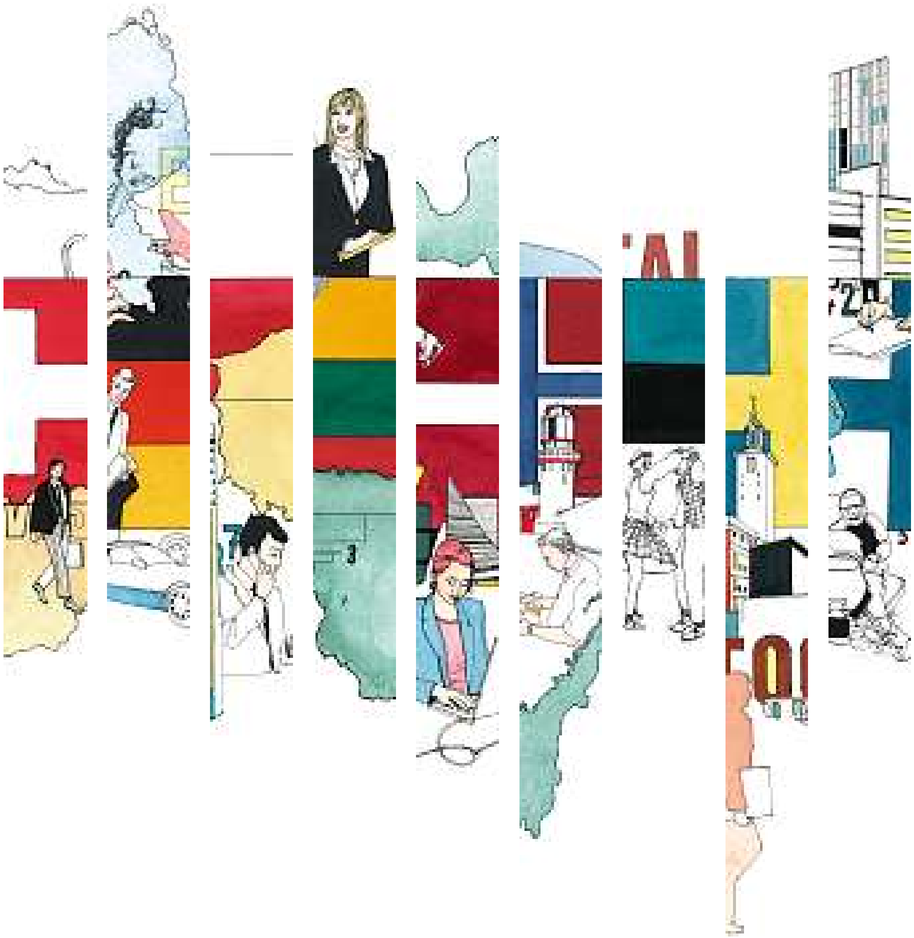
Annual Report 2007



ALSO

more than distribution

ALSO in brief

The ALSO Group is one of the leading European companies in the wholesale and logistics sector for information technology and consumer electronics (ICE). In 2007, ALSO generated net sales of CHF 5 083.2 million with 1 987 employees.

Headquartered in Hergiswil (CH), 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. Since 1 September 2006, ALSO has held a majority interest in the Finnish GNT Group, the leading ICE distributor in the Nordic countries and Eastern Europe. ALSO has the option to purchase the remaining shares by 2010.

ALSO is active in nine European countries. Under ALSO's name in Switzerland and Germany, under GNT's name in Finland, Norway, Sweden, Estonia, Latvia, Lithuania and Poland.

Core competencies
ALSO specializes in ICE distribution and logistics services.

As part of its ICE distribution activities, ALSO works with well-known manufacturers of hardware and software, and provides additional services in value-added sectors such as high-end-servers, storage, security and networks. In addition to this, distribution 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, home 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.

Strategic alliance EWG
In September 2002, ALSO and a number of other distributors holding leading positions in their respective countries, founded the alliance European Wholesale Group (EWG), headquartered in Hergiswil (CH). The three companies in the alliance – ALSO (CH), Copaco (NL) and Esprinet (I) – in 2007 posted consolidated net sales well over EUR 6 billion. The strategic alliance offers leading hardware and software manufacturers a best-in-class platform from which they can efficiently address more than 60 000 dealers in 14 countries. Together the EWG partners employ a staff of over 2 700 and represent more than 500 vendors.

ALSO's principles
We are deeply committed to our partners and associates, and customer benefit is our top priority. For us, providing first-class personal service comes as naturally as all-round professionalism and competitiveness. Our aim is to build lasting business partnerships which you can rely on completely. In order to achieve this goal, we base our daily business on the philosophy expressed through 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.

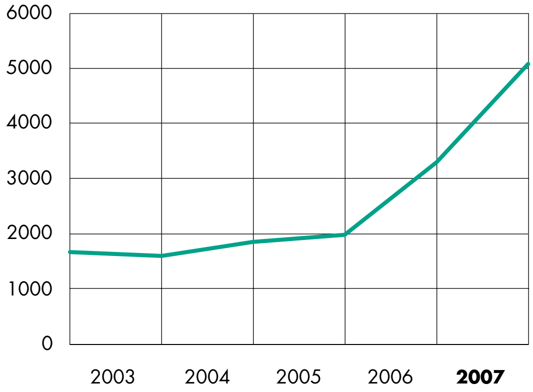
ALSO at a glance

Income Statement (Mio. CHF)	2007	2006	2005	2004	2003
Net sales	5 083.2	3 277.1	1 980.3	1 852.2	1 598.3
Gross Profit	249.5	152.9	101.1	107.9	155.2
Operating profit (EBIT)	54.3	29.2	23.4	30.6	15.7
Net income	14.8	12.2	17.1	20.9	1.8
Cash flow statement (Mio. CHF)					
Cashflow	27.5	20.4	22.0	25.2	21.3
Investments in fixed assets	9.7	8.1	3.6	4.3	2.2
Balance sheet (Mio. CHF)					
Total assets	1 144.3	1 416.9	438.6	424.9	369.6
Total shareholders' equity	215.2	202.1	190.8	176.5	158.3
Key figures					
Gross Margin	4.9%	4.7%	5.1%	5.8%	9.7%
Operating Margin	1.1%	0.9%	1.2%	1.7%	1.0%
Return on sales	0.3%	0.4%	0.9%	1.1%	0.1%
ROIC (Return on invested capital) [1]	7.5%	5.9%	8.0%	10.3%	5.4%
ROA (Return on assets) [2]	3.6%	3.4%	4.9%	6.5%	2.0%
Sales-to-assets ratio [3]	4.0	4.5	4.6	4.7	4.4
Number of registered shares at CHF 10 [5]	6 038 590	6 038 590	6 038 590	6 038 590	6 038 590
Dividende per registered share (CHF) [4] [5]	0.7	0.7	0.7	0.7	0.5
Equity per registered share (CHF) [5]	35.6	33.5	31.6	29.2	26.2
Share price, high (CHF) [5]	73.3	65.0	44.4	37.5	32.9
Share price, low (CHF) [5]	60.1	39.9	32.0	29.1	19.0
Market Capitalization at 31 Dec (Mio. CHF)	416.7	389.5	241.5	194.4	183.6
Personnel at 31 Dec [6]	1 987	2 047	623	602	974
Average personnel during year [6]	1 929	1 066	593	613	1 040

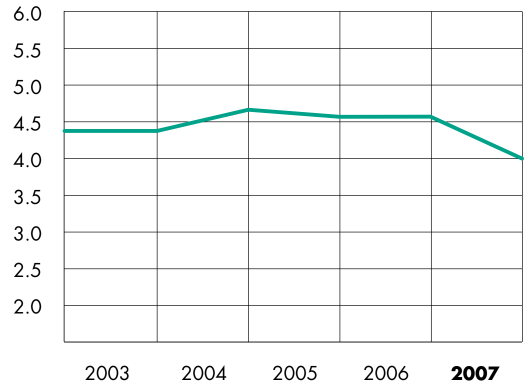
[1] NOPAT / capital employed
[2] Net income + interest / average total assets
[3] Net sales / average total assets
[4] Board of Director's proposal
[5] All figures after the ten-for-one stock split of 23 March 2006 (The previous years were adjusted accordingly)
[6] Basis: equivalent full-time employees including temporary employees

Shareholders' Information

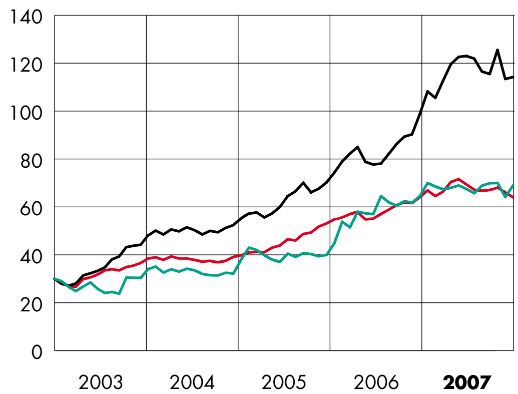
Sales
CHF million



Asset productivity
Sales-to-asset ratio

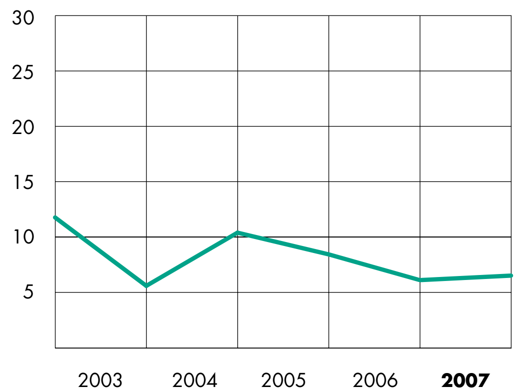


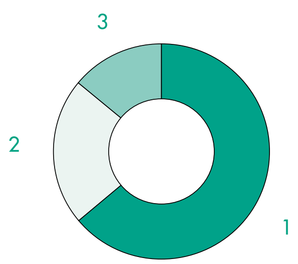
Share price
CHF (adjusted)



ALSO Holding NA (adj.)
Swiss Performance Index – (SPI)
Vontobel small cos. – price index (VSC)
(Quelle: Datastream)

Return on invested capital (ROIC)
percent





Shareholder structure

1 Schindler Holding AG	64.0 %
2 Institutional Investors	22.8 %
3 Diverse smaller portfolios	13.2 %

Stock details
Since 1986 ALSO is quoted on the Swiss SWX Stock Exchange.
Symbol: ALSN
Security No.: 2459027
ISIN: CH0024590272

Important dates

Annual General Meeting:	12 March 2008
Quarterly report:	22 April 2008
First-half report:	29 July 2008
Quarterly report:	28 October 2008
Annual results media conference:	16 February 2009

Content

Board of Directors' Report

In 2007, ALSO's consolidated net sales topped the CHF 5 billion mark for the first time, making it the No. 3 ICE distributor in Europe. ALSO without GNT posted a record net income, while GNT substantially improved its own result. However, further efforts will be required. ALSO is to achieve its medium-term goal of CHF 35–40 million net profit.

In 2007, consolidation in the European IT distribution market continued unabated and has permanently changed the competitive landscape. Actebis the former number 3 in Europe, has been dissolved following the sale of various national companies to different purchasers. Value-added distributor Magirus sold off its entire storage and server division to American-owned Avnet. And the Scandinavian distributor Scribona discontinued its operations in Denmark.

ALSO new number 3 in Europe

ALSO has taken on a proactive role in this consolidation. On 1 September 2006, ALSO acquired 50.1% of the share capital in GNT Holding, the largest independent distributor of information technology and consumer electronics (ICE) in Scandinavia and Eastern Europe. ALSO has the option of taking over the remaining 49.9% by 2010 at the latest.

Following this acquisition, ALSO in 2007 became the third-largest ICE distributor in Europe and is now well positioned in a distribution market set to experience further consolidation. ALSO is now the clear market leader in Switzerland, Finland, Estonia, Latvia and Lithuania. It is also one of the major distributors in Germany, Norway and Sweden, and has substantial growth potential in Poland with the subsidiary founded there in 2004.

Net sales top CHF 5 billion for the first time

For ALSO, 2007 was the first business year in which the GNT Group, acquired in 2006, was consolidated for the full twelve months. In 2007, ALSO increased sales by 55% to CHF 5083.2 million (2006: CHF 3277.0 million), passing the five billion mark for the first time in its history. Compared with the previous year, operating profit was up by 86% to CHF 54.3 million (2006: CHF 29.2 million), while net profit rose by 21% to CHF 14.8 million (2006: CHF 12.2 million). This result includes CHF 8.5 million of cost for the GNT acquisition, which comprised of financing of the purchase price and ordinary depreciation on intangible assets. As a result of improved working capital management, the equity ratio rose to 19% (2006: 14%), but was still below the targeted figure of 25–35%. On 31 December 2007, ALSO had 1 987 employees (2006: 2047).

The Board of Directors will propose to the General Meeting on 12 March 2008 an unchanged dividend for 2007 of CHF 0.70 (2006: CHF 0.70).

ALSO excluding GNT posts record result

In ALSO's traditional markets of Switzerland and Germany, economic development had a positive influence on the IT industry. After a rather weak start to the year, unit demand for PCs rose steadily from the second quarter onwards. The fourth quarter was at a similarly high level to 2006. The fact that prices fell only moderately meant that the value of the PC market was also higher than a year ago.

For 2007 ALSO had set the focus on profitable growth in both the Swiss and German markets, and in this respect, the company's success has been impressive. Compared with 2006, ALSO (excluding GNT) increased sales by 18 % to CHF 2 783.6 million (2006: CHF 2 350.8 million) and improved its operating profit by 26 % to CHF 41.7 million (2006: CHF 33.0 million). At CHF 28.0 million, ALSO (excluding GNT) recorded a 17 % higher net profit than in 2006 (CHF 23.8 million) and the highest net income since the company was founded.

In Switzerland, ALSO pushed up sales by 9 % to CHF 1 093.4 million (2006: CHF 1000.8 million) and consolidated its position as market leader. As a supplier of choice, ALSO acquired further market share in its core portfolio as the Swiss distribution market continued to consolidate. Moreover, ALSO further improved its position in the areas it has selected for growth: high-end storage, consumer electronics, IT consumables and logistics services. Altogether, sales growth, increased efficiency and improved cost management left ALSO in Switzerland with a substantially higher operating profit than in 2006.

In Germany, ALSO reported more than 20 % growth for the fourth time in succession and, with sales of CHF 1 690.2 million (2006: CHF 1 350.0 million) topped the one-billion-euro mark for the first time ever. As a result of further widening its customer basis, ALSO was able to strengthen its position with strategic vendors. On top of this, the Group won substantial market shares in the retail segment. Thanks to this successful development and strict cost control, operating profit was up markedly on the previous year.

GNT reports substantially improved result

The PC markets of northern and eastern Europe, which are relevant for GNT, likewise grew in 2007, with eastern Europe showing higher growth.

In 2007, GNT reported sales of CHF 2 299.6 million (2006: CHF 926.3 million for the period 1 September to 31 December 2006). On a comparable (full-year) basis, GNT generated about the same level of sales as the previous year. The strongest growth was reported by the companies in eastern Europe. In northern Europe, the companies in Finland and Norway pushed up sales, while those of the Swedish company fell substantially in the wake of restructuring its activities.

After a disappointing first six months, comprehensive restructuring measures implemented by ALSO and the increase in sales, saw the GNT Group close the second half of the year with a net income of CHF 6.0 million. The result for the whole of 2007, then, was a loss of CHF -13.2 million. The main reason for the loss was the Swedish subsidiary, which has yet to manage the turnaround. Compared with the previous year, when GNT suffered a loss of CHF -21.8 million, the company has significantly improved its result. In the medium term, we expect GNT to contribute a net profit of CHF 15 to 20 million to the Group result.

EWG grows faster than the number 1

The European Wholesale Group (EWG) alliance, co-founded by ALSO in 2002, reported double-digit growth in 2007. Together, the three partners in the alliance – ALSO (CH), Copaco (NL) and Esprinet (I) – reported sales of substantially more than EUR 6 billion (2006: EUR 5.7 billion). Sales of the alliance when it was founded were a mere one-third of those posted by Tech Data, the largest of its competitors, by 2007, that figure had risen to more than 70 % of the sales of this competitor. This means that EWG has grown much faster than its main competitor over the past five years.

Objectives for sustainable value creation
In 2007, the degree to which ALSO met the targets set by the Board of Directors in 2005 depended on the basis taken for consolidation (i.e. ALSO without GNT vs. the Group as a whole).

- Economic value generation (ROIC > WACC)
  The return on invested capital (ROIC) for ALSO without GNT amounted to 9.7 % and was higher than the weighted average cost of capital (WACC 8.2 %). If GNT is included, the ALSO Group failed to meet this target but still managed to push up the ROIC by 27 % compared with 2006 (from 5.9 % to 7.5 %).

- Financial strength (equity ratio 25 – 35 %)
  The shareholders' equity ratio rose to 19 % (2006: 14 %), bringing it closer again to the Group target.

- Profitability (EBIT 1.5 – 2.5 %)
  Without GNT, ALSO at 1.5 % just managed to achieve this goal. If GNT is included, the Group failed to meet this target, but still managed to improve EBIT by 86% compared with the previous year (from 0.9 % to 1.1 %).

- Distribution ratio (25 – 35 %)
  The Board's proposed dividend is equivalent to a distribution ratio of 29 %, which is in line with our target.

Outlook 2008: net profit around CHF 30 million
Economic growth in the euro zone is expected to continue in 2008. However, uncertainty generated by the financial turmoil in the US combined with the unpredictability of oil prices and the dollar rate, as well as a strong euro should mean that growth is slower than in 2007.

This uncertainty could well influence sales of IT products. Until recently, it was assumed that corporate clients would invest more in upgrading or replacing their IT infrastructures and investing in mobile solutions, while the demand from private consumers for digital convergence products for home use would further increase. However, these expectations have recently been questioned in view of the uncertainties mentioned above. Nevertheless, ALSO is sufficiently well positioned in central and northern Europe to thrive even when market development is uncertain. In the IT markets of eastern Europe, which are as yet not saturated, there is a good deal of catching up to do, and the demand for hard- and software products should remain at a high level in 2008. However, we cannot exclude the possibility that the economic overheating of recent years in the Baltic states could temporarily dampen the IT market.

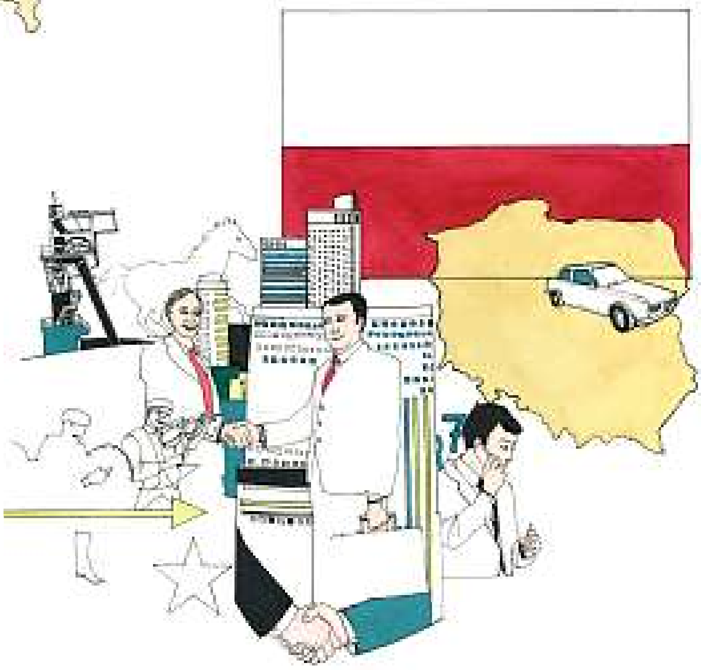
In the course of this year, ALSO will be concentrating on achieving sustainable increased profitability for GNT with the goal, that GNT will contribute towards Group profitability in 2008. For 2008, ALSO is expecting net sales of substantially more than CHF 5 billion and – excluding the uncertainties mentioned above – a net profit of around CHF 30 million. Medium-term, ALSO expects further sales growth and a result of between CHF 35 and 40 million.

The ALSO Group's success depends not only on external factors but also on the extraordinary hard work and flexibility of our employees. The Board of Directors would like to thank them here for their enormous commitment and untiring efforts in the course of the past year. The Board's thanks also go to our customers for their unwavering loyalty, to our business partners for their cooperation and to our shareholders for their trust and belief in our company.

Thomas C. Weissmann
Chairman of the Board of Directors

Switzerland (Headoffice)

Population in millions: 7.3, GDP USD: 51 771
Personal computers per 100 population: 86



Poland

Population in millions: 38.5, GDP USD: 8 890
Personal computers per 100 population: 19

Germany

Population in millions: 82.7, GDP USD: 35 204
Personal computers per 100 population: 54

Market Report

ALSO Switzerland and Germany combined achieve the best result since the company was founded in 1984. Compared with 2006, GNT substantially improves its result. GNT Sweden and Norway report significant progress with their operations but have yet to complete the turnaround. The ALSO Group is well equipped to maintain profitable growth in Europe.

In 2007, the European PC market grew both in number of units and value, although the growth rate differed widely from one country to another. In the markets served by ALSO, the market for desktops and notebooks grew in central Europe by around 10%, in Scandinavia by 13% and in Eastern Europe by more than 30%.

Major upheavals in distribution landscape

Ongoing consolidation among the IT distributors of Europe offered additional growth potential for well-positioned market players. The Otto Group divested its stake in Actebis, formerly the third-largest distributor in Europe, by selling off several national Actebis companies either individually or as a package to various buyers, and closing certain Actebis subsidiaries. Magirus, until recently one of major value-added distributors in Europe, sold its entire business unit specialized in HP and IBM server and storage products to US-based Avnet. And, as part of a rather protracted restructuring program, the Scandinavian distributor Scribona discontinued its operations in Denmark.

ALSO Group the new no. 3 in Europe

ALSO has played an active role during this phase of consolidation and persistently pursued the European expansion strategy it announced some time ago. As a result of its acquisition of the GNT Group and strong organic growth, ALSO sales topped the CHF 5 billion mark for the first time in 2007, making it the new number 3 among the European ICE distributors. With this quantum leap, ALSO has achieved an important milestone in its overall strategy.

ALSO excluding GNT posts record result

In ALSO's traditional markets of Switzerland and Germany, the Group companies together reported an 18% increase in sales compared with the previous year, taking them to CHF 2 783.6 million (2006: CHF 2 350.8 million), and pushed up operating profit by 26% to CHF 41.7 million (2006: CHF 33.0 million). At CHF 28.0 million, net income was at its highest level since the company's foundation in 1984 and, with an increase of 17%, substantially higher than the previous year (2006: CHF 23.8 million).

ALSO Switzerland grows faster than the market

In 2007, the Swiss PC market was marked by an increase in demand for computers and ongoing consolidation among distributors. All in all, unit sales on the Swiss market in 2007 were up by 12 %, which represented an increase in value of about 6 to 8 %. Following the sale of Actebis Switzerland to Tech Data, many customers moved to other distributors. ALSO Switzerland gained further market shares and saw sales increase by 9 % to CHF 1 093.4 million. Thanks to higher sales, increased efficiency and consistent cost management, operating profit was up significantly on the previous year.

In its designated growth areas, ALSO continued to consolidate its position:

- Server and high-end storage products profited from strong growth among the leading vendors. Apart from this, ALSO won new customers in this segment thanks to market consolidation, and extended its range to include VMware, a supplier of virtualization solutions.
- The Consumer Electronics division in 2007 organized its first Consumer Electronics Show (ACES), which was very well received by vendors and potential customers.
- Following the integration of the supplies specialist ACS Trading AG into ALSO Switzerland, ALSO generated substantial incremental sales with customers of the two named companies.
- The Logistics Services division expanded the business with existing clients and aquired three major new customers: The Phone House, SRG and Samsung Mobile. In addition, ALSO won a bid with Swisscom to build up its business with Sony and Philips LCD TV sets.

In its core portfolio, which includes standard hard- and software products, ALSO grew mainly on the strength of its consumer products. Moreover, ALSO won market shares with various strategic vendors and signed up ASUS, one of the fastest-growing Asian providers, for its product portfolio.

ALSO Germany tops € 1 billion sales

Unit sales in the German PC market rose by 10 % in 2007, which was equivalent to an increase in value of 3 to 5 %. By contrast, ALSO Germany pushed up sales in 2007 by 25 % to CHF 1 690.2 million compared with 2006 (CHF 1 350.0 million). The company has thus doubled its sales within three years and passed the € 1 billion mark for the first time ever. Thanks to the increase in sales and further productivity gains, ALSO Germany reported a marked improvement in operating profit and net income in 2007 compared with the previous year.

ALSO Germany showed profitable growth in all its business units during the year under review.

- As a result of setting up a specialist department in 2006, the retail division remained firmly on course for growth and, in Rewe, Staples and Metro, acquired three major new customers. In addition, ALSO managed to expand the Media-Saturn group's fulfilment business in this sector.
- ALSO acquired a number of small and medium-sized clients in the HP reseller channel. This sector also reported higher sales of HP Care Packs (warranty extensions) in the server and storage segment.
- As for the other reseller channel business, ALSO reported substantial growth with existing vendors in the consumer segment and extended its product portfolio with ASUS and Toshiba. In Software, ALSO increased its customer base by 25 % and added various product lines from Adobe to its portfolio.

GNT Group reports significant improvement

The Nordic PC markets serviced by GNT in Finland, Norway and Sweden showed 12 % unit sales growth over 2006, which represented an approximate 8 % increase in value. In the PC Eastern European markets of Estonia, Latvia, Lithuania and Poland, unit sales rose by over 30 %, which is equivalent to an increase of 20 to 25 % in value.

In 2007, the GNT Group posted sales of CHF 2 299.6 million (2006: CHF 926.3 million for the period 01.09.06 – 31.12.06). On a comparable full year basis, GNT generated about the same level of sales as the previous year. However, sales growth differed from country to country. In Finland and Norway, GNT boosted sales overall by 5 %, and in the Baltic states and Poland by an overall 17 %. In Sweden, on the other hand, restructuring and, linked to this, the right sizing of the product portfolio pushed sales well below the level for 2006.

For the first six months of 2007, and mainly because of the losses incurred by the Swedish subsidiary, GNT was still posting a loss. In the second half of the year, with Sweden massively reducing its losses in the wake of restructuring and the other GNT subsidiaries achieving substantially better figures than in the first half, GNT reported a net income of CHF 6.0 million. The result for the whole of 2007, then, was still a loss of CHF -13.2 million (2006: CHF -11.6 million for the period 01.09.06 – 31.12.06, or CHF -21.8 million for the whole of 2006), which represents a substantial improvement over 2006. At CHF 12.6 million, operating profit was significantly higher than the previous year (CHF -7.6 million for the whole of 2006, or CHF -3.8 million for the period 01.09.06 – 31.12.06).

In 2007, the focus at GNT was on restoring sustainable profitability in general and on effecting turnarounds in Sweden and Norway in particular. The two subsidiaries made considerable progress with their operations in 2007, and although both companies had to contend with the negative influences of extraordinary sales from stock and various balance sheet adjustments, these should have been concluded by the end of 2007.

During 2007, ALSO introduced a vendor-oriented form of organization to both Sweden and Norway of the kind that has been so successfully practised in Switzerland and Germany for more than 15 years. At the same time as restructuring the organization, ALSO reduced the vendor portfolio in these two countries from well over 100 to around 50 brands, in order to offer the remaining suppliers a significantly better performance in the medium term. The Swedish subsidiary also reduced its workforce from over 200 to around 120 full-time positions and made substantial long-term savings to its operating costs.

GNT Finland developed slightly better than the market. It consolidated its position as market leader and more than double its net income compared with the previous year. In the Baltic states, GNT maintained its leading position as well as the high level of profitability achieved in 2006. In 2007, GNT Poland channelled all its energies into building on its position with strategic vendors. Its sales of notebooks supplied by HP – its biggest customer – were higher than any other HP distributor's. With an eye to the enormous potential of this vendor, GNT Poland set up an HP-dedicated unit last year, which will be working exclusively for HP.

Focus on quality pays off

ALSO's long-term focus on quality turned out to be successful yet again in 2007, with both ALSO and GNT receiving numerous awards from customers and vendors.

In Switzerland, ALSO was voted best IT Distributor in the annual survey carried out by trade magazine IT Reseller for the seventh time in eight years. On the vendor side, CISCO voted ALSO Services Partner of the Year 2007 in the Value-Added Distribution category.

In the annual dealer survey carried out by Computer Reseller News, our Germany subsidiary was awarded the highest marks of all comparable distributors for the eighth time in a row and was the only broadline distributor to receive the accolade of "Excellent Distributor". In another survey covering 1500 dealers, this time carried out by the trade magazine Channel Partner, ALSO was voted "Preferred Distributor". And in the "Distri Award", presented by trade magazine IT Business for the first time in 2007, ALSO achieved a "platinum ranking" at the first attempt.

In Finland, GNT was nominated best «Premier Partner» by HP and certified by Microsoft as the first and so far only "Microsoft Gold Certified Partner for Licensing Solutions". In the survey carried out by the trade magazine IT-Bransjen and IDG Magazine, GNT Norway took second place in the rankings against its comparable distributors. In the Baltic states, GNT was the only distributor to retain its special status with HP as a "Premier Partner".

EWG growing faster than main competitors

Back in 2002, the European Wholesale Group (EWG) alliance co-founded by ALSO was still posting sales of EUR 2.5 billion, compared with the EUR 7.5 billion then generated by Tech Data, the biggest player in the field. In 2007, the current members of the alliance – ALSO (CH), Copaco (NL) and Esprinet (I) – were already posting combined sales of well over EUR 6 billion, while those of their largest competitor Tech Data will probably have been around EUR 9 billion. Since its foundation, then, EWG has pushed up its sales from one-third to over 70% of the sales of this competitor.

Optimism for 2008 despite financial turmoil

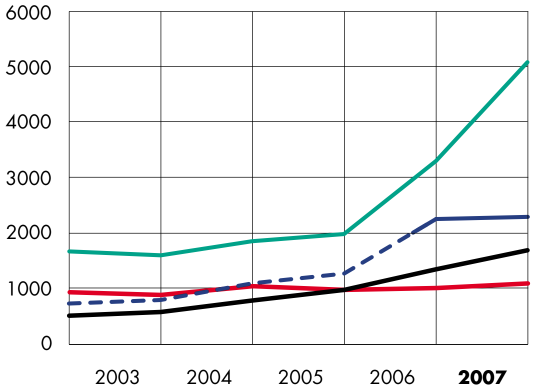
Economic growth in the euro zone should be maintained for the time being in 2008 and provide the IT industry with further impetus for growth. It is generally expected that corporate clients will invest more in upgrading or replacing their IT infrastructures, particularly mobile solutions and with it, increasingly security solutions. In the case of private consumers, demand for digital convergence products should increase. And in the consumer electronics sector, "Euro 08" could well revive demand for flatscreen TVs.

For all this, the economic outlook is clouded by various uncertainty factors: The financial crisis in the USA has in the meantime assumed greater proportions than generally expected and spread to other parts of the global financial system. The high price of oil, the weak dollar and the strong euro have all fuelled the prevailing uncertainty not only at corporate level but also among private consumers. These uncertainties could have negative repercussions on the IT industry and push demand lower than currently expected.

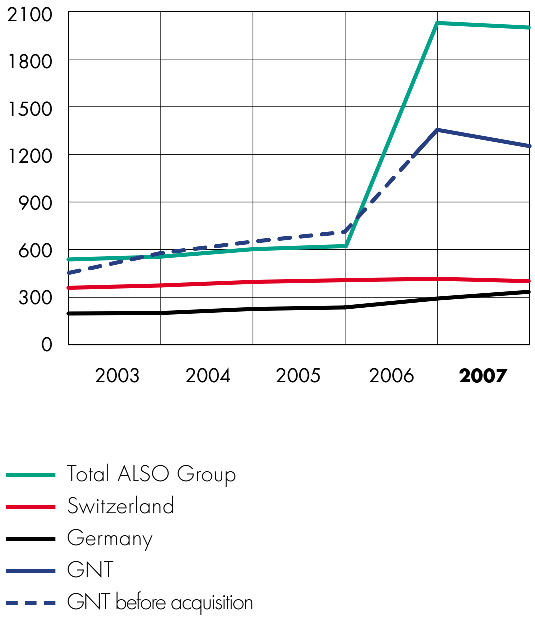
Ignoring the uncertainties mentioned above, growth rates for PCs and related products in Eastern Europe will most likely be significantly higher than in central and northern Europe due to the much lower level of market saturation in the former markets, although the overheated economy and inflationary tendencies currently being experienced in the Baltic states may well prove the opposite.

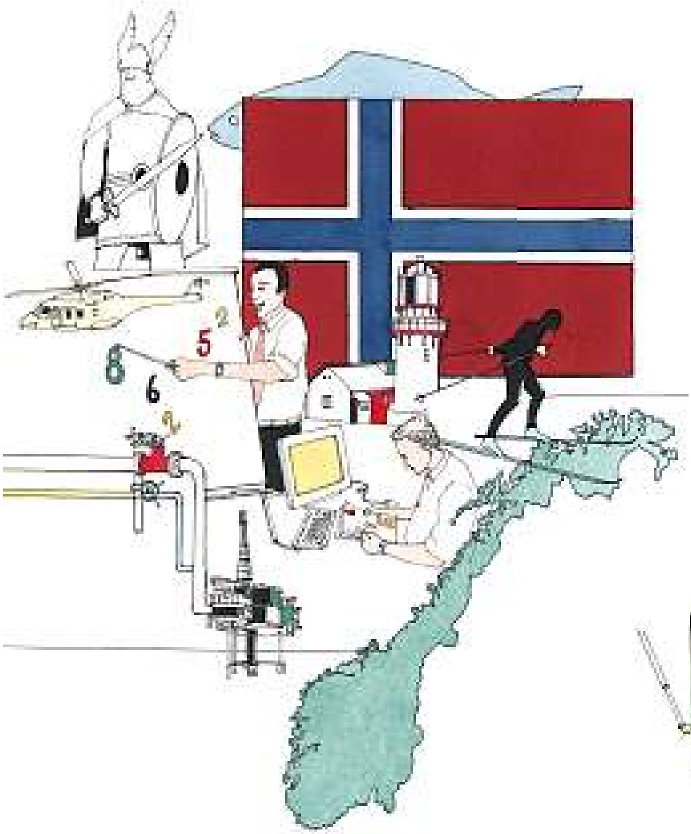
In Switzerland, ALSO intends to exploit the consolidation process taking place in the distribution market and continue growing in the SMB reseller segment. Another main focus for 2008 is the construction of a second logistics centre in Emmen, with a surface area of 25 000 square metres, to consolidate the logistics bases again and enable ALSO to exploit cost-savings potential. In Germany, ALSO is planning further profitable growth and hopes to win additional market shares among small and medium-sized resellers. At the same time, it will be expanding its ware-house space in Braunschweig to a total of 35 000 square metres. At GNT, the focus will remain on bringing about the turnaround in Sweden and Norway as well as engineering a sustainable increase in profitability in the remaining countries.

Sales
CHF Mio.



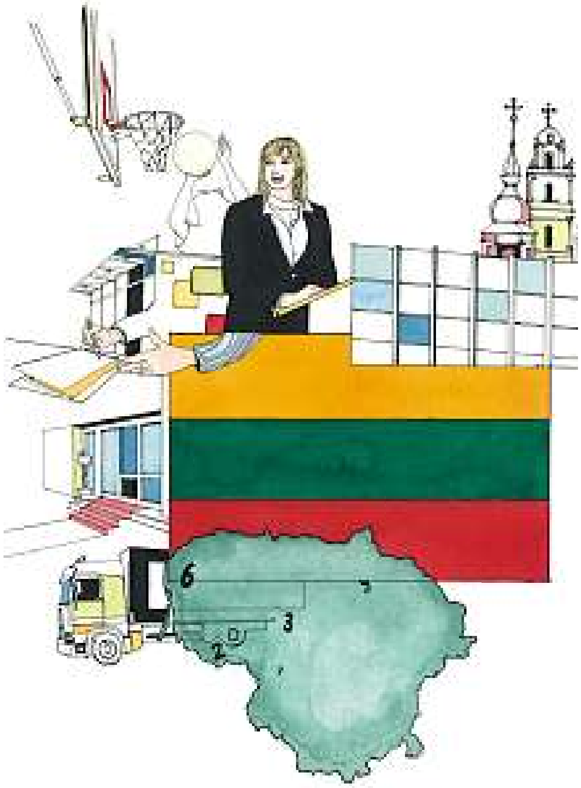
Year-end headcount (per 31.12.)





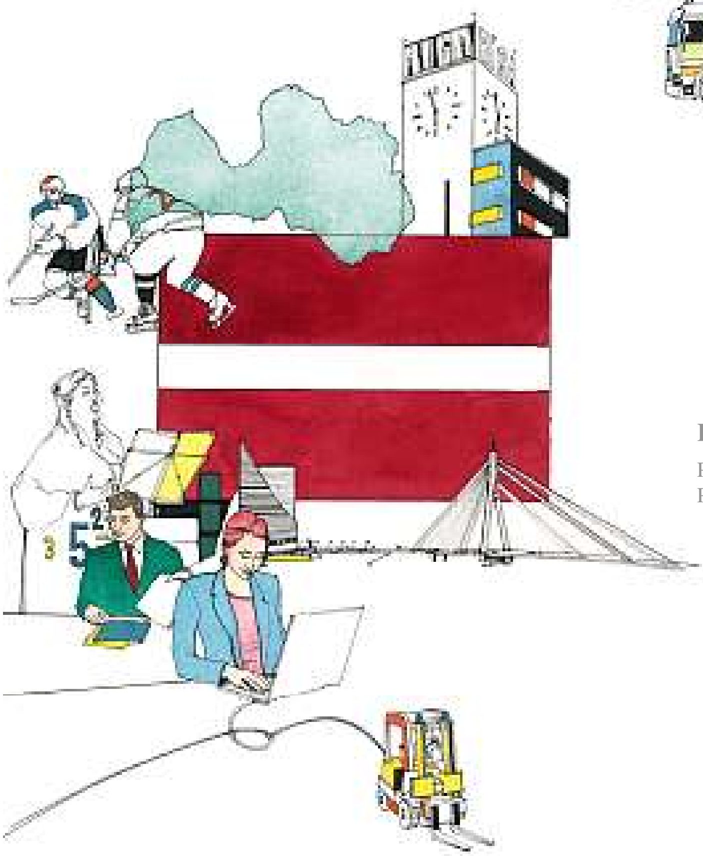
Norway

Population in millions: 4.6, GDP USD: 72 305
Personal computers per 100 population: 57



Lithuania

Population in millions: 3.4, GDP USD: 8 610
Personal computers per 100 population: 15



Latvia

Population in millions: 2.3, GDP USD: 8 550
Personal computers per 100 population: 22

Corporate Governance

The content and structure of the following information meet the requirements of the Corporate Governance Directive of the SWX Swiss Exchange.

1. Group structure and shareholders

1.1 Group structure

For a summary of the main Group companies and subsidiaries, see page 70 of the Financial Report.

1.2 Major shareholders

	31.12.07	31.12.06
– Schindler Holding AG, Hergiswil (Switzerland)	64.0%	64.0%
– Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	5.0%	5.0%
– SaraSelect Anlagefonds, Basel (Switzerland)	5.0%	5.0%

(participation according to the share register)

During the year under review, Bestinver Gestion issued a disclosure notification in accordance with Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading, announcing that its stake in the ALSO Group had exceeded the 10% disclosure limit. Bestinver Gestion S.G.I.I.C. S.A., Madrid, holds a total of 13,1% (previous year 8,4%) and SaraSelect investment fund, Basel, holds 5,6% (previous year 5,3%) of ALSO shares.

The Board of Directors decided that Bestinver Gestion and the SaraSelect investment fund should be recognized as major shareholders and that only 5% of the voting rights they hold should be entered in the share register.

The remaining shareholders are entered in the share register with their entire holdings of shares.

1.3 Cross-ownership

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

2. Capital structure

2.1 Capital
Capital structure as of 31 December 2007

Capital	Total	Number of registered shares	Nominal value per share
Ordinary share capital	CHF 6 038 590	6 038 590	CHF 1
Authorized capital	–	–	–
Conditional capital	CHF 151 410	151 410	CHF 1

The market capitalization of the ALSO Group as of 31 December 2007 was CHF 416.7 million. ALSO shares have been listed on the SWX Swiss Exchange since 1986 (symbol: ALSN, security no. 2459027).

2.2 Conditional capital
At the end of 2007, ALSO Holding AG had conditional capital of CHF 151 410. This conditional capital was created for the following purpose, as defined in the company's Articles of Association:

Employee share 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 share program plan established for the employees of companies affiliated to ALSO Holding AG for a maximum of 151 410 fully paid-up registered shares with a nominal value of CHF 1 each.

According to the terms of the employee share purchase program, the holders of the options are entitled to subscribe to the new shares. The subscription rights of existing shareholders do not apply to these new shares. The newly issued shares are subject to the restrictions listed under Art. 5 of the Articles of Association.

2.3 Changes in capital during the last three years

Changes	Number of registered shares	Total nominal value in CHF 1000
Share capital as of 1 January 2005	**603 859**	**6 039**
Increase in share capital in 2005	–	–
Share capital as of 31 December 2005	**603 859**	**6 039**
Increase in share capital in 2006	–	–
Share split as of 23 March 2006, 1:10		
Share capital as of 31 December 2006	**6 038 590**	**6 039**
Increase in share capital in 2007	**–**	**–**
Share capital as of 31 December 2007	**6 038 590**	**6 039**

2.4 Shares

The share capital totalled CHF 6 038 590 as of 31 December 2007. It consists of 6 038 590 fully paid-up registered shares with a nominal value of CHF 1 each. Subject to Art. 5 of the Articles of Association, each registered share entitles the shareholder to one vote as well as to a proportionate share of the available earnings and liquidation proceeds.

No shares with preferential rights exist.

2.5 Participation and profit-sharing certificates

No participation or profit-sharing certificates were issued.

2.6 Restrictions on the transferability of shares and the registration of nominees

2.6.1. Restrictions on the transferability of registered shares

In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register a purchaser of shares as a full shareholder (i.e. as a shareholder with voting rights) if:

a) The purchaser has not acquired the shares in his/her own name and on his/her own account.
b) The purchaser would hold more than 5 % of voting rights as a result of his/her entry in the share register. The voting rights of associated shareholders are counted collectively.
c) The entry of the purchaser in the share register could prevent the company from providing evidence of its shareholder structure as required under Swiss law.

If the registered shares have been acquired directly by inheritance, the distribution of an estate or under matrimonial property law, the company cannot refuse to register the party which has acquired the shares as a full shareholder.

The Board of Directors has the right to register a purchaser who exceeds the maximum percentage holding as defined under Art. 5, para. 1 lit. b) and c) of the Articles of Association as a full shareholder if this is in line with business interests. The Board of Directors may submit its decision to the Annual General Meeting for approval.

2.6.2. Registration of nominees

The Articles of Association do not contain any special rules regarding the entry of nominees in the share register.

3. Board of Directors

3.1. Members of the Board of Directors, activities and vested interests

All members of the Board of Directors hold Swiss citizenship.

Thomas C. Weissmann
Born 1951, Chairman of the Board of Directors and Chief Executive Officer (executive member).
Member since 1 July 1988, Chairman since 1992, elected until the 2009 Annual General Meeting.
Present position
Chief Executive Officer of the ALSO Group.
Previous positions
Director of Corporate Development at Schindler Management Ltd., Ebikon (Switzerland), Manager with the Boston Consulting Group, Munich (Germany).
Education and qualifications
Degree in Business Administration from the University of St. Gallen (Switzerland), MBA from the Harvard Business School, Boston (USA).

Prof. Dr. Rudolf Marty
Born 1949, Member since 15 June 1993, elected until the 2009 Annual General Meeting.
Present position
Owner, consultant of OPEXIS GmbH in Horw (Switzerland)
Other activities and interests
Professor of Information Technology at the University of Zurich (Switzerland), President of the Gebert Rüf Foundation, Basel (Switzerland), Member of the Supervisory Board of the Software Competence Center Hagenberg, Hagenberg (Austria), Member of the IT Expert Committee of the Institute of Technology, Rapperswil (Switzerland), Member of the IT Committee of the University of Zurich (Switzerland).
Previous positions
Managing Partner of "itopia – corporate information technology", Zurich (Switzerland), Head of Applications Development at the Union Bank of Switzerland (UBS), Zurich (Switzerland), Head of the IT Research Laboratory of UBS, Zurich (Switzerland).
Education and qualifications
Degree in Business Administration and a Doctorate in Information Technology from the University of Zurich (Switzerland).

Prof. Dr. Karl Hofstetter
Born 1956, Member since 22 April 1996, elected until the 2009 Annual General Meeting.
Present position
Executive Member of the Board of Directors of the Schindler Group and Group General Counsel.
Other activities and interests
Honorary Professor in Civil and Commercial Law at the University of Zurich (Switzerland), Member of the Governing Council of the University of Lucerne (Switzerland), Member of the Commission of Experts on Disclosure of Shareholdings of the SWX Swiss Exchange, Member of the Arbitration Commission of the Central Swiss Chamber of Commerce, Member of the Board of Directors of Venture Incubator AG, Zug (Switzerland), Visiting Professor at Fudan University, Shanghai, in November 2007.
Previous positions
Practiced law in Zurich (Switzerland) and New York (USA).
Education and qualifications
Studied Law and Economics at the University of Zurich (Switzerland), Stanford, UCLA and Harvard (USA); qualified to practice law in Zurich (Switzerland) and New York (USA).

3.2 Election and term of office
Each member of the Board of Directors is elected for a term of three years. All of the members of the Board of Directors were individually elected at the 2006 Annual General Meeting.

A member of the Board of Directors must retire at the Annual General Meeting at which the Annual Report for the financial year in which he/she reaches the age of 70 is approved.

3.3 Internal organization
The Board of Directors constitutes itself by appointing one of its members as Chairman.

3.3.1. Division of roles within the Board of Directors and working methods

The Board of Directors is responsible for the overall direction of the ALSO Group as well as for the supervision and control of the Executive Board in accordance with the Articles of Association, regulations and applicable legislation.

Furthermore, the Board of Directors is responsible for reaching decisions relating to the following issues in particular:
- The objectives and strategy of the entire Group;
- The basic conditions for business activities;
- The composition of Group Management;
- Transactions exceeding specific sums.

As part of its duties, the Board of Directors defines the Group's organizational structure and appoints the Group Management and the individuals who are responsible for representing the company.

The Board of Directors takes decisions only when all its members are present.

The Chairman of the Board of Directors convenes meetings as often as the Group's operations require them, with at least four ordinary half-day or full-day meetings being held per year. In addition to these ordinary meetings, the Board of Directors holds one two-day strategy meeting per year together with the Group Management. A total of 8 meetings were held during the year under review.

3.3.2 Committees
The Board of Directors has no standing committees. However, it may establish ad-hoc committees to carry out preparatory work and to execute its decisions.

3.4 Delegation of responsibilities
The delegation of responsibilities between the Board of Directors and Group Management is set out in the Organizational and Business Regulations of ALSO Holding AG, Hergiswil.

In the Organizational and Business Regulations, the Board of Directors delegates the operational management of the company to the Group Management unless the law, Articles of Association or organizational regulations stipulate otherwise. In addition, the Board of Directors is authorized to make decisions on all matters which do not fall within the remit of the Annual General Meeting or another corporate body according to the law or the Articles of Association.

3.5 Group Management reporting and control
At each meeting, the Board of Directors is informed by the Group Management about the current performance of the business and any significant operational matters. All members of the Board of Directors are notified immediately of any exceptional occurrences.

The Executive Committee of the Board of Schindler Holding Ltd. and the company's Audit Committee are responsible for monitoring the activities of ALSO Group Management as part of the uniform management approach practiced by the Schindler Group. These duties are defined in conjunction with the Board of Directors of ALSO Holding AG. Furthermore, Prof. Dr. Karl Hofstetter serves as both a Member of the Board of Directors of ALSO and a Member of Schindler's Audit Committee.

The Board of Directors also receives regular internal reports as well as reports from the external auditors.

4. Group Management

4.1 Members of the Group Management

Michael Dressen is a German citizen. All other members of the Group Management are Swiss citizens.

Thomas C. Weissmann

Born 1951

Present position

Member of the Board of Directors since 1 July 1988 (Chairman since 1992), Chief Executive Officer (executive member) of the ALSO Group since 1 October 1988.

Previous positions

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

Education and qualifications

Degree in Business Administration from the University of St. Gallen (Switzerland), MBA from the Harvard Business School, Boston (USA).

Michael Dressen

Born 1956

Present position

Managing Director of ALSO Deutschland GmbH, Straubing (Germany) since 1 June 2005.

Previous positions

Managing Director of DHI Consulting GmbH, Munich (Germany), CEO of AmeriQuest Technologies, Los Angeles (USA), COO of Transtec AG, Tübingen (Germany), CEO of Computer 2000 Spa, Milan (Italy).

Education and qualifications

IT and commercial training.

Marc Schnyder
Born 1952
Present position
Managing Director of ALSO Schweiz AG, Emmen (Switzerland) since 1 January 1988.
Previous positions
Head of Human Resources at ALSO Holding AG, Hergiswil (Switzerland), various teaching positions.
Education and qualifications
Assistant in Nuclear Medicine, IT and commercial training, teacher training.

Hans Wyss
Born 1958
Present position
Chief Financial Officer of the ALSO Group since 1 March 2005.
Previous positions
Head of Finance & HR at ALSO Schweiz AG, Emmen (Switzerland), Head of Finance & Administration at PMT AG, Zug (Switzerland), Head of Finance & Administration at ESEC SA, Cham (Switzerland), Head of Finance & Administration of Perkin Elmer, Rotkreuz (Switzerland).
Education and qualifications
Degree in Business Administration, School of Economics and Business Administration (HWV) Lucerne (Switzerland), Postgraduate Diploma in Corporate Finance, Lucerne School of Business (HSW), Lucerne (Switzerland).

Peter Zurbrügg
Born 1955
Present position
Chief Information Officer of the ALSO Group since 1 November 2001.
Previous positions
Chief Executive Officer of Mount 10, Rotkreuz (Switzerland), Head of Operations for Decentralized Systems at UBS Switzerland, Zurich (Switzerland).
Education and qualifications
Degree in Electrical Engineering, Juventus College, Zurich (Switzerland).

4.2 Management agreement

The ALSO Group procures certain management services from the Schindler Group. The full details of this arrangement are set out in a management agreement between Schindler Management Ltd., Ebikon (Switzerland) and ALSO Holding AG, Hergiswil.

Where required, ALSO mandates Schindler with the implementation, supervision and management of tax, legal and actuarial services. In addition, ALSO procures services from Schindler in the areas of treasury, the planning of human resources, recruitment, marketing and controlling.

Management fees, which are charged at the market rate on an arm's length basis, are based on the actual services rendered during the period under review and the expertise of the staff involved. Management fees totalled TCHF 3 070 for the year under review (previous year: TCHF 2 578).

The management fees also include the total compensation paid to Thomas C. Weissmann by Schindler Management Ltd. and charged to ALSO.

5. Compensation report

5.1 Principles
The success of the ALSO Group is determined by the quality and commitment of its employees. The Group's compensation policy is aimed at attracting, motivating and retaining qualified professionals. Moreover, it offers performance-related compensation that is designed to encourage an entrepreneurial attitude and approach among its staff.

Basic compensation principles:
- Compensation is based on performance and is in line with the market;
- Employees are able to participate in the Group's success;
- Decisions relating to compensation are fair and transparent.

5.2 Responsibilities and procedures to determine compensation
Thomas C. Weissmann, Chairman of the Board of Directors and Chief Executive Officer, has an employment contract with Schindler Management Ltd. The compensation paid to him by Schindler Management Ltd. is charged to ALSO in the form of management fees.

The compensation paid to Thomas C. Weissmann is determined by the non-executive members of the Board of Directres of the ALSO Group on basis of a common appraisal together with a member of the Executive Commitee of the Board of Schindler Holding AG.

Prof. Dr. Karl Hofstetter, a non-executive member of the Board of Directors, also has an employment contract with Schindler Management Ltd. His compensation is paid exclusively by Schindler Management Ltd.

The Board of Directors approves the fee paid to the second non-executive member of the Board of Directors based on the Chairman's proposal.

The Board of Directors approves the compensation paid to the members of Group Management based on the Chief Executive Officer's proposal.

The Chairman informs the Board of Directors about the compensation process once a year and proposes changes to the compensation system where necessary.

The Board of Directors performs its role without the assistance of external consultants.

5.3 Compensation system
5.3.1 Board of Directors
5.3.1.1 Non-executive members of the Board of Directors
The non-executive member of the Board of Directors paid by ALSO, Prof. Dr. Rudolf Marty, receives a fixed fee but no performance-related compensation for his work. No direct compensation is paid to Prof. Dr. Karl Hofstetter by ALSO, and the compensation paid to him by Schindler is not charged to ALSO.

5.3.1.2 Executive members of the Board of Directors
Thomas C. Weissmann receives both fixed and performance-related (variable) compensation for his work as Chief Executive Officer. He does not receive any additional compensation for his work as Chairman of the Board of Directors.

The fixed compensation comprises a monthly salary and a supplementary year-end compensation component, as well as an allowance for representation and travel expenses. In addition, a fixed sum is deposited in the Schindler Foundation (management pension fund). Certain benefits in kind and fringe benefits may also be provided.

The variable compensation components amount to approximately 90% of the fixed annual compensation and consist of a cash bonus, shares and options on shares of ALSO Holding AG. Variable compensation is determined by the achievement of financial (quantitative) and personal (qualitative) targets.

30% of the bonus – up to a maximum of CHF 135 000 – is paid in the form of shares of ALSO Holding AG at a pre-defined price. In addition, Thomas C. Weissmann receives options on shares of ALSO Holding AG with a maximum value of CHF 90 000. The number of options granted is calculated on the basis of the economic value of the option (Black Scholes formula) when the exercise price is set.

5.3.2 Group Management
For details of the compensation paid to the Chief Executive Officer, see section 5.3.1.2.

The other members of Group Management receive both fixed and performance-related (variable) compensation. The fixed compensation comprises a monthly salary as well as an allowance for representation expenses. Certain benefits in kind and fringe benefits may also be provided.

The variable compensation consists of a cash bonus and the opportunity to participate in the share purchase program (see section 5.3.3.1. "ALSO share purchase program") of ALSO. It amounts to approximately 90% of the fixed annual compensation.

The cash bonus is determined as follows: 30% is based on the achievement of budgeted net profit, 30% on the EBT of the business area for which the member of Group Management is responsible and 40% on the achievement of personal (qualitative) targets. In the case of members of Group Management who are not responsible for any financial results, the personal (qualitative) targets have a 70% weighting.

5.3.3 Employee capital participation plans
5.3.3.1 ALSO share purchase program
On 1 January 2001, a share purchase program was introduced for the employees of the ALSO Group. The program offers Group employees the opportunity to become shareholders at preferential terms and to subsequently participate in the long-term success of the ALSO Group.

The following parameters apply to the share purchase program:

► Duration of the program:	until further notice
► Max. purchase amount p.a.:	2.5% of annual gross salary (incl. cash bonus)
► Basis for purchase price:	average closing share price for the period 1–15 April
► Price reduction:	50%
► End of subscription period:	30 April
► Delivery:	1 June
► Restriction period:	2 years

The Board of Directors can alter the regulations and parameters of the share purchase program at any time. The employees of the GNT Group are currently not eligible to participate in the program.

5.3.3.2 Schindler capital participation plan
As the Chairman of the Board of Directors and Chief Executive Officer, Thomas C. Weissmann has an employment contract with Schindler Management Ltd. and participates in the Schindler capital participation plan. However, he is allocated shares and options of ALSO Holding AG instead of shares and options of Schindler Holding Ltd. Thomas C. Weissmann is not eligible to participate in the ALSO share purchase program.

A capital participation plan comprising a stock and option plan was created for the executive management of the Schindler Group in 2000. The plan has a term of six years and was extended by a further six years in 2006. The Board of Directors of Schindler decides on the specific structure of the plan and its beneficiaries on an annual basis.

Under the terms of the stock plan, the allocated shares are transferred to the ownership of the employee and include all related rights but are blocked for a period of three years, during which the recipient cannot dispose of them. The allocation value of the shares is determined by the Board of Directors of Schindler at its March meeting in the year under review. The allocation value of each share is based on the average market value of the shares in December of the previous year, less a discount defined by the Board of Directors.

Under the terms of the option plan, the exercise price of the options is determined by the Board of Directors of Schindler at its March meeting in the year under review and is based on the average market value of the shares in December of the previous year, plus a premium defined by the Board of Directors of Schindler. In the case of Thomas C. Weissmann, one option entitles the holder to purchase one registered share of ALSO Holding AG after the expiry of the three year vesting period. The exercise period is three years from the end of the vesting period. All options only provide an entitlement to purchase shares of ALSO Holding AG; no cash payments are offered.

5.3.4 Employment contracts and special awards
There are no employment contracts with a notice period exceeding one year.

The employment contracts with members of the Group Management do not contain any clauses relating to severance payments or awards (e.g. "golden parachutes") in the event of a change of control.

5.4 Compensation paid in the year under review
The following compensation disclosure comprises the compensation paid to the members of the Board of Directors and Group Management for the entire year under review, subject to the following additional provisions and restrictions:

- The variable compensation components reported below relate to the financial year which has been completed.
- The delivery of shares and options and the payment of the cash bonus to the Chief Executive Officer by Schindler takes place in April of the following year. The cash bonus is paid to the other members of Group Management in February of the following year.
- If a new member joins the Board of Directors or Group Management, he/she is included from the date on which he/she assumed the relevant function.
- Company cars can be made available to members of Group Management in individual cases. This benefit is reported under "Benefits in kind".
- Members of the Board of Directors and Group Management may receive certain fringe benefits. Provided individual benefits do not exceed the value of CHF 500 and the total benefits do not exceed the value of CHF 20 000 per financial year, they are not reported.
- Any contributions to pension funds or executive insurance plans and any benefits in the form of discounted insurance premiums are reported as "Pension expenses". No increase in employee pension contributions was made in the year under review.
- No severance payments or securities (sureties, guarantees, etc.) were made or granted to the members of the Board of Directors or Group Management in the year under review. The company did not waive any claims vis-à-vis members of the Board of Directors or Group Management.
- The members of the Board of Directors and Group Management did not receive any fees or compensation for additional work completed for ALSO Holding AG or another Group company.

5.4.1 Members of the Board of Directors of ALSO Holding AG
Aggregate compensation

CHF 1000	Cash, fixed (gross)	Pension expenses	**Total 2007**
Thomas C. Weissmann * Chairman, executive member	–	–	**–**
Prof. Dr. Karl Hofstetter ** Non-executive member	–	–	**–**
Prof. Dr. Rudolf Marty Non-executive member	27	1	**28**
Aggregate compensation	**27**	**1**	**28**

* The compensation paid to Thomas C. Weissmann is reported exclusively as part of the compensation paid to the members of Group Management (5.4.2).

** Prof. Dr. Karl Hofstetter has an employment contract with and is paid by Schindler. He does not receive any compensation from ALSO.

The compensation paid to Prof. Dr. Rudolf Marty is unchanged compared to the previous year.

5.4.2 Members of Group Management
Aggregate compensation

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Bonus (gross)	Shares	Options	Benefits in kind	Pension expenses	**Total 2007**
Group Management – Total	1 409	1 231	108	30	7	478	**3 263**
Highest individual compensation – Thomas C. Weissmann	468	268	66	30	–	245	**1 077**

Number of shares and options on shares

	Number of shares	Options awarded
Group Management – Total	2 195	1 602
Highest individual compensation – Thomas C. Weissmann	955	1 602

In the case of Thomas C. Weissmann, the allocation value of the shares and the exercise price of the options was determined by Schindler in March 2007 in connection with the Schindler capital participation plan (see section 5.3.3.2 "Schindler capital participation plan"). The registered shares were valued at CHF 55.00 (average market value of the shares in December 2006 of CHF 61.12, less the discount of 10% defined by the Board of Directors of Schindler due to the three-year restriction period). The exercise price of the options was set at CHF 67.20 (average market value of the shares in December 2006 of CHF 61.12, plus the premium of 10% defined by the Board of Directors of Schindler). The value of an option calculated according to the Black Scholes formula is CHF 19.66.

In the calculation of aggregate compensation, registered shares of ALSO Holding AG were included at the market price of CHF 69.00 as of end-December 2007.

The options awarded were included on the basis of the value of CHF 18.64 per option, calculated in accordance with the Hull White formula.

In the case of the other members of Group Management, an average price of CHF 67.67 per share of ALSO Holding AG (average closing prices from 1 to 15 April 2007) was calculated in connection with the voluntary share purchase program (see section 5.3.3.1 "Share purchase program"). The preferential purchase price was CHF 33.80 per share (discount of 50%). In the calculation of aggregate compensation, the discount of CHF 33.87 was applied to compensation in the form of shares.

The highest individual compensation in the year under review was TCHF 1 077, paid to Thomas C. Weissmann by Schindler. This compensation is included in the management fees charged to ALSO by Schindler Management Ltd. for 2007 (see section 4.2 "Management agreement").

In the year under review, the variable component of the compensation paid to the Chief Executive Officer amounted to 78% of the fixed compensation. The variable component for the other members of the Group Management averaged 98% of the fixed compensation.

5.4.3 Former members of the Board of Directors and Group Management

No payments were made to former members of the Board of Directors or Group Management in the year under review.

5.4.4 Related parties

No payments were made to parties related to current or former members of the Board of Directors or Group Management in the year under review.

5.5 Loans

5.5.1 Current and former members of the Board of Directors and Group Management

No loans were extended to current or former members of the Board of Directors or Group Management by ALSO Holding AG or another Group company in the year under review, and no such loans were outstanding as of 31 December 2007.

5.5.2 Related parties

No loans were extended to parties related to current or former members of the Board of Directors or Group Management by ALSO Holding AG.

5.6 Shares, options and conversion rights

The shares and options held by the members of the Board of Directors of ALSO Holding AG and Group Management, as well as related parties, are as follows:

5.6.1 Board of Directors

as of 31.12.2007	Number of shares	Number of options [1]
Thomas C. Weissmann Chairman, executive member	Included in Group Management compensation	
Prof. Dr. Karl Hofstetter Non-executive member	2000	–
Prof. Dr. Rudolf Marty Non-executive member	10	–
Total	**2010**	**–**

5.6.2 Group Management

as of 31.12.2007	Number of shares	Number of options [1]
Thomas C. Weissmann Chief Executive Officer (CEO)	11 342	3 960 [2]
Michael Dressen Managing Director	600	–
Marc Schnyder Managing Director	3 346	–
Hans Wyss Chief Financial Officer (CFO)	1 731	–
Peter Zurbrügg Chief Information Officer (CIO)	1 900	–
Total	**18 919**	**3 960**

1) Vested options only
2) Acquisition date: 2004 (2003 grant)
For information on the term, subscription ratio and exercise price of the options, see the overview in section 6.1 of the Notes to the Consolidated Financial Statements.

6. Shareholders' rights of participation

6.1 Restrictions on voting rights
With the exception of the restrictions on the transferability of shares, the Articles of Association do not impose any restrictions on shareholders' voting rights.

The rights of shareholders to participate in the Annual General Meeting are in line with legal requirements and the Articles of Association. Shareholders may be represented by other shareholders, corporate representatives, the independent proxy or representatives of safe-custody accounts.

6.2 Statutory quorum
Unless the law states that a qualified majority is required, the Annual General Meeting takes its decisions on the basis of the majority of votes cast, regardless of the number of shareholders present or shares represented.

In the case of elections, the first round of voting is decided by an absolute majority and the second round by a relative majority. If the votes are tied, the Chairman has the casting vote.

6.3 Notice of the Annual General Meeting
Notice of the Annual General Meeting is given in the form of a non-registered letter sent to the address of shareholders recorded in the share register and an announcement in the Swiss Commercial Gazette at least 20 days prior to the meeting. Although not required by statute, it is also customary for notice of the Annual General Meeting to be published in selected Swiss daily newspapers.

6.4 Inclusion of an item on the agenda
In accordance with Art. 12 of the Articles of Association, shareholders who represent 5 % of the share capital can request that an item will be included on the agenda.

6.5 Entries in the share register
Only shareholders with voting rights who are recorded in the share register by the deadline are eligible to attend the Annual General Meeting and to exercise their voting rights. The Board of Directors tries to ensure that this deadline for entry in the share register is as close as possible to the date of the Annual General Meeting, i.e. not more than five to ten days prior to it. There are no exceptions to the rule regarding the deadline for entries in the share register.

7. Change of control and defensive measures

Art. 29 of the Articles of Association waives the obligation to submit a public offer to purchase shares under Art. 32 and Art. 52 of the Swiss Federal Act on Stock Exchanges and Securities Trading.

There are no clauses relating to a change of control that require the payment of special awards (e.g. "golden parachutes") to the Members of the Board of Directors or the Group Management.

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

Ernst & Young AG has been the statutory and group auditor of ALSO Holding AG since 1995. The lead auditor has been responsible for auditing ALSO Holding AG as well as the consolidated financial statements since the financial year 2005.

8.2 Audit fee and additional fees

The fees calculated on an accrual basis by Ernst & Young as the auditor of the consolidated financial statements and the statutory auditor of ALSO Holding AG and the majority of Swiss and foreign Group companies for audits and additional services (primarily tax consultancy) in the year under review were as follows:

	Fees	
All figures in CHF 1000	**2007**	**2006**
Type of service		
Audit	826	506
Additional mandates	209	799

8.3 Monitoring and control of the auditors

The Board of Directors evaluates the performance, fees and independence of the group auditor and the statutory auditor on an annual basis. It discusses and reviews the scope of the audits as well as the resulting reports and subsequently decides on any amendments and improvements that need to be made.

Prior to the audit, the auditors receive detailed audit instructions from the Audit Committee of Schindler Holding Ltd. Special mandates from the Board of Directors of ALSO are included in the audit program.

The results of the audit are summarized in a management letter, which is submitted to the Board of Directors. The members of the Board of Directors, members of Group Management and the Audit Committee of Schindler Holding AG maintain regular contact with the statutory auditor.

9. Information policy

The company publishes its key figures every quarter. Detailed financial statements are published in the form of half-year and annual reports. The financial statements published by the ALSO Group comply with the regulations of Swiss company law, the listing rules of the SWX Swiss Exchange and International Financial Reporting Standards (IFRS).

The ALSO Group also presents its financial statements at its annual media conference and Annual General Meeting.

The ALSO Group's financial reporting complies with the disclosure requirements set out in Art. 21 of the Swiss Federal Act on Stock Exchanges and Securities Trading and its ad-hoc publicity complies with Art. 72 of the listing rules of the SWX Swiss Exchange.

General information about the Group, together with its annual reports, press releases and its current share price, can be found at www.also.com.

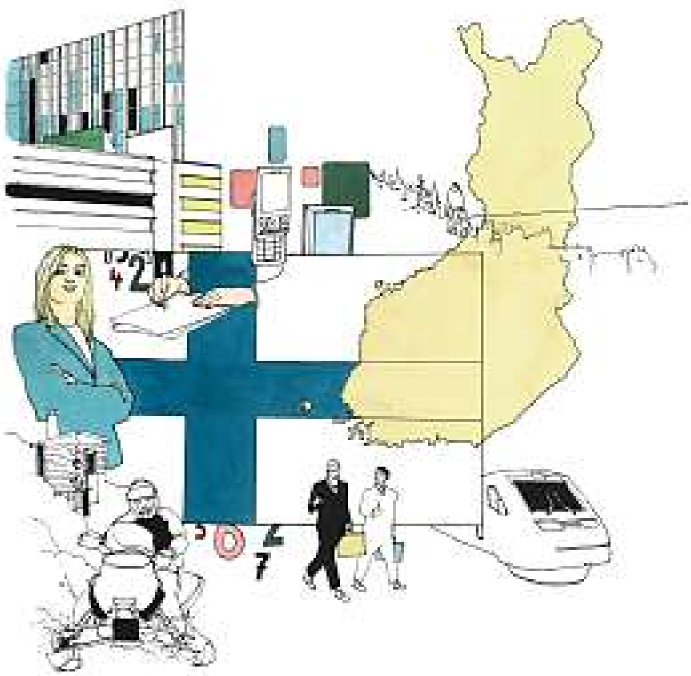
In addition, every ad-hoc announcement appears on the internet at the same time as it is published and can be accessed for a period of at least two years. Interested parties can also request that they may be included on the ALSO e-mail distribution list in order to receive information that may be relevant to the share price directly, promptly and free of charge. This service is offered on the website under "News" – "Subscribe".

Sweden

Population in millions: 9.1, GDP USD: 42 383
Personal computers per 100 population: 76

Estonia

Population in millions: 1.3, GDP USD: 12 203
Personal computers per 100 population: 49



Finland

Population in millions: 5.3, GDP USD: 40 197
Personal computers per 100 population: 48

Financial Report

Consolidated Financial Statements

Financial Statements ALSO Holding AG

Consolidated profit and loss statement

CHF 1000	Note	**2007**		**2006**	
Revenue from product sales		5 092 684		3 282 812	
Service revenue	3.1	33 199		24 918	
Deductions from revenue		–42 701		–30 598	
Total net sales	3.1	**5 083 182**	**100.0 %**	**3 277 132**	**100.0 %**
Cost of goods sold and service expenses		–4 833 695		–3 124 253	
Gross margin		**249 487**	**4.9 %**	**152 879**	**4.7 %**
Personnel expenses	3.2	–131 997		–85 438	
Other operating expenses	3.4	–79 469		–44 853	
Depreciation and amortization	4.5 / 4.6	–12 253		–7 722	
Other operating income	3.4	28 576		14 300	
Operating profit (EBIT)		**54 344**	**1.1 %**	**29 166**	**0.9 %**
Financial income	3.5	8 022		1 591	
Financial expenses	3.5	–38 739		–13 621	
Profit before tax (EBT)		**23 627**	**0.5 %**	**17 136**	**0.5 %**
Income taxes	3.6	–8 823		–4 953	
Net profit		**14 804**	**0.3 %**	**12 183**	**0.4 %**
EBITDA		66 597	1.3 %	36 888	1.1 %
Net profit (earnings) per share in CHF					
Undiluted	4.15	2.46		2.03	
Diluted	4.15	2.46		2.03	

Consolidated balance sheet

Assets

CHF 1000	Note	31.12.07		31.12.06	
Current assets					
Cash	4.1	84 024		67 870	
Accounts receivable	4.2	380 191		621 158	
Inventories	4.3	385 546		419 432	
Prepaid expenses and accrued income	4.4	111 166		94 429	
Total current assets		**960 927**	**84 %**	**1 202 889**	**85 %**
Non-current assets					
Property, plant & equipment	4.5	51 215		48 160	
Intangible assets [1]	4.6	131 657		162 474	
Investments in associated companies	4.8	54		92	
Financial assets		0		443	
Deferred taxes	3.6	428		288	
Employee benefits	3.3	0		61	
Total non-current assets		**183 354**	**16 %**	**211 518**	**15 %**
Total assets		**1 144 281**	**100 %**	**1 414 407**	**100 %**

[1] Previous year restated due to definite purchase price allocation (Note 4.12)

Consolidated balance sheet

Liabilities

CHF 1000	Note	31.12.07		31.12.06	
Current liabilities					
Financial liabilities	4.9	268 072		427 961	
Deferred conditional purchase price liabilities	4.13	66 963		0	
Accounts payable		368 855		390 149	
Accrued expenses and deferred income	4.10	159 104		192 824	
Tax liabilities		4 834		6 153	
Provisions	4.11	930		1 233	
Total current liabilities		**868 758**	**76 %**	**1 018 320**	**72 %**
Non-current liabilities					
Financial liabilities	4.9	20 911		61 658	
Deferred conditional purchase price liabilities	4.13	16 741		107 124	
Provisions	4.11	1 389		5 031	
Deferred tax liabilities [1]	3.6	21 039		20 214	
Employee benefits	3.3	274		0	
Total non-current liabilities		**60 354**	**5 %**	**194 027**	**14 %**
Total liabilities		**929 112**	**81 %**	**1 212 347**	**86 %**
Shareholders' equity					
Share capital		6 038		6 038	
Legal reserves		43 747		43 385	
Treasury shares	4.14	–15		–28	
Cash flow hedge reserve		–69		–1	
Foreign exchange differences		6 241		4 409	
Retained earnings		159 227		148 257	
Total shareholders' equity		**215 169**	**19 %**	**202 060**	**14 %**
Total liabilities and shareholders' equity		**1 144 281**	**100 %**	**1 414 407**	**100 %**

[1] Previous year restated due to definite purchase price allocation (Note 4.12)

Consolidated cash flow statement

CHF 1000	Note	2007	2006
Net profit		14 804	12 183
Depreciation and amortization		12 253	7 722
Increase (decrease) in provisions		–1 192	–690
Losses (gains) from the sale of property, plant & equipment		0	203
Other non-cash items		1 597	962
Subtotal		**27 462**	**20 380**
Decrease (increase) in accounts receivable		254 272	–171 818
Decrease (increase) in inventories		43 860	–165 950
Decrease (increase) in prepaid expenses and accrued income		–14 705	–36 340
Increase (decrease) in accounts payable		–30 902	119 148
Increase (decrease) in accrued expenses and deferred income		–39 411	90 638
Cash flow from operating activities		**240 576**	**–143 942**
Additions to property, plant & equipment		–9 668	–8 131
Additions to intangible assets		–1 281	–393
Additions to investments in subsidiaries	4.12	0	–34 894
Additions to financial assets		0	–443
Disposals of property, plant & equipment		115	408
Disposals of intangible assets		377	0
Disposals of financial assets / Investments in associated companies		481	0
Cash flow from investing activities		**–9 976**	**–43 453**
Disposals of treasury shares		375	308
Proceeds from financial liabilities		0	214 770
Repayments of financial liabilities		–212 618	0
Dividends paid by ALSO Holding AG		–4 209	–4 201
Cash flow from financing activities		**–216 452**	**210 877**
Foreign exchange differences		**2 006**	**685**
Change in cash		**16 154**	**24 167**
Cash at 1 January		67 870	43 703
Cash at 31 December		**84 024**	**67 870**
Income taxes paid		10 990	1 966
Interest paid		27 079	11 733
Interest received		2 464	1 143

Consolidated statement of shareholders' equity

CHF 1000	Share Capital*	Legal reserves	Treasury shares	Cash flow hedge reserve	Foreign exchange differences	Retained Earnings*	Total
31 December 2005	**6 038**	**43 089**	**–40**	**24**	**1 724**	**139 967**	**190 802**
Foreign exchange differences	0	0	0	0	2 685	0	2 685
Cash flow hedge reserve transferred to profit and loss statement	0	0	0	–24	0	0	–24
Fair value adjustments on cash flow hedges	0	0	0	–1	0	0	–1
Tax effects of changes in items recognized directly in equity	0	0	0	0	0	0	0
Total of items recognized in shareholders' equity	**0**	**0**	**0**	**–25**	**2 685**	**0**	**2 660**
Net profit	0	0	0	0	0	12 183	12 183
Total gains and losses	**0**	**0**	**0**	**–25**	**2 685**	**12 183**	**14 843**
Treasury shares	0	296	12	0	0	0	308
Employee shares/options**	0	0	0	0	0	308	308
Dividends	0	0	0	0	0	–4 201	–4 201
31 December 2006	**6 038**	**43 385**	**–28**	**–1**	**4 409**	**148 257**	**202 060**
Foreign exchange differences	0	0	0	0	1 993	0	1 993
Cash flow hedge reserve transferred to profit and loss statement	0	0	0	1	0	0	1
Fair value adjustments on cash flow hedges	0	0	0	–86	0	0	–86
Tax effects of changes in items recognized directly in equity	0	0	0	17	–161	0	–144
Total of items recognized in shareholders' equity	**0**	**0**	**0**	**–68**	**1 832**	**0**	**1 764**
Net profit	0	0	0	0	0	14 804	14 804
Total gains and losses	**0**	**0**	**0**	**–68**	**1 832**	**14 804**	**16 568**
Treasury shares	0	362	13	0	0	0	375
Employee shares/options**	0	0	0	0	0	375	375
Dividends	0	0	0	0	0	–4 209	–4 209
31 December 2007	**6 038**	**43 747**	**–15**	**–69**	**6 241**	**159 227**	**215 169**

* See Note 4.14
** The Chief Executive Officer's employee shares and options are managed by the principal shareholder and have no net effect on equity (see Note 6.1)

Notes to the consolidated financial statements

1. Overview of business activities

The ALSO Group is a leading wholesale and logistics company in the information and communications technology and consumer electronics sector. The company has operations in Switzerland, Germany, Finland, Sweden, Norway, the Baltics and Poland.

The ALSO Group is active in the field of IT logistics. It distributes the products of leading hardware and software manufacturers and IT consumables to IT traders and retailers. The Group also offers high-end technology for networks and servers, as well as comprehensive logistics services (logistics consulting, packaging, e-logistics, webshop fulfillment and logistics outsourcing solutions).

2. Consolidation and valuation principles

2.1 General principles

The ALSO Group's consolidated financial statements are based on historical costs with the exception of certain financial assets and liabilities, which are shown at fair value. They are drawn up in accordance with the requirements of the Swiss Code of Obligations and International Financial Reporting Standards (IFRS), as well as the accounting and valuation principles listed below.

2.2 Key assumptions and estimates

The drawing-up of the financial statements in accordance with IFRS requires the Management to make certain assumptions and estimates that influence the figures presented in this report. Actual results may differ from these estimates. The key assumptions are set out below:

Impairment of goodwill:
ALSO assesses the value of goodwill at least once every year. This requires an assessment of the value in use of the underlying cash-generating unit (see also Note 2.19 Impairment). The factors estimated, such as volumes, sales prices, sales growth, gross margin, operating expenses and investments, market conditions and other economic factors are based on assumptions that the Management considers reasonable.

Acquisitions
Under IFRS 3, all acquired assets, liabilities and contingent liabilities are recorded at fair value. The calculation of fair value requires assumptions about interest rates, sales, discounting factors, tax rates etc. to be made that are subject to a certain degree of uncertainty.

Obligations to purchase minority interests
Calculations of the value of obligations to purchase minority interests (arising from options contracts) are based on estimates of the expected future results of the companies in question, which are then discounted to the balance sheet date of 31 December. The actual results may differ from the estimates. Further information is disclosed in Note 4.12.

2.3 Changes in the accounting and valuation principles

Certain new and revised International Financial Reporting Standards and Interpretations were introduced by the Group on 1 January 2007, or retrospectively as from 1 January 2006. Material changes for the Group and their effects on the consolidated financial statements are described below.

- IFRS 7 – Financial Instruments: Disclosures. The new standard, which expands and partly replaces IAS 32 – Financial Instruments: Presentation, requires additional information in the consolidated financial statements 2007 about the financial instruments held by the Group.

- IAS 1 – Presentation of Financial Statements. The revised standard requires additional information in the consolidated financial statements 2007 about the objectives, guidelines, and methods for shareholders' equity management.

- IFRIC 8 – Scope of IFRS 2. According to the Interpretation, IFRS 2 also applies to transactions in which the company cannot unambiguously identify the service received.

- IFRIC 9 – Reassessment of Embedded Derivatives. The Interpretation defines rules for the measurement of embedded derivatives during their contract life.

- IFRIC 10 – Interim Financial Reporting and Impairment. The Interpretation is concerned with the interplay of the rules of IAS 34 – Interim Financial Reporting and the rules for recognition of impairment of goodwill (IAS 36) and certain financial assets (IAS 39). IAS 34 stipulates that the preparation

Notes to the consolidated financial statements

of interim financial statements must not affect the annual result. This rule conflicts with the impairment reversal prohibition that applies to recognized impairments of goodwill or certain financial assets. The Interpretation rules that impairments that were recognized in the interim financial statements, and for which according to IAS 36 or IAS 39 an impairment reversal prohibition applies, cannot be reversed in the following annual financial statements.

2.4 Published standards, interpretations and amendments not yet applied

- IAS 1 revised – Presentation of Financial Statements (applicable as of 1 January 2009). The amended standard stipulates rules for the presentation of annual financial statements, in particular the presentation of transactions with shareholders, and other transactions that are recognized directly in shareholders' equity. Transactions that are directly recognized in shareholders' equity, but do not involve shareholders, must now be shown in the total of items recognized in shareholders' equity.

- IFRS 2 – Share-based Payment – Vesting Conditions and Cancellations (applicable as of 1 January 2009). The amended standard introduces the new term «non-vesting condition» and explains the definition of «vesting condition». It also stipulates rules for recognition if the share-based payment is cancelled because a «non-vesting» condition was not fulfilled.

- IFRS 8 – Operating Segments. The new standard, which replaces IAS 14 – Segment Reporting, requires companies to provide explanatory information about the operational segments, the products and services offered in the countries where they are active, as well as about important customers. IFRS 8 becomes binding for financial years starting on or after 1 January 2009.

- IAS 23 – Borrowing Costs (applicable as of 1 January 2009). According to the revised standard, costs of liabilities, and other costs associated with obtaining liabilities that can be directly allocated to a qualified asset, should be capitalized as part of the purchase and conversion costs, and amortized in the residual carrying amount. According to the former accounting principles of the Group, these costs are reported as expense under interest expense.

- IFRS 3R Business Combinations (applicable as of 1 July 2009). With the revision of this standard, changes in the application of the purchase method come into force.

- IAS 27 Consolidated and Separate Financial Statements (applicable as of 1 July 2009). The revision of this standard includes a new rule that changes in minority shareholdings that do not result in loss of control must be recognized as shareholders' equity transactions.

- IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions (applicable as of 1 March 2007). The Interpretation is concerned with the recognition of share-based payment agreements according to IFRS 2.

- IFRIC 12 – Service Concession Arrangements (applicable as of 1 January 2008). This guideline is concerned with accounting for public infrastructure services that are provided by private companies.

- IFRIC 13 – Customer Loyalty Programmes (applicable as of 1 July 2008). The Interpretation is concerned with the accounting of companies that give credits to customers that they receive for the sale of other goods or services.

- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (applicable as of 1 January 2008). The Interpretation contains general rules for determining the upper limit of the excess amount of a pension fund that can be recognized as an asset according to IAS 19.

Application of the interpretations is not expected to have any material effects on the capital, financial, profit or cash flow situation of ALSO. ALSO will apply the new rules for the first time as from the dates stipulated in the respective standards.

2.5 Scope of consolidation

The consolidated financial statements include the annual accounts of ALSO Holding AG, Hergiswil, Switzerland, as of 31 December, and the main group companies in which ALSO Holding AG has a direct or indirect controlling interest through a voting majority or otherwise. A list of the principal Group companies can be found under Note 6.

During the year under review, there were no changes in scope of consolidation.

Notes to the consolidated financial statements

2.6 Consolidation method

The consolidated financial statements are based on the annual accounts prepared by the individual Group companies according to uniform valuation and reporting principles.

Assets and liabilities, as well as income and expenses, are included at their full amounts, and minority interests in shareholders' equity and net profit are shown separately.

Intragroup transactions (expenses, income, assets and liabilities) and significant intercompany profits are eliminated.

Investments in associated companies with voting rights between 20 % and 50 % are classified as "Investments in associated companies" and are accounted for using the equity method.

2.7 Acquisitions and goodwill

In the case of all mergers, the identifiable assets, liabilities and contingent liabilities of the company acquired are assessed at market value at the time of the acquisition and the difference between the purchase price and the net assets acquired at market value is shown as goodwill. Using push-down accounting, this goodwill is then transferred to the business units that are expected to profit from the acquisition and/or to generate future cash flows. The figures are shown in the appropriate functional currency.

Existing provisions for restructuring are taken over on the date of the acquisition and any new provisions that are required are recorded in the profit and loss statement. Contingent liabilities that are taken over with the acquisition and for which the market value can be determined reliably are shown under liabilities in the balance sheet at the date of acquisition.

If the remaining minority shareholders are given the right to sell their shares to ALSO Holding AG or one of its consolidated subsidiaries in connection with an acquisition or in an unrelated context, this obligation is shown at the present value of the expected exercise price and the minority interests are derecognized. The effects of any change in the expected exercise prices are charged or credited to goodwill.

The results of the acquired companies are shown from the time when the Group assumed control of these. When companies are no longer consolidated, the difference between the selling price and the net assets plus accumulated foreign exchange differences at the time when the Group relinquished control of the companies are shown as operating profit.

2.8 Conversion of foreign currency

Transactions in foreign currencies are converted at the prevailing rate of exchange at the time of the transaction. Exchange gains and losses arising from transactions in foreign currencies and from the adjustment of foreign currency positions at balance sheet date are recorded in the profit and loss statement. The annual financial statements of foreign subsidiaries in foreign currencies are converted to Swiss francs as follows:

- Balance sheet at year-end rates
- Profit and loss statement at average annual rates
- Cash flow statement at average annual rates

Foreign exchange differences arising from the calculation of the Group's result at average and year-end exchange rates or from equity transactions are included in the consolidated equity and are recorded in the profit and loss statement if the company is sold. Foreign currency effects resulting from specific loans, which form part of the net investment in a company, are also recorded directly under equity if there is no plan or intention to repay these loans in the near future. These differences are recorded in the profit and loss statement when the loans are repaid.

The ALSO Group's consolidated profit and loss statement is prepared in accordance with the nature of expense method. Revenue from product sales and services is compared with the cost of goods and services sold (excluding personnel expenses).

			Year-end rate		Average rate	
Exchange rates against CHF			**2007**	**2006**	**2007**	**2006**
USA	USD	1	1.13	1.22	1.20	1.25
Euro countries	EUR	1	1.66	1.61	1.64	1.58
Sweden	SEK	100	17.59	17.76	17.78	17.02
Norway	NOK	100	20.80	19.44	20.50	19.58

Notes to the consolidated financial statements

2.9 Revenue from product sales and services
Revenue from product sales and services comprises the invoicing of deliveries of goods and services.

Revenue from the sale of goods is recognized when the risks and opportunities pertaining to the ownership of the products are transferred to the buyer. Accruals for rebates and discounts granted to wholesalers and other customers are recorded as a reduction in revenue at the time the related revenue is recorded or when incentives are offered. They are calculated on the basis of historical data and the specific terms and conditions of the individual agreements. Service revenue is recorded in the profit and loss statement as soon as the service is rendered and it becomes probable that ALSO will receive an economic gain.

2.10 Personnel expenses / employee benefit plans
In addition to the actual remuneration for services rendered (wages, salaries and bonuses), personnel expenses also include ancillary personnel costs and social security contributions. Long-service benefits are also recorded under personnel expenses over the period of service in question and provisions are made accordingly.

In addition to the social security contributions, the companies in the ALSO Group have a variety of employee benefit plans that comply with local regulations and practices in the countries in which they operate. They are financed either through contributions to legally independent foundations and schemes or through the recording of employee benefit obligations in the financial statements of the relevant companies.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality-corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

2.11 Employee share and option programs
On 1 January 2001, a share purchase program was introduced for the employees of the ALSO Group. This offers Group employees the opportunity to become shareholders at preferential terms and conditions, thus participating in the long-term success of ALSO Holding AG.

The following parameters apply to the share purchase program:

► Duration of the program:	Until further notice
► Max. purchase amount/year:	2.5% of the annual gross salary
► Basis for purchase price:	Average closing share price April 1–15
► Price reduction:	50%
► Subscription period ends:	30 April
► Issue date:	1 June
► Restriction period:	2 years

The Board of Directors can amend the regulations and the parameters of the share purchase program at any time. The employees of the GNT Group are not currently eligible to participate in the program.

The 50% reduction in the price and the related social costs are charged to personnel expenses in the profit and loss statement.

Thomas C. Weissmann, as Chairman of the Board of Directors and President of the Management Committee, has an employment contract with Schindler Management Ltd. and participates in the capital participation program of Schindler, but receives shares and options of ALSO Holding AG. He is excluded from the share purchase program of ALSO.

Under the terms of the share plan, the shares that are awarded pass into the ownership of the President of the Management Committee and carry all associated rights, but are subject to a restriction period of three years during which they may not be sold.

Notes to the consolidated financial statements

According to the option plan, the Board of Directors of Schindler decides on an annual basis whether, and to what extent, the Chief Executive Officer should be granted options for the purchase of shares in ALSO Holding AG at a predetermined price. This plan, which will be renewed each year, will run for six years, and the options can only be exercised after a vesting period of three years. To hedge this obligation, the principal shareholder retains most of the required number of shares in its own holdings until the options are exercised or expire. All options only entitle the holder to purchase shares and cannot be taken in cash.

The fair value of the option premiums from the capital participation plan (see Note 6.1) determined according to the Hull-White model is recorded through the management fees of Schindler Management Ltd. and charged to personnel expenses over the vesting period of three years.

2.12 Financial assets and liabilities

Financial assets and liabilities are categorized as follows:

- Financial instruments originated or acquired by the company. These comprise loans and receivables created by the company.
- Financial investments held to maturity. These are investments with a fixed term, which the company has the positive intent and ability to hold until maturity.
- Financial assets "at fair value through profit and loss" are carried in the balance sheet at fair value. These are acquired principally for the purpose of generating a profit from short-term fluctuations in price (held for trading). In addition, certain financial instruments can be assigned voluntarily by designation.
- Financial instruments available for sale, which include all financial instruments which cannot be assigned to one of the above categories.
- Financial liabilities comprise mainly long-term financial debt, which is valued at (amortized) cost.

The financial assets are initially valued at cost, including transaction costs, with the exception of financial instruments held at fair value through profit and loss. All purchases and sales are booked on the trade date. Financial investments held to maturity as well as loans and receivables are valued using the amortized cost method. Financial assets available for sale are valued at market value, whereby the changes in market value (after taxes) are recorded 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.

Annually, or whenever indications exist, the carrying amounts of all financial assets that are not recognized in the profit and loss statement at fair value are tested for impairment (e.g. significant financial difficulties of the debtor etc.). Any expense due to impairment is recognized in the profit and loss statement.

Financial assets designated at fair value through profit or loss are initially valued at cost, excluding transaction costs. Purchases and sales are recorded on the trade date and are subsequently recorded in the balance sheet at market value.

The method used to record the resulting gain or loss is dependent on whether the instrument is designed to hedge a specific risk and qualifies for hedge accounting. On the date a derivative contract is entered into, the Group designates derivatives which qualify as hedges for accounting purposes as either a) a hedge of the fair value of a recognized asset or liability (fair value hedge) or b) a hedge of a forecasted transaction or firm commitment (cash flow hedge).

Changes in the value of derivatives which are fair value hedges are recognized in the profit and loss statement, along with any changes in the fair value of the underlying asset or liability. Changes in the value of items held for the purpose of hedging future cash flows are recorded in shareholders' equity. When the hedged asset or liability or the respective expense or income is recorded for the first time, the changes in value recorded in shareholders' equity are included in the underlying transactions and are derecognized via the profit and loss statement. Changes in the value of items that do not qualify as hedges are recorded directly in the financial result.

The purpose of hedge accounting is to match the impact of the hedged item and the hedging instrument in the profit and loss statement. To qualify for hedge accounting, the hedging relationship must meet several requirements regarding documentation, probability of occurrence, effectiveness and reliability of measurement. ALSO therefore documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the consolidated financial statements

2.13 Cash
In addition to cash and current account balances, cash also includes time deposits with an original term of up to three months.

2.14 Trade receivables
Trade receivables are reported at nominal value less necessary impairments. The impairments make sufficient allowance for the expected default risks. Financial assets for which there is a potential requirement for impairment are grouped with others having a similar default risk, and jointly tested for impairment, and their value correspondingly adjusted. Default rates based on historical experience are offset against the contractually foreseen payment streams. Additionally, individual impairments on trade receivables are made when there are indications that the customer will not be able to meet his payment obligations (insolvency etc.). The impairment of trade receivables takes place indirectly via a separate impairment account. The impairment charged to the profit and loss statement in the reporting year is reported under Deductions from Revenue. Should a trade receivable no longer be collectable, the receivable along with the impairment already charged is derecognized. Should a payment subsequently be received, it is credited to Deductions from Revenue.

2.15 Inventories
Inventories are recognized at the lower of purchase cost or realizable net sales value. The valuation is carried out using the first-in-first-out method. Provisions are made for slow-moving inventories or inventories with purchase cost higher than market value. Unsaleable inventories are written off in full.

2.16 Property, plant and equipment
Property, plant and equipment are valued at acquisition cost minus economically necessary depreciation. Interest on capital as well as maintenance and repair costs that do not lead to an increase in value are not capitalized. Significant capital expenditure is broken down into its constituent parts if the estimated useful lives of the asset components differ.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Impairments are recognized under "Depreciation" and shown separately in the Notes. The depreciation method, estimated residual value and useful lives are verified annually.

► Land	Not subject to depreciation
► Buildings	Useful life 20 – 50 years
► Equipment	Useful life 2 – 10 years
► Motor vehicles	Useful life 3 – 5 years

2.17 Leases
Leasing agreements which, from an economic perspective, represent purchases of equipment with the necessary financing, are classified as finance leases. Equipment financed by means of such leasing agreements is shown in the balance sheet at market value or the net present value of the future leasing instalments, if lower. Non-current assets arising from finance leases are written down over their estimated useful life or the period of the agreement, if shorter. Outstanding liabilities arising from finance leases are shown under short-term and long-term financial liabilities.

Leasing agreements in which not all significant risks and opportunities pertaining to ownership of the asset are transferred are classified as operative leasing agreements and are disclosed in the profit and loss statement.

2.18 Intangible assets
Intangible assets include goodwill as well as licenses, patents and similar rights acquired from third parties, customer and supply contracts, brand names and software. The amortization of all intangible assets with definite useful lives is calculated using the straight-line method over the estimated useful life of the asset. Impairment losses are recognized under amortization and disclosed separately in the Notes.

Intangible assets with indefinite useful lives are not amortized. With the exception of goodwill and one brand name, no intangible assets with indefinite useful lives are capitalized.

► Software	Useful life 2 – 4 years
► Customer and supplier agreements	Useful life 7 – 14 years
► Brand name	Indefinite useful life
► Goodwill	Indefinite useful life

Notes to the consolidated financial statements

2.19 Impairment
Goodwill is subject to an annual impairment test (see Note 4.7). This requires an evaluation of the fair value or value in use of the underlying business unit. To calculate this, the future cash flows are estimated on the basis of budgeted figures over a maximum of five years, applying an appropriate discount rate. Impairment losses are recognized in the profit and loss statement and are not reversed in the following periods.

The brand name is GNT, which was acquired in the course of 2006. This brand has an indefinite useful life. Its value is not amortized but it is subject to an annual impairment test (more frequent if necessary). Its classification as an asset with an indefinite useful life is also subject to annual review.

The value of the other non-current assets is reviewed whenever events or changes of circumstance indicate a possible impairment. If there are any indications of a substantial loss in value, the realizable value of the asset is calculated on the basis of anticipated future cash flows. If the book value exceeds the realizable value, the asset will be written down to the value that appears to be recoverable on the basis of the discounted future cash flows expected. This special write-down (impairment) is reported separately in the Notes. Reversals are possible if, at a later date, an impairment test confirms that the loss in value no longer exists.

2.20 Provisions
Provisions for commitments and contingencies are recognized if the Group has a present obligation from a past event which will lead to a probable negative cash flow and if a reasonable estimate of the obligation can be made.

Restructuring charges are accrued against the operating result in the period in which Management has committed to a restructuring plan and the costs of which can be reasonably estimated.

The provisions which are not discounted as a major part of the payments are usually due within 24 months or the interest component of the individual provisions is not material.

2.21 Taxes
Taxes on income are accrued in the same periods as the revenue and expenses to which they relate and are shown as tax liabilities. Deferred taxes include the income tax effects of temporary differences between the Group's internal valuation criteria and the local tax valuation guidelines for assets and liabilities (comprehensive liability method). With this method, deferred taxes are created for all temporary differences. Deferred taxes are adjusted annually for any changes in local tax legislation. Tax loss carry-forwards are reported as deferred tax assets only when it is probable that taxable future profits will be sufficient to utilise the loss carry-forwards (see Note 3.6).

Taxes that would have to be paid in the event of a payout of retained earnings in the subsidiaries are not accrued for unless this type of payout is expected to be made in the near future.

2.22 Equity
The Group's capital reserves consist of payments made by shareholders in excess of the nominal value of shares. Gains or nominal losses resulting from the sale of treasury shares are also shown under capital reserves.

Dividends are charged to equity in the period in which they are declared.

2.23 Financial risk management
Principles of risk management
In relation to its financial assets and liabilities, ALSO is exposed to special risks arising from changes in exchange and interest rates. In addition to these market risks, there are also liquidity and credit risks. The objective of financial risk management is to limit these market risks by the ongoing operational and financial activities. For this purpose, and depending on the estimated risk, selected hedging instruments are used. Derivative financial instruments are used exclusively as hedging instruments, i.e. they are not used for trading or other speculative purposes. To minimize the default risk, the most important hedging transactions are only entered into with leading financial institutions.

Notes to the consolidated financial statements

At regular intervals, the appropriateness of the risk management and the internal control system is reviewed by the Board of Directors and modified if necessary. This ensures that the Board of Directors and Management Committee are completely and promptly informed of material risks. In addition, monthly internal reports on the financial position of the company allow any risks arising from the ongoing business to be recognized as early as possible, and corresponding countermeasures to be initiated. For this purpose, Accounting and Controlling constantly adapt their reporting systems to changing conditions.

For optimal cash management, the management of liquidity not required for ongoing operations or the long-term financing of the Group is centralized and coordinated with the treasury of the majority shareholder. The treasury of the majority shareholder also records, monitors, and controls financial risks based on the information provided by the Board of Directors and Management Committee.

Credit risk
Credit risk is the risk of economic loss resulting from a counterparty being unable or unwilling to fulfill its contractual payment obligations. Credit risk thus includes not only the immediate default risk, but also the risk of an impaired credit rating along with the risk of concentration of individual risks.

In its operational business, as well as in some of its financing activities, ALSO is exposed to a default risk. In the financial area, ALSO manages the resulting risk position by diversification of the financial institutions as well as by verification of the financial strength of each counterparty based on publicly available ratings. In collaboration with the main shareholder, ALSO has defined limit values that restrict the amount of assets that can be held by any single bank.

Notes to the consolidated financial statements

Credit quality of cash and financial assets:

CHF 1000			31.12.07			
Credit quality	**AA+**	**AA**	**AA-**	**A+**	**No rating**	**Total**
Cash and cash equivalents	25	25 385	3 537	47 298	7 779	**84 024**
	0 %	30 %	4 %	56 %	10 %	
Total	**25**	**25 385**	**3 537**	**47 298**	**7 779**	**84 024**

CHF 1000			31.12.06			
Credit quality	**AA+**	**AA**	**AA-**	**A+**	**No rating**	**Total**
Cash and cash equivalents	1 693	35 218	7 295	21 337	2 327	**67 870**
	3 %	52 %	11 %	31 %	3 %	
Financial assets	0	0	0	0	443	**443**
	0 %	0 %	0 %	0 %	100 %	
Total	**1 693**	**35 218**	**7 295**	**21 337**	**2 770**	**68 313**

In the operational area, ALSO limits the default risk by constantly monitoring customers' credit ratings and setting credit limits. The operational companies of the Group have largely insured their open trade receivables by means of credit insurances. The credit insurances generally cover 75 % to 90 % of the insured amounts. The residual credit risk on trade receivables is therefore considered by ALSO to be limited. It is further minimized by the large number of customers and their wide geographical distribution. To avoid clustering risks, trade receivables that exceed the internal credit limit are sold.

Receivables for which payment is in arrears are impaired by individual and flat-rate amounts based on recent experience. Experience from the past indicates that this risk can be considered to be low (see Note 4.2).

The maximum credit risk (including derivative financial instruments with a positive market value) is represented by the reported carrying amount of the financial assets. ALSO has not given any financial guarantees in favor of third parties.

Liquidity risks

The central liquidity risk management ensures that the Group is always in a position to fulfill its payment obligations promptly. ALSO continuously monitors the cash flows with a detailed cash flow plan. This takes into account the expiration dates of the financial assets as well as the forecast cash flows from business operations.

ALSO's objective is to obtain liquidity corresponding to the necessary timing. Since the main requirement for finance is to cover the operational business activities, which are subject to large seasonal fluctuations, the greater part of the financial liabilities are short-term (92.8 % short-term, previous year 87.4 %). To ensure the solvency and financial flexibility of the Group at all times, a liquidity reserve is held in the form of credit

Notes to the consolidated financial statements

lines that can be drawn at any time. As of balance sheet date, unutilized credit lines for the amount of CHF 137 million (previous year CHF 64 million) were available. For some of the unutilized credit lines, ALSO pays an availability fee.

The table below shows the financial liabilities of the Group by expiration date. The information is based on the contractually agreed undiscounted interest and amortization payments. The amount of the derivative financial liabilities is immaterial.

CHF 1000	Carrying amount 31.12.07	Total cash flow	Up to 1 year	2 to 5 years	More than 5 years
Trade payables	368 855	368 855	368 855	0	0
Loans from banks and third parties	32 671	33 504	33 504	0	0
Financial leasing	14 949	16 434	3 817	12 617	0
Receivables sales program	190 567	191 377	191 377	0	0
Private placements	41 576	42 474	42 474	0	0
Mortgages	9 220	14 636	479	11 138	3 019
Derivate financial instruments [1]	1 416	1 416	1 416	0	0
Total	**659 254**	**668 696**	**641 922**	**23 755**	**3 019**

CHF 1000	Carrying amount 31.12.06	Total cash flow	Up to 1 year	2 to 5 years	More than 5 years
Trade payables	390 149	390 149	390 149	0	0
Loans from banks and third parties	12 060	12 337	12 337	0	0
Loans from the majority shareholder	32 982	33 051	33 051	0	0
Financial leasing	13 636	14 910	3 042	11 563	305
Receivables sales program	380 334	381 792	381 792	0	0
Private placements	41 513	44 396	1 922	42 474	0
Mortgages	9 094	11 231	427	7 785	3 019
Derivate financial instruments [1]	771	771	771	0	0
Total	**880 539**	**888 637**	**823 491**	**61 822**	**3 324**

[1] The underlying gross cash flows are presented in Note 5.2.

Notes to the consolidated financial statements

The table includes all instruments existing on 31 December 2007 and 2006 respectively, for which payments had already been contractually agreed. Plan figures for future new liabilities are not included. Foreign currency amounts were translated at the balance sheet date exchange rate. The variable interest payments from the financial instruments were calculated using the last interest rates fixed on 31 December 2007 and 2006 respectively. Financial liabilities that can be repaid at any time are always assigned to the earliest maturity date, irrespective of the fact that the greater part of these financial liabilities is revolving.

Interest rate risks
ALSO's interest rate risks relate mainly to the short-term financial liabilities with variable interest rates. Interest rate fluctuations cause changes in the interest income and expense of the interest-bearing assets and liabilities. ALSO is particularly exposed to interest rate risks in CHF, EUR, SEK and NOK.

The interest rate management of the long-term liabilities is handled centrally in collaboration with the majority shareholder. Local short-term interest rate risks are normally not hedged by the Group companies. The greater part of the Group's financial liabilities have variable interest rates and are therefore exposed to interest rate fluctuations.

Taking into account the existing and planned debt structure, interest derivatives are used if necessary to maintain the structure prescribed by management. Depending on whether or not the Group has a cash overhang on fixed or variable interest-bearing instruments, interest risks may result from an increase as well as a decrease in market interest rates.

Sensitivity analysis
Interest rate risks are evaluated by means of sensitivity analyses. These sensitivity analyses demonstrate the effects of changes in market interest rates on variable unsecured interest expenses and interest income as well as shareholders' equity, with all other parameters remaining constant.

If the market interest rates on 31 December 2007 and 2006 respectively, had been 100 base points higher, net financial income would have been CHF 1.6 million (2006 CHF 3.5 million) higher. There would have been no effect on shareholders' equity.

If the market interest rates on 31 December 2007 and 2006 respectively, had been 100 base points lower, net financial income would have been CHF 1.6 million (2006 CHF 3.5 million) lower.

Exchange rate risks
Part of the cash flow of the Group takes place in foreign currencies, as a result of which the Group is exposed to foreign currency risks. Foreign currency risks are only hedged if they affect the cash flow of the Group. Exchange rate risks that arise in the consolidated profit and loss statement on translation of the profit and loss statements and balance sheets of subsidiaries are not hedged.

In the operational area, the individual Group companies conduct their business predominantly in their respective functional currency. An exception is the purchasing area, where a certain amount is conducted in foreign currency, especially EUR and USD. To hedge this exchange rate risk, the operating companies hedge their purchasing volume outside the functional currency under their own responsibility. Because of these hedging activities, on balance sheet date ALSO was not exposed to any significant currency risks.

Foreign currency risks in the investment area result from the purchase and sale of shares in foreign companies. ALSO does normally not hedge these risks. The Group-internal financing of investments in Group companies is mainly conducted in the respective local currency.

Foreign currency risks in the financing area result from financial liabilities in foreign currency that exist for the purpose of financing Group companies. The central treasury hedges most of these risks. Speculative borrowing or lending in foreign currencies is not permitted.

The groupwide guidelines require the Group companies to monitor their transaction-related risks and to calculate the respective net exposures in the various currencies. Normally, all net exposures greater than TCHF 100 are hedged. Because of these hedging transactions, the operating subsidiaries that conduct their activities predominantly in their respective functional currencies are not exposed to any material currency risk either on balance sheet date or during the year.

Notes to the consolidated financial statements

By regular use of forward contracts, ALSO constantly minimizes the exchange rate risk so that there is no material exchange rate risk for the Group. The table below shows the unsecured net exposures in CHF of the Group for items in EUR and USD at the end of 2007 and 2006 respectively. This usually reflects the open risks over the year.

In Mio. CHF	EUR	USD
31 December 2007	–19.2	1.3
31 December 2006	–79.9	22.6

Sensitivity analysis
If, on 31 December 2007 and 2006 respectively, the CHF had been 5 % weaker relative to the EUR and USD, and all other variables had remained unchanged, the financial result would have been CHF 0.9 million (2006 CHF 2.9 million) lower.

Conversely, if, on 31 December 2007 and 2006 respectively, the CHF had been 5 % stronger relative to the EUR and USD, and all other variables had remained unchanged, the annual result would have been CHF 0.9 million (2006 CHF 2.9 million) higher.

Capital management
The overriding objective of capital management at ALSO is to maintain a suitable equity base, to preserve the trust of investors, customers, and the market, and to support future developments in the core business. The internal target value for equity to total assets has been defined at 25 – 35 %. Because of the acquisition of GNT on 31 August 2006, this target was not yet attained in the reporting year.

The capital management serves to maintain an optimal groupwide capital structure which not only gives ALSO sufficient financial flexibility, but also maintains a high credit rating.

The equity structure can be maintained or modified by means of the dividend policy, capital repayments and, if necessary, capital increases.

The capital structure is monitored on the basis of the net debt and of the reported shareholders' equity. Net debt comprises interest-bearing financial liabilities less cash and cash equivalents.

CHF 1000	2007		2006	
Short-term financial liabilities	268 072		427 961	
Long-term financial liabilities	20 911		61 658	
Total	**288 983**		**489 619**	
./. Cash	–84 024		–67 870	
Net financial debt	**204 959**	**18 %**	**421 749**	**30 %**
Reported shareholders' equity	**215 169**	**19 %**	**202 060**	**14 %**
Shareholders' equity and net financial debt	**420 128**	**37 %**	**623 809**	**44 %**
Total liabilities and shareholders' equity	**1 144 281**	**100 %**	**1 414 407**	**100 %**

Notes to the consolidated financial statements

3. Notes to the consolidated profit and loss statement

3.1 Segment reporting

By geographical market	Switzerland		Germany		Northern/Eastern Europe		Group	
CHF 1000	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Product revenue 3rd parties	1 067 715	978 207	1 689 156	1 349 361	2 293 112	924 646	5 049 983	3 252 214
Service revenue 3rd parties	25 703	22 631	1 054	637	6 442	1 650	33 199	24 918
Total net sales	**1 093 418**	**1 000 838**	**1 690 210**	**1 349 998**	**2 299 554**	**926 296**	**5 083 182**	**3 277 132**
Assets	237 926	210 533	263 898	320 994	642 457	882 880	1 144 281	1 414 407
Capital expenditure								
– on property, plant and equipment	2 169	1 354	1 374	3 527	6 125	3 250	9 668	8 131
– on intangible assets	107	34	203	43	971	316	1 281	393

The ALSO Group is active in the field of IT logistics. It distributes the products of leading hardware and software manufacturers and IT consumables to IT traders and retailers. There is no primary segmentation.

The Group's geographical segmentation consists of its two main markets, Switzerland and Germany, together with the acquired sales territory in Northern and Eastern Europe.

Net revenue is allocated to the geographic regions on the basis of the place of invoicing. The assets comprise all balance sheet items that can be directly allocated to a region. Capital expenditure includes costs for the acquisition of property, plant and equipment and intangible assets.

All transactions between ALSO Group companies are carried out at arm's length. Inter-company charges have been eliminated.

Notes to the consolidated financial statements

3.2 Personnel expenses and headcount

CHF 1000	2007	2006
Salaries and wages	–108 527	–70 851
Social costs	–20 571	–12 644
Other employee related costs	–2 338	–1 431
Employee shares / options	–561	–512
Total personnel expenses	**–131 997**	**–85 438**

Total personnel expenses include management fees amounting to TCHF 3 070 (prior year TCHF 2 578), which were paid to Schindler Management Ltd. for the use of central services.

	Average headcount		Change	Headcount at year end		Change
	2007	**2006**		**2007**	**2006**	
Switzerland	399	383	4.2 %	412	404	2.0 %
Germany	293	249	17.7 %	330	277	19.1 %
Northern/Eastern Europe [1)]	1 237	434	185.0 %	1 245	1 366	–8.9 %
Total	**1 929**	**1 066**	81.0 %	**1 987**	**2 047**	–2.9 %

The following definitions for headcount apply:
- Average headcount: average number of full-time equivalents incl. temporary employees
- Headcount at year end: number of full-time equivalents incl. temporary employees

[1)] Period September – December 2006 average: 1 302; annualized: 434

Employee share purchase program
To provide the shares for this program, the 2001 Annual General Meeting authorized conditional capital in the nominal amount of TCHF 243, which corresponds to 242 500 shares. Of these, 91 090 shares have been issued.

In the reporting year and the previous year, all of the shares issued in connection with the employee share purchase program (2007: 11 066 shares ; 2006: 11 363 shares) were taken from the ALSO Group's holdings of treasury shares. The market value of the shares was calculated using the relevant stock exchange price, which on the date of purchase was CHF 67.67. The purchase price for the employees was CHF 33.80.

The 50 % price reduction and related social costs are recorded in the profit and loss statement as personnel expenses.

Notes to the consolidated financial statements

3.3 Employee benefits

The employee retirement benefit plans of the ALSO Group are based on the legal requirements of the respective countries. The Group has defined benefit plans in Switzerland and Norway.

Defined benefit plan

CHF 1000		**2007**	**2006**
Fair value of plan assets		53 338	51 502
Present value of defined benefit obligations		–49 442	–52 380
Surplus / deficit		**3 896**	**–878**
Unrecognized actuarial (gains) losses		–2 478	2 306
Assets not recognized in the balance sheet		–1 692	–1 367
Total net book value		**–274**	**61**
Reported in the balance sheet as	– Employee benefit assets	0	61
	– Employee benefit liabilities	274	0

Net employee retirement benefit expenses for defined benefit plans

CHF 1000	**2007**	**2006**
Current service cost	–2 941	–2 247
Settlement	–52	0
Interest cost	–1 715	–1 497
Expected return on plan assets	2 397	1 991
Changes in assets not recognized in balance sheet	–325	–374
Net employee retirement benefit expenses	**–2 636**	**–2 127**
Actual return on plan assets	1.2 %	4.8 %

Notes to the consolidated financial statements

Change in fair value of plan assets

CHF 1000	2007	2006
Book value as of 1 January	51 502	42 885
Expected return on plan assets	2 397	1 991
Actuarial gains (losses)	–1 906	–2 756
Employee contributions	1 424	1 351
Employer contributions	2 421	2 127
Net benefits (paid) received	–2 815	2 544
Change in scope of consolidation	0	3 370
Foreign exchange differences	315	–10
Book value as of 31 December	**53 338**	**51 502**

Employer contributions for 2008 are expected to amount to TCHF 2 678.

Change in the present value of defined benefit obligations

CHF 1000	2007	2006
Book value as of 1 January	52 380	41 409
Service cost	2 941	2 247
Interest cost	1 715	1 497
Actuarial gains (losses)	–6 527	28
Employee contributions	1 424	1 351
Net benefits (paid) received	–2 815	2 544
Change in scope of consolidation	0	3 314
Foreign exchange differences	324	–10
Book value as of 31 December	**49 442**	**52 380**

Investment structure of plan assets	**2007**	**2006**
Equity instruments	32.7 %	21.8 %
Bonds	44.6 %	52.2 %
Real estate	14.3 %	11.8 %
Other assets	8.4 %	14.2 %
Total	**100 %**	**100 %**

Notes to the consolidated financial statements

Principal actuarial assumptions (weighted averages)	**2007**	**2006**
Technical interest rate	3.6 %	3.6 %
Expected return on plan assets	4.6 %	4.6 %
Future salary increases	2.3 %	2.6 %
Future pension increases	0.7 %	0.7 %
Fluctuation rate	15.0 %	15.0 %

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term rates of return experienced in the respective markets.

Long-term comparison

CHF 1000	**2007**	**2006**	**2005**	**2004**	**2003**
Fair value of plan assets	53 338	51 502	42 885	34 409	64 502
Change in the present value of defined benefit obligations	49 442	52 380	41 409	33 513	67 419
Surplus (deficit)	**3 896**	**–878**	**1 476**	**896**	**–2 917**
Experience adjustments on plan assets	–1 925	–2 742	3 598		
Experience adjustments on defined benefit obligation	3 479	0	–3 018		

Net pension cost for defined benefit plans

CHF 1000	**2007**	**2006**
Employer contributions	3 653	1 747

3.4 Other operating expenses / income

Other operating expenses

CHF 1000	**2007**	**2006**
Rent, leasing, maintenance and repair expenses	–28 779	–17 323
Marketing and administrative expenses	–35 251	–19 149
Insurance, consulting and other operating expenses	–15 439	–8 381
Total other operating expenses	**–79 469**	**–44 853**

Other operating income

CHF 1000	**2007**	**2006**
Gains from sale of property, plant and equipment	0	509
Other operating income	28 576	13 791
Total other operating income	**28 576**	**14 300**

Other operating income mainly includes rental income as well as contributions towards advertising costs from suppliers.

Notes to the consolidated financial statements

3.5 Financial results

Financial income

CHF 1000	2007	2006
Interest income	2 464	1 065
Interest income from related parties	245	86
Investment income from associated companies (Note 4.8)	18	0
Foreign exchange gains	5 295	440
Total financial income	**8 022**	**1 591**

Financial expenses

CHF 1000	2007	2006
Interest expenses	–28 659	–11 888
Interest expenses to related parties	–239	–141
Accrued interest on conditional purchase price liebilities	–3 023	–755
Foreign exchange losses	–6 818	–837
Total financial expenses	**–38 739**	**–13 621**
Financial result	**–30 717**	**–12 030**

3.6 Income taxes

The main elements contributing to the difference between the expected tax rate for the Group and the effective tax rate are:

CHF 1000	2007	2006
Income taxes incurred in the period under review	–8 767	–3 988
Income taxes incurred in prior periods	93	181
Deferred income taxes	–149	–1 146
Total income taxes	**–8 823**	**–4 953**

Notes to the consolidated financial statements

Analysis of tax expense

CHF 1000	2007	2006
Profit before tax	23 627	17 136
Expected tax rate (weighted)	**26.3 %**	**26.2 %**
Expected income tax expense	–6 213	–4 489
Utilization of previously unrecognized tax losses	2 385	2 076
Income tax losses not recognized	–3 834	–4 084
Income not subject to tax / non-deductible expenses	–949	1 394
Tax effect from prior periods	93	181
Other factors	–305	–31
Effective income tax expense	**–8 823**	**–4 953**
Effective income tax rate	**37.3 %**	**28.9 %**

The weighted tax rate is calculated on the basis of the anticipated applicable income tax rates of the individual Group companies in their respective tax jurisdictions and amounts to 26.3 % in the year under review.

Current and deferred income tax expense

CHF 1000	2007	2006
Current tax expense	–8 674	–3 807
Deferred tax expense	–149	–1 146
Total income tax expense	**–8 823**	**–4 953**

Tax effects of changes in items recognized directly in equity

Foreign currency adjustments on loans at foreign subsidiaries	–161	0
Fair value adjustments on cash flow hedges	17	0
Total tax effects in equity	**–144**	**0**

Deferred taxes

CHF 1000		2007	2006
Temporary differences	– Current assets	–7 322	–6 957
	– Property, plant and equipment	–1 127	–843
	– Intangible assets restated (Note 4.12)	–11 736	–12 233
	– Provisions	–172	–181
	– Other temporary differences	–254	288
Total net book value of deferred taxes		**–20 611**	**–19 926**
Shown in the balance sheet as:	– Deferred tax liabilities	–21 039	–20 214
	– Deferred tax assets	428	288

Notes to the consolidated financial statements

Movements

CHF 1000	2007	2006
1 January	–19 926	–6 075
Restated changes in scope of consolidation (Note 4.12)	0	–12 471
Movements in temporary differences	–293	–1 146
Foreign exchange differences	–392	–234
31 December	**–20 611**	**–19 926**

Tax loss carry-forwards

CHF 1000		2007	2006
Total tax loss carry-forwards		**98 418**	**72 814**
Of which recognized as deferred tax assets		0	0
Total tax loss carry-forwards not recognized		**98 418**	**72 814**
To be carried forward:	– in two to five years	1 652	0
	– in more than five years	96 766	72 814
Tax effect on unrecognised tax loss carry-forwards		**30 730**	**21 915**

The existing tax loss carry-forwards are mainly from Germany, Sweden and Norway. The tax loss carry-forwards are not recognised as deferred tax assets as it is unlikely that the related tax benefit can be realised through future taxable profits.

On 31 December 2007, there were no deferred tax liabilities for retained income amounting to TCHF 8 636 with subsidiaries which are liable to tax in the event of a dividend payout. There are no plans for a payout in the foreseeable future in these cases.

4. Notes to the consolidated balance sheet as of 31 December

4.1 Cash

CHF 1000	2007	2006
Cash at bank and on hand	79 109	67 870
Short-term cash deposits with related parties	4 915	0
Total cash	**84 024**	**67 870**

Cash includes cash, postal check account, bank accounts and time deposits up to maximum three months. In addition, short-term cash deposits with the majority shareholder, which can be called at any time, are shown.

Notes to the consolidated financial statements

4.2 Accounts receivable

			thereof due			
CHF 1000	**2007**	of which not yet due	1 to 15 days	16 to 30 days	31 to 180 days	> 180 days
Accounts receivable from third parties	385 962	313 187	57 878	10 756	2 393	1 748
Accounts receivable from related parties	29	29	0	0	0	0
Total accounts receivable gross	385 991	313 216	57 878	10 756	2 393	1 748
Provision for bad debts	–5 800	–1 946	–1 021	–306	–1 861	–666
Total accounts receivable net	**380 191**	**311 270**	**56 857**	**10 450**	**532**	**1 082**

			thereof due			
CHF 1000	**2006**	of which not yet due	1 to 15 days	16 to 30 days	31 to 180 days	> 180 days
Accounts receivable from third parties	628 339	536 775	69 572	8 371	9 616	4 005
Accounts receivable from related parties	5	4	1	0	0	0
Total accounts receivable gross	628 344	536 779	69 573	8 371	9 616	4 005
Provision for bad debts	–7 186	–3 587	–1 011	–205	–1 618	–765
Total accounts receivable net	**621 158**	**533 192**	**68 562**	**8 166**	**7 998**	**3 240**

As of the date of the balance sheet, the trade accounts receivable that are neither impaired nor in arrears contain no indications that the customers will not meet their payment obligations.

By means of Asset Backed Securities (ABS) transactions, ALSO has sold trade receivables to independent banks. The latter finance the purchase of assets by issuing securities on the capital market. The Asset Backed Securities transactions only reduce the volume of receivables in the Group where a complete transfer of risk takes place.

As of 31 December 2007, receivables for the amount of CHF 223.7 million (previous year CHF 424.4 million) were sold without full transfer of risk. The corresponding financial liability is shown in Note 4.9. ALSO bears the entire default risk of these receivables.

Notes to the consolidated financial statements

Bad debt provision on trade accounts receivable has developed as follows:

CHF 1000	**2007**	**2006**
Status of bad debt provision on 1 January	**–7 186**	**–3 582**
Exchange rate effects	16	–127
Formation	–6 198	–4 279
Elimination	6 804	3 225
Utilization	764	715
Addition to scope of consolidation	0	–3 138
Status of bad debt provision on 31 December	**–5 800**	**–7 186**
Of which flat rate	–3 951	–4 836
Of which individual	–1 849	–2 350
Expenses for derecognition of trade accounts receivable	–764	–715
Income from receipt of derecognized trade accounts receivable	669	373

4.3 Inventories

CHF 1000	**2007**	**2006**
Goods assigned to projects	10 970	8 968
Trading stock	380 232	419 773
Subtotal inventories	**391 202**	**428 741**
Downpayments to suppliers	2 296	1 180
Inventory provision	–7 952	–10 489
Total inventories	**385 546**	**419 432**

Goods assigned to projects are covered by purchase obligations. Suppliers provide temporary price protection guarantees for most of the trading stock. The ALSO companies usually purchase goods in local currency. A recognizable loss of value due to a lower inventory turnover, ageing etc. is taken into account through the appropriate valuation of the inventory items. In the year under review, sales discounting, inventory differences and changes in inventory provision totalling TCHF 3 289 (previous year TCHF 4 516) were charged to the profit and loss statement.

4.4 Prepaid expenses and accrued income

CHF 1000	**2007**	**2006**
Various tax receivables	1 772	1 594
Other receivables	38 794	8 175
Derivative financial instruments (Note 5.2)	229	441
Other receivables	**40 795**	**10 210**
Accrued income and prepaid expenses	70 371	84 219
Total prepaid expenses and accrued income	**111 166**	**94 429**

Prepaid expenses mainly comprise accruals associated with the products business.

Notes to the consolidated financial statements

4.5 Property, plant & equipment

CHF 1000	Land and buildings	Equipment	Other property, plant and equipment	Total
Net book values as of 1 January 2007	**24 709**	**17 935**	**5 516**	**48 160**
Additions	329	6 444	2 895	9 668
Reclassifications	–5 359	7 734	–2 375	0
Disposals	0	–115	0	–115
Depreciation	–948	–4 260	–2 496	–7 704
Foreign exchange differences	414	780	12	1 206
Net book value as of 31 December 2007	**19 145**	**28 518**	**3 552**	**51 215**
Overview as of 1 January 2007				
Acquisition costs	32 329	28 106	18 097	78 532
Accumulated depreciation and impairment	–7 620	–10 171	–12 581	–30 372
Net book value as of 1 January 2007	**24 709**	**17 935**	**5 516**	**48 160**
Overview as of 31 December 2007				
Acquisition costs	21 266	49 560	17 929	88 755
Accumulated depreciation and impairment	–2 121	–21 042	–14 377	–37 540
Net book value as of 31 December 2007	**19 145**	**28 518**	**3 552**	**51 215**
Thereof finance lease	0	11 674	0	11 674

CHF 1000	Land and buildings	Equipment	Other property, plant and equipment	Total
Net book values as of 1 January 2006	**7 115**	**2 587**	**2 606**	**12 308**
Additions	669	3 737	3 725	8 131
Reclassifications	18 161	13 408	1 565	33 134
Disposals	–176	–236	–199	–611
Depreciation	–1 433	–1 822	–2 266	–5 521
Foreign exchange differences	373	261	85	719
Net book value as of 31 December 2006	**24 709**	**17 935**	**5 516**	**48 160**
Overview as of 1 January 2006				
Acquisition costs	13 441	11 175	16 750	41 366
Accumulated depreciation and impairment	–6 326	–8 588	–14 144	–29 058
Net book value as of 1 January 2006	**7 115**	**2 587**	**2 606**	**12 308**
Overview as of 31 December 2006				
Acquisition costs	32 329	28 106	18 097	78 532
Accumulated depreciation and impairment	–7 620	–10 171	–12 581	–30 372
Net book value as of 31 December 2006	**24 709**	**17 935**	**5 516**	**48 160**
Thereof finance lease	3 867	12 551	0	16 418

Property, plant and equipment are insured for a total of TCHF 97 666 (previous year TCHF 70 582). The item "Land and buildings" includes land and buildings used for operational purposes. The item "Equipment" mainly consists of leasehold improvements, machines and installations, furnishings and equipment. The remaining property, plant and equipment comprises IT and communications systems as well as vehicles.

Gains and losses from the sale of plant, property and equipment are recorded in other operating income and amount to TCHF 0 (previous year TCHF 509).

Notes to the consolidated financial statements

4.6 Intangible assets

CHF 1000	Goodwill	Supplier and customer contracts	Brand name GNT	Other intangible assets	Total
Net book value as of 1 January 2007	**105 541**	**39 361**	**16 236**	**1 336**	**162 474**
Additions	0	0	0	1 281	1 281
Disposals	0	0	0	–377	–377
Purchase price adjustment (Note 4.13)	–31 599	0	0	0	–31 599
Depreciation	0	–3 939	0	–610	–4 549
Foreign exchange differences	2 706	1 175	504	42	4 427
Net book value as of 31 December 2007	**76 648**	**36 597**	**16 740**	**1 672**	**131 657**
Overview as of 1 January 2007					
Acquisition costs	105 541	40 652	16 236	6 965	169 394
Accumulated amortization and impairment	0	–1 291	0	–5 629	–6 920
Net book value as of 1 January 2007	**105 541**	**39 361**	**16 236**	**1 336**	**162 474**
Overview as of 31 December 2007					
Acquisition costs	76 648	41 915	16 740	7 561	142 864
Accumulated amortization and impairment	0	–5 318	0	–5 889	–11 207
Net book value as of 31 December 2007	**76 648**	**36 597**	**16 740**	**1 672**	**131 657**

CHF 1000	Goodwill	Supplier and customer contracts	Brand name GNT	Other intangible assets	Total
Net book value as of 1 January 2006	**4 852**	**0**	**0**	**926**	**5 778**
Additions	0	0	0	393	393
Restated changes in scope of consolidation (Note 4.12)	98 848	39 895	15 935	938	155 616
Disposals	0	0	0	0	0
Depreciation	0	–1 269	0	–932	–2 201
Foreign exchange differences	1 841	735	301	11	2 888
Net book value as of 31 December 2006	**105 541**	**39 361**	**16 236**	**1 336**	**162 474**
Overview as of 1 January 2006					
Acquisition costs	4 852	0	0	5 709	10 561
Accumulated amortization and impairment	0	0	0	–4 783	–4 783
Net book value as of 1 January 2006	**4 852**	**0**	**0**	**926**	**5 778**
Overview as of 31 December 2006					
Acquisition costs	105 541	40 652	16 236	6 965	169 394
Accumulated amortization and impairment	0	–1 291	0	–5 629	–6 920
Net book value as of 31 December 2006	**105 541**	**39 361**	**16 236**	**1 336**	**162 474**

Contracts with suppliers and customers and the GNT brand name include identified intangible assets in connection with the acquisition of the GNT Group. The item other intangible assets consists of application software and licences for Group companies.

With the exception of goodwill and the GNT brand name, no intangible assets with an indefinite useful life are capitalized. The average residual amortization period for supplier contracts is 6 years, and for customer contracts 13 years.

Notes to the consolidated financial statements

4.7 Impairment test

Goodwill and the brand name can be assigned to the following cash-generating units (CGUs):

	2007			2006 restated (Note 4.12)		
CHF 1000	**GNT**	**Supply**	**Total**	**GNT**	**Supply**	**Total**
Carrying value of goodwill	71 796	4 852	76 648	100 689	4 852	105 541
Carrying value of brand name with unlimited useful life	16 740	0	16 740	16 236	0	16 236
	88 536	**4 852**	**93 388**	**116 925**	**4 852**	**121 777**
Discount rate for goodwill	11.0 %	8.9 %		12.4 %	8.9 %	
Discount rate for brand name	14.0 %	n/a		15.4 %	n/a	
Average sales growth rate	7.2 %	8.1 %		10.4 %	8.1 %	

The goodwill impairment tests are performed for each CGU based on value in use calculations. The value in use is equivalent to the present value of the discounted cash flow. This is based on planning assumptions over a maximum period of five years plus residual value, all of which have been approved by Management. The residual value takes into account a growth rate of 2 % (GNT). The pre-tax discount rates applied and the average growth rate are set out in the above table.

The brand value was calculated on the basis of discounted cash flows for the next five years and the residual value beyond this period, assuming a growth rate of 2 %. The pre-tax discount rates applied and the average growth rate are set out in the above table. Even with material changes in the base data that have been used, the values in use exceed the reported net assets.

4.8 Investments in associated companies

The European Wholesale Group GmbH (EWG) was founded in Hergiswil (Switzerland) in 2002. ALSO Holding AG directly holds a share of 29.0 % (previous year 36.8%). The carrying amount of TCHF 54 shows the share in shareholders' equity as at 31 December 2007. In the reporting year, the value of the holding was revalued upwards by TCHF 18 (Note 3.5).

Aggregate values of associated companies

CHF 1000	**2007**	**2006**
Net revenue from products and services	448	499
Net profit	7	4
Balance sheet figures		
Current assets	227	289
Non-current assets	0	0
Current liabilities	42	39
Non-current liabilities	0	0
Shareholders' equity	185	250

Notes to the consolidated financial statements

4.9 Current and non-current financial liabilities

CHF 1000	2007		2006	
	Carrying amount	Interest rate	Carrying amount	Interest rate
Current financial liabilities				
Amounts owed to banks and third-party loans	32 671	Euribor +0.7 to 1.2%	12 060	Euribor +0.7 to 1.2%
Financial liabilities towards principal shareholder	0	3.5%	32 982	2.5%
Finance lease	3 258	3.7 to 5.6%	2 585	3.7 to 4.5%
Receivables selling program	190 567	Euribor +0.7 to 1.5%	380 334	Euribor +0.5 to 1.2%
Current portion of non-current debts	41 576	4.6%	0	
Total current financial liabilities	**268 072**		**427 961**	
Non-current financial liabilities				
Bank loans and private placement	0		41 513	4.6%
Finance lease	11 691	3.7 to 5.6%	11 051	3.7 to 5.6%
Mortgages	9 220	Euribor +1.1%	9 094	Euribor +1.1%
Total non-current financial liabilities	**20 911**		**61 658**	
Total financial liabilities	**288 983**		**489 619**	

For financing purposes, the ALSO Group sells receivables to independent banks. The receivables thus sold remain in the balance sheet, and the pre-financing is shown under financial liabilities as long as the default risk remains with ALSO.

Covenants
Certain financial liabilities are subject to covenant clauses, under which stipulated financial key figures must be attained. For a credit facility, a subsidiary did not attain the minimum equity ratio. The outstanding credit limit is CHF 25 million, of which as at 31 December 2007, CHF 14.2 million was utilized.

The bank therefore has the right to demand early repayment of the credit. On 10 January 2008, the bank did not enforce the covenant and did not demand early repayment of the credit.

Notes to the consolidated financial statements

4.10 Accrued expenses and deferred income

CHF 1000	2007	2006
Accrued expenses	**96 330**	**139 901**
Various tax payables	21 364	39 587
Other payables to third parties	39 951	11 444
Other payables to related parties	43	1 121
Derivative financial instruments (Note 5.2)	1 416	771
Other payables	**62 774**	**52 923**
Total accrued expenses and deferred income	**159 104**	**192 824**

Accrued expenses and deferred income are shown in the balance sheet at nominal value. They comprise short-term expense accruals and deferred income relating to revenue for subsequent accounting periods already received, as well as accruals for goods received but not yet invoiced. Tax payables include value added and other tax liabilities.

4.11 Provisions

CHF 1000	Warranties, returned goods, complaints	Restructuring costs	Litigation risks	Other provisions	Total
Total as of 31 December 2005	**320**	**234**	**0**	**320**	**874**
Change in scope of consolidation (Note 4.12)	127	850	4 516	474	5 967
Creation	70	0	0	110	180
Usage	–61	–335	0	–474	–870
Release	0	0	0	0	0
Foreign exchange differences	13	15	85	0	113
Total as of 31 December 2006	**469**	**764**	**4 601**	**430**	**6 264**
Creation	128	1 464	1 049	0	2 641
Usage	–120	–1 785	–999	0	–2 904
Release	–3	0	–3 610	–100	–3 713
Foreign exchange differences	14	–1	18	0	31
Total as of 31 December 2007	**488**	**442**	**1 059**	**330**	**2 319**
Current provisions	488	442	0	0	930
Non-current provisions	0	0	1 059	330	1 389
Total for 2007	**488**	**442**	**1 059**	**330**	**2 319**

Notes to the consolidated financial statements

The restructuring provisions contain termination payments which are only recognized if there is a welfare plan that has been communicated to the affected employees. Provisions are released when the corresponding expenses, which normally become due within one year, are paid. Reimbursement rights totalling TCHF 1 169 were recognized against the deferred conditional purchase price in connection with the acquisition of the GNT Group.

Guarantee provisions cover expenses that have not yet been incurred but can be expected before the end of the guarantee period.

The provision for legal proceedings relates mainly to legal proceedings regarding copyright fees. In the reporting year, one case was settled out of court. Reimbursement rights for a total of TCHF 999 were offset against the deferred conditional purchase price obligation. Reversal of the provision of TCHF 3 610 has no effect on the profit and loss statement.

Other provisions include provisions for onerous contracts, deferred receivables and other risks. These provisions are generally dissolved within five years.

4.12 Additions to Group companies

2007:

There were no additions to Group companies during the reporting year.

2006:

On 31 August 2006, ALSO Holding AG acquired a 50.1 % stake in the GNT Group, which is headquartered in Tampere (Finland), for a basic purchase price of EUR 32.2 million (excluding transaction costs). The parties agreed on a combination of call options and put options on the remaining 49.9 % of the company, the first tranche of which can be exercised in 2008 and the second in 2010. The price of these options will be determined on the basis of the profits generated by the acquired company and the price/earnings ratio of ALSO Holding AG, the maximum applicable P/E ratio being 13. Furthermore, the seller's first put option is subject to the condition that the GNT Group generates a specified minimum profit.

ALSO has reported the liability expected to arise from these options at its present value and has therefore consolidated the GNT Group 100 % percent because the structure of call/put options is equivalent in financial terms to a futures' transaction. Any changes will be reported as an adjustment in the purchase price. In addition, 100 % of the goodwill was shown in the balance sheet and represents the residual value (purchase price minus acquired net assets). This essentially represents the anticipated synergy effects.

The GNT Group was consolidated for the first time as from 1 September 2006, and in 2006 contributed sales of CHF 926.3 million and a loss of CHF -11.6 million to the Group result. If ALSO had purchased the GNT Group on 1 January 2006, GNT would have contributed to the Group result with sales of CHF 2 259.2 million and a loss of CHF -21.8 million.

In reporting year 2006, the purchase price allocation of the GNT acquisition was provisional, since the conditions stipulated in the purchase contract did not allow the measurement to be definitively completed. In 2007, ALSO tested the measurement of the purchase price allocation. As a result of this analysis, the brand name GNT was reduced by CHF 11 million, and the deferred taxes by CHF 2.4 million. This adjustment increased goodwill by a total of CHF 8.6 million. The previous year's figures have been restated accordingly.

Notes to the consolidated financial statements

The table below shows the provisional fair values as at 31 August 2006, compared with the definitively calculated values in 2007:

	31 August 2006			
CHF 1000	**Carrying values**	**Current market values**	**+/–**	**Adjusted current market values**
Cash and securities	20 644	20 644		20 644
Other current assets	384 525	384 525		384 525
Property, plant and equipment	27 604	33 134		33 134
Intangible assets (excluding goodwill)	1 341	67 812	–11 044	56 768
Other non-current assets	659	659		659
Current liabilities	–391 638	–391 638		–391 638
Non-current liabilities	–23 471	–28 026		–28 026
Deferred tax liabilities	0	–15 427	2 428	–12 999
Net assets	**19 664**	**71 683**	**–8 616**	**63 067**
Goodwill		90 232	8 616	98 848
Total purchase consideration		**161 915**	**0**	**161 915**
Cash acquired		–20 644		
Deferred conditional purchase price liabilities at acquisition date		–106 377		
Funds used		**34 894**		

The transaction costs of TCHF 1 962 are included in goodwill.

4.13 Deferred conditional purchase price liabilities

CHF 1000	**Total**
Status as at 31 December 2006	**107 124**
Adjustment in present value	–29 451
Accrued interest	3 023
Foreign exchange differences	3 008
Status as at 31 December 2007	**83 704**
Of which current	66 963
Of which non-current	16 741

The adjustment of the deferred conditional purchase price liabilities causes a reduction in goodwill of TCHF 31 599 (Note 4.6).

Notes to the consolidated financial statements

4.14 Shareholders' equity
The number of outstanding registered shares with a nominal value of CHF 1 per share totalled 6 038 590 as of 31 December 2007. The number of outstanding shares is unchanged from the previous year.

There was no change in nominal capital compared to previous year.

Treasury shares

CHF 1000	Number	Value
31 December 2005	**3 645**	**40**
Split 1:10	36 450	40
Deductions for employee share program	–11 363	–12
Additions	10	0
31 December 2006	**25 097**	**28**
Deductions for employee share program	–11 066	–13
31 December 2007	**14 031**	**15**

Major shareholders	31.12.07	31.12.06
– Schindler Holding AG, Hergiswil (Switzerland)	64.0 %	64.0 %
– Bestinver Gestion, S.G.I.I.C., S.A., Madrid (Spain)	5.0 %	5.0 %
– SaraSelect Anlagefonds, Basel (Switzerland)	5.0 %	5.0 %

(according to the share register)

During the year under review, the ALSO Group received notification from the Bestinver Gestion investment fund – in accordance with Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading – that its stake in the Group had exceeded the 10 % disclosure limit. The Board of Directors decided that the SaraSelect investment fund and Bestinver Gestion should be recognized as major shareholders and that only 5 % of the voting rights they hold should be entered in the share register. Bestinver Gestion S.G.I.I.C. S.A, Madrid, holds a total of 13.1 % (previous year 8.4 %) and the SaraSelect investment fund, Basel, holds 5.6 % (previous year 5.3 %) of shares in ALSO.

Regulations regarding the restricted transferability of shares
In accordance with Art. 5 of the Articles of Association, the Board of Directors may refuse to register a purchaser of shares as a full shareholder (i.e. as a shareholder with voting rights) if the purchaser would hold more than 5 % of voting rights as a result of his/her entry in the share register.

Retained earnings
The distribution of retained earnings is subject to restrictions:
- Special reserves of ALSO Holding AG can be distributed following a resolution by the Annual General Meeting to this effect
- The reserves of subsidiaries are first distributed to the parent company in accordance with local tax regulations and legislation

Opting out
The Articles of Association contain an opting out clause.

Notes to the consolidated financial statements

4.15 Earnings per share / dividends per share
(all figures are presented after the 1:10 share split of 23 March 2006)

		2007	2006
Net profit	CHF	14 804 000	12 183 000
Shares issued	number	6 038 590	6 038 590
Less treasury shares (weighted)	number	–18 642	–29 827
Shares issued (weighted) for calculation	number	6 019 948	6 008 763
Undiluted earnings per share	**CHF**	**2.46**	**2.03**
Diluted net profit	CHF	14 804 000	12 183 000
Shares issued (weighted) for calculation	number	6 019 948	6 008 763
Adjustment for dilution from options	number	4 559	2 409
Diluted shares	number	6 024 507	6 011 172
Diluted earnings per share	**CHF**	**2.46**	**2.03**

The company has 14 031 treasury shares in its portfolio. In the above table, these treasury shares are deducted from the total number of shares outstanding. The diluted figures show the effect of the option program in accordance with IFRS 2.

The Board of Directors will propose to the Annual General Meeting that a dividend of TCHF 4 217 (previous year TCHF 4 209) be paid for the reporting year 2007 (CHF 0.70 per registered share; previous year CHF 0.70 per registered share).

5. Further information on the consolidated financial statements

5.1 Contingent liabilities
There are no pledges or guarantees in favour of third parties.

5.2 Financial instruments

Hedging transactions

CHF 1000	Contract value	Fair value positive	Fair value negative	Risk	Hedging instruments
Fair value hedge	297 153	218	1 330	Foreign exchange	Forward exchange contracts
Cash flow hedge	10 256	0	86	Foreign exchange	Forward exchange contracts
Fair value hedge	2 052	11	0	Interest	Interest rate swap
Total 31 December 2007	**309 461**	**229**	**1 416**		
Fair value hedge	110 690	346	756	Foreign exchange	Forward exchange contracts
Cash flow hedge	3 660	6	4	Foreign exchange	Forward exchange contracts
Fair value hedge	22 210	89	11	Interest	Interest rate swap
Total 31 December 2006	**136 560**	**441**	**771**		

Notes to the consolidated financial statements

Forward exchange transactions are concluded for a maximum term of three months and are used to hedge currency risks. Cash flow hedging transactions relating to foreign currencies cover periods of up to one year. The interest rate swaps run until 2014.

Fair value of the financial instruments	**2007**	**2007**	**2006**	**2006**
CHF 1000	Book value	Fair value	Book value	Fair value
Financial assets				
Cash (Note 4.1)	84 024	84 024	67 870	67 870
Accounts receivable (Note 4.2)	380 191	380 191	621 158	621 158
Derivative financial instruments (Note 4.4)	229	229	441	441
Financial assets	0	0	443	443
Financial liabilities				
Financial liabilities (Note 4.9)	288 983	288 983	489 619	489 619
Other liabilities	404 015	404 015	402 714	402 714
Derivative financial instruments (Note 4.10)	1 416	1 416	771	771

5.3 Pledged or assigned assets serving as collateral for own liabilities

CHF 1000	**2007**	**2006**
Receivables	223 708	424 448
Inventories	92 805	112 539
Property, plant and equipment	32 398	30 268
Total assets pledged	**348 911**	**567 255**

The above assets have been pledged as collateral against existing financial liabilities.

5.4 Rental and leasing commitments

Payments for fixed-term contracts

CHF 1000	**2007**	**2006**
Due in 1st year	16 114	14 553
Due in 2nd – 5th year	42 936	51 538
Due from the 6th year onwards	33 572	44 082

Payments in respect of fixed-term contracts relate mainly to rental agreements for the logistics buildings in Germany, Switzerland, Finland, Sweden and Norway. During the year under review, the cost charged to the profit and loss statement totalled TCHF 19 785 (previous year TCHF 10 233).

Notes to the consolidated financial statements

Finance lease

CHF 1000	2007	2006
Due in 1st year	3 817	3 042
Due in 2nd – 5th year	12 617	11 563
Due from the 6th year onwards	0	305
	16 434	**14 910**
Minus interest expense component	–1 485	–1 274
Total financial debt from finance lease	**14 949**	**13 636**
Of which current	3 258	2 585
Of which non-current	11 691	11 051

6. Subsidiaries

Country	Head office	Company	Partici-pation 31.12.07	Partici-pation 31.12.06		Share capital in 1000	Cur-rency	Code
Switzerland	Hergiswil	ALSO Holding AG				6 038	CHF	S
	Emmen	ALSO Schweiz AG	100.0 %	100.0 %		100	CHF	D
	Dietikon	ACS Trading AG	–	100.0 %	2)	100	CHF	D
	Hergiswil	ALSO Comedia-Verlags AG	100.0 %	100.0 %		100	CHF	S
	Hergiswil	European Wholesale Group GmbH	29.0 %	36.8 %		124	CHF	D
Germany	Straubing	ALSO Deutschland GmbH	100.0 %	100.0 %		103	EUR	D
Finland	Helsinki	ALSO Nordic Holding Oy	100.0 %	100.0 %		10 000	EUR	S
	Tampere	GNT Holding Oy	50.1 %	50.1 %	1)	887	EUR	S
	Tampere	GNT Finland Oy	50.1 %	50.1 %	1)	841	EUR	D
Sweden	Upplands Väsby	GNT Sweden AB	50.1 %	50.1 %	1)	5 000	SEK	D
Norway	Sandefjord	GNT Norway AS	50.1 %	50.1 %	1)	11 063	NOK	S
Estonia	Tallinn	GNT Eesti AS	50.1 %	50.1 %	1)	3 000	EEK	D
Latvia	Marupe	GNT LATVIA SIA	50.1 %	50.1 %	1)	842	LVL	D
Lithuania	Kaunas	UAB GNT Lietuva	50.1 %	50.1 %	1)	6 500	LTL	D
Poland	Wroclaw	GNT Polska Sp. z o.o.	50.1 %	50.1 %	1)	3 000	PLN	D

D = Distribution
S = Service/holding company

1) In view of deferred purchase price liabilities, the company was consolidated without minorities (no disclosure of minorities, see Note 4.12).
2) Merged with ALSO Schweiz AG as of 1 January 2007

Notes to the consolidated financial statements

6.1 Transactions with related parties

The members of the Board of Directors receive a fee of CHF 27 000 for their work (previous year CHF 27 000).

All transactions with related parties (companies and individuals) are conducted at arm's length. Existing assets and liabilities on the balance sheet date are unsecured, interest-free and payable in cash. No valuation adjustments for receivables were recorded. Equally, there were no guarantees, pledges or other contingent liabilities in favour of related parties. The following transactions and the respective volumes were conducted with related parties:

Transactions with the Schindler Group (principal shareholder)

CHF 1000	2007	2006
Net sales	418	318
Management fees	–3 070	–2 578
Interest income	245	86
Interest expense	–239	–141
Short term cash deposits (Note 4.1)	4 915	0
Current financial liabilities (Note 4.9)	0	32 982
Accounts receivable (Note 4.2)	29	5
Other liabilities (Note 4.10)	43	1 121
Transactions with ALSO pension fund		
Other liabilities (outstanding contributions)	280	270
Transactions with associated companies		
Net sales	124	271
Management fees	67	60

Transactions with related parties (ALSO Group Management and Board of Directors)

There were no transactions with related parties during the year under review or previous year.

Compensation for key management (ALSO Group Management and Board of Directors)

CHF 1000	2007	2006
Salaries*	2 822	2 581
Contributions to pension plans	328	312
Anniversary bonuses or other special payments	3	1
Retirement bonuses	0	0
Employee shares / options	138	239
Total compensation for key management	**3 291**	**3 133**

* Salaries, bonuses, flat-rate expenses, Board fees, employer contributions for social security and other, non-monetary benefits/reductions

Notes to the consolidated financial statements

The Chief Executive Officer is included in the figures (see page 71) even though he has a contract of employment with Schindler. His total compensation for the year under review is charged to ALSO Holding AG by Schindler Management Ltd. in the form of management fees.

Option conditions
(all figures are presented after the 1:10 share split of 23. March 2006)

Year of issue	Right to	Exercise period	Exercise price then applicable in CHF	Market value then applicable in CHF	Open on 31.12.07 Number
2004	Shares	1 May 2007 to 30 April 2010	33.47	15.61	3 960
2005	Shares	1 May 2008 to 30 April 2011	33.08	16.30	5 030
2006	Shares	1 May 2009 to 30 April 2012	35.68	28.51	1 975
2007	Shares	1 May 2010 to 30 April 2013	43.96	29.44	2 345

The options are valued according to the Hull-White model, which explicitly takes account of the effects of the restriction period and of the early exercising of the options. The following parameters were applied:

	2007	2006
Price	67.35	58.00
Strike	43.96	35.68
Volatility	27.0 %	37.6 %
Risk-free interest rate	2.8 %	2.7 %
Dividend rate	1.1 %	1.6 %
Exit rate	5.0 %	5.0 %

Volatility was determined on the basis of the historical volatility of the share price over a period of six months from the date of valuation.

The fair value of the options is recognized in the profit and loss statement, with one third of the amount (3-year vesting period), i.e. TCHF 68 (previous year TCHF 61) being charged to personnel expenses.

6.2 Events occurring after the balance sheet date
No significant events occurred after the balance sheet date.

6.3 Approval of the ALSO Group consolidated financial statements
The consolidated financial statements were released for publication by the Board of Directors of ALSO Holding AG on 8 February 2008 and will be submitted to the Annual General Meeting for approval on 12 March 2008.

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 (profit and loss statement, balance sheet, cash flow statement, statement of shareholders' equity and notes) of ALSO Holding AG, Hergiswil (Switzerland), shown on pages 33 to 72 for the year ended 31 December 2007.

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 the Swiss Auditing Standards as well as 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 Reporting Standards (IFRS), and comply with Swiss law.

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

Lucerne, 8 February 2008

Ernst & Young AG

Roland Ruprecht Certified accountant (in charge of the audit)	Christoph Michel Certified accountant

Profit and loss statement of ALSO Holding AG

CHF 1000	**2007**	**2006**
Service revenue	9 141	5 790
Investment revenue	10 000	10 000
Other operating income	0	212
Financial income	10 008	5 614
Gain from sale of property, plant and equipment	0	0
Total income	**29 149**	**21 616**
Service expenses	–3 070	–2 578
Personnel expenses	–2 831	–2 280
Other operating expenses	–3 279	–1 384
Financial expenses	–6 657	–2 460
Tax expenses	–309	–250
Total expenses	**–16 146**	**–8 952**
Net profit	**13 003**	**12 664**

Balance sheet of ALSO Holding AG

Assets

CHF 1000		31.12.07	31.12.06
Cash		32	40
Securities		16	28
Receivables	– from third parties	25	56
	– from Group companies	9 602	65 263
	– from major shareholder	4 915	0
Prepaid expenses and accrued income		777	814
Total current assets		**15 367**	**66 201**
Land and buildings		2 905	2 905
Intangible assets		122	56
Investments		53 362	53 362
Loans to Group companies		168 596	53 696
Total non-current assets		**224 985**	**110 019**
Total assets		**240 352**	**176 220**

Liabilities

CHF 1000		31.12.07	31.12.06
Accounts payable	– to third parties	795	64
	– to Group companies	73 725	4 915
	– to major shareholder	0	34 058
Liabilities to banks		18 500	0
Accrued expenses and deferred income		3 314	1 960
Total liabilities		**96 334**	**40 997**
Share capital		6 038	6 038
Legal reserves	– general reserve	1 100	1 100
	– reserve for treasury shares	25	44
	– share-premium reserve	41 878	41 878
Special reserves		70 000	60 000
Retained earnings	– balance brought forward	11 974	13 499
	– net profit	13 003	12 664
Total shareholders' equity		**144 018**	**135 223**
Total liabilities		**240 352**	**176 220**

Notes to the financial statements of ALSO Holding AG

The Notes to the financial statements of ALSO Holding AG only refer to those positions which are not consolidated, vary considerably or are of significant importance. For other details, please refer to the Notes to the consolidated financial statements.

Shareholders' equity
See Notes 3.2, 4.16 and 6 to the consolidated financial statements for information on the treasury shares held by ALSO Holding AG, major shareholders, the conditional capital increase and the main subsidiaries.

Contingent liabilities

CHF 1000	31.12.07	31.12.06
Pledges	55 965	109 403
Guarantees	544 623	129 426
Letters of comfort	p.m.	p.m.
Total	**600 588**	**238 829**

The pledges and guarantees were entered into in favour of Group companies.

Fire insurance value of property, plant and equipment

CHF 1000	31.12.07	31.12.06
Equipment, furniture, IT (global insurance of ALSO Group)	24 297	28 388
Total	**24 297**	**28 388**

Liabilities to retirement benefit plans

CHF 1000	31.12.07	31.12.06
ALSO pension fund	27	20
Total	**27**	**20**

Compensation of ALSO Management Committee and Board of Directors
Of the compensation reported in the reporting year, ALSO Holding AG paid the fees to the members of the Board of Directors directly. The compensation of the members of the Management Committee was in some cases paid directly, and in other cases indirectly through intercompany charges.

The detailed composition of the fixed an variable compensation of the members of the Board of Directors and Management Committee is fully described and explained in the Compensation Report on pages 21 to 26.

The composition of the compensation for the reporting year 2007 was as follows:

Notes to the financial statements of ALSO Holding AG

Members of the Board of Directors of ALSO Holding AG
Total compensation

CHF 1000	Cash, fixed (gross)	Expenses for retirement benefits	**Total 2007**
Thomas C. Weissmann * Chairman, executive member	–	–	**–**
Prof. Dr. Karl Hofstetter ** non-executive member	–	–	**–**
Prof. Dr. Rudolf Marty non-executive member	27	1	**28**
Total compensation	**27**	**1**	**28**

* The compensation of Thomas C. Weissmann is only shown under the compensation of members of the Management Committee.

** Prof. Dr. Karl Hofstetter has an employment contract with Schindler and is compensated by Schindler. There is no compensation by ALSO.

Members of the Management Committee of ALSO Holding AG
Total compensation

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Bonus (gross)	Shares	Options	Fringe benefits	Expenses for retirement benefits	**Total 2007**
Management Committee – Total	1 409	1 231	108	30	7	478	**3 263**
Highest individual compensation – Thomas C. Weissmann	468	268	66	30	–	245	**1 077**

Number of shares and options on shares

	Number of shares	Options awarded
Management Committee – Total	2 195	1 602
Highest individual compensation – Thomas C. Weissmann	955	1 602

Members of the Board of Directors of ALSO Holding AG
Shares, options and conversion rights

as of 31 December 2007	Number of shares	Number of options [1]
Thomas C. Weissmann Chairman, executive member	Included in Group Management compensation	
Prof. Dr. Karl Hofstetter Non-executive member	2000	–
Prof. Dr. Rudolf Marty Non-executive member	10	–
Total	**2010**	**–**

Members of the Management Committee of ALSO Holding AG
Shares, options and conversion rights

as of 31 December 2007	Number of shares	Number of options [1]
Thomas C. Weissmann Chief Executive Officer (CEO)	11 342	3 960 [2]
Michael Dressen Managing Director	600	–
Marc Schnyder Managing Director	3 346	–
Hans Wyss Chief Financial Officer (CFO)	1 731	–
Peter Zurbrügg Chief Information Officer (CIO)	1 900	–
Total	**18 919**	**3 960**

1) Vested options only
2) Acquisition date: 2004 (2003 grant)
For information on the term, subscription ratio and exercise price of the options, see the overview in section 6.1 of the Notes to the Consolidated Financial Statements

There are no further matters requiring disclosure according to the Swiss Code of Obligations (OR) Art. 663b.

Proposal of the Board of Directors for the appropriation of the available earnings 2007

CHF 1000	2007	2006
Balance brought forward	11 954	13 480
Transfer from reserves for treasury shares	20	19
Net profit	13 003	12 664
Total available earnings as of 31 December	**24 977**	**26 163**
Dividends	–4 217	–4 209
Allocation to special reserves	–10 000	–10 000
Earnings carried forward	**10 760**	**11 954**

Report of the Statutory Auditors

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

As Statutory Auditors, we have audited the accounts and the financial statements (profit and loss statement, balance sheet and notes) shown on pages 74 to 78 of ALSO Holding AG, Hergiswil (Switzerland), for the year ended 31 December 2007.

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 Swiss Auditing Standards, 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, financial statements and proposed appropriation of profits comply with Swiss law and with the company's Articles of Association.

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

Lucerne, 8 February 2008

Ernst & Young AG

Roland Ruprecht	Christoph Michel
Certified Accountant	Certified Accountant
(in charge of the audit)	

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ALSO in Europe

Finland
Population in millions: 5.3, GDP*: 40 197
Personal computers per 100 population: 48

Sweden
Population in millions: 9.1, GDP*: 42 383
Personal computers per 100 population: 76

Estonia
Population in millions: 1.3, GDP*: 12 203
Personal computers per 100 population: 49

Norway
Population in millions: 4.6, GDP*: 72 305
Personal computers per 100 population: 57

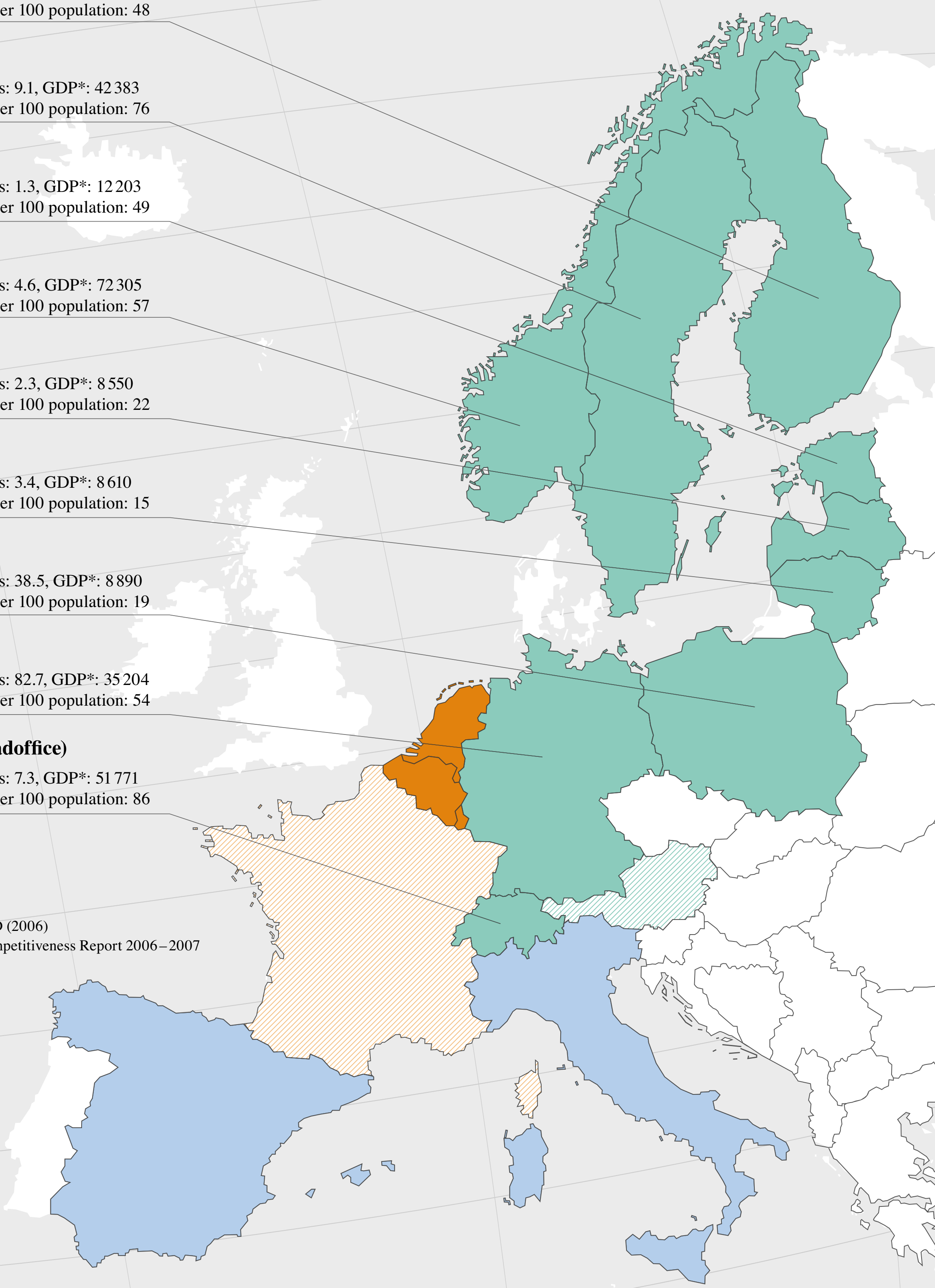
Latvia
Population in millions: 2.3, GDP*: 8 550
Personal computers per 100 population: 22

Lithuania
Population in millions: 3.4, GDP*: 8 610
Personal computers per 100 population: 15

Poland
Population in millions: 38.5, GDP*: 8 890
Personal computers per 100 population: 19

Germany
Population in millions: 82.7, GDP*: 35 204
Personal computers per 100 population: 54

Switzerland (Headoffice)
Population in millions: 7.3, GDP*: 51 771
Personal computers per 100 population: 86



* GDP per capita in USD (2006)
Source: The Global Competitiveness Report 2006 – 2007

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