

Letter to Shareholders: Half-Year 2003

Hergiswil, August 12, 2003

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 2003 and on the outlook for the current year. The reporting principles applied to these consolidated financial statements for June 30, 2003, comply with the requirements of Swiss corporation law, the listing rules of the Swiss Exchange, and the International Financial Reporting Standards (IFRS).

ALSO-Group: Market Weakness Weighs on Result

In the first half of 2003, the IT market developed much worse than expected. The sharp drop in prices, along with pressure on margins caused by declining volumes in Quarter 2, also affected ALSO, which is active in the IT logistics and services business. With its Distribution and Systems Business divisions, in the first half-year the Group earned net income of CHF 4.6 million (2002: CHF 9.7 million) and operating profit of CHF 8.5 million (2002: CHF 15.0 million). Net sales fell from CHF 796.1 million to CHF 753.6 million, but market share was maintained. The number of employees declined slightly to 1,042 (2002: 1,122).

The ALSO Group has further strengthened its balance sheet. In the reporting period, the equity ratio was held at a good 46.0 percent (end-2002: 45.3 percent). Net current assets excluding sales of accounts receivable fell by CHF 39.8 million from the year-end value. Furthermore, in June 2003, ALSO obtained by private placement a 5-year financing of EUR 25 million (CHF 38 million), which gives the Group additional flexibility.

Distribution: higher revenue from services, lower EBIT

The Distribution Division, with companies in Switzerland and Germany, had a difficult first half-year. In Quarter 2, prices dropped sharply, and margins came under pressure in both countries. At CHF 707.4 million, net sales for the first half-year were only 2 percent below the previous year's level (2002: CHF 719.3 million). Pleasing by contrast is the development of service revenues, which exceeded the previous year's value by 26 percent. Because of the much lower margins, the operating result fell from CHF 16.0 million to CHF 10.0 million.

Half-Year Financial Summary

Consolidated Profit and Loss Statement (CHF 1 000)	1st Half 2002	1st Half 2003	Change
Revenues from product sales	765 027	722 069	(6 %)
Service revenues	46 868	44 005	(6 %)
Deductions from revenues	(15 808)	(12 432)	(21 %)
Total net sales	796 087	753 642	(5 %)
Cost of goods sold and service expenses	(705 882)	(673 635)	(5 %)
Gross profit	90 205	80 007	(11 %)
Operating expenses	(75 165)	(71 487)	(5 %)
Operating profit (EBIT)	15 040	8 520	(43 %)
Net financial and investment income	(1 731)	(2 226)	29 %
Net income before taxes	13 309	6 294	(53 %)
Taxes	(3 576)	(1 709)	(52 %)
Net income after taxes	9 733	4 585	(53 %)

Half-Year Earnings per Share

Undiluted per share information

Number of shares issued (./ treasury shares)	591 816	593 928	
Half-year earnings per share (CHF)	16.45	7.72	(53 %)

*Diluted per share information**

Number of shares issued (./ treasury shares)	646 867	628 350	
Half-year earnings per share (CHF)	16.22	7.72	(52 %)

* The diluted figures show the effects of the possible exercise of all conversion rights for the zero coupon convertible bond 1999/2004 and of the employee stock purchase program.

Reporting by Segment (CHF 1 000)

Total net sales

Distribution	719 303	707 353	(2 %)
– Revenues from product sales	712 396	698 626	(2 %)
– Service revenues	6 907	8 727	26 %
Systems business	76 784	46 289	(40 %)
– Revenues from product sales	36 822	11 011	(70 %)
– Service revenues	39 962	35 278	(12 %)
Total net sales	796 087	753 642	(5 %)

Operating profit (loss) (EBIT)

Distribution	15 954	9 973	(37 %)
Systems business	(660)	(1 307)	(98 %)
Corporate	(254)	(146)	43 %
Total operating profit (EBIT)	15 040	8 520	(43 %)

Headcount*	30.6.2002	30.6.2003	Change
Distribution	494	505	2 %
Systems business	616	526	(15 %)
Corporate	12	11	(8 %)
Total	1 122	1 042	(7 %)

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

Systems Business: weak demand weighs on result

The demand from large companies for IT services fell drastically in Quarter 2. This development also affected the activities in Switzerland of the Systems Division. In the first half-year, it generated net sales of CHF 46.3 million (2002: CHF 76.8 million). As a result of strategic repositioning and focusing on Switzerland's three most important business centers, product sales dropped by 70 percent to CHF 11.0 million. Service revenues fell by 12 percent to CHF 35.3 million. The reduced revenues resulted in an operating loss of CHF 1.3 million (2002: CHF 0.7 million loss).

Outlook: full year's net income CHF 5 million at most

ALSO assumes that the market weakness and pressure on margins will continue in the second half-year. The structures in both divisions have therefore been adjusted to the market conditions. In view of the very weak IT market, and leaving aside unforeseeable events, the ALSO Group expects net income for 2003 of CHF 5 million at most. A more precise forecast will be possible at the end of Quarter 3, based on further market and business developments.

Sincerely yours,

ALSO HOLDING AG



Thomas C. Weissmann
Chairman of the Board



Prof. Dr. Rudolf Marty
Member of the Board

Half-Year Financial Summary

Consolidated Balance Sheet (CHF 1 000)	31.12.2002	30.6.2003	Change
Cash	55 379	88 566	60 %
Other current assets	264 271	231 990	(12 %)
Non-current assets	30 484	28 609	(6 %)
Total assets	350 134	349 165	0 %
Current liabilities	151 452	150 238	(1 %)
Non-current liabilities	40 130	38 240	(5 %)
Shareholders' equity	158 552	160 687	1 %
Total liabilities and shareholders' equity	350 134	349 165	0 %

Consolidated Cash Flow Statement (CHF 1 000)	1st Half 2002	1st Half 2003
Net income	9 733	4 585
Depreciation	4 516	3 610
Increase (decrease) in provisions	(1 243)	(497)
Other positions with no effect on net cash	(24)	(28)
Decrease (increase) in net working capital	(265)	(5 003)
Cash flow from operating activities	12 717	2 667
Net investments in fixed assets	(1 077)	(1 514)
Net investments in intangible assets	(153)	(221)
Cash flow from investing activities	(1 230)	(1 735)
Increase in capital	227	354
Decrease (increase) treasury shares	0	(55)
Increase (decrease) non-current financial liabilities	(11 341)	(1 817)
Dividend paid	(2 955)	(4 153)
Cash flow from financing activities	(14 069)	(5 671)
Translation differences	(135)	1 404
Increase (decrease) in net cash	(2 717)	(3 335)
Net cash at January 1	65 383	53 338
Net cash at June 30	62 666	50 003

Consolidated Group Capital and Reserves (CHF 1 000)

	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Translation differences	Total
January 1, 2002	5 977	41 975	(22)	94 158	60	142 148
Increase in capital	22	371				393
Repurchase convertible bond		(166)				(166)
Dividend paid				(2 955)		(2 955)
Net income				9 733		9 733
Translation differences					(135)	(135)
June 30, 2002	5 999	42 180	(22)	100 936	(75)	149 018
January 1, 2003	6 000	42 070	(22)	110 885	(381)	158 552
Increase in capital	32	326				358
Repurchase convertible bond		(4)				(4)
Change in treasury shares			(55)			(55)
Dividend paid				(4 153)		(4 153)
Net income				4 585		4 585
Translation differences					1 404	1 404
June 30, 2003	6 032	42 392	(77)	111 317	1 023	160 687