

Strong increase in Jelmoli Group operating cash flow and profit

Jelmoli Group operating cash flow (EBITDA) of CHF 98.6 million for the first half of 2006 exceeded the prior mid-year level by CHF 12.5 million or 14.5%. New highs were set both for EBITDA and for Group net profit at CHF 53.8 million.

Group key figures (consolidated, unaudited)

First half-year				
Million CHF	2006	2005	Change in % in Mio. CHF	
Turnover	494.3	496.1	-0.4%	
comparable			+1.1%	
Rental income (incl. from own retail locations)	68.0	65.4	+4.0%	
comparable			+3.3%	
Operating cashflow EBITDA	98.6	86.1	+14.5%	+12.5
Operating income EBIT	96.7	68.9	+40.3%	+27.8
Impairment on Tivona participation	-	-50.0		
Financial income	-27.6	-26.6		
Earnings before tax EBT	69.1	-7.7		
Tax	-15.1	-9.2		
Net profit	54.0	-16.9		
of which Jelmoli shareholders (Group net profit)	53.8	-17.5		
of which minorities	0.2	0.6		

The retail trade segment cost reduction measures introduced in the second half of 2005 brought a marked rise in operating income for the first half of 2006. EBITDA margins in retail trade rose by 1.7 percentage points to 9.7 percent. Real estate rental income rose by CHF 2.6 million to CHF 68.0 million. There were no development gains for the first half of 2006 because no large projects were completed.

Group financial income

Financial income for the first half year shows excess expenditure of CHF -27.6 million (as against CHF -76.6 million per mid-year 2005). While financial costs have increased somewhat due to long-term refinancing, the prior year period was heavily affected above all by impairment loss on the Tivona AG participation.

Group net profit

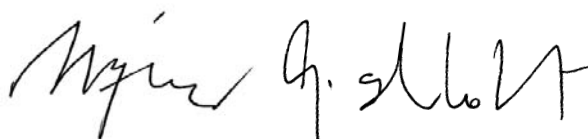
Group net profit rose overall by CHF 71.3 million to CHF 53.8 million. Even without taking account of impairment loss on the Tivona participation in the first half of 2005, this represents a 65.5% increase compared with the prior year period.

Year-end outlook: Significantly higher operating income and Group net profit expected

Since the cost reduction measures already brought some improvements in the second half of 2005, their effect will flatten off in the second semester this year.

A significant increase in operating income and Group net profit is expected for 2006 as a whole.

Jelmoli Holding Ltd
September 12, 2006



Walter Fust
Chairman
of the Board

Gustav Stenbolt
President of the
Executive Committee

Retail Trade

First half-year				
Million CHF	2006	2005	Change in %	Change in Mio. CHF
Turnover Jelmoli Zurich (incl. Molino/Fashion Bazaars/Beach Mountain)	110.9	123.8	-10.4%	
comparable			+1.8%	
Turnover Dipl. Ing. Fust	383.4	372.3	+3.0%	
comparable			+0.8%	
Total Group turnover	494.3	496.1	-0.4%	
comparable			+1.1%	
Operating cashflow EBITDA	48.6	39.9	+21.8%	+8.7
Depreciation	-12.4	-13.6		+1.2
Badwill on acquisition	+4.5	-		+4.5
Operating income EBIT	40.7	26.3	+54.8%	+14.4

Significantly higher operating income

Jelmoli Zurich turnover (including Specialty Businesses) on a comparable sales floor area was 1.8% higher than in the prior year period. Dipl. Ing. Fust AG turnover increased to CHF 383.4 million, 3 percent higher than per mid-year 2005. The cost optimization measures already introduced by Jelmoli and Fust in the second half of 2005 are now taking full effect. Overall operating cash flow (EBITDA) has risen by 21.8% to a new record level of CHF 48.6 million. Operating income EBIT rose by 54.8% to CHF 40.7 million.

Year-end forecast

In view of the improving consumer demand on one hand, and the cost structure optimizations on the other, we look to the second half of 2006 with optimism.

Jelmoli Zurich (The House of Brands)

Overall turnover at the Jelmoli Zurich shopping gallery (including external tenants) rose again by 2.0% to CHF 148.0 million. The transfer to external tenants of about 10% of total sales floor area at Jelmoli Zurich (including Gourmet-Factory on the ground floor and "New Yorker" on the second floor) since autumn 2005 resulted in a 10.4% turnover decline. However, the associated cost reductions resulted in a significant increase in operating income.

Year-end forecast

The cost reduction program in the logistics and administration areas already brought some improvements in the second half of 2005. We expect nevertheless a further increase in operating profit for 2006 as a whole.

Dipl. Ing. Fust AG

Fust turnover for the first half-year 2006 rose above all in multimedia business, due to excellent TV and Home Cinema sales prior to the World football championships. Thanks also to the Eschenmoser acquisition per June 1, 2006, overall turnover increased by 3.0% (comparable: +0.8%). The reduction of advertising and personnel expenses compared with last year's unusually high level, together with other cost saving measures and more direct-imports, brought a further rise in operating income despite the ongoing margin pressure.

Year-end forecast

Summer turnover for hot July and August is again significantly higher than in prior year. If market conditions remain the same, we also expect a marked rise in operating income for 2006 as a whole.

Real Estate

First half-year			
Million CHF	2006	2005	Change in % in Mio. CHF
Total rental income	68.0	65.4	+4.0%
comparable			+3.3%
Operating cashflow EBITDA	50.0	46.2	8.2%
Depreciation	-0.7	-0.6	-0.1
Value appreciation to IAS40	-	2.7	-2.7
Badwill on acquisition	+10.5	-	+10.5
Operating income EBIT	59.8	48.3	+23.8%

Most rental agreements are on a fixed long-term basis (with extension options). A fixed minimum rental clause appropriate to top-location level secures real estate income against a decline, while the turnover-linked rent allows participation in phases of economic upswing and inflation.

Increased rental income by 4.0% to CHF 68.0 million

The temporary missing of rental income from properties in Thônex (Geneva) and on Sihlstrasse Zurich, where extensive reconstruction and new building projects respectively are currently underway, was compensated by rental income from five new properties (in Frauenfeld and from the four Eschenmoser properties acquired). Thanks to optimization of the rental structure at Jelmoli Zurich, the utilization of previously vacant floor areas, and new rental agreements on a more profitable basis at some of our larger shopping centers, comparable rental income rose by 3.3%.

The properties meanwhile closed or newly acquired were partially self-utilized. Furthermore, the new rental agreements and utilization of previously vacant floor areas mainly concern external tenants. This has increased external rental income by CHF 2.6 million or 5.4%.

Operating cash flow rose out of proportion by 8.2% to CHF 50.0 million thanks to lower extraordinary charges than in prior year. Operating income EBIT increased by 23.8% to CHF 59.8 million.

Year-end forecast

Further increases in rental income and operating income are expected for 2006 as a whole. Turnover-linked rentals, which are not calculated until year-end, are also expected to be higher for 2006 than in prior year. Development gains are expected to be lower than in 2005 as apart from the new construction in Lutry, no large projects are due for completion this year.

Further outlook – development pipeline

The following projects are to be realized during 2006–2008:

Lutry

New building with retail trade floor areas and apartments; scheduled opening year-end 2006.

Zurich-Hiltl

Extension of the restaurant and courtyard office floor areas; scheduled opening early 2007

St. Gall Stadium West Shopping Center

Including car park building (adjacent to the new IKEA center); scheduled opening early 2008

Oberbüren und Niederwangen

Conversion of the present logistics and retail trade floor areas; diverse tenants; scheduled opening 2007/8

Thônex

Demolition and new construction of a suburban shopping center with diverse tenants and apartments; scheduled opening 2008

Moscow – Russia

Shopping center construction together with the Russian partner „Mosmart“ and various other retail trade chains; scheduled opening of the first shopping center in Nizhni Novgorod per early 2007.

Investment volume for these projects totals around CHF 350 million. The commercialization and achievement of the target yields appear realistic at the present time. Various other projects are under assessment with regard to profitability and feasibility.

Consolidated Income Statement

	Jelmoli Group consolidated						Elimination own use	
	1 st half-year 2006		Change		1 st half-year 2005		2006	2005
	CHF Million	% of total income	CHF Million	in %	CHF Million	% of total income	CHF Million	CHF Million
Gross sales	494.3		-1.8	-0.4%	496.1		-	-
<i>comparable to prior year</i>								
Sales deductions	-4.0		1.9	32.2%	-5.9		-	-
Net Sales	490.3		0.1	0.0%	490.2		-	-
Rental income	50.8		2.6	5.4%	48.2		-17.2	-17.2
<i>comparable to prior year</i>								
Other income	6.9		1.3	23.2%	5.6		-1.9	-2.3
Total income	548.0	100.0%	4.0	0.7%	544.0	100.0%	-19.1	-19.5
Cost of materials and products	-274.5	-50.1%	-0.2	-0.1%	-274.3	-50.4%		
Personnel expenses	-115.6	-21.1%	3.3	2.8%	-118.9	-21.9%	-	-
Other expenses	-59.3	-10.8%	5.4	8.3%	-64.7	-11.9%	19.1	19.5
EBITDA¹ Earnings before interest, taxes, depreciation and amortisation	98.6	18.0%	12.5	14.5%	86.1	15.8%	-	-
Depreciation and amortisation	-16.9	-3.1%	0.3	1.7%	-17.2	-3.2%	-3.8	-3.0
Revaluation of investment property segments	-	-0.1%	-		-	0.0%	-	-2.7
Badwill in acquisitions	15.0	2.7%	15.0		-	0.0%	-	-
EBIT² Earnings before taxes	96.7	17.6%	27.8	40.3%	68.9	12.7%	-3.8	-5.7
Impairment loss Tivona ⁵	-		50.0		-50.0		-	-
Financial income	1.7		-0.7		2.4		-	-
Financial expenses	-30.4		-1.9		-28.5		-	-
Share in result of associates	1.1		1.6		-0.5		-	-
Finance result, net	-27.6	-5.0%	49.0	64.0%	-76.6	-14.1%	-	-
EBT³ Earnings before taxes	69.1	12.6%	76.8	997.4%	-7.7	-1.4%	-3.8	-5.7
Deferred taxes on revaluation of investment property segments	-		-		-		-	0.6
Other income taxes	-15.1		-5.9		-9.2		0.7	0.7
Income taxes	-15.1	-2.8%	-5.9	-64.1%	-9.2	-1.7%	0.7	1.3
Net profit	54.0	9.9%	70.9	419.5%	-16.9	-3.1%	-3.1	-4.4
thereof Jelmoli shareholders (Group net profit)	53.8	9.8%	71.3	407.4%	-17.5	-3.2%	-3.1	-4.4
thereof minority interests	0.2	0.0%	-0.4	-66.7%	0.6	0.1%		
Shares entitled to dividend	625 360		-4517	-0.7%	629 877		-	-
EPS⁴ Earnings per share in CHF	86		114	407.1%	-28		-5	-7
Diluted EPS	85		112		-27		-5	-7

1 EBITDA Earnings before Interest, Taxes, Depreciation and Amortisation

2 EBIT Earnings before Interest and Taxes

3 EBT Earnings before Taxes

4 EPS Earnings per Share

5 Taking into account the share of associated companies in earnings (including impairment loss), the segment earnings are CHF 60.9 million (prior year: CHF -2.2 million)

Total Segments					
1 st half-year 2006		Change		1 st half-year 2005	
CHF Million	% of total income	CHF Million	in %	CHF Million	% of total income
494.3		-1.8	-0.4%	496.1	
-4.0		1.9	32.2%	-5.9	
490.3		0.1	0.0%	490.2	
68.0		2.6	4.0%	65.4	
8.8		0.9	11.4%	7.9	
567.1	100.0%	3.6	0.6%	563.5	100.0%
-274.5	-48.4%	-0.2	-0.1%	-274.3	-48.7%
-115.6	-20.4%	3.3	2.8%	-118.9	-21.1%
-78.4	-13.8%	5.8	6.9%	-84.2	-14.9%
98.6	17.4%	12.5	14.5%	86.1	15.3%
-13.1	-2.3%	1.1	-7.7%	-14.2	-2.5%
-	0.0%	-2.7	-100.0%	2.7	0.5%
15.0	2.6%	15.0	-	-	0.0%
100.5	17.7%	25.9	34.7%	74.6	13.2%
-		50.0		-50.0	
1.7		-0.7		2.4	
-30.4		-1.9		-28.5	
1.1		1.6		-0.5	
-27.6	-4.9%	49.0	64.0%	-76.6	-13.6%
72.9	12.9%	74.9	3 745.0%	-2.0	-0.4%
-		0.6		-0.6	
-15.8		-5.9		-9.9	
-15.8	-2.8%	-5.3	-50.5%	-10.5	-1.9%
57.1	10.1%	69.6	556.8%	-12.5	-2.2%
56.9		70.0		-13.1	
0.2	0.0%	-0.4	-66.7%	0.6	0.1%
625 360		-4517	-0.7%	629 877	
91		112	533.3%	-21	
90		110		-20	

Retail Trade					
1 st half-year 2006		Change		1 st half-year 2005	
CHF Million	% of total income	CHF Million	in %	CHF Million	% of total income
494.3		-1.8	-0.4%	496.1	
-3.8		1.2	-24.0%	-5.0	
490.5		-0.6	-0.1%	491.1	
-		-		-	
8.3		0.7	9.2%	7.6	
498.8	100.0%	0.1	0.0%	498.7	100.0%
-274.4	-55.0%	-0.2	-0.1%	-274.2	-55.0%
-111.0	-22.4%	3.9	3.4%	-114.9	-23.0%
-64.8	-13.0%	4.9	7.0%	-69.7	-14.0%
48.6	9.7%	8.7	21.8%	39.9	8.0%
-12.4	-2.5%	1.2	8.8%	-13.6	-2.7%
-		-		-	
4.5	0.9%	4.5		-	
40.7	8.2%	14.4	54.8%	26.3	5.3%

Real Estate					
1 st half-year 2006		Change		1 st half-year 2005	
CHF Million	% of total income	CHF Million	in %	CHF Million	% of total income
-		-		-	
-0.2		0.7	-77.8%	-0.9	
-0.2		0.7	-77.8%	-0.9	
68.0		2.6	4.0%	65.4	
0.5		0.2	66.7%	0.3	
68.3	100.0%	3.5	5.4%	64.8	100.0%
-0.1	-0.1%	-		-0.1	
-4.6	-6.7%	-0.6	-15.0%	-4.0	-6.2%
-13.6	-19.9%	0.9	6.2%	-14.5	-22.4%
50.0	73.2%	3.8	8.2%	46.2	71.3%
-0.7	-1.0%	-0.1	-16.7%	-0.6	-0.9%
-		-2.7	-100.0%	2.7	4.2%
10.5		10.5		-	
59.8 ⁵⁾	87.6%	11.5	23.8%	48.3	74.5%

Consolidated Balance Sheet

Million CHF	Jelmoli Group consolidated		Elimination own use		Total Segments	
	30.06.2006	31.12.2005	2006	2005	30.06.2006	31.12.2005
Investment properties	1 776.8	1 770.3	-572.7	-533.6	2 349.5	2 303.9
Land	46.2	37.0	46.2	37.0	-	-
Buildings	219.6	193.7	219.3	193.4	0.3	0.3
Buildings under construction	91.9	71.6			91.9	71.6
Operating fixtures	103.8	105.5	55.6	55.5	48.2	50.0
Furniture and equipment	78.6	84.1	2.9	2.8	75.7	81.3
Total property, plant and equipment	540.1	491.9	324.0	288.7	216.1	203.2
Intangible assets	7.3	6.1	-	-	7.3	6.1
Goodwill	79.6	79.6	-	-	79.6	79.6
Investment in associates	78.4	78.3	-	-	78.4	78.3
Other financial assets	32.8	20.2	-	-	32.8	20.2
Total financial assets	111.2	98.5	-	-	111.2	98.5
Pension asset	30.0	30.0	-	-	30.0	30.0
Total non-current assets	2 545.0 82.3%	2 476.4 79.0%	-248.7	-244.9	2 793.7 83.6%	2 721.3 80.5%
Inventories	217.0	185.0	-	-	217.0	185.0
Trade accounts receivable	164.1	158.9	-	-	164.1	158.9
Other receivables	56.3	63.3	-	-	56.3	63.3
Current tax receivables	3.5	2.3	-	-	3.5	2.3
Prepaid expenses and accrued income	41.7	31.9	-	-	41.7	31.9
Marketable securities	1.2	-	-	-	1.2	-
Cash	63.6	218.1	-	-	63.6	218.1
Total current assets	547.4 17.7%	659.5 21.0%	-	-	547.4 16.4%	659.5 19.5%
Total assets	3 092.4 100.0%	3 135.9 100.0%	-248.7	-244.9	3 341.1 100.0%	3 380.8 100.0%
Share capital	34.3	34.3	-	-	34.3	34.3
Treasury shares and options on own shares	-90.0	-90.4	-	-	-90.0	-90.4
Additional paid-in capital	78.0	78.0	-	-	78.0	78.0
Reserves	1 009.0	979.1	-204.1	-201.0	1 213.1	1 180.1
Equity attributable to Jelmoli shareholders	1 031.3	1 001.0	-204.1	-201.0	1 235.4	1 202.0
Equity attributable to minority interests	3.9	2.4	-	-	3.9	2.4
Total equity	1 035.2 33.5%	1 003.4 32.0%	-204.1	-201.0	1 239.3 37.1%	1 204.4 35.6%
Financial liabilities	1 056.2	1 310.3	-	-	1 056.2	1 310.3
Deferred tax liabilities	286.0	278.0	-44.6	-43.9	330.6	321.9
Provisions	3.8	3.4	-	-	3.8	3.4
Total non-current liabilities	1 346.0	1 591.7	-44.6	-43.9	1 390.6	1 635.6
Trade payables	48.4	47.1	-	-	48.4	47.1
Financial liabilities	400.9	261.3	-	-	400.9	261.3
Other liabilities	139.1	113.0	-	-	139.1	113.0
Current tax liabilities	11.1	11.0	-	-	11.1	11.0
Accrued expenses and deferred income	111.7	108.4	-	-	111.7	108.4
Total current liabilities	711.2	540.8	-	-	711.2	540.8
Total liabilities	2 057.2 66.5%	2 132.5 68.0%	-44.6	-43.9	2 101.8 62.9%	2 176.4 64.4%
Total liabilities and equity	3 092.4 100.0%	3 135.9 100.0%	-248.7	-244.9	3 341.1 100.0%	3 380.8 100.0%

Consolidated Statement of Changes in Equity

2006

Million CHF	Shareholder's equity as at 01.01.2006	Change in fair value of interest rate SWAP	Gains and losses on interest rate swap transferred to income statement	Cumulative translation differences	Total net income recognised in Equity	Net profit	Total recognised income and expense	Change in scope of consolidation	Capital increase	Purchase and sale of treasury shares and options	Dividends to third parties out of profit from prior year	Shareholder's equity as at 30.6.2006
Share capital	34.3				–		–					34.3
Treasury shares and options on own shares	–90.4				–		–			0.4		–90.0
Additional paid-in capital	78.0				–		–					78.0
Hedging reserve	–10.8	–2.6	–2.0		–4.6		–4.6					–15.4
Cumulative translation differences	–			–0.1	–0.1		–0.1					–0.1
Other reserves	989.9				–	53.8	53.8			0.8	–20.0	1 024.5
Total reserves	979.1	–2.6	–2.0	–0.1	–4.7	53.8	49.1	–		0.8	–20.0	1 009.0
Attributable to Jelmoli shareholders	1 001.0	–2.6	–2.0	–0.1	–4.7	53.8	49.1	–		1.2	–20.0	1 031.3
Attributable to minority interests	2.4				–	0.2	0.2	–	1.3			3.9
Total shareholders' equity	1 003.4	–2.6	–2.0	–0.1	–4.7	54.0	49.3	–	1.3	1.2	–20.0	1 035.2

2005

Million CHF	Shareholder's equity as at 01.01.2006	Change in fair value of interest rate SWAP	Gains and losses on interest rate swap transferred to income statement	Cumulative translation differences	Total net income recognised in Equity	Net profit	Total recognised income and expense	Change in scope of consolidation	Capital increase	Purchase and sale of treasury shares and options	Dividends to third parties out of profit from prior year	Shareholder's equity as at 30.6.2006
Share capital	34.3				–		–					34.3
Treasury shares and options on own shares	–107.9				–		–			11.6		–96.3
Additional paid-in capital	78.0				–		–					78.0
Hedging reserve	–9.3	–1.0	0.8		–0.2		–0.2					–9.5
Cumulative translation differences	–			–	–		–					–
Other reserves	929.4				–	–17.5	–17.5			–2.9	–20.0	889.0
Total reserves	920.1	–1.0	0.8	–	–0.2	–17.5	–17.7	–		–2.9	–20.0	879.5
Attributable to Jelmoli shareholders	924.5	–1.0	0.8	–	–0.2	–17.5	–17.7	–		8.7	–20.0	895.5
Attributable to minority interests	1.8				–	0.6	0.6	–0.3				2.1
Total shareholders' equity	926.3	–1.0	0.8	–	–0.2	–16.9	–17.1	–0.3	–	8.7	–20.0	897.6

Group Statement of Cashflow (1st Half-Year)

Million CHF	Group consolidated	
	2006	2005
Cashflow from operating activities	38.1	20.5
Cashflow from investing activities	–70.0	–50.7
Free Cashflow	–31.9	–30.2
Cashflow from financing activities	–122.6	–115.6
Net cashflow	–154.5	–145.8
Cash and cash equivalents		
at the beginning of the year	218.1	181.1
at the end of the period	63.6	35.3

Group Accounting Principles and Notes to the Consolidated Financial Statement

1. Accounting and valuation principles

The unaudited consolidated financial statements for the first half year 2006 are based on the individual Jelmoli Holding AG (Jelmoli Group) subsidiaries' unaudited financial statements as per June 30, 2006, which have been prepared in accordance with IAS34. The same accounting and valuation principles were applied during the reporting period as in the consolidated annual accounts as per December 31, 2005, with the exceptions set out below. Wherever necessary, comparative figures have been reclassified or extended in order to present changes in the consolidated half year accounts.

Jelmoli adopted the following revised and new standards published by the IASB that are effective from January 1, 2006: Amendments to IAS19 «Employee benefits», IAS39 «Financial Instruments: recognition and measurement», IAS21 «The effects from changes in foreign exchange rates» and IFRS 6 «Exploration for and evaluation of mineral resources». Jelmoli has assessed the impact of the revised and new standards and did not determine a significant effect on consolidated equity and on the Group's result.

2. Change in scope of consolidation

On June 13, 2006, Jelmoli purchased a 100% participation in the discount house Eschenmoser AG. The acquisition price was paid in cash. The acquired assets and liabilities entered the consolidated half year financial statements as follows:

	Million CHF
Property, plant and equipment	37.0
Financial assets	1.4
Inventories	10.9
Trade and other receivables, prepaid expenses and accrued income	0.5
Securities	1.2
Cash	5.9
Financial liabilities	-3.0
Deferred tax liabilities	-3.2
Provisions	-0.6
Short-term financial liabilities	-0.3
Trade payables and other liabilities	-2.0
Current tax liabilities	-0.3
Deferred income	-2.5
Total identifiable assets and liabilities	45.0
Negative goodwill (Badwill)	-15.0

There is only a provisional balance sheet for consolidation purposes and for the purchase price allocation as the preparation of the IFRS take-over balance sheet could not be finalised until the completion of the half year report. The resulting negative goodwill arises in connection with the changing market environment and a best possible succession planning and has been recorded as income in accordance with IFRS 3.

The newly acquired entity contributed CHF 0.1 million to the Group's net income in the first half year 2006. If the entity had been acquired at January 1, 2006, the combined Group's net sales and net income would be CHF 517.2 million and CHF 54.9 million, respectively, in the first half year 2006.

3. Seasonal nature of operating activities

Business in the retail trade segment fluctuates according to season. Net income for the second half year is according to experience higher than in the first half year, which usually accounts for less than 50% of annual turnover.

4. Segment reporting

Since Jelmoli operates in two different business segments (retail real estate rentals and development on the one hand, retail trade on the other), segment information is arranged in a way that all properties in the real estate segment are presented as rental properties, valued every year per December 31 according to the same principles by Wüest & Partner. For the half year report only new openings and significantly reutilized properties are re-valued.

Reporting for this segment thus discloses the change in market value of all properties in the income statement, and the total differences between IFRS market and book values in equity. In the segment balance sheet ("Total segments" column) all real estate properties are therefore disclosed at market value, whereby hidden reserves in the form of mainly or completely self-utilized properties are also disclosed.

In the elimination column the respective value appreciation on properties regarded by Jelmoli as self-utilized according to IFRS is deducted accordingly, the pro rata depreciation being charged to consolidated income.

5. Income statement

Compared with the prior half year period, EBIT improved from CHF 68.9 million to CHF 96.7 million, of which CHF 15.0 million relate to the goodwill from acquisitions. The reasons and the individual segment developments are explained in the business commentary. The financial result improved strongly from CHF -76.6 million to CHF -27.6 million mainly due to the impairment loss on the Tivona participation in the prior year. Group net profit also improved significantly from CHF -17.5 million to CHF 53.8 million.

6. Balance sheet

Due to the strong result the equity ratio improved from 32.0% to 33.5%. The balance sum declined slightly by about 1.4% due to the repayment of a CHF 200 million bond in February.

Fixed assets have increased by CHF 68.6 million (c.f. note 2, change in scope of consolidation). As a result of the project progress in construction work, the buildings under construction and the other financial assets (Hypercenter Investment SA; engagement in Russia) have increased.

Under current assets, liquid funds decreased to CHF 63.6 million following the repayment of the CHF 200 million bond in February.

Mainly as a result of this repayment, liabilities have decreased to CHF 2 057.2 million.

Shareholders' equity increased by 1.5% to CHF 1 035.2 million due to the strong half year result and despite the dividend payment in the reporting period.

7. Further notes

As per June 30, 2006 planned investments in tangible fixed assets and financial assets amounted to around CHF 350 million, of which about one half has already been ordered. These investments are mainly for the construction of the St. Gall shopping center.

Regarding the dispute between Tivona AG majority shareholders and Jelmoli Holding AG, there are no significant new findings.

8. Events after the balance sheet date

Acquisition Preisinsel

On July 19, 2006 Jelmoli acquired a 80% participation in Preisinsel AG, which operates under the two names www.preisinsel.ch and www.netto24.ch.

As there were no IFRS figures available at the time of preparation of the half year report, the acquired assets (including goodwill) and liabilities will be disclosed in the annual report.

Bonus Card

In connection with the expansion of the client credit card Bonus Card to VISA credit card, Jelmoli Group sold 27.5% of the shares in Jelmoli Bonus Card AG, a 100% subsidiary established in 2006, to OZ Bankers AG.

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Internet information**Jelmoli information for the e-mail subscribers:**

At www.huginonline.ch/JEL or www.jelmoliholding.ch subscribers can register without charge for the Jelmoli e-mail news. They will then receive all press releases by e-mail at the same time as the media.

Jelmoli publications on the internet:

At www.huginonline.ch/JEL or www.jelmoliholding.ch all Jelmoli press releases are published, together with the Jelmoli Annual Report and other shareholder information including online stock market reports.

Internet-Shopping at Fust:

On the www.fust.ch homepage, all products in the entire range can be ordered for prompt home delivery.

Internet gift shop and wedding present listing:

At www.jelmoli.ch you will find a host of gift ideas for all occasions. Attractively packed, your purchases can be delivered by express within a few hours anywhere in Switzerland. Our convenient on-line wedding present listing is very popular among bridal couples.