

Hawesko Holding AG

Hamburg

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Reuters HAWG.DE, Bloomberg HAW GR

Six-month report to 30 June 2007

Hamburg, 27 July 2007

Highlights in € (millions)

	Six months (1.1.–30.6.)			2nd quarter (1.4.–30.6.)		
	<u>2007</u>	<u>2006</u>	<u>+/-</u>	<u>2007</u>	<u>2006</u>	<u>+/-</u>
Group sales	146.3	132.9	+10.1%	73.1	63.9	+14.3%
Result from operations (EBIT)	3.4	4.9	-30.4%	1.5	1.9	-23.1%
Consolidated earnings	1.5	2.8	-46.9%	0.6	0.9	-39.2%

Dear shareholders,

The recovery has now reached the consumer too: after consumer spending suffered in the first three months of the year following the increase in German value-added tax (VAT), the consumer climate index of the Gesellschaft für Konsumforschung (GfK) moved strongly upward in the second quarter. The purchasing mood in Germany has also returned to the wine market. After spending 2.3% less in the first quarter for wine than in the previous year, spending for wine in the second quarter rose again above the level of the previous year according to the latest GfK data. In view of the continued growth in optimism for the future in Germany, this is good news for the wine market as a whole.

Once again the Hawesko Group has clearly benefited more from this development than most, and gained further market share in the first six months of 2007. Thus we are continuing a trend which has now gone unbroken for many years. In the first six months of 2007 the Group enjoyed a double-digit sales increase of 10%, and in the second quarter we were able to achieve a healthy jump of 14.3%.

Especially satisfying is the fact that all sales channels grew faster than the market as a whole in the first half of 2007. In stationary wine-shop retail we achieved a solid increase in sales; after the decline in the first quarter, mail order experienced a strong revival of sales in the last couple of months, concluding the first half of the year with a net increase of 6.2%. However, the greatest increase by far was seen in wholesale. Here we benefited particularly from two important current market trends: the rediscovery of German wines and the Renaissance of Bordeaux wines. In both cases, our clear focus on quality and the concentration on producers of good reputation once again proved the key to success on the market. Thus our new subsidiary *Deutschwein Classics*, launched in the third quarter of 2006, is doing well, and sales of our subsidiary *Château Classic – Le Monde des Grands Bordeaux* showed impressive growth of 62% in the first six months of the year.

Group EBIT for the first half of 2007 fell short of the level of the previous year by € 1.5 million. During the current year we are undertaking numerous additional sales efforts to continue consistent improvement of the market position of the Hawesko Group. This is making us bear considerable additional costs in the interim. The success of our measures can already be seen clearly in sales increases. It will be seen in earnings as well, when the "growing costs" have normalised once again.



With the current push, we are improving our potential for organic sales and earnings growth, and are looking forward to the advancements on the wine market with great confidence. Current trends are clearly in our favour, especially the renewed consumer interest in real quality and in the things that make life enjoyable. Thus our position in the market is excellent and we will resolutely make use of these trends.

Best regards,

Alexander Margaritoff
CEO

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The German economy remained healthy in the first half of 2007: the Bundesbank reported in its "Monatsbericht Juli 2007" ("Monthly Report for July 2007") that the upswing in the German economy continues to swell and private consumption has visibly recovered. GDP estimates from German economic institutes were increased – for example, the Ifo Institute raised its forecast for 2007 from +1.9% in December 2006 to +2.6% recently. The mood of consumers is correspondingly good according to surveys of the Gesellschaft für Konsumforschung (GfK), having overcome a drop after the VAT increase and now registering above the long-term average values.

The market for wine as a whole in Germany also recovered from a decline in consumption in the first quarter – according to GfK surveys the VAT increase led to a decline of 2.3% – and growth of 3.3% was recorded in the second quarter.

BUSINESS PROGRESS

Financial performance

Second quarter

In the period from April to June 2007 the Hawesko Group increased its sales by 14.3% compared to the previous year, reaching €73.1 million versus €63.9 million in the same quarter of the previous year. In the quarter under review, the revenues of the business segments developed as follows. The stationary wine-shop retail segment (primarily *Jacques' Wein-Depot*) achieved sales of €23.4 million, an increase of 3.1% over the same quarter of the previous year (€22.7 million). Wholesale sales increased by 21% from €26.4 million to €31.9 million. Mail order sales expanded by 20.5% from €14.7 million in the same period last year to €17.7 million.

Sales growth in the specialist wine-shop retail segment (*Jacques' Wein-Depot*) was particularly strong in May. There was a great demand for German wines after the offerings for these wines were selectively expanded. At 30 June 2007 there were 261 *Jacques' Wein-Depot* shops in operation, of which were 257 were in Germany (same date last year: 254) and four in Austria (last year: six). In the quarter under review two new Depots were opened and one was closed. Three new *Jacques'* locations were leased on the reporting date but not yet opened. The new specialist



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store concept *multiwein* had five locations (last year: none) in operation. Compared on a like-for-like basis with the second quarter of 2006, the specialist wine-shop retail segment showed an increase in sales of 1.8%. The comparison for this quarter revealed an increase in both customer frequency and the average purchase amount. The number of active customers rose once again.

In the wholesale segment, the largest increase in sales came from the subsidiary in the Bordeaux region *Château Classic – Le Monde des Grands Bordeaux*, which is specialised on the trade with premium wines from this region. Furthermore, the strong demand for wines from Philippe de Rothschild distributed by *Wein Wolf* and Italian wines continued.

The greatest sales increase in the mail order segment was attributable primarily to the drive to acquire new customers and the successful implementation of the *VinoSelect!* wine club concept for the *Hanseatisches Wein- und Sekt-Kontor. Carl Tesdorpf – Weinhandel zu Lübeck*, a subsidiary focused on premium wines, posted a sales increase of 25%. Both the number of active mail order customers and the number of orders increased. On the other hand, the average number of bottles ordered and the average price per bottle sold decreased. Sales made via the Internet increased by 24% in the second quarter of 2007 compared to the same quarter of the previous year.

The gross profit for the Group in the second quarter rose in absolute terms by € 1.9 million, but declined relative to sales by 2.5 percentage points compared to the previous year, to 38.2%. This decrease is the result of lower gross margins, reflecting both the increased new-customer acquisition as well as inventory clearances undertaken as part of integrating wholesale logistics at the Tornesch location (near Hamburg). Other operating income of € 3.4 million (same quarter in the previous year: € 3.1 million) resulted primarily from rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased by € 0.6 million in the second quarter; considered as a percentage of sales this was a decrease of 0.5%. Other operating expenses consisted primarily of advertising, delivery costs and commissions. The expenses for advertising amounted to 8.3% of sales, compared to 8.2% in the previous year; for commissions this figure was 8.1% compared to 8.9% in the previous year, and for delivery costs it was 3.9%, up from 3.7% in the previous year. Overall, other operating expenses amounted to € 21.3 million (last year: € 19.5 million): Thus they increased proportionately less than sales and, in the quarter under review, amounted to 29.1% of sales compared to 30.4% in the same period last year. The Group's operating (EBIT) margin amounted to 2.0% in the second quarter after 3.0% in the previous year.

The consolidated operating result (EBIT) in the second quarter of 2007 was € 1.5 million (last year: € 1.9 million). The individual contributions of the business segments to the result from operations were as follows: € 2.2 million (same as last year's quarter) from specialist wine-shop retail (*Jacques' Wein-Depot*); the burden on the result in the quarter under review for start-up costs for establishing the new specialist store concept *multiwein* in the amount of € 0.3 million is included in this. The operating result from wholesale was doubled from € 0.8 million to € 1.6 million; the main reason was the business expansion of *Château Classic – Le Monde des Grands Bordeaux*. The mail order segment posted an operating result of € –0.9 million (previous year: slightly positive), primarily due to the costs for greater investment in the acquisition of new customers. The one-time charge for the relocation of wholesale logistics to the Tornesch location – primarily goods transport costs – was carried by the subsidiary *IWL International Wein-Logistik* as "Miscellaneous" at € 0.3 million.

Interest expenses amounted to € 0.4 million, compared with € 0.3 million in the same quarter of the previous year. The effect of the International Financial Reporting Standards (IFRS, primarily IAS 39 – "Fair-value valuation" – and IAS 32) is negligible in the quarter under review (quarter in the previous year: positive effect of € 0.1 million). The result before taxes on income decreased to € 1.1 million (previous year: € 1.7 million). The tax rate is set at 40% (see the section "Report on expected developments" as well as the Notes below). The consolidated earnings after taxes and deductions for minority interests thus amounted to € 0.6 million (previous year: € 0.9 million.). The profit per share amounted to € 0.06, down from € 0.11 in the previous year. This is based on 8,805,996 shares in the reporting period, the same as in the first six months of the previous year.

First six months

Group sales of €146.3 million were achieved in the first six months of fiscal year 2007, which represents an increase of 10.1% compared to the same period in the previous year. Due to the reasons mentioned above, the gross profit margin declined by 1.6 percentage points. The result from operations (EBIT) amounted to €3.4 million, 30.4% below the EBIT of the same period in the previous year (€4.9 million).

At €-0.7 million, the interest result remained nearly unchanged compared to the same period in the previous year (€-0.6 million). The positive effect of €0.6 million in the same period of the previous year from the application of IFRS (primarily IAS 39 "Fair-value evaluation" and IAS 32) was not repeated, so that interest charges of €0.7 million remained in the financial result (previous year: zero). The result before taxes on income thus amounted to €2.7 million (first six months of the previous year: €4.9 million.). After application of the tax rate of 40% (see "Report on expected developments" as well as the Notes below), the six-month result after taxes and deductions for minority interests amounted to €1.5 million (€2.8 million). The profit per share amounted to €0.17 compared to €0.32 for the same period in the previous year. The number of shares in the reporting period was 8,805,996 as in the previous year.

Net worth

The balance sheet total at 30 June 2007 was €157.0 million. It thus declined by €14.9 million compared to the figure at 31 December 2006. The difference is due primarily to the decline in trade receivables – these decreased by €19.5 million to €25.3 million. (Trade receivables typically reach their highest level at 31 December.) As at 30 June 2007, inventories had risen by €12.1 million compared to the end of the fiscal year, primarily for reasons of seasonality. This sum includes a reposting of the prepayments of €5.9 million made for high-quality 2005 Bordeaux wines from long-term to short-term current assets. Deferred tax assets amounted to €13.8 million; at 30 June 2007 the unscheduled depreciation of €3 million was not yet taken (see the "Report on expected development" and Notes below).

Shareholders' equity declined by €5.9 million compared to the figure as at 31 December 2006; this was due to the payment of dividends. Long-term and short-term borrowings increased for seasonal reasons in the reporting period altogether by €11.0 million and €1.0 million compared with 30 June 2006. Trade payables decreased for reasons of seasonality to €11.6 million compared to 31 December 2006.

Financial position

Liquidity analysis

Cash flow from current operations in the period under review amounted to €-1.0 million, above the figure for the same period of the previous year (€-2.0 million). This is due primarily to the higher collection of debts. Free cash flow in the first six months of 2007 of €-3.6 million (previous year: €-5.8 million) was calculated from the net outflow of payments from current operations (€-1.0 million), less funds employed for investment activities (€1.8 million) and interest paid out (€0.8 million). Because of the typical seasonal influences on the course of business throughout the year, free cash flow at the six-month point is usually negative.

Investment analysis

Investments in the first six months of 2007 amounted to €1.9 million (same period in the previous year: €3.4 million). These relate mostly to fixtures and fittings in the specialist wine-shop segment as well as equipment replacement.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The German Bundesrat ratified the tax-reform bill on 6 July 2007. The effect on the Hawesko Group is treated in the "Report on expected developments" and the Notes, below.

REPORT ON RISKS AND OPPORTUNITIES

The risk situation of Hawesko Holding AG and its opportunities have not changed significantly with respect to the presentation in the 2006 annual report.

A Polish subsidiary in the wholesale segment is currently under review for its sustainable cost-effectiveness for the Hawesko Group: if a closure is decided, additional costs of at most € 0.5 million will be incurred.

The test of the specialist store concept *multiwein* is being continued, and will take into account what has been learned so far. Sales have not yet met expectations. We plan to change three of the five locations.

The increase in VAT at the beginning of the period under review has not had any adverse effect so far. Several financial institutions now predict a positive scenario for consumption in Germany in the first seven months of 2007.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

From the perspective of the Hawesko management board, the objectives for business operations for the entire fiscal year 2007 remain increasing sales (previous year sales: € 303 million) and the EBIT level of the previous year (€ 18.6 million). In the management board's estimation, economic and business conditions remain good, and these should give an additional boost to efforts aimed at the acquisition of new customers. In the second half of 2007, the charges from the IT changeover which affected the second half of the previous year will not be repeated, so that the current shortfall compared to the previous year's EBIT can be made up in the remaining six months, assuming a normal course of business.

As a consequence of the tax reform approved on 6 July 2007 by the Bundesrat the management board expects a reduction of € 3 million in the consolidated earnings after taxes for the fiscal year 2007. This decrease results from an unscheduled depreciation of deferred tax assets in the Hawesko Group balance sheet: the expected benefit of fiscally allowable goodwill applicable to taxes which is represented in this balance sheet item must now be written down to a lower value due to the lower tax rate in the future. The depreciation will be posted as additional tax expenditure in the 2007 financial statement but will have no effect on cash flow, liquidity or the ability of the Hawesko Group to pay dividends.

For 2008 the Hawesko management board assumes that sales, the EBIT and consolidated earnings after taxes will increase, the latter alone for reasons of lower tax expenditures – the estimated tax rate will drop from 40% to about 33%.

Hawesko Holding AG

Profit and loss statement for the second quarter 2007 (as per IFRS)

(in € millions, rounding differences are possible)

	1.4.–30.6. 2007	1.4.–30.6. 2006
Sales revenue	73.1	63.9
Decrease (increase) in finished goods inventories	0.0	–0.0
Other production for own assets capitalised	—	0.2
Other operating income	3.4	3.1
Cost of purchased goods	–45.2	–37.9
Personnel expenses	–7.3	–6.8
Depreciation and amortisation	–1.2	–1.1
Other operating expenses	<u>–21.3</u>	<u>–19.5</u>
Result from operations (EBIT)	1.5	1.9
Financial result		
Interest earnings/expenditures	–0.4	–0.3
Earnings/expenses from the fair value valuation and IAS 32	–0.0	0.1
<u>Investment income</u>	<u>—</u>	<u>–0.0</u>
Result before taxes on income	1.1	1.7
Taxes on income and deferred tax expenses	<u>–0.4</u>	<u>–0.7</u>
Result after taxes	0.6	1.0
Profit due to minority interests	<u>–0.1</u>	<u>–0.0</u>
Consolidated earnings	<u>0.6</u>	<u>0.9</u>
Earnings per share (in €)	0.06	0.11
Average number of shares in circulation (Numbers in thousands)	8,806	8,806

Hawesko Holding AG

Profit and loss statement for the first six months of 2007 (as per IFRS)

(in € millions, rounding differences are possible)

	1.1.–30.6. 2007	1.1.–30.6. 2006
Sales revenues	146.3	132.9
Decrease (increase) in finished goods inventories	0.2	0.1
Other production for own assets capitalised	—	0.4
Other operating income	6.5	5.9
Cost of purchased goods	–90.3	–79.8
Personnel expenses	–14.4	–13.4
Depreciation and amortisation	–2.5	–2.2
Other operating expenses	<u>–42.4</u>	<u>–38.9</u>
Result from operations (EBIT)	3.4	4.9
Financial result		
Interest earnings/expenditures	–0.7	–0.6
Earnings/expenses from the fair value- <u>valuation and IAS 32</u>	<u>0.0</u>	<u>0.6</u>
Result before taxes on income	2.7	4.9
Taxes on income and deferred tax expenses	<u>–1.1</u>	<u>–2.0</u>
Result after taxes	1.6	2.9
Profit due to minority interests	<u>–0.1</u>	<u>–0.1</u>
Consolidated earnings	<u>1.5</u>	<u>2.8</u>
Earnings per share (in €)	0.17	0.32
Average number of shares in circulation (Numbers in thousands)	8,806	8,806



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Hawesko Holding AG

Consolidated balance sheet (as per IFRS)

(in € millions, unaudited, rounding differences possible)

	30.6.2007	31.12.2006	30.6.2006
<u>Assets</u>			
<u>Long-term assets</u>			
Intangible fixed assets	10.2	10.6	10.1
Tangible assets	23.3	23.5	23.7
Financial assets	0.3	0.3	0.3
Advance payments on stocks	0.6	6.4	1.4
Receivables and other assets	1.2	1.1	1.1
Deferred tax liabilities	<u>13.8</u>	<u>15.3</u>	<u>17.3</u>
	49.3	57.3	53.8
<u>Current assets</u>			
Inventory stocks	73.3	61.2	61.4
Trade receivables	25.3	44.8	21.1
Miscellaneous current assets	3.3	1.8	3.0
Receivables from taxes on income	0.7	1.2	0.5
Cash in banking accounts and cash on hand	<u>5.1</u>	<u>5.5</u>	<u>4.1</u>
	107.7	114.5	90.1
	<u>157.0</u>	<u>171.9</u>	<u>143.9</u>
<u>Liabilities</u>			
<u>Shareholders' equity</u>			
<i>Subscribed capital of Hawesko Holding AG</i>	13.2	13.2	13.2
<i>Group adjustment according to IFRS</i>	<u>-4.4</u>	<u>-4.4</u>	<u>-4.4</u>
	8.9	8.9	8.9
Capital reserve	5.9	5.9	5.9
Revenue reserves	35.6	35.3	35.3
Balancing item from currency translation	-0.0	0.0	-0.0
Unappropriated group profit	15.8	22.1	14.1
Minority interests	<u>0.5</u>	<u>0.4</u>	<u>0.4</u>
	66.6	72.5	64.5
<u>Minority interests in the capital of unincorporated subsidiaries</u>	2.7	2.9	2.5
<u>Long-term provisions and liabilities</u>			
Provisions for pensions	0.7	0.7	0.7
Other long-term provisions	0.3	0.3	0.2
Borrowings	10.2	11.2	12.3
Advances received	0.2	7.4	0.8
Other liabilities	0.8	0.9	0.9
Deferred tax liabilities	<u>0.4</u>	<u>0.4</u>	<u>0.8</u>
	12.6	20.8	15.7
<u>Short-term provisions and liabilities</u>			
Short-term provisions	0.1	0.1	—
Borrowings	22.2	10.3	19.1
Advances received	10.0	3.7	3.2
Trade payables	31.9	43.5	28.4
Liabilities from taxes on income	—	0.5	1.0
Other liabilities	<u>10.9</u>	<u>17.6</u>	<u>9.4</u>
	75.1	75.6	61.1
	<u>157.0</u>	<u>171.9</u>	<u>143.9</u>



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Hawesko Holding AG
Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)

	1.1.–30.6. 2007	1.1.–30.6. 2006
Result before taxes on income	2.7	4.9
Depreciation of fixed assets	2.5	2.2
Interest result	0.7	0.0
Result from the disposal of fixed assets	–0.0	–0.0
Change in inventories	–6.2	–2.1
Change in other short-term assets	20.6	18.2
Change in provisions	0.0	–0.0
Change in liabilities (excluding borrowings)	–19.7	–23.8
Taxes on income paid out	<u>–1.7</u>	<u>–1.4</u>
Net inflow of payments from current operations	–1.0	–2.0
Acquisition of subsidiaries	—	–0.0
Outpayments for tangible and intangible assets	–1.9	–3.4
Outpayments for the purchase of securities and other financial assets	–0.0	—
Inpayments from the disposal of intangible and tangible assets	0.1	0.2
Inpayments from the disposal of financial assets	<u>0.0</u>	<u>0.0</u>
Net funds employed for investing activities	–1.8	–3.2
Outpayments for dividends	–7.5	–8.8
Outpayments to minority interests	–0.4	–0.5
Payment of finance lease liabilities	–0.5	–0.5
Change in borrowings	11.6	12.5
Interest paid out	<u>–0.8</u>	<u>–0.7</u>
Outflow of net funds for financing activities	<u>2.4</u>	<u>2.1</u>
Net decrease of funds	–0.4	–3.1
Funds at start of period	5.5	7.2
Funds at end of period	5.1	4.1



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Hawesko Holding AG

Consolidated statement of changes in equity

in € millions, unaudited,
Rounding differences are
possible

	Subscribed capital	Capital reserve	Revenue reserves	Adjustments resulting from currency translation	Unappropriated group profit	Minority interests	Total
Status as of 1 January 2006	8.9	5.9	33.0	0.0	22.4	0.3	70.4
Appropriation to revenue reserves	—	—	2.4	—	-2.4	—	—
Treasury shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	-8.8	-0.0	-8.8
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	2.8	0.1	2.9
Status as of 30 June 2006	8.9	5.9	35.3	-0.0	14.1	0.4	64.5
Status as of 1 January 2007	8.9	5.9	35.3	0.0	22.1	0.4	72.5
Appropriation to revenue reserves	—	—	0.3	—	-0.3	—	—
Treasury shares	—	—	—	—	—	—	—
Dividends	—	—	—	—	-7.5	-0.0	-7.5
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	1.5	0.1	1.6
Status as of 30 June 2007	8.9	5.9	35.6	-0.0	15.8	0.5	66.6

Segment results for the 2nd quarter

(in € millions, rounding differences are possible)

1.4.–30.6.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	23.4	31.9	17.7	0.1	73.1
Operating result (EBIT)	2.2	1.6	-0.9	-1.4	1.5
1.4.–30.6.2006	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	22.7	26.4	14.7	0.1	63.9
Operating result (EBIT)	2.2	0.8	0.0	-1.1	1.9

Six-month segment results

(in € millions, rounding differences are possible)

1.1.–30.6.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	46.3	60.8	39.0	0.1	146.3
Operating result (EBIT)	3.8	3.0	-1.1	-2.3	3.4
1.1.–30.6.2006	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	44.7	51.3	36.8	0.2	132.9
Operating result (EBIT)	3.8	1.6	1.3	-1.8	4.9

Notes to the six-month report to 30 June 2007

General principles: This report was written in accordance with International Accounting Standard (IAS) 34 according to the requirements of the current guidelines of the International Accounting Standards Board (IASB), London. It is based on the so-called "near final draft" of DRS 16. The Standards and interpretations valid from 1 January 2007 have been applied. The interim financial statement and interim management report have neither been audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by an auditor.

Consolidation: The consolidated group of Hawesko Holding AG remains unchanged from that listed in the 2006 financial statement.

Balance sheet and valuation principles: (1) The balance sheet and valuation methods used correspond as a rule to those applied in the last consolidated balance sheet at the end of the fiscal year. A detailed discussion of these methods was published in the annual report for 2006. (2) Cyclical events which occur during the year, insofar as they are important, are accrued based on corporate planning.

Other information: (1) *Events after the conclusion of the reporting period:* Based on the tax reform ratified on 6 July 2007 by the German Bundesrat, Hawesko Holding AG will depreciate the deferred tax assets by € 3 million in the fiscal year 2007. This unscheduled depreciation will be posted in the 2007 financial statement as additional tax expenditures (see the section above "Report on expected developments"). Other events of particular significance for the evaluation of the assets,

finances and earnings of Hawesko Holding AG and the Group – as defined in IAS 10 – did not occur after the conclusion of the period under review. (2) *Resolution for the appropriation of earnings for 2006*: According to a resolution of the annual general meeting of shareholders on 18 June 2007, the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of €7,613,258.72 have been appropriated as follows: (a) Payout of a dividend of € 0.85 per entitled share. With a total number of 8,832,992 shares this amounts to € 7,508,043.20. (b) The remaining amount of € 105,215.52 has been carried forward. (3) *No unforeseen development costs* were incurred during the period under review. (4) The *order situation* remains satisfactory. (5) No changes have occurred in the *composition of the management board or supervisory board* to the date of the writing of this report. (6) *Business with closely associated persons*: As disclosed in the Notes to the financial statements for 2006 under point 40, the management board and the supervisory board are considered to be closely associated persons in the sense of IAS 24.5. Material changes since the closing date of the annual accounts have not taken place. In the first six months of 2007, a company controlled by a member of the supervisory board sold goods with a value of € 9,000 to a subsidiary of Hawesko Holding AG. This transaction was of minor significance for Hawesko Holding AG. Material business transactions were not conducted with closely associated persons in the reporting period. The number of shares and/or the number of votes held by members of the supervisory board increased by 20,000 since 31 December 2006 to a total of 1,599,494. The number of shares and/or votes held by members of the management board has remained unchanged. (7) Hawesko Holding AG currently holds 26,996 treasury shares.

Other information	1.1.–30.6. <u>2007</u>	1.1.–30.6. <u>2006</u>
Employees (average during the period)	585	533

Declaration of the legal representatives in accordance with Section 37y of the German Securities Trading Law (WpHG)

To the best of our knowledge we affirm that, in accordance with the applied principles of proper consolidated interim reporting, the consolidated interim financial statement conveys an overview of the actual earnings and financial situation of the Group, the consolidated interim management report accurately depicts the course of business including the net operating profit and situation of the Group and that the significant opportunities and risks of the anticipated development of the Group in the remaining fiscal year are described.

Hamburg, 26 July 2007

/s/ Margaritoff

/s/ Hoolmans

/s/ Zimmermann

Calendar:

Third quarter/Nine-month-report

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