HAWESKO HOLDING AKTIENGESELLSCHAFT

ANNUAL REPORT 2001

SEGMENTS

MAIL-ORDER / E-COMMERCE

Carl Tesdorpf – Weinhandel zu Lübeck

Hanseatisches Wein- und Sekt-Kontor

Le Monde des Grands Bordeaux (France)

The Wine Company (Austria)

Many years of experience, a broad range and comprehensive expertise: The market leaders among wine mail order companies

Sales	€ 107 million
Target group	Discerning private customers
EBIT	€ 6 million

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SPECIALIST WINE-SHOP RETAILING

Jacques' Wein-Depot

Taste and choose, as at the vintners: the intelligent way to buy wine

Sales	€ 85 million
Target group	Private customers
EBIT	€ 9 million
Outlets	over 217

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WHOLESALE

CWD Champagner und Wein Distributionsgesellschaft

Wein-Wolf Group

Expertise in wine: specialists for Old and New World wines alike

Sales	€ 73 million
Target group	Top-class restaurants and catering suppliers
EBIT	€ 4 million

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KEY DATA HAWESKO GROUP

(For explanatory notes on the individual items see glossary, page 61; Seven-year overview on pages 58-59)

	2001 € million	2000 € million	Change in %
Net sales	**264.3**	232.4	13.7%
Gross profit	**111.3**	98.3	13.2%
– in % of net sales	**42.1%**	42.3%	--
Operating result (EBIT)	**17.0**	8.7	95.6%
– in % of net sales	**6.4%**	3.7%	--
Consolidated earnings	**6.9**	1.1	553.0%
Cashflow from current operations	**22.6**	8.8	157.9%
Turnover of total assets	**1.5**	1.4	--
Return on total assets	**9.8%**	5.1%	--
Return on capital employed	**14.9%**	7.4%	--
Earnings per share (€)	**1.61**	0.24	562.1%
Dividend per share (€)	**1.15**	0.84	36.3%
Total employees (average for the year)	**527**	515	2.3%

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-quality 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.

CONTENT

(Background: The oldest vine stock in Australia, a symbol of experience outside the Old World in winemaking.)




Dear shareholders and friends of our company,

In posting very good results for the 2001 financial year, the Hawesko Group has achieved the objective outlined here one year ago: it has boosted sales by 14% to € 264 million and seen its profit margin improve from 3.7% to 6.4%. The capital turnover has likewise improved appreciably. Both these indicators impressively underline the profitability of our activities.

All three business segments within the group contributed towards this success: the mail order/e-commerce segment, in particular, initiated its successful turnaround. It is especially satisfying to note that the start-up losses for the new activities have already been recouped to a large extent, and that e-commerce is now integrated seamlessly into the mainstream business of our flagship mail order company *Hanseatisches Wein- und Sekt-Kontor*. Jacques' Wein-Depot has moreover added a further 24 locations to its network of outlets, bringing the total to 217, and is operating highly profitably. Finally, the wholesale segment has maintained its very positive performance, thanks in no small measure to the inclusion of Antinori wines in its range. We were therefore able to use the 2001 financial year to strengthen and extend the basis on which we can grow the business.

The wider context for the ongoing development of our group over the next few years is, moreover, extraordinarily positive. First, the wine market is continuing to expand particularly in the upmarket segment, the area in which the Hawesko Group is traditionally positioned. Second, the wine market remains highly fragmented and therefore open to consolidation – Hawesko is ready to play an active role in such a process wherever this makes sense and can proceed without disadvantaging the customer. Third, the Hawesko Group is one of the most energetic and ambitious companies in the wine trade: it is able and willing to shape the market in which it operates.

Hawesko shares performed notably well in 2001, until around mid-way through the third quarter. Even after the tragic events of September 11, which marked a turning point in many respects, the share price performed creditably. The perception that Hawesko shares are still undervalued on the market helped us to attract a few more investors in the course of the year, as reflected by the upgrading of our shares by several analysts. On the whole, we nevertheless remain something of an "inside tip". Hawesko shares are an attractive proposition not only for those who are looking to spread their investments more widely as risk diversification, but also for investors who look to a broader horizon.

In the medium to long term, we will face the challenge of identifying and maximising our role in the global context. We therefore continue to focus much effort on securing the resources that we will need – whether material, technical or human – in order to grow. One consequence is that from January 1, 2002, I have stepped down from the position as Managing Director of the mail order subsidiary *Hanseatisches Wein- und Sekt-Kontor* – a post which had been filled by a Margaritoff ever since the company's establishment in 1964 – to enable me to devote myself entirely to the duties of Chairman of the Board of Management of the Hawesko Group. Only by concentrating on directions, strategies and visions, and by deploying time and energy purposefully, can the unique opportunities of this company be truly exploited to the full.

That I can rely on highly competent colleagues, employees and partners remains essential to the success of the Hawesko Group. Because especially when dealing with a product such as wine, the expertise and the eye for quality that only the truly dedicated possess make all the difference. This was once again demonstrated by our employees, our partners at *Jacques' Wein-Depot*, the trade representatives of the *Wein-Wolf Group* and our suppliers in the 2001 financial year. They deserve our sincere thanks for their hard work, as do the employee councils for their spirit of partnership and cooperation.

Yours sincerely,

Alexander Margaritoff
(Chairman of the Board of Management)

THREE BUSINESS SEGMENTS FORM THE BASIS FOR PROFITABLE GROWTH

"Covering these three distribution channels makes possible, in our opinion, a sweeping presence in the market for premium wines and champagnes."

Bankhaus Lampe Research, 10 July 2001

AUSTRALIA

Winemaking since:
1788

Number of wineries:
900

Wine regions:
33 in six states

Planted area:
60,000 hectares

Annual production:
over 4 million hectolitres

Information:
· www.wineaustralia.com
· www.australianwines.com.au

PROMISING AND DYNAMIC: THE GLOBAL WINE MARKET

With a volume of between € 110 billion and € 140 billion, the world market for wine is twice the size of the luxury goods market (€ 70 billion). Within this very sizeable market there is an immensely diverse infrastructure at both the production and the consumer ends of the chain.

In terms of worldwide annual production, wine from non-European countries – in particular the USA, Australia, South Africa and Chile – has seen its share rise significantly over recent decades, at the expense of the traditional wine-growing regions in the Old World. Europe nevertheless still produces 55% of the world's wine. Although this share has been on the decline since 1980, according to an estimate by Credit Suisse (based on data from the Office International de la Vigne et du Vin) it is set to regain some ground by 2005. This forecast indicates that production in the aforementioned countries outside Europe will have doubled between 1980 and 2005, to around 18% of worldwide volume.

Soil structure
Rocky soil makes the vine send roots deep into the earth: the result is impressive wines.

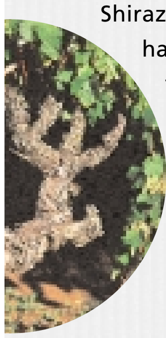
Wine production is highly fragmented, not least in Europe's major wine-producing countries France, Italy, Spain and Portugal, where there are many small family-run businesses.

AUSTRALIA

Ever since Australia started to gain a foothold on the European market about a decade and a half ago with a whole range of remarkable wines, its reputation of something of a wine producer's wonderland has gone from strength to strength.

This reputation was bolstered above all by its larger producers, perhaps first and foremost Penfolds with its spectacular Grange, or Rosemount with its no less impressive Balmoral.

Plenty of other smaller producers of the generous range of Australian wines have more recently introduced an added nuance of variety – for instance Chapel Hill, run by the remarkable Pam Dunsford. The triangle between Adelaide, Sydney and Melbourne today produces wines of the highest calibre: from the universally esteemed Chardonnay to classics made from the Cabernet Sauvignon or Shiraz grape, they all have that characteristic "Down Under" profile.




Shiraz grapes, Barossa Valley


Impressions of the landscape
The warm, sunny climate of Australia offers good conditions for the production of great wines.

As a product with a complex production process and often limited scope for geographical expansion, wine is much less adapted to the mass market than beer or spirits, for instance. Long-term processes within the wine trade are nevertheless inevitable. The leading non-European wine-producing countries play a pioneering role here as a result of their generally larger, technologically more industrialised producers who moreover devote themselves intensively to sales and marketing tasks and strive for consistent standards of quality for their brands.

Western Europe remains the region where most wine is drunk, with per capita consumption running at just under 30 litres a year; in Germany, the figure is around 21 litres. In terms of retail sales, the market for imported wine in Germany is the third largest in the world at around 15%, with the statistics being headed by Great Britain (approx. 22%) followed by the USA (slightly over 15%).

Whereas the price of wine in the low-price segment is subject to considerable pressure as a result of years of over-production, the Credit Suisse analysis indicates that the growth rate in the premium segment is around twice that enjoyed by premium beer or spirits (+5%). According to expert estimates, these premium-quality products – in other words, those commanding a price in excess of € 3.50 – account for around one-quarter of the German wine market. The characteristic market trend is most definitely towards higher quality on the one hand, and new or previously undiscovered wines on the other.

POSITION AND STRENGTH: HAWESKO'S SUCCESS

The profile of the Hawesko Group coincides exactly with market requirements and dictates:

- It possesses the expert knowledge that is needed for dealing with such a complex product as wine.
- It has the capability to serve efficiently the niche markets that are typical of this branch.

- It is based in one of the most important markets for imported wines – in Germany.
- It has always concentrated on the fastest-growing segment: premium-quality wines.
- It adopted modern marketing strategies at a very early stage.

The market position of the companies that make up the Hawesko Group is at the point where "class" and "mass" coincide: where the attainable sales volume is still sufficiently commercially attractive, and the standard of product quality towards the upper end of the scale. In order to maintain this position, high sensitivity to market trends – and corresponding responsiveness – are imperative. Competitors who are in the business of mass distribution generally lack the necessary tact and sensibility for the wine trade, whereas competitors from the upper end of the business do not have the scope to exploit commercial synergy benefits.

The success of the Hawesko Group is based on three elements: mail order/e-commerce, specialist wine-shop retailing, and wholesaling. The group thus has a basis that is broader than that of any other company in the trade.

- The mail order segment, with sales of more than € 100 million, is larger than the next ten competitors combined.
- The specialist wine-shop retail segment operating under *Jacques' Wein-Depot* is the unchallenged market leader in Germany for wine-shop sales of premium-quality wines, with sales of € 85 million.
- The wholesale segment is among the leaders in its market, with sales in excess of € 70 million, and enjoys exclusive sales rights for leading producers such as Antinori, Kanonkop, Philipponnat, Rosemount, Taittinger, Torres, Vega Sicilia and – from 2002 – Penfolds.

An uncompromising focus on quality, many years of experience in dealing with the world's most prestigious wine producers, closeness to the customer and the intelligent use of logistic systems and IT – these success factors have made each of the flagship companies within the Hawesko Group the market leaders in their respective segments.

EXPERTISE AND EFFICIENCY: THE HAWESKO GROUP'S COMPANIES

The 2001 financial year, in which the Hawesko Group put a strong focus on improving profit, marked its success in boosting the operating (EBIT) margin from 3.7% in the previous year to an impressive 6.4%. The turnover of total assets was likewise boosted, from 1.4 to 1.5. The objective of making more out of what had been achieved to date was implemented systematically through numerous practical measures: efficiency was enhanced, sales and cost structures optimised, and business extended by means of proven concepts.

MAIL ORDER/ E-COMMERCE

In the mail order/e-commerce segment, the launching of new proprietary brands such as Marques de Sandoval, Beaufleur and Mt. Athos helped to improve the gross profit margin. Higher gross profit from mainstream business in Germany and even more effective cost management led to a marked rise in EBIT for the segment compared with the previous year.

Now that Web activities have been integrated into hawesko.de, the company is recognisable both online and offline as one and the same source of fine wines, and one and the same brand. More comprehensive, more personalised content can be provided on the Internet than in printed media under the name of *"Hanseatisches Wein- und Sekt-Kontor"*: a journal and newsletter, a personal virtual wine cellar with personal wine notes, and last-minute offers for which it would not be worth printing promotional materials, are now accessible to all customers of *Hanseatisches Wein- und Sekt-Kontor.*

Addressing customers via more than one medium heightens the motivation to make repeat purchases. It is no coincidence that formerly purely e-commerce suppliers have started to print catalogues and set up call centres. Browsing through Hawesko's main catalogue may directly prompt a customer to place an order online, in the same way that a customer may decide to place an order with the call centre after skimming through Hawesko's website. According to a study conducted by Bain & Company, the average conversion rate – in other words the proportion of visits to the website that actually leads to a purchase – is 1.8%. By contrast, Hawesko achieved a figure of over 5% in the 2001 financial year.

Overall, sales increased in particular to customers who have been on file with *Hanseatisches Wein- und Sekt-Kontor* since before 2001. On the other hand, gifts business suffered a downturn in fortunes, among other reasons following the events of September 11.

Expansion in the ultra-premium segment spearheaded by *Carl Tesdorpf – Weinhandel zu Lübeck* started to bear fruit in 2001, with the break-even point almost having been achieved in the course of the year. Internal analyses confirm that this company's sales caused almost no cannibalisation of other group companies' sales. The approach of targeting the company's exclusive clientele at special evening events and compiling special mail order selections with the involvement of renowned producers such as Marques de Murrieta continued to prove a success.

The 90% owned subsidiary *Le Monde des Grands Bordeaux* – a wine-trader based in Bordeaux, probably the most important trading location for wine – performed highly satisfactorily in 2001. Sales by the Austrian subsidiary *The Wine Company* specifically of gifts were better than expected, and the start-up losses in the comparison with the previous year have already fallen sharply.

Penfolds
Magill Estate is still the home of Penfolds today and also the origin of cult-status wines such as Cabernet Sauvignon BIN 707 and the legendary Grange Shiraz.

SPECIALIST WINE-SHOP RETAILING

Jacques' Wein-Depot built on its success story in this business segment of the Hawesko Group. Through the company's accessible concept of conveying the pleasure of good but affordable "everyday wine" in an informal atmosphere, the outlets once again posted a rise in sales in 2001, generated both by the opening of new shops and by existing outlets.

24 new outlets were opened and five existing ones were relocated. The total number of outlets rose to 211 in Germany, and to six in Austria. As a result of ongoing investment in modernisation schemes – at 20 venues in 2001 – all outlets now enjoy an equally high standard of fittings. The new cash-till system installed throughout the network provides a modern technical platform on which to optimise communication and stock management.

The cost structures for *Jacques' Wein-Depot* remain favourable, as preference is given to locations on the edges of towns and cities, and opening hours are limited rationally. The straightforward, standardised merchandising measures likewise make a significant contribution to the company's impressive cost efficiency.

The customer card is used not simply as a basis on which to develop purchasing and marketing policies, but as an opportunity to intensify customer relations. For example, as an additional service for Jacques' customers, "Jacques' Journal" was launched in the early part of 2001 to tell readers more about the vineyards and wine-related topics of specific relevance to *Jacques'*. This magazine, which is distributed to cardholders, appears twice a year, with each issue having a print run of 300,000. It has already proven its value as an important element of customer loyalty and enables *Jacques'* to set itself apart from other specialist wine-shop retailers.

WHOLESALE

Weinland Ariane Abayan, the specialist for Italian wines within the *Wein-Wolf Group*, has been the exclusive distributor in Germany for the renowned wine company Marchesi Antinori Srl since the beginning of 2001. It achieved a year-on-year rise in sales of more than € 10 million, well in excess of our high expectations. This emphatically illustrates both the strength of the trend towards higher-quality wines and the significant role of the Hawesko Group in serving this market.

The acquisition of the exclusive rights for sales in Germany of the Australian wine producer Penfolds from the start of 2002 likewise underlines this role. *Wein Wolf* now has a range that includes world-famous, award-winning top brands such as "Penfolds Grange" and "Penfolds Adelaide Hills". Penfolds, a company with a history stretching back 150 years, has a total of 500 hectares of vineyards in Australia's top wine-growing areas, such as Barossa Valley, Clare Valley, Eden Valley, McLaren Vale and Coonawarra.

The Hawesko Group branched out into the former Eastern Block countries for the first time in 2001, with an initially limited range of activities. Its long-term aim is to tap the potential of this market, where per capita consumption of premium-quality wines is on the increase. *Wein Wolf*, for instance, has acquired an interest in expanding wholesale businesses: in Poland it holds a 70% stake in *Sommelier S.A. Spólka Akcyjna* and in the Czech Republic a 50% shareholding in the joint venture *Global Eastern Wine Holding GmbH.*

As previously in the 2000 financial year, the Hawesko wholesaling subsidiary *CWD* was once again able to secure a major order for a special selection of wines from the renowned German trading company Tchibo in 2001.

OTHER ACTIVITIES

After pooling its logistics activities in the company *IWL Internationale Wein Logistik*, the Hawesko Group was also successful at offering logistics services to clients outside the group in the 2001 financial year.

The establishment of the company *Viniversitaet* represented a major step towards promoting knowledge of wine among a receptive target audience. As the market leader in the upmarket segment, the Hawesko Group has an interest in paving the way for a wine culture in which the consumer can also learn about, taste and enjoy wines at the upper end of the quality scale. It is consequently making its knowledge of wines generally available through the specialist and advanced courses offered by *Viniversitaet*. The range of services available from this institute, based near Düsseldorf, can for instance be perused on the Internet, on www.viniversitaet.de. Over 120 training courses and wine seminars were offered throughout Germany in 2001, *Viniversitaet's* very first year; the total number of participants was more than 2,000.

DIRECTION AND DEVELOPMENT: THE FUTURE SHAPE OF HAWESKO

In all its many individual projects and long-term processes, the Hawesko Group keeps a clear focus on what has made it the market leader in each of its business segments: top-quality products and services, expert knowledge, close ties to producers and closeness to customers, the use of modern technology, and future-oriented direction of the business.

The resources that the group needs in order to grow are constantly being expanded:

- For the technical infrastructure, existing database marketing capabilities are being transferred to a flexible form of data warehousing that can be accessed directly by various decision-makers, and joint IT structures and logistics systems to make more synergies possible.
- In human resources, the management of the mail-order business and personnel in the specialist wine-shop retailing business have been strengthened, for example, to fulfill adequately the high demands in these areas.
- All important business processes within the group are regularly scrutinised and improved with an eye to enhancing their efficiency.

During the 2001 financial year, the Hawesko Group commissioned an extensive study on the German wine market from the renowned firm of consultants Roland Berger and the market research institute Infas. Using a broad data basis from numerous interviews with wine drinkers and from market research, a representative picture of this market was obtained and differentiated in greater depth through in-detail analyses within each group. This approach enabled the Hawesko Group to define a clear position for its consumer concepts in the mail order/e-commerce and specialist wine-shop retailing sectors. It has then been able to map out clearly the development scope of its business models and strategies for shaping the market for premium-quality wines in greater depth.

Globally speaking, this market is still characterised by a high degree of fragmentation. Along with technological progress, the geographically very limited traditions of the world of wine have nevertheless now opened up to a much wider customer group. The Hawesko companies themselves have been instrumental in promoting this process in their home market through their marketing efforts – and have striven to preserve the sense of detail that is nourished by their bond with the product wine. They will continue to seek out and take on the challenges that are inherent to this approach. By pushing back the boundaries of what is feasible in technical terms and practicable in market terms, the Hawesko Group will play an active role in the forthcoming process of market consolidation.

GREECE

Winemaking since:
about 1000 BC

Number of wineries:
several thousand

Wine regions:
10

Planted area:
200.000 hectares

Annual production:
6 million hectolitres

Information:
- www.greekwine.gr
- www.cthesis.com/special/wine

INVESTOR RELATIONS

"We believe the stock is clearly undervalued and reiterate our BUY recommendation."
–KBC Peel Hunt, 15 January 2002–

HAWESKO SHARES

2001 was one of the most bearish years that stock markets have experienced in the recent past, as confirmed by analysts from Deutsche Bank. The analysts point out that such a market promotes investment styles that had fallen out of fashion in recent years; one effect is that investors are turning their attention once more to the shares of smaller players such as Hawesko. Whereas institutional investors often place a one-sided emphasis on the passive index-tracking of large-caps in a bull market, we are now witnessing an increasing diversification of investments that includes peripheral sectors, with more and more so-called alpha allocations. Based on the strength of the Hawesko Group in its sales market and its fundamentally moderate share price, Hawesko shares are becoming an attractive option for investors looking to diversify into the small-cap sector.

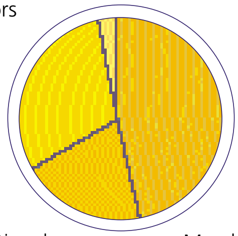
Financial calendar	
Shareholders' meeting	13 June 2002
Six-month report to 30 June 2002	End of July 2002
Nine-month report to 30 September 2002	End of October 2002
Provisional report on the 2002 financial year	Mid-February 2003

GREECE

The Ancient Greeks, who introduced viticulture into Europe, venerated Dionysos the god of ecstasy and fertility, whose attribute was the vine. Echoing the ancient myth that he watches over the vineyards from Mount Olympus, in the company of the supreme god Zeus, choice wines are once again being produced on that mountain's steep slopes, such as the Rapsani from a small village of the same name.

Many Greek wines, such as the resin-stabilised retsina, were long derided by connoisseurs as tourist products. But times have changed, and Greece has set itself the goal of regaining its former leading status among European wine-growing countries, with its own indigenous varieties: The Xynomavro and Limnio grapes, among others, make wines that have a refreshingly aromatic structure and are gratifyingly different. The vineyards on the unique peninsula around Mount Athos, with its famous monastery, are a shining example of this new Greece – heralding a bright future that is rooted in a rich tradition.

SHAREHOLDER STRUCTURE



The table opposite shows the principal publicly quoted companies in the wine trade. One striking aspect of the companies with the highest market capitalisation is the low proportion of total sales generated by wine, whereas the companies that generate most or all of their sales from wine rate as mid-caps or small-caps. This summary reflects how the fragmented structure of the wine market also extends to the capital market.

Apart from the USA and Great Britain, the German market is the largest import market in the world in terms of retail prices. The Hawesko Group is the only German company in the list and, apart from the British company Majestic Wines, is the only one that is exclusively a trader of wines – in other words, a company without extensive capital tied up in vineyards or production plant. Its clear focus on the sale and distribution of premium-quality wines is also a plus as a publicly quoted company: with the wine market currently facing major changes, the Hawesko Group is able to respond more flexibly than companies with their own wine production operations, and can moreover be expected to achieve greater capital efficiency.

Hawesko believes investor relations is about communicating with representatives of the capital market – fund managers, financial analysts, business journalists – both on current business developments and on the management's expectations regarding future developments. For a small-cap company such as Hawesko, investor relations work is of particular strategic significance. Its purpose is ultimately to generate understanding of a specific corporate strategy in an environment in which the larger market players generally capture all the attention, in order to pave the way for the financing of future growth.

Over 80 individual discussions were held by way of investor relations in 2001, and three events for analysts and fund managers took place. In May and November, the company held presentations to investors in Germany, the Netherlands and Great Britain.

The development of the Hawesko Group and its shares was monitored in depth by the following banks and institutes during the year under review: Bankhaus Lampe, Cazenove & Co., Deutsche Bank, DZ BANK, Independent Research, M.M. Warburg & CO and Peel Hunt.

The Hawesko Group's website on www.hawesko.com was further revised in 2001, and even more information of relevance for potential investors can now be called up under “Investor Relations”.

A further authorisation to purchase treasury shares was granted by the Shareholders' Meeting on 14 June 2001. On the basis of this authorisation, the company purchased around 74,000 shares in the company during the financial year, for an average price of around € 19; the total number of treasury shares has consequently risen to 150,000. These shares may, with the approval of the Supervisory Board, be used to finance takeovers or to attract new groups of shareholders, such as institutional investors, both in Germany and elsewhere. They have not yet been used, and their retirement is not currently envisaged.

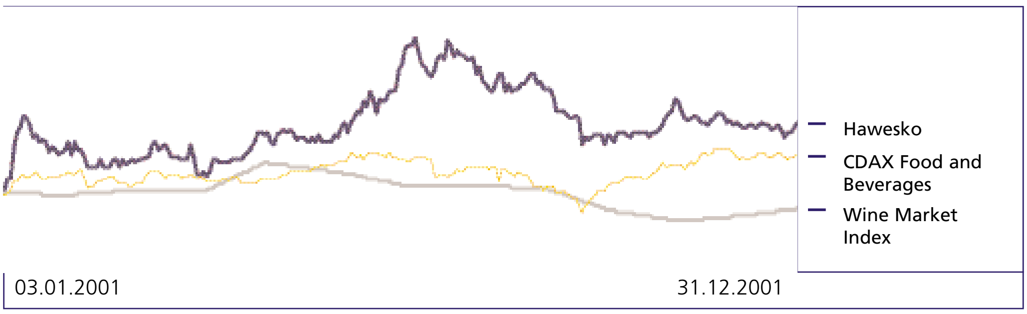
Publicly quoted wine companies					
Company	Country	Market capitalisation (€ bn)	Total net sales in 2001 (€ bn)	Wine sales (€ bn)	Wine sales as % of total sales
Diageo	Great Britain	37.036	20.891	0.418	2%
Allied Domecq	Great Britain	6.332	4.590	0.230	5%
Foster's Group	Australia	5.739	2.715	1.140	42%
Pernod-Ricard	France	4.755	4.800	0.576	12%
Brown-Forman	USA	5.222	2.477	0.273	11%
Southcorp	Australia	2.958	2.139	0.599	28%
Constellation Brands	USA	2.058	2.724	1.090	40%
BRL Hardy	Australia	1.158	0.450	0.450	100%
Robert Mondavi	USA	0.707	0.547	0.547	100%
Concha y Toro	Chile	0.550	0.174	0.174	100%
Baron de Ley	Spain	0.184	0.054	0.054	100%
Simeon Wines	Australia	0.123	0.091	0.091	100%
Majestic Wines	Great Britain	0.096	0.141	0.141	100%
Hawesko Holding	**Germany**	**0.078**	**0.264**	**0.264**	**100%**
Cranswick	Australia	0.034	0.035	0.035	100%

Sources: CSFB, Deutsche Bank; January 2002

The Board of Management and the senior executives have the obligation to enhance the long-term value of the Hawesko Group through their entrepreneurial actions. This value is measured by the indicators profit margin and turnover of total assets. Considerable progress was achieved in respect of the profit margin, which rose from 3.7% in the previous year to 6.4% in the year under review. The turnover of total assets was likewise improved in 2001: it reached 1.5, compared with 1.4 in the previous year. Further improvements are planned in these parameters over the next few years, albeit probably not of the same magnitude.

DEVELOPMENT IN THE PRICE OF HAWESKO HOLDING AG SHARES

(indexed=100)

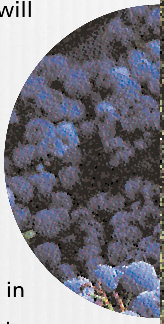


This diagram shows the development of the Hawesko share price compared with the German CDAX Food and Beverages Index, and also the Wine Market Index, which consists of wine companies listed on US stock markets. The value at the start of the 2001 financial year is indexed at 100 in each case. In the first and second quarters, Hawesko shares outperformed the reference indices – especially after announcing its intention to place greater focus on enhanced profitability and posting good business results. In the third quarter, Hawesko shares and the CDAX Food and Beverages Index moved roughly in parallel, then experienced a sharp drop after September 11, though the fall in the Wine Market Index was not quite so pronounced. In the final quarter of the year, price movements in Hawesko shares were predominantly sideways, as there was uncertainty on how much Christmas business would be affected by September 11. The CDAX Food and Beverages Index, on the other hand, gained ground somewhat; the Wine Market Index initially continued to fall, before recovering slightly towards the end of the year.

SPAIN

Blessed with easily the largest total area of vineyards in the world, Spain is nevertheless only the third-largest wine-producing nation. This extremely low yield is attributable to some degree to the continuing use of traditional methods of cultivating vines, and in particular to the harsh climatic conditions that prevail in many of Spain's wine-growing areas, especially in Rioja, undoubtedly the most famous such region.

Of the highly distinctive range of varieties cultivated in Spain, the most widespread is of course Tempranillo, which makes one of the world's truly unmistakable red wines. Regions such as Ribera del Duero, home of the legendary winemaker Vega Sicilia, and the Priorat, turn out wines of top international calibre. Other regions have focused emphatically on the world market, producing wines that will appeal to the discerning wine-lover by offering excellent value for money; Marques de Sandoval is a case in point here. There is one more major advantage to many Spanish wines: having already been matured in barrels and cellars, they are ready for drinking as soon as they are released onto the market.



COMBINED MANAGEMENT REPORT FOR THE GROUP AND FOR HAWESKO HOLDING AG

"2001 was a good year for Hawesko again."
M.M. Warburg Investment Research, 15 February 2002

Hawesko Holding AG has its origins in the wine mail order company *Hanseatisches Wein- und Sekt-Kontor*, founded in 1964, and the specialist wine-shop retailer *Jacques' Wein-Depot*, which was established in 1974. Hawesko Holding AG was created on 1 January 1998 through the contribution of these companies, together with the wine wholesaler *CWD Champagner Wein Distributionsgesellschaft*. In 1999, a majority shareholding of 90% was acquired in the *Wein Wolf Group*, one of the leading wine wholesalers in Germany. The Hawesko Group extended its activities to other European countries in 2000. The strategy of the group is focused on consolidating and building up its strong market position as Germany's leading supplier of premium-quality wines and champagnes, and on gradually extending the international spread of the companies which make up the group.

ECONOMIC CONTEXT

The economic situation in Germany in 2001 showed only a slight improvement on the previous year: Gross domestic product (GDP) grew in real terms by 0.6% (previous year: 3%). The 1.1% rise in private consumption was below the level of 2000 (1.8%). In parallel with the development in GDP, it showed a gradual weakening with each new quarter, and this trend was aggravated by the shock of the terrorist attacks of September 11.

SPAIN

Winemaking since:
around 1100 BC

Number of wineries:
several thousand

Wine regions:
over 50

Planted area:
1.5 million hectares

Annual production:
30 million hectolitres

Information:
· www.jrnet.com/vino
· www.embajada-alemania.es

There is, however, no close link between the consumption of premium-quality wines and champagnes and overall economic developments. A major factor governing the market for wines and champagnes in Germany, as in many other Central and Northern European countries, is rather a shift in consumer behaviour that has been evident for quite some years from beer and spirits to wine. According to a survey conducted by GfK, Germans spent more on wine than on beer for the first time in 2001. According to the findings of the German Wine Institute in Mainz, Germans and their European neighbours are drawing closer to the Mediterranean lifestyle in the way they consume wine, whereas wine is evolving from an everyday drink into a drink for special occasions in the producing countries around the Mediterranean. The German wine market is contributing towards this development in international wine consumption, and according to provisional figures released by the Mainz-based institute, consumption in 2001 reached a record level of 16 million hectolitres of still wine (5% more than in the previous year). The institute believes that this volume will continue to rise. On the basis of the steady rise in prices since 1999 inclusive, and their stability in the year under review, it is apparent that the consumer emphasis on quality is holding up.

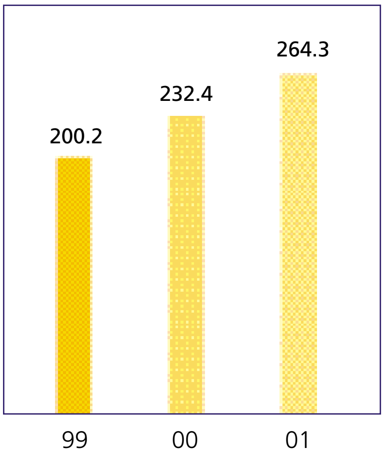
SALES AND EARNINGS

The net sales of the Hawesko Group rose by 13.7% in the 2001 reporting year, to € 264.3 million. This development is principally attributable to a higher sales volume. Around 40 million bottles or units were sold, compared with 36 million in the previous year. Over 90% of sales were generated in Germany. All business segments were able to record increased sales. The gross profit margin for the Group fell from 42.3% in the previous year to 42.1% in the year under review, reflecting the *Wein Wolf* Group's higher share of consolidated sales.

Personnel expenses for the group represented 9.0% of sales; this ratio is 0.3 percentage points down on the prior-year figure, a change that is attributable to higher sales, with capacity having remained largely constant. Other operating expenses (in particular advertising expense) were lower than in the previous year following the integration of the e-commerce operations *(Winegate New Media GmbH)* into the mail order subsidiary *Hanseatisches Wein- und Sekt-Kontor GmbH & Co.* KG. Their 29.0% expense ratio (based on sales) is 2.5 percentage points lower than in 2000.

CONSOLIDATED SALES

in € million



The operating result (EBIT) for the group rose by 95.6% to € 17.0 million; this corresponds to an operating margin of 6.4% of sales (2000: 3.7%). The improved result is broadly attributable to the aforementioned integration of e-commerce, the successful launch of Antinori products, the reduction in start-up losses from the development of new sales channels and the higher earnings at *Jacques' Wein-Depot.* The consolidated EBIT comprises the operating results of the three business segments and service companies, less central administrative costs for the holding company and consolidating items. In the year under review, these deductions totalled € 2.7 million (2000: € 2.8 million).

In the mail order/e-commerce business segment, sales rose by an overall 8% to € 106.7 million. The higher sales were achieved as a result of the full-year consolidation of the subsidiary and Bordeaux wines specialist *Le Monde des Grands Bordeaux,* for which sales of € 2.0 million from the time of its acquisition (September 2000) are included in the prior-year figures. The continuing built-up of the group's new companies moreover led to high year-on-year percentage rises in sales. The customer structure has once again improved as a result of the acquisition of new customers who offer the corresponding potential for higher sales. 52,000 new customers (2000: 49,000) were acquired for standard business, and 23,000 new customers (2000: 26,000) for gifts business. The operating result (EBIT) for the mail order/e-commerce segment rose proportionally much higher than sales, to € 6.3 million (previous year: € 0.2 million). This rise is attributable to the lower expenses for e-commerce operations and a stronger focus on costs management. Measures to expand business in the ultra-premium segment (*Carl Tesdorpf – Weinhandel zu Lübeck*) and the market entry in Austria (*The Wine Company*) were less of a burden on earnings in the year under review than in the previous year.

The business segment for specialist wine-shop retailing *(Jacques' Wein-Depot)* boosted its net sales by 14.8% to € 84.5 million. Following adjustment for the expansion of the retail network, the growth in like-for-like sales was 8.7%. The positive development in sales is attributable on the one hand to the successful establishment of the Jacques' customer card, and on the other hand to the opening of 24 new outlets. At the end of the year under review, the network comprised 217 outlets, including six in Austria (end of 2000: 193, including five in Austria). At 31 December 2001, rental agreements for a further seven 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 fittings that are no more than three years old. The operating result (EBIT) improved by 10.1% to € 9.3 million.

SALES BY SEGMENT
in %

In the wholesale business segment, sales received a boost from the successful addition of Antinori wines. A further positive factor was the recovery in sales of champagne, which held up even after the events of September 11. The rise in sales for wholesale business was 21.6% in the past financial year. The group's two wholesaling concepts are complementary to each other and continue to be handled separately: the *Wein-Wolf Group* with its emphasis on distribution to top-rank catering outlets, and *CWD* as a flexible wholesale mail order company. The operating result (EBIT) for the wholesale business segment rose to a total of € 4.2 million (previous year: € 2.8 million) thanks to the tremendous popularity of Antinori products and the recovery of champagne sales in the year under review.

CONSOLIDATED NET INCOME

The consolidated earnings before taxes showed a € 7.8 million increase on the prior-year figure, to € 13.5 million. The financing expenses for the first time include the measurement of interest rate derivatives at market value, as required by IAS 39 since 2001. This diminishes earnings for the year under review by € 0.5 million. As a result of the higher earnings before taxes, the consolidated earnings after taxes rose to € 7.4 million (previous year: € 1.4 million), and € 6.9 million (previous year: € 1.1 million) after deduction of minority interest.

The earnings per share reached € 1.61 (2000: € 0.24). Taking into account the 44,000 options which were issued in conjunction with convertible bonds and may be exercised in the years 2002 and 2004, the diluted earnings per share are € 1.60.

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 Income Statement – is prepared in accordance with German Commercial Code. Investment income rose from € 10.0 million in the previous year to € 15.0 million in the year under review.

The annual financial statements for Hawesko Holding AG at 31 December 2001 show a net income of € 10.2 million (previous year: € 7.0 million). Following allocation of € 5.1 million to the other revenue reserves, there remains an unappropriated profit of € 5.2 million, with a profit carryforward of € 0.1 million. With the agreement of the Supervisory Board, the Board of Management proposes to the Shareholders' Meeting that the unappropriated profit for the year, except for the portion on treasury shares, be appropriated as follows: Payment of a dividend of € 1.15 per share on the capital stock of € 11,262 thousand.

CONSOLIDATED CASH FLOW

in € million

	2001	2000
Cash flow from current activities	+ 22.6	+ 8.8
Cash flow from investing activities	– 6.0	– 5.8
Cashflow from financing activities	– 20.5	+ 3.5

Cash flow from current operations for the group rose by € 13.8 million to € 22.6 million. This is due to the significant improvement in earnings and the overall decrease in tied-up capital. The cash inflow from operations covers in full the funds employed for investing activities. The cash outflow to reduce borrowings amounted to € 13.4 million.

CONSOLIDATED BALANCE SHEET

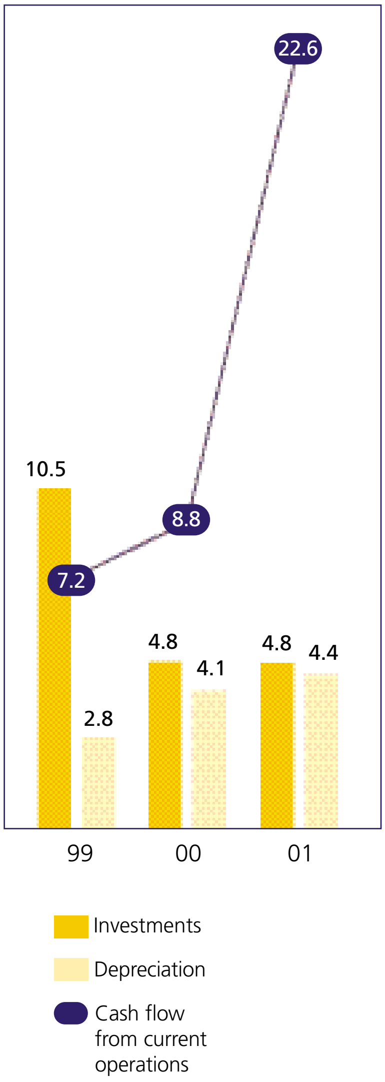
The consolidated balance sheet total fell from € 176.5 million in the previous year to € 171.7 million in the year under review. This represents a decrease of 2.7%.

Fixed assets, which totalled € 21.8 million, remained virtually unchanged from the previous year (€ 21.7 million). This item includes goodwill from the consolidation of the *Wein-Wolf Group* (€ 5.3 million) and of *Le Monde des Grands Bordeaux* (€ 0.6 million) and *Carl Tesdorpf – Weinhandel zu Lübeck* (€ 0.4 million). Goodwill for *CWD Champagner und Wein-Distributionsgesellschaft* (€ 0.05 million) resulting from the buy-back of the 10% shareholding in *CWD* from Bollinger S.A. is a new addition. Current assets fell from € 123.3 million to € 120.8 million. The decrease in current assets is primarily a result of the € 4.7 million fall in receivables and miscellaneous assets and the € 3.6 million lower total for cash and cash equivalents. On the other hand, inventories rose by € 5.8 million. The deferred tax assets item decreased by € 2.0 million.

Consolidated equity rose year on year by € 1.5 million to € 60.5 million. The equity ratio (prior to the distribution of profit) consequently rose from 33.4% to 35.3% of the balance sheet total. The revenue reserves were reduced by the acquisition costs of the treasury shares purchased during the year under review (€ 1.4 million). The revenue reserves include a total of 149,823 shares (3.4% of the capital stock). The book value of treasury shares totalled € 3.0 million at 31 December 2001.

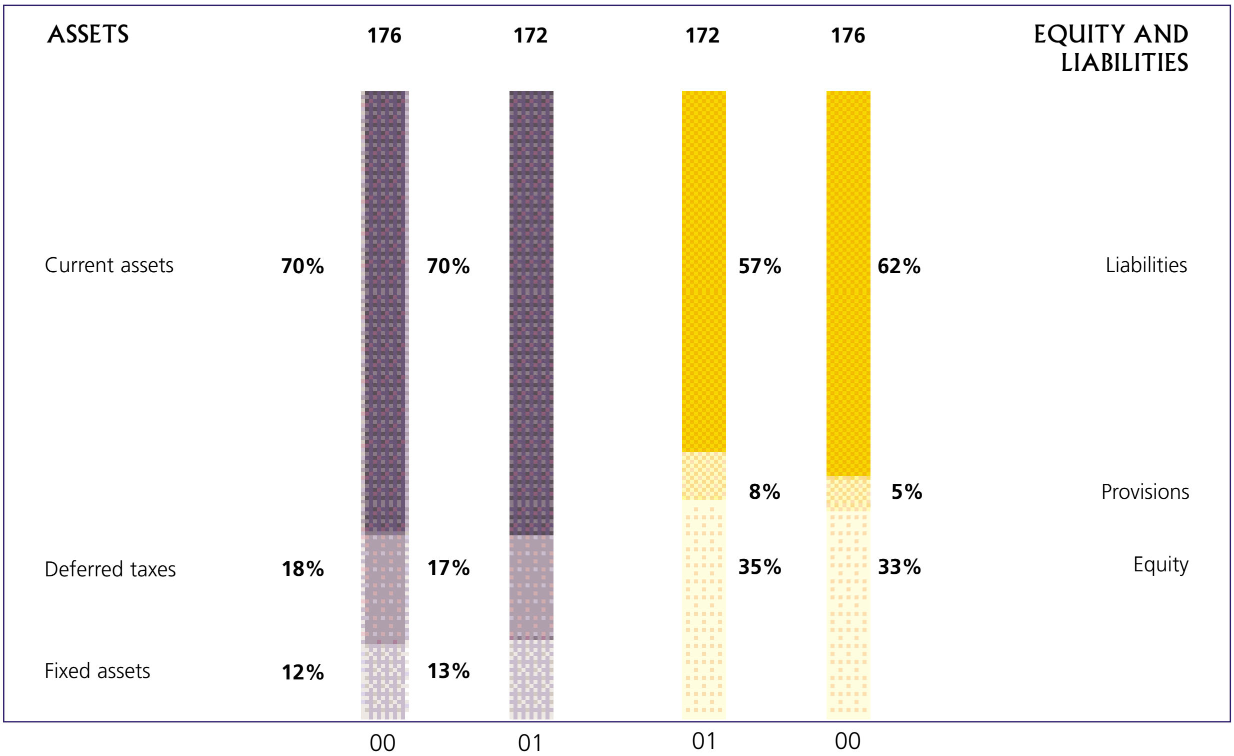
INVESTMENT, DEPRECIATION, CASHFLOW

in € million



CONSOLIDATED BALANCE-SHEET STRUCTURE in %

(Balance sheet total in € million)



Liabilities fell by € 9.9 million to € 98.3 million. In particular borrowings were reduced by € 12.9 million in the year under review, to € 46.9 million. These liabilities are in connection with credit arrangements with various German banks.

INVESTMENTS

As in the previous year, the Hawesko Group invested € 4.8 million in intangible assets, in property, plant and equipment and in acquisitions in the year under review.

Investments in property, plant and equipment totalled € 4.2 million (previous year: € 3.4 million). These measures were for the expansion and modernisation of retail outlets for *Jacques' Wein-Depot* (€ 2.3 million), extensions to the logistics infrastructure (€ 0.5 million) and replacement investments. The investments in intangible assets totalling € 0.5 million (previous year: € 1.3 million) in the main relate to computer software.

EMPLOYEES

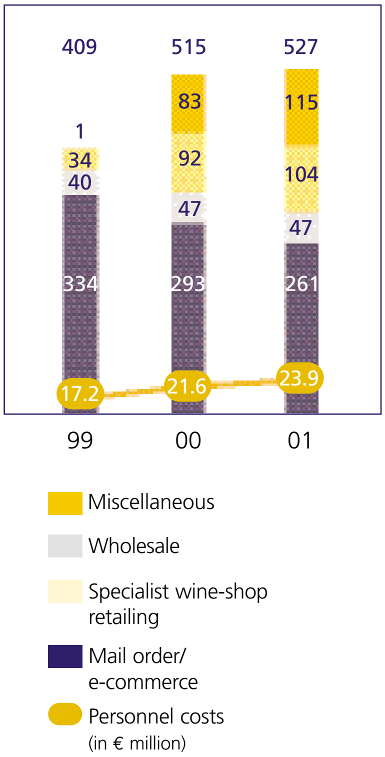
The Hawesko Group employed an average of 527 people in the year under review. This is 12 more than the average for the previous year.

The employee structure, on the basis of function, is as follows: marketing/sales/customer service 50% of the employee total; administration 25%, logistics 17% and purchasing and procurement 8%.

Personnel costs rose by 10.8% to € 23.9 million in the year under review. By contrast, the personnel costs ratio fell from 9.3% of sales in the previous year to 9.0%.

With effect from 1 January 2002, Hawesko Holding AG became a member company of the pension fund Hamburger Pensionskasse des Handels. This paves the way for providing all domestic employees of the Hawesko Group with effective retirement benefit arrangements, including cover for invalidity and surviving dependants. The combination of employer subsidies and a component taken directly from the individual employee's salary makes it possible to build up a stable provision for old age through contributions that are exempt from tax and social insurance.

TOTAL EMPLOYEES/ PERSONNEL COSTS



DEVELOPMENT COSTS

The current sharp increase in networking and globalisation is fuelling a process of market change. The group had already invested a significant amount in future projects in the previous year, with the effect that the burden on earnings in the year under review was much lower. The individual development activities comprised:

Restructuring of the e-commerce sector:

The integration of Internet activities into hawesko.de in the year under review was in response to the fact that online and offline customers are increasingly coming to represent a single target group. This integration is explicitly reinforcing the sales argument which the previous website evidently already presented persuasively to consumers, namely Hawesko's guarantee of reliable service with regard to the range, order processing and deliveries of products.

As part of the restructuring measures, various marketing partnerships were terminated as the Board of Management of the Hawesko Group concluded that they were not yielding adequate commercial benefits. One consequence of this was that sales in the e-commerce sector were slightly down on the previous year at € 5.3 million (€ 5.4 million). The amount by which the consolidated operating result (EBIT) was reduced by e-commerce activities was roughly half that of the previous year (€ 3.6 million). Now that e-commerce has been integrated into the mail order/e-commerce business segment, it will no longer be treated as a separate area of business and will consequently not be reported as such.

Business activities in Austria built up:

In the previous year, the Hawesko Group had extended its mail order operations to Austria through the establishment of a new subsidiary under the name of *The Wine Company*. The product range there includes Bordeaux wines, champagnes and premium-quality Austrian and Italian wines. Sales in the year under review totalled € 3.0 million (previous year: € 1.8 million), with activities there diminishing the consolidated operating result by € 0.6 million (previous year: € 1.1 million). *Jacques' Wein-Depot* in addition operated six outlets in Austria in the year under review.

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

Business for wines of the "ultra-premium" class (principally costing over € 25 per bottle) by the company *Carl Tesdorpf – Weinhandel zu Lübeck* increased in sales from € 4.5 million in the previous year to almost € 5.4 million. The overall operating result for the year was close to the break-even point, at € – 0.1 million (previous year: € – 0.9 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 reporting 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:

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:

The wine market is characterised by increasing competition, both from niche players and larger, financially-strong corporations. Within its context, the Hawesko Group is pursuing the strategy of consolidating its market position on the basis of premium-quality products, with the aid of its expertise in database marketing, and of strengthening this position both in Germany and abroad.

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 in particular 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 member 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. Pursuant to IAS 39, these hedging instruments are to be recognised at market value, as a result of which fluctuations in the finance result may occur.

Agency structure with independent agency partners:

The specialist wine-shop retailing segment 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 disguised employment. The Hawesko Group 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.

Legal and fiscal risks:

The company is unaware of any legal or arbitration proceedings, whether pending or anticipated, which have a significant influence on the economic situation of the Hawesko Group. In the year under review, one lawsuit of greater significance was brought against *Hanseatische Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG.* The subject of these legal proceedings is the use of the Internet domain or brand "Winegate". A provision has been formed as a precautionary measure.

The company is unaware of any fiscal risks which have a significant influence on the economic situation of the Hawesko Group. On the basis of a tax inspection conducted during the financial year by the Itzehoe tax office, Hawesko Holding AG was found liable for investment income tax. The payment order is for the investment income tax to be paid in arrears on the profit distribution for 1998, together with the solidarity surcharge on that tax. An appeal was lodged against the payment order. A provision has been formed as a precautionary measure to cover a potential liability risk for the investment income tax and solidarity surcharge on the profit distribution for 1999. No payment order for 1999 has yet been received.

The aforementioned developments have been taken into account within the context of the Consolidated Financial Statements through the formation of provisions. In the event of the plaintiff's case being upheld, the payment order confirmed and/or potential future payment orders arising, these developments will have a combined material and cash effect of less than € 0.8 million.

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. The redenomination of the subscribed capital in euros agreed at the Shareholders' Meeting on 14 June 2001 and the capital increase from company funds to € 13,216,488 were entered on the Commercial Register on 2 January 2002.

OUTLOOK

At the start of 2002, the forecast for economic growth in Germany ranges between 0.5% and 0.9%. Private consumption is likewise set to rise only slightly. The consumption of premium-quality wines is, however, only marginally dependent on the general economic situation; it can therefore be assumed that the market for premium-quality wines and champagnes will remain on course for further growth.

In the current 2002 financial year, the Hawesko Group will continue to focus its efforts on improving profitability and building up the resources required to assure the company's continuing growth. For the individual business segments, this means:

- Mail order/e-commerce: attention will continue to be focused on the mainstay products and on optimising business processes in order to boost profitability.
- Specialist wine-shop retailing: profitable growth is to be maintained in parallel with the addition of at least 25 new locations; direct marketing measures are intended to boost like-for-like sales.
- Wholesale: further exclusive additions to the range – as exemplified by the recent inclusion of Penfolds – are envisaged, along with improvements to the IT platform.

Investment in property, plant and equipment will remain on a par with the year under review in the 2002 financial year, at around € 4 million to € 5 million. The investment focus will be on the opening of new *Jacques' Wein-Depots* outlets and on upgrading and renewing the IT infrastructure. It is planned to finance these investment measures from the cash flow from current operations and through the use of operating leases for new *Jacques'* outlets.

It remains the objective of the entire group to generate an above-average increase in profits and a higher turnover of total assets.

CONSOLIDATED STATEMENT OF INCOME

for the period from 1 January to 31 December 2001

	Notes	2001 € '000	2000 € '000
Sales revenue	4.	**264,291**	**232,363**
Increase in finished goods inventories		2	– 27
Other capitalised services rendered for own account	5.	0	163
Other operating income	6.	10,773	9,150
Cost of purchased goods		– 152,996	– 134,036
Personnel expenses	7.	– 23,941	– 21,613
Depreciation and amortisation	8.	– 4,377	– 4,121
Other operating expenses	9.	– 76,579	– 73,111
Other taxes		– 159	– 71
Result from operations		**17,014**	**8,697**
Finance result	10.	– 3,513	– 2,950
Result from ordinary activities		**13,501**	**5,747**
Taxes on income and deferred tax expenses	11.	– 6,113	– 4,393
Result after taxes		**7,388**	**1,354**
Profit due to minority interests		– 453	– 292
Consolidated earnings		**6,935**	**1,062**
Result per share (undiluted) in €	12.	1,61	0,24
Result per share (diluted) in €	12.	1,60	0,24

CONSOLIDATED BALANCE SHEET at 31 December 2001

ASSETS

	Notes	31.12.2001 € '000	31.12.2000 € '000
Fixed assets			
Intangible assets	13.	7,310	7,690
Tangible assets	14.	14,206	13,706
Financial assets	15.	281	267
		21,797	**21,663**
Current assets			
Inventories	16.	77,802	72,015
Receivables and other assets	17.	36,871	41,586
Cash in banking accounts and cash on hand	18.	6,113	9,709
		120,786	**123,310**
Deferred tax assets	19.	**28,845**	**30,871**
Prepaid expenses		**276**	**638**
		171,704	**176,482**

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	31.12.2001 € '000	31.12.2000 € '000
Shareholders' equity			
Subscribed capital of Hawesko Holding AG	20.	11,262	11,262
Group adjustment i.a.w. IAS	20.	– 4,366	– 4,366
		6,896	***6,896***
Capital reserve	21.	7,716	7,716
Revenue reserves	22.	10,648	8,586
Adjustment resulting from currency translation		– 3	0
Unappropriated group profit	23.	35,278	35,857
		60,535	**59,055**
Minority interest	24.	**1,004**	**841**
Provisions			
Provisions for pensions	25.	414	392
Provisions for taxation and deferred taxes	26.	3,929	2,789
Other provisions	27.	7,538	5,225
		11,881	**8,406**
Liabilities			
Borrowings	28.	46,861	59,730
Advances received	29.	11,064	8,447
Trade payables	29.	30,728	29,746
Other liabilities	29.	9,631	10,257
		98,284	**108,180**
		171,704	**176,482**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital € '000	Capital reserve € '000	Revenue reserve € '000	Adjustment resulting from currency translation € '000	Unappropriated group profit € '000	Total € '000
31 December 1999	**6,896**	**7,716**	**4,890**	**0**	**45,988**	**65,490**
Appropriation to revenue reserves			5,224		– 5,224	0
Adjustment for treasury shares			– 1,528		0	– 1,528
Dividends					– 5,969	– 5,969
Currency translation differences						0
Consolidated earnings					1,062	1,062
31 December 2000	**6,896**	**7,716**	**8,586**	**0**	**35,857**	**59,055**
Adjustment resulting from the application of IAS 39 at 1.1.2001					– 360	– 360
Appropriation to revenue reserves			3,501		– 3,501	0
Adjustment for treasury shares			– 1,439			– 1,439
Dividends					– 3,653	– 3,653
Currency translation differences				– 3		– 3
Consolidated earnings					6,935	6,935
31 December 2001	**6,896**	**7,716**	**10,648**	**– 3**	**35,278**	**60,535**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 31 December 2001

		Notes	2001 € '000	2000 € '000
	Result before taxes on income	34.	13,501	5,747
+	Depreciation of intangible and tangible assets (net of write-ups)		4,377	4,121
+	Interest result	34.	3,513	2,950
+/-	Result from the disposal of intangible and tangible assets		32	– 46
-	Change in inventories		– 5,670	– 1,056
+/-	Change in receivables, other assets and prepaid expenses		4,888	– 1,777
+	Change in provisions		2,622	578
+	Change in liabilities (excluding borrowings)		2,819	2,405
-	Taxes on income paid out	34.	– 3,473	– 4,161
=	**Net inflow of payments from current operations**		**22,609**	**8,761**
-	Acquisition of subsidiaries net of funds acquired	34.	– 200	– 435
-	Outpayments for tangible assets and intangible assets		– 4,643	– 4,296
-	Outpayments for treasury shares		– 1,439	– 1,528
+	Inpayments from the disposal of intangible assets and tangible assetsn		191	80
+	Inpayments from the disposal of financial assets		48	355
=	**Net funds employed for investment activities**		**– 6,043**	**– 5,824**
-	Outpayment for dividend		– 3,653	– 5,969
-	Outpayments to minority interests		– 218	– 230
+/-	Change in borrowings		– 13,368	12,205
-	Interest paid out	34.	– 3,251	– 2,517
+/-	**Inflow of net funds from financing activities**		**– 20,490**	**3,489**
=	**Net increase/decrease of funds**		**– 3,924**	**6,426**
+	Funds at start of period		9,558	3,132
=	**Funds at end of period**	**34.**	**5,634**	**9,558**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF HAWESKO HOLDING AG FOR THE 2001 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, specialist wine-shop retailing, and wholesaling.

1. General principles

Applying Section 292a of German Commercial Code, 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 recognition and measurement 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 31 December 2001.

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

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

The audited Combined Management Report for the group and the parent company and the Annual Financial Statements at 31 December 2001 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 20 German and foreign companies in which Hawesko Holding AG directly or indirectly holds a majority of voting rights. This total has risen by two since the previous year. Five (previous year: 5) subsidiaries of minor overall significance for the net assets, financial position and earnings situation of the group are not consolidated. Their sales represent less than 1% of consolidated sales.

The 70% shareholding in the Polish wholesaler *Sommelier S.A. Spólka Akcyjna,* Warsaw, which had been established in the previous year, was included in the group with effect from 1 January 2001. The goodwill of € 23 thousand was amortised in full in the year under review.

Viniversitaet Die Weinschule GmbH, Meerbusch, with a share capital of € 25 thousand, was established as a fully owned subsidiary on 22 January 2001. *Viniversitaet Die Weinschule GmbH* organises seminars, training courses and events focusing on wine and wine-related subjects.

The 10% shareholding in *CWD Champagner und Wein Distributionsgesellschaft mbH & Co. KG* of the minority shareholder Bollinger S.A. was acquired for € 128 thousand on 1 July 2001. The resulting goodwill of € 47 thousand will be amortised over an anticipated useful life of 15 years.

Fully consolidated subsidiaries	Registered office	Segment	Share-holding in %
Direct participation			
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 shop retailing	100.0
CWD Champagner und Wein Distributionsgesellschaft mbH & Co. KG	Hamburg	Wholesale	100.0
Wein Wolf Holding GmbH & Co. KG	Bonn	Wholesale	90.0
Verwaltungsgesellschaft Jacques' Wein-Depot Wein Einzelhandel m.b.H	Düsseldorf	Miscellaneous	100.0
Verwaltungsgesellschaft Hanseatisches Wein- und Sektkontor HAWESKO m.b.H	Hamburg	Miscellaneous	100.0
IWL Internationale Wein Logistik GmbH	Tornesch	Miscellaneous	100.0
Wine Company Warenhandelsgesellschaft mbH	Vienna	Mail order/ E-Commerce	100.0
Jacques' Wein-Depot Wein-Einzelhandel GmbH	Vienna	Specialist wine-shop retailing	100.0
Le Monde des Grands Bordeaux Château Classic SARL	Saint-Christoly. Médoc	Mail order/ E-Commerce	90.0
Indirect participation			
Viniversitaet Die Weinschule GmbH	Meerbusch	Miscellaneous	100.0
Weinland Ariane Abayan GmbH & Co. KG	Hamburg	Wholesale	85.0[1)]
Gebr. Josef und Matthäus Ziegler GmbH	Freudenberg	Wholesale	100.0[1)]
Alexander Baron von Essen Weinhandels GmbH	Tegernsee	Wholesale	84.85[1)]
Wein Wolf Import GmbH & Co. Verwaltungs KG	Bonn	Wholesale	100.0[1)]
Wein Wolf Import GmbH & Co. Vertriebs KG	Bonn	Wholesale	100.0[1)]
Wein Wolf Import GmbH & Co. Vertriebs KG	Salzburg	Wholesale	100.0[1)]
Carl Tesdorpf GmbH	Lübeck	Mail order/ E-Commerce	90.0
Sommelier S.A. Spólka Akcyjna	Warsaw	Wholesale	70.0[1)]
Winegate New Media GmbH	Hamburg	Miscellaneous	100.0

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

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

Non-consolidated subsidiaries	Registered office	Shareholding in %	Net earnings € '000
»Chateaux et Domaines« Weinhandelsgesellschaft mbH	Hamburg	100.0	– 1
Wein Wolf Import GmbH	Bonn	100.0	7
Wein Wolf Holding Verwaltungs GmbH	Bonn	100.0	3
Weinland Ariane Abayan Verwaltungs GmbH	Hamburg	85.0	3
Edition Reiss SARL	Saint-Christoly. Médoc	90.0	k.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 2001 were € 3 thousand.

Global Eastern Wine Holding GmbH, Bonn, with a share capital of € 25 thousand, was established as a 50% shareholding of *Wein Wolf Holding GmbH & Co KG* on 6 September 2001. In view of its minor economic significance, the 50% shareholding was not consolidated. The net earnings of this company in 2001 were € – 2 thousand.

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

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 1 January 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. The losses which minority shareholders are obliged to make good in excess of their negative share of the equity and earnings of fully consolidated subsidiaries are netted against the group equity in accordance with IAS 27.

3. Recognition and measurement principles

Intangible assets acquired for consideration are measured 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 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

Shares in affiliated companies and participations are measured at acquisition cost. Other loans are measured at amortised cost.

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

Accounts receivable and other fixed assets are recognised at amortised cost. 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.

The **prepaid expenses** consist exclusively of operating expenses paid in advance.

Provisions for pensions are measured 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 measured 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 measured at the amortised cost that corresponds to the amount repayable.

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 euros are taken into account.

The consolidated annual financial statements of economically independent foreign group companies are treated in accordance with IAS 21 where they are not prepared in currencies with fixed euro exchange rates. In the translation of these financial statements, all assets and debts are translated at the balance sheet date, and income and expense items at the average rate for the reporting period. All differences resulting from foreign currency translation are reported under equity with no effect on income.

Sales revenues are realised in the Income Statement upon dispatch of the goods to the customer, after deduction of sales 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 other loans, accounts receivable and other fixed assets, and liabilities. The procedure for the recognition and measurement of these financial instruments is in accordance with IAS 39 and is described under the respective principles. On the other hand, these also include derivative financial instruments such as forward exchange transactions and interest-rate hedging transactions such as interest rate caps, interest-rate and currency swaps, and combined interest-rate/currency swaps.

Forward exchange transactions are only concluded in conjunction with a foreign currency transaction (underlying transaction). The forward exchange transaction is recognised in the Balance Sheet at fair value. If there is a close hedging relationship between the underlying transaction and the forward exchange transaction, gains or losses from the change in fair value are shown under equity with no effect on income unless opposite gains or losses resulting from the basic transaction have occurred. If opposite gains or losses have occurred as a result of the basic transaction, the change in the fair value of the derivative financial instrument is booked immediately to income. If there is no close hedging relationship between the underlying transaction and the forward exchange transaction, gains or losses from the change in fair value of the derivative financial instrument are shown immediately with effect on income.

Interest-rate hedging tools are used as a means of generally limiting the interest rate risk. They are measured at fair value in the Balance Sheet. A positive fair value is reported under other fixed assets. A negative fair value is reported as a provision. As no close hedging relationships exist between the underlying transactions and forward exchange transactions, gains or losses from the change in fair value of the derivative financial instrument are disclosed in the interest result.

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 reliably be estimated.

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

4. Sales revenues

€ '000	31.12.2001	31.12.2000
Mail order/e-commerce	106,667	98,832
Specialist wine-shop retail	84,547	73,640
Wholesale	72,817	59,888
Miscellaneous	260	3
	264,291	**232,363**

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 internally produced intangible assets in 2000. This item comprises directly allocable personnel costs.

6. Other operating income

€ '000	31.12.2001	31.12.2000
Rental income	5,356	4,582
Advertising expense subsidies	1,519	1,135
Income from cost refunds	1,457	767
Income from the liquidation of provisions	577	395
Other	1,864	2,271
	10,773	**9,150**

7. Personnel expenses

€ '000	31.12.2001	31.12.2000
Wages and salaries	20,466	18,441
Social security and other pension costs	3,475	3,172
– of which in respect of old age pensions	(660)	(83)
	23,941	**21,613**

8. Depreciation and amortisation

€ '000	31.12.2001	31.12.2000
Goodwill from the consolidation of capital	532	472
Other intangible assets	370	303
Property, plant and equipment	3,475	3,346
	4,377	**4,121**

9. Other operating expenses

€ '000	31.12.2001	31.12.2000
Advertising	22,077	26,469
Commissions to partners	20,968	17,821
Delivery costs	10,728	9,971
Rental and leasing	6,297	6,482
IT and communication costs	2,600	2,383
Legal and consultancy costs	1,890	1,042
Other personnel expenses	1,755	1,929
Other	10,264	7,014
	76,579	**73,111**

10. Finance result

€ '000	31.12.2001	31.12.2000
Interest income	55	60
Interest expense	– 3,052	– 2,995
Expenses from interest hedging transactions	– 516	– 15
	– 3,513	**– 2,950**

11. Taxes on income and deferred taxes

€ '000	31.12.2001	31.12.2000
Current tax	3,624	200
Deferred tax	2,489	4,193
	6,113	**4,393**

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

Expenses for current tax are made up as follows:

€ '000	31.12.2001	31.12.2000
Current year	3,841	2,065
Previous years	– 217	– 1,865
	3,624	**200**

Expenses for deferred tax are attributable to the following:

€ '000	31.12.2001	31.12.2000
From restructuring measures with an effect on taxes	2,485	1,912
From loss carryforwards	– 32	– 983
Other temporary differences	36	– 81
From the change in income tax rates	0	3,345
	2,489	**4,193**

As a result of the change in income tax rates in Germany with effect from 1 January 2001, a charge of € 3,345 thousand arose in the previous year from the reassessment of deferred tax assets and liabilities.

The actual tax expense for the year 2001 of € 6,113 thousand is € 895 thousand higher than the anticipated tax expense of € 5,218 thousand which would have resulted from the application of a tax rate to pre-tax earnings that was based on the current German legislation at the balance sheet date. The anticipated tax rate is 38.65% (previous year: 51.84%) and is obtained as follows:

Trade tax (average municipal factor 400%)	16.67%
Corporation tax (25% of profits after trade tax)	20.83%
Solidarity surcharge (5.5%) of corporation tax)	1.15%
Total tax burden on pre-tax earnings	**38.65%**

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

€ '000	31.12.2001	31.12.2000
Anticipated tax expense	5,218	2,980
Tax reductions from the application of the tax rate for distributed earnings burden	0	– 506
Reassessment of deferred tax assets and liabilities	0	3,345
Nondeductibility of tax payments for third parties outstanding	124	0
Tax expenses/income unrelated to the accounting period	150	– 1,865
Nonrecognition of fiscal loss carryforwards	95	0
Nondeductibility of remuneration for co-entrepreneurs in unincorporated firms	79	59
Nondeductibility of 50% of permanent debt interest for trade tax	101	59
Nondeductibility of amortisation of goodwill from the consolidation of capital	198	244
Other tax effects	148	77
Actual tax expense	6,113	4,393
Effective tax rate %	45.27	76.44

12. 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.

	31.12.2001	31.12.2000
Consolidated earnings (€ '000)	6,935	1,062
Average number of shares ('000)	4,296	4,368
Basic earnings per share (€)	**1.61**	**0.24**

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

	31.12.2001	31.12.2000
Consolidated earnings (€ '000)	6,935	1,062
Plus interest from convertible bonds, less deferred taxes (€ '000)	2	5
Diluted consolidated earnings (€ '000)	6,937	1,067
Average number of shares ('000)	4,296	4,368
Plus potential number of shares ('000)	44	77
Diluted number of shares ('000)	4,340	4,445
Diluted earnings per share (€)	**1.60**	**0.24**

13. 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 page 52f.

€ '000	31.12.2001	31.12.2000
Software	651	792
Goodwill from the individual financial statements	135	157
Goodwill from the consolidation of capital	6,301	6,741
Payments on account	223	0
	7,310	**7,690**

The item "Software" includes internally produced intangible assets amounting to € 153 thousand (previous year: € 215 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 its recognition 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:

€ '000	Acquisition cost	Cumulative depreciation Dec. 31, 2001	Book value Dec. 31, 2001
Wein-Wolf Group	6,292	963	5,329
Le Monde des Grands Bordeaux C.C. SARL	615	54	561
Carl Tesdorpf GmbH	457	91	366
CWD Champagner und Wein Distributionsgesellschaft mbH & Co. KG	47	2	45
	7,411	**1,110**	**6,301**

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.

€ '000	31.12.2001	31.12.2000
Land and buildings, including buildings on third-party land	8,984	9,198
Other fixtures and fittings, tools and equipment	4,866	4,508
Payments on account and construction in progress	356	0
	14,206	**13,706**

14. 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 page 52f.

€ '000	31.12.2001	31.12.2000
Land and buildings, including buildings on third-party land	8,984	9,198
Other fixtures and fittings, tools and equipment	4,866	4,508
Payments on account and construction in progress	356	0
	14,206	**13,706**

15. 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 page 52f.

€ '000	31.12.2001	31.12.2000
Shares in affiliated companies	129	140
Participating interests	91	18
Other loans	61	109
	281	**267**

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

€ '000	31.12.2001	31.12.2000
Edition Reiss SARL	31	31
Wein Wolf Import GmbH	26	26
Wein Wolf Holding Verwaltungs GmbH	26	26
"Chateaux et Domaines" Weinhandelsgesellschaft mbH	26	0
Weinland Ariane Abayan Verwaltungs GmbH	20	20
Sommelier S.A. Spólka Akcyjna	0	37
	129	**140**

The participating interests (€ 91 thousand) relate to the 50% shareholding in *Vera Maria Bau Consulting GmbH*, Bonn (€ 18 thousand) and the 50% shareholding in *Global Eastern Wine Holding GmbH*, Bonn (€ 73 thousand).

The company *Sommelier S.A. Spólka Akcyjna* was fully consolidated at 1 January 2001.

The other loans (€ 61 thousand) relate to two (previous year: 3) loans:

in T€	31.12.2001	31.12.2000	Term	Interest rate
Loan to employees	60	62	September 2009	6%
Loan to Carl Graeger GmbH	0	46	February 2001	Interest-free
Loan to the Volume Purchasing association of the wine and spirits trade	1	1	Unlimited	Interest-free
	61	**109**		

16. Inventories

€ '000	31.12.2001	31.12.2000
Raw material and consumables used	1,244	1,191
Work in progress	2,195	2,189
Finished goods and merchandise	59,600	52,535
Advances received	14,763	16,100
	77,802	**72,015**

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

€ '000	31.12.2001	31.12.2000
Trade receivables (gross)	33,816	33,707
Less individual allowances	– 934	– 1,007
Trade receivables	32,882	32,700
Due from affiliated companies	5	72
Other receivables and other fixed assets	3,984	8,814
	36,871	**41,586**
Of which with a term of: up to 1 year	35,719	40,681
over 1 year	1,152	905

17. Receivables and other assets

€ '000	31.12.2001	31.12.2000
Trade receivables (gross)	33,816	33,707
Less individual allowances	– 934	– 1,007
Trade receivables	32,882	32,700
Due from affiliated companies	5	72
Other receivables and other assets	3,984	8,814
	36,871	**41,586**
Of which with a term of: up to 1 year	35,719	40,681
over 1 year	1,152	905

The amounts due from affiliated companies are owed by *Wein Wolf Import GmbH*, Bonn (previous year: due from *Sommelier S.A. Spólka Akcyjna, Warsaw*.)

€ '000	31.12.2001	31.12.2000
Tax refund claims	1,746	3,605
Receivables from trade representatives	744	488
Rent deposits	566	454
Postage prepayments	244	179
Sale and lease back	0	2,571
Other	684	1,517
	3,984	**8,814**

18. Cash in banking accounts and cash on hand

Cash in banking accounts and cash on hand totalling € 6,113 thousand (previous year: € 9,709 thousand) relates substantially to balances and overnight money with banks.

19. Deferred tax assets

€ '000	31.12.2001	31.12.2000
Previous year	30,871	34,767
Increase	801	2,309
Decrease	– 2,827	– 6,205
	28,845	**30,871**

Deferred tax assets are made up as follows:

€ '000	31.12.2001	31.12.2000
Temporary differences from restructuring measures with an effect on taxes	26,436	28,920
Fiscal loss carryforwards	1,983	1,951
From the fair value measurement of derivative financial instruments	426	0
	28,845	**30,871**

The conversion of the subsidiaries *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG, CWD Champagner und Wein Distributionsgesellschaft mbH & Co. KG* and *Jacques' Wein-Depot Wein-Einzelhandel GmbH & Co. KG* from incorporated firms to unincorporated firms at 1 January 1998 resulted in fiscally allowable goodwill which is amortised over 15 years. Deferred tax assets with an effect on income totalling € 38,212 thousand were entered in the accounts at 1 January 1998; they are released by the straight-line method over the amortisation period, booked as an expense. It was necessary to adjust the tax credit balance at 31 December 2000 as a result of the change in income tax rates on 1 January 2001 within the context of the corporate tax reform. The remaining temporary differences are amortised over a residual useful life of 12 years. Amortisation is performed at the rate of € 2,285 thousand per year.

Deferred tax credits totalling € 1,983 thousand (previous year: € 1,951 thousand) 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.

Deferred tax credit balances totalling € 426 thousand are reported as a result of the recognition of derivative financial instruments at fair value.

20. Subscribed capital

The subscribed capital of Hawesko Holding AG in the commercial accounts remains unchanged from the previous year at DM 22,027,480 (€ 11,262,472), and is divided into 4,405,496 ordinary bearer shares. 73,865 treasury shares in total were acquired between June and September 2001; the total in the previous year was 75,958.

The subscribed capital of the group totals € 6,896,039 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" – is € 4,366 thousand lower than in the commercial accounts.

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 (€ 5,624,211) within the period ending 31 March 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 Section 186 (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 (€ 224,968) 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 1 July 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 (€ 14,050), 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 (€ 5,610,160) at 31 December 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 (€ 224,968) and with a term of at least three and at most five years on one or more occasions up to 31 March 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 (€ 112,484).

One new convertible bond for € 33,000.00 was issued in the year under review (see "Borrowings"). Hawesko Holding AG has issued convertible bonds with a total value of € 117,363 at interest rates of 4.5% each. The issue price is specified as 100%. The bonds are due on 31 December 2002 and 31 December 2004. 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 € 2.56 (1999) or € 3.00 (2001) 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 the period of three years. If the conversion right is exercised, a cash supplement amounting to the difference between the nominal value of € 2.56 or € 3.00 per convertible bond and the conversion price is payable for the acquisition of each share. The right of conversion for the convertible bond issued in the 1999 financial year may only be exercised within a period of four weeks, beginning with the third working day for banks following the Ordinary Shareholders' Meeting of the company in the year 2002, but no earlier than 1 April 2002 and no later than 1 September 2002.

The right of conversion for the convertible bond issued in the past financial year may only be exercised within a period of four weeks, beginning with the third working day for banks following the Ordinary Shareholders' Meeting of the company in the year 2004, but no earlier than 1 April 2004 and no later than 1 September 2004.

Authorisation to acquire treasury shares

At the Ordinary Shareholders' Meeting on 14 June 2001, Hawesko Holding AG was given authorisation until 30 November 2002 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 (final auction price of Hawesko shares in the Xetra trading system or a comparable successor system of 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 (final auction price of Hawesko shares in the Xetra trading system or a comparable successor system of the Frankfurt Stock Exchange) over the last five trading days preceding the sale of the shares. This authorisation, including the existing authorisation pursuant to Section 4 (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 treasury 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 73,865 shares (previous year: 75,958), with the result that a total of 149,823 shares (equivalent to 3.4% of the total number of shares) had been repurchased by the end of the reporting period. The repurchased shares were not used pursuant to the aforementioned authorisation in the year under review.

21. Capital reserve

€ '000	31.12.2001	31.12.2000
Capital reserve	7,716	7,716

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 € 978 thousand were booked to the capital reserve "net of taxes", with no effect on net income, in agreement with SIC-17 1998.

22. Revenue reserves

€ '000	31.12.2001	31.12.2000
Revenue reserves	10,648	8,586

The group's revenue reserves include amounts allocated in the past from earnings generated by companies included in the consolidated accounts. Treasury shares totalling € 2,967 thousand (2000: € 1,528 thousand, 2001: € 1,439 thousand) have in addition been deducted from revenue reserves, in agreement with SIC-16.

23. Unappropriated group profit

The unappropriated group profit includes the consolidated earnings for the financial year, the undistributed earnings from previous years and the adjustments to earnings resulting from the changeover to IAS. The distributable profit results from the commercial accounts of Hawesko Holding AG and totals € 5,185 thousand (previous year: € 3,717 thousand).

The individual components of the equity and its development in the years 2000 and 2001 are shown in the Consolidated Statement of Movements in Equity.

As a result of the application of IAS 39 for the first time in the 2001 financial year, the derivative financial instruments were recognised at fair value at 1 January 2001. The effect of the switch from the former book value to fair value was netted against the accumulated profit at 1 January 2001, after tax, in accordance with IAS 39.172.

24. 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, page 32).

25. Provisions for pensions

For old-age pension purposes, seven (previous year: 7) 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 € 22 thousand in the year under review (previous year: € 47 thousand).

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

in %	31.12.2001	31.12.2000
Discounting rate	6.0	5.9
Expectancy trend	1.0	1.0
Pensions trend	2.0	2.0

26. Provisions for taxation and deferred taxes

€ '000	31.12.2001	31.12.2000
Provisions for taxation	2,912	2,008
Deferred taxes	1,017	781
	3,929	**2,789**

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 differences in the values of the deferred tax liabilities formed in the balance sheets:

Deferred taxes in € '000	31.12.2001	31.12.2000
Fixed assets	402	419
Inventories	288	246
Trade receivables	138	114
Other fixed assets	154	0
Miscellaneous	35	2
	1,017	**781**

27. Other provisions

€ '000	31.12.2001	31.12.2000
Provisions for personnel	2,085	1,703
Other provisions	5,453	3,522
	7,538	**5,225**

The provisions for personnel in the main consisted of 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 (31 December 2001: € 2,971 thousand; 31 December 2000: € 2,078 thousand). This includes the market value of the derivative interest-rate hedging instruments at the balance sheet date of € 887 thousand (previous year: € 0 thousand).

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

28. Borrowings

€ '000	31.12.2001	31.12.2000
Bonds	123	203
Banks	46,738	59,527
	46,861	**59,730**
Of which with a term of:		
up to 1 year	39,613	51,352
1 to 5 years	4,185	4,277
over 5 years	3,063	4,101

The item "Bonds" is composed as follows:

€ '000	Due	Nominal amount	Interest rate
Convertible bond	31.12.2002	84	4.5%
Convertible bond	31.12.2004	33	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 € '000
Open-ended	48,573
30.9.2002	16,000
	64,573

The interest rates of short-term loans raised in 2001 were between 4.15% and 5.80%.

Borrowings from banks with terms of more than one year relate to two fixed-rate loans:

Original amount € '000	31.12.2001 € '000	Term	Interest rate
9,868	7,894	30.9.2009	5.92%
511	358	31.12.2008	5.50%

The loan with the original amount of € 511 thousand is secured by a land charge of € 2,071 thousand.

29. Liabilities

€ '000	31.12.2001	31.12.2000
Advances received	11,064	8,447
Trade payables	30,728	29,746
Other liabilities	9,631	10,257
	51,423	**48,450**
Of which with a term of:		
up to 1 year	46,649	45,347
1 to 5 years	4,774	3,103
over 5 years	0	0

The advances received are in respect of subscription payments collected from customers for wines which are to be delivered in 2002 and 2003.

The advances received include liabilities with a term of between 1 and 5 years totalling € 4,491 thousand (previous year: € 2,680 thousand).

The other liabilities include liabilities with a term of between 1 and 5 years totalling € 283 thousand (previous year: € 423 thousand).

The other liabilities are composed of the following:

€ '000	31.12.2001	31.12.2000
Sales tax and other taxes	6,383	6,771
Liabilities in respect of social insurance	690	615
Liabilities from the issue of own bills of exchange	384	0
Liabilities to employees	239	250
Liabilities to other company members	779	673
Balance of purchase price for Wein-Wolf Group	26	332
Due to affiliated companies	219	94
Miscellaneous	911	1.522
	9,631	**10,257**

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

€ '000	31.12.2001	31.12.2000
Edition Reiss SARL	88	0
"Chateaux et Domaines" Weinhandelsgesellschaft mbH	25	0
Wein Wolf Import GmbH	44	38
Wein Wolf Holding Verwaltungs GmbH	34	31
Weinland Ariane Abayan Verwaltungs GmbH	28	25
	219	**94**

30. Leases

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 31 "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 is being used over a term of 18 years.

31. Contingencies and other financial commitments

The following contingencies in respect of third parties existed on 31 December 2001:

€ '000	31.12.2001	31.12.2000
Credit by way of guarantee	763	1.403
Advance payments outstanding	458	809
Guarantees	26	51

Commitments relating to advance payments outstanding as at 31 December 2001 were repaid at the start of 2002.

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

The minimum total for non-discounted leasing and rental payments amounts to € 21,541 thousand (previous year: € 23,788 thousand). The global commitments for lease and tenancy agreements are due as follows:

	€ '000
2002	6,110
2003 to 2007	8,283
After 2007	7,148
	21,541

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

32. Financial instruments

Primary financial instruments, which in accordance with IAS 32 include other loans, receivables and other fixed assets, as well as liabilities, result from the Consolidated Balance Sheet. Financial instruments on the assets side are – taking into account any necessary allowances – reported at amortised cost; financial payables are measured at amortised cost, which corresponds to the amount repayable.

The market value of financial assets 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 financial assets 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 forward exchange transactions 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 interest rate risk that arises where no fixed-interest terms exist is hedged against by means of derivative interest-rate hedging tools at group level.

The derivative financial instruments used are forward exchange transactions, interest rate derivatives and combined interest-rate/currency swaps. Such transactions are concluded only 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.

As the underlying transactions occur within the individual companies and the hedging transactions at group level, there is no close hedging relationship in the case of the interest rate derivatives and the combined interest-rate/currency swaps. They are consequently measured at fair value, with gains or losses from the change in fair value booked to income via the interest result. Commitments from the valuation of interest rate derivatives at market value are shown under other provisions.

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

	Nominal volume		Fair value	
€ '000	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Interest-rate hedging transactions	35,790	33,234	– 887	– 300

As a result of the application of IAS 39 for the first time in the 2001 financial year, the derivative financial instruments were recognised at fair value at 1 January 2001. The effect of the switch from the former book value to fair value was netted against the accumulated profit at 1 January 2001, after tax, in accordance with IAS 39.172.

The credit or non-payment risk amounts to € 0 (previous year: € 287 thousand), as premiums for the interest-rate hedging tools were no longer capitalised for 2001.

The interest rate risk principally takes the form of movements in the short-term Eurocurrency market interest rates, which result in a change in the fair values of the financial instruments used.

33. Employees

The average number of employees is as follows:

€ '000	2001	2000
Group	527	515

34. Notes to the Cash Flow Statement

The Cash Flow Statement according 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 € 22,609 thousand (previous year: € 8,761 thousand) includes the changes in cash and cash equivalents from operating activities. Cash and cash equivalents comprises cheques, cash on hand as well as cash in banks and amounts due to banks at any time.

The composition of cash and cash equivalents is as follows:

€ '000	2001	2000	Change
Cash in banking accounts and cash on hand	6,113	9,709	– 3,596
Due to banks (current accounts)	– 479	–151	– 328
Cash and cash equivalents at end of period	5,634	9,558	– 3,924

A further 10% in *CWD Champagner und Wein Distributionsgesellschaft mbH & Co.KG* was acquired for € 128 thousand on 1 July 2001:

	€ '000
Purchase price	128
Net assets assumed	– 81
Goodwill	47

The following assets and liabilities were acquired:

	€ '000
Net assets assumed at 1 January 2001	51
Result of acquired company at 30 June 2001	30
Net assets	81
Goodwill	47
Purchase price	128
Plus outpayments for the acquisition of further non-consolidated companies	72
	200

35. 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 end 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 segment for specialist wine-shop retailing *(Jacques' Wein-Depot GmbH & Co. KG)* sells wine via a network of retail 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, *IWL Internationale Wein Logistik GmbH* and *Viniversitaet Die Weinschule GmbH* as well as the general-partner limited-liability companies of the operative unincorporated firms *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co KG and Jacques' Wein-Depot GmbH & Co. KG.*

The composition of the mail order trade/e-commerce and miscellaneous segments differed from that of the previous year. The hiving-off of the logistics operations from the company *Hanseatisches Wein- und Sekt-Kontor HAWESKO GmbH & Co. KG* into the separate service company *IWL Internationale Wein Logistik GmbH* on 1 July 2000 was taken into account in the composition of the segments from the 2001 reporting year on. The prior-year figures were adjusted correspondingly. In the 2000 financial year, *IWL* had still been reported as part of the mail order trade/e-commerce segment, with external sales in 2000 of € 3 thousand and earnings before interest and taxes of € 316 thousand.

SEGMENTS 2001

	Mail order/ e-commerce € '000	Specialist retail € '000	Wholesale € '000	Miscellaneous € '000	Reconciliation € '000	Group € '000
Sales revenues	111,320	84,717	75,186	14,134	– 21,066	264,291
– External sales	106,667	84,547	72,817	260		264,291
– Internal sales	4,653	170	2,369	13,874	– 21,066	0
Other income	1,811	6,791	2,869	1,644	– 2,342	10,773
– External	876	6,753	2,868	145	131	10,773
– Internal	935	38	1	1,499	– 2,473	0
EBIT	**6,272**	**9,310**	**4,163**	**– 2,372**		17,373
Non-allocated expenses						–359
						17,014
Interest income						55
Interest expense						– 3,568
Interest result						– 3,513
Segment result before taxes						**13,501**
Taxes on income						– 6,113
Result after taxes						**7,388**
Segment assets	63,492	24,507	43,647	143,465	– 134,274	140,837
Non-allocated assets						30,867
Consolidated assets						171,704
Segment debts	28,165	15,816	16,193	73,611	– 76,627	57,158
Non-allocated debts						54,011
Consolidated debts						111,169
Depreciation and amortisation	1,338	1,951	571	26		
Investments	523	2,877	843	652		

SEGMENTS 2000

	Mail order/ e-commerce € '000	Specialist retail € '000	Wholesale € '000	Miscellaneous € '000	Reconciliation € '000	Group € '000
Sales revenues	104,463	73,701	62,224	6,300	– 14,325	232,363
– External sales	98,832	73,640	59,888	3		232,363
– Internal sales	5,631	61	2,336	6,297	– 14,325	0
Other income	2,868	5,758	2,811	2,351	– 4,638	9,150
– External	564	5,758	2,810	18		9,150
– Internal	2,304	0	1	2,333	– 4,638	0
EBIT	**160**	**8,460**	**2,837**	**–2,208**		9,249
Non-allocated expenses						– 552
						8,697
Interest income						60
Interest expense						– 3,010
Interest result						– 2,950
Segment result before taxes						**5,747**
Taxes on income						– 4,393
Result after taxes						**1,354**
Segment assets	68,416	20,478	38,589	145,992	– 139,042	134,433
Non-allocated assets						42,049
Consolidated assets						176,482
Segment debts	32,810	20,980	14,469	1,372	– 16,232	53,399
Non-allocated debts						64,028
Consolidated debts						117,427
Depreciation and amortisation	1,587	1,597	452	9		
Investments	1,798	1,554	762	580		

The segment data have been calculated in the following way:

- Internal sales indicate the sales between segments. Intragroup 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.

36. Other particulars pursuant to Section 292a of German Commercial Code

The differences compared with the recognition, measurement 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 1 January 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 € 4,090 thousand would have arisen.
- Capitalisation of internally produced intangible assets. According to the German Commercial Code, these may not be capitalised.
- Differences in the reporting and measurement 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 account of 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. According to the German Commercial Code, provisions for pensions are calculated in accordance with Section6a of German Income Tax Law.
- 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. According to the German Commercial Code, negative minority interest results in an assets-side interest of other company members, which can be netted against the interest of other company members on the equity and liabilities side.
- The derivative financial instruments are reported at fair value in the Balance Sheet. According to the German Commercial Code, derivative financial instruments are measured at no more than acquisition cost or the fair value on the balance sheet date, if lower, and amortised by the straight-line method over their term.

- Pursuant to IAS 39, gains or losses from the measurement of derivative financial instruments at fair value are to be recognised under equity with no effect on net income, or reported in the Income Statement with an effect on income. According to the German Commercial Code, impending losses from financial instruments are stated as a provision on the basis of the imparity principle.

37. Application of the exemption rules of Section 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 Section 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.

38. Application of the exemption rules of Section 264 (3) of German Commercial Code for incorporated firms

The group company *IWL Internationale Wein Logistik GmbH* makes use of the exemption rules of Section 264 (3) 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 the incorporated firm.

39. Related party disclosures

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

The Board of Management and Supervisory Board are to be regarded as related parties pursuant to IAS 24.5. During the period under review, there were no business relationships between the Board of Management and the companies included in the Consolidated Financial Statements. Business relationships with a total value of € 54 thousand existed with the Supervisory Board in the year under review.

The companies of Hawesko Holding AG are run by independently responsible directors. The members of the Board of Management in addition hold directorship functions. Annual remuneration is paid on the basis of a fixed and a variable component. In the year under review, remuneration totalling € 1,965 thousand (previous year: € 1,883 thousand) was paid. The total remuneration of the Supervisory Board, which comprises a fixed and a variable component as well as meeting attendance fees, was € 102 thousand in the year under review (previous year: € 128 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 € 476 thousand (previous year: € 444 thousand) to the Board of Management and Supervisory Board.

At 31 December 2001 the Supervisory Board and Board of Management held 2,022,225 (previous year: 1,829,404) shares in Hawesko Holding AG.

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

It is proposed to distribute the unappropriated profit of € 5,185 thousand resulting from the Annual Financial Statements of Hawesko Holding AG prepared at 31 December 2001 in accordance with the requirements of German Commercial Code and German Stock Corporation Law, excepting the amount due on treasury shares, as follows: payment of a dividend of € 1.15 per share.

Hamburg, 25 February 2002

The Board of Management

Margaritoff   Ohlzen   Hoolmans

DEVELOPMENT OF CONSOLIDATED ASSETS

at 31 December 2001

	Acquisition or manufacturing cost					
	Position at 1 January 2001 € '000	Additions to consolidated companies € '000	Additions € '000	Disposals € '000	Transfers € '000	Position at 31 December 2001 € '000
ASSETS						
I. Intangible assets						
1. Software	2.085	0	229	– 33	0	2,281
2. Goodwill	7,775	0	70	0	0	7,845
3. Payments	0	0	223	0	0	223
	9,860	**0**	**522**	**– 33**	**0**	**10,349**
II. Property, plant and equipment						
1. Land and buildings	13,481	0	291	0	0	13,772
2. Other fixtures and fittings, office and plant equipments	12,818	9	3,544	– 2,490	0	13,881
3. Construction in progress	0	0	356	0	0	356
	26,299	**9**	**4,191**	**– 2,490**	**0**	**28,009**
III. Financial assets						
1. Shares in affiliated companies	140	0	26	– 37[1)]	0	129
2. participating interests	18	0	73	0	0	90
3. Other loans	109	0	0	– 48	0	61
	267	**0**	**99**	**– 85**	**0**	**281**
	36,426	**9**	**4,812**	**– 2,608**	**0**	**38,639**

1) The disposal relates to Sommelier S.A. Spolka Akcyjna, which was fully consolidated for the first time in the year under review

		Accumulated depreciation					Residual book value	
Position at 1 January 2001	Additions consolidated companies	Additions	Disposals	Write-ups	Transfers	Position at 31 December 2001	Position at 31 December 2001	Position at 31 December 2000
€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
1,293	0	370	– 33	0	0	1,630	651	792
877	0	532	0	0	0	1,409	6,436	6,898
0	0	0	0	0	0	0	223	0
2,170	**0**	**902**	**– 33**	**0**	**0**	**3,039**	**7,310**	**7,690**
4,283	0	505	0	0	0	4,788	8,984	9,198
8,310	0	2,970	– 2,265	0	0	9,015	4,866	4,508
0	0	0	0	0	0	0	356	0
12,593	**0**	**3,475**	**– 2,265**	**0**	**0**	**13,803**	**14,206**	**13,706**
0	0	0	0	0	0	0	129	140
0	0	0	0	0	0	0	91	18
0	0	0	0	0	0	0	61	109
0	**0**	**0**	**0**	**0**	**0**	**0**	**281**	**267**
14,763	**0**	**4,377**	**– 2,298**	**0**	**0**	**16,842**	**21,797**	**21,663**

INDEPENDENT AUDITORS REPORT

We have examined the Consolidated Financial Statements of Hawesko Holding Aktiengesellschaft, Hamburg, comprising the Balance Sheet, Income Statement, Statement of Movements in Equity, Cash Flow Statement and Notes, for the financial year from 1 January to 31 December 2001. The preparation and content of the Consolidated Financial Statements are the responsibility of the company's Board of Management. Our responsibility is to express an opinion on whether the Consolidated Financial Statements conform to the International Accounting Standards (IAS), based on our audit.

We conducted our audit of the Consolidated Financial Statements in accordance with German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (IDW). Those standards require that we plan and perform the audit such that it can be assessed with reasonable assurance whether the Consolidated Financial Statements are free of material misstatements. Knowledge of the business activities and the economic and legal environment of the group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The evidence supporting the amounts and disclosures in the Consolidated Financial Statements is examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the company's legal representatives, as well as evaluating the overall presentation of the Consolidated Financial Statements. We are of the opinion that our audit constitutes an adequately sound basis on which to make this assessment.

In our opinion, the Consolidated Financial Statements give a true and fair view of the net assets, financial position, earnings situation of the group and of cash flows for the financial year in accordance with IAS.

Our audit, which also extends to the Combined Management Report for the group and the parent company prepared by the Board of Management for the financial year from 1 January to 31 December 2001, has not led to any objections. In our opinion on the whole the Combined Management Report for the group and the parent company provides a suitable understanding of the group's situation and suitably presents the risks of future development. 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 1 January to 31 December 2001 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, 8 March 2002

Susat & Partner oHG
Wirtschaftsprüfungsgesellschaft

Dr. Bohl Independent auditor	Dr. Bartels Independent auditor

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 2001 financial year; it was in addition kept informed by the Board of Management of the situation of the company and of the necessary resolutions at meetings and in individual discussions. The Board of Management moreover reported to the Supervisory Board on other important matters. The responsibilities of the Supervisory Board in particular included ensuring that the requirements resulting from corporate governance legislation (German KonTraG) were implemented and complied with. 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 divisions and the related 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 ordinary Supervisory Board meetings in the 2001 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 market positioning of the group, the geographical expansion of 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 four occasions other than at the ordinary 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 2001 financial year, have been examined by the elected auditors, Susat & Partner oHG Wirtschaftsprüfungsgesellschaft, Hamburg, who have issued their unqualified certification thereof.

Pursuant to Sections 170 and 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 2001 financial year were submitted to the Supervisory Board by the Board of Management for examination. The Supervisory Board discussed the Annual Financial Statements and the Consolidated Financial Statements of Hawesko Holding AG at its meeting on 3 April 2002 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 2001, which are thus established pursuant to Section 172 of German Stock Corporation Law.

The Supervisory Board endorses the proposal by the Board of Management on the appropriation of net income for the 2001 financial year.

At the end of the annual meeting of shareholders on 13 June 2002 Dr. Norbert Käsbeck will resign from the Supervisory Board at his own wish. The Supervisory Board will nominate Dr. Thomas R. Fischer as his successor. The Supervisory Board expresses its thanks to Dr. Käsbeck for his valuable service.

In the 2002 financial year the Supervisory Board passed a resolution to extend the contracts of the members of the Board of Management for a period beginning with the 2003 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 affiliated companies, as well as the *Jacques' Wein-Depot* agency partners, for their commitment and hard work.

Hamburg, April 2002
The Supervisory Board

Dr. Hubertus Schwarz
Chairman

BALANCE SHEET OF HAWESKO HOLDING AG (PARENT COMPANY) at 31 December 2001

FIXED ASSETS

	31.12.2001 € '000	31.12.2000 € '000
Intangible assets		
Software	16	24
Property, plant and equipment		
Operating equipment and fixtures	6	5
Financial assets		
Shares in affiliated companies	73,026	75,486
	73,048	**75,515**
Current assets		
Raw materials and supplies	32	50
Receivables and other assets		
Receivables from affiliated companies	63,717	61,733
Other assets	168	714
	63,885	**62,447**
Securities		
Treasury shares	2,487	950
Cash in banking accounts	**3,814**	**7,741**
	70,218	**71,188**
Prepaid expenses	**219**	**451**
	143,485	**147,154**

SHAREHOLDERS' EQUITY AND LIABILITIES

	31.12.2001 € '000	31.12.2000 € '000
Subscribed capital	**11,262**	**11,262**
Capital reserve	**59,546**	**59,546**
Revenue reserve		
Reserve for treasury shares	2,487	950
Other revenue reserves	15,458	11,874
Unappropriated profit for the year	**5,185**	**3,717**
	93,938	**87,349**
Provisions		
Provisions for taxation	1,198	240
Other provisions	687	644
	1,885	**884**
Liabilities		
Bonds	123	203
Due to banks	46,757	57,953
Trade accounts payable	126	75
Due to affiliated companies	205	182
Other liabilities	451	508
	47,662	**58,921**
	143,485	**147,154**

* 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 2001

	2001 € '000	2000 € '000
Other operating income	428	295
Personnel expenses,		
a) Salaries	– 1,322	– 1,207
b) Social securities and social maintenance costs	– 26	– 21
Depreciation and amortization	– 14	– 6
Other operating expenses	– 1,605	– 1,292
Investment income	15,039	9,999
Other interest and similar income	3,299	3,259
Write-down of securities held as current assets	0	– 578
Interest and similar expenses	– 3,464	– 2,925
Results from ordinary acivities	**12,335**	**7,524**
Taxes on income	– 1,995	– 571
Other taxes	– 98	0
Net income for the year	**10,242**	**6,953**
Profit carryforward from previous year	64	0
Withdrawal from other revenue reserves	1,537	950
Allocation to other revenue reserves		
a) into the reserve for treasury shares	– 1,537	– 950
b) into other revenue reserves	– 5,121	– 3,236
Unappropriated profit for the year	**5,185**	**3,717**

SEVEN-YEAR KEY DATA FOR THE HAWESKO GROUP

(For explanatory notes on the individual items, see glossary, page 61)

	Page	2001 (IAS) € million	2000 (IAS) € million	1999 (IAS) € million
Net sales	18	264.3	232.4	200.2
Gross profit	18	111.3	98.3	88.4
– as % of net sales		42.1%	42.3%	44.1%
Operating result before depreciation (EBITDA)	19	21.4	12.8	21.0
– as % of net sales		8.1%	5.5 %	10.5%
Depreciation and amortisation	36	4.4	4.1	2.8
Operating result (EBIT)	19	17.0	8.7	18.2
– as % of net sales		6.4%	3.7%	9.1%
Consolidated net income for the year (HGB accounts)		--	--	--
Consolidated earnings (DVFA / SG earnings)	20	6.9	1.1	8.4
Cash flow for the year (gross)		--	--	--
Cash flow from current operations	21	22.6	8.8	7.2
Cash flow employed for investments activities	21	– 6.0	– 5.8	– 12.3
Dividend distribution for the current year (parent company)	20	– 5.1	– 3.7	– 6.0
Fixed assets	21	21.8	21.7	22.1
Current assets	21	120.8	123.3	105.9
Equity less dividend distribution and minority interests		55.5	55.3	59.5
- as % of balance sheet total		32.3%	31.3%	36.4%
Total assets	21	171.7	176.5	163.5
Capital employed		108.8	120.0	114.0
Return on total assets		9.8%	5.1%	13.8%
Return on capital employed		14.9%	7.4%	19.8%
Earnings per share (€)	20	1.61	0.24	1.91
Dividend per share (€)	21	1.15	0.84	1.35
Total shares Average number outstanding during year)	38	4,296,269	4,367,517	4,405,496
Year-end share price (€)		17.28	14.00	31.30
Market capitalisation at end of year		74.2	61.1	137.9
Total employees (average for year)		527	515	409

1999 (HGB) € million	1998 (HGB) € million	1997 (HGB) € million (Proforma)	1997* € million	1996* € million	1995* € million
211.6	154.9	141.7	141.7	122.4	107.7
91.7	73.4	66.3	66.4	57.9	52.4
43.4%	47.4%	46.8%	46.8%	47.3%	48.7%
22.5	20.7	17.7	17.7	16.9	16.5
10.6%	13.4%	12.5%	12.5%	13.8%	15.3%
3.4	2.7	1.9	2.2	1.8	1.7
19.1	18.0	15.8	15.5	15.0	14.8
9.0%	11.6%	11.2%	11.0%	12.3%	13.8%
11.8	10.4	8.6	10.3	10.1	9.9
10.7	11.2	--	10.8	10.3	10.1
18.4	12.7	--	13.2	6.7	--
--	--	--	--	--	--
– 12.5	– 2.8	--	– 4.1	– 1.7	– 1.9
– 6.0	– 6.0	--	--	--	--
26.8	14.8	14.8	14.1	12.2	12.4
98.6	53.7	45.1	45.1	35.8	31.5
29.2	24.3	10.5	9.7	18.1	18.2
23.2%	35.3%	17.4%	16.3%	37.7%	41.4%
126.0	68.9	60.1	59.4	48.0	43.9
83.7	46.4	36.8	35.1	29.6	23.6
19.6%	27.9%	29.2%	29.0%	32.7%	
29.4%	43.3%	47.6%	48.1%	56.5%	
2.42	2.54	--	2.70	2.58	2.53
1.35	1.35	--	--	--	--
4,405,496	4,405,496	--	4,000,000	4,000,000	4,000,000
31.30	47.55	--	--	--	--
137.9	209.5	--	--	--	--
455	353	328	325	227.5	213

* »As-if«-accounts acc. to 1998 issuing prospect

BOARD OF MANAGEMENT AND SUPERVISORY BOARD

Board of Management

Alexander Margaritoff,
Chairman and Chief Executive Officer
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 responsible for all companies in which Hawesko Holding AG has a shareholding, and in particular for the wine mail order segment.

Mr Margaritoff is also member of the board of Safire Aircraft Company, West Palm Beach, Florida USA as well as member of the advisory board of the Deutsche Bank, Hamburg.

Sven Ohlzen, *Chief Financial Officer*
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* until 7 December 2001. 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-shop retailing.

The members of the Board of Management between them hold a total of 1,965,425 shares (equivalent to 44.6 % of the total number of shares) in Hawesko Holding AG; they in addition have options on a total of 43,500 shares in Hawesko Holding AG on the basis of convertible bonds issued in 1999 and 2001.

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

DSA Deutsche Strom AG, Hamburg (until 31 December 2001); NoxiTest AG, Hamburg; Primeorder AG, Hamburg

Manfred Middendorff, *Deputy Chairman**
General Executive, Brauerei Herrenhausen KG, Hannover

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

Gerling Group, Speziale Kreditversicherungs-AG, Cologne; MainControl, Vienna, Virginia, USA; Merloni Electrodomestici S.p.A., Fabriano, Italy; Perot Systems Corporation, Dallas, Texas, USA; Sachsenring AG, Zwickau

Dr. Norbert Käsbeck
Member of the Board of Management of Commerzbank AG, Frankfurt am Main (until 31 October 2001)

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

* Member of personnel committee

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

GLOSSARY

"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 € 5.1 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. 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.

Turnover of total assets expresses the relationship of sales to total assets and gives an indication of how efficiently the company is using its assets.

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

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-shop 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*

2000
First venture into Austria with *The Wine Company* and *Jacques' Wein-Depot*; acquisition of 90% stake in the Bordeaux wine dealer *Le Monde des Grands Bordeaux*

2001
Launch of own brands "Marques de Sandoval" and "Mount Athos" in the mail order segment; the wines of the Italian wine company Marchesi Antinori are added to the range; over 200 outlets of *Jacques' Wein-Depot*

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

IMPRINT

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Hamburg

Date first quoted / stock market	28 May 1998 / Hamburg (Official Trading), XETRA, Frankfurt Stock Exchange, London Stock Exchange (International Retail Service)
Lead bank, IPO	Deutsche Bank
Indices (national/international)	28 May 1998: CDAX Food and Beverages 18 April 1999: SDAX 1 August 1999: HASPAX
Subscribed capital / number of shares	€ 13,216,488 (pursuant to shareholders' resolution of 14 June 2001) / 4,405,496 no-par value ordinary bearer shares
ISIN	DE0006042708
Abbreviation	HAW
Business segment	Retail trade Food and drink
Designated sponsor	Deutsche Bank

Hawesko Holding AG has its origins in the wine mail order company *Hanseatisches Wein- und Sekt-Kontor*, founded in 1964, and the specialist wine-shop retailer *Jacques' Wein-Depot*, which was established in 1974. Hawesko Holding AG was created on 1 January 1998 through the contribution of these companies, together with the wine wholesaler *CWD Champagner Wein Distributionsgesellschaft*. In 1999, a majority shareholding of 90% was acquired in the *Wein-Wolf* Group, one of the leading wine wholesalers in Germany. The Hawesko Group extended its activities to other European countries in 2000. The strategy of the group is focused on consolidating and building up its strong market position as Germany's leading supplier of premium-quality wines and champagnes, and on gradually extending the international spread of the companies which make up the group.