2006

Charles Vögele Group

First Half-Year

Charles Vögele

Switzerland

Contents

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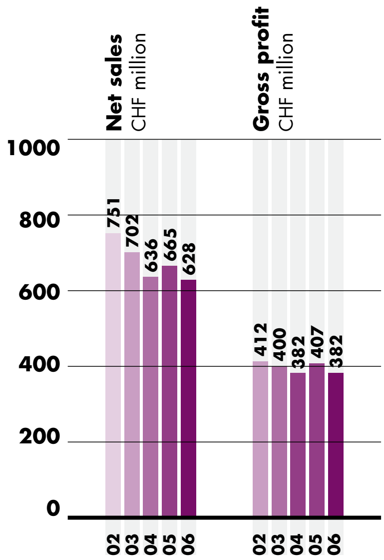
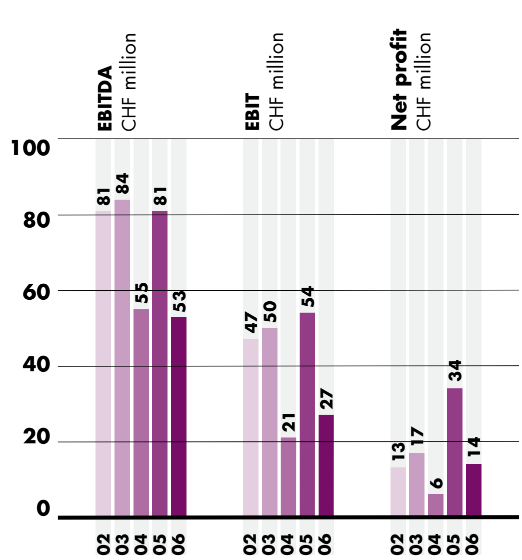
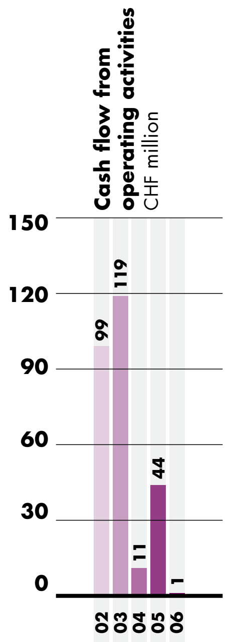
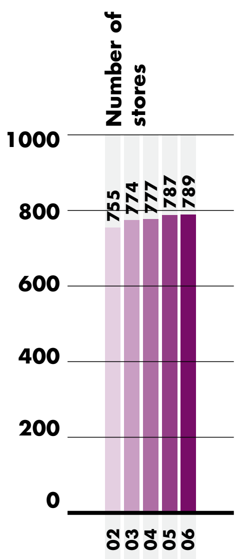
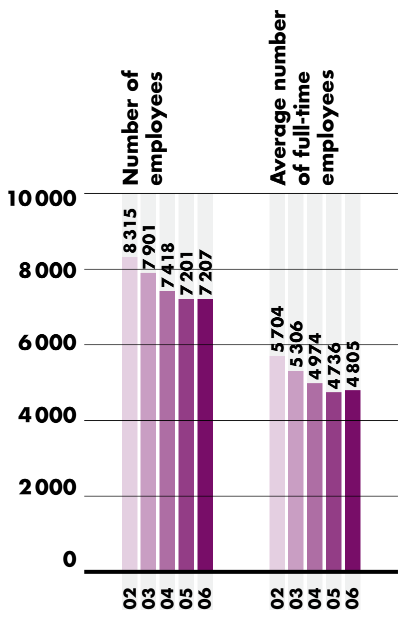










Group Key Operating Figures

CHF million	1st Half-Year 2005	1st Half-Year 2006	Change in %
Net sales	664.5	627.6	–6%
Change in net sales adjusted for expansion in %	+2%	–7%	
Gross profit from fashion retail	406.7	382.3	–6%
Gross profit in % of net sales	61.2%	60.9%	
Operating earnings before depreciation (EBITDA)	80.9	52.9	–35%
Operating earnings (EBIT)	54.1	26.6	–51%
Net profit	33.6	13.5	–60%
Cash flow from operating activities	43.6	1.0	
Net cash used in investing activities	(10.1)	(31.2)	
Free cash flow	33.5	(30.2)	
Number of stores as of 30 June	787	789	–
Sales area as of 30 June, in m^2	594 472	602 908	+1%
Net sales per m^2 sales area, in CHF [1]	1 120	1 044	–7%
Number of employees as of 30 June [2]	7 201	7 207	–
Average number of full-time employees on a half-year basis [2]	4 736	4 805	+1%
Net sales per average number of full-time employees, in CHF [2]	140 309	130 624	–7%

CHF million	30.6.2005	31.12.2005	30.6.2006
Net debt	199.1	138.9	171.1
Shareholders' equity	498.9	529.2	522.0
Balance sheet total	937.1	912.3	942.8
Shareholders' equity in % of balance sheet total	53%	58%	55%

[1] Calculated on the basis of average m^2 sales area per month
[2] Excluding apprentices

All corporate goals confirmed for the reporting year

During the first half of 2006, the Central European clothing market had to endure the impact of a long winter and another cold period at the end of May. This led to a marked reticence on the part of consumers in all the markets in which Charles Vögele Group operates. The influence of the weather was also reflected in the rapid rise in sales once the sun came out and temperatures started to rise. Consumer reticence was particularly noticeable during the ten-day cold period at the end of May and start of June. Increased marketing efforts were unable to compensate for the effect of this cold spel. As a consequence, neither Charles Vögele Group nor the industry as a whole was able to benefit from the improved underlying mood among consumers, which became apparent in all markets from the second quarter.

During the long period of good weather in July the year-on-year increase in sales was higher than average, helping the company to make up nearly all of the shortfall compared with the previous year. Combined with an increased gross profit margin on a monthly basis and reduced operating expenses, operating earnings (EBITDA) of July increased by CHF 19.5 million as compared to the same month in 2005. Consequently, the corporate goals for the 2006 reporting year announced in March remain within reach.

All strategic projects on schedule

Regardless of all these macroeconomic variables, the company's strategic projects progressed as scheduled during the first half of the year. Work on introducing the module concept to all stores in the Group is progressing as planned. The goal is still to be in a position to present around 80% of the collection in line with the new concept by the end of 2007.

Reorganization of logistical processes within Germany was completed at the end of June with the process-focused specialization of the two distribution centres in Lehrte und Sigmaringen. These have been operational since 1 July 2006. Accordingly, Lehrte will be supplying all branches with new stock for the coming autumn-winter season, while Sigmaringen will manage the return and reprocessing of stock at the end of the season. The new stock handling system will save around CHF 4 million in Germany from 2007 onwards.

The «foreign brands» pilot scheme launched in autumn 2004 was completed successfully. Shop-in-shops have been set up in fourteen Swiss stores so far. Customer feedback shows that the additional brands are complementing the range well, and that customers appreciate the opportunity to buy well-known brands. The concept is now being continued and expanded in selected branches which have more than 1 200m² of sales space.

Expansion in existing and new markets

Expansion activities were intensified, particularly in the German, Dutch and Belgian markets, with the aim of opening new locations faster. In Germany the new branches will more than offset the closure of unprofitable stores. In the Netherlands, by contrast, the company is operating a more selective expansion policy. The aim is to achieve better geographical coverage of the markets and to ensure that marketing activities have a more pronounced impact.

In Belgium, ten new branches were taken over from local competitor Superconfex in August. These locations are exclusively in shopping malls and cover all regions of the country. Following the conversion and opening of new stores at the beginning of the year 2007, Charles Vögele Group will have 47 stores in Belgium, thus moving significantly closer to its target network of 60.

The branch that was opened a year ago in Slovenia has fulfilled expectations and produced good results over the entire twelve month cycle. The Charles Vögele Group wants to open a total of around 25 stores in Slovenia over the next three years.

Initial results from the two pilot markets of Hungary and Poland, where three stores each were opened at the start of the spring season, are also as budgeted. The five stores planned for the Czech Republic will all open for business in early September.

Sales downturn largely corrected during the summer months

Owing to the conditions described above and the high comparative figures also influenced by the anniversary in the previous year, Charles Vögele Group's sales fell from CHF 665 million in the year-back period to CHF 628 million, a fall of about 6%. The good weather that continued into July boosted consumption and led to much higher sales than in the previous year. Sales were also helped by the third partial collection – introduced for the first time this season – which meant that new collection items and ranges could also be presented to clients during the traditional sell-off period. The sales deficit recorded as at 30 June with respect to the previous year was therefore almost completely compensated for by July sales.

Gross profit for the period under review came to CHF 382 million (previous year CHF 407 million), with the gross profit margin remaining almost unchanged at the high level of 60.9% (previous year 61.2%). Thanks to ongoing cost management, after allowing for the previous year's exceptional incomes operating costs were kept at the year-back level. This resulted in operating earnings before depreciation (EBITDA) of CHF 53 million (previous year CHF 81 million), with an EBITDA margin of 8.4% (previous year 12.2%). After deducting depreciation the Group reported operating earnings (EBIT) of CHF 27 million compared with the previous year's CHF 54 million. Another fall in financing costs had a positive influence on the corporate result, with net profit of CHF 14 million (previous year CHF 34 million) for the first half of 2006.

Another improvement in inventory structure

On a year-on-year comparison, inventories were down from CHF 278 million to CHF 267 million as of 30 June 2006. The latest figure includes new items for the coming autumn/winter season worth CHF 46 million (previous year CHF 57 million). Compared with the CHF 248 million as of 31 December 2005, inventories have thus increased by CHF 19 million. Despite this slight increase, the inventory structure has been improved and therefore value adjustments of CHF 2 million have been released. Thanks to the highly satisfactory sales performance in July, the Group has been able to cut back the increase in current merchandise that was recorded for the first six months.

Additional investment and sales performance reflected in cash flow

During the period under review, Charles Vögele Group increased net investments from the year-back CHF 10 million to CHF 31 million, with money being invested in store refurbishment and the replacement of cash registers in particular. In parallel with this, cash flow from operating activities fell to CHF 1 million (previous year CHF 44 million) owing to the slower sales performance. These factors resulted in a negative free cash flow of CHF 30 million compared with the positive year-back figure of CHF 34 million.

Net debt slightly higher in the first half-year

As a result of the negative free cash flow, net debt increased from CHF 139 million at the end of 2005 to CHF 171 million by the middle of 2006.

Performances vary between sales organizations

Switzerland – The Switzerland Sales Organization, with net sales of CHF 219 million, was 8.8% down on the previous year's CHF 240 million. In addition to the weather conditions mentioned above, which hit the Swiss clothing market hard, the fact that communications activities were not as intense as in the anniversary year also had an effect on sales. Operating earnings before depreciation (EBITDA) reached CHF 27 million, which is CHF 14 million below the previous year's figure of CHF 41 million. Two branches were opened in Basel in March as part of the location optimization programme. March also saw the opening of the large new store in the town of Kriens as well as the closure of a small branch in neighbouring Horw. As part of the same concentration process, the old branch in the town of Kriens will also close in September. The strategy of merging two smaller stores into one larger site allows better presentation of the merchandise and, therefore, increased customer appeal. This strategy will be repeated in other regions in Switzerland. A store in Nyon has also been closed as part of the location optimization process.

Germany – The Germany Sales Organization also suffered from the periods of poor weather, which in Southern Germany actually led to the closure of certain outlets on some days owing to the sheer weight of snow on shopping mall roofs. Net sales reached CHF 214 million for the period under review, which is 7.8% lower than the year-back figure of CHF 232 million. The closure of ten stores during the first-half of 2006 also had a negative effect on sales, since only two new stores opened during this period. The closures in Germany are part of the strategy of giving up unprofitable sites when the leases expire and replacing these with new stores, while simultaneously increasing market presence in economically attractive regions. Operating earnings before depreciation (EBITDA) fell from CHF +1 million in the previous year to CHF –2 million in the first half of 2006. In general, marketing activities were further intensified during the period under review in Germany, and the use of billboard posters, begun last year, was extended to more sites. The aim, first communicated in spring, to reach break-even at the operating earnings (EBIT) level by 2007 at the latest, is confirmed.

Austria – While consumer sentiment in Austria continued at the previous year's low level, it improved markedly during the second quarter and had a positive impact on the economic environment and on unemployment figures. Owing to the high comparative figures from the previous year and the bad weather, the Austria Sales Organization's net sales fell by 4.9% from the previous year's CHF 122 million to CHF 116 million. Operating earnings before depreciation (EBITDA) came to CHF 5 million (previous year CHF 9 million). A new store was opened in Leobendorf in the first half of 2006. Austria was also heavily involved in the opening of the three stores in each of the pilot markets of Poland and Hungary, as well as in preparations for the imminent launch of the pilot market in the Czech Republic.

Belgium/The Netherlands – In Belgium, price pressures in the clothing market intensified slightly again compared with the second half of the previous year. The competitive environment was also characterized by new groupings and brand revivals, clearly reflecting the continuing market shakeout evident in Belgium as elsewhere. Thanks to the twelve stores taken over by Charles Vögele Group in the previous year and the stronger marketing activities, the Belgium Sales Organization was able to increase its sales by more than 50% compared with the previous year.

A positive economic trend has been evident in the Netherlands since the end of 2005, and this has also had a stimulating effect on consumer sentiment after a number of years in the doldrums. The continuing low inflation rate – at 1.8% the lowest in the EU – is also encouraging. There were no special factors to report in the first half-year in the Dutch clothing market, and Charles Vögele Group made no structural changes within the Netherlands Sales Organization because the streamlining of the store portfolio had been completed in 2005. Expansion will continue in the Netherlands on an individual basis, and the first new store for over four years will be opening in Zeewolde at the start of September.

The expansion in Belgium in autumn 2005 led to an increase in cumulative net sales for the two Sales Organizations from CHF 71 million in the previous year to CHF 75 million, representing a rise of 5%. This very welcome increase in sales was also helped by an expansion in marketing and advertising activities as part of the market normalization process. The operating loss at EBITDA level of the two countries was reduced again. This figure fell from CHF 5.8 million in the previous year to CHF 5.5 million. The aim remains to reach break-even at the level of operating earnings before depreciation (EBITDA) in both markets by the end of 2006.

Reduction in par value implemented

The reduction in the par value of Charles Vögele Holding AG shares from CHF 10 to CHF 8 per share, as proposed by the Board of Directors, was approved by the Annual General Meeting of Shareholders on 5 April 2006 and implemented on 4 July 2006 with the repayment of CHF 2 per bearer share. Charles Vögele Holding AG's share capital now comes to CHF 70 400 000 and is made up of 8 800 000 shares with a par value of CHF 8.

Operational outlook for the second half of 2006

Group Management issued a positive forecast for the second half of 2006 already in March of this year, and it is sticking to this assessment. This stance is based on the measures already implemented for the second semester and the positive sales trend in July, which is detailed above. Expectations for the operating earnings margin for the current fiscal year are therefore unchanged. For the year as a whole, the company also continues to expect sales to trend in line with, or slightly better than, the general market. It still believes that it has an opportunity to make up the sales deficit in the second half.

The full launch of the new pilot markets Hungary, the Czech Republic and Poland with the opening of the remaining nine stores will play an important role in Charles Vögele Group's activities. Two more stores will also open in Slovenia. There are plans to open in a total of fifteen new locations in the established markets during the second half of the year, while ten stores should close as part of the ongoing streamlining of the portfolio in Germany. Of the ten locations taken over in Belgium, one will open as a Charles Vögele store in September, while the others will gradually be converted over the course of the second half. These will be ready for opening in time for the start of the 2007 spring-summer season. At the start of the 2006 autumn-winter season, additional groups of merchandise will be presented in line with the module concept in all Group branches. This will make the presentation of collections even more attractive.

Bernd H. J. Bothe
Chairman of the Board of Directors

Daniel Reinhard
Chief Executive Officer

Consolidated Income Statement

from 1 January to 30 June

CHF 1000	Note	1st Half-Year 2005	1st Half-Year 2006
Net sales		**664 504**	**627 648**
Cost of goods	3	(257 794)	(245 303)
Gross profit from fashion retail		**406 710**	**382 345**
In % of net sales		**61.2%**	**60.9%**
Personnel expenses		(147 511)	(146 491)
Rental expenses		(99 093)	(102 274)
Advertising and promotion expenses		(53 012)	(50 347)
General operating expenses		(45 373)	(44 285)
Operating financial income		13 959	12 709
Other operating income		5 184	1 220
Total operating expenses		**(325 846)**	**(329 468)**
Operating earnings before depreciation (EBITDA)		**80 864**	**52 877**
In % of net sales		**12.2%**	**8.4%**
Depreciation		(26 781)	(26 302)
Operating earnings (EBIT)		**54 083**	**26 575**
In % of net sales		**8.1%**	**4.2%**
Financial income		500	527
Financial expenses		(6 657)	(5 347)
Exchange gains/(losses), net		75	(843)
Profit before income tax		**48 001**	**20 912**
In % of net sales		**7.2%**	**3.3%**
Tax		(14 411)	(7 377)
Net profit		**33 590**	**13 535**
In % of net sales		**5.1%**	**2.2%**
Basic earnings per share	4	**3.94**	**1.59**
Diluted earnings per share	4	**3.89**	**1.57**

The notes on pages 14 to 19 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (condensed)

as of 30 June

CHF 1000	Note	31.12.2005	30.6.2006
Assets			
Current assets			
Cash and cash equivalents		59 678	58 073
Receivables and advance payments		36 362	41 130
Inventories	3	247 843	267 302
Total current assets		**343 883**	**366 505**
Long-term assets			
Tangible assets	8	402 775	409 109
Financial assets		679	683
Intangible assets	8	151 853	152 261
Deferred tax assets		13 168	14 237
Total long-term assets		**568 475**	**576 290**
Total assets		**912 358**	**942 795**
Liabilities and shareholders' equity			
Current liabilities	6	141 724	149 030
Long-term liabilities	7	241 448	271 737
Shareholders' equity	5,6	529 186	522 028
Total liabilities and shareholders' equity		**912 358**	**942 795**

The notes on pages 14 to 19 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement (condensed)

from 1 January to 30 June

CHF 1000	Note	1st Half-Year 2005	1st Half-Year 2006
Net profit		**33 590**	**13 535**
Adjustments: Taxes		14 411	7 377
Net financial expenses		6 082	5 663
Depreciation		26 781	26 302
Profit on disposal of assets		(4 086)	0
Other non-cash expenses		412	534
Change in long-term provisions		(615)	(70)
Operating profit before changes in working capital		**76 575**	**53 341**
Change in short-term receivables, advance payments and prepaid expenses		(12 452)	(5 545)
Change in inventories		(2 793)	(18 122)
Change in current liabilities excl. financial and tax liabilities		12 425	(4 382)
Operating profit after changes in working capital		**73 755**	**25 292**
Financial income received		500	527
Financial expenses paid		(5 594)	(4 430)
Taxes paid		(25 092)	(20 367)
Non-operating income received/(paid)		1	0
Cash flow from operating activities		**43 570**	**1 022**
Net cash provided/(used) by investing activities	**8**	**(10 065)**	**(31 209)**
Net cash provided/(used) by financing activities	**7**	**(28 069)**	**30 733**
Net increase/(decrease) in cash and cash equivalents		**5 436**	**546**
Net cash and cash equivalents at the beginning of the period		**46 642**	**59 678**
Effect of exchange rate changes		(1 328)	(2 151)
Net increase/(decrease) in cash and cash equivalents		5 436	546
Net cash and cash equivalents at the end of the period		**50 750**	**58 073**

The notes on pages 14 to 19 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Group Equity

CHF 1000	Note	Share capital	Treasury shares	Share premium reserve	Retained earnings	Valuation financial instruments	Valuation share option scheme	Total
Balance 1.1.2005		**88 000**	**(13 756)**	**173 789**	**220 349**	**(3 647)**	**1 193**	**465 928**
Cash flow hedges, net of tax						7 945		7 945
Currency translation differences					321			321
Net income/(expense) recognized directly in equity					**321**	**7 945**		**8 266**
Net profit for the half-year 2005					33 590			33 590
Total recognized income for the half-year 2005					**33 911**	**7 945**		**41 856**
Value of granted options							412	412
Purchase of treasury shares	5		(786)					(786)
Dividends paid	6				(8 521)			(8 521)
Balance 30.06.2005		**88 000**	**(14 542)**	**173 789**	**245 739**	**4 298**	**1 605**	**498 889**
Balance 1.1.2006		**88 000**	**(20 032)**	**173 789**	**281 968**	**3 669**	**1 792**	**529 186**
Cash flow hedges, net of tax						(6 099)		(6 099)
Currency translation differences					819			819
Net income/(expense) recognized directly in equity					**819**	**(6 099)**		**(5 280)**
Net profit for the half-year 2006					13 535			13 535
Total recognized income for the half-year 2006					**14 354**	**(6 099)**		**8 255**
Value of granted options							534	534
Value of exercised/ expired options					271		(271)	0
Disposals of treasury shares	5		1 653					1 653
Purchase of treasury shares			0					0
Par value reduction	6	(17 600)						(17 600)
Balance 30.06.2006		**70 400**	**(18 379)**	**173 789**	**296 593**	**(2 430)**	**2 055**	**522 028**

The notes on pages 14 to 19 are an integral part of these consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1 Basis of consolidation

1.1 General information

Charles Vögele Holding AG, together with its subsidiary companies, forms the Charles Vögele Group, an independent European fashion retail group with sales outlets in Switzerland, Germany, Austria, Belgium, the Netherlands, Slovenia, Hungary and Poland.
Charles Vögele Holding AG is a joint stock corporation that is domiciled in Pfäffikon SZ, Switzerland, and listed on the SWX Swiss Exchange.

1.2 Preparation of the interim financial statements

The consolidated financial statements in this report are based on the individual interim financial statements of Charles Vögele Group companies, which are all prepared in accordance with standard Group guidelines. The Group's accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). Unless stated otherwise below, the accounting principles applied to the consolidated accounts are the same as those described on pages 6 to 16 of Charles Vögele Group's 2005 financial report. In particular, this half-year report has been prepared in accordance with IAS 34 interim financial reporting.

1.3 Changes in accounting methods

The changes to the following standards, applicable from 1 January 2006, have been applied to this half-year report: IAS 19 employee benefits (actuarial gains and losses, group plans and disclosure); IAS 39 recognition and measurement of financial instruments (conversion and initial recognition, hedging of internal group transactions, option to report at fair value and finance guarantees). The new interpretation of IFRIC 4 on whether an arrangement contains a lease has also been applied since 1 January 2006. The two new interpretations of IFRIC 7 on accounting in high-inflation countries and of IFRIC 8 on the applicability of IFRS 2 will only be used from the 2007 financial year onwards. These changes have not had a major influence on these half-year financial statements.

1.4 Basis of consolidation

There were no changes in the scope of consolidations in the first half-year of 2006.

1.5 Segment information

The Group is divided into "Sales Organizations" and "Central Services". The "Sales Organizations" comprise sales organizations with their branches and related sales logistics operations and are subdivided into the following segments: Switzerland, Germany, Austria, Belgium/Netherlands and New Countries. The New Countries segment comprises the new expansion and pilot markets in Eastern and Central Europe. The centralized services of the Group relating to the fashion trade are brought together in the "Central Services". The major centralized Group services comprise purchasing and purchasing logistics, information technology, finance, accounting, controlling, treasury, internal and external communications, advertising and brand management. The Charles Vögele Group is a centrally managed group with a flat organizational structure operating solely in the fashion trade. The centralization and scalability of the concept are fundamental cornerstones of the Group's strategy.
To cover central service costs, the sales organizations are charged with an arms-lenght mark up of 15% on the purchase price of products sold.

1.6 Foreign currency translation

The following CHF exchange rates are used for the Group's major currencies:

2006	ISO code	Unit	Balance Sheet 30.6.2006	Income Statement 1st Half-Year 2006
Euro countries	EUR	1	1.57	1.56
Hong Kong	HKD	1	0.16	0.16
USA	USD	1	1.23	1.27
Slovenia	SIT	100	0.65	0.65
Hungary	HUF	100	0.55	0.60
Poland	PLN	100	38.55	40.18
Czech Republic	CZK	100	5.49	5.48

2005	ISO code	Unit	Balance Sheet 31.12.2005	Income Statement 1st Half-Year 2005
Euro countries	EUR	1	1.55	1.55
Hong Kong	HKD	1	0.17	0.15
USA	USD	1	1.32	1.20
Slovenia	SIT	100	0.65	n.a.
Hungary	HUF	100	0.61	n.a.
Poland	PLN	100	40.34	n.a.
Czech Republic	CZK	100	5.36	n.a.

2 Segment information 1st half-year 2006

CHF 1000	Sales organizations	Central services	Consolidation entries	Group
Net sales	627 648	327 849	(327 849)	627 648
Operating earnings before depreciation (EBITDA)	23 412	32 938	(3 473)	52 877
EBITDA in % of net sales	3.7%	10.0%	–	8.4%
Operating earnings (EBIT)	647	29 510	(3 582)	26 575
EBIT in % of net sales	0.1%	9.0%	–	4.2%

CHF 1000	Switzerland	Germany	Austria	Belgium/ Netherlands	New countries	Total sales organizations
Net sales	218 761	213 883	116 034	74 659	4 311	627 648
Share of Group net sales in %	34.8%	34.1%	18.5%	11.9%	0.7%	100%
Operating earnings before depreciation (EBITDA)	27 117	(2 023)	4 817	(5 518)	(981)	23 412
EBITDA in % of net sales	12.4%	–0.9%	4.2%	–7.4%	–22.8%	3.7%
Operating earnings (EBIT)	19 426	(10 772)	1 589	(8 492)	(1 104)	647
EBIT in % of net sales	8.9%	–5.0%	1.4%	–11.4%	–25.6%	0.1%
Branches (number):						
Balance 1.1.2006	159	338	143	150	1	791
New openings	3	2	1	0	6	12
Closures	(2)	(10)	0	(2)	0	(14)
Balance 30.6.2006	160	330	144	148	7	789

Segment information 1st half-year 2005

CHF 1000	Sales organizations	Central services	Consolidation entries	Group
Net sales	664 504	334 641	(334 641)	664 504
Operating earnings before depreciation (EBITDA)	44 700	36 296	(132)	80 864
EBITDA in % of net sales	6.7%	10.8%	–	12.2%
Operating earnings (EBIT)	21 010	33 364	(291)	54 083
EBIT in % of net sales	3.2%	10%	–	8.1%

CHF 1000	Switzerland	Germany	Austria	Belgium/ Netherlands	New countries	Total sales organizations
Net sales	239 664	231 787	121 771	71 282	–	664 504
Share of Group net sales in %	36.1%	34.9%	18.3%	10.7%		100%
Operating earnings before depreciation (EBITDA)	40 980	891	8 669	(5 840)	–	44 700
EBITDA in % of net sales	17.1%	0.4%	7.1%	–8.2%		6.7%
Operating earnings (EBIT)	32 587	(8 462)	5 660	(8 775)	–	21 010
EBIT in % of net sales	13.6%	–3.7%	4.6%	–12.3%		3.2%
Branches (number):						
Balance 1.1.2005	157	352	140	139	–	788
New openings	3	3	1	3		10
Closures	0	(7)	(2)	(2)		(11)
Balance 30.6.2005	160	348	139	140	–	787

3 Inventories

CHF 1000	31.12.2005	30.06.2006
Current inventory, gross	274 227	290 184
Inventory valuation allowance	(71 269)	(69 061)
Current inventory (current and previous seasons), net	**202 958**	**221 123**
Upcoming season	44 642	45 935
Heating oil	243	244
Total	**247 843**	**267 302**

3.1 Value adjustments on inventories

CHF 1000	1st Half-Year 2005	1st Half-Year 2006
Balance 1.1.	**(75 524)**	**(71 269)**
Release of value adjustments affecting cost of goods	3 292	2 593
Release of value adjustments affecting operating financial income (discounts)	(115)	(29)
Effect of exchange rates	(231)	(356)
Balance 30.06.	**(72 578)**	**(69 061)**

4 Earnings per share

		1st Half-Year 2005	1st Half-Year 2006
Net profit	CHF 1 000	33 590	13 535
Weighted average number of basic shares	number	8 520 963	8 502 974
Adjustment for potentially dilutive share options	number	106 890	135 833
Weighted average number of shares for diluted earnings per share	number	8 627 853	8 638 807
Basic earnings per share	**CHF**	**3.94**	**1.59**
Diluted earnings per share	**CHF**	**3.89**	**1.57**

Owing to changes in accounting standards (revision of IAS 33) the previous year's figure for diluted earnings per share has been adjusted.

5 Treasury Shares

As at 30 June 2006, Charles Vögele Holding AG held 281 592 (30 June 2005: 279 092) treasury shares. These are earmarked for Charles Vögele Group's management share option plan.

6 Par value reduction / dividend

On 5 April 2006 the Annual Shareholders' Meeting decided that instead of distributing a dividend for the 2005 financial year, the par value of Charles Vögele Holding AG shares should be reduced by CHF 2.00 per share from CHF 10.00 to CHF 8.00 per bearer share. The payment was made on 4 July 2006 after all legal requirements had been fulfilled. The resulting liability to shareholders of CHF 17.6 million was reported as at 30 June 2006 under current liabilities.
In the first half of 2005 a dividend of CHF 1.00 per bearer share of Charles Vögele Holding AG was paid for the 2004 financial year.

7 Long-term liabilities

The increase in long-term liabilities in the first half of 2006 is primarily due to the increase in bank loans by CHF 32.5 million to CHF 81.4 million.
During the first half of 2005, bank loans were reduced by CHF 35.0 million to CHF 98.1 million, while mortgages increased by CHF 17.9 million to CHF 93.5 million.

8 Net cash used by investing activities

During the first half of 2006, CHF 31.5 million (previous year CHF 18.8 million) was invested in fixed and intangible assets. The sale of fixed assets resulted in an income of CHF 0.3 million (previous year CHF 8.8 million).

9 Post balance sheet events

The present interim financial statements take into consideration events occurring between the balance sheet date and 25 August 2006. There were no significant post balance sheet events. The interim financial statements were approved by the Charles Vögele Holding AG Board of Directors on 25 August 2006.

Review Report of the Group Auditors to the Board of Directors and Shareholders of Charles Vögele Holding AG, Pfäffikon SZ

We have reviewed the condensed consolidated interim financial statements (consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, consolidated statement of changes in equity, and notes to the interim consolidated financial statements on pages 10 to 19) of Charles Vögele Holding AG for the six-month period ended 30 June 2006.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910 and with the International Standard on Review Engagements 2400, which require that a review be planned and performed to obtain moderate assurance about whether the condensed consolidated interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements have not been properly prepared, in all material respects, in accordance with the International Accounting Standard 34 «Interim Financial Reporting».

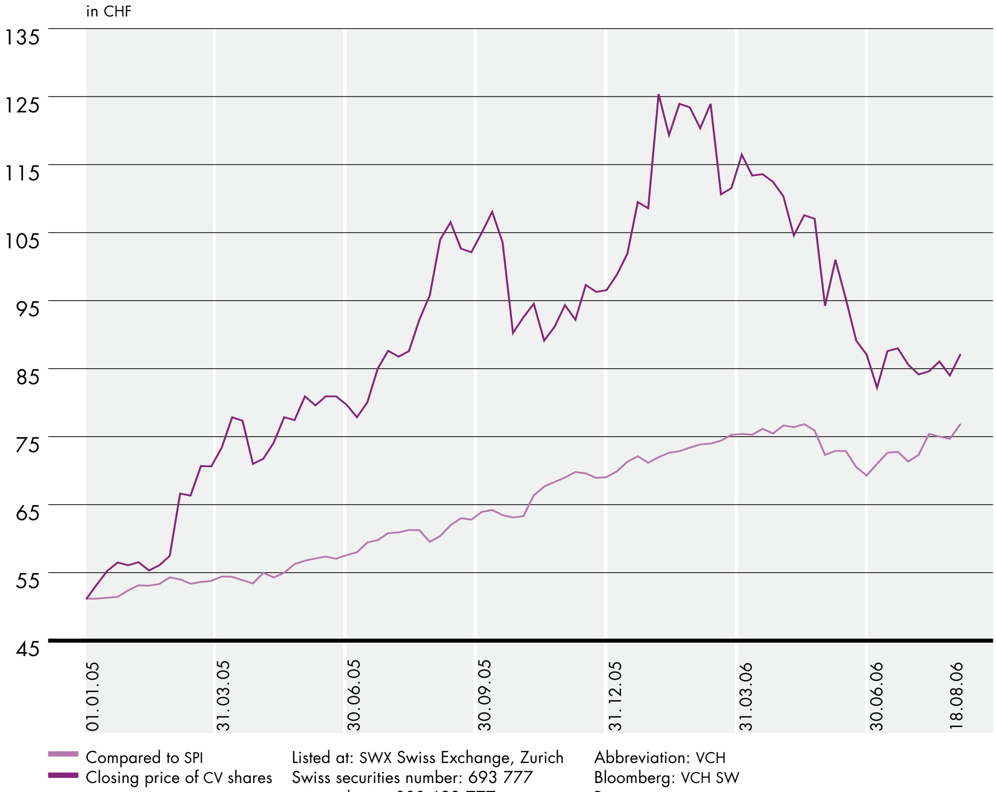
PricewaterhouseCoopers AG

Matthias von Moos　　Pascal Wintermantel

Zurich, 25 August 2006

Information for Investors

Price development of the Charles Vögele Holding AG shares
at SWX Swiss Exchange in Zurich from 1 January 2005 to 18 August 2006



Listed at: SWX Swiss Exchange, Zurich
Swiss securities number: 693 777
ISIN code: CH 000 693 777

Abbreviation: VCH
Bloomberg: VCH SW
Reuters: VCHZ.S

Key Figures

		31.12.2005	30.6.2006
Bearer shares	Number	8 800 000	8 800 000
Par value (reduction decided on 5 April 2006)	CHF	10.00	8.00
Share price as per closing date	CHF	99.50	88.50
Share price: year high	CHF	113.80	126.00
year low	CHF	50.20	79.05
Average trading volume per day	Number	45 400	51 900
Free float	%	100	100
Stock capitalization	CHF million	876	779
Book value per share	CHF	60	59

Forthcoming events
- Analysts' and media conference on the 2006 half-year results: 29 August 2006
- Analysts' and media conference on the 2006 business year results: 6 March 2007
- Annual Shareholders' Meeting 2006: 4 April 2007
- Analysts' and media conference on the 2007 half-year results: 28 August 2007

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