ALSO

more than distribution

Annual Report 2004

ALSO in Brief

ALSO Group

The ALSO Group is a leading company in the wholesale and logistics sector for information and communications technology as well as consumer electronics. In 2004, ALSO generated net sales of CHF 1 857.1 million with 613 employees. Headquartered in Hergiswil (Switzerland), the company was founded in 1984 and has been listed on the Swiss stock exchange since 1986. The Schindler Group has held a majority interest since 1988.

ALSO's core business is covered by the following operating companies:

- ALSO Schweiz AG
  (formerly ALSO ABC TRADING AG,
  renamed with effect from February 21, 2005)

- ACS Trading AG (Switzerland)

- ALSO Deutschland GmbH
  (formerly ALSO ABC TRADING GmbH
  renamed with effect from February 21, 2005)

ALSO Holding AG is the management company of the ALSO Group.

Distribution division

The Distribution division partners with the leading hardware and software manufacturers and provides additional services in value-added sectors such as high-end servers, storage, security and networks. In addition to this, the Distribution division offers a wide range of IT consumables. Its strongest points are high-level availability and compliance with the strictest quality standards. As an outsourcing partner for other companies, ALSO supplies customized logistics services for the IT, consumer electronics and telecommunications sectors and sees itself here as part of a complex value-added chain that ALSO optimizes with a range of top-quality market services.

In September 2002 ALSO and other leading distributors in their countries, founded the European Wholesale Group (EWG), headquartered in Hergiswil (Switzerland). The five partner companies in the alliance – ALSO (CH), Copaco (NL), Esprinet (I), GNT (FIN) and MemorySet (E) – in 2004 posted consolidated net sales of EUR 4.4 billion, making EWG the third-largest distributor in Europe. The strategic alliance offers manufacturers a best-in-class platform to reach some 50 000 IT resellers Europe-wide in efficient way. Together, the five partner companies have more than 1 800 employees.

Systems Business division

The Systems Business division was sold to the german Bechtle Group on February 5, 2004.

ALSO's principles

The ALSO group’s business philosophy is summarized in the «ALSO’s principles»:

- We provide more customer value than the competition.

- We make only promises we can keep.

- We are personally committed to every one of our customers.

- We cultivate long-term partnerships.

- We measure ourselves against the zero-error principle.

Key Figures

Income Statement (CHF million)	2000	2001	2002	2003	2004
Net sales	1 863.5	1 723.7	1 653.3	1 598.3	1 857.1
Gross profit	200.6	206.8	177.7	155.2	111.8
Operating profit	5.8	19.9	30.7	15.7	30.5
Net income	4.5	11.1	19.7	1.8	21.2
Cash flow	10.1	20.3	30.9	21.3	25.2
Investments in fixed assets	33.5	7.9	3.3	2.2	4.3

Balance Sheet (CHF million)					
Total assets	476.5	395.3	350.1	369.6	374.8
Total shareholders' equity	133.4	142.1	158.6	158.3	176.5

Key Figures					
Personnel at 31 Dec 1)	1 571	1 355	1 112	974	602
Average personnel during the year 1)	1 636	1 477	1 177	1 040	613
Gross margin	10,8%	12,0%	10,7%	9,7%	6,0%
Operating margin	0,3%	1,2%	1,9%	1,0%	1,6%
Return on sales	0,2%	0,6%	1,2%	0,1%	1,1%
Sales-to-assets ratio 2)	4.1	4.0	4.4	4.4	5.0
Return on assets 3)	3,2%	4,1%	6,6%	2,0%	7,2%
Return on equity 4)	3,4%	8,3%	13,8%	1,2%	13,4%
Equity ratio	28,0%	36,0%	45,3%	42,8%	47,1%
No. of registered shares at nom. CHF 10	594 750	597 680	599 970	603 859	603 859
Dividend per registered share (CHF) 5)	4.50	5.00	7.00	5.00	7.00
Equity per registered share (CHF)	224	238	264	262	292
Share price, high (CHF)	1 388	769	435	329	375
Share price, low (CHF)	720	255	288	190	291
Market capitalization at 31 Dec (CHF million)	446.1	215.2	180.0	183.6	194.4

1) Basis: equivalent full-time employees including temporary employees
2) Net sales/average total assets
3) Net income + financial expense/average total assets
4) Net profit/weighted equity (beginning equity + new share issue)
5) Board of Directors' proposal

Shareholders' Information

Stock details

Since 1986 ALSO is quoted on the Swiss SWX Stock Exchange.

Symbol: ALSN
Security No.: 155143

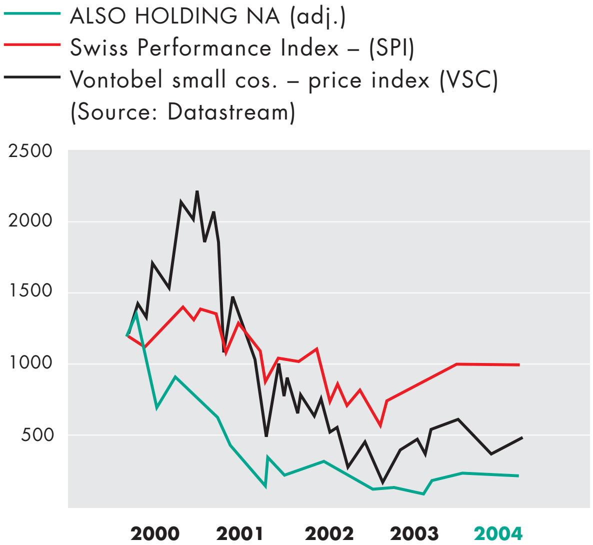
Shareholder structure

64,5 percent of the shares are held by Schindler Holding AG and approximately 12 percent by institutional investors. The remainder are held in diverse smaller portfolios.

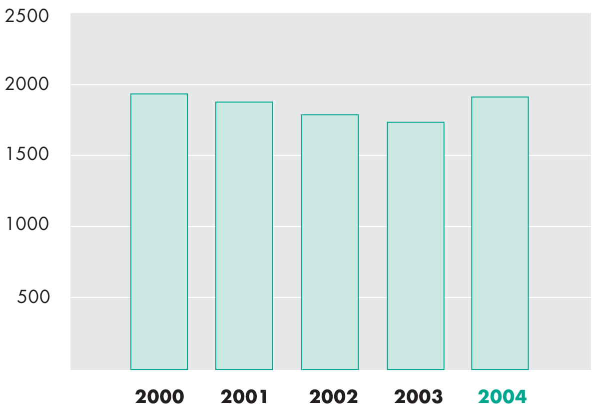
Important dates

Annual General Meeting:	March 15, 2005
Quarterly report:	May 3, 2005
First-half report:	August 11, 2005
Quarterly report:	November 3, 2005
Annual results media conference:	February 20, 2006

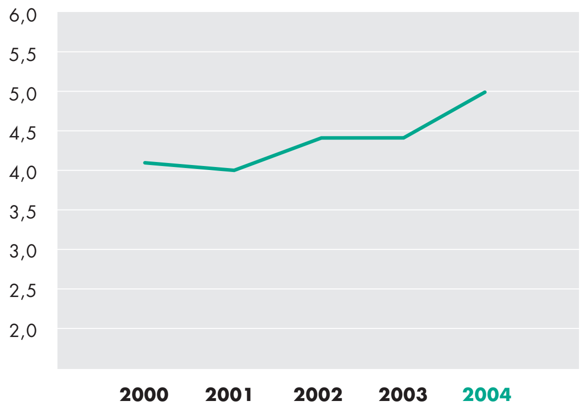
Share price
CHF (adjusted)



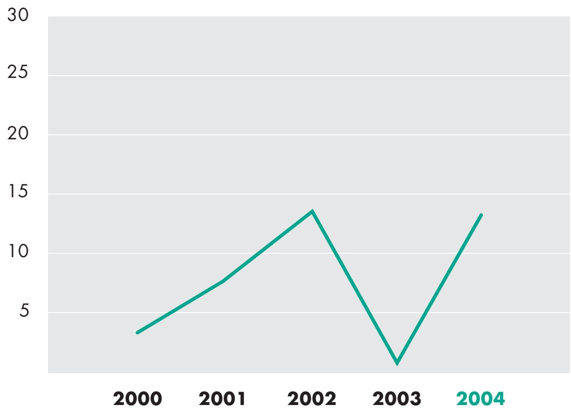
Sales
CHF million



Asset productivity
Sales-to-asset ratio



Return on equity
Percent



Contents

Growth despite stagnation

Mature markets and generally depressed economic conditions are forcing companies – especially in countries like Switzerland and Germany – to ask how to combat this apparently unavoidable stagnation. With investors, particularly in listed companies, expecting higher and higher profits, companies have only two options: either, to maintain sales at the same level, reduce costs and push up profits this way; or to generate higher income through growth. The first of these two options is ultimately untenable because the competition can do precisely the same and eliminate any additional profit potential at a stroke. This leaves only the growth option.

But what if the economy, the environment or the markets are stagnating? How can a company generate sustainable, profitable growth under these circumstances? ALSO has identified six steps that can help a company achieve this objective.

Take a critical view of the situation

Getting off on the wrong foot can mar your chances from the outset. No market study on earth can replace a genuinely objective review of a given situation. All too often, research fools us into believing that markets will be growing, whereas a soberer, more critical view of the situation would reveal stagnation. However, reality remains and does not change to suit us.

Identify potential growth areas

National economies and markets can stagnate, but does this necessarily mean there is no room for growth? Have we really optimized the market position of our current products with our customers? Which additional products could existing customers still demand from us? Can we offer our current products to new users? Alternatively, would it be possible to open up completely new customer segments if we were to offer new products and services?

Focus on doing the right thing

Resources are always limited. Achieving maximum impact means concentrating resources consistently on a few selected areas.

Set measurable targets

«What doesn't get measured doesn't get done» is a frequently quoted but rarely heeded nugget of wisdom. Measurable targets give employees a reliable guideline and make it easier for them to focus their efforts.

Monitor timely and regulary

Having measurable targets alone is rarely enough. It is equally important that we tackle discrepancies promptly and continuously and are able to take corrective measures.

Avoid being misled

The IT industry has a particularly misguided idea of what time frames mean and tends to be rather too active. If an approach has not begun to bear fruit within three months, say, it simply adopts a new one. Only to discover there is no success here, either. Impatience, however, is not always the best remedy. If a plan is well thought out, it is unwise to jettison it the moment you deviate slightly from the target. Tenacity can also be a virtue.

In 2004, these six steps enabled ALSO in the core business Distribution to generate profitable growth of 22 % in a stagnating market. Reason enough, we believe, to stick by these principles in future.

When the wild geese leave our territory, we have two choices: to tighten our belts or to seek new hunting grounds. There is no third possibility. And because an empty stomach does not make us any stronger, the only option is to find new prey. For the wild geese will not return simply because our stomachs are rumbling.

Board of Directors' Report – Marked profitable growth

The slight overall improvement in the economy revived the IT market both in Switzerland and in Germany. In 2004, the number of computers and servers sold on the Swiss and German markets increased by 10–15 %, with the value of net sales rising by 2–5 %. The fall in prices slowed considerably compared with the previous year. Against this backdrop, ALSO posted double-digit growth in both Switzerland and Germany, and achieved a substantially higher result.

All targets for the year achieved

Since the sale of the Systems Business division at the beginning of February 2004, ALSO has concentrated exclusively on its distribution operations. In order to gain maximum benefit from this new strategic direction, ALSO has drawn up six objectives, which were published at the annual media conference in 2004:

- Growth through new manufacturers
- Growth through new product segments
- Growth through logistics services
- Expansion of the EWG alliance
- Strengthening profitability
- Marked increase in net income

ALSO achieved these objectives during the year under review and, with new manufacturers, acquisitions and the inclusion of consumer electronic products in its range, opened up new opportunities for future growth. In the logistics services, the new generation of mobile phones accounted for substantial growth. The strategic alliance EWG has admitted two new partners and with combined revenues of EUR 4.4 billion is now the third-largest distributor in Europe. In addition to this, profitability both in the distribution division and at Group level shows a substantial improvement over last year.

Notable increase in net income

In 2004, despite the sale of the Systems Business division, the ALSO Group reported a 16 % increase in sales to CHF 1 857.1 million (2003: CHF 1 598.3 million) and a 94 % improvement in operating profit compared with the previous year to CHF 30.5 million (2003: CHF 15.7 million). At CHF 21.2 million, net income was up massively on 2003 (CHF 1.8 million), which was negatively affected by special costs arising from the Systems Business. At 47 %, the equity ratio was substantially above the target of 25–35 %, giving ALSO extra room for manoeuvre. The number of persons employed by the company fell to 613, largely because of the sale of the Systems Business (2003: 1 040, 511 of whom were active in the Systems Business).

Due to changes in the consolidation scope – acquisition of ACS Trading AG, the sale of the Systems Business and the takeover of Datastore AG's Hewlett Packard activities – Group figures are only partially comparable with those for last year.

At the Annual General Meeting on March 15, 2005, the Board of Directors will be proposing an increased dividend for financial year 2004 of CHF 7.00 per registered share (2003: CHF 5.00).

Substantial growth in distribution

During the year under review, the Distribution division sold approximately 22 % more units than in 2003 and posted a 22 % increase in net sales to CHF 1 852.2 million (2003: CHF 1 516.1 million). Thanks to growth and further increases in efficiency, operating profit was also up by 22 % to CHF 31.1 million (2003: CHF 25.5 million) compared with the previous year. Both country organizations contributed to this result in equal degree.

The Swiss company achieved a 15 % increase in net product sales, partially due to the inclusion of ACS Trading AG, and boosted sales of logistics services as well by 15 %. It thus further consolidated its leading market position and generated a much-improved operating profit over 2003.

For the German company, 2004 was the best year since its foundation in 1995. During the year under review, it recorded an impressive 33 % improvement in sales and the best operating profit since the company's foundation. It substantially increased its market shares during the year under review and has now established a firm position for itself among the leading distributors on the German market.

The efficiency of both companies is widely recognized by both customers and suppliers. In the most recent survey carried out by leading trade publications, customers voted the German company best volume distributor for the fifth year in succession. The Swiss company had also emerged top in the four previous years, and only missed the position by 0.1 points for 2004.

Board of Directors' Report – Marked profitable growth

Systems Business sold

The Systems Business division was sold to the german Bechtle Group with effect from February 5, 2004, and contributed CHF 4.9 million to net sales (2003: 82.2 million). This division had no impact on net profit for the year under review and is therefore no longer mentioned specifically in the 2004 Annual Report.

ALSO repositions itself

A wide-ranging survey has shown that ALSO has an excellent image with both customers and partners but that the company's positioning is not clear enough for many of our associates. After parting company with its Systems Business, ALSO therefore initiated a Corporate Identity Process in April 2004 with a view to positioning itself more clearly as a distribution and logistics services company.

In this context, under the title «ALSO's Principles», the Group has drawn up five basic rules that summarize its philosophy:

- We provide more customer value than the competition.
- We make only promises we can keep.
- We are personally committed to every one of our customers.
- We cultivate long-term partnerships.
- We measure ourselves against the zero-error principle.

The newly developed claim «more than distribution» is a reflection of ALSO's principles and is designed to express the fact that customers of ALSO can expect far more than only distribution services. To simplify matters, the two operative subsidiaries will be known as ALSO Schweiz AG and ALSO Deutschland GmbH from February 21, 2005.

Looking to the future with optimism

Economic research institutes predict only limited growth for Switzerland and Germany in 2005. The IT markets in both these countries have mostly reached saturation point, and the cycle for replacing machines installed prior to the new millennium is probably now into its second half. In addition, ALSO expects prices in the IT and consumer electronics markets to continue their downward trend. This means that growth on the PC market during the current year will be in the low, single-digit range at best.

Nevertheless, ALSO is well equipped for the future. The Group's decision to focus on leading product manufacturers has proved to be a sound one and, particularly in Germany, has opened up further opportunities for growth. According to the Group's own estimates, demand for logistics services will continue to grow. In addition, ALSO can substantially improve its position in segments it has just started to address, such as supplies, high-end storage and consumer electronics. ALSO is therefore confident that longer turn it can achieve both sales and profitability.

We wish to express our gratitude to our employees for their untiring efforts in a demanding year. Special thanks go to our customers, who continue to place their confidence in us. We also wish to thank our business associates for their cooperation and our shareholders for their trust and loyalty.

Thomas C. Weissmann
Chairman of the Board

If you do not keep your eyes open, you see only things you know, and they bring nothing new. But an unprejudiced view helps us to recognize potential for what it is. And that makes all the difference.

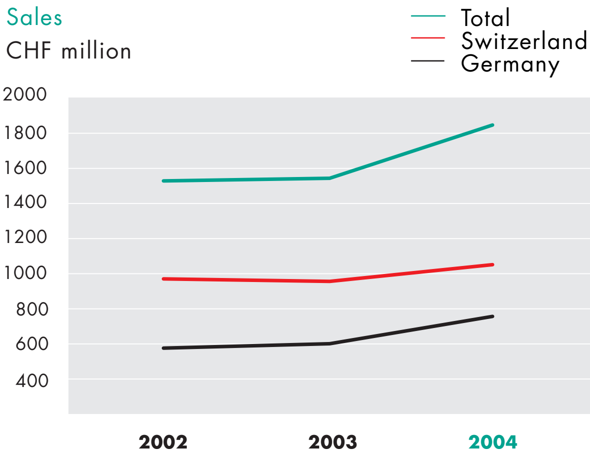
Distribution – Market position substantially improved

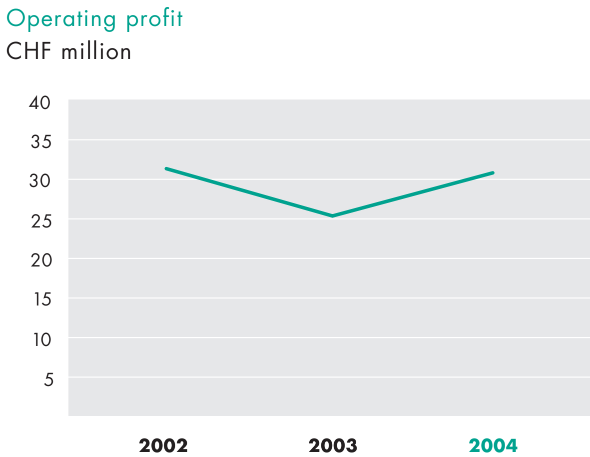
The market situation in the IT sector was better than in 2003. The market for PCs and servers grew during the first nine months of the year, compared with the same period the previous year in units, 13 % in Switzerland and 14 % in Germany. The highest growth rate was registered by notebook sales, which were up 20 % in Switzerland and 29 % in Germany. The market for servers showed 20 % growth in Switzerland and 26 % in Germany, while desktop sales in Switzerland were up by 9 % and 7 % in Germany. Demand for storage, a market with a promising future, also rose. The fall in prices was less marked than in 2003, but continued throughout the year. Thus, in value terms, the Swiss and German markets probably only rose by 2–5 % overall in 2004.

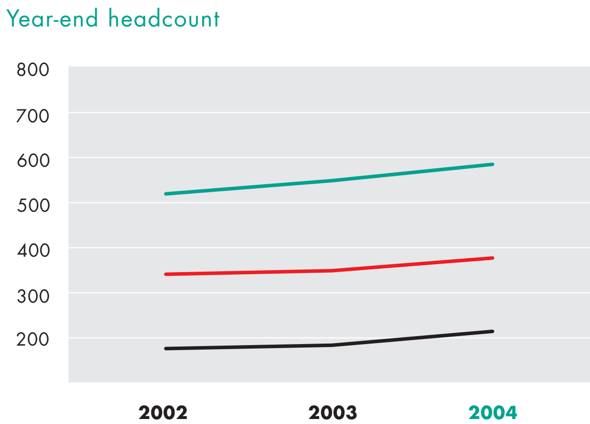
Consolidation continued apace on the vendor side. The most marked increase was among the A-Brands represented in ALSO's portfolio. Overall and over the past eight quarters, these have continued to increase their market shares. During this period, in fact, the increases in their market shares were higher than DELL's. ALSO's strategy of concentrating on leading vendors has thus paid dividends.

Distribution posts vigorous growth

During the year under review, the Distribution division sold approximately 22 % more units than in 2003 and pushed up net sales by 22 % to 1 852.2 million (2003: CHF 1 516.1 million). Thanks to higher sales and greater efficiency, operating profit was 22 % higher than in 2003, standing at CHF 31.1 million (2003: CHF 25.5 million). The operating margin for 2004 stood at 1,7 % of net sales, which means that for the past seven years it has consistently been within ALSO's target range of 1,5–2,5 %. Both country organizations can look back on a successful year.







Distribution – Market position substantially improved

Switzerland: leading position consolidated

The Swiss company further consolidated its position as a leading distributor. During the year under review, it sold 13 % more units and pushed up net sales by 15 % to CHF 1 053.4 million (2003: CHF 915.3 million). Slightly more than half of the rise in sales was accounted for by ACS Trading AG, which was consolidated for the entire year for the first time. Overall, product sales rose by 15 % compared with the previous year. The trend towards the outsourcing of logistics services was maintained unbroken during the year under review, pushing up sales of services by 15 % to CHF 21.6 million (2003: CHF 18.8 million). Thanks to a general increase in efficiency in all areas, the Swiss company succeeded in compensating for falling average prices and recorded a considerable increase in operating profit compared with the previous year.

During the year under review, the company also profited from selective adjustments and additions to the product range. Its decision to concentrate on leading vendors continued to pay off. The suppliers in ALSO's product portfolio currently command more than 50 % of the market, and some of them are growing much faster than the market itself. Initial successes resulted from a sharper focus on the distribution of high-end storage products and, as a result of selective expansion of activities with IT consumables, ALSO has already managed to establish itself in second position in this segment, too.

Germany: best-ever year

For the German company, 2004 was the most successful year since its foundation in 1995. Net sales, operating profit and operating margin were all higher than ever before in the company's history. With 38 % more units sold than in 2003, the company posted a 33 % rise in net sales for 2004 to CHF 798.8 million (2003: CHF 600.8 million), whereas the market grew in value terms by a mere 5 % only. Compared with the previous year, the company further consolidated its position as the number one distributor of IBM products and gained substantial market shares with almost all other leading brands. Particularly encouraging, and thanks to further efficiency measures, the operating profit was also noticeably higher than in 2003.

Growth was also fuelled by the inclusion of new brands and additional product lines from existing vendors. The selective expansion of the range also widened the customer base by more than 40 %. The marketing campaign «Wir liefern, was ankommt» (We deliver what customers want) launched in 2003 and maintained throughout last year boosted awareness of the German company by 40 %. In 2004, the company had 6 500 active customers. Overall, ALSO Germany was a good deal more dynamic and the company established itself firmly as the fourth largest of its kind in Germany.

Top marks in customer surveys

For the fifth time in succession, the German company came out on top of volume distributors in the annual quality survey conducted by the trade magazine Computer Reseller News. It was the only company in its class to obtain an overall mark of better than 2.0 and the title «Excellent Distributor». More particularly, resellers gave it top marks for criteria such as delivery quality, short delivery times, competence and contactability. At the same time, they very much appreciated ALSO's loyalty towards its customers and rated the electronic ordering system as especially customer-friendly.

After taking the title of «Best Distributor» awarded by the trade publication IT Reseller for four consecutive years, the Swiss company just missed top spot again in 2004. This was despite taking top marks for sales, logistics and technical service. Customers tended to rate pricing as less attracitve, but this ultimately only reflected the company's strategy of maintaining profitability.

Distribution – Market position substantially improved

Revolution in e-business for customers

ALSO's distribution company has thus been operating successfully and profitably in both countries for some years now. This success has been influenced largely by a conscious decision to restrict the range to a manageable size, to aim for continuous quality improvements and increased efficiency as a well as a consistent focus on the creation of customer value.

e-business and electronic ordering are services offered by most distributors today and help boost efficiency and quality in the ordering process. Most of the solutions offered, however, are rather complex and require a considerable effort to get up and running. They are, therefore, only suitable for direct A2A (application-to-application) connections, which typically restricts their use to large corporate resellers.

In the course of the past year, therefore, ALSO introduced its ALSO DirectOrder electronic ordering system to complement the existing ALSO CONNECT e-business platform. The simplicity of the solution is revolutionary. With the help of the system itself, customers can activate the new function in a matter of hours and do not need to register in advance.The minimal amount of effort required to implement the solution makes it particularly attractive for small to medium-sized resellers. Unlike other solutions, this one does not require a project request to ALSO from the customer or any form of special authorization. Once the platform is more widely used, ALSO expects quality improvements in the ordering process and higher efficiency not only for its customers but also for itself. The entire ALSO CONNECT e-business platform is available to all customers free of charge.

Strategic alliance EWG strengthened

The European Wholesale Group (EWG), a strategic alliance co-founded by ALSO, considerably strengthened its market position during the year under review. It was joined by the Finnish GNT and MemorySet of Spain, two partners which, like the founding members, hold leading positions in their respective markets. In addition, the alliance finalized a cooperating agreement with Fujitsu Siemens at European level.

In 2004, EWG partners all grew much more quickly than other market players and posted substantially higher profitabillity than the pan-European competition. With consolidated net sales of EUR 4.4 billion, EWG, which was founded in September 2002, is the third-largest distributor in Europe. Together, the five partners – ALSO (CH), Copaco (NL), Esprinet (I), GNT (FIN) and MemorySet (E) – are active in 12 countries. With a total of more than 1800 employees, they serve over 50,000 resellers in these countries.

Focus on profitable growth

Various trends will affect distribution in the next few years. In terms of units sold, market growth will probably not be as high as in the past two years. The average prices of IT and consumer electronics products, however, will continue to fall. Overall, this means that the market will probably only rise by a few percentage points in value terms. On the other hand, the convergence of the IT and consumer electronics markets will open up new growth opportunities for distributors. For various reasons, one of them cost, manufacturers who have operations in both segments will increasingly delegate distribution to specialist companies with efficient cost structures. ALSO is well equipped to handle any such development.

In Switzerland, ALSO plans to make full use of opportunities for growth by selectively widening its range with consumer electronics products and expanding into the market for IT consumables and high-end storage solutions. With manufacturers making increased use of outsourcing for logistics, the company also expects further demand – and growth – for its logistics services.

In Germany, ALSO intends to make use of its recognized strengths and sharpen its focus on leading manufacturers. Together with the expansion of the product range over the past 18 months, this should enable the company to maintain above-average profitably and growth.

It is not opportunity that is all-important, but the art of grasping it: focus first on the trout and then select the right bait, the fly – not the bread.

Corporate Governance

In accordance with the guidelines set out in the Swiss Federal Stock Exchanges and Securities Trading Act (SESTA), the ALSO Group publishes a separate chapter containing detailed information about corporate governance: the management and control of the company at the highest level.

The following information is restricted to the bare essentials. Wherever necessary, reference is made to other external sources of information such as the 2004 consolidated financial statements, the Internet or legal regulations (the Swiss Code of Obligations).

All figures published in this chapter, as far as they are cost positions and with exception of the bonuses, are on accrual basis.

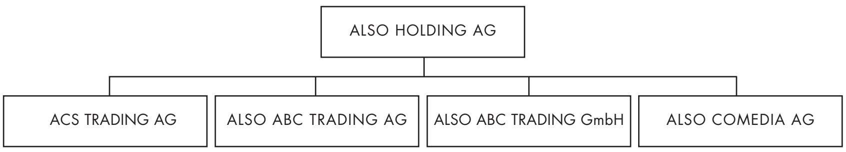
In 2005 (effective as of February 21) the names of the following operating companies will be changed:

- ALSO ABC TRADING AG (old) into ALSO Schweiz AG (new)
- ALSO ABC TRADING GmbH (old) into ALSO Deutschland GmbH (new)

In the following Corporate Governance section as well as in the notes to the consolidated financial statements we will still use the names valid as of December 31, 2004. Exception to this rule is note 9 «Information policy» where we already show the future company names.

1. Group structure and shareholders

Group structure



All Group companies are directly owned 100 percent by ALSO HOLDING AG in Hergiswil (Switzerland). On February 5, 2004, the Systems Business (ALSO COMSYT AG) was sold to the german Bechtle-Group. With the decision of May 17, 2004, ALSO FINANZ AG was integrated into ALSO HOLDING AG. The merger retroactively took place as of January 1, 2004. As of June 28, 2004, ALSO ABC TRADING AG aquired the Hewlett Packard Enterprise-Storage-Business activities of Datastore AG in the form of an asset deal. The Group also has a substantial 18.4 percent share in the equity of the European Wholesale Group GmbH in Hergiswil (Switzerland). For an overview of the Group's interests, including details such as the company name, domicile, share capital and percentage stake, please see section 6 in the notes to the ALSO financial statements.

Major shareholders

	31.12.2003	31.12.2004
► Schindler Holding AG, Hergiswil (Switzerland)	64,5 %	64,5 %
► SUVA, Schweizerische Unfallversicherungsanstalt, Luzern (Switzerland)	–	5,1 %

(according to share register)

During the year under review one notification according to Art. 20 of the Swiss Federal Stock Exchanges and Securities Trading Act was received indicating an excess over the limit of 5 % (SUVA, Luzern [Switzerland]).

Cross-ownership

ALSO has no cross-ownership arrangements with companies that do not belong to the Group.

2. Capital structure

Capital structure as per 31.12.2004

Capital	Total	Number of shares	Par value per share
Ordinary share capital	CHF 6 038 590	603 859 registered shares	CHF 10
Approved capital	–	–	–
Conditional capital	CHF 151 410	15 141 registered shares	CHF 10

The market capitalization of the ALSO Group on December 31, 2004, stood at CHF 194.4 million.
The ALSO shares are listed on the Swiss SWX Stock Exchange since 1986 (Symbol: ALSN, Security No.: 155 143).

At the end of 2004, the ALSO HOLDING AG had conditional capital at its disposal amounting to CHF 151 410. The conditional capital was created for the following purpose, described in the statutes as follows:

Reserved for the employee stock purchase program

The company's share capital will be increased by a maximum of CHF 151 410 through the exercise of options issued as part of the employee stock purchase program set up for the staff of companies affiliated to ALSO HOLDING AG. These options apply to a maximum of 15 141 fully paid up registered shares with a par value of CHF 10 each.

According to the terms of the employee stock purchase program, the owners of the option rights are entitled to subscribe to the new shares. The subscription rights of existing shareholders do not apply to this stock. The newly issued shares are subject to the restrictions listed under Art. 5 of the statutes.

The last year still existing conditional capital in the amount of 50 000 shares with a par value of CHF 10 has expired. It was reserved for the 1999–2004 convertible debenture which was repaid on November 25, 2004. A corresponding amendment of the statutes was done.

Capital changes in the past three years

Changes	Registered shares, par value CHF 10 Number of shares	Total par value in CHF 1 000
Share capital as per 31.12.2001	**597 680**	**5 977**
Capital increase as per 13.12.2002	2 290	23
Share capital as per 31.12.2002	**599 970**	**6 000**
Capital increase as per 15.12.2003	3 889	39
Share capital as per 31.12.2003	**603 859**	**6 039**
Capital increase 2004	–	–
Share capital as of 31.12.2004	**603 859**	**6 039**

The capital changes of earlier years have resulted from the participation of employees in the company's stock purchase scheme (see also comment in the notes to the financial statements). In the year under review the issued shares in connection with the stock purchase scheme (1 738 shares) have been taken from the treasury shares.

On December 31, 2004, the ALSO HOLDING AG had ordinary share capital of CHF 6 038 590, consisting of 603 859 registered shares with a par value of CHF 10. The capital of CHF 6 038 590 is fully paid up. All registered shares are entitled to a dividend and each registered share represents one vote. ALSO HOLDING AG has no outstanding stock vested with preferential rights.

There are no participation or profit-sharing certificates.

Restrictions on the transferability of shares and registration of nominees

In accordance with Art. 5 of the statutes, the Board of Directors may reject the registration of a purchaser as a full shareholder (i.e. as a shareholder with voting rights) if:

a) The purchaser has not acquired the shares in his own name and at his own expense.
b) The purchaser would as a result of his registration hold more than 5 percent of the voting rights. The voting rights of shareholders with interests in common are counted together. The only exceptions here are representatives of the Board or executive body and security holding agreements with banks.
c) The purchaser's registration could prevent the company from providing evidence of its shareholding body as required under Swiss law.

If the registered shares have been acquired directly as a result of inheritance, the division of an estate or under Swiss matrimonial legislation, the holder's registration as a full shareholder cannot be refused.

The Board of Directors has the power to register a purchaser who exceeds the maximum percentage holding as defined under Art. 5, § 1 lit. b) and c) of the statutes as a full shareholder if such a decision were compatible with the company's interests. The Board of Directors may present its decision regarding registration to the General Meeting (GM). In 2004 the SUVA, Luzern (Switzerland), was registered as full shareholder exceeding the 5% limit.

There are no special rulings regarding the registration of nominees in the statutes.

Convertible debentures and options

As of December 31, 2004, there is no outstanding convertible debenture of ALSO HOLDING AG. The 1999–2004 convertible debenture was repaid on November 25, 2004.

The ALSO Group has an employee stock purchase program but does not have a separate option plan (see note 5 in chapter Corporate Governance).

3. Board of Directors

Members of the Board of Directors

From left to right: Thomas C. Weissmann, Prof. Dr. Rudolf Marty, Prof. Dr. Karl Hofstetter

Thomas C. Weissmann
Born 1951
Chairman of the Board of Directors and Chief Executive Officer, Member since July 1, 1988, elected until GM in 2006.

Present position
Chief Executive Officer of the ALSO Group and since August 17, 2004, ad interim Managing Director of ALSO ABC TRADING GmbH, Straubing (Germany).

Previous positions
Director of Corporate Development with Schindler Management AG, Ebikon (Switzerland), Manager with the Boston Consulting Group, Munich (Germany).

Education and qualifications
Graduate in Business Administration at the University of St. Gallen (Switzerland), MBA from the Harvard Business School, Boston (USA).

Thomas C. Weissmann has a formal contract of employment with Schindler Management AG. This company passes on the costs to the ALSO Group (see management agreement).

Prof. Dr. Rudolf Marty
Born 1949
Member since June 15, 1993, elected until GM in 2006.

Present position
Managing partner of «itopia – corporate information technology» in Zurich (Switzerland).

Other activities and interests
Professor of Information Technology at the University of Zurich (Switzerland), President of I-CH «IT vocational training Switzerland».

Previous positions
Head of Applications Development with the Union Bank of Switzerland (UBS), Zurich (Switzerland), Head of the Unilab IT Research Laboratory with UBS, Zurich (Switzerland).

Education and qualifications
Graduate in Economics and a doctorate in IT from the University of Zurich (Switzerland).

Prof. Dr. Karl Hofstetter
Born 1956
Member since April 22, 1996, elected until GM in 2006.

Present position
Member of Executive Management of the Schindler Group and, in this capacity, responsible for legal matters, taxation, mergers and acquisitions, and compliance.

Other activities and interests
Honorary Professor in Civil and Commercial Law at the University of Zurich (Switzerland), Member of the Board of Directors of Venture Incubator AG in Zug (Switzerland).

Previous positions
Practised law in Zurich (Switzerland) and New York (USA).

Education and qualifications
First degree and doctorate in Law and Economics at the Universities of Zurich (Switzerland), Stanford, UCLA and Harvard (USA); qualified to practise law in Zurich (Switzerland) and New York (USA).

René Dreier has retired at the General Meeting 2004.

All members of the Board of Directors hold Swiss citizenship.

There are no conflicting interests with the Boards of other listed companies.

Election and period of office

At the end of a personal three-year period of office, the member must be re-elected by the General Meeting.

Members of the Board of Directors are obliged to retire at the General Meeting during which the Annual Report is approved for the year in which they turn 70.

The Board of Directors appoints its own Chairman.

Internal organization

The Board of Directors takes decisions only when all members are present. The Chairman of the Board of Directors is also the Chief Executive Officer.

The Chairman of the Board of Directors calls meetings as often as the Group's operations require but a minimum of four half-day to one-day meetings per year. Apart from these regular meetings, there is also one strategy meeting held jointly with Group Management and lasting two days.

Delegation of authority and responsibility

The Board of Directors has overall charge of the Group, supervising and ensuring that management carries out its duties in accordance with the statutes, regulations and applicable legislation.

As part of its duties, the Board of Directors decides how the Group is to be organized, appoints executive management and individuals responsible for representing the company.

The delegation of responsibilities as agreed between the Board of Directors and Group Management can be found in the «Organizational and corporate regulations of the ALSO HOLDING AG, Hergiswil».

In this document, the Board of Directors delegates the day-to-day running of the company to Group Management unless the law, statutes or organizational regulations prescribe otherwise. The Board of Directors is also empowered to take decisions about all matters that are not reserved for or assigned to the General Meeting or another corporate body by law or statute.

Instruments for the information and control of Group Management

At each meeting, the Board of Directors is informed by Group Management of current business and any significant operational matters. Details of unusual incidents are circulated to all members of the Board of Directors immediately.

There are no standing committees. However, the Board may set up ad hoc committees to carry out preparatory work for and to execute its decisions.

As part of the standardized management approach practised by the Schindler Group, the committee of the Board of Schindler Holding AG and the company's internal auditing committee are responsible for monitoring the actions of ALSO Group management. These duties are defined in consultation with the Board of Directors of ALSO HOLDING AG. In addition, Prof. Dr. Karl Hofstetter in his capacity as an ALSO Board member is at the same time a member of Schindler's internal auditing committee.

Apart from this, the Board of Directors receives regular internal reports and reports of the examination by the external auditors.

4. Group Management

Members of the Group Management

From left to right: Marc Schnyder, Thomas C. Weissmann, Peter Zurbrügg, Hans Wyss*, Jürgen Baumgartner

* Member of Group Management as of March 1, 2005

Marc Schnyder
Born 1952

Present position
Managing Director of ALSO ABC TRADING AG, Emmen (Switzerland); in this position since January 1, 1988.

Other activities and interests
President of the community of Greppen.

Previous positions
Head of Personnel with ALSO HOLDING AG, Hergiswil (Switzerland), various teaching positions.

Education and qualifications
Assistant in Nuclear Medicine, IT and commercial training, teacher training.

Thomas C. Weissmann
Born 1951
Chairman of the Board of Directors and Chief Executive Officer.
(For details of present and previous responsibilities as well as qualifications and education, see page 21).

Peter Zurbrügg
Born 1955

Present position
Chief Information Officer of the ALSO Group; in this position since November 1, 2001.

Previous positions
Chief Executive Officer, Mount 10, Rotkreuz (Switzerland), Head of Operations for decentralized systems with UBS Switzerland, Zurich (Switzerland).

Education and qualifications
Degree in Electrical Engineering, Juventus College, Zurich (Switzerland).

Hans Wyss
Born 1958

Present position
Head of Finance of ALSO ABC TRADING AG, Emmen (Switzerland); in this position since October 1, 1999.

Previous positions
Head of Finance & Administration of PMT AG, Zug (Switzerland), Head of Finance & Administration of ESEC SA, Cham (Switzerland), Head of Finance & Administration of Perkin Elmer, Rotkreuz (Switzerland).

Education and qualifications
Degree in Business Administration, HWV Horw (Switzerland).

Hans Wyss will succeed Jürgen Baumgartner as CFO and member of Group Management. He will take over this position with effect from March 1, 2005.

Jürgen Baumgartner
Born 1963

Present position
Chief Financial Officer of the ALSO Group; in this position since December 1, 1999.

Previous positions
Area Controller for Special Projects at Schindler Management AG, Ebikon (Switzerland), Head of Finance with Schindler Elevator K.K., Tokyo (Japan), Area Controller with Schindler Management Asia Pacific, Hong Kong (China), Operational Audit, Sandoz International, Basel (Switzerland).

Education and qualifications
Graduate in Business Administration at the University of St. Gallen (Switzerland).

After having worked for 5 ½ years Jürgen Baumgartner will leave the ALSO Group at the end of June 2005.

With the sale of the Systems Business as of February 5, 2004, Thomas Willenegger, Managing Director of ALSO COMSYT AG, has retired from ALSO Group Management.

Dr. Axel Keller has retired from ALSO Group Management and as Managing Director of ALSO ABC TRADING GmbH as of August 17, 2004.

All members of the Board of Directors hold Swiss citizenship.

Management agreement

The ALSO Group purchases certain management services from the Schindler Group. The details of this arrangement are laid out in a management agreement between Schindler Management AG in Ebikon (Switzerland) and ALSO HOLDING AG in Emmen (Switzerland).

ALSO entrusts Schindler if needed with the implementation, supervision and management of tax, legal and insurance-related services. Apart from this, ALSO purchases services in the area of treasury, staff planning and recruitment as well as marketing and controlling expertise.

Management fees, calculated as at arm's length rates, are based on the actual services provided and the expertise of the staff involved. For the year 2004, management fees totalled TCHF 2 234 (prior year: TCHF 2 752).

The management fees also include the total remuneration package paid to Thomas C. Weissmann by Schindler Management AG and then passed on to ALSO.

5. Remuneration, interests and loans

Method used and determination of remuneration and share participation

The Board of Directors sets the fixed amounts to be paid to its members. These are based on the demands of their duties and individual responsibilities. All work on the Group's behalf which is above and beyond the normal activities of a Board member as well as expenses are reimbursed separately.

The Board decides on the fixed salaries of members of Group Management as well as bonuses and participation schemes, if any. These are based on the demands of their duties and individual responsibilities.

Remuneration to Members of the Board and Group Management

Recipient	Remuneration*	Allocation of shares during*** year under review	Options****
Executive members of the Board and members of Group Management	TCHF 2 567	TCHF 25 (150 shares with 50 % reduction on market price → CHF 168)	–
– Prior year	TCHF 3 135	TCHF 35	–
Non-executive members of the Board	TCHF 33 **	–	–
– Prior year	TCHF 50	–	–

* Salaries, bonuses, flat-rate expenses and contribution to executive pension scheme (where applicable); variable bonuses are related to the previous year and include, in the case of the CEO, for 2004 shares as well as options (see next page)

** Paid to two external members of the Board, no remuneration to members employed by Schindler

*** not including the shares to the CEO

**** ALSO Group does not have a separate option plan

Members of Group Management are entitled to buy stock under the ALSO Group's employee stock purchase program. This permits each employee to become a shareholder at preferential conditions (50 percent reduction), (see also comment in the notes to the financial statements). There were no payments to former members of the Group's governing bodies who retired during the previous year or earlier. No payments were made either to individuals who retired from their directorial / management duties during the year under review and no other additional remuneration was made. There are no outstanding loans to members of the Board or Group Management.

Share- and optionholdings as per 31.12.2004

	Number of shares		Number of options	
	2003	**2004**	**2003**	**2004**
Executive Board of Directors members and members of Group Management	3 032	3 218	2 768	3 164
Non-executive Board of Directors members	202	201	–	–

Highest overall remuneration

The highest overall remuneration during the year under review was TCHF 1 003 (prior year: TCHF 1 270). This sum is equivalent to the total amount charged by Schindler Management AG to ALSO for the salary, bonus, flat-rate expenses and contribution to the executive pension scheme of Thomas C. Weissmann (see management agreement). The Chief Executive Officer did not purchase any ALSO Group stock under the ALSO participation scheme because he has a contract of employment with Schindler. In this function he participates in the Schindler Deferred Bonus Plan and Stock Option Plan. He received in the year under review 189 shares (prior year: 486) and 396 options on ALSO shares (prior year: 2 768). All of this is included in the overall remuneration.

Capital participation plan Schindler

Thomas C. Weissmann participates in the capital participation plan Schindler. This has been in existence since 2000 and has a lifetime of six years. The entitled employees receive a predefined portion of their bonus in the form of shares, which are subject to a restriction period of three years. In addition the group of employees mentioned above can be awarded option rights for the purchase of shares at a predetermined price. The opiton rights can be excercised for the first time after a restriction period of three years. In the case of Thomas C. Weissmann he gets compensated in the form of ALSO shares and option rights on ALSO shares. The exercise price for ALSO shares in relation to the granted options amounts to CHF 334.65 (prior year: CHF 362.40). The necessary shares are created out of the conditional captial or the treasury shares of the ALSO HOLDING AG or are reserved in the case of option rights. ALSO is getting compensated accordingly by the majority shareholder.

6. Participatory rights of shareholders

Apart from the restrictions on the registration of shares (see appropriate section above), the statutes make no provision for limitations on shareholders' voting rights. There is no maximum-vote clause.

The rights of shareholders to participate at the General Meeting comply with legal requirements and the company's statutes. Shareholders may be represented by other shareholders, representatives from the Group directorate / management, the independent proxy or security account proxies.

Statutory quorum

Unless the law prescribes a qualified majority, the General Assembly takes its decisions regardless of the number of shareholders present or shares represented on the basis of the majority of votes cast.

In the case of elections, the first vote is decided by an absolute majority, the second by a relative majority. In the event of a tie, the Chairman has the casting vote.

Important decisions (as defined by Art. 704 of the Swiss Code of Obligations) require the agreement of at least two-thirds of the votes represented and an absolute majority of the shares represented.

Convening of the General Meeting

Notice of the General Meeting is given by non-registered letter to the shareholder's address recorded in the register and by publication in the Swiss commercial gazette at least twenty days in advance of the date set for the meeting. Although not prescribed by the statutes, it is also normal for the Assembly to be advertised in certain selected Swiss daily newspapers.

Agenda

The submission of items for the agenda is subject to the terms of Swiss company law.

Entries in the share register

Only shareholders registered as eligible to vote by the deadline for entries in the register are entitled to attend the General Meeting and to exercise their voting rights. The Board of Directors always tries to ensure that this deadline is as close to the date of the General Meeting as possible, i.e. not more than five to ten days in advance. There are no plans to amend the regulations that apply to the fixing of the deadline.

7. Take-over bids and defensive measures

Art. 29 of the statutes contains an opting-out from the requirement to make a public offer to purchase shares under Art. 32 and 52 of the Federal Law on Stock Exchanges and Securities Trading Act.

There are no golden parachutes in favour of the members of the Board or the members of the Group management.

8. Auditors

The ALSO Group elects Ernst & Young AG as its external auditors and has done so, since the audit of the 1995 financial statements. The person in charge of the mandate took up his duties with the audit for the year 2001.

The Group also obtains tax consultancy and other services from Ernst & Young AG.

Overview of fees

CHF 1000	Fee	
	2003	**2004**
Type of service		
Audit	230	170
Ancillary services	258	38
Tax consultancy	185	73

Monitoring and control of the auditors

Preparations for the annual audit always begin in the August of the year under review. The company and auditors draw up a timetable for the interim and final report as well as a budget. The budget is designed as a ceiling. Any likelihood that costs may exceed this sum must be communicated well in advance. Actual costs are compared with the budget figures continuously.

Ahead of the actual audit, the auditors receive detailed audit instructions from the consolidation department of the main shareholder. Special assignments for the Board of Directors are likewise included in the audit planing.

Observations resulting from the audit are summarized in a management letter addressed to the Board of Directors.

9. Information policy

The company publishes key financial figures every quarter. Detailed financial statements are published in the form of half-yearly and annual reports. The financial statements published by the ALSO Group conform to the regulations of Swiss company law, the listing conditions of the Swiss Stock Exchange and International Financial Reporting Standards (IFRS).

In addition, the ALSO Group presents its financial statements on the occasion of its annual media conference and at the General Meeting.

Finally, the ALSO Group reporting complies with the notification duties according to Art. 21 of the Swiss Federal Stock Exchanges and Securities Trading Act and with the ad hoc publicity according to Art. 72 of the Swiss Stock Exchange listing rules.

ALSO Group

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CH - 6032 Emmen
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www.also.com

Permanent source of information: **www.also.com**

Distribution

The names of the operating companies ALSO ABC TRADING AG and ALSO ABC TRADING GmbH will be changed as of February 21, 2005, into ALSO Schweiz AG respectively ALSO Deutschland GmbH.

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

ACS Trading AG
Lerzenstrasse 10
CH - 8953 Dietikon
Tel. +41 1 743 49 99
Fax +41 1 743 49 98
www.acs-trading.ch

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

European Wholesale Group GmbH
Seestrasse 55
CH - 6052 Hergiswil
Tel. +41 41 630 37 37
Fax +41 41 266 18 70
www.europeanwholesalegroup.com

The clearer the goal, the simpler the way. Milestones divide the way to the goal into measurable units. Concentrate on those and you will rarely lose your way.

ALSO Group Consolidated Financial Statements – Income Statement

CHF 1000	Note	2003		2004	
Revenues from product sales	3.1	1 542 508		1 860 210	
Service revenues	3.1	80 456		26 430	
Deductions from revenues		(24 706)		(29 549)	
Total Net Sales		**1 598 258**	**100,0 %**	**1 857 091**	**100,0 %**
Cost of goods sold and service expenses		(1 443 095)		(1 745 301)	
Gross Profit		**155 163**	**9,7 %**	**111 790**	**6,0 %**
Personnel expenses	3.3	(100 795)		(57 662)	
Other operating expenses	3.4	(27 221)		(18 735)	
Increase (decrease) in provisions	4.12	1 455		31	
Depreciation	4.5 / 4.6	(12 887)		(4 973)	
Operating Profit (EBIT)		**15 715**	**1,0 %**	**30 451**	**1,6 %**
Financial income	3.5	726		858	
Financial expenses	3.5	(5 319)		(5 382)	
Net revenue from associates	3.2	50		483	
Income before Taxes (EBT)		**11 172**	**0,7 %**	**26 410**	**1,4 %**
Income taxes	3.6	(9 337)		(5 184)	
Net Income		**1 835**	**0,1 %**	**21 226**	**1,1 %**
EBITDA		**28 602**	**1,8 %**	**35 424**	**1,9 %**
Earnings per share in CHF					
Undiluted earnings per share	4.15	3.08		35.49	
Diluted earnings per share	4.15	3.04		35.05	

Assets

CHF 1000	Note	31.12.03		31.12.04	
Current Assets					
Cash	4.1	61 542		70 748	
Accounts receivable	4.2	172 605		146 916	
Inventories	4.3	83 275		95 929	
Prepaid expenses and other receivables	4.4	31 185		39 509	
Total Current Assets		**348 607**	**94 %**	**353 102**	**94 %**
Non-current Assets					
Fixed assets	4.5	14 284		13 837	
Intangible assets	4.6	6 609		7 791	
Participations in associated companies	4.7	36		0	
Financial assets	4.7	18		36	
Total Non-current Assets		**20 947**	**6 %**	**21 664**	**6 %**
Total Assets		**369 554**	**100 %**	**374 766**	**100 %**

Liabilities

CHF 1000	Note	31.12.03		31.12.04	
Current Liabilities					
Financial liabilities	4.8/4.11	29 768		5 000	
Accounts payable	4.9	64 416		76 460	
Accrued liabilities and other payables	4.10	60 417		66 671	
Tax liabilities		5 371		5 346	
Provisions	4.12	752		606	
Total Current Liabilities		**160 724**	**43 %**	**154 083**	**41 %**
Non-current Liabilities					
Financial liabilities	4.11	44 000		38 500	
Provisions	4.12	680		340	
Deferred tax liabilities	4.13	5 809		5 336	
Total Non-current Liabilities		**50 489**	**14 %**	**44 176**	**12 %**
Total Liabilities		**211 213**	**57 %**	**198 259**	**53 %**
Shareholders' Equity					
Share capital		6 038		6 038	
Additional paid-in capital		42 478		42 737	
Reserve for treasury shares		(75)		(56)	
Translation differences		1 333		980	
Retained earnings		108 567		126 808	
Total Shareholders' Equity	**4.14**	**158 341**	**43 %**	**176 507**	**47 %**
Total Liabilities and Shareholders' Equity		**369 554**	**100 %**	**374 766**	**100 %**

CHF 1000	Note	2003	2004
Net income		1 835	21 226
Depreciation excluding book gains		13 056	5 661
Increase (decrease) in provisions		(1 455)	(31)
Loss (gain) from sale of fixed assets		(169)	(688)
Other positions with no effect on liquidity		8 036	(956)
Subtotal		**21 303**	**25 212**
Decrease (increase) accounts receivable*		29 199	(25 425)
Decrease (increase) inventories		(15 137)	(12 763)
Decrease (increase) prepaid expenses and other receivables*		7 694	(1 366)
Increase (decrease) accounts payable		(28 975)	14 960
Increase (decrease) accrued liabilities and other payables		3 776	12 203
Cash Flow from Operating Activities		**17 860**	**12 821**
Disposals of fixed assets		163	1 747
Acquisitions of fixed assets		(2 154)	(4 312)
Disposals of intangible assets		0	29
Acquisitions of intangible assets		(128)	(3 533)
Acquisitions of participations in affiliates	4.16	(9 118)	0
Divestment of participations in affiliates	4.16	0	252
Disposals of financial assets		35	0
Cash Flow from Investment Activities		**(11 202)**	**(5 817)**
Increase in capital/Change in treasury shares		393	278
Increase (decrease) in sold accounts receivables*		(30 220)	35 497
Increase (decrease) non-current financial liabilities		34 066	(30 268)
Dividend paid		(4 153)	(2 985)
Cash Flow from Financing Activities		**86**	**2 522**
Translation Differences		**1 460**	**(320)**
Increase (Decrease) Net Cash		**8 204**	**9 206**
Net cash at 1 Jan		53 338	61 542
Net Cash at 31 Dec		**61 542**	**70 748**
Income taxes paid		5 723	5 705
Interest paid		2 776	7 680
Interest received		313	235

* changes in net working capital and in sold accounts receivables shown on a gross basis (note 4.2).

ALSO Group Consolidated Financial Statements – Group Capital and Reserves

CHF 1000	Share capital	Additional paid-in capital*	Treasury shares**	Translation differences	Retained earnings	Total
31.12.2002	**6 000**	**42 070**	**(22)**	**(381)**	**110 885**	**158 552**
Increase in capital	38	412	0	0	0	450
Change in treasury shares	0	0	(53)	0	0	(53)
Repurchase convertible bond	0	(4)	0	0	0	(4)
Dividend paid	0	0	0	0	(4 153)	(4 153)
Net income	0	0	0	0	1 835	1 835
Translation differences	0	0	0	1 714	0	1 714
31.12.2003	**6 038**	**42 478**	**(75)**	**1 333**	**108 567**	**158 341**
Change in treasury shares	0	259	19	0	0	278
Dividend paid	0	0	0	0	(2 985)	(2 985)
Net income	0	0	0	0	21 226	21 226
Translation differences	0	0	0	(353)	0	(353)
31.12.2004	**6 038**	**42 737**	**(56)**	**980**	**126 808**	**176 507**

* See note 4.14 in the Notes

** The acquisition cost of the treasury shares within the equity is shown as a deduction from the shareholders' equity.

Performance is work in terms of units of time. Ultimately, whether a performance is good enough is not a question of fate, but one of control. The sooner we see whether we can reach a goal, the bigger our chances of achieving it.

1. Overview business activities

The ALSO Group consists until the sale of the Systems Business of two divisions, the Distribution and the Systems Business, and has operations in Switzerland and Germany. ALSO's two divisions are covered by the following operating companies:

- Distribution:
  ALSO ABC TRADING AG (Switzerland)
  ACS TRADING AG (Switzerland)
  ALSO ABC TRADING GmbH (Germany)

- Systems Business:
  ALSO COMSYT AG (Switzerland)

The Distribution division is active in the IT logistics. It supplies products from the world's leading hard- and software manufacturers including IT consumables to the IT trade and retailers in Switzerland and Germany. These are complemented by products in the high-end technology sector for networks and servers as well as a wide range of logistics services (logistics consultancy, packaging, e-logistics, Webshop fulfilment, logistics outsourcing solutions). As of June 28, 2004, ALSO ABC TRADING AG acquired the Hewlett Packard Enterprise-Storage-Business activities of Datastore AG in the form of an asset deal. In addition ALSO holds a 18.4 percent share in the European Wholesale Group GmbH (EWG).

The Systems Business division offers IT services and solutions for client/server infrastructures. On February 5, 2004, the Systems Business was sold to the german Bechtle-Group (see also note 3.2 discontinuing operations). In prior’s year annual report this fact was mentioned in note 5.5 events occurring subsequently to balance sheet date.

2. Consolidation and valuation principles

2.1 Consolidation principles

General comments
The accounting and reporting principles used in these consolidated financial statements fulfill the requirements of the Swiss Company Law, the accounting provisions as contained in the Listing Rules of the Swiss Stock Exchange and the International Financial Reporting Standards (IFRS). The principle of historical cost was applied. As a consequence of the improvement project of the IASB, IFRS3 Business Combinations is applied (IFRS3 valid for Business Combinations from March 31, 2004).

The financial statements, which are in accordance with IFRS, contain assumptions and estimates that affect the figures shown in this report.

Consolidation scope
Included in the consolidated financial statements are the year-end accounts as per December 31, of ALSO HOLDING AG, Hergiswil (Switzerland), and those significant participations (essential subsidiaries, see note 6), which ALSO HOLDING AG controls either directly or indirectly through a majority of the voting rights, or through other means.

On February 5, 2004, the Systems Business (ALSO COMSYT AG) was sold to the german Bechtle-Group. In prior's year annual report this fact was mentioned in note 5.5 events occurring subsequently to balance sheet date. All one-off exceptional factors in relation to that event amounting to CHF 11.8 million have already been included in the closing 2003 (see note 3.2 discontinuing operations).

With the decision of May 17, 2004, ALSO FINANZ AG was integrated into ALSO HOLDING AG. The merger retroactively took place as of January 1, 2004. As of June 28, 2004, ALSO ABC TRADING AG acquired the Hewlett Packard Enterprise-Storage-Business activities of Datastore AG in the form of an asset deal.

Consolidation method
The consolidated financial statements are based on the annual accounts prepared by the individual Group companies, applying uniform valuation and reporting principles throughout. Assets and liabilities, income and expenses are included at their full amounts and minority interests in the shareholder's equity and net income are shown separately.

Consolidation of equity is done according to the Anglo-Saxon purchase method, i.e., the identifiable assets and liabilities of the acquired company are valued at the current market value at time of acquisition, and the difference between the purchase price and the net assets acquired at the current market value (according to IFRS3) is capitalized as goodwill. For aquisitions before March 31, 2004 the goodwill will this year still be depreciated using the straight-line method. The results of the acquired companies are reported in the consolidated Income Statement from the time of acquisition. When a company leaves the consolidation scope, exclusion from the consolidation affects the operating result from the time of sale, while the results of the sold company prior to that date are included in the consolidated Income Statement.

Transactions within the Group (expenses, income, assets and liabilities) and significant intercompany profits are eliminated in the consolidation.

Unconsolidated participations with voting rights between 20 and 50 percent are accounted for according to the equity method. All other unconsolidated participations are included at acquisition cost, minus economically necessary write-offs where appropriate.

Foreign currencies
Transactions in foreign currencies are converted at the current rate of exchange at the time of the transaction. Exchange gains and losses arising from transactions in foreign currencies and from the translation of balance sheet positions at balance sheet date are charged or credited to the Income Statement. Open forward exchange contracts are valued at market values. The annual financial statements of foreign subsidiaries in foreign currency are converted to Swiss francs as follows:

- Assets and liabilities at year-end rates
- Income Statement at average annual rates
- Cash Flow Statement at average annual rates

The translation differences resulting from consolidation are taken directly to shareholders' equity and do not affect the operating result. The exchange rates used for the major currencies are as follows:

		Year-end rate		Average rate	
Conversion Rates into CHF		**2003**	**2004**	**2003**	**2004**
USD	1	1.24	1.13	1.34	1.24
EUR	1	1.56	1.54	1.52	1.55

2.2 Valuation principles

Income Statement
The ALSO consolidated Income Statement is prepared according to the full cost method. Revenue from product sales and services is compared with the cost of goods and services (excluding personnel expenses).

Revenues from product sales and services
Revenues from product sales and services is made up of deliveries of goods and services, as well as ancillary operational income.

Revenues are recognised as soon as the amount can be estimated in a reliable manner and the property is transferred to the buyer respectively as soon as the service is fulfilled and it becomes probable that ALSO will receive an economic gain.

Personnel expenses/Employee retirement benefit plan
In addition to wages and salaries, personnel expenses include employee-related costs and social security contributions.

For employee benefit plans based on defined benefits principles, the costs for each period are determined through actuarial valuations using the projected unit credit method, and are prepared at least every three years. Actuarial adjustments or consequences arising from plan changes are credited or debited to the employee retirement benefit expense, at the longest over the average remaining service period of the insured employees. Actuarial gains and losses resulting from the periodical valuation are accounted for over the average employment term, if they exceed 10 percent of either the net present value of future benefits or the market value of the net assets. Any such assets from surpluses arising under defined benefit plans are limited to the amount of the maximum future savings, through premium reductions or refunds. On the other hand, liabilities are always fully provided for if they exceed the described corridor.

Other operating expenses
Other operating expenses essentially cover expenses for rent, leasing, maintenance and repairs, insurance premiums, fees and general operating expenses.

Balance sheet
The balance sheet of the ALSO Group is generally prepared according to the principle of historical costs. Exceptions are certain financial assets and liabilities as well as certain financial instruments wich are valued at market value.

Cash
The cash positions are valued at nominal value.

Accounts receivable

Accounts receivable from product sales and services are shown at nominal value, minus the economically necessary valuation adjustments.

Inventories

Inventories are valued at the lower of cost or market value, or at the realizable lower net sales value. The valuation is carried out using the first-in-first-out method.

Fixed assets/Intangible assets/Depreciation

Fixed assets and intangible assets are valued at acquisition cost, minus economically necessary depreciation. Interest on capital, as well as maintenance and repair costs that do not increase the value, have not been capitalized. Investments which exceed CHF 2 000 or its equivalent in foreign currency are capitalized. The depreciation covers the operational depreciation of fixed and intangible assets, as well as gains/losses from the sale of fixed and intangible assets. Depreciation is calculated by the straight-line method over the estimated useful life of the asset:

Land	Not subject to depreciation	
Buildings	Useful life	20 – 50 years
Equipment	Useful life	2 – 10 years
Motor vehicles	Useful life	3 – 5 years
Software	Useful life	2 – 4 years
Goodwill	Useful life	max. 20 years*
Goodwill	frozen and yearly impairment test **	

* applied for acquisitions before March 31, 2004
** applied for acquisitions from March 31, 2004

Impairment

The value of assets is periodically reviewed. In case of an indication of a considerable loss in value an impairment test will be performed. If the market or operating value of an asset is below book value, the asset will be written down to this lower value. This special write-down (impairment) and its later dissolution will be reported separately.

Provisions

Provisions for committments and contingencies are recognized if the Group has a present obligation which may lead to a probable cash drain and if a reasonable estimate of that obligation can be made.

Deferred taxes

The deferred taxes include the income tax effects of temporary differences between the values of assets and liabilities in the group consolidated financial statements and those in the local tax accounts. The deferred taxes are constantly adjusted for any changes occurring in local tax legislation. Deferred taxes are recorded according to the comprehensive liability method. With this method, deferred taxes are created for all temporary differences. Tax loss carry-forwards are reported as deferred tax assets only when it is sufficiently likely that the taxable future profits will be adequate to compensate the loss carry-forward (see note 4.13).

Potential taxes in relation to a pay out of retained earnings are not accrued for unless such a pay out is foreseen in the near future.

2.3 Financial assets and liabilities

ALSO distinguishes between the following categories of financial assets and financial liabilities:

- granted financing by the Group includes loans and advances granted
- all other financial assets are allocated to the «available for sale» category
- the financial liabilities comprise primarily the long-term financial debts, which are valued at (discounted) cost. Liabilities arising out of trading activities and derivative financial instruments are valued at market value

The financial assets are valued the first time at cost, including transaction costs. Purchases and sales are booked on trade date. Financial assets available for sale are valued at market value whereby the changes in market value are booked against equity. At the time of sale, impairment or other disposal, the accumulated changes in market value are transferred from equity to the financial result of the current period.

The valuation of the long-term financial debt is based on the effective interest method. Thus, apart from the effective interest payments, the annual discount accretion premium amortization and the pro rata transaction costs are included in the interest expense.

Derivative financial instruments are valued the first time at cost, including transaction costs. Purchases and sales are booked on trade date and are valued later at market value.

Fluctuations in value of items held for the purpose of hedging future cash flows are recorded in shareholders' equity if the requirements regarding documentation, probability, effectiveness and reliability of measurement are fulfilled (Hedge). When the hedged asset or liability or the respective expense or income is recorded for the first time, the fluctuations in value recorded in shareholders' equity are included in the underlying transactions, taken out of equity and included in the profit and loss statement. Fluctuations in value of items which do not fulfill the requirements for hedges are recorded in the financial result directly.

2.4 Financial risk management

Group accounting guidelines regulate all affiliates' management of liquidity as well as the procurement of short- and long-term financing. In order to optimize the Group's financing requirements, the management of non-operating liquidity as well as long-term group financing is centralized and carried out in cooperation with the treasury department of the majority shareholder.

Interest rate risks

Interest rate risks result from changes in interest rates which could negatively affect the capital or income of the Group. Fluctuations in interest rates cause changes in the interest income and expense in respect of the interest-bearing assets and liabilities. The management of long-term interest rate risks is done centrally in cooperation with the majority shareholder. Presently, the Group's long-term financing is at fixed interest rates (see note 4.11).

Foreign exchange risks

The Group is active in Switzerland and Germany. Expenditures with suppliers arise in local currency (CHF/EUR) or in foreign currency (EUR/USD). Revenues are in the respective local currency. The entire transaction rate risk of the Group amounts to approx. 13 percent of the costs of goods sold. Transaction rate risks are generally hedged.

Credit loss risks

Credit risks arise from the possibility that the counterparty to a transaction is unable or unwilling to fulfill its obligations and that the Group thereby suffers financial damage. Counterparty risks are minimized on the one hand by credit risk insurance (business unit: Distribution) and on the other hand by supervision and by restricting our relationships to first-class business partners. Based on consistent Group accounting guidelines, the necessary valuation adjustments are made locally and reviewed by Group management.

Derivative financial transactions

The financing strategy of the ALSO Group focuses on minimalization of risk, which limits the negative effects from unhedged money market positions. The transactions are restricted and closely monitored. In addition, the necessary liquidity for the daily business must be available at all times. Derivative financial transactions are entered into only with creditworthy counterparties. In order to monitor risks, off-balance-sheet transactions are regularly evaluated.

3. Notes to the consolidated income statement 2004

3.1 Reporting by segment

By division

	Distribution		Systems Business		Corporate		Total	
CHF 1000	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**
Revenues from product sales	1 521 750	1 859 136	20 758	1 074	0	0	1 542 508	1 860 210
Service revenues	19 063	22 645	61 393	3 785	0	0	80 456	26 430
Total net sales	1 516 107	1 852 232	82 151	4 859	0	0	1 598 258	1 857 091
Inter-company revenue	8 911	341	1	0	0	0	8 912	341
Operating profit	25 498	31 059	(9 914)	(490)	131	(118)	15 715	30 451
Operating profit as % of sales	1,7	1,7	(12,1)	(10,1)	–	–	1,0	1,6
Segment assets	296 766	334 337	10 756	0	62 032	40 429	369 554	374 766
Segment liabilities	163 311	190 871	10 158	0	37 744	7 388	211 213	198 259
Investments	1 862	6 868	420	0	9 118	977	11 400	7 845
Depreciation	(4 324)	(5 079)	(8 470)	(11)	(93)	117	(12 887)	(4 973)

By geographical market

	Switzerland		Foreign Countries		Total	
CHF 1000	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**
Total net sales	997 460	1 058 277	600 798	798 814	1 598 258	1 857 091
Segment assets	252 495	206 838	117 059	167 928	369 554	374 766
Investments	11 001	7 033	399	812	11 400	7 845

Segment reporting is primarily by division:
- Distribution (distribution of hard- and software, IT consumables, high-end technology for networks and servers and logistics services)
- Systems Business (IT services and solutions)

Corporate includes the central finance as well as internal services.

The segment results include all income and costs that can be directly allocated to a specific segment, as well as group overheads that can be reasonably allocated to the business units. Included in segment assets and liabilities are all balance sheet items that can be directly allocated to a specific segment or that can be reasonably allocated to the business units. Investments include costs for the acquisition of fixed and intangible assets. All transactions between ALSO Group companies are carried out according to the arm's length principle.

3.2 Discontinuing operations

On February 5, of the reporting year, the Systems Business was sold to the german Bechtle-Group. The table below shows certain key figures of the balance sheet, the income statement and the cash flow statement for the continuing and the discontinuing operations. All one-off exceptional factors in relation to the divestment amounting to CHF 11.8 million have already been included in the closing 2003. Impairments of CHF 6.8 million are included in the operating profit 2003 of the discontinuing operations. Additional CHF 5 million are included in the income taxes. The loss 2004 of the discontinuing operations in the amount of TCHF -483 is neutralized on the Corporate level due to a corresponding net revenue from associates. The Systems Business does therefore not impact the net income 2004.

	Continuing operations	Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
CHF 1000			**2003**			**2004**
Balance Sheet						
Assets	358 798	10 756	369 554	374 766	0	374 766
Liabilities	201 055	10 158	211 213	198 259	0	198 259
Income statement						
Total net sales	1 516 107	82 151	1 598 258	1 852 232	4 859	1 857 091
Operating expenses	(66 782)	(72 666)	(139 448)	(76 973)	(4 366)	(81 339)
Operating profit	25 629	(9 914)	15 715	30 941	(490)	30 451
Income before taxes	20 981	(9 809)	11 172	26 893	(483)	26 410
Income taxes	(4 319)	(5 018)	(9 337)	(5 184)	0	(5 184)
Net income	16 662	(14 827)	1 835	21 709	(483)	21 226
Cash flow statement						
Cash flow from operating activities	20 612	(2 752)	17 860	13 117	(296)	12 821
Cash flow from investment activities	(10 965)	(237)	(11 202)	(6 098)	281	(5 817)
Cash flow from financing activities	86	0	86	2 522	0	2 522

The operating expenses of the discontinuing operations include management fees in the amount of TCHF 127 (prior year: TCHF 2 549) that are charged from the ALSO HOLDING AG to the Systems Business.

3.3 Personnel expenses and headcount / Employee retirement benefit plan

CHF 1000	2003	2004
Wages and salaries	(85 982)	(49 098)
Social charges	(8 452)	(5 216)
Employee related costs	(6 361)	(3 348)
Total Personnel Expenses	**(100 795)**	**(57 662)**

Included in the position wages and salaries are management fees in the amount of TCHF 2 234 (prior year: TCHF 2 752), which have been paid to Schindler Management AG for the use of central services.

	Average headcount		Changes in	Year-end headcount		Changes in
	2003	2004	%	2003	2004	%
Distribution	517	570	10,3	545	593	8,8
Systems Business	511	34	(93,3)	418	0	(100,0)
Corporate	12	9	(25,0)	11	9	(18,2)
Total	**1 040**	**613**	**(41,1)**	**974**	**602**	**(38,2)**
Switzerland	858	421	(50,9)	790	393	(50,3)
Foreign countries	182	192	5,5	184	209	13,6
Total	**1 040**	**613**	**(41,1)**	**974**	**602**	**(38,2)**

The following definitions apply to the headcount:

- Average headcount on the basis of equivalent full-time employees incl. temporary employees.
- Year-end headcount on the basis of equivalent full-time employees incl. temporary employees.

Employee stock purchase program

On January 1, 2001, a stock purchase program was introduced for the employees of the ALSO Group. This gives all employees of the Group the possibility of becoming a shareholder at preferential conditions and therefore the possibility of participating in the success of ALSO HOLDING AG.

The following parameters apply to the stock purchase program:

Duration of the program:	5 years
Max. purchase amount/year:	2.5 percent of the annual gross salary
Basis for purchase price:	average closing share price 1–15 April
Price reduction:	50 percent
Restriction period:	2 years

The Board of Directors can at any time change the regulations and the parameters of the stock purchase program.

For the purpose of making available the necessary shares for this program, the general assembly 2001 authorised a conditional capital in the amount of TCHF 243 nominal, respectively 24 250 shares. In prior years 9 109 shares were issued. In the year under review the issued shares (1 738 shares) have been taken from the treasury shares. The purchase price 2004 after the price reduction of 50 percent amounted to CHF 168 per share.

As the stock purchase program is optional for employees and does not form part of the bonus program, the price reduction of 50 percent is not shown in the personnel expenses. Only the related social security contributions are shown.

Employee retirement benefit plans

The employee retirement benefit plans of the ALSO Group are in accordance with the legal requirements of each respective country. As of the beginning of 2002 the employee retirement benefit plans of the ALSO companies in Switzerland were integrated into a new semi-autonomous pension scheme. The employees of the October 2003 acquisition of ACS TRADING AG (year end: 22 employees) are still attached to a collective pension scheme (SERVISA). In 2005 they will be integrated into the ALSO pension scheme. Due to the sale of ALSO COMSYT AG the amounts 2004 are reduced accordingly.

Defined benefit plan

CHF 1000	**2003**	**2004**
Net assets at market value	64 502	34 409
Net present value of future benefits	(67 419)	(33 513)
Over/under coverage	(2 917)	896
Unamortized actuarial gains and losses / past service cost	2 917	0
Assets not shown in the balance sheet	0	896
Total net book value	0	0
Reported in the balance sheet as		
– Employee benefits under the assets	0	0
– Employee benefits under the liabilities	0	0

Statement of changes

CHF 1000	**2003**	**2004**
Book value 1 Jan	0	0
Periodic pension cost	(4 590)	(3 360)
Contributions paid	4 590	3 360
Book value 31 Dec	0	0
Changes	0	0

Net employee retirement benefit expenses for defined benefit plan

CHF 1000	**2003**	**2004**
Service expense for the current period	(6 842)	(3 558)
Interest cost for the benefit obligation	(2 736)	(1 294)
Expected income from assets	3 211	1 548
Minus employee contributions	3 060	2 240
Changes in assets not shown in the balance sheet	(1 283)	(2 296)*
Net Employee Retirement Benefit Expenses	**(4 590)**	**(3 360)**

* TCHF 1 518 due to the sale of ALSO COMSYT AG.

Calculation basis

(Weighted averages)	2003	2004
Technical interest rate	4,0%	4,0%
Expected returns on investments	5,0%	5,0%
Development of wages and salaries	2,5%	2,5%
Development of annuities	0,5%	0,5%
Fluctuation rate	15,0%	15,0%

3.4 Other operating expenses

CHF 1000	2003	2004
Rent, leasing, maintenance and repair expenses	(13 909)	(10 162)
Insurance and consulting fees	(4 760)	(3 824)
General administrative expenses	(8 762)	(4 531)
Other operating expenses	(733)	(1 072)
Other operating income	943	854
Total Other Operating Expenses	**(27 221)**	**(18 735)**

3.5 Financial results

Financial income

CHF 1000	2003	2004
Interest income	308	235
Interest income from related parties	36	125
Other financial income	382	498
Total Financial Income	**726**	**858**

Financial expenses

CHF 1000	2003	2004
Interest expenses	(5 083)	(5 056)
Interest expenses paid to related parties	(165)	(4)
Other financial expenses	(71)	(322)
Total Financial Expenses	**(5 319)**	**(5 382)**
Financial Results	**(4 593)**	**(4 524)**

Financial income includes income from interest and securities, as well as gains from price and exchange rate changes (both realized and unrealized) in the amount of TCHF 498 (prior year: TCHF 382).

In addition to interest expenses, financial expenses also include accumulated valuation adjustments of monetary investments, as well as realized and unrealized price and exchange rate change losses in the amount of TCHF 322 (prior year: TCHF 71).

3.6 Income taxes

CHF 1000	2003	2004
Income tax on earnings for the accounting period	(2 652)	(5 657)
Deferred taxes	(6 685)	473
Total Income Taxes	**(9 337)**	**(5 184)**

Analysis of tax expenses

CHF 1000	2003	2004
Income before taxes	11 172	26 410
Weighted Tax Rate	**34,8 %**	**28,3 %**
Expected income tax on earnings	(3 890)	(7 463)
Creation/use of tax loss carry forwards not recorded as assets	(1 335)	1 183
Tax-exempt income/non-deductible expenses	977	1 060
Write-off of deferred tax asset	(4 983)	0
Tax effect from prior periods	23	82
Other factors	(129)	(46)
Effective Income Tax Expense	**(9 337)**	**(5 184)**
Effective Income Tax Expense in %	**83,6 %**	**19,6 %**

The weighted income tax rate is calculated from the anticipated applicable rates for the income taxes of the individual Group companies in their respective tax jurisdictions and amounts to 28,3 % in the reporting year. In the previous year the loss of ALSO COMSYT AG resulted in a higher weighted income tax rate.

For the year 2004 a deferred tax liability in the amount of TCHF 473 was dissolved (prior year: total elimination of the deferred tax asset in the amount of TCHF 4 983 [ALSO COMSYT AG] and creation of a deferred tax liability in the amount of TCHF 1 702).

4. Notes to the consolidated balance sheet as at 31 Dec 2004

4.1 Cash

CHF 1000	2003	2004
Cash, postal checking account and bank balances	35 796	39 995
Short-term cash deposits with related parties	25 746	20 753
Time deposits up to max. three months	0	10 000
Total Cash	**61 542**	**70 748**

Cash includes cash, postal checking account and bank balances. In addition, those short-term cash deposits with the majority shareholder are included, for which ALSO has the right of disposal at any time. Out of the total cash TCHF 22 696 are held in EUR and TCHF 695 are held in USD (prior year: TCHF 28 946 in EUR and TCHF 205 in USD).

4.2 Accounts receivable

CHF 1000	2003	2004
Accounts receivable from third parties	174 736	150 595
Accounts receivable from related paries	1 182	69
Provision for bad debts	(3 313)	(3 748)
Total Accounts Receivable	**172 605**	**146 916**

Out of the total accounts receivables TCHF 68 005 are held in EUR (prior year: TCHF 47 020 in EUR).

The valuation provision includes individual provisions of TCHF 1 358 (prior year: TCHF 943) and general bad debt provisions in the amount of the expected losses. In the reporting year a net provision for bad debts was created in the amount of TCHF 435 (prior year: dissolution of net provision of TCHF 1 628). The valuation provision is based on the total accounts receivable (including the receivables sold). In the Distribution business unit, the bad debt risks are covered by insurance.

For financing purposes, the ALSO Group sold accounts receivable to an independent bank. At year end, accounts receivable in the amount of TCHF 63 858 (prior year: TCHF 21 078) had been sold. Accounts receivable from third parties are shown net after the deduction of the receivables sold. A reserve kept by the bank and therefore not paid out in cash is shown under various receivables (see note 4.4).

4.3 Inventories

CHF 1000	2003	2004
Goods assigned to projects	9 706	5 696
Trading stock	76 011	89 881
Subtotal Inventories	**85 717**	**95 577**
Down payments to suppliers	309	1 338
Valuation adjustment	(2 751)	(986)
Total Inventories	**83 275**	**95 929**

The gross value of the value-adjusted goods is TCHF 4 057 (prior year: TCHF 7 361).

Goods assigned to projects are covered by purchase obligations from customers. For most of the trading stock, the suppliers provide price decline protection, at least for a limited period. The ALSO companies usually purchase goods in local currency. Local companies purchase only small amounts in foreign currency, if necessary hedging these through forward exchange contracts (see also note 5.2, Open derivative financial instruments). Recognizable loss of value due to lower inventory turnover, over-reaching, etc. is taken into account by appropriate valuation adjustments against the inventory items.

4.4 Prepaid expenses and other receivables

CHF 1000	2003	2004
Various tax credits	189	72
Various receivables	7 292	14 483
Subtotal Other Receivables	**7 481**	**14 555**
Prepaid expenses	23 704	24 954
Total Prepaid Expenses and Other Receivables	**31 185**	**39 509**

4.5 Fixed assets

CHF 1000	Total 2003	Land and buildings	Equipment	Motor vehicles	Total 2004
Acquisition Value 1 Jan	**84 910**	**35 676**	**35 985**	**82**	**71 743**
Additions	2 154	1 004	3 308	0	4 312
Change in scope of consolidation	223	(16 658)	(10 046)	(39)	(26 743)
Disposals	(15 872)	(3 319)	(2 114)	0	(5 433)
Reclassification	(391)	205	(205)	0	0
Translation differences	719	(53)	(80)	0	(133)
Total Acquisition Value 31 Dec	**71 743**	**16 855**	**26 848**	**43**	**43 746**
Accumulated Depreciation 1 Jan	**(61 679)**	**(20 790)**	**(30 834)**	**(40)**	**(51 664)**
Additions	(5 261)	(333)	(2 635)	(8)	(2 976)
Change in scope of consolidation	0	11 252	9 660	36	20 948
Disposals	15 709	1 599	2 087	0	3 686
Reclassification	25	0	0	0	0
Translation differences	(458)	37	60	0	97
Total Depreciation 31 Dec	**(51 664)**	**(8 235)**	**(21 662)**	**(12)**	**(29 909)**
Impairment 1 Jan	**(565)**	**(5 406)**	**(386)**	**(3)**	**(5 795)**
Additions	(5 230)	0	0	0	0
Change in scope of consolidation	0	5 406	386	3	5 795
Total Impairment 31 Dec	**(5 795)**	**0**	**0**	**0**	**0**
Book Value at 1 Jan	22 666	9 480	4 765	39	14 284
Book Value at 31 Dec	14 284	8 620	5 186	31	13 837
Fire Insurance Value	**72 589**	**2 277**	**37 837**	**0**	**40 114**

The item Land and buildings includes non operating land and buildings with a book value of TCHF 4 248 as of December 31, 2004. The market value of these positions amounts to TCHF 5 400 and the corresponding operating expenses amount to TCHF 85.

Equipment consists primarily of machinery and installations, furniture and fixtures, as well as IT and communication systems.

Gains and losses from the sale of fixed assets are included in the depreciation and amount to TCHF 688 (prior year: TCHF 169).

The impairment positions are in relation to the divestment of the Systems Business.

4.6 Intangible assets

CHF 1000	Total 2003	Goodwill	Other intangible assets	Total 2004
Aquisition Value 1 Jan	**10 362**	**8 470**	**5 468**	**13 938**
Additions	5 621	0	3 533	3 533
Change in scope of consolidation	256	(2 977)	(976)	(3 953)
Disposals	(2 763)	0	(992)	(992)
Reclassification	391	0	0	0
Translation differences	71	0	(8)	(8)
Total Acquisition Value 31 Dec	**13 938**	**5 493**	**7 025**	**12 518**
Accumulated Depreciation 1 Jan	**(7 616)**	**(2 474)**	**(4 260)**	**(6 734)**
Additions	(1 802)	(549)	(1 448)	(1 997)
Change in scope of consolidation	0	2 382	653	3 035
Disposals	2 763	0	963	963
Reclassification	(25)	0	0	0
Translation differences	(54)	0	6	6
Total Depreciation Value 31 Dec	**(6 734)**	**(641)**	**(4 086)**	**(4 727)**
Impairment 1 Jan	**0**	**(595)**	**0**	**(595)**
Additions	(595)	0	0	0
Change in scope of consolidation	0	595	0	595
Total Impairment 31 Dec	**(595)**	**0**	**0**	**0**
Book Value at 1 Jan	2 746	5 401	1 208	6 609
Book value at 31 Dec	6 609	4 852	2 939	7 791

As of October 27, 2003, ACS TRADING AG, Dietikon, was fully acquired (100%). The paid goodwill amounted to TCHF 5 493 and will be depreciated over 10 years. Due to IFRS3 Business Combinations this routine will be changed from January 1, 2005. The goodwill will be frozen at the book value of TCHF 4 852 and a yearly impariment test will be performed.

The item Other intangible assets consists on the one hand of application software for Group companies and on the other hand of identified intangible assets in relation to the acquisition of the Hewlett Packard activities of Datastore AG with a book value of TCHF 2 280 as of December 31, 2004 (acquisition cost: TCHF 3 150).

The impairment position is in relation to the divestment of the Systems Business.

4.7 Participations in associated companies/financial assets

In 2002 the European Wholesale Group GmbH (EWG) was founded in Hergiswil (Switzerland). ALSO HOLDING AG holds 18.4 percent in the company.

4.8 Net cash

CHF 1000	2003	2004
Cash	61 542	70 748
Financial liabilities	0	0
Net Cash	**61 542**	**70 748**

As of December 31, 2004, only non-current financial liabilities due within on one year exist (note 4.11).

4.9 Accounts payable

CHF 1000	2003	2004
Accounts payable to third parties	64 416	76 460
Total Accounts Payable	**64 416**	**76 460**

Out of the total accounts payables TCHF 47 089 are held in EUR and TCHF 9 252 are held in USD (prior year: TCHF 43 366 in EUR and TCHF 5 403 in USD).

4.10 Accrued liabilities and other payables

CHF 1000	2003	2004
Accrued Liabilities	**34 235**	**38 637**
Other tax payables	6 451	9 983
Various payables to third parties	19 182	17 254
Various payables to related parties	549	797
Subtotal Other Payables	**26 182**	**28 034**
Total Accrued Liabilities and Other Payables	**60 417**	**66 671**

Accrued liabilities are shown in the balance sheet at nominal value. They comprise short-term expense accruals and deferrals of income to later accounting periods as well as accruals for goods received that have not yet been invoiced. Tax payables include value added tax liabilities as well as income tax and other taxes payable.

4.11 Financial liabilities

CHF 1000	Book value at 31.12.2003	Interest rate	Book value at 31.12.2004	Interest rate
Financial Liabilities at Fixed Interest Rates				
Convertible bond 1999 to 2004	29 768	5,1 %	0	–
Fixed advance 2005	5 000	5,2 %	5 000	5,2 %
Certificate of indebtedness 2003 to 2008	39 000	4,6 %	38 500	4,6 %
Total Financial Liabilities	**73 768**	**4,8 %**	**43 500**	**4,7 %**
Due within one year	**29 768**	**5,1 %**	**5 000**	**5,2 %**
Financial Liabilities at Variable Interest Rate				
None	0	–	0	–

The fixed advance and the certificate of indebtedness are not secured.

The convertible bond was repaid after 5 years on November 25, 2004. The corresponding conditional capital (50 000 shares with a par value of CHF 10) has therefore expired. Up to the repayment no bonds were converted.

All debt covenants have been adhered to by the individual group companies.

4.12 Provisions

CHF 1000	Guarantees, returned goods complaints	Restructuring costs	Other provisions	Total
Current provisions	316	190	100	606
Non-current provisions	0	0	340	340
Total 2004	**316**	**190**	**440**	**946**
Movement 31 Dec 2003	**320**	**607**	**505**	**1 432**
Income statement				
– Change in scope of consolidation	0	(306)	(145)	(451)
– Expenditures / creation	0	0	100	100
– Income / use	0	(111)	(20)	(131)
– Income / release	0	0	0	0
Translation differences	(4)	0	0	(4)
31 Dec 2004	**316**	**190**	**440**	**946**

Included in the restructuring provision are provisions for terminated rental contracts for locations which are not used anymore.

4.13 Deferred taxes

Net book values

CHF 1000	2003	2004
Temporary differences		
– Net current assets	(5 421)	(5 020)
– Convertible bond	(36)	0
– Provisions	(295)	(291)
– Other temporary differences	(57)	(25)
Total Net Book Value deferred taxes	**(5 809)**	**(5 336)**
The above is shown in the balance sheet as		
– Deferred tax liabilities	(5 809)	(5 336)
– Deferred tax asset	0	0

Movement

CHF 1000	2003	2004
1 January	1 638	(5 809)
Change in scope of consolidation	(762)	0
Creation and release of temporary differences	(6 685)	473
31 December	**(5 809)**	**(5 336)**

Deferred taxes result primarily from the different valuation of the items inventories and accounts receivable in the tax accounts.

Tax loss carry-forwards

CHF 1000	2003	2004
Total Tax Loss Carry-forwards	**96 948**	**36 378**
Considered as deferred tax asset	0	0
Total not considered as Deferred Tax Asset	**96 948**	**36 378**
To be carried forward:		
– in two to five years	36 660	0
– more than five years	60 288	36 378
Tax Effect on Forwards not considered as Deferred Tax Asset	**22 458**	**9 147**

The tax loss carry-forwards originate mainly from Germany.

4.14 Shareholders' equity

As of December 31, 2004, the number of outstanding shares amount to 603 859 registered shares with a par value of CHF 10 each.

Compared to the previous year the nominal capital has remained unchanged since shares used for the employee stock purchase program have been taken from the treasury shares and not from the conditional capital (note 3.3).

Treasury shares
ALSO HOLDING AG holds 5 061 (prior year: 6 799) of its own registered shares. 1 738 shares were used for the employee stock purchase program.

Major shareholders

	31.12.2003	31.12 2004
► Schindler Holding AG, Hergiswil (Switzerland)	64,5 %	64,5 %
► SUVA, Schweizerische Unfallversicherungsanstalt Luzern (Switzerland)	–	5,1 %

(according to share register)

During the year under review one notification according to Art. 20 of the Swiss Federal Stock Exchanges an Securities Trading Act was received indicating an excess over the limit of 5 % (SUVA, Luzern [Switzerland]).

Regulations regarding the restricted transferability of shares
The Articles of Incorporation contain a 5 percent limitation on registration and voting rights. In 2004 the SUVA, Luzern (Switzerland), was registered as full shareholder excceding the 5 % limit.

Retained earnings
Retained earnings are distributable only with limitations:

- ► Special reserves of ALSO HOLDING AG according to a resolution of the General Meeting to this effect
- ► Reserves of subsidiaries to the parent company first and subject according to local tax and legal regulations

Opting out
There is an opting out provision in the Articles of Incorporation.

4.15 Per share information

Undiluted per Share Information		2003	2004
Number of shares issued (./. treasury shares)	number	595 284	598 041
Net income	CHF	3.08	35.49

Diluted per Share Information		2003	2004
Number of shares issued (./. treasury shares)	number	602 855	605 612
Net income	CHF	3.04	35.05

The company has 5 061 treasury shares in its securities portfolio. In the above table, these treasury shares are deducted from the total of issued shares. The diluted figures show the effects of the conditional capital reserved for the stock purchase program.

4.16 Acquisitions/Divestment of participations in affiliates

When calculating the cash flow from acquisitions/divestments of participations in affiliates and holdings, the value of the net cash inflow/outflow resulting from a new consolidation/deconsolidation is deducted from the respective purchase price.

At the date of acquisition, the market value of the net assets acquired/divested was:

CHF 1000	2003	2004
Current assets	15 306	(10 516)
Non-current assets	509	(341)
Current Liabilities	(10 453)	9 210
Non-current Liabilities	(762)	130
Net assets acquired/divested	4 600	(1 517)
Goodwill	5 493	(483)
Total acquisition/divestment	**10 093**	**(2 000)**
Less acquired net cash	(975)	
Less divested net cash		1 748
Cash used for the acquisition	9 118	
Cash received for the divestment		(252)

5. Further information to the consolidated financial statements

5.1 Contingent liabilities

There are no sureties and no guarantees in favour of third parties.

5.2 Open derivative financial instruments

	Contract values	Replacement values		Contract values	Replacement values	
		positive	negative		positive	negative
CHF 1000	**2003**	**2003**		**2004**	**2004**	
Foreign exchange						
– Forward contracts	52 065	12	477	65 713	94	346
Total	**52 065**	**12**	**477**	**65 713**	**94**	**346**

The forward exchange contracts are concluded for a term of max. three months and their sole purpose is the reduction of the currency exposure.

As of December 31, 2004, all underlying business transactions in relation to the above shown open forward contracts have taken place and are recorded accordingly.

5.3 Pledged assets serving as collateral for liabilities

In the ALSO Group no pledged assets serve as a collateral for liabilities.

5.4 Rent and leasing commitments (nominal values)

CHF 1000	2003	2004
Payments in Respect of Contracts with Fixed Periods		
Due in 1st year	6 889	5 750
Due in 2nd – 5th year	17 399	16 054
Due from the 6th year onwards	32 089	28 567

The payments for contracts with a fixed term are mainly in relation to the operational lease of the logistics centre in Emmen. The remaining term of the leasing contract is 16 years.

5.5 Events occurring subsequently to balance sheet date

There are no relevant events occurring subsequently to balance sheet date.

6. Essential subsidiaries

	Currency	Share capital in 1000	Investment quote 2003	2004	Code	Type of Consolidation
Companies in Switzerland						
ALSO HOLDING AG, Hergiswil	CHF	6 038	–	–	C	F
ALSO FINANZ AG, Emmen	CHF	2 500	100 %	–	C	F
ALSO ABC TRADING AG, Emmen	CHF	100	100 %	100 %	D	F
ACS TRADING AG, Dietikon	CHF	100	100 %	100 %	D	F
ALSO COMSYT AG, Emmen	CHF	1 950	100 %	–	S	F
ALSO COMEDIA-VERLAGS AG, Hergiswil	CHF	100	100 %	100 %	C	F
EWG GmbH, Hergiswil	CHF	196	22,5 %	18,4 %	D	A
Companies Abroad						
ALSO ABC TRADING GmbH, Straubing	EUR	103	100 %	100 %	D	F

Codes: C = Corporate; D = Distribution; S = Systems Business
Consolidation method: F = Full consolidation; E = Equity Method; A = At cost

6.1 Changes in consolidation scope

ALSO FINANZ AG, Emmen, was retroactively integrated into ALSO HOLDING AG, Hergiswil, as of January 1, 2004.

On February 5, 2004, ALSO HOLDING AG, Hergiswil, sold ALSO COMSYT AG.

6.2 Transactions with related parties

The members of the Board of Directors are entitled to a fee of TCHF 33 (previous year: TCHF 50).

All transactions with the Schindler Group are made at arm's length. There were no unusual or non-market-conform transactions either with the main shareholder or with the Schindler Group. Following transactions with the main shareholder and their respective volume have taken place in the reporting year:

CHF 1000	**2003**	**2004**
Net sales	5 900	1 663
Management Fees	(2 752)	(2 234)
Net interest	(129)	121

6.3 Approval of the ALSO Group consolidated financial statement

The ALSO Group consolidated financial statements were approved by the Board of Directors on February 4, 2004.

ALSO Group Consolidated Financial Statements – Report of the Group Auditors

Report of the Group Auditors to the General Meeting of ALSO HOLDING AG, Hergiswil

As auditors of the Group, we have audited the consolidated financial statements (Income Statement, Balance Sheet, Cash Flow Statement, Group Capital and Reserves and Notes, pages 35 to 66) of ALSO HOLDING AG, Hergiswil (Switzerland), for the year ended December 31, 2004.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements, based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession as well as in accordance with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made, and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reparting Standards (IFRS), and comply with Swiss law.

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

Lucerne, February 4, 2005

Ernst & Young AG

Peter Bühler Certified accountant (in charge of the audit)	Rudolf Mahnig Certified accountant

If you throw away your rod and reach for a shotgun simply because one fish got away, you do not deserve the fish. Being there is one thing, staying there is everything.

Financial Statements of ALSO HOLDING AG – Income Statement

CHF 1000	2003	2004
Service revenues	0	5 211
Income from participations	16 000	15 000
Interest income	3 350	2 493
Gain from sale of fixed assets	0	670
Total Income	**19 350**	**23 374**
Service expenses	0	(2 234)
Personnel expenses	0	(1 670)
Other operating expenses	(458)	(1 502)
Expenses from participations	(43 635)	0
Interest expenses	(3 621)	(2 695)
Taxes	(36)	(175)
Total Expenses	**(47 750)**	**(8 276)**
Net Income (-loss)	**(28 400)**	**15 098**

Assets

CHF 1000	**31.12.03**	**31.12.04**
Cash	42	10 046
Securities	75	56
Accounts receivable		
– from third parties	23	59
– from Group companies	75 096	54 258
– from major shareholder	25 746	20 753
Prepaid expenses	209	386
Total Current Assets	**101 191**	**85 558**
Land and buildings	0	4 248
Intangible assets	0	71
Participations	34 807	30 308
Total Non-current Assets	**34 807**	**34 627**
Total Assets	**135 998**	**120 185**

Liabilities

CHF 1000	31.12.03	31.12.04
Accounts payable		
– to third parties	323	52
– to Group companies	1 402	0
– to major shareholder	0	770
Due to banks	5 000	5 000
Convertible bond 1999 to 2004	27 198	0
Accrued liabilities	3 752	1 520
Total Liabilities	**37 675**	**7 342**
Share capital	6 038	6 038
Legal reserves		
– General legal reserve	1 100	1 100
– Reserve for treasury shares	119	89
– Share premium reserves	39 471	41 878
Special reserves	68 000	40 000
Available earnings		
– Balance brought forward	11 995	8 640
– Net income (-loss)	(28 400)	15 098
Total Equity	**98 323**	**112 843**
Total Liabilities and Equity	**135 998**	**120 185**

Financial Statements of ALSO HOLDING AG – Notes

The Notes to the parent company financial statements of ALSO HOLDING AG include only comments on those positions which do not form part of the consolidation, vary considerably or are of particular importance. For other details, please refer to the Notes to the consolidated financial statements.

ALSO FINANZ AG, Emmen, was retroactively integrated into ALSO HOLDING AG, Hergiswil as of January 1, 2004. On February 5, 2004, ALSO HOLDING AG, Hergiswil, sold ALSO COMSYT AG, Emmen.

Convertible bond 1999 to 2004

The convertible bond was repaid on November 25, 2004.

Shareholders' equity

With reference to the treasury shares kept by ALSO HOLDING AG, major shareholders as well as to the amount of the conditional capital increase, please refer to notes 4.14 and 3.3 to the ALSO Group Consolidated Financial Statements.

Contingent liabilities

CHF 1000	**31.12.03**	**31.12.04**
Sureties in favour of third parties	125 859	126 655
Guarantees in favour of third parties	79 872	78 848
Total	**205 731**	**205 503**

The sureties and the guarantees are in favour of ALSO Group companies and are normally issued for one year (January 1 to December 31).

Fire insurance value of Fixed Assets

CHF 1000	**2003**	**2004**
Buildings	0	2 277
Equipment, furniture, EDP (global insurance of ALSO Group)	0	25 517
Total	**0**	**27 794**

Proposal of the Board of Directors for the appropriation of the available earnings 2004

CHF 1000	**2003**	**2004**
Balance brought forward	11 995	8 610
Transfer from reserves for treasury shares	0	30
Net income (-loss)	(28 400)	15 098
Transfer of special reserves to available earnings	28 000	0
Total Available Earnings as of 31 December	**11 595**	**23 738**
Dividends	(2 985)	(4 192)
Allocation to special reserves	0	(10 000)
Earnings Carried Forward	**8 610**	**9 546**

Financial Statements of ALSO HOLDING AG – Report of the Statutory Auditors

Report of the Statutory Auditors to the General Meeting of ALSO HOLDING AG, Hergiswil

As Statutory Auditors, we have audited the accounts and the financial statements (Income Statement, Balance Sheet and Notes) shown on pages 71 to 75 of ALSO HOLDING AG, Hergiswil (Switzerland), for the year ended 31 December 2004.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements, based on our audit. We confirm that we meet the legal requirements concerning professional qualifications and independence.

Our audit was conducted in accordance with the auditing standards of the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance that the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounts, the financial statements and the proposed appropriation of profits comply with Swiss law and with the company's Articles of Incorporation.

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

Lucerne, February 4, 2005

Ernst & Young AG

Peter Bühler Certified Accountant (in charge of the audit)	Rudolf Mahnig Certified Accountant

Concept

ALSO Holding AG
Corporate Communications, Hergiswil (Switzerland)

Design

SEC, Lucerne (Switzerland)
(CD-guidelines, Ottiger & Partner BSW Lucerne)

Illustration

Paolo Friz, 1966, Lucerne (Switzerland)

- Lucerne Scool of Art + Design, Prague Scool of Art.
- Worked for the print media and advertising branch in Switzerland and Germany.
- Drawing, painting and computer illustration.
- 2004 voted by Kircher Burkhardt, Editorial and Corporate Communication GmbH, Berlin, as one of Germany's most interesting Illustrators.

Photography

Markus Senn, Photographer, Biel/Bienne (Switzerland)

Printing

UD Print AG, Lucerne (Switzerland)