Annual report mobilezone holding ag

2007

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the best for communication

EURO CUP '08. SIMPLY BEAUTIFUL. JUST LIKE THE NOKIA N95 | 8 GB.
MOBILEZONE. WE'LL STAY ON THE BALL.

In 2007 we played successfully in the "Super League" of mobile phone providers. We're looking forward to staying on the ball in the Euro Cup year 2008. And to staying in the running with the best. You can bet on it.

EURO CUP '08. SIMPLY GROOVY. JUST LIKE THE NOKIA 5610 XPRESS MUSIC.
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ОЛЕ-ОЛЕ, ОЛЕ-ОЛЕ... РОССИЯ, ВПЕРЁД!

EURO CUP '08. SIMPLY BRILLIANT. JUST LIKE THE LG KE970 SHINE.
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2007

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EURO CUP '08. SIMPLY EXCITING. JUST LIKE THE MOTOROLA U9.
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Continuity in management is ensured

In fiscal year 2007, mobilezone was able to further expand its excellent market position and clearly continue its history of success. Gross sales grew by 16.9 percent to CHF 346.2 million; gross earnings (EBITDA) rose by 28.4 percent to CHF 32.4 million. A total of 650,000 mobile phones (increase of 14 percent) were sold, and for the network operators Swisscom, Sunrise, Orange, Tele2, and mobilezone, a total of 440,000 new mobile phone subscriptions contracts were concluded or renewed. That amounts to an increase of 10 percent. The positive business with subscription renewals is no accident and is due, among other factors, to exceptional customer loyalty.

As independent telecom specialist, mobilezone has continued to strengthen its leading position in the free market and remains the most important contractual partner for all operators.

An important change in management took place in mid-2007 when the role of CEO passed from Ruedi Baer to Martin Lehmann. Prior to this transition, Martin Lehmann held the position of sales manager; as a cofounder of mobilezone, Martin Lehmann has been part of the corporation's management from the beginning. This transition ensured continuity in the company's management.

Accordingly, mobilezone expresses its heartfelt thanks to Ruedi Baer for his successful work since the company's beginnings. As a pioneer in the telecom sector, he recognized its economic potential early on and

mobilezone Group's new management *(from left to right)*
Fritz Hauser, *CIO*
Dino Di Fronzo, *Sales Director*
Martin Lehmann, *CEO*
Markus Bernhard, *CFO*
Werner Waldburger, *COO*

The year 2007 ends with a record result

has led mobilezone to its current position as the leading independent provider in Switzerland. He will continue to make his knowledge and experience available to the company in his capacity as member of the Board of Directors – assuming his reelection. Upon his reelection, it is planned to appoint him to the position of vice-president of the Board of Directors.

Currently, mobilezone's Group management has five members. In addition to the new CEO Martin Lehmann and the long-time COO Werner Waldburger, Markus Bernhard has been holding the reins of the company's financial fortunes as CFO since April 2007. Dino Di Fronzo belongs to the management team as director of sales, and long-time mobilezone employee Fritz Hauser as CIO completes the management team.

Very positive results for 2007 can be reported both for the business segment Commerce, which achieved gross sales of CHF 329.7 million (an increase of 16 percent), as well as for Service Providing, which grossed CHF 25.2 million (an increase of 40 percent). Intercompany sales between the two segments amounted to CHF 8.7 million.

Despite acquisitions and start-up costs for mobile phone and fixed-net Service Providing and for investments in the expansion of the store chain, fiscal year 2007 ended with a record result of CHF 18.9 million, which amounts a growth of 16.9 percent. Based on this positive development, the Board of Directors will propose a dividend payment of CHF 0.33 per share to the General Meeting.

While the integration of centro natel (Amel CCD SA), Telepoint, and Sabretek tied up resources in the short term, it was completed successfully relatively quickly.

In the reporting year, mobilezone continued to optimize locations, and the branch network was expanded from 115 to 127 branches. Among other locations, another "flagship store" was opened in the shopping center Shoppi Tivoli in Spreitenbach. In 2008 mobilezone will open additional top locations, for example, in the new shopping centers AFG Arena (St. Gallen), Westside (Bern), and EKZ Stuecki (2009 in Basel).

In addition, in 2008 mobilezone will expand its activities as neutral provider – especially for small and medium-sized businesses in the B2B segment – and strengthen its position in the private customer segment.

As in previous years, in fiscal year 2007, mobilezone's approximately 450 employees were essential to its success. After all, outstanding performance requires an exceptional team. From the beginning, mobilezone's employees have stood out because of their boundless energy, passion, and enjoyment in their work. They all deserve a heartfelt thankyou for their work.

Regarding the current fiscal year 2008, mobilezone has good reason to be optimistic and expects once again an increase in sales and the annual result.

Charles Gebhard
Chairman of the Board

Martin Lehmann
CEO

EN BÜYÜK, TÜRKIYE!

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EURO CUP '08. SIMPLY HEAVENLY. JUST LIKE THE PRADA PHONE BY LG.
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Facts & figures from the financial report

Key figures		**2007**	**2006**
(in CHF '000 or as noted, respectively)			
mobilezone Group			
Gross sales revenues		346,186	296,116
Net sales		320,912	274,102
Operating profit (EBITDA)		32,389	25,271
Operating profit (EBIT)		22,994	20,244
(as a percentage of net sales)	%	7.2	7.4
Net profit		18,879	16,149
(as a percentage of net sales)	%	5.9	5.9
Total assets		108,922	87,446
Net cash (cash & cash equivalents)		19,438	16,397
Shareholders' equity		61,016	52,950
(as a percentage of total assets)	%	56.0	60.6
Net cash provided by operating activities		32,860	18,999
Investment in property, plant & equipment, and intangible assets		14,898	8,268
Number of employees (FTE's) as of December 31		453	349
Number of shops as of December 31		127	115
mobilezone holding ag			
Net profit		53,615	509
Total assets		63,683	33,727
Shareholders' equity		61,756	18,872
(as a percentage of total assets)	%	97.0	56.0
Share information			
Weighted average number of shares outstanding	Piece	35,772,996	35,770,000
Number of shares outstanding as of balance sheet date	Piece	35,772,896	35,772,996
Earnings per share	CHF	0.53	0.45
Earnings per share (diluted)	CHF	0.53	0.45
Shareholders' equity per share	CHF	1.71	1.48
Dividend per share[1]	CHF	0.33	0.30
Share price (highest/lowest)	CHF	8.40/6.90	7.99/4.71
Share price on December 31	CHF	7.70	7.70

[1] 2007: According to the Board of Directors' request to the General Meeting of April 10, 2008.

EURO CUP '08. SIMPLY BREATH-TAKING. JUST LIKE THE SONY ERICSSON K850i.
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Information on Corporate Governance pursuant to Swiss Exchange (SWX) guidelines

1. Group structure and shareholders

1.1 Group structure
The mobilezone Group consists of two business areas: Commerce (mobilezone ag, mobilezone business ag, Amel CCD SA, Telepoint AG, and Europea Trade AG) and Services (mobilezone com ag, mobilezone crm ag, and mobilezone net ag).
A list of consolidated companies is provided in Note 2 on page 67 of this report.
The parent company is mobilezone holding ag, Riedthofstrasse 124, 8105 Regensdorf, Switzerland. It is listed on the Swiss Exchange SWX (Valor no.: 1258340, ISIN: CH 0012583404).
As of December 31, 2007, the market capitalization was CHF 275.5 million.

1.2 Significant shareholders
A list of significant shareholders is provided in Note 3 on page 68 of this report.
There is no shareholder's agreement between the significant shareholders.

1.3 Cross-shareholdings
There are no cross-shareholdings.

2. Capital structure

2.1 Capital
The amount of ordinary, authorized, and conditional capital is shown in Note 3 on page 68 of this report.

2.2 Authorized and conditional capital in particular
Details regarding the amount of the increase in authorized and conditional capital, the group of beneficiaries, and the terms and conditions of the issue of equities are set forth in Articles 36 and 37 of the Articles of Association. The current Articles of Association may be viewed at any time at *http://www.mobilezoneholding.ch/frontend/inc/statuten/statuten-en.pdf*

2.3 Changes in capital
Changes in capital made in 2006 and 2007 are listed in the consolidated equity statement on page 39 of this report, and the changes made in 2005 are listed on page 33 of the 2005 annual report.

2.4 Shares and participation certificates
As of December 31, 2007, there were 35,772,996 bearer shares with a par value of CHF 0.01. Of these, 100 shares were in the Group's own holdings. The shares in the Group's own holding carry neither voting nor dividend rights. All other shares carry equal voting and dividend rights.

2.5 Profit-sharing certificates
There are no profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations
Not applicable, as only bearer shares exist.

2.7 Convertible bonds and warrants/options
As of the balance sheet date, there were no convertible bonds or options issued by Group companies outstanding. ▶▶

Always up-to-date:
You can find additional information about current business activities at www.mobilezoneholding.ch.

Information on Corporate Governance pursuant to Swiss Exchange (SWX) guidelines

3. Board of Directors

3.1 Members of the Board of Directors

Charles Gebhard, *Chairman (non-executive member)*

Ruedi Baer, *Delegate (until December 31, 2007, and CEO until June 30, 2007)*

Walter Heutschi *(non-executive member)*

Michael R. Kloter *(non-executive member)*

Hans-Ulrich Lehmann *(non-executive member)*

All information regarding terms of office, nationality, education, and professional career can be found at *http://www.mobilezoneholding.ch/index.php?lang=en&cat=5&subcat=1*
Rudolf Baer was CEO until June 30, 2007, and chairman of mobilezone Group's management as well as the Delegate of mobilezone Group's Board of Directors until December 31, 2007. Currently, no other members of the Board of Directors hold executive positions in the Group's companies, nor have they held such positions during the past three years. During the past year, Rudi Baer and Hans-Ulrich Lehmann had business relationships with some of the Group's companies through companies they controlled (see Note 22 in the appendix to the consolidated financial statement). Michael Kloter is a partner in the law firm Kloter Attorneys-at-Law, which has provided legal consultation on various matters to mobilezone Group in the past year (see also paragraph 5.7 of this section).

3.2 Other activities and vested interests

Information about other activities and vested interests of the members of the Board of Directors can be viewed at *http://www.mobilezoneholding.ch/index.php?lang=en&cat=5&subcat=1*

3.3 Cross-involvement

There is no cross-involvement with the boards of other companies listed on the Stock Exchange.

3.4 Elections and terms of office

The Board of Directors is elected by the General Meeting of Shareholders for a one-year term. Unlimited reelection is possible. Since the shareholders present at the 2007 General Meeting made no other requirements, the election in the reporting year was conducted "in corpore".

3.5 Internal organizational structure

Charles Gebhard is Chairman and Rudolf Baer is the Delegate of the Board of Directors. Michael Kloter is Secretary of the Board of Directors. The individual members have no other positions, and there are no committees. The Board of Directors meets as often as required by business but at least three times a year. In the past year five meetings were held; usually they lasted half a day. In addition to the CEO, usually one other member of the management attends the meetings. In exceptional cases, external consultants are called in for consultation on specific questions.

3.6 Definition of areas of responsibility

To the extent allowed by law, the Board of Directors has delegated managerial functions to the Group management. The breakdown of tasks and competencies is established in the bylaws and rules of organization. They can be viewed at any time at *http://www.mobilezoneholding.ch/media/Organizational_regulations.pdf*


Charles Gebhard (BD)


Martin Lehmann (CEO)


Ruedi Baer (BD)


Markus Bernhard (CFO)


Michael R. Kloter (BD)


Werner Waldburger (COO)


Hans-Ulrich Lehmann (BD)


Dino Di Fronzo (SD)


Walter Heutschi (BD)


Fritz Hauser (CIO)

The members of the Board of Directors and the management

3.7 Information and Control instruments vis-à-vis the Group management

Each member of the Board of Directors has the right to be informed about the course of business by the Group management, even outside of official meetings, and this includes the right to be informed about individual transactions. The information and control tools the Board of Directors uses vis-à-vis the Group management include the following:

- Consolidated budget (annual)
- Quarterly reports with budget comparison
- Profit and loss forecast (beginning in the 3rd quarter)
- Sales statistics (in every meeting)
- 12-months financial projections (in every meeting)
- Detailed oral reports of the Group management on the course of business (in every meeting).

4. Group management

4.1 Members of the Group management

Martin Lehmann, *CEO (from July 1, 2007; member of the Group management/Sales Director until June 30, 2007)*

Markus Bernhard, *CFO (from April 1, 2007)*

Werner Waldburger, *COO*

Dino Di Fronzo, *Sales Director (from July 1, 2007)*

Fritz Hauser, *CIO (from July 1, 2007)*

Ruedi Baer, *CEO (until June 30, 2007)*

Wolfgang Gross, *CFO (until March 31, 2007)*

All information regarding nationality, education, professional background, and, if applicable, previous activities for mobilezone Group can be viewed at *http://www.mobilezoneholding.ch/index.php?lang=en&cat=5&subcat=1*

4.2 Other activities and vested interests

Information about other activities and vested interests of the members of the Board of

Information on Corporate Governance pursuant to Swiss Exchange (SWX) guidelines

Directors can be viewed at *http://www.mobilezoneholding.ch/index.php?lang=en&cat=5&subcat=1*

4.3 Management contracts
There are no management contracts regarding the transfer of managerial functions to third parties.

5. Compensations, shareholdings, and loans

5.1 Content and method of determining the compensation and the shareholding programs
The members of the Board of Directors receive compensation independent of profit in an amount set annually by the Board of Directors. In addition, the Board of Directors may each year resolve to award a bonus in the case of positive business development. The Board of Directors determines the compensation of Group management at the request of the CEO. The Board of Directors determines the CEO's total compensation. The total compensation of the CEO and the Group management consists of a base salary and a bonus depending on profits; this bonus amounts to about 25 % to 75 % of the base salary. The bonus depends on the operating profit per EBITDA calculation. There are no profit-sharing programs. Further information on compensations is provided in Note 4 in the appendix to the financial statement of mobilezone holding ag on page 69. No severance payments were made to parting members of any governing bodies in the reporting year.

5.2 Compensation of former members of governing bodies
No compensation was paid to former members of governing bodies.

5.3 Share allotment in the reporting year
No shares were allocated to members of governing bodies or parties closely linked to them.

5.4 Share ownership
Information of share ownership is provided in Note 5 in the appendix of the financial statement of mobilezone holding ag on page 69.

5.5 Options
As of December 31, 2007, there were no options.

5.6 Additional fees and remunerations
In fiscal year 2007, the law firm Kloter Attorneys-at-Law, in which the Board member Michael Kloter is a partner, invoiced the Group's companies for fees totaling CHF 113,000.

5.7 Loans granted to governing bodies
There are no loans or securities for loans to the members of the Board and management, or to parties closely linked to them.

5.8 Highest total compensation
In the reporting year, the highest total compensation in the amount of CHF 946,000 was paid to the Delegate of the Board of Directors (also the CEO until June 30, 2007). No shares or options were allocated to this Board member in the reporting year.

6. Shareholders' participation

6.1 Restrictions on voting rights and representation
There are no restrictions on voting rights, and the rules in the Articles of Association regarding participation in the General Meeting of Shareholders do not deviate from those mandated by law.


ITALIA! ITALIA!
mobilezone
the best communication
My personal bet:
Italy - Germany
4:0
MOTOROLA
EURO CUP '08. SIMPLY EMOTIONAL. JUST LIKE THE MOTOROLA V8 LUXURY.
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Information on Corporate Governance pursuant to Swiss Exchange (SWX) guidelines

6.2 Statutory quorums
There are no statutory voting quorums that deviate from those mandated by law.

6.3 Convocation of the General Meeting of Shareholders
There are no statutory rules on convening the General Meeting of Shareholders that deviate from those mandated by law.

6.4 Agenda
Shareholders representing shares with a par value of CHF 35,000 may ask to have a subject for discussion entered on the agenda for the General Meeting of Shareholders. Convening the Meeting and setting its agenda must be requested in writing, and the item for discussion as well as the proposals and motions must be named in the written request. There are no deadlines.

6.5 Inscriptions into the share register
Not applicable, as only bearer shares exist.

7. Changes of control and defense measures

7.1 Duty to make an offer
The opting-out regulation was revoked on the Group's General Meeting of Shareholders in April 2007.

7.2 Clauses regarding changes of control
There are no change-of-control clauses.

8. Auditor

8.1 Duration of the mandate and term of office of the lead auditor
Since fiscal year 2007, Ernst & Young AG has been the auditor of mobilezone holding ag and all its Group companies and has also prepared the consolidated audit report for the Group. The auditor and the party preparing the consolidated audit report is elected annually at the General Meeting of Shareholders.
The lead auditor, Michael Bugs, was in charge of the audit mandate for the 2007 consolidated financial statements for the first time.

8.2 Auditing fees
The auditing fees for Ernst & Young AG for the reporting year amount to CHF 122,000.

8.3 Additional fees
In the past year, Ernst & Young AG did not invoice for any additional fees for business consulting.

8.4 Supervisory and control instruments pertaining to the audit
Once every year the Chairman of the Board of Directors or another, non-executive Board member attends Ernst & Young AG's concluding discussion of the Group audit. The auditor reports the findings from the audit in a report to the Delegate of the Board of Directors.

9. Information policy

Every year the mobilezone Group publishes an annual and a semi-annual report pursuant to IFRS (International Financial Reporting Standards) rules. Additional information on important changes and essential business activities is published on an ad-hoc basis.
All information, including publication dates and a list of contact addresses, is available at www.mobilezoneholding.ch, under the headings "Financial Reports", "Media / Press Room", "Calendar", and "Contacts".
Anyone who wishes to receive mobilezone's media information automatically can register under the heading "Media / Press Room" at the link for "Email Service".

IMMER WIEDER ÖSTERREICH!

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EURO CUP '08. SIMPLY STYLISH. JUST LIKE THE NOKIA 6500 CLASSIC.
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EURO CUP '08. SIMPLY STIRRING. JUST LIKE THE NOKIA 5310 XPRESS MUSIC.
MOBILEZONE. WE'LL STAY ON THE BALL.

Proximity to customers makes mobilezone a widely supported brand

Initially, 2007 was characterized by the integration of the centro natel and Telepoint branches in the Ticino and in Central Switzerland. After that, 2007, like the previous year, was for mobilezone a year of location optimization. At the same time, the company continued to implement its new store-design concept. Existing branches were modernized, and a total of twelve new branches were opened. At the end of 2007, mobilezone had a total of 127 shops across Switzerland. The continuous analysis of locations is of crucial strategic significance for the store chain's long-term development. Up to now, mobilezone has always been able to occupy excellent new locations and to have a presence in all important new shopping centers.

Marketing and advertising

As always, mobilezone's 24 informative catalogues, widely distributed every two weeks, form the basis of communication with customers. In the Swiss telecommunications market, mobilezone's highly popular brochure is considered a true reference for customers and industry and is excellently suited for presenting the enormous number of innovative products attractively and clearly. In addition, the top offers are advertised in print ads – a strategy that proved very worthwhile in past years. To better use synergies, mobilezone also regularly does specific weekly promotions with operators and manufacturers.

Product

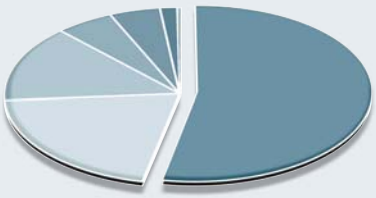
For the Swiss market, 2007 was definitely another Nokia year. Innovative new products once again proved to be important catalysts in the brisk mobile phone market. While Sony Ericsson was able to expand its position as a very strong second and Samsung could secure its share of the pie, LG and Motorola could not continue their 2006 successes.

Advertising keeps you mobile: Using catalogues and print advertising, mobilezone informed effectively and also gained more customers in 2007

With more than 440,000 mobile phone subscriptions we're clearly continuing our growth curve

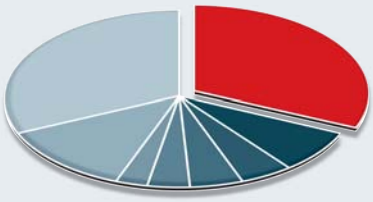
Operators

In 2007 mobilezone could conclude or renew more than 440,000 contracts for Swisscom, Orange, Sunrise, Tele2, and mobilezone. This corresponds to a renewed growth of an impressive 10 percent, after the threshold of 400,000 mobile phone contracts was crossed for the first time in 2006.



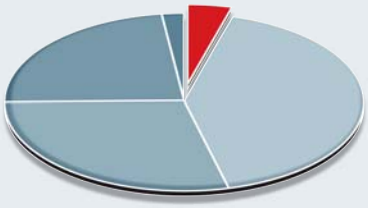
Brand shares 2007 at mobilezone (quantity)

• Nokia	53,4 %
• Sony Ericsson	20,7 %
• Samsung	14,0 %
• Motorola	5,4 %
• LG	4,7 %
• Sagem	1,7 %
• Other	0,1 %



Market shares of providers 2007 (value)

• Swisscom shops	32 %
• **mobilezone**	**30 %**
• Orange shops	8 %
• The Phone House	5 %
• Sunrise shops	5 %
• Interdiscount	4 %
• Media Markt	3 %
• Other	13 %



Operator shares 2007 at mobilezone (quantity)

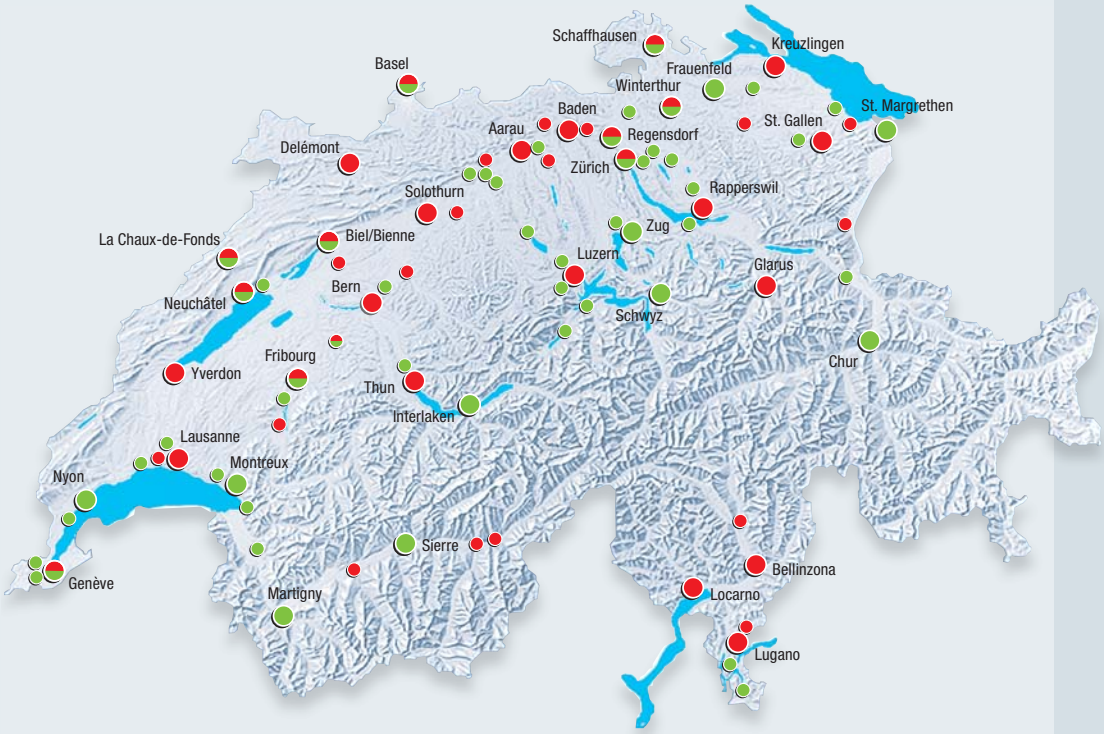
• Swisscom	42 %
• Sunrise	29 %
• Orange	23 %
• **mobilezone net**	**4 %**
• Tele2	2 %

As challenger of the former monopolist Swisscom, Sunrise is making news. To establish itself in a better position in a hotly contested market, the company has been presenting itself with a new profile and image since fall 2007. Sunrise is pursuing a growth strategy, and with its boldness and resoluteness the company will ensure a new dynamic in the market. In Switzerland Orange also has completed a successful year and presents itself as a stable entity in the Swiss telecom market.

Swisscom continues to retain is dominant position in the market. As a rule, Swisscom is the first operator to introduce new technolo-

Nokia 6300 | Nokia 6131 | Nokia 6288 | Nokia N73 | Sony Ericsson W810i | Samsung SGH-U700 | Samsung SGH-U600

mobilezone shops in March 2008



Outlets opened in 2007

- Basel, Steinenvorstadt
- Basel, Freie Strasse
- Basel, Clara-Huus
- Bellinzona, Viale Stazione
- Biasca, Via Lucomagno
- Biel, Nidaugasse 18
- Bremgarten, EKZ Sunne-Märt
- Grancia, Via Cantonale
- Genève, Centre Commercial Les Cygnes
- Glarus, Schweizerhofstrasse
- Gossau SG, St. Gallerstrasse
- Kreuzlingen, Hauptstrasse 49a
- La Chaux-de-Fonds, Centre Commercial Les Entilles
- Lugano, Palazzo Ransila
- Lugano, Via Pioda
- Luzern, Kramgasse
- Manno, Strada Cantonale
- Neuchâtel, Centre Commercial La Maladière
- Schönbühl-Urtenen, EKZ Carrefour
- Spreitenbach, Center Mall (between Tivoli and Shoppi)
- Winterthur, Untertor
- Zürich, Sihl City
- Zürich-Altstetten, MMM Altstetten

Outlets closed in 2007

- Biel, Nidaugasse 60
- Bülach, Marktgasse
- Grancia, Via Cantonale
- Kreuzlingen, Hauptstrasse 55
- Lugano, Via Pioda
- Liestal, Rathausstrasse
- Spreitenbach, Tivoli-Center
- Thun, c/o Loeb, Bälliz 39
- Winterthur, EKZ Neuwiesen
- Winterthur, Zentrum Stadttor
- Winterthur, Marktgasse

Openings planned in 2008

- Altdorf
- Basel, EKZ Stuecki (2009)
- Interlaken, Rugenpark Migros-Center
- St.Gallen, EKZ Shopping Arena
- Bern, EKZ Westside

59 outlets in city centers
70 outlets in shopping centers

Outlet addresses on page 72

The "Top Ten" bestsellers: about 650,000 mobile phones were sold in 2007. The share of the most popular: a respectable 38 percent!

8

Nokia 6085

9

Sony Ericsson K800i

10

Samsung SGH-D900

gies, and regarding quality it continues to enjoy an excellent reputation among mobile phone customers.

For its part, since its entrance into the Swiss mobile phone market, Tele2 has pursued a clear price strategy. Since September 2007 mobilezone is a partner of Tele2. Ultimately, customers benefit from the newcomer's uncompromising competitive strategy because they can profit from their providers' more attractive price/performance ratios.

Since the second half of 2007, the mobile broadband products "Take & Surf" (Swisscom), "T@KE AWAY" (Sunrise), and, beginning in January 08, "everywhere" (Orange) have caught on in the market. Customers appreciate the increasing convenience and ever more features at better and better prices.

mobilezone's customers benefit from its comprehensive product range

Product range

As the largest independent provider, mobilezone is known for its comprehensive product range. In addition to all the sought-after mobile phones of the manufacturers Nokia, SonyEricsson, Samsung, LG, and Motorola, mobilezone also carried the most extensive range of accessories in the market. It is particularly attractive for customers that they can compare the services of all operators in peace in any mobilezone shop – on "neutral ground", so to speak.

Accessories

It is one of mobilezone's great strengths that the customers can not only benefit from the most extensive range of available mobile phones but also from an enormous variety of products in the area of accessories – that is, mobilezone offers a truly complete sales offer.

Currently, the fastest sellers among the accessories are the memory cards. The current camera and music mobile phones with their almost unlimited possibilities naturally require corresponding (high) storage capacity. In addition, the various Bluetooth products (for example, headsets) are still very popular.

Services

In 2007 demand for mobilezone's repair service continued as before. A total of more than 85,000 devices were repaired for mobilezone customers (previous year: 68,000). The repair logistics involved are groundbreaking for the whole industry: repairs can be accepted at any branch and the data can be retrieved online from the service center. By way of this efficient branch logistics the devices are quickly taken to the mobilezone head office, and from there they are immediately forwarded to the service centers designated by the manufacturers.

As a rule the units are returned to the branch within one week. After repeatedly unsatisfactory delivery times in 2006, mobilezone's repair logistics found its stride in 2007 proved to be of great value.

Information technology and logistics

In 2007 the system was further optimized; as a result the company could operate with, on average, lower inventories. In 2008 an additional improvement in capability planning is planned by way of a more comprehensive software solution.

"Weighty" accessories: great variety, clear trends: next to Bluetooth headsets, memory cards are another runaway success. Innovative and exotic: mini-loudspeakers

Sony Ericsson MPS-75
Portable loudspeaker

Motorola S9
Bluetooth headset

Nokia BH-900
Bluetooth headset

SanDisk microSD
MultiSD-kit 2 GB


HRVATSKA!
HRVATSKA!
mobilezone
the best for communication
Sony Ericsson
My personal bet:
Croatia - Italy
3:2
EURO CUP '08. SIMPLY UNBEATABLE. JUST LIKE THE SONY ERICSSON W580i.
MOBILEZONE. WE'LL STAY ON THE BALL.

mobilezone aims to be number 1 also for its business customers

Business clients
Starting the activities in the B2B sector provided the foundation for making the mobilezone brand also attractive for business customers. For the long term, mobilezone is aiming for the same dominant market position in this segment that it holds with private customers. However, the rate of growth depends on how quickly the company can find qualified employees for this new segment.

Trading
Sales in the trading business rose in 2007 to CHF 47.1 million, an increase of approximately 82 percent over the previous year. The normal trading business will continue to remain very volatile in 2008, and compared to the branch business, it will offer only small margins. However, thanks to direct imports, new models are often available in sufficiently large numbers in mobilezone branches, even if there are delivery bottlenecks, and surplus inventory can be reduced quickly if necessary.

Service Providing fixed-net
Fortunately, the loss in sales of the first few months could be stopped by the middle of the year. The takeover of a telemarketing company provided the foundation for successful sales of the fixed-net products. Within six months the number of customers increased from 16,000 to 26,000 as of December 31, 2007.

Service Providing mobile
The development of this new business segment in the second year of its existence proved to be very dynamic. As of December 31, 2007, the number of customers increased to more than 40,000 (previous year: 10,000). This provides a sound basis for the future.

Emotions sell mobile phones:
In its new advertisements, mobilezone focuses more on the person and clearly has its fingers on the pulse of the times


POLSKA, BIAŁO-CZERWONI!
mobilezone
the best for communication
POLSKA
Sony Ericsson
My personal bet:
Poland - Russia
8:0
EURO CUP '08. SIMPLY SURPRISING. JUST LIKE THE SONY ERICSSON W910i.
MOBILEZONE. WE'LL STAY ON THE BALL.

By concentrating on one brand, mobilezone gains a clear profile

The company's declared goal is to further strengthen the mobilezone brand and to establish a clear profile for it. To this end, in a first step all sub-brands and variants of the main brand that have been created in the past few years will disappear.

There will be only one brand left:

mobilezone®
the best for communication

Network of shops and customer orientation

In 2008 the network of shops is expected to continue to grow organically. On the one hand, this will be realized through optimizing the existing shops. On the other hand, mobilezone will be represented with new branches in all important shopping centers currently under construction.
The expansion of the number of its shops from 115 to 127 in 2007 brought mobilezone closer to its customers; this trend is to continue in 2008. Indeed, mobilezone's customer orientation through its local presence is unsurpassed in the industry and is now very clearly one of its greatest strengths, supporting the brand strongly in all regions of Switzerland. This customer orientation through local presence, together with the company's exceptionally dedicated and highly qualified employees, creates the basis of its leading position in the telecommunications market.

Service Providing

In 2008 mobilezone will continue to grow both as fixed-net and as mobile phone provider. Thanks to its strong telemarketing sales organization, growth in the fixed-net segment is expected to move ahead faster. In the mobile segment, investments are very high, and caution is advisable: an overly aggressive growth policy runs the risk of drawing proportionally too many customers who are less solvent.

Telemarketing

In addition to the successful sales of fixed-net products, mobilezone can launch further measures to build customer loyalty by way of the Call Centers in Geneva and Biel. This creates entirely new and promising possibilities for customer communication.

Not to be ignored: Starting with coming season, mobilezone will be the main sponsor of the Super-League Club GC and thus considerably strengthen its presence in the media

ALLEZ, LES BLEUS!

mobilezone
the best for communication

EURO CUP '08. SIMPLY MAGICAL. JUST LIKE THE HTC TOUCH DUAL.
MOBILEZONE. WE'LL STAY ON THE BALL.

Digital TV in pocket size for the totally normal life.

Products

Innovative new products and technical developments resulting from the continuously changing needs of consumers will continue to strongly stimulate the mobile phone market in 2008. In particular, demand for mobile phones equipped with GPS and top navigation systems is expected to grow, while that for models with high-powered cameras of up to 8 megapixels following closely, as well as the demand for music mobile phones with high storage capacity that allow down-loading large music files.

Moreover, just in time for the start of the UEFA Euro 08, Swisscom will launch the new TV network DVB-H *(Digital Video Broadcasting Handhelds)* in the five cities of Zürich, Bern, Basel, Lausanne, and Geneva. With the new net generation, digital television can be received on mobile phones. Of course, the most important manufacturers will have models with DVB-H capacity available before the Soccer European Championship; for example, Nokia has already announced its N77 for the end of March 2008.

Sony Ericsson X1

With "Xperia" the company wants to be player in the Smartphone market. The X1 is a particularly ergonomic "Curve Slider" with full keyboard and Windows Mobile.

LG KF700

Makes the iPhone get a move on! The KF700 does not only have a gigantic display with touch-screen, but also a keyboard that can be slid open. UMTS and 3-megapixel camera with auto-focus are included.

Samsung SGH-U900

With the SGH-U900 Samsung celebrates design and lifestyle on the highest level. Distinctive feature: The small touch-screen is for working, the big one remains clean.

Nokia N96

In the truest sense of the word, the N96 is groundbreaking. This handy phone from Nokia offers simply everything your heart desires: super camera, big display, and – indeed – a navigation device.

Motorola ROKR E8

There's sure to be music in this: The ROKR E8 offers storage capacity for an impressive CD collection and is thus pretty much the music mobile phone par excellence.


¡ES-PA-ÑA!
¡ES-PA-ÑA!
mobilezone
the best for communication
SAMSUNG
My personal bet:
Spain - France
3:2
EURO CUP '08. SIMPLY MARVELOUS. JUST LIKE THE SAMSUNG SGH-G600.
MOBILEZONE. WE'LL STAY ON THE BALL.

FORÇA PORTUGAL!

mobilezone
the best for communication

EURO CUP '08. SIMPLY YOUNGER. JUST LIKE THE SONY ERICSSON T650i.
MOBILEZONE. WE'LL STAY ON THE BALL.

EURO CUP '08. SIMPLY MOVING. JUST LIKE THE NOKIA 6500 SLIDE.
MOBILEZONE. WE'LL STAY ON THE BALL.

2007

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mobilezone holding ag financial statements

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for the year ended December 31		*2007*	*2006*
(in CHF 000)	*Notes*		
Gross sales revenues		346,186	296,116
Sales deductions including VAT		– 25,274	– 22,014
Net sales	*1*	**320,912**	**274,102**
Other operating income		141	641
Cost of goods and materials		– 242,007	– 207,988
Personnel costs	*2*	– 33,524	– 27,837
Other operating costs	*3*	– 13,133	– 13,647
Operating profit (EBITDA)		**32,389**	**25,271**
Depreciation of property, plant & equipment	*7*	– 2,747	– 2,403
Amortization of intangible assets	*8*	– 6,648	– 2,624
Operating profit (EBIT)		**22,994**	**20,244**
Financial income	*4*	868	773
Financial expense	*5*	– 415	– 551
Profit before taxes		**23,447**	**20,466**
Income tax expense	*6*	– 4,568	– 4,317
Net profit		**18,879**	**16,149**
Minority interest		81	0
Shareholders' interest		18,798	16,149
		(in CHF)	(in CHF)
Earnings per share	*14*	0.53	0.45
Earnings per share – diluted	*14*	0.53	0.45

as of December 31		2007	2006
(in CHF 000)	Notes		
ASSETS			
Property, plants & equipment	7	9,356	6,193
Intangible assets	8	8,677	4,829
Goodwill	8, 9	4,356	0
Deferred tax assets	6	246	351
Securities	10	110	1,744
Other accounts receivable	13	129	73
Fixed assets		**22,874**	**13,190**
Inventories	11	31,907	25,095
Trade accounts receivable	12	23,325	28,650
Other accounts receivable	13	11,378	4,114
Cash & cash equivalents	14	19,438	16,397
Current assets		**86,048**	**74,256**
Total Assets		**108,922**	**87,446**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	15	358	358
Additional paid-in capital (Share premium)		9,784	9,784
Retained earnings		50,874	42,808
Shareholders' equity		**61,016**	**52,950**
Deferred income tax liabilities	6	2,199	2,197
Advances received		0	90
Long-term liabilities		**2,199**	**2,287**
Trade accounts payable		31,654	22,913
Current tax liabilities		2,312	4,300
Current provisions	16	100	100
Other current liabilities	17	11,641	4,896
Current liabilities		**45,707**	**32,209**
Total Liabilities and shareholders' equity		**108,922**	**87,446**

for the year ended December 31		*2007*	*2006*
(in CHF 000)	*Notes*		
Profit before income taxes		**23,447**	**20,466**
Adjustment to reconcile profit before tax to net cash flow:			
Non-cash transactions:			
interest income and expenses, net		– 155	– 26
depreciation & amortization	*7, 8*	9,395	5,027
changes in value adjustments, net		879	660
Working capital adjustments:			
trade accounts receivable		6,922	– 1,147
other accounts receivable		– 7,104	– 179
inventories		– 7,086	– 4,579
trade accounts payable		7,082	2,029
other current liabilities		5,998	1,133
Income taxes paid		– 6,400	– 4,309
Other income not involving the movement of funds		– 118	– 76
Net cash from operating activities		**32,860**	**18,999**
Acquisitions of			
property, plant & equipment	*7*	– 5,432	– 3,482
intangible assets	*8*	– 9,466	– 4,786
subsidiaries, acquired funds deducted	*9*	– 6,227	0
Proceeds from disposals of			
property, plant & equipment	*7*	49	54
intangible assets	*8*	0	30
securities in fixed assets		1,830	– 34
Interest received		198	60
Net cash from investing activities		**– 19,048**	**– 8,158**
Interest paid		– 39	– 32
Purchase of treasury shares		– 6	– 58
Sale of treasury shares		6	105
Dividends paid		– 10,732	– 8,944
Net cash from financing activities		**– 10,771**	**– 8,929**
Net increase / decrease in cash & cash equivalents		**3,041**	**1,912**
Cash & cash equivalents at January 1		16,397	14,485
Cash & cash equivalents at December 31	*14*	**19,438**	**16,397**

Movements of shareholders' equity

(in CHF 000)	Share capital	Additional paid-in capital	Retained earnings	Minorities	Total
At December 31, 2005	**358**	**9,737**	**35,603**	**0**	**45,698**
Net profit			16,149		16,149
Purchase of treasury shares		– 58			– 58
Sale of treasury shares		105			105
Dividends paid			– 8,944		– 8,944
At December 31, 2006	**358**	**9,784**	**42,808**	**0**	**52,950**
Net profit			18,798	81	18,879
Change in minority interest				– 81	– 81
Purchase of treasury shares		– 6			– 6
Sale of treasury shares		6			6
Dividends paid			– 10,732		– 10,732
At December 31, 2007	**358**	**9,784**	**50,874**	**0**	**61,016**

The line item "Retained earnings" includes legally restricted reserves in the amount of CHF 1,648,000 (2006: CHF 1,607,000) that are not available for distribution. Such legal reserves are established based on the legal requirements of the Swiss Code of Obligations.

Additional information on the share capital is provided in Note 15.

Segment information

Consolidated income statement

(in CHF 000)	Total mobilezone Group		Commerce		Service Providing		Unallocated/eliminations	
	2007	2006	2007	2006	2007	2006	2007	2006
Gross sales revenues with third parties	346,186	296,116	322,761	279,600	23,425	16,516	0	0
Gross sales revenues with other segments	0	0	6,955	4,687	1,752	1,494	– 8,707	– 6,181
Sales reductions including VAT	– 25,274	– 22,014	– 21,085	– 20,149	– 4,189	– 1,865	0	0
Net sales	**320,912**	**274,102**	**308,631**	**264,138**	**20,988**	**16,145**	**– 8,707**	**– 6,181**
Other operating income	141	641	1,748	742	0	0	– 1,607	– 101
Cost of goods and materials	– 242,007	– 207,988	– 240,388	– 203,739	– 10,144	– 10,059	8,525	5,810
Personnel costs	– 33,524	– 27,837	– 32,358	– 26,186	– 1,213	– 469	47	– 1,182
Other operating costs	– 13,133	– 13,647	– 13,551	– 13,412	– 1,337	– 1,936	1,755	1,701
Operating profit (EBITDA)	**32,389**	**25,271**	**24,082**	**21,543**	**8,294**	**3,681**	**13**	**47**
Depreciation of property, plant & equipment	– 2,747	– 2,403	– 2,680	– 2,403	– 67	0	0	0
Amortization of intangible assets	– 6,648	– 2,624	– 902	– 924	– 5,746	– 1,700	0	0
Operating profit (EBIT)	**22,994**	**20,244**	**20,500**	**18,216**	**2,481**	**1,981**	**13**	**47**

Consolidated balance sheet

(in CHF 000)	Total mobilezone Group		Commerce		Service Providing		Unallocated/eliminations	
	2007	2006	2007	2006	2007	2006	2007	2006
Fixed assets	22,874	13,190	18,469	8,525	7,421	2,604	– 3,016	2,061
Current assets	86,048	74,256	70,176	80,383	7,625	12,188	8,247	– 18,315
Total Assets	**108,922**	**87,446**	**88,645**	**88,908**	**15,046**	**14,792**	**5,231**	**– 16,254**
Liabilities	**47,906**	**34,496**	**52,391**	**24,706**	**11,468**	**7,616**	**– 15,953**	**2,174**
Investments in property, plant & equipment and intangible assets	**14,898**	**8,268**	**5,397**	**4,537**	**9,501**	**3,731**	**0**	**0**

The segment reporting format corresponds to the divisions and the management structure of the Group.
The segment Commerce consists of mobilezone ag, mobilezone business ag, Amel CCD SA, Telepoint AG, and Europea Trade AG.
The segment Service Providing includes mobilezone com ag, mobilezone crm ag, and mobilezone net ag.

Except for the trading activities in the segment Commerce, the segment operations are limited to Switzerland. In 2007 in the segment Commerce, trading revenues in the EU markets came to CHF 21.1 million (previous year: CHF 2.1 million).

Principles of the Group accounting

Corporate information

The mobilezone Group (hereinafter: mobilezone) conducts business in the area of mobile and fixed-line telecommunications. The core activity lies in the segment Commerce with mobilezone ag, which was established in May 1999 and now has a total of 127 retail stores with locations in every bigger Swiss city, and mobilezone business ag, which entered the market in the reporting year as a neutral, cost-efficient provider in the B2B field, especially for SMEs. The business model is based on agreements with the providers active in Switzerland. They pay mobilezone for finding new clients for them (one-time commissions). Thanks to these commissions, mobilezone is able to provide its clients with mobile phones at very low prices or even at no charge. The segment Commerce is supplemented by Europea Trade AG, which is active in the wholesale business, and by Telepoint AG, which conducts e-commerce activities. The segment Service Providing consists of mobilezone com ag, mobilezone net ag, and mobilezone crm ag. As service providers without networks of their own, they offer customers fixed-line and mobile telecommunications services and products. The services are based on network capacities of Colt Telecom AG (fixed-line) and Orange Communications SA (mobile). The parent company of mobilezone Group is mobilezone holding ag, Riedthofstrasse 124, 8105 Regensdorf/Switzerland. The company is listed on the Swiss Exchange SWX: Ticker: MOB/Valor no.: 1258340.

Principles of balance sheet preparation

The consolidated financial statements of mobilezone provide a true and fair picture of its financial position, the results of operations, and cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law. They have been prepared on a historical cost basis except for derivative financial instruments and marketable securities that are listed at fair market value. The reporting currency is the Swiss franc (CHF).

Significant assessments, estimates, and assumptions

The preparation of financial statements in conformity with IFRS requires assessments, estimates, and assumptions on the part of management that affect the reported amounts on the reporting date of the financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods if the revision affects them.

Changes in accounting and assessment methods

In fiscal year 2007, the following guidelines, adjustments, and interpretations took effect for mobilezone:

IAS 1	Adjustment – Presentation of Financial Statement to Include Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

Except for IAS 1 and IFRS 7, which entail additional disclosure obligations, no other adjustments or disclosures were required.

The following new or amended Guidelines (IFRS) or Interpretations (IFRIC) will become effective for the reporting years beginning on or after March 1, 2007, or at a later time as indicated below. They will have no effects on the consolidated financial statements of mobilezone but will result, to the extent applicable to mobilezone, in further or adjusted disclosures.

IAS 23	Capitalization of Borrowing Costs (January 1, 2009)
IFRS 8	Operating Segments (January 1, 2009)
IFRIC 11	Group and Treasury Share Transactions (March 1, 2007)
IFRIC 12	Service Concession/License Agreements (January 2008)
IFRIC 13	Customer Loyalty Programs (July 1, 2008)
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction (January 2008)
IAS 1	Presentation of Financial Statements, amended (July 1, 2009)
IFRS 2	Share-based Payment: Vesting Conditions and Cancellations (January 1, 2009)
IFRS 3	Business Mergers (July 1, 2009)
IAS 27	Consolidated and Separate (Non-Consolidated) Financial Statements (July 1, 2009)

Scope of consolidation

The scope of consolidation is set out in Note 2 of the appendix to the financial statements of mobilezone holding ag on page 67.

Principles of consolidation

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. Those entities are fully consolidated, whereby assets, liabilities, income, and expenses are incorporated fully in the consolidated accounts.

Investments and joint ventures where mobilezone exerts significant influence but which mobilezone does not control are recognized in the balance sheet on the basis of the equity method and are stated under the item "Investments in associated companies". The share in net profits of associated companies is stated separately in the income statement. Significant balances and transactions with investments and joint ventures that are recognized according to the equity method are disclosed as items relating to associated companies.

Capital consolidation is based on the purchase method, whereby the acquisition cost of subsidiaries is offset at the time of acquisition against the fair market value of the net assets acquired, determined according to uniform corporate valuation principles. Companies acquired or disposed of during the reporting year are consolidated as of the date of acquisition and deconsolidated as of the date of disposal.

Accounts payable to, accounts receivable from, and income and expenses between the companies included in the consolidation are eliminated. Intercompany paper profits within the Group are also eliminated upon consolidation.

Foreign currency translation

The consolidated financial statements are prepared in Swiss francs. The reporting currency of all Group companies is the Swiss franc. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates effective on the balance sheet date. Gains or losses arising from transactions and foreign currency translations of balance sheet items are included in the current year's income statement.

Financial risk management

The financial instruments of mobilezone Group predominantly include cash and cash equivalents to provide sufficient funds for the business activities of the Group companies. The Group has various other financial instruments at its disposal, such as trade accounts payable and receivable resulting directly from business activities. The main risks arising from these financial instruments include liquidity risk, risk of loss of receivables, and foreign currency risk. Regarding other financial assets of the Group, the maximum financial risk in the event of a failure of the counterparty corresponds to the book value of these instruments.

Foreign currency risk

The revenues in the retail business and in the service providing business are all denominated in local currency. Approximately 56 % of purchases in the retail business are denominated in Euro. The currency volatilities of the Euro have no significant impact on mobilezone's operating profits and shareholders' equity. The Group decided generally not to hedge against the currency risk on purchases due to the short-term nature of payments and the high inventory turnover. The wholesale business is not exposed to any currency risk. In 2007, the Group used only few currency futures with a short maturity. As of the balance sheet date, any open contracts are valued at fair market value with any changes in fair market value recognized in the income statement.

Hedge accounting

In the fiscal years ended December 31, 2007, and December 31, 2006, mobilezone Group used no hedge accounting.

Credit risk / risk of loss of receivables

The Group is exposed to credit risks arising from its ordinary business activity. Due to the peculiarities of the trade – a large portion of sales is made in cash – the business activity results in relatively few outstanding accounts receivable, compared to total sales. As the number of network operators in Switzerland is limited by law, these accounts receivable are due from only a small number of counterparties. The company meets this risk by negotiating short terms of payment. The risk of loss of receivables is counteracted and minimized by predetermined hedging strategies as well as by limiting and controlling the receivables outstanding. Current bank credit balances and deposits are held exclusively at institutions with a high degree of creditworthiness. The risk of default is also minimized by maintaining business relationships with several banks and financial institutions and by continuously monitoring the credit risk.

Interest rate risk

As there are currently no bank loans, current bank liabilities, and other interest-bearing liabilities, there is no interest rate risk.

Liquidity risk

Currently, mobilezone Group bears no liquidity risk as its financial position features a large amount of cash and cash equivalents. Furthermore, there are sufficient credit lines (CHF 10 million) to satisfy peak demands for operating equipment.

Investment control

The primary objective of mobilezone Group's investment control is to ensure that the Group maintains a high degree of creditworthiness and an advantageous proportion of shareholders' equity in order to support its business activities. Capital includes the shareholder's equity items capital stock, capital reserves (agio), and retained earnings. For the purposes of adjusting or maintaining its capital structure, the Group may adjust dividend distributions to shareholders, issue new shares, or borrow capital. As of December 31, 2007, or December 31, 2006, no changes were made to the objectives and guidelines.

Property, plant & equipment

Property, plant & equipment are stated at historical cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the following estimated useful lives of items of property, plant equipment:

Office equipment and furniture including EDP	2 to 5 years
Shop equipment	5 to 8 years
Vehicles	3 to 5 years

Intangible assets

Acquired rights such as contracts with clients, lessors, and suppliers and similar rights that are generating a positive cash flow are capitalized and amortized over the contractual or estimated useful life of usually 5 years. For new subscribers the business segment "Service Providing" grants a discount on the mobile phone purchase price. This acquisition cost, that is, the difference between cost of the mobile phones and the (reduced) selling price, is capitalized and will be depreciated on a straight-line basis over the term of the subscription concerned (generally 24 months). The acquisition cost for fixed-line customers are capitalized and will be appreciated over a term of 36 months.

Goodwill

Goodwill arising from acquisitions, determined as the difference between the purchase price and the fair market value of the net assets acquired, is assigned as of acquisition date to a cash-generating unit. Goodwill and other intangible assets with an indefinite useful life are not amortized but will be tested annually for impairment.

Securities

Initially, securities are recognized at fair market value. Subsequent changes in fair market value are recognized in the income statement. If there is no active market or the fair market value cannot be determined reliably, securities are stated at amortized cost less necessary valuation adjustments.

Treasury shares

Treasury shares are carried at historical acquisition cost within shareholders' equity. Any profits or losses from transactions with treasury shares are treated as not affecting net income and are offset against capital reserves.

Impairment of fixed assets

The value of property, plant & equipment and other fixed assets, including goodwill and other intangible assets, is reexamined whenever changes in circumstances or events make an overvaluation of the book values appear likely. When the book value exceeds the realizable value, an accelerated depreciation

is recorded on the income statement against the value that seems recoverable based on discounted, anticipated future revenues or on the estimated net sale value.

Inventories

Inventories are stated at the lower of cost or net realizable value, whichever is lower. The cost of inventories is calculated using the weighted average cost method. Goods with long storage periods are subject to appropriate value adjustments. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. The price of the mobile phone is determined based on whether the product is sold on a stand-alone basis or in conjunction with a provider subscription. Net realizable value therefore takes into account both components. In addition, price protection arrangements with certain suppliers are also considered in determining the need for any value adjustments.

Trade or other accounts receivable

Trade or other accounts receivable are stated at their nominal amounts less any valuation adjustments for credit risks.

Cash & cash equivalents

Cash & cash equivalents include cash on hand, current credit bank balances, and current deposits with original maturity of less than three months. Cash & cash equivalents are treated as affecting net income and are stated at fair market value.

Financial liabilities

Current financial liabilities include trade and other current accounts payable and are stated at fair market value as affecting net income. Long-term financial liabilities are stated at amortized cost. Other long-term liabilities are discounted to the current value using a discount rate before taxes that reflects the current fair market value.

Provisions for liabilities and contingencies

Provisions are set aside for current or future legal or de-facto obligations when on the balance sheet date, as a result of past events, reasonable estimates regarding the future transfer of economic values are possible and when such a transfer is likely. The provisions are determined based on the best possible estimate of the expenditures. In cases of considerable importance, provisions are determined by discounting the expected future cash flow on the balance sheet date at a rate that reflects current market assessments of the risks specific to the liability.

Contingent liabilities are disclosed in the appendix if a future obligation is possible or if a present obligation exists, but an outflow of funds is not probable or the amount cannot be reliably estimated.

Leasing

Leasing agreements are recognized in the balance sheet when upon conclusion of the agreement the majority of significant risks and rewards of ownership devolve to the Group (Financial Leasing). Lease payments are divided according the annuity method into interest and principal payments. Leased assets are depreciated over the lower of either the lease term or the estimated useful life.

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives are recognized in the income statement as a reduction of the total lease expense. Revenue-based and other contingent leases are accrued on an estimated basis.

Retirement benefits

The companies of the mobilezone Group have joined a collective foundation in a defined contribution plan, which has reinsured all relevant risks as far as possible at a life insurance company. The plan is funded by employees' and employers' contributions. The liabilities of the mobilezone Group are limited to the employers' contributions stipulated in the regulations. Nevertheless, the plan qualifies as a defined benefit plan according to IAS 19, but the plan is of a limited economic dimension and bears only very limited risks. The financial impact of this plan, including accompanying provisions, on the consolidated financial statements is determined based on the projected unit credit method. The difference between defined benefit obligations of CHF 9,132,000 (prior year: CHF 7,380,000) and plan assets of CHF 9,316,000 (prior year: CHF 7,734,000) is immaterial in view of the actuarial profit and the debit balance, both yet to be ascertained. The difference between employer contributions entered in the income statement in the amount of CHF 761,000 (prior year: CHF 594,000) and the annual employer benefit costs (net pension expenses) is also immaterial.

Revenues

Net sales include all revenues from the sale of goods and services, less reductions in earnings, rebates, discounts, VAT, and write-offs of trade accounts receivable. Revenues from sale of goods are included in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. One-time commissions from providers are recognized upon conclusion of the contract. The recurring airtime profit-sharing commissions are based on the subscribers' monthly payments of mobile phone bills to the providers. These amounts are recorded in the income statement based on the providers' invoices on an accrual basis.

Income tax

Current income taxes are determined on the taxable income for the year and are recorded in the income statement. Deferred income taxes are calculated using the balance sheet liability method on any temporary differences arising from divergences between the book value of assets and liabilities for financial reporting purposes and the value used for tax purposes. Deferred tax is calculated using tax rates enacted or substantially enacted on the balance sheet date and will be offset in future tax periods. Deferred tax loss carry-forwards and deferred earnings tax credits are activated only to the extent that it is probable that they will be realized in the future.

Notes to the consolidated income statement

1 Net sales

(in CHF 000)	2007	2006
Mobile communication products	131,537	105,028
One-time commissions and airtime profit-sharing commissions from providers	171,672	154,423
Revenue from mobile and fixed-line subscriptions	17,703	14,651
Total Net sales	**320,912**	**274,102**

2 Personnel costs

(in CHF 000)	2007	2006
Wages and salaries	29,759	24,598
Social security costs	2,422	2,023
Pension costs	815	713
Other personnel costs	528	503
Total Personnel costs	**33,524**	**27,837**
Number of employees as of balance sheet date (based on full-time employment)	453	349

3 Other operating costs

(in CHF 000)	2007	2006
Operating lease costs	8,536	7,292
Marketing	17,989	15,911
Repair & Maintenance, general and administrative costs	6,976	6,985
less contributions received from third parties	– 20,368	– 16,541
Total Other operating costs	**13,133**	**13,647**

Marketing costs are mostly covered out of cost contributions and location contributions from business partners; the same applies to operating lease costs, though to a lesser extent.

4 Net sales

(in CHF 000)	2007	2006
Interest on bank accounts	192	60
Foreign exchange differences	676	713
Total Financial income	**868**	**773**

5 Financial expense

(in CHF 000)	2007	2006
Interest on bank loans	37	34
Bank commissions and foreign exchange differences	378	517
Total Financial expense	**415**	**551**

As in the previous year, in 2007 there were no significant interest-bearing debts.

6 Income tax expense

(in CHF 000)	2007	2006
Current income taxes	4,373	4,231
Deferred income taxes	195	86
Total Income tax expense	**4,568**	**4,317**

The deferred income taxes include positive deferred income taxes in the amount of CHF 88,000 from acquisitions, which where used in the reporting year.

Current income taxes are based solely on the profit of the year under review. Deferred income taxes are based solely on changes in temporary differences and the recognition of tax loss carry-forwards. Taxes on capital are included under “Other operating costs”.

Income tax reconciliation	*2007*	*2006*
(in CHF 000)		
Profit before taxes	23,447	20,466
Average applicable tax	20.19%	21.56%
Expected tax expense	4,734	4,411
Impact on tax expense from:		
effect of previously unrecognized tax losses now utilized	– 231	– 43
effect of tax rate changes	65	– 51
Effective income tax expenses	**4,568**	**4,317**

The average tax rate is the weighted average of the tax rates of the individual Group companies and can thus vary slightly from one year to the next.

Deferred tax assets	*2007*	*2006*
(in CHF 000)		
Intangible assets	18	65
Inventories	10	0
Tax benefits of loss carry-forwards	218	286
Total Deferred tax assets	**246**	**351**

In addition, in the previous year the Group had tax benefits of loss carry-forwards of CHF 231,000 that have not been recognized previously due to uncertainty as to whether future taxable profit would be available against which the Group would be able to use such benefits. In 2007 the Group was able to set off these loss carry-forwards against taxable profits. There are no other unrecognized loss carry-forwards.

The recognized loss carry-forwards relate to mobilezone net ag, which is still in the start-up phase. Based on the available realistic budget figures, it is likely that these loss carry-forwards can be offset within the next few years.

Deferred tax liabilities	*2007*	*2006*
(in CHF 000)		
Intangible assets	0	58
Inventories	1,974	1,845
Trade accounts receivable	204	272
Provisions	21	22
Total Deferred tax liabilities	**2,199**	**2,197**

As in the previous year, no taxes on earnings were recognized directly in shareholders' equity.

Notes to the consolidated balance sheet

7 *Property, plant & equipment*

(in CHF 000)	Shop equipment	Other property, plant & equipment	Total
Cost:			
At December 31, 2005	**12,202**	**2,582**	**14,784**
Additions	2,745	737	3,482
Disposals	– 1,029	– 812	– 1,841
At December 31, 2006	**13,918**	**2,507**	**16,425**
Additions	4,284	1,148	5,432
Change in scope of consolidation	379	483	862
Disposals	– 600	– 152	– 752
At December 31, 2007	**17,981**	**3,986**	**21,967**
Accumulated depreciation:			
At December 31, 2005	**7,519**	**2,097**	**9,616**
Additions	1,969	434	2,403
Disposals	– 1,028	– 759	– 1,787
At December 31, 2006	**8,460**	**1,772**	**10,232**
Additions	2,112	635	2,747
Change in scope of consolidation	142	193	335
Disposals	– 600	– 103	– 703
At December 31, 2007	**10,114**	**2,497**	**12,611**
Book value:			
At December 31, 2006	**5,458**	**735**	**6,193**
At December 31, 2007	**7,867**	**1,489**	**9,356**

	2007	*2006*
Fire insurance value of property, plant & equipment	12,000	11,000

8 Intangible assets

(in CHF 000)	Customer acquisition costs	Acquired shop location	Goodwill	Total
Cost:				
At December 31, 2005	**2,724**	**4,601**	**0**	**7,325**
Additions	3,731	1,055	0	4,786
Disposals	– 693	– 30	0	– 723
At December 31, 2006	**5,762**	**5,626**	**0**	**11,388**
Additions	9,028	438	0	9,466
Change in scope of consolidation	471	650	4,356	5,477
Disposals	– 2,179	– 83	0	– 2,262
At December 31, 2007	**13,082**	**6,631**	**4,356**	**24,069**
Accumulated depreciation:				
At December 31, 2005	**1,851**	**2,777**	**0**	**4,628**
Additions	1,966	658	0	2,624
Disposals	– 693	0	0	– 693
At December 31, 2006	**3,124**	**3,435**	**0**	**6,559**
Additions	5,832	816	0	6,648
Change in scope of consolidation	91	0	0	91
Disposals	– 2,179	– 83	0	– 2,262
At December 31, 2007	**6,868**	**4,168**	**0**	**11,036**
Book value:				
At December 31, 2006	**2,638**	**2,191**	**0**	**4,829**
At December 31, 2007	**6,214**	**2,463**	**4,356**	**13,033**

9 Acquisitions

The following acquisitions were made in fiscal year 2007:

Company:	Date	Shares
Amel CCD SA, Regensdorf (ZH)	01/01/2007	100%
Telepoint AG, Kriens (LU)	01/01/2007	70%
mobilezone crm ag, Geneva (GE)	07/01/2007	100%

Amel CCD SA specializes in the sale of mobile phones and mobile phone subscriptions and is active in the Ticino.

Telepoint AG is active in the B2B business primarily with small and medium-sized companies and works in the area of e-commerce.

mobilezone crm ag (formerly SabreTek SA) operates call centers with a focus on the telecom sector. Since the takeover, the company has been doing customer acquisition for the mobilezone Group.

The following assets and liabilities & shareholders' equities were taken over as a result of the acquisitions:

(in CHF 000)	Amel CCD SA	Telepoint AG	mobilezone crm ag	Total
Cash & cash equivalents	274	– 429	63	– 92
Trade accounts receivable	863	815	2	1,680
Other accounts receivable	13	91	14	118
Inventories	0	525	0	525
Accruals	17	22	1	40
Property, plant & equipment	227	100	200	527
Intangible assets	0	120	0	120
Financial assets	130	3	0	133
Total Assets	**1,524**	**1,247**	**280**	**3,051**
Trade accounts payable	1,001	652	5	1,658
Other accounts payable	140	286	162	588
Deferrals	56	44	26	126
Total Liabilities & shareholders' equities	**1,197**	**982**	**193**	**2,372**
Net assets	**327**	**265**	**87**	**679**
Purchase price	3,839	656	989	5,484
Transaction costs	35	19	12	66
Acquired cash & cash equivalents	– 274	429	– 63	92
Net outflow of funds in the previous year	– 34	0	0	– 34
Net outflow of funds	**3,566**	**1,104**	**938**	**5,608**
Purchase price	3,839	656	989	5,484
Transaction costs	35	19	12	66
Capitalization of location key money	– 500	– 410	0	– 910
Net assets	– 327	– 265	– 87	– 679
Goodwill	**3,047**	**0**	**914**	**3,961**

The goodwill consists of asset values that cannot be separately identified or reliably determined and of the synergies that can be achieved with mobilezone Group's existing business areas. The share of the consolidated profit contributed by the companies acquired in the reporting year amounts to CHF 802,000.

During the fiscal year, the following minority shares were acquired:

Company:	Date	Shares
Telepoint AG, Kriens (LU)	10/01/2007	30%
mobilezone business ag, Regensdorf (ZH)	10/01/2007	30%

(in CHF 000)	Telepoint AG	mobilezone business ag	Total
Purchase price	134	466	600
Acquisition costs	19	0	19
Net outflow of funds	**153**	**466**	**619**
Purchase price	134	466	600
Acquisition costs	19	0	19
Minority capital	– 113	– 30	– 143
Reporting year minority after-tax profit	– 40	– 41	– 81
Goodwill	**0**	**395**	**395**

10 Securities

(in CHF 000)	2007	2006
Listed capital-protected investment certificates [1]	0	1,610
Shares not listed [2]	110	134
Total Securities	**110**	**1,744**

[1] Stated at market value. The certificate was sold at CHF 1,716,000 in June 2007.

[2] Stated at amortized cost less valuation adjustments.

11 Inventories

(in CHF 000)	2007	2006
Inventories, gross	33,371	25,760
less valuation adjustments	– 1,464	– 665
Total Inventories	**31,907**	**25,095**

The carrying amount of inventories carried at fair value less costs to sell amounted to CHF 8,546,000 (2006: CHF 2,122,000). In the reporting year value adjustments in the cost of goods and materials were made in the amount of CHF 799,000 (2006: CHF 665,000).

12 Trade accounts receivable

(in CHF 000)	2007	2006
Accounts receivable, gross	24,278	29,523
less valuation adjustments	– 953	– 873
Total Trade accounts receivable	**23,325**	**28,650**

As of December 31, 2007, deductions in the amount of CHF 953,000 (2006: CHF 873,000) were made from the value of trade accounts receivable.

Trade accounts receivable are interest-free and are usually payable within 30 days.

As of December 31, 2007, the debitors of the mobilezone Group amount to CHF 23.3 million, of which CHF 2.8 million have matured and are not subject to valuation adjustments. These overdue accounts break down with regard to maturity into CHF 2.3 million with up to 30 days' maturity, CHF 0.2 million with 31 to 60 days' maturity, CHF 0.2 million with 61 to 120 days' maturity and CHF 0.1 million with more than 120 days' maturity.

Value adjustments	2007	2006
At January 1	**873**	**265**
Additions from acquisitions	38	0
Allocations	3,011	701
Usage	– 2,860	– 8
Dissolutions	– 109	– 85
At December 31	**953**	**873**

13 Other accounts receivable

(in CHF 000)	2007	2006
Accruals	10,996	4,097
Other accounts receivable	511	90
	11,507	**4,187**
less long-term accounts receivable	– 129	– 73
Total Other accounts receivable (current)	**11,378**	**4,114**

14 Cash & cash equivalents

(in CHF 000)	2007	2006
Cash on hand and current bank balances	19,438	16,397
Total Cash & cash equivalents	**19,438**	**16,397**

Cash & cash equivalents are not subject to any restrictions on disposal. The Group has unutilized lines of credit in the amount of CHF 10 million.

15 Share capital

(Number of bearer shares at CHF 0.01 par value)

Number of shares issued at January 1, 2006	**35,772,996**
less treasury shares: held for trading purposes	0
Number of shares issued at December 31, 2006	**35,772,996**
less treasury shares: held for trading purposes	– 100
Number of shares outstanding at December 31, 2007	**35,772,896**

The treasury shares do not have any dividend or voting rights at the annual general meeting. All other shares issued are equally entitled to dividends and voting.

Details regarding treasury shares and contingent and authorized capital are included in Note 3 to the annual financial statements of mobilezone holding ag on page 68.

Calculation of earnings per share		*2007*	*2006*
Consolidated net profit	CHF	18,879,227	16,149,000
Weighted average number of shares outstanding	Pieces	35,772,996	35,770,000
Earnings per share	**CHF**	**0.53**	**0.45**
Consolidated net profit	CHF	18,879,227	16,149,000
Weighted average number of outstanding and potential shares	Pieces	35,772,996	35,770,000
Earnings per share – diluted	**CHF**	**0.53**	**0.45**

16 *Current provisions*

(in CHF 000)	*2007*	*2006*
At January 1	**100**	**100**
Used	0	– 100
Additions	0	100
At December 31	**100**	**100**

The provision for warranty claims is for expected warranty claims from the sale of mobile phones.

17 *Other current liabilities*

(in CHF 000)	*2007*	*2006*
Deferrals	6,597	3,530
Other current accounts payable	5,044	1,366
Total Other current liabilities	**11,641**	**4,896**

18 Financial instruments

The financial assets and liabilities aggregated in accordance with evaluation criteria as set forth in IAS 39:

(in CHF 000) Book value	Loans and accounts receivable		Financial investments available for disposal		Financial investments held for trading purposes		Financial liabilities stated at amortized cost	
Assets	***2007***	***2006***	***2007***	***2006***	***2007***	***2006***	***2007***	***2006***
Securities	0	0	110	1,744	0	0	–	–
Other accounts receivable	11,507	4,187	0	0	0	0	–	–
Trade accounts receivable	23,325	28,650	0	0	0	0	–	–
Cash & cash equivalents	19,438	16,397	0	0	0	0	–	–
Liabilities & shareholders' equity								
Trade accounts payable	–	–	–	–	–	–	31,654	22,913
Other current accounts payable	–	–	–	–	–	–	11,641	4,896
Total	**54,270**	**49,234**	**110**	**1,744**	**0**	**0**	**43,295**	**27,809**

Due to their short-term maturity, the financial instruments' book values roughly correspond to their market value.

19 *Maturity profile of financial obligations*

All financial obligations of mobilezone are payable within one year; mobilezone has no interest-bearing obligations.

20 Operating leases

As of December 31, 2007, mobilezone Group operated 127 shops, all of which were leased. Leases typically have fixed terms between 3 and 5 years, with an option to renew for several years.

Future payments under fixed-term operating leases as of balance sheet date will become due as follows:

(in CHF 000)	***2007***	***2006***
Less than 1 year	8,409	7,258
Between 1 and 5 years	18,910	18,530
More than 5 years	4,978	3,028
Total	**32,297**	**28,816**

In 2007 the amount of CHF 8,536,000 was recognized as an expense from operating leases in the income statement (2006: CHF 7,292,000). These expenses included revenue-based rents, less the minimum rent, in the amount of CHF 103,000 (2006: CHF 55,000).

The expected lease income from sublease agreements amounts to CHF 618,000 (2006: CHF 365,000).

21

Contingent liabilities and future commitments, capital commitments, and restrictions of ownership

As of December 31, 2007, and December 31, 2006, no items had to be reported under this heading.

22

Relationships with related parties and companies

Related parties are members of the Board of Directors, Group Management, their close relatives, and key shareholders, including companies controlled by them.

Hans-Ulrich Lehmann and Ruedi Baer, both members of the Board of Directors, are the owners of Immoplaza AG. This company rents the central warehouse and the administrative building in Regensdorf to mobilezone ag. Hans-Ulrich Lehmann is the owner of Autronic AG, Samtel AG, and Mobile Solutions AG. The first two companies are distributors of Nokia and Samsung mobile phones in Switzerland. They supply mobilezone ag with mobile phones and pay marketing contributions. Mobile Solutions AG develops content for mobile phone applications. All transactions were effected at arm's length.

Transactions and balances with related parties	*2007*	*2006*
(in CHF 000)		
Purchases of mobile phones from Autronic AG	24,808	17,643
Marketing contributions from Samtel AG	343	174
Service fees from Mobile Solutions AG	180	335
Operating lease expenses to Immoplaza AG	320	396
Accounts receivable (2006: payable) to Autronic AG	2,971	597
Accounts receivable from Samtel AG	0	138
Accounts payable to Mobile Solutions AG	8	34
Attorney's fee to related parties (Kloter Rechtsanwälte)	113	117

Cash compensations paid to and shares held by the members of the Board of Directors and of the Group Management are detailed in the Notes to the annual financial statements of mobilezone holding ag on page 69.

The shares in mobilezone holding ag are broadly distributed. Significant shareholders are listed in the Notes to the annual financial statements of mobilezone holding ag on page 68.

23 Events following the balance sheet date

There have been no events that are required to be disclosed here.

On March 10, 2008, the Board of Directors approved these consolidated financial statements for publication. They are still subject to approval by the General Meeting on April 10, 2008.

Report of the Group Auditors to the general meeting of
mobilezone holding ag, Regensdorf

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in shareholders' equity, cash flow statement and notes) of mobilezone holding ag for the year ended December 31, 2007, as presented on pages 36 to 63 of this report. The consolidated financial statements of mobilezone holding ag as of December 31, 2006, were audited by another auditor whose report dated March 6, 2007, expressed an unqualified opinion.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd.

Daniel Wüst
Swiss Certified Accountant

Michael Bugs
Swiss Certified Accountant
(in charge of the audit)

Zurich, March 10, 2008

For the year ended December 31	*2007*	*2006*
(in CHF 000)		
Financial income	53,829	662
Income from services provided and other income	1,633	1,732
Total Income	**55,462**	**2,394**
Administrative expenses	1,713	1,607
Financial expenses	134	278
Total Expenses	**1,847**	**1,885**
Net profit	**53,615**	**509**

As of December 31		2007	2006
(in CHF 000)	Notes		
ASSETS			
Cash & cash equivalents		11,041	864
Treasury shares		1	0
Accounts receivable from			
third parties		15	71
Group companies		19,485	6
Current assets		**30,542**	**941**
Investments	2	33,031	31,076
Securities		110	1,710
Fixed assets		**33,141**	**32,786**
Total Assets		**63,683**	**33,727**
LIABILITIES & SHAREHOLDERS' EQUITY			
Current accounts payable to			
third parties		855	214
Group companies		615	14,300
Accruals and deferrals		457	341
Current liabilities		**1,927**	**14,855**
Share capital	3	358	358
General reserves		131	131
Reserve for own shares	3	1	0
Free reserves		6,062	15,062
Available earnings			
Balance brought forward		1,589	2,812
Net profit		53,615	509
Shareholders' equity		**61,756**	**18,872**
Total Liabilities and shareholders' equity		**63,683**	**33,727**

Except for the comments that follow, there are no further facts that require disclosure in accordance with Art. 663b of the Swiss Code of Obligations.

1 Contingent liabilities / claims subject

(in CHF 000)

	12/31/2007	12/31/2006
Subordination to mobilezone net ag	1,000,000	0
Joint and several liability from VAT – Group taxation	p.m.	p.m.

2 Scope of consolidation and significant investments in subsidiaries and associates

	Investment held (%)	Paid-in capital (in CHF 000)	Consolidation
mobilezone ag, Regensdorf	100	2,850	C
Europea Trade AG, Regensdorf	100	100	C
mobilezone net ag, Regensdorf	100	500	C
mobilezone com ag, Regensdorf (formerly globalzone ag)	100	100	C
mobilezone crm ag, Geneva (formerly Sabre Tek SA)	100	100	C
mobilezone business ag, Regensdorf	100	100	C
Telepoint AG, Kriens	100	300	C
Amel CCD SA, Regensdorf	100	100	C

mobilezone international ag was merged with mobilezone com ag in October 2007.

C = fully consolidated

3

Share capital, authorized and conditional capital increases

As of December 31, 2007, capital stock consists of 35,772,996 bearer shares at a par value of CHF 0.01 each. As of the balance sheet date, there was authorized share capital in the amount of CHF 30,000 (2006: CHF 30,000). In addition, as of December 31, 2007, conditional share capital in the amount of CHF 132,910 (2006: CHF 132,910) is earmarked for the exercise of employee stock options (up to CHF 22,910) for the exercise of conversion and option rights relating to any debenture loans (up to CHF 100,000), and for the exercise of other options (up to CHF 10,000). As of the balance sheet date and as in the previous year, there were no options outstanding.

Change in number of treasury shares

	Amount of bearer shares	Price in CHF Maximum	Average	Minimum	Total (in CHF 000)
At January 1, 2006	**7,990**				**31**
Purchases at cost	9,500	6.75	6.12	5.03	58
Disposals at sale prices	– 17,490	7.10	6.05	5.50	– 105
Write-off of stock price gain					16
At December 31, 2006	**0**				**0**
Purchases at cost	800	7.70	7.51	7.24	6
Disposals at sale prices	– 700	7.90	7.82	7.73	– 6
Write-off of stock price gain					1
At December 31, 2007	**100**				**1**

Significant shareholders

As of December 31, 2007, the company knew of the following shareholders controlling 5 percent, or, respectively, 3 percent as of December 2007, or more of the capital/votes of the Group companies:

(in %)	2007	2006
Schroders Plc., GB-London	9.9	9.9
Bestinver Gestión SA, E-Madrid	11.0	9.7
Polar Capital LLP, GB-London	3.5	n.a.
Asialand Holding Corp., VG-Tortola	5.1	5.1
Hans-Ulrich Lehmann/Lehmann Holding AG	n.a.	5.7
Ruedi Baer/B&B Beratungs-AG	n.a.	5.0
Total	**29.5**	**35.4**

4 Compensation to members of the Board of Directors and to the Group Management

(in CHF 000)	Fee salary fixed	Fee salary variable	Pension and social security contributions	Health and accident insurance contributions	Total
Board of Directors					
Charles Gebhard, President	25	40	3	0	68
Ruedi Baer [1]	0	0	0	0	0
Walter Heutschi	15	35	3	0	53
Michael R. Kloter	15	35	3	0	53
Hans-Ulrich Lehmann	15	35	3	0	53
Total Board of Directors	**70**	**145**	**12**	**0**	**227**
Group Management					
Ruedi Baer [1]	744	202	0	0	946
Martin Lehmann [2]	222	168	44	2	436
Other members of the Management	553	409	93	6	1,061
Total Group Management	**1,519**	**779**	**137**	**8**	**2,443**

[1] Ruedi Baer was CEO of the company until June 30, 2007, and Executive Officer of the Board of Directors until December 31, 2007. The compensation for his activity as a member of the Board of Directors is included in the compensation for his work as CEO and Executive Officer of the Board of Directors of the company.

[2] Martin Lehmann has been CEO of the company since July 1, 2007; previously he was a member of the Group Management until June 30, 2007.

5 Shares held by the Board of Directors and by the Group Management

Name	*Position*	*Number of shares*
Charles Gebhard	President of the Board of Directors	29,600
Ruedi Baer	Member of the Board of Directors	1,062,000
Walter Heutschi	Member of the Board of Directors	0
Michael R. Kloter	Member of the Board of Directors	26,000
Hans-Ulrich Lehmann	Member of the Board of Directors	100,000
Martin Lehmann	Chief Executive Officer	1,062,033
Markus Bernhard	Chief Financial Officer	18,000
Dino Di Fronzo	Sales Director	0
Fritz Hauser	Chief Information Officer	0
Werner Waldburger	Chief Operating Officer	0

Proposal by the Board of Directors

Appropriation of available earnings	***2007***	***2006***
(in CHF)		
Balance brought forward	1,588,803	2,812,128
Net profit	53,615,066	508,574
Available earnings at the disposal of the Annual General Meeting	**55,203,869**	**3,320,702**

The proposal of the Board of Directors of mobilezone holding ag to the Annual General Meeting, to be held on April 10, 2008, is to dispose of the available earnings as follows:

Payment of a dividend of CHF 0.33 (previous year: CHF 0.30) per bearer share entitled to dividends	11,805,089	10,731,899
Share of dividend payment from free reserves	0	– 9,000,000
To be carried forward	43,398,780	1,588,803
Total	**55,203,869**	**3,320,702**

Report of the statutory auditors to the general meeting of
mobilezone holding ag, Regensdorf

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of mobilezone holding ag for the year ended December 31, 2007, as presented on pages 65 to 70 of this report. The accounting records and the financial statements of mobilezone holding ag as of December 31, 2006, were audited by another auditor whose report dated March 6, 2007, expressed an unqualified opinion on those statements.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd.

Daniel Wüst
Swiss Certified Accountant

Michael Bugs
Swiss Certified Accountant
(in charge of the audit)

Zurich, March 10, 2008

Aarau Bahnhofstrasse 11
Aigle Centre Commercial MMM Centre, Chemin sous le Grand Pré 4
Arbon Zentrum Novaseta
Baden Badstrasse 7
Balerna Centro Breggia, Via San Gottardo 56a
Basel Claraplatz, Rebgasse 2 / Ecke Greifengasse; Gerbergasse 70; Freie Strasse 20; RailCity SBB Bahnhofpasserelle, 1. OG, Güterstrasse 115; Shopping-Center St.-Jakob-Park, St.-Jakob-Strasse 397; Steinenvorstadt 2; Im Clara-Huus am Claraplatz, Webergasse 34
Bellinzona Viale Stazione 2; Via Nosetto 4
Bern Von-Werdt-Passage 3; Waaghaus-Passage 8
Biasca Via Lucomagno 17
Biel / Bienne Bahnhofstrasse 6; CARREFOUR, Centre Boujean, Zürichstrasse 12; Nidaugasse 18 / pedestrian-zone
Bremgarten EKZ Sunne-Märt, Sonnengutstrasse 3
Brig Bahnhofstrasse 4
Brugg Neumarktplatz 5
Buchs AG EKZ Wynecenter, im EG, Bresteneggstrasse 9B
Buchs SG Bahnhofstrasse 28
Bülach MIGROS-Center Süd, Feldstrasse 85
Bulle Grand-Rue 30
Burgdorf EKZ Neumarkt, 1. OG, Lyssachstrasse 27
Chur EKZ City Shop, Quaderstrasse 8 (formerly Merkur)
Collombey Centre Commercial, Parc du Rhône
Crissier Centre MIGROS, Chemin de Closalet 7
Delémont Avenue de la Gare 42
Dietlikon CARREFOUR, Industriestrasse 28
Écublens Centre Commercial Écublens du Croset 1, Chemin de Croset 1
Egerkingen Gäupark, 1. OG, Hausimollstrasse 1
Emmenbrücke EKZ Emmen-Center
Frauenfeld EKZ Passage, Bahnhofstrasse 70
Fribourg EKZ Fribourg-Centre, Avenue de la Gare 10; Rue de Romont 12
Genève Centre Commercial Balexert, 1. OG, Avenue Louis-Casaï 27; Centre Commercial Les Cygnes, Rue des Alpes 22; Centre Commercial Planète Charmilles, Promenade de l'Europe 11; Eaux-Vives 2000; Rue de Rive 10; Rue de Carouge 18; Rue du Mont-Blanc 17
Genève-Carouge Centre Commercial La Praille, Route des Jeunes 10
Glarus Schweizerhofstrasse 7
Glatt-Wallisellen Glattzentrum, middle sales level
Gossau SG Citypark, St. Gallerstrasse 17
Grancia Parco Commerciale Grancia
Heimberg CARREFOUR, Blümlisalpstrasse 61
Hinwil CARREFOUR, Wässeristrasse 38
Interlaken Rugenpark MIGROS-Center, 1. OG, Rugenparkstrasse 1
Kreuzlingen Hauptstrasse 49a
Kriens EKZ Pilatus-Markt, Ringstrasse 19
La Chaux-de-Fonds Avenue Léopold-Robert 33; CARREFOUR, Boulevard des Éplatures 20; Centre Commercial Les Entilles, Avenue Léopold-Robert 131
Langenthal Bärenplatz / Marktgasse 12–14
Lausanne Rue Haldimand 5; Rue Mauborget 12
Locarno Largo Zorzi 8
Lugano Via Nassa 7; Palazzo Ransila, Via Pretorio 9
Luzern Kapellgasse 7; Pilatusstrasse 7; Kramgasse 5 (formerly Telepoint)
Lyss Hirschenplatz 1A
Manno Strada Cantonale 43
Marin-Épagnier Centre Commercial MANOR Marin
Martigny Centre Commercial MIGROS Manoir
Mels Pizol-Center
Meyrin Centre Commercial de Meyrin, Avenue de Feuillasse 24
Montreux Centre Forum, Place du Marché 6
Morges Grand-Rue 10
Neuchâtel Rue du Seyon 6; Centre Commercial La Maladière, Rue Pierre-à-Mazel 10
Nyon Centre Commercial La Combe, Rue de la Morâche 6
Oftringen EKZ A1, Spitalweid 2, 1. OG; Perry-Center, Bernerstrasse
Olten Baslerstrasse 60
Pfäffikon SZ EKZ Seedamm-Center, Passage middle sales level
Rapperswil Obere Bahnhofstrasse 44
Regensdorf EKZ Regensdorf; Riedthofstrasse 124
Rorschach Hauptstrasse 67
Sarnen EKZ MM Sarnen-Center, Nelkenstrasse 5
Schaffhausen Vordergasse 41; Herblinger Markt, Stüdliackerstrasse 10
Schönbühl SHOPPYLAND, Industriestrasse 20
Schönbühl-Urtenen EKZ CARREFOUR, Sandstrasse 8
Schwyz-Ibach EKZ Mythen-Center, 1. OG
Sierre Noës Centre Commercial
Signy Centre Commercial, Rue des Fléchères
Sion Rue de la Porte-Neuve 21
Solothurn Marktplatz 45
Spreitenbach Center Mall
Stans EKZ Länderpark, Bitzistrasse 2
Steinhausen EKZ Zugerland, Hinterbergstrasse 40
Sursee EKZ Surseepark, Bahnhofstrasse 28, shop No. 3
St. Gallen EKZ Shopping Arena, Zürcherstrasse 462; EKZ Neumarkt 1, 1. OG; Multergasse 31
St. Margrethen EKZ Rheinpark
Thun Bälliz 62
Vernier CARREFOUR, Route de Meyrin 171
Vevey Centre Commercial Midi-Coindet, EG, Avenue du Général-Guisan 17; Centre Commercial St-Antoine, 2nd storey, Avenue du Général-Guisan 15
Villars-sur-Glâne Centre Commercial Jumbo / CARREFOUR, Route de Moncor 1
Visp Bahnhofstrasse 2
Volketswil VOLKI-LAND, Industriestrasse 1
Weinfelden Zentrum-Passage 1
Wettingen Zentrumsplatz, Landstrasse 87
Wil SG Obere Bahnhofstrasse 21
Winterthur MIGROS-Center Rosenberg, Schaffhauserstrasse 152; Untertor 13, pedestrian-zone
Wohlen Bahnhofstrasse 5
Yverdon Rue du Lac 24
Zug EKZ Metalli, Baarerstrasse 16
Zürich Bahnhofstrasse 87; Bellevue, Theaterstrasse 12; Löwenstrasse 56; City Shopping, 1. OG, Löwenstrasse 35; EKZ Letzipark, upper sales level; Sihlcity, 1.OG, Kalanderplatz 1; Stauffacherstrasse 35
Zürich-Altstetten MMM Altstetten, Altstetterstrasse 145
Zürich-Oerlikon EKZ Neumarkt, Hofwiesenstrasse 350

Situation in March 2008

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