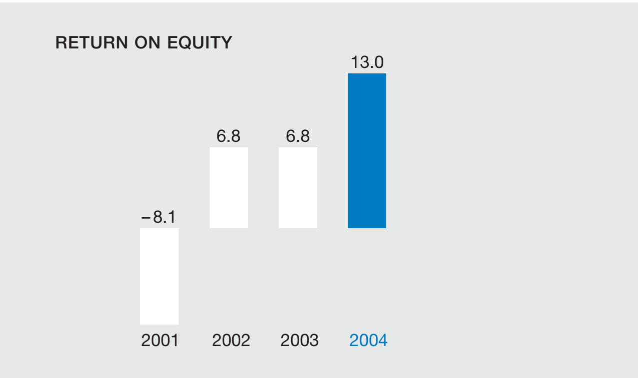
Financial expenses totaling CHF 4.4 million were CHF 0.8 million higher than in 2003. After exchange gains in the prior year cut financial expenses by CHF 1.1 million, such gains only amounted to just under CHF 0.1 million in 2004. Compared to the prior year, average interest on loans was reduced again from 3.9 percent to 3.6 percent.

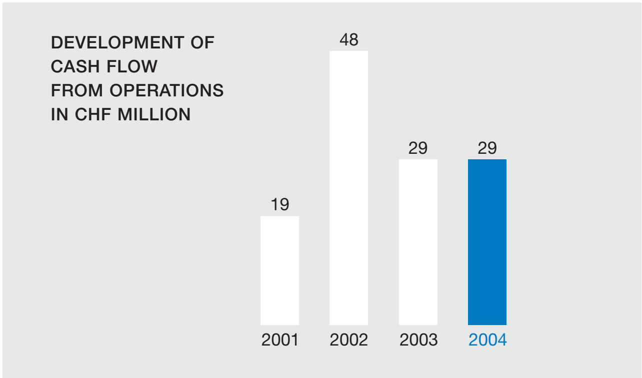
Taxes

Although in absolute terms taxes rose from CHF 2.9 million to CHF 4.7 million, the tax rate fell from 23.5 percent to 20.0 percent. This decrease is attributable to the inclusion of tax-loss carry-forwards and to differing regional earnings development.

Corporate result

With a net income in 2004 of CHF 18.4 million Bossard Group more than doubled the prior year's result, and only fell short of the 1999 record by CHF 1.1 million. Thus the group benefited more than proportionally from the upturn in the economy which began to set in towards the end of 2003. The strong increase in profit results from the leverage effect of the sales growth over the largely fixed operating cost. Apart from higher sales, however, continuing cost management and the utilization of available productivity reserves contributed to the improved result. This gratifying development is also reflected in a noticeably higher return on equity of 13.0 percent as against 6.8 percent in the previous two years.

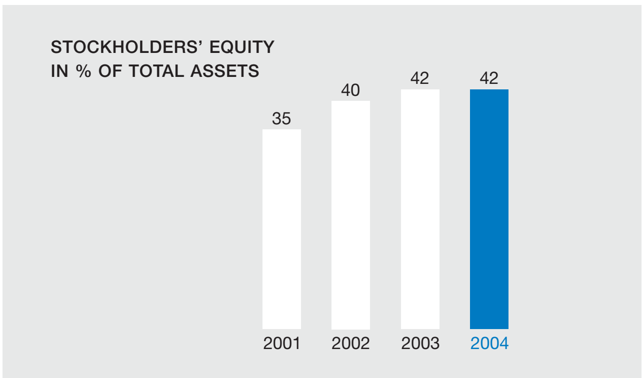




Balance sheet and cash flow statement

Compared to 2003, total assets rose by 5.3 percent or CHF 17 million. The main reasons were sales-related higher trade receivables and inventories. The average rate of operating working capital turnover improved slightly against the prior year and the operating working capital in percent of sales was 33.6 percent, 2 percent lower than in 2003. This impacted positively on net debt, which has risen only marginally to CHF 104 million despite higher capital employed in the prior year. The group's gearing (net debt/equity) has again improved year on year from 0.8 to 0.7. The above notwithstanding, the equity ratio at the end of 2004 remained unchanged at a healthy 42 percent.

The over-proportional profit development impacted equally positively on the cash flow statement. The cash flows from operating activities before changes in working capital amounted to CHF 37.1 million, an increase of CHF 9.2 million year on year. That the cash flow from operations of CHF 29.4 million was only marginally higher than in 2003 is a result of the growth-related increase in working capital. Investments in the amount of CHF 17.5 million were substantially higher that in the previous year. The main share is attributable to capital expenditure. These comprise prepayments for an ongoing office and warehouse construction project in America, which is expected to be completed in mid 2005. This infrastructure will unite the activities of four former locations. Normal investments in operating materials totaled around CHF 8.3 million and were mainly replacement investments. Additionally, Bossard acquired a 50 percent holding in Hi-Tec Fasteners ApS in Denmark. Despite clearly higher investments, the group's free cash flow was still CHF 11.9 million, which further enhanced Bossard's financial strength.



Outlook for 2005

- Further growth in all three regions
- Continuing pressure on margins because of higher procurement costs
- The target is sales growth with over proportional profit growth

Positive expectations for profit and sales

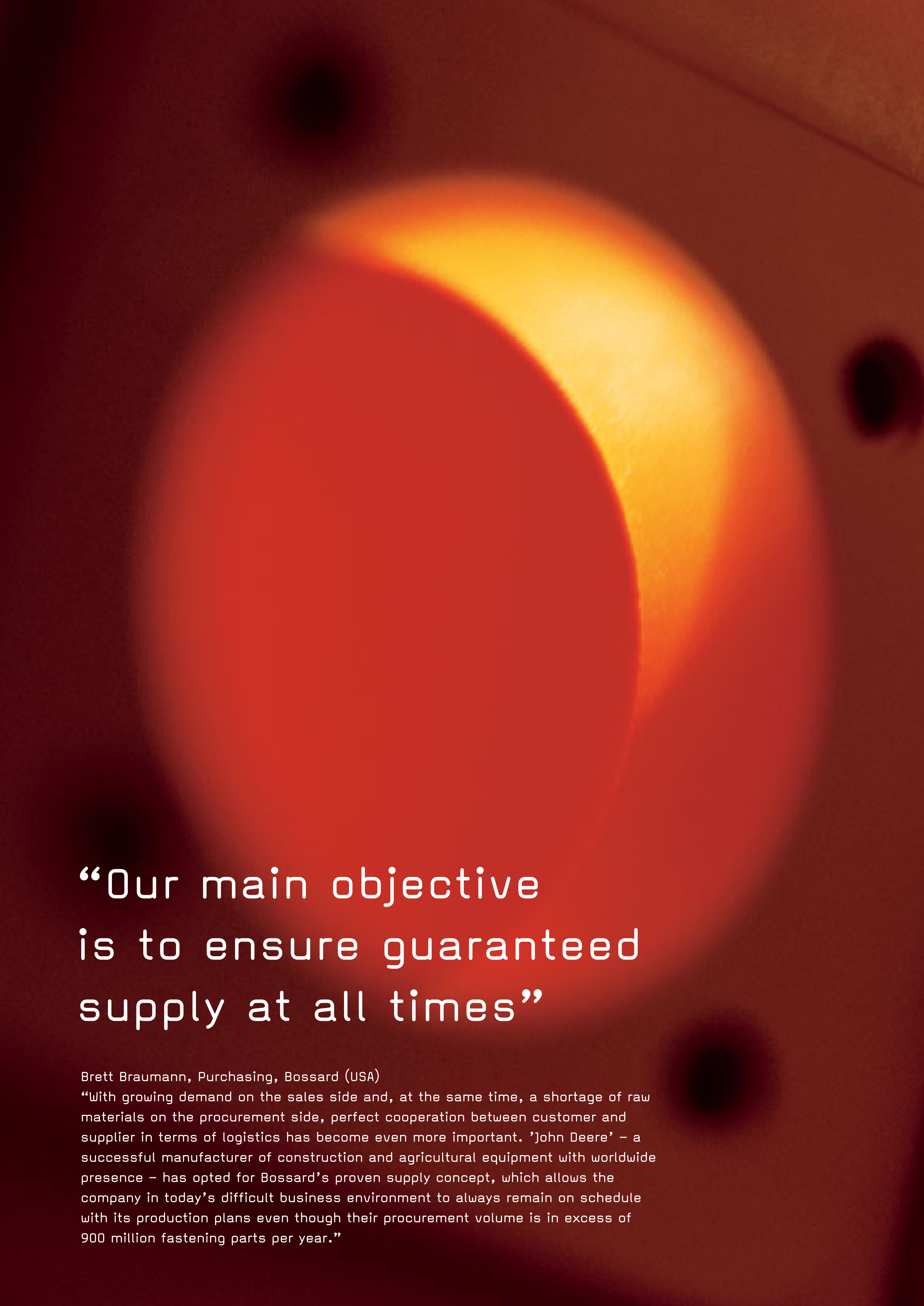
Although demand developed less dynamically in the last four months of 2004 and the macroeconomic indicators were beginning to show discrepancies, we still consider that our prospects for 2005 are good.

Business development in Asia continues robust, particularly in China, where we shall invest further and continue our expansion efforts. Moreover, we expect above-average growth to continue in Korea and India. We are also assuming that there will be further growth in America, though not so much as a result of increased demand from existing customers as from sales generated through the acquisition of new customers. In the mature markets in Europe we expect only modest growth. However, with the continuing relocation of production capacities from east to west, we expect higher sales volumes in Central and East European countries.

We do not expect the situation on the procurement market to ease up before the middle of 2005 at the earliest. As a result, the pressure on margins will continue to play a major role in the 2005 business year and we will have to pay close attention to developments. We will also focus strongly on accelerating earnings improvements in America.

In the short term there will be certain extraordinary costs in connection with optimizing our warehouse infrastructure in America and in France. The aim is to combine several present-day locations and thus make further progress in improving productivity. At the same time the standard ERP system will be introduced throughout the group, which will support and further optimize our business processes. The changeover phase will lead to a certain duplication of effort and onetime project costs will be incurred. These measures will hardly show positive results in financial terms until the beginning of 2006.

Overall we expect a further increase in consolidated sales. It is unlikely, however, that growth will reach the 2004 level. Given their growth potential, Central Europe and the Far East should contribute more than proportionally to growth in 2005. In Western Europe and America we expect growth to slow down. Against this background of anticipated continued growth and our ongoing operational improvements, we are aiming for profit growth in 2005 which will again be higher than sales growth.



“Our main objective is to ensure guaranteed supply at all times”

Brett Braumann, Purchasing, Bossard (USA)
“With growing demand on the sales side and, at the same time, a shortage of raw materials on the procurement side, perfect cooperation between customer and supplier in terms of logistics has become even more important. ’John Deere’ – a successful manufacturer of construction and agricultural equipment with worldwide presence – has opted for Bossard’s proven supply concept, which allows the company in today’s difficult business environment to always remain on schedule with its production plans even though their procurement volume is in excess of 900 million fastening parts per year.”

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	Engineering	Logistics
conventional electronic	convenient secure procurement, consistent quality worldwide	better products and lower production costs	higher productivity, lower inventories
global	comprehensive support, everywhere and locally		

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 multi-functional parts can simplify production and assembly. We make recommendations on suitable materials and anti-corrosion 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.

“SmartBin, the innovative logistics solution – fully automatic, reliable and simplicity itself”

Martin Anderson, Sales, Bossard (Denmark)
“Ensured supply and single sourcing are not mutually exclusive. Bossard’s SmartBin inventory management system immediately recognizes when stock needs to be replenished and automatically ensures uninterrupted supply. This feature persuaded ’Linak A/S’ – a leading supplier of linear actuators for the health and office furniture industry – to minimize its administrative effort and use one single source for all its fastening technology requirements, both special orders or standard parts.”

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

Social responsibility goes back a long way in the Bossard Group. Its 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

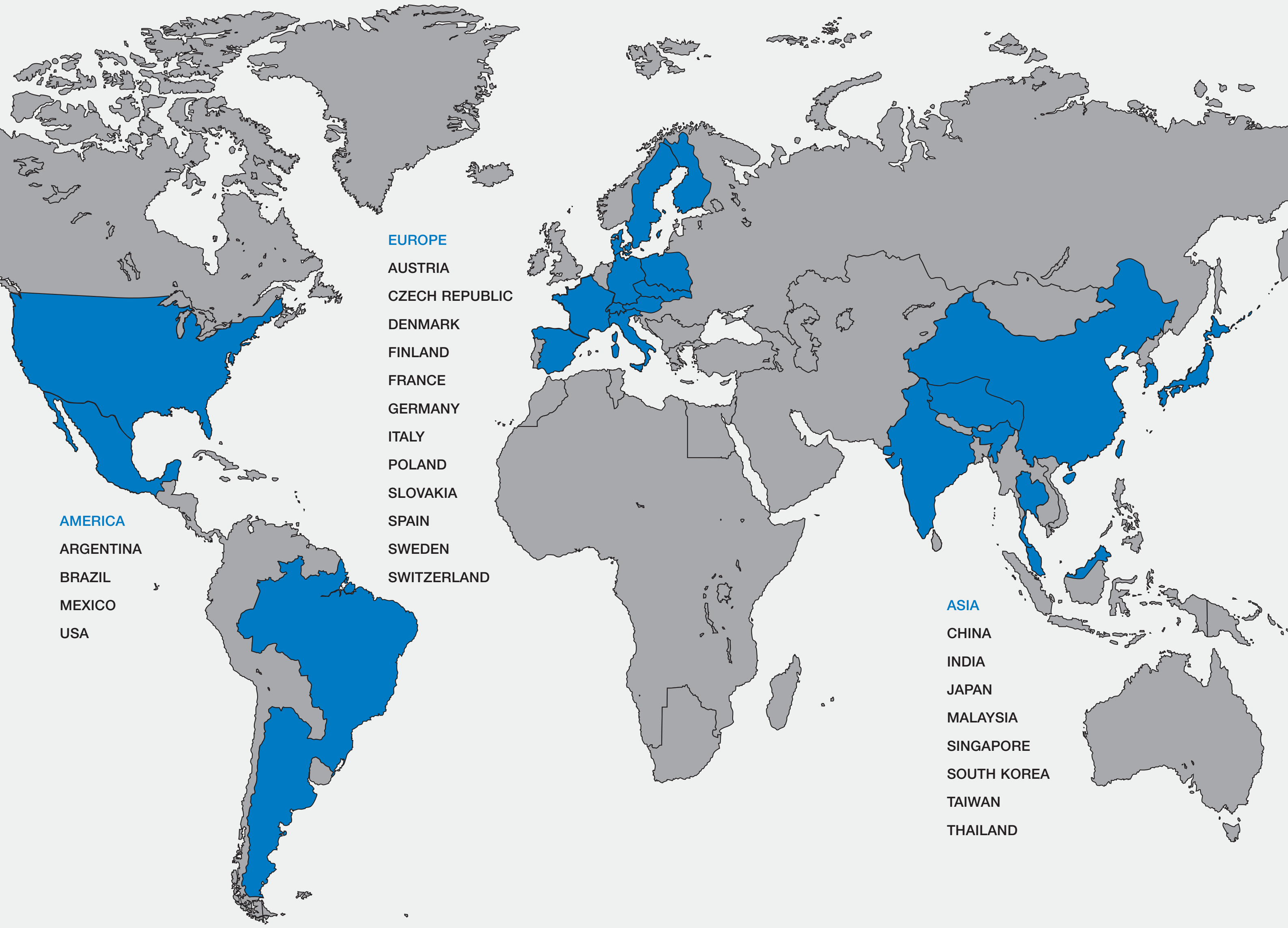
Like all companies we are dependent on favorable conditions in our business environment. We see ourselves as a company whose activities are designed to impact positively on our social and ecological environment.

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.

Bossard supplies customers worldwide

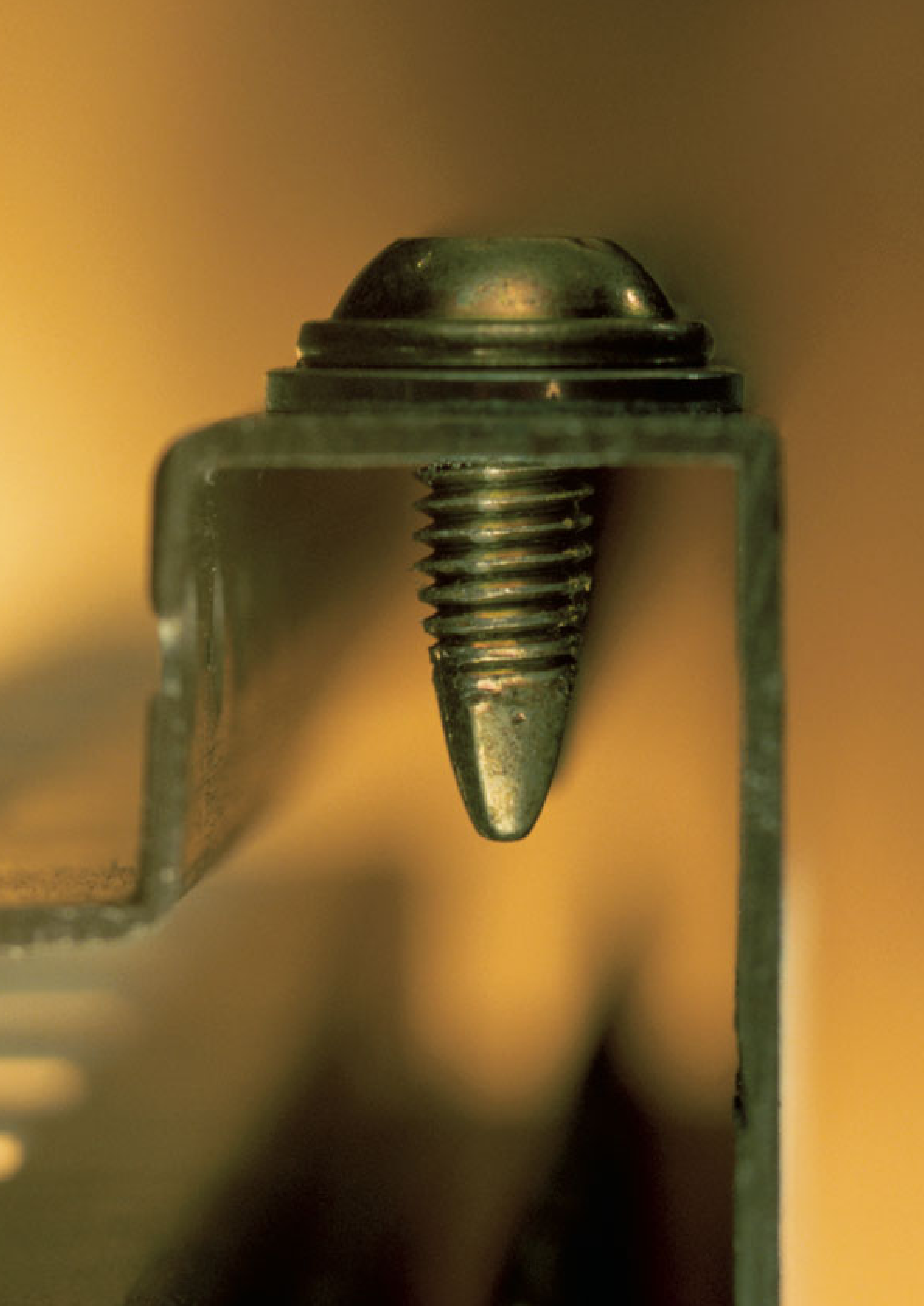
Operationally independent business units use common principles and systems to provide services of consistent quality. Unlike our competitors, we have strong representation in Europe, in America and in Asia. In markets where we have no companies of our own we serve our customers via alliance partners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



Current contact addresses from A like Appleton to Z like Zug
are available under www.bossard.com

“Bossard Global Account Management ensures guaranteed supply worldwide”

Mark Mumenthaler, Sales & Marketing, Bossard (Group)
“Through globalization many large customers have become multinational corporations. Such companies need suppliers who are themselves at home in the new geographic dimensions. One of these multinationals is ’Schweiter Technologies Group’ with its SSM and Ismeca divisions. Using its three-level concept, Bossard ensures supply for both divisions in China, the Czech Republic, Malaysia and Switzerland.”



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, the online catalog, which includes the chance of placing orders online
– Smart Purchasing, paperless shopping: Suppliers offer their products over the Internet – our buyers evaluate the bids electronically (password protected)
– BossTrain, e-Learning software for Bossard employees, set up to widen the know-how about our products
– BossCAD, the electronic CAD library on fastening technology
– BossCalc, calculation software to optimize the design of screwed connections
– Partner Page, an Extranet for our customers, to allow them to exchange documents and information (login required)
– SmartBin, fully-automatic system which uses sensors to continuously monitor inventory status and which can automatically place an order when the need arises
– BIM, Bossard Inventory Management, the comprehensive management system for C-parts

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

2004

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 fair value. 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, 2004	%	AT DECEMBER 31, 2003	%
Assets					
Current assets					
Cash at banks and marketable securities	3	6,766	2.0	5,864	1.8
Accounts receivable, trade	4	71,976	20.8	67,177	20.5
Other receivables and prepaid expenses	5	7,237	2.1	7,710	2.4
Inventories	6	141,482	41.0	129,695	39.6
		227,461	**65.9**	**210,446**	**64.3**
Long-term assets					
Long-term loans and deposits	7	2,967	0.9	2,440	0.7
Investments in associated companies	8	448	0.1	507	0.2
Software	9	10,962	3.2	11,230	3.4
Goodwill	9	37,829	11.0	42,491	13.0
Property, plant and equipment	10	65,136	18.9	60,291	18.4
		117,342	**34.1**	**116,959**	**35.7**
Total assets		**344,803**	**100.0**	**327,405**	**100.0**
Liabilities and shareholders' equity					
Current liabilities					
Accounts payable, trade		46,239	13.4	42,757	13.0
Other liabilities and accrued expenses	11	22,159	6.4	16,642	5.1
Current tax liabilities		6,952	2.0	6,275	1.9
Short-term debt	12	36,078	10.5	30,121	9.2
		111,428	**32.3**	**95,795**	**29.2**
Long-term liabilities					
Long-term debt	13	74,842	21.7	79,462	24.3
Other liabilities	14	3,829	1.1	5,578	1.7
Provisions	15	2,053	0.6	1,981	0.6
Deferred taxes	16	4,669	1.4	5,611	1.7
		85,393	**24.8**	**92,632**	**28.3**
Total liabilities		**196,821**	**57.1**	**188,427**	**57.5**
Minority interest		**2,870**	**0.8**	**1,907**	**0.6**
Shareholders' equity					
Share capital	17	32,000	9.3	32,000	9.8
Retained earnings		113,112	32.8	105,071	32.1
Total shareholders' equity		**145,112**	**42.1**	**137,071**	**41.9**
Total liabilities and shareholders' equity		**344,803**	**100.0**	**327,405**	**100.0**

The board of directors approved the financial statements on March 1, 2005.

Consolidated Income Statement

IN CHF 1,000	NOTES	2004	2003
Gross sales	**22/32**	**497,314**	**433,404**
Sales deductions		16,780	16,655
Net sales		**480,534**	**416,749**
Cost of goods sold		299,740	260,134
Gross profit		**180,794**	**156,615**
Personnel expenses	23/24	99,604	89,827
Sales, marketing and administration expenses		20,316	18,764
Other operating expenses	25	19,582	18,200
EBITDA		**41,292**	**29,824**
Depreciation and amortization	26	13,356	13,945
EBIT		**27,936**	**15,879**
Financial expenses net	27	4,448	3,648
Income from associated companies	8	–249	–197
Income before taxes		**23,737**	**12,428**
Taxes	28	4,749	2,926
Income after taxes		**18,988**	**9,502**
Minority interest		–634	–354
Net income		**18,354**	**9,148**

IN CHF	NOTES	2004	2003
Earnings per bearer share – basic	**29**	**6.26**	**3.16**
Earnings per bearer share – diluted		6.26	3.16
Earnings per registered share – basic	**29**	**1.25**	**0.63**
Earnings per registered share – diluted		1.25	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, 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**

IN CHF 1,000	ISSUED SHARE CAPITAL	OWN SHARES	RETAINED EARNINGS AND RESERVES	CUMUL. TRANSLAT. DIFFERENCES	SHAREHOLDERS' EQUITY
Balance at Jan. 1, 2004	32,000	–2,683	130,066	–22,312	137,071
Net income for the year			18,354		18,354
Dividend			–2,345		–2,345
Treasury shares sold for option scheme (note 18)		170	996		1,166
Options issued/(exercised) (note 18)			–606		–606
Translation differences				–8,528	–8,528
Balance at Dec. 31, 2004	**32,000**	**–2,513**	**146,465**	**–30,840**	**145,112**

Consolidated Cash Flow Statement

IN CHF 1,000	2004	2003
Cash flows from operating activities		
Net income before financial expenses and taxes	27,551	15,721
Taxes paid	–5,062	–2,148
Depreciation and amortization	13,356	13,945
Other non cash expenses		
– Interest	620	573
– Minority interest	634	354
Cash flows from operating activities before changes in working capital	**37,099**	**28,445**
Increase receivables	–3,824	–4,010
Decrease/(increase) inventories	–10,860	1,486
Increase payables	6,959	3,210
Cash flows from changes in working capital	**–7,725**	**686**
Cash flow from operations	**29,374**	**29,131**
Cash flows from investing activities		
Purchase of property, plant, equipment and computer software	16,847	4,506
Purchase price of investments	1,279	–
Proceeds from sale of property, plant and equipment	–631	–473
Net cash used for investing activities	**17,495**	**4,033**
Free cash flow	**11,879**	**25,098**
Cash flows from financing activities		
Increase of loans and deposits	–1,614	–1,830
Sale of treasury shares/employee options	560	708
(Decrease)/increase of debts	1,337	–18,190
Financial expenses net paid	–4,448	–3,648
Dividends paid	–2,345	–2,315
Cash flows from financing activities	**–6,510**	**–25,275**
Translation differences	–4,467	–1,011
Change in cash at banks and marketable securities	**902**	**–1,188**
Cash at banks and marketable securities at Jan. 1	5,864	7,052
Cash at banks and marketable securities at Dec. 31	6,766	5,864
Change in cash at banks and marketable securities	902	–1,188
Decrease/(increase) of debts	–1,337	18,190
Decrease/(increase) of net debt	**–435**	**17,002**
Net debt at Jan. 1	–103,719	–120,721
Net debt at Dec. 31	**–104,154**	**–103,719**
Reconciliation of net debt		
Cash at banks and marketable securities	6,766	5,864
Debt	–110,920	–109,583
Net debt at Dec. 31	**–104,154**	**–103,719**

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)

On January 1, 2004, 50 % of Hi-Tec Fasteners ApS (Denmark) was acquired. The investment is consolidated, adjusted for minority interest, as the group exercises control over the company's activities. On November 1, 2004, the Bossard Group increased its investment in Bossard (Korea) Ltd. from 40 % to 55 %. This change had no impact on net assets as the group already exercised control over the company's activities in 2003. The share of profit and equity not attributable to the Group's ownership was credited to minority interest.

Cash at Banks and Marketable Securities (3)

IN CHF 1,000	2004	INTEREST RATES %	2003
Cash at banks and in hand	5,621	0.0–4.5	4,953
Short-term bank deposits	1,006	0.8–4.5	771
Marketable securities	139		140
Total	**6,766**		**5,864**

Accounts Receivable, Trade (4)

IN CHF 1,000	2004	2003
Accounts receivable, trade	71,866	66,743
Notes receivable	4,801	5,576
Allowance for bad debts	–4,691	–5,142
Total	**71,976**	**67,177**

Other Receivables and Prepaid Expenses (5)

IN CHF 1,000	2004	2003
Other receivables	2,337	1,708
Prepaid expenses	4,900	6,002
Total	**7,237**	**7,710**

Inventories (6)

IN CHF 1,000	2004	2003
Purchased goods	134,802	121,311
Work in progress	545	1,946
Compulsory inventories (pledged)	6,135	6,438
Total	**141,482**	**129,695**

Long-term Loans and Deposits (7)

IN CHF 1,000	2004	INTEREST RATES %	2003
Other loans and deposits	2,967	0.0–9.0	2,440
Total	**2,967**		**2,440**

Investments in Associates (8)

IN CHF 1,000	2004	2003
Other investments:		
Bossard & Staerkle AG, Zug, 10 %	360	360
Others	88	147
Total	**448**	**507**
Income investments in associates	249	197

Intangible Assets (9)

IN CHF 1,000	GOODWILL	COMPUTER SOFTWARE	TOTAL
Cost			
Balance at Jan. 1, 2004	63,675	33,161	96,836
Exchange differences	–3,486	–380	–3,866
Additions	654	2,714	3,368
Additions consolidation scope	490	–	490
Disposals	–	–104	–104
Balance at Dec. 31, 2004	**61,333**	**35,391**	**96,724**
Accumulated depreciation			
Balance at Jan. 1, 2004	21,184	21,931	43,115
Exchange differences	–910	–200	–1,110
Amortization	3,230	2,801	6,031
Disposals	–	–103	–103
Balance at Dec. 31, 2004	**23,504**	**24,429**	**47,933**
Net book amount	**37,829**	**10,962**	**48,791**
2003	42,491	11,230	53,721

Additions in goodwill includes a purchase of customer lists and know-how from a Czech company in the amount of CHF 0.7 million.
Additions in computer software includes an advance payment of CHF 1.4 million.

Property, Plant and Equipment (10)

IN CHF 1,000	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
Cost			
Balance at Jan. 1, 2004	74,483	79,717	154,200
Exchange differences	–1,240	–1,840	–3,080
Additions	5,355	8,124	13,479
Additions consolidation scope	604	302	906
Disposals	–89	–4,027	–4,116
Balance at Dec. 31, 2004	**79,113**	**82,276**	**161,389**
Accumulated depreciation			
Balance at Jan. 1, 2004	29,295	64,614	93,909
Exchange differences	–340	–1,387	–1,727
Depreciation	2,147	5,170	7,317
Additions consolidation scope	83	216	299
Disposals	–113	–3,432	–3,545
Balance at Dec. 31, 2004	**31,072**	**65,181**	**96,253**
Net book amount	**48,041**	**17,095**	**65,136**
2003	45,188	15,103	60,291

Additions in land and buildings include advance payments of CHF 5.4 million and additions in machinery and equipment of CHF 1.1 million, which among other things, were for a new office and warehouse building in America.

The insurance value of property, plant and equipment is CHF 157.9 million (2003: CHF 157.2 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	2004	INTEREST RATES %	2003
Bank overdrafts	8,739	1.4–7.5	5,828
Bank loans	18,947	1.2–9.0	15,926
Notes payable	5,500	0.5–0.8	5,500
Other	2,656	0.6–5.1	2,671
Pension plans	236	–	196
Total	**36,078**		**30,121**

Long-term Debt (13)

IN CHF 1,000	2004	INTEREST RATES %	2003
Personnel savings accounts	20,373	3.3–3.8	18,748
Bank loans	54,283	1.5–4.7	60,591
Other long-term debt	186	–	123
Total	**74,842**		**79,462**

CHF 45 million (2003: 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 3.6 % (2003: 3.9 %).

	DUE FOR REPAYMENT			
IN CHF 1,000	1–2 YEARS	3–5 YEARS	OVER 5 YEARS	TOTAL
Personnel savings accounts	2,000	4,000	14,373	20,373
Bank loans	52,835	1,448	–	54,283
Other long-term debt	186	–	–	186
Total	**55,021**	**5,448**	**14,373**	**74,842**
2003	27,714	39,000	12,748	79,462

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 which will become due over the next few years.

Provisions (15)

IN CHF 1,000	2004	ADDITIONS	USED	EXCHANGE DIFFERENCES	2003
Provisions for restructuring	198	–	–344	–1	543
Pension and other termination benefits	1,482	129	–	–12	1,365
Other provisions	1,052	191	–45	–	906
Total provisions	**2,732**	**320**	**–389**	**–13**	**2,814**
./. Short-term provisions	–679				–833
Total long-term provisions	**2,053**				**1,981**

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)

The provisions for deferred taxes builds itself up as follows:

IN CHF 1,000	2004	2003
Deferred income taxes attributable to timing differences:		
Property, plant, equipment and intangible assets	818	918
Inventory	2,122	3,236
Other liabilities	1,729	1,457
Total deferred taxes	**4,669**	**5,611**

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**

251,239 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 24 million (2003: CHF 23.5 million).
The board of directors of Bossard Holding AG will propose a dividend of CHF 1.80 (2003: CHF 0.80) per bearer share and CHF 0.36 (2003: 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 2004 share options were issued at CHF 13.28 and a strike price of CHF 52.00 per share. The Bossard shares traded at CHF 53.00 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, 2004	45,060	326	588
Issue of share options	31,880	423	423
Repurchased/exercised	–40,739	–363	–666
Expired/converted	–7,700	–50	–
Change option obligation	–	–	353
Balance at Dec. 31, 2004	**28,501**	**336**	**698**

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

TREASURY SHARES FOR OPTION SCHEME	NUMBER
Balance at Jan. 1, 2004	83,242
Purchased	–
Sold	–17,003
Balance at Dec. 31, 2004	**66,239**

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

Leasing and Rental Liabilities (19)

At December 31, 2004 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	TOTAL IN CHF 1,000
2004	**1,828**	**1,068**	**545**	**190**	**43**	**3,674**
2003	1,858	1,234	532	184	45	3,853

At December 31, 2004 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	TOTAL IN CHF 1,000
2004	**4,220**	**2,951**	**2,158**	**2,121**	**1,806**	**13,256**
2003	4,128	2,879	1,411	776	960	10,154

Contingent Liabilities (20)

Contingent liabilities in the amount of CHF 2.3 million (2003: CHF 2.5 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	2004	2003
Accounts receivable, drafts	11,090	9,506
Inventories	6,984	7,210
Goodwill	3,411	3,673
Land and buildings	10,203	10,749
Total	**31,688**	**31,138**

The pledged or restricted assets are used as collateral for the outstanding bank loans and performance bonds. The total credit lines account for CHF 30.8 million (2003: CHF 35.6 million). The current borrowings amount to CHF 27.6 million (2003: CHF 25.6 million).

Gross Sales (22)

Sales by geographic area are as follows:

	2004 IN CHF MILLION	IN %	2003 IN CHF MILLION	IN %
Switzerland	102.3	20.6	92.8	21.4
Rest of Europe	165.6	33.3	145.8	33.6
America	187.3	37.6	163.2	37.7
Asia	42.1	8.5	31.6	7.3
Total	**497.3**	**100.0**	**433.4**	**100.0**

Personnel Expenses (23)

IN CHF 1,000	2004	2003
Salaries	81,136	73,791
Social cost	11,731	10,803
Pension cost	3,289	2,841
Other personnel expenses	3,448	2,392
Total	**99,604**	**89,827**

In 2004 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, 2004.

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

IN CHF 1,000	AT DECEMBER 31, 2004	AT DECEMBER 31, 2003
Present value of funded obligation	86,663	89,727
Fair value of plan assets	83,444	81,047
Actuarial credit balance	**–3,219**	**–8,680**
Less accum. unrecognized net loss	4,774	10,153
Asset	**1,555**	**1,473**

The amounts recognized in the income statement are as follows:

IN CHF 1,000	2004	2003
Current service cost	1,455	1,505
Interest cost	3,329	3,447
Expected return on plan assets	–3,592	–4,001
Actuarial losses recognized in year	–	272
Net periodic pension cost	**1,192**	**1,223**
Adjustment prepaid	82	19
Total included in personnel expenses	**1,274**	**1,242**

The movement of the asset was as follows:

IN CHF 1,000	2004	2003
Asset at Jan. 1	1,473	1,454
Contributions	1,274	1,242
Net periodic pension cost	–1,192	–1,223
Asset at Dec. 31	**1,555**	**1,473**

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 %	AT DECEMBER 31, 2004	AT DECEMBER 31, 2003
Discount rate	4.00	4.00
Expected return on plan assets	4.50	5.25
Future salary increases	1.75	1.75
Future pension increases	0.25	0.75

In addition, CHF 1.8 million (2003: CHF 1.7 million) in contributions to defined contribution pension plans were recognized in the income statement.

Other Operating Expenses (25)

IN CHF 1,000	2004	2003
Expenses for office and warehouse space	8,656	8,735
Insurance and charges	2,326	2,549
Other operating expenses	8,600	6,916
Total	**19,582**	**18,200**

Depreciation and Amortization (26)

IN CHF 1,000	2004	2003
Buildings	2,147	2,034
Machinery and equipment	5,170	5,615
Computer software	2,801	2,949
Goodwill	3,230	3,327
Other	8	20
Total	**13,356**	**13,945**

Financial Expenses Net (27)

IN CHF 1,000	2004	2003
Interest expense	5,125	5,198
Interest income	–615	–445
Exchange gain	–62	–1,105
Total	**4,448**	**3,648**

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 %	2004	2003
Average basic tax rate	22.1	25.0
Expenses not deductible	0.9	1.2
Utilization of previously unrecognized tax losses	–1.9	–4.7
Not recognized current tax losses	2.8	6.8
Other	–3.9	–4.8
Effective tax rate on income before tax	**20.0**	**23.5**

IN CHF 1,000	2004	2003
Current taxes	5,690	2,472
Deferred taxes	–941	454
Total	**4,749**	**2,926**

Available unrecognized tax loss carry-forwards amounted to CHF 8.0 million at the end of 2004 (2003: CHF 6.8 million). The unrecognized tax loss expires as follows:

UNRECOGNIZED TAX LOSS CARRY-FORWARDS	1 YEAR	2 YEARS	3–5 YEARS	OVER 5 YEARS	TOTAL IN CHF 1,000
2004	**21**	**0**	**1,157**	**6,777**	**7,955**
2003	–	350	2,784	3,627	6,761

Earnings per Share (29)

	2004	2003
Net income in CHF 1,000	18,354	9,148
Average number of shares entitled to dividend *)	2,934,003	2,895,290
Basic earnings per bearer share in CHF	6.26	3.16
Basic earnings per registered share in CHF	1.25	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 income attributable to shareholders by the weighted average number of shares entitled to dividend during the year.

Financial Instruments (30)

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	2004	2003
USD	176	329
EUR	286	554
Other	77	180
Total	**539**	**1,063**

Open forward contracts at December 31, 2004 were as follows:

IN CHF MILLION	CONTRACT VALUE	MARKET VALUE
USD	–0.9	–0.7
EUR	–7.7	–7.7
Other	–2.2	–2.2
Total	**–10.8**	**–10.6**
2003	–39.0	–37.0

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
2004	–	–
2003	–38.8	–36.8

Exchange Rates (31)

	2004 YEAR-END EXCHANGE RATE	ANNUAL AVERAGE EXCHANGE RATE	2003 YEAR-END EXCHANGE RATE	ANNUAL AVERAGE EXCHANGE RATE
1 EUR	1.54	1.54	1.56	1.52
1 USD	1.13	1.24	1.24	1.34
100 DKK	20.76	20.73	20.95	20.46
100 SEK	17.09	16.90	17.19	16.68
100 CZK	5.13	4.85	4.90	4.78
100 SKK	4.04	3.85	3.84	3.69
100 SGD	69.42	73.47	73.16	77.06
100 TWD	3.59	3.72	3.66	3.99
100 RMB	14.66	15.02	16.00	16.35
100 MYR	29.75	32.70	32.68	35.62
100 THB	2.92	3.25	3.14	3.36
100 INR	2.60	2.74	2.73	2.90
100 KRW	0.11	0.11	0.11	0.11

Segment Information (32)

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

	Europe		America		Asia		Eliminations		Consolidated	
IN CHF MILLION	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
External sales	267.9	238.6	187.3	163.2	42.1	31.6			497.3	433.4
Inter-segment sales	3.9	3.9	0.1	–	0.8	0.8	–4.8	–4.7	–	–
Total revenue	**271.8**	**242.5**	**187.4**	**163.2**	**42.9**	**32.4**	**–4.8**	**–4.7**	**497.3**	**433.4**
Segment EBITDA	37.8	25.9	1.9	2.3	1.6	1.6			41.3	29.8
Segment EBIT	28.7	17.1	–1.3	–1.7	0.5	0.5			27.9	15.9
Finance cost									–4.2	–3.5
Share of net incomes of associates									–0.6	–0.4
Taxes									–4.7	–2.9
Net income for the period									**18.4**	**9.1**
Other information										
Segment assets	190.9	192.8	120.8	108.0	29.7	23.7			341.4	324.5
Unallocated corporate assets									3.4	2.9
Consolidated total assets									**344.8**	**327.4**
Segment liabilities	64.7	79.0	110.7	90.2	20.9	18.2			196.3	187.4
Unallocated corporate liabilities									0.5	1.0
Consolidated total liabilities									**196.8**	**188.4**
Capital expenditures										
– Property, equipment, software, goodwill, plant	7.3	2.8	7.1	0.8	2.4	0.9			16.8	4.5
Depreciation and amortization										
– Property, equipment, software, goodwill, plant	9.1	8.8	3.2	4.0	1.1	1.1			13.4	13.9
Employees										
Headcount at Dec. 31	699	678	416	406	375	266			1,490	1,350
Annual average number of employees	676	644	442	403	323	230			1,441	1,277

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

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

Research and Development (33)

The total amount incurred for research and development not qualifying for capitalization amounted to CHF 0.5 million (2003: CHF 0.6 million).

Investment in Associates (34)

IN CHF 1,000	2004
Purchase price in cash	1,279
Value of net assets	–789
Goodwill	**490**

IN CHF 1,000	2004
Current assets	1,433
Long-term assets	607
Current liabilities	–462
Minority interests	–789
Net assets	789
Goodwill	490
Purchase price	**1,279**

Events Occurring after Balance Sheet Date (35)

There were no events between December 31, 2004 and the date of approval of the consolidated financial statements by the board of directors which affect these statements negatively.
As per January 1, 2005, the investment in Sigma AG, Stans was sold. Sigma achieved sales in the amount of CHF 10.9 million in 2004. The impact of this change will be a decrease in net assets of CHF 3.7 million.

Future Capital Expenditure (36)

Capital expenditure for 2005 is estimated at approximately CHF 13 million (2004: CHF 16.8 million). Capital expenditure includes an office and warehouse building in Cedar Falls, Iowa (USA) in the amount of CHF 13 million for which advance payments were already made in the amount of CHF 6.2 million in 2004.

Related Party Transactions (37)

All transactions with related parties are conducted at arm's length according to the terms and conditions of ordinary business transactions. It exists an interest-free loan to one member of the executive committee in the amount of CHF 0.3 million. 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 3.8 million (2003: CHF 2.6 million). The interest rate on these deposits was 3.25 % (2003: 3.25%), the same as the rate for all other employees.

Total compensation to the executive committee amounted to:

IN CHF 1,000	2004	2003
Salaries and other benefits	3,609	3,593
Share-based payments	140	–

Short-term debt includes a loan from Kolin Holding AG in the amount of CHF 1.5 million (2003: CHF 1.6 million). The interest rate was 1.6 % (2003: 1.5 %).
For additional information see Corporate Governance, section: Compensation, shareholdings and loans.

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 22) of Bossard Holding AG for the year ended December 31, 2004.

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, March 1, 2005

Balance Sheet

IN CHF	NOTES	AT DECEMBER 31, 2004	AT DECEMBER 31, 2003
Assets			
Current assets			
Marketable securities – treasury shares	3	2,972,177	3,735,093
Accounts receivable from Group companies		2,965,455	–
Accounts receivable others		64,834	98,199
Total current assets		**6,002,466**	**3,833,292**
Long-term assets			
Investments in Group and associated companies	2	118,379,215	118,879,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		**120,229,215**	**120,729,215**
Total assets		**126,231,681**	**124,562,507**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable to Group companies		–	136,960
Accounts payable others		9,843	15,371
Bank loans		5,000,000	5,000,000
Accrued expenses		339,505	376,957
Total current liabilities		**5,349,348**	**5,529,288**
Long-term liabilities			
Bank loans		25,000,000	30,000,000
Total long-term liabilities		**25,000,000**	**30,000,000**
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	4,822,177	5,585,093
Other reserves		29,286,311	28,523,395
Retained earnings		13,773,845	6,924,731
Total shareholders' equity		**95,882,333**	**89,033,219**
Total liabilities and shareholders' equity		**126,231,681**	**124,562,507**

Income Statement

Income Statement

IN CHF	2004	2003
Income		
Dividend income, income from marketable securities	11,046,614	6,473,363
Interest income	12,166	91,018
Service fees from Group companies	336,000	336,000
Total income	**11,394,780**	**6,900,381**
Expenses		
General and administrative expenses	593,895	578,576
Financial expenses	1,596,363	1,809,831
Total expenses	2,190,258	**2,388,407**
Income before taxes	**9,204,522**	**4,511,974**
Taxes	10,000	34,700
Net income	**9,194,522**	**4,477,274**

Changes in Retained Earnings

IN CHF	2004	2003
Retained earnings at Jan. 1	6,924,731	4,761,981
Net income	9,194,522	4,477,274
Appropriation of available profit determined by the annual general meeting		
Dividends for 2003 and 2002 respectively	–2,345,408	–2,314,524
Retained earnings at Dec. 31	**13,773,845**	**6,924,731**

The Board of Directors Proposes to the Annual General Meeting the Following Appropriation of Retained Earnings as at December 31, 2004

IN CHF	2004
Available retained earnings before distribution	13,773,845
Dividend of 18 % on the share capital of CHF 30,150,000 eligible for dividends	–5,427,000
To be carried forward	**8,346,845**

Notes to the Financial Statements

IN CHF	2004	2003
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	75,445,000	79,582,000
thereof used	25,372,412	26,918,688
The Bossard Group concentrates its main credit facilities in Bossard Holding AG. Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.		
2. Investments		
Bossard AG, Zug, wholly owned		
Bossard International AG, Zug, wholly owned		
Bossard Finance Ltd, St. Helier, wholly owned		
Bossard & Staerkle AG, Zug, 10 % holding		
In financial year 2004, the investments were adjusted in the amount of a dispensable accrual.		
3. Balance of own shares		
a) Treasury shares		
Balance at Jan. 1 – 83,242 shares (2003: 125,392 shares)	3,735,093	3,887,152
Purchases: 0 bearer shares of CHF 10 par value (2003: 170 shares)	–	5,826
Sales: 17,003 bearer shares of CHF 10 par value (2003: 42,320 shares)	–762,916	–1,658,310
Adjustment	–	1,500,425
Balance at Dec. 31 – 66,239 shares, rate 70.00 (2003: 83,242 shares, rate 55.00)	2,972,177	3,735,093
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	2,972,177	3,735,093
Own shares – never issued	1,850,000	1,850,000
Reserves for own shares	4,822,177	5,585,093
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 % (2003: 54.75 %) of the voting rights. Kolin Holding AG, Zug, is wholly owned by the Bossard families.		

Report of the Statutory Auditors

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 to the financial statements / pages 24 to 26) of Bossard Holding AG for the year ended December 31, 2004.

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, March 1, 2005

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, 2004, the board of directors had six members (see overview on page 29). Since the death on December 15, 2004, of Heinrich Bossard, delegate of the board and CEO, no member of the board of directors now serves in an executive function. 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 nomination and remuneration committee (NRC) from among its members to prepare the necessary proposals for issues pertaining to membership and compensation at board and executive committee level. The NRC 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, 2004:

NAME	FUNCTION	FIRST APPOINTED	CURRENT TERM OF OFFICE ENDS
Dr. Kurt Reichlin	Chairman Member of the Audit Committee Member of the NRC	2001	2008
Rolf E. Thurnherr	Deputy Chairman (Bearer shares Representative)	2003	2008
Edwin Huber	Member (Employee Representative)	1979	2008
Dr. Beat E. Lüthi	Member	2002	2008
Dr. Thomas Schmuckli	Member Chairman of the Audit Committee Member of the NRC	2000	2008
Helen Wetter-Bossard	Member	2002	2008

Until his accidental death on December 15, 2004, Heinrich Bossard served as delegate of the board.

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 was 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 university of Fribourg; practicing lawyer. He serves on the boards of SMEs and Swiss holdings of foreign enterprises (including RWE, BASF). He was born on August 14, 1932, and is a Swiss citizen.

Rolf E. Thurnherr, dipl. El. Ing. ETH, has been a member of the board since 1992, deputy chairman since 2003 and a member of the board of Agta Record AG in Fehraltorf, Switzerland. Since 2004 he has been a self-employed management consultant and from 1996 until his retirement in 2003 Rolf E. Thurnherr was a member of the management of Cerberus and, after this company was taken over by Siemens, he was a member of the divisional 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: He studied electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich. During his professional career he acquired diplomas in business economics and management. Rolf E. Thurnherr was born on September 16, 1941 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 2004 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 2004, the fees for such services rendered by the company was amounted to CHF 108,000 (2003: CHF 104,000).

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, 2004, the following were members of the executive committee:

NAME	FUNCTION	IN COMPANY SINCE	IN FUNCTION SINCE
David Dean	Acting CEO Group	1992	2004
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

Until his accidental death on December 15, 2004, Heinrich Bossard served as CEO Group. On December 20, 2004, the board of directors appointed David Dean as acting CEO Group. In January 2005, the board agreed to appoint David Dean as CEO Group and Stephan Zehnder as the new CFO.

David Dean, acting CEO Group, has served in this function since December 20, 2004, while counting as chief financial officer, a function he took over in 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.

Julius Brun, chief of staff since 1998, is responsible for the group's service functions which include sales, purchase, 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.

Stephan Zehnder has served as chief financial officer since January 2005. From 1996 to 1997 he was a controller in Bossard's corporate finance. In 1998 he took over the function of corporate controller of Bossard Group, which he remained up to the end of 2004. Prior to joining Bossard, he was employed by various international enterprises in functions concerned with finance and controlling. Background: MBA Finance from the Graduate Business School in Zurich and the University of Wales. Stephan Zehnder was born on October 20, 1965 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 Harvard 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	2004	NUMBER OF BENEFICIARIES	2003	NUMBER OF BENEFICIARIES
Non-executive members of the board of directors	406,400	6	406,400	6
Executive members of the board of directors and members of the executive committee	3,749,069	8	3,593,000	8
Total	**4,155,469**	**14**	**3,999,400**	**14**

No severance payments were made to members who resigned from the board or the executive committee.
The highest total compensation amounted to 2004: CHF 794,138 (2003: CHF 788,000).

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, 2004:

	SHARES
Non-executive members of the board of directors	31,575
Executive members of the board of directors and members of the executive committee	62,350
Total	**93,925**

Options

An overview of the options on shares in Bossard Holding AG held by members of the board and executive committee at December 31, 2004:

ALLOTMENT YEAR	2004	2002
Non-executive members of the board of directors	3,370	2,396
Executive members of the board of directors and members of the executive committee	11,564	4,495
Total	**14,934**	**6,891**
Subscription ratio	1:1	1:1
Exercise price	52.00	48.75
Expiration	2008	2006

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 2004 amounted to CHF 590,000 (2003: CHF 550,200). Apart from these fees, additional services performed (primarily tax advice) were charged in the amount of CHF 42,000 (2003: 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

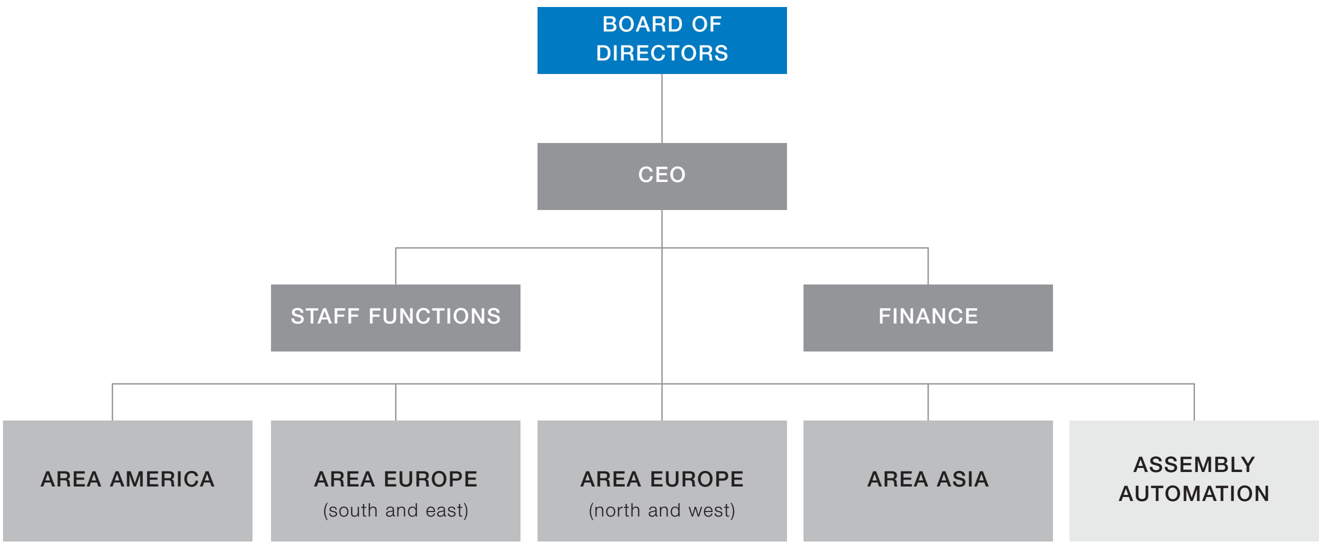
Bossard's aim is to make it easy for its shareholders to exercise their legal and statutory rights. Detailed information is available on the Internet under www.bossard.com.

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.
As per January 1, 2005, the investment in Sigma AG, Stans was sold.

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.	Vienna	EUR	1,017	100	■		
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■		
Slovakia	Bossard SK, spol. s.r.o.[2]	Bratislava	SKK	200	100	■		
Area Europe (north and west)								
Denmark	Bossard Denmark A/S	Skovlunde	DKK	5,000	100	■		
	Hi-Tec Fasteners ApS[1]	Haslev	DKK	1,000	50	■		
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■		
France	Bossard France S.A.S	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	23,700	100	■		
India	LPS Bossard Pvt. Ltd	Haryana	INR	48,000	51	■		
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	26,487	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	55	■		

■ Fully consolidated □ Minority investment

Status: December 31, 2004

[1] Fully consolidated as the group is exercising control over the company's activities.

[2] Founded in 2004

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: 54.75 %) of total voting rights or 26.28 % 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	2004	2003
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	2004	2003
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	2,409	2,392
Registered shares entitled to dividend	2,700	2,700
Bearer shares equivalents, entitled to dividend at Dec. 31	**2,949**	**2,932**

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, 251,239 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, 2002	32,000,000	16,000,000	5,499,984	28,608,504	4,302,411	86,410,899
Net income					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**
Net income					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**
Net income					9,194,522	9,194,522
Dividends					–2,345,408	–2,345,408
Changes in reserves			–762,916	762,916		–
Balance at Dec. 31, 2004	**32,000,000**	**16,000,000**	**4,822,177**	**29,286,311**	**13,773,845**	**95,882,333**

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, 2004:

ALLOTMENT YEAR	EXPIRATION	NUMBER	EXERCISE PRICE	SUBSCRIPTION RATIO
2002	2006	8,289	48.75	1:1
2004	2008	20,212	52.00	1:1
Total		**28,501**		

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

	2004	2003	2002	2001[1)]	2000
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	2,408,761	2,391,758	2,349,608	2,404,906	2,418,390
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	2,948,761	2,931,758	2,889,608	2,944,906	2,958,390
Market price					
Ticker-symbol (BOSZ/BOS)					
Volume traded (Daily average)	3,853	3,700	2,532	2,070	4,430
Closing price at Dec. 31	70.0	55.0	31.0	30.0	68.5
Bearer share high in CHF	75.0	55.5	43.8	75.0	89.5
Bearer share low in CHF	51.5	26.3	28.0	24.0	68.0
Dividend per share					
Bearer share in CHF	1.8 [2)]	0.8	0.8	–	1.7
Registered share in CHF	0.36 [2)]	0.16	0.16	–	0.34
In % of share capital	18.0	8.0	8.0	–	17.0
Dividend yield (Basis: Price at Dec. 31)	2.6 %	1.5 %	2.6 %	–	2.5 %
Earnings per share [3)]					
Bearer share in CHF	6.26	3.16	3.14	–3.89	4.91
Registered share in CHF	1.25	0.63	0.63	–0.78	0.98
Cash flow per share [3)]					
Bearer share in CHF	10.81	7.98	8.35	1.75	9.91
Registered share in CHF	2.16	1.60	1.67	0.35	1.98
Price/earnings ratio (Basis: At Dec. 31)	11.2	17.4	9.9	–7.7	14.0
Net worth per share [4)]					
Bearer share in CHF	49.2	46.8	46.4	45.4	52.0
Registered share in CHF	9.8	9.4	9.3	9.1	10.4
Market capitalization (Basis: At Dec. 31)					
In CHF million [4)]	206	161	90	88	203
In % of stockholders' equity	142.2	117.6	66.9	66.1	131.6

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

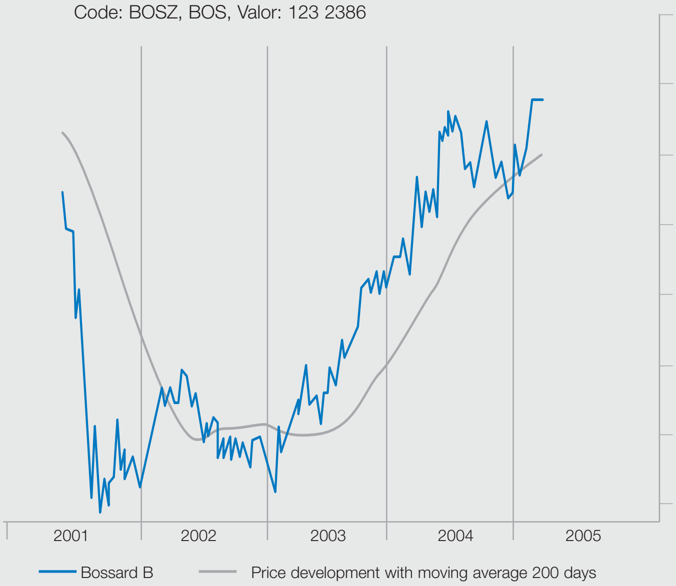
IN CHF MILLION		2004	2003	2002	2001	2000
Economic value added analysis						
Gross sales		497.3	433.4	449.7	507.6	536.2
Earnings before interest and taxes (EBIT)		27.9	15.9	18.4	5.9	24.2
Effective tax rate in %		20.0	23.5	14.1	–5.1	14.5
Net operating profit after tax (NOPAT)		**22.3**	**12.1**	**15.8**	**6.2**	**20.7**
Equity		145.1	137.1	133.9	133.7	154.0
Gross financial debt		110.9	109.6	127.8	165.2	163.4
Less cash at banks and marketable securities		6.8	5.9	7.1	4.3	5.0
Capital employed (Year end)		249.2	240.8	254.6	294.6	312.3
Average annual capital employed	**(1)**	**245.0**	**247.7**	**274.6**	**303.5**	**267.2**
Return on average capital employed (ROCE) in %		**9.1**	**4.9**	**5.8**	**1.9**	**7.7**
Cost of financial debt in %						
Average cost of financial debt		3.6	3.9	4.3	4.9	5.3
Less effective tax		20.0	23.5	14.1	–5.1	14.5
Cost of financial debt after tax		2.9	3.0	3.7	5.1	4.5
Cost of equity in %						
Risk free rate (Basis: Yearly average of yield Swiss government bond)		2.7	2.6	3.2	3.7	3.8
Risk premium		5.5	5.5	5.5	5.5	5.5
Cost of equity		8.2	8.1	8.7	9.2	9.3
Equity of total assets		42.1	41.9	39.7	35.1	36.7
Weighted average cost of capital (WACC) in %		**4.7**	**5.1**	**5.7**	**6.4**	**6.3**
Economic profit in % (ROCE–WACC)	(2)	4.4	–0.2	0.1	–4.5	1.4
Economic profit in CHF million	**(1) x (2)**	**10.9**	**–0.5**	**0.3**	**–13.7**	**3.7**

Investor Information

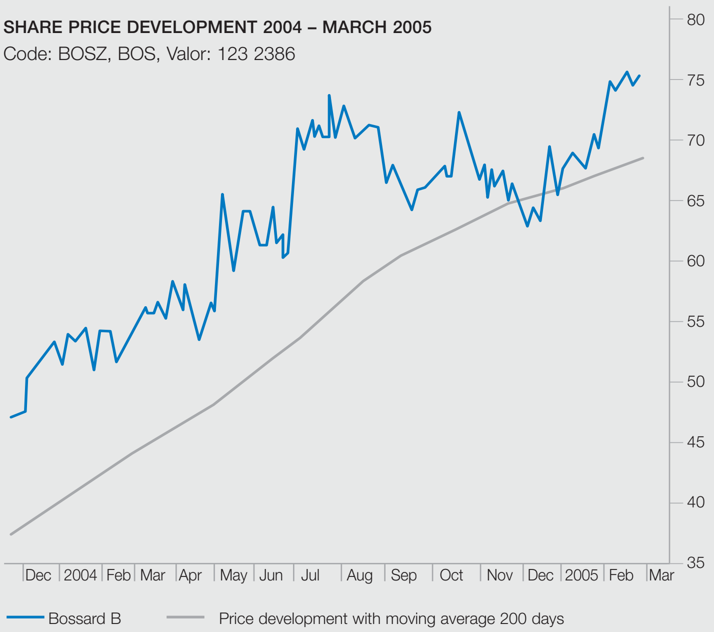
IN CHF MILLION	2004	2003	2002	2001	2000
Economic book value (EBV)					
Market value added (Economic profit/WACC)	2.3	–9.8	5.3	NA	58.7
Capital employed	249.2	240.8	254.6	NA	312.3
Implied enterprise value	251.5	231.0	259.9	NA	371.0
Less gross financial debt	110.9	109.6	127.8	NA	163.4
Add cash at banks and marketable securities	6.8	5.9	7.1	NA	5.0
Economic book value at Dec. 31	**147.4**	**127.3**	**139.2**	**NA**	**212.7**
Market valuation and key ratios					
Share price at Dec. 31 in CHF	70.0	55.0	31.0	30.0	68.5
Market capitalization	206.4	161.2	89.6	88.3	202.6
Net financial debt	104.1	103.7	120.7	160.9	158.4
Enterprise value (EV)	**310.5**	**264.9**	**210.3**	**249.2**	**361.0**
EV in % of gross sales	62.4	61.1	46.8	49.1	67.3
EV/EBITDA	7.5	8.9	6.3	11.0	9.3
EV/EBIT	11.1	16.7	11.4	42.2	14.9
EV/NOPAT	13.9	21.9	13.3	40.2	17.4
Price/book value per share	1.4	1.2	0.7	0.7	1.3
Return on equity in %	13.0	6.8	6.8	–8.1	9.6

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

SHARE PRICE DEVELOPMENT 2001 – MARCH 2005
Code: BOSZ, BOS, Valor: 123 2386



SHARE PRICE DEVELOPMENT 2004 – MARCH 2005
Code: BOSZ, BOS, Valor: 123 2386



Important Dates

April 19, 2005	Annual General Meeting
June 7, 2005	Interim Report 1st four months 2005
October 4, 2005	Interim Report 2nd four months 2005
January 31, 2006	First Results 2005

Board of Directors and Management

Board of Directors of Bossard Holding AG

Dr. Kurt Reichlin, Zug; Chairman
Rolf E. Thurnherr, Lieli; Deputy Chairman
Edwin Huber, Zug; Employee Representative
Dr. Beat E. Lüthi, Zurich
Dr. Thomas Schmuckli, Cham
Helen Wetter-Bossard, Zug

Executive Committee

David Dean, Volketswil; CEO
Julius Brun, Lucerne; Chief of Staff
Stephan Zehnder, Baar; CFO
Peter Erlangsen, Walchwil; CEO North and West Europe
Peter Furrer, Cham; CEO South and East Europe
Scott W. Mac Meekin, SG-Singapore; CEO Asia
Peter Vogel, US-Rye NH; CEO America

Auditors

PricewaterhouseCoopers AG, Zurich

Status: March 2005

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