



# Hawesko Holding AG Hamburg

ISIN DE0006042708

Reuters HAWG.DE, Bloomberg HAW GR

## Six-month financial report to 30 June 2010

Hamburg, 30 July 2010

### Highlights in € (millions)

	Six months (1.1.–30.6.)			Second quarter (1.4.–30.6.)		
	2010	2009	+/-	2010	2009	+/-
<b>Group sales</b>	<b>164.3</b>	<b>143.8</b>	<b>14.2%</b>	<b>83.3</b>	<b>70.8</b>	<b>17.8%</b>
<b>Result from operations (EBIT)</b>	<b>9.2</b>	<b>6.4</b>	<b>43.8%</b>	<b>5.3</b>	<b>3.3</b>	<b>61.7%</b>
<b>Consolidated earnings excluding minority interests</b>	<b>8.0</b>	<b>4.0</b>	<b>102.5%</b>	<b>5.7</b>	<b>2.1</b>	<b>179.5%</b>

Dear shareholders,

Let me start with the most important news: In the second quarter we lived up to the success of the start of the year and even increased sales growth in the Group. All of the business segments contributed to this, supported by our online business with its above-average growth rate. Our *Jacques' Wein-Depots* are right on target, development in the mail order segment was even better than we had expected and the wholesale segment, including our Swiss subsidiary company *Globalwine*, has returned to its pre-crisis level with a brilliant increase in sales – not least because the market for Bordeaux wines has revived. For the first six months from January to June, our sales increased by 14.2%!

Moreover, with a very large number of new customers we are now reaping the benefits of the marketing strategy we rigorously maintained even during the economic crisis in 2009. Our extremely sound financial basis enabled us to remain on course even throughout the worst phase of the crisis. With plenty of good and attractive wines in our cellars and a tight cycle of advertising and mailshots as well as new exclusive distribution rights and partnerships, we have not only maintained continuity in our approach to customers but intensified it as well. The result: At *Jacques' Wein-Depot* as well as in the mail order segment, the number of active clients increased by 5% at the six-month reference date, giving us more active clients than ever before.



The results are accordingly impressive – EBIT rose by 44%, up to the level of the record year 2008. The steady and decent contribution from *Jacques'* was complemented by the high increases particularly in the wholesale segment, but also in the mail order division. Thanks to an extraordinary gain in the financial result, consolidated net income and profit per share doubled.

Thus we have clearly proven that our Hawesko Holding AG has emerged from the economic crisis even stronger! For the near future, this means that we are well ahead of the game in the first six months and look forward to the second half of the year – including the important holiday season – with confidence. We certainly won't lack for ideas to arouse the desire for indulging in the pleasures of good wine. Of course we are also happy to take on the tail-wind provided by the healthy German labour market and the business world's considerably revived optimism regarding the future as well. A preference for better quality and enthusiasm for our outstanding price/performance ratio for private clients as well as commercial customers – these remain the central elements of our market presence.

Dear shareholders, let me comment briefly on our temporary involvement with the British company Majestic Wine plc. Initially, we built up this shareholding as a purely financial investment. Still, we had hoped for something more, namely a common business prospect in whatever form. Regrettably, this did not come about for various reasons, so that we liquidated our shareholding. However, as the high capital gain shows, this attempt turned out to be very worthwhile for us and boosted our cash flow.

All in all, we have drawn the following conclusions: As the overall economic situation is improving significantly faster and more strongly than we had dared to hope, we are accordingly revising our guidance upwards with regard to the ongoing business development in the current fiscal year and now expect stronger sales growth than we had originally anticipated. A rise in the upper single-digit percentage range certainly appears to be realistic. This would mean that the operating result (EBIT) could be a good two million euros higher. As the negative non-recurring effects in the 2009 financial result will no longer be incurred this year and the gain from the sale of the Majestic Wine shareholding has been recognised, pre-tax profit in 2010 will rise sharply. Thus, at the moment I see no reason why – especially against the background of this extraordinary gain – the dividend for 2010 should not increase compared to last year.

Kind regards,

Alexander Margaritoff  
Chief Executive Officer

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## **INTERIM MANAGEMENT REPORT**

### **GENERAL SITUATION**

The economic situation in the first six months of 2010 was gratifying. There were worries with regard to possible cyclical setbacks resulting from the national debt crises in Europe, but excellent figures for domestic industrial production and falling unemployment already indicated a robust economy. After gross domestic product (GDP) rose by 0.2% in the first quarter, experts assumed growth of up to 1.5% for the period from April to June: in its report for July 2010, the Deutsche Bundesbank expects that GDP increased extraordinarily strongly in the second quarter and that private consumption will

stabilise. According to a survey by the Center for European Economic Research (Zentrum für europäische Wirtschaftsforschung [ZEW]), the economic dynamics will decline from this high level, whereby a reduction in business expectations weighs against the favourable assessment of the current situation. The business climate index of the Ifo Institute for July 2010 shows, however, a significant upward trend – for the assessment of the current situation as well as for future expectations. After a phase of stabilisation during the previous several months, the consumer climate index of the Gesellschaft für Konsumforschung (GfK) improved at the end of July 2010 significantly.

The Hawesko management board believes that the improved economic situation makes it possible that their original expectations for the general situation could be surpassed in fiscal year 2010. Instead of the initially anticipated difficult year in 2010, during which the basis for an improvement in 2011 would be created, better business performance can now be expected for the current fiscal year.

According to data from the GfK, the German wine market as a whole declined in terms of value by 5.8% and in terms of volume it went down by 2.0% in the first six months of 2010. In the second quarter of 2010 these figures were –7.8% and –3.2%, respectively.

## **BUSINESS PROGRESS**

### **Financial performance**

#### Second quarter

During the period from April bis June 2010, sales of the Hawesko Group rose by 17.8% to € 83.3 million compared to the same quarter in the previous year (€ 70.8 million). In the quarter under review, sales developed in the various business segments as follows: With a good € 26.7 million, the stationary specialist wine retail segment (*Jacques' Wein-Depot*) achieved sales at the level of the previous year (just under € 26.8 million). The wholesale segment posted a rise in sales of 46.4%, from € 24.9 million in the same period of the previous year to € 36.5 million in the quarter under review. Adjusted for the sales of *GlobalWine AG*, which has been consolidated since 1 July 2009, an increase of 38.5% was achieved. Sales in the mail order segment rose from € 19.1 million to € 20.1 million, an increase of 5.3% over the previous year.

The stationary specialist wine retail segment (*Jacques' Wein-Depot*) maintained sales at the previous year's level after strong increases had been achieved in the second quarter of the two previous years. The intensified activities aimed at customer retention and new customer acquisition were maintained and led to more customer visits to the depots. At 30 June 2010 there were 271 *Jacques' Wein-Depots* in operation: of these, 267 were in Germany (same date in the previous year: 270) and four in Austria (previous year: likewise four). Four new *Jacques'* locations were leased on the reporting date but not yet opened; of these two were opened after this report's closing date in July 2010. The online shop at [www.jacques.de](http://www.jacques.de) was redesigned and optimised in the quarter under review – it is conceived as an additional service and will continue to grow from its present low basis. On a like-for-like basis, sales in the stationary specialist retail segment remained practically unchanged with only a slight decline of 0.2% compared to the second quarter of 2009. In comparison with this period, customer frequency remained constant during the quarter under review.

Sales in the wholesale segment rose by 46.4% compared to the same quarter in the previous year. The total increase of € 11.6 million compared to the previous year was due to sales increases in the *Wein Wolf Group* (€ 4.2 million), the subsidiary *Château Classic – Le Monde des Grands Bordeaux* (€ 3.7 million), the *CWD Champagner- und Wein-Distributionsgesellschaft* (€ 1.8 million) and *Globalwine AG* (€ 2.0 million, consolidated from 1 July 2009). With respect to the same quarter in the



previous year the Bordeaux wine market, as well as the market for ultra-premium wines and champagnes, has recovered.

Sales in the mail order segment rose by 5.3% in the reporting period. The number of active customers of the subsidiary company *Hanseatisches Wein- und Sekt-Kontor* was also increased by means of ongoing intensive and successful new customer acquisition as well as more effective customer loyalty programs. The *VinoSelect!* wine club once again increased its sales and its share of segment sales. Internet sales increased significantly by 18% over the same quarter in the previous year, accounting for just under 20% (previous year: 17%) of total segment sales. The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck*, which specialises in premium wines, posted sales figures at the level of the same quarter of the previous year. The average number of bottles ordered remained unchanged in the mail order segment. The number of active mail order customers as well as the number of order increased compared to the reference date in the previous year, the number of bottles ordered remained constant, and the average price per bottle sold declined.

Compared to the previous year, consolidated gross profits in the second quarter declined relative to sales by 1.2 percentage points to 40.7%. This reduction resulted from the strong growth in the wholesale segment, which has a lower trading margin than the end consumer segment. Other operating income amounted to € 3.8 million (same quarter in the previous year: € 3.3 million) and consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased by € 0.9 million in the second quarter to € 8.6 million; as a share of sales they declined by 0.5 percentage points to 10.3%. The other operating expenses included primarily advertising, delivery costs and commissions. The expenses for advertising amounted to 7.6% of sales (previous year: 8.0%); for commissions this figure was 8.3% (previous year: 9.8%), and for shipping it was 3.3% (previous year: 3.4%). Overall, other operating expenses including other taxes amounted to € 22.4 million (previous year: € 20.9 million), accounting for 26.8% of the sales in the quarter under review, down from 29.6% in the same period of the previous year. The Group's operative (EBIT) margin was 6.3% in the second quarter, compared to 4.6% in the previous year.

The consolidated operating result (EBIT) in the second quarter of 2010 was € 5.3 million (previous year: € 3.3 million). The individual contributions of the various business segments to the result of operations were as follows: € 3.0 million (same quarter in the previous year: € 3.4 million) from stationary specialist retail (*Jacques' Wein-Depot*); the moderate decline is due primarily to increased advertising costs. The operating result in the wholesale segment recovered, rising from € 0.1 million in the previous year to € 2.4 million; domestic business returned to normal after a very weak period in the previous year and *Château Classic – Le Monde des Grands Bordeaux* benefited from the revival of customer interest in Bordeaux wines. In the mail order segment, the operating result rose to € 1.0 million (previous year: € 0.7 million), as sales and gross profit both increased and marketing costs were kept under control. The other expenses, which were primarily connected to the administrative divisions of the Group, remained roughly at the previous year's level.

The financial result amounted to € 2.6 million, compared to € –0.2 million in the same quarter of the previous year; the interest expense included in this figure amounted to € –0.1 million, compared to € –0.2 million in the same quarter of the previous year. The remaining financial result includes primarily the profit of € 3.3 million from the sale of the participation in Majestic Wine plc less expenses resulting from the conversion of debt to equity as part of the capital increase (see "Net worth" below and page 24 in the 2009 annual report). The result before taxes on income amounted to € 7.9 million (€ 3.1 million). The tax rate is generally 33%, but the profit from the sale of the Majestic Wine shareholding is almost entirely tax-free, so that the effective tax rate in the quarter under review is 25.8%. Consolidated net income after deductions for minority interests amounted to € 5.7 million (€ 2.1 million). The profit per share increased to € 0.65, up from € 0.23 in the previous year. This was based on the figure of 8,859,596 shares in the period under review (previous year: 8,834,834).

### First six months

In the first six months of fiscal year 2010, the Group posted sales of € 164.3 million, an increase of 14.2% over the same period of the previous year (€ 143.8 million). For the reason explained in the section entitled “Second Quarter” above, the gross profit margin declined by 0.9 percentage points to 40.2% of sales. Other income and expenses added up to 34.6% (previous year: 36.7%) of sales. Thus the result from operations (EBIT) in the first six months amounted to 5.6% (previous year: 4.4%) of sales and € 9.2 million (previous year: € 6.4 million).

The interest result at € –0.3 million improved over the first six months of the previous year (€ –0.4 million). The sale of the participation in Majestic Wine plc put the remaining financial result in the black, pushing it to € 2.3 million (previous year: € –0.1 million), so that the total financial result amounted to € 2.1 million (previous year: € –0.5 million). The result before taxes on income amounted to € 11.2 million (first six months of the previous year: € 5.9 million). The gain on the sale of the Majestic Wine shareholding was largely tax-free, so that the effective tax rate fell to 28% for the Group. The six-month net income after deductions for minority interests amounted to € 8.0 million (€ 4.0 million). The profit per share amounted to € 0.91 compared to € 0.45 for the same period in the previous year. This is based on the number of 8,847,215 shares (previous year: 8,834,834).

### **Net worth**

The balance sheet total as of 30 June 2010 was € 157.6 million, a decrease of € 16.0 million compared to the total at 31 December 2009. The difference is due primarily to the decline in trade receivables – these decreased by € 14.9 million to € 28.1 million. (Trade receivables typically reach their highest level at 31 December.) Compared to the reference date of 30 June 2009 in the previous year, when the balance sheet total amounted to € 147.2 million, the balance sheet total rose by € 10.3 million at the end of the first six months of 2010. This was due to a rise in inventories and the increase in liquid funds. The working capital requirement at 30 June 2010 nevertheless declined in comparison to the reference date in the previous year by € 3.9 million.

Total shareholders’ equity declined slightly by € 0.9 million compared to the end of 2009: against the distribution of the annual dividend (€ 11.9 million) the overall result achieved so far in the current year and a capital increase on 9 June 2010 had a positive effect on shareholders’ equity. The capital increase was based on the use of approved capital resolved in December 2009 (see the 2009 annual report, page 24).

### **Financial position**

#### Liquidity analysis

Due to the inventory build-up (€ 4.5 million), cash flow from ongoing business activity for the six-month period was € –4.4 million, somewhat lower than the figure for the previous year (€ –3.1 million). Free cash flow in the six-month period of € 0.1 million (same period of the previous year: € –5.9 million) was calculated from the net outflow of payments from current operations (€ –4.4 million), plus net inflow of funds from investment activities (€ 4.7 million), less interest paid out (€ 0.2 million).

#### Investment analysis

In the first six months of fiscal year 2010, investments in tangible and intangible assets amounted to € 2.6 million (same period of the previous year: € 2.0 million). These were related primarily to

expansion and modernisation in the stationary specialist retail segment as well as software for the wholesale segment.

## **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 of Hawesko Holding AG compared to the situation described in the 2009 annual report. In contrast to the description in the 2009 annual report with regard to the opportunities, the Hawesko management board currently assumes that the economic situation in the Federal Republic of Germany will remain beneficial in 2010 and thus form a positive basis for further business progress.

## **REPORT ON EXPECTED DEVELOPMENTS**

### **Outlook**

Until now, the management board's planning was based on a sustained difficult economic situation overall in 2010 and the assumption that the economy would only recover in 2011. In view of the now noticeably improved general conditions and the positive course of business in the first six months of 2010, the figures are at the upper end of previous expectations. Thus, the Hawesko management board modifies its forecast for 2010 against the one published in the 2009 annual report: as a result of the livelier economic situation, the board now expects a more significant improvement in business development in the current fiscal year. After previously assuming only a moderate sales increase, the board currently expects a sales increase in the upper single-digit percentage range against the previous year (€ 339 million). This assumption is based on normal business development in the fourth quarter, which – like every year – is very important for the Hawesko Group due to the holiday business. Given these premises, the management board assumes that the operating result (EBIT) can not only reach the magnitude of the previous year (i.e. € 22–23 million) but can surpass it by a good € 2 million.

The forecast remains valid that the extraordinary financial expenditure of € 1.8 million from the year 2009 will not recur in the financial result. In addition, the one-time profit of € 3.3 million realised from the sale of the shareholding in Majestic Wine plc in June 2010 has an effect on net income in the current fiscal year. Thus the financial result for 2010 will show net income in the range between € 1–2 million, compared to a net expenditure of € 2.6 million in 2009. The EBT should therefore be in the range of € 25–27 million (up from € 19.8 million in 2009). The estimated free cash flow is thus revised upwards to an expected figure of € 20 million (previous forecast: approximately € 15 million).

**Hawesko Holding AG**

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

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. 2010	1.1.–30.6. 2009
<b>Sales revenue</b>	<b>164.3</b>	<b>143.8</b>
Decrease (increase) in finished goods inventories	–0.3	0.1
Other operating income	7.5	6.2
Cost of purchased goods	–98.3	–84.7
Personnel expenses	–16.7	–15.3
Amortisation of intangible assets and tangible assets	–2.6	–2.3
Other operating expenses and other taxes	<u>–44.7</u>	<u>–41.5</u>
<b>Result from operations (EBIT)</b>	<b>9.2</b>	<b>6.4</b>
Interest result		
Interest earnings/expenditures	–0.3	–0.4
Other financial result	<u>2.3</u>	<u>–0.1</u>
Result from ordinary activities	11.2	5.9
Taxes on income and deferred tax expenses	<u>–3.2</u>	<u>–1.9</u>
<b>Consolidated net income</b>	<b>8.1</b>	<b>3.9</b>
Profit due to minority interests	<u>–0.1</u>	<u>0.0</u>
<b>Consolidated net income excluding shares of minority partners</b>	<b><u>8.0</u></b>	<b><u>4.0</u></b>
Earnings per share (in €, undiluted)	0.91	0.45
Average number of shares in circulation (Numbers in thousands, undiluted)	8,847	8,835

**Hawesko Holding AG**

**Profit and loss statement for the second quarter 2010 (as per IFRS)**

(in € millions, unaudited, rounding differences are possible)	1.4.–30.6. 2010	1.4.–30.6. 2009
<b>Sales revenue</b>	<b>83.3</b>	<b>70.8</b>
Decrease (increase) in finished goods inventories	–0.2	0.1
Other operating income	3.8	3.3
Cost of purchased goods	–49.4	–41.1
Personnel expenses	–8.6	–7.7
Amortisation of intangible assets and tangible assets	–1.3	–1.1
Other operating expenses and other taxes	<u>–22.4</u>	<u>–20.9</u>
<b>Result from operations (EBIT)</b>	<b>5.3</b>	<b>3.3</b>
Interest result		
Interest earnings/expenditures	–0.1	–0.2
Other financial result	<u>2.7</u>	<u>0.0</u>
Result from ordinary activities	7.9	3.1
Taxes on income and deferred tax expenses	<u>–2.0</u>	<u>–1.0</u>
<b>Consolidated net income</b>	<b>5.8</b>	<b>2.1</b>
Profit due to minority interests	<u>–0.1</u>	<u>–0.0</u>
<b>Consolidated net income excluding shares of minority partners</b>	<b><u>5.7</u></b>	<b><u>2.1</u></b>
Earnings per share (in €, undiluted)	0.65	0.23
Average number of shares in circulation (Numbers in thousands, undiluted)	8,860	8,835

**Hawesko Holding AG**

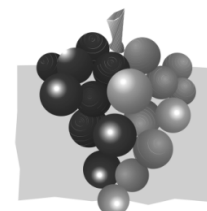
**Consolidated comprehensive income statement for the period from 1 January to 30 June**

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. <u>2010</u>	1.1.–30.6. <u>2009</u>
<b>Consolidated net income</b>	<b>8.1</b>	<b>3.9</b>
Change in fair value from disposable financial instruments	2.3	2.3
Amount reposted in the profit and loss statement	–3.3	—
Currency translation differences	0.0	0.0
<b><u>Income and expense recognised directly in equity</u></b>	<b>–1.0</b>	<b>2.3</b>
<b>Overall result</b>	<b>7.2</b>	<b>6.3</b>
<i>of which:</i> – allocable to shareholders of Hawesko Holding AG	7.1	6.3
– allocable to minority interests	0.1	–0.0

**Hawesko Holding AG**

**Consolidated comprehensive income statement for the period from 1 April to 30 June**

(in € millions, unaudited, rounding differences are possible)	1.4.–30.6. <u>2010</u>	1.4.–30.6. <u>2009</u>
<b>Consolidated net income</b>	<b>5.8</b>	<b>2.1</b>
Change in fair value from disposable financial instruments	1.3	1.2
Amount reposted in the profit and loss statement	–3.3	—
Currency translation differences	0.0	0.0
<b><u>Income and expense recognised directly in equity</u></b>	<b>–1.9</b>	<b>1.2</b>
<b>Overall result</b>	<b>3.9</b>	<b>3.3</b>
<i>of which:</i> – allocable to shareholders of Hawesko Holding AG	3.8	3.3
– allocable to minority interests	0.1	0.0



**HAWESKO**  
HOLDING AG

**Hawesko Holding AG**

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

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

**Assets**

Long-term assets

Intangible assets	11.8	11.6	9.0
Tangible assets	20.3	20.4	20.3
Other financial assets	0.3	5.4	5.1
Advance payments on stocks	1.4	2.5	5.1
Receivables and other assets	1.0	0.9	1.0
Deferred tax liabilities	<u>4.9</u>	<u>5.6</u>	<u>6.2</u>
	39.7	46.5	46.6

Short-term assets

Inventories	74.2	68.6	70.9
Trade receivables	28.1	43.0	22.7
Other assets	1.7	1.7	2.7
Receivables from taxes on income	0.9	0.7	0.6
Cash in banking accounts and cash on hand	<u>13.0</u>	<u>13.0</u>	<u>3.7</u>

117.9 127.1 100.6

**157.6 173.6 147.2**

**Liabilities**

Shareholders' equity

Subscribed capital of Hawesko Holding AG	13.7	13.5	13.5
Capital reserve	8.9	6.5	6.5
Revenue reserve	48.3	41.0	41.0
Accumulated other equity	0.0	1.0	0.7
Unappropriated group profit	<u>9.7</u>	<u>19.7</u>	<u>10.6</u>
Shareholders' equity in Hawesko Holding AG	80.7	81.7	72.3
Minority interests	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>
	81.3	82.2	72.8

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	5.2	5.8	6.4
Advances received	3.0	2.2	3.2
Other liabilities	0.0	0.0	0.1
Deferred tax liabilities	<u>0.3</u>	<u>0.3</u>	<u>0.1</u>
	9.3	9.1	10.8

Short-term provisions and liabilities

Minority interests in the capital of unincorporated subsidiaries	—	2.6	1.3
Other short-term provisions	—	—	0.1
Borrowings	15.1	2.5	19.0
Advances received	4.5	3.7	2.2
Trade accounts payable	35.9	49.0	31.0
Income taxes payable	1.4	3.4	0.7
Other liabilities	<u>10.0</u>	<u>21.1</u>	<u>9.4</u>
	67.0	82.3	63.6

**157.6 173.6 147.2**

## Hawesko Holding AG

### Consolidated Cash Flow Statement (as per IFRS)

(in € millions, unaudited, rounding differences are possible)	1.1.–30.6. 2010	1.1.–30.6. 2009
Result from ordinary activities	11.2	5.9
Depreciation of tangible and intangible assets	2.6	2.3
Financial result	–2.1	0.5
Result from the disposal of intangible and tangible assets	–0.0	–0.0
Change in inventories	–4.5	0.8
Change in receivables and other short-term assets	14.8	16.6
Change in provisions	0.0	0.0
Change in liabilities (excluding borrowings)	–23.9	–27.0
Taxes on income paid out	<u>–2.5</u>	<u>–2.2</u>
<b>Net outflow of payments from current operations</b>	<b>–4.4</b>	<b>–3.1</b>
Acquisition of subsidiaries	–0.1	–0.0
Outpayments for tangible and intangible assets	–2.6	–2.0
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
Inpayments from the disposal of financial assets	7.3	—
<b>Inflow/outflow of net funds from investing activities</b>	<b>4.7</b>	<b>–2.4</b>
Outpayments for dividends	–11.9	–10.6
Outpayments to minority interests	–0.3	–0.3
Inpayments from the sale of treasury shares	0.2	—
Payment of finance lease liabilities	–0.6	–0.6
Change in borrowings	12.6	13.4
Interest paid out and received	<u>–0.2</u>	<u>–0.4</u>
<b>Inflow/outflow of net funds for financing activities</b>	<b><u>–0.3</u></b>	<b><u>1.5</u></b>
<b>Net decrease of funds</b>	<b>–0.0</b>	<b>–4.0</b>
Funds at start of period	13.0	7.4
<b>Funds at end of period</b>	<b>13.0</b>	<b>3.4</b>

### Hawesko Holding AG, Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Retained earnings	Balancing items from currency translation	Reserve for changes in value	Unappropriated group profit	Ownership interest of Hawesko Holding AG shareholders	Minority interests	Total
<b>Status at 1 January 2009</b>	13.5	6.5	33.8	-0.0	-1.6	24.4	76.6	0.6	77.2
Appropriation to retained earnings	—	—	7.2	—	—	-7.2	—	—	—
Dividends	—	—	—	—	—	-10.6	-10.6	-0.1	-10.7
Overall result	—	—	—	0.0	2.3	4.0	6.3	-0.0	6.3
<b>Status at 30 June 2009</b>	13.5	6.5	41.0	0.0	0.7	10.6	72.3	0.5	72.8
<b>Status at 1 January 2010</b>	13.5	6.5	41.0	-0.0	1.0	19.7	81.7	0.5	82.2
Successive acquisitions	—	—	-0.1	—	—	—	-0.1	0.1	—
Capital increase	0.2	2.4	1.1	—	—	—	3.7	—	3.7
Appropriation to retained earnings	—	—	6.1	—	—	-6.1	—	—	—
Treasury shares	—	0.0	0.1	—	—	—	0.2	—	0.2
Dividends	—	—	—	—	—	-11.9	-11.9	-0.1	-12.0
Overall result	—	—	—	0.0	-1.0	8.0	7.1	0.1	7.2
<b>Status at 30 June 2010</b>	13.7	8.9	48.3	0.0	—	9.7	80.7	0.6	81.3

#### Segment results for the second quarter

(in € million, rounding differences possible)

1.4.–30.6.2010	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>26.7</b>	<b>36.5</b>	<b>20.1</b>	<b>0.0</b>	<b>83.3</b>
<b>Operating result (EBIT)</b>	<b>3.0</b>	<b>2.4</b>	<b>1.0</b>	<b>–1.1</b>	<b>5.3</b>

1.4.–30.6.2010	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>26.8</b>	<b>24.9</b>	<b>19.1</b>	<b>0.0</b>	<b>70.8</b>
<b>Operating result (EBIT)</b>	<b>3.4</b>	<b>0.1</b>	<b>0.7</b>	<b>–1.0</b>	<b>3.3</b>

#### Six-month segment results

(in € million, rounding differences possible)

1.1.–30.6.2010	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>52.0</b>	<b>67.8</b>	<b>44.5</b>	<b>0.0</b>	<b>164.3</b>
<b>Operating result (EBIT)</b>	<b>5.3</b>	<b>3.2</b>	<b>2.7</b>	<b>–2.0</b>	<b>9.2</b>

1.1.–30.6.2009	Specialist retail	Wholesale	Mail order	Miscellaneous/ Consolidation	Group
<b>External sales</b>	<b>50.4</b>	<b>51.5</b>	<b>41.9</b>	<b>0.0</b>	<b>143.8</b>
<b>Operating result (EBIT)</b>	<b>5.6</b>	<b>1.1</b>	<b>1.7</b>	<b>–1.9</b>	<b>6.4</b>

#### Appendix to the half-year financial report to 30 June 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 six-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 statement 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 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 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 situation, 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 decided that the unappropriated earnings reported in the annual accounts of Hawesko Holding AG of € 12,355,434.74 will 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 will be carried forward to new account. (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. With regard to the supervisory board, Mr. Manfred Middendorff resigned effective 14 May 2010; Professor Dr. iur. Dr. rer. pol. Dr. h.c. Franz Jürgen Säcker was elected as chairman of the supervisory board on 14 June 2010 and Mr. Gunnar Heinemann was elected as the deputy chairman. *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 has not changed since 31 December 2009. The number of shares and/or the number of votes held by members of the management board increased by 14,450 to 2,874,309 compared to the status at 31 December 2009. (7) *Treasury shares:* At 30 June 2010 Hawesko Holding AG held 3,302 treasury shares; as of the date of writing of this report, it no longer holds any treasury shares. (8) *Capital increase:* With the consent of the supervisory board, the management board had resolved in December 2009 to issue 138,667 shares with a calculatory nominal value of € 211,609.87 against contributions in kind. The corresponding entry was made in the Commercial Register on 9 June 2010. The approved capital now amounts to € 6,140,553.86.

<b>Other information</b>	<b>1.1.–30.6. 2010</b>	<b>1.1.–30.6. 2009</b>
Employees (average during the period)	669	635

#### **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 interim consolidated financial statement provides an accurate view of the net assets, financial position and earnings of the Group, the consolidated interim report correctly describes the business development including the performance results, and the



substantive opportunities and risks of the anticipated development of the Group during the rest of the fiscal year are described.

Hamburg, 29 July 2010

/s/ Margaritoff   /s/ Hoolmans   /s/ Siebdrat   /s/ Zimmermann

**Calendar:**

Interim report to 30 September 2010	4 November 2010
Preliminary report on fiscal year 2010	Early February 2011

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