Hawesko Holding AG
Hamburg

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Quarterly financial report to 31 March 2010

Hamburg, 6 May 2010

Highlights in € (millions)	1st quarter 1.1.–31.3. 2010	1st quarter 1.1.–31.3. 2009	+/–
Group sales	**81.0**	**73.0**	**+10.8%**
Result from operations (EBIT)	**3.9**	**3.1**	**+25.1%**
Consolidated earnings excluding minority interests	**2.3**	**1.9**	**+19.9%**

Dear shareholders,

From the perspective of a few bare numbers our Hawesko Group was once again among the most successful in the first quarter of 2010: sales +11%, EBIT +25%, consolidated earnings excluding minority interests +20%, share price +11%. How simple everything can be! However, we all know that there's a bit more to it than that. At Hawesko in particular there's the hard work every day to maintain and build on our success. In this regard we are very conservative. While many companies are constantly chasing new management philosophies, we have pursued our proven strategy for many years. True to our traditional Hanseatic virtues, we offer day in, day out the best possible service and best-quality wines at fair prices. Our customers are always the focus of our activities.

Of course we are not just marking time: undistracted by economic fluctuations, we regularly invest in new sales channels, new marketing concepts and particularly in new customers. Maybe the world really is that simple.

With improved marketing, alliances with well-known partners, a personalised approach to customers and our catalogue, which has once again been voted the best in the business, we acquired well over 100,000 new customers in the mail order segment last year. In the stationary specialised retail segment the figure was nearly 100,000. We invested in new locations and in the optimisation of the existing stores. We continued to expand our new concept with depots for smaller catchment areas. In the wholesale segment, the dealer network was optimised and strengthened, and we acquired new exclusive distribution rights and new sales partners. With the purchase of *Globalwine AG* we completed our very successful entry in the highly attractive Swiss market.

We want to and will benefit from this in the current fiscal year 2010. And we will continue to follow our chosen path consistently, because the concept we developed more than a decade ago with the three pillars of stationary specialist retail, mail order and wholesale has made us Germany's leading provider of high-quality wines and one of the largest and most respected wine trading companies in the world. To ensure that this continues, we are constantly optimising this concept and adapting it with an eye to changing consumer behavior.

The most important change is the triumphal advance of the Internet. In business, the Internet has become the most important engine of growth. At the same time, the competition is only one click away, and that makes online customers in particular impatient and ready to switch at any time. This means that we have to expand our multi-channel strategy in order to satisfy the complex and sophisticated customer wishes even more comprehensively. Although each channel on its own suffices for product presentation and purchase, today's customers increasingly make use of two or three channels before deciding to buy a product. Thus we use our award-winning catalogue in the mail order segment, but we are also rapidly accelerating the use of our Internet platform. Nearly 18% of our mail order sales and every third order from new customers already arrive via the Internet. At *Jacques' Wein-Depot* our customers can place orders on the Internet and now simultaneously leaf through the *Jacques'* catalogue in our depots as well. We are also working on numerous multi-channel concepts in the wholesale segment. And across all the segments we present our innovative Internet blog "TVino". The result: We are also the No. 1 seller of wines in Germany on the Internet!

Dear shareholders, we honor our ancient Hanseatic traditions, but we live with change on a daily basis and proactively shape that change as well. For me, this is the real secret of the success of our Hawesko Group. That's how simple the world of Hawesko is – in this year as well. The first quarter has given us the right start.

Kind regards,

Alexander Margaritoff
Chief Executive Officer

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INTERIM MANAGEMENT REPORT

GENERAL SITUATION

The economic situation in the first quarter of 2010 presents a mixed picture. On the one hand, the especially cold and snowy winter as well as the expiration of the "cash for clunkers" (old automobile wrecking) program were adverse influences. The higher price of oil also contributed to an increase in the inflation rate. On the other hand, the Deutsche Bundesbank wrote in their report for April 2010 that the positive basic trend in the German economy was holding up. This view is also supported by the latest survey of the Centre for European Economic Research (Zentrum für Europäische Wirtschaftsforschung [ZEW]): according to the survey, the optimism of German financial experts with regard to the economy in April was significantly higher than expected. The CEER index had previously declined slightly compared to the respective prior month six times consecutively. The ifo business climate index also showed strong improvement in April, and the consumer climate index of the Gesellschaft für Konsumforschung (GfK) was quite robust at the end of the month.

HAWESKO HOLDING AG

The Hawesko management board acknowledges the burgeoning positive mood, but in its planning will keep to a conservative outlook for the economic development over the course of the entire year.

According to data from the GfK, the German wine market shrank in terms of value by 4.4% and in terms of volume it declined by 1.7% in the first quarter of 2010.

BUSINESS PROGRESS

Financial performance

First quarter

In the period from January to March 2010, Group sales rose by 10.8% to € 81.0 million, up from € 73.0 million in the same quarter of the previous year. The sales of the Swiss company *Globalwine AG,* which was included in the consolidated group for the first time from 1 July 2009, were posted at € 1.7 million in the first quarter.

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 € 25.2 million, an increase of 6.9% over the same quarter of the previous year (€ 23.6 million). Sales in the wholesale segment revived, with a strong increase of 18.1% to € 31.3 million (previous year: € 26.5 million). Sales in the mail order segment rose from € 22.9 million in the same period of the previous year by 6.6% to € 24.4 million in the reporting period.

Sales development in the stationary specialist retail segment (*Jacques' Wein-Depot*) was rather restrained in January and gathered speed only in February and March. The sales trend in March was positively influenced by purchases for the Easter holiday, which was in early April this year, and by an additional shopping day compared to the same month in the previous year. There were 272 depots, of which 268 were in Germany (reference date in the previous year: 269) and four in Austria (previous year: four). In addition to optimisation of the branch network, this year's schedule includes up to six new openings in Germany. On a like-for-like basis, sales increased by 6.6% over the first quarter of 2009. Compared to this period, customer frequency in particular rose in the quarter under review, but the number of active customers also grew substantially.

In the wholesale segment, the strong sales increase came from several sources: first, the sales of the subsidiary *Globalwine AG,* which was included in the consolidation group from 1 July 2009, were added in the quarter under review. Second, the market for Bordeaux wines revived after practically coming to a standstill in winter 2008/2009 in the wake of the financial crisis. Furthermore, demand for champagne is once again increasing and the restaurant and catering industry is returning to business as usual after the crisis.

Sales in the mail order segment increased by 6.6% or € 1.5 million, though the revenues from the Bordeaux subscriptions (*en primeur* wines) declined by € 1.2 million compared to the first quarter of 2009. The reasons behind these developments include the higher number of active clients and continuing success in customer acquisition with sustainable buying behavior. The upmarket subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck* achieved sales at the level of the previous year. The *VinoSelect!* wine club program at *Hanseatisches Wein- und Sekt-Kontor* likewise continued its positive development. The average number of bottles ordered declined slightly. The sales generated via the Internet increased once again during the entire first quarter of 2010, by more than 23% compared to the same period in the previous year. This corresponds to just under 18% of the segment's total sales.

Gross profit of the consolidated Group rose in the first quarter by € 2.6 million to € 32.1 million, making up a share of 39.6% (previous year: 40.4%). Other operating income of € 3.6 million (same quarter in the previous year: € 2.9 million) consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased in the first quarter in absolute terms by € 0.5 million. However, measured in terms of sales, this figure declined by 0.4 percentage points to 10.0%. The other operating expenses included primarily advertising, delivery costs and commissions. The advertising expenditures amounted to 8.0% of sales; due to the higher sales, they declined compared to the previous year (8.5%). The expenses for commissions rose (8.2% compared to 8.0% in the previous year). Shipping expenses rose slightly (3.5% compared to 3.4% in the previous year). Overall, other operating expenses in the quarter under review amounted to € 22.3 million (previous year: € 20.6 million): they consequently accounted for 27.6% of sales in the quarter under review, down from 28.1% in the previous year.

The consolidated result of operations (EBIT) amounted to a strong € 3.9 million in the first quarter of 2010 (previous year: € 3.1 million). The EBIT margin was 4.9%, up from 4.3% in the previous year. The individual contributions of the business segments to the result from operations were as follows: € 2.3 million (same quarter in the previous year: € 2.2 million) came from stationary specialist retail *(Jacques' Wein-Depot).* At € 0.8 million, the operating result of the wholesale segment was below the level of the previous year (€ 1.0 million), because a substantial sales promotion with high-quality Italian wines did not take place in the quarter under review as it did in the previous year. The mail order segment increased its operating result from € 1.0 million to €1.6 million.

The financial result amounted to € –0.6 million, compared to € –0.3 million in the same quarter of the previous year; the interest expense included in this figure amounted to € 0.1 million, compared to (same period of the previous year: € 0.2 million). The impact of the application of the International Financial Reporting Standards (IFRS, primarily International Accounting Standard IAS 39 and IAS 32) amounted to € –0.4 million (same quarter in the previous year: € –0.2 million). The result on ordinary activities (before taxes) amounted to € 3.4 million (€ 2.8 million). Tax expenditures amounted to a rate of 33% as in the previous year. Consolidated net profit excluding minority interests thus amounted to € 2.3 million (€ 1.9 million). Earnings per share increased to € 0.26, up from € 0.21 in the previous year. This was based on the figure of 8,834,834 shares in the reporting period (unchanged from the previous year). The result per share on a diluted basis – thus including 138,667 new shares which will result from a pending capital increase via contributions in kind – amounts to € 0.25.

Net worth

The balance sheet total at 31 March 2010 was € 153.3 million, which corresponds to a reduction by € 20.2 million compared to the total at 31 December 2009. The difference is due primarily to the decline in trade receivables – these decreased by € 17.9 million to € 25.1 million. (Trade receivables typically reach their highest level at 31 December.) Compared to the reference date of 31 March 2009 in the previous year, at which the balance sheet total amounted to € 150.0 million, the balance sheet total at the end of the first quarter of 2010 rose by € 3.4 million. The working capital requirement at 31 March 2010 declined in comparison to the reference date in the previous year by € 5.7 million.

Total equity capital declined by € 8.7 million compared to the end of 2009, due primarily to the reclassification of the funds for the proposed dividends as miscellaneous liabilities.

Financial position

Liquidity analysis

Due to the slight increase in inventory (€ 0.8 million) and the higher repayment of short-term liabilities, cash flow from current operations amounted to € –2.3 million for the quarter, and was thus significantly lower than in the same period of the previous year (€ 1.8 million). The free cash flow in the first quarter, at € –3.8 million (previous year: € 0.4 million) was calculated from the net outflow of payments from current operations (€–2.3 million), less funds employed for investment activities (€ 1.3 million) and interest paid out (€ 0.2 million).

Investment analysis

In the first three months of fiscal year 2010, investments in tangible and intangible assets amounted to € 1.4 million (same period of the previous year: € 0.8 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 2009 annual report.

REPORT ON EXPECTED DEVELOPMENTS

Outlook

There are no significant changes in the forecast for fiscal year 2010 of the Hawesko management board compared to the situation described in the 2009 annual report. Notwithstanding the positive economic mood in spring 2010, the general economic and business conditions for the full year 2010 will remain difficult. Nonetheless, the wine business can be deemed relatively stable even in difficult times. The Hawesko management board expects that the wine trade will recover from its weakness in the previous year, particularly in the first six months of 2010. The figures for the first quarter of 2010 are at the upper range of expectations and thus underscore this appraisal. An economic recovery through to the end of the year is still fraught with imponderables, and business performance in the fourth quarter – like every year – is very important for the Hawesko Group. Consequently, the management board currently keeps to its conservative forecast: for the full year 2010 a moderate sales increase (Group sales 2009: € 339 million) and an operating result (EBIT) around the level of the previous year (ie, € 22–23 million) are anticipated. The extraordinary financial expenditure of € 1.8 million will not recur in 2010, which should facilitate an increase in the consolidated net income and in earnings per share. Free cash flow is expected to amount to roughly € 15 million.

HAWESKO HOLDING AG

Hawesko Holding AG

Profit and loss statement for the first three months of 2010 (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–31.3. 2010	1.1.–31.3. 2009
Sales revenue	**81.0**	**73.0**
Decrease (increase) in finished goods inventories	–0.1	0.1
Other operating income	3.6	2.9
Cost of purchased goods	–48.9	–43.5
Personnel expenses	–8.1	–7.6
Amortisation of intangible assets and tangible assets	–1.3	–1.2
Other operating expenses and other taxes	–22.3	–20.6
Result from operations (EBIT)	**3.9**	**3.1**
Financial result		
Interest earnings/expenditures	–0.1	–0.2
Financial result	–0.4	–0.2
Result from ordinary activities	3.4	2.8
Taxes on income and deferred tax expenses	–1.1	–0.9
Consolidated net income	**2.3**	**1.9**
Profit due to minority interests	0.0	0.0
Consolidated net income excluding minority interests	**2.3**	**1.9**
Earnings per share (in €, undiluted)	0.26	0.21
Earnings per share (in €, diluted)	0.25	0.21
Average number of shares in circulation (Numbers in thousands, undiluted)	8,835	8,835
Average number of shares in circulation (Numbers in thousands, diluted)	8,974	8,835

Hawesko Holding AG

Consolidated comprehensive income statement *for the period from 1 January to 31 March*

(in € millions, unaudited, rounding differences are possible)	1.1.–31.3. 2010	1.1.–31.3. 2009
Consolidated net income	**2.3**	**1.9**
Result from financial instruments available for sale	1.0	1.1
Currency translation differences	0.0	–0.0
Income and expense recognised directly in equity	**1.0**	**1.1**
Overall result	**3.3**	**3.0**
of which: – allocable to shareholders of Hawesko Holding AG	3.2	3.0
– allocable to minority interests	0.0	–0.0

Hawesko Holding AG Consolidated balance sheet (as per IFRS) (in € millions, unaudited, rounding differences are possible)	31.3.2010	31.12.2009	31.3.2009
Assets			
Long-term assets			
Intangible assets	11.7	11.6	8.8
Tangible assets	20.4	20.4	20.4
Other financial assets	6.4	5.4	3.9
Advance payments on stocks	3.2	2.5	4.8
Receivables and other assets	0.9	0.9	1.0
Deferred tax liabilities	5.1	5.6	6.8
	47.8	46.5	45.6
Short-term assets			
Inventories	68.8	68.6	70.1
Trade receivables	25.1	43.0	23.0
Other assets	1.9	1.7	1.9
Receivables from taxes on income	0.9	0.7	0.6
Cash in banking accounts and cash on hand	8.9	13.0	8.8
	105.6	127.1	104.3
	153.3	**173.6**	**150.0**
Liabilities			
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	13.5	13.5	13.5
Capital reserve	6.5	6.5	6.5
Revenue reserve	47.1	41.0	41.0
Accumulated other equity	1.9	1.0	-0.5
Unappropriated group profit	4.0	19.7	8.5
Shareholders' equity in Hawesko Holding AG	**73.0**	**81.7**	**69.0**
Minority interest	0.5	0.5	0.5
	73.4	**82.2**	**69.5**
Long-term provisions and liabilities			
Provisions for pensions	0.6	0.6	0.6
Other long-term provisions	0.2	0.2	0.3
Borrowings	5.5	5.8	6.7
Advances received	2.3	2.2	1.8
Other liabilities	0.0	0.0	0.2
Deferred tax liabilities	0.3	0.3	0.1
	8.9	9.1	9.7
Short-term provisions and liabilities			
Minority interest in the capital of unincorporated subsidiaries	2.6	2.6	1.3
Other provisions	–	–	0.1
Borrowings	2.7	2.5	8.7
Advances received	2.8	3.7	2.6
Trade payables	37.6	49.0	34.3
Income taxes payable	2.9	3.4	2.4
Other liabilities	22.3	21.1	21.5
	70.9	82.3	70.8
	153.3	**173.6**	**150.0**

Hawesko Holding AG

Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–31.3. 2010	1.1.–31.3. 2009
Result from ordinary activities	3.4	2.8
Depreciation of tangible and intangible assets	1.3	1.2
Interest result	0.6	0.3
Result from the disposal of intangible and tangible assets	–0.0	0.0
Change in inventories	–0.8	1.9
Change in receivables and other short-term assets	17.5	17.1
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	-23.5	–21.5
Taxes on income paid out	–0.7	–0.1
Net outflow/inflow of payments from current operations	**–2.3**	**1.8**
Outpayments for tangible and intangible assets	–1.4	–0.8
Outpayment from the acquisition of other financial assets	–	–0.4
Inpayments from the disposal of intangible and tangible assets	0.0	0.0
Dividends received	0.1	0.1
Net funds employed for investing activities	–1.3	–1.2
Outpayments for dividends	—	—
Outpayments to minority interests	–0.3	–0.3
Payment of finance lease liabilities	–0.3	–0.3
Change in borrowings	0.3	0.8
Interest paid out and received	–0.2	–0.2
Outflow of net funds for financing activities	**–0.5**	**–0.1**
Net decrease/increase of funds	**–4.1**	**0.5**
Funds at start of period	13.0	7.4
Funds at end of period	**8.9**	**8.0**

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Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Revenue reserves	Balancing item from currency translation	Value change reserve	Unappropriated group profit	Shares of the shareholders of Hawesko Holding AG	Minority interests	Total
Status at 1 January 2009	13.5	6.5	33.8	–0.0	–1.6	24.4	76.6	0.6	77.2
Overall result	—	—	—	–0.0	1.1	1.9	3.0	–0.0	3.0
Dividends	—	—	—	—	—	–10.6	–10.6	–0.1	–10.7
Appropriation to retained earnings	—	—	7.2	—		–7.2	—	—	—
Status at 31 March 2009	13.5	6.5	41.0	–0.0	–0.5	8.5	69.0	0.5	69.5
Status at 1 January 2010	13.5	6.5	41.0	–0.0	1.0	19.7	81.7	0.5	82.2
Overall result	—	—	—	0.0	1.0	2.3	3.2	0.0	3.3
Dividends	—	—	—	—	—	–11.9	–11.9	–0.1	–12.0
Appropriation to retained earnings	—	—	6.1	—	—	–6.1	—	—	—
Status at 31 March 2010	13.5	6.5	47.1	0.0	1.9	4.0	73.0	0.5	73.4

Three-month segment results
(in € (millions), unaudited, rounding differences possible)

1.1.–31.3.2010	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	**25.2**	**31.3**	**24.4**	**0.0**	**81.0**
Operating result (EBIT)	**2.3**	**0.8**	**1.6**	**–0.8**	**3.9**

1.1.–31.3.2009	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
External sales	**23.6**	**26.5**	**22.9**	**0.0**	**73.0**
Operating result (EBIT)	**2.2**	**1.0**	**1.0**	**–0.9**	**3.1**

Appendix to the three-month financial report to 31 March 2010

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 2010 have been applied.

The present three-month report does not contain all of the information and data required for a consolidated financial statement and is therefore to be read in conjunction with the consolidated financial statements for 2009.

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 2009 consolidated financial statements.

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 2009. (2) With respect to the content regarding new standards and interpretations as well as changes in existing standards, please refer to the comments on pages 62 to 64 in the 2009 annual report. The application of the revised standards and interpretations has no significant influence on the net worth, financial position, earnings or cash flow of the Hawesko Group. (3) Cyclical events which occur during the year, insofar as they are important, are delimited 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. (2) *Resolution for the appropriation of earnings for 2009:* The annual general meeting of shareholders on 14 June 2010 will propose that the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,355,434.74 should be appropriated as follows: (a) Payout of a dividend of € 1.35 per entitled share. With a total number of 8,834,834 shares entitled to dividends this amounts to a total of € 11,927,025.90. (b) The remaining amount of € 428,408.84

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 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 2009 under point 44, 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 2009. (7) *Treasury shares:* Hawesko Holding AG holds 9,902 treasury shares at the date of writing of this report.

Other information	1.1.–31.3. 2010	1.1.–31.3. 2009
Employees (average during the period)	661	624

Calendar:

Annual shareholders' meeting 2010	14 June 2010
Six-month report to 30 June 2010	30 July 2010
Interim report to 30 September 2010	4 November 2010
Preliminary report on fiscal year 2010	Early February 2011

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