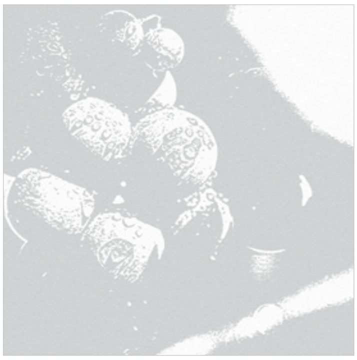
HAWESKO HOLDING AG

Annual report 2009

NUMBER 1 IN THE TRADE WITH PREMIUM WINES



Success with premium wines

– substantial, profitable, lasting

HAWESKO HOLDING AG

WINE-SHOP RETAIL

- Trading names: *Jacques' Wein-Depot* (Germany/Austria)
- Target group: younger, more adventurous private customers
- Market segment: controlled quality wines – exclusive to *Jacques'* – average price: over € 6 per bottle
- Addresses base: approx. 1.000,000
- Number of outlets: Germany: 268, Austria: 4

MAIL ORDER WINE

- Trading names:
  - *Hanseatisches Wein- und Sekt-Kontor*
  - *Carl Tesdorpf – Weinhandel zu Lübeck*
  - *Sélection de Bordeaux*
- Target group: epicurean, affluent private customers as well as business customers (Christmas gifts)
- Market segment: upmarket and premium wines, average price: € 8 per bottle
- Addresses base: approx. 1,400,000

WHOLESALE & DISTRIBUTION

- Trading names:
  - *Wein Wolf* Group
  - *CWD Champagner- und Wein-Distributionsgesellschaft*
  - *Château Classic – Le Monde des Grands Bordeaux*
- Target group: top-class restaurants and re-sellers
- Market segment: upmarket and premium wines, average price: € 7 per bottle (at wholesale prices)
- Customer base: approx. 12,000

Orvieto, Umbria, Italy

FINANCIAL HIGHLIGHTS

	2009	2008	
NET SALES (€ million)	**338.5**	338.8	–0.1%
GROSS PROFIT (€ million)	**138.4**	135.5	+2.1%
CONSOLIDATED EBIT (€ million)	**22.4**	25.5	–12.2%
EARNINGS PER SHARE (€)	**1.48**	1.67	–11.4%
ROCE	**20%**	23%	–3%-points
DIVIDEND YIELD (31/12)	**5.9%**	6.2%	–0.3%-points
EMPLOYEES	**657**	614	+7.0%

Dear fellow shareholders,

After a very difficult start to 2009, characterised by falling sales of Bordeaux wines and champagnes in particular, the second quarter brought a very slight upturn. A strong third quarter was then followed by a normal level of business in the important final quarter of the year, with Christmas business overall satisfactory. Our wholesale segment, the only one of our operating segments to be seriously affected by the economic crisis, even resumed growth in the fourth quarter on the back of four recessive quarters in a row.

Despite a not very promising start to the year, we nonetheless expressed our optimism early on that we would be able to post the second-best result in the history of the company in the 2009 financial year, trumped only by the record-breaking 2008. Our simple but robust business model has moreover stood us in good stead throughout: successfully serving the rising demand generated by the growing appreciation of wine as an accompaniment to good food and as an expression of sophisticated table culture, across all our channels of distribution. Trust is always a vital ingredient both in procurement and in sales. We maintain excellent ties with suppliers of outstanding quality products from all over the world, and can give them the guarantee that their products will be marketed in an expert, differentiated manner. What matters most in sales is our discerning clientele's ability to rely on us. We offer them high-quality products and corresponding service at fair prices. We again undertook considerable efforts to satisfy our partners at both ends of the process in 2009. We are able to offer our customers an even more interesting range of high-quality wines featuring many carefully chosen exclusive products. That benefits our one million wine-loving customers, whose ranks were swelled by another two hundred thousand in 2009 alone – more than at any previous time in the company's history!

Furthermore, we succeeded in growing faster than the market as a whole, correspondingly increasing our market shares. But not only that; in acquiring the Swiss company *Globalwine AG* we forged ahead with the international diversification of the group, and our innovative web presence "TVino" was a huge success in a twofold sense. As well as attracting new, interesting customer groups, the "TVino" website captured an innovation award.

The fact that the main catalogue of *Hanseatisches Wein- und Sekt-Kontor* likewise won an award also demonstrates our ability to innovate in our classic sales channels. In short, we held our course in the 2009 financial year and made excellent progress with the Hawesko Group despite the financial and economic crisis.

The bare statistical evidence is there for all to see in a 2009 sales total that was only marginally below the previous year's level of € 339 million. We had not planned such success at the start of the year, having couched our expectations in much more cautious terms. We likewise achieved our target for consolidated EBIT. As forecast, € 22.4 million is the second-best result in the history of the Hawesko Group. If not for a non-recurring expense within the financial result, consolidated earnings would have emulated the prior-year figure. And the free cash flow, in other words the figure that expresses how much more or less money there is in our coffers, meant that we actually set another new record of € 20.8 million, improving on the previous year's figure of € 17.5 million.

Here at Hawesko we have a tradition of passing on an appropriate share of the company's profits to you, our shareholders – a principle that is also very dear to me personally. But we also have a tradition that the dividend is paid from the free cash flow. In view of the sustained strength in our company's cash flow, maintaining the tradition of profit distribution has never been in doubt. The Board of Management and Supervisory Board therefore propose to distribute € 1.35 per share for the past financial year, compared with € 1.20 in 2008 – once again tax-free, I might add. Alongside dividend income, the capital gain remains the most important benchmark for investors. In this respect, too, Hawesko shares put in a worthy performance in the past financial year. The trading price of Hawesko Holding AG shares rose by 19 % in 2009 and thus kept pace with the excellent progress made by the DAX index.

Looking ahead, it has to be said that 2010 will still be a challenging year. Above all, it is impossible to say whether the hitherto robust consumption will continue to bolster the economy. Nevertheless, I remain convinced that enjoying wine will remain one of the simple pleasures of everyday life that people will be reluctant to forgo. This was amply illustrated last year, because the wine market as a whole still managed to grow in 2009. Demand for wine is evidently proving steadier than for many other consumer goods. The wine trade should consequently be able to achieve better year-on-year results particularly for the first half of 2010. We already registered this pattern in our own business performance over the first few weeks of the new financial year. More generally, too, we expect to see a stronger recovery than in the previous year. The Hawesko Group's sales for 2010 should therefore show a slight improvement on the previous year's level. We are expecting EBIT to be of a similar magnitude to last year. Because the extraordinary financial expense from 2009 will not be repeated, consolidated earnings – and therefore also earnings per share – should show an improvement on 2009. The free cash flow should assure the company's ability to pay a dividend.

Last but not least, dear shareholders, I and my colleagues in the Board of Management would like to thank the employees of the Hawesko Group and the retail partners at *Jacques' Wein-Depot,* whose exceptional commitment paved the way for the good results achieved in 2009 and helped the company achieve further progress. However good a business model may be, it depends on having the right people to make it work. My thanks also go to our partners in the wholesale network and our suppliers, on whose outstanding expertise the very special experience of enjoying Hawesko wines is utterly dependent. Not forgetting our customers, new and old. We aim to continue earning your trust every day anew.

Yours sincerely,

A. Margaritoff

Alexander Margaritoff

from left to right: Bernd G. Siebdrat, Alexander Margaritoff, Ulrich Zimmermann, Bernd Hoolmans

THE BOARD OF MANAGEMENT OF HAWESKO HOLDING AG

Alexander Margaritoff,
Chairman and Chief Executive Officer

Alexander Margaritoff (born 1952), graduated from the University of Sussex, England, with degrees in Economics (B.A.) and Contemporary European Studies (M.A.). In 1981 he joined the company *Hanseatisches Wein- und Sekt-Kontor*. He is responsible for all companies in which Hawesko Holding AG has shareholdings and in particular for the wholesale and mail order segments.

Bernd Hoolmans

Bernd Hoolmans (born 1950), graduated in 1975 from the Justus Liebig University in Giessen with a degree in Economics. Mr Hoolmans joined *Jacques' Wein-Depot* as Managing Director in 1994. At Hawesko Holding AG, he is primarily responsible for the stationary specialist wine-shop retail segment.

Bernd G. Siebdrat

Bernd G. Siebdrat (born 1956), of Bonn, is co-founder and managing director of *Wein Wolf Holding GmbH & Co. KG*, which was started in 1981 and became a subsidiary of Hawesko through its acquisition in 1999. His primary responsibility is the wholesale segment.

Ulrich Zimmermann,
Chief Financial Officer

Ulrich Zimmermann (born 1962), graduated with a degree in Economics from the University of Karlsruhe in 1989. In 1998 he joined Hawesko Holding AG as Head of Finance and Group Controlling and was appointed an authorised signatory in 1999. As Chief Financial Officer he bears particular responsibility for these areas as well as for group logistics.

Award-winning marketing
– satisfied customers

High-quality products and excellent service at fair prices, expert and differentiated marketing approach: Numerous awards bear witness to Hawesko's success in striving for quality and setting the standard in the trade.

Innovative formats reach new customer groups

Only two months after the launch of TVino, the jury for "Online shop of the Year 2009" was already of the opinion that "the innovative combination of video and shopping which runs through the entire online shop, from the homepage all the way to depiction of individual items" was worthy of an award. This top-notch award is given annually at the German Mail Order Congress, Europe's largest event for the mail order and e-commerce business.

tvino.de

2 mill. customers in total

200,000
new customers in 2009

"Catalogue of the Year 2009" for the 100th wine catalogue

For ten years it has by far been the most important competition in mail order business: at the German Mail Order Congress 2009 in Wiesbaden, the six-person jury selected the one-hundredth wine catalogue of *Hanseatisches Wein- und Sekt-Kontor* – Germany's largest mail-order wine company – as Catalogue of the Year in the "business-to-consumer" category.

Hawesko is the key route to market from top producers to consumers

"Beyond doubt Hawesko is one of the most important distributors for Fine Wine in Central Europe"
– *Peter Gago, Penfolds' Chief Winemaker*

One of the "Best Marketing Companies" in Germany

In 2009, Hawesko Holding AG was named in a study by the international management consultancy BBDO Consulting and the department for innovative brand management of the University of Bremen, which was the basis for the "Best Marketing Company Award", as one of the six German companies listed on the stock exchange with the best market focus.

2009: turbulent year – *outstanding wine!*

All in all, vintners in most European wine-growing regions were very satisfied with the largely dry, warm year. This resulted in occasionally smaller yields than usual – but with grapes of exceptionally high quality in most regions.

GERMANY | A sunny, dry late summer and autumn gave vintners time to harvest grapes at every stage of maturity. The healthy grapes were outstandingly suited to the production of dry wines.

FRANCE | *Bordeaux* An outstanding year that ranks alongside such vintages as 2005, 2000 and 1990. Some even claim it is the best vintage they have ever witnessed. Optimum weather conditions resulted in grapes of outstanding quality and wines with wonderful density and soft tannins.

Bourgogne A good harvest following an unusually hot summer, leading extensively to wines with low acidity and very rounded tannins. Hail damage reduced the yield in some areas. “Burgundy lovers will be blessed with charming and fruity wines. Whether the vintage will be great or not remains to be seen” *Wine Spectator*

Loire Outstanding conditions produced healthy grapes, high sugar contents and low yields. The wines are good, especially in Sancerre and Pouilly-Fumé.

Rhône A more than satisfactory vintage: particularly the wines of the northern regions such as Hermitage and Cote Rotie benefited from perfect conditions. One vintner commented in Wine Spectator that it was even on a par with the legendary 1961 vintage.

ITALY | The results are mixed: the further north, the better. The best wines are from Piedmont, Alto Adige and Friuli, but there are also some fantastic ones from Veneto and Tuscany. The cooler higher locations of Chianti Classico were at an advantage, while heat and drought made life more difficult for vintners in Montalcino and Montepulciano.

"Since 1974 we have never seen such beautiful grapes."
(Frédéric Coulon, Southern Rhône)






SPAIN | A dry, hot season resulted in very high quality. Thanks to the strong sun, the grapes reached the right sugar content early but needed time to develop flavour. This led to powerful, full-bodied wines of substantial maturity from Rioja and Priorat.

AUSTRIA | A rainy period in Lower Austria in September forced vintners to be selective. The harvest was more straightforward in Burgenland, with moderately warm, dry weather. The grapes here were fully ripe and aromatic, and the red wines showed good structure.

SOUTH AFRICA | The white wines proved to be perfectly mature and stunningly intense a little more than a year after harvest; early flowering and a cool autumn prolonged the ripening period. The cool autumn produced a classic delicately fruity, characterful vintage of red wines.

AUSTRALIA | The prolonged dry period cut the harvest by 11% compared with 2008. The quality of the grapes was good and concentrated, especially in the cooler regions of South Australia (Barossa Valley, Eden Valley).

CALIFORNIA | Storms and rain arrived right in the middle of the harvest period. Vintners who were early were rewarded with fruity, fresh Chardonnays and Pinot Noirs. Late-ripening varieties such as Cabernet had to be treated more selectively. The harvest was difficult and the yield below-average, but qualities are good.

ARGENTINA | The vintners are able to boast an outstanding vintage. The year was dry with an ideal temperature profile. The grapes harvested rank as the best for 10 years; Vintner Philippe Role from Mendoza describes it as a dream come true.

CHILE | Following a notably warm year, the harvest was uninterrupted by rain. The yield was higher than the multi-year average but the quality of the grapes is considered good. The only downside was that the intense heat caused scorching and dehydration damage.

Vineyard at Luján de Cuyo, Mendoza, Andes (The Cordillera), Argentina

FINANCIAL INFORMATION

COMBINED GROUP AND MANAGEMENT REPORT

of Hawesko Holding AG for the 2009 financial year

Hawesko Holding AG has its origins in the wine mail-order company *Hanseatisches Wein- und Sekt-Kontor,* founded in 1964, and the wine specialist retailer *Jacques' Wein-Depot,* which was established in 1974. Hawesko Holding AG was created on 1 January 1998 through the contribution of these companies, together with the wine wholesaler *CWD Champagner-Wein-Distributionsgesellschaft.* In 1999, a majority shareholding of 90% was acquired in the *Wein-Wolf* Group, one of the leading wine wholesalers in Germany, and increased to 100% in 2008. Since the merger with *Wein-Wolf,* the Hawesko Group has been Germany's largest supplier of high-quality wines and champagnes. The Hawesko Group trades wines of superior quality and offers them expertly to consumers (in the "specialist wine-shop retail" and "mail-order" segments) or retailers (in the "wholesale/distribution" segment).

In 2009, approx. 93% of consolidated sales were generated in the Federal Republic of Germany. Each of the group's business segments is a leader in its respective market. Long-standing relations with top wine producers and numerous exclusive distribution rights in Germany for wines of worldwide repute constitute the mainstays of the company's business. The principal locations are Hamburg and Tornesch (management headquarters and administrative offices for the mail-order segment, logistics base for wholesale/distribution and mail-order operations), Düsseldorf (administrative offices for the specialist wine-shop retail segment under *Jacques' Wein-Depot)* and Bonn (administrative offices for the wholesale/distribution segment). The *Jacques' Wein-Depot* sales outlets are spread throughout the country. There moreover exist international branches for wholesale trade (Czech Republic, Austria, France, Switzerland) and of *Jacques' Wein-Depot* (Austria).

Montalcino, Tuscany, Italy

GENERAL SITUATION

GERMAN ECONOMY CONTRACTS SHARPLY IN 2009

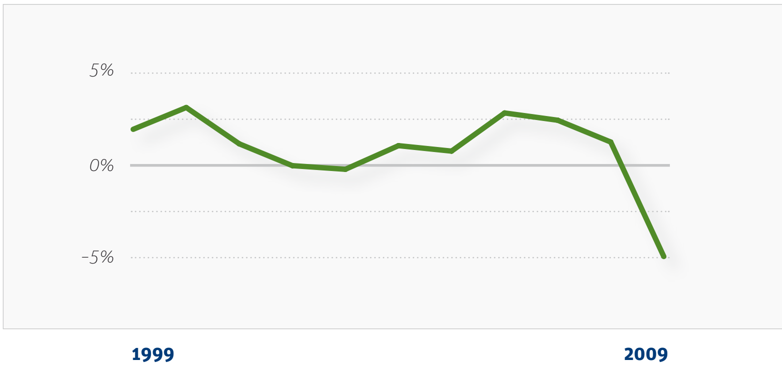
The German economy contracted more sharply than at any time since the Second World War in the crisis-ridden year of 2009. According to initial estimates by the Federal Statistical Office, gross domestic product (GDP) was down 5% on 2008. The preceding years had each yielded year-on-year rises in GDP of 1.3% (2008), 2.5% (2007) and 3.2% (2006). According to the Federal Statistical Office, the epicentre of the economic downturn was in the winter six-month period spanning 2008/2009. Export demand for goods and services was hit the hardest. However, domestic investment was also significantly down on the previous year. The statistics nevertheless indicated a stabilisation of economic output at the new, lower level after the first quarter of 2009. Consumer spending provided a glimmer of hope with a 0.4% rise in 2009 – albeit strongly influenced by motor vehicle purchases, which received a major boost from the introduction of a scrappage bonus. By contrast, spending for purposes other than cars was down on the previous year, and the restaurant trade was very markedly down.

The consumer climate index measured by Gesellschaft für Konsumforschung (GfK) overcame the five-year low from the previous year in January 2009 and continued to edge up until November. According to GfK's market research experts, low inflation and falling prices of mineral oil products and food bolstered consumer spending. A large section of Germany's population did not register any adverse impact on their personal circumstances from the financial and economic crisis in 2009.

GERMAN WINE MARKET

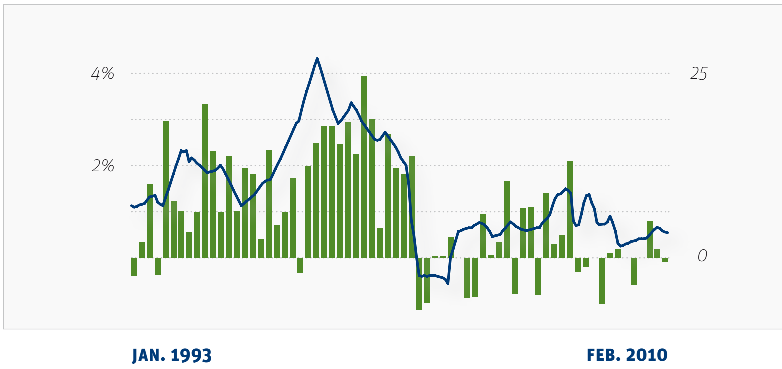
GfK's data indicated that the German wine market achieved 1.2% growth in value in the course of 2009. On the other hand, sales volume contracted by 1.5%. This means that the average price per bottle rose. Within the food retailing trade, including discounters, it was € 2.55 per litre as against € 2.49 in the previous year – meaning that the customary 0.75 l bottle still cost well under € 2.00, at € 1.91 (previous year: € 1.87).

GDP GROWTH (%)



(Source: Destatis)

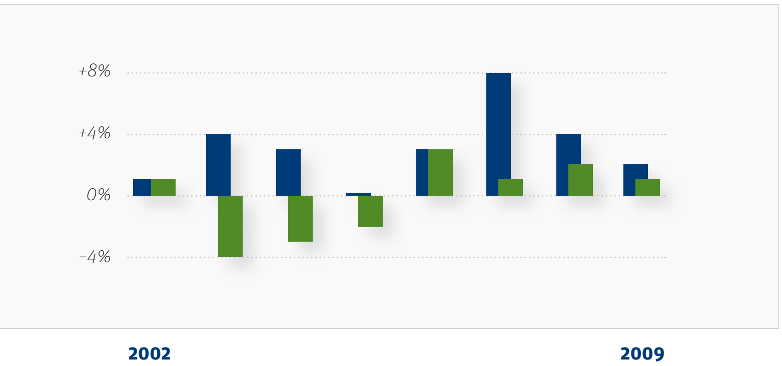
PRIVATE CONSUMPTION EXPENDITURE/CONSUMER CLIMATE



- Consumption expenditure of private domestic households, seasonally adjusted, change against the same quarter of the previous year (in %)
- GfK consumer climate

(Source: Frankfurter Allgemeine Zeitung, 31 March 2005, supplemented by data from GfK and Destatis)

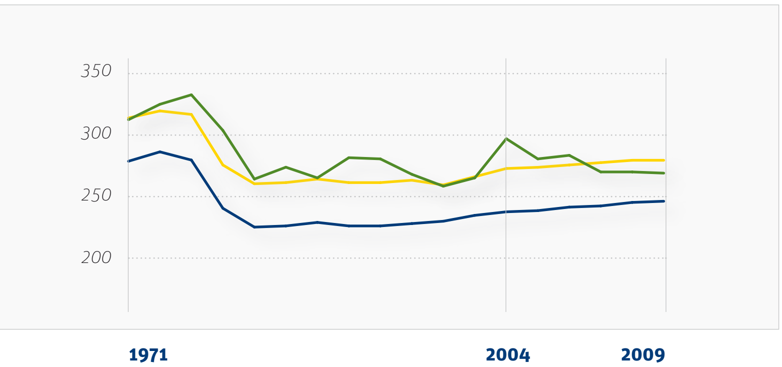
DOMESTIC SALES DEVELOPMENT HAWESKO GROUP (%)



- Hawesko Group domestic sales growth (year-on-year)
- Total German wine market change (year-on-year)

(Source: Wine-market data of the GfK household panel)

WORLD WINE PRODUCTION AND CONSUMPTION (in mill. of hectolitres)



- Comsumption
- Production
- Total use incl. distillation

(Source: Das Deutsche Weinmagazin, 12 January 2010)

This market trend indicates that consumers are increasingly willing to spend more money on wine to be enjoyed at home. On the other hand, the environment for wine consumed away from the home was more difficult. According to GfK, spending by German households on restaurant visits on 2009 was 8% down on the previous year.

The long-term picture nevertheless reveals modest expansion in the German wine market even in the crisis-hit year 2009, with growth predominantly coming in the second half of the year. Prior to that, over the period from 2006 to the first half of 2008, the environment had been generally favourable for the wine market. From the second half of 2008 on, the market was dampened by increasing concerns on financial markets. Looking back still further, for example to the difficult period of 2003 to 2005, the overall value of the market actually fell then: by –4% (2003), –3% (2004) and –2% (2005). It is therefore all the more gratifying to note that the long-term trends remained intact in 2009: the appreciation of wine as an accompaniment to good food and as an expression of sophisticated table culture.

According to estimates by the Hawesko Board of Management, the upmarket segment of the German wine market (i.e. from € 4 per bottle) remained virtually unchanged in 2009 compared with 2008. Reluctance to buy top-class wines was counterbalanced by growth in wines in more affordable price brackets in the upmarket segment. The market as a whole is still dominated by the encroachment of grocery discounters. Over the five-year period from 2001 to 2005, the latter succeeded in increasing their share of the market's volume from around one-third to approximately half. GfK's market data reveals that the market shares of grocery-based distribution forms – in other words those retailers whose range focuses on everyday supplies rather than wine (mainly supermarkets, superstores etc.) – experienced a slight fall in value in 2009 compared with the previous year, while those distribution forms specialising in wine were able to gain ground. Hawesko's Board of Management perceives this development as reflecting the rising popularity of wine drinking per se, and offering additional opportunities for the group's distribution concepts.

Ihringen, Baden, Germany

General oversupply in the buying market remains

The wine market in 2009 was again characterised by an oversupply. According to data published by the International Organisation of Vine and Wine (OIV), worldwide wine production has fallen from its 10-year peak in 2004 but there remains a considerable gap between the trend of slight growth in consumption, year by year, and the production volume. The growth in total vineyard area that has been observed for many years in Australia, South Africa, South America and the USA is exacerbating the market situation in European Union member states, which are already suffering from their own chronic over-production – despite rising demand from North America, South Asia and the Far East.

There remains an oversupply, which primarily affects the lower-price market segment and basic-quality wines. The pressure this exerts on prices does also affect the medium quality categories further up the price range. When one considers the market from the vantage point of the top wines in the upper market segment, it becomes clear that after the Bordeaux boom of 2005 to 2008, the high point of which was the release of the much sought-after 2005 vintage, this market virtually ground to a halt in 2009. Demand for many other top wines in higher price categories was likewise markedly lower in 2009 due to worldwide uncertainty fuelled by the recession. There will nevertheless always remain a market for top-class wines in the top segment because it is fundamentally not possible to expand the world's choice locations; their products are accordingly usually in short supply.

Tradition, the people behind the wines, their philosophy, their vintner's art, the weather and the quality of the harvest are the factors that determine the price a vintage commands.

At the start of 2010 the Hawesko Board of Management detects a recovery in the market, with procurement prices remaining attractive.

Non-uniform trade structure for upmarket products

Below the level of € 4.00 per bottle, the German wine market is dominated by discount grocery retailers such as Aldi. The upscale market segment – i.e. above a price per bottle of € 4.00 – is covered by a large number of smaller suppliers. That portion of the market, in which the Hawesko Group also operates, is largely fragmentary in nature.

Market share of the Hawesko Group continues to grow

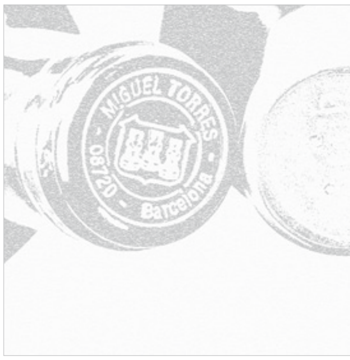
The consolidation of the German wine market between 2002 and 2005 was caused by a difficult domestic economy and the inroads made by cut-price suppliers. The more favourable economic conditions between 2006 and the first half of 2008 then enabled the Hawesko Group to grow more strongly and gain access to new customer groups. Amid the difficult consumer environment of 2009, the Hawesko Group stepped up its marketing efforts to acquire new customers and was thus able to grow faster than the market as a whole, correspondingly increasing its market shares.

STRATEGY

CORNERSTONES OF THE GROUP'S STRATEGY

- *Focusing on the top segment:* Offering a discerning clientele outstanding products, coupled with a very high standard of service.
- *Building on the long-term trend towards superior quality:* The appeal of exclusive wines rubs off on the entire wine trade, because they embody culture, possess charisma and represent values. This is what makes them desirable to the wine connoisseur and transforms them into the benchmark of rising expectations. As a consequence, the market must be tackled through the segment for high-quality wines first. Hawesko has therefore been focusing on that segment for many years.

- *Nurturing ties with the best wine producers in the world:* The Hawesko Group's ranges comprise over 4,000 exclusive products. These ranges can only be managed appropriately by remaining in constant dialogue with the producers in order to address market trends and topical developments. This establishes the basis of trust that enables us to hold onto the best producers and thus guarantees us access to the best wines.
- *Value for money – not cut-price policies:* The Hawesko Group offers its customers high-quality products and corresponding service at fair prices, and provides an expert, differentiated marketing approach for its suppliers. It consciously sets itself apart from mass selling of cheap goods. Its successful efforts to provide quality and define the benchmark in the trade have also been acknowledged in the form of numerous awards.
- *Concentrating on the potential of the German market:* The German wine market is one of the five biggest in the world. Recent estimates, e.g. by the International Wine and Spirit Record, envisage its growth continuing for the next few years. Thanks to having been involved in that market for decades, the individual subsidiaries of the Hawesko Group have built up a strong market position. Business contacts with around two million wine-loving customers have been established and nurtured over many years. Hawesko consequently now acts as the leading gateway to high-quality wines for consumers in Germany. Notwithstanding its strong position in the domestic market, Hawesko's Board of Management is systematically stepping up business activities outside Germany and is actively looking for attractive business opportunities abroad, too.



- *Profitable growth:* To maintain profitability throughout the process of the company's growth, the Hawesko Group is systematically prospecting for new customers and continuously developing and realising new distribution and marketing concepts.

THREE INDEPENDENT BUSINESS SEGMENTS

The Hawesko Group has a structure comprising three operating segments: specialist wine-shop retail, wholesale/distribution, and mail order; there in addition exists a "miscellaneous" segment. The Segment Report in section 41 of the Notes to the consolidated financial statements provides further information. Being active in three segments of the wine trade gives the group a degree of risk diversification and makes its business model correspondingly robust.

The Hawesko Group is organised non-centrally. This organisational structure is an advantage in that it reflects the fact that the wine trade operates essentially as a people business. Nurturing and building on personal contacts with both producers and customers is what matters.

Specialist wine-shop retail

Via the market presence of *Jacques' Wein-Depot,* the specialist wine-shop retailing approach adopts the following strategic coordinates:

- *Target group:* The segment addresses affluent private customers with a higher level of education (in particular the 35 to 60 age bracket) who want to discover more about the world of wine. They are already familiar with the varieties and producing regions, and prefer complex, interesting wines. Under the motto "taste and choose, as at the vintners", *Jacques'* offers them the opportunity to taste around 200 wines in the range – a model that emphasises they are under no obligation to buy adds to their enjoyment of wine.
- *Market segment:* Upmarket wines of authenticated quality, available exclusively at *Jacques';* average value over € 6.00 per bottle, with a focal price bracket of € 4.00 to € 8.00.
- *Distribution:* There exists a system of independent partners (trade representatives) who run the *Jacques' Wein-Depot* outlets in situ. The dedication and expertise of these partners provide vital momentum to the company's success.
- *Growth:* Through the acquisition of new customers for the existing outlets (the advertising measures for which are handled centrally), through optimising the network of outlets and through moderate expansion of the network via the opening of new establishments.

Wholesale/distribution

This segment consists of several subsidiaries, each of which has specialised in particular product areas and has a separate identity. Their goal is to be expert partners to both demanding producers and discerning retailers.

- *Target group:* Catering trade, specialist wholesalers and retailers, department stores as well as upmarket segments of the food retailing trade.
- *Market segment:* Upmarket and premium wines; average value (wholesale) over € 6.00 per bottle, with a bandwidth from € 2.00 to € 1,000.00.
- *Distribution:* Trade agencies and direct mail-order sales.
- *Growth:* By acquiring new customers on the basis of the particular appeal of a range that includes many renowned exclusive wines, and by stepping up international activities (particularly in Germany's neighbouring countries, and with older vintages of Bordeaux wines).

Mail order

The mail order segment comprises the subsidiaries *Carl Tesdorpf – Weinhandel zu Lübeck, Hanseatisches Wein- und Sekt-Kontor* and *Sélection de Bordeaux*.

- *Target group:* The segment focuses on wealthy private customers who have discerning tastes in wine, regard themselves as sophisticated connoisseurs and appreciate the convenience of being able to order choice wines from all over the world from the comfort of their own homes, then have them delivered to their doorstep. The range is in addition aimed at business customers who are looking for gifts for customers, particularly at Christmas.
- *Market segment:* Upmarket and premium wines; average value € 7.00 per bottle, with a bandwidth from € 4.00 to € 1,000.00.
- *Distribution:* A main catalogue (spring/summer and autumn/winter issues) is sent out to the customer base twice a year, backed up by around 20 shorter promotional mail shots per year, each introducing specific offers.
- *Selective expansion:* The mail-order business has already achieved a high market share (in excess of 50%) in its relevant market. Business is being expanded in selected areas in addition to ongoing optimisation measures. The emphasis is currently being placed on the "VinoSelect!" wine club, the sales channel of the internet and the tapping of new customer groups – in the latter case, e.g. through marketing partnerships with leading suppliers of lifestyle products and exclusive services.

STRATEGIC TARGETS FOR GROWTH AND RATE OF RETURN, FINANCING TARGETS

The Hawesko Group's targets for growth and rate of return are as follows:

- *Sales:* The sales growth of the Hawesko Group should always be higher than that of the market as a whole. Even if the overall market is not growing, the group's sales should rise. The Hawesko Group consequently has the objective of constantly increasing its market share.
- *Profit margin:* In 2000, the company set itself the long-term objective of boosting the EBIT margin permanently to 7%.
- *Capital turnover:* In 2000, the company set itself the long-term objective of increasing the capital turnover to a factor in excess of 1.3.
- *ROCE:* In 2005, the Hawesko Group set itself the long-term objective of achieving a minimum return on capital employed of 16%.

Internal steering system and ratios

Financial steering within the Hawesko Group is based on the fundamental principle of profitable growth coupled with a systematic, permanent increase in the value of the company. The sales and earnings performance therefore serves as an important benchmark for the internal steering system. The sales performance is not merely the starting point for calculating business performance, but also a touchstone of substantive, sustained growth. Another important indicator is EBIT and the development in EBIT, which gauges the short-term operating performance of the group and the individual segments. As well as EBIT, the Hawesko Group uses the ratio of EBIT margin.

The group uses the ratio of return on capital employed (ROCE) as a regular benchmark of the level of capital required and of how profitably its business is performing. The aim of the Hawesko Group is to earn the costs of capital derived from the capital market (cf. "Financial position" below, page 31) in every segment of the group.

The group is thus reasserting its objective of investing only in areas of business that generate value or exceed their minimum return in the long term. In the Hawesko Group, ROCE is calculated as follows: EBIT divided by the average capital employed, in other words by the balance sheet total plus capitalised lease commitments less interest-free liabilities and provisions. The ROCE ratios for the business segments and group are as follows:

ROCE

	2006	2007	2008	2009	Anticipated minimum return
Specialist wine-shop retail	29%	30%	36%	32%	> 27%
Wholesale/distribution	15%	23%	23%	13%	> 17%
Mail order	15%	7%	18%	26%	> 22%
Group	18%	16%	23%	20%	> 16%

In addition to this value-oriented ratio, the free cash flow serves as a liquidity-oriented indicator in order to continue assuring adequate financial resources for ongoing business operations and future growth, as well as payment of a dividend that is in line with earnings per share. The sustained optimisation of working capital and effective investment management will perform a crucial role here (cf. “Management and control” below, page 40). The group’s objective is to secure a long-term capital structure and ratio of net financial liabilities to EBITDA that corresponds to a bank rating of “investment grade”.

The following were communicated as targets for 2009 or as long-term rate of return targets, and achieved or not achieved as indicated:

	Objective	2009	Attained
Sales	Mid-range single-digit percentage decrease on previous year (€ 338.8 million), higher growth than the market itself (2009: 1.2%)	€ 338.5 million (–0.1%, in Germany +1.8%)	✔
EBIT	Comfortably positive operating result (EBIT) (previous year: € 25.5 million)	€ 22.4 million (–12.2%)	✔
EBIT margin	Long-term margin of 7% of sales	6.6%	–
Capital turnover	Permanently exceeding a factor of 1.3	2.0	✔
ROCE	Achieving the long-term minimum target return (16%)	20%	✔
Free cash flow	Comfortably positive free cash flow (previous year: € 17.5 million)	€ 20.8 million	✔

The group was able to increase domestic sales by 1.8%, with the result that it again achieved higher growth than the German wine market as a whole which, according to the German Wine Institute, grew by 1.2% in 2009. The Hawesko Group has consequently increased its market share yet again.

Villa Banfi, Tuscany, Italy

OVERVIEW OF BUSINESS PERFORMANCE IN 2009

The Board of Management's assessment is that the Hawesko Group made outstanding progress in the 2009 financial year, despite the financial and economic crisis. The Board of Management attributes the Hawesko Group's economically stable performance in the financial year to its tried-and-tested business model, which is essentially based on multiple sales channels that target each customer group in a very specific way. Thanks to the steady improvements realised in recent years, it has moreover laid sound foundations for its future business performance. In 2009 the economy gradually stabilised as the year progressed, starting from a very difficult position in the first quarter. The nadir of the bitterest recession since the Second World War thus appears to have been overcome. The figures that the Hawesko Group presented in the first six months of 2009 may at first glance appear to be unimpressive, but they were substantially shaped by weak business for Bordeaux subscriptions. After elimination of this factor, consumer business in the mail-order segment was virtually on a par with the previous year and there was even a slight rise in specialist wine-shop retail business. Nevertheless, the wholesale trade felt the impact of slack demand particularly for high-value Bordeaux wines and champagnes. Especially international sales of older vintages of high-quality Bordeaux wines experienced a slump. As the year progressed, this sales channel succeeded in making up lost ground and the end-customer segments continued to grow. The Hawesko Group ultimately ended 2009 with net sales of € 338.5 million, almost repeating the performance of the previous reporting period (€ 338.8 million). The sales achieved in Germany even outstripped the prior-year figure by 1.8%, whereas the German wine market as a whole grew by only 1.2% in 2009 according to figures from the German Wine Institute. Hawesko has therefore again increased its market share.

Further operating improvements were achieved in the year under review. The higher gross profit margin, particularly from mail-order business, is particularly noteworthy. Stronger competitive pressure and falling prices for older vintages of high-quality Bordeaux wines nevertheless diluted this progress.

There was moreover higher expenditure on forward-looking methods of acquiring new customers and on reactivating former customers as well as lower neutral income from the reversal of provisions. The operating result (EBIT) of € 22.4 million was consequently down on the previous year (€ 25.5 million). It was nevertheless towards the upper end of the anticipated range – and the second-highest in the history of the company. The EBIT margin of 6.6% of sales furthermore fell only marginally short of the declared long-term target for the rate of return (7%).

The financial result showed a net expense of € 2.6 million including non-cash non-recurring expenses of € 1.8 million (previous year: expenses of € 3.3 million). The effective tax rate rose from 33% in the previous year to 34% in the year under review. Consolidated net income after taxes and minority interest thus amounted to € 13.1 million or € 1.48 per share (previous year: € 14.6 million or € 1.67 per share); excluding the non-recurring finance expense, earnings per share would have been € 1.68 and therefore on a par with the previous year.

The consolidated balance sheet shows a lower rate of increase in working capital relative to sales. The ROCE target of 16% was therefore easily exceeded, at almost 20%.

The Hawesko Group generated a free cash flow of € 20.8 million in the year under review. This year-on-year increase in spite of lower earnings came from the aforementioned significant reduction in working capital.

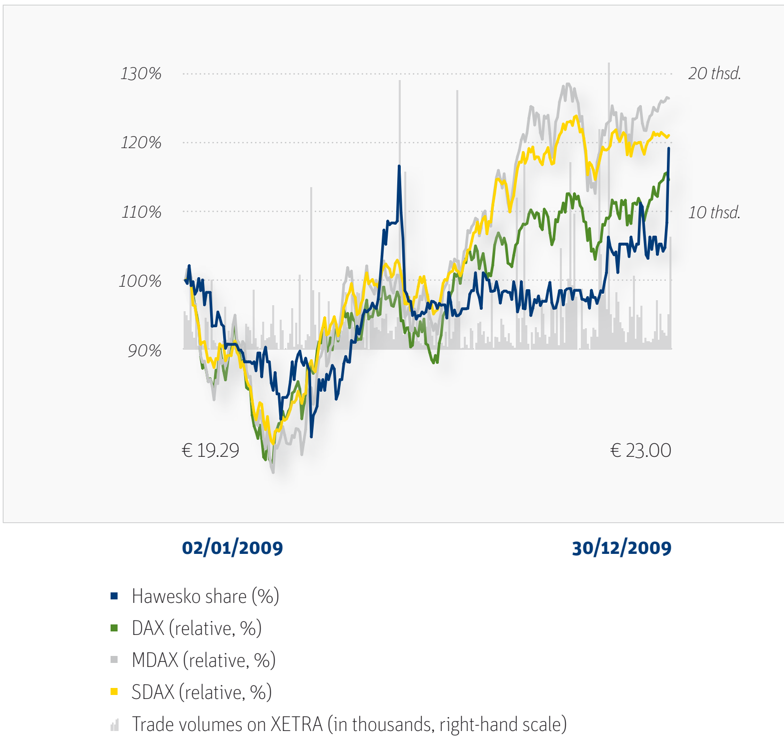
SHARE PRICE DEVELOPMENT AND CAPITAL MEASURES

The performance of stock markets in Germany was utterly dominated by the financial crisis at the start of 2009. Although the German share index DAX started the year above 5,000 points in the first few trading days of the year, it fell sharply (by more than 1,400 points) by March 2009. It subsequently recovered strongly under the influence of US stock markets, this pattern merely being interrupted by a short phase of uncertainty in the early summer. The DAX then ended the year on 5,957 points – a gain of 20%. The mid-cap stock corporations listed in the MDAX performed even more robustly, climbing from 5,756 points to 7,507 points: a gain of 30%. The SDAX small-cap index started the year on 2,837 points and closed on 3,549 points, an improvement of 25%.

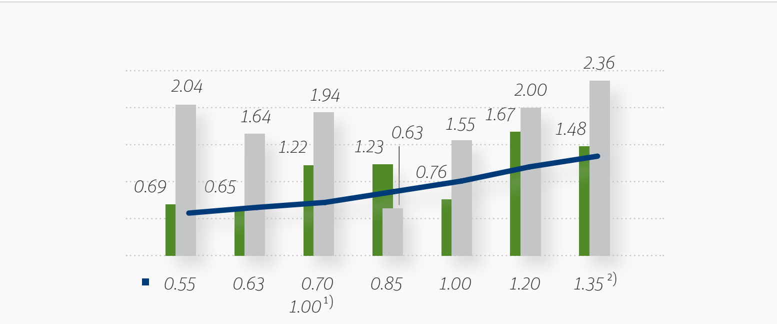
The trading price of Hawesko Holding AG's shares was quoted at € 19.29 on the first day of trading in 2009 and closed the year on € 23.00. This gain of 19% in the course of 2009 meant that they kept pace with the DAX index itself. Over a longer time horizon, Hawesko shares have in fact performed even better because the fall in the Hawesko trading price was not as extreme as the downturn in the indices or in many other shares. Hawesko shareholders furthermore received a dividend of € 1.20 per share in 2009 and consequently enjoyed an income from their investment – as has been the case in every year since the IPO in 1998.

No share buy-backs or other capital measures took place in the 2009 financial year. No authorisation to buy back treasury shares existed. The total number of shares at year-end remained unchanged from the previous year, at 8,844,736. After deduction of the 9,902 treasury shares, the total number of shares outstanding at the end of the year was unchanged at 8,834,834.

PRICE DEVELOPMENT OF THE HAWESKO SHARE/TRADING VOLUMES



KEY DATA PER SHARE (€)



- Earnings per share
- Free cash flow per share
- Dividend per share

1) *incl. of bonus payment*

2) *proposed*

KEY SHARE FIGURES

Year-opening price (€)	19.29
Market capitalisation (year-opening, € million)	170.6
Year-end price (€)	23.00
Market capitalisation (year-end, € million)	203.4
Highest price (30 December, €)	23.00
Lowest price (6 April, €)	14.55
Average daily trading (shares)	2,200
German securities code	604270
ISIN	DE0006042708
Ticker symbol	HAW
Stock exchanges	Frankfurt (Xetra), Hamburg
Market segment	Prime Standard
Reuters	HAWG.de
Bloomberg	HAW:GR

In December 2009 the Board of Management and Supervisory Board resolved to use the approved capital to issue 138,667 new Hawesko shares (with no dividend entitlement for the 2009 financial year) by way of a capital increase for contribution in kind in exchange for the limited partner's share (minority interest) of 15% in the wholesale subsidiary *Weinland Ariane Abayan GmbH & Co. KG,* Hamburg. The capital increase for contribution in kind is expected to be entered on the Commercial Register in the early part of 2010.

INVESTOR RELATIONS

The investor relations activities of the Hawesko Group are designed to maintain an ongoing dialogue with fund managers and other institutional investors, as well as with other capital market participants and representatives. The business situation of the group and the expectations of its management are addressed within this dialogue. The shareholders of Hawesko Holding AG include institutional investors in Germany, the United Kingdom, the USA, France and Scandinavia. As in the previous year, a total of 60 individual meetings with shareholders and their representatives were held in 2009. Hawesko in addition held seven company presentations in Berlin, Hamburg, Frankfurt am Main and Zurich and introduced itself to investors at roadshows in Frankfurt, London, Melbourne, Sydney and Seoul. The development of Hawesko Holding AG is regularly covered by a number of leading banks, including Bankhaus Lampe, CBSeydler Research, Commerzbank, Deutsche Bank, DZ BANK, GSC Research and M.M. Warburg.

FINANCIAL PERFORMANCE, FINANCIAL POSITION AND NET WORTH

FINANCIAL PERFORMANCE

Sales growth at home again outpaces growth in the overall German wine market – market share increased

The net sales of the Hawesko Group fell only slightly by 0.1% in 2009, from € 338.8 million to € 338.5 million. The sales volume amounted to just under 54 million bottles or units (previous year: 51 million bottles). The German market generated around 93% of sales. Wines from France accounted for around 36% of the total, Italian wines for approximately 30% and wines from Spain for some 11%.

Sales growth in the specialist wine-shop retail segment *(Jacques' Wein-Depot)* came not just from the steady nurturing and deepening of existing customer contact, but also from the increasing reactivation of former customers, which boosted the sales performance particularly in the months of May to July. Sales in the mail-order segment were increased year on year thanks to a higher number of active customers and higher response rates, with the "VinoSelect!" wine club concept of *Hanseatisches Wein- und Sekt-Kontor* again yielding improved results. On the other hand sales for the wholesale segment were down due to the absence of a recovery particularly in international business for older vintages of high-quality Bordeaux wines. The market for such wines has been stagnant worldwide since autumn 2008. The same is true of the champagne market.

In addition to the higher sales proceeds for the end customer segments of mail-order and specialist wine-shop retail, where the share in each case rose, the gross profit margin of the Hawesko Group consequently also rose from 40.0% in the previous year to 40.9% in the year under review. The specialist wine-shop retail segment was able to repeat the previous year's gross profit margin. The margin in the mail-order segment rose by virtue of adjustments to retail prices in 2008, whereas it eased back in the wholesale segment.

Personnel expenses comprise wages and salaries, as well as statutory, collectively negotiated and voluntary social contributions. Personnel costs grew from € 31.2 million to € 33.3 million in the year under review. The personnel cost ratio edged up slightly to 9.9% (previous year: 9.2%).

Advertising expenses climbed year on year by € 1.8 million to € 27.8 million, or from 7.7% to 8.2% of sales, following increased acquisition of new customers and the reactivation of former customers. A portion of these costs was recouped through increased sales. Meanwhile the customer structure was permanently improved thanks to the broader new customer base. The group acquired around 200,000 new customers in 2009 (previous year: 180,000). *Jacques' Wein-Depot* acquired around 97,000 new customers (previous year: approx. 88,000) for the existing outlets and therefore succeeded in boosting the total number of active customers by almost 7% to 619,000.

Casablanca Valley, Chile

DEVELOPMENT IN EARNINGS

in € million	2006	2007	2008	2009
EBITDA	**22.9**	**23.3**	**30.0**	**27.1**
Year-on-year change	−1.8%	+1.8%	+28.9%	−9.6%
EBITDA margin	7.6%	7.0%	8.9%	8.0%
EBIT	**18.6**	**18.3**	**25.5**	**22.4**
Year-on-year change	−1.8%	−1.8%	+39.5%	−12.2%
EBIT margin	6.1%	5.5%	7.5%	6.6%
EBT	**17.3**	**15.7**	**22.2**	**19.8**
Year-on-year change	+6.8%	−9.6%	+41.9%	−11.0%
EBT-margin	5.7%	4.7%	6.6%	5.8%
CONSOLIDATED NET INCOME EXCLUDING MINORITY INTERESTS	**10.8**	**6.7**	**14.6**	**13.1**
Year-on-year change	+0.7%	−38.4%	+119.4%	−10.3%
Net margin	3.6%	2.0%	4.3%	3.9%

There was a renewed drive to acquire new customers in the mail-order segment. Compared with around 90,000 new customers in the previous year, the total for the year under review rose significantly to 105,000 first-time buyers. As at 31 December 2009 the mail-order segment had 390,000 active customers on its books (previous year: 375,000); for this purpose, an active customer is defined as someone who has placed at least one order in the past 24 months.

Delivery costs rose by € 0.4 million to € 11.4 million and represented 3.4% of sales (previous year: 3.2%).

Second-best EBIT in the history of the company

The operating result (EBIT) of the Hawesko Group amounted to € 22.4 million (previous year: € 25.5 million) in the year under review. This represents an operating margin of 6.6% of sales (2008: 7.5%). This meant that the long-term target rate of return of 7% was just narrowly missed.

Positive effects on operating results predominantly comprised increased sales in the mail-order and specialist wine-shop retail segments and the improved gross profit margin in the former sales channel. Conversely, the prices of older vintages of high-quality Bordeaux wines suffered under intense pressure of competition, eroding the operating result. Another factor here was the higher expenditure on forward-looking methods of acquiring new customers and on reactivating former customers as well as lower neutral income from the reversal of provisions.

COST STRUCTURE

as % of sales	2006	2007	2008	2009
Personnel costs	–9.5%	–9.3%	–9.2%	–9.9%
Advertising costs	–7.9%	–8.1%	–7.7%	–8.2%
Delivery costs	–3.7%	–3.5%	–3.2%	–3.4%
Other operating income and expenses (balance)	–11.8%	–11.3%	–11.1%	–11.4%
Depreciation and amortisation	–1.4%	–1.5%	–1.3%	–1.4%
TOTAL	**–34.3%**	**–33.7%**	**–32.5%**	**–34.3%**

New customers stimulate sales in specialist wine-shop retail trade

The net sales of the specialist wine-shop retail business segment *(Jacques' Wein-Depot)* were increased by 3.6% in the year under review to € 114.2 million. Like for like, the rise in sales was 2.8%.

Growth was driven by the sharp increase in the number of purchase transactions. This figure was boosted by 5% in 2009 compared with the previous year. The successful efforts to acquire new customers and reactivate former customers also played a part. On the other hand, the average spend was slightly down. The segment also benefited from attractive special offers to mark the 35th anniversary of the company, which enjoyed a very good take-up rate.

At the end of the year under review there were 272 *Jacques' Wein-Depot* outlets, including four in Austria (end of previous year: 271, including four in Austria). At 31 December 2009, rental agreements for two further outlets had in addition been taken out.

The operating result (EBIT) for over-the-counter trade fell from € 14.6 million to € 13.9 million in the reporting period, or by 5.4%. The main factor at work here was that a provision created for the customer loyalty or bonus points was reversed to a lesser extent than in previous years because the customer loyalty points were used to a greater extent. Finally, a small component of the fall in EBIT is attributable to increased expenses for the acquisition of new customers and for reactivating former customers in 2009. The training activities of *Viniversitaet Die Weinschule GmbH* posted a positive result of € 0.1 (previous year: balanced). The previous year's EBIT of € 0.1 million following the market entry in Austria under the name of *Jacques' Wein-Depot* was repeated in 2009.

Wholesale/distribution: consolidation of sales due to economic crisis

The net sales of the wholesale/distribution segment were 5.3% down on the previous year, at € 128.0 million. This drop in sales is largely attributable to the Bordeaux-based subsidiary *Château Classic – Le Monde des Grands Bordeaux,* which specialises in trading in top-class wines from that region. There was very little demand for such wines throughout the entire period under review in the wake of the financial and economic crisis. In the previous year, the drastic downturn in sales volume had only set in during the second half of the year. Other factors behind the lower sales for this distribution channel include the markedly lower sales of French wines and champagnes. A general trend towards lower-priced wines can be identified. Thanks to its strong position, the wholesale/distribution segment was able to compensate in part for this downturn in sales through its improved domestic business in Italian wines. In addition the subsidiary *Deutschwein Classics,* established in 2006 and specialising in sales of German wines, again reported an expansive business performance. *Wein-Wolf* almost matched the previous year's sales figure in Austria with its activities based around the discerning business concept of "a wealth of individuality", whereas the economic crisis affected its business in the Czech Republic to a greater extent.

In view of the generally downward direction of sales in the wholesale segment, the pressure on prices for Bordeaux wines and consequently the poorer fixed costs coverage ratio, the wholesale/distribution segment saw its operating result (EBIT) deteriorate to € 5.3 million, compared with € 8.7 million in the previous year. Year on year, the EBIT margin lost 2.2 percentage points due to the price pressure in this sales channel and reached 4.2% in the reporting period.

More active customers and better response rates in mail-order segment

Net sales for the mail-order business segment climbed to € 96.3 million in 2009. This 3.2% increase was achieved mainly through a higher number of active customers and higher response rates, with the result that certain sales and gross profit expectations based on the many promotional mail shots were clearly exceeded. After elimination of the very strong subscription business for the 2005 Bordeaux vintage from the prior-year figures, the increase in sales actually reached 6.5%. The segment was able to capitalise on the 45th anniversary of *Hanseatisches Wein- und Sekt-Kontor* in the year under review. The successful continuing expansion of the "VinoSelect!" wine club concept, too, produced a further rise in sales. Sales proceeds for gifts business fell short of the previous year due to lower order values and a smaller total number of orders from both corporate and private customers. *Carl Tesdorpf – Weinhandel zu Lübeck* was unable to match the previous year's sales figure on the one hand due to a smaller, optimised advertising print run and on the other hand because of extreme consumer reticence in the field of luxury goods, and saw its sales drop by 15%.

There was substantial growth in the proportion of sales handled over the internet in the mail-order segment. This ratio climbed from 15% in the previous year to 17% in 2009, an increase of 21%.

There was a decrease in both the average number of bottles per order (by 2%) and the average order value (by 5%), mainly on account of weaker gifts and subscription business coupled with increased acquisition of new customers. Prospecting for new customers remains a priority of the segment, because this extends its business basis. Around 105,000 new customers were acquired (previous year: 90,000; in each case excluding the normal annual migration). The ordering frequency rose as expected.

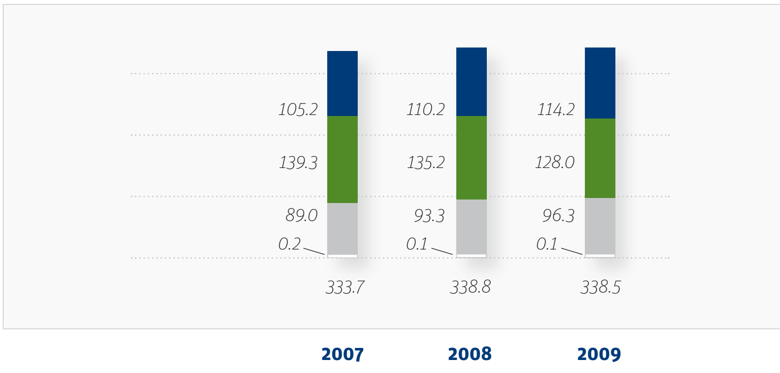
The operating result (EBIT) for the mail-order segment rose to € 7.7 million (previous year: € 6.1 million). This higher operating result was driven by a combination of higher sales and an improved gross profit margin.

Balanced operating result (EBIT) for logistics

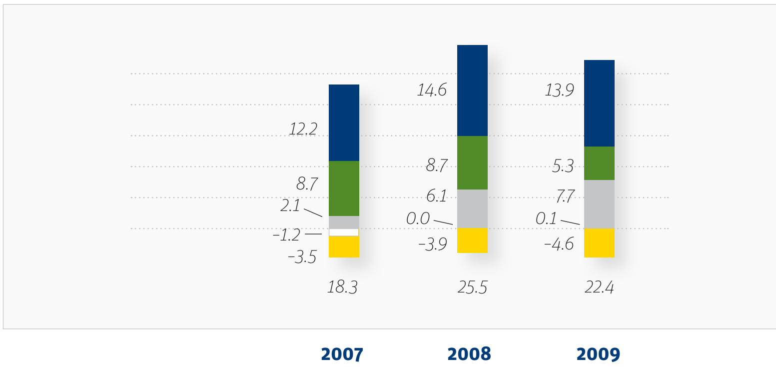
The subsidiary *IWL Internationale Wein Logistik* in Tornesch, near Hamburg, complements the mail-order and wholesale activities through its logistics services. To an economically negligible extent it also performs logistics services on behalf of customers outside the group. As expected, these external sales fell by 46% in the year under review. Thanks to the improved sales performance of the Tornesch sales companies, combined with their greater efficiency and also improved capacity utilisation thanks to the introduction of flexible working hours in the course of the previous year, the operating result (EBIT) for this company as at the end of 2009 showed an increase, moving into positive territory.

At group level, the costs for the holding company and consolidating items amounted to € 4.6 million in the year under review, compared with € 3.9 million in the previous year. The rise was substantially attributable to higher consultancy costs necessitated both by plans to expand internationally and by a resolution to increase capital against a contribution-in-kind.

SALES BY SEGMENT (€ million)



EBIT BY SEGMENT (€ million)



EBIT MARGINS

as % of sales	2007	2008	2009
Specialist wine-shop retailing	11.6%	13.3%	12.1%
Wholesale	6.2%	6.4%	4.2%
Mail order	2.4%	6.5%	8.0%

Consolidated net income

The consolidated earnings before taxes for the 2009 financial year totalled € 19.8 million, down € 2.4 million on the prior-year figure. The financial result showed a net expense of € 2.6 million (previous year: expenses of € 3.3 million). A non-recurring finance expense of € 1.8 million was incurred in 2009 through the resolution by the Board of Management and Supervisory Board to buy the limited partner's share (minority interest) in a subsidiary in the wholesale segment; 138,667 new Hawesko shares (with no dividend entitlement for the 2009 financial year) are to be issued in the early part of 2010 by way of a capital increase for contribution in kind. There was a partially compensating effect of lower average net debt for the year, with interest rates significantly lower. The effective tax rate rose slightly from 33.2% in the previous year to 33.5% in 2009 (cf. No. 15 of the Notes to the consolidated financial statements). This, together with higher earnings before taxes, produced consolidated net income of € 13.2 million (previous year: € 14.8 million).

Consolidated net income excluding minority interests totalled € 13.1 million in the year under review. The previous year's figure was € 14.6 million.

Earnings per share amounted to € 1.48 (2008: € 1.67). The diluted earnings per share reached € 1.46; this figure takes into account the dilutive effect of the 138,667 shares issued by way of the capital increase for contribution in kind.

Net income of the parent company

The income statement of Hawesko Holding AG, as group parent, is dominated by its holding activities and – unlike the consolidated income statement – is prepared in accordance with the German Commercial Code. The higher overall earnings of the subsidiaries meant that the investment result improved from € 22.2 million in the previous year to € 24.5 million in the year under review. After deduction of expenses and taxes, there remained net income of € 17.5 million (previous year: € 17.1 million). Taking account of the profit carryforward of € 0.4 million from the previous year and following allocation of € 5.5 million to the other retained earnings, there remains an unappropriated profit of € 12.4 million.

FINANCIAL POSITION

Principles and aims of financial management

The principles and aims of financial management were explained above on pages 20–21 in the section “Strategy”.

Financing analysis

The capital requirements of the Hawesko Group comprise the capital expenditure on property, plant and equipment and intangible assets, the financing of operating activities and the payment of the dividend. For these purposes, the Hawesko Group finances itself largely through working capital credit, finance leases and the cash flow from operations that it generates. At 31 December 2009, the cash resources of the group comprised cash amounting to € 13.0 million (previous year: € 10.1 million). There exist unlimited credit facilities with a volume totalling € 36.0 million, of which € 6.0 million is available seasonally to finance Christmas business. At 31 December 2009, these credit facilities were only drawn on to a level of around 3%. Overall, the Hawesko Group reported short-term and long-term borrowings amounting to € 8.2 million at that reporting date. Of this total, € 2.5 million is due within the next twelve months.

The short-term borrowings consist predominantly of bank loans from German banks on the basis of credit agreements. The contractual obligations of Hawesko Holding AG that they contain (financial covenants) have always been met. The existing credit facilities moreover guaranteed adequate cash levels at all times during the year under review. The long-term borrowings only consist of liabilities from finance leases amounting to € 5.8 million.

According to group calculations, the costs of the equity and borrowed capital made available to the group are currently 8.0%. They comprise the weighted costs of the equity capital of 8.1% on the one hand, and of the borrowed capital of 3.68% on the other. In calculating the cost of equity, the group works on the basis of a long-term risk-free interest rate of 4.25% and a risk premium of 5.0% at beta = 0.76.

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2009:

(rounding differences are possible)	Short-term € million	Short-term %	Long-term € million	Long-term %	Total € million
Due to banks	1.2	*100.0*	–	*0.0*	**1.2**
Finance leases	1.2	*17.1*	5.8	*82.9*	**7.0**
TOTAL	**2.5**	*30.5*	**5.8**	*69.5*	**8.2**

COMPOSITION OF BORROWINGS AT 31 DECEMBER 2008:

(rounding differences are possible)	Short-term € million	Short-term %	Long-term € million	Long-term %	Total € million
Due to banks	6.8	*100.0*	–	*0.0*	**6.8**
Finance leases	1.1	*13.6*	7.0	*86.4*	**8.1**
TOTAL	**7.9**	*53.0*	**7.0**	*47.0*	**14.9**

The short-term loans are rolling borrowings denominated in euros, in each case with a maturity of between one and three months. The interest rate risk is hedged against by means of derivative interest-rate hedging tools at group level, without the hedging criteria of IFRS being satisfied. The terms of the long-term borrowings and details of the recognition of the financial derivatives as well as of the finance leases are shown in the Notes to the consolidated financial statements, from page 80.

Net debt fell by € 9.7 million in the year under review of 2009, producing net liquidity of € 4.2 million. The € 5.6 million reduction in amounts due to banks and the € 2.9 million rise in cash were the main factors behind this development.

The following table shows the development in the net debt owed:

€ million (rounding differences are possible)	**2009**	**2008**
Due to banks	1.2	6.8
+ Finance leases	7.0	8.1
+ Provisions for pensions	0.6	0.6
= GROSS DEBT OWED	**8.8**	**15.6**
– Cash	–13.0	–10.1
= NET LIQUIDITY (previous year: net debt owed)	**–4.2**	**5.5**

Off-balance-sheet financial instruments, such as loan asset sales, are not used.

Vineyard near Alcamo, Sicily, Italy

Liquidity analysis

CONSOLIDATED CASH FLOW

€ million	2009	2008
Cash flow from current operations	+28.8	+24.7
Cash flow from investing activities	−7.1	−5.8
Cash flow from financing activities	−16.1	−19.8

The consolidated cash flow from current operations improved by € 4.1 million to € 28.8 million. This year-on-year improvement, despite the lower result, was achieved by virtue of a substantial reduction in inventories. There was an opposite development in trade receivables because the group posted a disproportionately strong sales performance in the final quarter of the year under review. Trade payables also rose in parallel with the trade receivables, with the result that the rise in receivables was virtually cancelled out.

The cash flow from investing activities includes cash outflows for property, plant and equipment and intangible assets amounting to € 6.0 million. The investments in intangible assets (€ 2.7 million) concern mainly acquired goodwill and other intangible assets acquired through an asset deal for the new group company *Jacques-IT GmbH* as well as capital expenditure on new financial and goods management software for the wholesale segment. Capital expenditure on property, plant and equipment (€ 3.3 million) mainly comprised the expansion and modernisation of retail outlets in the specialist wine-shop retail segment, and expansion and replacement investment.

The sum of € 0.4 million was in addition spent on the acquisition of shares in the British company *Majestic Wine PLC*.

The free cash flow (total of cash flows from current operations and investing activities less interest paid), an important indicator within the Hawesko Group, rose by € 3.3 million to € 20.8 million.

The cash flow from financing activities mainly reflects the payment of the dividend (€ 10.6 million).

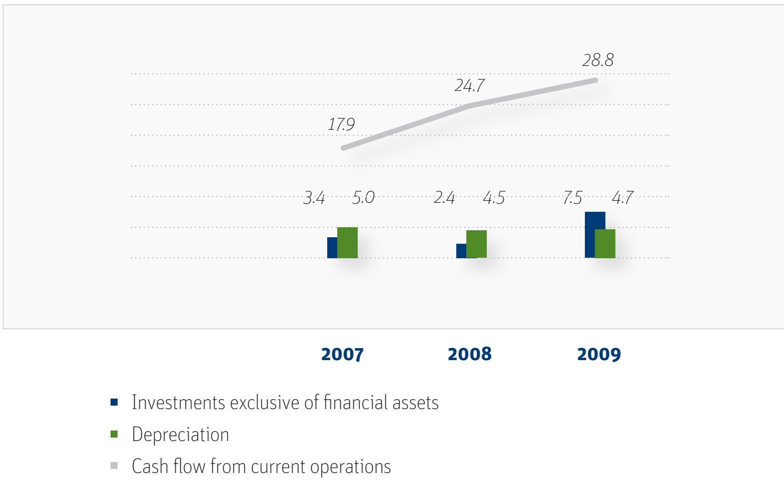
Investment analysis

The Hawesko Group invested € 7.5 million in intangible assets and in property, plant and equipment in the year under review (previous year: € 2.4 million). In relation to sales, the investment ratio was thus approximately 2.2% (previous year: 0.7%).

Capital expenditure on property, plant and equipment totalled € 3.2 million (previous year: € 2.1 million), the bulk of which, € 1.4 million, was used for the modernisation of the specialist wine-shop retail segment *(Jacques' Wein-Depot),* as well as for replacement and expansion investment in the wholesale segment (€ 1.1 million) and mail-order segment (€ 0.6 million).

The investments in financial assets of € 0.5 million (previous year: € 3.6 million) were in connection with the acquisition of shares in *Majestic Wine PLC* (see above). At the balance sheet date, they were carried on the consolidated balance sheet at a fair value of € 5.1 million.

INVESTMENTS/DEPRECIATION/CASH FLOW (€ million)



STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – ASSETS

€ million (rounding differences are possible)	2009	as % of balance sheet total	2008	as % of balance sheet total
NON-CURRENT ASSETS				
Intangible assets	11.6	7%	8.9	5%
Property, plant and equipment	20.4	12%	20.6	12%
Financial assets	5.4	3%	2.3	1%
Deferred tax liabilities	5.6	3%	7.3	4%
Other	3.5	2%	5.6	3%
	46.5	**27%**	**44.7**	**26%**
CURRENT ASSETS				
Inventories	68.6	40%	72.3	43%
Trade receivables	43.0	25%	40.2	24%
Cash and other current assets	15.5	9%	12.8	8%
	127.1	**73%**	**125.4**	**74%**
BALANCE SHEET TOTAL	**173.6**	**100%**	**170.1**	**100%**

FINANCIAL POSITION

Debt level further reduced

The consolidated balance sheet total grew from € 170.1 million in the previous year to € 173.6 million in the year under review. This represents a rise of 2.1%.

The non-current assets rose from € 44.7 million in the previous year to € 46.5 million in the year under review in particular following the addition of the goodwill and other intangible assets recognised at fair value from the first-time consolidation of *Globalwine AG* and *Jacques-IT* as new subsidiaries of the group. This item includes e.g. goodwill arising mainly from the consolidation of the *Wein-Wolf* Group (€ 4.5 million) from *Globalwine AG* (€ 0.6 million), from *Château Classic – Le Monde des Grands Bordeaux* (€ 0.2 million), from *Jacques-IT* (€ 0.5 million) as well as from *Carl Tesdorpf – Weinhandel zu Lübeck* (€ 0.3 million).

Within the "Other" item, the long-term advance payments for inventories showed a decrease of € 1.9 million to € 2.5 million as a result of the reclassification of advance payments for the 2007 Bordeaux vintage as current assets. The deferred tax assets item fell by a total of € 1.7 million.

Current assets overall edged up from € 125.4 million to € 127.1 million. The significant decrease in inventories contrasted with a rise in trade receivables and cash, which was prompted by the overproportional sales growth in the final quarter.

Consolidated equity rose year on year by € 5.0 million to € 82.2 million. This was mainly attributable to the higher retained earnings. The equity ratio (prior to the distribution of profit) therefore rose from 45% to 47% of the balance sheet total. The € 7.2 million rise in retained earnings to € 41.0 million is principally the result of the allocation to reserves from the previous year's unappropriated profit.

Gau-Bickelheim, Rheinhessen, Germany

STRUCTURE OF THE CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

€ million (rounding differences are possible)	2009	as % of balance sheet total	2008	as % of balance sheet total
SHAREHOLDERS' EQUITY				
Subscribed capital	13.5	8%	13.5	8%
Capital reserve	6.5	4%	6.5	4%
Retained earnings	41.0	24%	33.8	20%
Accumulated other equity	1.0	1%	–1.6	–1%
Unappropriated group profit	19.7	11%	24.4	14%
Equity of the shareholders of Hawesko Holding AG	81.7	47%	76.6	45%
Minority interest	0.5	0%	0.6	0%
	82.2	**47%**	**77.2**	**45%**
LONG-TERM DEBT				
Provisions	0.8	0%	0.9	1%
Non-current portion of borrowings	5.8	3%	7.0	4%
Other non-current liabilities and deferred tax liabilities	2.5	1%	1.1	1%
	9.1	**5%**	**9.0**	**5%**
SHORT-TERM PROVISIONS AND LIABILITIES				
Minority interest in the capital of unincorporated subsidiaries	2.6	2%	1.4	1%
Provisions	–	0%	0.1	0%
Current portion of borrowings	2.5	1%	8.0	5%
Advances received	3.7	2%	6.8	4%
Trade payables	49.0	28%	45.6	27%
Other liabilities	24.5	14%	22.1	13%
	82.3	**47%**	**83.9**	**49%**
BALANCE SHEET TOTAL	**173.6**	**100%**	**170.1**	**100%**

Non-current liabilities amounted to € 9.1 million, representing an increase of € 0.1 million. Borrowings were down € 1.2 million in the year under review, to € 5.8 million. As there were no new long-term borrowings, this item fell as a result of the scheduled repayments. There was a compensating rise in advance payments for Bordeaux subscriptions; there was greater demand for the 2008 vintage than for the 2007 vintage, which was recognised under this item in the previous year.

The minority interest in the capital of unincorporated subsidiaries increased by € 1.2 million compared with the previous year. This item substantially comprises the settlement obligation for the 15% limited partners' share of the subsidiary *Weinland Ariane Abayan.* The Board of Management and Supervisory Board resolved to issue 138,667 new Hawesko shares (with no dividend entitlement for the year under review) by way of a capital increase for contribution in kind in exchange for this limited partners' share.

Other short-term provisions and liabilities were down € 2.8 million. The reduction in short-term borrowings of € 5.5 million was cancelled out to some extent by the higher trade payables.

The financial position is not affected to any significant degree by the differences between market values and the assets and debts recognised in the accounts. No off-balance-sheet financial instruments exist.

The capital turnover was 2.0, as in the previous year.

There exist no substantial assets used that are leased but not recognised on the balance sheet. In the specialist wine-shop retail segment, the shops operated by *Jacques' Wein-Depot* are fundamentally rented and are therefore not reported under fixed assets.

Soft assets

The principal intangible assets of the group that do not qualify for recognition in the financial statements come under the category of relationships with customers and suppliers. This means in particular the customer file, which covers a substantial portion of the group of people in Germany who are interested in high-quality wines. The warehousing and transport logistics furthermore constitute a major asset.

The specialist wine-shop retail and mail-order segments served approx. one million end customers (previous year: approx. 900,000) in Germany and Austria. The average spend of these customers during the past year was approx. € 210 (previous year: € 237) net. The fall in this figure compared with the previous year is attributable to the stepping-up of activities to acquire new customers, as first-time purchases normally have a lower average value. The customer base of the wholesale segment comprises around 12,000 customers, predominantly in Germany; they are made up of grocery retailers, specialist wine retailers and the catering branch.

Long-standing relations with the world's best vintners are a further asset in the wine trade. The exclusive distribution rights for certain leading brands in individual sales markets are also of significance. The Hawesko Group has the distribution rights for Germany for the producers Marchesi Antinori, Baron Philippe de Rothschild, Domaines Barons de Rothschild (Lafite), Penfolds, Rosemount, Taittinger and Torres.

Hawesko is able to capitalise on a major advantage thanks to its special logistics arrangements, in other words the warehousing, handling and dispatching of its wines to customers in a manner that befits such a sensitive, high-quality product. For its mail-order logistics, the group has a fully climate-controlled delivery centre at Tornesch, near Hamburg, where the processes are tailored precisely to the specific nature of mail-order trade with consumers. Since summer 2007, *IWL Internationale Wein Logistik GmbH* has in addition handled logistics for the *Wein-Wolf* Group from there. Integration of the warehouse yields synergy benefits in the form of higher warehouse capacity utilisation and more flexible personnel deployment thanks to scope for combining movements of goods for the mail-order and wholesale segments. In the specialist wine-shop retail area, on the other hand, predominantly third-party service providers are used because the processes in this instance are closer to the established norm in logistics.

EMPLOYEES

The positive performance of the Hawesko Group in the past financial year is substantially down to the expertise, experience and exceptional dedication of its employees. They ensure day in, day out that the group's customers feel they receive outstanding advice and service, and enjoy making their wine purchases from the group companies.

The group employed an average of 657 people in the 2009 financial year, predominantly in Germany; this compares with 614 in the previous year (inclusive of pro-rata consolidated joint ventures). The number of employees in the year under review rose in the wholesale segment and at the subsidiary that takes charge of mail-order and wholesale logistics, *IWL Internationale Wein Logistik*. The employee total in the remaining areas of the Hawesko Group remained on a par with the previous year. The employee structure for the year under review, on the basis of function, was as follows: 48% of employees were engaged in the marketing/distribution/customer service areas, 16% in administration and IT, 29% in logistics, and 7% in purchasing and procurement.

QUALIFICATIONS AND TRAINING

Ongoing training for employees is treated as a high priority by all companies in the Hawesko Group. Only well trained employees will be capable of achieving the high standards that the market and our customers expect. The Hawesko Group therefore both provides training in line with requirements, and specific further training.

Successfully recruiting junior employees starts with offering a diverse range of options for school-leavers. In the year under review, the group had 23 apprentices. Traineeships are predominantly in commercial vocations such as wholesale or retail clerks, or office clerks. Those at the start of their career can also train in information technology and warehouse logistics.

To realise additional potential, by way of systematically training up junior employees, sandwich training courses are offered in business administration and commercial information technology, in partnership with Nordakademie Elmshorn. These training courses represent an alternative to exclusively theory-based studies, and juniors complete their practical training at Hawesko.

TOTAL EMPLOYEES

(inclusive of pro-rata consolidated joint ventures)

The further training measures available within the Hawesko Group are based on courses designed to develop the personal performance profiles of individual employees. Employees are in addition offered internal training courses, focusing predominantly on goods management and on the handling of user software. Expenditure on training and advancement measures in the year under review amounted to € 0.2 million, as in the previous year.

SOCIAL RESPONSIBILITY

In addition to qualifications, the motivation and health of all employees are key factors of their successful performance. Active health management can therefore be regarded as an investment in the future and has now become a vital component of responsible, sustainable corporate culture within the Hawesko Group.

Examples of how the company helps to promote the health of its employees include the offer of flu vaccinations, the provision of fresh fruit during winter, and back training courses held in partnership with a major statutory health insurance provider. To promote health and awareness of the importance of more movement as part of everyday life, the "G-Fit" competition was held at the Düsseldorf location to measure the distances covered by participants while going about their work.

There is also a wide range of fringe and welfare benefits available to the Hawesko Group's employees. These include most notably retirement benefit arrangements and schemes, and opportunities for employees to participate in the company's success through profit-sharing schemes.

Hawesko Holding AG is a member of the Pensionskasse des Handels pension fund. Our membership paves the way for providing all domestic employees of the Hawesko Group with effective retirement benefit arrangements, including cover for invalidity and surviving dependants. The combination of employer subsidies and a component taken directly from the individual employee's salary makes it possible to build up a stable provision for old age through contributions that are exempt from tax and social insurance contributions. At 31 December 2009, 291 employees of the group belonged to this pension fund. As in the previous year, collectively negotiated employer subsidies amounted to € 0.1 million in the year under review.

RESEARCH AND DEVELOPMENT

As a trading company, the Hawesko Group does not perform research and development in the narrower sense. The cost of developing exclusively marketed vintages in partnership with renowned wine producers – including the registration and protection of brands – does not exceed an amount of € 0.1 thousand per year.

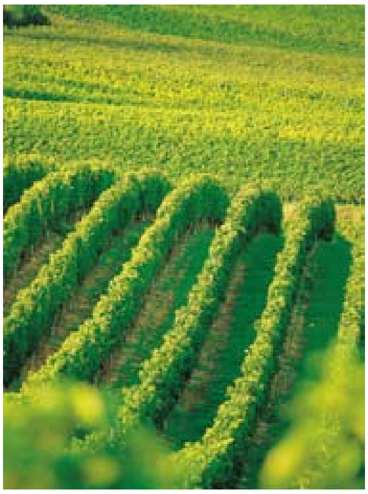
OVERALL STATEMENT ON THE COMPANY'S ECONOMIC SITUATION

The Board of Management of Hawesko Holding AG is satisfied with the business performance in the year under review. Despite the economic crisis, sales were maintained at the prior-year level. Sales in Germany bettered the previous year's figure by 1.8% and thus outperformed the German wine market, which grew by 1.2%. The operating result reached € 22.4 million and is the second-highest figure in the history of the company. The financial situation again improved in the year under review, and net liquidity provides a sound basis for future growth. The 2010 financial year will undoubtedly present the Hawesko Group with further challenges, but the Board of Management is convinced that its established business model will prove to be stable.

LEGAL STRUCTURE OF THE GROUP AND INFORMATION REQUIRED UNDER TAKEOVER LAW

REPORT PURSUANT TO SECTION 315 PARA. 4 OF GERMAN COMMERCIAL CODE IN CONJUNCTION WITH SECTION 120 PARA. 3 NO. 2 OF GERMAN STOCK CORPORATION LAW:

Hawesko Holding AG has been listed on the stock exchange since May 1998. The subscribed capital amounting to € 13,497,324.27 is divided into 8,844,736 no par value bearer shares, all of which are equipped with identical rights and obligations. The company is not aware of any restrictions affecting voting rights or the transfer of shares. Equally, no other classes of share exist. Under the articles of incorporation the Board of Management is, with the approval of the Supervisory Board, authorised until 31 May 2013 to increase the capital stock by up to a total of € 6,352,163.73, by issuing new no par value bearer shares. No authorisation to acquire treasury shares pursuant to Section 71 Para. 1 No. 8 of German Stock Corporation Law exists. An amendment to the articles of incorporation requires a shareholders' resolution carried by at least three-quarters of the capital stock represented.



The principal agreements of Hawesko Holding AG, which contain a clause in the event of the takeover of Hawesko Holding AG, relate to agreements with various suppliers on exclusive sales rights, bilateral credit facilities with German banks and employment contracts with two members of the Board of Management. In the event of a takeover, the respective suppliers and lenders have the right to terminate the agreement or credit facility and, if appropriate, to call in any loans; the two members of the Board of Management are entitled to compensation in the event of termination of their employment following a change of control (in this connection please refer to the Note 45 to the consolidated financial statements). A takeover is assumed to have taken place if a third party obtains control of Hawesko Holding AG; this may also be a group acting jointly.

The Board of Management Chairman, Alexander Margaritoff, is the biggest shareholder of Hawesko Holding AG via Alexander Margaritoff Holding GmbH, with just over 30% of the shares. He is followed by Detlev Meyer with a shareholding of nearly 26% via Tocos Beteiligung GmbH, and Michael Schiemann, with a 5% shareholding via Augendum Vermögensverwaltung GmbH. The remaining approx. 39% are held by institutional and private investors. There are no employee shares as defined in Sections 289 Para. 4 No. 5, 315 Para. 4 No. 5 of German Commercial Code.

The Hawesko Group has a holding-company structure, with the parent company Hawesko Holding AG holding 100% or a majority of the shares in the operative subsidiaries, whose activities are predominantly in the wine trade. In the case of the subsidiaries where the shareholding is not 100%, the director responsible generally holds a minority interest. The parent company Hawesko Holding AG and a majority of the subsidiaries (26) have their place of incorporation in the Federal Republic of Germany; they are consequently subject to the laws of that country, which decisively influence the framework conditions for their business operations. The subsidiaries not based in Germany or Switzerland all have their place of incorporation within the European Union. No substantial factors influencing business need be mentioned.

The Hawesko Group is essentially divided into three largely independent business segments (cf. "Strategy", page 19–20).

MANAGEMENT AND CONTROL

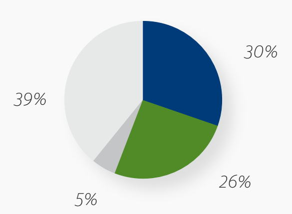
Independent responsibility for the running of the company and for the appointment of representatives for transactions with third parties rests with the Board of Management of Hawesko Holding AG. It comprises four members and reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group.

The Supervisory Board appoints the members of the Board of Management. Members of the Board of Management may be appointed for a maximum of five years. The reappointment or extension for a maximum of five years requires a renewed resolution by the Supervisory Board.

The Board of Management is overseen and advised by the Supervisory Board. In accordance with the articles of incorporation the Supervisory Board comprises six members, elected by the Shareholders' Meeting. In accordance with the legal requirements, the Supervisory Board is informed regularly, promptly and comprehensively by the Board of Management of all plans, business developments and risks that are of relevance to the company. The Board of Management coordinates the strategic emphasis of the group with the Supervisory Board.

The shareholders exercise their right to have a say in the running and supervision of the company through the Shareholders' Meeting. Every share in Hawesko Holding AG carries one vote.

SHAREHOLDER STRUCTURE (%)



- Alexander Margaritoff Holding GmbH
- Tocos Beteiligung GmbH (Detlev Meyer)
- Augendum Vermögensverwaltung GmbH
- Institutional and private investors (free float)

The principle of "one share, one vote" is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Shareholders' Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Shareholders' Meeting.

Each business segment of Hawesko Holding AG is headed by a member of the Board of Management, who is responsible for defining and attaining the segment targets and possesses authority to issue instructions within the segment.

The Board of Management uses EBIT and ROCE as the basis for its steering approach. The target minimum rates of return were outlined above under "Strategy". The targets and the development of the individual segments on the basis of these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

The Notes to the consolidated financial statements contain full details of the members of the Board of Management and Supervisory Board.

Pursuant to Section 289a of German Commercial Code, publicly listed companies are to prepare a corporate governance declaration and incorporate it into their management report as a separate section. It may also be made publicly accessible on the company's website. This declaration, which contains the declaration pursuant to Section 161 of German Stock Corporation Law as well as relevant disclosures on corporate management practices implemented over and above the statutory requirements, a description of the modus operandi of the Board of Management and Supervisory Board, and the composition and modus operandi of their committees, is published in the Annual Report (page 100) and can also be accessed on the internet at http://www.hawesko.com -> Investor Relations -> Corporate Governance.

Barossa Valley, South Australia

REMUNERATION REPORT

The remuneration of Board of Management members comprises a fixed and a variable component, as well as retirement benefit components. The criteria by which the appropriateness of remuneration is gauged comprise the tasks of the individual Board of Management member, his personal performance, and the economic situation, success and future prospects of the company compared with its context.

The variable component comprises a performance-related payment that is fundamentally based on the net income; there is no component with a long-term incentivising effect. The remuneration of the Board of Management is show in the following table:

€'000	Fixed	Variable	Total
Alexander Margaritoff	991	789	1,780
Bernd Hoolmans	405	214	619
Bernd G. Siebdrat	254	456	710
Ulrich Zimmermann	190	90	280
TOTAL	**1,840**	**1,549**	**3,389**

The Board of Management member Bernd Hoolmans was granted a retirement pension when reaching the age of 65, as well as invalidity pay. A provision totalling € 117 thousand (previous year: € 120 thousand) was recognised for this commitment at 31 December 2009. The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay when reaching the age of 65. The company made a payment of € 10 thousand into a benevolent fund for this commitment during the year under review.

Santa Eugenia, Mallorca, Spain

The contracts of Board of Management members generally envisage a two-year post-contractual competition ban. For the duration of the post-contractual competition ban, the Board of Management member in question receives compensation amounting to 50% of their last average contractually agreed annual pay.

In the event of termination of their employment contract following a change of control, two members of the Board of Management are entitled to compensation.

The Supervisory Board's remuneration was supplemented by a variable component by shareholders' resolution dated 8 June 2000, paid in addition to the fixed component. The Supervisory Board members currently receive a fixed payment of € 4,200.00 per year plus reimbursement of expenses (as well as any VAT, if due, on their Supervisory Board activities). Each Supervisory Board member in addition receives € 1,050.00 in attendance fees for each plenary or committee meeting attended. The Chair receives twice this amount, and the Deputy Chair one-and-a-half times it. The remuneration of the Supervisory Board is show in the following table:

€'000	Variable remuneration	Fixed remuneration	Attendance fees	Remuneration for services rendered in person	Total
Manfred Middendorff	34	8	26	–	68
Prof. Dr. Dr. Dr. Franz Jürgen Säcker	26	6	20	16	68
Thomas R. Fischer	9	2	2	–	13
Gunnar Heinemann	17	4	9	–	30
Jacques Héon	17	4	5	–	26
Angelika Jahr-Stilcken	17	4	4	–	25
TOTAL	**120**	**28**	**66**	**16**	**230**

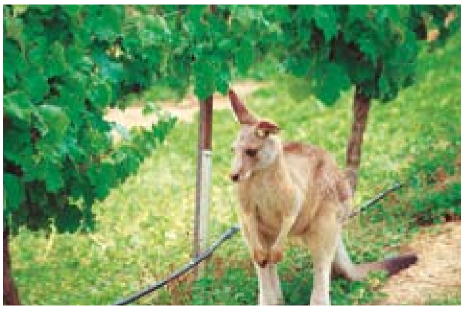
The shares held by members of the Board of Management and Supervisory Board are indicated in Note 45 to the consolidated financial statements. Pursuant to Section 15a of German Securities Trading Law, the members of the Board of Management and Supervisory Board are obliged to disclose significant acquisitions or disposals of shares in Hawesko Holding AG.

ENVIRONMENTAL REPORT

As a trading company the Hawesko Group does not possess any production facilities of its own, with the exception of the subsidiary *Gebr. Josef und Matthäus Ziegler GmbH;* the corresponding environmental standards are therefore of only indirect significance for the group. Within the context of its purchasing activities, the Hawesko Group encourages its suppliers to apply environmentally friendly practices in the cultivation and vinification of their wines. Many suppliers receive these suggestions positively and are having their processes certified accordingly.

Measures to save energy have been and are being realised at the administrative offices in Tornesch, near Hamburg, and in Düsseldorf; the emphasis is on seeking to use resources more intelligently. These resulted in permanent savings of 30% at Tornesch and 10% at Düsseldorf. The office air conditioning system at Tornesch operates with water as an environmentally friendly refrigeration medium. Consumables and recycling products with a low environmental impact are used at both locations. Office workplaces are equipped exclusively with PCs and monitors that represent the state of the art and with much lower power consumption than earlier generations of equipment.

For all direct mail campaigns, the addresses targeted in each mail shot are chosen using intelligent selection principles. This makes the use of mail shots more effective and equally cuts consumption of paper and energy. Print runs can consequently be planned more accurately, and waste at the printers can be avoided. Recycled paper or paper manufactured according to Forest Stewardship Council standards is used in the printing of advertising media.



Kangaroo in a vineyard in Australia

In 2008 the individual *Jacques' Wein-Depot* outlets started to identify and replace lighting systems with a particularly high energy consumption. These improvement measures continued in 2009. An energy-optimised lighting concept is always used whenever outlets are refurbished or new outlets opened. The efficiency of installed heating technology is examined. The energy pass for commercial properties is being introduced for all outlets, and any measures taken to reduce energy consumption and their effect are documented. For a number of years, every *Jacques' Wein-Depot* shop has collected wine corks for recycling. Over eight million corks were again collected at the outlets during the year under review, and passed on to specialist recyclers. *Jacques'* offers this service as the only nationwide network of specialist wine retail outlets in Germany.

The group's climate-controlled logistics centre is located at Tornesch and prepares consignments of wine for the wholesale and mail-order segments. A computer-aided precision control function in the heating and climate control system ensures that energy is put to optimum use. Transport packaging is used economically and effectively, to avoid unnecessary waste. Both locations use a central data processing system for precision daily planning, stock control, pre-sorting of goods by destination and paperless coordination with the forwarding agents DHL and Hermes Logistik Service, with a view to making maximum use of their capacity and therefore minimising energy consumption. For their part, both DHL and Hermes Logistik Service use highly environmentally friendly processes and are accredited to DIN 14001 (Environmental Management Systems).

REPORT ON POST-BALANCE SHEET DATE EVENTS

NO OCCURRENCES OF PARTICULAR NOTE AFTER END OF FINANCIAL YEAR

No occurrences which are of particular significance to the assessment of the net worth, financial position or financial performance of Hawesko Holding AG and of the group occurred after the end of the year under review and before the time this Annual Report went to press.

RISK REPORT

RISK MANAGEMENT AND RISK REPORT

In the context of operations in its sales markets, the Hawesko Group is exposed to the risks that go hand in hand with entrepreneurial activity. It has established a modern, comprehensive risk management system that is continually being refined. The risk management system consists of monthly controlling/reporting procedures and the compilation of a risk inventory twice a year. Both instruments are coordinated and comprise a key aspect of group steering activities.

In addition to the general business risk, the group is exposed to the following risks:

Risks from the economy in general

The Hawesko Group generates approx. 93% of its sales in the Federal Republic of Germany. Germany's macroeconomic fortunes exercise considerable influence on the propensity of the population to consume and therefore on the business development of the Hawesko Group.

Risks from the trade

The risks from the trade include in particular:

- *Wine as a natural product – procurement risks*

Wine is a product of nature which accordingly exhibits variations in quality from year to year, and from variety to variety, depending on the weather, the individual locations and the fermenting processes. This variation affects prices and influences demand for individual products. On the strength of its many years of experience in the wine market, the Hawesko Group is able to limit the impact of these risks, but can never exclude them entirely.

The Hawesko Group is not dependent on specific suppliers. In no individual instance do the sales generated by products from a single producer exceed the level of 5% of consolidated sales.

Quality assurance for the wines we buy starts with a visit to the vineyard where they are produced, and continues with tests conducted in the Hawesko Group's laboratories. Quality problems are rare. The vintners know Hawesko and the high standards it expects; moreover, they themselves attach considerable importance to the quality of their wines. In the year under review, only an insignificant proportion of deliveries was rejected for quality reasons.

- *The competition – sales risks*

There is increasing competition within the wine market, both from specialist niche suppliers and from larger, financially strong groups. Within this context, the Hawesko Group is pursuing the strategy of consolidating its market position based on high-quality products through its expertise in database marketing and customer logistics, and of strengthening this position both in Germany and abroad.

The Hawesko Group is not dependent on specific customers. In no individual instance do the sales generated by a single customer exceed the level of 5% of consolidated sales.

Paarl (Simonsberg), South Africa

- *Seasonal business*

The Hawesko Group publishes its business results each quarter. These results reflect fluctuations that are attributable to the seasonal nature of its business. In particular the sales and results for the individual quarters fluctuate e.g. as a result of the number of advertising mail shots, which is determined on the basis of when the various public holidays fall each year. The Hawesko Group in addition regularly generates a large portion of its sales and earnings in the final quarter of the year. Gift business in the run-up to Christmas generally accounts for around 5% of consolidated sales. The result particularly for the third quarter of each year reflects the costs of assembling selections and pre-packaging goods, as well as increased handling costs in view of the greater volume of incoming goods.

- *Public debate on duty on alcohol and ban on advertising*

For some years the European Union has been debating whether the advertising of alcoholic beverages should be restricted throughout the EU and whether higher duty should be levied on such beverages. Even if such measures were to be introduced, Hawesko's Board of Management believes that higher duty and an advertising ban for alcoholic products would probably not result in lower wine consumption in the medium term. Depending on what specific form any restrictions on advertising were to take, an advertising ban could nevertheless have a significant impact on the business operations of the Hawesko Group. Based on its market position and product range, the Board of Management considers that the group would barely be affected by a public debate aimed at encouraging consumption of alcohol only in moderation.

- *Data protection*

An amendment to the Federal Data Protection Act in Germany has been fuelling public debate since mid-2008. The Act in essence addresses the transparency of the "list privilege", which permits and regulates the transfer and use of personal data for purposes of advertising, market and opinion research as well as for data processing in the context of business operations. An amendment to the Federal Data Protection Act was passed in early 2009. The statutory requirements were adopted by the Hawesko Group and implemented in its business operations. All future statutory requirements of the Act will be swiftly implemented. The Hawesko specialist wine-shop retail and mail-order segments each acquire a considerable portion of their new customers by methods covered by the "list privilege", but have equally for many years been committed to the responsible use of customer data that goes beyond the statutory requirements.

- *Deposit on drinks containers*

A deposit on disposable drinks containers was introduced in Germany in January 2003. As a result of the review of the Packaging Ordinance in 2004, as matters stand it is no longer expected that a deposit will be introduced for wine bottles.

Financial risks

There exist a number of financial risks within the Hawesko Group. These include in particular influences of exchange rate and interest rate movements, as well as the non-payment and liquidity risk.

The subsidiaries of the Hawesko Group are importers of wines traded internationally, and as such are affected by exchange rate movements outside the eurozone. The refinancing of the Hawesko Group's capital requirements in essence takes the form of loans which are predominantly taken out at current interest rates, with interest rate derivatives (caps and swaps) used for hedging. These interest rate derivatives are used only to a modest degree, with the result that the company believes they do not involve any particular risk. As the market value of these hedging instruments is to be taken into account pursuant to IAS 39, this may lead to fluctuations in the financial result.

Efforts are made within the context of central liquidity management activities to keep sufficient funds available to the Hawesko Group for ongoing business and for capital expenditure. The risks from receivables are limited by credit checks and credit management systems.

Legal and fiscal risks

The company is unaware of any legal or arbitration proceedings, whether pending or anticipated, which have a significant influence on the economic situation of the Hawesko Group.

The company is not aware of any fiscal risks which have a significant influence on the economic situation of the Hawesko Group. A provision was created as a precautionary measure for risks arising in connection with the tax investigation that was not yet completed at the time of compiling this report.

IT risks

The IT infrastructure within the Hawesko Group reflects the structure according to the sales segments of specialist wine-shop retail, wholesale/distribution and mail order. IT systems are modernised and extended as necessary, on the basis of existing plans. On a group-wide scale, risks of IT failures are largely excluded by means of redundant hardware and back-up systems. Appropriate technical methods of protection and monitoring are installed to regulate external and remote access.

In the specialist wine-shop retail segment, the individual outlets are connected to the head office in Düsseldorf by a computer-aided goods management and marketing system using ISDN dial-up connections. Failures may occasionally occur at individual tills, but this does not constitute a risk that threatens the existence of the entire company. Any such failures are rectified within four hours on the basis of a service package agreement with the company Wincor-Nixdorf. The entire system has been running without problems since 2001 and is regularly updated in line with new standards. The system is capable of accommodating further growth in the network of outlets without it being likely that a significant risk could occur.

Electronic data processing is used within the wholesale segment for administration, goods management and accounting purposes; one wholesale subsidiary uses the mail-order system (see below). The implementation of a new IT system based on SAP started in the year under review. Completion of the changeover process is scheduled for the start of 2011. As matters stand, the risks to business from the introduction of the new systems are rated as manageable.

In the mail-order area, customer orders and movements of goods are controlled by stock administration, goods management and financial accounting software based on SAP, introduced in 2006. The call centre's telecommunications system is complemented by a back-up system which ensures that business operations can continue in the event of the main system failing. In such an event, the system supplier guarantees to repair the main system within no more than 24 hours. The risk of business operations being entirely paralysed by a total breakdown is rated as low both for the customer ordering and goods system and for the telecommunications system.

Management risks

Smaller sales companies within the Hawesko Group are run by managing partners. The loss of such a manager would have a considerable impact on the business of the subsidiary in question. This would, however, not pose a threat to the existence of the Hawesko Group. Apart from this, no substantial management risks are identifiable at present.

Other risks

Business is influenced to a substantial degree by the ability of the Hawesko Group to maintain agreements as the exclusive distributors of renowned wine producers. If such an agreement were not to be extended, sales would suffer in the short term.

No other substantial risks are currently identifiable.

OTHER RISK MANAGEMENT SYSTEM/OPPORTUNITIES MANAGEMENT SYSTEM

At the monthly meetings of the Board of Management, information on each business segment is exchanged to draw attention to any special situations – whether positive or negative – in addition to current business progress. If the Board of Management believes that a challenge or opportunity render particular measures necessary or advisable, it is able to initiate or instruct them promptly.

OVERALL STATEMENT ON THE RISK SITUATION OF THE HAWESKO GROUP

By way of an overall assessment of the risk situation, as matters stand and on the basis of the information known it can be established that there exist no risks that pose a threat to the survival of the company, nor are any such risks identifiable in the future.

DESCRIPTION OF THE KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM FOR FINANCIAL REPORTING PURPOSES FOR THE GROUP PARENT AND GROUP

The internal system of control for the group companies and for group financial reporting is a key component of the reporting system and therefore of the internal management and control system. It moreover serves as the basis for compliance with both internal and external requirements.

As part of the internal system of control, the risk management system methodically records and evaluates the risks identified as part of the risk inventory, which is conducted twice a year. In respect of group financial reporting, the aim of the risk management system is to reflect the risks appropriately in the consolidated financial statements (e.g. through the creation of provisions) and thus to limit the risk of incomplete presentation of the net worth, financial position and financial performance. Further notes on the risk management system are given in the Risk Report on page 44.

The Supervisory Board, in this context specifically the Audit and Investment Committee of Hawesko Holding AG, is involved in the financial reporting process for the group parent and group and deals with such matters as key questions of financial reporting, risk management, the audit mandate and its priorities.

The internal system of control in respect of the financial reporting process

The clear structures of organisation, control and monitoring installed within the Hawesko Group focus on the complete and accurate recording of all business transactions that are relevant for financial reporting purposes. The application of uniform recognition and measurement principles for the companies included in the consolidated financial statements, taking account of the requirements of the International Financial Reporting Standards (IFRS), is assured by the specifications in the accounting guidelines of the Hawesko Group.

The general organisation of the Accounting department and the involvement of the divisions participating in the processes that are relevant for financial reporting purposes are handled in such a way that there is an appropriate degree of separation between approval, executive, invoicing and controlling functions for a company of this size and sphere of activity. This separation of functions permits extensive preventive and disclosing controls in all material business processes throughout the group that have been implemented by the management, based on an assessment of the inherent risk of the individual processes and the controlled environment in question. The manual controls are supplemented by corresponding IT process controls and suitable IT authorisation concepts.

Complex questions of measurement such as are needed e.g. for measuring provisions for pension or derivative financial instruments, or for performing purchase price allocation, are dealt with in consultation with external independent specialists.

The internal system of control in respect of the consolidation process

The processes that are relevant for financial reporting purposes are recorded in local standard bookkeeping systems for the separate financial statements of the subsidiaries. For preparation of the consolidated financial statements, the separate financial statements as well as supplementary standardised information are fed into the consolidation software COGNOS, using a corresponding authorisation concept, and examined by Group Accounts. The internal control and risk management system of Hawesko Holding AG is designed to ensure that financial reporting by the company and by all companies included in the consolidated financial statements is uniform and in agreement with the legal and statutory requirements as well as internal guidelines.

All consolidation processes as well as the reconciliation of the local separate financial statements with IFRS accounting standards are carried out and documented by the central department “Group Accounting and Investment Controlling”. The internal and external data required for the notes to the consolidated financial statements and management report are also evaluated and consolidated at group level.

The effectiveness and adequacy of Group Accounting in preparing the accounts are overseen directly by the Finance Director and the individuals appointed by him to perform that task within Group Accounts.

Chard Farm, Central Otago, New Zealand

REPORT ON EXPECTED DEVELOPMENTS

DIRECTION OF THE HAWESKO GROUP IN THE NEXT TWO FINANCIAL YEARS

No fundamental changes to the business policy of the Hawesko Group are expected in the next two financial years. If the current global economic crisis becomes more protracted, the Board of Management will take all appropriate measures to safeguard the company’s market position and liquidity. Its healthy level of funding gives the Hawesko Group full entrepreneurial scope, even in an extended period of economic downturn. The principal sales market is likely to remain the Federal Republic of Germany; the markets in Austria, the Czech Republic, France and countries in the Far East will also be of significance, but to a lesser degree. The Board of Management is fundamentally open to the idea of acquiring businesses in other nearby countries. Various potential targets have been examined more closely. At the end of January 2009 the interest in *Majestic Wine PLC* was increased to 3.4% of voting rights through share purchases on the open market. A majority was acquired in *Globalwine AG,* Zurich, with effect from 1 July 2009. No further acquisition plans have taken on sufficiently firm contours to merit reporting. No fundamental change to business processes or the type of business is envisaged.

GENERAL ECONOMIC SITUATION

Anticipated future developments in economy as a whole

Most experts believe that matters will improve in Germany compared with 2009, even if the situation as a whole will remain difficult. At the end of February 2010, for example, DZ Bank forecast a rise in gross domestic product (GDP) of 1.2%, but also a fall in consumer spending of 0.2% over 2010 as a whole. The bankers expect to see more vigorous GDP growth of 2.2% and a 1.0% rise in consumer spending in 2011.

The Hawesko Board of Management likewise fundamentally expects progress in 2010 to be difficult, with the economic picture not brightening until 2011.

Future situation in the trade

In the opinion of the Board of Management of Hawesko Holding AG, the wine trade will experience a recovery particularly in the first half of 2010 compared with the weak performance of the previous year. The mood of crisis has already been receding in the opening weeks of the year, with a sense that things are returning to "business as usual". The Hawesko Board of Management expects to see a stronger recovery in 2011. It believes that enjoyment of wine will remain one of the simple pleasures of everyday life that people will be reluctant to forgo, with the result that demand will remain more stable than in many other areas of consumption.

Notwithstanding that, the existing quality trends will continue over the next two years: growing professionalism in the world of wine, increasingly discerning consumers and a concentration of consumption in Europe are likely to continue to dominate the wine trade in 2010 and 2011. Outside Europe, rising wine consumption will become noticeable worldwide. The Hawesko Group remains in an outstandingly good position to respond profitably to these trends and adjust its range accordingly.

ANTICIPATED FINANCIAL PERFORMANCE

The Hawesko Board of Management forecasts a slight rise in sales in the 2010 financial year compared with the previous year. Although the trend towards lower-priced wines detected by the wholesale segment since 2009 remains a challenge, there are already signs of the situation stabilising in 2010. As matters stand, end consumers will moreover adhere to their wine purchasing habits in the specialist wine-shop retail *(Jacques' Wein-Depot)* and mail-order segments. This is evidenced by the current trend towards "homing" or "cocooning", and by the demographic composition of the target customer group for *Jacques'* and mail-order business. A further rise in sales is expected in the 2011 financial year.

For *Jacques' Wein-Depot,* the Board of Management expects to see organic growth in 2010 through the acquisition of new customers, the selective opening of new outlets and optimisations to the network. The wholesale segment is expected to increase its sales in a stabilising environment, on the one hand thanks to a recovery in business with older-vintage Bordeaux wines and with champagnes, and on the other hand through the consolidation of the Swiss subsidiary *Globalwine* for its first full year.

Although the mail-order segment will suffer a slight downturn in shipments of 2007-vintage Bordeaux wines in the first quarter of 2010, it will nevertheless be able to build on a broader business basis than in previous years because the number of active customers has been increased in recent years.

With regard to the consolidated operating result (EBIT) in 2010, based on current estimates the figure should be of a similar magnitude to the previous year (i. e. € 22–23 million). The extraordinary finance expense of € 1.8 million in connection with the capital increase for contribution in kind resolved in 2009 will not be repeated; this should pave the way for a rise in consolidated net income excluding minority interests, and in earnings per share. The Board of Management expects to see a further rise in EBIT and consolidated net income in 2011. It anticipates a free cash flow of around € 15 million in each of 2010 and 2011, maintaining the company's ability to pay a dividend. As usual, Hawesko's Board of Management will promptly communicate its expectations and outlook for the future in the next interim reports.

ANTICIPATED FINANCIAL POSITION

The Hawesko Group's financial planning continues to make the basic assumption that capital expenditure on property, plant and equipment and intangible assets and on the working capital, as well as dividend payments, can be financed from ongoing cash flow.

As matters stand the positive net debt position (net liquidity) of the group will improve and create a reserve for potential acquisitions.

Capital expenditure on property, plant and equipment and intangible assets in the 2010 financial year is likely to be rather more than € 4 million. The emphasis of the investment measures planned will be on the opening of further outlets for *Jacques' Wein-Depot* and on IT investments in the wholesale segment.

The current plans do not incorporate either long-term investments or acquisitions, because the relatively short-term nature of such commitments makes it inadvisable to build them into the basic scenario as fixed components. The Hawesko Group has adequate financial leeway for handling a potential acquisition in accounting terms.

OPPORTUNITIES AND RISKS

The currently discernible risks to the further development of the Hawesko Group are comprehensively described in the above "Risk Report" section.

At present the Hawesko Board of Management does not expect clear opportunities resulting from the prevailing economic environment; the business position at the time of going to press (early March 2010) is nevertheless highly satisfactory and there is evidence of business returning to normal particularly in the wholesale segment. Market research experts such as GfK point out that rising unemployment or associated fears could dampen consumer confidence – a concern that refers predominantly to the second half of 2010. However, the Hawesko Board of Management does not perceive any particular risk to the Hawesko Group in this, even if it expects slightly lower momentum in the second half of 2010 in view of the relatively strong comparative figures for the previous year. This is firstly because unlike purchases of consumer durables, buying and enjoying wine is one of the simple pleasures in life that most of the group's customers would be very reluctant to forgo. On the other hand this would enhance the trend towards drinking wine at home, something from which the group's end consumer segments – specialist wine-shop retail *(Jacques')* and mail order – have hitherto profited and could continue to profit. Some experts moreover believe that the general propensity to consume in Germany, which remained flat for several years in contrast to elsewhere, might not be exposed to the same level of fluctuation as in other countries. The Hawesko Board of Management is currently inclined to predict that wine consumption will remain stable over the year as a whole.

The Hawesko Group enjoyed very healthy balance sheet ratios at the reporting date of 31 December 2009, for example an equity ratio of over 47% and a positive net debt position (net liquidity) of € 4.2 million. Another very strong key figure of the group is its free cash flow of € 20.8 million. The Board of Management assumes that most of its competitors do not share this financial strength.

All companies in the Hawesko Group use highly refined marketing concepts. They are able to dissociate themselves to a limited degree from the general macroeconomic trend by focusing their marketing activities as accurately as possible on those who are interested in their product range. These people generally have above-average incomes and therefore respond less sensitively than the average consumer to cyclical fluctuations. Marketing partnerships are moreover conducted with renowned companies; if the group or individual segments succeed in extending these activities to other companies with suitable clientele, business performance could receive a boost.

Vineyard of Plaisir de Merle, Franschhoek, South Africa

Finally, the Board of Management is convinced that the Hawesko Group's many years of management experience specifically in the wine industry provides a very sound basis for the group's continuing successful performance over the next two years.

An extended distribution partnership for the wines of Robert Mondavi, Ravenswood and Hardys takes effect on 1 March 2010 and is likely to stimulate business in the 2010 financial year, but particularly in 2011 and subsequently. If the Hawesko Group were to be able to secure exclusive distribution rights for further renowned producers, depending on the sales volumes in question, this could prompt a further rise in sales and, in the medium term, boost earnings.

OVERALL STATEMENT ON THE ANTICIPATED DEVELOPMENT OF THE GROUP

In light of the above individual factors and the assessment of the wine market's development, the Board of Management considers a steady development in the Hawesko Group to be realistic for the next two years. With an EBIT margin of 6.6% having been achieved in the year under review, one of the key objectives will be to maintain the return on sales consistently at 7%. That aside, the objective of growth will come more clearly into focus. Even in the current market conditions, Hawesko's Board of Management is aiming for profitable growth. Consistently achieving a return on capital employed (ROCE) of 16% is another important target. However, the attainment of these financial targets is merely the outward manifestation of an effective business model; it will only succeed if the human dimension of economic activity is paid due regard: satisfied customers, motivated employees, and fair treatment of and by business partners are all values which give our business that vital authenticity, and which the Hawesko Board of Management deems are worthy of continuing to advocate.

CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding AG for the 2009 financial year

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 31 December 2009 (IFRS)

	Notes	1/1/–31/12/2009	1/1/–31/12/2008
		€'000	€'000
SALES REVENUES	9.	**338,501**	**338,845**
Increase/decrease in finished goods inventories		16	307
Other operating income	10.	15,324	15,498
Cost of purchased goods		–200,117	–203,277
Personnel expenses	11.	–33,345	–31,154
Depreciation and amortisation	12.	–4,730	–4,500
Other operating expenses	13.	–93,160	–90,056
Other taxes		–110	–169
RESULT FROM OPERATIONS		**22,379**	**25,494**
Financial result	14.	–2,590	–3,258
RESULT FROM ORDINARY ACTIVITIES		**19,789**	**22,236**
Taxes on income and deferred tax expenses	15.	–6,632	–7,393
CONSOLIDATED NET INCOME		**13,157**	**14,843**
Profit due to minority interests		–54	–233
CONSOLIDATED NET INCOME EXCLUDING MINORITY INTERESTS		**13,103**	**14,610**
Earnings per share (basic) in €	16.	1.48	1.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December 2009 (IFRS)

	1/1/–31/12/2009	1/1/–31/12/2008
	€'000	€'000
CONSOLIDATED NET INCOME	**13,157**	**14,843**
Result from financial instruments available for sale	2,592	–1,614
Currency translation differences	–1	–46
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**2,591**	**–1,660**
OVERALL RESULT	**15,748**	**13,183**
of which		
– allocable to the shareholders of Hawesko Holding AG	15,697	12,967
– allocable to minority interests	51	216

CONSOLIDATED BALANCE SHEET

at 31 December 2009 (IFRS)

ASSETS	Notes	31/12/2009	31/12/2008
		€'000	€'000
NON-CURRENT ASSETS			
Intangible assets	17.	11,625	8,928
Property, plant and equipment	18.	20,407	20,646
Financial assets	19.	5,410	2,291
Advance payments for inventories	20.	2,524	4,458
Receivables and other assets	21.	934	1,102
Deferred tax liabilities	23.	5,562	7,293
		46,462	**44,718**
CURRENT ASSETS			
Inventories	20.	68,598	72,312
Trade receivables	21.	43,044	40,242
Other assets	21.	1,716	1,712
Accounts receivable from taxes on income		743	1,036
Cash in banking accounts and cash on hand	22.	13,001	10,056
		127,102	**125,358**
		173,564	**170,076**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31/12/2009	31/12/2008
		€'000	€'000
SHAREHOLDERS' EQUITY			
Subscribed capital of Hawesko Holding AG	24.	13,497	13,497
Capital reserve	25.	6,491	6,491
Revenue reserve	26.	41,022	33,822
Accumulated other equity	27.	975	–1,619
Unappropriated group profit	28.	19,691	24,390
SHAREHOLDERS' EQUITY IN HAWESKO HOLDING AG		**81,676**	**76,581**
Minority interest	29.	495	587
		82,171	**77,168**
LONG-TERM PROVISIONS AND LIABILITIES			
Provisions for pensions	30.	617	615
Other long-term provisions	32.	222	271
Borrowings	33.	5,755	6,960
Advances received	34.	2,198	850
Other liabilities	34.	48	144
Deferred tax liabilities	31.	276	130
		9,116	**8,970**
SHORT-TERM PROVISIONS AND LIABILITIES			
Minority interest in the capital of unincorporated subsidiaries	34.	2,605	1,431
Other provisions	32.	–	65
Borrowings	33.	2,450	7,966
Advances received	34.	3,673	6,804
Trade payables	34.	49,041	45,585
Income taxes payable		3,366	2,508
Other liabilities	34.	21,142	19,579
		82,277	**83,938**
		173,564	**170,076**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2009 (IFRS)

		Notes	1/1/–31/12/2009	1/1/–31/12/2008
			€'000	€'000
	Result from ordinary activities	40.	19,789	22,236
+	Depreciation of intangible and tangible assets		4,730	4,500
+/–	Other non-cash expenses and income		–	1
+	Interest result	40.	2,590	3,258
+/–	Result from the disposal of intangible and tangible assets		39	–29
+/–	Change in inventories		6,263	–2,639
+/–	Change in receivables and other assets		–2,032	7,978
+/–	Change in provisions		–112	–40
+/–	Change in liabilities (excluding borrowings)		1,317	–7,778
–	Taxes on income paid out	40.	–3,797	–2,805
=	**NET INFLOW OF PAYMENTS FROM CURRENT OPERATIONS**		**28,787**	**24,682**
–	Acquisition of subsidiaries		–992	–
–	Outpayments for tangible assets and intangible assets		–5,982	–2,430
–	Outpayments for the acquisition of other financial assets		–477	–3,616
+	Inpayments from the disposal of intangible and tangible assets		49	217
+	Dividend payments received		294	–
+	Inpayments from the disposal of financial assets		11	2
=	**NET FUNDS EMPLOYED FOR INVESTING ACTIVITIES**		**–7,097**	**–5,827**
–	Outpayments for dividends		–10,602	–8,682
–	Outpayments to minority interests*		–472	–753
+	Inpayments from the sale of treasury shares		–	74
–	Outpayments for the acquisition of treasury shares		–	–2,197
–	Payment of finance lease liabilities		–1,133	–1,066
+/–	Change in borrowings		–3,050	–5,822
–	Interest paid out and received	40.	–861	–1,368
=	**OUTFLOW/INFLOW OF NET FUNDS FROM FINANCING ACTIVITIES**		**–16,118**	**–19,814**
=	**NET DECREASE/INCREASE OF FUNDS**		**5,572**	**–959**
+	Funds at start of period		7,429	8,388
=	**FUNDS AT END OF PERIOD**	40.	**13,001**	**7,429**

* *Including outpayments to minority interests in unincorporated firms*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from 31 December 2007 to 31 December 2009 (IFRS)

€'000	Subscribed capital	Capital reserve	Retained earnings	Balancing item from currency translation	Accumulated other equity	Unappropriated group profit	Ownership interest of Hawesko Holding AG shareholders	Minority interest	Shareholders' equity
31/12/2007	**8,883**	**6,108**	**34,892**	**24**	**–**	**20,950**	**70,857**	**557**	**71,414**
Adjustment to statement of equity	4,366	–	–4,366	–	–	–	–	–	–
1/1/2008	**13,249**	**6,108**	**30,526**	**24**	**–**	**20,950**	**70,857**	**557**	**71,414**
Appropriation to retained earnings	–	–	2,488	–	–	–2,488	–	–	–
Capital increase for contribution in kind	248	3,352	–	–	–	–	3,600	–	3,600
Costs of capital increase for contribution in kind	–	–54	–	–	–	–	–54	–	–54
Deferred taxes on operations within equity	–	15	–	–	–	–	15	–	15
Retirement of treasury shares	–	–2,931	2,931	–	–	–	–	–	–
Treasury shares	–	1	–2,123	–	–	–	–2,122	–	–2,122
Dividends	–	–	–	–	–	–8,682	–8,682	–186	–8,868
Overall result	–	–	–	–29	–1,614	14,610	12,967	216	13,183
31/12/2008	**13,497**	**6,491**	**33,822**	**–5**	**–1,614**	**24,390**	**76,581**	**587**	**77,168**
Change in consolidated companies	–	–	–	–	–	–	–	34	34
Appropriation to retained earnings	–	–	7,200	–	–	–7,200	–	–	–
Dividends	–	–	–	–	–	–10,602	–10,602	–177	–10,779
Deferred taxes on operations within equity	–	–	–	–	–51	–	–51	–	–51
Overall result	–	–	–	2	2,643	13,103	15,748	51	15,799
31/12/2009	**13,497**	**6,491**	**41,022**	**–3**	**978**	**19,691**	**81,676**	**495**	**82,171**

DEVELOPMENT OF CONSOLIDATED ASSETS

at 31 December 2009 (IFRS)

INTANGIBLE ASSETS €'000	Software	Goodwill	Advance payments	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 1/1/2009	**10,188**	**8,409**	**41**	**18,638**
Extension on the basis of consolidation	1,545	1,053	–	2,598
Additions	345	–	1,072	1,417
Disposals	–1,206	–	–	–1,206
Appreciation	–	–	–	–
Transfers	23	–	–23	–
POSITION AT 31/12/2009	**10,895**	**9,462**	**1,090**	**21,447**
ACCUMULATED DEPRECIATION				
POSITION AT 1/1/2009	**6,378**	**3,332**	**–**	**9,710**
Extension on the basis of consolidation	14	–	–	14
Additions	1,278	28	–	1,306
Disposals	–1,208	–	–	–1,208
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2009	**6,462**	**3,360**	**–**	**9,822**
CARRYING AMOUNT AT 31/12/2009	**4,433**	**6,102**	**1,090**	**11,625**

PROPERTY, PLANT AND EQUIPMENT €'000	Land and buildings	Other fixtures and fittings, tools and equipment	Construction in progress	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 1/1/2009	**30,835**	**21,756**	**33**	**52,624**
Extension on the basis of consolidation	–	306	–	306
Additions	275	2,601	326	3,202
Disposals	–97	–2,140	–	–2,237
Appreciation	–	–	–	–
Transfers	–	20	–20	–
POSITION AT 31/12/2009	**31,013**	**22,543**	**339**	**53,895**
ACCUMULATED DEPRECIATION				
POSITION AT 1/1/2009	**16,620**	**15,358**	**–**	**31,978**
Extension on the basis of consolidation	–	232	–	232
Additions	1,446	1,978	–	3,424
Disposals	–57	–2,089	–	–2,146
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2009	**18,009**	**15,479**	**–**	**33,488**
CARRYING AMOUNT AT 31/12/2009	**13,004**	**7,064**	**339**	**20,407**

FINANCIAL ASSETS €'000	Shares in affiliated companies	Participating interests	Securities	Other loans	Advanced payments	Total
ACQUISITION OR MANUFACTURING COST						
POSITION AT 1/1/2009	**207**	**18**	**3,626**	**59**	**–**	**3,910**
Extension on the basis of consolidation	–	–		–	–	–
Additions	–	10	442	–	35	487
Disposals	–	–	–10	–1	–	–11
Appreciation	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
POSITION AT 31/12/2009	**207**	**28**	**4,058**	**58**	**35**	**4,386**
ACCUMULATED DEPRECIATION						
POSITION AT 1/1/2009	**–**	**5**	**1,614**	**–**	**–**	**1,619**
Extension on the basis of consolidation	–	–	–	–	–	–
Additions	–	–	–2,643	–	–	–2,643
Disposals	–	–	–	–	–	–
Appreciation	–	–	–	–	–	–
Transfers	–	–	–	–	–	–
POSITION AT 31/12/2009	**–**	**5**	**–1,029**	**–**	**–**	**–1,024**
CARRYING AMOUNT AT 31/12/2009	**207**	**23**	**5,087**	**58**	**35**	**5,410**

DEVELOPMENT OF CONSOLIDATED ASSETS

at 31 December 2008 (IFRS)

INTANGIBLE ASSETS €'000	Software	Goodwill	Advance payments	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 1/1/2008	**10,584**	**8,409**	**–**	**18,993**
Extension on the basis of consolidation	–	–	–	–
Additions	272	–	23	295
Disposals	–668	–	–	–668
Appreciation	–	–	–	–
Transfers	–	–	18	18
POSITION AT 31/12/2008	**10,188**	**8,409**	**41**	**18,638**
ACCUMULATED DEPRECIATION				
POSITION AT 1/1/2008	**5,811**	**3,305**	**–**	**9,116**
Extension on the basis of consolidation	–	–	–	–
Additions	1,231	27	–	1,258
Disposals	–664	–	–	–664
Appreciation	–	–	–	–
Transfers	–	–	–	–
POSITION AT 31/12/2008	**6,378**	**3,332**	**–**	**9,710**
CARRYING AMOUNT AT 31/12/2008	**3,810**	**5,077**	**41**	**8,928**

PROPERTY, PLANT AND EQUIPMENT €'000	Land and buildings	Other fixtures and fittings, tools and equipment	Construction in progress	Total
ACQUISITION OR MANUFACTURING COST				
POSITION AT 1/1/2008	**30,780**	**20,702**	**1**	**51,483**
Extension on the basis of consolidation	–	–	–	–
Additions	73	2,012	50	2,135
Disposals	–18	–958	–	–976
Appreciation	–	–	–	–
Transfers	–	–	–18	–18
POSITION AT 31/12/2008	**30,835**	**21,756**	**33**	**52,624**
ACCUMULATED DEPRECIATION				
POSITION AT 1/1/2008	**15,267**	**14,260**	**–**	**29,527**
Extension on the basis of consolidation	–	–	–	–
Additions	1,355	1,888	–	3,243
Disposals	–	–790	–	–790
Appreciation	–2	–	–	–2
Transfers	–	–	–	–
POSITION AT 31/12/2008	**16,620**	**15,358**	**–**	**31,978**
CARRYING AMOUNT AT 31/12/2008	**14,215**	**6,398**	**33**	**20,646**

FINANCIAL ASSETS €'000	Shares in affiliated companies	Participating interests	Securities	Other loans	Total
ACQUISITION OR MANUFACTURING COST					
POSITION AT 1/1/2008	**207**	**18**	**10**	**61**	**296**
Extension on the basis of consolidation	–	–	–	–	–
Additions	–	–	3,616	–	3,616
Disposals	–	–	–	–2	–2
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
POSITION AT 31/12/2008	**207**	**18**	**3,626**	**59**	**3,910**
ACCUMULATED DEPRECIATION					
POSITION AT 1/1/2008	–	–	–	–	–
Extension on the basis of consolidation	–	–	–	–	–
Additions	–	5	1,614	–	1,619
Disposals	–	–	–	–	–
Appreciation	–	–	–	–	–
Transfers	–	–	–	–	–
POSITION AT 31/12/2008	**–**	**5**	**1,614**	**–**	**1,619**
CARRYING AMOUNT AT 31/12/2008	**207**	**13**	**2,012**	**59**	**2,291**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Hawesko Holding AG for the 2009 financial year

PRINCIPLES AND METHODS APPLIED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Hawesko Holding AG has its registered office in Hamburg, Germany (Address: Plan 5, 20095 Hamburg). It is entered on the Commercial Register at the Local Court of Hamburg under number 66708. The activities of the group include in particular the trading and sale of wines, champagnes and other alcoholic drinks to consumers and re-sellers. The companies under the corporate umbrella of Hawesko Holding AG cover the sales forms specialist wine-shop retailing, wholesaling and mail order.

1. GENERAL PRINCIPLES

Pursuant to EU Order 1606/2002, the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU at the balance sheet date. The supplementary requirements of German commercial law were additionally taken into account, pursuant to Section 315a Para. 1 of German Commercial Code.

The requirements were satisfied in full and the consolidated financial statements give a true and fair view of the net worth, financial position and financial performance.

The annual financial statements of the consolidated companies are based on standard recognition and measurement principles. For greater clarity, certain items in the income statement and balance sheet are combined; they are explained in the Notes. The standard reporting date for all group companies is 31 December 2009.

The type of expenditure format was used for the preparation of the income statement.

The sums reported are always quoted in thousand euros (€'000), unless otherwise indicated.

The consolidated financial statements prepared by the Board of Management are to be submitted to the Supervisory Board on 15 March 2010 for signing off at the Supervisory Board meeting devoted to the annual accounts on 25 March 2010.

The audited combined management report for the group and the parent company and the annual financial statements at 31 December 2009 of Hawesko are published in the Federal Gazette. Copies of the annual financial statements and the combined management report for the group and the parent company can in addition be requested directly from Hawesko Holding AG.

2. STANDARDS AND INTERPRETATIONS TO BE APPLIED FOR THE FIRST TIME IN THE FINANCIAL YEAR AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Hawesko Holding AG applied the following standards of the International Accounting Standards Board (IASB) for the first time in the financial year:

- *Amendment to IAS 1 "Presentation of Financial Statements"*
  The amendment to IAS (International Accounting Standard) 1 concerns the presentation of the financial statements' components. Correspondingly, a consolidated statement of comprehensive income is now shown and the statement of movements in equity has been modified accordingly. The statement of comprehensive income comprises the income statement as well as the other results showing the income and expenses recognised directly in equity.
- *Amendments from the "Annual Improvements Project", May 2008*
  These comprise a large number of more minor amendments to existing standards. The amendments had no material effect on the presentation of net worth, the financial position and the financial performance.
- *Amendments to IAS 23 "Borrowing Costs"*
  The amendment to IAS that now renders the capitalisation of borrowing costs mandatory does not have any effects on the net worth, financial position and financial performance.
- *Amendments to IAS 32 "Financial Instruments: Presentation" and consequential amendment to IAS 1 "Presentation of Financial Statements"*
  The amendments to IAS 32 and the associated consequential amendment to IAS concern the classification of certain company members' investments as equity or borrowed capital. Application for the first time has no effect on the net worth, financial position and financial performance.
- *Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements"*
  Because the amendments to IFRS 1 and IAS 27 refer exclusively to separate financial statements prepared to IFRS, they have no effect whatsoever on the consolidated financial statements.
- *Amendments to IFRS 2 "Share-based Payment"*
  The amendment does not have any effects on the net worth, financial position and financial performance.

- *Amendment to* IFRS 7 *"Improvements to Financial Instruments: Disclosures"*
  The amendments concern disclosures on the determination of fair values and on the liquidity risk.

- IFRS 8 *"Operating Segments"*
  IFRS 8 replaces the previous rules of IAS 14 on segment reporting and introduces the "management approach", which envisages defining segments on the basis of the internal reporting structure. Because Hawesko Holding AG already uses this approach, no changes to the segment information were necessary.

- IFRIC 13 *"Customer Loyalty Programmes"*
  IFRIC (International Financial Reporting Interpretations Committee) 13 deals with the question of how the date of realisation of revenue is to be determined where customer loyalty programmes are involved. The first-time application of this interpretation has no effect on the financial performance of the group because the arrangement that is now binding was already applied prior to the publication of IFRIC 13.

- IFRIC 14 "IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*
  Application for the first time does not have any effects on the net worth, financial position and financial performance.

- IFRIC 9/IAS 39 *"Embedded Derivatives"*
  Application for the first time does not have any effects on the net worth, financial position and financial performance.

3. NEW IASB ACCOUNTING STANDARDS

The consolidated financial statements of Hawesko Holding AG have been prepared in accordance with all published financial reporting standards and interpretations of the IASB, the application of which was mandatory for the 2009 financial year, as endorsed by the European Union. The option of applying new standards and interpretations before they become binding is not exercised.

The following new or revised standards and interpretations have already been published but application is not yet mandatory for companies with a financial year ending 31 December 2009:

- IFRS 1 *"First-time Adoption of International Financial Reporting Standards"*
  (endorsed on 26 November 2009)

- IFRS 2 *"Share-based Payments"*
  (not yet endorsed)

- IFRS 3 *"Business Combinations (revised 2008)"*
  (endorsed on 3 June 2009)

- IFRS 9 *"Financial Instruments"*
  (not yet endorsed)

- IAS 24 *"Related Party Disclosures"*
  (not yet endorsed)

- IAS 27 *"Consolidated and Separate Financial Statements (revised 2008)"*
  (endorsed on 3 June 2009)

- *Amendments from the "Annual Improvements Project", April 2009*
  (not yet endorsed)

- IFRIC 12 *"Service Concession Arrangements"*
  (endorsed on 25 March 2009)

- IFRIC 14 *"The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"*
  (not yet endorsed)

- IFRIC 15 *"Agreements for the Construction of Real Estate"*
  (endorsed on 22 July 2009)

- IFRIC 16 *"Hedges of a Net Investment in a Foreign Operation"*
  (endorsed on 1 July 2009)

- IFRIC 17 *"Distribution of Non-cash Assets to Owners"*
  (endorsed on 26 November 2009)

- IFRIC 18 *"Transfer of Assets from Customers"*
  (endorsed on 27 November 2009)

- IFRIC 19 *"Extinguishing Financial Liabilities with Equity Instruments"*
  (not yet endorsed)

IFRS 3 (revised 2008) and IAS 27 (revised 2008) implement extensive new rules and clarifications concerning the reporting of business combinations, transactions with minorities and reporting in the event of loss of control over subsidiaries. The effect on the consolidated financial statements will depend in particular on acquisitions of companies and disposals of shares in companies carried out after the date of application of these two standards.

The application of the other aforementioned standards and interpretations will probably have no material effect on the net worth, financial position and financial performance of the group.

It is planned to apply these standards and interpretations from the point in time when they become mandatory.

4. REPORTING CHANGES FOR THE COMPARATIVE PERIOD

In the previous group accounts a difference of € 4,366 thousand arising on the contribution of the three subsidiaries *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG, CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG* to Hawesko Holding AG – which was reported as a "transaction between companies under common control" – had been subtracted in the consolidated balance sheet from the subscribed capital of the parent company Hawesko Holding AG. From 1 January 2008 this position has been reclassified to revenue reserves.

The German Financial Reporting Enforcement Panel (FREP) conducted an examination of the consolidated financial statements of Hawesko Holding AG at 31 December 2008 on a test basis and indicated that the minority interest in the capital of unincorporated subsidiaries was to be reported under liabilities. Its reporting as a separate balance sheet item in the consolidated financial statements at 31 December 2008 was therefore correspondingly amended.

5. CONSOLIDATION PRINCIPLES

The consolidated financial statements of Hawesko Holding AG include all significant domestic and foreign subsidiaries or joint ventures where the company directly or indirectly has the scope to control the financial and business policy of those companies or exercise considerable influence over them.

The consolidation of capital has until now always been performed on the basis of the timing of acquisition according to the purchase method. For this method, the acquisition costs of the shares acquired are netted against the pro rata fair value of the acquired assets and debts of the subsidiary at the time of acquisition. Any remaining differences are carried as derivative goodwill on the basis of their economic content. IFRS 3 is to be applied to business combinations effective from 31 March 2004.

The consolidation of joint ventures is performed on a pro rata basis according to the same principles. The goodwill arising was written off in full in the first year of consolidation.

The contribution of the three subsidiaries *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG, CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG* to Hawesko Holding AG on 1 January 1998 was treated as a "transaction between companies under common control". No differences arose from the consolidation of capital, as the carrying amounts of the three subsidiaries in question were retained.

Intra-group sales, charges and earnings as well as accounts receivable and payable between the consolidated companies are eliminated.

Intercompany results for inventories are eliminated unless they are of more than minor economic significance.

The positive shares in the equity and earnings of the companies consolidated in full or on a pro rata basis that are due to parties outside the group are reported under minority interest. The losses which minority shareholders are obliged to make good in excess of their negative share of the equity and earnings of fully consolidated subsidiaries are netted against the group equity in accordance with IAS 27.

The consolidated annual financial statements of economically independent foreign group companies are translated into the currency of the Hawesko Group in keeping with the concept of the functional currency. In the translation of these financial statements, all assets and debts are translated at the balance sheet date, and income and expense items at the average rate for the reporting period. Equity components of subsidiaries are translated at the corresponding historical rate at the time they arise. The exchange differences resulting from translation are reported as balancing items from currency translation within accumulated other equity or minority interest.

6. RECOGNITION AND MEASUREMENT PRINCIPLES

Intangible assets acquired for consideration are measured at acquisition cost.

Self-constructed intangible assets are capitalised at the costs that were incurred by them during the development phase, after the time that their technological and commercial feasibility was established, up to the time of their completion. The capitalised cost of production comprises the costs directly and indirectly allocable to the development phase.

With the exception of goodwill from the consolidation of capital, there are no intangible assets with an indefinite useful life. Other intangible assets, whether self-constructed or acquired for consideration, are depreciated throughout their useful life, starting from the time of their use, by the straight-line method (generally between three and six and a half years).

Pursuant to IAS 23 borrowing costs for intangible assets were not capitalised, as the corresponding conditions were not satisfied.

Goodwill is not amortised but is instead tested for impairment on the basis of the recoverable amount for the cash-generating unit to which the goodwill is allocated. The impairment test is to be performed at the balance sheet date and then subsequently whenever there is evidence of impairment. The recoverable amount for a cash-generating unit is determined on the basis of the anticipated sales proceeds or value in use. The value in use corresponds to the discounted cash flows from continued use, which are determined on the basis of group planning. Discounting of the forecast cash flows is performed using a risk-adjusted interest rate. Capital market data is used in determining the risk-oriented interest rate. If the carrying amount of the cash-generating unit exceeds the recoverable amount, the allocable goodwill is to be impaired by the difference. If the impairment exceeds the carrying amount of the goodwill, the excess amount is to be distributed pro rata among the other assets of the cash-generating unit.

Property, plant and equipment are valued at their acquisition cost and depreciated by the straight-line method in accordance with their useful life. Pursuant to IAS 23 borrowing costs for items of property, plant and equipment were not capitalised, as the corresponding conditions were not satisfied.

Rented or leased assets in the economic ownership of the Hawesko Group (finance leases) are capitalised within fixed assets at the present value of the minimum lease payments or at fair value if lower, and depreciated by the straight-line method. The present value of lease obligations from future lease payments is recognised as a liability. All other rental agreements or leases are classified as operating leases.

The depreciation plan for property, plant and equipment is based on the following estimates of useful life:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT:

Buildings	18 to 50 years
Leasehold improvements	7 to 10 years
Other fixtures and fittings, tools and equipment	2 to 15 years

Intangible assets and property, plant and equipment are tested for any *need for impairment* of the carrying amount at the balance sheet date or whenever there is evidence of such impairment. A reduction for impairment is applied if the carrying amounts are no longer covered by the anticipated sales proceeds or value in use. If it is not possible to determine the recoverable amount for individual assets, impairment is tested on the basis of the next-higher group of assets. Wherever the reasons for impairment previously recorded cease to apply, these assets are written up. The value in use corresponds to the discounted cash flows from continued use, which are determined on the basis of group planning. Discounting of the forecast cash flows is performed using a risk-adjusted interest rate. Capital market data is used in determining the risk-oriented interest rate.

Raw materials, consumables used and merchandise are measured at acquisition cost or at net realisable value. The costs include overhead costs which can be directly allocated, in addition to prime costs. They are fundamentally measured according to the moving average method. *Work in progress and finished goods* are valued at the cost of production or at net realisable value if lower. Pursuant to IAS 23 borrowing costs for inventories were not capitalised.

The *provisions for pensions* are calculated according to the projected unit credit method pursuant to IAS 19, taking account of the anticipated pay and pension increases. Retirement benefit obligations are measured on the basis of retirement benefit appraisals. Actuarial gains and losses are recognised immediately and reported under personnel costs together with the interest and service cost from pension commitments.

The *other provisions* take account of all discernible obligations from past business transactions or occurrences at the balance sheet date, and where the outflow of resources is probable. The provisions are measured at the amounts that are likely to apply. Provisions are only created where a legal or de facto obligation towards third parties exists. Long-term provisions are reported at their discounted settlement value at the balance sheet date, on the basis of corresponding market interest rates.

Contingent liabilities as defined by IAS 37 are indicated in the Notes, insofar as the outflow of resources is probable or the magnitude of the obligation cannot reliably be estimated.

Accounts receivable and payable in *foreign currency* are translated at the exchange rate at the time of their addition. This rate is also used for determining the acquisition costs of stock in trade. The outstanding receivables in foreign currency at the balance sheet date are translated at the selling rate, and outstanding payables at the buying rate.

A *financial instrument* is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The financial assets include in particular cash in banking accounts and cash on hand, trade receivables, other loans originated by the enterprise and primary and derivative financial assets held for trading. The financial liabilities include the minority interest in the capital of unincorporated subsidiaries, trade liabilities, amounts due to banks, finance lease liabilities and derivative financial liabilities. Financial instruments are stated as soon as a group company becomes party to the contractual regulations of the financial instrument. Within the group, regular way purchases or sales of financial assets are fundamentally recognised at the settlement date. Derivative financial instruments are recognised at the trade date.

Shares in affiliated companies and *participations* that are not consolidated for reasons of minority are categorised as *financial assets available for sale.* These assets are measured at cost (less any impairment) because the fair value of such non-listed equity instruments cannot be reliably determined.

Securities are categorised as *financial assets available for sale.* They are recognised at fair value, which is determined using publicly listed market prices. If the fair value cannot reliably be determined, they are measured at cost. Unrealised gains or losses resulting from fair value changes are recognised in the accumulated other equity, taking account of the fiscal effects. The fair value changes are not recognised in income until the time of disposal or until permanent impairment is established.

Other loans are measured at amortised cost.

Receivables and other assets are fundamentally recognised upon delivery, i.e. at the settlement date. Initial recognition is at fair value. Subsequent measurement is at amortised cost. Any necessary reductions for impairment, which are based on the probable credit risk, are taken into account in the income statement. Impaired accounts receivable and other assets are derecognised where cash inflows are unlikely.

Cash in banking accounts and cash on hand have a term of up to three months upon their addition and are measured at amortised cost.

Financial liabilities are measured at fair value upon initial recognition. Their subsequent measurement depends on how they are classified:

- *Minority interest in the capital of unincorporated subsidiaries* is measured within income at the amortised cost that corresponds to the respective compensation balance.
- *Trade liabilities* and *other primary financial liabilities* are recognised at amortised cost using the effective interest method, with the interest expense recorded on the basis of the effective interest rate.

No use was made of the scope for designating financial assets and liabilities *as assets and liabilities measured at fair value through profit and loss.*

Derivative financial instruments are concluded to hedge currency and interest-rate risks.

The derivative financial instruments are reported at fair value upon initial recognition. Their subsequent measurement is likewise at fair value. The fair value is determined by investment mathematics methods and on the basis of the market data available at the reporting date.

Derivatives that are not bound up in an effective hedging relationship pursuant to IAS 39 are categorised as *financial assets and liabilities held for trading.* They are measured at fair value. A gain or loss from subsequent measurement is recognised in the income statement.

Where the criteria for the recording of hedging relationships in accordance with IAS 39 are satisfied, the fair value changes in terms of the hedged risk are recognised either in the result for the period (fair value hedge) or in the accumulated other equity (cash flow hedge) with no effect on income.

The *derecognition of financial assets and liabilities* held for trading is entered under the date of trading. All other financial assets and liabilities are derecognised upon their settlement.

Preparation of the IFRS consolidated financial statements involves making *estimates and assumptions* which have an effect on the disclosure of assets and debts, the reporting of contingent liabilities at the balance sheet date and the disclosure of income and expenditure. The principal estimates and assumptions made relate in particular to the stipulation of uniform depreciation periods throughout the group, the reductions for impairment on receivables and merchandise, the probability of customer bonus liabilities being redeemed, the reporting and measurement of provisions and the parameters applied in the provisions for pensions. The measurement of fixed assets based on impairment tests pursuant to IAS 36 was based on planned figures for the calculation of cash flows and standardised industry figures for the determination of capitalisation rates. The actual figures may differ from the amounts obtained by estimates and assumptions.

Sales revenues and other operating income are shown at the time the service is rendered, provided the level of the income can be determined reliably and the economic benefit is likely to be accrued. Rendering of the service in the case of the sale of merchandise to customers has taken place if economic ownership has passed. The sales revenues are reduced by sales tax and any reduction in proceeds realised or anticipated.

Current tax expense comprises the actual income tax expense. The tax liabilities and receivables mainly comprise liabilities and claims for domestic and foreign income tax. They comprise both the current year and any liabilities and claims from previous years. The liabilities and claims are created on the basis of the fiscal provisions in the countries of the respective business activities. *Deferred taxes* result from the temporarily divergent valuations in the IFRS consolidated balance sheet and the respective tax balance sheet values for these asset and liability items. Deferred tax assets on fiscally realisable loss carryforwards are capitalised if it is sufficiently likely that taxable income is to be expected in the future. They are determined on the basis of the anticipated tax rates in the individual countries at the time of realisation. These are based fundamentally on the statutory provisions that are valid or approved at the balance sheet date. Future income tax reduction claims and income tax obligations resulting from the preparation of the accounts according to IFRS are carried as deferred tax assets and liabilities.

CONSOLIDATED COMPANIES

7. CONSOLIDATED COMPANIES

The group under Hawesko Holding AG, with its registered offices in Hamburg, comprises a total of 22 (previous year: 20) domestic and foreign companies, as well as one domestic joint venture and its foreign subsidiary, in which Hawesko Holding AG directly or indirectly holds a majority of voting rights or is solely in control. Eight (previous year: 8) subsidiaries of minor overall significance for the net worth, financial position and financial performance of the group are not consolidated. Their sales represent less than 1% of consolidated sales.

FULLY CONSOLIDATED SUBSIDIARIES	Registered office	Segment	Shareholding in %
DIRECT PARTICIPATION			
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH	Hamburg	Mail order	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Düsseldorf	Specialist wine-shop retail	100.0
CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG	Hamburg	Wholesale	100.0
Wein Wolf Holding GmbH & Co. KG	Bonn	Wholesale	100.0
Verwaltungsgesellschaft Hanseatisches Wein- und Sekt-Kontor HAWESKO m.b.H.	Hamburg	Miscellaneous	100.0
IWL Internationale Wein Logistik GmbH	Tornesch	Miscellaneous	100.0
Sélection de Bordeaux SARL	St-Christoly, Médoc *(France)*	Mail order	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Salzburg *(Austria)*	Specialist wine-shop retail	100.0
Le Monde des Grands Bordeaux Château Classic SARL	St-Christoly, Médoc *(France)*	Wholesale	90.0
Global Wine AG	Zürich *(Switzerland)*	Wholesale	93.96
INDIRECT PARTICIPATION			
Viniversitaet Die Weinschule GmbH	Düsseldorf	Specialist wine-shop retail	100.0
Multi-Weinmarkt GmbH	Düsseldorf	Specialist wine-shop retail	100.0
Jacques-IT GmbH	Vaterstetten	Specialist wine-shop retail	100.0
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	Wholesale	85.0
Gebr. Josef und Matthäus Ziegler GmbH	Freudenberg	Wholesale	100.0
Alexander Baron von Essen Weinhandels GmbH	Tegernsee	Wholesale	84.85
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	Wholesale	100.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	Wholesale	100.0
Deutschwein Classics GmbH & Co. KG	Bonn	Wholesale	92.0
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg *(Austria)*	Wholesale	100.0
Carl Tesdorpf GmbH	Lübeck	Mail order	90.0
Winegate New Media GmbH	Hamburg	Mail order	100.0

The joint venture *Global Eastern Wine Holding,* Bonn, and its subsidiary *Global Wines, s.r.o.,* Prague (Czech Republic), are included in the consolidated financial statements on a pro rata basis, and allocated to the wholesale segment.

The following particulars indicate the pro rata values at which these joint ventures were included in the consolidated financial statements.

Share of assets and debts:

€'000	31/12/2009	31/12/2008
Non-current assets	6	–
Current assets	1,646	1,666
ASSETS	**1,652**	**1,666**
Shareholders' equity	973	1,079
Short-term provisions and liabilities	679	587
EQUITY AND LIABILITIES	**1,652**	**1,666**

Share of income and expenses:

€'000	31/12/2009	31/12/2008
Sales revenues	2,161	2,742
Other operating income	40	30
Cost of materials	–1,284	–1,541
Personnel expenses	–165	–186
Depreciation and amortisation	–1	–
Other operating expenses	–340	–390
RESULT FROM OPERATIONS	**411**	**655**
Interest income	7	18
Interest expense	–4	–47
RESULT FROM ORDINARY ACTIVITIES	**414**	**626**
Taxes on income	–89	–139
NET INCOME	**325**	**487**

The following subsidiaries are not included in the consolidated financial statements in view of their minor economic significance:

NON-CONSOLIDATED SUBSIDIARIES	Registered office	Shareholding in %	Capital €'000	Net earnings 2009 €'000
"Châteaux et Domaines" Weinhandelsgesellschaft mbH	Hamburg	100.0	27	0
Wein Wolf Import GmbH	Bonn	100.0	43	3
Wein Wolf Holding Verwaltungs GmbH	Bonn	100.0	31	1
Weinland Ariane Abayan Verwaltungs GmbH	Hamburg	85.0	25	1
Verwaltungsgesellschaft Wein Wolf Import GmbH	Salzburg *(Austria)*	100.0	53	6
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	Hamburg	100.0	32	2
Deutschwein Classics Verwaltungsgesellschaft mbH	Bonn	92.0	28	1
C.C.F. Fischer GmbH	Tornesch	100.0	21	–1

In view of its minor economic significance, the indirect shareholding (50%) in *Vera Maria Bau Consulting GmbH,* Bonn, which is held via *Wein Wolf Import GmbH & Co. Vertriebs KG,* was not consolidated. The net earnings of this company in 2009 were € –2 thousand.

The complete list of investment holdings of the Hawesko Group is on file at the Hamburg Commercial Register. It can in addition be requested directly from Hawesko Holding AG.

8. CHANGE IN CONSOLIDATED COMPANIES

Hawesko Holding AG acquired 93.96% of the shares of *Global Wine AG,* Zurich, Switzerland, with effect from 1 July 2009. Through the acquisition, the Hawesko Group has branched out into Switzerland for its business activities in the wholesale trade.

The cost of the acquisition, including the costs directly allocable to the merger, amounted to € 992 thousand at the date of acquisition. Along with the acquisition of *Global Wine AG,* cash on hand of € –98 thousand was acquired. Based on the final purchase price allocation, the acquisition of the company produces derivative goodwill (disregarding deferred tax liabilities) of € 458 thousand. Through the interest in *Global Wine AG,* which is well established in northern Switzerland, the Hawesko Group has acquired the potential gradually to tap into the entire interesting Swiss market. This potential is reflected in the derivative goodwill.

Global Wine AG was first included in the consolidated financial statements with effect from 1 July 2009. Consolidated sales rose by € 2,740 thousand through the acquisition. It contributed a profit of € 141 thousand towards the consolidated EBIT for the 2009 financial year. Disregarding its pro rata, time-based inclusion in the consolidated financial statements, the company posted sales of € 4,438 thousand and EBIT of € –74 thousand in the full 2009 financial year (1 January–31 December 2009).

The fair values of the acquired assets and debts reported at the time of acquisition as well as their carrying amounts can be reconciled as follows:

€'000	Carrying amounts	Fair values
Intangible assets	–	673
Property, plant and equipment	21	21
Inventories	616	616
Receivables and other assets	604	604
Borrowings	–98	–98
Trade payables	–699	–699
Other liabilities	–491	–549
Net assets excl. differences	–47	568
Derivative goodwill		458
ACQUISITION COST INCL. MINORITIES		**1,026**
– *of which acquisition cost*		992
– *of which minorities*		34

With effect from 1 July 2009 *Jacques-IT GmbH,* Vaterstetten, which had been established in June 2009, acquired the assets of Walther & Partner GmbH, Vaterstetten, by way of an asset deal. The initial consolidation of the company is of minor significance for the net worth, financial position and financial performance of the Hawesko Group.

In August 2009 a further 5% limited partner's share in *Deutschwein Classics GmbH & Co. KG,* Bonn, was acquired. The increase in the limited partner's share to a present 92% is of minor significance for the net worth, financial position and financial performance.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. SALES REVENUES

€'000	2009	2008
Specialist wine-shop retail	114,151	110,164
Wholesale	127,977	135,193
Mail order	96,294	93,341
Miscellaneous	79	147
	338,501	**338,845**

The sales revenues include € 227 thousand from counter-transactions, mainly in respect of advertising services.

10. OTHER OPERATING INCOME

€'000	2009	2008
Rental income	6,768	6,577
Advertising expense subsidies	3,781	3,941
Income from cost refunds	2,516	2,463
Income from the liquidation of provisions	444	667
Miscellaneous	1,815	1,850
	15,324	**15,498**

11. PERSONNEL EXPENSES

€'000	2009	2008
Wages and salaries	28,786	26,824
Social security and other pension costs	4,559	4,330
– of which in respect of old-age pensions	117	89
	33,345	**31,154**

The employee benefit expenses include payments from defined contribution plans totalling € 115 thousand (previous year: € 59 thousand) and from defined benefit plans totalling € 2 thousand (previous year: € 30 thousand).

12. DEPRECIATION AND AMORTISATION

€'000	2009	2008
Intangible assets	1,306	1,258
Property, plant and equipment	3,424	3,242
	4,730	**4,500**

13. OTHER OPERATING EXPENSES

€'000	2009	2008
Advertising	27,815	26,046
Commissions to partners	29,286	28,533
Delivery costs	11,384	11,011
Rental and leasing	8,754	8,448
IT and communication costs	2,308	2,656
Legal and consultancy costs	1,465	1,016
Other personnel expenses	854	1,266
Miscellaneous	11,294	11,080
	93,160	**90,056**

14. FINANCIAL RESULT

€'000	2009	2008
Interest income	66	190
Interest expense	–422	–983
Interest for finance leases	–489	–556
Changes in fair value of interest hedging transactions	–7	–46
Expenses from other derivatives	–589	–
Income from financial assets and securities	294	–
Expense from the conversion of debt into equity	–	–1,192
Net profit for the year due to minority interests in unincorporated subsidiaries	–281	–544
Change in the amortised cost of minority interest in the capital of unincorporated subsidiaries	–1,162	–127
	–2,590	**–3,258**
– *of which:* from financial instruments of the classification categories pursuant to IAS 39		
Loans and receivables	66	140
Financial assets held for trading (FAHfT)	–12	–62
Financial liabilities held for trading (FLHfT)	–585	66
Available for sale financial assets (AfS)	294	–
Financial liabilities measured at amortised cost	–1,864	–2,846

15. TAXES ON INCOME AND DEFERRED TAX EXPENSES

€'000	2009	2008
Current tax	4,949	4,748
Deferred tax liabilities	1,683	2,645
	6,632	**7,393**

Paid or due taxes on income and earnings, and also deferred taxes, are reported as taxes on income.

Expenses for current tax are made up as follows:

€'000	2009	2008
Current year	4,718	4,429
Previous years	231	319
	4,949	**4,748**

Expenses for deferred taxes are attributable to the following:

€'000	2009	2008
From restructuring measures with an effect on taxes	1,750	1,749
From loss carryforwards	–100	808
Other temporary differences	33	88
	1,683	**2,645**

The actual tax expense for the year 2009 of € 6,632 thousand is € 979 thousand higher than the anticipated tax expense of € 5,653 thousand which would have resulted from the application of a tax rate to pre-tax earnings that was based on the current German legislation at the balance sheet date.

The anticipated tax rate is 28.57% (previous year: 28.43%) and is obtained as follows:

Trade tax *(average municipal factor 360%)*	12.74%
Corporation tax *(15% of profits after trade tax)*	15.00%
Solidarity surcharge *(5.5% of corporation tax)*	0.83%
Total tax burden on pre-tax earnings	**28.57%**

The causes of the difference between the anticipated and actual tax expense for the group are as follows:

€'000	2009	2008
Anticipated tax expense	5,653	6,321
Use of tax loss carryforwards on basis of a single-entity relationship for trade tax	–	3
Reclassification of minority interest	581	529
Tax expenses/income unrelated to the accounting period	231	319
Nonrecognition of fiscal loss carryforwards	–41	–72
Nondeductibility of remuneration for co-entrepreneurs in unincorporated firms	50	19
Tenancy and leasing commitments to be included	158	208
Nondeductible portion of Supervisory Board remuneration	31	25
Effect of divergent national tax rates	–152	–96
Other tax effects	121	137
ACTUAL TAX EXPENSE	**6,632**	**7,393**
Effective tax rate %	33.51	33.25

16. EARNINGS PER SHARE

The earnings per share are calculated according to IAS 33 *(Earnings per Share)* by dividing the consolidated net income by the average number of shares in circulation:

	2009	2008
Consolidated net income excluding minority interests (€'000)	13,103	14,610
Average number of shares ('000)	8,835	8,742
Basic earnings per share (€)	1.48	1.67

At the time of preparation of the consolidated financial statements there were 8,834,834 shares outstanding.

The diluted earnings per share, i.e. earnings taking account of the resolution on the capital increase for contribution in kind (see notes on subscribed capital), are calculated as follows:

	2009
Consolidated net income excluding minority interests (€'000)	13,103
Dilutive effects on earnings (€'000)	–
DILUTED CONSOLIDATED NET INCOME EXCLUDING MINORITY INTERESTS (€'000)	**13,103**
Average number of shares ('000)	8,835
Plus potential number of shares ('000)	139
DILUTED NUMBER OF SHARES ('000)	**8,974**
DILUTED EARNINGS PER SHARE (€)	**1.46**

NOTES TO THE CONSOLIDATED BALANCE SHEET

17. INTANGIBLE ASSETS

The development in intangible assets in the year under review and in the previous year is shown in the consolidated assets movement schedule on pages 58–61.

€'000	31/12/2009	31/12/2008
Software	4,433	3,810
Other intangible assets including advance payments	1,157	136
Goodwill from the consolidation of capital	6,035	4,982
	11,625	**8,928**

The item "Software" includes the development of an IT system, completed during 2007, for registering orders and processing customers in the mail-order segment at a cost of € 361 thousand (previous year: € 478 thousand) by way of a self-constructed asset. Depreciation amounting to € 117 thousand (previous year: € 117 thousand) was performed. The residual useful life of the self-constructed asset is 43 months.

The development in goodwill from the consolidation of capital is as follows:

€'000	Acquisition cost	Accumulated impairment 31/12/2009	Carrying amount 31/12/2009
Wein-Wolf Group	6,690	2,209	4,481
Le Monde des Grands Bordeaux C.C. SARL	615	426	189
Carl Tesdorpf GmbH	457	181	276
CWD Champagner- und Wein-Distributions-gesellschaft mbH & Co. KG	47	11	36
Sélection de Bordeaux SARL (formerly Edition Reiss SARL)	–19	–19	–
Jacques-IT GmbH	453	–	453
Global Wine AG	600	–	600
	8,843	**2,808**	**6,035**

The accumulated impairment arose up until 31 March 2004. No impairment losses pursuant to IAS 36 were recognised in the reporting period. For purposes of testing for impairment, the carrying amount of the cash-generating unit is compared with its recoverable amount. The recoverable amount is determined as the net realisable value based on the future cash flows according to internal medium-range plans. The calculation is based on a risk-adjusted growth rate of 0.75% (previous year: 0.75%) and the after-tax rates for discounting the cash flows for purposes of calculating the net realisable value were 7.12–7.25% in 2009 (In the previous year, the impairment test was conducted on the basis of the value in use. The interest rates applied were between 8.9% and 10.9% before tax).

18. PROPERTY, PLANT AND EQUIPMENT

The development in property, plant and equipment for the year under review and for the previous year is shown in the consolidated assets movement schedule on pages 58–61.

€'000	31/12/2009	31/12/2008
Land and buildings, including buildings on third-party land	13,004	14,215
Other fixtures and fittings, tools and equipment	7,064	6,398
Advance payments and construction in progress	339	33
	20,407	**20,646**

The carrying amounts of the land and buildings in finance lease totalled € 5,519 thousand at 31 December 2009 (previous year: € 6,509 thousand). These are not freely at the company's disposal.

19. FINANCIAL ASSETS

The development in financial assets for the year under review and for the previous year is shown in the consolidated assets movement schedule on pages 58–61.

€'000	31/12/2009	31/12/2008
Shares in affiliated companies	207	207
Participating interests	23	13
Securities	5,087	2,012
Other loans	58	59
Advance payments	35	–
	5,410	**2,291**

Shares in affiliated companies relate to the following companies, which are not consolidated in view of their minor significance for the group (cf. also the remarks on the consolidated companies):

€'000	31/12/2009	31/12/2008
Wein Wolf Import GmbH	26	26
Wein Wolf Holding Verwaltungs GmbH	26	26
"Châteaux et Domaines" Weinhandelsgesellschaft mbH	26	26
Weinland Ariane Abayan Verwaltungs GmbH	20	20
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributions-gesellschaft m.b.H.	25	25
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg (Austria)	34	34
Deutschwein Classics Verwaltungsgesellschaft mbH	25	25
C.C.F. Fischer GmbH	25	25
	207	**207**

The participating interests (€ 23 thousand) relate to the interest of € 13 thousand held in *Vera Maria Bau Consulting GmbH,* Bonn, as well as a limited partner's share in *PENTOS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Tornesch KG* amounting to € 10 thousand.

The securities substantially (€ 5,087 thousand) comprise the shares in *Majestic Wine PLC* acquired in the previous year as well as during the financial year.

The other loans totalling € 58 thousand (previous year: € 59 thousand) relate to one (previous year: one) loan to an employee. The loan accrues interest at 6% and matures in August 2015.

20. INVENTORIES

€'000	31/12/2009	31/12/2008
Raw material and consumables used	1,016	1,023
Work in progress	3,179	2,764
Finished goods and merchandise	59,319	61,027
Advance payments	7,608	11,956
	71,122	**76,770**

The advance payments relate to wines of earlier vintages which are not delivered until subsequent years ("subscriptions" or "en primeur").

Inventories totalling € 3,871 thousand (previous year: € 225 thousand) were recognised at their net realisable value. An allocation to impairment totalling € 70 thousand (previous year € 346 thousand) was reported under the cost of materials in the result for the year under review.

With regard to isolated items within inventories, it is possible that they are not turned over within the course of one year. This is particularly possible in the case of higher-quality wines and spirits. It is therefore not possible to make any liquidity forecasts on the basis of the inventories reported.

21. RECEIVABLES AND OTHER ASSETS

€'000	31/12/2009	31/12/2008
Trade receivables (gross)	43,654	40,873
Less uncollectable receivables	–610	–631
Trade receivables	**43,044**	**40,242**
Accounts receivable from taxes on income	743	1,036
Other receivables and other assets	2,650	2,814
	46,437	**44,092**
Of which with a term of:		
– up to 1 year	45,503	42,990
– over 1 year	934	1,102

€'000	Carrying amount	Of which neither impaired nor overdue at reporting date	Of which not impaired but overdue by the following time bands at reporting date				
			< 30 days	30–60 days	61–90 days	91–180 days	> 180 days
	31/12/2009						
Trade receivables	43,044	32,769	8,647	873	154	248	35
	31/12/2008						
Trade receivables	40,242	29,316	9,375	986	34	82	61

With regard to the trade receivables that were neither impaired nor overdue, there is no evidence at the reporting date that the debtors will not meet their payment commitments. There was no renegotiation with debtors with regard to the extending of payment deadlines.

The impairment on trade receivables developed as follows:

€'000	2009	2008
Impairment at 1 January	631	655
Added	386	395
Used up	–406	–402
Liquidated	–1	–17
IMPAIRMENT AT 31 DECEMBER	**610**	**631**

Other receivables and other assets:

€'000	31/12/2009	31/12/2008
Due from affiliated companies	3	–
Due from participating interests	59	71
Tax refund claims	144	77
Receivables from trade representatives	302	360
Rent deposits	722	742
Accrued costs	317	404
Miscellaneous	1,103	1,160
	2,650	**2,814**

The amounts due from affiliated companies in the previous year were owed by *Verwaltungsgesellschaft Wein Wolf Import GmbH,* Salzburg (Austria). The amounts due from participating interests are those from the joint venture *Global Eastern Wine Holding,* Bonn, and its subsidiary *Global Wines s.r.o.,* Prague (Czech Republic).

The remainder of the assets were neither impaired nor overdue.

There is no evidence at the reporting date that the debtors will not meet their payment commitments.

22. CASH IN BANKING ACCOUNTS AND CASH ON HAND

Cash in banking accounts and cash on hand totalling € 13,001 thousand (previous year: € 10,056 thousand) relates substantially to balances with banks.

23. DEFERRED TAX ASSETS

€'000	31/12/2009	31/12/2008
Previous year	7,293	9,941
Increase	528	8
Decrease	–1,470	–1,927
Offsetting	–789	–729
	5,562	**7,293**

Deferred tax assets are made up as follows:

€'000	31/12/2009	31/12/2008
Temporary differences:		
– From restructuring measures with an effect on taxes	5,363	7,113
– From loss carryforwards	459	359
– From the fair value measurement of derivative financial instruments	14	21
– From finance leases	410	450
– From inventories	49	41
– From provisions for pensions	26	31
– Other	30	7
– Offsetting	–789	–729
	5,562	**7,293**

The reported deferred taxes on tax loss carryforwards relate to the trade tax loss carryforwards of Hawesko Holding AG that are available for future use.

The conversion of the subsidiaries *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG, CWD Champagner- und Wein- Distributionsgesellschaft mbH & Co. KG* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG* from incorporated firms to unincorporated firms at 1 January 1998 resulted in fiscally allowable goodwill which is amortised over 15 years. Deferred tax assets with an effect on income totalling € 38,212 thousand were entered in the accounts at 1 January 1998; they are released by the straight-line method over the amortisation period, booked as an expense. The remaining temporary differences are amortised over a residual useful life of five years. Amortisation is performed at the rate of € 1,668 thousand per year for the above companies.

There remain unused, temporally unlimited tax loss carryforwards amounting to € 3,999 thousand (previous year: € 4,237 thousand), for which no deferred tax assets were reported in the balance sheet.

Deferred tax credit balances totalling € 14 thousand (previous year: € 21 thousand) are reported as a result of the recognition of derivative financial instruments at fair value.

A sum of € 1,808 thousand (previous year: € 2,109 thousand) is expected to be realised from the deferred tax assets within twelve months.

24. SUBSCRIBED CAPITAL

The subscribed capital of Hawesko Holding AG amounts to € 13,497,324.27 (previous year: € 13,497,324.27) and is divided into 8,844,736 (previous year: 8,844,736) no par value bearer shares.

A total of 9,902 treasury shares were held at 31 December 2009, as in the previous year.

A regular dividend of € 1.20 per share was paid in the financial year, amounting to € 10,602 thousand in total (previous year: € 1.00 per share, € 8,682 thousand in total).

Approved capital

The Board of Management is authorised to increase the capital stock on one or more occasions by up to a total of € 6,600,000.00 within the period ending 31 May 2013, with the approval of the Supervisory Board, by issuing new no par value bearer shares against contributions in cash or in kind. The shareholders shall be granted a fundamental subscription right. With the permission of the Supervisory Board, the Board of Management is, however, authorised to exclude the shareholders' statutory subscription,

a) insofar as the exclusion of the subscription right is necessary in order to grant the bearers of convertible bonds or loans or warrants issued by the company a subscription right to the extent that they would be entitled following exercising of the warrant or conversion right or following fulfilment of the conversion obligation,

b) insofar as the capital increase for contribution in kind is made for the purpose of acquiring companies or participations in companies,

c) for residual amounts.

In the case of capital increases for cash, the Board of Management is moreover authorised to exclude the subscription right of the shareholders, with the approval of the Supervisory Board, if the nominal value of the new shares neither exceeds 10% of the existing capital stock at the time of the authorisation taking effect nor exceeds 10% of the existing capital stock at the time of issuance of the new shares and the issue value of the new shares is not significantly below their stock market price pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law.

Treasury shares sold are to be added to the 10% threshold if the sale takes place with the exclusion of the subscription right, on the basis of an authorisation that is already valid or takes effect at the time of this authorisation, pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law.

Insofar as the subscription right is not excluded, the shares are to be taken on by banks with the obligation to offer them for sale to shareholders (indirect subscription right).

The Board of Management is moreover authorised to specify the further content of the rights carried by the shares and the conditions of the share issue with the approval of the Supervisory Board.

In the previous year, 162,406 shares with a value of € 247,836.27 were issued from the approved capital, with the result that it totalled € 6,352,163.73 at 31 December 2008 (31 December 2007: € 6,600,000.00).

With the approval of the Supervisory Board, the Board of Management resolved to issue 138,667 shares to the value of € 211,609.87 from approved capital, against contribution in kind. The capital increase had not been entered on the Commercial Register by the time of preparation of the consolidated financial statements. The approved capital at 31 December 2009 amounted to € 6,352,163.73, as in the previous year.

25. CAPITAL RESERVE

€'000	31/12/2009	31/12/2008
Capital reserve	6,491	6,491

The capital reserve for the group comprises the premium from the capital increase in 1998, from the issuance of shares to employees and from the issuance of new shares from the 2001 convertible bond. The premium from the conversion of the convertible loan into Hawesko bearer shares carrying full dividend entitlements totalled € 105 thousand, i.e. € 9.58 per share.

The costs for the initial public offering of € 978 thousand were booked to the capital reserve net of taxes, with no effect on income, in agreement with IAS 32.

The costs of € 55 thousand for the capital increase for contribution in kind carried out in the previous year were likewise booked to the capital reserve net of taxes, with no effect on income.

The capital reserve also includes the aforementioned capital increase (€ +3.4 million) as well as the change from the retirement of treasury shares in the previous year (€ –2.9 million).

26. REVENUE RESERVE

€'000	31/12/2009	31/12/2008
Revenue reserve	41,243	34,043
Deduction for treasury shares	–221	–221
	41,022	**33,822**

The group's revenue reserve includes amounts allocated in the past from earnings generated by companies included in the consolidated accounts. Treasury shares totalling € 221 thousand (previous year: € 221 thousand) have in addition been deducted from the revenue reserve, in agreement with IAS 32.

27. ACCUMULATED OTHER EQUITY

In the financial year an unrealised gain from the rise in fair value in respect of the shares in *Majestic Wine PLC* amounting to € 2,643 thousand (previous year: unrealised loss of € 1,614 thousand) was recognised directly within equity. Deferred tax liabilities of € 51 thousand were created for this.

28. UNAPPROPRIATED GROUP PROFIT

The unappropriated group profit includes the consolidated net income for the financial year, the undistributed earnings from previous years and the adjustments to earnings resulting from the changeover to IFRS. The distributable profit results from the commercial accounts of Hawesko Holding AG and totals € 12,355 thousand (previous year: € 10,954 thousand).

The individual components of the equity and its development in the years 2008 and 2009 are shown in the consolidated statement of movements in equity on page 57.

29. MINORITY INTEREST

The minority interest in the consolidated balance sheet relates to minority interests in the equity and net earnings of the group companies that are consolidated in full or on a pro rata basis (cf. details of consolidated companies).

30. PROVISIONS FOR PENSIONS

For old-age pension purposes, four (previous year: five) active employees and three (previous year: two) retired employees of the subsidiary *Jacques' Wein-Depot Wein-Einzelhandel GmbH* have an entitlement to supplementary retirement pay. A lifelong retirement pension or disability pension and a pension for surviving dependents or orphans are granted. The total provision reported at the balance sheet date was calculated by an independent actuary according to the present value of an expectancy, in agreement with IAS 19. The allocation to provisions for pensions amounted to € 2 thousand in the year under review (previous year: € 30 thousand). The expense comprises service cost of € 17 thousand (previous year: € 13 thousand), interest expense of € 30 thousand (previous year: € 32 thousand), payments made of € 19 thousand (previous year: € 18 thousand) and an actuarial gain of € 26 thousand (previous year: loss of € 3 thousand).

The basic assumptions made in calculating the provisions for pensions are given below:

%	2009	2008
Discounting rate	5.25	5.50
Pensions trend	1.00	2.00

The calculations are based on the basic biometric data (probability values for death and invalidity) according to the 2005 G reference tables by Dr. Klaus Heubeck.

The present value of the obligation developed as follows (€'000):

31/12/2009	31/12/2008	31/12/2007	31/12/2006	31/12/2005
617	615	585	683	678

Outpayments of € 19 thousand are expected for 2010.

31. DEFERRED TAX LIABILITIES

The deferred tax liabilities are the result of temporary differences between the valuations in the fiscally relevant balance sheets and the carrying amounts in the consolidated balance sheet. The following table provides an explanation of the differences in the values of the deferred tax liabilities formed in the balance sheets:

DEFERRED TAXES

€'000	31/12/2009	31/12/2008
Fixed assets	721	563
Inventories	186	186
Trade receivables	99	91
Other assets	8	19
Offset against deferred tax assets	–738	–729
	276	**130**

32. OTHER PROVISIONS

€'000	1/1/2009	Drawn (D) Liquidated (L)	Allocated	31/12/2009
Provisions for personnel	336	126 (D) 4 (L)	16	222

The provisions for personnel in the main consist of death benefit and partial retirement.

The provisions with a term of up to one year total € 0 thousand (previous year: € 64 thousand). The provisions with a term of between one and five years total € 222 thousand (previous year: € 271 thousand). There are no provisions with a term of over five years, as in the previous year.

33. BORROWINGS

€'000	31/12/2009	31/12/2008
Banks	1,245	6,833
Finance lease	6,960	8,093
	8,205	**14,926**
Of which with a term of:		
– *up to 1 year*	2,450	7,966
– *1 to 5 years*	3,233	3,928
– *over 5 years*	2,522	3,032

The Hawesko Group has secured credit facilities as indicated in the following table, to enable it to raise short-term loans (with a term of less than one year):

CREDIT FACILITY in €'000

Term	2009	2008
Open-ended	36,000	25,000
31/12/2008	–	10,000
	36,000	**35,000**

The interest rates of short-term loans raised in 2009 were between 1.24% and 3.95% (previous year: between 3.60% and 6.05%).

Borrowings from banks all have a term of up to one year.

The finance lease liabilities at 31 December 2009 can be reconciled as follows:

€'000	Term up to one year	Term over one and up to five years	Term over five years	Total
Minimum lease payments	1,622	4,183	2,974	**8,779**
Interest component	417	950	452	**1,819**
Principal repaid	1,205	3,233	2,522	**6,960**

These comprise firstly the mail-order logistics centre in Tornesch, near Hamburg, which has been leased for a total period of 22.5 years, and secondly an office building, which is being used over a term of 18 years. In the case of the mail-order logistics centre, the lessor has a put option at the end of the rental period (31 March 2011) on a portion that is covered by movable equipment lease agreement. There exist purchase options for both properties at the end of the term of the contracts.

The lease has been classified as a financial lease, as the present value of the minimum lease payments in essence corresponds to the fair value of the mail-order logistics centre at the time of formation of the contract. The present value was calculated using effective interest rates ranging from 5.5% to 7%, depending on the contract.

Hawesko met all obligations for the payment of interest and principal in the year under review, as in the previous year.

The following table indicates the anticipated (undiscounted) interest and principal payments for primary financial liabilities and for derivative financial instruments with a positive and negative fair value:

	Carrying amount	Cash flows											
		2010			2011			2012–2014			> 2014		
€'000	31/12/2009	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal	Fixed interest	Variable interest	Principal
PRIMARY FINANCIAL LIABILITIES:													
Due to banks	–1,245	–	–1	–1,245	–	–	–	–	–	–	–	–	–
Finance lease liabilities	–6,960	–417	–	–1,205	–311	–	–1,794	–638	–	–1,440	–453	–	–2,521
DERIVATIVE FINANCIAL LIABILITIES													
Interest rate derivatives without hedging relationship	–24	–52	15	–	–	–	–	–	–	–	–	–	–
Forward exchange transactions without hedging relationship	–	–	–	–	–	–	–	–	–	–	–	–	–
DERIVATIVE FINANCIAL ASSETS													
Interest rate derivatives without hedging relationship	–	–	–	–	–	–	–	–	–	–	–	–	–

34. OTHER LIABILITIES

€'000	31/12/2009	31/12/2008
Minority interest in the capital of unincorporated subsidiaries	2,605	1,431
Advances received	5,871	7,654
Trade payables	49,041	45,585
Income taxes payable	3,366	2,508
Other liabilities	21,190	19,723
	82,073	**76,901**
Of which with a term of		
– *up to 1 year*	79,827	75,907
– *1 to 5 years*	2,246	994
– *over 5 years*	–	–

The minority interest in the capital of unincorporated subsidiaries comprises the actual or possible settlement obligations and the interests in the net earnings of the group companies consolidated in full. The Board of Management has, with the approval of the Supervisory Board, resolved to acquire the remaining 15% of the capital of the unincorporated subsidiary *Weinland Ariane Abayan GmbH & Co. KG* in the 2010 financial year by way of a debt to equity swap, utilising the approved capital.

The advances received in the year in progress are in respect of subscription ("en primeur") payments collected from customers for wines which are to be delivered in 2010 and 2011.

The advances received include liabilities with a term of between one and five years totalling € 2,198 thousand (previous year: € 850 thousand).

The other liabilities include liabilities with a term of between one and five years totalling € 48 thousand (previous year: € 144 thousand). There no longer exist any other liabilities with a term of over five years, as in the previous year.

The other liabilities are composed of the following:

€'000	31/12/2009	31/12/2008
Sales tax and other taxes	9,819	9,032
Liabilities in respect of social insurance	157	365
Liabilities to employees	4,675	3,981
Customer bonuses	3,573	3,474
Derivative financial instruments	614	59
Liabilities to other company members	22	86
Due to affiliated companies	125	112
Miscellaneous	2,205	2,614
	21,190	**19,723**

The amounts due to affiliated companies are in respect of the following companies:

€'000	31/12/2009	31/12/2008
"Châteaux et Domaines" Weinhandelsgesellschaft mbH	27	27
C.C.F. Fischer GmbH	22	–
Deutschwein Classics Verwaltungsgesellschaft mbH	1	3
Wein Wolf Import GmbH	–	5
Wein Wolf Holding Verwaltungs GmbH	1	3
Weinland Ariane Abayan Verwaltungs GmbH	–	3
Verwaltungsgesellschaft Wein Wolf Import GmbH, Salzburg	41	41
Verwaltungsgesellschaft CWD Champagner- und Wein-Distributionsgesellschaft m.b.H.	33	30
	125	**112**

35. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Carrying amounts, stated amounts and fair values by classification category, 2009:

€'000	Classification category acc. to IAS 39	Carrying amount 31/12/2009	Stated amount in balance sheet acc. to IAS 39				Stated amount in balance sheet acc. to IAS 17	Fair value 31/12/2009
			Acquisition cost	Amortised cost	Fair value in equity	Fair value through profit and loss		
ASSETS								
Cash	LaR	13,001	–	13,001	–	–	–	13,001
Trade receivables	LaR	43,044	–	43,044	–	–	–	43,044
Receivables and other assets								
– Other receivables	LaR	2,650	–	2,650	–	–	–	2,650
– Derivatives without hedging relationship	FAHfT	0	–	–	–	0	–	0
Financial assets								
– Other loans	LaR	58	–	58	–	–	–	58
– Available for sale financial assets	AfS	266	266	–	–	–	–	n.a.
– Available for sale financial assets at fair value	AfS	5,087	–	–	5,087	–	–	5,087
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	2,605	–	2,605	–	–	–	n.a.
Trade payables	FLAC	49,041	–	49,041	–	–	–	49,041
Due to banks	FLAC	1,245	–	1,245	–	–	–	1,245
Finance lease liabilities	n.a.	6,960	–	–	–	–	6,960	7,853
Other liabilities								
– Other liabilities	FLAC	20,576	–	20,576	–	–	–	20,576
– Derivatives without hedging relationship	FLHfT	614	–	–	–	614	–	614
Of which aggregated by classification category acc. to IAS 39:								
– Loans and receivables (LaR)		58,753	–	58,753	–	–	–	58,712
– Available for sale financial assets (AfS)		5,353	266	–	5,087	–	–	n.a.
– Financial assets held for trading (FAHfT)		0	–	–	–	0	–	0
– Financial liabilities measured at amortised cost (FLAC)		70,861	–	70,861	–	–	0	70,861
– Financial liabilities held for trading (FLHfT)		614	–	–	–	614	–	614

Carrying amounts, stated amounts and fair values by classification category, 2008:

€'000	Classification category acc. to IAS 39	Carrying amount 31/12/2008	Stated amount in balance sheet acc. to IAS 39: Acquisition cost	Amortised cost	Fair value in equity	Fair value through profit and loss	Stated amount in balance sheet acc. to IAS 17	Fair value 31/12/2008
ASSETS								
Cash	LaR	10,056	–	10,056	–	–	–	10,056
Trade receivables	LaR	40,242	–	40,242	–	–	–	40,242
Receivables and other assets								
– Other receivables	LaR	2,802	–	2,802	–	–	–	2,802
– Derivatives without hedging relationship	FAHfT	12	–	–	–	12	–	12
Financial assets								
– Other loans	LaR	59	–	59	–	–	–	59
– Available for sale financial assets	AfS	230	230	–	–	–	–	n.a.
– Available for sale financial assets at fair value	AfS	2,002	–	–	2,002	–	–	2,002
EQUITY AND LIABILITIES								
Minority interest in the capital of unincorporated subsidiaries	FLAC	1,431	–	1,431	–	–	–	n.a.
Trade payables	FLAC	45,585	–	45,585	–	–	–	45,585
Due to banks	FLAC	6,833	–	6,833	–	–	–	6,859
Finance lease liabilities	n.a.	8,093	–	–	–	–	8,093	9,276
Other liabilities								
– Other liabilities	FLAC	19,664	–	19,664	–	–	–	19,664
– Derivatives without hedging relationship	FLHfT	59	–	–	–	59	–	59
Of which aggregated by classification category acc. to IAS 39:								
– Loans and receivables (LaR)		53,159	–	53,159	–	–	–	53,159
– Available for sale financial assets (AfS)		2,232	230	–	2,002	–	–	n.a.
– Financial assets held for trading (FAHfT)		12	–	–	–	12	–	12
– Financial liabilities measured at amortised cost (FLAC)		72,082	–	72,082	–	–	–	72,108
– Financial liabilities held for trading (FLHfT)		59	–	–	–	59	–	59

Measurement categories acc. to IFRS 7.27:

€'000	31/12/2009 Level 1	Level 2	Level 3	Total	31/12/2008 Level 1	Level 2	Level 3	Total
ASSETS								
Available for sale financial assets (AfS)	5,087	–	–	5,087	2,002	–	–	2,002
Financial assets held for trading (FAHfT)	–	0	–	0	–	12	–	12
EQUITY AND LIABILITIES								
Financial liabilities held for trading (FLHfT)	–	614	–	614	–	59	–	59

Level 1: on the first level of the fair value hierarchy, fair values are determined on the basis of publicly quoted market prices.

Level 2: if no active market for a financial instrument exists, the fair value is determined using valuation models. The valuation models use as wide a scope of data from the market as possible, and as little company-specific data as possible.

Level 3: the valuation models used at this level are also based on parameters not observed in the market.

The cash, trade receivables and other receivables have predominantly short maturity dates. The carrying amounts at the reporting date are therefore approximately the same as the fair value.

The fair value of the other long-term receivables and of the other loans with maturity dates of more than one year corresponds to the present values of the payments associated with the assets, taking into account the respective current interest parameters.

The financial assets available for sale (AfS) include shares in affiliated companies and participations, the fair values of which could not be reliably determined and have therefore been reported at cost. This category in addition includes securities that are recognised at fair value within equity. If no fair value can be reliably determined, the securities are measured at cost.

Trade liabilities and other liabilities have predominantly short maturity dates, with the result that the reported values are approximately the same as the fair value.

The fair values of amounts due to banks and finance lease liabilities are determined on the basis of the applicable yield curve.

The minority interest in the capital of unincorporated subsidiaries is recognised at amortised cost, which corresponds to the value of the current settlement obligation in each case.

The fair values of the financial derivatives relate to their liquidation (redemption) value at the balance sheet date.

NET EARNINGS BY CLASSIFICATION CATEGORY, 2009

€'000	From interest	From subsequent measurement				From disposal	Net earnings 2009
		At fair value	At amortised cost	Currency translation	Impairment		
Loans and receivables (LaR)	66	–	–	–	21	–	87
Available for sale financial assets (AfS)	–	294	–	–	–	–	294
Financial instruments held for trading (FAHfT + FLHfT)	–	–596	–	–	–	–	–596
Financial liabilities measured at amortised cost (FLAC)	–421	–	–1,443	7	–	–	–1,857
TOTAL	**–355**	**–302**	**–1,443**	**7**	**21**	**–**	**–2,072**

NET EARNINGS BY CLASSIFICATION CATEGORY, 2008

€'000	From interest	From subsequent measurement				From disposal	Net earnings 2008
		At fair value	At amortised cost	Currency translation	Impairment		
Loans and receivables (LaR)	140	–	–	–	24	–	164
Financial instruments held for trading (FAHfT + FLHfT)	–	–46	–	–	–	50	4
Financial liabilities measured at amortised cost (FLAC)	–983	–	–671	9	–	–1,192	–2,837
TOTAL	**–843**	**–46**	**–671**	**9**	**24**	**–1,142**	**–2,669**

The interest from financial instruments is reported under the interest result (cf. also Note 14). The remaining components of net earnings are likewise reported by Hawesko Holding under the financial result, except for the impairment on trade receivables in the classification category loans and receivables, which is reported under miscellaneous other operating expenses. The income and expenses from currency translation for trade liabilities are included in the other operating income, other operating expenses and cost of purchased goods.

The effects on earnings of the financial instruments held for trading are dictated exclusively by the market and are not based on changes in credit risks, as they are conducted solely with counterparties whose creditworthiness is not open to question.

OTHER PARTICULARS

36. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

The following contingencies and financial obligations in respect of third parties existed on 31 December 2009:

€'000	31/12/2009	31/12/2008
Credit by way of guarantee	19	72
Advance payments outstanding	559	144
Guarantees	270	2,988
Contractual obligations	365	–

Obligations relating to advance payments outstanding for subscriptions received as at 31 December 2009 were repaid at the start of 2010.

The minimum total for non-discounted future lease and rental payments amounts to € 9,015 thousand (previous year: € 9,254 thousand). The global obligations for lease and tenancy agreements are due as follows:

€'000	
Up to 1 year	7,588
Over 1 year, up to 5 years	810
Over 5 years	616
	9,015

The other financial obligations from tenancy and lease agreements relate substantially to rented shop premises for the specialist retailing of wine, and two pieces of land classified as operating leases. There exist purchase options for both pieces of land at the end of the term of the contracts.

37. RISK MANAGEMENT AND FINANCIAL DERIVATIVES

Principles of risk management

With regard to its assets, liabilities and planned transactions, the Hawesko Group is exposed in particular to risks from changes in interest rates and, to a very minor degree, risks from exchange rate movements. The aim of its financial risk management is to limit these market risks by finance-oriented activities. Selected derivative hedging instruments are used for this purpose. As a fundamental principle, however, only those risks that affect the group's cash flow are hedged.

The derivative financial instruments used are currency options, forward exchange transactions and interest rate derivatives. To reduce the credit risk, such transactions are concluded only with banks of excellent financial standing. Their use is restricted to the hedging of operative business.

The basic principles of financial policy are laid down on a regular basis by the Board of Management and monitored by the Supervisory Board. Implementation of the financial policy and ongoing risk management are the duty of Group Accounts. Transactions require the prior approval of the Board of Management, which is moreover regularly informed of the extent and volume of current risk exposures.

Exchange risks arise essentially as a result of business operations and are rated as low. A minimal volume of forward exchange transactions was recognised at the reporting date (previous year: none). No separate foreign exchange sensitivity analysis was carried out in view of its insignificance.

The *interest-rate risk* principally takes the form of movements in the short-term Eurocurrency market interest rates. In order to minimise the impact of interest rate fluctuations in this region, the Board of Management regularly specifies the desired mix of fixed and variable-rate financial liabilities and uses appropriate interest rate derivatives for this purpose.

Due to the lack of matched maturities between – and high variation in the levels of use of – underlying and hedging transactions, there is no close hedging relationship with the underlying transactions in the case of the interest rate derivatives. They are consequently measured at fair value, with gains or losses from the change in fair value booked to income via the interest result. The obligations and entitlement from the measurement of interest rate derivatives are shown under other liabilities and other receivables.

Interest rate risks are represented by means of sensitivity analyses pursuant to IFRS 7. These show the effects of changes in market rates on interest payments, interest income and expense, other earnings components and possibly also equity.

The interest rate sensitivity analyses are based on the following assumptions: changes in the market rates of fixed-interest primary financial instruments only affect earnings if these instruments are measured at fair value. All fixed-interest financial instruments measured at amortised cost are consequently not exposed to interest rate risks as defined by IFRS 7.

Changes in the market rates affect the interest result for primary, variable-rate financial instruments, the interest payments on which are not designated as underlying transactions in the context of cash flow hedges for interest rate risks, and are consequently included in the calculation of the earnings-related sensitivities.

Changes in the market rates of interest rate derivatives which are not bound up in a hedging relationship pursuant to IAS 39 affect the other financial result and are therefore taken into account in the earnings-related sensitivities.

If the market rate had been 100 base points higher or lower at 31 December 2009, earnings would have been € 0.1 million lower or € 0.1 million higher (previous year: € 0.1 million lower or € 0.1 million higher). The effects would be reflected in the interest result.

The *credit and non-payment risk* of financial assets from business operations (essentially trade receivables) corresponds to no more than the amounts shown on the assets side and is well diversified thanks to the large number of individual receivables from customers. The credit risk is in addition reflected by means of uncollectable receivables and lump-sum uncollectable receivables. Advance payments are normally protected by bank guarantees. In the financing area, transactions are concluded only with counterparties with a top credit rating.

There is no evidence of a *liquidity risk,* i.e. insufficient financial resources to pay off obligations (cf. Note 33).

HEDGES/DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2009 there were no derivative financial instruments in use as *fair value hedges* or *cash flow hedges.*

The following table shows the reported fair values of the various derivative financial instruments concluded without effective hedging relationships pursuant to IAS 39:

	Nominal volume		Fair value	
€'000	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Forward exchange transactions (US dollars)	–	354	–	–30
Interest hedging transactions with a positive market value at the reporting date	7,000	7,000	0	12
Interest hedging transactions with a negative market value at the reporting date	5,000	5,000	–24	–29

The fair values relate to the liquidation (redemption) value of the financial derivatives at the balance sheet date. The term to maturity of the interest hedging transactions is one year.

38. CAPITAL MANAGEMENT

The overriding aim of capital management by the group is to ensure that the ability to repay debts and financial substance of the group is preserved in the future.

Another objective of the group involves permanently keeping the capital structure at a level that will continue to guarantee it a bank rating of "investment grade" standard. To assure this and in order to continue paying a dividend in keeping with the earnings per share, it is necessary to continue generating an adequate free cash flow. The sustained optimisation of working capital is and will remain a priority target.

ROCE is an important indicator for capital management. This is the rate of return, expressed as the operating result (EBIT) divided by the average capital employed, in other words by the balance sheet total (for the group) plus capitalised lease commitments less interest-free liabilities and provisions, as well as deferred tax assets. This indicator is not envisaged in the IFRS accounting standards, and its definition and method of calculation may vary from company to company. A long-term return on capital employed (ROCE) permanently higher than 16% is the aim. A rate of return of 20% was achieved in the year under review (previous year: 23%).

39. EMPLOYEES

The average number of employees was as follows:

Group	2009	2008
Commercial and industrial employees	625	581
Apprentices	23	26
	648	**607**

The average number of employees of joint ventures included pro rata in the 2009 financial year was 18 (previous year: 13).

40. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement acc. to IAS 7 was calculated using the indirect method with regard to the net cash inflow from current operations, and comprises the stages "current operations", "investing activities" and "financing activities". The cash flow statement begins with the accounting profit. For reasons of materiality, the taxes paid have been allocated in full to current operations.

The cash outflows from interest payments and dividends have been allocated to financing activities. The cash outflows from financing activities include interest payments made totalling € 927 thousand and interest payments received totalling € 66 thousand. The cash inflows from current operations of € 28,787 thousand (previous year: € 24,682 thousand) include the changes in cash and cash equivalents from operating activities. Cash and cash equivalents comprise cheques, cash on hand as well as cash in banks and amounts due to banks at any time.

The composition of cash and cash equivalents is as follows:

€'000	31/12/2009	31/12/2008	Change
Cash in banking accounts and cash on hand	13,001	10,056	2,945
Due to banks (current accounts)	–	–2,627	2,627
Cash and cash equivalents at end of period	13,001	7,429	5,572

41. SEGMENT REPORTING

In agreement with the rules of IFRS 8, individual data from the annual financial statements is broken down by operating segment and, in agreement with the internal reporting arrangements of the Hawesko Group, the operating segments are organised according to sales form and customer group. Segment assets, segment investment and external sales are in addition categorised by region in the secondary reporting format. The regions shown are those in which the Hawesko Group operates. The Europe segment (excluding Germany) comprises the countries Austria (representing approx. 43%), France (approx. 37%), Switzerland (approx. 11%) and the Czech Republic (approx. 9%). Segment assets and segment investment are fundamentally allocated on the basis of the location of the asset in question; external sales are allocated on the basis of each customer. In the year under review, sales in this segment represented 7% (previous year: 9%).

The segments comprise the following areas:

- The segment for specialist wine-shop retailing *(Jacques' Wein-Depot)* sells wine via a network of retail outlets which are run by independent agency partners. The specialist wine-shop retail segment also includes *Jacques-IT GmbH, Viniversitaet Die Weinschule GmbH* and *Multi-Weinmarkt GmbH*.
- The wholesale segment groups together business activities with retailers; wines and champagnes are sold both by mail order *(CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG)* and by an organisation of trade representatives *(Wein Wolf* Group). *Le Monde des Grands Bordeaux Château Classic SARL* gives the company a presence at what must be the most important trading location for Bordeaux wines. The wholesale segment operates in the Swiss wine market through *Global Wine AG.* It likewise includes the 50% interest in *Global Eastern Wine Holding GmbH,* Bonn, and its 66% interest in the Czech wholesaler *Global Wines, s.r.o.,* Prague. Further details of the joint venture are provided in Note 7.
- The segment for mail-order trade comprises the wine and champagne mail-order division, with activities focused on the consumer. This segment also includes gifts business for corporate and private customers, based on a special catalogue. The mail-order division includes the companies *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH, Carl Tesdorpf GmbH* and *Sélection de Bordeaux SARL*.
- The miscellaneous segment includes Hawesko Holding AG and *IWL Internationale Wein Logistik GmbH,* as well as the former general-partner limited-liability company of the renamed firm *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH.*

The segment data has been calculated in the following way:

- Internal sales indicate the sales between segments. Intra-group sales are calculated on the basis of market prices.
- The segment result is defined as earnings before interest, taxes and any deduction for minority interest (EBIT).
- The segment assets are the sum of non-current and current assets required for current operations, excluding consolidating items within the segment and any income tax claims.
- The segment debts are the operating debts (provisions and interest-free liabilities), excluding consolidating items within the segment and income tax liabilities.
- The elimination of intra-group balances that is to be performed within a segment and the capital consolidation data (goodwill and goodwill impairment) are allocated to the respective segments.
- There are no significant income and expenses with no cash impact in the specialist wine-shop retail, wholesale and mail-order segments.

SEGMENTS 2009

€'000	Specialist retail	Wholesale	Mail order	Miscellaneous	Reconciliation	Group
SALES REVENUES	114,225	136,027	106,396	18,638	−36,785	338,501
– External sales	**114,151**	**127,977**	**96,294**	**79**	–	**338,501**
– Internal sales	74	8,050	10,102	18,559	−36,785	–
OTHER INCOME	8,841	5,485	2,347	1,192	−2,541	15,324
– External	8,809	5,368	992	155	–	15,324
– Internal	32	117	1,355	1,037	−2,541	–
EBIT	**13,853**	**5,324**	**7,724**	**−4,484**	**–**	**22,417**
Non-allocated expenses						−38
						22,379
Financial income						360
Financial expense						−2,950
Financial result						−2,590
RESULT FOR SEGMENTS BEFORE TAXES						**19,789**
Taxes on income						−6,632
RESULT AFTER TAXES						**13,157**
SEGMENT ASSETS	35,718	83,915	37,796	157,762	−147,334	167,857
Non-allocated assets						5,707
CONSOLIDATED ASSETS						**173,564**
SEGMENT DEBTS	20,836	41,289	14,754	14,021	−10,592	80,308
Non-allocated debts						8,976
CONSOLIDATED DEBTS						**89,284**
Depreciation and amortisation	1,355	697	1,327	1,351	–	4,730
Investment	2,787	2,170	829	1,675	–	7,461

SEGMENTS 2008

€'000	Specialist retail	Wholesale	Mail order	Miscellaneous	Reconciliation	Group
SALES REVENUES	110,236	142,688	102,196	18,180	–34,455	338,845
– External sales	**110,164**	**135,193**	**93,341**	**147**	–	**338,845**
– Internal sales	72	7,495	8,855	18,033	–34,455	–
OTHER INCOME	8,975	5,687	2,222	1,142	–2,528	15,498
– External	8,975	5,529	857	137	–	15,498
– Internal	–	158	1,365	1,005	–2,528	–
EBIT	**14,637**	**8,668**	**6,050**	**–3,860**	**–**	**25,495**
Non-allocated expenses						–1
						25,494
Financial income						190
Financial expense						–3,448
Financial result						–3,258
RESULT FOR SEGMENTS BEFORE TAXES						**22,236**
Taxes on income						–7,393
RESULT AFTER TAXES						**14,843**
SEGMENT ASSETS	34,477	79,433	42,201	152,605	–146,010	162,706
Non-allocated assets						7,370
CONSOLIDATED ASSETS						**170,076**
SEGMENT DEBTS	19,007	41,807	12,240	11,582	–8,216	76,420
Non-allocated debts						15,643
CONSOLIDATED DEBTS						**92,063**
Depreciation and amortisation	1,197	589	1,398	1,316	–	4,500
Investment	1,192	653	373	3,828	–	6,046

GEOGRAPHICAL SEGMENTATION

€'000	Segment assets 2009	Segment assets 2008	Segment investment 2009	Segment investment 2008	External sales 2009	External sales 2008
Germany	150,559	142,733	7,319	5,927	314,672	309,234
Europe (excl. Germany)	17,299	19,973	142	119	23,829	29,611
	167,858	**162,706**	**7,461**	**6,046**	**338,501**	**338,845**

42. APPLICATION OF THE EXEMPTION RULES OF SECTION 264B OF GERMAN COMMERCIAL CODE FOR UNINCORPORATED FIRMS

The group companies *CWD Champagner- und Wein-Distributionsgesellschaft mbH & Co. KG, Wein Wolf Holding GmbH & Co. KG, Wein Wolf Import GmbH & Co. Verwaltungs KG, Wein Wolf Import GmbH & Co. Vertriebs KG, Weinland Ariane Abayan GmbH & Co. KG* and *Deutschwein Classics GmbH & Co. KG* make use of the exemption rules of Section 264b of German Commercial Code for the year under review. The consolidated financial statements are published in the electronic Federal Gazette.

43. APPLICATION OF THE EXEMPTION RULES OF SECTION 264 PARA. 3 OF GERMAN COMMERCIAL CODE FOR INCORPORATED FIRMS

The group companies *IWL Internationale Wein-Logistik GmbH, Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH* make use of the exemption rules of Section 264 Para. 3 of German Commercial Code for the year under review. The consolidated financial statements are published in the electronic Federal Gazette.

44. DECLARATION OF COMPLIANCE

The Declaration of Compliance with the German Corporate Governance Code, as specified under Section 161 of German Stock Corporation Law, was submitted on 26 March 2009 and is published on the Internet at www.hawesko.com.

45. RELATED PARTY DISCLOSURES

In accordance with IAS 24, the following details of relationships with related parties are disclosed:

The Board of Management and Supervisory Board are to be regarded as related parties pursuant to IAS 24.5. During the period under review, there were business relationships between the Supervisory Board or Board of Management and the companies included in the consolidated financial statements.

The members of the Supervisory Board were paid the following total remuneration for their activities in the financial year:

€'000	Variable remuneration	Fixed remuneration	Attendance fees	Remuneration for services rendered in person	Total
Manfred Middendorff	34	8	26	–	68
Prof. Dr. Dr. Dr. Franz Jürgen Säcker	26	6	20	16	68
Thomas R. Fischer	9	2	2	–	13
Gunnar Heinemann	17	4	9	–	30
Jacques Héon	17	4	5	–	26
Angelika Jahr-Stilcken	17	4	4	–	25
TOTAL	**120**	**28**	**66**	**16**	**230**

The members of the Board of Management were paid the following total remuneration for their activities in the financial year:

€'000	Fixed	Variable	Total
Alexander Margaritoff	991	789	1,780
Bernd Hoolmans	405	214	619
Bernd G. Siebdrat	254	456	710
Ulrich Zimmermann	190	90	280
TOTAL	**1,840**	**1,549**	**3,389**

Individual members of the Board of Management were in addition granted non-cash benefits of insignificant value.

In the previous year, remuneration totalling € 3,023 thousand was paid to the Board of Management, comprising € 1,853 thousand in fixed pay and € 1,170 thousand in variable components.

A former Board of Management member was paid fixed remuneration totalling € 180 thousand in the financial year.

The employment contracts of Alexander Margaritoff and Bernd Hoolmans include a post-contractual competition ban, which cannot be terminated unilaterally, for the period of two years with continued payment of 50% of the total remuneration.

The employment contract of Bernd G. Siebdrat includes a revocable post-contractual competition ban for the period of 24 months with continued payment of 50% of the total remuneration.

The employment contract of Ulrich Zimmermann includes a revocable post-contractual competition ban for the period of twelve months with continued payment of 50% of the fixed remuneration. If employment is terminated for reasons for which Ulrich Zimmerman is not responsible, compensation rises to 100% of the fixed remuneration.

The Board of Management member Bernd Hoolmans was granted a retirement pension when reaching the age of 65, as well as invalidity pay. A provision totalling € 117 thousand (previous year: € 120 thousand) was recognised for this commitment at 31 December 2009.

The Board of Management member Ulrich Zimmermann is entitled to supplementary retirement pay when reaching the age of 65. The company made a payment of € 10 thousand into a benevolent fund for this commitment during the year under review.

In the event of termination of employment following a change of control, the Board of Management member Bernd Hoolmans is entitled to compensation amounting to 150% of his last average contractually agreed annual pay for the remaining term of his contract (a maximum of three years' pay).

In the event of termination of employment following a change of control, the Board of Management member Alexander Margaritoff is entitled to compensation amounting to three years' pay. Calculation of the compensation is based on the last completed financial year.

There existed no loans to members of the Board of Management or Supervisory Board in the 2009 financial year.

The balance sheet includes provisions for obligations in respect of the Board of Management and Supervisory Board totalling € 1,763 thousand (previous year: € 1,347 thousand).

At 31 December 2009, the Supervisory Board held 700 (previous year: 700) and the Board of Management 2,859,859 (previous year: 2,856,827) shares – directly and indirectly – in Hawesko Holding AG, of which the Chairman of the Board of Management held 2,680,742 (previous year: 2,677,742) directly and indirectly.

Apart from the circumstances mentioned, there were no other significant business relations with the Board of Management and Supervisory Board in the year under review.

During the financial year there moreover existed business ties with Detlev Meyer, who holds a 26% interest in Hawesko Holding AG through Tocos Beteiligung GmbH. Goods to the value of € 112 thousand were purchased from a vineyard owned by Mr Meyer during the financial year.

46. EXPENDITURE ON AUDITOR'S FEES

The expenditure on auditor's fees was made up as follows:

€'000	2009	2008
Audit of financial statements	220	170
Tax consultancy	–	67
Other services	–	28
TOTAL	**220**	**265**

Hamburg, 15 March 2010

The Board of Management

Alexander Margaritoff Bernd Hoolmans

Bernd G. Siebdrat Ulrich Zimmermann

INDEPENDENT AUDITOR'S REPORT

We have examined the consolidated financial statements of Hawesko Holding Aktiengesellschaft, Hamburg – comprising the balance sheet, the income statement, the statement of comprehensive income, the statements of changes in shareholders' equity and cash flow and the notes to the consolidated financial statements – as well as the group management report for the financial year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and group management report in accordance with IFRS as applied in the European Union, as well as with the applicable commercial regulations pursuant to Section 315a, Paragraph 1 of the German Commercial Code, is the responsibility of the legal representatives of the company. Our responsibility is to express an opinion on the consolidated financial statements and group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW: German Institute of Auditors), in particular Section 317 of the German Commercial Code. These standards require that we plan and perform the audit so that we can assess with reasonable assurance whether the documentation is free of any misstatements and violations which materially affect the representation of the net worth, financial position, financial performance and cash flows provided by the consolidated financial statements, in compliance with the applicable accounting regulations, and by the group management report. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible errors are taken into account in the determination of audit procedures. The effectiveness of the internal accounting control system as well as evidence supporting the figures and disclosures in the consolidated financial statements and group management report are evaluated primarily on a test basis.

The audit includes an assessment of the annual financial statements of the companies included in the consolidated financial statements, the definition of the consolidated group, the accounting and consolidation principles used and significant estimates made by the legal representatives of the group as well as an appraisal of the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our evaluation.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as applied in the European Union, as well as with the applicable commercial regulations pursuant to Section 315a, Paragraph 1 of the German Commercial Code, and provide a true and fair view of the net worth, financial position and financial performance of the group. The group management report is consistent with the consolidated financial statements and overall provides a true and fair view of the position of the group as well as of the opportunities and risks of future development.

Hamburg, 22 March 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Niklas Wilke	ppa. Matthias Kirschke
Wirtschaftsprüfer	Wirtschaftsprüfer

DECLARATION OF THE LEGAL REPRESENTATIVES

Statement i. a. w. Section 37y of the German Securities Trading Law (WpHG)

We affirm that, to the best of our knowledge and in accordance with the principles to be applied of proper consolidated reporting, the consolidated financial statements convey a true and fair view of the actual financial position, cash flows and profit or loss of the Group, the consolidated management report depicts a true and fair view of the course of business including the net operating profit and situation of the Group and the material opportunities and risks of the anticipated development of the Group are described.

Hamburg, 15 March 2010

The Board of Management

Alexander Margaritoff Bernd Hoolmans

Bernd G. Siebdrat Ulrich Zimmermann

REPORT OF THE SUPERVISORY BOARD

Dear shareholders

The 2009 financial year was not straightforward for Hawesko Holding AG – none the less, the company posted the second-best set of annual results in its history. Particularly at the start of the year conditions proved very difficult, but the environment stabilised as the year progressed. Only isolated areas of the company experienced a year-on-year downturn in business. Its core activities, above all the segments that are aimed at the end consumer, have remained demonstrably robust. As a result, the Hawesko Group enjoys a stronger market position than ever and enjoys a sound financial basis. There are therefore many reasons to look to the future with optimism.

In the 2009 financial year the Supervisory Board performed the tasks for which it is responsible in accordance with the legal requirements and the articles of incorporation; it was informed by the Board of Management about the situation of the company both at its regular meetings and in individual conferences, and passed the necessary resolutions. Over and above its routine meetings, the Board of Management in addition reported to the Supervisory Board on other important matters. The regular oral and written reports submitted to the Supervisory Board pertained to the overall position of the company and current business developments as well as to the medium-term strategy of the company, including its investment, personnel, financial and earnings plans. Its deliberations focused on the economic development of the company, the group companies, the individual divisions and the affiliated companies, as well as the future direction of Hawesko Holding AG.

The Supervisory Board held four ordinary meetings in the 2009 financial year to assure itself of the lawful and orderly management of the company. The topics of the reports and discussions of the Supervisory Board included the current trading position of the group, the corporate governance principles and their implementation, personnel affairs, risk management within the group, and business plans. The following topics were in addition dealt with separately:

- Discussion of a worst-case scenario for the Hawesko Group in the event of the global economic crisis deteriorating
- Both possible and actual purchases of investments internationally including the investments in *Globalwine AG* and *Majestic Wine PLC*
- The proposal that the Shareholders' Meeting appoint PriceWaterhouseCoopers AG as auditors of the consolidated and annual financial statements for the 2009 financial year
- The proposal to the Shareholders' Meeting to elect Mr Thomas R. Fischer to the Supervisory Board as its sixth member, as well as proposals on the reshuffling of the existing committees
- The capital increase for contribution-in-kind in exchange for the minority interest in *Weinland Ariane Abayan GmbH & Co. KG*
- Marketing questions in respect of the internet as well as product and packaging innovations
- The business plans for 2010

The Supervisory Board in addition requested and received special reports from the Board of Management on the International strategy of the group and the development of the product range.

Pursuant to Section 8 of the articles of incorporation, an individual investment project involving more than € 2.5 million or the acquisition of other companies or the disposal of investments in companies with a value of more than € 0.5 million require the prior approval of the Supervisory Board, by a voting majority of two-thirds; the Supervisory Board gave its approval for the investment in *Globalwine AG* in 2009. Pursuant to Section 8 of the articles of incorporation, the Supervisory Board may in addition specify other transactions for which its approval is required; it did not exercise this right in 2009.

All sitting members of the Supervisory Board attended the ordinary Supervisory Board meetings. All members attended at least half the meetings. The Committee for Audit and Investment Affairs met on seven occasions, the Committee for Personnel Affairs on two occasions and the Nominating Committee once. The Supervisory Board successfully assessed its efficiency in a self-evaluation process.

Between its meetings, the Supervisory Board was given regular, up-to-date, comprehensive reports by the Board of Management on the development of the group. Considerable importance was attached to the reporting system, in the context of which monthly reports and accompanying comments were provided on key financial data and their status compared with the planning and prior-year figures. The Supervisory Board has acknowledged the principal planning and accounting documents and been able to assess their correctness and appropriateness.

No conflicts of interest concerning individual Supervisory Board members came to the attention of the Chairman.

On 26 March 2009 the Board of Management and Supervisory Board submitted the annual Declaration of Compliance in respect of the German Corporate Governance Code. The Declaration of Compliance approved today pursuant to Section 161 of German Stock Corporation Law is published separately in the Annual Report (on pages 100–103) as part of the Corporate Governance Declaration (Section 289a of German Commercial Code) along with disclosures on corporate management practices and the description of the modus operandi of the Board of Management and Supervisory Board; in addition to the now obsolete Declarations of Compliance for the past five years, the document is available on the Internet at www.hawesko.com.

The annual financial statements prepared by the Board of Management, the consolidated financial statements and the combined management report of the group and the parent company for the 2009 financial year, including the bookkeeping, were examined by PriceWaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg, appointed as auditors by the Shareholders' Meeting of 15 June 2009. The auditors did not find any cause for objection and issued their unqualified opinion.

Pursuant to Section 170 of German Stock Corporation Law, the Board of Management submitted the annual and consolidated financial statements, the combined management report for the group and the parent company for the 2009 financial year, and the audit reports of the independent auditors on the examination of the annual and consolidated financial statements and the Board of Management's proposal on the appropriation of earnings to the Supervisory Board for review. The Supervisory Board Committee for Audit and Investment Affairs considered the financial statements of the affiliated companies at its meeting on 1 March 2010 and discussed them in the presence of the auditors. The full Supervisory Board discussed the annual financial statements and the consolidated financial statements of Hawesko Holding AG as well as the auditors' audit reports at its meeting on 25 March 2010. Based on the conclusions of its examination, the Supervisory Board raises no objections. It ratifies the annual and consolidated financial statements for 2009 pursuant to Section 171 of German Stock Corporation Law. The annual financial statements are thus approved in accordance with Section 172 of German Stock Corporation Law.

The Supervisory Board endorses the proposal of the Board of Management to use the unappropriated profit for the 2009 financial year for the distribution of a dividend of € 1.35 per no par value share.

Mr Thomas R. Fischer was elected as a new member of the Supervisory Board by the Shareholders' Meeting of 15 June 2009. Mr Fischer was elected to the Committee for Audit and Investment Affairs at an ordinary meeting of the Supervisory Board, as the most experienced and best-qualified member to deal with financial and balance-sheet issues.

The Supervisory Board extends its thanks to the Board of Management, the employee councils, the directors, all employees of Hawesko Holding AG's affiliated companies, the *Jacques' Wein-Depot* agency partners and the distribution partners in the wholesale division for their commitment and hard work.

Hamburg, 25 March 2010

The Supervisory Board

Manfred Middendorff
Chairman

CORPORATE GOVERNANCE DECLARATION OF HAWESKO HOLDING AG PURSUANT TO SECTION 289A OF GERMAN COMMERCIAL CODE

CORPORATE GOVERNANCE

Hawesko Holding AG is committed to responsible corporate management and supervision directed towards increasing the value of the company. The transparency of the company's principles as well as the presentation of its ongoing development are to be assured in order to create, maintain and strengthen confidence in the company among customers, business partners and shareholders.

This Corporate Governance Declaration (Section 289a of German Commercial Code) comprises the Declaration of Compliance pursuant to Section 161 of German Stock Corporation Law, and disclosures on corporate management practices and the description of the modus operandi of the Board of Management and Supervisory Board.

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF GERMAN STOCK CORPORATION LAW

The Board of Management and Supervisory Board monitor compliance with the German Corporate Governance Code and each year submit a Declaration of Compliance, both current and former versions of which can be called up on the Internet.

Pursuant to Section 161 of German Stock Corporation Law, the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code, published in the official section of the electronic Federal Official Gazette by the Federal Ministry of Justice, have been complied with, or declare which of these recommendations have not been or will not be complied with.

The Supervisory Board and Board of Management of Hawesko Holding AG, Hamburg, declare that the aforementioned recommendations of the Government Commission on the German Corporate Governance Code in the version dated 18 June 2009 have been and are complied with, with the exception that the company departs from the recommendations of the Code in the following respects:

– *Article 2.2.2 of the Code:* the Board of Management is authorised to exclude the shareholders' statutory subscription, with the permission of the Supervisory Board, in the following instances:

(1) insofar as the exclusion of the subscription right is necessary in order to grant the bearers of convertible bonds or loans or warrants issued by the company a subscription right to new shares to the extent that they would be entitled following exercising of the option or conversion right or following fulfilment of the conversion obligation. Financing by means of bonds with option and conversion rights secures the company flexible access to financing. In the event of utilisation of the authorisation, the exclusion of the subscription right of shareholders means that the option or conversion price does not need to be reduced in order to maintain dilution protection for bearers of option or conversion rights.

(2) insofar as the capital increase for contribution in kind is made particularly for the purpose of acquiring companies, parts of companies or participations in companies. The scope for excluding subscription rights in the case of capital increases for contribution in kind enables the Board of Management, with the approval of the Supervisory Board, to acquire companies or parts of companies or participations in companies in exchange for the transfer of shares in Hawesko Holding AG.

(3) to eliminate residual amounts. The exclusion of the subscription right for residual amounts permits the utilisation of the requested authorisation in the form of rounded amounts, while retaining a practicable subscription ratio.

(4) if the shares in the company are issued for cash and the issuing price per share does not significantly undercut the market price for shares already quoted, essentially with the same features, at the time of issuance of the shares. In this instance the exclusion of subscription rights may, however, only be exercised if the number of the shares issued in this way together with the number of treasury shares that are sold during the term of this authorisation, excluding the right to subscribe pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law, and the number of shares that may arise through the exercising of options and/or conversion rights or the fulfilment of conversion obligations from convertible bonds or loans or

warrants issued during the term of this authorisation, excluding the right to subscribe pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law, does not exceed 10% of the capital stock either at the time of this authorisation taking effect or at the time of issuance of the shares. The Board of Management and Supervisory Board consider the authorisation on the exclusion of subscription rights pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law to be necessary in order to exploit future opportunities on the capital market swiftly and flexibly, without needing to comply with the formal steps and statutory periods involved in a capital increase with subscription right.

– *Article 2.3.2 of the Code:* the company does not send notification of the convening of the Shareholders' Meeting together with the convening documents to all domestic and international financial services providers, shareholders and shareholders' associations by electronic means, as the necessary requirements of consent (under the articles of incorporation) do not apply. Due to the peculiarity of bearer shares, the identity of these domestic and foreign financial services providers, shareholders and shareholder associations is not known to Hawesko Holding AG and it is currently not yet assured that the majority of them can be contacted by electronic means.

– *Article 3.8 of the Code:* members of the Board of Management and Supervisory Board have hitherto been covered by D&O (directors & officers) liability insurance with no excess. This insurance policy will be changed on 1 July 2010 to one that incorporates an excess in accordance with the statutory provisions.

– *Article 4.2.3 of the Code:* the provisions envisaged in the contract of employment of the Chairman of the Board of Management in the event of a change of control may result in the recommended cap of 150% on compensation payments being exceeded. A contractual change during the term of the contract of employment is legally not possible. As the successful development of the Hawesko Group to date owes much to the current Chairman of the Board of Management, the Supervisory Board is of the opinion that exceeding the recommended cap on compensation is appropriate in this instance.

– *Article 7.1.2 of the Code:* the consolidated financial statements of the company will be published not within 90 days of the end of the financial year, but within approximately 120 days. This longer period is advisable to facilitate the publication of the consolidated financial statements and annual report together with a report on the first quarter of the current financial year.

RELEVANT DISCLOSURES ON CORPORATE MANAGEMENT PRACTICES, THE MODUS OPERANDI OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD, AND THE COMPOSITION AND MODUS OPERANDI OF THEIR COMMITTEES

Organisation and management

The Hawesko Group is organised non-centrally. This organisational structure is useful because the wine trade depends to a great extent on exploiting personal contacts with both producers and customers. In keeping with its non-central organisational form, the group has a holding-company structure: the parent company Hawesko Holding AG normally holds 100% or a majority of the shares in the subsidiaries, which are active predominantly in the wine trade. The significant operating incorporated firms within the consolidated companies – above all *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH* – are integrated into the group by means of profit transfer agreements. In the case of the subsidiaries which are not 100% owned by the group, the managing director holds a minority interest . The parent company Hawesko Holding AG and the majority of the subsidiaries (15) are domiciled in the Federal Republic of Germany. The subsidiaries not based in Germany are all domiciled in other European Union countries or in Switzerland. The Hawesko Group is essentially divided into three largely independent business segments (cf. "Strategy" section in the Management Report for the group and parent company).

The Board of Management uses EBIT and ROCE as the basis for its steering approach. The target minimum rates of return are presented in the "Strategy" section of the Management Report for the group and parent company. The targets and the development of the individual segments on the basis of these benchmarks form part of the regular strategy and reporting discussions with the managing directors of the individual group companies. By incorporating EBIT margins and the return on capital employed into the objectives and target attainment checks, responsibility is clearly apportioned to the managing directors below Board of Management level.

Shareholders and Shareholders' Meeting

The shareholders of Hawesko Holding AG exercise their right to have a say in the running and supervision of the company through the Shareholders' Meeting. All shares are no par value bearer shares equipped with identical rights and obligations. Every share in Hawesko Holding AG carries one vote. The principle of "one share, one vote" is taken to its logical conclusion, as there are no caps on the number of voting rights which may be held by one shareholder, nor any special voting rights. Every shareholder is entitled to take part in the Shareholders' Meeting, to comment there on the individual agenda items and to demand information on matters concerning the company, to the extent that this is needed for the correct assessment of a matter being brought before the Shareholders' Meeting. The Annual Shareholders' Meeting is held during the first six months of each financial year. Chairing of the Shareholders' Meeting is the responsibility of the Supervisory Board Chairman. The Shareholders' Meeting fulfils all the tasks assigned to it by law. A resolution shall normally be carried by a simple majority or, in certain cases (e.g. for resolutions on capital measures and amendments to the articles of incorporation) by a majority of at least three-quarters of the capital stock represented.

The Board of Management Chairman, Alexander Margaritoff, is the biggest shareholder of Hawesko Holding AG, with 30% of the shares via Alexander Margaritoff Holding GmbH. He is followed by Detlev Meyer with a shareholding of 26% via Tocos Beteiligung GmbH, and Michael Schiemann, with a 5% shareholding via Augendum Vermögensverwaltung GmbH. The remaining approx. 39% are held by institutional and private investors. There are no employee shares as defined in Sections 289 Para. 4 No. 5 and 315 Para. 4 No. 5 of German Commercial Code.

Supervisory Board

The Supervisory Board advises and oversees the Board of Management. In certain cases the Board of Management requires the prior approval of the Supervisory Board by a two-thirds majority, in particular for carrying out individual investments of a value of more than € 2.5 million and for the acquisition of other companies or the disposal of investments in companies of a value of more than € 0.5 million. A reporting system informs the Supervisory Board members monthly of key financial data compared with the target and prior-year figures, and explains them. At least four ordinary meetings of the Supervisory Board take place each year.

The Supervisory Board comprises six members, elected by the Shareholders' Meeting. Provided he holds at least 10% of the total capital stock, Alexander Margaritoff has the right to nominate one-third of the Supervisory Board members; by declaration dated 15 June 2009 to the Board of Management and Supervisory Board he undertook not to exercise this right until the expiry of the term of office of the two Supervisory Board members whose term of office is due to end next. The Supervisory Board elects a Chairman and a Deputy from among its members. Declarations of intent by the Supervisory Board are issued by the Chairman or, if the Chairman is prevented from attending, by his Deputy. The Supervisory Board has a quorum if all members have been invited and at least half of the members take part in the vote. Resolutions of the Supervisory Board are carried by a simple voting majority, unless otherwise specified by law or in the articles of incorporation; in the event of a tied vote, a majority may resolve to conduct a fresh debate; otherwise a new vote must be held without delay. When voting anew on the same matter, the Chairman has two votes if the result is once again a tie.

The Supervisory Board may form committees that perform the functions assigned to them on behalf of the whole Supervisory Board. The committees are convened by their respective chairs and meet as often as is deemed necessary. There is currently a Committee on Personnel Affairs, a Committee on Audit and Investment Affairs and a Nominating Committee.

Board of Management

The Board of Management is independently responsible for the running of the company and represents it in transactions with third parties. It coordinates the strategic direction of the group with the Supervisory Board and, in accordance with the legal requirements, informs the Supervisory Board regularly, promptly and comprehensively of all plans, business developments and risks that are of relevance to the company.

The Board of Management currently comprises four members and reaches its decisions by majority vote. Each member is in charge of individual areas of responsibility, irrespective of their collective responsibility for the management of the group. The Board of Management members work together collegially and continually inform each other of important measures and events in their divisions. There are no sub-committees within the Board of Management.

Each business segment of Hawesko Holding AG is headed by a member of the Board of Management, who is responsible for the attainment of the segment targets and possesses authority to issue instructions within the segment.

Financial reporting and auditing of financial statements

The Consolidated Financial Statements have been prepared under IFRS since the 2000 financial year. Following their compilation by the Board of Management, the Consolidated Financial Statements are examined by the independent auditors, and examined and approved by the Supervisory Board. The Consolidated Financial Statements are made available to the public within 120 days of the end of the financial year.

The following was agreed with the independent auditors:

(1) The Chairman of the Audit and Investment Committee shall be informed without delay if potential reasons for exclusion or conflicts of interest that cannot be rectified without delay come to light during the audit.

(2) The independent auditor shall report on all findings and occurrences identified while conducting the audit of the financial statements that are of material significance for the work of the Supervisory Board.

(3) If the independent auditor should, while conducting the audit of the financial statements, identify facts that have led to a misstatement in the Declaration of Compliance issued by the Board of Management and Supervisory Board in respect of the Corporate Governance Code (Section 161 of German Stock Corporation Law), it shall note this in the audit report and inform the Chairman of the Supervisory Board of this.

Transparency

Hawesko Holding AG attaches high priority to the policy of providing uniform, comprehensive and timely information. The trading position and the results of the company are reported on through the Annual Report, the Annual Press Conference, in the First-Quarter and Third-Quarter Reports and in the Interim Financial Report.

Further information is published in the form of press releases and ad hoc announcements in accordance with Section 15 of German Securities Trading Law (WpHG). All such notices are available on the Internet.

Hawesko Holding AG has set up an insider register in accordance with Section 15b of German Securities Trading Law. The individuals concerned have been informed of the statutory obligations and sanctions.

REMUNERATION REPORT

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2009, as well as in the Notes to the consolidated financial statements (Section 45) and Notes to the individual financial statements. No stock option schemes or similar securities-based incentive systems exist.

SHARES OF HAWESKO HOLDING AG IN THE OWNERSHIP OF MEMBERS OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

At 31 December 2009, the Supervisory Board held 700 (previous year: 700) and the Board of Management 2,859,859 (previous year: 2,856,827) shares – directly and indirectly – in Hawesko Holding AG, of which the Chairman of the Board of Management held 2,680,742 (previous year: 2,677,742) directly and indirectly.

Hamburg, 25 March 2010

The Supervisory Board The Board of Management

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

Alexander Margaritoff,
Chairman and Chief Executive Officer, Hamburg

Alexander Margaritoff (born 1952), graduated from the University of Sussex, England, with degrees in Economics (B.A.) and Contemporary European Studies (M.A.). In 1981 he joined the company *Hanseatisches Wein- und Sekt-Kontor*. He is responsible for all companies in which Hawesko Holding AG has shareholdings and in particular for the wholesale and mail order segments.

Mr Margaritoff is a member of the Advisory Board of Deutsche Bank AG, Hamburg.

Bernd Hoolmans, Düsseldorf

Bernd Hoolmans (born 1950), graduated in 1975 from the Justus Liebig University in Giessen with a degree in Economics. Mr Hoolmans joined *Jacques' Wein-Depot* as Managing Director in 1994. At Hawesko Holding AG, he is primarily responsible for the stationary specialist wine-shop retail segment.

Bernd G. Siebdrat, Bonn

Bernd G. Siebdrat (born 1956), of Bonn, is co-founder and managing director of *Wein Wolf Holding GmbH & Co. KG*, which was started in 1981 and became a subsidiary of Hawesko through its acquisition in 1999. His primary responsibility is the wholesale segment.

Ulrich Zimmermann, Chief Financial Officer, Hamburg

Ulrich Zimmermann (born 1962), graduated with a degree in Economics from the University of Karlsruhe in 1989. In 1998 he joined Hawesko Holding AG as Head of Finance and Group Controlling and was appointed an authorised signatory in 1999. As Chief Financial Officer he bears particular responsibility for these areas as well as for group logistics.

MEMBERS OF THE SUPERVISORY BOARD

Members of the Supervisory Board occupy the following posts on supervisory boards and similar regulatory bodies which must be formed as a legal requirement within business enterprises:

Dipl.-Ing. Manfred Middendorff, Chairman [1) 2) 3)]

General Executive, Brauerei Herrenhausen KG, Hanover; Royal Norwegian Honorary Consul

Professor Dr. iur. Dr. rer. pol. Dr. h.c. Franz Jürgen Säcker, Deputy Chairman [2)]

Director of the Institute of German and European Business, Competition and Energy Law at the Free University of Berlin, Berlin

Thomas R. Fischer (since 15 June 2009) [2)]

Speaker of the Board of Management, Marcard, Stein & Co. AG, Hamburg

Gunnar Heinemann [2) 3)]

Managing Partner of Gebrüder Heinemann KG, Hamburg

- Travel Retail Norway AS, Gardemoen, Norway; Heinemann-Saether A/S, Farum, Denmark

Jacques Héon [1) 3)]

Management consultant, co-founder of *Jacques' Wein-Depot*, Düsseldorf

Angelika Jahr-Stilcken [1)]

Journalist, Hamburg

- Gruner+Jahr AG, Hamburg; Jacobs University, Bremen; Nestlé Deutschland AG, Frankfurt am Main

1) *Member of the Personnel Committee*

2) *Member of the Committee on Audit and Investment*

3) *Member of the Nominating Committee*

PARENT COMPANY STATEMENT OF INCOME OF HAWESKO HOLDING AG

for the period from 1 January to 31 December 2009

€'000 (Rounding differences possible)	2009	2008
Other operating income	1,222	1,050
Personnel expenses		
a) Salaries	–3,759	–3,389
b) Social securities and social maintenance costs	–97	–100
Depreciation and amortisation	–21	–9
Other operating expenses	–1,896	–1,615
Income from profit-transfer agreements	21,119	19,113
Investment income	3,858	3,899
Income from other investments and loans included in financial assets	290	–
Other interest and similar income	1,204	2,746
Write-down of financial assets	–	–42
Expenses from loss-transfer	–524	–766
Interest and similar expenses	–392	–876
RESULTS FROM ORDINARY ACTIVITIES	**21,005**	**20,011**
Taxes on income	–3,501	–2,932
Other taxes	–1	–1
NET INCOME FOR THE YEAR	**17,503**	**17,078**
Profit carryforward from previous year	352	376
Withdrawal from treasury stock reserve	–	1,030
Withdrawal from other revenue reserve	–	1,902
Expense from cancellation of treasury shares	–	–2,932
Withdrawal from other revenue reserve	–42	179
Appropriation to treasury stock reserve	42	–179
Appropriation to other revenue reserve	–5,500	–6,500
UNAPPROPRIATED PROFIT FOR THE YEAR	**12,355**	**10,954**

The complete financial statements of the Hawesko Holding AG parent company, which have been drawn up according to the regulations of the German Commercial Code and German Stock Corporation Law and have received the unqualified certification of PriceWaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hamburg, will be submitted to the electronic Federal Gazette and can be called up from the electronic Companies Register.

PARENT COMPANY BALANCE SHEET OF HAWESKO HOLDING AG

at 31 December 2009

ASSETS €'000 (Rounding differences possible)	31/12/2009	31/12/2008
FIXED ASSETS		
Intangible assets		
Software	5	12
Property, plant and equipment		
Land, land rights and buildings, including buildings on third-party land	34	–
Operating equipment and fixtures	95	4
Advance payments	–	18
Financial assets		
Shares in affiliated companies	65,692	64,700
Securities held as fixed assets	4,057	3,616
Advance payments on shares in affiliated companies	35	–
	69,919	**68,349**
CURRENT ASSETS		
Receivables and other assets		
Receivables from other affiliated companies	54,247	55,530
Other assets	384	182
Securities: Treasury shares	221	179
Cash in banking accounts	9,902	7,506
	64,754	**63,397**
PREPAID EXPENSES	32	65
TOTAL ASSETS	**134,705**	**131,811**

SHAREHOLDERS' EQUITY AND LIABILITIES €'000 (Rounding differences possible)	**31/12/2009**	**31/12/2008**
SHAREHOLDERS' EQUITY		
Subscribed capital	13,497	13,497
Capital reserve	61,049	61,049
Revenue reserve		
1. Reserve for treasury shares	221	179
2. Other revenue reserve	35,517	30,059
Unappropriated profit for the year	12,355	10,954
	122,641	**115,739**
PROVISIONS		
Provisions for taxation	3,132	2,127
Other provisions	2,149	1,673
	5,281	**3,800**
LIABILITIES		
Due to banks	1,222	6,618
Trade accounts payable	89	36
Due to affiliated companies	79	55
Other liabilities	5,395	5,562
	6,784	**12,271**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**134,705**	**131,811**
CONTINGENCIES		
Liabilities arising from guarantees for affiliated companies	1,431	1,431

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CONCEPT AND DESIGN

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€ million
Net sales
Gross profit
– *as % of net sales*
Operating result before depreciation (EBITDA)
– *as % of net sales*
Depreciation and amortisation
Operating result (EBIT)
– *as % of net sales*
Consolidated net income *(after taxes and minority interests)*
Cash flow from current operations
Cash flow from investing activities
Free cash flow
Proposed dividend distribution for the current year *(parent company)*
Non-current assets
Current assets
Equity less proposed dividend
– *as % of balance sheet total*
Total assets
Capital employed
Return on total assets
Return on capital employed
Earnings per share (€) [1]
Regular dividend per share (€) [1]
Bonus dividend payment 2005 (€) [1]
Total dividend per share (€) [1]
Total shares [1] *(average number outstanding in the year, in '000)*
Year-end share price (€) [1]
Market capitalisation at end of year
Total employees *(average for year)*

[1] *adjusted to reflect the share split performed in October 2006*

KEY FINANCIAL DATA OF HAWESKO GROUP

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	232.4	264.3	267.4	278.8	285.8	287.0	302.6	333.7	338.8	338.5
	98.3	111.3	114.8	117.1	119.6	119.5	122.2	130.9	135.6	138.4
	42.3%	42.1%	42.9%	42.0%	41.9%	41.6%	40.4%	39.2%	40.0%	40.9%
	13.7	23.0	20.4	21.4	22.1	23.3	22.9	23.3	30.0	27.1
	5.9%	8.7%	7.6%	7.7%	7.7%	8.1%	7.6%	7.0%	8.9%	8.0%
	4.6	5.4	5.7	5.7	5.3	4.4	4.3	5.0	4.5	4.7
	9.0	17.6	14.7	15.7	16.8	18.9	18.6	18.3	25.5	22.4
	3.9%	6.7%	5.5%	5.6%	5.9%	6.6%	6.1%	5.5%	7.5%	6.6%
	1.0	6.8	4.4	5.9	5.7	10.7	10.8	6.7	14.6	13.1
	9.6	24.2	18.3	24.6	21.4	24.3	12.7	17.9	24.7	28.8
	–5.8	–6.0	–0.4	–3.6	–4.8	–5.2	–5.6	–2.6	–5.8	–7.1
	0.8	14.0	14.4	17.9	14.4	17.1	5.6	13.6	17.5	20.8
	–3.7	–5.1	–4.4	–4.8	–5.5	–8.8	–7.6	–8.8	–10.6	–11.9
	71.9	70.0	66.5	59.1	58.7	56.6	57.3	48.9	44.7	46.5
	116.9	115.0	114.9	110.7	106.6	106.0	114.5	127.7	125.4	127.1
	54.9	54.9	60.4	61.7	59.9	61.6	64.9	62.6	66.6	70.2
	29.1%	29.7%	33.3%	36.3%	36.2%	37.9%	37.8%	35.4%	39.1%	40.5%
	188.8	185.0	181.4	169.9	165.3	162.6	171.9	176.6	170.1	173.6
	111.3	116.6	114.9	115.1	109.8	103.1	106.2	110.8	112.1	114.6
	5.0%	9.4%	8.0%	8.9%	10.1%	11.5%	11.1%	10.5%	14.7%	13.0%
	8.3%	15.1%	12.8%	13.6%	15.3%	18.4%	17.5%	16.4%	22.7%	19.5%
	0.11	0.81	0.53	0.69	0.65	1.22	1.23	0.76	1.67	1.48
	0.42	0.58	0.50	0.55	0.63	0.70	0.85	1.00	1.20	1.35
	–	–	–	–	–	0.30	–	–	–	–
	0.42	0.58	0.50	0.55	0.63	1.00	0.85	1.00	1.20	1.35
	8,735	8,593	8,628	8,811	8,822	8,797	8,806	8,805	8,742	8,835
	7.00	8.64	7.69	10.30	12.60	16.75	20.40	22.70	19.43	23.00
	60.6	73.5	67.8	90.8	111.3	148.0	180.2	200.5	171.7	203.4
	515	527	558	568	580	566	551	609	614	657

Financial Calendar

6 May 2010	Annual press conference/Press release to the 3-month interim accounts
6 May 2010	Analyst conference
14 June 2010	Annual general meeting
30 July 2010	Press release to the 6-month interim accounts
4 November 2010	Press release to the 9-month interim accounts
Early February 2011	Press release with preliminary business figures for 2010
Early May 2011	Annual press conference/Press release to the 3-month interim accounts, Analyst conference