

Letter to Shareholders: Half-Year 2000

Hergiswil, August 14, 2000

Dear Shareholder:

With this half-year report we will provide you with information on the state of business and results for the first half of 2000 and on the outlook for the current year. The reporting principles applied to these consolidated financial statements for June 30, 2000, comply with the requirements of Swiss corporation law, the listing rules of the Swiss Exchange, and the International Accounting Standards (IAS). The principles of valuation applied for the first half of 2000 are identical to those used in the annual financial statements for 1999. The scope of consolidation was extended on January 1, 2000, to include the newly established ALSO IT-SERVICES AG. This company has taken over most of the employees and operational activities of IT Services AG, a subsidiary of the Credit Suisse Group.

ALSO Group: Success in Distribution – Loss in Systems Business

In the first half of 2000 the ALSO Group increased its revenues to CHF 874 million, which is 16% higher than for the same period last year. As already announced in April, despite the very good result in the distribution business, the figures for the Group show a loss due to the surprising slump in the systems business. The loss amounts to CHF 6.3 million.

At the end of the first half year, the balance sheet value was CHF 415 million (end-1999 CHF 442 million), with current assets reduced to CHF 350 million. Non-current assets rose to CHF 65 million, mainly due to expansion of the logistics center in Emmen. At 30% the equity ratio is at the upper end of the long-term target range of 25 to 30%.

Substantially Higher Result in Distribution

The Distribution Division increased its revenues by 31 % to CHF 772 million. Relative to the first half of last year, operating profit rose 29% to CHF 14 million, despite taking into account extraordinary costs of approximately CHF 3 million for new process software and expanded logistics capacity. The higher profit is the result of contributions from our subsidiary companies in both Switzerland and Germany. In Switzerland new process software to support logistics services for the highly promising e-commerce business went into operation at the beginning of June. Our German company again posted overproportional revenue growth of 40%, thereby making further gains in market share. Moreover in Germany, work commenced at the second logistics center which is in Brunswick at the beginning of May. With this increased capacity we have created further opportunities for growth in Europe's largest PC market.

Slump in Systems Business

In the first half of 2000 revenues in the large customers segment of the industry fell by a surprising 30 to 60%, not only at ALSO but throughout Europe. Our Systems Division, which focuses on large customers in Switzerland, was also hit hard by this falloff in orders. Relative to the same period last year, revenues fell 38% to CHF 101 million. Product sales fell more than 50%, which caused a sharp drop in the contribution margin in the systems business. Revenues from services were also substantially below expectations.

Half-Year Financial Summary

Consolidated Profit and Loss Statement (CHF 1 000)	1st Half 2000	1st Half 1999	Change
Revenues from product sales	844 057	704 662	20 %
Service revenues	47 056	51 223	(8 %)
Deductions from revenues	(17 418)	(4 329)	302 %
Total net sales	873 695	751 556	16 %
Cost of goods sold and service expenses	(778 512)	(661 986)	18 %
Gross profit	95 183	89 570	6 %
Operating expenses	(101 390)	(73 654)	38 %
Operating profit (loss) (EBIT)	(6 207)	15 916	(139 %)
Net financial and investment income	(1 714)	(2 513)	(32 %)
Income before taxes	(7 921)	13 403	(159 %)
Income taxes	1 619	(3 458)	(147 %)
Net income	(6 302)	9 945	(163 %)

Half-Yearly Earnings per Share

Undiluted per share information

Number of shares issued (./ treasury shares)	588 138	557 640	5 %
Half-yearly earnings per share (CHF)	(10.71)	17.83	(160 %)

Diluted per share information*

Number of shares issued (./ treasury shares)	613 138	557 640	10 %
Half-yearly earnings per share (CHF)	(8.55)	17.83	(148 %)

* The diluted values take into account the effect of the potential exercise of all conversion rights of the newly issued 0% convertible bond 1999/2004.

Reporting by Segment (CHF 1 000)

Revenues from product sales and services

Distribution	772 412	587 808	31 %
Systems	101 283	163 748	(38 %)
Total revenues	873 695	751 556	16 %

Operating profit (loss) (EBIT)

Distribution	13 848	10 776	29 %
Systems	(20 241)	4 105	(593 %)
Corporate	186	1 035	(82 %)
Total operating profit (loss) (EBIT)	(6 207)	15 916	(139 %)

Headcount*	30.6.2000	30.6.1999	Change
Distribution	535	420	27 %
Systems	1 133	1 033	10 %
Corporate	8	16	(50 %)
Total	1 676	1 469	14 %

* Including temporary employees

In view of the forecasts for growth in the industry, and indications for orders, we had increased our personnel capacity in the systems business. However, it was subsequently not possible to utilize this fully, which had a correspondingly negative impact on the result. The Management Committee already initiated measures in February: following the introduction of short-time working in March, staff reductions were announced at the end of April. However, these will only start to have an effect on the cost side in the third quarter. The consequence for the systems business is therefore an operating loss of CHF 20 million for the first half of 2000. Meanwhile, demand in the systems business has picked up again. This therefore allows the prospect of an improvement in the second half year, but product sales may stay at a low level.

Outlook for 2000: Higher Revenues and Improved Profitability

Thanks to the positive development of the distribution business, in the second half year we should again be able to increase revenues relative to last year. This increase in revenues, together with the measures we have taken in the systems business, leads us to expect a neutral quarterly result for the Group in the third quarter. It is still too early to give precise indications of profit for the full year. However, at present, we expect the Group result for the full year to be neutral. In view of the unusual situation we shall, as an exception, issue an interim report after the end of the third quarter providing information about the further progress of the business. As we continue to view the medium- to long-term situation positively, we remain convinced that we shall achieve the goals set for 2005.

Sincerely yours,

ALSO HOLDING AG



Thomas C. Weissmann
Chairman of the Board



Dr. Rudolf Marty
Member of the Board

Half-Year Financial Summary

Consolidated Balance Sheet (CHF 1 000)	30.6.2000	31.12.1999	Change
Cash	54 643	70 016	(22 %)
Other current assets	294 918	321 183	(8 %)
Non-current assets	64 950	51 210	27 %
Total assets	414 511	442 409	(6 %)
Current liabilities	227 902	244 019	(7 %)
Non-current liabilities	63 989	64 219	0 %
Shareholders' equity	122 620	134 171	(9 %)
Total liabilities and shareholders' equity	414 511	442 409	(6 %)

Consolidated Cash Flow Statement (CHF 1 000)	1 st Half 2000	1 st Half 1999
Net income	(6 302)	9 945
Depreciation	7 806	4 192
Increase (decrease) in provisions	(22)	(14)
Other positions with no effect on liquidity	(210)	54
Increase (decrease) in net working capital	20 169	(29 527)
Cash flow from operating activities	21 441	(15 350)

Net investments in fixed assets	(16 878)	(10 187)
Net investments in intangible assets	(4 687)	(2 064)
Cash flow from investment activities	(21 565)	(12 251)

Increase in capital	0	31 452
Dividends paid	(5 292)	(3 254)
Cash flow from financing activities	(5 292)	28 198

Foreign exchange differences	43	15
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Increase (decrease) in net liquidity

Net liquidity at January 1	60 016	13 526
Net liquidity at June 30	54 643	14 138

Consolidated Group Capital and Reserves (CHF 1 000)

	Share capital	Additional paid-in capital	Treasury shares	Foreign exchange differences	Retained earnings	Total
January 1, 1999	5 490	6 593	66	(2)	62 860	75 007
Increase in capital	458	30 994				31 452
Appropriation of profits					(3 254)	(3 254)
Net income					9 945	9 945
Foreign exchange differences				17		17
June 30, 1999	5 948	37 587	66	15	69 551	113 167
January 1, 2000	5 948	41 752	66	16	86 389	134 171
Increase in capital						
Appropriation of profits					(5 292)	(5 292)
Net income					(6 302)	(6 302)
Foreign exchange differences				43		43
June 30, 2000	5 948	41 752	66	59	74 795	122 620