Mid-year report

mobilezone holding ltd.

2006

June 30

Mid-year report

Mid-year report	2
Key figures Group	3
Consolidated income statement	4
Consolidated balance sheet	5
Consolidated cash flow statement (condensed)	6
Consolidated statement of changes in equity	7
Segment information	7
Notes to the condensed consolidated mid-year financial statements	8

mobilezone®
the best for communication

Dear Shareholders, Ladies and Gentlemen:

Compared to the previous year, mobilezone Group's mid-year financial statements for 2006 show a positive trend. At CHF 133.5 million, gross sales revenues are 11.3% higher than in the previous year. Operating profit (EBIT) could be increased by 20.8% to CHF 8.7 million, and the total Group net profit rose by 12.9% to CHF 7.0 million. As of June 30, 2006, equity capital amounts to CHF 43.8 million (54.9% of the balance sheet total), and net cash totals CHF 14.1 million – after dividends of CHF 8.9 million, or CHF 0.25 per bearer share, were paid out for fiscal year 2005.

The retail business with its 112 stores in Switzerland (+11 outlets) contributed substantially to the positive result. Compared to the previous year, mobilezone could increase the number of subscriptions concluded for the three network operators active in Switzerland – Orange, Sunrise, and Swisscom – by about 13% and the number of cell phones sold by about 10%.

Since January 2006, mobilezone has been offering cell phone subscriptions with its own price plans under the company name mobilezone net ag. The sales figures of this business segment are included for the first time in this mid-year report. This business activity has been combined with the fixed-line business in the newly formed segment "Service-Providing". The costs for acquiring new customers to establish this new business sector were covered without any problems from the Group's operating cash flow. The sales figures show a positive trend, and we expect that this business activity will become profitable in the course of the second half of this year. The fixed-line business suffered a considerable decline in sales due to steadily falling prices; however, thanks to higher margins, this decline had only a minor effect on the overall result.

Forecast

Thanks to consistently high consumer confidence, the many new products announced, and the positive development of mobilezone net ag, we expect sales and profits to increase in fiscal year 2006.

Regensdorf, August 22, 2006

mobilezone holding ltd.

Key data Group

(in CHF 000 or as noted respectively)

Income statement		30/06/2006	30/06/2005
Gross sales revenues		133.5	119.9
Net sales		124.0	111.5
EBITDA		10.7	9.3
EBIT		8.7	7.2
Net profit		7.0	6.2
Balance sheet		**30/06/2006**	**31/12/2005**
Total assets		79.8	76.9
Net cash		14.1	14.5
Shareholders' equity		43.8	45.7
as a percentage of total assets	*%*	*54.9*	*59.4*
Share statistics		**30/06/2006**	**30/06/2005**
Number of shares issued as of June 30	Pcs.	35,772,996	35,772,996
Earnings per share	CHF	0.20	0.17
Share price on June 30	CHF	6.80	4.89
Other key data		**30/06/2006**	**30/06/2005**
Number of employees (FTE's) as of June 30		336	312
Number of shops as of June 30		112	101

January 1 to June 30		***2006***	***2005***
(in CHF 000)			
Gross sales revenues		133,514	119,898
Sales deductions including VAT		– 9,563	– 8,411
Net sales		**123,951**	**111,487**
Cost of goods and materials		– 94,744	– 84,348
Personnel costs		– 12,943	– 12,201
Other operating costs (net)		– 5,582	– 5,682
Operating profit before depreciation & amortization (EBITDA)		**10,682**	**9,256**
Depreciation of property, plant & equipment		– 1,118	– 1,375
Amortization of intangible assets		– 844	– 681
Operating profit before interest & tax (EBIT)		**8,720**	**7,200**
Financial income		360	450
Financial expense		– 102	– 83
Profit before income taxes		**8,978**	**7,567**
Income tax expenses		– 1,946	– 1,382
Net profit		**7,032**	**6,185**
Earnings per share – basic	CHF	0.20	0.17
Earnings per share – diluted	CHF	0.20	0.17

(in CHF 000)	30/06/2006	31/12/2005
ASSETS		
Property, plant & equipment	5,997	5,168
Intangible assets	3,611	2,697
Deferred tax assets	298	219
Securities	1,635	1,635
Other accounts receivable	72	72
Fixed assets	**11,613**	**9,791**
Inventories	27,027	20,568
Trade accounts receivable	22,026	28,111
Other accounts receivable	4,991	3,935
Cash and cash equivalents	14,133	14,485
Current assets	**68,177**	**67,099**
Total assets	**79,790**	**76,890**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	358	358
Additional paid-in capital (share premium)	9,773	9,737
Retained earnings	33,692	35,603
Shareholders' equity	**43,823**	**45,698**
Deferred tax liabilities	1,948	1,980
Advances received	149	208
Long-term liabilities	**2,097**	**2,188**
Trade accounts payable	24,873	20,884
Current tax liabilities	4,480	4,284
Current provisions	100	100
Other current liabilities	4,417	3,736
Current liabilities	**33,870**	**29,004**
Total liabilities and shareholders' equity	**79,790**	**76,890**

January 1 to June 30	***2006***	***2005***
(in CHF 000)		
Net cash provided by / used in operating activities	**12,241**	**– 1,534**
Net investment in property, plant & equipment	– 1,947	– 938
Net investment in intangible assets	– 1,758	– 386
Investment in financial assets, interest received	27	– 1,529
Net cash used in investing activities	**– 3,678**	**– 2,853**
Capital increase	0	644
Change in treasury shares, share repurchase	36	– 12,163
Dividend payment	– 8,943	0
Other financing activities	– 8	– 83
Net cash used in financing activities	**– 8,915**	**– 11,602**
Net decrease in cash & cash equivalents	**– 352**	**– 15,989**
Cash & cash equivalents at January 1	14,485	24,593
Cash & cash equivalents at June 30	**14,133**	**8,604**

The negative cash flow from the previous year's operating activities was essentially due to the decrease in the account balances of creditors because of shorter terms of payment.

The investments in intangible assets consist for the most part of the costs for acquiring new customers in the business segment "Service-Providing" and to a lesser extent of deposits paid for new locations in the retail business.

Movements of shareholders' equity

(in CHF 000)	Share capital	Additional paid-in capital	Retained earnings	Total
At December 31, 2004	**369**	**21,219**	**20,195**	**41,783**
Net profit			6,185	6,185
Capital increase[1]	7	637		644
Change in treasury shares, share repurchase[2]	– 18	– 12,147		– 12,165
At June 30, 2005	**358**	**9,709**	**26,380**	**36,447**
At December 31, 2005	**358**	**9,737**	**35,603**	**45,698**
Net profit			7,032	7,032
Change in treasury shares		36		36
Dividend payment of CHF 0.25 per share			– 8,943	– 8,943
At June 30, 2006	**358**	**9,773**	**33,692**	**43,823**

[1] Capital increase of 676,200 shares from employee options exercised.

[2] Repurchase and destruction of 1,761,622 shares (share repurchase program) and purchase of 2,717 treasury shares.

January 1 to June 30

(in CHF 000)	mobilezone Group		Commerce		Service-Providing		Corporate/ Eliminations	
	2006	2005	2006	2005	2006	2005	2006	2005
Gross sales revenues	133,514	119,898	128,106	112,894	7,479	7,083	– 2,071	– 79
Net sales	123,951	111,487	119,135	104,949	6,887	6,617	– 2,071	– 79
EBITDA	10,682	9,256	9,461	7,726	1,705	1,619	– 484	– 89
EBIT	8,720	7,200	7,843	5,804	1,319	1,485	– 442	– 89

1 Accounting policies

The unaudited condensed mid-year financial statements were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting principles applied in preparing the mid-year report correspond to the Company's accounting policies as set forth in the Annual Statement 2005, except for the new and amended International Financial Reporting Standards (IFRS) that became effective on January 1, 2006. The new or amended standards did not have any significant impact on mobilezone's financial reporting.

In January 2006 mobilezone began offering cell phone subscriptions with its own price plans under the company name mobilezone net ag. The accompanying costs of acquiring new customers by offering reduced prices for cell phones are capitalized and will be depreciated on a straight-line basis over the term of the subscription concerned. The new business activity has been combined with the already existing fixed-line business in the newly formed segment "Service-Providing".

2 Changes in the scope of consolidation

There were no changes in the scope of consolidation during the reporting period. The firm mobilezone net ag, established on September 20, 2005, was already included in the previous year's consolidation. It has been active in the marketplace since the beginning of the current year.

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 mid-year financial statements or would have to be disclosed here are known.

Company addresses

mobilezone holding ag
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 11
Fax ++41 (0) 43 388 77 12
E-mail: mobilezoneholding@mobilezone.ch
www.mobilezoneholding.ch
Investor Relations: Wolfgang Gross
Media Relations: Ruedi Baer

mobilezone ag
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 11
Fax ++41 (0) 43 388 77 12
E-mail: info@mobilezone.ch
www.mobilezone.ch

Europea Trade AG
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 70
Fax ++41 (0) 43 388 77 72
E-mail: bill.magee@europea.ch

globalzone ag
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 11
Fax ++41 (0) 43 388 77 97
E-mail: info@globalzone.ch
www.globalzone.ch

mobilezone international ag
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 11
Fax ++41 (0) 43 388 77 12
E-mail: info@mobilezone.ch

mobilezone net ag
Riedthofstrasse 124
CH-8105 Regensdorf
Phone ++41 (0) 43 388 77 11
Fax ++41 (0) 43 388 77 12
E-mail: info@mobilezonenet.ch
www.mobilezonenet.ch

mobilezone®
the best for communication