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Media release

Half-year report of the ALSO Group

ALSO: Half-year result substantially better than last year

In recent months, economic growth in many parts of Europe has slowed significantly. Nevertheless, during the first half of 2008, the ALSO Group pushed up net sales by 10% to CHF 2 493 million compared with last year (2007: CHF 2 268 million) and operating profit by 156% to CHF 24.1 million (2007: CHF 9.4 million). At CHF 2.1 million, net income was substantially better than last year (2007: CHF -7.5 million). However the second half of 2008 should become more difficult than last year because of the downturn in demand and the increased competition. For this reason, and in view of the substantial increase in financial expenses, ALSO is expecting for the full year 2008 a net income of CHF 15 to 17 million.

The European PC markets relevant for ALSO's business cooled off during the first six months of the year and hardly increased in value – some even shrinking in value – compared with the same period last year. Nevertheless, during the first half of the year ALSO pushed up net sales by 10% to CHF 2 493 million compared with the same period last year (2007: CHF 2 268 million), although the EUR/CHF exchange rate had a negative impact of about one percentage point. Compared with the same period last year, operating profit was up by 156% to CHF 24.1 million (2007: CHF 9.4 million). The Group's financial expenses were up by around CHF 5 million over last year; this was due mainly to the increase in interest rates and the above-average growth reported by ALSO Germany. At CHF 2.1 million, consolidated net income was nevertheless significantly higher than last year's loss of CHF -7.5 million. On 30 June 2008, total assets stood at 966 million (31.12.2007: CHF 1 144 million). Compared with 31 December 2007, net current assets were down by 72.6 million. The equity ratio continued to rise to 22% (31.12.2007: 19%). On balance sheet date, ALSO had 1 909 employees (2007: 1 873).

In the Swiss/German markets, ALSO pushed up total sales by 20% to CHF 1 438 million (2007: CHF 1 199 million), despite the fact that the value of the PC market remained virtually static. ALSO Switzerland improved both sales and operating profit compared with the same period last year. It continued to strengthen its position in growth areas servers and high-end storage products, supplies and logistics services, and extended its consumer electronics range to include LCD TV sets from Samsung. ALSO Germany reported above-average growth and increased sales with almost all vendors. The product portfolio furthermore has been widened with consumer products of Toshiba and Samsung. Because of increased price war, operating profit was only minimally higher than last year.

In the Nordic countries (Finland, Norway and Sweden) the value of the PC market fell during the first half of the year. In this region, ALSO posted sales of CHF 796 million (2007: CHF 789 million) and significantly improved the operating result compared with last year. Sweden managed to cut the operating loss reported for the same period last year by more than 60%, despite the fact that sales were down below last year as a result of trimming the product portfolio. Despite the reduction in its product range, Norway maintained sales at the same level as last year and more than halved its operating loss. In Finland, both sales and the operating profit were substantially higher than last year.

Compared with last year, economic growth in Eastern Europe, particularly the Baltic States, slowed dramatically. As a result, demand for IT products in these markets was suitably restrained. Although ALSO defended its market position, sales of CHF 258 million were 8% down on the same period last year (CHF 280 million). Operating profit in this region was likewise substantially down on last year, mainly as a result of the high cost of entry into the Polish market.

Outlook: net income of CHF 15 to 17 million for 2008

The ongoing financial crisis, the rising cost of oil and the burgeoning danger of inflation have left both business and private households feeling unsure about the future. The noticeable downturn in the demand for IT products in the second quarter will therefore probably continue into the second half of 2008. In February, ALSO's first profit estimate for 2008 (CHF 30 million) already came with reservations. These reservations concerning the risks for the business in 2008 have since been confirmed. Apart from this, the price war taking place between distributors in various European countries became more pronounced in the second quarter of 2008. As things stand today, ALSO is therefore expecting Group sales of more than CHF 5 billion but – excluding unforeseeable circumstances – a net income of CHF 15 to 17 million. The course of the third and, above all, the fourth – and strongest – quarter will be decisive as to whether this profit target will be reached or even exceeded. ALSO will therefore be qualifying the profit forecast again in its report on the third quarter.

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Upcoming events:

Third quarter: 28 October 2008

Consolidated Interim Financial Statements as at 30 June 2008

Consolidated Profit and Loss Statement

CHF 1000	1st half 2008		1st half 2007		Change
Revenue from product sales	2 503 232		2 271 207		10.2%
Service revenue	15 774		14 825		6.4%
Deductions from revenue	-25 807		-18 085		42.7%
Total net sales	2 493 199	100.0%	2 267 947	100.0%	9.9%
Cost of goods sold and service expenses	-2 371 307		-2 165 907		9.5%
Gross margin	121 892	4.9%	102 040	4.5%	19.5%
Operating expenses	-97 746	-3.9%	-92 638	-4.1%	5.5%
Operating profit (EBIT)	24 146	1.0%	9 402	0.4%	156.8%
Financial result	-19 021	-0.8%	-14 194	-0.6%	34.0%
Earnings before tax	5 125	0.2%	-4 792	-0.2%	206.9%
Income taxes	-3 020	-0.1%	-2 731	-0.1%	10.6%
Earnings after tax	2 105	0.1%	-7 523	-0.3%	128.0%

Earnings per Share

	1st half 2008		1st half 2007		Change
Undiluted per share information					
Number of shares issued (./ treasury shares)	6 027 295		6 015 337		
Earnings per share (CHF)	0.35		-1.25		128.0%
Diluted per share information					
Number of shares issued (./ treasury shares)	6 030 690		6 019 907		
Earnings per share (CHF)	0.35		-1.25		128.0%

Consolidated Balance Sheet

CHF 1000	30.06.2008		31.12.2007		30.06.2007	
Cash	58 512	6.1%	84 024	7.4%	85 693	7.8%
Other current assets	737 376	76.3%	876 903	76.6%	826 547	75.2%
Non-current assets	170 550	17.6%	183 354	16.0%	186 492	17.0%
Total assets	966 438	100.0%	1 144 281	100.0%	1 098 732	100.0%
Current liabilities	691 958	71.6%	868 758	75.9%	736 100	67.0%
Non-current liabilities	64 555	6.7%	60 354	5.3%	169 578	15.4%
Shareholders' equity	209 925	21.7%	215 169	18.8%	193 054	17.6%
Total liabilities and shareholders' equity	966 438	100.0%	1 144 281	100.0%	1 098 732	100.0%

Consolidated Interim Financial Statements as at 30 June 2008

Consolidated Cash Flow Statement

CHF 1000	1st half 2008	1st half 2007
Earnings after tax	2 105	-7 523
Depreciation and amortization	6 186	5 870
Change in provisions	-200	-856
Other non-cash items	-449	1 428
Decrease in net working capital	72 635	167 415
Cash flow from operating activities	80 277	166 334
Acquisition of subsidiary*	-80 920	0
Net investments in property, plant & equipment	1 155	-6 442
Net investments in intangible assets	-414	-58
Cash flow from investment activities	-80 179	-6 500
Free cash flow	98	159 834
Disposals of treasury shares	414	375
Repayments of financial liabilities	-20 402	-136 495
Dividends paid by ALSO Holding AG	-4 217	-4 210
Cash flow from financing activities	-24 205	-140 330
Foreign exchange differences	-1 405	-1 681
Change in cash	-25 512	17 823
Cash at 1 January	84 024	67 870
Cash at 30 June	58 512	85 693

* includes CHF 5.4 Mio. payment deferred from the first tranche acquisition of GNT

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 2007	6 038	43 385	-28	-1	4 409	148 257	202 060
Foreign exchange differences	0	0	0	0	1 935	0	1 935
Cash flow hedge reserve transferred to profit and loss statement	0	0	0	1	0	0	1
Fair value adjustments on cash flow hedges	0	0	0	41	0	0	41
Total of items recognized in shareholders' equity	0	0	0	42	1 935	0	1 977
Earnings after tax	0	0	0	0	0	-7 523	-7 523
Total gains and losses	0	0	0	42	1 935	-7 523	-5 546
Treasury shares	0	362	13	0	0	0	375
Employee shares / options	0	0	0	0	0	375	375
Dividends	0	0	0	0	0	-4 210	-4 210
30 June 2007	6 038	43 747	-15	41	6 344	136 899	193 054
1 January 2008	6 038	43 747	-15	-69	6 241	159 227	215 169
Foreign exchange differences	0	0	0	0	-3 993	0	-3 993
Cash flow hedge reserve transferred to profit and loss statement	0	0	0	0	0	0	0
Fair value adjustments on cash flow hedges	0	0	0	33	0	0	33
Total items recognized in shareholders' equity	0	0	0	33	-3 993	0	-3 960
Earnings after tax	0	0	0	0	0	2 105	2 105
Total gains and losses	0	0	0	33	-3 993	2 105	-1 855
Treasury shares	0	399	15	0	0	0	414
Employee shares / options	1	0	0	0	0	413	414
Dividends	0	0	0	0	0	-4 217	-4 217
30 June 2008	6 039	44 146	0	-36	2 248	157 528	209 925

Notes to the Consolidated Interim Financial Statements as at 30 June 2008

Segment reporting

CHF 1000	Switzerland/Germany		Northern Europe		Eastern Europe		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
1st half								
Total net sales	1 438 437	1 199 426	796 350	788 536	258 412	279 985	2 493 199	2 267 947
Assets	479 475	489 275	382 587	486 578	104 376	122 879	966 438	1 098 732
Investments	1 918	906	351	2 945	71	2 649	2 340	6 500

Headcount

30 June	Switzerland/Germany		Northern Europe		Eastern Europe		Group	
	2008	2007	2008	2007	2008	2007	2008	2007
Full-time equivalents at the reporting date	734	671	609	606	566	596	1 909	1 873

Currency translation

The exchange rates for the most important foreign currencies of the ALSO Group are as follows:

			Average exchange rate		Closing date exchange rate		
			1st half 2008	1st half 2007	30.06.08	30.06.07	31.12.07
EU	EUR	1	1.61	1.63	1.60	1.65	1.66
USA	USD	1	1.05	1.23	1.02	1.23	1.13
Sweden	SEK	100	17.15	17.73	17.01	17.94	17.59
Norway	NOK	100	20.20	20.09	20.10	20.86	20.80