

Hawesko Holding AG Hamburg

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Nine-month report to 30 September 2008

Hamburg, 31 October 2008

Highlights in € (millions)

	Nine months (1.1.–30.9.)			Third quarter (1.7.–30.9.)		
	<u>2008</u>	<u>2007</u>	<u>+/-</u>	<u>2008</u>	<u>2007</u>	<u>+/-</u>
Group sales	227.5	217.1	+4.8%	70.1	70.7	-0.9%
Result from operations (EBIT)	12.0	5.1	+135.6%	2.8	1.6	+71.6%
Consolidated earnings	6.1	-1.0^{*)}	—	0.5	-2.5^{*)}	—

^{*)} Previous year includes non-recurring depreciation of deferred tax assets.

Dear shareholders,

You will surely remember from the six-month report that I was able to inform you that the Hawesko Group achieved its best result ever for this period in 2008. Now, after nine months, I can once again give you extremely positive news! With an EBIT of € 12 million, we have surpassed the previous year's result by an impressive 136%. The result per share rose from € -0.12 to € 0.69 and, with regard to sales, we have added yet another chapter to our success story. With a rise of 4.8% to well over € 227 million, our growth in revenues continues to be significantly above that of the entire German wine market, which has moved only slightly above the level of the previous year in 2008.

The more restrained performance during the third quarter does not make much difference to our great success. To a certain extent we had even expected this, because after the launch of our sales offensive at that time, the same quarter in the previous year was extremely good, whereas during the quarter under review, we optimised the number of advertising mailings in the mail order segment with a view towards greater economy. In any case, we do not foresee any reversals of the trend toward success in the mail order segment due to the weaker sales performance in the third quarter. The wholesale segment maintained quarterly revenues at the level of the previous year. While sales of premium Bordeaux wines declined, double-digit growth in domestic German sales as well as for the successful *Deutschwein Classics* and *Global Wines* (Czech Republic)

subsidiaries produced outstanding results. *Jacques' Wein-Depot* continued its clearly-defined upward trend. After an already very successful first six months, our specialist retail segment posted a significant increase in sales in the third quarter as well – both overall, because we are able to open very successful new depots, and on a like-for-like basis, because our loyal customers continue to remain loyal to us.



All in all, the Hawesko Group has achieved outstanding results for the first nine months as well as for the most recent quarter. Moreover, as of the end of September we have more active customers than ever before. Going into the important fourth quarter, our EBIT is nearly € 7 million higher than last year. These good figures give us the confidence that we will achieve our goal of increasing the full-year EBIT by a significant double-digit percentage. Our clear focus on quality and customer satisfaction has once again proven to be more than successful. To paraphrase an old proverb, according to which quality has its price, at Hawesko we can say, "Quality has its success!"

Dear shareholders, the stock market has lost this perspective during the most recent upheavals in the course of the escalation of the global crisis in the financial markets, and after an outstanding price performance up to that point, the Hawesko share was also affected by this. However, I am very confident that the stronger focus of the investors on quality and substance in the future will ensure that the successful business model of your Hawesko Holding AG will be properly reflected in the share price again.

Best regards,

Alexander Margaritoff
Chief executive

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

After an extremely lively start at the beginning of the year, the overall economic activity in Germany has visibly weakened, particularly due to the escalation of the crisis in the financial markets. The Deutsche Bundesbank believes that private consumption will remain sluggish: they postulate that this is not due to a loss of buying power but to a distinct restraint in consumption. According to the Bundesbank, stabilising factors for private consumption include the large price corrections in the international oil markets during the second half of the year and the sustained growth in employment. The GfK consumption climate index for October 2008 likewise notes a stabilisation of the consumption climate, albeit at a low level, despite the tumult in the stock markets.

The latest surveys of the GfK show an increase in value of 2.8% for the German wine market in the first nine months of 2008 compared to the same period in the previous year. GfK research also shows that the wine market declined in terms of volume by 2.5%, which implies a higher average price per bottle. The Hawesko management board generally agrees with these statements, but assumes a lower increase in value for the wine market as a whole, taking all sales channels into account. According to market observers, the wine market as a whole is maintaining its position well in the current economic situation, but is still under pressure due to the large number of competitors. However, compared to others in the wine business, the market positioning in the upper segment of the market puts the Hawesko Group in a better starting point in the view of the management board – in an increasingly difficult economic climate, as well.

BUSINESS PROGRESS

Financial performance



Third Quarter

In the period from July to September 2008, the Hawesko Group achieved sales of €70.1 million, compared to €70.7 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 specialist retail segment (*Jacques' Wein-Depot*) increased sales from €23.1 million to €23.9 million, a rise of 3.6% over the same quarter in the previous year. The wholesale segment posted sales of €30.8 million, thus maintaining the level of the previous year. In the mail order segment, sales amounted to €15.4 million, a decline of 8.6% from the figure for the same quarter in the previous year (€16.8 million).

The sales growth in the stationary specialist retail segment (*Jacques' Wein-Depot*) is based on the continuation of the previous development: the consistent maintenance, support and enhancement of customer relationships as well as the expansion of the depot network at strategic locations. The trend toward German wines at *Jacques'* is continuing. There were 271 depots, of which 267 were in Germany (previous year: 259) and four in Austria (previous year: likewise four). In the third quarter one new depot was opened and one relocated to take full advantage of the customer potential in the area. One new *Jacques'* location was leased as of the reporting date, but not yet opened. The stationary specialist retail segment posted an increase in sales of 2.3% on a like-for-like basis compared to the third quarter of 2007. Compared to this period, customer frequency rose in the quarter under review. The number of active customers – including both new ones as well as temporarily inactive customers who have returned – was again increased.

In the wholesale segment sales remained at the previous year's level overall. At the subsidiary *Château Classic – Le Monde des Grands Bordeaux*, which is domiciled in Bordeaux and specialises in premium wines of the region, the sales in August were considerably below those of the same month in the previous year. On the other hand the quarterly sales of other subsidiaries rose. In Germany, champagne and Spanish wines in particular as well as wines of an Italian producer under a new exclusivity agreement sold very well. The Czech joint venture *Global Wines* as well as the subsidiary *Deutschwein Classics*, which specialises in the sale of German wines, posted healthy growth figures.

Sales in the mail order segment in the third quarter were influenced primarily by the optimisation of the mailing-advertisement sequence, which meant that one mailing fewer was sent out during the summer holiday period. The *VinoSelect!* wine club concept at *Hanseatisches Wein- und Sekt-Kontor* continued its successful expansion and accounted for 15% of segment sales (same quarter in the previous year: 11%). The number of active mail order customers increased, while the number of orders declined. However, the average number of bottles ordered remained the same. Internet sales rose throughout the entire third quarter of 2008 by 1.4% compared to the same quarter in the previous year.

Consolidated gross profit in the third quarter declined in absolute terms by €0.6 million to €27.5 million, and as a percentage of sales from 39.7% in the previous year to 39.2%, which is due primarily to a lower margin in the wholesale segment. Other operating income of €3.0 million (same quarter in the previous year: €3.3 million) consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses in the third quarter remained unchanged from the previous year. The other operating expenses included primarily advertising, delivery costs and commissions. Expenses for advertising amounted to 7.5% of sales, compared to 8.3% in the previous year. For commissions this figure was 8.6% compared to 8.3% in the previous year, and for shipping it was 3.2%, down from 3.3% in the previous year. Overall, other operating expenses in the quarter under review amounted to €19.2 million (previous year: €21.3 million): they thus decreased and accounted for 27.4% of the sales, down from 30.2% in the same period of the previous year. The Group's operative (EBIT) margin was 4.0% in the third quarter, up from 2.3% in the previous year.

The consolidated result of operations (EBIT) amounted to € 2.8 million in the third quarter of 2008 (previous year: € 1.6 million). The individual contributions of the various business segments to the result of operations were as follows: € 2.7 million (same quarter in the previous year: € 2.1 million) from stationary specialist retail (*Jacques' Wein-Depot*). The operating result for the wholesale segment amounted to € 1.1 million (same quarter in the previous year: € 1.2 million); a lower result at *Château Classic – Le Monde des Grands Bordeaux* was compensated by the non-recurrence of the one-time charge incurred in the previous year in conjunction with the exit from the Polish market. Improved profitability returned the operating result into positive numbers in the mail order segment, from € –0.3 million to € 0.1 million. In the "Miscellaneous" segment, the subsidiary company *IWL Internationale Wein-Logistik* achieved a better result compared to the same quarter in the previous year; however, higher consulting costs were incurred in the overhead of the parent company.

Interest expenditures amounted to € 0.4 million, compared to € 0.6 million in the same quarter of the previous year. The decline is due to the reduction in borrowings. Due to the acquisition of the minority interests of *Wein Wolf Holding GmbH & Co. KG*, Bonn, in return for new Hawesko shares, a non-recurring financial expenditure of € 1.2 million was incurred in the quarter under review. 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 € –0.3 million (same quarter in the previous year: € –0.2 million). The result before taxes on income thus increased to € 1.0 million (€ 0.9 million). The tax expenditure was assessed at € –0.4 million; in the previous year the valuation of the deferred tax assets had to be adjusted by € 3.0 million. Consolidated earnings after taxes and deductions for minority interests thus amounted to € 0.5 million (€ –2.5 million). The profit per share increased to € 0.06, up from € –0.29 in the previous year. This was based on the number of 8,729,619 shares for the period under review (previous year: 8,805,996).

First nine months

In the first nine months of fiscal year 2008, the Group posted sales of € 227.5 million, an increase of 4.8% over the same period of the previous year. The gross profit margin amounted to 39.1% of sales and was thus 0.4 percentage points higher than at 30 September 2007: this was due to the higher share of mail order sales in total sales as well as the improved trading margin in the specialist retail segment. The result from operations (EBIT) amounted to € 12.0 million, 135.6% or € 6.9 million above the EBIT of the same period in the previous year (€ 5.1 million); at the half-year point, the EBIT surplus compared to the previous year still amounted to € 5.7 million.

The financial result in the reporting period amounted to € –2.5 million, after € –1.5 million in the previous year. The increase in the financing expenses by € 1.1 million was thereby due primarily to a non-recurring expenditure in the amount of € 1.2 million from the capital increase in return for a non-cash contribution. The result before taxes on income thus amounted to € 9.5 million (same period in the previous year: € 3.6 million). After application of the estimated tax ratio for the full year of 34% and after deduction of the profit due to minority interests, consolidated earnings amounted to € 6.1 million (€ –1.0 million). The profit per share amounted to € 0.69, up from € –0.12 for the same period in the previous year. This is based on the number of 8,710,778 shares (previous year: 8,805,006).

Net worth

As per 30 September 2008, the balance sheet total amounted to € 153.2 million. This figure thus declined by € 23.4 million compared to the status at 31 December 2007 and by € 7.5 million compared to the reference date (30 September 2007) in the previous year. The difference is due primarily to the decline in trade receivables at 31 December 2007 – these were reduced by € 22.5 million to € 25.3 million. (Trade receivables typically reach their highest level at 31 December.) The balance sheet item "inventory stocks" in the amount of € 79.7 million consists of inventories amounting to € 72.9 million (31 December 2007: € 58.2 million) and advance payments amounting to € 6.8 million (€ 10.2 million). The increase is due to the financing of a stock build-up brought forward for the holiday gift business, while the decline in advance payments is due to the delivery of the 2005 Bordeaux vintage.

Shareholders' equity declined by € 1.1 million compared to the figure as at 31 December 2007; the reason for this is the combined effect of the payment of the dividend and the capital increase. Due to the capital increase in return for a non-cash contribution (minority interests in *Wein Wolf Holding GmbH & Co. KG*, Bonn), the subscribed capital of Hawesko Holding AG increased by a good €0.2 million and the capital reserve – balanced against the effect of the cancellation of treasury shares – rose by €0.4 million. For reasons of seasonality, the long-term and short-term borrowings combined rose by €8.2 million in the period under review compared to the figure at 31 December 2007, but declined by € 5.8 million compared to the figure at 30 September 2007. Trade payables underwent a seasonal decline of €12.1 million to € 32.9 million compared to 31 December 2007. Compared to the nine-month reference date of the previous year, this figure rose by €2.0 million.

Financial position

Liquidity analysis

Cash flow from current operations in the first nine months of 2008 amounted to € –0.2 million, which is an improvement over the same period of the previous year (€ –4.2 million). This is due to the higher result. Free cash flow in the nine-month period of € –3.1 million (previous year: € –7.5 million) was calculated from the net outflow of payments from current operations (€ –0.2 million), less funds employed for investment activities (€1.9 million) and interest paid out (€1.0 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 2008, capital spending amounted to € 2.1 million (same period of the previous year: € 2.7 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 leading economic institutes, in their autumn expert opinion published in October 2008, have reduced their growth forecasts for the German economy in view of the crisis in the international financial markets, and reckon merely with positive zero growth for 2008. On the other hand, the inflationary trends – triggered primarily by the mid-year increases in the energy prices – have attenuated slightly. The current GfK consumer climate index notes a stabilisation of the propensity to consume at a low level, whereby the willingness to make larger purchases will most likely remain low. The General Association of German Retailers reckons with normal holiday business. The best-case scenario of a significant rise in private consumption will not take place as hoped by some experts in early 2008, but they do not foresee a collapse.

In the view of the management board, the negative developments in the economic environment are not good for business in the short run, but in similar phases in the past, the Hawesko Group has regularly proven to be relatively immune from such developments.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

The forecast of the Hawesko management board for fiscal year 2008 has not materially changed from that published in the 2007 annual report. In the opinion of the management board, the development of the Hawesko Group in the first nine months as well as in the most recent quarter was very positive. Moreover, as of the end of September the Group registered more active customers than ever before. Going into the important fourth quarter, Group EBIT is nearly € 7 million higher than last year. The Hawesko management board confirms the operational targets for the full fiscal year 2008: an increase in sales in the medium single-digit range and a significant double-digit rise in EBIT (2007: sales € 334 million, EBIT € 18.3 million). This is based on moderate to normal development of the pre-Christmas year-end business. The net result (after deductions for taxes and minority interests) is expected to double compared to 2007 (€ 6.7 million and € 0.76 per share). The free cash flow for 2008 is expected to reach the level of 2007 (€ 13.6 million).



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

(in € millions, rounding differences are possible)

	1.7.–30.9. 2008	1.7.–30.9. 2007
Sales revenue	70.1	70.7
Decrease (increase) in finished goods inventories	0.2	0.2
Other operating income	3.0	3.3
Cost of purchased goods	–42.6	–42.6
Personnel expenses	–7.5	–7.5
Amortisation of intangible assets and tangible assets	–1.1	–1.1
Other operating expenses	<u>–19.2</u>	<u>–21.3</u>
Result from operations (EBIT)	2.8	1.6
Financial result		
Interest earnings/expenditures	–0.4	–0.6
Earnings/expenses from the fair value valuation and IAS 32	<u>–1.5</u>	<u>–0.2</u>
Result before taxes on income	1.0	0.9
Taxes on income and deferred tax expenses	<u>–0.4</u>	<u>–3.3</u>
Result after taxes	0.6	–2.4
Profit due to minority interests	<u>–0.1</u>	<u>–0.1</u>
Consolidated earnings	<u>0.5</u>	<u>–2.5</u>
Earnings per share (in €)	0.06	–0.29
Average number of shares in circulation (Numbers in thousands)	8,730	8,806



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Hawesko Holding AG

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

(in € millions, rounding differences are possible)

	1.1.–30.9. 2008	1.1.–30.9. 2007
Sales revenue	227.5	217.1
Decrease (increase) in finished goods inventories	0.5	0.5
Other operating income	9.7	9.7
Cost of purchased goods	-138.5	-133.0
Personnel expenses	-22.4	-21.9
Amortisation of intangible assets and tangible assets	-3.3	-3.6
Other operating expenses	<u>-61.5</u>	<u>-63.8</u>
Result from operations (EBIT)	12.0	5.1
Financial result		
Interest earnings/expenditures	-1.0	-1.3
Earnings/expenses from the fair value-valuation and IAS 32	<u>-1.5</u>	<u>-0.2</u>
Result before taxes on income	9.5	3.6
Taxes on income and deferred tax expenses	<u>-3.2</u>	<u>-4.4</u>
Result after taxes	6.3	-0.8
Profit due to minority interests	<u>-0.2</u>	<u>-0.2</u>
Consolidated earnings	<u>6.1</u>	<u>-1.0</u>
Earnings per share (in €)	0.69	-0.12
Average number of shares in circulation (Numbers in thousands)	8,711	8,806



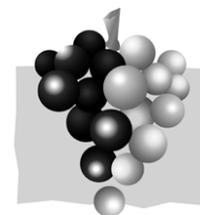
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Hawesko Holding AG Consolidated balance sheet (as per IFRS) (in € (millions), unaudited, rounding differences possible)	30.9.2008	31.12.2007	30.9.2007
Assets			
<u>Long-term assets</u>			
Intangible fixed assets	9.2	9.9	10.2
Tangible assets	21.2	22.0	22.6
Financial assets	0.3	0.3	0.3
Advance payments for inventories	3.8	5.7	4.1
Receivables and other fixed assets	1.2	1.1	1.2
Deferred tax assets	<u>8.3</u>	<u>9.9</u>	<u>10.1</u>
	44.0	48.9	48.4
<u>Short-term assets</u>			
Inventory stocks	79.7	68.4	78.6
Trade receivables	25.3	47.8	27.2
Other current assets	1.6	2.0	4.1
Receivables from taxes on income	0.5	1.1	0.5
Cash in banking accounts and cash on hand	<u>2.0</u>	<u>8.4</u>	<u>1.8</u>
	109.2	127.7	112.3
	<u>153.2</u>	<u>176.6</u>	<u>160.6</u>
Shareholders' equity and liabilities			
<u>Shareholders' equity</u>			
<i>Subscribed capital of Hawesko Holding AG</i>	13.5	13.2	13.2
<i>Group adjustment according to IFRS</i>	<u>-4.4</u>	<u>-4.4</u>	<u>-4.4</u>
	9.1	8.9	8.9
Capital reserve	6.5	6.1	5.9
Revenue reserves	38.2	34.9	35.6
Balancing items from currency translation	0.1	0.0	0.0
Unappropriated group profit	15.8	21.0	13.3
Minority interests	<u>0.6</u>	<u>0.6</u>	<u>0.5</u>
	70.3	71.4	64.1
<u>Minority interests in the capital of unincorporated subsidiaries</u>	1.2	3.7	2.9
<u>Long-term provisions and liabilities</u>			
Provisions for pensions	0.6	0.6	0.7
Other long-term provisions	0.3	0.3	0.3
Borrowings	7.8	9.1	9.4
Advances received	1.4	4.8	4.8
Other liabilities	0.7	0.7	0.8
Deferred tax assets	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>
	10.9	15.6	16.2
<u>Short-term provisions and liabilities</u>			
Other reserves	0.1	0.1	0.1
Borrowings	19.6	10.1	23.7
Advances received	6.4	10.0	9.3
Trade payables	32.9	45.0	30.9
Liabilities from taxes on income	0.4	0.5	—
Other liabilities	<u>11.4</u>	<u>20.2</u>	<u>13.4</u>
	70.8	85.9	77.4
	<u>153.2</u>	<u>176.6</u>	<u>160.6</u>



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Hawesko Holding AG Consolidated Cash Flow Statement (as per IFRS)		
(in € (millions), unaudited, rounding differences possible)	1.1.–30.9. 2008	1.1.–30.9. 2007
Result before taxes on income	9.5	3.6
Depreciation and amortisation of fixed assets	3.3	3.6
Interest result	2.5	1.5
Result from the disposal of fixed assets	–0.0	–0.2
Change in inventories	–9.4	–15.1
Change in other short-term assets	23.4	18.9
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	–27.9	–14.3
Taxes on income paid out	<u>–1.5</u>	<u>–2.3</u>
Net inflow of payments from current operations	–0.2	–4.2
Outpayments for tangible and intangible assets	–2.1	–2.7
Outpayments for the purchase of securities and other financial assets	—	–0.0
Inpayments from the disposal of intangible assets and tangible assets	0.1	0.6
Inpayments from the disposal of financial assets	<u>0.0</u>	<u>0.1</u>
Net funds employed for investment activities	–1.9	–2.0
Outpayments for dividends	–8.7	–7.5
Outpayments to minority interests	–0.8	–0.5
Outpayment from the acquisition of treasury shares	–2.1	—
Payment of finance lease liabilities	–0.8	–0.8
Change in borrowings	9.0	12.5
Interest paid out	<u>–1.0</u>	<u>–1.3</u>
Outflow of net funds for financing activities	<u>–4.3</u>	<u>2.5</u>
Net decrease of funds	–6.4	–3.7
Funds at start of period	8.4	5.5
Funds at end of period	2.0	1.8



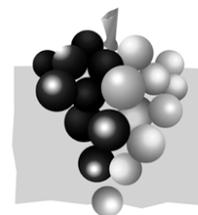
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Consolidated statement of changes in equity

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 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	-0.1	-7.6
Currency translation differences	—	—	—	-0.0	—	-0.0	-0.0
Period profit	—	—	—	—	-1.0	0.2	-0.8
Status as of 30 September 2007	8.9	5.9	35.6	0.0	13.3	0.5	64.1
Status as of 1 January 2008	8.9	6.1	34.9	0.0	20.9	0.6	71.4
Appropriation to revenue reserves	—	—	2.5	—	-2.5	—	—
Capital increase	0.2	3.4	—	—	—	—	3.6
Cancellation of treasury shares	—	-2.9	1.0	—	—	—	-1.9
Treasury shares	—	—	-0.2	—	—	—	-0.2
Dividends	—	—	—	—	-8.7	-0.2	-8.9
Currency translation differences	—	—	—	0.0	—	0.0	0.0
Period profit	—	—	—	—	6.1	0.2	6.3
Status as of 30 September 2008	9.1	6.5	38.2	0.1	15.8	0.6	70.3



Segment results for the 3rd quarter (in € millions, rounding differences are possible)						
1.7.–30.9.2008	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group	
External sales	23.9	30.8	15.4	0.0	70.1	
Operating result (EBIT)	2.7	1.1	0.1	-1.1	2.8	
1.7.–30.9.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group	
External sales	23.1	30.8	16.8	0.0	70.7	
Operating result (EBIT)	2.1	1.2	-0.3	-1.3	1.6	

Nine-month segment results (in € millions, rounding differences are possible)						
1.1.–30.9.2008	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group	
External sales	72.9	94.0	60.4	0.1	227.5	
Operating result (EBIT)	9.1	4.7	1.2	-3.0	12.0	
1.1.–30.9.2007	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group	
External sales	69.4	91.6	55.8	0.2	217.1	
Operating result (EBIT)	5.9	4.2	-1.5	-3.6	5.1	

Appendix to the Nine-month report to 30 September 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 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 September 2008 the company held 13,197 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. Effective 2 September 2008, management board member Bernd G. Siebdrat made a contribution-in-kind of his limited liability share of the subsidiary *Wein Wolf Holding GmbH & Co KG*, domiciled in Bonn, to Hawesko Holding AG. In return he received 162,406 new Hawesko shares. No other material business transactions were 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 has not changed since 31 December 2007. The number of shares held by members of the management board has risen from 171,806 to a total of 2,851,932. (7) *Treasury shares*: Hawesko Holding AG holds 13,197 treasury shares as of the date of writing of this report. The total number of shares outstanding is 8,831,539.

Other information	1.1.–30.9. <u>2008</u>	1.1.–30.9. <u>2007</u>
Employees (average during the period)	600	601

Calendar:

Preliminary report on fiscal year 2008	End of January/Early February 2009
Balance sheet press conference in Hamburg	29 April 2009
Analysts' conference in Frankfurt	30 April 2009
Annual shareholders' meeting 2009	15 June 2009

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