# Hawesko Holding AG
# Hamburg

ISIN DE0006042708
Reuters HAWG.DE, Bloomberg HAW GR

## Quarterly financial report to 30 September 2010

Hamburg, 8 November 2010

| **Highlights** in € (millions) | Nine months (1.1.–30.9.) | | | Third quarter (1.7.–30.9.) | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | +/– | 2010 | 2009 | +/– |
| **Group sales** | **247.4** | **218.8** | **13.1%** | **83.1** | **75.0** | **10.8%** |
| **Result from operations (EBIT)** | **13.7** | **9.3** | **47.8%** | **4.5** | **2.9** | **56.9%** |
| **Consolidated earnings excluding minority interests** | **11.1** | **5.9** | **89.1%** | **3.1** | **1.9** | **61.2%** |

Dear shareholders,

What began promisingly at the start of the year and developed positively over the first six months is being sustained after nine months of the fiscal year: the Hawesko Group continues to benefit from the economic upturn in Germany. Moreover, the development in the individual segments practically mirrors the general economic progress: in those parts of the business where the recession-related declines were particularly heavy, the current recovery is especially strong, and where the consequences of the recession were minor, business continues with admirable stability. If you're seeking an example for the first development in our Hawesko Group, just take a look at our wholesale segment, which, including our Swiss subsidiary *Globalwine* in the quarter under review increased sales by a good 24% and has thus grown by nearly 29% since the beginning of the year. Encouraged by the momentum of the global recovery, the demand for ultra-premium Bordeaux wines, which had slumped during the recession, continued to develop in a very gratifying manner – the trough appears to be behind us. This was particularly beneficial to our local subsidiary *Château Classic*. Earnings also proved stable again in the stationary specialist retail segment, i.e. *Jacques' Wein-Depot*, and in the mail order segment. In the quarter under review, the mail order segment once again profited from above-average growth in the online business. Overall, Group sales for the quarter increased by just under 11% and in the nine-month period by a good 13%.

Independent of the satisfactory business development, the third quarter was already influenced by the preparations for the fourth quarter with the holiday business so crucial to the year-end result:

Particularly in this year we are entering the peak season with great confidence; we will make every effort to convert the revived optimism in industry and especially among consumers into growth. To ensure that we achieve this goal, we have already invested a lot in the quarter under review and prepared various campaigns: among other things, the mail order segment will stimulate its holiday business with an advertising campaign in the daily newspapers. This has been considerably expanded compared to the previous year. We will continue to expand sales promotion projects with premium partners as well. In addition to these preparations for the peak season, we are investing in potential new strategic areas of growth, and are now beginning a market entry test in Sweden.

These investments have initially put pressure on the result of the quarter under review, but the earnings figures certainly hold up well against those of the relevant periods in the previous year: the operating result (EBIT) of the quarter under review rose by 57% to € 4.5 million), and after nine months, at € 13.7 million we have reached nearly the same order of magnitude, namely an increase of 48%. Consolidated net income excluding shares of minority partners is even higher, with an increase of 89% to € 11.1 million (per share to € 1.24), after we realised an extraordinary gain from the disposal of the Majestic Wine shareholding in the first half of the year.

Dear shareholders, compared with 2008, our best year so far, due to our systematic and intensified approach to existing clients and the acquisition of new customers which continued even during the economic crisis, we have increased the number of active customers by 6%. With this we have created a substantial basis on which to grow more strongly than the market overall in the future as well, whereby the “future” for us naturally means the current fourth quarter of 2010!

We are pleased to reaffirm our forecast for the current fiscal year, which we revised significantly upwards at the time of publication of the six-month financial report. Thus the management board expects a sales increase in the upper single-digit percent range and a rise in the EBIT by approximately € 2 million to roughly € 25 million. Likewise unchanged, we anticipate a strong increase in pre-tax profit for 2010, as negative effects which pressured the financial result in the previous year will not recur, and we will recognise the earnings from the disposal of the Majestic Wine shareholding. I therefore firmly believe that nothing prevents us from increasing the dividend for 2010.

Kind regards,

Alexander Margaritoff
Chief Executive Officer

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## INTERIM MANAGEMENT REPORT

### GENERAL SITUATION

The overall economic environment was gratifyingly positive in the first nine months. After the strong rise in the gross domestic product in the first and second quarters, the Bundesbank also anticipates an increase in the third quarter of 2010. The primary reasons for this development are the increase in production and an improved order situation in many branches of industry. Consequently, an upward trend has been noted in the German labour market as well: the number of unemployed people declined to under three million in October 2010 for the first time in two years. Possible risks that might lead to slower growth by 2011 at the latest stem from the export sector and the euro: particularly the austerity measures in several southern European countries could dampen the demand for German exports, and the euro has increased in value by 20% with respect to the US dollar since spring.

Despite these risks, the business climate index of the ifo Institut for October 2010 continued to rise and reached 107.6 points, a level last seen in May 2007. Measured by the consumer climate index of the Gesellschaft für Konsumforschung (GfK), the consumer mood remained stable at the relatively high level of 4.9 points in October 2010.

The Hawesko management board reaffirms its assessment given in the six-month financial report for 2010: instead of an initially expected rather difficult year in 2010, in which the basis for improvement in 2011 would be created, we can already assume improved business performance in the current fiscal year. The livelier economic environment does not necessarily lead to increased wine consumption, but does create more favourable conditions for the enjoyment of premium wines and champagnes. This is especially important with regard to the fourth quarter and the holiday business.

According to data from the GfK, the German wine market as a whole shrank in terms of value by 3.1% and in terms of volume it declined by 0.3% in the first nine months of 2010. In the third quarter of 2010, on the other hand, it increased in terms of value by 2.1% and in terms of volume by 2.8%.

## BUSINESS PROGRESS

### Financial performance

Third quarter

During the period from July to September 2010, sales of the Hawesko Group rose by 10.8% to € 83.1 million compared to the same quarter in the previous year (€ 75.0 million). In the quarter under review, sales developed in the various business segments as follows: The stationary specialist retail segment (*Jacques' Wein-Depot*) achieved sales of € 25.7 million, nearly at the level of the previous year (€ 25.8 million). The wholesale segment posted a rise in sales of 23.9%, from € 29.6 million in the same period of the previous year to € 36.7 million in the quarter under review. Sales in the mail order segment rose from € 19.6 million to € 20.7 million, an increase of 5.7% 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 third quarters of the two previous years. Measures taken for higher customer retention and for new customer acquisition resulted in more active customers, but the increase was not as large as in the same period of the previous year. As of 30 September 2010 there were 273 *Jacques' Wein-Depot* shops in operation: of these, 269 were in Germany (same date in the previous year: 271) and four in Austria (previous year: likewise four). Two new *Jacques'* locations were leased on the reporting date but not yet opened. The online shop at www.jacques.de was redesigned and optimised in the previous quarter – it is designed 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 a slight decline of 0.4% compared to the third quarter of 2009. In comparison with this period, customer frequency declined during the quarter under review; however, in the previous year extraordinary measures were taken to improve the acquisition of new customers.

Sales in the wholesale segment rose by 23.9% compared to the same quarter in the previous year. The total increase of € 7,1 million compared to the previous year was accounted for by the following sales increases: € 3.2 million at *Château Classic – Le Monde des Grands Bordeaux* , € 2.9 million at the *Wein-Wolf* Group, € 0.1 million at *CWD Champagner- und Wein-Distributionsgesellschaft* and € 1.0 million at *Globalwine AG*, which was consolidated as of 1 July 2009. Compared to the same quarter in the previous year, both the market for Bordeaux wines and the market for ultra-premium wines and champagnes have recovered. Moreover, the *Wein-Wolf* Group is continuing to expand its range of merchandise with wines from newly acquired renowned vineyards (including Sella & Mosca, Teruzzi & Puthod, Mondavi, Hardys).

Sales in the mail order segment rose by 5.7% in the reporting period. The number of active customers of the subsidiary company *Hanseatisches Wein- und Sekt-Kontor* was 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 56% over the same quarter in the previous year, accounting for just under 21% (previous year: a good 14%) of total segment sales. The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck*, which specialises in premium wines, is currently in a phase of reorientation focussing on connoisseurs and collectors of premium wines and thus posted sales figures below the level of the same quarter of the previous year. In the mail order segment, the average number of bottles ordered rose slightly. The number of active mail order customers as well as the number of orders increased compared to the reference date in the previous year; the average price per bottle sold declined.

Compared to the previous year, the consolidated gross profit margin in the third quarter declined relative to sales by 0.2 percentage points to 39.1%. This reduction resulted from the strong growth in the wholesale segment, which by its nature has a lower trading margin than the end consumer segment. Other operating income amounted to € 3.8 million (same quarter in the previous year: € 3.4 million) and consisted primarily of rental and leasing income at *Jacques'* as well as advertising allowances. Personnel expenses increased in the quarter under review compared to the quarter in the previous year by € 1.0 million to € 9.0 million; as a share of sales they rose by 0.2 percentage points to 10.8%. The other operating expenses included primarily advertising, delivery costs and commissions. The expenses for advertising amounted to 7.8% of sales (previous year: 8.1%); for commissions this figure was 7.8% (previous year: 8.7%), and for delivery costs it was 3.4% (previous year: 3.3%). Overall, other operating expenses including other taxes amounted to € 21.9 million (previous year: € 21.4 million), accounting for 26.3% of sales in the quarter under review, down from 28.5% in the same period of the previous year. The Group's operative (EBIT) margin was 5.4% in the third quarter, up from 3.8% in the previous year.

The consolidated result of operations (EBIT) amounted to € 4.5 million in the third quarter of 2010 (previous year: € 2.9 million). The individual contributions of the various business segments to the result of operations were as follows: € 2.8 million (€ 2.8 million) came from stationary specialist retail (*Jacques' Wein-Depot*). The operating result in the wholesale segment recovered, rising from € –0.1 million in the previous year to € 1.4 million in the quarter under review. In particular, the segment benefited from the fact that *Château Classic – Le Monde des Grands Bordeaux* once again enjoyed good business progress, after inventory clearances had been taken in the same quarter of the previous year. The result of the Swiss subsidiary *Globalwine AG* (first consolidated from 1 July 2009) had no significant effect on EBIT in the quarter under review or in the corresponding quarter in the previous year. In the mail order segment the operating result remained unchanged at € 1.4 million: here expenditures from the reorientation at *Carl Tesdorpf – Weinhandel zu Lübeck* and from the preparation of the market entry in Sweden were offset by improved results at *Hanseatisches Wein- und Sekt-Kontor.* 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 € –0.2 million, compared to € –0.1 million in the same quarter of the previous year; the interest expense included in this figure amounted to € –0.2 million, as in the same quarter of the previous year. The result before taxes on income amounted to € 4.3 million (€ 2.8 million). The tax-free gain from the disposal of the shareholding in Majestic Wine plc in June 2010 reduced the estimated full-year tax rate from 33% to just under 28% for the current fiscal year 2010; accordingly, this rate is used in the reporting period. Consolidated net income after deductions for minority interests amounted to € 3.1 million (€ 1.9 million). The profit per share increased to € 0.34, up from € 0.21 in the previous year. This was based on the figure of 8,983,403 shares in the period under review (previous year: 8,834,834).

First nine months

In the first nine months of fiscal year 2010, the Group posted sales of € 247.4 million, an increase of 13.1% over the same period of the previous year (€ 218.8 million). For the reason explained in the section entitled “Third quarter” above, the gross profit margin declined by 0.7 percentage points to 39.8% of sales. Other income and expenses added up to 34.3% (previous year: 36.3%) of sales. Thus the result from operations (EBIT) in the first nine months amounted to 5.5% (previous year: 4.2%) of sales and € 13.7 million (previous year: € 9.3 million).

The interest result at € –0.4 million improved over the first nine months of the previous year (€ –0.7 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 € 1.9 million (previous year: € –0.6 million). The result before taxes on income amounted to € 15.6 million (previous year: € 8.7 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 nine-month net income after deductions for minority interests amounted to € 11.1 million (€ 5.9 million). The profit per share amounted to € 1.24 compared to € 0.66 for the same period in the previous year. This is based on the number of 8,892,611 shares (previous year: 8,834,834).

**Net worth**

The balance sheet total as of 30 September 2010 was € 163.0 million, a decrease of € 10.6 million compared to the total at 31 December 2009. The difference is due primarily to the decline in trade receivables – these decreased by € 14.2 million to € 28.9 million. (Trade receivables typically reach their highest level at 31 December.) Compared to the reference date of the previous year, 30 September 2009, when the balance sheet total amounted to € 157.1 million, the balance sheet total rose by € 5.9 million at the end of the first nine months of 2010. This was due to a rise in inventories and the increase both in payments made and taken on account in conjunction with *en primeur* contingents of the extremely popular 2009 Bordeaux vintage. The working capital requirement at 30 September 2010 nevertheless declined in comparison to the reference date in the previous year by € 4.5 million.

Total shareholders’ equity increased by € 2.3 million compared to the end of 2009: against the distribution of the annual dividend (€ 11.9 million), the overall result achieved 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 improved result and the significant increase in liquid funds, cash flow from ongoing business activity for the nine-month period was € 0.5 million, slightly higher than the figure for the previous year (€ 0.0 million). Cash flow from investment activity was positively influenced by the sale of the Majestic Wine interest in June 2010 with an inflow of funds of € 7.3 million. Free cash flow in the nine-month period of € 4.2 million (€ –6.4 million) was calculated from the net inflow of payments from current operations ( € 0.5 million), plus net funds employed for investment activities (€ 4.0 million) and minus interest paid out (€ 0.4 million).

Investment analysis

In the first nine months of fiscal year 2010, investments in tangible and intangible assets amounted to € 3.5 million (same period of the previous year: € 4.6 million). In the same period of the previous year, investments related to the then newly consolidated subsidiaries *Jacques-IT GmbH* and *Globalwine AG* were made in the amount of € 2.4 million. The investments in the current fiscal year 2010 were related primarily to the ongoing 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 friendly in 2010 and thus form a positive basis for further business progress.

## REPORT ON EXPECTED DEVELOPMENTS

### Outlook

Until the publication of the six-month financial report, the management board's planning was based on a sustained difficult economic situation overall in 2010 and the assumption that the economy would not recover until 2011. As already noted at the presentation of the aforementioned report, the figures were at the upper end of previous expectations based on the noticeably improved general conditions. Thus, in the six-month financial report the Hawesko management board modified its forecast for 2010 against the one published in the 2009 annual report, and now reaffirms it after nine months: As a result of the brightened economic situation, it now expects a more significant improvement in business development in the current fiscal year. After assuming only a moderate sales increase at the beginning of 2010, the board currently expects an increase with respect to sales for the previous year (€ 339 million) in the upper single-digit percentage range. 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 prerequisites, the management board assumes that the operating result (EBIT) will not only reach the magnitude of the previous year (i.e. € 22–23 million) but will surpass it by a good € 2 million. The business development since the publication of the six-month report supports this assessment.

The original forecast that the extraordinary financial expenditure of € 1.8 million from the year 2009 will not recur in the financial result remains valid. In contrast, the one-time profit of € 3.3 million realised from the sale of the shareholding in Majestic Wine plc in June 2010 will affect the net income in the current fiscal year.  Thus the financial result for 2010 will show net income in the range between € 1-2 million after 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 expected to amount to roughly € 20 million, as forecast in the six-month financial report.

**Hawesko Holding AG**

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

| (in € millions, unaudited, rounding differences are possible) | 1.1.–30.9. 2010 | 1.1.–30.9. 2009 |
|---|---|---|
| **Sales revenue** | **247.4** | **218.8** |
| Decrease (increase) in finished goods inventories | 0.1 | 0.6 |
| Other operating income | 11.3 | 9.6 |
| Cost of purchased goods | –149.0 | –130.2 |
| Personnel expenses | –25.7 | –23.2 |
| Amortisation of intangible assets and tangible assets | –3.9 | –3.5 |
| Other operating expenses and other taxes | –66.6 | –62.8 |
| **Result from operations (EBIT)** | **13.7** | **9.3** |
| Financial result | | |
| Interest earnings/expenditures | –0.4 | –0.7 |
| Other financial result | 2.3 | 0.1 |
| Result from ordinary activities | 15.6 | 8.7 |
| Taxes on income and deferred tax expenses | –4.4 | –2.9 |
| **Consolidated net income** | **11.2** | **5.8** |
| Profit due to minority interests | –0.1 | 0.1 |
| **Consolidated net income excluding shares of minority partners** | **11.1** | **5.9** |
| Earnings per share (in €, undiluted) | 1.24 | 0.66 |
| Average number of shares in circulation (Numbers in thousands, undiluted) | 8,893 | 8,835 |

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**Hawesko Holding AG**

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

| (in € millions, unaudited, rounding differences are possible) | 1.7.–30.9. 2010 | 1.7.–30.9. 2009 |
|---|---|---|
| **Sales revenue** | **83.1** | **75.0** |
| Decrease (increase) in finished goods inventories | 0.4 | 0.5 |
| Other operating income | 3.8 | 3.4 |
| Cost of purchased goods | –50.6 | –45.5 |
| Personnel expenses | –9.0 | –8.0 |
| Amortisation of intangible assets and tangible assets | –1.3 | –1.2 |
| Other operating expenses and other taxes | –21.9 | –21.4 |
| **Result from operations (EBIT)** | **4.5** | **2.9** |
| Financial result | | |
| Interest earnings/expenditures | –0.2 | –0.2 |
| Other financial result | 0.0 | 0.2 |
| Result from ordinary activities | 4.3 | 2.8 |
| Taxes on income and deferred tax expenses | –1.2 | –0.9 |
| **Consolidated net income** | **3.1** | **1.9** |
| Profit due to minority interests | –0.1 | 0.0 |
| **Consolidated net income excluding shares of minority partners** | **3.1** | **1.9** |
| Earnings per share (in €, undiluted) | 0.34 | 0.21 |
| Average number of shares in circulation (Numbers in thousands, undiluted) | 8,983 | 8,835 |

**Hawesko Holding AG**

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

| (in € millions, unaudited, rounding differences possible) | 1.1.–30.9. 2010 | 1.1.–30.9. 2009 |
|---|---|---|
| **Consolidated net income** | **11.2** | **5.8** |
| Change in fair value from disposable financial instruments | — | 2.6 |
| Amount reposted in the profit and loss statement | –1.0 | — |
| Currency translation differences | 0.1 | 0.0 |
| **Income and expense recognised directly in equity** | **–0.9** | **2.6** |
| **Overall result** | **10.3** | **8.4** |
| *of which:* – allocable to shareholders of Hawesko Holding AG | 10.1 | 8.5 |
| – allocable to minority interests | 0.2 | –0.1 |

**Hawesko Holding AG**

**Consolidated comprehensive income statement** *for the period from 1 July to 30 September*

| (in € millions, unaudited, rounding differences possible) | 1.7.–30.9. 2010 | 1.7.–30.9. 2009 |
|---|---|---|
| **Consolidated net income** | **3.1** | **1.9** |
| Change in fair value from disposable financial instruments | — | 0.3 |
| Amount reposted in the profit and loss statement | — | — |
| Currency translation differences | 0.0 | 0.0 |
| **Income and expense recognised directly in equity** | **0.0** | **0.3** |
| **Overall result** | **3.2** | **2.1** |
| *of which:* – allocable to shareholders of Hawesko Holding AG | 3.1 | 2.2 |
| – allocable to minority interests | 0.1 | –0.1 |

| Hawesko Holding AG<br>**Consolidated balance sheet (as per IFRS)**<br>(in € millions, unaudited, rounding differences possible) | 30.9.2010 | 31.12.2009 | 30.9.2009 |
|---|---|---|---|
| **Assets** | | | |
| Long-term assets | | | |
| Intangible assets | 11.6 | 11.6 | 11.5 |
| Tangible assets | 19.9 | 20.4 | 20.1 |
| Other financial assets | 0.3 | 5.4 | 5.3 |
| Advance payments on stocks | 9.8 | 2.5 | 1.8 |
| Receivables and other assets | 0.9 | 0.9 | 1.0 |
| Deferred tax liabilities | 4.3 | 5.6 | 5.7 |
| | 46.8 | 46.5 | 45.3 |
| Short-term assets | | | |
| Inventories | 78.5 | 68.6 | 77.0 |
| Trade receivables | 28.9 | 43.0 | 27.5 |
| Other assets | 2.2 | 1.7 | 1.9 |
| Receivables from taxes on income | 0.9 | 0.7 | 0.6 |
| Cash in banking accounts and cash on hand | 5.8 | 13.0 | 4.9 |
| | 116.2 | 127.1 | 111.8 |
| | **163.0** | **173.6** | **157.1** |
| **Liabilities** | | | |
| Shareholders' equity | | | |
| Subscribed capital of Hawesko Holding AG | 13.7 | 13.5 | 13.5 |
| Capital reserve | 8.9 | 6.5 | 6.5 |
| Retained earnings | 48.4 | 41.0 | 41.0 |
| Accumulated other equity | 0.1 | 1.0 | 1.0 |
| Unappropriated group profit | 12.7 | 19.7 | 12.4 |
| Shareholders' equity in Hawesko Holding AG | 83.8 | 81.7 | 74.4 |
| Minority interests | 0.6 | 0.5 | 0.4 |
| | 84.4 | 82.2 | 74.8 |
| 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 | 4.9 | 5.8 | 6.1 |
| Advances received | 15.8 | 2.2 | 4.1 |
| Other liabilities | 0.0 | 0.0 | 0.1 |
| Deferred tax liabilities | 0.3 | 0.3 | 0.1 |
| | 21.8 | 9.1 | 11.4 |
| Short-term provisions and liabilities | | | |
| Minority interests in the capital of unincorporated subsidiaries | – | 2.6 | 1.3 |
| Other short-term provisions | – | – | 0.1 |
| Borrowings | 4.0 | 2.5 | 21.1 |
| Advances received | 5.0 | 3.7 | 2.1 |
| Trade accounts payable | 34.9 | 49.0 | 34.6 |
| Income taxes payable | 1.1 | 3.4 | 0.6 |
| Other liabilities | 11.7 | 21.1 | 11.2 |
| | 56.7 | 82.3 | 70.9 |
| | **163.0** | **173.6** | **157.1** |

## Hawesko Holding AG

## Consolidated Cash Flow Statement (as per IFRS)

| (in € millions, unaudited, rounding differences possible) | 1.1.–30.9. 2010 | 1.1.–30.9. 2009 |
|---|---|---|
| Result from ordinary activities | 15.6 | 8.7 |
| Depreciation of tangible and intangible assets | 3.9 | 3.5 |
| Financial result | –1.9 | 0.6 |
| Result from the disposal of intangible and tangible assets | –0.0 | 0.0 |
| Change in inventories | –17.2 | –2.1 |
| Change in other short-term assets | 13.5 | 12.7 |
| Change in provisions | 0.0 | 0.0 |
| Change in liabilities (excluding borrowings) | –11.1 | –20.7 |
| Taxes on income paid out | –2.2 | –2.7 |
| **Net inflow of payments from current operations** | **0.5** | **0.0** |
| Outpayments from the acquisition of shares in subsidiaries | –0.1 | –1.0 |
| Inpayments from the disposal of shares in subsidiaries | 0.1 | — |
| Outpayments for tangible and intangible assets | –3.5 | –4.6 |
| Outpayment from the acquisition of other financial assets | — | –0.4 |
| Inpayments from the disposal of intangible and tangible assets | 0.1 | 0.0 |
| Dividends received | 0.1 | 0.2 |
| Inpayment from the disposal of financial assets | 7.3 | 0.0 |
| **Inflow/outflow of net funds from investing activities** | **4.0** | **–5.8** |
| Outpayments for dividends | –11.9 | –10.6 |
| Outpayments to minority interests | –0.4 | -0.5 |
| Inpayments from the sale of treasury shares | 0.3 | — |
| Payment of finance lease liabilities | –0.9 | –0.9 |
| Change in borrowings | 1.5 | 15.8 |
| Interest paid out and received | –0.4 | –0.6 |
| **Inflow/outflow of net funds for financing activities** | **–11.8** | **3.2** |
| **Net decrease of funds** | **–7.3** | **–2.6** |
| Funds at start of period | 13.0 | 7.4 |
| **Funds at end of period** | **5.8** | **4.9** |

HAWESKO HOLDING AG

## 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 of interest of Hawesko Holding AG shareholders | 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 |
| Change in the consolidation group | — | — | — | — | — | — | — | 0.0 | 0.0 |
| Appropriation to retained earnings | — | — | 7.2 | — | — | -7.2 | — | — | — |
| Dividends | — | — | — | — | — | –10.6 | –10.6 | –0.2 | –10.8 |
| Overall result | — | — | — | 0.0 | 2.6 | 5.8 | 8.5 | –0.1 | 8.4 |
| **Status at 30 September 2009** | 13.5 | 6.5 | 41.0 | 0.0 | 1.0 | 12.4 | 74.4 | 0.4 | 74.8 |
| **Status at 1 January 2010** | 13.5 | 6.5 | 41.0 | –0.0 | 1.0 | 19.7 | 81.7 | 0.5 | 82.2 |
| Successive acquisitions/partial disposals | — | — | –0.0 | — | — | — | –0.0 | 0.1 | 0.0 |
| Capital increase | 0.2 | 2.4 | 1.1 | — | — | — | 3.7 | — | 3.7 |
| Appropriation to retained earnings | — | — | 6.1 | — | — | –6.1 | — | — | — |
| Treasury shares | — | 0.0 | 0.2 | — | — | — | 0.3 | — | 0.3 |
| Dividends | — | — | — | — | — | –11.9 | –11.9 | –0.2 | –12.1 |
| Overall result | — | — | — | 0.1 | –1.0 | 11.1 | 10.1 | 0.2 | 10.3 |
| **Status at 30 September 2010** | 13.7 | 8.9 | 48.4 | 0.1 | — | 12.7 | 83.8 | 0.6 | 84.4 |

HAWESKO
HOLDING AG

**Segment results for the third quarter**
(in € million, rounding differences possible)

| 1.7.–30.9.2010 | Specialist retail | Wholesale | Mail order | Miscellaneous/ Consolidation | Group |
|---|---|---|---|---|---|
| **External sales** | **25.7** | **36.7** | **20.7** | **0.0** | **83.1** |
| **Operating result (EBIT)** | **2.8** | **1.4** | **1.4** | **–1.1** | **4.5** |

| 1.7.–30.9.2009 | Specialist retail | Wholesale | Mail order | Miscellaneous/ Consolidation | Group |
|---|---|---|---|---|---|
| **External sales** | **25.8** | **29.6** | **19.6** | **0.0** | **75.0** |
| **Operating result (EBIT)** | **2.8** | **–0.1** | **1.4** | **–1.3** | **2.9** |

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

| 1.1.–30.9.2010 | Specialist retail | Wholesale | Mail order | Miscellaneous/ Consolidation | Group |
|---|---|---|---|---|---|
| **External sales** | **77.7** | **104.5** | **65.2** | **0.1** | **247.4** |
| **Operating result (EBIT)** | **8.1** | **4.6** | **4.1** | **–3.1** | **13.7** |

| 1.1.–30.9.2009 | Specialist retail | Wholesale | Mail order | Miscellaneous/ Consolidation | Group |
|---|---|---|---|---|---|
| **External sales** | **76.1** | **81.1** | **61.5** | **0.1** | **218.8** |
| **Operating result (EBIT)** | **8.4** | **1.0** | **3.1** | **–3.2** | **9.3** |

**Appendix to the nine-month financial report to 30 September 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 nine-month financial 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 was expanded from that listed in the 2009 balance sheet to include *The Wine Company Hawesko* which is domiciled in Hamburg.

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. Mrs. Angelika Jahr-Stilcken resigned effective 19 August 2010. With the resolution of 28 September 2010 the Hamburg Municipal Court appointed Mr. Detlev Meyer, residing in the Federal Republic of Germany, as a new member of the supervisory board. (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. Due to the court appointment of Mr. Detlev Meyer as a new member of the supervisory board, the number of shares and/or the number of votes held by members of the supervisory board increased by 2,650,195 to 2,650,895 compared to the status at 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:* Hawesko Holding AG holds no treasury shares as of the date of writing of this report. (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 and the total number of shares is 8,983,403.

| **Other information** | 1.1.–30.9. 2010 | 1.1.–30.9. 2009 |
|---|---|---|
| Employees (average during the period) | 686 | 648 |

**Calendar:**

| | |
|---|---|
| Preliminary report on fiscal year 2010 | Early February 2011 |

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