

Annual Report 1999, Jelmoli Holding Ltd, Zurich

THE JELMOLI GROUP AT A GLANCE

in CHF million	1999	1998	Change from previous year	
			non-adjusted	comparable
Gross turnover, Group	904.1	1279.2	-29.3%	
Net turnover, Group	832.3	1209.9	-31.2%	
Rental income, Group	58.0	49.4	+17.4%	
Total income	910.7	1274.8	-28.6%	
Operating Income (EBIT)	87.5	70.7	+23.8%	
Net profit, Group	85.4	65.2	+31.0%	
Earnings per bearer share in CHF	133	95	+40,0%	
No. of employees ¹	2220	2750	-19.3%	
Sales floor area in 1000 m ²	92.5	90.0	+2.8%	
No. of retail locations ³	195	289	-94	
Segment information				
Retail Trade²				
Gross turnover	904.1	1279.2	-29.3%	-1.5%
Operating income	43.9	36.4	+20.6%	
No. of employees ¹	2164	2690	-19.6%	+0.2%
Sales area in 1000 m ²	92.5	90.0	+2.8%	+6.2%
No. of retail locations ³	195	289	-94	+17
Turnover ¹ in CHF/m ² sales area	9774))	-5.0%
Turnover ¹ per employee	0.418))	-1.2%
Retail Real Estate²				
Total rental income	76.1	70.1	+8.6%	+9.0%
External rental income	58.0	+49.4	+17.4	
Operating income	55.6	46.6	+19.3%	
No. of employees ¹	47	50	-6.0%	
Finance / Holdings				
Operating income	-12.0	-12.3	+2.4%	
No. of employees ¹	9	10	-10.0%	

1 Average for the year (full-time employee basis)

2 For further data and key figures per segment and business unit, see pages 11-24, 27, 31 and annexes

3 Corresponds to number of addresses. Fust division locations 1999: 258 (1998: 262)

4 Turnover for 1998 includes for ITV travel and USA mail order activities, meanwhile divested, which cannot be compared with regard to performance per head or sales floor area with store based retailing.

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1999 - 104th ANNUAL REPORT

of the Jelmoli Group and Jelmoli Holding Ltd, Zurich
(translated from the German)

BUSINESS YEAR 1999 - 5-YEAR OVERVIEW OF THE GROUP

Group report	4
Group income statement, balance sheet, five year overview	8
Group companies, organization chart	10

REPORTS FROM THE SECTORS

Retail Trade	11
Jelmoli Zurich, Molino Restaurants, Fashion Bazaars, Shopping Bonus Card, Internet, E-commerce	11
Fust	15
Portable Shop, Digital Home	18
Retail Real Estate	20
Jelmoli	20
Fust	23
USA	23
Environment	24

GROUP FINANCIAL STATEMENT

Report of the Group auditor	25
Group income statement, segment informations	26
Group balance sheet, fixed assets statement, equity statement	28
Group statement of cash flow, segment informations	30
Notes to consolidated financial statements	32
Prospects for 2000	38

FINANCIAL STATEMENT OF JELMOLI HOLDING LTD

Auditor's report	39
Income statement	40
Balance sheet	41
Notes to the annual accounts	42

BOARD OF DIRECTORS - AUDITORS - PROPOSALS

Directors, auditors, Group auditor	44
Proposals to the General Meeting of Shareholders	44

MANAGEMENT, BUSINESS ADDRESSES, CHRONOLOGY

Executive management	45
Business addresses	46
Chronology	51

DEAR CUSTOMERS AND EMPLOYEES,
DEAR SHAREHOLDERS

Record income thanks to steep profitability rise

The strategie focusing of Jelmoli Group activities on the two core sectors of retail trade and retail real estate business continued in 1999, to which purpose a number of other activities were divested. Financial targets (a rise of 5–10% in net profit and 10–20% in profit per share) were significantly exceeded with record earnings:

Operating income:	+24% to CHF 87.5 million
Net profit:	+31% to CHF 85.4 million
Earnings per share:	+40% to CHF 133
Return on equity (ROE):	+29% to 17%

Focusing completed

In accordance with our strategic principle of divesting businesses where we have no particular core competences, existing or potential market positioning, we sold our participations in the travel, optics, textile care and US mail order sectors. This completes the strategic realignment of the group which by focusing on core competences can now concentrate fully on businesses offering the greatest profitability potential.

The Group portfolio has now been reduced to two profitable and sustainable business fields in which we have explicit core competences:

- Retail trade
- Retail real estate

These two sectors are highly complementary, since our real estate business is mainly concerned with the fruitful development and management of retail sales areas. All our current activities are distinguished by:

- market leadership positions
- protection by market entry barriers
- ongoing growth
- e-commerce potential

Market leadership positions protected by market entry barriers

All our businesses hold leading market positions well protected by high market entry barriers:

Jelmoli Zurich is Switzerland's largest and best situated department store, with the highest turnover and growth, and the best service. Operated as a city centre shop-in-shop gallery – a combined department store and shopping centre with high consumer acceptance – this unique concept is inimitable.

Fust domestic appliances, kitchen and bathroom renovations businesses likewise hold market leadership positions assured by unique features which are difficult to imitate: delivery and installation services, leasing and insurance, and a unique repair service organization.

Portable Shop, already a market leader in mobile computing, now takes a leading position in home computing as well thanks to Digital Home. Here again, customer loyalty is assured by competent support and comprehensive services, some of which are exclusive.

Retail real estate with 78 percent of properties situated at unique and highly desirable inner-city locations (1A, B).

Well on course for profitable growth

On this solid basis of high profitability and well-protected market leadership, all our core activities are now on a growth course:

Jelmoli Zurich will be extended during 2000 with an additional 10 percent of attractive sales floor area in the reutilized basement zone. A further ten percent extension is planned by roofing over the interior courtyard, which will give the entire store an attractive new architectural accent.

Fust will be repositioning in the home electronics business as SoundVision-Fust, thus engendering greater profitability and organic growth. In the domestic appliances and renovation sector, pent-up demand has now hit the market thanks to the improvement in consumer purchasing.

Portable Shop continues its steep rise in a dynamic growth market, where this year the new WAP Internet technology will increasingly link mobile phones and computers.

In the real estate sector, steep growth this year as work starts on the La Praille shopping centre project in Geneva will continue with another large project in German-speaking Switzerland now completing the planning phase.

Ready for the Internet

Last year all Group companies introduced Internet applications among the most advanced in their respective market segments, thus laying solid foundations for e-commerce development.

Each of these companies has completely different goals in this connection, since the e-commerce potential of their respective business sectors varies widely.

For Jelmoli Zurich and our retail real estate business, the goal is increase actual customer attendance frequency through information on the Internet. Only a few segments aim for higher sales by Internet (e-commerce).

For Fust and Portable Shop sales, e-commerce is appropriate to a medium extent. Even now the entire Portable Shop and Digital Home range can be purchased by Internet with secure delivery. The same applies to the Fust standard product range and all advertising articles. Although Internet turnover is still meagre, we regard future e-commerce potential as very high in the near future – thanks to our confidence-inspiring logos, the existing branch network, high service competence and sophisticated logistics. We shall therefore be expanding our Internet applications substantially.



Walter Fust

Peter Leumann

Strategic positioning and further development

In its role as strategic Group architect, Jelmoli Holding Ltd is responsible together with their respective managements for advancing market positioning of the independently operating Group companies in the two fields of retail trade and retail real estate. Jelmoli Holding also carries out financial transactions on behalf of the Group as a whole. Strategic decision-making in the Jelmoli Group is based on the following principles:

- Investments in explicit core competence areas with strong existing or potential market positioning. Investment decisions are based on a reasonable probability, depending on calculable risk assessment, of 10 to 15 percent return on investment (ROI) or at least 15 to 20 percent return on equity (ROE).
- Divestitures are undertaken in areas without any particular core competence or strong market positioning where sustainable profitability appears uncertain.
- For optimal return on equity (ROE) or earnings per share, we aim for an equity to total assets ratio of 30 to 40 percent, which appears reasonable in view of our substantial sleeping reserves totalling several hundred million CHF in real estate.

For sustainable profitability optimization and a stronger market position in future-oriented core activities, the following investments and divestitures were made in 1999:

Investments in 1999

- Holmes Place (Zurich, Geneva, Lausanne, Basle)
- Jelmoli Zurich (men's fashion, watches and jewellery)
- Extension of the Carouge shopping and office centre in Geneva (opening spring 2000)
- Project launch for the La Praille shopping centre, Geneva (planned opening 2002)
- Beginning of structural reutilization work on the Jelmoli Zurich basement
- Digital Home shop-in-shops opened by Portable Shop Schweiz AG at the first 5 Fust locations
- Participation increase (from 55 to 77.5%) in Portable Shop Schweiz AG

Divestitures in 1999

- Sale to TUI per beginning of the business year of participations in ITV (Imholz-TUI-Vögele) Reisen AG joint venture for tour operating ($\frac{1}{3}$ Jelmoli-owned) and in Imholz Vertriebs AG (retail chain of 65 travel offices, $\frac{2}{3}$ Jelmoli-owned)
- All assets of Kochoptik AG held by Jelmoli were sold to Visilab per 1.2.99
- Sale of the US mail order subsidiary J. Appleseed's to the management and an investor group per 31.12.98, and one of the two properties per 30.12.99 (sale of the other property is in progress)
- Sale of the 50% participation in Terlinden-Jelmoli Textilpflege AG to Terlinden Management AG per October 1, 1999

Activities outside the Jelmoli core competence area (ophthalmic optics, Terlinden) or classified as risky in view of expected market changes (ophthalmic optics, Terlinden, tour operating, Appleseed's) are thus eliminated from the Jelmoli Group portfolio. These businesses have been sold to other companies or investor groups with the necessary size advantage and/or core competences.

Capital structure optimization by share repurchase

Likewise in accordance with our strategic policy, another 10 percent of Jelmoli share capital was repurchased (as second and third steps) in August 1999 and in February 2000. These shares will be eliminated by a capital reduction to be approved by the General Meeting 2000. Further share repurchases are planned for the coming years.

Further slow upswing in the Swiss retail sector

With stable price levels, the Swiss retail trading index rose by only 1.2 percent again in with average inflation of 0.8 percent due above all to oil price and currency effects. In the clothing sector the retail index even fell again by 0.5 percent. Considerably faster growth of the Swiss economy is expected for 2000, with a corresponding effect on growth in retailing.

Retail Trade segment

Group turnover for 1999 declined by 29.3 percent to CHF 904.1 million (prior year: CHF 1279.2 million). Taking account of the aforementioned changes, comparable turnover declined by 1.5%, which is exclusively attributable to an 8.5 percent decline in Dipl. Ing. Fust AG turnover (-5.5% on a comparable basis). This is due on the one hand to unfavourable basis effects (8.0% turnover increase in 1998 at the expense of high advertising costs with correspondingly low margins). On the other hand it is attributable to consumer purchasing reserve which continued into the first quarter 1999 following the financial crises in prior year. Comparable turnover of the other Jelmoli Group companies rose significantly. At +6.5 percent, Jelmoli Zurich customer purchasing exceeds the market average for the third time in succession, while Portable Shop turnover soared again by 61.2% (comparable rise without new branches: 11.6%).

Retail Real Estate segment

Nonconsolidated rental income (i.e. including rentals charged to own retail units) of Jelmoli AG, Dipl. Ing. Fust AG and Jelmoli USA rose by CHF 6.0 million to CHF 76.1 million (1998: CHF 70.1 million). The comparable increase is CHF 6.2 million. About two thirds of this 9.0 percent rise, which directly affects profitability, is attributable to first rentals of floor areas not previously utilized in existing properties. The other third is due to turnover-linked rental income received for the first time from retail business tenants.

Group result for 1999

Total operating income rose from CHF 70.7 million by 23.8 percent to CHF 87.5 million for 1999. Net financial income increased to CHF 14.3 million (prior year: CHF 4.9 million due to losses suffered by ITV Reisen AG). Net profit after minority interests rose by CHF 20.2 million to CHF 85.4 million (1998 65.2 million). The balance structure has been adjusted toward target ROE by the second capital repayment of 6 percent, and the Group financial key figures remain very healthy. The equity to total assets ratio at year-end was 34.6 (1998 35.4) percent, with a return on equity of 17.3 (1998 13.4) percent. Earnings per share has increased on this basis by 40.0 (1998 11.8) percent to CHF 133 (1998 95) per bearer share equivalent.

Ongoing profitability improvement in 2000

Not only as a result of the aforesaid measures taken in individual Group divisions, further first-time rentals and share repurchases, but also in view of the ongoing rise in consumer purchasing to cover backlog demand, we expect continued profitability improvement for 2000. A further significant rise is therefore expected in earnings per share.

Tribute

The sole basis of our increasing profitability and market capitalization value is the strong position held by each of our Group companies as a specialist in its respective field. This is attributable to the committed efforts of our employees in all areas, their competent and friendly sales service, and the performance of our management staff at all levels. We likewise owe our success to the resultant confidence and support of our customers, shareholders and business partners. On this basis we are well set in all Group companies for further improvements in future.

Proposals of the Board of Directors

Based on our further improved result for 1999 and promising development prospects, the Board of Directors of Jelmoli Holding Ltd will recommend the Annual General Meeting of May 9, 2000 to approve a dividend of CHF 44.00 (1998 36.00) per bearer share and CHF 8.80 (1998 7.20) per registered share. Regula Mann-Freihofler is proposed for re-election to a new term of office in the Board of Directors. The Annual General Meeting is furthermore requested to approve the re-election of *KPMG Fides Peat* as Group auditors and corporate controllers and the proposed capital adjustments.

The Jelmoli Group looks back on an eventful and successful year. Our restructuring and other efforts have led to performance improvements of which we can be justly proud. With the ongoing rise expected in consumer purchasing, we have started 2000 on a solid basis with encouraging results for a sustainably good development.

For the Board of Directors of Jelmoli Holding Ltd,



Walter Fust
Chairman



Peter Leumann
President and CEO

Zurich, Mars 10, 2000

GROUP INCOME STATEMENT

FIVE YEAR OVERVIEW

Notes in annex	in CHF million	1999	1998	1997	1996	1995
Gross turnover		904.1	1 279.2	1 485.0	1 886.3	2 002.0
Sales deductions		-71.8	-69.3	-69.7	-104.1	-118.0
Net turnover		832.3	1 209.9	1 415.3	1 782.2	1 884.0
Rental income		58.0	49.4	39.6	21.8	12.8
Change comparable with prior years						
Other income		20.4	15.5	24.5	93.5	111.2
TOTAL INCOME		910.7	1 274.8	1 479.4	1 897.5	2 008.0
Cost of sales		-487.3	-803.1	-984.2	-1 191.8	-1 208.7
Personnel expenses		-182.0	-210.9	-219.6	-332.2	-389.2
Other operating expenses ⁹		-115.6	-151.7	-177.8	-266.3	-343.7
EBITDA¹	Earnings before interest, taxes, depreciation, amortisation	125.8	109.1	97.8	107.2	66.4
Depreciation on fixed assets		-31.1	-30.0	-30.6	-45.0	-48.8
EBITA²	Earnings before interest, taxes, goodwill amortisation	94.7	79.1	67.2	62.2	17.6
Goodwill amortisation		-7.2	-8.4	-7.2	-2.7	-2.4
EBIT³	Earnings before interest and taxes	87.5	70.7	60.0	59.5	15.2
Financial income		41.6	33.6	29.3	17.7	15.8
Financial expenditure		-27.3	-28.7	-19.4	-21.5	-24.6
Financial result		14.3	4.9	9.9	-3.8	-8.8
EBT⁴	Earnings before taxes	101.8	75.6	69.9	55.7	6.4
Income taxes		-16.4	-9.4	-8.4	-10.3	-4.8
Minority interest		–	-1.0	-0.1	-0.3	-15.0
NET PROFIT		85.4	65.2	61.4	45.1	-13.4
Shares entitles to dividend ⁸		644 219	686 008	722 546	749 899	737 773
EPS⁵	Earnings per share⁶ in CHF	133	95	85	60	-18
Shareholders equity		494.9	488.0	577.2	574.7	516.2
ROE⁷	Return on equity	17.3%	13.4%	10.6%	7.8%	-2.6%

1–7 see legends page 27

8 Bearer share equivalent per year end

9 1994–1997: Inclusive Net Nonoperating Items and Contributions

GROUP BALANCE SHEET

FIVE YEAR OVERVIEW

in CHF million	1999	1998	1997	1996	1995
ASSETS					
Non-current assets	977.6	956.3	901.8	844.6	1 012.0
Current assets	452.6	420.2	433.4	513.3	601.8
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	494.9	488.0	577.2	574.7	516.2
Minority interest	0.8	5.2	2.2	12.2	127.9
Non-current liabilities	723.8	648.1	456.7	495.5	599.8
Current liabilities	210.7	235.2	299.1	275.5	369.9
Total assets	1430.2	1376.5	1 335.2	1 357.9	1 613.8
KEY RATIOS					
Assets and Liabilities as % of Total Assets					
– Non-currents assets	68.4%	69.5%	67.5%	62.2%	62.7%
– Current assets	31.6%	30.5%	32.5%	37.8%	37.3%
– Shareholders' equity	34.6%	35.4%	43.2%	42.3%	32.0%
– Minority interest	0.1%	0.4%	0.2%	0.9%	7.9%
– Liabilities	65.3%	64.2%	56.6%	56.8%	60.1%
Net Asset Value per Dividend-Entitled Share					
– Bearer Shares of CHF 50 Par Value	767.00	711.00	799.00	766.00	700.00
– Registered Shares of CHF 10 Par Value	153.00	142.20	160.00	153.00	140.00
Quoted Share Value					
– Bearer Shares of CHF 50 Par Value Highest	1920.00	2 050.00	1 390.00	799.00	790.00
Lowest	1156.00	1 263.00	689.00	500.00	505.00
– Registered Shares of CHF 10 Par Value Highest	385.00	415.00	269.00	155.00	149.00
Lowest	230.00	247.75	135.25	100.00	95.00
Dividend per Share ¹					
– Bearer Shares of CHF 50 Par Value	44.00 ¹	36.00	34.00	28.00	0.00
– Registered Shares of CHF 10 Par Value	8.80 ¹	7.20	6.80	5.60	0.00
Dividends Paid in CHF million					
New Shares issued	2150	34 515	5 440	20 216	11
Bearer Shares	0	0	0	0	0
Registered Shares	0	0	0	0	0
Shares entitled to dividend	370 349	402 938	440 080	460 488	443 660
Bearer Shares	1 369 350	1 415 350	1 412 330	1 447 055	1 470 567
Registered Shares	0	0	0	0	0
Bearer share Equivalent	644 219	686 008	722 546	749 899	737 773
Investments in Fixed Assets					
	101.0	84.6	69.2	47.3	98.0
Current Ratio					
	215%	179%	145%	186%	163%
Ratio of current assets to current liabilities					

¹ Proposal to the General Meeting

JELMOLI GROUP STRUCTURE AND ORGANIZATION CHART

Jelmoli Holding Ltd

Share capital CHF 37.5 million

Board of Directors

Walter Fust*, Chairman of the Board

Carlo Magri*

Dr. Peter Leumann*

Prof. Dr. Hugo Tschirky

Daniel Bürki

Regula Mann-Freihofen

Ursula Hauser-Fust

Prof. Dr. Christian Belz

*Board Committee

Secretary General

Dr. Robert Känzig



Jelmoli AG

SC¹ 50.0 (100% owned)

Turnover 1999 CHF 217.2 million

Direct (indirect) 100% participations:

Grand Passage-Innovation SA, SC¹ 34.2

(Bastra SA, ECIF SA,

Innovation-Holding SA,

Ilôt de la Mercerie SA)

Jelkoch AG

Jelocal Holding AG

(Beach Mountain AG, Regina Kaufhaus AG)

La Gondola SA



Portable Shop Schweiz AG

SC¹ 0.3 (77.5% owned)

Turnover 1999 CHF 100.4 Mio.

No participations



Dipl. Ing. Fust AG

SC¹ 20.4 (100% owned)

Turnover 1999 CHF 574.1 million

No participations

¹ as of 1.1.2000: Dr. Erich Bohli

Jelmoli Holding Inc., USA

SC¹ 29.0 (100% owned via

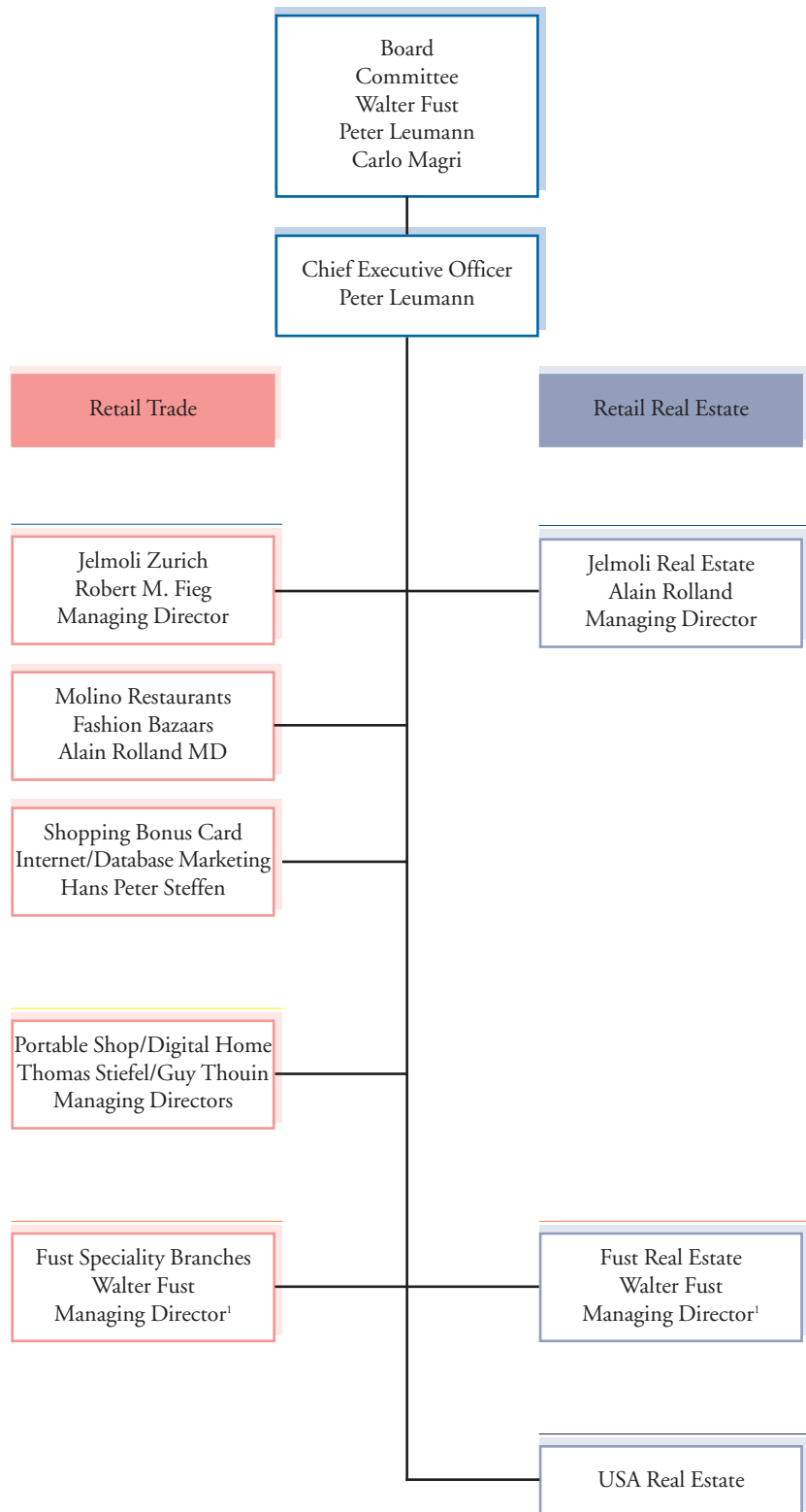
Turicum Holding AG)

Rental Income 1999 CHF 1.5 Mio.

No participations

Other 100% Jelmoli companies

Turicum Holding AG, Fiaro Holding AG



¹ Share capital in million CHF (USA in million USD)

Status as per year-end

Jelmoli Group Retail Trade

This business sector comprises the retail trade activities of all Group companies (not including the real estate business sector, to which internal rentals at market rates are payable).



Retail Trade in CHF million	1999	1998	Change	
			non-adjusted	comparable
Gross turnover				
Jelmoli AG	217.2	212.8	+2.1%	+6.4%
Dipl. Ing. Fust AG	574.1	627.4	-8.5%	-5.5%
Portable Shop Schweiz AG	100.4	62.3	+61.2%	+11.6%
Kochoptik	5.3	22.1	-76.0%	-
Imholz Vertriebs AG		280.7	-	-
Terlinden-Jelmoli T. AG	7.1	10.3	-31.1%	-
Appleseed's Inc. USA		63.6	-	-
Total	904.1	1279.2	-29.3%	-1.5%
Number of employees	2164	2690	-19.6%	+0.2%
Sales floor area in 1000 m ²	92.5	90.0	+2.8%	+6.2%
Turnover in CHF/m ² sales area	9774))	-5.0%
Turnover /employee	0.418))	-1.2%
EBITA²	62.3	54.9	+13.6%	-
EBIT² Operating income	43.9	36.4	+20.6%	-
Invested operating capital	351.2	316.2	+11.1%	-
Return on invested capital (ROIC) in %	12.5	11.5	+8.7%	-

Jelmoli Zürich in CHF million	1999	1998	Change	
			non-adjusted	comparable
Gross Jelmoli-turnover	167.8	168.6	-0.5%	+6.5%
Number of employees	438	440	-0.5%	0%
Sales floor area in 1000 m ²	17.9	18.0	-0.6%	-0.4%
Turnover in CHF/m ² sales area	9374	9367	+0.1%	+6.9%
Turnover /employee	0.383	0.383	0%	+6.5%
House turnover incl. tenants	256.2	241.7	+6.0%	+6.0%
House sales floor in 1000 m ²	25.6	22.7	+12.7%	-

With 25 600 m² of city-centre sales floor area, Jelmoli Zurich is a uniquely attractive department store for reputed brands. More than a century ago on September 16, 1899 inauguration of the Jelmoli «Crystal Palace» was a historical event in Zurich. This model store concept has been interpreted from examples in cities such as London and Paris. For the centenary celebration last year, Jelmoli Zurich was enthusiastically re-inaugurated in a replica of its original facade.

1 Turnover for 1998 includes for ITV travel and USA mail order activities, meanwhile divested, which cannot be compared with regard to performance per head or sales floor area with store based retailing.

2 see page 27

Gross turnover in all retail trade activities for 1999 was CHF 904.1 million, 29.3 percent less than in prior year. Comparable turnover declined by 1.5 percent due to a Fust consolidation.

Operating income (EBIT) in the retail trade segment increased by 20.6 percent to CHF 43.9 million for 1999.

Prospects

After a good start to the year, with clear signs of economic revival and growth, we expect a further improvement in results for 2000.



100 years ago



RETAIL TRADE



With an outstanding selection of own assortments and reputed brands, as well as a wide range of customer and partner support and other services, Jelmoli Zurich – the House of Brands – is a trendsetter countrywide as Switzerland's leading city centre shop-in-shop gallery.



Highlights 1999

Apart from the record Christmas turnover heralded by our centenary celebrations, chief among 1999 highlights were the opening of Holmes Place Sports and Health Club, the renovated men's fashion department with 1800 m² floor area, extension of the ladies' fashion department including the reputed Gerry Weber brand shop, and modernization of the watch and jewellery department as an open-front shop in partnership with Christ Jewellers of Zurich. Jelmoli Zurich is thus the first department store to offer the internationally reputed Rado and Longines brands in an appropriately refined setting. More than a quarter of a million customers visited Jelmoli Zurich in 1999.

Further turnover and profitability rises

Jelmoli Zurich is operated in three different forms:

- Hard shops-in-shop concept (pure tenancies not included in Jelmoli Group turnover)
- Soft shops-in-shops (operated by Jelmoli, included in Group turnover)
- Own offering (similar to classical warehouse concept, included in Group turnover)

Overall Jelmoli Zurich turnover for 1999 including shop-in-shop tenants increased by 6.0 percent over the previous year to CHF 256.2 million (prior year: CHF 241.7 million). About two thirds of this house turnover or CHF 167.8 million (prior year: CHF 168.6 million) is attributable to Jelmoli operations. The stagnation is attributable to shifting toward hard shops-in-shop. The comparable rise in own turnover is 6.5 percent. Growth was again above-average in the fashion segment, above all men's and sport fashion, although results in the household sector were also good. With annual inflation of 0.8 percent, the Swiss retail trading index has increased by 1.2 percent. Since with tough ongoing competition prices stabilized at a low level in many cases, this can only be interpreted in terms of substantial volume increase.

RETAIL TRADE

Jelmoli Zurich operating income (EBIT) for 1999 rose steeply compared with prior year. The market-conform rentals paid to Jelmoli Real Estate have increased thereby to a very encouraging level.

Logistics updated

The Jelmoli Zurich sales and purchasing department, organization and logistics have proved themselves well. Before the millennium change, new software was installed for inventories administration, finance and accounting. Deliveries are now principally on a just-in-time basis by environment-friendly shuttle service from Otelfingen, thus freeing up additional sales areas on the basement and ground floors.

Prospects

Jelmoli Zurich will uphold its reputation among our demanding trend-conscious customers well into the future. Toward the end of 1999 a start was made on reclaiming 2500 m² of additional sales floor area in the former basement storage zone, which will open up promising possibilities. A good start has been made to the year 2000, with full confidence in the excellent performance of Jelmoli Zurich.



Robert M. Fieg
Managing Director,
Jelmoli Zurich



Molino Restaurants



Fashion Bazaars

The Jelmoli retail trade segment also includes Molino Restaurants and Jelmoli fashion bazaars, both of which chains are well represented throughout Switzerland.

Molino Restaurants Jelmoli Fashion Bazaars	1999	1998	Change	
			nonadjusted	comparable
Gross turnover in CHF mill.	42.4	38.1	+11.3%	+4.5%
Number of employees	229	211	+8.5%	+1.1%
Sales floor area in 1000 m ²	5.4	5.2	+3.8%	+0.5%
Turnover in CHF mill./employ.	0.185	0.181	+2.2%	+3.4%
Turnover in CHF/m ² sales area	7852	7327	+7.1%	+4.0%

Eleventh Molino restaurant opened



Molino Restaurant, Marktgasse Winterthur

Since 1999 Jelmoli is present again in Winterthur: toward the end of August the eleventh Molino Restaurant was opened at a first-class city-centre location on Marktgasse. In spring 2000 this will be followed by opening the twelfth Molino Restaurant on the Place du Molard, likewise a popular city-centre location in Geneva, right opposite the Grand Passage department store entrance.

Oriented toward Italian specialities, Molino Restaurants are very successful and in high demand. Additional locations are continuously under consideration.

Fashion Bazaars



Jelmoli Fashion Bazaar, Sihlstrasse/St. Annagasse Zurich

Once again, operating income of the eleven Jelmoli Fashion Bazaars was encouragingly positive.

Internet E-Commerce



Jelmoli now has several applications on the Internet. Apart from www.jelmoli-holding.ch for investor information, and the Jelvoli Zurich homepage www.jelmoli.ch, Internet shopping can now be done at www.fust.ch, www.digital-home.ch and www.portable-shop.ch. Not only are all major credit cards accepted, but also the Shopping Bonus Card (www.sbonuscard.ch) which rewards customers with bonus travel points for every transaction. Our Internet offer is being continuously extended, with ongoing addition of desirable company logos, links and services. We aim here for enhanced customer benefit, greater synergies with our branch network and a high degree of process integration, such as inventory system links and database marketing.



Hans-Peter Steffen
Manager Internet, Database Marketing, Bonus Card, Information Technology, Organization

SHOPPING BONUS CARD

This gold card – pioneered by Jelvoli sixty years ago – works with all Shopping Bonus Card partners as well. With about 300 000 cardholders, and thirty partners at more than 2000 sales points, the Shopping Bonus Card is well and truly anchored in the market. Cardholders profit from attractive offers such as bonus travel points for Imholz, TUI (Switzerland) and Voegeli Travel, which are also good for travel insurance and various hotel chains. The idea of the Shopping Bonus Card is to cover shopping needs irrespective of where the customer lives. New partners are joining all the time, including chains throughout Switzerland as well as other well-known names. Customer popularity is reflected in the growing number of cardholders, while partners value the market differentiation it gives them. The card processing system updated in 1999, together with successful database marketing and growing popularity, ensure excellent ongoing potential for the Shopping Bonus Card.



**Free of charge, cashless shopping +
bonus travel points**





Fust speciality branches in million CHF	1999	1998	Change	
			nonadjusted	comparable
Gross turnover	574.1	627.4	-8.5%	-5.5%
Number of employees	1180	1273	-7.3%	-6.2%
Sales floor area in 1000 m ²	63	61	+3.3%	+1.4%
Turnover in CHF mill./employee	0.487	0.493	-1.2%	+0.8%
Turnover in CHF/m ² sales area	9113	10285	-11.4%	-6.7%

Higher profitability with lower turnover

Fust AG turnover for 1999 declined by 8.5 percent, of which 3.0 percent is attributable to transfer of the PC and telecom segment to Portable Shop per 1.10.1999. Comparable turnover decline of 5.5 percent is due on the one hand to unfavourable basis effects (8.0% turnover increase in 1998 at the expense of high advertising costs with correspondingly low margins). On the other hand it is attributable to consumer purchasing reserve which continued into the first quarter 1999 following the financial crisis in autumn of prior year. Profitability, however, has increased by a 2-figure percentage.

Domestic appliances

The Swiss market for domestic appliances stagnated in 1999 at a mediocre level. Lower average prices led to a slight decline in turnover, although Fust retained high market shares both in small and large appliances. Fust offers an excellent selection of all reputed brands, with competent support and a home delivery service including connection and installation. Also included is a lifetime after-sales service as well as disposal of old appliances. Large appliance servicing is staffed by 100 employees. This comprehensive dependability is very much appreciated by Fust customers, and thanks to a large clientele throughout the country, logistics costs are well optimized. The Fust range of small appliances covers all those household helpers which have become so indispensable today. Customers are well advised and supported right through the product lifetime, from selection phase (with inhouse test criteria) to environment-conform disposal. All reputed brands are

available from stock at competitive prices. Thousands of small appliances are repaired at the Fust central workshops (28 employees), with door-to-door collection and deliveries serving all branches. This not only minimizes packaging requirements and transport damage, but also eliminates postal charges.

Both in large and small appliances, replacements make up 80 to 90 percent of business. Although not sensational, some interesting developments are taking place in this segment. Appliances are not only becoming faster and quieter in operation, more stylish and convenient, but also consume less energy these days. The power consumption of deep-freezers and refrigerators, for example, has reduced by 75 percent over the last twenty years and by 40 percent in the last decade alone. This has very positive implications for the conservation of environmental resources.



Domestic appliances



SoundVision



Kitchen/Bathroom



- Top-Fachberatung
- Sofortlieferung ab Lager
- Alle Normen, einbaubar oder freistehend
- Heimlieferung und Anschluss
- Garantieverlängerung bis 10 Jahre möglich
- Laufend Occasions- und Ausstellmodelle mit Superroboten und Neugarantie
- Wir entsorgen Ihr altes Gerät
- Zahlung in bar, mit EC direct, Preiskart und Shopping Bonus Card oder bei Heimlieferung gegen Rechnung.

Fust Top-Service 11



- Miete zu FUST-Tiefpreisen
- Immer die aktuellsten Modelle

Im Mietpreis inbegriffen:

- Instruktion
- Miete mit Kaufrecht
- Folgeschadenversicherung an anvertrautem Gut
- Vollgarantie während der ganzen Mietdauer

Ihr FUST-Berater informiert Sie über die besonders vorteilhaften FUST-Mietbedingungen.

Fust Mienservice 12



Geräte-Austausch

- Blitz-Austausch
- Reparaturen aller Marken
- Schnellreparaturdienst
Telefon 0800 559 111
oder im Internet unter www.fust.ch

Heimservice

- Heimlieferung
- Installation
- Anschluss • Entsorgung

Profitieren Sie!



Fust Heimservice 13



Reparatur-Dienst

Kleingeräte aller Marken einfach in die nächste FUST-Filiale bringen.

Egal wo gekauft.
Es ist keine Verpackung nötig.

Tiefpreisgarantie
Sie erhalten das Geld zurück, falls Sie das gleiche Produkt anderswo inner 5 Tagen offiziell billiger erhalten.

Profitieren Sie!

Fust Reparatur-Dienst 14

Kitchen/bathroom renovation, general contracting
The kitchen/bathroom market is divided into new installations (one or several kitchens/bathrooms at the same time) and renovations.

Ever since the building trade recession started in 1990, demand both for new installations and renovations has steadily decreased, with heavy pricing pressure accordingly. Even at cost price or below, a good many firms went out of business in recent years. Fust, however, has never undergone the risk of delivering below cost price. Slowly but surely, the market has now stabilized at a relatively low price level. For more than twenty years Fust has specialized in customized kitchen and bathroom modernizations of the highest order. Fust can also take over large installations and renovations, however, including nationwide trade fairs and exhibitions, site surveying, project planning with binding tenders, logistics and transport organization, delivery and installation, customer service and our own specialized carpenters. The latest data systems are used for project planning and design, tendering, manufacturing, installation planning and monitoring.

Fust general contracting for complex kitchen/bathroom renovations is staffed by twenty specialists and experienced installation professionals. Cost and delivery guarantees are also taken over in this demanding sector. Fust also offers contracting services for housing and apartment construction, specializing in customized requirements (no mass-production or standardized houses). As of summer 2000, the Fust homepage will show a good many examples of new installations recently completed. Customers can also work out here their own basic renovation plans with main dimensions, and the approximate price is automatically calculated.

After so many years of neglecting kitchen/bathroom renovations due to the recession, a clear backlog demand has now built up. Based on current purchasing power, about 50 percent of this demand should hit the market over the next few years.

Consumer electronics, PC and telecom

Most Fust speciality branches have offered consumer electronics, PC and telecom products for the last ten years. At the beginning of 1999 the PC and telecom range (hardware and software) was scrutinized. This led to restructuring in autumn last year, whereby the former Fust PC and telecom range is now marketed by Portable Shop since October 1999 under the name of Digital Home on a shop-in-shop basis (see pages 18/19). The booming telecom segment is still covered by the standard Fust range in smaller Fust branches. Fust also retains the classical home entertainment segment (TV, video, hi-fi) under the new logo SoundVision-Fust. This range has been restructured and repositioned both with regard to shop layout (together with Sound-Arena and Home Cinema) and advertising (on an independent basis). A substantial market share has been attained thanks to existing Fust strengths such as home delivery and installation services, rentals and guarantee extensions. Due to the structural weaknesses in this market segment (excess manufacturing capacities, tough pricing competition at trading level) prices and margins were again inadequate in 1999. Furthermore, additional write-offs were necessary on existing inventories. Based on thorough scrutiny of this segment, the range has been streamlined at the expense of turnover losses, pricing is somewhat less aggressive, stocks have been reduced and costs saved accordingly. The result of these measures is significantly higher profitability, although still inadequate.



Prospects

Since early summer 1999 there has been an overall improvement in consumer purchasing. The continuation of this positive trend is indicated by pay rises in general, and higher income of self-employed people in particular – an important Fust customer group. More and more people are now ready to pay significantly higher prices for higher quality. At the same time the trend in price orientation develops also stronger. Domestic appliance branches reckon with slight turnover increases for the coming year. In the kitchen/bathroom/contracting segment turnover rises are expected to be in the two-digit range, with substantial profitability improvement. Consumer electronics profitability should improve significantly as a result of all the drastic measures taken in this segment.



Erich Bohli
Managing Director
as of 1.1.2000



**Portable Shop
Schweiz AG**

Portable Shop Schweiz AG (incl. Digital Home)	1999	1998	Change	
			nonadjusted	comparable
Gross turnover in CHF million	100.4	62.3	+61.2%	+11.6%
Number of employees	144	84	+71.4%	+21.4%
Sales floor area in 1000m ²	3.6	1.3	+177.0%	+32.2%
Turnover in CHF/m ² sales area	27889	47923	-41.8%	-34.7%
Turnover in mill. CHF/employee	0.697	0.742	-6.1%	+0.2%

Highlights in 1999

The two main events for Portable Shop Schweiz AG in 1999 were five shop openings and a new business-to-business department (for company customers) in Western Switzerland during the first six months, and the take-over and repositioning of Fust PC/telecom business under Digital Home later in the year.

Portable Shop Schweiz AG is Switzerland's biggest retailer of portable electronics (notebooks, handhelds and mobile communications equipment) for demanding consumers, with 14 own branches and twelve shops-in-shop at Fust locations, as well as two business-to-business departments in German and French-speaking Switzerland. Since October 1, 1999 Portable Shop also offers products and services especially for private users under the Digital Home logo at thirty Fust locations (including the twelve existing shops-in-shop).



Genf



As shown in the table above, this expansion has increased turnover beyond comparison. As expected, however, profitability has been reduced by startup costs accordingly. Portable Shop's position as a specialist supplier to small and medium but also large companies has been further expanded, almost tripling turnover in the business-to-business sector compared with prior year.

Digital Home for private consumers

Digital Home focuses on the needs of private users, with an appropriate selection of advanced brand products from the Portable Shop range. These include home computing, telecommunications, digital video and digital photography, together with the outstanding service and system know-how typical of Portable Shop. In the rapidly growing telecom segment, where a well-profiled position is aimed for, more than thirty models among around ten different brands are offered. Furthermore, the special offers of all three mobile providers (Swisscom, Orange and diAx) are available as well as three fixed network providers (Swisscom, Sunrise, Econophone) and three Internet providers (Sunrise, Swissonline, Blue Window). Target attainment is supported by high procurement quotas from a small number of supplier partners, and efficiently utilized synergies with Portable Shop branches. Likewise computer games and software packages are well represented by Digital Home.

On October 1, 1999 the first model branches heralded the opening of thirty Digital Home shops throughout Switzerland. Business has started very encouragingly, and already indicates that budget targets for 2000 will be met.

Notebooks: the multimedia future has started

Portable Shop turnover mainly comprises notebooks, and despite price reductions estimated at 15 percent on average as well as delivery bottlenecks, this turnover was tripled in 1999 compared with prior year. However, margins remained under pressure. Concentration is likely to continue on strategically well placed notebook manufacturers such as Com-

RETAIL TRADE

paq, IBM, Toshiba, Acer and Sony. Cut-price introductory offers will also include notebook Internet products. In future notebooks will advance to high-speed multimedia units with powerful memories, no longer hampered by technical or combination limits.



Handhelds and mobile Internet access

Portable Shop offers a wide range of handhelds and palmtops, with selected products by the four market leaders. Turnover here has been quadrupled compared with prior year. Monitors are now of higher quality, units are lighter and more compact. Proprietary systems such as Palm and Psion are making greater headway against products operating under Windows-CE. For February 2000 the first WAP (wireless

application protocol) portable phones for Internet access have been announced.

Remarkable turnover in software, peripherals and service

With the ranges taken over from Fust, Portable Shop and Digital Home have attained a high turnover on the Swiss software and peripherals market. Portable Shop now has its own exclusive service product with the basic kit which minimizes service work and enhances customer satisfaction. In the case of notebooks, for example, this includes basic installation, a CD backup of the harddisk contents, Internet installation and fully comprehensive insurance. The goal of selling the basic kit to 30 percent of notebook purchasers will soon be reached.

Prospects

Thanks to the broader basis and high demand, prospects for 2000 are very promising, thus offering high profitability. Portable Shop and Digital Home are ideal platforms for exploiting the current trends in multimedia, telecom, Internet and WAP products. During the year some Digital Home products in the telecom (portable/fixed network) and digital video/photo sectors will also be included in the Portable Shop range. This strengthens system competence in the multimedia area (digital camera notebook links) and expands the position of Digital Home in the fast-growing portable telephone market.



Thomas Stiefel and Guy Thouin, Managing Directors

Retail Real Estate

The Jelmoli retail estate segment comprises the real estate activities of all Group companies not including retail business. Internal rentals are charged on a fair market basis.

Retail Real Estate in million CHF	1999	1998	Change	
			nonadjusted	comparable
Rental income				
Jelmoli AG	63,6	58,3	+9,1%	+10,5%
Dipl. Ing. Fust AG	11,0	10,3	+6,8%	+1,4%
Appleseed's Inc. USA	1,5	1,5	–	–
Total rental income¹	76,1	70,1	+8,6%	+9,0%
External rental income	58,0	49,4	+17,4%	–
No. of employees	47,0	50,0	-6,0%	–
EBITDA ²	68,3	58,1	+17,6%	–
EBIT ² Operating income	55,6	46,6	+19,3%	–
Invested operating capital	700,2	660,3	+6,0%	
Return on invested capital (ROIC) in %	7,9%	7,1%	+11,2%	

1 incl. own rentals 2 see page 27

Rental income (i.e. including rentals charged to own retail locations) of Jelmoli AG, Dipl. Ing. Fust AG and Jelmoli USA rose by CHF 6.0 million to CHF 76.1 million, an increase of 8.6 percent over prior year. The comparable increase of 9.0 percent in rental income reflects efficient management by our teams with retail experience in shopping centres and department stores. It is attributable to systematic utilisation of all available floor areas, continuous optimisation of the rental mix, and turnover-linked rental income received for the first time from retail trading tenants thanks to economic revival in 1999. Operating income (EBIT) in this segment of CHF 55.6 million for 1999 exceeded prior year by 19.3 percent. With invested operating capital of CHF 700.2 million (1998: CHF 660.3 million), ROIC has risen to 7.9 percent (1998: 7.1%).

Prospects

Retail real estate is a growth business with substantial profitability potential thanks to intensive management, a combination of basic and turnover linked rentals, and the ongoing economic revival. This potential is significantly enhanced by the current and new projects described below.

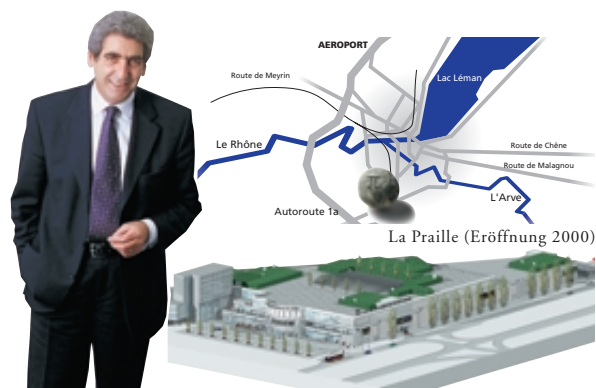
For the year 2000 rental income around CHF 80 million is expected on the basis of existing contracts. At 7 percent capitalization (gross) this is equivalent to a market value increase of CHF 1143 million, as against the total real estate value of only CHF 700 million stated in the balance sheet.



Jelmoli AG Real Estate

Jelmoli AG and subsidiaries manage with outstanding profitability more than three dozen properties remaining after the divestiture of department store operations in 1996. These properties, mostly in first class locations, are fully rented out today as shopping centres, business and trading premises on a long-term basis. Vacant floor areas are less the one percent. Fixed minimum conditions secure real estate income against recession, while the turnover linkage allows participation in phases of economic upswing and inflation.

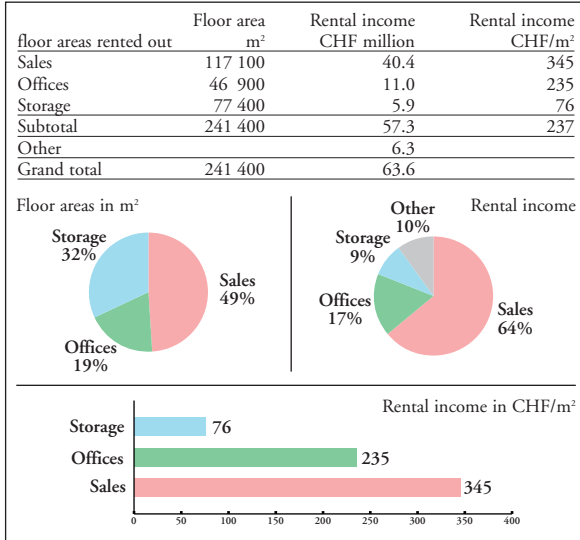
In 1999 rental income was received for the first time from reutilized floor areas totalling 15 000 m² now let to Holmes Place Sports & Health Clubs at largest department store locations, and from further first rentals such as to Swissonline in Otelfingen and to Lombard Odier in the Jelmoli Zurich administration building. Retail real estate business is far from a mere administration task for Jelmoli – it also embraces retail business and promotion management for further development and value enhancement.



Alain Rolland, Managing Director Jelmoli Real Estate

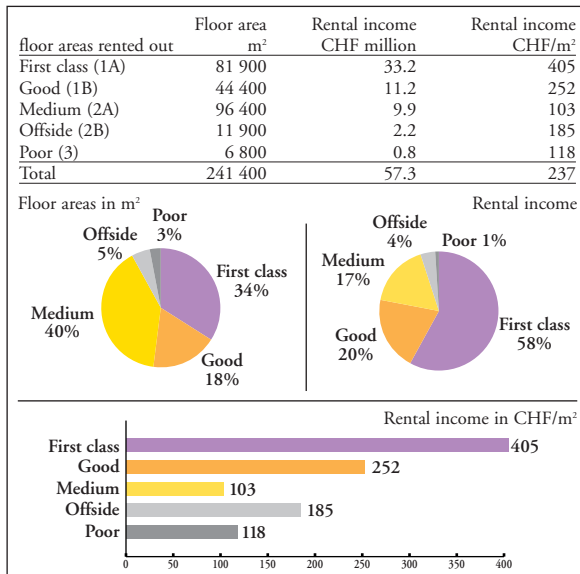
Jelmoli Real Estate: key figures

Utilization mode



Sales floor areas, which comprise less than half of total floor areas, make up two thirds of total rental income with a mean charge of CHF 345/m². The lower rentals charged for office (CHF 235/m²) and storage floor areas (CHF 76/m²) is attributable to their locations in the agglomerations. These are situated in the former logistics centres of Jelmoli AG (Otelfingen), Grand Passage SA (Carouge) and Innovation SA (Sébeillon).

Location quality



First class locations make up 34% of total floor areas and account for 58% of rental income. The comparatively low rental income per square metre of «medium» quality locations is because these are mainly storage areas, whereas the offside locations comprise sales floor areas. Only 5 percent of rental income is from offside and poor locations.



Jelmoli Zurich



Au Grand Passage Geneva



Innovation Lausanne



Centre Carouge Geneva



Pilatusstrasse Lucerne



Rägass Centre Basle



Administration building Jelmoli Zurich



Jelmoli «Trülle» building, Bahnhofstrasse

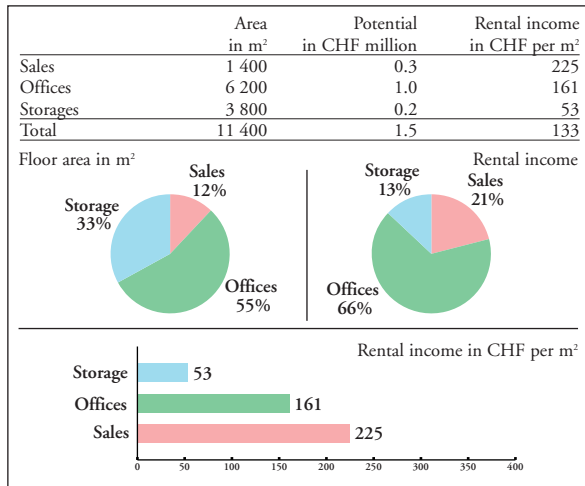


«Züri 11» Centre, Zurich



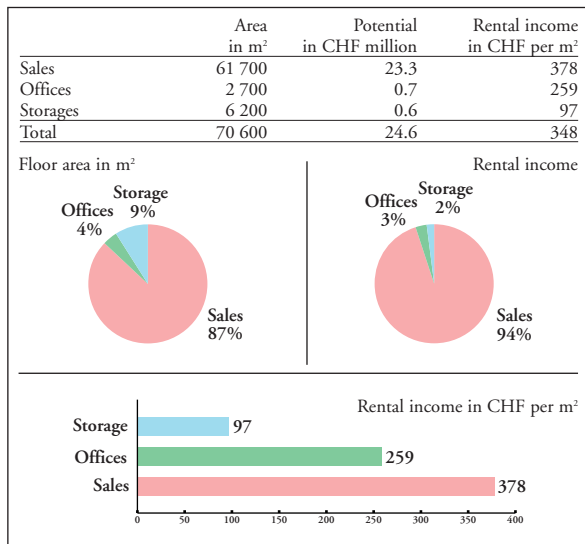
Operation building Otelfingen

Vacant floor areas



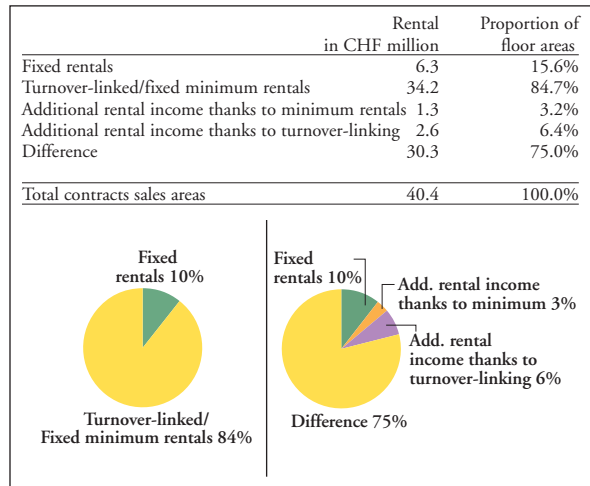
Unoccupied floor areas per year end 1999 represented a rental income potential of CHF 1.5 million. Vacant sales floor areas were only 0.75 percent, but offices around 9 percent. Some of the latter were at the former logistics centres in Otelfingen and Sébeillon, the others comprising new floor areas as yet not utilized. In the meantime, most of these vacant floor areas have been let.

Projects planned



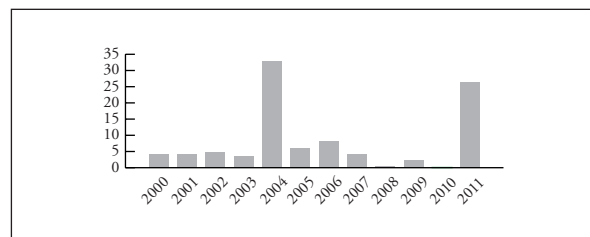
Planned projects will increase total rental income by more than one third. These projects comprise extensions at Jelmoli Zurich (underway), La Praille shopping centre in Geneva (construction starting in spring 2000) and another shopping centre in German-speaking Switzerland (still at the project phase) where most floor areas have already been let by binding contract.

Rental agreement structure



While office and storage floor areas are let usual on a fixed rental basis (with adjustment for inflation), 85 percent of sales floor rentals are on an unlimited turnover-linked basis with a fixed minimum. This means that tenants whose turnover was below the minimum rental limit would otherwise have paid CHF 1.3 million less in rentals (our gain thanks to fixed minimum rentals). On the other hand, tenants whose turnover exceeded the minimum rental limit would otherwise have paid CHF 2.6 million less rentals (our gain thanks to turnover-linked rentals). The difference corresponds to the rental which would have resulted with purely turnover-linked rentals (tenants below the limit) and with fixed minimum rentals only (tenants above the limit). Increased turnover by tenants above the limit brings a proportional rise in rental income (at 10 percent, CHF 3.4 million).

Rental contract expiries



In 2004 a good many rental contracts will expire at the same time, but this is no problem since first-class city centre properties are involved. Re-letting, at rentals at least as high as applying today, should therefore be an easy matter. Furthermore, tenants have the option of extending the rental term twice by eight years at the same conditions: turnover-linked plus minimal rentals.



Niederwangen Bern



Oberbüren SG



Füllinsdorf BL



Vevey VD



Zuchwil SO



Romanel VD



Sursee LU



Giubiasco TI



Fust AG Real Estate

The Fust real estate portfolio comprises self-utilized logistics centres in Oberbüren, Niederwangen and Burgdorf, together with a large number of properties rented to own branches. Furthermore, Fust owns about a dozen small shopping centres where other retailers are also present as tenants.

The change in rental income compared with prior year is attributable to the opening of one of these small shopping centres in Sursee.

Another small shopping centre newly constructed in Moosseedorf on the way to Shopyland Schönbühl (Berne) will be rented out for the first time during this year.



Appleseed's Inc. Real Estate, USA

Jelmoli retains two properties after divestiture of the US mail order business: a small shopping centre and the former mail order distribution centre. Both these properties are fully let. At the end of 1999 the small shopping centre was sold. For the distribution

centre a preliminary sales contract is due for confirmation during the course of 2000.

ENVIRONMENT

Keeping consumers informed

At the end of the value-added chain, it is the consumer who finally decides which products and services to buy, where they are purchased, and with what regard for environmental protection. Purchasing behaviour is a signal to traders, producers and developers, enabling them in their own interest to take account of customer wishes, also with regard to repairs, recycling and disposal concepts. Consumers therefore require and demand transparent information, which is why product information and designation is very important in our retail business as well.

Transparency thanks to customer support and brand products

As specialists in their fields, the Jelmoli Group companies are reputed for customer support and brand products. We place great emphasis on after-sales service. All our suppliers are bound by us to environment-friendly procurement, production and marketing, we for our part promote environmentally friendly behaviour through transparent product information and designation.

Near our customers with locations, logistics and repairs

All Jelmoli Group locations throughout Switzerland are either within walking distance of customers, or easily reachable by public and private transport. This also applies to the La Praille shopping centre to be opened in 2002 near Geneva. The sophisticated logistics concepts here ensure environment-friendly deliveries and enable easy returns for repairs, recycling or disposal. Shuttle delivery vehicles between our warehouse in Otelfingen and Jelmoli Zurich are fuelled by «Greenenergy», the new Diesel oil which is almost free of sulphur and generates 40 percent less soot particles. Furthermore, we installed an energy-saving cogeneration plant at the Grand Passage centre in Geneva last year.



Environment-friendly disposal

Together with the S-EN.S (Stiftung Entsorgung Schweiz) foundation for waste disposal, Dipl. Ing. Fust AG implemented environment-friendly disposal of old refrigerators long before legally required to do so. Fust was Switzerland's first retail trading company to take such a step. And in the consumer electronics field, Fust works only with waste disposal companies licensed by S-EN.S (Kühlteq, Thörishaus, Schiess Uzwil, and Drisa AG Lausen). Portable Shop Schweiz AG (including Digital Home) disposes of old computers and office hardware principally according to SWICO regulations and concepts (Swiss Commercial Association for Information, Communication and Organization Technology).



Jelmoli environmental coordination



GROUP FINANCIAL STATEMENT

REPORT OF THE GROUP AUDITORS TO THE GENERAL MEETING OF JELMOLI HOLDING LTD

As group auditors we have audited the group financial statements (balance sheet, income statement, statement of shareholders equity, statement of cash flows and notes) of Jelmoli Holding Ltd. and subsidiaries, presented on pages 26 to 37, for the year ended December 31, 1999. The annual accounts of some individual subsidiaries included in the consolidated financial statements (Dipl. Ing. Fust AG and the USA Group) have been audited by others.

These group financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these group 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 profession, and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the group financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosu-

res in the group financial statements. We have also assessed the accounting principles used, significant estimates made and the overall group financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the group financial statements give a true and fair view of the financial position, the result of operations and the cash flows in accordance with the International Accounting Standards (IAS) and comply with the law and the accounting principles of the Listing Rules of the Swiss Exchange.

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



Peter Hess
Swiss Certified Accountant
Auditor in Charge

Raphael Arnet
Swiss Certified
Auditor in Charge

Zurich, March 10, 2000

GROUP INCOME STATEMENT

				Elimination				
see notes in annex				1999	Veränderung	1998	1999	1998
				CHF million	CHF million	CHF million		
				% total income	% prior year	% total income		
Gross turnover	1			904.1	-375.1	1 279.2		
Change comparable with prior years								
Sales deductions	2			-71.8	-2.5	-69.3		
Net turnover				832.3	-377.6	1 209.9		
Rental income	3			58.0	8.6	49.4	-18.1	-20.7
Change comparable with prior years								
Other income	4			20.4	4.9	15.5	-1.4	-2.8
TOTAL INCOME				910.7	-364.1	1 274.8	-19.5	-23.5
				100.0%	-28.6%	100.0%		
Cost of sales	5			-487.3	315.8	-803.1		
				-53.5%	39.3%	-63.0%		
Personnel expenses	6			-182.0	28.9	-210.9		
				-20.0%	13.7%	-16.5%		
Other operating expenses	7			-115.6	36.1	-151.7	19.5	23.5
				-12.7%	23.8%	-11.9%		
EBITDA¹		Earnings before interest, taxes, depreciation, amortisation		125.8	16.7	109.1		
				13.8%	15.3%	8.6%		
Depreciation on assets	8			-31.1	-1.1	-30.0		
				-3.4%	-3.7%	-2.4%		
EBITA²		Earnings before interest, taxes, goodwill amortisation		94.7	15.6	79.1		
				10.4%	19.7%	6.2%		
Goodwill amortisation	8			-7.2	1.2	-8.4		
				-0.8%	14.3%	-0.7%		
EBIT³		Earnings before interests and taxes		87.5	16.8	70.7		
				9.6%	23.8%	5.5%		
Financial income	10			41.6	8.0	33.6		
Financial expenditure	11			-27.3	1.4	-28.7		
Financial result				14.3	9.4	4.9		
				1.6%	191.8%	0.4%		
EBT⁴		Earnings before taxes		101.8	26.2	75.6		
				11.2%	34.7%	5.9%		
Income taxes	12			-16.4	-7.0	-9.4		
				-1.8%	-74.5%	-0.7%		
Minority interest	13			-	1.0	-1.0		
				0.0%	100.0%	-0.1%		
NET PROFIT	14			85.4	20.2	65.2		
				9.4%	31.0%	5.1%		
Shares entitled to dividend ¹	15			644 219	-41 789	686 008		
					-6.1%			
EPS⁵		Earnings per share¹ (Bearer share equivalent per year end)		133	38	95		
					40.0%			
Operating assets				1360.2	40.8	1 319.4		
					3.1%			
Operating liabilities				258.8	9.5	249.3		
					3.8%			
Invested operating capital	17			1 101.4	31.3	1 070.1		
					2.9%			
ROIC⁶		Return on invested capital	18	7.9%		6.6%		
Shareholders Equity				494.9	6.9	488.0		
					1.4%			
ROE⁷		Return on Equity	19	17.3%		13.4%		

Legend see page 27

SEGMENT INFORMATIONS

Retail Trade			Retail Real Estate			Finance (incl. Holdings)		
1999 CHF mill. % total income	Change CHF mill. % prior year	1998 CHF mill. % total income	1999 CHF mill. % total income	Change CHF mill. % prior year	1998 CHF mill. % total income	1999 CHF mill. % total income	Change CHF mill. % prior year	1998 CHF mill. % total income
904.1	-375.1 -29.3%	1 279.2						
-71.7	-2.5 -3.6%	-69.2	-0.1		-0.1			
832.4	-377.6 -31.2%	1 210.0	-0.1		-0.1			
			76.1	6.0 8.6%	70.1		-	
16.1	-1.1 -6.4%	17.2	4.6	4.5	0.1	1.1	0.1 10.0%	1.0
848.5 100.0%	-378.7 30.9%	1 227.2 100.0%	80.6 100.0%	10.5 15.0%	70.1 100.0%	1.1	0.1 10.0%	1.0
-486.7 -57.4%	316.2 39.4%	-802.9 -65.4%	-0.6 -0.7%	-0.4 -200.0%	-0.2 -0.3%		-	
-177.2 -20.9%	28.9 14.0%	-206.1 -16.8%	-2.0 -2.5%	0.3 13.0%	-2.3 -3.3%	-2.8	-0.3 -12.0%	-2.5
-122.3 -14.4%	41.0 25.1%	-163.3 -13.3%	-9.7 -12.1%	-0.2 -2.1%	-9.5 -13.5%	-3.1	-0.7 -29.2%	-2.4
62.3 7.3%	7.4 13.5%	54.9 4.5%	68.3 84.7%	10.2 17.6%	58.1 82.9%	-4.8	-0.9 -23.1%	-3.9
-18.4 -2.1%	0.1 0.5%	-18.5 -1.5%	-12.7 -15.7%	-1.2 -10.4%	-11.5 -16.4%	-	-	-
43.9 5.2%	7.5 20.6%	36.4 3.0%	55.6 69.0%	9.0 19.3%	46.6 66.5%	-4.8	-0.9 -23.1%	-3.9
-	-	-	-	-	-	-7.2	1.2 14.3%	-8.4
43.9 5.2%	7.5 20.6%	36.4 3.0%	55.6 69.0%	9.0 19.3%	46.6 66.5%	-12.0	0.3 2.4%	-12.3

481.1	33.9 7.6%	447.2	713.4	48.2 7.2%	665.2	165.7	-41.3 -20.0%	207.0
129.9	-1.1 -0.8%	131.0	13.2	8.3 169.4%	4.9	115.7	2.3 2.0%	113.4
351.2	35.0 11.1%	316.2	700.2	39.9 6.0%	660.3	50.0	-43.6 -46.6%	93.6
12.5%		11.5%	7.9%		7.1%			

1 EBITDA Earnings before interest, tax, depreciation and amortisation 4 EBT Earnings before tax 6 ROIC Return on invested capital (EBIT/betr.invest.Kapital)
2 EBITA Earnings before interest, tax and amortisation 5 EPS Earnings per share 7 ROE Return on equity
3 EBIT Earnings before interest and tax

GROUP BALANCE SHEET

(before appropriation of retained earnings)

Notes to the Consolidated Financial Statements	31.12.1999		31.12.1998	
	CHF million	%	CHF million	%
ASSETS				
Fixed assets				
– Land	20	97.6	99.1	
– Buildings	20	541.4	527.5	
– Buildings under construction	20	7.6		
– Operating fixtures	20	124.4	100.0	
– Furniture and equipment	20	74.8	845.8	75.4
Intangible assets	20	7.6	3.6	
Goodwill	21	116.0	132.9	
Financial assets				
– Minority investments		5.7	11.3	
– Other financial assets		2.5	8.2	6.5
Total Non-Current Assets		977.6	956.3	69.5
Inventories	23	160.2	166.2	
Trade accounts receivable	24	124.1	94.0	
Other accounts receivable	25	36.9	82.7	
Prepaid expenses and accrued income		61.4	20.2	
Marketable securities	26	0.6	0.2	
Cash and bank	27	69.4	56.9	
Total Current Assets		452.6	420.2	30.5
		1 430.2	1 376.5	100.0
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital				
	28	37.6	41.6	
Paid-in surplus				
	29	100.6	98.6	
Group retained earnings				
	29	533.1	573.0	
Own shares				
	29	-176.4	457.3	-225.2
Total Shareholders' Equity		494.9	488.0	35.4
Minority Interest				
	30	0.8	5.2	0.4
Long-term liabilities				
– Long-term loans	31	640.8	578.7	
– Other long-term liabilities	32	10.5	10.3	
– Provision for deferred taxes	33	70.6	57.1	
– Provisions	34	1.9	723.8	2.0
Current liabilities				
– Trade accounts payable	35	65.1	54.4	
– Loans (current portion)	36	24.4	45.0	
– Other short-term liabilities	37	43.5	75.2	
– Accrued expenses and deferred income		77.7	210.7	60.6
Total Liabilities		934.5	883.3	64.2
		1 430.2	1 376.5	100.0
Current Ratio		215%	179%	

(Ratio of current assets to current liabilities)

MOVEMENTS OF FIXED ASSETS

in CHF million Detailed Analysis for Fixed Assets (see notes 20/21)	Balance as of Dec. 31, 98	Additions	Disposals	Other	Additions to Scope of Consolidation	Disposals from Scope of Consolidation	Balance as of Dec. 31, 99	Accumulated Depreciations	Balance as of Dec. 31, 99 net	Insurance Values
COSTS										
Land	100.5	1.6	-3.2	0.1			99.0	-1.4	97.6	
Buildings ¹	664.4	35.2	-25.9	1.2			674.9	-133.5	541.4	1 232.0
Buildings under construction	0.0	7.6					7.6	0.0	7.6	
Operating fixtures ¹	127.2	34.4	-2.3			-2.8	156.5	-32.1	124.4	166.0
Furniture/Vehicles/Equipment, etc	138.6	21.2	-5.6			-9.0	145.2	-70.4	74.8	
Total Fixed Assets	1030.7	100.0	-37.0	1.3	0.0	-11.8	1083.2	-237.4	845.8	1 398.0
Intangible Assets	4.5	5.3	-0.1				9.7	-2.1	7.6	
Goodwill	154.1	3.5	-5.5			-13.2	138.9	-22.9	116.0	
Minority investments	11.3		-3.5	0.1		-2.2	5.7	0.0	5.7	
Other financial assets	6.5	1.1	-5.5	0.4			2.5	0.0	2.5	
Total Financial Assets	17.8	1.1	-9.0	0.5	0.0	-2.2	8.2	0.0	8.2	
Total Non-Current Assets	1207.1	109.9	-51.6	1.8	0.0	-27.2	1240.0	-262.4	977.6	
ACCUMULATED DEPRECIATION										
Land	1.4						1.4			
Buildings	136.9	10.4	-14.1	0.3			133.5			
Operating fixtures	27.2	5.6	-0.3			-0.4	32.1			
Furniture/Vehicles/Equipment, etc	63.2	13.9	-1.4			-5.3	70.4			
Total Fixed Assets	228.7	29.9	-15.8	0.3	0.0	-5.7	237.4			
Intangible Assets	0.9	1.2					2.1			
Goodwill	21.2	7.2	-0.7			-4.8	22.9			
Minority investments	0.0						0.0			
Other financial assets	0.0						0.0			
Total Financial Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Total Non-Current Assets	250.8	38.3	-16.5	0.3	0.0	-10.5	262.4			

1 Reclassification of the property related fixed assets under real estate

STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

(see note 29) in million CHF	Share capital	Reserve for own shares	Capital reserve	Other Group reserve	Total
Shareholder's Equity as at Decemter 31, 1997	39.8	62.8	66.0	408.6	577.2
Exercising of conversion rights	1.8		32.6		34.4
Purchase of own shares for capital reduction				-137.8	-137.8
Purchase of other own shares				-24.6	-24.6
Reserves for own shares		162.2		-162.2	0.0
Conversion difference				-1.3	-1.3
Dividends to third parties out of profit 1997				-25.1	-25.1
Consolidated net income 1998				65.2	65.2
Shareholder's Equity as at December 31, 1998	41.6	225.0	98.6	122.8	488.0
Share capital reduction	-4.1	-133.7		137.8	0.0
Exercising of conversion rights	0.1		2.0		2.1
Purchase of own shares for capital reduction				-67.3	-67.3
Purchase of other own shares				-21.7	-21.7
Reserves for own shares		85.0		-85.0	0.0
Conversion difference				3.2	3.2
Restatement ¹				29.9	29.9
Dividends to third parties out of profit 1998				-24.7	-24.7
Consolidated net income 1999				85.4	85.4
Shareholder's Equity as at December 31, 1999	37.6	176.3	100.6	180.4	494.9

1 From first application of the new IAS regulations (IAS 19 and 32) and goodwill repatriation

GROUP STATEMENT OF CASH FLOW

	1999	1998		
	CHF million	CHF million		
EBIT Earnings before Interest and Taxes	87.5	70.7		
Financial income	14.3	4.9		
Income taxes	-16.4	-9.4		
Minority interests	-	-1.0		
Group Net Income before Minority Interest	85.4	65.2		
Depreciation				
Fixed Assets	29.9	29.2		
Intangible Assets	1.2	0.8		
Goodwill	7.2	8.4		
Increase + / decrease - long-term liabilities	13.4	-2.2		
Increase - / decrease + Inventories	5.8	-9.7		
Increase - / decrease + Short-term Trade/Accounts Receivable, Prepaid Expenses/Accrued Income	-48.7	-45.5		
Increase + / decrease - Trade Accounts Payable and Other Short-Term Liabilities	5.5	4.6		
Increase + / decrease - Accrued Expenses and Deferred Income	7.7	-7.3		
Funds Generated from Operating Activities	107.4	43.5		
Acquisition of Fixed Assets	-101.0	-84.6		
Increase - / decrease + Intangible Assets	-5.2	-3.3		
Increase - / decrease + Goodwill	1.3	-3.7		
Acquisition of Companies included in Consolidated ¹	-	-11.0		
Sale of Companies Included in Consolidation ¹	19.8	2.2		
Increase - / decrease + Financial Assets	7.4	-3.6		
Proceeds from Disposal of Fixed Assets	21.2	4.6		
Foreign Exchange Differences Arising on Consolidation	3.2	-1.3		
Net funds Generated from Investing Activities	-53.3	-100.7		
Net funds Generated from Operating Activities	54.1	-57.2		
Exercise of Options	2.1	34.4		
Purchase of Own Shares	-89.0	-162.4		
Restatement	29.9	-		
Increase - / decrease + Marketable Securities	-0.4	3.0		
Increase + / decrease - Minority Interest	-1.2	0.7		
Increase + / decrease - Long-Term Liabilities	62.3	193.1		
Increase + / decrease - Loans (Current Poriton)	-20.6	-14.2		
Dividend Payments to Third Parties	-24.7	-25.1		
Funds Generated from Financing Activities	-41.6	29.5		
Decrease in Cash and Bank	12.5	-27.7		
1Purchase and Sale of Companies Included in the Consolidation	Acquisition	Sale	Acquisition	Sale
Fixed Assets		6.1	64.8	12.7
Intangible Assets		-	-	1.3
Goodwill		8.4	8.9	-
Financial Assets		2.2	-56.5	0.9
Short-Term Receivables and Prepaid Expenses and Accrued Income		23.2	18.3	48.2
Inventories		0.2	6.7	14.5
Liquidity		8.2	4.1	12.3
Minoritys		-3.2	-2.4	-0.1
Long-term Liabilities		-	-0.8	-0.3
Trade Accounts Payable and Other Liabilities		-26.5	-22.2	-67.2
Short-term Trade Accounts Payable		-	-0.7	-0.6
Accrued Expenses and Deferred Income		9.4	-5.1	-7.2
Net asset		28.0	15.1	14.5
Less Cash Acquired		-8.2	-4.1	-12.3
Funds invested			11.0	
Funds Generated from Devestitures		19.8		2.2

SEGMENT - INFORMATION S

Retail Trade	Retail Real Estate	Finance (inkl. Holdings)
1999 CHF million	1999 CHF million	1999 CHF million
43,9	55,6	-12,0
		14,3
		-16,4
17,2	12,7	
1,2		7,2
-0,1		13,5
5,8		
-61,2	-9,9	22,4
20,7	0,8	-16,0
-4,6	7,5	4,8
22,9	66,7	17,8
-26,5	-66,9	-7,6
-5,2		1,3
		19,8
		7,4
5,3	15,9	
		3,2
-26,4	-51,0	24,1
-3,5	15,7	41,9

Group accounting policies

General

The group financial statements comprise the individual subsidiaries' financial statements which have been prepared in accordance with uniform accounting policies. For all companies the financial year ends on December 31.

The group financial statements have been prepared in accordance with the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC).

Principles of Consolidation

The group financial statements include the individual financial statements of Jelmoli Holding Ltd and of its Swiss and foreign subsidiaries. Group Companies acquired in the course of the year are consolidated from the date of acquisition; companies sold are excluded from consolidation from the date of sale.

The group financial statements include 100% of assets and liabilities, and income and expenses of all companies in which Jelmoli, directly or indirectly, has a voting interest greater than 50% or, by other means, has a controlling interest. Minority interest in the net assets and consolidated income are disclosed separately in the consolidated balance sheet and consolidated income statement. All intercompany balances and transactions have been eliminated.

Investments between 20% and 50% are accounted for using the equity method, i.e. at the corresponding share of the year-end net asset value. The difference between the current year and the prior year value of the investment appears as a corresponding increase or decrease in «Financial Income» or «Financial Expense» respectively.

Investments of less than 20% shareholding or considered as insignificant are not consolidated and are included under the caption «Financial Assets» at cost. Any diminution in value of such investments is charged to «Financial Expense».

The major companies included in the consolidation are disclosed on page 10.

Goodwill

On acquisition the assets and liabilities of a subsidiary are revalued in accordance with uniform group accounting policies. Until 1994, goodwill – the difference between the revalued net asset value and the purchase price – was credited or charged to Group reserves in the year of acquisition. Accordingly, any goodwill from sale of a company first consolidated before 1995 is likewise credited to Group reserves.

Starting from 1995 goodwill is capitalised and amortised over a maximum period of 20 years on a straight line basis.

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated at rates of exchange prevailing at balance sheet date, while all income and expense items are translated at average annual rates. Resulting exchange differences are recorded in the consolidation reserves. Exchange differences arising from foreign currency transactions are dealt with in the income statement.

Derivative financial instruments

To limit corporate currency exchange risks and optimize financial results, the Jelmoli Group employs forward transactions with sale and purchase at corresponding premiums of put and call options on currency and securities transactions. Option transactions are valued at purchase value, but no higher than market rates, with premiums booked over put and call maturity periods.

Fixed Assets

Fixed assets (land, buildings, operating fixtures, furniture and equipment) are stated at historical cost and depreciated using the straight-line method over their estimated useful lives. The estimated useful life is fixed at 50 years for buildings (in consideration of an adequate residual value), 15 to 25 years for permanent fixtures (i.e. air conditioning units, lifts, escalators etc.) and 5 to 10 years for furniture and equipment.

Intangible Assets

Intangible assets mainly consist of information technology system software, either acquired by licence from third parties or developed in-house. The estimated useful life is 5 years (straight-line depreciation).

Inventories

Inventories are valued at the lower of cost (weighted average cost) and net realisable value. Provisions are made for slow moving and obsolete items.

Taxes

Income tax is calculated on Group income according to uniform corporate evaluation.

Deferred taxes are calculated according to the balance sheet liability method on temporary differences between corporate and fiscal evaluation of assets and liabilities at a uniform tax rate of 26% (Previous year 26%).

The Jelmoli Group balance sheet also includes tax-deductible accrued liabilities. On precautionary grounds their positive fiscal effect is neither booked against income nor charged against provisions for deferred taxes.

Liabilities

All liabilities with residual terms exceeding one year are classified as long-term liabilities.

All interest-bearing liabilities are disclosed as loans.

Employee Welfare

All Swiss and American group companies maintain their own employee welfare arrangements, which are legally independent entities and not included in the group financial statements. They are financed by employee and employer contributions. The benefits granted by the entities are based primarily on the employees' number of years' service and on the average salary in the final years of active employment. Net assets are periodically subject to actuarial valuation following the «Projected Unit Credit Method».

Currency translation rates

The following exchange rates were applied for translating the US dollar as main Group trading currency into Swiss francs (prior year rates in brackets):

	Balance sheet	Income statement
US dollar	CHF 1.5975 (1.381)	CHF 1.5024 (1.449)

Changes in scope of consolidation

No companies were acquired during the year under review. Jelmoli participation in Portable Shop Schweiz AG, Fällanden was increased per 1.7.1999 from 55% to 77.5%.

Due to divestiture, the following companies are no longer included in the scope of consolidation:

- Imholz Vertriebs AG, Zurich (66.6%) per 1.1.1999
- ITV (Imholz-TUI-Vögele) Reisen AG, Zurich (33.3%) per 1.1.1999
- Terlinden-Jelmoli Textilpflege AG, Küsnacht (50%) per 1.10.1999

The following company has been divested by sale of assets and liabilities:

- Kochoptik, Zurich (100%) per 1.2.1999

The effects of these far-reaching changes on Group turnover, on operating income and on fixed assets are explained in the respective notes, the segment information on page 27, and the commentaries on individual companies (pages 11 to 23).

Due to strategic realignment and reweighting of turnover, rental income and operating income, segment is now presented according to the two core business segments

- Retail Trade
- Retail Real Estate and finance (including holdings).

Unless otherwise noted, deviations from prior year figures are mainly due to the changes listed above.

Consolidated Income Statement (page 26)

1 Gross turnover

Under details on the Retail Trade segment on pages 11 to 19, an analysis is presented of turnover by:

- Jelmoli AG (Jelmoli Zurich, Molino Restaurants, Fashion Bazaars)
- Dipl. Ing. Fust AG
- Portable Shop Schweiz AG.

This also includes a detailed analysis, in particular of turnover comparable with the previous year.

The 29.3% decline in Group turnover is mainly attributable to the numerous divestitures. Comparable turnover declined by 1.5%, which is exclusively attributable to a deliberate reduction of 5.5% (comparable) in unprofitable Fust AG turnover. Comparable turnover of Jelmoli Zurich rose significantly by 6.4%, while Portable Shop turnover soared again by 61.2% (comparable rise without new branches: 11.6%).

2 Sales deductions

Sales deductions mainly comprise value added tax, bad debt losses, staff discounts, and discounts granted to regular customers on specific limited product lines.

3 Rental income

Rental income from external partners rose from CHF 49.4 million to CHF 58.0 million (+ CHF 8.6 million CHF +17.4%). These figures do not include rentals charged to own retail locations (in particular to Jelmoli AG and Fust AG by Jelmoli Real Estate and by Dipl. Ing. Fust AG to own branches) totalling CHF 18.1 million (prior year: CHF 20.7 million). See «Elimination» column.

The overall situation in the real estate segment is reflected by non-consolidated rental income (i.e. including rentals charged to own retail locations at market conditions), which rose by CHF 6.0 million (8.6%) to CHF 76.1 million. This is exclusively attributable to first rentals of floor areas not previously utilized in existing properties. Furthermore, a good many tenants attained turnovers exceeding for the first time the minimal rental limit and started paying turnover-linked rentals.

Under details on the Retail Real Estate segment on pages 20 to 23, an analysis is presented of rental income by:

- Jelmoli AG
- Dipl. Ing. Fust AG
- Jelmoli USA

This also includes a detailed analysis, in particular of rental income comparable with the previous year, location quality, utilization mode, vacant floor areas, minimal and turnover-linked rentals, and duration of rental terms.

4 Other income

Other income mainly includes services earnings (Shopping Bonus Card commissions, Jelmoli Zurich and real estate management services) and book profit on property sales.

5 Cost of sales

Cost of sales also includes costs in connection with services rendered by third parties. Discounts granted are deducted from cost of sales.

Cost of sales declined by 9.5 percentage points in relation to total income due to divestiture of the travel segment (with its lower gross margins) and a significant improvement in consumer electronics business.

6 Staff costs

Staff costs were as follows:

in million CHF	1999	1998
Wages and salaries	143.2	166.0
Social security contributions	14.7	16.1
Pension fund contributions	6.5	7.1
Other personnel expenses	17.6	21.7
Total staff costs	182.0	210.9

Staff costs have increased by 3.5 percentage points in relation to total income, due to divestiture of the less personnel-intensive travel retail business.

The average number of full-time staff declined to 2220 employees (previous year: 2750).

As a result of these structural changes in turnover and personnel figures, total income per employee decreased by 11.6% to CHF 0.410 million (previous year CHF 0.464 million).

7 Other operating expenses

About a third of these comprise on one hand outlay for advertising and displays. The two remaining thirds of other operating expenses mainly arise from rental charges, maintenance and repair outlay, marketing and administration costs, general expenditure and capital taxes. The ratio of other operating expenses to net turnover has increased slightly.

8 Depreciations

The depreciation rates applied to fixed assets in each category are disclosed in the Group Accounting Principles under Fixed Assets, Intangible Assets and Goodwill. Actual depreciation figures are given in the Analysis of Fixed Assets (page 29 and note 20).

9 Operating results

(EBIT: Earnings before interest and taxes)

Segment operating results are disclosed as follows (see segment information on page 27):

- Retail Trade
- Retail Real Estate
- Finance (including holdings)

For details on results development compared with the previous year, see pages 11 to 23.

a) Retail Trade

(Jelmoli Zurich, Fust, Portable Shop, Molino, Fashion Bazaars)

About two thirds of the 20.6 percent rise of CHF 7.5 million in operating income to CHF 43.9 million is attributable to improvement of Fust AG consumer electronics business, and the other third to that of Jelmoli Zurich.

b) Retail Real Estate (Jelmoli AG, Fust AG, Jelmoli USA)

19.3 percent rise of CHF 9.0 million to CHF 55.6 million is due to first rentals of floor areas not previously utilized in existing properties, to turnover-linked rental income received for the first time from numerous retail tenants and to booked profit on property sales.

c) Finance (including holdings)

The operating result comprises ongoing costs of CHF 4.8 million (prior year: CHF 3.9 million) and goodwill amortization on the acquisitions of Dipl. Ing. Fust AG and Portable Shop Schweiz AG totalling CHF 7.2 million (prior year: CHF 8.4 million).

10 Financial income

Interest and securities income for 1999, including trading with own shares and options on own shares, premium income from derivative transactions with own shares (JELGO management staff options), foreign exchange and SMI stock, amounted to CHF 41.6 million (previous year: CHF 33.6 million). Investment income resulting from dividend income from non-consolidated investments were insignificant and matched that of the previous year.

11 Financial expense

Interest expense incurred for the servicing of mortgages, loans, pension fund loans and personnel deposits and losses from equity-consolidated companies. In 1999 the elimination of equity-losses was almost replaced by higher interest charges. Financial expense thus declined to CHF 27.3 million (prior year 28.7 million).

12 Income taxes

The taxation rate of only 16.1% on profit before taxes (prior year: 12.4%) is attributable to the substantial tax relief remaining until up to 2002 on Jelmoli AG losses (which have not been booked against income) of about CHF 3 million (prior year: CHF 52 million) and to the fact that financial yield is largely booked to holding companies subject to preferential taxation rates.

Income taxes are made up as follows:

Group income	
before income tax	CHF 101.8 million (prior year: CHF 75.6 million)
Tax expense	
(tax rate 22.3%,	
prior year 18.7%)	CHF 22.7 million (prior year: CHF 17.3 million)
Less tax relief on	
accrued losses	CHF 9.6 million (prior year: CHF 6.2 million)
Effective current	
income tax	CHF 13.1 million (prior year: CHF 11.1 million)
Accumulation crelease of provision	
for deferred taxes	CHF 3.3 million (prior year: CHF 1.7 million)
Net tax expense	CHF 16.4 million (prior year: CHF 9.4 million)

13 Minority interests

Minority interests in fully consolidated companies comprise:

- Portable Shop Schweiz AG (22.5% company management)
- Terlingen-Jelmoli Textile Care AG (50% Terlingen until 30.9.1999)

NOTES TO GROUP FINANCIAL STATEMENTS

14 Group net profit

Net profit for 1999 rose by 31.0% to CHF 85.4 million (prior year: CHF 65.2 million). The dividend proposal per bearer share equivalent of CHF 44.– (previous year: CHF 36.–) is corresponding to a distribution rate of 33% (prior year: 38%).

15 Shares outstanding

The change in number of shares outstanding (dividend-entitled) is due above all to a further 6.0 percent share repurchase:

Number of shares	Bearer shares	Registered share	Bearer share equiv.
Original status issued prior to AGM	516 031	1 576 354	831 302
Less shares capital reduction 1999	- 55 000	- 130 000	- 81 000
Original status outstanding after AGM	461 031	1 446 354	750 302
Less own shares	-58 093	-31 004	-64 294
Original status outstanding	402 938	1 415 350	686 008
Share repurchase	- 30 000	-75 000	-45 000
Conversion	2150		2150
Own share trading	-4 739	29 000	1 061
Final status outstanding	370 349	1 369 350	644 219
Plus own shares	62 832	2 004	63 233
Final status issued after AGM¹	433 181	1 371 354	707 452
Share repurchase	30 000	75 000	45 000
Final status issued prior to AGM²	463 181	1 446 354	752 452

1 after capital reduction at the 2000 General Meeting
2 prior to capital reduction at the 2000 General Meeting

Repurchased shares included in the final figures above will be proposed for elimination at the 2000 General Meeting.

Conversion rights remaining on the 2.5% bond issue 1994–2001 and the 1.25% bond issue 1998–2004 are furthermore secured by conditional capital totalling 77340 bearer shares:

Final status outstanding	370 349	1 369 350	644 219
Conditional capital	77 340		77 340
Final status diluted	447 689	1 369 350	721 559

16 Earnings per share (EPS)

Earnings per bearer share outstanding rose in 1999 by 40.0 percent to CHF 133 per bearer equivalent (prior year: CHF 95). This is attributable to a 31.0 percent rise in Group profit and a 6.1 percent reduction in the number of shares outstanding.

Including conditional capital, earnings per share for 1999 were CHF 118 (fully diluted).

17 Invested operating capital

Invested operating capital for the two segments Retail Trade and Retail Real Estate is made up of fixed and intangible assets, inventories, trade accounts receivable and respective proportions of other receivables, prepaid expenses and accrued income, cash and bank (operating assets), less trade accounts payable and respective proportions of other liabilities, and accrued expenses and deferred income (operating liabilities).

Real estate value of the segment currently totals CHF 700.2 million (CHF 97.6 million land, CHF 540.1 million buildings, CHF 75.7 million fixed proportionate operating fixtures and current assets, reduced by liabilities of CHF 13.2 million), from which rental income in 1999 totalled CHF 76.1 million. With expected rental income based on existing contracts for 2000 of at least CHF 80 million capitalized at 7% (gross), the current market value of real estate totals CHF 1143 million.

Invested operating capital in the Finance/Holdings segment comprises proportions specific to this segment together with those not belonging to operative segments.

18 Return on invested capital (ROIC)

Return on invested capital is the ratio of operating income (EBIT) to invested operating capital.

ROIC of 12.5% for the retail trade segment rose by 1.0%-point above the high level of prior year.

ROIC of 7.9% (+0.8%-point) for the retail estate segment and gross rental profit of 10.9% (rental income on invested operating capital) reflects the substantial sleeping reserves included in IAS residual values for real estate assets.

19 Return on Equity (ROE)

Return on equity rose by 3.9%-points to 17.3% (prior year: 13.4%) due to the combined effect of profit increase and share repurchases.

Consolidated Balance Sheet (page 28)

20 Fixed assets / analysis (see table on page 29)

Capital expenditure during the year under review was primarily incurred by conversions at Jelmoli Zurich (various shops-in-shop, men's fashion modernization, facade renovations), four new fitness and wellness centres, and expansions by Dipl. Ing. Fust AG with small shopping centres in Sursee and Moosseedorf. This was in addition to the normal outlay for ongoing replacement investments.

Information on mortgage loans is given in note 31 to the consolidated financial statements.

21 Goodwill (see table on page 29)

The net-decline is attributable to divestiture of the travel business on one hand, and to the additional participation in Portable Shop Schweiz AG (less goodwill depreciation in 1999) on the other hand.

22 Financial assets

These comprise participation and loans to nonconsolidated subsidiaries.

23 Inventories

The change in inventories is mainly attributable to inventory reductions in connection with restructuring of the consumer electronics segment.

Inventories are valued in accordance with the Group accounting principles.

24 Trade accounts receivable

These comprise turnover by Shopping Bonus Card holders, together with credit sales and receivables with respect to Dipl. Ing. Fust AG leasing agreements. The increase is essentially attributable to expired asset-back-financing.

Del-credere risks are adequately covered by setting aside an appropriate provision of CHF 5.5 million.

25 Other receivables

These mainly include receivables from suppliers, pension funds and fiscal authorities. The change compared with prior year is attributable to deconsolidation and valuation per balance sheet date (exceptionally high values in prior year).

26 Marketable securities

Securities held are not significant. They are valued at the lower of cost or market price.

27 Liquid assets

Liquid assets include petty cash, post office cheque accounts and bank sight and time deposits. Changes compared with the previous year are analyzed in the cash flow statement on page 30.

28 Share capital

Details on share capital composition and changes are given in note 15.

29 Shareholders' equity

The table on page 29 shows changes in shareholders' equity during 1999, and in particular the effects of acquisitions, divestitures and of own shares held by the company.

Own shares are held at stated cost (see note 15) and have been directly deducted from shareholders' equity.

Shareholders' equity as a percentage of total assets declined from 35.4% to 34.6% as a result of the above-mentioned transactions.

Taking into account the significant added value on real estate value and the market value of own shares, the equity to total assets ratio is higher than 50 percent.

Capital reserve and reserve for own shares are nonappropriable.

Group reserves are subject to appropriation limitation with regard to any shareholders' equity components of subsidiaries contained therein which are legally nonappropriable. Furthermore, future appropriations by subsidiaries are reduced by income tax and legal reserve regulations.

30 Minority interests

The change in minority interests is attributable to increased participation in Portable Shop Schweiz AG (now 22.5% minority share), and to elimination of the participations in Terlinden-Jelmoli Textilpflege AG and Imholz Vertriebs AG.

31 Long-term loans

Long-term loans comprise the following (all denominated in Swiss francs):

- 2.5% convertible bond issue 1994–2001 in the amount of CHF 7.9 million (after conversion of CHF 42.1 million from 1997 to 1999).
- 5% warrant issue 1995–2000 in the amount of CHF 100 million (meanwhile refinanced on a long-term basis).
- 1.25% convertible bond issue 1998–2004 in the amount of CHF 150 million nominal less shareholders equity component according to IAS 32 (CHF 10.8 million, less deferred taxes to the amount of CHF 2.8 million, totalling CHF 8.0 million net).
- Bank term loans with 1 to 4-year maturity periods and variable interest rates based on LIBOR plus an additional margin. These loans are secured by mortgages to the extent of CHF 40 million. Bank term loans are subject to specific conditions which were complied with at all times.

32 Other liabilities

Other liabilities chiefly comprise loans of CHF 3.5 million from the pension funds (prior year: CHF 2.8 million), and personnel deposits in the amount of CHF 7.0 million (prior year: CHF 7.5 million). There are no liabilities to non-consolidated companies.

33 Provision for deferred taxes

Provision for deferred taxes applies to the following balance sheet items:

	1999	1998
Trade receivables	CHF 1.9 million	CHF 1.7 million
Other assets	CHF 7.7 million	CHF –
Inventories	CHF 9.8 million	CHF 10.0 million
Tangible fixed assets	CHF 47.8 million	CHF 45.0 million
Reserves and other liabilities	CHF 3.4 million	CHF 0.4 million
Total provision for deferred taxes	CHF 70.6 million	CHF 57.1 million

34 Long-term provisions

Long-term provisions are CHF 1.9 million (prior year CHF 2.0 million)..

35 Trade accounts payable

The increase of CHF 10.7 million applies at accounts closing date.

NOTES TO GROUP FINANCIAL STATEMENTS

36 Short-term loans

These mainly comprise short-term bank loans.

37 Other short-term liabilities

Other short-term liabilities primarily include gift coupons not yet redeemed, tax liabilities and payments to account.

38 Other financial liabilities

- Contingent liabilities
There are no contingent liabilities of any significance.
- Long-term leasehold and rental commitments
Long-term leasehold and rental contracts exist for premises occupied by the Group. Residual terms on leasehold contracts are between 14 and 93 years and between 1 and 16 years on rental contracts. Future commitments arising therefrom amount to CHF 96.3 million (previous year: 120.5 million).
- Future investments
Per 31.12.1999 investments totalling around CHF 150 million were approved (construction of La Praille shopping centre, Geneva, extensions at Jelmoli Zurich).
- Leasing liabilities
There are no significant unbalanced leasing liabilities.

39 Board of Directors and related parties

As in the previous year, no amounts are due from or to Board members and major shareholders.

Total expense for the Board of Directors of Jelmoli Holding Ltd amounts to CHF 0.4 million for the year under review. The average fee of Board members is CHF 50 000 per annum, 50% of which in the form of share options.

Transactions with related parties are exclusively executed at market-conform conditions.

40 Employee welfare

Some of the main Group pension funds are based on the benefit primacy principle. Retirement benefits due to employees covered by these funds are based on a defined percentage of expected salary in the years prior to retirement, and depend on the number of years of service. Actuarial valuation of defined benefit plan pension funds is based on IAS 19 (revised), valid as of 1.1.1999.

Accordingly, greater information is provided than hitherto, comprising further details on relevant welfare funds data. Employer reserves were capitalized in prior year and are booked under Other Assets.

The situation with regard to benefit primacy pension funds is as follows (in million CHF):

	1999	1998 ¹
Pension fund assets at market values	381.7	263.8
Pension fund obligations	<u>338.6</u>	<u>270.7</u>
Coverage surplus/deficiency	43.1	- 6.9
of which capitalized	<u>-30.0</u>	
non-capitalized coverage	<u>13.1</u>	

¹ 1998 limited to pension funds

Actuarial profit and loss according to periodic calculations is only shown if amounting to 10% of assets or obligations, whichever the higher. Sums exceeding this tolerance are amortized over the average remaining service time of employees covered.

The following actuarial parameters were applied in the year under review (prior year): Discount rate 5%, (prior year 5%) Return on assets 5.5% (prior year 5.0%), rate of increase in wages and salaries 3% (prior year 3%), rate of increase in retirement benefit 1% (prior year 1%).

Pension fund expenses 1999 are made up as follows (in million CHF):

Expenses for contribution primacy plans	5.1
Expenses for benefit primacy plans	<u>1.4</u>
	6.5

Expenses for benefit primacy plans in 1999 were made up as follows (in million CHF):

Performance costs	4.1
Interest expense on claims	17.0
Expected income from nonappropriated assets	<u>-19.7</u>
Total pension fund expenses	1.4

41 Derivative financial instruments

To limit corporate currency exchange risks, the Jelmoli Group employs forward transactions complying with the corporate guidelines for currency risk management. Forward transactions open per 31.12.1999 were as follows (previous year in parentheses):

Currency (CHF million)	Contract value ¹	Market value	Difference
German Mark	0.0 (12.2)	0.0 (12.4)	0.0 (0.2)

¹ less provisions

Financial results are optimized by purchase and sale of option contracts within set limits. Associated risks are limited by means of stop-loss transactions. Option sales contracts as per 31.12.1999 were to the following amounts (previous year in parentheses):

CHF million	Basic value	Market value of options
Sale of put and call options on currency transactions	0.0 (41.4)	0.0 (1.5)

42 Events subsequent to balance sheet settlement date

In February 2000 Jelmoli Holding AG repurchased 20 000 bearer shares and 50 000 registered shares from a few institutional investors and the majority shareholder Walter Fust for capital reduction purposes. The General Meeting 2000 will be requested to approve the elimination of these shares together with those repurchased in August 1999.

Prospects for 2000

With less unemployment and a modest rise again in personal spending power, the Swiss economy revived significantly in the second semester 1999. The consumer purchasing index rose further in January 2000, reaching a positive level at 18 points (prior year: 2 index points) not seen since the early nineties. Customers are particularly optimistic with regard to future economic growth and their future financial situation, and far less reserved in durable consumer goods purchasing.

This creates a good basis for all Jelmoli Group companies, in particular Dipl. Ing. Fust AG, as well as for the retail real estate segment.

Retail Trade

For the fourth time in succession, Jelmoli Zurich turnover development during the first few months of this year significantly exceeded that of prior year as well as the market trend. The basement extensions planned for autumn 2000 will impart further impetus to this development.

Dipl. Ing. Fust AG expects demand accumulated during the recession to hit the market this year above all in kitchen/bathroom renovations, but also in the domestic appliances segment. Repositioning of the consumer electronics segment is expected to bring significantly higher profitability in the second semester.

Portable Shop Schweiz AG will grow steeply again with the newly opened branches and Digital Home shops. After the startup costs of 1999, considerably higher profitability is expected.

An overall operating income of CHF 50 to 55 million is expected for the retail trade segment (1999: CHF 43.9 million).

Retail Real Estate

Thanks to long-term turnover-linked rental contracts (with fixed minimal rentals), we can participate profitably in economic upswing and inflation phases. Numerous tenants already started to pay turnover-linked rentals in 1999, while others are about to do so. The favourable consumer purchasing trend and strong turnover growth which started last year among our tenants (particularly Globus, our main tenant) therefore open up good profitability prospects.

In mid-year 1999 about 10000 square metres of floor areas not previously utilized were let for the first time. The addition rental income of about CHF 4 million thus resulting creates a favourable basis effect even for the first semester 2000.

Likewise Dipl. Ing Fust AG real estate is renting out new floor areas.

Sale of the only remaining properties in the USA should bring sizeable profits during the course of 2000.

An overall operating income of about CHF 60 million is expected for the retail trade segment (1999: CHF 55.6 million).

Finance segment (including holdings)

Operating income of the finance segment is expected to match the prior year level (CHF 12.0 million)

Financial income

Based on financing measures taken around the turn of the millennium, at attractive interest rates, financial income is expected to be with slightly higher interests some what lower than in the prior year (1999 CHF 14.3 million).

Group profit

The expectations outlined above indicate a further rise of 5 to 10 percent in Group profit.

Based on the share-repurchase of 4 percent in February 2000, we expect profit per share to rise by 10–15 percent.

REPORT OF THE STATUTORY AUDITORS TO THE GENERAL
MEETING OF STATUTORY JELMOLI HOLDING LTD, ZURICH

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes) of Jelmoli Holding Ltd. presented on pages 40 to 43 for the year ended December 31, 1999.

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 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 the law and the company's articles of incorporation.

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



Peter Hess
Swiss Certified Accountant
Auditor in Charge

Raphael Arnet
Swiss Certified
Auditor in Charge

Zurich, March 10, 2000

INCOME STATEMENT JELMOLI HOLDING LTD, ZURICH

	1999	1998
	in CHF	in CHF
INCOME		
Income from participations	5 501 652	9 496 647
Financial yield	42 113 018	38 050 064
Net income from sale of participations	2 337 500	0
Other income	1 115 777	1 210 500
Income from writing back of provisions	100 000 000	0
	151 067 947	48 757 211
EXPENDITURE		
Financial expenditures	12 522 357	12 822 587
Administration expenditures	7 243 590	4 385 775
Other operating expenditures	0	2 033 773
Depreciation and revaluation	285 000	181 892
Taxes	2 509 197	2 267 969
	22 560 144	21 691 996
PROFIT FOR THE YEAR	128 507 803	27 065 215

BALANCE SHEET JELMOLI HOLDING LTD

	31.12.1999	31.12.1998
	in CHF	in CHF
A S S E T S		
Participations and long-term loans	690 085 820	703 175 829
Fixed Assets	690 085 820	703 175 829
Accounts receivable		
– Group subsidiaries	96 633 518	157 431 409
– Third parties	493 967	3 327 177
Prepaid expenses and accrued income	3 553 569	4 095 887
Securities	176 858 276	225 102 841
Cash and bank	44 426 143	13 198 145
Current Assets	321 965 473	403 155 459
	1 012 051 293	1 106 331 288
L I A B I L I T I E S		
Share capital	37 622 590	41 565 090
Capital reserves	100 637 745	98 603 307
Unappropriated profit		
– Legal reserve	17 550 000	17 550 000
– Reserve for own shares	176 300 000	225 000 000
– Special reserve	0	82 000 000
Balance sheet profit		
– Brought forward from previous year	4 959 809	5 612 182
– Annual profit	128 507 803	27 065 215
Shareholders Equity	465 577 947	497 395 794
Long-term borrowed capital		
– Financial liabilities	457 895 000	380 045 000
– Provisions	27 059 059	127 059 059
Short-term borrowed capital		
– Group subsidiaries	52 791 122	81 707 689
– Third parties	372 552	11 976 532
– Accrued expenses and deferred income	8 355 613	8 147 214
Borrowed Capital	546 473 346	608 935 494
	1 012 051 293	1 106 331 288

1. Contingent liabilities

Jelmoli Holding Ltd guarantees fulfilment of the financial obligations of Jelmoli Group companies within the framework of existing credit agreements to the extent of CHF 236.8 million (prior year CHF 217.5 million).

2. Pledged assets, retentions of title

There are no pledged assets or retentions of title.

3. Lease commitments

There are no lease commitments outstanding not shown by the balance-sheet.

4. Fire insurance value

The company no longer owns any real estate positions.

5. Pension fund liabilities

There are no liabilities toward pension funds

6. Bonds

2.5% convertible bonds 1994–2001 were issued on October 26, 1994 to the amount of CHF 50 million. Each bond of nominal value CHF 5000 can be converted at any time into 5 bearer shares at CHF 1000 each. The conversion rights of bond holders are secured by the authorized share capital increase of 50 000 bearer shares on April 26, 1994 (see note 10).

During the year under review a further 430 bonds were converted, thus reducing the amount outstanding on this issue to CHF 7.895 million.

A 5% warrant issue by Jelmoli Holding Ltd on July 28, 1995–2000 to the amount of CHF 100 million matures after 5 years (meanwhile refinanced on a long-term basis).

Per August 17, 1998 a 1.25% convertible bond issue 1998–2004 to the amount of CHF 150 million was undertaken. These bonds of par value CHF 5000 each can be converted at any time at into 2.314815 bearer shares. The conversion price is CHF 2160 per bearer share. The 1999 General Meeting approved release of this security by a conditional share capital increase of up to 69445 bearer shares (see note 10).

7. Investments

Please refer to page 10 “Group structure” as per December 31, 1999.

8. Release of hidden reserves

Hidden reserves were released to the amount of CHF 100 million during the year under review (already taxed).

9. Revaluations

No revaluations were undertaken.

10. Own shares and reserves for own shares held / authorized or conditional share capital

a) Share capital / Conditional share capital

In accordance with decision of the 1998 General Meeting, the capital structure per 31.12.1998 was modified as follows:

516 031 bearer shares	
at par value CHF 50.– each	CHF 25 801 550
1 576 354 registered shares	
at par value CHF 10.– each	CHF 15 763 540
Total share capital	CHF 41 565 090

The remaining 10 045 bearer share conversion rights on the 2.5% bond issue 1994–2001 were secured per 31.12.1998 by conditional capital totalling CHF 502 250.

In 1999 another 430 conversion rights from the 2.5% bond issue 1994–2001 were converted into 2150 bearer shares. Remaining conversion rights are thus reduced to 7895 bearer shares or a conditional capital of CHF 394 750. Share capital has increased by CHF 107 500 accordingly.

From October 26 until November 25, 1998 the company repurchased 55 000 bearer shares at average price CHF 1720.99 and 130,000 registered shares at average price CHF 331.67 through a second trading line on the Swiss Exchange for capital reduction purposes. The 1999 General Meeting approved the elimination of these shares, thus reducing share capital by CHF 4 050 000.

The capital structure per 31.12.1999 was therefore as follows:

463 181 bearer shares	
at par value CHF 50.– each	CHF 23 159 050
1 446 354 registered shares	
at par value CHF 10.– each	CHF 14 463 540
Total share capital	CHF 37 622 590

b) Own shares

The company and its subsidiaries held 92832 own bearer shares and 77004 own registered shares. Own shares are included under «Marketable securities». A reserve for own shares amounting to CHF 176.3 million has been raised by reducing free reserves by the same amount.

Own shares are used for the following purposes:

	Bearer shares	Registered shares
Capital reduction	30 000	75 000
Retained for execution of options	16 729	–
Freely available	46 103	2004
Total	92 832	77 004

In August 1999 the company repurchased a total of 30,000 bearer shares at average price CHF 1495 and 75,000 registered shares at average price CHF 299 from a few institutional investors and the main shareholder Walter Fust. These shares were repurchased with a view to capital reduction through elimination of the same for approval by the General Meeting 2000. The purpose of this share repurchase is to optimize the capital structure and increase consolidated earnings per share.

Per 31.12.1999 a further 62,832 own bearer shares and 2004 own registered shares were held by the company. Of these, 16,729 bearer shares provide reserve coverage for the JELGO, JELGO2 and JELGO3 management options. In addition, 76,100 options are held on Jelmoli bearer shares (JELMO).

The following options were issued:

Option-name	Execution Deadline	Price	Ratio	Share type	Number ¹ optionen	shares
JELMO	3. 5.2000	1550	50:1	Bearer	–	–
JELGO	20.12.2000	1425	20:1	Bearer	215 120	10 756
JELGO2	18. 1.2002	1575	1:1	Bearer	1 973	1 973
JELGO3	18.12.2002	2000	1:1	Bearer	4 000	4 000

¹ Number of options sold / shares deposited by Jelmoli Holding Ltd

11. Major shareholders

As of December 31, 1999 the majority shareholder Walter Fust held directly and indirectly 57.3% of voting shares and 34.1% of share capital. Ursula Hauser-Fust holds 7.8% of voting shares and 4.0% of share capital.

According to entries in the share register, ownership of the remaining registered shares is widely distributed. No shareholder other than Walter Fust and Ursula Hauser-Fust holds more than 5% of registered shares.

**BOARD OF DIRECTORS, STATUTORY AUDITORS,
GROUP AUDITOR, PROPOSALS TO THE GENERAL MEETING**

BOARD OF DIRECTORS, STATUTORY AUDITORS, GROUP AUDITOR

Walter Fust*, Ittigen/BE	2001	<i>KPMG Fides Peat, Zurich,</i>	2000
Carlo Magri*, Kilchberg	2001	statutory auditors and Group auditor	
Dr. Peter Leumann*, Pfäffikon/ZH	2001		
Prof. Dr. Hugo Tschirky, Zurich	2003	* Member of the Board Committee	
Regula Mann-Freihofner, Zurich	2000		
Daniel Bürki, Auvernier/NE	2003		
Ursula Hauser-Fust, Henau/SG	2001		
Prof. Dr. Christian Belz, Grub/SG	2001		

THE BOARD OF DIRECTORS' PROPOSAL TO THE GENERAL MEETING

Appropriation of retained earnings 1999

Available retained earnings of Jelmoli Holding Ltd at the disposal of the General Meeting on May, 9, 2000

In CHF	1999	1998
Profit for the year	128 507 803	27 065 215
Retained earnings carried forward		
– according to the report of the previous year	7 981 109	5 612 182
– allocation to reserves for own shares	-3 021 300	4 959 809
Retained earnings at the disposal of the General Meeting	133 467 612	32 677 397

Proposed appropriation of retained earnings

In CHF	1999	1998 ¹
Dividend payment of		
– CHF 44.— per dividend-entitled bearer share (1998 CHF 36.—): 370 349 shares at par value Fr. 50.—	16 295 356	14 505 768
– CHF 8.80 per dividend-entitled registered share (1998 CHF 7.20): 1 369 350 shares at par value Fr. 10.—	12 050 280	10 190 520
– Allocation to free reserve	100 000 000	–
Carried forward to new account	5 121 976	7 981 109

¹ Resolution by the annual general meeting of May 11, 1999

Subject to approval by the Annual General Meeting, dividend payments will be as follows:

Per bearer share, coupon No. 7	CHF 44.00	Per registered share	CHF 8.80
less 35 % withholding tax	CHF 15.40	less 35 % withholding tax	CHF 3.08
Net dividend per bearer share	CHF 28.60	Net dividend per registered share	CHF 5.72

Dividends will be paid as of May 16, 2000. Dividends on bearer shares will be paid out in the headquarters and at all bank branches of Credit Suisse and Credit Suisse First Boston, UBS AG, Bank Leu AG and Bank Sarasin & Cie. Dividends on registered shares will be transferred directly to the respective shareholders. The 1999 annual accounts have been audited by *KPMG Fides Peat, Zurich* as corporate auditors and controllers (cf. pp. 25/39), who have reported to the Board of Directors accordingly.

Elections

The term of office of Regula Mann-Freihofner ends on the date of the General Meeting 2000. The Board of Directors nominates her for re-election to a further 4-year term of office.

The corporate auditors and controllers are elected each year. *KPMG Fides Peat, Zurich*, elected as corporate auditors and controllers at the 1999 Annual General Meeting, have been nominated for re-election.

Zurich, March 10, 2000

On behalf of the Board of Directors
Walter Fust, Chairman

EXECUTIVE MANAGEMENT

JELMOLI HOLDING LTD

Dr. Peter Leumann	CEO	Dr. Robert Känzig Roland Walder	Secretary General/Press Treasury/Controlling/Investor Relations
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Retail Trade

Jelmoli Sales¹

Jelmoli Zurich

Robert M. Fieg

Marcel Dubach (bis 31.12.99)

Urs Kyburz

Marcel von Arx

Regula Keller

Nicole Messi

Managing Director + Ladies/Men's/Children's fashion

Shop-in-Shop/Services

Household/Intérieurs/Paper

Sport/Toys

Beauty/Accessoires

Personnel

Restaurants

Alain Rolland

Alfred Steiner

Managing Director

Restaurants (Molinos, Giardino, Wave)

Fashion Bazaars

Alain Rolland

Kurt Brunner

Managing Director

Fashion Bazaars

Direct Marketing

Hans-Peter Steffen

Michel Schmid

Internet, Database Marketing, Shopping Bonus Card

Shopping Bonus Card

Services

Hans-Peter Steffen

Martin Freimüller

Anton Locher

Information Technology/Organization

Administration/Accounting

Technical Services

Fust Sales²

Walter Fust

Eugen Forster

Markus Gauch

Andreas Gschwind

Manfred Staub

Managing Director (as of 1.1.2000 Dr. Erich Bohli)

Purchasing

Engineering/Logistic

Kitchen/Bathroom

Finance/Administration

Portable Shop / Digital Home

Thomas Stiefel, Guy Thouin

Managing Directors

Retail Real Estate

Jelmoli¹ AG Real Estate

Alain Rolland

Gerd Laube

Frank Desmarais

Pierre Tschumper

Managing Director

Real Estate (German speaking part of CH)

Real Estate (French speaking part of CH)

Finance/Administration

Fust² AG Real Estate

Walter Fust

Simon Roesti

Managing Director

Real Estate/General Contracting

¹ Segment of Jelmoli AG

² Segment of Dipl. Ing. Fust AG

Status per year-end 1999

BUSINESS ADDRESSES

JELMOLI HOLDING AG / JELMOLI AG / JELMOLI MAIL ORDER

JELMOLI HOLDING AG

Group Head Office

8001 Zurich, St. Annagasse 18

Tel.: 01/220 44 11, Fax: 01/220 40 10

Registered Office Address:

Seidengasse 1, 8001 Zurich

JELMOLI AG

Head Office

Jelmoli Zurich and Jelmoli Real Estate

8001 Zurich, St. Annagasse 18

Tel.: 01/220 44 11, Fax: 01/ 220 40 20

Au Grand Passage-Innovation SA

1204 Genève, 50, rue de Rhône

1211 Genève 3, Boîte postale 3252

Tel.: 022/318 43 00, Fax: 022/318 43 01

Fashion Bazaars

8021 Zurich, St. Annagasse 16 (exchange)

Tel.: 01/220 44 78, Fax: 01/220 44 68

Branches

8910 Affoltern am Albis, Ob. Bahnhofstrasse 14

8501 Frauenfeld, Graben-/Rheinstrasse

1350 Orbe, Rue Centrale 1

2900 Porrentruy, 7, rue Pierre-Péquignat

8590 Romanshorn, Alleestrasse 27

1226 Thônex-Arcade, 106, rue de Genève

8610 Uster, Poststrasse 14

1337 Vallorbe, Grand-Rue 33

8001 Zurich, Sihlstrasse/St. Annagasse

8050 Zurich, Oerlikon, Wallisellenstr. 5

Restaurants

8001 Zurich, St. Annagasse 18 (Zentrale)

Tel.: 01/220 47 18, Fax: 01/220 40 80

Giardino

Wave Take Away

Café-Bar Treffpunkt

8001 Zurich-City, im Jelmoli, Seidengasse 1

Molino-Restaurants

3011 Bern, Waisenhausplatz 13

3900 Brig, Furkastrasse 5

8953 Dietikon, Badenerstrasse 21

1700 Fribourg, Rue de Lausanne 93

6003 Luzern, Theaterstrasse 7

9000 St. Gallen, Rorschacherstrasse 154

8610 Uster, Poststrasse 20

8304 Wallisellen, Einkaufszentrum Glatt

8400 Winterthur, Marktgasse 45

1226 Thônex, 106, Route de Genève

8001 Zurich, Limmatquai 16

JELMOLI MAIL ORDER

P.O. Box, 8088 Zurich

Tel.: 01/849 22 11, Fax: 01/845 05 05

Orders: German-speaking 01/849 22 11
French-speaking 01/849 22 22
Italian-speaking 01/849 22 23

BUSINESS ADDRESSES

DIPL. ING. FUST AG

Head Offices

3172 Niederwangen, Riedmoosstrasse 10

Tel.: 031/980 11 11, Fax: 031/980 11 10

9245 Oberbüren-Uzwil, Buchental 4

Tel.: 071/955 50 50, Fax: 071/951 29 34

Branches

5004 Aarau, Telli-Zentrum

(E/UE/Z)

5000 Aarau, Obere Vorstadt 3

(E/UE)

4665 Aarburg-Oftringen, Perry-Center

(E/UE/Z)

8910 Affoltern am Albis, Obere Bahnhofstrasse 14

(E/UE/DH)

6460 Altdorf, Steinmattstrasse 1

(E/UE)

9320 Arbon, St. Gallerstrasse 5

(E/UE)

1754 Avry-sur-Matran, Hyper-Fust, Centre

Avry-Top

(E/UE/Z)

8184 Bachenbülach, WARO-Zentrum

(E)

5400 Baden, Weite Gasse 14

(E/UE)

4053 Basel, Güterstrasse 180, Einkaufszentrum

Gundelitor

(E/UE)

4058 Basel, EUROFUST im «Räbgass-Center»

(E/UE/DH/PS)

3008 Bern, City West, Laupenstrasse 19

(E/UE)

3011 Bern, Elektro-Shop, im Loeb, 3. Stock

(E)

3011 Bern, Seilerstrasse 3

(K)

3000 Bern, im Münzgraben 4/6

(E/UE/Z)

2502 Biel, Zentralstrasse 36

(E)

2504 Biel, EUROFUST, Solothurnstrasse 122

(E/UE/K/GU/DH/PS)

2500 Biel, Coop-Center, Nidaugasse 35a

(UE)

5200 Brugg, Fust im Ex-Haveg, Neumarkt 2

(E/UE)

5200 Brugg, im ABM, Hauptstrasse 2

(E/UE/Z)

2555 Brugg, Migros-Center Brugg

(E)

8180 Bülach, EUROFUST im Ex-Jelmoli,

Marktgasse 1,

(E/UE/DH)

1630 Bulle, WARO-Center

(E/UE)

3400 Burgdorf, Industrie Buchmatt,

(E/UE/K)

1227 Carouge, Centre Commercial de Carouge

(E/UE/DH)

1279 Chavannes-de-Bogis, Chavannes Centre

(E/UE/Z)

7000 Chur, Haus Tribolet, Quaderstrasse 22

(E/UE/Z/K)

1964 Conthey, EUROFust, Rte. Cantonale 2

(E/UE/Z/K)

2800 Delémont, Avenue de la Gare 40

(E/UE)

8157 Dielsdorf, Einkaufszentrum «CD Baholz»

(E/UE/Z)

8953 Dietikon, (50 m vor «Media Markt»)

(E/UE/DH/PS)

8305 Dietlikon, in der IKEA

(E/UE/DH)

8600 Dübendorf, Wilstrasse 2

(E/UE)

1024 Ecublens, Centre Commercial

(E/UE/Z)

4622 Egerkingen, WARO-Zentrum

(E)

6020 Emmenbrücke, Shopping-Center

(E)

1163 Etoy, Centre de l'habitat

(E/K/GU)

8500 Frauenfeld, Zürcherstrasse 305

(E/UE/Z/K)

1700 Fribourg, Rue de Lausanne 80

(E/UE)

4414 Füllinsdorf, (1 min. from A2, exit Liestal,

direction Liestal, on Rheinstrasse (E/K/GU)

1201 Genève, Rue Monthoux 64

(E/UE)

1203 Genève, Centre Migros «Planète Charmilles»

11, Promenade de l'Europe (E/UE/Z)

1207 Genève, Centre Commercial

Eaux-Vives 2000

(E)

1204 Genève-Centre, chez Globus,

Rue du Rhône 50

(E/UE/DH/PS)

1205 Genève, Centre Plainpalais,

Route de Carouge 64

(E/UE)

1209 Genève, Centre Balexert

(E/UE/DH/K)

1201 Genève, 5, rue Rousseau

(E/UE/Z)

1204 Genève, 3, rue de Rive

(E/UE/DH/PS)

6512 Giubiasco-Bellinzona, Via Campagna 1

(E/UE/Z/K/GU)

8301 Glatt-Wallisellen, Einkaufszentrum Glatt

(E/UE/DH/K)

6916 Grancia, EUROFust im Centro Grancia

(E/UE/Z/K/GU)

9469 Haag, Haag-Zentrum

(E)

8810 Horgen, Zugerstrasse 30

(E/UE/Z)

3800 Interlaken, Rosenstrasse 9,

vis-à-vis Rosenparkplatz (E/UE)

8645 Jona-Rapperswil, Kläui-Center, Kramenweg 5

(E/UE/K/GU)

4303 Kaiseraugst, Hobbyland

(E)

8280 Kreuzlingen, Bachstrasse 17, am Sonnenplatz

(E/UE/Z/K)

6010 Kriens, Nidfeldstrasse 5, near Pilatus-

roundabout (E/UE/Z)

2304 La Chaux-de-Fonds, Hyper-Fust, Boulevard

des Eplatures 44

(E/UE/DH/K)

4900 Langenthal, im Ex-Haveg, Marktgasse 36

(E/UE/Z)

1003 Lausanne, 7, rue Haldimand

(E/UE/Z)

1003 Lausanne, 11, route du Petit-Chêne

(K)

1003 Lausanne, Place Centrale 1

(E/UE/Z)

1003 Lausanne, chez Globus, 5, rue du Pont

(E/UE/DH/PS)

6600 Locarno, presso Globus

(E/UE)

BUSINESS ADDRESSES

DIPL. ING. FUST AG

6616 Losone , Vicino al Mercato-Cattori Via Locarno 58 (E/UE)	3321 Schönbühl , Shoppo-Land (E/DH)	1400 Yverdon , Rue de la Plaine 5 (K)
6004 Luzern , Zurichstrasse 48 (E)	6430 Schwyz , Mythen-Center, (E/UE/DH/PS)	1400 Yverdon , Rue de la Plaine 9 (E)
6004 Luzern , Zurichstrasse 56 (K/GU)	6836 Serfontana , Morbio Inferiore (E/UE)	1400 Yverdon , Rue de la Plaine 11 (UE)
6004 Luzern , Zurichstrasse 52 (UE/Z)	4500 Solothurn , Haus Möbel Pfister, am Kronenplatz (E/UE)	4528 Zuchwil , EUROFust im Birchi-Center, Gewerbe «Waldegg» (E/UE/DH/K)
6003 Luzern , im Globus, Pilatusstrasse 4 (E/UE/DH)	8957 Spreitenbach , Tivoli-Center (E/UE/DH/PS/K)	6300 Zug , Baarerstrasse 86, EUROFust in der EPA, (E/K)
2074 Marin , Marin-Center, Fleur de Lyss 26 (E/UE/Z/K)	9000 St. Gallen , Neumarkt, St. Leonard-Strasse (E/UE/Z)	6300 Zug , Alpenstrasse 8, EUROFust in der EPA, 2. Stock, (E/UE/DH)
1920 Martigny , Marché PAM, Rte de Fully (E/UE/Z)	9006 St. Gallen , EUROFust im Einkaufszentrum Grossacker (E/UE/DH/PS)	8001 Zurich-City , Bahnhofstrasse, im Jelmoli 3. Stock (E/UE/DH/PS)
8887 Mels , EUROFust im Riet-Center, neben Jumbo (E/UE/Z)	9430 St. Margrethen , Rheinpark (E/UE/Z/K/GU)	8001 Zurich , Sihlporte, Talacker 41 (E/UE/K)
1217 Meyrin , Centre commercial, (E/UE)	5034 Suhr , Haus Möbel Pfister (E/K/GU)	8003 Zurich , Stationsstrasse 62 (UE)
1820 Montreux , à l'ABM, Avenue du Casino 51 (E/UE)	6210 Sursee , Moosgasse 20 (E/UE/Z)	8008 Zurich , Seefeldstrasse 8 (E/UE/Z)
2000 Neuchâtel , chez Globus (Armourins) (E/UE/DH)	3600 Thun , Aarezentrum (E/K/GU)	8004 Zurich , Badenerstrasse 109 (E/UE/Z)
3172 Niederwangen-Berne , highway exit A12 (E/UE/DH/PS/K/GU)	3600 Thun , Im Bälliz 32 (UE/DH/PS)	8032 Zurich , Hottingerstrasse 52 (E)
9245 Oberbüren-Uzwil , on the A1 highway (E/UE/DH/PS/K/GU)	8610 Uster , im Ex-Jelmoli, Poststrasse 14 (E/UE/Z)	8048 Zurich , Letzipark (E/UE/Z)
4104 Oberwil , EUROFust, Mühlemattstrasse 23 (E/UE/DH/K/GU)	1800 Vevey , Rue de la Madeleine 37 (E)	8050 Zurich-Oerlikon , Shopping-Center «Züri 11» (E/UE)
4600 Olten , Ziegelfeldstrasse 17 (E)	1800 Vevey , 11, rue du Simplon (ex Schild) (E/UE/Z/K)	8023 Zurich-Hauptbahnhof , Sony-Shop/Shopville- Löwenpassage (UE/Z)
4600 Olten , Ziegelfeldstrasse 19 (K)	1752 Villars-sur-Glâne , Route de Moncor (E/UE/Z/K)	8023 Zurich-Hauptbahnhof , Shopville (Ex-Kochoptik), FUST-Telecom-Shop
4600 Olten , Ziegelfeldstrasse 28 (UE)	1844 Villeneuve , Centre Riviera (E/UE)	
8808 Pfäffikon , Seedamm-Center (E)	3931 Visp-Eyholz , Kantonsstrasse 79 (E/UE/Z/K/GU)	
2900 Porrentruy , «Inno les galeries» Rue Pierre- Péquignat 7 (E/UE/Z)	8604 Volketswil , WARO-Zentrum (E/K/GU)	Legend
8105 Regensdorf , EUROFust, Waro «Rägi-Märt», Feldstrasse 2 (E/UE/DH/PS)	8570 Weinfelden , Zentrumspassage (E/UE/Z)	E = Household appliance
9532 Rickenbach-Wil , WARO-Zentrum (E)	9500 Wil , im ABM, Obere Bahnhofstrasse 40 (E/UE/Z)	K = Kitchen/Bathroom
1032 Romanel-sur-Lausanne , Hyper-Fust, Romanel Centre (E/UE/DH/K/GU)	8402 Winterthur , Obergasse 20 (E/UE/Z/K)	GU = General Contracting
8200 Schaffhausen , Unterstadt 15-17, (E/UE/K)	8406 Winterthur-Töss , Zürcherstrasse 184 (E/UE)	UE = Consumer Electronics TV/HiFi/Video/Foto/Natel/Fax/Phone
		Z = only Computer "Zubehör"
		PS = Portable Shop in Fust Speciality Markets
		DH = Digital Home, exclusiv in Fust

BUSINESS ADDRESSES

PORTABLE SHOP SCHWEIZ AG

PORTABLE SHOP SCHWEIZ AG

Head Office, Business to Business
and Service Center

8117 Fällanden, Bruggacherstrasse 26

Tel.: 01/806 34 34, Fax: 01/806 34 01

Toll-free information: 0800/300 900

Portable Shop branches

Portable electronics

5000 Aarau, Graben 35

4051 Basel, Steinentorstrasse 18

3011 Bern, Speichergasse 8

1700 Fribourg, Place Georges Python

1203 Genève, Rue Sigismond-Thalberg 4

8301 Glattzentrum, Büro- und Computerwelt

1003 Lausanne, Grand Pont 8

6003 Luzern, Pilatusstrasse 35

2000 Neuchâtel, Rue des Terreaux 5

9000 St. Gallen, Gartenstrasse 15

8401 Winterthur, Stadthausstrasse 18

8001 Zurich, Mühlegasse 29

8001 Zurich, Schifflande 22

8001 Zurich, Uraniastrasse 30

Digital Home branches

(Home computing/telekommunikation/
Video&photo digital)

8910 Affoltern am Albis, Obere Bahnhofstrasse 14

8180 Bülach, Marktgasse 1

1227 Carouge, 36, Ave. Cardinal Merillod

8305 Dietlikon, c/o Ikea

1209 Genève, Centre Balexert

8301 Glattzentrum, c/o Fust

2300 La Chaux-de-Fonds, Bvd. des Eplatures 44

6003 Luzern, Pilatusstrasse 4

2000 Neuchâtel, Rue de Temple Neuf 14

4104 Oberwil, Mühlemattstrasse 23

8050 Zurich-Oerlikon, Shopping-Center «Züri 11»

1032 Romanel, Chemin du Marais 8

3321 Schönbühl, Shoppy-Land

4528 Zuchwil, Birchi Zenter

6300 Zug, Alpenstrasse 8

Combi branches

(Home Computing and Portable electronics)

4058 Basel, Rebgasse 20

3008 Bern, Laupenstrasse 9/11

2504 Biel, Solothurnstrasse 122

8953 Dietlikon, Riedstrasse 6

1204 Genève, Rue de Rhône 48

1204 Genève, Rue de Rive 3

1003 Lausanne, Rue du Pont 5

3172 Niederwangen, Riedmoosstrasse 10

9245 Oberbüren, Buchental 4

8105 Regensdorf, Rägi-Markt

6438 Schwyz, Mythencenter

8957 Spreitenbach, Tivoli

9000 St. Gallen, Einkaufszentrum Grossacker

3600 Thun, Bälliz 32

8001 Zurich, Jelmoli, Seidengasse 1

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Photos	Thomas Cugini, Zurich
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INNOVATIVE SINCE 1833

Founded

by Johann Peter Jelmoli-Ciolina in June 1833
with a store on the Schipfe in Zurich

Revolutionary launch of
fixed prices for town and country

Parisian fashions

Mail-order business and store with fixed furnishings

Turn of the century

Introduction of modern sales forms that were
trail-blazing for the Swiss retail trade

Mail-order catalogue (1897)

«Glass Palace» as department store following
examples in Paris (1899)

Forties to Seventies

Extension of range and geographical
activities throughout Switzerland

More categories in range and
wider choice

Acquisitions of the department store groups
Innovation and Au Grand Passage

Expansion to new locations

1970 to 1989

Centralisation of purchasing at source

Computerization for logistics

Expansion of services

1989 to 1994

Realignment of the Jelmoli department store and
mail order businesses with shopping worlds,
decentralized profit centre organization,
and simplified structure

Acquisition of Imholz Travel and integration
of the Jelmoli travel agencies network

Acquisition of the voting majority
in Dipl. Ing. Fust AG with its speciality markets

1994 and 1995

Creation of a holding structure

Concentration of department store activities on the
Jelmoli Zurich parent store

Partnership with Heine in mail-order business

1996 to 1998

Majority shareholder Walter Fust

Realignment of Jelmoli Zurich and
real estate reutilization

Acquisition of residual shares of Dipl. Ing. Fust AG
Joint Venture ITV (Imholz-TUI-Vögele)
in the travel sector

Acquisition of the majority of
Portable Shop Schweiz AG

Sale of travel business

1999

Opening of Digital Home
