

HALF-YEAR REPORT

Bell Holding Ltd.

'08



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Bell is on course – despite difficult general conditions

Message from the Vice Chairman of the Board
and the Chief Executive Officer

Dear shareholders

In spite of the fact that prices for raw materials continued to rise, Bell Group successfully repeated the previous year's good performance. All divisions posted substantial sales growth, and operating income increased by 14 % to CHF 890.4 million. Around half of this increase can be attributed to price trends. However, higher procurement costs meant that the operating result could not keep pace with sales growth. While the margins for the Fresh Meat and Charcuterie divisions fell well below the level of the previous year, Poultry, Convenience and Seafood demonstrated positive results. In summary, the operating result at EBITDA level was approximately 4 % above the result of the previous year. After accounting for the weak results of the UBS ARENA project, carried out during the EURO 2008, the Group's net profit dropped 2.9 % year-on-year to CHF 23.1 million.

Meat consumption of households increased again in the first half of 2008. Poultry, seafood, beef and meat products in particular are gaining in popularity. Pork consumption declined. Bell Group's volume of slaughters rose by 2.8 % to 43 929 tons for slaughter animals and by 6 % to 10 463 tons for poultry. Domestic slaughter of Swiss animals has decreased. Farmers thus received considerably more money due to the scarce supply.

The noticeably higher costs on the one hand and pricing pressure from customers on the other exerted much pressure

on the margins. Price increases of 15 % for raw materials had to be absorbed. The costs for packaging and auxiliary materials also went up, with the result that the gross margin excluding the exceptional factors fell from 31.9 % to 30.8 %. The increase in personnel expenses was partly driven by the growth in volumes and partly by the reintegration of the Gastro Production in Kriens and Prilly. Other costs mainly came under upward pressure from rising prices for energy and transport.

The divisions at a glance

At CHF 388 million, **Bell Fresh Meat** increased its sales by approximately 18 % year-on-year. **Bell Charcuterie** also experienced a good sales trend and sales increased by 15 % to CHF 212 million. Margin pressure, in particular in the charcuterie segment, continued to intensify. The higher cost prices could only be passed on to the market to a limited extent.

Bell Poultry posted substantial growth for the third semester running. Swiss poultry in particular saw very pleasing gains. The division's sales improved by 10 % to CHF 165 million year-on-year. The higher volumes of processed products had a positive effect on this division's earnings trend and were able to compensate the decline experienced by Fresh Meat and Charcuterie.

Bell Seafood continued to benefit from the rising demand for fish and seafood. Sales increased by 9.2 % to CHF 40 million. **Bell Convenience** posted growth primarily in the sandwich and salad product groups, and total sales rose by 21 % to CHF 36 million.

Special factors

For Bell Catering the first half of 2008 was clearly shaped by EURO 2008. While sales in the EURO stadiums in Berne and Basel met the targets, the result of the public viewing project UBS ARENA fell far below expectations. Sales equalled just less than half of the expected minimum sales. As this project generated high fixed costs, the resulting loss was approximately CHF 5 million. The provision of CHF 1.4 million set up last year was not enough to close this gap.

First step of internationalisation strategy completed

Bell completed the first step in its internationalisation strategy and took over Groupe Polette from Clermont-Ferrand (France) retroactively to 1 January 2008. Polette employs approximately 230 people and its four plants generate sales of around CHF 90 million. The company prepares high-quality Auvergne and Savoy cured sausages and ham products.

As this transaction was only finalised on 1 July 2008, the takeover did not affect the results for the first half of 2008. It was agreed that no details about the purchase transaction will be disclosed. In 2008 the sales and result for the second half will be consolidated. After interest on the purchase price and depreciation of goodwill for six months, the contribution to the 2008 net earnings will be negligible.

Outlook

We expect consumer sentiment to level off in the second semester, resulting in less sales growth. We also do not expect raw material prices for meat to ease significantly. In the poultry segment, higher fees to the partner fatteners and higher feed prices will have an impact on the result. Margin pressure will therefore remain strong. For the second half we expect a result on a par with the strong previous year period.



Hans Peter Schwarz
Vice Chairman of the Board



Adolphe R. Fritschi
Chief Executive Officer

Balance sheet

in CHF thousand	30.06.2008		01.01.2008	
Liquid assets	103 799		67 378	
Securities	12 307		17 770	
Receivables and deferred items	165 702		148 502	
Inventory	102 499		74 828	
Current assets	384 307	44.8%	308 478	39.1%
Financial assets	36 866		37 065	
Intangible assets	6 137		8 861	
Tangible assets	430 723		434 260	
Fixed assets	473 726	55.2%	480 186	60.9%
Assets	858 033	100.0%	788 664	100.0%
Short-term financial liabilities	96 624		30 363	
Miscellaneous liabilities and deferred items	133 015		134 050	
Short-term provisions	11 437		8 960	
Current liabilities	241 076	28.1%	173 373	22.0%
Long-term financial liabilities	33 837		39 160	
Long-term provisions	52 918		53 150	
Long-term liabilities	86 755	10.1%	92 310	11.7%
Liabilities	327 831	38.2%	265 683	33.7%
Share capital	2 000		2 000	
Retained earnings	501 950		517 453	
Company's own shares	-806		-1 036	
Consolidated profit first half-year	23 113		-	
Equity before third-party interest in equity	526 257	61.3%	518 417	65.7%
Third-party interest in equity	3 945		4 564	
Equity	530 202	61.8%	522 981	66.3%
Liabilities and equity	858 033	100.0%	788 664	100.0%

Profit and Loss Account

in CHF thousand	1. HY 2008		1. HY 2007	
Sales proceeds	888 678		775 478	
Other operational proceeds	14 907		14 475	
Gross proceeds	903 585		789 953	
Reductions in proceeds	13 197		9 212	
Operating income	890 388	100.0%	780 741	100.0%
Cost of goods sold	614 074	69.0%	531 570	68.1%
Gross operating profit	276 314	31.0%	249 171	31.9%
Personnel expenses	147 825	16.6%	127 721	16.4%
Other operating expenses	69 456		61 363	
Total operating expenses	217 281	24.4%	189 084	24.2%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	59 033	6.6%	60 087	7.7%
Depreciation of tangible assets	26 269		25 738	
Depreciation of intangible assets	3 133		3 288	
Earnings before interest and taxes (EBIT)	29 631	3.3%	31 061	4.0%
Balance of financial return/financial expenses	-427		-481	
Net profit before taxes (EBT)	29 204	3.3%	30 580	3.9%
Taxes	6 586		6 763	
Net profit after taxes	22 618	2.5%	23 817	3.1%
Third-party interest in profit	495		-19	
Consolidated profit first half-year	23 113	2.6%	23 798	3.0%

Cash flow Statement

in CHF thousand	1. HY 2008	1. HY 2007
Net profits after taxes first half-year	22 618	23 817
Depreciation of tangible assets	29 402	29 026
Income from sale of fixed assets	-	-57
Net profit pension fund foundation, income from evaluation of minority participations and securities	1 440	-375
Changes in provisions	2 276	-106
Cash flow	55 736	52 305
Inventory changes (-) increase (+) decrease	-27 730	-6 419
Changes in receivables/adjustments (-) increase (+) decrease	-17 370	-647
Changes in short-term liabilities (+) increase (-) decrease	-818	15 494
Operating cash flow	9 818	60 733
Investments in tangible assets	-23 131	-22 220
Divestments of tangible assets	179	651
Investments in financial assets, participations and own shares	-22	-1 483
Divestments of financial assets, participations and own shares	1 121	6 530
Investments in securities	-2 021	-
Divestments of securities	5 902	-
Investments in intangible assets	-442	-1 466
Divestments of intangible assets	-	-
Investment cash flow	-18 414	-17 988
Changes in interest bearing liabilities	61 019	-34 309
Dividends	-15 941	-13 137
Financing cash flow	45 078	-47 446
Cash flow balance	36 482	-4 701
Liquid assets as of 01.01.	67 378	41 604
Effect of currency conversion on liquid assets	-61	93
Changes in liquid assets	36 482	-4 701
Liquid assets as of 30.06.	103 799	36 996

Statement of Changes in Equity

in CHF thousand	Share capital	Retained earnings	Own shares	Consolidated profit	Equity	Third-party interest in equity	Equity
Equity as of 01.01.2007	2 000	429 620	-1 232	43 890	474 278	4 425	478 703
Appropriation of annual profit	-	43 890	-	-43 890	-	-	-
Dividends	-	-13 137	-	-	-13 137	-	-13 137
Additions/disposals of treasury shares	-	408	325	-	733	-	733
Consolidated profit first half-year	-	-	-	23 798	23 798	19	23 817
Influence of foreign currency conversion	-	125	-	-	125	124	249
Equity as of 30.06.2007	2 000	460 906	-907	23 798	485 797	4 568	490 365
Equity as of 01.01.2008	2 000	460 900	-1 036	56 553	518 417	4 564	522 981
Appropriation of annual profit	-	56 553	-	-56 553	-	-	-
Dividends	-	-15 941	-	-	-15 941	-	-15 941
Additions/disposals of treasury shares	-	562	230	-	792	-	792
Consolidated profit first half-year	-	-	-	23 113	23 113	-495	22 618
Influence of foreign currency conversion	-	-124	-	-	-124	-124	-248
Equity as of 30.06.2008	2 000	501 950	-806	23 113	526 257	3 945	530 202

Provisions

Short-term provisions	Early retirements	Seniority presents	Holiday & extra hours charges	Other provisions	Restructuring	Total
Provisions on 01.01.2007	1 486	598	5 160	-	-	7 244
Reclassification from long-term provisions	771	753	-	-	-	1 524
Established	427	80	2 125	-	-	2 632
Used	-779	-350	-	-	-	-1 129
Provisions on 30.06.2007	1 905	1 081	7 285	-	-	10 271
Provisions on 01.01.2008	772	753	5 025	1 400	1 010	8 960
Reclassification from long-term provisions	828	360	-	-	-	1 188
Established	-	-	3 079	-	-	3 079
Used	-43	-347	-	-1 400	-	-1 790
Provisions on 30.06.2008	1 557	766	8 104	-	1 010	11 437
Long-term provisions	Early retirements	Seniority presents	Other provisions	Deferred taxes	Restructuring	Total
Provisions on 01.01.2007	12 764	1 898	855	37 023	1 010	53 550
Reclassification into short-term provisions	-400	-375	-	-	-	-775
Established	600	-	69	-	-	669
Used	-	-	-	-	-	-
Conversion differences	-	-	12	6	-	18
Provisions on 30.06.2007	12 964	1 523	936	37 029	1 010	53 462
Provisions on 01.01.2008	13 593	2 158	2 795	34 604	-	53 150
Reclassification into short-term provisions	-828	-360	-	-	-	-1 188
Established	600	517	-	-	-	1 117
Used	-	-	-130	-	-	-130
Conversion differences	-	-	-31	-	-	-31
Provisions on 30.06.2008	13 365	2 315	2 634	34 604	-	52 918

Comments to half-year report

Principles

The principles governing consolidation, valuation, structuring and presentation are in accordance with the Accounting and Reporting Recommendations (Swiss GAAP – ARR). The present half-year report is in compliance with Swiss GAAP ARR 12. The consolidation and valuation principles applied correspond to those used for the 2007 annual financial statements and are described on pp. 40 – 41 of the 2007 Annual Report.

Basis of consolidation

The Groupe Polette takeover was announced in the first half year of 2008. This takeover was completed on 1 July 2008 and is therefore not included in the present accounts. The funds were allocated on 30 June, which explains the high level of liquid assets as well as the increase in financial liabilities. An overview of the holdings can be found on page 57 of the 2007 Annual Report.

Foreign currency conversion

All foreign-currencies balance sheets have been converted at the half year-end rates as of 30 June; the corresponding profit and loss accounts at the average half year annual rate. Conversion differences between the opening and closing balances as well as differences resulting from applying different conversion rates in the balance sheets and profit and loss accounts have been neutralised with the equity.

Conversion rates

Balance sheet	EUR 1,00 = CHF 1,6100
	USD 1,00 = CHF 1,0200
P/L account	EUR 1,00 = CHF 1,6017

Useful life of fixed assets:

Production and administration facilities	30 - 40 years
Machinery and equipment	8 - 10 years
Installations	10 - 15 years
Vehicles	5 - 7 years
Furnishings	5 - 10 years
IT hardware	4 years
Software	4 years
Goodwill	5 - 8 years

The clearly higher prices of raw materials and expectations regarding future price developments led to higher stock inventories and a higher inventory of receivables.

The UBS ARENA operated during the EURO 2008 was unsuccessful from Bell's point of view. Attendance and customer expenditures remained below our expectations and the losses we suffered for this reason were correspondingly high. The reserves created in the previous year were far from sufficient to cover this deficit. The net effects are described in the Appendix to the Profit and Loss Account.

Turbulences in the capital markets burdened the financial accounts with about CHF 1.3 million.

The Groupe Polette takeover goes into effect for the second half-year of 2008. We expect that the contribution to turnover for the 2nd half-year will be in the range of CHF 45 million. We expect an EBIT margin of about 7 - 8 % for the current year. The net effect on group profits will be negligible after payment of interest on the purchase price and write-off of the consolidation goodwill.

Appendix to Balance Sheet

in CHF thousand	30.06.2008	Share	01.01.2008
Trade accounts receivable	79 035	47.7%	69 949
Receivables affiliated companies Coop	62 646	37.8%	60 000
Receivables other affiliated companies	8 812	5.3%	12 319
Deferred expenses and accrued income	15 209	9.2%	6 234
Receivables and deferred items	165 702	100.0%	148 502
Raw materials and finished goods	103 357	100.8%	76 125
Auxiliary materials	2 787	2.7%	2 637
Value adjustments on the basis of value impairments	-3 645	-3.5%	-3 934
Inventory	102 499	100.0%	74 828
Trade accounts payable	75 177	56.5%	72 317
Accounts payable to Coop	3 697	2.8%	17 309
Accounts payable to other affiliated companies	760	0.6%	1 275
Other accounts payable	19 168	14.4%	18 380
Deferred income and accrued expenses	34 213	25.7%	24 769
Miscellaneous liabilities and deferred items	133 015	100.0%	134 050
Loans and credits from Banks	80 636	61.8%	25 800
Current-accounts with third parties	15 988	12.3%	4 563
Short-term financial liabilities	96 624	74.1%	30 363
Long-term loans and credits	33 837	25.9%	34 160
Mortgage	-		5 000
Long-term financial liabilities	33 837	25.9%	39 160
Financial liabilities	130 461	100.0%	69 523
Statement of duration			
Due within 360 days	97 917	75.1%	30 363
Due within two years	8 000	6.1%	39 160
Due within three years and later	24 544	18.8%	-
Financial liabilities	130 461	100.0%	69 523

Appendix to Balance Sheet

Financial assets in CHF thousand	Non conso- lidated holdings	Loans to affiliated companies*	Loans to third parties	Equity of foundation	Other financial assets	30.06.2008	30.06.2007
Value as of 01.01.	22 904	4 400	1 701	7 332	728	37 065	47 969
Purchase price on 01.01.	22 904	4 400	1 701	7 332	728	37 065	47 969
Investments	-	-	8	-	14	22	1 483
Divestments	-	-	-93	-	-236	-329	-5 797
Reevaluation	500	-	-	-358	-	142	375
Conversion differences	-	-	-19	-	-15	-34	33
Value	23 404	4 400	1 597	6 974	491	36 866	44 063

* There are no loans to the corporation entities.

Intangible assets in CHF thousand	Software	Goodwill	30.06.2008	30.06.2007
Value as of 01.01.	6 520	2 341	8 861	11 713
Purchase price on 01.01.	18 954	27 456	46 410	43 438
Investments	442	-	442	1 466
Divestments	-99	-	-99	-
Restructuring	-	-	-	-
Conversion differences	-17	-23	-40	17
Purchase price	19 280	27 433	46 713	44 921
Cumulative depreciation on 01.01.	12 434	25 115	37 549	31 725
Orderly depreciation	1 633	1 500	3 133	3 288
Value impairments	-	-	-	-
Cumulative depreciation of divestments	-99	-	-99	-
Restructuring	-	-	-	-
Conversion differences	-7	-	-7	7
Cumulative depreciation	13 961	26 615	40 576	35 020
Value	5 319	818	6 137	9 901

Appendix to Balance Sheet

Real property and buildings in CHF thousand	Property	Production and administration facilities	Constructions in rented locations	Buildings under construction	30.06.2008	30.06.2007	
Value as of 01.01.	34 842	201 830	1 435	2 104	240 211	251 545	
Purchase price on 01.01.	34 842	394 143	2 392	2 104	433 481	426 146	
Investments	151	231	-	8 169	8 551	2 116	
Divestments	-114	-	-	-	-114	-69	
Restructuring	-	-	-	-1 307	-1 307	-293	
Conversion differences	-7	-231	-	-6	-244	239	
Purchase price	34 872	394 143	2 392	8 960	440 367	428 141	
Cumulative depreciation on 01.01.	-	192 313	957	-	193 270	174 603	
Orderly depreciation	-	6 867	130	-	6 997	6 905	
Value impairments	-	-	-	-	-	-	
Cumulative depreciation of divestments	-	-	-	-	-	-69	
Restructuring	-	-	-	-	-	-	
Conversion differences	-	-153	-	-	-153	149	
Cumulative depreciation	-	199 027	1 087	-	200 114	181 588	
Value	34 872	195 116	1 305	8 960	240 253	246 553	
Machinery and equipment in CHF thousand	Machinery and equi- pement	Installations	Information technology	Furnishings and vehicles	Advance payments	30.06.2008	30.06.2007
Value as of 01.01.	92 293	76 235	5 220	19 019	1 282	194 049	194 310
Purchase price on 01.01.	219 297	157 209	31 631	56 616	1 282	466 035	441 996
Investments	4 556	525	783	3 676	5 040	14 580	20 104
Divestments	-5 563	-1 452	-927	-4 556	-	-12 498	-8 752
Restructuring	1 034	1 307	62	-223	-873	1 307	293
Conversion differences	-179	-159	-10	-98	-	-446	417
Purchase price	219 145	157 430	31 539	55 415	5 449	468 978	454 058
Cumulative depreciation on 01.01.	127 004	80 974	26 411	37 597	-	271 986	247 687
Orderly depreciation	9 039	5 733	1 426	3 074	-	19 272	18 833
Value impairments	-	-	-	-	-	-	-
Cumulative depreciation of divestments	-5 513	-1 452	-927	-4 541	-	-12 433	-8 157
Restructuring	24	-	-	-24	-	-	-
Conversion differences	-133	-101	-7	-76	-	-317	323
Cumulative depreciation	130 421	85 154	26 903	36 030	-	278 508	258 686
Value	88 724	72 276	4 636	19 385	5 449	190 470	195 373
Tangibles assets						430 723	441 926

Appendix to Profit and Loss Account

in CHF thousand	1. HY 2008	Difference	1. HY 2007
Rent	8 458	12.3%	7 532
Energy, auxiliary materials	12 999	9.8%	11 835
Repair and maintenance	14 780	14.7%	12 888
Transport	18 417	17.2%	15 708
Advertising	7 839	7.0%	7 323
Other operating expenses	6 963	14.6%	6 077
Total other operating expenses	69 456	13.2%	61 363
Deposit and other interest	423	-38.2%	684
Return on holdings and securities	1 631		462
Financial return	2 054	79.2%	1 146
Interest	1 075	-31.0%	1 557
Loss from securities and financial assets	1 305		-
Bank charges and other financial expenses	101	44.3%	70
Financial expenses	2 481	52.5%	1 627
Balance of Financial return/financial expenses	-427	-11.2%	-481
<i>Average interest of interest-bearing liabilities</i>	<i>0.66%</i>		<i>2.87%</i>

The Half-Year result includes following special positions:

Project UBS ARENA (EURO 2008)

Operating income	7 517
Cost of goods sold	3 322
Gross operating profit	4 195
Personnel expenses	4 846
Other operating expenses	2 922
Total operating expenses	7 768
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-3 573

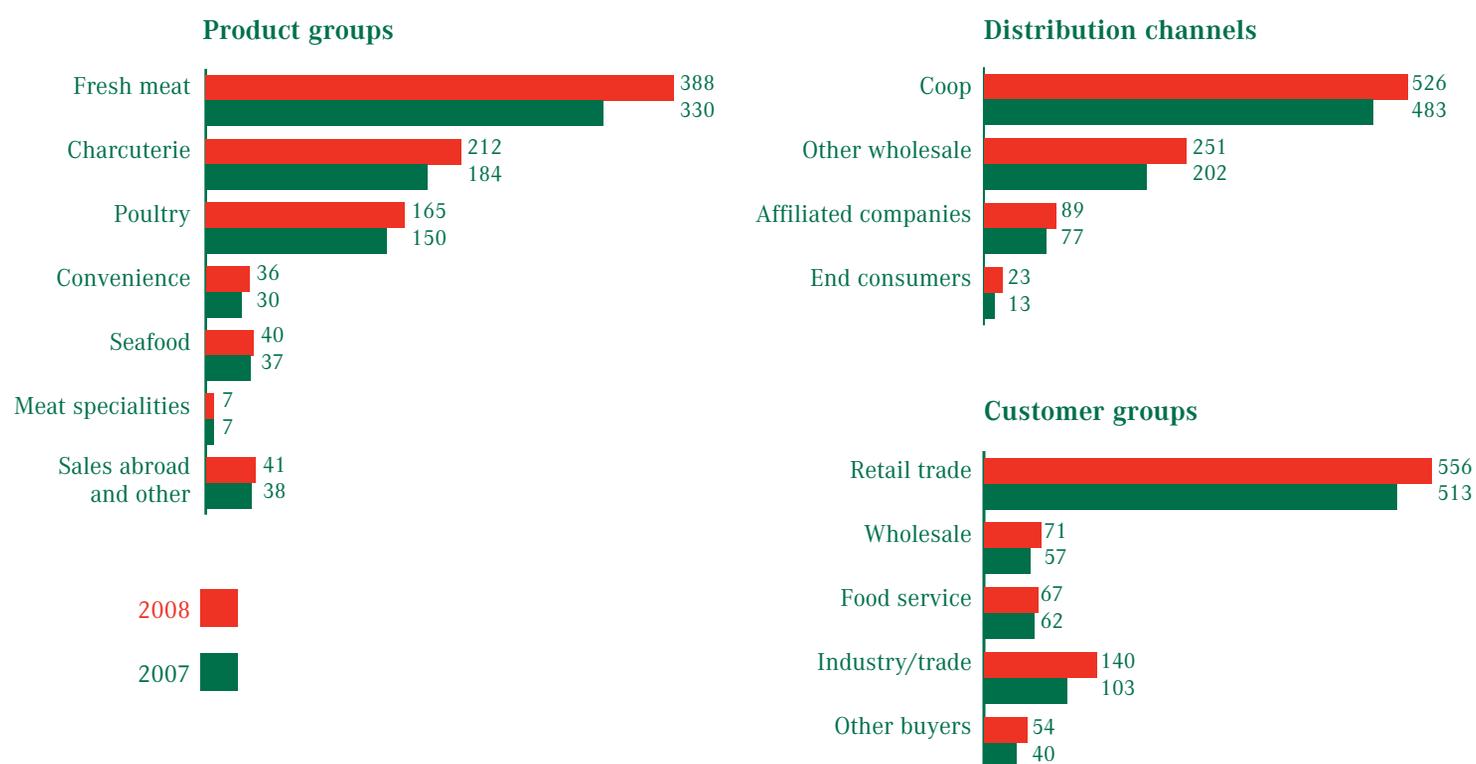
Non-recurring and infrequent expenses

No non-recurring expenses or expenses relating to other periods are included under items of operating expenses (previous year TCHF 0).

Financial Figures as of 30 June

in CHF thousand	2004	2005	2006	2007	2008
Gross sales	743 770	696 264	719 254	775 478	888 678
Operating income	746 614	701 518	722 741	780 741	890 388
Gross operating profit	238 237	219 584	227 469	249 171	276 314
in % of operating income	31.9%	31.3%	31.5%	31.9%	31.0%
EBIT	23 841	16 888	22 871	31 061	29 631
in % of operating income	3.2%	2.4%	3.2%	4.0%	3.3%
Net profit after taxes	15 942	11 286	17 085	23 817	22 618
Cash flow	40 994	37 368	45 860	52 305	55 736
in % of operating income	5.5%	5.3%	6.3%	6.7%	6.3%
Financial liabilities	212 223	227 635	143 132	74 360	130 461
Equity	403 292	421 396	451 451	490 365	530 202
in % assets	51.1%	55.7%	59.5%	66.6%	61.8%

Gross sales as of 30 June 2008/2007 (in CHF million)



Performance Figures as of 30 June

	2004	2005	2006	2007	2008
Meat production (in tons)					
Pork	25 794	26 938	26 616	25 956	26 242
Beef	12 567	11 559	12 750	13 463	14 077
Veal	3 463	3 236	2 690	3 013	3 280
Lamb	390	224	248	301	330
Total	42 214	41 957	42 304	42 733	43 929
Poultry	10 332	9 846	7 906	9 873	10 463
Slaughterings excluding poultry (in tons)	42 214	41 957	42 304	42 733	43 929
Bell market share¹	24%	23%	23%	22%	24%
Slaughterings poultry (in tons)	10 332	9 846	7 906	9 873	10 463
Bell market share¹	36%	35%	32%	34%	35%
Workforce					
Average headcount calculated on the basis of full-time employees	3 392	3 255	3 194	3 252	3 464
Headcount at 30.06. in number of employees	3 571	3 354	3 310	3 413	3 657

¹ Bell estimate

Share information as of 30 June

		2004	2005	2006	2007	2008
Per-share data						
Share price as of 30 June	CHF	1 300	1 100	1 149	1 900	1 899
Year's high	CHF	1 320	1 197	1 165	2 250	1 950
Year's low	CHF	829	1 020	975	1 410	1 780
Half-year share information						
Equity per share	CHF	1 008	1 053	1 129	1 226	1 326
Net profit per share	CHF	40	28	43	60	57
Cash flow per share	CHF	102	93	115	131	139
EBIT per share	CHF	60	42	57	78	74

	Shares issued	Additions in treasury shares	Disposals of treasury shares	Addition own shares for employee stock ownership plan	Disposal own shares for employee stock ownership plan	Number of shares
Number of shares						
Shares on 01.01.2007	400 000	-	-2 370	-	-	397 630
Difference	-	-	-	-	625	625
Shares on 30.06.2007	400 000	-	-2 370	-	625	398 255
Shares in circulation as of 01.01.2008	400 000	-	-1 812	-	-	398 188
Shares on 01.01.2008	400 000	-	-1 812	-	-	398 188
Difference	-	-30	-	-	568	538
Shares on 30.06.2008	400 000	-30	-1 812	-	568	398 726

Structure	400 000 registered shares at CHF 5 par value
Registered shares as of 30 June 2008	333 585
Shareholders as of 30 June 2008	3 298
Principal shareholders	Coop, Basel 60.54 % Bestinver Gestion S.G.I.I.C., Madrid, Spain 5.07 % Sarasin Investmentfonds AG, Basel; 4.08 % No further shareholder with over 3 percent of the shares
Shares eligible for dividend	All
Voting regulations	All registered third-party shareholders have full voting rights.

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