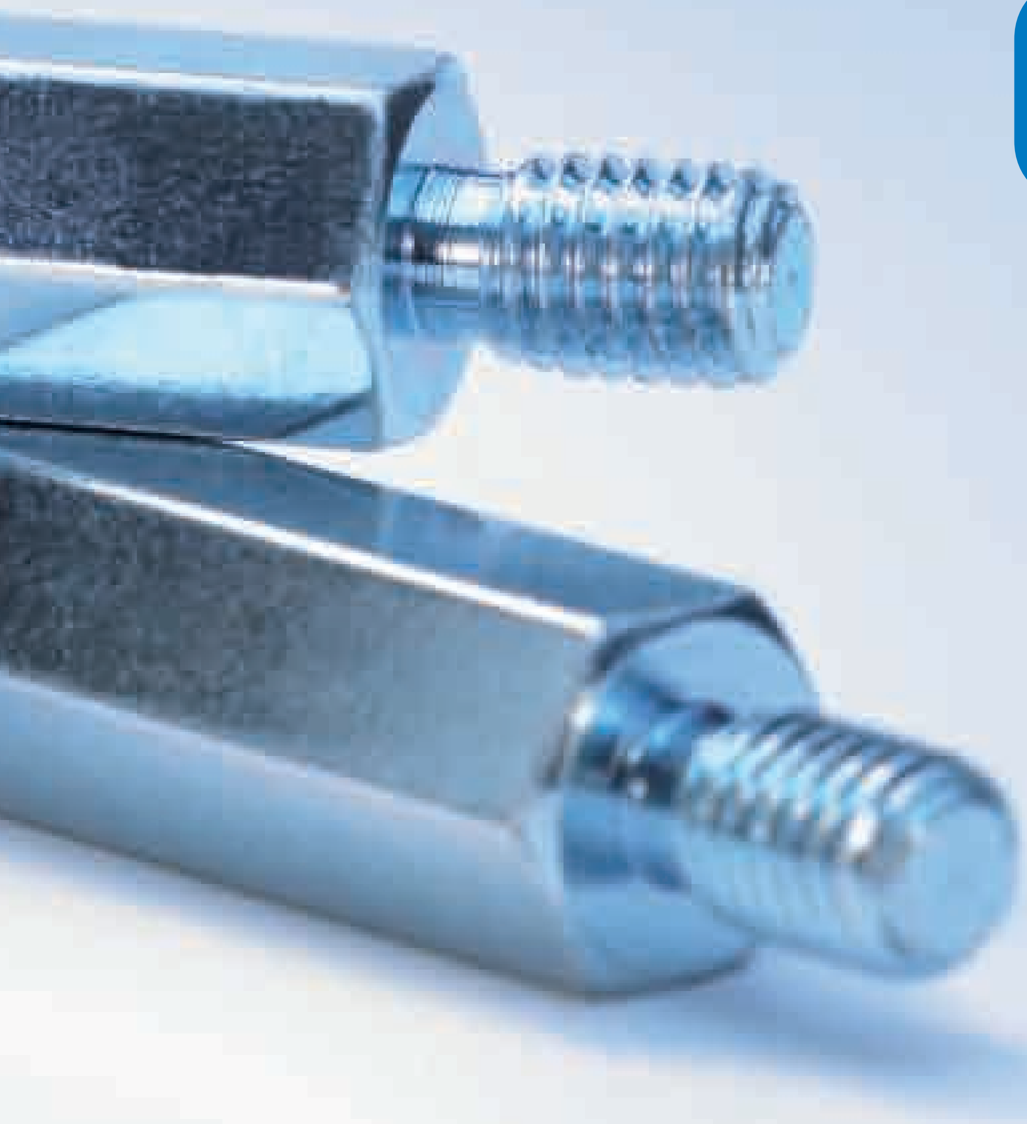
ANNUAL REPORT

2008



BOSSARD

Bossard is a fastening technology and logistics company operating globally. Its full-service package focuses on fasteners and includes worldwide sales, technical and engineering support, and inventory management.
Its customer base is made up of local and multinational industrial companies. The Group has 1,600 employees in more than 70 locations worldwide and reports sales of 566 million Swiss francs. Bossard is listed on the Swiss Exchange.

Contents

Key Figures

IN CHF 1,000	2008	2007	2006	2005	2004
Gross sales	565,701	600,821	559,541	514,943	497,314
Change to prior year in %	–5.8	7.4	8.7	3.5	14.7
Net sales	542,843	578,256	536,830	497,084	480,534
Gross profit	202,761	211,782	197,438	182,561	180,794
Personnel expenses	107,076	111,267	109,710	100,438	100,370
in % of gross profit	52.8	52.5	55.6	55.0	55.5
EBIT	45,121	41,164	22,687	31,131	27,170
in % of net sales	8.3	7.1	4.2	6.3	5.7
Net income	32,382	30,548	12,205	20,851	18,222
in % of net sales	6.0	5.3	2.3	4.2	3.8
Cash flow [1]	44,238	43,277	24,333	31,508	28,348
in % of net sales	8.1	7.5	4.5	6.3	5.9
Capital expenditures	11,830	10,687	12,799	20,385	16,847
Operating net working capital [2]	214,337	229,337	203,211	190,950	167,219
in % of gross sales	37.9	38.2	36.3	37.1	33.6
Net debt	98,577	112,330	113,620	123,226	104,154
Shareholders' equity	197,958	194,126	172,744	169,309	147,284
in % of total assets	50.7	46.9	43.4	43.7	42.7
Total assets	390,162	413,546	398,111	387,007	344,803
Return on equity	16.5	16.7	7.1	13.2	12.7
Return on average capital employed (ROCE)	13.3	11.3	5.1	9.0	8.7
Dividend yield (Basis: price at Dec. 31)	7.0	3.4	2.1	2.9	2.6
Earning per share [3] [4]					
Bearer share in CHF	10.68	10.03	3.98	6.57	5.99
Registered share in CHF	2.14	2.01	0.80	1.31	1.20
Price/Earnings ratio (Basis: price at Dec. 31)	4.3	8.7	20.5	12.2	11.7
Price/Book value per share	0.7	1.3	1.4	1.4	1.4
Annual weighted average number of employees [5]	1,666	1,754	1,695	1,607	1,441
Net sales per employee [6]	325.8	329.7	316.7	309.3	333.5

1) Net income + depreciation without amortization of goodwill
2) Accounts receivable, inventories less accounts payable
3) Basis: Average capital entitled to dividend
4) Basis: Share attributable to Shareholders of Bossard Holding AG
5) Average full time equivalent
6) Basis: Annual weighted average number of employees

Best Result in an adverse Business Climate

Ladies and Gentlemen,

The past business year was very successful for us, despite noticeably declining demand in the second half of the year.

This success and the additional internal strength the Group has acquired are reflected in our best company result of all time, a high cash flow and a very healthy balance sheet structure with a high equity ratio. Once again we have demonstrated our performance capability, even in an extraordinarily challenging economic environment.

Although the first signs of an economic downturn were already apparent at the beginning of the year, we started into 2008 with very satisfactory growth rates. Our target for the year was sales growth of 5 percent in local currencies and a further increase in profit in excess of sales growth. We started the year as planned and were on course after the first four months period in terms of both sales growth and profit. But then the crisis on the international financial markets spilled over onto the rest of the economy, triggering an economic downturn on a broad front around the globe – and that almost simultaneously. These developments impacted on our Group, too, despite our geographic diversification and the numerous sectors of industry our customers represent. The downtrend became particularly noticeable in the second half of the year. Initially demand only fell marginally but, as lack of confidence spread, there was a marked decline in the last quarter.

Compared to the prior year sales were down 5.8 percent to CHF 566 million. However, a substantial part of this decline is attributable to foreign exchange losses through the U.S. dollar. In local currencies sales only fell 1.1 percent year on year.

Despite the CHF 35 million drop in sales we increased our operating profit by 9.5 percent from CHF 41.2 million to CHF 45.1 million. A main contributor to this result was improved productivity in our developing markets in America and Asia.

The restructuring measures, process optimization and investments in employee training undertaken in the past few years certainly paid off.

Through timely implementation of measures to adjust our operating costs to the weaker demand, our overall operating costs were 7.7 percent lower than in the prior year.

In an adverse market situation the Group achieved a new record high in operating profit despite lower sales and decreased gross profit. The fact that the results in America and Asia improved noticeably shows that our global strategy is correct. In 2008 for the first time all the regions contributed to our positive result.

We also met our profit target at Group level. With net income of CHF 32.4 million we surpassed the prior year's result by 6 percent. Without the turbulences on the financial markets – which led to foreign exchange losses of CHF 3.7 million – the result would have been even more impressive. Nevertheless, consolidated net income of CHF 32.4 million is a new record high.

Success through Customer Orientation, Multiplication of best Practices, and Innovation

This strong result in an adverse environment reflects our successful efforts to further strengthen the Group internally. It underscores the operational progress which we have consistently made at all levels over the past few years. This was not done as an end in itself or to maximize profits in the short-term; the objective was to serve our customers even more professionally and to generate even more value added for them. Satisfied customers form the basis for a company's long-term – and hence sustainable – success. We make no compromises when it comes to supplying our customers with top quality and excellent services. To their astonishment and delight we not only deliver as promised, we also generate value added for them.

Our personnel at the front are in daily contact with our customers: they are our ears and eyes in regard to the market situation. Changing customer requirements can thus be identified early on, which allows us to focus our development efforts and find ground breaking and innovative solutions. In line with our slogan «Intelligent Solutions for High Productivity» the aim invariably is to offer our customers solutions with which they receive real value added – be this through higher productivity, process optimization in the supply chain or cutting production costs with Bossard engineering.

Our SmartCard® system, which enhances our successful SmartBin®, is another innovative logistics solution with high customer value. It aroused considerable interest at this year's Swisstech industrial fair. SmartCard is a flexible additional system which supports the customer's in-house logistics. It was originally developed to meet individual customer requirements. Now this individual solution has become a marketable product.

In order to satisfy customer requirements and to continually improve our own productivity, we have harmonized and continually optimize our business processes. Bossard's ERP platform provides uniform, group-wide procedures and systems. In 2008 it was successfully implemented for Bossard's operations in China, Southeast Asia and Taiwan. For full Group coverage, this IT system now only needs to be installed in India and Korea. As a joint platform, it allows our companies to exchange data group-wide more easily, to manage inventories more efficiently, to standardize purchasing and order procedures and, above all: It makes it possible for us to multiply the best practices from more mature markets in our developing markets in America and Asia. As a result, we can substantially shorten the learning and experience curve in our new markets.

Established Values and highly committed Employees

One of Bossard's central objectives is to multiply strengths. We are always looking for new ways of doing this. And we have the same commitment to finding innovative solutions that will impress and delight our existing customers and win us new ones. We are obviously making good progress in this regard, given the very high level of customer satisfaction and the way in which our Group has developed in the past few years. In future, too, we will abide by our core values of reliability, top quality, customer satisfaction and exceptional commitment. Our vision is quite clear: We want to be the best partner for our customers. More than 1,600 Bossard employees around the globe work unstintingly to justify the confidence our customers have in us and to up-hold our excellent reputation. They form a large, strong team which, with its creativity and winning spirit, will take us into a successful future.

Economic Situation – Demand will probably remain slow

The crisis on the international financial markets mainly impacted on our customer's operations in the second half of 2008, and this almost simultaneously around the globe. We assume that this crisis will affect the world economy throughout 2009; all the current indicators show that it will slow down noticeable. The U.S. economy in particular is likely to weaken further – and this will have consequences throughout the world. The hopes that China, India and other emerging markets could compensate for this decline have so far proved unfounded. Instead, they have been strongly hit by the adverse economic climate, particularly the export industries in these countries that are relevant for our operations.

In Europe, and especially in our Swiss home market, the economic prospects in the past few months have grown steadily gloomier. Moreover, the export-oriented industry, which accounts for our main customer base in all markets, suffered a strong decline in demand. Thus in 2009 Bossard will be confronted with an even greater challenge in all its markets.

Our Strategy has proved its Worth – particularly in a Time of Recession

Despite these gloomy prospects, we are looking to the future with confidence. Thanks to long-term profitable and organic growth in the past few years and because we did not make any larger acquisitions, we have no extraordinary

Chairman and CEO

Dr. Thomas Schmuckli and David Dean

financial burdens. Although the market environment is noticeably less favorable, we can continue to give priority to further improving our operational business and to multiplying our successful and clearly focused business model.

As the great majority of our customer segments operate in the investment goods and equipment industry we will certainly be affected by the strong worldwide decline in demand. We therefore anticipate a substantial drop in sales and profit. Through our cost-saving measures in the past few years, however, we are ready to face harder times. Naturally, we shall continue to optimize costs. Our balance sheet shows a healthy equity level and low debts. This is particularly advantageous for the coming period of recession. Moreover, a drop in sales also means that tied-up capital in current assets will decrease. With the resulting over-proportional cash flow, debts can be reduced further.

Our aim is to weather this recession without losing too much substance in terms of employee know-how and experience, to assure minimal profitability and, above all, to remain fully prepared to participate in the next upswing at full strength.

All the same, the gloomy forecasts for 2009 and the expected low demand globally present a strong challenge. By concentrating on our core competencies, focusing more closely on customer segments that are less recession-sensitive and with the committed efforts of our employees at all levels we can and will win through.

Shareholder-friendly Dividend Policy

Bossard is a profitable company. It is part of our tradition to share our profit fairly with our investors. In 2007 the dividend was already raised decisively from CHF 1.70 to CHF 3.00 per bearer share or by 76 percent. The board of directors proposes that with this renewed improvement of earnings and in view of our long-term payout ratio of 30 percent of consolidated net income, the dividend be increased again from CHF 3.00 to CHF 3.20. This is an increase of 6.6 percent and the highest dividend paid so far.

A triple Thank-you

First of all our thanks go to our employees. The achievements of the past year are largely a result of the tremendous commitment, flexibility and motivation of our loyal employees. The rapid reactions required in our business put us all to the test. We are particularly proud of the employees who have been with us for so many years. Apart from their daily workload, they contributed decisively to inter-company projects and unstintingly passed on their considerable know-how and experience to colleagues in other business units. Thus everyone played a major part in achieving the excellent 2008 results.

We would also like to thank our customers and business partners for their loyalty and for their confidence in us. We interpret this confidence as a sign that they are satisfied with our products and services and this, in turn, is a source of motivation for us and gives us the strength to invariably give our very best. Our customers and business partners can rely on the fact that in future, too, we will deliver.

Finally, a warm vote of thanks go to you, our shareholders, for your interest in our activities and for your continuing confidence in us.

Dr. Thomas Schmuckli
Chairman

David Dean
CEO

2008 – A Year of Contrasts

Declining demand blocks sales growth target

—

Operating profit and consolidated net income reach a record high

—

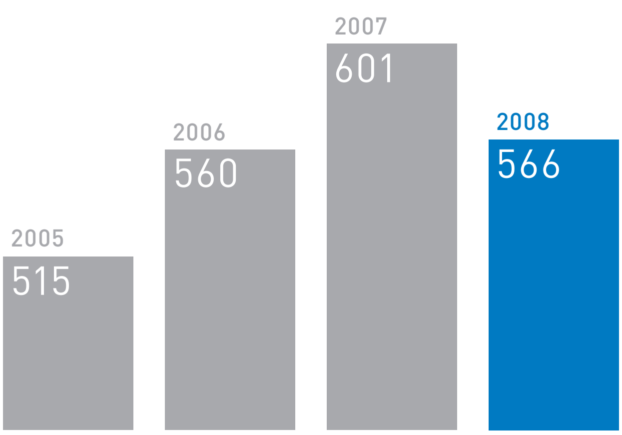
All regions contribute to profit

—

Healthy balance sheet and high cash flow

In 2008 Bossard Group's sales amounted to CHF 566 million. Compared to the record result of the prior year, sales in local currencies were down marginally by 1.1 percent. In Swiss francs sales fell by 5.8 percent, primarily because of the weakening of the U.S. dollar against the Swiss franc.

SALES IN CHF MILLION



Europe down slightly

There was a noticeably weaker economic environment in the second semester in all the Group's market regions. In Europe sales fell from CHF 346.7 million to CHF 333.7 million, a decline of 3.8 percent. In local currencies the decline was only 2.1 percent. The development of demand in Europe varied. Whereas sales development remained positive in Central and Eastern Europe, the sales volume was down in all other regions.

Varied Growth in America

Despite extremely difficult market conditions in America, sales in local currencies were up 2.9 percent. Here Bossard primarily benefited from the positive business development of a few major customers. Most of our other American customers were severely hit by the global economic downturn. This led to a decline in demand, ranging from slight to substantial. Because of the weaker U.S. dollar, sales in this region expressed in Swiss francs dropped by 7.2 percent.

			CHANGE	
IN CHF MILLION	2008	2007	IN CHF	IN LOCAL CURRENCY
Europe	333.7	346.7	–3.8 %	–2.1 %
America	156.3	168.4	–7.2 %	2.9 %
Asia	75.7	85.7	–11.6 %	–4.4 %
Group	**565.7**	**600.8**	**–5.8 %**	**–1.1 %**

Restrained Demand in Asia

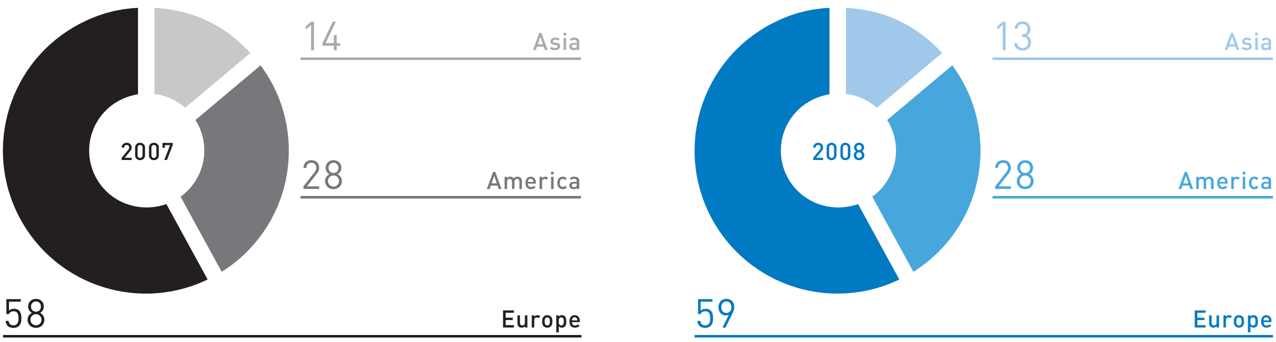
After years of sales growth in Asia, sales declined for the first time in 2008. Sales volume year-on-year fell by 11.6 percent from CHF 85.7 million to CHF 75.7 million. Expressed in local currencies they dropped by 4.4 percent. Whereas sales development remained positive in Korea, Thailand and Malaysia, the remaining countries in Asia reported a decrease – in some cases a substantial one – as a result of the collapse in demand from export-oriented customers.

JEAN-LOUIS JEROME
DIRECTOR QUALITY & ENGINEERING BOSSARD GROUP

"Close your eyes and imagine… One day, you are in Denmark engaged in a new design of a hearing aid involving a screw so small that it can only be assembled with a microscope… A few days later, a wind turbine manufacturer in India is looking for new surface treatment solutions involving huge bolts. To give advice you need to climb the tower in 40°C heat to reach the 100 m-high transformer… Then finally, during a tour of the assembly line at a color printer manufacturer in Singapore, you propose new assembly solutions providing global costs savings. But as your findings must be released by the design center in Vancouver, you jump on a plane and fly to Canada… Now open your eyes again… This was just a taste of the challenges our Bossard engineering representatives tackle to support our customers in becoming ever more competitive!"

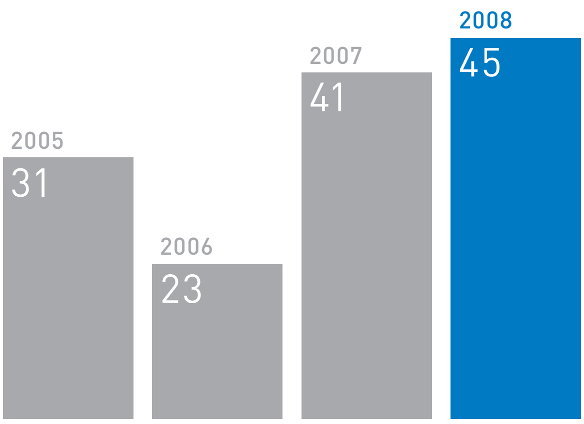
GEOGRAPHIC SALES DISTRIBUTION

IN PERCENT



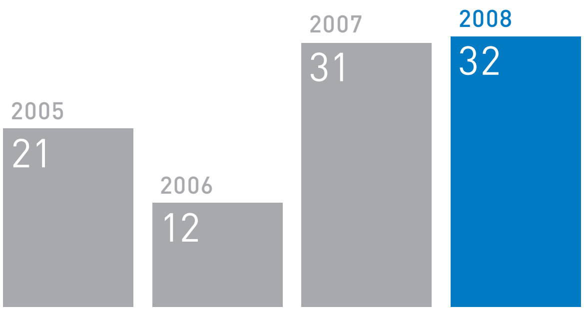
OPERATING PROFIT

IN CHF MILLION



NET INCOME

IN CHF MILLION



Higher Gross Profit Margin

Year-on-year the gross profit margin rose by 0.6 percentage points to 35.8 percent. This can primarily be put down to the farsighted measures implemented in our purchasing division. Since we weighted profitability higher than sales growth, we avoided sales with lower margins. This meant that profitability rose while total sales decreased. The lower sales volume impacted on gross profit. This decreased overall from CHF 211.8 million to CHF 202.8 million.

After substantial increases in the cost of raw materials in the first half of the year, the situation improved noticeably in the second half. Despite this, the pressure on margins will continue because of a radically changed economic environment, particularly in Europe. This was triggered by the European Union; in February 2009 it introduced so-called anti-dumping duties on imports from China into the Union. They amount to 85 percent on most products, which likely result in further price increases in Europe and to put even more pressure on margins.

Lower Operating Costs

Operating expenses before depreciation and amortization were down CHF 12 million on the prior year. CHF 5.3 million was attributable to extraordinary restructuring costs. Overall, operating expenses were reduced by 7.7 percent compared to 2007.

At the end of 2008 Bossard Group had 1,600 employees worldwide, 9.8 percent less than in the prior year. This decrease occurred mainly in Asia and America. The launch of Bossard's group-wide ERP system led to substantial improvements in operating processes and company organization, which resulted in improved productivity.

New record Operating Profit

Consolidated operating profit (EBIT) rose from CHF 41.2 million in the prior year to a record high of CHF 45.1 million, an increase of 9.5 percent. The operating margin improved again, this time by 1.2 percentage points and reached 8.3 percent. It is very satisfying that all three regions – Europe, America, Asia – contributed to this positive result. Although the earnings contribution from Europe fell marginally because of declining demand, the earnings situation was still more than satisfactory. In Asia operating profit rose from CHF 0.9 million to CHF 1.6 million although sales fell by 11.6 percent. Measures implemented in America over the past two years impacted positively on the operating result. After a loss in the prior year of CHF 3.3 million, this region reported a profit for 2008 of CHF 3.4 million. As this corresponds to an operating margin of 2.2 percent, we have met our 2008 EBIT-margin target for America of 2 – 3 percent.

Foreign Exchanges Losses due to the financial Crisis

The turbulences on the financial markets and strong foreign exchange fluctuations in the last quarter of 2008 led to foreign exchange losses. Consequently financial expenses rose more than proportionally year-on-year. Whereas foreign exchange gains of CHF 2.4 million were reported in 2007, the foreign exchange losses for the past business year amounted to CHF 3.7 million, a minus of CHF 6.1 million. Net financial expenses in 2008 totaled CHF 8.7 million, CHF 5.1 million higher than in the prior year. This was balanced out somewhat through CHF 3 million lower taxes.

Best Result in History

Net income rose from CHF 30.5 million to CHF 32.4 million, a further increase after the record result in 2007 – and this despite lower sales. This is the best consolidated result in Bossard's history. Income measured against sales rose from 5.3 percent to 6 percent.

The positive development of the Group's results over the past few years is attributable to Bossard's strategy. It focuses on our core business and allows the Group to multiply its successful business model effectively throughout the world. Thus profitable growth could be generated in more and more regions. Moreover, the increased productivity again achieved in many areas in 2008 also positively impacted the Group's profitability.

A healthy Balance Sheet with which to face the Future

Compared to 2007, the balance sheet total decreased by 5.6 percent from CHF 413.5 million to CHF 390.2 million. This decrease is partially attributable to the weakening of the Euro and the U.S. dollar against the Swiss franc, but primarily it is also a consequence of the downturn in the economy. It is reflected noticeably in lower net working capital. Equity rose year-on-year by 2 percent from CHF 194.1 million to CHF 198 million. The equity ratio rose from 46.9 percent to 50.7 percent, and the gearing (net debt/equity) dropped from 0.6 to 0.5. With a return on equity (ROE) of 16.5 percent we remained marginally below the 2007 record. Conversely, the return on capital employed (ROCE) improved again, increasing from 13.9 percent to 15 percent. The balance sheet in 2008 again shows that Bossard Group is financially robust and that the results reached have further strengthened the Group.

Free Cash Flow more than quadrupled

The cash flow from operating activities in the past year amounted to CHF 34.4 million. This total is CHF 18.4 million higher than in the prior year. The fact that the cash flow more than doubled can mainly be put down to a lower increase of net net working capital. The cash flow from investing activities only rose slightly compared the prior year – from CHF 10.7 million to CHF 11.5 million. The investments made were mainly in the form of infrastructure and software replacement. The free cash flow more than quadrupled. It reached CHF 22.9 million compared to CHF 5.3 million in the prior year. The cash flow positively impacted the net debt, which decreased by CHF 13.8 million to CHF 98.6 million.

The Economy will continue weak in 2009

The economy slowed down very noticeably in the past business year. Up to publication of this annual report there were no signs at all of a global recovery. On the contrary, demand for our customers' products is very likely to decline even further than in the second half of 2008. Taking the economy as a whole, most of the well-known indicators suggest that the recession can hardly end before the second half of 2009 at the earliest, and that it could well last into 2010. Given the uncertain economic development in our core markets, it makes little sense to try and make a meaningful forecast. For that reason we will not announce any sales and profit targets for the current business year at this point. However, we assume that – because of the worldwide recession – the Group's sales and earnings will be noticeably lower in 2009.

The Strength of sustainable corporate Culture

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

We know the Needs of our Customers

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

We select our Partners with a View to the Future

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

We foster continual and profitable Growth

Our policy is to aim for long-term, healthy growth rather than quick profits. For more than 175 years sustainability has guided our thoughts and actions. It has become a major component of Bossard's corporate culture, as is the judicious and professional handling of our assets. With this approach we have generated sustainable value added and can guarantee our investors a fair return on their investment. It is a business policy that gives us the necessary entrepreneurial freedom of action and strengthens the company's independence.

We are committed to the Public and to the Environment

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

We invest in Employee Development

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

We believe in sustainable corporate Management

Our long-term success guarantees that we can carry out our responsibilities today and tomorrow. By working together responsibly this success enhances the confidence that our investors, customers, suppliers, employees and the public have in us. Over 175 years in the past Bossard has built up its excellent reputation through its sustainable corporate management. It is based on integrity, transparency and consistent professionalism. Our common values have grown out of our code of conduct. They are not only part of our corporate culture, but a major factor for achieving our long-term targets.

JOHN MALLEY
DIRECTOR QUALITY & ENGINEERING BOSSARD NORTH AMERICA

"It is an honor for the Bossard Quality team to be invited by a world-class tractor manufacturer to assist with a three-year quality initiative that includes a review of their workflow processes. The team will utilize the tool that gives Bossard the quality competitive advantage, the Bossard Quality System (BQS). Continuous improvement teams with members from both companies will analyze BQS data and the workflow processes to implement action plans. This dedicated effort to achieve excellence and remain the industry leader will enable substantial progress – both with regard to workflow processes as well as in financial terms."

Services Package

Bossard, with 1,600 employees and sales of CHF 566 million, is one of the world's leading suppliers of fasteners. In its warehouse in Zug, Switzerland, Bossard AG has some 50,000 different fastener parts in stock, and worldwide it can supply more than 100,000. Every year, 20 billion fasteners leave our warehouses throughout the world.

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

Bossard: More than «just» Fasteners ...

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

Bossard's worldwide business model comprises the following areas:

1. Product
2. Logistics
3. Engineering

1. Product

Top-quality fasteners at a fair price

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

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

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

Guaranteed supply – a promise we know we can keep

Bossard can draw on a team of more than 2,200 reliable suppliers. They are selected according to stringent quality criteria. There are several sources of supply for each and every fastener. The high quality of Bossard's global procurement network ensures guaranteed supply – so that production can keep rolling.

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

2. Logistics

Guaranteed supply also guarantees fewer worries

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

Bossard's SmartBin

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

Bossard Inventory Management (BIM)

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

3. Engineering

Smart solutions – for sophisticated requirements

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

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

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

Our customers love our passion for innovation

Bossard's innovative spirit is legendary. Ingenious top quality and low cost logistics and engineering solutions are a major driver of our success and have invariably earned appreciation and praise from our customers. Various awards for «best» or «excellent» service provider testify to our efforts to supply our customers with innovative and suitable solutions. The figures, also, speak for themselves: So far Bossard's customers have installed more than 115,000 SmartBins.

A reliable partner around the globe

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

MAJA FILIPOVIC
PROJECT LEADER LOGISTICS SYSTEMS BOSSARD EASTERN EUROPE

"The first time I heard about SmartBin, I was mesmerized by it. To measure the weight of the items and know how many pieces are on stock and place an order when necessary – isn't it just fascinating? I wish my refrigerator had it so I wouldn't continually run out of milk. A couple of months ago I was asked by a customer to help him become lean. After the process evaluation I found many non-value-added activities and made a proposal of how to eliminate those and improve their current processes by implementing SmartBin. The customer looked at me and said: 'Where have you been hiding? This is exactly what we need.' He couldn't have paid me a better compliment."

Reliable Fasteners – worldwide

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

Quality starts with Procurement

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

Bossard's suppliers are subject to stringent testing procedures, based on the ISO 9001 standard. By undertaking regular local audits we can be sure that our high quality standards are always met. The main focus is on production processes, process safety and quality management. Our sophisticated testing system ensures that the products from our suppliers meet the requirements of our customers. Additionally, the entire quality testing procedure is systematically documented.

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

Quality Control to meet the highest Standards

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

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

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

Small Differences make a huge Difference

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

This procedure starts with an analysis of whether and how the range of products can be optimized and the number of parts reduced. This generally leads to the most productive solutions. The objective is to reduce the customer's production costs in the long term and, at the same time, to enhance the quality of the products; for example by using new materials that add value, eliminating corrosion, ensuring that the fastener is reliably secured, or improving production processes.

More Quality at a lower Cost

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

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

Quality and the Environment

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

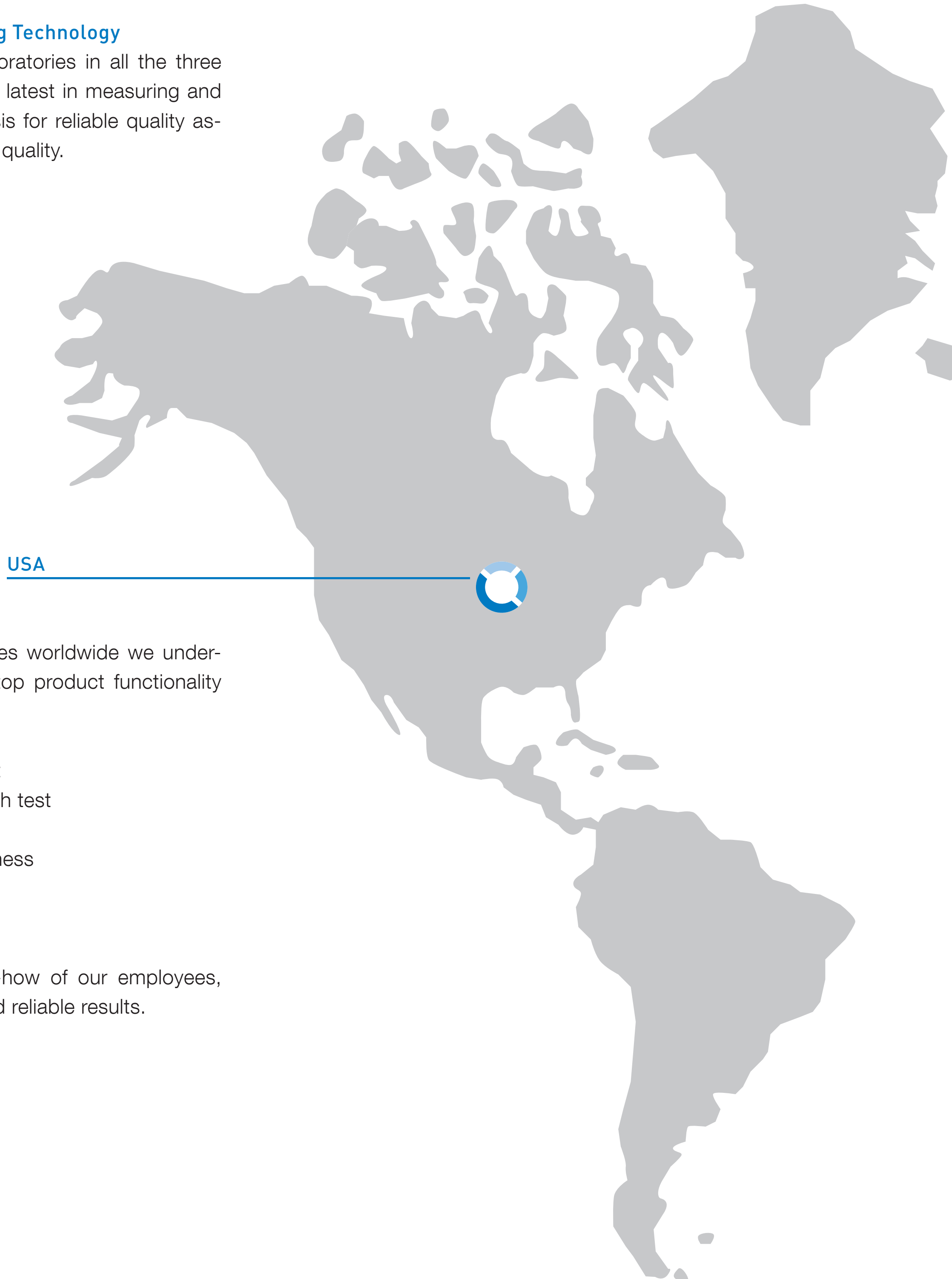
Quality and Test Laboratories

Bossard – Specialists for testing Technology

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

- Certified processes
- Documented safety
- Proven testing competence

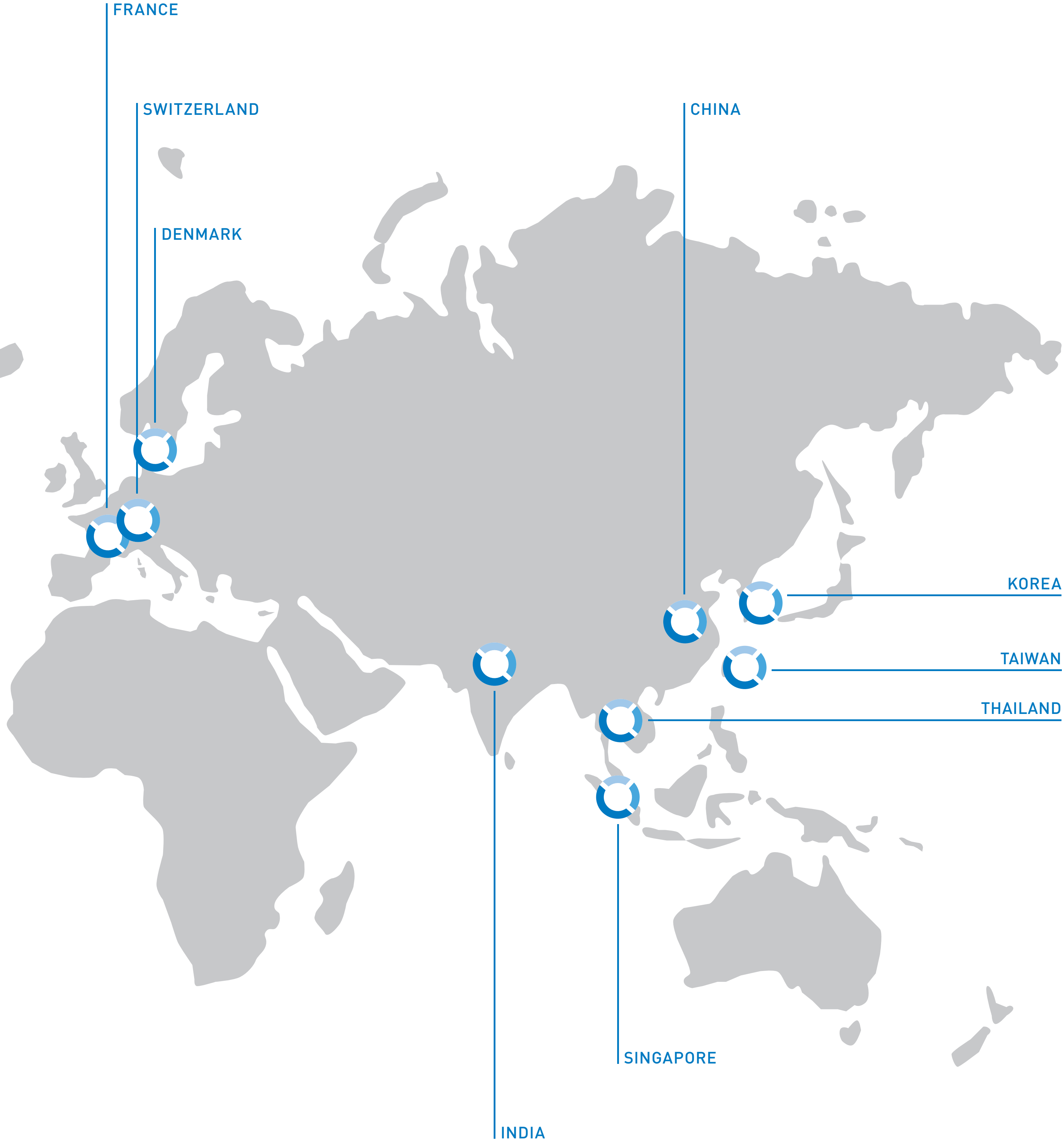
These are only some of the ways in which our customers benefit.



In our quality and test laboratories worldwide we undertake numerous tests to ensure top product functionality and quality:

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

Here we rely fully on the know-how of our employees, because that guarantees safe and reliable results.


FRANCE
SWITZERLAND
DENMARK
CHINA
KOREA
TAIWAN
THAILAND
SINGAPORE
INDIA

Our Key to Success

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

An attractive Employer – regionally and globally

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

Long-term Planning – for our Human Resources, too

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

Continuing Training is an Investment, not an Expense

Our approach remains the same, whether in our business operations or in our human resources development: We focus on judiciously planned, overall solutions. We particularly favor cross-divisional training, because a good basis in our internal processes leads to knowledge and a better understanding of our business. In fact, it leads to intelligent working habits. Knowing about our comprehensive service package gives our employees a holistic view of their jobs. Our interactive online training program gives a step-by-step overview of state-of-the-art fastening technology. In more than 230 chapters, this specially designed training program describes modern fastening technology and, with some 3,000 illustrations, demonstrates the fascination of fasteners.

Fair, frank and transparent Management

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

Market-related Compensation with performance-related Components

Performance is a central component of compensation. We foster entrepreneurial thought and action through paying compensation that is in line with the market, target and performance oriented. Apart from fixed compensation, there are various performance oriented compensation systems to support Bossard's Winning Spirit approach.

Communication

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

Diversity, Fairness and Equality of Opportunity

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

URS GÜTTINGER
HEAD OF CUSTOMER LOGISTICS BOSSARD SWITZERLAND

"It is always a compliment for us when our client accepts us and is responsive to our proposals after only a day of process analysis. Our last project was particularly rewarding for me. We installed a C-parts management system for a manufacturer of medical devices where we supply to the point of use. As soon as our system was set up, the client updated his entire parts management basing it on the methods and instruments Bossard had recommended."

Risk – A Part of corporate Strategy

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

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

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

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

Large Procurement Network means low Supply Risk

Bottlenecks in supply can occur whenever our suppliers are working close to capacity while there is above-average demand. Risks can also arise when working with suppliers or when there is an increase in the cost of raw materials. We forestall these risks with tactical or preventive measures in our procurement activities by closely observing the market situation and through increasing our stocks. This helps to ensure that the necessary quantity and quality of fastening parts are available to avoid a breakdown in production at our customers' facilities. Steel, chromium, nickel, and various alloys are the most important raw materials for fastening parts. We cannot hedge against price increases because Bossard buys in finished parts. However, we have a supplier portfolio of more than 2,200 manufacturers worldwide and have worked with suppliers in Europe, Asia, and America for many years. Such a widespread supplier network helps us to keep supply risk to a minimum. This diversification also reduces the risk of negative consequences resulting from political upheavals or currency fluctuations.

We counter Quality Risks with Quality Monitoring

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

Risks can be minimized – but never ruled out

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

Data Management – high Priority for Data Protection

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

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

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

Financial risk management is described in detail on page 77.

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

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

Corporate Governance

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

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 the chief executive officer are vested in two different persons.

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

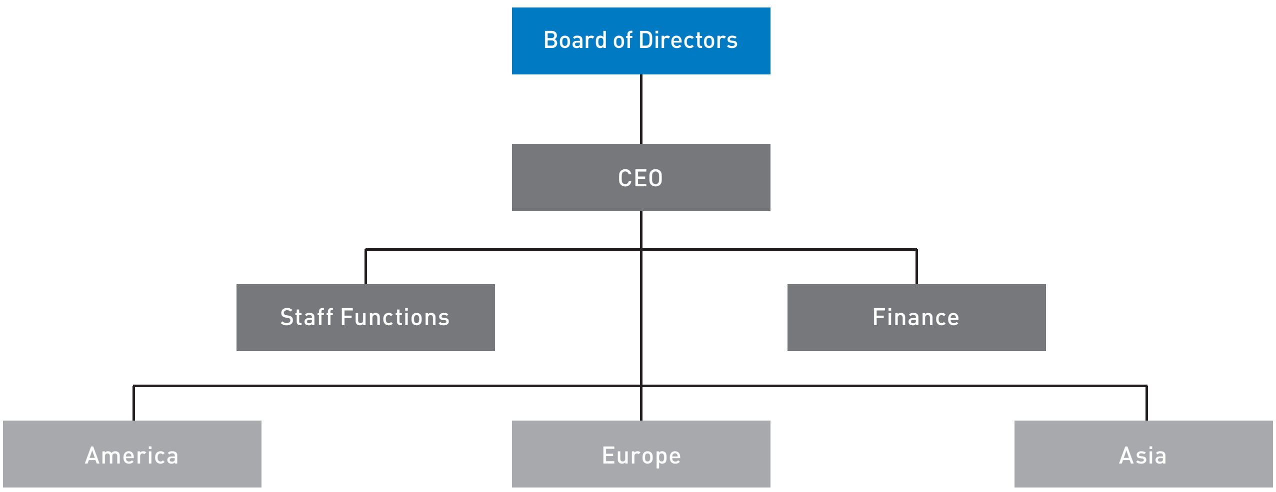
GROUP STRUCTURE AND SHAREHOLDERS

Group Structure

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

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

OPERATIONAL GROUP STRUCTURE



There is a detailed overview of both group and associated companies on page 82.

Significant Shareholders

At December 31, 2008, the following shareholders owned more than 3 percent of the total share capital of Bossard Holding AG:

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung (company trust), Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 54.7 percent (2007: 54.2 percent) of total voting rights or 25.7 percent (2007: 24.7 percent) of the capital entitled to dividend. These numbers do not include shares without voting commitment which are held by various members outside this shareholder group. Kolin Holding AG is wholly owned by the Bossard families.

Sarasin Investmentfonds AG, Basel, holds 253,284 bearer shares or 4.73 percent of the total share capital of Bossard Holding AG (announced on November 30, 2007) via the Sarasin Selects Fund and the SaraPro Institutional Fund – Swiss Equities, both of which it manages.

Cross-shareholdings

There are no cross-shareholdings with other companies.

CAPITAL STRUCTURE

Capital/Authorized and conditional Capital in particular

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

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

Changes in Capital in the past three Years

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

Shares

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

Participation and Profit-sharing Certificates

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

Limitations on Transferability

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

The listed bearer shares are fully transferable.

Bonds and Warrants/Options

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

BOARD OF DIRECTORS

Members of the Board of Directors

At December 31, 2008, the board of directors of Bossard Holding AG had seven non executive members.

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

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

Rolf E. Thurnherr, dipl. el. Ing. ETH, has been a member of the board since 1992 and deputy chairman since 2003. He is also a member of the board of Agta Record AG, Fehraltorf. Since 2004 he has been an independent management consultant. From 1996 until his retirement in 2003 Rolf E. Thurnherr was a member of the executive committee of Cerberus and, after it was taken over by Siemens, he was a member of the executive committe of Siemens Building Technologies AG and head of the Fire & Security Products Division. Prior to this he served for five years as CEO of the Eurodis Group in Regensdorf and, between 1989 and 1991 as chairman of the executive committee of Digitron in Bienne. Background: Studied electrical engineering at the Swiss Federal Institute of Technology (ETH) in Zurich. During his professional career he attended courses on business economics and management. He was born on September 16, 1941 and is a Swiss citizen.

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

Erica Jakober was elected to the board in 2006 where, as the Bossard employee representative, she watches over their interests. Erica Jakober joined Bossard Switzerland as head of human resources in 1995. In 2006 she took over the management of the employee pension trust of Bossard AG. Before joining Bossard she worked for various international companies in the field of human resources. Background: Diploma in human resources management and part-time business management courses (SKU). Erica Jakober was born on December 16, 1955 and is a Swiss citizen.

The Board of Directors

From left to right: Dr. Beat E. Lüthi, Helen Wetter-Bossard, Urs Fankhauser, Dr. Thomas Schmuckli, Rolf E. Thurnherr, Erica Jakober, Anton Lauber

Anton Lauber was elected to the board in 2006. Since 1996 he has been CEO and delegate of the board of Schurter AG Electronic Components in Lucerne and, since 1998, a member of the executive committee and of the board of directors of Schurter Holding AG, which has 19 companies operating worldwide. Previously, as divisional head, he managed the generator factory of ABB Switzerland. Anton Lauber sits on various boards within the Schurter Group as well as on the boards of LEM Holding SA, Geneva and CTC Analytics, Zwingen. In Central Switzerland he is committed to promoting industry and commerce in his capacity as president of Lucerne's Industry Association and of Innovation Transfer Central Switzerland. Furthermore he is member of IAQ (International Academy for Quality). Background: Degree in mechanical engineering and various post-degree diplomas awarded by the University of St. Gallen and by IMD, Lausanne. Anton Lauber was born on July 26, 1951 and is a Swiss citizen.

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

Helen Wetter-Bossard, lic. iur., was elected to the board in 2002 after she had served as secretary to the board for eighteen months. Since 2005 she has been a member of the auditing committee of the Corporation of Zug; she was appointed chairperson at the beginning of 2009. She is responsible for the operational management of her 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.

Other Activities and vested Interests

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

Cross-involvement

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

Elections and Terms of Office

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

Holders of bearer shares as a group have the right to one seat on the board of directors. After being elected deputy chairman of the board in 2003, Rolf E. Thurnherr was elected as the representative of the holders of bearer shares in the following year; holders of registered shares with voting rights did not participate in this election. In general, an employee representative should also sit on the board of directors. In 2006 Erica Jakober was elected as the employee representative. The majority of the board members should be external members with no executive function in the Group. In the reporting year, no members of the board of directors had an executive function in the Bossard Group.

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

NAME	FUNCTION	FIRST ELECTED TO THE BOARD
Dr. Thomas Schmuckli	Chairman	2000
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares)	1992
Urs Fankhauser		2007
Erica Jakober	Employee representative	2006
Anton Lauber		2006
Dr. Beat E. Lüthi		2002
Helen Wetter-Bossard		2002

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

Internal organizational Structure

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

The board of directors has the following main duties:

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

For its support, the board of directors has established two committees, the audit committee and the nomination and compensation committee. These serve to relieve the board of directors from dealing with the details of specific issues and to prepare information for decision making. The activities of the committees and any delegation of tasks do not touch on the board's integral overall responsibility.

Ad hoc committees can be formed to deal with specific projects or issues, or those where a certain time limit applies. Moreover, the board of directors has delegated operational management to the executive committee under the chairmanship of the CEO.

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

Board Meetings

As a rule, ordinary meetings of the board of directors are held seven to eight times a year. The board of directors is available at short notice should this be required. The length of board and committee meetings depends on the agenda. In 2008 a total of seven meetings was held.

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

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

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

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

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

Composition and Working Methods of the Board's Committees

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

These committees meet periodically or as required. The minutes taken at the meetings are sent to all board members as well as to other participants of the meeting. Moreover, at the following board meeting the chairmen of the committees report on the business dealt with at their earlier meetings and, where necessary, make the relevant proposals to the entire board of directors.

Audit Committee

The audit committee (AC) has at least two members elected by the board of directors from among its members for a period of one year, reelection is possible. Currently the members of the audit committee are Urs Fankhauser, chairman, and Dr. Thomas Schmuckli. As a rule, the members of the audit committee meet at least three times a year. The meetings are attended by the CFO, the Group controller and a representative of the external auditors; depending on the agenda, the CEO may also participate.

In 2008 the audit committee held three meetings.

The Audit Committee has the following main duties:

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

Nomination and Compensation Committee

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

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

In 2008 the nomination and compensation committee held two meetings.

The nomination and compensation committee has the following duties:

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

Compliance

The board of directors is continually informed on all major matters that touch on the principles of compliance. Additionally, the statutory auditors inform the board of directors on reports received on matters of a legal nature that require attention. An evaluation of such reports received in 2008 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 of directors has delegated the necessary activities to the chairman of the board of directors, who also serves as Group compliance officer.

Definition of Responsibility

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

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

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

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

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

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

EXECUTIVE COMMITTEE

Members of the Executive Committee

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

At December 31, 2008, the executive committee had the following members:

NAME	FUNCTION	JOINED COMPANY	APPOINTED
David Dean	CEO	1992	2005
Stephan Zehnder	CFO	1996	2005
Julius Brun	Chief of Staff	1990	1998
Beat Grob	CEO Central Europe	1995	2006
Peter Erlangsen	CEO Rest of Europa	1994	2000 until 2008
Steen Hansen	CEO America	2001	2008
Scott W.	CEO Asia	1995	1995
Mac Meekin	CEO America		2004 until 2008
Daniel Bossard	CEO North- & Eastern Europe	2000	as of 2009

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

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

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

Beat Grob has been Managing Director of Bossard Switzerland since January 2005 and, as of May 1, 2006, also took over responsibility for the Central Europe region. At the same time he became a member of the executive committee. Beat Grob joined Bossard in 1995 as project manager logistics. In 1996 he became head of logistics for the Bossard Group. Before joining Bossard he worked as a practicing lawyer and banker. He is chairman of the board of directors of Kolin Holding AG, Zug, a member of the board of directors of Röntgeninstititut Holding AG as well as a member of the board of Zug's chamber of commerce. Background: Studied law at the University of Zurich, postgraduate MBA from the University of San Diego. Beat Grob was born on May 1, 1962 and is a Swiss citizen.

Executive Committee

From left to right: Steen Hansen, Beat Grob, Peter Erlangsen (until end of 2008), David Dean, Scott W. Mac Meekin, Stephan Zehnder, Daniel Bossard (as of 2009), Julius Brun

Peter Erlangsen has been CEO for Europe since 1999. From 2001 to 2004 he was Managing Director of Bossard Denmark and from 1996 to 1999 he was Managing Director of Bossard France. He joined Bossard in 1994 as vice president 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: Master's degree in Economics and Business Administration, senior management programs at IMEDE. He was born on May 24, 1956 and is a Danish citizen.

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

Scott W. Mac Meekin has been CEO Asia since 1996. From May 1, 2004 to January 31, 2008 he was also responsible for Bossard's North American operations. Between 1995 and 1996 he was head of Group logistics. Prior to joining Bossard he held various management positions, the last being vice president operations for the Porteous Fastener Company, California. Background: Graduate UCLA (ext), MBA National University Singapore, TGMP Harvard Business School. He was born on January 17, 1958 and is a U.S. citizen.

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

Other Activities and vested Interests

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

Management Contracts

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

Compensation, Shareholdings and Loans

Bossard attaches great importance to recruiting, retaining, motivating and fostering well-qualified employees at all levels. This is crucial where positions are being filled that impact strongly on company management and performance. However, compensation should not be used as a false incentive, as this could be damaging to the company's long-term development.

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

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

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

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

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

All members of the board receive 20 percent of their compensation in the form of Bossard Holding AG bearer shares. These shares are subject to a lock-up period of three years. Members of the executive committee may draw up to 10 percent of their total compensation in the form of company bearer shares. These shares, too, are subject to a lock-up period of three years. The allocation is made with a 16 percent discount for the three-year restriction period, which is in line with the tax regulation. This share plan will be introduced for the first time in 2009.

The principles and elements of the compensation system for the board of directors and the executive committee are periodically reviewed by the nomination and compensation committee (NCC), most recently in the fourth quarter of 2008. The total annual compensation for the CEO is determined by the NCC. The total annual compensation for the other members of the executive committee is approved by the NCC.

For details on compensation and shareholdings of members of the board of directors and of the executive committee please refer to the notes to the consolidated financial statements (note 28).

SHAREHOLDERS' PARTICIPATION RIGHTS

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

Voting-rights and Representation Restrictions – Articles of Incorporation 14

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

Statutory Quorum – Articles of Incorporation 15

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

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

1. a change of the corporate purpose,
2. an increase of the voting power of existing voting shares as well as the issue of new shares with more voting privileges than those of existing voting shares,
3. the introduction of more stringent transferability restrictions,
4. an approved or conditional capital increase,
5. a capital increase out of equity, subscribed in kind or to acquire assets and giving special privileges,
6. the restriction or withdrawal of option exercise rights,
7. the relocation of the company domicile,
8. dissolving the company without liquidation.

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

Convocation of the Annual General Meeting of Shareholders – Articles of Incorporation 11 and 12

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

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

Inscription in the Share Register – Articles of Incorporation 5

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

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

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

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

CHANGES OF CONTROL AND DEFENSE MEASURES

Duty to make an Offer

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

Clauses on Changes of Control

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

AUDITORS

Duration of the Mandate and Term of Office of the Lead Auditor

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

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

Auditing Fees

In 2008, PricewaterhouseCoopers as statutory auditor received audit fees for their services in the amount of CHF 533,603 (2007: CHF 605,000).

Additional Fees

In 2008, PricewaterhouseCoopers received CHF 77,123 (2007: CHF 22,000) for tax consulting and other consulting services.

Information and Control Instruments pertaining to the Audit

The audit committee meets at least three times a year. Apart from other business, the committee discusses plans for the statutory and group audit, the results of the interim audit and the year-end financial statements. The management letter from the auditors forms the basis for discussion of the interim audit and of the year-end financial statements.

The audit committee supports the board of directors in its supervision of the statutory auditors. The committee’s main responsibility is to propose the auditors, annually review qualifications, independence and performance, approve the auditing fees and review the accounting principles as well as the annual financial report and notes. The audit committee annually examines the scope of the audit, the auditing plans and related procedures, and discusses the results of the audit with the auditors.

FRANCIS KHOO
HEAD OF QUALITY & ENGINEERING BOSSARD ASIA

"Over the years, Bossard as a group has successfully developed many great supplier relationships around the globe. They always showed great appreciation for the detailed technical discussions about fastener manufacturing controls and specifications. The most rewarding comment I received was when I audited a supplier in Southeast Asia. At the start of the audit the supplier was anxious and somewhat cautious. However, at the end of the audit, on the way to the airport, the general manager of the factory looked at me and said, 'This Bossard audit really added value to my organization. Thank you.'"

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 the company's shares. To achieve this goal, Bossard abides by the following principles in its financial reporting and disclosure practices:

- Transparency: The purpose of disclosure is to make the economic drivers that impact on the Group more readily comprehensible and to present detailed results of operations.
- Consistency: Disclosure within each reporting period and between the various reporting periods must be consistent and comparable.
- Clarity: Information must be presented as clearly as possible to allow the reader to become a true view 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.

The Group publishes relevant information on its business operations in its annual report, interim report and press releases. It also provides information at press conferences, meetings for financial analysts, and at the annual general meeting of shareholders. The consolidated financial statements are drawn up in accordance with International Financial Reporting Standards (IFRS).

Starting with business year 2009, financial results will be published semi-annually instead of every four months.

Dates to note in 2009 and 2010:

Annual general meeting of shareholders	April 21, 2009
Publication of semi-annually report	August 31, 2009
Publication of sales result 2009	January 12, 2010

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

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

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

Key Figures

IN CHF 1,000	2008	2007	2006	2005	2004
Gross sales	565,701	600,821	559,541	514,943	497,314
Change to prior year in %	–5.8	7.4	8.7	3.5	14.7
Net sales	542,843	578,256	536,830	497,084	480,534
Gross profit	202,761	211,782	197,438	182,561	180,794
Personnel expenses	107,076	111,267	109,710	100,438	100,370
in % of gross profit	52.8	52.5	55.6	55.0	55.5
EBIT	45,121	41,164	22,687	31,131	27,170
in % of net sales	8.3	7.1	4.2	6.3	5.7
Net income	32,382	30,548	12,205	20,851	18,222
in % of net sales	6.0	5.3	2.3	4.2	3.8
Cash flow 1)	44,238	43,277	24,333	31,508	28,348
in % of net sales	8.1	7.5	4.5	6.3	5.9
Capital expenditures	11,830	10,687	12,799	20,385	16,847
Operating net working capital 2)	214,337	229,337	203,211	190,950	167,219
in % of gross sales	37.9	38.2	36.3	37.1	33.6
Net debt	98,577	112,330	113,620	123,226	104,154
Shareholders' equity	197,958	194,126	172,744	169,309	147,284
in % of total assets	50.7	46.9	43.4	43.7	42.7
Total assets	390,162	413,546	398,111	387,007	344,803
Return on equity	16.5	16.7	7.1	13.2	12.7
Return on average capital employed (ROCE)	13.3	11.3	5.1	9.0	8.7
Dividend yield (Basis: price at Dec. 31)	7.0	3.4	2.1	2.9	2.6
Earning per share 3) 4)					
Bearer share in CHF	10.68	10.03	3.98	6.57	5.99
Registered share in CHF	2.14	2.01	0.80	1.31	1.20
Price/Earnings ratio (Basis: price at Dec. 31)	4.3	8.7	20.5	12.2	11.7
Price/Book value per share	0.7	1.3	1.4	1.4	1.4
Annual weighted average number of employees 5)	1,666	1,754	1,695	1,607	1,441
Net sales per employee 6)	325.8	329.7	316.7	309.3	333.5

1) Net income + depreciation without amortization of goodwill
2) Accounts receivable, inventories less accounts payable
3) Basis: Average capital entitled to dividend
4) Basis: Share attributable to Shareholders of Bossard Holding AG
5) Average full time equivalent
6) Basis: Annual weighted average number of employees

Contents

Consolidated Balance Sheet

IN CHF 1,000	NOTES	31.12.2008	31.12.2007
Assets			
Current assets			
Cash and cash equivalents	4	12,223	10,906
Financial assets held for trading	5	127	146
Accounts receivable, trade	6	78,987	99,845
Other receivables and prepaid expenses	7	10,627	8,470
Inventories	8	169,270	169,109
		271,234	**288,476**
Long-term assets			
Property, plant and equipment	9	67,475	70,454
Intangible assets	10	44,857	48,655
Financial assets and joint venture	11	2,914	2,732
Deferred tax assets	12	3,682	3,229
		118,928	**125,070**
Total assets		**390,162**	**413,546**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable, trade	13	33,920	39,617
Other liabilities and accrued expenses	14	29,025	33,143
Tax liabilities		5,442	6,978
Provisions	15	1,064	3,026
Short-term debts	16	69,755	66,988
		139,206	**149,752**
Long-term liabilities			
Long-term debts	17	41,045	56,248
Other liabilities		2,130	2,237
Provisions	15	1,686	2,795
Deferred tax liabilities	12	8,137	8,388
		52,998	**69,668**
Total liabilities		**192,204**	**219,420**
Shareholders' equity			
Share capital	18	32,000	32,000
Retained earnings and other reserves		162,987	158,098
		194,987	**190,098**
Minority interest		2,971	4,028
Total shareholders' equity		**197,958**	**194,126**
Total liabilities and shareholders' equity		**390,162**	**413,546**

The notes on page 52 to 82 are an integral part of the financial statements.

Consolidated Income Statement

IN CHF 1,000	NOTES	2008	2007
Sales	19	565,701	600,821
Sales deductions		22,858	22,565
Net sales		**542,843**	**578,256**
Cost of goods sold		340,082	366,474
Gross profit		**202,761**	**211,782**
Personnel expenses	20	107,076	111,267
Sales, marketing and administration expenses		21,602	22,404
Other operating expenses	21	17,106	18,897
Restructuring expenses	22	–	5,321
EBITDA		**56,977**	**53,893**
Depreciation and amortization	9/10	11,856	12,729
EBIT		**45,121**	**41,164**
Financial income	23	3,202	3,473
Financial expenses	23	11,901	7,066
Income before taxes		**36,422**	**37,571**
Taxes	12	4,040	7,023
Net income		**32,382**	**30,548**
Attributable to:			
Shareholders of Bossard Holding AG		32,137	30,173
Minority interest		245	375

IN CHF		2008	2007
Earnings per bearer share – basic[1)]	24	10.68	10.03
Earnings per registered share – basic[1)]	24	2.14	2.01

[1)] Earnings per share is based on the net income of the Shareholders of Bossard Holding AG and the annual average number of outstanding shares entitled to dividend. There is no dilution effect.

The notes on page 52 to 82 are an integral part of the financial statements.

Consolidated Statement of Changes in Equity

IN CHF 1,000	NOTES	ISSUED SHARE CAPITAL	OWN SHARES	RETAINED EARNINGS AND RESERVES	CUMUL. TRANSLAT. DIFFERENCE	SHARE-HOLDERS BOSSARD	MINORITY INTEREST	SHARE-HOLDERS' EQUITY
Balance at Jan. 1, 2007	18	32,000	–1,999	166,952	–27,911	169,042	3,702	172,744
Translation difference					–4,851	–4,851	171	–4,680
Income/(expense) recognized directly in equity					**–4,851**	**–4,851**	**171**	**–4,680**
Net income for the period				30,173		30,173	375	30,548
Total recognized income/ (expense) for the period				**30,173**	**–4,851**	**25,322**	**546**	**25,868**
Dividend	18			–5,117		–5,117	–56	–5,173
Treasury shares sold for option scheme			100	751		851		851
Change in scope of consolidation	25						–164	–164
Balance at Dec. 31, 2007	18	**32,000**	**–1,899**	**192,759**	**–32,762**	**190,098**	**4,028**	**194,126**
Balance at Jan. 1, 2008	18	32,000	–1,899	192,759	–32,762	190,098	4,028	194,126
Translation difference					–18,217	–18,217	–1,302	–19,519
Expense recognized directly in equity					**–18,217**	**–18,217**	**–1,302**	**–19,519**
Net income for the period				32,137		32,137	245	32,382
Total recognized income/ (expense) for the period				**32,137**	**–18,217**	**13,920**	**–1,057**	**12,863**
Dividend	18			–9,031		–9,031		–9,031
Balance at Dec. 31, 2008	18	**32,000**	**–1,899**	**215,865**	**–50,979**	**194,987**	**2,971**	**197,958**

The notes on page 52 to 82 are an integral part of the financial statements.

Consolidated Cash Flow Statement

IN CHF 1,000	NOTES	2008	2007
Net income		32,382	30,548
Taxes	12	4,040	7,023
Financial income	23	–3,202	–3,473
Financial expenses	23	11,901	7,066
Depreciation and amortization	9/10	11,856	12,729
Interest received		2,212	1,918
Interest paid		–10,206	–5,844
Income taxes paid		–6,193	–7,603
Other non cash expenses		287	7,261
Cash flow from operating activities before changes in net working capital		**43,077**	**49,625**
Decrease/(Increase) receivables		12,233	–3,563
Increase inventories		–12,276	–23,611
Decrease payables		–8,597	–6,389
Cash flow from operating activities		**34,437**	**16,062**
Purchase of property, plant and equipment	9	–10,319	–10,015
Proceeds from sales of property, plant and equipment		617	334
Purchase of computer software	10	–1,511	–672
Payments for purchases of investments	25	–	–348
Payments for foundation of joint venture	11/23	–	–354
Investments in other financial assets	11	–727	–1,139
Divestments from other financial assets	11	422	1,445
Cash flow from investing activities		**–11,518**	**–10,749**
Decrease of debts		–20,270	–19,093
Increase of debts		8,641	20,412
Sale of treasury shares/employee options		–	851
Dividends paid		–9,031	–5,117
Dividends paid to minorities		–	–56
Cash flow from financing activities		**–20,660**	**–3,003**
Translation difference		–942	–209
Change in cash and cash equivalents		**1,317**	**2,101**
Cash and cash equivalents at Jan. 1		10,906	8,805
Cash and cash equivalents at Dec. 31	4	12,223	10,906

The notes on page 52 to 82 are an integral part of the financial statements.

Notes to the consolidated Financial Statements

Scope of Operations (1)

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

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

The consolidated financial statements of the Bossard Group are based on the financial statements of the individual Group companies at December 31, 2008 prepared in accordance with uniform accounting policies. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and liabilities at market value, in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Board (IASB). They are prepared in accordance with Swiss law and the listing rules of the Swiss Exchange SIX. The consolidated financial statements were presented by the board of directors to the annual meeting of shareholders for their approval on March 3, 2009.

Adoption of New and Revised International Financial Reporting Standards (IFRS) (2.1)

In the financial year 2008, Bossard adopted the following new and revised standards and interpretations: IAS 23 revised, IFRS 2 revised, IFRIC 11, IFRIC 13, IFRIC 14. The adoption of these new and revised standards and interpretations has no material impact on the financial statements of Bossard.

Currently Group management is examining the influence on Bossard's financial reporting on the following new standards as well as amendments and interpretations of existing standards which are not yet applicable for Bossard and have therefore not yet been adopted: IAS 1 revised, IAS 27 revised, IAS 32 revised, IFRS 3 revised, IFRS 8 and IFRIC 12. Group management anticipates that adopting the issued but not yet effective standards and interpretations will have no material impact on the financial statements of Bossard. In the financial year 2007, Bossard adopted the following new and revised standards and interpretations: IFRS 7, IAS 1 revised, IFRIC 8, IFRIC 9 and IFRIC 10. The adoption of these new and revised standards and interpretations had no material impact on the financial statements of Bossard.

Principles of Consolidation (2.2)

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

The purchase method of accounting is used for capital consolidation. Profits on intercompany sales not yet realized through sales to third parties as at balance sheet date are eliminated in the consolidation.

Investment in subsidiaries

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

Investments in associates

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

Investments in joint ventures

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

Minority interest

The Group treats transactions with minority interests as transactions with third parties. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Foreign Currency Translation (2.3)

The consolidated financial statements are expressed in Swiss francs ("CHF"). The functional currency of each Bossard company is the applicable local currency.

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

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

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

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

Accounting and Valuation Principles (2.4)

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

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by using the average purchase price method for purchased goods which consists of product price and delivery cost (freight, customs duty, etc.) or production cost for manufactured goods. Inventories that lack marketability or have a low turnover are written down to the estimated market value less sales costs.

Property, plant and equipment

Land is stated at cost, whereas buildings, plant, machinery, vehicles and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the expected useful life of the asset. The applicable useful lifes 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	3 – 10 years
Vehicles	4 – 10 years

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

Leasing

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

Intangible assets

Software

Generally, costs associated with developing computer software 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 Bossard and has a probable benefit exceeding the cost beyond one year. Associated costs include employees 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 lifes, not exceeding a period of ten years. They are at least reviewed for impairment at every balance sheet date and a continuing impairment gets accounted for accordingly.

Goodwill

Goodwill is the acquisition cost in excess of the fair value of an acquired company at the time of acquisition. The goodwill arising from the acquisition of a company is recognized under immaterial assets. Goodwill is subject to an at least annual impairment test and carried at original acquisition cost less accumulated impairment charges.

Financial Assets

Bossard classifies its financial assets in the following categories: financial assets held for trading, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and reclassifies them whenever their intention or ability change. All purchases and sales are recognized on the settlement date.

Financial assets held for trading

In principle, financial assets held for trading are acquired for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Derivative financial assets and derivative financial liabilities are always deemed as held for trading unless they are designated and effective hedging instruments. Financial assets held for trading are measured at their fair value plus initial transaction costs. Fair value changes on a financial asset held for trading are included in net profit or loss for the period in which they arise. Where existing, fair value corresponds to market value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within twelve months of the balance sheet date.

Loans and receivables

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the intention and ability to hold to maturity. Assets under this category are valued at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or not classified in any of the other categories. They are included in long-term assets unless the management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale financial assets are measured at their fair value. Gains or losses on an available-for-sale financial asset are included in equity.

Accounting for derivative financial instruments and hedging activities

All derivative financial instruments are recognized in the balance sheet 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

Borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

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

Employee benefits

Pension obligations

Bossard operates a number of pension 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 held in legally autonomous trustee-administered funds. The pension obligation is determined using the "Projected Unit Credit Method", with actuarial valuations being carried out annually by an independent insurance expert. 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 which excess the corridor of 10 percent are spread forward over the average remaining service lives of employees. Bossard's contributions to the defined contribution pension plans are charged to the income statement in the year to which they relate.

Other long-term benefits

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

Profit sharing and bonus plans

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

Provisions

Provisions are recognized when Bossard 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 of the obligation 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 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 carryforwards are generally recognized if the recovery is probable. Deferred taxes are calculated using the expected applicable local tax rates.

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

Share capital

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

Accounting estimates and assumptions

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

Impairment on Goodwill

The Group determines at least once a year, or whenever it is indicated, whether an impairment on goodwill has occurred. This requires an estimate of the economic value of the cash generating unit to which the goodwill has been assigned. Important estimates are future cash flow and the use of an appropriate discount rate to determine present value. The actual cash flows can differ substantially from the planned values.

Employee retirement benefit plans

The Group has various employee retirement benefit plans for which statistical assumptions are made to estimate future developments (such as discounting rate, expected yield, assumptions on pay increases, mortality tables and the likelihood of resignations). If these parameters change because of changes in the economic situation or new market conditions, later results can deviate strongly from the expert reports and calculations. In the medium term such deviations can have a considerable impact on expenses and income from employee retirement benefit plans.

Income taxes

The current tax provision is calculated on the basis of an interpretation of the tax laws in the various countries. Its accuracy is then determined within the scope of the final tax estimate or by government tax audits. This can lead to substantial adjustments of tax expenditure. Moreover, determining whether admissible tax loss carryforwards and temporary differences can be capitalized requires a critical assessment of the likelihood of netting with future profits, which depends on diverse factors and developments.

Segment reporting

The segment reporting of the Group is carried out based on the three geographical areas: Europe, America and Asia. A geographical segment is engaged in providing products or services within a particular economic environment. The geographic split is based on the location of the assets.

Related parties

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

Net debt

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

Revenue recognition

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

Sales deductions

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

Changes in the Scope of Consolidation (3)

As of August 31, 2008, the joint venture of 2-B-Global Fastenings Ltd, Willenhall, Great Britain, was disposed (note 11).

As of June 14, 2007 the joint venture of 2-B-Global Fastenings Ltd, Willenhall, Great Britain, was incorporated. As of September 18, 2007, Bossard increased its share in Sal-Pol/Bossard Sp.Z o.o., Radom, Poland, from 80 percent to 100 percent.

Cash and Cash Equivalents (4)

IN CHF 1,000	2008	INTEREST RATES %	2007	INTEREST RATES %
Cash at banks and in hand	11,413	0.0 – 12.0	9,921	0.0 – 7.6
Short-term bank deposits	810	0.0 – 10.5	985	1.4 – 8.6
Total	**12,223**		**10,906**	

For details of the movements in cash and cash equivalents refer to the consolidated cash flow statement (page 51).

Financial Assets held for Trading (5)

IN CHF 1,000	2008	2007
Marketable securities	127	146
Total	**127**	**146**

The securities are held according to legal requirements.

Accounts Receivable, Trade (6)

IN CHF 1,000		CLASSIFICATION	2008	2007
Accounts receivable, trade gross			77,226	100,131
According due date	not due	fully performing	71,122	89,837
	30 days overdue	past due but not impaired	3,464	4,571
	60 days overdue	individually impaired	916	1,385
	90 days overdue	individually impaired	472	840
	120 days overdue	individually impaired	1,252	3,498
Notes receivable			4,444	3,383
Allowance for bad debts				
Balance at Jan. 1			–3,669	–3,773
Reversals			652	203
Translation difference			334	–99
Balance at Dec. 31			–2,683	–3,669
Total			**78,987**	**99,845**

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

Other Receivables and Prepaid Expenses (7)

IN CHF 1,000	2008	2007
Other receivables	1,152	2,638
Prepaid expenses	9,475	5,832
Total	**10,627**	**8,470**

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

Inventories (8)

IN CHF 1,000	2008	2007
Purchased goods	169,270	162,552
Compulsory inventories (pledged)	–	6,557
Total	**169,270**	**169,109**

Depreciation of inventories that lack marketability or have a low turnover amounted to CHF 8.6 million (2007: CHF 8.3 million) and is recognized under cost of goods sold.

Property, Plant & Equipment (9)

IN CHF 1,000	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
Cost			
Balance at Jan. 1, 2008	79,179	88,919	168,098
Translation difference	–1,893	–4,025	–5,918
Additions	1,735	8,584	10,319
Disposals	–390	–4,973	–5,363
Balance at Dec. 31, 2008	**78,631**	**88,505**	**167,136**
Accumulated depreciation			
Balance at Jan. 1, 2008	33,191	64,453	97,644
Translation difference	–709	–2,420	–3,129
Depreciation	2,198	7,561	9,759
Disposals	–230	–4,383	–4,613
Balance at Dec. 31, 2008	**34,450**	**65,211**	**99,661**
Net book amount	**44,181**	**23,294**	**67,475**

The insurance value of property, plant and equipment is CHF 165.9 million (2007: CHF 176.6 million).

IN CHF 1,000	LAND AND BUILDINGS	MACHINERY AND EQUIPMENT	TOTAL
Cost			
Balance at Jan. 1, 2007	79,305	94,280	173,585
Translation difference	– 675	–728	–1,403
Additions	1 376	8,639	10,015
Disposals	– 827	–13,272	–14,099
Balance at Dec. 31, 2007	**79,179**	**88,919**	**168,098**
Accumulated depreciation			
Balance at Jan. 1, 2007	31,695	69,900	101,595
Translation difference	12	–438	–426
Depreciation	2,303	7,749	10,052
Disposals	–819	–12,758	–13,577
Balance at Dec. 31, 2007	**33,191**	**64,453**	**97,644**
Net book amount	**45,988**	**24,466**	**70,454**

Intangible Assets (10)

IN CHF 1,000	GOODWILL	SOFTWARE	TOTAL
Cost			
Balance at Jan. 1, 2008	42,727	36,544	79,271
Translation difference	–2,923	–1,037	–3,960
Additions	–	1,511	1,511
Disposals	–	–655	–655
Balance at Dec. 31, 2008	**39,804**	**36,363**	**76,167**
Accumulated amortization			
Balance at Jan. 1, 2008	–	30,616	30,616
Translation difference	–	–750	–750
Amortization	–	2,097	2,097
Disposals	–	–653	–653
Balance at Dec. 31, 2008	–	**31,310**	**31,310**
Net book amount	**39,804**	**5,053**	**44,857**

IN CHF 1,000	GOODWILL	SOFTWARE	TOTAL
Cost			
Balance at Jan. 1, 2007	44,357	36,948	81,305
Translation difference	–1,814	11	–1,803
Additions	–	672	672
Additions consolidation scope	184	–	184
Disposals	–	–1,087	–1,087
Balance at Dec. 31, 2007	**42,727**	**36,544**	**79,271**
Accumulated amortization			
Balance at Jan. 1, 2007	–	28,992	28,992
Translation difference	–	–50	–50
Amortization	–	2,677	2,677
Disposals	–	–1,003	–1,003
Balance at Dec. 31, 2007	**–**	**30,616**	**30,616**
Net book amount	**42,727**	**5,928**	**48,655**

No internally generated intangible assets have been capitalized during financial years 2008 and 2007. Goodwill has an indefinite life. Software has a finite life.

Goodwill is assigned to the Cash Generating Units (CGU) for reassessment. The forecast is based on a weighted sales growth rate of 1.2 percent. This is below the sales growth rate of the prior year because of the current economic prospects. Cash flow projections are based on the forecast of the current year as well as four planning years; beyond that no further growth rates were assumed.

Key assumptions used for value in use calculation for goodwill items are:

CASH GENERATING UNIT	CARRYING AMOUNT OF GOODWILL IN CHF 1,000	CURRENCY	BASIS FOR RECOVERABLE AMOUNT	DISCOUNT RATE IN %	PROJECTION PERIOD
America	16,829	USD	Value in use	7.5	5 years
Europe	22,975	Multiple	Value in use	7.5	5 years
Total	**39,804**				

Based on the impairment tests, there was no need for the recognition of any impairment in financial years 2008 and 2007.

Financial Assets and Joint Venture (11)

IN CHF 1,000	CLASSIFICATION	2008	INTEREST RATES %	2007	INTEREST RATES %
Loans and deposits to third parties	Amortized cost	2,519	0.0 – 5.5	2,060	0.0 – 5.7
Loan to joint venture	Amortized cost	–		169	6.7
Available-for-sale financial assets					
Bossard + Staerkle AG, Zug, 10 %	Fair value	360		360	
Others	Fair value	35		39	
Investment in joint venture	Equity method	–		104	
Total		**2,914**		**2,732**	

Bossard held shares in 2-B-Global Fastenings Ltd, Willenhall, Great Britain, which were accounted for by using the equity method.

IN CHF 1,000	2008	2007
Current assets		1,410
Long-term assets		306
Total assets		**1,716**
Current liabilities		– 1,509
Long-term liabilities		–
Total liabilities		**– 1,509**
Net assets		**207**
Income	4,409	374
Expenses	– 4,571	– 874
Loss for the year	**– 162**	**– 500**
Bossard’s voting rights and share of investment	–	50 percent
Net book value at year end	–	104
Share of loss recognized by Bossard	– 81	– 250

The joint venture was established to serve a common account. The share of loss is recognized in the income statement as “Financial expenses – Share of loss from joint venture”. As of August 31, 2008, the joint venture of 2-B-Global Fastening Ltd, Willenhall, Great Britain, was disposed.

Taxes (12)

The tax expenses consist of the following:

IN CHF 1,000	2008	2007
Current taxes	4,744	6,545
Deferred taxes	–704	478
Total	**4,040**	**7,023**

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 Bossard operates as follows:

IN %	2008	2007
Average basic tax rate	**15.1**	**4.8**
Non tax deductible expenses	1.9	0.4
Non-taxable income	–4.4	–4.9
Expenses taxed at special rate	0.4	0.5
Utilization of previously unrecognized tax losses	1.0	31.1
Non-effective tax losses	–2.6	–8.3
Tax expenses from prior years	–0.1	–2.3
Other	–0.2	–2.6
Effective tax rate	**11.1**	**18.7**

The tax rate applied is the weighted average of the local tax rates applicable in the various local tax laws. In 2007, the ratio between the results of subsidiaries with losses in countries with high tax rates and subsidiaries with profits in countries with low tax rates led to a low average tax rate.

The deferred taxes consist of the following:

IN CHF 1,000	ASSETS 2008	LIABILITIES 2008	ASSETS 2007	LIABILITIES 2007
Accounts receivables	453	121	312	131
Inventories	2,393	2,745	2,340	1,079
Property, plant and equipment	205	1,193	113	2,882
Intangible assets	239	1,614	161	2,101
Liabilities	392	2,464	303	2,195
Total deferred taxes	**3,682**	**8,137**	**3,229**	**8,388**
Net		4,455		5,159

The gross values of unused tax loss carryforwards which have not been capitalized, expire as follows:

EXPIRY OF UNUSED TAX LOSS CARRYFORWARDS IN CHF 1,000	WITHIN 5 YEARS	OVER 5 YEARS	TOTAL
2008	**6,982**	**62,106**	**69,088**
2007	7,003	63,729	70,732

Deferred tax assets from tax loss carryforwards not yet used are recognized when it is likely that the tax advantage will be used in the foreseeable future. The existing corporate and financing structure severely limit or make impossible the use of existing tax loss carryforwards in the future. This fact and taking into consideration possible tax-relevant earnings developments of individual subsidiaries have led to the conclusion that utilization of tax loss carryforwards is unlikely in the foreseeable future and that thus the conditions for capitalizing any deferred tax assets are not given. In addition to tax loss carryforwards there are temporary differences in companies with tax loss carryforwards in the amount of CHF 18 million (2007: CHF 21.8 million). For these differences a possible deferred tax asset that can be capitalized will only arise if there seems to be a likelihood that the existing tax loss carryforwards can be used.

Accounts Payable, Trade (13)

IN CHF 1,000	2008	2007
Accounts payable, trade	32,484	37,352
Notes payable	1,436	2,265
Total	**33,920**	**39,617**

Other Liabilities and Accrued Expenses (14)

IN CHF 1,000	2008	2007
Other liabilities	5,174	5,615
Accrued expenses	23,851	27,528
Total	**29,025**	**33,143**

Other liabilities include liabilities for insurances, taxes and other creditors which are not related to the supply of goods. Accrued expenses refer to open invoices and liabilities for the reporting year as well as social security, profit sharing and bonuses for employees payable in the following year and accruals and deferrals for holiday and overtime compensation.

Provisions (15)

IN CHF 1,000	RESTRUC-TURING	PENSION AND OTHER TERMINATION BENEFITS	WARRANTY PROVISIONS	TOTAL PROVISIONS	./. SHORT-TERM PROVISIONS	TOTAL LONG-TERM PROVISIONS
Balance at Jan. 1, 2008	2,804	2,777	240	5,821	–3,026	2,795
Additions	–	519	6	525	–214	311
Usage	–1,842	–478	–17	–2,337	1,867	–470
Reversals	–	–747	–151	–898	171	–727
Translation difference	–115	–233	–13	–361	138	–223
Balance at Dec. 31, 2008	**847**	**1,838**	**65**	**2,750**	**–1,064**	**1,686**

IN CHF 1,000	RESTRUC-TURING	PENSION AND OTHER TERMINATION BENEFITS	WARRANTY PROVISIONS	TOTAL PROVISIONS	./. SHORT-TERM PROVISIONS	TOTAL LONG-TERM PROVISIONS
Balance at Jan. 1, 2007	3,632	2,794	539	6,965	–3,730	3,235
Additions	2,255	357	238	2,850	–2,493	357
Usage	–2,835	–344	–97	–3,276	2,867	–409
Reversals	–	–73	–445	–518	85	–433
Translation difference	–248	43	5	–200	245	45
Balance at Dec. 31, 2007	**2,804**	**2,777**	**240**	**5,821**	**–3,026**	**2,795**

The provisions for restructuring include expenses for restructuring Bossard's operations in North America (note 22). Pension and other termination benefits include liabilities for pension and granted legal benefits based on the affiliation to the company.

Short-term Debts (16)

IN CHF 1,000	2008	INTEREST RATES %	2007	INTEREST RATES %
Bank overdrafts	2,969	1.2 – 9.2	4,557	2.6 – 3.6
Bank loans	46,541	1.0 – 7.5	39,696	3.3 – 8.0
Personnel savings accounts	20,219	3.3	20,880	3.3
Notes payable	–		1,400	2.0 – 3.1
Other	26	0.1 – 3.4	455	1.7 – 3.9
Total	**69,755**		**66,988**	

The personnel savings accounts include savings of employees which under IAS 1 (revised), are reported as short-term debts. From an economical perspective, these amounts are still long-term in nature.

Long-term Debts (17)

IN CHF 1,000	2008	INTEREST RATES %	2007	INTEREST RATES %
Bank loans	41,045	1.9 – 3.8	56,248	3.3 – 3.5
Total	**41,045**		**56,248**	

All interest bearing bank loans are at floating interest rates. The effective weighted average interest rate on all borrowings was 3.8 percent (2007: 4.6 percent).

DUE FOR REPAYMENT IN CHF 1,000	1-2 YEARS	OVER 2 YEARS	TOTAL
Bank loans	41,045	–	41,045
Total	**41,045**	**–**	**41,045**
2007	56,248	–	56,248

Bank loans are due in Swiss francs. The fair value equals to the book value. CHF 40 million is due for repayment in December 2010. The loans were granted without covenants.

Share Capital (18)

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**

189,794 bearer shares of CHF 10 par value are held by Bossard Holding AG and have neither voting rights nor dividend entitlement. 185,000 of these shares have been held by the company since the capital increase.

The consolidated retained earnings and reserves include non-distributable legal reserves of CHF 22 million (2007: CHF 22 million).

Dividend

The board of directors of Bossard Holding AG will propose a dividend of CHF 3.20 (2007: CHF 3.00) per bearer share and CHF 0.64 (2007: CHF 0.60) per registered share to the shareholders at the forthcoming annual general meeting.

Segment Information (19)

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

IN CHF MILLION	EUROPE 2008	EUROPE 2007	AMERICA 2008	AMERICA 2007	ASIA 2008	ASIA 2007	ELIMINATIONS 2008	ELIMINATIONS 2007	CONSOLIDATED 2008	CONSOLIDATED 2007
Sales to third parties	333.7	346.7	156.3	168.4	75.7	85.7			565.7	600.8
Sales inter-segment	5.9	6.5	0.4	0.3	0.2	0.3	–6.5	–7.1	–	–
Total sales	**339.6**	**353.2**	**156.7**	**168.7**	**75.9**	**86.0**	**–6.5**	**–7.1**	**565.7**	**600.8**
Segment EBITDA	48.0	52.2	5.3	–1.2	3.7	2.9			57.0	53.9
Segment EBIT	40.1	43.6	3.4	–3.3	1.6	0.9			45.1	41.2
Finance expenses net									8.7	3.6
Taxes									4.0	7.0
Net income for the period									**32.4**	**30.6**
Other information										
Assets	211.3	227.1	116.9	124.4	55.4	56.0			383.6	407.5
Unallocated corporate assets									6.6	6.0
Total assets									**390.2**	**413.5**
Liabilities	128.2	145.6	17.1	26.4	38.8	39.0			184.1	211.0
Unallocated corporate liabilities									8.1	8.4
Total liabilities									**192.2**	**219.4**
Capital expenditures										
– Property, plant, equipment, software, goodwill	8.5	6.4	0.5	1.1	2.8	3.2			11.8	10.7
Depreciation and amortization										
– Property, plant, equipment, software, goodwill	7.9	8.6	1.9	2.1	2.1	2.0			11.9	12.7
Employees										
Annual weighted average number of employees	694	709	376	376	596	669			1,666	1,754

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

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

Personnel Expenses (20)

IN CHF 1,000	2008	2007
Salaries	84,632	89,555
Social expenses	13,097	13,602
Pension expenses	4,632	4,262
Other personnel expenses	4,715	3,848
Total	**107,076**	**111,267**

Other Operating Expenses (21)

IN CHF 1,000	2008	2007
Occupancy costs	8,561	9,175
Insurance and charges	2,919	3,028
Other operating expenses	5,626	6,694
Total	**17,106**	**18,897**

Restructuring in America (22)

Provisions of CHF 0.8 million for the 2006/2007 restructuring program in America have not been released. These are provisions for maintenance and rental commitments which expire in 2010.

Financial Income/Financial Expenses (23)

IN CHF 1,000	2008	2007
Financial income		
Income from interests and securities	1,890	804
Income from non-consolidated investments	321	286
Exchange gain	991	2,383
Total	**3,202**	**3,473**
Financial expenses		
Interest expenses	7,091	6,816
Exchange loss	4,707	–
Share of loss from joint venture	103	250
Total	**11,901**	**7,066**

Earnings per Share (24)

	2008	2007
Net income in CHF 1,000	32,137	30,173
Average number of shares entitled to dividend *)	3,010,206	3,008,668
Basic earnings per bearer share in CHF	10.68	10.03
Basic earnings per registered share in CHF	2.14	2.01

*) 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 of Bossard Holding AG" by the weighted average number of shares entitled to dividend during the year.

Acquisition and Disposal of Subsidiaries (25)

In 2008 and 2007 no acquisition and disposal were undertaken.

As of September 18, 2007, Bossard increased its share in Sal-Pol/Bossard Sp.Z o.o., Radom, Poland, from 80 percent to 100 percent. The company has already been fully consolidated. The acquisition price of CHF 0.3 million was paid in cash.

Financial Instruments (26)

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	2008	2007
USD	42	667
EUR	34	18
Other	45	9
Total	**121**	**694**

Open forward contracts at December 31, 2008 were as follows:

IN CHF MILLION	CONTRACT VALUE	MARKET VALUE
TWD	0.8	0.0
Total	**0.8**	**0.0**
2007	0.7	0.0

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, 2008.

In 2008 and 2007 no open forward exchange contracts were designated to hedge the net investments in foreign subsidiaries at year end.

Market value of financial assets and financial liabilities:

IN CHF 1,000	BOOK VALUE 2008	MARKET VALUE 2008	BOOK VALUE 2007	MARKET VALUE 2007
Financial assets				
Cash and cash equivalents	12,223	12,223	10,906	10,906
Loans and receivables				
Accounts receivables, trade	78,987	78,987	99,845	99,845
Other receivables and prepaid expenses	10,627	10,627	8,470	8,470
Financial assets and joint venture	2,519	2,519	2,229	2,229
Stated at fair value (trade)				
Financial assets held for trading	127	127	146	146
Assets held for trading				
Financial assets and joint venture	395	395	503	503
Total	**104,878**	**104,878**	**122,099**	**122,099**
Financial liabilities				
Accounts payable, trade	33,920	33,920	39,617	39,617
Other liabilities and accrued expenses	29,025	29,025	33,143	33,143
Short-term debts	69,755	69,755	66,988	66,988
Long-term debts	41,045	41,045	56,248	56,248
Total liabilities stated at amortized costs	**173,745**	**173,745**	**195,996**	**195,996**

Retirement Benefit Obligations (27)

Bossard has established a number of pension schemes around the world covering most employees. The assets of the funded plans are held in legally autonomous trustee-administered funds. Those pension schemes which qualify as defined benefit plans under IAS 19 (revised) are subject to annual actuarial valuations. The latest actuarial valuations were carried out as on December 31, 2008.

The amounts recognized in the income statement are as follows:

IN CHF 1,000	2008	2007
Service expenses according to actuarial valuation	1,863	1,833
Interest expenses	3,693	3,171
Expected return on plan assets	–5,034	–4,878
Net pension expenses	**522**	**126**
Value adjustment net gain	1,414	1,754
Total included in personnel expenses	**1,936**	**1,880**

The movement in the defined benefit obligation was as follows:

IN CHF 1,000	2008	2007	2006	2005
Present value of benefit obligation at Jan. 1	98,055	97,174	91,814	84,617
Service expenses	3,777	3,729	3,369	2,896
Interest expenses at discount rate	3,693	3,171	2,993	3,390
Benefits paid	–2,947	–2,913	–2,815	–2,607
Unrecognized actuarial losses/(gains) according to revaluation	1,638	–3,106	1,813	3,518
Present value of benefit obligation at Dec. 31	**104,216**	**98,055**	**97,174**	**91,814**

The movement in the fair value of plan assets was as follows:

IN CHF 1,000	2008	2007	2006	2005
Fair value of plan assets at Jan. 1	111,425	107,966	97,564	82,693
Expected return on plan assets	5,034	4,878	4,398	3,727
Employer contributions	1,936	1,880	1,596	1,445
Employee contributions	1,914	1,896	1,573	1,429
Benefits paid	–2,947	–2,913	–2,815	–2,607
Unrecognized actuarial (losses)/gains according to revaluation	–22,293	–2,282	5,650	10,877
Fair value of plan assets at Dec. 31	**95,069**	**111,425**	**107,966**	**97,564**

Plan assets are comprised as follows:

IN CHF 1,000	2008	IN %	2007	IN %
Cash	25,389	22.2	10,799	8.1
Bonds	21,975	19.2	27,864	21.0
Shares	41,703	36.4	62,335	47.0
Properties	25,031	21.8	31,230	23.5
Others	434	0.4	574	0.4
Total	**114,532**	**100.0**	**132,802**	**100.0**
Thereof third parties	–19,463		–21,377	
Total	**95,069**		**111,425**	

The pension plan assets include CHF 0.2 million (2007: CHF 0.3 million) in shares of Bossard Holding AG.

The movement of the asset was as follows:

IN CHF 1,000	2008	2007
Asset at Jan. 1	–	–
Employer contributions	1,936	1,880
Pension expenses	– 1,936	– 1,880
Asset at Dec. 31	**–**	**–**

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

IN CHF 1,000	2008	2007
Present value of funded obligation	104,216	98,055
Fair value of plan assets	95,069	111,425
Actuarial (losses)/gains	**– 9,147**	**13,370**
Unrecognized accumulated losses/(gains)	9,147	– 13,370
Asset	**–**	**–**

The principal actuarial assumptions used for accounting purposes were:

IN %	2008	2007
Discount rate	3.20	3.75
Expected return on plan assets	4.50	4.50
Future salary increases	1.75	1.75
Future pension increases	0.25	0.25

The mortality rate was calculated in accordance with the Swiss Federal Law on Occupational Retirement (revised in 2000).

The expected employer contributions for 2009 amount to CHF 2.1 million and the cost of the acquired retirement benefits in 2009 CHF 4.2 million.

The expected return on the pension plan assets is based on market expectations for future returns on the invested pension plan assets over the corresponding term to maturity. Because of the long-term nature of the investments the actuarial assumptions made, such as future expected yield, do not necessarily correspond to short-term historical development.

In addition, CHF 2.8 million (2007: CHF 2.6 million) in contributions to defined contribution pension plans were recognized in the income statement.

There are further pension plans in the Group for which CHF 1.3 million (2007: CHF 1.6 million) are recognized in the provisions under pension and termination commitments (note 15).

Compensation and Share Holdings (28)

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

Compensation paid to current members of the board of directors

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	75,000	–	260,000
Rolf E. Thurnherr	Deputy chairman, NCC (representing holders of bearer shares)	55,000	75,000	20,000	150,000
Urs Fankhauser	AC	55,000	75,000	15,000	145,000
Erica Jakober	Employee representative	15,000	30,000	5,000	50,000
Anton Lauber	NCC	55,000	75,000	15,000	145,000
Dr. Beat E. Lüthi		55,000	75,000	5,000	135,000
Helen Wetter-Bossard	NCC, minutes	55,000	75,000	15,000	145,000
2008		**475,000**	**480,000**	**75,000**	**1,030,000**

IN CHF		FIXED	VARIABLE	COMMITTEE WORK	TOTAL
Dr. Thomas Schmuckli	Chairman, NCC, AC	185,000	96,000	–	281,000
Rolf E. Thurnherr	Deputy chairman, NCC (representing holders of bearer shares)	55,000	96,000	20,000	171,000
Urs Fankhauser	AC	55,000	96,000	15,000	166,000
Erica Jakober	Employee representative	15,000	30,000	5,000	50,000
Anton Lauber	NCC	55,000	96,000	15,000	166,000
Dr. Beat E. Lüthi		55,000	96,000	5,000	156,000
Helen Wetter-Bossard	NCC, minutes	55,000	96,000	30,000	181,000
2007		**475,000**	**606,000**	**90,000**	**1,171,000**

The compensation paid to current members of the board of directors are payments due for the 2008 business year and apply for the period of office from the annual general meeting 2008 to the annual general meeting 2009. Payment is made at the end of the period of office after the annual general meeting. 20 percent of the compensation is paid in the form of bearer shares of Bossard Holding AG. The allocation of shares is undertaken at market value in April 2009 after the general meeting has been held. Apart from the compensation shown, employers' Swiss social security contributions of 10.1 percent are payable for each member of the board.

Compensation paid to former members of the board of directors

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

In 2007, the then Chairman Dr. Kurt Reichlin received compensation in the amount of CHF 216,600 (CHF 181,000 as fixed and CHF 35,600 as variable compensation) for his last year of office in 2006.

Compensation paid to current members of the executive committee

	EXECUTIVE COMMITTEE TOTAL		CEO[1]	
IN CHF	2008	2007	2008	2007
Cash				
Salary fixed (gross)	2,543,300	2,107,796	485,000	462,400
Salary variable (gross)	1,149,000	1,383,800	263,000	330,000
Payments in kind	60,700	50,700	8,000	8,000
Total	**3,753,000**	**3,542,296**	**756,000**	**800,400**
Pension contributions	464,083	494,622	130,737	137,419
Members of the executive committee	7	6		

[1] David Dean

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

Compensation paid to former members of the executive committee

In 2008 and 2007 no compensation was paid to former members of the executive committee.

Share Holdings

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

		SHARES	
		2008	2007
Board of directors			
Dr. Thomas Schmuckli	Chairman	5,295	5,295
Rolf E. Thurnherr	Deputy chairman (representing holders of bearer shares)	1,600	1,000
Urs Fankhauser		250	250
Erica Jakober	Employee representative	–	–
Anton Lauber		500	250
Dr. Beat E. Lüthi		500	–
Helen Wetter-Bossard		14,407	14,225
Total		**22,552**	**21,020**
Executive committee			
David Dean	CEO	501	5
Stephan Zehnder	CFO	800	314
Julius Brun	Chief of Staff	20	20
Beat Grob	CEO Central Europe	153	153
Peter Erlangsen	CEO Rest of Europe	10	10
Steen Hansen	CEO America	–	–
Scott W. Mac Meekin	CEO Asia	–	–
Total		**1,484**	**502**

Additional honorariums and remunerations

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

Loans to Governing Bodies

At December 31, 2008 as well as at December 31, 2007 there were no loans outstanding to members of governing bodies currently in office.

Related Party Transactions (29)

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a group of shareholders as defined in article 20 of SESTA (Swiss Federal Act on Stock Exchanges and Securities Trading). They hold 54.7 percent (2007: 54.2 percent) of total voting rights or 25.7 percent (2007: 24.7 percent) of the capital entitled to dividend. Kolin Holding AG is wholly owned by the Bossard families.

The following related party transactions were engaged in:

BALANCE SHEET POSITIONS AS PER YEAR END IN CHF MILLION	2008	INTEREST RATES IN %	2007	INTEREST RATES IN %
Loan from Kolin Holding AG	–	–	0.3	3.5
Deposits in the personnel savings accounts	3.9	3.3	3.8	3.3

The compensation to the board of directors and the executive committee consists of salaries and bonuses of CHF 4.8 million (2007: CHF 4.7 million).

Lease and Rental Obligations (30)

At December 31 future operating lease payments not recorded in the balance sheet 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
2008	**1,268**	**846**	**345**	**135**	**7**	**2,601**
2007	1,723	1,097	665	194	60	3,739

At December 31 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
2008	**4,245**	**1,393**	**1,124**	**634**	**2,613**	**10,009**
2007	4,336	2,104	218	129	–	6,787

Assets pledged or otherwise restricted (31)

IN CHF 1,000	2008	2007
Accounts receivable, drafts	57	299
Inventories	1,908	8,348
Property, plant and equipment	1,545	2,148
Total	**3,510**	**10,795**

The pledged or restricted assets are used as collateral for the outstanding bank loans, which are not afflicted with any special conditions. The assets are after the repayment of the credits freely available again. The total creditlines amount to CHF 3.8 million (2007: CHF 10.4 million). The current borrowings amount to CHF 0.2 million (2007: CHF 7.4 million).

Risk Management (32)

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

Details of procedure for assessing financial risks:

Financial risk management

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

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

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

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

Foreign currency risk

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

The table below shows the sensitivity of the Group result to a possible re- or devaluation of the Euro and U.S. dollar against the Swiss franc on a given foreign exchange total (net assets or net debt).

Changes in the exchange rate of Group loans, which are considered part of the net investment in foreign subsidiaries, are charged to equity. The effects on equity of possible exchange rate changes are also shown in the table below. This analysis assumes that all other variables remain unchanged.

IN CHF 1,000	REVALUATION/ (DEVALUATION) IN %	EFFECT ON INCOME	EFFECT ON EQUITY
2008			
Change of rates EUR/CHF	5.0	428	–
Change of rates EUR/CHF	–3.0	–257	–
Change of rates USD/CHF	5.0	–525	2,819
Change of rates USD/CHF	–5.0	525	–2,819
2007			
Change of rates EUR/CHF	1.0	175	227
Change of rates EUR/CHF	–4.0	–701	–908
Change of rates USD/CHF	7.0	–1,652	8,681
Change of rates USD/CHF	–5.0	1,180	–6,201

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

Interest rate risk

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

The table below shows how a realistic change in the interest rate for interest-bearing assets and liabilities would have impacted on the Group result.

IN CHF 1,000	INTEREST RATE INCREASE IN %	EFFECT ON INCOME	INTEREST RATE DECREASE IN %	EFFECT ON INCOME
2008	**1.0**	**–973**	**–0.5**	**486**
2007	0.5	–577	–1.0	1,114

Credit risk

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

At December 31, 2008, the Group's accounts receivable trade from John Deere amounted to CHF 4.2 million, which accounts for 5.4 percent of the Group's total accounts receivable trade (2007: CHF 4.8 million, 4.8 percent).

An overview of the due dates for accounts receivable trade and the development of allowances is set out in note 6 (Accounts receivable, trade).

Liquidity risk

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

At various banking institutes the Group has unused credit limits in the amount of CHF 81.4 million (2007: CHF 50 million). There are no covenants attached to the credit limits available.

The table below shows maturities of current liabilities and financial debts:

IN CHF 1,000	0–3 MONTHS	3 MONTHS UNTIL 1 YEAR	1–2 YEARS	TOTAL
2008				
Accounts payable, trade	33,472	448	–	33,920
Other liabilities	28,000	7,531	–	35,531
Financial debts	20,245	49,510	41,045	110,800
Total	**81,717**	**57,489**	**41,045**	**180,251**
2007				
Accounts payable, trade	38,192	1,424	–	39,616
Other liabilities	34,000	9,147	–	43,147
Financial debts	22,734	44,254	56,248	123,236
Total	**94,926**	**54,825**	**56,248**	**205,999**

The personnel savings accounts (15 percent share of short-term liabilities, 2007: 14 percent) must, in accordance with the IAS 1 (revised), be recognized as short-term debt due within 30 days. In economic terms, however, these liabilities are of a long-term nature. The financial debts contain no interest. The average interest rate on all financial debts was 3.8 percent (2007: 4.6 percent).

Capital risk

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

Bossard Group monitors its capital structure on the basis of its equity ratio. The equity ratio is equity as a percentage of total assets. The Group's target is an equity ratio of at least 40 percent. At end 2008 it was 50.7 percent (2007: 46.9 percent).

No covenants have been drawn on equity.

Contingent Liabilities (33)

Contingent liabilities in the amount of CHF 2.7 million (2007: CHF 2.3 million) result mainly from discounted drafts given to third parties in the course of normal business operations.

Events occuring after Balance Sheet Date (34)

Between December 31, 2008 and the approval of the consolidated financial statements by the board of directors, no major events occurred which would require additional disclosures or changes in the consolidated financial statements for 2008.

Exchange Rates (35)

		31.12.2008 YEAR-END EXCHANGE RATE	01.01.2008–31.12.2008 AVERAGE EXCHANGE RATE	31.12.2007 YEAR-END EXCHANGE RATE	01.01.2007–31.12.2007 AVERAGE EXCHANGE RATE
1	EUR	1.49	1.59	1.66	1.64
1	USD	1.07	1.08	1.13	1.20
1	GBP	1.56	2.00	2.25	2.40
100	DKK	19.99	21.26	22.20	22.05
100	SEK	13.73	16.50	17.58	17.77
100	CZK	5.55	6.36	6.23	5.92
100	SKK	4.94	5.09	4.92	4.87
100	HUF	0.56	0.63	0.66	0.65
100	PLN	35.90	45.08	46.20	43.55
100	SGD	74.39	76.40	78.30	79.62
100	TWD	3.27	3.43	3.47	3.65
100	RMB	15.71	15.49	15.52	15.83
100	MYR	31.05	32.32	34.02	35.00
100	THB	3.07	3.24	3.36	3.73
100	INR	2.21	2.48	2.85	2.91
100	KRW	0.09	0.10	0.12	0.13

List of Group Companies (36)

	COMPANIES AND BRANCHES	HEADQUARTERS	CURRENCY	CAPITAL IN THOUSANDS	SHAREHOLDING	FASTENING TECHNOLOGY	FINANCE/OTHER
Holding and finance companies							
Switzerland	Bossard Holding AG	Zug	CHF	32,000	100		■
Jersey	Bossard Finance Ltd	St. Helier	CHF	97	100		■
Europe							
Switzerland	Bossard AG	Zug	CHF	12,000	100	■	
	Trimec AG	Zug	CHF	50	100	■	
	Bossard + Staerkle AG	Zug	CHF	3,600	10		○
Italy	Bossard Italia Srl.	Milan	EUR	100	100	■	
	Trimec Italia Srl.	Milan	EUR	100	100	■	
Austria	Bossard Austria Ges.m.b.H.	Vienna	EUR	1,017	100	■	
Denmark	Bossard Denmark A/S	Skovlunde	DKK	9,000	100	■	
Sweden	Bossard Sweden AB	Malmö	SEK	400	100	■	
France	Bossard France SAS	Souffelweyersheim	EUR	26,000	100	■	
Spain	Bossard Spain SA	Barcelona	EUR	745	100	■	
Poland	Bossard Poland Sp.Z o.o.	Radom	PLN	1,300	100	■	
Czech Republic	Bossard CZ s.r.o.	Brno	CZK	1,000	100	■	
Slovakia	Bossard SK, spol. s r.o.	Bratislava	SKK	200	100	■	
Hungary	Bossard Hungary Kft.	Törökbálint	HUF	3,000	100	■	
America							
USA	Bossard U.S. Holdings, Inc.	Hampton, NH	USD	40,000	100		■
	Bossard Metrics, Inc.	Portsmouth, NH	USD	250	100	■	
	Bossard Michigan & Merrick, Inc.	Maspeth, NY	USD	5	100	■	
	Bossard North America, Inc.	Cedar Falls, IA	USD	2,000	100	■	
Mexiko	Bossard de México, S.A. de C.V.	Monterrey	USD	755	100	■	
Asia							
Singapore	Bossard Pte. Ltd	Singapore	SGD	42,600	100	■	
India	LPS Bossard Pvt. Ltd	Haryana	INR	48,000	51	■	
China	Bossard Industrial Fasteners International Trading (Shanghai) Co. Ltd	Shanghai	RMB	103,796	100	■	
Malaysia	Bossard (M) Sdn. Bhd.	Penang	MYR	300	100	■	
Taiwan	Bossard Ltd Taiwan Branch	Taichung	TWD	–	100	■	
Japan	Bossard K.K.	Tokyo	JPY	60,000	2.3	○	
South Korea	Bossard (Korea) Ltd	Anseong-City	KRW	2,500,000	100	■	

■ Fully consolidated
○ Minority investment

Status: December 31, 2008

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

Report of the statutory auditors on the consolidated financial statements

As statutory auditors, we have audited the consolidated financial statements of Bossard Holding AG, which comprise the balance sheet, income statement, consolidated statement of changes in equity, cash flow statement and notes (pages 48 to 82), for the year ended December 31, 2008.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2008 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.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Bruno Häfliger	Stefan Bosshard
Audit expert	Audit expert
Auditor in charge	

Zürich, March 3, 2009

Balance Sheet

IN CHF	NOTES	31.12.2008	31.12.2007
Assets			
Current assets			
Marketable securities – Treasury shares	3	215,109	215,109
Accounts receivable Group companies		739,572	7,498,418
Accounts receivable others		18,495	26,334
Total current assets		**973,176**	**7,739,861**
Long-term assets			
Investments	2	118,379,215	118,379,215
Own shares	3	1,850,000	1,850,000
Total long-term assets		**120,229,215**	**120,229,215**
Total assets		**121,202,391**	**127,969,076**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable others		56,187	11,877
Bank loans		13,934,000	28,190,000
Accrued expenses		1,193,049	1,120,031
Total current liabilities		**15,183,236**	**29,321,908**
Long-term liabilities			
Bank loans		10,000,000	–
Total long-term liabilities		**10,000,000**	**–**
Total liabilities		**25,183,236**	**29,321,908**
Shareholders' equity			
Share capital		32,000,000	32,000,000
Legal reserve			
General reserve		16,000,000	16,000,000
Reserve for own shares	3	2,065,109	2,065,109
Other reserves		32,046,591	32,047,124
Retained earnings		13,907,455	16,534,935
Total shareholders' equity		**96,019,155**	**98,647,168**
Total liabilities and shareholders' equity		**121,202,391**	**127,969,076**

Income Statement and Appropriation of available Profit

Income Statement

IN CHF	2008	2007
Income		
Dividend income, income from marketable securities	8,198,000	8,660,145
Interest income	287,221	263,343
Service fees from Group companies	336,000	336,000
Total income	**8,821,221**	**9,259,488**
Expenses		
General and administrative expenses	1,522,114	1,656,326
Financial expenses	895,969	842,456
Total expenses	**2,418,083**	**2,498,782**
Net income	**6,403,138**	**6,760,706**

Changes in Retained Earnings

IN CHF	2008	2007
Retained earnings at beginning of year	16,534,935	14,891,579
Net income	6,403,138	6,760,706
Appropriation of available profit determined by the annual general meeting		
Dividends for 2007 and 2006 respectively	−9,030,618	−5,117,350
Retained earnings at end of year	**13,907,455**	**16,534,935**

The Board of Directors proposes to the Annual General Meeting the following Appropriation of Retained Earnings as at December 31, 2008

IN CHF	2008
Available retained earnings before distribution	13,907,455
Dividend of 32 % on the share capital of max. CHF 30,150,000 eligible for dividends	−9,648,000
To be carried forward	**4,259,455**

Notes to the Financial Statements

IN CHF	2008	2007
1. Guarantees, contingent liabilities, assets pledged in favour of third parties	130,760,800	118,797,200
thereof used	66,046,235	74,139,908

The Bossard Group concentrates its main credit facilities in Bossard Holding AG.
Bossard subsidiaries can draw on the credit lines, for which right Bossard Holding AG has undertaken guarantee obligations.

2. Investments contain:

Bossard AG, Zug, wholly owned

Bossard Finance Ltd, St. Helier, wholly owned

Bossard + Staerkle AG, Zug, 10 percent

3. Balance of own shares

a) Treasury shares

	2008	2007
Balance at Jan. 1 – 4,794 shares (2007: 14,794 shares)	215,109	663,814
Sales: 0 bearer shares of CHF 10 par value (2007: 10,000 shares)	–	–448,705
Balance at Dec. 31 – 4,794 shares, rate 45.60 (2007: 4,794 shares, rate 87.00)	215,109	215,109

b) Own shares

	2008	2007
Balance of own shares 185,000 bearer shares of CHF 10 par value (no voting rights and dividend entitlement – never issued)	1,850,000	1,850,000

c) Reserve for own shares

	2008	2007
Cost of treasury shares	215,109	215,109
Own shares – never issued	1,850,000	1,850,000
Reserve for own shares	2,065,109	2,065,109

4. Compensation and share holdings

The disclosure of compensation and share holdings of the board and the executive committee as per Swiss Code of Obligations article 663b^{bis} and article 663c can be found in the notes of the consolidated financial statements (note 28).

5. Other information required by law

Kolin Holding AG, Zug, and Bossard Unternehmensstiftung, Zug, form a shareholder group in accordance with article 20 SESTA. They hold 54.7 percent (2007: 54.2 percent) of the voting rights.
Kolin Holding AG, Zug, is wholly owned by the Bossard families.

6. Risk management

The risk management of Bossard Holding AG is continually documented and its effectiveness tested. At meetings held annually a standardized procedure is used to examine all business activities and balance sheet items for potential risks and to evaluate any risks identified. Thus the comprehensive overview of the potential risk situation is updated every year. Each identified risk is evaluated in terms of the loss that might be incurred; targets and countermeasures are then drawn up on this basis. The results of the risk evaluation procedure are set out in a report submitted to the board of directors and the executive committee.
Overall, hazards that could negatively impact on the future development of Bossard Holding AG can never be ruled out completely. Wars, terror attacks, acts of God, or pandemics are examples of such events.

Report of the Statutory Auditors on the Financial Statements

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

Report of the statutory auditors on the financial statements

As statutory auditors, we have audited the financial statements of Bossard Holding AG, which comprise the balance sheet, income statement and notes (pages 84 to 86), for the year ended December 31, 2008.

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

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

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

Opinion
In our opinion, the financial statements for the year ended December 31, 2008 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Bruno Häfliger
Audit expert
Auditor in charge

Stefan Bosshard
Audit expert

Zürich, March 3, 2009

Investor Information

	2008	2007	2006	2005	2004
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	2,470,206	2,470,206	2,460,206	2,451,761	2,408,761
Registered shares at CHF 2 par					
Capital stock in CHF 1,000	5,400	5,400	5,400	5,400	5,400
Number of shares issued	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Number of shares entitled to dividend	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Bearer shares equivalents, entitled to dividend at Dec. 31	3,010,206	3,010,206	3,000,206	2,991,761	2,948,761
Market price					
Ticker-Symbol (BOS)					
Volume traded (daily average)	3,328	4,905	3,922	2,275	3,853
Closing price at Dec. 31	45.6	87.0	81.5	80.0	70.0
Bearer share high in CHF	87.0	98.5	93.0	86.3	75.0
Bearer share low in CHF	42.0	76.1	73.5	66.9	51.5
Dividend per share					
Bearer share in CHF	3.2 [1]	3.0	1.7	2.3	1.8
Registered share in CHF	0.64 [1]	0.60	0.34	0.46	0.36
In % of share capital	32.0	30.0	17.0	23.0 [4]	18.0
Dividend yield (Basis: price at Dec. 31)	7.0 %	3.4 %	2.1 %	2.9 %	2.6 %
Earnings per share [2] [6]					
Bearer share in CHF	10.68	10.03	3.98	6.57	5.99
Registered share in CHF	2.14	2.01	0.80	1.31	1.20
Cash flow per share [2] [5]					
Bearer share in CHF	14.70	14.38	8.12	10.54	9.66
Registered share in CHF	2.94	2.88	1.62	2.11	1.93
Price/Earnings ratio (Basis: price at Dec. 31)	4.3	8.7	20.5	12.2	11.7
Net worth per share [3]					
Bearer share in CHF	65.8	64.5	57.6	56.6	49.9
Registered share in CHF	13.2	12.9	11.5	11.3	10.0
Market capitalization (Basis: price at Dec. 31)					
In CHF million [3]	137.3	261.9	244.5	239.3	206.4
In % of shareholders' equity	69.3	134.9	141.5	141.4	140.1

IN CHF MILLION		2008	2007	2006	2005	2004
Economic value added analysis						
Gross sales		565.7	600.8	559.5	514.9	497.3
Earnings before interest and taxes (EBIT)		45.1	41.2	22.7	31.1	27.2
Effective tax rate in %		11.1	18.7	35.0	21.0	20.7
Net operating profit after tax (NOPAT)		**40.1**	**33.5**	**14.7**	**24.6**	**21.5**
Equity		198.0	194.1	172.7	169.3	147.3
Gross financial debt		110.8	123.2	122.4	133.2	111.0
Less cash and cash equivalents		12.2	10.9	8.8	10.0	6.8
Capital employed (year end)		296.6	306.4	286.3	292.5	251.5
Average annual capital employed	**(A)**	**301.5**	**296.4**	**289.4**	**272.0**	**247.1**
Return on average capital employed (ROCE) in %		**13.3**	**11.3**	**5.1**	**9.0**	**8.7**
Cost of financial debt in %						
Average cost of financial debt		3.8	4.7	3.7	3.7	3.6
Less effective tax		11.1	18.7	35.0	21.0	20.7
Cost of financial debt after tax		3.4	3.8	2.4	2.9	2.9
Cost of equity in %						
Risk free rate (Basis: yearly average of yield Swiss government bond)		2.9	2.9	2.5	2.0	2.7
Risk premium		5.5	5.5	5.5	5.5	5.5
Cost of equity		8.4	8.4	8.0	7.5	8.2
Equity ratio		50.7	46.9	43.4	43.7	42.7
Weighted average cost of capital (WACC) in %		**5.9**	**6.0**	**4.8**	**4.9**	**5.2**
Economic profit in % (ROCE – WACC)	(B)	7.4	5.3	0.3	4.1	3.5
Economic profit in CHF million	**(A) * (B)**	**22.3**	**15.7**	**0.9**	**11.2**	**8.6**

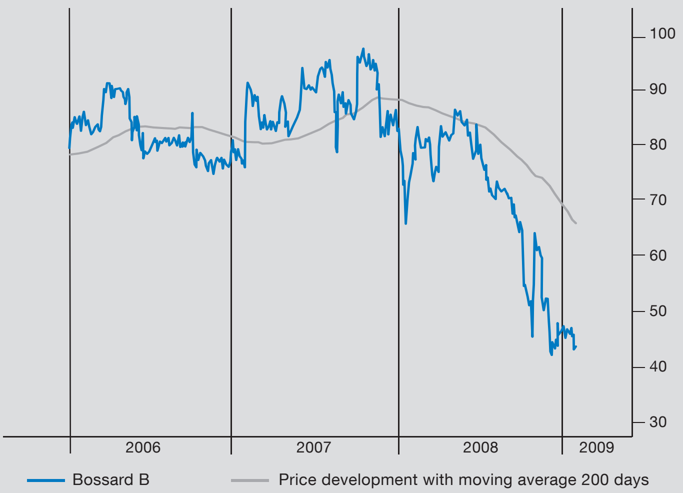
1) Proposal to annual general meeting
2) Basis: Average number of outstanding shares entitled to dividend
3) Basis: Number of outstanding shares entitled to dividend at year end
4) 19 % dividend + 4 % jubilee dividend has been declared
5) Net income + depreciation without amortization of goodwill
6) Share attributable to Shareholders of Bossard Holding AG

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

IN CHF MILLION	2008	2007	2006	2005	2004
Economic book value (EBV)					
Market value added (economic profit / WACC)	378.0	261.7	18.8	228.6	165.4
Capital employed	296.6	306.4	286.3	292.5	251.5
Implied enterprise value	674.6	568.1	305.1	521.1	416.9
Less gross financial debt	110.8	123.2	122.4	133.2	111.0
Add cash and cash equivalents	12.2	10.9	8.8	10.0	6.8
Economic book value at Dec. 31	**576.0**	**455.8**	**191.5**	**397.9**	**312.7**
Market valuation and key ratios					
Share price at Dec. 31 in CHF	45.6	87.0	81.5	80.0	70.0
Market capitalization	137.3	261.9	244.5	239.3	206.4
Net financial debt	98.6	112.3	113.6	123.2	104.2
Enterprise value (EV)	**235.9**	**374.2**	**358.1**	**362.5**	**310.6**
EV in % of gross sales	41.7	62.3	64.0	70.4	62.5
EV/EBITDA	4.1	6.9	10.3	8.7	7.7
EV/EBIT	5.2	9.1	15.8	11.7	11.4
EV/NOPAT	5.9	11.2	24.4	14.7	14.4
Price/Book value per share	0.7	1.3	1.4	1.4	1.4
Return on equity in %	16.5	16.7	7.1	13.2	12.7

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

SHARE PRICE DEVELOPMENT 2006 – FEBRUARY 2009
Ticker-Symbol: BOS, Valor: 1232386



SHARE PRICE DEVELOPMENT 2008 – FEBRUARY 2009
Ticker-Symbol: BOS, Valor: 1232386

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The Annual Report is also available in German. The German version is the governing text.
Dieser Geschäftsbericht ist auch in deutscher Sprache erhältlich. Massgebend ist die deutsche Version.

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