

Half-Yearly Report 2006



ALSO 
more than distribution

Weaker market affects half-year figures for 2006

Despite encouraging growth during the first half of 2006, ALSO's net income was adversely affected by difficult market conditions and unsatisfactory price levels. ALSO expects net income for the current year to be CHF 15–17 million.

After a strong first quarter, the demand for IT products in Switzerland and Germany fell off markedly during the second quarter. With average prices continuing to fall, the value of both the Swiss and the German markets was reduced. Weaker demand generated more competition and holding prices at unsatisfactory levels on the Swiss and German markets. The ALSO Group succeeded in pushing up net sales for the first half by 13% to CHF 1 030.5 million compared with the same period last year (2005: CHF 909.5 million). Operating profit stood at CHF 10.5 million (2005: CHF 9.1 million, including CHF 2.9 million nonrecurring special costs) and consolidated net income at CHF 6.8 million (2005: CHF 6.4 million, including CHF 2.3 million nonrecurring special costs). The equity ratio stood at 43% on June 30, 2006 (December 31, 2005: 44%). On balance sheet date, ALSO had 606 employees (2005: 574).

Distribution Switzerland

Although the Swiss IT market had the weakest unit growth in western Europe and actually fell in value, the Swiss subsidiary's net sales of CHF 465.8 million were almost at the level of the previous year (2005: CHF 476.1 million). Double-digit growth in sales of high-end storage and IT consumables only partially offset the sharp drop in system and peripherals prices. Logistics sales were slightly higher than in 2005, while operating profit fell short of the figure for the previous year. It is pleasing to note that the company's portfolio was enlarged to include several new manufacturers, including BenQ and Samsung, who specialize in products for the growth sector home electronics.

Distribution Germany

Despite a decrease in the overall value of the market, the German subsidiary increased its first-half net sales by 30% to CHF 564.7 million (2005: CHF 433.4 million) and gained further market shares. It is encouraging to note that all the company's divisions reported double-digit increases in sales. However, as a result of increasingly competitive prices, operating profit during the first half of 2006 was down slightly on the previous year.

Outlook for 2006: ALSO expects net income of CHF 15–17 million

After a weak second quarter, there are still no signs of a revival in demand. Assuming the usual seasonal fluctuations, and excluding unforeseen circumstances, ALSO expects net income for the current year to be around CHF 15–17 million.

Sincerely yours,

ALSO Holding AG



Thomas C. Weissmann
Chairman of the Board



Prof. Dr. Rudolf Marty
Member of the Board

Hergiswil (Switzerland), July 25, 2006

Half-Year Financial Summary

Consolidated Profit and Loss Statement CHF 1000	2006 1st half		2005 1st half		Change
Revenues from product sales	1 029 047		911 165		12.9%
Service revenues	10 607		9 944		6.7%
Deductions from revenues	-9 120		-11 626		-21.6%
Total Net Sales	1 030 534	100.0%	909 483	100.0%	13.3%
Cost of goods sold and service expenses	-980 710		-860 696		13.9%
Gross Profit	49 824	4.8%	48 787	5.4%	2.1%
Operating expenses	-39 373	-3.8%	-39 706	-4.4%	-0.8%
Operating Profit (EBIT)	10 451	1.0%	9 081	1.0%	15.1%
Net financial and investment income	-2 109	-0.2%	-1 427	-0.2%	47.8%
Income before taxes	8 342	0.8%	7 654	0.8%	9.0%
Taxes	-1 506	-0.1%	-1 227	-0.1%	22.7%
Net Income	6 836	0.7%	6 427	0.7%	6.4%

Half-Year Earnings per Share	2006 1st half		2005 1st half		Change
Undiluted per-share information					
Number of shares issued (./. treasury shares)	6 004 032		5 992 350		
Half-year earnings per share (CHF)	1.14		1.07		6.5%
Diluted per-share information*					
Number of shares issued (./. treasury shares)	6 012 822		5 992 380		
Half-year earnings per share (CHF)	1.14		1.07		6.5%

* The diluted figures show the effects of the option program in accordance with IFRS 2

Consolidated Balance Sheet CHF 1000	30.06.2006		31.12.2005		Change
Cash	72 524	16.2%	43 703	10.0%	65.9%
Other current assets	356 024	79.3%	376 771	85.9%	-5.5%
Non-current assets	20 108	4.5%	18 122	4.1%	11.0%
Total Assets	448 656	100.0%	438 596	100.0%	2.3%
Current liabilities	208 651	46.5%	202 399	46.1%	3.1%
Non-current liabilities	45 641	10.2%	45 395	10.4%	0.5%
Shareholders' equity	194 364	43.3%	190 802	43.5%	1.9%
Total Liabilities and Shareholders' Equity	448 656	100.0%	438 596	100.0%	2.3%

Headcount	30.06.2006		30.06.2005		Change
Total*	606		574		5.6%

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

Consolidated Cash Flow Statement CHF 1000	2006 1st half	2005 1st half
Net income	6 836	6 427
Depreciation and amortization	2 477	1 972
Increase (decrease) in provisions	-70	2 735
Other positions with no effect on cash	236	208
Decrease in net working capital	20 851	2 096
Cash Flow from Operating Activities	30 330	13 438
Net investments in fixed assets	-3 627	-1 074
Net investments in intangible assets	-821	-27
Cash Flow from Investment Activities	-4 448	-1 101
Free Cash Flow	25 882	12 337
Disposal in treasury shares	308	368
Increase (decrease) in current financial liabilities	6 225	-50 109
Increase non-current financial liabilities	250	250
Dividend paid ALSO Holding AG	-4 201	-4 192
Cash Flow from Financing Activities	2 582	-53 683
Translation Differences	357	186
Change in cash	28 821	-41 160
Cash at January 1	43 703	70 748
Cash at June 30	72 524	29 588

Consolidated Statement of Changes in equity CHF 1000	Share Capital	Paid-in capital	Treasury shares	Value fluctuations on financial instruments	Translation differences	Retained Earnings	Total
January 1, 2005	6 038	42 737	-56	0	980	126 808	176 507
Translation differences	0	0	0	0	198	0	198
Total gains/losses recognized directly in equity	0	0	0	0	198	0	198
Net income	0	0	0	0	0	6 427	6 427
Total gains and losses	0	0	0	0	198	6 427	6 625
Treasury shares	0	352	16	0	0	0	368
Employee shares/options	0	0	0	0	0	223	223
Dividend paid	0	0	0	0	0	-4 192	-4 192
June 30, 2005	6 038	43 089	-40	0	1 178	129 266	179 531

January 1, 2006	6 038	43 089	-40	24	1 724	139 967	190 802
Translation differences	0	0	0	0	369	0	369
Fair value adjustments on cash flow hedges	0	0	0	-72	0	0	-72
Tax effects of changes in items recognized directly in equity	0	0	0	14	0	0	14
Total gains/losses recognized directly in equity	0	0	0	-58	369	0	311
Net income	0	0	0	0	0	6 836	6 836
Total gains and losses	0	0	0	-58	369	6 836	7 147
Treasury shares	0	296	12	0	0	0	308
Employee shares/options	0	0	0	0	0	308	308
Dividend paid	0	0	0	0	0	-4 201	-4 201
June 30, 2006	6 038	43 385	-28	-34	2 093	142 910	194 364

Notes to Consolidated Half-Year Financial Statements at June 30, 2006

General principles

These unaudited half-yearly financial statements to June 30, 2006, were drawn up in accordance with International Accounting Standard 34 on interim financial reporting.

Accounting and valuation principles

ALSO has used the same accounting and valuation principles in its half-yearly statements as in the Annual Report for 2005. The standards that were amended and expanded as from January 1, 2006, have no effect on the preparation and presentation of these half-yearly financial statements.

The half-yearly financial statements drawn up on the basis of IFRS contains assumptions and estimates that have an influence on the figures shown in this interim report. Actual results may vary from these estimates.

Consolidation scope

The interim financial report for June 30, 2006, contains no significant changes in the consolidation scope compared with December 31, 2005.

Income tax

Income tax expense is recorded in the interim financial statements on the basis of the best possible current estimate of the income tax rate for 2006.

Geographical market

CHF 1000	Switzerland		Germany		Total	
	2006 1st half	2005 1st half	2006 1st half	2005 1st half	2006 1st half	2005 1st half
Total net sales	465 764	476 074	564 770	433 409	1 030 534	909 483
Assets	208 987	167 859	239 669	201 842	448 656	369 701
Investments	1 610	955	2 838	171	4 448	1 126

Foreign currencies

Exchange rates for currencies with a bearing on the ALSO Group's operations moved as follows:

	Average rate		Rate at end of period		
	2006 1st half	2005 1st half	30.06.06	31.12.05	30.06.05
EUR	1.56	1.54	1.57	1.56	1.55
USD	1.27	1.20	1.23	1.32	1.28

Financial liabilities

Financial liabilities remained unchanged compared with the financial statements at December 31, 2005, and comprise the following:

- ▶ 4.6 % unlisted loan notes, 2003 bis 2008, book value EUR 25 million

Dividend

In accordance with a resolution made by the General Meeting on March 14, 2006, the dividend for financial 2005 was CHF 7 per registered share (previous year CHF 7) and distributed on March 17, 2006.

Share split

At the Annual General Meeting of ALSO Holding AG on March 14, 2006, it was decided to split the former 603 859 registered shares each with a nominal value of CHF 10.00 in the ratio 10:1 into 6 038 590 new registered shares each with a nominal value of CHF 1.00.

Contingent liabilities

There has been no significant change in contingent liabilities compared with December 31, 2005.

Events since balance sheet date

No events of any significance have occurred since balance sheet date.

Addresses

ALSO-Group

ALSO Holding AG
Seestrasse 55
CH-6052 Hergiswil
Tel. +41 (0) 41 266 18 00
Fax +41 (0) 41 266 18 70
www.also.com

For further information please contact:

ALSO Holding AG
Maya von Krannichfeldt
Corporate Communications
Meierhofstrasse 5
CH-6032 Emmen
Tel. +41 (0) 41 266 18 00
Fax +41 (0) 41 266 18 70

Switzerland

ALSO Schweiz AG
Meierhofstrasse 5
CH-6032 Emmen
Tel. +41 (0) 41 266 11 11
Fax +41 (0) 41 266 11 22
www.also.ch

Permanent source of information:
www.also.com

ACS Trading AG
Lerzenstrasse 10
CH-8953 Dietikon
Tel. +41 (0) 44 743 49 99
Fax +41 (0) 44 743 49 98
www.acs-trading.ch

Germany

ALSO Deutschland GmbH
Ernst-Heinkel-Strasse 4
D-94315 Straubing
Tel. +49 (0) 9421 93 3000
Fax +49 (0) 9421 93 3991
www.also.de

Alliance EWG

European Wholesale Group GmbH
Seestrasse 55
CH - 6052 Hergiswil
Tel. +41 (0) 41 266 18 00
Fax +41 (0) 41 266 18 70
www.ewg-group.com



ALSO 
more than distribution