

2008

June 30

Half-year report

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Dear Shareholders, Ladies and Gentlemen:

During the first half of the year 2008, mobilezone considerably increased all its operating margins, from profit margin to consolidated profit. Net turnover of 151.4 million Swiss Francs represents an increase of 2.5 percent on 2007. Adjusted by a specific reduction in wholesale turnover of 7.5 million Swiss Francs during the first half of 2008, an increase in turnover of 8 percent was achieved. EBITDA rose by 58.4 percent to 18.8 million Swiss Francs (previous year 11.8 million Swiss Francs). Operating profit (EBIT) rose by 59.9 percent to 12.7 million Swiss Francs (previous year 7.9 million Swiss Francs). This resulted in an improvement in consolidated profit of 68.5 percent, up from 6.3 million Swiss Francs to 10.7 million Swiss Francs over the first half of 2008. At 30th June 2008, consolidated equity capital stood at 59.8 million Swiss Francs (previous year 48.5 million Swiss Francs). A total of 9.4 million Swiss Francs (previous year 9.3 million Swiss Francs) has been invested in developing sites, service providing as well as company takeover (tojaco Trading GmbH).

Following the takeover of The Phone House by Swisscom during the 2nd quarter of 2008, mobilezone is now the only independent telecom specialist in Switzerland and remains the most important sales partner for all network operators. The fact that Europe's largest mobile phone retailer has withdrawn from the Swiss market, underlines mobilezone's strong market position.

Over the first six months of the year, mobilezone further optimised its outlets. Since December 2007, the branch network has expanded by one site to 128 outlets. Over the coming months, new "top" sites will be opened, including in the Westside Centre in Bern, as well as in the Stuecki Centre in Basel (2009). This will further strengthen mobilezone's position in the private consumer sector. mobilezone is currently the leader in this sector, thanks to its proximity to customers, and is intending to constantly improve this position. It is also intending to further expand its activities as a neutral supplier for business clients. The integration of tojaco Trading GmbH, acquired during the first half of 2008, into mobilezone business ag, has reinforced the sales team. For business clients too, mobilezone represents the only independent telecom specialist with operations throughout Switzerland.

Development of the emerging business area of Mobile Service Providing has not been entirely satisfactory during the first half of 2008. The quality of new customers, in particular, as well as the margins achieved are below expectations. This has led to high bad debts and unsatisfactory net results. The number of customers rose to more than 52,000 at the end of June 2008 (31.12.2007: 40,000 customers). Future development of this business area will continue to be critically monitored. In the Fixed Network Service Providing sector, there was, once again, a slight improvement in both net turnover and margin. The number of customers rose to 34,000 at the end of June 2008 (31.12.2007: 26,000).

The outlook for the 2nd half of 2008

mobilezone remains confident about the financial year 2008. The market launch of the iPhone in July can be described as a success. More new products from all the traditional manufacturers should also help to sustain demand for new and innovative mobile phones during the 2nd half of 2008.

Regensdorf, 21 August 2008
mobilezone holding Ltd.

Charles Gebhard
Chairman of the Board

Martin Lehmann
CEO

Key data Group

(in CHF millions or as noted respectively)

		01 – 06/2008	01 – 06/2007
Profit and Loss Account			
Net sales		151,4	147,7
EBITDA		18,8	11,8
<i>as a percentage of Net sales</i>	%	12,4	8,0
EBIT		12,7	7,9
<i>as a percentage of Net sales</i>	%	8,4	5,4
Net profit		10,7	6,3
<i>as a percentage of Net sales</i>	%	7,0	4,3
Balance sheet		30/06/2008	31/12/2007
Total assets		94,9	108,9
Net cash		13,4	19,4
Shareholders' equity		59,8	61,0
<i>as a percentage of total assets</i>	%	63,0	56,0
Share statistics		30/06/2008	30/06/2007
Number of shares issued as of June 30	Pcs.	35 772 996	35 772 996
Earnings per share	CHF	0.30	0.18
Share price on June 30	CHF	7.10	7.75
Other key data		30/06/2008	30/06/2007
Number of employees (FTE's) as of June 30		462	391
Number of shops as of June 30		128	124

January 1 to June 30	2008	2007
(in CHF 000)		
Net sales	151 443	147 727
Cost of goods and materials	- 106 891	- 113 968
Personnel costs	- 17'971	- 15 366
Other operating costs (net)	- 7'818	- 6 550
Operating profit before depreciation & amortization (EBITDA)	18 763	11 843
Depreciation of property, plant & equipment	- 1 656	- 1 438
Amortization of intangible assets	- 4 425	- 2 474
Operating profit before interest & tax (EBIT)	12 682	7 931
Financial income	852	110
Financial expense	- 276	- 119
Profit before income taxes	13 258	7 922
Income tax expenses	- 2 604	- 1 600
Net profit	10 654	6 322
Part Group Profit		
- of mobilezone holding Ltd. shareholders	10 654	6 254
- of minorities	0	68
Earnings per share – basic	CHF 0.30	0.18
Earnings per share – diluted	CHF 0.30	0.18

	30/06/2008	31/12/2007
(in CHF 000)		
ASSETS		
Property, plant & equipment	9 891	9 356
Intangible assets	16 949	13 033
Deferred tax assets	454	246
Securities	110	110
Other accounts receivable	98	129
Fixed assets	27 502	22 874
Inventories	24 894	31 907
Trade accounts receivable	21 614	23 325
Other accounts receivable	7 483	11 378
Cash and cash equivalents	13 433	19 438
Current assets	67 424	86 048
Total assets	94 926	108 922
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	358	358
Additional paid-in capital (share premium)	9 759	9 784
Retained earnings	49 723	50 874
mobilezone holding ltd. shareholder's equity	59 840	61 016
Deferred tax liabilities	2 191	2 199
Long-term liabilities	2 191	2 199
Trade accounts payable	19'656	31 654
Current tax liabilities	2'187	2 312
Current provisions	100	100
Other current liabilities	10 952	11 641
Current liabilities	32 895	45 707
Total liabilities and shareholders' equity	94 926	108 922

January 1 to June 30	2008	2007
(in CHF 000)		
Net cash provided by operating activities	15 067	16 274
Net investment in property, plant & equipment	- 2 188	- 1 960
Net investment in intangible assets / investments	- 7 196	- 7 374
Interest received, investment in financial assets	238	1 650
Net cash used in investing activities	- 9 146	- 7 684
Change in treasury shares	- 25	0
Dividend payment	- 11 805	- 10 732
Other financing activities	- 96	229
Net cash used in financing activities	- 11 926	- 10 503
Net decrease in cash & cash equivalents	- 6 005	- 1 913
Cash & cash equivalents at January 1	19 438	16 397
Cash & cash equivalents at June 30	13 433	14 484

The major part of investments in intangible assets relate to customer canvassing costs of the segment "Service Providing". Investments in participations include in the first half year 2008 the first part payment for the purchase of tojaco Trading GmbH.

Movements of shareholders' equity

(in CHF 000)	Share capital	Additional paid-in capital	Retained earnings	Total majority shareholders equity	Minority parts	Total of equity
31/12/2006	358	9 784	42 808	52 950		52 950
Net profit			6 254	6 254	68	6 322
Minority participations in new acquisitions/new establishments			- 144	- 144	144	0
Dividend payment of CHF 0.30 per share			- 10 732	- 10 732		- 10 732
30/06/2007	358	9 784	38 186	48 328	212	48 540
31/12/2007	358	9 784	50 874	61 016		61 016
Net profit			10 654	10 654		10 654
Change in treasury shares		- 25		- 25		- 25
Dividend payment of CHF 0.33 per share			- 11 805	- 11 805		- 11 805
30/06/2008	358	9 759	49 723	59 840	0	59 840

January 1 to June 30

(in CHF 000)	mobilezone Group		Commerce		Service-Providing		Corporate/ Eliminations	
	2008	2007	2008	2007	2008	2007	2008	2007
Net sales	151 443	147 727	141 507	141 293	14 127	10 215	- 4 191	- 3 781
EBITDA	18 781	11 843	13 226	8 429	5 027	3 384	528	30
EBIT	12 700	7 931	11 333	6 321	839	1 580	528	30

1**Accounting policies**

The unaudited condensed half-year financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting principles applied in preparing the half-year report correspond to the Company's accounting policies as set forth in the Annual Statement 2007, except for the new and amended International Financial Reporting Standards (IFRS) that became effective on January 1, 2008. The new or amended standards did not have any significant impact on mobilezone's financial reporting.

Since January 1, 2008 the Group applies the interpretation of IFRIC 14 IAS 19. The initial application of IFRIC 14 did not have any impact on mobilezone's consolidated half-year financial statements.

2**Changes in the scope of consolidation**

In the 1st six months of 2008 the activities of the company tojaco Trading GmbH, Urnäsch, were first consolidated.

3**Seasonal fluctuations**

Due to the Christmas sales, the segment "Commerce" undergoes seasonal fluctuations. As a rule, the consolidated Group's sales and results are therefore lower in the first half of the year than in the second.

4**Contingent liabilities**

There are no significant contingent liabilities known that require disclosure.

5**Events after balance sheet date**

No events occurring after the balance sheet date that would have a significant impact on the half-year financial statements or would have to be disclosed here are known. The present report was approved by the Board of Directors on 21 August 2008.

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