ANNUAL REPORT 2000

HAWESKO HOLDING AKTIENGESELLSCHAFT

2000 FINANCIAL YEAR: INNOVATIVE WAYS TO NEW CUSTOMERS

GREATLY STRENGTHENED E-COMMERCE COMPLEMENTS CLASSIC MAIL-ORDER BUSINESS

Hawesko expands its e-commerce activities to secure a leading position in Europe.

MARKET ENTRY IN AUSTRIA PROMOTES GEOGRAPHICAL EXPANSION

Through the launch of The Wine Company, the Hawesko Group is strengthening its presence in other German-speaking countries and is now also testing the expansion of *Jacques' Wein-Depot*.

TOP-CLASS ADDITIONS GIVE BOOST TO PREMIUM RANGE

New business partnerships, for example with the Italian wine company *Marchesi Antinori*, and the acquisition of *Le Monde des Grands Bordeaux* add illustrious names and correspondingly exclusive products to the range.

JACQUES' WEIN-DEPOT ACHIEVES DOUBLE-DIGIT GROWTH

The wine outlets in the specialist retail segment build significantly on their successful concept of very good quality at an affordable price, with individual sales advice.

FORWARD-LOOKING INVESTMENTS PAVE THE WAY FOR PROFITABILITY IN 2001

The prompt identification of opportunities in the wine market and a stronger focus on profitability have established the basis for a successful financial year in 2001.

HAWESKO'S QUICK REFERENCE GUIDE TO WINE-GROWING AREAS – PAGES 4; 8; 12

KEY DATA FOR THE HAWESKO GROUP

(For explanatory notes on the indiviual items, see glossary, page 53)

	Seite	2000 (IAS) € m	2000 (IAS) DM m	1999 (IAS) DM m	1999* DM m	1998* DM m	1997* DM m (Proforma)
Net sales	16	232.4	454.5	391.5	413.8	303.0	277.1
Gross profit	16	98.3	192.3	172.8	179.4	143.6	129.7
– as % of net sales		42.3%	42.3%	44.1%	43.4%	47.4%	46.8%
Operating result before depreciation (EBITDA)	17	12.8	25.1	41.2	44.0	40.5	34.7
– as % of net sales		5.5%	5.5%	10.5%	10.6%	13.4%	12.5%
Depreciation and amortisation	20	4.1	8.1	5.6	6.6	5.3	3.8
Operating result (EBIT)	17	8.7	17.0	35.6	37.4	35.2	30.9
– as % of net sales		3.7%	3.7%	9.1%	9.0%	11.6%	11.2%
Consolidated net income for the year (HGB accounts)	18	--	--	--	23.1	20.3	16.9
Consolidated earnings (IAS) resp. DVFA / SG earnings	18	1.1	2.1	16.5	20.8	21.8	--
Cash flow for the year (gross)	19	--	--	--	36.0	24.9	--
Cash flow from current operations	19	8.8	17.1	14.1	10.4	– 0.2	--
Cash flow employed for investment activities	19	– 5.8	– 11.4	– 24.0	– 24.4	– 5.5	--
Dividend distribution for the current year (parent company)	18	– 3.7	– 7.3	– 11.7	– 11.7	– 11.7	--
Fixed assets	19	21.7	42.4	43.3	52.3	29.0	29.0
Current assets	19	123.3	241.2	207.2	192.8	105.0	88.2
Equity less dividend distribution and minority interests	19	55.3	108.2	116.4	57.1	47.5	20.5
– as % of balance sheet total		31.3%	31.3%	36.4 %	23.2%	35.3%	17.4%
Total assets	19	176.5	345.2	319.8	246.4	134.7	117.6
Capital employed	19	120.0	234.7	222.9	163.7	90.7	72.0
Return on total assets		5.1%	5.1%	13.8%	19.6%	27.9%	29.2%
Return on capital employed		7.4%	7.4%	19.8%	29.4%	43.3%	47.6%
Earnings per share	34	0.24	0.48	3.74	4.73	4.96	--
Earnings per share adjusted for one-off tax effects		0.58	1.14	3.74			
Dividend per share (without German tax credit)	45	0.84	1.65	2.65	2.65	2.65	--
Anzahl Aktien Total shares (average number outstanding during the year)	34	4,367,517	4,367,517	4,405,496	4,405,496	4,405,496	--
Year-end share price (in €)		14.00	14.00	31.30	31.30	47.55	--
Market capitalisation at end of year (in € m)		61.1	61.1	137.9	137.9	209.5	--
Total employees (average for the year)		515	515	409	455	353	328

* HGB (German statutory) accounts, see glossary

** "As-if" accounts according to 1998 issuing prospectus

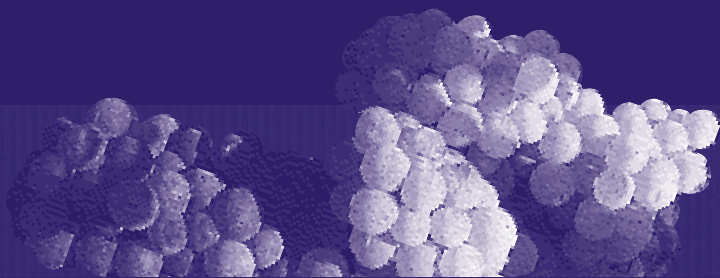
1997** DM m	1996** DM m	1995** DM m
277.1	239.4	210.6
129.8	113.2	102.5
46.8%	47.3%	48.7%
34.7	33.0	32.3
12.5%	13.8%	15.3%
4.3	3.6	3.3
30.4	29.4	29.0
11.0%	12.3%	3.8%
20.2	19.7	19.3
21.1	20.2	19.8
25.8	13.2	--
--	--	--
– 8.1	– 3.3	– 3.8
--	--	--
27.5	23.8	24.2
88.2	70.0	61.6
19.0	35.4	35.6
16.3%	37.7%	41.4%
116.1	93.8	85.9
68.6	57.9	46.2
29.0%	32.7%	
48.1%	56.5%	
5.28	5.04	4.95
--		--
4,000,000	4,000,000	4,000,000
--	--	--
--	–	–
325	227.5	213

BUSINESS SEGMENTS

Mail-order / E-Commerce

Hanseatisches Wein- und Sekt-Kontor
Winegate
Carl Tesdorpf – Weinhandel zu Lübeck
The Wine Company (Austria)

Sales	DM 193 million
Target group	High-income private individuals
Employees	370



Specialist wine retail

Jacques´ Wein-Depot

Sales	DM 144 million
Target group	Private individuals
Outlets	more than 188
Employees	47

Wholesale

Wein-Wolf Group
CWD Champagner- und Wein-Distributionsgesellschaft

Sales	DM 117 million
Target group	Top-flight restaurants and catering suppliers
Employees	92

MISSION STATEMENT

WINE IS PART OF OUR CULTURE. CULTURE IS A LIVING THING, AND WE AT HAWESKO ENDEAVOUR TO KEEP THIS ASPECT OF OUR CULTURE ALIVE. THE MARKET FOR PREMIUM WINES IS OUR HOME TERRITORY. OUR CUSTOMERS ARE THOSE WHO ENJOY AND APPRECIATE TOP-CLASS WINES. OUR AIM IS TO PROVIDE INNOVATIVE SALES CHANNELS AND A COMPREHENSIVE RANGE OF SERVICES FOR THEIR BENEFIT.

Contents

DEAR SHAREHOLDERS AND FRIENDS OF OUR COMPANY,

2000 was a difficult year for the wine trade. The widespread consumer euphoria leading up to the start of the new millennium, which prompted our sales to soar, was followed by a protracted phase of distinctly modest demand. In addition to this post-millennium effect, which affected the entire branch last year, we also began to feel the consequences of a large number of players having identified lucrative potential in the wine market, and competition has become correspondingly stiffer as a result. Finally, 2000 was a year of investing in the future of the Hawesko Group. The combined effect of all these developments was that the consolidated earnings of DM 17 million were markedly lower than in previous years.

Chairman of the Board of Management
Alexander Margaritoff

This is also reflected in the performance of Hawesko shares: we do not believe that their current price is a true reflection of the long-term value of the group. I am nevertheless convinced that, despite the burdens of the 2000 financial year, the Hawesko Group is heading in the right direction with its strategy, and that we will succeed in substantially improving our profitability throughout the current year. The share markets will rapidly identify and respond to such success.

The fact that the Hawesko Group was able to gain more than 100,000 new customers in 2000 alone – not least in the highly promising areas in which we invested in the year under review – supplies further proof that we are heading in the right direction. We have extensively expanded our e-commerce business in Germany, and are now a leading player in European terms. We have in addition established our entry into the Austrian market through *The Wine Company*, gained a foothold in France with *Le Monde des Grands Bordeaux* and strengthened our presence in the ultra-premium market segment with *Carl Tesdorpf – Weinhandel zu Lübeck*. In the specialist wine retail segment, Hawesko is already the German market leader with its well-established *Jacques' Wein-Depot* outlets – and recently extended its activities in this segment to Austria.

This broad but well-balanced range of activities demonstrates one thing in particular: we regard ourselves as an integrated operation whose diversity enables it to be both flexible and effective. A group that consciously seeks out potential for synergy and successfully exploits it. In 2001, for instance, we will have made sufficient progress with the integration of our classic wine mail-order business *Hanseatisches Wein- und Sekt-Kontor* and the Internet activities *Winegate* that we will be in a position to develop and to make the most of both existing and new customer contacts with considerable efficiency and profitability.

"Making the most of our resources" is also the key phrase for the financial year that is currently in progress: we will continue to develop and expand our business areas this year, but are above all placing the emphasis on enhancing the profitability of these activities. In a phase of consolidation, particularly the mail-order/e-commerce segment needs to demonstrate that it is capable of capitalising on its exceptionally bright market prospects.

We moreover want to continue deriving a competitive advantage from that which distinguishes us: product expertise acquired over many years, and our top-class knowledge of order management in the mail-order/e-commerce segment, the authentically rustic atmosphere of the *Jacques' Wein-Depot* outlets and our efficiency and dependability as a partner to the wholesale trade. The guiding principle behind all areas of our group is to provide perfect service for our customers and to satisfy their demanding requirements in every respect.

Our employees, with their experience and commitment, are able to ensure precisely this. It is they who bring vitality into the structures and strategies of the company every day anew, transforming the Hawesko Group into a successful operation. Our sincere thanks are therefore due to all our employees, agency partners at *Jacques' Wein-Depot* and trade representatives of the *Wein Wolf* Group for all their hard work. We also extend our thanks to the members of the Employee Council for their constructive contribution.

Yours sincerely,

A. Margaritoff

Alexander Margaritoff

Chairman of the Board of Management

Hawesko's quick reference guide to wine-growing areas:

BORDEAUX

THERE'S NO DOUBT ABOUT IT: FOR MOST WINE-LOVERS WORLDWIDE, THE WINES THAT ARE PRODUCED IN THE REGION AROUND THE PICTURESQUE CITY OF BORDEAUX STILL REPRESENT ALL THAT IS BEST IN WINE. IT IS AN INDISPUTABLE FACT THAT THE GREATEST AND MOST APPEALING RED WINES IN THE WORLD ARE GROWN ON THE GENTLY UNDULATING. SILICEOUS GRAVEL OF THE HAUT-MÉDOC AND THE CHALK AND CLAY PLATEAUX OF ST-ÉMILION AND POMEROL. IT IS NO CHANCE OCCURRENCE, THEREFORE, THAT THE BORDEAUX REGION HAS GIVEN THE WORLD ITS FINEST AND MOST NOBLE RED WINES: CABERNET SAUVIGNON, CABERNET-FRANC AND MERLOT, WHICH ARE BLENDED INTO STYLISH, UNIQUE WINES AT IN BEAUTIFULLY ROMANTIC CHÂTEAUX-BASED VINEYARDS. THE BORDELAIS – A LANDSCAPE WHICH INSPIRES REVERENCE IN EVERY WINE CONNOISSEUR, AND WHOSE WINES CONTINUE TO REPRESENT STANDARDS WHICH ALMOST EVERY VINTNER IN THE WORLD WILL STRIVE A LIFETIME TO EMULATE.

A vintner using traditional methods empties a pannier with freshly harvested grapes: one of the first steps in the production of a fine wine.

The grapes' amazing array of hues can best be appreciated in the morning light

MARKET DEVELOPMENTS AND TRENDS

The trade in premium wines is an attractive market, the volume of which is estimated at around DM 30 billion worldwide. This upper segment consists of wines priced at DM 7 per bottle or more. Over the next ten years, this market is expected to grow by 50% to around DM 45 billion. Germany, where total retail sales of wines amount to around DM 3 billion, is one of the most important sales markets for such products.

This market has for many years been dominated by three major trends. All are typical phenomena of a world that is becoming ever more closely knit, as a result of improved communication and greater mobility:

Grapes in the Bordelais region are still collected by the traditional method in wooden panniers.

- The trend towards higher quality: although per capita wine consumption has remained stable for many years, at around 21 litres, premium products are accounting for an increasingly high share of the total.
- The trend towards the new: wines from hitherto lesser known wine-growing regions are gaining popularity and the products of ambitious newcomers are garnering increasing acclaim; this ensures a steady stream of new products on the wine market.
- The trend towards diversity: the market for top-class wines is dominated by a large number of small producers; in view of the resulting considerable bandwidth of types, this calls for a particularly well-founded knowledge of the subject.

Market-shaping trends such as the above need to be repeatedly identified in detail, channelled and nurtured. The Hawesko Group possesses the necessary expertise and infrastructures, having built these up over several decades. As the market leader, its position in this complex business area is such that it can substantially shape the market. Its lasting success is based on a profound knowledge of wine that characterises the day-to-day operations of the group – from the selection to the distribution logistics of the product. A differentiated, constantly updated awareness of customer requirements assures marketing success.

A passion for wine and the desire to understand and respond to the wishes of the customer even more accurately are the distinguishing features of all those who work for the Hawesko Group. This passion for wine starts extends right down the chain – from the purchasing experts, who have a profound knowledge of the various wine-growing regions, and those who manage the advanced logistics and IT systems, to those whose job it is to market the product and are specially trained to staff the

This newly planted vineyard on the typical gravel terrain of the Bordelais will be yielding splendid wines in a few years' time.

company's own call centre for mail order and e-commerce – not forgetting the expert partners at the *Jacques' Wein-Depot* outlets and the specialist trade representatives for wholesale business.

Building on the strength of such expertise, the Hawesko Group has achieved a share in excess of 10% of the German market in the premium segment. In terms of the world market, this corresponds to slightly under 2%.

The wine market in 2000 was in many respects shaped by the one-off nature of high consumption at the turn of the millennium. Demand for champagne, for example, fell sharply; in Germany, it is estimated that sales for this sub-section of the market slumped by 30%. Demand for premium claret remained flat, as high purchase prices were being asked for the 1997 vintage. In view of the exceptional nature of these occurrences, the market for superior-quality wines is nevertheless forecast to continue to grow at an average of 5% for each of the next ten years.

There is an increasing process of consolidation and globalisation within the wine market. However, these effects, which have been commonplace in other sectors for many years now, are only just beginning to emerge in the wine trade. The competitive environment nevertheless palpably changed in 2000: there was increasing evidence of small suppliers, imitators and also supermarket chains entering the attractive wine market. Within this context, the Hawesko Group will remain in a position to hold onto and extend its lead, by systematically enhancing the efficiency of its value creation chain all the way from the vineyard to the consumer.

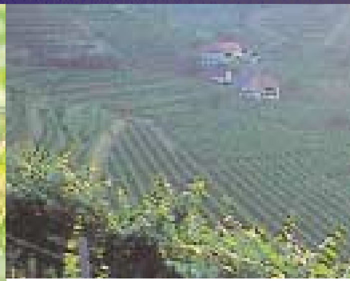
Hawesko's quick reference guide to wine-growing areas:

WACHAU

IF YOU HEAD NORTH-WEST OUT OF VIENNA, AS YOU ENTER THE WACHAU REGION AFTER KREMS WHERE THE DANUBE EMERGES FROM THE GORGE, YOU WILL BE STRUCK BY THE BREATHTAKING BEAUTY OF A LANDSCAPE STUDDED WITH VINEYARDS. THE PRECIPITOUS TERRACES, WHICH HAVE TO BE ARTFULLY SHORED UP AND WORKED BY HAND, ARE HOME TO ONE OF AUSTRIA'S MOST NOTABLE SPECIALITIES, THE GRÜNER VELTLINER. THE RIESLINGS THAT ALSO GROW HERE ARE BURSTING WITH ENERGY, CHARACTER AND EXPRESSIVENESS. OBVIOUSLY VITICULTURE IN SUCH STEEP LOCATIONS DEPENDS ON LABORIOUS MANUAL PROCESSES. THE STAR VINTNER F.X. PICHLER ONCE SAID: "TO BE A VINTNER HERE, YOU HAVE TO BE UTTERLY DEVOTED TO WINE AS A UNIQUE PART OF OUR CULTURAL HERITAGE." THIS DEVOTION CAN BE GAUGED BY THE SUBSTANTIAL REPUTATION OF THE WINES GROWN IN THIS MEMORABLE LANDSCAPE: THEY ARE NOW WITHOUT DOUBT AMONG THE BEST WHITE WINES IN THE WORLD.

The vine leaves turn an autumnal colour at harvest time, pictured here in the Wachau.

A vintner carefully gathers the Grüner Veltliner grapes by hand.



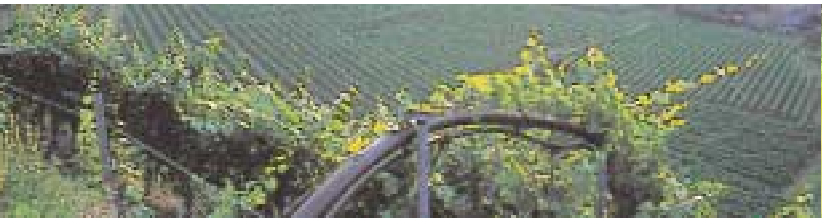
The vines are planted up spectacularly steep terraces.

EXPANSION AND CONSOLIDATION

An ever greater emphasis on new ways of reaching the customer is one of the ways in which the Hawesko Group is responding to the perpetual challenges of the wine market. Because it is only possible to keep up with the trend towards innovation in this market with an attitude that fundamentally welcomes innovation and actively exploits the scope of new sales channels. The group's activities consequently focused on the following aspects in the 2000 financial year:

- Further developing e-commerce as a natural supplement to classical mail-order business,
- Entering the Austrian market to promote geographical expansion,
- Expanding the top-end segment with *Carl Tesdorpf – Weinhandel zu Lübeck* and *Le Monde des Grands Bordeaux.*

A further focal point for the 2000 financial year was the strengthening of the group's core business. The renowned wine company *Marchesi Antinori* was secured as a new supplier and the expansion of *Jacques' Wein-Depot* stepped up significantly.



Many hours of attentive manual labour are invested in nurturing the vines.

Drip irrigation techniques are used on the terraces of the Wachau.

By further integrating its various channels of market access and its different customer segments, the Hawesko Group is ideally positioned to exploit the diversity and mobility of the wine market. Marketing over the Internet is particularly promising, as is indicated by the sharp rise in sales for the e-commerce division spearheaded by *Winegate*. Sales here rose from DM 1.9 million in the previous year to DM 10.5 million in 2000. The Hawesko Group was thus clearly able to consolidate its position as German market leader for e-commerce and, in so doing, to become one of the leaders in the European market.

Considerable sums were invested accordingly in the ongoing expansion of e-commerce activities in the year under review. An English-language website was launched in late summer 2000. The range of e-commerce marketing tools has been successfully developed into partnership agreements. The partnership with Lufthansa's frequent flyer scheme, Miles & More, is an exemplary case: online customers who order goods above a specified sum or who pay using their Lufthansa Card receive valuable bonus miles. This scheme, among others, is serving to boost the popularity of the brand and helping the Hawesko Group to reach new customer groups.

Classic mail order and e-commerce – in other words, the offline and online realms – will draw even closer together in future. This creates significant efficiency gains and synergies for the Hawesko Group through the fact that the convergence of both areas extends not just to logistics and order fulfillment, but also to advertising, where they can support each other.

In addition to the range of media used, our expansion during the year under review also had a geographical facet: the group extended its mail-order activities to Austria by opening the new Vienna-based operation under the name of *The Wine Company* in the early part of 2000. The process of steadily building up the customer base has been initiated by offers that capitalise particularly on the company's wealth of expertise in wines from the Bordeaux region. Hawesko's own brands and gift products are moreover proving very popular in Austria. The customer base is to be extended through the increased use of proven canvassing methods in order to build up this first foothold outside Germany. The Hawesko Group also advanced with its specialist retail format in Austria, opening the first pilot *Jacques' Wein-Depot* outlets towards the end of 2000.

The subsidiary *Carl Tesdorpf – Weinhandel zu Lübeck* is a mail-order specialist in what is known as the "ultra-premium" market segment for absolutely top-class wines costing in excess of DM 50 per bottle. This business was further expanded as scheduled in 2000. The principal measures included the publication of the first *Tesdorpf* catalogues presenting an extensive range of choice wines; these publications received acclaim throughout the industry.

A system of regular mail shots has been introduced along with these catalogues. Events with leading personalities from the world of wine, such as Hugh Johnson, Georg Riedel and Franck Mähler-Besse, in addition proved to be a particularly attractive form of customer retention. According to analyses conducted by Hawesko, the Hawesko Group is clearly generating additional revenues as a result of the activities of *Carl Tesdorpf – Weinhandel zu Lübeck*.

The group's core business was extended in the year under review:
In the top segment, the group succeeded in securing the Italian wine company *Marchesi Antinori* as a supplier via a subsidiary of the *Wein Wolf* Group. The forging of this partnership bears testimony to the strength of the wine trading group Hawesko, which combines activities ranging from wholesaling and specialist retailing to mail order and e-commerce. Following the consolidation of *Wein Wolf* in 1999, the Hawesko Group was such an attractive distribution partner for *Marchesi Antinori* that this traditional Italian company was prepared to switch from its previous distributor, with whom its business relationship had gone back for more than 20 years. Hawesko has thus been able to add a further illustrious name and correspondingly high-quality products to its range.

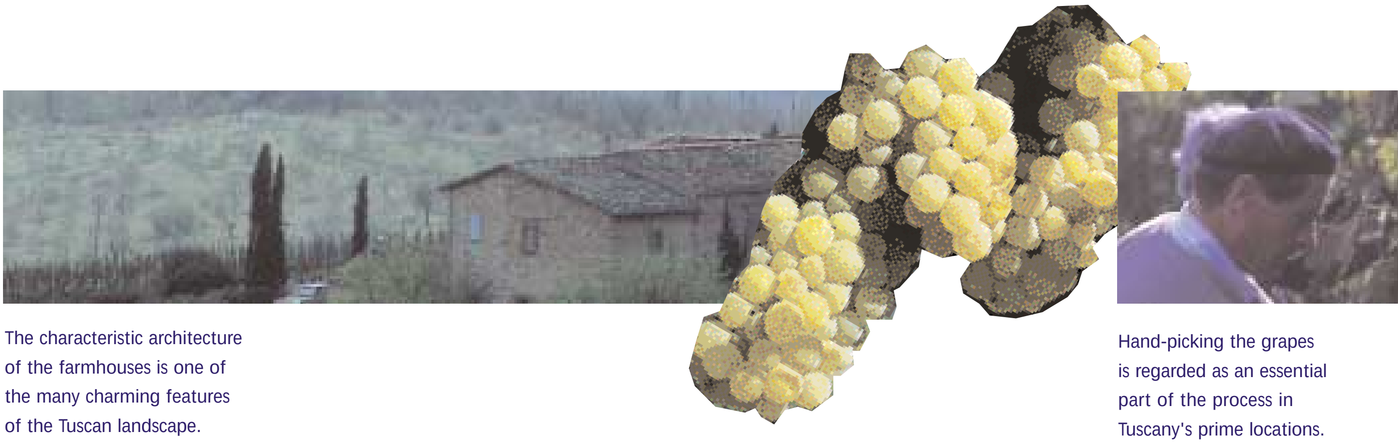
The group's decades of expertise in wine repeatedly creates fresh openings for partnerships, and also acquisitions, as in the case of the Bordelais dealer *Le Monde des Grands Bordeaux*, in which Hawesko acquired a 90% shareholding in September 2000. Grands Crus Classés clarets are considered the ultimate achievement in the world of wine. A permanent presence in Bordeaux is imperative for a major wine trading group if trends are to be identified promptly and business partnerships nurtured. The acquisition of *Le Monde des Grands Bordeaux* gives the Hawesko Group precisely this proximity to what must be the most important wine trading location in the world.

In parallel with this broadening of the top end of the product range, the group has extended its sales of quality wines in specialist shops: the wine retail chain *Jacques' Wein-Depot* continued to expand while maintaining a high level of earnings. Its tried-and-tested approach is to sell wine in an atmosphere reminiscent of the vintners: free tastings on request, and individual sales advice on wines. These particularly customer-friendly aspects continued to enjoy increasing appeal in the year under review. The number of outlets in Germany rose accordingly by 25 during 2000, to a total of 188 at the end of the year. Rental agreements for a further six outlets had already been taken out at the end of the year. Sales rose by almost 14%; even after adjusting for the increased number of outlets, sales were still up by 8%, due in no small measure to the success of the customer loyalty card. The five new outlets opened in Austria at the end of the year – four in Vienna and one in Innsbruck – represented the first venture by *Jacques'* outside Germany.

Hawesko's quick reference guide to wine-growing areas:

TUSCANY

THERE CAN SCARCELY BE ANY OTHER REGION IN THE WORLD THAT OFFERS SUCH A BLEND OF CAPTIVATINGLY CHARMING LANDSCAPE, CENTURIES-OLD HISTORY, EXQUISITE CUISINE AND EXCELLENT WINES. TUSCANY'S FIRST VINES WERE PLANTED BY THE ETRUSCANS; INDEED, THE WINES GROWN AMID THESE ROLLING HILLS, SEEMINGLY CARVED BY HAND OUT OF THE LANDSCAPE, SEEM TO BE UTTERLY AT HOME HERE. ITS MANY VARIETIES INCLUDE THE FAMOUS SANGIOVESE, FROM WHICH CHIANTI AND ELEGANT BRUNELLO ARE MADE, TOGETHER WITH OTHER WINES STEEPED IN TRADITION SUCH AS VINO NOBILE DI MONTEPULCIANO. LIKE THE MANY MASTERPIECES OF ARCHITECTURE AND ART THAT ARE SCATTERED LIBERALLY ACROSS TUSCANY, THESE WINES ARE LIVING WITNESSES TO A REGION THAT IS ONE OF THE WORLD'S MOST CAPTIVATING CULTURAL LEGACIES.



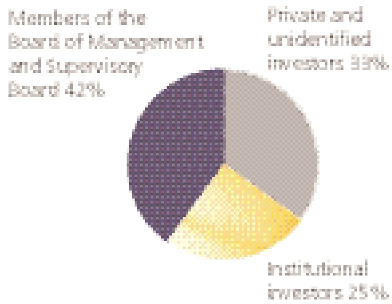
The characteristic architecture of the farmhouses is one of the many charming features of the Tuscan landscape.

Hand-picking the grapes is regarded as an essential part of the process in Tuscany's prime locations.

HAWESKO SHARE

Financial calendar:	
Shareholders' Meeting	June 14, 2001
First-half report to June 30, 2001	Beginning of August 2001
Nine-month report to September 30, 2001	Beginning of November 2001
Provisional report on the 2001 financial year	Mid-February 2002

SHAREHOLDER STRUCTURE



Hawesko sees Investor Relations as focused communication with representatives of the financial community. In 2000, activities in this field included a presentation to accompany the publication of the Annual Report in the spring, and participation in the German Midcap Conference in Frankfurt in the autumn. Hawesko shares continued to be traded on the SMAX stock-market segment in 2000, with Deutsche Bank acting as designated sponsor. Analysts from the following institutes monitored the progress of the Hawesko Group in the year under review: Bayerische Hypo- und Vereinsbank, Cazenove & Co., Deutsche Bank, DG BANK, Dresdner Kleinwort Wasserstein, Hamburger Sparkasse, Independent Research, M.M. Warburg & CO, Sal. Oppenheim jr. & Cie., Schroder SalomonSmithBarney.

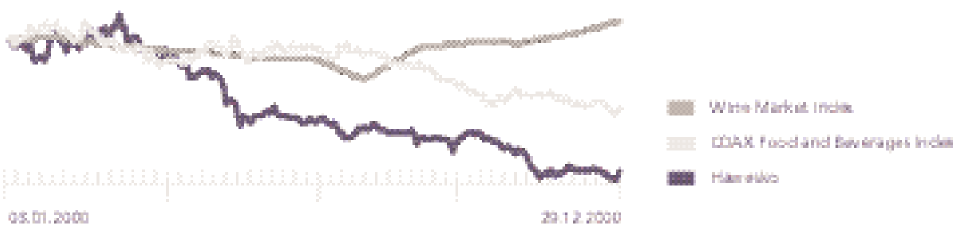
Date first quoted / stock market	May 28, 1998 / Hamburg (Official Trading), XETRA, Frankfurt Stock Exchange, London Stock Exchange (International Retail Service)
Lead bank, IPO	Deutsche Bank
Indices (national/international)	April 18, 1999 SDAX May 28, 1998 CDAX
Subscribed capital / number of shares	DM 22.027.480 / 4.405.496 shares
Securities identification number	604 270
Business segment	Retail trade Food and beverages
Designated sponsor	Deutsche Bank

Hawesko Holding AG announced the launching of a share buyback scheme on June 8, 2000. The objective of the scheme is to give the Board of Management greater flexibility in future acquisitions by providing it with the option of using Hawesko shares to finance takeovers. In the 2000 financial year, 76,000 shares – 1.7% of the total – were bought back at an average price of € 20. They have not yet been used, and their retirement is not currently envisaged.

The Board of Management and the senior executives of the group have the obligation to enhance the long-term value of the Hawesko Group through their entrepreneurial actions. This enhancement of value is traced by the development of two key figures: profit margin and capital turnover. In line with this principle, both the profit margin and the capital turnover of the group are to be improved sustainably from the respective figures of 3.7% and 1.4 achieved in the year under review.

Development in the Price of Hawesko Holding AG Shares

(Indexed = 100)



This diagram shows the development of the Hawesko share price compared with the German CDAX Food and Beverages Index, and also the Wine Market Index, which consists of wine companies listed on US stock markets. In the first quarter, all three values showed a similar development. In the second quarter, Hawesko shares fell away compared with both indices, following the company's announcement of modest business results for the first quarter and of the scheduled start-up costs for new business areas. In the third and fourth quarters, Hawesko shares and the CDAX Food and Beverages Index progressed more or less in parallel, whereas the Wine Market Index rose in anticipation of more corporate activity among wine companies in the New World.

Source: Deutsche Börse AG, "Wine Business Monthly"

COMBINED MANAGEMENT REPORT FOR THE GROUP AND FOR HAWESKO HOLDING AG

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 January 1, 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. The Hawesko Group extended its activities to other European countries in 2000. The strategy of the group is focused on consolidating its strong market position as Germany's leading supplier of premium wines and champagnes and building on this success.

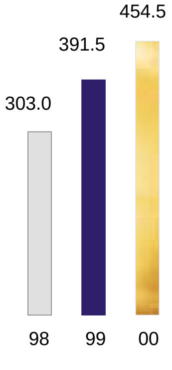
ECONOMIC CONTEXT

The economic situation in Germany in 2000 once again showed an improvement on the previous year: real gross domestic product grew by 3% (previous year: 1.6%). Private consumption, on the other hand, rose by only 1.8%, which was below the 1999 rate of 2.6%; it should nevertheless be noted that there is no close link between the consumption of premium wines and champagnes and overall economic developments. The main factors behind the state of the wine and champagne market in Germany, as in most other countries, were rather of a one-off nature: following the millennium celebrations, consumption at the start of 2000 was generally restrained.

The German wine market remained fundamentally positive in 2000, thus keeping up a trend that stretches back to 1994. According to the market researcher GfK, wine consumption in 2000 was up by more than 6% on 1999, and spending on wine increased by almost 7%; the proportion of households buying wine rose by 3% over the same period. Imported wines accounted for a slightly higher market share of over 51%. However, particularly champagne and the 1997 vintage of claret which reached the market in the year under review enjoyed only modest demand. Wines from overseas countries, Austria and Southeast Europe proved increasingly popular, though the quantities in question are still small.

SALES AND EARNINGS

CONSOLIDATED SALES
in DM million

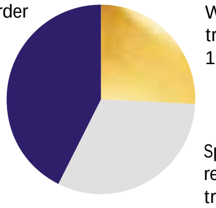


The net sales of the Hawesko Group in the 2000 financial year rose by 16.1% to DM 454.5 million. Excluding the *Wein-Wolf* Group, which was only to be included in the consolidated figures from September 2, 1999 in accordance with the IAS principles being applied for the first time from 2000, sales rose by 5.5%, substantially as a result of increased sales volume (29 million bottles or units, compared with 27 million in the previous year). Almost 100% of sales were generated in Germany. The gross profit margin for the Group fell from 44.1% in the previous year to 42.3% in the year under review, reflecting the inclusion of the *Wein-Wolf* Group for the entire year. Excluding the *Wein-Wolf* Group, the gross profit margin fell slightly from 46.6% in the previous year to 46.2% in the year under review, on account of a higher proportion of large-lot business.

Personnel costs for the group represented 9.3% of sales, an increase of 0.7 percentage points on the prior-year figure, principally as a result of the expansion of new areas of business. Excluding the *Wein-Wolf* Group from the reporting entity, the personnel costs ratio rose by 0.8 percentage points on 1999, to 9.6%. Other operating expenses were up on the previous year, due to higher advertising expenses in connection with the launching of new activities. At 31.5% of sales, the ratio is 2.9 percentage points higher than for 1999. After adjustment for the takeover of *Wein-Wolf*, the figure is 34.7% (previous year: 30.3%).

The operating result (EBIT) for the group fell by 52.2% to DM 17.0 million; this corresponds to an operating margin of 3.7% of sales (1999: 9.1%). Excluding the *Wein Wolf* Group, the operating margin is 3.6% (1999: 8.9%). The lower earnings are to be seen against the background of the start-up costs for the establishment of new sales channels. The consolidated EBIT comprises the operating results of the three business segments, less central administrative costs for the holding company and consolidating items. In the year under review, these costs and consolidating items totalled DM 5.4 million (1999: DM 3.6 million).

SALES BY DIVISION
in DM million



In the mail-order/e-commerce business segment, sales fell overall by 1% to DM 193.3 million. On the other hand, the acquisition of new customers offering considerable sales potential has further improved the customer structure: 52,000 new customers (1999: 48,000) were acquired for standard business, and 26,000 new customers (1999: 38,000) for gifts business. In the year under review, the subsidiary *Hanseatisches Wein- und Sekt-Kontor* further extended the new Internet website under the name of *Winegate*. Online sales in 2000 totalled DM 10.5 million (previous year: DM 1.9 million). The operating result (EBIT) for the mail-order/e-commerce division fell to DM 0.3 million (previous year: DM 17.4 million). This reversal was due to the higher expenditure for the expansion of e-commerce and lower sales of champagne and clarets. Measures to build up business in the ultra-premium segment (*Carl Tesdorpf – Weinhandel zu Lübeck*) and the market entry in Austria (*The Wine Company*) further diminished earnings.

The specialist wine retail business segment (*Jacques' Wein-Depot)* boosted its net sales by 13.5% to DM 144.0 million. Following adjustment for the newly-opened shops, the growth in sales was 7.8%. This positive development in sales is attributable in part to the base effect of the previous year, when the *Jacques*' customer loyalty card had not yet been introduced throughout Germany. The network of outlets has been extended by 25; there were 188 outlets at the end of the year under review (end of 1999: 163). At December 31, 2000, rental agreements for a further six outlets had already been taken out; these have now opened. The modernisation programme was consistently pursued in the year under review, with the result that three-quarters of outlets now have facilities that are no more than three years old. The operating result (EBIT) improved by 7.4% to DM 16.5 million.

In the wholesale business segment, sales were pushed up in particular by the consolidation of the *Wein-Wolf* Group for the first complete financial year: sales rose by 67.3% to DM 117.1 million. *CWD Champagner- und Wein-Distributionsgesellschaft* recorded internal growth of 15.8% to DM 21.2 million. Both wholesale concepts complement each other effectively, and continue to be run as separate operations: the *Wein-Wolf* Group places the emphasis on distribution to top-flight restaurants, and *CWD* is a flexible wholesale mail-order company. The operating result (EBIT) for the wholesale business segment fell to DM 5.5 million in the year under review (previous year: DM 6.4 million) due to subdued demand directly after the millennium celebrations. The *Wein-Wolf* Group contributed DM 4.9 million to the operating result (1999: DM 5.2 million).

CONSOLIDATED NET INCOME

The consolidated earnings before taxes amounted to DM 11.2 million, a decrease of DM 21.3 million on the prior-year total; this decline was attributable in part to costs incurred in connection with the establishment of new business activities (see "Development costs"). Apart from these start-up or development costs, there were no extraordinary factors affecting either operating or financing expenses. As a result of the revaluation of deferred tax assets following the tax reform, tax expenditure rose by a one-off DM 6.7 million in the year under review. Following the revised ruling of the Federal Fiscal Court, losses arising on the change of a company's legal form may now be taken into account in the calculation of trade tax; this resulted in a tax refund claim of DM 3.6 million in the year under review. In view of the lower earnings before taxes and the one-off effect of tax expenditure, the consolidated earnings after taxes fell to DM 2.6 million (previous year: DM 17.0 million), and to DM 2.1 million (previous year: DM 16.5 million) after deduction of minority interest.

In view of the switch to IAS, no DVFA/SG earnings figure has been calculated. Based on IAS reporting principles, the earnings per share are DM 0.48 (1999: DM 3.74). As 77,000 options issued in conjunction with convertible bonds may be exercised in the years 2001 and 2002, the fully-diluted earnings per share are DM 0.47. If this figure is adjusted to take account of the one-off tax effects in the year under review – on the one hand the revaluation of deferred tax assets, and on the other hand a tax refund claim for trade tax – the earnings per share amount to around DM 1.14 (€ 0.58).

NET INCOME OF HAWESKO HOLDING AG AND PROPOSAL ON THE APPROPRIATION OF EARNINGS

The Income Statement of Hawesko Holding AG is dominated by the holding activities of the company and – unlike the consolidated accounts – is prepared in accordance with German Commercial Code. Investment income fell from DM 28.0 million in the previous year to DM 19.6 million in the year under review, as the earnings of *Hanseatisches Wein- und Sekt-Kontor KG* were lower both for operating reasons and following the merger with the legally independent e-commerce division. Hawesko Holding AG concluded the year under review with a net income of DM 13.6 million (previous year: DM 20.9 million). Of this sum, a total of DM 6.3 million will be allocated to the revenue reserves. It will be proposed to the Shareholders' Meeting that the unappropriated profit for the year of DM 7.3 million be distributed in full - except for the amount due on treasury shares - in the form of a dividend payment.

CONSOLIDATED CASH FLOW

DM million	2000	1999
Cash flow from current operations	17.1	14.1
Cash flow from investing activities	– 11.4	– 24.0
Cash flow from financing activities	6.8	5.0

Cashflow from current operations for the group rose by DM 3.0 million to DM 17.1 million. This is primarily due to the marked slowdown both in the buildup of inventories and in the increase of current assets; together, these two developments compensate for the decrease in the result for the period. The cash inflow from operations covers in full the funds employed for investing activities.

CONSOLIDATED BALANCE SHEET

The Consolidated Balance Sheet total rose from DM 319.8 million in the previous year to DM 345.2 million in the year under review. This represents an increase of 7.9%.

Fixed assets, which totalled DM 42.4 million, remained virtually unchanged from the previous year (DM 43.3 million). This item includes goodwill from the consolidation of the *Wein-Wolf* Group (DM 11.2 million), from the first-time consolidation of *Le Monde des Grands Bordeaux* (DM 1.2 million) and from *Carl Tesdorpf –Weinhandel zu Lübeck* (DM 0.8 million.). The increases in miscellaneous assets of DM 12.5 million, in cash of DM 11.7 million and in inventories of DM 7.8 million are responsible for the rise in current assets. The item for deferred tax assets was reduced by DM 7.6 million. This is primarily the result of releasing deferred taxes of DM 6.7 million into the consolidated income statement, because corporation income tax in Germany is being cut to 25% from 2001.

Group equity fell year on year by DM 12.6 million to DM 115.5 million. Above all in view of the DM 19.8 million fall in unappropriated profit, the equity ratio (prior to the proposed profit distribution for the year) fell from 40.1% to 33.4% of the balance sheet total. The revenue reserves were reduced by the acquisition costs of the treasury shares purchased during the year under review (DM 3.0 million).

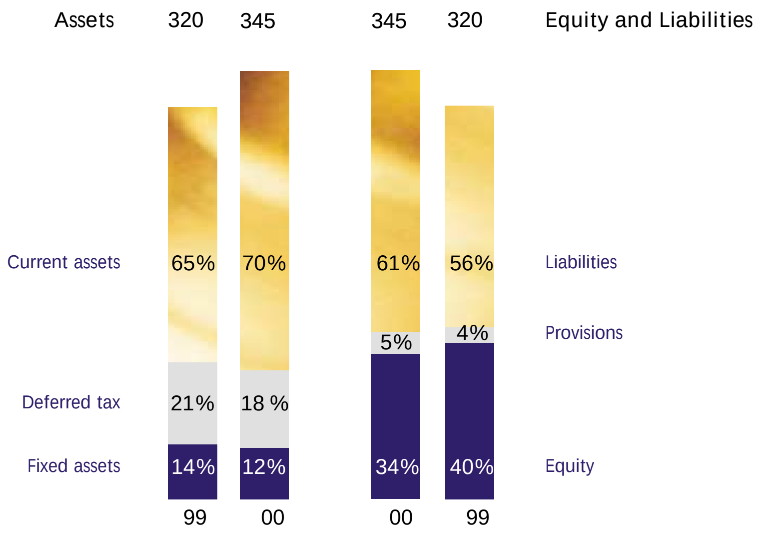
In view of the need to finance business expansion activities, debt rose. Borrowings consequently increased by DM 24.2 million to DM 116.8 million. These liabilities exist within the framework of credit arrangements with various German banks.

INVESTMENTS

The Hawesko Group invested DM 9.4 million in intangible assets, in property, plant and equipment and in acquisitions in the year under review. This is DM 11.1 million less than in the previous year, in which the 90% shareholding in the *Wein-Wolf* Group was purchased.

Investments in property, plant and equipment totalled DM 6.7 million (previous year: DM 6.6 million). These measures were for the expansion and modernisation of specialist retail outlets for *Jacques' Wein-Depot* (DM 2.9 million) and replacement investments. The investments in intangible assets of DM 2.5 million (previous year: DM 13.9) relate in almost equal measure to computer software and to a goodwill item resulting from the acquisition of *Le Monde des Grands Bordeaux*. Two sale and lease-back agreements were used to finance the enlargement of the logistics centre by 14,000 pallet bays on

CONSOLIDATED BALANCE-SHEET STRUCTURE in %
(Balance sheet total in DM million)



the one hand and the office building in Tornesch, near Hamburg, on the other; together these represent a volume of DM 13.1 million.

EMPLOYEES

The Hawesko Group employed an average of 515 people in the year under review. This represents a rise of 106 on the prior-year average, whereby the *Wein-Wolf* Group is included in these figures with 74 employees in the year under review (23 in the prior year due to the four-month consolidation period).

The employee structure, on the basis of function, is as follows: purchasing and procurement 8% of the employee total; marketing/sales/customer service 49%; administration 26%, and logistics 17%.

In view of the consolidation of the *Wein-Wolf* Group for the entire year and the establishment of new business activities, personnel costs rose by 25.3% to DM 42.3 million. The personnel costs ratio likewise rose as a result of the expansion of business, from 8.6% in the previous year to 9.3% of sales.

DEVELOPMENT COSTS

The current sharp increase in networking and globalisation is fuelling a process of market change. Considerable forward-looking investments are thus necessary in order to acquire more customers via the new sales channels, such as the Internet. The 2000 financial year was therefore significantly shaped by the start-up costs incurred for such business activities; these were in particular:

Expansion of the e-commerce business:

The Hawesko Group had already relaunched its website at the end of 1999: *Winegate* built on its success throughout 2000, making the group the leading online wine seller in Germany. With sales via this channel increasing almost six-fold – from DM 1.9 million in the previous year to DM 10.5 million in the year under review – the Hawesko Group advanced to become one of Europe's leading players. The negative impact on consolidated earnings of the operating result (EBIT) of DM 7 million was actually less severe than the DM 10 million that had initially been predicted. As part of the measures to integrate traditional wine mail-order operations and Internet activities, the e-commerce division that had operated as a legally separate entity was merged into the mail-order subsidiary *Hanseatisches Wein- und Sekt-Kontor* at the end of 2000.

Market entry in Austria:

At the end of March 2000, the Hawesko Group extended its mail-order operations to Austria through the establishment of a new subsidiary under the name of *The Wine Company*. The product range includes clarets, champagnes and premium Austrian and Italian wines. Sales for the year under review reached DM 3.5 million, with an operating loss of just over DM 2 million. *Jacques' Wein-Depot* opened five outlets in Austria near the end of 2000 on a pilot basis.

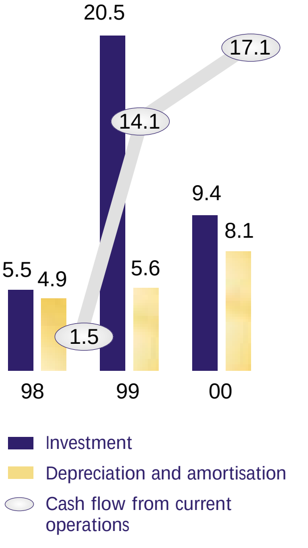
Expansion of premium business under the name of *Carl Tesdorpf – Weinhandel zu Lübeck*:

The development of business in wines of the "ultra-premium" class (principally costing over DM 50 per bottle) by the company *Carl Tesdorpf – Weinhandel zu Lübeck* continued in the year under review. This sub-section of our mail-order operations registered sales of around DM 9 million and an operating loss of some DM 2 million.

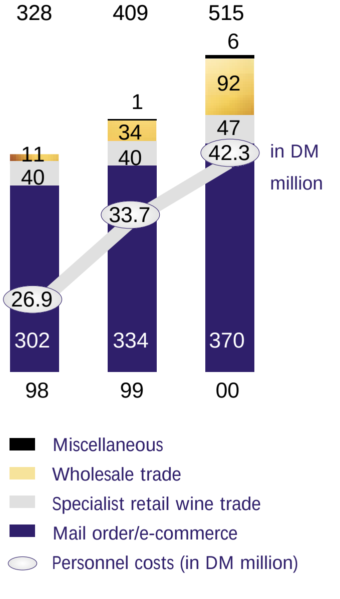
RISK REPORT

In the context of its sales operations, the Hawesko Group is exposed to the risks that go hand in hand with entrepreneurial activity. It has established modern instruments of controlling for the observation and notification of risks. These are implemented as a means of informing the decision-makers in good time of potential problems. In addition to the general business risk, the group is exposed to the following risks:

INVESTMENT, DEPRECIATION AND CASH FLOW in DM million



TOTAL EMPLOYEES / PERSONNEL COSTS



Wine as a natural product:

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 the price that a product can command 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.

Competition:

There is increasing competition within the wine market. Within its context, the Hawesko Group is pursuing the strategy of consolidating its market position on the basis of high-quality products, with the aid of its expertise in data base marketing, and of strengthening this position both in Germany and abroad. Some of the group's competitors belong to larger corporations and thus have more extensive resources than Hawesko.

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. The sales and results for the individual quarters fluctuate e.g. as a result of the number of advertising mail shots, the frequency of 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. Gifts business in the run-up to Christmas accounts for around 10% of consolidated sales. The result for the third quarter of each year in particular 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.

Influence of exchange rate and capital market factors:

The companies of the Hawesko Group are importers of wines traded internationally, and as such are affected by exchange rate movements outside the euro zone. It is to be expected that the proportion of wines from overseas will continue to grow; these wines are generally traded in US dollars. The refinancing of the Hawesko Group's capital requirements largely takes the form of loans which are predominantly taken out at current interest rates, with interest rate derivatives used for hedging.

Agency structure with independent agency partners:

The over-the-counter specialist wine retailing division under the *Jacques' Wein-Depot* brand operates on the basis of an agency system; the outlets are run by independent representatives (agency partners). Following the changes to German social insurance legislation, there is a risk that they could be classified as employee-like self-employed persons, or as persons in pseudo-self employment. The Hawesko Group nevertheless believes that the contracts which regulate relationships with agency partners and the actual practice of the agency system satisfy the criteria for self-employed activity.

Decision of the Federal Fiscal Court on trade tax:

In 2000, the Federal Fiscal Court modified its decision with the effect that it is permissible to take account of fiscally relevant losses arising on the change of a company's legal form in the calculation of trade tax. As a result, the Hawesko Group reports a tax refund claim for the year under review. There is a risk that local tax authorities might, in individual cases, not acknowledge such losses for trade tax purposes, in a departure from this high-court decision; the Hawesko Group, however, rates this risk as very low in its specific case.

CHANGEOVER TO THE EURO

The work of the project organisation team, which reports directly to the Board of Management, on the switch to the euro continues to progress according to schedule. In the mail-order/e-commerce business segment, the euro is to be introduced in October 2001 as the currency in which transactions with customers (prices, invoices, reminders) are expressed. In the over-the-counter specialist retail segment, prices will be indicated in both euro and deutschmarks – as required by law – in 2001. In the wholesale segment, the necessary preparations for the changeover to the euro have already been made. The Hawesko Group anticipates that it will introduce the euro as its in-house currency in the early part of 2002, with retroactive effect from January 1, 2002.

OCCURRENCES OF PARTICULAR NOTE AFTER THE END OF THE FINANCIAL YEAR

No occurrences which could have a significant effect on the assessment of the net worth, financial position or earnings situation of Hawesko Holding AG and of the Hawesko Group occurred after the end of the financial year.

OUTLOOK

At the start of 2001, the forecast for economic growth in Germany is in excess of 2%. Private consumption is likewise expected to rise by 2%. Although consumption of premium wines is only marginally dependent on the general economic situation, a largely favourable economic climate does bolster demand. The trend of sustained growth in the market for premium wines and champagnes is expected to continue. Sales for the Hawesko Group are expected to rise to DM 495 million in the 2001 financial year, with a proportionally higher increase in profits.

For the 2001 financial year that is currently in progress, Hawesko has placed the emphasis on improving sales profitability. The individual measures being implemented to this end include the following:

Integration of the mail-order and e-commerce businesses:

During the course of the 2000 financial year it became apparent that the strict segregation of traditional mail-order business and e-commerce is becoming less and less important. The customer groups are growing together, so that it is not advisable to differentiate the product ranges; and eliminating the complete separation in the marketing approaches opens up possibilities for mutual advertising. The business areas of *Hanseatisches Wein- und Sekt-Kontor* and *Winegate* will consequently be integrated from now on. A further consequence of this change is that the negative impact of the operating result on consolidated earnings is likely to be much lower than in the year under review.

Stronger market presence in Austria:

The activities launched in Austria in 2000 are to be continued in the 2001 financial year. On the one hand, the Austrian subsidiary *The Wine Company* will extend its customer base for mail-order business: it has the prospect of double-digit growth in sales as well as of making a big step towards breaking even for its operative business. Besides this, *Jacques' Wein-Depot* will continue to run its pilot operations in Austria in 2001 and plans to use the experience and operating results in establishing a sound basis for further strategic decisions.

Inclusion of Antinori products:

The partnership with Marchesi Antinori Srl, announced in May 2000, will take shape in the 2001 financial year, with Antinori products being incorporated into the sales structures of the wholesale segment and mail-order/e-commerce segment. This addition to the product range is expected both to enhance the appeal of the product range and to boost sales by a double-digit figure in millions of deutschmarks.

Investments in property, plant and equipment will remain stable in the 2001 financial year, at around DM 7 million. An additional volume of some DM 2 million will be financed on a sale and lease-back basis.

No significant new projects are in the pipeline for the 2001 financial year. Following a phase of major, growth-oriented investments, efforts are now to be directed towards improving profitability.

CONSOLIDATED STATEMENT OF INCOME

(IAS) for the period from 1 Januar 2000 to 31 December 2000

	Note	1 Jan -31 Dec 00 DM '000	1 Jan -31 Dec 99 DM '000
Sales revenues	4.	**454,463**	**391,501**
Increase in finished goods inventories		– 53	204
Other capitalised services rendered for own account	5.	318	162
Other operating income	6.	17,896	13,794
Cost of purchased goods	7.	– 262,153	– 218,682
Personnel expenses	8.	– 42,272	– 33,733
Depreciation and amortisation	9.	– 8,059	– 5,573
Other operating expenses	10.	– 142,993	– 111,979
Other taxes		– 138	– 98
Result from operations		**17,009**	**35,596**
Finance result	11.	– 5,768	– 3,080
Result from ordinary activities		**11,241**	**32,516**
Taxes on income and deferred tax expense	12.	– 8,593	– 15,507
Result after taxes		**2,648**	**17,009**
Profit due to minority interests		– 571	– 516
Consolidated earnings		**2,077**	**16,493**

CONSOLIDATED BALANCE SHEET

(IAS) at 31 December 2000

ASSETS	Note	31 Dec 2000 DM '000	31 Dec 1999 DM '000
Fixed assets			
Intangible assets	14.	15,042	14,010
Tangible assets	15.	26,806	28,239
Financial assets	16.	521	1,010
		42,369	**43,259**
Current assets			
Inventories	17.	140,850	133,040
Receivables and other assets	18.	81,334	66,845
Cash in banking accounts and cash on hand	19.	18,989	7,329
		241,173	**207,214**
Deferred tax assets	20.	**60,379**	**67,999**
Prepaid expenses	21.	**1,247**	**1,323**
		345,168	**319,795**

SHAREHOLDERS' EQUITY AND LIABILITIES		31 Dec 2000 DM '000	31 Dec 1999 DM '000
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	22.	22,027	22,027
Group adjustment i.a.w. IAS	22.	– 8,540	– 8,540
		13,487	***13,487***
Capital reserve	23.	15,090	15,090
Revenue reserves	24.	16,793	9,565
Unappropriated group profit	25.	70,130	89,944
		115,500	**128,086**
Minority interest	26.	**1,645**	**1,522**
Provisions			
Provisions for pensions	27.	766	674
Provisions for taxation and deferred taxes	28.	5,456	6,325
Other provisions	29.	10,219	7,475
		16,441	**14,474**
Liabilities			
Borrowings	30.	116,821	92,633
Advances received	31.	16,522	12,601
Trade payables	31.	58,178	52,812
Other liabilities	31.	20,061	17,667
		211,582	**175,713**
		345,168	**319,795**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital DM '000	Capital reserve DM '000	Revenue reserves DM '000	Unappropriated group profit DM '000	Total DM '000
31 December 1998	**13,487**	**15,090**	**0**	**94,690**	**123,267**
Appropriation to revenue reserves			9,565	– 9,565	0
Dividends				– 11,674	– 11,674
Consolidated earnings for the year				16,493	16,493
31 December 1999	**13,487**	**15,090**	**9,565**	**89,944**	**128,086**
Appropriation to revenue reserves			10,217	– 10,217	0
Adjustment for treasury shares			– 2,989	0	– 2,989
Dividends				– 11,674	– 11,674
Consolidated earnings for the year				2,077	2,077
31 December 2000	**13,487**	**15,090**	**16,793**	**70,130**	**115,500**

CONSOLIDATED CASH FLOW STATEMENT

(IAS) for the period from 1 Januar 2000 to 31 December 2000

		Note	2000 DM '000	1999 DM '000
	Result before taxes on income	36.	11,241	32,516
+	Depreciation of intangible and tangible assets (net of write-ups)		8,059	5,533
+	Interest result	36.	5,768	3,080
–	Result from the disposal of intangible and tangible assets		– 91	– 251
–	Change in inventories		– 2,066	– 13,652
–	Change in receivables, other assets and prepaid expenses		– 3,474	– 18,325
+	Change in provisions		1,130	4,849
+	Change in liabilities (excluding borrowings)		4,705	10,048
–	Taxes on income paid out	36.	– 8,137	– 9,669
=	Net inflow of payments from current operations		17,135	14,129
–	Acquisition of subsidiaries net of funds acquired	36.	– 851	– 17,511
–	Outpayments for tangible assets and intangible assets		– 8,403	– 7,183
–	Outpayments for treasury shares		– 2,989	0
+	Inpayments from the disposal of intangible assets and tangible assets		158	335
+	Inpayments from the disposal of financial assets		695	382
=	Net funds employed for investment activities		– 11,390	– 23,977
–	Outpayment for dividend		– 11,674	– 11,674
–	Outpayments to minority interests		– 450	– 4,069
+	Change in borrowings		23,871	24,836
–	Interest paid out	36.	– 4,923	– 4,063
=	Inflow of net funds from financing activities		6,824	5,030
=	Net increase/decrease of funds		12,569	– 4,818
+	Funds at start of period		6,125	10,943
=	Funds at end of period		18,694	6,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF HAWESKO HOLDING AG FOR THE 2000 FINANCIAL YEAR

Hawesko Holding AG has its registered office in Hamburg, Germany. 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 wholesalers. The companies under the corporate umbrella of Hawesko Holding AG cover the sales forms mail order/e-commerce, over-the-counter specialist wine retailing, and wholesaling.

1. General principles

Applying § 292a of German Commercial Code for the first time, the Consolidated Financial Statements have been prepared in accordance with the specifications of the guidelines valid on the balance sheet date (International Accounting Standards – IAS) as issued by the International Accounting Standards Committee (IASC), London. They are in agreement with the European Union guidelines on group accounting (Directive 83/349/EEC).

The annual financial statements of the consolidated companies are based on standard accounting and valuation principles which are unchanged from the previous year. For greater clarity, certain items in the Income Statement and Balance Sheet are combined; they are explained in the Notes. Valuations which are based solely on tax law requirements are not included in the Consolidated Financial Statements. The standard reporting date for all group companies is December 31, 2000.

The type of expenditure format was used for the preparation of the Income Statement.

The valuation variances for operations before January 1, 1999 resulting from the first-time comprehensive application of IAS have been taken into account in the unappropriated profit of the opening balance sheet at January 1, 1999, in accordance with Interpretation SIC - 8 of the Standing Interpretations Committee (SIC).

The approved Standards IAS 16 (revised 1998, Property, Plant and Equipment), IAS 22 (revised 1998, Business Combinations), IAS 36 (Impairment of Assets), IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IAS 38 (Intangible Assets) are already applied for the comparative figures of the 1999 financial year, in accordance with the recommendations of the IASC.

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

The audited Combined Management Report for the group and the parent company and the Annual Financial Statements at December 31, 2000 of Hawesko Holding AG have been filed with the Local Court of Hamburg under reference HRB 66708 and will be 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. Consolidated companies

The **group** under Hawesko Holding AG, with its head offices in Hamburg, comprises a total of 18 German and foreign companies in which Hawesko Holding AG directly or indirectly holds a majority of voting rights. This total has risen by three since the previous year. Five subsidiaries of minor overall significance for the net worth, financial position and earnings situation of the group are not consolidated. Their sales represent less than 1% of consolidated sales.

On January 10, 2000 *Wine Company Warenhandelsgesellschaft mbH* of Vienna was established as a fully owned subsidiary, with a share capital of DM 489 thousand. The *Wine Company* sells top-class wines and champagnes in Austria by mail order.

On January 10, 2000 *Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG* of Vienna was established as a fully owned subsidiary, with a share capital of DM 78 thousand. *Jacques' Wein-Depot* sells wine in Austria via outlets in Vienna and Innsbruck, and had a total of five outlets at the end of 2000.

At a cost of DM 883 thousand, a 90% shareholding was acquired in the French claret dealer *Le Monde des Grands Bordeaux Châteaux Classic SARL*, Saint-Christoly (Médoc), on September 1, 2000. The goodwill of DM 1,203 thousand will be amortised over an anticipated useful life of 15 years.

Fully consolidated subsidiaries	Registered office	Segment	Shareholding %
Direct participations			
Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG	Hamburg	Mail order/ e-commerce	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG	Düsseldorf	Specialist wine retailing	100.0
CWD Champagner und Wein Distributionsgesellschaft mbH & Co. KG	Hamburg	Wholesaling	90.0
Wein Wolf Holding GmbH & Co. KG	Bonn	Wholesaling	90.0
Verwaltungsgesellschaft Jacques' Wein-Depot Wein Einzelhandel m.b.H	Düsseldorf	Other	100.0
Verwaltungsgesellschaft Hanseatisches Wein- und Sektkontor HAWESKO m.b.H	Hamburg	Other	100.0
IWL Internationale Wein Logistik GmbH	Tornesch	Mail order/ e-commerce	100.0
Wine Company Warenhandelsgesellschaft mbH	Vienna	Mail order/ e-commerce	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG	Vienna	Specialist wine retailing	100.0
Le Monde des Grands Bordeaux Château Classic SARL	Saint-Christoly, Médoc	Mail order/ e-commerce	90.0
Indirect participations			
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	Wholesaling	85.0 1)
Gebr. Josef und Matthäus Ziegler GmbH	Freudenberg	Wholesaling	100.0 1)
Alexander Baron von Essen Weinhandels GmbH	Tegernsee	Wholesaling	84.85 1)
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	Wholesaling	100.0 1)
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	Wholesaling	100.0 1)
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg	Wholesaling	100.0 1)
Carl Tesdorpf GmbH	Lübeck	Mail order/ e-commerce	90.0
Winegate New Media GmbH (until December 8, 2000 Chateaux et Domaines Importgesellschaft für französische Weine m.b.H)	Hamburg	Other	100.0

1) Group shareholding lower, as there is a 10% minority interest in the subsidiary which holds the participation indirectly (*Wein-Wolf Holding GmbH & Co. KG*).

The following subsidiaries are not included in the Consolidated Financial Statements:

Non-consolidated subsidiaries	Registered office	Shareholding %	Net result, DM '000
Wein Wolf Import GmbH	Bonn	100.0	9
Wein Wolf Holding Verwaltungs GmbH	Bonn	100.0	3
Weinland Ariane Abayan Verwaltungs GmbH	Hamburg	85.0	– 2
Edition Reiss SARL	Saint-Christoly, Médoc	90.0	n.a.
Sommelier S.A. Spólka Akcyjna	Warsaw	70.0	n.a.

In view of its minor economic significance, the 50% shareholding in Vera Maria Bau Consulting GmbH, Bonn, was not consolidated. The net earnings of this company in 2000 were DM 19 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.

The **consolidation of capital** is always performed in accordance with IAS 22, by offsetting the book values of subsidiaries against the equity share held in the subsidiaries at the time of their acquisition. Any remaining differences are carried as goodwill on the basis of their economic content.

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 January 1, 1998 was treated as a "transaction between companies under common control". No differences arose from the consolidation of capital, as the book values of the three subsidiaries in question were retained.

Write-ups on and depreciation of shares in group companies from individual financial statements are reversed in the Consolidated Financial Statements.

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

No elimination of intercompany results for inventories is carried out, in view of their minor economic significance.

The positive shares in the equity and earnings of the fully consolidated companies due to parties outside the group are reported under minority interest. Negative shares in the equity and earnings of the fully consolidated companies are netted against the group equity in accordance with IAS 27.27.

3. Accounting and valuation principles

Intangible assets acquired for consideration are valued at acquisition cost and depreciated regularly throughout their useful life by the straight-line method.

Self-constructed intangible assets for which the following are confirmed are capitalised at the cost of production and depreciated regularly throughout their useful life by the straight-line method:

(a) The intangible asset can be technically realised and will thus be available for internal use;

(b) The intangible asset is to be completed and then used;

(c) It is possible to use the intangible asset;

(d) It is confirmed that the intangible asset has a prospective future use;

(e) Adequate technical, financial and other resources to complete the development process and use the intangible asset are available; and

(f) The costs of producing the intangible asset can reliably be demonstrated and allocated during its development.

Goodwill from the consolidation of capital and other goodwill is fundamentally amortised by the straight-line method over a useful life of 15 years. The value of goodwill is regularly examined; insofar as necessary, corresponding allowances are made.

Property, plant and equipment are valued at their acquisition cost and depreciated by the straight-line or degressive method in accordance with their useful economic life. Low-value assets are fully expensed in the year of acquisition.

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	25 to 50 years
Buildings on third-party land	7 to 10 years
Other fixtures and fittings, tools and equipment	3 to 15 years

The **financial assets** are valued at acquisition cost.

Raw materials, consumables used and merchandise are valued at acquisition cost or at the lower applicable value. The acquisition costs include overhead costs which can be directly allocated, in addition to prime costs. The valuation is fundamentally based on the moving average method. **Work in progress and finished goods** are valued at the cost of production or at the lower applicable value.

Accounts receivable and other assets are reported at nominal value. Allowances, which are based on the probable credit risk, are taken into account.

Deferred taxes result from the divergent valuations in the IAS 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 legal provisions that are valid or approved at the balance sheet date.

Future income tax reduction claims and income tax commitments resulting from the preparation of the accounts according to IAS are carried as deferred tax assets and liabilities.

Provisions for pensions are valued according to IAS 19.

The **other provisions** take account of all discernible commitments from past occurrences at the balance sheet date, and represent one current commitment where the outflow of resources is probable. The provisions are valued at the amounts that are likely to apply. Provisions are only created where a legal or de facto commitment towards third parties exists.

Liabilities are always shown at the amount due.

Accounts receivable and payable in **foreign currency** are translated at the rate at which they were acquired or at the company's internal exchange rate. 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 buying rate, and outstanding payables at the selling rate. The fixed exchange rates for the conversion of the participating currencies into euro are taken into account.

As the annual financial statements of foreign consolidated group companies are prepared exclusively in currencies with fixed euro parities, no separate treatment of translation differences is necessary.

Sales revenues are realised in the Income Statement upon dispatch of the goods to the customer, after deduction of turnover tax and discounts. Internal sales are eliminated.

Borrowing costs are always recorded as an expense.

In accordance with IAS 32, financial instruments include on the one hand primary **financial instruments**, such as trade receivables and payables, or financial receivables and payables. The accounting and valuation of these financial instruments is described under the respective principles.

On the other hand, these also include derivative financial instruments, which are used within the Hawesko Group as covering transactions to hedge against risks from exchange-rate and interest-rate movements.

Forward exchange transactions are always concluded exclusively in conjunction with a foreign currency transaction. Income and expenditure in connection with this transaction are disclosed to correspond to the underlying transaction.

Interest-rate hedging tools are used as a means of generally limiting the interest-rate risk. Income and expenditure are disclosed in the interest result. Any premiums are accrued and charged to the interest result by the straight-line method over the term.

Assets which are not inventories, deferred tax claims or financial instruments are examined regularly at the balance sheet date, in accordance with IAS 36, for evidence of any need for impairment compared with the book value.

Contingent liabilities as defined by IAS 37 are indicated in the Notes, insofar as the outflow of resources is not improbable and the magnitude of the commitment can be reliably estimated.

No includable or excludable but disclosable **events occurring after the balance sheet date**, as defined in IAS 10, occurred.

4. Sales revenues

DM '000	2000	1999
Mail order/e-commerce	193,304	194,611
Specialist retailing	144,028	126,884
Wholesaling	117,131	70,006
	454,463	**391,501**

The *Wein-Wolf* Group included in the segment in the previous year, from September 2, 1999, contributed DM 51,671 thousand to the sales for the segment in the previous year. In the 2000 financial year – the year under review – the *Wein-Wolf* Group accounted for DM 95,904 thousand of the total.

5. Other capitalised services rendered for own account

The realisation of a system for the optimisation of the goods management processes (stock management system) for mail order trade/e-commerce led to the capitalisation of self-constructed intangible assets in 1999 and 2000. This item comprises directly allocable personnel costs.

6. Other operating income

DM '000	2000	1999
Rental income	8,961	7,844
Advertising expense subsidies	2,219	1,464
Income from cost refunds	1,500	1,752
Income from the liquidation of provisions	772	1,017
Other	4,444	1,717
	17,896	**13,794**

The *Wein-Wolf* Group, which was included in the segment from September 2, 1999, contributed DM 3,708 thousand to other operating income in the previous year. In the year under review, the *Wein-Wolf* Group accounted for DM 5,333 thousand of the total.

7. Cost of purchased goods

The cost of purchased goods for the *Wein-Wolf* Group totalled DM 69,143 in the year under review (previous year, four months: DM 37,368 thousand).

8. Personnel costs

DM '000	2000	1999
Wages and salaries	36,068	28,912
Social security and other pension costs	6,204	4,822
• of which in respect of old age pensions	(163)	(206)
	42,272	**33,733**

The personnel costs of the *Wein-Wolf* Group for the year under review totalled DM 7,743 thousand (previous year, four months: DM 3,667 thousand)

9. Depreciation and amortisation

DM '000	2000	1999
Goodwill from the consolidation of capital	923	325
Other intangible assets	592	378
Property, plant and equipment	6,544	4,870
	8,059	**5,573**

Depreciation for the *Wein-Wolf* Group for the year under review totalled DM 856 thousand (previous year, four months: DM 359 thousand).

10. Other operating expenses

DM '000	2000	1999
Advertising	51,769	36,535
Commissions to partners	34,854	28,588
Delivery costs	19,502	16,377
Rental and leasing	12,677	10,154
Legal and consultancy costs	2,038	1,359
Other personnel expenses	3,773	4,133
Other	18,380	14,833
	142,993	**111,979**

The other operating expenses for the *Wein-Wolf* Group for the year under review totalled DM 18,579 thousand (previous year, four months: DM 9,065 thousand).

11. Finance result

DM '000	2000	1999
Interest income	118	224
Interest expense	– 5,857	– 3,133
Expenses from interest hedging transactions	– 29	– 171
	– 5,768	**– 3,080**

The *Wein-Wolf* Group contributed DM –1,778 thousand to the finance result in the year under review (previous year, four months: DM –643 thousand).

12. Taxes on income and deferred taxes

The proposal on the appropriation of earnings is taken as the basis for the calculation of corporation tax.

DM '000	2000	1999
Current tax	392	10,348
Deferred tax	8,201	5,159
	8,593	**15,507**

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:

DM '000	2000	1999
Current year	4,039	10,289
Previous years	– 3,647	59
	392	**10,348**

Expenses for deferred tax are attributable to the following:

DM '000	2000	1999
Other temporary differences	– 158	122
From loss carryforwards	– 1,923	11
From restructuring measures with an effect on taxes	3,740	5,026
From the change in income tax rates	6,542	0
	8,201	**5,159**

As a result of the change in income tax rates in Germany with effect from January 1, 2001, a charge of DM 6,542 thousand arises from the reassessment of deferred tax assets and liabilities.

The actual tax expense for the year 2000 of DM 8,593 thousand is DM 2,765 thousand higher than the anticipated tax expense of DM 5,828 thousand which would have resulted from the application of a tax rate to pre-tax earnings that was based on current German legislation at the balance sheet date.

The anticipated tax rate is 51.84% (previous year: 51.84%) and is obtained as follows:

Trade tax (average municipal factor 400%)	16.67%
Corporation tax (40% of profits after trade tax)	33.33%
Solidarity surcharge (5.5%) of corporation tax)	1.84%
Total tax burden on pre-tax earnings	**51.84%**

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

DM '000	2000	1999
Anticipated tax expense	5,828	16,856
Tax reductions from the application of the tax rate for distributed earnings burden	– 989	– 2,861
Reassessment of deferred tax assets and liabilities	6,542	0
Nondeductibility of fiscal amortisation of goodwill for trade tax purposes	0	1,541
Tax expenses/income unrelated to the accounting period	– 3,647	59
Nondeductibility of amortisation of goodwill from the consolidation of capital	478	168
Other tax effects	381	256
Actual tax expense	8,593	15,507
Effective tax rate %	76.44	47.69

13. 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.

	2000	1999
Consolidated earnings (DM '000)	2,077	16,493
Average number of shares ('000)	4,368	4,406
Undiluted earnings per share (DM)	0.48	3.74

The diluted earnings per share, i.e. earnings taking account of the convertible bonds issued, are calculated as follows:

	2000	1999
Consolidated earnings (DM '000)	2,077	16,493
Plus interest from convertible bonds, less deferred taxes (DM '000)	10	4
Diluted consolidated earnings (DM '000)	2,087	16,497
Average number of shares ('000)	4,368	4,406
Plus potential number of shares ('000)	77	44
Diluted number of shares ('000)	4,445	4,450
Diluted earnings per share (DM)	**0.47**	**3.71**

14. 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 46 and 47.

DM '000	31.12.2000	31.12.1999
Software	1,550	788
Goodwill from the individual financial statements	307	348
Goodwill from the consolidation of capital	13,185	12,875
	15,042	**14,010**

The item "Software" includes self-constructed intangible assets amounting to DM 420 thousand (previous year: DM 162 thousand). This software comprises a system for the optimisation of the goods management processes (stock management system) for mail order trade/e-commerce. The conditions for reporting it as an asset according to IAS 38 are satisfied cumulatively. The directly allocable personnel costs have been carried as the costs of production. The stock management system is depreciated by the straight-line method over a useful economic life of four years.

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

DM '000	Acquisition cost	Cumulative depreciation Dec. 31, 2000	Book value Dec. 31, 2000
Wein Wolf Group	12,307	1,074	11,233
Carl Tesdorpf GmbH	893	118	775
Le Monde des Grands Bordeaux	1,203	26	1,177
	14,403	**1,218**	**13,185**

Goodwill from the consolidation of capital is reported as an asset, in agreement with IAS 22, and amortised by the straight-line method over its anticipated useful life, currently always 15 years.

15. 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 46 and 47.

DM '000	31.12.2000	31.12.1999
Land and buildings, including buildings on third-party land	17,990	20,187
Other fixtures and fittings, tools and equipment	8,816	8,042
Payments on account and construction in progress	0	10
	26,806	**28,239**

16. 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 46 and 47.

DM '000	31.12.2000	31.12.1999
Shares in affiliated companies	273	150
Participating interests	35	45
Other loans	213	815
	521	**1,010**

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):

DM '000	31.12.2000	31.12.1999
Wein Wolf Import GmbH	50	50
Wein Wolf Holding Verwaltungs GmbH	50	50
Weinland Ariane Abayan Verwaltungs GmbH	41	0
Edition Reiss SARL	62	0
Sommelier S.A. Spólka Akcyjna	70	0
Weinfachagentur Christiansen GmbH	0	50
	273	**150**

The participating interests (DM 35 thousand) comprise exclusively the 50% shareholding in Vera Maria Bau Consulting GmbH, Bonn.

The other loans (DM 213 thousand) relate to three loans:

DM '000	31.12.2000	31.12.1999	Term	Interest rate
Loan to employees	121	123	September 2009	6%
Loan to Carl Graeger GmbH	90	690	February 2001	Interest-free
Loan to the Volume Purchasing Association of the wine and spirits trades	2	2	Unlimited	Interest-free
	213	**815**		

17. Inventories

DM '000	31.12.2000	31.12.1999
Raw material and consumables used	2,330	2,034
Work in progress	4,281	4,425
Finished goods and merchandise	102,749	94,351
Advances received	31,490	32,230
	140,850	**133,040**

The advances received relate to wines of earlier vintages which are not delivered until subsequent years (“subscriptions”).

18. Receivables and other assets

DM '000	31.12.2000	31.12.1999
Trade receivables (gross)	65,926	63,753
Less individual allowances	– 1,971	– 1,805
Trade receivables	63,955	61,948
Due from affiliated companies	141	0
Other receivables and other fixed assets	17,238	4,897
	81,334	**66,845**
Of which with a term of:		
< 1 year	79,563	65,202
> 1 year	1,771	1,643

The amounts due from affiliated companies are owed by Sommelier S.A. Spólka Akcyjna, Warsaw.

Other receivables and other fixed assets:

DM '000	31.12.2000	31.12.1999
Tax refund claims	7,051	902
Sale and lease back	5,028	0
Receivables from trade representatives	955	825
Rent deposits	888	747
Postage prepayments	350	340
Other	2,966	2,083
	17,238	**4,897**

The item “Sale and lease back” relates to the sale of an office building including real estate in December 2000.

19. Cash in banking accounts and cash on hand

Cash in banking accounts and cash on hand totalling DM 18,989 thousand (previous year: DM 7,329 thousand) relate substantially to balances and overnight money with banks.

20. Deferred tax assets

DM '000	31.12.2000	31.12.1999
Previous year	67,999	69,754
Increase	4,516	3,494
Decrease	– 12,136	– 5,249
	60,379	**67,999**

Deferred tax assets are made up as follows:

DM '000	31.12.2000	31.12.1999
Temporary differences from restructuring measures with an effect on taxes	56,628	66,839
Fiscal loss carryforwards	3,751	1,160
	60,379	**67,999**

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 January 1, 1998 resulted in fiscally allowable goodwill which is amortised over 15 years. Deferred tax assets with an effect on income totalling DM 74,736 were entered in the accounts at January 1, 1998; they are released by the straight-line method over the amortisation period at the rate of DM 4,982 thousand per year, booked as an expense. There consequently existed a result brought forward of DM 69,754 on January 1, 1999.

Deferred tax credit balances totalling DM 3,751 (previous year: DM 1,160) were reported for fiscal loss carryforwards of unlimited use. On the basis of the medium-term profit forecasts, it can be expected that the deferred tax credit balances can be realised in the foreseeable future.

It was necessary to adjust the tax credit balance at December 31, 2000 as a result of the change in income tax rates on January 1, 2001 within the context of the corporate tax reform; this explains the one-off burden of DM 6,716 thousand on the result for 2000.

21. Prepaid expenses and deferred income

This substantially comprises premiums for interest-rate hedging transactions (DM 561 thousand) which are deferred over the hedging term and liquidated by the straight-line method.

22. Subscribed capital

The subscribed capital of Hawesko Holding AG in the commercial accounts remains unchanged from the previous year at DM 22,027,480, and is divided into 4,405,496 ordinary bearer shares in the form of individual share certificates. A total of 75,958 treasury shares were acquired in June and July 2000.

The subscribed capital of the group totals DM 13,487,480 and, as a result of 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” and the book value thus retained – is DM 8,540 thousand lower than in the commercial accounts, in which hidden reserves were uncovered.

Approved capital

The Board of Management is authorised to increase the capital stock on one or more occasions by up to a total of DM 11,000,000 within the period ending March 31, 2003, with the approval of the Supervisory Board, by the issue of new shares against contributions in cash or in kind. The shareholders shall be granted a fundamental subscription right; the Board of Management is, however, authorised to exclude residual amounts from the shareholders' subscription right.

The Board of Management is moreover authorised to exclude the subscription right of the shareholders, with the approval of the Supervisory Board, where neither the nominal value of the new shares exceeds 10% of the capital stock at the time of issue of the new shares, nor the issue value of the new shares is significantly below their stock market price pursuant to §186 Para. 3 Sentence 4 of German Stock Corporation Law. The Board of Management may in addition exclude a subscription right, with the approval of the Supervisory Board, for a portion of the approved capital which does not exceed 10% of the capital stock, provided the capital increase is made by contribution in kind for the purpose of acquiring companies or participations in companies.

Finally, the subscription right may be excluded for a total amount of up to DM 440,000 in order to issue shares to employees. 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.

Pursuant to the resolution of July 1, 1998 a total of 5,496 new ordinary bearer shares in the form of individual share certificates, with full dividend entitlements for the 1998 financial year and with a total value of DM 27,480, were issued to employees from the approved capital. In the year under review, no further shares were issued to employees from the approved capital, with the result that it remains at DM 10,972,520 at December 31, 2000.

Authorised but unissued capital

The Board of Management is authorised to issue interest-bearing convertible bonds up to a total nominal value of DM 440,000 and with a term of at least three and at most five years on one or more occasions up to March 31, 2003, with the approval of the Supervisory Board; these give the buyer the entitlement to acquire new shares in Hawesko Holding AG according to the detailed specifications of the loan terms. The statutory subscription right of the shareholders is excluded. The total value of convertible bonds issued each year may not exceed the ceiling of DM 220,000.

No new convertible bonds were issued in the year under review (see "Borrowings"). Hawesko Holding AG has issued convertible bonds with a total value of DM 385,000 at interest rates of 4% and 4.5%. In accordance with the loan terms, the creditors are granted the right to exchange the bonds entirely or in instalments for Hawesko Holding AG shares. Each convertible bond with a nominal value of DM 5.00 may be exchanged for one company share. The conversion price per share is calculated in accordance with the loan terms on the basis of the development of the Hawesko share price in relation to the development of the MDAX over the term of the convertible bond. The option price will only be lower than the corresponding stock-market price if Hawesko shares have out-performed the MDAX after a period of three years. If the conversion right is exercised, a cash supplement amounting to the difference between the nominal value of DM 5.00 per convertible bond and the conversion price is payable for the acquisition of each share. The right of conversion may only be exercised within a period of three and four weeks respectively, beginning with the third working day for banks following the Ordinary Shareholders' Meeting of the company in the year 2001 or 2002, but no earlier than April 1, 2001 or 2002 and no later than September 1, 2001 or 2002 as appropriate.

Authorisation to acquire treasury shares

At the Ordinary Shareholders' Meeting on June 8, 2000, Hawesko Holding AG was given authorisation until November 30, 2001 to acquire treasury shares up to a maximum of 10% of the capital stock, via the stock market or via an offer of purchase extended to all shareholders. The price paid for these shares may not exceed or undercut the average of the daily quotations for Hawesko shares on the Frankfurt Stock Exchange over the last five trading days preceding the acquisition of the shares by more than 5%.

With the approval of the Supervisory Board, the Board of Management was authorised to sell treasury shares acquired, in a manner other than via the stock exchange or an offer made to all shareholders, if the shares acquired are sold at a price that is not significantly below the average of the daily quotations at the Frankfurt Stock Exchange over the last five trading days preceding the sale of the shares. This authorisation, including the existing authorisation pursuant to § 4 Para. 5 of the articles of incorporation, applies to a total of 10% of the company's capital stock. The Board of Management was moreover authorised to sell the acquired shares to third parties, excluding the subscription right of existing shareholders, if this is done with the purpose of acquiring companies or participating interests in companies.

The Board of Management was moreover authorised to redeem its own shares with the approval of the Supervisory Board, without the need for further ratification by shareholders' resolutions.

This authorisation to acquire treasury shares was exercised in the past financial year for the repurchase of 75,958 shares (equivalent to 1.7% of the total number of shares). The repurchased shares were not used pursuant to the aforementioned authorisation in the year under review.

23. Capital reserve

DM '000	31.12.2000	31.12.1999
Capital reserve	15,090	15,090

The capital reserve for the group is made up substantially of the premium from the capital increase in the 1998 financial year and from the issue of shares to employees in the same year.

The costs for the initial public offering of DM 1,912 thousand were booked to the capital reserve "net of taxes", with no effect on net income, in agreement with SIC - 17 1998.

24. Revenue reserve

DM '000	31.12.2000	31.12.1999
Revenue reserve	16,793	9,565

The group's revenue reserve includes amounts allocated in the past from earnings generated by companies included in the consolidated accounts. Treasury shares totalling DM 2,989 thousand have in addition been deducted from the revenue reserve, in agreement with SIC – 16.

25. Unappropriated group profit

The unappropriated group profit includes the consolidated earnings for the financial year, the adjustments to earnings resulting from the changeover to IAS and the undistributed earnings from previous years. A progression of the equity according to German Commercial Code at December 31, 1998 to the equity according to IAS at January 1, 1999 is shown in section 40. The distributable profit results from the commercial accounts of Hawesko Holding AG and totals DM 7,269 thousand (previous year: DM 11,674 thousand).

The individual components of the equity and its development in the years 1999 and 2000 are shown in the Consolidated Statement of Movements in Equity.

26. Minority interest

The minority interest in the Consolidated Balance Sheet relates to minority interests in the equity and net earnings of the fully consolidated group companies (see details of consolidated companies).

27. Provisions for pensions

For old-age pension purposes, seven (previous year: seven) active employees within the Hawesko Group have an entitlement to supplementary retirement pay. A life-long retirement pension or disability pension and a pension for surviving dependents or orphans is 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 expense for old-age pensions resulting from these employer's pension commitments totalled DM 92 thousand in the year under review (previous year: DM 102 thousand).

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

in %	2000	1999
Discounting rate	5.90	5.70
Expectancy trend	1.00	0.50
Pensions trend	2.00	1.00

28. Provisions for taxation and deferred taxes

DM '000	31.12.2000	31.12.1999
Provisions for taxation	3,927	4,637
Deferred taxes	1,529	1,688
	5,456	**6,325**

The deferred tax liabilities are the result of temporary differences between the valuations in the fiscally relevant balance sheets and the book values in the Consolidated Balance Sheet. The following table provides an explanation of the deferred tax liabilities formed for the differences in values in the balance sheets:

Deferred taxes in DM '000	31.12.2000	31.12.1999
Fixed assets	821	777
Inventories	481	549
Trade receivables	223	246
Other	4	116
	1,529	**1,688**

29. Other provisions

DM '000	31.12.2000	31.12.1999
Provisions for personnel	3.330	3.827
Other provisions	6.889	3.648
	10.219	**7.475**

The provisions for personnel relate in the main to performance-related pay, vacation and extra hours worked.

As in the previous year, the largest individual item in other provisions is the provision for customer bonuses (December 31, 2000: DM 4,064 thousand; December 31,1999: DM 1,285 thousand).

All these provisions have a term of up to one year.

30. Borrowings

DM '000	31.12.2000	31.12.1999
Bonds	397	392
Banks	116,424	92,241
	116,821	**92,633**
Of which with a term of:		
< 1 year	100,435	74,078
> 1 year and < 5 years	8,366	8,505
> 5 years	8,020	10,050

The item “Bonds” is composed as follows:

DM '000	Due	Nominal amount	Interest rate
Convertible bonds	Dec. 31, 2001	220	4%
Convertible bonds	Dec. 31, 2002	165	4.5%

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):

Term	Credit facility in DM '000
Open-ended	95,000
31.03.2001	15,000
30.09.2001	30,000
	140,000

The interest rates of short-term loans raised in 2000 were between 4.0% and 5.7%. Borrowings from banks with terms of more than one year relate to two fixed-rate loans:

Original amount DM '000	Dec. 31, 2000 DM '000	Term	Interest rate
19,300	17,370	30.09.2009	5.92%
1,000	800	31.12.2008	5.50%

The loan with the original amount of DM 1,000 thousand is secured by a land charge of DM 4,050 thousand.

31. Liabilities

DM '000	31.12.2000	31.12.1999
Advances received	16,522	12,601
Trade payables	58,178	52,812
Other liabilities	20,061	17,667
	94,761	**83,080**
Of which with a term of:		
< 1 year	88,691	75,764
> 1 year and < 5 years	6,070	7,316
> 5 years	0	0

The advances received are in respect of subscription payments collected from customers for wines which are to be delivered in 2001 and 2002.

The other liabilities are composed of the following:

DM '000	31.12.2000	31.12.1999
Turnover tax and other taxes	13,242	10,014
Liabilities in respect of social insurance	1,202	1,128
Liabilities to employees	489	728
Liabilities to other company members	1,316	1,466
Balance of purchase price for Wein Wolf Group	650	650
Due to affiliated companies	183	119
Other	2,979	3,562
	20,061	**17,667**

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

in TDM	31.12.2000	31.12.1999
Wein Wolf Import GmbH	75	59
Wein Wolf Holding Verwaltungs GmbH	61	60
Weinland Ariane Abayan Verwaltungs GmbH	47	0
	183	**119**

32. Leasing

Leasing of movable objects and property within the Hawesko Group exclusively takes the form of operating leases, in fulfilment of the criteria of IAS 17. These leasing payments are reported with a direct effect on net income in the Income Statement.

In respect of future commitments from the above leases, please refer to the following section 33 "Contingencies and other financial commitments".

Within the Hawesko Group, two properties are used on the basis of an operating lease.

The first is the mail order logistics centre in Tornesch, near Hamburg, which has been leased for a total period of 22.5 years.

The second is an office building, which was sold on December 31, 2000 as part of a sale and lease-back transaction. This sale resulted in an operating lease with a term of 18 years. No profit or loss resulted from this transaction.

33. Contingencies and other financial commitments

The following contingencies in respect of third parties existed on December 31, 2000:

DM '000	31.12.2000	31.12.1999
Advance payments outstanding	1,583	1,695
Bill commitments	0	16
Guarantees	100	100

Commitments relating to advance payments outstanding as at December 31, 2000 were repaid at the start of 2001.

In addition to the provisions, liabilities and contingencies, there are other financial commitments. These result in particular from leasing and long-term tenancy agreements.

The minimum total for non-discounted leasing and rental payments amounts to DM 46,526 thousand (previous year: DM 32,806 thousand). The global commitments for leasing and tenancy agreements are due as follows:

	DM '000
2001	12,515
2002 to 2005	14,302
After 2005	19,709
	46,526

The other financial commitments from tenancy and leasing agreements relate substantially to rented shop premises for the specialist retailing of wine, and the logistics centre for mail order/e-commerce.

34. Financial instruments

Primary financial instruments, which in accordance with IAS 32 include trade receivables and payables, as well as other financial receivables and payables, result from the Consolidated Balance Sheet. Financial instruments on the assets side are – taking into account any necessary allowances – reported at acquisition cost; financial instruments which represent liabilities are shown at face value or at the amount repayable, if higher.

The *current market value* of financial receivables and financial payables does not differ significantly from the book value in view of the short term of these items.

The *credit and non-payment risk* of trade receivables corresponds to no more than the amounts shown on the assets side.

Currency exposure from operative business activities is recorded and analysed. Decisions on the extent of hedging measures are reached on the basis of the exchange rate movement.

An *interest-rate risk* as a result of movements in the market interest rate exists in particular for receivables and payables with a term of more than one year. Such long terms are significant particularly in the case of financial payables. The risk of interest-rate movements that arises where no fixed-interest terms exist is hedged against by means of derivative interest-rate hedging tools.

The **derivative financial instruments** used are forward exchange transactions, interest rate derivatives and combined interest-rate/currency swaps. Such transactions are only concluded with banks of excellent financial standing. Their use is restricted to the hedging of operative business. No outstanding forward exchange transactions existed at the balance sheet date.

The *market risk* for derivative financial instrument results from price movements on the financial markets. The current market values relate to the liquidation (redemption) value of the financial derivatives at the balance sheet date. The nominal and current market values of existing financial instruments are as follows:

	Nominal volume		Current market values	
DM '000	31.12.2000	31.12.1999	31.12.2000	31.12.1999
Interest-rate hedging transactions	65,000	35,000	– 587	n.a.

The *credit or non-payment risk* amounts to DM 561 thousand in total, and results from the premium capitalised at December 31, 2000 for the interest-rate hedging tools.

The *interest-rate risk* for the group principally takes the form of movements in the short-term Eurocurrency market interest rates.

35. Employees

The average number of employees is as follows:

Group	2000	1999
	515	409

A figure of 74 employees is included in these figures for the *Wein-Wolf* Group for the year under review, and a figure of 23 for the previous year, to represent the period of four months for which it was consolidated.

36. Notes to the Cash Flow Statement

The Cash Flow Statement acc. to IAS 7 was calculated using the indirect method, and comprises the stages "current operations", "investing activities" and "financing activities". The Cash Flow Statement begins with the accounting profit. The cash outflows from interest payments and dividends have been allocated to financing activities. The cash inflows from current operations of DM 17,135 thousand (previous year: DM 14,129 thousand) includes the changes in operating funds. Cash comprises cheques, cash on hand as well as cash in banks and amounts due to banks at any time.

A 90% shareholding was acquired in the French company *Le Monde des Grands Bordeaux Château Classic SARL* for DM 883 thousand on September 1, 2000:

Purchase price	883
Net liabilities assumed	320
Goodwill	**1,203**

The following assets and liabilities were acquired:

	TDM
Cash	205
Assets assumed	7,834
Debts assumed	– 8,359
Net liabilities	– 320
Goodwill	1,203
Purchase price	883
Less cash assumed	– 205
Change in cash as a result of the acquisition of Le Monde des Grands Bordeaux Château Classic SARL	678
Plus outpayments for the acquisition of further non-consolidated companies	173
Change in cash as a result of the acquisition of subsidiaries	**851**

37. Segment reporting

In keeping with the requirements of IAS 14, individual data from the annual financial statements have been segmented according to business area (primary reporting format). In agreement with the internal reporting arrangements of the Hawesko Group, the segments are organised according to sales form and customer group. Segment data broken down by geographical region (secondary reporting format) have not been prepared, as over 90% of sales within the Hawesko Group are domestic sales.

The segments comprise the following areas:

- The segment for mail order trade/e-commerce 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/e-commerce segment includes the companies *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG*, *Carl Tesdorpf GmbH, Wine Company GmbH* and *Le Monde des Grands Bordeaux Château Classic SARL*.
- The specialist wine retail segment (*Jacques' Wein-Depot GmbH & Co. KG,* Düsseldorf and *Jacques' Wein-Depot GmbH & Co. KG*, Vienna, Austria) sell wine via a network of outlets which are run by independent agency partners.
- 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).
- The miscellaneous segment includes Hawesko Holding AG, and also the general-partner limited-liability companies of the operative unincorporated firms *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co KG* and *Jacques' Wein-Einzelhandel GmbH & Co. KG.*

The segment data have 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.

SEGMENTS 2000

	Mail order/ e-commerce DM '000	Specialist retail DM '000	Wholesale DM '000	Miscel- laneous DM '000	Reconci- liation DM '000	Group DM '000
Sales revenues	204,317	144,147	121,700	0	– 15,700	454,463
- External sales	193,304	144,028	117,131	0		454,463
- Internal sales	11,013	119	4,569	0	– 15,700	0
Other income	2,604	11,262	5,498	2,738	– 4,206	17,896
- External	1,106	11,262	5,496	32		17,896
- Internal	1,498	0	2	2,706	– 4,206	0
EBIT (incl. other taxes)	**349**	**16,546**	**5,549**	**– 4,355**	**0**	**18,089**
Non-allocated expenses						– 1,080
						17,009
Interest income						118
Interest expense						– 5,886
Interest result						– 5,768
Segment result before taxes						**11,241**
Taxes on income						– 8,593
Result after taxes						**2,648**
Segment assets	135,399	40,051	75,474	283,946	– 271,943	262,927
Non-allocated assets						82,241
Consolidated assets						345,168
Segment debts	64,170	41,033	28,300	2,684	– 31,747	104,440
Non-allocated debts						125,228
Consolidated debts						229,668
Depreciation	3,111	3,123	885	10		
Investments (excluding financial assets)	3,009	3,039	1,491	52		

SEGMENTS 1999

	Mail order/ e-commerce DM '000	Specialist retail DM '000	Wholesale DM '000	Miscel-laneous DM '000	Reconci-liation DM '000	Group DM '000
Sales revenues	202,137	126,924	77,094	0	– 14,654	391,501
- External sales	194,611	126,884	70,006	0		391,501
- Internal sales	7,526	40	7,088	0	– 14,654	0
Other income	2,099	9,397	3,535	2,858	– 4,094	13,794
- External	781	9,397	3,535	82		13,794
- Internal	1,318	0	0	2,776	– 4,094	0
EBIT (incl. other taxes)	**17,372**	**15,403**	**6,393**	**–3,204**	**0**	**35,964**
Non-allocated expenses						– 368
						35,596
Interest income						224
Interest expense						– 3,303
Interest result						– 3,080
Segment result before taxes						**32,516**
Taxes on income						– 15,507
Result after taxes						**17,009**
Segment assets	125,696	38,195	69,747	262,617	– 259,395	236,860
Non-allocated assets						82,935
Consolidated assets						319,795
Segment debts	57,728	34,826	25,304	2,427	– 29,730	90,555
Non-allocated debts						101,154
Consolidated debts						191,709
Depreciation	2.,657	2,192	383	7		
Ilnvestments (excluding financial assets)	3,597	2,666	907	11		

38. Other particulars pursuant to § 292a of German Commercial Code

The differences compared with the accounting, valuation and consolidation methods under German law relate to the following:

- The operation whereby the three group companies *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* were transferred to Hawesko Holding AG on January 1, 1998: according to IAS, the operation is treated as a "transaction between companies under common control", with the result that the book values of the individual companies are retained and no goodwill arises. According to the German Commercial Code, goodwill of DM 8,000 thousand would have arisen.
- Capitalisation of self-constructed intangible assets; according to the German Commercial Code, these may not be capitalised.
- Differences in the reporting and valuation of inventories, receivables, provisions and liabilities: according to IAS, allocable overhead costs for inventories are in addition capitalised. According to IAS, foreign-currency receivables and payables are valued at the exchange rate on the closing date, irrespective of the historical rate. According to the German Commercial Code, on the other hand, the principle of the higher/ lower of cost or market value applies for payables and receivables.
- Deferred taxes for temporary differences, in particular on tax loss carryforwards and on goodwill in fiscal supplementary balance sheets, are reported according to the liabilities method.
- According to IAS, the directly allocable expenses in connection with the initial public offering, netted with the corresponding tax burden, were offset against the capital reserve. According to the German Commercial Code, they are shown in the Income Statement.
- The use of declining-balance depreciation on property, plant and equipment solely for tax purposes is not permissible according to IAS.
- According to IAS, treasury shares are netted with the revenue reserve at acquisition cost, with no effect on net income. According to the German Commercial Code, treasury shares would have been reported under investments and a reserve for treasury shares of the same amount formed. They would have had to be valued at acquisition cost or at the market price on the reporting date, if lower.
- No special items with an equity portion may be formed according to IAS.
- The calculation of provisions for pensions, according to IAS, is to take into account anticipated pay and pension increases. The discounting rate is to be determined on the basis of the returns of first-rank, fixed-interest corporate bonds with the same term.
- The reporting of negative minority interest is not permitted according to IAS if the minority shareholder is not obliged to make up the difference for such losses or make additional contributions.

39. Application of the exemption rules of § 264b of German Commercial Code for unincorporated firms

The three group companies *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* make use of the exemption rules of § 264b of German Commercial Code for the year under review. The Consolidated Financial Statements are also submitted to the Commercial Register for the registered office of each unincorporated firm.

40. Reconciliation of equity according to German Commercial Code at December 31, 1998 to equity according to IAS at January 1, 1999

The equity according to German Commercial Code shown in the Consolidated Financial Statements at December 31, 1998 can be reconciled with the opening equity at January 1, 1999 according to IAS as follows:

DM '000	Subscribed capital	Capital reserve	Revenue reserve	Unappro-priated profit	Total
German Commercial Code	22,027	16,462	9,565	11,137	59,191
Contribution as transaction between companies under joint control	– 8,540	540			– 8,000
Costs of IPO		– 1,912		1,912	0
Deferred tax assets				69,754	69,754
Valuation differences including deferred tax liabilities				1,789	1,789
Goodwill amortisation				533	533
Reclassification of revenue reserve as unappropriated profit			– 9,565	9,565	
IAS	**13,487**	**15,090**	**0**	**94,690**	**123,267**

41. Details of relationships with related persons

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

The Board of Management and Supervisory Board are to be regarded as related persons pursuant to IAS 24.5. During the period under review, there were no business relationships between the Board of Management and the companies included in the Consolidated Financial Statements. Business relationships with a total value of DM 136 thousand existed with the Supervisory Board in the year under review.

The subsidiary companies of Hawesko Holding AG are run by independently responsible directors. The members of the Board of Management in addition hold directorship functions. In the year under review, a total of DM 3,682 thousand (previous year: DM 3,638 thousand) was paid to them in remuneration. The total remuneration of the Supervisory Board, which comprises a fixed and a variable component as well as meeting attendance fees, was DM 250 thousand in the year under review (previous year: DM 113 thousand).

No payments were either due from or owed to members of the Supervisory Board and Board of Management at the balance sheet date. The Balance Sheet includes provisions for commitments totalling DM 869 thousand (previous year: DM 874 thousand) to the Board of Management and Supervisory Board.

At December 31, 2000 the Supervisory Board and Board of Management held 1,829,404 (previous year: 1,381,650) shares in Hawesko Holding AG.

42. Proposal on the appropriation of earnings of Hawesko Holding AG

It is proposed to distribute in full the unappropriated profit of DM 7,269 thousand resulting from the Annual Financial Statements of Hawesko Holding AG prepared at December 31, 2000 in accordance with the requirements of German Commercial Code and German Stock Corporation Law, except the amount due on treasury shares, as follows: payment of a dividend of DM 1.65 per individual share certificate.

Hamburg, March 13, 2001

The Board of Management

Margaritoff Ohlzen Hoolmans

DEVELOPMENT IN CONSOLIDATED

at 31 DECEMBER 2000

	Acquisition or manufacturing cost					
	At 1. Jan. 2000 DM '000	Additions to consolidated Companies DM '000	Additions DM '000	Disposals DM '000	Transfers DM '000	At 31. Dec. 2000 DM '000
ASSETS						
I. Intangible assets						
1. Software	2,740	59	1,286	– 6	0	4,079
2. Goodwill	13,973	0	1,234	0	0	15,207
3. Payments on account	0	0	0	0	0	0
	16,713	**59**	**2,520**	**– 6**	**0**	**19,286**
II. Tangible assets						
1. Land and buildings	27,634	553	156	– 1,977	0	26,366
2. Other fixtures and fittings, office and plant equipment	20,687	499	6,549	– 2,668	2	25,069
3. Construction in progress	10	0	2,642	– 2,649	– 2	1
	48,331	**1,052**	**9,347**	**– 7,294**	**0**	**51,436**
III. Financial assets						
1. Shares in affiliated companies	1,358	0	173	– 1,258	0	273
2. Participating interests	45	0	0	– 10	0	35
3. Other loans	815	0	0	– 602	0	213
	2,218	**0**	**173**	**– 1,871**	**0**	**521**
	67,262	**1,111**	**12,040**	**– 9,170**	**0**	**71,242**

at 31 DECEMBER 1999

	Acquisition or manufacturing cost					
	At 1. Jan.1999 DM '000	Additions to consolidated Companies DM '000	Additions DM '000	Disposals DM '000	Transfers DM '000	At 31. Dec. 1999 DM '000
ASSETS						
I. Intangible assets						
1. Software	1,659	669	603	– 204	13	2,741
2. Goodwill	773	0	13,200	0	0	13,973
3. Payments on account	100	0	96	– 196	0	0
	2,532	**669**	**13,899**	**– 400**	**13**	**16,714**
II. Tangible assets						
1. Land and buildings	22,221	3,657	1,882	– 180	54	27,634
2. Other fixtures and fittings, office and plant equipment	12,229	5,581	4,718	– 1,913	71	20,687
3. Construction in progress	152	0	10	– 13	– 138	10
	34,602	**9,238**	**6,610**	**– 2,106**	**– 13**	**48,331**
III. Financial assets						
1. Shares in affiliated companies	0	1,358	0	0	0	1,358
2. Participating interests	0	1,060	0	– 1,015	0	45
3. Other loans	127	1,111	0	– 423	0	815
	127	**3,529**	**0**	**– 1,438**	**0**	**2,218**
	37,261	**13,437**	**20,509**	**– 3,944**	**0**	**67,263**

Accumulated depreciation							Residual book values	
At 1. Jan. 2000 DM '000	Additions to consolidated Companies DM '000	Additions DM '000	Disposals DM '000	Write ups DM '000	Transfers DM '000	At 31. Dec. 2000 DM '000	At 31. Dec. 2000 DM '000	At 31. Dec. 1999 DM '000
1,952	26	551	0	0	0	2,529	1,550	787
751	0	964	0	0	0	1,715	13,492	13,223
0	0	0	0	0	0	0	0	0
2,703	**26**	**1,515**	**0**	**0**	**0**	**4,244**	**15,042**	**14,010**
7,447	182	1,184	– 437	0	0	8,376	17,990	20,187
12,645	203	5,360	– 1,955	0	0	16,253	8,816	8,042
0	0	0	0	0	0	0	0	10
20,092	**385**	**6,544**	**– 2,392**	**0**	**0**	**24,629**	**26,806**	**28,239**
1,208	0	0	– 1,208	0	0	0	273	150
0	0	0	0	0	0	0	35	45
0	0	0	0	0	0	0	213	815
1,208	**0**	**0**	**– 1,208**	**0**	**0**	**0**	**521**	**1,010**
24,003	**411**	**8,059**	**– 3,600**	**0**	**0**	**28,873**	**42,369**	**43,259**

Accumulated depreciation							Residual book values	
At 1. Jan. 1999 DM '000	Additions to consolidated Companies DM '000	Additions DM '000	Disposals DM '000	Write ups DM '000	Transfers DM '000	At 31. Dec. 1999 DM '000	At 31. Dec. 1999 DM '000	At 31. Dec. 1998 DM '000
1,165	480	338	– 38	0	9	1,954	787	496
385	0	365	0	0	0	750	13,223	388
0	0	0	0	0	0	0	0	100
1,550	**480**	**703**	**– 38**	**0**	**9**	**2,704**	**14,010**	**984**
6,103	631	873	– 159	0	0	7,447	20,187	16,118
6,659	3,825	3,997	– 1,827	0	– 9	12,645	8,042	5,571
0	0	0	0	0	0	0	10	152
12,762	**4,456**	**4,870**	**– 1,986**	**0**	**– 9**	**20,092**	**28,239**	**21,840**
0	1.208	0	0	0	0	1,208	150	0
0	0	0	0	0	0	0	45	0
0	40	0	0	– 40	0	0	815	127
0	**1,248**	**0**	**0**	**– 40**	**0**	**1,208**	**1,010**	**127**
14,312	**6,184**	**5,573**	**– 2,024**	**– 40**	**0**	**24,004**	**43,259**	**22,951**

INDEPENDENT AUDITOR'S REPORT:

We have examined the Consolidated Financial Statements prepared by Hawesko Holding Aktiengesellschaft, Hamburg, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes, for the financial year from January 1 to December 31, 2000. The preparation and content of the Consolidated Financial Statements are the responsibility of the company's Board of Management. Our task is assess whether the Consolidated Financial Statements comply with International Accounting Standards (IAS), on the basis of our audit.

We have carried out our audit of the Consolidated Financial Statements in accordance with the German audit regulations and the German principles of proper auditing as laid down by the Institute of Auditors (IDW). These state that the audit shall be planned and conducted in such a way that that it is possible to identify with sufficient certainty whether the Consolidated Financial Statements are free from any fundamental misrepresentations. The scope of the audit was determined on the basis of knowledge of the business activities and the economic and legal context of the group, as well as the likelihood with which particular errors were to be expected. In the context of the audit, evidence of valuations and the details provided in the Consolidated Financial Statements are examined on the basis of random checks. The audit encompasses an assessment of the accounting principles and key judgements made by the legal representatives, and also an appraisal of the overall presentation of the Consolidated Financial Statements. We are of the opinion that our audit constitutes a sufficiently reliable basis for our findings.

We are convinced that the Consolidated Financial Statements present, in agreement with the IAS, a true and fair view of the net worth, financial position and earnings situation of the group, and of the payment transactions for the financial year.

No objections are made on the basis of our audit, which also included the Combined Management Report for the group and the parent company as prepared by the Board of Management for the financial year from January 1 to December 31, 2000. We are convinced that the Combined Management Report for the group and the parent company, together with the other particulars of the cash statement, provides an accurate overall picture of the group's position and accurately represents its future risks. We moreover confirm that the Consolidated Financial Statements and the Combined Management Report for the group and the parent company for the financial year from January 1 to December 31, 2000 satisfy the conditions for the exemption of the company from the obligation to prepare Consolidated Financial Statements and a group management report in accordance with German law.

Hamburg, March 13, 2001

Susat & Partner oHG
Wirtschaftsprüfungsgesellschaft

Dr. Bohl	Dr. Bartels
Independent auditor	Independent auditor

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Members of the Board of Management

Alexander Margaritoff, *Chairman*
Mr. Alexander Margaritoff (born 1952), of Hamburg, 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 HAWESKO*. He is a director of this company, and also of the company *CWD Champagner- und Wein-Distributionsgesellschaft*. He is responsible for all companies in which Hawesko Holding AG has a shareholding, and in particular for the wine mail-order segment.

Sven Ohlzen, *Deputy Chairman*
Mr. Sven Ohlzen (born 1957), of Hamburg, graduated in 1986 with a degree in Economics in Hamburg. In 1992 he joined the company *Hanseatisches Wein- und Sekt-Kontor HAWESKO*, and was appointed an authorised signatory in 1993. He has been a director of this company and of *CWD Champagner- und Wein-Distributionsgesellschaft* since 1998, and of *Carl Tesdorpf* since 1999. Within Hawesko Holding AG, he is responsible in particular for finance and for controllership of affiliated companies.

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

The members of the Board of Management between them hold a total of 1,772,904 shares (equivalent to 40.2% of the total number of shares) in Hawesko Holding AG; they in addition have options on a total of 66,000 shares in Hawesko Holding AG on the basis of convertible bonds issued in 1998 and 1999.

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:

Dr. Hubertus Schwarz, *Chairman*
Lawyer, Hamburg
AdActa AG, Hamburg; DSA Deutsche Strom AG, Hamburg; NoxiTest AG, Hamburg; Primeorder AG, Hamburg

Manfred Middendorff, Deputy Chairman
General Executive, Brauerei Herrenhausen KG, Hanover

Dr. Carl H. Hahn
Former Chairman of the Board of Management of Volkswagen AG, Wolfsburg

Gerling Group, Speziale Kreditversicherungs-AG, Cologne; Sachsenring AG, Zwickau; Perot Systems Corporation, Dallas, Texas, USA; MainControl, Vienna, Virginia, USA

Dr. Norbert Käsbeck
Member of the Board of Management of Commerzbank AG, Frankfurt am Main
ADIG Allgemeine Deutsche Investment Gesellschaft mbH, Haar, Munich; AMB Aachener und Münchener Beteiligungs AG, Aachen; comdirect bank AG, Quickborn; Commerz Grundbesitz-Investmentgesellschaft mbH, Wiesbaden; Commerz Finanz-Management GmbH, Frankfurt am Main; EURO Kartensysteme EUROCARD und eurocheque GmbH, Frankfurt am Main; Hugo Boss AG, Metzingen; Friatec AG, Mannheim; MAN Aktiengesellschaft, Munich; Salamander AG, Kornwestheim; SÜBA Bau AG, Mannheim; T-Online International AG, Darmstadt

Hans Meyer
Freelance direct marketing consultant, Rheinheim

Günter Nawrath
Former Chairman of the Supervisory Board of Otto-Versand (GmbH & Co), Aumühle

The members of the Supervisory Board hold a total of 56,500 shares in Hawesko Holding AG (representing 1.3% of the total shares).

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board performed the tasks for which it is responsible, in accordance with the legal requirements and the articles of incorporation, in the 2000 financial year; it was in addition kept informed by the Board of Management of the situation of the company at meetings and in individual discussions, and passed the required resolutions. The Board of Management moreover reported to the Supervisory Board on other important matters. The regular oral and written reports submitted to it related to the overall situation 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 commercial progress of the company, the group, the individual business activities and the associated companies, and on the evolution of Hawesko Holding AG into an integrated wine selling group.

The resolutions required were passed at a total of four Supervisory Board meetings in the 2000 financial year. The Supervisory Board is convinced that the company was managed in an adequate manner. The topics reported on and discussed by the Supervisory Board included the acquisition of shareholdings, the expansion of new business activities and the regular reports by the Board of Management on risk management within the Hawesko Group. A special committee on personnel affairs exists; this committee met on two occasions other than at the regular Supervisory Board meetings.

The Annual and Consolidated Financial Statements prepared by the Board of Management, together with the Combined Management Report of the group and the parent company for the 2000 financial year, have been examined by the elected auditors, Susat & Partner oHG Wirtschaftsprüfungsgesellschaft, Hamburg, who have issued their unqualified certification thereof.

Pursuant to §§ 170, 337 of German Stock Corporation Law the Annual and Consolidated Financial Statements, the Combined Management Report, the audit reports on the examination of the Annual and Consolidated Financial Statements and the Board of Management's proposal on the appropriation of earnings for the 2000 financial year have been submitted to the Supervisory Board by the Board of Management for examination. The Supervisory Board examined the Annual Financial Statements of Hawesko Holding AG at its meeting on March 29, 2001 together with the Board of Management, in the presence of the auditors. On the basis of the concluding findings of its examination, the Supervisory Board raises no objections. It has ratified the Annual Financial Statements for 2000, which are thus established pursuant to § 172 of German Stock Corporation Law.

The Supervisory Board endorses the proposal by the Board of Management on the appropriation of net earnings for the 2000 financial year.

The Supervisory Board extends its thanks to the Board of Management, the employee councils, the directors and all employees of Hawesko Holding AG's associated companies, as well as the Jacques' Wein-Depot agency partners, for their commitment and hard work.

Hamburg, March 2001

The Supervisory Board

Dr. Hubertus Schwarz
Chairman

BALANCE SHEET HAWESKO HOLDING AG (PARENT COMPANY)* at 31 December 2000

ASSETS	31.12.2000 DM '000	31.12.1999 DM '000
Fixed assets		
Intangible assets		
Software	48	0
Tangible assets		
Operating equipment and fixtures	11	18
Financial assets		
Shares in affiliated companies	147,637	138,053
	147,696	**138,071**
Current assets		
Inventories		
Raw materials and supplies	98	33
Receivables and other assets		
Receivables from affiliated companies	120,739	119,830
Other assets	1,396	42
	122,135	**119,872**
Securities		
Treasury shares	1,858	0
Cash in banking accounts	**15,141**	**4,478**
	139,232	**124,383**
Prepayments	**881**	**1,096**
	287,809	**263,550**

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2000 DM '000	31.12.1999 DM '000
Subscribed capital	22,027	22,027
Capital reserve	116,462	116,462
Revenue reserve		
Reserve for treasury shares	1,858	0
Other revenue reserves	23,223	18,751
Unappropriated profit for the year	7,269	11,675
	170,840	**168,915**
Provisions		
Provisions for taxation	470	450
Other provisions	1,260	1,332
	1,729	**1,782**
Liabilities		
Bonds	397	392
Due to banks	113,347	91,254
Trade accounts payable	147	184
Due to affiliated companies	356	342
Other liabilities	993	681
	115,240	**92,853**
	287,809	**263,550**

* 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 Susat & Partner oHG Wirtschaftsprüfungsgesellschaft, Hamburg, will be published in the Federal Gazette and have been filed with the Local Court of Hamburg under reference HRB 66708. Copies of this publication can be requested from Hawesko Holding AG.

STATEMENT OF INCOME FOR HAWESKO HOLDING AG (PARENT COMPANY)

for the period 1 January to 31 December 2000

	2000 DM '000	1999 DM '000
Other operating income	577	736
Personnel expenses		
a) Salaries	– 2,361	– 2,270
b) Social security and social maintenance costs	– 41	– 23
Depreciation on intangible and tangible fixed assets	– 11	– 9
Other operating expenses	– 2,528	– 1,650
Investment income	19,556	28,036
Other interest and similar income	6,375	2,699
Write-down of securities held as current assets	– 1,131	0
Interest and similar expenses	– 5,721	– 2,763
Results from ordinary activities	**14,716**	**24,756**
Taxes on income	– 1,116	– 3,895
Other taxes	– 1	0
Net income for the year	**13,599**	**20,861**
Withdrawal from other revenue reserves	1,858	0
Allocation to other revenue reserves		
a) into the reserve for treasury shares	– 1,858	0
b) into other revenue reserves	– 6,330	– 9,187
Unappropriated profit for the year	**7,269**	**11,674**

HERE ARE EXPLANATIONS OF SOME OF THE TERMS USED IN THIS ANNUAL REPORT:

"As-if" figures are business figures for the Hawesko Group for the years 1995, 1996 and 1997. As the group only came into being in 1998 as a result of the merger of the business activities of the wine mail-order company (*Hanseatisches Wein- und Sekt-Kontor* HAWESKO), the over-the-counter specialist wine retailer (*Jacques' Wein-Depot*) and the wholesaler (CWD *Champagner- und Wein-Distributionsgesellschaft*), no consolidated financial statements exist for the previous years.

Capital employed is defined as the balance sheet total (for the group) less short-term provisions and interest-free liabilities. This figure is used to analyse the level of tied-up capital.

Equity in the summary of key data is stated after deduction of the proposed dividend distribution of DM 7.3 million by Hawesko Holding AG.

HGB accounts are consolidated financial statements prepared on the basis of the regulations of the German Commercial Code. The Hawesko Group applied these accounting principles up to and including the 1999 financial year.

IAS accounts are consolidated financial statements prepared on the basis of the accounting rules of the International Accounting Standards Committee. The Hawesko Group has adopted these rules for the first time in the preparation of the Consolidated Financial Statements for the 2000 financial year.

Operating result (EBIT) represents earnings before deduction of financing (interest) costs and all taxes on income and other taxes. It is commonly used as a means of calculating profitability.

Operating result before depreciation and amortisation (EBITDA) represents earnings before deduction of financing expense (interest), depreciation and amortisation, and all taxes on income. It is often used in preference to the operating result (EBIT) as a means of comparing the profitability of companies in different countries, since it is less open to distortion by the application of differing accounting methods.

Return on capital employed is the operating result (EBIT) divided by the average capital employed for the previous year and the year under review.

This annual report is published in German and English.
In case of discrepancies, the German version shall prevail.

HISTORY OF HAWESKO HOLDING AG

1964
Establishment of the wine mail-order company *Hanseatisches Wein- und Sekt-Kontor HAWESKO* in Hamburg

1974
Founding of the specialist wine retail company *Jacques' Wein-Depot* in Düsseldorf

1983
Takeover of *Jacques' Wein-Depot* by Horten AG (which subsequently became part of Kaufhof Holding AG, then of the Metro Group); 50 wine outlets

1986
Establishment of the wine wholesaler *CWD Champagner- und Wein-Distributionsgesellschaft*

1989
Acquisition of a 70% interest in *Hanseatisches Wein- und Sekt-Kontor HAWESKO* and *CWD Champagner- und Wein-Distributionsgesellschaft* by Kaufhof Holding AG (part of the Metro Group)

1997
Opening of the new logistics centre for *Hanseatisches Wein- und Sekt-Kontor HAWESKO* and *CWD Champagner- und Wein-Distributionsgesellschaft*; 130 outlets of *Jacques' Wein-Depot*

1998
Contribution of the three wine trading companies to the new company Hawesko Holding AG; IPO in May; the Metro Group disposes of its interest in Hawesko Holding AG

1999
Hawesko acquires a 90% shareholding in the 300 year-old traditional wine trader *Carl Tesdorpf – Weinhandel zu Lübeck*, and in the *Wein-Wolf* Group; e-commerce sales total DM 1.9 million.

2000
Launch into Austria with *The Wine Company* and *Jacques' Wein-Depot* pilot locations; 90% shareholding in the Bordeaux-based wine merchant *Le Monde des Grands Bordeaux*; e-commerce sales reach almost DM 11 million.

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