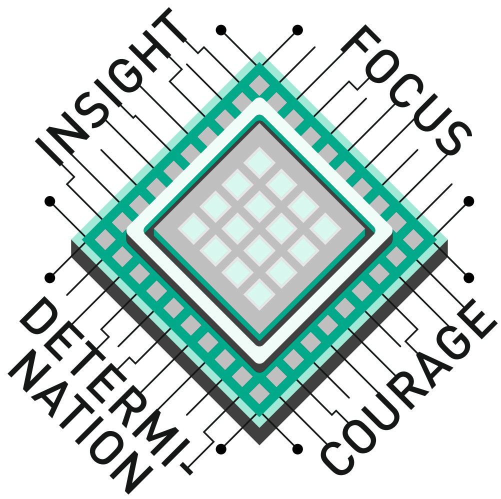
Annual Report 2010



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 2010, ALSO generated net sales of CHF 4.2 billion with 1 479 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.

ALSO is active in seven European countries: Estonia, Finland, Germany, Latvia, Lithuania, Norway and Switzerland.

Core competencies
ALSO specializes in ICE distribution and 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.

ALSO Services complements the ICE distribution product portfolio with a range of standardized marketing, training, information, logistics, after-sales and accounting services. In addition, ALSO Services offers manufacturers and bulk customers in the ICE industry customized service packages that extend all the way down the value-added chain.

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 (CHF million)	2010	2009	2008	2007	2006
Net sales [1]	4 213.6	4 409.9	4 851.3	4 598.8	3 277.1
Gross margin [1]	216.3	222.7	233.5	239.0	152.9
EBITDA [1]	63.4	69.9	67.5	80.9	36.9
Operating profit (EBIT) [1]	51.9	40.0	55.8	69.3	29.2
Profit continuing operations [1]	25.7	14.5	23.3	33.1	
Net profit (loss)	26.2	15.0	–11.2	14.8	12.2

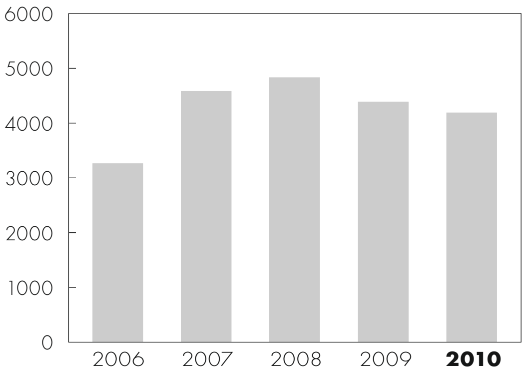
Cash flow statement (CHF million)					
Cash flow	35.0	31.9	13.5	27.5	20.4
Investments in property, plant and equipment	27.1	10.4	7.5	9.7	8.1

Balance sheet (CHF million)					
Total assets	734.6	812.3	877.3	1 144.3	1 416.9
Total shareholders' equity	193.7	195.3	180.1	215.2	202.1

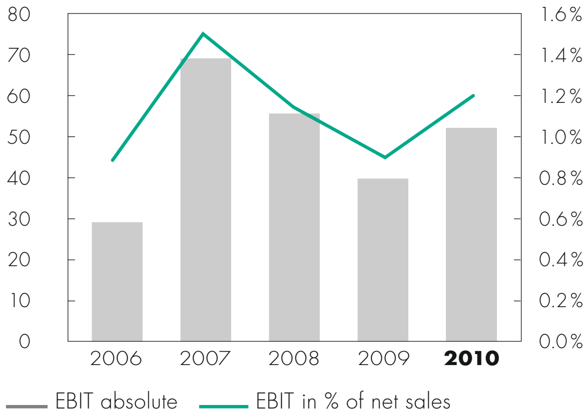
Key figures					
Gross margin [1]	5.1 %	5.1 %	4.8 %	5.2 %	4.7 %
Operating margin [1]	1.2 %	0.9 %	1.2 %	1.5 %	0.9 %
Profit continuing operations in % sales [1]	0.6 %	0.3 %	0.5 %	0.7 %	
Return on sales	0.6 %	0.3 %	–0.2 %	0.3 %	0.4 %
Equity ratio	26.4 %	24.0 %	20.5 %	18.8 %	14.3 %
ROIC (Return on invested capital) [1] [2]	10.9 %	9.0 %	9.2 %	9.6 %	5.9 %
ROA (Return on assets) [1] [3]	5.9 %	4.5 %	5.9 %	4.8 %	3.4 %
Sales-to-assets ratio [4]	5.4	5.2	4.8	3.6	4.5
Number of registered shares at CHF 1 [6]	6 039 012	6 039 012	6 039 012	6 038 590	6 038 590
Dividend per registered share (CHF) [5] [6]	1.00	0.70	0.00	0.70	0.70
Equity per registered share (CHF) [6]	32.07	32.35	29.80	35.60	33.50
Share price, high (CHF) [6]	58.00	45.00	63.00	73.30	65.00
Share price, low (CHF) [6]	40.20	25.00	29.00	60.10	39.90
Market capitalization at 31 Dec (CHF million)	332.1	247.6	193.2	416.7	389.5
Personnel at 31 Dec [1] [7]	1 479	1 473	1 658	1 765	2 047
Average personnel during year [1] [7]	1 447	1 490	1 702	1 695	1 066

[1] From 2007 only continuing operations
[2] NOPAT / capital employed
[3] Net income + interest / average total assets
[4] Net sales / average total assets
[5] Decision of the extraordinary General Meeting of 8 February 2011
[6] All figures after the ten-for-one stock split of 23 March 2006 (The previous years were adjusted accordingly)
[7] Basis: Full-time equivalents including temporary employees

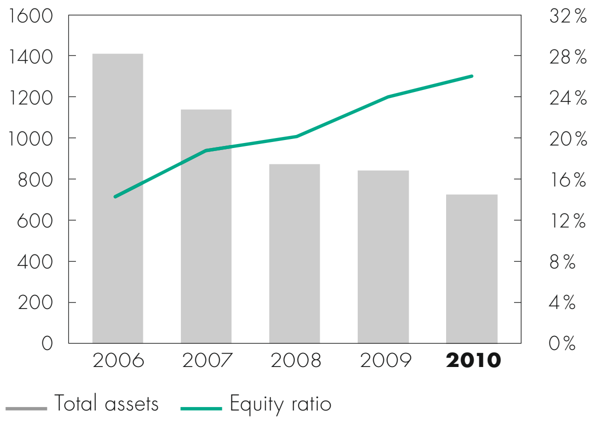
Sales in CHF million [1]



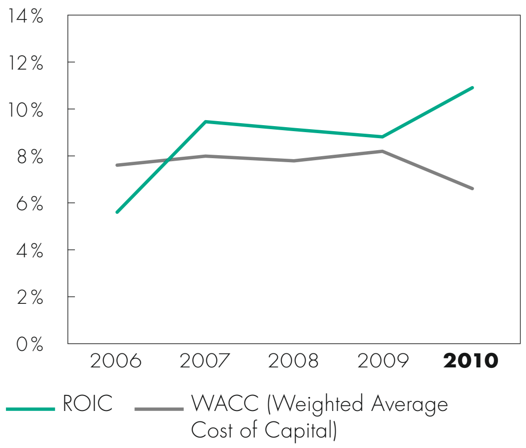
Operating profit (EBIT) in CHF million [1]



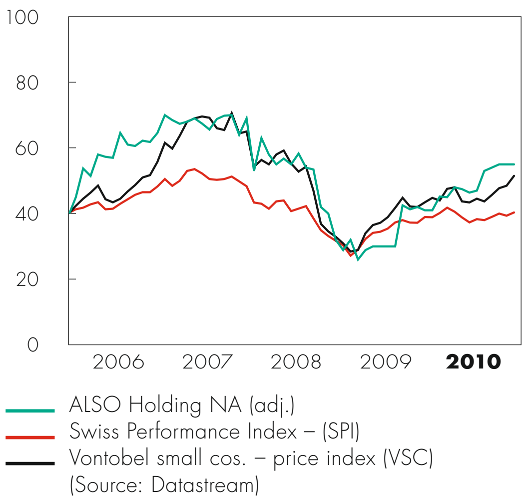
Total assets in CHF million and equity ratio



Return on invested capital (ROIC) [1]



Share price in CHF (adjusted)



[1] From 2007 only continuing operations

Shareholder structure	(at 31 December 2010)
Schindler Holding AG	64.0%
Miscellaneous shareholders	36.0%

Stock details	
Symbol	ALSN
Security No.	2459027
ISIN	CH0024590272

Financial calendar	
Annual General Meeting	10 March 2011
Media release Selected key figures as of 31 March	28 April 2011
Publication Half-year report	28 July 2011
Media release Selected key figures as of 30 September	25 October 2011
Annual Results Media Conference	13 February 2012

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Board of Directors' Report

In 2010 the IT industry was able to recover. ALSO brought 2010 to a successful conclusion by returning a net profit of CHF 26.2 million, a considerably higher figure than in 2009. The first stage in the updating of the Group-wide ERP platform was successfully completed with the migration to SAP in Norway.

2010 was a strategic milestone for ALSO. The merger with Actebis has created the third-largest distribution company for IT, telecommunications and consumer electronics products in Europe. The company is market leader in eight out of twelve European countries and expects to achieve sales of approximately CHF 10 billion.

Recovery in the IT industry
The economic upturn in Europe had a positive impact on the IT industry in 2010, with business customers in particular significantly increasing their spending on IT infrastructure. Private consumption remained at the same level as the previous year. The PC markets in which ALSO operates saw renewed unit growth. In value terms, industry sales were also above their 2009 level. Against this background, ALSO was able to maintain, and in some cases even improve, its market position in all the countries in which it is active. Despite this, negative exchange rate effects depressed both the income statement and the equity ratio.

Significant increase in net profits in 2010
At CHF 4214 million, ALSO's consolidated sales were 4% down on the previous year (2009: CHF 4410 million). However, after currency adjustments, sales were 2% above their 2009 level. Operating profit grew by 30% (+37% in local currency) to CHF 51.9 million (2009: CHF 40.0 million). This figure includes non-recurring costs totalling CHF 3.1 million for the Group-wide SAP project as well as operations relating to the merger of ALSO and Actebis (2009: CHF 14.6 million for the depreciation of the GNT brand name). Thanks to its improved operating profit and a significant reduction in financial expenses, ALSO achieved net profits of CHF 26.2 million in 2010. This represents a considerable improvement compared over the previous year (2009: 15.0 million).

On 31 December 2010, total assets amounted to CHF 735 million (2009: CHF 812 million). The equity ratio was 26%. On 31 December 2010, ALSO employed 1479 people (2009: 1473).

At the extraordinary General Meeting held on 8 February 2011, shareholders agreed on the payout of a special dividend of CHF 1.00 per registered share. The Board of Directors will therefore ask the Ordinary General Meeting of 10 March 2011 to waive its right to a ordinary dividend for financial 2010.

Switzerland/Germany market segment

In the Switzerland/Germany market segment, the market for PCs grew slightly in value terms due to a significant upturn in unit sales. At CHF 2 949 million, ALSO's sales in this segment were 4 % below the previous year's level (2009: CHF 3 066 million). Nevertheless, in local currency this represented an increase of 2 %. The operating profit of CHF 48.0 million was 11 % down on the previous year (2009: CHF 54.2 million). This is primarily due to the slightly reduced gross margin, the weakening of the euro and the pro rata costs relating to the implementation of the SAP project. The segment's pre-tax profits amounted to CHF 35.8 million (2009: CHF 41.6 million).

Northern/Eastern Europe market segment

In the Northern/Eastern Europe market segment, the PC industry also benefited from significantly higher unit sales volumes than in the previous year. Here again, though, the figures lagged below the 2009 levels in value terms. ALSO's sales fell by 6 % to CHF 1 265 million (2009: CHF 1 343 million). However, despite the decision to avoid high-risk business, sales in local currency ran at 3 % above the 2009 figure. At CHF 8.8 million, the operating profit was 28 % lower than in 2009 (CHF 12.2 million), while the segment's profits before tax amounted to CHF 5.8 million (2009: CHF 9.5 million). This result also includes the attributable proportion of the costs associated with the Group-wide SAP project.

Merger of ALSO and Actebis

On 8 February 2011, the extraordinary General Meeting of ALSO shareholders approved the merger with Actebis GmbH that had been announced in the summer of 2010. This will create Europe's third-largest distribution company for IT, telecommunications and consumer electronics products. The new company will be the market leader in eight out of twelve European countries – including Germany, Europe's largest IT market – and will achieve sales of approximately CHF 10 billion. With this important step, ALSO is determinedly pursuing its strategy, announced in 1998, of becoming one of the leading players in the European IT distribution market.

The merging of the two companies will confront management with some major challenges. Even though the geographical overlap is small, it will still be necessary to merge the two largest subsidiaries in Germany and equip them with a uniform IT platform. In Norway, there is also a need to integrate the two companies' activities. Finally, it will be important to define a new IT strategy for the group and implement this in the medium term.

However, the merger of the two companies will also bring about considerable potential for synergies in the medium term. The extension of the product portfolio, the use of "best demonstrated practices", economies of scale throughout the entire cost structure, as well as optimizations in purchasing will substantially boost the company's long-term profitability.

Outlook for 2011

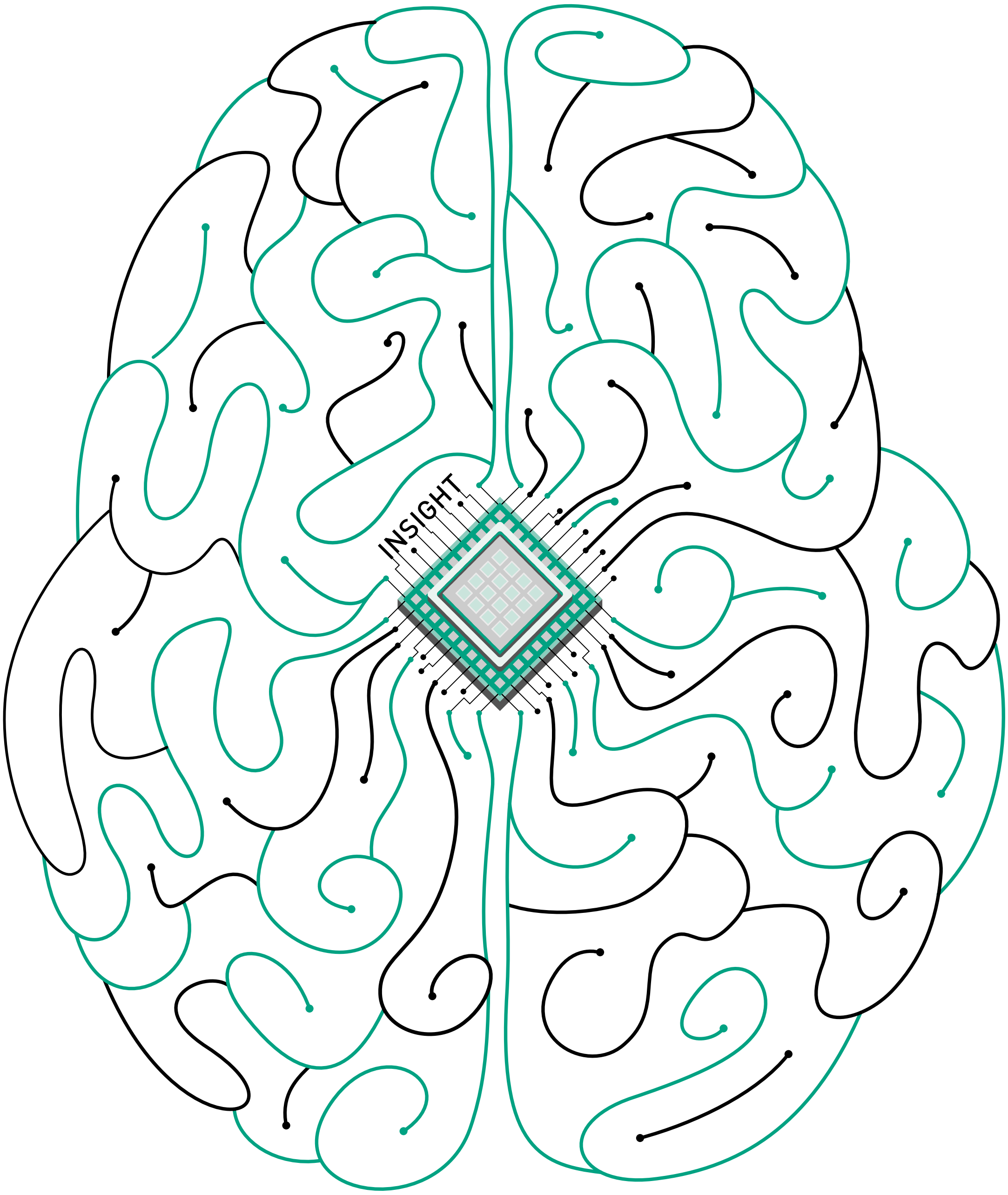
The prospects for the European economy remain uncertain. Increasing national debt and budget deficits, the volatility of the financial and currency markets and the general expectation of higher interest rates cloud the future prospects of a number of countries. In stark contrast, certain countries are once more showing surprisingly buoyant growth. Consequently, economic growth in Europe will differ from country to country in 2011.

Despite this, the demand for IT products should increase slightly in most countries, driven primarily by corporate customers needing to upgrade their systems. In addition, average prices should fall a little less sharply in 2011 than in previous years.

The top priority is to increase profitability, equity capital and productivity. The newly formed Group is expected to achieve sales of approximately CHF 10 billion in 2011. At present, it is still too early to make a reliable profit forecast for 2011. However, a special media conference is planned for March 2011 at which the prospective short and medium-term earnings and the possible synergies expected to emerge from the merger will be presented.

ALSO has successfully concluded a challenging business year. At this point we should like to thank all our employees for their enormous commitment and their contribution to the Group's success as well as for the outstanding work performed in connection with the SAP project and the merger between ALSO and Actebis. We should also like to thank our customers and business partners for their long-standing loyalty as well as our shareholders for their trust and belief in our company.

Thomas C. Weissmann
Chairman of the Board of Directors



Insight
Using our findings from years of experience and closeness to our customers to optimize processes all along the value-added chain.

Market Report

The upturn in the European economy has had a positive impact on the IT industry. Both unit sales and industry sales exceeded the previous year's level. In the Switzerland/Germany market segment, ALSO finished 2010 with outstanding figures in Switzerland, while also achieving an acceptable level of profitability in sales to specialist retailers in Germany. In the Northern/Eastern Europe segment, ALSO reported record sales in Finland and managed to hold its market position in Norway. In the Baltic States ALSO generated significantly improved results. The Group-wide IT project launched in 2010 is on course – Norway was the first company to migrate to SAP.

Market conditions continue to improve
The slight upturn in the European economy had a positive impact on the IT industry in 2010. Demand for IT products in the corporate sector was significantly stronger than in 2009 as many businesses embarked upon the IT infrastructure's upgrades that had been put on hold during the global financial crisis. By contrast, demand from private consumers remained at the same level as the previous year. Industry sales were also up on previous-year levels. The demand for IT hardware was particularly strong following the dramatic slump witnessed in 2009. In this sector, the demand for notebooks was significantly higher than for desktop PCs.

ALSO maintained, and in some cases even improved, its position in all its markets. In Switzerland, ALSO strengthened its retail business and boosted service volumes, while in Germany its business grew thanks to project-related operations through specialist dealers. In 2010, ALSO Finland equalled its record sales of 2008 in local currency, while the market position in Norway remained stable. In the Baltic States, ALSO substantially improved its position over the previous year.

Switzerland/Germany segment
Demand for PCs in the Switzerland/Germany market segment were slightly above the 2009 level in value terms and ALSO increased sales by 2% in local currency. However, in Swiss francs, sales of CHF 2949 million were below the previous year's level of CHF 3066 million. Operating profit fell by 11% (–7% in local currency) to CHF 48.0 million due to the slightly reduced gross margin, the weakening of the euro and the proportion of the costs incurred for the SAP project during the year. The segment's profit before tax was CHF 35.8 million (2009: CHF 41.6 million). On 31 December 2010, ALSO had 724 employees in this segment (2009: 703).

In Switzerland, the PC sector reported higher unit sales and sales figures than in the previous year. In 2010, ALSO Switzerland improved both sales and operating profit. In its core range of hardware and software products, ALSO consolidated its position as market leader with both specialist dealers and retailers. The software business picked up thanks to strong demand for Microsoft's new "Windows 7" and "Office 2010" products. ALSO gained market share in the security sector with servers and high-end storage. Project-related operations involving APC's new products (infrastructures for high-availability networks) developed well. In the consumer electronics sector, ALSO secured its position in the market for TV sets with the Samsung brand and saw its retail business grow thanks to the strong demand for notebooks and Apple iPads. ALSO Services pushed up its sales primarily due to its client Swisscom IT Services, which it acquired in 2009, as well as mobile telephony providers Swisscom, Sunrise and Orange.

In Germany, the PC market grew in unit terms in 2010 compared with the previous year. This was also reflected by modest growth in value terms. ALSO Germany improved its sales slightly in local currency terms but they showed a slight dip over the 2009 figures in Swiss francs. Operating profit was below the previous year's level due to the slightly reduced gross margin and the weakness of the euro. ALSO succeeded in broadening its customer base in its traditional retail markets (giant consumer electronics outlets, department stores, purchasing cooperatives and e-tailers) and extend its business with existing vendors such as Lenovo, Asus and Toshiba. The HP business unit strengthened its position among specialist dealers with network and server products. In the rest of the specialist sector, ALSO saw a surge in project-related operations as corporate customers rediscovered their appetite for investment. ALSO likewise reported encouraging growth in its software business due to the introduction of Microsoft's new "Windows 7" operating system and the "Office 2010" suite.

Northern/Eastern Europe segment
In parts of the Northern/Eastern Europe market segment, the PC industry posted significantly higher unit sales figures than in 2009. Overall, industry sales were also up on the previous year. In this segment, ALSO increased its sales by 3 % in local currency. However, in Swiss franc terms, sales fell by 6 % to CHF 1 265 million (2009: CHF 1 343 million). Due to slightly reduced margins and higher costs – mainly in connection with the Group-wide SAP project – both operating profit of CHF 8.8 million (2009: CHF 12.2 million) and the segment's pre-tax profit of CHF 5.8 million (2009: CHF 9.5 million) were down substantially on 2009 figures. On 31 December, ALSO employed 723 people in this segment (2009: 741).

Unit volumes in the Finnish PC market were considerably higher than in 2009 and industry sales were up on the previous year's levels as a result. In 2010, ALSO Finland equalled its record sales of 2008 in local currency. The gross margin was slightly higher than in the previous year. Despite this, operating profit was below the 2009 level due to increased costs – in particular for IT. ALSO Finland increased its market share for network and server products and also strengthened its retail business. The Services sector, which has plans to step up its offering to the telecommunications companies in future, was likewise expanded in 2010.

Although unit volumes in the Norwegian PC market were up slightly on 2009, industry sales remained at approximately the same level. ALSO Norway held sales in local currency terms at the 2009 level. ALSO defended its strong position with a number of vendors and strengthened its retail business through the inclusion of Samsung PCs in its product portfolio. In the course of the year ALSO likewise established itself as the leading distributor of large-format displays (LFD) during the year. However, due mainly to the increasingly intense competitive environment and higher – albeit non-recurring – IT costs, ALSO Norway failed to achieve a return to profitability in 2010.

Following the dramatic economic collapse in the region, domestic demand for IT products picked up slightly in the Baltic States in 2010, particularly among state-owned companies. Although ALSO's sales fell in response to its policy of avoiding high-risk business, it nevertheless achieved a substantial increase in operating profit compared with 2009.

Successful SAP pilot project in Norway
A Group-wide IT project intended to standardize the various IT platforms was launched successfully in 2010. In less than twelve months, a project team developed the blueprint for the new platform and Norway was the first company to switch successfully to the SAP system on 1 January 2011.

ALSO receives new quality awards
Once again, ALSO's consistent focus on quality garnered the Group a wealth of new awards in 2010. In Switzerland, Media-Markt named ALSO "best distributor of the year" in the retail sector for the unsurpassed quality of its logistics, the availability of its products and the fact its employees could be so readily contacted. ALSO Switzerland also claimed the "VMware Distributor of the Year" award for the first time. Likewise for the first time in its history, ALSO Germany achieved the highest rating in all the customer surveys conducted by the three leading industry journals. For the eleventh time in a row, ALSO was designated "Excellent Distributor". It also received its first "Channel Excellence Award" as well as the "Platinum Distribution Award". EMEA Channel Academy named ALSO Finland "Northern Europe Distributor of the Year" for the third time in succession. And Microsoft named ALSO in Norway "Distributor of the Year" for the fifth time, while ALSO earned the same distinction in Lithuania for the third time running.

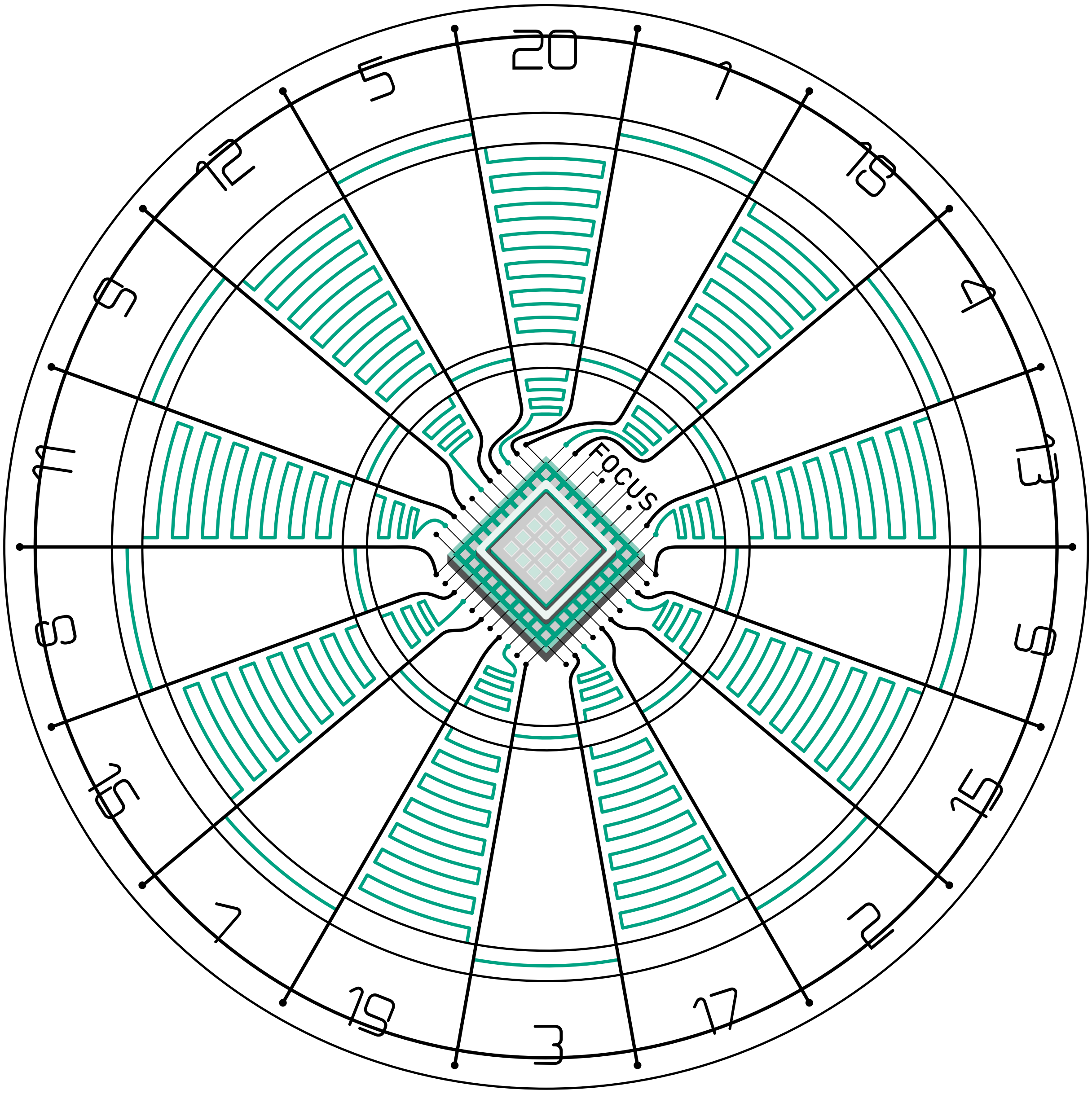
Outlook for 2011: sales of CHF 10 billion

Increasing government debt, growing budget deficits, the volatility of the financial and currency markets and widely expected increases in interest rates are clouding the prospects for the future in a number of countries. On the other hand, certain countries are already showing signs of surprisingly buoyant growth. Economic growth in Europe will thus differ from one country to another in 2011.

The IT industry is expecting single-figure growth in 2011 and it is predicted that this will be distributed almost evenly between hardware, software and services. Businesses are expected to spend more on technology upgrades, particularly servers and storage products. However, unit sales of desktop computers and notebooks could also grow. As far as software is concerned, the changeover from older versions of Windows to Microsoft's new "Windows 7" operating system should continue to make a noticeable impact in 2011. In addition, there is an increasing demand for "social business" software in the corporate environment. Mobile computing with a very wide variety of devices and a range of new applications could provide some impetus for growth in the retail sector in 2011 (smartphones, media tablets, all-in-one devices). The corporate trend towards cloud computing (use of IT infrastructures via an external network) will increase, coupled with a growing emphasis on security products.

The merger with Actebis will open up new market opportunities for the Group. The former ALSO companies will have a much larger product portfolio at their disposal. For their part, Actebis Group companies will benefit from ALSO's expertise in the service sector. The newly formed Group is expected to achieve sales of approximately CHF 10 billion in 2011.

Together with sales growth, the Group's top priorities will remain profitability and financial strength. The overall aim is to integrate the two companies quickly and coherently. In the medium term, the expected potential synergies, economies of scale throughout the entire cost structure and purchasing optimization should lead to a substantial, long-term improvement in profitability.



Focus
Focusing our strengths on essentials and not permitting ourselves to be distracted from our ultimate goal by chance opportunities.

Corporate Governance

This report on Corporate Governance includes the information required to be disclosed by the "Directive on Information Relating to Corporate Governance" of the SIX Swiss Exchange (effective 31 December 2010) and follows its structure. The Corporate Governance report also contains the legally required disclosure of compensation and participation rights of the highest corporate bodies.

1. Group structure and shareholders

1.1 Group structure

The ALSO Group Management comprises the following members:

Thomas C. Weissmann:	Chief Executive Officer
Lucas F. Kuttler:	Chief Operating Officer
Urs Windler:	Chief Financial Officer
Laisvunas Butkus:	Regional Managing Director Baltic States
Michael Dressen:	Managing Director Germany
Marc Schnyder:	Managing Director Switzerland
Maija Strandberg:	Managing Director Finland

The operational Group structure corresponds to the segment reporting set out on page 46 of the Financial Report.

For a list of the Group's significant subsidiaries and affiliated companies, see page 67 of the Financial Report.

1.2 Significant shareholders

	31.12.10	31.12.09
Schindler Holding AG, Hergiswil (Switzerland)	64.00%	64.00%
Bestinver Gestion, S.G.I.I.C. S.A., Madrid (Spain)	15.03%	11.06%
SaraSelect, c/o Sarasin Investmentfonds AG, Basel (Switzerland)	5.07%	5.07%

The publications announced during the fiscal year in line with Art. 20 SESTA may be viewed at http://www.six-exchangeregulation.com/publications/published_notifications/major_shareholders_en.html

According to decisions of the Board of Directors, Bestinver Gestion and SaraSelect are only registered in the share register with 5% of the voting rights.

The other shareholders are entered in the share register with their entire shareholdings.

1.3 Cross-ownership

ALSO Holding AG has no cross-shareholdings exceeding a reciprocal 5% of capital with any other company outside the ALSO Group.

2. Capital structure

2.1 Capital
Capital structure as of 31 December 2010

Capital	Total	Number of registered shares	Nominal value per share
Ordinary share capital	CHF 6039012	6039012	CHF 1
Authorized share capital	–	–	–
Conditional share capital	CHF 150988	150988	CHF 1

The market capitalization of the ALSO Group as of 31 December 2010 is CHF 332.1 million. ALSO Holding AG's shares have been listed on the SIX Swiss Exchange since 1986 (symbol: ALSN, security no. 2459027).

2.2 Authorized and conditional share capital
As of 31 December 2010, ALSO Holding AG has no authorized share capital. It has a conditional share capital of CHF 150988. This conditional capital was created for the following purpose, as defined in Art. 2 of the Articles of Association:

"The company's share capital will be increased by a maximum of CHF 150988 through the exercise of options issued under the employee share purchase program established for the employees of companies affiliated with ALSO Holding AG for a maximum of 150988 fully paid-up registered shares with a nominal value of CHF 1 each. The holders of the options from the employee share purchase program are entitled to subscribe to the new shares. The subscription right of existing shareholders with respect to these new shares is excluded. The newly issued shares are subject to the restrictions of 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
Share capital as of 1 January 2008	**6038590**	**CHF 6038590**
Change in share capital in 2008	422	422
Share capital as of 31 December 2008	**6039012**	**CHF 6039012**
Increase in share capital in 2009	–	–
Share capital as of 31 December 2009	**6039012**	**CHF 6039012**
Change in share capital in 2010	–	–
Share capital as of 31 December 2010	**6039012**	**CHF 6039012**

2.4 Shares and participation certificates

The share capital totalled CHF 6039012 as of 31 December 2010. It consists of 6039012 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.

ALSO Holding AG has neither issued participation certificates nor shares with preferential rights.

2.5 Profit-sharing certificates

ALSO Holding AG has not issued any profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability

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

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

The voting rights of shareholders who are related to each other through capital, voting rights, uniform management or otherwise or who coordinate their actions to circumvent the limitations on transferability are counted together.

If the shares have been acquired by inheritance, the distribution of an estate or under matrimonial property law, ALSO cannot refuse to register the acquirer as a full shareholder.

The Board of Directors has the right to register an acquirer who exceeds the percentage threshold as defined under Art. 5 Para. 1 lit. b) of the Articles of Association as a full shareholder if this is in line with company interests. The Board of Directors may submit its decision to the General Meeting for approval. In 2009 the Board of Directors did not have to decide on any request for exception.

2.6.2 Registration of nominees

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

2.7 Convertible bonds and options

As of 31 December 2010, ALSO Holding AG had not issued any convertible bonds or options.

3. Board of Directors

3.1 Members of the Board of Directors, activities and vested interests
The Board of Directors, which according to the Articles of Association comprises between one and several members, currently has three members. One member is an executive member. The other two members are non-executive members.

Thomas C. Weissmann
Born 1951, Chairman of the Board of Directors and Chief Executive Officer (executive member).
Member since 1.7.1988, Chairman since 1992, elected until the 2012 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, non-executive member of the Board of Directors since 15.6.1993, elected until the 2012 Annual General Meeting.
Present position
Owner 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 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, non-executive member of the Board of Directors since 22.4.1996, elected until the 2012 Annual General Meeting.

Present position
Executive member of the Board of Directors of Schindler Holding Ltd. and Group General Counsel of the Schindler Group.

Other activities and interests
Honorary Professor in Civil and Commercial Law at the University of Zurich (Switzerland), member of the Governing Board of the University of Lucerne (Switzerland), member of the Commission of Experts on Disclosure of Shareholdings of the SIX Swiss Exchange, member of the Arbitration Commission of the Chamber of Commerce of Central Switzerland, member of the Board of Directors of Venture Incubator AG, Zug (Switzerland), as well as a member of the board of trustees of the Kuoni and Hugentobler Foundation (Switzerland).

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).

All members of the Board of Directors hold Swiss citizenship.

3.2 Election and term of office
The members of the Board of Directors are elected by the General Meeting for a term of three years, on completion of which they can be reelected. All of the members were reelected at the Annual General Meeting 2009 for a term of three years.

A member of the Board of Directors must resign at the Annual General Meeting at which the Annual Report for the financial year in which he completed the age of 70 is approved.

3.3 Internal organization
3.3.1 Division of roles within the Board of Directors and working methods
The Board elects from its members the Chairman and appoints the Secretary.

The Board of Directors represents ALSO Holding AG towards third parties. It can delegate the representation to one or more of its members or to third parties.

The Chairman convenes a meeting of the Board of Directors as often as the Group's business requires, but at least four times a year. The meetings are chaired by the Chairman who also sets the agenda. Each member of the Board of Directors can request the convention of a meeting and the inclusion of an item in the agenda. Minutes are taken of the discussions and resolutions at the meetings. The Board of Directors convenes for ordinary half-day or full-day meetings and usually once per year it holds a two-day strategy meeting together with Group Management. In the year under review, the Board of Directors held seven meetings.

At each of its meetings, the Board of Directors is informed by the Group Management about the business development and important business matters. The Chairman decides on a case by case basis whether other persons shall attend a meeting of the Board of Directors.

The Board of Directors may delegate the preparation and execution of its decisions to committees or some of its members.

3.3.2 Committees
The Board of Directors has no standing committees.

3.4 Areas of responsibility
According to the law, the Board of Directors is responsible for the ultimate direction and supervision of the Group. In addition to the nontransferable and inalienable responsibilities according to the Swiss Code of Obligations, Article 716a, Para. 1, the Board of Directors can take decisions on all matters which are not reserved to the General Meeting or another corporate body according to the law or the Articles of Association.

The Board of Directors has in particular the following tasks:
- Setting the targets and strategy of the Group as a whole;
- Issuance of the fundamental guidelines for conducting the business;
- Staffing of the Group Management;
- Definition of the organization and appointment of those persons representing ALSO Holding AG;
- Determination of the compensation for the members of the Group Management including participation plans, if any, as well as the determination of the compensation to the members of the Board of Directors;
- Review and approval of the budget, and the annual and interim financial accounts of the Group;
- Decision regarding the set up and changes to the fundamental financing structures of ALSO Holding AG;
- Approval of the investment budget of the Group;
- Decision on business transactions whose financial value exceeds certain amounts;
- Determination of the main risks and decision on the actions to prevent and mitigate potential damages;
- Decision on important M&A transactions, joint ventures and the like.

Subject to the powers reserved to the Board of Directors as set out above, the Board of Directors has delegated the operational management of the Group to the Group Management. The operational management includes the responsibility to implement all necessary personnel, product related, market oriented, competition observing and future oriented measures.

Considering the instructions of the Board of Directors, the Group Management bears the responsibility for the results.

In addition to the overall responsibility for the operational management, Group Management has the following main tasks:

- Execution of the strategic plans;
- Determination of the sales mix, marketing and sales policy;
- Determination of the logistic concept and structures;
- Approval of the budget and the financial results of the Group companies;
- Appointment of the general managers of the Group companies.

The Chief Executive Officer manages the ALSO Group with the members of the Group Management. He chairs the meetings of the Group Management and controls the execution of its decisions. He assesses the performance and results of the two market segments Switzerland/Germany and Nothern/Eastern Europe. Based thereon he allocates the resources – in particular financial and personnel resources – to the business segments. The Chief Executive Officer takes other important decisions regarding the business. The other members of the Group Management are responsible for the implementation of these decisions on a country level or in their areas of responsibility, respectively.

3.5 Information and control instruments vis-à-vis the Group Management

The Board of Directors supervises the Group Management and monitors its performance through reporting and controlling processes. The ALSO Group uses a comprehensive electronic management information system (MIS). At each meeting, the Board of Directors is informed by the Chief Executive Officer or another member of the Group Management about the current performance of the business and any significant events. All members of the Board of Directors are notified immediately about any exceptional occurrences.

Once yearly, a two-day meeting of the Board of Directors takes place with the members of the Group Management.

Internal audit, the compliance officers as well as the external auditors assist the Board of Directors in exercising its controlling and supervisory duties. In addition, the Executive Committee and the Audit Committee of Schindler Holding Ltd. are monitoring the activities of the ALSO Group Management as part of the uniform management approach of 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 a member of the Board of Directors of ALSO as well as a member of Schindler's Audit Expert Group.

The Board of Directors defines and evaluates the most critical risks for the Group based on a coordinated and consistent approach to risk management and control. Based on the list of critical risks, the Group Management establishes a list of actions to mitigate the risks and the potential damages. The list of mitigating actions is presented to the Board of Directors for assessment and approval; the Board of Directors also controls the implementation of the approved actions.

4. Group Management

4.1 Members of the Group Management, activities and vested interests

Thomas C. Weissmann
Born 1951, Swiss
Since 1.7.1988 executive member of the Board of Directors (Chairman since 1992). Since 1.10.1988 Chief Executive Officer of the ALSO Group.
Other activities and interests
None
Previous positions
Director of Corporate Development at Schindler Management Ltd., Ebikon (Switzerland), Manager with the Boston Consulting Group, Munich (Germany).
Education
Degree in Business Administration from the University of St. Gallen (Switzerland), MBA from the Harvard Business School, Boston (USA).

Laisvunas Butkus
Born 1964, Lithuanian
Since 1.5.2009 member of the Group Management and Regional Managing Director of ALSO Baltics.
Other activities and interests
None
Previous positions
Area Manager GNT Baltics & Poland, Area Manager at CHS Baltic, Kaunas (Lithuania), Teacher at Kaunas University of Technology (Lithuania).
Education
EMBA studies at Baltic Management Institute in Kaunas (Lithuania), Master of Science in Management Information Systems at Kaunas University of Technology (Lithuania).

Michael Dressen
Born 1956, German
Since 1.6.2005 member of the Group Management and Managing Director of ALSO Deutschland GmbH, Straubing (Germany).

Other activities and interests
None

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
IT and commercial education at Preussen Elektra in Hannover and BIB in Paderborn (Germany).

Lucas F. Kuttler
Born 1966, Swiss
Since 1.7.2009 member of the Group Management and Chief Operating Officer of the ALSO Group.

Other activities and interests
Member of the Board of Directors of Brütsch/Rüegger Holding AG, Urdorf (Switzerland), Member of the IT Advisory Board of FRANKE AG, Aarburg (Switzerland).

Previous positions
CEO of Schindler Informatik AG, Ebikon (Switzerland), CIO Europe of Schindler Informatik AG, Ebikon (Switzerland), Group CIO at Degussa AG, Dusseldorf (Germany), CIO of the Construction Chemical Division Degussa AG, Dusseldorf (Germany) and Sandoz AG, Basel (Switzerland).

Education
Lic. oec. at the University of St. Gallen (Switzerland).

Marc Schnyder
Born 1952, Swiss
Since 1.1.1989 member of the Group Management. Since 1.1.1988 Managing Director of ALSO Schweiz AG, Emmen (Switzerland).
Other activities and interests
None
Previous positions
Head of Human Resources at ALSO Holding AG, Hergiswil (Switzerland), various teaching positions in the canton Lucerne (Switzerland), Assistant in nuclear medicine at the cantonal hospital Lucerne (Switzerland).
Education
IT and commercial education at Seitz commercial school Lucerne as well as education at the teacher training college of the canton Lucerne (Switzerland).

Maija Strandberg
Born 1969, Finnish
Since 1.5.2009 member of the Group Management. Since 1.5.2008 Managing Director of ALSO Finland.
Other activities and interests
Member of the advisory board of Sampo Paukki Bank, Tampere (Finland), member of Tampere Chamber of Commerce advisory group (Finland).
Previous positions
Chief Financial Officer at GNT Group, Tampere (Finland), various management positions at Forestry Group Europe/John Deere Forestry Oy, Tampere (Finland), in the end as Director Retail Operations, various controller positions at Timberjack including experience abroad, Manager Reporting and Financial Analyst at Huhtamäki Oy Leaf, Turku (Finland).
Education
Master of Science in economics at the University of Turku (Finland).

Urs Windler
Born 1971, Swiss
Since 1.6.2009 member of the Group Management and Chief Financial Officer of the ALSO Group.

Other activities and interests
None

Previous positions
Head of Finance and Logistics at ALSO Schweiz AG, Emmen (Switzerland), Head Corporate Controlling Europe of Schindler Management Ltd., Ebikon (Switzerland), Chief Financial Officer at Schindler Elevator Corporation, Toronto (Canada), Controller at Schindler Elevator Ltd., Ebikon (Switzerland).

Education
Executive Master of Corporate Finance, University of Applied Sciences of Central Switzerland, Zug (Switzerland), degree in Economics und Business Administration, University of Applied Sciences (HWV), Berne (Switzerland).

Mutations in the Group Management:
Peter Zurbrügg left the Group by end of February 2010. His function has been taken by a successor outside of the Group Management.

5. Compensations, participations, loans

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 (Switzerland).

If 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, human resources, recruitment and controlling.

Management fees, which are charged at an arm's length basis, are based on the actual services rendered during the period under review and the expertise of the staff involved.

The management fees also include the compensation paid to Thomas C. Weissmann and Lucas F. Kuttler by Schindler Management Ltd. and charged to ALSO as well as the charging of the legal consulting service of Prof. Dr. Karl Hofstetter within his function as Group General Counsel of the Schindler Group. Management fees totalled TCHF 3 558 for the year under review (previous year: TCHF 3 258).

There are no other management agreements with third parties outside the Group.

5.1 Principles

The success of the ALSO Group depends to a large degree on the qualification 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.

Basic compensation principles:
- Compensation is based on performance and is in line with market requirements;
- Decisions relating to compensation are fair and transparent.

5.2 Responsibilities and procedures to determine compensation

The compensation paid to Thomas C. Weissmann, Chairman of the Board of Directors and Chief Executive Officer, is determined by the non-executive members of the Board of Directors of the ALSO Group on the basis of a common appraisal together with a representative of Schindler Holding Ltd. As Thomas C. Weissmann has an employment contract with Schindler Management Ltd., he will receive the determined compensation of Schindler Holding Ltd. The compensation paid to him by Schindler Management Ltd. is charged to ALSO in the form of management fees.

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. As part of the uniform management approach of the Schindler Group, ALSO considers the parameters of Schindler's personnel and salary policies. Lucas F. Kuttler, Chief Operating Officer, has an employment contract with Schindler Management Ltd. The compensation paid to him, according to the decision of the Board of Directors, is paid by Schindler Management Ltd. and charged to ALSO in the form of management fees.

The target bonus for the members of the Group Management is set by the Board of Directors at the beginning of the year and the effective bonus is usually determined in January of the following year.

The Board of Directors may propose changes to the compensation system.

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 compensation is paid to Prof. Dr. Karl Hofstetter by ALSO.

5.3.1.2 Executive members of the Board of Directors

Thomas C. Weissmann receives for his work as Chief Executive Officer a compensation as described in paragraph 5.3.2. He does not receive any additional compensation for his work as Chairman of the Board of Directors.

5.3.2 Group Management

The Chief Executive Officer and the members of the Group Management receive a compensation consisting of fix and performance-related (variable) components. On reaching the targets set, the variable compensation comprises approximately 45 % of the total compensation.

For Thomas C. Weissmann, Chief Executive Officer, as well as Lucas F. Kuttler, Chief Operating Officer, the fixed compensation comprises a monthly salary, a year-end salary, a flat-rate reimbursement of representation and car expenses. A fixed contribution is also made to the Schindler Foundation (pension fund for managerial employees). In addition, certain fringe benefits may be received.

The variable compensation comprises a bonus (cash bonus plus shares of ALSO Holding AG) as well as options on shares of ALSO Holding AG. In case of Thomas C. Weissmann, the variable compensation depends 70 % on the attainment of the budget goals and 30 % on individual goals. The variable compensation of Lucas F. Kuttler depends 60 % on the attainment of the budget goals and 40 % on individual goals. The shares and options are granted under the capital participation plan (cf. paragraph 5.3.3).

For the other members of Group Management, the fixed compensation comprises the monthly salary and the flat-rate reimbursement of representation expenses. In addition, certain fringe benefits may be received.

For those members of the Group Management with responsibility for results, the variable cash bonus depends 30 % on the attainment of the budget goals of the Group, 30 % on the EBT achieved by the business unit for which the member of the Group Management is responsible, and 40 % on the individual goals. For members of the Group Management who have no responsibility for results (Urs Windler), the individual goals have a weighting of 70 %.

In certain cases, in addition to the target bonus, ALSO can grant a project related variable cash bonus, which will be reported under "Bonus cash (gross)".

5.3.3 Capital participation plan

Thomas C. Weissmann, Chief Executive Officer, and Lucas F. Kuttler, Chief Operating Officer, have an employment contract with Schindler Management Ltd. and participate in the Schindler capital participation plan 2000 comprising a share plan and an options plan. However, both do not receive shares and options of Schindler Holding Ltd., but shares and options of ALSO Holding AG.

- Under the share plan, 30 % of the bonus up to a maximum of CHF 135 000 is paid in the form of shares of ALSO Holding AG. The grant value for a share is determined in December of the reporting year. The grant value per share is normally based on the average market price of a share in December of the previous year less a discount. The number of shares to be granted is determined in January of the following year, and ownership of the shares transferred to the beneficiaries in April of the following year. The shares carry all associated rights, but are subject to a blocked period of three years during which they may not be sold.

- Under the option plan, options on shares of ALSO Holding AG with a maximum value of CHF 90 000 can be granted. The exercise price of an option is determined in March of the reporting year. The exercise price is normally based on the average market price of a share in December of the previous year plus a premium. In January of the following year, the value for which the beneficiaries should receive options is determined. The number of options for a beneficiary is calculated by dividing the value to be granted by the economic value of an option (Black Scholes formula) on the date on which the exercise price is determined. The options will be allocated to the beneficiary in April of the following year. After expiration of the three-year vesting period, one option entitles the beneficiary to acquire one share of ALSO Holding AG. The exercise period after expiration of the vesting period is six years.

5.3.4 Employment contracts and special agreements
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 payments in case of a change in control (e.g. "golden parachutes").

5.4 Compensation paid in the year under review
The grant value for the shares to be granted to Thomas C. Weissmann and Lucas F. Kuttler under the capital participation plan (cf. section 5.3.3) was set at CHF 37.15 per share (average market price of a share in December 2009 of CHF 41.30 less a discount of 10%).

In March 2010, the exercise price for the options to be granted to Thomas C. Weissmann and Lucas F. Kuttler under the capital participation plan (cf. section 5.3.3) was set at CHF 45.40 per share (average market price of the shares in December 2009 of CHF 41.30 plus a premium of 10%). The Black-Scholes value of an option at that time was CHF 26.05.

The following 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 amendments and restrictions:

- The variable compensation reported below relates to the financial year under review.
- The recognition of shares and options and the payment of the cash bonus to the Chief Executive Officer and the Chief Operating Officer by Schindler take 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.
- The compensation for new members of the Board of Directors or Group Management is taken into account as from the date on which they take over the respective function.
- In case a member resigns from the Board of Directors or Group Management, the compensation up to the resignation date plus any compensation paid in the reporting year in connection with the member's former activities in a governing body of the company will be reported together.
- In individual cases, a company car is provided to a member of the Group Management. Such benefit is reported under "Benefits in kind".
- Members of the Group Management may receive certain fringe benefits. Provided such benefits do not exceed the value of CHF 500 per case and the total benefits do not exceed an aggregate value of CHF 20 000 per financial year, they are not reported.
- Any contribution to pension funds or executive insurance plans and any benefits in the form of reduced insurance premiums are reported as "Pension expenses".
- No security (sureties, guarantees, etc.) were made or granted to a member of the Board of Directors or Group Management in the year under review. Neither ALSO Holding AG nor any other Group company waived any claims vis-à-vis a member of the Board of Directors or Group Management.
- The members of the Group Management did not receive any fees or compensation for additional sevices rendered to ALSO Holding AG or another Group company.
- Prof. Dr. Rudolf Marty received for extraordinary services which were rendered beyond the Member of Board of Directors' mandate an additional compensation of TCHF 20.
- Within the Management Fees (cf. section 4.2 Management Agreement) Schindler Management Ltd. charged to ALSO Holding AG an amount of TCHF 57 for Management Services of Prof. Dr. Karl Hofstetter in his function as Group General Counsel of the Schindler Group.

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

	2010			2009		
CHF 1000	Cash, fixed (gross)	Pension expenses	**Total 2010**	Cash, fixed (gross)	Pension expenses	**Total 2009**
Thomas C. Weissmann* Chairman, executive member	–	–	**–**	–	–	**–**
Prof. Dr. Karl Hofstetter* non-executive member	–	–	**–**	–	–	**–**
Prof. Dr. Rudolf Marty non-executive member	43	3	**46**	43**	3	**46**
Aggregate compensation	**43**	**3**	**46**	**43**	**3**	**46**

* Thomas C. Weissmann and Prof. Dr. Karl Hofstetter have an employment contract with Schindler Management Ltd. and therefore do not receive any additional compensation for their work as Board members.

** The gross cash compensation for Prof. Dr. Rudolf Marty for the fiscal year 2009 has been increased after the publication of the Annual Report by CHF 3000.

The Board of Directors' fee paid to Prof. Dr. Rudolf Marty is TCHF 43 (previous year TCHF 43).

5.4.2 Members of Group Management of ALSO Holding AG
Aggregate compensation 2010 – Group Management

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Cashbonus (gross)	Shares [1]	Options [2]	Benefits in kind	Pension expenses	**Total 2010**
Group Management [3] – Total	2170	2251	224	101	8	946	**5700**
Highest individual compensation – Thomas C. Weissmann	540	510	133	60	–	307	**1550**

Number of shares and options on shares 2010 – Group Management

	Number of shares	Options awarded
Group Management – Total	4077	3877
Highest individual compensation – Thomas C. Weissmann	2422	2303

[1] For the purpose of inclusion in the total compensation, the registered shares of ALSO Holding AG awarded to Thomas C. Weissmann and Lucas F. Kuttler were valued at the stock exchange price as at the end of December 2010 of CHF 55.00.

[2] The options granted were included at a value of CHF 26.05 per option, calculated in accordance with the Black-Scholes formula.

[3] Peter Zurbrügg left the Group ahead of time by end of February 2010. His compensation until the end of June 2010 is included.

In the year under review, the variable components of the compensation paid to the Chief Executive Officer amounted to 45 % (previous year 46 %) and for the members of the Group Management on the average to 45 % (previous year 47 %) of the total compensation.

Aggregate compensation 2009 – Group Management

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Cashbonus (gross)	Shares [1]	Options [2]	Benefits in kind	Pension expenses	**Total 2009**
Group Management [3] – Total	1 880	2005	127	77	18	585	**4692**
Highest individual compensation – Thomas C. Weissmann	580	553	107	65	–	274	**1 579**

Number of shares and options on shares 2009 – Group Management

	Number of shares	Options awarded
Group Management – Total	3100	3407
Highest individual compensation – Thomas C. Weissmann	2617	2876

1) For the purpose of inclusion in the total compensation, the registered shares of ALSO Holding AG awarded to Thomas C. Weissmann and Lucas F. Kuttler were valued at the stock exchange price as at the end of December 2009 of CHF 41.00.
2) The options granted were included at a value of CHF 22.60 per option, calculated in accordance with the Black-Scholes formula.
3) Lucas F. Kuttler received for his function in ALSO a compensation corresponding to a part-time employment of approx. 50 % since he joined ALSO.

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 and Borrowing Facilities
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 2010.

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 or another Group company.

5.6 Shares, options and conversion rights
The shares and options held by the members of the Board of Directors and Group Management, as well as related parties, are as follows:

Shares, options and conversion rights – Board of Directors

	as of 31 December 2010		as of 31 December 2009	
CHF 1000	Number of shares	Number of options	Number of shares	Number of options
Thomas C. Weissmann Chairman, executive member	Reported under Group Management		Reported under Group Management	
Prof. Dr. Karl Hofstetter non-executive member	2000	–	2000	–
Prof. Dr. Rudolf Marty non-executive member	10	–	10	–
Total	**2010**	**–**	**2010**	**–**

Shares, options and conversion rights – Group Management

	as of 31 December 2010		as of 31 December 2009	
CHF 1000	Number of shares	Number of options*	Number of shares	Number of options*
Thomas C. Weissmann Chief Executive Officer	9167	4320/****/*****	14060	10965**/***/****
Laisvunas Butkus Member	145	–	145	–
Michael Dressen Member	700	–	700	–
Lucas F. Kuttler Member	483	–	–	–
Marc Schnyder Member	2396	–	2896	–
Maija Strandberg Member	324	–	324	–
Urs Windler Member	201	–	201	–
Peter Zurbrügg Member (until 28.2.2010)	******	******	2204	–
Total	**13416**	**4320**	**20530**	**10965**

*	Vested options only	
**	for fiscal year 2003 (date of purchase or grant 2004, expiration of vesting period 2007): 3 960	10965 (**, ***, ****)
***	for fiscal year 2004 (date of purchase or grant 2005, expiration of vesting period 2008): 5 030	
****	for fiscal year 2005 (date of purchase or grant 2006, expiration of vesting period 2009): 1 975	4320 (****, *****)
*****	for fiscal year 2006 (date of purchase or grant 2007, expiration of vesting period 2010): 2 345	
******	not a member of Group Management at the time	

The options for the fiscal years 2003 and 2004 have been exercised 2010.

6. Shareholders' rights of participation

6.1 Voting rights and representation restrictions
Each share entered into the share register provides for one vote. There are no restrictions on shareholders' voting rights with the exception of the transferability of shares (cf. Section 2.6.1).

The rights of shareholders to participate in General Meetings are in line with legal requirements and the Articles of Association. Shareholders may attend and vote personally or be represented based on a written proxy by other shareholders. Furthermore, authority of representation may be given to representatives of governing bodies, the independent representative of shareholders or representatives of safe-custody accounts.

6.2 Statutory quorum
Unless the law states that a qualified majority is required, a 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 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 Convocation of the General Meeting
General Meetings are convened by the Board of Directors, if necessary, by the auditors or other bodies in accordance with the provisions set out in Articles 699 and 700 of the Swiss Code of Obligations. Shareholders representing at least 10 % of the share capital may call a shareholders' meeting, indicating the matters to be discussed and the corresponding proposals.

Invitation to the shareholders is published in the Swiss Official Gazette of Commerce at least 20 days prior to the meeting. Although not required by the Articles of Association, it is also customary to publish the invitation to a General Meeting in several selected Swiss daily newspapers and to send it by non-registered letter to the address of the shareholders recorded in the share register.

6.4 Inclusion of an item on the agenda
The Board of Directors is responsible for setting the agenda. In accordance with Art. 12 of the Articles of Association, shareholders who own at least 5 % of the share capital may request that specific proposals be included in the agenda. The request including the agenda item and the proposals have to be submitted in writing at least 60 days prior to the date of the General Meeting.

6.5 Registration in the share register
Only shareholders who are recorded in the share register at the record date as shareholders with voting rights are eligible to attend a General Meeting and to exercise their voting rights. The Board of Directors ensures that the record date for registration in the share register is as close as possible to the date of the General Meeting, i.e. not more than five to ten days prior to it. The record date is published together with the invitation to the General Meeting in the Swiss Official Gazette of Commerce. There are no exceptions to the rule regarding the record date.

7. Change of control and defensive measures

7.1 Duty to make an offer
According to Article 29 of the Articles of Association, the obligation to submit a public take-over offer pursuant to Art. 32 and 52 of the Swiss Securities Exchanges and Securities Trading Act (SESTA) has been set aside (opting out).

7.2 Change of control clauses
There are no change of control provisions in favour of any member of the Board of Directors, Group Management and/or any other member of the management.

8. Auditing body

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 2010. The lead auditor will change every seven years as requested by law.

8.2 Fees
The fees charged by Ernst & Young as the auditor of ALSO Holding AG and the majority of Swiss and foreign Group companies for audits and additional services in the year under review were as follows:

Type of service	Fees	
CHF 1000	**2010**	**2009**
Auditing fees	1 022	627
Tax consulting	46	47
Others	155	47
Total	**1 223**	**721**

8.3 Monitoring and control of the auditors
Prior to the audit, the auditing body receives detailed audit instructions from the Audit Committee of Schindler Holding Ltd. Special mandates from the Board of Directors of ALSO are also included in the audit programme. The results of the audit are summarized in a management letter which is submitted to the Board of Directors.

The Board of Directors evaluates annually the performance, fees and independence of the auditing body. It discusses and reviews the scope of the audits as well as the resulting reports and decides on any adjustments and improvements to be made. Members of the Board of Directors and the Group Management as well as the Audit Committee of Schindler Holding Ltd. have regular contact with the auditing body. With respect to the financial year 2010, the Board of Directors had one meeting with the auditing body.

Due to the required independence of the auditing body, additional services or consulting assignments are usually not assigned to the auditing body. Additional services are evaluated and assigned on a case by case basis.

9. Information policy

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

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

The ALSO Group reports according to Article 21 SESTA and Article 72 of the listing rules of SIX Swiss Exchange. Every ad hoc announcement is published on the website simultaneously with its distribution and can be called up for at least two years under www.also.com/e/index.cfm?menuIndex=mediareleases.

General information about the Group, the financial statements, press releases as well as the current share price can be found under www.also.com. 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. Subscription can be made on the website under www.also.com/e/index.cfm?menuIndex=subscribe.

10. Essential events occurring after the balance sheet date

Between the balance sheet date (31 December 2010) and the deadline of the Annual Report at 7 February 2011, ALSO Holding AG has announced the merger with Actebis GmbH, Soest, Germany und its subsidiaries. This will have essential effects to the Corporate Governance of ALSO Holding AG. In connection therewith, the following media release has been published on 13 January 2011:

"The German Actebis GmbH and the publicly listed ALSO Holding AG are to combine their businesses. Special Distribution Holding GmbH, a subsidiary of Droege International Group Ltd., and Schindler Holding Ltd., the main shareholders of Actebis and ALSO respectively, signed the merger contract on 12 January 2011. Furthermore the parties have signed a shareholders' agreement which defines their interest in ALSO-Actebis and its Corporate Governance. The EU competition authorities already approved the transaction without imposing any conditions in December 2010, and the relevant management bodies of the respective main shareholders and of ALSO have approved the transaction; completion of the transaction still requires approval of the ALSO shareholders at the extraordinary shareholders' meeting of 8 February 2011.

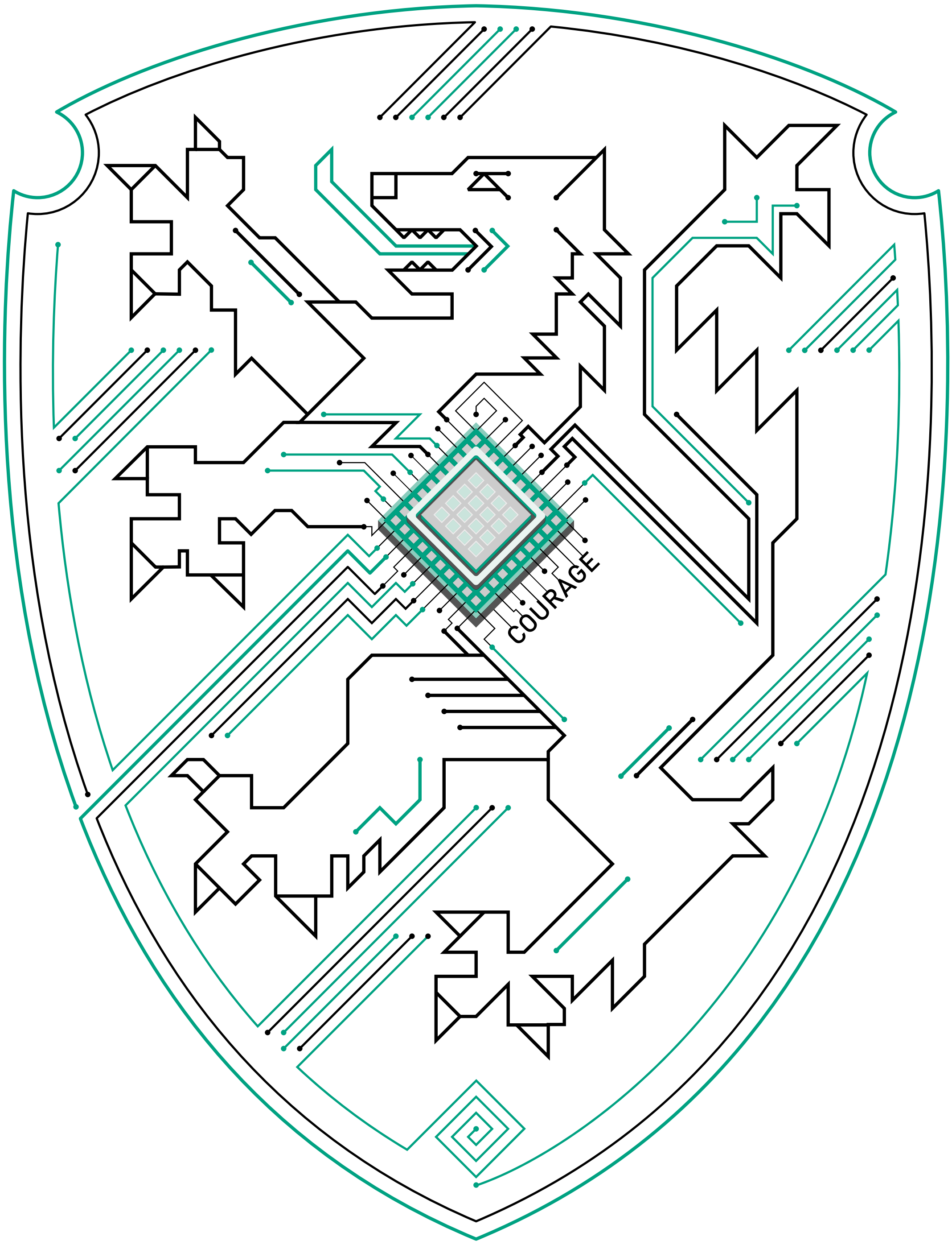
The combination of ALSO and Actebis will be implemented by means of an ordinary share capital increase. 6 809 950 new shares will be issued, subscription rights of the public shareholders and of Schindler Holding Ltd. being excluded. Allotment of the new shares will take place in return for integration of the business activities of Actebis into ALSO. After the capital increase, the share capital will be CHF 12 848 962, consisting of 12 848 962 registered shares with a nominal value of CHF 1.00 each. The new ALSO shares will be listed on the SIX Swiss Exchange after the transaction has been approved at the extraordinary shareholders' meeting. The company name will then be changed to ALSO-Actebis Holding AG.

After implementation of the capital increase, the former shareholders of Actebis will own 53 % of the share capital and the former shareholders of ALSO will own 47 %, Schindler's interest thereby reducing to 30 % (64 % of 47 %, rounded); the Droege-Group will own around 51%. The exchange ratio was found to be adequate and fair in the fairness opinion carried out by KPMG.

In addition to Thomas C. Weissmann as Chairman of the Board of Directors of ALSO-Actebis Holding AG, Walter P. J. Droege will be newly proposed as Vice Chairman. In addition to the present board members Prof. Dr. Karl Hofstetter and Prof. Dr. Rudolf Marty, the following new members will be proposed: Peter Bühler, Alfons Frenk, Herbert H. Jacobi and Frank Tanski.

After the transaction, the Executive Board will be composed of Klaus Hellmich (CEO), Dr. Ralf Retzko (CFO), Prof. Dr. Gustavo Möller-Hergt (COO/Chief Integration Officer), Marc Schnyder (Switzerland), Michael Dressen (Germany and Austria), Laisvunas Butkus (Baltic Countries), Maija Strandberg (Finland), Torben Qvist (Norway, Denmark and Sweden), and Ivan Renaudin (France and The Netherlands)."

Furthermore, the shareholders have been informed that at the annual General' Meeting of 10 March 2011 Ernst&Young and PricewaterhouseCoopers will be proposed as joint auditors.



Courage
Boldly going new ways with the heart and soul of a market leader, propelled by enthusiasm and the realization that nothing is impossible.

Financial Report

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Consolidated statement of comprehensive income

CHF 1000	Note	2010		2009	
Revenue from product sales		4 232 182		4 426 793	
Service revenue	3.1	35 270		30 350	
Deductions from revenue		–53 885		–47 257	
Total net sales	**3.1**	**4 213 567**	**100.0 %**	**4 409 886**	**100.0 %**
Cost of goods sold and service expenses		–3 997 298		–4 187 148	
Gross margin		**216 269**	**5.1 %**	**222 738**	**5.1 %**
Personnel expenses	3.2	–107 748		–108 946	
Other operating expenses	3.4	–68 309		–66 262	
Depreciation and amortization	4.5 / 4.6	–11 493		–15 385	
Impairment brand name GNT	4.6	0		–14 588	
Other operating income	3.4	23 142		22 411	
Operating profit (EBIT)		**51 861**	**1.2 %**	**39 968**	**0.9 %**
Financial income	3.5	2 311		4 163	
Financial expenses	3.5	–22 074		–27 058	
Profit before tax (EBT)		**32 098**	**0.8 %**	**17 073**	**0.4 %**
Income taxes	3.6	–6 402		–2 560	
Net profit continuing operations		**25 696**	**0.6 %**	**14 513**	**0.3 %**
Net profit discontinued operations (after tax)	3.7	456		521	
Net profit Group		**26 152**	**0.6 %**	**15 034**	**0.3 %**
Exchange differences		–24 019		248	
Cash flow hedges transferred to comprehensive income		812		991	
Adjustments to fair value of cash flow hedges		–318		–812	
Tax effects of changes in items recognized in other comprehensive income	3.6	–82		–240	
Other comprehensive income		**–23 607**		**187**	
Total comprehensive income		**2 545**		**15 221**	
EBITDA continuing operations		63 354	1.5 %	69 941	1.6 %
Net profit per share in CHF					
Basic net profit per share	4.12	4.33		2.49	
Diluted net profit per share	4.12	4.33		2.49	
Continuing operations					
Basic profit per share		4.26		2.40	
Diluted profit per share		4.26		2.40	

Consolidated balance sheet

Assets

CHF 1000	Note	31.12.10		31.12.09	
Current assets					
Cash	4.1	20 512		64 755	
Accounts receivable	4.2	161 170		258 050	
Inventories	4.3	273 767		239 518	
Prepaid expenses and accrued income	4.4	121 459		110 387	
Total current assets		**576 908**	**79 %**	**672 710**	**83 %**
Non-current assets					
Property, plant and equipment	4.5	57 252		42 985	
Intangible assets	4.6	99 930		95 622	
Deferred taxes	3.6	541		984	
Total non-current assets		**157 723**	**21 %**	**139 591**	**17 %**
Total assets		**734 631**	**100 %**	**812 301**	**100 %**

Consolidated balance sheet

Liabilities and shareholders' equity

CHF 1000	Note	31.12.10		31.12.09	
Current liabilities					
Financial liabilities	4.8	79 649		128 199	
Accounts payable		241 177		218 613	
Accrued expenses and deferred income	4.9	131 660		146 128	
Tax liabilities		6 505		3 761	
Provisions	4.10	517		1 222	
Total current liabilities		**459 508**	**63 %**	**497 923**	**61 %**
Non-current liabilities					
Financial liabilities	4.8	71 486		105 392	
Provisions	4.10	1 678		2 410	
Deferred tax liabilities	3.6	8 153		10 943	
Employee benefits	3.3	147		292	
Total non-current liabilities		**81 464**	**11 %**	**119 037**	**15 %**
Total liabilities		**540 972**	**74 %**	**616 960**	**76 %**
Shareholders' equity					
Share capital		6 039		6 039	
Legal reserves		44 146		44 146	
Cash flow hedge reserve		–265		–677	
Foreign exchange differences		–37 487		–13 468	
Retained earnings		181 226		159 301	
Total shareholders' equity		**193 659**	**26 %**	**195 341**	**24 %**
Total liabilities and shareholders' equity		**734 631**	**100 %**	**812 301**	**100 %**

Consolidated statement of shareholders' equity

CHF 1000	Share Capital*	Legal reserves	Treasury shares	Cash flow hedge reserve	Foreign exchange differences	Retained Earnings*	Total
1 January 2009	**6039**	**44146**	**0**	**–801**	**–13531**	**144267**	**180120**
Net profit Group	0	0	0	0	0	15034	15034
Other comprehensive income	0	0	0	124	63	0	187
Total comprehensive income	**0**	**0**	**0**	**124**	**63**	**15034**	**15221**
31 December 2009	**6039**	**44146**	**0**	**–677**	**–13468**	**159301**	**195341**
Net profit Group	0	0	0	0	0	26152	26152
Other comprehensive income	0	0	0	412	–24019	0	–23607
Total comprehensive income	**0**	**0**	**0**	**412**	**–24019**	**26152**	**2545**
Dividends	0	0	0	0	0	–4227	–4227
31 December 2010	**6039**	**44146**	**0**	**–265**	**–37487**	**181226**	**193659**

* See Note 4.11

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

Consolidated cash flow statement

CHF 1000	2010	2009
Net profit continuing operations	**25 696**	**14 513**
Net profit discontinued operations	456	521
Net profit Group	**26 152**	**15 034**
Depreciation and amortization	11 493	29 976
Change of provisions	–1 019	–8 534
Gains from the sale of property, plant and equipment	0	–49
Other non-cash items	–1 546	–4 490
Subtotal	**35 080**	**31 937**
Change of accounts receivable	71 458	–27 102
Change of inventories	–68 827	–27 610
Change of prepaid expenses and accrued income	–29 460	1 310
Change of accounts payable	51 774	–61 179
Change of accrued expenses and deferred income	6 786	3 556
Cash flow from operating activities	**66 811**	**–79 088**
Additions to property, plant and equipment	–27 072	–10 388
Additions to intangible assets	–22 262	–3 232
Disposals of property, plant and equipment	1 410	431
Cash flow from investing activities	**–47 924**	**–13 189**
Proceeds from financial liabilities	122 313	127 916
Repayments of financial liabilities	–176 488	–133 644
Dividends paid by ALSO Holding AG	–4 227	0
Cash flow from financing activities	**–58 402**	**–5 728**
Foreign exchange differences	**–4 728**	**–1 573**
Change in cash	**–44 243**	**–99 578**
Cash at 1 January	64 755	164 333
Cash at 31 December	**20 512**	**64 755**
Included in cash flow from operating activities		
Income taxes paid	5 001	6 524
Interest paid	20 027	22 065
Interest received	468	911

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 operates under the name ALSO in Switzerland and Germany, and since April 2010 (previously under the name GNT) in Finland, Norway, Estonia, Latvia and Lithuania (see Note 4.6).

The ALSO Group distributes the products of leading hardware and software manufacturers and IT consumables to specialist traders and retailers. The Group also offers high-end technology for networks and servers, as well as comprehensive services such as logistics consulting, packaging, e-logistics, webshop fulfilment 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 prepared 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. The present financial statements are available in German and English; however the German is the authoritative version.

2.2 Key assumptions and estimates

The preparation 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 material key assumptions are set out below:

Vendor bonuses

Bonus models vary between vendors and the amount of recognized bonuses mainly depends on the achievement of agreed objectives. The accruals for vendor bonus receivables contain a high level of estimation which is based on factors such as sales volumes, quantities, stock levels and other qualitative and quantitative objectives.

Impairment of goodwill

ALSO reassesses the recoverable amount of the capitalized goodwill at least once per year. This requires an assessment of the value in use of an underlying cash-generating unit or a group of cash generating units. The factors estimated, such as volumes, sales prices, sales growth, gross margin, operating expenses and investments, market conditions, balance sheet structure and other economic factors are based on assumptions that the Management considers reasonable (see Note 4.7 Impairment test).

Deferred tax assets

Deferred tax assets are in some cases determined on the basis of far-reaching estimates. The forecasts that are made for this purpose cover a time frame of several years and include changes and interpretations of existing tax laws and ordinances as well as changes in tax rates (see Note 3.6).

Provisions

By definition, provisions entail a higher level of judgement than other balance sheet positions since the estimated obligations may lead to a higher or lower cash flow depending on the outcome of the situation (see Note 4.10).

Pension plans

In Switzerland there is a defined benefit plan, the status of which is based partly on long-term actuarial assumptions which may differ from reality. Both the status used in the calculation and the amortization of actuarial differences contain estimates that may have an impact on capital and income (see Note 3.3).

2.3 Changes in the accounting and valuation principles

New and revised International Financial Reporting Standards (IFRSs) and Interpretations (IFRICs) were introduced by the Group as from 1 January 2010, or retrospectively as from 1 January 2009. Changes for the Group and their effects on the consolidated financial statements are described below. Application of all of the changes did not have any material impact on the capital, financial, income, or cash flow situation of ALSO.

- IFRS 3 revised – Business Combinations contains a further development of the acquisition method for business combinations. Material changes relate to the measurement of non-controlling interests and the recognition of acquisitions achieved in stages, as well as the treatment of contingent components of the acquisition price and acquisition-related costs. When control over a company is gained, the previously held interests in the case of an acquisition achieved in stages are measured at fair value and the difference from the former book value is recognized as a gain or loss in profit or loss. Also, transaction costs are no longer capitalized, but charged to operating expenses.

Notes to the consolidated financial statements

A full measurement of non-controlling interests at fair value (full goodwill accounting) within the scope of the purchase price allocation has not been undertaken.

- IAS 27 revised – Consolidated and Separate Financial Statements contains changed rules for the purchase and sale of non-controlling interests without loss of control, and for accounting for the loss of control over a subsidiary should this occur. This means, for example, that changes in the interests in a subsidiary that do not result in a loss of control must be recognized in shareholders' equity. If the control over a subsidiary is lost, the profit or loss resulting from the deconsolidation must be recognized in profit or loss. Included in this amount is the gain or loss from remeasurement at fair value of all interests that continue to be held. In the reporting year, the changes had no effects.

Listed below are further amendments and interpretations that have come into force in the reporting period but which have no practical relevance for the consolidated financial statements:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Structural Amendment
- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Additional Exemptions for First-time Adopters (Amendment)
- IFRS 2 – Share-based Payment: Group Cash-settled Share-based Payment (Amendment)
- IAS 39 – Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- Improvements to IFRSs for the years 2008 and 2009
- IFRIC 17 – Distributions of Non-cash Assets to Owners.

2.4 Published standards, interpretations and amendments not yet applied

Potential effects of new and revised standards that will become effective for subsequent consolidated financial statements are being evaluated. These are the following:

- IFRS 7 – Disclosures – Transfers of Financial Assets (Amendment) (effective from 2012) complements the requirements for disclosure of risks resulting from transfers of financial instruments and their financial effects.
- IFRS 9 – Financial instruments: classification and measurement. In the first published edition of IFRS 9, the standard reflects the first phase of the IASB project to replace IAS 39 and deals with the classification and measurement of financial assets as defined in IAS 39. The standard is effective for financial years starting on or after 1 January 2013. In further phases, the IASB will deal with the classification and measurement of financial liabilities, hedging relationships, and derecognition. This project is expected to be completed at the beginning of 2011. Application of the first phase of IFRS 9 will affect the classification and measurement of financial assets of the Group. To allow presentation of comprehensive information regarding potential effects, the Group will only quantify these effects along with those of the further phases when these are published.
- IAS 24 revised – Related Party Disclosures (effective from 2011) particularly contains a more comprehensive definition of related parties. This can have corresponding effects on the evaluation of the occurrence of transactions with related parties.

Further new and revised standards and interpretations of no practical relevance are:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (Amendment) (effective from 2011)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment) (effective from 2012)
- IAS 12 – Income Taxes: Deferred Tax: Recovery of Underlying Assets (Amendment) (effective from 2012)
- IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues (Amendment) (effective from 2011)
- Improvements to IFRSs for 2010 (effective from 2011)
- IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment) (effective from 2011)
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective from 2011)

Notes to the consolidated financial statements

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

2.5 Scope of consolidation

The consolidated financial statements include the annual financial statements of ALSO Holding AG, Hergiswil, Switzerland, as of 31 December, and the 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.

2.6 Consolidation method

The consolidated financial statements are based on the annual financial statements 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 material intercompany profits are eliminated in the consolidation.

2.7 Acquisitions and goodwill

In the case of all mergers, the identifiable assets, liabilities and contingent liabilities of the company acquired are recognized at their fair value at the time of the acquisition and the difference between the consideration transferred and the net assets acquired at fair value is recognized as goodwill.

This goodwill is then transferred to the cash-generating units that are expected to benefit from the acquisition and/or to generate future cash flows. Goodwill is recognized in the functional currency of the respective cash-generating units.

Contingent liabilites are recognized in the course of a business combination if their fair value can be measured reliably.

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 ceases control of the companies is shown as operating profit.

In the case of business combinations achieved in stages, the non-controlling interests are valued at fair value when control over the company is obtained. The difference relative to the former carrying amount is recognized as profit or loss in the comprehensive income. The transaction costs are charged to operating expenses.

If the control over a Group company is lost, the profit or loss resulting from derecognition is recognized in profit or loss. This includes the gain on revaluation at fair value of all interests that are retained.

Changes in the interests in a Group company that do not result in loss of control are recognized in shareholders' equity.

2.8 Conversion of foreign currency

The functional currency of the Group companies is the currency normally used in the local business environment. 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

			Year end rate		Average rate	
Exchange rates against CHF			**2010**	**2009**	**2010**	**2009**
USA	USD	1	0.94	1.03	1.04	1.08
Euro countries	EUR	1	1.25	1.48	1.38	1.51
Norway	NOK	100	16.03	17.88	17.18	17.18

Notes to the consolidated financial statements

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;
- Statement of comprehensive income 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 recognized in comprehensive income and are affecting the net income in case of a loss of control. Foreign currency effects resulting from specific loans, which form part of the net investment in a company, are also recorded in other comprehensive income if there is no plan or intention to repay these loans in the near future.

2.9 Statement of comprehensive income
The ALSO Group's consolidated statement of comprehensive income 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).

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 statement of comprehensive income 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-term employee benefits are also recorded under personnel expenses over the period of service in question and provisions are made accordingly.

The companies of the ALSO Group maintain various employee benefit plans according to the local conditions and practices in the respective countries. 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 has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit pension plans the cost of the period is determined by an actuarial calculation using the "projected-unit-credit" method. The liabilities are backed with assets which are managed separately from those of the Group by autonomous benefit plans (separately funded benefit plans).

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 in comprehensive income over the employees' expected average remaining working lives. Excesses in defined benefit plans are limited to the amount of the maximum future savings from contribution reductions or repayments in accordance with IFRIC 14, while liabilities are fully provisioned.

2.11 Employee share and option programs
Thomas C. Weissmann, as Chairman of the Board of Directors and President of the Management Committee, and Lucas F. Kuttler, Chief Operating Officer, have employment contracts with Schindler Management Ltd. and participate in the Schindler Capital Participation Program 2000. They are allocated shares and options of ALSO Holding AG.

Notes to the consolidated financial statements

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

Under the option plan, the President of the Management Committee and the Chief Operating Officer receive on an annual basis additional option rights for the purchase of shares of ALSO Holding AG at a predetermined price. This plan, which will be renewed each year, will run for nine years, and the options can only be exercised after a vesting period of three years. All options entitle the holder to purchase shares only 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.
- Financial assets and liabilities "at fair value through profit and loss" are recognized in the balance sheet at fair value. This category includes derivatives. In addition, certain financial instruments can be designated if the requirements are met.
- 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 measured at amortized cost.

The financial assets are initially measured 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.

After their preliminary recognition, the financial assets are measured depending on their category as follows:

- "At fair value through profit and loss": at fair value. If the fair value is not readily available, it is calculated using recognized measurement methods. Any changes in fair value are reported in the net financial result (financial income or financial expense) of the respective reporting period.
- "Loans and receivables": at amortized cost using the effective interest method.
- "Available for sale": at fair value. Any unrealized changes in fair value are recognized in other comprehensive income, except for interest and exchange rate fluctuations on borrowing instruments. In the case of sale, impairment or disposal, the cumulative gains and losses that are recognized in other comprehensive income are transferred into the net financial result (financial income, financial expense) of the current reporting period.

At each balance sheet date, or whenever indications exist, the carrying amounts of all financial assets that are not measured at fair value are tested for impairment (e.g. significant financial difficulties of the debtor etc.). Any expense due to an impairment is recognized in the statement of comprehensive income.

The method used to record the resulting gain or loss of financial derivatives is dependent on whether the instrument is designed to hedge a specific risk and whether it 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 profit or loss, 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 recognized in other comprehensive income. When the hedged asset or liability or the respective expense or income is recorded for the first time, the changes in value recorded in other comprehensive income are included in the underlying transactions. Changes in the value of items that do not qualify as hedges are recorded directly in the financial result.

Notes to the consolidated financial statements

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.

Changes in the fair value of derivative financial instruments not used as hedges are reported in the statement of comprehensive income.

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 allowances. The allowances cover the expected default risks. Financial assets with a potential requirement for impairment are grouped with others having a similar default risk and are jointly tested for impairment and their value is correspondingly adjusted. Additionally, individual allowances 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 statement of comprehensive income is recognized as deductions from revenue. Should a trade receivable no longer be collectable, the receivable along with the allowance 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 cost or net realizable value. ALSO applies the FIFO method. Provisions are made for slow-moving inventories or inventories with purchase cost higher than net realizable value. Unsaleable inventories are written off in full.

2.16 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less subsequent depreciation. Borrowing costs of qualifying assets (project duration greater than 12 months) are capitalized. Maintenance and repair costs with no added value effect are not capitalized. Significant capital expenditure is broken down into its components 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 – 15 years
► Motor vehicles	Useful life 3 – 5 years

Notes to the consolidated financial statements

2.17 Financial 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 initially recognized at cost or the net present value of the future lease payments, if lower. Non-current assets arising from finance leases are depreciated over their estimated useful life or the period of the lease 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 classified as operating lease agreements.

2.18 Intangible assets

Intangible assets include goodwill as well as licenses, patents and similar rights acquired from third parties, customer lists and supplier 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 as amortization and disclosed separately in the Notes. Material borrowing costs relating to qualifying assets (project duration greater than 12 months) are capitalized.

Intangible assets with indefinite useful lives are not amortized. With the exception of goodwill no intangible assets with indefinite useful lives are capitalized.

► Software	Useful life 2 – 5 years
► Customer lists and supplier contracts	Useful life 7 – 14 years
► Goodwill	Indefinite useful life

2.19 Impairment

Goodwill is tested for impairment each year at the end of August or more frequently if indicators exist. (see Note 4.7). This requires an evaluation of the fair value or value in use of the underlying cash-generating units. To calculate this, the future cash flows are estimated on the basis of budgeted figures over a maximum of three years, applying an appropriate discount rate. Impairment losses are recognized in the statement of comprehensive income and are not reversed in the following periods.

The carrying amount 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 recoverable value of the asset is calculated on the basis of anticipated future cash flows. If the carrying value exceeds the amount, the asset will be impaired down to the value that appears to be recoverable. This 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 cash outflow 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 reliably 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.

Notes to the consolidated financial statements

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 differences between the Group's internal valuation criteria and the local tax valuation guidelines for assets and liabilities (comprehensive liability method). 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 distribution of retained earnings in the subsidiaries are not accrued for unless this type of distribution 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.

Notes to the consolidated financial statements

3. Notes to the statement of comprehensive income

3.1 Segment information continuing operations

	Switzerland/ Germany		Northern/ Eastern Europe		Adjustments		Group	
CHF 1000	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Net revenue from product sales	2 917 149	3 038 086	1 261 148	1 341 450	0	0	4 178 297	4 379 536
Service revenue	31 631	28 356	3 639	1 994	0	0	35 270	30 350
Total net sales*	**2 948 780**	**3 066 442**	**1 264 787**	**1 343 444**	**0**	**0**	**4 213 567**	**4 409 886**
Depreciation and amortization	–4 288	–4 346	–2 738	–3 188	–4 467	–7 851	–11 493	–15 385
Impairment of brand name	0	0	0	0	0	–14 588	0	–14 588
Operating profit (EBIT)	47 968	54 188	8 800	12 249	–4 907	–26 469	51 861	39 968
As % of net sales	1.6 %	1.8 %	0.7 %	0.9 %			1.2 %	0.9 %
Net financial income/expense	–12 177	–12 570	–3 036	–2 792	–4 550	–7 533	–19 763	–22 895
Profit before tax (EBT)	**35 791**	**41 618**	**5 764**	**9 457**	**–9 457**	**–34 002**	**32 098**	**17 073**
As % of net sales	1.2 %	1.4 %	0.5 %	0.7 %			0.8 %	0.4 %
Segment assets**	397 097	496 037	222 049	219 481	115 485	96 783	734 631	812 301
Investments								
– in property, plant and equipment	25 562	9 704	425	684	1 085	0	27 072	10 388
– in intangible assets	333	63	63	232	21 866	2 937	22 262	3 232
Average headcount	**704**	**695**	**712**	**763**	**31**	**32**	**1 447**	**1 490**
Headcount at year end	**724**	**703**	**723**	**741**	**32**	**29**	**1 479**	**1 473**

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

Geographical information	**Switzerland**		**Germany**		**Others**		**Group**	
Total net sales	994 414	961 913	1 954 366	2 104 529	1 264 787	1 343 444	4 213 567	4 409 886
Non-current assets***	99 519	78 299	4 290	6 169	53 373	54 139	157 182	138 607

* There is no intercompany revenue from transactions between segments
** Including discontinued operations (Sweden / Poland) TCHF 367 (previous year: TCHF 1 984) in segment Northern/Eastern Europe
*** Excluding deferred tax assets

Customers accounting for more than 10 % of Group sales revenue
Sales revenue received by the ALSO Group from a single customer in the Switzerland / Germany segment was CHF 835 million (previous year: CHF 1 237 million).

Notes to the consolidated financial statements

The ALSO Group is a leading wholesale and logistics company in the information and communications technology and consumer electronics sectors. It distributes the products of leading hardware and software manufacturers as well as IT consumables to specialist traders and retailers in the market segments Switzerland/Germany and Northern/Eastern Europe.

The segment reporting is based on management approach. The results of the operational segments are regularly reviewed by the "Chief Operating Decision Maker" (CODM), Thomas C. Weissmann, to make decisions about resource allocation.

The reconciliation ("Adjustments") of the segment results to the consolidated figures contains centralized activities in Switzerland and Finland which are not allocated to the segments. The material positions are listed in the table "Details of the reconciliation".

The allocation of net revenue is determined by the place where invoicing occurs. The assets contain all balance sheet items that can be directly allocated to a segment. Investments contain the purchase costs of property, plant and equipment, and of intangible assets.

Profit before tax contains all income and expenses that occur directly in the operating segment. It also includes centrally occurring expenses that are allocated directly (at arm's length) to the operating core businesses. Profit before tax is the main performance indicator in the ALSO Group.

A reconciliation of the consolidated figures with the management reporting is not required, since internal and external reporting are based on the same accounting principles. The discontinued operations are disclosed in the statement of comprehensive income as "Net profit/loss discontinued operations (after tax)" and are not included in the segment reporting.

Details of the reconciliation

CHF 1000	2010	2009
Amortization of tangible and intangible assets [1]	–3 912	–7 851
Amortization of brand name GNT	–555	–14 588
Incentive program, strategic IT costs, mark-up management fees	–440	–4 030
Total at EBIT level	**–4 907**	**–26 469**

[1] Includes mainly amortization of vendor and customer contracts. Prior year balance additionally includes amortization associated with the strategic SAP decision.

The segment assets of the reconciliation column mainly contain goodwill, brand names, intangible assets of vendor and customer contracts (in line with previous year) as well as capitalized SAP project costs.

Notes to the consolidated financial statements

3.2 Personnel expenses continuing operations

CHF 1000	2010	2009
Salaries and wages	–90 064	–92 802
Social and pension costs	–15 582	–14 753
Other employee related costs	–1 937	–1 306
Employee shares / options	–165	–85
Total personnel expenses	**–107 748**	**–108 946**

Total personnel expenses include management fees amounting to TCHF 3 557 (prior year: TCHF 3 258), which were paid to Schindler Management Ltd. for the use of central services.

3.3 Employee benefits

The employee retirement benefit plans of the ALSO Group are based on the legal requirements of the respective countries. There are only defined benefit plans in Switzerland and Norway whereas the defined benefit plan in Norway was converted to a defined contribution plan as at 31 December 2009.

Defined benefit plan

CHF 1000	2010	2009
Fair value of plan assets	45 800	46 042
Present value of defined benefit obligations	–52 856	–48 898
Deficit	**–7 056**	**–2 856**
Unrecognized actuarial losses	6 909	2 564
Total net book value	**–147**	**–292**
Reported in the balance sheet as employee benefit liabilities	147	292

Net employee retirement benefit expenses for defined benefit plans

CHF 1000	2010	2009
Current service cost	–2 456	–3 222
Gains from termination of plan in Norway	168	1 777
Recognized actuarial losses	0	–17
Interest cost	–1 570	–1 826
Expected return on plan assets	2 002	2 021
Net employee retirement benefit expenses	**–1 856**	**–1 267**
Effective return on plan assets	2.8 %	13.0 %

Notes to the consolidated financial statements

Change in fair value of plan assets

CHF 1000	2010	2009
Book value as of 1 January	46 042	44 934
Termination of plan in Norway	–478	–1 232
Expected return on plan assets	2 002	2 021
Actuarial (losses) gains	–163	956
Employee contributions	1 477	1 523
Employer contributions	2 008	1 884
Net benefits (paid) received	–5 149	–4 315
Foreign exchange differences	61	271
Book value as of 31 December	**45 800**	**46 042**

Employer contributions for 2011 are expected to amount to TCHF 2 198.

Change in the present value of defined benefit obligations

CHF 1000	2010	2009
Book value as of 1 January	48 898	51 039
Termination of plan in Norway	–458	–2 401
Service cost	2 456	3 222
Interest cost	1 570	1 826
Actuarial gains (losses)	4 074	–2 177
Employee contributions	1 477	1 523
Net benefits received (paid)	–5 149	–4 315
Foreign exchange differences	–12	181
Book value as of 31 December	**52 856**	**48 898**

Investment structure of plan assets	**2010**	**2009**
Equity instruments	33.2 %	31.0 %
Bonds	40.4 %	38.0 %
Real estate	14.2 %	14.2 %
Other assets	12.2 %	16.8 %
Total	**100.0 %**	**100.0 %**

Notes to the consolidated financial statements

Principal actuarial assumptions	**2010**	**2009**
Discount rate	3.0 %	3.3 %
Expected return on plan assets	4.6 %	4.6 %
Future salary increases	2.3 %	2.3 %
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 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	**2010**	**2009**	**2008**	**2007**	**2006**
Fair value of plan assets	45 800	46 042	44 934	53 338	51 502
Change in the present value of defined benefit obligations	52 856	48 898	51 039	49 442	52 380
Surplus / deficit	**–7 056**	**–2 856**	**–6 105**	**3 896**	**–878**
Experience adjustments on plan assets	–2 247	2 180	4 149	3 479	0
Experience adjustments on defined benefit obligations	–163	956	–12 608	–1 925	–2 742

Net pension cost for defined contribution plans

CHF 1000	**2010**	**2009**
Employer contributions	1 877	2 121

3.4 Other operating expenses / income continuing operations

Other operating expenses

CHF 1000	**2010**	**2009**
Rent, leasing, maintenance and repair expenses	–22 104	–20 994
Marketing and administrative expenses	–31 973	–32 767
Insurance, consulting and other operating expenses	–14 232	–12 501
Total other operating expenses	**–68 309**	**–66 262**

Notes to the consolidated financial statements

Other operating income

CHF 1000	2010	2009
Gains from sales of property, land and equipment	0	49
Other operating income	23 142	22 362
Total other operating income	**23 142**	**22 411**

Other operating income mainly includes contributions for advertising costs from suppliers.

3.5 Net financial income / expense continuing operations

Financial income

CHF 1000	2010	2009
Interest income	449	856
Foreign exchange gains	1 862	3 307
Total financial income	**2 311**	**4 163**

Financial expenses

CHF 1000	2010	2009
Interest expenses	–17 830	–20 721
Interest expenses to related parties	–2 387	–2 704
Foreign exchange losses	–1 857	–3 633
Total financial expenses	**–22 074**	**–27 058**
Financial result	**–19 763**	**–22 895**

Foreign exchange differences

CHF 1000	2010	2009
Foreign exchange gains in financial income	1 862	3 307
Foreign exchange losses in financial expenses	–1 857	–3 633
Foreign exchange differences recorded in gross margin	690	578
Total foreign exchange differences	**695**	**252**

Notes to the consolidated financial statements

3.6 Income taxes

The main elements explaining the difference between the expected Group tax rate and the effective Group tax rate are:

CHF 1000	2010	2009
Income taxes in the period under review	–7 998	–6 837
Income taxes in prior periods	113	–16
Deferred income taxes	1 483	4 293
Total continuing operations	**–6 402**	**–2 560**
Total discontinued operations	0	–2
Total income tax expenses	**–6 402**	**–2 562**

Analysis of tax expense

CHF 1000	2010	2009
Profit before tax continuing operations	32 098	17 073
Profit before tax discontinued operations	456	523
Profit before taxes Group	**32 554**	**17 596**
Expected tax rate (weighted)	**–24.5 %**	**–24.6 %**
Expected income tax expense	–7 976	–4 329
Utilization of previously unrecognized tax losses	1 613	2 554
Income tax losses not recognized	–745	–2 501
Income not subject to tax / non deductible expenses	489	–193
Reduction deferred tax rate	0	1 286
Tax effect from prior periods	113	–16
Other factors	104	637
Effective income tax expenses	**–6 402**	**–2 562**
Effective income tax rate	**–19.7 %**	**–14.6 %**

The weighted tax rate is calculated from the income tax rates that are expected to apply for the Group companies in the respective tax jurisdictions.

Tax effects of changes in items recognized in other comprehensive income		
Foreign currency adjustments on loans at foreign subsidiaries	0	–295
Fair value adjustments on cash flow hedges	–82	55
Total tax effects in other comprehensive income	**–82**	**–240**

Notes to the consolidated financial statements

Deferred taxes	Balance sheet		Balance sheet		Comprehensive income	
	deferred tax assets		deferred tax liabilities			
CHF 1000	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Temporary differences						
– Current assets	240	371	2 554	3 590	809	384
– Property, plant and equipment	0	0	1 490	1 624	–10	–759
– Intangible assets	0	0	4 002	5 617	816	3 963
– Provisions	301	495	107	112	–250	529
– Other temporary differences	0	118	0	0	118	176
Total deferred taxes	**541**	**984**	**8 153**	**10 943**	**1 483**	**4 293**

Movements in deferred taxes net

CHF 1000	**2010**	**2009**
1 January	–9 959	–13 983
Movements in temporary differences	1 401	4 053
Foreign exchange differences	946	–29
31 December	**–7 612**	**–9 959**

Tax loss carry-forwards

CHF 1000		**2010**	**2009**
Total tax loss carry-forwards		**54 395**	**57 388**
Of which recognized as deferred tax assets		0	0
Total tax loss carry-forwards not recognized		**54 395**	**57 388**
To be carried forward:	– in two to five years	0	0
	– in more than five years	54 395	57 388
Tax effect on unrecognized tax loss carry-forwards		**14 865**	**14 699**

The loss carry forwards existing at 31 December 2010 are mainly from Norway and Finland (in the previous year also from Germany). The tax loss carried forward of the discontinued operations (Sweden / Poland) of TCHF 42 415 (previous year: TCHF 52 952) is not included in the above table.

The tax loss carry-forwards are not recognized as deferred tax assets as they cannot be compensated with other Group profits. Additionally, it is unlikely that the entities carrying the tax loss forwards will have future taxable profit to realize the related tax benefit.

On 31 December 2010, there were no deferred tax liabilities for retained earnings amounting to TCHF 8 315 (previous year: TCHF 9 388) with subsidiaries which are liable to tax in the event of a dividend distribution. There are no plans for dividend distributions in the foreseeable future in these cases.

Notes to the consolidated financial statements

3.7 Discontinued operations

In 2008 it was decided to close the two subsidiaries in Poland and Sweden. The company in Poland was liquidated in 2010. Sweden is continuing as a dormant company.

The results for Sweden and Poland have developed as follows:

CHF 1000	**2010**	**2009**
Total net sales	**0**	**624**
Cost of goods sold and service expenses	0	–509
Gross margin	**0**	**115**
Personnel expenses	0	0
Other operating expenses	–54	–29
Depreciation and amortization	0	–3
Other operating income	454	416
Operating profit (EBIT)	**400**	**499**
Financial income	57	273
Financial expense	–1	–249
Profit before tax (EBT)	**456**	**523**
Income taxes	0	–2
Net profit discontinued operations	**456**	**521**
Net profit per share in CHF discontinued operations		
Undiluted net profit per share	0.07	0.09
Diluted net profit per share	0.07	0.09
Cash flow discontinued operations		
Operating activities	–69	–9 313
Investing activities	–1 235	0
Financing activities	1	–1 365

Notes to the consolidated financial statements

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

4.1 Cash

CHF 1000	2010	2009
Cash at bank and on hand	10 253	64 755
Short-term cash deposits with related parties	10 259	0
Total cash	**20 512**	**64 755**

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

4.2 Accounts receivable

			due since			
CHF 1000	**2010**	not due	1 to 15 days	16 to 30 days	31 to 180 days	> 180 days
Accounts receivable from third parties	163 852	156 184	6 563	395	0	710
Allowance for bad debts	–2 682	–1 865	–172	–40	0	–605
Total accounts receivable net	**161 170**	**154 319**	**6 391**	**355**	**0**	**105**

			due since			
CHF 1000	**2009**	not due	1 to 15 days	16 to 30 days	31 to 180 days	> 180 days
Accounts receivable from third parties	262 591	228 090	20 924	2 070	8 118	3 389
Accounts receivable from related parties	1	1	0	0	0	0
Total accounts receivable gross	262 592	228 091	20 924	2 070	8 118	3 389
Allowance for bad debts	–4 542	–1 372	–438	–93	–1 751	–888
Total accounts receivable net	**258 050**	**226 719**	**20 486**	**1 977**	**6 367**	**2 501**

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 Asset Backed Securities transactions only reduce the volume of receivables in the Group where a complete transfer of risk takes place.

As at 31 December 2010, no receivables (previous year: CHF 102.6 million) were pre-financed (pledged) without full transfer of risk. The corresponding financial liability is shown in Note 4.8. ALSO bears the entire default risk of these receivables.

Notes to the consolidated financial statements

The bad debt provision on trade accounts receivable has developed as follows:

CHF 1000	2010	2009
Status of bad debt provision on 1 January	**–4 542**	**–3 692**
Foreign exchange differences	587	21
Creation	–3 274	–5 055
Release	4 544	3 856
Utilization	3	328
Status of bad debt provision on 31 December	**–2 682**	**–4 542**
Of which flat rate	–1 827	–1 939
Of which individual	–855	–2 603
Expenses for derecognition of trade accounts receivable	–3	–328
Income from receipt of derecognized trade accounts receivable	200	443

4.3 Inventories

CHF 1000	2010	2009
Goods assigned to projects	8 433	9 852
Trading stock	268 560	234 602
Subtotal inventories	**276 993**	**244 454**
Downpayments to suppliers	201	163
Inventory provision	–3 427	–5 099
Total inventories	**273 767**	**239 518**

Goods assigned to projects are covered by purchase obligations. For most trading stock there are limited duration price protection guarantees from the vendors/manufacturers. 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 inventory provisions.

In the year under review, sales discounts, inventory differences and changes in inventory provision totalling TCHF 1 566 (previous year: TCHF 2 219) were charged to the statement of comprehensive income.

4.4 Prepaid expenses and accrued income

CHF 1000	2010	2009
Various tax receivables	1 570	1 213
Other receivables	88 392	83 963
Derivative financial instruments (Note 5.2)	120	425
Other receivables	**90 082**	**85 601**
Prepaid expenses and accrued income	31 377	24 786
Total prepaid expenses and accrued income	**121 459**	**110 387**

Prepaid expenses mainly comprise accruals associated with the products business. Other receivables consist mainly of financing reserves from current sales of accounts receivable.

Notes to the consolidated financial statements

4.5 Property, plant and equipment

CHF 1000	Land and buildings	Equipment	Other property, plant and equipment	Total
Net book values as of 1 January 2010	**13 656**	**25 638**	**3 691**	**42 985**
Additions	24 343	698	2 031	27 072
Disposals	0	0	–1 410	–1 410
Depreciation	–991	–3 999	–1 936	–6 926
Foreign exchange differences	–1 932	–2 439	–98	–4 469
Net book value as of 31 December 2010	**35 076**	**19 898**	**2 278**	**57 252**
Overview as of 31 December 2010				
Acquisition costs	38 836	51 508	16 351	106 695
Accumulated depreciation / impairment	–3 760	–31 610	–14 073	–49 443
Net book value as of 31 December 2010	**35 076**	**19 898**	**2 278**	**57 252**
Thereof finance lease	0	7 221	0	7 221

CHF 1000	Land and buildings	Equipment	Other property, plant and equipment	Total
Net book values as of 1 January 2009	**13 780**	**23 010**	**3 346**	**40 136**
Additions	786	7 014	2 588	10 388
Reclassifications	0	4	–4	0
Disposals	0	–289	–93	–382
Depreciation	–830	–4 341	–2 146	–7 317
Foreign exchange differences	–80	240	0	160
Net book value as of 31 December 2009	**13 656**	**25 638**	**3 691**	**42 985**
Overview as of 31 December 2009				
Acquisition costs	16 805	56 057	20 956	93 818
Accumulated depreciation / impairment	–3 149	–30 419	–17 265	–50 833
Net book value as of 31 December 2009	**13 656**	**25 638**	**3 691**	**42 985**
Thereof finance lease	0	10 648	0	10 648

Property, plant and equipment are insured for a total of TCHF 111 560 (previous year TCHF 105 132).

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 comprise IT and communications systems as well as vehicles.

The are no gains and losses from the sale of plant, property and equipment (previous year: TCHF 49).

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 2010	**68 755**	**24 934**	**597**	**1 336**	**95 622**
Additions	0	0	0	22 262	22 262
Depreciation and amortization	0	–3 159	–555	–856	–4 570
Foreign exchange differences	–9 627	–3 583	–42	–132	–13 384
Net book value as of 31 December 2010	**59 128**	**18 192**	**0**	**22 610**	**99 930**
Overview as of 31 December 2009					
Acquisition costs	59 128	31 561	12 606	33 293	136 588
Accumulated depreciation/impairment	0	–13 369	–12 606	–10 683	–36 658
Net book value as of 31 December 2010	**59 128**	**18 192**	**0**	**22 610**	**99 930**

CHF 1000	Goodwill	Supplier and customer contracts	Brand name GNT	Other intangible assets	Total
Net book value as of 1 January 2009	**69 173**	**28 522**	**15 026**	**2 706**	**115 427**
Additions	0	0	0	3 232	3 232
Disposals	0	–3 457	0	–4 614	–8 071
Impairment brand name GNT	0	0	–14 588	0	–14 588
Foreign exchange differences	–418	–131	159	12	–378
Net book value as of 31 December 2009	**68 755**	**24 934**	**597**	**1 336**	**95 622**
Overview as of 31 December 2009					
Acquisition costs	68 755	37 369	14 925	12 326	133 375
Accumulated depreciation / impairment	0	–12 435	–14 328	–10 990	–37 753
Net book value as of 31 December 2009	**68 755**	**24 934**	**597**	**1 336**	**95 622**

Contracts with suppliers and customers and the GNT brand name include identified intangible assets associated with the acquisition of the GNT Group (Northern / Eastern Europe segment). The item other intangible assets consists of application software and licenses for Group companies.

In the previous year, ALSO decided to abandon the brand name GNT in 2010. This decision resulted in an impairment of the brand name of TCHF 14 588 in the previous year, and in April 2010 the name ALSO was introduced at all operating companies in the Northern / Eastern Europe market segment.

The additions in other intangible assets include predominantly capitalized SAP project costs.

With the exception of goodwill, no intangible assets with indefinite useful lives are capitalized. The average residual amortization period for supplier contracts is 3 years and for customer contracts 10 years.

Notes to the consolidated financial statements

4.7 Impairment test

CHF 1000	**2010**	**2009**
Net book value goodwill Northern / Eastern Europe	54 276	63 903
Net book value goodwill Supply	4 852	4 852
Total goodwill	**59 128**	**68 755**
Discount rate goodwill Northern / Eastern Europe	8.4 %	10.1 %
Average growth rate sales revenue	6.2 %	4.7 %
Average gross margin	6.1 %	6.0 %

Goodwill Northern / Eastern Europe is monitored by means of value in use calculations of a group of cash generating units. The value in use is calculated using a discounted cash flow model. This is based on planning assumptions over a period of three years plus residual value, all of which have been approved by Management. The residual value takes into account a growth rate of 2 % (previous year: 2 %). The pre-tax discount rates applied and the average growth rate are set out in the above table. No impairment test was carried out for the goodwill of "Supply".

Value in use calculation for the group of cash generating units in segment Northern / Eastern Europe is sensitive to assumptions relating to balance sheet structure, gross margin, and cost structure. The balance sheet structure and the gross margin are derived from historical values as well as from strategic and economic changes. The cost structure is determined by the expected gross margin.

The value in use is substantially higher than the reported net assets. Under certain circumstances, a change in assumptions, e.g. a sustained deterioration in the gross margin, or a change in the balance sheet and cost structure, would cause an impairment of the goodwill. ALSO is in the opinion that in the event of a deterioration of the gross margin, the cost structure would be adapted, and an impairment would only be probable in the case of a deterioration of all of assumptions that are used.

Notes to the consolidated financial statements

4.8 Current and non-current financial liabilities

CHF 1000	2010		2009	
	Net book value	Interest rate	Net book value	Interest rate
Current financial liabilities				
Amounts owed to banks and third-party loans	30023	1.5%	2134	Euribor +0.7 to 1.2%
Liabilities to the principal shareholder	0	1.6 to 2.0%	42918	1.9 to 2.3%
Finance lease	2162	3.7 to 5.6%	2262	3.7 to 5.6%
Receivables selling program	63		80445	Euribor +0.7 to 1.3%
Private placement [1]	46250	6.3%	0	
Mortgages	1151	Euribor +1.1%	440	Euribor +1.1%
Total current financial liabilities	**79649**		**128199**	
Non current financial liabilities				
Bank loans	45000	4.1 to 4.3%	45000	4.1 to 4.3%
Private placement [1]	0		54760	6.3%
Finance lease	1486	3.7 to 5.6%	4270	3.7 to 5.6%
Mortgages	25000	3.0%	1362	Euribor +1.1%
Total non-current financial liabilities	**71486**		**105392**	
Total financial liabilities	**151135**		**233591**	

[1] of which CHF 31.3 million (previous year: CHF 37.0 million) to the main shareholder.

For financing purposes, the ALSO Group pledges receivables to independent banks. The prefinanced funds remain in the balance sheet and, provided that the default risk remains with ALSO, the pre-financing is reported under financial liabilities.

Covenants
Certain financial liabilities are subject to covenant clauses, under which stipulated financial key figures must be attained. A longterm bank loan of CHF 20 million is tied to a covenant requiring a consolidated shareholders' equity of minimum CHF 180 million. As at 31 December 2010, all covenants were met.

Notes to the consolidated financial statements

4.9 Accrued expenses and deferred income

CHF 1000	2010	2009
Accrued expenses	**85 445**	**86 125**
Various tax payables	33 469	46 778
Other payables to third parties	10 493	11 097
Other payables to related parties	936	1 046
Derivative financial instruments (Note 5.2)	1 317	1 082
Other payables	**46 215**	**60 003**
Total accrued expenses and deferred income	**131 660**	**146 128**

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.

Notes to the consolidated financial statements

4.10 Provisions

CHF 1000	Guarantees, returned goods, complaints	Restruc-turing costs	Other provisions	Total
Total as of 1 January 2009	**302**	**10 886**	**667**	**11 855**
Addition	41	0	1 469	1 510
Utilization	0	–9 976	–68	–10 044
Foreign exchange differences	–3	339	–25	311
Total as of 31 December 2009	**340**	**1 249**	**2 043**	**3 632**
Current provisions	340	805	77	1 222
Non-current provisions	0	444	1 966	2 410
Total for 2009	**340**	**1 249**	**2 043**	**3 632**
Addition	54	77	0	131
Utilization	0	–543	–62	–605
Release	0	–178	–367	–545
Foreign exchange differences	–58	–111	–249	–418
Total as of 31 December 2010	**336**	**494**	**1 365**	**2 195**
Current provisions	336	181	0	517
Non-current provisions	0	313	1 365	1 678
Total for 2010	**336**	**494**	**1 365**	**2 195**

The restructuring provisions contain the cost of closure of the entities in Poland and Sweden.

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

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

Notes to the consolidated financial statements

4.11 Shareholders' equity
The number of outstanding registered shares with a nominal value of CHF 1 per share totalled 6 039 012 (previous year: 6 039 012) as of 31 December 2010.

Treasury shares

CHF 1000	Number	Value
1 January 2009	**150**	**0**
Deductions for employee share programm	0	0
31 December 2009	**150**	**0**
Change 2010	0	0
31 December 2010	**150**	**0**

Major shareholders	31.12.10	31.12.09
– Schindler Holding AG, Hergiswil (Switzerland)	64.00 %	64.00 %
– Bestinver Gestion, S.G.I.I.C., S.A., Madrid (Spain)	15.03 %	11.06 %
– SaraSelect Anlagefonds, Basel (Switzerland)	5.07 %	5.07 %

(participation according to the Swiss Official Gazette of Commerce)

According to a decision of the Board of Directors only 5 % of the voting rights of both Bestinver Gestion and SaraSelect are entered in the share register. Other shareholders are registered with their total stock.

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

4.12 Earnings per share / dividends per share

		2010	**2009**
Profit continuing operations	CHF	25 696 000	14 513 000
Profit discontinued operations	CHF	456 000	521 000
Net profit Group	**CHF**	**26 152 000**	**15 034 000**
Shares issued	number	6 039 012	6 039 012
Less treasury shares (weighted)	number	–150	–150
Shares issued (weighted) for calculation	number	6 038 862	6 038 862
Undiluted earnings per share	**CHF**	**4.33**	**2.49**
Diluted net profit Group	CHF	26 152 000	15 034 000
Shares issued (weighted) for calculation	number	6 038 862	6 038 862
Adjustment for dilution from options	number	684	39
Diluted shares	number	6 039 546	6 038 901
Diluted earnings per share	**CHF**	**4.33**	**2.49**

The company has 150 treasury shares in its portfolio. In the above table, these treasury shares are deducted from the total number of shares outstanding. The diluted figures include the effect of the option program.

At the extraordinary meeting of shareholders on 8 February 2011, it was decided to pay out an additional dividend of TCHF 6 039 (CHF 1.00 per registered share) from the retained earnings 2009. The Board of Directors will propose to the Annual General Meeting on 10 March 2011 to pay no further dividend for the financial year 2010 (previous year: TCHF 4 227, 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
Cash flow hedge	40 000	0	318	Interest	Interest rate swap
Total 31 December 2010	**40 000**	**0**	**318**		
Cash flow hedge	20 000	0	812	Interest	Interest rate swap
Total 31 December 2009	**20 000**	**0**	**812**		

There are two interest rate swaps running until max. 2012.

Notes to the consolidated financial statements

Fair value of the financial instruments

CHF 1000	Loans and receivables	Held for trading*	Amortized cost	Hedge accounting*	Non financial instruments	**Total book value**	Fair value
						31.12.10	**31.12.10**
Financial assets							
Cash (Note 4.1)	20 512					**20 512**	20 512
Accounts receivable (Note 4.2)	161 170					**161 170**	161 170
Prepaid expenses and accrued income (Note 4.4)	88 392	120			32 947	**121 459**	121 459
Financial liabilities							
Financial liabilities (Note 4.8)			151 135			**151 135**	153 652
Accounts payable			241 177			**241 177**	241 177
Accrued expenses and deferred income (Note 4.9)		999	11 429	318	118 914	**131 660**	131 660
						31.12.09	**31.12.09**
Financial assets							
Cash (Note 4.1)	64 755					**64 755**	64 755
Accounts receivable (Note 4.2)	258 050					**258 050**	258 050
Prepaid expenses and accrued income (Note 4.4)	83 963	425			25 999	**110 387**	110 387
Financial liabilities							
Financial liabilities (Note 4.8)			233 591			**233 591**	238 073
Accounts payable			218 613			**218 613**	218 613
Accrued expenses and deferred income (Note 4.9)		270	12 143	812	132 903	**146 128**	146 128

* All financial instruments included in these categories are valued according to level 2.

Market value hierarchy
ALSO applies the following valuation hierarchy to determine the fair value of financial instruments:

Level 1 Listed market price in active markets.
Level 2 Valuation methods in which all assumptions that have a material impact on the market value are indirectly or directly available.
Level 3 Valuation methods with assumptions that have a material impact on the market value which are not publicly available.

In the reporting year there were no changes in the valuation hierarchy for any financial assets or liabilities.

Notes to the consolidated financial statements

5.3 Pledged or assigned assets serving as collateral for own liabilities

CHF 1000	2010	2009
Receivables	0	102 586
Inventories	11 195	22 299
Property, plant and equipment	30 574	6 718
Total assets pledged	**41 769**	**131 603**

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

5.4 Rental and leasing commitments

Payments for fixed-term contracts (operating leases)

CHF 1000	2010	2009
Due in 1st year	12 348	15 799
Due in 2nd – 5th year	32 579	46 137
Due from the 6th year onwards	21 443	40 291

Payment in respect of operating leases relate mainly to rental agreements for the logistics buildings in Germany, Switzerland, Finland and Norway. During the year under review, the cost charged to the statement of comprehensive income totalled TCHF 14 623 (previous year: TCHF 13 928).

Finance lease

CHF 1000	2010	2009
Due in 1st year	2 235	2 517
Due in 2nd – 5th year	1 547	4 419
	3 782	**6 936**
Minus interest expense component	–134	–404
Total financial debt from finance lease (Note 4.8)	**3 648**	**6 532**
Of which current	2 162	2 262
Of which non-current	1 486	4 270

The finance leases comprise primarily warehouse automation systems in Norway and Finland.

Notes to the consolidated financial statements

6. Subsidiaries

Country	Head office	Company	Partici-pation 31.12.10	Partici-pation 31.12.09	Share capital in 1000	Cur-rency	Code
Switzerland	Hergiswil	ALSO Holding AG			6 039	CHF	S
	Emmen	ALSO Schweiz AG	100.0 %	100.0 %	100	CHF	D
	Emmen	ALSO IT AG	100.0 % [1]	–	500	CHF	S
Germany	Straubing	ALSO Deutschland GmbH	100.0 %	100.0 %	103	EUR	D
Finland	Tampere	ALSO Nordic Holding Oy	100.0 %	100.0 %	10 000	EUR	S
	Tampere	ALSO Finland Oy	100.0 %	100.0 %	841	EUR	D
Norway	Sandefjord	ALSO Norway AS	100.0 %	100.0 %	11 063	NOK	D
Estonia	Tallinn	ALSO Eesti AS	100.0 %	100.0 %	3 000	EEK	D
Latvia	Marupe	ALSO LATVIA SIA	100.0 %	100.0 %	842	LVL	D
Lithuania	Kaunas	UAB ALSO Lietuva	100.0 %	100.0 %	6 500	LTL	D
Poland	Wroclaw	GNT Polska Sp. z o.o.	– [2]	100.0 %	3 000	PLN	D

D = Distribution
S = Service/holding company

1) Founded as of 30 April 2010
2) Liquidated as of 16 December 2010

Notes to the consolidated financial statements

6.1 Transactions with related parties

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 and payable in cash. No allowances for receivables had to be recorded. 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	2010	2009
Management fees	–3 557	–3 258
Interest expense	–2 387	–2 704
Short term cash deposits (Note 4.1)	10 259	0
Accounts receivable (Note 4.2)	0	1
Liabilities to the principal shareholder (Note 4.8)	0	–42 918
Private placement (Note 4.8)	–31 250	–37 000
Other liabilities (Note 4.9)	–936	–1 046

Transactions with ALSO pension fund

Other liabilities (outstanding contributions)	–291	–264

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	2010	2009
Salaries*	5 009	4 193
Contributions to pension plans	408	341
Anniversary bonuses or other special payments	4	0
Retirement bonuses	0	0
Employee shares / options	325	204
Total compensation	**5 746**	**4 738**

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

Notes to the consolidated financial statements

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 31.12.10 Number
2006	Shares	1 May 09 to 30 April 15 [1]	35.68	28.51	1 975
2007	Shares	1 May 10 to 30 April 16 [1]	43.96	29.44	2 345
2008	Shares	1 May 11 to 30 April 17 [1]	67.20	21.70	1 602
2010	Shares	1 May 13 to 30 April 19	45.50	12.03	3 407
Total					**9 329**

[1] The exercise period was extended by three years in previous year.

In the reporting year, 3 407 options (previous year: 0) were issued and 8 990 options (previous year: 0) were exercised. As at 31 December 2010, 4 320 options are exercisable (previous year: 10 965). 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:

	2010
Price	44.95
Exercise price	45.50
Volatility [1]	26.8 %
Risk-free interest rate	1.8 %
Dividend rate	1.6 %
Exit rate	5.0 %

[1] Volatility was determined on the basis of the historical volatility of the share price over a period of twelve months from the date of valuation.

The fair value of the options is recognized in the statement of comprehensive income, with one third of the amount (vesting period), i.e. TCHF 26 (previous year: TCHF 39) charged to personnel expenses.

Notes to the consolidated financial statements

6.2 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 material hedging transactions are only entered into with leading financial institutions.

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 and the long term financing of the Group are centralized and coordinated with the treasury of the main shareholder. The treasury 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 fulfil its contractual payment obligations. Credit risk thus includes not only the immediate default risk, but also the risk of worse 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 counterparty.

Credit quality

	31 December 2010				
CHF 1000	**AA–**	**A+**	**A**	**No rating**	**Total**
Cash and cash equivalents	1 812	522	7 279	640	10 253
	18 %	5 %	71 %	6 %	
Cash and cash equivalents Schindler	0	0	0	10 259	10 259
	0 %	0 %	0 %	100 %	
Total (Note 4.1)	**1 812**	**522**	**7 279**	**10 899**	**20 512**

	31 December 2009				
CHF 1000	**AA–**	**A+**	**A**	**No rating**	**Total**
Cash and cash equivalents	1 947	52 196	10 278	334	**64 755**
	3 %	80 %	16 %	1 %	
Total (Note 4.1)	**1 947**	**52 196**	**10 278**	**334**	**64 755**

Notes to the consolidated financial statements

The credit quality is based on public ratings by Standard & Poor's. The rating code is a letter code that indicates the default risk of a debtor (country, company) and hence enables easy assessment of its creditworthiness. An independent, statistically determinable and validatable probability of default can be assigned to each rating code.

AAA	Risk of default is virtually zero.
AA	Safe investment, with slight risk of default.
A	The investment is safe provided that no unforeseen eventualities impair the overall economy or the industry.
<A	Mainly investments for which no public rating exists.

As at balance sheet date, ALSO has not made any value adjustments on financing assets to take account of default risks.

In the operational area, ALSO limits the default risk by constantly monitoring customers' credit ratings and setting credit limits based thereon. The operational companies of the Group have largely insured their open trade receivables by means of credit insurances. As at the balance sheet date, accounts receivable of CHF 54 million were uninsured (previous year: CHF 36 million). The credit insurances generally cover 90% of the insured amounts. The residual credit risk on trade receivables is therefore considered limited by ALSO. It is further minimized by the large number of customers and their wide geographical distribution. In addition, to further reduce default risks, certain receivables were completely 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 generally short-term (52.7% short-term, previous year: 54.9%). To ensure the solvency and financial flexibility of the Group at all times, a liquidity reserve is held in the form of credit lines that can be drawn at any time. As of balance sheet date, unutilized credit lines for the amount of CHF 175 million (previous year: CHF 124 million) were available.

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. Forward purchases and sales of foreign currencies are not included in the financial derivatives.

Notes to the consolidated financial statements

CHF 1000	Net book value 31.12.10	Total cash flow	Up to 1 year	2 to 5 years	More than 5 years
Trade payables	241 177	241 177	241 177	0	0
Other liabilities	11 429	11 429	11 429	0	0
Loans from banks and third parties	30 023	30 247	30 247	0	0
Financial leasing	3 648	3 782	2 235	1 547	0
Receivables sales program	63	63	63	0	0
Bank loans and private placements	91 250	96 300	49 540	46 760	0
Mortgages	26 151	32 941	1 961	6 383	24 597
Total	**403 741**	**415 939**	**336 652**	**54 690**	**24 597**
Derivative financial instruments					
Interest rate swap net		345	328	17	0

CHF 1000	Net book value 31.12.09	Total cash flow	Up to 1 year	2 to 5 years	More than 5 years
Trade payables	218 613	218 613	218 613	0	0
Other liabilities	12 143	12 143	12 143	0	0
Loans from banks and third parties	2 134	2 163	2 163	0	0
Liabilities towards main shareholder	42 918	42 986	42 986	0	0
Financial leasing	6 531	6 936	2 517	4 419	0
Receivables sales program	80 445	80 613	80 613	0	0
Bank loans and private placements	99 760	109 870	5 340	104 530	0
Mortgages	1 802	1 893	9	1 884	0
Total	**464 346**	**475 217**	**364 384**	**110 833**	**0**
Derivative financial instruments					
Interest rate swap net		905	603	302	0

The table includes all financial instruments as at 31 December 2010 and 2009 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 interest rates fixed on 31 December 2010 and 2009 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 and NOK.

The interest rate management of the long-term liabilities is handled centrally in collaboration with the main shareholder. Local short-term interest rate risks are normally not hedged by the Group companies. There-

Notes to the consolidated financial statements

fore 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 surplus of 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.

The change in the value of the hedging instruments has an effect on shareholders' equity (±100 bps.: ±TCHF 250). If the market interest rate on 31 December 2010 and 2009 respectively had been 100 base points higher/lower, the impact on the financial result would have been as follows:

CHF million	
31 December 2010	± 5.0
31 December 2009	± 1.3

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 statement of comprehensive income on translation of revenues and expenses as well as 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 fend off this exchange rate risk, the operating companies hedge their purchasing volume outside the functional currency under their own responsibility (provided that suitable hedging instruments are available at the market at a reasonable price). 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.

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 for items in EUR and USD at the end of 2010 and 2009 respectively. This usually reflects the open risks over the year.

CHF million	EUR	USD
31 December 2010	6.3	0.3
31 December 2009	9.3	0.4

Sensitivity analysis
If, on 31 December 2010 and 2009 respectively, the CHF had been 5% weaker/stronger relative to the Euro and US Dollar, and all other variables had remained unchanged, the effect would have been as follows:

Impact on profit and loss

CHF million	EUR	USD
31 December 2010	± 0.3	± 0
31 December 2009	± 0.5	± 0

Notes to the consolidated financial statements

Impact on shareholders' equity

CHF million	EUR
31 December 2010	± 1.3
31 December 2009	± 1.5

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 %.

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 financial debt and of the reported shareholders' equity. Net financial debt comprises interest-bearing financial liabilities less cash and cash equivalents.

CHF 1000	2010		2009	
Short-term financial liabilities	79 649		128 199	
Long-term financial liabilities	71 486		105 392	
Total (Note 4.8)	**151 135**		**233 591**	
./. Cash (Note 4.1)	–20 512		–64 755	
Net financial debt	**130 623**	**18 %**	**168 836**	**21 %**
Reported shareholders' equity	**193 659**	**26 %**	**195 341**	**24 %**
Shareholders' equity and net financial debt	**324 282**	**44 %**	**364 177**	**45 %**
Total liabilities and shareholders' equity	**734 631**	**100 %**	**812 301**	**100 %**

6.3 Events occurring after the balance sheet date

With media releases of 13 August 2010, and January 13 2011, it was announced that ALSO Holding AG and Actebis GmbH, Germany, intend to combine their activities. The contracts between the main shareholders were signed on 12 January 2011. The merger of ALSO and Actebis was approved at the extraordinary meeting of shareholders of 8 February 2011, and subsequently implemented by means of an increase in the ordinary share capital. 6 809 950 new shares were issued, subscription rights of the public shareholders and of Schindler Holding Ltd. being excluded. The merger will be reported in the annual report 2011 as reverse acquisition. Allotment of the new shares took place in return for integration of the business activities of Actebis into ALSO. After the capital increase, the share capital is CHF 12 848 962, consisting of 12 848 962 registered shares with a nominal value of CHF 1.00 each. The name of the company has been changed to ALSO-Actebis Holding AG.

After the merger, ALSO-Actebis will attain total net sales of around CHF 10 billion. The new company will be the third-largest distribution and logistics company for information technology, telecommunications, and consumer electronics in the European market and active in twelve countries (Austria, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Netherlands, Norway, Sweden, Switzerland).

6.4 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 7 February 2011 and will be submitted to the Annual General Meeting for approval on 10 March 2011.

6.5 Risk assessment

The Board of Directors of ALSO Holding AG carries through systematic risk assessments, based on which actions to mitigate risk are defined and the identified risks continuously monitored.

Report of the Statutory Auditor

Report of the statutory auditor to the General Meeting of ALSO Holding AG, Hergiswil
As statutory auditor, we have audited the consolidated financial statements of ALSO Holding AG, which comprise the statement of comprehensive income, consolidated balance sheet, consolidated statement of shareholders' equity, consolidated cash flow statement and notes to the consolidated financial statements (pages 33 to 74) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Lucerne, 8 February 2011

Ernst & Young AG

Christian Schibler Licensed audit expert (Auditor in charge)	Christoph Michel Licensed audit expert

Profit and loss statement of ALSO Holding AG

CHF 1000	2010	2009
Service revenue	7 883	7 981
Investment revenue	5 000	5 000
Other operating income	133	112
Financial income	5 379	3 765
Total income	**18 395**	**16 858**
Service expenses	–3 557	–3 258
Personnel expenses	–3 326	–2 783
Other operating expenses	–2 259	–2 219
Financial expenses	–7 298	–2 638
Tax expenses	–19	–126
Total expenses	**–16 459**	**–11 024**
Net profit	**1 936**	**5 834**

Balance sheet of ALSO Holding AG

Assets

CHF 1000		31.12.10	31.12.09
Cash		76	43
Receivables	– from third parties	39	183
	– from Group companies	75 968	50 323
	– from major shareholder	10 260	0
Prepaid expenses and accrued income		1 915	462
Total current assets		**88 258**	**51 011**
Intangible assets		98	143
Investments		114 426	113 926
Loans to Group companies		69 547	79 437
Total non-current assets		**184 071**	**193 506**
Total assets		**272 329**	**244 517**

Liabilities and shareholders' equity

CHF 1000		31.12.10	31.12.09
Liabilities to banks		30 000	0
Accounts payable	– to third parties	185	134
	– to Group companies	83 709	42 631
	– to major shareholder	14	42 918
Accrued expenses and deferred income		3 812	1 934
Total liabilities		**117 720**	**87 617**
Share capital		6 039	6 039
Legal reserves	– general reserve	1 100	1 100
	– share-premium reserve	41 755	41 755
Special reserves		90 000	90 000
Retained earnings	– balance brought forward	13 779	12 172
	– net profit	1 936	5 834
Total shareholders' equity		**154 609**	**156 900**
Total liabilities and shareholders' equity		**272 329**	**244 517**

Notes to the financial statements of ALSO Holding AG

Treasury shares

CHF 1000	Number	Value
1 January 2009	**150**	**0**
Change 2009	0	0
31 December 2009	**150**	**0**
Change 2010	0	0
31 December 2010	**150**	**0**

Major shareholders	**31.12.10**	**31.12.09**
– Schindler Holding AG, Hergiswil (Switzerland)	64.00 %	64.00 %
– Bestinver Gestion, S.G.I.I.C., S.A., Madrid (Spain)	15.03 %	11.06 %
– SaraSelect Anlagefonds, Basel (Switzerland)	5.07 %	5.07 %

(participation according to the Swiss Official Gazette of Commerce)

Contingent liabilities

CHF 1000	31.12.10	31.12.09
Conditional liabilities towards third parties	710 782	679 577
Letters of comfort	p.m.	p.m.
Total	**710 782**	**679 577**

The contingent liabilities of ALSO Holding AG cover the conditional liabilities for bank guarantees, borrowing arrangements and delivery commitments of the Group companies.

Fire insurance value of property, plant and equipment

CHF 1000	31.12.10	31.12.09
Equipment, furniture, IT (global insurance of ALSO Group)	36 200	37 000
Total	**36 200**	**37 000**

Liabilities to retirement benefit plans

CHF 1000	31.12.10	31.12.09
ALSO pension fund	20	0
Total	**20**	**0**

Compensation of ALSO Group Management and Board of Directors
Of the compensation 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 Group Management was in some cases paid directly, and in other cases indirectly through intercompany charges.

Notes to the financial statements of ALSO Holding AG

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

CHF 1000	2010 Cash, fixed (gross)	2010 Pension expenses	**Total 2010**	2009 Cash, fixed (gross)	2009 Pension expenses	**Total 2009**
Thomas C. Weissmann * Chairman, executive member	–	–	**–**	–	–	**–**
Prof. Dr. Karl Hofstetter * non-executive member	–	–	**–**	–	–	**–**
Prof. Dr. Rudolf Marty non-executive member	43	3	**46**	43 **	3	**46**
Aggregate compensation	43	3	**46**	43	3	**46**

* Thomas C. Weissmann and Prof. Dr. Karl Hofstetter have an employment contract with Schindler Management Ltd. and therefore do not receive any additional compensation for their work as Board members.

** The gross cash compensation for Prof. Dr. Rudolf Marty for the fiscal year 2009 has been increased after the publication of the Annual Report by CHF 3000.

Members of Group Management of ALSO Holding AG
Aggregate compensation 2010 – Group Management

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Cash bonus (gross)	Shares	Options	Benefits in kind	Pension expenses	**Total 2010**
Group Management – Total	2 170	2 251	224	101	8	946	**5 700**
Highest individual compensation – Thomas C. Weissmann	540	510	133	60	–	307	**1 550**

Aggregate compensation 2009 – Group Management

	Fixed compensation	Variable compensation					
CHF 1000	Cash (gross)	Cash bonus (gross)	Shares	Options	Benefits in kind	Pension expenses	**Total 2009**
Group Management – Total	1 880	2 005	127	77	18	585	**4 692**
Highest individual compensation – Thomas C. Weissmann	580	553	107	65	–	274	**1 579**

Number of shares and options on shares – Group Management

	2010 Number of shares	2010 Options awarded	2009 Number of shares	2009 Options awarded
Group Management – Total	4 077	3 877	3 100	3 407
Highest individual compensation – Thomas C. Weissmann	2 422	2 303	2 617	2 876

Notes to the financial statements of ALSO Holding AG

Shares, options and conversion rights – Board of Directors

	as of 31 December 2010		as of 31 December 2009	
	Number of shares	Number of options	Number of shares	Number of options
Thomas C. Weissmann Chairman, executive member	Reported under Group Management		Reported under Group Management	
Prof. Dr. Karl Hofstetter non-executive member	2000	–	2000	–
Prof. Dr. Rudolf Marty non-executive member	10	–	10	–
Total	**2010**	**–**	**2010**	**–**

Shares, options and conversion rights – Group Management

	as of 31 December 2010		as of 31 December 2009	
	Number of shares	Number of options*	Number of shares	Number of options*
Thomas C. Weissmann Chief Executive Officer	9 167	4 320 ****/*****	14 060	10 965**/***/****
Laisvunas Butkus Member	145	–	145	–
Michael Dressen Member	700	–	700	–
Lucas F. Kuttler Member	483	–	–	–
Marc Schnyder Member	2 396	–	2 896	–
Maija Strandberg Member	324	–	324	–
Urs Windler Member	201	–	201	–
Peter Zurbrügg Member (until 28 February 2010)	******	******	2 204	–
Total	**13 416**	**4 320**	**20 530**	**10 965**

* Vested options only
** for fiscal year 2003 (date of purchase or grant 2004, expiration of vesting period 2007): 3 960
*** for fiscal year 2004 (date of purchase or grant 2005, expiration of vesting period 2008): 5 030
**** for fiscal year 2005 (date of purchase or grant 2006, expiration of vesting period 2009): 1 975
***** for fiscal year 2006 (date of purchase or grant 2007, expiration of vesting period 2010): 2 345
****** not a member of Group Management at the time

$\left.\begin{array}{l}** \\ *** \\ ****\end{array}\right\}$ 10 965; $\left.\begin{array}{l}**** \\ *****\end{array}\right\}$ 4 320

The options for the fiscal years 2003 and 2004 have been exercised 2010.

Notes to the financial statements of ALSO Holding AG

Subsidiaries

		2010	2009	
Company, head office	Type	Participation in %	Participation in %	Share capital
ALSO Schweiz AG, Emmen	D	100.0	100.0	TCHF 100
ALSO Deutschland GmbH, Straubing	D	100.0	100.0	TEUR 103
ALSO IT AG, Emmen	S	100.0	–	TCHF 500

D = Distribution
S = Service/holding company

Risk assessment

The Board of Directors of ALSO Holding AG carries through systematic risk assessments, based on which actions to mitigate risks are defined and the identified risks continuously monitored.

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

Proposal of the Board of Directors for the appropriation of the available earnings 2010

CHF 1000	**2010**
Balance brought forward 2008	12 172
Net profit 2009	5 834
Retained earnings as at 31 December 2009	**18 006**
Dividend payment as per decision of the annual general meeting of 10 March 2010	–4 227
Subtotal	**13 779**
Payment as per decision of the extraordinary general meeting of 8 February 2011	–6 039
Net profit 2010	1 936
Retained earnings at the disposal of the general meeting	**9 676**
Proposal of the Board of Directors to the annual general meeting of 10 March 2011	
Carried forward to new account	**9 676**

The extraordinary general meeting of 8 February 2011, decided an extraordinary dividend of CHF 1.00 per share (total TCHF 6 039).

Report of the Statutory Auditor

Report of the statutory auditor on the financial statements
As statutory auditor, we have audited the financial statements of ALSO Holding AG which comprise the income statement, balance sheet and notes (pages 76 to 81) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (Art. 728 Code of Obligations [CO] and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

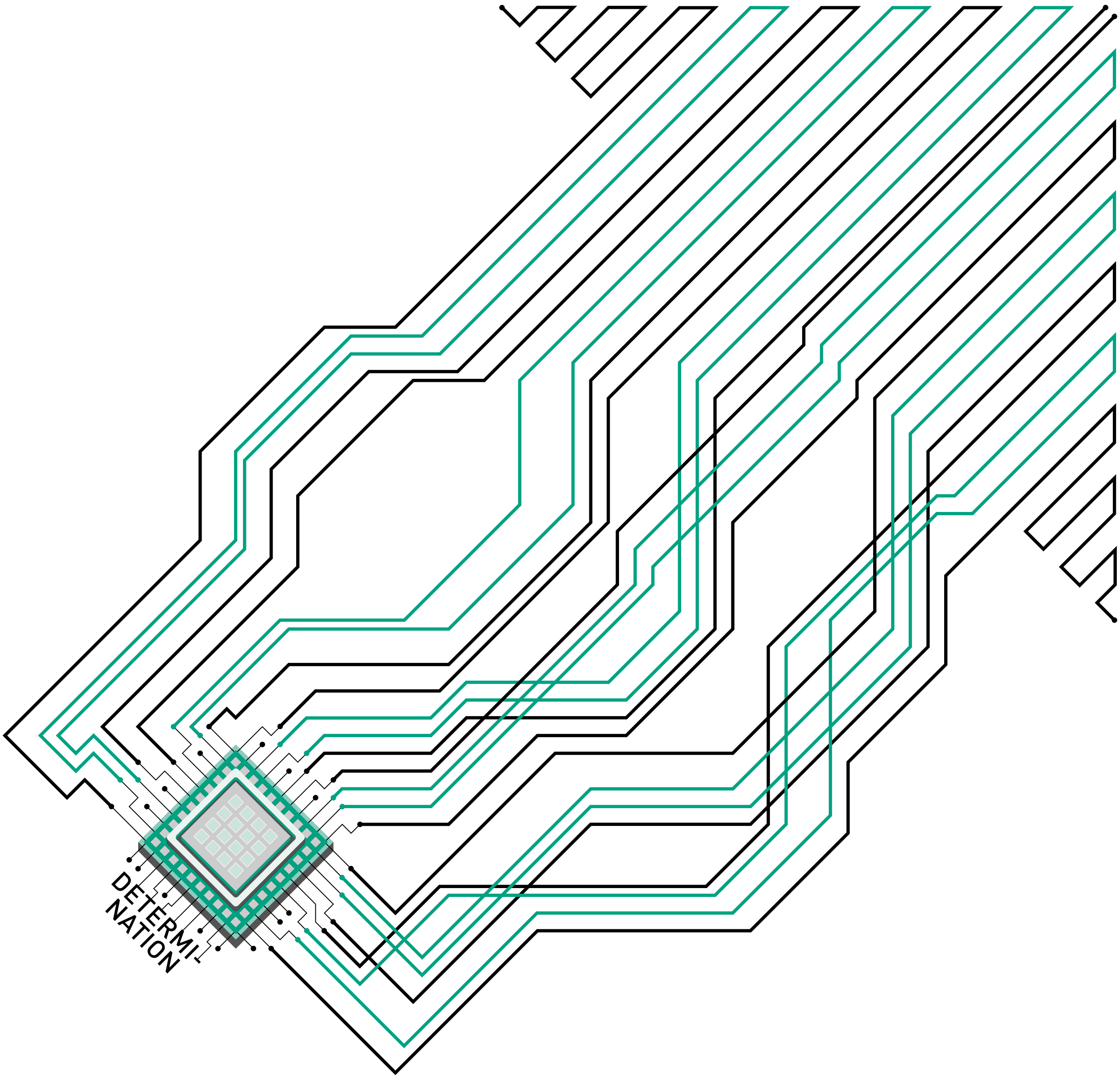
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Lucerne, 8 February 2011

Ernst & Young AG

Christian Schibler Licensed audit expert (Auditor in charge)	Christoph Michel Licensed audit expert



Determination
Resolutely pursuing a clearly defined goal and refusing to be discouraged by objections or obstacles.

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