

# Hawesko Holding AG

## Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

### Six-month report to 30 June 2008

Hamburg, 31 July 2008

#### Highlights in € (millions)

	Six months (1.1.–30.6.)			2nd quarter (1.4.–30.6.)		
	2008	2007	+/-	2008	2007	+/-
<b>Group sales</b>	<b>157.4</b>	<b>146.3</b>	<b>+7.6%</b>	<b>76.6</b>	<b>73.1</b>	<b>+4.9%</b>
<b>Result from operations (EBIT)</b>	<b>9.2</b>	<b>3.4</b>	<b>+166.3%</b>	<b>4.5</b>	<b>1.5</b>	<b>+211.8%</b>
<b>Consolidated earnings</b>	<b>5.6</b>	<b>1.5</b>	<b>+270.0%</b>	<b>2.8</b>	<b>0.6</b>	<b>+394.5%</b>

Dear shareholders,

The first six months of fiscal year 2008 have brought in the Hawesko Group its best result in the company's history for this period! With an operating result of €9.2 million, we increased the result of the previous year by more than two-and-a-half times; earnings per share nearly quadrupled. We also continued our successes of more than 10 years with regard to sales: with an increase of 7.6% to over €157 million, we once again achieved growth in revenues which was significantly above that of the German wine market as a whole.

Once again all three sales channels contributed to growth. Due primarily to the good first quarter, revenues in the wholesale segment rose by a solid 4.0%. After a good first quarter, *Jacques' Wein-Depot* grew strongly in the following period and achieved revenue growth of 5.6% in the first half of the year. It is thereby particularly noteworthy that with sales growth of 15.3% and a clearly rising operating result, the mail order segment – in particular *Hanseatisches Wein- und Sekt-Kontor* – is once again set for success. Via our considerably more focussed and customer-oriented advertising, we can address new customer groups while cutting advertising expenses in this segment. The Hawesko Group also registered more active customers overall in the first six months of 2008. This reflects the positive impact of the sustained health of the employment market in Germany; the uncertainties arising from the crisis in the financial markets have thus far not affected our business.

In my foreword to the first-quarter report, I had cited quality and service as the primary reasons for the success of the Hawesko Group. However, I could have mentioned a third, equally important reason: trust. The American economist and Nobel prize winner Vernon Smith once said that trust will be even more important in the future, because each individual is doing more business with partners he doesn't know personally. Therefore, according to Smith, we must be able to trust those who are behind our direct business partners. Our customers trust us because they can also trust our business partners. We put our name on the line for this. We create the connection between a

demanding clientele and renowned, reputable producers of outstanding wines. Our rule of thumb for success – and this brings us full circle – is quality and service.



Our expectations for fiscal year 2008 were ambitious from the start. We came much closer to this goal in the first half of the year, and our projections for the full year – particularly with regard to significantly increasing profitability – continue to take shape: we expect sales growth in the mid-single-digit percentage range and an operating result that will increase well in the double-digit percentage range. This is based on the assumption of moderate to normal pre-Christmas sales at the end of the year. We also maintain our expectation that the annual profit will double due to a lower tax rate. This outlook was also reflected in the share price of Hawesko AG during the entire first six months of 2008: The Hawesko share was among the strongest in this period. While indexes such as the DAX or the SDAX, but particularly the DAX sectoral index for German retail, were far removed from their prices at the start of the year, the Hawesko share quoted at the end of June at €21.25, only slightly lower than the level at the beginning of the year, after it had increased in the meantime to nearly €25.

Best regards,

Alexander Margaritoff  
Chief executive

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## INTERIM MANAGEMENT REPORT

### GENERAL SITUATION

In the first six months of 2008 the German economy yielded a mixed picture: the Bundesbank emphasised in its "Monthly Report for July 2008" that the economic development in the second quarter would not be able to keep up with the particularly strong first quarter of the year. According to the report, technical reactions to the special factors that had especially favoured the manufacturing trades in the first quarter played a major role thereby. It further stated that private consumption would remain weak, because rising energy prices would lower the disposable income and high inflation would put a damper on consumption. On the other hand, unemployment declined to 3.27 million or 7.8%. The current GfK consumer climate index reflects primarily the German consumers' concerns over inflation and their lowered propensity to buy big-ticket items.

According to surveys by the GfK, the overall wine market in Germany declined in terms of value by 2.5% in the first half of 2008 compared to the same period in 2007. With a decline of 4.5% in terms of volume, this means that the average price per bottle is continuing to rise. After a reduction in value of 1.4% in the first quarter, the wine market declined in the second quarter by 3.4%. The Hawesko management board sees the business development of the Group during the first six months as being significantly stronger than that of the wine market as a whole.

### BUSINESS PROGRESS

#### Financial performance

##### Second quarter

In the period from April to June 2008, the Hawesko Group increased its sales over the previous year by 4.9% to €76.6 million, up from €73.1 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 specialist wine retail segment (*Jacques' Wein-Depot*) achieved sales of €25.3 million, an increase of 7.9% over the same quarter of the previous year (€23.4 million). The wholesale segment maintained its sales at €31.7 million and thus at the level of the previous year

(€31.9 million). Sales in the mail order segment rose from €17.7 million in the same period of the previous year by 11.0% to €19.6 million.

The sales growth in the stationary specialist retail segment (*Jacques' Wein-Depot*) was characterised by particularly strong growth in the months of April and May. There was once again a strong demand for wines of German origin, after this product range was expanded in targeted fashion over the past two years. At 30 June 2008 there were 270 *Jacques' Wein-Depot* in operation: of these, 266 were in Germany (same date in the previous year: 257) and four in Austria (previous year: likewise four). During the quarter under review, two new outlets were opened, one was closed and one relocated to a property that better reflects the local clientele structure. One new *Jacques'* location was leased at the reporting date, but not yet opened. On a like-for-like basis, sales in the stationary specialist retail segment rose by 6.6% compared to the second quarter of 2007. Compared to this period, customer frequency in particular rose in the quarter under review. The number of active customers increased once again.

In the wholesale segment, sales remained at the previous year's level, due primarily to the high comparative base: second quarter of 2007, inventory clearances were undertaken when the wholesale logistics facilities were integrated at Tornesch (near Hamburg). Furthermore, the sales of the Polish subsidiary *Sommelier Dystrybucja Sp.z o.o.* sold in the third quarter of 2007 were missing in the quarter under review. With regard to the sales of the Bordeaux-based subsidiary *Château Classic – Le Monde des Grands Bordeaux*, which specialises in premium wines of this region, mild growth was achieved after the first quarter closed out with a slightly negative result. *Deutschwein Classics* once again increased its sales from a low level.

Sales in the mail order segment once again rose by a double-digit figure, due particularly to the increase in active consumers: many of the customers newly acquired in the previous year also placed orders during the past quarter. The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck*, which specialises in top wines, posted sales growth of 3%. The number of active mail order customers, the number of orders and the average price per bottle sold all increased. In contrast to this, the average number of bottles ordered decreased. Sales achieved via the Internet increased by 29% in the second quarter of 2008 compared to the same quarter in the previous year, thus achieving a share of 14% (previous year: 12%).

Consolidated gross profits in the second quarter rose relative to sales by 2.0 percentage points to 40.2% compared to the previous year. This increase results from growth in the sales of products with a higher trade margin. This development was accompanied by the elimination of several special factors from the previous year – primarily the accelerated new customer acquisition in the mail order segment (with lower trade margins) and the inventory clearances undertaken during the integration of the wholesale logistics facilities in Tornesch (near Hamburg). The other operating income in the amount of €3.6 million (same quarter in the previous year: €3.4 million) consisted mainly of rental and leasing income from *Jacques'* as well as advertising allowances. Personnel costs increased in the second quarter from €0.2 million to €7.5 million. In terms of percent of sales, it declined by 0.2 percentage points. The other operating expenses included primarily advertising, delivery costs and commissions. The expenses for advertising amounted to 8.2% of sales, compared to 8.3% in the previous year; for commissions this figure was 8.3% compared to 8.1% in the previous year, and for delivery costs it was 3.3%, down from 3.9% in the previous year. Overall, other operating expenses in the quarter under review amounted to €21.4 million (previous year: €21.3 million): they thus rose by a disproportionately small amount, accounting for 28.0% of the sales, down from 29.1% in the same period of the previous year. The Group's operating (EBIT) margin was 5.9% in the second quarter, up from 2.0% in the previous year.

The consolidated result of operations (EBIT) amounted to €4.5 million in the second quarter of 2008 (previous year: €1.5 million). The individual contributions of the various business segments to the result of operations were as follows: €3.8 million (same quarter in the previous year: €2.2 million) came from stationary specialist retailer (*Jacques' Wein-Depot*). This increase resulted from growth in the sales of products with higher margins. The wholesale segment maintained its operating result at €1.6 million. The mail order segment experienced a turnaround with an operating result of €0.2 million (previous year: €-0.9 million), as the products sold had better trading margins and the marketing costs for the intensified acquisition of new customers in the previous year no longer weighed on the results. The charge of just over €0.3 million for the relocation of the wholesale logistics facilities to Tornesch in the previous year – mainly product

transportation expenses – did not recur in the quarter under review from the "Miscellaneous" item of the subsidiary *IWL Internationale Wein-Logistik*.



The net interest result amounted to €–0.3 million, compared to €–0.4 million in the same quarter of the previous year. The remaining financial result – primarily changes in the current market value of financial instruments used to protect against currency and interest risks – amounted to € 0.1 million in the quarter under review thanks to a positive effect (same quarter in the previous year: zero). The result before taxes on income increased to € 4.3 million (€ 1.1 million). The anticipated rate of tax expenditures is 33%. Consolidated earnings after taxes and deductions for minority interests thus amounted to € 2.8 million (€ 0.6 million). The profit per share increased to € 0.33, up from € 0.06 in the previous year. This was based on the figure of 8,682,973 shares in period (previous year: 8,805,996).

#### First six months

In the first six months of fiscal year 2008, the Group posted sales of € 157.4 million, an increase of 7.6% over the same period of the previous year (€ 146.3 million). For the reasons mentioned above, the gross profit margin increased by 0.8 percentage points. The result from operations (EBIT) rose to € 9.2 million, 2.7 times the EBIT of the same period in the previous year (€ 3.4 million).

The interest result, at €–0.6 million, declined slightly compared to the first six months of the previous year (€–0.7 million). The remaining financial result (see above) amounted to just under €–0.1 million, so that the financial result altogether amounted to €–0.7 million (previous year: likewise €–0.7 million). The result before taxes on income thus amounted to € 8.5 million (first six months of the previous year: € 2.7 million). After application of the tax rate of 33%, the Group achieved consolidated earnings after taxes and deductions for minority interests of € 5.6 million (€ 1.5 million). Earnings per share amounted to € 0.64, up from € 0.17 in the first six months of the previous year. This is based on the number of 8,701,254 shares (previous year: 8,805,996).

#### **Net worth**

The balance sheet total at 30 June 2008 was € 148.2 million. It thus declined by € 28.4 million compared to the figure at 31 December 2007. The difference is due primarily to the decline in trade receivables – these decreased by € 25.1 million to € 22.8 million. (Trade receivables typically reach their highest level at 31 December). At 30 June 2008, inventories had risen by € 4.5 million compared to the end of the fiscal year, primarily for reasons of seasonality. This amount no longer includes the advance payments of € 5.9 million for the premium Bordeaux wines of the 2005 vintage, as the wines were delivered to the customers. Deferred tax assets amounted to € 8.8 million; at the relevant date in the previous year the extraordinary write-down of € 2.7 million due to the tax reform law had not yet been undertaken.

Shareholders' equity declined by € 5.0 million compared to the figure at 31 December 2007; this was due to the payment of the dividend. The long-term as well as the short-term borrowings increased for reasons of seasonality in the period under review by € 7.1 million altogether; compared to 30 June 2007 this figure declined by € 6.1 million. Trade payables decreased for reasons of seasonality by € 13.1 million compared to the figure at 31 December 2007 to € 31.9 million.

#### **Financial position**

##### Liquidity analysis

Cash flow from current operations in the period under review amounted to € 4.4 million, well above the figure for the same period of the previous year (€–1.0 million). This is due primarily to the higher result. With regard to the cash flow from financial activities for the period, it must be noted that funds in the amount of € 1.9 million were used for the buyback of treasury shares in addition to the payment of the dividend in the total amount of € 8.7 million. Free cash flow in the first six

months of €2.7 million (first six months of the previous year: €–3.6 million) was calculated from the net outflow of payments from current operations (€4.4 million), less funds employed for investment activities (€1.1million) and interest paid out (€0.6 million).



#### Investment analysis

Capital spending in the first six months of 2008 amounted to €1.2 million (same period in the previous year: €1.9 million). These were related primarily to expansion and modernisation in the stationary specialist retail segment as well as 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.

### **REPORT ON OPPORTUNITIES AND RISKS**

There were no significant changes in the risks and opportunities of Hawesko Holding AG compared to the situation described in the 2007 annual report. The impact of the subprime crisis in the United States and the increase in the oil price have continued to the date of writing of this report. Indicators of economic sentiment, e.g. those published by the ifo-Institut and the Gesellschaft für Konsumforschung (GfK) currently show that the general propensity to consume in Germany has declined. Studies for the wine market show negative market development in the first six months. However, the Hawesko Group has regularly proven to be relatively inured to such phenomena in similar phases in the past. From today's standpoint, the management board does not expect growth to fall below 3% in 2008.

### **REPORT ON EXPECTED DEVELOPMENTS**

#### **Outlook**

The forecast of the Hawesko management board for fiscal year 2008 has not changed from that published in the 2007 annual report. The Hawesko management board noted that in the first six months, the Group has taken a large step toward achieving the ambitious expectations for the full fiscal year 2008. The goal of realising significantly increased profitability is becoming more and more concrete. The management board therefore reaffirms its forecast of an increase in sales in the mid-single-digit percentage range and an increase in the operating result (EBIT) well within the double-digit percentage range. (2007: sales €334 million, EBIT €18.3 million.) This is based on the assumption of moderate to normal pre-Christmas sales at the end of the year. The net result (after deductions for taxes and minority interests) is expected to double against 2007 (€6.7 million and €0.76 per share). Free cash flow for 2008 is expected to reach the level of 2007 (€13.6 million).

**Hawesko Holding AG**

**Profit and loss statement for the second quarter of 2008 (as per IFRS)**

(in € millions, rounding differences are possible)

	1.4.–30.6. 2008	1.4.–30.6. 2007
<b>Sales revenue</b>	<b>76.6</b>	<b>73.1</b>
Decrease (increase) in finished goods inventories	0.2	0.0
Other operating income	3.6	3.4
Cost of purchased goods	–45.8	–45.2
Personnel expenses	–7.5	–7.3
Depreciation and amortisation	–1.1	–1.2
Other operating expenses	–21.4	–21.3
<b>Result from operations (EBIT)</b>	<b>4.5</b>	<b>1.5</b>
Financial result		
Interest earnings/expenditures	–0.3	–0.4
Remaining financial result	0.1	–0.0
<b>Result before taxes on income</b>	<b>4.3</b>	<b>1.1</b>
Taxes on income and deferred tax expenses	–1.4	–0.4
<b>Result after taxes</b>	<b>2.9</b>	<b>0.6</b>
Profit due to minority interests	–0.1	–0.1
<b>Consolidated earnings</b>	<b>2.8</b>	<b>0.6</b>
Earnings per share (in €)	0.33	0.06
Average number of shares in circulation (Numbers in thousands)	8,683	8,806

**Hawesko Holding AG**

**Profit and loss statement for the first six months of 2008 (as per IFRS)**

(in € millions, rounding differences are possible)

	1.1.–30.6. 2008	1.1.–30.6. 2007
<b>Sales revenues</b>	<b>157.4</b>	<b>146.3</b>
Decrease (increase) in finished goods inventories	0.4	0.2
Other operating income	6.7	6.5
Cost of purchased goods	–95.9	–90.3
Personnel expenses	–15.0	–14.4
Depreciation and amortisation	–2.2	–2.5
Other operating expenses	–42.3	–42.4
<b>Result from operations (EBIT)</b>	<b>9.2</b>	<b>3.4</b>
Financial result		
Interest earnings/expenditures	–0.6	–0.7
Remaining financial result	–0.1	0.0
<b>Result before taxes on income</b>	<b>8.5</b>	<b>2.7</b>
Taxes on income and deferred tax expenses	–2.8	–1.1
<b>Result after taxes</b>	<b>5.7</b>	<b>1.6</b>
Profit due to minority interests	–0.1	–0.1
<b>Consolidated earnings</b>	<b>5.6</b>	<b>1.5</b>
Earnings per share (in €)	0.64	0.17
Average number of shares in circulation (Numbers in thousands)	8,701	8,806



**HAWESKO**  
HOLDING AG

**Hawesko Holding AG**

**Consolidated balance sheet (as per IFRS)**

(in € millions, unaudited, rounding differences possible)

	30.6.2008	31.12.2007	30.6.2007
<b>Assets</b>			
Long-term assets			
Intangible assets	9.3	9.9	10.2
Tangible assets	21.5	22.0	23.3
Financial assets	0.3	0.3	0.3
Advance payments on stocks	2.4	5.7	0.6
Receivables and other assets	1.3	1.1	1.2
Deferred tax assets	8.8	9.9	13.8
	43.6	48.9	49.3
Short-term assets			
Inventory stocks	73.0	68.4	73.3
Trade receivables	22.8	47.8	25.3
Other assets	1.4	2.0	3.3
Receivables from taxes on income	0.6	1.1	0.7
Cash in banking accounts and cash on hand	6.9	8.4	5.1
	104.6	127.7	107.7
	<b>148.2</b>	<b>176.6</b>	<b>157.0</b>
<b>Liabilities</b>			
Shareholders' equity			
<i>Subscribed capital of Hawesko Holding AG</i>	13.2	13.2	13.2
<i>Adjustment as per IFRS</i>	-4.4	-4.4	-4.4
	8.9	8.9	8.9
Capital reserve	6.1	6.1	5.9
Revenue reserves	35.4	34.9	35.6
Adjustment resulting from currency translation	0.1	0.0	-0.0
Unappropriated group profit	15.4	21.0	15.8
Minority interests	0.5	0.6	0.5
	66.4	71.4	66.6
Minority interests in the capital of unincorporated subsidiaries	3.4	3.7	2.7
Long-term provisions and liabilities			
Provisions for pensions	0.6	0.6	0.7
Other long-term provisions	0.3	0.3	0.3
Borrowings	8.1	9.1	10.2
Advances received	0.6	4.8	0.2
Other liabilities	0.7	0.7	0.8
Deferred tax liabilities	0.1	0.1	0.4
	10.4	15.6	12.6
Short-term provisions and liabilities			
Short-term provisions	0.1	0.1	0.1
Borrowings	18.3	10.1	22.2
Advances received	6.5	10.0	10.0
Trade payables	31.9	45.0	31.9
Liabilities from taxes on income	0.5	0.5	—
Other liabilities	10.7	20.2	10.9
	68.0	85.9	75.1
	<b>148.2</b>	<b>176.6</b>	<b>157.0</b>





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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. 2008	1.1.–30.6. 2007
Result before taxes on income	8.5	2.7
Depreciation of fixed assets	2.2	2.5
Interest result	0.7	0.7
Result from the disposal of fixed assets	–0.0	–0.0
Change in inventories	–1.3	–6.2
Change in other short-term assets	26.0	20.6
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	–30.0	–19.7
	–1.6	–1.7
Taxes on income paid out		
<b>Net inflow of payments from current operations</b>	<b>4.4</b>	<b>–1.0</b>
Acquisition of subsidiaries	—	—
Outpayments for tangible and intangible assets	–1.2	–1.9
Outpayments for the purchase of other financial assets	—	–0.0
Inpayments from the disposal of intangible and tangible assets	0.1	0.1
Inpayments from the disposal of financial assets	0.0	0.0
<b>Net funds employed for investing activities</b>	<b>–1.1</b>	<b>–1.8</b>
Outpayments for dividends	–8.7	–7.5
Outpayments to minority interests	–0.8	–0.4
Outpayments for the purchase of treasury shares	–1.9	—
Payment of finance lease liabilities	–0.5	–0.5
Change in borrowings	7.7	11.6
Interest paid out	–0.6	–0.8
<b>Outflow of net funds for financing activities</b>	<b>–4.8</b>	<b>2.4</b>
<b>Net decrease of funds</b>	<b>–1.5</b>	<b>–0.4</b>
Funds at start of period	8.4	5.5
<b>Funds at end of period</b>	<b>6.9</b>	<b>5.1</b>



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## Hawesko Holding AG

### Consolidated statement of changes in equity

in € millions, unaudited,  
rounding differences possible

	Subscribed capital	Capital reserve	Revenue reserves	Adjustments resulting from currency translation	Unappropri- ated group profit	Minority interests	Total
<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	-0.0	-7.5
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	1.5	0.1	1.6
<b>Status at 30 June 2007</b>	8.9	5.9	35.6	-0.0	15.8	0.5	66.6
<b>Status at 1 January 2008</b>	8.9	6.1	34.9	0.0	20.9	0.6	71.4
Appropriation to revenue reserves	—	—	2.4	—	-2.4	—	—
Treasury shares	—	—	-1.9	—	—	—	-1.9
Dividends	—	—	—	—	-8.7	-0.2	-8.8
Currency translation differences	—	—	—	0.1	—	0.0	0.1
Period profit	—	—	—	—	5.6	0.1	5.7
<b>Status at 30 June 2008</b>	8.9	6.1	35.4	0.1	15.4	0.5	66.4



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### Segment results for the 2nd quarter

(in € millions, rounding differences are possible)

1.4.–30.6.2008	Specialist retail	Wholesale	Mail order	Miscellaneous	Group
<b>External sales</b>	<b>25.3</b>	<b>31.7</b>	<b>19.6</b>	<b>0.0</b>	<b>76.6</b>
<b>Operating result (EBIT)</b>	<b>3.8</b>	<b>1.6</b>	<b>0.2</b>	<b>–1.1</b>	<b>4.5</b>
1.4.–30.6.2007	Specialist retail	Wholesale	Mail order	Miscellaneous	Group
<b>External sales</b>	<b>23.4</b>	<b>31.9</b>	<b>17.7</b>	<b>0.1</b>	<b>73.1</b>
<b>Operating result (EBIT)</b>	<b>2.2</b>	<b>1.6</b>	<b>–0.9</b>	<b>–1.4</b>	<b>1.5</b>

### Six-month segment results

(in € millions, rounding differences are possible)

1.1.–30.6.2008	Specialist retail	Wholesale	Mail order	Miscellaneous	Group
<b>External sales</b>	<b>48.9</b>	<b>63.3</b>	<b>45.0</b>	<b>0.1</b>	<b>157.4</b>
<b>Operating result (EBIT)</b>	<b>6.4</b>	<b>3.6</b>	<b>1.2</b>	<b>–2.0</b>	<b>9.2</b>
1.1.–30.6.2007	Specialist retail	Wholesale	Mail order	Miscellaneous	Group
<b>External sales</b>	<b>46.3</b>	<b>60.8</b>	<b>39.0</b>	<b>0.1</b>	<b>146.3</b>
<b>Operating result (EBIT)</b>	<b>3.8</b>	<b>3.0</b>	<b>–1.1</b>	<b>–2.3</b>	<b>3.4</b>

### Notes to the Six-month Report to 30 June 2008

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, and the Deutscher Rechnungslegungsstandard (German Accounting Standard; “DRS”) 16. The standards and interpretations valid from 1 January 2008 have been applied to the interim financial statement. 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 2007 balance sheet.

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 2007. (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 30 June 2008 the company cancelled 150,662 treasury shares. (2) *Resolution for the*

*appropriation of earnings for 2007:* According to a resolution of the annual general meeting of shareholders on 16 June 2008, the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 9,058,040.81 have been appropriated as follows: (a) Payout of a dividend of € 1.00 per entitled share. With a total number of 8,682,330 shares entitled to dividends this amounts to € 8,682,330.00. (b) The remaining amount of € 375,710.81 should be 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 to the date of the writing of this report. Upon completion of the annual general shareholders' meeting on 16 June 2008, Dr. Carl H. Hahn stepped down from the supervisory board; Mr. Gunnar Heinemann succeeded him. (6) *Business with closely associated persons:* As disclosed in the appendix to the 2007 consolidated financial statement under point 43, 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. 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 and the management board has not changed since 31 December 2007. (7) *Treasury shares:* After cancelling the treasury shares on 30 June 2008, Hawesko Holding AG holds no treasury shares at the date of writing of this report. The total number of shares in circulation is 8,682,330.

Other information	1.1.–30.6. 2008	1.1.–30.6. 2007
Employees (average during the period)	599	585

#### **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, 30 July 2008

/s/ Margaritoff

/s/ Hoolmans

/s/ Siebdrat

/s/ Zimmermann

#### **Calendar:**

Third Quarter/Nine-month Report

31 October 2008

Preliminary report on fiscal year 2008

End of January/Early February 2009

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