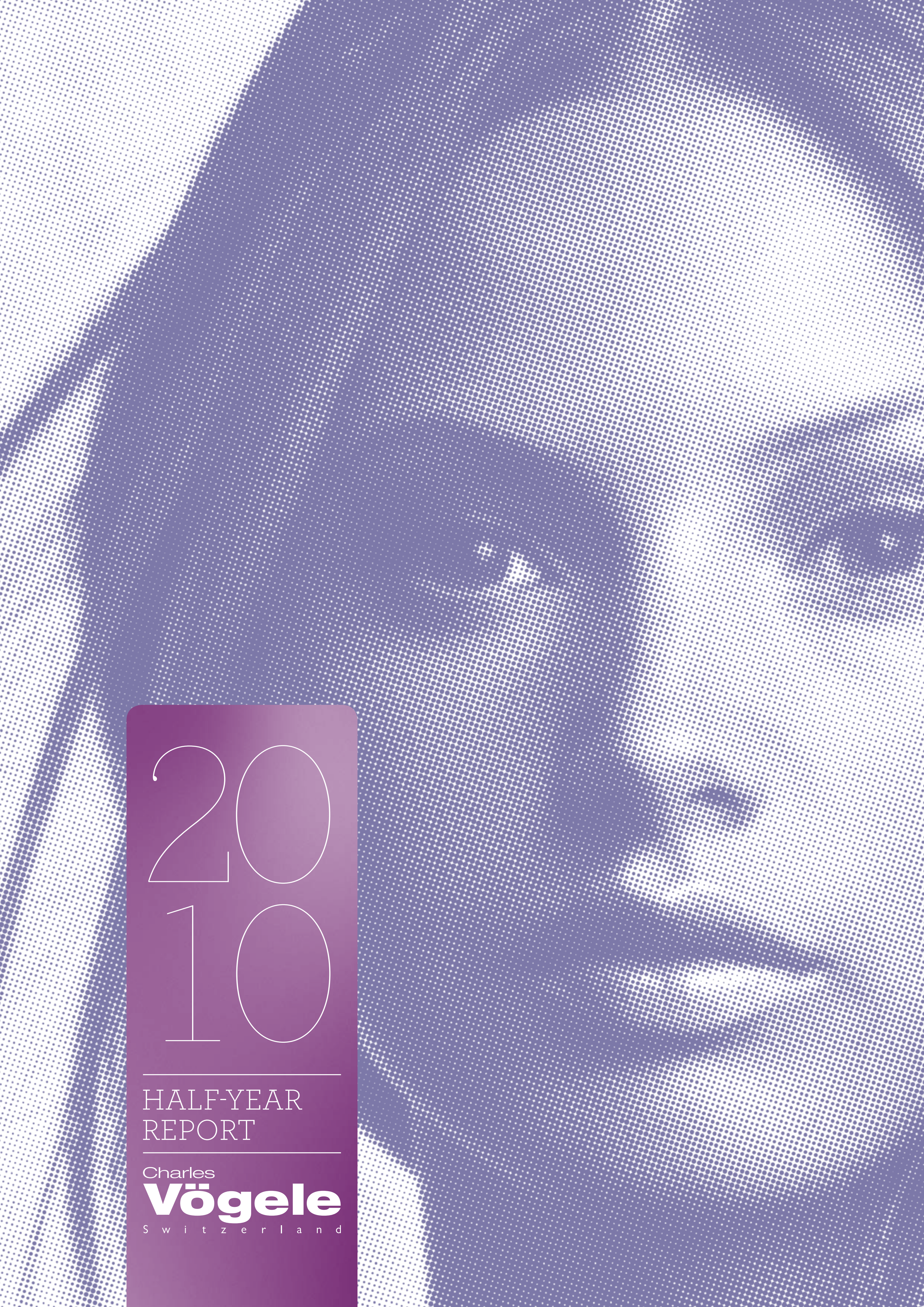

2010

HALF-YEAR REPORT

Charles Vögele
Switzerland

VISION

Charles Vögele is the number one choice
for people in the prime of their lives
who want to feel good and who are looking
for the latest fashions at great prices.








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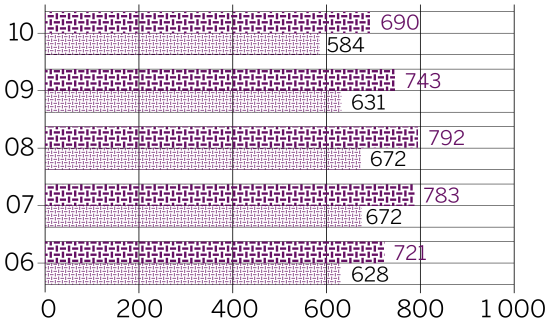
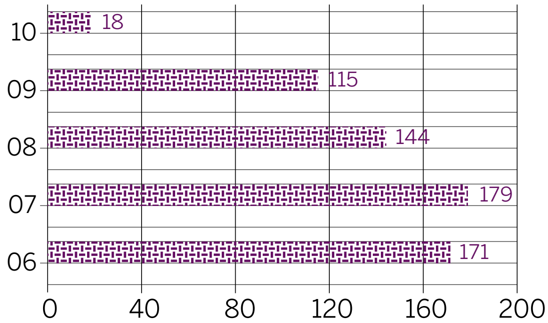
GROUP FIGURES HALF-YEARS 2006 – 2010

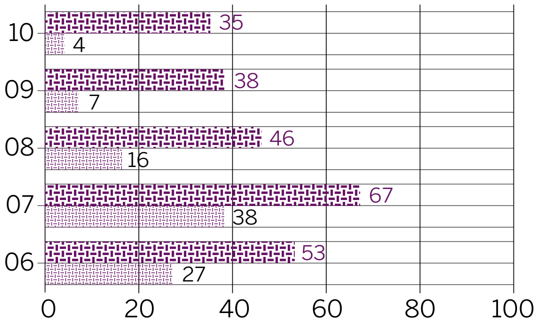
Gross sales in CHF million
Net sales in CHF million



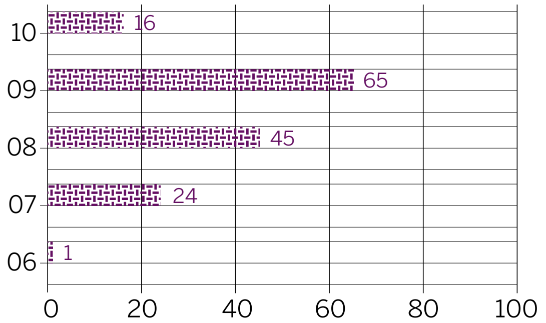
Net debt in CHF million



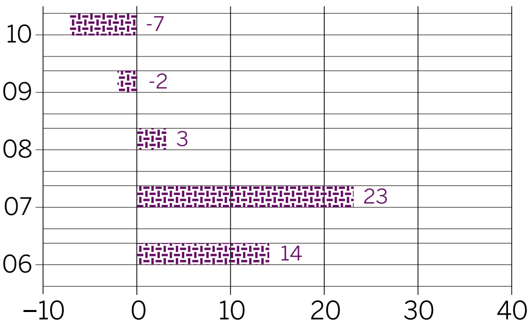
EBITDA in CHF million
EBIT in CHF million



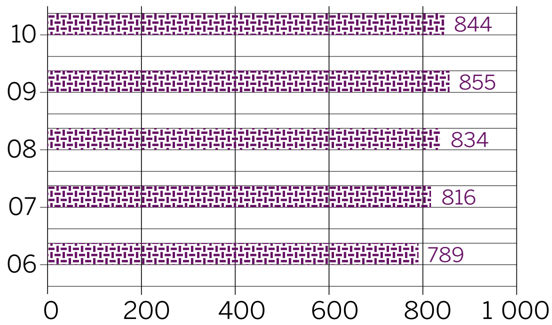
Cash flow from operating activities in CHF million



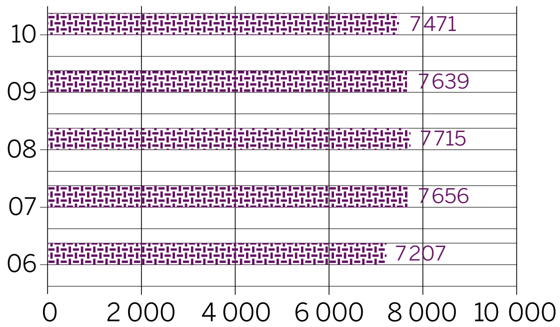
Net profit in CHF million



Number of Branches as of June 30



Number of Employees as of June 30



GROUP KEY OPERATING FIGURES

CHF million	1st Half-Year 2010	1st Half-Year 2009	Change
Gross sales	690	743	(7%)
Change adjusted for currency	(4%)	(1%)	
Change adjusted for expansion and currency	(5%)	(4%)	
Net sales	584	631	(7%)
Operating earnings before depreciation and impairment (EBITDA)	35	38	(8%)
Operating earnings (EBIT)	4	7	(43%)
Net profit/(loss)	(7)	(2)	250%
Net cash flow from operating activities	16	65	(75%)
Net cash provided/(used) in investing activities	(18)	(27)	(33%)
Free cash flow	(2)	38	(105%)
Number of stores as of June 30	844	855	(1%)
Sales area as of June 30 in m²	663 498	671 101	(1%)
Number of employees as of June 30[1)]	7 471	7 639	(2%)
Average number of full-time employees on a half-year basis[1)]	4 930	5 036	(2%)

CHF million	30.06.2010	31.12.2009
Net debt	18	15
Shareholders' equity	471	484
Balance sheet total	752	818
Equity ratio	63%	59%

1) Excluding apprentices.

KEY INFORMATION

Gross sales 4% below prior-year level after adjusting for currency movements. Gross sales fell from CHF 743 million to CHF 690 million. This decline is due mainly to the difficulty in selling off remaining old stock and to negative currency influences. The store portfolio was also optimized. After adjusting for currency movements, sales were down 4%.

4%

Sales of current collections up by 4% after currency adjustment. Although the main focus was on selling off old stock, sales of new collections rose by a currency-adjusted 4%.

Gross margins back above 65%. Thanks to foreign exchange hedges and higher sales of current items, the gross margin improved from 62.7% to 65.3%.

Stock structure largely repaired. Inventories were further reduced, clearing the way for implementation of the company's new strategy.

346

Operating costs reduced again. The restructuring measures have had a positive effect, especially on distribution logistics. Operating costs fell CHF 11 million overall to CHF 346 million.

Positive operating result despite fall in sales. Despite currency influences and the clear-out of old stock, operating earnings were only CHF 2.5 million lower than the prior-year level at CHF 4 million. Negative currency effects of CHF 4 million led to higher net financing costs. The net result for the period was CHF – 7 million.

Low net debt of CHF 18 million. Net debt remained low and was practically unchanged on the year at CHF 18 million.

63%

High equity ratio of 63%. Thanks to its solid balance sheet structure – including another increase in the equity ratio to 63% – the group's financial flexibility is assured.

LETTER TO SHAREHOLDERS

In the first half of 2010 results were adversely affected by the sell-off of remaining old stock and by negative currency effects. Operating costs were reduced again. A positive net result is expected for the year as a whole.

Sales hurt by clear-out of old stock and negative currency effects. Gross sales fell from CHF 743 million to CHF 690 million. As expected, selling off the remaining old stock proved difficult, but by making further price concessions it was possible to clear most of it. This process took up valuable sales space and resources; but happily, sales of new stock went up 4% after adjusting for currency movements. The store portfolio was also streamlined during the half-year under review: 12 new stores were opened, while 25 were closed. At the end of June the company had a portfolio of 844 stores. Around two-thirds of Charles Vögele Group's sales markets are in the euro zone. The continued weakness of the euro in particular reduced the sales figure by CHF 22 million, or 3%. After currency adjustment, gross sales fell by 4%.

Gross margins back above 65%. Charles Vögele Group buys most of its goods in USD. The negative effect of the EUR/USD exchange rate was minimized by careful hedging. With the proportion of current items increasing, gross margins improved from 62.7% to 65.3%.

Operating costs reduced again. Ongoing restructuring measures had a particularly noticeable effect on distribution logistics. Around CHF 10 million was saved as a result of reducing old stock. Advertising spend was reduced temporarily in 2009 owing to the clear-out of old stock, but was increased again by CHF 7 million in the first half of 2010 as a result of the more emotionalized marketing campaign. This brought it back to the level of previous years. The currency effect accounted for CHF 9 million. Overall operating costs were reduced by a further CHF 11 million to CHF 346 million.

EBITDA margin at prior-year level. Thanks to a higher gross margin, foreign exchange rate hedging and a strict cost management, the EBITDA margin was maintained at 6.0%. After deducting depreciation, this left a positive operating result (EBIT) of CHF 4 million, which is CHF 2.5 million lower than the year-back figure.

Higher financial costs put pressure on results. Net financial costs increased by CHF 3 million to CHF 6 million despite the lower net debt. The foreign exchange difference of CHF 4 million was caused by the effect of unhedged currencies on the income statement (half accounted for by Hungary and Poland). At CHF – 7 million, the net result was slightly below the prior-year figure. This was due to the major clear-out of old stock, unfavourable exchange rates and the ongoing restructuring process.

Inventories reduced again. Inventories were cut from the end-2009 level to a record low of CHF 143 million, mainly thanks to the further reduction of old stock. Items that are either more than 18 months old or that fail to meet the new sell-off targets now amount to only CHF 1.3 million. This clears the way for the implementation of Charles Vögele's new strategy.

Balance sheet structure remains solid. Despite difficult market conditions, the most important balance sheet figures remain solid. The equity ratio improved again from 59% to 63%. Net debt, at CHF 18 million, was practically unchanged on the end-2009 figure of CHF 15 million. The group's financial flexibility is thus assured.

3-pillar strategy. The strategic review conducted by the Board of Directors and Group Management revealed a need for action on three fronts: image, verticalization and expansion. Based on insights from this review, a 3-pillar strategy was formulated:

1. Improve image: reduce old stock, make marketing more emotional, modernize store design, sharpen the brand profile and improve fashion credentials.

2. Build up verticalization: refocus the organizational structure, centralize and simplify processes and double the rhythm of collection release.

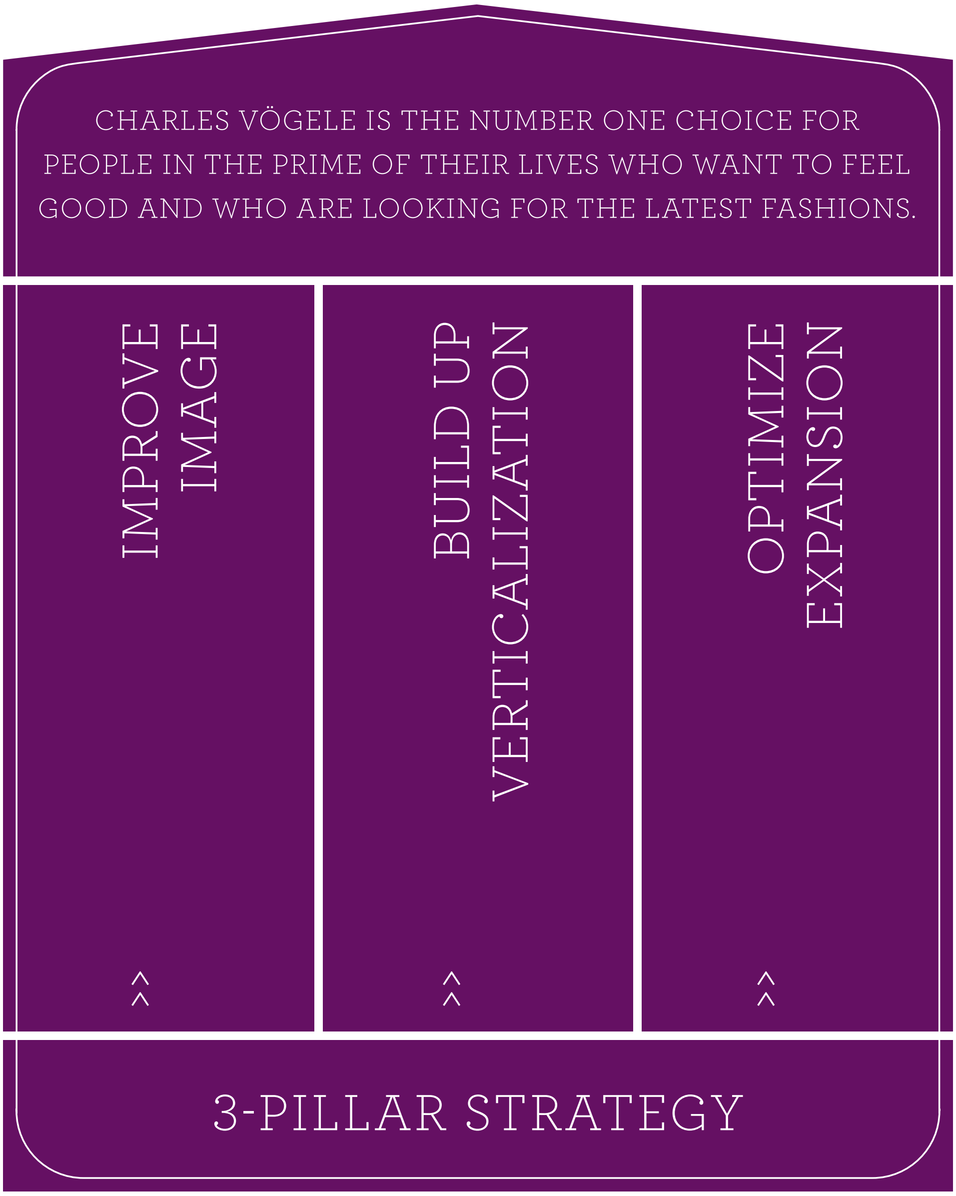
3. Optimize expansion: exploit potential in the main markets, improve locations and floorspace productivity, close unprofitable stores.

The prerequisite for the introduction of these measures was a major exceptional clear-out of old stock. This was largely completed by the end of March 2010. To ensure in future that no item is ever more than 18 months old, merchandise management is being centralized, processes are being optimized and a dynamic discounting strategy is being introduced.

1. IMPROVING THE IMAGE

Own lingerie and underwear collections for the first time. Charles Vögele is launching its own lingerie and underwear collections for the first time in its history. The collections under the Casa Blanca and Biaggini brands will be available from September in 500 stores.

New store design successfully introduced. Since the start of this year all new openings and renovations followed the store design concept developed last year. Stores using the new design have seen their performance improve. The flagship store that reopened in Zurich in March has recorded particularly good sales. Another flagship store will


CHARLES VÖGELE IS THE NUMBER ONE CHOICE FOR PEOPLE IN THE PRIME OF THEIR LIVES WHO WANT TO FEEL GOOD AND WHO ARE LOOKING FOR THE LATEST FASHIONS.
IMPROVE IMAGE
BUILD UP VERTICALIZATION
OPTIMIZE EXPANSION
3-PILLAR STRATEGY

open in Berne in October. By the end of the year 71 stores across the group will be using the new store design concept.

Penélope and Mónica Cruz are the new ambassadors. Charles Vögele has secured the world-famous Hollywood actress Penélope Cruz and her sister Mónica as its new brand ambassadors. They embody ideal values for Charles Vögele and will help greatly to improve the company's image. They also bring their own fashion skills to the table and are developing their own collection with Charles Vögele's Brand Management team under the new "Biaggini Violett" brand.

Title sponsor of the Charles Vögele Fashion Days Zurich. Charles Vögele is the title sponsor of the inaugural Fashion Days Zurich. The company has signed a three-year contract with IMG, the event's organizer. Fashion Days Zurich provides a great platform for presenting fashion shows, which are normally only accessible to industry insiders, to a broader audience. The collection developed by Penélope and Mónica Cruz will be presented for the first during the event.

2. BUILD UP VERTICALIZATION

Merchandise organization refocused. The merchandise organization has been split into three areas: Brand Management, Merchandise Management and Sourcing. The teams have been strengthened by the addition of international specialists. Merchandise Management is simultaneously being centralized. This reorganization will be completed by the end of the year. Thanks to faster and more efficient processes, the frequency of new collections can be doubled from 4 to 8 a year. These are important steps towards a more vertical focus within the company.

Logistics centralized. Storage of new stock is being consolidated in three regional distribution centres in order to ensure efficient distribution. Items are prepared for sale in these centres and then distributed to the stores via distribution hubs. The centralization of logistics will be implemented in stages by the end of 2012.

Sales market divided into four regions. In order to simplify structures and exploit synergies, the Netherlands and Belgium Sales Organizations were merged to form the Benelux Region in March. In June, Austria/Slovenia was merged with Hungary, the Czech Republic and Poland to form the new Central and Eastern Europe Region (CEE).

3. OPTIMIZING EXPANSION

Streamline the portfolio and then expand. Further locations will be optimized by the end of this year in order to increase floorspace productivity. From 2011 onwards, expansion activities will be accelerated in the main markets of Switzerland, Southern and Western Germany and Austria.

Online shop from March 2011. Growth potential is also expected from the online shop, which opens its virtual doors in spring 2011, initially with the Casa Blanca brand and the lingerie and underwear collection.

CHANGES IN THE 1ST AND 2ND TIERS OF MANAGEMENT

Group management rounded out, second tier of management strengthened. The Board of Directors has appointed Frank Beeck as the new Chief Sales Officer. In his function as Member of Group Management he has been responsible since July 2010 for managing all sales channels, including e-commerce. Frank Beeck comes to Charles Vögele from Mango, where he was responsible as Country Manager for seven countries in Europe, including Switzerland, Germany and Austria. Before that he held various roles at international fashion companies. Frank Beeck rounds out Charles Vögele's Group Management, which also includes André Maeder (CEO), Markus Voegeli (CFO) and Werner Lange (CPO). The second tier of management has also been strengthened by the addition of e-commerce, visual merchandising, sourcing and marketing experts with extensive industry knowledge.

OUTLOOK

Positive net result expected for the year as a whole. Changes in organizational and process structures are well underway and will continue until 2012.
In the transition phase the measures introduced will have a positive effect mainly on costs. Owing to the current streamlining of the portfolio and adjustment to the company's image, improvements on the earnings side will only become evident in the medium term.
The first signs of recovery on sales markets are appearing. Nevertheless, the market environment remains difficult. The situation is made even harder by unfavourable exchange rates, especially in the euro zone, where Charles Vögele Group generates around two-thirds of its sales. The situation in the Asian procurement markets is also unstable. A positive net result is expected for the year as a whole, and an EBITDA margin of 10% is expected in the medium term.

Yours sincerely

Alain Caparros
Chairman of the
Board of Directors

André Maeder
Chief Executive Officer

FINANCIAL REPORT

from January 1 to June 30

CONSOLIDATED INCOME STATEMENT

CHF 1000	Note	1st Half-Year 2010	1st Half-Year 2009
Net sales		**584 415**	**630 526**
Cost of goods	5.1	(202 966)	(235 159)
Personnel expenses		(142 529)	(150 724)
Rental expenses		(115 094)	(117 415)
Advertising and promotion expenses		(50 582)	(45 225)
General operating expenses		(41 337)	(47 422)
Other operating income	8	3 295	3 177
Operating earnings before depreciation and impairment (EBITDA)		**35 202**	**37 758**
In % of net sales		**6.0%**	**6.0%**
Depreciation and impairment		(31 161)	(31 202)
Operating earnings (EBIT)		**4 041**	**6 556**
In % of net sales		**0.7%**	**1.0%**
Financial income		250	179
Financial expenses		(2 848)	(4 274)
Exchange gains/(losses), net		(3 823)	971
Profit/(loss) before income tax		**(2 380)**	**3 432**
In % of net sales		**(0.4%)**	**0.5%**
Tax expenses	6	(4 672)	(5 709)
Net profit/(loss)		**(7 052)**	**(2 277)**
In % of net sales		**(1.2%)**	**(0.4%)**
Basic earnings per share	7	**(0.84)**	**(0.27)**
Diluted earnings per share	7	**(0.84)**	**(0.27)**

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

from January 1 to June 30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CHF 1000	1st Half-Year 2010	1st Half-Year 2009
Net profit/(loss)	**(7 052)**	**(2 277)**
Currency translation differences of foreign subsidiaries	(18 774)	4 806
Change of fair value of cash flow hedges after taxes	12 117	(1 402)
Total other comprehensive income	**(6 657)**	**3 404**
Total comprehensive income	**(13 709)**	**1 127**

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

as of June 30

CONSOLIDATED BALANCE SHEET (CONDENSED)

CHF 1000	Note	**30.06.2010**	31.12.2009
Assets			
Current assets			
Cash and cash equivalents		98 212	127 649
Receivables, advance payments and prepaid expenses		21 034	17 737
Derivative financial instruments	4	27 055	4 221
Inventories	5	143 574	173 022
Assets held for sale	8	–	5 983
Total current assets		**289 875**	**328 612**
Long-term assets			
Property, plant and equipment	12	373 674	400 354
Financial assets		754	600
Intangible assets	12	82 361	82 777
Deferred tax assets		5 084	5 638
Total long-term assets		**461 873**	**489 369**
Total assets		**751 748**	**817 981**
Liabilities and shareholders' equity			
Current liabilities		126 880	154 778
Long-term liabilities	11	153 715	179 058
Shareholders' equity	9, 10	471 153	484 145
Total liabilities and shareholders' equity		**751 748**	**817 981**

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

from January 1 to June 30

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

CHF 1000	Note	**1st Half-Year 2010**	1st Half-Year 2009
Net profit/(loss)		**(7 052)**	**(2 277)**
Adjustments:			
– Tax expenses		4 672	5 709
– Net financial expenses		6 421	3 124
– Depreciation and impairment		31 161	31 202
– Profit on disposal of assets		(2 698)	(28)
– Other non-cash (profit)/loss		588	867
Change in long-term provisions		(1 237)	47
Change in inventories		18 845	49 219
Change in net working capital		(14 138)	(17 346)
Financial income received		250	3 064
Financial expenses paid		(11 292)	(3 825)
Taxes paid		(10 010)	(4 348)
Net cash flow from operating activities		**15 510**	**65 408**
Net cash provided/(used) by investing activities	12	**(18 182)**	**(27 282)**
Net cash provided/(used) by financing activities	11	**(23 979)**	**(51 885)**
Net increase/(decrease) in cash and cash equivalents		**(26 651)**	**(13 759)**
Net cash and cash equivalents at the beginning of the period		**127 649**	**47 947**
Effect of exchange rate changes		(2 786)	331
Net increase/(decrease) in cash and cash equivalents		(26 651)	(13 759)
Net cash and cash equivalents at the end of the period		**98 212**	**34 519**

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

from January 1 to June 30

CONSOLIDATED STATEMENT OF CHANGES IN 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 31.12.2008		**35 200**	**(33 428)**	**173 789**	**346 003**	**(25 878)**	**(6 180)**	**5 863**	**495 369**
Comprehensive income		–	–	–	(2 277)	4 806	(1 402)	–	1 127
Value of granted options		–	–	–	–	–	–	867	867
Value of exercised/ expired options		–	–	–	852	–	–	(852)	–
Disposals of treasury shares	9	–	678	–	(115)	–	–	–	563
Purchase of treasury shares		–	(563)	–	–	–	–	–	(563)
Par value reduction	10	(4 400)	209	–	–	–	–	–	(4 191)
Balance 30.06.2009		**30 800**	**(33 104)**	**173 789**	**344 463**	**(21 072)**	**(7 582)**	**5 878**	**493 172**
Balance 31.12.2009		**30 800**	**(33 784)**	**173 789**	**333 280**	**(26 775)**	**482**	**6 353**	**484 145**
Comprehensive income		–	–	–	(7 052)	(18 774)	12 117	–	(13 709)
Value of granted options		–	–	–	–	–	–	588	588
Value of exercised/ expired options		–	–	–	16	–	–	(16)	–
Disposals of treasury shares	9	–	129	–	–	–	–	–	129
Purchase of treasury shares	9	–	–	–	–	–	–	–	–
Balance 30.06.2010		**30 800**	**(33 655)**	**173 789**	**326 244**	**(45 549)**	**12 599**	**6 925**	**471 153**

The notes on pages 16 to 23 are an integral part of these consolidated interim 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 branches in Switzerland, Germany, the Netherlands, Belgium, Austria, Slovenia, Poland, Hungary and the Czech Republic.

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

2 Summary of significant accounting policies

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) on the basis of historical cost modified by derivative financial instruments, which are carried at fair value. Unless stated otherwise below, the accounting principles applied to the consolidated accounts are the same as those described on pages 10 to 28 of Charles Vögele Group's 2009 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 changes to existing IFRS standards and interpretations of existing standards, valid since January 1, 2010, have been applied but don't affect these interim financial statements:

- IFRS 1: First-time adoption of International Financial Reporting Standard (amendment)
- IFRS 2: Share-based Payment (amendment)
- IFRS 3: Business Combinations (amendment)
- IAS 27: Consolidated and Separate Financial Statements (amendment due to changes in IFRS 3)
- IAS 28: Investments in Associates (amendment due to changes in IFRS 3)
- IAS 31: Interests in Joint Ventures (amendment due to changes in IFRS 3)
- IAS 39: Financial instruments: Recognition and measurement (amendment)
- IFRIC 17: Distributions of Non-cash Assets to Owners (new)
- IFRIC 18: Transfers of Assets from Customers (new)
- Improvement Programme 2009 (various minor adjustments of existing 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 became or will become effective after January 1, 2010. The Group concluded that with the exception of IFRS 9 “Financial Instruments – Classification and Measurement” none of the standards or interpretations which have been published by the time of the release of these financial statements will have a significant effect on the Group’s result and financial position. IFRS 9 needs to be adopted by January 1, 2013. This standard will change the classification and measurement of financial instruments and hedging requirements. The Charles Vögele Group is evaluating the potential impact of this new standard on the consolidated financial statements.

2.3 Foreign currency translation

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

2010	**ISO code**	**Unit**	**Balance Sheet 30.06.2010**	**Income Statement 1st Half-Year 2010**
Euro	EUR	1	1.32	1.44
Hong Kong	HKD	1	0.14	0.14
China	CNY	1	0.16	0.16
USA	USD	1	1.08	1.08
Hungary	HUF	100	0.46	0.53
Poland	PLN	100	31.90	35.89
Czech Republic	CZK	100	5.15	5.58
Romania	RON	100	30.29	34.67

2009	ISO code	Unit	Balance Sheet 31.12.2009	Income Statement 1st Half-Year 2009
Euro	EUR	1	1.48	1.51
Hong Kong	HKD	1	0.13	0.15
China	CNY	1	0.15	0.17
USA	USD	1	1.03	1.13
Hungary	HUF	100	0.55	0.52
Poland	PLN	100	36.10	33.70
Czech Republic	CZK	100	5.51	5.55
Romania	RON	100	35.03	35.59

3 Segment information

The management structure in the markets where Charles Vögele Group is active has changed, which has also necessitated a change to the segments introduced last year under IFRS 8. The previous five segments, Switzerland, Germany, Austria/Slovenia, Benelux and CEE (Poland, Hungary, Czech Republic), were reduced to four: Switzerland, Germany, Benelux and CEE (Austria, Slovenia, Poland, Hungary, Czech Republic). This change affects the structure of segment reporting but has no effect on the Group's asset, financial or earnings situation. The prior-year comparative figures shown in the segment information have been adjusted accordingly.

CHF 1000	Switzerland 1st Half-Year 2010	Switzerland 1st Half-Year 2009	Germany 1st Half-Year 2010	Germany 1st Half-Year 2009	Benelux 1st Half-Year 2010	Benelux 1st Half-Year 2009
Gross sales	213 027	231 293	222 855	240 993	92 731	102 201
Net sales	192 408	209 156	183 106	198 555	77 274	85 000
Segment profit/(loss) (EBITDA)	33 299	34 604	1 855	3 894	(2 238)	(117)
EBITDA in % of net sales	17.3%	16.5%	1.0%	2.0%	(2.9%)	(0.1%)
Depreciation	(10 652)	(10 063)	(9 899)	(10 385)	(4 385)	(4 867)
Segment profit/(loss) (EBIT)	22 647	24 541	(8 044)	(6 491)	(6 623)	(4 984)
EBIT in % of net sales	11.8%	11.7%	(4.4%)	(3.3%)	(8.6%)	(5.9%)
	30.06.2010	31.12.2009	**30.06.2010**	31.12.2009	**30.06.2010**	31.12.2009
Net inventories	45 323	50 650	51 156	64 352	18 122	24 999

CHF 1000	CEE[1] 1st Half-Year 2010	CEE[1] 1st Half-Year 2009	Group 1st Half-Year 2010	Group 1st Half-Year 2009
Gross sales	161 866	168 496	690 479	742 983
Net sales	131 627	137 815	584 415	630 526
Segment profit/(loss) (EBITDA)	2 286	(623)	35 202	37 758
EBITDA in % of net sales	1.7%	(0.5%)	6.0%	6.0%
Depreciation	(6 225)	(5 887)	(31 161)	(31 202)
Segment profit/(loss) (EBIT)	(3 939)	(6 510)	4 041	6 556
EBIT in % of net sales	(3.0%)	(4.7%)	0.7%	1.0%
Net, financial income/(expense)			(6 421)	(3 124)
Profit/(loss) before income tax			(2 380)	3 432
Tax expenses			(4 672)	(5 709)
Net profit/(loss)			(7 052)	(2 277)
	30.06.2010	31.12.2009	**30.06.2010**	31.12.2009
Net inventories	31 526	38 263	146 127	178 264
Goods in transit			36 381	41 657
Group eliminations			(39 214)	(47 186)
Total Group inventories, net			143 294	172 735

[1] CEE: Austria, Slovenia, Poland, Hungary, Czech Republic.

4 Derivative financial instruments

The increase in capitalized derivative financial instruments is driven by the fair-value of cash flow hedges for intra-Group deliveries of goods in EUR (derivatives for cash flow hedges in EUR) and by forward foreign exchange contracts (derivatives for trading purposes in EUR) open on the closing date.

5 Inventories

CHF 1000	**30.06.2010**	31.12.2009
Current inventory, gross	118 124	142 169
Inventory valuation allowance	(23 513)	(37 668)
Current inventory (current and previous seasons), net	**94 611**	**104 501**
Upcoming season	48 683	68 234
Total inventories, net	**143 294**	**172 735**
Heating oil	280	287
Total recognized in the balance sheet	**143 574**	**173 022**

5.1 Value adjustments on inventories

CHF 1000	**1st Half-Year 2010**	1st Half-Year 2009
Balance, as of January 1	**(37 668)**	**(59 823)**
(Creation)/release of value adjustments affecting cost of goods	12 418	10 190
Effect of exchange rates	1 737	(956)
Balance, as of June 30	**(23 513)**	**(50 589)**

The CHF 29.5 million net reduction in inventories is mainly due to the continued exceptional clearance of old stock in the first half of 2010. Value adjustments were cut by CHF 12.4 million as a result. This reduction includes CHF 4.2 million of the additional CHF 10.0 million value adjustment set up at the end of 2009.

6 Taxes

The high tax rate is due to the fact that taxable profits and losses at the individual sales companies cannot be set off against each other.

7 Earnings per share

		1st Half-Year 2010	1st Half-Year 2009
Net profit/(loss)	CHF 1 000	(7 052)	(2 277)
Weighted average number of basic shares	Number	8 365 980	8 382 359
Adjustment for potentially dilutive share options	Number	16 828	–
Weighted average number of shares for diluted earnings per share	Number	8 382 808	8 382 359
Basic earnings per share	**CHF**	**(0.84)**	**(0.27)**
Diluted earnings per share	**CHF**	**(0.84)**	**(0.27)**

8 Assets held for sale

This position from the prior year-end period concerned a property in Switzerland no longer needed for operations that has since been sold for a profit of CHF 2.7 million.

9 Treasury shares

As at June 30, 2010, Charles Vögele Holding AG held 432 382 (June 30, 2009: 417 641) treasury shares. These are earmarked for Charles Vögele Group's Management share option plan.

10 Distribution to shareholders

On April 14, 2010 the Annual Shareholders' Meeting decided not to pay a dividend for the 2009 financial year.

For the 2008 financial year, on July 3, 2009, a par value reduction of CHF 0.50 was paid for each Charles Vögele Holding AG bearer share.

11 Long-term liabilities

The reduction in long-term liabilities in the first half of 2010 is primarily due to reductions in mortgages (CHF 15.0 million lower) and long-term leasing liabilities (CHF 11.7 million lower; CHF 7.9 million of this reduction is due to early refinancing).

12 Net cash used by investing activities

During the first half of 2010, CHF 18.2 million net (previous year CHF 27.3 million net) was invested in fixed and intangible assets. This includes CHF 8.7 million of divestments resulting primarily from the sale of a property no longer needed for operations.

13 Post balance sheet events

The present interim financial statements take into consideration events occurring between the balance sheet date and August 19, 2010. 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 19, 2010.

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

> Introduction

We have reviewed the accompanying condensed consolidated interim financial information (consolidated income statement, consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, consolidated statement of changes in equity and notes to the interim consolidated financial statements on pages 12 to 23) of Charles Vögele Holding AG for the period ended June 30, 2010. The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information 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 interim financial information 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.

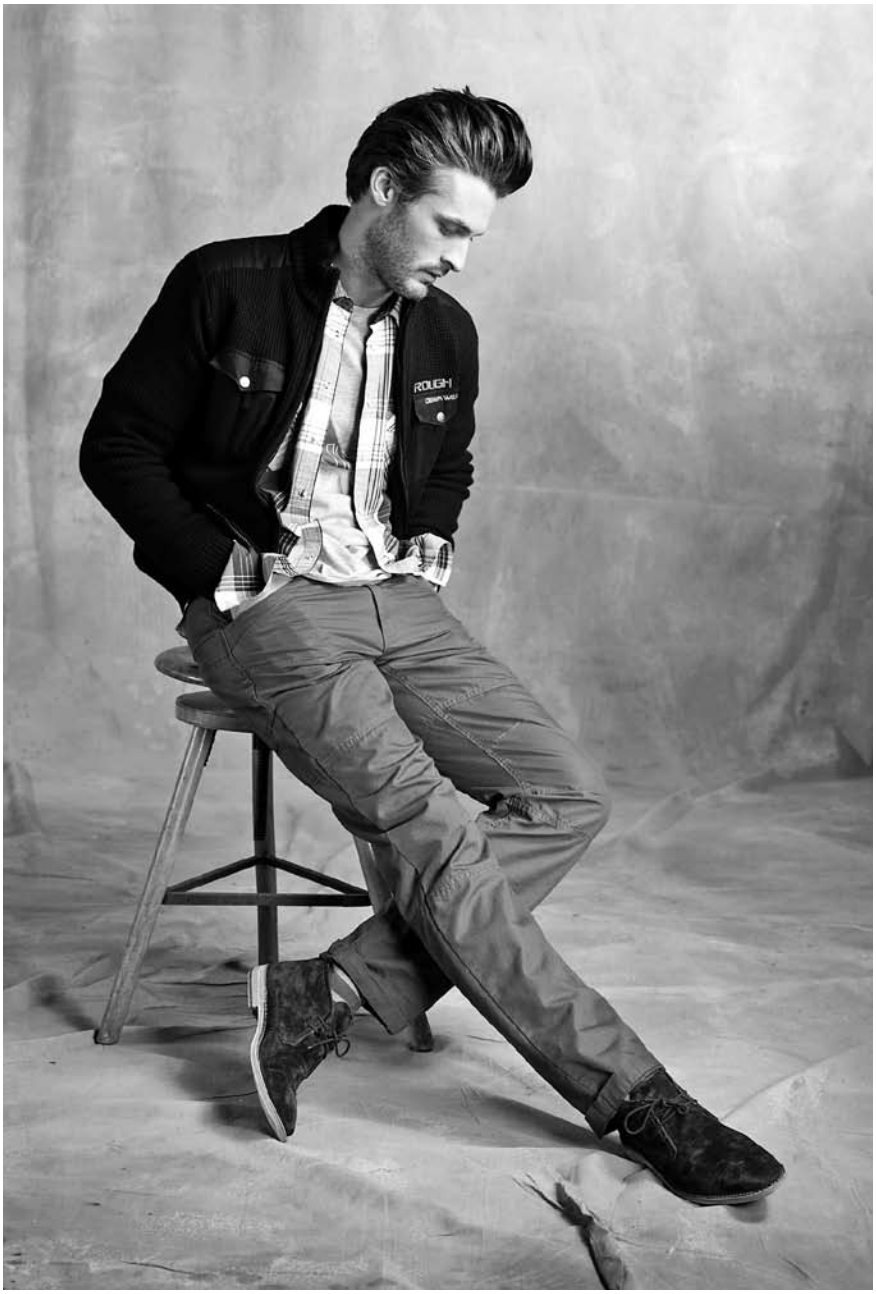
> Conclusion

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

PricewaterhouseCoopers AG

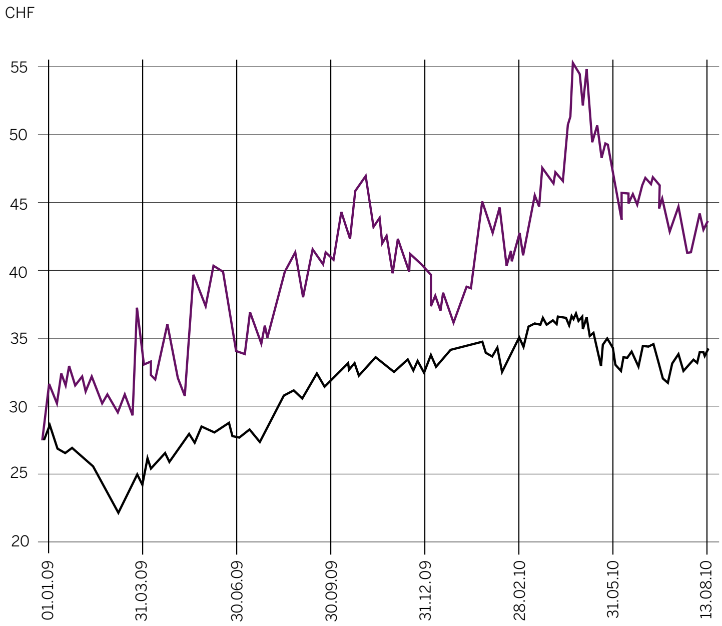
Sandra Boehm Uglow　　　　Hanspeter Abegg

Zurich, August 19, 2010


ROUGH

Share Performance

Price performance of Charles Vögele Holding AG bearer shares at SIX Swiss Exchange from January 1, 2009 to August 13, 2010:



— Compared to SPI
— Closing price of Charles Vögele shares

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

Key Figures

		30.06.2010	31.12.2009
Bearer shares	Number	8 800 000	8 800 000
Par value	CHF	3.50	3.50
Share price as per closing date	CHF	44.45	37.00
Share price:			
– Year high	CHF	57.40	48.05
– Year low	CHF	35.70	28.00
Average trading volume per day	Number	18 269	19 692
Free float	%	86	90
Stock capitalization	CHF mill.	391	326
Book value per share	CHF	54	55

[1] According to free-float declaration SIX Swiss Exchange.

MARCH 8, 2011
MEDIA AND ANALYSTS CONFERENCE
ANNUAL RESULTS 2010

APRIL 13, 2011
ANNUAL SHAREHOLDERS' MEETING
ANNUAL RESULTS 2010

AUGUST 23, 2011
MEDIA AND ANALYSTS CONFERENCE
HALF-YEAR FINANCIAL STATEMENTS 2011

Charles Vögele Group's half-year 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.

The half-year report shows photos from the Casa Blanca autumn / winter campaign.

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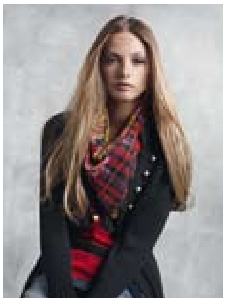


CASA BLANCA