2007

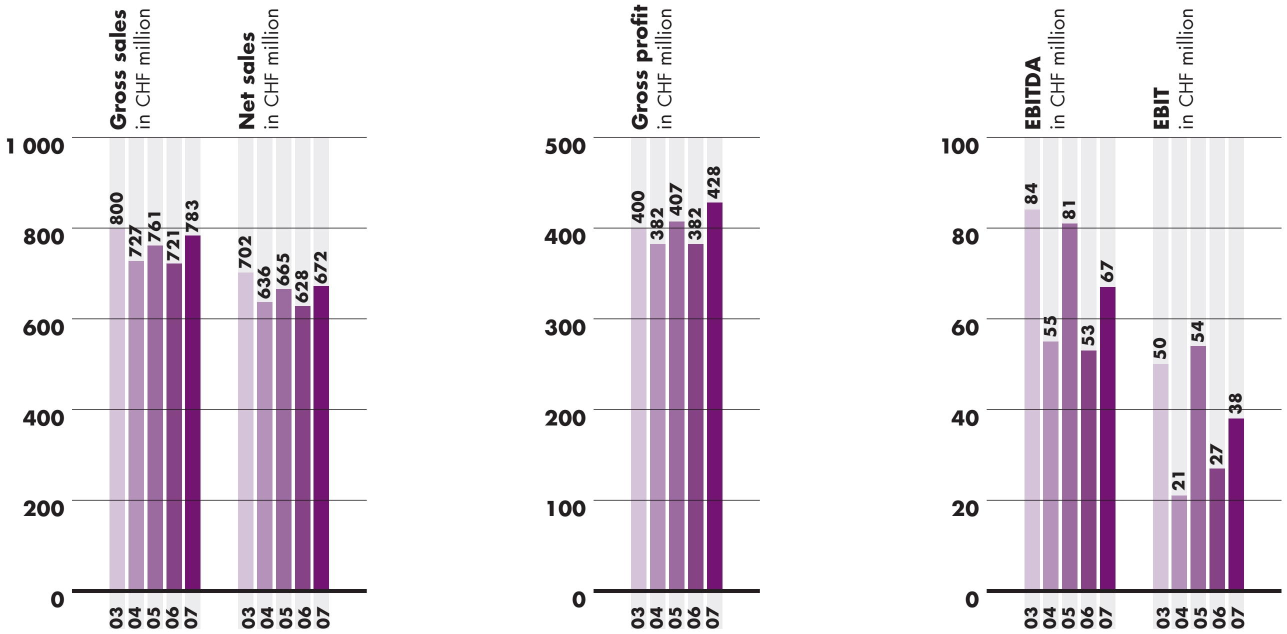
Charles Vögele Group

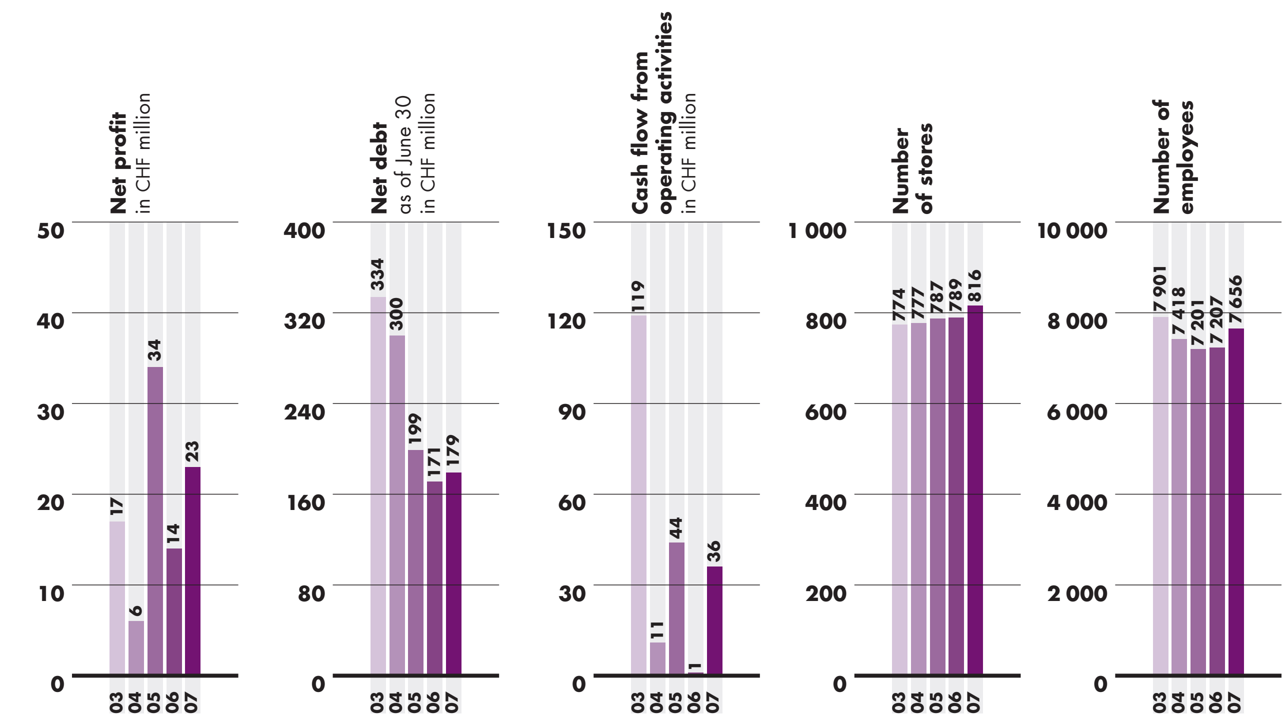
First Half-Year

Charles
Vögele
Switzerland

Contents

Group Figures Half-Years 2003–2007





Group Key Operating Figures

CHF million	1st Half-Year 2006	1st Half-Year 2007	Change in %
Gross sales	720.7	782.8	9%
Net sales	627.6	672.0	7%
Change in net sales adjusted for expansion in %	(7%)	4%	
Gross profit from fashion retail	382.3	427.6	12%
Gross profit in % of net sales	60.9%	63.6%	
Operating earnings before depreciation (EBITDA)	52.9	67.3	27%
Operating earnings (EBIT)	26.6	38.4	44%
Net profit	13.5	22.8	69%
Cash flow from operating activities	1.0	35.6	
Net cash used in investing activities	(31.2)	(38.6)	
Free cash flow	(30.2)	(3.0)	
Number of stores as of June 30	789	816	3%
Sales area as of June 30 in m²	602 908	629 992	4%
Net sales per m² sales area in CHF[1]	1 044	1 077	3%
Number of employees as of June 30[2]	7 207	7 656	6%
Average number of full-time employees on a half-year basis[2]	4 805	4 966	3%
Net sales per average number of full-time employees in CHF[2]	130 624	135 316	4%

CHF million	31.12.2006	30.6.2007	Change in %
Net debt	166.7	179.1	7%
Shareholders' equity	488.7	500.2	2%
Balance sheet total	884.8	936.1	6%
Shareholders' equity in % of balance sheet total	55%	53%	

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

Good progress on sales growth and market development

Charles Vögele Group's established markets benefited from positive economic conditions in the first half of 2007. Driven by improving employment figures and continuing robust consumer sentiment, private household spending trended upwards. The VAT rise in Germany was expected to dent consumer confidence, but actually had little effect. Combined with the ideal spring weather, this buoyant economic environment put consumers in just the right mood for buying clothes, ensuring that the new season got off to a very good start.

Keen to press on as quickly as possible towards its organic sales growth targets, Charles Vögele Group launched the 2007 spring-summer season with a comprehensive package of measures and increased activities in marketing. Thus, the increased activity prompted at the point of sale helped the company to considerably increase sales and earnings.

Healthy sales growth – in absolute and like-for-like terms

During the period under review, Charles Vögele Group increased its net sales to CHF 672 million, a rise of more than 7%. This year's net sales to date are thus even higher than they were for the same six months in the anniversary year of 2005. Like-for-like growth was impressive, accounting for more than 4% of the headline increase. All sales organizations contributed to the improved sales, though the increases in Belgium, the Netherlands and Austria were particularly noteworthy. This good performance was driven to a large extent by the ongoing optimization of the collection, its presentation in the stores, and expanded marketing activities. A year ago, a third collection per season was introduced for the first time. This measure fulfilled expectations in both January and June 2007, and will be continued. Thanks to the increase in sales, Charles Vögele Group was able to further strengthen and extend its market share in its established markets.

Income significantly up on previous year

Gross profit increased by 12% during the period under review to CHF 428 million and reached its highest level for the last five years. This results in a gross profit margin of 63.6%, which has also been influenced by currency gains. Operating expenditure increased by 9% in the first half-year as a result of higher property and logistics costs driven by expansion and greater investment in marketing. As a consequence, operating earnings before depreciation (EBITDA) increased by 27% and came in at CHF 67 million, giving an EBITDA margin of 10.0%. After deducting depreciation, this left operating earnings (EBIT) of CHF 38 million, equal to an increase of 44%. Financing costs increased year-on-year largely because of one-off expenses associated with the earlier renewal of a syndicated loan agreement. This had an exceptional negative effect of nearly CHF 1 million on Group results. Overall, net income for the first half-year 2007 increased by more than 69% to CHF 23 million.

Expansion in all markets

New stores were opened in all markets during the first six months in line with the Group's defined expansion strategy. In Switzerland and Austria the emphasis was on carefully selected additions to the already dense branch network. There were also a small number of store openings in Belgium and the Netherlands. In Germany, meanwhile, the Group concentrated on the continued relocation of stores to economically stronger regions in the south and southwest of the country. Each decision to relocate is based on profitability figures for each store rather than on geographical criteria.

Following the Board of Directors' decision in January 2007 to upgrade Hungary's pilot status and enter the Hungarian market on a definitive basis, three new stores were already opened in the first half of the year. With another ten scheduled for opening in the second half there will already be a network of about 18 stores in Hungary by the end of 2007.

Marketing and advertising activities expanded

During the period under review, Charles Vögele Group significantly increased its marketing spend in preparation for the launch of group-wide CRM (customer relationship management) measures from autumn 2007. In the high-margin months between March and May a competition was launched across the Group to win a total of 222 Fiat Pandas. Customers in all markets responded very well to this. Not only did the frequency of store visits increase in the short term, but the approximately 1.5 million competition entries provide an excellent platform for direct customer communications in future. The relevant CRM tools are being introduced in all sales organizations from autumn onwards.

Charles Vögele Group also built up its advertising activities in some markets during the period under review to ensure they meet Group standards. The frequency of publication of the advertising brochure was increased in Belgium, while in Austria the simple step of rehiring our former distribution partner had a positive impact on sales.

Introduction of module concept completed by the end of 2007

The introduction of the module concept also continued in the first half of 2007. This process will come to an end as scheduled with the launch of the 2007 autumn-winter collection. This means that all the major lines are now presented across the Group in modules to suit the size of each store and local requirements. The module concept covers about 95% of the range. It facilitates consistent supply management, from collection design all the way through to the presentation of goods. At the same time it allows stores to take full account of local needs.

Progress made in all sales organizations

Switzerland – The Switzerland Sales Organization increased net sales for the first six months to CHF 222 million, marking a 2% rise. As previously announced, ranges were optimized at larger stores. The initial positive effects of this have now been felt, which has contributed to the sales growth. Operating earnings before depreciation (EBITDA) also increased, reaching CHF 32 million, which is about 19% higher than the corresponding year-back figure. As part of the expansion plans, a store was opened in the new Sihlcity shopping centre in Zurich. To reflect local client structure, the range in this store focuses exclusively on ladies' and men's clothing. This leaves a total portfolio of 161 stores. Over the second half of this year, another four stores will be opened in Switzerland, while two will close.

Germany – During the first half of 2007 the Germany Sales Organization profited from the positive business climate in the country. This was characterized by renewed economic vigour, rising employment and increased spending by private households. Net sales rose by more than 2% to CHF 218 million for the period under review. This increase is all the more impressive given that last year's result was achieved by 330 stores compared with the 323 running as at end-June 2007. The operating loss before depreciation (EBITDA) has been reduced by 20% to CHF 1.6 million in the first half of 2007. However, this operating result includes an exceptional negative item of around CHF 1 million resulting from a value adjustment on a claim against Heros Group in Germany, which is currently in insolvency. Marketing activities were further expanded in Germany during the period under review. The aim, as announced previously, is still to reach break-even at the EBIT level by 2008 at the latest.

Austria – Although the Austrian economy performed better than expected during the half-year under review, and although unemployment continued to fall, private consumption was still reticent. Despite this continuing caution on the part of consumers, the Austria Sales Organization managed to increase net sales to CHF 126 million. This represents a substantial 9% increase, which is due mainly to the expansion of the branch portfolio to 151 stores (previous year: 144), as well as to much better distribution of the advertising brochure and the consequent greater marketing impact. Operating earnings before depreciation (EBITDA) fell slightly to CHF 4 million owing to higher advertising and premises costs. Austria continues to support expansion activities in Hungary and Slovenia, as well as handling branch logistics for the Czech market.

Belgium/The Netherlands – In Belgium, price pressure continued to climb within the clothing market as it did last year. As a result the market continues to shake itself out, while the competitive structure of the industry is subject to constant change. Having taken over ten stores last year and redoubled marketing efforts this spring, the Belgium Sales Organization was able to increase sales by more than 48% compared with the year-back figure. The fact that more than a third of this increase came from like-for-like growth underlines the constantly growing popularity of the collections as well as Charles Vögele Group's ever more established position within the Belgian fashion market. Charles Vögele currently has 47 branches in Belgium.

Thanks to the country's continuing positive economic performance, the consumer confidence index in the Netherlands rose to its highest level for seven years at the midpoint of this year. The continuing low inflation rate – at 1.8% one of the lowest in the EU – is also encouraging. However, competition continues to become fiercer year-on-year. Charles Vögele Group revived its expansion activities in the Netherlands, adding two new stores to the network to bring the total to 114. Sales grew by more than 11% in the first six months of 2007.

Thanks to expansion activities in the two markets, but also to the growth generated in both countries from existing floor space, cumulative net sales for the two sales organizations increased to CHF 90 million during the period under review. This very healthy growth of 20% was also driven by increased marketing and advertising activities, most of which have now been adjusted to meet Group standards as part of the effort to ensure a consistent approach across all markets. Operating losses at the EBITDA level were reduced to CHF 4 million at the mid-point of this year. The target is still to achieve break-even at the EBITDA level in both sales organizations by the end of 2007.

Eastern Europe – The stores opened by Charles Vögele Group in Hungary a year ago confirm the wisdom of the decision to enter this market. Three new stores were opened in the first half of 2007. Another ten openings are planned for the second half. Owing to the often lengthy licensing procedures involved, the opening of stores in two additional locations, originally planned for 2007, has been postponed until next spring.

Slovenia – In Slovenia the introduction of the euro at the start of the year has not had any negative effect on the economy and has not caused prices to rise. Tax reforms decided at the start of 2007 should give an additional boost to consumer sentiment and help to consolidate the already robust economic performance. The two existing stores continue to impress with their very healthy sales growth. Both have already established themselves very well in their respective regions as places to shop for the latest fashions. Four more branches will open their doors for business in Slovenia in the second half of 2007. Here too the opening of three new stores will probably have to be delayed until spring 2008 because the authorities still have to give the official go-ahead.

Test market Poland – In Poland all of the economic indicators are pointing in a positive direction. This, combined with steadily rising employment, is pushing up private consumption. Half-year sales in Poland were slightly better than expected, though it will not be possible to make a meaningful assessment of the performance until the 2008 financial year. The fifth pilot store in Poland was opened in April in Bielsko Biala. However, no further stores will be opened until the decision has been taken about the next step for this market.

Test market Czech Republic – The Czech economy is also growing steadily and in May the country's employment rate reached its highest level since May 2004. At the same time real wages keep on rising, giving a further boost to private consumption. All of the Czech stores were opened in the second half of 2006, so there are no year-back figures with which to make a comparison. Consequently it is not yet possible to assess sales performance properly. As in Poland, no more stores will be opened in the Czech Republic until the end of 2007.

The Eastern European sales organizations generated total net sales of CHF 15 million in the first half of 2007. This means they are already contributing 2% of overall Group sales. Operating losses at the EBITDA level were considerably reduced in the first half of 2007 to CHF 0.3 million.

Inventories slightly higher than last year

Inventories increased from CHF 267 million a year ago to CHF 293 million at June 30, 2007. The latest figure includes new items from the coming 2007 autumn-winter season worth CHF 51 million. Inventories have thus increased by CHF 12 million from the CHF 281 million recorded on December 31, 2006. The increase is largely due to the additional stocks required to fuel expansion plans, as well as to currency influences.

Extra investment reflected in cash flow

During the period under review, Charles Vögele Group increased net investments by 26% to CHF 39 million, with money being invested particularly in expansion activities and in technical improvements to warehousing and IT infrastructure. Operating cash flow came to CHF 36 million. This, combined with the net investment figure, resulted in a negative free cash flow of CHF 3 million.

Slight rise in net debt

Owing to the increase in inventories and greater investment, net debt increased from CHF 167 million on December 31, 2006 to CHF 179 million at mid-2007.

Syndicated loan renewed and reduced

At the end of June 2007, Charles Vögele Group signed a new loan agreement for CHF 250 million, which replaced the existing syndicated loan of CHF 325 million, taken out in July 2004, ahead of schedule. Thanks to its much better interest terms, the new credit facility, which runs for five years, will contribute to reduce financing costs.

Reduction in par value implemented

The reduction in the par value of Charles Vögele Holding AG shares from CHF 8 to CHF 6 per share, as proposed by the Board of Directors, was approved by the Annual General Meeting of Shareholders on April 4, 2007 and implemented on July 4, 2007 with a repayment of CHF 2 per bearer share. The share capital now comes to CHF 52 800 000 and is made up of 8 800 000 shares with a par value of CHF 6 each.

Change to the Group Management

As announced on April 10, 2007, Werner Lange took over operational management of Charles Vögele Group's purchasing department on July 1, 2007, simultaneously joining Group Management. Thus, he succeeded Serge Brugger, who had left the company in April 2007.

Operational outlook for the second half of 2007

In the second half of 2007 all of the markets in which Charles Vögele Group operates should continue to benefit from positive consumer sentiment, despite the current turbulences in the financial markets. The company believes that sales growth for the year as a whole will be in line with the market or slightly better. The company has not changed its previously announced expectations for the current financial year's operating profit margin.

Charles Vögele Group's activities will concentrate on continued expansion in all its markets, with a particular emphasis on new store openings in Hungary and Slovenia. On the operational side, the introduction of the module principle will be completed and a series of additional CRM measures will be launched.

Bernd H. J. Bothe Chairman of the Board of Directors	Daniel Reinhard Chief Executive Officer

Consolidated Income Statement

from January 1 to June 30

CHF 1000	Note	1st Half-Year 2006	1st Half-Year 2007
Net sales		**627 648**	**671 978**
Cost of goods	3.1	(245 303)	(244 384)
Gross profit from fashion retail		**382 345**	**427 594**
In % of net sales		**60.9%**	**63.6%**
Personnel expenses		(146 491)	(155 373)
Rental expenses		(102 274)	(110 387)
Advertising and promotion expenses		(50 347)	(59 537)
General operating expenses		(44 285)	(48 153)
Other operating income		13 929	13 167
Total operating expenses		**(329 468)**	**(360 283)**
Operating earnings before depreciation (EBITDA)		**52 877**	**67 311**
In % of net sales		**8.4%**	**10.0%**
Depreciation		(26 302)	(28 907)
Operating earnings (EBIT)		**26 575**	**38 404**
In % of net sales		**4.2%**	**5.7%**
Financial income		527	371
Financial expenses		(5 347)	(6 387)
Exchange gains/(losses), net		(843)	(1 629)
Profit before income tax		**20 912**	**30 759**
In % of net sales		**3.3%**	**4.6%**
Tax expenses		(7 377)	(7 956)
Net profit		**13 535**	**22 803**
In % of net sales		**2.2%**	**3.4%**
Basic earnings per share	4	**1.59**	**2.68**
Diluted earnings per share	4	**1.57**	**2.65**

The notes on pages 16 to 23 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (condensed)

as of June 30

CHF 1000	Note	31.12.2006	30.6.2007
Assets			
Current assets			
Cash and cash equivalents		41 756	58 480
Receivables and advance payments		44 335	49 508
Inventories	3	280 627	293 071
Total current assets		**366 718**	**401 059**
Long-term assets			
Tangible assets	8	424 625	440 288
Financial assets		696	712
Intangible assets	8	77 821	78 048
Deferred tax assets		14 900	15 961
Total long-term assets		**518 042**	**535 009**
Total assets		**884 760**	**936 068**
Liabilities and shareholders' equity			
Current liabilities	6	145 965	155 632
Long-term liabilities	7	250 130	280 267
Shareholders' equity	5, 6	488 665	500 169
Total liabilities and shareholders' equity		**884 760**	**936 068**

The notes on pages 16 to 23 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement (condensed)

from January 1 to June 30

CHF 1000	Note	1st Half-Year 2006	1st Half-Year 2007
Net profit		**13 535**	**22 803**
Adjustments: Tax expenses		7 377	7 956
Net financial expenses		5 663	7 645
Depreciation		26 302	28 907
Profit on disposal of assets		0	(8)
Other non-cash expenses		534	1 076
Change in long-term provisions		(70)	(150)
Operating earnings before changes in working capital		**53 341**	**68 229**
Change in short-term receivables, advance payments and prepaid expenses		(5 545)	(2 158)
Change in inventories		(18 122)	(6 126)
Change in current liabilities excl. financial and tax liabilities		(4 382)	196
Operating earnings after changes in working capital		**25 292**	**60 141**
Financial income received		527	371
Financial expenses paid		(4 430)	(6 450)
Taxes paid		(20 367)	(18 424)
Cash flow from operating activities		**1 022**	**35 638**
Net cash provided/(used) by investing activities	8	**(31 209)**	**(38 630)**
Net cash provided/(used) by financing activities	7	**30 733**	**30 913**
Net increase/(decrease) in cash and cash equivalents		**546**	**27 921**
Net cash and cash equivalents at the beginning of the period		**59 678**	**41 013**
Effect of exchange rate changes		(2 151)	(10 454)
Net increase/(decrease) in cash and cash equivalents		546	27 921
Net cash and cash equivalents at the end of the period		**58 073**	**58 480**

The notes on pages 16 to 23 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	Currency translation differences	Valuation financial instruments	Valuation share option scheme	Total
Balance 1.1.2006		**88 000**	**(20 032)**	**173 789**	**294 228**	**(12 260)**	**3 669**	**1 792**	**529 186**
Cash flow hedges, net of tax							(6 099)		(6 099)
Currency translation differences						1 499			1 499
Net income/(expense) recognized directly in equity		**0**	**0**	**0**	**0**	**1 499**	**(6 099)**	**0**	**(4 600)**
Net profit for the half-year 2006					13 535				13 535
Total recognized income for the half-year 2006		**0**	**0**	**0**	**13 535**	**1 499**	**(6 099)**	**0**	**8 935**
Value of granted options								534	534
Value of exercised/ expired options					271			(271)	0
Disposals of treasury shares	5		1 653		(680)				973
Par value reduction	6	(17 600)							(17 600)
Balance 30.6.2006		**70 400**	**(18 379)**	**173 789**	**307 354**	**(10 761)**	**(2 430)**	**2 055**	**522 028**
Balance 1.1.2007		**70 400**	**(24 394)**	**173 789**	**274 590**	**(7 751)**	**(113)**	**2 144**	**488 665**
Cash flow hedges, net of tax							178		178
Currency translation differences						2 945			2 945
Net income/(expense) recognized directly in equity		**0**	**0**	**0**	**0**	**2 945**	**178**	**0**	**3 123**
Net profit for the half-year 2007					22 803				22 803
Total recognized income for the half-year 2007		**0**	**0**	**0**	**22 803**	**2 945**	**178**	**0**	**25 926**
Value of granted options								724	724
Value of exercised/ expired options					352			(352)	0
Disposals of treasury shares	5		2 521		(67)				2 454
Par value reduction	6	(17 600)							(17 600)
Balance 30.6.2007		**52 800**	**(21 873)**	**173 789**	**297 678**	**(4 806)**	**65**	**2 516**	**500 169**

The notes on pages 16 to 23 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, Poland and the Czech Republic.

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 interim 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 17 of Charles Vögele Group's 2006 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

New IFRS-standards and interpretations

The following new IFRS standards, amendments to existing standards and interpretation of existing standards, valid since January 1, 2007 have been applied, but do not have any significant effects on these interim financial statements:

- IFRS 7: Financial instruments: disclosures
- IFRIC 7: Accounting in high-inflation countries (not relevant to the Charles Vögele Group)
- IFRIC 8: Applicability of IFRS 2 Share-based payment
- IFRIC 9: Reassessment of embedded derivatives
- IFRIC 10: Interim reporting and impairment losses

The following new and amended IFRS standards and interpretations were approved, but will only come into effect for future reporting periods and were not applied in advance to these interim financial statements:

– IFRIC 11: IFRS 2 – Group and treasury share transactions (applicable from 2008 financial year; implications for the Charles Vögele Group's accounts are currently being examined)
– IFRIC 12: Agreement on service concessions (applicable from 2008 financial year; implications for the Charles Vögele Group's accounts are currently being examined)
– IFRIC 14: IAS 19 – Defined benefit assets and minimum funding requirements (applicable from 2008 financial year; implications for the Charles Vögele Group's accounts are currently being examined)
– IFRS 8: Segment reporting (applicable from 2009 financial year; implications for the Charles Vögele Group's accounts are currently being examined)
– IFRIC 13: Valuation of customer loyalty programmes (applicable from 2009 financial year; implications for the Charles Vögele Group's accounts are currently being examined)

Change in accounting principle for defined benefit pension plans (IAS 19)

Until the end of the year 2006, actuarial gains and losses as well as changes to unrecognized assets of defined pension plans were immediately booked to the income statement under personnel expenses. As of January 1, 2007 the "10% corridor method" is being applied. This method states that only the part of the actuarial gains or losses which exceed 10% of the value of plan assets or 10% of defined benefit obligations, is recognized in the income statement spread out proportionally over the average remaining working life period of the participating employees.

This change in accounting principle did not lead to a restatement of the previous year's interim consolidated financial statement.

1.4 Basis of consolidation

There were no changes in the scope of consolidation in the first half-year of 2007.

1.5 Segment reporting

The Group is divided into "Sales Organizations" and "Central Services". The "Sales Organizations" comprises the sales organizations with their branches and related sales logistics operation and are subdivided into the following segments: Switzerland, Germany, Austria, Belgium/Netherlands and Eastern Europe. The Eastern Europe segment comprises the new expansion and pilot markets of Slovenia, Hungary, Poland and the Czech Republic.

The centralized services of the Group relating to the fashion trade are brought together in the "Central Services". The major centralized Group services are 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-length markup 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:

2007	ISO code	Unit	Balance Sheet 30.6.2007	Income Statement 1st Half-Year 2007
Euro	EUR	1	1.65	1.63
Hong Kong	HKD	1	0.16	0.16
USA	USD	1	1.22	1.23
Hungary	HUF	100	0.67	0.65
Poland	PLN	100	44.01	42.48
Czech Republic	CZK	100	5.76	5.80

2006	ISO code	Unit	Balance Sheet 31.12.2006	Income Statement 1st Half-Year 2006
Euro	EUR	1	1.61	1.56
Hong Kong	HKD	1	0.16	0.16
USA	USD	1	1.22	1.27
Slovenia	SIT	100	0.67	0.65
Hungary	HUF	100	0.64	0.60
Poland	PLN	100	41.97	40.18
Czech Republic	CZK	100	5.84	5.48

2 Segment reporting 1st half-year 2007

CHF 1000	Sales organizations	Central services	Consolidation entries	Group
Net sales	671 978	346 981	(346 981)	671 978
Operating earnings before depreciation (EBITDA)	29 859	43 077	(5 625)	67 311
EBITDA in % of net sales	4.4%	12.4%	–	10.0%
Operating earnings (EBIT)	5 070	38 960	(5 626)	38 404
EBIT in % of net sales	0.8%	11.2%	–	5.7%

CHF 1000	Switzerland	Germany	Austria	Belgium/ Netherlands	Eastern Europe	Total sales organizations
Net sales	222 487	218 474	126 044	89 796	15 177	671 978
Operating earnings before depreciation (EBITDA)	31 551	(1 567)	3 737	(3 516)	(346)	29 859
EBITDA in % of net sales	14.2%	(0.7%)	3.0%	(3.9%)	(2.3%)	4.4%
Operating earnings (EBIT)	23 606	(11 044)	345	(6 857)	(980)	5 070
EBIT in % of net sales	10.6%	(5.1%)	0.3%	(7.6%)	(6.5%)	0.8%

Segment reporting 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	Eastern Europe	Total sales organizations
Net sales	218 761	213 883	116 034	74 659	4 311	627 648
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%

3 Inventories

CHF 1000	31.12.2006	30.6.2007
Current inventory, gross	288 973	313 003
Inventory valuation allowance	(66 704)	(71 581)
Current inventory (current and previous seasons), net	**222 269**	**241 422**
Upcoming season	58 024	51 312
Heating oil	334	337
Total	**280 627**	**293 071**

3.1 Value adjustments on inventories

CHF 1000	1st Half-Year 2006	1st Half-Year 2007
Balance, as of January 1	**(71 269)**	**(66 704)**
Release of value adjustments affecting cost of goods	2 593	418
Creation of value adjustments affecting cost of goods	0	(4 090)
Creation/(Release) of value adjustments affecting operating financial income (discounts)	(29)	204
Effect of exchange rates	(356)	(1 409)
Balance, as of June 30	**(69 061)**	**(71 581)**

4 Earnings per share

		1st Half-Year 2006	1st Half-Year 2007
Net income	CHF 1 000	13 535	22 803
Weighted average number of basic shares	Number	8 502 974	8 493 178
Adjustment for potentially dilutive share options	Number	135 833	121 835
Weighted average number of shares for diluted earnings per share	Number	8 638 807	8 615 013
Basic earnings per share	CHF	**1.59**	**2.68**
Diluted earnings per share	CHF	**1.57**	**2.65**

5 Treasury Shares

As at June 30, 2007 Charles Vögele Holding AG held 286 546 (June 30, 2006: 281 592) treasury shares. These are earmarked for Charles Vögele Group's management share option plan.

6 Distribution to shareholders

On April 4, 2007 the Annual Shareholders Meeting decided that instead of distributing a dividend for the 2006 financial year, the par value of Charles Vögele Holding AG shares should be reduced by CHF 2 per share from CHF 8 to CHF 6 per bearer share. The payment was made on July 4, 2007 after the statutory deadlines had expired. The resulting liability to shareholders of CHF 17.6 million was reported as at June 30, 2007 under current liabilities.

In the previous year a par value reduction of CHF 2 per bearer share of Charles Vögele Holding AG was decided for the 2005 financial year. This was paid to shareholders on July 4, 2006.

7 Long-term liabilities

The increase in long-term liabilities in the first half of 2007 is primarily due to the CHF 30 million increase in bank loans to CHF 91.7 million.

During the first half of 2006, bank loans increased by CHF 32.5 million to CHF 81.4 million.

At the end of June 2007, Charles Vögele Group signed a new syndicated loan agreement for a credit line of CHF 250 million. This replaced the existing syndicated loan, signed on July 2004, prior to maturity. The new loan is for a term of five years. The interest rate is based on LIBOR plus a margin of between 30 and 115 basis points (previously between 65 and 200 basis points), depending on one Group key financial ratio.

8 Net cash used by investing activities

During the first half of 2007, CHF 38.6 million net (previous year CHF 31.2 million net) was invested in fixed and intangible assets.

9 Post balance sheet events

The present interim financial statements take into consideration events occurring between the balance sheet date and August 27, 2007. There were no significant post balance sheet events. The interim financial statements were approved by the Charles Vögele Holding AG Board of Directors on August 27, 2007.

Report on the Review of the Condensed Consolidated Interim Financial Statements to the Board of Directors and Shareholders of Charles Vögele Holding AG, Pfäffikon SZ

Introduction

We have reviewed the accompanying 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 12 to 23) of Charles Vögele Holding AG for the period ended June 30, 2007. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

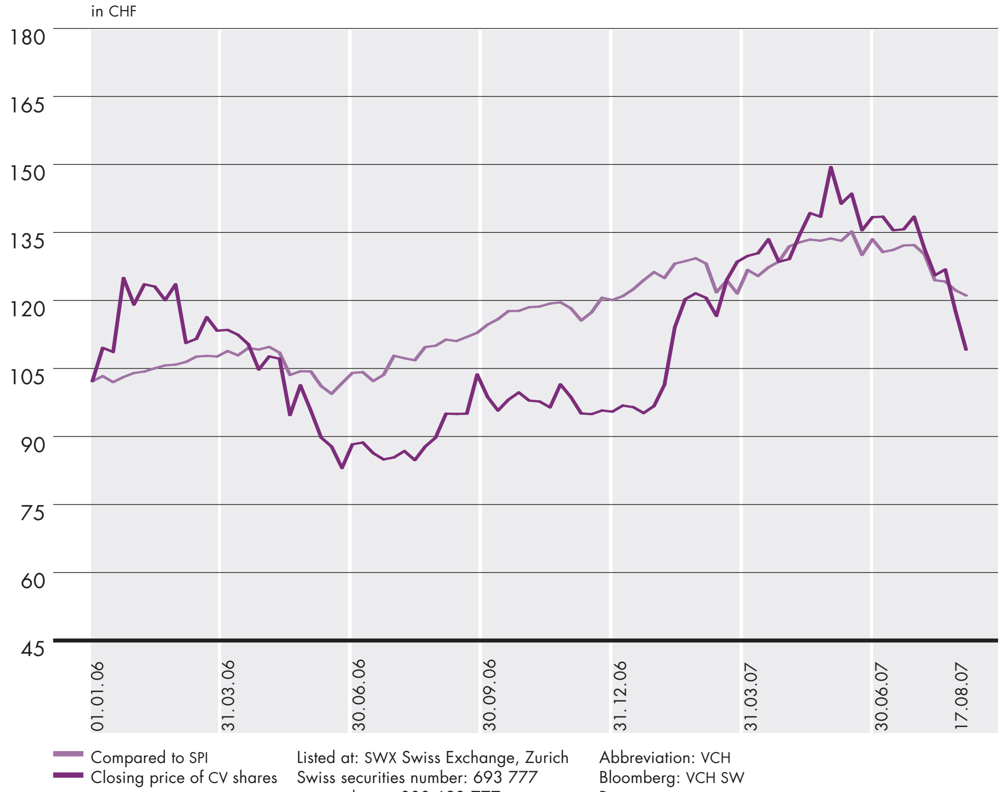
PricewaterhouseCoopers AG

Matthias von Moos　　Pascal Wintermantel

Zurich, August 27, 2007

Information for Investors

Price development of the Charles Vögele Holding AG shares
at SWX Swiss Exchange in Zurich from January 1, 2006 to August 17, 2007



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

		31.12.2006	30.6.2007
Bearer shares	Number	8 800 000	8 800 000
Par value (reduction decided on April 4, 2007)	CHF	8.00	6.00
Share price as per closing date	CHF	97.10	136.00
Share price: year high	CHF	126.00	152.00
year low	CHF	79.05	92.55
Average trading volume per day	Number	41 700	53 800
Free float	%	100	100
Stock capitalization	CHF million	854	1 197
Book value per share	CHF	56	57

Forthcoming events

- Analysts' and media conference on the 2007 half-year results: August 28, 2007
- Analysts' and media conference on the 2007 business year results: March 4, 2008
- Annual Shareholders' Meeting 2007: April 16, 2008
- Analysts' and media conference on the 2008 half-year results: August 26, 2008

The Half-Year Report of the Charles Vögele Group is published in English and German. The original language is German.

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