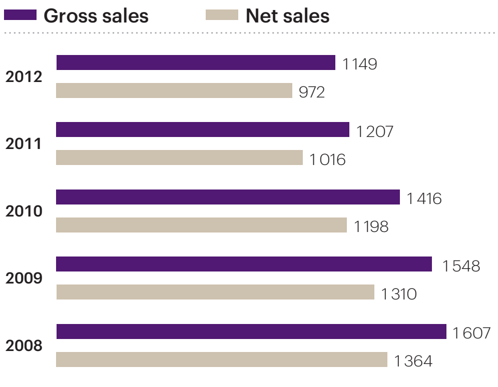
ANNUAL REPORT 2012

Charles Vögele Switzerland

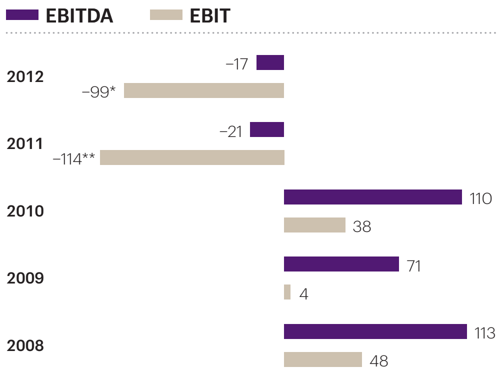
At Charles Vögele, colleagues work side-by-side until the clothes are finished and hanging up in stores. Because fashion is only really made successful through reliable teamwork between staff and partners who have the same goal: gaining new, happy customers.

FIVE-YEAR OVERVIEW

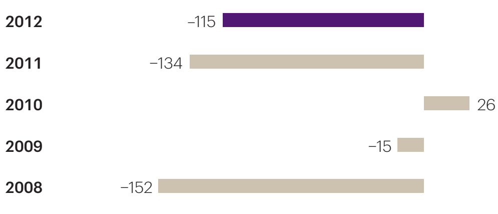
Gross sales and net sales in CHF million



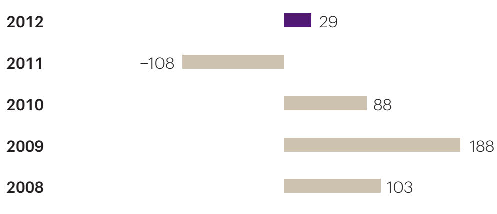
EBITDA and EBIT in CHF million



Net debt in CHF million
At 31 December

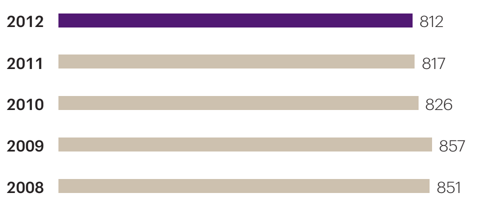


Cash flow from operating activities in CHF million

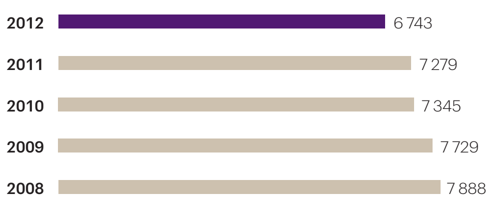


Net profit in CHF million

Branches
At 31 December



Employees (without apprentices)
At 31 December



* including impairments of CHF 32 million
** including goodwill impairment of CHF 36 million

GROUP KEY FIGURES

CHF million	2012	2011	Change
Gross sales	1 149	1 207	(4.8 %)
Change adjusted for currency in %	(3.2 %)	(7.9 %)	
Change adjusted for expansion and currency in %	(3.4 %)	(7.2 %)	
Net sales	972	1 016	(4.4 %)
Operating earnings before depreciation and impairment (EBITDA)	(17)	(21)	
Operating earnings (EBIT)	(99)	(114)	
Net profit of the year	(109)	(119)	
Net cash flow from operating activities	29	(108)	
Net cash provided/(used) by investing activities	(14)	(49)	(72.3 %)
Free cash flow	15	(157)	

	2012	2011	Change
Number of stores at year-end	812	817	(0.6 %)
Sales area at year-end in m^2	631 082	640 703	(1.5 %)
Net sales per average sales area in CHF	1 532	1 586	(3.4 %)
Number of employees at year-end [1]	6 743	7 279	(7.4 %)
Average number of full-time employees on an annual basis [1]	4 560	4 690	(2.8 %)
Net sales per average number of full-time employees in CHF [1]	213 121	216 679	(1.6 %)
Number of clothing articles sold in 1 000	53 665	56 498	(5.0 %)
Average net sales per article in CHF	18.1	18.0	0.7 %
Share of turnover in %:			
– women’s wear	57 %	58 %	
– men’s wear	35 %	34 %	
– children’s wear	8 %	8 %	

CHF million	31.12.2012	31.12.2011
Net debt	(115)	(134)
Shareholders’ equity	234	356
Balance sheet total	612	761
Shareholders’ equity in % of balance sheet total	38 %	47 %

[1] Excluding apprentices

KEY FINANCIALS

Gross sales fell in 2012 by 4.9 % to CHF 1149 million. Negative currency effects especially affected the result in the first quarter. About one third of the fall of CHF 59 million was due to the depreciation of the euro. In local currency terms the decline was 3.2 %, or 3.4 % after adjusting for exchange rate and floorspace changes (like-for-like).

CHF 15 million

Positive Free Cash Flow
By significantly reducing procurement volumes in the second half of the year in order to integrate selected items from the 2011 autumn/winter collection into the new range, and by further reducing costs and restricting investment activity, free cash flow was improved by CHF 172 million to CHF 15 million.

CHF 619 million

Strict cost management
Operating costs were reduced by another CHF –27 million during the period under review thanks to a strict cost management. CHF 9 million of this was due to the depreciation of the euro.

CHF 32 million

Impairment
Negative results in various markets, combined with the continuing difficult economic conditions and the intense level of competition, prompted a CHF 32 million impairment on assets.

CHF –109 million

Negative net result
The net result for the business year 2012 improved to CHF –109 million (incl. impairment of CHF 32 Mio.) compared to CHF –119 Mio. (incl. goodwill-impairment of CHF 36 Mio.) in the previous year.

CONTENTS

Teamwork at Charles Vögele.

Charles Vögele has 6 743 members of staff. Each person is responsible for a particular task, which often involves other departments. The more complex the points of contact between individual sectors are, the more important personal contact is. This reliable cooperation allows staff to shape the Company in a constructive way. From the first design to the finished product in stores, cooperation ensures that we achieve our mutual goals.

Jasmin Wörner
Design

Stefanie Dickemann
Purchasing

Erwin Feusi
Logistics

Alexandra Dürler
Sales

F. l. t. r. **Hans Ziegler, Chairman of the Board of Directors, and Markus Voegeli, Chief Executive Officer ad interim**

LETTER TO SHAREHOLDERS

SECURING THE FUTURE

For Charles Vögele Group, the main themes in 2012 were cash management, intensive product work in preparation for the 2013 spring/summer collection, and the effort to get closer to customers. The Company achieved its target of positive free cash flow despite continued difficult market conditions. Gross sales declined in all regions and operating earnings were negative once again. In parallel with taking the Group back to profitable growth, the Board of Directors is examining and analyzing the optimization of the organization with support from external specialists.

2012 was another eventful year for the Charles Vögele Group. The economic environment was challenging, clothing markets shrank in all the regions where Charles Vögele sells. From the operational point of view, the main themes for Charles Vögele Group in 2012 were cash management and the rigorous implementation and optimization of core business specific activities.

Measures initiated in 2011 to refocus the Company, as well as to optimize and adjust all processes to the adapted brand strategy, were systematically continued and implemented in 2012. Initial difficulties with logistics caused by the outsourcing and consolidation into three centres were sorted out right at the beginning of the year. Goods supply and distribution functioned smoothly during the period under review and the Company benefitted from flexible cost structures and lower capital expenditure. Procurement has also been made less complex by streamlining the supplier portfolio.

Charles Vögele worked intensively on its product last year. The strengthening of our expertise in women's clothing also had a positive effect. The first structural improvements were implemented over the course of the year and impacted the 2013 spring-summer collection. The pricing of the children's range was adjusted to make it more competitive. The presentation of goods in our stores was reorganized around core departments and coordinates zones in order to appeal effectively to our target customer groups. Finally, implementation of the adjusted brand strategy was successfully completed with the launch of the 2013 spring/summer collection.

Positive free cash flow – much better performance in the second half of the year

Charles Vögele focused on cash management in 2012. By significantly reducing procurement volumes in the second half of the year in order to integrate selected items from the 2011 autumn/winter collection into the new range, and by further reducing costs and restricting investment activity, free cash flow was improved by CHF 172 million to CHF 15 million. The Group thus achieved the goal it had announced for 2012: "Stop the bleeding." The Group's net sales went down by 4.4% to CHF 972 million. During the first quarter, the weak euro once again had a negative effect. CHF 16 million of the decline in sales was due to the depreciation of foreign currencies (mainly the euro) against the Swiss franc. In local currency terms the fall was 2.8%. Charles Vögele reduced its operating costs by a further CHF 27 million to CHF 619 million thanks to rigorous cost management. CHF 9 million of this was due to the depreciation of the euro.

> "2012 was another eventful year for the Charles Vögele Group."
>
> Hans Ziegler

The gross profit margin improved slightly, from 61.5% in the prior year to 61.9%, thanks to better incoming margins and smaller price reductions in the second half of the year. More intense discounting activity in the first half of 2012 led to a CHF 23 million decline in gross profit for the year to CHF 602 million. By reducing discounts in the second half, gross profit was pushed up by around CHF 24 million compared with the second half of 2011 and by CHF 28 million compared with the first six months of 2012. Operating earnings before depreciation and amortization (EBITDA) improved slightly compared with the prior year, by CHF 4 million to CHF −17 million. EBITDA in the second half of 2012 improved clearly compared to the first half of 2012 and to the second half of the previous year. In the second half of the year, the increased gross profit led to CHF 30 million higher EBITDA compared with the equivalent period of the previous year. The EBITDA figure for the second half of 2012 went up by more than CHF 27 million compared with the first six months to CHF 5 million.

Impairments weigh down on results

Negative results in various markets, combined with the continuing difficult economic conditions and the intense level of competition, prompted a CHF 32 million impairment on assets. This resulted in overall operating earnings (EBIT) of CHF −99 million (2011: CHF −114 million, including CHF 36 million goodwill impairment) and a consolidated loss of CHF −109 million (2011: CHF −119 million).

Optimizing the organization and focusing on core markets
The Board of Directors of Charles Vögele Holding AG is evaluating the optimization of the organization and assessing opportunities to focus on core markets. Since the start of the year all improvement measures being taken by the Group have been analyzed with the help of external specialists. As part of this process the Central & Eastern Europe (CEE) Region country portfolio is being reviewed and the withdrawing from Poland and the Czech Republic has been decided. Cutting out loss-making country organizations enables Charles Vögele to reduce complexity within the Company and focus on core markets.

Strengthening the Swiss home market
In autumn 2012 Charles Vögele launched an original people-oriented brand campaign. Under the motto "Advising you with style" the campaign centred on the advisory and fashion expertise of Charles Vögele employees. In TV and print ads, five local clubs and associations are given fashion advice by Charles Vögele staff and dressed in stylish new outfits. Members of each club then act as models. The five clubs were chosen though a competition held among staff in all our Swiss stores. The aim of the campaign is to strengthen the customer confidence in the brand.

"Since the start of the year all improvement measures being taken by the Group have been analyzed with the help of external specialists."

Hans Ziegler

Changes in personnel
In September 2012, CEO Frank Beeck left Charles Vögele because of differences of opinion about the operational management of the Company. The Board of Directors would like to thank Frank Beeck for the valuable work he has done for Charles Vögele Group. Markus Voegeli, CFO of Charles Vögele, was appointed as interim CEO in order to ensure continuity of leadership in the current situation. Since April 2013 Matthias Freise, Administrative Board member and Professor of Fashion Procurement and Retail Buying at the University of Reutlingen (Germany), took over the post of Chief Purchasing Officer (CPO) ad interim for six months. During this period, Matthias Freise will devote 100 percent of his time to supporting the Group. In parallel, the Group will look for a new Chief Purchasing Officer and a Chief Sales Officer (CSO).

"The Company achieved its target of positive free cash flow despite continued difficult market conditions."

Markus Voegeli

Stamina required
By generating positive free cash flow in 2012 Charles Vögele has successfully negotiated the first hurdle on the way back to sustainable profitability. In order to deliver a much improved result for the company in the 2013 financial year, the management-team has developped a comprehensive turnaround concept with the support of external specialists. The concept is based on the following cornerstones:

Increasing performance
In parallel to the Group Management being strengthened by the addition of a Chief Sales Officer and a Chief Purchasing Officer, immediate sales-oriented measures and additional cost potentials are evaluated. Furthermore initiatives boosting the marketing-efficiency are being evaluated with a clear focus on the core market Switzerland.

Improving market closeness
After the introduction of the targetgroup specific assortment with the 2013 spring/summer collection, we have to get even closer to the market. In order to take more account of this aspect, the store format strategy is being reviewed and customer-oriented service at the point of sale as well as the market-conform merchandise management are being improved.

In order to secure the lasting implementation and the steering of all measures, the Group Management will be supported by a dedicated program management office.

In parallel with taking the Group back to profitable growth, the Board of Directors is examining and analyzing all strategic options that will enable Charles Vögele to position itself successfully in a challenging competitive environment.

"The gross profit margin improved slightly thanks to better incoming margins and smaller price reductions in the second half of the year."

Markus Voegeli

The Board of Directors and Group Management are well aware of the great commitment and flexibility currently being demanded of all teams. We thank our employees for their outstanding work. We would also like to thank our customers, business partners and you, our valued shareholders, for your support and your trust.

Yours sincerely

Hans Ziegler
Chairman of the
Board of Directors

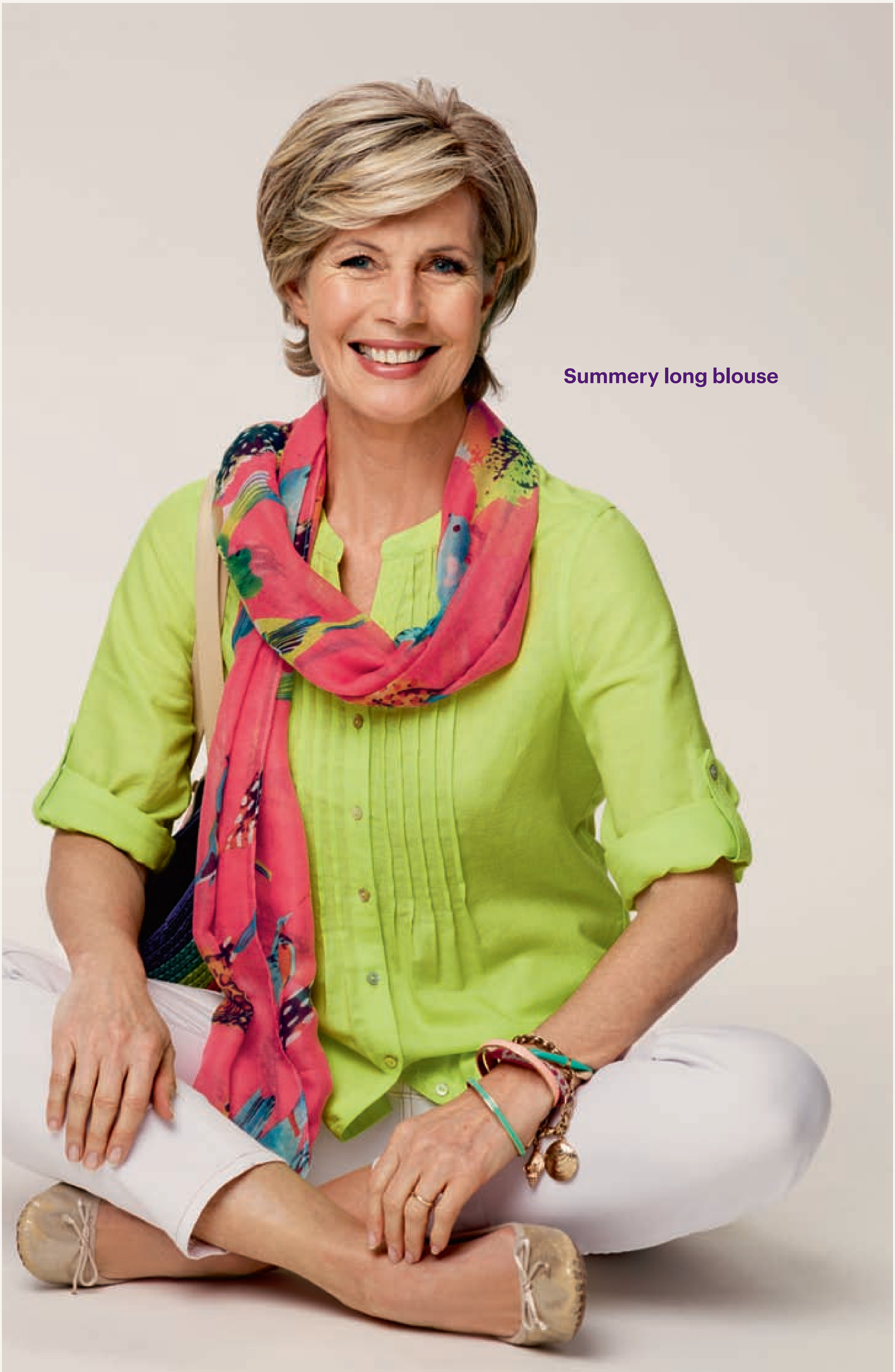
Markus Voegeli
CEO ad interim

Jasmin Wörner

Design

Jasmin Wörner, Designer

"The best thing for me is that I can follow a piece from my first sketch to the finished product, hanging in the store. Numerous team discussions are needed to get to that point to find a balance between the ideal and reality. Finally, the customers have to like the products **– like this summery blouse."**


Summery long blouse

From sketch to collection.

Before a dress can hang in Charles Vögele stores, staff from several departments work on it to ensure the best quality and perfect fit. In this process the designer Jasmin Wörner is dependent on the input of the product manager just as much as the buyer must be aware of the creative ideas. Only in this way can the customers' needs be satisfied.

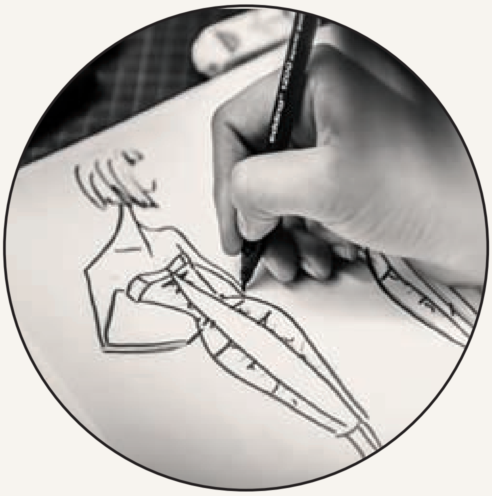
Jasmin Wörner sits at her desk, in front of her computer and gets out an oversized pen. There are lines and strokes already on the screen. The silhouette of an item of clothing can be seen. The designer is creating the spring 2014 collection. The collection is worked on in consultation with product management. Fact-finding missions and excursions provide the necessary inspiration for the designer, and product management analyzes the market and competition. After the creation of general colours, themes and concepts and the collection structure has been finalized, purchasing comes into play. "I give these sketches and worksheets to our sourcer, along with fabric and colour suggestions." The sourcer is Maurizio Noacco. He regularly travels to Asia and organizes materials and accessories.

Barbara Aschmann
Product manager

Maurizio Noacco
Sourcer

"Making women look more beautiful and responding to their needs – that's what I enjoy."

Jasmin Wörner, Designer



"With certain designs, it is easy to see whether you have got the best quality, and whether the product will be a good seller. Otherwise, you know that a piece has worked especially well in pre-season. In these cases, we obviously try to build on it and create something similar."

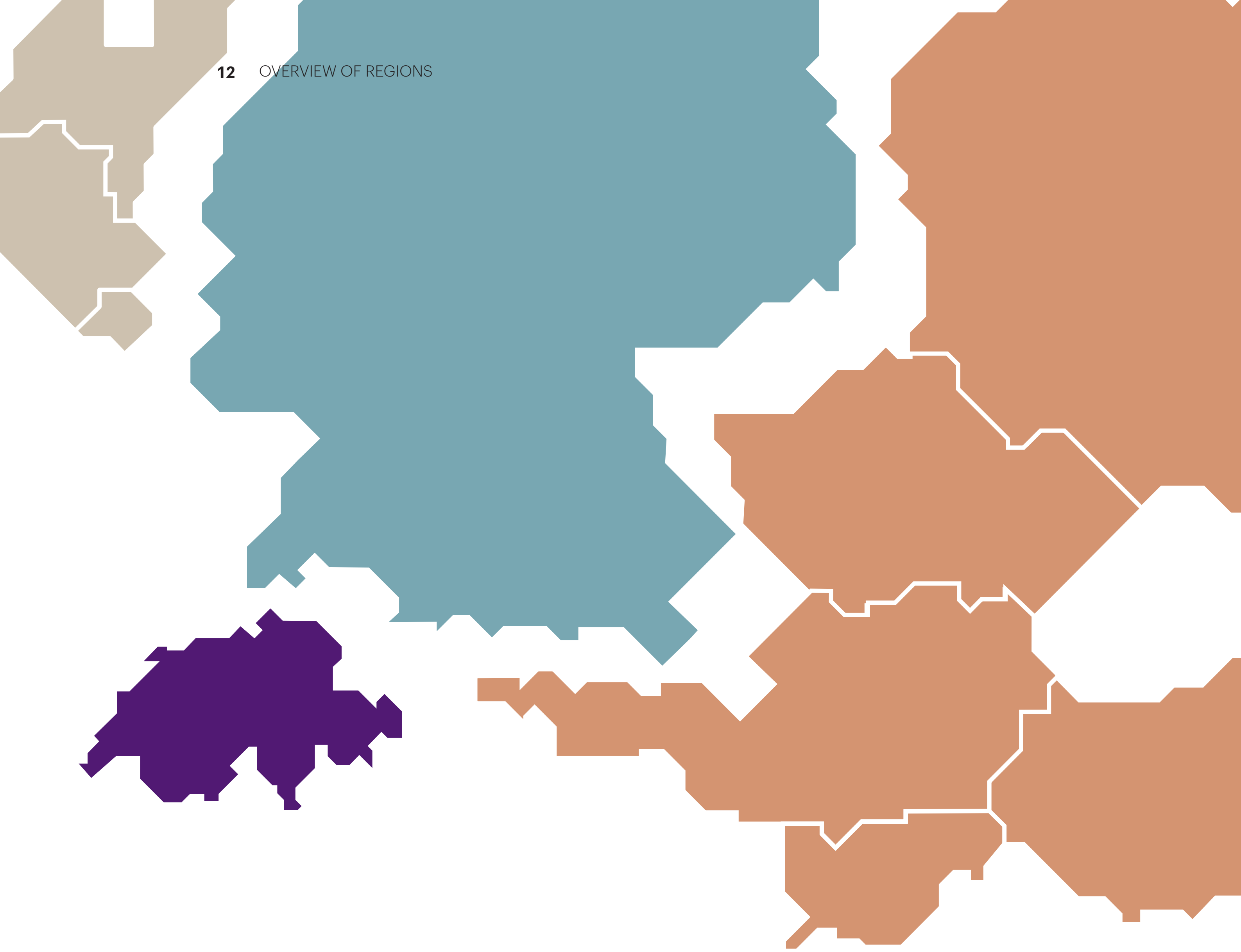
Barbara Aschmann, Product manager

After he travels to suppliers in Asia, he meets with designer Jasmin Wörner and product manager Barbara Aschmann. Fabric and colour samples and colour palettes are placed on a large table. "I like this", says Jasmin Wörner and points to a fabric that Noacco has brought back from his travels. Barbara Aschmann asks Noacco: "Can you get a good price for it?" "It depends what composition of fabric you want. The price for pure wool is higher than a wool/viscose mix", Noacco explains. "What kind of style do you have in mind?", he asks the designer. Jasmin Wörner: "The fabric shouldn't stand out too much. The supplier should make a pattern from it and then we'll decide."

"My goal is to provide excellent quality at the best price, worldwide. I have decades of experience in this, so I can implement product management guidelines to the best effect. This includes every technical detail, which I examine."

Maurizio Noacco, Sourcer

Every detail is examined: fabric quality, prints, accessories. Barbara Aschmann: "With the target retail price the sourcer calculates the purchase price and the margin is calculated from the purchase price. In the case of margins that are too low, he or she goes back and negotiates with the supplier or we use the product differently."

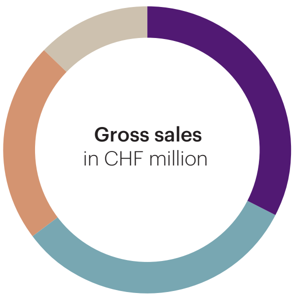


CHARLES VÖGELE

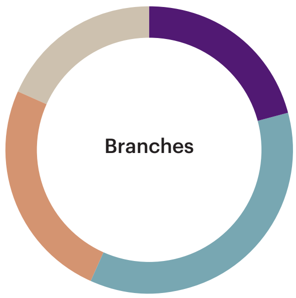
OVERVIEW OF REGIONS

The 2012 financial year was a challenging one for the whole retail sector. Subdued consumer sentiment, plus the unsettling effect of the euro crisis and excessive government debt, especially in Southern European countries, affected business in all of Charles Vögele's sales regions.

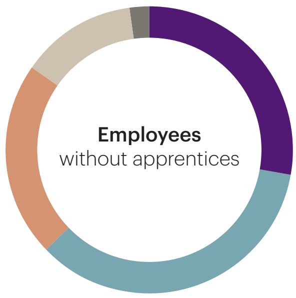
Charles Vögele Group



- 374 **Switzerland**
- 371 **Germany**
- 259 **CEE**
- 144 **Benelux**



- 170 **Switzerland**
- 291 **Germany**
- 203 **CEE**
- 148 **Benelux**

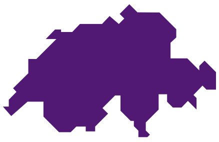


- 1 888 **Switzerland** incl. 398 administration
- 2 356 **Germany** incl. 4 administration
- 1 476 **CEE**
- 884 **Benelux**
- 139 **Asia**

The economic environment in the business year 2012 was challenging. Clothing markets shrank in all the regions where Charles Vögele sells, and the entire retail trade suffered from intense competition and continuing price pressure. Charles Vögele's homemarket Switzerland was affected by an outflow of spending in the neighbouring countries and a drop in visitor numbers to Switzerland.

Charles Vögele is one of the leading fashion retailers in Europe, offering up-to-date trends and outstanding value for money for men and women aged 40 plus. As at 31 December 2012, the group had 812 retail outlets in four regions spanning ten countries: Switzerland and Liechtenstein, Germany, Benelux (the Netherlands and Belgium) and CEE (Austria, Slovenia, Poland, Hungary and the Czech Republic).

In 2012 Charles Vögele and its 6 743 employees generated gross sales of CHF 1.15 billion.



SWITZERLAND REGION

Strong Swiss franc, further growth of retail tourism and negative news about the company put the brakes on sales. New image campaign appeals to core customers.

In Switzerland, the overall market for outerwear declined by 3% in 2012. Retail tourismus increased heavily. Based on the export certifications between Germany and Switzerland an increase of 25% is estimated. This means an outflow of spending in 2012 between CHF 5 and 6 billion. Neighbouring countries – especially Germany – benefit not only from lower prices but also from longer shop opening-hours.

Business performance

Charles Vögele's gross sales in Switzerland fell by 7.6% in 2012, or by 8.5% after adjusting for changes in floorspace. The company suffered in Switzerland in particular because of negative headlines about the company. In autumn 2012 the new image campaign was launched. It focuses on the core clientele and is designed to strengthen customers' confidence in Charles Vögele.

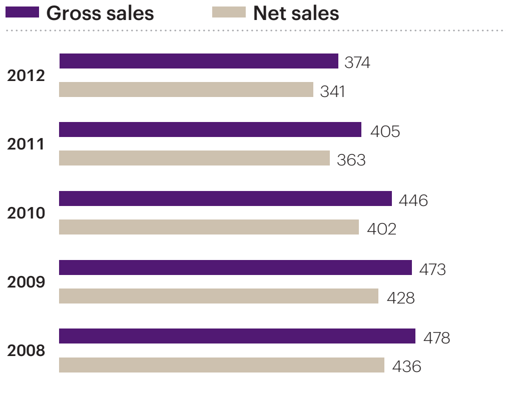
Branch portfolio

The number of stores remained stable as in the previous year. As at year-end, the Group had 170 outlets compared to 168 in 2011. With the change in goods presentation to core departments and coordinates areas, and the introduction of the single-brand strategy, branches have been steadily adapted to the new store concept. By the end of 2012, 56 outlets were fitted out in the new store design (previous year: 48).

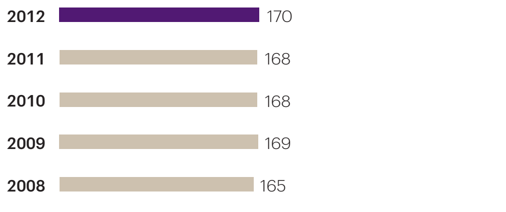
Employee numbers

In 2012, Charles Vögele employed an average of 981 people in the Switzerland sales organization on a FTE basis (previous year: 970). This growth is due to the change in process and organizational structures. In 2012, 143 apprentices were in training at Charles Vögele in Switzerland.

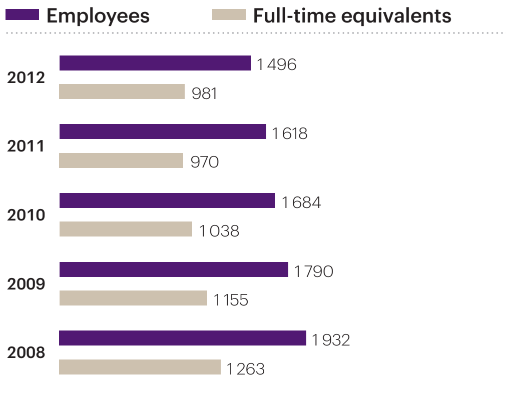
Gross sales and net sales
in CHF million



Branches



Employees and full-time equivalents
without apprentices



GERMANY REGION

Summer temperatures slowed down the important autumn season. Christmas business went well.

Despite the resilience of the German economy, business activity cooled significantly in the second half of the year. Inflation-adjusted GDP rose only slightly by 0.7% in 2012. The clothing industry saw annual sales shrink by 2% and had to accept a downturn for the first time since 2008.

Business performance

In 2012 Charles Vögele saw gross sales in Germany decline by a currency-adjusted 2.2%, or 2.1% after adjusting for exchange rates and changes in retail floorspace. September and October were particularly disappointing given the low benchmark set in the previous year. High summer temperatures reduced the desire to buy autumn clothes. By contrast, business was good over the Christmas season.

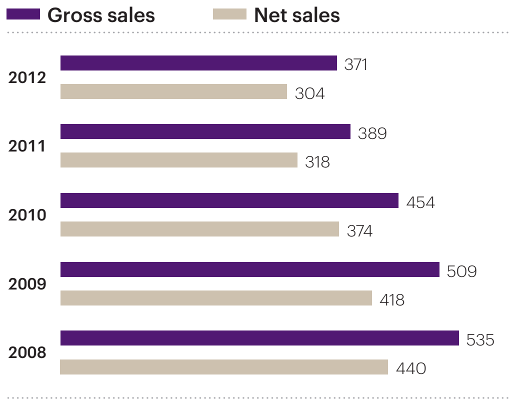
Branch portfolio

Charles Vögele Germany had 291 stores at year-end compared to 293 in the previous year. Seven new stores were opened and eight stores were refurbished during 2012.

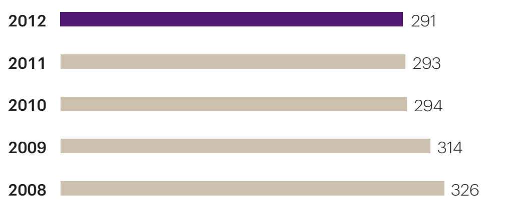
Employee numbers

In 2012, Charles Vögele employed an average of 1 348 people in Germany on a FTE basis (previous year: 1 432). The number of people employed fell from 2 612 to 2 352. The reduction is due to the structural adjustment of the branch portfolio. A total of 281 trainees were employed during the year under review.

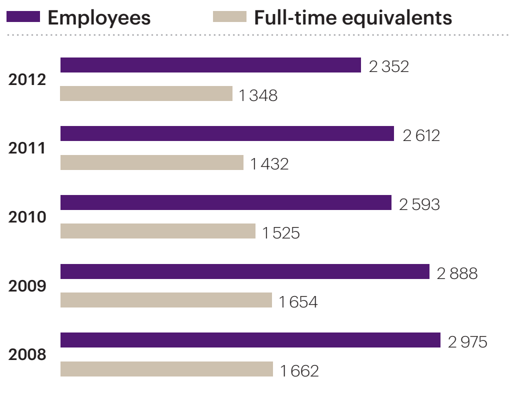
Gross sales and net sales
in CHF million



Branches



Employees and full-time equivalents
without apprentices



CENTRAL & EASTERN EUROPE REGION (CEE)

A healthy upswing, with growth in all countries from September 2012, did not compensate for the negative performance in the first three quarters.

Economic conditions remained challenging in 2012 in the CEE region. The clothing markets in Slovenia and Hungary shrank, but in Austria and Poland they held up quite well. As in other regions, fear of recession and uncertainty relating to the euro crisis led to a decline in private spending.

Business performance

In the CEE Region in 2012, Charles Vögele saw gross sales decline by 1.9% after currency adjustments, and by 2.9% after adjusting for floorspace changes. Apart from in Hungary, where Charles Vögele achieved good growth of 4.8%, floorspace and currency adjusted sales fell in all countries. The outlook brightened between September and December 2012, when all the country organizations significantly outperformed the market.

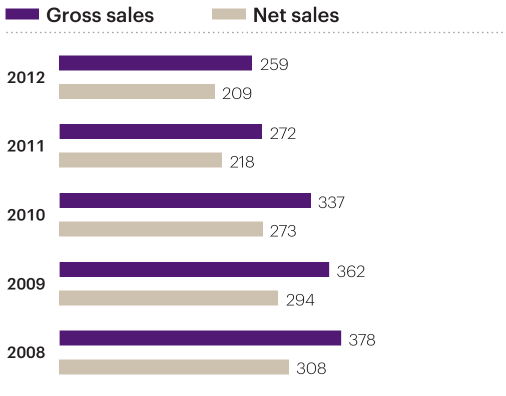
Branch portfolio

The number of stores remained unchanged compared with the previous year. As at year-end, there were 203 stores in the region compared to 202 in the prior year. Of these 42 were fitted out in the new store design (previous year: 34).

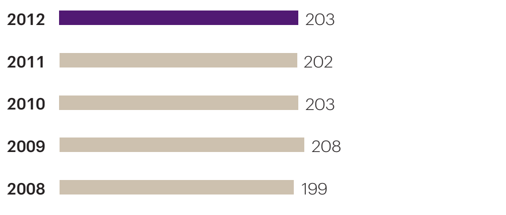
Employee numbers

In 2012, Charles Vögele employed an average of 1 095 employees in the CEE Region on a FTE basis (previous year: 1 131). The decrease was largely due to the optimization of the regional branch network.

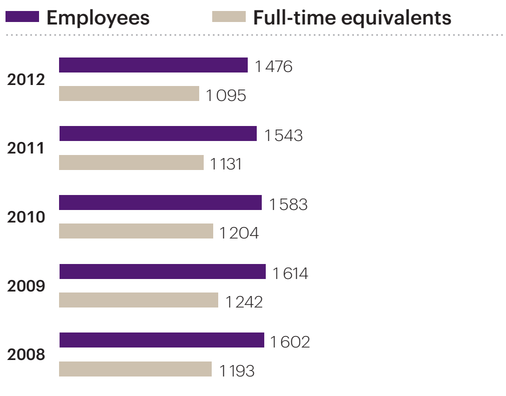
Gross sales and net sales
in CHF million

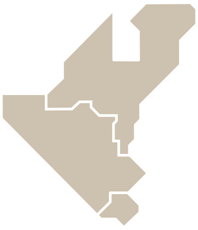


Branches



Employees and full-time equivalents
without apprentices





BENELUX REGION

Sales went up in 2012 after structural adjustments and optimization of the store portfolio. The Netherlands felt the effects of the difficult business conditions more deeply.

In the Netherlands, falling purchasing power and growing unemployment weighed on consumer sentiment in 2012. This had a particularly negative effect on the non-food retail market. The market environment was challenging in Belgium too, but here the economic pressure had less of an effect on consumer sentiment. In order to strengthen the brand image of Charles Vögele in this market as well as to increase customer loyalty, an image campaign has been launched in autumn 2012.

Business performance

In 2012 gross sales in the Benelux Region went up by 1.8% year on year, or by 4.2% after adjusting for currency movements and 7.4% after adjusting for exchange rates and floorspace. Organizational adjustments and the optimization of the store portfolio had a positive effect. While sales in Belgium went up in line with market growth, Charles Vögele suffered a decline in sales in the Netherlands as a result of the economic situation.

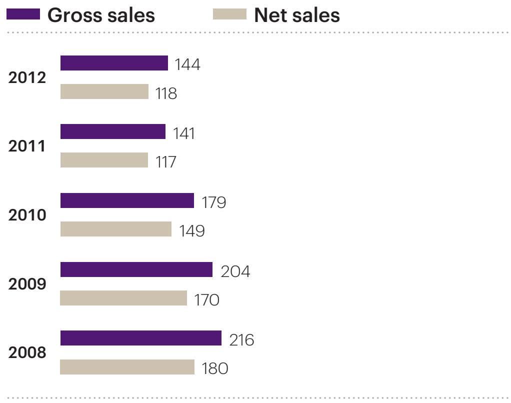
Branch portfolio

At the end of the year, there were 148 stores in the region compared to 154 in the previous year. Of these 62 were fitted out in the new store design (previous year: 47). The redesign had a significant positive effect on sales at the stores concerned.

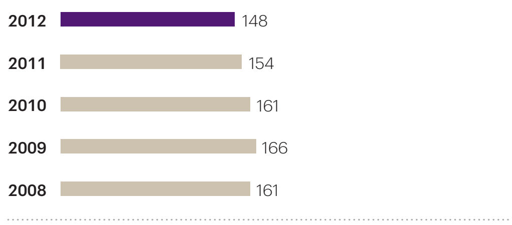
Employee numbers

In 2012, Charles Vögele employed an average of 633 employees in the Benelux Region on a FTE basis (previous year: 647). The reduction is due to continued optimization of the branch network.

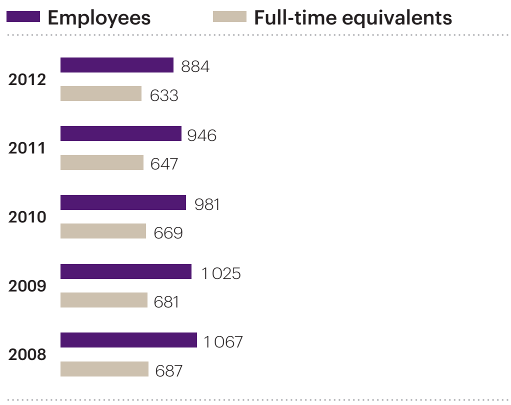
Gross sales and net sales
in CHF million



Branches



Employees and full-time equivalents
without apprentices



Stefanie Dickemann
Purchasing

Stefanie Dickemann, Buyer/sourcer

"I've always wanted to do something with fashion, so I studied textile economics. Now I can combine the creative with my flair for numbers. As a buyer, I make sure that, on one hand, the quantitative requirements of management are respected, and on the other hand, the goods are of good quality, fit and finish. This can only be achieved in close cooperation with other departments **– just like with this cardigan."**

Feminine cardigan

The threads knit together.

The purchasing department is where creativity and quality meet, and the quality assurance department monitors whether the manufacturer can produce the design ideas to the necessary standard. If not, the relevant team makes sure that deficiencies are remedied. When a sample piece satisfies all requirements, the required quantity is produced. Every part of the production chain contributes to getting the goods into stores on time.

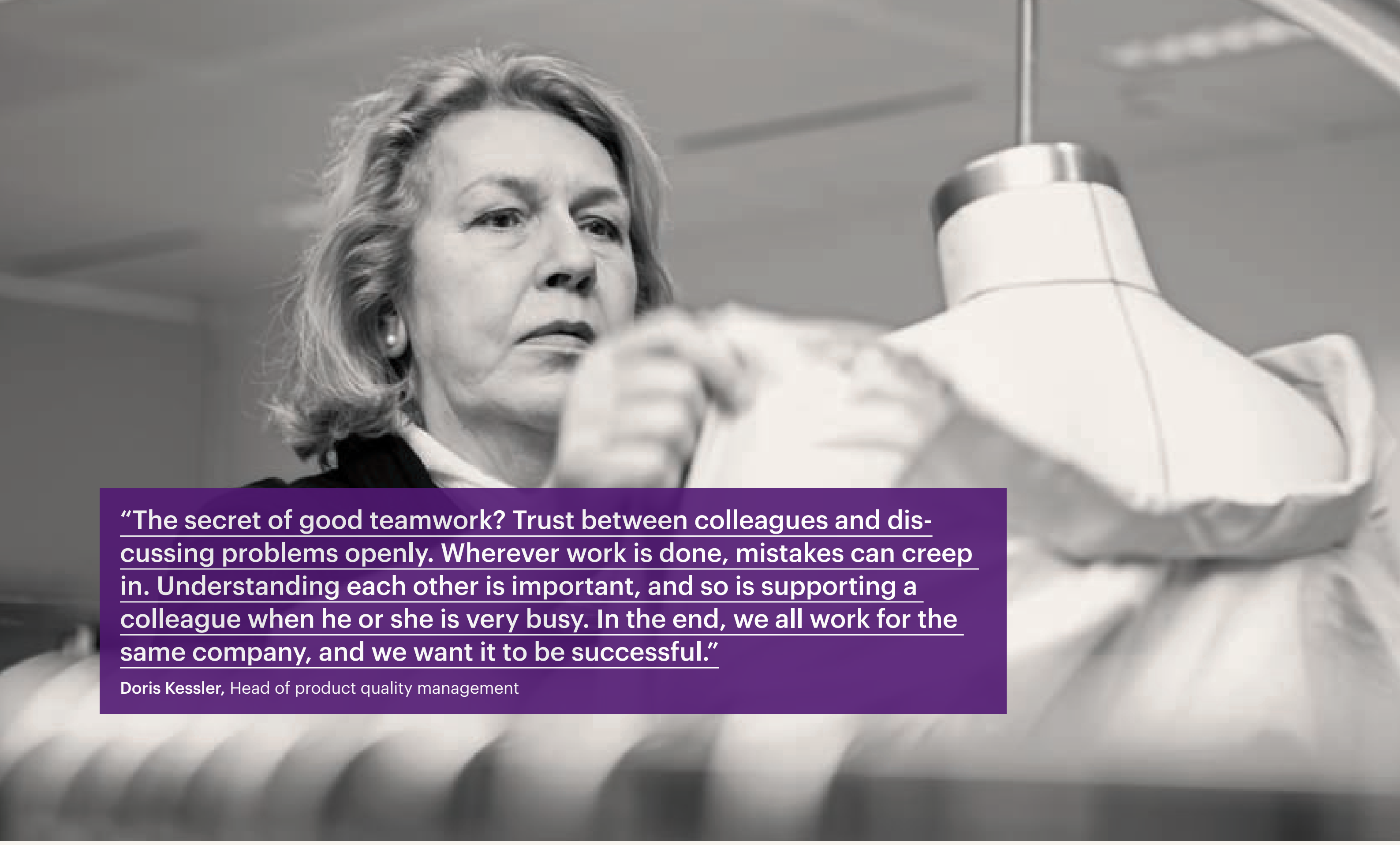
"Our long-standing relationships with suppliers in production countries mean that they know our needs very well."

Stefanie Dickemann, Buyer/sourcer

Doris Kessler
Head of product quality management

Thorsten Geiger
Merchandise manager

The technician puts the cardigan on the dummy. Doris Kessler and Stefanie Dickemann examine the sample sceptically. "There still needs to be room for a blouse underneath", remarks Doris Kessler, head of quality management. Stefanie Dickemann, purchasing manager, plucks at the shoulders and nods. "It's not right. What are the measurements?" The technician glances at her table: "44.5 cm rather than 45." "On top of that", adds Doris Kessler, "the buttons aren't fastened strongly enough."



“The secret of good teamwork? Trust between colleagues and discussing problems openly. Wherever work is done, mistakes can creep in. Understanding each other is important, and so is supporting a colleague when he or she is very busy. In the end, we all work for the same company, and we want it to be successful.”

Doris Kessler, Head of product quality management

After trying it on, Dickemann realizes that the cardigan cannot yet be produced. “It takes at least another round until Doris Kessler signs it off.” Then the buyer goes to see Thorsten Geiger. The merchandise manager determines when the piece needs to be on the shop floor, i. e. in stores. This deadline is mandatory for everyone: “The product is an advertisement”, Geiger explains. “When it is advertised, the customers want to buy it.” Geiger is what used to be known as a dispatcher. Stefanie Dickemann informs him that it could be tight. “Being given this information means that I can organize the procurement differently”, and the cardigan will be in stores on time.

“I know that we in Merchandise Management are the control centre, and our CEO knows it too. He supports us in continually improving processes and is always open to innovation. Every corporate strategy is only as good as its implementation. And that doesn’t work without us.”

Thorsten Geiger, Merchandise manager

CORPORATE SOCIAL RESPONSIBILITY

ECONOMY, ENVIRONMENT AND COMMUNITY

Charles Vögele's approach to corporate responsibility
Taking into account the needs of our key stakeholder groups, Charles Vögele has defined five topics that impact directly on sustainable business success. The following report is structured in line with these topics:

1 CUSTOMER AND PRODUCT

- Customer satisfaction
- Quality assurance

ACHIEVEMENTS IN 2012

- Further improvement in product integrity thanks to streamlining of organizational structure

AIMS FOR 2013

- Continual improvement of processes to strengthen product integrity

2 SUPPLIER MANAGEMENT

- Environmental and social standards
- BSCI-Guidelines
- Training/education
- Selecting new suppliers

ACHIEVEMENTS IN 2012

- More suppliers checked by BSCI auditors
- Constant improvement in audit results

AIMS FOR 2013

- Expand portfolio of suppliers that are BSCI or SAI certified
- Optimize processes for removing irregularities
- Efficient support for implementation and maintenance of BSCI standards

3 OUR EMPLOYEES

- Employee development
- Strengthening management
- Employee satisfaction

ACHIEVEMENTS IN 2012

- Internal training carried out
- Successful completed apprenticeships
- Group-wide employee survey completed

AIMS FOR 2013

- Internal training
- Successful apprenticeships
- Group-wide employee survey

1 Customer reponsibility and product quality

Security and health are top priorities for Charles Vögele. The Company is doing all it can to ensure that the dyes, additives, fibres and stitching it uses in products cannot cause skin irritation or other health issues. Charles Vögele requires all suppliers to follow strict guidelines with regard to their manufacturing methods, the additives they use and their compliance with local environmental protection rules. Charles Vögele also avoids using sand-blasting techniques on its denim products and does not sell items containing animal fur. Down products that have involved live plucking are banned. Charles Vögele adheres strictly to EU norms for children's clothes and men's and ladies' fashions. All items go through inline and final inspections in the country of manufacture, as well as strict incoming goods inspection when they reach Germany, Austria or Switzerland. Charles Vögele regularly carries out spot tests and has the selected items analyzed by external, independent laboratories to ensure that all regulations are adhered to and that products are always safe for customers.

2 Supplier management

Charles Vögele Group sources all of its clothes from external suppliers. Most items are commissioned directly from manufacturers in Asia and Europe, and then sold under Charles Vögele's own brand. This presents the Company with particular challenges. Charles Vögele works hard to ensure that every product, no matter where it is produced, meets high standards with regard to quality, ethics and environmental impact. It gives particular priority to compliance with social and ethical principles in its work with suppliers.

4 SOCIAL COMMITMENT

- Support for training projects in Bangladesh
- New project supporting AWD-Stiftung Kinderhilfe launched in 2013

ACHIEVEMENTS 2012

- Successful training of over 4 000 poverty-stricken people since 2005 as part of the Swisscontact project

AIMS FOR 2013

- New commitment to AWD-Stiftung Kinderhilfe launched
- As part of this commitment, Charles Vögele is supporting a project in Kyrgyzstan to improve the quality of life of children born with cleft lips, jaws and palates

5 ENVIRONMENT AND CLIMAT PROTECTION

- Environmental principles
- Sustainable operations
- Reduced energy consumption and emissions
- Increased energy efficiency
- Transport, Recycling

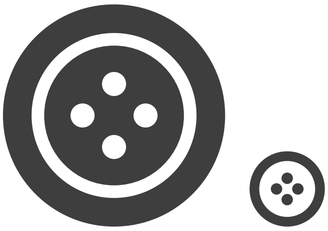
ACHIEVEMENTS 2012

- Group-wide CO_2 savings of 16 000 tonnes through greater use of renewable energy sources, energy-efficient lighting and the optimization of technical equipment (aeration, climate, lighting)

AIMS FOR 2013

- Modernize lighting system
- Improve efficiency of transport
- Further expand energy monitoring
- Intelligent controls being installed to reduce consumption by lighting, air conditioning, heating, cooling

Goods manufacture 2012



89.7 %
Asia

10.3 %
Europe

Bangladesh	41.2 %
China	17.1 %
India	9.3 %
Pakistan	1.0 %
Indonesia	2.0 %
Other countries in Asia	9.1 %

Producer countries
Goods are manufactured within the parameters of Charles Vögele's vertically organized global procurement strategy. While collection design, purchasing and logistics are all centralized at our head office in Pfäffikon (Switzerland), our complex procurement structures extend all over the world. Around 90 % of goods come from Asian countries. Consequently we have set up our own procurement offices in Hong Kong, China, Bangladesh and India. These offices function as local interfaces with Asian producers, and their responsibilities include creating transparency about our suppliers and their production structures, as well as improving procurement processes.

Member of BSCI and SAI
Charles Vögele Group has been a member of the non-governmental organization (NGO) Social Accountability International (SAI) since 2001. SAI promotes better social and working conditions within transnational companies. In 2004 Charles Vögele became one of the founding members of the Business Social Compliance Initiative (BSCI) as a mark of its greater commitment to improving compliance with social and environmental guidelines (e. g. on freedom of assembly, non-discrimination, wages, working hours) in the global supply chain. The standard BSCI Code of Conduct is now a fixed component of all Charles Vögele supplier contracts. This Code is based on numerous agreements, including the conventions of the International Labour Organization (ILO), the UN Global Compact and OECD guidelines.

The BSCI process and Charles Vögele
As a member of the BSCI, Charles Vögele is committed to implementing the BSCI system, regularly arranging audits of its own suppliers, and encouraging improvements in their performance. For all of Charles Vögele Group's suppliers, the BSCI Code of Conduct and compliance with BSCI standards are prerequisites for a working relationship. Before the audit process and self-certification begin, the suppliers and in particular the employees at production facilities are supported with specific training, which the BSCI regularly carries out on site in local languages. In addition, Charles Vögele staff at our local procurement offices are asked to give suppliers help and advice to support their efforts to implement the standards.

All our suppliers are audited according to BSCI standards by independent SAI-certified companies. To help suppliers implement the BSCI Code of Conduct, Charles Vögele pays the costs of the initial audit. If suppliers fail to meet the BSCI standards in the first audit, the auditors work with the suppliers to define corrective measures. Charles Vögele also helps suppliers as much as possible with implementing this "Corrective Action Plan" (CAP). Suppliers are then re-audited within a year at most. Charles Vögele's long-term aim is to ensure that all suppliers comply with the BSCI Code. Charles Vögele sees the achievement of qualitative, social and environmental standards as a gradual learning process, which is why it invests in the training and development of interested and committed suppliers.

Environmental criteria in the supplier selection process
The production of clothing by our suppliers has a substantial environmental impact, which is why Charles Vögele tries to promote careful use of environmental resources by its suppliers.

Value – added statement

CHF 1 000

	2012	2011
Net sales	971 833	1 016 225
Other operating income	6 928	4 343
Financial income	407	717
Group services	**979 168**	**1 021 285**
Purchased materials and services	**(742 817)**	**(773 777)**
Gross value added	**236 351**	**247 508**
Depreciation and impairment	(82 443)	(92 547)
Net value added	**153 908**	**154 961**
Distribution of net value added		
Employees	252 950	267 932
Government	1 205	656
Lenders	9 196	5 519
Shareholders (based on proposed appropriation of earnings by the Board of Directors)	–	–
Company	(109 443)	(119 146)
Total	**153 908**	**154 961**

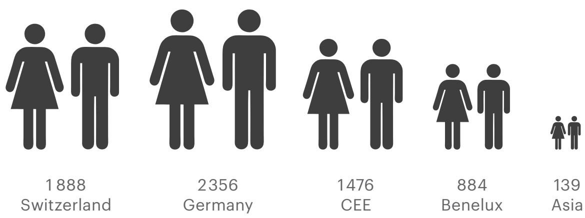
3 Our employees

Our employees' know-how and commitment are central to Charles Vögele's success.

Employee structure

At end 2012 the Charles Vögele Group had a total of 6 743 employees which equals 4 560 full-time posts. Charles Vögele has a widespread and diverse workforce. Germany and Switzerland are the biggest sales organizations, accounting for around a third each of total headcount. The remainder are split between the CEE and Benelux regions. Charles Vögele is committed to foundation training and in 2012 employed around 460 apprentices. Our employees come from almost 60 different nations, and their average age is 40. The vast majority of employees – almost 91% – are women, most of whom work in sales. We are very pleased that 77% of management positions in sales are also occupied by women.

Number of employees 2012



Total
6 743 persons

without apprentices, including 392 administration in CH and in 4 Germany

Total
4 560 full-time posts

without apprentices

Management development and promoting young talent

Charles Vögele Group has designated 2013 the "Year of Management". It views this initiative as a key investment in the future of its business. A comprehensive suite of management development measures focuses on specific managers, with the aim of improving management potential at the individual level. Other measures aim at developing management performance across the whole Company. A young talent programme is also being used to train and develop the Company's future leaders.

Employee survey

A Group-wide employee survey was conducted in 2012. This was done to support a continuous improvement process based on a strong sense of personal responsibility and cooperation. The aim and focus is to find out about employees' motivation, gauge how much they identify with Charles Vögele, and gather information about team spirit, communication and commitment. The next employee survey will be carried out in 2013, firstly to determine the progress made over the last twelve months and secondly to discover potential improvements for the next year.

4 Social commitment

Between 2005 and 2012, Charles Vögele maintained a long-term partnership with Swisscontact. Within this partnership Charles Vögele has supported various social projects since 2005 in Bangladesh, the Company's second largest supplier country. Bangladesh is one of the world's poorest countries. In the capital, Dhaka, a large portion of the population lives in slums. Women in particular have barely any access to the labour market, often because they have no education.

This is where the "Entering the world of work through training in the clothing industry" project, which Charles Vögele has supported for the last seven years, comes in. The project trains poverty-stricken people, especially women, in practical skills needed by the clothing industry. The aim of the project is to help participants find an income-generating occupation and thus create a better standard of living for themselves. 75% of those taking the course go on to find a position in the clothing industry, in sales, or with other NGOs, or set up their own businesses. Since the project began in 2005, six training centres have been supported, and well over 4 000 people from the Dhaka slums have received training.

From 2013, Charles Vögele will be supporting the AWD-Stiftung Kinderhilfe. This foundation has been supporting children in need in Switzerland and abroad since 1997. Its principle aims are to save lives, relieve sickness and improve children's quality of life. The main project run by AWD-Stiftung Kinderhilfe Switzerland is located in Kirgizstan, where the foundation has launched its own major medical project, building a treatment centre for children born with cleft lips, jaws and palates. Using the financial resources that Charles Vögele makes available for helping children, the plan is to build another medical centre in Kyrgyzstan that will offer the same kind of support. Swiss fashion model Sarina Arnold, who frequently works for Charles Vögele, is an ambassador for the foundation.

5 Environment

Charles Vögele Group is not a resource-intensive company. Nevertheless, it regards global climate change as a clear result of the current overexploitation of resources, which is why it has launched various measures to promote climate awareness in its operational activity, as well as environmentally sound products. On environmental and climate matters, the Company adheres to the following principles:

Climate-friendly operations

- We are increasingly using renewable sources of energy
- We are converting our stores to energy-efficient lighting
- We are making transportation of our goods as environmentally friendly as possible

Environmentally friendly products

- We reuse transportation materials and transit packaging as often as possible and recycle waste
- We use environmental criteria as part of our supplier selection process

Climate-aware operations

Charles Vögele is committed to climate-friendly operations, with the aim of reducing CO_2 emissions. Because the great majority of its stores are housed in rented premises, the Company has limited opportunities to influence environmental aspects when these buildings are being constructed. However, Charles Vögele does the following things to help make the operation of its business more climate friendly:

Increasingly converting to renewable electricity sources

In 2012, thanks to converting to renewable hydroelectricity mainly in Germany CO_2 savings of 11 626 tonnes were realised.

Energy efficiency 2012

Electricity
100 % renewable hydroelectricity

Savings of CO_2 11 626 tonnes

Energy-efficient lighting

Savings of CO_2 1 827 tonnes

Reducing energy consumption by using more efficient lighting

During the period under review Charles Vögele continued to refit its stores with energy-efficient lighting. This led to a saving of 1 827 tonnes of CO_2. Over the next few years the new lighting system will gradually be rolled out to our other sales organizations.

Greener transportation

Our goods are nearly always transported to Europe by boat, which is the most environmentally friendly form of transportation. External logistics partners ship the containers from various ports in South East Asia directly to one of the two European distribution centres – Hamburg (Germany) and Koper (Slovenia). From there, the goods are distributed to individual stores by rail or road. Stores generally receive deliveries at least twice a week. Deliveries to Southern European countries were reconfigured in mid-2011. Since then stores in Southern Europe have received goods directly from the port of Koper, which cuts the total sea route by a third. This also means that the overland journey of approximately 1 000 kilometres from the north (Hamburg) to the south of Europe is no longer necessary. The amended delivery strategy has led to CO_2 savings of around 20 %. Rail transport is used for local distribution of goods wherever this is possible and sensible. In large countries where long journeys are required, the use of lorries is further optimized by using the largest possible trucks to serve a greater number of stores within a local hub. Local distribution is then managed from this hub. At this local level, transport service providers are required to use vehicles with the lowest possible emissions.

Climate-friendly products

Recycling

Clothes hangers are managed in a carefully regulated cycle, with each one being returned to the distribution centres for use with new clothes. If any hangers are defective, they are removed from the cycle and granulated. The granules are used to make new hangers. The stores return paper, card and plastic wrappings to the logistics centres, where they are disposed of professionally. For goods that are displayed folded in piles, delivery is gradually being switched to reusable plastic containers, thus reducing the need for cardboard significantly. Any cardboard boxes received as part of the procurement process are flattened and sent for recycling.

Public awareness and dialogue

Charles Vögele is a member of “Agence de l’énergie pour l’economie”, which commits the Company to active reduction of CO_2 emissions and optimized energy efficiency. Through clever use of modern lighting concepts, Charles Vögele has managed to reduce its electricity consumption over the years, even though its stores’ opening hours have generally lengthened.

Erwin Feusi

Logistics

Erwin Feusi, Head of import logistics

"As long as everything goes smoothly in logistics, our department is hardly noticed. That's the best thing for the Company. The top priority for me and my colleagues in this country and internationally is that the goods ordered arrive in stores on time **– like this sporty check shirt."**


Sporty check shirt

The clothes' journey.

Keeping to deadlines in the logistics department takes the highest priority for Erwin Feusi. His daily work revolves around fast reactions and looking for creative solutions. He constantly collaborates with Merchandise Management and heads of distribution centres. It's important to keep the big picture in mind – because every piece of information is worth its weight in gold.

"Logistics is like the engine of the Company. We ensure that our goods arrive on time and keep an eye on transport costs."

Erwin Feusi, Head of import logistics

"We logisticians, planners and distributors meet every few weeks and have a round-table meeting. We look at what works well and whether there are any problems. This common search for solutions and alternatives is a very creative process and a welcome change from work done on the computer."

Angela Otte
Merchandise manager

Daniel Berner
Head regional distribution center south

On the shelf, there is a miniature Charles Vögele lorry and postcards showing views of aeroplanes and Asian cities. There's no doubt about it, logistics is in Feusi's blood. "Is everything quiet?" asks the Head of import logistics on the telephone. "Great, then we'll stick with the planned route." There are often strikes at Egypt's Port Said, so he phones the shipping company to get the latest situation. Shortly afterwards, Angela Otte drops in to his office. The Merchandise manager is waiting for a particular piece. Only when it reaches stores as planned she will achieve her sales targets. "When there are problems, we dosely work together to find solutions and alternatives."

For example, sending high-priority goods by air. Of course, this only happens when not suddenly a volcano goes crazy, "like Eyjafjallajökull". Feusi contacts Daniel Berner, Head of the South Distribution Centre in Werndorf near Graz. He has to get the delivery from the port in Slovenia and redistribute it as quickly as possible. "Keeping to deadlines is our highest priority. This is why Erwin Feusi informs us about possible incidents." Today, everything goes smoothly.

"The planning system is very complex. You have to keep the big picture in mind and constantly include everyone involved in the delivery process. For us, every piece of information is worth its weight in gold, because if something doesn't go according to plan, we've all got a problem. We stick together and make sure we can do something about it.

Angela Otte, Merchandise manager

CORPORATE GOVERNANCE

CLEAR, BINDING AND TRANSPARENT

Good corporate governance is an important component of our company policy. Charles Vögele Group is committed to transparency and a clear definition of responsibilities. It follows the Swiss Code of Best Practice for Corporate Governance, fulfilling all the statutory requirements as well as the applicable rules and standards of the SIX Swiss Exchange.

1 Group structure and shareholders

1.1 Group structure As at 31 December 2012

HOLDING

Charles Vögele Holding AG
Freienbach SZ, CH, Share capital, CHF 26 400 000

SALES ORGANIZATION

Charles Vögele Mode AG
Freienbach SZ, CH
Share capital, CHF 20 000 000

Charles Vögele Deutschland GmbH
Sigmaringen, DE
Partnership capital, EUR 15 340 000

Charles Vögele (Austria) GmbH
Kalsdorf, AT
Partnership capital, EUR 1 453 457

Charles Voegele trgovina s tekstilom d.o.o.
Ljubljana, SI
Partnership capital, EUR 667 668

Charles Vögele (Belgium) N.V.
Erembodegem (Aalst), BE
Share capital, EUR 10 063 906

Charles Vögele (Netherlands) B.V.
Utrecht, NL
Partnership capital, EUR 1 000 200

Charles Voegele Polska Sp. z o.o.
Warschau, PL
Partnership capital, PLN 4 000 000

Charles Vögele Hungária Kereskedelmi Kft.
Budapest, HU
Partnership capital, HUF 240 000 000

Charles Voegele Ceská s.r.o.
Prag, CZ
Partnership capital, CZK 30 000 000

SERVICE ORGANIZATION

Charles Vögele Trading AG
Freienbach SZ, CH
Share capital, CHF 10 000 000

Cosmos Mode AG, Pfäffikon
Freienbach SZ, CH
Share capital, CHF 100 000

Charles Vögele Import GmbH
Lehrte, DE
Partnership capital, EUR 25 000

Charles Voegele Fashion (HK) Ltd.
Hong Kong, HK
Share capital, HKD 100 000

Charles Vögele Holding AG is the holding company for all of the Group's companies.
Charles Vögele Trading AG is responsible for all Group-wide services, including purchasing, IT, marketing and communications, accounts, financial control, insurance, legal services, compliance and risk management.
Comos Mode AG, Pfäffikon, is the owner of all the Group's brands and domain names.
Charles Vögele Import GmbH handles operational functions associated with customs clearance and storage logistics.
Charles Vögele Fashion (HK) Ltd. is Charles Vögele Group's sourcing office in China. It coordinates the activities of the Group's own sourcing offices in China, India and Bangladesh.

1.2 Significant shareholders

Charles Vögele provides information about significant shareholders where disclosures are made during the year under review pursuant to art. 20 of the Federal Act on Stock Exchanges and Securities Trading. The duty to disclose shareholdings arises when people, entities or groups reach, exceed or fall below the thresholds of 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔ percent of voting rights in Charles Vögele Holding AG. For disclosures made in 2012 see note 9 of the Financial Report.

There are no shareholder agreements.

1.3 Cross shareholdings

There are no cross shareholdings between Charles Vögele Holding AG and other joint stock corporations.

2 Capital Structure

2.1 Share capital

As at 31 December 2012, the share capital of Charles Vögele Holding AG amounted to CHF 26 400 000 and was made up of 8 800 000 fully paid-up bearer shares (securities number: 693 777/ISIN code: CH000 693 777) with a par value of CHF 3.00 each.

As at 31 December 2012, Charles Vögele Holding AG held 390 502 of its own shares (31 December 2011: 395 409), which are earmarked to meet the obligations of the existing management share option plan. For detailed information on purchases and sales of shares and on the relevant opening and closing totals see note 8 of the Financial Report.

2.2 Conditional capital

The Board of Directors is authorized to increase the company's share capital by a maximum of CHF 792 000, excluding shareholders' subscription rights, through the issue of 264 000 shares with a par value of CHF 3.00 each (conditional capital, art. 5 of the Articles of Association). These shares are to be used exclusively for people entitled to participate in the management share option plan (see note 34.1 of the Financial Report). The complete latest edition of Charles Vögele Holding AG's articles of association can be viewed on the Company's website at www.charles-voegele.com at any time.

2.3 Changes in capital

See balance sheet and note 7 of notes to the financial statements of the Charles Vögele Holding AG.

2.4 Shares and participation certificates

As of 31 December 2012, the share capital of Charles Vögele Holding AG amounted to 8 800 000 fully paid-up bearer shares with a par value of CHF 3.00 each. There are no restrictions on the transfer of shares. As stipulated in art. 659a of the Swiss Code of Obligations, every share entitles the holder to receive dividends and to vote at the Annual Shareholders' Meeting. There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Restrictions on transferability and nominee registrations

There are no restrictions on transferability or nominee registrations.

2.7 Convertible bonds and options

There are no convertible bonds. The only options are those associated with the management share option plan (see note 34.1 of the Financial Report).

3 Board of Directors

3.1 Members of the Board of Directors

Hans Ziegler, 1952, Swiss
Chairman since 13 September 2011,
Term of office 2008 – 2013, first elected 2008

Business economist. Since 1997 independent management consultant with international mandates in crisis management, restructurings and repositionings. From August 2009 to May 2010 Delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG. 2000 to 2005 CFO of the Pragmatica Group. In 2003 CEO of the Erb Group. 1991 to 1995 Head of group finance, IT and group development at the Globus Group, and 1988 to 1991 CFO and CIO at the Usego-Waro Group.

Max E. Katz, 1955, Swiss
Vice Chairman since 4 April 2012,
Term of office 2012 – 2013, first elected 2012

Business graduate. Max E. Katz worked most recently as Chief Financial Officer and Member of Group Management at Kuoni Travel Holding Ltd. in Zurich from 1995 until the end of 2010. In 2008 he also served as CEO on an interim basis. He graduated from the University of Applied Sciences in Business Administration in Zurich. He started his career as a financial expert in 1981, working as Regional Controller for Jacobs Suchard AG in Zurich. From 1987 to 1991 he was Director of Finance & IT and a Member of the Executive Board of Effems AG (Mars Inc.) in Zug. From 1991 to 1995 he was Director of Finance & IT and a Member of the Executive Board of Hürlimann Holding AG in Zurich.

Dr Ulla Ertelt, 1954, German
Term of office 2012 – 2013, first elected 2012

Economics graduate. Since 1994, sole Managing Director of HML Modemarketing, a market research company in Germany that regularly collects data on the German fashion and lifestyle market. Ulla Ertelt studied economics at the Ludwig Maximilian University in Munich, the Justus-Liebig University in Giessen and the Sorbonne in Paris. She also completed her training as a fashion designer in Paris, working with Karl Lagerfeld at Chloé as part of the course. She has chaired the Deutsches Mode Institut (German Institute of Fashion) since 2005. She has acted as consultant to clients in all sectors of the lifestyle, textiles and clothing industry and along the whole clothing supply chain.

Prof. Dr Matthias Freise, 1965, German
Term of office 2012 – 2013, first elected in 2012

Industrial engineering graduate, doctorate in economics and social sciences (Dr. rer. pol.). Professor of Fashion Procurement and Retail Buying at Reutlingen University, Germany, since 2011. Matthias Freise was Vice President Group Sourcing at Charles Vögele from 2009 to 2011. Before that he worked from 1991 to 2009 in various roles at Hugo Boss. His final position at Hugo Boss was Director Operations Leisure Wear. In this role he was responsible for all operations connected to leisurewear products, from technical product development and procurement to production and delivery to customers. He was heavily involved in many strategic initiatives designed to take the Company forward.

Dirk Lessing, 1963, German
Term of office 2012 – 2013, first elected 2012

Graduate in business administration. Since September 2012 Deputy Managing Director and Chief Marketing Officer of Kaiser+Kraft EUROPA GmbH of Stuttgart, market leader for office, workshop and warehouse equipment. Previously, from 2006 to 2012, he was Managing Director of SSI Schäfer Shop GmbH in Betzdorf/Sieg, Germany, one of Europe's leading distributors of office and business equipment. His main focus was the restructuring and strategic reorientation of the Schäfer Shop mail order group. From 2003 to 2006 he worked in France as Managing Director of Neckermann France S.A.S. where he was responsible for restructuring and repositioning the company. His career also included a period as Head of Corporate Planning at Neckermann Versand AG (1994 to 1998) and various senior management roles at Karstadt Quelle AG.

Changes to the Board of Directors during the year under review
Alain Caparros, Jan C. Berger and Professor Peter Littmann did not stand for re-election at the 2012 Annual Shareholders' Meeting. Dr Ulla Ertelt, Prof. Dr Matthias Freise, Max E. Katz and Dirk Lessing were elected at the 2012 AGM.

Board of Directors and Group Management

F.l.t.r. **Hans Ziegler (Chairman of the Board of Directors), Max E. Katz, Dr Ulla Ertelt, Prof. Dr Matthias Freise, Markus Voegeli (Chief Executive Officer, ad interim) and Dirk Lessing**

None of the members of the Board of Directors, except for Hans Ziegler (helping Group Management assess strategic options) and Prof. Dr Matthias Freise (supporting Group Management on procurement matters), worked in any executive functions within the Group during the year under review or in the previous three years. Neither are there any material business links between any Board member and Charles Vögele Holding AG or Group companies.

3.2 Other activities and interests

Under the Corporate Governance Directive, the other activities and interests of the members of the Board of Directors only have to be listed if they are significant. The Company believes that the activities of the present members of the Board of Directors are basically only significant if they relate to work on management or supervisory bodies of listed Swiss or foreign companies, or unlisted and major Swiss or foreign retail companies or institutions. Otherwise, the members of the Board of Directors are not involved in any other substantial activities or interests.

Hans Ziegler
Chairman of the Board of Directors of Swisslog Holding AG since 2004; since 2008 member of the Board of Directors and from August 2009 to May 2010 Delegate of the Board of Directors and CEO of OC Oerlikon Corporation AG.

Max E. Katz
Member of the Board of Directors of VP Bank, Vaduz/Liechtenstein, since April 2012. Chairman of the Swiss Travel Agents Association, Zurich, since November 2012.

3.3 Elections and terms of office

The Board of Directors of Charles Vögele Holding AG comprised four members up to the 2012 AGM, and five members thereafter. The members are elected singly by the Annual Shareholders' Meeting for a term of office of one year, a "year in office" being defined as the period between two Annual Shareholders' Meetings. Re-election is permitted. If a member departs before the end of his or her term of office, his or her successor takes over for the remainder of the departing member's term of office. The Board of Directors designates a Chairman and a secretary, neither of whom has to be a member of the Board of Directors or a shareholder.

3.4 Internal organisation

The Board of Directors meets as often as is required by the Company's activities, but at least four times a year. Seven scheduled meetings, one of which was a two-day strategy meeting, and regular telephone conferences were held during 2012. All members of the Board attended all meetings with the exception of Alain Caparros (February meeting) and Dr Ulla Ertelt (August meeting/phoned in for part of the meeting). Depending on the agenda, the scheduled meetings lasted between four and nine hours. Members of Group Management and the Board secretary are always present at the Board meetings and telephone conferences; other employees or third parties are brought in as required.

Chairman of the Board of Directors

The Chairman of the Board of Directors is always appointed by the Board at the end of the Annual Shareholders' Meeting for a one-year term of office. He ensures that efficient processes are in place for preparing meetings, consulting, passing resolutions and implementing resolutions. He is also responsible for convening, conducting and documenting Board meetings, and sets the agenda and sequence of the meetings. The Chairman, working with the Company's other management bodies, ensures that the Board of Directors has all the information it requires to take decisions about all matters relating to the Company and to perform its role as the ultimate supervisory body. He monitors implementation of the Board's resolutions and is in regular contact with the CEO.

Vice-Chairman of the Board of Directors

The Vice Chairman of the Board of Directors is always appointed by the Board after the Annual Shareholders' Meeting for a one-year term of office. The Vice Chairman supports the Chairman of the Board of Directors and can be given specific responsibilities by the full Board.

Board of Directors' committees

The Board of Directors elects the Chairs of its standing committees from among its members. The members of the Board of Directors as a whole form the committees and their meetings are usually held within the regular meetings of the Board of Directors. Each committee Chair is responsible for preparing, documenting and conducting his committee meetings. He independently conducts work sessions as necessary, bringing in internal specialists or, with the Chairman's prior consent, external specialists. Committee Chairs have no independent decision making powers and must report to the Board as a whole.

Audit Committee

Max E. Katz (Chair since April 2012)
Hans Ziegler (Chair April 2009 – April 2012, since then member)

The Audit Committee helps the Board of Directors supervise the accounting and financial reporting systems, and monitor compliance with the law by Charles Vögele Holding AG and by the Group Companies that it directly or indirectly controls. The committee supervises internal and external auditing procedures, and monitors adherence to statutory rules and regulations. The Audit Committee monitors the content and formal correctness of external communications on all financial matters and receives a quarterly report about current legal disputes. Working meetings of the Chair of the Audit Committee, the CFO and the heads of Group Finance, Controlling, Legal, Compliance and Internal Audit are held at regular intervals with all present, as well as in the form of bilateral discussions about specific topics (e. g. Internal Audit). The auditors, other members of Group Management and other department heads are invited by the Chair of the Audit Committee as required. Four working meetings took place in 2012.

Nomination and Compensation Committee

Hans Ziegler (Chair since April 2012)
Prof. Dr. Peter Littmann (Chair April 2009 – April 2012)
Dirk Lessing (member since April 2012)

The Nomination and Compensation Committee reviews the performance of the CEO and the other members of Group Management. Together with the CEO it evaluates any new members of the most senior level of management and submits proposals accordingly to the Board of Directors. It also submits proposals to the Board of Directors about remuneration for Group Management and members of the Board of Directors. It formulates management share option plans for the Board of Directors, Group Management and other managers, and is the Group Management's point of contact for all major human resources issues in the Charles Vögele Group. The CEO and the Head of Human Resources are asked to attend as required. No separate committee meetings were held in 2012. The subjects covered by the Nomination and Compensation Committee were discussed and decided on by the full Board.

Strategy Committee

Jan C. Berger (Chair April 2009 – April 2013)

The Strategy Committee periodically reviews Charles Vögele Group's strategy and the implementation by Group Management of the Board of Directors' strategic guidelines. The Strategy Committee was disbanded in April 2012. Since then, strategic matters have once again been handled directly by the full Board.

3.5 Division of responsibilities between the Board of Directors and Group Management

The Board of Directors delegates the management and representation of the Company entirely to Group Management to the extent allowed by the law and the Articles of Association and excluding the tasks which art. 716a SCO reserves exclusively for the Board of Directors. Matters outside the normal course of business, and especially the following if they exceed the threshold sums (in brackets), must be submitted by Group Management to the Board of Directors for approval:

- changes in the Company's strategic direction, including changes to the Vögele Group's corporate identity;
- entry into or exit from major markets, areas of activity or locations;
- medium-term planning, annual budget, investment plan;
- founding, acquiring, encumbering, merging, selling, winding up and shutting down companies or parts of companies, and/or acquiring and selling stakes in companies (acquisition value > CHF 500 000);
- acquiring, mortgaging or selling land and similar property rights, as well as the associated compulsory transactions (outside budget: > CHF 1 million; within budget > CHF 2 million);
- acquisition of fixed assets and/or other capital expenditure (outside budget: > CHF 1 million; within budget > CHF 2 million);
- taking on, extending and amending long-term debt obligations (outside budget: > CHF 1 million a year; within budget > CHF 2 million a year);
- concluding, terminating or amending agreements with major shareholders (>10 % shareholding), members of Group Management or the Board of Directors or their dependents, relatives or in-laws. Approval is also required for agreements with legal entities or other associations of individuals in which the above-mentioned people have shares or financial interests; selection, hiring, and dismissal of, as well as salary arrangements for and termination agreements with, employees (gross salary > CHF 500 000), and agreements with employees that deviate substantially from Vögele's Human Resources guidelines.
- taking on long-term credit facilities and loans (incl. mortgages) or issuing bonds (> CHF 10 million each);
- guarantees, letters of comfort, collateral, deeds of release and indemnities (> CHF 500 000 each) of any type for other companies or other legal entities and private individuals (apart from Group companies);
- granting credit facilities and loans to parties outside the Group (> CHF 500 000 each);
- conducting court cases, concluding settlements or waiving Company claims (disputed amount > CHF 1 million).

3.6 Information from and control over Group Management

The Board of Directors receives a detailed monthly written report from Group Management that includes, among other items, the latest monthly figures, a financial statement up to the relevant month-end, plus further key figures relating to business activities. The Board of Directors also receives weekly sales figures for the individual sales organizations. The CEO informs the Chairman of the Board of Directors regularly in person about the current state of business and other key matters. At each Board meeting, Group Management informs the full Board of Directors about the current course of business. Group Management also makes available any additional information requested by the Board of Directors. This reporting is based on the budget approved by the Board of Directors, which is compared every month against the latest business performance. Investments are approved en masse as part of the budget process, though single investments of more than CHF 2 million must be approved by the Board of Directors on an individual basis before they are made definitively.

Group Internal Audit reports to the CFO in organizational terms, but has a direct functional link to the Audit Committee. Internal Audits reports are always discussed by the Chair of the Audit Committee and the Head of Internal Audit and then forwarded to the full Board of Directors for information and any decisions required. Group Management and the Internal Auditors periodically submit a report to the Audit Committee about the implementation of measures decided.

Internal Audit's tasks continue to include branch audits, control functions relating to stocktaking and training for new branch heads. In addition, it is also responsible for Charles Vögele Group's process controlling.

Group Management and the Management team periodically draw up a risk portfolio showing the top 30 risks faced by the Company. The identified top risks are grouped into the following categories: "strategic", "financial", "operational" and "compliance" and ranked on one hand according to their financial impact on EBITDA (small: < CHF 10 million, medium: CHF 10–20 million, high: > CHF 20 million) and on the other hand on the likelihood of actually occuring (small: < 10 %, medium: 10 %–40 %, large: > 40 %). This document forms the basis for a list of measures that Group Management proposes and the Board of Directors approves. The implementation of these measures is reviewed annually by the Board.

4 Group Management

Group Management is responsible for the operational management of the Charles Vögele Group. During the year under review, Group Management consisted of Frank Beeck (Chief Executive Officer from September 2011 to September 2012) and Markus Voegeli (Chief Financial Officer and since 1 October 2012 interim Chief Executive Officer).

4.1 Members of Group Management

Markus Voegeli

1961, since 1 October 2009 Chief Financial Officer (CFO), Swiss, degree in economics. Before becoming a freelance financial consultant, from 2004 to 2008 he was CFO of listed company Valora Group, and from 2000 until 2004 he was CFO and then CEO of the start-up company Mediservice AG. Prior to this he worked for various Swissair group companies for 13 years, including a stint as CFO of Nuance Global Traders in Australia and Asia.

Changes in Group Management

During the year under review the following changes were made within Group Management:
- Since 1 October 2012 Markus Voegeli has taken on the role of interim Chief Executive Officer in addition to his existing role as Chief Financial Officer (CFO).
- Frank Beeck was Chief Executive Officer of Charles Vögele Group from 12 September 2011 to 27 September 2012.

4.2 Other activities and interests

The members of Group Management do not conduct any major additional activities outside their areas of responsibility in corporations, institutions, or foundations organized under private or public law. Neither do they have any permanent executive or advisory functions in any major Swiss or foreign companies, interest groups, or political parties, or hold official posts or political offices.

4.3 Management contracts

There are no management contracts.

5 Management Organizational Structure

CEO

LEGAL & COMPLIANCE* | **COMMUNICATIONS** | **MARKETING** | **HUMAN RESOURCES**

CPO**	CSO**	CFO
Product Management DOB/Acc.	Sales	Finance
Product Management HOB/KIKO	CH	Controlling
Sourcing	D	Indirect Procurement
Merchandise Planning	CEE	Information & Communication Technology
	Benelux	Business Information Center
		Internal Auditing*
		Supply Chain Management

* Reports additionally to the Board of Directors
** since 1 October 2012 managed by the CEO ad interim/CFO
■ staff functions
■ line functions

6 Compensation, Shareholdings and Loans

6.1 Basic principles

The principles of Charles Vögele's salary policy are defined by the Board of Directors as a whole on the basis of preparations by the Nomination and Compensation Committee. These principles are periodically assessed against international benchmarks. Compensation is based on function, individual performance, training and experience, as well as on the Company's position and the competitive situation on the relevant local labour markets and in specific areas of expertise. Charles Vögele pays competitive industry-benchmarked remuneration in order to attract skilled and motivated employees and retain them for the long term. For management and sales functions, variable elements of compensation tied to personal targets are designed to help the company reach its strategic and financial objectives and to serve as a management tool during implementation of the reorganization. For management functions, two Company growth targets (consolidated gross profit and EBIT) are set within the parameters of a standardized group-wide process, and a personal target is defined between employee and line manager. At the end of the measurement period, the resulting bonus is calculated on the basis of the past year's results (with 33.3% allocated for each target) and paid out after approval by the Annual Shareholders' Meeting.

The share option plan in place for the Board of Directors, Group Management and Management Team since 2002 provides these senior figures with a direct financial interest in the medium-term performance of Charles Vögele shares and links the interests of managers with those of shareholders. For further details of the options plan's timetable, allocation criteria and individual parameters, please see note 34.1 Management Share Options Plan in the notes to the Group Financial Statements in the Financial Report.

No specialized legal and tax consultants were brought in during the year under review to review the salary policy or the existing remuneration programme.

6.2 Decision-making powers

The Board of Directors defines the basic compensation of its members and of Group Management, as well as the variable performance-related component for Group

Management, at its discretion and in accordance with the principles set out under 6.1 above. Payment of variable remuneration to the Group Management is in cash following approval of the annual financial statements by the Annual Shareholders' Meeting. The allocation of options to the Board of Directors, Group Management and the Management Team is decided once a year by the Board of Directors at its discretion.

6.3 Compensation for the Board of Directors
The members of the Board of Directors are paid a basic annual amount in cash, plus their expenses (lump-sum for the Swiss-based members, reimbursement of actual expenses for the foreign-based members), as well as an allocation of options as part of the existing share option scheme.

A member of the Board may, if the Board as a whole approves, perform additional services for the Company which are compensated at a rate of EUR 3 000/ CHF 3 500 per day. Such additional services were performed during the year under review by Dr Ulla Ertelt and Prof. Dr Matthias Freise (for details of compensation paid to Members of the Board of Directors, see note 38 of the Financial Report, Consolidated Financial Statements).

6.4 Compensation for Group Management
In line with Charles Vögele Group's salary policy, remuneration for members of Group Management consists of a fixed basic salary with a guaranteed bonus, and a variable performance-related portion, as well as benefits in kind and additional benefits (in particular, a Company car). Options are allocated according to the established rules. For details of compensation paid to members of Group Management, see note 38 of the Financial Report, consolidated financial statements. The Chair of the Nomination and Remuneration Committee regularly reviews the remuneration paid to Group Management and recommends adjustments as required to the Board of Directors. The CEO can make requests with regard to the remuneration paid to other members of Group Management. The amount of fixed remuneration that the Board of Directors defines at its discretion for members of Group Management is based on the market value of the position, on the responsibilities and actual scope of activity attached to the function, and on individual performance. The variable component is based on the corporate goals defined each year by the Board of Directors, which serve as reference points for all managers.

6.5 Changes in control and defensive measures
There are no provisions, either in the Articles of Association or in other agreements or plans, concerning any change of control or defence mechanisms to prevent one. In the interests of good corporate governance, employment contracts with members of Group Management do not include unusually long notice periods or termination payments.

6.6 Compensation to former members of the Board of Directors or Group Management
The member of Group Management who left the Company during the year under review received the contractually agreed salary payment, but no severance payment, additional services or benefits. The departing members of the Board of Directors did not receive any severance payments, additional services or benefits.

6.7 Loans and credit facilities
During the year under review, the Company did not grant any collateral, loans, advances or credit facilities to former or current members of the Board of Directors or Group Management, or to related persons.

7 Shareholders' Participation Rights

7.1 Voting rights: restrictions and representation
The Company's articles of association contain no restrictions on voting rights and comply with the law with regard to proxy voting.

7.2 Statutory quorums
The Annual Shareholders' Meeting passes resolutions and conducts votes, unless mandatory statutory regulations dictate otherwise, by an absolute majority of the shareholders' votes legally represented and validly cast, excluding spoilt votes and regardless of the number of shareholders present and the number of votes they represent. Each share entitles the holder to one vote at the Annual Shareholders' Meeting.

7.3 Calling the Annual Shareholders' Meeting
The Annual Shareholders' Meeting takes place no later than six months after the end of each company financial year. It is called by the Board of Directors. Shareholders are invited to the meeting by an invitation published in due time in the daily and financial media and the Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt).

7.4 Inclusion of items on the agenda
Shareholders who represent at least 0.5% of the share capital can make a request no later than 45 days prior to the day of the meeting for items to be added to the agenda. The request has to be made in writing and state the motion that is to be put to the vote. One or more shareholders who between them represent at least 10% of the share capital can call an Extraordinary Shareholders' Meeting between annual meetings.

7.5 Entry in the share register
The share capital of Charles Vögele Holding AG consists exclusively of bearer shares, so no there is no share register.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor
The auditor for the Charles Vögele Group and Charles Vögele Holding AG has been PricewaterhouseCoopers AG (PwC) since April 2003. It was confirmed as auditor for another year at the Annual Shareholders' Meeting of 4 April 2012. Since 14 April 2010, the audit mandate has been managed by Sandra Böhm, partner at PwC, Zurich.

8.2 Auditing fees
The auditor of Charles Vögele Holding AG is paid a fee of CHF 0.6 million (same as in previous year) for the audit and audit-related services. The audit contract is for one year, and Charles Vögele Holding AG's auditor must be chosen by the Annual Shareholders' Meeting.

8.3 Additional fees
The Charles Vögele Group's auditor also billed a total of CHF 0.4 million (2011: CHF 0.1 million) for additional tax consultancy services.

8.4 Supervisory and control instruments for the auditors
The external auditor carries out the statutory audit of Charles Vögele Holding AG and the individual companies, and also audits Charles Vögele Group's consolidated accounts under IFRS. The external auditor does all this through an interdisciplinary team with international IFRS expertise and knowledge of the retail sector. Audit results for the individual companies and the Group are discussed twice a year with Group Management and the managements of the individual companies, as well as with the Chair of the Audit Committee. A comprehensive report is prepared for Charles Vögele Holding AG and for the Group in accordance with art. 728b, para. 1 of the Swiss Code of Obligations and submitted to the full Board of Directors. This contains the main points from the audit reports. In addition, recommendations are made to the Shareholders' Meeting to adopt the annual financial statements and the consolidated financial statements.

In addition to the audit of the annual financial statements the external auditor analyzes the strategic audit plan and examines internal processes. Points arising from these reviews are distributed in the form of a management letter to Group Management and the Chair of the Audit Committee and discussed in a meeting. Where necessary, the external auditor may make recommendations or propose possible new audit requirements on the basis of these reviews. Each year, the Chair of the Audit Committee assesses the performance, fees and independence of the auditor and suggests to the full Board of Directors which external auditor should be proposed to the Annual Shareholders' Meeting for election. Each year the Chair of the Audit Committee also assesses the scope of external auditing, the audit plans and the relevant processes and discusses the results of the audit with the external auditors.

According to the statutory provisions, the external audit company's lead auditor must be rotated at least every seven years.

9 Information Policy

The Charles Vögele Group follows a transparent and open communications policy and is bound by the rules on ad hoc publicity. Shareholders are regularly and continually kept informed by the following means:

- Annual Report in German and English. This is published in accordance with statutory provisions no later than 20 days prior to the Annual Shareholders' Meeting, and is held at the Company's registered offices.
- Half-year report in German and English. This is usually published in August each year.
- Media and analysts' conference to present the annual results, usually in March; there is also a conference on the interim results, normally in August.
- Ad-hoc media releases as necessary.
- Publication of detailed information about the Company are found on the corporate homepage under the section investor relations: http://ch.charles-voegele.ch/en/investor-relations/publications/CharlesVoegele.Press/year/2012
- Subscription service for interested parties is found on the corporate homepage under the section media: http://ch.charles-voegele.ch/en/media/news/subscriptions

An overview of contact addresses and the relevant dates for shareholder information can be found on the last page of the Financial Report.

10 Significant Events since 31 December 2012

For significant events after 31 December 2012 see note 40 of the Financial Report.

Alexandra Dürler

Sales

Alexandra Dürler, Store manager

"Ideally, I like to be at the front of the store with the customers. That's the biggest challenge and therefore the most exciting. So that customers want to shop with us in the first place, everything has to be perfectly organized and staged **– like with this windproof jacket."**

Windproof jacket

Bringing out the best.

Alexandra Dürler knows all about Charles Vögele, as she completed her apprenticeship here. Today she is a Store manager, and her everyday work involves finding a balance between meeting targets, staff requirements and ideas and the needs of customers. Thanks to the exchange with visuals and sales managers, Alexandra Dürler can work with her team proactively.

Hands out, across the torso of the jacket, then back. Alexandra Dürler is happy. The new boy's jacket has arrived. Evelyne Hengartner stands next to her. The long-standing customer consultant knows every process like the back of her hand. Both women take a last glance at the manual. It demonstrates how the dummy should look. "That's it", Dürler says. Evelyne Hengartner agrees: "Yes, white t-shirt, lime-green shirt, and the blue jacket over the top. Nice." While Hengartner studies the details of the piece, Dürler looks around her store once more. Shortly afterwards Agnes Weiske walks in. She is the Regional visual merchandiser and is responsible for stores displaying their products according to set guidelines. "This out-

Agnes Weiske
Regional visual merchandiser

Ivan Ongaro
Regional sales manager

"If a colleague has an idea for a better product placement, I'm happy to try it out. We have a lot of freedom."

Alexandra Dürler, Store manager

Evelyne Hengartner
Customer consultant

“Luckily, we have a lot of opportunities to make creative contributions. That’s something that is encouraged, which is why we have a lot of discussions and try out new solutions – only after consulting with management, of course. But they are also happy to receive good ideas.”

sider’s view is very important for the store manager”, Weiske explains. “Sometimes, we lose the important details in the big picture.”

Along with her visual and aesthetic awareness, Weiske provides the expertise needed to dress every piece in the best possible way. And, to do this, she relies on the feedback from stores: “The store manager knows his or her customers best.” Dürler says: “This is exactly why, every time we have a store check, I explain to Agnes Weiske why I have chosen the presentation of a particular product.” The hard facts are the responsibility of Ivan Ongaro. Regional sales managers monitor the stores allocated to them – along with the store managers. Ongaro: “It always comes down to teamwork. We are just as reliant on them as they are on us. We can only continually improve if we work together.” Dürler and Ongaro then go through the store together and examine everything in detail.

It’s an inspiring exchange between professionals. Later, they analyze the sales and turnover figures. “It’s intensive collaboration”, Dürler says, “but I enjoy it because I can get involved.”

“Even when we regional sales managers have to implement company guidelines, we remain receptive to local situations. Through close collaboration with store managers, we have the opportunity to dress every store in the best possible way. And that will lead to success.”

Ivan Ongaro, Regional sales manager

FINANCIAL REPORT

CONTENT

From 1 January to 31 December

CONSOLIDATED INCOME STATEMENT

CHF 1 000	Note	2012	2011
Net sales		**971 833**	**1 016 225**
Cost of goods	19.1	(370 055)	(391 268)
Personnel expenses	6	(252 950)	(267 932)
Rental expenses	7	(195 770)	(198 813)
Advertising and promotion expenses	8	(80 997)	(86 633)
General operating expenses	9	(95 656)	(96 811)
Other operating income	10	6 589	4 091
Operating earnings before depreciation and impairment (EBITDA)		**(17 006)**	**(21 141)**
In % of net sales		(1.7 %)	(2.1 %)
Depreciation and impairment	11, 20.1	(82 443)	(92 547)
Operating earnings (EBIT)		**(99 449)**	**(113 688)**
In % of net sales		(10.2 %)	(11.2 %)
Financial income	12	407	717
Financial expenses	13	(10 162)	(4 183)
Exchange gains/(losses), net	14	966	(1 336)
Loss before income tax		**(108 238)**	**(118 490)**
In % of net sales		(11.1 %)	(11.7 %)
Income tax expenses	15	(1 205)	(656)
Net loss of the year		**(109 443)**	**(119 146)**
In % of net sales		(11.3 %)	(11.7 %)
Basic earnings per share	**16**	**(13.03)**	**(14.23)**
Diluted earnings per share	**16**	**(13.03)**	**(14.23)**

The notes on pages 08 to 53 are an integral part of these consolidated financial statements.

From 1 January to 31 December

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF 1 000	2012	2011
Net loss	**(109 443)**	**(119 146)**
Currency translation differences of foreign subsidiaries	(3 302)	(5 680)
Change of fair value of cash flow hedges after taxes	(9 774)	9 863
Total other comprehensive income	**(13 076)**	**4 183**
Total comprehensive income	**(122 519)**	**(114 963)**

The notes on pages 08 to 53 are an integral part of these consolidated financial statements.

At 31 December

CONSOLIDATED BALANCE SHEET

CHF 1 000	Note	31.12.2012	31.12.2011 [1]
Assets			
Current assets			
Cash and cash equivalents	17	87 009	109 553
Receivables, advance payments and prepaid expenses	18	17 805	19 242
Derivative financial instruments	23	0	9 252
Inventories	2.3, 19	183 606	231 465
Total current assets		**288 420**	**369 512**
Long-term assets			
Property, plant and equipment	20	273 969	340 846
Financial assets	21	115	115
Intangible assets	22	43 121	45 195
Deferred tax assets	15	6 146	5 567
Total long-term assets		**323 351**	**391 723**
Total assets		**611 771**	**761 235**
Liabilities and shareholders' equity			
Current liabilities			
Short-term financial liabilities	24, 26, 28, 29	4 798	227 650
Trade payables	2.3	61 482	56 964
Derivative financial instruments	30	2 904	524
Other liabilities and accruals	25	67 402	62 226
Short-term tax liabilities		4 859	1 588
Short-term provisions	27	5 374	1 310
Total current liabilities		**146 819**	**350 262**
Long-term liabilities			
Long-term lease liabilities	26	10 922	15 842
Long-term provisions	27	6 477	6 581
Deferred tax liabilities	15	26 599	32 603
Loans	29	186 556	–
Total non current liabilities		**230 554**	**55 026**
Shareholders' equity			
Share capital	31	26 400	26 400
Treasury shares	32	(15 377)	(23 454)
Other reserves		173 789	173 789
Retained earnings		49 586	179 212
Total shareholders' equity		**234 398**	**355 947**
Total liabilities and shareholders' equity		**611 771**	**761 235**

The notes on pages 08 to 53 are an integral part of these consolidated financial statements.

[1] Restatement see note 2.3.

From 1 January to 31 December

CONSOLIDATED STATEMENT OF CASH FLOWS

CHF 1000	Note	2012	2011
Net profit/(loss) for the year		**(109 443)**	**(119 146)**
Adjustments:			
– Tax expenses	15	1 205	656
– Net financial expenses	12, 13, 14	8 788	4 803
– Depreciation and impairment	11	82 443	92 547
– Profit on disposal of assets		(196)	(12)
– Other non-cash expenses		877	1 104
Change in long-term provisions		4 005	(7 254)
Change in inventories	2.3	43 988	(82 279)
Change in net working capital	2.3	5 895	19 063
Financial income received		1 999	717
Financial expenses paid		(12 400)	(5 995)
Taxes paid		1 385	(12 279)
Cash flow from operating activities		**28 546**	**(108 075)**
Investments in intangible assets	22.1	(1 545)	(2 799)
Disposals of intangible assets	22.1	–	27
Investments in property, plant and equipment	20.1	(12 314)	(46 462)
Disposals of property, plant and equipment		281	143
Net cash provided/(used) by investing activities		**(13 578)**	**(49 091)**
Proceeds from loans	24, 29	160 000	130 000
Repayment of loans	24, 29	(100 000)	(597)
Repayment of finance lease liabilities		(2 206)	(2 118)
Purchase of treasury shares	32	–	(1 276)
Disposals of treasury shares	32	93	2 635
Proceeds from mortgages	28	–	50 000
Repayment of mortgages	28	(95 500)	(36 000)
Distribution to shareholders	33	–	(4 182)
Net cash provided/(used) by financing activities		**(37 613)**	**138 462**
Net increase/(decrease) in cash and cash equivalents		**(22 645)**	**(18 704)**
Cash and cash equivalents at the beginning of the period	**17**	**109 553**	**129 529**
Effect of exchange rate changes		101	(1 272)
Net increase/(decrease) in cash and cash equivalents		(22 645)	(18 704)
Cash and cash equivalents at the end of the period	**17**	**87 009**	**109 553**

The notes on pages 08 to 53 are an integral part of these consolidated financial statements.

From 1 January to 31 December

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF 1 000		Share capital	Treasury shares	Share premium reserve	Retained earnings	Currency translation differences	Valuation financial instruments	Valuation share option plan	Total
Balance at 1 Jan. 2011	**31**	**30 800**	**(30 268)**	**173 789**	**348 876**	**(54 106)**	**(2 747)**	**6 285**	**472 629**
Comprehensive income		–	–	–	(119 146)	(5 680)	9 863	–	(114 963)
Value of granted options	34	–	–	–	–	–	–	1 104	1 104
Value of exercised/ expired options	34	–	–	–	1 977	–	–	(1 977)	–
Disposals of treasury shares	32	–	7 872	–	(5 237)	–	–	–	2 635
Purchase of treasury shares	32	–	(1 276)	–	–	–	–	–	(1 276)
Par value reduction	33	(4 400)	218	–	–	–	–	–	(4 182)
Balance at 31 Dec. 2011	**31**	**26 400**	**(23 454)**	**173 789**	**226 470**	**(59 786)**	**7 116**	**5 412**	**355 947**

CHF 1 000		Share capital	Treasury shares	Share premium reserve	Retained earnings	Currency translation differences	Valuation financial instruments	Valuation share option plan	Total
Balance at 1 Jan. 2012	**31**	**26 400**	**(23 454)**	**173 789**	**226 470**	**(59 786)**	**7 116**	**5 412**	**355 947**
Comprehensive income		–	–	–	(109 443)	(3 302)	(9 774)	–	(122 519)
Value of granted options	34	–	–	–	–	–	–	877	877
Value of exercised/ expired options	34	–	–	–	2 210	–	–	(2 210)	–
Disposals of treasury shares	32	–	8 077	–	(7 984)	–	–	–	93
Purchase of treasury shares	32	–	–	–	–	–	–	–	–
Par value reduction	33	–	–	–	–	–	–	–	–
Balance at 31 Dec. 2012	**31**	**26 400**	**(15 377)**	**173 789**	**111 253**	**(63 088)**	**(2 658)**	**4 079**	**234 398**

The retained earnings in the balance sheet of TCHF 49 586 (previous year: TCHF 179 212) contain the above-mentioned retained earnings, currency translation differences, valuation financial instruments and share option plan.

The notes on pages 08 to 53 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, Liechtenstein, Germany, the Netherlands, Belgium, Austria, Slovenia, Poland, Hungary and the Czech Republic.

Charles Vögele Holding AG is a corporation that is domiciled in Freienbach SZ, Switzerland, and listed on the SIX Swiss Exchange.

2 Summary of significant accounting policies

2.1 Preparation of the financial statements

The consolidated financial statements in this report are based on the individual 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) on the basis of historical cost convention, except derivative financial instruments which are recorded at fair value. Note 4 explains the most important accounting assumptions and estimates.

2.2 Changes in accounting policies

New IFRS standards and interpretations

The following new IFRS standards, changes to existing standards and interpretations of existing standards, valid since 1 January 2012, have been applied but do not have a material effect on these annual financial statements:

IFRS 1 First-time adoption of International Financial Reporting Standards
IFRS 7 Financial instruments: disclosures
IAS 12 Income taxes

The Group refrained from any permitted early adoption of new standards.

Changes to IFRS standards valid for future reporting periods

The Charles Vögele Group has assessed the potential impact of new standards and interpretations which have to be applied from financial year 2013 on or later. IFRS 9 needs to be adopted by 1 January 2015 and will change the classification and measurement of financial instruments and hedging requirements. IAS 19 (amendment) needs to be adopted by 1 January 2013. The discontinuation of the corridor method will have a significant influence on the consolidated financial statements. According to IAS 19 (amendment) all actuarial gains and losses are recognised immediately in the balance sheet. This means that a liability of TCHF 7 500 would have to be shown in the consolidated financial statements, reducing shareholders' equity by the same amount.

It will also lead to an additional cost of around TCHF 1 200 in the income statement (mainly because of the loss of interest income on assets) compared with the 2012 financial year. The cost to report as at 31 December 2012 (under IAS 19) is TCHF 237, which is recognized through the income statement.

The following additional new standards also come into force on 1 January 2013:

– IFRS 10 Consolidated financial statements. According to this standard, a company must consolidate an entity once it gains control of it. An entity comes under control when the investing company is exposed to or has rights over variable returns as a result of its investment, as well as the ability to affect these returns through its power over the entity.

– IFRS 11 Joint arrangements. According to this standard, the company must report joint arrangements either as a joint operation, where the assets, liabilities, income and costs are accounted for in proportion to each party's stake, or as a joint venture, which is accounted for using the equity method.

– IFRS 12 Disclosure of interests in other entities. This standard governs disclosure obligations for group companies, associated companies, joint ventures, structured companies and non-consolidated structured companies.

– IFRS 13 Fair value measurement. This standard introduces a fair value hierarchy and other reporting obligations, and states that the fair value of liabilities must be based on the assumption that the liability is transferred to another party ("exit price"). In addition, it is no longer necessary to use bid and offer prices for financial assets and liabilities with an active market.

Charles Vögele Group has come to the conclusion that the introduction of these new standards on 1 January 2013 will not have a material influence on the consolidated financial statements.

2.3 Restatement of the prior-year balance sheet owing to an error

Changes to the procurement process meant that not enough goods in transit were accounted for on 31 December 2011. As a result, the figures given under the "Inventories" position on the assets side of the balance sheet, and the "Trade payables" position on the liabilities side were both TCHF 19 491 too low. The change has no effect on the opening balance sheet as at 1 January 2011, so no opening balance sheet as at 1 January 2011 is provided. Consequently, this error was corrected retrospectively in the 2011 balance sheet. The correction has an effect on the cash flow statement (change in "inventories" and "net working capital"), but no influence on the reported operating earnings and group result, so no adjustment has been made to the statement of changes in equity or the group's earnings per share.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of Charles Vögele Holding AG and its Swiss and international Group companies.

The Capital consolidation is performed using the purchase method in accordance with the new valuation method, meaning that the acquisition cost of investments due for consolidation is set off against their proportionate operating equity capital at the time of acquisition.

Assets and liabilities as well as the expenses and income of the companies which Charles Vögele Holding AG controls directly or indirectly, and in which it has a voting interest exceeding 50%, are included in full in the consolidated financial statements. The non controlling interest of shareholders in net assets and net income is disclosed separately in the consolidated balance sheet and income statement. The Charles Vögele Group does not have any non-controlling interests.

The Charles Vögele Group does not have any associated companies (non controlling interest with voting rights of 20–50%).

Intercompany receivables and payables, income and expenses between companies included in the consolidation, and intercompany profits within the Group are eliminated.

The companies included in the scope of consolidation are listed in note 41.

2.5 Scope of consolidation

There were no changes in the scope of consolidation in the 2012 financial year as in 2011.

2.6 Segment reporting

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.

Segment reporting matches the internal reporting to the Board of Directors and Group Management (CODM), it covers the four segments Switzerland, Germany, Benelux and CEE (Austria, Slovenia, Poland, Hungary, Czech Republic).

2.7 Foreign currency translation

The consolidated financial statements are prepared in Swiss franc. For the individual Group companies, the respective local currency is the functional currency.

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the date of the transaction. Gains and losses that result from foreign currency transactions, or from the translation at the year-end rate of monetary assets and liabilities denominated in foreign currencies, are recorded in the income statement.

On consolidation, all assets and liabilities in balance sheets prepared in foreign currencies are translated into the Group's reporting currency using year-end exchange rates. Income and expenses recorded in income statements prepared in foreign currencies are translated into the Group's reporting currency at average exchange rates for the year. Exchange differences arising from those translations are allocated directly to retained earnings in the balance sheet. Foreign currency differences arising from the valuation of long-term loans with equity character between Group companies are – like net investments in a foreign operating company – recorded under equity, with no effect on the income statement, provided the subsidiary is included in the scope of consolidation.

When a Group company is sold, the currency translation differences booked to equity are offset against the net sales proceeds and charged to the income statement.

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

2012	**ISO code**	**Unit**	**Balance sheet**	**Income statement**
Euro	EUR	1	1.21	1.21
Hong Kong	HKD	1	0.12	0.12
China	CNY	1	0.15	0.15
USA	USD	1	0.92	0.94
Hungary	HUF	100	0.41	0.42
Poland	PLN	100	29.53	28.80
Czech Republic	CZK	100	4.81	4.80

2011	ISO code	Unit	Balance sheet	Income statement
Euro	EUR	1	1.22	1.23
Hong Kong	HKD	1	0.12	0.11
China	CNY	1	0.15	0.14
USA	USD	1	0.94	0.89
Hungary	HUF	100	0.39	0.44
Poland	PLN	100	27.52	29.87
Czech Republic	CZK	100	4.73	5.02

2.8 Net sales and revenue recognition

Net sales include all revenues from the sale of goods and commission business, less discounts, sales tax and deductions including credit card commissions and other price discounts. Earnings are recorded at the cash desk when the goods are handed over to customers.

Customer loyalty programme

Award credits granted in connection with the customer loyalty programme are recognized as reductions in sales at the time granted. Discount vouchers that have not yet been redeemed are shown on the balance sheet as liabilities.

2.9 Cost of goods

The cost of goods sold includes the purchase price less discounts for products sold in the current period, transport costs, inventory differences, changes in value adjustments on inventory and the cost of conditioning new goods. This item includes no personnel costs.

2.10 Employee pension plans

Within the Charles Vögele Group there are various defined benefit and defined contribution pension plans based on the regulations of the different countries concerned.

For defined benefit pension plans the coverage surplus or deficit recorded in the balance sheet is equivalent to the present value of defined benefit obligations (DBO) on the balance sheet date less the fair value of plan assets, adjusted for unrecorded actuarial gains and losses and for unrecognized past service costs. The DBO is calculated at least every three years by an independent actuary using the projected unit credit method. Actuarial gains and losses as well as alterations to asset limits are booked to the income statement over the employees' remaining average employment period as long as they exceed 10% of the value of plan assets or 10% of benefit-related liabilities (the higher of the two values is decisive). If there is a surplus, the future economic benefit of this surplus is assessed and if required capitalized and value adjusted in further periods.

For defined contribution plans, the Group pays contributions to a public or private pension insurance scheme either on the basis of a legal or contractual obligation, or voluntarily. The Group has no further payment obligations beyond the payment of these contributions. Contributions are recorded under personnel expenses when they fall due.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash held at stores and cash balances from current business activity with original maturities of less than three months. Cash held on sight at banks is managed through a Group-wide cash-pooling system. Foreign currency positions are valued at the exchange rate at 31 December.

2.12 Receivables and advance payments

Charles Vögele Group normally does not carry customer receivables since the vast majority of sales to customers are cash sales. Receivables and advance payments are recognized initially at fair value (normally the nominal value) less necessary value adjustments. A value adjustment is made when it becomes probable that the receivable cannot be collected. Receivables are usually derecognized in full if the creditor is subject to insolvency or bankruptcy proceedings.

2.13 Inventories

Inventories are valued at the lower of cost or net realizable value. Purchase costs include the actual purchase price plus transport and other procurement costs, less discounts received, and are defined on the basis of the average cost method. The net realizable value is the estimated sales revenue that can be achieved in normal business, less the necessary cost to sell. An inventory valuation system is used to take into account the ageing structure of the inventory. Purchases of goods in foreign currencies are converted at the exchange rate on the date of the transaction or at the hedged exchange rate of the goods purchased.

2.14 Derivative financial instruments and hedge accounting

Derivatives are initially recognized at fair value on the date of purchase and subsequently re-measured at their fair value. With the exception of derivative financial instruments which meet the requirements of a cash flow hedge, all adjustments are recognized in financial income or expense.

In order to recognize a transaction as a hedge, the Charles Vögele Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, including the risk management strategy and an assessment of effectiveness.

The Charles Vögele Group uses hedge accounting for cash flow hedges which are classified as highly effective, for which the effect can be measured reliably and for which future cash flows have a high probability to occur.

The effective portion of changes in the fair value of the hedging instrument, designated as a cash flow hedge, is recognized in equity. The ineffective portion of the change in value is recognized in the income statement.

The amounts shown under shareholders' equity are charged to the income statement in the period in which the underlying transaction is also booked, except in the case of non-monetary assets in the initial valuation on purchase costs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the underlying transaction is ultimately recognized in the income statement. When a forecast transaction is no longer expected to occur, the cumulative recorded gain or loss in equity is immediately transferred to the income statement.

2.15 Property, plant and equipment

Land and buildings

Land and buildings include properties in Switzerland that are used mainly as stores, as well as distribution centres in Switzerland, Germany and Austria. Land and buildings are recognized at acquisition cost less accumulated depreciation for buildings and any impairments (see note 2.18). This valuation is periodically checked on its recoverability by an independent external expert. Buildings are depreciated on a straight-line basis over a period of 40 years. Buildings in leasehold are depreciated over the lease-hold period up to a maximum of 40 years. Land is not depreciated.

Equipment

Equipment includes store fittings, technical warehouse equipment, computer hardware, office fixtures and fittings and other tangible assets used in operations. They are capitalized if the company derives a future economic benefit associated with them. Valuation is at acquisition cost less accumulated depreciation and impairments if necessary (see note 2.18). The depreciation is carried out using the straight-line method and is normally based on their estimated useful life within a range of 5 to 15 years.

2.16 Financial instruments (assets)

All purchases and sales of financial assets are recognized on the day the Group commits to the purchase or sale. Financial assets that are not recorded in the income statement at fair value are recognized on purchase at fair value plus transaction costs. Financial assets that are recorded in the income statement at fair value are initially recognized at fair value, which is usually equivalent to the purchase price, and transaction costs are charged to the income statement. Financial assets are derecognized as soon as the rights to cash flows from the asset expire or are transferred and the Group has assigned all the material risks and benefits associated with ownership thereof.

Financial assets are divided into the following four categories. The choice of category depends on the purpose for which the financial asset was acquired.

Financial assets at fair value through profit or loss

This category includes derivative financial instruments that are not designated to hedge accounting. Any changes in value are recognized in the income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with determinable payments that are not quoted on an active market. They are shown under current assets provided their maturity is not more than twelve months after the balance sheet date. Otherwise they are shown as long-term assets. In the Group balance sheet, the position "Receivables, advance payments and prepaid expenses" (see note 18) is recorded under this category. Loans and receivables are recognized at amortized cost.

Financial assets held to maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that Charles Vögele Group has the positive intention and ability to hold to maturity. Charles Vögele Group did not hold any assets in this category in the 2012 and 2011 financial years.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that have been assigned to this category or that have not been assigned to any of the other categories. They are carried as long-term assets unless there is a plan to sell them within twelve months of the balance sheet date. The investments shown for 2012 and 2011 are recorded under this category (see note 21).

2.17 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition of a company or of business activities in the form of net assets over the fair value of the Group's share of the net identifiable assets of the acquired company or business activities at the date of acquisition. Any possible acquisition costs will be recognized directly in profit or loss. Goodwill is tested annually for impairment (see note 22.2).

Other intangible assets

Other intangible assets include IT software, trademarks and licenses. They are capitalized if the company derives a future economic benefit from them, and if their historical purchase costs can be valued reliably.

Other intangible assets have a defined useful life and are carried at cost less accumulated depreciation and any impairments (see note 2.18). IT software is depreciated using the straight-line method over five years; licenses and trademarks are depreciated over their estimated useful life.

2.18 Impairment of assets

All capitalized assets are reviewed annually for indications that the carrying amount may not be recoverable. When there is evidence of impairment, an impairment test is carried out. An impairment test is also carried out on goodwill positions even if there is no evidence of impairment (see note 2.17). This test identifies the recoverable amount; if this is less than the carrying amount, an impairment cost equivalent to the difference between the carrying amount and the recoverable amount is charged to the income statement as an impairment cost.

Recoverable amount

The recoverable amount is the higher of the value in use and the fair value less costs to sell.

Value in use

The value in use is the present value of estimated future cash flow that can be expected from the continued use of the asset and from its disposal at the end of its useful life.

Fair value less cost to sell

The fair value less costs to sell is the amount for which an asset can be sold in a transaction under normal market conditions between knowledgeable and willing contracting parties, less cost to sell.

2.19 Deferred taxes

Deferred taxes, which are calculated using the liability method, are used for all temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the IFRS financial statements. Deferred taxes are determined using tax rates (and tax laws) that apply on the balance sheet date, or that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets from loss carry-forwards are recognized to the extent that it is probable that a taxable profit will be available in the foreseeable future against which the temporary differences can be utilized.

Deferred tax liabilities arising from temporary differences relating to investments in subsidiaries are applied, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

2.20 Trade payables

Trade payables are valued at the foreign exchange rate as of 31 December.

2.21 Financial liabilities

Financial liabilities include short-term financial liabilities, liabilities from finance leases, mortgages and loans. They are recognized initially at fair value, net of transaction costs incurred. They are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as financial income or expense in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities are classified as short-term liabilities as long as the contractual term is less than twelve months and the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.22 Provisions

Provisions are recognized in the balance sheet when a present legal or constructive obligation based on an event which has occurred in the past, when it is likely that an outflow of resources will occur if the liability is met, and when the amount of the liability can be assessed reliably.

If interest represents a significant part of the expected expenses, the provisions are recognized on a discounted value basis.

2.23 Leasing

Finance leasing

Leasing objects that are financed over the estimated useful life of the asset, and where ownership is transferred to the Group after expiry of the usually non-cancelable contract, are shown as finance leases and under tangible assets (see note 20.2). Acquisition costs are depreciated using the straight-line method over the useful life whichever is shorter. The liabilities are recorded on the balance sheet at discounted present value. All other leasing commitments are classified as operating leasing.

Operating leasing

Operating leasing includes leases where all risks and rewards associated with ownership of the asset rest with an independent third party. Operating lease payments are charged to the income statement.

2.24 Treasury shares

The costs of treasury shares of Charles Vögele Holding AG purchased by any Group company are deducted from the Group's shareholders' equity (see "Treasury shares" under the consolidated statement of changes in Group equity) until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, the difference between the proceeds and the original purchase price is included in equity with no effect on the income statement.

2.25 Valuation of share option plan

The Group operates an equity-settled, share-based compensation plan (see note 34). The fair value of issued options is recognized proportionally over the vesting period under personnel expenses in the income statement and under shareholders' equity. Fair value is assessed using the "Enhanced American Model" (EA Model), which is in line with generally accepted valuation methods for determining share option prices and which takes into account all the factors and assumptions that reasonable contracting market participants would consider when setting prices. When options are exercised or expire, the fair value originally booked to shareholders' equity is charged against retained earnings.

3 Financial risk management

Charles Vögele Group is exposed to various financial risks, including market risks (currency and interest rate risks), credit risks and liquidity risks. Charles Vögele Group's general risk management is focused on the unpredictability of developments on the financial market and its aim is to reduce the potential negative impact on financial results. The tools that the Group uses to do this include derivative financial instruments.

Financial risk management is carried out by the Treasury Department. The Treasurer identifies, values and hedges the financial risks within the given guidelines.

3.1 Currency risks

Charles Vögele Group's main currency exposures are to the USD and EUR. The USD risk is limited to the purchase of goods since only purchases and no sales are made in USD. In order to reduce this risk the Group enters into forward foreign exchange contracts and currency swaps. These cover almost 100% of USD requirements based on planned purchases of goods for the spring/summer and autumn/winter seasons. The EUR and other foreign currencies are consolidated at Group level, continuously monitored and hedged where necessary.

Subsequent sensitivity analyses show the material foreign currency risks to which Charles Vögele Group is exposed on the balance sheet date, as well as the implications for the consolidated result and shareholders' equity.

CHF 1 000	EUR/CHF	USD/CHF	HUF/CHF	PLN/CHF	CZK/CHF
2012 in income statement					
Total group foreign currency exposures at 31 December	169 822	(2 328)	(738)	17 592	3 741
Average between annual high and low exchange rate compared to balance sheet rate	1.0 %	6.0 %	7.0 %	6.0 %	4.0 %
Effect on group earnings at increasing foreign currency rate	**1 698**	**(140)**	**(52)**	**1 056**	**150**
Effect on group earnings at declining foreign currency rate	**(1 698)**	**140**	**52**	**(1 056)**	**(150)**

CHF 1 000	EUR/CHF	USD/CHF	HUF/CHF	PLN/CHF	CZK/CHF
2011 in income statement					
Total group foreign currency exposures at 31 December	209 678	(2 195)	(1 635)	12 514	2 445
Average between annual high and low exchange rate compared to balance sheet rate	13.0 %	14.0 %	15.0 %	16.0 %	12.0 %
Effect on group earnings at increasing foreign currency rate	**27 258**	**(307)**	**(245)**	**2 002**	**293**
Effect on group earnings at declining foreign currency rate	**(27 258)**	**307**	**245**	**(2 002)**	**(293)**

CHF 1 000	EUR/CHF	USD/CHF
2012 in equity		
Derivative financial instruments as cash flow hedges	–	108 698
Average between annual high and low exchange rate compared to balance sheet rate	1.0 %	6.0 %
Effect at increasing foreign currency rate	**–**	**6 522**
Effect at declining foreign currency rate	**–**	**(6 522)**

CHF 1 000	EUR/CHF	USD/CHF
2011 in equity		
Derivative financial instruments as cash flow hedges	(25 728)	112 291
Average between annual high and low exchange rate compared to balance sheet rate	13.0 %	14.0 %
Effect at increasing foreign currency rate	**(3 345)**	**15 721**
Effect at declining foreign currency rate	**3 345**	**(15 721)**

3.2 Interest risks

Charles Vögele Group has no significant interest-bearing assets, so changes in market interest rates have little effect on earnings or operating cash flows.

Charles Vögele Group's interest rate risk stems mainly from its bank loans, mortgages and leasing liabilities. Long-term interest-bearing financial liabilities with variable interest rates expose the Group to a cash flow interest risk, while fixed-rate liabilities represent a fair value interest risk. The mortgages, leasing liabilities and loans are mainly fixed-rate liabilities. Outstanding loans at the end of the year are not representative of the year as a whole. The company's funding requirements increase at the start of a selling season as products are purchased, and then decline proportionally towards the end of the season (1 March and 1 September respectively) as the products are sold. At the end of the year, due to the renewal of the syndicated credit agreement, the financial liabilities with variable interest rates were exceptionally high. Based on the low interest rate level modified rates would neither have a significant impact on the income statement nor the statement of changes in equity.

3.3 Credit risks

Credit risks can arise from the following balance sheet positions: cash and cash equivalents, receivables and advance payments and financial assets. Charles Vögele Group is not exposed to any material credit risk since the vast majority of sales to customers are settled in cash or by the major debit and credit cards. Processing and payment is carried out through local financial services providers within two or three days. Any risks arising from cash and cash equivalents are further minimized by the use of a variety of local financial services providers rather than a single banking institution.

Risks can arise from cash at the stores and in transporting these cash takings to the financial institutions. Cash holdings (takings, change) in the stores are kept in safes and kept to a minimum through regular or as-needed transfers of the cash takings. The risk of theft by own personnel or third-parties is reduced by an effective internal control system. Cash holdings in the safes are insured to an appropriate level against theft and acts of God, and are replaced if lost. When choosing firms to transport money and valuables, Charles Vögele Group's selection criteria are based on quality, transparency, security and comprehensive insurance protection.

Receivables from tax refunds (value added tax) are secured by regularly verifying that declarations are formally correct and by submitting the necessary declarations on time. Prepayments to suppliers and other claims are checked regularly and any identified credit risk is taken into account through a value adjustment (see note 2.12).

3.4 Liquidity risks

Subject to seasonal fluctuations in monthly revenues and the financing of goods purchases, cash flow varies greatly across the financial year. A continuously up-dated liquidity plan is in place to manage these liquidity risks. This plan is based on the annual budgeted figures for sales, costs and investments.

On the balance sheet date, Charles Vögele Group had the following liquidity reserves:

CHF 1 000	**31.12.2012**	31.12.2011
Net cash and cash equivalents at the end of the period	87 009	109 553
Syndicated credit line agreement	255 000	250 000
./. Credit lines used	(190 000)	(130 000)
Additional credit lines	3 019	6 080
./. Credit lines used	–	–
Total cash reserves and unused credit lines	**155 028**	**235 633**

The following future cash outflows (including interest) are expected from the financial liabilities shown at the balance sheet date:

CHF 1 000	< 1 year	1 – 5 years	> 5 years	Total
Short-term loans (see note 24)	–	–	–	–
Trade payables	61 482	–	–	61 482
Other liabilities and accruals (excl. vouchers)	50 765	–	–	50 765
Finance lease liabilities, gross	5 323	7 524	4 960	17 807
Mortgages (see note 28)	–	–	–	–
Long-term loans (see note 29)	6 230	200 885	–	207 115
Total at 31 December 2012	**123 800**	**208 409**	**4 960**	**337 169**

CHF 1 000	< 1 year	1 – 5 years	> 5 years	Total
Short-term loans (see note 24)	130 143	–	–	130 143
Trade payables	56 964	–	–	56 964
Other liabilities and accruals (excl. vouchers)	41 008	–	–	41 008
Finance lease liabilities, gross	2 971	11 381	6 715	21 067
Mortgages (see note 28)	95 820	–	–	95 820
Long-term loans	–	–	–	–
Total at 31 December 2011	**326 906**	**11 381**	**6 715**	**345 002**

The following future cash outflows are expected from the forward currency contracts outstanding at the balance sheet date:

CHF 1 000	< 1 year	1 – 5 years	> 5 years	Total
Derivative financial instruments (gross) at 31 December 2012				
Potential cash-outflows in various currencies				
– For liabilities from derivative financial instruments	(136 921)	–	–	(136 921)
Potential cash-inflows in various currencies				
– On assets for derivative financial instruments	139 825	–	–	139 825

CHF 1 000	< 1 year	1 – 5 years	> 5 years	Total
Derivative financial instruments (gross) at 31 December 2011				
Potential cash-outflows in various currencies				
– For liabilities from derivative financial instruments	(291 421)	–	–	(291 421)
Potential cash-inflows in various currencies				
– On assets for derivative financial instruments	282 693	–	–	282 693

All forward exchange transactions are due, and have an impact on liquidity and the income statement, within eight months of the balance sheet date.

Assuming constant exchange rates, cash inflows of TCHF 139 825 (2011: TCHF 282 693) would be set against cash outflows of TCHF 136 921 (2011: TCHF 291 421), giving a negative replacement value of TCHF 2 904 (2011: positive TCHF 8 728).

3.5 Capital risks

The primary aim of capital management is to ensure that Charles Vögele Group can continue to operate sustainably and so meet the needs of its various stakeholders over the long term. The Company's capital structure takes appropriate account of the business risks inherent in the Group's business model.

In order to achieve these objectives, Charles Vögele Group can adjust its dividend payments, capital refunds to shareholders, issue new shares, take out loans with financial institutions, pay such loans back ahead of schedule, place financing on the capital market or sell assets in order to reduce debts.

Charles Vögele Group monitors its capital structure on the basis of net debt and net cash respectively. This key figure itself is calculated as the sum of short- and long-term loans from financial institutions, mortgages and lease liabilities, less cash and cash equivalents.

At the balance sheet date, the key figures were as follows:

CHF 1 000	**31.12.2012**	31.12.2011
Short-term financial liabilities	4 798	227 650
Finance lease liabilities	10 922	15 842
Mortgages	–	–
Loans	186 556	–
Cash and cash equivalents	(87 009)	(109 553)
(Net cash)/net debt	**115 267**	**133 939**
EBITDA	(17 006)	(21 141)
(Net cash)/net debt/EBITDA (factor)	**(6.78)**	**(6.34)**
Shareholders' equity	234 398	355 947
(Net cash)/net debt/shareholders' equity (factor)	**0.49**	**0.38**

3.6 Determining fair value

The publicly quoted market price on the balance sheet date is used to determine the fair value of financial instruments that are traded on an active market (level 1).

If no quotations from an active market are available for financial instruments, their fair value is determined using valuation methods or models, though the underlying assumptions must wherever possible be based on observable market prices or other market quotations (level 2).

For financial instruments whose fair value cannot be determined directly from an active market or indirectly using valuation methods or models, valuation methods that give the most realistic possible valuation must be used (level 3).

The following overview shows the financial instruments valued at fair value on the balance sheet date:

CHF 1 000	Level 1	Level 2	Level 3	Total
Derivative financial instruments in assets	–	–	–	–
Derivative financial instruments in liabilities	–	2 904	–	2 904

Short-term financial receivables and liabilities are recognized at nominal value less any value adjustments. Owing to the short-term maturities involved, this is roughly equivalent to the fair value.

4 Critical accounting estimates and assumptions

When preparing the consolidated financial statements, estimates and assumptions have to be made which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

These estimates and assumptions are continuously reviewed. Estimates have to be revised when the circumstances on which they were based change, or if new information or additional findings are available. Such changes are made in the reporting period in which the estimate were revised.

The estimates and assumptions that have a significant risk of causing a material adjustment amounts of assets and liabilities within the next financial year are discussed below.

4.1 Goodwill

Following the redefinition of segments (IFRS 8) the goodwill previously managed at Group level was divided up, with the individual components allocated to cash-generating units in Switzerland, Germany and Austria (part of the CEE segment) in 2009. However, the functional currency for all components remained the Swiss franc because the transactions occurred before the amendment of IAS 21 (1 January 2005).

In accordance with the accounting and valuation methods stated in notes 2.17 and 2.18, the Group tests annually whether the goodwill carried in the balance sheet has suffered an impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are based on assumptions about the expected free cash flows, the discount rate (WACC) and the long-term growth rate (see note 22.2).

4.2 Income tax

In order to determine the assets and liabilities from current and deferred income taxes, estimates have to be made because there are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Some of these estimates are based on interpretation of existing tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will influence the income tax and deferred tax provisions in the period in which such determination is made (see note 15).

4.3 Legal cases

Charles Vögele Group is involved in a number of legal cases. It sets up provisions for ongoing and pending lawsuits if independent experts are of the opinion that a financial risk is probable and the amount at risk can be estimated reliably (see note 27). The estimated risk connected with these pending lawsuits is covered in full.

4.4 Inventories

At the balance sheet date, estimations have to be made for the valuation of inventories. Beside the existing inventory valuation system, which takes into account the ageing structure of the inventory, the net realizable value is estimated. The estimations are considering planned sales promotions and are based on the most reliable evidence available to estimate the net realizable amount (see notes 2.13 and 19.1).

5 Segment information

CHF 1 000	Switzerland		Germany	
	2012	2011	**2012**	2011
Gross sales	374 187	405 052	371 212	388 774
Net sales	340 675	362 949	304 273	317 929
Segment profit (EBITDA)	36 216	30 349	(12 074)	(17 382)
EBITDA in % of net sales	10.6 %	8.4 %	(4.0 %)	(5.5 %)
Depreciation and impairment [3]	(20 469)	(22 228)	(14 079)	(22 591)
Segment profit (EBIT)	15 747	8 121	(26 153)	(39 973)
EBIT in % of net sales	4.6 %	2.2 %	(8.6 %)	(12.6 %)
	31.12.2012	31.12.2011	**31.12.2012**	31.12.2011
Net inventories	53 456	63 824	54 577	60 555

CHF 1 000	Benelux		CEE [1]		Group	
	2012	2011	**2012**	2011	**2012**	2011
Gross sales	143 829	141 288	259 315	272 078	1 148 543	1 207 192
Net sales	117 507	116 848	209 378	218 499	971 833	1 016 225
Segment profit (EBITDA)	(20 518)	(16 883)	(20 630)	(17 225)	(17 006)	(21 141)
EBITDA in % of net sales	(17.5 %)	(14.4 %)	(9.9 %)	(7.9 %)	(1.7 %)	(2.1 %)
Depreciation and impairment [3]	(26 419)	(7 234)	(21 476)	(40 494)	(82 443)	(92 547)
Segment profit (EBIT)	(46 937)	(24 117)	(42 106)	(57 719)	(99 449)	(113 688)
EBIT in % of net sales	(39.9 %)	(20.6 %)	(20.1 %)	(26.4 %)	(10.2 %)	(11.2 %)
Net financial income	–	–	–	–	(8 789)	(4 802)
Profit before income tax	–	–	–	–	(108 238)	(118 490)
Tax expenses	–	–	–	–	(1 205)	(656)
Net profit	–	–	–	–	(109 443)	(119 146)
	31.12.2012	31.12.2011	**31.12.2012**	31.12.2011	**31.12.2012**	31.12.2011
Net inventories	22 315	24 679	38 598	35 312	168 946	184 370
Goods in transit	–	–	–	–	38 869	44 431
Centralized inventory	–	–	–	–	15 553	38 928
Group eliminations	–	–	–	–	(40 043)	(36 533)
Total Group inventories, net [2]	–	–	–	–	183 325	231 196

[1] CEE: Austria, Slovenia, Poland, Hungary, Czech Republic.
[2] Difference to the balance sheet value of TCHF 281 (2011: TCHF 269) is related to heating oil.
[3] In the financial year impairment losses of CHF 20.2 million were posted in the segment Benelux and for CEE CHF 11.8 million (see note 20.1). In the previous year depreciation and impairment includes the goodwill impairment in the segments German CHF 6.5 million and CEE CHF 29.7 million (see note 22.2).

5.1 Entity-wide information

The group is domiciled in Switzerland. The net sales in Switzerland and all foreign countries are disclosed on the previous page. Austria, part of the segment CEE, realized net sales of CHF 153.9 million in 2012 (previous year: CHF 161.9 million).

The total of non-current assets other than financial instruments, deferred tax and intangible fixed assets located in Switzerland is CHF 179.7 million (previous year: CHF 196.6 million), and the total of such non-current assets located in other countries is CHF 94.3 million (previous year: CHF 144.5 million).

6 Personnel expenses

CHF 1 000	2012	2011
Wages and salaries	208 884	220 008
Social security costs	35 081	36 288
Other personnel expenses	8 985	11 636
Total	**252 950**	**267 932**

6.1 Defined contribution retirement plans

The Dutch Group company has an independent industry pension plan. As there is no reliable basis for allocating the plan's assets to the individual participating companies, this plan is treated in these financial statements as a defined contribution plan.

The cost of pension liabilities charged through personnel expenses in Belgium and the Netherlands amounted to CHF 1.4 million in 2012 and CHF 1.7 million in 2011.

6.2 Defined benefit retirement plans

All Swiss Group companies have legally separate pension schemes with an independent external provider. According to local law these are defined contribution plans, but under IFRS they are treated as defined benefit plans. A revaluation was carried out at 31 December 2012.

The insurance provider was changed and the retirement plan amended on 1 January 2013; the costs relating to these changes are shown in the income statement. The plan adjustment cost comes to TCHF 773. Because pensioners are also being transferred to the new retirement plan, they are recognized as at 31 December 2012.

The actuarial valuations are based on the following weighted average assumptions:

	2012	2011
Discount rate	1.8 %	2.3 %
Expected return on plan assets	3.8 %	3.8 %
Expected future salary increases	1.0 %	1.0 %
Expected future pension increases	0.5 %	0.5 %
Actuarial base	BVG 2010 GT	BVG 2010 GT
Average retirement age in years	M65/F64	M65/F64
Life expectancy at assumed retirement age in years	M21/F25	M21/F25

The pension liabilities and plan assets are as follows:

CHF 1 000	2012	2011
Present value of funded obligation (DBO), at 1 January	**(91 412)**	**(90 835)**
Service cost	(8 978)	(8 686)
Plan adjustment costs	(773)	–
Interest cost	(2 149)	(2 627)
Benefits paid	10 877	7 970
Consideration retirees	(10 374)	–
Actuarial gain/(loss) on obligations	(664)	2 766
Present value of funded obligation (DBO), at 31 December	**(103 473)**	**(91 412)**
Fair value of plan assets, at 1 January	**80 447**	**79 895**
Expected return on plan assets	3 171	3 226
Employees' contributions	3 878	3 891
Employer's contributions	4 842	4 888
Benefits paid	(10 877)	(7 970)
Consideration retirees	10 374	–
Actuarial gain/(loss) on plan assets	2 584	(3 483)
Fair value of plan assets, at 31 December	**94 419**	**80 447**

The expenses recognized in the income statement that result from the actuarial calculation of the liabilities of defined benefit retirement plans are as follows:

CHF 1 000	2012	2011
Service cost	8 978	8 686
Plan adjustment costs	773	–
Interest cost	2 149	2 627
Expected return on plan assets	(3 171)	(3 226)
Amortization of actuarial losses/(gains)	228	692
Increase/(decrease) of the unrecognised surplus	–	–
Net periodic pension cost	**8 957**	**8 779**
Employees' contributions	(3 878)	(3 891)
Expenses recognized in the income statement	**5 079**	**4 888**

Premiums owed are actuarially calculated and are based on prevailing conditions.

The net assets/liabilities shown in the balance sheet for defined benefit retirement plans are as follows:

CHF 1 000	**31.12.2012**	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Present value of funded obligations (DBO)	(103 473)	(91 412)	(90 835)	(89 628)	(95 774)
Fair value of plan assets	94 419	80 447	79 895	80 588	82 439
Over-/(under-)coverage	**(9 054)**	**(10 965)**	**(10 940)**	**(9 040)**	**(13 335)**
Not capitalized portion of the over-coverage	–	–	–	–	–
Not recognized actuarial (gains)/losses	8 817	10 965	10 940	8 783	13 335
Net asset/(liability) in balance sheet, at 31 December	**(237)**	**–**	**–**	**(257)**	**–**
Experience & assumptions adjustments on plan liabilities	(664)	2 766	(1 514)	–	(420)
Experience-based-adjustments on plan assets	2 584	(3 483)	(836)	4 016	(13 739)
Total actuarial gains/(losses)	**1 920**	**(717)**	**(2 350)**	**4 016**	**(14 159)**

Movements in the net assets/liabilities shown in the balance sheet for defined benefit retirement plans are as follows:

CHF 1 000	**2012**	2011
Net asset/(liability) in balance sheet, at 1 January	–	–
Expense recognized in the profit and loss statement	(5 079)	(4 888)
Employer's contributions	4 842	4 888
Net asset/(liability) in balance sheet, at 31 December	**(237)**	**–**

The asset allocation for pension assets is as follows:

	2012	2011
Cash [1]	67.7 %	8.1 %
Bonds	0.0 %	44.5 %
Equities	6.7 %	22.1 %
Property	0.0 %	11.1 %
Reinsurer (pensions)	25.6 %	14.2 %
Total	**100.0 %**	**100.0 %**

[1] Due to the change of the insurance provider

The effective return on assets was CHF 5.7 million (2011: loss on assets of CHF 0.3 million). The expected employer payments for the 2013 financial year are estimated at CHF 4.9 million.

The pension liability of the German Group company is governed by national regulations and is a defined benefit scheme. No additional calculation based on IFRS accounting principles of provisions for future liabilities are made, because in the context of the consolidated financial statements the liabilities relate to an immateriel group of 14 employees (2011: 14 employees). No contributions from the Group company were booked in 2012 as well as 2011.

7 Rental expenses

CHF 1 000	2012	2011
Rent	149 030	149 641
Incidental expenses, cleaning, maintenance	46 740	49 172
Total	**195 770**	**198 813**

The CHF 3 million decline in rental expenses is mainly due to currency influences and optimizations in the ancillary costs associated with the store portfolio.

8 Advertising and promotion expenses

Advertising and promotion expenses include costs for product-oriented advertising, sales promotions, public relations and market research by external providers. The CHF 5.6 million decrease compared to 2011 is due to optimised marketing activities and currency-exchange effects.

9 General operating expenses

This item includes branch transportation, logistics costs and general administrative expense. It also includes operational leasing costs amounting to CHF 2.9 million (2011: CHF 3.3 million). Operational leasing mainly involves vehicles.

10 Other operating income

CHF 1 000	2012	2011
Operating real estate income, net	5 581	2 838
Redemption compensation less costs for store closings	432	555
Insurance payments	–	615
Energy cost refunds of previous years	23	130
Other income	553	(47)
Total	**6 589**	**4 091**

11 Depreciation and impairment

CHF 1 000	**2012**	2011
Depreciation	49 751	54 356
Impairment losses mainly for store fixtures and fittings (see notes 20.1)	32 692	2 000
Impairment loss on goodwill (see notes 22.1/22.2)	–	36 191
Total	**82 443**	**92 547**

12 Financial income

CHF 1 000	**2012**	2011
Interest income	403	713
Interest income from securities	4	4
Total	**407**	**717**

13 Financial expenses

CHF 1 000	**2012**	2011
Interest expenses on current accounts and loans (see notes 29)	8 325	549
Interest charges on mortgages	842	2 461
Interest on leases	995	1 173
Total	**10 162**	**4 183**

14 Foreign exchange differences

CHF 1 000	**2012**	2011
(Expense)/income from foreign exchange contracts	358	(193)
Other exchange gains/(losses)	608	(1 143)
Total (expense)/income from exchange gains/(losses)	**966**	**(1 336)**

15 Income tax

15.1 Composition of income tax expense

CHF 1 000	2012	2011
Current income taxes	6 520	1 436
Change in deferred income taxes	(4 289)	279
Income tax from previous years	(1 026)	(1 059)
Total income tax expense	**1 205**	**656**

15.2 Analysis of tax expense

CHF 1 000	2012	2011
Profit before income taxes	(108 238)	(118 490)
Taxes on current profit calculated on the expected group tax rate of 22 % (2011: 18 %)	(23 812)	(21 328)
Reconciliation: – Effect of profits and losses with different tax rates	(9 062)	(9 988)
– Effect of non-taxable amortisation of goodwill	–	6 514
– Adjustments of deferred taxes from previous years	241	99
– Effect of deferred tax assets not capitalized	34 659	26 245
– Effect of other non-taxable transactions	205	173
– Taxes payable (refunds) from previous years	(1 026)	(1 059)
Total tax expense	**1 205**	**656**

The above table shows the transition from expected tax expense to reported tax expense. The expected Group tax rate is calculated from a normalized expected profit structure for all Group companies. The increase of the expected Group tax rate results mainly from the improved taxable profits under local law. The pronounced difference in the year under review between reported and expected tax expense is due primarily to the non-capitalization of deferred tax assets of CHF 34.7 million from Group companies posting losses (see note 15.5). The reported tax expense results mainly from profit making subsidiaries.

15.3 Deferred taxes in the balance sheet

CHF 1 000	31.12.2012 Assets	31.12.2012 Liabilities	31.12.2011 Assets	31.12.2011 Liabilities
Deferred taxes from:				
– Various receivables	–	–	–	–
– Inventories	6 096	(7 620)	5 539	(9 078)
– Goodwill	8 455	–	10 529	–
– Other long-term assets	50	(11 232)	349	(12 935)
– Real estate	–	(8 046)	–	(8 226)
– Derivative financial instruments	–	(1)	–	(1 309)
– Intercompany loans	1 928	–	1 941	–
– Accruals	171	–	172	–
– Provisions	1 199	–	1 207	–
– Treasury shares	–	(1 557)	–	(2 512)
– Loss carry-forwards	152 673	–	129 513	–
Total deferred taxes, gross	**170 572**	**(28 456)**	**149 250**	**(34 060)**
Impairment of deferred tax assets	(162 569)	–	(142 226)	–
Total deferred taxes	**8 003**	**(28 456)**	**7 024**	**(34 060)**
Offset of assets and liabilities	(1 857)	1 857	(1 457)	1 457
Total deferred taxes, net	**6 146**	**(26 599)**	**5 567**	**(32 603)**

The deferred tax assets on goodwill shown in the table relate to acquisitions of business activities (in the form of net assets) in Germany and the Netherlands. This goodwill was already completely amortized or written off in previous years under IFRS. Goodwill amortization is accepted under tax rules.

15.4 Change in deferred taxes, net

CHF 1 000	2012	2011
Total deferred tax assets/(liabilities), net, at 1 January	**(27 037)**	**(25 343)**
Recognized in income statement: – Change in tax rates from previous years	(241)	(99)
– Adjustments of deferred taxes from previous years	–	–
– Impairment of capitalized tax loss carry-forwards	–	–
– Changes in temporary differences	4 530	(180)
Recognized in other comprehensive income (OCI): – Changes in deferred taxes on valuation of financial instruments (see note 36.1)	1 725	(1 741)
Effect of exchange rates	570	326
Total deferred tax assets/(liabilities), net, at 31 December	**(20 453)**	**(27 037)**

The calculation of deferred taxes is based on future (if known) national tax rates.

15.5 Tax-relevant loss carry-forwards

CHF 1 000	31.12.2012	31.12.2011
Expiring in the next year	15 248	18 779
Expiring in the next 2 till 5 years	55 052	52 500
Expiring in 5 to 9 years	92 011	62 286
Available without limitation	416 956	350 102
Total tax loss carry-forwards	**579 267**	**483 667**
Calculated potential tax assets thereof	152 673	129 513
Valuation allowances	(152 673)	(129 513)
Net tax asset from loss carry-forwards	–	–

The table above shows the tax-relevant loss carry-forwards, which are capitalized if sufficient taxable profit is likely to be generated in the foreseeable future.

The new deferred tax assets from tax loss carry-forwards arising in the 2012 and 2011 financial years were not capitalized again as it is not certain that they can be used in the foreseeable future.

16 Earnings per share

		2012	2011
Net income	CHF 1 000	(109 443)	(119 146)
Weighted average number of shares	number	8 401 375	8 373 707
Adjustment for potentially dilutive share options	number	593	10 503
Weighted average number of shares for diluted earnings per share	number	8 401 968	8 384 210
Basic earnings per share	**CHF**	**(13.03)**	**(14.23)**
Diluted earnings per share	**CHF**	**(13.03)**	**(14.23)**

17 Cash and cash equivalents

CHF 1 000	31.12.2012	31.12.2011
Petty cash, postal account balances and cash at banks	87 009	109 553
Total cash and cash equivalents recognized in the balance sheet	**87 009**	**109 553**

The average interest rate on postal account balances and cash at banks, which have maturities of less than three months, was 0.25 % (2011: 0.45 %).

18 Receivables, advance payments and prepaid expenses

CHF 1 000	31.12.2012	31.12.2011
Receivables:		
– Tax refunds (value added tax)	3 473	454
– Income taxes	1 669	5 276
– Other receivables	6 337	6 592
– Credit card sales	3 656	4 070
– Sales E-Commerce	502	507
– Reclaimable withholding taxes	18	28
Total receivables, gross	**15 655**	**16 927**
Value adjustments	(539)	(399)
Total receivables, net	**15 116**	**16 528**
Advance payments and prepaid expenses	**2 689**	**2 714**
Total receivables, advance payments and prepaid expenses	**17 805**	**19 242**

18.1 Value adjustments on receivables

CHF 1 000	2012	2011
Balance at 1 January	**(399)**	**(532)**
Payments	–	8
(Increase)/release of impairments	(140)	124
Effect of exchange rates	–	1
Balance at 31 December	**(539)**	**(399)**

Charles Vögele Group normally does not carry customer receivables since the vast majority of sales to customers are cash sales. Sales transacted by debit and credit cards are paid by the local financial institutions and service providers within two to three days. Payments are monitored systematically and continuously. Many years of experience show that credits from credit card sales shown at the balance sheet date have a good credit rating, accordingly no value adjustments are necessary.

Receivables from tax refunds (value added tax) are secured by carrying out regular verifications and by submitting the necessary declarations on time. For existing receivables at balance sheet date all necessary declarations were issued. Therefore the payments can be expected for the following year.

Other receivables are not related to regular sales of goods but to various individual items that are monitored periodically and dunning letters are issued where necessary. On the balance sheet date they were tested for impairment and written down where necessary.

The book value of receivables and advance payments is equivalent to their fair value.

19 Inventories

CHF 1 000	31.12.2012	31.12.2011
Current inventory, gross	127 606	155 344
Inventory valuation allowance	(23 266)	(20 445)
Current inventory (current and previous seasons), net	**104 340**	**134 899**
Upcoming season	78 985	96 297
Heating oil	281	269
Total	**183 606**	**231 465**

19.1 Value adjustments on inventories

CHF 1 000	2012	2011
Balance at 1 January	**(20 445)**	**(11 201)**
(Increase)/release of value adjustments affecting cost of goods, net	(2 841)	(9 628)
Effect of exchange rates	20	384
Balance at 31 December	**(23 266)**	**(20 445)**

The increase of CHF 2.8 million of value adjustments during the 2012 financial year (previous year: creation of CHF 9.6 million) results mainly from sales of new merchandise that fell short of planned figures.

20 Property, plant and equipment

20.1 Changes in values

CHF 1 000	Land	Buildings	Equipment	Total
Balance at 1 January 2011				
Acquisition cost	54 251	200 818	495 770	750 839
Accumulated depreciation/impairment	(9 399)	(99 467)	(289 146)	(398 012)
Net book amount at 1 January 2011	**44 852**	**101 351**	**206 624**	**352 827**
Financial year 2011				
Opening net book amount	44 852	101 351	206 624	352 827
Effect of exchange rates	(142)	(735)	(4 874)	(5 751)
Additions	–	291	46 171	46 462
Disposals	–	–	(3 552)	(3 552)
Depreciation	–	(5 071)	(42 069)	(47 140)
Impairment	–	–	(2 000)	(2 000)
Reclassification	–	–	–	–
Closing net book amount	**44 710**	**95 836**	**200 300**	**340 846**
Balance at 31 December 2011				
Acquisition cost	54 109	199 764	489 036	742 909
Accumulated depreciation/impairment	(9 399)	(103 928)	(288 736)	(402 063)
Net book amount at 31 December 2011	**44 710**	**95 836**	**200 300**	**340 846**
Financial year 2012				
Opening net book amount	44 710	95 836	200 300	340 846
Effect of exchange rates	(34)	(174)	(74)	(282)
Additions	–	102	12 212	12 314
Disposals	(72)	(12)	(366)	(450)
Depreciation	–	(5 056)	(40 711)	(45 767)
Impairment	–	–	(32 692)	(32 692)
Reclassification	–	–	–	–
Closing net book amount	**44 604**	**90 696**	**138 669**	**273 969**
Balance at 31 December 2012				
Acquisition cost	54 003	198 035	480 610	732 648
Accumulated depreciation/impairment	(9 399)	(107 339)	(341 941)	(458 679)
Net book amount at 31 December 2012	**44 604**	**90 696**	**138 669**	**273 969**

The carrying value of Charles Vögele Group's equity as at 31 December 2012 was significantly higher than its market capitalization, which according to IAS 36 ("Impairment of Assets") could indicate that the goodwill and/or other assets have not retained their value. The intrinsic value of the cash generating units (CGUs) was examined using value-in-use calculations (discount rates of 6.9% to 12.8%). These showed that the assets in the Netherlands, Belgium, Poland, the Czech Republic and Hungary had lost value, resulting in an impairment charge of CHF 32.0 million.

Land and buildings were encumbered with mortgage notes worth CHF 158.6 million as security for group funding (see note 29) as at 31 December 2012 (31 December 2011: CHF 111.6 million).

The fire insurance value of fixed assets is CHF 677.7 million as at 31 December 2012 (31 December 2011: CHF 682.2 million).

20.2 Finance leases

The carrying amount of tangible assets includes the following leased assets:

CHF 1 000	Land	Buildings	Total
Acquisition cost	4 832	44 094	48 926
Accumulated depreciation	–	(19 361)	(19 361)
Balance at 31 December 2011	**4 832**	**24 733**	**29 565**
Additions 2011	–	–	–
Reclassification	–	–	–
Acquisition cost	4 799	43 787	48 586
Accumulated depreciation	–	(20 493)	(20 493)
Balance at 31 December 2012	**4 799**	**23 294**	**28 093**
Additions 2012	–	–	–
Reclassification	–	–	–

Financial leases for land and buildings include Charles Vögele Group's distribution centres in Lehrte and Sigmaringen in Germany, as well as in Kalsdorf in Austria.

21 Financial assets

CHF 1 000	**31.12.2012**	31.12.2011
Investments	115	115
Loans	–	–
Total financial assets	**115**	**115**

The position "Investments" comprises interests in non-consolidated companies (mainly parking garages) with shareholdings below 20%.

22 Intangible assets

22.1 Changes intangible assets

CHF 1 000	Goodwill	Other intangible assets	Total
Balance at 1 January 2011			
Acquisition cost	72 919	30 489	103 408
Accumulated depreciation	–	(20 999)	(20 999)
Net book amount at 1 January 2011	**72 919**	**9 490**	**82 409**
Year 2010			
Opening net book amount	72 919	9 490	82 409
Effect of exchange rates	–	–	–
Additions	–	2 799	2 799
Disposals	–	(27)	(27)
Depreciations	–	(3 795)	(3 795)
Impairments	(36 191)	–	(36 191)
Closing net book amount	**36 728**	**8 467**	**45 195**
Balance at 31 December 2011			
Acquisition cost	36 728	29 405	66 133
Accumulated depreciation	–	(20 938)	(20 938)
Net book amount at 31 December 2011	**36 728**	**8 467**	**45 195**
Year 2012			
Opening net book amount	36 728	8 467	45 195
Effect of exchange rates	–	–	–
Additions	–	1 545	1 545
Disposals	–	–	–
Depreciations	–	(3 619)	(3 619)
Impairments	–	–	–
Closing net book amount	**36 728**	**6 393**	**43 121**
Balance at 31 December 2012			
Acquisition cost	36 728	30 950	67 678
Accumulated depreciation	–	(24 557)	(24 557)
Net book amount at 31 December 2012	**36 728**	**6 393**	**43 121**

22.2 Impairment test on goodwill

CHF 1 000	31.12.2012	31.12.2011
Total of LBO Anteil Schweiz	**36 728**	**36 728**
The test is based on the following assumptions:		
Switzerland:		
– Growth rate of the residual	1.0%	1.0%
– Pre-tax discount rate (WACC)	6.9%	8.6%

The goodwill disclosed in prior years was generated by a leveraged buyout through which Charles Vögele Holding AG firstly acquired the shares of the Charles Vögele Group from the company's founder and sole shareholder in 1997, and secondly acquired the minority shares in Charles Vögele (Austria) GmbH in 1998.

The annual impairment test on assets and goodwill is carried out using value in use calculations and the discounted free cash flow model which is based on the business plans approved by management and includes future free cash flows for the next four years. These four-year cash flows are extrapolated by means of a constant growth rate (these growth rates reflect the commonly accepted growth rates). The discount rates used (WACC) take into consideration the specific risks relating to the cash-generating units. The discount rates are calculated using the Capital Asset Pricing Model (CAPM). This latter comprises the weighted cost of own equity and of external borrowing costs. The discount rates are based on the risk free rates for ten year bonds of the country concerned. A risk premium for the country risk and one for small cap companies are then added.

The inflow of funds is derived from the EBITDA margin based on market forecasts and rigorous implementation of the corporate strategy. Because the currency situation has reduced the expected segment results in Germany and Austria, and because this has been exacerbated by continuing uncertainty about economic conditions and by a highly intense competition, there was an impairment charge of CHF 36.2 million for the portion of goodwill attributable to these two markets in the previous year.

The impairment test for goodwill at the Swiss cash generating unit, updated at the end of 2012, showed that even after incorporating sensitivity analyses – WACC +0.75 percentage points, growth rate −0.75 percentage points (both the same in the previous year), revenue −3% (previous year −15%), EBITDA margin −2 percentage points (previous year −3 percentage points) – the reported goodwill has retained its value.

22.3 Other intangible assets

"Other intangible assets" covers brand rights, licences and software. Brand rights and licences have already been fully written down in previous years. The recorded net book value reflects IT software exclusively.

23 Financial instruments by category (assets)

CHF 1 000	Loans and receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Available for sale/others	Other non financial assets	Total
Cash and cash equivalents	87 009	–	–	–	–	87 009
Receivables, advance payments and prepaid expenses	17 805	–	–	–	–	17 805
Derivative financial instruments	–	–	–	–	–	–
Financial assets (see note 21)	–	–	–	115	–	115
Balance at 31 December 2012	**104 814**	**–**	**–**	**115**	**–**	**104 929**
Cash and cash equivalents	109 553	–	–	–	–	109 553
Receivables, advance payments and prepaid expenses	19 242	–	–	–	–	19 242
Derivative financial instruments	–	–	9 252	–	–	9 252
Financial assets (see note 21)	–	–	–	115	–	115
Balance at 31 December 2011	**128 795**	**–**	**9 252**	**115**	**–**	**138 162**

24 Short-term financial liabilities

CHF 1 000	**31.12.2012**	31.12.2011
Short-term loans (see note 29)	–	130 000
Short-term lease liabilities (see note 26)	4 798	2 150
Short-term mortgages (see note 28)	–	95 500
Total	**4 798**	**227 650**

25 Other liabilities and accruals

CHF 1 000	**31.12.2012**	31.12.2011
Sales tax	15 453	11 396
Vouchers	16 637	21 218
Accruals:		
– Personnel expenses	16 583	16 025
– Rental expenses	3 282	3 871
– Other accruals	15 447	9 716
Total	**67 402**	**62 226**

26 Finance lease liabilities

CHF 1 000	Residual term < 1 year	Residual term 1 – 5 years	Residual term > 5 years	Total
Lease commitments, gross	5 323	7 524	4 960	17 807
Discounted	(525)	(1 361)	(200)	(2 086)
Balance at 31 December 2012	**4 798**	**6 163**	**4 760**	**15 721**
Lease commitments, gross	2 971	11 381	6 715	21 067
Discounted	(821)	(1 789)	(465)	(3 075)
Balance at 31 December 2011	**2 150**	**9 592**	**6 250**	**17 992**

CHF 1 000	**31.12.2012**	31.12.2011
Disclosure:		
– Short-term financial liabilities (due < 1 year; see note 24)	4 798	2 150
– Lease liabilities	10 923	15 842
Total	**15 721**	**17 992**

The average discount rate of finance lease commitments amounted to 4.2% (2011: 4.9%).

27 Provisions

CHF 1 000	Personnel provisions	Other provisions	Total
Balance at 1 January 2011	**12 845**	**2 610**	**15 455**
Increase	780	676	1 456
Usage	(6 055)	(315)	(6 370)
Decrease	(340)	(2 000)	(2 340)
Reclassification	–	–	–
Effect of exchange rates	(270)	(40)	(310)
Balance at 31 December 2011	**6 960**	**931**	**7 891**
Increase	3 449	1 577	5 026
Usage	(551)	(23)	(574)
Decrease	(386)	(61)	(447)
Reclassification	–	–	–
Effect of exchange rates	(44)	(1)	(45)
Balance at 31 December 2012	**9 428**	**2 423**	**11 851**

CHF 1 000	**31.12.2012**	31.12.2011
Disclosure:		
– Short-term provisions	5 374	1 310
– Long-term provisions	6 477	6 581
Total	**11 851**	**7 891**

"Personnel provisions" are mainly associated with pension liabilities and severance pay arrangements under local laws, and settlements paid to employees of various Group companies.

The increases and decreases are attributable to alterations to pension and settlement liabilities recognized in the income statement. Usage reflects the annual pension payments that are offset by the provisions. The decreases in the year under review and previous year were mainly attributable to provisions that were no longer required.

"Other provisions" mainly includes estimated cash outflows connected with legal matters.

The precise timing of the estimated outflows of funds from "Other provisions" is difficult to ascertain and largely out of the company's control. The Management assumes that the outflow will occur within the next one to three years.

28 Mortgages

CHF 1 000	
Balance at 1 January 2011	**81 500**
Increase in mortgages	50 000
Repayment of mortgages	(36 000)
Balance at 31 December 2011	**95 500**
Increase in mortgages	–
Repayment in mortgages	(95 500)
Balance at 31 December 2012	**–**

CHF 1 000	**31.12.2012**	31.12.2011
Disclosure:		
– Short-term financial liabilities (due < 1 year; see notes 24)	–	95 500
Total	**–**	**95 500**

The mortgages were replaced by the new group funding at the end of February 2012. The average interest rate on the mortgages in 2012 until they were cleared was 2.8% (2011: 3.3%).

29 Loans

The utilized credit line at the balance sheet date is shown in the chart about liquidity reserves (see notes 3.4 and 24). Loans used in 2012 had an average interest rate of 2.8% (2011: 0.34%).

The existing syndicated credit agreement of June 2007 was replaced ahead of schedule in February 2012 by a new syndicated credit facility of CHF 255 million (old credit facility was for CHF 250 million). The term of this new credit facility runs to September 2015. The interest rate is based on LIBOR plus a margin of between 100 and 375 basis points depending on various key financial ratios.

Because the refinancing was arranged during the first half of 2012, all loans and mortgages, totalling CHF 225.5 million, were shown as short-term liabilities as at 31 December 2011. The credit line totalling CHF 190 million drawn on 31 December 2012 under the new agreement (minus finance costs of CHF 3.4 million, leaving CHF 186.6 million) was reported under long-term liabilities.

30 Financial instruments by category (liabilities)

CHF 1 000	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortized cost	Other non-financial liabilities	Total
Trade payables	–	–	61 482	–	61 482
Other liabilities and accruals	–	–	50 765	16 637	67 402
Derivative financial instruments	–	2 904	–	–	2 904
Mortgages	–	–	–	–	–
Loans	–	–	186 556	–	186 556
Balance at 31 December 2012	**–**	**2 904**	**298 803**	**16 637**	**318 344**
Trade payables	–	–	56 964	–	56 964
Other liabilities and accruals	–	–	41 008	21 218	62 226
Derivative financial instruments	–	524	–	–	524
Mortgages	–	–	95 500	–	95 500
Loans	–	–	130 000	–	130 000
Balance at 31 December 2011	**–**	**524**	**323 472**	**21 218**	**345 214**

31 Share capital

The share capital comprises 8 800 000 fully paid-in bearer shares with a par value of CHF 3.00 each.

The Board of Directors is authorized to increase the company's share capital by a maximum of CHF 792 000, excluding shareholders' subscription rights, through the issue of 264 000 shares with a par value of CHF 3.00 each (conditional capital, Art. 5 of the Articles of Association). These shares are to be used exclusively for people entitled to participate in the management share option plan (please also refer to note 34.1). The Board of Directors also had the right to increase the share capital at any time up to 14 April 2012 by a maximum of CHF 2.4 million through the issue of a maximum of 800 000 shares with a par value of CHF 3.00 each. No increase was carried out, however. Restrictions on or removal of shareholders' subscription rights are allowed in the cases defined in the Articles of Association (authorized capital, Art. 5 Articles of Association). The complete latest edition of Charles Vögele Holding AG's articles of Association can be viewed on the company's website at www.charles-voegele.com at any time.

32 Treasury shares

As of 31 December 2012, treasury shares comprise 390 502 shares (31 December 2011: 395 409) held by the Charles Vögele Group and earmarked for share participations by the Management of the Charles Vögele Group (see note 34).

33 Distribution to shareholders

Owing to the accumulated loss, the Board of Directors is proposing to the Annual General Meeting of 14 May 2013 that no dividend be paid for the 2012 financial year.

On 4 April 2012 the Annual Shareholders' Meeting decided not to pay a dividend for the 2011 financial year.

34 Incentive and share ownership plans

In order to link the interests of the members of its Board of Directors, Group Management and employees with those of its shareholders, the Group offered a number of opportunities for certain employees to purchase shares.

34.1 Management share option plan

The 2002 option plan for members of the Board of Directors, Group Management and the second management level replaced all former management share option plans. The option plan (equity-based remuneration settled through equity instruments) is financed through treasury shares. The award of options is proposed by the Personnel and Compensation Committee and approved by the Board of Directors. Allocation criteria are based on the rank and function of the individual employees. Each option entitles the holder to acquire one share. Initially the number of shares that could be issued under this plan was limited to 3% of the company's ordinary share capital, but this was increased in 2005 by the Board of Directors of Charles Vögele Holding AG to 5% of the available shares. The duration of the option plan is not limited. The duration of the options of each tranche expires after five years, with a vesting period of three years from the date they are awarded. On leaving the Board of Directors, board members receive their allocated options in full. On leaving the company, members of Group Management and the second level of management receive their allocated options pro rata temporis on the basis of the three-year vesting period. However, the three-year vesting period continues to apply in all cases.

The annual tranches still outstanding are detailed in the following table:

Granting year of tranche	Number of outstanding options at 1 Jan. 2012	Number of granted options	Number of expired options	Number of exercised options	Number of outstanding options at 31 Dec.2012	Exercise price in CHF	Duration until	Vesting period until
2012	–	88 750	–	–	88 750	15.85	2017	2015
2011	89 267	–	(4 144)	–	85 123	33.90	2016	2014
2010	99 641	–	(3 781)	–	95 860	42.85	2015	2013
2009	103 278	–	(43)	–	103 235	39.50	2014	2012
2008	84 061	–	–	–	84 061	65.05	2013	2011
2007	76 021	–	(76 021)	–	–	119.00	2012	2010
Total	**452 268**	**88 750**	**(83 989)**	**–**	**457 029**			

Further allocations under this plan are usually determined at the meeting held by the Board of Directors to discuss the half-year financial statements. The exercise price is determined by the volume-weighted closing price on the 30 trading days prior to the allocation date and the ten trading days after this date.

The changes in the number of outstanding share options and the relevant weighted average exercise prices are shown in the following table:

	2012 Weighted average exercise price in CHF	**2012 Number of options**	2011 Weighted average exercise price in CHF	2011 Number of options
Balance at 1 January	**57.24**	**452 268**	**67.64**	**449 461**
Granted options	15.85	88 750	33.90	89 267
Expired options	108.10	(83 989)	87.16	(86 460)
Exercised options	–	–	–	–
Balance at 31 December	**39.27**	**457 029**	**57.24**	**452 268**
Exercisable at 31 December	**50.97**	**187 296**	**99.51**	**160 082**

In the 2012 financial year as well as in the previous financial year no options were exercised. Therefore a disclosure of corresponding weighted average share prices is inapplicable.

The above-mentioned tranches are serviced exclusively by treasury shares purchased by the Charles Vögele Group for this purpose (see note 32).

The weighted average remaining contractual term of the 457 029 options outstanding on 31 December 2012 was 21 months (previous year: 452 268 options and 33 months). Exercise prices ranged between CHF 15.85 and CHF 65.05 per option (previous year: between CHF 33.90 and CHF 119.00).

The fair value of the options as determined by the "Enhanced American Model" was calculated using the following key parameters:

Tranche	Share price at granting day in CHF	Expected volatility	Risk-free interest rate	Expected dividend yield	Fair value per option in CHF
15.08.2012	15.70	46.20%	0.22%	1.72%	4.57
18.08.2011	33.35	41.80%	0.35%	1.75%	8.67
19.08.2010	44.00	39.73%	0.87%	1.99%	11.47
21.08.2009	40.00	48.53%	1.39%	1.72%	12.48
22.08.2008	61.80	35.99%	2.96%	1.71%	14.93
23.08.2007	117.50	30.55%	3.01%	1.71%	27.12

The expected volatility was determined from the mean value of the average implied volatility and historical volatility over six months.

The weighted average of the fair values of options issued during the year under review is CHF 4.57 (previous year: CHF 8.67).

During the year under review CHF 0.9 million (previous year: CHF 1.1 million) was charged through personnel expenses for the proportional fair value of options.

35 Contingent liabilities

35.1 Outstanding merchandise orders and letters of credit

As of 31 December 2012, future commitments resulting from merchandise orders not yet included in the balance sheet amounted to CHF 113.1 million (31 December 2011: CHF 102.2 million). As of 31 December 2012, letters of credit not included in the balance sheet amounted to CHF 18.5 million (31 December 2011: CHF 26.0 million).

36 Forward foreign exchange contracts

The forward foreign exchange contracts open on the balance sheet date are shown in note 3.4 under liquidity risks.

36.1 Derivatives for cash flow hedges

At 31 December 2012, open forward foreign exchange contracts for cash flow hedges were as follows: CHF 130.6 million (previous year: CHF 122.9 million) for purchase of merchandise in USD and to cover the exchange rate risks for purchasing merchandise for the following year's collection. There were no open forward foreign exchange contracts for cash flow hedges to hedge intra-group deliveries of goods in EUR to sales organizations in the eurozone (previous year: CHF 30.8 million).

These derivative financial instruments are valued at their replacement value. Any changes in the fair value arising from the valuation on the balance sheet date are recognized under equity as "Valuation financial instruments" until the hedged underlying transaction has occured.

The valuation difference from ineffective hedge transactions is debited or credited directly to "Exchange gains or losses" in the income statement. There were no material ineffective hedge transactions during the year under review.

Movement in valuation differences not affecting income statement

CHF 1000	Equity
Balance at 1 January 2011	
Valuation financial instruments before tax	(3 232)
Deferred tax	485
Valuation financial instruments net of tax at 1 January 2010	**(2 747)**
Year 2011	
Opening balance	(2 747)
Disposal through purchase of goods recognized in cost of goods in income statement	3 232
Valuation of outstanding financial instruments at 31 December 2011	8 372
Change in deferred tax	(1 741)
Valuation net of tax at 31 December 2011	**7 116**
Closing balance at 31 December 2011	
Valuation financial instruments before tax	8 372
Deferred tax	(1 256)
Valuation financial instruments net of tax at 31 December 2011	**7 116**
Year 2012	
Opening balance	7 116
Disposal through purchase of goods recognized in cost of goods in income statement	(8 372)
Valuation of outstanding financial instruments at 31 December 2012	(3 127)
Change in deferred tax	1 725
Valuation financial instruments net of tax at 31 December 2012	**(2 658)**
Closing balance at 31 December 2012	
Valuation financial instruments before tax	(3 127)
Deferred tax	469
Valuation financial instruments net of tax at 31 December 2012	**(2 658)**

36.2 Derivatives for trading purposes

The valuation of currency swaps and forward foreign exchange contracts at current replacement values resulted in a loss of CHF 0.2 million as of 31 December 2012 (31 December 2011: profit of CHF 0.1 million). This was included in the income statement under "Exchange gains or losses".

37 Rental commitments

For rental contracts (operating leasing) with fixed rental terms, the following minimum payments are to be expected (excluding renewal options):

CHF 1 000	**31.12.2012**	31.12.2011
Maturity < 1 year	146 627	148 850
Maturity 1 – 5 years	338 934	383 239
Maturity > 5 years	96 467	129 931
Total	**582 028**	**662 020**

38 Related party transactions

The Board of Directors of Charles Vögele Holding AG and the Top Management of Charles Vögele Group constitute the key management personnel pursuant to IAS 24.

The amounts reported or deferred in these annual financial statements were used to calculate the payments shown below.

The remuneration of the Board of Directors and Group Management amounted to:

		Board of Directors	Top Management	Total
2012	Number of members at 31 December 2012 [1]	5	1	
	Salaries, professional fees, bonuses and other remunerations in CHF 1 000 [1]	483	3 089	3 572
	Number of Management options	25 000	11 250	36 250
	Value of Management options in CHF 1 000 [2]	115	51	166
2011	Number of members at 31 December 2011 [3]	4	2	
	Salaries, professional fees, bonuses and other remunerations in CHF 1 000 [3]	607	5 325	5 932
	Number of Management options	17 200	21 700	38 900
	Value of Management options in CHF 1 000 [2]	148	188	336

1) Concerning the changes in the group management during the 2012 financial year see notes in the Corporate Governance report.
2) Valuation: fair value according to IFRS, details see note 34.1.
3) In the previous year the CEO and another member of the group management were released. The contractually agreed salaries for the 2012 financial year were completely recorded in the 2011 financial year.

Details of total payments to members of the Board of Directors pursuant to the Swiss Code of Obligations (CO):

2012 CHF 1 000	Hans Ziegler Chairman	Max E. Katz Vice Chairman	Matthias Freise Member	Ulla Ertelt Member	Dirk Lessing Member	Peter Littmann	Jan C. Berger	Total Board of Directors
Salaries (gross)	173	59	52	52	52	24	24	436
Bonus (gross)	–	–	–	–	–	–	–	0
Employer's social security costs	11	5	5	5	5	1	1	33
Lump-sum expenses	4	4	–	–	–	1	1	10
Management options [1]	23	23	23	23	23	–	–	115
Consultancy fees	–	–	57	87	–	–	–	144
Total 2012	**211**	**91**	**137**	**167**	**80**	**26**	**26**	**738**

[1] Valuation: fair value according IFRS, details see note 34.1.

2011 CHF 1 000	Hans Ziegler Chairman [1]	Jan C. Berger Vice Chairman [2]	Alain Caparros Member [1]	Peter Littmann Member	Total Board of Directors
Salaries (gross)	166	98	217	93	574
Bonus (gross)	–	–	–	–	–
Employer's social security costs	11	8	–	7	26
Lump-sum expenses	2	2	1	2	7
Management options [3]	37	37	37	37	148
Consultancy fees [4]	36	26	–	–	62
Total 2011	**252**	**171**	**255**	**139**	**817**

[1] Alain Caparros was Chairman until 13 September 2011. At this date Hans Ziegler took over the position.
[2] Hans Ziegler was Vice-Chairman until 13 September 2011. At this date Jan C. Berger took over the position.
[3] Valuation: fair value according IFRS, details see note 34.1.
[4] Fees from think & act AG (H. Ziegler) and Retailize BV. (J. Berger).

Details of total payments to the Top Management pursuant to the Swiss Code of Obligations (CO):

2012 CHF 1 000	Frank Beeck CEO	Total Top Management
Salaries (gross)	800	1 450
Bonus (gross)	700	1 350
Employer's social security and insurance costs	138	271
Company car [1]	11	18
Management options [2]	–	51
Total 2012	**1 649**	**3 140**

1) Private used (tax value: 9.6 % of acquisition value).
2) Valuation: fair value according IFRS, details see note 34.1.

2011 CHF 1 000	André Maeder CEO	Total Top Management [1]
Salaries (gross) [1]	1 800	4 023
Bonus (gross)	–	700
Employer's social security and insurance costs	194	553
Company car [2]	21	49
Management options [3]	–	188
Total 2011	**2 015**	**5 513**

1) In the previous financial year the CEO and another member of the group management were released. The contractually agreed salaries for the 2012 financial year were completely recorded in the 2011 financial year.
2) Private used (tax value: 9.6 % of acquisition value).
3) Valuation: fair value according IFRS, details see note 34.1.

Disclosure of Board of Directors' shareholdings pursuant to the Swiss Code of Obligations (CO):

Balance, at 31 December 2012	Hans Ziegler Chairman	Max E. Katz Vice-Chairman	Matthias Freise Member	Ulla Ertelt Member	Dirk Lessing Member	Total Board of Directors
Number of shares	–	–	–	–	–	–
In percentage of share capital	–	–	–	–	–	–
Value of shares in CHF 1 000	–	–	–	–	–	–
Number of Management options	22 200	5 000	5 665	5 000	5 000	42 865
In percentage of share capital	0.25 %	0.06 %	0.06 %	0.06 %	0.06 %	0.49 %
Value of Management options in CHF 1 000 [1]	29	22	22	22	22	117

[1] Valuation: according to Swiss tax rules.

Balance, at 31 December 2011	Hans Ziegler Chairman	Jan C. Berger Vice-Chairman	Alain Caparros Member	Peter Littmann Member	Total Board of Directors
Number of shares	–	3 500	–	–	3 500
In percentage of share capital	–	0.04 %	–	–	0.04 %
Value of shares in CHF 1 000	–	64	–	–	64
Number of Management options	17 200	17 200	21 500	21 500	77 400
In percentage of share capital	0.20 %	0.20 %	0.24 %	0.24 %	0.88 %
Value of Management options in CHF 1 000 [1]	15	15	15	15	60

[1] Valuation: according to Swiss tax rules.

Disclosure of Group Management's shareholdings pursuant to the Swiss Code of Obligations (CO):

Balance, at 31 December 2012	Markus Voegeli CEO a.i.	Frank Beeck ex-CEO	André Maeder ex-CEO	Werner Lange ex-CPO	Total Top Management
Number of shares	4 100	–	–	–	4 100
In percentage of share capital	0.47 %	–	–	–	0.47 %
Value of shares in CHF 1 000	68	–	–	–	68
Number of Management options	37 650	21 700	35 800	23 809	118 959
In percentage of share capital	0.43 %	0.25 %	0.41 %	0.27 %	1.36 %
Value of Management options in CHF 1 000 [1]	64	19	9	4	96

[1] Valuation: according to Swiss tax rules.

Balance, at 31 December 2011	Frank Beeck CEO	Markus Voegeli CFO	André Maeder ex-CEO	Werner Lange ex-CPO	Total Top Management
Number of shares	–	700	–	–	700
In percentage of share capital	–	0.01 %	–	–	0.01 %
Value of shares in CHF 1 000	–	13	–	–	13
Number of Management options	21 700	26 400	35 800	35 200	119 100
In percentage of share capital	0.24 %	0.30 %	0.41 %	0.40 %	1.35 %
Value of Management options in CHF 1 000 [1]	31	31	29	15	106

[1] Valuation: according to Swiss tax rules.

39 Risk assessment according to the Swiss Code of Obligations

Financial risk assessment and management is an integral part of the Charles Vögele Group-wide enterprise risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits and monitoring procedures. Such monitoring procedures contain regular review of accounting policy, significant accounting matters, and items requiring significant management judgments and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a daily risk basis are carried out by the relevant financial departments. Regular reporting on the review of the financial risk situation is performed by the relevant accounting and controlling functions.

Charles Vögele Group has established a fully integrated risk process that captures and evaluates the Group's most important external and internal risks. The key risks are entered in a risk matrix that shows both the potential degree of impact and likelihood of each individual risk. Based on the company's risk tolerance, Group Management either initiates measures to reduce the degree of impact and/or the likelihood of the risk occurring, or deliberately takes on specific risks. Group Management periodically evaluates and updates the key risks. Charles Vögele Holding AG's Board of Directors evaluates the effectiveness of the risk management system every year.

40 Post balance sheet events

These annual consolidated financial statements take account of events occurring after the balance sheet date and before 10 April 2013. No material events occurred after the balance sheet date.

The Board of Directors approved these consolidated financial statements on 10 April 2013.

41 Structure of the Charles Vögele Group as of 31 December 2012

Company		ISO Code	Share/ Partnership capital
Charles Vögele Holding AG Freienbach SZ, CH Holding		CHF	26 400 000
100%	**Charles Vögele Trading AG** Freienbach SZ, CH Central services	CHF	10 000 000
100%	**Charles Vögele Store Management AG** Freienbach SZ, CH Central services (dormant)	CHF	250 000
100%	**Cosmos Mode AG** Freienbach SZ, CH Central services	CHF	100 000
100%	**Mac Fash GmbH** Freienbach SZ, CH Central services (dormant)	CHF	20 000
100%	**Charles Vögele Import GmbH** Lehrte, DE Central services	EUR	25 000
100%	**Charles Voegele Fashion (HK) Ltd.** Hongkong, HK Central services	HKD	100 000
100%	**Charles Vögele Mode AG** Freienbach SZ, CH Sales organization	CHF	20 000 000
100%	**Charles Vögele Deutschland GmbH** Sigmaringen, DE Sales organization	EUR	15 340 000
100%	**Charles Vögele (Netherlands) B.V.** Utrecht, NL Sales organization	EUR	1 000 200
100%	**Charles Vögele (Belgium) N.V.** Erembodegem, BE Sales organization	EUR	10 063 906
100%	**Charles Vögele (Austria) GmbH** Kalsdorf, AT Sales organization	EUR	1 453 457
100%	**Charles Voegele trgovina s tekstilom d.o.o.** Ljubljana, SI Sales organization	EUR	667 668
100%	**Charles Voegele Polska Sp. z o.o.** Warsaw, PL Sales organization	PLN	4 000 000
100%	**Charles Vögele Hungária Kereskedelmi Kft.** Budapest, HU Sales organization	HUF	240 000 000
100%	**Charles Voegele Ceska s.r.o.** Prague, CZ Sales organization	CZK	30 000 000

Changes in the scope of consolidation, see note 2.5.

Zurich, 10 April 2013

Report of the statutory auditor to the general meeting of Charles Vögele Holding AG, Freienbach SZ

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Charles Vögele Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes (pages 4–53), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.
We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Sandra Böhm Uglow Audit expert Auditor in charge	Pascal Wintermantel Audit expert

CONTENT

From 1 January to 31 December

INCOME STATEMENT HOLDING

CHF 1 000	Note	2012	2011
Income			
Income from investments	6	150 000	–
Financial income	2	14 207	15 660
Total income		**164 207**	**15 660**
Expenses			
Value adjustments	6	(293 379)	–
Administration expenses		(2 266)	(2 019)
Financial expenses	2	(2 974)	(3 479)
Impairment of loans to subsidiaries	3	(59)	(55)
Exchange profit/(loss), net		14	(11 958)
Total expenses		**(298 664)**	**(17 511)**
Loss before income tax		**(134 457)**	**(1 851)**
Tax expenses		(12)	(3)
Net loss of the year		**(134 469)**	**(1 854)**

At 31 December

BALANCE SHEET HOLDING

CHF 1 000	Note	31.12.2012	31.12.2011
Assets			
Current assets			
Cash and cash equivalents	4	22 303	11 412
Receivables from subsidiaries	5	184 444	96 871
Other receivables and prepaid expenses		32	82
Total current assets		**206 779**	**108 365**
Long-term assets			
Loans to subsidiaries	5	260 027	260 415
Investments	6	321 331	607 330
Total long-term assets		**581 358**	**867 745**
Total assets		**788 137**	**976 110**
Liabilities and shareholders' equity			
Short-term liabilities			
Accounts payable third parties		52	26
Accounts payable subsidiaries	5	560 636	614 584
Accrued liabilities		624	206
Total short-term liabilities		**561 312**	**614 816**
Shareholders' equity			
Share capital	7	26 400	26 400
Legal reserves to capital contribution	7	173 789	173 789
Free reserves		110 000	110 000
Reserve for treasury shares	8	15 377	23 454
Retained earnings: – Retained earnings at 1 January		27 651	22 690
– Decrease/(increase) of reserve for treasury shares		8 077	6 815
– Net loss of the year		(134 469)	(1 854)
Total retained earnings		(98 741)	27 651
Total shareholders' equity		**226 825**	**361 294**
Total liabilities and shareholders' equity		**788 137**	**976 110**

NOTES TO THE FINANCIAL STATEMENTS

1 Basis for the financial statements

Charles Vögele Holding AG is based in Pfaeffikon, municipality of Freienbach, in the canton of Schwyz, Switzerland, and its purpose is the holding and administration of investments of the Charles Vögele Group.

The financial statements are presented in accordance with Swiss law.

The integration of the financial statements of Charles Vögele Holding AG into the consolidated financial statements of the Charles Vögele Group has been made in accordance with the accounting principles explained in the notes to the consolidated financial statements.

2 Financial income and expenses

The financial income arises largely from the interest income from cash pooling and from interest on loans granted to subsidiary companies. These are counterbalanced by financial expenses in the form of interest on cash pooling and on interest on accounts payable to subsidiary companies.

3 Impairment of loans to subsidiaries

Impairment of loans to Group companies reflects value adjustments of loans to the subsidiary in Poland.

4 Cash and cash equivalents

This position includes sight deposits at banks.

5 Receivables from and liabilities to subsidiaries

Current asset receivables and short-term payables due from and to Group companies are resulting mainly from the Group's cash pooling system.

Loans to Group companies serve to finance various subsidiaries and are value adjusted if necessary (see note 3).

6 Investments

The complete structure of the Charles Vögele Group's long-term investments can be found in note 41 of the notes to the consolidated financial statements. The position "value adjustments" includes impairments on the investments in subsidiaries in Benelux and CEE.

The reported income from long-term investments results from the Swiss sales company.

7 Equity

The share capital comprises 8 800 000 fully paid-in bearer shares with a par value of CHF 3.00 each.

The CHF 173.8 million disclosed as other legal reserves include CHF 2.9 million capital contributions not accepted by the SFTA (Swiss Federal Tax Administration).

The explanations about the statutory designated conditional and authorized capital increases can be found in the notes to the consolidated financial statements (see note 31).

8 Movement in treasury shares

		Price in CHF	Number of shares [1]
Treasury shares at 1 January 2011			**436 143**
Disposal of treasury shares	Q1 2011	54.75 – 55.60	(854)
Purchase of treasury shares		56.13 – 56.39	2 000
Disposal of treasury shares	Q2 2011	62.90 – 68.15	(255)
Purchase of treasury shares		–	–
Disposal of treasury shares	Q3 2011	26.90 – 46.25	(34 441)
Purchase of treasury shares		26.94 – 39.99	33 184
Disposal of treasury shares	Q4 2011	19.59 – 27.89	(50 368)
Purchase of treasury shares		19.54 – 20.50	10 000
Treasury shares at 31 December 2011			**395 409**
Disposal of treasury shares	Q1 2012	17.50 – 20.44	(3 439)
Purchase of treasury shares		–	–
Disposal of treasury shares	Q4 2012	16.82 – 16.84	(1 468)
Purchase of treasury shares		–	–
Treasury shares at 31 December 2012			**390 502**

[1] All of the transactions were executed by Charles Vögele Trading AG.

For the holdings of treasury shares in the Charles Vögele Group as of 31 December 2012, a reserve was formed in Charles Vögele Holding AG to the amount of the purchase value of CHF 15.4 million (31 December 2011: CHF 23.5 million).

9 Major shareholders

All of the company's shares are bearer shares. Consequently, the company maintains no share register. The following is based on information supplied to the company under stock exchange regulations and other information available to the company.
http://www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html

Shareholders	**Share of capital as of 31.12.2012** [1]	Share of capital as of 31.12.2011 [1]
Migros-Genossenschafts-Bund, Zurich, Switzerland	24.996 %	25.17 %
Bestinver Gestion S.G.I.I.C. S.A., Madrid, Spain	< 3 %	4.74 %
Classic Global Equity Fund, Triesen, Liechtenstein [2]	5.13 %	5.59 %
Sterling Strategic Value Ltd., Tortola, British Virgin Islands	4.56 %	5.93 %
Javier Garcia and David Garcia Alvarez	3.28 %	< 3 %
UBS AG	5.50 %	< 3 %
Blackrock Inc., 40 East 52nd Street, New York 10022, USA	< 3 %	3.36 %

[1] According to information submitted by shareholders to the company until the specified date.
[2] As stated in the annual report.

10 Contingent liabilities

CHF 1 000	**31.12.2012**	31.12.2011
Rental- and other guarantees to third parties	17 408	19 519
Guarantees to financing banks	322 696	356 754

In addition, letters of comfort and subordination agreements were issued to subsidiary companies.

11 Pledged assets

In connection with the syndicated refinancing agreement signed in February 2012 (see note 29 in the notes to the consolidated financial statements), Charles Vögele Holding AG issued a guarantee towards the lending banks.

12 Board of Directors and Group Management: total payments and shareholdings

Disclosure of total payments and shareholdings pursuant to the Swiss Code of Obligations (CO) is made in the notes to the consolidated financial statements (see note 38).

13 Risk assessment according to the Swiss Code of Obligations

Charles Vögele Holding AG is fully integrated into the Group-wide risk assessment process of the Charles Vögele Group. This Group risk assessment process addresses the nature and scope of business activities and its specific risks. For detailed information refer to the disclosure in the consolidated financial statements (see note 39) of this Annual Report.

14 Post balance sheet events

No material events occurred after the balance sheet date.

At 31 December 2012

PROPOSAL ON THE APPROPRIATION OF FREE RESERVES AND OFFSETTING THE ACCUMULATED LOSS

The Board of Directors is proposing to the Annual General Meeting of 14 May 2013 that the accumulated loss of CHF 98.7 million as at 31 December 2012 is offset with the free reserves.

CHF 1 000	
Free reserves at the disposal of the Shareholders' Meeting	110 000
Settlement with accumulated loss	(98 741)
Free reserves after settlement with accumulated loss	**11 259**

Owing to the Group's net loss, the Board of Directors proposes to the Annual General Meeting of 14 May 2013 that no dividend be paid for the 2012 financial year.

Zurich, 10 April 2013

Report of the statutory auditor to the general meeting of Charles Vögele Holding AG, Freienbach SZ

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Charles Vögele Holding AG, which comprise the income statement, balance sheet and notes (pages 58 – 63), for the year ended 31 December 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of free reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

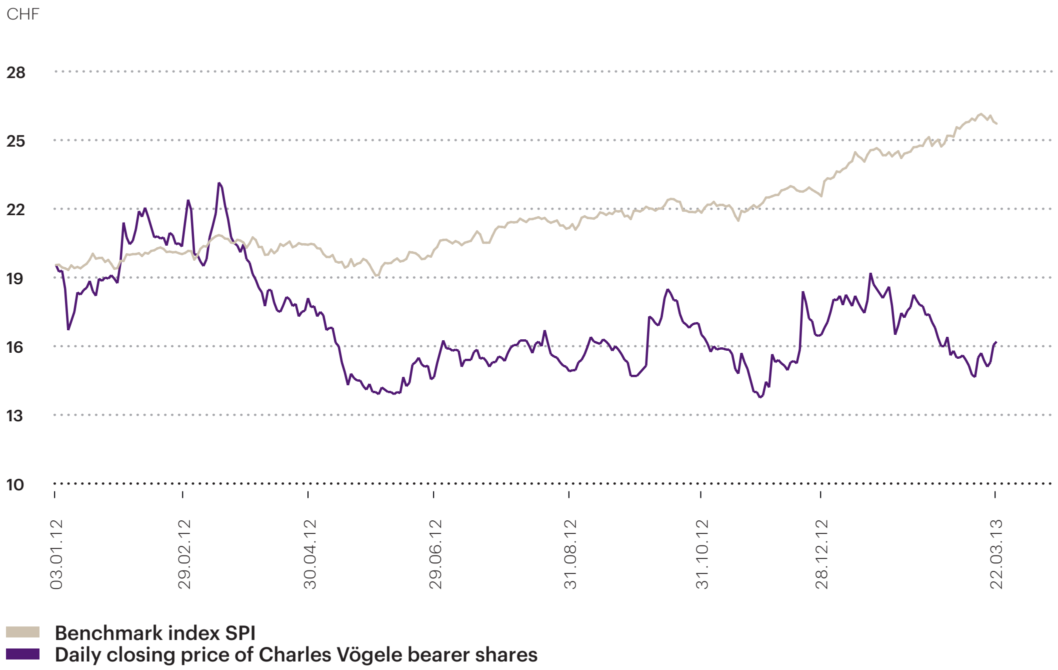
PricewaterhouseCoopers Ltd

Sandra Böhm Audit expert Auditor in charge	Pascal Wintermantel Audit expert

SHARE INFORMATION

Share performance

Price performance of Charles Vögele Holding AG bearer shares from 1 January 2012 to 22 March 2013:



Listed at:	SIX Swiss Exchange, Zurich
Swiss security number:	693 777
ISIN code:	CH 000 693 777
Abbreviation:	VCH
Bloomberg:	VCH SW
Reuters:	VCHZ.S

Share information

		31.12.2012	31.12.2011
Bearer shares	number	8 800 000	8 800 000
Par value	CHF	3.00	3.00
Share price as per closing date	CHF	16.50	18.40
Share price:			
– year high	CHF	23.35	70.50
– year low	CHF	13.40	15.80
Average trading volume per day	number	38 695	28 691
Free float [1]	%	76	75
Basic earnings per share	CHF	(13.03)	(14.23)
P/E ratio	factor	(1.27)	(1.29)
EV/EBITDA	factor	(15.3)	(14.1)
Stock capitalization	CHF mil.	145	162
Book value per share	CHF	27	40
Reduction of par value of shares [2]	CHF	–	–

[1] According to free-float declaration SIX.
[2] Proposal to the Annual Shareholders' Meeting.

FINANCIAL CALENDAR

8 April 2014
Media and Analyst Conference
Business year results 2013

20 May 2014
General Meeting of Shareholders
Business year results 2013

Charles Vögele Group's annual report is published in German and English.
The original language is German.

All statements made in this report that do not refer to historical facts are future-oriented statements which offer no guarantee of future performance. They are subject to risks and uncertainties including, but not limited to, future global economic conditions, exchange rates, legal requirements, market conditions, activities by competitors and other factors outside the company's control.

CONTACTS

Publisher
Charles Vögele Holding AG
8808 Pfäffikon SZ
Switzerland

Conception/Design
YJOO Communications AG, Zurich

Photography
Andreas Mader, Winterthur
Esad Cicic, Munich
Klaus Andorfer, Zurich

Typesetting and Printing
Neidhart + Schön Group, Zurich

Contact
Charles Vögele Holding AG
Investor Relations
P.O. Box 58
Gwattstrasse 15
8808 Pfäffikon SZ
Switzerland

T + 41 55 416 71 00
F + 41 55 410 12 82

investor-relations@charles-voegele.com
www.charles-voegele.com

FSC
www.fsc.org
MIX
From responsible sources
FSC® C016003

printed carbon neutral
Energy efficient and CO_2 compensated print
SC2012081302 - swissclimate.ch


Charles
Vögele
Switzerland