

Annual Report 1998, Jelmoli Holding Ltd, Zurich

THE JELMOLI GROUP AT A GLANCE

in CHF million	1998	1997	Change from previous year ³	
			non-adjusted	comparable
Total Turnover, Group	1279	1485	-13.9%	+5.2%
Operating Income, Group⁷	70.7	60.0	+10.7 mio.	
Ordinary Income, Group	75.6	69.9	+5.7 mio.	
Consolidated Income, Group (after minority interests)	65.2	61.4	+3.8 mio.	
Sales area in 1000 m ² p.a.	90	83	+8%	
No. of retail locations ¹ 31.12	416	371	+45	
No. of employees ²	2750	2981	-8%	
Turnover per employee	0.465	0.498	-7%	
Jelmoli AG⁴ (Jelmoli Zurich/real estate/other)				
Total turnover	213	228	-7%	+11%
Sales area in 1000 m ² p.a.	23	22	+5%	0%
CHF turnover in 1000 CHF/m ²	9.3	10.4	-10%	+11%
No. of retail locations ⁴	22	20	+2	0
No. of employees p.a.	755	800	-6%	0%
Turnover per employee	0.282	0.285	-1%	+11%
Dipl. Ing. Fust AG				
Turnover	627	580	+8%	+2%
Sales area in 1000 m ² p.a.	61	55	+11%	
CHF turnover 1000 CHF/m ²	10.2	10.5	-3%	
No. of retail locations ⁴	262	247	+15	
No. of employees p.a.	1292	1136	+14%	
Turnover per employee	0.486	0.511	-5%	
Other companies (turnover)				
Imholz Vertriebs AG (Retail) ^{5,6}	281	579	-52%	+3%
Portable Shop Schweiz AG, ab 1.1.98	62	—		+11%
Kochoptik AG ⁸	22	20	+10%	-2%
Terlinden Jelmoli Textilpflege AG	10	16	-35%	+1%
Appleseed's Inc. Beverly MA USA ⁹	64	62	+3%	+35%

1 65 Imholz Vertriebs AG sales points (1997: 60),
21 Portable Shops 1998 (incl. Business to Business;
excl. Hotspots in Fust),
16 Kochoptik stores (1997: 12),
30 Terlinden-Jelmoli sales outlets (1997: 32)

2 Average number of full-time equivalent employees
during the year, including
243 employees Imholz Vertriebs AG (1997: Imholz
Travel Group in total 603)
84 employees Portable Shop (as from 1.2.98),
73 employees Kochoptik (1997: 70),
90 employees Terlinden-Jelmoli (1997: 138),
203 employees Appleseed's (1997: 224),
10 employees Holding (1997: 10)

3 ITV (Imholz-TUI-Vögele) Travel AG as from 1998
only equity consolidation
4 Jelmoli includes 11 fashion bazaars (1997: 10) and
10 Molino restaurants (1997: 9);
Fust indicates division stores

5 Calculated to precise figures
6 Formerly Imholz Reisen AG (Travel Group)
7 inclusive Net Nonoperating Items
8 sold per 1.2.1999
9 sold per 31.12.1998

<http://www.huginonline.com/Switzerland/JEL>

for annual reports and releases to media and financial analysts on internet

<http://www.huginonline.com/email>

for releases to media and financial analysts by e-mail

1998 - 103rd ANNUAL REPORT

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

BUSINESS YEAR 1998 - 5-YEAR OVERVIEW OF THE GROUP

Group report	4
Consolidated income statement, balance sheet, five year overview	8
Organization chart	10

REPORTS FROM THE SECTORS

Jelmoli AG (Jelmoli Zurich/Real Estate/Molino Restaurants/Fashion Bazaars/Bonus Card)	11
Dipl. Ing. Fust AG	15
Other companies	19
(Travel Group ITV/IVG, Portable Shop, Kochoptik, Terlinden-Jelmoli, Appleseed's)	

CONSOLIDATED FINANCIAL STATEMENT

Report of the Group auditor	25
Consolidated income statement	26
Consolidated balance sheet	27
Consolidated statement of cash flow	28
Details of segments	29
Movements of fixed assets	30
Significant group companies and investments	31
Notes to consolidated financial statements	32
Prospects for 1999	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

Executive management	45
Business addresses	46

DEAR CUSTOMERS AND EMPLOYEES ,
DEAR SHAREHOLDERS

Rise in profit despite headwinds

Jelmoli Group profit for 1998 again rose, with increases in all key financial figures:

Operating income: +17.8% (to CHF 70.7 million)

Net income: + 6.2% (to CHF 65.2 million)

Net income per share: +11.8% (to CHF 95)

Return on equity (ROE): +26.4% (to 13.4%)

This is all the more encouraging in view of some strong headwinds confronting Dipl. Ing. Fust AG and ITV (Imholz-TUI-Vögele) Reisen AG, which led to unexpected income decline and significant losses respectively. Both setbacks were outweighed, however, by the greater profitability of Jelmoli AG (Jelmoli Zurich, Jelmoli Real Estate) and Appleseed's in the USA.

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 largely independent Group companies. The Group portfolio exclusively comprises retail businesses, including in particular Jelmoli Real Estate management. Rather than mere administration, these businesses are focused on retail sales floor and shopping centre development.

Our strategic principles are as follows:

- 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 ROE or net income per share, we aim for an equity to total assets ratio of 30 to 40 percent, which appears reasonable in view of our sub-

stantial sleeping reserves totalling several hundred million CHF in real estate.

Important investments for greater profitability

According to our strategic policy as outlined above, a number of decisive investments were initiated during 1998, some of which have already been realized:

- Acquisition of Bastra AG, Geneva (shopping and office centre in Carouge) per 1.1.98
- Expansion of the Carouge shopping and office centre: opening early in the year 2000
- Construction and operation of a new shopping centre in La Praille, Geneva: opening around mid-2001
- Integration of four wellness centres in Zurich, Geneva, Lausanne and Basle to be opened in spring 1999
- Jelmoli Zurich: further shop-in-shop additions, renovation of the men's fashion department, basement re-utilization and parkhouse extension planning
- Expansion of the Dipl. Ing. Fust AG network with EuroFust markets
- Majority acquisition (55%) per 1.1.98 of Portable Shop Schweiz AG (notebooks, handhelds, mobile communication)
- Launching of the Shopping Bonus Card (formerly Jelmoli Card) as a customer loyalty and database marketing instrument

These investments will sustainably increase profitability over the next few years.

Divestitures outside core competence areas

The following strategic divestitures were completed in 1998 in line with our policy:

- Imholz Reisen AG was transferred to the ITV (Imholz-TUI-Vögele) Reisen AG joint venture for tour operating (1/3 Jelmoli-owned). Likewise the separate company Imholz Vertriebs AG (Retail) (2/3 Jelmoli-owned) running the ITV chain of 65 travel offices.

- The US mail order subsidiary J. Appleseed's was sold to the management and an investor group per 31.12.98.
- All assets of Kochoptik AG held by Jelmoli were sold to Visilab per 1.2.99.

Activities outside the Jelmoli core competence area (ophthalmic optics) or classified as risky in view of expected market changes (ophthalmic optics, 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 core competences.

Capital structure optimization by share repurchase

Likewise in accordance with our strategic policy, about 10 percent of Jelmoli share capital was repurchased through a second trading line. These shares will be eliminated by a capital reduction to be approved by the 1999 General Meeting.

Slight upswing in Swiss retail trading

The gradual recovery of Swiss retail trading in 1997 did not accelerate to any extent during 1998. With stable price levels, the Swiss retail trading index rose by only 1.4 percent as a whole, and in the clothing sector even fell by 1.2 percent, as against a 11% rise in Jelmoli trading. The significant expansion of Jelmoli's market share in the clothing sector also applies to Fust in domestic appliance and consumer electronics business.

Jelmoli AG: budget and market goals again exceeded

Jelmoli AG income is mainly from former department store property rentals (99 percent long-term secured) together with the encouragingly successful Jelmoli Zurich shop-in-shop store, whose strong market position improved still further in 1998. An improvement was also registered in Jelmoli mail order business, now an equity-consolidated minority participation.

With steadily growing customer attendance figures, Jelmoli Zurich shop-in-shop store turnover including tenants rose to CHF 242 million, exceeding the high level of 1997 by 9.9 percent. Jelmoli Zurich



Peter Leumann

Walter Fust

now has a clear regional lead as the most modern department store with excellent brand range. With its proven shop-in-shop concept, first class city-centre location and outstanding brand/service orientation, Jelmoli Zurich is well positioned for profitable growth.

Thanks to professional management and retail know-how, Jelmoli Real Estate business continued its upward trend in 1998. Floor areas so far unused have now been rented out as well. Profitability is assured by long-term rentals with turnover-linked and guaranteed minimum rental clauses. Some tenants are already paying turnover-linked instead of minimum rentals, and with economic upswing this trend will increase.

The Jelmoli AG result includes those of the Molino Restaurants and Fashion Bazaars (cf. p. 14). Jelmoli AG turnover for 1998 totalled CHF 212.8 million, a 10.5 percent rise compared with 1997 after deducting floor area transferred to tenants. Total operating income from retail and real estate business rose by 25.1 percent to CHF 44.8 million (1997: CHF 35.8 million). There are excellent prospects of a further rise in turnover and profitability for 1999.

Dipl. Ing. Fust AG

Dipl. Ing. Fust AG turnover for 1998 totalled CHF 627.4 million, 8.1 percent higher than the previous year (2.1% higher on a comparable basis). Nevertheless, growth targets were not quite reached. Operating income of CHF 30.6 million in 1998 fell by 11.6 percent below the 1997 level of CHF 34.6 million and failed to meet profitability goals. This

was attributable to ongoing pricing pressure in the consumer electronics sector, and lower turnover in long-lived domestic appliances and in the kitchen/bathroom sector in the second semester. Another reason was that advertising and human resource costs were higher. The necessary action has been taken for correcting this situation. In 1998 eleven new EuroFust markets were opened, with corresponding concept startup costs. Since the majority takeover of Portable Shop Schweiz AG by Jelmoli Holding Ltd in 1998, 11 Portable Shop Schweiz branches and 16 so-called Hotspots have been integrated into Fust speciality markets. This greatly improves Fust's competence in portable electronics, and generally increases customer appeal in the personal computing sector.

First year of the ITV travel group with Imholz Vertriebs AG

On October 2, 1997 the merger of the three Swiss travel companies Imholz Reisen AG, TUI (Suisse) and Vögele Reisen per 1.11.97 was announced. One of the two joint-venture companies thus formed was ITV (Imholz-TUI-Vögele) Reisen AG as tour operator. The other was Imholz Vertriebs AG (Retail) as retail travel office operator. The three ITV brands are clearly positioned in the Swiss travel market: Imholz as a well-established Swiss company, Vögele for direct sales, and TUI (Suisse) in the speciality tours segment. Within this framework, the low-cost 1-2-Fly brand was launched on the Swiss market in 1998. Imholz Vertriebs AG (Retail) operates a chain of 65 travel offices for ITV, now Switzerland's third largest tour operator with a market share of 20 percent.

The market launch in Switzerland of TUI, Europe's largest tour operator, brought drastic opposition from established Swiss competitors. Defensive action therefore had to be taken accordingly by the joint venture companies. High costs were also caused by overcapacities in the charter segment (due to excessive block bookings purchased from a charter airline with liquidity problems) and difficulties in integrating the three ITV com-

panies. As a result of these unforeseeable circumstances, ITV ($\frac{1}{3}$ Jelmoli owned) incurred losses in the 2-digit million CHF range. The Jelmoli share of these losses has been deducted from consolidated financial income. Imholz Vertriebs AG (Retail) ($\frac{2}{3}$ Jelmoli owned) reached its budget target with a turnover of CHF 280.7 million (comparable increase over 1997: +2.5%), which is fully consolidated in the Jelmoli Group income statement in accordance with accounting principles. Since TUI synergies will take effect for the first time during 1999, and at the same time the overcapacities in charter business will have been eliminated, a significant improvement in travel group results is expected.

Portable Shop chain: growth trend

The Portable Shop chain, which has been 55% Jelmoli owned since March 5, 1998, increased turnover to CHF 62.2 million – a 30% growth rate well above the average in this sector. By the end of 1998 eleven new branches had been opened. Portable Shop is Switzerland's biggest retailer of notebooks, handhelds and mobile communications equipment (Natel data systems), with more than 21 branches in German-speaking regions. Further expansion is planned by the end of 1999, initially in Western Switzerland. The policy of using Fust speciality markets as an expansion platform for Portable Shop branches on a shop-in-shop basis and «Hotspots» has been proved correct, also with a view to the future.

Other activities

The US mail order subsidiary J. Appleseed's divested its fashion shops at the end of 1997 and merged both catalogues into one. The result is a higher turnover of CHF 63.6 million (1997: CHF 61.9 million), and for the first time a clearly positive operating income.

Terlinden-Jelmoli Textilpflege AG and Kochoptik AG largely upheld their turnover and operating income.

Group result for 1998

Jelmoli Group turnover for 1998 totalled CHF 1279.2 million. Taking account of structural changes in our travel segment, Fust expansion and the majority acquisition of Portable Shop Schweiz AG, comparable turnover increase is +5.2 percent. Once again, the Jelmoli Group companies have fared better in the non-food sector than the Swiss retail trading index, and expanded their market shares. Ordinary income for 1998 rose by 17.8 percent to CHF 70.7 million as against CHF 60.0 million in the previous year. Net financial income declined by CHF 5.0 million to CHF 4.9 million, because of the considerable losses suffered by ITV Reisen AG. Group net income after minorities rose again in 1998 by CHF 3.8 million to CHF 65.2 million. Balance structure adjustment to the situation after reorganization in previous years has been initiated by capital repayment, and the Group financial key figures remain very healthy. After adjustment by capital repayment, and the capital increase resulting from conversion of the 1994–2001 bond issue, the equity to total assets ratio at year-end was 35.4 percent, with a return on equity of 13.4 percent. Net income per share has increased on this basis by 11.8 percent to CHF 95 per bearer share equivalent. Further share repurchases may well be possible in future.

Further profitability rise initiated

Ongoing profitability improvements are expected for 1999, not only as a result of the aforesaid measures taken in individual Group divisions, but also in view of the expected backlog demand as consumer purchasing continues to improve. We are therefore confident of reaching our profitability goal set already last year for 1999: a net income per bearer share of CHF 100 to 120.

Tribute

The higher profitability achieved for 1998 – which forms a solid basis for ongoing improvements in 1999 – is attributable to the committed efforts of our employees, 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. We tender our sincere thanks.

Proposals of the Board of Directors

Based on our improved result for 1998 and promising development prospects, the Board of Directors of Jelmoli Holding Ltd will recommend the Annual General Meeting of May 11, 1999 to approve a higher dividend of CHF 36.00 per bearer share and CHF 7.20 per registered share. The Annual General Meeting is furthermore requested to approve the proposed capital adjustments, and the re-election of *KPMG Fides Peat* as Group auditors and corporate controllers.

We look back on an eventful year, above all during the second half of 1998, and are proud of what has been achieved together with our employees. Based on solid foundations and with confidence in an improvement in consumer purchasing, we have started 1999 with justifiable confidence of a profitable future.

For the Board of Directors of Jelmoli Holding Ltd,



Walter Fust
Chairman
Zurich, February 5, 1999



Dr. Peter Leumann
President and CEO

CONSOLIDATED INCOME STATEMENT

FIVE YEAR OVERVIEW

in CHF million	1998	1997	1996	1995 ¹	1994
Gross Turnover	1279.2	1 485.0	1 886.3	2 002.0	1 761.5
% Change from previous years	-13.9	-21.3	-5.8	+13.7	+ 16.2
% Change from previous comparable	+5.2	+5.2	-1.4	-1.6	-1.1
Net Turnover	1209.9	1 415.3	1 782.2	1 884.0	1 665.1
Income from Goods and Services	406.8	431.1	590.4	675.3	602.0
As % of Net Turnover	33.6	30.4	33.1	35.8	36.2
Personnel Expenses	210.9	219.6	332.2	389.2	354.9
Number of Employees	2750	2981	4573	5402	5 550
Other Operating Expenses (net) ²	86.8	113.7	151.0	219.7	176.5
Depreciation	38.4	37.8	47.7	51.2	45.8
Operating Income	70.7	60.0	59.5	15.2	24.8
Financial Income (net)	4.9	9.9	-3.8	-8.8	3.7
Ordinary Income (before Income Taxes)	75.6	69.9	55.7	6.4	28.5
As a % of Net Turnover	6.2	4.9	3.1	0.3	1.7
Income Taxes	9.4	8.4	10.3	4.8	5.4
Consolidated net Income before Minority Interest	66.2	61.5	45.4	1.6	23.1
Minority Interest	1.0	0.1	0.3	15.0	11.6
Consolidated Net Income	65.2	61.4	45.1	-13.4	11.5
Shares Entitled to Dividend ³	686 008	722 546	749 899	737 773	754 751
Consolidated Net Income per Share in CHF	95	85	60	-18	15
Shareholders Equity	488.0	572.2	574.7	516.2	551.9
Return on Equity (ROE) in %	13.4	10.6	7.8	-2.6	2.1

Consolidated Income Statement

- 1 Restatement see item 1, page 33 in annual report 1996
- 2 1994–1997: inclusive Net Nonoperating Items and Contributions
- 3 Bearer Share Equivalent per Year End

Consolidated Balance Sheet (see page 9)

- 4 Proposal to the General Meeting
- 5 Jelvoli Holding Ltd since 1995, formerly Grands Magasins Jelvoli SA

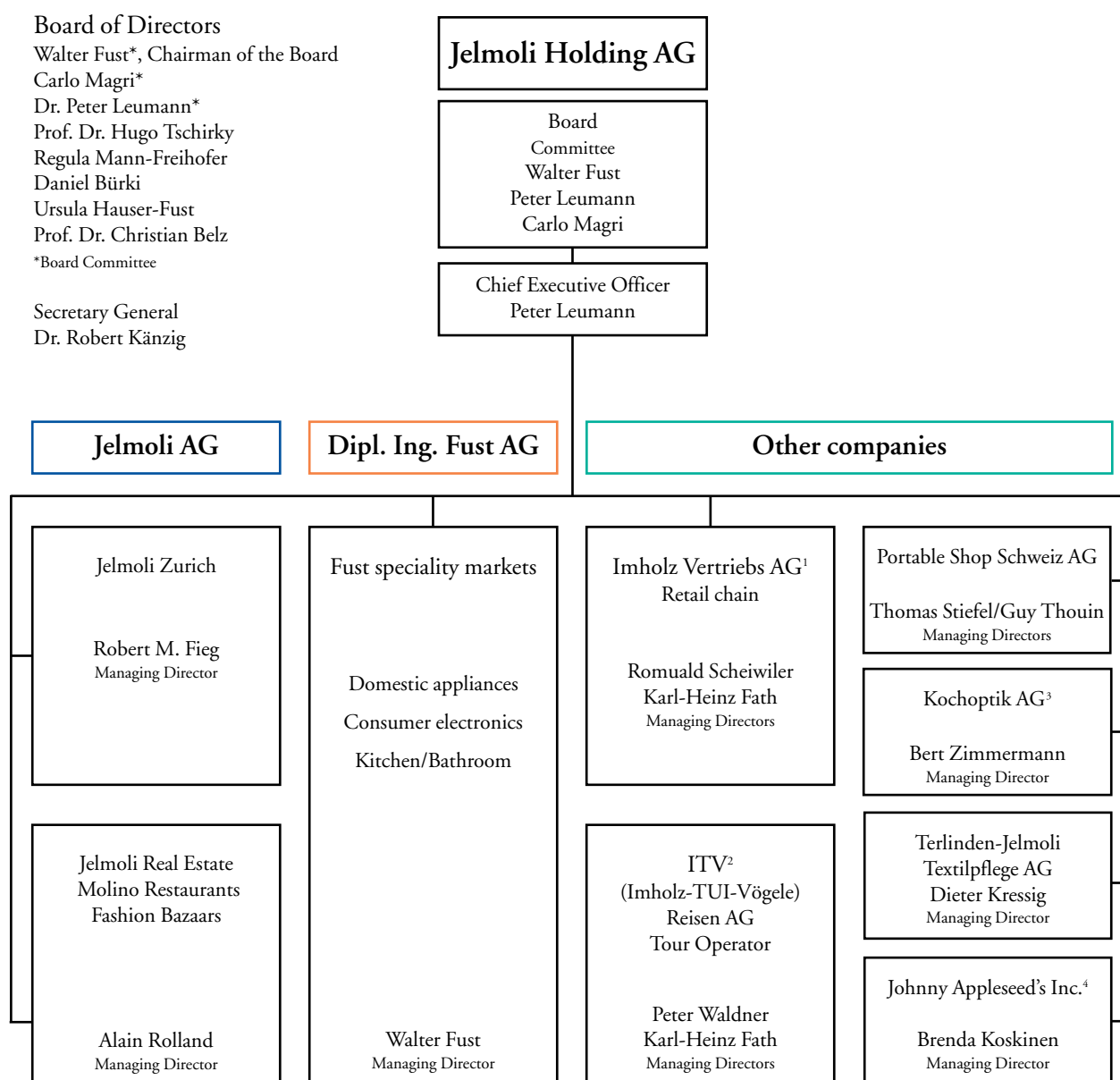
CONSOLIDATED BALANCE SHEET

FIVE YEAR OVERVIEW

in CHF million	1998	1997	1996	1995	1994
ASSETS					
Non-Current Assets	956.3	901.8	844.6	1 012.0	860.6
Current Assets	420.2	433.4	513.3	601.8	616.2
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' Equity	488.0	577.2	574.7	516.2	551.9
Minority Interest	5.2	2.2	12.2	127.9	139.4
Non-Current Liabilities	648.1	456.7	495.5	599.8	474.6
Current Liabilities	235.2	299.1	275.5	369.9	310.9
Total Assets	1376.5	1 335.2	1 357.9	1 613.8	1 476.8
KEY RATIOS					
Assets and Liabilities as % of Total Assets					
– Non-Currents Assets	69.5%	67.5%	62.2%	62.7%	58.3%
– Current Assets	30.5%	32.5%	37.8%	37.3%	41.7%
– Shareholders' Equity	35.4%	43.2%	42.3%	32.0%	37.4%
– Minority Interest	0.4%	0.2%	0.9%	7.9%	9.4%
– Liabilities	64.2%	56.6%	56.8%	60.1%	53.2%
Net Asset Value per Dividend-Entitled Share					
– Bearer Shares of CHF 50 Par Value	711.00	799.00	766.00	700.00	731.00
– Registered Shares of CHF 10 Par Value	142.20	160.00	153.00	140.00	146.00
Quoted Share Value					
– Bearer Shares of CHF 50 Par Value Highest	2 050.00	1 390.00	799.00	790.00	971.00
– Bearer Shares of CHF 50 Par Value Lowest	1 263.00	689.00	500.00	505.00	700.00
– Registered Shares of CHF 10 Par Value Highest	415.00	269.00	155.00	149.00	190.00
– Registered Shares of CHF 10 Par Value Lowest	247.75	135.25	100.00	95.00	130.00
Dividend per Share ⁵					
– Bearer Shares of CHF 50 Par Value	36.00 ⁴	34.00	28.00	0.00	14.00
– Registered Shares of CHF 10 Par Value	7.20 ⁴	6.80	5.60	0.00	2.80
Dividends Paid in CHF million					
	24.7	24.6	21.0	0.00	10.6
New Shares Issued	34 515	5 440	20 216	11	849
Registered Shares	0	0	0	0	1 354
Shares Entitled to Divid.	402 938	440 080	460 488	443 660	454 808
Registered Shares	1 415 350	1 412 330	1 447 055	1 470 567	1 499 717
Bearer share equivalent	686 008	722 546	749 899	737 773	754 751
Investments in Fixed Assets					
	84.6	69.2	47.3	98.0	103.8
Current Ratio					
Ratio of Current Assets to Current Liabilities	179%	145%	186%	163%	198%

Legend: see page 8

JELMOLI GROUP ORGANIZATION CHART



As per end of
the business year

¹ two thirds Jelmoli-owned
² one third Jelmoli-owned

³ sold per 1.2.1999
⁴ sold per 31.12.1998

Jelmoli AG 1998

Jelmoli AG incorporates Jelmoli Zurich (shop-in-shop department store), Jelmoli Real Estate, Fashion Bazaars and Molino Restaurants. Turnover in these retail trading and services activities for 1998 totalled CHF 212.8 million (1997: CHF 228.1 million). The reduction is due to closure and rental of the last other Jelmoli department stores in spring 1997 (which are thus still partially included in accounts for that year), and to increasing the shop-in-shop part of Jelmoli Zurich. The substantial rise of Jelmoli Zurich turnover and the newly opened Molino Restaurants and Fashion Bazaars only partially compensated for this redimensioning. Since 1997 Jelmoli Mail Order AG has been majority owned by Heine, and is thus equity-consolidated.

Jelmoli AG turnover for 1998 increased by 10.5 percent over the previous year on a comparable basis, and operating income (EBIT) for 1998 rose by CHF 9.0 million or 25.1 percent to CHF 44.8 million (1997: CHF 35.8 million). These excellent results comply with our budget targets.



Jelmoli Zurich – success consolidated

The 1997 goals set for this former flagship – now a standalone shop-in-shop department store with 20000 m² of sales floor area – were ambitious: best department store, best and friendliest staff, most attractive product range, and innovations with general customer appeal. These targets were fully reached in 1997 with a nine percent turnover rise. Further improvements therefore represented a great challenge to the management, employees and partners alike. The outstanding position of this store, midst in Switzerland's largest agglomeration and main economic centre, engenders a confidence which was fully justified again in 1998.

Overall turnover of Jelmoli Zurich for 1998 (including turnover of shop-in-shop tenants) reached CHF 242 million. Compared with the previous year this represents a 9.9 percent increase, to which own merchandising contributed 11.2 percent, signifi-



cantly more than shop-in-shop partners. CHF 168 million of this turnover (1997: CHF 153 million) is attributable to Jelmoli operations (of which about 30 percent shop-in-shop management under Jelmoli responsibility). Shop-in-shop business is largely in the fashion segment, although with substantial contributions from the hardware and restaurant segments. Jelmoli Zurich pays a fair market rental to Jelmoli Real Estate. The improvement in consumer



Zurich's store opening hours (Monday to Friday until 8 p.m.) have boosted weekday turnover.



and brand orientation. It is also due to the mutually complementary shop-in-shop range, competent service, and pleasant atmosphere with the latest fashionable



trends and popular «shopping worlds» concept. Jelmoli Zurich offers thousands of top brands and perfumes in dozens of shop-in-shop outlets, with an above-average range of customer services. In February 1999 the Premier Sports & Health Club was opened on 2600 m² of upper floor area. This is operated by the well-established London firm Holmes Place.

purchasing – a positive trend for the first time in recent years – greater job security and the liberalization of

Repetition of the previous year's substantial turnover rise is primarily attributable, however, to Jelmoli's quality service, and pleasant atmosphere with the latest fashionable trends and popular «shopping worlds» concept.

Our customers – many of whom long-standing customers of former Jelmoli department stores – are demonstrating their loyalty with more frequent visits and full shopping bags. Shopping at Jelmoli has indeed become even more attractive thanks to the new Shopping Bonus Card. The Jelmoli sales and purchasing departments – under a single management – logistics and other organizations both on the sales front and behind the scenes have proved themselves well.



Prospects

Jelmoli Zurich will become increasingly attractive to our demanding customers during 1999, thus coming nearer than ever to our goal of local leadership in every main position of our range. In view of existing potential and our proven strengths, we are confident of reaching all targets for the current year.

Robert M. Fieg
Managing Director, Jelmoli Zurich

Jelmoli Real Estate

Added value thanks to proactive management and promotion

Jelmoli AG real estate properties comprise more than three dozen buildings ideally situated in first-class sales and service locations throughout Switzerland. These include shopping centre complexes with an attractive tenant mix – for example large main tenants such as Globus, ABM and Migros – as



Carouge-Geneva



well as office blocks and former distribution centres now rented out to service providers (banks and insurance companies), wholesalers and traders. Tenants have been found for virtually all floor areas. No properties were sold in 1998. The role of Jelmoli Real Estate is the active promotion and management of these properties, in particular through ongoing optimization of the tenant mix. The long-standing know-how of our management in the shopping centre and department store sector is highly estimated by tenants and users alike.

Large investments during 1998

Integration of Sports & Health Clubs:

Rental contracts for floor areas totalling 7000 m² were signed in 1998 with the internationally reputed Holmes Place Sports & Health Club organization. These sites are located in Jelmoli Zurich and in

Geneva, Lausanne and Basle, and rental agreements include minimum and turnover-linked components. Thanks to this customer-oriented service provider, the tenant mix is up-

graded in each case. Holmes Place, a well-established company listed on the London stock exchange, operates more than 20 health clubs in Great Britain alone, with another 15 under construction.

La Praille shopping centre, Geneva: In June 1998 Jelmoli Real Estate was awarded a promotion mandate for 18000 m²

of floor area in La Praille near Geneva. A 27000 m² shopping centre with parkhouse for 950 cars is to be built here next to the new «Stade de Genève» hotel complex. About 150000 people live in the La Praille area, and rental potential is high. Jelmoli will be investing about CHF 90 million in this project, the preliminary planning and pre-rental phases of which are already completed. Opening is scheduled for the year 2001.

Carouge shopping and office centre, Geneva:

Owned by a real estate company, the Carouge shopping and office centre comprises 10000 m² of sales floor and 19000 m² of office floor area, together with



Holmes Place
Geneva



Expansion
La Praille - Geneva



Expansion Carouge

2500 m² of office floor and 1000 m² of sales floor area.

Jelmoli administration building, Zurich:

Linked by a pedestrian bridge to the Jelmoli Zurich store, this administration building was renovated in 1998. By transferring the Jelmoli sales management,



Jelmoli
Administration
Building

personnel administration and purchasing department to vacant premises at the rear of the main store building, three office floors totalling 2000 m² of floor area were freed up for rental. In the meantime they have been let as the Zurich headquarters of a first-class private bank.

Result for 1998

Jelmoli AG rental income for 1998, including in-house rentals, amounts to CHF 58.3 million (1997: CHF 49.5 million), with growth potential to around CHF 66 million by the year 2000 depending on retail trading developments. With market-conform capitalization at seven percent, the capitalized income value of Jelmoli AG real estate is thus estimated at CHF 940 million. Current book value is CHF 470 million (1997: CHF 450 million), so that sleeping reserves likewise amount to some CHF 470 million.

a car park. In January 1998 the Jelmoli subsidiary Grand Passage-Innovation SA acquired the entire centre, which will be extended in 1999 with another

personnel administration and purchasing department to vacant premises at the rear of the main store building, three office floors totalling 2000 m² of floor area were freed up for rental.

Molino Restaurants, Jelmoli Fashion Bazaars

In 1998 the well-known Café «Select» on Limmatquai in Zurich was converted into a Molino restaurant – the tenth in a chain whose culinary range, service and atmosphere are oriented toward Italian specialities. Turnover of the Molino Restaurant chain for 1998 totalled CHF 22.9 million (1997: CHF 19.1 million), 19.4 percent higher than the previous year, and the accounts closed with a positive net income. Turnover on a comparable basis with 1997 rose by 2.9 percent. Further Molino openings are under consideration.

Turnover for 1998 of the eleven Jelmoli Fashion Bazaars, as against ten in the previous year, totalled CHF 15.2 million (1997: CHF 12.5 million). This 22.2 percent increase represents a turnover growth of 14.0 percent over the previous year on a comparable basis. Once again, operating income is encouragingly positive.



Molino-Select Zurich

Prospects

With the new Holmes Place and office floor rentals, as well as an excellent situation in general with turnover-linked rental components, Jelmoli Real Estate income is expected to rise again in 1999.

Alain Rolland
Managing Director
Real Estate/Molino/Fashion
Bazaars



DIPL. ING. FUST AG

LOWER OPERATING INCOME DESPITE FURTHER MARKET GAINS

**1998 turnover 8 percent higher,
operating income 12 percent lower**

Dipl. Ing. Fust AG started 1998 on a promising note. Growth rates from January to April were high, but declined from May to August. From September to December turnover stagnated at the 1997 level, which can however be regarded as excellent. This stagnation after the end of August was partially attributable to a significant decline of consumer purchasing following the stock market crash. The positive trend over the past few years remains unbroken, however, even if growth rates are rather lower.

Fust AG turnover for 1998 rose to CHF 627 million (1997: CHF 580 million), an increase of 8.1 percent although not quite meeting our expectations. Adjusted for floor area costs, productivity improved by 2.1 percent. This turnover increase compared with the previous year has again brought Fust AG a greater market share. Operating income (EBIT) for 1998 declined to CHF 30.6 million, as against CHF 34.6 million in the previous year. This reduction was due to the coincidence of sales network expansion with an unexpectedly weak demand phase, orientation of the product range toward consumer electronics, and



higher purchasing prices due to currency exchange fluctuations.



Sursee

Domestic appliance store chain

The Swiss market for domestic appliances has remained practically stagnant for some years. As shown by our development trends, however, Fust AG nevertheless gained market shares year by year. Turnover growth by value from 1997 to 1998 was four percent, equivalent to a further market expansion. Since mean sales prices in 1998 were about two percent lower than in 1997, turnover growth by volume was about six percent.

Increased replacement business

A relatively high proportion of domestic appliance business involves replacements. Only 20 percent of sales comprise new appliances, as against 80 percent replacements which are generally because of damage. Most purchases are therefore unplanned, and customers need immediate replacement of appliances which are normally regarded as indispensable. This is why a good many customers now order their replacements from Fust by telephone.

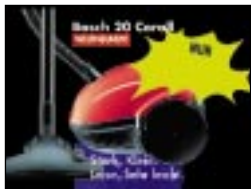
Domestic appliance trends

Energy economy is an important selling point these days, and great progress has been made in developing energy-saving appliances. Modern refrigerators and freezers use 60 to 70 percent less electricity than twenty years ago. The same kind of savings is achieved by washing machines and dishwashers, which are also more environmentally friendly since they use up to 70 percent less water and detergents.

These new appliances are more complex technically, however, so that their maintenance and repair requirements are no less than before. Modern washing machines, dryers and dishwashers have to be repaired about every two years on average, likewise smaller appliances such as today's more sophisticated coffee machines.

local repair centres for small appliances such as coffee machines, vacuum cleaners, etc. Most of these repairs are carried out by our own specialists. A defective appliance can be brought to any Fust branch, where it is registered on our computer system. Twice weekly our vans collect defective appliances and take them to the repair centre, at the same time bringing back repaired appliances to the correct branch.

Most of our competitors do not carry out their own repairs, preferring to rely instead on the authorized brand service centres. Fust customers appreciate all the more our repair centres and mobile service as a guarantee of dependability. Other suppliers leave it to their customers to organize maintenance and repairs – the customer has to pack the appliance



For this reason Fust maintains a comprehensive repair service, including a fleet of service vehicles for on-the-spot repairs of large appliances at the customer's home. The Fust mobile service network is a complex independent organization with its own telephone exchange and mission planning centre, spare parts warehouse and mobile logistics, personnel training and administration. For freezers and other commercially used appliances, Fust local repair services are available over the weekend as well.

Fust also operates

properly, bring it to the post office and send it to the manufacturer or importer. Apart from today's high postal charges, this involves a good deal of trouble for packaging, long waiting times more than likely, and the risk of transport damage as well.

Fust's outstanding market position in small appliances is due largely to these highly estimated services – and it goes without saying that Fust also repairs appliances purchased from our competitors. In view of its importance for our future growth, the Fust repair service will be further expanded.



Consumer electronics store chain

1998 brought above-average expansion of the Fust consumer electronics store chain. This expansion programme was largely completed by the end of the year, which was again a difficult one in the consumer electronics segment.

Average prices continued to fall, with correspon-

Kitchen/bathroom and general contracting chain

The Fust kitchen/bathroom segment is long-established in Switzerland, where Fust kitchens have been a hallmark since 1970 – nearly thirty years ago. And we lead the retail market in this segment as far as turnover is concerned. Every single Fust kitchen is exclusively customized to individual needs, including installation.



dingly reduced margins. Since prices and margins declined to an unacceptably low level, inventory depreciations increased accordingly. Consumer electronics business in Switzerland has thus reached a paradoxical situation where both prices and margins are lower than in neighbouring countries, despite higher Swiss salaries. This unhealthy situation is due to overproduction by consumer electronics manufacturers, and the inability of brand importers to secure adequate margins at retail trading level. In actual fact, every brand article producer should know by now that no brand can survive in the long run without a trading margin on which retailers can survive.

As in other segments, Fust AG operates a speciality market chain in consumer electronics with competent sales personnel, a wide range of reputed brands, and customer-friendly services such as support, home delivery and connection, as well as on-the-spot repairs. Here again, we have our own comprehensive repair centres with twice-weekly collections from all Fust branches. Furthermore, Fust repairs are efficient and cost-effective.

The kitchen and bathroom renovation market

With 3.6 million kitchens in Switzerland and assuming a mean service life of 36 years, renovation demand should stabilize sooner or later at about 100000 per year. For some years now, however, only about 60000 kitchens have been replaced annually. And the same applies to bathrooms. In fact all suppliers in this segment are eagerly waiting for pent-up demand to impact the market. When will this demand materialize, and how long will it take for turnover to grow accordingly? 1998 brought very little in this direction – which means that apartment maintenance in Switzerland is also inadequate at the present time. As a result, housing investments are not retaining their value. With today's low mortgage interest rates, this situation is hard to understand. One reason for the general reluctance to renovate may well be uncertainty regarding future developments.

Likewise for Fust, business in this segment did not meet expectations. Turnover rose by one percent, but our kitchen and bathroom renovation infra-

structure could easily accommodate a rise of 30 to 50 percent, and the associated costs would rise far less steeply than turnover. Segment results for 1998 are therefore decidedly unsatisfactory. Despite our repeated disappointments, however, kitchen/bathroom renovation business is bound to recover before long.



Prospects

For 1999 only a marginal improvement in consumer purchasing is expected

for the main business segments of Dipl. Ing. Fust AG. With practically zero inflation and stagnant consumer income levels, no significant upswing in retail trading turnover is likely. However, the marked improvement in the unemployment situation may well bring a rise in durable consumer goods purchasing trends.

We shall concentrate during 1999 on cost/benefit optimization. This mainly involves detail optimization in our store chains, and the reduction of personnel costs in percent of turnover by continuing our efforts to increase output per head. In the consumer electronics segment we shall reduce the extent of our aggressive pricing policy so far, and concentrate our range on products with a higher gross margin. Furthermore, nonrecurring expansion costs by comparison with 1998 will be significantly lower.



Walter Fust
Managing Director



IMHOLZ VERTRIEBS AG AND ITV (IMHOLZ-TUI-VÖGELE) REISEN AG IN ITS FIRST YEAR

Swiss travel offensive with European power: the Imholz-TUI-Vögele Travel joint venture

On October 2, 1997 it was announced that as of November 1 the three travel companies Imholz, TUI (Suisse) and Vögele Travel would be merging their Swiss activities to form two business units: the ITV (Imholz-TUI-Vögele) Reisen AG tour operating group, and the Imholz Vertriebs AG retail company.

This merger resulted in clear positioning of the three brands involved: Imholz as a well-established Swiss

Imholz Travel Group, with tough competition and price-undercutting among Swiss tour operators. Market launch in Switzerland of the German travel leader TUI exacerbated this situation still further, and the price war which broke out as a result forced the Swiss competitors to take drastic measures accordingly.

The teething troubles expected with this merger (reorganization and removals, integration of different business cultures and data processing systems), were accentuated by tough competition and external

problems such as the Luxor massacre, political unrest in Indonesia and the Caribbean hurricane.

Business restructuring: TUI acquires additional ITV shares

Since May 1, 1998 the ITV Reisen AG shareholding structure is as follows: TUI 60 percent, Jelmoli Holding Ltd 33.33 percent (unchanged), Carlo and Charles Vögele 6.66 percent. The shareholding structure of Imholz Ver-



travel brand, Vögele in direct marketing, and TUI (Suisse) with its speciality catalogues. In 1998 the low-cost 1-2-Fly brand was added to this range. Imholz Vertriebs AG acts as sales network for ITV (Imholz-TUI-Vögele) Reisen AG, which is Switzerland's third largest tour operator with a market share of 20 percent.

A challenging first year

1998 was a year of great challenge for ITV (Imholz-TUI-Vögele) Reisen AG, formed on 1.11.1997 by merging Imholz Travel, TUI (Suisse) and Vögele Travel. 1997 had already been a hard year for the

triebs AG remains unchanged: Jelmoli Holding Ltd 66.66 percent and TUI/Vögele 33.33 percent.

Results of the 1997/98 business year

(1.11.1997 – 30.09.1998)

Market launch of the German travel sector leader TUI in Switzerland was hindered by drastic countermeasures of the two Swiss market leaders Kuoni and Hotelplan, who banned Imholz Vertriebs AG from their entire product range. Despite this extremely difficult situation, Imholz Vertriebs AG achieved an encouraging result with higher turnover and unchanged profitability. Turnover of the 65 Imholz

Vetriebs AG travel offices totalled CHF 281 million (previous year CHF 266.3 million). During the year under review the Imholz Vertriebs AG network was expanded with new travel offices in Zurich (Stadelhofen station), Chantepoulet/Geneva, Kriens/Lucerne, Lausanne (Rue Caroline) and Rapperswil/SG. In 1998 TUI opened its first two travel centres in Zurich and Basle, mainly offering TUI arrangements. The launch of TUI TravelCentres on the Swiss market is part of an experimental strategic plan to open up a second retail channel for Imholz Vertriebs AG under another brand name.

On the other hand, turnover and net income of the tour operator ITV (Imholz-TUI-Vögele) Reisen AG

Imholz Vertriebs AG and ITV Reisen AG management changes

Romuald Schweiwiler was appointed Managing Director Imholz Vertriebs AG per 17.11.1998, and on the same date Peter Waldner took over as Managing Director ITV Reisen AG (tour operator). On December 1, 1998 Karl-Heinz Fath became Chief Financial and Administration Officer for both companies, whose managements report directly to the Board of Directors.

Prospects

Since TUI synergies will take effect for the first time during the coming year, and at the same time the overcapacities in charter business will have been eliminated, a significant improvement in travel group results is expected. The Board of Directors therefore looks to the future with optimism. In the opinion of ITV Board Chairman Karl Born: «The Swiss market is an important pillar for TUI – and will remain so on a long-term basis». Imholz Vertriebs AG customers now have a very wide choice of attractive possibilities among four dependable travel brands: Imholz, TUI (Suisse), Vögele and 1-2 Fly.



was seriously affected in particular by the overcapacities in the charter segment, thus leading to a net loss. ITV tour operations turnover is not included in the Jelmoli consolidated accounts, and net income is only equity-consolidated.

Imholz Vertriebs AG

Romuald Schweiwiler and Karl-Heinz Fath
Managing Directors



Portable Shop chain: rapid growth

The Portable Shop chain, 55 percent Jelmoli owned as of January 1, 1998, is rapidly expanding at well over the mean growth rate in this market segment. By the end of 1998 Portable Shop had opened 11 new branches and is now Switzerland's biggest retailer of portable electronics – notebooks, handhelds and mobile communications equipment (Natel data systems) – with more than 21 branches in German-speaking regions. The decision to use Fust speciality markets as an expansion platform for Portable Shop branches on a shop-in-shop basis has proved correct. With this remarkable growth rate, Portable Shop meets the rapidly increasing demand for mobile computers and communications. This well-proven retailing concept will be extended by the end of 1999 to 15 new standalone Portable Shops and 15 in Fust speciality markets on a shop-in-shop basis including Western Switzerland for the first time. Customer service and support have also been expanded, with a new service centre since September 1998 in addition to the existing store service facilities. At the same time a new training and instruction centre for employees and customer personnel was opened, together with a national call centre for telephone inquiries. This also handles service inquiries for Fust customers.



Portable Shop, Schiffliände, Zurich



Shop-in-shop-concept

Turnover of Portable Shop Switzerland AG rose as expected by 29% to CHF 62 million for 1998 (1997: CHF 48 million). Operating income did not follow the same trend, and was reduced according to budget by extraordinary investment outlay for expansions.

Apart from portable electronics (exclusively reputed brands), Portable Shops also offer a wide range of peripherals, printers and software. The main strengths of this retail group compared with discounters are our comprehensive specialised range, the competence and experience of our staff in portable electronics, and an outstanding price/performance ratio.

Prospects

As a Jelmoli Group company in a rapidly growing market, Portable Shop Switzerland AG looks with optimism and assurance to a promising future.

Thomas Stiefel and Guy Thouin
Managing Directors

Kochoptik AG

Turnover of the 16 Kochoptik AG ophthalmic optic stores for 1998 totalled CHF 22.2 million (1997: CHF 20.1 million). This includes the three Zolliker-Optik stores in Zurich and Uster together with the Optik Center Sihlporte acquired per 1.1.98. The opening of a new store in Thalwil compensated for transfer of the Zurich Shopville store to Dipl. Ing. Fust AG. After completing renovation work, the Zurich Seefeld store was able to return to its previous address. Operating income for 1998 was practically breakeven.

Kochoptik has upheld its market position, due not least to comprehensive expansion of our customer-friendly and systematically advertised guarantee and service benefits. It goes without saying that Kochoptik customers also benefited in 1998 from the advantages of the Shopping Bonus Card.

The assets of Kochoptik AG with its existing stores were all sold per February 1, 1999 to Visilab SA, a Swiss market leader. Visilab belongs to the Groupe Pharmacie Principale, Geneva, and operates the biggest network of ophthalmic optics stores in Switzerland. All Kochoptik employees have been retained without any change in conditions. The Jelmoli Group has thus optimized its portfolio by divesting a non-strategic business. Jelmoli will continue to operate the large photography and telescopes departments on Bahnhofstrasse, in Jelmoli Zurich and Glatt Center.

Kochoptik AG

Terlinden-Jelmoli Textilpflege AG

The restructuring phase initiated by sale of the work clothing leasing division in 1997 was completed at the end of 1998 by transferring the Terlinden-

Jelmoli Textilpflege AG services, previously centrally located in Küsnacht near Zurich, to the existing network of 30 sales outlets. The intensive efforts of this company and its 100 remaining employees (on full-time basis) have thus been rewarded.

Overall turnover increased comparably by one percent in 1998 to CHF 10.3 million. Operating income showed a slight rise.

After many years of successful company management, Dieter Kressig has handed over the reins per 1.1.99 to three experienced management members. The Board of Directors tenders its sincere thanks for his valuable services to date, and appoints Mr. Kressig Board Delegate after due election to the Board.

Thanks to outstanding quality and performance, Terlinden-Jelmoli Textilpflege AG can continue to count on a growing circle of loyal customers in future.

Terlinden-Jelmoli Textilpflege AG

Johnny Appleseed's Inc.**Turnaround thanks to restructuring**

The restructuring plan realized by Jelmoli Holding together with the local management (merger of the two mail order catalogues, closure of the entire fashion store chain), brought encouraging results for 1998. Turnover compared with the previous year rose by 35 percent to CHF 63.6 million, thus achieving the promised turnaround. Although this US subsidiary of the Jelmoli Group has now been restored to healthy foundations, its strategic importance is not significant. It was therefore sold to the management and an investor group per 31.12.98.

J. Appleseed's Inc.

SHOPPING BONUS CARD

SHOPPING BONUS CARD

successor to the
Jelmoli Customer Card

The SHOPPING BONUS CARD is a Jelmoli customer card service shared with our partners. 300000 BONUS CARDS currently in use are accepted by several dozen Jelmoli partners in over 2000 locations throughout Switzerland.

The SHOPPING BONUS

CARD was launched in summer 1998. It replaces the former Jelmoli Card, mainly used in Jelmoli department stores which have now been reutilized. As long ago as 1940, Jelmoli pioneered a so-called «account badge» for the same purpose as today – to promote customer loyalty.

A special feature of the new BONUS CARD is that travel bonus points are accumulated every time the card is used with a Jelmoli partner. These points entitle the customer to discounts on Imholz, TUI (Suisse) and Vögele Travel tours, as well as accommodation discounts with Relais du Silence, Sunstar and Welcome hotels.



SHOPPING BONUS CARD partners throughout Switzerland are selected for variety and quality of product range and services. Cardholders also have access to their special monthly offers.

Prospects

Customer shopping loyalty – especially in these fast-moving times – is a very special form of appreciation. And the SHOPPING BONUS CARD is a highly estimated way of rewarding and measuring customer loyalty.

We shall systematically promote this valuable instrument and continue to exploit appropriate technical advances to ensure optimal customer satisfaction for Jelmoli and all our partners.

Cash-free and free of charge plus bonus travel points

Go shopping and save travel points
Book tickets and save travel points
Eat out and save travel points
Fill up and save travel points
Surf the Internet and save travel points
Get fit and save travel points
Insure D and save travel points

Jelmoli AG

Jelmoli
Zürich · Versand

Fust

TAMOIL

GLOBUS

CHRIST

Imholz

TUI

Vögele
reisen
voyages

12
FLY

Bata

merkur

The
Piggy
Bank
Savings the future

Kochoptik

MOLINO
ZZZ
TORO

GOURMET
FACTORY

FUNDGRUBE
BONNE OCCASE

TEFLINGEN

BEACH
MOUNTAIN

HOLMES
PLACE

TOP
WelcomeSwiss
Hotels

Hotel
Relais du Silence
Silencehotel

Sunstar
Hotels

swiss online

winterthur

swissline

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

As group auditors we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes) of Jelmoli Holding Ltd. and subsidiaries, presented on pages 26 to 38, for the year ended December 31, 1998. 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 consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the 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 consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and

disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the financial position, the 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 consolidated financial statements submitted to you be approved.

 Fides Peat

P. Hess
Swiss Certified Accountant
Auditor in Charge

R. Arnet
Swiss Certified
Accountant

Zurich, March 5, 1999

CONSOLIDATED INCOME STATEMENT

		1998		Change 1998 over 1997		1997	
Notes to the Consolidated Financial Statements		CHF million	%	CHF million	%	CHF million	%
Gross Turnover	1	1 279.2	105.7	-205.8	-13.9	1 485.0	104.9
Change comparable				+5.2			
Sales Deductions	2	-69.3	-5.7	-0.4	-0.6	-69.7	-4.9
Net Turnover		1 209.9	100.0	-205.4	-14.5	1 415.3	100.0
Cost of Sales	3	-803.1	-66.4	-181.1	-18.4	-984.2	-69.6
Income from Goods and Services	4	406.8	33.6	-24.3	-5.6	431.1	30.4
Personnel Expenses	5	-210.9	-17.4	-8.7	-4.0	-219.6	-15.5
Other Operating Expenses ³	6	-151.8	-12.5	-26.0	-14.6	-177.8	-12.6
Other Operating Income ³	7	65.0	5.4	+0.9	+1.4	64.1	4.5
Operating Cash Flow (EBDIT¹)		109.1	9.0	+11.3	+11.6	97.8	6.9
Depreciation	8	-38.4	-3.2	+0.6	+1.6	-37.8	-2.7
Operating Income (EBIT²)	9	70.7	5.8	+10.7	+17.8	60.0	4.2
Financial Income	10	33.6	2.8	+4.3	+14.7	29.3	2.1
Financial Expenses	11	-28.7	-2.4	+9.3	+47.9	-19.4	-1.4
Financial Result		4.9	0.4	-5.0	-50.5	9.9	0.7
Income before Income Taxes		75.6	6.2	+5.7	+8.2	69.9	4.9
Income Taxes	12	-9.4	-0.8	+1.0	+11.9	-8.4	-0.6
Consolidated Net Income before Minority Interest	13	66.2	5.5	+4.7	+7.6	61.5	4.3
Minority Interest		-1.0	-0.1	+0.9	-	-0.1	0.0
Consolid. Net Income	14	65.2	5.4	+3.8	+6.2	61.4	4.3
Dividend Entitled Shares ⁴	15	686 008				722 546	
Consolidated Net Income per Share in CHF	16	95		+10	+11.8	85	
Shareholders Equity		488.0				577.2	
Return on Equity (ROE)		13.4%		+2.8%	+26.4	10.6%	

1 Earnings before Depreciation, Interest and Taxes

2 Earnings before Interest and Taxes

3 incl. Net Nonoperating Items and Contributions

4 Bearer Share Equivalent per End Year

CONSOLIDATED BALANCE SHEET

(before appropriation of retained earnings)

		31.12.1998		31.12.1997	
		%			
Notes to the Consolidated Financial Statements		CHF million		CHF million	
				%	
ASSETS					
Fixed Assets					
– Land	17	99.1		85.0	
– Buildings	17	410.0		390.5	
– Permanent Fixtures	17	217.5		143.3	
– Furniture and Equipment	17	75.4	802.0	80.3	699.1
Intangible Assets	17		3.6		2.4
Goodwill	19		132.9		128.7
Financial Assets					
– Minority Investments		11.3		10.5	
– Other Financial Assets		6.5	17.8	61.1	71.6
Total Non-Current Assets		956.3	69.5	901.8	67.5
Inventories	20	166.2		164.3	
Trade Accounts Receivable	21	94.0		103.0	
Other Accounts Receivable	22	82.7		53.5	
Prepaid Expenses and Accrued Income		20.2		24.8	
Marketable Securities	23	0.2		3.2	
Cash and Bank	24	56.9		84.6	
Total Current Assets		420.2	30.5	433.4	32.5
		1 376.5	100.0	1 335.2	100.0
LIABILITIES AND SHARE-HOLDERS' EQUITY					
Share Capital		41.6		39.8	
Paid-in Surplus	26	98.6		66.0	
Consolidated Retained Earnings	26	573.0		534.2	
Own Shares	26	–225.2	446.4	–62.8	537.4
Total Shareholders' Equity		488.0	35.4	577.2	43.2
Minority Interest		5.2	0.4	2.2	0.2
Long-Term Liabilities					
– Long-Term Loans	28	578.7		369.0	
– Other Long-Term Liabilities	29	10.3		26.4	
– Provisions	30	59.1	648.1	61.3	456.7
Current Liabilities					
– Trade Accounts Payable	31	54.4		86.5	
– Loans (Current Portion)	32	45.0		59.1	
– Other Short-Term Liabilities	33	75.2		83.5	
– Accrued Expenses and Deferred Income		60.6	235.2	70.0	299.1
Total Liabilities		883.3	64.2	755.8	56.6
		1 376.5	100.0	1 335.2	100.0
Current Ratio		179%		145%	
(Ratio of Current Assets to Current Liabilities)					

CONSOLIDATED STATEMENT OF CASH FLOW

	1998	1997
	CHF million	CHF million
Consolidated Net Income before Minority Interest	66.2	61.5
Depreciation		
– Fixed Assets	29.2	29.8
– Intangible Assets	0.8	0.3
– Goodwill	8.4	7.7
Income-Related Contributions to Pension Funds		0.1
Decrease longterm Liabilities	-2.2	-12.7
Increase in Inventories	-9.7	-5.6
Increase (Decrease) in Short-term Trade / Accounts Receivable, Prepaid Expenses / Accrued Income	-45.5	26.6
Increase (Decrease) in Trade Accounts Payable and Other Short-Term Liabilities	4.6	-0.6
Decrease (Increase) in Accrued Expenses and Deferred Income	-7.3	2.2
Funds Generated from Operating Activities	44.5	109.3
Acquisition of Fixed Assets	-84.6	-69.2
Increase in Intangible Assets	-3.3	-2.0
Increase in Goodwill	-3.7	-17.3
Acquisition of Companies included in Consolidation ¹	-11.0	-1.6
Sale of Companies Included in Consolidation ¹	2.2	0.8
Increase in Financial Assets	-3.6	-7.0
Proceeds from Disposal of Fixed Assets	4.6	2.0
Foreign Exchange Differences Arising on Consolidation	-1.3	1.1
Funds Generated from Investing Activities	-100.7	-93.2
Exercise of Options	34.4	5.4
Purchase of Own Shares	-162.4	-44.4
Decrease (Increase) Marketable Securities	3.0	-2.5
Decrease in Minority Interest	- 0.3	-10.1
Increase (Decrease) in Long-Term Liabilities	193.1	-26.2
Decrease (Increase) in Loans (Current Portion)	-14.2	21.8
Dividend Payments to Third Parties	-25.1	-21.0
Funds Generated from Financing Activities	28.5	-77.0
Decrease in Cash and Bank	-27.7	-60.9

1 Purchase and Sale of Companies

Included in the Consolidation	Acquisition	Sale
Fixed Assets	64.8	12.7
Intangible Assets		1.3
Goodwill	8.9	
Financial Assets	-56.5	0.9
Short-Term Receivables and Prepaid Expenses and Accrued Income	18.3	48.2
Inventories	6.7	14.5
Liquidity	4.1	12.3
Minorities	-2.4	-0.1
Long-term Liabilities	-0.8	-0.3
Trade Accounts Payable and Other Liabilities	-22.2	-67.2
Short-term Trade Accounts Payable	-0.7	-0.6
Accrued Expenses and Deferred Income	-5.1	-7.2
Sales Price	-15.1	14.5
Less Cash Acquired	-4.1	-12.3
Funds Invested	11.0	
Funds Generated from Divesments		2.2

DETAILS OF SEGMENTS

	1998		1997		Change from previous year ⁵	
	CHF million	%	in CHF million	%	non-adjusted	comparable
Jelmoli Group						
Turnover, Groupe	1279		1485		-13.9%	+5.2%
Operating Income, Group⁷	70.7	5.8 ⁸	60.0	4.2 ⁸	+10.7Mio.	
Ordinary Income, Group (before taxes)	75.6	6.2 ⁸	69.9	4.9 ⁸	+5.7Mio.	
Consolidated Net Income, Group (after minority interests)	65.2	5.4 ⁸	61.4	4.3 ⁸	+3.8Mio.	
Sales area in 1000 m ² (Ø p.a.)	90		83		+8%	
No. of retail locations ¹ 31.12	416		371		+45	
No. of employees ²	2750		2981		-8%	
Turnover per employee	0.465		0.498		-7%	
Jelmoli AG (Jelmoli Zurich/Real Estate/Other) ⁴						
Total turnover	213	100	228	100.0	-7%	+11%
Operating income ⁷	44.8	21.0	35.8	15.7	+9.0mio.	
Sales area in 1000 m ² , (Ø p.a.)	23		22	-	+5%	0%
CHF turnover in CHF 1000/m ²	9.3		10.4		-10%	+11%
No. of retail locations ⁴	22		20		+2	0
No. of employees (Ø p.a.)	755		800		-6%	0%
Turnover per employee	0.282		0.285		-1%	+11%
Dipl. Ing. Fust AG						
Turnover from July 1, 1994	627	100	580	100.0	+8%	+2%
Operating income ⁷	30.6	4.9	34.6	6.0	-4.0mio.	
Sales area in 1000 m ² (Ø p.a.)	61		55		+11%	
CHF turnover in CHF 1000/m ² stat. goods business	10.2		10.5		-3%	
No. of retail locations ⁴	262		247		+15	
No. of employees (Ø p.a.)	1292		1136		+14%	
Turnover per employee	0.486		0.511		-5%	
Other companies						
Imholz Vertriebs AG (Retail) ^{3,6} , Portable Shop Schweiz AG, Terlinden-Jelmoli Textilpflege AG, Kochoptik AG ⁹ , Appleseed's Inc., Beverly MA USA ¹⁰ , Jelmoli Holding AG						
Turnover	439	100	677	100.0	-35%	+7%
Operating income ⁷	4.8	1.1	-0.7	-0.1	+5.5mio.	
Jelmoli Holding AG						
Operating income ⁷ (incl. Goodwill depreciation)	-9.5		-9.7		+0.2mio.	

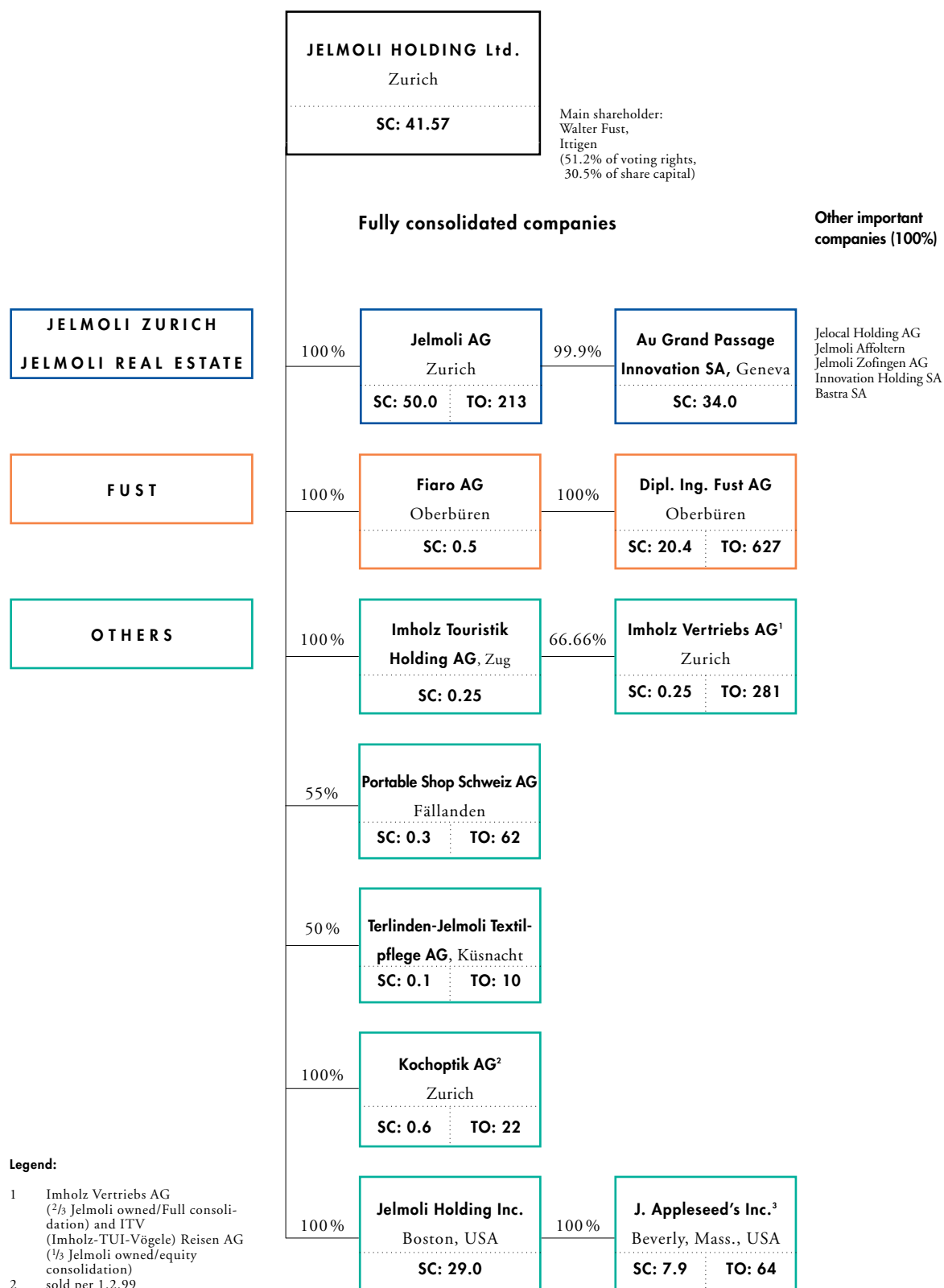
- 1 65 Imholz Vertriebs AG sales points (1997: 60),
21 Portable Shops 1998 (incl. Business to Business; excl. Hotspots in Fust),
16 Kochoptik stores (1997: 12),
30 Terlinden-Jelmoli sales outlets (1997: 32)
- 2 Average number of full-time equivalent employees during the year, including
243 employees Imholz Vertriebs AG (1997: Imholz Travel Group in total 603)
84 employees Portable Shop (as from 1.2.98),
73 employees Kochoptik (1997: 70),
90 employees Terlinden-Jelmoli (1997: 138),
203 employees Appleseed's (1997: 224),
10 employees Holding (1997: 10)

- 3 ITV (Imholz-TUI-Vögele) Reisen AG 1998 equity consolidation
- 4 Jelmoli includes 11 fashion bazaars (1997: 10) and 10 Molino restaurants (1997: 9); Fust indicates division stores
- 5 Calculated to precise figures
- 6 Formerly Imholz Reisen AG (Travel Group)
- 7 inclusive Net Nonoperating Items and Contributions (Restatement)
- 8 100%=Net Turnover CHF 1210 (1997: 1415)
- 9 sold per 1.2.1999
- 10 sold per 31.12.1998

MOVEMENTS OF FIXED ASSETS

MOVEMENTS OF FIXED ASSETS										
in CHF million	Balance as of Dec. 31, 97	Additions	Disposals/ Reclassifi- cations	Other	Additions to Scope of Consolidation	Disposals in Scope of Consolidation	Balance as of Dec. 31, 98	Accumulated Depreciations	Balance as of Dec. 31, 98 net	Insurance Values
Detailed Analysis of Fixed Assets (see notes 17–19)										
C O S T S										
Fixed Assets										
– Land	86.4	2.5	-0.2		11.8		100.5	-1.4	99.1	
– Buildings	503.6	10.7	-1.1	-0.3	20.8		533.7	-123.7	410.0	1243.2
– Permanent Fixtures	177.9	49.0	-1.5		32.5		257.9	-40.4	217.5	205.5
– Furniture and Equipment	155.7	22.7	-19.4	-0.5	3.2	-23.1	138.6	-63.2	75.4	
Total Fixed Assets	923.6	84.9	-22.2	-0.8	68.3	-23.1	1030.7	-228.7	802.0	1448.7
Intangible Assets										
	3.1	3.3				-1.9	4.5	-0.9	3.6	
Goodwill										
	141.5	3.7			8.9		154.1	-21.2	132.9	
Financial Assets										
– Minority Investments	10.5	14.8	-12.9		-0.2	-0.9	11.3		11.3	
– Other Financial Assets	61.1	2.1	-0.4		-56.3		6.5		6.5	
Total Financial Assets	71.6	16.9	-13.3		-56.5	-0.9	17.8		17.8	
Total Non-Current Assets	1139.8	108.8	-35.5	-0.8	20.7	-25.9	1207.1	-250.8	956.3	
ACCUMULATED DEPRECIATION										
Fixed Assets										
– Land	1.4						1.4			
– Buildings	113.1	8.7		-0.1	2.0		123.7			
– Permanent Fixtures	34.6	5.8	-1.4		1.4		40.4			
– Furniture and Equipment	75.4	14.7	-16.2	-0.4	0.1	-10.4	63.2			
Total Fixed Assets	224.5	29.2	-17.6	-0.5	3.5	-10.4	228.7			
Intangible Assets										
	0.7	0.8				-0.6	0.9			
Goodwill										
	12.8	8.4					21.2			
Financial Assets										
– Minority Investments	0.0						0.0			
– Other Financial Assets	0.0						0.0			
Total Financial Assets	0.0						0.0			
Total Non-Current Assets	238.0	38.4	-17.6	-0.5	3.5	-11.0	250.8			

SIGNIFICANT GROUP COMPANIES AND INVESTMENTS



All companies report in Swiss Francs
except for Jelmoli Holding Inc.
(US Dollars), J. Appleseed's Inc.
(US Dollars)

As per end of the business year

Group accounting policies

General

The consolidated 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 with the exception of ITV Reisen AG and Imholz Vertriebs AG, which end their financial years on September 30 and October 31 respectively.

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

In accordance with IAS 1, the Group income statement has been restructured by integrating nonoperating income in operating income. To enable comparison with the current year, the previous year's figures have been restated.

Principles of Consolidation

The consolidated 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 consolidated 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 31.

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. 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 market rates, with premiums charged over put and call maturity periods.

Fixed Assets

Fixed assets (land, buildings, permanent 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 28%).

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 consolidated 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 1.381 (1.455)	CHF 1.449 (1.450)

Changes in scope of consolidation

The scope of consolidation was extended by acquisition of the following companies during the year under review:

- Bastra SA, Carouge/Geneva per 1.1.1998
- Portable Shop Schweiz AG, Fällanden (55%) per 1.1.1998

Formation of the ITV Travel Group (Imholz-TUI-Vögele) per 1.11.1997 by joint venture of the Imholz Travel Group, TUI (Suisse) and Vögele Reisen affected the 1998 business results of the Jelmoli Group as follows:

- Tour operations business of the former Imholz Reisen AG was merged per 1.11.97 with Vögele Reisen AG and TUI (Suisse) AG into ITV (Imholz-TUI-Vögele) Reisen AG, in which Jelmoli Holding AG has a one-third participation and is therefore consolidated by the equity method.
- Retail business of the former Imholz Reisen AG was transferred to Imholz Vertriebs AG, in which Jelmoli Holding AG has a two-thirds participation and is therefore fully consolidated with the exclusion of minority interests as previously.

Due to divestiture, the following company is no longer included in the scope of consolidation:

- J. Appleseed's Inc., Beverly, Mass., USA per 31.12.1998

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 29, and the commentaries on individual companies (pages 11 to 22).

Due to reweighting of turnover and operating income, the travel group is no longer presented as an independent segment but included under «Others companies». The Group holding is shown as a separate segment.

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 of Segments on page 29, an analysis is presented of turnover by:

- Jelmoli AG (Jelmoli Zurich, Molino Restaurants, Fashion Bazaars)
- Dipl. Ing. Fust AG
- Others (Imholz Vertriebs AG, Portable Shop, Terlinden-Jelmoli, Kochoptik, USA).

A detailed analysis, in particular of turnover comparable with the previous year, is given in the individual company reports on pages 11 to 22.

2 Sales deductions

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

3 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.

4 Income from goods and services

The ratio of income from goods and services to net turnover has increased by 3.1% due to the smaller proportion of travel business (with lower gross margins).

5 Staff costs

In addition to salaries and wages, staff costs include legal and voluntary pension funds as well as social security contributions and other personnel expenses.

Staff costs have increased by 1.9%-points in relation to net turnover, due to a turnover swing away from the less personnel-intensive travel business.

The average number of full-time staff during 1998 declined to 2750 employees (previous year: 2981).

As a result of these structural changes in turnover and personnel figures, turnover per employee decreased by 6.6% to CHF 0.465 million (previous year CHF 0.498 million).

6 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 arises 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 decreased slightly. For comparison purposes, nonoperating expenses in previous years have been restated as other operating expenses.

7 Other operating income

This mainly comprises rental income, which amounted to CHF 49.5 million (Jelmoli AG: CHF 45.0 million / Dipl. Ing. Fust AG: CHF 3.9 million), in 1997 CHF 39.6 million.

Rentals charged internally (in particular by Jelmoli Zurich to Jelmoli Real Estate, and properties owned and used by Dipl. Ing. Fust AG) have been eliminated from these amounts in the consolidated financial statements.

Including rentals internally charged at market rates, rental income for 1998 totalled CHF 68.6 million (1997: CHF 58.8 million), of which CHF 58.3 million booked to Jelmoli AG (1997: CHF 49.5 million) and CHF 10.3 million to Dipl. Ing. Fust AG (1997: CHF 9.3 million). The increase of CHF 9.8 million over the previous year is mainly attributable to acquisition (Bastra SA) and expansion (Fust shopping centre in Zuchwil). The other increase is due to full rental of floor areas not completely utilized in 1997.

For comparison purposes, nonoperating income in previous years has been restated as other operating income.

8 Depreciations

The depreciation rates applied to fixed assets in each category are disclosed in the Group Accounting Principles under Fixed Assets and Intangible Assets. Actual depreciation figures are given in the Analysis of Fixed Assets (page 30 and note 17).

9 Operating results

Segment operating results are disclosed as follows (see segment information on page 29):

- Jelmoli AG (Jelmoli Zurich, real estate)
- Dipl. Ing. Fust AG
- Others (Imholz Vertriebs AG, Portable Shop, Terlinden-Jelmoli, Kochoptik, Appleseed's USA)
- Jelmoli Holding Ltd

For comments on results development compared with the previous year, see pages 11 to 22.

a) Jelmoli AG (Jelmoli Zurich, real estate)

About two thirds of the 25.1 percent rise of CHF 9.0 million in operating income to CHF 44.8 million is attributable to retail income of Jelmoli Zurich Fashion Bazaars and Molino restaurants, and the other third to real estate income.

b) Dipl. Ing. Fust AG

The 11.6 percent decline of CHF 4.0 million is mainly due to purchasing reserve during the second half of 1998 with regard to long-lived consumer goods, together with a EuroFust market sales floor expansion phase entailing startup costs and higher operating costs. The 8.1 percent rise in turnover did not match these cost increases.

c) Others

(Imholz Vertriebs AG, Portable Shop, Terlinden-Jelmoli, Kochoptik, Appleseed's USA)

Operating income of these companies for 1998 totalled CHF 4.8 million (1997: CHF –0.7 million). Elimination of the tour operating business (with financial income loss for 1998) from this segment due to deconsolidation, and a nonrecurring extraordinary depreciation in connection with the ITV Travel joint venture, were

more than compensated by the first consolidation of Portable Shop Schweiz AG and in particular by the successful turnaround of J. Appleseed's Inc., USA after restructuring.

d) Jelmoli Holding Ltd

The Jelmoli Holding Ltd result comprises operating costs of CHF 3.6 million (1997: CHF 4.7 million) and goodwill depreciation from the acquisitions of Dipl. Ing. Fust AG and Portable Shop Schweiz AG (for the first time in this reporting year) totalling CHF 5.9 million (1997: CHF 5.0 million).

10 Financial income

Interest and securities income for 1998, including premium income from derivative transactions with own shares (JELNO options, JELIM options and JELNI options), foreign exchange and SMI stock, amounted to CHF 33.8 million (previous year: CHF 28.7 million). Investment income resulting from inclusion of consolidated companies under the equity method comprised that from Jelmoli Versand AG (mail order joint-venture). Dividend income from non-consolidated investments matched that of the previous year.

11 Financial expense

Interest expense incurred for the servicing of mortgages, loans, pension fund loans and personnel deposits increased to CHF 27.2 million (previous year: CHF 17.8 million), due above all to significant loss incurred by the equity-consolidated ITV Reisen AG.

12 Income taxes

The taxation rate of only 12.4% on profit before taxes is attributable to the substantial tax relief remaining until up to 2002 on Jelmoli AG losses of about CHF 60 million (which have not been booked against income) 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 75.6 million
Tax expense (tax rate 18.7%)	CHF 17.3 million
Less tax relief on accrued losses	CHF 6.2 million
Effective current income tax	CHF 11.1 million
Provision for deferred taxes	CHF 1.7 million
Net tax expense	CHF 9.4 million

13 Minority interests

Minority interests in fully consolidated companies comprise:

- Imholz Vetriebs AG (33.3% TUI/Vögele)
- Portable Shop Schweiz AG (45% company management)
- Terlinden-Jelmoli Textile Care AG (50% Terlinden)

14 Consolidated net income (after minority interest)

Consolidated net income for 1998 rose by 6.2% to CHF 65.2 million (1997: CHF 61.4 million). The dividend proposal of CHF 36.– (previous year: CHF 34.–) is equivalent to a distribution rate of 38% (1997: 40%).

15 Shares outstanding

The change in number of shares outstanding is due above all to a 10 percent share repurchase and further substantial conversions from the 2.5% bond issue 1994–2001 at the low price of CHF 1000.–.

Number of shares	Bearer shares	Registered shares	Baerer-equivalent
Original status issued	481 516	1 576 354	796 787
Less own shares	- 41 436	- 164 024	- 74 241
Original status outstanding	440 080	1 412 330	722 546
Shares repurchase	- 55 000	-130 000	- 81 000
Conversions	34 515		34 515
Own share trading	- 16 657	+133 020	+9 947
Final status outstanding	402 938	1 415 350	686 008
Plus own shares	58 093	31 004	64 294
Final status issued ¹	461 031	1 446 354	750 302
Share repurchase	55 000	130 000	81 000
Final status issued ²	516 031	1 576 354	831 302

¹ after capital reduction at the 1999 General Meeting

² prior to capital reduction at the 1999 General Meeting

Repurchased shares included in the final figures above will be proposed for elimination at the 1999 General Meeting.

Conversion rights remaining on the 2.5% bond issue 1994–2001 are furthermore secured by conditional capital totalling 10 045 bearer shares:

Final status outstanding	402 938	1 415 350	686 008
Conditional capital	10 045		10 045
Final status diluted	412 983	1 415 350	696 053

Conversion rights on the 1.25% bond issue of mid-1998 totalling CHF 150 million will be secured by conditional capital totalling 69 445 bearer shares to be approved by the 1999 General Meeting.

16 Group net income per share

Group net income per share outstanding rose in 1998 by 11.8 percent to CHF 95 per bearer equivalent (1997: CHF 85). This is attributable to a 6.2 percent rise in Group net income and a 5.1 percent reduction in the number of shares outstanding.

Including conditional capital remaining from the 2.5% bond issue 1994–2001, Group net income per share for 1998 was CHF 94 (fully diluted).

Consolidated balance sheet (page 27)

17 Fixed assets / analysis (see table on page 30)

Capital expenditure during the year under review was primarily incurred by the acquisition of Bastra SA and Portable Shop Schweiz AG, also by conversions at Jelmoli Zurich (various shop-in-shops, facade renovations), four new fitness and wellness centres, expansions by Dipl. Ing. Fust AG with new EuroFust markets and a small shopping centre in Sursee. This was in addition to the normal outlay for ongoing replacement investments.

Information on mortgage loans is given in notes 28 and 29 to the consolidated financial statements.

Real estate value currently totals CHF 619.1 million (CHF 99.1 million land, CHF 410.0 million buildings, CHF 110 million fixed integrated fittings), from which rental income in 1998 totalled CHF 68.6 million. With rental income capitalized at 7% (gross), the current market value of real estate totals CHF 980 million.

18 Financial assets

The significant reduction of financial assets is primarily attributable to elimination of a loan to Bastra SA, acquired during 1998 (addition to the scope of consolidation).

19 Goodwill (see table on page 30)

The increase is attributable to additional goodwill from the acquisition of Portable Shop Schweiz AG (less goodwill depreciations in 1998).

20 Inventories

The change in inventories is mainly attributable to inventory increases in connection with the expansion of EuroFust markets, and first consolidation of Portable Shop. Inventories are valued in accordance with the Group accounting principles.

21 Trade accounts receivable

These comprise turnover by Jelmoli cardholders, together with credit sales and receivables with respect to Dipl. Ing. Fust AG leasing agreements. The decline of receivables compared with the previous year is mainly attributable to the sale of Appleseed's USA.

Del credere risks are adequately covered by setting aside an appropriate provision of CHF 7.0 million.

22 Other receivables

These mainly include receivables from suppliers, pension funds and equity-consolidated companies, together with tax receivables. The change compared with the previous year is due to the realization of the sale of Appleseed's and on the other hand to claims on pension funds.

23 Marketable securities

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

24 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 28.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

25 Share capital

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

26 Shareholders' equity

The table on page 36 shows changes in shareholders' equity during 1998, 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 43.2% to 35.4% 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 roughly 50 percent.

27 Minority interests

The increase in minority interests is attributable to first consolidation of Portable Shop Schweiz AG (45% minority) and Imholz Vertriebs AG (33.3% minority).

28 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 10.0 million (after conversion of CHF 40.0 million in 1997 and 1998).
- 5% warrant issue 1995–2000 in the amount of CHF 100 million.
- 1.25% convertible bond issue 1998–2004 in the amount of CHF 150 million

- 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.

29 Other liabilities

Other liabilities chiefly comprise loans of CHF 2.8 million from the pension funds (previous year: CHF 13.6 million), and personnel deposits in the amount of CHF 7.5 million (previous year: CHF 8.1 million). There are no liabilities to non-consolidated companies.

30 Long-term provisions

Long-term provisions comprise the following (in million Swiss francs):

	31.12.1998	31.12.1997
– Deferred taxes	57.1	58.8
– Others	2.0	2.5
Total	59.1	61.3

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

Customer receivables	CHF 1.7 million
Inventories	CHF 10.0 million
Fixed assets	CHF 45.0 million
Reserves	CHF 0.4 million
Total provision for deferred taxes	CHF 57.1 million

31 Trade accounts payable

The important increase in trade accounts payable is due to deconsolidation.

STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

In million of CHF
(see note 26)

	Share Capital	Reserve for Own Shares	Paid-In Surplus	Consolidation Reserves	Total
Shareholders' Equity as at December 31, 1996	39.6	18.4	60.8	455.9	574.7
Exercising of Conversion Rights	0.2		5.2		5.4
Purchase of Own Shares				-44.4	-44.4
Reserves for Own Shares		44.4		-44.4	0.0
Conversion Difference				1.1	1.1
Dividends to Third Parties out of Profit 1996				-21.0	-21.0
Consolidated Net Income 1997				61.4	61.4
Shareholders' Equity as at December 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
Shareholders' Equity as at December 31, 1998	41.6	225.0	98.6	122.8	488.0

32 Short-term loans

These mainly comprise short-term bank loans.

33 Other short-term liabilities

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

34 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 for premises occupied by the Group have expiry dates up to the year 2058. Future commitments arising therefrom amount to CHF 120.5 million (previous year: 117.8 million).
- Future investments
Per 31.12.1998 investments totalling around CHF 150 million were approved (construction of La Praille shopping centre, Geneva, extension of Carouge shopping centre, air-conditioning renovations and parking extension at the Grand Passage centre in Geneva, conversions at Jelmoli Zurich, shopping centre construction near Berne, Centre Administratif conversion in Lausanne, Holmes Place fitness centres, etc.).
- Leasing liabilities
There are no significant unbalanced leasing liabilities.

35 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.

36 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 are based on effective IAS regulations.

The following actuarial parameters were applied: Discount rate 5%, Return on assets 5%, Rate of increase in wages and salaries 3%, Rate of increase in retirement benefit 1%.

Actuarial valuations as of January 1, 1998 show the following overview:

– Pension fund assets at market values	CHF 263.8 million
– Pension fund obligations	CHF 270.7 million
– Coverage deficiency	CHF 6.9 million

37 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 31.12.1998 were as follows (previous year in parentheses):

Currency (CHF million)	Contract value ¹	Market value	Difference
USD	0,0 (64,2)	0,0 (66,5)	0,0 (2,3)
German Mark	12,2 (45,5)	12,4 (45,9)	0,2 (0,4)
Pesetas	0,0 (15,3)	0,0 (15,3)	0,0 (0,0)
Other	0,0 (22,5)	0,0 (21,9)	0,0 (-0,6)
Total	12,2 (147,5)	12,4 (149,6)	0,2 (2,1)

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 31.12.1998 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	41.4 (67.7)	1.5 (1.3)
Sale of put and call options on shares/indices	0.0 (14.4)	0.0 (0.3)

38 Events subsequent to balance sheet settlement date

Based on reassessment of the strategic position and future profitability prospects, all assets of Kochoptik AG were sold per 1.2.1999 to the market leader Visilab SA, Geneva, with whom cooperation was agreed in connection with the Shopping Bonus Card and provision of additional sales floor areas (initially in La Praille).

Prospects for 1999

Despite the significant reduction of unemployment figures in Switzerland, ongoing weak economic recovery and only slightly higher personal spending power resulted only in a modest improvement in consumer purchasing as of January 1999 compared with autumn 1998. The level attained is however positive. Customer behaviour indicates a certain reserve in durable consumer goods purchasing, but at the same time a revival to some degree in other areas. On the other hand, there are hardly any signs of imminent improvement to any significant extent. This situation, which is likely to uphold tougher market competition, affects also the Jelmoli Group companies.

Jelmoli AG (Jelmoli Zurich, Real Estate)

Long-term rental agreements at market-conform conditions (turnover-linked and guaranteed minimum rental clauses) have been concluded for practically all floor areas. Fixed minimum rentals secure real estate income against recession in retail trading, while turnover-linking allows income participation by Jelmoli AG in phases of economic upswing and inflation. Less than 1% of sales floor area is still vacant in properties rented out. During the first half of 1999 about 10 000 m² of floor areas so far not utilized will be rented out for the first time, thus bringing about CHF 4 million additional rental income.

Jelmoli Zurich turnover for the first months of 1999 is again significantly higher (on a comparable basis) than the previous year. The new shop-in-shop department store concept with friendly, competent sales personnel and outstanding price/performance ratio has brought excellent response among demanding city-centre customers, and further reputed shop-in-shop operators both local and international are keenly interested in Jelmoli Zurich as a location (as of March 1999: Holmes Place London fitness and health centre on the top floors). Operating income for 1999 is expected to reach CHF 48–52 million (1998: CHF 44.8 million).

Dipl. Ing. Fust AG

With continuation of the consumer purchasing reserve experienced in the second half of 1998, turnover for the first months of 1999 matched the previous year's trend. It seems, however, that the undoubtedly substantial accumulated renovation needs could start to impact the market in 1998, at least in part. In the meantime cost levels have been reduced accordingly. Operating income for 1999 is expected to be around CHF 30–40 million (1998: CHF 30.6 million).

Other companies

After the divestiture of Kochoptik AG and the US subsidiary Appleseed's Inc., only Imholz Vetriebs AG, Portable Shop and Terlinden-Jelmoli Textile Care remain in this segment. Operating income is expected to match the 1998 level of CHF 4.8 million.

Jelmoli Holding Ltd

Here again, operating income is expected to match the 1998 level (CHF -9.5 million).

Financial income

In view of the substantial reduction of ITV Reisen AG losses at the present time, financial income is expected to rise.

Group net income

Based on the aforementioned expectations, a further rise of 5–15 percent is expected in Group net income.

The profitability target set one year ago for 1999 of CHF 100 to 120 per share outstanding therefore remains realistic.

Further share repurchases are not excluded.

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. for the year ended December 31, 1998. 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.

 Fides Peat

P. Hess
Swiss Certified Accountant
Auditor in Charge

R. Arnet
Swiss Certified
Accountant

Zurich, March 5, 1999

I N C O M E S T A T E M E N T J E L M O L I H O L D I N G L T D , Z U R I C H

	1998	1997
	in CHF	in CHF
I N C O M E		
Income from Participations	9 496 647	17 487 378
Financial Yield	38 050 064	21 766 760
Net Income from Sale of Participations	0	4 464 648
Other Income	1 210 500	1 696 987
	48 757 211	45 415 773
E X P E N D I T U R E		
Financial Expenditures	12 822 587	11 628 396
Administration Expenditures	4 385 775	5 076 564
Other Operating Expenditures	2 033 773	282 662 ¹
Depreciation and Revaluation	181 892	—
Taxes	2 267 969	1 611 836
	21 691 996	18 599 458
A N N U A L N E T I N C O M E	27 065 215	26 816 315

1 in the previous year included in Operating Expenditures

BALANCE SHEET JELMOLI HOLDING LTD

	31.12.1998	31.12.1997
	in CHF	in CHF
A S S E T S		
Participations and long-term loans	703 175 829	691 201 838
Fixed assets	703 175 829	691 201 838
Accounts receivable		
– Group subsidiaries	157 431 409	114 836 119
– Third parties	3 327 177	6 254 648
Prepaid expenses and accrued income	4 095 887	1 011 649
Securities	225 102 841	62 790 527
Cash and bank	13 198 145	5 187 151
Current assets	403 155 459	190 080 094
	1 106 331 288	881 281 932
L I A B I L I T I E S		
Shareholders' equity	41 565 090	39 839 340
Capital reserves	98 603 307	65 943 489
Unappropriated profits		
– Legal reserve	17 550 000	17 550 000
– Reserve for own shares	225 000 000	62 800 000
– Special reserve	82 000 000	244 200 000
Balance sheet profit		
– Brought forward from previous year	5 612 182	3 957 771
– Annual profit	27 065 215	26 816 315
Shareholders equity	497 395 794	461 106 915
Long-term borrowed capital		
– Financial liabilities	380 045 000	184 560 000
– Provisions	127 059 059	127 059 059
Short-term borrowed capital		
– Group subsidiaries	81 707 689	99 534 163
– Third parties	11 976 532	248 578
– Accrued expenses and deferred income	8 147 214	8 773 217
Borrowed capital	608 935 494	420 175 017
	1 106 331 288	881 281 932

1. Contingent liabilities

Jelmoli Holding Ltd guarantees fulfilment of the tour retailing obligations undertaken by Imholz Vetriebs AG, and of the financial obligations of Jelmoli Group companies within the framework of existing credit agreements to the extent of CHF 217.5 million (previous year CHF 264.2 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 6903 bonds were converted, thus reducing the amount outstanding on this issue to CHF 10.045 million.

A 5% warrant issue by Jelmoli Holding Ltd on July 28, 1995 to the amount of CHF 100 million matures after 5 years.

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. This bond issue is secured at the present time by 44445 own shares and 25000 reserve shares held by the majority shareholder Walter Fust. The 1999 General Meeting will be asked to approve 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 31: «Significant Group companies and investments as per December 31, 1998».

8. Release of hidden reserves

No hidden reserves were released during the year under review.

9. Revaluations

No revaluations were undertaken.

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

a) Conditional share capital

In accordance with decision of the 1997 General Meeting, the capital structure per 31.12.1997 was modified as follows:

481516 bearer shares	
at par value CHF 50.– each	CHF 24 075 800
1576354 registered shares	
at par value CHF 10.– each	CHF 15 763 540
Total share capital	CHF 39 839 340

The remaining 44 560 bearer share conversion rights on the 2.5% bond issue 1994–2001 were secured per 31.12.1997 by conditional capital totalling CHF 2 228 000.

In 1998 another 6903 conversion rights from the 2.5% bond issue 1994–2001 were converted into 34515 bearer shares. Remaining conversion rights are thus reduced to 10045 bearer shares or a conditional capital of CHF 502250. Share capital has increased by CHF 1725750 accordingly.

The capital structure per 31.12.1998 was therefore 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

b) Own shares

The company and its subsidiaries held 113093 own bearer shares and 161004 own registered shares as at 31.12.98. Own shares are included under «Marketable securities». A reserve for own shares amounting to CHF 225.0 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	55 000	130 000
1.25% convertible bond issue	44 445	–
Retained for execution of options	10 756	22 500
Freely available	2 892	8 504
Total	113 093	161 004

From October 26 to November 25, 1998 the company repurchased 55000 bearer shares at average price CHF 1720.99 and 130000 registered shares at average price CHF 331.67 through a second trading line on the Swiss stock exchange. These shares were repurchased with a view to capital reduction through elimination of the same for approval by the 1999 General meeting.

The purpose of this share repurchase is to optimize the capital structure and increase consolidated net income per share.

For fair treatment of other shareholders, the participation of majority shareholder Walter Fust in this capital reduction was not via the second trading line within the repurchase time limit, but immediately afterwards by normal stock market transaction, applying the weighted average share price calculated on the second trading line.

Per 31.12.1998 a further 58 093 own bearer shares and 31 004 own registered shares were held by the company. These provide security for the 1.25% convertible bond issue 1998–2004, and reserve coverage for the JELGO (1997–2000) and JELGO2 (1998–2001) management options and the JELNI options issued by OZ Bankers AG.

The following options were issued by OZ Bankers AG:

Option name	Execution Deadline	Price(CHF)	Ratio	Share type	Number ¹⁾ of options shares	
JELUP	14.04.1999	1 600	10:1	Bearer	–	–
JELNI	14.09.1999	370	5:1	Regist.	112 500	22 500
JELNA	15.09.1999	400	5:1	Regist.	–	–
JELGO	20.12.2000	1 425	20:1	Bearer	215 120	10 756
JELGO2	18.01.2002	1 575	1:1	Bearer	3 000	3 000

¹⁾ Number of options sold/shares deposited by Jelmoli Holding Ltd (JELGO2 not until 18.1.1999)

11. Major shareholders

As of December 31, 1998 the majority shareholder Walter Fust held directly and indirectly 51.2% of voting shares and 30.5% of share capital. Ursula Hauser-Fust holds 7.2% of voting shares and 3.7% 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>	1999
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-Freihof, 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 1998

Available retained earnings of Jelmoli Holding Ltd at the disposal of the General Meeting on May, 11, 1999

In CHF	1998	1997
Net income for the year	27 065 215	26 816 315
Retained earnings carried forward		
– according to the report of the previous year	6 207 522	3 957 771
– additional dividends 1997 due to change of dividend-entitled shares		
until the day of dividend-payment	-595 340	5 612 182
Retained earnings at the disposal of the General Meeting	32 677 397	30 774 086

Proposed appropriation of retained earnings

In CHF	1998	1997 ¹
Dividend payment of		
– CHF 36.— per dividend-entitled bearer share (1998 CHF 34.—): 402 938 shares at par value Fr. 50.—	14 505 768	14 962 720
– CHF 7.20 per dividend-entitled registered share (1998 CHF 6.80): 1 415 350 shares at par value Fr. 10.—	10 190 520	9 603 844
Carried forward to new account	7 981 109	6 207 522

¹ Resolution by the annual general meeting of April 28, 1998

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

Per bearer share, coupon No. 6	CHF 36.—	Per registered share	CHF 7.20
less 35 % withholding tax	CHF 12.60	less 35 % withholding tax	CHF 2.52
Net dividend per bearer share	CHF 23.40	Net dividend per registered share	CHF 4.68

Dividends will be paid as of May 18, 1999. 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 1998 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 corporate auditors and controllers are elected each year. *KPMG Fides Peat, Zurich*, elected as corporate auditors and controllers at the 1998 Annual General Meeting, have been nominated for re-election.

Zurich, March 5, 1999

On behalf of the Board of Directors
Walter Fust, Chairman

EXECUTIVE MANAGEMENT

JELMOLI HOLDING LTD

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

JELMOLI AG (JELMOLI ZÜRICH/JELMOLI-REAL ESTATE)

Jelmoli Zurich		Jelmoli Real Estate/Molino Restaurants/Fashion Bazaars	
Robert M. Fieg	Managing Director	Alain Rolland	Managing Director
	and Ladies-/Men-/Childrensfashion	Gerd Laube	Real Estate (German speaking part of CH)
Marcel Dubach	Shop-in-Shop/Services	Franck Desmarais	Real Estate (French speaking part of CH)
Urs Kyburz	Household/Intérieurs/Paper	Alfred Steiner	Molino Restaurants
Marcel von Arx	Sport/Toys	Kurt Brunner	Fashion Bazaars
Regula Keller	Beauty/Accessoires		
Heinz Brassel	Personnel		
Services (partly for Holding and other companies)		Martin Freimüller	
Hans Peter Steffen	Organisation/Information technology/ Direct Marketing/Shopping Bonus Card	Anton Locher	Administration/Accounting Technical Services

DIPL. ING. FUST AG

Walter Fust	Managing Director	Simon Roesti	Real Estate
Eugen Forster	Purchasing	Andreas Gschwind	Kitchen/Bathroom
Markus Kradolfer	Engineering/Logistic	Manfred Staub	Finance/Administration

OTHER COMPANIES

ITV (Imholz-TUI-Vögele) Reisen AG (Tour Operator)		Kochoptik AG	
Peter Waldner, Karl-Heinz Fath	Managing Directors	Bert Zimmermann	Managing Director
IVG (Imholz Vertriebs AG) (Retail)		Terlinden-Jelmoli Textilpflege AG	
Romuald Scheiwiler, Karl-Heinz Fath	Managing Directors	Dieter Kressig	Managing Director
Portable Shop Schweiz AG		Johnny Appleseed's Inc., USA	
Thomas Stiefel, Guy Thouin	Managing Directors	Brenda Koskinen	Chief Operating Officer

As per end of business year

BUSINESS ADDRESSES

JELMOLI HOLDING AG / JELMOLI AG / JELMOLI MAIL ORDER

JELMOLI HOLDING AG	JELMOLI AG	JELMOLI MAIL ORDER AG
Group Head Office 8001 Zurich , St. Annagasse 18 Tel.: 01/220 44 11, Fax: 01/220 40 10 Sitz: Seidengasse 1, 8001 Zurich	Head Office Jelmoli Zurich und Jelmoli Immobilien 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 (Zentrale) 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 8001 Zurich-City , in Jelmoli, Seidengasse 1 Molino-Restaurants 3001 Bern , Waisenhausplatz 13 3900 Brig , Furkastrasse 5 8953 Dietikon , Badenstrasse 21 1700 Fribourg , Rue de Lausanne 93 6003 Luzern , Theaterstrasse 7 9000 St. Gallen , Rorschacherstrasse 154 8610 Uster , Poststrasse 20 8301 Wallisellen , Einkaufszentrum Glatt 1226 Thônex , Route Genève 106 8001 Zurich , Limmatquai 16 Kochoptik Foto/Fernoptik (as from 1.2.99) 8001 Zurich , Bahnhofstrasse 11 8001 Zurich , Seidengasse, im Jelmoli 8301 Wallisellen , Einkaufszentrum Glatt	Postfach, 8088 Zurich Tel.: 01/849 22 11, Fax: 01/845 05 05

BUSINESS ADDRESSES

DIPL. ING. FUST AG

Head Office

3172 Niederwangen, Riedmoosstrasse 10

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

9245 Oberbüren-Uzwil, an der A1

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

Branches

5004 Aarau, Telli-Zentrum

(E/UE/PC)

5000 Aarau, Obere Vorstadt 3

(E/UE)

4665 Aarburg-Oftringen, Perry-Center

(E/UE/PC)

8910 Affoltern am Albis,

Obere Bahnhofstrasse 14

(E/UE/PC/H)

6460 Altdorf, Steinmattstrasse 1

(E/UE)

9320 Arbon, St. Gallerstrasse 5

(E/UE/PC)

1754 Avry-sur-Matran, Hyper-Fust

Centre Avry-Top

(E/UE/PC)

8184 Bachenbülach, WARO-Zentrum

(E)

5400 Baden, Weite Gasse 14

(E/UE/PC)

4053 Basel, Güterstrasse 180,

Einkaufszentrum Gundelitor

(E/UE)

4058 Basel, EUROFUST im «Räbgass-Center»

(E/UE/PC/PS)

3008 Bern, City West, Laupenstrasse 19

(E)

3008 Bern, Laupenstrasse 9/11

(UE/PC/H)

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

(E)

3011 Bern, Seilerstrasse 3

(K)

3000 Bern, im Münzgraben 4/6

(E/UE/PC/H)

2502 Biel, Zentralstrasse 36

(E)

2504 Biel, EUROFUST, Solothurnstrasse 122

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

2500 Biel, Coop-Center, Nidaugasse 35a

(UE/PC)

5200 Brugg, im ABM, Hauptstrasse 2

(E/UE/PC)

2555 Brugg, Migros-Center Brugg

(E)

8180 Bülach, EUROFUST im Ex-Jelmoli

Marktgasse 1,

(E/UE/PC)

1630 Bulle, WARO-Center

(E/UE)

3400 Burgdorf, Industrie Buchmatt,

(E/K/UE)

1227 Carouge, Centre Commercial de Carouge

(E/UE/PC)

1261 Chavannes, Chavannes Centre

(E/UE/PC)

7000 Chur, Haus Tribolet, Quaderstrasse 22

(E/UE/PC/K/H)

1964 Conthey, EUROFust, Rte. Cantonale 2

(E/UE/PC/K)

2800 Delémont, Avenue de la Gare 40

(E/UE/PC)

8157 Dielsdorf, Einkaufszentrum «CD Baholz»

(E/UE/PC)

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

(E/UE/PC/PS)

8305 Dietlikon, in der IKEA

(E/UE/PC/H)

8305 Dietlikon, Fust-easy (Küchen&Bäder)

im Jumbo-Bau&Freizeit Maximo

8600 Dübendorf, Wilstrasse 2

(E/UE)

1024 Ecublens, Centre Commercial

(E/UE/PC)

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/PC/K/GU)

1700 Fribourg, Rue de Lausanne 80

(E/UE)

4414 Füllinsdorf, (1 Min. ab A2, Ausfahrt

Liestal, Richtung Liestal, an der Rheinstrasse)

(E/K/GU)

1201 Genève, Rue Monthoux 64

(E/UE)

1203 Genève, Centre Migros «Planète Channilles»

11, Promenade de l'Europe

(E/UE/PC)

1205 Genève, Rue du Conseil-Général 20

(UE/PC)

1207 Genève, Centre Commercial

Eaux-Vives 2000

(E)

1204 Genève-Centre, chez Globus

Rue du Rhône 50

(E/UE/PC)

1205 Genève, Centre Plainpalais,

Route de Carouge 64

(E/UE/PC)

1209 Genève, Centre Balexert

(E/UE/PC/K)

1201 Genève, 5, rue Rousseau

(E/UE/PC)

1204 Genève, 3, rue de Rive

(E/UE/PC)

6512 Giubiasco-Bellinzona, Via Campagna 1,

(E/UE/PC/K/GU/)

8301 Glatt-Wallisellen, Einkaufszentrum Glatt

(E/UE/PC/K/GU/H)

6916 Grancia, EUROFust im Centro Grancia

(E/UE/PC/K)

9469 Haag, Haag-Zentrum

(E)

8340 Hinwil, Fust-easy, (Küchen & Bäder)

im Jumbo-Bau&Freizeit Maximo

8810 Horgen, Zugerstrasse 30

(E/UE/PC/H)

3800 Interlaken, Rosenstrasse 9

vis-à-vis Rosenparkplatz

(E/UE/PC)

8645 Jona-Rapperswil, Kläui-Center,

Kramenweg 15

(E/UE/PC/K/GU)

4303 Kaiseraugst, Hobbyland

(E)

8280 Kreuzlingen, Bachstrasse 17, am Sonnenplatz

(E/UE/PC/K)

6010 Kriens, Nidfelfstrasse 5,

beim Pilatus-Markt-Kreisel

(E/UE/PC/H)

2304 La Chaux-de-Fonds, Hyper-Fust

Boulevard des Eplatures 44

(E/UE/PC/K)

BUSINESS ADDRESSES

DIPL. ING. FUST AG

4900 Langenthal, im Ex-Haveg, Marktgasse 36

(E/UE/PC)

1003 Lausanne, 7, rue Haldimand

(E/UE/PC)

1003 Lausanne, 11, route du Petit-Chêne

(K)

1000 Lausanne, Sébeillon 9

(E/UE/PC)

1003 Lausanne, Place Centrale 1

(E/UE/PC)

1003 Lausanne, chez Globus, 5, rue du Pont

(E/UE/PC)

6600 Locarno, presso Globus

(E/UE/PC)

6616 Losone, Vicino al Mercato-Cattori

Via Locarno 58

(E/UE/PC)

6002 Luzern, Bahnhof-Shopping

(E)

6004 Luzern, Zurichstrasse 48

(E)

6004 Luzern, Zurichstrasse 56

(K/GU)

6004 Luzern, Zurichstrasse 52

(UE/PC)

6003 Luzern, im Globus, Pilatusstrasse 4

(E/UE/PC/H)

2074 Marin, Marin-Center, Fleur de Lyss 26

(E/UE/PC/K)

1920 Martigny, Marché PAM, Rte de Fully

(E/UE/PC)

8887 Mels, *EUROFust* im Riet-Center,

neben Jumbo

(E/UE/PC/H)

1217 Meyrin, Centre commercial,

(E/UE)

1820 Montreux, à l'ABM, Avenue du Casino 51

(E/UE/PC)

3280 Murten, Center Murten-West,

Freiburgstrasse 25

(E/UE/PC)

2000 Neuchâtel, 5, Rue des Terreaux

(E/UE)

2000 Neuchâtel, chez Globus (Armourins)

(E/UE/PC)

3172 Niederwangen-Bern,

Autobahnausfahrt A12

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

9245 Oberbüren-Uzwil, an der A1

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

4104 Oberwil, *EUROFust*,

Mühlemattstrasse 23,

(E/UE/PC/K)

4600 Olten, Ziegelfeldstrasse 17

(E)

4600 Olten, Ziegelfeldstrasse 19

(K)

4600 Olten, Ziegelfeldstrasse 28

(UE)

8808 Pfäffikon, Seedamm-Center

(E)

2900 Porrentruy, «Inno les galeries»

Rue Pierre-Péquignat 7

(E/UE/PC)

8105 Regensdorf, *EUROFust*,

Waro «Rägi-Märt», Feldstrasse 2

(E/UE/PC/PS)

9532 Rickenbach-Wil, WARO-Zentrum

(E)

1032 Romanel-sur-Lausanne, Hyper-Fust

Romanel Centre

(E/UE/PC/K/GU)

8200 Schaffhausen, Unterstadt 15–17,

(E/UE/K)

3321 Schönbühl, Shoppy-Land

(E/PC/H)

6430 Schwyz, Mythen-Center,

(E/UE/PC/PS)

6836 Serfontana, Morbio Inferiore

(E/UE)

4500 Solothurn, Haus Möbel Pfister,

am Kronenplatz

(E/UE)

8957 Spreitenbach, Tivoli-Center

(E/UE/PC/K/PS)

9000 St. Gallen, Neumarkt, St. Leonard-Strasse

(E/UE/PC)

9006 St. Gallen, *EUROFust*

im Einkaufszentrum Grossacker

(E/UE/PC/PS)

9430 St. Margrethen, Rheinpark

(E/UE/PC/K/GU)

5034 Suhr, Haus Möbel Pfister

(E/K/GU)

6210 Sursee, Moosgasse 20

(E/UE/PC/H)

3600 Thun, Aarezentrum

(E/K)

3600 Thun, Im Bälliz 32

(UE/PC/PS)

8610 Uster, im Ex-Jelmoli, Poststrasse 14

(E/UE/PC)

1800 Vevey, Rue de la Madeleine 37

(E)

1800 Vevey, 11, rue du Simplon (ex Schild)

(E/UE/PC/K)

1752 Villars-sur-Glâne, Route de Moncor

(E/UE/PC/K)

1844 Villeneuve, Centre Riviera

(E/UE/PC)

3931 Visp-Eyholz, Kantonsstrasse 79

(E/UE/PC/K/GU)

8604 Volketswil, WARO-Zentrum

(E/K/GU)

8570 Weinfelden, Bernerhaus, Marktplatz 3

(E/UE)

9500 Wil, im ABM,

Obere Bahnhofstrasse 40

(E/UE/PC)

8402 Winterthur, Obergasse 20

(E/UE/PC/K/H)

8406 Winterthur-Töss, Zürcherstrasse 184

(E/UE)

1400 Yverdon, Rue de la Plaine 5

(K)

1400 Yverdon, Rue de la Plaine 9

(E)

1400 Yverdon, Rue de la Plaine 11

(UE/PC)

4528 Zuchwil, *EUROFust* im Birchi-Center,

Gewerbe «Waldegg»

(E/UE/PC/K/H)

6300 Zug, Baarerstrasse 86

(E/K)

6300 Zug, Alpenstrasse 8,

EUROFust in der EPA, 2. Stock,

(E/UE/PC/H)

8001 Zurich-City, Bahnhofstrasse,

im Jelmoli 3. Stock

(E/UE/PC/PS)

8001 Zurich, Sihlporte, Talacker 41

(E/PC/UE/K)

8003 Zurich, Stationsstrasse 62

(UE/PC)

BUSINESS ADDRESSES

DIPL. ING. FUST AG

.....
8008 Zurich, Seefeldstrasse 8
 (E/UE/PC/H)

8004 Zurich, Badenerstrasse 109
 (E/UE/PC)

8032 Zurich, Hottingerstrasse 52
 (E)

8048 Zurich, Letzipark
 (E/UE/PC)

8050 Zurich-Oerlikon, Schwamendingenstr. 10
 (E/UE/PC)

8050 Zurich-Oerlikon, Shopping-Center «Züri 11»
 (E/UE/PC/H)

8023 Zurich-Hauptbahnhof
 Sony-Shop/Shopville-Löwenpassage
 (UE/PC)

8023 Zurich-Hauptbahnhof, Shopville
 (Ex-Kochoptik), FUST-Telecom-Shop

Legend		
E	=	Household appliance
K	=	Kitchen/bathrooms
GU	=	General Contracting
UE	=	Consumer electronics TV/HiFi/Video/Foto/Natel/Fax/Phone
PC	=	Computers
PS	=	Portable Shop in Fust Speciality Markets
H	=	Fust-Branches including Portable Shop Hotspots

BUSINESS ADDRESSES

OTHER COMPANIES

ITV (Imholz-TUI-Vögele) REISEN AG

Head Office

8036 Zurich, Birmensdorferstrasse 108,
Tel.: 01/455 44 44, Fax: 01/455 44 19

IMHOLZ VERTRIEBS AG

Head Office

8036 Zurich, Birmensdorferstrasse 108,
Tel.: 01/455 44 44, Fax: 01/455 44 19

Imholz Sales Points

5001 Aarau, beim Bahnhof
9320 Arbon, Bahnhofstrasse 26
5402 Baden, Am Schlossbergplatz
4010 Basel, Aeschengraben 10
4001 Basel, Gerbergasse 20
4058 Basel, Greifengasse 1
3011 Bern, Aarberggasse 46
3011 Bern, Marktass-Passage 1
2500 Biel, Unionsgasse 16
3900 Brig, Bahnhofplatz 3
5200 Brugg, Hauptstrasse 2
2555 Brugg b. Biel, Centre Brugg, Erlenstrasse 40
9471 Buchs, Bahnhofstrasse 2
7002 Chur, Quaderstrasse 17
8953 Dietikon, Kirchstrasse 20 / Kirchplatz
8600 Dübendorf, Bahnhofstrasse 64
1700 Fribourg, Avenue de la Gare 2
1209 Genève, Place du Petit-Saconnex 3
1211 Genève 1, Rue Chantepoulet 25
1211 Genève 3, Cours de Rive 4
1211 Genève 3, Rue du Rhône 48
1211 Genève 28, Centre Balxert
6011 Kriens, Gallusstrasse 2
1002 Lausanne, Rue de Caroline 6
1002 Lausanne, Rue du Petit-Chêne 32
1003 Lausanne, Rue du Pont 5
4410 Liestal, Rathausstrasse 51
6000 Luzern 6, Zurichstrasse 12
1870 Monthey, Place Centrale 4
1820 Montreux, Grand'Rue 100
1110 Morges, Grand-Rue 59
2000 Neuchâtel, Rue du Temple-Neuf 11
4665 Oftringen, Perry-Center
4600 Olten, Kirchgasse 11
8640 Rapperswil, Cityhaus,
Obere Bahnhofstrasse 32a
9400 Rorschach, Hauptstrasse 96
8952 Schlieren, Bahnhofstrasse 4
4502 Solothurn, Wengistrasse 24
9001 St. Gallen, Am Marktplatz, Oberer Graben 3
8800 Thalwil, Gotthardstrasse 12
3600 Thun, Bahnhofstrasse 12

1800 Vevey, Rue du Simplon 18
3930 Visp, Bahnhofstrasse 21
8301 Wallisellen, Glatt-Zentrum
9500 Wil, Obere Bahnhofstrasse 49
8400 Winterthur, Zentrum Neuwiesen
8401 Winterthur, Marktasse 39
1400 Yverdon, Rue du Lac 4
6301 Zug, Vorstadt 10
8021 Zurich, Bahnhofstrasse 69
8021 Zurich, Steinmühleplatz (Jelmoli-City)
8023 Zurich, Am Central 2
8024 Zurich, Goethestrasse 14
(am Bahnhof Stadelhofen)
8036 Zurich, Weststrasse 75
8045 Zurich, Brunaupark, Giesshübelstrasse 65
8066 Zurich, Letzipark, Baslerstrasse 50
8050 Zurich-Oerlikon, Ohmstrasse 11

Other Sales Points

TUI-Reisecenter

4058 Basel, Greifengasse 1
8001 Zurich, Löwenstrasse 1, Sihlporte

Vögele Reiseshop

8808 Pfäffikon, Im Seedammcenter

Reisedienst

4800 Zofingen, Kirchplatz 18

Kipfer Reisen

3001 Bern, Im Bahnhof

Novo Reisen

5620 Bremgarten, Sunne-Märt-Center

Flora Reisen

6002 Luzern, Pilatusstrasse 8a

Baldinger Reisen AG

8820 Wädenswil, Eintrachtstrasse 7

BUSINESS ADDRESSES

OTHER COMPANIES

PORTABLE SHOP SCHWEIZ AG

Head Office und Business to Business

8117 Fällanden, Bruggacherstrasse 26

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

Gratis Info Nummer: 800/900 800

Portable Shop-Branches

5000 Aarau, Graben 35

4051 Basel, Steinentorstrasse 18

3011 Bern, Speichergasse 8

6003 Luzern, Pilatusstrasse 35

9000 St. Gallen, Rosenbergstrasse 62

8301 Wallisellen, Einkaufszentrum Glatt

8001 Zurich, Mühlegasse 29

8001 Zurich, Schifflande 22

8001 Zurich, Uraniastrasse 30

Portable Shops in Fust Speciality Markets

Shop-in-Shop

4058 Basel, Rebasse 20

2504 Biel, Solothurnstrasse 122

8953 Dietlikon, Riedstrasse 6

6438 Ibach/SZ, Mythencenter

3172 Niederwangen, Riedmoosstrasse 10

9245 Oberbüren, Buchental 4

8105 Regensdorf, Rägi-Markt

8957 Spreitenbach, Tivoli

9000 St. Gallen, Einkaufszentrum Grossacker

3600 Thun, Bälliz 32

8001 Zurich, Seidengasse 1

Hotspots

8910 Affoltern am Albis, Obere Bahnhofstrasse 14

3011 Bern, im Münzgraben 4/6

3008 Bern, Laupenstrasse 9/11

7000 Chur, Haus Tribolet, Quaderstrasse 22

8305 Dietlikon, in der Ikea (2. OG)

8810 Horgen, Zugerstrasse 30

6010 Kriens, Nidfeldstrasse 5

6003 Luzern, im Globus, Pilatusstrasse 4

8887 Mels, im Riet-Center

3321 Schönbühl, Shoppy-Land

6210 Sursee, Moosgasse 20

8400 Winterthur, Obergasse 20

4528 Zuchwil, Birchi-Center

6300 Zug, Alpenstrasse 8

8008 Zurich, Seefeldstrasse 8

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

TERLINDEN - JELMOLI

TEXTILPFLEGE AG

Head Office

Terlinden-Jelmoli Textilpflege AG

8053 Zurich, Witikonstrasse 297

Tel.: 01/380 35 55, Fax: 01/380 43 66

Quick Cleaning Points

8152 Glatbrugg, Schaffhauserstrasse 111

8700 Küsnacht, Dorfstrasse 20

8808 Pfäffikon, Seedamm-Center

8105 Regensdorf, Einkaufszentrum

8952 Schlieren, Zentrum Lilie

6312 Steinhausen, Einkaufszentrum Zugerland

8304 Wallisellen, Einkaufszentrum Glatt

5430 Wettingen, Albert-Zwyssig-Strasse 81

6300 Zug, Baarerstrasse 43

8053 Zurich-Witikon, Einkaufszentrum Witikon

8038 Zurich-Wollishofen, Etzelstrasse 2

Branches

8700 Küsnacht, Seestrasse 39

8803 Rüschlikon, Weingartenstrasse 11

8800 Thalwil, Gotthardstrasse 12

8902 Urdorf, Zentrum Spitzacker

5430 Wettingen, Center Passage

6300 Zug, Einkaufszentrum Metalli

8032 Zurich, Asylstrasse 58

8001 Zurich, Jelmoli, Bahnhofstrasse

8002 Zurich, Bleicherweg 54

8049 Zurich, Limmattalstrasse 164

8008 Zurich, Seefeldstrasse 32

8008 Zurich, Seefeldstrasse 60

8008 Zurich, Seefeldstrasse 127

8001 Zurich, Bhf. Stadelhofen, Stadelhoferstrasse 8

8038 Zurich, Studackerstrasse 1

8044 Zurich, Vorderbergstrasse 11

8002 Zurich, Waffenplatz 5

8050 Zurich, Querstrasse 6

8001 Zurich, Bahnhofpassage HB

and 6 Depots

USA

Johnny Appleseed's (sold per 31.12.1998)

Head Office

30, Tozer Road, **Beverly**, MA 01915

Phone: 001-978 922 20 40

Telefax: 001-978 922 70 01

Coordination	Dr. R. Känzig, Secretary General Jelmoli Group, Zurich
Photos	Thomas Cugini, Zurich
Setting + Lithography	WPS-RCM AG, Geroldswil
Printing	Ringier Print Zürcher Druck + Verlag AG, Rotkreuz
Translation	TopTeam Zurich/Peter Grimshaw

Printed on chlorine-free paper



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

Since November 1996

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

Jelmoli

Annual Report 1998, Jelmoli Holding Ltd, Zurich

- Table of Contents
- Overview
- Summary 1998
- Key figures
- Report of the Board of Directors
- Income Statement
- Balance Sheet
- Cash Flow Analysis
- Notes
- Shareholders Policy