

# Hawesko Holding AG

## Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

### Nine-month report to 30 September 2007

Hamburg, 31 October 2007

#### Highlights in € (millions)

	Nine months (1.1.–30.9.)			3rd Quarter (1.7.–30.9.)		
	<u>2007</u>	<u>2006</u>	<u>+/-</u>	<u>2007</u>	<u>2006</u>	<u>+/-</u>
<b>Group sales</b>	<b>217.1</b>	<b>194.6</b>	<b>+11.5%</b>	<b>70.7</b>	<b>61.7</b>	<b>+14.6%</b>
<b>Result from operations (EBIT)</b>	<b>5.1</b>	<b>5.9</b>	<b>-13.9%</b>	<b>1.6</b>	<b>1.0</b>	<b>+70.4%</b>
<b>Consolidated earnings</b>	<b>-1.0*)</b>	<b>3.2</b>	<b>—</b>	<b>-2.5*)</b>	<b>0.3</b>	<b>—</b>

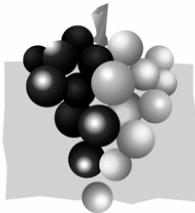
\*) includes non-recurring write-down of deferred tax assets

Dear shareholders,

In our report on the first quarter, I had expressed my optimism with regard to the consumers in Germany regaining their desire to spend in 2007 after years of restraint. We intended to benefit from this by implementing more intensive sales promotion measures. With this in mind, we increased our marketing budget in the new year. Today, we can certainly say that this strategy has borne fruit. In the first nine months of the current fiscal year, Group sales rose by 11.5%. We are especially pleased that the mail order segment, which has advertised heavily in daily newspapers, is once again contributing significantly to our overall growth. In the first nine months of the year, it likewise posted a double-digit increase of 10.6%.

With an increase of 19.3%, the wholesale segment put in a particularly strong performance. Here, we benefited from consumers' keen interest in Bordeaux wines, while our subsidiary *Deutschwein Classics* successfully transformed the new popularity of German wine into additional business. However, the strong growth of our wholesale business is primarily the result of a long-term, two-pronged strategy: our outstanding positioning on the one hand with renowned international producers and numerous exclusive agreements; and on the other hand with German restaurateurs and caterers, who value the quality of our product range as well as our service and our ability to deliver the goods. In view of this development, our focus on quality and service has once more proven to be the right strategy.

Apropos quality: the Germans are not only beginning to enjoy consumption again. Now that cheap is no longer cool at all, they once again increasingly value quality and enjoyment. This obviously applies to wine as well, and that is a good trend for the Hawesko Group, as the sales growth is currently underpinned primarily by wines in the premium quality segments. Furthermore, consumers have in the meantime even become the driving force behind the upswing. While the forecasts of the economic pundits with regard to overall economic growth are becoming more restrained overall due to the disruptions in the international financial markets, they are anticipating a noticeably higher rate of growth in private consumption next year compared to this year. For one



**HAWESKO**  
HOLDING AG

thing, consumption in the first half of 2007 still suffered under the increase in VAT, and for another, employment and therefore income levels will continue to increase in 2008.

Upscale consumption and with it the Hawesko Group will benefit from such developments. We are therefore optimistic with regard to the immediate future, i.e. the upcoming pre-Christmas business, and with regard to further developments in the coming year. Then, in addition to the continually increasing sales volume, the elimination of several one-off charges which are weighing on this year's result will have an additional positive impact on earnings. Thus the chances are good that the Hawesko Group 2008, with a significantly higher EBIT and reduced tax expense, can achieve a considerably higher net profit.

Best regards

Alexander Margaritoff  
Chief executive

• • • • • • • • • • •

## **INTERIM MANAGEMENT REPORT**

### **GENERAL CONDITIONS**

After the first nine months of fiscal year 2007, the economic situation in Germany remains good despite the uncertainties generated by the real estate crisis in the United States. According to the yearly autumn Joint Economic Forecast presented in October 2007 by leading economic research institutes, the drivers of the economic upswing remain intact. Many indicators such as the strong increase in the purchase of machinery and equipment, the still increasing demand for industrial goods and the high order volumes indicate that the economy will continue its upward trend. Domestic demand is expected to rise strongly in the course of the year. The experts anticipate a slowdown in corporate investment in the coming year, but private consumption is expected to increase vigorously. In its monthly report for September 2007, the Deutsche Bundesbank writes that the high degree of price stability and the revival in the labour market provide positive stimuli for consumption. The latest weakening of the indicators of the economic mood – e.g. the ifo Business Climate Index and the GfK Consumption Climate Index – can be seen as an expression of temporary consumer uncertainty.

The development of the overall wine market in Germany likewise makes a generally positive impression: After consumption slumped during the first quarter – according to GfK surveys it declined by 2.3% as a result of the increase in VAT – it grew by 3.3% in the second quarter and by 2.5% in the third quarter. At mid-year 2007, wine priced above € 3.00 per bottle achieved a larger share of the overall wine market again, according to GfK surveys – rising to 7.4% in the first six months of 2007, compared to 6.4% in the first six months of the previous year.

### **BUSINESS DEVELOPMENT**

#### **Earnings**

##### Third Quarter

In the period from July to September 2007, the Hawesko Group increased its sales over the previous year by 14.6% to € 70.7 million, up from € 61.7 million in the same quarter of the previous year. In the quarter under review, sales developed in the various business segments as follows: The stationary wine-shop retail segment (*Jacques' Wein-Depot*) achieved sales of € 23.1 million, an increase of 3.2% over the same quarter of the previous year (€ 22.4 million). The wholesale segment increased its sales from € 25.5 million to € 30.8 million, corresponding to a rise of 20.6%. In turn, the sales of the mail order segment increased by 22.5 %, from € 13.7 million in the same period of the previous year to € 16.8 million.

The sales growth in the stationary wine-shop retail segment (primarily *Jacques' Wein-Depot*) posted especially strong development in the month of August. In the quarter under review, the demand for wines of German origin was especially high after the product range for such wines was expanded in targeted fashion. There were 263 depots at 30 September 2007, of which 259 were in Germany (same date of the previous year: 255) and four in Austria (previous year: six). Two new depots were opened in the third quarter. Five new *Jacques'* shops were under lease at the end of the quarter, but not yet opened. Furthermore, two stores from the discontinued test of the *multiwein* specialist retail format were prepared for conversion to *Jacques' Wein-Depots*; these will be opened in the fourth quarter. Two other *multiwein* locations which still existed at 30 September will be closed in the fourth quarter. In the stationary wine-shop retail segment, on a like-for-like basis, an increase in sales of 1.8% compared to the third quarter of 2006 was posted. Compared to this period, the customer frequency as well as the average purchase receipt rose in the quarter under review. The number of active customers rose once again.

In the wholesale segment, more than half of the increase in sales came from the Bordeaux-based subsidiary company *Château Classic – Le Monde des Grands Bordeaux*, which specialises in selling premium wines of the region. The remaining increase was spread out amongst the other distribution companies, whereby the subsidiary *Deutschwein Classics*, launched in 2006 and specialising in the sale of German wines posted high growth starting from a low base.

The boost in sales in the mail order segment again in the third quarter was due to a large extent to the acceleration in new customer acquisition and the successful implementation of the wine club concept *VinoSelect!* at *Hanseatisches Wein- und Sekt-Kontor*. The IT conversion, during which an advertising campaign was omitted in September 2006, resulted in the comparison value of the previous year being very low. The number of active mail order customers as well as the number of orders increased. On the other hand, the average number of bottles ordered declined. The Web shop was relaunched at the end of September. The sales generated via the Internet increased during the entire third quarter of 2007 by 17% compared to the same period in the previous year.

Group gross profit in the third quarter rose in absolute terms by €3.5 million and, with a margin of 39.7%, remained nearly unchanged in comparison to the previous year (39.9%); in the first and second quarter, the gross profit margins had been significantly below those of the previous year. Other operating income of €3.3 million (same quarter in the previous year: €3.0 million) consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased in the third quarter by €0.5 million; as a percent of sales, it declined by 0.7 percentage points to 10.6%. The other operating expenses included primarily advertising, delivery costs and commissions. The expenses for advertising corresponded to 8.3% percent of sales, which is unchanged against the previous year. With regard to the expenses for commissions, this figure was 8.3% compared to 9.1% in the previous year, and for delivery costs it was 3.3%, down from 4.0% in the previous year. Overall, other operating expenses amounted to €21.3 million (previous year: €18.9 million): they thus rose by a proportionally smaller amount, accounting for 30.2% of the sales, down from 30.7% in the same period of the previous year. The Group's operative (EBIT) margin was 2.3% in the third quarter, up from 1.6% in the previous year.

The consolidated result of operations (EBIT) amounted to over €1.6 million in the third quarter of 2007 (previous year: nearly €1.0 million). The individual contributions of the various business segments to the result of operations were as follows: €2.1 million (same quarter in the previous year: likewise €2.1 million) from the stationary wine-shop retail segment (*Jacques' Wein-Depot*); this included the additional costs in the quarter under review for the discontinued test of the specialist store format *multiwein* in the amount of €0.6 million, which adversely affected the result. The operating result of the wholesale segment – despite the costs for the closure of the Polish subsidiary *Sommelier* (€0.5 million) – quadrupled from €0.3 million to €1.2 million; this was due primarily to the expansion of *Château Classic – Le Monde des Grands Bordeaux* and the positive development of Italian wines. The mail order segment posted an operating result of €–0.3 million (previous year: €–0.6 million), as the costs for intensified new customer acquisition continued to put pressure on the result. Additional costs were incurred primarily for additional personnel at the subsidiary *IWL Internationale Wein-Logistik* in the "Miscellaneous" segment totalling €0.5 million; these related to the fulfilment costs of marketing projects that had been moved forward in the mail order segment and the adaptation of wholesale logistics to the location in Tornesch.

Interest expenditures amounted to € 0.6 million, compared to € 0.4 million in the same quarter of the previous year. The increase is due to the financing of a stock build-up brought forward for the pre-Christmas gift business. The impact of the application of the International Financial Reporting Standards (IFRS, primarily International Accounting Standard IAS 39 ["Fair Value Evaluation" and IAS 32) amounted to € –0.2 million (same quarter in the previous year: zero). The result before taxes on income increased to € 0.9 million (€ 0.6 million). In the tax expense for the third quarter, the valuation of the balance sheet item "deferred tax assets" had to be adjusted by € 3.0 million after the German Bundesrat ratified a tax reform law in July 2007. The consolidated earnings after taxes and deductions for minority interests thus amounted to € –2.5 million (€ 0.3 million). The profit per share amounted to € –0.29, down from € 0.04 in the previous year. This is based on the number of 8,805,996 shares for the period under review, unchanged from the same figure in the previous year.

### First nine months

In the first nine months of fiscal year 2007, the Group posted sales of € 217.1 million, an increase of 11.5% over the same period of the previous year. The gross profit margin was 38.7% of sales and was thus 1.2 percentage points lower than in the same period of the previous year; reasons for this include the higher proportion of wholesale sales in total revenues as well as customer acquisition measures and inventory clearances in the first six months. The result from operations (EBIT) amounted to € 5.1 million, 13.9% or € 0.8 million below the EBIT of the same period in the previous year (€ 5.9 million); at the half-year point, the EBIT shortfall compared to the previous year had still amounted to € 1.5 million.

The financial result in the reporting period amounted to € –1.5 million, after € –0.4 million in the previous year. The increase in financing expenses of € 1.0 million was due primarily to the non-recurring revenues in the previous year of € 0.6 million from the sale of interest derivatives that were no longer required. The result before taxes on income thus amounted to € 3.6 million (same period in the previous year: € 5.5 million). After the adjustment of the deferred tax assets of € –3.0 million (see section above), the Group posted a nine-month result after deductions for taxes and minority interests of € –1.0 million (€ 3.2 million). The profit per share amounted to € –0.12, compared to € 0.36 for the same period in the previous year. This is based on the number of 8,805,996 shares, as in the previous year.

### **Financial situation**

At 30 September 2007, the balance sheet total amounted to € 160.6 million, a decrease of € 11.2 million compared to the figure at 31 December 2006. The difference is due primarily to the decline in trade receivables – these decreased by € 17.6 million to € 27.2 million. (Trade receivables typically reach their highest level at 31 December). At 30 September 2007, inventories had risen by € 17.4 million compared to the end of the fiscal year, primarily for reasons of seasonality; the total of € 78.6 million includes advance payments made for premium Bordeaux wines (including the 2005 vintage) of € 8.9 million. As a consequence of the tax reform ratified by the German Bundesrat in July 2007, the deferred tax assets now amount to € 10.1 million after a write-down of the valuation of € 3.0 million. The depreciation had no impact whatsoever on the cash flow, liquidity or dividend-paying ability of the Hawesko Group.

Shareholders' equity declined by € 8.4 million compared to the figure as at 31 December 2006; this was due to the payment of the dividends as well as the depreciation of the deferred tax assets. For reasons of seasonality, the long-term and short-term borrowings combined rose by € 11.7 million in the period under review compared to the figure at 31 December 2006 and by € 1.0 million compared to the figure at 30 September 2006. Trade payables decreased for reasons of seasonality to € 12.5 million compared to the figure at 31 December 2006.

### **Financial situation**

### Liquidity analysis

Cash flow from current operations in the nine-month period amounted to € –4.2 million, below the figure for the same period of the previous year (€ –1.2 million). This is due to primarily to an increase in stocks caused by the stock build-up brought forward for the pre-Christmas gift business. Free cash flow in the first nine months of 2007 of € –7.5 million (previous year: € –6.7 million) was calculated from the net outflow of payments from current operations (€ –4.2 million), less funds employed for investment activities (€ 2.0 million) and interest paid out (€ 1.3 million). Because of the typical seasonal influences on the course of business throughout the year, free cash flow at 30 September is usually negative.

### Investment analysis

In the first nine months of fiscal year 2007, investments amounted to € 2.7 million (same period of the previous year: € 4.6 million). These were related primarily to equipment in the stationary wine-shop retail segment and investments for replacement equipment.

### **REPORT ON POST-BALANCE SHEET DATE EVENTS**

Events of particular significance for the evaluation of the assets, finances and earnings of Hawesko Holding AG and the Group did not occur after the conclusion of the period under review.

### **OPPORTUNITY AND RISK REPORT**

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2006 annual report.

The test of the *multiwein* specialist store format was terminated in September 2007 and a provision of € 0.3 million established to cover the closing costs in the interim balance sheet at 30 September 2007. Should these costs be lower, a corresponding increase in the result of operations at 31 December 2007 is possible.

The leading economic institutes were more restrained with regard to the general growth of the economy in their yearly autumn Joint Economic Forecast published in October 2007 in view of the disruptions in the international financial markets. In 2008 they anticipate a noticeably higher growth rate in private consumption than in this year, as employment and thus income levels are expected to continue to rise in 2008. This development could give the business development of the Hawesko Group an additional boost.

### **FORECAST**

#### **Outlook**

The Hawesko management board confirms the targets for business operations for the full fiscal year 2007: an increase of sales (previous year's sales: € 303 million) and EBIT at the level of the previous year (€ 18.6 million). The management board continues to regard the general economic and business conditions for the wine trade as good. In the fourth quarter of 2007, the charges from the IT conversion that characterised the same period in the previous year will not recur, so that the momentary shortfall compared to the previous year's EBIT can be made up with normal business development in the fourth quarter of 2007.

The Hawesko management board expects that sales and EBIT as well as the consolidated result after taxes will increase in 2008. Several one-off factors which weigh on the result in the current year will be eliminated. Thus there is a good chance that the Hawesko Group can achieve in 2008, with a significantly higher EBIT and reduced tax expense, a considerably higher net profit.

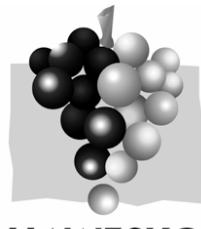
**Hawesko Holding AG**
**Profit and loss statement for the third quarter of 2007 (as per IFRS)**

(in € millions, rounding differences are possible)	1.7.-30.9. 2007	1.7.-30.9. 2006
<b>Sales revenues</b>	<b>70.7</b>	<b>61.7</b>
Decrease (increase) in finished goods inventories	0.2	0.3
Other production for own assets capitalised	—	0.1
Other operating income	3.3	3.0
Cost of purchased goods	−42.6	−37.1
Personnel expenses	−7.5	−7.0
Depreciation on tangible and intangible assets	−1.1	−1.2
Other operating expenses	−21.3	−18.9
<b>Result from operations (EBIT)</b>	<b>1.6</b>	<b>1.0</b>
Financial result		
Interest earnings/expenditures	−0.6	−0.4
Earnings/expenses from the fair value valuation and IAS 32	−0.2	0.0
<u>Investment income</u>	<u>—</u>	<u>—</u>
<b>Result before taxes on income</b>	<b>0.9</b>	<b>0.6</b>
Taxes on income and deferred tax expenses	−3.3	−0.2
<b>Result after taxes</b>	<b>−2.4</b>	<b>0.3</b>
Profit due to minority interests	−0.1	0.0
<b>Consolidated earnings</b>	<b>−2.5</b>	<b>0.3</b>
Earnings per share (in €)	−0.29	0.04
Average number of shares in circulation (Numbers in thousands)	8,806	8,806

**Hawesko Holding AG**

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

(in € millions, rounding differences are possible)	1.1.–30.9. 2007	1.1.–30.9. 2006
<b>Sales revenues</b>	<b>217.1</b>	<b>194.6</b>
Decrease (increase) in finished goods inventories	0.5	0.4
Other production for own assets capitalised	—	0.5
Other operating income	9.7	8.9
Cost of purchased goods	–133.0	–117.0
Personnel expenses	–21.9	–20.4
Depreciation on tangible and intangible assets	–3.6	–3.4
Other operating expenses	<u>–63.8</u>	<u>–57.8</u>
<b>Result from operations (EBIT)</b>	<b>5.1</b>	<b>5.9</b>
Financial result		
Interest earnings/expenditures	–1.3	–1.0
Earnings/expenses from the fair value <u>valuation and IAS 32</u>	<u>–0.2</u>	<u>0.6</u>
<b>Result before taxes on income</b>	<b>3.6</b>	<b>5.5</b>
Taxes on income and deferred tax expenses	<u>–4.4</u>	<u>–2.2</u>
<b>Result after taxes</b>	<b>–0.8</b>	<b>3.2</b>
Profit due to minority interests	<u>–0.2</u>	<u>–0.1</u>
<b>Consolidated earnings</b>	<b><u>–1.0</u></b>	<b><u>3.2</u></b>
Earnings per share (in €)	–0.12	0.36
Average number of shares in circulation (Numbers in thousands)	8,806	8,806


**Hawesko Holding AG**
**Consolidated balance sheet (as per IFRS)**

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

30.9.2007

31.12.2006

30.9.2006

**Assets**
Long-term assets

Intangible fixed assets	10.2	10.6	10.3
Tangible assets	22.6	23.5	23.4
Financial assets	0.3	0.3	0.3
Advance payments on stocks	4.1	6.4	4.6
Receivables and other assets	1.2	1.1	1.3
Deferred tax liabilities	<u>10.1</u>	<u>15.3</u>	<u>16.6</u>
	48.4	57.3	56.5

Current assets

Inventory stocks	78.6	61.2	66.4
Trade receivables	27.2	44.8	24.3
Miscellaneous current assets	4.1	1.8	5.2
Receivables from taxes on income	0.5	1.2	0.4
Cash in banking accounts and cash on hand	<u>1.8</u>	<u>5.5</u>	<u>4.0</u>
	112.3	114.5	100.2
	<b><u>160.6</u></b>	<b><u>171.9</u></b>	<b><u>156.8</u></b>

**Liabilities**
Shareholders' equity

Subscribed capital of Hawesko Holding AG	13.2	13.2	13.2
Group adjustment according to IFRS	<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	—
Unappropriated group profit	13.3	22.1	14.4
Minority interests	<u>0.5</u>	<u>0.4</u>	<u>0.3</u>
	64.1	72.5	64.8
<u>Minority interests in the capital of unincorporated subsidiaries</u>	2.9	2.9	2.5

Long-term provisions and liabilities

Provisions for pensions	0.7	0.7	0.7
Other long-term provisions	0.3	0.3	0.3
Borrowings	9.4	11.2	12.0
Advances received	4.8	7.4	7.5
Other liabilities	0.8	0.9	1.0
Deferred tax liabilities	<u>0.1</u>	<u>0.4</u>	<u>0.9</u>
	16.2	20.8	22.4

Short-term provisions and liabilities

Other reserves	0.1	0.1	0.1
Borrowings	23.7	10.3	20.1
Advances received	9.3	3.7	4.1
Trade payables	30.9	43.5	30.2
Liabilities from taxes on income	—	0.5	0.7
Other liabilities	<u>13.4</u>	<u>17.6</u>	<u>11.9</u>
	77.4	75.6	67.1
	<b><u>160.7</u></b>	<b><u>171.9</u></b>	<b><u>156.8</u></b>

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

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

	1.1.–30.9. 2007	1.1.–30.9. 2006
--	--------------------	--------------------

Result before taxes on income	3.6	5.5
Depreciation of fixed assets	3.6	3.4
Interest result	1.5	0.4
Result from the disposal of fixed assets	–0.2	–0.0
Change in inventories	–15.1	–10.2
Change in other short-term assets	18.9	14.1
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	–14.3	–12.1
Taxes on income paid out	<u>–2.3</u>	<u>–2.3</u>
<b>Net inflow of payments from current operations</b>	<b>–4.2</b>	<b>–1.2</b>
Acquisition of subsidiaries	—	–0.1
Outpayments for tangible and intangible assets	–2.7	–4.5
Outpayments for the purchase of securities and other financial assets	–0.0	—
Inpayments from the disposal of intangible and tangible assets	0.6	0.3
Inpayments from the disposal of financial assets	<u>0.1</u>	<u>0.0</u>
<b>Net funds employed for investing activities</b>	<b>–2.0</b>	<b>–4.3</b>
Outpayments for dividends	–7.5	–8.8
Outpayments to minority interests	–0.5	–0.6
Payment of finance lease liabilities	–0.8	–0.7
Change in borrowings	12.5	13.5
Interest paid out	<u>–1.3</u>	<u>–1.1</u>
<b>Outflow of net funds for financing activities</b>	<b><u>2.5</u></b>	<b><u>2.3</u></b>
<b>Net decrease of funds</b>	<b><u>–3.7</u></b>	<b><u>–3.2</u></b>
Funds at start of period	5.5	7.2
<b>Funds at end of period</b>	<b><u>1.8</u></b>	<b><u>4.0</u></b>

## 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	Unapprop riated group profit	Minority interests	Total
<b>Status at 1 January 2006</b>	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	-0.1	-8.9
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	3.2	0.1	3.2
<b>Status at 30 September 2006</b>	8.9	5.9	35.3	0.0	14.4	0.3	64.8
<b>Status at 1 January 2007</b>	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	-0.1	-7.6
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	-1.0	0.2	-0.8
<b>Status at 30 September 2007</b>	8.9	5.9	35.6	0.0	13.3	0.5	64.1

**Segment results for the 3rd quarter**  
(in € millions, rounding differences are possible)

1.7.–30.9.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>23.1</b>	<b>30.8</b>	<b>16.8</b>	<b>0.0</b>	<b>70.7</b>
<b>Operating result (EBIT)</b>	<b>2.1</b>	<b>1.2</b>	<b>-0.3</b>	<b>-1.3</b>	<b>1.6</b>
1.7.–30.9.2006	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>22.4</b>	<b>25.5</b>	<b>13.7</b>	<b>0.1</b>	<b>61.7</b>
<b>Operating result (EBIT)</b>	<b>2.1</b>	<b>0.3</b>	<b>-0.6</b>	<b>-0.8</b>	<b>1.0</b>

**Nine-month segment results**  
(in € millions, rounding differences are possible)

1.1.–30.9.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>69.4</b>	<b>91.6</b>	<b>55.8</b>	<b>0.2</b>	<b>217.1</b>
<b>Operating result (EBIT)</b>	<b>5.9</b>	<b>4.2</b>	<b>-1.5</b>	<b>-3.6</b>	<b>5.1</b>
1.1.–30.9.2006	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>67.1</b>	<b>76.8</b>	<b>50.5</b>	<b>0.3</b>	<b>194.6</b>
<b>Operating result (EBIT)</b>	<b>5.9</b>	<b>1.9</b>	<b>0.7</b>	<b>-2.7</b>	<b>5.9</b>

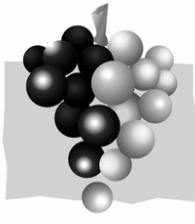
**Appendix to the nine-month report to 30 September 2007**

**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:** Compared to the 2006 consolidated financial statement, *Sommelier S.A. Spółka Akcyjna*, Warsaw, Poland, has been excluded from the consolidated group of Hawesko Holding AG.

**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:* 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. On 2 October 2007 the company announced the beginning of a share buyback programme which



**HAWESKO**  
HOLDING AG

will run until 30 May 2008 and has a volume of up to € 3 million. Up to the date of writing this report, 2,000 treasury shares have been bought back under this measure. (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 the 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 October 2007, members of the board of management purchased a total of 3,050 Hawesko shares as part of an employee participation program. In the first nine 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 193,800 to a total of 1,773,294 since 31 December 2006. The number of shares and/or votes held by members of the management board has changed from 2,680,996 on 31 December 2006 to 2,680,336 most recently. (7) *Treasury shares:* Hawesko Holding AG holds 8,019 treasury shares as of the date of writing of this report.

Other information	1.1.–30.9. <u>2007</u>	1.1.–30.9. <u>2006</u>
Employees (average during the period)	601	547

#### **Calendar:**

Preliminary report on fiscal year 2007	End of January/Early February 2008
Balance sheet press conference Hamburg	29 April 2008
Analysts' conference Frankfurt	30 April 2008
Annual shareholders' meeting 2008	16 June 2008

Published by: Hawesko Holding AG  
– Investor Relations –  
20205 Hamburg, Germany

Phone. + 49 40 / 30 39 21 00  
Fax +49 40 / 30 39 21 05  
Internet: <http://www.hawesko.com>