

Letter to Shareholders: Half-Year 2004

Hergiswil, August 10, 2004

Dear Shareholder

With this half-year report we will provide you with information on the state of business and results for the first half of 2004 and on the outlook for the current year. The reporting principles applied to these consolidated financial statements for June 30, 2004, comply with the requirements of Swiss corporation law, the listing rules of the Swiss Stock Exchange, and of the International Financial Reporting Standards (IFRS), as did the consolidated annual figures for 31 December 2003. The only change between the two is the fact that IFRS 3 has already been applied to the acquisition of Datastore AG's Hewlett-Packard activities.

ALSO Group finishes first six months on very encouraging note

The IT market continued its recovery during the second quarter both in Switzerland and Germany. Against this backdrop the ALSO Group, which specializes in IT distribution and logistics services, performed very satisfactorily. Despite the sale of its Systems Business, sales were up by 12% to CHF 843 million (2003: CHF 753.6 million) and the Group generated an 81% higher operating profit of CHF 15.5 million (2003: CHF 8.5 million). Net income rose by 141% to CHF 11.1 million (2003: CHF 4.6 million). At 42.8%, the shareholders' equity ratio remained at its previously high level. Despite strong growth, net working capital was lower compared to the end of last year. As a result of selling the Systems Business division, the number of employees decreased to 574 (2003: 1042).

Due to the changes in the consolidation scope – the sale of Systems Business (effective 5 February 2004) and the addition of ACS Trading AG (from 27 October 2003) – Group figures are only partially comparable with those for last year. Also, Datastore AG's activities for Hewlett-Packard were taken over with effect from the end of June, but this acquisition has had no significant influence on the half-yearly figures.

Distribution: Substantial increase in sales and income

During the first six months of 2004, the market recovery was most marked in the consumer sector. In the corporate segment, it was mainly small to medium-sized enterprises that showed greater willingness to invest. The recovery has made itself least felt in the large accounts as in this segment overall economic improvement tends to translate into investment activities only with a certain time lag. The high demand for customized logistics solutions for the IT, consumer electronics and telecommunications industries continued unbroken during the first half of the year. A new generation of mobile phones spurred vigorous growth in this sector. The Distribution division pushed up its sales by 19% to CHF 838.1 million (2003: CHF 707.4 million). At CHF 15.8 million (2003: CHF 10.0 million), the operating result was substantially higher than during the same period last year.

The Swiss company showed strong growth both in sales and income. The increase in sales was partially due to the consolidation of ACS Trading AG but the Swiss company's core business also showed double digit growth as it gained market share. Compared with the same period last year, the German arm likewise reported an encouraging increase in both sales and income and made a respectable contribution to the Group's overall operating profit. The German company also achieved a much more balanced customer mix by focusing on small to medium-sized systems companies and purposely avoiding those retail operations which are particularly capital-intensive.

Systems Business: No significant impact on Group accounts

The Systems Business was divested on 5 February 2004 and only accounted for CHF 4.9 million of Group sales in the reporting period (previous year: CHF 46.3 million).

Outlook: ALSO expects net income of CHF 18 to 20 million for the year

Evolution of the third and fourth quarters will be decisive for this year's result. ALSO expects net income in the second half year to be down slightly from first half results. Although the price decline has slowed down, its effects are still making themselves felt. At the same time, the market has become more competitive, putting increased pressure on margins. Assuming the market upturn is sustained during the two quarters ahead and excluding unforeseen events, ALSO is expecting a consolidated net income of CHF 18 to 20 million for the full year.

Sincerely yours,

ALSO HOLDING AG



Thomas C. Weissmann
Chairman of the Board



Prof. Dr. Rudolf Marty
Member of the Board

Half-Year Financial Summary

Consolidated Profit and Loss Statement (CHF 1 000)	1st half 2003		1st half 2004		Change
Revenues from product sales	722 069		841 557		16.5 %
Service revenues	44 005		14 970		(66.0 %)
Deductions from revenues	(12 432)		(13 568)		9.1 %
Total Net Sales	753 642	100.0 %	842 959	100.0 %	11.9 %
Cost of goods sold and service expenses	(673 635)		(787 524)		16.9 %
Gross Profit	80 007	10.6 %	55 435	6.6 %	(30.7 %)
Operating expenses	(71 487)	(9.5 %)	(39 979)	(4.7 %)	(44.1 %)
Operating Profit (EBIT)	8 520	1.1 %	15 456	1.8 %	81.4 %
Net financial and investment income	(2 226)	(0.3 %)	(1 545)	(0.2 %)	(30.6 %)
Income before taxes	6 294	0.8 %	13 911	1.6 %	121.0 %
Taxes	(1 709)	(0.2 %)	(2 858)	(0.3 %)	67.2 %
Net Income	4 585	0.6 %	11 053	1.3 %	141.1 %

Half-Year Earnings per Share

Undiluted per-share information

Number of shares issued (./ treasury shares)	593 928		597 329		
Half-year earnings per share (CHF)	7.72		18.50		139.6 %

Diluted per share information*

Number of shares issued (./ treasury shares)	601 815		604 899		
Half-year earnings per share (CHF)	7.62		18.27		139.8 %

*The diluted figures show the effects of the conditional capital reserved for the stock purchase program.

Reporting by Segment (CHF 1 000)

Total net sales

Distribution	707 353	100.0 %	838 100	100.0 %	18.5 %
– Revenues from product sales	698 626		826 915		18.4 %
– Service revenues	8 727		11 185		28.2 %
Systems Business*	46 289	100.0 %	4 859	100.0 %	(89.5 %)
– Revenues from product sales	11 011		1 074		(90.2 %)
– Service revenues	35 278		3 785		(89.3 %)
Total Net Sales	753 642	100.0 %	842 959	100.0 %	11.9 %

Operating profit (loss) (EBIT)

Distribution	9 973	1.4 %	15 836	1.9 %	58.8 %
Systems Business	(1 307)	(2.8 %)	(490)	(10.1 %)	62.5 %
Corporate	(146)		110		175.3 %
Total Operating Profit (EBIT)	8 520	1.1 %	15 456	1.8 %	81.4 %

*The Systems Business division was sold with effect from February 5, 2004.

Headcount*	30.6.2003	30.6.2004	Change
Distribution	505	565	11.9 %
Systems Business	526	0	(100.0 %)
Corporate	11	9	(18.2 %)
Total	1 042	574	(44.9 %)

*Headcount at the reporting date on the basis of equivalent full-time employees

Half-Year Financial Summary

Consolidated Balance Sheet (CHF 1 000)	31.12.2003		30.6.2004		Change
Cash	61 542	16.7 %	82 519	21.3 %	34.1 %
Other current assets	287 065	77.7 %	284 817	73.3 %	(0.8 %)
Non-current assets	20 947	5.6 %	20 953	5.4 %	0.0 %
Total Assets	369 554	100.0 %	388 289	100.0 %	5.1 %
Current liabilities	160 724	43.5 %	172 727	44.5 %	7.5 %
Non-current liabilities	50 489	13.7 %	49 379	12.7 %	(2.2 %)
Shareholders' equity	158 341	42.8 %	166 183	42.8 %	5.0 %
Total Liabilities and Shareholders' Equity	369 554	100.0 %	388 289	100.0 %	5.1 %

Consolidated Cash Flow Statement (CHF 1 000)	1st half 2003	1st half 2004
Net income	4 585	11 053
Depreciation	3 610	2 490
Increase (decrease) in provisions	(497)	(91)
Other positions with no effect on net cash	589	(553)
(Increase) decrease in net working capital	39 828	29 605
Cash Flow from Operating Activities	48 115	42 504
Net investments in fixed assets	(1 514)	(581)
Net investments in intangible assets	(221)	(1 638)
Disposals of participations in affiliates	0	252
Cash Flow from Investment Activities	(1 735)	(1 967)
Free Cash Flow	46 380	40 537

Increase in capital	354	0
(Increase) decrease treasury shares	(55)	276
Increase (decrease) in sold accounts receivables	(44 831)	(14 611)
Increase (decrease) non-current financial liabilities	(2 434)	(1 790)
Dividend paid	(4 153)	(2 985)
Cash Flow from Financing Activities	(51 119)	(19 110)

Translation Differences **1 404** **(450)**

Increase (decrease) in Net Cash **(3 335)** **20 977**

Net Cash at January 1 53 338 **61 542**
 Net Cash at June 30 50 003 **82 519**

Consolidated Group Capital and Reserves (CHF 1 000)

	Share capital	Additional paid-in capital	Treasury shares	Translation differences	Retained earnings	Total
January 1, 2003	6 000	42 070	(22)	(381)	110 885	158 552
Increase in capital	32	326				358
Change in treasury shares			(55)			(55)
Repurchase convertible bond		(4)				(4)
Dividend paid					(4 153)	(4 153)
Net income					4 585	4 585
Translation differences				1 404		1 404
June 30, 2003	6 032	42 392	(77)	1 023	111 317	160 687
January 1, 2004	6 038	42 478	(75)	1 333	108 567	158 341
Increase in capital						0
Change in treasury shares		258	18			276
Repurchase convertible bond						0
Dividend paid					(2 985)	(2 985)
Net income					11 053	11 053
Translation differences				(502)		(502)
June 30, 2004	6 038	42 736	(57)	831	116 635	166 183