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whole family!

Mode
Vögele

First Half-Year 2004

The latest fashions!

Great quality!

Attractive prices!

Always nearby!

Charles Vögele Group

Half-Year Report 2004

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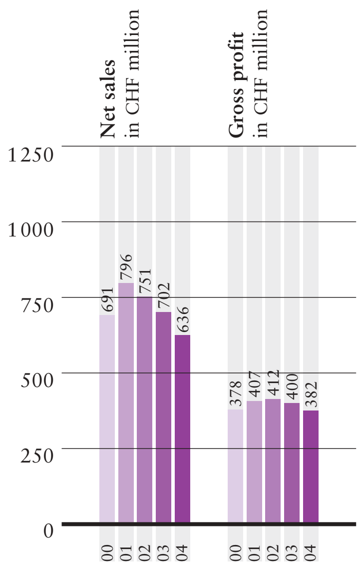
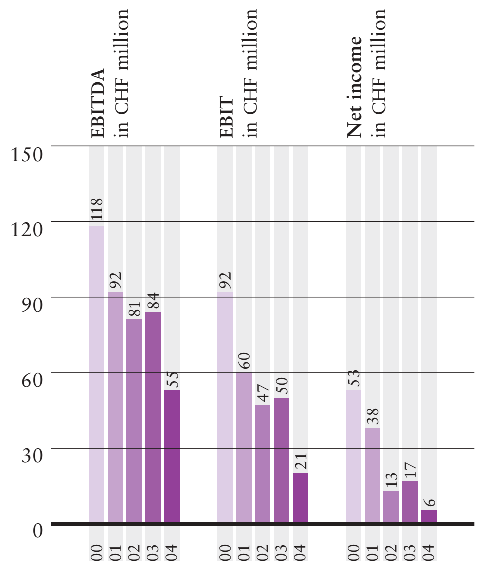
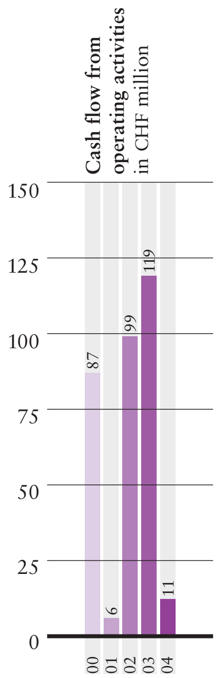
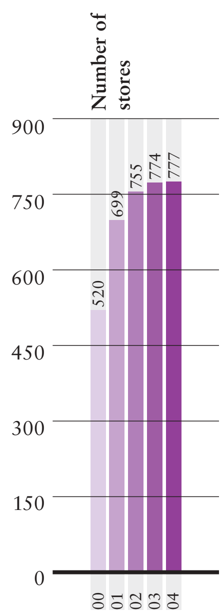
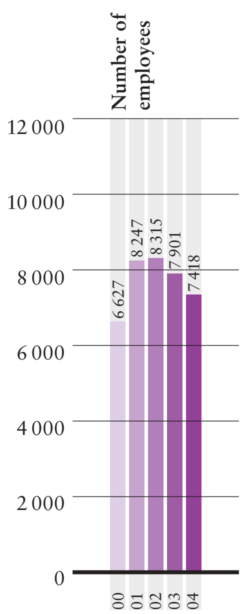










Group Key Operating Figures

in CHF million	1st Half-Year 2004	1st Half-Year 2003	Change in %
Net sales	636.3	701.5	– 9
Change in net sales adjusted for expansion in %	– 10.5	– 8.9	
Gross profit	381.8	400.2	– 5
Gross profit in % of net sales	60.0	57.1	
EBITDA [1)]	54.9	84.2	– 35
EBIT [2)]	21.0	49.6	– 58
Net income	6.1	17.3	– 65
Cash flow from operating activities	10.7	119.1	– 91
Net cash used in investing activities	(18.3)	(6.0)	+ 205
Free cash flow	(7.6)	113.1	– 107
Number of stores as of June 30th	777	774	+ 0
Sales area as of June 30th, in m^2	582 862	579 473	+ 1
Net sales per m^2 sales area, in CHF [3)]	1 100	1 211	– 9
Number of employees as of June 30th [4)]	7 418	7 901	– 6
Average number of full-time employees on a half-year basis [4)]	4 974	5 306	– 6
Net sales per average number of full-time employees, in CHF [4)]	127 925	132 214	– 3

in CHF million	30. 6. 2004	31. 12. 2003	Change in %
Net debt	300.2	282.0	+ 6
Shareholders' equity	443.8	442.9	+ 0
Balance sheet total	1 034.3	1 075.4	– 4

1) Earnings before depreciation, amortization, interest and taxes
2) Earnings before interest and taxes
3) Calculated on the basis of average m^2 sales area per month
4) Excluding apprentices

Report by the Board of Directors and Group Management

Negative Market Trend – Consistent Strategy Implementation

Over the last three years the Charles Vögele Group has undertaken a targeted, structured review of its organization and processes, changing them where change is needed. In this way it has laid the foundations for a successful long-term future and made great strides in its efforts to ensure sustainable earnings power. However, the first six months of this financial year have seen an interruption in our Group's development.

Given the challenging environment, we knew that following our previous success it would be difficult to maintain the upward trend at the same pace. It was not hard to predict that consumer sentiment would remain depressed despite the persistently positive economic forecasts delivered by experts. Too many key factors continued to weigh too heavily on consumers' purchasing decisions.

This is why the forecast we sent out about our expected business performance for 2004 was so cautious. We made it clear very early in the year that "neither a marked improvement in consumer sentiment nor a revival of consumption levels in the clothing sector" should be expected.

As we anticipated, the first half of 2004 was marked by even more intense competition, which led to a substantial restructuring of clothing markets in all the countries in which the Charles Vögele Group operates. This took the form of bankruptcies, withdrawals from the market, company mergers and large-scale redundancies.

Over the first four months of 2004, turnover at the Charles Vögele Group fell slightly overall, thus fulfilling the expectations we had announced. However, in the months of May and June, sales became much weaker. Owing to this unexpected development, it became apparent towards the end of June that our earnings for the 2004 financial year as a whole would turn out weaker than originally forecast. We felt compelled to immediately communicate to all our stakeholders about the anticipated temporary deterioration in results, which is why we sent out our ad hoc press release on June 30th, 2004.

Rigorous implementation of our strategy

Despite the challenging environment, we are continuing to implement the corporate strategy as planned. The decline in sales seen in the second quarter has no effect on the company's main direction: we are confident that we are on the right course. This has been confirmed by some gains in market share and by the latest customer surveys, which suggest that we now have greater appeal among our target customers.

The most important Group project, Supply Chain Management, is progressing as planned and from 2005 will start to generate the expected annual savings of CHF 10 million. The first effects were already becoming evident in the first half of 2004. The test phase for the new collection presentation project finishes this autumn, at which point the new concept will gradually be introduced in all of the Group's branches. This will further improve the company's market image. In Switzerland, market testing for the external brands concept is also being launched.

Reduced sales hurt consolidated earnings

The 9.3% reduction in sales in the first half led to a decline in consolidated results. Gross profit fell from CHF 400.2 million to CHF 381.8 million while the gross profit margin increased from last year's 57.1% to 60.0%. One of the positives to be taken from this development is the fact that the initial effects of the Supply Chain Management project have contributed to another increase in the gross profit margin as well as a reduction in operating and administration expenses. Total operating expenses rose by CHF 10.7 million, though CHF 8.4 million of this was due to the appreciation of the euro against the Swiss franc. The single largest cost increase was for advertising, which on a currency-neutral basis was CHF 5.9 million higher than it was a year ago. Earnings before depreciation and amortization, interest and taxes (EBITDA) reached CHF 54.9 million, significantly lower than the year-back figure of CHF 84.2 million. Mid-year EBIT fell from CHF 49.6 million to CHF 21.0 million. Despite the CHF 28.6 million fall in operating income (EBIT), the Group still managed to post net income of CHF 6.1 million (previous year CHF 17.3 million).

Continued successful inventory reduction

At the end of last year the company announced that it was aiming to reduce stocks of items from the current and previous seasons by CHF 30 million. It is on schedule to achieve this target. Compared with the figure at the end of 2003 (CHF 248.3 million) there has so far been a cut of CHF 10.2 million. At the end of June 2004 the figure was thus CHF 238.1 million, representing a reduction of CHF 38.7 million on the year-back figure (CHF 276.8 million). Despite the unfavourable sales trend in May and June, the forthcoming fashion seasons will not be encumbered by excessively high inventories. This situation has been made possible by the realistic assessment of market trends made at the beginning of the year and the consequent cautious purchasing policy. The inventory as per June 30th, 2004, already includes items from the 2004 autumn/winter season worth CHF 79.9 million (previous year CHF 7.8 million).

Reduced cash flow

Cash flow came to CHF 10.7 million in the first half year (previous year CHF 119.1 million). Two factors were responsible for this: the decline in the operating result and, in particular, the much earlier arrival – compared to last year – of items for the forthcoming 2004 autumn/winter season. The CHF 79.9 million of new arrivals represents an increase of CHF 72.1 million on 2003.

Net debt to be reduced by end of year

Owing to seasonal factors, net debt as of June 30th, 2004, stood at CHF 300.2 million, slightly higher than the figure as of December 31st, 2003, but lower than at the same time last year (CHF 333.7 million). Net debt will be reduced further by the end of 2004, at which point it will be below the 2003 year-end figure of CHF 282.0 million.

Refinancing secured till mid-2009

Charles Vögele Trading AG replaced its existing credit agreement for CHF 400.0 million (previously CHF 577.5 million) running to the end of August 2005 with a new syndicated credit facility of CHF 325.0 million. This is made up of two tranches of CHF 162.5 million each, one with a maturity of three and one of five years. The facility ensures the long-term refinancing of the company until the end of July 2009. The contract signed in July 2004 was heavily oversubscribed during the tendering phase, underlining the confidence that the Charles Vögele Group enjoys among banks. The interest rate is based on LIBOR plus a margin of between 65 and 200 basis points (previously 100–275 basis points) depending on certain key financial ratios.

All national markets see fall in turnover

Switzerland – Although retail figures trended slightly upwards, the upperware clothing market in which Vögele operates shrank further. This brought a wave of withdrawals from the Swiss clothing market by both branch and mail-order operators, as well as a series of company mergers that probably marks an initial streamlining of the market. Net sales slid back by 10.6% to CHF 239.9 million (previous year CHF 268.2 million). Thanks to rigorously implemented cost savings, a further increase in the gross profit margin and productivity gains in logistics, the lower turnover was partially offset at the level of earnings before depreciation, amortization, interest and taxes (EBITDA). EBITDA came to CHF 32.8 million (previous year CHF 41.9 million), which, given the sharp fall in turnover, is a respectable result. As part of the market optimization programme, slight adjustments were made to the store portfolio during the first half of the year. With the opening of a new branch in Neuchâtel, we now have a presence in all of Switzerland's medium-sized and large towns.

Germany – The economic situation has improved slightly since last year, at least to the extent that GDP growth for 2004 is expected to be slightly positive. However, consumer sentiment remains subdued owing to various negative factors that are neutralizing the financial reliefs of private households announced at the beginning of the year. The resulting uncertainty is hampering private consumption. Against this background, the German clothing market continued to trend negatively and was characterized by numerous company closures and large-scale redundancies. This also had an influence on Vögele's net sales, which fell by 10.2% from CHF 242.5 million in the previous year to CHF 217.8 million. As a result, (EBITDA) was negative at CHF –8.9 million (previous year: CHF 3.9 million). Four loss-making stores were closed during the first half-year to improve the branch structure.

Austria – Compared with the reluctance of shoppers in the rest of Europe, consumption in Austria proved remarkably resilient in 2003. However, rising unemployment, pension cuts and a barely growing economy have now led to more cautious consumer spending here too, with shoppers focusing even more than before on price. Economic developments have also intensified competition within the Austrian clothing market and led to the closure of two rival firms. Vögele's net sales in Austria fell by 1.2%, from CHF 116.5 million to CHF 115.1 million. The special tenth anniversary offers publicized on the front page of the "Modeblatt" magazine proved very successful and made up for some of the decline in sales. EBITDA reached CHF 6.3 million (previous year: CHF 10.6 million). The central warehouse in Austria was modernized during the first half of the year. Two small branches were closed and one new store was opened.

Belgium/The Netherlands – Consumer sentiment improved slightly on the lows recorded in September 2003, but remained very modest. Despite the fierce competition that has raged for several years now, the clothing market in the Netherlands continued to shrink, leading to takeovers, company mergers and many store closures. The Belgian clothing market also trended negatively. Vögele's net sales in Belgium and the Netherlands fell overall by 14.5% from CHF 74.3 million in the previous year to CHF 63.5 million. This is partly because of the disposal of stores that contributed a lot to overall sales owing to their large floorspace (8.2% of floorspace), but which were not very profitable. Thanks to improved profitability in both countries, EBITDA improved year-on-year to CHF –8.5 million (previous year: CHF –11.0 million). Charles Vögele (Netherlands) B.V. and Charles Vögele Fashion (Netherlands) B.V. will be merged by the end of 2004 at the latest. For the first time in more than two years, in spring 2004 Vögele presented a large proportion of new items following the accelerated reduction of inventories in 2002 and 2003. Marketing activities were also stepped up in both countries. Three loss-making Dutch branches were closed during the first six months, while five new stores were opened in Belgium.

Outlook

Despite indications of economic growth, there is no sign yet of a proper recovery in consumer sentiment nor consumer spending within the retail clothing sector. This and the continued restructuring of all the national markets in which Vögele operates are creating a volatile situation and great competitive pressure. Against this background, the Board of Directors and Group Management of the Charles Vögele Group believe that the company will achieve EBITDA within the announced target range of CHF 100 to CHF 130 million. Sales may also continue to fall, though probably not to the same extent as in the first six months.

Even if the fall in turnover experienced in the first half has to be seen as a momentary interruption of ongoing development, the Charles Vögele Group is still on track from the point of view of long-term strategic orientation. Thus, we are keeping to our course in the firm belief that our strategic focus and accompanying projects are taking us in the right direction. Despite the difficult market environment, we will continue this year – supported by the hard work of all our employees and the rigorous implementation of our strategy – to make further progress towards establishing stable long-term earnings power. We believe that as time goes on Vögele will stand out more and more from its competitors as a leading and successful clothing retailer.

Carlo Vögele	Daniel Reinhard
Chairman of the Board of Directors	Chief Executive Officer

Developing Charles Vögele's Human Resources Strategy –

Working at the Heart of the Company

Special topics

By providing additional background information on present projects and on the implementation of key measures in the Half-Year Report, we want to foster the understanding of the development of the Charles Vögele Group and to improve transparency.

Whereas in our 2003 interim report we highlighted Supply Chain Management, the Group's largest project, this year we take a look at developments in Human Resources.

As part of the implementation of the Charles Vögele Group's corporate strategy, begun in 2003, the company's Human Resources strategy has also been in development since the beginning of 2004. This has involved drawing up a strategy timetable for the introduction over the next two years of a consistent Human Resources management system for the whole Group. The previous system based on the sales organizations and a central head office operation was heavily influenced by different national practices.

The selected strategy components and the order in which they are introduced is based in equal measure on current business imperatives and the need to firmly establish international industry standards for HR management:

– The first component involves basic orientation and value management for our employees and managers. The aim here is to use Human Resources to put the Charles Vögele Group's vision and guiding principles into practice in both internal and external relations. For internal relations, this is being done by introducing the HR principles which were presented to all country organizations in March and April 2004 and which are currently being formulated in more detail in the form of e.g. management guidelines and training and development content. For external relations the goal is to establish Charles Vögele as an employer of choice within the industry. In conjunction with the effort to link corporate values to HR principles, this will help reinforce the company's long-term position as a responsible corporate citizen.

Daniel Reinhard describes the underlying values that are reaffirmed in the HR principles as follows: "We want to encourage a Vögele culture in which people interact with each other openly and the old and new integrate well. Our employees should enjoy coming to work and enjoy making decisions. Our work is solutions-oriented, we communicate openly and deal fairly with each other. Managers should also carry out their management functions in this spirit. By this I mean first and foremost that they should set an example of personal commitment, efficient decision-making and correct and fair treatment of employees and colleagues."

- The second main component is structural and process optimization. The organizational structure of the Group, its management hierarchy and the way it manages careers and competencies are gradually being aligned to the emerging HR strategy. In parallel with this, HR processes that are currently managed centrally, such as staff evaluation, personnel development and the remuneration system, are being revised, while an efficient management system for key employee data is being introduced. These changes will make it easier for all employees to understand the organizational structure and see the links between employee performance, evaluation, development and remuneration. They will also make overall HR management within the Group more efficient.
- The third component will be the selection and introduction of an HR information system as the key element in a comprehensive HR controlling system.

Charles Vögele Group's HR operation fundamentally changed the way it works at the beginning of 2004 when heads of HR within the individual country organizations and at Group level started to define and apply the HR strategy as a team using a best-practice approach. Focusing on solutions, the team worked together to turn the concepts and processes that have been proven to work best within the Vögele business model into Group standards.

The realignment of Charles Vögele Group's HR management reflects its dynamism and the high performance expectations of employees and managers, as well as the will that exists to uphold and encourage the Group's values and performance in the most effective way possible.

Consolidated Income Statement

from January 1st to June 30th

in CHF 1 000	1st Half-Year 2004	1st Half-Year 2003
Gross sales	**726 557**	**800 167**
Reductions in sales	(90 257)	(98 638)
Net sales	**636 300**	**701 529**
Cost of sales	(254 529)	(301 282)
Gross profit	**381 771**	**400 247**
In % of net sales	**60.0**	**57.1**
Personnel expenses	(148 720)	(147 446)
Rental expenses	(99 210)	(93 269)
Advertising and promotion expenses	(52 172)	(45 080)
Operating and administration expenses	(42 696)	(44 837)
Operating real estate income, net	875	817
Operating financial income	13 078	13 522
Other operating income	2 020	201
Total operating expenses	**(326 825)**	**(316 092)**
EBITDA [1]	**54 946**	**84 155**
In % of net sales	**8.6**	**12.0**
Depreciation	(26 277)	(27 039)
Amortization of goodwill	(7 687)	(7 492)
EBIT [2]	**20 982**	**49 624**
In % of net sales	**3.3**	**7.1**
Financial income	480	724
Financial expenses	(7 903)	(15 060)
Exchange gains/(losses), net	(1 131)	6 516
Non-operating real estate income, net	(70)	(43)
Earnings before taxes	**12 358**	**41 761**
In % of net sales	**1.9**	**6.0**
Taxes	(6 299)	(24 468)
Net income	**6 059**	**17 293**
In % of net sales	**1.0**	**2.5**
Earnings per share (undiluted) [3]	**0.70**	**1.97**
(diluted) [4]	**0.68**	**1.91**

1) Earnings before depreciation, amortization, interest and taxes
2) Earnings before interest and taxes
3) Based on an average number of 8 682 042 shares in 1st half-year 2004 and 8 781 033 shares in 1st half-year 2003
4) Based on an average number of 8 946 042 shares in 1st half-year 2004 and 9 045 033 shares in 1st half-year 2003

Consolidated Balance Sheet

as of June 30th

in CHF 1 000	30. 6. 2004	31. 12. 2003
Assets		
Current assets		
Cash and cash equivalents	79 222	123 452
Receivables and advance payments	41 632	31 957
Inventories	318 183	305 613
Total current assets	439 037	461 022
Long-term assets		
Tangible assets	413 460	421 663
Financial assets	1 599	1 631
Intangible assets	157 519	167 650
Deferred tax assets	22 661	23 476
Total long-term assets	595 239	614 420
Total assets	**1 034 276**	**1 075 442**
Liabilities and shareholders' equity		
Current liabilities	163 722	178 095
Long-term liabilities	426 767	454 418
Shareholders' equity	443 787	442 929
Total liabilities and shareholders' equity	**1 034 276**	**1 075 442**

Inventories

in CHF 1 000	30. 6. 2004	31. 12. 2003
Current inventory, gross	312 314	347 250
Inventory valuation adjustment	(74 200)	(98 914)
Current inventory (current and previous seasons), net	**238 114**	**248 336**
Upcoming season	79 867	57 073
Heating oil	202	204
Total	**318 183**	**305 613**

During the first half-year 2004 the gross value of current inventory decreased by CHF 34.9 million. The decrease of the inventory valuation adjustment of CHF 24.7 million includes a P&L-neutral release of CHF 12.0 million for the retirement of goods which have already been value-adjusted to zero at the end of 2003. This merchandise was sold to a third party in exchange for asset purchase credits (barter deal).

The increase of the book value of inventory by CHF 12.6 million during the first half-year 2004 is due to earlier arrivals of merchandise of the upcoming autumn/winter season. On an annual basis, net current inventory was reduced by CHF 38.7 million to CHF 238.1 million.

Long-term liabilities

During the first half-year 2004 bank loans amounting to CHF 25.0 million were repaid. Interest of the loan for this period was based on LIBOR plus 175 basis points.

At the end of July 2004, the Charles Vögele Group signed a new syndicated credit line facility agreement amounting to CHF 325.0 million. It comprises a three-year and a five-year term loan of 162.5 million each and will be used to refinance prematurely existing Group borrowings. Interest is based on LIBOR plus a margin ranging from 65 to 200 basis points (previously 100 to 275 basis points) depending on the achievement of certain financial ratios.

Consolidated Cash Flow Statement

from January 1st to June 30th

in CHF 1 000	1st Half-Year 2004	1st Half-Year 2003
Earnings before interest and taxes (EBIT)	**20 982**	**49 624**
Adjustments: Depreciation and amortization	33 964	34 531
Profit on disposal of assets	(1 002)	(201)
Change in long-term provisions	(652)	228
Operating profit before changes in working capital	**53 292**	**84 182**
Change in short-term receivables, advance payments and prepaid expenses	(10 649)	(2 382)
Change in inventories	(17 191)	79 194
Change in current liabilities	7 012	(4 902)
Operating profit after changes in working capital	**32 464**	**156 092**
Financial income received	480	724
Financial expenses paid	(7 168)	(11 919)
Taxes paid	(15 099)	(25 859)
Non-operating income received/(paid)	11	38
Cash flow from operating activities	**10 688**	**119 076**
Net cash used in investing activities	**(18 274)**	**(5 976)**
Net cash used in financing activities	**(37 904)**	**(53 845)**
Net increase/(decrease) in cash and cash equivalents	**(45 490)**	**59 255**
Net cash and cash equivalents at the beginning of the period	**123 452**	**147 909**
Effect of exchange rate changes	1 260	(8 869)
Net increase/(decrease) in cash and cash equivalents	(45 490)	59 255
Net cash and cash equivalents at the end of the period	**79 222**	**198 295**

Cash flow from operating activities

The decrease in cash flow from operating activities by CHF 108.4 million to CHF 10.7 million is mainly due to the decline of the operating earnings (EBIT) by CHF 28.6 million and the increase of inventories attributable to the early arrivals of merchandise of the upcoming season (CHF 79.9 million).

Net cash used in investing activities

Net cash used in investing activities basically reflects the investments in tangible assets (shop fittings and IT equipment).

Net cash used in financing activities

In the first half-year of 2004, net cash used in financing activities reflects the repayment of bank loans of CHF 25.0 million. In addition, a dividend for the financial year 2003 amounting to CHF 8.7 million was paid out in the first half-year 2004.

Consolidated Statement of Changes in Group Equity

in CHF 1 000	Share capital	Treasury shares	Share premium reserve	Retained earnings	Valuation financial instruments	Total
Balance 1.1.2003	**88 000**	**(565)**	**173 789**	**137 313**	**(18 315)**	**380 222**
Net income of the period				17 293		17 293
Effect of exchange rates				20 138		20 138
Recognized through income statement					465	465
Recognized through purchase of goods					15 036	15 036
Reserve for valuation of financial instruments					(4 905)	(4 905)
Acquisition of treasury shares		(10)				(10)
Balance 30.6.2003	**88 000**	**(575)**	**173 789**	**174 744**	**(7 719)**	**428 239**
Balance 1.1.2004	**88 000**	**(5 487)**	**173 789**	**195 139**	**(8 512)**	**442 929**
Net income of the period				6 058		6 058
Effect of exchange rates				(5 268)		(5 268)
Dividends paid				(8 682)		(8 682)
Recognized through purchase of goods					8 512	8 512
Reserve for valuation of financial instruments					246	246
Acquisition of treasury shares		(8)				(8)
Balance 30.6.2004	**88 000**	**(5 495)**	**173 789**	**187 247**	**246**	**443 787**

Share capital

The share capital of Charles Vögele Holding AG consists of 8 800 000 (unchanged) fully paid-in shares at a par value of CHF 10 each.

Treasury shares

As of June 30th, 2004, the Company held 118 092 shares in treasury (June 30th, 2003: 19 285 shares) reserved for management participation programmes in the Charles Vögele Group.

Dividend

For the financial year 2003 a dividend of CHF 1.00 per bearer share of Charles Vögele Holding AG was paid out on April 16th, 2004.

Valuation of financial instruments

Valuation of financial instruments as of June 30th, 2004, comprises the change in fair value of the open cash flow hedges amounting to CHF 0.29 million (June 30th, 2003: CHF 8.9 million) less deferred taxes of CHF 0.04 million (June 30th, 2003: CHF 1.2 million).

Accounting Principles

General

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group's accounting principles are unchanged from those set out in the Charles Vögele Group 2003 financial statements, pages 8–13. The consolidated financial statements for the 6-month period ended June 30th, 2004, are prepared in accordance with IAS 34 concerning interim financial reporting.

Basis of consolidation

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

Consolidation is performed using the purchase method.

Assets and liabilities as well as income and expenses of the companies in which Charles Vögele Holding AG has a direct or indirect interest exceeding 50% of the voting rights of a company's share capital or another form of controlling interest, are fully included in the consolidated financial statements. The interest of the minority shareholders in the net assets and the net income is disclosed separately in the consolidated balance sheet and income statement.

The Charles Vögele Group owns no associated companies, that is minority shareholdings between 20% and 50% of the voting rights.

Equity interests of less than 20% are recorded under investments and are valued at cost. Any impairment in value is recorded as financial expense.

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

Scope of consolidation

Changes in 2003:
In June 2003, Charles Vögele Holding AG was merged with Charles Vögele Beteiligungen AG, with retrospective effect from January 1st, 2003. As a result all assets and liabilities of Charles Vögele Beteiligungen AG were transferred to Charles Vögele Holding AG.

In May 2003, a new Group company, Charles Vögele Import GmbH, was founded in Lehrte, Germany. The company is fully included in the consolidated financial statements, since Charles Vögele Holding AG holds 100% of its partnership capital. This company renders purchasing logistics services in connection with the centralized warehousing facility in Lehrte.

Changes in 2004:
The Group intends to merge the subsidiaries Charles Vögele Fashion (Netherlands) B.V. and Charles Vögele (Netherlands) B.V., with retrospective effect from January 1st, 2004. As a result all assets and liabilities of Charles Vögele (Netherlands) B.V. will be transferred to Charles Vögele Fashion (Netherlands) B.V., and subsequently will be renamed Charles Vögele (Netherlands) B.V. The legal part of this transaction was prepared during the first half-year 2004 and the implementation is planned for the second half-year 2004.

Segment reporting

The Group operates in the segments "sales organizations", "central services" and "holding company". The segment "sales organizations" includes the branches and related sales logistics. The centralized services of the Group relating to the fashion trade are summarized in the "central services" segment. The major centralized Group services include 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 replication of the concept are fundamental cornerstones of the Group's strategy. For the correct presentation of the added value resulting from the central services, the sales organizations are charged with an imputed service mark-up corresponding to a fair market price of 15% on the purchase price of products sold.

Foreign currency conversion

All assets and liabilities in balance sheets prepared in foreign currencies are converted using exchange rates as of end of June. Income and expenses in income statements prepared in foreign currencies are converted at average rates of exchange for the half-year. Exchange differences arising from conversion are allocated directly to retained earnings in the balance sheet. Exchange gains and losses resulting from foreign currency transactions are included in the income statement.

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

2004	ISO code	Unit	Balance Sheet 30.6.2004	Income Statement 1st Half-Year 2004
Euro	EUR	1	1.52	1.55
U.S. dollar	USD	1	1.25	1.27

2003	ISO code	Unit	Balance Sheet 31.12.2003	Income Statement 1st Half-Year 2003
Euro	EUR	1	1.56	1.49
U.S. dollar	USD	1	1.24	1.35

Foreign currency transactions during the year are converted at the exchange rate prevailing at the date of the transaction.

Segment Information 1st Half-Year 2004

in CHF 1 000	Sales organizations	Central services	Holding company	Consolidation entries	Group
Gross sales	726 553	335 570	0	(335 566)	726 557
Net sales	636 297	335 570	0	(335 567)	636 300
EBITDA 1)	21 720	31 565	(1 199)	2 860	54 946
EBITDA in % of net sales	3.4%	9.4%	–	–	8.6%
Depreciation	(22 943)	(3 164)	0	(170)	(26 277)
Amortization of goodwill	(4 946)	0	0	(2 741)	(7 687)
EBIT 2)	(6 169)	28 401	(1 199)	(51)	20 982
EBIT in % of net sales	–1.0%	8.5%	–	–	3.3%
Number of employees as of 30. 6. 2004 3)	7 176	242	0	0	7 418
Average number of full-time employees on a half-year basis 3)	4 763	211	0	0	4 974
Net sales per average number of full-time employees, in CHF 3)	133 591	0	0	0	127 925

in CHF 1 000	Switzerland	Germany	Austria	Belgium/ The Netherlands	Total sales organizations
Gross sales	258 917	253 236	138 534	75 866	726 553
Net sales	239 889	217 775	115 103	63 530	636 297
Share of Group net sales in %	38%	34%	18%	10%	100%
EBITDA 1)	32 765	(8 878)	6 311	(8 478)	21 720
EBITDA in % of net sales	13.7%	–4.1%	5.5%	–13.3%	3.4%
Depreciation	(8 352)	(8 936)	(2 740)	(2 915)	(22 943)
Amortization of goodwill	0	(2 650)	0	(2 296)	(4 946)
EBIT 2)	24 413	(20 464)	3 571	(13 689)	(6 169)
EBIT in % of net sales	10.2%	–9.4%	3.1%	–21.5%	–1.0%
Branches (number):					
Balance 1. 1. 2004	156	353	132	138	779
New openings	2	0	1	5	8
Closures	(1)	(4)	(2)	(3)	(10)
Balance 30. 6. 2004	157	349	131	140	777
Sales area (m^2):					
Balance 1. 1. 2004	126 467	264 850	95 563	96 460	583 340
New openings 4)	2 121	4	850	3 117	6 092
Closures	(402)	(2 918)	(908)	(2 342)	(6 570)
Balance 30. 6. 2004	128 186	261 936	95 505	97 235	582 862
Number of employees as of 30. 6. 2004 3)	2 282	2 569	1 185	1 140	7 176
Average number of full-time employees on a half-year basis 3)	1 339	1 802	877	745	4 763
Net sales per average number of full-time employees, in CHF 3)	179 155	120 852	131 246	85 275	133 591

1) Earnings before depreciation, amortization, interest and taxes
2) Earnings before interest and taxes
3) Excluding apprentices
4) Including change in floor space, movements within the same location (shopping centres) and size adjustments

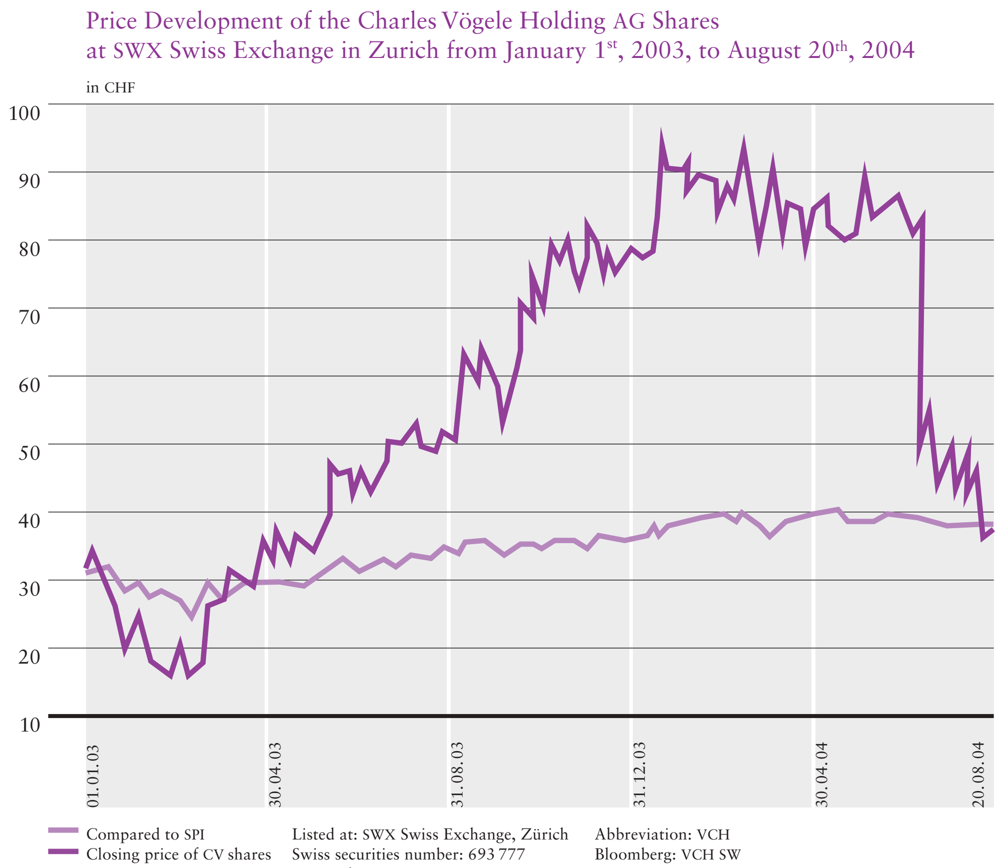
Segment Information 1st Half-Year 2003

in CHF 1 000	Sales organizations	Central services	Holding company	Consolidation entries	Group
Gross sales	800 165	327 930	0	(327 928)	800 167
Net sales	701 526	327 930	0	(327 927)	701 529
EBITDA [1]	45 432	30 300	(1 578)	10 001	84 155
EBITDA in % of net sales	6.5%	9.2%	–	–	12.0%
Depreciation	(23 876)	(3 138)	0	(25)	(27 039)
Amortization of goodwill	(4 751)	0	0	(2 741)	(7 492)
EBIT [2]	16 805	27 162	(1 578)	7 235	49 624
EBIT in % of net sales	2.4%	8.3%	–	–	7.1%
Number of employees as of 30. 6. 2003 [3]	7 659	242	0	0	7 901
Average number of full-time employees on a half-year basis [3]	5 093	213	0	0	5 306
Net sales per average number of full-time employees, in CHF [3]	137 743	0	0	0	132 214

in CHF 1 000	Switzerland	Germany	Austria	Belgium/ The Netherlands	Total sales organizations
Gross sales	289 404	281 785	140 219	88 757	800 165
Net sales	268 233	242 486	116 481	74 326	701 526
Share of Group net sales in %	38%	34%	17%	11%	100%
EBITDA [1]	41 926	3 900	10 639	(11 033)	45 432
EBITDA in % of net sales	15.6%	1.6%	9.1%	–14.8%	6.5%
Depreciation	(9 935)	(8 163)	(2 847)	(2 931)	(23 876)
Amortization of goodwill	0	(2 545)	0	(2 206)	(4 751)
EBIT [2]	31 991	(6 808)	7 792	(16 170)	16 805
EBIT in % of net sales	11.9%	–2.8%	6.7%	–21.8%	2.4%
Branches (number):					
Balance 1. 1. 2003	153	346	128	148	775
New openings	1	2	1	1	5
Closures	0	(1)	(2)	(3)	(6)
Balance 30. 6. 2003	154	347	127	146	774
Sales area (m^2):					
Balance 1. 1. 2003	123 848	259 896	91 600	105 979	581 323
New openings [4]	1 145	1 226	742	147	3 260
Closures	0	(510)	(1 275)	(3 325)	(5 110)
Balance 30. 6. 2003	124 993	260 612	91 067	102 801	579 473
Number of employees as of 30. 6. 2003 [3]	2 330	2 701	1 204	1 424	7 659
Average number of full-time employees on a half-year basis [3]	1 410	1 898	900	885	5 093
Net sales per average number of full-time employees, in CHF [3]	190 236	127 759	129 424	83 984	137 743

[1] Earnings before depreciation and amortization, interest and taxes
[2] Earnings before interest and taxes
[3] Excluding apprentices
[4] Including change in floor space, movements within the same location (shopping centres) and size adjustments

Information for Investors



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Key Figures

		30. 6. 2004	31. 12. 2003
Bearer shares, nominal value CHF 10	Number	8 800 000	8 800 000
Share price as per closing date	CHF	52.00	78.90
Share price: high	CHF	96.50	80.80
low	CHF	43.50	13.30
Book value per share	CHF	50	50
Average trading volume per day	Number	31 000	36 000
Free float	%	100	100
Stock capitalization	CHF million	458	694

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

We have reviewed the condensed consolidated interim financial statements (consolidated income statement, condensed consolidated balance sheet, condensed consolidated cash flow statement, consolidated statement of changes in equity and selected explanatory notes on pages 14 to 21) of Charles Vögele Holding AG for the six-month period ended June 30th, 2004.

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

We conducted our review in accordance with the auditing standards promulgated by the Swiss profession and with the International Standard on Review Engagements. These standards require that we plan and perform the review to obtain moderate assurance about whether the condensed consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

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

PricewaterhouseCoopers AG

Peter Binz | Matthias von Moos

Zurich, August 30th, 2004

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Forthcoming events

- Analysts' and media conference on the 2004 year-end results: March 8th, 2005
- Annual Shareholders' Meeting 2004: April 13th, 2005
- Analysts' and media conference on the 2005 half-year report: August 30th, 2005

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