2nd INTERIM REPORT

2007

BOSSARD

Content

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Sales and consolidated Net Income reached record High once again

– Sales up 10.8 Percent against same Period in 2006
– Consolidated Net Income up almost 70 Percent
– Strong Growth in Europe – up 20.2 Percent
– Sales decline in America curbed

Ladies and Gentlemen,

After Bossard Group reported record sales and consolidated net income for the first four months of the current year, it gives us great pleasure to inform you that business development from May through August was again most satisfactory.

Over this period consolidated sales climbed to more than CHF 203 million, an increase of 10.8 percent against the second four months of 2006. Consolidated net income rose by CHF 4 million or almost 70 percent to CHF 9.7 million. This is the Group's best result ever in terms of sales and net income in a second four-month period, a smooth continuation of business development in the first four months of the year.

In Europe we benefited from the current favorable economic climate. The market situation in America eased somewhat, so that demand in various customer segments improved slightly. Although market development varied, the economic environment in Asia remained robust in the second four months of the year.

Steady Growth in Europe
In the first eight months of the year sales rose by 20.7 percent compared to the same period in the prior year. This very satisfactory development is attributable to continuing good demand in practically all sales areas as well as to numerous projects for new customers. Moreover, we managed to acquire additional market shares. The more than proportional increase in profit demonstrates that we made the most of the opportunities that arose in this region. Efficient cost management and the utilization of productivity potential also contributed to improving the result.

The Far East – partially robust, partially restrained
Compared to the same period in the prior year, sales were up 6.8 percent. Thus sales development did not reach expectations. China and Thailand again reported good growth, with rates of 39 percent and 28 percent respectively. Sales in the other countries in this region only grew marginally or decreased. The highest decrease – a total of 9 percent – occurred in Southeast Asia and India. In India we lost sales to a supplier whom we had previously represented in this market.

The introduction of the Group's ERP system in Asia will be completed by 2008. Thereafter we will have a standardized ERP platform worldwide. This will allow us to further optimize business processes. The related costs in the current business year will amount to approximately CHF 1.0 million, of which CHF 0.2 million were incurred up to end August.

Decline in Demand in America slowed down
Sales in America fell by 15.5 percent in the first four months of the year. This was in line with the anticipated decrease in production announced by our customers. Contrary to the forecasts, sales development for a number of our customers in the second four-month period was noticeably more positive than expected. Sales were only 3.2 percent lower than in the prior year. Thus, cumulated, sales were down 10 percent against the prior year.

			CHANGE TOWARDS	
IN CHF MILLION	SECOND 4 MONTHS 2007	FIRST 8 MONTHS 2007	SECOND 4 MONTHS 2006	FIRST 8 MONTHS 2006
Europe	117.0	234.6	20.2%	20.7%
America	57.3	118.0	–3.2%	–10.0%
Asia	29.1	54.9	7.8%	6.8%
Group	**203.4**	**407.5**	**10.8%**	**8.1%**

Group sales for the first eight months amounted to CHF 407.5 million, an increase of 8.1 percent year on year.

Increasing Gross Profit – despite higher Costs for Raw Materials

Gross profit rose from CHF 132.5 million to CHF 142.0 million, an increase of 7.2 percent. At the end of August the gross profit margin was 34.9 percent. Thus it remained on the same level as for the first four-month period, although prices for raw materials went up even further. One of the reasons for the price increases was that China unexpectedly abolished subsidies on steel exports. Thus, in the next few months, pressure on the margin will increase again.

Group operating costs (before restructuring costs) were down 0.6 percent on the prior year while at the same time sales were up 8.1 percent. The lower costs were primarily attributable to the restructuring efforts in America and resulted from the measures implemented to improve profitability and to the other corrective measures undertaken as part of the restructuring program. This program in America is on schedule in both organizational and financial terms.

More than proportional Increase in Earnings

Operating income (EBIT) rose from CHF 22.3 million in the previous year to a record CHF 29.9 million in the reporting period. This means that the prior year's result was surpassed by more than one third. The operating profit margin improved from 6.2 percent to 7.6 percent. Sales development in Europe in particular led to a more than proportional increase in earnings. The measures implemented in America have started to take effect, which is reflected in an improved operating result. America contributed some 30 percent to the Group's improved result – and this despite a 10 percent drop in sales year on year. After a loss at the beginning of the year in Asia, we managed to even out the deficit in the second four-month period.

Compared to the prior year, consolidated net income increased by CHF 6.1 million or 42.8 percent to CHF 20.3 million. Thus the Group reached a new record profit for the first eight months of the current business year.

Healthy financial Situation – despite more Capital employed

During the reporting period total assets rose by CHF 32.6 million. This is an increase of 8.3 percent since the end of 2006. On the one hand inventories rose because of the positive business development and the higher cost of raw materials – which account for roughly one third of the increase – and, on the other, accounts receivable rose due to higher sales. Conversely, the days sales outstanding remained unchanged.

Whereas the cash flow from operations increased by CHF 9.2 million against the prior year, the noticeable increase of net working capital impacted negatively on the development of the free cash flow, which fell as a result of seasonal fluctuations to minus CHF 10.6 million. We anticipate that there will be a positive free cash flow by the end of the year.

The Group's high capital requirement led to an increase of the net debt: it rose by CHF 15.1 million to CHF 129.1 million. Irrespective of the increase in capital, the return on capital employed (ROCE) improved from 8.8 percent to 11.1 percent. Compared to end 2006, the equity ratio rose by 0.5 percentage points to 44.2 percent. Despite the clear increase in net debt, the group's gearing (net debt/equity) remained unchanged at a good 0.7.

Prospects

We expect to see little change in the economic environment in the remaining four months of the current year. Thus we should be able to increase sales by some 7 percent for the entire business year and to double our consolidated net income.

Chairman of the Board of Directors

Chief Executive Officer

Zug, October 2, 2007

Results in Figures

IN CHF MILLION		SECOND 4 MONTHS 2007	FIRST 8 MONTHS 2007	SECOND 4 MONTHS 2006	FIRST 8 MONTHS 2006	FULL YEAR 2006
Gross sales		203.4	407.5	183.5	376.8	559.5
Net sales		196.1	392.0	175.8	362.0	536.8
Gross profit		71.1	142.0	64.2	132.5	197.4
Operating expenses, depreciation and amortization		55.4	109.7	54.8	110.2	164.3
Ordinary EBIT		15.7	32.3	9.4	22.3	33.1
in % of net sales		8.0	8.2	5.3	6.2	6.2
EBIT after exceptional items[1]		14.5	29.9	9.4	22.3	22.7
in % of net sales		7.4	7.6	5.3	6.2	4.2
Ordinary net income		10.9	22.7	5.7	14.2	22.6
in % of net sales		5.6	5.8	3.2	3.9	4.2
Net income after exceptional items[1]		9.7	20.3	5.7	14.2	12.2
in % of net sales		4.9	5.2	3.2	3.9	2.3
Cash flow from operations		–0.3	3.8	17.4	28.4	35.4
Current assets			302.2		259.4	267.8
Long-term assets			125.5		126.0	127.3
Current liabilities			173.6		145.3	156.6
Long-term liabilities			64.9		65.8	65.8
Shareholders’ equity			189.2		174.3	172.7
in % of total assets			44.2		45.2	43.7
Total assets			427.7		385.4	395.1
Net debt			129.1		114.0	113.5
Headcount at end of reporting period			1,800		1,767	1,818
Share capital						
Number of shares entitled to dividend						
Registered shares at CHF 2 par			2,700,000		2,700,000	2,700,000
Bearer shares at CHF 10 par			2,470,206		2,460,206	2,460,206
Bearer shares equivalents at CHF 10 par						
entitled to dividend			3,010,206		3,000,206	3,000,206
Market price (ticker symbol: BOS)						
Closing price at end of reporting period	CHF		90.5		81.5	81.5
Bearer share high during reporting period	CHF		94.6		93.0	93.0
Bearer share low during reporting period	CHF		76.1		73.5	73.5
Key figures						
Consolidated net income per bearer share[2] [3]	CHF		11.2		6.9	7.4
Net worth per bearer share	CHF		62.9		58.1	57.6
Price/earnings ratio (basis: 31.08./31.12.)			8.1		11.8	10.9
Price/book value (basis: 31.08./31.12.)			1.4		1.4	1.4

[1] Exceptional items: Restructuring expenses America
[2] 8 months extrapolated to 12 months
[3] Basis: Ordinary net income (ordinary means: before exceptional items) of Shareholders’ Bossard Holding AG

The unaudited, consolidated interim financial statements for the first eight months of 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) «Interim Financial Reporting IAS 34». The complete interim report is available on www.bossard.com (Investor Relations – Publications/Reports).

Consolidated Balance Sheet

IN CHF 1,000	31.08.2007 UNAUDITED	%	31.08.2006 UNAUDITED	%	31.12.2006 AUDITED	%
Assets						
Current assets						
Cash and cash equivalents	6,955	1.6	7,258	1.9	8,947	2.3
Accounts receivable, trade	108,500	25.4	93,593	24.3	97,116	24.6
Other receivables and prepaid expenses	10,774	2.5	12,350	3.2	8,373	2.1
Inventories	175,954	41.2	146,141	37.9	153,398	38.8
	302,183	**70.7**	**259,342**	**67.3**	**267,834**	**67.8**
Long-term assets						
Property, plant and equipment	71,895	16.8	71,033	18.4	71,990	18.2
Intangible assets	50,864	11.9	52,624	13.7	52,313	13.2
Financial assets	2,734	0.6	2,348	0.6	2,946	0.8
	125,493	**29.3**	**126,005**	**32.7**	**127,249**	**32.2**
Total assets	**427,676**	**100.0**	**385,347**	**100.0**	**395,083**	**100.0**
Liabilities and shareholders‘ equity						
Current liabilities						
Accounts payable, trade	47,824	11.2	40,366	10.5	51,718	13.1
Other liabilities and accrued expenses	35,518	8.3	31,533	8.2	28,810	7.3
Current tax liabilities	8,277	1.9	7,088	1.8	7,699	1.9
Short-term debts	82,025	19.2	66,269	17.2	68,357	17.3
	173,644	**40.6**	**145,256**	**37.7**	**156,584**	**39.6**
Long-term liabilities						
Long-term debts	54,068	12.6	55,000	14.3	54,068	13.7
Other liabilities	3,713	0.9	3,794	1.0	3,771	1.0
Provisions	3,192	0.8	2,035	0.5	3,235	0.8
Deferred taxes	3,905	0.9	4,948	1.3	4,681	1.2
	64,878	**15.2**	**65,777**	**17.1**	**65,755**	**16.7**
Total liabilities	**238,522**	**55.8**	**211,033**	**54.8**	**222,339**	**56.3**
Shareholders’ equity						
Share capital	32,000	7.5	32,000	8.3	32,000	8.1
Retained earnings and other reserves	152,987	35.7	138,916	36.0	137,042	34.7
	184,987	**43.2**	**170,916**	**44.3**	**169,042**	**42.8**
Minority interest	4,167	1.0	3,398	0.9	3,702	0.9
Total shareholders‘ equity	**189,154**	**44.2**	**174,314**	**45.2**	**172,744**	**43.7**
Total liabilities and shareholders‘ equity	**427,676**	**100.0**	**385,347**	**100.0**	**395,083**	**100.0**

Consolidated Income Statement

IN CHF 1,000	01.01.2007– 31.08.2007 UNAUDITED	01.01.2006– 31.08.2006 UNAUDITED	± %	01.05.2007– 31.08.2007 UNAUDITED	01.05.2006– 31.08.2006 UNAUDITED	± %
Gross sales	**407,449**	**376,808**	**8.1**	**203,347**	**183,530**	**10.8**
Sales deductions	15,470	14,812	4.4	7,287	7,762	–6.1
Net sales	**391,979**	**361,996**	**8.3**	**196,060**	**175,768**	**11.5**
Cost of goods sold	249,940	229,534	8.9	124,952	111,601	12.0
Gross profit	**142,039**	**132,462**	**7.2**	**71,108**	**64,167**	**10.8**
Personnel expenses	73,863	72,406	2.0	37,384	36,156	3.4
Sales, marketing and administration expenses	14,484	15,607	–7.2	7,444	7,786	–4.4
Other operating expenses	13,291	14,249	–6.7	6,538	6,779	–3.6
Restructuring expenses	2,406	–		1,214	–	
EBITDA	**37,995**	**30,200**	**25.8**	**18,528**	**13,446**	**37.8**
Depreciation and amortization	8,111	7,927	2.3	4,088	4,041	1.2
EBIT	**29,884**	**22,273**	**34.2**	**14,440**	**9,405**	**53.5**
Financial expenses net	3,270	3,629	–9.9	1,839	1,719	7.0
Income before taxes	**26,614**	**18,644**	**42.8**	**12,601**	**7,686**	**64.0**
Taxes	6,332	4,436	42.7	2,944	1,985	48.3
Net income	**20,282**	**14,208**	**42.8**	**9,657**	**5,701**	**69.4**
Attributable to:						
Shareholders' Bossard Holding AG	19,973	13,746		9,481	5,632	
Minority interest	309	462		176	69	

IN CHF	2007	2006	± %
Earnings per bearer share – basic [1]	9.95	6.87	44.9
Earnings per registered share – basic [1]	1.99	1.37	45.3

[1] Earnings per share is based on the net income of Shareholders' Bossard Holding AG. There is no dilution effect.

Consolidated Statement of Changes in Equity

IN CHF 1,000	ISSUED SHARE CAPITAL	OWN SHARES	RETAINED EARNINGS AND RESERVES	CUMUL. TRANSLAT. DIFFERENCE	SHARE-HOLDERS BOSSARD	MINORITY INTEREST	SHARE-HOLDERS' EQUITY
Balance at Jan. 1, 2006 (audited)	32,000	–2,083	162,556	–27,697	164,776	4,533	169,309
Translation difference				–1,435	–1,435	–511	–1,946
Total income and expense recognised directly in equity				**–1,435**	**–1,435**	**–511**	**–1,946**
Net income for the period			13,746		13,746	462	14,208
Total recognised income and expense for the period			**13,746**	**–1,435**	**12,311**	**–49**	**12,262**
Dividend			–6,900		–6,900		–6,900
Treasury shares sold for option scheme		84	645		729		729
Change in scope of consolidation					–	–1,086	–1,086
Balance at Aug. 31, 2006 (unaudited)	**32,000**	**–1,999**	**170,047**	**–29,132**	**170,916**	**3,398**	**174,314**

IN CHF 1,000	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 (audited)	32,000	–1,999	166,952	–27,911	169,042	3,702	172,744
Translation difference				178	178	156	334
Total income and expense recognised directly in equity				**178**	**178**	**156**	**334**
Net income for the period			19,973		19,973	309	20,282
Total recognised income and expense for the period			**19,973**	**178**	**20,151**	**465**	**20 616**
Dividend			–5,117		–5,117		–5,117
Treasury shares sold for option scheme		100	811		911		911
Balance at Aug. 31, 2007 (unaudited)	**32,000**	**-1,899**	**182,619**	**-27,733**	**184,987**	**4,167**	**189,154**

Important:
In the annual report 2007 (Financial report, page 5) the consolidated cash flow statement 2006 was newly presented in accordance with IAS 7. Changes in the exchange rate contained in the translation differences were than assigned to the appropriate items in the cash flow statement. The in the interim reports 2007 published consolidated cash flow statements will be restated in the interim reports 2008 according to the annual report 2007.

Consolidated Cash Flow Statement

JANUARY-AUGUST IN CHF 1,000	2007 UNAUDITED	2006 UNAUDITED
Cash flow from operating activities		
Net income	20,282	14,208
Taxes	6,332	4,436
Financial expenses net	3,270	3,629
Depreciation and amortization	8,111	7,927
Other non cash expenses	3,230	1,812
Cash flow from operating activities before changes in working capital	**41,225**	**32,012**
Increase receivables	–13,122	–16,660
(Increase)/decrease inventories	–24,747	7,616
Increase payables	457	5,434
Cash flow from changes in working capital	**–37,412**	**–3,610**
Cash flow from operations	**3,813**	**28,402**
Interest received	1,689	1,799
Interest paid	–3,303	–4,405
Income taxes paid	–6,530	–4,212
Net cash flow from operations	**–4,331**	**21,584**
Cash flow from investing activities		
Purchase of property, plant, equipment and computer software	–6,815	–7,354
Payments for purchases of investments	–	–3,202
Proceeds from sale property, plant and equipment	347	3,106
Decrease/(increase) of loans and deposits	228	–761
Net cash used for investing activities	**–6,240**	**–8,211**
Free cash flow	**–10,571**	**13,373**
Cash flow from financing activities		
Sale of treasury shares/employee options	911	902
Increase/(decrease) of debts	13,668	–11,977
Dividends paid	–5,117	–6,900
Cash flow from financing activities	**9,462**	**–17,975**
Translation difference	–883	1,841
Change in cash and cash equivalents	**–1,992**	**–2,761**
Cash and cash equivalents at Jan. 1	8,947	10,019
Cash and cash equivalents at Aug. 31	6,955	7,258

IN CHF 1,000	2007	2006
Change in cash and cash equivalents	–1,992	–2,761
(Increase)/decrease of debts	–13,668	11,977
(Increase)/decrease of net debt	**–15,660**	**9,216**
Net debt at Jan. 1	–113,478	–123,226
Net debt at Aug. 31	**–129,138**	**–114,010**
Reconciliation of net debt		
Cash and cash equivalents	6,955	7,258
Debts	–136,093	–121,268
Net debt at Aug. 31	**–129,138**	**–114,010**

Notes to the Consolidated Financial Statements

Scope of Operations (1)
Bossard Holding AG, Zug, Switzerland, 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 unaudited, consolidated interim financial statements for the first eight months of 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) «Interim Financial Reporting IAS 34».
The consolidated financial statements of the Bossard Group are based on the financial statements of the individual Group companies at August 31, 2007 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 SWX Swiss Exchange.
The preparation of financial statements requires board of directors and group management to make estimates and assumptions that affect the amounts reported for assets and liabilities and contingent assets and liabilities at the date of the financial statements as well as revenue and expenses reported for the financial year. These estimates are based on group management's best knowledge of current events and actions that Bossard may undertake in the future.
However, actual results could differ from these estimates.

Adoption of New and Revised International Financial Reporting Standards (IFRS) (2.1)
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 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: IFRS 8, IFRIC 7, IFRIC 11 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 2006, Bossard adopted the following new and revised standards and interpretations: IAS 19 revised, IAS 39 revised, IFRS 1 revised, IFRS 4 revised, IFRS 6, IFRIC 4, IFRIC 5 and IFRIC 6. 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. August 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. No joint venture was held by Bossard during the period under review.

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 is 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 and is included in sales deductions. Apart from specific allowances for known credit risks, Bossard also makes a general provision based on statistical calculations on the historical loss experience.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the average purchase price (purchased goods) or production cost (manufactured goods).

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 lives of major classes of depreciable assets are as follows:

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

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.

Research and development

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

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 recognised 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 staff costs of the development team and an appropriate portion of relevant overheads.
Expenditure, which enhances and extends the benefits of computer software programs beyond their original specifications, is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives, not exceeding a period of 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

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 non-current assets.

Other investments

Other investments consist of non-derivative financial assets that are not a subsidiary nor an investment in associate or a joint venture. They are measured at their fair value and included in non-current assets unless management intends to dispose them of within twelve months of the balance sheet date. Gains or losses are included in net profit or loss for the period in which they arise.

Accounting for derivative financial instrument and hedging activities

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

Financial debts

Borrowings are recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized cost; 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 also held in separate 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 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 and 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 in medium term. 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.

Financial risk management

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

Foreign exchange risk

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

Interest rate risk

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

Credit risk

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

Price risks

Products marketed by Bossard may be subject to certain price risks, depending on the raw material price fluctuation (steel, chrome, nickel) and on exchange rates.

Liquidity risks

Judicious risk management includes ensuring that an adequate sum is available in the form of credit limits and through the possibility of refinancing.

Critical accounting estimates and assumptions

Impairment test for intangible assets

Important assumptions are, for example, discount rates and projection periods. The actual cash flows generated can deviate strongly from the planned discounted future values. Moreover, the effective life can be shortened or an impairment of value of the intangible assets can arise should the assets be used for a different purpose.

Actuarial assumptions

Bossard has various pension plans for which statistical assumptions are made in order to estimate future developments (such as discount rate, expected earnings, assumptions regarding compensation increases, graduated life tables and likelihood of withdrawal). Should these parameters change as a result of a change in the economic situation or new market conditions, later results could deviate decisively from expert opinion and calculations. In the medium term such deviations can impact strongly on expenses and earnings from pension 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 carryovers 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.

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 group management) or is an associate or a joint venture of the entity. In addition, members of the key management personnel of Bossard are also considered related parties. All transactions with related parties are on an arm's-length basis.

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 recognised 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

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

Changes in the Scope of Consolidation (3)

Up to August 31, 2007 the scope of consolidation has been unchanged.

As of January 1, 2006, 100 percent of Böllhoff Usinec s.a., Gretz Armainvilliers, France, was acquired. As of this date the company was included in the consolidation and merged into Bossard France SAS as of December 31, 2006. As of January 1, 2006, the 50 percent share hold in Hi-Tec Fastener ApS, Haslev, Denmark, was sold. In return, Bossard Denmark A/S acquired the assets of the «Industry Business segment» of Hi-Tec Fastener ApS. As of September 29, 2006, Bossard Hungary Kft., Törökbálint, Hungary, was incorporated. It is a 100 percent share of Bossard. As of November 1, 2006, Bossard increased its share in Bossard (Korea) Ltd, Anseong-City, Korea, from 55 percent to 100 percent.

Segment Information (4)

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

JANUARY-AUGUST (UNAUDITED)	EUROPE		AMERICA		ASIA		ELIMINATIONS		CONSOLIDATED	
IN CHF MILLION	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
External sales	234.6	194.4	118.0	131.0	54.9	51.4			407.5	376.8
Inter-segment sales	4.4	4.2	0.2	0.6	0.2	0.3	–4.8	–5.1	–	–
Total revenue	**239.0**	**198.6**	**118.2**	**131.6**	**55.1**	**51.7**	**–4.8**	**–5.1**	**407.5**	376.8
Segment EBITDA	33.1	24.1	3.5	2.9	1.4	3.2			38.0	30.2
Segment EBIT	28.0	19.2	1.8	1.2	0.1	1.9			29.9	22.3
Segment EBIT before restructuring expenses	*28.0*	*19.2*	*4.2*	*1.2*	*0.1*	*1.9*			*32.3*	*22.3*
Financial expenses net									–3.3	–3.6
Taxes									–6.3	–4.5
Net income for the period									**20.3**	**14.2**
Other information										
Segment assets	236.5	200.2	134.0	136.1	54.5	46.7			425.0	383.0
Unallocated corporate assets									2.7	2.4
Consolidated total assets									**427.7**	**385.4**
Segment liabilities	147.3	133.2	36.0	32.8	51.3	40.1			234.6	206.1
Unallocated corporate liabilities									3.9	5.0
Consolidated total liabilities									**238.5**	**211.1**
Capital expenditures										
– Property, plant, equipment, software, goodwill	3.4	4.9	0.8	0.9	2.6	1.7			6.8	7.5
Depreciation and amortization										
– Property, plant, equipment, software, goodwill	5.1	5.0	1.7	1.6	1.3	1.3			8.1	7.9
Employees										
8 months average number of employees	707	692	372	395	680	587			1,759	1,674

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

Exchange Rates (5)

		31.08.2007 EXCHANGE RATE	01.01.2007–31.08.2007 AVERAGE EXCHANGE RATE	31.12.2006 EXCHANGE RATE	31.08.2006 EXCHANGE RATE	01.01.2006–31.08.2006 AVERAGE EXCHANGE RATE
1	EUR	1.64	1.64	1.61	1.58	1.56
1	USD	1.20	1.22	1.22	1.23	1.26
100	DKK	22.08	21.96	21.56	21.11	20.96
100	SEK	17.55	17.73	17.78	16.99	16.82
100	CZK	5.93	5.81	5.84	5.58	5.50
100	SKK	4.88	4.82	4.66	4.19	4.14
100	HUF	0.65	0.65	0.64	0.57	0.59
100	PLN	43.07	42.72	41.92	40.01	40.10
100	SGD	78.88	80.19	79.63	77.95	78.68
100	TWD	3.64	3.71	3.75	3.72	3.89
100	RMB	15.99	15.99	15.53	15.41	15.74
100	MYR	34.28	35.41	34.58	33.29	34.27
100	THB	3.52	3.74	3.42	3.27	3.27
100	INR	2.94	2.91	2.76	2.63	2.79
100	KRW	0.13	0.13	0.13	0.13	0.13

Events Occurring after Balance Sheet Date (6)

End of September 2007, Bossard increased its share in Sal-Pol Sp.Z o.o., Radom, Poland, from 80 percent to 100 percent.

Bossard in Brief

The Bossard Group is a global group of companies. It is still molded by members of the founding family, now represented by the seventh generation. Our focus is on fasteners and fastening technology. Thus, in addition to our broad range of quality products, we provide full engineering support for fastener applications and offer logistics services for fasteners and other C parts. Among our customers there are many industrial companies with international operations. Our holding company, Bossard Holding AG, is headquartered in Zug, Switzerland, and is listed on the Swiss Exchange.

Dates to Note

January 29, 2008
First Results for 2007

March 12, 2008
Meeting for Financial Analysts and Press Conference
Hotel Widder, Zurich

April 15, 2008
Annual General Meeting

June 3, 2008
1st Interim Report 2008

This interim report is also available in German.
The german version is the governing text.
Dieser Tertialbericht ist auch in deutscher Sprache erhältlich.
Massgebend ist die deutsche Version.

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

Bossard Holding AG
Steinhauserstrasse 70
CH-6301 Zug
Switzerland
www.bossard.com
investor@bossard.com

Phone +41 41 749 66 11
Fax +41 41 749 66 22

Investor Relations:
Phone +41 41 749 65 86
Fax +41 41 749 60 21