Charles VÖGELE

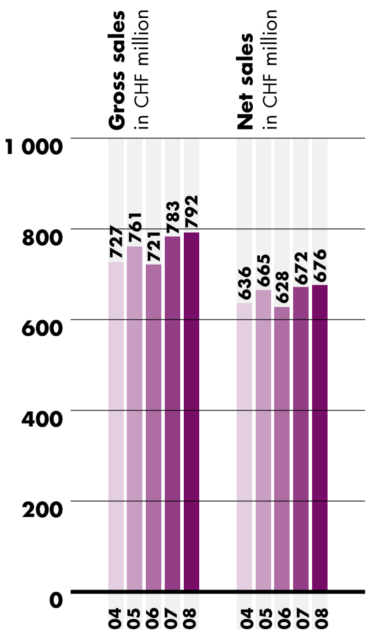
Charles Vögele Group
First Half-Year
2008

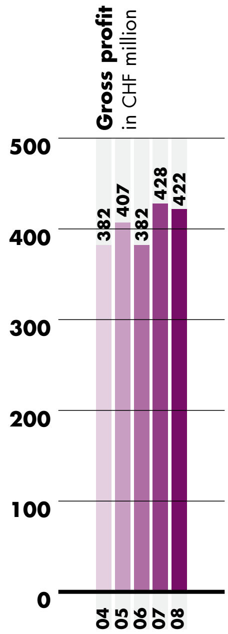
BUSINESS TRENDS 2008

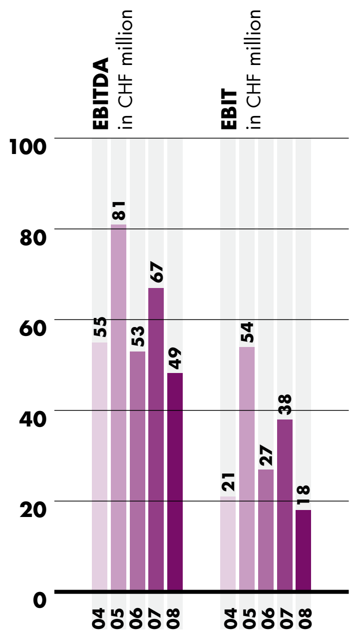
Charles
Vögele
Switzerland

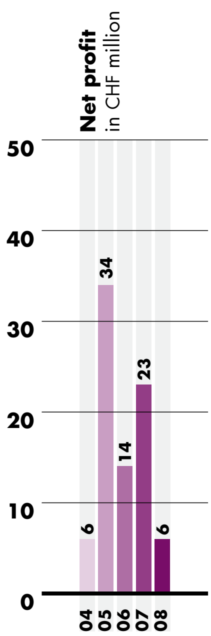
Contents

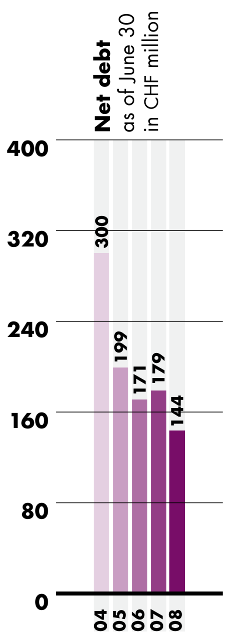
Group Figures
Half-Years 2004–2008

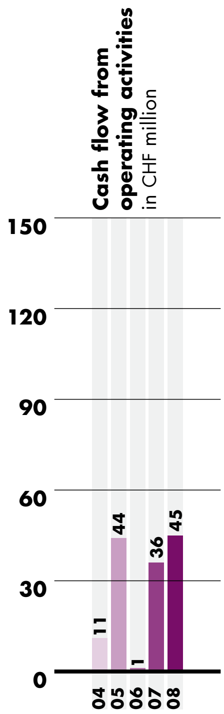


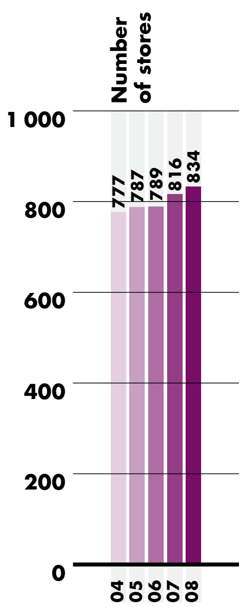


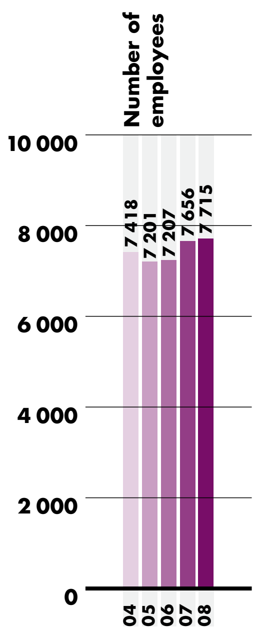












Group Key Operating Figures

CHF million	1st Half-Year 2007	1st Half-Year 2008	Change
Gross sales	782.8	792.2	1%
Net sales	672.0	675.8	1%
Change in net sales adjusted for expansion in %	4%	(2%)	
Gross profit	427.6	421.6	(1%)
Gross profit in % of net sales	63.6%	62.4%	
Operating earnings before depreciation (EBITDA)	67.3	48.5	(28%)
Operating earnings (EBIT)	38.4	18.1	(53%)
Net profit	22.8	5.5	(76%)
Cash flow from operating activities	24.3	45.2	
Net cash used in investing activities	(38.6)	(36.0)	
Free cash flow	(14.3)	9.2	
Number of stores as of June 30	816	834	2%
Sales area as of June 30 in m²	629 992	648 452	3%
Net sales per m² sales area in CHF[1]	1 077	1 052	(2%)
Number of employees as of June 30[2]	7 656	7 715	1%
Average number of full-time employees on a half-year basis[2]	4 966	4 992	1%
Net sales per average number of full-time employees in CHF[2]	135 316	135 382	0%

CHF million	31.12.2007	30.6.2008
Net debt	155.6	144.2
Shareholders' equity	523.3	512.3
Balance sheet total	917.0	897.4
Shareholders' equity in % of balance sheet total	57%	57%

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

Sales slightly increased despite difficult environment

For Charles Vögele Group the main developments during the 2008 financial year were as follows:

- The overall clothing markets in Switzerland, Germany and Austria – Charles Vögele Group's most important markets – shrank by between 2% and 4% owing to declining consumer sentiment.
- Net sales slightly increased by 1% – or 2% after adjusting for currency movements – to CHF 676 million.
- Because of our aggressive pricing policy and intensified advertising activities, as well as the expansion driven increase in operating expenses, operating earnings (EBITDA) fell from CHF 67 million a year ago to CHF 49 million.
- Inventories were reduced to CHF 280 million (previous year CHF 293 million).
- Net debt was reduced to CHF 144 million (previous year CHF 179 million).
- Net profit dropped to CHF 6 million (previous year CHF 23 million).
- Sales increases in our new markets in Eastern Europe did not meet expectations.
- There was a net increase of 9 stores, bringing the total to 834.
- The client retention program was successfully introduced and expanded.

Operating conditions

The current turmoil on the financial markets and the associated slowdown in economic growth had a negative effect on consumer sentiment in the markets where Charles Vögele Group operates. This trend was reinforced by the rising price of food and fuel.

In addition to the operating environment described above, long periods of cold weather in March, April and the first half of June also had a negative effect on sales and earnings power within the clothing industry. The overall size of the clothing markets in Switzerland, Germany and Austria, which are very important to Charles Vögele Group, fell sharply by between 2% and 4%.

Sales increase higher than market develpoment despite difficult environment

During the period under review, Charles Vögele Group slightly increased its net sales from the previous year's CHF 672 million to CHF 676 million, a rise of 1%, or 2% after adjusting for currency movements. After adjusting for exchange rates and the increase in floorspace, net sales fell by 1%. Performances varied between individual Sales Organizations, but in general – according to data gathered by the GfK market research institution – they performed better than the market as a whole despite the poor weather and difficult economic conditions. While Switzerland, the Netherlands and Austria suffered most from the poor weather, our Sales Organizations in Germany and Belgium, as well as all the markets covered by the Eastern Europe Sales Organization, achieved higher sales. In Eastern Europe in particular, further improvements in the ranges boosted sales figures. As a result, Charles Vögele Group was able to strengthen its market share in all markets and extend it in some.

Aggressive pricing policy benefits inventory reduction but burdens gross profit margin

Gross profit fell slightly during the period under review from CHF 428 million in the previous year to CHF 422 million, giving a lower gross profit margin of 62.4% (previous year 63.6%). This lower gross profit can be explained by the shift in sales from full-margin months to months in which sale prices were offered, as well as by the discounting campaigns used to clear targeted inventories. Operating expenditure increased by 3.6%, from CHF 360 million a year ago to CHF 373 million in the first half-year of 2008. This rise was a result of higher property, personnel and logistics costs in all markets, partly driven by expansion. If expansion markets are excluded, operating expenses rose by 1.7% as a result of the factors mentioned above. Consequently, operating earnings before depreciation and amortization (EBITDA) came in at CHF 49 million (previous year CHF 67 million), giving an EBITDA margin of 7%. After deducting depreciation, which rose by more than 5%, operating earnings (EBIT) were CHF 18 million (previous year CHF 38 million). Financing costs fell slightly during the year under review because of the renewal of the syndicated loan agreement in June 2007 and the consequent improvement in conditions. As a result of all this, net profit for the first half of 2008 dropped to CHF 6 million (previous year 23 million).

Expansion continued

Seventeen more new stores opened in the first six months of 2008 in line with the defined expansion strategy. The pace of store openings is again being increased significantly in the second half of the year. Expansion activities will be concentrated mainly on the German, Hungarian, Slovenian and Polish markets, with more than 30 new stores opening in total. Meanwhile, about ten store closures are planned around the Group.

Marketing and advertising activities expanded

Charles Vögele Group significantly strengthened its marketing and advertising activities. For example, the "Switzerland meets Europe" customer competition launched in all markets expanded the potential use of the customer card while generating around 300 000 new customer addresses. The customer card, successfully introduced in 2007, led to good client retention and an increase in sales per purchase. We continue to push this positive trend forward. In addition, the use of existing communications tools, like fashion brochures and posters has been expanded in all markets.

To highlight our fashion expertise more clearly, the CasaBlanca label was no longer displayed in the shops by product group but in stylish combinations. Results from the pilot stores have been very encouraging. We expect the roll-out across the whole Sales Organization, which has already begun, to be completed by the middle of 2009.

Varying performance by Sales Organizations

Switzerland – The Switzerland Sales Organization generated net sales of CHF 216 million during the period under review, a decline of about 2.5% from the CHF 222 million posted a year ago. This performance matched the general market trend, meaning that the Switzerland Sales Organization was able to maintain its market share. Operating profit before depreciation and amortization (EBITDA) reached CHF 21 million (previous year CHF 32 million). As part of our expansion plans, we opened two new stores in the first half-year, leaving a total portfolio of 165 stores. The city centre store in Lucerne was completely renovated over the summer and is due to open its doors on September 10. At 5 000 m^2, this is set to be the largest fashion store in Central Switzerland and the Group's largest branch.

Germany – Despite a tough competitive environment and poor weather, the Germany Sales Organization increased sales to CHF 221 million, which is a 1% improvement on the CHF 218 million of the previous year; the increase was twice as large in local currency terms. This improvement is all the more welcome given that it was achieved with fewer stores and in a clothing market that shrank by 3% overall. At the end of June 2008 there were 321 stores in Germany compared with 323 a year before. With the German clothing market as a whole performing badly, the Group was able to increase its market share. Because of set-up costs incurred during the first half-year for the new store openings planned for the second half, and because of higher logistics costs and greater advertising activities, the operational loss before depreciation and amortization (EBITDA) went up from CHF 2 million a year ago to CHF 5 million. Expansion activities led to the opening of six new stores, while six closed as part of the streamlining of the portfolio. Marketing activities were further expanded in Germany during the period under review, with posters used in new regions and a national competition launched to coincide with the European football championships.

Austria – Although Austria continued to post positive economic growth during the first half of 2008 and although the unemployment figures continued to fall, private consumption persisted at a low level. Under the pressure of the worsening economic climate, net sales by the Austria Sales Organization fell to CHF 122 million (previous year CHF 126 million). The Austrian Sales Organization also managed to perform better than the Austrian clothing market as a whole, which shrank by 4%. The company thus managed to strengthen its market position in Austria. Operating earnings before depreciation and amortization (EBITDA) fell from CHF 4 million a year ago to CHF 2 million. Three new stores were opened in Austria in the first half of 2008, leaving a total portfolio of 152 stores. Two of these new outlets were opened in the suburban shopping centres of Vienna North and Graz West, underlining Charles Vögele Group's desire to strengthen its presence in the conurbations around Austria's big cities.

Belgium/The Netherlands – In Belgium, price pressure continued to rise in the clothing market. The trend towards a market shake-out is continuing as a result, and competitive structures are changing all the time. After further strengthening its marketing activities this year, the Belgium Sales Organization increased its sales by more than 5% on the year-back figure. Belgium thus significantly outperformed the market as a whole in terms of growth. One store was closed during the first six months of the year, leaving Charles Vögele with 46 outlets in Belgium.

In the Netherlands, consumer sentiment declined despite continuing economic growth, falling to its lowest level since 2005. This led to more intense competition than a year ago. Charles Vögele Group saw sales fall by 3%, but it was able to maintain its market position. The store portfolio in the Netherlands remained unchanged in the first half of 2008 with 113 outlets.

Taken together, the two Sales Organization's maintained their sales at just about the same level as a year ago, posting CHF 89 million (previous year CHF 90 million). Operational loss at EBITDA level was the same as a year ago at CHF 4 million.

Eastern Europe – Although the positive performance and the sales growth posted in all Eastern European markets during the first half of the year confirms the wisdom of our chosen expansion strategy, not all markets performed to the desired standard. Poland and Slovenia were on target, but Hungary, despite posting positive sales growth, did not meet our expectations in terms of either sales or earnings.

During the first half-year, Charles Vögele Group completed the organizational and staffing infrastructure for the Eastern European Sales Organization. Approximately 20 more store openings are planned in this region for the second half of the year. In some markets the retail trade still has to cope with lengthy approval procedures by the local authorities, which can make it difficult to open new stores on schedule.

Expansion market Slovenia – The Slovenian market also felt the effects of the world-wide slowdown in economic growth which, together with rising inflation in the first half year, led to a slightly negative economic performance. This had a direct impact on consumer sentiment and on retail sales in general. Nevertheless, Charles Vögele Group's four stores posted good sales and earnings performances. The authorities did not give approvals at new shopping centres in the first half-year, so no new stores were opened. The plan now is to open three new stores in the second half of 2008.

Expansion market Hungary – Hungary's economy is still in the stagnation phase that began last year in reaction to the government's rigorous savings drive. Employment fell again as a result, though forecasters are predicting that the economic climate will brighten again at the start of 2009. Sales growth was good again, though it failed to meet our expectations owing to the difficult operating environment described above. Six new locations were opened during the period under review, leaving a network of 23 stores at the end of June. Another eight new store openings are planned for the second half of the year.

Expansion market Poland – The positive economic trend continued in the first half of 2008, though forecasts suggest that growth is now likely to slow. The health of the economy led to a further fall in unemployment, serving to stimulate consumption even more. Charles Vögele Group's five existing stores benefited from this, with like-for-like sales going up significantly. As already announced, preparations for expanding the store network were made in the first half-year, and at least three new stores should open in the second six months.

Test market Czech Republic – The Czech economy continued to grow this year, though here too there was a slowdown owing to the general cooling trend in Europe. However, consumption was boosted by an increase in real wages at the beginning of the year and continues to rise. Charles Vögele Group's five existing stores increased their sales significantly.

Test market Romania – Charles Vögele Group carried out a detailed analysis of potential store locations in Romania, which was designated as a pilot market at the beginning of the year. The start of the market test is however being postponed for the time being because an overheated real estate market has pushed rents up to exorbitant levels.

Altogether, the Eastern European Sales Organizations and their total of 37 stores generated net sales of CHF 29 million in the first half of 2008 (previous year CHF 15 million), meaning that they are already contributing 4% of Group sales (previous year 2%). These Sales Organizations posted an operating loss at the EBITDA level of CHF 2 million for the first half of 2008 (previous year CHF 0.3 million operating loss). This loss was caused mainly by the cost of building up organizational and staffing infrastructure for the Eastern Europe Sales Organization, as well as by costs incurred in the run-up to new store openings, and by lower-than-expected sales growth in Hungary.

Inventories reduced again

Inventories were reduced significantly over the year from CHF 293 million in June 2007 to CHF 280 million on June 30, 2008. The latest figure includes new items from the coming 2008 autumn/winter season worth CHF 52 million (previous year CHF 51 million). Current inventories as at end-June 2008 have thus also fallen compared to the figure on December 31, 2007 (CHF 289 million).

Increased cash flow

During the period under review Charles Vögele Group reduced net investments to CHF 36 million (previous year CHF 39 million). Operating cash flow came to CHF 45 million (previous year CHF 24 million). After deducting investments, free cash flow came to a positive CHF 9 million (previous year minus CHF 15 million).

Net debt reduced

Net debt fell from CHF 156 million on December 31, 2007 to CHF 144 million by the middle of 2008. At end-June 2007 net debt stood at CHF 179 million.

Reduction in par value implemented

The reduction in the par value of Charles Vögele Holding AG shares from CHF 6 to CHF 4 per share, as proposed by the Board of Directors, was approved by the Annual General Meeting of Shareholders on April 16, 2008 and implemented on July 4, 2008 with a repayment of CHF 2 per bearer share. The share capital now comes to CHF 35 200 000 and is made up of 8 800 000 shares with a par value of CHF 4 each.

Reins handed over within Group Management

Dr. Dirk Seifert, Member of Group Management, took over responsibility for Sales, Marketing and Store Construction from Daniel Reinhard at the end of June 2008.

RFID test launched in Slovenia

Charles Vögele Group launched the first test of RFID (radio frequency identification) technology in the first half of 2008. This is being used – in Slovenia first of all – to investigate potential improvements in the whole process chain from production to sales. The price labels on each item contain a chip that can be read by a scanner. This has sped up and simplified the recording of individual items throughout the whole logistics process. In addition, we can identify the location of each individual item in the store at any time, allowing us to manage our selling capacity. Stocktaking in the stores, which previously took up a lot of time, can be done quickly and without getting in the way of selling. The result is overall efficiency gains in our processes and in the management of our floorspace.

Operational outlook for the second half of 2008

The highly volatile operating environment makes it extremely difficult to make any forecasts for the second half of 2008, but given the current turmoil on the financial markets and the associated slowdown in economic growth Charles Vögele Group believes that consumer sentiment in its markets will deteriorate. For the year as a whole, the company expects sales to trend in line with or better than the market as a whole. The company expects its margin at the level of operating earnings before depreciation (EBITDA) to be between 8% and 11% for the 2008 financial year. In the medium term, the company is sticking to the margin range forecast it originally announced, i.e. 11% –13%.

Charles Vögele Group's activities will concentrate on increasing productivity in its core markets and on accelerating expansion in all its markets, especially Germany. At the same time, market penetration in the expansion markets of Slovenia, Hungary and Poland will be stepped up in order to exploit economies of scale and thus improve the earnings situation. The branch portfolio will grow substantially in the second half of the year, with more than 30 new openings.

Thank you to our employees

In the name of the Board of Directors and Group Management we would like to thank all employees of Charles Vögele Group for their high degree of motivation and for their commitment to the success of Charles Vögele Group in this challenging competitive environment.

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

Daniel Reinhard
Chief Executive Officer

Consolidated Income Statement

from January 1 to June 30

CHF 1000	Note	1st Half-Year 2007	1st Half-Year 2008
Net sales		**671 978**	**675 827**
Cost of goods	4.1	(244 384)	(254 244)
Gross profit		**427 594**	**421 583**
In % of net sales		**63.6%**	**62.4%**
Personnel expenses		(155 373)	(159 765)
Rental expenses		(110 387)	(116 031)
Advertising and promotion expenses		(59 537)	(61 381)
General operating expenses		(48 153)	(50 705)
Other operating income		13 167	14 770
Total operating expenses before depreciation and impairment		**(360 283)**	**(373 112)**
Operating earnings before depreciation and impairment (EBITDA)		**67 311**	**48 471**
In % of net sales		**10.0%**	**7.2%**
Depreciation and impairment		(28 907)	(30 372)
Operating earnings (EBIT)		**38 404**	**18 099**
In % of net sales		**5.7%**	**2.7%**
Financial income		371	546
Financial expenses		(6 387)	(5 232)
Exchange gains/(losses), net		(1 629)	(1 612)
Profit before income tax		**30 759**	**11 801**
In % of net sales		**4.6%**	**1.7%**
Tax expenses		(7 956)	(6 297)
Net profit		**22 803**	**5 504**
In % of net sales		**3.4%**	**0.8%**
Basic earnings per share	5	**2.68**	**0.65**
Diluted earnings per share	5	**2.65**	**0.65**

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet (condensed)

as of June 30

CHF 1000	Note	31.12.2007	30.6.2008
Assets			
Current assets			
Cash and cash equivalents		42 076	34 347
Receivables, advance payments and prepaid expenses		47 715	45 153
Derivative financial instruments		79	0
Inventories	4	288 741	279 698
Total current assets		**378 611**	**359 198**
Long-term assets			
Tangible assets	9	443 402	440 923
Financial assets		712	695
Intangible assets	9	79 168	82 134
Deferred tax assets		15 115	14 494
Total long-term assets		**538 397**	**538 246**
Total assets		**917 008**	**897 444**
Liabilities and shareholders' equity			
Current liabilities	7	166 640	161 289
Long-term liabilities	8	227 086	223 832
Shareholders' equity	6, 7	523 282	512 323
Total liabilities and shareholders' equity		**917 008**	**897 444**

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement (condensed)

from January 1 to June 30

CHF 1000	Note	1st Half-Year 2007[1]	1st Half-Year 2008
Net profit		**22 803**	**5 504**
Adjustments:			
– Tax expenses		7 956	6 297
– Net financial expenses		7 645	6 298
– Depreciation and impairment		28 907	30 372
– Profit on disposal of assets		(8)	0
– Other non-cash expenses		724	1 736
Change in long-term provisions		(150)	(117)
Change in inventories		(7 222)	4 286
Change in net working capital		(8 523)	10 999
Financial income received		371	546
Financial expenses paid		(9 731)	(7 536)
Taxes paid		(18 424)	(13 196)
Net cash flow from operating activities		**24 348**	**45 189**
Net cash provided/(used) by investing activities	9	**(38 630)**	**(36 039)**
Net cash provided/(used) by financing activities	8	**30 913**	**(1 294)**
Net increase/(decrease) in cash and cash equivalents		**16 631**	**7 856**
Net cash and cash equivalents at the beginning of the period		**41 013**	**27 128**
Effect of exchange rate changes		836	(637)
Net increase/(decrease) in cash and cash equivalents		16 631	7 856
Net cash and cash equivalents at the end of the period		**58 480**	**34 347**

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.
[1] Restatement see Note 2.3.

Consolidated Statement of Changes in Group Equity

CHF 1000	Note	Share capital	Treasury shares	Share premium reserve	Retained earnings	Currency translation differences	Valuation financial instruments	Valuation share option plan	Total
Balance 1.1.2007		**70 400**	**(24 394)**	**173 789**	**274 590**	**(7 751)**	**(113)**	**2 144**	**488 665**
Cash flow hedges, net of tax							178		178
Currency translation differences						2 945			2 945
Net income/(expense) recognized directly in equity		**0**	**0**	**0**	**0**	**2 945**	**178**	**0**	**3 123**
Net profit for the half-year 2007					22 803				22 803
Total recognized income for the half-year 2007		**0**	**0**	**0**	**22 803**	**2 945**	**178**	**0**	**25 926**
Value of granted options								724	724
Value of exercised/ expired options					352			(352)	0
Disposals of treasury shares	6		2 521		(67)				2 454
Par value reduction	7	(17 600)							(17 600)
Balance 30.6.2007		**52 800**	**(21 873)**	**173 789**	**297 678**	**(4 806)**	**65**	**2 516**	**500 169**
Balance 1.1.2008		**52 800**	**(31 106)**	**173 789**	**335 970**	**(4 697)**	**(6 824)**	**3 350**	**523 282**
Cash flow hedges, net of tax							1 749		1 749
Currency translation differences						(4 236)			(4 236)
Net income/(expense) recognized directly in equity		**0**	**0**	**0**	**0**	**(4 236)**	**1 749**	**0**	**(2 487)**
Net profit for the half-year 2008					5 504				5 504
Total recognized income for the half-year 2008		**0**	**0**	**0**	**5 504**	**(4 236)**	**1 749**	**0**	**3 017**
Value of granted options								1 736	1 736
Value of exercised/ expired options					431			(431)	0
Disposals of treasury shares	6		1 769		120				1 889
Par value reduction	7	(17 600)							(17 600)
Balance 30.6.2008		**35 200**	**(29 337)**	**173 789**	**342 025**	**(8 933)**	**(5 075)**	**4 655**	**512 324**

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Notes to the Interim 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, Germany, the Netherlands, Belgium, Austria, Slovenia, Hungary, Poland and the Czech Republic.

Charles Vögele Holding AG is a joint stock corporation that is domiciled in Pfäffikon SZ, Switzerland, and listed on the SWX Swiss Exchange.

2 Summary of main accounting and valuation principles

2.1 Preparation of the interim financial statements

The interim consolidated financial statements in this report are based on the individual interim financial statements of Charles Vögele Group companies, which are all prepared in accordance with standard Group guidelines. The Group's accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS). Unless stated otherwise below, the accounting principles applied to the consolidated accounts are the same as those described on pages 6 to 21 of Charles Vögele Group's 2007 financial report. In particular, this half-year report has been prepared in accordance with IAS 34 interim financial reporting.

2.2 Changes in accounting policies

New IFRS-standards and interpretations

The following interpretations of existing standards, valid since January 1, 2008 for the financial year have been applied, but do not have any significant effects on these interim financial statements:

– IFRIC 11: IFRS 2 – Group and treasury share transactions
– IFRIC 12: Service concession arrangements (not relevant to the Charles Vögele Group)
– IFRIC 14: IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (see explanations below)

Accounting for surpluses in defined benefit pension schemes (IAS 19)

IFRIC 14 stipulates that an impairment test has to be carried out on IAS 19 pension scheme surpluses. This test determines whether the present value of the entities actuarial future service costs is greater than the present value of future employer contributions. If this is the case, the present value of this difference must be regarded as an economic benefit and must be treated as such in the accounts. In these interim financial statements the difference is negative as at 01.01.2007 and 01.01.2008, so there is no economic benefit to be recorded pursuant to IFRIC 14. As at 30.06.2008 there is an underfunding. IFRIC 14 does not apply in this case.

2.3 Correction to the cash flow statement for the comparative prior year period pursuant to IAS 8 owing to an error (restatement)

A statement of changes in the financial position using average exchange rates is the basis for the consolidated cash flow statement. This results in foreign exchange differences, also on intercompany-transactions, which have to be eliminated at the consolidated level. Contrary to IAS 7 Para. 28, in the published 2007 interim accounts, the condensed cash flow statement showed these foreign exchange differences altogether in the "Effect of exchange rate changes" line under changes in net cash and cash equivalents. Exchange rate differences in the condensed cash flow statement for the first half of 2007 have been corrected retrospectively under the relevant lines of the cash flow statement. The corrections have no effect on the Group's balance sheet, income statement, changes in equity or earnings per share. The corrections to the condensed cash flow statement can be seen in the following overview:

CHF 1000	1st Half-Year 2007 published	1st Half-Year 2007 restated	Differences
Net profit	**22 803**	**22 803**	**0**
Adjustments:			
– Tax expenses	7 956	7 956	0
– Net financial expenses	7 645	7 645	0
– Depreciation and impairment	28 907	28 907	0
– Profit on disposal of assets	(8)	(8)	0
– Other non-cash expenses	1 076	724	(352)
Change in long-term provisions	(150)	(150)	0
Change in inventories	(6 126)	(7 222)	(1 096)
Change in net working capital[1)]	(1 962)	(8 523)	(6 561)
Financial income received	371	371	0
Financial expenses paid	(6 450)	(9 731)	(3 281)
Taxes paid	(18 424)	(18 424)	0
Net Cash flow from operating activities	**35 638**	**24 348**	**(11 290)**
Net cash provided/(used) by investing activities	**(38 630)**	**(38 630)**	**0**
Net cash provided/(used) by financing activities	**30 913**	**30 913**	**0**
Net increase/(decrease) in cash and cash equivalents	**27 921**	**16 631**	**(11 290)**
Net cash and cash equivalents at the beginning of the period	**41 013**	**41 013**	**0**
Effect of exchange rate changes	(10 454)	836	11 290
Net increase/(decrease) in cash and cash equivalents	27 921	16 631	(11 290)
Net cash and cash equivalents at the end of the period	**58 480**	**58 480**	**0**

1) The positions reported in the previous year change in short-term receivables, advance payments and prepaid expenses and change in current liabilities excl. financial and tax liabilities have been combined.

2.4 Scope of consolidation

There were no changes in the scope of consolidation in the first half-year of 2008.

2.5 Segment reporting

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

The centralized services of the Group relating to the fashion trade are brought together in the "Central Services". The major centralized Group services are purchasing and purchasing logistics, information technology, finance, accounting, controlling, treasury, internal and external communications, advertising and brand management.

The Charles Vögele Group is a centrally managed group with a flat organizational structure operating solely in the fashion trade. The centralization and scalability of the concept are fundamental cornerstones of the Group's strategy. To cover central service costs, the sales organizations are charged with an arms-length markup of 15% on the purchase price of products sold.

2.6 Foreign currency translation

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

2008	ISO code	Unit	Balance Sheet 30.06.2008	Income Statement 1st Half-Year 2008
Euro	EUR	1	1.61	1.61
Hong Kong	HKD	1	0.13	0.13
USA	USD	1	1.02	1.05
Hungary	HUF	100	0.68	0.63
Poland	PLN	100	47.93	46.03
Czech Republic	CZK	100	6.73	6.38

2007	ISO code	Unit	Balance Sheet 31.12.2007	Income Statement 1st Half-Year 2007
Euro	EUR	1	1.66	1.63
Hong Kong	HKD	1	0.14	0.16
USA	USD	1	1.13	1.23
Hungary	HUF	100	0.66	0.65
Poland	PLN	100	46.18	42.48
Czech Republic	CZK	100	6.23	5.80

3 Segment reporting 1st half-year 2008

CHF 1000			Sales organizations	Central services	Consolidation entries	Group
Net sales			675 827	345 036	(345 036)	675 827
Operating earnings before depreciation (EBITDA)			12 927	34 395	1 149	48 471
EBITDA in % of net sales			1.9%	10.0%	–	7.2%
Operating earnings (EBIT)			(12 361)	29 311	1 149	18 099
EBIT in % of net sales			(1.8%)	8.5%	–	2.7%

CHF 1000	Switzerland	Germany	Belgium/ Netherlands	Austria	Eastern Europe	Total sales organizations
Net sales	215 552	220 724	88 934	121 619	28 998	675 827
Operating earnings before depreciation (EBITDA)	21 258	(4 834)	(3 641)	2 383	(2 239)	12 927
EBITDA in % of net sales	9.9%	(2.2%)	(4.1%)	2.0%	(7.7%)	1.9%
Operating earnings (EBIT)	13 474	(13 641)	(7 757)	(1 131)	(3 306)	(12 361)
EBIT in % of net sales	6.3%	(6.2%)	(8.7%)	(0.9%)	(11.4%)	(1.8%)

Segment reporting 1st half-year 2007

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

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

4 Inventories

CHF 1000	31.12.2007	30.6.2008
Current inventory, gross	301 935	296 585
Inventory valuation allowance	(69 098)	(69 672)
Current inventory (current and previous seasons), net	**232 837**	**226 913**
Upcoming season	55 327	52 211
Heating oil	577	574
Total	**288 741**	**279 698**

4.1 Value adjustments on inventories

CHF 1000	1st Half-Year 2007	1st Half-Year 2008
Balance, as of January 1	**(66 704)**	**(69 098)**
Release of value adjustments affecting cost of goods	418	92
Increase of value adjustments affecting cost of goods	(4 090)	(2 151)
Increase/(Release) of value adjustments affecting operating financial income (discounts)	204	108
Effect of exchange rates	(1 409)	1 377
Balance, as of June 30	**(71 581)**	**(69 672)**

5 Earnings per share

		1st Half-Year 2007	1st Half-Year 2008
Net income	CHF 1 000	22 803	5 504
Weighted average number of basic shares	number	8 493 178	8 440 395
Adjustment for potentially dilutive share options	number	121 835	37 877
Weighted average number of shares for diluted earnings per share	number	8 615 013	8 478 272
Basic earnings per share	**CHF**	**2.68**	**0.65**
Diluted earnings per share	**CHF**	**2.65**	**0.65**

6 Treasury shares

As at June 30, 2008 Charles Vögele Holding AG held 333 746 (June 30, 2007: 286 546) treasury shares. These are earmarked for Charles Vögele Group's management share option plan.

7 Distribution to shareholders

On April 16, 2008 the Annual Shareholders Meeting decided that instead of distributing a dividend for the 2007 financial year, the par value of Charles Vögele Holding AG shares should be reduced by CHF 2 per share from CHF 6 to CHF 4 per bearer share. The payment was made on July 4, 2008 after the statutory deadlines had expired. The resulting liability to shareholders of CHF 17.6 million was reported as at June 30, 2008 under current liabilities.

In the previous year a par value reduction of CHF 2 per bearer share of Charles Vögele Holding AG was decided for the 2006 financial year. This was paid to shareholders on July 4, 2007.

8 Long-term liabilities

The slight decrease in long-term liabilities in the first half of 2008 is primarily due to the reduction in long-term leasing liabilities from CHF 44.3 million to CHF 41.3 million.

As at the balance sheet date, bank loans remained unchanged at CHF 40.0 million.

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

9 Net cash used by investing activities

During the first half of 2008, CHF 36.0 million net (previous year CHF 38.6 million net) was invested in fixed and intangible assets.

10 Post balance sheet events

The present interim financial statements take into consideration events occurring between the balance sheet date and August 25, 2008. There were no significant post balance sheet events. The interim financial statements were approved by the Charles Vögele Holding AG Board of Directors on August 25, 2008.

Report on the Review of the condensed consolidated interim financial statements to the Board of Directors and Shareholders of Charles Vögele Holding AG, Pfäffikon SZ

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements (consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, consolidated statement of changes in equity and notes to the interim consolidated financial statements on pages 12 to 24) of Charles Vögele Holding AG for the period ended June 30, 2008. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

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

Conclusion

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

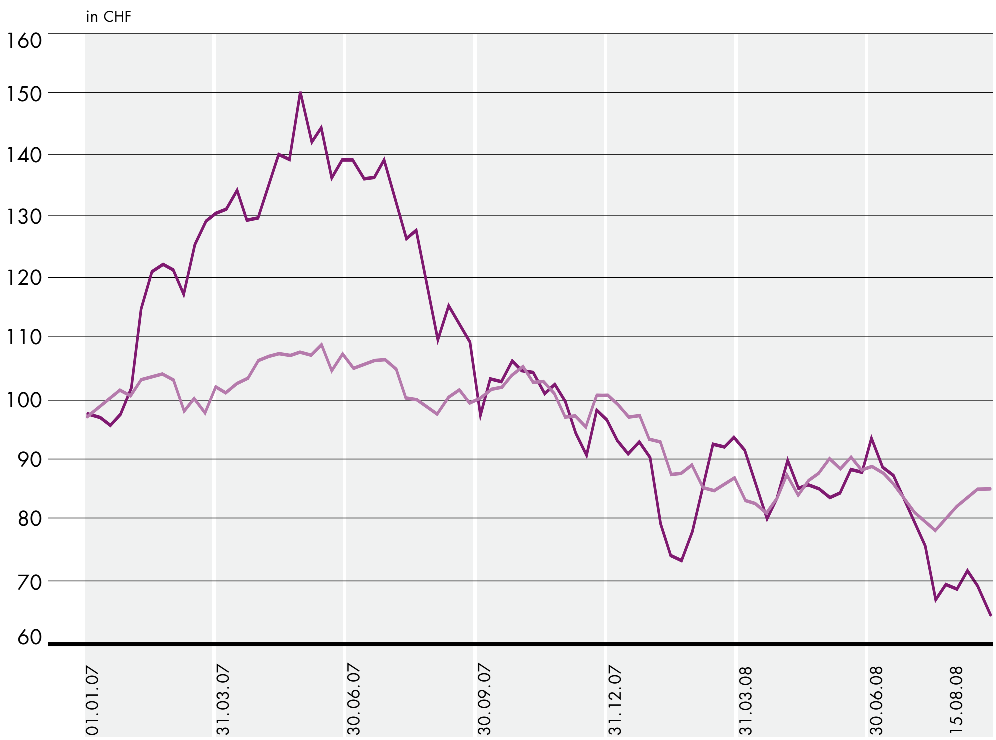
PricewaterhouseCoopers AG

Matthias von Moos   Pascal Wintermantel

Zurich, August 25, 2008

Information for Investors

Price development of the Charles Vögele Holding AG shares
at SWX Swiss Exchange in Zurich from January 1, 2007 to August 15, 2008



Compared to SPI
Closing price of CV shares

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

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

Contents
Group Figures Half-Years and Key Operating Figures
Half-Year Report
Income Statement Balance Sheet
Cash Flow and Changes in Equity
Notes
Review Report Investors

Key Figures

		31.12.2007	30.6.2008
Bearer shares	Number	8 800 000	8 800 000
Par value (reduction decided on April 16, 2008)	CHF	6.00	4.00
Share price as per closing date	CHF	92.85	80.00
Share price:			
– year high	CHF	152.00	98.90
– year low	CHF	88.00	68.50
Average trading volume per day	Number	42 200	29 949
Free float	%	100	94.82[1]
Stock capitalization	CHF million	817	704
Book value per share	CHF	59	58

[1] According to free-float declaration SWX 2008

Forthcoming events

- Analysts' and media conference on the 2008 half-year results: August 26, 2008
- Analysts' and media conference on the 2008 business year results: March 3, 2009
- Annual Shareholders' Meeting 2008: April 1, 2009
- Analysts' and media conference on the 2009 half-year results: August 25, 2009

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

Publisher
Charles Vögele Holding AG
CH-8808 Pfäffikon

Design
Gottschalk+Ash Int'l

Typesetting and Printing
Neidhart + Schön Group, Zurich

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

T+41 55 416 71 00
F+41 55 410 12 82
E investor-relations@charles-voegele.com
www.charles-voegele.com