

Semi-annual report

June 30, 2014

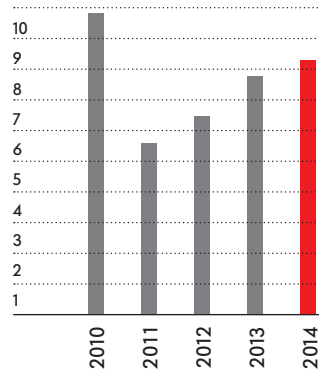


mobilezone[®]

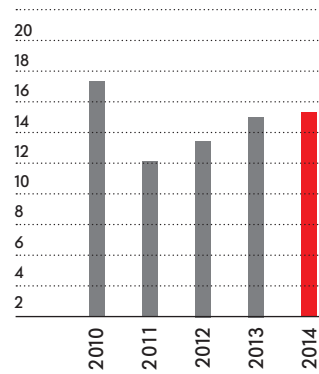
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Key figures

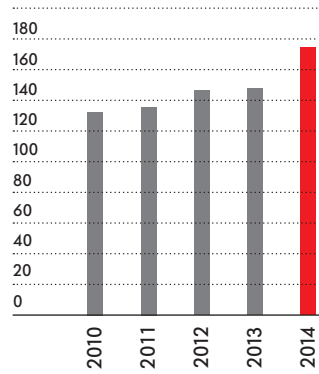
Consolidated profit (CHF million)*



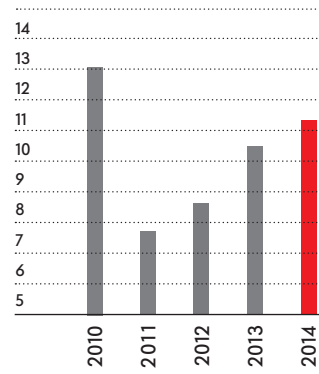
EBITDA (CHF million)*



Net sales (CHF million)*

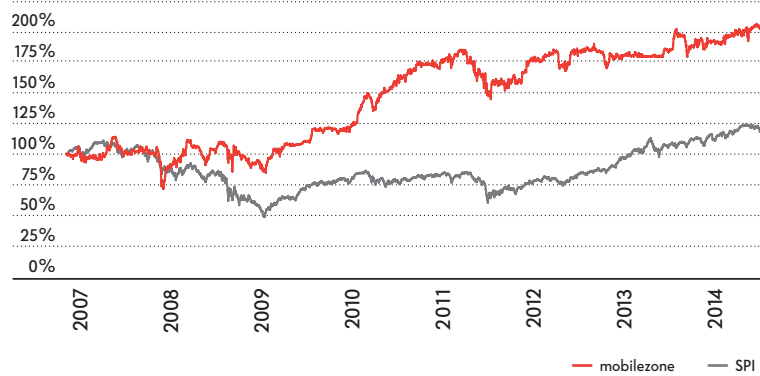


EBIT (CHF million)*



*January 1 to June 30

Share price since 2007



Group (CHF 000 or as indicated)	01. – 06.2014	%	01. – 06.2013	%
Net sales	177 194		148 832	
Gross profit	54 796	30.9 ¹	52 399	35.2 ¹
Operating profit (EBITDA)	15 337	8.7 ¹	15 172	10.2 ¹
Operating profit (EBIT)	11 247	6.3 ¹	10 558	7.1 ¹
Net profit	9 087	5.1 ¹	8 827	5.9 ¹
	30.06.2014		30.06.2013	
Total assets	96 109		98 315	
Net cash & cash equivalents	-29 971		-15 302	
Shareholders' equity	14 929	15.5 ²	29 595	30.1 ²
Net cash from operating activities	10 581		15 675	
Investments in property, plant & equipment and intangible assets	3 621		2 767	
Number of full-time employees as of June 30	845		795	
Number of shops as of June 30	129		132	
Data per title (in CHF or as indicated)				
Outstanding shares as of June 30 (pieces)	35 772 996		35 772 996	
Earnings per share – undiluted /diluted	0.25 / 0.26		0.25	
Equity per share	0.42		0.83	
Payout per share	–		0.60 ³	
Share price (highest /lowest)	10.15 / 9.48		9.88 / 8.94	
Share price as of June 30	10.10		9.03	

¹ as a percentage of net sales

² as a percentage of the balance sheet total

³ dividend distribution on April 17, 2013

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15 years of clever advice! As Switzerland's largest independent telecom specialist for residential and business customers we have been providing our demanding customers with independent and competent advice for the past 15 years. Our mission: to assemble for all of our customers an individual, customized solution, consisting of not only the appropriate mobile devices but also the matching subscription plans and services.

Leveraging our nationwide network of shops as well our online presence, we have already been able to satisfy more than 6 million customers with our comprehensive solutions. To them and our well-trained and motivated workforce we owe our success. Therefore, in our anniversary year we are not only celebrating ourselves, but especially our loyal customers. They will be at the heart of our anniversary celebrations and activities in the second half of 2014 as well.

**AGENT CLEVER'S
ANNIVERSARY RULE:
WHEN CELEBRATING AN
ANNIVERSARY, DO IT RIGHT!**

better be clever





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Report to Shareholders

MOBILEZONE INCREASED CONSOLIDATED PROFIT IN THE FIRST SIX MONTHS BY 6.5 PERCENT TO CHF 11.2 MILLION

Dear Shareholders

Despite an extremely competitive market environment, mobilezone increased its sales in the first six months of 2014 by 19.1 percent to CHF 177.2 million (2013: CHF 148.8 million) and achieved an operating profit (EBIT) of CHF 11.2 million (2013: CHF 10.6 million), an increase of 6.5 percent. The growth in sales includes whole-sale sales in the segment Trade in the amount of CHF 12.8 million (2013: CHF 0.1 million). If this one-time effect is disregarded, the sales increase amounts to 10.5 percent.

Gross profit grew by 4.6 percent to CHF 54.8 million (2013: CHF 52.4 million). The gross profit margin fell from 35.2 percent to 30.9 percent. This reduction in the gross profit margin is primarily due to wholesale orders in the amount of CHF 12.8 million at very narrow margins. The company's consolidated profit grew by CHF 0.3 million or 2.9 percent to CHF 9.1 million.

Expanded range of services and products

In the first six months of 2014 mobilezone opened three new Service Centers in Winterthur (Untertor), Rapperswil (shopping center Sonnenhof), and Lugano (Palazzo Ransila). Overall, in eight selected shops mobilezone offers a broad range of customer services, such as express repairs on-site.

The segment Service Providing added post- and prepaid products of TalkTalk to its offers.

Segment Trade: Significant upturn

After several providers had already discontinued the automatic renewal of mobile phone plans in 2013, Orange and Sunrise followed suit at the beginning of 2014. This fact and the introduction of the Freedom plans by Sunrise measurably revitalized the market in the first six months of this fiscal year. With the Freedom plans customers can sign up for a contract without a minimum term; that is, they can cancel it any time.

In April of this year mobilezone became the first independent distributor of CoopMobile. With this expansion of its product range, mobilezone continues to offer its customers Switzerland's largest selection of subscription plans for mobile and fixed-line telephony, Internet, and digital TV. In addition, mobilezone started a buyback program for used mobile phones. Customers benefit on the spot by receiving the cash value of their mobile. Specifically, mobilezone guarantees that it will pay a predetermined fixed price for all fully functional and undamaged iPhone models

Successful share buyback for capital reduction

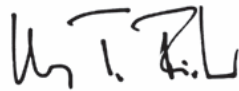
In April 2014 the General meeting of mobilezone holding ag decided to buy back, for the purpose of capital reduction, bearer shares of the company with a par value of CHF 0.01 each, corresponding to 10 percent of the capital stock issued, and the appertaining voting rights at a fixed price of CHF 10.00 per share. The buyback offer at the fixed price was in effect from April 11, 2014, until April 24, 2014. The share buyback was successful. In total, 3,577,299 bearer shares were bought back at a price of CHF 10.00 per share; the destruction of these shares for the purpose of capital reduction will be proposed at the next General Meeting. As a result, the profit-per-share ratio of remaining bearer shares will be increased by 10 percent.

The General Meeting had the option to choose between the share buyback program and a dividend payment. mobilezone plans to continue its dividend policy that allows shareholders to profit from an attractive dividend yield.

Outlook for the second half of 2014: Excellent starting position

Regarding fiscal year 2014 as a whole, mobilezone is confident and optimistic. For the second half of the year, mobilezone expects the launch of two new Apple iPhone models. As previous experience has shown, this is sure to boost the number of contracts, provided the new models are readily available. Moreover, the expanded range of products and services offered will have an additional positive effect on the course of business in this fiscal year

Regensdorf, August 22, 2014
mobilezone holding ag



Urs T. Fischer
President of the Board of Directors



Markus Bernhard
Chief Executive Officer

Consolidated income statement

January 1 to June 30 (CHF 000)	2014	2013
Net sales	177 194	148 832
Other operating income	38	57
Cost of goods and materials	-122 398	-96 433
Personnel costs	-29 167	-26 839
Other operating costs	-10 330	-10 445
Operating profit (EBITDA)	15 337	15 172
Depreciation of property, plant & equipment	-2 052	-2 456
Amortization of intangible assets	-2 038	-2 158
Operating profit (EBIT)	11 247	10 558
Financial income	124	66
Financial expense	-254	-164
Profit before taxes	11 117	10 460
Income tax expense	-2 030	-1 633
Net profit	9 087	8 827
	CHF	CHF
Earnings per share	0.25	0.25
Earnings per share – diluted	0.26	0.25

Consolidated balance sheet

(CHF 000)	30.06.2014	31.12.2013
Assets		
Property, plant & equipment	8 539	8 936
Intangible assets	4 115	4 191
Other accounts receivable	367	367
Fixed assets	13 021	13 494
Securities	0	1 100
Inventories	26 159	29 834
Trade accounts receivable	32 321	33 780
Other accounts receivable	3 397	4 060
Accruals	9 182	8 478
Cash & cash equivalents	12 029	30 034
Current assets	83 088	107 286
Total assets	96 109	120 780
Liabilities and shareholders' equity		
Share capital	358	358
Treasury shares	-38 355	-1 440
Capital reserves	9 773	9 784
Retained earnings	43 153	34 079
Shareholders' equity	14 929	42 781
Liabilities to banks	36 000	24 000
Deferred tax liabilities	2 146	2 683
Long-term liabilities	38 146	26 683
Trade accounts payable	22 750	29 456
Current income tax liabilities	1 669	2 060
Current bank liabilities	6 000	7 000
Deferrals	6 043	5 316
Other current liabilities	6 572	7 484
Current liabilities	43 034	51 316
Total liabilities and shareholders' equity	96 109	120 780

Consolidated statement of cash flows

January 1 to June 30 (CHF 000)	2014	2013
Profit before taxes	11 117	10 460
Adjustments to reconcile profit before tax to net cash flow:		
Non-cash transactions		
Interest income	130	98
Depreciation and amortization	4 090	4 614
Changes of adjustments (net)	619	-258
Gain from disposals of fixed assets	-8	-25
Working capital adjustments		
Trade accounts receivable	956	-2 882
Other accounts receivable	-40	9 192
Inventories	3 558	1 324
Trade accounts payable	-6 703	-3 478
Other accounts payable	-1 532	1 126
Income taxes paid	-1 606	-4 496
Net cash from operating activities	10 581	15 675
Acquisitions		
Property, plant & equipment	-1 658	-1 111
Intangible assets	-1 963	-1 656
Securities in fixed assets	0	-1 000
Acquisition of subsidiaries less cash & cash equivalents	0	-25 161
Proceeds from disposals of		
Property, plant & equipment	8	51
Securities in fixed assets	1 100	0
Interest received	119	45
Net cash from investing activity	-2 394	-28 832
Interest paid	-254	-75
Purchase of treasury shares	-37 146	0
Sale of treasury shares	220	0
Opening of bank loan	16 000	25 000
Amortization bank loan	-5 000	-131
Dividends paid	0	-21 373
Net cash from financing activity	-26 180	3 421
Effect of currency translation	-12	26
Decrease in cash & cash equivalents	-18 005	-9 710
Cash & cash equivalents at January 1	30 034	26 453
Cash & cash equivalents at June 30	12 029	16 743

Consolidated statement of changes in shareholders' equity

Movement of shareholders' equity (CHF 000)	Share capital	Treasury shares	Capital reserve	Retained earnings	Total
At December 31, 2012	358	-1 510	9 784	57 562	66 194
Net profit				8 827	8 827
Purchase of treasury shares					0
Sale of treasury shares					0
Dividends paid				-21 373	-21 373
Profit/loss from trading treasury shares					0
Acquisition				-24 092	-24 092
Foreign currency differences				39	39
At June 30, 2013	358	-1 510	9 784	20 963	29 595
At December 31, 2013	358	-1 440	9 784	34 079	42 781
Net profit				9 087	9 087
Purchase of treasury shares		-37 146			-37 146
Sale of treasury shares		231	-11		220
Dividends paid					0
Profit/loss from trading treasury shares					0
Acquisition					0
Foreign currency differences				-13	-13
At June 30, 2014	358	-38 355	9 773	43 153	14 929

As of June 30, 2014, mobilezone holding ag holds 257,000 (June 30, 2013: 150,998) treasury shares for trading as well as 3,577,299 (June 30, 2013: 0) treasury shares as a result of the share buyback program of April 2014. The destruction (for the purpose of capital reduction) of the shares from the buyback program will be proposed at the next General Meeting on April 9, 2015.

Segment reporting

Income statement January 1 to June 30 (CHF 000)	Total mobilezone Group		Trade		Service Providing		Unallocated / Eliminations	
	2014	2013	2014	2013	2014	2013	2014	2013
Net sales with third parties	177 194	148 832	130 281	118 059	48 715	32 215	-1 802	-1 442
Net sales with other segments	0	0	6 149	193	26	0	-6 175	-193
Net sales	177 194	148 832	136 430	118 252	48 741	32 215	-7 977	-1 635
Other operating income	38	57	220	472	48	57	-230	-472
Cost of goods and materials	-122 398	-96 433	-102 021	-83 184	-28 656	-15 211	8 279	1 962
Personnel costs	-29 167	-26 839	-17 666	-18 183	-10 456	-8 021	-1 045	-635
Other operating costs	-10 330	-10 445	-10 101	-10 512	-2 626	-2 359	2 397	2 426
Operating profit (EBITDA)	15 337	15 172	6 862	6 845	7 051	6 681	1 424	1 646
Depreciation of property, plant & equipment	-2 052	-2 456	-1 739	-2 159	-294	-288	-19	-9
Amortization intangible assets	-2 038	-2 158	-26	-7	-2 012	-2 151	0	0
Operating profit (EBIT)	11 247	10 558	5 097	4 679	4 745	4 242	1 405	1 637
Statement of financial position (CHF 000)								
Fixed assets	13 021	13 778	7 059	7 729	5 910	5 960	52	89
Current assets	83 088	84 537	71 961	67 769	30 601	33 297	-19 474	-16 529
Total assets	96 109	98 315	79 020	75 498	36 511	39 257	-19 422	-16 440
Liabilities	81 180	68 720	101 882	110 835	16 034	20 292	-36 736	-62 407
Investments in property, plant & equipment and intangible assets	3 621	2 767	1 622	899	1 999	1 880	0	-12

The management of mobilezone Group is the main decision maker and determines the business activities. The mobilezone Group has two reportable segments, which correspond to the management structure of the group. The segment Trade consists of mobilezone ag, mobilezone business ag, and mobilezone trade ag. The segment Service Providing consists of TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbH.

The mobilezone Group monitors performance on the basis of the segment operating profit before interest and taxes (EBIT). The total assets of each segment comprise all assets of the segment. Internal reporting of the mobilezone Group is based on Swiss GAAP FER.

The segment Trade operates only in Switzerland. The segment Service Providing is active both in Switzerland and in Austria.

The item "Unallocated/Eliminations" comprises transactions between the segments and the holding company as well as the holding company's earnings. Within the assets and liabilities, loans between Group companies are eliminated.

Notes to the consolidated semi-annual report

1 Important principles of Group accounting

These 2014 consolidated semi-annual financial statements have been prepared in accordance with all existing guidelines of Swiss GAAP FER (Swiss Accounting and Reporting Recommendations). The mobilezone Group has adopted and applied FER 31 "Complementary Recommendation for Listed Companies" early (it takes effect January 1, 2015). The consolidated semi-annual financial statements of mobilezone provide a true and fair picture of its asset, financial, and earnings situation (true and fair view) in accordance with the principles of Swiss GAAP FER and comply with Swiss law. They have been prepared on a historical cost basis, except for derivative financial instruments and marketable securities; these latter are listed at fair market value. The consolidation of the semi-annual financial statements is based on the subsidiaries' unaudited separate financial statements that have been prepared on the basis of uniform guidelines. The uniform balance sheet date is June 30, 2014. The reporting currency is the Swiss franc (CHF).

The unaudited semi-annual financial statements do not include all the information and disclosures that are required in the consolidated annual report. Therefore, these statements should be read in connection with the Group's 2013 annual report for the year ending December 31, 2013.

2 Konsolidierungskreis

The consolidated financial statements of mobilezone include the financial statements of mobilezone holding ag and all the subsidiaries it controls directly or indirectly by majority of votes or other means. Currently, mobilezone holding ag holds all its holdings directly or indirectly at 100 percent. In June 2013 TalkTalk Telecom GmbH, which had been acquired in April 2013, was merged into mobilezone com ag, which was renamed TalkTalk AG.

3 Goodwill

Goodwill refers to the difference between purchase price and the actual value of the acquired net asset; it arises in the acquisition of subsidiaries. Goodwill is offset against shareholders' equity (profit reserve) at the time of acquisition. When a subsidiary is sold, acquired goodwill that had at an earlier time been offset against shareholders' equity is taken into account at historical cost to determine the profit or loss affecting net income. The effects of a theoretical capitalization of goodwill with scheduled amortization as well as possible value adjustments to the statement of financial position and the income statement over a useful life of 5 years would affect shareholders' equity and profit or loss as follows:

Balance sheet (CHF 000)	30.06.2014	30.06.2013
Shareholders' equity acc. to balance sheet	14 929	29 595
Theoretical capitalization of net book value goodwill	24 089	28 087
Theoretical shareholders' equity incl. net book value goodwill	39 018	57 682
Theoretical effect on net profit (CHF 000)	2014	2013
Net profit acc. to income statement	9 087	8 827
Theoretical amortization of goodwill	-3 156	-2 017
Theoretical net profit after amortization of goodwill	5 931	6 810



4 Seasonality

The business of the segment Trade shows seasonal fluctuations because of the Christmas trade. Consolidated sales and result of the first half year are thus usually lower than those of the second half of the year.

5 Contingent liabilities

There are no significant contingent liabilities subject to reporting requirements.

6 Events following the balance sheet date

The company knows of no events following the balance sheet date that significantly affect the semi-annual report.

The Board of Directors approved this report on August 18, 2014.

Companies

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